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PROCEEDINGS AND DEBATES OF THE 83d CONGRESS, SECOND SESSION

SENATE

THURSDAY, JULY 8, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, whose love passeth our understanding and whose mercy is wider than the sea, we turn to Thee realizing that Thy purpose for us is vaster than any possible prayer we may lift to Thee. We thank Thee for all the disciplines which have been shaping our lives across these pilgrim years—for the mingled loss and pain, the defeats and triumphs, the shadows and sunshine, which have combined to teach us that all is dross and vanity save faith and hope and love and the divine discontent which lures us on to beckoning ethical heights.

In all the plans here made for the governance of the Nation in these times that are trying our souls, may Thy wisdom prevail at last over all our fallible judgments; where there is anything corrupt, purify it; where there is error, correct it; where there is right, establish it; where there is division, unite it. And as Thy servants here in the ministry of public affairs wrestle with thorny problems that are pressing for solution, keep their hearts, we pray Thee, from all envy, hatred, and malice, so that in their thoughts and words and actions they may constantly reveal to each other only the spirit of courtesy and understanding kindness. We ask it all in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, July 7, 1954, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Hawks, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed a bill (H. R. 7486) to amend section 1071 of title 18, United States Code, relating to the concealing of persons from arrest, so as to increase the penalties therein provided, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 250) authorizing the printing of additional copies of the slip law for the Internal Revenue Code of 1954, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 6412. An act to preserve the eligibility of certain veterans to dental outpatient care and dental appliances;

H. R. 6893. An act to credit the Shoshone Irrigation District with a share of the net revenues from the Shoshone powerplant, and for other purposes;

H. R. 9008. An act to provide for the deposit of savings of enlisted members of the Army, Navy, Air Force, and Marine Corps, and for other purposes; and

H. R. 9232. An act to amend the Federal Property and Administrative Services Act of 1949, as amended, to extend until June 30, 1955, the period during which disposals of surplus property may be made by negotiation.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. KNOWLAND. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Byrd	Dirksen
Anderson	Capehart	Douglas
Barrett	Carlson	Duff
Beall	Case	Dworshak
Bennett	Chavez	Eastland
Bowring	Clements	Ellender
Bricker	Cooper	Ervin
Bridges	Cordon	Flanders
Burke	Crippa	Ferguson
Butler	Daniel	Frear
Fulbright	Kuchel	Potter
George	Langer	Reynolds
Gillette	Lehman	Robertson
Green	Lennon	Russell
Hayden	Long	Saltonstall
Hendrickson	Magnuson	Schoeppel
Hickenlooper	Malone	Smathers
Hill	Mansfield	Smith, Maine
Holland	Martin	Smith, N. J.
Humphrey	Maybank	Sparkman
Ives	McCarran	Stennis
Jackson	Millikin	Symington
Jenner	Monroney	Thye
Johnson, Colo.	Morse	Upton
Johnson, Tex.	Mundt	Watkins
Johnston, S. C.	Murray	Welker
Kennedy	Neely	Young
Kilgore	Pastore	
Knowland	Payne	

Mr. SALTONSTALL. I announce that the junior Senator from Wisconsin [Mr. MCCARTHY] is absent on official business. The senior Senator from Connecticut [Mr. BUSH], the junior Senator from Connecticut [Mr. PURTELL], the senior Senator from Wisconsin [Mr. WILEY], and the Senator from Delaware [Mr. WILLIAMS] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Tennessee [Mr. GORE], the Senator from Missouri [Mr. HENNINGS], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], and the Senator from Arkansas [Mr. MCCLELLAN] are absent on official business.

The VICE PRESIDENT. A quorum is present.

Morning business is in order.

REPORT ON INCLUSION OF ESCAPE CLAUSES IN EXISTING TRADE AGREEMENTS—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 470)

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read, and, with accompanying report, was referred to the Committee on Finance:

To the Congress of the United States:

Pursuant to the provisions of subsection (b) of section 6 of the Trade Agreements Extension Act of 1951 (65 Stat. 72, 73), I hereby submit to the Congress a report on the inclusion of escape clauses in existing trade agreements.

This report was prepared for me by the Interdepartmental Committee on Trade Agreements.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *July 8, 1954.*

(Enclosure: Report on trade agreement escape clauses.)

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

LAWS ENACTED BY MUNICIPAL COUNCIL OF ST. CROIX, V. I.

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, copies of laws enacted by the Municipal Council of St. Croix, V. I. (with accompanying papers); to the Committee on Interior and Insular Affairs.

REPORT OF FEDERAL MEDIATION AND CONCILIATION SERVICE

A letter from the Director, Federal Mediation and Conciliation Service, Washington, D. C., transmitting, pursuant to law, a report of that Service for the fiscal year ended June 30, 1953 (with an accompanying report); to the Committee on Labor and Public Welfare.

CIVIL DEFENSE COMPACT ENTERED INTO BY STATES OF IDAHO AND UTAH

A letter from the Administrator, Federal Civil Defense Administration, Washington, D. C., transmitting, for the consent of Congress, copies of a civil defense compact entered into between the States of Idaho and Utah (with accompanying papers); to the Committee on Armed Services.

APPROPRIATIONS FOR PURCHASE OF FIRE-FIGHTING EQUIPMENT—LETTER AND RESOLUTION

Mr. THYE. Mr. President, I present a letter from Col. E. B. Miller, Director, Civil Defense, State of Minnesota, transmitting a resolution adopted by the State Civil Defense Fire Defense Board, at St. Paul, Minn., relating to appropriations of Federal moneys for the purpose of matching local and State funds for the purchase of fire-fighting equipment. I ask unanimous consent that the letter and resolution be appropriately referred and printed in the RECORD.

There being no objection, the letter and resolution were referred to the Committee on Armed Services, and ordered to be printed in the RECORD, as follows:

STATE OF MINNESOTA,
DEPARTMENT OF CIVIL DEFENSE,
St. Paul, Minn., June 28, 1954.

Hon. EDWARD J. THYE,
United States Senate,
Washington, D. C.

DEAR SENATOR THYE: Enclosed herewith is copy of a resolution adopted by the Minnesota State Civil Defense Fire Board, as established under the Minnesota civil defense plan, unanimously passed at a fire conference on June 25, 1954.

It should be explained that the board is representing the entire State of Minnesota in fire matters pertaining to civil defense. The individuals noted as fire defense chiefs of the five mobile support units are themselves local fire chiefs who have been selected by all local fire chiefs in their particular areas of jurisdiction to represent those areas.

May I request that you give the matter your immediate and urgent personal attention.

Thanking you, I am,
Sincerely yours,
Col. E. B. MILLER,
Director, Civil Defense, State of Minnesota.

Whereas Public Law 920 and the Minnesota Civil Defense Act of 1951 have made civil defense a governmental responsibility; and

Whereas the degeneration of the international situation emphasizes the increasing need for preparedness; and

Whereas the development of destructive weapons the enemy is capable of delivering to American cities can cause conflagrations and fire storms far exceeding anything heretofore experienced in our history; and

Whereas a complete inventory and analysis of every piece of fire-fighting equipment, including State-owned equipment, operated by local fire departments in Minnesota has given only an inadequate amount of fire apparatus for the direct support of the critical target areas of St. Paul and Minneapolis and the target area of Duluth: Now, therefore, be it

Resolved, That we the undersigned, the State civil defense fire defense board, as established under the authority of the Minnesota civil defense plan, meeting in the State civil defense control center, 1643 Rice Street, St. Paul, Minn., on the 25th day of June, 1954, respectfully request congressional representatives of the people of Minnesota and other States to appropriate Federal moneys for the purpose of matching local and State funds for the purchase of fire-fighting equipment to strengthen the operational effectiveness of the fire-fighting services in Minnesota.

Frank Everett, Rochester, Fire Defense Chief, MSU I, 20 Counties Southeast Minnesota; Percy Burns, Keewatin, Fire Defense Chief, MSU II, 8 Counties Northeast Minnesota; William A. Herbert, Crookston, Fire Defense Chief, MSU III, 15 Counties Northwest Minnesota; Conrad Lund, Alexandria, Fire Defense Chief, MSU IV, 24 Counties Central Minnesota; Ben Bangerter, Mankato, Fire Defense Chief, MSU V, 20 Counties Southwest Minnesota; Leonard C. Lund, Deputy Commissioner, Fire Marshal Division, State of Minnesota; R. C. Malmquist, Fire Chief, City of Minneapolis; W. H. Mattocks, Fire Chief, City of St. Paul; A. E. Pimley, Fire Protection, Forestry Division, State Department of Conservation.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MILLIKIN, from the Committee on Interior and Insular Affairs:

S. 964. A bill to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado; with amendments (Rept. No. 1754).

By Mr. CARLSON, from the Committee on Post Office and Civil Service:

S. 2634. A bill for the relief of Mrs. William A. Curran; with amendments (Rept. No. 1755).

By Mr. AIKEN, from the Committee on Agriculture and Forestry:

S. 3697. A bill to amend the act of April 6, 1937, as amended, to include cooperation with the Governments of Canada or Mexico or local Canadian or Mexican authorities for the control of incipient or emergency outbreaks of insect pests or plant diseases; without amendment (Rept. No. 1756).

By Mr. SALTONSTALL, from the Committee on Armed Services, without amendment:

H. R. 6422. A bill to authorize the Secretary of the Army to convey to the Government's grantors certain lands erroneously conveyed by them to the United States (Rept. No. 1757); and

H. R. 9551. A bill to correct typographical errors in Public Law 363, Eighty-third Congress (Rept. No. 1758).

By Mr. SALTONSTALL, from the Committee on Armed Services, with amendments:

H. R. 9006. A bill to amend the act of May 22, 1896, as amended, concerning the loan or gift of works of art and other material (Rept. No. 1759).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. POTTER:

S. 3715. A bill for the relief of Edward White; to the Committee on the Judiciary.

By Mr. FERGUSON:

S. 3716. A bill to amend the act of June 30, 1948, so as to extend for 5 additional years the authority of the Secretary of the Interior to issue patents for certain public lands in Monroe County, Mich., held under color of title; to the Committee on Interior and Insular Affairs.

S. 3717. A bill for the relief of George J. Athanassopoulos; to the Committee on the Judiciary.

By Mr. MARTIN (for himself, Mr. DUFF, Mr. SMITH of New Jersey, and Mr. HENDRICKSON):

S. 3718. A bill granting the consent of Congress to a supplemental compact or agreement between the Commonwealth of Pennsylvania and the State of New Jersey concerning the Delaware River Joint Toll Bridge Commission, and for other purposes; to the Committee on Public Works.

By Mr. COOPER (by request):

S. 3719. A bill to amend section 2 of the Missing Persons Act, so as to provide that benefits thereunder shall be available to certain members of the Philippine Scouts; to the Committee on Armed Services.

(See the remarks of Mr. COOPER when he introduced the above bill, which appear under a separate heading.)

By Mr. FERGUSON:

S. 3720. A bill to prohibit the payment of annuities, retired pay, and other benefits, to persons convicted of certain offenses, and for other purposes; to the Committee on Post Office and Civil Service.

(See the remarks of Mr. FERGUSON when he introduced the above bill, which appear under a separate heading.)

AMENDMENT OF SECTION 2 OF THE MISSING PERSONS ACT TO INCLUDE CERTAIN MEMBERS OF THE PHILIPPINE SCOUTS

Mr. COOPER. Mr. President, by request, I introduce for appropriate reference a bill to amend section 2 of the Missing Persons Act, so as to provide that benefits thereunder shall be available to certain members of the Philippine Scouts. I ask unanimous consent to have printed in the RECORD an explanation of the bill prepared by the American Legion.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 3719) to amend section 2 of the Missing Persons Act, so as to provide that benefits thereunder shall be available to certain members of the Philippine Scouts, introduced by Mr. COOPER, by request, was received, read twice by its title, and referred to the Committee on Armed Services.

The statement in explanation of the bill prepared by the American Legion is as follows:

THE AMERICAN LEGION,
NATIONAL LEGISLATIVE COMMISSION,
Washington, D. C., June 8, 1954.

Hon. JOHN SHERMAN COOPER,
United States Senate,
Senate Office Building,
Washington, D. C.

DEAR SENATOR COOPER: As you know, one of the American Legion's tenets is mutual helpfulness among the discharged veterans of the wars of this country. On the basis of the above, the American Legion has rendered service to the veterans throughout the land, not only in presenting their claims before the Veterans' Administration, but in assisting veterans to obtain proper recognition by the Defense Department in such matters as review of military status, questionable discharges, etc.

Some years ago, we learned of a grave injustice perpetrated by the United States against our comrades-in-arms, the Philippine Scouts. The Scouts were a component of the regular Army of the United States, authorized by act of Congress, February 2, 1901, and paid, trained, and utilized by our military establishment.

The injustice arbitrarily imposed was the failure of the United States Army to pay these Philippine Scouts their regular pay and allowances during the time they were on parole from Japanese prisoner-of-war camps during World War II. Bear in mind that the Philippine Islands were circumscribed by force.

It is well established that parole of Filipinos by Japanese, both of the Philippine Army and the United States Regular Army Philippine Scouts, was effected for two purposes: (1), for propaganda purposes, and (2), to relieve the Japanese of the responsibility of caring for and feeding the sick, disabled, and other troops in their custody. The Filipinos, Philippine Army and United States Philippine Scouts alike, were paroled under the most rigid terms where violations meant death or brutal punishment to the violator and his family.

The commanding general of the Southwest Pacific Theater, Gen. Douglas MacArthur, stated officially that the United States would not recognize the parole because it was under duress, and he further stated that it would have no effect upon the military status of the persons involved. This, of course, is taken to mean that pay and allowances would continue just as if they were United States regular troops from any place in our own country, had the latter been captured and paroled under similar circumstances. We, to the best of our knowledge, did not fail to pay any of our own troops for the time they were held prisoners of war in any of the countries throughout the world.

The Defense Department itself recognizes that the parole meant nothing; that these people were virtually prisoners of war, and they so state on page 587 of the book entitled "United States Army in World War II—The Fall of the Philippines—written under the direction of the Chief of Military History, Department of the Army." We quote:

"With the capitulation of Corregidor and the islands to the south, all communication with the Philippines came to an end. The entire garrison, an army of 140,000 men, passed into captivity and except for a handful who escaped, no word of their fate reached the United States. Though most of the Filipinos were ultimately released from prison camp, there was no way by which they could communicate with the Allies except through the clandestine intelligence organization kept alive by funds and equipment from Australia. Nominally free, the former troops of MacArthur's and Wainwright's army were as effectively prisoners of the Japanese as if they had remained in prison camp."

During the course of the past 3 years the American Legion has tried to use its influence with the Department of Defense and the Department of the Army in an effort to bring about administrative relief to these four or five thousand remaining Philippine Scouts. We have met with failure in every instance, and we have not been told the reason why such payment was refused except the fallacious statement that they were not in casualty status. We have positive proof to refute such statement because many of these parolees in the alleged noncasualty status were taken by the Japanese and executed summarily for minor violations of parole; many were brutally and severely mistreated and their families were molested and maligned.

The Navy, on the other hand, chose to pay its military personnel as well as its civilian employees who were in exactly the same position. The Navy paid them for the full period of time between the fall of the Philippines and our recapture thereof, and the payments were made under the authority of the very act we now seek to amend for the purpose of paying the United States Regular Army Philippine Scouts.

A clear statement of the Navy's justification in doing so is set forth in the attached letter from Rear Adm. M. L. Royar, SC., USN., Chief of the Bureau of Supplies and Accounts, United States Navy, to the Honorable CARL VINSON under date of April 11, 1952.

Pertinent extracts from the above letter, which are quoted below fully reveal the inequity of the Army's arbitrary decision with reference to the Philippine Scouts:

"For assimilation purposes, the Comptroller General has recognized the Insular Force as the Navy counterpart of the Philippine Scouts of the Army.

"Enlisted men of the insular force of the Navy were not excluded by general or specific language from benefits of the Missing Persons Act. Consequently, those members in active service who were officially determined to be lawfully absent in a status of missing, missing in action, interned in a neutral country, captured by an enemy, beleaguered or besieged, were for the period officially determined to be in such status paid the pay and allowances to which otherwise entitled from date of commercement of absence until date of return to the controllable jurisdiction of the Navy Department. The mere fact that upon repatriation it was ascertained that a member of the insular force had been paroled, but was unable to return to naval jurisdiction or communicate that fact to the authorities would not be considered a basis for denying such member the active-duty pay and allowances to which otherwise entitled under the Missing Persons Act while so absent."

In opposing legislation to correct this complete breach of contract by the Department of the Army, the Defense Department has said that if we paid the Philippine Scouts we might also have to pay the soldiers of the Philippine Army who were likewise paroled. This, you realize, is a most unfair statement because if we were contractually obligated to them we certainly should pay our obligations. But that is not the intent of our proposed legislation; neither is it necessary because the Philippine Government has recognized the rights of its own soldiers who were similarly paroled, and by Republic Act No. 897, enacted in July 1953, the Philippine Government evolved a program for the payment of those claims over a period of time consistent with their economic ability to do so. Such argument, therefore, carries no weight whatsoever.

One of the discriminatory features of this whole sordid business is the fact that the Army selected a handful of high-ranking officers for full payment during the period of parole. This may have occurred because of the standing of these men, or because of the fact that they were economically able to press their claims before the United States Army. Some of them made personal appearances in this country. You realize, of course, that the $9-a-month private could not do this.

The Philippine Scouts bore their full share of the fighting and suffering leading up to the fall of the Philippines. Military history is replete with their splendid performance in the face of the enemy. There was no question about their loyalty.

Considering the situation in the Asiatic area today and the fact that the Filipinos are our friends, it would not only be honest and decent to recognize the contractual obligation the United States has toward these Philippine Scouts but it would do much to further cement the relationship with a new nation whose welfare is so vital to the United States at this time.

There have been several bills introduced in Congress to eradicate this cause for shame by paying our Philippine Scout soldiers (enlisted men for the most part whose pay as private was 18 pesos or $9 a month). Noncommissioned officers received proportionate increases. Officers were on the same pay status as our Regular officers.

The 1953 national convention of the American Legion, fully cognizant of the injustices, and of the fruitless efforts we have made in the past 3 years to correct same, restated its demand upon the Government of the United States to exercise belated fair play. The resolution is No. 597, copy of which is attached.

In view of the fact that you have expressed an interest in the Philippine Scouts, and in view of your knowledge of the situation, the American Legion would be very appreciative of your assistance in bringing this matter before the Senate of the United States. We would be very grateful to you if you will introduce a bill to amend section 2 of the Missing Persons Act to direct that these Philippine Scouts be paid their military pay and allowances in accordance with their enlistment or commission contracts.

The law authorizes the Secretary of the Army to make redeterminations which would apply in the case of the Philippine Scouts as well as other military personnel, and it is unfortunate that we have to resort to legislation to force them to take action which is only honorable and just. It appears that legislation is necessary, however, because of the continuing denials on the part of the Defense Department over the years and the opposition they have raised in Congress to such propositions.

We hope you will use the influence of your office to bring such a bill as you may introduce before the Senate Armed Services Committee for early hearings, at which time the American Legion will want to testify in support of the measure, as will others who are also interested in seeing that justice is brought to these men.

As recently as May 12, 1954, in a communication from the Secretary of the Army addressed to the Honorable WILLIAM LANGER, chairman of the Senate Committee on the Judiciary, in opposing legislation to extend the time for certain military-procurement claims against the United States in the Philippine Islands, it was stated:

"Almost immediately claims were asserted against the United States for pay and allowances and for compensation for services and supplies. These claims may be roughly divided into three categories: (1) Those concerned with members of the United States Armed Forces (including the Philippine Scouts), (2) those dealing with members of

the Philippine Army, and (3) those dealing with nonmilitary guerrillas.

"The Department of the Army does not question the liability of the United States with respect to claims falling within the first category where such claims are substantiated."

This in itself shows the inconsistency of the arbitrary action taken by the Department of the Army in denying pay to the Philippine Scouts whom they recognize as being authorized military agents of the United States in the above quotation.

Appreciating your interest in this matter, and expressing the hope of the American Legion that you will lend your leadership and support to the correction of the injustices involved, I am,

Sincerely yours,

MILES D. KENNEDY,
Director.

PROHIBITION OF PAYMENT OF ANNUITIES, RETIRED PAY, AND OTHER BENEFITS TO CERTAIN PERSONS

Mr. FERGUSON. Mr. President, I introduce for appropriate reference a bill to prohibit the payment of annuities, retired pay, and other benefits to persons convicted of certain offenses, and for other purposes. I ask unanimous consent that the bill be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, will be printed in the RECORD.

The bill (S. 3720) to prohibit the payment of annuities, retired pay, and other benefits to persons convicted of certain offenses, and for other purposes, introduced by Mr. FERGUSON, was received, read twice by its title, referred to the Committee on Post Office and Civil Service, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That there shall not be paid or extended to any person heretofore or hereafter convicted of any of the following-described offenses, or to his survivor or beneficiary, for any period subsequent to the date of such conviction or the date of the enactment of this act, whichever is later, (1) any annuity or retired pay on the basis of the service of such person as an officer or employee of the Government, or (2) any benefit (other than those involving rights under insurance contracts) payable or extended under any law administered by the Veterans' Administration:

(a) Any offense defined in chapter 11 (relating to bribery or graft), chapter 15 (relating to claims and services in matters affecting the Government), chapter 23 (relating to contracts), chapter 37 (relating to espionage and censorship), chapter 105 (relating to sabotage), chapter 115 (relating to treason, sedition, and subversive activities), and sections 1700, 1702, 1703, 1708, 1709, 1710, and 1711 of chapter 83 (relating to crimes involving the postal service), title 18, and in sections 1810 and 1816, title 42, United States Code;

(b) Any offense declared to be a felony by Federal law committed in the exercise of authority, influence, power, or privileges as an officer or employee of the Government, or otherwise relating to service as such officer or employee;

(c) Perjury committed in falsely denying, or subornation of perjury in the denial by another of, the commission of an act constituting any offense described in paragraph (a), (b), or (e) hereof; committed in falsely testifying in a proceeding before a Federal grand jury or court of the United States with respect to any act or matter related to the performance of official duties as an officer or employee of the Government; or committed in falsely testifying before any congressional committee in connection with any matter under inquiry before such congressional committee;

(d) Any felony involving false, fictitious, or fraudulent statements or representations made in connection with an application for an office or position in or under the executive, judicial, or legislative branch of the Government of the United States or in the government of the District of Columbia; or

(e) Any offense defined in chapter 7 (Bribery-Obstructing Justice), section 22-1201 (Embezzlement of property of District of Columbia) of chapter 12, sections 22-1304 (Falsely impersonating public officer or minister) or 22-1308 (False certificate of acknowledgment) of chapter 13, or section 22-2602 (Misprisions by officers or employees of jail) of chapter 26, title 22, District of Columbia Code.

SEC. 2. There shall not be paid or extended to any person who heretofore or hereafter is convicted under section 102 of the Revised Statutes, as amended (2 U. S. C., sec. 192), for failure to appear or refusal to testify or produce any book, paper, record, or other document, in a proceeding before any Federal grand jury, court of the United States, or congressional committee, upon the ground of self-incrimination, or to his survivor or beneficiary, for any period subsequent to the date of such refusal or the date of the enactment of this act, whichever is later, any annuity, retired pay, or benefit, described in the first section of this act.

SEC. 3. In the case of any such person, any amounts contributed by him toward the annuity the benefits of which are denied under this act, less any sums previously refunded or paid as annuity benefits, shall be returned to such person, with interest to date of conviction or the date of enactment of this act, whichever is later, at such rates as may be provided in the case of refunds under the law, regulation, or agreement under which the annuity is payable, or if no such rates are so provided at the rate of 4 percent per annum to December 31, 1947, and 3 percent per annum thereafter, compounded on December 31 of each year. In the event a person entitled to a refund under this section dies prior to the making of such refund, the refund shall be made to such person or persons as may be provided in the case of refunds under the law, regulation, or agreement under which the annuity the benefits of which are denied under this act is payable or, if no such provision is made, in the order of preference prescribed in section 12 (e) of the Civil Service Retirement Act of 1930, as amended.

SEC. 4. As used in this act—

(a) The term "officer or employee of the Government" includes an officer or employee under the legislative, executive, or judicial branch of the Government of the United States, a Member or Delegate to Congress, a Resident Commissioner, an officer or employee of the government of the District of Columbia, or any officer or member of the Armed Forces of the United States, the United States Coast Guard, the Coast and Geodetic Survey, or the Public Health Service.

(b) The term "annuity" means any retirement benefit payable by any department or agency of the United States or the District of Columbia upon the basis of service as a civilian officer or employee, except that such term does not include salary or compensation which may not be diminished under section 1 of article III of the Constitution or, in the case of a benefit payable under the Social Security Act as amended, any portion of such benefit not based upon service as an officer or employee of the United States or the District of Columbia.

(c) The term "retired pay" means retired pay or retirement pay payable under any law of the United States to members or former members of the Armed Forces of the United States, the United States Coast Guard, the Coast and Geodetic Survey, and the Public Health Service, retired or determined to be entitled to retirement pay.

SEC. 5. Nothing in this act shall be deemed to limit or restrict the power to deny the payment of annuities, retired pay, or any other benefit, payable or extended by or pursuant to any other provision of law, for any cause not specified herein.

SEC. 6. If any provision of this act, or the application of such provision to any person or circumstance, shall be held invalid, the remainder of this act, or the application of such provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

AMENDMENT OF RENEGOTIATION ACT OF 1951—AMENDMENT

Mr. FLANDERS submitted an amendment intended to be proposed by him to the bill (H. R. 6287) to extend and amend the Renegotiation Act of 1951, which was ordered to lie on the table and to be printed.

CERTAIN CONSTRUCTION AT MILITARY AND NAVAL INSTALLATIONS—AMENDMENT

Mr. LONG submitted an amendment intended to be proposed by him to the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska communications system, and for other purposes, which was ordered to lie on the table and to be printed.

HOUSE BILL REFERRED

The bill (H. R. 7486) to amend section 1071 of title 18, United States Code, relating to the concealing of persons from arrest, so as to increase the penalties therein provided, was read twice by its title, and referred to the Committee on the Judiciary.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 250) authorizing the printing of additional copies of the slip law for the Internal Revenue Code of 1954, was referred to the Committee on Rules and Administration, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed 12,590 additional copies of the slip law for the Internal Revenue Code of 1954, of which 2,475 copies shall be for the use of the Senate, 500 copies for the use of the Committee on Finance, 6,615 copies for the use of the House of Representatives, and 3,000 copies for the use of the Committee on Ways and Means.

THE PRESIDENT'S STAND IN OPPOSITION TO ADMISSION OF RED CHINA TO UNITED NATIONS

Mr. SMITH of New Jersey. Mr. President, all of us are greatly concerned over the present discussion of possible attempts on the part of the Red influence to bring Red China into the United

Nations. I am trying to watch very carefully the press items on this matter. I myself feel very strongly on the subject.

Therefore, I ask unanimous consent to have printed at this point in the body of the RECORD, in connection with these few remarks of mine, an article entitled "Eisenhower Rallying World To Bar Peking From U. N.," written by David Lawrence, and published in the New York Herald Tribune of this morning. In the article, Mr. Lawrence highlights the splendid statement made yesterday by the President of the United States, in taking a very strong, unconditional, and unequivocal stand against the admission of Red China into the United Nations.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EISENHOWER RALLYING WORLD TO BAR PEIPING FROM U. N.

(By David Lawrence)

WASHINGTON, July 7.—President Eisenhower has undertaken to mobilize the moral force of the world to make sure that the aggressor government of Red China will not be admitted to the United Nations.

No longer is the issue one of domestic controversy here, since both the Republican and Democratic leaders in Congress have expressed themselves against the proposal. For the President now has wisely taken the case to the court of world opinion.

Mr. Eisenhower does not say what America's position will be if outvoted in the United Nations Assembly, but he does say that he hasn't reached a decision on it because he feels confident that the battle against admission of Red China can be won.

The President is right in exercising that caution and leaving the matter open. In this regard he differs from those who either want to serve warning now that the United States will withdraw or those who wish the United States to stay in the U. N. if outvoted.

If the United States were merely to give the impression that it would oppose Red China's entry and yet would accept the result without affecting its own relationship to the United Nations in the future, some governments abroad might think this is a tipoff to them to go ahead and vote for the admission of Red China anyhow because they would not thereby risk incurring America's disfavor.

The truth is that Senator KNOWLAND and Senator LYNDON JOHNSON, the Republican and Democratic leaders, speak for American public opinion when they not only oppose Red China's admission, but when they say Congress will then discuss, if the Peiping government is admitted, whether or not to continue financial support for the United Nations by this country and continuance of the U. N. treaty.

PRESIDENT BARS COERCION

But President Eisenhower has with characteristic fairness and calmness taken the issue out of the realm of coercion as it affects other governments by simply saying he doesn't know yet what American policy toward the U. N. would be if Red China gets in. He prefers to argue at present the merits of the admission issue itself. His words are of historic importance. He says:

"There is a moral question first of all that is involved. The United Nations was not established primarily as a supergovernment clothed with all the authority of supergovernment and of great power to do things. It was, among other things, an attempt to marshal the moral strength of the world to preserve peace, to make certain that quarrels were composed through a decent respect for justice and fairness and right, and to see whether we couldn't avoid resort to force.

"Now today we have Red China going to Geneva, and instead of taking a conciliatory attitude toward anything, it excoriated the United Nations. As a matter of fact, in Geneva, it demanded repudiation of the United Nations position. On top of that Red China is today at war with the United Nations. They were declared an aggressor by the United Nations in the Assembly and that situation has never been changed.

"They are occupying North Korea. They have supported this great effort at further enslavement of the peoples of Indochina. They have held certain of our prisoners unjustifiably, and they have been guilty of the worst possible diplomatic deportment in the international affairs of the world.

"Now how can the United States, as a self-respecting Nation, doing its best and in conformity with the moral standards as we understand them, how can we possibly say this government should be admitted to the United Nations?"

CRITICS ABROAD ANSWERED

Thus Mr. Eisenhower answers the critics abroad who have brushed aside all moral considerations. The London Times, for instance, has said that it is a question of law and not of morals.

The issue, moreover, isn't one of diplomatic recognition. Many governments which are members of the United Nations have already extended diplomatic recognition to the Red Chinese Communist government, but now oppose its admission to the United Nations on the ground that the Peiping regime is an aggressor and has not purged itself of aggression.

The President's forthright statement will ring around the world and will place the issue on the high moral plane where Americans have placed it before, only to have Europeans, influenced by expediency, try to rationalize an acceptance of the Communist regime in Peiping despite the record of dead and wounded for which the aggressor government of Red China is largely responsible. Certainly, the fathers and mothers of the 40,000 American dead and 100,000 American wounded would never understand acceptance of the aggressor government as worthy of admission to an international organization designed to be the principal vehicle for the exercise of moral force in the world.

THE LATE SENATOR BUTLER OF NEBRASKA

Mr. REYNOLDS. Mr. President, as the junior Senator from Nebraska rises for the first time, standing at the desk of the late senior Senator from Nebraska, Hugh Butler, a fine Christian gentleman, whose great, noble, and kindly soul has gone to its Maker, he knows of nothing more appropriate than to invite the attention of the Senate to an eloquent eulogy delivered by the Reverend Harold T. Janes, minister of the First Central Congregational Church in Omaha, on the occasion of the late Senator Butler's funeral.

I ask unanimous consent that it be printed in the Appendix of the RECORD.

Mr. MARTIN. Mr. President, because of the great importance of this eulogy in honor of one of the finest men who have ever sat in the United States Senate, I ask unanimous consent that the eulogy be printed in the body of the RECORD at this point.

There being no objection, the eulogy was ordered to be printed in the RECORD, as follows:

FUNERAL SERMON FOR THE HONORABLE HUGH A. BUTLER, UNITED STATES SENATOR

I

One of the commonly accepted traditions of America is that a man may be born in a log cabin and yet ultimately live in the White House. Although this was true of one President of the United States, many of those who occupy the seat of the scornful, think this tradition is a myth which has little basis in reality. When we are tempted to accept this cynical view of our society we suddenly become aware of the fact that there are many men in our time who are demonstrating the truth of this tradition. Again and again men and women who are born in lowly circumstances rise to positions of great influence and power in our free democratic society.

We are gathered together from grain fields and from the grain markets, from the plains and mountains of the West, and from the teeming cities of the East, members of many races and many faiths, to pay tribute to a man whose life was a demonstration of the fact that in America all caste systems are destroyed, and every individual, regardless of his place of birth, may rise to a position of high and respected leadership in his nation.

Accompanying his pioneering parents as a lad of six when they crossed Nebraska in a covered wagon and built a sod house on a homestead near Cambridge, by his own labor Hugh Butler earned his way through college. He followed three careers during his long life. At first he was a construction engineer on the Burlington Railroad, then an outstanding grain dealer, and finally he wes elected to three successive terms in the highest legislative body of our Nation, the United States Senate.

If you would inquire concerning the secret of such achievement you would have to ascribe a great deal to the influence of hard-working parents and the kindly interest of many friends. But most of all he found inspiration in a book. As we gather in tribute to our friend, I invite you to turn to a famous passage from that book:

"He has showed you, O man, what is good; and what does the Lord require of you, but to do justice, and to love kindness, and to walk humbly with your God?" (Micah 6: 8).

Hugh Butler was a man who believed in doing justice.

Impressed as a small boy with the difficulties which his father faced in earning a livelihood from the soil, and thrown throughout his boyhood and years of mature business life into association with people who depended upon the prosperity of the farms and ranches of the State, he was unusually sensitive to the disadvantageous position which the farmers and ranchers held in the national economy. When the drought years of the thirties came, searing the grazing lands until the cattle became barrels of bones, and dust clouds darkened the skies, he was impressed with the need of strengthening our rural economy.

When in later years he was sent to the United States Senate he continued to represent the interests of the people of the farms and ranches. As chairman of the important Interior and Insular Affairs Committee, he was able to do a great deal for the increase of irrigation and the reclamation of land. He was a kind of Nebraska Amos who would remind the Nation of the existence of the economic injustices and inequities saying: "You trample upon the poor, and take from him exactions of wheat."

As a poor boy who worked after school and Saturdays in order that he might receive an education, he was convinced that a free people must be an educated people. He took the lead in establishing an agricultural high

school in western Nebraska so that boys and girls from the far-separated ranches might have the advantages of an education.

In later life he gave nearly all of his fortune to Doane College so that succeeding generations of poor boys and girls might drink from the fountain of knowledge. He wanted all boys and girls to possess the liberty of which the Master spoke when He said: "You shall know the truth, and the truth shall make you free."

Because he knew as a boy how difficult it was to accumulate money, he proved to be an excellent guardian of the Federal Treasury. He remembered as a boy that he had found four silver dollars in the snow, and the lesson his father impressed upon him. Much to Hugh's reluctance, his father insisted they not return home until they had found the person who had lost the money and returned it to him. During his Senate days Hugh Butler was a joint sponsor of the Government corporation control law, one of the most important pieces of legislation in this generation, and was active as a member of the Senate Finance Committee in scrutinizing and working for the reduction of Federal expenditures.

The dominating passion of his life was to do justice. Like Amos, he could hear God saying: "Let justice roll down like waters, and righteousness like an ever-flowing stream."

II

"What does the Lord require of you, but to do justice, and to love kindness." Some men in their desire to do justice become vitriolic and embittered in nature, and engage in continual denunciation and vituperation. Such was not true of Hugh Butler. He wanted to do justice, but he also loved kindness.

Those who knew him in his younger days remember the enduring and deep affection which existed between him and his wife, and his sorrow over her tragic death just before he was to take his seat in the United States Senate. The loss of their first child shortly after birth, and the death of a second son at 12 years of age from pneumonia, were sorrows which they bore bravely during the rest of their married life together.

The affection which he might have given to his own children he bestowed upon others. "What Mrs. Butler and I wanted to do for our boy," he said, "we will do for other boys." And so he established scholarships at his beloved alma mater, Doane College, so that annually 30 boys and girls might be able to receive a college education.

His kindness carried over into his political career. He had his convictions. He voiced them freely, and defended them courageously. But he never tried to achieve political advantage by attacking his opponents. When he was asked why he was running against one of his fellow church members, Edward Burke, his reply was: "Ed Burke is a good friend of mine. Why don't you vote for him?"

Because in each election he faced and defeated a governor of the State of Nebraska, and was never defeated in any election when he sought public office, you would hear occasional discussion of the "Butler machine." If there was a machine, and there certainly was not in the traditional sense of the term, it was a machine built upon innumerable kindnesses.

When I think of his kindness I think of a little girl who with her parents was the guest of Senator Butler in the Senate restaurant. He might well have talked only with the adults who were present and ignored her, but in the midst of the luncheon he took a menu, got up from the table and went around to a number of the distinguished Senators eating lunch in the same room, and asked them to autograph the menu for the little girl who was his guest. She took it home with her, and had it framed along with Senator Butler's picture, and to this day considers it one of her choicest possessions.

"What does the Lord require of you, but to do justice, and to love kindness."

III

"What does the Lord require of you, but to do justice, and to love kindness, and to walk humbly with your God."

Hugh Butler did justice, and loved kindness, because he believed such was a requirement of the Lord. Like Amos he had heard God saying: "Let justice roll down like waters, and righteousness like an ever-flowing stream." He was kind to others because he had experienced the kindness of God, and knew as did the writer of the book of Jonah that He was a gracious God and merciful, slow to anger, and abounding in steadfast love.

From early boyhood he attended the Congregational Church in Cambridge. When he moved to Curtis he was superintendent of the church school. Later he became an active member of the First Central Congregational Church, of Omaha, serving at one time as a moderator of the Nebraska Congregational Conference. He was aware of the fact that his achievements were not entirely of his own making; they were the result of the guidance and beneficence of God. And so in later years when he was honored by his fellow citizens he did not permit the praise which he received to inflate him with pride. He remembered that he lived not only in the sight of his neighbors and friends; he lived also under the gaze of God. Because he was a truly religious man, he was always a humble man.

His philosophy could be summed up in these lines from Henry Van Dyke:

"Let me live my life from year to year
With forward face and unreluctant soul,
Not hastening to nor turning from the goal;
Not mourning for the things that disappear
In the dim past, nor holding back in fear
From what the future veils; but a whole
And happy heart, that pays its toll
To youth and age, and travels on with cheer.
I shall grow old, but never lose life's zest
Because the road's last turn will be the best."

And now he has found that the last turn of the road is the best. For around that turn of the road he has approached the gates of the Celestial City, and is now reunited with the loved ones who have been waiting for him. And if he wonders humbly if he should enter therein, I am sure that the guardian of the gates will say to him: "Well done, good and faithful servant, enter into the joy of your master."

"What does the Lord require of you, but to do justice, and to love kindness, and to walk humbly with your God."

TWO HUNDREDTH ANNIVERSARY OF BATTLE OF FORT NECESSITY

Mr. MARTIN. Mr. President, last Saturday and Sunday the 200th aniversary of Washington's first combat command was celebrated at Fort Necessity. Dr. William B. Hindman was in charge of the celebration. He is an authority on the early campaigns in southwestern Pennsylvania to establish whether the English or French would dominate on the North American Continent.

The program was very impressive. Troops representing both the Commonwealth of Virginia and the Commonwealth of Pennsylvania took part. The United States Military Band played for the various ceremonies. The British, French, and American flags were raised with proper ceremony.

Owing to the importance of this occasion, I ask unanimous consent to have printed in the body of the RECORD, as a part of my remarks, the addresses of Gen. George C. Marshall, Secretary of the Interior Douglas McKay, the Senator from Maryland, Mr. Beall, and myself.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

ADDRESS OF GEN. GEORGE C. MARSHALL

Sixty-seven years ago, on a Sunday afternoon, my father took the family on a picnic. We ate our supper on the bank of this stream, probably in this immediate vicinity. He gave us a thrilling description of the battle Washington's small force fought against the French and Indians in this field—Great Meadows, as it was called. I pictured painted redskins behind every tree over there. I clearly recall his showing us the shallow outline of the trench that had been manned by the colonists.

He told us how Washington passed near this spot a year later, accompanying Braddock's famous Redcoats on their fatal march toward Fort Duquesne; that is, the Pittsburgh of today. He described the near massacre of most of Braddock's command, the retreat, and Braddock's death and burial on the hillside trail a short 2 miles from here.

That afternoon became a lasting memory. Young though I was, it aroused my deep interest in the history of that period, as it was outlined by great events in this region. Often I was to come in the evening to the site of Braddock's grave in company with my young friends on parties to the nearby mountainhouse with its chicken and waffle supper as the main event.

The bald knob in the mountain range 6 miles northwest of here, Dunbar's Camp, where Colonel Dunbar buried the reserve ammunition of Braddock's army and hastily retreated eastward toward Williamsburg is a familiar sight to many of you. Near its foot is the deep ravine where Washington surprised and almost wiped out Jumonville's small reconnoitering party, firing the opening shot in the war that was to rage in Europe for 7 long years. It became a familiar setting for my first troutfishing efforts.

Washington Springs, the site of Washington's meeting with the Half-King; the Washington farm in the fertile valley west of the mountain—all those localities were steeped in early American history, when this was the far frontier, and the struggle between England and France for control of America was a bitter contest.

Hunting the mountain grouse, or pheasant, as we called them, made me more and more familiar with these historic surroundings, especially as the birds favored the glades along the old Braddock Trail. But, very strange to say, practically none of this was touched on in our local schooling. Had it been, I am sure we would have acquired a taste for American history which would have been of great benefit to our opinions as citizens in later years. It would certainly have promoted an early knowledge of the world struggles which, for a time, were centered hereabouts.

Great things had their beginnings here. The man to lead the colonists in the revolutionary struggle had his start here, an unsuccessful one it must have seemed. His preparation for the long struggle ahead, with its many pitfalls and its awful discouragements, was initiated here.

Few young Americans realize how many powerful nations struggled for a place in this country. The Russians were established as far south as San Francisco Bay. The word "struggled" is hardly applicable to them, because they chose to sell out. New Orleans, with its strategical domination of the entire Mississippi Valley, and Florida, shuttled about between Spain and France, and New England and New York State were in an al-

most constant state of threat by the British out of Canada.

But there is quite another side to this phase of the development of America. We chose, ourselves, in the War of the Revolution, to make a bid for the control of Canada. Much later on, we fought the Mexicans and took from them much of the Southwest and all of California, and we crowded the Indians back all along our frontiers, frequently in violation of their treaty rights. But the start, in effect, was here in the small engagement in this field, with the prodigious results which followed.

So, when we assemble here to celebrate the 200th anniversary of the Battle of Fort Necessity, we are dealing with the early frontier of this country, the struggle between the French and British for control; actually the birth of American military power and leadership, a preliminary to the Revolutionary War and our march to the westward.

Since those days, there has been a tremendous shift in power and place, and in tempo. Our most pressing interests today are far remote from the mountains of western Pennsylvania. They concern the Far East, across the Pacific, Western Europe, northern Africa, and the Middle East. All of Latin America is much to our interest. But keep in mind one outstanding fact. Nowhere are we grasping for territory. We want peace and, what is far more important, we want a sound basis for an enduring peace.

Turning back again to the historic events of this region and their relation to the future, I think possibly the most telling result which followed the disaster of Braddock's defeat was the initiation of a feeling among the colonists that they were capable of themselves to fight for independence; that the famous soldiers who then dominated the battlefields of Europe could possibly be discounted. Bunker Hill 22 years later confirmed this point of view and awakened a strong determination to fight to a finish, with a Washington to lead them. Of course there was much to learn, mostly of discipline, of stability, of leadership—and the outrageous vagaries of the Continental Congress at times hopelessly confused matters. Only the firm, wise leadership and remarkable personality of Washington saved the situation.

Referring to Washington's leadership in the revolutionary struggle and his later title as the "Father of His Country," it is very interesting to trace the course of his development to his Revolutionary War status. Here at Fort Necessity, at the ambuscade of Jumonville, he was young, aggressive, and fearless—very young as a matter of fact. He goes back to Will's Creek—Cumberland, as we know it—and is given command of a small body of troops to guard the settlers against Indian forays. His forts marked the course of the Shenandoah Valley. He was refused reinforcements for his small command, despite frequent massacres of the families of the pioneers; he was denied many necessities to enable him to protect those pioneers. His letters addressed to the colonial government at Williamsburg are bitter in recrimination. He was completely outraged by the failure of that government to support him sufficiently to protect the frontier people against the Indian savagery.

Finally, he resigned and took up his life at Mount Vernon. For years he was not only a leading citizen, the head of a large and valuable plantation, but for 15 years he was a member of the House of Burgesses at the colonial capitol of Williamsburg. There, for the first time, he learned something of the difficulties surrounding action by a democratic assembly; he learned the difficulty of obtaining appropriations that involve expenditures for troops. So, when he finds himself at Valley Forge lacking virtually everything for his men—food, clothing, blankets, shoes—when he is beset with the struggle to maintain a dependable army despite short-term enlistments, along with the failure to provide pay, food, and clothing, then we find him persistent but patient, determined but respectful, seemingly humble with respect to the governing political body, whatever its action or lack of action may have been. And in that attitude we find the basis for general acceptance of the title of "Father of His Country," bestowed on him by grateful countrymen.

ADDRESS OF SECRETARY OF THE INTERIOR DOUGLAS McKAY

Those of us who have had the opportunity to participate in the dedication of this hallowed ground will leave with renewed faith in the greatness of our American heritage.

I am sure that all of you who have gathered here have been inspired, as I have been, with an earnest determination that the ideals of our Founding Fathers will be perpetuated.

These brief hours at Fort Necessity on this great national holiday, serve to remind us of the legacy of freedom which men such as Washington, Jefferson, Franklin, and Marshall have passed on to us.

This patriotic heritage which rests so close to our hearts is the strong bastion in an age when bitter and partisan rescrimination is the stock in trade of those who attack our institutions and our ideals of freedom and independence.

Our Nation and our philosophy of government have their firm foundations in decency, justice, and moderation.

These qualities and these patriotic attributes were exemplified here yesterday by one of the Nation's brilliant military leaders, a man of unimpeachable honesty and decency—George Catlett Marshall.

His service to the Nation and to humanity exemplifies the highest idealism of patriotism and love of country.

We are gathered on a spot which marks a turning point in the history of our Nation. The battle of Fort Necessity, seemingly a defeat, brought into world prominence for the first time the man who was to become the father of the United States—George Washington.

The National Park Service of the Department which I have the honor of serving, is dedicated to the work of preserving for the American people such historic places, mileposts in the history of our national development.

They are preserved so that we may pause, reflect deeply upon their meaning, and derive guidance to chart our course for the future. From them we receive a renewed sense of patriotism, spiritual satisfaction and confidence.

Fort Necessity is one of the four great historical areas in the National Park System in this Commonwealth. Each of them portrays a dramatic step in the development of the Republic.

Independence National Historical Park in Philadelphia, where the Declaration of Independence was signed on July 4, 1776, and where the Liberty Bell is sheltered is a symbol of freedom for all men wherever human rights have not been crushed by cruel dictatorships.

During the Revolution, the Congresses continued to meet in Independence Hall in Philadelphia except during brief interruptions occasioned by the military activities of the British.

Thus Philadelphia was the focal point in the winning of our independence and the formation of the Republic.

At Birdsboro, Pa., the National Park Service administers the Hopewell Village National Historic Site in which is depicted the story of the American iron-making industry.

A third great historical area administered by the Park Service is Gettysburg National Military Park, the scene of one of the world's greatest battles, and the turning point in the Civil War.

Fort Necessity marks another and earlier milestone in American history, linking us with the past, bringing with it a deeper understanding and appreciation of our history and the sacrifices that made possible our achievements as a Nation.

And as in colonial days, Pennsylvania today continues its important role in maintaining the prosperity and security of our Nation.

From the days of William Penn, this Commonwealth has been in the forefront of our history, setting an example of tolerance and wisdom for others to emulate.

These hills of western Pennsylvania, fought over in 1754, have yielded coal and other mineral resources that have had a far-reaching effect on our national economy.

The Forks of the Ohio as the junction of the Allegheny and Monongahela Rivers was known in 1754, a strategic point for both Washington and the French in that year, has grown to be the city of Pittsburgh, one of the great industrial sinews of the United States.

In a very real sense, though no one could have known it at the time, these great industrial resources were at stake in the issues that were drawn at Fort Necessity 200 years ago.

The rich coal of Fayette County, combined with iron ore from the Lake Superior ranges, have been a precious legacy to the American people. American inventive genius, business acumen, and good, hard work have done the rest.

In our search for material things we often forget the sacrifices of our forefathers that have made possible the opportunities we have today for achieving security.

Fort Necessity then will serve always as a symbol, not of the dead past, but a glowing beacon which will light the path toward greater days and greater national achievements.

A nation which forgets its heroes is a country without a soul. In our preoccupation with the development of our economy and with the necessity for keeping step with world competition in peace and war, we may have been inclined at various periods of history to forget the importance of the preservation and protection of our historic spots.

Fortunately, there has always been a catalytic force at work which has not permitted the National Government to lag unduly in recalling its debt to history.

Such a force has been at work here at Fort Necessity, and through the intelligent enterprise of local patriots this battleground will be preserved for posterity, not in a haphazard manner, but as a recognized and appreciated responsibility.

Here, too, we find the State joining with local citizens and the Federal Government in sharing in the task of preserving this historic shrine. As an important unit in the State system, Fort Necessity State Park adds to the beauty and historic significance of the restored fort.

This, in my opinion, is an ideal arrangement. It demonstrates a clear understanding of the necessity for the States and local communities to share with the Federal Government in the development of our national resources, whether the responsibility involves the construction of a giant power dam or the restoration and preservation of a historic area.

Too long—far too long—have the people looked to Washington for solutions to all their problems.

This attitude of letting Uncle Sam do it is often reflected in the demands that come to us from all sections of the country for financial assistance in the establishment of new national parks, new national monuments, and new historical areas.

Without deprecating the sincerity of the sponsors of these projects, nor in any way discounting the value of the projects themselves, practical business reasoning compels us to point out to most of these petitioners the irrefutable fact that the Federal Treasury is not inexhaustible.

The national park system each year draws increasing millions of visitors. Travel to the historical areas alone in the system has increased from around 5 million in 1945 to 16 million in 1953. This means that 1 person out of every 10 in the United States visited a historic area last year.

More than a million persons viewed Independence Hall last year; more than a half million walked through the portals of Fort McHenry, the siege of which inspired the writing of The Star-Spangled Banner; and more than 200,000 schoolchildren visited the Lincoln Memorial in Washington.

To provide proper safeguards for the safety and convenience of these millions of visitors requires great sums of money.

Another heavy financial burden is placed on the Federal Government in the discharge of its responsibility to handle the millions who visit the national parks.

In fact, there has always been difficulty in securing adequate appropriations to maintain properly the facilities already a part of the system.

I am reluctant, therefore, to support any request for additions to the system until the present facilities can be brought up to standard. This can only be done by bigger appropriations, and in view of the administration's determined effort to balance the budget, any expansions in the park system in the immediate future appear to be foreclosed.

In the meantime, however, the park system is prepared to make available its scientific and technical skills to local groups, to States, and cities to assist any worthwhile local effort to develop historic areas or to aid in the proper planning and operation of local park systems.

Frankly, that is the best way to encourage and to develop this movement. Local control, authority at home instead of from Washington, will insure the continued support and cooperation of local people.

INTRODUCTION OF SENATOR BEALL, OF MARYLAND, BY SENATOR MARTIN, OF PENNSYLVANIA

My fellow Americans, it now becomes my pleasant duty to present as our next speaker a distinguished colleague in the United States Senate.

He represents our neighboring State of Maryland with honor and distinction—and with complete loyalty to the highest ideals of patriotic Americanism.

When he took his seat in the United States Senate, he brought to that body the valuable experience gained in many years of public service and devotion to the public welfare.

He served in the ranks as a soldier in World War I.

He served as a Senator in the legislature of his native State.

In recognition of his outstanding ability and his constructive statesmanship the people of his congressional district elected him for five successive terms in the House of Representatives.

He is now serving his first term in the United States Senate—and it is one of my great privileges to be associated with him as fellow members of the Senate Committee on Public Works.

My fellow Americans, with extreme pleasure and sincere pride, I present a great American, my good friend and colleague, the distinguished Senator from Maryland, the Honorable J. GLENN BEALL.

ADDRESS OF SENATOR J. GLENN BEALL

Good afternoon, ladies and gentlemen, this 200th anniversary of the Battle of Fort Necessity is an inspiring occasion, and it is a fitting one to rekindle in our hearts the patriotism which ennobled George Washington and to rededicate ourselves to the basic beliefs and ideals on which this Nation was founded.

On July 4, 1754, when the youthful commander marched away from this fort, no one could possibly have imagined the momentous events which would follow.

Let us, then, endeavor to put this engagement in its proper historic perspective.

In 1754 the vastness of America was not even remotely appreciated. The colonists had partly penetrated the wilderness of America, and both England and France were rivaling for control of the seas, and the new land in America and India.

The French, moving in through Quebec, were building a defense line which reached to New Orleans. The English, acting primarily through their east-coast Colonies, were anxious to limit the advances of the French.

In Europe, the nations of Germany, Austria, Spain, and Russia, were gradually being drawn into the progressing conflict between France and England. The crowned heads of Europe were forming uneasy alliances, doomed not to succeed and which would bring to an end the reign of many an unhappy, incompetent, king and queen.

Here in America the colonists were looking with increasing concern over the string of small French forts established just beyond the Alleghenies. Small contingents were armed and sent out on scouting expeditions. When the colonists were sufficiently alarmed, troops were dispatched to warn the French out of the area.

On March 24, 1754, Governor James Glen, of South Carolina, in a message to the State Assembly made a significant statement. "Up to this time," he declared, "the Colonies have acted as entirely separate and independent States." Benjamin Franklin was impelled to utter his famous declaration "Unite or die."

In April 1754, a small force from Virginia and South Carolina, led by Col. Joshua Fry and assisted by the 22-year-old George Washington, was at Wills Creek. Near the end of May, Fry died, and Washington was left in command. He was soon commissioned a colonel.

By July 1 Washington was at Great Meadows, and shortly before noon on July 3, 1754, a force of about 600 French and Indians appeared against Washington, who had a troop half that number.

On July 4 a truce was negotiated and Washington withdrew, unaware of the great damage his men had inflicted on an enemy with superior forces. The Battle of Fort Necessity had been a brief, small skirmish in the wilderness of an unexplored land.

However, with the hindsight of history that event can now be fully appreciated, and what is even more rare there was one man who recognized its significance even then. That was the prince of literary men, Voltaire, who was moved to write, "A cannon shot fired in the woods of America was the signal that sent all Europe in a blaze."

Let us review what followed.

George Washington here at Fort Necessity was taking the first concerted action by the Colonies, which would ultimately culminate in the Revolutionary War for Independence.

The battle marked the beginning of the French and Indian War in America, destined to forever remove France as a power in the New World.

The 2-day conflict between English and French forces provoke their national rivalry so that they engaged in the Seven Years War, which brought chaos and disaster in Europe and changed the maps of three continents.

The Seven Years War was to reveal to the French people that they were victims of a system which had developed almost countless evils. It was to show that France was ruled by an absolute, divine right monarch; that monarch, Louis XV, was morally too slack to lead, and that whatever central control there was in France was exercised by the King's official mistress, Madame de Pompadour.

These events in France were leading inescapably to the Revolution of 1789, which changed the course of French history.

In England conditions were hardly better than in France, and the British effort was uncoordinated; but the English did produce—as the English seem to possess a rare ability to do—a capable leader by the name of William Pitt. We named what was to become one of the great industrial cities of the world here in western Pennsylvania after the Prime Minister who led his country's successful effort to end any French empire in America and started England off on its empire program. The British were obligated to organize that expanding empire—and the resulting problems were to be the primary concern of Great Britain from that day to this.

The Peace of Paris, ending the Seven Years War, was signed in 1763, and exactly 20 years later the British were to sign another Peace of Paris, this time relinquishing the American Colonies and recognizing the United States of America, which had been led to victory by Gen. George Washington.

The battle established Washington's reputation as a competent military commander, and brought him the prominence which was to influence his selection as General of the Continental Armies, and make him the unanimous choice as the first President of the United States.

Thus, we see that as a result of a small battle at an isolated outpost named "Fort Necessity," the history of the world was decisively changed.

In these tedious and perilous times we do not know just where a modern battle of Fort Necessity may occur. History may prove that it was in Korea, Indochina, or perhaps some other far-off, unknown spot where a single rifle shot may explode world war III.

We, and the nations of the free world, desire peace, frown on appeasement, and fear war. We are treading the dangerous, sinister path which can lead to a long period of uneasy peace or to the cataclysm of modern war.

On the National Archives Building in Washington there is inscribed "What Is Past, Is Prologue," and if there is any point in studying history it is to learn how to conduct our affairs in the future.

History quite often seems to repeat itself; the words of great men at times seem more descriptive of a particular situation than anything which might be said today. We can learn from the past, and a circular to the States which George Washington wrote in 1783 seems to me most applicable today.

Washington wrote as follows:

"The foundation of our empire was not laid in the gloomy age of ignorance and superstition, but at an epoch when the rights of mankind were better understood and more clearly defined, than at any former period, the researches of the human mind, after social happiness, have been carried to a great extent, the treasures of knowledge, acquired by the labors of philosophers, sages, and legislatures, through a long succession of years, are laid open for our use, and their collected wisdom may be happily applied in the establishment of our forms of government; the free cultivation of letters, the unbounded extension of commerce, the progressive refinement of manners, the growing liberalty of sentiment, and above all, the pure and benign light of revelation, have had a meliorating influence on mankind and increased the blessings of society. At this auspicious period, the United States came into existence as a nation, and if their

citizens should not be completely free and happy, the fault will be entirely their own.

"Such is our situation, and such are our prospects; but notwithstanding the cup of blessing is thus reached out to us, notwithstanding happiness is ours, if we have a disposition to seize the occasion and make it our own; yet, it appears to me there is an option still left to the United States of America, that it is in their choice, and depends upon their conduct whether they will be respectable and prosperous, or contemptable and miserable as a nation; this is the time of their political probation, this is the moment when the eyes of the whole world are turned upon them, this is the moment to establish or ruin their national character forever."

There is much wisdom in these words by Washington, especially in his description of the intellectual atmosphere which prevailed and made possible the establishment of a government dedicated to securing the rights of man.

That those citizens who have preceded us fufilled the desires and aspirations of Washington by securing and continuing the blessings of society can be evidenced by the high standard of living which this Nation has enjoyed, and the freedoms which are the rights of every person in the United States.

Washington, however, warned that there is another option, and I believe it is an option facing us today; that it is within the choice of the people of this country and depends upon their conduct, whether they will be respectable and prosperous, or contemptible and miserable as a nation.

More than at any other time in our history, I believe, that alternative exists today. The people of every other nation are watching the conduct of the United States. Some are watching our conduct in the hope that we can lead the nations of the world in establishing peace, however uneasy that peace might be. Others are watching us with the hope that we will fail in that goal. There are yet others, in nations maintaining a posture of neutrality, who are watching us suspiciously, unsure whether our leadership can succeed.

How we conduct our affairs in our contacts and relations with other nations, and even how we conduct our internal affairs here in the United States, can very well determine whether our future is to be blessed with an era of peace or the holocaust of atomic war.

There is no pat formula or slogan, there is no rigid inflexible policy, which, if accepted, can lead to the peace and prosperity which we seek.

I personally do not accept the appeasement, and nonaggression pact suggestions which have been made by some of the outstanding world statesmen. Neither do I accept the idea that we must meet our enemy in mortal conflict and hand over the spoils to the victor.

There must be found a middleway; there is surely some alternative to world war and complete appeasement of the Communists. I believe that under the leadership of President Eisenhower that this Nation can find respectable and honorable alternatives, thereby avoiding a recurrence of such events as those of 200 years ago which led to so many wars and social upheavals.

However, I believe that the United States of America cannot offer successful world leadership merely by defending the status quo. The rise of nationalism in many parts of the world, similar to that which occurred here in the United States 200 years ago, demands that we offer leadership which will permit these people—and particularly those in Asia—to gain the respectability of self-government and the blessings which modern society has to give.

Here in Fayette County there are a good many people of Polish, Czechoslovakian and Austrian descent, as well as from other small European nations. Today those countries are under Soviet oppression, and many of you have friends and relatives living behind the Communist Iron Curtain. You know better than I can tell you that communism means the revocation of all personal liberties and security.

I ask that you today join with me in rededicating ourselves to the honored traditions of the United States. A knowledge of our history can lead to a better understanding of world problems.

George Washington is reported to have once said, "With our fate will the destiny of unborn millions be involved." Our fate seems to be hanging suspended between war and peace and how we conduct ourselves in the immediate future will determine the destiny of all who follow us.

Our responsibility is great, let us pray that our conduct as a people and a nation is in the tradition of Washington, and that our descendants will respect and honor us as we do those great men who founded this Nation.

ADDRESS OF SENATOR MARTIN, OF PENNSYLVANIA

On this sacred soil, sanctified by the blood of patriots, we meet in humble and reverent acknowledgment of our everlasting debt to the sublime character and majestic greatness of George Washington.

We meet in commemoration of an event which had outstanding importance in the vast drama of human progress.

Here was enacted the first stirring scene in the glorious pageant of American liberty which culminated in the War for Independence and the birth of a new Nation, destined under God, to lead the world in material, cultural, and spiritual power.

For here, at Fort Necessity, George Washington was in command of Colonial troops engaged in the first united action on the part of the Colonies in defense of the western frontier against the hostile French and Indians.

For the youthful Colonel Washington, then at the age of 22, it was his first military combat and he emerged with the honors of war if not with victory.

In the language of this atomic age it might be said that it started a chain reaction which altered the course of world history and changed the map of three continents.

Historians have delved deeply into every phase of George Washington's illustrious career and his monumental achievements. His writings and his speeches have been studied with extreme care. The facts of his life as a planter, soldier, and statesman have been given the most exacting examination. Innumerable biographies of Washington have been published in almost every language of the globe.

But as we look back 200 years to his first combat engagement, we see a boy of 22, whose courage and character had been shaped by self-discipline, tireless energy, exposure to hardship and danger, devotion to duty, reverence for honor and truth, and a firm and abiding trust in God.

There can be no doubt that his contacts with the trappers, traders, and homesteaders of the western wilderness strengthened Washington's faith in his country and his fellowmen, his self-reliance, and his patriotism.

As a citizen, surveyor, and young soldier he saw the land he was to lead in battle against the mightiest military and naval power of his time.

Think of his dauntless courage as he set out on his first important mission—a journey of 1,000 miles through the snow-covered wilderness to deliver Governor Dinwiddie's ultimatum demanding that the French evacuate all the territory claimed by Virginia.

It was on this perilous journey that the youthful soldier, reaching the forks of the Ohio, recognized the strategic importance of the present site of the city of Pittsburgh. He noted his observations in his journal in these words and I quote:

"I spent some time viewing the rivers and the land in the fork, which I think extremely well situated for a fort as it has absolute control of both rivers."

Washington's suggestion was approved. The first attempt to build a fort at the point was defeated by the French. They strongly fortified the place, calling it Fort Duquesne.

The story of General Braddock's disastrous expedition against Fort Duquesne need not be repeated here, nor the march of General Forbes that raised the British flag over the ruins of Fort Duquesne after the French had set it afire and retreated.

The Forbes campaign of 1758 brought to a close one chapter of Washington's military career. The next chapter opened when the Second Continental Congress on June 15, 1775, unanimously elected him as commander in chief of its armies.

Earlier in the year he had been chosen by the Virginia Legislature as a delegate to the Continental Congress which was to meet in Philadelphia.

One biographer pictures Washington riding through the gateway of Mount Vernon on May 4, 1775, and states that when he turned his horse's head northward his career as a Virginian ended and his career as an American began.

It is not necessary to relate to this distinguished audience the trials and tribulations, the hardships and heartbreaks, of those dark days of gloom and discouragement that followed.

Truly they were times that tried men's souls. We can only marvel at the patience, perseverance, and self-control of the great military leader who never lost faith in the final outcome.

Washington did not despair. Defeats were merely temporary setbacks. Every new disaster was met with new and firmer conviction that freemen, fighting for liberty, could not be defeated.

Surely Washington's faith in God sustained him in those difficult times. In victory and defeat his orders called upon his troops to attend divine services whenever it was possible to do so.

In one such order, issued when the Declaration of Independence was read to his troops, General Washington revealed his belief that liberty and religious faith are interwoven.

He stated, and I quote:

"The blessing and protection of Heaven are at all times necessary but especially so in times of public distress and danger. The general hopes and trusts that every officer and man will endeavor so to live and act, as becomes a Christian soldier defending the dearest rights and liberties of his country."

The same spirit, linking religion and patriotism, was shown in a similar order issued at Valley Forge when General Washington received the welcome news that France had signed a treaty of alliance with the United States.

Washington's order directed the divine services be held each Sunday at 11 o'clock and then continued:

"While we are zealously performing the duties of good citizens and soldiers we ought not to be inattentive to the higher duties of religion. To the distinguished character of patriot it should be our highest glory to add the more distinguished character of Christian."

Two more references by George Washington to religion and morality are worth recalling on this occasion.

One was uttered when he was presiding over the Constitutional Convention in Independence Hall. It was suggested that some popular provisions be placed in the Constitution to please the people and to facilitate its adoption.

Washington rose. His voice was choked with emotion as he said:

"If to please the people we offer what we ourselves disapprove how can we afterwards defend our work?"

Then he added:

"Let us raise a standard to which the wise and honest can repair. The event is in the hands of God."

The other came when he prepared to put aside the cares and problems of the Presidential office.

In his famous Farewell Address Washington admonished his fellow citizens that religion and morality are the indispensable supports of political prosperity—the great pillars of human happiness. In that great American document Washington said:

"Let us with caution indulge the supposition that morality can be maintained without religion. * * * Reason and experience both forbid us to expect that national morality can prevail in exclusion of religious principle."

The career of George Washington places before us a never to be forgotten lesson in loyalty, patriotism, devotion to our country, and faith in its sacred ideals.

Washington lived those ideals.

His integrity, his supreme sense of honor, his spirit of justice, and his conception of a greater United States all combined to fashion his fame.

His statesmanship reached the highest level because he had the courage to direct a government based on the concept that freedom of the individual is God's greatest gift to mankind.

Under that plan, in less than 200 years, free Americans have built the richest, the soundest, and the strongest Nation of all history. It was built on the solid foundation of equal justice, equal opportunity, and equal right to live, work, and succeed.

We have learned in peace and war that each generation must buy its freedom with sacrifice, sweat, tears, and blood.

The principles for which we must work and fight are the same today as in Washington's time.

The same freedoms, the same independence, the same way of life; the pursuit of the same happiness, the same rights of property, the same freedom of speech, of press, of religion, and of assembly—yes; the same freedom of action and enterprise.

Washington hated tyranny. If he were alive today he would fight communism with all the strength and vigor at his command.

He hated disloyalty. He hated dishonesty.

Let us be inspired by his example to insist that everyone holding public office must be thoroughly honest—a true servant of the people, appreciating public office as a public trust.

Let us demand absolute loyalty from everyone in the Government service. Divided allegiance has no place in the American way of life.

Let us, like Washington, have the courage to be real Americans. We can pay no greater tribute to his immortal memory.

DISTRIBUTION OF TENNESSEE VALLEY AUTHORITY POWER

Mr. HILL. Mr. President, I ask unanimous consent to have printed in the RECORD the text of a letter which has been sent to President Eisenhower by the Tennessee Valley Public Power Association with reference to the proposed contract whereby the Atomic Energy Commission, under a directive of the President, would serve as a broker in the purchase of power for the Tennessee Valley Authority.

The municipally and cooperatively owned members of the power association are the major distributing agencies of TVA power. They have investments of some $400 million in this partnership with the Federal Government through its agency, the TVA. They have demonstrated most successfully how Federal, State, and local agencies can cooperate in the development of the Nation's power resources for the benefit of all the American people.

As the partner of the Government, they have a vital interest in the contract which AEC now is negotiating with the Dixon-Yates group and they are, in my opinion, quite properly protesting the signing of such a contract with a private utility combine.

So far the power distribution in the Tennessee Valley have been completely ignored in these negotiations. My colleagues and I are determined that their interests shall not be ignored.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 6, 1954.

The PRESIDENT,
The White House, Washington, D. C.

MY DEAR MR. PRESIDENT: Please allow us to say in the very beginning that our organization is not concerned solely with a theory of government, but is very vitally concerned with what is going to happen to an investment of over $400 million that we have made in the distribution end of the Tennessee Valley power system. We became partners with the Federal Government a good many years ago. The Federal Government now has an investment of roughly $800 million in the power end of TVA and we, the people of the Tennessee Valley, have an investment of about $400 million. We believe this will explain to you our very keen interest in this subject.

In your recent press conference you stated that you wished to examine the Tennessee Valley power supply situation from every angle. At the same time you stated that you had instructed the Atomic Energy Commission to enter into an arrangement that would make such a study pointless. This arrangement, to buy power from the Mid-South-Southern Co. combine at Memphis, would be for a 25-year period and would cost the Federal Government a minimum of $90 million to $150 million in excess of other ways of securing the same block of power. The effect of the arrangement would be to weaken and ultimately to destroy the most efficient power supply system in the country. The Dixon-Yates arrangement would not facilitate a study; it would be choosing an answer before the study has been made. We respectfully urge that the Dixon-Yates proposal be rejected.

We have followed closely the developments in connection with the Dixon-Yates proposal, including the letters from the Director of the Bureau of the Budget which were read in the hearings of the Joint Committee on Atomic Energy on June 17, and the testimony of the AEC at that hearing. These trouble us greatly.

First, we are concerned, because it seems clear that the proposed arrangements will not provide an adequate supply of power for the region's growing needs. We know from experience that these requirements are growing at a normal rate of about 750,000 kilowatts a year. Therefore we were troubled when your budget message spoke in terms of 500,000 to 600,000 kilowatts as the amount by which TVA's supply for this area's loads might be increased by reducing its deliveries to AEC. Now we find that out of 600,000 kilowatts proposed to be obtained from Dixon-Yates, TVA is expected to find not only enough power for normal-load growth but some 135,000 to 175,000 kilowatts for new load at Oak Ridge. This is in spite of the fact that your budget message said that "in the event * * * new defense loads develop, the question of starting additional generating units by the Tennessee Valley Authority will be reconsidered."

Second, we are concerned about the prospects of unnecessary increased power costs. We had understood from your budget message that any arrangements for AEC to buy power from other sources would be a matter between AEC and the other supplier. However, the letters of Budget Director Hughes state that the power would not be bought by AEC for its own use, with a reduction in TVA's commitment to AEC. Instead the power would be bought by AEC for TVA's use, and the testimony before the joint committee indicates that AEC expects TVA to pay the bulk of the extra costs to the Government of the Dixon-Yates power—extra costs estimated at $90 million to $150 million over the life of the proposed contract. The only part of these costs that AEC expects to pay is the taxes which the Dixon-Yates group would pay in Arkansas and which would be a duplication of the payments in lieu of taxes that TVA will bear in Tennessee and other States upon its sale of this power. We know from experience that TVA can be depended upon to obtain its power at the lowest possible cost. We do not have the same confidence that our needs will be met by AEC and Dixon-Yates with power of the lowest possible cost.

Third, we are apprehensive about the continued operation at maximum efficiency of an integrated regional power system designed to meet the power needs of an integrated area. We see in the Dixon-Yates proposal the introduction of divided management and divided responsibility, with a portion of this power system having no franchise in the area and coming in under terms negotiated with an agency which also has no responsibility for the region's power supply. We cannot believe that you are knowingly and intentionally requiring us, without local determination, to place our power supply problems again in the hands of these power systems who have fought us so bitterly ever since we made the choice by popular vote in favor of service from TVA. It took a generation of effort to free this region from the holding companies of which the Dixon-Yates companies are the successors. The Dixon-Yates proposal is an effort to sell this area back to the power trust. It would be by Federal dictation, without the sort of local initiative and responsibility which we understand that you and the other leaders in your administration are anxious to encourage. Furthermore, the transfer of load would be made without a corresponding transfer of public utility responsibility to adjust the supply at all times to the growing power needs. For these reasons and those stated in the preceding paragraphs, we do not believe Dixon-Yates syndicate and AEC should determine the arrangements under which TVA is to furnish power for distribution by us to the 5 million people of this region.

In connection with our apprehension about the continued operation of a regional power system designed to serve the region, we also find it impossible to believe that you have been correctly informed about the power supply activities of TVA, in light of your press comments construing as a possible threat of TVA expansion into adjoining areas, the recommendation by TVA of a steam plant near the periphery of the area it serves. For practically a decade the area supplied by TVA power has not changed by as much as 1 percent. Memphis was one of TVA's first customers. It has been buying large amounts of power from TVA since 1938. The plant that TVA proposed to build at the Fulton site north of Memphis, like the Shawnee plant at Paducah, is smaller—not larger—than the known TVA loads in the

vicinity. TVA has a record of cooperative operating relationships with neighboring systems. In the light of all these facts, to interpret such TVA plants as a threat to expand into adjoining areas is to adopt a point of view heretofore suggested only in the wildest charges of spokesmen for the private power lobby.

Fourth, interested as we are in the welfare of the entire Nation, as well as our own region, we object to the wastefulness of an uneconomic investment. This scheme would place a plant at an uneconomical location; it would require an extra investment in transmission, extra cost of transportation of coal, and extra consumption of fuel, labor, and materials to offset the energy lost in unnecessary longer transmission. This scheme would require unnecessary duplication of State and local tax payments in two areas. It would involve unnecessarily high interest costs for money borrowed on the strength of the Government's credit. It was clear from the testimony before the joint committee that there is no doubt in the minds of anyone that these extra costs exist; the only question is whether they amount to as little as $3,685,000 a year (a large amount in itself) or to more than $5½ million a year.

For all these reasons, we are compelled to protest against the proposed Dixon-Yates contract.

In urging rejection of the Dixon-Yates proposal, we are only too well aware that the delays to date make it very late in this session of Congress to be expecting appropriation of funds for major expansion of TVA's generating capacity. We are also painfully aware of the grave effects on this region of further postponement of new power generating capacity. Instead of the capacity being provided in advance of load growth, as should always be done, the construction of new capacity in this area is already being allowed for a second year to lag behind demands. Nevertheless, even though in 1957 this entire region must stop its forward economic march for a period corresponding to any further delays in action now, we would rather bear that burden than to start down a road which, in our judgment, can only lead to mounting economic waste and multiplying obstacles to sound regional development.

In view of the many agencies of the Government that are concerned in this matter, as well as the great public interest in it, we are sending copies of this letter to the Director of the Bureau of the Budget, the AEC Commissioners, and TVA Directors, members of the Appropriations Committees, and the press.

Respectfully yours,
TENNESSEE VALLEY PUBLIC POWER ASSOCIATION,
By R. V. TAYLOR, *President*.

RELIEF FOR FLOOD VICTIMS ALONG THE RIO GRANDE

Mr. JOHNSON of Texas. Mr. President, on Thursday of last week I introduced for myself and my colleague, the junior Senator from Texas [Mr. DANIEL], a resolution expressing the desire of Congress that the United States offer any aid possible to victims in Texas and Mexico of the devastating floods along the Rio Grande. This resolution was promptly agreed to by the Senate.

I wish today to advise the Senators that much has been done. The Army and Air Force have been most cooperative in meeting Red Cross requests for medical supplies, transportation, personnel, and cooking equipment. The Civil Defense Administration, through its regional office, went promptly to work. The State Department acted with speed to help make possible the sending of food supplies to Mexican communities hit by the floods.

The work of the American Red Cross has been magnificent.

According to information furnished me by R. T. Schaeffer, National Director of Red Cross Disaster Services, approximately 2,000 families on the Texas side of the river have applied for assistance. They are being provided it. The cost will be in excess of $500,000.

The president of the American Red Cross, after conference with the Mexican Ambassador to the United States, offered the assistance of the American Red Cross to Mexico people affected. The American Ambassador to Mexico passed on to the Mexican Red Cross the information that the American Red Cross was prepared to assist to the extent of $50,000, either in cash or relief supplies. This offer of assistance was accepted. The relief is being extended in the form of food, clothing, and medical supplies.

The Fourth Army, which has headquarters in San Antonio, Tex., provided field kitchens and personnel to prepare food for flood victims on both sides of the river. Both the Army and the Air Force are to be commended in the highest terms for the outstanding service they rendered in this emergency.

A pontoon bridge went into operation between Laredo and Nuevo Laredo at 4:15 Tuesday afternoon, replacing the permanent structure swept away by the flood. A temporary bridge also has been established across the Rio Grande at Eagle Pass.

I am informed that, thanks to the prompt receipt of medical supplies, there appears to be no danger of an outbreak of either typhoid or malaria.

I have received a communication from His Excellency, Manuel Tello, Mexican Ambassador to the United States, expressing his personal appreciation and the gratitude of the Mexican Government for the passage last Thursday by the Senate of the concurrent resolution and for the emergency aid given Mexican people by agencies of our Government.

On behalf of the people of Texas, I express similar appreciation.

The cooperative effort between the United States and the Republic of Mexico has been most effective. It is my hope and belief that similar cooperation will mark accomplishment of the task which lies ahead—the permanent rehabilitation of the flood victims on both sides of the Rio Grande.

PROPOSAL TO FIX NUMBER OF JUSTICES OF THE SUPREME COURT

Mr. BUTLER. Mr. President, during the latter part of June I attended a luncheon at the Association of the Bar of the City of New York. It was my great privilege and pleasure on that occasion to sit next to Mr. John W. Davis, formerly Democratic nominee for President of the United States, and certainly one of the most outstanding constitutional lawyers of our time. During the course of the luncheon I had the opportunity to talk with Mr. Davis concerning constitutional questions in which we have a common interest, including Senate Joint Resolution 44, which I introduced on February 16, 1953, which overwhelmingly passed the Senate on May 11 last, and which I am most anxious be not now lost in these closing days of the 83d Congress.

Mr. Davis so completely answered the two principal objections made to the joint resolution during the course of the debate that I asked him if he would send a letter to the President of the United States and to the Democratic leadership of the House setting forth his views on the subject.

Senators will recall that during the debate the two principal objections made to the joint resolution were, first, that it had not been given sufficient study prior to passage by the Senate, and secondly, that it served no real purpose, and hence constituted but another "tinker" with the Constitution.

I asked Mr. Davis if I might deliver his letter to the President to which he agreed and which I did. Upon that occasion I asked the President if I might make the letter public, because I felt that it was of such great interest generally, and particularly to Members of Congress, that it should be made public. The President willingly agreed, subject to approval by Mr. Davis.

I then communicated with Mr. Davis, and he agreed that the letter might be made public. I also communicated with Mr. RAYBURN, the minority leader of the House of Representatives, and he agreed to permit the letter to him from Mr. Davis to be made public.

I therefore ask unanimous consent that there be printed in the body of the RECORD at this point as a part of my remarks the letter from Mr. Davis to the President of the United States and the letter from Mr. Davis to Hon. SAM RAYBURN.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

NEW YORK, N. Y., *June 29, 1954*.

The PRESIDENT,
White House,
Washington, D. C.

MY DEAR MR. PRESIDENT: A resolution proposing an amendment to the Constitution, known as Senate Joint Resolution 44, having passed the Senate is now pending in the House. I venture to commend this proposal to your favorable consideration should any occasion offer for your attention to it.

In summary, the amendment proposes to fix at nine the number of Justices of the Supreme Court, to remove from Congress in constitutional cases the power to impair the appellate jurisdiction of the Supreme Court, and to require all Federal judges having appointments during good behavior to retire upon reaching the age of 75.

In general, I do not profess to be a friend of repeated amendments to the Federal Constitution. Especially do I deplore those amendments which are predicated on imaginary or hypothetical dangers or represent attempts to improve on the fundamental structure of our Government. Of these it can only be said that "Striving to better, oft we mar what's well."

This particular amendment, however, is designed to prevent the repetition of unfortunate incidents such as have already occurred. There have been attempts to control the decisions of the Supreme Court by increasing its membership. There is at least one historic case where Congress, to prevent decision on a constitutional question, withdrew the case from the Court's jurisdiction.

And there have been unhappy instances where judges failing to recognize their own infirmities due to age have outstayed their usefulness. The only safeguard against such occurrences in the future is by the amendment now proposed.

I trust it may be possible for Congress to pass the resolution during the present session.

I am,

Respectfully yours,

JOHN W. DAVIS,

NEW YORK, N. Y., *June 29, 1954.*

Hon. SAMUEL RAYBURN,
House Office Building,
Washington, D. C.

MY DEAR MR. RAYBURN: I venture to express the hope that despite the pressure of legislative business the House will find time before adjournment to give its approval to Senate Joint Resolution 44, the proposed constitutional amendment fixing at 9 the number of Justices of the Supreme Court, removing from Congress in constitutional cases the power to impair the appellate jurisdiction of the Supreme Court, and requiring all Federal judges with lifetime appointments to retire upon reaching 75.

In its editorial of May 19 the New York Times said: "This is a good time, when no such issue is before the country, to reinforce the inviolability and integrity of the Supreme Court."

The matter of forestalling future cyclical attacks upon the independence of the judiciary has been given intensive study for many years. As long ago as 1946 the Association of the Bar of the City of New York appointed a special committee to study the problem. In the following year it recommended a constitutional amendment including substantially the provisions that eventually became the proposed amendment now before the House. Thereafter similar approval was given by a committee of the New York State Bar Association, of which I was a member. The American Bar Association in 1950 added its endorsement after thorough study by distinguished committees and debates in its house of delegates at several annual meetings.

When the Senate voted it had before it the report of its Judiciary Committee, at whose hearing Justice Owen J. Roberts; Harrison Tweed, president of the American Law Institute; and several spokesmen of the American Bar Association from various parts of the country gave oral testimony.

In my opinion, Senate Joint Resolution 44 would plug up two dangerous loopholes in the judicial article of the Constitution, thereby safeguarding the separation of our Government into its legislative, executive, and judicial parts and as the Constitution contemplated.

Believe me, with warmest personal regards,

Sincerely yours,

JOHN W. DAVIS.

MANAGEMENT OF THE EXPORT-IMPORT BANK OF WASHINGTON

Mr. CAPEHART. Mr. President, has the morning hour been concluded?

The PRESIDING OFFICER (Mr. CARLSON in the chair). Is there any further morning business?

Mr. CAPEHART. I shall be glad to yield to the Senator from Montana [Mr. MANSFIELD], who I understand desires to speak.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. Has the unfinished business been laid before the Senate?

The PRESIDING OFFICER. The Chair is inquiring whether there is any further morning business. If not, the Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3589) to provide for the independent management of the Export-Import Bank of Washington under a Board of Directors, to provide for the representation of the bank on the National Advisory Council on International Monetary and Financial Problems and to increase the bank's lending authority.

Mr. MANSFIELD obtained the floor.

Mr. CAPEHART. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield for a question.

Mr. CAPEHART. I do not believe there is any opposition to the pending measure. It was reported unanimously by the Committee on Banking and Currency, and was discussed at some length the other day. Unless Senators have questions about the measure I should like to suggest that we could pass the bill. It has been reported without amendment.

The PRESIDING OFFICER. Does the Senator from Montana yield for that purpose?

Mr. MANSFIELD. I shall be glad to yield for that purpose for 2 or 3 minutes, provided I do not lose the floor.

Mr. CAPEHART. I ask unanimous consent that the Senator from Montana may yield for the purpose of passing the bill, without his losing the floor.

Mr. JOHNSON of Texas. Mr. President, I am forced to object. Several Members who are interested in the proposed legislation are not present. Therefore I object.

The PRESIDING OFFICER. Objection is heard.

COMMUNIST CHINA AND THE UNITED NATIONS

Mr. GILLETTE. Mr. President, I ask unanimous consent that the Senator from Montana, who I understand will speak at some length, may yield to me so that I may address the Senate for approximately 10 minutes, without the Senator from Montana losing the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Iowa may proceed.

Mr. GILLETTE. Mr. President, recently it has been urged by several important officials that if the Communist regime now controlling China should be admitted into the United Nations General Assembly, the United States should promptly withdraw entirely from the United Nations.

A resolution has been introduced which would bring about the automatic withdrawal of the United States from the United Nations, should the Chinese Communist regime be admitted.

Other legislative devices, including amendment of the foreign aid bill, are under discussion. There has been talk of forming a "bloc" in the Senate to demand adoption of some kind of restrictive legislation or resolution binding the United States in advance to take certain steps relative to the United Nations if certain circumstances prevail.

It has been further suggested that the American people would reject the United Nations and our continued participation therein if the General Assembly should approve the admission of Communist China by the necessary two-thirds vote.

From these above statements it is possible to draw the conclusion that a concerted and organized drive is underway to wreck the United Nations if that world body votes in opposition to a given policy of our Government. Should this drive succeed, the United States would be the first member of the United Nations ever to threaten to quit because the game is not being played to our liking on a particular matter. Many other member-nations have repeatedly suffered political defeats in the United Nations on matters of great importance to themselves; to date not one of them has handed in its resignation.

Mr. President, I stand second to no Member of the Senate in my opposition to the admission of Red China into the United Nations. I joined as one of the initial signers of the petition circulated by the "Committee for 1 Million Against the Admission of Communist China to the United Nations," which was formed last autumn under the honorary chairmanship of our former colleague, Ambassador Warren E. Austin, with a steering committee composed of such eminent men as the Hon. Joseph C. Grew, Representative Walter Judd, Representative John McCormack, the Senator from Alabama, Mr. Sparkman, and the Senator from New Jersey, Mr. Smith. This committee, of which I am proud to be a sponsor, has circulated this petition throughout the Nation, attracting hundreds of thousands of signatures. It clearly represents a formidable public opinion in this country, one which no foreign government should underestimate. At this very moment, while I am speaking on the floor of the Senate the news ticker carries the information that 1 million signatures have been obtained.

I have always opposed admitting Communist China to the United Nations. I am opposed to it now. I shall be opposed to it for as long as that regime fails to live up to the standards of international behavior laid down by the charter as qualifications for admission to membership.

I am opposed to admitting Red China not only because it is a government that has sent its troops into aggressive war against American soldiers and caused tragic losses of life and limb among our troops and those of other U. N. members associated with us in stopping Red aggression in Korea. If I were opposed to admitting Red China on the ground alone of waging aggressive war, I would have opposed a considerable number of other present members of the United Nations which, through our Nation's history, have made war on us. I would also, in all consistency, be opposed, which I am not, to admitting Germany, Japan, Italy, Spain, and other countries now seeking membership in the United Nations.

To oppose Red China's admission to the United Nations on the sole ground

that it has been at war—and, in effect, still is at war—with us, does not in my opinion go to the heart of the matter. I oppose its admission because it has violated the very fundamental principles on which the United Nations was founded. It has been found guilty of aggression by the United Nations General Assembly. It is today guilty of aiding and abetting aggression against Laos and Cambodia. Unless and until Communist China has given concrete evidence of its intention to behave in conformity with the principles of the United Nations Charter, and has given this evidence over a period of years, it most certainly should not be admitted to the United Nations, or any of its agencies.

All of us are agreed on this matter. But, Mr. President, in saying this I am not in the same breath saying that if our views are disregarded by two-thirds of the members of the General Assembly we must at once seek to destroy the United Nations itself.

Although the United Nations is by no means as perfect an instrument for world peace as we desire, if two-thirds of its members wish to take steps which we consider violative of the spirit of the charter, it is certainly not the fault of the charter or of the principles set forth therein. The principles and the charter were good enough to receive the overwhelming endorsement of the Senate of the United States in 1945. If those principles were good then, they are good today. They will be good tomorrow, even if other governments may act in such a way as to violate them. Why should the United States abandon those principles, and the organization which embodies them, simply because others are not, in our opinion, living up to them?

The failure of the United States to enter the League of Nations led ultimately to the downfall of that first international effort at world security against aggression. Do we now propose to assume responsibility before history and before our children and grandchildren for having scuttled the United Nations, the second attempt since the beginning of time to erect a structure for preservation of world peace and security?

Rarely, Mr. President, in all the years I have served in the Congress, have I heard a more unjustified, and at the same time a more dangerous proposition advanced by a Member of either House. It is tantamount to saying petulantly that if we cannot win a given game we will pick up our marbles and go home. It is dangerous because it not only lets the game be won by somebody else, but also permits all the succeeding games to be played without us and to be won without our opposition. It is almost puerile in its thoughtless petulance.

It is dangerous for other reasons, far more serious reasons. If the proposal contained even a single positive contribution to the welfare and security of the United States of America, it would have some merit. As it is, the proposal is one whose only possible effects would be harmful, probably disastrous, to the best interests of our own country.

In simplest terms, what this proposal means is the abandonment of the United Nations to the other great power belonging to it, the Soviet Union. It means the elimination of any American influence in the councils of the only existing world organization.

It provides the handiest possible means for the capture and domination of the United Nations by our Communist enemies. It closes off one of our best avenues to combating Communist influence throughout the world.

If I were in the Kremlin reading reports of this proposal, I would be rubbing my hands in gleeful anticipation. I would, if I were in that fortress of Soviet power, look out on the world with real gratitude for the errors of the other side. What mightier push to hesitant, neutralist-inclined nations toward the Soviet camp could the Communists themselves have devised?

Finally, beyond all these contributions to Soviet success, the proposal offers absolutely nothing of any advantage to the United States.

These are the short-range effects one can expect from such a fantastic proposition. I have not been able to conduct any scientific poll of public opinion, so I am unable to express with certainty precisely what the attitude of the American people would or would not be if Red China were admitted to the United Nations. All I can do as a Member of the Senate is to point out the probable consequences of adoption of any such rash proposal as one requiring withdrawal from the United Nations.

The longer range effect of its adoption would undoubtedly be the transformation of the United Nations—the United States no longer being there to defend its interests—into nothing but a Soviet-oriented instrumentality aimed at the United States, leading sooner or later to world war III with its possible total destruction of all human, animal, and even plant life on the face of this planet.

Those who favor this proposal either want an isolated America or they want war. They will have both if their proposal is accepted. If the views of this new Senate bloc should prevail in the United States, the Soviet bloc would be handed the means of prevailing in the world.

This Nation has had leadership thrust on it—world eminence and world responsibility it did not seek but cannot now escape. Let us grow up, let us become mature adults living in an adult world, let us put aside childish playthings, childish moods and tempers. Our enemies are playing for the highest stakes, control of the world. They are playing hard, ruthlessly, intelligently. They use every instrument available and invent new ones where needed. We cannot do less if we are to live up to our own beliefs, if, indeed, we are to survive. It would be madness, utter midsummer madness, to hand over the United Nations to the Communist bloc. Let us coolly and realistically determine to defend our Nation and our liberties wherever and whenever they are challenged. Let us not run away from the fight, just because it seems to be going against us at a given moment. The principles we stand for are eternal. They shall prevail, but not unless we are willing and able to defend them in the United Nations, outside the United Nations, or wherever the threat appears.

GENEVA: FAILURE OF A POLICY

Mr. MANSFIELD. Mr. President, the war in Indochina appears on the verge of ending in a truce. The bloodletting of the past 8 years will probably come to a close very shortly. There will be no more Dien Bien Phus, at least for the present. The danger of armed involvement of American forces in Indochina, once so close, has receded.

These are welcome byproducts of the Geneva Conference. There is little else. The situation in Korea, presumably the principal reason for our participation in the Conference, remains unchanged; thousands of American soldiers are still committed there on the mainland of Asia.

With respect to Indochina, a serious defeat has been inflicted on American diplomacy. And in the process vast new areas have been opened for potential conquest by Communist totalitarianism.

Last spring, Mr. President, in two speeches in the Senate, I expressed the view that our consent to participate in the Geneva proceedings was a mistake. I did so because it was clear at the time that the Communists would enter the Conference, for all practical purposes, as a bloc; that the Communists, whether from the Soviet Union, Korea, China, or Indochina would possess a singleness of outlook. It was not clear that the non-Communist nations shared any such unity of objective. The British wanted to stay out of Indochina; the French wanted to get out of Indochina, and for a while it seemed that we were on the verge of getting into Indochina.

In these circumstances, how could negotiations lead to anything but failure for the non-Communist powers?

These were the consequences which I felt might flow from a failure at Geneva, as I stated them last April 14 on the floor of the Senate. At that time I said:

> Patterns may be set which might influence the entire political fabric of the French Republic and touch on every aspect of Western European unity. Patterns may be set which will determine whether aggression shall again gather force on the shores of the south China seas to be hurled at this Nation from across the Pacific.

Certain of these results are already apparent. The Geneva Conference has served to increase vastly the stature of the Chinese Communists in Asia and throughout the world. Their influence now takes firm root in northern Indochina. All the rest of southeast Asia lies before this totalitarian wave which has spilled over the borders of south China. The path of advance to the west unfolds through small nations and points ultimately to India. Southward and eastward, over the intervening islands of the Pacific, the path stretches toward New Zealand, Australia, and the Americas.

These grim prospects are not likely to materialize tomorrow or next month. It may be years or decades before the full effects of the loss of Indochina will be fully felt or understood.

Political waves are pulsating forces, not unlike those of the sea. They change

shape and form, and their power ebbs and flows as they move through history.

This may be the case with the new totalitarian wave which has surged out of China to the south. It may undergo profound changes as it moves outward. It may lose or gather momentum as it mixes with the political crosscurrents of southeast Asia.

For the present, however, the inescapable fact is that totalitarianism and not freedom has emerged triumphant from the murky waters of the war of the deltas. Its triumph has been confirmed by Geneva and the pattern for a further advance in the Far East is set.

Nor are the consequences of Geneva confined to Asia and the Pacific area. Europe, too, will feel the impact of this conference. Until Geneva, there was a chance that the great peoples of Western Europe would continue to move their national heritages in the direction of a united Europe.

Thanks to the courage, and the wisdom of a sincere American and a great Secretary of State, George C. Marshall, and thanks to the financial sacrifices of the American people who bore the cost of the Marshall plan willingly and generously, Western Europe had been able to lift itself out of the mire of a disastrous war. It had begun the long slow ascent toward unity. It was on the verge of reaching the most elusive goal of all, the formation of a common European army. Had this goal been achieved France and Germany would have ceased to revolve in age-old, separate, and suicidal orbits. The intelligence, the skills, the strengths of these and other great nations of Europe would no longer have been pitted against each other in senseless destructive rivalry. They would have been united for mutual benefit and for the benefit of the entire world.

This was a dream worth having, and it was shared by great and small alike in Europe and in America. It was the hope of a century and it stood on the very edge of achievement in the proposed creation of the European Defense Community, the common European army. But now the dream is fading; the hope is dimming.

These results were not expected when the Secretary of State, at the Berlin Conference last February announced that this Nation had been committed to the Geneva meeting. I say this without reflecting on the intentions or the capacities of the Secretary of State. The Secretary is an able and devoted public servant. Some have even waxed lyrical in their appreciation of his exceptional qualities. It has been said, for example, that it is "wonderful" to have at last "a Secretary of State who is not taken in by the Communists, who stands up to them."

I cannot hope to match such eloquence in the expression of my regard for the Secretary. That he did stand up to the Communists, however, is beyond doubt. The Secretary refused to participate in the Geneva Conference unless Mr. Molotov agreed that the Conference would in no way constitute American recognition of Communist China. He refused quite correctly even to accept Mr. Molotov's word in this matter. He insisted that Mr. Molotov sign a piece of paper making clear that the Geneva meeting would in no way constitute recognition of Communist China. The Secretary fought Mr. Molotov day after day at Berlin on this issue of the piece of paper. And finally, because he had refused to be taken in by the Communists, because he had stood up to them, the Secretary triumphed. Mr. Molotov capitulated. And in a climax worthy of the best of our current television dramas, Mr. Molotov signed the piece of paper.

The Secretary is to be commended for not being taken in by the Communists, for standing up to them, for obtaining this piece of paper.

We still have the piece of paper in our archives, I presume, and meanwhile the Communists have obtained at Geneva all they set out to acquire at Berlin a few months ago.

The Secretary of State was hopeful of the possible results of Geneva when he returned from Berlin to prepare for the conference. "Berlin," the Secretary of State said on his return, "cleared the way for other things to happen."

These were prophetic words.

Berlin cleared the way for Geneva and a failure of American policy. At Geneva, international communism obtained by diplomacy what it had failed up to then to obtain by threats, bluster, propaganda, intimidation and aggression.

It obtained international stature for the Chinese Communist regime. It obtained a firm and perhaps decisive foothold in southeast Asia. It obtained the undermining of the cooperation of the free nations in Europe and the West. These are the visible consequences of Geneva. Beyond them are others, still only dimly seen. The repercussions of the Geneva Conference will echo throughout the world, in events in Germany, Japan, France, North Africa, and many other areas, in less-audible ways for years to come.

Geneva was a mistake; and the result is a failure of American policy. It is a profoundly humiliating result.

I do not call attention to the mistake without an appreciation of the many difficulties which confronted the Secretary of State at Berlin and Geneva. He had to deal with reluctant allies and obstinate enemies. He had to stand in the forefront and seek to negotiate a settlement for peace while others in this administration beat the drums for war behind his back.

The job of the Secretary of State is an extraordinarily difficult one at this time. It is not made easier by those in high official positions who, by offering public statements at inappropriate moments in effect tell him how it should be conducted. Nor is the job made easier by those who in contemplating his "wonderful" qualities—and he does have them—do so in a partisan framework which tends to encourage disunity on foreign policy at a time when the Secretary should have the widest possible support in Congress and the country.

Geneva is even now fast receding into history. Before it disappears and becomes a mere name, it is essential that we grasp the full implications of this conference because it leaves behind, in dangerous disorder, the foreign policy of the United States.

We cannot conceal this disturbing fact by a repetition of the clichés of past years. Even Yalta, which for so long has served as a substitute for facing living realities, cannot be stretched and pulled far enough out of the dim past to conceal the impact of Geneva. The attempt to do so—and such an attempt is being made today—if I may paraphrase a lucid expression from the rich anthology of the distinguished and able majority leader [Mr. KNOWLAND], is like "trying to cover an elephant with a donkey."

Even a visit from the Prime Minister of Britain and the issuance of cordial joint statements, and a later statement by Churchill that "the conference was not an utter failure," cannot conceal the fact that the policy of the United States has been gravely damaged by Geneva.

Much less can this fact be concealed by glib phrases. The dominoes are falling. The cork in the bottle has popped. The parlor-game era of foreign policy is over. Either we face this reality, or we risk the commission of other errors even graver than Geneva.

All that has been done at Geneva cannot be undone. We are not, however, even at this late date, without resources. We can still have a foreign policy that will keep this Nation safe and free and at peace. But we can have it only if we recognize the errors that have been made and act to correct them.

We can do nothing—and will do worse than nothing—if we cling to the illusion that television performances are a substitute for sound foreign policies; that 11th hour flights to foreign capitals are a substitute for carefully cultivated, carefully maintained cooperation with friendly nations; and that strong words, even massive words, equate with a strong policy, can take the place of genuine strength and conviction.

The Secretary of State used an eloquent phrase some time ago when he spoke of an "agonizing reappraisal." Reappraisals of foreign policy should go on continuously. The world changes, and policies must be adjusted to fit the changes. There can be only one fixed constellation in the foreign policy of the United States: The welfare of the Nation under God; the preservation of the free institutions which give us the promise of a meaningful life.

Beneath this constellation, it is entirely proper and necessary that reappraisals of foreign policy should go on continuously. This is a function which normally pertains to the executive branch of the Government. If, however, the time has come for something extraordinary, for an "agonizing reappraisal," then the Senate of the United States should participate fully in it. We have a sworn constitutional duty to do so. From this body can comes guides which may assist the President in extricating our policies from the bog of confusion in which they now flounder.

This "agonizing reappraisal" of policy seems already to have begun. In my opinion, it has begun on a note of irresponsible partisanship. A few weeks

ago, the Postmaster General of the United States, a member of the President's Cabinet, found time from his duties of delivering the mails to deliver some political remarks in Indiana on the subject of foreign policy. He began his reappraisal by going back a decade or more in search of the causes of the loss of Indochina. He discovered these causes, like long-lost letters, in such places as Yalta, Teheran, and Potsdam.

As I recall, resolutions were introduced in Congress last year to repudiate the Yalta and other wartime agreements. The administration, however, has never sought repudiation, only condemnation of the violations; nothing has ever come of these resolutions. Unless the administration has changed its position, unless it now proposes to seek repudiation of these agreements, I cannot see any value in beginning a reappraisal with them. If we are to have a meaningful review of the situation in which we now find ourselves it can hardly start in the remote past. Much less can it begin with place-names like Yalta, Teheran, and Potsdam, pulled out of a mailbag.

A few days ago, in a different vein, in a responsible vein, the able majority leader [Mr. KNOWLAND] raised the question of seating Communist China in the United Nations. He made clear his opposition to any such attempt with all the vehemence and eloquence of which he is capable. I have the highest regard for the sincerity and the consistency of the distinguished majority leader and I can appreciate his sentiments in this matter.

But, with all due respect to the distinguished majority leader, I do not believe that a reappraisal of policy ought to begin with an event that has not happened. The President has not indicated, so far as I am aware, that he is about to change the policy pursued by the previous administration, the policy of opposing the seating of Communist China in the United Nations. That policy has kept the Peking government of Communist China from gaining a seat in the United Nations.

Does the President plan to change this policy? Is the distinguished majority leader aware of such an intention? If so, it would be most helpful if he would enlighten the Senate on this matter.

It seems to me that this agonizing reappraisal, if it is to be useful to the Nation, can only begin, not in the past, not in the future, but in the present. To be sure, it may lead us step by step to events in the past and it may point the way into the future. We live, however, not in the world of yesterday or the world of tomorrow, but in the world of today. If we wish to survive in that world, we will do well to deal with its problems. In the realm of foreign policy, this can only mean that the "agonizing reappraisal" should begin with the failure of policy on Indochina and its implications.

We have got to find out what went wrong with this policy or its administration and determine the ways to prevent a repetition of the errors in the future. If we fail to do so, if we lose ourselves in the past or the future, we shall go on collecting pieces of paper signed by the Communists while they continue to fatten their influence throughout the world.

I should like to address myself first to the role of the Senate in the Indochinese situation. So far as I am aware, the Senate cooperated fully with the administration from the very beginning of the gathering crisis. Not a single request in connection with Indochina was made by the administration which was denied by this body or, for that matter, by the Congress.

The administration did make requests. It made repeated requests for military and economic assistance to Indochina. These were all honored by the Senate, perhaps more liberally and more promptly than they should have been. In fiscal 1954 alone, more than a billion dollars in aid was provided for Indochina on the plea of the administration that such assistance was vital to the interests of the United States.

It is true that some Members of the Senate differed on one point with the administration. They would have preferred that the United States avoid participation in the Geneva proceedings, and said so in debate. Those of us who took this position—and there were a number of Senators on both sides of the aisle who did so—were not necessarily opposed to negotiations as such. Some of us were aware, however, that the free nations were divided and confused on the issue of Indochina. Before the United States participated in a conference with the cohesive forces of communism, we wanted the division and the confusion on our side eliminated.

In the light of what has happened, was this preference unfounded? Is it not true that in the end the administration was forced to accept the validity of this position? Did we not, for all practical purposes, abandon the Conference long ago? Could the terms of the settlement which is about to be achieved have been any less favorable if we had not become involved in the first place? On the contrary, Mr. President, there is reason to believe that the terms are likely to be more unfavorable than they would otherwise have been, had this country steered clear of the entire business.

The Senate, however, was not consulted on the decision to participate in the Conference. We were not, again to borrow a lucid expression from the distinguished majority leader, "in on the takeoff," even though all of us and the entire Nation are inevitably "in on the crash landing." Had this body been properly consulted from the outset and not simply at the last moment, it is possible that the error of participation might never have occurred.

As it was, the debate in the Senate which preceded the Geneva Conference may have helped to prevent a compounding of the error. It may have helped to prevent what, in my opinion, would have been a far more serious mistake—armed involvement of the United States in Indochina.

Just prior to the opening of the Geneva Conference, it became apparent that persons close to the administration had forgotten what the President had said on February 10. On that date, he had told a conference of newsmen that—

> No one could be more bitterly opposed to ever getting the United States involved in a hot war in that region [meaning Indochina] than I am.

But a short time thereafter, some of the leading figures in the administration began to act as though they had not heard the President. It fell to Members of the Senate to inform them of what he had said. As I recall, there were many crosscurrents of opinion in the debate which took place in the Senate prior to the opening of the Geneva Conference. Almost all opinions, however, converged on one point: The United States should not become involved alone in a shooting war in Indochina.

Was that an erroneous position to take? Who would quarrel with it now? Should the Members of the Senate have urged the administration, instead, to add to the unsettled conflict in Korea still another in southeast Asia? Should the Senate have sat in silence while the administration stumbled into the war in Indochina—into a war without preparation, without popular support, without any concept of where it would take us or where it would end?

How many combat divisions would this Nation have had to use to carry an involvement in Indochina to a decisive conclusion, even assuming that it did not lead to the atomic holocaust of world war III? I have seen one estimate, which was published in U. S. News & World Report some weeks ago. It should be a reliable estimate since it is attributed to the Chief of Staff of the Army, Gen. Matthew B. Ridgway.

In this estimate, it is calculated that to have won the war in Indochina would have required from 5 to 10 American combat divisions at the outset, and more divisions had the French reduced their forces, or had the Chinese Communists entered the conflict in force.

Where would those divisions have come from? They were not available then; nor are they available now. We have a new look in the Armed Forces, but we do not have new divisions. We do not even have some of the old ones. To have obtained the necessary manpower for use in Indochina would have involved, according to the estimate I have just summarized, an increase in draft calls from 25,000 to 100,000 men a month, and these men would have been sent into a conflict for which even the French were not, and are not, drafting men.

I do not know whether the President himself ever seriously considered committing this Nation to an armed involvement in Indochina. Nevertheless, the air around him was full of military sound and fury just prior to Geneva. There was much talk of involvement, even though Indochina would have been in every sense a nibbling war.

The terrain of the Indochinese conflict—the flooded deltas, the thousands of scattered villages, the jungles—is made to order for the nibbling of mechanized forces. The French have been nibbled and chewed for 8 years.

Nibbling wars, however, we have been told, are worse than atomic wars. Yet

those who have laid down this principle carried this country to the brink of engagement in the nibbling war in Indochina.

It may be that those who were seriously considering this course and publicly hinting at its adoption had not seen the terrain in Indochina. Perhaps they believe that the United States could have easily obtained a victory in Indochina. Perhaps they felt that Indochina was a bargain-rate war and that the cost could be calculated, not in men's lives, but in painless-sounding abstractions like naval power and airpower.

But surely they must remember what happened in Korea. In Korea we were able to bring to bear the massive retaliation of naval and air power in circumstances far more favorable than those which exist in Indochina. Four years after, we have no victory in Korea. We have a tenuous temporary truce.

Even that truce was not achieved with the painless-sounding abstractions of naval and air power alone. Those forces played their part, but the enemy was convinced of the futility of his aggression only after hundreds of thousands of Americans and others had struggled back and forth in the mud, the snow, and the blood of a war-battered land.

The truce did not come until after a grueling, bitter conflict. It did not come until thousands—in the air and on the sea, as well as on the land—had given their lives.

I do not say the administration should refrain from considering the military aspects of any international crisis with which we are confronted. Such considerations are absolutely essential in a world from which war, unfortunately, has not been banished. The administration, however, ought not to pursue these considerations in public. We ought to be spared the ludicrous spectacle of this great Nation being led to the brink of war in public statements and actions on 1 day and backed away from it the next. If this diplomacy of bluster and retreat is designed to confuse the enemy, it succeeds only in confusing the American people. This country has not achieved greatness under the guidance of bluffers and blusterers. We can lose our supremacy if we cease to say what we mean and mean what we say in foreign policy.

In the debate on Indochina, the Senate thought through soberly and fully the implications of involvement in Indochina. If the debate helped to turn the administration from the course of involvement which at least at one time in the crisis, it appeared bent upon, then the debate, in my opinion, was a useful one.

Had the administration undertaken adequate, proper, and timely consultation with the Senate in this matter, it is entirely possible that a consistent American policy could have been obtained before the Indochinese situation reached the stage of crisis. In my remarks of April 14, however, a few days before the opening of the Geneva Conference, I found it necessary to call attention to the fact that—

> The administration has not yet seen fit to include the chairman and the ranking minority members of the House Foreign Affairs Committee and the Senate Foreign Relations Committee in its trust [on Indochina policy].

Other Members of Congress were consulted shortly before that time; but, for some unexplained reason, these distinguished Members were overlooked. Several days later the error was rectified, and, subsequently, consultation improved markedly. But by then, the damage had been done.

The administration, and presumably those who spoke for it, had already scattered to the four winds such diplomatic resources as we possessed to deal with the situation. They had spoken bold, but futile, words. The administration had already staked our diplomacy on the hasty creation of an ill-conceived alliance for southeast Asia which refused to be born. The Nation, in short, had already been gambled into an untenable position on Indochina. When the withdrawal from this position came, it left the Vietnamese and French resistance in Indochina exposed, undercut, and ready for the collapse.

The consequences were inevitable. A French Government which had staked its life on military aid from this country to rescue Dien Bien Phu, was forced to resign. The French began to draw in their forces in the northern delta. Vietnamese nationalist troops supplied with weapons and equipment paid for by the American people began to go over to the enemy in increasing numbers, taking their equipment with them. The truce which now is being negotiated is only the last act in this tragic drama.

How did this sequence of events develop? Why were the policies of this Nation gambled into virtual bankruptcy in Indochina? There is a background to this tragedy, and it began about a year ago in Indochina.

Mr. SALTONSTALL. Mr. President, will the Senator from Montana yield, or does he prefer not to be interrupted?

Mr. MANSFIELD. I yield for a question.

Mr. SALTONSTALL. I have listened with interest to the Senator's statement about promising military aid. On that point I had some information, and certainly everything the Secretary of Defense told me in my capacity as a member of the Armed Services Committee, and its present chairman, was that no military aid of a manpower nature was ever promised in the Indochina affair.

The Senator from Montana will recall that there was considerable discussion on the floor of the Senate regarding the number of men who would go to Indochina for the purpose of repairing airplanes; and at that time it was made clear that there were not to be more than 200 of our men at any time in Indochina; they might be changed, but there were not to be more than that number for that purpose. However, as I listened to the remarks of the Senator from Montana, for whom I have the utmost respect, that was not quite the impression I received from his statements.

Mr. MANSFIELD. Mr. President, I am delighted that the senior Senator from Massachusetts, the chairman of the Senate Armed Services Committee, has made that comment. I hope he will return to that subject when I conclude my speech, because I wish to remind him that the promise was made that the technicians and mechanics would be withdrawn from Indochina on June 12. However, to the best of my knowledge, a good many of them are still there.

Mr. SALTONSTALL. Mr. President, will the Senator from Montana yield further to me?

Mr. MANSFIELD. Certainly.

Mr. SALTONSTALL. The Senator from Montana is entirely correct in that respect. The statement has been made that not the same men will stay there, but that some men will stay there to repair airplanes, for otherwise we would lose a great deal of valuable property which we have sent there, inasmuch as an airplane that cannot leave the ground is of no use.

Mr. MANSFIELD. I thank the Senator from Massachusetts, and later we shall refer again to that matter.

Mr. President, a year ago the French devised a plan for a solution to the stalemated war of the deltas. This was the Navarre plan. It was designed to eliminate the Communist threat in Indochina and to insure the independence of the three Indochinese States of Laos, Cambodia, and Vietnam.

The Navarre plan involved certain changes in military strategy to make possible offensive action, rather than defensive action, against the Communist-led forces of the Viet Minh under Ho Chi Minh. It involved a massive training and equipment program for the local Nationalist armed forces, notably those of Vietnam. It involved a continued French military effort in Indochina until such time as the local Nationalists could themselves carry the burden of the conflict. It involved vastly expanded military and other aid for Indochina from this country.

Beyond these essential elements, the key to the plan lay in the political realm. The key upon which success or failure turned was the finalizing of the grant of independence from France to the three Indochinese States.

For years, the French who had gone a long way in granting independence, hesitated to turn this key. Last summer, in conjunction with the request for additional aid for Indochina, we were assured that the moment of full independence was at hand. If that had been the case, then the Navarre plan offered prospects for a successful solution to the Indochinese situation. However, as I pointed out in a report to the Foreign Relations Committee, on my return from Indochina, last fall, the plan could not succeed unless all parts were effectively carried out; and, further, I pointed out that lasting success depended on still another factor, which at that time had not been noted in official statements. It seemed to me that the nationalist governments of the 3 Indochinese states, and especially that of Vietnam, had to put down firm roots in their own peoples. Only by so doing could they expect to win away the active support or at least the benevolent or fearful neutrality which at that time was held by the Communists masquerading as nationalists.

The Navarre plan failed, but not because the change in military strategy which it involved was necessarily ill conceived, not because the French shirked their military responsibilities, not because American aid was inadequate. The plan failed because the principal nationalist leaders of Vietnam were unable or unwilling to make the effort necessary to rally the peoples of Indochina against the Communists. It failed because the French were unable or unwilling to take the decisive political steps which would have made the independence of Vietnam clear cut and unequivocal. Instead, negotiations for this purpose dragged on interminably, and the precious hours which were needed to galvanize the struggle for independence slipped away. These negotiations began last year; and by the time the Geneva Conference began, they were still going on inconclusively.

Mr. President, I think it is of the greatest significance that in the truce which now is being arranged, Laos and Cambodia will probably manage to retain their independence, even though they possessed, relatively speaking, the smallest military establishments in the area. Vietnam, whose defense forces numbered several hundred thousands—yesterday the figure was 300,000—and included skilled troops of the French Union, has passed partially into Communist control. The answer to this apparent paradox may be found in part, perhaps, in the fact that the finalizing of the independence of Laos and Cambodia was not delayed as in the case of Vietnam. It may also be found, perhaps, in the fact that the rulers of these two countries stayed in their homelands and led their people.

Certainly, evidence that the nationalist leaders in Vietnam were not developing roots in the populace must have been visible months ago. Certainly the failure of the French to move decisively to grant independence to this state was evident months ago. What action did the administration take to counter these failures? Did officials in the administration receive accurate reports on developments in the field? Did they know what was happening? If they did know, why was there no report to the Senate and the American people on the true situation? If they knew, how is it possible to account for the optimism that seemed to prevail almost until the last hour before the crisis? If they knew, how could the Secretary of Defense be quoted as late as February 9 as saying, "I would think that a military victory would be perhaps both possible and probable."

If they knew that a failure was impending, as they should have known, why did responsible officials go on piling up military supplies and equipment in the warehouses of Indochina? Part of these supplies are now going to the Communists by defection of troops or abandonment, and may very well be turned against American forces at some time in the future.

The Navarre plan, if I may reiterate, died not from military weakness, but from political causes. At no time until the battle of Dien Bien Phu did the French or the Vietnamese indicate in any way that the military aid being supplied by this country was inadequate. They were opposed, I believe, even to the sending of a training mission from this country.

At all times, at least until Dien Bien Phu, the Franco-Vietnamese forces far outnumbered the Viet Minh divisions. The non-Communists had absolute control of the air and, by far, a superiority in naval craft and heavy equipment. In these circumstances how can the failure of the Navarre plan be attributed to anything other than political causes?

But in what fashion did the administration react when it finally realized that the Navarre plan was failing? It reacted as though the causes of the failure were military. The Chairman of the Joint Chiefs of Staff of the Armed Forces on March 22 still insisted, in his words: "The French are going to win. It is a fight that is going to be finished with our help." This was a military answer to a political problem.

At the same time, the Secretary of State set out to seek united action in the form of the ill-fated southeast Asia alliance. This, too, had he been successful, would have been a military answer to a political problem.

The nations which the Secretary tried to bring into the alliance were the Philippines, Thailand, Australia, France, New Zealand, the United Kingdom, and the Indochinese states. Had the alliance been established, its power would have rested largely on non-Asian states. It was an ill-conceived alliance. It was based on the premise that the defense of Asian nations against Communist tyranny rests in the first instance on the West. That, in my opinion, is a false premise. Asian freedom must be defended primarily by Asians.

A people, whether in Asia or in the Americas, can preserve their independence only if they have it in the first place and if they are willing to fight to keep it. Beyond this initial responsibility, which every nation must accept, nations can combine among themselves for a joint defense of freedom. If they are threatened by aggression, singly or jointly, they can seek recourse through the United Nations. But from the beginning to the end of this process of defense, the key factor is the determination of the people of each nation to defend their freedom. This factor was lacking in the Secretary of State's 11th-hour attempt to set up an alliance to save Indochina.

His attempt failed and the wreckage of American policy in Southeast Asia now lies among the ruins of the war of the deltas. We are confronted with the urgent necessity of raising up a new, a sounder, and more durable policy for that area.

Southeast Asia today is no less important to the security and welfare of free nations than it was a few months ago, when the Secretary of State said:

> Under the conditions of today, the imposition on southeast Asia of the political system of Communist Russia and its Chinese Communist ally, by whatever means would be a grave threat to the whole free community.

So long as the threat of totalitarian aggression remains in southeast Asia the danger to the United States and other free nations will also remain. The loss of part of Indochina does not diminish this danger; rather, it increases it.

But in remaining alert to the danger in southeast Asia we cannot ignore other areas of great importance to our security. Southeast Asia is only one front in the many-fronted struggle between freedom and tyranny. All of them have a bearing on the security of the United States. We can use our strength effectively in this many-sided conflict only if we deploy it within this broad context. In determining policies for southeast Asia its relative significance must be weighed against that of other fronts.

The primary decisions in such matters rest with the President. It is his responsibility to reconstruct policies in southeast Asia within the world-wide framework, which will serve to safeguard the Nation. It seems to me, however, that if such policies are to prove more durable than those which have been pursued in the past, they need to be constructed on certain principles. These are principles which can be found in the fundamental values of our own society, as well as in the values of an awakened Asia.

I am led to make certain suggestions along these lines. I claim no originality in these suggestions. I am stating them only because I believe there is a need to consider a clear-cut course of action to end the weak, aimless drift and the futile expediency into which our foreign policy for southeast Asia appears to have slipped. If we are to avoid precipitate action or a blind retreat in Asia, either of which might be disastrous, we must somehow reestablish guideposts to action in that area.

I make the following suggestions without in any sense regarding them as immutable. I make them with a full awareness of their imperfections and their inadequacies. I hope they will be challenged, debated, discussed, and improved, but I make them now in the hope that they may help to put up the guideposts that are so urgently needed.

First. Colonialism—Chinese Communist or any other—has no place in Asia; and the policies of the United States should in no way act to perpetuate it.

Second. The United States should look with favor on governments in Asia which are representative of their people and responsive to their needs; but this Nation should not intervene in the internal affairs of any peaceful country.

Third. The defense of freedom in Asia must rest in the first instance on the will and determination of the free peoples of that region.

Fourth. Systems of alliances for the defense of free nations in Asia against aggression must draw their primary and preponderant strength from the Asian countries; the association of the United States, if at all, with such alliances should be indirect, through the machinery of ANZUS or similar combinations of non-Asian countries.

Fifth. The United Nations should serve as the only worldwide marshalling

center for resistance, in the event of aggression or threat of aggression in Asia.

Sixth. The economic development of the nations of Asia is preponderantly the responsibility of the peoples of that region, to be pursued in accord with their individual national genius and objectives; any assistance rendered by this country, whether directly or through the United Nations or other agencies, should be peripheral in scope and should be rendered only when genuinely desired.

The erection of guideposts such as these is only one requirement for a policy that can succeed in Asia. This step will be futile unless the conduct of our foreign policy is restored to the dignity and orderliness which the people of this country have a right to expect.

What transpired in the weeks of the gathering crisis before and during the Geneva crisis came close to being a shameful spectacle. The conduct of policy in that period spread fear and uncertainty throughout this country and seriously damaged the prestige of the United States abroad.

The time has come to put a stop to the multiple voices which apparently speak for the administration on foreign policy. One part of the administration cannot indicate publicly that we are about to intervene in a war and then another part suggest the opposite course on the following day.

The people of the United States elected a President to conduct their foreign policy, with the advice and consent of the Senate. The President can delegate his authority if he so chooses. But for the sake of the orderly processes of government, it ought to be clear to whom he has delegated it when he does so.

Presumably the President has a Secretary of State to assist him in matters of foreign policy. If that is the case, then the only official voices we should hear in these matters ought to be the voice of the President and the voice of the Secretary of State. If that is not the case, then it would be most helpful if the President would enlighten the Nation as to their names and at what particular moment others are speaking in the name of this country on foreign policy.

Before concluding my remarks today, I desire to say only one thing more. The Geneva Conference, I believe, may mark a major turning point in the tide of world affairs. We may well be entering a period of great change and flux. The change is already suggested by the "agonizing reappraisal" which has begun and which, before it is over, may lead to agonizing readjustments. In these circumstances, it seems to me that the temptation to assume an "all or nothing" posture with respect to foreign policy is ever present. The tendency will be to blame friendly nations for all that has gone wrong. We will be tempted to insist that they play the game our way or we will pick up our marbles and go home.

If this attitude prevails, if it is the decisive one, I believe we will end up, not with "all," but with "nothing." The tremendous economic sacrifices which the people of this Nation have made in the last decade will have been made in vain. The lives that were given in World War II and in Korea to construct a more orderly and decent world will have been given in vain.

If we choose the course of all or nothing, we may perhaps secure a few years respite from the international responsibilities which we have been carrying. Then the world will once again close in on us. We will end up with nothing but our own bitterness. It has happened before.

We need not choose this course. There is another open to us. If the present reappraisal is conducted with recognition not only of immediate interests, immediate passions, but also with a sense of responsibility to the generations of Americans that will come after us, then I believe we shall take this other course. I believe we shall find much worth preserving in what has been done in the last decade, much that can be built upon. We will not obtain "all" but neither will we settle for "nothing."

The choice is ours to make. Ultimately, it is a choice between shouldering day in and day out a part of the responsibility—however burdensome and irritating—of maintaining freedom in a world from which tyranny has not yet been banished; or of abandoning this responsibility today only to have to pick up tomorrow the crushing burden of a third world war.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MANSFIELD. I am glad to yield.

Mr. FULBRIGHT. First, I should like to compliment the Senator on his magnificient speech and to associate myself with much that he has said. Of course, he is one of the best qualified men in the Senate and in Government on the subject of Asia. I should like to ask him this question: Does he feel that the situation in Asia with regard to our policy is unique, and is the situation with regard to our relations in Europe any better than it is in Asia, or are the situations all a part of the general deterioration of international relations?

Mr. MANSFIELD. I would say to the Senator that my impression, for what it may be worth, is that, so far as both Asia and Europe are concerned, our policies and our prestige are both diminishing.

Mr. FULBRIGHT. Does the Senator believe that we can play our part, namely, the part it was intended that we play in the NATO organization, for example, and be friendly and cooperative with European nations, but in Asia follow a different and contrary policy?

Mr. MANSFIELD. The question the Senator asks is a difficult one to answer, because if we believe in NATO—and I am sure a great majority of the American people and most of the Senators do believe in it—then we believe in certain agreements which will last for a 20-year period. We cannot forego those agreements in order simply to take care of something which is happening in another part of the world. It appears to me that the NATO agreement, which is tied to the security of this country, and under which each nation agrees that in case of an attack upon any one of them all the other nations will come to that nation's assistance, is the primary instrument in the promulgation of our foreign policy and in providing for our security.

Mr. FULBRIGHT. The point I am trying to make is this: I recognize the influence of written agreements—and I believe this country has a very good record of carrying out its pledged agreements—but if violent and strong disagreements or differences of view arise under any particular treaty or agreement—in this case NATO—does it not weaken the alliance itself if there arise such differences, such as the difference that seems to be growing between Great Britain and the United States? Does not the Senator believe that although such differences may have their source in Asia they will nevertheless influence the effectiveness of the alliance in Europe?

Mr. MANSFIELD. There can be no question about that. I am afraid that sometimes we take too seriously differences of opinion among friends—not that we should not take them seriously—because they are in themselves signs of strength and courage, but I do not believe that we should go to the extreme of giving up all that we have built up over the years merely because at a particular time we may disagree with other nations on a certain question.

Mr. FULBRIGHT. I appreciate the statement of the Senator from Montana. There is one other question that I should like to ask him. The Senator did not quite say what he thought about the current matter of great interest with respect to withdrawing from the United Nations, which is a position taken by many persons during the last 2 or 3 days. I wonder what the Senator thinks about it. I believe it was implicit in his remarks, if I understood them, but he did not directly say what he thinks about the proposal to withdraw from the United Nations.

Mr. MANSFIELD. Mr. President, the Senator from Arkansas was a member of the Committee on Foreign Relations when I, as a Member of the House, and Representative VORYS were nominated by President Truman as members of the American delegation to the United Nations.

The Senator will also recall that at that time the ranking Republican member of the Committee on Foreign Relations, the Senator from New Jersey [Mr. SMITH] wrote letters to both Representative VORYS, to me, and to other members of the delegation, asking us what our stand was on recognition of Red China by this country, and what our stand was on the admission of Communist China into the United Nations.

We wrote him at that time that we were opposed to the recognition of Red China by this country, and that we were opposed to the admission of Red China to the United Nations. I have learned of nothing which would cause me to change my position from that day to the present. I am glad again to go on record this afternoon by saying that, so far as I am personally concerned, I am opposed to Red China being recognized by this

country, and I am opposed to Red China entering the United Nations.

Mr. FULBRIGHT. Does the Senator from Montana then wish to leave the impression that if Red China is admitted, he will recommend the withdrawal of this country from the United Nations?

Mr. MANSFIELD. I intend to leave the impression, and to state as forcibly as I can, that when that time comes I, like the President of the United States, shall be glad to look into the question very thoroughly and to make up my own mind.

I believe that so far as the matter of withdrawal from the United Nations is concerned, we must weigh all factors involved, recognizing the fact that we were one of the originators of the United Nations and that, as the distinguished Senator from Iowa [Mr. GILLETTE] has pointed out, if we were to withdraw it would mean pushing free nations into the Soviet orbit.

It is very interesting to note that the President on a number of occasions—I have the news stories here—when asked about the admission of Red China into the United Nations, always has stated that for the present he is against the admission of Red China into the United Nations. Yesterday, if my memory serves me correctly, he stated he would consider all the possibilities at the time the question arose. I hope, however, that if it ever does come to pass he will call Congress into session and lay the facts before it, and let us help him make his decision.

Mr. FULBRIGHT. The Senator from Montana agrees with the President, if I correctly understand him, that the determination which has been expressed in some circles that under no circumstances at any time should Red China be admitted into the United Nations, is not in accord with a wise policy such as we should pursue at this time?

Mr. MANSFIELD. It would be pretty difficult for us to follow such a policy, because, as one Congress cannot bind the succeeding Congress, one generation cannot bind the next generation. When the time comes, those who are then in power are the ones who will have to make the decision.

Mr. FULBRIGHT. I am in agreement with the Senator's views. It seems to me to be a great mistake to take the absolute attitude that under no circumstances shall we do this or that. It makes it impossible really to do business in this field with our allies, or with our enemies, for that matter.

Mr. MANSFIELD. The Senate should be upholding the hands of the President.

Mr. FULBRIGHT. I think that in this instance that is correct.

Mr. KENNEDY. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. KENNEDY. The Senator from Montana made the point that the United States is speaking with many tongues. The vagueness with which the President answered the question on the admission of Red China to the U. N. encourages a difference of view among members of the administration. This vagueness has contributed to our difficulties in Indochina. If the President had spoken clearly and unequivocally, it seems to me we would have avoided much of the difficulty which we now face.

Mr. MANSFIELD. The Senator is exactly right. The situation shows no sign of being alleviated at the present time.

Mr. KENNEDY. With reference to the question of whether the United States should withdraw from the United Nations if Red China is admitted, it seems to me the President should state our position one way or the other, instead of leaving the matter in doubt for the next few months, allowing pressures to build up here and abroad.

Mr. MANSFIELD. I would say that the President's answer was a calculated answer, because he tried to anticipate all the angles.

Mr. KENNEDY. In answer to the question of the Senator from Arkansas [Mr. FULBRIGHT] as to what price the United States should pay in Asia to maintain its alliances in that area, there is no doubt that we have paid a heavy price since 1945 in order to conciliate the British and the French; we have paid a heavy price in connection with our relationship with the peoples of the Middle East and Asia. It seems to me we should realize what a heavy price we have paid, and, in the future, we should emphasize the policy of independence for all peoples and equal opportunities for them to develop and maintain a policy of self-government. If we continue to pay this price we are going to be faced with other Indochinas all over the world where colonialism is maintained.

The two places in the Western Hemisphere where communism developed were British Guiana and Guatemala. Guatemala has been the victim of economic colonialism for many years in the past. British Guiana is a colony of the British. It seems to me that the United States should first clarify its own position on this matter of colonialism and then adopt a policy of encouraging all the peoples of the earth, regardless of what alliances we may have in other parts of the world, to move towards independence. Otherwise we shall be paying too great a price.

Mr. MANSFIELD. The Senator from Massachusetts is correct. He will agree with me, I believe, that we cannot continue the course we are following at the present time. We have not the manpower. It is time to stop, look, and listen, and reappraise our foreign policy. I had hoped this administration would come forward with a new and bolder foreign policy, as was promised us in the campaign. But it is the same old policy, so far as I know. Nothing new has been added; the ingredients are the same, and we are faced with a lack of leadership.

Mr. JACKSON. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. JACKSON. Needless to say, I am happy to join with my colleagues in commending the Senator from Montana for his outstanding contribution today to the subject of our foreign policy. Speaking of the conflicting statements which have been made over a period of time, does the Senator think it wise to announce in advance that we are going to send aid or troops to a country, when it is not necessary to make such a statement? In other words, it puts the enemy on notice that we are not going to do anything to stop aggression in a given area. That statement, among other statements, was made.

Mr. MANSFIELD. That is true. There has been too much "bluff" in this administration, contrary to the policy during the period of the administration of Theodore Roosevelt, when the slogan was, "Speak softly, but carry a big stick." I think some of the officials of the administration are speaking loudly, but carrying a feather duster, because they do not have anything with which to back up the statements they make. They talk about a New Look, when we have 50 ships in mothballs and a large reduction in the naval force. We cannot back up our statements unless we have something with which to back them up.

Mr. JACKSON. Is it not a sound policy to keep the enemy in a state of uncertainty? Why announce to the enemy that we are not going to send troops? It may be very much of a political hazard in this country. I do not see the point of the administration's announcing in January that we were going to have massive atomic retaliation, and then following it up by saying that we were not going to send troops into Indochina. Why is it necessary to make such statements? Why not keep the enemy in a state of uncertainty so that he does not know what we are going to do next?

Mr. MANSFIELD. There is no need of trying to make policy by imposing threats on others. It simply does not work to make threats against our enemies unless we are prepared to back them up.

Mr. JACKSON. So, from this time forward, when we face other situations in the world and announce the policy of a possible use of force, the enemy will probably assume that we are not going to do anything, and that will leave our diplomats in a distinctly weakened position.

Mr. MANSFIELD. That is true. So far as confusion is concerned, I think the American people are more confused than are our enemies.

Mr. JACKSON. Will the Senator agree that if we have learned anything from the situation in Indochina it is that military assistance alone is no longer our contribution to the world?

Mr. MANSFIELD. I could not agree more heartily with the Senator.

Mr. JACKSON. Is it not true that the American people have an unfortunate habit of feeling that there is a cure-all which they can buy at a bargain counter to solve our international problems?

Mr. MANSFIELD. The American people are looking for an easy way out of the Nation's difficulties, and the Republican administration is trying to give it to them, but there is no quick way to do it.

Mr. JACKSON. Will the Senator agree with me that a country which is so powerful and strong as is the United States should act with a little more humility, a little more patience, and a little

more understanding in trying to work out its international problems?

Mr. MANSFIELD. Again, I say to the Senator that I could not agree more heartily with him. I think he has hit the nail on the head.

Mr. HUMPHREY. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. HUMPHREY. The Senator has discussed the variance of opinion which exists between our allies and ourselves, and the Senator from Arkansas and the junior Senator from Montana were discussing the NATO alliance and its relationship to our hoped-for policy in the Far East. If the senior partner in the great free world alliance is undecided or is without a policy in a particular area of the world, does it not lead the junior partners, the other partners, or the copartners, to go off on their own with any number of policies?

Mr. MANSFIELD. There is no question about it.

Mr. HUMPHREY. Would not the Senator say that the fact that there was indecision or confusion in our own policy statements has led to the British, the French, and perhaps other nations, to assert and to formulate policies beyond anything we ourselves had thought of or were planning?

Mr. MANSFIELD. That would be partly the case; but I think also it may well be that as the strength of the British and the French revives, as they become more and more their own masters in their own houses, and less and less dependent upon us, as nationalism takes over, and they begin to look out on their own, that will be a sign of health, because I do not want my country to be allied with people who are "yes-men" to us. I want our country to be allied with nations who respect us, who have ideas of their own, who can make their own decisions, but who can work together on a cooperative basis.

Mr. HUMPHREY. Is the Senator familiar with a number of statements which have been made by leading spokesmen of the administration, not only recently, but over the past year and a half? Does the Senator recall the month of February 1953, when the Secretary of State and the Director of the Foreign Operations Administration were touring in Europe, and statements came back, or at least were reported in the American press, that if the French did not sign up under EDC by April or by May, there simply would not be any more aid?

Mr. MANSFIELD. I do. That is only one of a number of illustrations which could be cited to indicate that this administration has used the idea of threat in order to force the happening of things it wanted. Of course, that does not work, and it has not worked, but we are now paying the price for it.

Mr. HUMPHREY. Does the Senator recall that in the meeting of the NATO representatives in 1953, following the Lisbon Conference of 1952, it was on the initiative of the American representatives that the NATO goal of strength buildup of both the air force and ground troops was extended for 2 more years, rather than to be accomplished within the time schedule agreed to at the Lisbon Conference?

Mr. MANSFIELD. I do, indeed.

Mr. HUMPHREY. In other words, is it not true that once the United States Government notified its North Atlantic Treaty allies that the period of urgency was over, the natural tendency was for our allies to relax and, more or less, to take it easy?

Mr. MANSFIELD. Yes; to reduce their armed forces, to reduce the draft period for their youth, and to do a number of other things, because they all felt that since the United States was reducing its military expenditures and reducing its Armed Forces, they might well follow suit. It was an easy out for them. I do not blame them; I blame the United States Government for doing what it did at home, by setting an example.

Mr. HUMPHREY. There was a picture, then, first of all, of a very sharp reduction in our foreign operations program and in our military program. The statements of key spokesmen of the administration to our allies were to the effect that they would suffer the consequences, but there was no followup. As the Senator recalls, we went ahead and appropriated substantial sums of money for Britain and France, despite the statements made, to the effect that "if you do not join the EDC, you are going to be disciplined, and we are going to do something about it."

We went from that period of equivocation, or from making statements with no followup, to a period when Dictator Stalin died, and we were wondering whether or not there had been a change in the world situation. Is not that true?

Mr. MANSFIELD. That is correct.

Mr. HUMPHREY. That was the only accomplishment of the Berlin Conference, according to the statement which was made by this Government; namely, that the Allies had agreed that the intentions of the Soviet Union were the same.

Mr. MANSFIELD. But that was no accomplishment. It was not necessary for representatives of this Government to go to Berlin to learn that fact. So far as the Berlin Conference was concerned, there was a 100-percent failure of American diplomacy, just as the diplomacy at Geneva is turning out to be. We gained nothing at Berlin.

We have not agreed to the recognition of Red China, or to the admission of Red China to the United Nations, but at least by agreeing to the meeting at Geneva, and by getting a paper signed, we have given Russia an advantage she did not previously have. There are other things which Russia got, not directly, but indirectly. But the breakup of the European Defense Community is happening fast at the present time.

Mr. HUMPHREY. The Senator is saying that the major accomplishment of the Berlin Conference was that the United States merely rediscovered that the Kremlin was still bent upon world domination and world subversion. Anyone ought to have known that without having to go to Berlin to learn it. One would not have had to go to Arlington, Va., to find that out.

Mr. MANSFIELD. The Senator is correct.

Mr. HUMPHREY. As I understand from the Senator's comments, the objective of the Soviet Union has been, for a considerable period of time, to divide the United States from our allies. Is that correct?

Mr. MANSFIELD. That is correct.

Mr. HUMPHREY. The second objective has been to wage a relentless trade war.

Mr. MANSFIELD. That is correct.

Mr. HUMPHREY. Does the Senator know the number of trade agreements the United States of America has signed in the past year or year and a half, as compared with the number which have been signed by the Soviet Union?

Mr. MANSFIELD. To the best of my knowledge, the United States Government, under this administration, has signed no new trade agreements. On the other hand, the Soviet Union has signed between 20 and 30 new trade agreements. I may be wrong, but I think, generally speaking, those figures are correct.

Mr. HUMPHREY. Does the Senator from Montana recall the debate in the Senate not long ago on the extension of the Reciprocal Trade Act?

Mr. MANSFIELD. I recall the Democratic Party trying to uphold the President's hands in getting a 3-year extension of the Reciprocal Trade Act. I recall the defeat of the amendment offered by the distinguished Senator from Tennessee [Mr. GORE]. I recall that we now have a 1-year extension, but no new reciprocal trade treaties are in sight, with the possible exception of one with Japan some time early in the next year. But I am afraid that by the time we get around to considering a Japanese trade treaty, we may find that the Japanese Empire is not in a position to go along with us as we should like to have them do so.

Mr. HUMPHREY. Does the Senator from Montana realize that the Department of Agriculture, as a result of some 20 trade missions sent to many countries throughout the world to study American trade policies, particularly as they pertain to agricultural commodities, compiled and submitted a report, and made an announcement, or at least prepared a press release, which was dated for release as of Monday, June 28?

I have been looking through my files to see if I could locate a copy of the release, but I believe it is in my office. The release said that it was imperative for the national security of the United States to have a 3-year extension of the Reciprocal Trade Act. Is the Senator from Montana aware of that?

Mr. MANSFIELD. Yes. Did not the Randall Commission say the same thing?

Mr. HUMPHREY. Would the Senator be interested to know that that release was prepared by the President's own Cabinet officer, Mr. Benson, in his Department, and was available in the Department of Agriculture at the very moment and the very hour when the Senate was debating the so-called administration bill for a 1-year extension of the Trade Agreements Act?

Mr. MANSFIELD. I did not know that.

Mr. HUMPHREY. Would the Senator be interested to know that so far as the junior Senator from Minnesota is aware, that release was never made, although it was dated Monday, June 28, 1954?

Mr. MANSFIELD. I have never seen any indication that it had been released.

Mr. HUMPHREY. I think it might be of interest to the Senate to know that during the very time when the Senate was debating the extension of the Reciprocal Trade Act, one of the key departments of the administration had prepared a report, which called for a 3-year extension of the Reciprocal Trade Agreements Act as being important or imperative for American security. Yet that release was held back while the Senate was debating the very subject.

I have a copy of the release which was prepared by the Department of Agriculture. How I got it is my business; but I have a copy of it. It was to have been released on Monday, June 28. It was nonclassified, I may say; it was not secret material. It was straight mimeographed copy.

Is the Senator from Montana aware of such a program having been released?

Mr. MANSFIELD. No.

Mr. HUMPHREY. If it was released, it did not make very many headlines. I think this is indicative of a conflict of attitude and a conflict of policy within the administration. Is not that correct?

Mr. MANSFIELD. Yes. I agree with the Senator from Minnesota. All we asked of the administration is that it be honest with us. We want to cooperate with the administration in foreign policy, because we realize that politics stops at the water's edge. But we want to be in on the takeoff as well as in at the crash landings, as the statement was phrased by the distinguished leader of the majority party.

I think if the difficulty in the Republican Party, or between the two branches of the party could be overcome, President Eisenhower could get his program through Congress very rapidly, as he desires to do in the field of foreign policy.

Mr. HUMPHREY. Is the Senator from Montana saying that if the President is trying to formulate a policy which will unite the Republican Party, he will get a policy which will disunite our allies?

Mr. MANSFIELD. It will disunite the country.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. SPARKMAN. Speaking of the report which was made at the roots, and which went over at the request of the Department of Agriculture, it recommended the very thing which the President recommended in his March 31 message. Yet at the time the report was made and the release was prepared, as was referred to by the Senator from Minnesota, is it not a fact that the President himself had withdrawn from the March 31 stand and had consented to a 1-year extension rather than to a 3-year extension?

Mr. MANSFIELD. Yes; that is true, but that falls into a pattern.

Mr. SPARKMAN. Yes. That is the point I wish to make. The able Senator from Montana has said something about the uncertainty of our foreign policy. Is that not also exemplified in the foreign-trade program?

Mr. MANSFIELD. There can be no question at all about that. What good is a foreign-trade program if reciprocal trade agreements are not executed under the program? I really think that rather than an extension and possibly no formulation of new trade treaties, we might have been more honest with ourselves and with the countries with which we were dealing if there had been no extension of the trade-agreements act at all.

Mr. SPARKMAN. Is it not true that in the field of international relations, if we are to be successful, and certainly if we are to exert the leadership which we ought to exert, we must be firm and must be certain, so that every nation in the world will know what our policy is?

Mr. MANSFIELD. That is true, and I think the administration ought to take the Senate, the House of Representatives, and the American people into its confidence whenever and wherever it can.

Mr. SPARKMAN. I agree with the Senator in that statement. By the way, I should like to commend the able Senator from Montana for having given us one of the clearest and ablest discussions of some of our problems in the field of foreign relations that I have ever heard on the Senate floor.

In that connection, I should also like to commend the able Senator from Iowa [Mr. GILLETTE] for the very fine remarks which he made immediately preceding the speech of the Senator from Montana.

With respect to the subject which he discussed, and which the Senator from Montana has also discussed, that is, the question of admission of Red China into the United Nations, a thought occurs to me, and I wish to ask the Senator from Montana if he agrees with me: Why all this spirit of defeatism? Certainly we are opposed to the admission of Red China into the United Nations. As I recall, last year, or certainly not more than 2 years ago, the Senate voted unanimously that it was the sense of the Senate that it was opposed to the admission of Red China into the United Nations. I believe that is still the sentiment of the Senate today.

Mr. MANSFIELD. I know of no Senator who is in favor of the admission of Red China into the United Nations.

Mr. SPARKMAN. Why is it being assumed that, if the United States exercises the leadership in the United Nations which it ought to exercise and ought to be able to exercise, we stand in danger of having Red China admitted into the United Nations? Certainly during the Democratic administrations we were able to withstand that threat, and the question came up 200 times. Does the Senator remember that?

Mr. MANSFIELD. That is correct.

Mr. SPARKMAN. That question came up in the deliberations of the Security Council and the various subordinate organizations of the United Nations; yet we were able, time after time after time, to win when there was a vote on the question. No later than yesterday the move for such admission was voted down in 1 of the subordinate bodies of the United Nations, by a vote of 9 to 2, if I remember correctly. If we continue to work without allies and friends, and if we have the strength with which to maintain the leadership we should be exercising, why should it be assumed that we will not be able to win such a decison, just as we did during the Democratic administrations?

Mr. MANSFIELD. I wondered why the question was even raised.

Mr. COOPER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. UPTON in the chair). Does the Senator from Montana yield to the Senator from Kentucky?

Mr. MANSFIELD. I am glad to yield to the Senator from Kentucky.

Mr. COOPER. First, I should like to say that I find much to commend in what the distinguished Senator from Montana has said. I have listened to most, if not all, of the speeches he has made on foreign affairs, and I have found them, without exception, constructive and scholarly. I know the Senator from Montana is motivated by a high sense of patriotism, and I have the highest regard for his views. I wish to commend the Senator from Montana for the principles which he has outlined as the basis for a foreign policy in the Far East.

I am loath to argue certain points which the Senator from Montana has made with which I disagree, because of the constructive nature of his speech. I am not a member of the Committee on Foreign Relations, and so far as foreign policy is concerned, my information is limited to that which is available to other Members of the Senate.

I must say that the speeches which the Senator from Montana, the distinguished Senator from Massachusetts [Mr. KENNEDY], the Senator from Illinois [Mr. DOUGLAS], and other Senators, have made criticizing the administration's policy in Indochina seem to me to bear an aspect of indefiniteness. There has been much criticism of the administration policy. But when one tries to analyze exactly to what point the criticism is directed, it becomes difficult to ascertain. The question of what shall be done in Indochina is a monumental problem for this administration. Several courses were available to the administration in Indochina. One course was to intervene with military force. I have read or heard the speeches of the Senator from Montana and of other Senators of the minority on the question of intervention. Everyone except the Senator from Illinois [Mr. DOUGLAS] was against intervention. Surely the Senators who criticize cannot find fault with the administration policy because it did not intervene militarily.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. MANSFIELD. First I should like to say how much I appreciate the kind words of the Senator from Kentucky.

Mr. COOPER. I meant them.

Mr. MANSFIELD. I had the honor and privilege of serving with the Senator from Kentucky as a delegate to the United Nations.

The Senator is correct when he states that, so far as I am concerned, in all my speeches I have been against intervention; but I think he is a little incorrect when he states there was no possibility of intervention, because, if my memory serves me correctly, Secretary of State Dulles did talk with the leadership of the Congress about having a resolution introduced which would have given the President power to act as he saw fit in the Indochina crisis. If my memory serves me correctly, Admiral Radford also advanced the idea to congressional leaders about the possibility of waging what he called a limited war, in which air and sea power would go to the relief of the French and Vietnamese at Dien Bien Phu. I think we were right on the verge of intervention, and that the only thing that prevented intervention was the opposition of the Congress and the rising sentiment of the American people against intervention in that area of the world.

Mr. COOPER. I am sure that every possibility was considered by the administration. It would have been a very poor administration which would have failed to consider every course. I do not want to be critical of the speeches that have been made, for the sake of criticism or for any political reason, because the question is one which involves tremendous consequences to this country and its future. But as I have said, when I hear the criticism of failure of policy in Indochina it is difficult to pin down the charge of failure. One possibility was that of military intervention. As I have said, every Senator of the minority who spoke on the subject in the Senate, with the exception of one which I can remember, the distinguished Senator from Illinois, stated flatly that he was against intervention. Surely then, you do not criticize the administration because it did not enter the war.

Another possibility was to have washed our hands of the whole problem. You would not want the administration to do that and the administration did not do that. A year ago the Secretary of State came to the Congress and pointed out the danger in Indochina, and asked for an appropriation of $1 billion in aid of France and the states of Indochina. The question was debated on the floor of the Senate. I remember that during the debate on the appropriation for aid the Senator from Massachusetts [Mr. KENNEDY] took part in the debate and urged that aid be conditioned on independence being granted to Indochina. It cannot be said that the administration abandoned Indochina. The record is to the contrary.

What was the other possible alternative? It seems to me that the one adopted, that is the effort to build up a united front with the purpose of deterring further aggression, was the only possible course short of reckless intervention.

Mr. MANSFIELD. That is partly correct.

Mr. KENNEDY. Mr. President——

Mr. COOPER. Mr. President, I simply find difficulty, when we pin down the criticism, in ascertaining just what the dissenting Senators regard as a failure on the part of the administration.

Mr. MANSFIELD. Mr. President, at this time I shall yield to the Senator from Massachusetts, and then I shall resume the debate.

Mr. COOPER. I wish to say to my friend, the Senator from Montana, that, in view of my very real confidence in him and my appreciation of the way in which he approaches the subject, in raising my questions, I do not detract from the parts of his speech which I regard as being of a constructive character.

Mr. MANSFIELD. As always, Mr. President, I deeply appreciate what the Senator from Kentucky has to say.

Mr. KENNEDY. Mr. President——

Mr. MANSFIELD. Mr. President, at this time I yield to the Senator from Massachusetts.

Mr. KENNEDY. Mr. President, in answer to the Senator from Kentucky, I would say that neither the congressional leaders nor any of the Members of the Senate on this side of the aisle whom I heard speak on the subject, when it was under debate in the Senate in April, took the position that the United States was absolutely opposed to intervention in Indochina. What they said was that they would not support United States intervention in Indochina unless certain conditions were met. Those conditions were three in number. One was independence for Indochina. The second was a united effort and action by other Asiatic powers in Indochina. The third was that the French be willing to continue the struggle. The meeting of those three conditions was regarded as essential to any successful intervention in Indochina; and the Senators on this side of the aisle took the position that any intervention which occurred in the absence of meeting those conditions would be doomed to failure.

So the position of the Senators on this side of the aisle was not one of opposition to intervention, but, rather, it was that certain conditions should be met, in that these conditions constituted the minimum essential to success.

In addition to making that point, I wish to state, as a second point, that insofar as mistakes by the administration are concerned, I think the Democratic administration made some mistakes, too, before 1952, in not insisting that independence be granted to Indochina.

However, certainly the present administration made a major mistake in assuming that the Navarre plan would be successful, and in continuing in that assumption right up until February and March 1954 when the situation in Indochina was very obviously deteriorating. In February 1954, Secretary Wilson said:

> I see no reason why Indochina should be another Korea. I believe success in Indochina will be not only possible, but probable.

And early in April Secretary Dulles reaffirmed his support of the Navarre plan, which was predicated upon military success by the end of 1955. The truth is that the administration not only failed to realize that disaster was coming in Indochina; they failed to realize that French public opinion no longer supported any policy except negotiation in that area.

Mr. COOPER. But by laying down the conditions, the Senators were ruling out any possibility of immediate action, because it was evident that their conditions could not be met in any reasonable time.

I point out that, in my opinion, the administration has been working to achieve the very goals which the Senator from Massachusetts has stated. I do not see any great difference between the action the administration has taken and the conditions which the Senators on the other side of the aisle lay down in their speeches. The arguments which the Senators on the other side of the aisle have made are inconsistent.

Mr. SPARKMAN. Mr. President, will the Senator from Montana yield to me?

Mr. MANSFIELD. I yield.

Mr. SPARKMAN. I should like to have the Senator from Kentucky remember that, following the massive retaliation threat, when there was some discussion and some objection, the administration made statements which indicated that we were going to see that Indochina did not fall. The statement was made that Indochina was so important that we were going to make sure that she did not fall. Certainly the inference to be drawn from those statements was that we would intervene, if necessary, even if we had to act alone. Considerable objection was raised to that idea.

Then it was that the Secretary of State announced, in effect, that he was going to have the alliance; and he made the hurried trip to which the able Senator from Montana has referred. After the Secretary of State made that statement, he made a trip to Europe, to talk with the French and the British; but in that connection he got nowhere.

I think that is a mistake to which we can point, namely, the attitude expressed by our Nation, which led the world to believe that we were going to intervene in Indochina, even if we had to take action all by ourselves. Such a statement was not likely to cause other nations to become our allies and to help us. So that is where a mistake was made.

As a matter of fact, probably the French could not have complied with that condition, because by that time they had already, in effect, driven their allies away from them. But certainly the course of action on the part of the United States has not been such as to inspire friendly nations to stand with us in a move that could be calculated to elicit the full cooperation of Indochina.

At the time when we were reducing our defenses and were removing pressure on the Communists in Korea, and thus were making it possible for the Communists to transfer their strength to the borders of Indochina, brave, bold, big statements were being made, that we would not let Indochina fall at all; that we could not afford to let that happen; that Indochina was too important. But

today what do we find? We find a surrender line down right across the middle of Vietnam; and now the pious hope is expressed that Cambodia and Laos may be saved. Mr. President, who believes that they will be saved ultimately? As the Senator from Montana has pointed out, a little time may be gained, but certainly no more than that.

I think the strong statements which have been made have driven our friends away from us, and I believe such statements constitute one of the principal mistakes which have been made in regard to this whole situation.

Mr. COOPER. Mr. President, will the Senator from Montana yield further to me?

Mr. MANSFIELD. I yield.

Mr. COOPER. The administration did express from the outset its concern over the situation in Indochina. My friend, the Senator from Alabama, will certainly agree that the administration ought to have expressed concern, as it did during all those months. The Congress cannot claim lack of knowledge. I cannot remember that representatives of the administration ever said the United States would intervene militarily in Indochina. The possibility of intervention would certainly be considered and properly so in any discussion of Indochina. But I do not believe it can be stated that the administration ever said it would use military force.

My friends on the other side of the aisle cannot have it both ways. They have said that the administration conveyed the impression that the United States was willing to intervene and did not do so. Yet all my friends on the other side of the aisle have said again and again that they opposed intervention. Let me ask them now whether they favor intervention?

Mr. MANSFIELD. No. I was never in favor of intervention; and I am opposed to it now. I think it would be suicidal. I believe the worst thing that could happen to the United States would be to have our forces intervene in Indochina and then bog down in the jungles there, for in that case I think there would not only be war in Indochina, but also another war in Korea, and a third world war would commence in Asia, and no doubt it would involve the countries of Europe. As a result there would be regimentation and a garrison-state condition not only in Asia and Europe but also here in the United States.

Mr. COOPER. I agree that the attitude of most Members of Congress and of the American people was against military action by the United States. To what action taken by the administration was the Senator from Montana and his colleague opposed? Do they consider the effort to secure agreement among our allies and other countries in southeast Asia a failure of policy?

Mr. MANSFIELD. Not necessarily; but I did not see much use in it. Why get the western or occidental bloc of nations to agree about the handling of the situation in southeast Asia? Instead, the better course would be to get the nations of southeast Asia to form a bloc, if need be, and to agree upon a course of action, and in that way to have the nations of southeast Asia help each other, in a way similar to the course of action taken by the nations of the Western Hemisphere under the Monroe Doctrine, in 1823.

Mr. COOPER. I said in the beginning that I thought the principles the Senator from Montana laid down were excellent. I shall not argue further, except to say that I have had great difficulty in finding one course of action the administration took to which any of my friends on the other side of the aisle disagree. I am referring to action, not attitudes and words.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. COOPER. May I finish?

The Senator from Montana mentioned NATO and EDC. In the past year Germany has acted, and the British also have taken a position with regard to the nature of their association. Some progress has been made.

Mr. MANSFIELD. The Senator from Kentucky is an incurable optimist.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MANSFIELD. I yield.

Mr. FULBRIGHT. The Senator from Kentucky seeks to oversimplify the problem. No one is objecting to one position alone. It is the approach as a whole to the problem which is the subject of criticism. The problem is very complex. It is not the action about which we are complaining. It is the inaction, the inability to persuade any of our allies to go along with us to achieve results, both in Asia and in Europe.

With respect to Asia, I think it is quite obvious that India and Indonesia are quite important in that area; but for some reason or other we have alienated them or, to put it in another way, we have failed to achieve the friendly cooperation of India in any effort to bring about peace and settle the question in Indochina. I think that is the complaint.

I agree with the Senator that I complained about intervention under the conditions which existed. If the conditions had been different, as the Senator from Massachusetts indicated, particularly with regard to colonialism, then intervention might have been quite different. I was reluctant to recommend intervention so long as Indochina was still a colony and there was no real commitment that it would some day cease to be a colony. The Senator from Massachusetts mentioned certain other conditions.

Is not the real complaint that there was a lack of any policy, a lack of any action, or certainly a lack of success in achieving results, both in Asia and in Europe? With regard to EDC, contrary to what the Senator from Kentucky says, it is my impression that the administration has now almost given up hope of bringing about results. No one has said so, but the attitude of the press and of the administration is that there is no hope that France will ratify the EDC arrangement, or that Italy will follow. Is not that the Senator's impression?

Mr. MANSFIELD. There is very little hope, and the hope seems to be decreasing as time goes on. Personally, I should like to see an end to the EDC concert. So long as the originators do not wish to come in, why bother with it? The idea behind EDC was to bring Germany into the NATO organization. Why not forget EDC, and try to bring both Germany and Spain into NATO, and have the organization which we want?

Mr. FULBRIGHT. The Senator from Alabama spoke of the admission of Red China into the United Nations. It seems that a spirit of defeatism has overtaken the administration, and that it feels that it cannot achieve results in either Asia or Europe. That is a very bad thing. I do not wish to add to the difficulties.

I should like to find some way to strengthen the optimism of the administration and its determination to move forward, as I thought we were trying to do in connection with the trade policy. I thought we were giving the administration the opportunity to move in the direction in which the President himself said he wanted to move a short time before. Likewise in this area, if we can help the administration to obtain the cooperation of India, Indonesia, and Burma, along with Thailand, we can move forward. Thailand is really a rather small reed upon which to lean. We must have the cooperation of the other countries. If we have that, we can move forward with some kind of arrangement which will limit further Communist expansion. I think it would be possible if only the administration could believe it to be possible. Some of the administration leaders are continually condemning Nehru as not speaking for India. It is said that he is a neutralist. If we could assume a different attitude, and could believe that we could work with India, I think we might get results.

Mr. KNOWLAND. Mr. President, will the Senator from Montana yield?

Mr. MANSFIELD. I yield.

Mr. KNOWLAND. First let me say to the distinguished Senator that I was present at the opening of his remarks. Through the courtesy of his office I was supplied with a copy of his speech, which I have read during the time when, of necessity, I was absent from the Chamber.

I have several questions to ask the Senator, based upon the text of his remarks. Perhaps some of them have been clarified in the ensuing colloquy, most of which I missed. I think the answers to these questions might be helpful in achieving our common purpose, that of seeking a bipartisan foreign policy which will give strength to our Nation in meeting the very real challenges which exist in the world today.

Let me say to the distinguished Senator from Montana, with whom I serve on the Foreign Relations Committee, that I have the highest regard for his diligence in the committee, and for his sincerity. While we have from time to time disagreed on some aspects of our foreign policy, both on the floor of the Senate and on the radio or television, I have found that the Senator has a desire—as I think all 96 Members of this body have—to arrive at solutions, insofar as we are constitutionally called upon

to do so, in the best interests of our Nation.

Mr. MANSFIELD. Before the distinguished majority leader begins, let me say that I reciprocate his kind words, and assure him that I have nothing but the highest respect and admiration for him, even though I disagree with him on occasion.

Mr. KNOWLAND. As I understand, the Senator was critical of the agreement to go to Geneva.

Mr. MANSFIELD. That is correct.

Mr. KNOWLAND. As I understand, as a result of the cease-fire negotiations which were entered into under the last administration and continued under this one—and I raise this question not on the basis of partisanship, but as a matter of historical accuracy—in the armistice negotiations there was the requirement that there be a peace conference with respect to Korea.

Mr. MANSFIELD. That is correct.

Mr. KNOWLAND. I take it that the Senator would have no particular objection to the Secretary of State or the Government of the United States having complied with the terms of the armistice by attending a peace conference so far as Korea was concerned.

Mr. MANSFIELD. Not at all.

Mr. KNOWLAND. Holding the conference in Geneva may have been no better or no worse than holding it in New Delhi, Honolulu, Paris, or any other city which might have been selected.

Mr. MANSFIELD. It was more economical.

Mr. KNOWLAND. I take it that the Senator's objection to the Geneva Conference, and to the attendance by the Secretary of State and other United States Government representatives, does not pertain in the least to the aspects of the Geneva Conference dealing with the Korean war.

Mr. MANSFIELD. No. The Korean truce was given top priority when, as a matter of fact, everyone knew that the real matter to be discussed there would be Indochina.

Mr. KNOWLAND. I think the Senator is aware of the fact that the Secretary of State had shown no enthusiasm for the Geneva Conference, insofar as the Indochina aspects of the situation were concerned.

Mr. MANSFIELD. As I recall, neither did the majority leader show any enthusiasm for the Geneva Conference.

Mr. KNOWLAND. The Senator is correct on that point. Nevertheless, we were associated with certain allies. I think it is historically correct to say that the chief urging for the Geneva Conference came from France, which was heavily involved in the situation in southeast Asia.

Mr. MANSFIELD. That is correct.

Mr. KNOWLAND. Does the Senator in any way now feel that the system of collective security under which both the prior administration and this administration have proceeded to date should be abandoned, either in Europe or in the Middle East, or in Asia?

Mr. MANSFIELD. No; I do not.

Mr. KNOWLAND. So I assume that at least the Senator has not parted company with the present foreign policy of the executive branch of the Government in supporting and trying to gain support for an effective system of collective security.

Mr. MANSFIELD. That is correct. However, I should like to ask the distinguished majority leader what the difference is between this administration's foreign policy and the previous administration's foreign policy. We have been hearing speeches lately about a new policy of strength, instead of a policy of weakness. I should like to know what the differences are.

Mr. KNOWLAND. I will say to the Senator that I have not, as majority leader, endeavored to raise any narrow partisan issue. I realize that there were grave problems facing the last administration.

Mr. MANSFIELD. I understand.

Mr. KNOWLAND. I realize that there are grave policies facing this administration. There is one basic difference in the cycle of time, and that is that a number of new crises—if we may call them such—have arisen within the period of the last few weeks. Certainly the Secretary of State, when he went to Geneva, made an earnest effort to find out whether those nations who were associated with us were prepared to stand together in an effective system of collective security.

Mr. MANSFIELD. That is correct.

Mr. KNOWLAND. I should like to find out whether the Senator differs on this point. It would appear that, having diligently sought to get their support, he came back with negative information. It seems to me that that in and of itself is extremely important information for the American people, for the Government of the United States, and for Congress to have. During the past 9 years, since the close of World War II, we have, through a great expenditure of our resources and through a considerable expenditure of our manpower in Korea, sought to build up a collective system of security, feeling that when the chips were down those with whom we were associated would be prepared to stand up and be counted. If we were operating under a false impression in that respect, does not the Senator feel that, entirely regardless of partisanship, it was extremely important for the American people to realize that some of the collective security ideas, which were embodied in our past policies, were not going to work? Was not that information of vital importance to the country?

Mr. MANSFIELD. Yes; but, if we should follow the Senator's logic, the next step would be to say, "Well, don't you think it is about time that we reappraised our foreign policy?" I would say, "Yes." My idea is that foreign policy should be appraised and reappraised all the time. There should be no "agonizing reappraisal," because, after all, we must make changes and additions from time to time.

Mr. KNOWLAND. I am not unmindful of the Senator's comment in his speech that foreign policy should always be reappraised. It is almost a daily, weekly, and yearly process. On that point I believe the Senator is quite correct, and that his point is well taken. However, I submit to the distinguished Senator that when we have built a series of alliances, and we have done it with great sacrifices, and the time comes when we must find out whether our alliances will work and prevail, it is extremely important for the United States to find out whether those nations with which we are allied are prepared to stand up when the chips are down. Does not the Senator feel that it is of vital importance for us to know that?

Mr. MANSFIELD. I will say that I would agree with the majority leader; but let me ask him whether he has in mind the North Atlantic Treaty Organization?

Mr. KNOWLAND. I have in mind the European Defense Command under the North Atlantic Treaty Organization.

Mr. MANSFIELD. The majority leader knows that that does not apply to southeast Asia, if he is trying to tie it to the proposal of Secretary Dulles to enter into a southeast Asia pact.

Mr. KNOWLAND. I know that, but I believe that the American people, at least for the past several years, have recognized the fact that we are facing a global menace in the form of international communism. I do not believe that anyone is under any illusion that if the Soviet Union should determine on aggression the aggression would be limited, for instance, to Europe alone. It would of necessity spread into the global field.

Mr. MANSFIELD. That is correct.

Mr. KNOWLAND. In other words, we are facing a global menace in the event of war; therefore, we cannot close the door to that type of aggression merely by closing the door in Europe. Does not the Senator agree, as a practical matter, that that is a fact?

Mr. MANSFIELD. That is a logical premise. However, I should like to call the majority leader's attention to the fact that in considering mutual aid prior to this time the question arose on numerous occasions whether assistance of various kinds applicable to Europe would also be applicable to the colonies of the European nations who are members of the North Atlantic Treaty Organization. The answer has always been "No." There is sharp division so far as NATO is concerned. It is an alliance which extends from Turkey, north to Norway and Iceland, and includes the United States and Canada. It is confined to those countries, and not to any colonial possession held by them.

Mr. KNOWLAND. The majority leader and the distinguished Senator from Montana do not differ on either the legal or the moral basis of the North Atlantic treaty alliance as covering that particular area. However, I say there was the general impression in the Senate—and I think there was the general impression throughout the country—that if it is, indeed, a fact, as many of us believe it to be, that international communism is a global menace, and aggression, if it took place in Europe, would be bound to spread to Asia, and therefore it would do no good then to close the front door in Europe if the back door was left open in Asia, and perhaps even have the Pacific coast left open. It

seems to me that we all have a right to expect those with whom we are allied in the North Atlantic treaty alliance in Europe not to be unconcerned with the same menace of communism if it should crop in southeast Asia or in the Middle East. Is not that a fair presumption?

Mr. MANSFIELD. The Senator's logic is very hard to contend against. However, I think there are certain factors which ought to be given consideration. Let us suppose that Mr. Dulles had been successful in getting the countries in this all-white pact to defend southeast Asia——

Mr. KNOWLAND. If the Senator will permit me to interrupt, certainly we want to be fair in this situation, and I am sure the Senator wants to be fair, because that has been my observation of him. I should like to say that the Secretary of State has diligently endeavored to find out whether we could get the Philippines, Thailand, Burma, and other nations in Asia that were prepared to do so, to join in collective security.

Mr. MANSFIELD. That is correct.

Mr. KNOWLAND. And to join in that pact.

Mr. MANSFIELD. That is correct.

Mr. KNOWLAND. The Senator has mentioned certain other nations in Asia, such as India and Indonesia and Pakistan, I believe. Does the Senator not recognize the fact that under its present policies the Government of India—I am not complaining because those Asian countries are all sovereign governments and they have a right to make up their own minds—at least up to the present moment, has shown, to put it mildly, a reluctance to enter into any type of collective-security system which would involve the use of Indian armed forces in the support of a collective-security system.

The Senator from Montana is not unmindful of the fact that even as to Korea, when the United Nations went on record as declaring Communist China and North Korea aggressors, and called upon all the member states to join together in a system of collective defense, of the 60 member states of the United Nations only 16 contributed forces and those 16 countries contributed less than 45,000 men, as compared with our own contribution of more than 450,000 men at one time. The Senator is not unmindful of the fact, I take it, that in that action, which was the first overt Communist aggression since the close of World War II, India did not contribute a single soldier, sailor, or airman to the resistance of aggression, despite the action taken by the United Nations, in which organization India holds membership.

Mr. MANSFIELD. The Senator is correct.

Going back now, to the pact idea, I assume the Secretary of State tried to contact some of the Asiatic nations in the southeastern part of the continent, but the thing that always worries me is the argument which the distinguished majority leader has made on many occasions, namely, the fact that we furnished 90 percent of the troops in Korea.

Mr. KNOWLAND. Ninety percent of the United Nations troops.

Mr. MANSFIELD. But suppose New Zealand had 10,000, Australia had 50,000, and France and Great Britain were involved in an armed conflict, who does the Senator think would be furnishing most of the manpower?

When the military commanders of five western nations met in Washington some time ago, what were they considering? They were considering a pact for southeastern Asia. That is not the way to win. If we wish to win, we have got to give the nations in that area the opportunity to defend themselves. We should be in the background to help them when we can, but, certainly, we should not take the primary steps.

I noticed that after the military commanders had met for a few days, the Philippine Chief of Staff came to the Capital and met with them on the last day. I think it would have been better if he had not come at all, because if we are going to do anything in that quarter of the world, we should give the people who live there the primary responsibility.

I am sure the Senator would agree with that thesis.

Mr. KNOWLAND. The majority leader does not differ with the Senator as to the fact of the importance of the people of Asia participating in a collective security system for their own defense, but the point which I think goes to the basis of the argument—and I should like the Senator to clarify it if he will—is that, as it seems to me, there are two alternatives. One is that nothing should either be done or attempted until India and Indonesia, as an example, said they were prepared to furnish troops to the collective system of defense. Does the Senator believe that nothing should be attempted or that nothing should be done until India and Indonesia have signed on the line that they will furnish X number of divisions to help prevent the rest of southeast Asia from going down the drain?

Mr. MANSFIELD. No; I would not go that far, because I realize, as does the majority leader, that it will be a question of time before India and Indonesia come into such a pact. In my opinion, the primary emphasis should be placed on their being given an opportunity to determine their own fate. As I recall the results of the Colombo conference, it seems to me there was a good deal of opposition from the Ceylonese and the Burmese who were beginning to feel that there was an onrush of Communist aggression, and because of that, Nehru was beginning to do a little second thinking. Of course, since that time, since the Chinese Communist leader went to India and was wined and dined. I do not know what the situation is. It seems to me we should not bind them to a pact. If they need military assistance, we should provide it only after they have used up their resources and manpower.

Mr. KNOWLAND. I think the distinguished Senator from Montana and I see eye to eye on the question of colonialism, and have so expressed ourselves on the floor, but does he know of a single nation that has more steadfastly worked toward giving the freedom and independence which the Vietnamese, the Laotians, and the Cambodians want than has the Government of the United States?

Mr. MANSFIELD. I do not. I agree with the majority leader on that point.

Mr. KNOWLAND. I mentioned the Republic of Korea, which has some 600,000 troops, well seasoned, battle-trained, equipped, and trained by our forces under General Van Fleet and General Taylor. The Army of South Korea is recognized as a very potent force; as a matter of fact, the fourth largest standing army in the world today. I have also mentioned the Republic of China, on Formosa, with some 500,000 troops, not so well equipped, not so battle-seasoned, but, nevertheless, perhaps the sixth largest standing army in the world. Those two relatively small nations have a million one hundred thousand troops in their ground forces, but they were not included in the discussions regarding an Asian pact. Why? Because, in effect, the British felt they could not participate if the Republic of Korea and the Republic of China on Formosa participated. Why did the British feel that way? I do not have the innermost secrets of the British Cabinet, but I rather suspect it was because the Indians were exercising a type of veto over such participation. If we are going to make the southeast Asian countries have an exclusive society and eliminate 1,100,000 Asians who want to fight for their independence—and they outnumber all the rest of the armed forces of Asia put together by probably at least 5 times or possibly 10 times—how can we possibly build a system of collective defense in southeast Asia, particularly when neither India nor Burma is willing to go ahead with such a system?

Mr. MANSFIELD. I will admit that such a possibility would be difficult of achievement. But it has not been attempted and we will never know, unless we try, whether or not there is much of a possibility to have a pact of that kind.

I should like to see this country, through the Secretary of State or one of his emissaries, come forward with a suggestion of that kind and hold some sort of conference in the far Pacific, with India, Indochina, Ceylon, Pakistan, Burma, and the three Indochinese states, as well as the Philippines, invited, and, if we want to, have the people on Formosa invited. If we had such a conference as that, carried on by the Asian nations themselves, there might be a possibility. If there were no possibility, then it would be time to reappraise our position and, once again, see what could be done.

Mr. KNOWLAND. The only point on which the Senator and I differ is with reference to one factor. What are the 600,000 ROK troops doing? They are mobilizing, at least, while a million and a half Chinese Communist troops are mobilizing. What are the Chinese Nationalist troops doing? They are mobilizing, while up and down the coast of China, opposite the island of Formosa, another million and a half Chinese Communist troops are gathered. If South Korea and the Nationalist Chinese Government on Formosa are not included as a part of a collective system of defense,

then we stand a good chance of the million and a half troops from North China and Manchuria, the million and a half troops from the coastline of China, and some 3 million additional troops over those now in the Yunan Province along the Indochina frontier moving against southeast Asia. So it seems to me, if we are going to have an effective collective system of defense in Asia, that the logic of the situation demands that the Republic of Korea and the Republic of China on Formosa be included, and we must at least encourage the Japanese to build their forces sufficiently large so that they can defend their own home islands, thus relieving us of the necessity of stationing American troops in Japan for ground defense purposes.

Mr. MANSFIELD. I would agree with the Senator, but the question comes to my mind: How would the Japanese and the Koreans get along? How would the Japanese and the Chinese who are in Formosa get along? The same problem exists there as exists in connection with other Asiatic countries.

Mr. KNOWLAND. I am not suggesting that Japanese troops be used in Korea. I think that, politically, at the present time they cannot be used. All I am suggesting is that it should not be necessary to tie down American divisions in Japan, to defend the homeland of Japan, when that nation of 80 million people should be able to supply sufficient ground forces to defend their own homeland. Our divisions should be made a part of our general mobile reserves, which should be sufficiently strong so that the Chinese Communists or the Soviet Union would not dare to attack.

Mr. MANSFIELD. That is a good argument, but how are the Japanese going to become strong if they are not able to live? How are they going to live, if they are not able to eat? Who is going to fill the void which has been created by a lack of markets, an increase in population, and a tremendous birthrate? I think that is a serious problem.

We talk about withdrawing American divisions from Japan. I think they should be withdrawn. They should be withdrawn from Korea, too, at the earliest opportunity. Korea has a 600,000-man army, which should be sufficient to defend the southern half of the Korean Peninsula.

Mr. KNOWLAND. Does the Senator from Montana believe that the Japanese economy will be better able to exist if all of southeast Asia passes into the hands of the Communists? The raw materials and the rice of southeast Asia will be used as weapons by the Communists to try to bring Japan to her knees.

Mr. MANSFIELD. I do not at all believe that Japan would be better off. The majority leader knows how I feel on that subject. But the point is, with a population of 80 million, with a tremendous birthrate, and with very little arable land, how are the Japanese going to be effective on the side of the Allies, if they cannot find markets?

Mr. KNOWLAND. I shall not pursue the subject further, but I wish to make it plain to Members on both sides of the aisle that we have very definite problems. Some problems have been pointed out by the distinguished Senator from Montana today. Other problems have been pointed out by the President of the United States and by the Secretary of State.

This is not a partisan issue. I hope it will not become a partisan issue. It is a matter in which the life of our Nation and the life of the free world itself is at stake. I hope that we can avail ourselves of the ability and the knowledge which exist in the United States Senate and the House of Representatives, in the executive branch of the Government, and among those who are presently in office and those who have been in office. I hope we can all put our heads together, and recognize that we are confronted with one of the greatest dangers that has ever faced our Nation, or perhaps the entire world; and that unless the free peoples of the world are able to present a united front, unless they are all able to stand up and be counted, they may be engulfed, one by one, until finally the United States will be left, not by our own choice, but by the irresistible course of history, as an isolated island in a totalitarian world.

While under those circumstances it might be possible to make of this Nation a continental Dien Bien Phu, if all of Asia were in Communist hands, if all of Europe were in Communist hands, and if all of the Middle East were in Communist hands, it would certainly greatly endanger our survival, and certainly would lead to a much different political and economic system than that which we now have.

The situation is fraught with such consequences that I hope we can constantly rise above any narrow partisanship in an endeavor to find a solution which is best for the Nation.

Mr. MANSFIELD. I wish to express my appreciation for the speech which has just been made by the distinguished majority leader. I admire him for his honesty and his integrity. I hope he is aware of the fact that when I say that, I mean it in all sincerity.

The Democratic Party, so far as I have been able to ascertain, has been more than willing to go along with the ideals which have just been expressed by the majority leader; but the Democrats, as a party, do not like to be kicked around or knifed in the back, as happens occasionally, for purely partisan purposes. We believe that politics should stop at the water's edge. We do not claim that Democratic administrations always have been perfect, any more than we will admit that the present administration is perfect. Both parties are subject to making mistakes.

But I feel, as does the majority leader, that the times are critical; that the times call for an honest, real bipartisan foreign policy, and that backbiting, knifing, and stabbing, should be done away with.

I think I can assure the distinguished majority leader that I express the sentiments of the Democratic Party when I say that we will try, as we always have done in the past, to go along on the basis of a good, sound foreign policy, and that we will always place our country ahead of our party.

Mr. CAPEHART. Mr. President, I rise to discuss the pending bill, but before doing so, I wish to say that I have been sitting in the Chamber for the last hour, listening to the very able debate between the Senator from California [Mr. KNOWLAND] and the Senator from Montana [Mr. MANSFIELD]. I have enjoyed it very much. I think it has been very helpful.

However, I am one individual who does not believe in a bipartisan foreign policy. I am one who hopes that the Senators on the other side of the aisle will continue to be critical of our foreign policy, just as I have encouraged the Senators on this side of the aisle to be critical of the foreign policy when Senators on the other side were formulating it. I cannot see any reason why we should not have just as much right to question the foreign policy of our Nation as we have to question its domestic policy. I cannot quite understand how we shall ever have a good foreign policy unless we formulate it openly, and permit persons to express their viewpoints and to criticize.

I do not mean by that to say that once a decision has been reached by Congress or by the Government, once a law has been enacted, once the United States has joined an organization, once a treaty has been ratified, once an agreement has been entered into with another nation or with a group of nations, we should not have a bipartisan policy. Then the policy ought to become a bipartisan matter because it will then be the law of the land and the policy of the United States, and all of us should get behind it—Democrats, Republicans, and all 160 million Americans. The policy then should be enthusiastically supported as long as it is law or the treaty.

But I think that great harm has been done the world and the United States during the past 25 or 30 years because there has been prevalent an idea that all of us had to agree to have a bipartisan foreign policy. What is a "bipartisan foreign policy"? What is meant by that term? Is it a policy of the Secretary of State, a policy of the President, a policy of Congress; or is it a policy which has been agreed to after open, frank, and honest debate and criticism in the Congress of the United States?

I think we shall become involved in a great deal of trouble if we proceed on the theory that, so far as our foreign policy is concerned, it ought to be a dictatorial type—a policy which can be established by 1 or 2 men. I think that has been the mistake which has been made in the past. I think that if in the past there had been more frank and open expression, if Senators and Representatives, and the people as well, had been encouraged to stand up and to express themselves in respect to foreign policy, and to criticize it if they felt it should be criticized, the country would have been much better off. Instead, there has been what I believe to be a narrow conception of bipartisan foreign policy.

The end result has been—and I think I can say this without fear of successful contradiction—that almost every one of the schemes or organizations or arrange-

ments which the United States has entered into during the past 25 years has failed to accomplish the purpose for which it was intended. I am not saying that such organizations were not good. I voted for many of them. I am not saying they might not eventually accomplish the purpose for which they were intended. But, so far, up to this time, they have not accomplished the purposes for which they were designed.

It is now being said that perhaps, under certain conditions, the United States will have to withdraw from the United Nations. Evidently the United Nations has not accomplished the purpose for which it was intended.

We find our ally, Great Britain, pretty much going along in her own direction at the moment. We speak about making arrangements. It is very hard to make arrangements in advance, because my observation has been that nations are like individuals. They agree at the moment to do that which is to their best interest at the specific time. It has not been too long ago since the British were very much interested in anything the United States did toward helping them. Today their economy is quite strong, and they are back on their feet; and I am glad they are. As a result, they are showing quite a different attitude from that of 5 or 6 years ago.

My point is that other nations are going to "join up," as we say in Indiana, at a given time, depending on their own best interests at that particular time. It cannot be said in the Senate today, with any degree of accuracy, that we are making an arrangement today which will be good 10 years from now, because it may be that the best interests of a given nation today may not be its best interests 10 years from now.

The question of foreign policy is one which ought to be debated. Foreign policy changes from day to day, as it always will. I think we must have confidence in the President and the Secretary of State, and other persons who are or ought to be in a position of knowing more about conditions than Members of Congress do, and we will have to go along with them.

I hope we will not discourage anyone from being critical of our foreign policy. On the other hand, I think we should not encourage the sabotage of something to which the Congress has given its approval. For example, the United States is now a member of NATO. We ought to support that organization enthusiastically as long as our Government is a member of it. This country is also a member of the United Nations. We ought to go along with that as long as our country is a member of it, because the United Nations Charter is the law of the land.

I am 100 percent in accord with a bipartisan policy once we have decided an issue. Just as we fight on the floor of the Senate over proposed legislation, once it is approved and passed, we obey the law, and it is no longer a partisan matter. I think foreign policy ought to be treated on the same basis.

If we deny ourselves the right of debate, and carry the so-called bipartisan policy to extremes, we will end up not with a representative form of government, with 96 Senators representing 48 States participating in questions of foreign policy, but possibly the President or the Secreary of State, or some other individual or small group alone will determine foreign policy. I am sure that was never the intention of the founders of our Government, it is not stated in the Constitution of the United States, and I am certain it is not the intention of the people of the United States. We ought to discuss foreign policy. We can disagree on the floor of the United States Senate as violently on foreign policy as we can on domestic policy, and we ought to speak our minds and say what we think, and we should think straight, if we possibly can; but once an issue is decided, what is agreed on should be recognized as the law of the land, and we ought not to be narrow-minded or bitter about the decision, nor should we backbite, but we ought to go along with the decision.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CAPEHART. I yield to the Senator from California.

Mr. KNOWLAND. I should like to ask the distinguished Senator whether there was anything in either the remarks of the Senator from Montana or those of the Senator from California which indicated that there should not be free and full discussion of the question on the floor of the Senate?

Mr. CAPEHART. I never intended by the remarks I have made to intimate that there was any such suggestion. I said I sat here for an hour and enjoyed very much hearing the discussion, and learned a great deal, and I repeat that; but the Senator from California did discuss foreign policy, and he did talk about a bipartisan foreign policy, and both he and the Senator from Montana expressed different viewpoints, which I think is helpful. The majority leader has spoken out very sharply in the last few days on that subject. That is what one should do if he feels deeply about it. That is what we ought to do as parties, if we feel that way about it as parties. We will keep out of trouble if we encourage and permit open and frank discussion

I know, of course, that there will be those who will argue that if that is done, what is said will be misunderstood by other nations and other peoples. They seem to be misunderstanding us anyway. I think we get the best out of people when we permit frank and open discussion and debate. I hope that will be the course followed here.

Mr. President, I had not intended to make a speech. I do not know whether or not I have made any contribution, but I have stated my views about the subject of our foreign policy, which are the opinions I have held since I have been a Member of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had agreed to the amendment of the Senate to the bill (H. R. 7468) to amend certain provisions of part II of the Interstate Commerce Act so as to authorize regulation, for purposes of safety and protection of the public, of certain motor-carrier transportation between points in foreign countries, insofar as such transportation takes place within the United States.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

S. 268. An act for the relief of Harold Trevor Colbourn;

S. 381. An act for the relief of Donald Grant;

S. 455. An act for the relief of Johan Gerhard Faber, Dagmar Anna Faber, Hilke Faber, and Frauke Faber;

S. 490. An act for the relief of Josephine Reigl;

S. 520. An act for the relief of Mr. and Mrs. Ivan S. Aylesworth;

S. 579. An act for the relief of Wong You Henn;

S. 676. An act for the relief of Eftychios Mourginakis;

S. 747. An act for the relief of Jacek Von Henneberg;

S. 1050. An act for the relief of Josephine Maria Riss Fang;

S. 1382. An act for the relief of Elie Joseph Hakim and family;

S. 1508. An act for the relief of Borivoje Vulich;

S. 1517. An act for the relief of Helen Knight Waters and Arnold Elzey Waters, Jr.;

S. 1689. An act for the relief of Mrs. Cacila Gotthardt Gange;

S. 1796. An act to incorporate the Board of Fundamental Education;

S. 1991. An act for the relief of Esperanza Jimenez Trejo;

S. 1999. An act to provide for the recovery, care, and disposition of the remains of members of the uniformed services and certain other personnel, and for other purposes;

S. 2198. An act for the relief of (Sister) Jane Stanislaus Riederer;

S. 2369. An act for the relief of Karl Ullstein;

S. 2370. An act to authorize the sale of certain vessels to Brazil for use in the coastwise trade of Brazil;

S. 2465. An act for the relief of Lydia Wickenfeld Butz;

S. 2468. An act to authorize the President to appoint to the grade of general in the Army of the United States those officers who in grade of lieutenant general, during World War II commanded the Army Ground Forces, commanded an Army, commanded Army forces which included a field army and supporting units, or commanded United States forces in China and served as chief of staff to Generalissimo Chiang Kai-shek in the China Theater of Operations, and for other purposes;

S. 2488. An act to provide that each grant of exchange assignment on tribal lands on the Cheyenne River Sioux Reservation and the Standing Rock Sioux Reservation shall have the same force and effect as a trust patent, and for other purposes;

S. 2728. An act to authorize the collection of indebtedness of military and civilian personnel resulting from erroneous payments, and for other purposes;

S. 3196. An act for the relief of Dr. Helen Maria Roberts (Helen Maria Rebalska);

S. 3291. An act authorizing the President to present a gold medal to Irving Berlin;

S. 3336. An act to promote the apportionment of the waters of the Columbia River and tributaries for irrigation and other purposes by including the States of Nevada and Utah among the States authorized to negotiate a compact providing for such apportionment; and

S. J. Res. 165. Joint resolution to provide for construction by the Secretary of the Interior of the Glendo unit, Wyoming, Missouri River Basin project.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, July 8, 1954, he presented to the President of the United States the following enrolled bills and joint resolution:

S. 268. An act for the relief of Harold Trevor Colbourn;

S. 381. An act for the relief of Donald Grant;

S. 455. An act for the relief of Johan Gerhard Faber, Dagmar Anna Faber, Hilke Faber, and Frauke Faber;

S. 490. An act for the relief of Josephine Reigl;

S. 520. An act for the relief of Mr. and Mrs. Ivan S. Aylesworth;

S. 579. An act for the relief of Wong You Henn;

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S. 1999. An act to provide for the recovery, care, and disposition of the remains of members of the uniformed services and certain other personnel, and for other purposes;

S. 2198. An act for the relief of (Sister) Jane Stanislaus Riederer;

S. 2369. An act for the relief of Karl Ullstein;

S. 2370. An act to authorize the sale of certain vessels to Brazil for use in the coastwise trade of Brazil;

S. 2465. An act for the relief of Lydia Wickenfeld Butz;

S. 2468. An act to authorize the President to appoint to the grade of general in the Army of the United States those officers who, in grade of lieutenant general, during World War II commanded the Army ground forces, commanded an army, commanded Army forces which included a field army and supporting units, or commanded United States forces in China and served as chief of staff to Generalissimo Chiang Kai-shek in the China theater of operations, and for other purposes;

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S. 3336. An act to promote the apportionment of the waters of the Columbia River and tributaries for irrigation and other purposes by including the States of Nevada and Utah among the States authorized to negotiate a compact providing for such apportionment; and

S. J. Res. 165. Joint resolution to provide for construction by the Secretary of the Interior of the Glendo unit, Wyoming, Missouri River Basin project.

MANAGEMENT OF THE EXPORT-IMPORT BANK OF WASHINGTON, ETC.

The Senate resumed the consideration of the bill (S. 3589) to provide for the independent management of the Export-Import Bank of Washington, under a Board of Directors and for other purposes.

Mr. CAPEHART. Mr. President, when the bill was introduced, much discussion and colloquy in great detail was had on the subject. Again on Tuesday of this week it was discussed in the Senate. The bill was reported unanimously from the Senate Committee on Banking and Currency. It proposes to expand the activities of the Export-Import Bank. I know of no one opposed to it. The President of the United States is enthusiastically in favor of the bill and what it will do for the country.

Mr. President, I shall not speak further on the bill, except to answer questions which my colleagues may have to propound.

Mr. SMATHERS. Mr. President, I wonder if the Senator from Indiana will yield to me so that I may ask a few questions.

Mr. CAPEHART. I am very happy to yield to the Senator from Florida.

Mr. SMATHERS. First, I wish to congratulate the Senator from Indiana, the chairman of the Committee on Banking and Currency, as well as the minority ranking member, the able Senator from South Carolina [Mr. MAYBANK], for bringing this most necessary bill to the floor of the Senate. As I understand, one of the purposes of the bill is to launch the United States into a more active and aggressive foreign trade policy. Is that correct?

Mr. CAPEHART. Yes. The purpose of the bill is to expand the activities of the Export-Import Bank in order to help our small exporters, to lend money on longer terms to our friends in foreign countries, and to encourage trade and a greater flow of trade in both directions, sales by our people to other countries, and sales from other countries to our people.

Mr. SMATHERS. Is it not the opinion of the chairman of the committee that if the bill is passed, it will make it possible for more loans to be made and more business to be entered into between this nation and other nations, and on more favorable terms?

Mr. CAPEHART. Yes; because the bill increases the authority of the bank to lend money up to $5 billion, which is a $500 million increase over the provisions of the present law. It is the intention of the Senate Banking and Currency Committee, and it will be the intention of the Senate and the Congress when the bill passes that the Bank increase its lending activities.

Mr. SMATHERS. Is it not a fact that the bill provides for an expanded amount of credit?

Mr. CAPEHART. Yes, to the extent of $500 million.

Mr. SMATHERS. I should like to read to the chairman of the committee a paragraph appearing on page 3 of the report:

> When enacted into law and after the effective date, the provisions of the bill supersede Reorganization Plan No. 5 of 1953. This will leave the National Advisory Council on International Monetary and Financial Problems with the power to coordinate the foreign lending activities of the Export-Import Bank with those of other Government agencies. The present power of the National Advisory Council to "establish the general lending and other financial policies" of the bank will be abolished.

My question is, does the paragraph which I have read in anyway indicate that the passage of the bill will endanger the independence or freedom of the Export-Import Bank to make its own loans?

Mr. CAPEHART. It does not. The bill proposes to increase the independence of the bank. When the National Advisory Council on International Monetary and Financial Problems was organized, which came into existence as a result of the so-called Bretton Woods agreement, the President of the Export-Import Bank was a member of the Council. Therefore he sat and participated in the deliberations of the Council. However, under Reorganization Plan No. 5, which was adopted last year, the President of the Export-Import Bank was relieved of membership on the Council, and the Export-Import Bank has had no representation on the Council. What is being proposed in this instance is to reinstate the representation of the Export-Import Bank on the Council. It will give the bank more independence and be more helpful to it.

Mr. SMATHERS. Under this measure is it correct to assume that the chairman of the committee feels that there will be more freedom for the Export-Import Bank, and that no longer will it be dominated by the World Bank?

Mr. CAPEHART. That is exactly the intention of the committee in connection with this measure. Certainly that is the intention of the two authors of the bill—myself and the able senior Senator from South Carolina [Mr. MAYBANK]—namely, that the Export-Import Bank shall become an independent agency, subject only to the supervision of the coordinating council, which, by the way, was established by law by the Congress. Otherwise, the Export-Import Bank is to be an independent agency. It is to make its own loans. Of course, it is to cooperate with all other governmental agencies, as should be the case; but certainly the Export-Import Bank is not to take a second or subordinate position to the World Bank, insofar as loans to United States exporters are concerned.

Mr. SMATHERS. It would be helpful, for the RECORD, if the chairman of the committee would state the reasoning of the committee in not providing a definite length of term for the officers of the Export-Import Bank.

Mr. CAPEHART. I assume that the Senator from Florida refers to the terms of service of the directors of the Export-Import Bank.

Mr. SMATHERS. Yes.

Mr. CAPEHART. The bill does not contain any limitation on the terms of service of the members of the Board of Directors of the Export-Import Bank. They are to serve at the will of the President. The committee discussed the possibility of providing for a definite term of 5 years or 7 years. The committee reached the conclusion that, inasmuch as the directors are to spend all their time in the work of the Export-Import Bank, and inasmuch as they will be charged with a certain amount of executive responsibility, it might be just as well to have them serve at the will of the President of the United States, since the President would name them. We discussed the matter, and reached the conclusion that we should at least try the plan outlined in the bill.

After frank discussion, I think each of the 15 members was satisfied that perhaps that was the better plan at this time.

Mr. SMATHERS. I thank the Senator from Indiana for the explanation he has given.

Mr. President, will the Senator from Indiana yield approximately 4 minutes to me, so that I may make a brief statement about the bill, in relation to its effect on Latin America?

Mr. CAPEHART. Mr. President, I am very happy to yield the floor, Mr. President.

Mr. SMATHERS. Mr. President, I should like to comment upon the timeliness of this measure, and to commend the chairman of the committee, the ranking minority member of the committee, and the other members of the committee for the forthright manner in which they have directed this attack upon the problem of increasing American trade and strengthening American friendship in our hemisphere and all around the world. This measure is most timely and can be most helpful, particularly with respect to our neighbors to the south.

Mr. President, we have just witnessed the repulse of world communism at its first beachhead in the Western Hemisphere. Let me state that in using that phrase I give due recognition to the distinguished minority leader, the senior Senator from Texas [Mr. JOHNSON], who was the first to talk about the Communist beachhead in South America.

However, the military defeat of the Communists is not sufficient, as all of us recognize. In addition, we must move toward the development of the underdeveloped areas of the Western Hemisphere, to the end that the standards of living may be raised throughout the New World. Illiteracy and poverty provide the breeding places for communism; and our most effective weapons against communism are economic advancement and enlightenment.

Mr. President, the purpose of this measure, as I understand it, is to make the Export-Import Bank stronger, more independent, and more capable of carrying out a more comprehensive and realistic program throughout the world. The enactment of this measure will not only advance foreign trade, which is most important to the stabilization of the economy of the United States and also to the economy of the rest of the world, but it will also be of substantial benefit in the conduct of our foreign relations. This is particularly true with regard to Latin America. In fact, it is our concern for the nations of the Americas to the south of us which is partially responsible for the development of this measure.

The Chairman of the Banking and Currency Committee toured a great portion of Latin America last fall, and brought back a report of need which has been most valuable and helpful in connection with the deliberations of the committee in its formulation of this proposed legislation. It is to be hoped that this measure will be passed promptly, as I believe it will be, and that it will lead to broader recognition of the importance to the United States of Latin America. But, more important, it is to be hoped that this measure, when enacted, not only will result in a more realistic program of assistance throughout Latin America, but also that it will be reflected in closer trade, and friendly relationships throughout this hemisphere.

Mr. President, Latin America is the fastest growing area in the world. Its present population of approximately 173 million is about equal to that of the United States and Canada combined. There are 62 Latin American cities with populations of 100,000 or more. The 3d, 4th, 5th, and 6th largest cities in the Western Hemisphere are in Latin America: Buenos Aires, which has a population of 3 million; Rio de Janeiro, with a population of 2,400,000; São Paulo, Brazil, with a population of 2,200,000; and Mexico City, also with a population of 2,200,000.

What is most significant, populationwise, is that while the world population is growing at the rate of approximately 1 percent a year, and the population of the United States is growing at the annual rate of 1.7 percent, the population of Latin America is growing at the rate of 2.5 percent. If the present rate of growth of Latin America continues, within 50 years the population of the countries of Latin America will outnumber the population of the countries of North America by more than 2 to 1—with 550 million people then residing in Latin America and about 250 million people residing in North America.

Mr. President, another factor of still greater importance is that much of the area of Latin America is now beginning to move from an underdeveloped status to a higher producing and consuming level.

If the United States and the other nations of the Western Hemisphere adopt and carry forward a program of mutual development of hemispheric natural resources, the hope for peace, prosperity, and happiness in the world will be immeasurably strengthened.

So, Mr. President, I believe this measure is most important and timely.

Again, I wish to congratulate the Senator from Indiana [Mr. CAPEHART], the Senator from South Carolina [Mr. MAYBANK], and all the other Members of the Banking and Currency Committee for bringing before the Senate this most necessitous piece of legislation when enacted it will put into effect and give meaning to the slogan of "trade, not aid." This measure is the first realistic, practical measure we have had at this session designed to strengthen the economic relationships of the United States with the other nations of the Western Hemisphere.

Mr. President, I hope the bill will be passed promptly and without difficulty.

Mr. MAYBANK. Mr. President, I most heartily concur in the remarks made by the distinguished chairman of the committee, the senior Senator from Indiana [Mr. CAPEHART], and also in the remarks made by the distinguished junior Senator from Florida [Mr. SMATHERS].

Since I have been a Member of the Senate, I have always been interested in the Export-Import Bank. I was somewhat disappointed in the reorganization plan of a little more than a year ago, which in my judgment did not do the Export-Import Bank any good, but at the time there were not sufficient votes in the Senate to defeat the plan.

The Senator from Indiana has now moved to correct that situation by bringing forward this bill which will provide a Board of Directors for the Export-Import Bank. The bill not only calls for an increase of $500 million in the authority of the Export-Import Bank to make loans, but also provides for insurance features. Moreover, it gives certain rights to the Board of Directors of the Export-Import Bank, who in the future will not be hampered by other Government agencies in the way that has occurred in the past. The bank will be free to make loans, perhaps on the basis of longer terms, in order to meet the competition confronted by American businessmen and manufacturers and to enable them to operate on a more favorable basis.

So, Mr. President, I wish to concur in what the Senator from Florida has said and, in fact, in what the President, himself, has said. I refer to the statement that this is a bill for "trade, not aid."

In this connection, let me remind the Senate of the requests which have been made of us by the foreign aid bill, which proposes to give away approximately $3,400,000,000. As a member of the Appropriations Committee, I realize that more than $9,760,000,000 of the funds previously made available have not yet been spent, including $2,500,000,000 of the foreign-aid appropriations which have been made in the last few years; and let me say that I am glad I did not vote for those appropriations. In fact, Mr. President, the spending of much of that money has not yet even been planned. Those of us who serve on the Appropriations Committee have been told that plans are now being made regarding how to spend the $2,500,000,000 of foreign-aid appropriations which are still unspent and unobligated. In addition, we are faced with the fact that the pending foreign-aid bill calls for appropriations of $3,400,000,000. Of

course, we have $1 billion in a give-away bill for Indochina, which has already collapsed.

I mentioned these things in order to emphasize the fact that this proposal is something tangible, something practical. This is what the President said he wanted—trade, not aid. I hope the business interests of the country and the governments of other countries will use the facilities of the bank for their benefit, for the benefit of humanity, and for the upbuilding of various countries throughout the world.

Mr. CAPEHART. Mr. President, before a vote is taken, let me say that the pending measure will promote the program of the President and of the Congress—a program of more trade and less aid. It is one of the most constructive pieces of legislation directed to that end. I am hopeful that there will be more constructive measures of this sort, whereby we can help through loans, and not aid.

My observation, after talking with representatives of many foreign countries, is that they are not interested in anything except loans. They are interested in trade. That is what we endeavor to promote by this bill.

We have before us at the moment a foreign mutual military-aid bill. I am hopeful that before we are through with that bill we can convert a few hundred million dollars of the requested funds into loans. For example, if we could loan the states of Indochina and the Middle East some money to put into factories and processing plants to provide jobs for their people to enable them to increase their own standard of living and promote trade among themselves, we could go a long way toward curing many of the problems of the world. If we are to cure the problems of the world, we shall have to do it through trade, through jobs. We cannot do it with guns. We cannot do it with the military.

I do not mean by that statement to intimate that we ought not to have a strong Military Establishment. We ought to remain strong, but in the final analysis, trade makes jobs; and jobs make trade. In the final analysis people will be happy or unhappy in direct proportion to their ability to obtain jobs and earn wages, or own businesses. I believe that we ought to spend more of our time in doing things which would promote trade, rather than to give away so much money.

Mr. FREAR rose.

Mr. CAPEHART. Does the Senator wish me to yield to him?

Mr. FREAR. I wish to make a very brief statement when the Senator has concluded.

Mr. CAPEHART. I am through.

Mr. President, I appreciate the kind remarks of the able Senator from Florida [Mr. SMATHERS] and the able Senator from South Carolina [Mr. MAYBANK].

Also I wish to take this opportunity to thank every member of the Senate Committee on Banking and Currency for the fine support which has been given me.

Mr. LEHMAN. Mr. President, as a member of the committee I heartily concur in the remarks which have been made today by the distinguished Senator from Florida [Mr. SMATHERS] and other Senators in appreciation of the work which has been done by the chairman and by the ranking minority member of the Committee on Banking and Currency.

I believe this bill is sound. I believe it will inevitably lead to greater trade between this country and other countries of the world, notably those in Latin America which should be our greatest friends. They depend upon us. In association with us, I am convinced that they will become a great factor in maintaining the peace and security of the world.

I congratulate the distinguished chairman.

Mr. CAPEHART. I thank the Senator.

Mr. FREAR. Mr. President, as has already been stated on the floor of the Senate, last fall certain members of the Senate Banking and Currency Committee, accompanied by a member of the House Banking and Currency Committee, made a trip to South America, in accordance with Senate Resolution 25, I believe. The able and lovable chairman of the Senate committee [Mr. CAPEHART] took advantage of every possible opportunity during that trip to obtain information from our Latin American neighbors. He studied the pros and cons of every question which arose. He talked with businessmen, laborers, and employers. He listened to almost anyone who sought his ear.

The able chairman of the committee returned and made his report. Today, he and the ranking minority member of the committee [Mr. MAYBANK] are sponsoring this bill before the Senate. It is a bill well worth the favorable consideration of this body.

Every cent of money expended by the Export-Import Bank goes into American channels. It is used for the purchase of American goods and services. The Export-Import Bank is not like the International Bank for Reconstruction and Development, which can use its money in any place in the world. As a result of the dollars which the bank loans the pocketbooks and bank accounts of American corporations and individuals will be benefited, and at the same time the economic level of our Latin American neighbors will be raised. When their standard of living is raised—and, as I have indicated, this measure will prove of great assistance in that direction—they will be stronger allies of ours. The security of the Western Hemisphere will be increased. Although this is not a direct appropriation for the Defense Department, certainly indirectly it will play a great part in maintaining the security of our country.

I congratulate the able chairman of the committee, and also the ranking minority member, for all they have done in bringing this bill to the floor of the Senate. It is concise, and is drafted in language which can be understood by everyone. I know that it will be passed by the Senate.

Mr. CAPEHART. Mr. President, the able Senator from Delaware [Mr. FREAR] was a member of our group which went to Latin America and visited 15 countries. He was with us every day, and was just as much responsible as was the chairman for all the meetings which were held, and for the hard work which was done in trying to bring out the facts.

Mr. FREAR. I appreciate the very kind remarks of the Senator from Indiana.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3589) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 3 of the Export-Import Bank Act of 1945, as amended, is hereby further amended to read as follows:

"SEC. 3. (a) The Export-Import Bank of Washington shall constitute an independent agency of the United States and neither the bank nor any of its functions, powers, or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide.

"(b) There shall be a President of the Export-Import Bank of Washington, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, who shall receive a salary at the rate of $17,500 per annum, and who shall serve as chief executive officer of the bank. There shall be a first vice president of the bank, who shall be appointed by the President of the United States by and with the advice and consent of the Senate, who shall receive a salary at the rate of $16,000 per annum, who shall serve as president of the bank during the absence or disability of or in the event of a vacancy in the office of president of the bank, and who shall at other times perform such functions as the president of the bank may from time to time prescribe.

"(c) There shall be a board of directors of the bank consisting of the president of the Export-Import Bank of Washington who shall serve as chairman, the first vice president who shall serve as vice chairman, and three additional persons appointed by the President of the United States by and with the advice and consent of the Senate. Of the 5 members of the board, not more than 3 shall be members of any one political party. Each director, other than the president of the Export-Import Bank and the vice president of the Export-Import Bank, shall receive a salary at the rate of $15,000 per annum. Before entering upon his duties, each of the directors shall take an oath faithfully to discharge the duties of his office. Terms of the directors shall be at the pleasure of the President of the United States, and the directors, in addition to their duties as members of the board, shall perform such additional duties and may hold such other offices in the administration of the bank as the president of the bank may from time to time prescribe. A majority of the board of directors shall constitute a quorum. The board of directors shall adopt, and may from time to time amend, such bylaws as are necessary for the proper management and functioning of the bank, and shall, in such bylaws, designate the vice presidents and other officers of the bank and prescribe their duties.

"(d) There shall be an Advisory Committee of nine members, appointed by the board of directors on the recommendation of the president of the bank, who shall be broadly

representative of production, commerce, finance, agriculture, and labor. The Advisory Committee shall meet one or more times per year, on the call of the president of the bank to advise with the bank on its program. Members of the advisory committee shall be paid a per diem allowance of $50 for each day spent away from their homes or regular places of business, for the purpose of attendance at meetings of the committee, and in necessary travel, and while so engaged they may be paid actual travel expenses and not to exceed $10 per diem in lieu of subsistence and other expenses.

"(e) No director, officer, attorney, agent, or employee of the bank shall in any manner, directly or indirectly, participate in the deliberation upon or the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association in which he is directly or indirectly personally interested."

SEC. 2. Section 4 (a) of the Bretton Woods Agreements Act, as amended, is hereby further amended by striking out all following "Federal Reserve System," and inserting in lieu thereof "the president of the Export-Import Bank of Washington, and during such period as the Foreign Operations Administration shall continue to exist, the Director of the Foreign Operations Administration."

SEC. 3. The Export-Import Bank Act of 1945, as amended, is hereby further amended as follows:

(a) Section 6 is amended by striking out the words "three and one-half times the authorized capital stock of the bank" and substituting therefor the figure "$4,000,000,000."

(b) Section 7 is amended by striking out the words "four and one-half times the authorized capital stock of the bank" and substituting therefor the figure "$5,000,000,000."

SEC. 4. The provisions of this act for the appointment of a president and a first vice president of the bank and the members of the board of directors shall be effective upon its enactment. The remaining provisions of this act shall become effective when the president and first vice president of the bank and one other member of the board of directors initially appointed hereunder enter upon office, and shall thereupon supersede Reorganization Plan No. 5 of 1953.

MULTIPLE MINERAL DEVELOPMENT

Mr. MARTIN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. UPTON in the chair). Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1620, Senate bill 3344.

The PRESIDING OFFICER. The Secretary will state the bill for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3344) to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to, and the Senate proceeded to consider the bill.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY LEASE-PURCHASE CONTRACTS — CONFERENCE REPORT

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6342) to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts, to extend the authority of the Postmaster General to lease quarters for post-office purposes, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to, and the Senate proceeded to consider the report.

Mr. MARTIN. Mr. President, the purpose of this bill (H. R. 6342) is to provide for the acquisition of title to real property and construction of public buildings by the Administrator of General Services and the Postmaster General through purchase-contract agreements, and for term-lease agreements for the accommodation of activities of the Federal Government. It provides a supplemental method of securing building space which would be used only in accordance with specified conditions and criteria.

When this bill was passed by the House of Representtaives it contained provisions which constituted a broad delegation of legislative authority to the executive department with respect to obtaining buildings for activities of the Federal Government.

After considering those provisions, the Committee on Public Works recommended certain restraints upon this broad delegation of authority. The Senate accepted these restraints and added further amendments of a restrictive nature. As passed by the Senate, the bill fulfilled its original objective of providing a supplemental method of obtaining Federal building space but only under certain specified criteria and with adequate safeguards to preserve the legislative responsibilities with respect to authorizations for Federal buildings.

Under the agreement recommended by the conferees, the substance of all of the Senate amendments is retained in the act. Many of the Senate amendments are agreed to in their entirety. Other Senate amendments are modified for purposes of clarification.

Mr. President, the report was printed in the RECORD on pages 8877–79, of June 24, and I presume that Senators have read it. Therefore I shall not read the whole report. However, it provides a limitation of 3 years, and during the first year provides a limitation on expenditures by the Post Office Department of $3 million, and by the General Services Administration of $5 million. First, the proposals must be approved by the Bureau of the Budget, setting forth the cost, the amount, the length of the lease, and figures of that kind. Then the proposals are referred to the Public Works Committees of the House and the Senate. It seems to me that the bill has been very carefully safeguarded. It will provide an opportunity to construct post office buildings and other buildings which the Federal Government needs at this time. We have not built any post offices in the United States for a period of 15 years.

The Senator from South Dakota [Mr. CASE], the Senator from California [Mr. KUCHEL], and the Senator from Florida [Mr. HOLLAND], who have done so much work not only in the hearings on the bill before the Committee on Public Works, but in the conference, and I will be very glad to answer any questions that any Senator may wish to propound. I believe it would be better to proceed in that way than for me to read the complete report, which is already printed in the RECORD.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. MARTIN. I yield.

Mr. BYRD. Unfortunately, I have just come into the Chamber, and I did not hear everything the Senator has said. As I understand, the conferees accepted practically all the Senate amendments. Is that correct?

Mr. MARTIN. They accepted practically all the Senate amendments. There was some clarifying language added, but it does not disturb the meaning of the amendments added by the Senate.

Mr. BYRD. The provision requiring approval by the Bureau of the Budget was rewritten, but it is practically in the same language as before. Is that correct?

Mr. MARTIN. It is in the same language, approximately. Certain constitutional questions were brought up, which we did not feel had much merit.

Mr. BYRD. Every agreement must have the approval of the Bureau of the Budget, as I understand.

Mr. MARTIN. It must have the approval of the Bureau of the Budget. In fact, the Director of the Budget must make a recommendation that the building is needed and furnish information concerning the length of the lease, and so forth. Then the recommendation is passed on by the Public Works Committees of both the House and the Senate. There is a limitation of 3 years on the amount of money, namely, the first year, $3 million for the Post Office Department, and $5 million for the General Services Administration.

Mr. BYRD. I thank the Senator from Pennsylvania.

Mr. CASE. Mr. President, will the Senator from Pennsylvania yield?

Mr. MARTIN. I yield.

Mr. CASE. Mr. President, for purposes of the RECORD and in elaboration of the answer which has already been given by the distinguished chairman of the committee to the Senator from Virginia [Mr. BYRD], I should like to point out the process provided by the conference agreement in relation to getting the approval of the Senate and House Committees on Public Works.

In the bill as it passed the Senate, following a prolonged debate, as Senators

will remember, the big issue was the question of an administrative agency coming into agreement with the Committees on Public Works regarding lease-purchase contracts. The conference report eliminates reference to the contracts as such. The action of the committees will be as to projects rather than contracts of agreement. It may amount to the same thing, but there is some difference, because the committees are not required to pass upon particular contracts. It was on that point that the strongest arguments were made by those who feared that some constitutional questions might be involved. The procedure is that the proposed project will be submitted to the Committees on Public Works, and those committees, and through them, the Congress, will retain the right to authorize or not to authorize projects.

At the present time, in the absence of any legislation on the subject, no project can be entered upon by an administrative agency of the Government for the purchase of real estate or the construction of buildings involving the purchase of real estate, except by an authorizing act of the Congress.

This bill retains the authorization power in the hands of the Congress by providing that funds shall not be appropriated by the Congress unless they are based upon a list of eligible projects which has been reviewed by the appropriate committees. It is the belief of the conferees that an appropriation to make rents or rental moneys available for the payment of lease-purchase agreements would not be in order on an appropriation bill if they related to projects which had not been previously established on an eligible list. The conference bill avoids the constitutional question which was raised during the time the measure was under consideration by the Senate, for it does not require the agencies of the Government to submit agreements to the Congress, but they will submit their proposals for authorization, so to speak, by the inclusion on an eligible list, if the appropriate committees of the House and Senate agree.

There is retained in the conference agreement the several provisions which were hammered out in the Senate during the extended debate on the bill, namely, the provisions for detailed information on proposed projects. The approval of the Bureau of the Budget must be included in the data submitted by the General Services Administration or the Postmaster General. The approval of the Bureau of the Budget must be one of the certificates submitted to the Congress. Then there follows a long list of detailed information about the projects provided for in an amendment submitted on the floor of the Senate. So that when the record is complete, we shall not have given any blank checks to any agency of the Government to engage in an unlimited commitment of the Government for monthly payments for rentals or for retiring the principal cost of the buildings.

So, Mr. President, we think we have presented to the Congress a sound piece of legislation. There is a limitation on the time in which eligible lists may be established that will insure review of the Congress.

Mr. President, I wish to commend the diligent work of the junior Senator from California [Mr. KUCHEL] and of the Senator from Florida [Mr. HOLLAND] because of their very careful work during the time the bill was under review by the Senate Committee on Public Works. During the debate the Senator from Virginia [Mr. BYRD] and the Senator from Delaware [Mr. WILLIAMS] raised questions which received serious consideration by the members of the committee at the time the bill was before us.

The bill represents a major piece of legislation. When the record of this Congress is written, I am confident that the authorization here created to provide a public-buildings program, both for general office buildings and for post offices, will be listed among the notable achievements of this Congress. We present the conference report today with full confidence that it embodies a measure which will be useful in the 3 years immediately ahead and which will lay the foundation for constructive, forward-looking, long-range legislation for handling the office problems of the United States Government.

Mr. HOLLAND. Mr. President, will the Senator from Pennsylvania yield?

Mr. MARTIN. I yield.

Mr. HOLLAND. Mr. President, I am sure every Senator realizes that this act is a distinct departure. Certainly the committee members who handled it in the beginning made no pretense that it was not and the conferees now state that the act will be a real departure from earlier practices. The fact of the matter is that the Congress finds itself so overwhelmed with details that it has become increasingly impossible to handle, in the antiquated fashion, special authorizations of the many, many building projects which are now required because of the present size of this Nation.

So, Mr. President, the legislation is experimental. The conference report contains one feature which has already been mentioned, and which was not contained in either the House bill or the Senate bill, which holds the measure to an experimental period of 3 years and points up the fact that the Congress in passing this legislation knows it is truly an experiment which it hopes will succeed, and which it retains the right to review and either continue or completely discontinue after 3 years of trial. Unless Congress acts affirmatively at the end of 3 years, in accordance with this provision in the report, the experiment will come to an end.

Mr. President, the distinguished chairman of the Public Works Committee and the Senator from South Dakota have both stated what is a fact—that nearly all the Senate amendments were preserved intact. The conference report filed by the conferees of the House and appearing in the RECORD shows that to be true, and shows clearly the few changes which were made in the Senate bill, one of which I have already mentioned, namely, the 3-year limitation. That is something new, which appeared for the first time in the conference.

The other two principal changes made in the Senate bill are, first, the one which seeks to substitute a new method of authorization for that which has heretofore prevailed as a part of the legislative process. Senators will recall that when the bill was passed by the Senate it contained a provision which would have granted to the committees of the two Houses the power to have submitted to them the plans and projects of executive agencies for their approval. Their agreement to any proposed project was a condition precedent to any further action taken thereon.

By whatever name it may be called, that procedure was a kind of veto upon the executive in its activities in carrying out the provisions of the act. Lawyers objected to that provision as being unconstitutional. As to the soundness of their objection, the courts alone could say. But certainly there is some substance to the objection.

So the conference report carries out the same intent as effectively as did the Senate bill, by requiring that, as a legislative procedure, any plan or any project, to become a part of the whole operation under this act, before any appropriations for use in the project are ever made, must have been submitted to and approved by the appropriate committees of the two Houses. For the first time, at least, so far as I know, authorization by the two committees will become a condition precedent to the inclusion of that item as such, or of a general item including that and other items, in an appropriation bill. Any efforts to bypass this requirement can be made the subject of a point of order. I shall read into the RECORD three sentences from the statement of the Managers on the part of the House, because they so clearly state the situation:

> Under the new conference language, committee approval must be obtained before the necessary funds can be appropriated. If an appropriation should be proposed without committee approval, such appropriation would be subject to a point of order. Although the conferees feel that such a proposal would not be made, it is their intent and understanding that a point of order can be made and sustained against appropriations for projects lacking committee approval.

I may say that the Parliamentarians of the two Houses have been checked on the matter, and the conferees were advised that this was correct procedure, and that a point of order could properly be made and sustained under the procedure which is established by the bill.

The other real departure in the conference report from the Senate bill—and the only other substantial departure—is one which raises the size of the program for the first year. In the case of the General Services Administration part of the program, the amount is raised from $4 million to a maximum of $5 million.

In the case of the Post Office Department part of the project, the amount is raised from a maximum of $1 million to a maximum of $3 million.

The conferees felt that that was not only in line with the program, but was advantageous, in view of the 3-year re-

striction, which means that a real beginning can be made at once, and the 3 years will reflect a better period of trial than would be the case if the operation got under way more slowly, as was contemplated by the Senate at the time of the passage of the Senate bill.

Without further laboring the question, I merely wish to remind the Senate that the conference report is unanimous. The opinions of the conferees were by no means unanimous when we began the conference but the proposal marks, I think, a rather constructive working out of the ideas of the House and the ideas of the two groups within the Senate, who were striving to achieve something workable in this field, which would relieve Congress of some of the details while, at the same time, not releasing too greatly the powers or the responsibilities of Congress.

Mr. CASE. Mr. President, will the Senator yield?

Mr. HOLLAND. I am glad to yield to the Senator from South Dakota.

Mr. CASE. When the Senator from Florida is mentioning the difficulties and the labors of the committee of conference, I wish to pay tribute to the patience and diplomatic ability of the chairman of the Committee on Public Works, the distinguished Senator from Pennsylvania [Mr. MARTIN].

I think the Senator from Florida will agree with me that although the committee of conference began its work with many points of possible dispute and difference, it was in part, at least, due to the genial disposition, patience, and kindly attitude of the distinguished Senator from Pennsylvania that an agreement was reached.

Mr. HOLLAND. That is certainly true; and I may say that the same observation could be made of the distinguished Senator from South Dakota [Mr. CASE] and the chairman of the House group of conferees, who is also chairman of the Committee on Public Works of our sister body, who also had very definite convictions in the matter.

I think the entire conference was a constructive one, and that definitely useful results were accomplished. Certainly that is the hope and belief of all the conferees.

Mr. KUCHEL. Mr. President, when, approximately a year ago, the Committee on Public Works first began to grapple with the problems of formulating lease-purchase legislation, it studied as a point of departure the three ways by which a public agency acquires the necessary space in which to house its many activities. The first is the outright purchase of property. That type of acquisition, Mr. President, has not been engaged in by the Government of the United States for about a decade and a half. The reason, I think, is quite obvious. The fiscal situation and the difficulties, money-wise, which the Government has encountered in the past 15 years have prevented Congress from making appropriations for the construction of new buildings.

A second way in which space has been historically acquired by the Government has been upon a rental or a lease basis. I think the members of the Committee on Public Works were considerably impressed by the fact that there have been instances when the Government has paid rent on specific buildings for as long as a half century. Obviously, at the end of the 50 years, the Government had nothing to show for its periodic payments of money which had been made. That, I think, has been a real loss. Throughout such extended periods of payment, no equity in the properties has been created in the Goverment.

The third means by which the Government can acquire the space necessary to conduct its operations is through what has been termed a lease-purchase contract, an arrangement known to millions of American families and individuals. It is a method of purchase, by installment payments, of the great majority of homes in which the families of America live.

So it seemed from the very beginning—and I think I can say that there was considerable agreement in the committee—that Congress might well consider the adoption of a proper type of lease-purchase legislation, so that the Government would be able to acquire an equity in the property which it was using, by means of the installment payments, monthly or quarterly, of moneys necessary to continue the occupancy of the buildings.

But it seemed, also, that there appeared a considerable number of hazards in giving to any Federal agency a clear, untrammeled power to enter into lease-purchase agreements wholesale, across the entire breadth of the land. I think that from the very beginning the distinguished Senator from Pennsylvania [Mr. MARTIN], the able chairman of the Public Works Committee, and also the members of the committee from both sides of the aisle, were in firm agreement that Congress ought to reserve to itself, perhaps through the Committees on Public Works of the Senate and the House, some restrictions upon an otherwise untrammeled authority, which was evidenced in the bill as it came from the House of Representatives.

When the bill reached the floor of the Senate, some Members in good faith believed, for constitutional reasons or reasons of policy, that there should be no congressional restraints upon this broad delegation of authority in the bill. On the floor of the Senate the question was debated whether Congress should continue, as the bill indicated it would continue, to maintain an authority over the types of lease-purchase agreements to be entered into, or whether, to the contrary, it should, in wholesale fashion, delegate the authority to enter into lease-purchase agreements to the General Services Administration and the Post Office Department?

The Senate demonstrated conclusively its views upon that question when, by a vote of 60 to 8, it determined that Congress, and the appropriate committees of Congress, should continue to have, a responsibility to determine whether lease-purchase agreements would be or would not be entered into. That responsibility, in acceptable language, remains in the conference report.

The distinguished Senator from South Dakota [Mr. CASE], the able Senator from Delaware [Mr. WILLIAMS], and the distinguished Senator from Virginia [Mr. BYRD] recommended that contractual standards be written into the bill, and the members of the committee were happy to work with them in the preparation of the amendment along that line.

In addition to that, as the distinguished Senator from Florida [Mr. HOLLAND] has suggested, there is also in this proposed legislation the requirement that the Bureau of the Budget itself shall determine whether in each instance a proposed lease-purchase contract will fit into the pattern of things, moneywise, so far as the administration is concerned.

We accomplished one more thing in which I think the people of the country will be interested. We wrote into the bill the provision that, when payments are made by the Government to the individual who is constructing the building and selling it to the United States, and during the entire lifetime of the contract, ad valorem taxes will be paid not only to the community in which the building is located, but also to the county, and to the State as well, in a State where an ad valorem real property tax is in effect. I am a firm adherent to the doctrine that in lieu tax payments should be made by the Federal Government where the burden of large Federal holdings is imposed upon communities.

Until the time comes, and I hope it may be soon, Mr. President, when dwindling local tax bases will not face Federal governmental encroachment, the provisions of this bill will be helpful to the local taxpayer. Until Congress passes legislation to assist American cities as expanded Federal activities bite off great chunks from local tax rolls, we have here a good provision.

The average lease-purchase contract will run, I suppose, 10 years or more; and during that time the property involved will continue to support local government. Meanwhile, I believe broad gage in-lieu tax legislation will have been enacted by the Congress.

So I am confident that we may honestly say that in the proposed legislation, a forward step has been taken, and a modern technique of business has been given to the Federal agencies involved, to enable them to acquire necessary space to house the activities of the Government. This is the same basis of up-to-date procedure which well-managed business employs.

I should like to comment briefly on one more aspect. The bill represents an arrangement which will remain in effect for three years. Out in the open for all those interested to observe, for all in the Government and out of the Government to scrutinize, a record will be made upon which it can then be determined whether this type of legislation should become permanent. If the General Administration Services and the Post Office Department move vigorously, I am sure we will learn before the trial period is over that this plan will solve

problems of governmental agencies as it does for individuals.

It is a fine thing for one such as I, a Member of the Senate for only a short time, to observe the processes by which a bill can be strengthened and safeguarded, all in the public interest, and which, when finally passed, presents to the agencies of the Government a new opportunity, by using good business judgment, to acquire in the towns and communities of America buildings which are necessary to enable the public business of the Government of the United States to be properly conducted.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to the Senator from Mississippi.

Mr. STENNIS. For the record made on the bill, I think a Senator who is not a member of the conference committee should say a word of commendation for the very fine work which the members of that committee have done with reference to the bill. I am a member of the Senate Committee on Public Works, and I have confessed that the bill came to the floor of the Senate in such form that, after some of the defects were exposed, we did not have as much pride in it as we had theretofore.

This is one instance in which the junior Senator from Mississippi thinks a bill was greatly improved and strengthened on the Senate floor. The bill then went to the conference committee. I was not a member of that committee, but I did, as a substitute, attend one of its meetings in the beginning. It seemed like it was impossible for the members ever to reach a common basis of understanding as a result of which a bill could emerge, much less to have a unanimous report. Because of the very fine work of the competent men who composed the conference group, I think we now have before us a bill which is stronger than it was when it went to conference—stronger by far—and which at the same time retains the principles and the substance contained in the amendments adopted by the Senate, which improved the bill as reported by the committee.

I think a word should be said about the fine work of the Senator from Virginia [Mr. BYRD]. The proposal made by him was a sound one and strengthened the bill, and time will prove the wisdom of his position. Other Senators joined, of course, in his proposal, but, with his usual thoroughness, he presented his proposal on the floor of the Senate, and it was accepted. As a result, I think the bill has been greatly strengthened.

I certainly hope time will prove, as has been stated by the Senator from California, that this arrangement will be an improvement over the old system. The bill presents great possibilities. Congress still has control.

I wish again to commend the conferees and all those who contributed to the provisions of the bill, and express the hope that it will be workable, sound legislation.

Mr. KUCHEL. I should like to say, in answer to the distinguished Senator from Mississippi, that I well recall several instances in which he contributed in great part to the improvement of the proposed legislation. I remember specifically the question whether the Congress should continue to control the decisions which would be made by the Government agencies, that it was his argument which went a long way in the Senate Committee on Public Works toward keeping before the committee the provision on that aspect which is now in the bill. I thank the Senator from Mississippi, along with my other colleagues, the distinguished chairman of the committee, the Senator from Pennsylvania [Mr. MARTIN], the Senator from Florida [Mr. HOLLAND], and the Senator from South Dakota [Mr. CASE]. All of them deserve high praise for their diligent efforts, which resulted in an excellent piece of legislation.

As the Senator from Mississippi has suggested, other distinguished Members of the Senate who are not members of the committee should also be commended. I have in mind the senior Senator from Virginia [Mr. BYRD], who took part in making additional recommendations in the nature of safeguards so far as the public interest is concerned.

Mr. LONG. Mr. President, will the Senator yield?

Mr. KUCHEL. I yield to the Senator from Louisiana.

Mr. LONG. I wish to congratulate the distinguished Senator from California [Mr. KUCHEL] for the fine work he has done on the bill, and also to commend the Senator from Florida [Mr. HOLLAND] for what he did, as well as to thank the other members of the committee and the conferees who have worked out the compromise which is now before the Senate.

It seems to me the conference succeeded in finding a device whereby the committees can very properly keep an eagle eye on the way the post-office leases are handled, in order to make sure that there will not be a repetition of the kind of scandals which took place under section 608 of the Housing Act. I think a very good device has been found under which Congress and the appropriate committees will have an opportunity to examine into the lease-purchase contracts, and make sure they are in the public interest when it is necessary that contracts be entered into for the construction of post offices.

Mr. KUCHEL. If I may for a moment speak for all my brethren on the committee, I wish to express our thanks for the comments which the Senator has made. And the Senator from Louisiana is completely right when he says the bill is in the public interest. The conference bill provides for a complete disclosure of all contracts for post offices and other governmental buildings which it is contemplated will be entered into by the two Government agencies.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. KUCHEL. I am happy to yield to the distinguished Senator from Kansas.

Mr. CARLSON. I, too, wish to express my appreciation to the members on the Committee on Public Works, to the subcommittee, and to the conference committee, for the work they did on the bill. As the distinguished Senator from California, the distinguished Senator from Florida, and other Senators who worked on the bill very diligently, may know, I was somewhat concerned, because we were entering a new field, that legislation would be proposed which would prove to be ineffective.

I wish to say that I am greatly pleased with the conference report which has been returned. The bill provides the Government with an opportunity now to construct buildings throughout the Nation under lease-purchase contracts, and instead of paying rentals for literally hundreds of years, the Government, in a matter of years, will own the buildings. That is a program which is new.

I think the committee is entitled to the thanks of the Congress and the people of the country. I am aware of the crosscurrents and concerns encountered during the writing of the proposed legislation.

I am happy to appear in the Senate this afternoon and express my delight and my sincere thanks to the members of the committee for the work they have done on the bill, because I know that in the future the Government will receive value for the money it spends for the buildings contemplated under the bill. I can speak from experience as a former Governor of Kansas, where there is in operation a plan similar to the one now proposed for the Federal Government. I can inform the Senate that in Kansas the plan is working very well.

We are indebted to the chairman of the subcommittee, the Senator from California [Mr. KUCHEL], and to the chairman of the full committee.

Mr. KUCHEL. I am sure I speak for every member of the subcommittee and the full committee in expressing my thanks for the generous comments of the Senator.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

Mr. MARTIN. Mr. President, following adoption of the conference report, I wish to express my appreciation of the excellent work done by the subcommittee having the bill under consideration. The bill has been considered for almost 1 year. It represents a complete departure from anything the United States Government has previously undertaken.

Personally, I think the bill provides sufficient safeguards, and that it will work to the advantage of the American people.

At this time I wish to thank the chairman of the subcommittee, the junior Senator from California [Mr. KUCHEL], and also the Senator from South Dakota [Mr. CASE], and the Senator from Florida [Mr. HOLLAND], all of whom devoted many hours and earnest efforts to the formulation of the bill. I also wish to thank the other Senators who, when the bill came to the floor of the Senate, helped work out the amendments and devoted a great deal of time and effort to their consideration. I also wish to express my profound appreciation and thanks to the Senate Members and also the House Members of the committee of conference. All of them worked dili-

gently toward the sole end of preparing a bill which would contain proper safeguards and also provide for accomplishing the desired results.

Mr. President, at this time I wish to state that the Senator from Washington [Mr. MAGNUSON] was in opposition to the bill. If he were now on the floor, I believe he might wish to express his opposition to the bill. Last night he told me that at this time he would not do anything except express his opposition. In fairness to him, I think that statement should be made.

CONSTRUCTION OF CERTAIN PUBLIC BUILDINGS BY PURCHASE CONTRACTS—CORRECTIONS IN ENROLLMENT OF BILL

The PRESIDING OFFICER (Mr. UPTON in the chair) laid before the Senate House Concurrent Resolution 251, which was read as follows:

Resolved by the House of Representatives (the Senate concurring), That in the enrollment of the bill H. R. 6342 entitled "An act to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes," the Clerk of the House is authorized and directed to make the following corrections:

At the end of the matter inserted in lieu of that proposed by the amendment of the Senate numbered 1 insert a period in lieu of the semicolon.

In the matter inserted in lieu of that proposed by the amendment of the Senate numbered 5 insert quotation marks before each of the eight parenthetical numerals, and at the end of such matter insert a period in lieu of the semicolon.

At the end of the matter inserted in lieu of that proposed by the amendment of the Senate numbered 15 insert a period in lieu of the semicolon.

At the end of the matter inserted in lieu of that proposed by the amendment of the Senate numbered 17 insert a period in lieu of the semicolon.

At the end of the matter inserted in lieu of that proposed by the amendment of the Senate numbered 19 insert a comma in lieu of the semicolon.

Mr. MARTIN. Mr. President, I ask unanimous consent for the present consideration of the concurrent resolution.

There being no objection, the concurrent resolution (H. Con. Res. 251) was considered and agreed to.

MULTIPLE MINERAL USE OF PUBLIC LANDS

The Senate resumed the consideration of the bill (S. 3344) to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes.

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. BEALL in the chair). The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the first committee amendment.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the committee amendments be agreed to en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The amendments agreed to en bloc are as follows:

On page 4, at the beginning of line 6, to strike out "February 10, 1954" and insert "December 11, 1953"; on page 5, line 20, after the word "tract", to insert "then available for such leasing"; on page 8, line 7, after the word "leasing", to strike out "law" and insert "laws"; on page 11, line 22, after the word "as", to strike out "he" and insert "the Secretary"; in line 24, after the word "lease", to insert "provided expressly, that not less than ninety days prior to the filing of such request for publication there shall have been filed for record in the county office of record for the county in which the lands covered thereby are situate a notice of the filing of such application or offer or of the issuance of such permit or lease which notice shall set forth the date of such filing or issuance, the name and address of the applicant, offeror, permittee or lessee and the description of the lands covered by such application, offer, permit or lease"; on page 12, line 9, after the word "by", to insert "a certified copy of such recorded notice and"; after line 24, to insert:

"The filing of such request for publication shall also be accompanied by the certificate of a title or abstract company, or of a title abstractor, or of an attorney, based upon such company's abstractor's, or attorney's examination of the instruments affecting the lands involved, of record in the public records of the county in which said lands are situate as shown by the indices of the public records in the county office of record for said county, setting forth the name of any person disclosed by said instruments to have an interest in said lands under any unpatented mining claim heretofore located, together with the address of such person if disclosed by such instruments of record."

On page 14, at the beginning of line 1, to insert "heretofore located"; on page 15, line 17, after the word "be", to strike out "sent" and insert "mailed"; on page 15, line 22, after "section 7," to insert "and shall cause a copy of such notice to be mailed by registered mail to each person whose name and address is set forth in the title or abstract company's or title abstractor's attorney's certificate filed as aforesaid, as having an interest in the lands described in said notice under any unpatented mining claim heretofore located, such notice to be directed to such person's address as set forth in such certificate"; on page 16, at the beginning of line 8, to insert "heretofore located"; on page 17, line 19, after the word "claim", to insert "heretofore located"; on page 19, after line 23, to strike out:

"SEC. 9. Notwithstanding the provisions of the Atomic Energy Act, and particularly section 5 (b) (7) thereof, or the provisions of the act of August 12, 1953 (67 Stat. 539), and particularly section 3 thereof, any mining claim, whether heretofore or hereafter located under the mining laws of the United States, for, or based upon a discovery of a mineral deposit which is a fissionable source material and which, except for the possible contrary construction of the Atomic Energy Act, would have been or would be locatable under such mining laws, shall be valid and effective in all respects to the same extent as if said mineral deposit were a locatable mineral deposit other than a fissionable source material. Notwithstanding the provisions of said section 5 (b) (7) of the Atomic Energy Act no mining claim heretofore or hereafter located under the mining laws of the United States shall be subject to, and no mineral patent hereafter issued shall contain, a reservation to the United States of fissionable source material, but the United States, its agents or representatives, shall have the right at any time to enter upon the land to prospect for, mine and remove fissionable source material upon making just compensation for any damage or injury occasioned thereby: *Provided*, That no such right of entry shall be exercised unless the Atomic Energy Commission shall have determined that the security needs of the United States require emergency production of fissionable source materials: *Provided further*, That the amounts to be paid to the owners of rights under any such mining claim for any fissionable source material so mined and removed by the United States, its agents or representatives, shall be such amounts as the Commission in its discretion deems to be fair and reasonable."

On page 21, after line 4, to insert:

"SEC. 9. Notwithstanding any previous act, regulation, or decision, the reservation of minerals in lands withdrawn from the public domain for mineral purposes by Executive order, proclamation, or other administrative procedure shall be applicable only to those minerals and for the purposes expressed in said Executive order, proclamation, or other administrative procedure. The Secretary of the Interior shall retain the power and authority to dispose of other leasable minerals in said lands by leasing procedures applicable to the public domain. This section shall become effective April 1, 1955."

On page 21, after line 15, to insert:

"SEC. 10. The Atomic Energy Act is hereby amended as follows:

"(a) Section 5 (b) (5) is revised to read:

"'(5) Acquisition: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to purchase, take, requisition, condemn, or otherwise acquire—

"'(A) supplies of source materials or any interest in real property containing deposits of source materials; and

"'(B) rights to enter upon any real property deemed by it to have possibilities of containing deposits of source materials and to conduct prospecting and exploratory operations for such deposits.

Any purchase made under this paragraph may be made without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) upon certification by the Commission that such action is necessary in the interest of the common defense and security, or upon a showing that advertising is not reasonably practicable, and partial and advance payments may be made thereunder. The Commission may establish guaranteed prices for all source materials delivered to it within a specified time. Just compensation shall be made for any property or interest in property taken, requisitioned, or condemned under this paragraph.'

"(b) Section 5 (b) (6) is revised to read:

"'(6) Operations on lands belonging to the United States: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to issue leases or permits for prospecting for, exploration for, mining, or removal of deposits of source materials (or for any or all of these purposes) in lands belonging to the United States.'

"(c) Section 5 (b) (7) is revised to read:

"'(7) Public lands: No individual, corporation, partnership, or association, which had

any part, directly or indirectly, in the development of the atomic bomb project, may benefit by any location, entry, or settlement upon the public domain made after such individual, corporation, partnership, or association took part in such project, if such individual, corporation, partnership, or association, by reason of having had such part in the development of the atomic bomb project, acquired confidential official information as to the existence of deposits of such uranium, thorium, or other materials in the specific lands upon which such location, entry, or settlement is made, and subsequent to the date of the enactment of this act made such location, entry, or settlement or cause the same to be made for his, or its, or their benefit. In cases where any patent, conveyance, lease, permit, or other authorization has been issued, which reserved to the United States source materials and the right to enter upon the land and prospect for, mine, and remove the same, the head of the department or agency which issued the patent, conveyance, lease, permit, or other authorization shall, on application of the holder thereof, issue a new or supplemental patent, conveyance, lease, permit, or other authorization without such reservation.'

"(d) Notwithstanding the provisions of the Atomic Energy Act, and particularly section 5 (b) (7) thereof, prior to its amendment hereby, or the provisions of the act of August 12, 1953 (67 Stat. 539), and particularly section 3 thereof, any mining claim, heretofore located under the mining laws of the United States, for, or based upon a discovery of a mineral deposit which is a fissionable source material and which, except for the possible contrary construction of said Atomic Energy Act, would have been locatable under such mining laws, shall, insofar as adversely affected by such possible contrary construction, be valid and effective, in all respects to the same extent as if said mineral deposit were a locatable mineral deposit other than a fissionable source material."

On page 24, line 12, to change the section number from "10" to "11"; on page 25, line 10, after "(60 Stat. 755)", to strike out "and all heretofore enacted acts which are amendatory of or supplementary to said act" and insert "as amended"; in line 16, after "5 (b)", to strike out "(7)" and insert "(1))"; in line 18, after the word "States", to strike out "'uranium lease application' shall mean an application for a uranium lease filed with said Commission pursuant to the provisions of its Domestic Uranium Program Circular 7 (10 C. F. R. 60.7); 'uranium lease' shall mean a uranium mining lease issued by said Commission pursuant to the provisions of said Circular" and insert "'uranium lease application' shall mean an application for a uranium lease filed with said Commission with respect to lands which would be open for entry under the mining laws except for their being lands embraced within an offer, application, permit, or lease under the mineral leasing laws or lands known to be valuable for minerals leasable under those laws; 'uranium lease' shall mean a uranium mining lease issued by said Commission with respect to any such lands"; and on page 26, line 8, to change the section number from "11" to "12", so as to make the bill read:

"*Be it enacted, etc.*, That, (a) subject to the conditions and provisions of this act and to any valid intervening rights acquired under the laws of the United States, any mining claim located under the mining laws of the United States subsequent to July 31, 1939, and prior to February 10, 1954, on lands of the United States, which at the time of location were—

"(1) included in a permit or lease issued under the mineral leasing laws; or

"(2) covered by an application or offer for a permit or lease which had been filed under the mineral leasing laws; or

"(3) known to be valuable for minerals subject to disposition under the mineral leasing laws,

shall be effective to the same extent in all respects as if such lands at the time of location, and at all times thereafter, had not been so included or covered or known: *Provided, however*, That, in order to be entitled to the benefits of this act, the owner of any such mining claim located prior to January 1, 1953, must have posted and filed for record, within the time allowed by the provisions of the act of August 12, 1953 (67 Stat. 539), an amended notice of location as to such mining claim, stating that such notice was filed pursuant to the provisions of said act of August 12, 1953, and for the purpose of obtaining the benefits thereof: *And provided further*, That, in order to obtain the benefits of this act, the owner of any such mining claim located subsequent to December 31, 1952, and prior to February 10, 1954, not later than 120 days after the date of enactment of this act, must post on such claim in the manner required for posting notice of location of mining claims and file for record in the office where the notice or certificate of location of such claim is of record, an amended notice of location for such claim, stating that such notice is filed pursuant to the provisions of this act and for the purpose of obtaining the benefits thereof and, within said 120-day period, if such owner shall have filed a uranium lease application as to the tract covered by such mining claim, must file with the Atomic Energy Commission a withdrawal of such uranium lease application or, if a uranium lease shall have issued pursuant thereto, a release of such lease, and must record a notice of the filing of such withdrawal or release in the county office wherein such notice or certificate of location shall have been filed for record.

"(b) Labor performed or improvements made after the original location of and upon or for the benefit of any mining claim which shall be entitled to the benefits of this act under the provisions of subsection (a) of this section 1, shall be recognized as applicable to such mining claim for all purposes to the same extent as if the validity of such mining claim were in no respect dependent upon the provisions of this act.

"(c) As to any land covered by any mining claim which is entitled to the benefits of this act under the provisions of subsection (a) of this section 1, any withdrawal or reservation of lands made after the original location of such mining claim is hereby modified and amended so that the effect thereof upon such mining claim shall be the same as if such mining claim had been located upon lands of the United States which, subsequent to July 31, 1939, and prior to the date of such withdrawal or reservation, were subject to location under the mining laws of the United States.

"SEC. 2. (a) If any mining claim which shall have been located subseqeunt to December 31, 1952, and prior to December 11, 1953, and which shall be entitled to the benefits of this act, shall cover any lands embraced within any mining claim which shall have been located prior to January 1, 1953, and which shall be entitled to the benefits of this act, then as to such area of conflict said mining claim so located subsequent to December 31, 1952, shall be deemed to have been located December 11, 1953.

"(b) If any mining claim hereafter located shall cover any lands embraced within any mining claim which shall have been located prior to February 10, 1954, and which shall be entitled to the benefits of this act, then as to such area of conflict said mining claim hereafter located shall be deemed to have been located 121 days after the date of the enactment of this act.

"SEC. 3. (a) Subject to the conditions and provisions of this act and to any valid prior rights acquired under the laws of the United States, the owner of any pending uranium lease application or of any uranium lease shall have, for a period of 120 days after the date of enactment of this act, as limited in subsection (b) of this section 3, the right to locate mining claims upon the lands covered by said application or lease.

"(b) Any rights under any such mining claim so hereafter located pursuant to the provisions of subsection (a) of this section 3 shall be subject to any rights of the owner of any mining claim which was located prior to February 10, 1954, and which was valid at the date of the enactment of this act or which may acquire validity under the provisions of this act. As to any lands covered by a uranium lease and also by a pending uranium lease application, the right of mining location under this section 3, as between the owner of said lease and the owner of said application, shall be deemed as to such conflict area to be vested in the owner of said lease. As to any lands embraced in more than one such pending uranium lease application, such right of mining location, as between the owners of such conflicting applications, shall be deemed to be vested in the owner of the prior application. Priority of such an application shall be determined by the time of posting on a tract then available for such leasing of a notice of lease application in accordance with paragraph (c) of the Atomic Energy Commission's Domestic Uranium Program Circular 7 (10 C. F. R. 60.7 (c)) provided there shall have been timely compliance with the other provisions of said paragraph (c), or, if there shall not have been such timely compliance, then by the time of the filing of the uranium lease application with the Atomic Energy Commission. Any rights under any mining claim located under the provisions of this section 3 shall terminate at the expiration of 30 days after the filing for record of the notice or certificate of location of such mining claim unless, within said 30-day period, the owner of the uranium lease application or uranium lease upon which the location of such mining claim was predicated shall have filed with the Atomic Energy Commission a withdrawal of said application or a release of said lease and shall have recorded a notice of the filing of such withdrawal or release in the county office wherein such notice or certificate of location shall be of record.

"(c) Except as otherwise provided in subsections (a) and (b) of this section 3, no mining claim hereafter located shall be valid as to any lands which at the time of such location were covered by a uranium lease application or a uranium lease. Any tract upon which a notice of lease application has been posted in accordance with said paragraph (c) of said Circular 7 shall be deemed to have been included in a uranium lease application from and after the time of the posting of such notice of lease application: *Provided*, That there shall have been timely compliance with the other provisions of said paragraph (c) or, if there shall not have been such timely compliance, then from and after the time of the filing of a uranium lease application with the Atomic Energy Commission.

"SEC. 4. Every mining claim or millsite hereafter located under the mining laws of the United States and every mining claim or millsite heretofore so located which shall be entitled to benefits under the first three sections of this act shall be subject to a reservation to the United States of all Leasing Act minerals and of the right (as limited in section 6 hereof) of the United States, its lessees, permittees, and licensees to enter upon the land covered by such mining claim or millsite and to prospect for, drill for, mine, treat, store, transport, and remove Leasing Act minerals and to use so much of the surface and subsurface of such mining claim or millsite as may be necessary for such purposes, and whenever reasonably

necessary, for the purpose of prospecting for, drilling for, mining, treating, storing, transporting, and removing Leasing Act minerals on and from other lands; and any patent issued for any such mining claim or millsite shall contain such reservation.

"SEC. 5. Subject to the conditions and provisions of this act, mining claims and millsites may hereafter be located under the mining laws of the United States on lands of the United States which at the time of location are—

"(a) included in a permit or lease issued under the mineral leasing laws; or

"(b) covered by an application or offer for a permit or lease filed under the mineral leasing laws; or

"(c) known to be valuable for minerals subject to disposition under the mineral leasing laws;

to the same extent in all respects as if such lands were not so included or covered or known.

"SEC. 6. (a) Where the same lands are being utilized for mining operations and Leasing Act operations, each of such operations shall be conducted, so far as reasonably practicable, in a manner compatible with such multiple use.

"(b) Any mining operations pursuant to rights under any unpatented or patented mining claim or millsite which shall be subject to a reservation to the United States of Leasing Act minerals as provided in this act, shall be conducted, so far as reasonably practicable, in a manner which will avoid damage to any known deposit of any Leasing Act mineral. Subject to the provisions of subsection (d) of this section 6, mining operations shall be so conducted as not to endanger or materially interfere with any existing surface or underground improvements, workings, or facilities which may have been made for the purpose of Leasing Act operations, or with the utilization of such improvements, workings, or facilities.

"(c) Any Leasing Act operations on lands covered by an unpatented or patented mining claim or millsite which shall be subject to a reservation to the United States of Leasing Act minerals as provided in this act, shall be conducted, so far as reasonably practicable, in a manner which will avoid damage to any known deposit of any mineral not so reserved from such mining claim or millsite. Subject to the provisions of subsection (d) of this section 6, Leasing Act operations shall be so conducted as not to endanger or materially interfere with any existing surface or underground improvements, workings, or facilities which may have been made for the purpose of mining operations, or with the utilization of such improvements, workings, or facilities.

"(d) If, upon petition of either the mining operator or the Leasing Act operator, any court of competent jurisdiction shall find that a particular use in connection with one of such operations cannot be reasonably and properly conducted without endangering or materially interfering with the then existing improvements, workings, or facilities of the other of such operations or with the utilization thereof, and shall find that under the conditions and circumstances, as they then appear, the injury or damage which would result from denial of such particular use would outweigh the injury or damage which would result to such then existing improvements, workings, or facilities or from interference with the utilization thereof if that particular use were allowed, then and in such event such court may permit such use upon payment (or upon furnishing of security determined by the court to be adequate to secure payment) to the party or parties who would be thus injured or damaged, of an amount to be fixed by the court as constituting fair compensation for the then reasonably contemplated injury or damage which would result to such then existing improvements, workings, or facilities or from interference with the utilization thereof by reason of the allowance of such particular use.

"(e) Where the same lands are being utilized for mining operations and Leasing Act operations, then upon request of the party conducting either of said operations, the party conducting the other of said operations shall furnish to and at the expense of such requesting party copies of any information which said other party may have, as to the situs of any improvements, workings, or facilities theretofore made upon such lands, and upon like request, shall permit such requesting party, at the risk of such requesting party, to have access at reasonable times to any such improvements, workings, or facilities for the purpose of surveying and checking or determining the situs thereof. If damage to or material interference with a party's improvements, workings, facilities, or with the utilization thereof shall result from such party's failure, after request, to so furnish to the requesting party such information or from denial of such access, such failure or denial shall relieve the requesting party of any liability for the damage or interference resulting by reason of such failure or denial. Failure of a party to furnish requested information or access shall not impose upon such party any liability to the requesting party other than for such costs of court and attorney's fees as may be allowed to the requesting party in enforcing by court action the obligations of this section as to the furnishing of information and access. The obligation hereunder of any party to furnish requested information shall be limited to map and survey information then available to such party with respect to the situs of improvements, workings, and facilities and the furnishing thereof shall not be deemed to constitute any representation as to the accuracy of such information.

"SEC. 7. (a) Any applicant, offeror, permittee, or lessee under the mineral leasing laws may file in the Office of the Secretary of the Interior, or in such office as the Secretary may designate, a request for publication of notice of such application, offer, permit, or lease, provided expressly, that not less than 90 days prior to the filing of such request for publication there shall have been filed for record in the county office of record for the county in which the lands covered thereby are situate a notice of the filing of such application or offer or of the issuance of such permit or lease which notice shall set forth the date of such filing or issuance, the name and address of the applicant, offeror, permittee or lessee and the description of the lands covered by such application, offer, permit or lease. The filing of such request for publication shall be accompanied by a certified copy of such recorded notice and an affidavit or affidavits of a person or persons over 21 years of age setting forth that the affiant or affiants have examined the lands involved in a reasonable effort to ascertain whether any person or persons were in actual possession of or engaged in the working of such lands or any part thereof, and, if no person or persons were found to be in actual possession of or engaged in the working of said lands or any part thereof on the date of such examination, setting forth such fact, or, if any person or persons were so found to be in actual possession or engaged in such working on the date of such examination, setting forth the name and address of each such person, unless affiant shall have been unable through reasonable inquiry to obtain information as to the name and address of any such person, in which event the affidavit shall set forth fully the nature and results of such inquiry.

"The filing of such request for publication shall also be accompanied by the certificate of a title or abstract company, or of a title abstractor, or of an attorney, based upon such company's, abstractor's, or attorney's examination of the instruments affecting the lands involved, of record in the public records of the county in which said lands are situate as shown by the indices of the public records in the county office of record for said county, setting forth the name of any person disclosed by said instruments to have an interest in said lands under any unpatented mining claim heretofore located, together with the address of such person if disclosed by such instruments of record.

"Thereupon the Secretary of the Interior, or his designated representative, at the expense of the requesting person (who, prior to the commencement of publication, must furnish the agreement of the publisher to hold such requesting person alone responsible for charges of publication), shall cause notice of such application, offer, permit, or lease to be published in a newspaper having general circulation in the county in which the lands involved are situate.

"Such notice shall describe the lands covered by such application, offer, permit, or lease and shall notify whomever it may concern that if any person claiming or asserting under, or by virtue of, any unpatented mining claim heretofore located, any right or interest in Leasing Act minerals as to such lands or any part thereof, shall fail to file in the office where such request for publication was filed (which office shall be specified in such notice) and within 150 days from the date of the first publication of such notice, a verified statement which shall set forth, as to such unpatented mining claim:

"(1) The date of location;

"(2) The book and page of recordation of the notice or certificate of location;

"(3) The section or sections of the public land surveys which embrace such mining claim; or if such lands are unsurveyed, either the section or sections which would probably embrace such mining claim when the public land surveys are extended to such lands or a tie by courses and distances to an approved United States mineral monument;

"(4) Whether such claimant is a locator or purchaser under such location; and

"(5) The name and address of such claimant and names and addresses so far as known to the claimant of any other person or persons claiming any interest or interests in or under such unpatented mining claim; such failure shall be conclusively deemed (i) to constitute a waiver and relinquishment by such mining claimant of any and all right, title, and interest under such mining claim as to, but only as to, Leasing Act minerals, and (ii) to constitute a consent by such mining claimant that such mining claim and any patent issued therefor, shall be subject to the reservation specified in section 4 of this act, and (iii) to preclude thereafter any assertion by such mining claimant of any right or title to or interest in any Leasing Act mineral by reason of such mining claim.

"If such notice is published in a daily paper, it shall be published in the Wednesday issue for 9 consecutive weeks, or, if in a weekly paper, in 9 consecutive issues, or, if in a semiweekly or triweekly paper, in the issue of the same day of each week for 9 consecutive weeks.

"Within 15 days after the date of first publication of such notice, the person requesting such publication (1) shall cause a copy of such notice to be personally delivered to or to be mailed by registered mail addressed to each person in possession or engaged in the working of the land whose name and address is shown by an affidavit filed as aforesaid, and to each person who may have filed, as to any lands described in said notice, a request for notices, as provided in subsection (d) of this section 7, and shall cause a copy of such notice to be mailed by registered mail to each person whose name and address is set forth in the title or abstract company's or title abstractor's or attorney's certificate

filed as aforesaid, as having an interest in the lands described in said notice under any unpatented mining claim heretofore located, such notice to be directed to such person's address as set forth in such certificate; and (2) shall file in the office where said request for publication was filed an affidavit showing that copies have been so delivered or mailed.

"(b) If any claimant under any unpatented mining claim heretofore located which embraces any of the lands described in any notice published in accordance with the provisions of subsection (a) of this section 7 shall fail to file a verified statement, as above provided, within 150 days from the date of the first publication of such notice, such failure shall be conclusively deemed, except as otherwise provided in subsection (e) of this section 7, (i) to constitute a waiver and relinquishment by such mining claimant of any and all right, title, and interest under such mining claim as to, but only as to, Leasing Act minerals, and (ii) to constitute a consent by such mining claimant that such mining claim and any patent issued therefor, shall be subject to the reservation specified in section 4 of this act, and (iii) to preclude thereafter any assertion by such mining claimant of any right or title to or interest in any Leasing Act mineral by reason of such mining claim.

"(c) If any verified statement shall be filed by a mining claimant as provided in subsection (a) of this section 7, then the Secretary of the Interior or his designated representative shall fix a time and place for a hearing to determine the validity and effectiveness of the mining claimant's asserted right or interest in Leasing Act minerals. The procedures with respect to notice of such a hearing and the conduct thereof, and in respect to appeals shall follow the then established general procedures and rules of practice of the Department of the Interior in respect to contests or protests affecing public lands of the United States. If at any time prior to a hearing the person requesting publication of notice and any person filing a verified statement pursuant to such notice shall so stipulate, then to the extent so stipulated, but only to such extent, no hearing shall be held with respect to rights asserted under that verified statement, and to the extent defined by the stipulation the rights asserted under that verified statement shall be deemed to be unaffected by that particular published notice.

"(d) Any person claiming any right in leasing-act minerals under or by virtue of any unpatented mining claim hertofore located and desiring to receive a copy of any notice of any application, offer, permit, or lease which may be published as above provided in subsection (a) of this section 7, and which may affect lands embraced in such mining claim, may cause to be filed for record in the county office of record where the notice or certificate of location of such mining claim shall have been recorded, a duly acknowledged request for a copy of any such notice. Such request for copies shall set forth the name and address of the person requesting copies and shall also set forth, as to each mining claim under which such person asserts rights in leasing-act minerals:

"(1) the date of location;

"(2) the book and page of the recordation of the notice or certificate of location; and

"(3) the section or sections of the public land surveys which embrace such mining claim; or if such lands are unsurveyed either the section or sections which would probably embrace such mining claim when the public land surveys are extended to such lands or a tie by courses and distances to an approved United States mineral monument.

Other than in respect to the requirements of subsection (a) of this section 7 as to personal delivery or mailing of copies of notices and in respect to the provisions of subsection (e) of this section 7, no such request for copies of published notices and no statement or allegation in such request and no recordation thereof shall affect title to any mining claim or to any land, or be deemed to constitute constructive notice to any person that the person requesting copies has, or claims, any right, title, or interest in or under any mining claim referred to in such request.

"(e) If any applicant, offeror, permittee, or lessee shall fail to comply with the requirements of subsection (a) of this section 7 as to the personal delivery or mailing of a copy of notice to any person, the publication of such notice shall be deemed wholly ineffectual as to that person or as to the rights asserted by that person and the failure of that person to file a verified statement, as provided in such notice, shall in no manner affect, diminish, prejudice or bar any rights of that person.

"SEC. 8. The owner or owners of any mining claim heretofore located may, at any time prior to issuance of patent therefor, waive and relinquish all rights thereunder to leasing-act minerals. The execution and acknowledgment of such a waiver and relinquishment by such owner or owners and the recordation thereof in the office where the notice or certificate of location of such mining claim is of record shall render such mining claim thereafter subject to the reservation referred to in section 4 of this act and any patent issued therefor shall contain such a reservation, but no such waiver or relinquishment shall be deemed in any manner to constitute any concession as to the date of priority of rights under said mining claim or as to the validity thereof.

"SEC. 9. Notwithstanding any previous act, regulation, or decision, the reservation of minerals in lands withdrawn from the public domain for mineral purposes by Executive order, proclamation, or other administrative procedure shall be applicable only to those minerals and for the purposes expressed in said Executive order, proclamation, or other administrative procedure. The Secretary of the Interior shall retain the power and authority to dispose of other leasable minerals in said lands by leasing procedures applicable to the public domain. This section shall become effective April 1, 1955.

"SEC. 10. The Atomic Energy Act is hereby amended as follows:

"(a) Section 5 (b) (5) is revised to read:

"'(5) Acquisition: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to purchase, take, requisition, condemn, or otherwise acquire—

"'(A) supplies of source materials or any interest in real property containing deposits of source materials; and

"'(B) rights to enter upon any real property deemed by it to have possibilities of containing deposits of source materials and to conduct prospecting and exploratory operations for such deposits.

'Any purchase made under this paragraph may be made without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) upon certification by the Commission that such action is necessary in the interest of the common defense and security, or upon a showing that advertising is not reasonably practicable, and partial and advance payments may be made thereunder. The Commission may establish guaranteed prices for all source materials delivered to it within a specified time. Just compensation shall be made for any property or interest in property taken, requisitioned, or condemned under this paragraph.'

"(b) Section 5 (b) (6) is revised to read:

"'(6) Operations on lands belonging to the United States: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to issue leases or permits for prospecting for, exploration for, mining, or removal of deposits of source materials (or for any or all of these purposes) in lands belonging to the United States.'

"(c) Section 5 (b) (7) is revised to read:

"'(7) Public lands: No individual, corporation, partnership, or association, which had any part, directly or indirectly, in the development of the atomic bomb project, may benefit by any location, entry, or settlement upon the public domain made after such individual, corporation, partnership, or association took part in such project, if such individual, corporation, partnership, or association, by reason of having had such part in the development of the atomic bomb project, acquired confidential official information as to the existence of deposits of such uranium, thorium, or other materials in the specific lands upon which such location, entry, or settlement is made, and subsequent to the date of the enactment of this act made such location, entry, or settlement or cause the same to be made for his, or its, or their benefit. In cases where any patent, conveyance, lease, permit, or other authorization has been issued, which reserved to the United States source materials and the right to enter upon the land and prospect for, mine, and remove the same, the head of the department or agency which issued the patent, conveyance, lease, permit, or other authorization shall, on application of the holder thereof, issue a new or supplemental patent, conveyance, lease, permit, or other authorization without such reservation.'

"(d) Notwithstanding the provisions of the Atomic Energy Act, and particularly section 5 (b) (7) thereof, prior to its amendment hereby, or the provisions of the act of August 12, 1953 (67 Stat. 539), and particularly section 3 thereof, any mining claim, heretofore located under the mining laws of the United States for, or based upon a discovery of a mineral deposit which is a fissionable source material and which, except for the possible contrary construction of said Atomic Energy Act, would have been locatable under such mining laws, shall, insofar as adversely affected by such possible contrary construction, be valid and effective, in all respects to the same extent as if said mineral deposit were a locatable mineral deposit other than a fissionable source material.

"SEC. 11. As used in this act 'mineral leasing laws' shall mean the act of October 20, 1914 (38 Stat. 741); the act of February 25, 1920 (41 Stat. 437); the act of April 17, 1926 (44 Stat. 301); the act of February 7, 1927 (44 Stat. 1057); and all acts heretofore or hereafter enacted which are amendatory of or supplementary to any of the foregoing act; 'Leasing Act minerals' shall mean all minerals which, upon the effective date of this act, are provided in the mineral leasing laws to be disposed of thereunder, 'Leasing Act operations' shall mean operations conducted under a lease, permit, or license issued under the mineral leasing laws in or incidental to prospecting for, drilling for, mining, treating, storing, transporting, or removing Leasing Act minerals; 'mining operations' shall mean operations under any unpatented or patented mining claim or millsite in or incidental to prospecting for, mining, treating, storing, transporting, or removing minerals other than Leasing Act minerals and any other use under any claim of right or title based upon such mining claim or millsite; 'Leasing Act operator' shall mean any party who shall conduct Leasing Act operations; 'mining operator' shall mean any party who shall conduct mining operations; 'Atomic Energy Act' shall mean the act of August 1, 1946 (60 Stat. 755), as amended; 'Atomic Energy Commission' shall mean the United States Atomic Energy Commission established under the Atomic Energy Act or any amendments

thereof; 'fissionable source material' shall mean uranium, thorium, and all other materials referred to in section 5 (b) (1) of the Atomic Energy Act as reserved or to be reserved to the United States; 'uranium lease application' shall mean an application for a uranium lease filed with said Commission with respect to lands which would be open for entry under the mining laws except for their being lands embraced within an offer, application, permit, or lease under the mineral leasing laws or lands known to be valuable for minerals leasable under those laws; 'uranium lease' shall mean a uranium mining lease issued by said Commission with respect to any such lands; and 'person' shall mean any individual, corporation, partnership, or other legal entity.

"SEC. 12. If any provision of this act, or the application of such provision to any person or circumstances, is held unconstitutional, invalid, or unenforcible, the remainder of this act or the application of such provision to persons or circumstances other than those as to which it is held unconstitutional, invalid, or unenforcible, shall not be affected thereby."

Mr. BARRETT. Mr. President, the Mining Act of 1872 provided for the location of mining claims on public lands. It was contemplated under that act that the minerals of the country would be disposed of completely and exclusively under its provisions. The first radical departure from that system came about through the passage of the Mineral Leasing Act of 1920. That act provided that, save for valid claims then existing, oil, gas, coal, phosphate, sodium or oil shale could be disposed of only under that legislation. That act also provided that lands which were known to contain those minerals or which were under lease to develop such minerals were not subject to location under the mining law of 1872.

From the passage of the Leasing Act the conflict between the Mining Act system and the leasing system increased with the years. The basic principles of the mining law, with its exclusiveness and entirety of disposition, was wholly inconsistent with the limited method of disposition under the Leasing Act. And so, Mr. President, the conflict between these two distinct but entirely opposite systems for public land usage and disposition grew with expansion under each method until the situation became not only both acute and intolerable to everyone concerned, but against the public interest as well.

STATUS OF URANIUM CLAIMS IN DOUBT

When it was found last year that hundreds of very valuable uranium claims on the Colorado plateau were in a very doubtful legal status because of the conflict between the two systems it was found necessary to do something. Stopgap legislation was enacted. Then and there advocates of each system determined that, as a matter of public policy, a sincere effort should be made to find a compatible system of land use under both the Mining Act and the Leasing Act.

To my way of thinking, Mr. President, representatives of each system are to be congratulated for their sincere efforts to rise above narrow self interest of their separate industries and to look upon the problem from the standpoint of the broad public interest. Their sole desire was to find remedial legislation that would permit maximum utilization of our mineral resources.

Their objective was to find a method under which the utilization of one resource would not unduly interfere with the utilization of another resource. So, we have proposed legislation before us today that is approved largely by mining men, including uranium miners, and by the oil and gas industry as well. This bill makes provision for concurrent and multiple usages of our natural resources under both systems. The bill has the approval of the Secretary of the Interior, the Bureau of the Budget, the Atomic Energy Commission, and the Joint Committee on Atomic Energy of the Congress.

SIXTY MILLION ACRES OPENED TO MINE LOCATION

This bill will open to location under the mining laws about 60 million acres now withdrawn under the Mineral Leasing Act. So, Mr. President, the search for uranium will benefit immeasurably if this legislation is enacted.

The stopgap legislation of last year provided a cutoff date of December 31, 1952. The first three section of the bill are designed to protect equities created as a result of last year's legislation.

Section 1 gives a preference to any mining claimant who attempted to validate his claim under Public Law 250. This section brings forward the cutoff date of Public Law 250 to February 10, 1954, in order to protect those who acted in good faith in prospecting between January 1, 1953, and the issuance of AEC circular No. 7 which outlined procedures for uranium leases.

Section 2 gives priorities to claimants having equities as a result of Public Law 250. Where conflicts develop claims located during the period of last year's law have preference to those located after the cutoff date. Also, preference is given to those claims located before February 10, 1954, and those located after that date.

Section 3 gives the owner of an AEC lease the right to file a mining claim on the same lands subject to a mining claim filed before February 10, 1954, and valid.

PROVISION FOR MULTIPLE USE

Sections 4 and 5 establish a basis for multiple use of the same lands under the mining laws and the Mineral Leasing Act. All future mining claims and patents are to provide for the reservation of Mineral Leasing Act minerals. Also, mining claims can be located on lands leased under the Mineral Act, or known to be valuable for Leasing Act minerals.

Section 6 establishes the basic principles of operation which are to be followed under multiple use of the same lands. It establishes the general principle that each operation shall be conducted in a manner compatible with any other mineral use insofar as reasonably practicable. This is a reciprocal section, and calls upon the miner and the lessee to act in such a manner as not to unreasonably interfere with the operations of each other.

DORMANT CLAIMS

Section 7 provides an in rem procedure where those who claim rights in the Leasing Act minerals under an unpatented mining claim can be called upon to come forward and assert those rights. It is based upon the procedure known to mining people under patent application. It has been held that one who has an unpatented mining claim has certain possessory rights as may be found valid by the Secretary of the Interior. Under the procedure established by this section a mining claimant is called upon to assert his rights to Leasing Act minerals or upon failure to do so his claim shall become subordinate to lessee under Mineral Leasing Act. This section provides procedure under which lessees may obtain determination of rights under unpatented mining claims affecting lands under which oil- and gas-lease rights are asserted. The purpose is to eliminate title uncertainties which follow from possible existence of unidentifiable mining locations and from uncertain status of inactive locations. It does not affect the rights of a mining claimant in minerals other than those mentioned in the Leasing Act.

Section 8 permits the owner of a mining claim to release Leasing Act minerals.

Section 9 limits the effect of Executive withdrawals of public lands for mineral purposes to particular minerals, and leaves all others open.

Section 10 amends certain portions of the Atomic Energy Act so as to eliminate the reservation of fissionable source materials to the United States. It also preserves the validity of otherwise valid uranium claims because of reservation.

1872 MINING ACT—1920 OIL AND GAS LEASING ACT

Mr. MALONE. Mr. President, will the Senator yield?

Mr. BARRETT. I yield.

Mr. MALONE. First, I wish to compliment the distinguished Senator from Wyoming on the work he has done on the subcommittee of the Interior and Insular Affairs Committee, of which I am a member.

FEE SIMPLE TITLE

It was necessary to adjudicate the claims and to take a forward step in the manner of development of some of the rare minerals without undue injury to the mining claim owners or to the operators under the 1920 Oil and Gas Leasing Act.

Would it be possible under the provisions of the bill for a locator of a mining claim under the 1872 Mining Act to gain title in fee simple to his mining claim through a patent under the proposed legislation, as has been possible up to now?

Mr. BARRETT. I will say to my distinguished colleague from Nevada that the future mining locator will get the title to the surface. He will get title to all the minerals under the surface except the minerals enumerated in the Mineral Leasing Act of 1920, namely, coal, oil, gas, phosphate, and oil shale.

Mr. MALONE. The locator of a claim on an unoccupied piece of ground would obtain his patent in fee simple under the 1872 act in the usual manner as it now stands, providing he proved $500 worth of work on the claim necessary for a

patent on his 20-acre claim, or fraction thereof, he would obtain his patent.

However, if this bill should become law in the future, a patent might issue under the 1872 act, the same ground would always be subject to leasing under the 1920 Leasing Act, as amended, with respect to oil, gas, phosphate, and sulfur, including the minerals which the Senator has already mentioned.

Mr. BARRETT. The Senator is correct. The bill provides, however, that while the reservation will be to the United States for the minerals enumerated under the Leasing Act of 1920, together with the right to prospect for such minerals, nevertheless, the lessee for any of those minerals would be obliged to respect the rights of the mining claimant, and would not be permitted to interfere with his improvements and facilities on the land.

The bill also provides that the mining claimant, if he feels aggrieved, may go into court to protect his rights in case there is any violation. However, this is a reciprocal piece of legislation. As I stated a moment ago, the rights of the mining claimant are as extensive as those accorded to the oil and gas industry, if not more so. As the Senator knows, there are thousands of uranium claimants in the western section of the country, and they can now go upon the lands leased for oil and gas, file mining claims, and recover certain minerals.

Mr. MALONE. Land lease under the 1920 Oil and Gas Leasing Act can be located under the 1873 Mining Act for minerals not reserved under the act and the locator could, through doing his location work annually, patent it when the required work has been done, and owns the minerals not reserved under the Leasing Act. Is that correct?

Mr. BARRETT. The Senator is right, with the exception of one item. Under this proposed legislation, a claimant can file on presently existing oil and gas leases, as well as on oil and gas leases that may be issued in the future, and acquire the right to the minerals under the Mining Act of 1872.

Mr. MALONE. Do I correctly understand that on any lease already granted, that in the future, after this act passes, a location of a mining claim under the 1872 Act is legal?

Br. BARRETT. That is correct.

Mr. MALONE. The land could also be leased for oil and gas on mining claims that had already been located prior to the passage of this act.

Mr. BARRETT. The Senator is now touching on a rather technical point. I should say that if the mining claim were valid and if all of the assessment work had been done on it which had been required to be done, and if the mining claimant had observed all the requirements of the law, the oil and gas leases could not come in ahead of the mining claim.

On the other hand, if the mining claim had been abandoned for years and if the mining claimant had not done the assessment work which he is required to do under the law, a different problem would be presented. That is what I spoke about a little while ago when I said that the mining claimant would be required to show that he is entiled to the Leasing Act minerals in that property, and he could proceed to go to patent if the Secretary found that he was correct in his assumption.

Mr. MALONE. That is the point the junior Senator from Nevada wanted to make. Any claimant who is in good standing under the 1872 Mining Act up to now could always get title in fee simple by following through to patent. That provision has not been changed.

Mr. BARRETT. That is correct. The claimaint would not lose anything under the proposed legislation.

Mr. MALONE. So far as proving his work is concerned, when he does his assessment work, he must file notice of that fact with the county clerk of the county wherein the claim is located, and if that has been done in the regular manner, what additional proof if any would be required under this act?

Mr. BARRETT. No additional proof is required. Under present law, of course, he must prove discovery, and perform his assessment work. This bill provides that a claimant could come forward and assert his right and say, "On this claim in 1950 I have done the assessment work."

Mr. MALONE. And show his receipts.

Mr. BARRETT. That is right. In other words, make whatever proof would be required to be made.

Mr. MALONE. In other words, show his receipts for the assessment work. If he has done his $500 worth of work the claim could be patented in the regular way and he would receive the title in fee simple.

Mr. BARRETT. The Senator is correct.

Mr. MALONE. I should like to ask further if the distinguished Senator from Wyoming feels that this change in the Leasing Act and the modification of the 1872 Mining Act might be an entering wedge or a foot in the door to extend to all public lands the Leasing Act and to abolish the simple location process that has been required since 1872. The location of a mining claim is the only method left applying to public lands whereby a man without any capital at all and with nothing but a sack of grub could go out and own something and go to work.

I should like to say that for 20 years, 8 of which the junior Senator from Nevada has spent on the floor of the Senate, many bills have been introduced in Congress, and many approaches have been made trying to force through a leasing system that would take the place of the location system with the lease holding at the discretion of the Government, or at least the Government bureau would be the judge of his work.

Mr. BARRETT. My answer is that this proposed legislation was introduced by the Senator from Colorado [Mr. MILLIKIN], and he was joined in its introduction by the Senator from New Mexico [Mr. ANDERSON], the senior Senator from South Dakota [Mr. MUNDT], the junior Senator from South Dakota [Mr. CASE], the Senator from Utah [Mr. WATKINS], the Senator from California [Mr. KUCHEL], and myself. We are all from the western section of the country, and we understand the development of our minerals under the Mining Act of 1872. I know that none of us has in mind an extension of the leasing provisions to other minerals which are not included under the Oil and Gas Leasing Act.

Mr. MALONE. The junior Senator from Nevada has been all through this matter, and I should like to have the RECORD show that this modification of the 1872 act is for the specific purpose, and for that purpose alone, of allowing prospecting and mining on existing oil and gas leases on lands covered in the Oil and Gas Act, and, as the Senator from Wyoming has stated, is reciprocal to the point that there are some modifications on both sides. Therefore, it opens up the situation for both of them. However, it is particularly for prospecting and the production of oil and gas and coal and phosphate on mining-claim lands and minerals on oil and gas leases.

Mr. BARRETT. The Senator is entirely correct. As I said, there would be opened up about 60 million acres on which mining claimants could file for the mining of minerals such as uranium.

Mr. MALONE. Does the Senator say that 60 million acres now under lease would be opened up?

Mr. BARRETT. Yes; which are withdrawn, so far as mining claimants are concerned, at this time.

Mr. MALONE. That is the interest of the junior Senator from Nevada. There is no intention of opening up the subject for further modification later or for a Federal leasing system.

Furthermore, I should like to say at this time that the Senator from Wyoming has served with the junior Senator from Nevada on the Minerals, Materials, and Fuels Subcommittee which has just completed a report showing, among other things, that the production of uranium, within the foreseeable future, could be made adequate in the United States for all our needs, if the tax situation is adjusted and a proper protective policy laid down by Congress, so that we need not be dependent for uranium—for our nuclear energy—on any outside country beyond a major ocean.

Mr. BARRETT. I thank the Senator. In all honesty, I must say that the Senator did practically all the work in the committee, and I may say, further, that it was a very splendid job and was in the public interest. It will prove to be a great boon for the mining industry in the years ahead.

Mr. MALONE. I thank the Senator.

Mr. CASE. Mr. President, will the Senator from Wyoming yield?

Mr. BARRETT. I yield.

Mr. CASE. First of all, I should like to express my appreciation to the Senator from Wyoming and to the Committee on Interior and Insular Affairs for reporting this bill. It seeks to meet a very real need in the mining field by making it possible for the development of claims which have rested on a very uncertain base up to this time, particularly with respect to fissionable materials which have been found in certain areas. In my own State and in States immediately west of South Dakota there are many

claims which this measure should benefit.

Mr. BARRETT. There are thousands upon thousands of uranium claims filed on what is known as the Colorado Plateau which extends over parts of the States of Utah, Arizona, New Mexico, as well as Colorado. This fact is one of the reasons why this proposed legislation is absolutely necessary. The claims were filed on lands covered by oil and gas leases, and legislation is necessary to validate them.

Mr. CASE. The prior legislation took care of the situation up to a year and a half ago.

Mr. BARRETT. That is correct.

Mr. CASE. I should like to ask 2 or 3 questions, so that I may be in a position to answer letters which I know I shall receive from holders of mineral entries. First, in respect to so-called hard-rock claims, lode claims, will persons who already have filed lode claims find that this measure affects the title to oil and gas deposits they might get if they patent their land?

Mr. BARRETT. I would say that if they have performed all the acts required by the 1872 mining law, and if they assert their rights, they will be protected. If they have not complied with the mining law of 1872, if they have abandoned their claim, or if their claims are invalid for any reason, then, of course, they are not protected.

Mr. CASE. The claim would not be a valid one.

Mr. BARRETT. That is correct.

Mr. CASE. As I recall, the certificate which a locator files recites that he lays claim to all the minerals. Assuming he complies with the law, he will be able to receive a patent which will entitle him to any royalties that might later be forthcoming because of oil and gas developments?

Mr. BARRETT. So far as the past is concerned, yes; but not as to future claims.

Mr. CASE. When the Senator uses the word "past," does he refer to the date of the location or the date of the patent?

Mr. BARRETT. I refer to the date of location, because if the claim was located at that time and if the claimant has observed all the requirements of the law, then the patent issued pursuant to that would date back to the time when the claim was originally filed.

Mr. CASE. Assuming the claim was duly filed and the work on it had been kept up.

Mr. BARRETT. Yes.

Mr. CASE. After the signing of the act, if he should then enter a lode claim and subsequently someone should seek to get oil and gas leasing rights, could he get them?

Mr. BARRETT. Yes.

Mr. CASE. With respect to the patenting of land under the homestead law, suppose a man has filed a claim, under prior acts the Government has reserved rights, has it not?

Mr. BARRETT. That is true under the Stock Grazing Act, but as to any other act, if homestead entry was made and there was an existing oil and gas lease, the Government would do one of three things. It would either not allow the homestead claim to be filed, reject the application, or grant a restricted patent.

Mr. CASE. Homesteading is almost a thing of the past.

Mr. BARRETT. That is correct.

Mr. CASE. But there are some entries where final proof has not yet been made. Would this measure in any sense injure any right a bona fide homestead entrant thought he had, if entry was made prior to this time, assuming that he has complied with all the requirements of homesteading?

Mr. BARRETT. I would say "No."

Mr. CASE. With respect to location for placer mining—the Senator lives close to the Black Hills, where there are still entries for placer mining——

Mr. BARRETT. The same principle would hold true, if everything was done that was required to be done under the mining laws.

Mr. CASE. Then this measure would not take anything of that nature away from the existing claimant?

Mr. BARRETT. No.

Mr. CASE. Would the same hold true with respect to Indian trust lands?

Mr. BARRETT. I will say to the Senator that it is my opinion that the Indian trust lands are in a wholly different category from so-called public lands of the United States. They are leased under different legislation for the benefit of the Indians, I believe. The Senator, however, is as well informed on that question as I am, as is also the Senator from New Mexico [Mr. ANDERSON].

Mr. ANDERSON. Mr. President, will the Senator from Wyoming yield?

The PRESIDING OFFICER (Mr. CRIPPA in the chair). Does the Senator from Wyoming yield to the Senator from New Mexico?

Mr. BARRETT. I yield.

Mr. ANDERSON. First, I congratulate the Senator from Wyoming on the excellent job he has been doing in answering questions. We have a situation in New Mexico in which the Navaho Indians are leasing lands for uranium and also for oil and gas. They would not be affected by this measure; would they?

Mr. BARRETT. It is my opinion that they would not be affected.

Mr. CASE. Mr. President, will the Senator from Wyoming yield further?

Mr. BARRETT. I yield.

Mr. CASE. It can be safely asserted, then, that this measure does not forfeit any rights the Indians may have in trust lands; is that correct?

Mr. BARRETT. That is correct.

Mr. CASE. Of course, it follows out the principle which the Senator has already mentioned with respect to the other entries under various laws.

I wish to thank the Senator, and I sincerely hope the bill will pass and will receive consideration in the other body, and that there will be no changes which will interfere in any respect with the protection of the rights covered in this discussion.

Mr. BARRETT. I thank the Senator from South Dakota.

Mr. LANGER. Mr. President, will the Senator from Wyoming yield?

Mr. BARRETT. I yield.

Mr. LANGER. What would be the effect if 4 or 5 years ago someone filed on a mining claim, if the necessary assessment work has been done?

Mr. BARRETT. There would be no change in the rights of the man who filed if he observed all the requirements of the law.

Mr. LANGER. Suppose that on the mining claim there is some very fine timber. Would the timber rights be affected in any way?

Mr. BARRETT. No; the timber rights would not be affected. If he has done his assessment work, observed the requirements of the law, assert his rights, if they were questioned, and applied for a patent, he would receive a patent which would give him a fee simple title.

Mr. LANGER. Is there any limitations on an individual or a corporation applying?

Mr. BARRETT. In the case of lode claims, there is a limitation of 20 acres. In the case of placer claims, the limitation is 160 acres for 8 persons. That is 20 acres to a person also. So far as I know, that is the only requirement. That has been the law since 1872.

Mr. CASE. Of course, one may file for more than one lode location.

Mr. LANGER. I desired to ascertain what the limit is.

Mr. BARRETT. The law has not been changed in that respect since 1872.

Mr. CASE. I think an individual can file for six mineral claims or lode locations. That is my understanding; I do not undertake to say that that is the law.

Mr. LANGER. Can the Senator from Wyoming state the number of witnesses who appeared at the hearings?

Mr. BARRETT. I would say that about 20 or 25 witnesses were heard. In addition, there were present 25 or so representatives of the industries affected, and they voiced no real objections to the measure.

Mr. LANGER. Did representatives of the Department of the Interior testify?

Mr. BARRETT. Yes, indeed, they did, including Assistant Secretary Felix Wormser.

Mr. LANGER. That was in connection with the 40 million or 50 million acres of land they have. Did they testify in regard to the public lands?

Mr. BARRETT. They aggregate about 150 million or 160 million acres.

Mr. LANGER. Yes. They are not in any particular locality.

Mr. BARRETT. Oh, no; they are spread over a considerable area.

Mr. LANGER. Was there any opposition to the bill?

Mr. BARRETT. There was no real opposition to the bill, that I observed. The bill has been approved, as I have said previously, by the Secretary of the Interior, the Bureau of the Budget, the Atomic Energy Commission, the Joint Committee on Atomic Energy, by mining associations, and by oil and gas associations. So far as I know, there was no opposition registered to the bill.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. BARRETT. I am delighted to yield to the Senator from New Mexico.

Mr. ANDERSON. I started to say, a moment ago, when the Senator from South Dakota was discussing the question, that I wished to congratulate the Senator from Wyoming. I most certainly wish to congratulate the distinguished junior Senator from Colorado [Mr. MILLIKIN], whose bill this is. We were privileged to join with him in introducing the bill. I think it is an excellent measure and should prove to be very useful.

When the distinguished junior Senator from Nevada [Mr. MALONE] was speaking a while ago on the subject of unpatented mining claims, I noticed, on page 4 of the report, the following paragraph:

> Section 8 provides that the owner of an unpatented mining claim heretofore located may relinquish all rights under the claim to the oil and gas and other leasing act minerals. This provision would assist in the negotiation of settlements and the avoidance of conflicts.

This bill would make it possible for a person who has a still unpatented mining claim, on which he has filed location, to go ahead and make an agreement, a settlement, or a contract of some kind for the oil and gas rights, which he previously had difficulty in doing.

Mr. BARRETT. The Senator is entirely correct. Furthermore, it ought to be pointed out that the mining claimant, when he relinquishes all minerals under the Leasing Act, can still go ahead and perfect his claim under the mining law of 1872, and get service on all the other minerals.

Mr. ANDERSON. Again, I wish to congratulate the Senator from Wyoming upon his explanation of the bill. He has done an excellent piece of work.

Mr. BARRETT. I thank the distinguished Senator from New Mexico.

Mr. President, I ask unanimous consent to have the report of the committee printed at this point in the RECORD.

There being no objection, the report (No. 1610) was ordered to be printed in the RECORD, as follows:

The Committee on Interior and Insular Affairs, to whom was referred the bill (S. 3344) to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes, having considered the same report favorably thereon with amendments and recommend that the bill, as amended, do pass.

Extensive public hearings were held by the committee at which spokesmen for mining industry, oil and gas operators, uranium producers, and other interested persons appeared in support of the measure. The Department of the Interior and the Atomic Energy Commission also testified and have reported favorably on the measure.

No appropriation of Federal funds is involved.

PURPOSE OF MEASURE

The intent of the bill S. 3344 is to resolve conflicts between the mining laws of the United States and the Mineral Leasing Act which have prevented mineral development of the same tracts of the public lands from going forward under both systems. Land on which mineral locations have been made under the mining laws has not been open to leasing under the Mineral Leasing Act, and on the other hand land covered by an oil and gas lease or a permit, or an application or offer for the same, under the Mineral Leasing Act, or known to be valuable for oil and gas or other Leasing Act minerals, could not be located under the mining laws.

S. 3344 would permit the development of mineral resources of the public lands, including uranium, to go forward on the same tracts of land under both systems. It would thus be a step forward in the development of the natural resources of the Nation. An immediate effect would be the opening of some 60 million acres of the public lands, now under oil and gas lease, to location for uranium and other minerals. At the same time, it would stimulate oil and gas development on the public lands by authorizing operations for leasable minerals on lands open to location under the mining laws, and by establishing a means for determining the validity of any rights claimed for Leasing Act minerals under patented mining claims located prior to the effective date of this act.

BACKGROUND OF LEGISLATION

The problem which S. 3344 seeks to solve has existed since the passage of the Mineral Leasing Act of 1920, setting aside all leasable minerals in the public lands of the United States for disposition under that act. With the critical needs of the Nation for supplies of fissionable materials within our borders, however, and the consequent great impetus given to exploration for uranium, the situation has become urgent. For example, the Colorado Plateau, extending over parts of the States of Utah, Arizona, New Mexico, and Colorado, has perhaps the greatest uranium reserves of any known area under the American flag, yet much of the area is covered by oil and gas leases, thus, in effect, withdrawing it from all mineral development other than oil and gas.

Your committee faced the problem at length last year in its consideration of S. 1397, which became Public Law 250, 1st session, 83d Congress (act of Aug. 12, 1953; 67 Stat. 539). This act permitted the validation, under the procedures set forth, of mining claims located between August 1, 1939, and December 31, 1952, which might otherwise have been invalid by reason of having been located on lands included in a permit, lease, application or offer under the Mineral Leasing Act or known to be valuable for minerals subject to disposition under that act. In recognition of the need for multiple mineral development of the public lands the validation afforded by the act of August 12, 1953, was made subject to the reservation to the United States of all Leasing Act minerals, together with appropriate rights of entry and operation.

The act of August 12, 1953, was a limited and temporary measure and it was realized that in the interest of multiple mineral development of the public lands further legislation of a general scope was necessary. The report, Mining Claims on Oil Lands of the Senate Interior Committee on S. 1397 (S. Rept. 593, 83d Cong., 1st sess.), pointed out this need, setting forth in this connection a report from the Department of the Interior, urging adoption of legislation which would permit lands leased for oil and gas or other minerals under the Mineral Leasing Act, or known to be valuable for such minerals, to be also utilized for mineral development under the mining laws, and which, conversely, would reserve Leasing Act minerals from future mining claims and patents under the mining laws.

POSITION OF MINING INDUSTRY AND OIL OPERATORS

As a result of the committee's findings and action with respect to Public Law 250, the Department of the Interior subsequently requested both the oil and gas industry and the mining industry to consider the problem jointly with a view to assisting Congress to work out a solution on a permanent basis.

Responsive to this request the National Petroleum Council made a report to the Secretary recommending legislation which "would adequately reconcile the conflicting scope and operation of the mining laws and the Mineral Leasing Act for the purpose of the oil and gas industry and the mining industry, and in the best interests of the United States, and would result in increased development of the oil and gas resources of the public lands without infringing any of the proper benefits now accorded the mining industry by the mining laws or retarding development of mineral resources under those laws."

The American Mining Congress at its 1953 meeting adopted the following declaration of policy:

"We recognize that the coexistence of two systems for acquiring rights to prospect for and remove the mineral resources of the public domain—one under the general mining laws and the other under the Mineral Leasing Act of 1920—has resulted in conflicts. We believe that the conflicts in these two systems should be carefully reviewed and an effort made to remove them, so as to eliminate, insofar as possible, any restriction of opportunity for development of our mineral resources, while leaving intact the basic principles and fundamental benefits of our system of mining locations."

EXPLANATION OF THE PROVISIONS

The first three sections of S. 3344 are technical in nature, and are designed to protect equities which were created in part as a result of consideration and enactment of Public Law 250 last year. Public Law 250 provided a cutoff date of January 1, 1953, for validation of mining claims made on lands under oil and gas lease. Enactment of the law did not of course cause prospecting for uranium to stop, after that date, nor was it the intent of the law that it should stop.

In both the hearings and the committee report on S. 1397, establishment of leasing procedures by the Atomic Energy Commission were envisioned. These procedures were in fact set up on a general basis by AEC Circular No. 7, issued January 29, 1954, and generally understood by prospectors to be effective February 10, 1954. Prospecting for fissionable source materials continued on the Colorado Plateau and elsewhere, and such activity was not discouraged in any way either by the Atomic Energy Commission or the Department of the Interior.

As pointed out, enactment of S. 3344 would open to location under the mining laws vast areas now withdrawn from such location under the mineral leasing laws. Sections 1, 2, and 3 of the bill would establish preference categories in order to protect mining claimants on such lands who have heretofore proceeded in good faith. Unless this were done, there would be a mad scramble to relocate such areas in an effort to capitalize on the title uncertainties inherent in the present situation. Serious conflicts, controversies and possible injustices would result.

Accordingly the sections grant (1) protection preference to any person who had located a claim prior to January 1, 1953, and who attempted to validate the claim under Public Law 250; (2) subject to (1), protection to any person who located a claim after December 31, 1952, and prior to February 10, 1954 (the effective date of AEC's Circular 7); and (3) subject to (1) and (2), a preference right to any person who, prior to the enactment of the bill, has posted notice of or filed application for or has secured a lease from the Atomic Energy Commission.

The committee believes that both equitable and national considerations warrant the relief accorded covered by the sections.

Sections 4, 5, and 6 of the bill deal with the basic problems of conflict between the mining laws and the Mineral Leasing Act.

Section 4 would make future mining claims and patents under the mining laws subject to the reservation to the United States of all minerals which are disposable under the Mineral Leasing Act, together with rights of entry and operation. Section 5 would permit the location of mining claims on lands which are subject to leases, permits, applications, or offers under the Mineral Leasing Act or which are known to be valuable for the minerals disposable under the Mineral Leasing Act. Section 6 prescribes the principles of operation to be followed in conducting mining operations and Mineral Leasing Act operations on the same lands.

Section 7 provides a procedure under which a lessee, permittee, applicant, or offeror under the Mineral Leasing Act may obtain a determination as to the existence of unpatented mining claims on the land under which rights in the oil and gas or other Leasing Act minerals are asserted, and the ownership of the rights so asserted. This procedure looks toward eliminating the title uncertainties which follow from the possible existence of unidentifiable mining locations and from the uncertain status of old and inactive locations, conditions which have retarded oil, gas, and other mineral development of the lands affected.

Section 8 provides that the owner of an unpatented mining claim heretofore located may relinquish all rights under the claim to the oil and gas and other Leasing Act minerals. This provision would assist in the negotiation of settlements and the avoidance of conflicts.

Section 9 of S. 3344 as reported is a new section added by the committee as a result of evidence that in some instances withdrawal of an area for one mineral has needlessly prevented development of deposits of other minerals in the same area. For example, a substantial reserve of helium was discovered by a Federal lessee while drilling for oil. Under existing law (act of September 1, 1937; 50 Stat. 885), the United States has title to all helium on the public lands and the area was immediately withdrawn. There was strong geologic evidence that a substantial oil deposit lay underneath the helium, and that the oil could be extracted without harm to the helium deposit. Yet, since the land was subject to the helium withdrawal, the oil deposit could not be developed.

The committee's amendment set forth in section 9 is designed to permit the development of leasable mineral resources, other than the one for which the withdrawal was made, in lands withdrawn for mineral purposes.

Section 10 of the reported bill covers the same subject matter as section 9 of S. 3344 as introduced. The language of subsections (a), (b), and (c) of the present section 10 is that proposed by the Atomic Energy Commission in its report to the committee and explained in detail by spokesmen for the Commission in the hearings. Department of the Interior spokesmen informed the committee that Interior would defer to the Commission's views as to the wording of the first three subsections, and strongly urged the adoption of the provision incorporated in subsection (d).

Section 10 of the reported bill would accomplish two principle objectives:

(1) Deletion of the reservation to the United States of fissionable material in the lands of the United States now in the Atomic Energy Act; and

(2) Confirmation of the validity of otherwise valid mining claims located on the basis of a discovery of fissionable source material alone.

Deletion of the reservation of fissionable materials necessitates several amendments to the Atomic Energy Act and these are set forth in subsections (a) (b) and (c) of section 10 in accordance with the Commission's recommendation.

Attention is directed to the following statement of the Commission in its favorable report to the committee:

"This (id est, deletion of the reservation) would represent no economic loss to the Government since at no time has the Atomic Energy Commission paid less for source materials originating on lands subject to the reservation than it has for source materials originating on lands to which the reservation had no application. The principal practical effect of the reservation thus far has been detrimental to the Commission's program in that, although neither the Commission nor the Department of Interior believes there is legal ground for it, doubt has arisen in the mining industry as to whether a mining claim based on the discovery of a source material alone is legally valid. Complete deletion of the reservation would place source materials on the same footing as any other minerals within the scope of the mining laws of 1872, as amended, and thereby leave no doubt whatsoever on this score."

Subsection (d), as stated, was adopted on the recommendation of the Department of the Interior to remove the cloud presently existing on claims located for fissionable materials by reason of the reservation.

Under a 1947 ruling by an official of the Department of the Interior, the reservation in section 5 (b) (7) of the Atomic Energy Act was interpreted as precluding mining locations for fissionable source materials (appeal of Jesse C. Clark, A. 24521, January 14, 1947). Although the Atomic Energy Commission has not given the act that interpretation and has encouraged mining locations for such materials, and although in the hearings spokesmen for the Department of the Interior testified that the present position of the Department is that such claims are valid, doubt does in fact still exist as to the validity of claims made on the basis of discovery or a source material alone. Subsection (d) of section 10 would protect mining claims against any invalidity by reason of having been located for fissionable source materials, and make it clear that the Atomic Energy Act does not preclude the location and patenting of mining claims for those materials, subject to the limitations in the act as to the disposal and use of such materials.

Section 11 defines the terms used in S. 3344, and sets forth the specific citation of the laws directly involved. The amendment to the definition of the term "uranium lease application" was made in accordance with the recommendation of the Atomic Energy Commission.

Section 12 is the usual "saving clause," providing that if any part of the measure shall be held to be invalid or unenforceable, the remaining provisions shall not be affected by such a holding.

The title is amended to insert the words "and the mining laws" after the words "mineral leasing laws."

THE AMENDMENTS

In addition to rewriting entirely the present section 10, and adding section 9, as discussed above, the committee adopted one other amendment of substance, based on the hearings. Additional provisions were added to subsection (a) of section 7 to require that before the lessee, permittee, applicant or offeror under the Mineral Leasing Act invokes the procedure provided for in section 7, a notice of the filing of his application or his offer or the issuance of his permit or lease shall be filed for record in the county office of record for the county in which the lands involved are situated, and that his request for publication of the notice which commences the procedure shall be accompanied by a certified copy of the recorded notice of his application, offer, permit, or lease.

The Committee added these provisions in an effort to afford further protection to the holder of a mining claim or interest therein.

CONCLUSION

Your committee is convinced that enactment of S. 3344, as amended, would result in greatly increased development of the mineral resources of the public lands of the United States, including increased domestic supplies of fissionable source materials. It therefore recommends prompt approval of the measure by the Senate.

REPORTS OF EXECUTIVE AGENCIES

The favorable reports of the Atomic Energy Commission and of the Department of the Interior are set forth in full below. Also set forth is the favorable comment of the Joint Committee on Atomic Energy of the Congress. The joint committee's views were sought since it is considering bills for overall revision of the Atomic Energy Act and the Interior Committee wished to do nothing at variance with or inconsistent with the probable action of the joint committee with respect to source materials.

UNITED STATES ATOMIC ENERGY COMMISSION,
Washington, D. C., May 21, 1954.

Hon. HUGH BUTLER,
Chairman, Committee on Interior and Insular Affairs, United States Senate.

DEAR SENATOR BUTLER: Our views have been requested on S. 3344 and H. R. 8892, identical bills to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands, and other purposes.

Insofar as they bear upon the activities and field of interest of the Atomic Energy Commission, the bills appear to have two major objectives:

1. To permit establishment of mining claims under the mining laws on lands to which the mineral leasing acts are applicable and

2. To confirm that despite the reservation to the United States of source material in the public lands set forth in section 5 (b) (7) of the Atomic Energy Act of 1946, as amended, valid mining claims may be established on the basis of a discovery of a source material alone.

We are of the opinion that realization of both objectives would further the Commission's aim of encouraging greater domestic production of source materials and are therefore happy to state our recommendation that the proposal be enacted. We should like to suggest certain amendments, however, which we believe are fully in keeping with the apparent purposes of the bills. The changes we suggest fall into two categories.

First, a group of formal changes which require very little discussion, all falling on page 21 of the committee prints:

1. In lines 1 and 2 of page 21, reference is made to the act of August 1, 1946, and "all heretofore enacted acts which are amendatory of or supplementary to said act." Since it might be difficult to determine with certainty what acts are "supplementary to" the Atomic Energy Act of 1946, our suggestion would be to substitute the words "as amended" for the longer phrase just quoted.

2. In line 7 of page 21 reference is made to "section 5 (b) (7) of the Atomic Energy Act." We believe that the reference should be to section 5 (b) (1).

3. In lines 8 through 14 of page 21 definitions are set forth of "uranium lease application" and "uranium lease." Both are defined by reference to the provisions of the Commission's Domestic Uranium Program Circular 7. We assume that all uranium lease applications or uranium leases relating to oil and gas lands are meant to be comprehended and that the reference to Circular 7 is intended to be shorthand for this purpose. The fact that the Commission both received some applications and issued some leases prior to the promulgation of Circular 7 produces the result that the shorthand phrase is somewhat deficient for its

intended purpose. It is suggested that lines 8 to 14 be revised to read as follows:

"Uranium lease application" shall mean an application for a uranium lease filed with said Commission with respect to lands which would be open for entry under the mining laws except for their being lands embraced within an offer, application, permit, or lease under the mineral leasing laws or lands known to be valuable for minerals leasable under those laws; "uranium lease" shall mean a uranium mining lease issued by said Commission with respect to any such lands;

Second, substitution of an entirely different draft for section 9 of the bills. This proposed alternative, set forth in full in the attached memorandum, is believed to be entirely consistent, so far as objectives are concerned, with section 9 as now set forth in the bills. It embodies the substance of proposals set forth in a general bill to amend the Atomic Energy Act, H. R. 8862 and S. 3323, now under consideration by the Joint Committee on Atomic Energy. It approaches the problems created by the reservation embodied in section 5 (b) (7) of the Atomic Energy Act by expunging the reservation from the act in its entirety. This would represent no economic loss to the Government since at no time has the Atomic Energy Commission paid less for source materials originating on lands subject to the reservation than it has for source materials originating on lands to which the reservation had no application. The principal practical effect of the reservation thus far has been detrimental to the Commission's program in that, although neither the Commission nor the Department of Interior believes there is legal ground for it, doubt has arisen in the mining industry as to whether a mining claim based on the discovery of a source material alone is legally valid. Complete deletion of the reservation would place source materials on the same footing as any other minerals within the scope of the mining laws of 1872, as amended, and thereby leave no doubt whatsoever on this score.

With the deletion of the reservation, three related amendments of the Atomic Energy Act of 1946 become necessary:

1. The reservation of section 5 (b) (7) includes a right to enter upon the land and prospect for, mine, and remove source materials, with just compensation for any damage or injury occasioned thereby. Because section 5 (b) (5) of the Atomic Energy Act in its present form authorizes the Commission to acquire by purchase or condemnation supplies of source materials or any interest in real property containing deposits of source materials, the deletion of the part of the reservation giving the United States rights to enter upon lands containing source materials is of no great consequence to the Commission. On the other hand, the Commission's authority under section 5 (b) (5) to acquire source materials and interests in real property containing them does not explicitly comprehend acquisition of prospecting and exploratory rights in lands deemed to have possibilities of containing source materials. Hence, it is suggested that the scope of section 5 (b) (5) be enlarged to comprehend exploratory and prospecting rights. With section 5 (b) (5) thus amended, section 5 (b) (6) in its present form would be superfluous and should be deleted.

2. Although enactment of S. 3344 and H. R. 8892 would no longer make it necessary for the Commission to issue leases for source materials with respect to oil and gas lands, a narrow area would remain (e. g., source materials discovered on lands withdrawn other than by reason of the application of the mineral leasing laws) in which the only way the Commission could be assured of making deposits of source materials available for development and mining by private industry would be through the exercise of the leasing power. The Commission's existing power to issue leases is legally founded upon the reservation now set forth in section 5 (b) (7) of the Atomic Energy Act. Hence, if the reservation is deleted as proposed, it will be necessary to add an explicit authorization to the Commission to issue leases for source materials with respect to lands belonging to the United States.

3. Since the reservation would be deleted for the future and since, where it exists, it is productive of uncertainty rather than advantageous to the Government, it is believed desirable to authorize the heads of agencies who have issued conveyances subject to the reservation to release the present holders of the land from the reservation. As indicated above this would put to rest any lingering doubts about validity of the claims in question without sacrifice of any substantial interest by the Government.

The pressure of time has prevented us from submitting this report to the Bureau of the Budget.

Sincerely yours,

LEWIS L. STRAUSS, *Chairman.*

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D. C., May 14, 1954.

Hon. HUGH BUTLER,
Chairman, Committee on Interior and Insular Affairs, United States Senate, Washington, D. C.

MY DEAR SENATOR BUTLER: This in reply to the request of your committee for a report on S. 3344, a bill to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes.

I recommend the enactment of this bill.

The United States mining laws provide for the location of mining claims on public lands containing valuable mineral deposits (30 U. S. C., sec. 22 et seq.). After February 25, 1920, deposits of coal, phosphate, sodium, potassium, oil, oil shale, or gas became subject to disposition under the mineral-leasing laws (30 U. S. C., sec. 181 et seq.). Section 37 of the 1920 act provided that, except as to valid claims then existing, such deposits could be disposed of only under the mineral-leasing laws (30 U. S. C., sec. 193). Lands which were known to be valuable for minerals subject to the leasing laws or which were included in leases, permits, or applications or offers therefor could no longer be acquired under the mining laws.

To permit multiple development of lands in these latter categories, Congress passed the act of August 12, 1953 (67 Stat. 539), which, under certain conditions, validated mining claims located on such lands after July 31, 1939, but not later than December 31, 1952. S. 3344 would make some revisions in the terms of the 1953 act, but, in general, holders of such mining claims located after December 31, 1952, and prior to February 10, 1954, would be given the same benefits as those located prior to January 1, 1953, and these benefits would apply to a mining location which is made after the enactment of S. 3344.

The first three sections of S. 3344 provide for the validation of mining claims located subsequent to July 31, 1939, and prior to February 10, 1954, together with provisions for the conversion, at the election of the owners thereof, of uranium leases issued by the Atomic Energy Commission and applications for such uranium leases.

Sections 4 through 8 are provisions of general application, modifying the mineral-leasing laws and the mining laws in certain significant respects in the interests of encouraging multiple-mineral development on mining claims and lands previously subject to mineral development only under the mineral-leasing laws.

Section 9 would revise section 5 (b) (7) of the Atomic Energy Act of 1946 (42 U. S. C., sec. 1805) and section 3 of the act of August 12, 1953, supra, to remove any doubts that mining claims have been and may be validly located for valuable deposits of fissionable-source materials. This provision appears to be of utmost importance to the maintenance of an adequate supply of fissionable-source materials. However, this Department defers to the views of the Atomic Energy Commission with respect to the specific language proposed.

The following section-by-section discussion is limited to the important additions to or changes in the provisions of existing law (including the act of August 12, 1953, supra).

The provision in section 1 of the bill calling for posting and recording of amended notices of location is patterned after the 1953 act. However, if the claimant previously has filed a lease application or obtained a lease under Domestic Uranium Program Circular 7 of the Atomic Energy Commission for the same land, he would be required to file with the Commission a withdrawal of any such application or a release of any such lease and to record a notice of his withdrawal or release in the office where his notice of mining location shall have been filed. This provision seems very desirable, since it should tend to clarify the record title where both uranium leases and mining claims would otherwise cover the same land.

Section 2 deals with possible conflicts which may arise between mining claimants. The first possible conflict dealt with is that between (a) mining claims located prior to January 1, 1953, and (b) claims located after December 31, 1952, but prior to February 10, 1954. The second possible conflict mentioned is between (c) claims located prior to February 10, 1954, and (d) claims located after the date of enactment of these bills. In the case of the first possible conflict, claims in category (b) are to be presumed as located December 11, 1953, which is the day following the last date for recording category (a) mining claims under the 1953 act. In the case of the second possible conflict, claims in category (d) are to be presumed as located 121 days after enactment of the bill, that is, the day following the last date for recording category (c) mining claims.

Section 3 gives the holder of any pending uranium lease application or of a uranium lease a preference right to locate a mining claim within 120 days after the enactment date as against claimants attempting to locate a claim after the date of enactment. Provision is made for priorities among conflicting claimants to this preference right.

Under section 4 of the bill all mining claims and millsites located after enactment would be subject to a reservation to the United States of leasing act minerals. All claims validated by the bill would also be subject to such a reservation.

Section 5 expressly provides for the location, after enactment, of mining claims on lands valuable for leasable minerals, or included in a mineral lease or permit, or an application or offer for a mineral lease or permit.

Section 6 of the bill would set up legal standards for leasing act and mining operations on the same lands. Each type of operation generally would be required to be conducted so as not to endanger or materially interfere with any existing surface or underground improvements, workings, or facilities made for the other type of operation, or with the utilization of such improvement, workings, or facilities. An exception is provided permitting such injury or damage if a court of competent jurisdiction finds that the refusal to permit the injury or damage would cause greater damage than that which would result to the existing improvements, workings, or facilities, or from interference with the utilization thereof, if the use were allowed. However, fair compensation would be required. Provision is also made for interchange of information and reasonable access

to each other's facilities, workings, and improvements.

Section 7 authorizes publication of notice of any leasing act permit, lease, or application or offer for such permit or lease. The mining claimant may file a claim to minerals subject to the mineral leasing laws by reason of his mining location. If he does not file his claim within 150 days after the date of first publication of the notice, any claim or right to these minerals by the locator will be deemed to be relinquished. If a claim is asserted, this Department would hold hearings to determine the right of the claimant to the minerals. This provision would delay somewhat the issuance of mineral leases and permits, but would furnish the mineral lessee or permittee with some security of title with respect to outstanding claims to the land he wishes to explore or develop. The publication provisions are comparable to those applicable to contests of applications for mineral patents under the mining laws.

A typographical error on page 8, line 6, of the bill may be corrected by striking out the word "law" and inserting in lieu thereof the word "laws." This Department strongly supports this bill since it would encourage fuller mineral development of the public lands.

Since I am informed that there is a particular urgency for the submission of the views of the Department, this report has not been cleared through the Bureau of the Budget and, therefore, no commitment can be made concerning the relationship of the views expressed herein to the program of the President.

Sincerely yours,

ORME LEWIS,
Assistant Secretary of the Interior.

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON ATOMIC ENERGY,
May 28, 1954.

Hon. HUGH BUTLER,
Chairman, Committee on Interior and Insular Affairs, United States Senate, Washington, D. C.

DEAR SENATOR BUTLER: We have received the request of May 24 from Mr. Stewart French, your committee counsel, soliciting the views of this committee on S. 3344, a bill to amend the mineral leasing laws to provide for multiple mineral developments of the public lands with particular reference to section 9 of the bill which provides for certain changes in the Atomic Energy Act.

As you know, this committee is in the process of making major revisions in the Atomic Energy Act of 1946, through bills H. R. 8862 and S. 3323. Since these bills were introduced, the committee has held extensive hearings and has put through a clean print, a copy of which is enclosed for your information.

This committee has also examined the report of the Atomic Energy Commission on S. 3344. We find that the position taken by the Commission is in line with the position presently set forth in H. R. 8862 and S. 3323. If you will refer to the clean print of the joint committee bill, you will note:

Section 66, dealing with the power of the Commission to acquire supplies of source materials, has been merged with the section on exploration, and then expanded in order to permit the Commission to condemn the right to enter upon real property deemed by the Commission to have possibilities of containing deposits of source material in order to conduct prospecting and exploratory operations for such deposits. Section 66 further permits the payment of just compensation for any interest taken in land, as is suggested to your committee by the Commission.

Section 67 is new and gives the Commission permission to issue leases of public lands. While there is some question as to the necessity of such a provision in view of the other extensive powers given to the Commission, the provision has been incorporated into the present proposal.

Section 68 contains some of the provisions of former section 67. By deleting the provisions of the original act, which contained reservations in favor of the United States with respect to the locations of source materials on public lands deeded to others, it was hoped that prospecting for source materials would be encouraged. In view of the deletion of this reservation, appropriate language was inserted in the section which would permit patentees to get new patents without any reservations. The language for this purpose is slightly different in the proposed bill than in the Commission proposals. Where the earlier language requiring the reservation provided that "the Secretary of the Interior shall cause to be inserted in every patent, conveyance, lease, permit, or other authorization, hereafter granted to use the public lands or their mineral resources * * *", the language of section 68 was drafted to provide a parallel instruction to order the issuance of new patents without the reservations. The Commission proposal would require any head of a department or an agency to issue a new or supplemental patent without such reservation. It is believed that the committee language more closely parallels the former language of the Atomic Energy Act. In addition, one new sentence has been added to section 68 requiring that any new patent shall be subject to any rights heretofore issued by the United States; then the new patent shall be subject to those rights, but the patentee shall be subrogated to the right of the United States.

It will be noted that proposed section 68 deletes the unfair advantage clause in the statute. While this clause was originally drawn to be applicable to the Manhattan Engineer District, and hence is now 8 years old, it appears to have been construed to apply to present Commission activities. Therefore, it probably will be reworded to bring it up to date and reinstated in section 68.

One very minor technical point should be mentioned in passing. It is suggested that the provisions of S. 3344 be reworded so that the phrase "fissionable source material" becomes "source material" throughout, and the clause in lines 17 through 20 of page 21 of the committee print would then read: "'source material' shall mean uranium, thorium, and all other materials defined in section 5 (b) (1) of the Atomic Energy Act to be source materials;"

We would, in turn, appreciate having the views of your committee on the clean print of H. R. 8862 and S. 3323 relating to source materials.

Sincerely yours,

STERLING COLE, *Chairman.*

CHANGES IN EXISTING LAW

In compliance with the Cordon rule (subsec. (4) of rule XXIX of the Standing Rules of the Senate), changes in existing law made by the bill S. 3344, as reported, are shown as follows (existing law proposed to be repealed is enclosed in black brackets, additions to existing law are italicized):

The Atomic Energy Act of 1946 (Public Law 585, 79th Cong., 2d sess.; 60 Stat. 755)

"Control of materials

"SEC. 5. (b) Source materials:

"(1) Definition: As used in this act, the term 'source material' means uranium, thorium, or any other material which is determined by the Commission, with the approval of the President, to be peculiarly essential to the production of fissionable materials; but includes ores only if they contain one or more of the foregoing materials in such concentration as the Commission may by regulation determine from time to time.

"(2) License for transfers required: Unless authorized by a license issued by the Commission, no person may transfer or deliver, receive possession of or title to, or export from the United States any source material after removal from its place of deposit in nature, except that licenses shall not be required for quantities of source materials which, in the opinion of the Commission, are unimportant.

"(3) Issuance of licenses: The Commission shall establish such standards for the issuance, refusal, or revocation of licenses as it may deem necessary to assure adequate source materials for production, research, or development activities pursuant to this act or to prevent the use of such materials in a manner inconsistent with the national welfare. Licenses shall be issued in accordance with such procedures as the Commission may by regulation establish.

"(4) Reporting: The Commission is authorized to issue such regulations or orders requiring reports of ownership, possession, extraction, refining, shipment, or other handling of source materials as it may deem necessary, except that such reports shall not be required with respect to (A) any source material prior to removal from its place of deposit in nature, or (B) quantities of source materials which in the opinion of the Commission are unimportant or the reporting of which will discourage independent prospecting for new deposits.

[(5) Acquisition: The Commission is authorized and directed to purchase, take, requisition, condemn, or otherwise acquire, supplies of source materials or any interest in real property containing deposits of source materials to the extent it deems necessary to effectuate the provisions of this act. Any purchase made under this paragraph may be made without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) upon certification by the Commission that such action is necessary in the interest of the common defense and security, or upon a showing that advertising is not reasonably practicable, and partial, and advance payments may be made thereunder. The Commission may establish guaranteed prices for all source materials delivered to it within a specified time. Just compensation shall be made for any property taken, requisitioned, or condemned under this paragraph.]

(5) Acquisition: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to purchase, take, requisition, condemn, or otherwise acquire—

"(A) supplies of source materials or any interest in real property containing deposits of source materials; and

"(B) rights to enter upon any real property deemed by it to have possibilities of containing deposits of source materials and to conduct prospecting and exploratory operations for such deposits.

Any purchase made under this paragraph may be made without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) upon certification by the Commission that such action is necessary in the interest of the common defense and security, or upon a showing that advertising is not reasonably practicable, and partial and advance payments may be made thereunder. The Commission may establish guaranteed prices for all source materials delivered to it within a specified time. Just compensation shall be made for any property or interest in property taken, requisitioned, or condemned under this paragraph.

[(6) Exploration: The Commission is authorized to conduct and enter into contracts for the conduct of exploratory operations, investigations, and inspections to determine the location, extent, mode of occurrence, use, or conditions of deposits or supplies of source materials, making just compensation

for any damage or injury occasioned thereby. Such exploratory operations may be conducted only with the consent of the owner, but such investigations and inspections may be conducted with or without such consent.]

(6) Operations on lands belonging to the United States: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to issue leases or permits for prospecting for, exploration for, mining, or removal of deposits of source materials (or for any or all of these purposes) in lands belonging to the United States.

[(7) Public lands: All uranium, thorium, and all other materials determined pursuant to paragraph (1) of this subsection to be peculiarly essential to the production of fissionable material, contained in whatever concentration, in deposits in the public lands are hereby reserved for the use of the United States subject to valid claims, rights or privileges existing on the date of the enactment of this act: *Provided, however,* That no individual, corporation, partnership, or association, which had any part, directly or indirectly, in the development of the atomic bomb project, may benefit by any location, entry, or settlement upon the public domain made after such individual, corporation, partnership or association took part in such project, if such individual, corporation, partnership, or association, by reason of having had such part in the development of the atomic bomb project, acquired confidential official information as to the existence of deposits of such uranium, thorium, or other materials in the specific lands upon which such location, entry, or settlement is made, and subsequent to the date of the enactment of this act made such location, entry, or settlement or caused the same to be made for his, its, or their benefit. The Secretary of the Interior shall cause to be inserted in every patent, conveyance, lease, permit, or other authorization hereafter granted to use the public lands or their mineral resources, under any of which there might result the extraction of any materials so reserved, a reservation to the United States of all such materials, whether or not of commercial value together with the right of the United States through its authorized agents or representatives at any time to enter upon the land and prospect for, mine, and remove the same, making just compensation for any damage or injury occasioned thereby. Any lands so patented, conveyed, leased, or otherwise disposed of may be used, and any rights under any such permit or authorization may be exercised as if no reservation of such materials had been made under this subsection; except that, when such use results in the extraction of any such material from the land in quantities which may not be transferred or delivered without a license under this subsection, such material shall be the property of the Commission and the Commission may require delivery of such material to it by any possessor thereof after such material has been separated as such from the ores in which it was contained. If the Commission requires the delivery of such material to it, it shall pay to the person mining or extracting the same, or to such other person as the Commission determines to be entitled thereto, such sums, including profits, as the Commission deems fair and reasonable for the discovery, mining, development, production, extraction, and other services performed with respect to such material prior to such delivery, but such payment shall not include any amount on account of the value of such material before removal from its place of deposit in nature. If the Commission does not require delivery of such material to it, the reservation made pursuant to this paragraph shall be of no further force or effect.]

(7) Public lands: No individual, corporation, partnership, or association, which had any part, directly or indirectly, in the development of the atomic bomb project, may benefit by any location, entry, or settlement upon the public domain made after such individual, corporation, partnership, or association took part in such project, if such individual, corporation, partnership, or association, by reason of having had such part in the development of the atomic bomb project, acquired confidential official information as to the existence of deposits of such uranium, thorium, or other materials in the specific lands upon which such location, entry, or settlement is made, and subsequently to the date of the enactment of this act made such location, entry, or settlement or caused the same to be made for his, or its, or their benefit. In cases where any patent, conveyance, lease, permit, or other authorization has been issued, which reserved to the United States source materials and the right to enter upon the land and prospect for, mine, and remove the same, the head of the department or agency which issued the patent, conveyance, lease, permit, or other authorization shall, on application of the holder thereof, issue a new or supplemental patent, conveyance, lease, permit, or other authorization without such reservation.

APPENDIX

(The act of August 12, 1953 [67 Stat. 539], to which reference is made in S. 3344, is set forth below.)

Public Law 250, 83d Congress, Chapter 405, 1st Session, S. 1397

An act relating to mining claims located on land with respect to which a permit or lease has been issued, or an application or offer for permit or lease has been made, under the mineral leasing laws, or known to be valuable for minerals subject to disposition under the mineral leasing laws, and for other purposes

Be it enacted, etc., That (a) subject to the provisions of this act and to any valid intervening rights acquired under laws of the United States, any mining claim located under the mining laws of the United States subsequent to July 31, 1939, and prior to January 1, 1953, on lands of the United States which were, at the time of such location—

(1) included in a permit or lease issued under the mineral leasing laws; or

(2) covered by an application or offer for a permit or lease which had been filed under the mineral leasing laws; or

(3) known to be valuable for minerals subject to disposition under the mineral leasing laws;

shall be effective to the same extent as if such mining claim had been located on lands which were at the time of such location subject to location under the mining laws of the United States: *Provided, however,* That in order to obtain the benefits of this act, the owner of any such mining claim shall, not later than 120 days after the date of enactment of this act, post on such claim in the manner required for posting notice of location of mining claims and file for record in the office where the notice or certificate of location of such claim is of record an amended notice of location of such claim, stating that such notice is filed pursuant to the provisions of this act and for the purpose of obtaining the benefits thereof.

(b) Labor performed or improvements made upon or for the benefit of such mining claims after the original location thereof shall be recognized as applicable thereto for all purposes to the same extent as labor performed and improvements made upon or for the benefit of mining claims which are not affected by this act.

(c) Any withdrawal or reservation made after the original location of such mining claim affecting land covered by such mining claim is hereby modified and amended so that the effect thereof upon such mining claim shall be the same as if such mining claim had been located upon the lands of the United States, which, subsequent to July 31, 1939, and prior to the date of such withdrawal, were subject to location under the mining laws of the United States.

SEC. 2. Any mining claim given force and effect as provided in section 1 of this act shall be subject to the reservation to the United States of all minerals which, upon the effective date of this act, are provided in the mineral leasing laws to be disposed of thereunder, and the right of the United States, its lessees, permittees, and licensees, to enter upon the land covered by such mining claim to prospect for, mine, treat, store, and remove such minerals, and to use so much of the surface and subsurface of such mining claim as may be necessary for such purposes, and to enter upon such land whenever reasonably necessary for the purpose of prospecting for, mining, treating, storing, and removing such minerals on and from other lands of the United States; and any patent issued for any such mining claim shall contain such reservation.

SEC. 3. The rights under any mining claim given force and effect by this act shall also be subject to the reservation to the United States specified in section 5 (b) (7) of the Atomic Energy Act of 1946, as amended, and, in addition, any reservation or reservations required by any other provision or provisions of law; and any patent issued for such mining claim shall contain such reservations.

SEC. 4. Except as this Act provides for (a) validation of certain mining claims located on lands described in section 1 of this act, and (b) the modification and amendment of certain withdrawals or reservations of land, nothing in this act shall affect any power or authority duly vested in the Atomic Energy Commission or any other agency, department, or officer of the United States to make leases, withdrawals, reservations, or other arrangements with respect to source materials as defined in section 5 (b) (1) of the Atomic Energy Act of 1946, as amended.

SEC. 5. As used in this act, "mineral leasing laws" shall mean the act of October 20, 1914 (38 Stat. 741); the act of February 25, 1920 (41 Stat. 437); the act of April 17, 1926 (44 Stat. 301); the act of February 7, 1927 (44 Stat. 1057); and all acts heretofore or hereafter enacted which are amendatory of or supplementary to any of the foregoing acts.

Approved August 12, 1953.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MILLIKIN. Mr. President, I too, wish to thank the distinguished Senator from Wyoming for the excellent work he has done previously and has done on the floor of the Senate today in connection with the bill.

Mr. BARRETT. I thank the distinguished Senator from Colorado, but I may say, Mr. President, that the Senator from Colorado is the author of the proposed legislation. He deserves great credit for inducing the conflicting industries of the Western States to get together and to agree to the introduction of the measure which will prove to be in the public interest in the long run.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

The title was amended so as to read: "A bill to amend the mineral leasing laws and the mining laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes."

AMENDMENT OF MINERAL LEASING ACT OF FEBRUARY 25, 1920, AS AMENDED

Mr. CARLSON. Mr. President, I move that the Senate proceed to the consideration of Calendar 1621, Senate bill 2380, to amend section 17 of the Mineral Leasing Act of February 25, 1920, as amended.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 2380) to amend section 17 of the Mineral Leasing Act of February 25, 1920, as amended.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2380) to amend section 17 of the Mineral Leasing Act of February 25, 1920, as amended, which had been reported from the Committee on Interior and Insular Affairs with an amendment, to strike out all after the enacting clause, and insert:

That the act of February 25, 1920, as amended (30 U. S. C. 226), is further amended as follows:

(1) Strike out the second paragraph of section 17 and insert the following language in lieu thereof:

"Any lease issued under this act which is subject to termination by reason of cessation of production shall not terminate if within 60 days after production ceases, reworking or drilling operations are commenced on the land under lease and are thereafter conducted with reasonable diligence during such period of nonproduction. No lease issued under the provisions of this act shall expire because operations or production is suspended under any order, or with the consent, of the Secretary of the Interior. No lease issued under the provisions of this act covering lands in which there is a well capable of producing oil or gas in paying quantities shall expire because the lessee fails to produce the same, unless the lessee is allowed a reasonable time, but not less than 60 days after notice by registered mail, within which to place such well on a producing status: *Provided*, That after such status is established production shall continue on the leased premises unless and until suspension of production is allowed by the Secretary of the Interior under the provisions of this act."

(2) Strike out the third paragraph of section 17 and insert in lieu thereof:

"Upon the expiration of the initial 5-year term of any noncompetitive lease maintained in accordance with applicable statutory requirements and regulations, the record titleholder thereof shall be entitled to a single extension of the lease, unless then otherwise provided by law, for such lands covered by it as are not on the expiration date of the lease withdrawn from leasing under this section. A withdrawal, however, shall not affect the right to an extension if actual drilling operations on such lands were commenced prior to such withdrawal becoming effective and were being diligently prosecuted on such expiration date. No withdrawal shall be effective within the meaning of this section until 90 days after notice thereof shall be sent by registered mail, to each lessee to be affected by such withdrawal. A noncompetitive lease, as to lands not within the known geologic structure of a producing oil or gas field, shall be extended for a period of 5 years and so long thereafter as oil or gas is produced in paying quantities. A noncompetitive lease, as to lands within the known geologic structure of a producing oil or gas field, shall be extended for a period of 2 years and so long thereafter as oil or gas is produced in paying quantities. Any noncompetitive lease extended under this paragraph shall be subject to the rules and regulations in force at the expiration of the initial 5-year term of the lease. No extension shall be granted, however, unless within a period of 90 days prior to such expiration date an application therefor is filed by the record titleholder or an assignee whose assignment has been filed for approval, or an operator whose operating agreement has been filed for approval."

(3) Strike out the fifth paragraph of section 17 and insert the following language in lieu thereof:

"Whenever it appears to the Secretary of the Interior that lands owned by the United States are being drained of oil or gas by wells drilled on adjacent lands, he is hereby authorized and empowered to negotiate agreements whereby the United States, or the United States and its lessees, shall be compensated for such drainage, such agreements to be made with the consent of the lessees affected thereby, and the primary term including any extensions thereof of any lease for which compensatory royalty is being paid shall be extended for the period during which such compensatory royalty is paid and for a period of 1 year from discontinuance of such payment and so long thereafter as oil or gas is produced in paying quantities: *Provided*, That the Secretary of the Interior shall report to Congress at the beginning of each regular session, all such agreements entered into during the previous year which involve unleased Government lands."

(4) Strike out the second sentence of the fourth paragraph of section 17 (b) and insert in lieu thereof the following language: "Any other lease issued under any section of this act which has heretofore or may hereafter be committed to any such plan that contains a general provision for allocation of oil or gas, shall continue in force and effect as to the land committed, so long as the lease remains subject to the plan: *Provided*, That production is had in paying quantities under the plan prior to the expiration date of the term of such lease. Any lease hereafter committed to any such plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization: *Provided, however*, That any such lease as to the nonunitized portion shall continue in force and effect for the term thereof but for not less than 2 years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

(5) Strike out the words "and regardless of acreage limitations provided for in this act" in the fifth paragraph of section 17 (b) and insert the following sentence at the end of that paragraph: "All leases operated under such approved operating, drilling, or development contracts, and interests thereunder, shall be excepted in determining holdings or control under the provisions of any section of this act."

(6) Strike out the last sentence of section 30 (a) and insert the following in lieu thereof: "Assignments under this section may also be made of parts of leases which are in their extended term because of any provision of this act. The segregated lease of any undeveloped lands shall continue in full force and effect for 2 years and so long thereafter as oil or gas is produced in paying quantities."

(7) Insert the following sentence immediately after the second paragraph of section 31: "Notwithstanding the provisions of this section, however, upon failure of a lessee to pay rental on or before the anniversary date of the lease, for any lease on which there is no well capable of producing oil or gas in paying quantities, the lease shall automatically terminate by operation of law: *Provided, however*, That when the time for payment falls upon any day in which the proper office for payment is not open, payment may be received the next official working day and shall be considered as timely made."

CONSTRUCTION AT MILITARY AND NAVAL INSTALLATIONS

Mr. LONG. Mr. President, I rather doubt that the Senate will reach the consideration of the military construction bill this evening. In order that Senators may understand the motion I intend to make when the bill is called up, I believe I should discuss it, in order that my remarks will appear in the RECORD which will be available tomorrow.

I have had some experience on the Committee on Armed Services. At one time I had the honor of serving on a subcommittee which dealt with military construction. At that time the committee worked very diligently in an effort to find ways of economizing on military spending.

The subcommittee was instrumental in reducing the military construction bill of 1952 by about $700 million, in ways which would not prevent a single plane from flying, a single gun from shooting, or a single ship from sailing.

Having seen the manner in which enormous waste creeps into the military construction program, I have become very much concerned about the military construction authorization bill, which will soon be called up.

The item which concerns me most is an item which the committee turned down at the time when I had an opportunity to serve on the committee. That was an item calling for $100 million of additional barracks, which was rejected 2 years ago on the basis that the Army already had a sufficient number of barracks.

At that time the committee carefully studied the item, and concluded that it was completely wasteful, when there were already plenty of barracks, to proceed with the construction of another $100 million worth of barracks. The only argument which was made at that time in favor of the additional construction was that in the event war broke out, it would be necessary to construct many additional barracks buildings; that there would be such a demand for additional barracks buildings that it would be well if the Government had a large number of empty barracks across the Nation, because, in the event of an emergency, they could be filled immediately, and there would be a head start on a barracks-construction program.

That was not a very compelling argument, because there were so many other things which would be needed besides barracks, in the event a war broke out, and the committee felt that a priority should be established on items which would be more difficult to obtain. Therefore, the item for barracks was removed from the military construction bill of 1952.

Since that time the strength of the Army has been reduced by 20 percent. Army bases are being closed all over the United States. For example, in the State

which I have the honor, in part, to represent, Camp Polk has been closed. At Camp Polk there are barracks facilities sufficient to house around 40,000 men. Camp Pickett, in Virginia, was closed on the same day. Camp Atterbury, in Indiana, has been closed recently. Those camps are good operating bases, having a large amount of barracks space. Congress was told that in closing those bases, great economies would be effected.

Mr. President, I am not opposing the additional $100 million for barracks merely because someone has closed Camp Polk in Louisiana. When I was chairman of the subcommittee, we removed this identical $100 million item from the bill. There is less need now for an additional $100 million worth of barracks than there was then. The military officials have dressed up the argument, but it is the same old wasteful item about which they are arguing today. Now it is said that it is believed there would be a higher rate of enlistments, that more men would be willing to sign up for a second term in the Army, if better barracks were provided for the men to live in. Whom do the military think they are "kidding"? They are going to get the manpower for the Army in the future just as they get it now, by drafting youth of the land. Young men do not intend to reenlist and to face the risk of fighting another Korean type of war, in which there is such inequality of sacrifice; a war in which they will have to go out and face the enemy on the battlefield, while so many others stay at home with their families.

Mr. President, it simply does not make sense to embark upon a program of replacing the barracks of the Nation with new barracks. This is only the first instance. Once a start is made on building new barracks across the Nation, to replace barracks already in existence, old barracks which are adequate today and will be adequate for many years to come, we shall have to replace a billion dollars' worth of barracks. No one knows exactly how many it will be necessary to build.

Better soldiers will not be developed merely by building better barracks buildings.

The construction of additional barracks would be wasteful of funds. I have alerted the distinguished chairman of the subcommittee to the wastefulness of this item, and I am pleased to say that the item has been cut by one-half. We started with about $90 million, and it has been reduced to $45 million. However, when the bill is called up in the Senate, I intend to move to recommit it, with instructions to reduce the amount in the bill by another $45 million, having in mind that this particular item should be reduced.

I know the committee has worked diligently on the problem. I know of no Member of the Senate who is any more diligent or conscientious in trying to avoid waste of public funds than is the distinguished Senator from South Dakota [Mr. CASE], the chairman of the subcommittee. But I believe that in this instance the committee has erred in permitting this item to slip through.

Mr. CASE. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from South Dakota.

Mr. CASE. I appreciate the kind remarks of the Senator from Louisiana. My reason for asking the Senator to yield is that I propose to point out what the Senator from Louisiana perhaps has already pointed out, namely that the bill which we hope will be taken up for consideration, H. R. 9242, does not propose to reconstruct all the barracks in the military installations of the United States. The proposal as submitted really embraces two parts, one of which is what was called the hard core program, which was in the original estimates of the Department of Defense. Subsequently there was a proposal for approximately $96 million worth of barracks replacements.

The bill as it passed the House carried both parts, the so-called hard core program, and also the provision for $96 million worth of authorizations for replacement of barracks. By the term "barracks" was meant not merely enlisted men's barracks, but bachelor officers' quarters.

The Subcommittee on Real Estate and Military Construction of the Senate Committee on Armed Services, in its report and recommendations to the full committee, and now to the Senate, in the bill which will be before the Senate for early consideration, cut that supplementary program approximately in two, leaving, in the recommendations on the bill, one-half of the proposal for the enlisted men's barracks, and one-half of the proposal for bachelor officers' quarters.

I merely point out that fact because, if the record is being made with the thought that it may be available for reading by Members of the Senate, they should know, before conclusion of the debate or consideration of the bill tomorrow, that the bill does not contemplate a complete reconstruction of barracks facilities in the United States, even if all the $96 million were authorized. As reported, there is provided only approximately one-half of the increment recommended in the requests of the Department of Defense.

Mr. LONG. The point I had in mind was that this is the beginning of the program. In his message, the President announced that he intended to start a program to replace barracks throughout the Nation. Here is the first increment asked for, amounting to almost $100 million. That is the beginning of the program. If this amount is granted, we are going to have to grant the rest of the requests as they come along.

I should like to compliment the committee for writing into the bill certain provisions in an effort to guarantee economies which could be effected. For example, on page 71 the committee wrote that the cost for cold storage should not exceed $20 a square foot. I hold in my hand the Senate committee report written in 1952, at a time when I was a member of the subcommittee. I wrote the report. We recommended that the costs for cold storage should not exceed $20 a square foot.

The committee also wrote into the bill the provision that the cost for warehousing should not exceed $6 a square foot. We had also written that recommendation into the committee report accompanying the Naval and Military Construction Act of 1952. The same was true of the recommendation that barracks should not exceed a cost of $1,700 a man, or $1,400 a man for lifetime barracks, and that bachelor officers' quarters should not exceed a cost of $5,000 a man.

I only wish the committee had written into the proposed law an additional provision which was contained in the 1952 act. That was a provision creating in the Department of Defense a Director of Installations. If there were a well qualified Director of Installations in the Office of the Secretary of Defense, I confidently state that the $1 billion bill would have been trimmed down by at least $200 million or $300 million.

All through the bill may be seen evidences of waste. I suspect that there is a lot more waste than just that embraced in the item on barracks.

I regret that neither the committee nor the Congress has available to it adequate advice to enable it to ascertain in what respects items in the bill involve waste. There is one item which I do not propose to touch, because there is not the time to look into it, but there is in the bill a proposed authorization of more than $235 million for additional paving.

If they study the bill, Senators will find that of the proposed item of $235 million for paving for the Air Force, about 50 percent of that amount is for parking aprons. Senators will further find that the amount of concrete used by the Air Force is excessive. The Air Force likes to build parking aprons so that there is an amount 3½ times to the square of the size of the airplane. When personnel of the Air Force park airplanes, they like to be able to drive up to the rear and out front without touching any other airplanes. They like to do that, rather than have the system in effect in commercial operations. I should doubt that the commercial airlines at the National Airport here in Washington have anything like the amount of parking facilities or space that the Air Force insists upon. I have never yet seen a base where the Air Force did not have adequate facilities to park all the airplanes they were using. I have never seen a base where twice as many airplanes could not be parked.

The Marine Corps used a ratio of 1½, instead of 3½, to the square of the size of the airplane in actual, frontline combat fields. It is possible to get by with a lot less concrete in the parking aprons than the Air Force requests.

Mr. CASE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CASE. Let me say that the Subcommittee on Real Estate and Military Construction of the Senate Armed Services Committee has been very appreciative of the fact that the predecessor committee did establish some unit costs in the various categories which the Senator from Louisiana has mentioned. In the work the subcommittee has been called

upon to do in the past year and a half, we have seen the good results of that action. At the same time, I think it should be pointed out that the proposal to recruit a so-called Director of Installations might be somewhat difficult and might be somewhat overlapping, since, under the present Secretary of Defense, there is now an Assistant Secretary of Defense for Installations. He and his staff, to a certain extent, at least, took the place of the former Director of Installations.

Mr. LONG. I say to the Senator from South Dakota that there never was a more wasteful act done by one stroke of the pen than there was when the President of the United States heeded the advice of high-ranking officers over in the Pentagon and abolished the Office of the Director of Installations. I say that for this reason: The Senator from South Dakota is familiar with the fact that when there was a Director of Installations in the Department of Defense, he recommended to the Secretary of Defense that the services withdraw requests for another $4 billion for defense construction on the bases. That was contained in the statement of Mr. Frank Creedon, when he appeared before the Armed Services Committee a year ago. Not only did the Secretary of Defense require the services to withdraw their request for $4 billion, but representatives of the services were told that if they wanted additional authorizations for construction, they would be authorized such facilities only if the services would surrender at least as much, in dollars, of outstanding authorizations that they could do without.

The distinguished Senator from South Dakota handled the bill in which the services surrendered $700 million of unnecessary authorizations in order to obtain authorizations of $500 million. There resulted a net reduction in authorizations of around $200 million.

I salute the Senator from South Dakota for handling the bill. He handled the bill well, and put many economies into effect. But the reason that was done was that a man named Frank Creedon was Director of Installations and he was the Secretary of Defense on the subject of military construction. He was a man who was familiar with the military construction which the military services needed.

Mr. Creedon went further and testified he saw a need for finding out where there were waste and unnecessary expenditures in military construction. When he did, the high-ranking officers set about to see that his position would be abolished.

They abolished the position; and in the place of the man who had been Director of Installations, they appointed an Assistant Secretary of Defense for Properties and Installations. With all due respect to that good man, I say he did not know what the services were up to; he did not know how the old Army game, the old Navy game, and the new Air Force game operate. So it is that we now see recommended for inclusion in the military and naval construction bill many of the same items that Congress had the good judgment to turn down in the past.

If we had in that position someone with the good, sound, judgment and fortitude that Mr. Kyes had when he was there to advise the Secretary, and with the bold independent judgment of Mr. Creedon, we would not now see the Secretary of Defense recommending the expenditure of $1,100,000,000 for this purpose.

Mr. CASE. Mr. President, will the Senator from Louisiana yield to me?

The PRESIDING OFFICER (Mr. CARLSON in the chair). Does the Senator from Louisiana yield to the Senator from South Dakota?

Mr. LONG. I yield.

Mr. CASE. Mr. President, I had not expected that we would enter upon a free-wheeling debate on the military and naval construction bill, in advance of its consideration by the Senate. However, in view of the presentation the Senator from Louisiana has made, I think the RECORD should contain some additional statements in connection with the matter.

First of all, let me say, regarding Mr. Creedon, that it was our privilege to have the services of Mr. Frank Creedon for the guidance and counsel of the committee a year ago; and I worked with Frank Creedon for 4 or 5 months. So I join the Senator from Louisiana in paying high tribute to Mr. Creedon's ability, integrity, and desire to remove from the estimates any water, so to speak. He did an excellent job, and we had the benefit of his services in connection with the bill which was presented to the Senate a year ago. I would not detract one iota from what the Senator from Louisiana has said respecting Mr. Creedon's ability. However, the fact that Mr. Creedon is an able man and was a very valuable assistant to the committee does not mean that the committee is entirely devoid of help at this time.

The Senator from Louisiana has made a statement regarding the present Assistant Secretary of Defense for Properties and Installations; but I doubt that the Senator from Louisiana would have made the statement if he had had an opportunity to work with the Assistant Secretary of Defense, Mr. Franklin G. Floete, who, in that capacity, has proven himself to be a very able and conscientious person. It is true that he came to the position without the background of military construction that some other persons might have had. However, during his tenure of that office he has had the benefit of the counsel, technical advice, and military knowledge of Admiral Jelley, who has been the righthand man to Mr. Floete during the period when Mr. Floete has been Assistant Secretary of Defense.

Admiral Jelley came to that position after several years as head of the Bureau of Yards and Docks, of the Navy. So, in that team, we have coupled together the desires for economy of Mr. Floete and the benefit of his experience in the construction business, when he was the active head of Wood Brothers, of Lincoln, Nebr., a firm engaged in construction activities, and one that had contracts, I think, along the Mississippi, and at one time in the State of Louisana. In any event, he had construction experience with that firm, and was an experienced businessman. He obtained a law degree from Harvard University Law School. Although I do not know that he ever practiced law, at least he combines the background of practical knowledge as the managing head of a large construction firm and a knowledge of law and a knowledge of banking and finance, and a knowledge of business, as the head of a large business firm at Des Moines, Iowa, for a number of years. Those qualifications of Mr. Floete are combined with the military knowledge and knowledge of military construction held by Admiral Jelley, who for many years was head of the Bureau of Yards and Docks.

So the Assistant Secretary of Defense and his office have not been without knowledge of military defense and its requirements; and as a result of their combined application in connection with the original requests of the Department of Defense, approximately $500 million was cut from the requests of the Department of Defense, as they went to his office, before the requests came to the Congress.

In addition, let me point out that in House bill 9242, as reported by the Committee on Armed Services, we propose the reapplication or reprograming of approximately $435 million of prior authorizations. So this bill is not one which is entirely confined to requests for new funds or new authorizations; but if the Senator from Louisiana will examine the hearings, which fortunately are available to all Members of the Senate—I refer to the green-bound books which now are on the tables beside the pages—he will note that in the hearings on the bill, in every instance the amounts for reprograming or reapplication of funds are set forth. For that matter, they are also stated in the bill itself.

So a total of $435 million, as carried under various items in the bill, is for reapplications or reprograming of funds previously authorized, but not used, and which we believe can be applied to projects of higher priority, in connection with this bill.

Mr. MAYBANK. Mr. President, will the Senator from Louisiana yield to me?

Mr. LONG. I yield.

Mr. MAYBANK. Let me inquire whether we are to understand that the military and naval construction bill is to be voted on at any time during the session today. I ask the question because the Appropriations Committee is in the process of considering the deficiency appropriation bill; and, in addition to having to attend the Appropriations Committee in connection with its consideration of that bill, I must also attend the conference committee in its meeting on the banking bill. Obviously it will be impossible for me to be in all three places at the same time.

Mr. LONG. Let me state that the military and naval construction bill, House bill 9242, is not pending at this time. However, I wish to address myself to the bill at this time, in order to have

this discussion of it available in the RECORD, so that other Senators may be able to examine it tomorrow.

Mr. MAYBANK. I thank the Senator from Louisiana.

Mr. LONG. The Senator from South Carolina is very welcome.

Mr. President, I should like to comment on the statement that the Assistant Secretary of Defense for Properties and Installations has had experience and has the benefit of the advice of Admiral Jelley.

Admiral Jelley was head of the Bureau of Yards and Docks, and he made various proposals of items to be included in the 1952 authorization bill for the Navy. In that bill we found a number of items that should have been reduced in amount, and we did reduce them.

I dislike to criticize the admirals and generals of the armed services. However, I point out that over a long period of time they have found ways and means to obtain the things they wanted for their services. It is the job of the civilian officials of the Government to find ways and means by which those amounts can be reduced. I say with regret that, all too often, the Secretaries and Assistant Secretaries become mere attorneys for the admirals and generals, in seeking to obtain for them what the officers want, rather than in working for the public, in trying to save as much money as can possibly be saved.

Mr. President, it seems to me that two things should be very clear. First, if we wish to prevent the making of unnecessary appropriations and the wasting of public funds, we need to have in the Department of Defense some persons who cannot be controlled by the military, some men who will exercise civilian control, as the Constitution and laws of this country intend, and some men who will see to it that authorizations and appropriations are not requested unless they are absolutely necessary. I say that because I know it is very difficult for Senators to vote against major appropriations if they are to be spent in their own States.

For instance, House bill 9242 calls for the authorization of appropriations in the total amount of $1,100,000,000, some of it to be spent in every State. I know the problem that confronts a member of the committee. When he recommends a reduction in the amount of an item of, let us say, $8 million or $10 million, to be spent in a particular community. He realizes that that item represents prosperity and payrolls in that community, and that if that amount is made available, more money will be in circulation there. Of course, Mr. President, almost all the people of a community so involved will ask their Members of Congress to fight for every last dime of such items, even though the items might be very wasteful ones. In short, Senators will find that their constituents are strongly in favor of economy, so long as it does not affect their communities. When they find that the economy affects them, many of them say, "Senator, here is a vital item which we must have."

I recall that after working to try to trim down one of these installation bills some public-spirited citizens come to see me from a town which had a base. Those people, after listening to me discuss the various reductions and savings which had been made, running to approximately $700 million, said, "Inasmuch as the service is going to waste so much money anyway, why can you not get it to waste some of it in our home town?" Senators are familiar with that problem.

One Senator came to me and told me that the reductions which were made were going to give him some very special problems. The citizens of a community where a particular base was located were going to be resentful of the fact that we had taken out every cent, to the extent of millions of dollars, of the money proposed to be spent on that particular base during that year.

The easiest way to effect economies is not for the Congress to find where excessive funds have been requested and take them out, but for the services not to request such funds in the first place. The best way to prevent that situation from arising is to place a man in the Office of Secretary of Defense to advise him where economies can be effected.

I recall that about 2 years ago, when I was serving on the Armed Services Committee, I was engaged in holding up construction funds for the North African airbases. Since that time the Secretary of Defense and the President of the United States have shown good judgment in not permitting those additional bases to be constructed. The net saving was in excess of $100 million.

At that time a letter was written by one of the under secretaries. Senators would read that letter with interest. It contained the implication that the junior Senator from Louisiana, in taking the lead to hold up some of the funds which the service desired released, was undermining the defense of the country. The Under Secretary was saying, in effect, that he must decline to take the responsibility for what might happen if war should break out the next day. Those are the pressures to which Members of Congress are subjected when they try to insist on economies in the services.

Upon the advice of Mr. Creedon, Mr. Lovett, who was then the Secretary of Defense, proceeded to tell the services that they need not come back after an additional $4 billion authorization which they had informed us they would request in 1953. Mr. Lovett was fully convinced, after the Director of Installations had made a study, that the additional authorization was not necessary. Mr. Creedon came before the Armed Services Committee and gave us a very well-prepared statement showing that, far from needing more money, the services had enough money to carry them in some instances for as many as 4 years, so far as authorizations were concerned.

The then Secretary of Defense realized that those expenditures were excessive, that the appropriations were excessive, and that the authorizations were excessive. He informed Congress that he would not ask for more of them, except when he could surrender back unused authorizations of equal or greater amount.

When the new Secretary of Defense, Mr. Wilson, went into office he proposed approximately $5 billion of economies in the Air Force; and approximately $1,400,000,000 of those economies were the economies which Mr. Creedon had already been studying and recommending to Mr. Lovett, while Mr. Lovett was Secretary of Defense.

It seems to me that our committee has worked hard on this bill. I know that if it were the will of Congress that some additional items be taken out of the bill because the bill was believed to be excessive, the committee would do a workmanlike job in trimming the bill down, to the extent of eliminating many unnecessary barracks buildings authorized.

The Congress should add an amendment to recreate the Office of Director of Installations, and require, just as Congress required 2 years ago, that the person who holds the office of Director of Installations should have the qualifications which would make him familiar with military construction, and give him some familiarity with the method of operation of the military. Such a man should be in the Office of the Secretary of Defense, not under the thumb of the Secretary of the Army, the Secretary of the Navy, or the Secretary of the Air Force. He should owe no greater loyalty to one service than another. He should have a small staff, as Mr. Creedon had. Mr. Creedon had a staff of 23 men, and they kept up with a program running into billions of dollars every year.

I believe that Congress should further write into the legislation a provision which would not only recreate the Office of Director of Installations, in an effort to keep down unnecessary expenditures for our military construction, but provide that this office shall not be abolished by a reorganization plan. We should stop the practice of members of the Armed Forces using their influence first in one direction, and then in another, until they finally abolish the position of one whom they find it most difficult to move when they want to spend money unnecessarily.

AMENDMENT OF SECTION 17 OF MINERAL LEASING ACT OF FEBRUARY 25, 1920, AS AMENDED

The Senate resumed the consideration of the bill (S. 2380) to amend section 17 of the Mineral Leasing Act of February 25, 1920, as amended.

Mr. BARRETT. Mr. President, the Leasing Act of 1920 was enacted for the purpose of promoting in an orderly manner the development of mineral resources, particularly oil and gas, in the public-land States of the West. When the Congress passed the Leasing Act it was an experiment in that field of legislation. Many changes have been made over the years as indicated by experience in the administration of the act. The last major revision of the act took place in 1946.

Senate bill S. 2380 is designed and intended to bring the provisions of the Leasing Act into line with present day conditions. S. 2380 has been approved by the Secretary of the Interior and by

the Bureau of the Budget. Hearings were held and attended by various officials of the Government agencies concerned and by all segments of the oil and gas industry, including small independent operators. Many of the changes in existing law were proposed by the Department itself, and policy-making officials of the Department of the Interior, as well as by spokesmen for all groups active in oil and gas production on the public lands, testified as to the need for this legislation.

The bill in its final form, together with the report and the printed hearing, was widely distributed, and no opposition to the legislation has come to my attention. According to the testimony from all the witnesses, including those from the Department, the strict construction of some of the provisions of the Leasing Act has caused undue hardship on oil and gas operators and has tended to retard oil and gas development operations on the public domain.

I can best explain the bill, Mr. President, by summarizing its provisions section by section.

I

(A) Makes it clear that a lease upon which production ceases will not expire if drilling operations are commenced within 60 days and carried on continuously until oil or gas is encountered.

This provision is necessary because of a ruling by the solicitor that a lease will terminate whenever production ceases during the secondary term of the lease unless drilling operations are being carried on at that time. That harsh position is changed by giving the operator 60 days within which to commence actual drilling operations.

(B) If the lease has a well capable of producing but shut in it must be placed on a producing basis within 60 days after notice or the lease will be terminated. If a discovery is made during the secondary term and the well is shut in because of lack of transportation or market under the solicitor's rule, it is subject to termination. This section gives the operator 60 days after notice to put his well on a producing basis.

II

This section provides that if the lessee applies for an extension of his lease within 90 days of its termination he shall be entitled to an extension (A) for 5 years if on termination date it is found that the lease is not within a known geologic structure or (B) 2 years if within a known geologic structure. This provision is necessary for the reason under existing law the Government could declare on the last day of a lease that it covers land within a known geological structure and the operator could not perform and would lose his lease. Under the bill the operator would have 2 years within which to drill his well.

III

This section extends the term of a lease as long as compensatory royalties are paid and 1 year thereafter, and as long as there is production. This section is made necessary by reason of a ruling that a lease terminates during the secondary term when compensatory royalties are discontinued. Under the bill the operator is given 1 year to drill and get production in order to maintain lease. Compensatory royalty is paid when oil or gas is drained by wells on lands adjacent to United States lands.

IV

Under present interpretation of the law noncompetitive leases in a unit will be extended if production is encountered in the unit during the first 5 years of the lease. Under this provision all leases within the unit will be extended during the secondary term, when production is encountered within the unit; also 2 years to drill upon lands outside the unit when segregated.

V

This section applies mainly in New Mexico. The Secretary of the Interior may approve a special drilling contract, and the lands are excluded from acreage limitations. Under rulings only the operator can take advantage of this arrangement. Accordingly this provision makes it possible for the lessees not a party to the contract to also take the same advantage and provides that their acreage shall not be charged in the limitation.

VI

Under present law assignments of partial interests can be made during the secondary term only when the lease is extended by reason of production. This provision makes it possible, no matter what the reason, to extend the lease.

VII

Under present law the Secretary is required to give 30 days notice of cancellation for failure to pay rental (A) 90 days in advance of the date the rentals are due if there is no bond, or (B) 30 days before if covered by bond.

This provision simply provides for cancellation without notice if rentals are not paid when due.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to amend the Mineral Leasing Act of February 25, 1920, as amended."

DEVELOPMENT OF OIL AND GAS ON THE PUBLIC DOMAIN

Mr. CARLSON. Mr. President, I move that the Senate proceed to the consideration of calendar 1622, Senate bill 2381.

The PRESIDING OFFICER (Mr. CRIPPA in the chair). The Secretary will state the bill by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 2381) to amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, in order to promote the development of oil and gas on the public domain.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with an amendment, to strike out all after the enacting clause and insert:

That section 27 of the act of February 25, 1920, as amended (30 U. S. C. 184), is further amended as follows:

(1) Strike out all of the language preceding the semicolon of the second sentence of section 27, and insert the following in lieu thereof: "No person, association, or corporation, except as herein provided, shall take or hold at one time oil or gas leases exceeding in the aggregate 46,080 acres granted hereunder in any one State, except that in the Territory of Alaska no person, association, or corporation, except as herein provided, shall take or hold at one time oil or gas leases exceeding in the aggregate 100,000 acres granted hereunder;".

(2) Strike out sentences 5 and 6 of section 27 and insert the following in lieu thereof: "The interest of an optionee under a nonrenewable option to purchase or otherwise acquire one or more oil or gas leases (whether then or thereafter issued), or any interest therein, shall not, prior to the exercise of such option, be a taking or holding or control under the acreage limitations provisions of any section of this act. No such option shall be entered into for a period of more than 3 years, without the prior approval of the Secretary of the Interior, and no person, association, or corporation shall hold at one time such options of more than 200,000 acres in any one State.".

Mr. BARRETT. Mr. President, the purpose of S. 2381 is to modernize certain provisions of the Leasing Act of 1920 in order to conform with changing conditions affecting oil and gas exploration on the public domain. This bill has been approved by the Secretary of the Interior and the Bureau of the Budget. Hearings were had and spokesmen for the oil and gas industry representing every segment including the small independent operators appeared and supported the bill. Fourteen or fifteen witnesses appeared before the committee. Officials of the Department appeared in support of the bill and in fact, the committee has not been advised of any opposition to the bill.

This bill would make the following changes in the Leasing Act:

First. Increase acreage holdings any one person could hold under lease in any one State from 15,360 to 46,080 acres. In Alaska the figure is set at 100,000 acres.

Second. It would increase the area held under option from 100,000 to 200,000 acres in any one State.

Third. It would extend the terms of options from 2 to 3 years.

It amends the law to permit options to be taken for any legitimate purposes.

Let me call attention, Mr. President, to the fact that about 300 million acres of public lands in the West are subject to the provisions of this bill. And, furthermore, it must be remembered that only 3 percent of the Federal lands presently under lease are on a producing basis and that production from these leases account for only 5 percent of our total production.

It is significant to note there is no limitation on the acreage that may be held on State lands and that there is no longer any limitation on Indian lands that may be held under lease. Of course, there is no limit on the acreage one can

hold in those States where the Federal Government does not own the minerals.

One might think that the liberalization of acreage limitations might benefit the large operator only. Such is not the case. The small operator has a limited force and facilities and needs more time to make his geological studies or arrange for financing and conducting exploratory work. An independent who is planning an expensive wildcat well for a deep test that may cost upward of a half million dollars will need sufficient acreage to justify such a venture.

Conclusive evidence was presented at the hearings showing that under present-day conditions and modern methods of oil exploration liberalization of the laws governing the leasing of the public lands is necessary for fuller development of their resources. Depths to which drilling must be carried to make new discoveries are constantly increasing with a tremendous corresponding rise in costs. Modern exploration and drilling equipment also is far more expensive. Under present-day conditions increased acreage and more time are necessary to protect the huge investments now needed to maintain rates of discovery.

The Secretary of the Interior stated the case for increasing the acreage limitation in a very forcible manner in his report on this bill, as follows:

> The proposal to increase the maximum acreage which may be held under oil and gas lease in any one State would, if enacted, undoubtedly encourage many lessees of public lands who are in a position to explore and develop larger areas than can be held under the existing statutory limitations. With the passage of time in the country's history of mineral development, it has become increasingly difficult to discover undeveloped mineral resources of the Nation and increasingly expensive to conduct up-to-date exploratory and developmental operations. Because of the importance of minerals to the Nation's economy, it is very important that every feasible measure be adopted to encourage the discovery of new sources for minerals and their development.

Mr. President, I favor unit agreements because I believe the end result generally is the conservation of our oil and gas resources.

However, acreage committed to a unit agreement approved by the Secretary of the Interior is exempt from the acreage limitations of the Leasing Act. It is a notorious fact, Mr. President, that many operators are forced to file unit agreements merely because of the present restrictive acreage limitations on leases and options. To administer these applications for unit agreements costs the Government thousands of dollars. This legislation would correct that situation.

Mr. President, the case for this bill has been stated in an admirable manner by a spokesman for the industry in the following language:

> The industry is able to handle a larger volume of acreage in the public-domain States than it is now handling, as is evidenced by its greater activity in other areas, but it is prevented from doing so by the present acreage limitations. These limitations put a ceiling on the total effort which any one operator may expend by limiting the amount of acreage which he may have under lease or under option at any one time. Thus, with industry's present potential for exploratory activity, acreage limitations are actually retarding development of the public domain.
>
> The successful and continual exploration and development, which is the only insurance against depletion of underground reserves, depends on a reserve of prospective drilling acreage. The ratio between dry holes and successful wildcat wells is too great to gamble with single-shot operations; that is, taking one prospective block and confining all efforts looking toward production on such block before blocking up another prospect.
>
> The purpose of the Leasing Act, as explained in its title and reemphasized in every amendment thereof, is to promote the development of the oil and gas resources of the public domain. The present limitations are having exactly the opposite effect.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. BARRETT. I am glad to yield to the distinguished Senator from Florida.

Mr. SMATHERS. I should like to ask the Senator why it was necessary to increase the limitation on the number of acres which any one operator may hold, from 15,360 to 46,080 acres?

Mr. BARRETT. I may say to the distinguished Senator from Florida that the conditions with respect to the production of oil have changed materially in the past 20 years. All the structures which were discernible from the surface of the ground have been drilled, and it is now necessary to drill very, very deep wells, sometimes 2 or 3 miles deep, in order to get production. It is much more expensive today. It calls for a great deal of work, and the average costs are $200,000, $300,000, or $500,000 for the drilling of a well, depending on the depth to which it is necessary to go. Therefore it is essential to have a much larger area, so that if any mistake is made in the geophysical work an operator will still have a chance to recovering his expenditure.

Mr. SMATHERS. Did the committee give any consideration to whether such an amendment might result in a concentration of oil leases in the hands of only a few big concerns, or in the hands of 2 or 3 individuals?

Mr. BARRETT. I may say to the distinguished Senator from Florida that that question was considered very carefully by the committee. I should like to give the Senator some figures on that point. In the State of Wyoming, the Federal Government owns outright 32 million acres. In addition, it owns the minerals under at least 10 million more acres. Considering only the relationship between the 32 million acres and the 62 million acres, which comprise the area of Wyoming, I should like to give the Senator another figure.

A single individual or company, if either could get a lease for the maximum acreage under the bill, would have only 0.0015 of 1 percent of the public land area of Wyoming.

Therefore the Senator can see how infinitesimal it is.

I should like to give the Senator some other figures. At the present time, we have production on about only 3 percent of the Federal land. About 300 million acres of public land are in the Western States. Less than 5 percent of our total production comes from Federal lands.

If the Senator wishes, I can show him that the leases and the options that could be granted under the pending bill would take only an infinitesimal portion of the area of any of the Western States.

Mr. SMATHERS. I thank the Senator. The Senator himself is satisfied, then, that the amendment would not result in a monopoly or in any kind of concentration of oil rights and mineral rights in the hands of 1 or 2 individuals or 1 or 2 corporations. The Senator is satisfied that that will not be the case?

Mr. BARRETT. I am satisfied that that will not be the case. I may say that the Assistant Secretary of the Interior, Mr. Orme Lewis, testified that that would not be the case.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. BARRETT. I am glad to yield to the distinguished Senator from New Mexico.

Mr. ANDERSON. Is it not true that in the Western States there are large areas of State-owned lands on which there is no restriction whatever?

Mr. BARRETT. That is correct.

Mr. ANDERSON. They have found no difficulty because of that fact.

Mr. BARRETT. That is correct.

I ask unanimous consent to have printed in the RECORD at this point in my remarks a computation showing the effect of the proposed legislation with reference to the percentages that might be held by any one operator in any one State.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

State	Present law: 1 operator may hold under lease—		New bill: 1 operator may hold—		Present law: 1 operator may hold under option—		New bill: 1 operator may hold—	
Colorado	0.0006	6/10,000 of 1 percent	0.0018	1.8/1,000 of 1 percent	0.0040	4/1,000 of 1 percent	0.0080	8/1,000 of 1 percent.
Wyoming	.0005	5/10,000 of 1 percent	.0015	1.5/1,000 of 1 percent	.0031	3.1/1,000 of 1 percent	.0062	6.2/1,000 of 1 percent.
Montana	.0004	4/10,000 of 1 percent	.0012	1.2/1,000 of 1 percent	.0029	2.9/1,000 of 1 percent	.0058	5.8/1,000 of 1 percent.
Idaho	.0004	4/10,000 of 1 percent	.0012	1.2/1,000 of 1 percent	.0029	2.9/1,000 of 1 percent	.0058	5.8/1,000 of 1 percent.
Utah	.0004	4/10,000 of 1 percent	.0012	1.2/1,000 of 1 percent	.0027	2.7/1,000 of 1 percent	.0054	5.4/1,000 of 1 percent.
Nevada	.00025	2.5/10,000 of 1 percent	.00075	7.5/10,000 of 1 percent	.0017	1.7/1,000 of 1 percent	.0034	3.4/1,000 of 1 percent.
Total	.00006	6/100,000 of 1 percent	.00018	1.8/10,000 of 1 percent	.00044	4.4/10,000 of 1 percent	.00088	8.8/10,000 of 1 percent.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

COMMISSION ON AREA PROBLEMS OF THE GREATER WASHINGTON METROPOLITAN AREA

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 2236) for the establishment of a Commission on Area Problems of the Greater Washington Metropolitan Area, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SCHOEPPEL. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SCHOEPPEL, Mr. BUTLER, and Mr. JOHNSON of Colorado conferees on the part of the Senate.

LEAVE OF ABSENCE

On his own request, and by unanimous consent, Mr. HOLLAND was excused from attendance on the sessions of the Senate for the remainder of this week and until Wednesday night of next week.

GROUP LIFE INSURANCE FOR CIVILIAN OFFICERS AND EMPLOYEES IN THE FEDERAL SERVICE

Mr. CARLSON. Mr. President, I move that the Senate proceed to consider the bill (S. 3681) to authorize the Civil Service Commission to make available group life insurance for civilian officers and employees in the Federal service, and for other purposes.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 3681) to authorize the Civil Service Commission to make available group life insurance for civilian officers and employees in the Federal service, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas.

The motion was agreed to; and the Senate proceeded to consider the bill.

Mr. CARLSON. Mr. President, before I begin my remarks, I ask unanimous consent—and I have discussed this matter with the majority leader and the minority leader—that Mr. Warren B. Irons, a member of the staff of the Civil Service Commission, be given the privilege of the floor during the consideration of this bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CARLSON. Mr. President, the Senate has now proceeded to consider S. 3681 to authorize the Civil Service Commission to make available group life insurance for civilian officers and employees in the Federal service. As chairman of the Post Office and Civil Service Committee, charged with consideration of this bill, I wish to outline its principal provisions and discuss briefly the plan and necessity therefor.

This important proposal results from studies by a subcommittee of the Cabinet, formed last winter to explore how the administration could best provide the necessary elements of a well-rounded personnel program for the Federal service. Last February, President Eisenhower included group life insurance in a statement of the administration's legislative program for Federal personnel management.

Briefly, the group insurance program authorized by the bill would cover nearly all civilian employees in the executive, legislative, and judicial branches of the United States Government, including Members of Congress, Federal judges, and employees of the District of Columbia Government. The Commission could, by regulation, exclude persons whose coverage would be administratively impracticable such as part-time or intermittent employees. Noncitizen employees with permanent duty station outside a State or the District of Columbia would be excluded from coverage.

Each eligible employee, without medical examination, would be automatically covered unless he elects to the contrary. Therefore, participation in the plan would be entirely voluntary.

Each covered employee would be insured for a sum equal to his annual compensation raised to the next higher multiple of $1,000, with a maximum of $20,000 in any case. Double indemnity in event of accidental death, and dismemberment insurance would also be provided. The amount of insurance would be reduced by 2 percent a month after the individual attains age 65, subject to a maximum reduction of 75 percent.

As his share of premium cost, there would be withheld from the employee's salary an amount not exceeding 25 cents bi-weekly for each $1,000 of life insurance. This rate would not fluctuate with the age of the employee. The Government would contribute from existing agency appropriations an amount not exceeding one-half the sum withheld from the employee. This premium cost and its distribution between the employee and the Government conforms to the usual practice in private industry.

Payment of premiums would end at age 65, or earlier if the employee retires for disability or retires for other reason after at least 15 years' civilian service. Otherwise, separation from service would terminate the group insurance protection. At separation, however, the individual would be able, without medical examination, to purchase an individual policy at a rate applicable to his attained age. This particular feature is of real importance to the officer or employee who could not otherwise obtain insurance at regular rates because of his physical condition.

Payment of the insurance upon death would be made in the same order of precedence as now provided for lump-sum death payments in the Civil Service Retirement Act and the Federal Employees Leave Act.

The Commission would purchase from one or more companies meeting specified qualifications a policy or policies to provide the insurance benefits. These companies would establish a single administrative office to assure the utmost economy in the operation of the plan. Such companies would be required to reinsure portions of the total insurance, in accordance with a stated formula, with such other companies which elect to participate. Thus there would be nationwide company participation in a fair and equitable manner.

The Commission would determine the premium rates to be charged by insurance companies on a basis consistent with the lowest rates charged large employers for group life and accidental death and dismemberment insurance. Adjustment of rates would be made as experience requires. Companies would be required to make annual reports accounting for all income and expenses under the policies.

A special fund would be set up in the Treasury in which would be deposited employee and Government contributions. The fund would be available for premium payments to the insurance companies and for administrative expenses. I am assured and believe that the total administrative cost would not exceed 2 percent of the total premiums and that no additional appropriation would be necessary for administrative expense.

The Commission would act to protect the rights of separated or retired employees now insured through nonprofit associations of Federal employees, provided the insurance was granted prior to January 1, 1954, and the association terminates all its life insurance agreements and turns over assets sufficient, if possible, to cover the liabilities involved.

The bill creates an Advisory Council on Group Insurance consisting of the Secretaries of the Treasury and Labor and the Director of the Bureau of the Budget to review the program and advise the Commission on policy matters. A committee of five insured employees would be appointed by the Commission to advise regarding matters of concern from the viewpoint of the employees.

The Commission would be required to report annually to the Congress on all phases of the operations.

The Commission would establish an effective date for the insurance and contributions.

I feel that enactment of this proposal will establish a most worthwhile improvement in the Federal personnel program. It will increase the employee's sense of family security, and provide an inducement to continue service. On the other hand, many real advantages will accrue to the Government in the form of increased employee productivity and decrease in wasteful turnover.

Passage of this bill would adapt to the use of the Government an administrative practice which has proven its value in progressive private business.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That this act may be cited as the "Federal Employees' Group Life Insurance Act of 1954."

SEC. 2. (a) Except as provided in (b) of this section, each appointive or elective officer or employee (hereinafter called employee) in or under the executive, judicial, or legislative branch of the United States Government, including a Government owned or controlled corporation (but not including any corporation under the supervision of the Farm Credit Administration of which corporation any member of the board of directors is elected or appointed by private interests), and of the municipal government of the District of Columbia shall, at such time and under such conditions of eligibility as the Civil Service Commission (hereinafter called the Commission) may by regulation prescribe, come within the purview of this act. Such regulations may provide for the exclusion of employees on the basis of the nature and type of employment or conditions pertaining thereto such as, but not limited to, short-term appointments, seasonal or intermittent employment, part-time employment, and employment of like nature, and shall be issued only after consultation with the head of the department, establishment, agency, or other employing authority concerned: *Provided*, That no employee or group of employees shall be excluded solely on the basis of the hazardous nature of employment.

(b) This act shall not apply to noncitizen employees whose permanent duty station is located outside a State of the United States or the District of Columbia, nor shall it apply to commissioned officers and enlisted personnel on active duty in or with the Army, Navy, Air Force, Marine Corps, or Coast Guard of the United States, who have indemnity coverage under the Servicemen's Indemnity Act of 1951 (65 Stat. 33).

SEC. 3. (a) Each employee to whom this act applies shall be eligible to be insured for an amount of group life insurance approximating his annual compensation not exceeding $20,000 plus an equal amount of group accidental death and dismemberment insurance, in accordance with the following schedule:

If annual compensation is—		The amount of group life insurance shall be—	The amount of group accidental death and dismemberment insurance shall be—
Greater than	But not greater than		
0	$1,000	$1,000	$1,000
$1,000	2,000	2,000	2,000
2,000	3,000	3,000	3,000
3,000	4,000	4,000	4,000
4,000	5,000	5,000	5,000
5,000	6,000	6,000	6,000
6,000	7,000	7,000	7,000
7,000	8,000	8,000	8,000
8,000	9,000	9,000	9,000
9,000	10,000	10,000	10,000
10,000	11,000	11,000	11,000
11,000	12,000	12,000	12,000
12,000	13,000	13,000	13,000
13,000	14,000	14,000	14,000
14,000	15,000	15,000	15,000
15,000	16,000	16,000	16,000
16,000	17,000	17,000	17,000
17,000	18,000	18,000	18,000
18,000	19,000	19,000	19,000
19,000	------	20,000	20,000

(b) Subject to the conditions and limitations of the policy or policies purchased by the Commission under this act, as may be approved by the Commission, the group accidental death and dismemberment insurance shall provide payments as follows:

Loss	Amount payable
For loss of life.	Full amount shown in the schedule in (a) of this section.
Loss of one hand or one foot or loss of sight of one eye.	One-half the amount shown in the schedule in (a) of this section.
Loss of two or more such members.	Full amount shown in the schedule in (a) of this section.

For any accident the aggregate amount of group accidental death and dismemberment insurance that may be paid shall not exceed the amount shown in the schedule in (a) of this section.

(c) The Commission shall by regulation provide for the conversion of other than annual rates of compensation to an annual basis, and shall further specify the types of compensation to be included in annual compensation.

(d) Each of such amounts of insurance shall be reduced by 2 percent thereof at the end of each full calendar month following the date the employee attains age 65, subject to minimum amounts prescribed by the Commission, but not less than 25 percent of the insurance in force immediately preceding the first reduction provided herein: *Provided*, That the amounts of insurance in force from time to time on an employee who becomes insured under this act after having attained the age of 65 shall be the same as would be in force had he been insured at age 65, and shall be based on the lesser of his annual compensation (1) at the time he becomes so insured, or (2) at age 65, provided he was eligible at that time to be insured under this act.

SEC. 4. Any amount of group life insurance and group accidental death insurance in force on any employee at the date of his death shall be paid, upon the establishment of a valid claim therefor, to the person or persons surviving at the date of his death, in the following order of precedence:

First, to the beneficiary or beneficiaries as the employee may have designated by a writing received in the employing office prior to death;

Second, if there be no such beneficiary, to the widow or widower of such employee;

Third, if none of the above, to the child or children of such employee and descendants of deceased children by representation;

Fourth, if none of the above, to the parents of such employee or the survivor of them;

Fifth, if none of the above, to the duly appointed executor or administrator of the estate of such employee;

Sixth, if none of the above, to other next of kin of such employee entitled under the laws of domicile of such employee at the time of his death.

If any person otherwise entitled to payment under this section does not make claim therefor within 1 year after the death of the employee, or if payment to such person within that period is prohibited by Federal statute or regulation, payment may be made in the order of precedence as if such person had predeceased the employee, and any such payment shall be a bar to recovery by any other person.

SEC. 5. (a) During any period in which an employee under age 65 is insured under a policy of insurance purchased by the Commission as authorized in section 7 of this act, there shall be withheld from each salary payment of such employee, as his share of the cost of his group life and accidental death and dismemberment insurance, an amount determined by the Commission, but not to exceed the rate of 25 cents biweekly for each $1,000 of his group life insurance: *Provided*, That an employee who is paid on other than a biweekly basis shall have an amount so withheld, determined at a proportionate rate, which rate shall be adjusted to the nearest cent.

Any policy of insurance purchased by the Commission as authorized in section 7 of this act shall provide that all employees eligible under the terms of this act will be automatically insured thereunder commencing on the date they first become so eligible: *Provided*, That any employee desiring not to be so insured shall, on an appropriate form to be prescribed by the Commission, give written notice to his employing office that he desires not to be insured. If such notice is received before the employee shall have become insured under such policy, he shall not be so insured; if it is received after he shall have become insured, his insurance under the policy will cease effective with the end of the pay period during which the notice is received by the employing office.

(b) For each period in which an employee is insured under a policy of insurance purchased by the Commission as authorized in section 7 of this act, there shall be contributed from the respective appropriation or fund which is used for payment of his salary, wage, or other compensation (or, in the case of an elected official, from such appropriation or fund as may be available for payment of other salaries of the same office or establishment) a sum computed at a rate determined by the Commission, but not to exceed one-half the amount withheld from the employee under this section.

(c) The sums withheld from employees under subsection (a) and the sums contributed from appropriations and funds under subsection (b) shall be deposited in the Treasury of the United States to the credit of a fund which is hereby created. Said fund is hereby made available without fiscal-year limitation for premium payments under any insurance policy or policies purchased as authorized in sections 7 and 10 of this act, and for any expenses incurred by the Commission in the administration of this act within such limitations as may be specified annually in appropriation acts: *Provided*, That appropriations available to the Commission for salaries and expenses for the fiscal year 1955 shall be available on a reimbursable basis for necessary administrative expenses of carrying out the purposes of this act until said fund shall be sufficient to provide therefor. The income derived from any dividends or premium rate adjustments received from insurers shall constitute a part of said fund.

SEC. 6. Each policy purchased under this act shall contain a provision, in terms approved by the Commission, to the effect that any insurance thereunder on any employee shall cease upon his separation from the service or 12 months after discontinuance of his salary payments, whichever first occurs, subject to a provision which shall be contained in the policy for temporary extension of coverage and for conversion to an individual policy of life insurance under conditions approved by the Commission, except that if upon such date as the insurance would otherwise cease the employee (a) retires on an immediate annuity, and (b) unless retired for disability, has had 15 years of creditable civilian service, as determined by the Commission, his life insurance only may, under conditions determined by the Commission, be continued without cost to him in the amounts for which he would have been insured from time to time had his salary payments continued at the same rate as on the date of cessation.

SEC. 7. (a) The Commission is authorized, without regard to section 3709 of the Revised Statutes as amended, to purchase from one or more life insurance companies, as determined by it, a policy or policies of group life

and accidental death and dismemberment insurance to provide the benefits specified in this act: *Provided*, That any such company must meet the following requirements: (1) Be licensed under the laws of 48 of the States of the United States and the District of Columbia to transact life and accidental death and dismemberment insurance, and (2) the amount of its employee group life insurance on the most recent December 31 for which information is available to the Commission shall on that date equal at least 1 percent of the total amount of employee group life insurance in the United States in all life insurance companies.

(b) The life insurance company or companies issuing such policy or policies shall establish an administrative office under a name to be approved by the Commission.

(c) The Commission shall arrange with the life insurance company or companies issuing any policy or policies purchased under this act to reinsure, under conditions approved by it, portions of the total amount of insurance under the policy or policies, determined as provided in subsection (d) of this section, with such other life insurance companies as may elect to participate in such reinsurance.

(d) The Commission shall determine a formula so that the amount of insurance in force to be retained by each issuing company after ceding reinsurance and the total amount of reinsurance ceded to each reinsuring company shall be in proportion to the total amount of each such company's group life insurance in force in the United States on December 31, 1953: *Provided*, That in determining such proportions, that portion of any company's group life insurance in force on December 31, 1953, which is in excess of $100 million shall be reduced by 25 percent of the first $100 million of such excess, 50 percent of the second $100 million of such excess, 75 percent of the third $100 million of such excess, and 95 percent of any excess thereafter: *Provided further*, That the amount retained by or ceded to any company shall not exceed 25 percent of the amount of that company's total life insurance in force in the United States on December 31, 1953: *Provided further*, That if, at the end of one year following the date of enactment of this act, in the case of any issuing company or reinsurer which insured employees of the Federal Government on December 31, 1953, under policies issued to an association of Federal employees, the amount which results from the application of this formula is less than the decrease, if any, in the amount of such company's insurance under such policies, the amount allocated to such company shall, upon the first reallocation as provided in subsection (e) of this section, be increased to the amount of such decrease: *And provided further*, That any fraternal benefit association which is licensed under the laws of a State of the United States or the District of Columbia to transact life insurance and is engaged in issuing insurance certificates on the lives of employees of the Federal Government exclusively shall be eligible to act as a reinsuring company and may be allocated an amount of reinsurance equal to 25 percent of its total life insurance in force on employees of the Federal Government on December 31, 1953.

(e) The companies eligible to participate as reinsurers, and the amount of insurance under the policy or policies to be allocated to each issuing company or reinsurer may be redetermined by the Commission for and in advance of any policy year after the first, on a basis consistent with subsections (c) and (d) of this section, with any modifications thereof it deems appropriate to carry out the intent of such subsections, and based on each participating company's group life insurance in force, excluding that under any policy or policies purchased under this act except in the case of companies covered in the third proviso of subsection (d), in the United States on the most recent December 31 for which information is available to it, and shall be so redetermined in a similar manner not less often than every 3 years or at any time that any participating company withdraws from participation.

(f) The Commission may at any time discontinue any policy or policies it has purchased from any insurance company.

SEC. 8. (a) Each policy or policies purchased under this act shall include, for the first policy year, basic tables of premium rates as follows:

(1) For group life insurance, a schedule of basic premium rates by age which the Commission shall have determined on a basis consistent with the lowest schedule of basic premium rates generally charged for new group life insurance policies issued to large employers, this schedule of basic premium rates by age to be applied, except as otherwise provided in this section, to the distribution by age of the amounts of group life insurance under the policy at its date of issue to determine an average basic premium rate per $1,000 of life insurance, and

(2) For group accidental death and dismemberment insurance, a basic premium rate which the Commission shall have determined on a basis consistent with the lowest rate generally charged for new group accidental death and dismemberment insurance policies issued to large employers.

Each policy so purchased shall also include provisions whereby the basic rates of premium determined for the first policy year shall be continued for subsequent policy years, except that they may be readjusted for any subsequent year, based on the experience under the policy, such readjustment to be made by the insurance company or companies issuing the policy on a basis determined by the Commission in advance of such year to be consistent with the general practice of life insurance companies under policies of group life and group accidental death and dismemberment insurance issued to large employers.

(b) Each policy so purchased shall include a provision that, in the event the Commission determines that ascertaining the actual age distribution of the amounts of group life insurance in force at the date of issue of the policy or at the end of the first or any subsequent year of insurance thereunder would not be possible except at a disproportionately high expense, it may approve the determination of a tentative average group life premium rate, for the first or any subsequent policy year, in lieu of using the actual age distribution. Such tentative average premium rate shall be redetermined by the Commission during any policy year upon request by the insurance company or companies issuing the policy, if experience indicates that the assumptions made in determining the tentative average premium rate for that policy year were incorrect.

(c) Each policy so purchased shall contain a provision stipulating the maximum expense and risk charges for the first policy year, which charges shall have been determined by the Commission on a basis consistent with the general level of such charges made by life insurance companies under policies of group life and accidental death and dismemberment insurance issued to large employers. Such maximum charges shall be continued from year to year, except that the Commission may redetermine such maximum charges for any year either by agreement with the insurance company or companies issuing the policy or upon written notice given by it to such companies at least 1 year in advance of the beginning of the year for which such redetermined maximum charges will be effective.

(d) Each such policy shall provide for an accounting to the Commission not later than 90 days after the end of each policy year, which shall set forth, in a form approved by the Commission, (1) the amounts of premiums actually accrued under the policy from its date of issue to the end of such policy year, (2) the total of all mortality and other claim charges incurred for that period, and (3) the amounts of the insurers' expense and risk charges for that period. Any excess of the total of item (1) over the sum of items (2) and (3) shall be held by the insurance company or companies issuing the policy as a special contingency reserve to be used by such insurance company or companies for charges under such policy only, such reserve to bear interest at a rate to be determined in advance of each policy year by the insurance company or companies issuing the policy, which rate shall be approved by the Commission as being consistent with the rates generally used by such company or companies for similar funds held under other group life insurance policies: *Provided*, That, if and when the Commission determines that such special contingency reserve has attained an amount estimated by it to make satisfactory provision for adverse fluctuations in future charges under the policy, any further such excess shall be deposited in the Treasury of the United States to the credit of the fund. If and when such policy is discontinued, and if after all charges have been made, there is any positive balance remaining in such special contingency reserve, such balance shall be deposited in the Treasury of the United States to the credit of the fund, subject to the right of the insurance company or companies issuing the policy to make such deposit in equal monthly installments over a period of not more than 2 years.

SEC. 9. The Commission shall arrange to have each employee insured under such policy receive a certificate setting forth the benefits to which the employee is entitled thereunder, to whom such benefits shall be payable, to whom claims should be submitted, and summarizing the provisions of the policy principally affecting the employee. Such certificate shall be in lieu of the certificate which the insurance company or companies would otherwise be required to issue.

SEC. 10. (a) The Commission is authorized to arrange with any nonprofit association of Federal employees for the assumption by the fund of any existing life insurance agreements of such association with its members retired or otherwise separated from the Federal service and to insure the obligations assumed with any company or companies meeting the requirements of section 7 (a).

(b) Any such arrangement shall provide that payments by such insured members for life insurance only shall thereafter be made at the same rates to the fund, under such conditions as the Commission may prescribe.

(c) Any such arrangement shall further provide that there be transferred to and deposited in the fund the lesser of the following amounts:

(1) The total assets of the life insurance fund of such association; or

(2) The amount required to meet the liabilities under life insurance agreements assumed, taking into account the payments as provided in paragraph (b). The determination of this amount shall be based on an actuarial valuation satisfactory to the Commission, procured by the association without expense to the Commission.

(d) The arrangements authorized by this section shall be made only with those associations which terminate life insurance agreements with all of their members within 1 year after the date of enactment of this act, and such arrangements shall apply only to life insurance granted to any member by any such association before January 1, 1954.

(e) In any case in which the fund assumes a liability for life insurance as provided in this section in respect to a person who (1) subsequently becomes eligible to be insured as an employee under this act, and (2) does not give notice, as provided in section 5 (a),

of his desire not to be so insured, the life insurance provided under this section shall terminate as of the date such person becomes insured as an employee.

SEC. 11. Except as otherwise provided herein, the Commission is hereby authorized to promulgate such regulations as may be necessary and proper to give effect to the intent, purposes, and provisions of this act.

SEC. 12. (a) There is hereby established an Advisory Council on Group Insurance consisting of the Secretary of the Treasury as Chairman, the Secretary of Labor, and the Director of the Bureau of the Budget, who shall serve without additional compensation. The Council shall meet once a year, or oftener at the call of the Commission, and shall review the operations of this act and advise the Commission on matters of policy relating to its activities thereunder.

(b) The Chairman of the Commission shall appoint a committee composed of five employees insured under this act, who shall serve without compensation, to advise the Commission regarding matters of concern to employees under this act.

SEC. 13. The Commission shall report annually to Congress upon the operation of this act.

SEC. 14. The district courts of the United States shall have original jurisdiction, concurrent with the Court of Claims, of any civil action or claim against the United States founded upon this act.

SEC. 15. The insurance provided by this act and the withholdings and contributions for that purpose shall become effective when directed by the Commission.

MODERNIZATION AND IMPROVEMENT OF CERTAIN MERCHANT-TYPE VESSELS

Mr. CARLSON. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1656, Senate bill 3546, to provide an immediate program for the modernization and improvement of such merchant-type vessels in the reserve fleet as are necessary for national defense.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 3546) to provide an immediate program for the modernization and improvement of such merchant-type vessels in the reserve fleet as are necessary for national defense.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Kansas.

The motion was agreed to, and the Senate proceeded to consider the bill, which had been reported from the Committee on Interstate and Foreign Commerce with amendments.

Mr. BUTLER. Mr. President, S. 3546 is known as the emergency ship repair bill. I introduced it in cosponsorship with a number of other Senators, after 2 days of hearings, which were held for the purpose of ascertaining the extent of the plight of our shipyards. Companion bills were introduced promptly in the House of Representatives. I can assure Senators that, in my opinion, one of the most urgent needs in the maritime industry today is the passage of this bill.

The bill would authorize the Secretary of Commerce to enter into contracts with private shipyards on the Atlantic, Pacific, and gulf coasts, the Great Lakes, and other inland waterways, for the repair, modernization, and improvement of certain carefully selected strategic merchant vessels in the laid-up National Defense Reserve Fleet. The Maritime Administrator testified at our hearing that after consultation with the Department of Defense, he was sure that there were at least 205 vessels of a top-priority nature in our reserve fleet which would need at least $45 million worth of repair before they could be put into active service.

Senators will notice in the bill that the Secretary of Commerce is authorized to enter into contracts on other than a competitive bid basis whenever such action is deemed by him to be necessary to carry out the purpose of this act. The reason for that provision, as our report makes clear, is that we believe that the Secretary of Commerce must be authorized to exercise a certain amount of discretion as to where the work will go, in order to protect the defense potential of those yards, upon which the Department of Defense is placing great reliance in its mobilization day planning. This is particularly important because of the fact that some of the reserve fleets are much closer to certain yards than to others on the same coast. The difference in towing charges from reserve fleet to bidding yard might well result in the yard nearest the fleet being able to get a disproportionate share of the available work unless the bill were worded as it is.

According to the Maritime Administrator, 92 of the ships in question are presently located in the reserve fleet on the east coast, 32 on the gulf coast and 81 on the west coast.

While this bill will not aid those yards devoted entirely to shipbuilding, it should prove of great value to the combination shipbuilding and ship repairing yards and to those which are devoted solely to ship repairing.

I might say that this is not the first time a program of this nature has been considered. In 1950 Congress appropriated $18 million for the same purpose but the funds were diverted to emergency repairs on cargo vessels which were used in the Korean lift.

Mr. LONG. Mr. President, will the Senator from Maryland yield?

Mr. BUTLER. I yield.

Mr. LONG. Mr. President, I wish to congratulate the Senator from Maryland for being the principal sponsor of this measure. It is very much needed, and this is a good time for us to be putting our laid-up fleet into such shape that it can be used almost immediately in the event of an emergency.

I have studied the bill, of which I am cosponsor with the Senator from Maryland, and it seems to me there should be an amendment to assure that the Secretary of Commerce and the maritime administrator will take advantage of the split-bidding practice when that practice is in the Nation's interest. I was somewhat concerned about some language in the committee report which indicated that that might not be the case. I have an amendment at the desk which I hope the Senator from Maryland will accept, which would assure continuation of the practice of inviting split bids. At this time I should like to ask unanimous consent that the clerk may state the amendment which is at the desk.

The PRESIDING OFFICER. The Chair would suggest that the Senator withhold his request until action is taken on the committee amendments.

The clerk will state the committee amendments.

The amendments of the Committee on Interstate and Foreign Commerce were on page 2, line 14, after the word "within", to strike out "six" and insert "twelve", and in line 22, after the word "States", to insert "and on the Great Lakes or other inland waterways", so as to make the bill read:

Be it enacted, etc., That this act may be cited as the "Emergency Ship Repair Act of 1954."

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this act in the interests of national defense to provide for the immediate improvement and modernization of needed merchant-type vessels in the reserve fleet under the jurisdiction of the Secretary of Commerce, and thereby to provide a much needed stimulus to the shipbuilding and ship repair industries of the Nation.

RESERVE FLEET MODERNIZATION AND REPAIR PROGRAM

SEC. 3. The Secretary of Commerce shall, after consulting the Secretary of Defense, formulate and carry out to the extent authorized under the provisions of this act a program of repairing, modernizing, or converting such merchant-type vessels in the national defense reserve under the jurisdiction of the Secretary of Commerce as may be necessary to provide for the purpose of national defense an adequate and ready reserve fleet of merchant and auxiliary vessels.

CONTRACTING AUTHORIZATION

SEC. 4. The Secretary of Commerce shall, within 12 months after the date of the enactment of this act, enter into such contracts for the repair, modernization, and conversion of vessels as may be necessary to carry out the provisions of this act. Such contracts (1) may provide for the expenditure by the United States of not more than $45 million, (2) shall be with private shipbuilding or ship repair yards on the Atlantic, Pacific, and gulf coasts of the United States, and on the Great Lakes or other inland waterways, (3) shall be entered into in accordance with applicable provisions of the Federal Property and Administrative Services Act of 1949, and (4) may be negotiated without competitive bidding whenever such action is determined by the Secretary of Commerce to be necessary to carry out the purpose of this act.

AUTHORIZATION OF APPROPRIATION

SEC. 5. There are hereby authorized to be appropriated such sums not in excess of $45 million as may be necessary to carry out the provisions of this act.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The PRESIDING OFFICER. The Clerk will now state the amendment offered by the Senator from Louisiana [Mr. LONG].

The LEGISLATIVE CLERK. On page 3, line 3, after the numerals "1949", it is proposed to insert "and (4) in entering into such contracts the Secretary of Commerce shall not alter the present Maritime Administration policy of inviting split bids for drydock and nondrydock work. Bids on any such con-

tract shall include any towage and insurance costs involved."

Mr. BUTLER. I shall be very happy to accept the amendment offered by the Senator from Louisiana.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. WILLIAMS. Mr. President, on page 2, beginning with line 25, I observe that the bill reads:

and (4) may be negotiated without competitive bidding whenever such action is determined by the Secretary of Commerce to be necessary to carry out the purpose of this act.

I think that is against the principle outlined in the testimony given in connection with the bill, when representatives of the various agencies, speaking on behalf of the bill, endorsed it, saying that they intended to carry out the principle of competitive bidding. Therefore, I wish to offer an amendment to strike out the language to which I have referred. I hope the Senator from Maryland will accept the amendment.

Mr. BUTLER. As I understand, the amendment would be on page 2, line 25, to place a period after "1949" and to strike out the language beginning with the word "and" and continuing through line 3, on page 3.

Mr. WILLIAMS. That is correct.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Delaware.

The LEGISLATIVE CLERK. On page 2, line 25, after "1949", it is proposed to insert a period instead of a comma and to strike out:

and (4) may be negotiated without competitive bidding whenever such action is determined by the Secretary of Commerce to be necessary to carry out the purpose of this act.

Mr. BUTLER. I shall be very happy to accept the amendment. I think it is clearly reflected in the hearings that it is the intention of the Secretary of Commerce to ask for competitive bids. Under the law and the practice of the General Accounting Office, if it is absolutely essential that bids be negotiated, I think the Secretary would have a right to do so. Nevertheless, I shall be happy to accept the amendment.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. SALTONSTALL. The Senator from Delaware and I have been interested in this subject, pro and con, in connection with several different bills and on several different occasions.

I wish to ask the Senator from Maryland if my proposal would not cover what the Senator from Delaware seeks to accomplish, at least, in part—in fact, in great part—without striking out or taking to conference that section. In subparagraph (4) I propose the following language:

May only be negotiated without competitive bidding when such action is determined by the Secretary of Commerce to be necessary to carry out the purposes of this act and in the interest of national defense.

In other words, my amendment would not eliminate entirely the right of the Secretary of Commerce to act without obtaining competitive bids.

Mr. BUTLER. I think the Senator from Massachusetts has proposed excellent language. I shall be happy to accept it.

I may also say to the Senator from Massachusetts, that I think, under existing law, and I know under the present practice of the General Accounting Office, if the Secretary of Commerce negotiated a bid, it would not be disturbed.

Mr. SALTONSTALL. I have made the suggestion, which is not quite so violent as the amendment offered by the Senator from Delaware, because, as one of the sponsors of the bill, I believe the purpose is to get ships into condition. It is also the purpose, generally speaking, to spread the business.

As both the Senator from Delaware and the Senator from Maryland know, in the repair and modernizing of some ships, it is very difficult to obtain definite, flat bids, because the situation is not the same as it is in the building of a new ship. In this instance, it is the taking a ship apart and putting it together again, to a certain degree. If there is to be insistence on competitive bids, a bid may be obtained which will be very much higher than an amount which might be submitted under a negotiated arrangement, as the work proceeds.

If the language "in the interest of national defense" is included, the Secretary of Commerce is confined, after studying the matter very carefully, to making a negotiated arrangement without competitive bidding only when such action will carry out the purposes of the act in the interest of the national defense.

Mr. BUTLER. I think the amendment offered by the Senator from Massachusetts is an excellent one. I hope the Senator from Delaware will accede to the request of the Senator from Massachusetts.

Mr. WILLIAMS. I do not see the necessity for such language. First, there is nothing violent about competitive bidding—at least, not where I come from.

In reading the testimony of representatives of the various agencies which favor the bill, every one of them, to my knowledge—if I am in error, I am certain the Senator from Maryland will correct me—testified that it was intended to use the process of competitive bidding. Therefore, all I am proposing is to strike out the language which indicates that competitive bidding should not be used. I do not say that it must be used. The Government agencies can still operate under existing law, but we will not be spelling out the additional authority. Certainly they have had the authority to do such things in the past, and they have gone a little far afield.

All I am seeking to do is to strike out the language which suggests that contracts may be negotiated without competitive bidding. There is nothing against that under existing law. The bill would contain the same provision with respect to bidding under which every agency of the Government is already acting.

Mr. BUTLER. I think that in the national interest, the Government can negotiate a bid, it need not accept the lowest bid.

Mr. WILLIAMS. If the Senator from Maryland is confident that that is the law, then, of course, this paragraph becomes much less valuable, and I would be much less worried about it.

Mr. BUTLER. I am satisfied that under existing law and under the existing practice of the General Accounting Office, if the Secretary of Commerce negotiated a bid, no question would be raised, if such was found to be in the national interest.

Mr. WILLIAMS. I am not trying to enter into a discussion from the standpoint of the interpretation of the law, because I am not a lawyer; but I understand that in a case where there is a competitive bid which is lower than a bid which the Secretary of Commerce can negotiate with another bidder, it is necessary to accept the lower bid. I think that is the existing law.

Mr. BUTLER. I do not think that is correct.

Mr. WILLIAMS. My amendment would not change the existing law. It would strike from the bill the provision which would indicate that contracts may be negotiated without competitive bidding. The representatives of the Government who testified before the committee indicated that they intended to abide by the present law.

Mr. BUTLER. If I were not satisfied that under existing law there was reasonable leeway, I would not accept the amendment of the Senator from Delaware, because there are two parts to the joint resolution. The first is to keep the strategic yards in operation, so that they will be available as a defense potential. Second, it is necessary to have the ships which are vitally necessary to the war effort, if a war should come, ready to sail on a moment's notice.

Mr. SMATHERS. Mr. President, will the Senator yield?

Mr. BUTLER. I yield.

Mr. SMATHERS. I voted for this particular bill in the committee. I thoroughly approve of it and of the purposes for which the Senator from Maryland has stated it was introduced. However, I should like to have the Senator emphasize, for the purpose of the legislative history, that the bill is not supposed to be, in any way, a sort of regional unemployment bill, in the sense that this particular work is not all supposed to go into one area.

Mr. BUTLER. I can assure the Senator from Florida that that is not the purpose of the bill. The purpose of the bill, as I have stated, is to keep the vital yards in existence, ready to do war work, if it becomes necessary to do so; and also to put in class, so to speak, the ships which will be needed in time of emergency.

Mr. SMATHERS. I thank the Senator from Maryland.

With respect to the amendment offered by the Senator from Delaware, I think it is important that provision be made for competitive bidding, because without it,

it seems to me, the Secretary of Commerce might conceive it to be his obligation and his duty, since he comes from New England, and has great pride in that region, to place most of the business in the shipyards of New England, which, of course, other Senators, who come from the provinces, would not feel was being quite fair.

Mr. BUTLER. I have no objection to the amendment offered by the Senator from Delaware. I do not think it will harm the bill. I think it will carry out the purposes which the distinguished Senator from Massachusetts has in mind.

Mr. SALTONSTALL. I think, as the Senator from Florida has said, that this discussion will help the legislative history of the bill.

I have one more suggestion. I should like to have subparagraph (4) remain in the bill. I think it helps to carry out the purpose and intention of the bill.

Mr. BUTLER. I say to the Senator from Massachusetts it does help, in that it reemphasizes the importance of keeping these vital facilities in a standby position, ready for an emergency.

Mr. SALTONSTALL. If I may have the attention of the Senator from Delaware and the Senator from Maryland, would it meet with their approval if subparagraph 4 read as follows:

> May only be negotiated without competitive bidding, in accordance with existing laws, and when such action is determined by the Secretary of Commerce to be necessary to carry out the purposes of this act, and in the interest of national defense.

In other words, that language would provide that such orders could not be issued without competitive bidding, except under existing laws, and then only when in the national interest.

Mr. BUTLER. I think that is an excellent suggestion. It ought to please the Senator from Delaware.

Mr. SALTONSTALL. I hope the suggestion will satisfy the Senator from Delaware, although he is very exacting in matters relating to the subject now under discussion. The suggested language would write into the bill an indication that we are trying to repair these ships, and that there may be some instances in which, in accordance with existing law, contracts cannot be let on a competitive-bid basis.

Mr. BUTLER. Also, we would not want the Secretary to do anything which he cannot now do.

Mr. SMATHERS. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from Massachusetts yield to the Senator from Florida?

Mr. SALTONSTALL. I am happy to yield.

Mr. SMATHERS. I hope the Senator from Delaware will stand fast on his proposed amendment, because if there were written into the bill a provision which would require competitive bidding, I think possibly some other legislation could be utilized in the event of some sort of emergency, which would allow the Secretary to negotiate, if it were deemed to be in the national interest.

Mr. BUTLER. The Senator from Florida is correct.

Mr. SMATHERS. If the amendment of the Senator from Delaware were adopted, it would mean that in most instances there would be competitive bidding, which is the practice that should be followed, and there would be less criticism in the future.

Mr. WILLIAMS. All my amendment would do would be merely to spell out that the provisions of the bill would be carried out by the Secretary of Defense in exactly the same manner as I understand he testified before the committee he intended to, anyway.

Mr. BUTLER. That is correct.

Mr. WILLIAMS. The bill would not call upon the Secretary of Defense to do anything he has not already stated he is going to do. Assuming that to be true, as I do, my proposal would merely spell out that he shall not do otherwise. Much as I should like to agree with the proposal offered by the Senator from Massachusetts, I cannot accept his modification.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. WILLIAMS].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there is no further amendment to be offered, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

The PRESIDING OFFICER. The question now is on the final passage of the bill.

The bill (S. 3546) was passed, as follows:

Be it enacted, etc., That this act may be cited as the "Emergency Ship Repair Act of 1954."

STATEMENT OF PURPOSE

SEC. 2. It is the purpose of this act in the interests of national defense to provide for the immediate improvement and modernization of needed merchant-type vessels in the reserve fleet under the jurisdiction of the Secretary of Commerce, and thereby to provide a much-needed stimulus to the shipbuilding and ship repair industries of the Nation.

RESERVE FLEET MODERNIZATION AND REPAIR PROGRAM

SEC. 3. The Secretary of Commerce shall, after consulting the Secretary of Defense, formulate and carry out to the extent authorized under the provisions of this act a program of repairing, modernizing, or converting such merchant-type vessels in the national defense reserve under the jurisdiction of the Secretary of Commerce as may be necessary to provide for the purpose of national defense an adequate and ready reserve fleet of merchant and auxiliary vessels.

CONTRACTING AUTHORIZATION

SEC. 4. The Secretary of Commerce shall, within 12 months after the date of the enactment of this act, enter into such contracts for the repair, modernization, and conversion of vessels as may be necessary to carry out the provisions of this act. Such contracts (1) may provide for the expenditure by the United States of not more than $45 million, (2) shall be with private shipbuilding or ship repair yards on the Atlantic, Pacific, and gulf coasts of the United States, and on the Great Lakes or other inland waterways. (3) shall be entered into in accordance with applicable provisions of the Federal Property and Administrative Services Act of 1949, and (4) in entering into such contracts the Secretary of Commerce shall not alter the present maritime administration policy of inviting split bids for drydock and nondrydock work. Bids on any such contract shall include any towage and insurance costs involved.

AUTHORIZATION OF APPROPRIATION

SEC. 5. There are hereby authorized to be appropriated such sums not in excess of $45 million as may be necessary to carry out the provisions of this act.

SALE OF WAR-BUILT PASSENGER-CARGO VESSELS

Mr. CARLSON. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1756, which is House Joint Resolution 534.

The motion was agreed to; and the Senate proceeded to consider the joint resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes.

Mr. BUTLER. Mr. President, House Joint Resolution 534 would authorize the Secretary of Commerce to sell to the American President Lines, Ltd., the passenger-cargo vessels *President Cleveland* and *President Wilson*. That company has been chartering those vessels since they were built in 1947 and 1948, respectively, and has been using them on its trans-Pacific passenger service.

The bill was introduced at the request of the Department of Commerce, and its passage is recommended by the Maritime Administration and the General Accounting Office. The Bureau of the Budget believes it should be enacted.

Both vessels were available for sale under the Ship Sales Act. In view of the fact that the American President Lines had lost so much of its tonnage during the war—17 vessels—section VII of the Ship Sales Act gave that company a preference in purchasing these two vessels. However, due to two sets of circumstances, in large measure beyond APL's control, it did not offer to buy them before the Ship Sales Act terminated on January 15, 1951. Those circumstances were, first, extensive litigation concerning ownership of the company; and, second, inability of the Maritime Administration and APL to determine the details of APL's subsidy.

In any event, the fact is that no other company sought to buy the vessels. Now, after months of negotiations, APL has offered a price for the vessels which the Secretary of Commerce, the Comptroller General, and other agencies mentioned, believe is fair, proper, and should be accepted in the best interest of the Government.

Last year APL offered $5,363,866 for each of the vessels. The General Accounting Office refused to approve that transaction on the ground that the price was too low. Subsequent negotiations participated in by the Department of Commerce, the Maritime Administration, the General Accounting Office, and APL resulted in an understanding that APL would pay $6,500,000 per vessel, less

depreciation of $1,225 per day, per vessel from April 1, 1954, to the date of the execution of the contract of sale. It is on that basis that H. J. Res. 534 is drawn.

A well-publicized public hearing was held by the Water Transportation Subcommittee, at which no opposition was heard from any quarter. Labor and shipping industry representatives urged the enactment of this bill. The Shipbuilders' Council stated that it does not oppose it.

Aside from the unanimous conclusion that the price was fair, probably the factor which was most stressed during the hearings was that the sale of these vessels to the American President Lines was in keeping with the spirit of the Ship Sales Act and other merchant-marine laws, all of which are designed to encourage and foster the maintenance and operation of a privately owned merchant marine.

The three main questions the subcommittee considered were: First, should the Government sell these ships? Second, if so, should they be sold on the negotiated price basis contained in the bill? Third, is the price agreed upon fair?

The conclusions reached were:

First. That the Government should sell these ships, on the ground that the proposed sale is in keeping with basic merchant-marine policy, and would have been made under the Ship Sales Act but for circumstances beyond APL's control.

Second. That sale on a negotiated price basis is proper and in keeping with the practice under the Ship Sales Act. There was no competitive bidding under that statute, prices being set by law.

Third. That the testimony of the GAO, the Bureau of the Budget, and the Department of Commerce shows beyond doubt that the price is fair.

Mr. President, during the course of the hearings certain questions were asked. I have stated those questions and have prepared answers to them. I ask unanimous consent to have printed in the body of the RECORD at this point in my remarks the questions as propounded and the answers to them.

There being no objection, the questions and answers were ordered to be printed in the RECORD, as follows:

Question. Why is legislation necessary?

Answer. There has been no satutory authority to sell vessels such as these since the Merchant Ship Sales Act of 1946 expired on January 15, 1951. Without this legislation the Government must continue to own, and American President Lines to charter, these vessels into the indefinite future.

Question. Why didn't APL buy the vessels under the 1946 Ship Sales Act?

Answer. The Merchant Ship Sales Act of 1946 permitted the sale of the *Cleveland* and *Wilson* at any time in the period March 8, 1946 to January 15, 1951. No application to purchase these vessels was made by anyone.

APL could not buy the vessels during the life of the act because:

(a) Its postwar operating-differential subsidy contract, without which the vessels could not be operated, was not awarded for this service until September 25, 1952.

(b) About 92 percent of its voting stock was held by the Government and was the subject of bitter and complex litigation by its former owners. Until this was compromised and the stock was sold on November 6, 1952, the line had no identifiable owner.

Question. Why does APL want to buy the vessels now?

Answer. American President Lines wishes to buy the *Cleveland* and *Wilson* for the following reasons:

(a) It is required by its operating-differential subsidy contract to own its vessels.

(b) It wants to continue its program of substantial betterment of the vessels, which is more prudently done on owner than on chartered vessels.

(c) It is in the steamship business, and is prepared to take the risk of substantial loss in order to obtain in normal times the lower cost of ownership as compared to charter.

Question. Why should the United States care to sell the vessels if APL will continue to charter?

Answer. The United States is glad to sell these vessels rather than to continue their charter because:

(a) The policy of the Congress, as expressed in the basic Merchant Marine Acts, and of this administration, is to encourage private rather than Government ownership.

(b) Charter hire at the current rate if continued over the remaining 14 years life would be about 30 percent higher than the sale price plus interest on deferred payments. But under the charter the vessel can be handed back to the Government on 90 days notice whenever APL should choose.

(c) The operator will make more improvements on owned vessels and will more surely keep them in service in this critical area than if chartered.

Question. What safeguards are in the bill?

Answer. (a) The vessels are sold on an "as-is where-is basis" insuring that the Government is not responsible for class repairs or inventory deficiencies.

(b) The deferred payments, over the 25 percent down, under the traditional ship sales terms, are secured by a first mortgage on the vessels.

(c) The book-value ceiling upon just compensation in the event of Government requisition is taken from the Merchant Marine Act of 1936; it is not applicable to the many vessels sold under the Merchant Ship Sales Act of 1946, but is imposed here.

(d) United States-flag documentation is required for the remainder of the 20-year economic life of the vessels, this requirement running with the title.

(e) American President Lines is required to act promptly, for authority to sell the vessels lapses after 6 months.

(f) No witness before the committee suggested any further safeguard which might be included.

Question. Why should not the vessels be offered for competitive bidding?

Answer. There are many reasons why the vessels should not be put up for sale under competitive bid:

(a) The policy of the 1920 act, of the 1936 act, and of the Merchant Ship Sales Act of 1946 has uniformly been against competitive sale of Government-owned vessels, as it has always been considered more important to get them into the right hands on the right route.

(b) No other operator has expressed an interest in the vessels.

(c) The price was a negotiated price and would in fairness have to be lowered if it were after the agreement converted into an upset price for a competitive sale.

(d) APL lost all but 3 of its 20 vessels in the war, and all 3 of its newly built vessels in the Korean hostilities. The equitable policy of the Ship Sales Act, giving a preference to the applicant with the largest wartime losses, should also be applied here.

(e) The Government couldn't sell these vessels, which can't be operated without subsidy, without in effect also offering for sale a subsidy contract.

(f) If the vessels were sold for operation anywhere else, the vital Pacific area would be left with only one passenger liner in operation. This would jeopardize defense and Asian evacuation plans in the event of emergency.

Question. Is the price adequate?

Answer. The price is believed to be fair and to be adequate for the Government because:

(a) The General Accounting Office, having blocked a lower price of $5,340,000, participated in the further negotiations and has specifically approved the present price of $6,500,000 per vessel.

(b) Frank S. Martin & Co., a leading ship surveyor, in February 1954 appraised the vessels for insurance purposes at $6 million. This was done independently, without any knowledge of the sale negotiations.

(c) The $6,500,000 price as of April 1, 1954, represents the depreciated equivalent of $7,944,544 as of January 15, 1951, the last day of the Ship Sales Act. That $7,944,544 is the so-called floor price, or 35 percent of the actual cost of the vessels. This floor price is much the highest, in relation to the prewar domestic cost fixed for each vessel, of any vessel priced under the Ship Sales Act. The floor price averaged 92 percent of the statutory sales price; the *Cleveland-Wilson* floor price is 144 percent of the statutory sales price.

(d) The floor price, which APL is paying as of January 15, 1951, was so high because the vessels were tail-end construction in an expensive yard, with the job interrupted both by the redesign from troopers and by a lengthy strike.

(e) The only concession given APL for this abnormally high price was to recognize that the vessels have been depreciating, and that APL has been paying the Government depreciation, since the authority to sell the vessels lapsed on January 15, 1951.

Question. Why is depreciation allowed since April 1, 1954?

Answer. American President Lines is paying charter hire on these vessels which covers depreciation. The depreciation after April 1 is more than offset by the charter hire. If, for example, the price is reduced by about $150,000 because sale is as of August 1, the Government will have received over $200,000 in charter hire for this period.

If the price had not been fixed at a given date, the Government and APL would in effect have each been gambling on whether a long or short period intervened between the agreement and enactment and sale.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. BUTLER. I am very happy to yield to the Senator from Delaware.

Mr. WILLIAMS. I understand that since the bill has been on the calendar the Senator from Maryland has obtained an opinion from the Legislative Counsel to the effect that the accelerated amortization provisions of H. R. 8300 would not be applicable to this particular case. Is my understanding correct?

Mr. BUTLER. The is true. I have in my hand an opinion signed by Harry B. Littell, Assistant Counsel, which I ask unanimous consent to have printed in the body of the RECORD at this point in my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

MEMORANDUM FOR SENATOR BUTLER

You have requested our opinion with respect to the applicability of the new depreciation provisions contained in the proposed new Internal Revenue Code of 1954 to the vessels to which Senate Joint Resolution 161 pertains.

The new depreciation provisions, found in section 167 of the proposed new Internal Revenue Code of 1954 apply only to new property acquired or constructed after December 31, 1953.

The limitation on the use of this new method is contained in subsection (c) of section 167 which, as amended by the Senate, reads as follows:

"(c) Limitations on use of certain methods and rates: Paragraphs (2), (3), and (4) of subsection (b) shall apply only in the case of property (other than intangible property) described in subsection (a) with a useful life of 3 years or more—

"(1) the original use of which commences after December 31, 1953, and commences with the taxpayer, and

"(2) the acquisition, construction, reconstruction, or erection of which is made or completed after such date."

You may also be interested in the statement contained on page 25 of the report of the Senate Committee on Finance accompanying H. R. 8300 which reads as follows:

"Your committee accepted, with some modifications, the basic provisions of the House bill liberalizing depreciation allowances, primarily through the extension of the use of the declining-balance method at double the corresponding straight-line rate, applicable to new property acquired or constructed after December 31, 1953."

Inasmuch as the provisions of section 167 as passed by the House and as amended by the Senate both restrict the applicability of the new depreciation provisions to new property acquired after December 31, 1953, it would not be within the power of the conference committee on this bill to apply such provisions to any other property (without thereby subjecting the conference report to a point of order).

Respectfully,

HARRY B. LITTELL,
Assistant Counsel.

Mr. BUTLER. I may say to the Senator from Delaware that I understand that the opinion expressed by Mr. Littell is concurred in by Colin Stam.

Mr. WILLIAMS. That is my understanding. I further understand that the committee report so indicates.

Mr. BUTLER. Yes.

Mr. WILLIAMS. Mr. President, I wish to ask a further question of the Senator from Maryland. I notice that this sale is being made effective as of April 1, 1954.

Mr. BUTLER. That is true.

Mr. WILLIAMS. In the bill depreciation charges are allowed to the company, retroactive as of that date, which pinpoints the date of the sale as being April 1, 1954. However, on page 2, in spelling out the rate of the interest charges which will be paid, we find they are not retroactive. I wonder whether the Senator from Maryland will agree to have adopted an amendment which will make the interest charges on this sale retroactive likewise to the same date, namely, April 1, 1954.

Mr. BUTLER. Yes, I think that should be done. If there is to be a settlement date, everything should be adjusted as of that date.

Mr. WILLIAMS. Either that, or the depreciation charges should likewise be carried forward.

Mr. BUTLER. That is correct.

Mr. WILLIAMS. Then, Mr. President, I offer the following amendment: On page 2, in line 8, after the words "per annum", strike out the period and insert a comma and the words "such interest charges to be retroactive to April 1, 1954."

Mr. BUTLER. Mr. President, I accept the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Delaware [Mr. WILLIAMS].

The amendment was agreed to.

Mr. SMATHERS. Mr. President, will the Senator from Maryland yield, in order that I may ask several questions?

Mr. BUTLER. Certainly.

Mr. SMATHERS. Did the Senator state, in the course of his remarks, how much it cost to build the ships?

Mr. BUTLER. They originally cost $20 million and $22 million, respectively; but the price, as established under the Ship Sales Act, was $7,900,000.

Mr. SMATHERS. Is there in the law previously passed a provision requiring that if the ships are disposed of, they must be disposed of to this particular line?

Mr. BUTLER. No; there is no such provision of law.

Mr. SMATHERS. Did the Senator from Maryland or did the committee give any thought, then, as to why these ships were not offered to some of the other lines?

Mr. BUTLER. They were offered for a number of years, under the Ship Sales Act. The hearings were widely publicized. We received no objection from anyone; and everyone interested approved of the sale on a negotiated basis.

Mr. SMATHERS. Then is it the belief of the Senator from Maryland that the other ship lines, which might or might not have been interested, at least had notice that the ships were to be disposed of?

Mr. BUTLER. That is correct.

Mr. SMATHERS. And that they did have an opportunity to bid, if they wished to bid?

Mr. BUTLER. That is correct.

Mr. SMATHERS. Is the Senator from Maryland and is the committee convinced that the Federal Government and the taxpayers are not losing an inordinate amount of money by means of the disposal of the ships to this particular line?

Mr. BUTLER. They are getting exactly what they would have gotten under the Ship Sales Act; and this company would have bid for the ships under that act, had it not been that the company was involved in litigation regarding the ownership of the company, and was not able to get together with the Government on the terms of its subsidy contract.

Mr. SMATHERS. I thank the Senator.

Mr. BUTLER. In the meantime, the company paid in excess of $10 million charter-hire.

Mr. SMATHERS. Am I further to understand that this entire transaction has been approved by the Comptroller General and the various other agencies of the Government that have been contacted about it?

Mr. BUTLER. Yes, that is correct.

Mr. SMATHERS. Did the Department of Justice give its approval to the transfer?

Mr. BUTLER. The Department of Justice answered the committee inquiry by saying that it had no interest in the matter.

Mr. SMATHERS. I thank the Senator.

The PRESIDING OFFICER. The joint resolution is open to further amendment.

If there is no further amendment to be proposed, the question is on the engrossment of the amendment and the third reading of the joint resolution.

The amendment was ordered to be engrossed, and the joint resolution to be read a third time.

The joint resolution (H. J. Res. 534) was read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate joint resolution 161 is indefinitely postponed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had insisted upon its amendment to the bill (S. 2408) to amend the Merchant Marine Act, 1936, to provide a national defense reserve of tankers and to promote the construction of new tankers, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing vote of the two Houses thereon, and that Mr. TOLLEFSON, Mr. ALLEN of California, Mr. SEELEY-BROWN, Mr. BONNER, and Mr. SHELLEY were appointed managers on the part of the House at the conference.

The message also announced that the House had passed the bill (S. 2759) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes, with an amendment; that the House insisted upon its amendment to the bill, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MCCONNELL, Mr. GWINN, Mr. SMITH of Kansas, Mr. BARDEN, and Mr. KELLEY of Pennsylvania were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 4854) to authorize the Secretary of the Interior to construct, operate, and maintain the irrigation works comprising the Foster Creek division of the Chief Joseph Dam project, Washington, asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. D'EWART, Mr. RHODES of Arizona, Mr. HOSMER, Mr. ENGLE, and Mr. ASPINALL were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 8247) to

provide for the restoration and maintenance of the United States ship *Constitution* and to authorize the disposition of the United States ship *Constellation*, United States ship *Hartford*, United States ship *Olympia*, and United States ship *Oregon*, and for other purposes.

The message further announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

H. R. 4496. An act to authorize and direct the conveyance of certain lands to the Board of Education of Prince Georges County, Upper Marlboro, Md., so as to permit the construction of public educational facilities urgently required as a result of increased defense and other essential Federal activities in the District of Columbia and its environs; and

H. R. 7125. An act to amend the Federal Food, Drug, and Cosmetic Act with respect to residues of pesticide chemicals in or on raw agricultural commodities.

AMENDMENT OF VOCATIONAL REHABILITATION ACT

Mr. SMITH of New Jersey. Mr. President, the House passed, with an amendment in the nature of a substitute, the bill (S. 2759) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes. I ask that the amendment of the House and the message from that body be laid before the Senate.

The PRESIDING OFFICER (Mr. PAYNE in the chair) laid before the Senate the following amendment of the House of Representatives to the bill (S. 2759) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes, together with a message from the House insisting upon its amendment and requesting a conference with the Senate thereon:

Resolved, That the bill from the Senate (S. 2759) entitled "An act to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes," do pass with the following amendment:

Strike out all after the enacting clause, and insert:

That this act may be cited as the "Vocational Rehabilitation Amendments of 1954."

AMENDMENTS TO THE VOCATIONAL REHABILITATION ACT

SEC. 2. The Vocational Rehabilitation Act (29 U. S. C. ch. 4) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS FOR GRANTS; PURPOSES FOR WHICH AVAILABLE

"SECTION 1. For the purpose of assisting the States in rehabilitating physically handicapped individuals so that they may prepare for and engage in remunerative employment to the extent of their capabilities, thereby increasing not only their social and economic well-being but also the productive capacity of the Nation, there are hereby authorized to be appropriated for the fiscal year ending June 30, 1955, the sum of $30 million, for the fiscal year ending June 30, 1956, the sum of $45 million, for the fiscal year ending June 30, 1957, the sum of $55 million, for the fiscal year ending June 30, 1958, and each fiscal year thereafter, the sum of $65 million, for grants to carry out the purposes of this act. The sums so appropriated for any fiscal year shall be available for—

"(1) grants to States under section 2 to assist them in meeting the costs of vocational rehabilitation services;

"(2) grants to States under section 3 to assist them in initiating projects for the extension and improvement of their vocational rehabilitation services; and

"(3) grants to States and to public and other nonprofit organizations and agencies under section 4 to assist in meeting the costs of projects for research, demonstrations, training and traineeships, and special projects, which hold promise of making a substantial contribution to the solution of vocational rehabilitation problems common to a number of States, including temporary assistance in initiating a substantial nationwide expansion of vocational rehabilitation programs in the States.

The portion of such sums which shall be available for each of such three types of grants shall be specified in the act appropriating such sums, except that the first $23 million of the aggregate sums so appropriated for any fiscal year shall be available for grants to States under section 2 to assist them in meeting the costs of vocational rehabilitation services.

"GRANTS TO STATES FOR VOCATIONAL REHABILITATION SERVICES

"SEC. 2. (a) (1) From the sums available for any fiscal year for grants to States to assist them in meeting the costs of vocational rehabilitation services, each State shall be entitled to an allotment of an amount which bears the same ratio to such sums as the product of (A) the population of the State and (B) the square of its allotment percentage (as defined in section 11 (h)) bears to the sum of the corresponding products for all the States.

"(2) The allotment to any State for any fiscal year, as computed under paragraph (1) which is less than such State's base allotment, shall, notwithstanding such provisions, be increased to the amount of such base allotment.

"(3) For the purposes of this section, a State's base allotment is an amount equal to the amount allotted to such State for expenditures, under its State plan approved under this act, for the fiscal year ending June 30, 1954 (which, in the case of the District of Columbia, shall be the amount appropriated to the Secretary for such fiscal year for providing rehabilitation services in the District of Columbia), increased by a uniform percentage which, if applied to the amounts so allotted to all the States, would increase the total of such allotments to $23 million.

"(4) The allotment to any State, as computed under the provisions of paragraph (1) for any fiscal year, which is greater than such State's base allotment by a percentage in excess of 1½ times the percentage by which the sums available for allotments under this section for such year exceed $23 million, shall be reduced by the amount of such excess.

"(5) Sums equal to the reductions effected under paragraph (4) for any fiscal year shall be added to the allotments of other States as computed under paragraph (1) for such years as follows:

"(A) The allotment of any State as so computed which is less than such State's base allotment, shall be increased to the amount of such base allotment.

"(B) The remainder of such sums shall be used to increase by a uniform percentage the allotment of each of the States whose allotments were not subject to reduction under paragraph (4), but with such adjustments as may be necessary to prevent the allotment of any of such States from being so increased as to require reduction under paragraph (4).

"(b) (1) A portion of each State's allotment available under this section for any fiscal year equal to the State's base allotment shall be available for payment to such State of an amount equal to its 1954 Federal share of the cost of vocational rehabilitation services under the plan of such State approved under section 5, including expenditures for the administration of the State plan.

"(2) After such portion has been paid in full, any remaining portions of a State's allotment shall be available for payment to such State of an amount equal to its Federal share (determined as provided in section 11 (i) of such cost for which payments have not been made under paragraph (1)).

"(3) For the purposes of this section, a State's 1954 Federal share means the percentage which (A) the base allotment of such State is of (B) the sum of such allotment and the amount of 1954 State funds. The 1954 State funds for any State shall be the amount of State and other non-Federal funds available for expenditures, under such State's plan approved under this act, for the fiscal year ending June 30, 1954, as estimated by the Secretary for purposes of determining such State's allotment for such year for such expenditures, except that the 1954 State funds for the District of Columbia shall be the amount appropriated for such fiscal year out of the general fund of the District of Columbia for vocational rehabilitation.

"(c) If in any State there is, during the fiscal year ending June 30, 1954, a State agency administering or supervising the administration of the part of the State plan under which vocational rehabilitation services are provided for the blind, separate from the State agency administering or supervising the administration of the remainder of the State plan—

"(1) for each consecutive fiscal year during which there are such separate agencies, the portion of such State's allotment which is equal to such State's base allotment shall be divided between the two agencies in the same proportion as the amount allotted to the State under this act for expenditures during the fiscal year ending June 30, 1954, was divided between such agencies;

"(2) for each such consecutive fiscal year, separate Federal shares shall be established for such agencies for purposes of subsection (b) (1), and for such purposes—

"(A) the 1954 Federal share for each shall be the percentage which (i) the portion of the State's allotment for the fiscal year ending June 30, 1954, which was made available to each, is of (ii) the portion of the sum of such allotment and the amount of 1954 State funds available to each for expenditures, under the State plan approved under this act, during such year; and

"(B) the portion of the allotment referred to in subsection (b) (1) for each shall be the portion of the State's allotment allocated to each pursuant to paragraph (1) of this subsection.

"GRANTS TO STATES FOR EXTENSION AND IMPROVEMENT PROJECTS

"SEC. 3. (a) (1) From the sums available for any fiscal year for grants to States to

assist them in initiating projects for the extension and improvement of vocational rehabilitation services, each State shall be entitled to an allotment of an amount bearing the same ratio to such sums as the population of such State bears to the population of all the States. The allotment to any State under the preceding sentence for any fiscal year which is less than $5,000 (or such other amount as may be specified as a minimum allotment in the act appropriating such sums for such year) shall be increased to that amount, the total of the increases thereby required being derived by proportionately reducing the allotments to each of the remaining States under the preceding sentence, but with such adjustments as may be necessary to prevent the allotment of any of such remaining States from being thereby reduced to less than that amount.

"(2) From each State's allotment available for such purpose for any fiscal year, the Secretary shall pay to such State a portion of the cost of approved projects for the extension and improvement of vocational rehabilitation services (including their administration) under the State plan. The Secretary shall approve any project for purposes of this section only if the plan of such State approved under section 5 includes such project or is modified to include it and only if he finds the project constitutes an extension or improvement of vocational rehabilitation services under the State plan or will contribute materially to such an extension or improvement.

"(b) Payments under this section with respect to any project may be made for a period of not to exceed two years beginning with the commencement of the first fiscal year for which any payment is made with respect to such project from an allotment under this section. To the extent permitted by the State's allotment under this section, such payments wih respect to any project shall be equal to 75 percent of the cost of such project, except that, at the request of the State, such payments may be less than such percentage of the cost of such project.

"(c) No payment may be made from an allotment under this section with respect to any cost with respect to which any payment is made under section 2.

"GRANTS FOR SPECIAL PROJECTS

"SEC. 4. (a) From the sums available therefor for any fiscal year, the Secretary shall make grants to States and public and other nonprofit organizations and agencies (1) for paying part of the cost of projects for research and demonstrations, projects for the establishment of special facilities and services, which, in the judgment of the Secretary, hold promise of making a substantial contribution to the solution of vocational rehabilitation problems common to all or several States, and (2) for planning, preparing for, and initiating, during the fiscal year ending June 30, 1955, and the fiscal year ending June 30, 1956, a substantial nationwide expansion of vocational rehabilitation programs in the States, including training and traineeships for individuals for a period of not to exceed 12 months for any one individual. Any grant of funds under this section which will be used for direct services to physically handicapped individuals or for establishing facilities which will render direct services to such individuals must have the prior approval of the appropriate State agency.

"(b) Payments under this section may be made in advance or by way of reimbursement for services performed and purchases made, as may be determined by the Secretary; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of this section.

"GRANTS FOR TRAINING OF HOMEBOUND HANDICAPPED PERSONS

"SEC. 5. (a) There is hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, the sum of $5 million for the fiscal year ending July 1, 1955, and $2 million annually thereafter, and, from the amounts hereunder appropriated the Secretary is authorized and empowered, on the recommendation of State agencies, to make grants to local school boards and local nonprofit educational groups providing special services to handicapped; organized with the objective of affording a means of teaching and training handicapped persons, commonly known as shut-ins, whose disabilities confine them to their homes or beds.

"Such grants shall be made for the purpose of providing general ameliorative and vocational training in addition to that now provided by law for such handicapped persons. The total grants to school boards or educational groups in any one State shall bear the same ratio to the total grants, made, pursuant to this section, as the population of the State bears to the total population of the United States: *Provided*, That not less than 20 percent of all grants in any fiscal year shall be made to groups functioning in rural areas. ('Rural areas' are to be defined by the Secretary.)

"STATE PLANS

"SEC. 6. (a) To be approvable under this act, a State plan for vocational rehabilitation services shall—

"(1) designate the State agency administering or supervising the administration of vocational education in the State, or a State rehabilitation agency (primarily concerned with vocational rehabilitation), as the sole State agency to administer the plan, or to supervise its administration in a political subdivision of the State by a sole local agency of such political subdivision, except that where under the State's law the State blind commission, or other agency which provides assistance or services to the adult blind, is authorized to provide them vocational rehabilitation services, such State blind commission or other State agency may be designated as the sole State agency to administer the part of the plan under which vocational rehabilitation services are provided for the blind (or to supervise the administration of such part in a political subdivision of the State by a sole local agency of such political subdivision) and the State vocational education agency or the State rehabilitation agency shall be designated as the sole State agency with respect to the rest of the State plan;

"(2) provide that the head of the vocational rehabilitation bureau, division, or other unit of a State vocational educational agency designated pursuant to paragraph (1), shall be subject only to the supervision and direction of such agency or its executive officer;

"(3) provide for financial participation by the State, and provide that the plan shall be in effect in all political subdivisions of the State;

"(4) show the plan, policies, and methods to be followed in carrying out the work under the State plan and in its administration and supervision, and in case vocational rehabilitation services cannot be provided all eligible physically handicapped individuals who apply for such services, show the order to be followed in selecting those to whom vocational rehabilitation services will be provided;

"(5) provide such methods of administration, other than methods relating to the establishment and maintenance of personnel standards, as are found by the Secretary to be necessary for the proper and efficient administration of the plan;

"(6) contain (A) provisions relating to the establishment and maintenance of personnel standards, including provisions relating to the tenure, selection, appointment, and qualifications of personnel, and (B) provisions relating to the establishment and maintenance of minimum standards governing the facilities and personnel utilized in the provision of vocational rehabilitation services, but the Secretary shall exercise no authority with respect to the selection, method of selection, tenure of office, or compensation of any individual employed in accordance with such provisions;

"(7) provide that, in addition to training, maintenance, placement, and guidance, physical restoration services will be provided under the plan;

"(8) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time reasonably require to carry out his functions under this act, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports;

"(9) provide for cooperation by the State agency with the State agency administering the State's public assistance program, the State's workmen's compensation agency, and the Bureau of Old-Age and Survivors Insurance (Department of Health, Education, and Welfare) and other Federal, State, and local public agencies providing services relating to vocational rehabilitation services, and provide for the utilization of the services of such agencies insofar as practicable;

"(10) provide for entering into cooperative arrangements with the system of public employment offices in the State and the maximum utilization of the job placement and employment counseling services and other services and facilities of such offices; and

"(11) provide that vocational rehabilitation provided under the State plan shall be available to any civil employee of the United States disabled while in the performance of his duty on the same terms and conditions as apply to other persons.

"(b) The Secretary shall approve any plan which the Secretary finds fulfills the conditions specified in subsection (a) of this section.

"(c) Whenever the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this section, finds that—

"(1) the plan has been so changed that it no longer contains any provision required by subsection (a) of this section to be included in the plan; or

"(2) in the administration of the plan there is a failure to comply substantially with any such provision;

the Secretary shall notify such State agency that no further payments will be made to the State under section 2 or 3 (or, in his discretion, that further payments will not be made to the State for projects under or parts of the State plan affected by such failure), until he is satisfied that there is no longer any such failure. Until he is so satisfied the Secretary shall make no further payments to such State under section 2 or 3 (or shall limit payments to projects under or parts of the State plan in which there is no such failure).

"(d) If any State is dissatisfied with the Secretary's action under subsection (c) of this section, such State may appeal to the United States district court for the district where the capital of such State is located and judicial review of such action shall be on the record in accordance with the provisions of the Administrative Procedure Act.

"METHOD OF COMPUTING AND MAKING PAYMENTS

"SEC. 7. The method of computing and paying amounts pursuant to section 2 or 3 shall be as follows:

"(1) The Secretary shall, prior to the beginning of each calendar quarter or other period prescribed by him, estimate the amount to be paid to each State under the provisions of such section for such period, such estimate to be based on such records of the State and information furnished by

it, and such other investigation, as the Secretary may find necessary.

"(2) The Secretary shall pay, from the allotment available therefor, the amount so estimated by him for such period, reduced or increased, as the case may be, by any sum (not previously adjusted under this subsection) by which he finds that his estimate of the amount to be paid the State for any prior period under such section was greater or less than the amount which should have been paid to the State for such prior period under such section. Such payments shall be made prior to audit or settlement by the General Accounting Office, shall be made through the disbursing facilities of the Treasury Department, and shall be made in such installments as the Secretary may determine.

"ADMINISTRATION

"SEC. 8. (a) In carrying out his duties under this Act, the Secretary shall—

"(1) make studies, investigations, demonstrations, and reports with respect to abilities, aptitudes, and capacities of physically handicapped individuals, development of their potentialities, and their utilization in gainful and suitable employment;

"(2) cooperate with and render technical assistance to States in matters relating to the vocational rehabilitation of physically handicapped individuals;

"(3) provide, during the fiscal year ending June 30, 1955, and the fiscal year ending June 30, 1956, training and instruction in technical matters relating to vocational rehabilitation services, including the establishment and maintenance of such research fellowships and traineeships, with such stipends and allowances (including travel and subsistence expenses), as he may deem necessary, except that no such training or instruction (or fellowship or scholarship) shall be provided any individual for a period in excess of 12 months; and

"(4) disseminate information as to the studies, investigations, demonstrations, and reports referred to in paragraph (1) and other matters relating to vocational rehabilitation services, and otherwise promote the cause of rehabilitation of physically handicapped individuals and their greater utilization in gainful and suitable employment.

"(b) The Secretary is authorized to make rules and regulations governing the administration of this act, and to delegate to any officer or employee of the United States such of his powers and duties, except the making of rules and regulations, as he finds necessary in carrying out the purposes of this act.

"PROMOTION OF EMPLOYMENT OPPORTUNITIES

"SEC. 9. The Secretary of Labor and the Secretary of Health, Education, and Welfare shall cooperate in developing, and in recommending to the appropriate State agencies, policies and procedures which will facilitate the placement in employment of handicapped individuals who have received rehabilitation services under State vocational rehabilitation programs, and, together with the Chairman of the President's Committee on Employment of the Physically Handicapped, shall develop and recommend methods which will assure maximum utilization of services which that Committee, and cooperating State and local organizations, are able to render in promoting job opportunities for such individuals.

"UNITED STATES EMPLOYMENT SERVICES

"SEC. 10 (a) The first sentence of subsection (a) of section 3 of the act of June 6, 1933, as amended (29 U. S. C., 1946 edition, sec. 49–491), is hereby amended by inserting between the words 'gainful occupations' and the words 'to maintain', a comma, and the following: 'including employment counseling and placement services for handicapped persons.'

"(b) Section 8 of the act, as amended, is further amended by inserting after the first sentence thereof a new sentence to read as follows: 'Such plans shall include provision for the promotion and development of employment opportunities for handicapped persons and for job counseling and placement of such persons, and for the designation of at least one person in each State or Federal employment office, whose duties shall include the effectuation of such purposes.'

"REPORTS

"SEC. 11. Annual reports shall be made to the Congress by the Secretary as to the administration of this act.

"AUTHORIZATION OF APPROPRIATION FOR ADMINISTRATION

"SEC. 12. There are hereby authorized to be included for each fiscal year in the appropriations for the Department of Health, Education, and Welfare such sums as are necessary to administer the provisions of this act.

"DEFINITIONS

"SEC. 13. For the purposes of this act—

"(a) The term 'vocational rehabilitation services' means diagnostic and related services (including transportation) incidental to the determination of eligibility for and the nature and scope of services to be provided; training, guidance and placement services for physically handicapped individuals; and, in the case of any such individual found to require financial assistance with respect thereto, after full consideration of his eligibility for any similar benefit by way of pension, compensation, and insurance, any other goods and services necessary to render such individual fit to engage in a remunerative occupation, including remunerative homebound work, including the following physical restoration and other goods and services—

"(1) corrective surgery or therapeutic treatment necessary to correct or substantially modify a physical or mental condition which is stable or slowly progressive and constitutes a substantial handicap to employment, but is of such a nature that such correction or modification may reasonably be expected to eliminate or substantially reduce such handicap within a reasonable length of time;

"(2) necessary hospitalization in connection with surgery or treatment specified in subparagraph (1);

"(3) such prosthetic devices as are essential to obtaining or retaining employment;

"(4) maintenance, not exceeding the estimated cost of subsistence, during rehabilitation;

"(5) tools, equipment, initial stocks and supplies (including equipment and initial stocks and supplies for vending stands), books, and training materials, to any or all of which the State may retain legal title, and capital advances not to exceed $500 for vending stand operators licensed under the act of June 30, 1936, as amended (20 U. S. C., ch. 6A); and

"(6) transportation (except where necessary in connection with determination of eligibility or nature and scope of services) and occupational licenses.

Such term also includes—

"(7) the acquisition of vending stands or other equipment and initial stocks and supplies for use by severely handicapped individuals in any type of small business the operation of which will be improved through management and supervision by the State agency; and

"(8) the establishment of public and other nonprofit rehabilitation facilities to provide services for physically handicapped individuals and the establishment of public and other nonprofit workshops for the severely handicapped.

"(b) The term 'physically handicapped individual' means any individual who is under a physical or mental disability which constitutes a substantial handicap to employment, but which is of such a nature that vocational rehabilitation services may reasonably be expected to render him fit to engage in a remunerative occupation.

"(c) The term 'rehabilitation facility' means a facility operated for the primary purpose of assisting in the rehabilitation of physically handicapped individuals—

"(1) which provides one or more of the following types of services:

"(A) testing, fitting, or training in the use of prosthetic devices;

"(B) prevocational or conditioning therapy;

"(C) physical or occupational therapy;

"(D) adjustment training; or

"(E) evaluation or control of special disabilities; or

"(2) through which is provided an integrated program of medical, psychological, social, and vocational evaluation and services under competent professional supervision: *Provided*, That the major portion of such evaluation and services is furnished within the facility and that all medical and related health services are prescribed by, or are under the formal supervision of, persons licensed to practice medicine or surgery in the State.

"(d) The term 'workshop' means a place where any manufacture or handiwork is carried on and which is operated for the primary purpose of providing remunerative employment to severely handicapped individuals who cannot be readily absorbed in the competitive labor market.

"(e) The term 'nonprofit', when used with respect to a rehabilitation facility or a workshop, means a rehabilitation facility and a workshop, respectively, owned and operated by a corporation or association, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual and the income of which is exempt from taxation under section 101 (6) of the Internal Revenue Code.

"(f) Establishment of a workshop or rehabilitation facility means—

"(1) in the case of a workshop, the expansion, remodeling, or alteration of existing buildings, necessary to adapt such buildings to workshop purposes or to increase the employment opportunities in workshops, and the acquisition of initial equipment necessary for new workshops or to increase the employment opportunities in workshops; and

"(2) in the case of a rehabilitation facility, the expansion, remodeling, or alteration of existing buildings, and initial equipment of such buildings, necessary to adapt such buildings to rehabilitation facility purposes or to increase their effectiveness for such purposes (subject, however, to such limitations as the Secretary may by regulations prescribe in order to prevent impairment of the objectives of, or duplication of, other Federal laws providing Federal assistance to States in the construction of such facilities) and initial staffing thereof (for a period not exceeding 1 year).

"(g) The term 'State' includes Alaska, the District of Columbia, Hawaii, the Virgin Islands, and Puerto Rico, and for purposes of section 4, includes also Guam.

"(h) (1) The 'allotment percentage' for any State shall be 100 percent less that percentage which bears the same ratio to 50 percent as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska), except that (A) the allotment percentage shall in no case be more than 75 percent or less than 33⅓ percent, and (B) the allotment percentage for Hawaii shall be 50 percent, and the allotment percentage for Alaska, Puerto Rico, and the Virgin Islands shall be 75 percent.

"(2) The allotment percentages shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year,

on the basis of the average of the per capita incomes of the States and of the continental United States for the 3 most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the 2 fiscal years in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Secretary shall promulgate such percentages as soon as possible after the enactment of the Vocational Rehabilitation Amendments of 1954, which promulgation shall be conclusive for the 3 fiscal years in the period ending June 30, 1957.

"(i) (1) The 'Federal share' for any State for any fiscal year (other than the fiscal year ending June 30, 1954) shall be 100 percent less that percentage which bears the same ratio to 38 percent as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska), except that (A) the Federal share shall in no case be more than 72 percent or less than 52 percent, and (B) the Federal share for Hawaii and Alaska shall be 64 percent, and the Federal share for Puerto Rico and the Virgin Islands shall be 72 percent. In computing the Federal share of a State for a year, the Secretary shall use the same figures for per capita incomes of the States and of the United States as he used in computing the allotment percentage of such State for such year.

"(j) The population of the several States shall be determined on the basis of the latest figures furnished by the Department of Commerce.

"(k) The term 'Secretary,' except when the context otherwise requires, means the Secretary of Health, Education, and Welfare.

"TRANSITION PROVISIONS

"SEC. 14. (a) In the case of any State which, immediately prior to July 1, 1954, was carrying on a vocational-rehabilitation program under a State plan approved under this act, such State plan shall be deemed to be a State plan approved under section 5 of this act until (1) the Secretary finds, after reasonable notice and opportunity for a hearing to the State agency, that such plan has been so changed that it no longer complies with any provision required to be included in such plan under this act as in effect prior to the enactment of the Vocational Rehabilitation Amendments of 1954, or in the administration of such plan there is a failure to comply substantially with any such provisions, or (2) the plan is superseded by a plan approved under section 5 of this act, or (3) July 1, 1955, whichever occurs first.

"(b) Sums appropriated for grants to States for the fiscal year ending June 30, 1955, pursuant to the Vocational Rehabilitation Act in effect prior to the enactment of the Vocational Rehabilitation Amendments of 1954 (including the portion of sums made available to the Secretary for rehabilitation services in the District of Columbia) shall be deemed to have been made available for grants to States under section 2 of this act. Payments made from such sums to a State (including payments made or obligated from such sums for vocational rehabilitation services in the District of Columbia) prior to the enactment of the Vocational Rehabilitation Amendments of 1954 shall be deemed to have been paid under this act from the State's allotment under such section 2.

"SHORT TITLE

"SEC. 15. This act may be cited as the 'Vocational Rehabilitation Act'."

VOCATIONAL REHABILITATION PROGRAM IN THE DISTRICT OF COLUMBIA

SEC. 3. (a) The personnel, property, and records which the Director of the Bureau of the Budget determines relate primarily to the provision of vocational rehabilitation services in the District of Columbia or the performance of functions of a State licensing agency under the act of June 20, 1936 (20 U. S. C., ch. 6A), shall be transferred, within 90 days after the enactment of this act, from the Department of Health, Education, and Welfare to the municipal government of the District of Columbia for use in providing such services and performing such functions in the District of Columbia.

(b) The Board of Commissioners of the District of Columbia is hereby authorized, within available appropriations and allotted funds, to take such action as may be necessary to secure for the District of Columbia the benefits of the Vocational Rehabilitation Act, as amended by this act, and the act of June 20, 1936 (20 U. S. C., ch. 6A).

(c) Notwithstanding anything to the contrary in section 2 or any other provision of this act, the Secretary of Health, Education, and Welfare is authorized to continue the performance of functions relating to the provisions of vocational rehabilitation services in the District of Columbia until completion of the transfer provided in subsection (a) in like manner as such functions were being performed by such Secretary immediately prior to the enactment of this act.

AMENDMENTS TO THE RANDOLPH-SHEPPARD VENDING STAND ACT

SEC. 4. (a) The first section of the act entitled "An act to authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes," approved June 20, 1936, as amended (20 U. S. C., sec. 107), is amended to read as follows: "That for the purpose of providing blind persons with remunerative employment, enlarging the economic opportunities of the blind, and stimulating the blind to greater efforts in striving to make themselves self-supporting, blind persons licensed under the provisions of this act shall be authorized to operate vending stands on any Federal property where such vending stands may be properly and satisfactorily operated by blind persons. In authorizing the operation of vending stands on Federal property, preference shall be given, so far as feasible, to blind persons licensed by a State agency as provided in this act; and the head of each department or agency in control of the maintenance, operation, and protection of Federal property shall, after consultation with the Secretary, and with the approval of the President, prescribe regulations designed to assure such preference (including assignment of vending machine income to achieve and protect such preference) for such licensed blind persons without unduly inconveniencing such departments and agencies or adversely affecting the interests of the United States."

(b) (1) Section 2 (a) of such act of June 20, 1936, as amended (20 U. S. C., sec. 107a), is amended by striking out "in Federal and other buildings" where it appears in paragraph (1) and inserting in lieu thereof "on Federal and other property," and by amending paragraph (4) to read as follows:

"(4) Designate as provided in section 3 of this act the State commission for the blind in each State, or, in any State in which there is no such commission, some other public agency to issue licenses to blind persons who are citizens of the United States and at least 21 years of age for the operating of vending stands on Federal and other property in such State for the vending of newspapers, periodicals, confections, tobacco products, articles dispensed automatically or in containers or wrapping in which they are placed before receipt by the vending stand, and such other articles as may be approved for each property by the department or agency in control of the maintenance, operation, and protection thereof and the State licensing agency in accordance with the regulations prescribed pursuant to the first section: *Provided*, That (A) effective 4 years after the enactment of the Vocational Rehabilitation Amendments of 1954, in any State having an approved plan for vocational rehabilitation pursuant to the Vocational Rehabilitation Act, the licensing agency to be designated hereunder shall be the State agency designated pursuant to section 5 (a) (1) of such act as the sole State agency with respect to vocational rehabilitation of the blind; and (B) prior to such time, no license shall be granted except upon certification by a vocational rehabilitation agency that the individual is qualified to operate a vending stand."

(2) Paragraph (5) of such subsection is amended by inserting "including the issuance of rules and regulations," after "steps."

(c) Section 2 (b) of such act of June 20, 1936, as amended, is amended by striking out the third sentence thereof.

(d) Section 2 (c) of such act of June 20, 1936, as amended, is amended to read as follows:

"(c) The State licensing agency designated by the Secretary is authorized, with the approval of the head of the department or agency in control of the maintenance, operation, and protection of the Federal property on which the stand is to be located but subject to regulations prescribed pursuant to the first section, to select a location for such stand and the type of stand to be provided."

(e) Section 3 of such act of June 20, 1936, as amended (20 U. S. C., sec. 107b), is amended to read as follows:

"SEC. 3. A State commission for the blind or other State agency desiring to be designated as the licensing agency shall, with the approval of the chief executive of the State, make application to the Secretary and agree—

"(1) to cooperate with the Secretary in carrying out the purpose of this act;

"(2) to provide for each licensed blind person such vending stand, equipment, and adequate initial stock of suitable articles to be vended therefrom, as may be necessary: *Provided, however*, That such equipment and stock may be owned by the licensing agency for use of the blind, or by the blind individual to whom the license is issued: *And provided further*, That if ownership of such equipment is vested in the blind licensee, (A) the State licensing agency shall retain a first option to repurchase such equipment and (B) in the event such individual dies or for any other reason ceases to be a licensee or transfers to another vending stand, ownership of such equipment shall become vested in the State licensing agency (for transfer to a successor licensee) subject to an obligation on the part of the State licensing agency to pay to such individual (or to his estate) the fair value of his interest therein as later determined in accordance with regulations of the State licensing agency and after opportunity for a fair hearing.

"(3) that if any funds are set aside, or caused to be set aside, from the proceeds of the operation of the vending stands such funds shall be set aside, or caused to be set aside, only to the extent necessary for and may be used only for the purposes of (A) maintenance and replacement of equipment; (B) the purchase of new equipment; (C) management services; and (D) assuring a fair minimum return to operators of vending stands for a period of not to exceed 1 year following (i) the date of approval of the State's application submitted under this section, as amended by the Vocational Rehabilitation Amendments of 1954, or (ii) the initial establishment of the stand, whichever occurs later: *Provided, however*, That in no event shall the amount of such funds to be set aside from the proceeds of any vending stand exceed a reasonable amount which shall be determined by the Secretary;

"(4) to make such reports in such form and containing such information as the Secretary may from time to time require and to comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports;

"(5) to issue such regulations, consistent with the provisions of this act, as may be necessary for the operation of this program;

"(6) to provide to any blind licensee dissatisfied with any action arising from the operation or administration of the vending stand program an opportunity for a fair hearing."

(f) Section 6 of such act of June 20, 1936, as amended (20 U. S. C., sec. 107e), is amended by adding at the end thereof the following new subsections:

"(d) The term 'Federal property' means any building, land, or other real property owned, leased, or occupied by any department or agency of the United States, or any instrumentality wholly owned by the United States, or by any department or agency of the District of Columbia or any Territory or possession of the United States.

"(e) The term 'Secretary' means the Secretary of Health, Education, and Welfare."

(g) Such act of June 20, 1936, as amended is amended by renumbering section 7 as section 8, and by inserting immediately after section 6 the following new section:

"SEC. 7. In the case of any State which, immediately prior to July 1, 1954, was performing the functions of a State licensing agency pursuant to an application for designation approved under this act, such application shall be deemed to be an application approved under section 3 of this act, as amended by the Vocational Rehabilitation Amendments of 1954, until (1) the Secretary finds, after reasonable notice and opportunity for a hearing to the State licensing agency, that the provisions contained in such application have been changed so that it no longer complies with any provisions required to be included in such application under this act, as in effect prior to July 1, 1954, or that in the administration of the program there is a failure to comply substantially with any such provision, or (2) the application is superseded by an application approved under section 3 of this act after July 1, 1954, or (3) July 1, 1955, whichever first occurs."

SEC. 5. The joint resolution entitled "Joint resolution authorizing an appropriation for the work of the President's Committee on National Employ the Physically Handicapped Week," approved July 11, 1949 (63 Stat. 409), is amended by striking out "$75,000" and inserting in lieu thereof "$225,000."

SEC. 6. The amendments made by this act shall become effective July 1, 1954.

Mr. SMITH of New Jersey. Mr. President, I move that the Senate disagree to the amendment of the House, agree to the request of the House for a conference with the Senate on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SMITH of New Jersey, Mr. PURTELL, Mr. GOLDWATER, Mr. HILL, and Mr. LEHMAN conferees on the part of the Senate.

EXECUTIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to consider executive business for action on nominations which appear on the Executive Calendar under the heading "New Reports."

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. PAYNE in the chair) laid before the Senate a message from the President of the United States submitting sundry nominations, which were referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. SALTONSTALL, from the Committee on Armed Services:

Maj. Gen. Earle Standlee, Army of the United States (brigadier general, Medical Corps, U. S. Army), to be major general, Medical Corps, in the Regular Army of the United States; and

Brig. Gen. Paul Irwin Robinson, Army of the United States (colonel, Medical Corps, U. S. Army), to be brigadier general, Medical Corps, in the Regular Army of the United States.

By Mr. SMITH of New Jersey, from the Committee on Labor and Public Welfare:

Charles R. Ferguson, of Pennsylvania, to be a member of the Federal Coal Mine Safety Board of Review.

NOTICE OF HEARING ON CERTAIN JUDICIAL NOMINATIONS

Mr. LANGER. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, July 16, 1954, at 10 a. m., in room 424, Senate Office Building, upon the nominations of Elbert Parr Tuttle, of Georgia, to be United States circuit judge, fifth circuit, to fill a new position; and David John Wilson, of Utah, to be judge of the United States Customs Court, vice William P. Cole, Jr., elevated. At the indicated time and place all persons interested in the nominations may make such representations as may be pertinent. The subcommittee consists of myself, chairman, the Senator from New Jersey [Mr. HENDRICKSON], and the Senator from Missouri [Mr. HENNINGS].

THE CALENDAR—NEW REPORTS

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nominations under the heading "New Reports."

FEDERAL POWER COMMISSION

The Chief Clerk read the nomination of Frederick Stueck, of Missouri, to be a member of the Federal Power Commission for the term of 5 years, expiring June 22, 1959.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES COAST GUARD

The Chief Clerk read the nomination of Capt. Frank A. Leamy to have the permanent rank of rear admiral, from November 1, 1954.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Capt. William K. Kenner to have the permanent rank of read admiral, effective upon confirmation by the Senate.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. KNOWLAND. Mr. President, I ask that the President be immediately notified of these confirmations.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

CONSTRUCTION AT MILITARY AND NAVAL INSTALLATIONS

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1719, House bill 9242, authorizing construction at military and naval installations and for the Alaska communications system.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska communications system, and for other purposes, which had been reported from the Committee on Armed Services, with amendments.

Mr. CASE obtained the floor.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to the Senator from Louisiana?

Mr. CASE. First, Mr. President, I ask unanimous consent that the committee amendments be considered and agreed to en bloc, with the understanding that such action will not foreclose any Senator from offering amendments to them.

Mr. KNOWLAND. Mr. President, I believe I thoroughly understand what the Senator from South Dakota wishes to have done. In other words, it is his desire to have the committee amendments adopted en bloc, so that the parliamentary situation then will be that the bill, including the committee amendments, will be treated as a new bill, and thus subject to amendment.

Mr. CASE. That is correct.

The PRESIDING OFFICER. The Chair understands that the request of the Senator from South Dakota is that the committee amendments be considered and agreed to en bloc, so that the bill as thus amended will be considered as the original text of the bill and will be open to further amendment. Is that correct?

Mr. CASE. That is correct.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Dakota? Without objection, it is so ordered; and without objection, the committee amendments are agreed to, en bloc.

The committee amendments, as agreed to en bloc, are as follows:

On page 2, line 8, to strike out "$2,071,000" and insert "$1,579,000"; after line 12, to insert:

"Black Hills Ordnance Depot, S. Dak.: Post engineer facilities, ammunition maintenance facilities, utilities, $811,000."

On page 3, line 3, after the word "housing", to strike out "$1,967,000" and insert "$983,000"; in line 24, to strike out "$3,780,000" and insert "$2,290,000"; on page 4, line 5, after the word "housing", to strike out "$5,479,000" and insert "$2,739,000"; in line 8, to strike out "$1,835,000" and insert "$785,000"; in line 19, after the word "housing", to strike out "$2,297,000" and insert "$1,314,000"; on page 5, line 2, after the word "housing", to strike out "$2,028,000" and insert "$1,014,000"; in line 5, after the word housing", to strike out "$8,199,000" and insert "$4,264,000"; in line 9, after the word "facilities", to strike out "$6,259,000" and insert "$3,470,000"; in line 11, after the word "facilities", to strike out "$7,066,000" and insert "$3,623,000"; in line 13, after the word "housing", to strike out "$13,453,000" and insert "$7,875,000"; in line 17, after the word "facilities", to strike out "$10,182,000" and insert "$7,063,000"; in line 19, after the word "facilities", to strike out "$3,692,000" and insert "$2,216,000"; in line 22, after the word "facilities", to strike out "$7,491,000" and insert "$3,582,000"; in line 24, to strike out "$7,413,000" and insert "$4,036,000"; on page 6, line 3, to strike out "$11,744,000" and insert "$6,268,000"; on page 12, line 12, after the word "facilities", to strike out "$1,500,000" and insert "$1,254,000"; on page 13, line 10, after the word "acquisition", to strike out "$11,096,000" and insert "$10,060,000"; on page 16, line 6, after the word "utilities", to strike out "$4,245,000" and insert "$4,197,000"; on page 17, line 7, after the word "facilities", to strike out "and land acquisition, $412,000" and insert "$212,000"; after line 9, to insert:

"Naval ammunition depot, Fallbrook, Calif.: Ordnance facilities, $278,000."

In line 21, after the word "acquisition", to strike out "$519,000" and insert "$304,000"; on page 18, line 7, after the word "facilities", to strike out "$2,888,000" and insert "$1,444,000"; in line 9, after the word "facilities", to strike out "$5,564,000" and insert "$1,664,000"; on page 19, after line 3, to insert:

"Naval Petroleum Reserve No. 1, Elks Hill, Calif.: Pipeline facilities, including easements and land acquisition, $8,000,000."

In line 9, to strike out "$4,669,000" and insert "$3,384,000"; in line 19, after the word "facilities", to insert "site preparation for family housing"; in line 20, after the word "utilities", to strike out "$6,550,000" and insert "$9,976,000"; on page 20, line 19, after the word "facilities", to insert "site preparation for family housing, land acquisition"; in line 21, after the word "utilities", to strike out "$6,520,000" and insert "$8,791,000"; on page 25, line 17, after the word "facilities", to strike out "$3,558,000" and insert "$3,663,000"; on page 29, line 21, after the words "total of", to strike out "$12,565,000" and insert "$12,085,000"; in line 23, after the word "and", where it occurs the second time, to strike out "$12,338,000" and insert "$11,858,000"; on page 32, line 2, after the words "total of", to strike out "$19,835,000" and insert "$19,408,000"; in line 4, after the word "and", where it occurs the second time, to strike out "$19,145,000" and insert "$18,718,000"; in line 12, after the word "facilities", to strike out "$14,079,000" and insert "$13,785,000"; on page 35, line 2, after the word "facilities", to strike out "$7,588,000" and insert "$6,494,000"; on page 43, line 22, after the word "facilities", to strike out "$506,000" and insert "$502,000"; on page 54, line 10, after the word "of", to strike out "$10,542,000" and insert "$10,170,000"; in line 12, after the word "and", where it occurs the second time, to strike out "$8,305,000" and insert "$7,933,000"; on page 56, line 4, after the words "total of", to strike out "$16,565,000" and insert "$14,645,000"; in line 6, after the word "and", where it occurs the second time, to strike out "$10,138,000" and insert "$8,218,000"; on page 65, line 25, after "SEC. 302", to insert "(a)"; on page 66, line 1, after the word "authorized", to strike out the comma and "without regard to the provisions of section 407 of Public Law 534,"; in line 9, after the word "Law", to strike out "534" and insert "155"; after line 9, to insert:

"(b) Section 302 of the act approved September 28, 1951 (65 Stat. 336), is hereby amended by striking the figures '$1,071,638,000' and inserting in lieu thereof '$1,007,963,000'."

In line 18, after the word "and", to strike out "three-tenths" and insert "three-hundredths"; on page 68, line 4, to strike out "SEC. 501."; in line 13, after "3 percent", to insert "per annum"; in line 15, after the word "options", to insert a colon and "*Provided further*, That for each semiannual period beginning July 1, 1954, during which a military department procures any option under the authority of this section, the Secretary of such military department shall render to the Armed Services Committees of the Senate and House of Representatives a report as to the options procured during such period"; on page 69, line 1, after the word "States", to strike out "$162,909,000" and insert "$121,865,000"; in line 4, after the word "of", to strike out "$269,873,000" and insert "$228,829,000"; in line 6, after the word "States", to strike out "$109,165,000" and insert "$109,069,000"; in line 7, after the word "States", to strike out "$30,796,000" and insert "$36,493,000"; in line 9, after the word "of", to strike out "$203,319,000" and insert "$208,920,000"; in line 11, after the word "States", to strike out "$393,607,000" and insert "$389,125,000"; in line 13, after the word "of", to strike out "$403,436,000" and insert "$398,954,000"; in line 19, after the word "by", to strike out "10 percent" and insert "5 percent in the case of projects within continental United States and 10 percent in the case of projects outside the continental United States"; at the top of page 71, to insert:

"SEC. 508. None of the authority contained in titles I, II, and III of this act shall be deemed to authorize any building construction project within the continental United States at a unit cost in excess of—

"(a) $20 per square foot for cold-storage warehousing;

"(b) $6 per square foot for regular warehousing;

"(c) $1,700 per man for permanent barracks;

"(d) $1,400 per man for 10-year-life barracks; or

"(e) $5,000 per man for bachelor officer quarters,

unless the Secretary of Defense determines that, because of special circumstances, application to such project of the limitation on unit costs contained in this section is impracticable."

And after line 13, to insert:

"SEC. 509. (a) The first sentence of section 501 (b) of the act entitled 'An act to authorize certain construction at military and naval installations, and for other purposes,' approved September 28, 1951 (65 Stat. 336), is amended to read as follows: The Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force are respectively authorized, to the extent administratively determined by each to be fair and reasonable under regulations approved by the Secretary of Defense, to reimburse the owners and tenants of land, used by such owners and tenants for residential or agricultural purposes, acquired by their departments pursuant to the provisions of this act for expenses and other losses and damages incurred by such owners and tenants, respectively, in the process and as a direct result of the moving of themselves and their families and possessions because of such acquisition of land, which reimbursement shall be in addition to, but not in duplication of, any payments in respect of such acquisition as may otherwise be authorized by law: *Provided*, That the total of such reimbursement to the owners and tenants of any parcel of land shall in no event exceed 25 percent of the fair value of such parcel of land as determined by the Secretary of the military department concerned. No payment in reimbursement shall be made unless application therefor, supported by an itemized statement of the expenses, losses, and damages so incurred, shall have been submitted to the Secretary of the military department concerned within 1 year following the date of such vacating.

"(b) The first sentence of section 401 (b) of the act entitled 'An act to authorize certain construction at military and naval installations, and for other purposes,' approved July 14, 1952 (66 Stat. 606), is amended to read as follows: 'The Secretary of the Army, the Secretary of the Navy, and the Secretary of the Air Force are respectively authorized, to the extent administratively determined by each to be fair and reasonable, under regulations approved by the Secretary of Defense, to reimburse the owners and tenants of land, used by such owners and tenants for residential or agricultural purposes, to be acquired for any public-works project of the military department concerned for expenses and other losses and damages incurred by such owners and tenants, respectively, in the process and as a direct result of the moving of themselves and their families and possessions because of such acquisition of land, which reimbursement shall be in addition to, but not in duplication of, any payments in respect of such acquisition as may otherwise be authorized by law: *Provided*, That the total of such reimbursement to the owners and tenants of any parcel of land shall in no event exceed 25 percent of the fair value of such parcel of land as determined by the Secretary of the military department concerned.'

"(c) The amendments made by this section shall apply only with respect to land acquired subsequent to the date of enactment of this act."

Mr. CASE. Mr. President, let me state that the clerk of the committee is preparing several amendments which are more or less technical in nature; they relate to corrections in totals. As soon as those amendments are ready, I shall make a request regarding them.

Mr. President, in addressing myself to the bill as reported to the Senate, let me say that I believe almost all Members of the Senate are familiar with this military and naval installations authorization bill and its purpose and the way in which the corresponding bills have been presented to the Senate in recent years.

This bill provides for the development of Army camps, Air Force fields, and Navy shore establishments.

The total amount of the authorizations recommended by the Senate committee is $837,165,600. That amount is to be compared with the amount of $896,976,600 recommended by the Department of Defense, and the amount of $877,090,600, as approved by the House of Representatives.

Mr. President, I ask unanimous consent to have printed at this point in the

RECORD a table illustrating the totals by military departments, as the bill was recommended by the Department of Defense, and as the bill passed the House of Representatives, and as the bill is recommended by the Senate committee.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

	Recommended by Department	Approved by House	Recommended by Senate committee
Army	$256, 773, 000	$269, 873, 000	$228, 829, 000
Navy	207, 239, 000	203, 319, 000	208, 920, 000
Air Force	432, 502, 000	403, 436, 000	398, 954, 000
Alaska system	462, 600	462, 600	462, 600
Total	896, 976, 600	877, 090, 600	837, 165, 600

Mr. CASE. Mr. President, from the table it is to be noted that the House of Representatives reduced the departmental request by approximately $19 million, and that the Senate committee has voted reductions totaling almost $40 million. Actually, the reductions made by the House of Representatives amounted to substantially more than $19 million; but certain other desirable changes offset to some extent those reductions. For example, the House found that the Air Force authorization for aircraft control and warning systems could be obtained from unused existing authorization, instead of by making a new authorization. That reduction of approximately $110 million was largely offset, however, by the addition of an authorization totaling $73,500,000 for the Arnold Engineering Development Center, at Tullahoma, Tenn.

The Department of Defense had not completed its study of the new authorization needed at the Arnold Engineering Development Center when the draft of the military public-works bill was forwarded to the Congress, but in the course of House consideration of the pending bill, the Department recommended $73,,500,000 for this purpose. That authorization, however, has subsequently been considered, and it is incorporated in the bill as reported.

Furthermore, the House recommended that at four bases construction be accomplished on a 25-year-life basis instead of on the basis of 10-year construction. To put it in layman's language, it means that these four bases would be built henceforth with a so-called permanent type of construction, rather than a temporary type.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. LONG. Can the Senator tell us where those four bases are?

Mr. CASE. Those four bases are: The Myrtle Beach Airport in South Carolina; the base at Alderson, Okla.; the base at Columbus, Miss., and the base at Charleston, S. C.

The difference in authorization for giving these four bases the characters of permanent construction is not substantial and the Senate committee has been inclined to concur in this recommendation in the thought that permanent construction may represent a saving in the long run.

In the same manner, reductions made by the Senate Committee on Armed Services have been offset to some extent by additions of a few significant items that the House had omitted or that the Department of Defense requested subsequent to House action. Among the items in this category are a pipeline that would be necessary to accommodate increased production from the Naval Petroleum Reserve No. 1 pursuant to a joint resolution of the Congress during a national emergency, two items for site preparation for family quarters in the Philippine Islands, and some construction at the Naval Ammunition Depot at Fallbrook, Calif., that were deferred by the House because of some question of water rights that was unresolved at the time the House acted on the bill.

In connection with the naval petroleum reserve, it was the feeling of the committee that the time to build pipelines is when pipe is available, and not during a national emergency. If we were to wait to build the pipeline for Naval Petroleum Reserve No. 1 in California until we had an emergency, we would then be confronted with high priorities on material, and would no doubt be operating under a controlled-materials plan. Therefore, the committee thought that we should create the authorization for building the pipeline at this time. It is obvious that if we were ever to use the reserve, we would want the pipeline in being. Therefore, we thought we ought to have the authorization established at this time, so that the installation could be accomplished when the pipe was available, without competing for such a critical material as pipe during the existence of a national emergency.

I believe it is fair to state that this bill has been more soundly conceived and better presented by Defense representatives than some which have been presented to the Congress in prior years. This observation is substantiated by comments from the Bureau of the Budget and the House Committee on Armed Services that are mentioned in the committee report.

That was mentioned in the committee report. At this time I suggest that Members of the Senate who are interested in the details of the bill will find the report quite useful. The staff, headed by Mr. William Darden, has been most helpful to the committee, and has prepared an excellent report. The report embraces considerable detailed information which would be helpful in analyzing the bill.

Among the tables in the report which are useful is one which appears at the end of the report, beginning with page 19. There Senators will find a list of the projects by States, and, under each State, the classification—whether it is Army, Air Force, or Navy. Opposite the line item for the particular installation will be found figures indicating whether it is a reauthorization or an authorization for new funds. The total for each State is shown. So it is possible to determine at once, with respect to any particular project in which Senators are interested, whether or not an authorization is carried in this bill, and its character.

The report also contains tables showing a breakdown as to the amounts inside continental United States, outside continental United States, and classified installations. It shows, on page 7, the reductions in the Navy title, and the additions to the Navy title.

On page 9, it shows the distribution of the program under the several commands of the continental United States Air Force, and also overseas, as to the program proposed for the fiscal year 1955, both for prior authorizations and for new authorizations.

As I stated earlier in the colloquy with the Senator from Louisiana [Mr. LONG], the committee has very carefully distinguished between new authorizations and prior authorizations. Prior authorizations for the Air Force, which are reprogramed in the language of the bill, total $435 million. I should not say that that $435 million represents a complete saving, but it does represent sounder programing, and it represents substantial savings. The $435 million will be used from prior authorizations and prior fundings by appropriations, and will be applied to projects of high priority, as proposed in the bill, whereas without such action the $435 million might have been applied to projects of lesser priority, or to projects which are outdated by the present concept of the missions of the several branches at particular installations.

Notwithstanding a realization that this bill is merely an authorization and that there will be further review of the items by the Appropriations Committee, the committee has felt a responsibility of attempting to find items that might be deferred or slowed down without impairing the national defense. This action was motivated by the realization that the national debt is closely approaching the legal limitation and by the realization that taxes have been substantially reduced in a series of bills over the past few months and years.

That is why the bill is presented to the Senate with a reduction of some $40 million below the House figure, notwithstanding the fact that we restored to the authorizations the sum of $8 million in projects for the Navy, largely covering the pipeline item to which I have previously alluded, and also the initial work for some housing at strategic installations in the Philippine Islands.

In applying these reductions the committee has been governed by a group of so-called ground rules, or priority list, appearing on page 2 of the committee report. The categories are listed in descending order of priority. No reductions have been made in—

First. Research and development.

Second. Tacan, a new navigational aid.

Possibly a little later I shall say something about what Tacan means.

Third. Strategic weapons.

Fourth. Strategic defenses, including NIKE and A. C. and W., that is, airways control and warning systems.

Fifth. Operational shortages, including runway extensions, control towers, fuel storage, and fire-fighting equipment.

Sixth. Personnel facilities, which are desirable for welfare morale purposes and to increase the reenlistment rate.

Seventh. Family housing, and

Eighth. Quarters for technical personnel.

Beginning with the ninth item, enlisted barracks, and continuing through item 10, auxiliary warehouses and augmentation of service facilities, and item 11, land acquisition, the committee has applied some reductions.

At this point, Mr. President, I should like to refer to the classification of operational shortages, which includes runway extensions and aprons. The Senator from Louisiana, earlier during the day, pointed to the large amount of money which is proposed in this authorization for the extension of runways, and of aprons, in particular.

The extension of runways and the building of larger apron areas has been occasioned, and is justified in the committee's judgment, by the switchover from conventional aircraft to jet aircraft. We find that jet aircraft require longer runways.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. CASE. I shall yield in a moment. Jet aircraft, particularly the new jet bombers, require longer runways than conventional type aircraft. The aprons are required of a larger size and to a larger extent because of the tremendous blasts which are emitted in the operation of jet aircraft, which sweep up gravel and fine cinders and other material, and create a stream or blast which is very detrimental to the operation of jets.

Consequently, the testimony is to the effect that, in the interest of sound operation and economic operation, and to avoid a high rate of deterioration, jet aircraft require aprons that can be free of the gravel and cinders which are found when taxiways and aprons are so limited that grime and gritty material are swept into the succeeding plane. I now yield to the Senator from Louisiana.

Mr. LONG. Did the Senator make any effort to determine how the service went about calculating the amount of parking aprons they would need?

Mr. CASE. The Senator from South Dakota would like to call attention to the fact, as he has earlier, that the review by the Assistant Secretary of Defense for Installations resulted in a reduction of approximately $550,400,000 in the requests made to Congress, and that of that amount 9 percent was a reduction in parking areas due to design changes. I submit that figure indicates that there was some screening of the requests.

Mr. LONG. I should like to ask the Senator if the committee undertook to determine how the Air Force arrived at its requirements for parking areas?

Mr. CASE. We did, in this respect, that we went through each proposal for each installation, and we called attention to the amount which was requested for aprons and for runway extensions, and the whole category of concrete pavements. I may say that we were somewhat bothered by the fact that approximately $236 million, if my memory serves me correctly, in authorizations proposed for the Air Force was for concrete pavements. We were also disturbed by the fact that the estimates for paving showed such great variation in different sections of the country.

The Senator might note that at page 13 of the committee report there are three different items in which specific reductions in the proposed authorizations for paving were made, because we felt that the unit cost per yard of paving was too high on the record that had been established during the questioning of witnesses. In those three specific instances, namely, at Plattsburg, N. Y., Portsmouth, N. H., and the Bismarck-Minot, N. Dak., area, we proposed specific reductions ranging from $214,000 at Portsmouth to $1,094,000 in the North Dakota area with respect to that particular item.

Mr. LONG. I should like to suggest to the Senator that he will find he has not been getting the full story on the requirements of the parking areas. This is an important subject. I believe the Senator will find that more than 50 percent of the $235 million allocated for concrete is for parking areas. So far as I am concerned, the service can have runways as long as they would like to have them, but I believe that if the Air Force wants to spend millions of dollars on parking areas, someone should look into the necessity for them.

Unless I miss my guess, the Senator will find that most of this amount is for parking areas. The Senator will find that the Air Force determines its requirements for parking areas in this way. They take a square area measured by the width of a plane from wingtip to wingtip, and multiply that distance by the length of the plane from the propellor to the tail. Then they multiply the result by 3½. If every plane were placed wingtip to wingtip, they would still have 3½ times the space they would need, even without the planes overlapping one another. On training bases the Air Force uses a ratio of 5 to 1.

It has been my experience in working with this problem that the Air Force never stated any difference in requirements, whether it was asking for parking areas for use by jets or by conventional aircraft. The Air Force used the same parking ratio, namely, 3½ to 1 for their operational bases, and 5 to 1 for their training bases.

It appeared to me, as I believe it would appear to any person, that the Air Force request was excessive in asking for enormous seas of concrete. Of course, the Air Force could operate with much less concrete. Under actual fighting conditions, they do operate with much less concrete. For example, the Marine Corps informs me that during the war the Marine Corps, under actual fighting conditions, where it would be desirable to spread out their planes, used a ratio of 1½ to 1, instead of the 3½ to 1 the Air Force is using.

If the Air Force were willing to use a little dolly to move airplanes, as airline planes are moved into position, and methods that many people use in commercial parking areas, it could get along with a great deal less concrete, and would not require this enormous sea of concrete.

I have visited many airbases, and I have yet to find one where there was not this enormous surplus of parking areas.

That is one of the largest items in the bill. I do not have amendments prepared on parking areas, but I suspect that that is one place where the services might be requested to limit themselves to what is absolutely necessary. I should like to suggest to the distinguished chairman of the subcommittee that in his study of these matters he attempt to determine whether it is necessary to have this enormous amount of concrete. I know he will find that the Air Force in its testimony admits that this enormous amount of concrete does not increase the security of the base, and it does not increase the safety of the airplanes. Their testimony shows that if a match were set to one of those planes it would explode, and it would be impossible to get any of the other airplanes off the parking apron, because the flames would spread too rapidly from one plane to another.

The Senator will probably find that overseas we tried to separate these aprons, while in the United States there is one big, continuous apron where a single hit igniting one plane would burn up all the rest of them.

Mr. CASE. Obviously, on the floor of the Senate I do not think one can go into the details of all these installations, but I can assure the Senator from Louisiana that the committee was concerned with the question of paving and with the great amount that is incorporated in the authorization, but we were also impressed with the fact that we were dealing with a new situation in the United States. When we talk about the development of bases in the United States we have to assume that there may be combat conditions affecting the operations of bases even in the United States.

I have before me a breakdown of justifications on some of these bases. I shall not identify it, because I do not think a particular installation should be identified in the record, but it is one of the new fighter bases. The total amount requested for paving aggregates $3,213,000. $1,430,000 of that, almost 50 percent of it, is for the main runway. The taxiways account for another million dollars. Then there are some warmup pads and some other items, but the amount for aprons is approximately 20 percent of the total amount. The amount for parking aprons is less than 10 percent of the total. In one instance the cost of the apron was approximately $300,000.

Mr. LONG. Is that an existing base?

Mr. CASE. It is a brand new base.

Mr. LONG. I shall be glad to make some comparisons for the Senator, because it is my impression that, generally speaking, the parking aprons will cost more than will the runways. I shall be glad to acquire some information on the subject and make it available to the Senator.

Mr. CASE. The Senator is welcome to inspect the breakdown if he cares to do so.

Mr. LONG. The Senator is referring to one particular base. I do not quarrel with his judgment in that particular instance. However, I believe I can find for the Senator many examples where the cost of parking areas greatly exceeds the cost of the runway.

Mr. CASE. The Senator may be able to do that. With the percentages, we have a concrete picture of the various items.

Mr. President, at this point I ask unanimous consent to have placed in the RECORD a letter dated June 16, 1954, from Franklin G. Floete, Assistant Secretary of Defense, which is addressed to me, in response to a request which I made during the time he was testifying before the committee. I should like to read the first paragraph:

During my testimony before your subcommittee on June 1, 1954, concerning the Department of Defense public works authorization bills (S. 3260 and H. R. 9242), you requested that information be furnished covering the items totaling approximately $550,400,000 which were deleted during my review of the original programs submitted by the three services.

There is in the letter a breakdown showing the various categories in which deletions were made.

A study of the letter will support, I think, what I said earlier, that the review by the Assistant Secretary of Defense and his staff resulted in some definite reductions in the program as submitted to the Congress. The review by the committee accomplished a further reduction.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

ASSISTANT SECRETARY OF DEFENSE,
Washington, D. C., June 16, 1954.

Hon. FRANCIS CASE,
United States Senate.

DEAR SENATOR CASE: During my testimony before your subcommittee on June 1, 1954 concerning the Department of Defense public-works authorization bill (S. 3260 and H. R. 9242), you requested that information be furnished covering the items totaling approximately $550,400,000 which were deleted during my review of the original programs submitted by the three services.

The greater portion of this sum ($444,500,000) consisted of: (1) limitations in the scope of various Air Force projects in order to attain maximum utilization of existing structures, and to assure that facilities were not programed in excess of firm requirements; (2) the deferral of construction not vitally needed at this time; (3) the elimination of projects considered infeasible from an engineering or economic standpoint; and (4) other necessary changes in the Air Force program. A breakdown reveals that the major categories comprising this $444,500,000 total are: warehousing—15 percent (arrangements are being made to meet a portion of the storage requirements by transferring to the Air Force excess Army storage space); hangars and shops—14 percent (the provision of less expensive type hangars, and increased utilization of maintenance facilities previously provided); utilities—13 percent (deletion of unnecessary roads, and elimination of water and electric services programed for structures deleted from the bill); airfield pavements—9 percent (reduction of parking areas due to design changes); community, recreational and administrative items—9 percent (deletion of projects not considered essential under conditions of ordinary austerity); special Air Defense Command projects—9 percent (savings due to use of existing bases in lieu of proposed new installations, and other program revisions). Reductions and deferrals of miscellaneous projects for medical, operational, and communication facilities, together with other required changes make up the remaining 31 percent of the $444,500,000 total.

The reduction of the Navy program from the original submission amounted to approximately $103,619,000. Similar to the reductions in the Air Force program it consisted, for the most part, of reductions to attain and assure that facilities were not in excess of firm requirements, deferrals of items not considered vitally needed at this time, deletion of projects infeasible from an economic standpoint, and reductions in estimate not in consonance with current policies. Of this reduction of $103,619,000, 21 percent are research and development facilities (deleted or deferred for further planning); 24 percent are fleet-shore facilities (deferred for further planning); 11 percent are Marine Corps facilities (considered not vitally needed at this time); 10 percent aviation overhaul facilities, 7 percent airfield pavements, and 6 percent storage facilities (considered in excess of firm requirements or not vitally needed at this time); 6 percent utilities (considered in excess of requirements); together with miscellaneous reductions amounting to 15 percent.

The reduction in the Army program initially submitted amounted to $2,281,000, resulting for the most part from estimating adjustments. The only items specifically deleted were a project for family housing at Killeen Base, Tex., estimated cost $496,000; a project for road construction at Sandia Base, N. Mex., estimated cost $54,000; and a utility item at Fort George G. Meade, Md., estimated cost $70,000.

Sincerely yours,

FRANKLIN G. FLOETE.

Mr. LONG. Mr. President, will the Senator from South Dakota yield?

Mr. CASE. I yield.

Mr. LONG. The Senator referred to a parking apron costing around $300,000. I should like to refer the Senator to the 1952 bill, where the cost of the parking apron requested at Lake Charles, La., was $3 million, which is 10 times the cost of the apron to which the Senator has referred. It indicates what I have stated, that at many bases the cost of the aprons runs into the millions of dollars. They are more expensive than are the runways.

Mr. CASE. The committee will be glad to make a specific investigation of it. The committee was disturbed by the great variation in the unit costs. It found them running all the way from $7 a yard up to $25 a yard. We found in some instances that the engineers based the unit cost upon a history of recent contracts, and in many cases they were round figures. The $25 cost concerned the committee a great deal, and we took some special testimony on that subject. We found that in that instance a heavier base was required than that which was required at some other places, and the cost of excavation was higher. We admonished the Department of Defense that we shall expect closer estimating in any subsequent presentation, and that we shall expect them to accomplish such savings as can be had through calling for competitive bids.

Mr. MAYBANK. Mr. President, will the Senator from South Dakota yield?

Mr. CASE. I yield.

Mr. MAYBANK. Mr. President, I send to the desk an amendment on behalf of myself and the senior Senator from Delaware [Mr. WILLIAMS] and ask that it be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, be printed, and lie on the table.

Mr. CASE. Mr. President, I have no objection to the amendment being printed and lying on the table, but I understand from the majority leader that it is his purpose to complete action on the bill this evening.

Mr. MAYBANK. Mr. President, if the Senator will accept the amendment, I shall appreciate it. Will the Senator permit me to call it up?

The PRESIDING OFFICER. There is no amendment pending at the present moment.

Mr. MAYBANK. Mr. President, I should like to call up my amendment.

Mr. CASE. Mr. President, I had not completed my statement. I should like to complete it before considering the Senator's amendment.

If it would be of any particular assistance to the Senator from South Carolina to consider the amendment at this time, I have no objection to interrupting my remarks for that purpose.

Mr. SMATHERS. Mr. President, may we have the amendment read?

The PRESIDING OFFICER. Does the Senator from South Dakota yield for the purpose of having the amendment read at this time?

Mr. CASE. I yield.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from South Carolina for himself and the Senator from Delaware [Mr. WILLIAMS].

The CHIEF CLERK. It is proposed to insert at the proper place in the bill the following:

None of the funds appropriated in this act shall be used except that, so far as practicable, all contracts shall be awarded on a competitive basis to the lowest responsible bidder.

Mr. KNOWLAND. Mr. President, will the Senator from South Dakota yield, with the understanding that he will not lose the floor?

Mr. CASE. I yield.

Mr. KNOWLAND. It is now approaching 7 o'clock. It is not my desire to keep the Senate in session beyond that hour. If the distinguished Senator from South Dakota would be prepared to finish his opening statement, it would be printed in the RECORD and would be available for the information of all Senators tomorrow. I shall then propose that the Senate recess until 12 o'clock noon tomorrow.

Of course, if there are insertions to be made in the RECORD or speeches to be made, the Senate will be held in session for that purpose. But I give assurance to the Senate that there will not be any voting tonight, nor will there be any quorum calls for the purpose of voting on motions or amendments.

I understand that upon the conclusion of the discussion of the amendment now under consideration, the Senator from Louisiana desires to speak for about 5 minutes.

Mr. CASE. Speaking for myself, I would have no objection to the amendment which the Senator from South Carolina has offered, provided it be modified in one or two respects. Instead of using the word "fund," I suggest, since this is an authorization bill, that the word "authorization" he used.

I also suggest the insertion of the clause: "and so long as the national security shall not be impeded," following the phrase "so far as practicable."

Would the Senator from South Carolina agree to modifying the amendment which he has offered for himself and on behalf of the Senator from Delaware?

Mr. MAYBANK. I appreciate the Senator's suggestion. I shall ask that the amendment be changed so as to substitute the word "authorization" for the word "fund." I had intended to offer the amendment to an appropriation bill, because hearings are being held on a deficiency appropriation bill.

Mr. CASE. The amendment then will be consistent with the assurance which was received from representatives of the Department of Defense, during the consideration of the bill, that it was their intention to use competitive bidding so far as was practical, and so far as it did not impede the national security.

Mr. MAYBANK. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. MAYBANK. This is a construction bill. It is not a bill relating to atomic energy or to other matters about which we are not at liberty to speak. As the Senator from South Dakota has said, I see no reason why the amendment is not acceptable.

Mr. CASE. I may say that the bill contains items for about $68 million of highly classified projects, as to which no printed testimony will be found. Some of the projects are to be located overseas.

Mr. MAYBANK. I read the report which the able Senator made.

Mr. SALTONSTALL. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. SALTONSTALL. I hope and trust that the Senate will accept the amendment as now offered, containing the language, "so far as practicable and if the interest of the national security shall not be impeded thereby."

If that language is included, I, as chairman of the committee, with the approval of the Senator from South Dakota, shall gladly accept the amendment. I feel that that language should be included, because authorizations relating to national security are contained in the bill.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. WILLIAMS. I might say to the Senator from Massachusetts that the words "so far as practicable" would take care of cases which I pointed out, in which a contract related to some highly classified material. I see no reason to modify the language further than as the amendment has been written, and as it is now at the desk. It was accepted by the Senate, and was adopted overwhelmingly last year.

The import of the language, likewise, is contained in all the testimony I have read. I think the Senator from South Dakota will bear out my statement that the representatives of the various departments have indicated that what the amendment provides is what they intend to do anyway.

If the suggestion of the Senator from Massachusetts is adopted, it will not be practicable to solicit bids, in that Congress will have determined that in certain cases bids will not be practicable. I think the language as submitted will cover the situation.

Mr. SALTONSTALL. As I see it, the words "national security" are extremely important, simply for the reason that the Department of Defense and everyone else who has anything to do with the matter will have knowledge that competitive bidding should be carried out in every instance, unless the national security is involved in some way.

For instance, I know of some bases which are now being built, as to which it will be necessary to have 3 or 4 different contractors combine to form a new company, so that they can go forward with the bidding. The words "so far as practicable" may be sufficient, but I cannot see how the words "in the interest of national security" will hurt the bill in any way. They add a little, and they hurt in no way whatsoever.

I hope the Senate will accept the amendment in that form. If the amendment shall be agreed to, I shall gladly fight for its acceptance in conference.

Mr. CASE. The phrase suggested was "national security," not "national defense."

The PRESIDING OFFICER. Does the Senator from South Dakota desire to have the amendment restated?

Mr. CASE. I should like to have the amendment restated.

The CHIEF CLERK. On page 73, after line 18, it is proposed to add the following new section:

SEC. 510. All contracts entered into by the United States pursuant to the authorization contained in this act shall be awarded, so far as practicable, and if the interest of the national security shall not be impaired thereby, on a competitive basis to the lowest responsible bidder.

Mr. SALTONSTALL. Do I understand that the amendment as just read is acceptable?

Mr. CASE. It is agreeable to the committee.

Mr. MAYBANK. And the phrase will be "national security," not "national defense"?

Mr. CASE. That is correct.

Mr. MAYBANK. The Senator from Delaware and I wish to protect the national security, as do the Senator from South Dakota and the Senator from Massachusetts.

Mr. SALTONSTALL. Certainly; that is all we want to do.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. CASE. I yield to the Senator from Mississippi, our colleague on the committee, and a very useful member of the committee.

Mr. STENNIS. Speaking simply as a member of the subcommittee, I believe the amendment to be very timely. I think the legislative history which is being made makes very clear what is intended, and that it is necessary to have the words relating to the national security included in an amendment of this kind. I hope the Senator from Delaware and the Senator from South Carolina are entirely satisfied, because I am heartily in favor of the amendment.

Mr. WILLIAMS. If it is agreeable to the Senator from South Carolina to accept the change in the wording, I am willing to accept the amendment.

Mr. MAYBANK. The amendment is agreeable to me, for the reason that the words "national security" mean something much different than the words "national defense."

Mr. WILLIAMS. That is correct.

Mr. MAYBANK. If Air Force bases, shipyards, or forts are necessary for the national defense, that is a different question.

The PRESIDING OFFICER. The question is on agreeing to the amendment, as modified, offered by the Senator from South Carolina for himself and on behalf of the Senator from Delaware.

The amendment, as modified, was agreed to.

Mr. CASE. Mr. President, I shall now decline to yield further until I have completed by statement, in accordance with the observation made by the distinguished majority leader.

The largest single reduction was made in a program for the replacement of temporary barracks at BOQ's at several Army installations throughout the country. This program was presented to the Congress as a result of the President's budget message to the Congress and his state of the Union message, in which he pointed out that adequate housing would contribute to the improvement of morale and the maintenance of the high professional character of our military services. Almost $97 million of the Army program is intended for this purpose. While the committee is sympathetic with the objective of improving existing housing, it has recommended a lesser, yet substantial, program for the replacement of temporary barracks and bachelor officer quarters. When it is important to limit our military expenditures, the committee believes that this replacement program can be spread over a longer period of time. In taking this action, the committee was mindful that the barracks and BOQ replacement program was added to an earlier hard-core program of $158 million that was evolved under the initial guidance furnished by the Secretary of Defense.

TITLE I—ARMY

The Army would be authorized $228,829,000 by this bill. Of this total, $121 million is authorization within the Continental United States, $19 million is outside Continental United States and $87 million is for classified installations and facilities.

Of the total Army authorization, $87,700,000, or 38 percent, is for the continuation of the so-called NIKE program for defense of the United States and of installations outside the United States; $54,600,000, or 24 percent of the program is to provide replacement of temporary

troop housing and bachelor officer quarters; $26,900,000, or 12 percent of the program, is for an improvement to the national ammunition production and movement base; $19,200,000, or 8 percent of the program, is for continuation of construction in Alaska, Okinawa, the Pacific area, and Iceland; and the remainder, $26,900,000, or 18 percent of the program, is for urgent research and development and operational construction requirements within the United States.

TITLE II—NAVY

The pending bill would authorize the Navy to construct public works totaling a cost of $208,920,000. Of this total, $109,069,000 is to be used inside the continental United States, $36,493,000 outside the continental United States, and $63,358,000 for classified installations and facilities.

The Navy program is based on a continuing shore station improvement plan to support the current and planned force levels. The facilities requested are necessary to meet strategic requirements, to keep abreast of technological advancement in materials and weapons, to replace deteriorated facilities, and to conduct research to meet operational needs of the fleet. For shipyard facilities, the Navy is authorized almost $11 million to develop facilities within the United States for the repair and revision of the *Forrestal* type carrier, for modernizing shop facilities, for the replacement of badly deteriorated waterfront facilities, and for improving research facilities in the mine field.

Fleet facilities would be granted new authorization of $11,320,000 to keep abreast of technological advances in underseas weapons, and to develop installations used directly in support of fleet operations.

The largest category in the Navy program is for aviation facilities, which would be authorized almost $70 million in the bill, approximately 49 percent of the Navy program. This authorization is intended to continue the development of the master jet airfields and their auxiliaries, to provide operational facilities for modernizing several air-training stations, and to provide additional research and development facilities to keep pace with modern advancements in aircraft and weapons.

Supply facilities would receive $9,660,000 in new authorization, largely for bulk storage of fuels, cold-storage facilities, and fire-protection facilities.

The Marine Corps would receive an authorization in the amount of $3,330,000 to correct deficiencies in existing training installations and logistic support installations of the Marine Corps.

Ordnance, service school, medical, and communication facilities make up the remainder of the program, in a total of some $38 million. These authorizations provide improvements to ammunition storage and handling facilities and safety devices at ordnance depots, correction of deficiencies in training facilities, and improvement of living conditions for uniformed personnel at several continental training installations, and augmentation of an installation in the Pacific which is a link in the worldwide naval communications system.

Sixty-three million three hundred and fifty-eight thousand dollars of the Navy authorization is for classified installations, which will not be further discussed at this time for obvious reasons.

TITLE III—AIR FORCE

The fundamental purpose of the construction authorization contained in title III of the bill is to provide, by the end of fiscal year 1957, the minimum facilities required for sustained operation of the 137-wing Air Force which is presently planned and programed.

Of the total construction authorization for the Air Force of $834,827,000 proposed by this bill, only $398,954,000 represents new monetary authorization. By a method of reapplying existing unfunded authorization against the total new requirements, 40 percent of the construction required in this year's program will be accomplished without new authorization. At all the stations requiring additional construction, the Air Force determined the amount of unfunded authorization presently available. This amount of unfunded authorization was applied against the total requirements now existing at the station so that the net effect of the action is to reduce the new authorization required by reprograming unused monetary authorization with the necessary changes in authorizing language. The pending bill readjusts the language to conform to the current program while retaining the monetary authorization.

The Air Force construction authorization contains approximately $26 million in authorization for personnel facilities. This term includes items such as enlisted men's clubs, chapels, educational buildings, and swimming pools. Past experience has indicated that such items are the ones which are likely to suffer in review, both within the Department of Defense and in the course of congressional consideration. From personal inspections of bases in the United States and overseas, the committee is of the opinion that facilities of this type have a measurable effect on morale and reenlistment rates. In their appearances before the Armed Services Committee, the top ranking civilian and military officials of the Department of Defense have stressed time and again that the problem of securing and retaining military personnel of the desired caliber is probably the chief problem with which those officials must deal.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. CASE. I yield for a question.

Mr. LONG. Will the Senator tell us what the reenlistment rate in the Army is today among enlisted personnel?

Mr. CASE. I am sorry I cannot give that figure exactly at this time. However, I shall obtain it for the Senator from Louisiana. The figure varies in the different services. Eighty-two percent of the officer personnel in the Air Force is in the Reserve category. The committee was impressed by a statement made to it, both in the hearings and in our inspection of bases, that the operational efficiency of aircraft is seriously impaired by the difficulty of retaining trained mechanics in the Air Force.

Mr. LONG. I should like to suggest to the Senator that the way to keep mechanics in the Air Force is by hiring them as civilians, and requiring such civilians to have reserve status, in order that, in the event of an emergency, they may be called into service immediately. Most of our air bases are here in the United States. If mechanics at those bases were to be hired on a civilian status, it would be much easier to obtain mechanics who are needed for the service, and they could be available as reserves. They could be called into service immediately in the event of war.

It seems to me that would be a much better arrangement than the idea of trying to provide enormously costly fringe benefits. I have not made an attempt to determine what the total cost of all the fringe benefits would be, but I am sure the cost would amount to an enormous figure. Even if fringe benefits are provided, there will still be a great majority of service personnel whom no one expects or desires to have re-enlist. For example, in the Army, most of the manpower is obtained by drafting young men. Most of the young men will leave that branch of the service when their period of service expires, regardless of the fringe benefits provided.

There is only a small percentage of the total service personnel that it is desired to retain in the service. It seems to me the best way to assure retaining them in the service is to employ them as civilians and require that they have a reserve status. Certainly that could be done with regard to mechanics stationed at bases in this country.

Mr. CASE. The question of whether or not that would be a more successful method than the present one is, of course, a matter of opinion. A study has been made by the Secretary of Defense recently——

Mr. LONG. I am sure the solution I have suggested is not one which would be particularly palatable to a commanding officer who likes to have his men under his command 24 hours a day, subject to his orders at all times, rather than have civilian employees who would work only 8 hours a day. However, I think the Senator will find that at many of the bases most of the highly qualified persons working in the servicing of aircraft are civilians in various capacities.

Mr. CASE. The Senator from South Dakota is of the opinion that in some places solutions may be found by the employment of trained mechanics; but I heard a commander at one station make a statement, which was not very comforting, that he was bothered at times about the condition of his aircraft because trained mechanics had been taken away from him by competition in civilian life. What the bill provides is necessary if we are to hold some of the trained mechanics, when they obtain skills that command a high wage in civilian life, and have families that wish to move into civilian communities. It is hard to retain such mechanics at times when they are needed. That is a personnel problem. It is a little outside the immediate jurisdiction of the Subcommittee on

Real Estate and Military Construction, although it is related to the problem of providing these facilities, which we hope will result in an increase in the reenlistment rate.

We are impressed by the argument that the primary responsibility for determining whether the Defense Establishment will seek to obtain its mechanics by employment from civilian life, rather than by enlistment, is one for the entire Committee on Armed Services, rather than to have the decision reached as a matter of policy on the basis of recommendations made by the Subcommittee on Real Estate and Military Construction.

Mr. President, at this time I should like to complete my statement on the bill:

From the realization that the cost of losing trained personnel and of training their replacements is likely to exceed by many times the relatively modest authorization for personnel facilities included in this bill, and because the committee is inclined to the view that there is a relationship between the existence of these facilities and reenlistment rates, the personnel facilities program has been recommended in substantially the same amount as was presented to the committee.

The largest single category of construction authorized for the Air Force is airfield pavements, which category represents approximately 31 percent of the total authorization, or some 235 millions of dollars. Modern bombers, fighters, and transports are larger, heavier, and faster than their predecessors. Since the modern plane is larger, more paved area is needed for parking purposes; since it is faster, more paved area is required for longer runways, for landings, and for takeoffs; since it is heavier, the weight on the wheels is increased, thus requiring the strengthening of existing pavements, to support the added load.

The great preponderance of the Air Force authorization is for existing bases. Exceptions to this observation are the reactivation of the Strategic Air Command bases at Clinton-Sherman Airport, Okla., and Columbus Air Force Base, Miss.; the initiation of construction at Seymour-Johnson Air Force Base, N. C., and Myrtle Beach Airport, S. C.; and seven new bases required to strengthen the air defense of the United States. Bases in the latter category are the Bismarck-Minot area, North Dakota; the Fargo area, North Dakota—and the committee understands that to mean the Fargo-Grand Forks area, North Dakota—the Glasgow-Miles City area, Montana; K. I. Sawyer, Mich.; Klamath Falls, Oreg.; the southern California area; and the Traverse City area, in Michigan.

In conclusion, Mr. President, I wish to say the committee spent a great deal of time on the hearings; and the committee submits its recommendations in the belief that they represent a constructive program, with the emphasis placed upon research and development of the facilities for handling strategic weapons, and on such defense activities as NIKE; A. C. and W. systems; installations of Tacan, about which I may say something further tomorrow; and personnel facilities.

We commend the bill to the consideration of the Senate, and we hope it will be passed in substantially the form in which it is reported.

Mr. SALTONSTALL. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE. I yield.

Mr. SALTONSTALL. Let me say that the Armed Services Subcommittee headed by the Senator from South Dakota [Mr. CASE], the other members being the Senator from Pennsylvania [Mr. DUFF] and the Senator from Mississippi [Mr. STENNIS], worked more than a month on the bill, and went into it very thoroughly. I wish to commend them for the conscientiousness with which they studied this massive bill.

Mr. CASE. Mr. President, I certainly appreciate the kind remarks of the chairman of the Armed Services Committee. I can assure the Senate that my colleagues on the subcommittee—the Senator from Pennsylvania [Mr. DUFF] and the Senator from Mississippi [Mr. STENNIS]—have been faithful in their attendance and in their work on the subcommittee.

Mr. President, at this time I desire to submit, for printing, a few amendments which are largely technical in nature. They relate to the titles and also to a correction and to an addition. These amendments have been prepared by the clerk, and I ask unanimous consent that they be printed and be available as one amendment, for consideration tomorrow.

The PRESIDING OFFICER. Without objection, the amendments will be received, printed, and lie on the table.

Mr. SALTONSTALL. Mr. President, if the amendments are merely technical in nature, I am sure there will be no objection to adopting them at this time—if they are merely for the purpose of making corrections.

Mr. CASE. I should say that in one instance they correct one application of the ground rule on the deletion of enlisted men's barracks; and in another instance they include authorization for a land acquisition at Paine Air Force Base, Wash.—which was a special request, and it was the intent of the committee to include it in the recommendations. The amendments can be considered as committee amendments.

Therefore, Mr. President, I now ask unanimous consent that the amendments be considered at this time, and be considered en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Dakota?

Without objection, the amendments will be considered en bloc, and will now be stated.

The CHIEF CLERK. On page 4, in line 6, it is proposed to strike the figures "$2,739,000" and insert in lieu thereof "$3,400,000."

On page 5, line 24, strike the figures "$4,036,000" and insert in lieu thereof "$3,871,000."

On page 40, line 5, strike the figures "$489,000" and insert in lieu thereof "$1,214,000."

On page 69, line 1, strike the figures "$121,865,000" and insert in lieu thereof "$122,361,000."

On page 69, line 4, strike out the figures "$228,829,000" and insert in lieu thereof "$229,325,000."

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments offered by the Senator from South Dakota [Mr. CASE].

The amendments were agreed to.

Mr. SALTONSTALL. Mr. President, pursuant to the request of the majority leader, it was planned to have the Senate take a recess at this time. However, I understand that the Senator from Louisiana [Mr. LONG] wishes to make a few remarks. I now yield to him for that purpose.

Mr. LONG. Mr. President, I wish to congratulate the subcommittee for the very diligent work that has been done both by the chairman of the committee, the distinguished senior Senator from South Dakota [Mr. CASE], and by the Senator from Mississippi [Mr. STENNIS], and the Senator from Pennsylvania [Mr. DUFF], who also served on the subcommittee.

At one time I had the pleasure of serving on the same subcommittee with the distinguished junior Senator from Mississippi [Mr. STENNIS]. I must say it was a great pleasure to serve with him; and I found nim to be extremely diligent, and he made every effort to economize where worthwhile economies could be put into effect.

I approached the members of the subcommittee when I heard they were going to conduct hearings on the bill. I told them that it seemed to me there was considerable waste in the bill, and I particularly called their attention to the item on Army barracks, because we had previously turned down the item, and I felt that we were very correct in turning it down. When we turned it down, 2 years ago, the Army was 20 percent larger than it is today. Yet here is what the Army said, 2 years ago, when the same proposal was submitted for the same barracks—but with a slightly different argument to back it up. I shall read now from page 6 of the committee report (No. 2078) submitted on House bill 8120 in the 82d Congress, 2d session:

ARMY BARRACKS

The committee heard testimony from the Army in some detail with respect to the rather large number of barrack spaces which it requested. At many installations substantial numbers of barrack spaces were requested, although existing facilities were more than enough to house the present strength and any foreseeable increase. As a general rule the barracks facilities available are of a permanent or semipermanent type.

The justification of the Army for this request is that it has calculated its construction capabilities in the event of full-scale mobilization, and finds that the demands upon its capabilities in the early stages of such mobilization will be in excess of its capabilities. It, therefore, proposes to take up this slack at the present time by the construction of barracks of a permanent type. Had the Army suggested that the slack be taken up in the heavy construction fields, such as ordnance production and other industrial facilities, it would have appeared more logical to the committee. The

fact is that temporary housing represents the most simple type of construction, and could be constructed promptly when required.

In the opinion of the committee, living quarters for our military men can be provided very quickly when the need arises, and should not be constructed perhaps years in advance of their requirement. At bases where there is not sufficient troop housing space, sufficient barracks have been allowed to make up the deficiency.

Mr. President, since that time the strength of the Army has been reduced 20 percent. On the floor of the Senate we had a fight because some Senators did not want the size of the Army reduced by 20 percent. I was one of those who supported the economy recommendations of the President, in order to find ways to reduce the expense of our Defense Establishment and to try to make our dollars obtain the largest possible amount of defense for the Nation that could be obtained for the money.

But certainly it would seem that a 20-percent reduction in the requirements for housing should not necessitate authorizations for housing in an amount that the committee wisely turned down when the services were much larger than they are today.

I should like to call the attention of Senators to the fact that this is only the beginning of a program to replace the existing barracks with new construction. It is somewhat uncomfortable for young men to live in old barracks. New barracks would be more atractive, but there is a limit to the extent to which we should tax the American people to provide facilities which do not measurably contribute to better defense of the Nation. A fighting man who lives in one of the old barracks is just as good a fighting man as though he were living in one of the new barracks. As a matter of fact, the old barracks were constructed at a higher unit cost than the barracks proposed to be authorized under this bill. I am sure that in every respect they are adequate to meet the needs.

I point out further that there has been a great deal of hypocrisy in the economy program so far as the Army is concerned. I am willing to accept good economy when it can be seen, and when good economy is needed; but in the State of Louisiana recently a large base was closed, at Camp Polk, La. We were told that closing that base would effect an economy of $7 million a year. Those troops were moved to other bases across the country. Now we see that troop housing is being requested by the Department of Defense at all those other bases, runing to an aggregate of $100 million. We are told further that this is only the beginning.

A request is being made for $7 million at one of the bases. Upon inquiry the Representative from the particular district involved was informed that this was the beginning of what was hoped would be a $50 million construction program on that one base. Before we go into this program, would it not be well to look and see how much we could save by saying, "Use the old barracks. Make the existing barracks do. They are adequate."

When the Army proposed these same barracks 2 years ago it did not say that there was anything wrong with the old barracks. There is a committee report to support that statement. I shall be glad to produce the hearings. The Army said it would like to get a head start on barracks construction, in the event the Nation should be forced into war.

I am sure that the President was in all respects sincere when he recommended this item, believing that it was absolutely necessary. This is the kind of thing which gets into bills because the Secretary of Defense is so busy with his manifold responsibilities that he cannot keep up with every item and every detail of every program.

The admirals and generals did not like it when there was a Director of Installations in the Pentagon, because the Director of Installations made them surrender $700 million of excess authorizations in order to get the $500 million which they felt they needed to a greater degree.

What did they do? Word came from here and there that one of these days the position of Director of Installations would be abolished; and after awhile it was abolished. A very fine gentleman, a respectable businessman from the Midwest, was appointed to be Under Secretary for Installations, to replace the man who had been Director of Installations in the Department of Defense.

The Director of Installations had been appointed under a statute which required that the Director have major experience in the same type of construction in which the services were engaged when building their bases.

Mr. Frank Creedon, who had worked in the construction of the atomic-bomb plant at Oak Ridge, had been named Director of Installations, and he did a job of trimming down excess authorizations and preventing enormous requests for billions of dollars being sent to Congress.

In 1952 representatives of the services had testified that they were asking for $3 billion that year, and that they were going to have to ask for another $4 billion the next year, in additional authorizations. Instead of asking for the additional authorizations, upon the recommendation of Mr. Creedon they withdrew the request for the additional $4 billion, and they were willing to live within the authorizations they already had.

There is no doubt in my mind that this is a wasteful item, but I realize the political appeal of the expenditure of money in one's own district. I believe I am one of the few Senators who have ever gone to a member of the Armed Services Committee and pointed out that requests for expenditures in my State were wasteful and should be reduced. It is not popular with the local chambers of commerce to suggest to some member of the Armed Services Committee that, instead of spending $50 million in one's own State, the services should spend only $30 million. I believe Senators should be consistent. If they are for economy, they should be willing to accept economies in their own States as well as economies in other areas.

This bill illustrates very well why we appropriate such excessive amounts for defense. Everyone gets something. An appropriation of $1,100,000,000 provides something for every State. All 48 States plus Alaska have money in this bill in large amounts.

A considerable number of States will be affected by the motion which I propose to make to eliminate items for new barracks. I suppose the motion would affect barracks in California, Colorado, Georgia, Kansas, Kentucky, Maryland, Massachusetts, New York, North Carolina, Oklahoma, Texas, Virginia, and Washington. That is a considerable number of States. Considering all those States, together with the strength of the Armed Services Committee, if the committee stands together against the motion which I propose to make, there is no prospect of carrying it. I only hope that Senators from States which would be affected by the reduction of these excessive authorizations and appropriations will join with me tomorrow when I move to recommit the bill with instructions to the committee to reduce the amount in the bill by about $45 million. It would amount to stopping a program which, over a long period of time, would cost a great deal more than $45 million. I believe it would prevent us from embarking on a program which would cost many times that amount. This would be a good time to insist again in the United States Senate that we have economy in the construction of military bases.

RECESS

Mr. SALTONSTALL. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 28 minutes p. m.) the Senate took a recess until tomorrow, Friday, July 9, 1954, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 8 (legislative day of July 2), 1954:

In the Air Force

The following-named persons for appointment in the Regular Air Force, in the grades indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, 80th Congress (Officer Personnel Act of 1947); title II, Public Law 365, 80th Congress (Army-Navy-Public Health Service Medical Officer Procurement Act of 1947); and section 307 (b), Public Law 150, 82d Congress (Air Force Organization Act of 1951), with a view to designation for the performance of duties as indicated:

To be majors, USAF (Medical)

Charles E. Cook, Jr.
Ernest F. Daniel, Jr.

To be captains, USAF (Medical)

Richard P. Bland, AO663121.
Kay R. Cutler, AO763962.
John S. Metcalf, Jr., AO1912481.
Ralph E. Williams

To be captains, USAF (Dental)

Charles A. Brown, AO930197.
Robert P. Chappell, AO1040105.

To be first lieutenants, USAF (Medical)

Robert W. Anderson
Peter J. Fennel

Louis E. Fitzsimons, Jr.
John P. Holbrook, AO2261370.
Charles F. Krecke
John A. Moore, AO2261384.
Kenneth G. Rosenow
John L. Shaw
Paul A. Stagg
Glenn E. Wilhite, AO2254862.

To be first lieutenants, USAF (Veterinary)

Warren E. Collins, AO1765424.
Herbert C. Holk, AO2260816.
Douglas F. Moe, AO1745985.
George D. Smith, AO2239977.

To be first lieutenants, USAF (Medical Service)

Gino P. Grillo, AO2214001.
Ronald G. Hansen, AO1850376.
James E. Yearty, AO2049440.

To be second lieutenants, USAF (Medical Service)

Neil B. Hadley, AO2219518.
Jerry C. Pollak, AO3007091.
Merrill Taub, AO2246978.

The following-named persons for appointment in the Regular Air Force, in the grades indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 101 (c), Public Law 36, 80th Congress (Army-Navy Nurses Act of 1947), as amended by section 5, Public Law 514, 81st Congress, and Public Law 37, 83d Congress; with a view to designation for the performance of duties as indicated under the provisions of section 307, Public Law 150, 82d Congress (Air Force Organization Act of 1951):

To be first lieutenants, USAF (Nurse)

Ernestine L. Boylan, AN804543.
Diana M. Cica, AN2243782.
Pauline A. Eisele, AN2214575.
Sarah N. Graham, AN2244341.
Genevieve D. Guitrau, AN779279.
Margaret J. Hoyme, AN2244189.
Betty J. Hurley, AN2241653.
Louise A. Marshall, AN1912722.
Eva C. Nixon, AN2241655.
Janet Veitch, AN2244090.
Mary E. Wallace, AN2243665.
Ella E. Welborn, AN2243781.
Edith Wood, AN1865747.
Robbie J. Zirkle, AN2242281.

To be second lieutenant, USAF (Nurse)

Jean A. Corrigan, AN2242234.

The following-named persons for appointment in the Regular Air Force, in the grades indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, 80th Congress (Officer Personnel Act of 1947), and section 307 (b) Public Law 150, 82d Congress (Air Force Organization Act of 1951), with a view to designation for the performance of duties as indicated:

To be captains, USAF (Judge Advocate)

Robert E. Commins, AO2061219.
Joseph F. Corrigan, AO722823.

To be first lieutenants, USAF (Judge Advocate)

Ricardo R. Alvarado, AO2217668.
Charles F. Bennett, AO731442.
Bruce A. Berlin, AO429878.
Arnold C. Castle, AO720781.
Edward R. Dellinger, Jr., AO875197.
Stephen M. Forrest, AO1858580.
Chester J. Halicki, AO2080899.
Vincent A. Jordan, AO2000225.
Neil Kasdan, AO2234006.
Roy D. Sexton, AO566683.
Clyde M. Thomas, AO2248881.
Melvin C. Thompson, AO2253269.
Donald A. Williams, AO695788.
Felix J. Zaniewski, AO448125.

To be first lieutenants, USAF (Chaplains)

Francis E. Jeffery, AO2240500.
Thomas McIntyre, AO2249173.
B. C. Trent, AO522898.

The following-named persons for appointment in the Regular Air Force, in the grade indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, 80th Congress (Officer Personnel Act of 1947); section 301, Public Law 625, 80th Congress (Women's Armed Services Integration Act of 1948); and section 307 (b) Public Law 150, 82d Congress (Air Force Organization Act of 1951), with a view to designation for the performance of duties as indicated:

To be first lieutenants, USAF (Judge Advocate)

Edith R. Gardner, AL1853883.
Jean E. Morris, AL2228951.

The following-named persons for appointment in the Regular Air Force, in the grades indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, 80th Congress (Officer Personnel Act of 1947):

To be first lieutenants

Charles S. Aldrich, AO1908982.
Jean J. Andrews, AO1856286.
David A. Austin, AO686965.
Dan E. Babcock, AO1903732.
Oscar Bayer, AO2089174.
Robert H. Beebe, AO1909681.
Paul E. Bell, AO2078410.
William J. Benke, Jr., AO1903052.
J. T. Bennington, AO2221595.
David H. Biggs, AO2091403.
George D. Blume, AO1847186.
Chester B. Bogle, Jr., AO827373.
James C. Bolton, AO1903000.
Tommy Box, AO1908999.
Ogden Brown, Jr., AO1862893.
John W. Bryson, AO701859.
Robert M. Bugg, AO1847791.
Dennis W. Burke, AO2060930.
Henry W. Burrow, AO967464.
William H. Bush, AO2218628.
Lucien Byron, Jr., AO1909829.
William W. Carpenter, Jr., AO2005789.
John W. Cartwright, AO2234827.
Stanley A. Castleman, AO2221769.
Van E. Chandler, AO705545.
John W. Clancy, AO876544.
John M. Clark, AO1858046.
Laurence P. Cloney, Jr., AO1912335.
Guy F. Collins, AO1856698.
William M. Connor, AO1905248.
John P. Convey, Jr., AO2088276.
Daniel E. Cook, AO1910847.
Roger L. Cooper, AO1911196.
John H. Corbin, AO767753.
Elwyn L. Cranford, Jr., AO1909900.
Kenneth F. Cravens, AO1852697.
James W. Crichton, AO719021.
Frederick A. Crow, Jr., AO2218288.
Rodophil J. Crowder, Jr., AO2076567.
Eugene N. Crowley, AO1911233.
John C. Cunnings, AO2058729.
James B. Currie, AO940967.
Andrew D. Curtis, AO2093315.
Sidney L. Davis, AO1908522.
William R. DeKeyser, AO1904767.
Donald C. Dishon, AO841173.
Howard O. Douglass, Jr., AO1910857.
Leo M. Dove, AO842792.
Bert E. Dowdy, AO777145.
Creighton R. Dunn, AO1852852.
Webster C. English, Jr., AO1905477.
Gordon I. Federle, AO2089608.
Thomas A. Feeley, AO2062649.
William H. Field, AO1848111.
Raymond M. Finney, AO1903413.
William G. Ghormley, AO835632.
Roy J. Girard, AO2094188.
Walter M. Given III, AO1909042.
William J. Goree, AO2088154.
George C. Grimsley, AO2216109.
Ralph A. Hallenborg, AO2083278.
Van E. Hallman, AO939768.
Lewis C. Ham, AO2074974.
Paul Hamblen, AO1909049.
Isaac M. Hamilton, AO1856034.
Edward L. Hansen, AO1860701.
Richard C. Hardin, AO715528.
Donald J. Hemmer, AO1912225.
Richard S. Heyser, AO1865628.
Ulysses J. Howard, AO1908915.
Percy W. Howell, AO2060026.
Fountain M. Hutchison, Jr., AO825883.
Archie T. Iddings, Jr., AO1862863.
William G. Irvine, AO1856164.
Philip R. Jackson, AO1848034.
Art L. Johnson, AO940166.
Carl H. Johnson, AO826675.
Harold E. Johnson, AO1911246.
Keith B. Johnson, AO945948.
Charles M. Jones, AO1865414.
Gay E. Jones, AO1911024.
James L. Jones, AO2090470.
Clyde S. Jordan, AO672122.
James E. Jordan, AO2091949.
Ronald D. Kane, AO718660.
Keith C. Kinsey, AO940305.
Gustav B. Klatt, AO2230615.
Richard E. Knie, AO722496.
John H. Koller, AO1856168.
Donald W. Lambrecht, AO2228856.
Gordon A. Larson, AO1909611.
Louis I. Lawrence, AO1850819.
Wilson Lee, AO2072006.
Eugene B. Lewis, AO699432.
Harvey B. Logan, AO787047.
John W. MacDonald, AO1910438.
Notley G. Maddox, AO2068431.
Howard P. Mann, AO2074510.
Donald W. Mansfield, AO1904222.
Richard K. Markel, AO2214993.
Hugh J. Martin, AO2024029.
John W. Matthews, Jr., AO839613.
Fred J. Mayer, AO816139.
Robert C. McGarey, AO2088842.
Jay J. Meester, AO779532.
James W. Minette, AO1907426.
John W. Mudie, AO1911814.
Robert G. Murdock, AO2231808.
Joseph P. McFarren, AO1909083.
Wallace J. McKenzie, AO2084354.
Jimmie J. Nelson, AO1904729.
Robert T. Nelson, AO1911815.
Alvin G. Nickerson, AO2065407.
James R. Nielsen, AO2084590.
Robert H. Oechsler, AO799055.
James O. O'Neal, AO839130.
Donald P. Palmer, AO1912167.
Jack Parker, AO742771.
Levin W. Parker, Jr., AO2059582.
Paul B. Payne, AO826757.
Gene T. Pemberton, AO1855538.
William M. Potter, Jr., AO1851793.
Lester G. Radcliff, AO782358.
John W. Randell, AO788251.
Dwight F. Rehberg, AO1858386.
Laurence G. Reichert, AO2082117.
Robert L. Reid, AO2216818.
John T. Rickert, AO2091995.
Walter J. Riley, Jr., AO837369.
William J. Rivers, Jr., AO2085000.
Charles G. Robinson, AO1863440.
Arthur D. Rogers, AO1849289.
Robert W. Roig, AO1852356.
Arthur T. Rossing, AO793291.
Homer A. Russell, Jr., AO843045.
George M. Ryan, AO775571.
Vernon H. Sandrock, AO841606.
Cassius C. Scott, AO1903143.
Eugene J. Shattuck, Jr., AO1849631.
Donald C. Smith, AO841763.
Von L. Smith, AO2233344.
William F. Smith, AO2228583.
Thomas J. Sobieski, AO705085.
John W. Sorrelle, Jr., AO705152.
Allan J. Stearns, AO1858445.
Benjamin D. Stearns, AO2074935.
Edward E. Stembridge, AO2096170.
Victor B. Stockdell, AO1850079.
Robert L. Straub, AO2221756.
Robert C. Styles, AO708958.
Allison Y. Taber, AO2033366.
Richard R. Thomas, AO690005.
George C. Thompson, AO2086722.
Robert F. Titus, AO1909535.
Robert L. Toomey, AO1911004.

James E. Turnquist, AO1847282.
William R. Tuxhorn, AO1862844.
Donald B. Underkofler, AO2064358.
Robert A. Van Natta, AO2100974.
Warren W. Van Pelt, AO723478.
Ellis J. Von Haven, Jr., AO1911291.
Jack K. Watts, AO1912045.
John F. Whitehouse, AO2070886.
Clyde R. Wilson, AO2091090.
Charles E. Word, AO2086967.
Herman H. Zwinger, AO797216.

To be second lieutenants

Frederick R. Allen, AO2223528.
Jack D. Bond, AO2216341.
Henry A. Chapman, AO2222708.
Dale K. Christians, AO2223734.
Kenneth S. Collins, AO2222924.
John R. Cragin, AO2235173.
Robert N. Crossman, Jr., AO977287.
James M. Dellaripa, AO2217708.
Charles L. Donnelly, Jr., AO2223377.
William B. Folline, AO2229003.
Harl R. Foster, AO2219502.
Donald R. Gerth, AO2235393.
Fred W. Gray, AO2223214.
Ronald C. Herrick, AO2235945.
Forrest L. Hicks, AO2223536.
Francis E. James, Jr., AO1864258.
Henry M. Kelly, AO2223144.
Wade R. Kilbride, AO2224567.
Edward J. Kohlmeir, AO2223281.
Edward G. Latham, Jr., AO2244899.
James R. McCarthy, AO2249685.
Charles B. Miller, AO2235868.
Morgan P. Morris, AO2223699.
Richard S. Numbers, AO2234328.
Donald R. O'Connell, AO2222683.
Robert W. Partridge, AO2233967.
William B. Pate, AO2222562.
Carl E. Pratt, Jr., AO2222631.
Charles F. Ramsdale, AO2219933.
Lee W. Roberts, AO2230382.
William S. Seufert, AO2223233.
James H. Spencer, Jr., AO2222978.
Ralph L. Stegman, AO2224490.
William R. Tarver, AO2219383.
John P. Thomas, AO2244811.
James L. Thompson, AO2224583.
Fred L. Tracy, AO2222688.
Thomas M. Walker, AO2224267.
Martin Weissgarber, Jr., AO2223438.
Herman L. Wentzler, AO1861433.
Lucien D. Wise, AO2224688.
Homer G. Woten, Jr., AO2223664.
Charles A. York, AO2237746.

The following-named persons for appointment in the Regular Air Force, in the grade indicated, with dates of rank to be determined by the Secretary of the Air Force, under the provisions of section 506, Public Law 381, 80th Congress (Officer Personnel Act of 1947); and section 301, Public Law 625, 80th Congress (Women's Armed Services Integration Act of 1948):

To be second lieutenants

Mary E. Ashe, AL2234193.
Norma E. Brown, AL2219146.
Jean E. Phillips, AL2234159.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 8 (legislative day of July 2), 1954:

FEDERAL POWER COMMISSION

To be a member of the Federal Power Commission

Frederick Stueck, of Missouri, for the term of 5 years, expiring June 22, 1959.

UNITED STATES COAST GUARD

To be rear admirals with permanent rank, effective as indicated

Capt. Frank A. Leamy, effective from November 1, 1954.

Capt. William W. Kenner, effective from date of confirmation.

HOUSE OF REPRESENTATIVES

THURSDAY, JULY 8, 1954

The House met at 12 o'clock noon.

Rev. Eugene Stone, D. D., general secretary, International Society of Christian Endeavor, Columbus, Ohio, offered the following prayer:

Let us pray.

Almighty God, our Father, help us to be very conscious of Thy presence and to be aware of the strength and sustaining power that comes from Thee.

We seek Thy favor upon our President, our Speaker, and all the Members of this House of Representatives. As these, our leaders, feel the weight of their responsibilities and sense the tremendous importance of their deliberations and actions, grant to them, O God, clear minds, sound judgment, and bold courage.

Keep all of us especially mindful of young America—the children and youth of our land. May we by our words and acts help make our country and the world a better place in which they may live.

Set us on fire for righteousness and give us a new passion to serve Thee and mankind so that men may know more abundant living and enjoy freedom and peace.

We pray in the name of Jesus Christ, our Redeemer, the Prince of Peace. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Hawks, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and joint resolutions of the House of the following titles:

On June 30, 1954:

H. R. 848. An act for the relief of Nicholas Katem, Theodosia Katem, Basil Katem, and Josephine Katem;

H. R. 2421. An act for the relief of Frank L. McCartha;

H. R. 2678. An act for the relief of Carl A. Annis, Wayne C. Cranney, and Leslie O. Yarwood;

H. R. 3413. An act to grant oil and gas in lands and to authorize the Secretary of the Interior to issue patents in fee on the Fort Peck Indian Reservation, Montana, to individual Indians in certain cases;

H. R. 4030. An act to repeal section 4 of the act of March 2, 1934, creating the Model Housing Board of Puerto Rico;

H. R. 4919. An act for the relief of Ralph S. Pearman and others;

H. R. 5025. An act for the relief of Paul G. Kendall;

H. R. 6196. An act for the relief of Duncan M. Chalmers, and certain other persons;

H. R. 6487. An act to approve the repayment contract negotiated with the Roza Irrigation District, Yakima project, Washington, and to authorize its execution, and for other purposes;

H. R. 7258. An act for the relief of the Willmore Engineering Co.;

H. R. 7709. An act to continue until the close of June 30, 1955, the suspension of certain import taxes on copper;

H. R. 8367. An act making appropriations for civil functions administered by the Department of the Army for the fiscal year ending June 30, 1955, and for other purposes;

H. R. 8790. An act to authorize certain veterans' benefits for persons disabled in connection with reporting for final acceptance, induction, or entry into the active military or naval service;

H. R. 8873. An act making appropriations for the Department of Defense and related independent agency for the fiscal year ending June 30, 1955, and for other purposes;

H. R. 9089. An act authorizing the Administrator of Veterans' Affairs to grant an easement to Syracuse University, Syracuse, N. Y.; and

H. R. 9505. An act to continue the effectiveness of the act of December 2, 1942, as amended, and the act of July 28, 1945, as amended, relating to war-risk hazard and detention benefits until July 1, 1955.

On July 1, 1954:

H. R. 685. An act for the relief of Walter Carl Sander;

H. R. 724. An act for the relief of Chester H. Tuck, Mary Elizabeth Fisher, James Thomas Harper, and Mrs. T. W. Bennett;

H. R. 1364. An act for the relief of Richard A. Kurth;

H. R. 3623. An act for the relief of Willard Chester Cauley;

H. R. 8488. An act to restore eligibility of certain citizens or subjects of Germany or Japan to receive benefits under veterans' laws;

H. R. 8680. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1955, and for other purposes;

H. R. 9474. An act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended; and

H. R. 9517. An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of said District for the fiscal year ending June 30, 1955, and for other purposes.

On July 2, 1954:

H. R. 8067. An act making appropriations for the Departments of State, Justice, and Commerce, and the United States Information Agency, for the fiscal year ending June 30, 1955, and for other purposes;

H. R. 9203. An act making appropriations for the legislative branch and the judiciary branch for the fiscal year ending June 30, 1955, and for other purposes;

H. R. 9447. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related independent agencies, for the fiscal year ending June 30, 1955, and for other purposes; and

H. J. Res. 458. Joint resolution to authorize and direct the Secretary of Agriculture to quitclaim retained rights in a certain tract of land to the Board of Education of Irwin County, Ga., and for other purposes.

On July 5, 1954:

H. R. 9315. An act to provide for an extension on a reciprocal basis of the period of the free entry of Philippine articles in the United States.

On July 6, 1954:

H. R. 2231. An act to authorize the negotiation and ratification of separate settlement contracts with the Sioux Indians of the Lower Brule and the Crow Creek Reservations in South Dakota for Indian lands and rights acquired by the United States for the Fort Randall Dam and Reservoir, Missouri River development, to authorize a transfer of funds from the Secretary of Defense to the Secretary of the Interior and to authorize an appropriation for the removal from the taking area of the Fort Randall Dam and Reservoir, Missouri River development, and the reestablishment of the Indians of

the Yankton Indian Reservation in South Dakota;

H. R. 3038. An act for the relief of Mrs. Olympia Cuc;

H. J. Res. 552. Joint resolution making temporary appropriations for the fiscal year 1955, and for other purposes; and

H. J. Res. 553. Joint resolution to amend the act of June 30, 1954 (Private Law 495, 83d Cong.).

On July 8, 1954:

H. R. 2636. An act for the relief of George Japhet;

H. R. 5436. An act for the relief of David Hanan; and

H. R. 6465. An act to amend paragraph 1530 of the Tariff Act of 1930 with respect to footwear.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment bills and a concurrent resolution of the House of the following titles:

H. R. 9008. An act to provide for the deposit of savings of enlisted members of the Army, Navy, Air Force, and Marine Corps, and for other purposes;

H. R. 9232. An act to amend the Federal Property and Administrative Services Act of 1949, as amended, to extend until June 30, 1955, the period during which disposals of surplus property may be made by negotiation; and

H. Con. Res. 251. Concurrent resolution to authorize certain technical corrections in the enrollment of the bill H. R. 6342.

The message also announced that the Senate had passed a bill of the following title, in which the concurrence of the House is requested:

S. 2759. An act to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes.

The message also announced that the Senate agrees to the amendments of the House to bills of the Senate of the following titles:

S. 1999. An act to provide for the recovery, care, and disposition of the remains of members of the uniformed services and certain other personnel, and for other purposes;

S. 2370. An act to authorize the sale of certain vessels to Brazil for use in the coastwise trade of Brazil; and

S. 2468. An act to authorize the President to appoint to the grade of general in the Army of the United States those officers who, in grade of lieutenant general, during World War II commanded the Army ground forces, commanded an Army, or commanded Army forces which included a field army and supporting units, and for other purposes.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 2408) entitled "An act to amend the Merchant Marine Act, 1936, to provide a national defense reserve of tankers and to promote the construction of new tankers, and for other purposes"; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BUTLER, Mr. POTTER, Mr. PAYNE, Mr. MAGNUSON, and Mr. SMATHERS to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 6788) entitled "An act to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. AIKEN, Mr. YOUNG, Mr. THYE, Mr. HICKENLOOPER, Mr. ELLENDER, Mr. JOHNSTON of South Carolina, and Mr. HOLLAND to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6342) entitled "An act to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post office purposes; and for other purposes."

The message also announced that the Vice President has appointed Mr. CARLSON and Mr. JOHNSTON of South Carolina members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 55–1.

VOCATIONAL REHABILITATION AMENDMENTS OF 1954

The SPEAKER. The unfinished business is the final passage of the bill (H. R. 9640) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes.

The question is on the passage of the bill.

Mr. HALLECK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 347, nays 0, not voting 87, as follows:

[Roll No. 97]

YEAS—347

Abbitt	Beamer	Bray
Abernethy	Becker	Brooks, La.
Adair	Belcher	Brooks, Tex.
Addonizio	Bender	Brown, Ga.
Alexander	Bennett, Fla.	Brown, Ohio
Allen, Calif.	Bennett, Mich.	Brownson
Andersen, H. Carl	Bentley	Broyhill
	Bentsen	Buchanan
Andresen, August H.	Betts	Budge
	Bishop	Burdick
Andrews	Boggs	Burleson
Arends	Boland	Bush
Ashmore	Boiling	Byrd
Aspinall	Bolton, Frances P.	Byrne, Pa.
Auchincloss		Byrnes, Wis.
Ayres	Bolton, Oliver P.	Campbell
Bailey		Canfield
Barden	Bosch	Cannon
Barrett	Bowler	Carlyle
Bates	Boykin	Carrigg
Battle	Bramblett	Cederberg
Celler	Holmes	Philbin
Chelf	Holt	Phillips
Chenoweth	Holtzman	Poage
Chiperfield	Hope	Poff
Chudoff	Horan	Polk
Church	Hosmer	Price
Clardy	Howell	Priest
Clevenger	Hruska	Prouty
Cole, Mo.	Hunter	Rains
Cole, N. Y.	Hyde	Ray
Colmer	Ikard	Rayburn
Condon	Jackson	Reams
Cooley	James	Reece, Tenn.
Cooper	Jarman	Reed, Ill.
Corbett	Javits	Reed, N. Y.
Coudert	Jenkins	Rees, Kans.
Cretella	Johnson, Wis.	Rhodes, Ariz.
Crosser	Jonas, Ill.	Rhodes, Pa.
Crumpacker	Jonas, N. C.	Richlman
Cunningham	Jones, Ala.	Riley
Curtis, Mass.	Jones, Mo.	Rivers
Curtis, Mo.	Jones, N. C.	Robsion, Ky.
Dague	Karsten, Mo.	Rodino
Davis, Ga.	Kean	Rogers, Colo.
Davis, Wis.	Kearney	Rogers, Fla.
Dawson, Utah	Kearns	Rogers, Mass.
Deane	Keating	Rogers, Tex.
Delaney	Kelley, Pa.	Rooney
Dempsey	Kelly, N. Y.	St. George
Derounian	Keogh	Saylor
Devereux	Kilburn	Schenck
D'Ewart	King, Calif.	Scherer
Dies	King, Pa.	Scrivner
Dollinger	Kirwan	Scudder
Dolliver	Klein	Secrest
Dondero	Kluczynski	Seely-Brown
Donohue	Knox	Selden
Donovan	Krueger	Sheehan
Dorn, S. C.	Laird	Shelley
Doyle	Lane	Sheppard
Eberharter	Lantaff	Sieminski
Edmondson	Latham	Sikes
Elliott	LeCompte	Simpson, Ill.
Engle	Lesinski	Small
Fenton	Lipscomb	Smith, Kans.
Fernandez	Lovre	Smith, Miss.
Fine	McCarthy	Smith, Va.
Fino	McConnell	Smith, Wis.
Fogarty	McCormack	Spence
Forand	McCulloch	Springer
Ford	McDonough	Staggers
Forrester	McIntire	Stauffer
Fountain	McMillan	Steed
Frelinghuysen	McVey	Stringfellow
Freidel	Machrowicz	Taber
Fulton	Mack, Ill.	Talle
Gamble	Mack, Wash.	Teague
Garmatz	Madden	Thomas
Gary	Magnuson	Thompson, Mich.
Gathings	Mahon	
Gavin	Mailliard	Thornberry
Gentry	Marshall	Tollefson
George	Martin, Iowa	Trimble
Golden	Mason	Tuck
Goodwin	Matthews	Utt
Gordon	Meader	Van Pelt
Graham	Merrill	Van Zandt
Granahan	Merrow	Velde
Grant	Miller, Calif.	Vinson
Green	Miller, Md.	Vorys
Gregory	Miller, Nebr.	Vursell
Gross	Miller, N. Y.	Wainwright
Gubser	Mills	Walter
Gwinn	Mollohan	Wampler
Hagen, Calif.	Morgan	Warburton
Hagen, Minn.	Morrison	Watts
Hale	Moss	Westland
Haley	Multer	Whitten
Halleck	Mumma	Wickersham
Hand	Murray	Widnall
Harden	Natcher	Wier
Hardy	Neal	Wigglesworth
Harrison, Nebr.	Nelson	Williams, Miss.
Hart	Nicholson	Williams, N. J.
Hays, Ark.	Norrell	Williams, N. Y.
Hays, Ohio	Oakman	Wilson, Calif.
Hébert	O'Brien, Ill.	Wilson, Ind.
Herlong	O'Brien, Mich.	Wilson, Tex.
Heselton	O'Brien, N. Y.	Winstead
Hess	O'Hara, Ill.	Withrow
Hiestand	O'Hara, Minn.	Wolverton
Hill	O'Konski	Yates
Hillelson	O'Neill	Young
Hoeven	Osmers	Younger
Hoffman, Ill.	Ostertag	Zablocki
Hoffman, Mich.	Pelly	
Holifield	Pfost	

NOT VOTING—87

Albert	Bonin	Carnahan
Allen, Ill.	Bonner	Chatham
Angell	Bow	Coon
Baker	Buckley	Cotton
Berry	Busbey	Curtis, Nebr.
Blatnik	Camp	Davis, Tenn.

Dawson, Ill.	Kersten, Wis.	Radwan
Dingell	Kilday	Regan
Dodd	Landrum	Richards
Dorn, N. Y.	Lanham	Roberts
Dowdy	Long	Robeson, Va.
Durham	Lucas	Roosevelt
Ellsworth	Lyle	Sadlak
Evins	McGregor	Scott
Fallon	Metcalf	Shafer
Feighan	Miller, Kans.	Short
Fisher	Morano	Shuford
Frazier	Moulder	Simpson, Pa.
Harris	Norblad	Sullivan
Harrison, Va.	Passman	Sutton
Harrison, Wyo.	Patman	Taylor
Harvey	Patten	Thompson, La.
Heller	Patterson	Thompson, Tex.
Hillings	Perkins	Weichel
Hinshaw	Pilcher	Wharton
Jensen	Pillion	Wheeler
Johnson, Calif.	Powell	Willis
Judd	Preston	Wolcott
Kee	Rabaut	Yorty

So the bill was passed.

The Clerk announced the following pairs:

Mr. Harvey with Mr. Carnahan.
Mr. Morano with Mr. Fallon.
Mr. Allen of Illinois with Mr. Metcalf.
Mr. Short with Mr. Chatham.
Mr. Simpson of Pennsylvania with Mr. Fisher.
Mr. Taylor with Mrs. Kee.
Mr. Baker with Mr. Harrison of Virginia.
Mr. McGregor with Mr. Roberts.
Mr. Busbey with Mrs. Sullivan.
Mr. Sadlak with Mr. Shuford.
Mr. Shafer with Mr. Thompson of Louisiana.
Mr. Judd with Mr. Willis.
Mr. Berry with Mrs. Landrum.
Mr. Bonin with Mr. Camp.
Mr. Bow with Mr. Preston.
Mr. Coon with Mr. Bonner.
Mr. Norblad with Mr. Lanham.
Mr. Patterson with Mr. Frazier.
Mr. Ellsworth with Mr. Moulder.
Mr. Scott with Mr. Passman.
Mr. Wolcott with Mr. Perkins.
Mr. Johnson of California with Mr. Roosevelt.
Mr. Dorn of New York with Mr. Heller.
Mr. Curtis of Nebraska with Mr. Buckley.
Mr. Wharton with Mr. Powell.
Mr. Hillings with Mr. Dingell.
Mr. Jensen with Mr. Patman.
Mr. Pillion with Mr. Pilcher.
Mr. Radwan with Mr. Long.
Mr. Harrison of Wyoming with Mr. Lyle.
Mr. Cotton with Mr. Lucas.
Mr. Angell with Mr. Regan.
Mr. Weichel with Mr. Evins.
Mr. Kersten of Wisconsin with Mr. Harris.
Mr. Hinshaw with Mr. Dodd.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The doors were opened.

TRADE AGREEMENTS EXTENSION ACT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 470)

The SPEAKER laid before the House the following message from the President of the United States, which was read by the Clerk, and, together with accompanying papers, referred to the Committee on Ways and Means and ordered printed:

To the Congress of the United States:

Pursuant to the provisions of subsection (b) of section 6 of the Trade Agreements Extension Act of 1951 (65 Stat. 72, 73), I hereby submit to the Congress a report on the inclusion of escape clauses in existing trade agreements.

This report was prepared for me by the Interdepartmental Committee on Trade Agreements.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *July 8, 1954.*

(Enclosure: Report on trade agreement escape clauses.)

AMENDING PART II OF INTERSTATE COMMERCE ACT

Mr. BENNETT of Michigan. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7468) to amend certain provisions of part II of the Interstate Commerce Act so as to authorize regulation, for purposes of safety and protection of the public, of certain motor-carrier transportation between points in foreign countries, insofar as such transportation takes place within the United States, with a Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 3, line 1, after "operates", insert "and with the Interstate Commerce Commission."

Mr. PRIEST. Mr. Speaker, reserving the right to object, and I shall not, if I understand, the Senate amendment requires filing with the Interstate Commerce Commission in addition to an agent in each State; is that correct?

Mr. BENNETT of Michigan. That is correct; that is all the amendment does.

Mr. PRIEST. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

SPECIAL ORDER GRANTED

Mr. JAVITS asked and was given permission to address the House for 5 minutes today, following any special orders heretofore entered.

AMENDMENT OF ADMINISTRATIVE EXPENSES ACT OF 1946, AS AMENDED

Mrs. CHURCH. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 179) to amend section 7 of the Administrative Expenses Act of 1946, as amended.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 7 of the Administrative Expenses Act of 1946 (60 Stat. 806; 5 U. S. C. 73b–3), as amended, is further amended by changing the period at the end thereof to a colon and adding the following: *"Provided further,* That expenses of return travel and transportation, including authorized dependents but excluding household effects, from their posts of duty outside the continental United States to the places of actual residence at time of appointment to such overseas posts of duty, shall be allowed in the case of persons who have satisfactorily completed an agreed period of service overseas and are returning to their actual place of residence for the purpose of taking leave prior to serving another tour of duty at the same overseas post, under a new written agreement entered into before departing from the overseas post: *Provided further,* That expenses of transportation and of the immediate family and shipment of household effects of any employee from the post of duty of such employee outside continental United States to place of actual residence at time of appointment shall be allowed prior to the return of such employee to the United States when the employee has acquired eligibility for such transportation or when the public interest requires the return of the dependents for compelling personal reasons of a humanitarian or compassionate nature, such as may involve physical or mental health, death of any member of the immediate family, or obligation imposed by authority or circumstance over which the individual has no control: *And provided further,* That when an employee returns his immediate family and household goods to the United States at his own expense prior to his return and for other than reasons of public interest, the Government shall reimburse him for proper transportation expenses at such time as he acquires eligibility."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PLEDGE OF ALLEGIANCE TO THE FLAG

Mr. COLE of Missouri. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. COLE of Missouri. Mr. Speaker, on June 14, this year, President Eisenhower signed Public Law 396, 83d Congress, a joint resolution that had been adopted by both the House and the Senate without a dissenting vote, which amended the pledge of allegiance to our flag, by inserting the words "under God" after the word "Nation." The pertinent part of this law now reads as follows:

SEC. 7. The following is designated as the pledge of allegiance to the flag: "I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all." Such pledge should be rendered by standing with the right hand over the heart. However, civilians will always show full respect to the flag when the pledge is given by merely standing at attention, men removing the headdress. Persons in uniform shall render the military salute.

This is as it should be. Our success as a nation is due to the fact that we are God-fearing people, and we should let the world know that our Republic is now, and always has been, on God's side.

Mr. Speaker, as I have had many inquiries from my district regarding the present wording of this new pledge of

allegiance to our flag, I am, at my own expense, having reprints made of this speech, in order to make it available to every family in my congressional district.

UNEMPLOYMENT COMPENSATION PROGRAM

Mr. LATHAM. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 614 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of H. R. 9709, a bill to extend and improve the unemployment compensation program, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means and except that it shall be in order for any member of the Committee on Ways and Means to offer either or both of the proposed amendments printed in the CONGRESSIONAL RECORD of July 7, 1954, and said amendments shall be in order, any rule of the House to the contrary notwithstanding, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

The SPEAKER. The gentleman from New York is recognized for 1 hour.

Mr. LATHAM. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Virginia [Mr. SMITH], and at this time I yield myself such time as I may consume.

Mr. Speaker, this rule makes in order consideration by the House of the bill, H. R. 9709, and provides for 3 hours of general debate. It is a closed rule. It permits amendments to be offered by the committee, and also two specific amendments which were printed in the RECORD yesterday. Points of order are waived.

The bill, H. R. 9709, is one which will improve and bring up to date, and to maturity, the unemployment insurance program of this country, which has not been substantially changed or improved in the past 20 years. The main changes or improvements in that program are as follows:

In the first place, it would extend coverage to employers of 4 or more people in any 20 weeks, whereas under the present law it covers only employers of 8 or more within 20 weeks. This would add 1.3 million people to the coverage under this program.

The second change is that substantially all Federal civilian employees are covered in under the unemployment insurance program.

Third, this bill would extend the merit rating provision benefits to employees based upon a 1-year experience, whereas under the present law it is required that they have 3 years of experience before they are entitled to reductions under the program.

Finally, the quarterly installment provision in the law has been eliminated. The department has found that some 85 percent of the people never took advantage of the quarterly installment provision in any event, and it added considerable or would add under this program considerably to the cost of the administration of the program. That has therefore been eliminated.

This bill was reported out of the Ways and Means Committee, as I understand it, with one dissenting vote. It was based upon the arrangement that at the close of the 3 hours general debate the Members of the House would be given an opportunity to vote on these two specific amendments which have been printed in the RECORD and which, I understand, will be offered by the gentleman from Rhode Island [Mr. FORAND].

Those two amendments, which were not agreed to by the Committee on Ways and Means, if adopted, would for the first time put the Federal Government in the position of dictating to the States the amounts they are to pay in benefits under this program and the number of weeks these benefits would be paid.

This would obviously do violence to the principle that the Federal Government should leave to the States the actual operation of the unemployment insurance program, based upon the very good reason that conditions of labor and employment differ in various States.

There will undoubtedly be opposition to those two amendments. The Members will have an opportunity to vote on them very shortly after the close of the 3 hours general debate.

I hope this resolution will be adopted.

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, the rule on H. R. 9709 now under consideration, will give the Members of Congress an opportunity to act on much needed Federal legislation which will expand and equalize throughout the various States, our unemployment compensation legislation. Under the rule, it shall be in order to accept amendments offered by direction of the Committee on Ways and Means and any member of that committee can offer either or both of the proposed amendments which were inserted and printed in yesterday's CONGRESSIONAL RECORD. Furthermore, under the rule, the amendments which I understand will be offered by our colleague, AIME FORAND, of Rhode Island, shall not be subject to further amendment.

The bill as reported out by the majority members of the Ways and Means Committee, does not provide for necessary increased unemployment compensation benefits either as to amount or as to duration of time. This bill does not comply with the recommendations made by President Eisenhower when he asked that the primary maximum benefits payable in under State unemployment insurance laws should not be less than 66⅔ percent of the State's average weekly wage. The President further said that subject to this maximum, each individual's primary benefit shall not be less than 50 percent of his weekly wages.

The original intention of the supporters of the Social Security Act of 1935 was to provide unemployment compensation payments equal to at least 50 percent of full time weekly wages and up to a maximum of two-thirds of such wages which even at that time was in effect in the compensation laws of a great number of States.

The amendments which will be offered by the minority members of the Ways and Means Committee will also clarify the provisions wherein certain employees have been disqualified from receiving just compensation for personal reasons, misconduct charges, work stoppages, etc. Standards of suitability of work would be spelled out in the proposed amendments along the lines of the standards contained in section 1603 (a) (5) of the Internal Revenue Code. In addition, the amendments would set further general criteria which would have to be taken into account in determining whether the disqualification for refusing or leaving work should be applied. The amendments would further extend the coverage to employers who have one or more individuals in their employ at any time during the taxable year. Furthermore, States would be permitted to provide for uniform rate reductions to all employers as well as individual experience—rated reductions. Further, the proceeds of the Federal unemployment tax will be earmarked in a Federal unemployment insurance account in the Federal Treasury. Such account will be used for paying the Federal and State administrative expenses, including the establishment of a contingency fund and also provide reinsurance grants to certain States which are in financial difficulty because of high rates of unemployment. I am satisfied that after the Members learn, during the 3 hours of debate, the provision set out in the Forand amendments, that the same should be adopted.

Satisfactory and expanded unemployment insurance is our greatest barrier against depression. Unemployment insurance will provide purchasing power for millions throughout the country and that in turn, will aid business and help restore normal prosperity generally. In other words, it is the chief line of defense against recession. In January, the Federal Advisory Council on Unemployment Security supported the President's recommendation on improved weekly benefits. The Council recommended that in each State, the maximum weekly benefit amount should be equal to at least 60 to 67 percent of the States average weekly wage. President Eisenhower further urged that all States provide 26 weeks of benefits uniformly to all eligible

claimants in order to assure that even in a minor business recession, most workers would remain protected by the program until they could find jobs. If these recommendations had been carried out, our economy today would have received a beneficial result and relieved a great deal of unemployment. The 20th National Conference on State Legislation which was called by the Federal Government and to which governors delegates from 41 States unanimously adopted a resolution supporting President Eisenhower's recommendation with respect to unemployment compensation benefit levels and also the extension of uniform weekly payment duration.

A couple of years ago Newsweek magazine, in a splendid article, stated that economically, our country could not hit the far depths of depression like we experienced from 1929 to 1934. In detail, this article stated that legislation passed in the last 20 years like social security, protection of bank deposits, housing, home loan, old age pensions, unemployment insurance, and other measures have provided a cushion of economic stability which would prevent another devastating depression. If the House adopts the Forand amendments to the bill under consideration, it will be a further step to curb the danger of another serious depression. The Congress must realize that they have a responsibility to act now against the threat of unemployment and decreasing buying power throughout the country. This is a national problem that is on our shoulders and we should act now.

Mr. SMITH of Virginia. Mr. Speaker, as the gentleman from New York has stated, this is a closed rule for the consideration of this bill to increase and extend and enlarge the unemployment insurance program. I opposed the rule in the Committee on Rules because I do not think that this bill should have a gag rule. Now, we have gag rules, and we necessarily have to have them on matters pertaining to the revenue act, that is, tax measures. We have them for the reason that it is impossible to write a tax bill on the floor of the House. But, this is an entirely different matter, and it seems to me that the House ought to have the freedom and the opportunity to express itself on this bill, to offer amendments to it, and to work its will on it. For that reason I am opposed to the rule in the form in which it is written.

As to the bill itself, I think serious consideration should be given to the fact that this bill undertakes to cover a number of employees that will make the employer subject to this tax of 3 percent upon his payroll. We have a lot of little struggling businesses in the country that employ 4 or 5 or 6 people. We have a lot of miscellaneous small businesses in this country who are struggling pretty hard now. We have a lot of little sawmill operators; all those little businesses for which we have from time to time expressed our sympathy. I hope we can do something to help them.

What we are doing to help them now, we might as well realize, is that we are putting a 3 percent tax on their payroll in addition to the 4 percent already on those payrolls. I do not know that our people are going to like that too much.

When you hit big business, when you hit the manufacturer, he has somebody here in Washington who knows what is going on and who advises him; and you get their reaction pretty quickly. But the fellow back in the sticks who is running a little sawmill, the fellow who is tending to his small business establishment, who gets up at 4 o'clock in the morning and goes to bed with the chickens at night, because he is too tired to read the newspapers, he does not know what you are doing up here and he does not realize what has been done until after you have done it. You do not get the reaction from him as soon as you get the reaction from the ordinary big businessman. I think you are going to find a good deal of chagrin and regret and opposition to this proposal which will hit your little businessman and your little sawmill operator who are now struggling with about all the tax that they can bear.

I realize that it is a very nice thing to do; it is nice to have these people get some unemployment compensation, but I think we should look at both sides of the picture. I think we should consider the tax burden that you are putting on thousands and thousands of small employers who are now carrying about all the load and paying about all the tax that the traffic will bear.

Mr. Speaker, I have no further requests for time.

Mr. LATHAM. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. REED of New York. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9709) to extend and improve the unemployment compensation program.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9709, with Mr. HOEVEN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. REED of New York. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, H. R. 9709 extends the unemployment insurance system to almost 4 million workers to whom this protection is not available today. Thus, the bill provides the first major extension of the unemployment insurance system since its inception in 1935.

With the exception of relatively minor adjustments, the Federal Unemployment Tax Act has remained substantially unchanged in the almost 20 years which have elapsed since its enactment. However, it is no longer appropriate to deny the basic protection of this system to any segment of our working population to whom extension of coverage is demonstrably practical, and to whom coverage can be extended without doing violence to the need for recognition of State and local variations in employment conditions. This objective is achieved by H. R. 9709.

The Ways and Means Committee has recently recommended the extension of the old-age and survivors insurance system to approximately 10 million persons now excluded from that program. While these two proposals for broad extension—first with respect to old-age and survivors insurance and now with respect to unemployment insurance—are in no sense dependent upon each other, our committee conceives of them as part of a broad program to bring our social-security system to maturity.

Historically, unemployment insurance has been primarily a State program. H. R. 9709 continues this basic pattern. While the problem of unemployment must always be one of national concern, geographic variations both in economic conditions and in employment practices make it essential that actual implementation of an unemployment insurance system be carried out by State action. As a result, the Federal Unemployment Tax Act has never concerned itself with the amount of benefits or the duration for which benefits may be paid. These have always been matters for State determination. In his economic report transmitted to the Congress on January 28, 1954, the President described the present level of benefits as inadequate and the duration of benefits as deficient in many States. He urged State action to correct these defects. The Ways and Means Committee agrees with the President that these matters should be left to State determination.

The major purposes of H. R. 9709 may be summarized as follows:

First. The Federal Unemployment Tax Act is extended to employers of 4 or more employees in each of 20 weeks instead of 8 or more in 20 weeks as under the present law. It is estimated that this provision will make unemployment insurance protection available to approximately 1.3 million workers not now covered.

Second. Unemployment insurance is extended to substantially all Federal civilian employees, an addition of approximately 2.5 million workers.

Third. States are authorized to extend experience rating tax reductions to new and newly covered employers after they have had at least 1 year of coverage under the State law instead of 3 years as required today.

Fourth. The bill eliminates the privilege of paying the Federal unemployment tax in quarterly installments.

As I have just pointed out, the bill extends the Federal Unemployment Tax Act to employers who employ four or more employees in each of 20 weeks during the year. The present law limits the tax to employers of 8 or more in the same period, although a number of

States have already lowered their own requirements so as to cover employers with less than 8 employees.

Mr. Chairman, I ask unanimous consent to insert at this point in the RECORD a table of selected data on unemployment compensation. This table which appears on pages 4 and 5 of the committee report sets forth among other things a list of minimum requirements of the respective States for employer coverage.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

(The table referred to is as follows:)

Selected data on unemployment compensation

State	Statutory minimum number of workers and period for employer coverage	Legal range of benefits				Benefits paid in 1953 (in thousands)	Average actual duration in 1953 (weeks)	Federal grants to States, fiscal year 1953 (in thousands)	Federal tax collections, fiscal year 1953 (in thousands)
		Benefits [1]		Weeks duration					
		Minimum	Maximum	Minimum	Maximum				
United States						$962,221	10.1	$196,323	$275,825
Alabama	8 in 20 weeks	$6	$22	11+	20	10,520	12.1	2,841	3,193
Alaska	1 at any time	$8–$10	$35–$70	12	26	5,641	9.7	659	395
Arizona	3 in 20 weeks	$5–$7	$20–$26	10	20	2,568	8.7	1,672	914
Arkansas	1 in 10 days	$7	$22	10	16	6,014	9.3	1,943	1,337
California	1 at any time	$10	$30	15–10+	26	97,363	11.4	19,775	21,516
Colorado	8 in 20 weeks	$7	$28–$35	10	20–26	2,117	9.3	1,508	1,861
Connecticut	4 in 13 weeks	$8–$11	$30–$45	15–10	26	7,966	6.3	3,002	5,634
Delaware	1 in 20 weeks	$7	$25	11	26	1,167	7.9	431	793
District of Columbia	1 at any time	$6–$7	$20	12+	20	2,365	10.7	1,230	1,564
Florida	8 in 20 weeks	$5	$20	7+	16	7,780	9.2	3,163	3,281
Georgia	do	$5	$26	20	20	10,226	10.3	3,051	4,030
Hawaii	1 at any time	$5	$25	20	20	2,858	11.2	634	637
Idaho	do	$10	$25	10	26	3,684	10.9	967	648
Illinois	6 in 20 weeks	$10	$27	18+–10	26	51,085	9.1	9,292	20,833
Indiana	8 in 20 weeks	$5	$27	12+–6+	20	16,748	7.1	3,339	8,654
Iowa	8 in 15 weeks	$5	$26	6+	20	5,088	8.7	1,650	3,000
Kansas	8 in 20 weeks	$5	$28	6+	20	7,041	8.7	1,509	2,477
Kentucky	4 in 3 quarters	$8	$28	26	26	17,665	13.0	2,329	3,105
Louisiana	4 in 20 weeks	$5	$25	10	20	10,356	12.6	2,806	3,323
Maine	8 in 20 weeks	$9	$27	20	20	5,788	9.7	1,053	1,393
Maryland	1 at any time	$6–$8	$30–$38	7+	26	11,911	7.6	3,203	4,294
Massachusetts	1 in 13 weeks	$7–$9	$25 [2]	21+–6	26	41,081	10.0	8,878	10,664
Michigan	8 in 20 weeks	$10–$12	$30–$42	9+	26	39,485	7.1	8,837	15,893
Minnesota	1 in 20 weeks [3]	$11	$30	15	26	11,021	11.3	3,108	4,013
Mississippi	8 in 20 weeks	$3	$30	16	16	6,641	10.1	2,089	1,276
Missouri	do	$0.50 [2]	$25	(4)	24	15,534	8.2	3,451	6,607
Montana	1 in 20 weeks	$7	$23	20	20	2,347	10.8	1,022	688
Nebraska	8 in 20 weeks	$10	$26	10	20	2,577	8.9	953	1,371
Nevada	1 at any time	$8–$11	$30–$50	10	26	1,567	9.1	575	315
New Hampshire	4 in 20 weeks	$7	$30	26	26	5,877	10.6	943	955
New Jersey	do	$10	$30	13	26	59,757	10.7	8,934	11,586
New Mexico	1 at any time	$10	$30	12	24	2,455	10.6	1,021	707
New York	4 in 15 days	$10	$30	26	26	178,597	11.9	29,586	35,956
North Carolina	8 in 20 weeks	$7	$30	26	26	20,973	10.9	3,731	4,948
North Dakota	do	$7–$9	$26–$32	20	20	1,987	12.5	664	373
Ohio	3 at any time	$10–$12.50	$30–$35	12–9+	26	32,542	9.2	8,619	19,253
Oklahoma	8 in 20 weeks	$10	$28	6+	22	7,251	10.7	2,132	2,389
Oregon	4 in 6 weeks	$15	$25	8+	26	19,208	10.4	2,373	2,799
Pennsylvania	1 at any time	$10	$30	13	26	102,359	9.8	14,981	23,877
Rhode Island	4 in 20 weeks	$10	$25	10+–7+	26	12,565	9.9	1,717	1,858
South Carolina	8 in 20 weeks	$5	$20	18	18	9,055	10.1	2,315	2,483
South Dakota	do	$8	$25	10	20	730	9.3	512	411
Tennessee	do	$5	$26	22	22	16,369	11.0	3,009	3,932
Texas	do	$7	$20	5	24	11,891	9.2	7,299	10,704
Utah	1 at any time	$10	$27.50	16–15	26	3,168	10.1	1,379	937
Vermont	8 in 20 weeks	$10	$25	20	20	1,299	9.1	634	507
Virginia	do	$6	$24	6	16	8,203	7.8	1,890	4,051
Washington	1 at any time	$10	$30	15	26	29,027	11.3	3,960	4,182
West Virginia	8 in 20 weeks	$10	$30	24	24	13,954	9.5	1,428	3,316
Wisconsin	6 in 18 weeks	$10	$33	10	26+	17,934	8.2	2,981	6,517
Wyoming	1 at any time	$10–$13	$30–$36	8	26	814	7.2	608	376

[1] When 2 amounts are given, higher includes dependents' allowances, except in Colorado where higher amount includes 25 percent additional for claimants employed in Colorado by covered employers for 5 consecutive calendar years with wages in excess of $1,000 per year and no benefits received.

[2] If the benefit is less than $5 benefits are paid at the rate of $5 a week; no qualifying wages and no minimum weekly or annual benefits are specified.

[3] Employers of less than 8 outside the corporate limits of the city, village, or borough of 10,000 population or more are not liable for contributions unless they are subject to the Federal Unemployment Tax Act.

Source: U. S. Department of Labor, Bureau of Employment Security, Division fo Actuarial and Financial Services, June 7, 1954.

Mr. REED of New York. From the standpoint of the individual worker, unemployment insurance protection is as important if he works for a small employer as if he works for an employer of thousands. Moreover, it is as important to maintain the purchasing power of employees of small firms as of large firms. In this connection, the extension of coverage provided by this bill would particularly benefit small communities where a large proportion of workers are employed by small firms. It is believed that the administrative difficulty is no longer a substantial obstacle to extending coverage to small firms. On the other hand, the further coverage is extended into this area, the further the Federal Government is moving into an area where differences in State and local conditions become a significant factor. There is a twilight zone where needed flexibility can only be maintained through State action. It may be appropriate that unemployment protection be extended into this fringe area, but such extension should be left to State determination in the light of local variations in employment patterns. This problem does not exist to any appreciable extent with respect to the extension of coverage to employers of four or more.

Section 2 of H. R. 9709 allows reduced rates for new and newly covered employers. In all States, employers are granted reductions in the unemployment taxes they must pay the State if their unemployment experience meets certain requirements. The Federal Unemployment Tax Act allows employers to credit this reduction against their Federal unemployment tax. In other words, an employer who has received such a reduction is credited with the difference between the amount actually paid and the amount he would have been required to pay if he had not received the reduction. The Federal law grants this additional credit, however, only if the State law requires an employer to have at least 3 years of experience before he can be given a tax reduction. This means that a new or newly covered employer is required to pay the full tax for at least these initial years even though his experience in those years is as favorable as that of an established employer. In many States, this means that new employers carry a very large proportion of current unemployment taxes. They are thus put at a competitive disadvantage with established employers and are required to carry an

extra financial load at a time they can perhaps least afford it.

The President, in his economic report of January 28, 1954, recommended that "Congress allow the shortening from 3 years to 1, of the period required to qualify for a rate reduction." Section 2 of H. R. 9709 carries out this recommendation in its entirety. In effect, during the first 3 years of an employer's coverage, the amendment will permit a State to tie the period of experience required before rate reduction to the period of time the new employer has had experience under the law. In other words, the rate for an employer who has had 1 year's experience may be based on 1 year's experience, the rate for one who has had experience for 2 years on the basis of 2 years' experience.

It would be emphasized that this amendment merely permits a State to extend a rate reduction on the basis of 1 year's experience if it desires to do so. It does not require such State action.

The amendment is not intended to give new and newly covered employers any competitive advantage over established employers, but merely to equalize as much as possible the opportunity for rate reductions between new and established employers. The factors used to measure the experience of employers vary from State to State. Under the amendment, it is intended that the State measure the experience of new and newly covered employers by the same factor or factors that it uses to measure the experience of established employers. For example, one of the most common factors is a reserve balance—the excess of contributions collected over benefits paid and charged to the employer's account. Thus a State which uses a reserve balance for established employers must do so for new employers. However, in some States an employer who does not have 3 years of experience, as the Federal law now requires, could not attain the reserve balance now required of established employers. In these States, therefore, a proportionate reduction would have to be made in this reserve requirement to enable new employers with less than 3 years' experience to take advantage of the permission granted by the bill's new rate-reduction provision. Since the bill does not intend to give new employers any greater advantage than established employers, any difference in reserve requirements granted to new employers would, therefore, have to bear the same proportion to the requirement placed on established employers as the period of coverage required of the two groups. For example, if a 6 percent reserve requirement is required of established employers with 3 years' experience, at least 4 percent must be required of employers with 2 years' experience.

Section 3 of the bill provides for the elimination of the quarterly installment privilege. The bill eliminates the right to pay the unemployment tax in quarterly installments. This amendment is designed to relieve the Government of an existing administrative burden. Moreover, this administrative burden would be somewhat increased if the new employers covered by this bill were permitted to pay their tax in quarterly instalments.

Elimination of this provision should not impose an undue burden on taxpayers. This is indicated by the fact that some 85 percent of the total taxes due are now paid at the time of filing the return without using the installment-payment option. Furthermore, unlike the old-age and survivors insurance tax, the unemployment tax is not due until the year after that in which the taxable wages are paid. The old-age and survivors' insurance tax, on the other hand, is payable in quarterly installments during the year in which the wages are paid.

Section 4 of the bill before the House today provides for coverage of Federal civilian employees.

In his economic report the President stated:

> A worker laid off by a Government agency gets no insurance benefits despite the fact that in many types of Federal jobs he is as vulnerable to layoff or dismissal as the factory worker. It is recommended that Congress include in the insurance system the 2.5 million Federal civilian employees, under conditions set by the State in which they last worked, and that it provide for Federal reimbursement to the State of the amount of the cost, estimated to be about $25 million for the fiscal year ending in 1955.

H. R. 9706 carries out this recommendation. Federal civilian employees as a group are subject to the risk of unemployment on nearly the same scale as nongovernmental workers in the same type of work. In recent years, particularly, several extensive reductions in Federal personnel have demonstrated the real need for extending unemployment benefits to Federal employees. From a wartime peak of well over 3½ million employees in June 1945, Federal employment dropped by a million between 1945 and 1946 and dropped considerably more in the next few years, leveling off at about 2 million in June 1950. After a new increase due to the Korean conflict, Federal employment again fell off by nearly 247,000 between June 1952 and December 31, 1953.

Total annual separations of Federal employees are substantial. They have approximated around half a million each year. Of this total, the percentage which constitute involuntary separations, that is, reductions in force and terminations of temporary appointments, has varied from approximately 17 to 50 percent of total separations.

The Federal Government should not be in the position of providing less favorable conditions of employment than are required of private employers. Yet, since Federal employees now have no unemployment insurance protection, involuntarily separated Federal employees have been forced to rely upon accrued annual leave and refund from their retirement accounts while looking for other jobs. Not only does this defeat the purpose of annual leave, but also, in many cases, the employee may have no such leave accumulation at all. Even where leave has been accumulated, there is evidence that it has been inadequate to cover the duration of Federal workers' unemployment. Moreover, it is believed that withdrawal of an employee's retirement fund accumulations is undesirable and a defeat of the purpose of the retirement program.

H. R. 9706 provides for unemployment insurance for Federal civilian workers, with minor exceptions, who are employed in the United States, including Puerto Rico or the Virgin Islands, and elsewhere, if citizens of the United States. Nearly all of the exceptions to coverage are identical with the categories of Federal workers excluded from the Social Security Act for purposes of old-age and survivors insurance. Unemployment compensation will be payable to such Federal workers who are unemployed after December 31, 1954. A Federal worker's rights to benefits are to be determined under the unemployment compensation law of the State to which his Federal services and wages are assigned. Usually, this will be the State in which the worker had his official station when he became unemployed, or, if he has been in Foreign Service, the State in which he resides when he files his claim. Compensation will not be paid for the period with respect to which accrued annual leave is paid upon separation.

The Secretary of Labor is authorized to enter into agreements with each State, under which the State unemployment compensation agency will make benefit payments as agent for the United States and will be reimbursed by the United States for any additional costs of such payments. If a State does not have such an agreement, the Secretary will make the unemployment compensation payments and will apply the benefit standards and other provisions of the law of such State. Unemployed workers filing a claim in Puerto Rico or the Virgin Islands will be paid according to the benefit standards and other provisions of the unemployment compensation law of the District of Columbia.

Any estimates of the cost of the proposed unemployment benefits for Federal workers must necessarily be rough, since there is no experience in the payments of such benefits to Federal workers upon which to base the estimates. The cost will depend to a great extent upon governmental employment levels and turnover, and to some extent upon the overall economic and employment situation prevailing in the country. The Department of Labor estimates that for the last half of fiscal year 1955 the cost will be approximately $25 million. Thereafter, for a full year of operation, based on estimated separations in 1955 of 145,000, the cost will be approximately $35 million. The relatively larger cost for the first 6 months of operation will be due to a backlog of claimants at the start of operations. The backlog will consist of those Federal workers who have been separated by reduction of force or terminated prior to the date when benefits commence, who are unemployed and still eligible for benefits at that time.

This bill which I have presented to the House today is an administration bill. I think it is a sound bill.

I know many of the Members have perhaps seen what I have seen in my

hometown in small industries where there are only four employees: sometimes they are forced to cut down and lay a man off. He is unemployed. He cannot help it. He goes to his little home, to his wife and family. What happens? He walks in at evening where his wife and his family are there gathered at dinner. He knows that he has to break some very unpleasant news to them. He has been paying on a mortgage to the loan association trying to save his little home, and they are proud of it as good Americans. He is tied to that home. His sons are willing to defend the country in order to protect it. They have been sending one of their sons to college. But the husband is forced to say to his wife: "I am afraid John is going to have to come home to get a job to supplement what we can possibly earn. I cannot get unemployment insurance under existing law. We may lose our home."

Yes, it is a sad and serious thing. The small corporations, the little partnerships should do something to protect the men who are working for them.

The present plan of the administration is expanded coverage so far as possible. I think it is a sound program and I hope the House will not be misled by any amendment which may be offered here to impose Federal standards for increasing benefits, to impose Federal standards for the duration of benefits. I submit to my colleagues in the House that the President has submitted a good program for improving our unemployment insurance program without preempting to the Federal Government any rights that have historically belonged to the States.

Mr. Chairman, I ask unanimous consent to insert a table and also a background history of unemployment insurance.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

(The matter referred to follows:)

BACKGROUND OF UNEMPLOYMENT INSURANCE SYSTEM

Unemployment insurance and employment services are State-Federal systems. They are designed to protect wage earners and their families from wage loss through involuntary unemployment by referring unemployed workers to other suitable jobs and if none is available by paying, for a period, weekly benefits related to their prior wages.

Each State enacts its own unemployment insurance law and operates its own program, and the Federal Government cooperates through grants to the State to pay the cost of administering its system.

As a condition of such grants, the Social Security Act sets up certain minimum specifications designed to assure that payments are made to unemployed workers whose previous earnings or employment entitle them to such payments under the State law, and to safeguard a worker's rights to benefits where he does not take a job that fails to meet certain labor standards.

One of these specifications is that benefits must be paid through public employment offices, at which unemployed workers must first register for work and to which a worker must continue to report regularly for a possible job during the time he is drawing weekly benefit payments. The United States Employment Service, a part of the Bureau of Employment Security in the Department of Labor, administers the Federal aspects of the Public Employment Service system.

Another part of this Bureau, the Unemployment Insurance Service, carries the Federal responsibility for renewing the State laws and their administration to determine whether the States qualify for grants for unemployment insurance administration.

Under the Federal Unemployment Tax Act, a tax is levied upon employers throughout the country and a credit is allowed them (up to 90 percent of this tax) for the contributions they pay to their State unemployment funds or for the amounts they would have contributed to such funds in the absence of experience-rating reductions allowed under the laws of all States. Unemployment benefits are financed by these contributions from employers subject to a State unemployment insurance law (except in Alabama and New Jersey where employees also contribute). Each State determines coverage of its law and sets the contribution rates.

In general, the Federal tax and the State laws cover employment in commerce and industry. Railroad workers are covered under a separate system administered by the Federal Railroad Retirement Board. The Federal Unemployment Tax Act is limited to employers who, within a year, had 8 or more workers in each of 20 weeks. A majority of the State laws cover smaller firms but all but six have some size-of-firm restrictions. About 48 million different workers earned some wage credits toward unemployment benefits under State laws in calendar 1952, and about 39 million had enough credits to be insured.

During the fiscal year 1952–53, 7,318,200 new job applications were filed with the employment services and local employment offices made 15,354,400 placements. Of this total 6,606,900 were on nonfarm jobs. Some 3,989,000 unemployed persons received benefits under the 51 State systems. These payments totaled $912,898,000 representing compensation for 40,850,700 weeks of unemployment at an average rate of $23.32 per week. The average beneficiary drew benefits for 10.2 weeks as against 10.4 weeks in the same period during the preceding fiscal year.

In the fiscal year 1952–53, the States received a total of $194,800,000 (excluding grants for postage) in Federal grants for administration of their unemployment insurance laws. They collected $1,367,806 in contributions, which they deposited to their accounts in the Federal Treasury, and received interest on their accounts totaling $188,536,800. On June 30, 1953, the balance in the trust fund amounted to $8,559,296,700 as compared with $7,907,967,800 on June 30, 1952.

Employment security: State accounts in the Federal unemployment trust fund [1] and Federal grants for State administration [2] by State, fiscal year 1952–53

Source: Except for Federal grants, all data are compiled from data furnished by the Treasury Department, Division of Investments. (In thousands.)

State	Balance beginning of year	Deposits	Interest	Withdrawals	Balance, end of year	Federal grants for administrative fiscal year
Total, 1952–53	$7,907,968	$1,371,184	$188,587	$907,442	$8,559,297	[3] $197,546
Alabama	69,222	15,444	1,643	11,775	74,535	2,863
Alaska	7,926	4,075	189	5,150	7,040	663
Arizona	37,462	5,914	918	1,785	42,508	1,685
Arkansas	40,814	8,097	986	5,550	44,347	1,960
California	692,908	161,150	17,135	91,025	780,168	19,920
Colorado	64,277	5,305	1,538	1,560	69,560	1,510
Connecticut	194,168	32,725	4,793	8,575	223,110	3,018
Delaware	16,179	1,835	384	949	17,449	431
District of Columbia	52,293	3,573	1,230	1,905	55,192	1,236
Florida	80,957	9,578	1,874	7,575	84,834	3,191
Georgia	121,961	16,710	2,907	9,280	132,299	3,073
Hawaii	23,272	2,176	533	2,730	23,250	626
Idaho	31,409	4,634	755	3,165	33,634	972
Illinois	481,327	74,315	11,420	50,020	517,043	9,358
Indiana	219,343	21,565	5,076	16,950	229,034	3,365
Iowa	105,653	5,234	2,440	4,800	108,527	1,656
Kansas	71,938	9,040	1,724	4,770	77,933	1,513
Kentucky	135,611	20,050	3,174	16,750	142,084	2,349
Louisiana	108,697	20,377	2,641	11,250	120,465	2,829
Maine	39,404	7,241	953	4,725	42,873	1,059
Maryland	123,359	14,610	2,909	10,485	130,393	3,210
Massachusetts	151,815	100,152	4,168	43,900	212,235	8,938
Michigan	361,868	83,923	8,735	39,460	415,066	8,886
Minnesota	125,412	12,300	2,934	9,975	130,671	3,134
Mississippi	42,754	5,370	980	6,525	42,579	2,102
Missouri	216,517	13,225	5,020	12,600	222,162	3,475
Montana	36,433	4,956	888	2,320	39,957	1,033
Nebraska	39,205	2,403	913	2,345	40,176	958
Nevada	13,808	2,849	342	1,120	15,879	586
New Hampshire	20,589	6,003	492	4,928	22,157	949
New Jersey	457,191	72,598	10,815	52,760	487,843	8,935
New Mexico	30,236	4,050	730	1,650	33,366	1,025
New York	1,099,692	281,629	26,848	169,600	1,238,569	29,680
North Carolina	171,985	20,449	4,011	18,500	177,944	3,755
North Dakota	10,074	1,983	240	1,970	10,327	680
Ohio	591,465	77,307	14,199	29,100	653,871	8,752
Oklahoma	50,378	9,115	1,207	6,500	54,201	2,149
Oregon	74,957	11,597	1,712	16,900	71,366	2,400
Pennsylvania	577,582	64,380	12,699	104,000	550,661	15,116
Rhode Island	19,918	16,734	522	11,820	25,354	1,723
South Carolina	60,030	14,628	1,489	7,200	68,947	2,332
South Dakota	11,852	1,303	285	710	12,730	523
Tennessee	102,577	20,186	2,432	15,300	109,895	3,030
Texas	257,080	21,147	6,104	9,165	275,166	7,358
Utah	32,988	3,971	782	2,850	34,892	1,380
Vermont	15,718	2,337	367	1,800	16,622	637

[1] Trust fund maintains a separate account for each State agency, in which are held all moneys deposited from State unemployment funds and from which State agencies withdraw amounts as required for benefit payments. Deposits include those not cleared by the Treasurer of the United States; interest includes accrued interest receivable; withdrawals include outstanding checks.

[2] Advances for administration of unemployment compensation, employment service and veterans unemployment compensation certified to State agencies during fiscal year.

[3] Includes $621,000 granted to Puerto Rico and $29,000 granted to Virgin Islands for the administration of employment service and veterans unemployment compensation.

Employment security: State accounts in the Federal unemployment trust fund and Federal grants for State administration by State, fiscal year 1952–53—Continued

Source: Except for Federal grants, all data are compiled from data furnished by the Treasury Department, Division of Investments. (In thousands.)

State	Balance beginning of year	Deposits	Interest	Withdrawals	Balance, end of year	Federal grants for administrative fiscal year
Virginia	$90,969	$9,152	$2,128	$7,050	$95,199	$1,905
Washington	180,279	30,515	4,255	29,325	185,724	4,009
West Virginia	90,751	11,670	2,065	14,575	89,910	1,428
Wisconsin	241,280	19,581	5,648	12,995	253,514	3,020
Wyoming	14,384	2,026	353	725	16,037	611

The CHAIRMAN. The gentleman from New York has consumed 20 minutes.

The Chair recognizes the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, the pending bill would extend unemployment insurance protection to about 1.3 million workers in private industry and 2.5 million Federal workers. Coverage would be extended to the 1.3 million workers in private industry by changing the definition of employer so as to make subject to the unemployment tax employers who have 4 or more employees in each of 20 weeks during a year. Under present law, the tax is imposed only on those employers who have 8 or more employees in each of 20 weeks during the year. This, of course, would extend unemployment insurance protection to employees in smaller firms and businesses. The provision would be effective with respect to services performed after December 31, 1954.

With but minor exceptions such as Federal employees receiving a salary of $1,200 or less in a year, unemployment insurance protection would be extended to all Federal employees. This would be done by authorizing the Secretary of Labor to enter into agreements with the States under which the States would administer the program as to Federal employees in accordance with their own laws. If a State does not enter an agreement with the Federal Government, the Secretary of Labor would make unemployment insurance payments under the provisions of the laws of the State where the Federal employee was employed. In most cases the State law which would be applicable in the case of Federal employees would be the one where the Federal worker had his last official station when he became unemployed. A Federal employee would be considered as still being employed until he has used up all of his annual leave. Unemployment insurance benefits would be payable to Federal workers who are unemployed after December 31, 1954.

Under present Federal law, an employer cannot get a so-called experience rating until he has had at least 3 years' experience as an employer. An experience rating is based on the employment record of an employer, and in those cases where this record is a good one, the effect of an experience rating is to reduce an employer's tax. Our committee felt that it is somewhat of an inequity and a competitive disadvantage to new and newly-covered employers to require them to wait for 3 years before they can secure a reduction in their unemployment tax. The effect of this requirement is that during the first 3 years, such employers must pay the full tax of 3 percent, without any offset, regardless of how good their employment record may be. The bill provides that a new or newly covered employer can secure an experience rating after 1 year's employment experience. This provision merely permits a State to extend a rate reduction if it so desires. It is not mandatory on the States to do this.

The bill also eliminates the privilege of employers to pay their tax in quarterly installments. Employers are not required to pay the tax until after the close of their taxable year, and under present law they have the privilege of paying their tax in four quarterly installments. Representatives of the Department of Labor informed our committee that about 85 percent of unemployment taxes are paid when due, without employers exercising the option of paying in quarterly installments. We were also advised that the elimination of the quarterly installment privilege would reduce considerably the administrative burden of the Government, particularly in light of extending coverage to smaller firms—those employing four or more persons.

The improvements in the unemployment insurance program contained in the pending bill, on the whole, are desirable ones.

Mr. COOPER. Mr. Chairman, I ask unanimous consent that the gentleman from Michigan [Mr. DINGELL] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. DINGELL. Mr. Chairman, the pending bill is a faltering step of the present administration in meeting one of the most serious problems facing us today. With about 8.5 percent of the labor force either unemployed or voluntarily on short time, the administration has completely sidestepped its responsibility to provide adequate unemployment insurance protection not only for workers but as a means of bolstering the economy of the country as a whole, by pulling the old French protocol stunt of "After you, my dear Alphonse," in that it has expressed its concern about insufficient insurance payments both as to size and duration, but has recommended to the States that they take action to correct the deficiencies. Buck passing in typical Army style comes naturally in this administration and is so different than what used to be the positive policy and practice under Roosevelt and Truman. On President Truman's desk he used to have a sign "Buck passing stops here," and he surely took the bull by the horns with his own hands fearlessly and honestly.

As a practical matter, we who have been interested in an adequate unemployment insurance program over the years know that the States either will not or cannot make the needed improvements. The administration's attitude, of course, is very pleasing to the opponents of an adequate unemployment insurance program, because they not only are in a position of dealing with a national problem at the State level when needed legislation is left up to the States, but also can argue that for competitive reasons their particular State should not provide more adequate benefits.

I fully support the extension of insurance protection to Federal employees and employees in smaller firms. However, I remind you that the present administration has done nothing to bring about basic improvements in the unemployment insurance system. The Eisenhower administration has the opportunity of proving its sincerity and liberalism as we Democrats never did, because we will support every move to benefit the worker in every reasonable motion they will propose. We were always handicapped to a marked degree because of solid reactionary leaning of the Republicans reinforced by a Democratic coalition. This combination was paralyzing at times and compromises at best were inevitable. Now, however, the Republicans can be liberal and sure to carry because the great bulk on the Democratic side of the aisle will support them. Let us cut out the talk, Mr. Chairman; let us act.

We are now faced squarely with the problem of providing an unemployment insurance program which is adequate. The only way we can do this is to meet it head on with improvements that will provide genuine protection to unemployed workers, with the shot in the arm for our vacillating economy which such protection will bring about.

The opponents to an adequate unemployment insurance program always bring up the false argument that more adequate benefits will induce idleness. This is an insult to decent and honorable American workers. Certainly unemployment benefits lasting for a period of 26 weeks, with maximums at two-thirds of a State's average weekly wage and one-half of the individual worker's average weekly wage, can be no temptation for any self-respecting and decent citizen to remain idle. I refuse to believe that any American worker, and particularly one with a wife and children, having obligations to meet each and every week, including mortgage

payments on his home, would remain idle if he can work steadily.

Workers have certain expenses which they must meet daily, weekly, and monthly, and they dread the thought of going into debt. To expect them to exist on the pitiful unemployment insurance payments which are now available is asking too much. Unemployed workers, in order to hold on to their homes, educate their children, and exist, must meet certain minimum expenses at all times. Inadequate unemployment benefits mean that not only do the workers have to endure the sufferings and heartaches of unemployment, but also they must forgo buying sufficient food, clothing, and other essentials. With the cost of living being what it is today, even fully employed workers have trouble enough making ends meet.

The present administration has again met a pressing problem with high-sounding words and exhortations, not with real and effective action. This bill will bring very little solace to the unemployed workers of the country.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I introduced, jointly with my colleague, the gentleman from Wisconsin [Mr. O'KONSKI], as well as a group of Members from the other body, the so-called Forand bill to improve the unemployment-compensation system, and I intend to support the amendments which my colleague, the gentleman from Rhode Island [Mr. FORAND] will offer.

I think that the concrete base of full coverage of social security and unemployment insurance and an adequate national-health program must be fundamental policy in the private economy and is what the Republican Party ought to be devoted to. As we want a strong private economy and that is the great point of this administration, it has to have a strong concrete base. This is the best fortification way to give assurance against the fear of recession.

We just have word that employment is at a high level of 62,098,000 with a sharp contraseasonal drop in the normal May-June increase in unemployment. But we still have an estimated 3,047,000 unemployed and it serves to depict to us the numerical importance of adequate unemployment compensation and the danger of complacency in this field which determines the well-being and tranquillity of our people. The two additional amendments which the gentleman from Rhode Island will offer are very desirable. I would have wished also to support a proposal to cover all establishments with one or more employees, but it will not be before us. By setting as a minimum and maximum, 50 percent and 66⅔ percent of the average State wage for unemployment compensation and also a national standard of 26 weeks of such compensation we avoid the competition between States in this area which is so vital for the working men and women to attract business to them, because they give less benefits in unemployment compensation. I think it is very desirable that there be a fundamental standard, just like the minimum wage—even though it is inadequate under present conditions—for the American workingman. I am very proud that the administration has produced this first revision and liberalization of the unemployment compensation system since 1935. I feel that we are starting on setting a national standard for unemployment compensation by reducing the number of employees in establishments which are covered from 8 to 4. But I feel we can and should do more with the measure before us. I think we should join many of our Democratic colleagues in saying that the added national standards for unemployment compensation, which the gentleman from Rhode Island will propose, together with the bill before us, really represents an important part of that concrete base that can fortify the private economy. We believe in the private economy and the way to make it work is to make it strong. I think the Forand amendments will make this concrete base stronger under the private economy and I shall therefore support them.

Mr. COOPER. Mr. Chairman, I yield 15 minutes to the gentleman from Rhode Island [Mr. FORAND].

Mr. FORAND. Mr. Chairman, I ask unanimous consent that immediately following my remarks, the gentlewoman from Missouri [Mrs. SULLIVAN] may extend her remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. FORAND. Mr. Chairman, the pending bill, H. R. 9709, will bring much needed protection to about 4 million additional persons, but it does nothing at all for the workers who are already covered by unemployment compensation. The country is suffering from serious unemployment at the present time; in fact, the Departments of Labor and Commerce report that 3,447,000 were unemployed early in June, and that is an increase of 42,000 over the month of May.

Now, it seems in all the publicity being given to this subject, the employment figures are played up and the unemployment figures are played down. I am glad to see the number of employed persons as high as we can possibly make it, and we need it in this country. But I am also very much concerned with the large number of unemployed, because while we speak of the present circumstances as either being a mild recession, a readjustment, or what have you, to the individual who is out of a job and who is running out of money so that he has difficulty maintaining his family—I say to you that that person is in a depression. That condition needs remedying and remedying right now. The June employment, they tell us, was at the highest figure since last October; but actually it was 1 million below the employment figure of 63 million in June of 1953. The mid-June unemployment was more than twice that of a year ago and with the exception of 1949 was well above the corresponding period of any previous postwar year. Yet the administration and the Congress are doing nothing to remedy that situation except passing the buck to the States.

The average unemployment insurance payment in this country is less than $25 a week. I do not have to tell you that this is not even sufficient to meet nondeferrable expenses and that the unemployed are being forced to use up what little savings they have and then turn to public assistance, if they can get it. Payments of unemployment compensation benefits have lagged seriously behind the average weekly wage since the unemployment insurance program was established. The original intent in the program was that the payments should equal about 50 percent of the weekly wages. While average weekly wages in covered employment trebled between 1936 and 1953, the dollar ceilings for unemployment insurance payments on the average did not even double. Wages have been outdistancing ceilings continually until we have reached the point where weekly insurance payments represent only about two-fifths of the average weekly earnings of workers compared to the two-thirds in the 1930's. Only about $1 out of each $5 in lost wages and salaries is being replaced by unemployment insurance payments at the present time.

Not only are payments inadequate, but their duration is far too short to carry many workers until they are able to find other jobs. At the present time about 40,000 workers a week are exhausting their rights to payments. So far this year well over one-half million workers have exhausted their benefit rights. The present administration while recognizing that something must be done to increase payments and their duration has shirked its responsibility by suggesting to the States that they take the necessary action to do this. In my opinion, this can hardly be considered part of a dynamic program which we have heard so much about in the last couple of years. Those of us who have sought to bring about realistic and adequate improvements in the unemployment-insurance program over the years know that it is very difficult for the States to increase insurance payments and durations even in those cases where they are willing to, because of the competitive situation with which they are faced. We also know that the opponents of adequate unemployment insurance take full advantage of the situation which the present administration has got itself into by insisting that improvements in payments and their duration should be made at the State levels. Then the opponents turn around and they go to the State legislatures and say, "You should not and cannot provide adequate benefits because if you do our State will be at a competitive disadvantage compared to neighboring States." They have very successfully played both ends against the middle, with the result that insurance benefits have become less and less adequate over the years.

The major reason for the Federal Government's enacting unemployment-insurance legislation in the first place was on account of the competitive situation which would develop if each State proceeded individually to establish an un-

employment-insurance program. Right here I want to say to you that you have heard and probably will hear more that the amendments which I intend to offer in the committee are an invasion of States rights and that we are setting new standards—and, by the way, I intend to offer those amendments and a motion to recommit if the amendments are voted down in the committee, and, of course, I intend to get a rollcall vote on the motion to recommit.

If you will read the original act you will realize that at the very outset certain standards were fixed by the Federal Government when we said to the States, "If you want to come in under this program you will have to submit to us a program that is satisfactory. You will have to meet certain requirements." Therefore, the amendments which I shall offer will only provide perhaps a few additional standards which must be met by all and which the States themselves have failed to take care of, despite the fact that in his economic report the President suggested to the States that they increase the benefit amounts and also the period of benefits, which is all my amendments provide.

Also, the Secretary of Labor in February of this year wrote to the governors of all the States advising them that the President was suggesting that action along those lines be taken, but all of that fell on deaf ears. The States have failed to act. Therefore, I say to you it is the responsibility of this Congress to act to remedy the situation with which we are faced.

We must consider, and consider seriously, I believe, that unemployment compensation benefit payments are very, very important. They do two things: One, they help the unemployed worker by tiding him over, permitting him to feed himself and his family and clothe and house them, meager as the benefit amount is. Secondly, it provides purchasing power which is reflected in the business of every businessman in the community. It is a great help economically, and that has been proven time and again through newspaper articles and statements that have been made by individual businessmen in those areas that were so sadly affected.

The Congress realized that the States were faced with this situation, and I refer now to the competitive situation, and enacted legislation levying a uniform 3 percent tax on all employers throughout the country, there is one of your standards, with a credit provision of 90 percent in those cases where the States have an unemployment insurance program meeting certain basic requirements as to disqualifications, and so on, set forth in the Federal law. In addition, the Federal law permits an experience rating credit based upon the employment record of employers. In my opinion, there would be very few States today with adequate unemployment insurance programs had not the Federal Government taken this action. The very same reasons which impelled the Congress to take the initiative in establishing the unemployment insurance program in the first instance also controls when it comes to maintaining adequate payment both as to size and duration. Minimum requirements had to be established by the Federal Government in this field because unemployment insurance deals with economic problems which are Nationwide and beyond the control of the individual State. It is being claimed that the present administration is making extensive improvements in the Federal-State unemployment insurance program. My friends, the only improvement of any account, which would be provided by the bill now under consideration, is an extension of coverage. Nothing whatever is being done for those workers who are already covered. As a matter of fact. I was the author of a bill in the 82d Congress which was reported to this House, and which provided for coverage of Federal employees. This group makes up the bulk to whom coverage would be extended in the pending bill. For years I have led the fight to improve unemployment insurance, and while I fully support the extension of coverage provided in this bill, I deny any claims that basic improvements are being made in the unemployment insurance program as a result of the bill, H. R. 9709.

The need is urgent to increase the size and duration of payments. The unemployment insurance payments have proved their value to the economy of the country, and particularly to local communities time and again. More adequate benefits during this period of high unemployment and readjustment can do as much to bolster our sagging economy as any other one thing which the Congress can do. The relief which should be provided every family by more adequate benefits from the tragedy resulting from unemployment cannot be measured in dollars. Our whole Nation stands to gain by a more adequate unemployment insurance program. It is my intention when we get into the House to offer two amendments which on yesterday I inserted in the CONGRESSIONAL RECORD.

Mr. LANE. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I yield.

Mr. LANE. I congratulate the gentleman on the very able and forthright statement he has just made to the House. I know he is quite conversant with this subject matter, and I am aware of the fact that over the years he has studied unemployment compensation legislation as a member of the great Committee on Ways and Means of the House. I know the gentleman represents a district in New England which has a great deal of unemployment, as a result of the slump in the textile industry, which is a very, very sick industry today. The gentleman has lived with this problem over the years and knows whereof he speaks. I rise in support not only of the statement that he has made, but in support of the amendments he proposes to offer later in the day. I again congratulate the gentleman on this noble effort to bring this to the attention of the Congress and to the attention of the Nation.

UNEMPLOYED AMERICANS WITHOUT UNEMPLOYMENT COMPENSATION BUY NOTHING

New England has expert knowledge concerning the problems of the unemployed, because we have so many of them concentrated in communities that were once leaders of the textile industry.

Unemployment compensation is the only factor that provides food and energy and keeps up the morale of displaced workers while they search for jobs to give meaning to their lives again.

The present unemployment-compensation formula is too low and too short.

It is like an undersized lifeboat that is guaranteed to save part of the crew and carry them for a while before dumping them overboard to take on others.

Of course, we would prefer to see new industries or the Federal Government itself, come to their aid with substantial help. In the experience of New England, these S O S calls have not been answered. In fact, the Government has been taking the life preservers away from the crew by cutting down employment at Government installations, and by insisting upon policies that are making the weather worse for our fish and textile industries, among others.

Two recent items in the news, puzzle and disturb us.

We cannot escape the conclusion that the Government of the United States appears to have lost touch with the problems of its own people.

The first item informs us that the United States has released almost $14 million to relieve unemployment in West Berlin, which is some distance away from New England.

The second, under date of July 3, quotes the National Planning Association—a private group composed of businessmen, labor-union leaders, economists, and bankers—as predicting that unemployment will nearly double over the next year at the present rate of economic activity.

At this point, I would like to remind the administration that it is failing to promote maximum employment, production, and purchasing power which was stated as the objective of United States policy in the Employment Act of 1946.

When it is taking jobs away from people, or failing to take action that will save the ones that they have, the least it can do under these circumstances is to secure legislation that will increase and extend unemployment compensation benefits.

One or the other.

It cannot default on both and then expect to retain the confidence of the people.

In the absence of positive and constructive leadership, the Congress is determined to press for substantial improvement in unemployment compensation.

We want a benefit ceiling of at least 66⅔ percent, and a floor of 50 percent of wages. Duration must be extended to 39 weeks. Above all, it is necessary to enact a Federal Unemployment Compensation Standards Act, to prevent unfair competition among States and employers.

H. R. 9707 represents a token gain in that it extends coverage to employers of 4 or more persons in place of the prevailing 8 or more.

This does not go far enough.

From the report of the Committee on Ways and Means, I quote:

From the standpoint of the individual worker, unemployment insurance protection is as important if he works for a small employer as if he works for an employer of thousands. Moreover, it is as important to maintain the purchasing power of employees of small firms as of large firms.

H. R. 9707 still sanctions discrimination when it fails to cover employers with 1 to 3 employees.

To be fair, it must cover all.

We in New England take pride in the fact that we try to improve labor standards instead of sabotaging them. We have seen industries lured away from us to other sections where they can evade their social and economic responsibilities. Our burden of unemployment has increased as a result. But we shall never try to hold an industry that practices this form of blackmail. We believe in progress consistent with the national welfare, not cuthroat competition among the States to downgrade the standards and the security of American labor.

H. R. 9709, calling upon all the States to be good fellows about this problem, will not strengthen unemployment compensation for the Nation.

It will not prevent some States from keeping benefits low and brief while adding to disqualifications.

In fact, hypocritical evasions and unfair competition will be encouraged.

We, therefore, insist that the proceeds of the Federal Unemployment Tax Act shall be earmarked in a Federal unemployment account in the Federal Treasury to pay Federal and State administrative expenses and to provide reinsurance grants to those States who are in financial difficulty because of high rates of unemployment. These grants would permit States with unusually heavy unemployment to make adequate payments without raising employer taxes so far above levels in other States as to accelerate the out-migration of industry.

Unemployment is governed by nationwide economic forces and should be dealt with on a nationwide basis.

We urge adoption of the more realistic provisions contained in H. R. 9430, sponsored by the gentleman from Rhode Island [Mr. FORAND]. Any other course would be a cruel deception to millions of unemployed and to all others who live in fear of unemployment.

Mr. FORAND. I appreciate very much the statement made by my good friend, the gentleman from Massachusetts whose district is one of those also suffering extremely under the existing circumstances. I compliment the gentleman for the work he has been doing, and which he has been carrying on in this fight. But this fight, my friends, is not limited to the gentleman from Massachusetts [Mr. LANE] or myself or anyone else individually. That is the reason some 87 Members of the Congress joined together and prepared a bill, working at it for over 2 months, a bill which I introduced in the name of all of us, on June 3 of this year. That bill goes much further than the two amendments I am going to offer. These amendments will provide—1, for an increase in the amount of benefits, and 2, for 26 weeks of benefits. I am restricting my amendments to those which the President of the United States, your President and my President, had recommended to the States that they have their legislatures act upon. If you want to go along with the President, then you will vote for the amendments.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I am glad to yield to the majority leader.

Mr. HALLECK. Have the State legislatures been in session so that they could have an opportunity to respond to that request up to this time?

Mr. FORAND. Several of them have. Many of them have not.

Mr. HALLECK. I think most of them have not been in session. At least I know my State legislature has not had a session since that recommendation was made. That recommendation was made in January of this year, was it not?

Mr. FORAND. The President's recommendation; yes.

Mr. HALLECK. The only point I was making, I do not think the States have had an opportunity to respond to that request of the President.

Mr. FORAND. If you want to pin it down specifically to the request of the President, perhaps the gentleman is right. Not enough of the legislatures have met. Many have failed to act; but over and above that, away beyond the time that the President made his suggestion, the need was there, and we have failed to act.

How anyone can vote against my amendments after considering the following facts is beyond my comprehension.

Here are the facts about the present economic situation as of June 24, 1954:

Over the last year—May to May—total nonagricultural employment has declined 1 million. Agricultural employment is up 400,000, making a total civilian employment decline of 600,000.

Because of a net increase in the labor force of 700,000 and because of an increase in productivity which displaces 1,800,000 workers a year, a total of 2½ million new jobs each year must be provided.

Manufacturing employment over the last 9 months, beginning in September, has declined 1,734,000. Since May of 1953, the decline has been 1,500,000.

In May of this year, there were 10.1 million workers employed for less than 35 hours a week, as compared with 9,300,000 a year ago.

According to the Department of Commerce, 31.6 percent of those currently unemployed have been unemployed for 15 weeks or more. The figure was 15.9 percent a year ago.

In the week ending June 12, 286,069 workers received their first unemployment compensation checks. This is 23,000 more than the preceding week and 116,000 more than a year ago.

During the week of June 12, 2,035,000 workers were receiving unemployment insurance, 70,000 greater than the preceding week; 1,200,000 greater than a year ago.

During the first 5 months of this year, 658,000 workers exhausted their unemployment compensation benefits, as compared to 348,000 in the same period last year.

Steel production currently is running at 72.6 percent of capacity. This means that the current week's production will be 450,000 tons of steel short of the same week a year ago. The New York Times, May 27, reports that Ben Fairless predicted that his company's operating rate would remain for the rest of 1954 at close to the 73 percent. Same article reports that Mr. Grace, of Bethlehem, will be satisfied if Bethlehem's rate could remain at 72 percent.

Auto production is off 15 percent from a year ago. During second half of 1954 auto production is scheduled to drop one-third below first half of 1954.

Industrial production is off 9 percent from a year ago. The reported upturn from April to May is the result of the figure being seasonally adjusted. Actual operating rate for industrial production in May was identical with April.

Weekly hours in May were 39.3. This is 1.4 hours less than a year ago. The reported upturn in May of 0.3 hour per week was due to a comparison with the April figure, which was low because, according to the BLS of the Department of Labor, it reflected the week which included Good Friday.

Business failures in the week of June 12 totaled 206 as compared with 218 business failures the preceding week and 167 in the similar week a year ago. Most of these business failures were among small businesses.

Department store sales for the first 6 months—that is, up to June 12—were 3 percent less this year than last year. For the 4 weeks ending June 12, department store sales were 5 percent less than in the similar 4 weeks a year ago.

Total sales of retail stores were 3 percent below May a year ago and 2½ percent lower for the first 5 months of this year.

JUNE EMPLOYMENT FIGURES

The administration and the press are making much of the fact that unemployment did not rise between May and June by as much as is usual for this season of the year. It rose by only 42,000 this year, whereas the average May-June rise in unemployment has been 367,000 in the postwar years 1946 to 1953.

This less-than-normal rise in unemployment was not due, however, to a more-than-seasonal rise in employment. The employment increase between May and June was also less than is usual at this season. It increased by 979,000, which is half a million below the usual May-June increase of 1,500,000.

The reason why June unemployment showed such a small increase this year, even though employment was increasing less than usual, is that the labor market recorded a subnormal gain in June. Average May-June increase in the civilian labor market in postwar years has been 1,875,000, whereas this year it increased by only 1,020,000. This 855,000 deficit in the June labor market actually represents hidden unemployment, potential jobseekers who fail to get counted as

unemployed because they have been discouraged from job seeking by the prevailing Eisenhower recession.

For the whole period of the seasonal upturn from January to June 1954 compares with the average of other postwar years—1946 to 1953—as follows: The civilian labor market increased 2,600,000—actual, 2,605,000—as compared with the usual 3,600,000—actual, 3,580,000; employment increased 2,300,000—actual, 2,345,000—as compared with the usual 3,600,000—actual, 3,647,000; unemployment increased 260,000, as compared with a normal decrease in unemployment of 67,000.

On a comparison with June 1953, there is little to cheer about in the June employment figures just released.

The civilian labor market increased over the year by 711,000, which falls considerably short of the 971,000 average annual increase that took place in the previous 7 years. Employment is now 1,074,000 less than a year ago. An exceptionally large part of this reduction is in agriculture, 498,000. Nonagricultural employment is 576,000 smaller than a year ago. Unemployment is 1,785,000 greater.

Manufacturing employment declined slightly in June for the eighth month in a row. The June figure of 15,829,000 wage and salary workers in manufacturing is 1,587,000 less than the 17,416,000 so employed in June 1953. Average hours of manufacturing production workers in June were 39.6, compared with 40.7 hours a year ago. This reduction of 1.1 hours a week for 16 million workers is the equivalent of full-time unemployment for an additional 440,000 workers.

Mrs. SULLIVAN. Mr. Chairman, I am grateful to the gentleman from Rhode Island, [Mr. FORAND], for making arrangements for me to have my remarks on the Unemployment Compensation bill placed in the permanent RECORD as part of the debate on the bill. A very sad occasion, a death in the family, required my presence in St. Louis at the time the bill came before the House, and thus it was impossible for me to be present for the debate. But I do want the RECORD to show how deeply disappointed I am in the scope of the bill presented to the House under a title which I think is a misleading title, that is, a bill "to extend and improve" unemployment compensation.

This bill will add very few people to the unemployment rolls in Missouri—only those who work in establishments employing from 4 to 8 people and the comparatively few Federal employees in Missouri, about 45,000. The Federal employees should be covered, of course, but I am afraid this bill does very little for any of those who have already lost their jobs because of reductions in force, since no benefits can be paid to jobless Federal employees under this bill until next year.

I am also disappointed in the failure of this bill to increase benefits in any way whatsoever in any State or jurisdiction. The maximum benefits in Missouri today are $25 a week. That is obviously not enough to keep a family going—not with the cost of living in St. Louis, for instance, more than 2 percent higher than it was a year ago and apparently still rising. The latest Consumer Price Index shows an increase of nearly 1 percent in the cost of food from April to May of this year in St. Louis; it shows meat going up in almost every category and many of the fresh, frozen, and canned fruits and vegetables going up, even such staples as pork and beans, shortening, margarine, lard, sugar, jelly, and so on, and of course the average retail price of coffee on the Consumer Price Index has reached $1.18 a pound. Not only food, but housing, medical care, personal care, transportation, and some apparel items have been going up.

With the cost of living at about a record level, it is wishful thinking to believe that an unemployed worker can keep his family going on $25 a week.

The Forand bill, which I cosponsored along with more than 80 other Democratic Members of the House, would have done a lot to improve the situation if the House Ways and Means Committee had approved it instead of the inadequate bill it did report out. It would have extended the period of coverage for unemployment compensation benefits to a maximum of 39 weeks, and in Missouri it would have meant an increase in the benefits to a top maximum of about $44 a week instead of $25. The formula proposed in the Forand bill would provide benefits equal to half pay based on a worker's normal wage up to a maximum of two-thirds of the State's average weekly wage. So in Missouri that would mean a benefit of $44 a week for any worker who normally earned $88 a week or more, and half pay for anyone whose normal wage was less than $88 a week or more, and half pay for anyone a whole lot more workers now excluded from unemployment compensation by removing many of the present restrictions on the size of a business firm eligible for coverage. In other words, instead of taking in just those additional workers who are now employed in firms hiring from 4 to 8 employees, it would cover in a total of about 153,000 Missourians who work in small firms employing from 1 to 8 persons.

The reason I am so distressed about the inadequacies of the Reed bill is that St. Louis itself is a distressed community, an area of substantial unemployment. The Department of Labor reports that in March unemployment was estimated at 50,400, or more than double the level of a year ago. The Bureau of Employment Security added that further layoffs were expected in autos, primary metals, ordnance and shoes, and that these would offset the expected seasonal buildup in construction, trade, transportation, and food. We know that thousands of Missouri workers who have been unemployed have used up all of their unemployment compensation benefits without finding new employment. All these things taken together make it obvious that the Congress is not "extending and improving" unemployment compensation in any practical manner compared to the frightful economic problems faced by the families of those who have lost their jobs.

I hope the Senate, in considering this same legislation, will approach it in a much more realistic fashion and really improve unemployment compensation by increasing benefits sufficiently to enable people on unemployment compensation to live decently during this difficult period of recession and readjustment. The Democrats on the Ways and Means Committee, in their minority report, stated this problem concisely and accurately when they said that the majority of the Committee on Ways and Means have given to the people on unemployment compensation not bread but a stone.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, I will not take the 5 minutes. I simply want to state that, of course, I am behind this bill which came out of our committee. Essentially I think it is a good bill and it is perfecting our unemployment-insurance program. I think the test of time has shown that the balance that has been worked out between State and Federal Governments in this field has been a pretty good one. Essentially, the arguments that will be advanced in behalf of the amendment which will be offered by the gentleman from Rhode Island [Mr. FORAND] are the question of whether that balance should be changed and whether or not the Federal Government should be taking a more detailed part in the program instead of letting the States proceed. But the main reason why I took the floor at this time is to call attention to the unemployment situation as it actually exists.

The gentleman from Rhode Island [Mr. FORAND] mentioned the fact that unemployment had increased by about 42,000 in the past month. There is an article which appeared in the July 8 issue of the New York Times on this subject. The headline reads: "Employment Up 989,000—Most of the Increase on Farms."

But in this article it points out this particular thing, and there are a couple of other sections to which I want to refer, and later on I shall ask permission to insert the whole article in the RECORD.

The rise in unemployment is significantly small because seasonal factors usually increase the total 10 to 11 percent in June, as students and graduates enter the labor market. A 10-percent increase in unemployment would have meant a rise of 334,000 unemployed.

So the actual fact that almost 1 million additional people are employed than were employed last month is a significant feature.

Continuing, this article says:

June brought the first break of any significance in the number of relatively long-term unemployed, those without jobs for 15 weeks or more, which had remained at the 1 million mark since March. In June this group dropped by about 200,000—

In other words, that is 20 percent—

to an estimated 850,000.

That is really the significant figure. The conclusion of the article is that it looks like the peak has been passed, and that our unemployment problem has

been met. Incidentally, at no time has it assumed the significant proportions that some people would have us believe. It has nowhere near attained the proportions that we saw in 1949, and of course any attempt to compare it to the 1930's is ridiculous.

In addition to that there is one other figure I want to emphasize, as I have before, our civilian labor market has taken over some 250,000 Government employees who have been let out. It has absorbed those, plus some 600,000 boys who have been in the services, who have been returned to civilian life from the uniform since the end of the Korean war. A gentleman of the opposite party said in a recent public speech, for every boy that is returned from Korea, two have returned from Detroit. Well, aside from being an untrue statement it certainly is filled with cynicism and defeatism.

I say the fact that we are reverting to a peacetime economy is the significant thing, and I think the administration is doing a great job in actually bringing about prosperity with peace. It can be done, and we do not need any war in order to solve the unemployment problem.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Rhode Island.

Mr. FORAND. I would like to hear the gentleman tell us just what the administration is doing to take care of the large unemployment situation, if it is doing such a fine job.

Mr. CURTIS of Missouri. One thing is that it is encouraging private industry for a change, and making it possible for business to go ahead; it is creating new employment opportunities because it is encouraging private business.

Mr. FORAND. Does the gentleman know there are more business failures now than there have been in the past?

Mr. CURTIS of Missouri. I am saying what the unemployment figures show. Never in the history of the country were so many people employed.

Mr. FORAND. Never in the history of the country was the population so large or never was the population increasing at such a rapid rate.

Mr. CURTIS of Missouri. If you will compare these figures on a percentage basis, the percentage of employed to unemployed and to the total population, the result will show that we are in no serious circumstances, particularly when it is realized that we have in less than a year reverted from a wartime economy to a peacetime economy.

[From the New York Times of July 8, 1954]

EMPLOYMENT UP 989,000—MOST OF INCREASE ON FARMS

WASHINGTON, July 7.—Employment rose 989,000 from May to June, most of it on farms. The rise in unemployment was negligible—not more than 42,000. After allowance for seasonable factors, the downtrend in nonfarm employment appeared almost completely halted in June.

The level still was 1,600,000 under the peak for the month attained last year.

The total employed during the survey week early in June was estimated at 62,098,000, compared with 61,119,000 a month earlier.

The unemployed total was estimated at 3,347,000, compared with the May total of 3,305,000.

PAST PATTERNS CHANGE

Neither the employed nor the unemployed totals moved as much as seasonal patterns of the past would indicate. The rise in unemployment was significantly small, because seasonal factors usually increase the total 10 to 11 percent in June as students and graduates enter the labor market. A 10 percent increase in unemployment would have meant a rise of 334,700.

The Census Bureau, which makes the general employment and unemployment estimates, said the number of students entering the labor force between May and June was somewhat smaller than in most other postwar years.

A joint release by the Commerce and Labor Departments said that as June progressed there was a further decrease of unemployment among adult workers.

Some of the other highlights of the month's developments were these:

June brought the first break of any consequence in the number of relatively long-term unemployed (those without jobs for 15 weeks or more), which had remained at the 1 million mark since March. In June, this group dropped by about 200,000 to an estimated 850,000.

New unemployment, as measured by initial claims for State unemployment insurance, continued to decline seasonally during June. By the week ending June 28, the volume had fallen to 265,000, the lowest level for any week since October 1953, and 5 percent less than in May.

CONSTRUCTION WORK RISES

As in the last 2 months, many previously jobless men found employment in construction work, and there was some easing in unemployment in other business areas as well.

The two departments, reporting on new construction, said the seasonal rise in June expenditures made a total of $3,300,000,000 for the month and a 1954 first-half total of $16,600,000,000.

The number of employees on nonfarm payrolls, which excludes the self-employed, domestics, and unpaid workers in family enterprises, rose 142,000 to 48,100,000 in June, while factory employment remained unchanged at 15,800,000.

The workweek of factory production workers averaged 39.6 hours in June, a third of an hour higher than in May, the Bureau of Labor Statistics reported. This June average, however, was 1.1 hours below that of June 1953.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. FORAND. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. KELLEY].

Mr. KELLEY of Pennsylvania. Mr. Chairman, since this discussion has developed into one about employment and unemployment, I wish to say that my congressional district, which is Westmoreland County of Pennsylvania, has been in distress for many months. Unemployment is a serious matter in my district. The miners are idle, steelworkers are idle, electrical workers are idle, and there are idle men in the glass-manufacturing plants. I am therefore interested in the amendment to be offered by the gentleman from Rhode Island [Mr. FORAND], because most of my people who are unemployed have exhausted compensation benefits and are now dependent upon relief or charity and some aid from surplus Government food.

Just recently the Pittsburgh area as defined by the Labor Department has been placed in the No. 4 category as a critical area. That does not indicate that there is any improvement in the situation there in employment; it indicates that it is getting worse.

As long as the steel industry operates at less than 70 percent of capacity, you will never have any prosperity in this country, you cannot have it for basic industry, and that is what it has been for some months now, and it is getting worse.

It is not a recession in my view, it is a depression. It is a depression in my district. My people view it as a depression and not a recession. They are the ones who are suffering, they are the people without employment, and many have been for months.

Mr. Chairman, the people in Westmoreland County, Pa., in the center of Pennsylvania's bituminous coal, steel, and electrical industries, do not believe in beating around the bush. They believe in speaking straight-out.

When some of the Republican newspapers in our county started to apologize away this recession by calling it an "inventory adjustment" and things of that kind, the miners and the steelworkers and electrical workers and our other industrial workers adopted their own phrase for it. They call it "Ike's depression."

They remember the last depression and they remember we had a Republican administration at that time. They tend to associate Republican and depression as words which go together.

Frankly, Mr. Chairman, I cannot blame them, particularly when I see the fraud we are perpetrating on the people through a bill like this which pretends to be an unemployment compensation bill.

Jobless workers in Westmoreland County who have used up their full 26 weeks of benefits and still do not have jobs can starve, as far as this bill is concerned. There is nothing in it for them. Those who are still on unemployment compensation and drawing a meager $30 a week top benefit, trying to feed and care for a family on that, can limp along as best they can for there is nothing in this bill for them either.

I will be happy to join with Congressman FORAND and other Democrats in trying to write into this bill a higher system of benefits—half-pay up to a top of two-thirds of the average weekly wage.

That would raise the top benefit in Pennsylvania to about $44 a week, which is not very much on which to run a household these days but is a whole lot better than the present $30 top.

I am sorry the administration refused to help us to get a better bill than this one now before us. I am sorry it is shutting its eyes to the magnitude of the unemployment problem and the hardships that go with it.

In my county, however, it is just about what the rank-and-file industrial worker would expect from a Republican administration and so there will be no surprises there.

They just call it "Ike's depression" and let it go at that. What burns them up

most, Mr. Chairman, is that they have to wait 2 more years for a chance to vote in a presidential election.

Mr. REED of New York. Mr. Chairman, I yield 8 minutes to the gentleman from Wisconsin [Mr. BYRNES].

Mr. BYRNES of Wisconsin. Mr. Chairman, I intend to support this bill. I voted in the committee to report it to the House. I must say, however, that I am not too pleased with two sections of the bill, and as a result I filed dissenting views with respect to the section on the extension of tax to employers of four or more employees, and that provision relating to experience rating.

It seems to me that when we approach this problem of unemployment compensation we face one basic issue: The matter of States rights. When this program was conceived, the general purpose of the Federal Government coming into the picture at all was to encourage States that at that time had not acted to adopt unemployment compensation plans. The Federal Government gave its stamp of approval to the idea, the theory and the objective of unemployment compensation, and took steps to encourage the States to adopt State plans. Fundamentally, all through the history of unemployment compensation it has been conceived as an area for State legislation with assistance from the Federal Government. We levy a Federal tax and we today collect a Federal tax from employers, not for the purpose of providing a fund from which benefits can be paid but only to provide administrative funds to assist the States in the administration of the State program. But we have always left the fundamental decisions, the details, the benefits, the length of benefits, also the area of the employers to be covered, particularly in that troublesome field of employers in small business, to the States to act on the basis of the conditions existing in the various States.

I do not know why it is that we in the Congress so often take the attitude that we here are so much smarter than are our counterparts in the State legislature, that all the brains rest here in Washington, and that the legislatures and the State administration in the State capitals are absolutely devoid of any reasonable intelligence and that we have to make the decisions. Having served in a State legislature, I would like to say that at least as far as this Member of Congress is concerned, he has a very high respect and a very high regard for the wisdom of the State legislatures in meeting the problems in the various States. To me many things that we meddle with here could much better be done if they were left to the decision and the determination of State legislatures and local communities.

Mr. Chairman, that is what we run into as far as this particular bill is concerned and it is what we run into in connection with the amendments to be offered by the gentleman from Rhode Island [Mr. FORAND]. I know that there has been for a long period of time a great effort on the part of some people to completely federalize the unemployment compensation program. These people feel that we should not leave the decisions to the State. They say: Let us get it all down here in Washington and federalize it, let us disregard the conditions that exist in the various States and let us have a national pattern, that is the only way it can be done. Underneath it all, I suppose, is this idea that all wisdom rests in Washington; which idea, of course, I do not subscribe to at all.

Mr. Chairman, it is this matter of States rights, States prerogatives and the recognition that this program is basically a State program with Federal assistance and Federal encouragement that is at issue when we consider the Forand amendments that are to be offered. Make no mistake about it, those amendments have only one purpose and one objective and that is to federalize the program and take away from the States the right to determine the amount of benefits, the length of benefits and all the various other factors which today and historically we have left to the States.

On that basis I am opposed to the Forand amendments. I think it is on that basis that the President himself has said that some of the provisions of the Forand bill are good provisions but they are provisions that should be adopted by the States and not superimposed from above by the Federal Government.

It is because the extension of the tax encroaches upon the State prerogatives, that I oppose that particular section of the bill.

There is nothing in the Federal law today that says to a State, "You cannot bring employers under the unemployment compensation provision if they employ less than 8 employees." We say the States can go as far as they want to. They can cover employers that have only one employee at any time. In fact, some States have done so. But, is that not the State's right? Is that not up to the State to decide?

Another matter we should recognize is that this bill does not provide for benefits. If you look at section 1 of the bill, it simply imposes a tax. It does not insure any benefits. It imposes a tax on employers of four or more employees. It does not say what benefits the employees are going to get or that they are going to get any benefits. All we do is say we are going to tax employers of four or more employees.

Certainly we assume the States are going to act to cover employers of four or more employees, thus having them pay a certain part of the tax to the State government and get credit against their Federal tax. It is logical and certainly I think we can all assume that that is what is going to happen. But, as far as this section 1 is concerned, it gives benefits to nobody; all it does is impose a 3-percent Federal tax on employers of 4 or more employees.

That matter of what employers should be excluded has been up in the States at various times. Some State legislatures have had bills introduced to lower the standards—"standards" may not be the proper word—but to lower the number of employees in a given plant who will be covered by unemployment compensation. In some States they have adopted lower standards such as one or more employees at any time as the test. Others, however, have turned down legislation or bills introduced in their legislatures to accomplish similar objectives. Is it not right for them to make their own determination? Can they not respond to the needs of their own people and the desires of their own people? It seems to me they can, and it is for that reason that I oppose section 1 of the bill.

The reason I am voting for this bill is the provision in the bill which covers Federal employees. It seems to me that Federal employees should be on a par with employees generally throughout the country. The Federal Government as an employer should have similar responsibilities toward its employees that other businesses have toward theirs, and certainly should have the same responsibility toward its employees that we by law say to private industry they must adopt toward their employees.

So, Mr. Chairman, on the basis of the coverage of Federal employees, I believe this bill is a much-needed piece of legislation. It is only because in my judgment that factor does outbalance the provision which I do not approve of in the bill that I am going to support it. I wish it were possible under the rule to strike out section 1 relating to the extension of the tax on employers of 4 or more employees and also that section which reduces the experience-rating provision to 1 year rather than a 3-year base. Unfortunately, that is not possible.

In closing, Mr. Chairman, I would simply make this one observation: Let us not try to take unto ourselves here in Washington all prerogatives and jurisdiction over matters which we all know in our hearts can much better be done at a State or local level of government. Let us not act in a way which will give rise to the feeling that we here in Washington have lost confidence in the ability, in the integrity, and in the wisdom of our State governments.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, I listened with a great deal of attention and with a great deal of respect to the gentleman from Wisconsin [Mr. BYRNES]. He makes a very strong argument, from his point of view, that we should leave this matter entirely to the States; do not let the Federal Government interfere at all.

Mr. Chairman, if that is a good argument, why did the Federal Government in the first place pass an unemployment compensation measure? In other words, if we follow his argument to its logical conclusion, the Federal Government should not at any time or in any instance pass any Federal unemployment compensation legislation. So that when it comes to that, the only thing we have to consider is the matter of degree in the setting of standards by the Federal Government. This bill merely sets up minimum standards with which the States must comply in order that employees will get the benefit of unemployment compensation.

It is a well known fact, known to anybody who has made any study of the subject, that the States have not kept pace with economic conditions, with economic factors. We know that the benefits do not rate nearly as high as they did 8 or 10 years ago or even 5 years ago. We know that the duration of the benefits is not as satisfactory as it was 7 or 8 or 5 years ago or 3 years ago. We know that the States, as a matter of history, have fallen back in this respect and that this measure effects nothing whatsoever for the working men and women in this country.

Everybody admits that the economy is in a better condition than it was 10 years ago. Standards of living are higher. We do not believe any more in unemployment. That used to be accepted as one of the natural results that follow from our economic system. But I think we have advanced in our thinking throughout the country. We have come to believe that we should do something to alleviate the distress that occurs by reason of unemployment.

Let us look at this from the standpoint of the employee. If a man works for a company that has eight employees and he loses his job through no fault of his own, he is entitled to unemployment compensation. But a man or a woman who works for an employer who employs only three people gets no protection whatsoever so far as Federal statutes are concerned.

Some States have seen the inequity of this situation, that if 1 employee who works for a big company is entitled to compensation, why is not an employee who works for a company with only 1 or 2 employees? Is not his unemployment a matter of just as much distress as it would be to an employee who works for a big corporation?

Mr. Chairman, as I see it, the situation is such today that this legislation is entirely inadequate to meet the social thinking of the country and to meet the economic necessities. Why are we including in this measure, forcefully including, if we want to say so, all Federal employees? Because we recognize that when a Federal employee loses his position he is just as much in distress as a man who works for some big corporation. So we include him in this. But they object very, very strenuously to including employees when there are only 2 or 3 employees of a small business. From that standpoint, I do not think this bill is accomplishing nearly what the general public expects. I do not think it is coming anywhere near the recommendations of the President of the United States.

I know it will be broadcast over the land that the forward-looking program and the liberal program of the President takes another step forward, but this bill does nothing whatsoever. One of the main features of the bill is to permit reduction in taxation which goes toward building up these unemployment-compensation funds. It will be a great boon to some businesses, of course. That is a feature which, while I have no particular objection to it, I think some people would have, as was expressed by the gentleman from Wisconsin [Mr. BYRNES] a few minutes ago.

I think it is up to the Federal Government. We embarked on a step of practically compelling all the States of the Union to set minimum standards whereby unemployment compensation would be paid, and now because some of us want to go a little further and increase the minimum benefits there is great objection because we are supposed to be interfering with States rights. To me that does not seem logical at all.

The bill does a little bit of good, of course, by taking in Federal employees, but I cannot see any other benefits from the bill whatsoever. The situation with regard to unemployment is much more serious than most people realize. In the western Pennsylvania area there are great steel mills which have been operating for a number of years at practically 100 percent of capacity. But now, Mr. Chairman, they are operating at 59 percent of capacity, producing 40 percent less steel than they did a few years ago.

The unemployment situation in the Pittsburgh area is 7.9 percent. Thousands upon thousands of employees have practically exhausted their unemployment compensation benefits, thousands upon thousands are suffering loss in take-home pay by reason of working a less number of hours than 40 hours a week. The situation is much, much worse than it is portrayed by the morning newspapers, when a very Pollyanna statement was put out that there are more employees now than there have ever been in the history of this country. Of course, they fail to mention the fact that the population has increased. They fail to mention the fact that there are hundreds of thousands of boys and girls who have graduated from schools and who are now in the position of seeking employment. I might call attention, Mr. Chairman, to the fact that this Pollyanna statement just issued was taking in a period of the first 12 days in June. So it does not take into account the many, many hundreds of thousands of employables who graduated from schools since June 12. So I do not think they should be too happy about the employment situation. Of course, we see, Mr. Chairman, that the stock market is rising, hitting an all-time peak. Profits are getting greater and greater. The incentive for investing in stocks is getting greater and greater. But unemployment is getting greater and greater and hardship and distress is occurring. Fifty-nine areas of the country have been acknowledged and certified to by the President of the United States to be distress areas. What is a distress area? A distress area can mean only one thing, if we take into account the definition of what distress means. That means families including children and wives of workingmen are suffering distress. I am sure it is not because they do not have enough clothing. I think it is because they do not have enough to eat. So I think it is time for the Federal Government to step in and consider those things once and a while. I think this Congress is giving too much attention to the matter of seeing their profits are greater and is worrying too much that business will be taxed, and does not have enough regard to perhaps a reduction in taxes for those people who need a little spending money so as to bring about a greater circulation of money and increase the purchasing power of the great masses of the people. Piling up great fortunes in the hands of a few people is not going to make for the general prosperity and general welfare of this country. The businessmen right now—the small-business men are paying and paying heavily for the folly of many of their policies adopted during the last 2 years. Walk along the streets and talk to the businessmen who cater to the masses of employees and they will tell you how business is. They are not making any profits. They are losing money day after day, giving credit to people whose unemployment compensation has run out, and giving credit to people who are on relief. How are you going to have prosperity? We are not here in this Congress to legislate only for certain types of people and certain types of organizations. Our greatest concern should be the great masses of the people and not just a few.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, it is a well-recognized fact in our country that the problem of the workingmen, especially those who are ill or who have suffered accidents, has been taken care of and has been considered by the State governments and the Federal Government, and is a matter that should be taken care of. I remember many years ago in our great State of Ohio, we passed what we called the workmen's compensation law and that has proved to be very popular and very necessary. The Federal Government takes cognizance of this problem of unemployment under the unemployment compensation program. This program is a joint Federal-State undertaking.

Pursuant to recommendations made by the President for improvement in our unemployment compensation laws, the Committee on Ways and Means has made an extensive study of the matter. The result of that study is contained in this legislation which is before the House of Representatives today, H. R. 9709. This bill will make four improvements in our unemployment-insurance laws.

These improvements are: First, 1.3 million additional workers would be brought into the system through the extension of unemployment-insurance coverage to employers of 4 or more in 20 weeks. Present Federal law provides for coverage of employers of 8 or more in 20 weeks. I am proud to say that in our great State of Ohio we have for many years had a more far-reaching provision in that we have extended coverage to employers of 3 or more at any time.

The second improvement contained in H. R. 9709 is in the reduction from 3 years to 1 year of the experience-rating

principle to new or newly covered employers. This provision will mean that small business and new businesses will have the advantage of paying reduced tax rates where they have had a favorable employment experience in 1 year. Such business will not have to wait for the 3-year period before being eligible for this tax benefit. It should be pointed out that this reduction in the experience-rating period is optional with the States and merely extends to the States the privilege of taking advantage of this amendment.

The third important change has to do with the method of making tax payments under the program. Because of the expanded coverage it became administratively necessary to eliminate the present quarterly payments and to require annual Federal payments.

The fourth important change was an extension of unemployment insurance coverage to 2½ million Federal workers. A Federal worker out of a job is as much in need of unemployment insurance as a worker who has lost his job in industry. Therefore, the Committee on Ways and Means has deemed it appropriate to permit Federal workers to participate in the program.

These amendments are all proper prerogatives of the Federal Government. Suggestions have been made for Federal legislation to require increased benefit levels and extended periods of benefit payments. The Committee on Ways and Means rejected these proposals because they are matters appropriately within the scope of State determination. It has historically been the States' prerogative to set the minimum and maximum benefit amounts and to establish the duration of such benefit payments. H. R. 9709 would do nothing to deny to the States control over those aspects of the unemployment insurance which have traditionally been a matter of State determination.

I would like to commend my colleagues on the Committee on Ways and Means for this constructive legislation which is before the House today.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. GRANAHAN].

Mr. GRANAHAN. Mr. Chairman, a statement in the next to last paragraph of the minority report on this bill, signed by five of the Democratic members of the Committee on Ways and Means, should be painted on a big billboard outside the Capitol so that every Member of the House could read it every day while going to and from the Chamber. It might have some good effect.

It is this:

> This Congress is about to go home to face millions of unemployed workers. It will go with empty hands, so far as meeting their needs for unemployment-insurance payments adequate as to weekly amounts and number of weeks' duration. They have asked us for bread, paid for on insurance principles; we are about to give them a stone.

Mr. Chairman, in recent weeks we in the Philadelphia area have had the shock of having our city and the surrounding area declared a distressed area. Factory payrolls alone are nearly 8 percent below a year ago. Unemployment in our area is estimated at nearly 7 percent of the total labor force, and is double what it was a year ago.

This is not just for Philadelphia proper, but for Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania, and Burlington, Camden, and Gloucester Counties in New Jersey. This is the great Philadelphia metropolitan area—Greater Philadelphia—and it is a distressed area of substantial unemployment.

The unemployed in our area are largely people who have been working in the metalworking industries and in such other factory-type work as apparel, transportation equipment—ship, aircraft, motor vehicle and railroad production—in electrical machinery, textiles, and so on.

More than 17,000 have lost their jobs in the transportation equipment industry, 11,000 in apparel production, and thousands in the other industries.

An unemployment compensation bill—even an adequate bill of that nature—could not by itself solve this great employment problem. But an adequate bill could help to cushion the hardship and suffering which result from involuntary unemployment. This bill before the House today is far from adequate in that respect; actually, it does virtually nothing for the unemployed worker in the Philadelphia area.

It does not raise the present maximum benefits of $30 a week. It does not increase the present maximum duration of benefits of 26 weeks. For the average worker in my State, it does not do a single thing. It does not cover in a single additional non-Federal employee into the system, because we now have wider coverage in Pennsylvania than this inadequate bill proposes.

There is one thing and one thing only that this bill does for any unemployed Pennsylvanian. If he happens to be a Federal employee who has lost his job in a reduction-in-force, he can now be covered into the unemployment compensation system under this bill. That sounds fine, for we have had thousands of Federal employees discharged in the Philadelphia area in the last year and a half, in budget cuts; particularly at the Navy Yard. I have long been urging their inclusion under unemployment compensation.

But I would not advise any of those discharged Navy Yard workers or other Federal employees in my district to get excited too quickly about their prospect of collecting unemployment compensation under this bill. I would not advise them to order anything from the grocery store with a promise to pay it right away with an unemployment compensation check. For under this bill, the unemployed Federal employee will have to wait until next New Year's Day to begin collecting unemployment compensation benefits.

Many of them have been out of work for many months, using up their accrued annual leave, their contributions to the retirement fund which they had to draw out and spend for food and shelter, and then whatever other savings they had accumulated. After that, they went into debt. I do not see how they can hold out until next January 1 to begin collecting unemployment compensation, in case they still have not found employment.

I make this point, Mr. Chairman, because we are dealing with a situation in which workers—no matter how willing—in thousands of cases just cannot find employment. This is particularly true of some of our Federal employees who have spent a lifetime in the Federal career service and are now at an age where industry hesitates to employ them. It is most unfortunate for older women among them—they just cannot find new jobs.

If our economy were booming and new job opportunities were opening up, this would not be such a problem. But the evidence shows the job market in the Philadelphia area and elsewhere among major industrial centers has been shrinking, and with all the youngsters coming out of school and entering the labor force, the situation becomes worse.

I am deeply disappointed, Mr. Chairman, that the majority members of the House Ways and Means Committee refused to approve the bill introduced by Representative FORAND, of Rhode Island, and cosponsored by 85 of us on the Democratic side. As I informed the committee during hearings on that bill and the others which the committee considered, the Forand bill would mean substantially increased unemployment compensation benefits for our workers in the Philadelphia area—up to a top of $44 a week under present conditions, for a maximum of 39 weeks, instead of the present top of $30 a week for 26 weeks.

The Reed bill now before us, on the other hand, does not increase benefits a single cent or increase their duration in Pennsylvania by so much as a single day.

I will support the amendment proposed by Mr. FORAND to this bill to increase benefits along the lines of the formula originally suggested by President Eisenhower in his plea to the individual States—a plea which none of the States has heeded and which the Republican members of the Ways and Means Committee refused to write into this bill. From the temperament of the Republicans in the House, however, it looks very much as if the Forand amendment will fail. If it does, then each Republican Member of this House, as he prepares to go home to campaign for reelection, should remember the words of the minority report on this bill—the words I cited at the start of my talk, that—

> This Congress is about to go home to face millions of unemployed workers. It will go with empty hands, so far as meeting their needs for unemployment insurance payments adequate as to weekly amounts and number of weeks' duration.

Mr. COOPER. Mr. Chairman, I ask unanimous consent that all Members who desire to do so may extend their remarks at this point in the RECORD on this bill.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RODINO. Mr. Chairman, within the last 6 months Congress has noted

with ever growing concern the increasing magnitude of unemployment in these United States. If we are, as statistics seem to show, in the first phases of a recession, we must immediately take steps to assure ourselves that the recession does not automatically turn into a depression and wreck the country on the shoals of economic disaster. Surely, as men on whom the economic destiny of the country has been placed, we have learned sufficient lessons from the past 30 years to avoid that hazard.

Unemployment is not, at this time, a theoretical threat. It is a real and present danger. As of early May, 3,305,000 of the labor force were out of work. The Chairman of the Economic Advisors of the President, Mr. Burns, has indicated just how serious this figure is when he said:

> A level of unemployment which exceeds two or two and a half million is something to be taken very seriously by the Government and the country.

H. R. 9430 is a serious consideration of this problem. It gives due recognition to the fact that unemployment is governed by nationwide economic forces, and should be realt with on a nationwide basis. If we do not take up this matter, if we rely on local responsibility, we shall develop the same bottleneck of labor mobility that the Elizabethan poor laws created, where every laborer, in order to receive benefits, had to stick closely to the parish in which he was inscribed. We are an industrial nation, dependent on labor mobility. We would be the laughing stock of the world, if we borrowed a page from an era that even Adam Smith decried as blocking progress in the 18th century.

According to statistics available as of June 19, 1954, the national average for insured unemployed drawing payments is 5.4 percent for the Nation. At the same time it was 6.3 percent for the State of New Jersey, which is above the national average. This does not include those who have exhausted their benefits, or those who are unemployed but not covered by unemployment insurance. As of May 1954, the city of Newark was in class III, showing a slight labor surplus, chiefly in the fields of electrical machinery, transportation, and shipbuilding. Throughout the Nation there are 51 major areas with anywhere from 6 to 12 percent of unemployment, that is in class IV denoting substantial or very substantial labor surplus.

Percentages are cold figures. What these percentages mean in actual round numbers are such totals as 2,213,000 insured unemployed in the last week of February, and 2,174,000 in March. One hundred and fifty thousand of these benefit claimants exhausted their benefits in March 1954, and to this must be added the 351,000 who had exhausted their benefits previous to that month. We arrive at a figure of those not receiving any compensation that edges above one-half million. Most of these major layoffs were in the mining, manufacturing, and so forth, industries, primary industries, whose slowdowns or shutdowns affect the whole economic tempo of the Nation.

Moreover, as the public members of the Committee on Intergovernmental Relations of the Federal Advisory Council point out:

> Some of the major concerns of the Federal Government in this field seem to be: (1) The instrument of unemployment insurance has become the accepted first line of defense against loss of income due to unemployment and provision should be made that it will be so used in all parts of the country. (2) The investment and liquidation of sizable unemployment insurance reserve funds has a significant impact upon the functioning of the banking system, the security markets, and the fiscal policies of the National Government.

H. R. 9430 is intended as the integrated answer to this problem of unemployment insurance. It also represents the culmination of a total economic program. The House of Representatives in passing the revision of the Social Security Act on June 21, 1954, provided for that segment of the working population which is retired, or some day will retire. It thereby showed intelligent concern for the purchasing power of those no longer in the labor force. Further, Congress has shown its concern with the purchasing power of farm income in passing Public Law 312, which increased the borrowing power of the Commodity Credit Corporation to enable the Corporation to maintain the price-support program entrusted to it. In addition, the Congress is sympathetically considering a further increase in the CCC's borrowing power.

Can we pass such laws and then act as though we had no realization of the necessity of keeping up the purchasing power of the unemployed? Unless we do so, we are going to be in the disastrous and ridiculous position of being a master architect of a two-legged stool. For without improvements to the unemployment compensation system that is all we are.

In taking action on unemployment compensation along lines indicated in H. R. 9430, the Congress provides itself with an unparalleled chance to complete the work already well begun. This bill affords us an opportunity to provide adequate benefits to those members of the labor force faced with a break in their employment record.

I put my emphasis on the word "adequate." And in line with that objective I urge the Congress to pass H. R. 9430, the only bill which has a comprehensive program of strengthening the whole unemployment compensation system. Moreover, in addition to the 86 congressional cosponsors of the bill, persons of good will and interest, particularly those who represent the laboring class, have expressed their approval of its provisions.

One aspect of the situation that must be pointed out, is that we are faced with this problem not on grounds that there are not enough funds in most States, but because of the great reluctance of the States, in economic competition with each other, to be too liberal with their reserves. These reserves have reached a level of almost $9 billion at the end of 1953. Yet only about $1 out of each $3 in lost wages and salaries is being replaced by unemployment-insurance payments. This is not sufficient to ease substantially the impact of unemployment and to avoid its repercussion on the economy of the country as a whole, and particularly in local communities where there is substantial unemployment. A small slump will so greatly impair buying power that ever expanding circles of unemployment will follow. The importance of properly providing aid during this transition period cannot be too emphatically stressed.

The President of the United States has stated:

> Unemployment insurance is a valuable first line of defense against recession. * * * But even as a first defense the system needs reinforcement.

H. R. 9430 provides this needed reinforcement. The Congress has the duty and the responsibility of bringing about these improvements by establishing minimum standards for size of weekly payments, duration of payments, disqualifications and financing. Only by such action can the system be made adequate to carry out its intended purpose of providing basic protection to unemployed workers.

H. R. 9430 proposes three things, each of them simple; each of them of paramount importance for the accomplishment of a genuinely workable system of unemployment insurance. First of all, it would extend unemployment compensation to new categories of workers; secondly, it would set minimum standards with respect to the conditions under which such compensation will be paid as well as to the amount and duration of such compensation; and thirdly, it will make other overall improvements in the structure and administration of the unemployment compensation system. Let us look at each of these in turn:

First. New categories of workers will be brought under the unemployment compensation provisions.

The definition of "employee" is changed to make various persons outside the common-law relationship of employer and employee which presently prevails come within the definition. In fact, the definition is the same as that used in the OASI provisions of the Social Security Act and covers persons who would formerly have had the status of independent contractors because they were employed as agent-drivers, or commission-drivers, full-time life insurance salesmen, persons working according to specifications of an employer but within their own homes, or traveling or city salesmen engaged in full-time solicitation business. The only exceptions are those individuals who have a substantial investment in the facilities used in connection with the performance of services, or persons performing services which are in the nature of a single transaction.

The definition of "employer" is enlarged to include persons having at any time during the taxable year one or more individuals in employment. First of all, this concept of "at any time" does not mean every casual employee who comes along. The act expressly excludes from the concept of employment people who

are not in the regular trade or business of the employer. This means, that to be subject to tax as an employer, you have to be in a trade or business or employ a worker for at least 26 days out of the quarter and pay him at least $50 in that period. The provision will aid in preventing an easy kind of fraud which is carried on at the present time, and that is where an employee receiving unemployment compensation because of separation from a covered job takes a job that is not under unemployment insurance and receives both incomes. Only an extensive, and expensive, field survey can uncover this. With all employers reporting, an easier check could be made and a psychological block erected that would stop many people from trying the scheme.

All these improvements are both realistic and helpful. Do you realize that unemployment insurance covers only about two-thirds of the employees in this country? The fact that the other third is not covered does not mean that they are always employed. In fact, they are in a worse situation than those covered by insurance. When the law was enacted in 1935, the figure 8, as the determining number for covered employment was chosen as a sort of compromise to get the thing started. It was expected to be changed soon. Well, it has not been changed in the years from 1935 to 1953. The body on this insurance jalopy is just the same as it was then. We put a great experiment on the road and let it run on in model T style over 18 years. It does not seem American. It does not make sense. The American way is to improve with time, to make the good things of life available to more and more. Beyond that, commonsense should tell us that having possibly one-third of our employees not covered by insurance leaves us in an exceedingly vulnerable position, economically speaking. For the fall in their buying power, resulting from their being unemployed, is total. The covered employees experience only a partial failure of buying power. Surely, if partial failure is harmful, total failure must be disastrous. The Under Secretary of Labor, Mr. Larson, has stated it succinctly:

> If unemployment insurance is really a good thing for two-thirds of the workers of this country, is it not just that much better a thing for as many more as you can possibly cover administratively?

This piecemeal procedure that we are laboring under at present is liable to produce something we have never yet had in America, and, please God, never will have, and that is first- and second-class workers. But if some employees are covered by insurance and others, whom we could feasibly cover, are left out, what else do you expect? Do you think one family man working for his family has less pride than another? Why do we condemn the one to seek relief then, when he is out of employment, while the other is able to draw unemployment insurance? It is not a just method, and it will leave scars on the minds of those who are discriminated against. If such people turn against Congress because of its gross lack of interest in their well-being, can we blame them?

Second. Minimum standards have been set (a) with respect to the amount and duration of such compensation, and (b) with respect to the conditions under which entitlement accrues.

The responsibility for setting minimum standards for unemployment compensation is definitely on the Federal Government. We cannot agree that the responsibility should be passed on to the States. The competitive aspect among the States both as to the maximum payment amounts, and the tax rates, is too keen. On February 16 of this year, President Eisenhower and his Secretary of Labor, Mr. Mitchell, urged the States to adopt certain minimum standards. To date, only Michigan of the 26 States not having 26 weeks' coverage has acted to meet the President's suggestion and extended its coverage period to 26 weeks. Now, as most of the legislatures of the remaining States have adjourned, no further action is probable. The only way, then, that we can handle the situation, is for the Federal Government to set the standards. Then everyone moves forward together, and there is no competitive disadvantage in tax or anything else. Undoubtedly the States are sympathetic to our suggestions. In fact, 32 of them, by express statement in their own unemployment compensation acts, stand ready to make an automatic extension of coverage at any time that the Federal law requires it.

What minimum standards are we proposing?

First, the maximum benefit under State laws would be not less than 66⅔ percent of the State's average weekly wage. Subject to this maximum, each individual's benefit would be not less than 50 percent of his weekly wages. The average weekly benefit now ranges from $20 to $35. The suggested change in the law would increase this basic amount. With present day prices, this is a needed improvement. Benefits have lagged seriously behind average weekly wage. Since 1935 wages have tripled while the ceilings on weekly benefit payments have hardly doubled. When the unemployment act was passed in 1935, benefits averaged approximately 50 percent of wages. They trail far behind at the present time. The formula, also, is flexible to the base and would prevent such divergency in the future, since an annual revision as of July 1 each year is to be made by the States.

Unemployment compensation is to continue where necessary up to 39 weeks during the benefit year, whether or not there is an exhaustion or reduction of benefit rights or a cancellation of wage credits. This longer duration of the benefit is necessary because, as pointed out in the economic report of the President, the more unemployment increases in amount, the longer it lasts for an individual.

The individual receiving unemployment compensation shall be qualified when he has received during his base period, in accordance with applicable State regulations, either compensation in excess of 30 times the amount of his weekly unemployment compensation, or if his qualification is based on his quarter wages, more than 1½ the amount of such high-quarter wages, or, if the qualification is based on weeks of employment, more than 20 weeks of work in his base period.

One other major point of clarification for the benefit of the workers is the question of disqualification. The States are permitted to set their own standards for this at the present time, and, as a consequence, many of them have set so many disqualifying conditions that they have seriously hampered the purpose of unemployment insurance. Under H. R. 9430, this could not happen. Once persons have come within the scope of the definition of insured worker and are eligible for unemployment compensation because of cessation of work, the State may deny compensation only for the following reasons:

First. The person left his job without good cause or was discharged for misconduct, in such instance the ineligibility may not continue more than 4 weeks.

Second. The person left his job due to a strike which occurred for reasons other than the failure or refusal of the employer to conform to Federal or State collective-bargaining laws, or to maintain for the employees wage rates and other conditions of work equivalent to those prevailing for similar work in the locality. Unemployment compensation may also be disallowed: (a) For the first week of unemployment; (b) for a period not in excess of 12 weeks immediately following the week in which the employee has been found, after a fair hearing, to have obtained compensation by fraud; or (c) for any week in which the person is unable to work or is unavailable for suitable work. In determining whether the work offered is suitable, there shall be taken into consideration the person's capacities, and whether or not the work available is in any place subject to a labor disagreement, paying substandard wages, or would jeopardize his union membership or require him to join a company union.

Third. H. R. 9430 makes other major structural improvements to the unemployment insurance system.

It provides for coverage of all the unemployment taxes into the Federal Unemployment Account. Against this are to be charged all funds for administration of the State laws including contingency amounts which are to be expended only in instances where the Secretary of Labor finds that changes in economic conditions in a State have increased its expenditures in conjunction with the administration of the unemployment compensation laws.

It provides for reinsurance grants to States with unexpectedly severe unemployment. These are to aid such a State in making adequate payment to its unemployed workers without compelling it to raise the level of taxes on industries in the area which are still meeting a payroll. Reinsurance grants will prevent the out-migration of industries which would otherwise be subject to a tax rate that would place them in a burdensome competitive status with industries in other States. These reinsurance grants will be just that, outright grants, and the

States will not be liable to repay them. They are, however, dependent upon meeting the following conditions: In 1955, a State will be certified for a reinsurance grant where the balance remaining in the State compensation fund is less than the amount of compensation paid from such fund during the 6 month period just preceding; for the period 1956 to 1961, the grant will be given where such remaining balance was equal to less than 6 percent of the most recent annual taxable payroll, or less than the amount paid from the compensation fund for the 2 years preceding such date; and for years after 1961, the grant will be made where the State's remaining balance is less than 6 percent of the most recent annual taxable payroll, or less than the amount paid from the compensation fund during the 5 years preceding such date. In the last two cases, the State must have been levying a tax at a minimum rate of 1.2 percent. The grant will be three-fourths of any excess over 2 percent of the taxable payroll for the quarter in which it is made.

Another major structural improvement is to allow the States greater leeway in granting rate reductions in payroll taxes. They can do it, under H. R. 9430, either by the present practice of lowering rates on an individual employer's experience rating, but basing it on 1 year instead of 3, or by a uniform reduction in the levy on all employers.

The advantage of this will be to prevent the unemployment insurance tax from being a burden to employers just starting in business, or to the small employers brought under the act as having one or more employees in their business at any time. Payroll costs are, on the average, 10 percent of the cost of doing business. The unemployment tax at its full rate is 3 percent of this 10 percent. When proper reductions, with the additional credits against tax which they allow, are provided for employers, the adjusted tax rate will be about one and one-half tenths of 1 percent in added costs. This adjustment will ease the imposition of the tax on new categories of employers.

Finally, H. R. 9430 provides that during the interim period before July 1, 1955, before the States have adjusted their laws to conform to the requirements outlined above, any State which wishes to increase its benefits in accordance with the substantive provisions hereof, may enter into an agreement with the Federal Government to receive such additional required amounts as are necessary to accomplish this purpose from the Federal Government. The Secretary of Labor shall make such sums available either in advance upon estimates, or by way of reimbursement to the State for amounts so spent.

H. R. 9430 is the only practical way to implement President Eisenhower's recommendations that payments be increased in amount. It is not a question of partisan politics; it is a question of justice. Let us render justice to those millions of men and women who have paid for it and have every right to it. Let us enact H. R. 9430 and provide an adequate solution to the problems of unemployment insurance confronting us today.

Mr. BYRNE of Pennsylvania. Mr. Chairman, the unemployment compensation program which is before the House of Representatives today represents another milestone in the history of social legislation in this country. It closes a gap which has been open much too long by making eligible for unemployment compensation all civilian Federal employees. Certainly, our Government workers are as well deserving of these benefits as are workers in private industry throughout the country. I am very pleased that the Congress has seen fit to take this action.

It must be pointed out, however, that the present bill leaves something to be desired. The gentleman from Rhode Island, Congressman FORAND, recently introduced legislation, of which I am a cosponsor, which would be more comprehensive than the bill we are presently considering. Unfortunately, the Committee on Ways and Means did not report it out. Mr. FORAND has, therefore, offered on the floor of the House two amendments to the legislation before us and I am proud to be able to give them my wholehearted support. These amendments would provide for unemployment compensation coverage for 26 weeks and would give unemployed persons benefits equal to an amount from 50 percent to 66⅔ percent of the salaries they received while working. It is well known that payments presently being received by unemployed persons are inadequate for maintenance of a decent and just standard of living. I feel that the Forand amendments are vitally necessary and will be well received by all persons who will be affected by this legislation.

An unemployment compensation program is extremely important to my constituents in Philadelphia. I am personally aware of the situation there and very anxious that something be done to alleviate the distressing conditions which are resulting from the increasing numbers of unemployed. It is worth noting that a great proportion of these people were Federal employees. When the cutback in Federal defense contracts took place, their jobs were abolished and they were released. This legislation would be a welcome boon to them as well as to the many others in Philadelphia who are now without work.

It is my sincere wish that this bill become law as soon as possible and I shall continue my efforts in its behalf.

Mrs. BUCHANAN. Mr. Chairman, I rise in support of the amendments offered by the gentleman from Rhode Island [Mr. FORAND].

Without these amendments the present bill is completely inadequate and utterly fails to meet the openly admitted need for higher unemployment benefits and a longer duration for benefits.

I come from a district in which this problem of unemployment is a critical one. Last month the Labor Department announced that Pittsburgh was one of the 31 industrial centers that have been added to the list of areas of substantial unemployment—those having 6 percent to 12 percent of the available labor force unemployed. And a release from the Pennsylvania State Employment Service under date of June 19, 1954 states that 78,000 persons, or 8.3 percent of the total labor force in the Pittsburgh labor market area, were out of jobs during the month of May. Mr. Chairman, I say that the Members of this House, faced with this ugly reality of serious unemployment and its consequences in human tragedy and suffering, should vote for the pending amendments and assume the necessary responsibilities in the vital field of unemployment compensation.

The pending bill places on the States the responsibility to make the obviously needed improvements in the unemployment insurance program. This is a clear evasion of our responsibility in this field.

May I call your attention to the fact that during the year 1953 only eight States amended the provisions of their unemployment insurance laws governing the maximum length of benefit payments. Could there be any clearer proof of the fact that this cannot be left to the States and that the responsibility is here with us?

Mr. Chairman, as a woman, as one who knows what it is to be a housewife, I plead that for a few moments we think of the plight of those unfortunate families forced to exist on the maximum weekly benefit of $30—the plight faced by the families of those 78,000 unemployed in the Pittsburgh labor market. And these benefits, Mr. Chairman, run out after 26 weeks. Is it any wonder that the great majority of those workers are exhausting their benefits before they can find jobs and are forced to rely upon surplus food allotments to even exist?

Let us assume our responsibility to the millions of unemployed workers in America by adopting the amendments offered by the gentleman from Rhode Island.

Mr. STRINGFELLOW. Mr. Chairman, I wish to voice my support of the provisions of H. R. 9709 which would extend unemployment insurance protection to the approximately 2,500,000 civil employees of the Federal Government. By some strange quirk of fate or complete legislative oversight, we have for many years required private employers to provide unemployment compensation benefits for their employees but the Federal Government has not been so beneficent to its own employees.

During the period of rapid expansion caused by World War II and later the Korean conflict, Federal employment was constantly climbing and the need for unemployment coverage for civil-service workers was negligible. With the end of actual hostilities and by virtue of the fact that our Republican administration has been able to reduce the number of civil servants without any appreciable loss of services or benefits to the people of our country, the number of unemployed civil-service workers has continued to spiral upward. For instance in my own State of Utah while private employment has been steadily increasing, the number of Utahans employed by the Federal Government has steadily declined by several thousand.

Fortunately for us in Utah private employment has been able to provide jobs for most of the Federal workers who have received reduction-in-force notices from our defense installations and other Government agencies. However, there is always a period of transition and adjustment required in shifting from one job to another and many Federal workers have been caught in the financial bind created when their jobs were suddenly abolished.

I am frankly of the opinion that we owe a responsibility to our career Federal employees just as much as private employers do to their workers to provide unemployment compensation to help weather the storm in this period of readjustment.

This administration was elected on a platform which promised a reduction in the number of needless Government agencies and elimination of duplication and waste in Federal functions. It is my conviction that in the year and a half the Republicans have been in power we have accomplished a great deal in abolishing thousands of Federal jobs, at a savings of billions to our taxpayers. But we have an obligation to wield our economy ax with prudence and foresight, and not to make displaced civil servants wards of the State or pawns of charitable institutions.

We can accomplish our objectives of providing both opportunity and a measure of security for Federal workers by giving them the reassurance and peace of mind created by a workable self-sustaining system of unemployment compensation. I have always been a stanch defender of States' rights, and any system of unemployment coverage we adopt for Federal workers should take State programs into account and should give full cognizance to the fact that States should have wide discretionary powers in the administration of such a program.

This view is amply supported by the industrial commission in the State of Utah in a letter I received just today. In this letter Chairman Otto A. Wiesley informed me that the advisory council of the department of employment security of the Industrial Commission of Utah resolved its position as follows:

> If a Federal program is enacted for the purpose of providing unemployment insurance to Federal workers, such a program should be devised as to fit the economy of each respective State * * * and should be administered under State standards and coordinated with State programs.

It is my sincere hope that Congress will approve H. R. 9709, and especially those provisions which recognize the unemployment problem of that oft-forgotten segment of our economy, the Federal worker.

Mr. SPRINGER. Mr. Chairman, I am glad to support H. R. 9709. This bill extends the unemployment-insurance system to almost 4 million workers to whom this protection is not available today. This bill provides the first major extension of the unemployment-insurance system since its inception in 1935. All of this is a part of a broad program to bring our social-security system to maturity. In my opinion, one of the most important provisions of the act relates to the provision for unemployment compensation for Federal employees, including postal employees. In his Economic Report, the President several months ago said:

> A worker laid off by a Government agency gets no insurance benefits despite the fact that in many types of Federal jobs he is as vulnerable to layoff or dismissal as the factory worker. It is recommended that Congress include in the insurance system the 2.5 million Federal civilian employees, under conditions set by the States in which they last worked, and that it provide for Federal reimbursement to the State of the amount of the cost, estimated to be about $25 million for the fiscal year ending in 1955.

H. R. 9709 carries out this recommendation. It has been common knowledge that Federal civilian employees as a group are subject to the risk of unemployment on nearly the same scale as nongovernmental workers in the same type of work. In recent years, particularly, several extensive reductions in Federal personnel have demonstrated the real need for extending unemployment benefits to Federal employees. From a wartime peak of well over 3½ million employees in June 1945, Federal employment dropped by a million between 1945 and 1946, and dropped considerably more in the next few years, leveling off at about 2 million in June 1950. After a new increase due to the Korean conflict, Federal employment again fell off by 247,000 between June 1952 and December 31, 1953.

Total annual separations of Federal employees are substantial. They have approximated around one-half million each year over a period of several years. The percentage which constitutes reductions in force and termination of temporary assignments has varied from approximately 17 to 50 percent of total separations. I do believe that the Federal Government should not be in the position of providing less favorable conditions of employment than are required of private employers. Yet, since Federal employees have no unemployment-insurance protection, Federal employees have been forced to rely upon accrued annual leave and refunds from their retirement accounts while looking for other jobs. There is considerable evidence that even where this leave has been accrued, it has in most instances been inadequate to cover the duration of Federal workers' unemployment. In addition to this, it seems to me that the withdrawal of an employee's retirement-fund accumulation is undesirable and defeats the purpose of the retirement program.

A Federal worker's right to benefits will be determined under the unemployment compensation law to the State to which his Federal services and wages are assigned. Usually, this will be in the State in which the worker had his official station when he became unemployed, or if he has been in Foreign Service, the State in which he resides when he files his claim. In fairness to the Government and to the taxpayer, compensation will not be paid for the period with respect to which accrued annual leave is paid upon separation.

This law will greatly relieve the discrimination that has been practiced by the Federal Government against its Federal civilian employees. To even the casual observer, it must be apparent that the law up until this time has been geared to nongovernmental workers. The purpose of the change today is to assure all of our citizens that they will be equally covered should they be so unfortunate as to become unemployed. This is only a fair and reasonable change that is made in the law. I believe every thinking citizen will agree that this change is in the best interest of the country.

Mr. MACHROWICZ. Mr. Chairman, I regret exceedingly that the House Rules Committee, in acting on this important legislation, has seen fit to grant a closed rule, limiting debate on the Forand amendments to a mere five minutes to each side. Surely such an important matter as unemployment compensation deserves greater attention from us and members should not be precluded from fully expressing their opinions.

I am in full support of both Forand amendments. Since they embody the recommendations made by President Eisenhower, it is noteworthy that the Republican majority of the Committee on Ways and Means refused to include them in their bill. It will be interesting to note how the Republicans in the House will support by action their avowed support for the President's program.

Certainly we all agree that unemployment compensation payments are now entirely inadequate and their duration too short. The Forand amendments would increase the minimum benefit to 50 percent of the individual's weekly wages and increase the duration of the benefits to a period of 39 weeks.

My congressional district has been hit very hard by the recent recession. Despite rosy statistics, the cold facts are that the residents of my district still suffer great unemployment and the hardships that go with it as a result of inadequacies in the present laws.

We can no longer afford to ignore the plight of those thousands who have exhausted their unemployment compensation benefits. We must bring the benefits up to an amount which would enable the unemployed to live on at least a minimum fair living standard. Unless we do that, we are not keeping faith with the people of this country.

Mr. FOGARTY. Mr. Chairman, in connection with today's debate on a vital legislative proposal dealing with the question of unemployment, the shocking fact must be stressed that there is a dangerous lack of authoritative and unbiased data on the actual unemployment situation. Moreover, a well organized and systematic effort has been waged by the press and radio for months now to induce the average man to misread and misinterpret such facts as are available on the extent and the severity of the unemployment problem.

It is not my purpose today to present an analysis of the overall facts about unemployment. I shall, however, give

you a crop of verifiable facts about one vitally important section of our economy about which I have necessarily been obliged to study. I refer to the current status of the textile industry. This is an industry which up until about 2 years ago employed probably more persons than any other single basic industry.

There may be some doubts about what is happening in other industries, but there can be no question about what is happening in textiles.

And if any member of this body were to seriously and with an open mind study the tragic facts about textiles, he or she would only conclude that adoption of amendments such as are proposed by Representative FORAND are absolutely and imperatively necessary and thoroughly justified.

Let me stress this simple fact at the outset of my talk. That it may be possible to hoodwink some people into believing that some industries which now are suffering from unemployment will recover quickly and substantially. That is not the case with textiles. Even if the entire economy should recover, textiles will remain depressed and thousands upon thousands of the workers who depend upon this type of manufacture for their living will still not have jobs.

Let us look at the facts.

H. R. 9430 has been introduced by Representative AIME J. FORAND and by almost 90 other Members of the House of Representatives.

I advocate passage of H. R. 9430 both as a very necessary prop for our total economy during this period of mounting unemployment and as a long-delayed measure of social justice. In addition, I would like to point out that there would be a very special value to the roughly 1 million textile workers scattered in some 30 States who have been suffering in varying degrees, depending on the particuar branch of the industry, from a steadily contracting demand for the products which their plants manufacture.

It is not appropriate in this statement to attempt to set forth in any detail the whole range of the problems of the textile industry. I shall merely refer to certain aspects of these difficulties which illustrate the need for prompt improvement both of the average amount of unemployment benefits and on increase in the number of weeks which the unemployed worker may be paid these benefits.

For instance, one important branch of the textiles is suffering critically and simultaneously from a contraction in the demand for its products plus the institution of sweeping technological changes which drastically reduce the number of employees needed to produce a given volume of goods.

Let me call the attention of the Congress to the situation in the rayon section of the textile industry.

In Cumberland, Md., there is a synthetic fiber plant which when first established probably employed a greater number of men and women in one location than any other mill of its kind in the country. Five years ago, this establishment employed a force of 8,000. Today, after new processes have been installed the plan can produce as much, if not more, than it did 5 years ago with a work force of 4,000 or half of the number employed before the most recent technical changes were made.

Textile production declined in the second quarter of 1952 to 78 percent of the first quarter's volume. Man-hours of work shrunk almost as much though employment dropped only 12 percent, since about half the adjustment came through reduction in hours. There was a pickup at the end of 1952 which touched its height in the first half of 1953, when production reached 90 percent of the first quarter of 1951. The rise in man-hours was only slightly less and employment was at about 93 percent of the 1951 level. But the recovery faltered and production declined through the last half of 1953 to 80 percent of the 1951 first quarter. By the end of 1953 employment had dropped more than total man-hours; employment was about 4 percent below the second quarter of 1952 but man-hours were about equal. The overall contraction in production, accompanied by many mill closings, has therefore begun to reflect itself sharply in complete liquidation of textile mill jobs.

Thus the textile industry was operating at a low level at a time when output in other major industries was slowed only by material shortages or other production bottlenecks. In addition, the textile industry had failed to share equally in the growth of consumer demand stemming from the high level of economic prosperity. From 1939 through 1953 our physical national product doubled and the consumer actually enjoyed 70 percent more in services and goods, but the increase in textile yardage was only about 30 percent.

While the total number of workers actually employed in the Nation rose from 45.8 million in 1939 to 62 million in 1953—an increase of 35 percent—the number actually employed in the textile industry dropped by 3 percent, with workers averaging less than 40 hours a week.

As in the 1920's, the textile industry was sick while the rest of the economy flourished. Government, management, and the public, unfortunately, remained oblivious to the fact that this was a harbinger of more far-reaching economic difficulties.

I am not trying to be an alarmist, but I think I would be shirking my responsibility if I failed to call to the attention of the Members of the House certain basic facts which should give us pause. I have always been confident of the future, but I have always been fearful that we can be so blindly confident that we shall fail to take the necessary steps to avoid a development which might well grow to the proportions of a catastrophe.

I have some pertinent statistical information which I wish you would consider. These statistics contain much food for serious thought.

COTTON HAS RECOVERED PART OF THE MARKET PREVIOUSLY LOST TO RAYON

Spinners and weavers of wool, rayon, and acetate have all suffered from the inroads of the new fibers. Although there is no assurance that they will hold their present position, they have seriously upset the industry, especially the older branches, and discouraged consumer buying. Cotton, on the other hand, has recovered part of the market it had previously lost to rayon and acetate.

Percentage distribution of fiber consumption

	1946	1950	1952
Man-made fibers:			
Rayon and acetate	13.5	19.8	18.9
Other	.9	2.1	4.0
Cotton	74.1	68.5	69.6
Wool	11.4	9.5	7.4
Silk	.1	.1	.1
Total	100.0	100.0	100.0

In addition to the displacement of natural fibers by synthetics, the textile industry has suffered from the substitution of nontextiles in various household and industrial uses. Plastic film has made major inroads in the upholstery fabric market and in automobile seat covering and door paneling. When added to the earlier displacement in window and shower curtains and tablecloths, these developments assume major importance.

WOOLEN AND WORSTEDS IN BAD SHAPE

Failure of the woolen and worsted branch of the industry to protect its competitive position stands in marked contrast to the success of the cotton interests in improving their styling, finishing, and merchandising. With Government aid in studying the properties of cotton and its potential uses, growers, and manufacturers cooperated in developing new processes and staging an effective promotion campaign. Research is needed in the wool field to improve its qualities with respect to shrinkage and mothproofing. Fabric design has lagged behind the times as domestic mills generally gave up the initiative to foreign producers. While many woolens have been styled to meet the shift in consumer preference toward casual wear worsteds have not yet been adequately adapted to this trend. Many mills are also unable to compete because of obsolete plant and equipment. The woolen and worsted industry will have to bestir itself to meet the growing challenge of the newer synthetics. Creative answers must be forthcoming to the problems posed by product design, technology, merchandising, and sales promotion.

MILL LIQUIDATIONS

The rate of mill liquidations increased substantially in the last 2 years, leaving a train of ghost towns and some 50,000 jobless workers. Management deficiencies which had been glossed over in the textile booms that followed World War II and the Korean war were glaringly exposed by intensified competition. Companies whose stockholders enjoyed a bonanza in dividends from highly profitable operations in 1946–48 and 1950–51 found that their failure to plow back sufficient funds to modernize plant and equipment left them at a serious disadvantage in

1952–53. The necessity of cutting costs posed financial problems for which they had not prepared themselves and many mills were forced out of business.

DROP IN MAN-HOURS WORKED OVER 28 PERCENT

Mr. Chairman, permit me to offer herewith a very recent statistical compilation showing levels of employment and weekly man-hours worked in 23 principal textile States. This compilation gives the figures on employment in the industry at about the high point in February 1951 as contrasted with the situation in April 1954. I can say definitely that since April the drop in employment has continued.

According to these data, there has been a reduction of employment in textiles in the United States between February 1951 and April 1954 of 21.2 percent. The drop in average weekly man-hours in that same period has been even more severe. The decline in man-hours is 28.2 percent.

Although the economic blight which has overtaken textiles is nationwide, it is painfully clear that certain geographical areas are suffering much worse than others. The fact that the drop in employment and man-hours worked in the six New England States has been so severe is no doubt due largely to the fact that so large a proportion of the woolen and worsted mills of the country are located in that region. The woolen and worsted section by and large is the most badly hit portion of the industry and the type of manufacture which has experienced the most prolonged difficulties.

In the New England States employment has dropped 39.7 percent between February 1951 and April 1954, while man-hours worked have been cut 44.2 percent.

In the 9 most important textile-producing States in the Southeast there has been an 8.5 percent drop in employment between February 1951 and April 1954, while the man-hours worked have been reduced in the same period 18.3 percent.

The table is herewith reproduced in full:

Employment and average weekly man-hours in the textile mill products industry by State, February 1951 and April 1954

State	Employment (wage and salary workers)			Average weekly man-hours		
	February 1951	April 1954	Percent change	February 1951	April 1954	Percent change
United States [1]	*Thousand* 1,365	*Thousand* 1,075	−21.2	*Thousand* 55,692	*Thousand* 39,775	−28.6
New England [2]	286.1	172.4	−39.7	10,268	5,728	−44.2
Maine	27.5	19.8	−28.0	(3)	(3)	
New Hampshire	21.1	13.8	−34.6	882	537	−39.1
Vermont	5.2	3.0	−42.3	(3)	(3)	
Massachusetts	125.0	69.8	−44.2	5,075	2,708	−46.6
Connecticut	41.6	28.0	−27.9	1,722	1,016	−41.0
Rhode Island	65.7	38.1	−42.0	2,589	1,467	−43.3
Middle Atlantic	307.2	220.1	−28.4	12,489	8,311	−33.5
New York	96.1	66.6	−30.7	3,930	2,557	−34.9
New Jersey	65.8	46.0	−30.1	2,724	1,789	−34.3
Pennsylvania	141.7	104.7	−26.1	5,668	3,853	−32.0
Delaware	3.6	2.8	−22.2	167	112	−32.9
South [4]	667.1	610.1	−8.5	26,554	21,706	−18.3
Maryland	11.6	7.2	−37.9	(3)	(3)	
Virginia	42.7	36.8	−13.8	1,738	1,240	−28.7
North Carolina	244.2	[5] 226.7	−7.2	9,841	8,207	−11.7
South Carolina	139.8	134.4	−3.9	5,816	5,174	−11.0
Georgia	114.8	104.4	−9.1	4,799	3,800	−20.8
Alabama	55.5	48.4	−12.8	2,298	1,665	−27.5
Tennessee	39.9	33.8	−15.3	1,616	1,247	−22.8
Texas	10.2	9.4	−7.8	446	373	−16.4
Louisiana	8.4	[5] 9.0	−7.1	(3)	(3)	
Mid West [6]	22.1	17.7	−19.9	901	698	−22.5
Illinois	13.5	11.0	−18.5	552	435	−21.2
Minnesota	4.9	3.2	−34.7	197	123	−37.6
Missouri	3.7	[5] 3.5	−5.4	152	140	−7.9
Far West [7], California	8.2	7.2	−12.2	333	269	−19.2

[1] Data includes States now shown separately.
[2] Maine and Vermont are not included in man-hour data because they are not available.
[3] Not available.
[4] Employment and man-hour area totals are for those States for which data are available. Maryland and Louisiana, which are included in employment totals are excluded from man-hour totals because data are not available.
[5] April 1954 figures are not available. Figures shown are for March 1954.
[6] Employment and man-hour totals are for those States for which such data are available.
[7] Area totals are for California, the only Far West State which reports such data.

Source: State Departments of Labor and U. S. Bureau of Labor Statistics.

One other statistical table which I believe to be of considerable importance in this connection is one which illustrates the wide variations in the different States in the average contribution rate for unemployment insurance in the textile industry. I have used the latest data available in each case. Whereas in Rhode Island the rate was 2.7 percent, in such competing States as Alabama, Georgia, and South Carolina, average employer contribution rates were respectively 1.02 percent, 1.21 percent, and 1.23 percent in 1952:

Average contribution rates for unemployment insurance in the textile mill products industry

State	Period	Average contribution rate (contributions as a percentage of taxable wages)	Textile taxable wages as percentage of State total
Alabama	1952	1.02	11.51
Arizona	1951	2.73	.02
Colorado	1951 and 1952	1.54	.06
Connecticut	1952	2.19	4.98
Delaware	1952	.85	2.97
Florida	1951 and 1952	1.60	.06
Georgia	1952	1.21	18.90
Indiana	1951 and 1952	.73	.45
Iowa	1951 and 1952	.50	.29
Kansas	1951 and 1952	.97	.01
Kentucky	1952	1.41	.63
Maine	1952	1.91	15.18
Maryland	1951 and 1952	1.99	1.84
Massachusetts	1952	2.70	6.88
Minnesota	1952	.73	.62
Missouri	1951 and 1952	1.32	.33
New Hampshire	1953	2.38	13.59
New Jersey	1952	1.81	4.06
North Carolina	1952	1.51	33.86
Oklahoma	1951 and 1952	1.65	.36
Pennsylvania	1952	1.34	3.88
Rhode Island	1952	2.70	23.74
South Carolina	1952	1.23	38.61
Tennessee	1952	1.84	6.62
Utah	1951 and 1952	.86	.25
Vermont	1953	2.38	5.92
Virginia	1953	.96	7.31
Washington	1951 and 1952	1.63	.10

Source: U. S. Bureau of Employment Security; from table published on p. 111 of Senate Finance Committee hearings on Employment Security Administrative Financing Act, March 1954, and typewritten table dated Apr. 9, 1954.

NOTE.—The "textile mill products industry" is as defined in industry code No. 22 of the Standard Industrial Classification Code.

My purpose in presenting this table is to emphasize my point that, in an industry which is as competitive as textiles, the need for substantial standardization of taxes collected from all establishments, irrespective of location, should be very evident. Moreover, I feel strongly that the great disparity in amount benefits and duration of benefits between the textile States is socially unsound and economically harmful both locally and nationally.

THE HUMAN ASPECT

In all of the above materials dealing with broad statistical trends and the basic economic difficulties of this widespread industry, I have not mentioned the human aspect of this problem.

In Rhode Island in the past few months a well-known institution of learning has made a careful sample study as to what is happening to the men and women who were thrown on the labor market due to the closing of textile mills. The preliminary findings of this survey will be officially released in the next couple of weeks, and the facts I summarize here will be borne out by the formal report.

The investigators interviewed 131 individuals who were laid off over a year ago as a result of mill closings.

Of this number, only 29 percent have found new jobs. This investigation did not inquire into the type of employment

or the rates of pay obtained by this group of workers. But from past experience in similar situations, we can be positive that most, if not all, of these workers are now employed in less desirable jobs and at a lower scale of wages than they earned when they lost out in their former place of employment.

Eighteen percent of the 131 persons in this group have retired from the labor market and are not looking for work. This does not mean that none of these individuals no longer need jobs; it simply means that they have given up the search for reemployment.

Fifty-two percent of the total are today unemployed after having been laid off for longer than 12 months.

Thirty-six percent of these 131 men and women have not been able to find a paid job of any kind for even 1 day during this period of over a year. All of the 52 percent that are still jobless are actively looking for work and have done everything possible to find jobs during all these long weary months since their plant went out of business.

What these figures mean is that a small proportion of the 52 percent that are today idle have picked up occasional jobs during the past year, but that the bulk of those who are seeking work have not earned a cent from any kind of paid employment since they were first thrown on the labor market more than 1 year ago.

DURATION OF BENEFITS MUST BE INCREASED

Surely the Members of Congress must see from these figures, which certainly apply to similar situations in other textile States, that the average duration of employment benefit payments must be increased. Maximum duration of benefits in Rhode Island is 26 weeks. Textile States elsewhere do not even pay for that number of weeks. Therefore, it is painfully evident that practically all of these 52 percent who lost their jobs have had no income whatever, except possibly from relief for a period of at least 6 months. Even assuming that some of these families had savings, it is certain that by now these accumulations have been completely exhausted.

How are these people living? Frankly, I do not know. I do not know that there is suffering and deprivation among this group despite their diligent search for work. The community suffers also from the fact that these people have no purchasing power. Moreover, friends and relatives of such individuals must be stinting themselves and possibly even going into debt to share with those who are absolutely without funds.

Results of this Rhode Island survey are in line with an earlier report along the same lines appearing in Business Week for March 6 of this year. I quote from this article:

When a New England textile mill closes its doors, what happens to the uprooted workers? That's a big question throughout New England today, and one that—so far—has never been adequately answered.

Unemployment figures tell only part of the story. That is clear in Lawrence, Mass., where many more textile jobs have been wiped out in recent years than are shown by jobless data and figures on expanded employment in other industries. What happened to the rest?

TRACKING THEM DOWN

The Bureau of Business and Economic Research of Northeastern University, in Boston, is trying to find out in a survey of displaced workers in Lawrence—part of a broad study launched about a year ago that's now beginning to show some interesting results.

Under the direction of William H. Miernyk, the bureau has so far interviewed 756 workers from 3 liquidated mills in 3 cities—a woolen mill in New Hampshire, a cotton mill in Fall River, Mass., and a cotton mill in Lowell, Mass.

THE GENERAL PICTURE

First findings, which later case studies probably will confirm, show:

Most of those laid off were still in the labor force, either employed or actively seeking employment, though a few of the displaced workers—mostly young married women or very old workers—dropped out within a year.

More men than women had been reemployed, and workers over 45 years of age were having a particularly hard time finding new jobs. Among the job seekers, 80 percent were drawing unemployment compensation when interviewed.

Most of those with new jobs were in other textile mills, in nonmanufacturing work, or in established, relatively static nongrowth industries; comparatively few had found their way into newer, expanding growth industries—machinery, electronics, and the like.

The majority of the reemployed were earning less than before, and many had been downgraded—from skilled to semiskilled, or from semiskilled to unskilled classifications.

Most told interviewers they were unhappy in new jobs, in part because of the lower pay and rating, but also because they had lost seniority and saw little opportunity for advancement.

SHATTERED ILLUSION

According to Miernyk, these findings explode a myth that has gained currency among New England businessmen and many economists in the last few years: That growth industries, particularly electronics, have been taking up a lot of the textile slack in employment. That's not the way it looks, Miernyk says, commenting:

"In view of the recent public statements that New England will gain by the * * * diversification of industry, we feel that these findings are timely. * * * Statements by persons in important positions have created the cruel illusion that new jobs are to be provided for the displaced textile workers."

Diversification helps, but new industries evidently are filling jobs with newcomers in the labor market instead of with displaced textile workers, according to the bureau's findings. Of the first 756 workers checked, only 5 percent found jobs in growth industries.

VARIATIONS

Along with these general conclusions each of the first mills surveyed turned up some interesting sidelights.

In Lowell, younger male workers found new jobs, but those over 45 years of age still were largely unemployed after a year; women in all age groups were having a harder time getting new jobs than men were.

In New Hampshire, the woolen mill closed in a one-factory town with a population of 1,500, miles away from any fair-sized city. The mill closing idled 200 workers. A leather products firm moved into the mill building, and reemployed part of the textile jobless. But 2 years after the shutdown almost a third of the 200 laid off in the woolen mill were still out of work. For the other two-thirds, who got jobs, the average period of unemployment was about 5 months.

The picture of what is happening in the textile industry which I have given here is not a pretty one. Indeed, it is an alarming situation and one that, in the view of the workers in the industry, cannot be further ignored.

The Congress will be utterly delinquent in meeting its responsibilities, if it fails to take at least the one important step to aid unemployed workers, which is embodied in legislation being considered here today.

Mr. LESINSKI. Mr. Chairman, I will be brief on this because the Members here know how I stand. We have hundreds of thousands of jobless automobile workers, hundreds of thousands of jobless steelworkers, and millions of other jobless walking the streets of this Nation desperately looking for work.

Their unemployment compensation checks are not big enough to feed and shelter their families, and they do not last long enough to tide the workers over the period of unemployment. Therefore, they are going deep into debt and going without necessities.

I cosponsored the Forand bill to increase benefits—for example, in Michigan, from a top weekly primary benefit of $30 to about $56 for anyone earning over $112 normally and half-pay for anyone earning less than that—and to extend the period of benefits to 39 weeks. The Republicans in the Ways and Means Committee killed that bill and reported out this one which does not do a thing to raise benefits anywhere in the country. All it does is take in a few more people—and the Forand bill would have gone much further in that regard.

Now all we can do in the House is vote on two amendments which would affect us in Michigan—one amendment is to adopt the Forand bill formula on benefits. I support it. It is vital that it be adopted. I urge the Republican Members here to join us on the Democratic side in writing it into the law. The Republican President once went on record favoring this amendment. But he seems to have run out on it since then—his whole party leadership up here has tried to block it.

Unemployment, Mr. Chairman, means children without proper food or clothing; it means families going without necessities; it means evictions—getting thrown into the street.

We were supposed to have an insurance system to protect against that. But now, with a full-scale recession following the election of the first Republican administration in 20 years, we find the system is not adequate to present-day needs and requirements.

We on the Democratic side automatically react to a situation like that by trying to improve the benefits and bring them up to date to meet the present conditions. But I am afraid the Members on the Republican side seem to react automatically to a situation like that by closing their eyes and doing nothing.

Mr. COOPER. Mr. Chairman, I yield 8 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, coming from a district in the State of West Virginia that is largely industrial, and speaking for my State as a whole, it is an industrial rather than an agricultural State, I am naturally interested in the provisions of H. R. 9709 and its objec-

tives. I had hoped that this legislation would not only broaden and extend the coverage in this field of unemployment compensation, but would also liberalize it. I fear that H. R. 9709 as presently written does little in the way of liberalizing legislation. It does broaden it by bringing under coverage employers who employ less than 8 individuals, if they are not employing less than 4. I understand that will probably bring 1.3 million additional people under coverage.

I was interested in the remarks of the gentleman from Wisconsin [Mr. BYRNES], who was opposing that provision, and I would like to say that I can see no reason why the protection accorded in the way of unemployment compensation should be any different as between employers who employ 8 people and those who employ only 4 people. I can see that many of those smaller employers might be farm people. I could readily understand that in the remarks of the gentleman from the State of Wisconsin. That is a matter where the reaction is local and does not approach it from the standpoint of national consideration.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. BYRNES of Wisconsin. My only point was that each State should be able to make that determination itself. There is nothing to prohibit a State from covering employees and employers in two-man plants, where there is just an employer and one employee. That is the only point I wanted to make. It should be a question for the States. I am not saying at all that some States should not cover, as they do today, employers of one or more employees, but it would seem to me that various areas in the country have different problems, and their State governments should be able to make that determination unrestricted by federally imposed minimums.

Mr. BAILEY. I thank the gentleman for his comments.

Mr. KEAN. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from New Jersey.

Mr. KEAN. I notice in a chart in the hearings that in the gentleman's State of West Virginia they only cover employers of eight.

Mr. BAILEY. That is right.

Mr. KEAN. Your State has been under the control of your party for a great many years. Why has not the State of West Virginia gone out and covered employees of one, as most States do now?

Mr. BAILEY. Let me say to the gentleman from New Jersey that my State was one of the first States to enter the unemployment compensation field. We started off with 26 weeks at $25 a week. Our legislature some years ago changed that to 24 weeks at $30 a week, minimum payment. That is the present rate of pay.

Mr. KEAN. But you still do not cover employers of less than eight, as most of our States do. We in New Jersey are now down to 4 and a bill has passed the Assembly for 1, and I am very much in favor of 1; because a man who is the sole employee is just as much out of a job when he is unemployed as though he were 1 of 5, as the gentleman from Pennsylvania [Mr. EBERHARTER] said.

I am also in favor of the provisions that the President recommended, but I think the States should do it and I was wondering why the State of West Virginia had not done it.

Mr. BAILEY. West Virginia, Mr. Chairman, is more vitally interested in the amount of the weekly payment that is made available to the unemployed. Presently our maximum is $30. Under the proposal which will be offered by the distinguished gentleman from Rhode Island [Mr. FORAND], those weekly payments would be upped to a total of $46 as against $30 in the present payments.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. FORAND. Is it not a fact that one of the principal reasons why the State of West Virginia has not come down to one employee or that the benefits have not been increased or that the benefit period has not been lengthened is because of competition of other States? It is a protection seeking to protect the industry in a given State that keeps the State from broadening out whereas if we had a Federal scale under an act of Congress they all would come under it.

Mr. BAILEY. That is a fact. I appreciate the comments of the gentleman from Rhode Island. Let me say that in a State like my State of West Virginia—and it is true in many others, that there is considerable unemployment at the present time. If there is any excuse for unemployment compensation it is to stabilize the national economy—and I have to bring up a discussion of our trade policies—unemployment is down in the State of West Virginia due to the fact that 5 or 6 of our major industries are affected by foreign imports. We have some hundred thousand or more unemployed, we have 136,000 people getting Federal grants of surplus food. It is a situation in which if $46 a week were made available instead of $30 it would stabilize to a certain extent the purchasing power of those unemployed people; it would tend to make better business for the merchants and other people who are in business in that area by making more purchasing power available. We are very much in favor of the proposal that will be made by the gentleman from Rhode Island in his attempts to liberalize this bill. I regret only that he is not extending the period of weekly payments above the present 21-, 22-, 24-, or 26-week limit, as the case may be, to a greater length of time.

While it looks as though our employment situation in West Virginia is improving it is due to the fact that many unemployed have drawn all their unemployment compensation. Because of this such people are not longer carried as unemployed, although in fact they are and, the unemployment compensation payments have been reduced. But that does not account for the fact that there is still unemployment and that the unemployed have not returned to work.

I am very much interested in lengthening the number of weeks the payments may be made. That is in the bill originally introduced by the gentleman from Rhode Island and of which I am one of the co-sponsors, but it will not be in the two proposals he intends to offer today to the legislation.

I want to associate myself with the gentleman from Rhode Island, and I am sure that the Representatives from all of the States that are vitally affected, as my State of West Virginia is, are interested in bringing some relief to this serious situation.

Mr. COOPER. Mr. Chairman, I yield 7 minutes to the gentleman from Maryland [Mr. GARMATZ].

Mr. GARMATZ. Mr. Chairman, when the people of this country read in the newspapers that we are taking up and debating an unemployment compensation bill, I am sure they will be under the impression that we are actually doing something about the present inadequate benefits.

They will be in for a rude shock if they read down further in the account and see what it is we are actually taking up.

In Baltimore, as in most cities, the people generally know we are in a situation of unemployment crisis. In Baltimore, for instance, we have twice as many people on the unemployment compensation rolls in the city alone as there were last year in the whole State of Maryland. And the Baltimore Sun reported Tuesday that the number of jobs in Baltimore City fell off 2,700 more from April to May, contrary to the usual seasonal upswing.

In other words, instead of unemployment dropping in that period, as it usually does, we saw it increase.

With all of our joblessness, and idle plant capacity, and virtually closed-down shipyards and other installations, however, we in Baltimore are not as badly off as are many of the other major industrial areas of the Nation which recently went on the distressed list. So we can only imagine the extent of the crisis in cities with 6 or 12 or even a higher percentage of unemployment.

And bad as the situation is nationally, we have the forecast from the National Planning Association that if the economy continues at its present level without substantial change or improvement, we shall have anywhere from 5.5 to 6.2 million unemployed in the country by next spring.

This will mean nearly a doubling of present unemployment. And the present level of unemployment has already been described by the Chairman of the President's Council of Economic Advisers, Dr. Arthur Burns, as intolerable. It is hard to find the right adjective to describe a situation twice as bad as intolerable.

Under the circumstances, Mr. Chairman, it is obvious that the administration and the Congress should be taking powerful corrective steps. But nothing of the sort has been undertaken.

Instead, we have here a bill which purports to improve the unemployment compensation system, but an analysis of it will show that it will have practically no effect whatsoever in Maryland or in many other States.

It would cover in under the unemployment compensation program workers in businesses employing four or more persons. In Maryland, and in many other States, we already do at least that well—in Maryland we cover in all employees otherwise eligible, regardless of the number their employer has on the payroll. So that will have no effect in Maryland.

The bill will also cover in Federal employees. That is an improvement I heartily support and which I urged upon the Ways and Means Committee in my testimony on this matter last month. But the bill as it has been reported—and under the rule it cannot be amended from the floor in this particular—specifies that unemployment compensation cannot be paid to jobless Federal employees until after next December 31. I trust that most of the slashing of Federal agencies has already taken place and that most of the employees slated to lose their jobs have already done so by now, so that this, too, would have no effect right now and probably very little effect after January 1.

Otherwise, the bill does nothing for any worker in Maryland. It does not raise benefits for a single unemployed worker. It does not increase the period of benefits.

So I would describe this bill, Mr. Chairman, as a garden hose to use on a three-alarm fire. The unemployment situation is dangerously acute; yet this bill is of no significant value in combating it or in alleviating the hardships of unemployment.

The Republican leadership here in the House must be painfully aware of the pitiful limitations of this measure to have brought it up here under the circumstances it provided for House debate. We have in effect a gag rule—no amendments except two intended to be offered for the Democrats by the gentleman from Rhode Island, Representative FORAND. One would extend the maximum period of benefits to 26 weeks—which is what we already have in Maryland. The other would increase maximum benefits to one-half a worker's regular pay, up to a limit of two-thirds of a State's average weekly wage. In Maryland, this would mean an increase in the top basic benefit of about $11 a week—from $30 to about $41.

Only the second amendment would help unemployed Marylanders. I shall, of course, support both amendments, because I believe all States should be brought up to at least the 26-week standard. I would like to go further and see the maximum period increased to 39 weeks.

That was one of the many additional improvements proposed in the Forand bill, which I and more than four-score other House Democrats joined in cosponsoring. But under the rule imposed upon us for consideration of this bill, we cannot even propose that amendment from the floor.

I object to this kind of gag rule on so important a legislative issue, affecting so many American workers. It is unfortunate that the Republican leadership has imposed such a gag, but as I said, it is understandable. To open up this bill to general amendment from the floor would expose its weaknesses and limitations and show up the inadequacy of the administration's approach to the unemployment problem.

There is nothing dynamic about this bill. It is a bust.

[From the Baltimore Sun of July 4, 1954]

JOBLESS IN UNITED STATES SEEN DOUBLING BY NEXT YEAR—PLANNING GROUP URGES GOVERNMENT TO ACT TO END INEXCUSABLE IDLENESS IN NATION

WASHINGTON, July 3.—The National Planning Association said today unemployment will nearly double over the next year at the present rate of economic activity. It urged the Government to consider action to end inexcusable idleness of part of the Nation's gigantic production machine.

The report said that if the economy runs along over the next 12 months at about the present pace of $25 billion gap will develop between national production and the level of production that would provide full employment.

CONGRESS COULD BE CALLED

The study group, a private association of businessmen, labor union leaders, economists, and bankers, said it assumes the administration is now reexamining defense needs.

"If this reexamination shows (as we anticipate)," the association said, "that national security calls for bigger defense spending, a special session of Congress in the fall could consider legislative authorizations and supplemental appropriations for the additional measures."

If the administration decides there is no urgent need for stepped-up defense spending, the group said, "then measures should be considered to promote expansion" of the economy to "full employment" levels.

SIGNERS ARE NAMED

The report was entitled "Opportunities for Economic Expansion." It was signed by international banker, H. Christian Sonne, chairman of NPA's steering committee and chairman of the board of Amsinck, Sonne & Co.; and by the 10 other members of the steering committee. These included Frank Altschul, chairman of the board of General American Investors Co.; Soloman Barkin, director of research of the Textile Workers Union of America; Clinton S. Golden, executive director of the trade-union program at Harvard University; marketing adviser, Elmo Roper; and New York businessman-economist, Beardsley Ruml, author of the pay-as-you-earn income-tax collection plan now in use. Another signer was Gerard Colm, economist for NPA.

Administration economic advisers asked for comment on the report made no response.

The NPA, which periodically brings out studies on the national economy, based its current report on the assertion that "it is certain we do not have 'maximum employment, production, and purchasing power,' stated as an objective of United States policy in the Employment Act of 1946."

"Involuntary total or partial idleness of a substantial number of workers and underutilization of productive capacity," the report said, "are inexcusable in a perilous world situation."

SEVENTEEN-BILLION-DOLLAR GAP

NPA said that the business downturn which started last midyear—which NPA said has apparently run its course—reduced the Nation's total annual production of goods and services from the $367 billion of 1953 to a rate of $358 billion in the first quarter of this year. The $367 billion gross national production of last year, NPA said, was the full-employment level for the Nation's labor resources at that time. But population growth and increased use of more productive machinery raised the full-employment level by the first quarter of this year to an annual national production rate of $375 billion, NPA said.

That left a $17 billion gap in January, February, and March, the report said, between what the Nation was producing and what it should produce to utilize its labor resources fully.

NPA calculated that at the present rate of increase in economic activity, national production in the first quarter of next year would be at an annual rate of about $360 billion. The full employment level of economic activity by then, the committee said, would be $385 billion, leaving a $25 billion gap.

Virtually standing still economically, the committee said, would boost unemployment next year from the 3,305,000, or about 5 percent of the labor force, to about 8 or 9 percent of the labor force. Colm told a news conference on the report that an addition of about 1 million to the labor force could be expected during the year. The committee was, therefore, estimating that, if the economy remains at virtually the present level over the next 12 months, unemployment would rise by next spring to between 5,500,000 and 6,200,000.

The committee attributed the recent recession to the failure of private demand to rise in accord with the rise in productive capacity at a time when Government spending and business spending for expansion began to level off.

The committee pronounced itself unfit to pass on defense needs or national strategy. But, it said, unless four questions it posed could all be answered "yes" it felt security outlays should be stepped up. And, the committee said, "with actual production running about $15 billion below capacity and with some idle resources in men, plants, and materials, it simply makes no sense to contend that national defense programs must be reduced for economic reasons."

Administration spokesmen say frequently that they are trying to reduce defense spending to avoid putting an undue strain on the economy.

Mr. GARMATZ. Mr. Chairman, I ask unanimous consent to revise and extend my remarks at this point in the RECORD, and include an article.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. REED of New New York. Mr. Chairman, I yield 4 minutes to the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Chairman, I take this time, if I may, to propound 2 or 3 questions in respect to this proposed legislation, particularly with regard to the Federal employees. As I understand this legislation, you are putting about 2.5 million Government employees under this law that have never been covered before. Is that correct?

Mr. REED of New York. That is correct.

Mr. REES of Kansas. What are we going to do with Federal employees who work for short periods of time? Suppose someone is employed in my office or anywhere else in the Federal Government and works for 2 or 3 or 4 up to 6 months. Does he come under this law and does he get any benefits under it?

Mr. REED of New York. If he is out of employment.

Mr. REES of Kansas. How do you figure out how much you are going to pay him?

Mr. REED of New York. Well, it is covered by the State law. Under the bill the Federal workers' benefits are determined under the unemployment-compensation law of the State where they were last employed.

Mr. REES of Kansas. In other words, if someone who comes from the State of Ohio works for me in my office and becomes unemployed, what becomes of him?

Mr. REED of New York. The bill does not apply to elective legislative officers.

Mr. REES of Kansas. If a person who worked for the War Department, who came from Ohio, became unemployed, he would possibly then get different compensation than if he came from New York; is that right?

Mr. REED of New York. No. That would be based on the law of the District of Columbia.

Mr. REES of Kansas. Because he was employed in the District of Columbia?

Mr. REED of New York. That is right.

Mr. REES of Kansas. Even though he worked for the Federal Government?

Mr. REED of New York. That is right.

Mr. REES of Kansas. The fact that he worked in the District of Columbia determines the question of compensation that he gets?

Mr. REED of New York. That is the criterion.

Mr. BYRNES of Wisconsin. Mr. Chairman, if the gentleman will yield, I think it might be made clear to the gentleman from Kansas that it depends on where the Federal employee is working. The employee that came from Kansas, let us say, and worked for the Federal Government here in Washington would be paid on the basis of the District of Columbia unemployment compensation law, but if that same employee went from Kansas to Wisconsin and was employed in Wisconsin, let us say, in the Veterans' Administration office there and then became unemployed, he would get his unemployment compensation on the basis of the Wisconsin law.

Mr. REES of Kansas. As I understand the chairman of the committee, then, a person who works in a congressional office or legislative office is not included under this act. Is that right?

Mr. REED of New York. He is included unless he is an elected official.

Mr. REES of Kansas. Are there other exceptions for Federal employees?

Mr. REED of New York. There are minor exceptions.

Mr. REES of Kansas. Otherwise, they are all included?

Mr. REED of New York. Yes.

Mr. REES of Kansas. The 2.5 million Government employees?

Mr. REED of New York. Yes.

Mr. REES of Kansas. Wherever they are?

Mr. REED of New York. Yes.

Mr. REES of Kansas. Whether in the United States or in foreign countries as well?

Mr. REED of New York. That is right but the worker cannot file for benefits unless he is in the United States.

Mr. Chairman, we have no more requests for time.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. RABAUT].

Mr. RABAUT. Mr. Chairman, I take this time to make it known that I am in favor of the amendments to be offered by the gentleman from Rhode Island [Mr. FORAND]. I understand that the first amendment is to fix nationwide the benefits to be paid the unemployed; the maximum to be 66⅔ percent of the State average weekly wage and the minimum not less than 50 percent of the individual worker's weekly wage. The second amendment is to fix the duration of benefits at 26 weeks.

There is nothing new in these amendments of the gentleman from Rhode Island [Mr. FORAND], so far as the administration is concerned, because we had it on the President's own testimony, in the Economic Report, where it says:

> Unemployment insurance is a valuable first line of defense against recession. * * * But even as a first defense, the system needs reinforcement.

Among specific proposals, under "Benefits" it says further:

> It is suggested that the States raise these dollar maximums so that the payments to the great majority of the beneficiaries may equal at least half their regular earnings.

Further, as to "Duration," it specifies 26 weeks.

The Secretary of Labor in the Republican administration, Mr. Mitchell, in his letter to the State Governors under date of February 16, said, on the subject of benefits:

> At its most recent meeting in January the Federal Advisory Council on Employment Security took action supporting the President's recommendations on improving weekly benefits. The Council recommended that in each State, the maximum weekly benefit amount should be equal to at least 60 to 67 percent of the State's average weekly wage.

With reference to duration he recommended the same period, 26 weeks.

The Assistant Secretary of Labor, Mr. Ciciliano, in a letter to the heads of the State unemployment compensation agencies, dated February 16, said:

> As also pointed out in the letter to your Governor a recent recommendation of the Federal Advisory Council, in line with the President's Economic Report, suggests as a ceiling on weekly benefits that weekly maximums be equal to 60 to 67 percent of the State's average weekly wage.

As to the matter of duration, he makes the same recommendation, 26 weeks.

When the President was asked what he intended to do about advising the governors in the matter of calling the State legislatures into session to implement his own recommended program, he said that he had no intention to urge them. He said he did not think he would do it. Now he is going to meet with the governors in July. He made this statement in his press release, I think it was on June 16. Now the country has an announcement from the first industry in the United States of America, the automobile industry, that in the second half of this year they intend to cut production, that production is going to be cut, it is understood, 33⅓ percent. If that takes place, and I want my colleagues from Michigan on the Republican side to listen to me, it is going to put on the unemployment rolls in Michigan alone 300,000 people. It is well enough for the people here in the House to say this is a State problem. We had a governor that grabbed the ball with the President of the United States, and he is a Democratic governor, G. Mennen Williams, in the State of Michigan, and he went down the field for a goal. But when the Republican legislature of our State acted they used an eyedropper when it came to putting some more funds in the compensation bill. A $3 increase, that is what they gave. Three dollars in a man's family life in the economy of today is something that does not need much explanation to anybody in this House who deals with the money problems of this country.

The legislatures of several States have met, but only three have acted—Virginia, California, and Michigan. Michigan has done the best by her unemployed, but it was not enough. We have the record—in my own State—providing a 26-week period—but there is a jigger in it—requiring that work be performed for 39 weeks in the current year. I do not know how they are figuring the short week period in that 39 weeks for several of the big industries of Michigan are on a 3-day short week.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. I noticed an item in one of the newspapers in Washington yesterday where a survey was made of the dealers in the automobile industry throughout the country and it was the consensus that the dealers recommended to the producers a further reduction in the production of automobiles; so evidently the dealers are overstocked now with too great an inventory, so we can look for further reductions.

Mr. RABAUT. I thank the gentleman for bringing that to my attention. Auto production in the second half of the year will be at least 33⅓ percent below the present rate. The new-car inventory was 638,000 as of May 31 comparted to 430,000 as of the same date in 1953.

Do the Members of this House who are going out in the fall to give an accounting of their stewardship intend to use the television so they will be away from the voters while they make their appeal, or do they intend to dress themselves up with a mask and a chest protector of a baseball outfit to walk among the people? This is going to be serious. The automobile business is the largest business in this country. Mr. Fairless and Mr. Grace, of the steel industry, say that they are optimistic, that the 72 percent production of today will continue. How is it going to continue with this fall-off that was announced by the automobile industry, the cutback of 33⅓ percent? The auto industry is the best steel customer in the United States of America and no one denies that.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I yield.

Mr. EBERHARTER. I remarked before that today steel production is only 59 percent of capacity. A few years ago is was 100 percent production.

Mr. RABAUT. You know we get these figures. They are handed to us and we are supposed to take them. We take them for what they are worth, but the figure was given to me that steel production is running 72 percent of capacity. If it is lower than that, the result is going to be worse.

Do not think when I speak to you, ladies and gentlemen of the House, that I am addressing only the people in Michigan. The automobile has affected every section of America. It is important to your district. You know it as well as I do. It is time we did something here until these State legislatures act. It is time we took charge of the situation. It has been recommended by a Republican President. It has been written about by a Republican Secretary of Labor. It has been encouraged to the State unemployment compensation agencies by the Assistant Secretary of Labor. Why should we not do something about it? We ought to get behind this Forand amendment; and if you do, you will be assisting the unemployed and benefiting the economy of our Nation.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, if I may have the attention of the gentleman from New York [Mr. REED]: in the colloquy which the gentleman recently had with the gentleman from Kansas [Mr. REES] I understood the gentleman from New York to state that the employees in the legislative branch of the Government were not included. I wonder if that was an inadvertent statement.

Mr. REED of New York. That was an inadvertent statement. Legislative employees are covered by the bill. The exclusion which I had reference to is as to elected officials.

Mr. SMITH of Virginia. Then the employees in the legislative branch are included under the bill? I wonder if the gentleman would know how long they have to be in the employ of the Federal Government before they become eligible under the terms of the bill?

Mr. REED of New York. That depends on the State law.

Mr. SMITH of Virginia. And as to those who are residents of the District of Columbia, it would depend upon the law of the District of Columbia?

Mr. REED of New York. That is right.

Mr. SMITH of Virginia. I thank the gentleman.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RHODES].

Mr. RHODES of Pennsylvania. Mr. Chairman, the district I represent includes the city of Reading and the county of Berks in Pennsylvania. It is an industrial area with a diversified economy, but with its base in manufacturing. It has been badly hit by a decline in defense contracts, and by the general slump in fabricating industries which the whole country is experiencing.

Mr. Chairman, a year ago my district was still economically healthy. Some industries were experiencing economic hardship, but employment was high. In this past year there has been a drop in factory employment of 10 percent. The worst information that can come to a district like mine is that the United States Department of Labor has declared it a so-called group IV area. Reading was classified group IV in May. The designation "group IV" means that over 7 percent of the total nonagricultural work force is out of jobs and looking for work. It signifies an area of substantial labor surplus. The Department of Labor has no classification which signifies greater hardship.

These are more than mere statistics. Behind the figures are thousands of families whose income has been cut by two-thirds or three-fourths or more. They represent husbands and wives and children who do not know whether they can meet the next rent payment, who know that if illness strikes, they cannot meet their medical expenses. The number of families who have been forced to go on relief has increased, and as those in this Chamber know, relief payments are far below the minimum requirements for a reasonable standard of living.

The fall in the purchasing power of these people will be felt far beyond their own doorsteps, Mr. Chairman. The fact that these people do not have money with which to buy the things they need will inevitably affect the small-business men and farmers of the community. Then, it will further affect the adverse employment situation in industries manufacturing semidurable and durable goods.

It is essential for the economic well-being of my district, as well as for the whole country, that improvement be made in the unemployment insurance benefits available to unemployed persons. There is nothing in the bill before us which would meet this urgent need. The amendments to be offered later today by the gentleman from Rhode Island [Mr. FORAND] would raise maximum primary benefits in Pennsylvania from $30 a week to $44 a week. This is a small enough benefit for a man who has to live, who wants to work, but who cannot work because no jobs are available. Mr. Chairman, I shall support the Forand amendments.

Mr. BYRNE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. RHODES of Pennsylvania. I yield.

Mr. BYRNE of Pennsylvania. The gentleman is aware that the State Unemployment Compensation Commission in Pennsylvania has issued an order, just last week, that they were going to cut the relief from 26 weeks to 20 weeks, and the payments from $30 to $20. This amendment to be offered by Mr. FORAND will take care of that, will it not?

Mr. RHODES of Pennsylvania. It certainly will.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. EBERHARTER. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. MILLER].

Mr. MILLER of Kansas. Mr. Chairman, I come from a district and a State that will not be so greatly concerned at the present time with the provisions of this bill. But as I have listened to the arguments it occurred to me that we are doing nothing in the way of prevention. When some years ago it was permissible to mention China without any apologies, we heard that over there they had nothing but preventive medicine. They hired physicians to keep them well rather than to make them well. I am wondering whether our economic situation does not need some preventive medicine rather than curative medicine, such as we are discussing today.

There seems to be at the present time considerable unemployment, and there seems to be fear that it will become worse. In this Nation where there is so much to do, it seems this Congress is taking the attitude that all we can do when a man is out of a job is to pay him until he can find a job of similar kind in similar employment. That is all we can do about it.

I would like to ask the chairman of the committee, the gentleman from New York [Mr. REED], if this bill contains any provision by which pains are taken to find jobs for these men rather than simply to pay them while they are out of work?

Mr. REED of New York. Let me tell you something that I would like you to relay to your people and tell everybody: We have just sent a bill to conference which, if it is passed, will greatly increase employment throughout the country, and that is the bill H. R. 8300. Many telegrams and telephone calls are coming in to the office, the effect of which is that as soon as the House bill H. R. 8300 is passed we will put 10,000 people to work. That is something that will help labor. It is not in this bill; it is in that bill.

Mr. MILLER of Kansas. I thank the gentleman very much. I do not know what the nature of that bill is, but I have in mind personally some things that could be done. Not too many days ago we passed a bill through this House appropriating a good many hundreds of millions of dollars for soil conservation and flood control, but we made very little provision for implementing such programs. That is the most important legislation that could possibly be before this House with the exception of immediate national defense.

I introduced a bill into this body when I first came here over a year ago requesting that this House create a commission under the direction of the President to study and provide a program of soil conservation so that at any time we have slack employment there will be a place to put these men to work where they will be doing something for the good of the country for all time.

I thank the Members for the attention you have given me and I hope that what I have said here will remain in the minds of the present Congress, for I do assure you that we are rapidly losing the best soil that we have in this country—400,-

000 acres destroyed every year—enough to feed 150,000 people.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. HOWELL].

Mr. HOWELL. Mr. Chairman, unless we adopt the Forand amendment to increase the maximum benefit payments under unemployment compensation, this bill before us today will not mean a thing in New Jersey, except to those Federal employees who lose their jobs after next January. Otherwise, the bill is a zero. It proclaims as its purpose the revising of the unemployment-compensation laws, but it would do so by completely ignoring the unemployed and the problems of the unemployed.

Its effect will be exactly the same as in New Jersey—zero—in Arizona, Arkansas, California, Connecticut, Delaware, the District of Columbia, Alaska, Hawaii, Idaho, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Montana, Nevada, New Hampshire, New Mexico, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Utah, Washington, and Wyoming.

In other words, in half of the States and in the District, Alaska, and Hawaii, it will have absolutely no effect whatsoever. And in other States it will have a very minor effect by bringing in under unemployment compensation employees in businesses employing 4 to 3 workers.

I very much favor covering Federal employees under the program, and I also favor covering in workers in small business, but I would be ashamed to vote for such a bill as this under any impression it is a bill to help the unemployed.

What we need, of course, in a situation such as we face today in our industrial centers is a bill like the Forand bill, which more than 80 of us on the Democratic side joined in introducing. This bill was completely ignored by the Ways and Means Committee which voted out instead on strict party lines the inadequate Reed bill now before us.

The Forand bill would have done the following:

First, it would have increased the maximum period of benefits to 39 weeks instead of the present hit-and-miss programs of the individual States ranging from 16 to 26 weeks.

Second, it would have covered-in the workers of even the smallest businesses employing one or more people.

Third, it would have increased benefits to a maximum of one-half a worker's regular wage up to a top of two-thirds of the average weekly wage in his State. In New Jersey, for instance, this would have meant a top benefit of $50 a week for those normally earning $100 a week or more, and half-pay for every unemployed worker whose normal wage was less than $100. Our present maximum is only $30.

While we are prevented under the rule laid down by the House Rules Committee from submitting the Forand bill as a substitute for this inadequate measure before us, we are permitted to submit two specific amendments, and I shall support both of them.

One would increase the maximum duration of benefits to 26 weeks in those States which do not already have such a period of benefits. This would bring other States at least up to the present New Jersey standard.

Why the administration did not propose this itself in the Reed bill, I do not and cannot understand. But it has failed to do so and the Republicans on the Ways and Means Committee refused to agree to it in committee, and so the only way we can get even that modest improvement into the bill is through a Democratic amendment from the floor.

The same situation obtains with the second amendment we are to be permitted to make. That one incorporates the benefit provisions of the original Forand bill, establishing a maximum of half-pay up to two-thirds of the average weekly wage in a particular State.

Here again, as in the case of the amendment dealing with the duration of benefits, we on the Democratic side are trying to write into the law a provision President Eisenhower has personally endorsed—but he insists it be left up to the individual States. The formula on benefits laid down in the Forand amendment is exactly the same as the one President Eisenhower's Secretary of Labor recommended to the States for adoption. Not a single State has adopted it, however, and so no good has come of it and no good can come of it unless the Democrats write it into this bill today, as we intend to try to do.

It is indeed a sorry situation, Mr. Chairman, that the only way the President's legislative recommendations appear able to get into law is if the minority party in the Congress seizes the initiative and writes them into law. And it is an even sorrier situation that when we try to do so, we usually have to fight most of the members of the President's own party and his Cabinet advisers as well. In this instance, we even have to fight the President himself in order to try to write into law a provision he supposedly endorses wholeheartedly. Certainly if he recommended that the States adopt the half-pay formula on unemployment compensation, he must believe in it. Then why has he failed to back us up in getting it into the basic Federal law?

The only answer I can surmise to that question is that lets his good intentions be sidetracked by the die-hard reaction so rampant in his own party here in the Congress. Time after time last year and this year he has backed down from his own legislative recommendations when the Republican leadership in the Congress said "boo" and made faces about them.

So in this instance, as in many more which have occurred these past 2 years, we on the Democratic side have found ourselves fighting the President's own party in behalf of things the President himself presumably wants.

If he really wanted them, I believe he would put up more of a fight himself to get them. We can surmise, then, that his support for these measures is lukewarm and casual. But I can't be lukewarm and casual about this situation when we have mass unemployment in New Jersey and a steadily increasing downward trend in our important manufacturing industries. The latest figures I have received show that while total nonagricultural employment in New Jersey is down only 3.7 percent from a year ago, in manufacturing it is down nearly 10 percent and in durable goods manufactures it is even worse—down 11½ percent. Furniture production employment is down 18½ percent, aircraft employment down 21.7 percent, transportation equipment employment down 15 percent, and so on.

Hardest hit of all is employment in some branches of the apparel industry, with jobs down 28.4 percent from a year ago.

These are startling statistics, Mr. Chairman, and indicative of the vast economic dislocation in my State and in most of the other industrial States of the Nation.

In view of the great unemployment and the sadly inadequate unemployment compensation benefits now available to the jobless, it is vital not only to the unemployed themselves but to our national economy and well-being to provide more decent benefits to these people so that they can buy the necessities of life without going on relief.

It is tragic that the administration would not get behind its own proposals made to the States and help us to draft more adequate Federal unemployment compensation standards. It is a shame that we are considering today not the Forand bill but a meaningless thing with no substance to it.

Let us salvage at least something out of this mess by approving the Forand amendment to increase benefits in a realistic manner—an amendment which would have the effect of lifting unemployment compensation benefits in every State in the Union.

The times are much too serious for half-hearted half measures which do very little good for an infinitesimal number of unemployed workers, and nothing whatsoever for the great bulk of them.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. WIER].

Mr. WIER. Mr. Chairman, I wish to take this means to advise the Members of the House that I too favor and intend to support not only this amendment offered by the gentleman from Rhode Island [Mr. FORAND] but likewise I intend to support a second amendment to be offered by Congressman FORAND to this unemployment compensation bill, recently reported out of the Ways and Means Committee and now before the House for sadly needed improvement, some of which the committee failed to heed and apply to the legislation now before us.

It should hardly be necessary for me to stand here today and express or tell you, after our recent and present threat and experience, that unemployment is not at this time an idle threat that should or could be brushed aside or postponed until tomorrow. It is very positive even today in what can happen to our faltering economy.

Approximately 8.5 percent of the labor force is now out of work. This is a real and present danger. The American Trade Union movement asks that Congress amend the Social Security Act, to

do a better job of taking care of the unemployed as follows:

First. Benefits: The maximum primary benefits payable under State laws should not be less than two-thirds of the average weekly wage of covered employment within the State. Each individual's primary benefit shall not be less than two-thirds of his average weekly earnings.

Second. Duration: Benefits shall be payable to all eligible unemployed persons for a period of not less than 26 weeks.

Third. Disqualifications: The States should be required to limit their disqualifying provisions to those actually designed to prevent payment of benefits to any workers who are not genuinely involuntarily unemployed. The period of disqualification should be limited to such duration as corresponds to the period of time during which the individual's unemployment can properly be considered a result of his disqualifying act. The AFL suggests that 4 weeks represents a realistic period.

Fourth. Coverage should be made coextensive with the coverage of the Federal old-age and survivors' program. In addition, protection should immediately be extended to the employees of the Federal Government.

The act should further be amended to provide means which would permit States to provide for uniform rate reductions to all employers, as well as individual experience-rated reductions.

The basic changes recommended by the AFL were in the bill introduced by Representative Aime J. Forand and some 80 co-sponsors in the House and Senate.

The AFL supports this measure as offering by far the most genuinely constructive approach to the problems of developing an adequate defense against unemployment that has been put before this Congress.

I earnestly urge this committee to approach this serious problem of unemployment in the bold, constructive, and comprehensive manner indicated by H. R. 9430.

Mr. COOPER. Mr. Chairman, I ask unanimous consent that all Members may have permission to revise and extend their remarks on the pending bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. SHELLEY].

Mr. SHELLEY. Mr. Chairman, I am wholeheartedly in support of the Forand proposals which should be included in the pending bill. The contention advanced by sponsors of this inadequate bill that to write into it a set of minimum standards as to amount of weekly payments to the unemployed and the duration of those payments would be an invasion of the rights of the States has little or no merit. The Social Security Act as originally passed and as now in force contains a clear recognition of the obligation of the Federal Government to insure compliance by State laws and by the State administrative agencies with certain minimum standards. Although the law does not now deal specifically with amounts and duration of payments, the evidence is clear that present Federal standards must be extended into that field in order to let the unemployment insurance program do the job it was intended to do. The best evidence of the need for such standards is found in the table inserted in the RECORD by the distinguished chairman of the Ways and Means Committee showing how widely the benefits provided vary among the States. Although the laws of my own State, California, are fairly liberal in comparison with the treatment given the unemployed in the more backward States, I cannot sit back and permit this bill to go through without protesting denial of equal rights to the needy jobless in other States—and as we all know, there are far too many of them now.

Since the outset of the Federal Unemployment Insurance Tax Act, it has always been assumed that the purpose was not merely to provide a depository for State funds, as well as money for costs of administration of the State programs, but also to establish certain minimum standards to insure that the employers in the various States would not be able through control of their State legislatures to set up phony unemployment insurance laws—laws designed to give them the full allowable tax credit offset of 2.7 percent with respect to any State taxes that might be imposed under such type of program over and above the 3 percent Federal tax, while providing no real benefits to the unemployed.

At the time of the enactment of the Federal program, and the subsequent enactment of the various State programs, it was obvious that these various programs were founded upon the concept that they were part of a national program, were being created as part of a national program and would continue in existence only so long as the national program itself continued. In fact, many of the States in enacting them specifically provided to this effect, including my own State of California.

It is clear accordingly that at all times since the commencement of this program the underlying concept has been that unemployment is national in scope and transcends State lines and can be effectively reached through a so-called insurance program only if there is an overall Federal program with certain fundamental Federal standards.

Any argument at the present time that moves to improve the Federal standards are invasions of States rights are belated to say the least. That argument was disposed of when the original act was enacted into law and the propriety of that contention was resoundingly rejected at that time. The question accordingly is not the problem of States rights but rather whether the existing standards are adequate to accomplish the objectives of the program and to insure minimum conditions in the various States, consonant with a sound program.

In that regard, and as the committee chairman's own table shows, mere reference to the conditions prevailing in the various States as to the amount and duration of benefits will itself suffice to constitute the most persuasive argument. The benefits are as varied as the number of States, with some States paying as low as $3 and others paying maximums only of $20. It is evident that if such conditions continue unabated the program will soon destroy itself. Merely to bring a few additional employees under coverage as this bill does is not enough. The benefits to our jobless must also be geared to present-day standards rather than those which prevailed in 1935. The States have proven themselves unwilling to shoulder that responsibility. It is up to the Congress to insist that this be done. Past experience proves that employer-controlled State legislatures will not listen to a meek recommendation, either on the part of the Congress or the President. Such lipservice to great liberal principles sounds good in newspaper headlines or in campaign oratory, but as has been proved on issue after issue in this session, unless the administration and its congressional leadership give positive support to definite action these promised dynamic programs remain promises without performance. By supporting the Forand amendments to set a floor on weekly unemployment compensation payments and to require a reasonable minimum period of 39 weeks during which such payments shall continue, this House now has the opportunity to force action on at least one of the glib promises we have heard.

Mr. Chairman, I do not base my position on this problem on hearsay or theory. I take this stand because through my 8 years of experience in the California State Senate, during all of which I served on the Social Welfare Committee which handles this type of legislation, I know what influences are brought to bear on the State legislatures when action on unemployment insurance laws is up for consideration and I know how hard it is for the laboring man who is most affected to be heard. I, therefore, support and ask for the adoption of the amendments proposed by the distinguished gentleman from Rhode Island [Mr. FORAND].

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Minnesota [Mr. BLATNIK].

Mr. BLATNIK. Mr. Chairman, I wish to express my frank opinion on the bill now under consideration—H. R. 9709—to change the Federal-State unemployment insurance system. In my estimation this bill is somewhat of a phoney—on one hand it extends unemployment compensation benefits to possibly as many as 4 million employees not now covered, but on the other hand it does absolutely nothing to increase the now inadequate unemployment compensation benefits to those already covered.

If the majority leaders were really interested in passing a sound unemployment compensation bill, they would have reported out H. R. 9430, a bill introduced by the gentleman from Rhode Island [Mr. FORAND], 85 other Congressmen, including myself, the first week in June.

It is my hope that the House will substitute the language of H. R. 9430 for that of H. R. 9709 and pass the bill as amended. Anyone familiar with the facts of life as they relate to unemployment compensation must recognize that

the provisions of the Forand bill offer logical solutions to repair the basic weaknesses of the present unemployment insurance system. What does the Forand bill propose? I will enumerate. Firstly, the Forand bill would extend the maximum duration of benefit payments under the unemployment insurance system to 39 weeks as against 26 weeks in about half the States today. Secondly, the Forand bill provides that the maximum primary benefit payable under State laws to unemployed workers shall be not less than two-thirds of the State's average weekly wage—this would mean a substantial increase over benefits payable under existing law; and finally, the Forand bill would extend the coverage of unemployed compensation to nearly every employee in America. In short, Mr. Chairman, the Forand bill proposes to extend the period during which unemployment compensation is payable, to substantially increase the amount of benefits payable, and to extend the coverage of the Federal-State unemployment system to virtually every worker in America.

Compared with the Forand bill, the majority bill which we are now debating is a sorry piece of legislation. As I said before, all it does is extend coverage to less than 4 million more workers and does nothing about the period of payments or the amount.

This is a typical piece of Republican legislation. The majority leadership does a great deal of talking about the legislation they are going to pass and have passed, but when we examine the record we find that there has been much noise, but little substance to their legislative program. As I said before, H. R. 9709 is pretty much of a phoney—it is being proposed to give the majority party something to talk about during a campaign year and to fool the people into believing that they are getting something in the way of unemployment compensation when the facts show otherwise.

Mr. Chairman, the purpose of unemployment compensation is twofold. First, it has humanitarian objectives in that it protects those who are unfortunate enough to become unemployed in times of recession, and two, it is a practical economic program of distributing needed purchasing power to offset recessionmaking trends.

May I suggest to my friends on both sides of the aisle that there is no better time than now to enact a sound unemployment compensation to give a measure of security to every American worker. It is no secret that there are over 3 million workers now completely unemployed and another 1½ million or 2 million partly unemployed. Moreover, responsible economists are today saying that unless the present economic trends are reversed, we may have as many as 5 million fully unemployed by fall and another 3 million partly unemployed.

Since we are faced with this problem of such magnitude, you would think that the Congress would waste no time in adopting the Forand bill, but in its usual stumble, fumble, stumble approach the majority party comes forward with this so-called unemployment compensation bill which does nothing to repair the basic weaknesses or meet the most pressing needs of the unemployment insurance system. H. R. 9709 does not represent an unemployment compensation program, but is the smokescreen to cover the lack of a program and the failure of the Republican Party in the field of sound legislation.

It is my sincere hope that the House will substitute the Forand bill for H. R. 9709 and thus give the Federal Government an effective weapon against rising unemployment.

However, important though this issue of unemployment compensation may be, at the best it is only a stopgap measure providing on a very short-term basis a bare minimum of income to sustain the unemployed worker and his family. But looming beyond and far above this is the basic problem of the whole overall economic picture, and my good friend and distinguished colleague from Kansas [Mr. MILLER] focused attention to the crux of the whole matter a few minutes ago when he pointed out that the responsibility which is ours lies far beyond merely providing unemployed compensation, the big challenge is what action should we take to provide employment for all willing and able to work. I think it of the utmost importance that before this Congress adjourns it discuss and debate fully the entire economic picture so we and the country will know exactly what predicament we are in. The distinguished gentleman from Baltimore, and my very good personal friend [Mr. GARMATZ], made reference to the story carried in last Sunday's Baltimore Sun, on July 4, about the report made by the National Planning Association—a research and economic survey group composed of prominent and reliable businessmen, labor researchers, and economic statisticians and fiscal experts. The report forewarns of a much more serious unemployment situation for next year with as high as 5 to 6 million expected to be unemployed. Even though the present levels of economic activity maintain, just the normal increase in population and increase in productivity in industry will result in that employment. The economic health of our country is everything, not only for our improved well-being at home, but to enable us to carry out our responsibilities of world leadership in this trying time. Yet I must confess, I am deeply disturbed that so little time has been given to a complete and full discussion of our true economic picture—a sort of economic diagnosis—to be then followed by a remedial series of steps not only to avoid a serious economic setback, but to further improve our entire economic structure.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Chairman, as cosponsor of the Forand bill, H. R. 9430, I shall support the efforts of the gentleman from Rhode Island [Mr. FORAND] to include the provisions of that bill in this one. I believe it will go far to make it a better bill.

Unemployment insurance not only helps the recipient but it also helps the community merchant. The traditional butcher, baker and, in lieu of the candlestick maker, the public utility company that sells gas and electricity.

Insurance coverage should be extended to cover all employed and self-employed people.

If it is good for one segment of society, it is good for all.

I am happy that this bill extends coverage, particularly, to those who work for the Federal Government.

Extension and liberalization of this phase of our social-security system is highly desirable at this time when tremors that could forewarn of a catastrophic wave of unemployment are being felt. It will cushion the shock if it comes.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. GREEN].

Mr. GREEN. Mr. Chairman, as one of the cosponsors of the Forand amendments I certainly shall support them and hope that they will be included in the pending bill.

When President Eisenhower spoke of bright spots in the economy, he must have been wearing his rose-colored specs. He certainly was not looking at the Philadelphia metropolitan labor area.

That is the area comprising Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania, and Burlington, Camden, and Gloucester Counties across the river in New Jersey.

Unemployment in the Philadelphia area has gone up 110½ percent between March 1953 and March 1954. In March 1953 we had 54,700 jobless. By March 1954 the figure was 115,000.

In Philadelphia County alone, unemployment compensation claims jumped 175 percent between April 1953 and April 1954. The 1953 figure was 19,000 and the 1954 figure was 52,400.

Shipbuilding along the Delaware is at a standstill. In that industry, workers have exhausted their unemployment compensation benefits, and I am informed that most of them are on relief.

Employment in the nonferrous plants is down 50 percent from 1953 peaks. Federated Metals, a division of American Smelting, is a good example. From its normal force of 125 it is now down to 30, and the prospect is of a complete shutdown by June or July.

Employment in the transportation equipment field is off by 22 percent as a whole. At the Budd plant, where 10,000 were employed 2 years ago, only 4,900 are at work now, and more than 750 Budd workers are on relief. ACF-Brill had 1,800 workers 2 years ago, has only 800 now.

In textiles, employment is down by 18½ percent. Within the year Delta Finishing Co. closed down, making 600 jobless. Walther shut, with a loss of 250 jobs. The closing of Collins & Aikman meant 2,000 jobs, and at Keystone Worsted 100 lost their jobs. In hosiery the drop has been 35 percent. The closing of Apex Hosiery alone cost 700 people their livelihood. Surpass Leather closing put 700 more out of work, not to mention the layoffs in the Frankford Arsenal as a result of stupid planning by the Defense Department.

The electrical industry has been hard hit. Between May 1953 and May 1954 employment at Electric Storage Battery has dropped from 2,600 to 1,300, and those remaining are working a 35-hour week. At Philadelphia Insulated Wire, the drop has been 41 percent; at International Resistance, plant relocation has brought a drop from 1,400 jobs to 450. At Philco the work force of 8,000 has been cut to 6,000, a drop of 25 percent. At Proctor Electric the force of 560 is now down to 290, a drop of 48 percent.

For electrical machinery as a whole employment has dropped 7.7 percent; for machinery other than electrical, the drop has been 4.9 percent.

In chemicals the drop has been 5 percent. So it goes, down the line. Only in three categories—apparel, tobacco, and furniture—is employment any higher than a year ago, and even in these fields, the gain has been negligible.

Obviously, the economy is in trouble. Just as obviously, the Eisenhower administration is doing nothing, when so much needs to be done. The administration could increase personal tax exemptions; it could pass legislation for a higher minimum wage; it could increase social security benefits; it could start plans for building much-needed homes, schools, and hospitals. It could build needed roads and flood-control projects.

The States could vote more liberal unemployment compensation benefits. And industry could grant the unions' demand for a guaranteed annual wage.

Here are the comparative figures on manufacturing employment for the Philadelphia area, March 1953 and March 1954:

	1953	1954	Up	Down
Total employment	622,400	576,600	----	45,800
Textile	60,500	49,300	----	11,200
Electrical machinery	60,700	56,000	----	4,700
Machinery, other	49,400	47,100	----	2,300
Transportation equipment	63,700	49,500	----	14,200
Apparel	61,900	62,400	500	----
Chemicals	37,500	35,600	----	1,900
Food	45,200	43,900	----	1,300
Tobacco	7,000	7,200	100	----
Lumber	3,700	3,400	----	400
Furniture	5,800	5,900	100	----
Paper	21,500	21,300	----	200
Printing, publishing	33,900	33,500	----	400
Petroleum, coal products	23,500	22,600	----	900
Rubber	5,500	5,300	----	200
Leather	10,400	9,500	----	900
Stone, clay, and glass	13,100	12,300	----	800
Primary metals	37,200	35,100	----	2,100
Fabricated metal products	48,600	45,700	----	2,900
Instruments	16,400	16,000	----	400
Miscellaneous	16,900	15,000	----	1,900

The CHAIRMAN. If there are no further requests for time, under the rule the bill is considered as having been read for amendment. No amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means and either or both of the proposed amendments printed in the CONGRESSIONAL RECORD of July 7, 1954, page 9980.

The bill is as follows:

Be it enacted, etc., That, effective with respect to services performed after December 31, 1954, section 1607 (a) of the Internal Revenue Code is hereby amended by striking out "eight or more" and inserting in lieu thereof "four or more".

SEC. 2. Effective with respect to rates of contributions for periods after December 31, 1954, section 1602 (a) of the Internal Revenue Code is hereby amended by adding after paragraph (3) the following:

"For any person (or group of persons) who has (or have) not been subject to the State law for a period of time sufficient to compute the reduced rates permitted by paragraphs (1) (2), and (3) of this subsection on a 3-year basis, the period of time required may be reduced to the amount of time the person (or group of persons) has (or have) had experience under or has (or have) been subject to the State law, whichever is appropriate, but in no case less than 1 year immediately preceding the computation date."

SEC. 3. Effective with respect to the taxable year 1955 and succeeding taxable years—

(1) section 1605 (c) of the Internal Revenue Code is hereby amended to read as follows:

"(c) Time for payment: The tax shall be paid not later than January 31, next following the close of the taxable year."; and

(2) section 1605 (d) of the Internal Revenue Code is hereby amended by striking out "or any installment thereof" each place it appears.

SEC. 4. (a) The Social Security Act, as amended, is further amended by adding after title XIV thereof the following new title:

"TITLE XV—UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES

"DEFINITIONS

"SEC. 1501. When used in this title—

"(a) The term 'Federal service' means any service performed after 1952 in the employ of the United States or any instrumentality thereof which is wholly owned by the United States, except that the term shall not include service performed—

"(1) by an elective officer in the executive or legislative branch of the Government of the United States;

"(2) as a member of the Armed Forces of the United States;

"(3) by foreign service personnel for whom special separation allowances are provided by the Foreign Service Act of 1946 (60 Stat. 999);

"(4) prior to January 1, 1955, for the Bonneville Power Administrator if such service constitutes employment under section 1607 (m) of the Internal Revenue Code;

"(5) outside the United States by an individual who is not a citizen of the United States;

"(6) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

"(7) by any individual as an employee receiving nominal compensation of $12 or less per annum;

"(8) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

"(9) by any individual as an employee included under section 2 of the act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(10) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

"(11) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment; or

"(12) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States.

"For the purpose of paragraph (5) of this subsection, the term 'United States' when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

"(b) The term 'Federal wages' means all remuneration for Federal service, including cash allowances and remuneration in any medium other than cash.

"(c) The term 'Federal employee' means an individual who has performed Federal service.

"(d) The term 'compensation' means cash benefits payable to individuals with respect to their unemployment (including any portion thereof payable with respect to dependents).

"(e) The term 'benefit year' means the benefit year as defined in the applicable State unemployment compensation law; except that, if such State law does not define a benefit year, then such term means the period prescribed in the agreement under this title with such State or, in the absence of an agreement, the period prescribed by the Secretary.

"(f) The term 'Secretary' means the Secretary of Labor.

"COMPENSATION FOR FEDERAL EMPLOYEES UNDER STATE AGREEMENTS

"SEC. 1502. (a) The Secretary is authorized on behalf of the United States to enter into an agreement with any State, or with the agency administering the unemployment compensation law of such State, under which such State agency (1) will make, as agent of the United States, payments of compensation, on the basis provided in subsection (b) of this section, to Federal employees, and (2) will otherwise cooperate with the Secretary and with other State agencies in making payments of compensation under this title.

"(b) Any such agreement shall provide that compensation will be paid by the State to any Federal employee, with respect to unemployment after December 31, 1954, in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the State if the Federal service and Federal wages of such employee assigned to such State under section 1504 had been included as employment and wages under such law.

"(c) Any determination by a State agency with respect to entitlement to compensation pursuant to an agreement under this section shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in such manner and to such extent.

"(d) Each agreement shall provide the terms and conditions upon which the agreement may be amended or terminated.

"COMPENSATION FOR FEDERAL EMPLOYEES IN ABSENCE OF STATE AGREEMENT

"SEC. 1503. (a) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to a State which does not have an agreement under this title with the Secretary, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of such State if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under the law of such State, then payments of compensation under this

subsection shall be made only on the basis of his Federal service and Federal wages.

"(b) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to Puerto Rico or the Virgin Islands, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

"(c) Any Federal employee whose claim for compensation under subsection (a) or (b) of this section has been denied shall be entitled to a fair hearing in accordance with regulations prescribed by the Secretary. Any final determination by the Secretary with respect to entitlement to compensation under this section shall be subject to review by the courts in the same manner and to the same extent as is provided in section 205 (g) with respect to final decisions of the Secretary of Health, Education, and Welfare under title II.

"(d) The Secretary may utilize for the purposes of this section the personnel and facilities of the agencies in Puerto Rico and the Virgin Islands cooperating with the United States Employment Service under the act of June 6, 1933 (48 Stat. 113), as amended, and may delegate to officials of such agencies any authority granted to him by this section whenever the Secretary determines such delegation to be necessary in carrying out the purposes of this title. For the purpose of payments made to such agencies under such act, the furnishing of such personnel and facilities shall be deemed to be a part of the administration of the public employment offices of such agencies.

"STATE TO WHICH FEDERAL SERVICE AND WAGES ARE ASSIGNABLE

"SEC. 1504. In accordance with regulations prescribed by the Secretary, the Federal service and Federal wages of an employee shall be assigned to the State in which he had his last official station in Federal service prior to the filing of his first claim for compensation for the benefit year, except that—

"(1) if, at the time of the filing of such first claim, he resides in another State in which he performed, after the termination of such Federal service, service covered under the unemployment compensation law of such other State, such Federal service and Federal wages shall be assigned to such other State;

"(2) if his last official station in Federal service, prior to the filing of such first claim, was outside the United States, such Federal service and Federal wages shall be assigned to the State where he resides at the time he files such first claim; and

"(3) if such first claim is filed while he is residing in Puerto Rico or the Virgin Islands, such Federal service and Federal wages shall be assigned to Puerto Rico or the Virgin Islands.

"TREATMENT OF ACCRUED ANNUAL LEAVE

"SEC. 1505. For the purposes of this title, in the case of a Federal employee who is performing Federal service at the time of his separation from employment by the United States or any instrumentality thereof, (1) the Federal service of such employee shall be considered as continuing during the period, subsequent to such separation, with respect to which he is considered as having received payment of accumulated and current annual or vacation leave pursuant to any Federal law, and (2) subject to regulations of the Secretary concerning allocation over the period, such payment shall constitute Federal wages.

"PAYMENTS TO STATES

"SEC. 1506. (a) Each State shall be entitled to be paid by the United States an amount equal to the additional cost to the State of payments of compensation made under and in accordance with an agreement under this title which would not have been incurred by the State but for the agreement.

"(b) In making payments pursuant to subsection (a) of this section, there shall be paid to the State, either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency.

"(c) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State sums payable to such State under this section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds for carrying out the purposes of this title.

"(d) All money paid a State under this title shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this title, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this title may be made.

"(e) An agreement under this title may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from funds for carrying out the purposes of this title.

"(f) No person designated by the Secretary, or designated pursuant to an agreement under this title, as a certifying officer, shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this title.

"(g) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this title if it was based upon a voucher signed by a certifying officer designated as provided in subsection (f) of this section.

"(h) For the purpose of payments made to a State under title III, administration by the State agency of such State pursuant to an agreement under this title shall be deemed to be a part of the administration of the State unemployment-compensation law.

"INFORMATION

"SEC. 1507. (a) All Federal departments, agencies, and wholly owned instrumentalities of the United States are directed to make available to State agencies which have agreements under this title or to the Secretary, as the case may be, such information with respect to the Federal service and Federal wages of any Federal employee as the Secretary may find practicable and necessary for the determination of such employee's entitlement to compensation under this title. Such information shall include the findings of the employing agency with respect to—

"(1) whether the employee has performed Federal service,

"(2) the periods of such service,

"(3) the amount of remuneration for such service, and

"(4) the reasons for termination of such service.

The employing agency shall make the findings in such form and manner as the Secretary shall by regulations prescribe (which regulations shall include provision for correction by the employing agency of errors or omissions). Any such findings which have been made in accordance with such regulations shall be final and conclusive for the purposes of sections 1502 (c) and 1503 (c).

"(b) The agency administering the unemployment compensation law of any State shall furnish to the Secretary such information as the Secretary may find necessary or appropriate in carrying out the provisions of this title, and such information shall be deemed reports required by the Secretary for the purposes of paragraph (6) of subsection (a) of section 303.

"PENALTIES

"SEC. 1508. (a) Whoever makes a false statement or representation of a material fact knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase for himself or for any other individual any payment authorized to be paid under this title or under an agreement thereunder shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

"(b) (1) If a State agency or the Secretary, as the case may be, or a court of competent jurisdiction, finds that any person—

"(A) has made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed, or caused another to fail, to disclose a material fact, and

"(B) as a result of such action has received any amount as compensation under this title to which he was not entitled,

such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be. In lieu of requiring the repayment of any amount under this paragraph, the State agency or the Secretary, as the case may be, may recover such amount by deductions from any compensation payable to such person under this title during the 2-year period following the date of the finding. Any such finding by a State agency or the Secretary, as the case may be, may be made only after an opportunity for a fair hearing, subject to such further review as may be appropriate under sections 1502 (c) and 1503 (c).

"(2) Any amount repaid to a State agency under paragraph (1) shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary under paragraph (1) shall be returned to the Treasury and credited to the current applicable appropriation, fund, or account from which payment was made.

"REGULATIONS

"SEC. 1509. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this title. The Secretary shall insofar as practicable consult with representatives of the State unemployment compensation agencies before prescribing any rules or regulations which may affect the performance by such agencies of functions pursuant to agreements under this title.

"APPROPRIATIONS

"SEC. 1510. There are hereby authorized to be appropriated out of any moneys not otherwise appropriated such sums as are necessary to carry out the provisions of this title."

(b) Section 1606 (e) and section 1607 (m) of the Internal Revenue Code are each hereby amended by inserting after "December 31, 1945," the following: "and before January 1, 1955."

The CHAIRMAN. Are there any committee amendments?

Mr. REED of New York. There are none.

The CHAIRMAN. Does any member of the Committee on Ways and Means desire at this time to offer an amendment printed in the RECORD of July 7, 1954?

Mr. FORAND. Mr. Chairman, I offer an amendment, being one of the amendments included in the RECORD of yesterday.

The Clerk read as follows:

Amendment offered by Mr. FORAND: Page 2, after line 9, insert:

"SEC. 3. (a) Effective as of July 1, 1956, section 1603 (a) of the Internal Revenue Code is hereby amended by redesignating paragraph (6) as paragraph (8) and by inserting after paragraph (5) the following new paragraphs:

"'(6) The maximum weekly compensation payable under such law shall be an amount equal to at least two-thirds of the average weekly wage earned by employees within such State, such average to be computed by the State agency of such State on July 1, 1956, and on July 1 of each succeeding year on the basis of the wages, including the amounts excluded therefrom under section 1607 (b) (1), paid during the last full year for which necessary figures are available;

"'(7) The weekly compensation payable to any individual shall be (A) the maximum weekly compensation payable under such law, or (B) an amount (exclusive of any compensation payable with respect to dependents) equal to at least one-half of such individual's average weekly wage as determined by the State agency, whichever is the lesser;'.

"(b) Effective as of July 1, 1956, section 1607 of the Internal Revenue Code is hereby amended by adding at the end thereof the following new subsections:

"'(p) Benefit year: The term "benefit year" means the period prescribed by State law, but not in excess of 52 consecutive weeks, for which an eligible individual may receive weekly unemployment-compensation benefits.

"'(q) Base period: The term "base period" means the period prescribed by State law beginning not prior to the first day of the fifth full calendar quarter beginning prior to the benefit year.

"'(r) High quarter wages: The term "high quarter wages" means, in the case of any individual, the amount of wages (as defined by State law) paid to such individual in the calendar quarter of the base period for which his total wages were highest.

"'(s) Average weekly wage: The term "average weekly wage" means, in the case of any individual, the amount of wages (as defined by State law) paid to such individual during the period used for determining his compensation for a week of total unemployment (1) in case the period used is the calendar quarter in which such individual was paid his high quarter wages, divided by 13; or (2) if some other period is used, divided by the number of weeks, during the period used, in which he performed services in employment (as defined by State law).'"

Renumber the sections of the bill which follow accordingly.

Mr. FORAND (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with and that it be printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. FORAND. Mr. Chairman, I think I can save the time of the committee if I just say a few words on the amendment. I will say for the benefit of the members of the committee that this is the first amendment which has been discussed so much this afternoon. It has to do with the fixing of the amount of benefits that would be payable weekly. It provides for a maximum of two-thirds of the State's average weekly wage in the State and a minimum of not less than 50 percent of the average weekly wage of the individual.

I urge adoption of the amendment.

Mr. REED of New York. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment to force the States to increase the amount of benefits was considered and rejected by the Ways and Means Committee.

The administration opposes this amendment as well as the next amendment to be offered.

The President has called the present level of benefits inadequate and has urged the States to take legislative action raising their benefit payments. In the economic report of the President of January 1954, the President stated as follows:

It is suggested that the States raise these dollar maximums—

Referring to benefit levels—

so that the payments to the great majority of the beneficiaries may equal at least one-half their regular earnings.

However, the administration definitely opposes the pending proposal to reach this objective by imposing Federal standards on the States.

This amendment which is now being offered to H. R. 9709 would propose for the first time in the history of the unemployment compensation program a Federal standard for benefit levels under the act. Such a Federal standard would result in the denial to the respective States of the right to determine proper benefit levels for the unemployed in the State. It would deny the States the right to determine benefit amounts based on the economic needs of its citizens and the economic conditions existing within the State. It is my opinon that the Members of the House should vote to defeat this amendment so that the States would continue to have the right to establish appropriate benefit levels. I am confident that, given time, the States will take whatever action is necessary to adopt appropriate improvements in their unemployment insurance programs.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Indiana.

Mr. HALLECK. Mr. Chairman, I think it ought to be understood that this measure that the committee has reported and which is presently before us is a very important part of the administration program. At the same time, I think it should be understood that the amendments that are offered, which would, in effect, federalize the system and remove from the States the powers and rights that they had heretofore had, are not in line with the program. So, I trust that these amendments will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Rhode Island [Mr. FORAND].

The amendment was rejected.

Mr. FORAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FORAND: Page 2, after line 9, insert:

"SEC. 3. Effective as of July 1, 1956, section 1603 (a) of the Internal Revenue Code is hereby amended by redesignating paragraph (6) as paragraph (7) and by inserting after paragraph (5) the following new paragraph:

"'(6) Compensation shall not be denied to any eligible individual for any week of total unemployment during his benefit year by reason of exhaustion or reduction of benefit rights or cancellation of his wage credit until he has been paid unemployment compensation for not less than 26 weeks during such year. For purposes of this paragraph, the term "benefit year" means the period prescribed by State law, but not in excess of 52 consecutive weeks, for which an individual may receive weekly unemployment-compensation benefits.'"

Renumber the sections of the bill which follow accordingly.

Mr. FORAND. Mr. Chairman, this is a very simple amendment. It simply says that we are going to try to carry out the suggestions that the President made to the States. When my friends on the other side of the House tell us that we are trying to federalize the system I say to them that when the original act was written certain standards were written into that act. This is simply another standard. Therefore, if this means federalizing the system, then we federalized it from the beginning.

The fear I have today is that again we are going to continue to procrastinate; we are going to put off; we are going to study; we are going to have other things done; we are going to stall, and stall, and stall. And in the meantime we will be letting the people suffer. If that is the position the opposition wants to take, I say go ahead. For my part, I am doing everything I possibly can to bring about a remedy to a situation that needs attention right as of this moment.

I sincerely hope we shall have a favorable vote on this amendment.

Mr. REED of New York. Mr. Chairman, I rise to express opposition to this amendment which has as its purpose the establishment of Federal standards which prescribe the minimum period during which unemployment compensation benefits will be paid. As was true with respect to the previous amendment which the House has just defeated, the matter of the duration of benefits is one that has historically been left to State determination. The administration op-

poses this amendment. The President has advocated that any action to increase the duration of benefits be taken by the respective States. I will not repeat the argument I made with respect to the other amendment, but merely call the attention of the House to the fact that those arguments are equally applicable here. This amendment is an undue invasion on what has historically been the sovereign right of our respective States, and I urge that the Members vote to defeat the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Rhode Island [Mr. FORAND].

The amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HOEVEN, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee having had under consideration the bill (H. R. 9709) to extend and improve the unemployment compensation program pursuant to House Resolution 614, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. FORAND. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. FORAND. I am.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. FORAND moves to recommit the bill H. R. 9709 to the Committee on Ways and Means with instructions to report the same to the House forthwith with amendments as follows:

Page 2, after line 9, insert the following:

"SEC. 3. (a) Section 1603 (a) of the Internal Revenue Code is hereby amended by redesignating paragraph (6) as paragraph (9) and by inserting after paragraph (5) the following new paragraphs:

"'(6) The maximum weekly compensation payable under such law shall be an amount equal to at least two-thirds of the average weekly wage earned by employees within such State, such average to be computed by the State agency of such State on July 1, 1956, and on July 1 of each succeeding year on the basis of the wages, including the amounts excluded therefrom under section 1607 (b) (1), paid during the last full year for which necessary figures are available;

"'(7) The weekly compensation payable to any individual shall be (A) the maximum weekly compensation payable under such law, or (B) an amount (exclusive of any compensation payable with respect to dependents) equal to at least one-half of such individual's average weekly wage as determined by the State agency, whichever is the lesser;

"'(8) Compensation shall not be denied to any eligible individual for any week of total unemployment during his benefit year by reason of exhaustion or reduction of benefit rights or cancellation of his wage credit until he has been paid unemployment compensation for not less than 26 weeks during such year;'

"(b) Section 1607 of the Internal Revenue Code is hereby amended by adding at the end thereof the following new subsections:

"'(p) Benefit year: The term "benefit year" means the period prescribed by State law, but not in excess of 52 consecutive weeks, for which an eligible individual may receive weekly unemployment compensation benefits.

"'(q) Base period: The term "base period" means the period prescribed by State law beginning not prior to the first day of the fifth full calendar quarter beginning prior to the benefit year.

"'(r) High quarter wages: The term "high quarter wages" means, in the case of any individual, the amount of wages (as defined by State law) paid to such individual in the calendar quarter of the base period for which his total wages were highest.

"'(s) Average weekly wage: The term "average weekly wage" means, in the case of any individual, the amount of wages (as defined by State law) paid to such individual during the period used for determining his compensation for a week of total unemployment (1) in case the period used is the calendar quarter in which such individual was paid his high quarter wages, divided by 13; or (2) if some other period is used, divided by the number of weeks, during the period used, in which he performed services in employment (as defined by State law).'

"(c) This section shall take effect as of July 1, 1956."

And renumber the sections of the bill which follow accordingly.

Mr. REED of New York. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. FORAND) there were—ayes 34, noes 91.

Mr. FORAND. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 110, nays 241, not voting 83, as follows:

[Roll No. 98]

YEAS—110

Addonizio	Doyle	Kluczynski
Aspinall	Eberharter	Lane
Bailey	Elliott	Lesinski
Barrett	Engle	McCarthy
Bennett, Mich.	Fine	McCormack
Blatnik	Fino	Machrowicz
Boggs	Fogarty	Mack, Ill.
Boland	Forand	Mack, Wash.
Bolling	Friedel	Madden
Bowler	Fulton	Magnuson
Boykin	Garmatz	Marshall
Bray	Gordon	Miller, Calif.
Buchanan	Granahan	Mollohan
Burdick	Green	Morgan
Byrd	Gross	Morrison
Byrne, Pa.	Hagen, Calif.	Moss
Canfield	Hagen, Minn.	Multer
Cannon	Hart	O'Brien, Ill.
Celler	Hays, Ohio	O'Brien, Mich.
Chudoff	Holifield	O'Brien, N. Y.
Corbett	Holtzman	O'Hara, Ill.
Crosser	Howell	O'Konski
Dawson, Ill.	Javits	O'Neill
Deane	Johnson, Wis.	Pelly
Delaney	Jones, Ala.	Pfost
Dempsey	Karsten, Mo.	Philbin
Dollinger	Kelley, Pa.	Polk
Donohue	Kelly, N. Y.	Price
Donovan	King, Calif.	Priest
Dorn, N. Y.	Kirwan	Rabaut
Rains	Shelley	Wampler
Reams	Sheppard	Wier
Rhodes, Pa.	Sieminski	Williams, N. J.
Rodino	Spence	Withrow
Rogers, Colo.	Staggers	Yates
Rooney	Tollefson	Zablocki
Secrest	Walter	

NAYS—241

Abbitt	Gary	Murray
Abernethy	Gathings	Natcher
Adair	Gavin	Neal
Alexander	Gentry	Nelson
Allen, Calif.	George	Nicholson
Andersen, H. Carl	Golden	Norrell
	Goodwin	Oakman
Andresen, August H.	Graham	O'Hara, Minn.
	Grant	Osmers
Andrews	Gregory	Ostertag
Arends	Gubser	Phillips
Ashmore	Gwinn	Pillion
Auchincloss	Hale	Poage
Ayres	Haley	Poff
Baker	Halleck	Prouty
Barden	Hand	Ray
Bates	Harden	Reece, Tenn.
Battle	Hardy	Reed, Ill.
Beamer	Harrison, Nebr.	Reed, N. Y.
Becker	Hays, Ark.	Rees, Kans.
Belcher	Hébert	Rhodes, Ariz.
Bender	Herlong	Riehlman
Bennett, Fla.	Heselton	Riley
Bentley	Hess	Rivers
Betts	Hiestand	Robsion, Ky.
Bishop	Hill	Rogers, Fla.
Bolton, Frances P.	Hillelson	Rogers, Mass.
	Hoeven	Rogers, Tex.
Bolton, Oliver P.	Hoffman, Ill.	St. George
	Hoffman, Mich.	Saylor
Bosch	Holmes	Schenck
Bramblett	Holt	Scherer
Brooks, La.	Hope	Scrivner
Brooks, Tex.	Horan	Scudder
Brown, Ga.	Hosmer	Seely-Brown
Brown, Ohio	Hruska	Selden
Brownson	Hunter	Sheehan
Broyhill	Hyde	Sikes
Budge	Ikard	Simpson, Ill.
Burleson	Jackson	Simpson, Pa.
Bush	James	Small
Byrnes, Wis.	Jarman	Smith, Kans.
Campbell	Jenkins	Smith, Miss.
Carlyle	Jensen	Smith, Va.
Carrigg	Jonas, Ill.	Smith, Wis.
Cederberg	Jonas, N. C.	Springer
Chelf	Jones, Mo.	Stauffer
Chenoweth	Jones, N. C.	Steed
Chiperfield	Judd	Stringfellow
Church	Kean	Taber
Clardy	Kearney	Talle
Clevenger	Kearns	Teague
Cole, Mo.	Keating	Thomas
Cole, N. Y.	Kilburn	Thompson, Mich.
Colmer	King, Pa.	
Cooley	Knox	Thornberry
Cooper	Krueger	Trimble
Coudert	Laird	Tuck
Cretella	Latham	Utt
Crumpacker	LeCompte	Van Pelt
Cunningham	Lipscomb	Van Zandt
Curtis, Mass.	Lovre	Velde
Curtis, Mo.	McConnell	Vinson
Dague	McCulloch	Vorys
Davis, Ga.	McDonough	Vursell
Davis, Wis.	McIntire	Wainwright
Dawson, Utah	McMillan	Warburton
Derounian	McVey	Watts
Devereux	Mahon	Westland
D'Ewart	Mailliard	Whitten
Dies	Martin, Iowa	Wickersham
Dolliver	Mason	Widnall
Dondero	Matthews	Wigglesworth
Dorn, S. C.	Meader	Williams, Miss.
Edmondson	Merrill	Williams, N. Y.
Fenton	Merrow	Wilson, Calif.
Fernandez	Miller, Kans.	Wilson, Ind.
Ford	Miller, Md.	Winstead
Forrester	Miller, Nebr.	Wolcott
Fountain	Miller, N. Y.	Wolverton
Frelinghuysen	Mills	Young
Gamble	Mumma	Younger

NOT VOTING—83

Albert	Chatham	Fallon
Allen, Ill.	Condon	Feighan
Angell	Coon	Fisher
Bentsen	Cotton	Frazier
Berry	Curtis, Nebr.	Harris
Bonin	Davis, Tenn.	Harrison, Va.
Bonner	Dingell	Harrison, Wyo.
Bow	Dodd	Harvey
Buckley	Dowdy	Heller
Busbey	Durham	Hillings
Camp	Ellsworth	Hinshaw
Carnahan	Evins	Johnson, Calif.

Kee	Passman	Scott
Keogh	Patman	Shafer
Kersten, Wis.	Patten	Short
Kilday	Patterson	Shufford
Klein	Perkins	Sullivan
Landrum	Pilcher	Sutton
Lanham	Powell	Taylor
Lantaff	Preston	Thompson, La.
Long	Radwan	Thompson, Tex.
Lucas	Rayburn	Weichel
Lyle	Regan	Wharton
McGregor	Richards	Wheeler
Metcalf	Roberts	Willis
Morano	Robeson, Va.	Wilson, Tex.
Moulder	Roosevelt	Yorty
Norblad	Sadlak	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Taylor against.
Mr. Klein for, with Mr. Ellsworth against.
Mr. Metcalf for, with Mr. McGregor against.
Mr. Moulder for, with Mr. Berry against.
Mr. Roosevelt for, with Mr. Harvey against.
Mr. Powell for, with Mr. Morano against.
Mr. Dodd for, with Mr. Allen of Illinois against.
Mr. Feighan for, with Mr. Sadlak against.
Mr. Heller for, with Mr. Wheeler against.
Mr. Dingell for, with Mr. Lantaff against.
Mrs. Sullivan for, with Mr. Harrison of Virginia against.
Mrs. Kee for, with Mr. Camp against.
Mr. Buckley for, with Mr. Landrum against.
Mr. Carnahan for, with Mr. Lucas against.
Mr. Perkins for, with Mr. Willis against.
Mr. Condon for, with Mr. Regan against.
Mr. Fallon for, with Mr. Chatham against.
Mr. Patten for, with Mr. Bonner against.
Mr. Yorty for, with Mr. Bow against.
Mr. Angell for, with Mr. Short against.

Until further notice:

Mr. Bonin with Mr. Lyle.
Mr. Kersten of Wisconsin with Mr. Long.
Mr. Weichel with Mr. Thompson of Louisiana.
Mr. Johnson of California with Mr. Shuford.
Mr. Hillings with Mr. Harris.
Mr. Hinshaw with Mr. Preston.
Mr. Norblad with Mr. Lanham.
Mr. Curtis of Nebraska with Mr. Roberts.
Mr. Cotton with Mr. Frazier.
Mr. Patterson with Mr. Fisher.
Mr. Radwan with Mr. Wilson of Texas.
Mr. Wharton with Mr. Pilcher.
Mr. Shafer with Mr. Kilday.
Mr. Busbey with Mr. Albert.
Mr. Coon with Mr. Evins.
Mr. Harrison of Wyoming with Mr. Dowdy.
Mr. Scott with Mr. Passman.

Mr. GUBSER and Mr. BROOKS of Texas changed their votes from "aye" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the passage of the bill.

Mr. McCORMACK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 309, nays 36, answered "present" 2, not voting 87, as follows:

[Roll No. 99]

YEAS—309

Abbitt	Auchincloss	Bennett, Fla.
Adair	Ayres	Bennett, Mich.
Addonizio	Bailey	Bentley
Allen, Calif.	Baker	Betts
Andersen, H. Carl	Barrett	Bishop
Andresen, August H.	Bates	Blatnik
Arends	Battle	Boggs
Ashmore	Beamer	Boland
Aspinall	Becker	Bolling
	Belcher	Bolton, Frances P.
	Bender	Bolton, Oliver P.
	Bosch	Bowler
	Boykin	Brambiett
	Bray	Brooks, La.
	Brooks, Tex.	Brown, Ga.
	Brown, Ohio	Brownson
	Broyhill	Buchanan
	Budge	Burdick
	Bush	Byrd
	Byrne, Pa.	Byrnes, Wis.
	Campbell	Canfield
	Cannon	Carrigg
	Cederberg	Celler
	Chelf	Chenoweth
	Chiperfield	Chudoff
	Church	Clardy
	Clevenger	Cole, Mo.
	Cole, N. Y.	Condon
	Cooley	Cooper
	Corbett	Coudert
	Cretella	Crosser
	Crumpacker	Cunningham
	Curtis, Mass.	Curtis, Mo.
	Dague	Davis, Wis.
	Dawson, Ill.	Dawson, Utah
	Deane	Delaney
	Dempsey	Derounian
	Devereux	D'Ewart
	Dondero	Donohue
	Donovan	Dorn, N. Y.
	Dorn, S. C.	Doyle
	Eberharter	Edmondson
	Elliott	Engle
	Fenton	Fernandez
	Fine	Fino
	Fogarty	Ford
	Fountain	Frelinghuysen
	Friedel	Fulton
	Gamble	Garmatz
	Gary	Gathings
	Gavin	George
	Goodwin	Gordon
	Graham	Granahan
	Green	Gregory
	Gross	Gwinn
	Hagen, Calif.	Hagen, Minn.
	Hale	Haley
	Halleck	Hand
	Harden	Hardy
	Harrison, Nebr.	Hart
	Hays, Ark.	Hays, Ohio
	Hébert	Heselton
	Hess	Hiestand
	Hill	Hillelson
	Hoeven	Hoffman, Ill.
	Holifield	Holmes
	Holt	Holtzman
	Hope	Horan
	Hosmer	Howell
	Hruska	Hunter
	Hyde	Jackson
	James	Jarman
	Javits	Jenkins
	Jensen	Johnson, Wis.
	Jonas, Ill.	Jones, Ala.
	Judd	Karsten, Mo.
	Kean	Kearney
	Kearns	Keating
	Kelley, Pa.	Kilburn
	King, Calif.	King, Pa.
	Kirwan	Kluczynski
	Knox	Krueger
	Laird	Lane
	Latham	Lesinski
	Lovre	McCarthy
	McConnell	McCormack
	McCulloch	McDonough
	McIntire	McVey
	Machrowicz	Mack, Ill.
	Mack, Wash.	Madden
	Magnuson	Mahon
	Mailliard	Marshall
	Martin, Iowa	Meader
	Merrill	Merrow
	Miller, Calif.	Miller, Kans.
	Miller, Md.	Miller, Nebr.
	Miller, N. Y.	Mollohan
	Morgan	Morrison
	Moss	Multer
	Mumma	Murray
	Natcher	Neal
	Nelson	Nicholson
	Oakman	O'Brien, Ill.
	O'Brien, Mich.	O'Brien, N. Y.
	O'Hara, Ill.	O'Hara, Minn.
	O'Konski	O'Neill
	Osmers	Ostertag
	Pelly	Pfost
	Philbin	Phillips
	Pillion	Poage
	Poff	Polk
	Price	Priest
	Prouty	Rabaut
	Rains	Ray
	Rayburn	Reams
	Reece, Tenn.	Reed, Ill.
	Reed, N. Y.	Rees, Kans.
	Rhodes, Ariz.	Rhodes, Pa.
	Riley	Robsion, Ky.
	Rodino	Rogers, Colo.
	Rogers, Mass.	Rooney
	St. George	Saylor
	Schenck	Scherer
	Scrivner	Scudder
	Secrest	Seely-Brown
	Selden	Sheehan
	Shelley	Sheppard
	Sieminski	Sikes
	Simpson, Ill.	Simpson, Pa.
	Small	Smith, Miss.
	Spence	Springer
	Staggers	Stauffer
	Steed	Stringfellow
	Talle	Thomas
	Thompson, Mich.	Thornberry
	Tollefson	Trimble
	Utt	Van Pelt
	Van Zandt	Velde
	Vinson	Vorys
	Wainwright	Walter
	Wampler	Warburton
	Watts	Westland
	Wharton	Wickersham
	Widnall	Wier
	Wigglesworth	Williams, N. J.
	Williams, N. Y.	Wilson, Calif.
	Wilson, Ind.	Withrow
	Wolcott	Wolverton
	Yates	Young
	Younger	Zablocki

NAYS—36

Abernethy	Grant	Norrell
Alexander	Herlong	Rivers
Andrews	Hoffman, Mich.	Rogers, Fla.
Barden	Ikard	Rogers, Tex.
Burleson	Jonas, N. C.	Smith, Va.
Carlyle	Jones, Mo.	Smith, Wis.
Colmer	Jones, N. C.	Taber
Davis, Ga.	LeCompte	Teague
Dies	McMillan	Tuck
Dolliver	Mason	Whitten
Forrester	Matthews	Williams, Miss.
Gentry	Mills	Winstead

ANSWERED "PRESENT"—2

Forand Smith, Kans.

NOT VOTING—87

Albert	Gubser	Patten
Allen, Ill.	Harris	Patterson
Angell	Harrison, Va.	Perkins
Bentsen	Harrison, Wyo.	Pilcher
Berry	Harvey	Powell
Bonin	Heller	Preston
Bonner	Hillings	Radwan
Bow	Hinshaw	Regan
Buckley	Johnson, Calif.	Richards
Busbey	Kee	Riehlman
Camp	Kelly, N. Y.	Roberts
Carnahan	Keogh	Robeson, Va.
Chatham	Kersten, Wis.	Roosevelt
Coon	Kilday	Sadlak
Cotton	Klein	Scott
Curtis, Nebr.	Landrum	Shafer
Davis, Tenn.	Lanham	Short
Dingell	Lantaff	Shufford
Dodd	Lipscomb	Sullivan
Dollinger	Long	Sutton
Dowdy	Lucas	Taylor
Durham	Lyle	Thompson, La.
Ellsworth	McGregor	Thompson, Tex.
Evins	Metcalf	Vursell
Fallon	Morano	Weichel
Feighan	Moulder	Wheeler
Fisher	Norblad	Willis
Frazier	Passman	Wilson, Tex.
Golden	Patman	Yorty

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Metcalf for, with Mr. Smith of Kansas against.

Until further notice:

Mr. Allen of Illinois with Mr. Lantaff.
Mr. McGregor with Mr. Keogh.
Mr. Morano with Mr. Chatham.
Mr. Taylor with Mr. Klein.
Mr. Bow with Mrs. Sullivan.
Mr. Coon with Mrs. Kee.
Mr. Curtis of Nebraska with Mr. Shuford.
Mr. Cotton with Mr. Preston.
Mr. Golden with Mr. Lanham.
Mr. Gubser with Mr. Landrum.
Mr. Busbey with Mr. Fisher.
Mr. Hillings with Mr. Lucas.
Mr. Scott with Mr. Long.
Mr. Johnson of California with Mr. Lyle.
Mr. Bonin with Mr. Carnahan.
Mr. Berry with Mr. Pilcher.
Mr. Ellsworth with Mr. Willis.
Mr. Harrison of Wyoming with Mr. Thompson of Louisiana.
Mr. Harvey with Mr. Roberts.
Mr. Sadlak with Mr. Fallon.
Mr. Patterson with Mr. Bonner.
Mr. Short with Mr. Perkins.
Mr. Shafer with Mr. Moulder.
Mr. Angell with Mr. Roosevelt.
Mr. Riehlman with Mr. Harrison of Virginia.
Mr. Vursell with Mr. Heller.
Mr. Hinshaw with Mr. Buckley.
Mr. Radwan with Mr. Kilday.
Mr. Norblad with Mr. Wilson of Texas.
Mr. Weichel with Mr. Wheeler.
Mr. Kersten of Wisconsin with Mr. Frazier.

Mr. SMITH of Kansas. Mr. Speaker, I voted "nay." I have a live pair with the gentleman from Montana, Mr. METCALF. I withdraw my vote "nay" and answer "present."

Mr. HOFFMAN of Michigan changes his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

U. S. S. "CONSTITUTION" AND OTHER HISTORICAL VESSELS

Mr. DEVEREUX. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8247) to provide for the restoration and mainte-

nance of the U. S. S. *Constitution* and to authorize the disposition of the U. S. S. *Constellation*, U. S. S. *Hartford*, U. S. S. *Olympia*, and U. S. S. *Oregon*, and for other purposes, with Senate amendments and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 3, line 4, strike out "subsection" and insert "subsections 2 (c) and."

Page 3, line 16, strike out all after "vessel" down to and including "received" in line 18.

Page 5, line 4, strike out "in subsection 4 (a) and."

Page 5, lines 6 and 7, strike out "in his discretion, by sale or by scrapping."

Page 5, line 8, after "Secretary", insert "Any such vessel may be disposed of by sale or by scrapping, in the discretion of the Secretary."

Page 5, line 16, strike out "*Constellation, Hartford, Olympia*" and insert "*Olympia*."

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

AMENDING FOOD, DRUG, AND COSMETIC ACT WITH RESPECT TO RESIDUE OF PESTICIDE CHEMICALS

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7125) to amend the Federal Food, Drug, and Cosmetic Act with respect to residues of pesticide chemicals in or on raw agricultural commodities, with a Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 18, line 19, strike out "section." and insert "section."

"'(o) The Secretary of Health, Education, and Welfare shall by regulation require the payment of such fees as will in the aggregate, in the judgment of the Secretary, be sufficient over a reasonable term to provide, equip, and maintain an adequate service for the performance of the Secretary's functions under this section. Under such regulations, the performance of the Secretary's services or other functions pursuant to this section, including any one or more of the following, may be conditioned upon the payment of such fees: (1) The acceptance of filing of a petition submitted under subsection (d); (2) the promulgation of a regulation establishing a tolerance, or an exemption from the necessity of a tolerance, under this section, or the amendment or repeal of such a regulation; (3) the referral of a petition or proposal under this section to an advisory committee; (4) the acceptance for filing of objections under subsection (d) (5); or (5) the certification and filing in court of a transcript of the proceedings and the record under subsection (1) (2). Such regulations may further provide for waiver or refund of fees in whole or in part when in the judgment of the Secretary such waiver or refund is equitable and not contrary to the purposes of this subsection.'"

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

AMENDMENT TO MERCHANT MARINE ACT, 1936

Mr. TOLLEFSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2408) to amend the Merchant Marine Act, 1936, to provide a national defense reserve of tankers and to promote the construction of new tankers, and for other purposes, with House amendments, insist on the House amendments and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Washington? [After a pause] The Chair hears none, and appoints the following conferees: Messrs. TOLLEFSON, ALLEN of California, SEELY-BROWN, BONNER, and SHELLEY.

ABOLISHING OFFICES OF ASSISTANT TREASURER AND ASSISTANT REGISTER OF THE TREASURY

Mr. REED of New York. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3605) to abolish the offices of Assistant Treasurer and Assistant Register of the Treasury and to provide for an Under Secretary for Monetary Affairs and an additional Assistant Secretary in the Treasury Department.

The Clerk read the title of the bill.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend an explanation at this point in the RECORD.

Mr. COOPER. Mr. Speaker, reserving the right to object, and I shall not, I simply state that this bill was favorably reported by unanimous vote of the Committee on Ways and Means.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED of New York. Mr. Speaker, this legislation has been acted on favorably by the Senate. It was reported to the House by the unanimous vote of the Ways and Means Committee.

Mr. Speaker, S. 3605 would abolish the office of Assistant Treasurer of the United States and the office of Assistant Register of the Treasury. It is pointed out that neither of these offices has been filled under the Eisenhower administration. Based on this experience it has been determined by the Treasury Department that they are unnecessary and the Secretary of the Treasury has requested that they be abolished.

The two primary responsibilities placed on the Secretary of the Treasury by the Congress are, first, the collection of revenue and the preparation of plans for the improvement and management of the revenue; and, second, the support of the public credit. It is desirable that the Secretary have under him two top officials of comparable rank on whom he can rely for assistance on these basic responsibilities. S. 3605 would authorize in the Department a new position of Under Secretary for Monetary Affairs to whom supervision of functions relating to debt management and monetary policies could be assigned. S. 3605 would also establish a new position of Assistant Secretary in addition to the two positions of Assistant Secretary presently authorized. This position is necessary to provide the Secretary of the Treasury with an assistant of sufficient rank to enable him to carry out most effectively a number of related duties recently assigned to the Secretary of the Treasury. These duties include the lending functions under section 302 of the Defense Production Act of 1950, the lending functions under section 409 of the Federal Civil Defense Act of 1950, the liquidation of assets and winding up of the affairs of the Reconstruction Finance Corporation and other similar responsibilities recently assigned to the Secretary of the Treasury.

The Clerk read the bill, as follows:

Be it enacted, etc., That (a) section 303 of the Revised Statutes, as amended (39 U. S. C. 143), establishing the office of Assistant Treasurer of the United States, and the act approved April 9, 1926 (31 U. S. C. 143a), designating the Deputy Assistant Treasurer as Assistant Treasurer, are repealed.

(b) Section 304 of the Revised Statutes, as amended (31 U. S. C. 144), is amended (1) by striking out "Treasurer may, in his discretion, and with the consent of the Secretary of the Treasury, authorize the Assistant Treasurer to act in the place and discharge any or all of the duties of the Treasurer of the United States; and the", and (2) by striking out "both the Treasurer and Assistant Treasurer" and inserting in lieu thereof "the Treasurer."

SEC. 2. Sections 314 and 315 of the Revised Statutes, as amended, and the joint resolution approved December 13, 1892 (31 U. S. C. 164, 165, and 166), establishing the office of Assistant Register of the Treasury, specifying the duties of the office, and providing for the appointment of an Acting Assistant Register, are repealed.

SEC. 3. The provision in the act of February 17, 1922, which established the office of Under Secretary of the Treasury, as amended and supplemented (5 U. S. C. 244), is amended to read as follows:

"There shall be in the Department of the Treasury an Under Secretary and an Under Secretary for Monetary Affairs, each to be appointed by the President, by and with the advice and consent of the Senate. The compensation of the Under Secretary and the Under Secretary for Monetary Affairs shall be at the rate of $17,500 each per annum. They shall perform such duties in the Office of the Secretary as may be prescribed by the Secretary of the Treasury."

SEC. 4. Section 234 of the Revised Statutes, as amended (5 U. S. C. 246), is further amended to read as follows:

"234. There shall be in the Department of the Treasury three Assistant Secretaries of the Treasury, who shall be appointed by the President, by and with the advice and consent of the Senate."

The SPEAKER. The Clerk will report the committee amendments.

The Clerk read as follows:

Committee amendments:

Page 1, line 4, strike out "39" and insert in lieu thereof "31."

Page 3, line 3, strike out "234" and insert in lieu thereof "SEC. 234."

The committee amendments were agreed to.

Mr. JENKINS. Mr. Speaker, I move to strike out the last word so that I might

ask the chairman of the Committee on Ways and Means a question. It is a fact, is it not, that the evidence before the Ways and Means Committee showed that these changes are absolutely necessary and desirable and that they will be an advantage to the Treasury itself and that it will also be to the advantage of the people who might have business with the Treasury or any of its many departments?

Mr. REED of New York. The gentleman is correct.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ANNOUNCEMENT

Mr. RABAUT. Mr. Speaker, I was in my office this morning and I learn now that on rollcall 97, I am recorded as not being present. There are four people in my office besides myself and none of them heard the bells. I think we must have had a jammed electrical system. If I had been here I would have voted "yea."

COMMITTEE ON THE JUDICIARY

Mr. REED of Illinois. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight tonight to file reports.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

VOCATIONAL REHABILITATION AMENDMENTS OF 1954

Mr. McCONNELL. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 2759) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That this act may be cited as the "Vocational Rehabilitation Amendments of 1954."

AMENDMENTS TO THE VOCATIONAL REHABILITATION ACT

SEC. 2. The Vocational Rehabilitation Act (29 U. S. C., ch. 4) is amended to read as follows:

"AUTHORIZATION OF APPROPRIATIONS FOR GRANTS; PURPOSES FOR WHICH AVAILABLE

"SECTION 1. For the purpose of assisting the States in rehabilitating physically and mentally handicapped persons so that they may prepare for and engage in remunerative employment to the extent of their capabilities, thereby increasing not only their social and economic well-being but also the productive capacity of the Nation, there are hereby authorized to be appropriated for each fiscal year, beginning with the fiscal year ending June 30, 1955, such sums for grants to carry out the purposes of this act as the Congress may determine. The sums so appropriated for any fiscal year shall be available for—

"(1) grants to States to assist them in meeting the costs of vocational rehabilitation services;

"(2) grants to States to assist them in initiating projects for the extension and improvement of their vocational rehabilitation services; and

"(3) grants to States and to public and other nonprofit organizations and agencies to assist in meeting the costs of projects which hold unique promise of making a substantial contribution to the solution of vocational rehabilitation problems common to a number of States and of projects or measures directed at meeting vocational rehabilitation problems of national significance or concern.

The portion of such sums which shall be available for each of such three types of grants shall be specified in the act appropriating such sums.

"GRANTS TO STATES FOR VOCATIONAL REHABILITATION SERVICES

"SEC. 2. (a) (1) From the sums available for any fiscal year for grants to States to assist them in meeting the costs of vocational rehabilitation services, each State shall, subject to the provisions of paragraph (2), be entitled to an allotment equal to the total of the following: (A) an amount which bears the same ratio to the first $23 million of such sums, plus 80 percent of any excess of such sums over $23 million, as the product of (i) the population of the State, and (ii) the square of its allotment percentage (as defined in section 10 (h)) bears to the sum of the corresponding products for all the States, and (B) an amount which bears the same ratio to the remaining 20 percent of such excess as the population of such States bears to the population of all the States.

"(2) The allotment to any State, as computed under the provisions of paragraph (1) for any year ending prior to July 1, 1959, which is less than such State's base allotment shall, notwithstanding such provisions, be increased to the amount of such base allotment. If the allotment to any State, as computed under the provisions of paragraph (1) for any year ending prior to July 1, 1959, is in excess of such State's base allotment, and the allotment of any other State for such year is increased pursuant to the preceding sentence, such excess shall be reduced by a percentage which, if applied as a uniform percentage reduction to the excesses of all States having such excesses, would produce an amount equal to the total of the increases made pursuant to the preceding sentence for such year.

"(3) For purposes of this subsection, a State's base allotment is an amount equal to the amount allotted to such State for expenditures, under its State plan approved under this act, for the fiscal year ending June 30, 1954, increased by 5.53608 percent, except that if the sums available for any fiscal year for grants to States under this section are less than $23 million, each State's base allotment shall be an amount which bears the same ratio to the amount computed under the preceding provisions of this paragraph as such sums bear to $23 million.

"(4) In the case of any State for which there is a separate State agency administering or supervising the administration of the part of a State plan under which vocational rehabilitation services are provided for the blind, the State's allotment under this section shall be divided between such agency and the State agency administering (or supervising the administration of) the remainder of the State plan in the same proportion as the Secretary estimates, prior to the end of the year, State and other non-Federal funds will be available, during the fiscal year for which the allotment is made, for meeting the cost of vocational rehabilitation services under the two portions of the State plan, except that (A) for any fiscal year ending prior to July 1, 1959, the portion of the allotment to any State, in which there were such separate agencies, equal to such State's base allotment shall be divided in the same proportion as the amount allotted to the State under this act for expenditures during the fiscal year ending June 30, 1954, was divided between such agencies, and (B) for any fiscal year ending after June 30, 1955, and prior to July 1, 1959, there shall be excluded in estimating the State and other non-Federal funds that will be available, during the fiscal year for which the allotment is made, for meeting the cost of vocational rehabilitation services under each portion of the State plan, the amount equal to the amount of State or other non-Federal funds which the Secretary estimates were available for expenditure under each portion of the State plan during the fiscal year ending June 30, 1954.

"(b) (1) From each State's allotment available for such purpose for any fiscal year ending after June 30, 1962, the Secretary shall pay to such State, an amount equal to the Federal share (determined as provided in section 10 (i)) of the cost of vocational rehabilitation services under the plan for such State approved under section 5, including expenditures for the administration of the State plan.

"(2) From each State's allotment available for such purpose for any fiscal year ending prior to July 1, 1962, the Secretary shall make payments to such State, with respect to the cost of vocational rehabilitation services under the plan of such State approved under section 5, including expenditures for the administration of the State plan, determined as follows:

"(A) A portion of such allotment equal to the State's base allotment shall be available for payment to such State of its adjusted Federal share of such cost of vocational rehabilitation services.

"(B) If the Secretary determines, prior to the end of such year, that costs of vocational rehabilitation services during such year, sufficient to entitle the State to full payment of the portion of its allotment specified in subparagraph (A), will be met out of payments under such subparagraph and State and other non-Federal funds available for such purposes, the remainder of such State's allotment for such year shall be available for payment of the following percentages of any additional costs of vocational rehabilitation services during such year: 100 percent of any such additional costs in the case of the fiscal year ending June 30, 1955; 80 percent of any such additional costs in the case of the fiscal year ending June 30, 1956; 65 percent of any such additional costs in the case of the fiscal year ending June 30, 1957; 55 percent or the Federal share, whichever is higher, of any such additional costs in the case of the fiscal year ending June 30, 1958; and the Federal share of any such additional costs in the case of any fiscal year thereafter.

"(3) For purposes of this subsection—

"(A) a State's base allotment shall be determined as provided in subsection (a); and

"(B) a State's adjusted Federal share for any fiscal year means—

"(i) in the case of any fiscal year ending prior to July 1, 1959, the 1954 Federal share for such State; and

"(ii) in the case of the fiscal year ending June 30, 1960, June 30, 1961, or June 30, 1962, the Federal share for such State for such year increased (if it is less than such State's 1954 Federal share) or decreased (if it is greater than such State's 1954 Federal share) by 75 percent, 50 percent, and 25 percent, respectively, of the difference between such Federal share for the year involved and the 1954 Federal share.

"(C) A State's 1954 Federal share means the percentage which (i) the base allotment

of such State is of (ii) the sum of such allotment and the amount of 1954 State funds.

"(D) The 1954 State funds for any State shall be the amount of State and other non-Federal funds available for expenditures, under such State's plan approved under this act, for the fiscal year ending June 30, 1954, as estimated by the Secretary for purposes of determining such State's allotment for such year for such expenditures.

"(4) If in any State there is, during the fiscal year ending June 30, 1954, and during any subsequent fiscal year ending prior to July 1, 1962, a separate State agency administering or supervising the administration of that part of the State plan under which vocational rehabilitation services are provided for the blind, separate adjusted Federal shares shall be established for each such subsequent fiscal year for such agency and for the State agency administering or supervising the administration of the remainder of the State plan, and for purposes of paragraph (2) of this subsection—

"(A) the 1954 Federal share for each shall be the percentage which (i) the portion of the State's allotment for the fiscal year ending June 30, 1954, which was made available to each, is of (ii) the portion of the sum of such allotment and the amount of 1954 State funds available to each for expenditures, under the State plan approved under this act, during such year; and

"(B) the portion of the allotment referred to in subparagraph (A) of such paragraph (2) for each shall be the portion of the State's allotment allocated to each pursuant to clause (A) of subsection (a) (4) (or, in the case of any year ending after June 30, 1959, the portion which would be allocated to each upon application of such clause (A)).

"GRANTS TO STATES FOR EXTENSION AND IMPROVEMENT PROJECTS

"SEC. 3. (a) (1) From the sums available for any fiscal year for grants to States to assist them in initiating projects for the extension and improvement of vocational rehabilitation services, each State shall be entitled to an allotment of an amount bearing the same ratio to such sums as the population of such States bears to the population of all the States. The allotment to any State under the preceding sentence for any fiscal year which is less than $5,000 (or such other amount as may be specified as a minimum allotment in the act appropriating such sums for such year) shall be increased to that amount, the total of the increases thereby required being derived by proportionately reducing the allotments to each of the remaining States under the preceding sentence, but with such adjustments as may be necessary to prevent the allotment of any of such remaining States from being thereby reduced to less than that amount.

"(2) From each State's allotment available for such purpose for any fiscal year, the Secretary shall pay to such State a portion of the cost of approved projects for the extension and improvement of vocational rehabilitation services (including their administration) under the State plan. The Secretary shall approve any project for purposes of this section only if the plan of such State approved under section 5 includes such project or is modified to include it and only if he finds the project constitutes an extension or improvement of vocational rehabilitation services under the State plan or will contribute materially to such an extension or improvement.

"(b) Payments under this section with respect to any project may be made for a period of not to exceed 6 years beginning with the commencement of the first fiscal year for which any payment is made with respect to such projects from an allotment under this section. To the extent permitted by the State's allotments under this section, such payments with respect to any project shall be equal to 75 percent of the cost of such project for the first biennium in such period, 50 percent of such cost for the second biennium in such period, and 25 percent of such cost for the last biennium in such period, except that, at the request of the State, such payments may be less than such percentage of the cost of such project.

"(c) No payment may be made from an allotment under this section with respect to any cost with respect to which any payment is made under section 2.

"(d) In the case of any State for which there is a separate State agency administering or supervising the administration of the part of a State plan under which vocational rehabilitation services are provided for the blind, the State's allotment under this section shall be divided between such agency and the State agency administering (or supervising the administration of) the remainder of the State plan in the same proportion as the Secretary estimates at the beginning of the year State and other non-Federal funds will be available, during the fiscal year for which the allotment is made, for meeting the cost of vocational rehabilitation services under the two portions of the State plan.

"GRANTS FOR SPECIAL PROJECTS

"SEC. 4. (a) From the sums available therefore for any fiscal year, the Secretary shall make grants to States, and public and other nonprofit organizations and agencies for paying part of the cost of projects (including training and traineeships) which, in the judgment of the Secretary, hold unique promise of making a substantial contribution to the solution of vocational rehabilitation problems common to all or several States, and of projects or measures directed at meeting vocational rehabilitation problems of special national significance or concern.

"(b) The Secretary shall be authorized to cooperate in assisting with the financing of a pilot demonstration rehabilitation center in the metropolitan Washington area to be used as a guide for rehabilitation centers which may be set up later in other parts of the country. Sums made available for such a pilot demonstration center in the Washington area shall not exceed $1 million a year to be expended for such services as hospitalization, domiciliary care, and rehabilitation training, including costs of board and room of trainees and other services essential to the program as in the discretion of the Secretary deems desirable. The services of such a pilot demonstration rehabilitation center in the metropolitan Washington area shall be made available to area civil service employees as well as to other patients.

"(c) Payments under this section may be made in advance or by way of reimbursement for services performed and purchases made, as may be determined by the Secretary; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of this section.

"(d) (1) There is hereby established in the Department of Health, Education, and Welfare a National Advisory Council on Vocational Rehabilitation, consisting of the Secretary, or his designee, who shall be Chairman, and 12 members appointed without regard to civil-service laws by the Secretary. The 12 appointed members shall be leaders in fields concerned with vocational rehabilitation or in public affairs, and 6 of such 12 shall be selected from leading medical, educational, or scientific authorities who are outstanding for their work in the vocational rehabilitation of disabled persons. Three of the 12 appointed members shall be persons who are themselves physically handicapped. Each appointed member of the Council shall hold office for a term of 4 years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor is appointed shall be appointed for the remainder of such term and except that, of the members first appointed, 3 shall hold office for a term of 3 years, 3 shall hold office for a term of 2 years, and 3 shall hold office for a term of 1 year, as designated by the Secretary at the time of appointment. None of such 12 members shall be eligible for reappointment until a year has elapsed after the end of his preceding term.

"(2) The Council is authorized to review applications for special projects submitted to the Secretary under this section and recommend to the Secretary for grants under this section any such projects or any projects initiated by it which it believes show promise of making valuable contributions to the vocational rehabilitation of disabled persons. The Secretary is authorized to utilize the services of any member or members of the Council in connection with matters relating to the administration of this section, for such periods, in addition to conference periods, as he may determine.

"(3) Appointed members of the council, while attending meetings of the Council or while otherwise serving at the request of the Secretary, shall be entitled to receive compensation at a rate to be fixed by the Secretary, but not exceeding $50 per diem, and shall also be entitled to receive an allowance for actual and necessary traveling and subsistence expenses while so serving away from their places of residence.

"(4) The Secretary shall transmit to the Congress annually a report concerning the special projects initiated under this section, the recommendations of the National Advisory Council on Vocational Rehabilitation, and any action taken with respect to such recommendations.

"STATE PLANS

"SEC. 5. (a) To be approvable under this act, a State plan for vocational rehabilitation services shall—

"(1) designate the State agency administering or supervising the administration of vocational education in the State, or a State rehabilitation agency (primarily concerned with vocational rehabilitation), as the sole State agency to administer the plan or to supervise its administration in a political subdivision of the State by a sole local agency of such political subdivision, except that where under the State's law, the State blind commission, or other agency which provides assistance or services to the adult blind, is authorized to provide them vocational rehabilitation services, such State blind commission or other State agency may be designated as the sole State agency to administer the part of the plan under which vocational rehabilitation services are provided for the blind (or to supervise the administration of such part in a political subdivision of the State by a sole local agency of such political subdivision) and the State vocational education agency or the State rehabilitation agency shall be designated as the sole State agency with respect to the rest of the State plan;

"(2) provide for financial participation by the State, and provide that the plan shall be in effect in all political subdivisions of the State;

"(3) show the plan, policies, and methods to be followed in carrying out the work under the State plan and in its administration and supervision;

"(4) provide such methods of administration, other than methods relating to the establishment and maintenance of personnel standards, as are found by the Secretary to be necessary for the proper and efficient administration of the plan;

"(5) contain (A) provisions relating to the establishment and maintenance of personnel standards, including provisions relating to the tenure, selection, appointment, and qualifications of personnel, and (B) provisions relating to the establishment and

maintenance of minimum standards governing the facilities and personnel utilized in the provision of vocational rehabilitation services;

"(6) provide that, in addition to training, maintenance, placement, and guidance, physical restoration services will be provided under the plan;

"(7) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time reasonably require to carry out his functions under this act, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports;

"(8) provide for cooperation by the State agency with, and the utilization of the services of, the State agency administering the State's public assistance program, and the Bureau of Old-Age and Survivors Insurance (Department of Health, Education, and Welfare) and of other Federal, State, and local public agencies providing services relating to vocational rehabilitation services; and

"(9) provide for entering into cooperative arrangements with the system of public employment offices in the State and the utilization of the services of such offices.

"(b) The Secretary shall approve any plan which the Secretary finds fulfills the conditions specified in subsection (a) of this section.

"(c) Whenever the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this section, finds that—

"(1) the plan has been so changed that it no longer complies with the requirements of subsection (a) of this section; or

"(2) in the administration of the plan there is a failure to comply substantially with any such provision;

the Secretary shall notify such State agency that no further payments will be made to the State under section 2 or 3 (or, in his discretion, that further payments will not be made to the State for projects under or parts of the State plan affected by such failure), until he is satisfied that there is no longer any such failure. Until he is so satisfied the Secretary shall make no further payments to such State under section 2 or 3 (or shall limit payments to projects under or parts of the State plan in which there is no such failure).

"(d) (1) If any State is dissatisfied with the Secretary's action under subsection (c) of this section, such State may appeal to the United States Court of Appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Secretary shall forthwith certify and file in the court the transcript of the proceedings and the record on which he based his action.

"(2) The findings of fact by the Secretary, unless substantially contrary to the weight of the evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the transcript and record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive unless substantially contrary to the weight of the evidence.

"(3) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in title 28, United States Code, section 1254.

"SEC. 6. Preference for the installation and/or operation of vending machines within Federal buildings shall be given to blind operators of vending stands within same Federal buildings.

"METHOD OF COMPUTING AND MAKING PAYMENTS

"SEC. 7. The method of computing and paying amounts pursuant to section 2 or 3 shall be as follows:

"(a) The Secretary shall, prior to the beginning of each calendar quarter or other period prescribed by him, estimate the amount to be paid to each State under the provisions of such section for such period, such estimate to be based on such records of the State and information furnished by it, and such other investigation, as the Secretary may find necessary.

"(b) The Secretary shall pay, from the allotment available therefor, the amount so estimated by him for such period, reduced or increased, as the case may be, by any sum (not previously adjusted under this subsection) by which he finds that his estimate of the amount to be paid the State for any prior period under such section was greater or less than the amount which should have been paid to the State for such prior period under such action. Such payments shall be made prior to audit or settlement by the General Accounting Office, shall be made through the disbursing facilities of the Treasury Department, and shall be made in such installments as the Secretary may determine.

"ADMINISTRATION

"SEC. 8. (a) In carrying out his duties under this act, the Secretary shall—

"(1) make studies, investigations, demonstrations, and reports with respect to abilities, aptitudes, and capacities of handicapped individuals, development of their potentialities, and their utilization in gainful and suitable employment;

"(2) cooperate with and render technical assistance to States in matters relating to the vocational rehabilitation of disabled individuals;

"(3) provide short-term training and instruction in technical matters relating to vocational rehabilitation services, including the establishment and maintenance of such research fellowships and traineeships, with such stipends and allowances (including travel and subsistence expenses), as he may deem necessary; and

"(4) disseminate information as to the studies, investigations, demonstrations, and reports referred to in paragraph (1) and other matters relating to vocational rehabilitation services, and otherwise promote the cause of rehabilitation of disabled individuals and their greater utilization in gainful and suitable employment.

"(b) The Secretary is authorized to make rules and regulations governing the administration of this act, and to delegate to any officer or employee of the United States such of his powers and duties, except the making of rules and regulations, as he finds necessary in carrying out the purposes of this act.

"REPORTS

"SEC. 9. Annual reports shall be made to the Congress by the Secretary as to the administration of this act.

"AUTHORIZATION OF APPROPRIATION FOR ADMINISTRATION

"SEC. 10. There are hereby authorized to be included for each fiscal year in the appropriations for the Department of Health, Education, and Welfare such sums as are necessary to administer the provisions of this act.

"DEFINITIONS

"SEC. 11. For purposes of this act—

"(a) The term 'vocational rehabilitation services' means diagnostic and related services (including transportation) incidental to the determination of eligibility for and the nature and scope of services to be provided; training, guidance and placement services for disabled individuals; and, in the case of any such individual found to require financial assistance with respect thereto, after full consideration of his eligibility for any similar benefit by way of pension, compensation, and insurance, any other goods and services necessary to render such individual fit to engage in a remunerative occupation, including the following physical restoration and other goods and services—

"(1) corrective surgery or therapeutic treatment necessary to correct or substantially modify a physical or mental condition which is stable or slowly progressive and constitutes a substantial handicap to employment, but is of such a nature that such correction or modification may reasonably be expected to eliminate or substantially reduce such handicap within a reasonable length of time;

"(2) necessary hospitalization in connection with surgery or treatment specified in subparagraph (1);

"(3) such prosthetic devices as are essential to obtaining or retaining employment;

"(4) maintenance, not exceeding the estimated cost of subsistence, during rehabilitation;

"(5) tools, equipment, initial stocks and supplies (including equipment and initial stocks and supplies for vending stands), books, and training materials, to any or all of which the State may retain legal title; and

"(6) transportation (except where necessary in connection with determination of eligibility or nature and scope of services) and occupational licenses.

Such term also includes—

"(7) the acquisition of vending stands or other equipment and initial stocks and supplies for use by severely disabled persons in any type of small business the operation of which will be improved through management and supervision by the State agency; and

"(8) the establishment of public and other nonprofit rehabilitation facilities to provide services for disabled individuals and the establishment of public and other nonprofit workshops for the severely disabled.

"(b) The term 'disabled individual' means any individual who is under a physical or mental disability which constitutes a substantial handicap to employment, but which is of such a nature that vocational rehabilitation services may reasonably be expected to render him fit to engage in a remunerative occupation.

"(c) The term 'rehabilitation facility' means a facility operated for the primary purpose of assisting in the rehabilitation of disabled persons—

"(1) which provides one or more of the following types of services:

"(A) testing, fitting, or training in the use of prosthetic devices;

"(B) prevocational or conditioning therapy;

"(C) physical or occupational therapy;

"(D) adjustment training; or

"(E) evaluation or control of special disabilities; or

"(2) through which is provided an integrated program of medical, psychological, social, and vocational evaluation and services under competent professional supervision: *Provided*, That the major portion of such evaluation and services are furnished within the facility and that all medical and related health services are prescribed by, or are under the formal supervision of, persons licensed to practice medicine or surgery in the State.

"(d) The term 'workshop' means a place where any manufacture or handiwork is carried on and which is operated for the primary purpose of providing remunerative employment to severely disabled individuals who cannot be readily absorbed in the competitive labor market.

"(e) The term 'nonprofit', when used with respect to a rehabilitation facility or a workshop, means a rehabilitation facility and a workshop, respectively, owned and operated by a corporation or association, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual.

"(f) Establishment of a workshop or rehabilitation facility means—

"(1) in the case of a workshop, the expansion, remodeling, or alteration of existing buildings, necessary to adapt such buildings to workshop purposes or to increase the employment opportunities in workshops, and the acquisition of initial equipment necessary for new workshops or to increase the employment opportunities in workshops; and

"(2) in the case of a rehabilitation facility, the expansion, remodeling, or alteration of existing buildings, and initial equipment of such buildings, necessary to adapt such buildings to rehabilitation facility purposes or to increase their effectiveness for such purpose (subject, however, to such limitation as the Secretary may by regulations prescribe in order to prevent impairment of the objective of, or duplication of, other Federal laws providing Federal assistance to States in the construction of such facilities) and initial staffing thereof (for a period not exceeding 1 year).

"(g) The term 'State' includes Alaska, the District of Columbia, Hawaii, the Virgin Islands, and Puerto Rico, and for purposes of section 4, includes also Guam.

"(h) (1) The 'allotment percentage' for any State shall be 100 percent less that percentage which bears the same ratio to 50 percent as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska), except that (A) the allotment percentage shall in no case be more than 75 percent or less than 33⅓ percent, and (B) the allotment percentage for Hawaii shall be 50 percent, and the allotment percentage for Alaska, Puerto Rico, and the Virgin Islands shall be 75 percent.

"(2) The allotment percentages shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average of the per capita incomes of the States and of the continental United States for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the 2 fiscal years in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Secretary shall promulgate such percentages as soon as possible after the enactment of the Vocational Rehabilitation Amendments of 1954, which promulgation shall be conclusive for the 3 fiscal years in the period ending June 30, 1957.

"(i) The 'Federal share' for any State for any fiscal year shall be 100 percent less that percentage which bears the same ratio to 45 percent as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska), except that (A) the Federal share shall in no case exceed 65 percent nor be less than 45 percent, and (B) the Federal share for Hawaii and Alaska shall be 55 percent, and the Federal share for Puerto Rico and the Virgin Islands shall be 65 percent. In computing the Federal share of a State for a fiscal year, the Secretary shall use the same figures for per capita incomes of the States and of the United States as he used in computing the allotment percentage of such State for such year.

"(j) The population of the several States shall be determined on the basis of the latest figures furnished by the Department of Commerce.

"(k) The term 'Secretary', except when the context otherwise requires, means the Secretary of Health, Education, and Welfare.

"TRANSITION PROVISIONS

"SEC. 12. In the case of any State which, immediately prior to July 1, 1954, was carrying on a vocational-rehabilitation program under a State plan approved under this act, such State plan shall be deemed to be a State plan approved under section 5 of this act until (a) the Secretary finds, after reasonable notice and opportunity for a hearing to the State agency, that such plan has been so changed that it no longer complies with any provision required to be included in such plan under this act as in effect prior to the enactment of the Vocational Rehabilitation Amendments of 1954, or in the administration of such plan there is a failure to comply substantially with any such provision, or (b) the plan is superseded by a plan approved under section 5 of this act, or (c) July 1, 1955, whichever occurs first.

"SHORT TITLE

"SEC. 13. This act may be cited as the 'Vocational Rehabilitation Act'."

EFFECTIVE DATE

SEC. 3. The amendments made by section 2 shall become effective July 1, 1954.

VOCATIONAL REHABILITATION PROGRAM IN THE DISTRICT OF COLUMBIA

SEC. 4. (a) The personnel, property, records, and unexpended balances of appropriations, allocations, and other funds (available or to be made available), which the Director of the Bureau of the Budget determines relate primarily to the provision of vocational rehabilitation services in the District of Columbia or the performance of functions of a State licensing agency under the act of June 20, 1936 (20 U. S. C., ch. 6A), shall be transferred, within 90 days after the enactment of this act, from the Department of Health, Education, and Welfare to the Municipal Government of the District of Columbia for use in providing such services in the District of Columbia, but no funds transferred hereunder shall be used for any purposes other than the purposes for which they were appropriated.

(b) The Board of Commissioners of the District of Columbia is hereby authorized, within available appropriations including transferred funds, to take such action as may be necessary to secure for the District of Columbia the benefits of the Vocational Rehabilitation Act, as amended by this act, and the act of June 20, 1936 (20 U. S. C., ch. 6A).

(c) Notwithstanding anything to the contrary in section 2 or any other provision of this act, the Secretary of Health, Education, and Welfare is authorized to continue the performance of functions relating to the provision of vocational rehabilitation services in the District of Columbia until completion of the transfer provided in subsection (a) in like manner as such functions were being performed by such Secretary immediately prior to the enactment of this act.

Mr. McCONNELL. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McCONNELL: Strike out all after the enacting clause and insert the provisions of the bill H. R. 9640 as it passed the House.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McCONNELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 2759) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes, with House amendment thereto, insist on the House amendment and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. McCONNELL, GWINN, SMITH of Mississippi, BARDEN, and KELLEY of Pennsylvania.

Without objection, the proceedings whereby the bill H. R. 9640 was passed will be vacated and that bill laid on the table.

There was no objection.

CONVEYING CERTAIN LANDS TO BOARD OF EDUCATION OF PRINCE GEORGES COUNTY, UPPER MARLBORO, MD.

Mr. McCONNELL. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 4496) with Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment as follows:

Page 2, line 12, after "America", insert "(a) all right, title, and interest in and to any and all oil, gas, hydrocarbons, minerals, or other ores, and source of fissionable materials and substance, together with the right to prospect for, mine, extract, and remove the same, and (b)."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

Mr. BAILEY. Mr. Speaker, reserving the right to object, I would like to have the distinguished gentleman explain these amendments.

Mr. McCONNELL. Mr. Speaker, I will be glad to. Our colleague [Mr. SMALL] of Maryland introduced this bill in April of this year. It is a bill to authorize and direct the conveyance of certain lands to the Board of Education of Prince Georges County, Upper Marlboro, Maryland, so as to permit the construction of public educational facilities urgently required as a result of increased defense and other essential Federal activities in that area.

This bill was considered thoroughly by our committee. The gentleman from Texas [Mr. LUCAS] offered an amendment to strike out the part which reserved to the Federal Government the mineral rights under the land. I spoke to him today, and he informed me that he would not object to the mineral reservation being in this particular bill. He said he would not object to that at this time because of the urgency for action. The school district wants to construct additional facilities. In view of the Senate action, and the need for quick action by the school board, he feels he would not wish to continue his objection. Normally, Mr. Lucas disagrees with the insertion of a provision reserving mineral rights to the Federal Government when ground is sold for a

consideration to some purchaser, as in this case, a local board of education. I have talked to the minority leader, and have also talked to the gentleman from North Carolina [Mr. BARDEN], the minority member of our committee, and they have no objection.

Mr. BAILEY. I appreciate having the explanation of the gentleman from Pennsylvania, and I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

ADMINISTRATIVE EXPENSES ACT OF 1946

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent that the proceedings whereby the bill (H. R. 179) to amend section 7 of the Administrative Expenses Act of 1946, as amended, was passed be vacated.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 179) to amend section 7 of the Administrative Expenses Act of 1946, as amended.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 7 of the Administrative Expenses Act of 1946 (60 Stat. 806; 5 U. S. C. 73b–3), as amended, is further amended by changing the period at the end thereof to a colon and adding the following: "*Provided further*, That expenses of return travel and transportation, including authorized dependents but excluding household effects, from their posts of duty outside the continental United States to the places of actual residence at time of appointment to such overseas posts of duty, shall be allowed in the case of persons who have satisfactorily completed an agreed period of service overseas and are returning to their actual place of residence for the purpose of taking leave prior to serving another tour of duty at the same overseas post, under a new written agreement entered into before departing from the overseas post: *Provided further*, That expenses of transportation and of the immediate family and shipment of household effects of any employee from the post of duty of such employee outside continental United States to place of actual residence at time of appointment shall be allowed, prior to the return of such employee to the United States, when the employee has acquired eligibility for such transportation or when the public interest requires the return of the dependents for compelling personal reasons of a humanitarian or compassionate nature, such as may involve physical or mental health, death of any member of the immediate family, or obligation imposed by authority or circumstances over which the individual has no control: *And provided further*, That when an employee returns his immediate family and household goods to the United States, at his own expense prior to his return and for other than reasons of public interest, the Government shall reimburse him for proper transportation expenses at such time as he acquires eligibility."

With the following committee amendments:

Page 1, line 5, strike out "thereof" and insert "of the first sentence."

Page 1, line 7, strike out "return" and insert "round trip."

Page 1, line 7, after "travel", insert "of employee."

Page 1, line 8, strike out "including authorized dependents" and insert "of immediate family."

Page 2, line 2, after "appointment", insert "or transfer."

Page 2, line 7, after "same", insert "or some other."

Page 2, line 10, strike out "and."

Page 2, line 13, strike out "at time of appointment."

Page 2, line 14, insert "not in excess of one time."

Page 2, line 15, after "United States", insert "including its Territories and possessions."

Page 2, line 18, strike out "dependents" and insert "immediate family."

Page 2, line 24, after "United States", insert "including its Territories and possessions."

Page 3, line 5, insert "therefor."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

TRANSFER OF CERTAIN PROPERTY OF THE UNITED STATES GOVERNMENT

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 8020) authorizing the transfer of certain property of the United States Government—in Klamath Falls, Oreg.—to the State of Oregon.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

Mr. McCORMACK. Mr. Speaker, reserving the right to object, I think the record should show—and I will ask my friend, the gentleman from Michigan, chairman of the committee, if I am not correct—that the Committee on Government Operations unanimously intended that there should be no consideration paid by the county or the political subdivision that will be the beneficiary if this bill becomes law; is that correct?

Mr. HOFFMAN of Michigan. May I say to my very dear and distinguished friend from Massachusetts, for whom I have the greatest admiration and affection, that he is correct.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the General Services Administration be, and is hereby, authorized to transfer to the State of Oregon certain property of the United States Government situated in Klamath Falls, Oreg., and described as follows:

Commencing at the north quarter corner of said section 22, thence, leaving said north quarter corner, south no degrees twenty-one minutes west a distance of one thousand three hundred and forty-three feet to the center line of the county road known as the Joe Wright Road; thence continuing south no degrees twenty-one minutes west a distance of thirty feet to the southerly right-of-way boundary of said county road; thence along said southerly right-of-way boundary, north eighty-nine degrees three minutes west a distance of one hundred fifty-four and six-tenths feet to the true point of beginning; thence leaving said southerly boundary south no degrees twenty-one minutes west, a distance of five hundred and thirty-two feet to a point; thence north eighty-nine degrees three minutes west a distance of two hundred and thirteen feet to a point, thence north no degrees twenty-one minutes east a distance of five hundred and thirty-two feet to said southerly right-of-way boundary; thence along said southerly right-of-way boundary south eighty-nine degrees three minutes east a distance of two hundred and thirteen feet to the true point of beginning and containing an area of two and sixty one-hundredths acres more or less, and shall be conveyed together with all buildings, improvements thereon, and all appurtenances and utilities belonging or appertaining thereto, and the General Services Administration shall execute and deliver in the name of the United States in its behalf any and all contracts, conveyances, or other instruments as may be necessary to effectuate the said transfer: *Provided*, That there shall be reserved to the United States all minerals, including oil and gas, in the lands authorized for conveyance of this section.

There shall be reserved to the United States, in the conveyance of the above-described lands, rights of ingress and egress over roads in the above-described lands serving buildings or other works operated by the United States or its successors or assigns in connection with the Klamath project. There shall be further reserved in said lands all rights-of-way for waterlines, sewer lines, telephone and telegraph lines, powerlines, and such other utilities as now exist, or may become necessary to the operation of said Klamath project.

Such conveyance shall contain a provision that said property shall be used primarily for training of the National Guard or Air National Guard and for other military purposes, and that, if the State of Oregon shall cease to use the property so conveyed for the primary purposes intended, then title thereto shall immediately revert to the United States and, in addition, all improvements made by the State of Oregon during its occupancy shall vest in the United States without payment of compensation therefor.

Such conveyance shall contain the further provision, that whenever the Congress of the United States shall declare a state of war or other national emergency, or the President declares a state of emergency to exist, and upon the determination by the appropriate Secretary that the property so conveyed is useful or necessary for military, air, or naval purposes, or in the interest of national defense, the United States shall have the right, without obligation to make payment of any kind, to reenter upon the property and use the same or any part thereof, including any and all improvements made by the State of Oregon for the duration of such state of war or other national emergency and upon the cessation thereof plus 6 months said property is to revert to the State of Oregon together with any or all facilities and improvements, appurtenances, and utilities thereon or appertaining thereto.

With the following committee amendments:

Page 1, in the title of the bill, strike out "Falls" and insert "County."

Page 1, line 5, strike out "Falls" and insert "County."

Page 1, line 6, after the colon insert "All that portion of SW¼NW¼ and the SE¼ NW¼ of Section 22, Township 39 South,

Range 9 East, Willamette Meridian, Klamath County, Oregon, described as follows."

Page 4, line 13, after "thereto", insert a comma and the following: "other than those hereinabove reserved to the United States.

"SEC. 2. The property herein transferred shall, within the provisions of Title 40, U. S. C. Supp., Chapter 10, titled 'Management and Disposal of Government property,' Subchapter II, Section 484 (k) (2) (D) (40 U. S. C. Supp., 484 (k) (2) (D))."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SPECIAL ORDERS GRANTED

Mr. PHILLIPS. Mr. Speaker, because of the lateness of the hour and the fact that there is still more business to be transacted, I ask unanimous consent that I may vacate the special order reserved for today and make the same reservation for Monday.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. COOPER. Mr. Speaker, I ask unanimous consent that the special order I have following the gentleman from California may be vacated for today and renewed for Monday next, immediately following the gentleman from California.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. VURSELL. Mr. Speaker, I ask unanimous consent to address the House for 15 minutes on Monday next, following any special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CHIEF JOSEPH DAM

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 4854) dealing with the construction of the Foster Creek Division of Chief Joseph Dam, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference with the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. D'EWART, RHODES of Arizona, HOSMER, ENGLE, and ASPINALL.

ESPIONAGE AND SABOTAGE ACT OF 1954

Mr. LATHAM. Mr. Speaker, I call up House resolution (H. Res. 619) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9580) to revise and extend the laws relating to espionage and sabotage, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. LATHAM. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH], and at this time I yield myself such time as I may consume.

Mr. Speaker, this rule makes in order H. R. 9580. The resolution provides for 1 hour of general debate. This is an open rule.

The bill, H. R. 9580, was reported unanimously from the Committee on the Judiciary. While this measure contains quite a few pages, it is a relatively simple bill. Much of the language in the bill is a repetition of existing law.

Briefly, here is what the bill purports to do. It brings up to date the terminology in our espionage and sabotage statutes, to include what we might call the more modern techniques of war; germ warfare, atom warfare, hydrogen warfare, and so forth. Language is added to the existing law which would make the statute applicable in the more modern phases of war and espionage activity.

It also makes the espionage statutes applicable both in war and in peace. At present the distinction between a wartime and a peacetime state of affairs is rather shadowy. Sometimes it is a very close proposition as to whether we are at war or peace. So it was felt that these statutes should be made applicable in peacetime. Sabotage committed a week before we are in a war might be just as serious as if it were done a week after.

Also, this bill would eliminate the statute of limitations in espionage cases, which is now 10 years. It would make possible the death penalty in these cases, but does not make it mandatory.

The one other thing which this bill purports to do is to make applicable the Alien Registration Act to people who are trained in espionage in foreign countries who come to this country. They would be required under this bill to register as if they were alien agents who are covered under the existing law.

This bill, then, brings up to date, modernizes, and tightens up the laws providing for the internal security of this country.

I trust the resolution will be adopted.

Mr. SMITH of Virginia. Mr. Speaker, I yield 10 minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Speaker, this bill seeks to tighten up existing law with reference to espionage and sabotage. It is on the whole a good bill. However, there is a provision in the bill that I do not quite understand. No doubt the committee will have an explanation for it. That is the provision which will require the registration of those persons who have knowledge of or have received an assignment in the espionage, counterespionage, or sabotage service or tactics of a foreign government or a foreign political party. I doubt very seriously that you can accomplish any good by seeking to require registration of alien saboteurs, or spies, or of alien Communists.

I want at this time to urge the subcommittee to report favorably my bill to outlaw the Communist Party and its various components or subsidiary, auxiliary, and frontal organizations. As I have said upon previous occasions, there is no way to deal effectively with the Communist conspiracy in the United States as long as you recognize its legal entity.

I call your attention to a very significant fact that has been overlooked. When President Roosevelt agreed to recognize the Soviet Union in 1933 he had an agreement with Litvinov, an agreement that was binding on the Soviet Union. Under the terms of that agreement it was agreed "not to permit the formation or residence on its territory—that is, the territory of the United States—of any organization or group, and to prevent the activities on its territory of any organization or group of representatives or officials of any organization or group which has as an aim the overthrow or the preparation for the overthrow or the bringing about by force of a change in the political or social order of the whole or any part of the United States, its Territories or possessions."

In other words, Mr. Speaker, the agreement was to outlaw the Communist conspiracy in the United States. That agreement was made by the Soviet Union. It seems to me, therefore, that we have a perfect right to pass legislation for the purpose of carrying out that understanding.

Our committee made a very careful study of the period from 1919 until 1924, when the Communist Party and its affiliated organizations were outlawed in the United States under wartime legislation. We had before us various witnesses who testified with respect to the effect which the outlawry had upon the Communist activities in the United States. We had some former Communist leaders, and they testified that during that period the Communist Party was innocuous and ineffective, that they could not accomplish anything in the United States, and that it was only after the wartime restrictions were lifted that the Party began its progress and growth in this country. It seems to me that the experiences of those 4 years should convince us that the only way you can deal with the Communist menace is by declaring it unlawful and criminal.

We have spent 25 years investigating communism. We now have some 4 or 5 committees dealing with it. We have, perhaps, obtained and made public more information on communism than any subject in the history of our Nation. It has occupied more time; we have spent more money and there has been more discussion and more controversy and

more publicity dealing with the long investigations and exposures of communism than any other subject that has been under investigation since the beginning of this Republic. We have filled hundreds of file cabinets with information that we have obtained. As a matter of fact, in 1938 and 1939 we seized the records of all the Communist organizations in the United States under subpena duces tecum, and as a result of all those hearings—hearings which occupied the attention of committees and subcommittees in every State and city in every section of the United States, we reached certain conclusions. We have published time and time again the findings and conclusions of the committees. Every committee has agreed in its conclusions. Every committee and court which has considered this question has agreed that the Communist conspiracy is a criminal and a treasonable conspiracy; that Communists preach and practice the planning and perpetration of crime in order to achieve their purpose. In view of all of that, it seems to me that the time has now come when the Congress of the United States ought to spell out in clear and understandable language that this conspiracy is a crime. We certainly characterize theft or murder as a crime. No one contends that that will eliminate those crimes by declaring such actions to be crimes and punishing them as crimes. But when we declare this conspiracy to be a crime, its effect in the United States and throughout the world will be far-reaching. From the very beginning, we have been in an inconsistent attitude. On the one hand, we attempt to deal with the Communists and on the other hand we recognize the legality of the Communist apparatus. If it had not been for that apparatus, they never would have made any progress in this country. It was not what the hard core Communists were able to achieve that constituted the greatest threat to us. It was the fact that they were able to use this legal apparatus as a window dressing in order to deceive gullible and unthinking people. It was the fact that they were able to do what Earl Browder recently said in a statement which was published in New York newspapers—able to enlist the support and aid of prominent people, Government officials, civic leaders all over the United States. That was what gave strength and vitality to the Communist movement in the United States.

Until the time comes that we are willing to face this problem realistically and deal with it courageously and realistically, we can never cope with the Communist menace in this country or abroad. The subcommittee of the Committee on the Judiciary has been conducting hearings for some time under the very able leadership of the gentleman from Pennsylvania [Mr. GRAHAM] and his able subcommittee. They have accorded the privilege to all of the interested parties to appear before the committee and testify. In fact, they have held exhaustive hearings. It seems to me the time has now come for the committee to report out my bill or any bill which will outlaw the Communist Party and which will deprive it of its legal rights and say to the people of our country and to the world, "We regard this as a criminal conspiracy and we will not permit it to exist legally in the United States." When we do that, we will announce to the world that we mean what we say when we say we are opposed to communism.

Mr. Speaker, the Attorney General recommended a bill which he calls a bill to deal with Communist infiltrated organizations, labor organizations. I have read that bill. I think it is a bad bill as now drawn. I think if any bill would jeopardize civil liberties and delegate tremendous Executive power, without adequate safeguards and restriction, that bill would do it. Why do we want to continue to beat around the bush? Why undertake to deal with a cancer by palliatives? Why try to treat symptoms when we can by legislative decree declare that this whole conspiracy was conceived in iniquity, that it is opposed to the Constitution of our country and to the spirit of American freedom?

I urge the subcommittee to do a necessary and constructive thing, regardless of party politics or the views of the Attorney General or anyone else, and bring my bill out to the floor and there will not be a single vote in opposition to it.

The SPEAKER pro tempore. The time of the gentleman from Texas [Mr. DIES] has expired.

Mr. SMITH of Virginia. Mr. Speaker, I have no further requests for time.

Mr. LATHAM. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the resolution.

The resolution was agreed to.

Mr. GRAHAM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9580) to revise and extend the laws relating to espionage and sabotage, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9580, with Mrs. ST. GEORGE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Pennsylvania [Mr. GRAHAM] will be recognized for 30 minutes, and the gentleman from New York [Mr. CELLER] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Pennsylvania [Mr. GRAHAM].

Mr. GRAHAM. Madam Chairman, I yield myself 30 seconds.

The purpose of this bill is to strengthen the internal security of the United States by amending statutes relative to espionage, sabotage, and the registration of foreign agents.

The CHAIRMAN. The gentleman from New York [Mr. CELLER] is recognized.

Mr. CELLER. Madam Chairman, I yield myself 5 minutes.

Madam Chairman, although I am not satisfied with many provisions of the bill, I am not opposed to its general intent and purpose. I shall not oppose this bill, but I desire solemnly, deliberately, and objectively to make 1 or 2 observations concerning a very important segment of the bill, and that concerns making peacetime espionage a capital offense. For a society which takes pride in the high value it places on human life, we can find little justification for the extension of the death penalty for peacetime espionage. Why do we do this? Do we expect the penalty to act as a deterrent? Yet criminologists, like Barnes, Jonsen, Taft, Schussler, all eminent in the field, together with a host of others, insist that it is not so. The threat of punishment is among the least considered of all factors by those intent upon the commission of crime. That holds good for a political crime.

It has been pointed out again and again that juries are less willing to convict when the possible penalty is death. Those of us who have had wide courtroom experience know this to be so. Hence, what do we hope to accomplish? An act of revenge? Or retribution? This is the death penalty, I beg you to note, for peacetime espionage. This means the heightening of emotionalism in an area where, by all means, good sense and rationality must prevail.

Prof. George B. Vold, of the University of Minnesota, has said:

> In a field in which absolute and exact proof is impossible, the only reasonable inference is that the death penalty does not, and cannot, prevent crime, either specifically in regard to murder or more generally in regard to other kinds of crime.

I am sure when future historians appraise our present era they will note the baneful influence of fear of communism. They will speak of consciousness of the danger of communism but will deplore and severely criticize us for our monomania on the subject of fear of communism. They will say we were often actuated by sensation, not sanity, by passion, not patience. They will charge that the appeal was too often to our adrenal glands. That is why they will challenge our passing this bill making peacetime espionage a capital offense.

Death is final and a mistake in executing an innocent man is irreparable. Juries are not infallible and are certainly open to wider error when dealing with the surcharged climate surrounding espionage. Remember, too, there is no statute of limitation in capital offenses.

I interpose no objection to the purposes of the bill itself. But I have the most serious reservations as to the drastic increase in penalties for peacetime espionage. Will it prevent the commission of the act? Or will it glorify with the halo of martyrdom the executed, knowing as we do the unconscionable propaganda chicanery of Communists, against whose international conspiracy this bill is aimed?

Mr. GRAHAM. Madam Chairman, I yield 10 minutes to the gentleman from Maryland [Mr. HYDE], a member of the committee, who has worked very diligently on this bill.

Mr. HYDE. Madam Chairman, this bill, H. R. 9580, incorporates the provisions of the three bills introduced at the request of the Attorney General. These bills which are incorporated in this one bill are part of the administration program to strengthen internal security and to aid us in our defense against those who would destroy us by subversive activities.

Title I of H. R. 9580 incorporates fully the provisions of H. R. 8749.

The Attorney General has submitted that in view of the technological advance made in scientific research, the possibilities of sabotage by radioactive, biological, or chemical agents have been greatly increased. The sabotage statute as it is presently worded is not geared to keep pace with our technological advances, therefore certain changes in definitions are necessary. These changes in definitions are incorporated in this bill.

As far as title I of the bill is concerned, that is primarily what is done, namely, to make certain changes in definitions to bring the statute up to meet modern technological advances. For example, section 101 of title I adds to the definition of "war material" and "national-defense material," the words "air" and "water" and to the definitions of "war utilities" and "national-defense utilities" the word "air" has been added; also war utilities and national-defense utilities have been redefined to include airfields, airlanes, and fixtures or appurtenances thereto, which, strangely enough, are not in the present statute.

"National defense material" is amended to conform with "war material" in that "forage and forest products and standing timber" have been added to the definition of "national-defense material."

Section 102 of title I provides for the applicability of section 2153, title 18, United States Code, not only in time of war but also in time of national emergency as declared by the President or by the Congress.

Section 102 also recognizes the possibility of bacteriological warfare by including within it the provisions making it a crime to contaminate or infect war material, war premises, or war utilities.

Section 103 makes the sabotage laws effective in time of national emergency as well as in time of war.

Section 2154 of title 18 of the United States Code is by this bill amended by section 103 to make a crime the construction in a defective manner of war premises or war utilities, in addition to war material. Thus it is proposed to make it a crime wilfully to construct in a defective manner an airbase.

Section 104 adds conspiracy provisions to sections 2155 and 2156 of title 18 of the United States Code. In other words, the new provision here is the crime of conspiracy to commit these acts of sabotage as well as the commission of the acts themselves.

Mr. GROSS. Madam Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Iowa.

Mr. GROSS. Section 105, I assume, would apply with equal force to the operator of an industry we will say making munitions or barbed wire, both of which were found to be defective, and I think deliberately so, during the last war; the provisions of that section would apply with equal effect to the operator or owner of a manufacturing plant as well as to workmen; is that true?

Mr. HYDE. Oh, yes; to anyone who is guilty of attempting to injure or interfere with or to obstruct the national defense by sabotage in a plant which has been defined as a national utility or as a national defense premise.

Mr. GROSS. What change has there been in the penalty?

Mr. HYDE. There is no change here in the penalty, not in title I.

Mr. GROSS. I thank the gentleman.

Mr. HYDE. Title II of the bill incorporates the provisions of the original bill, H. R. 9021, and is designed to increase the penalty for peacetime espionage and to correct the deficiencies in sentencing there. That is the title about which the gentleman from New York [Mr. CELLER], just spoke to the House.

Mr. CELLER. The present statute of limitation on peacetime espionage is 10 years?

Mr. HYDE. Yes.

Mr. CELLER. This would remove all statute limitations on espionage?

Mr. HYDE. That is right.

Mr. CELLER. I am not opposed to the bill. I made these observations in passing concerning the penalty with reference to peacetime espionage.

Mr. HYDE. I would like to say to the gentleman from New York that I have a lot of sympathy with the gentleman's point of view. As a matter of fact, one of the difficulties of our society is attempting to define the proper punishment to fit a crime. I might add that we already have in the atomic energy law provision for the death penalty in case of peacetime espionage. It may be that the death penalty is not right in any case, under any circumstances, but it just so happens that our society is at present still struggling with the problem, and we are struggling with that problem as much in connection with this subject as any other.

Mr. CELLER. With reference to atomic energy, you have situations quite different in the facilities than are embodied in this bill. I would not say that those facilities in this bill rise to the importance of atomic energy. Would not the gentleman agree that that is so?

Mr. HYDE. Yes, I would, because that deals with any attempt to communicate any information to a foreign country which would injure the United States. In effect, any person who is engaged in such activity is indirectly thus dealing in murder.

Mr. CELLER. Yes. But there are specific references to "document, writing, code book, signal book, sketch, photograph, photographic negative, blueprint, plan, map, model, note, instrument," which makes the crime very broad.

Mr. HYDE. No. I think the gentleman is aware of the fact that the terms of that particular section—which are not new, incidentally—have been defined by the Supreme Court in several cases, which court decisions justly limit the meaning of those to the intent that Congress intended for them, namely, to protect us in the national defense.

Mr. HALE. Madam Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Maine.

Mr. HALE. Glancing over this bill hastily, I fail to find any provision in any section that makes the death penalty mandatory.

Mr. HYDE. The death penalty is not mandatory.

Mr. HALE. It is death or imprisonment for any terms of years or for life. Is that correct?

Mr. HYDE. That is correct.

Mr. HALE. So that it would seem that juries would not be deterred by the death penalty because it is not mandatory?

Mr. HYDE. I would not think that they would be deterred in view of the fact that it is not mandatory.

Mr. BAILEY. Madam Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from West Virginia.

Mr. BAILEY. Section 104 reads in part:

> Whoever, with intent to injure, interfere with, or obstruct the national defense of the United States, willfully injures, destroys, contaminates or effects, or attempts to so injure—

And so forth.

Mr. HYDE. That is the conspiracy section.

Mr. BAILEY. I would like to ask the gentleman if it is his opinion that if you had an economic strike in progress at one of the defense industries and some Government property was destroyed, that that would be covered by that particular section there, and would the penalty apply.

Mr. HYDE. No. You have to bear in mind that it would have to be a conspiracy to violate section 9, and it must be to interfere with and obstruct the national defense of the United States. If it was an ordinary economic strike, there would be no charge such as the gentleman suggests.

Mr. BAILEY. But there might be some Government property destroyed, and I wonder whether that would be broad enough to invoke the penalty involved here.

Mr. HYDE. No; I think not.

Mr. CELLER. Madam Chairman, if the gentleman will yield further, on page 10, we have these significant words beginning in line 4:

> Whoever, in time of war, with intent that the same shall be communicated to the enemy, collects, records, publishes, or communicates, or attempts to elicit any information—

And so forth. You may remember that some time ago a Chicago newspaper—I think it was the Chicago Tribune—publicized the fact that the Navy had cracked the Jap code. While it was true that the publisher of that newspaper was not certain of his facts, he made that statement, and I understood, of course, that this was during time of war, but suppose that had happened during

time of peace. Could that editor of the newspaper be haled before the court?

Mr. HYDE. No; in the first place, the section the gentleman read applies only in time of war. If such a thing similar to it, should happen, that would come under subsection (a) of section 201. That section has been well defined by the Supreme Court of the United States so that the danger to which the gentleman refers would not arise.

Mr. CELLER. And it must be to the injury of the United States, even though under subsection (a); is not that correct?

Mr. HYDE. That is correct.

Mr. CELLER. And that would be a question for a jury, would it not?

Mr. HYDE. Yes; in a sense it would. But whether or not it had violated this statute, the language of subsection (a), section 201, means what has been defined by the Supreme Court, so that there would be no danger of an innocent newspaper report being construed as being an intent to injure the United States.

The CHAIRMAN. The time of the gentleman has expired.

Mr. CELLER. Madam Chairman, I yield the gentleman 2 additional minutes.

Will the gentleman yield to me?

Mr. HYDE. I yield to the gentleman from New York.

Mr. CELLER. What about writers, commentators, who gather a great deal of statistics; naval, military, statistics on logistics, and so forth; they might publish them and come within the toils of the statute. That might be a question for a jury to determine whether or not they had the intent to aid the enemy.

Mr. HYDE. I think in view of the Supreme Court decisions, two of them, on this very section, that there would be no danger of such an interpretation being put on the statute.

Mr. GRAHAM. If the gentleman will yield to me, in the case of *Gorin* v. *United States* (312 U. S. 19), on that very point, it is set out that intent to injure the United States must be proved.

Mr. HYDE. That is correct.

Mr. POFF. Madam Chairman, will the gentleman yield to me for a unanimous-consent request?

Mr. HYDE. I yield.

Mr. POFF. I ask unanimous consent to extend my remarks in the RECORD immediately following the remarks of the gentleman from Maryland [Mr. HYDE].

The CHAIRMAN. Is there objection to the request of the gentleman from Virginia?

There was no objection.

Mr. HYDE. Madam Chairman, under title II, it is proposed to make espionage a capital offense irrespective of whether it was committed in time of war or in time of peace. It brings it within the purview of title 18, United States Code 3281, which provides that an indictment for a capital offense may be found at any time without limitation. In other words, as has been said, the effect of that would be to remove the statute of limitations on peacetime espionage.

Title III of the bill incorporates the provisions of H. R. 9023 and proposes to repeal certain sections of the Foreign Agents Registration Act of 1938, as amended, and substitute therefor a separate registration statute unconnected with the Foreign Agents Registration Act, and which will require the registration of those persons who have knowledge of or have received an assignment in the espionage, counterespionage, or sabotage service or tactics of a foreign government or a foreign political party, without regard to any present agency status of such persons.

The Attorney General has told us this:

> Since the registration provisions of the Foreign Agents Registration Act make it clear that only those persons who presently or hereafter act as agents of foreign principals are required to register, persons who are agents of foreign principals by definition, but who are not currently acting as such, are not so required. Hence, persons with knowledge of or training in the espionage, counterespionage, or sabotage service or tactics of a foreign government or political party, who have not since the enactment of section 20 (a) acted as foreign agents, appear to be under no obligation to register.

This section will put such persons under an obligation to register.

Mr. DOYLE. Madam Chairman, will the gentleman yield?

Mr. HYDE. I yield.

Mr. DOYLE. I notice that there is no definition in either wartime or peacetime of the term "defense activities." That is in line 9, page 2, and elsewhere. I am wondering why there is no definition of defense activities, as long as the death penalty, for instance, is involved.

Mr. HYDE. The death penalty is not involved in the title to which the gentleman refers.

Mr. DOYLE. I notice on page 3, line 16, the reference to associate nation is limited to wartime. Why does not that definition also cover peacetime?

Mr. HYDE. I suppose because there might be some difficulty in determining who was an associate nation in peacetime.

Mr. DOYLE. There is included a reference to NATO nations, in another part of the bill. Would they be considered associate nations? I am asking the question sincerely, because I think it is important.

Mr. HYDE. As far as I know—I do not know whether I am entirely accurate on this or not—the only reason I can think of at the moment would be the difficulty of determining who was an associate nation in peacetime.

Mr. DOYLE. In other words, the committee had no intent of including any member of the United Nations as an associate nation?

Mr. HYDE. Not under this language.

Mr. CELLER. If the gentleman will yield, I understand the Department of Justice has sent down to the distinguished chairman of the subcommittee, the gentleman from Pennsylvania [Mr. GRAHAM] an amendment as to the very question the gentleman from California has raised just now, namely to include associate nations in there at that very point.

Mr. HYDE. I would have to see what the Department's intention was as to that.

Mr. BROOKS of Louisiana. Will the gentleman yield?

Mr. HYDE. I yield.

Mr. BROOKS of Louisiana. In title II, section 202 refers to the matter of espionage in time of either peace or war. On the preceding page, 8, you are referred to a status which might be considered neither war nor peace, that is, where an emergency has been declared by the President. In that event, would the gentleman construe that under title II to be in war or peace? What I want to know is, Suppose there is an emergency declared by the President which is short of war and there is espionage under title II, would that be espionage in time of peace or war?

Mr. HYDE. Subsection (a) of section 201 of title II applies in time of either peace or war.

Mr. BROOKS of Louisiana. It would be espionage under (a) but not under (b)?

Mr. HYDE. That is right.

Mr. BROOKS of Louisiana. If during the Korean emergency it would be punishable under (b)?

Mr. HYDE. Under (b) it would be in time of war.

Mr. BROOKS of Louisiana. So espionage committed when we were fighting in Korea would not be punishable under (b)?

Mr. HYDE. Any act set out in (b) would not be punishable unless we were officially in war.

Mr. BROOKS of Louisiana. Does not the gentleman think the penalty should be just as severe in the case of Korea as in time of war?

Mr. HYDE. I think that is covered by section (a), if the gentleman will examine it carefully.

Mr. POFF. Madam Chairman, I support wholeheartedly and unreservedly all of the provisions of H. R. 9580, which is a composite of three bills introduced as a part of the Attorney General's overall antisubversive program.

Title I of this act incorporates in full the language of H. R. 8749, which I introduced on April 7, 1954. Its primary purpose is to plug certain loopholes which have, by reason of certain technological developments, recently manfested themselves.

Section 101 of title I of the measure would amend section 2151 of title 18, United States Code, which defines various words used in the chapter. The definitions of "war material," "war utilities," "national defense material," and "national defense utilities" would be amended so as to include air and water among the items enumerated. It is believed that the possibilities of sabotage by radioactive, biological, or chemical agents made such an amendment desirable. Also, "war utilities" is now defined as including various utilities used, or capable of use, in connection with the "military or naval forces" of the United States. The definition of "national defense utilities" also refers to the "military or naval forces." Since the Air Force is a separate and coordinate Department of the military, it would appear appropriate to substitute "installations of the Armed Forces" in both definitions. Similarly, the definitions of "war prem-

ises" and "national defense premises" should be changed in this regard.

The rapid development of aviation requires that the definitions of war utilities and national-defense utilities be further amended so that specific reference is made in them to airfields, air lanes, and fixtures or appurtenances thereof. Another change which is dictated by the growth of aviation is the broadening of these terms so as to apply not only within the limits of the United States or upon the high seas as now provided, but also elsewhere.

War material is defined to include forage, forest products and standing timber. In view of the importance of this natural resource and the fact that sabotage efforts could well be directed toward it, it is recommended that the definition of the peacetime counterpart, national-defense material, should be amended to conform. It should also be made to conform by covering items adapted to, or suitable for use in the conduct of the national defense.

Section 102 of title I would amend section 2153 of the chapter on sabotage—relating to the destruction of war material, war premises, or war utilities—and section 2155—relating to the production of defective war material and other enumerated items—so as to make it a crime to contaminate or infect such items. This proposed amendment, as did the definition amendments discussed above, contemplates the possibility of sabotage by radioactive, biological, or chemical agents.

The bill would also amend sections 2154 and 2156 which relate, respectively, to the willful production of defective war material and defective national-defense material. As presently worded, section 2154 does not appear to protect war premises or war utilities and section 2156 does not appear to protect national-defense premises or national-defense utilities. It is therefore suggested that they be amended in this regard. Such an amendment would, for example, make the section applicable to the defective construction of air bases.

Further, conspiracy subsections would be enacted in sections 2155 and 2156, as is the case with their wartime counterparts, sections 2153 and 2154.

As you know, the Emergency Powers Continuation Act of July 3, 1952 (66 Stat. 330) amended, on a temporary basis, the definition of war material as contained in section 2151, by inserting "or defense activities" immediately before the period at the end of that definition. It likewise amended section 2153 and 2154 by inserting the words "or defense activities" immediately after the words "carrying on the war" wherever they appear in those sections. These amendments were continued on a temporary basis by the later enactment of the act of March 31, 1953 (67 Stat. 18), and the act of June 30, 1953 (67 Stat. 133). It will be noted that the proposal would make these amendments permanent and it is believed that the reasons for doing so are self-evident.

Madam Chairman, the American people are looking to their lawmakers to furnish our Department of Justice with the tools to do its job effectively and thoroughly. All loopholes, however minute, must be plugged. This bill will help to accomplish that purpose. I trust that it will be the will of the Committee of the Whole to express to the world at large our contempt for traitors and saboteurs by passing this bill by a unanimous vote.

Mr. CELLER. Madam Chairman, I yield 1 minute to the gentleman from New York [Mr. DONOVAN].

Mr. DONOVAN. Madam Chairman, I take this time to ask a question of the gentleman from Maryland [Mr. HYDE]. I am thinking of section 2 on page 11. I pose this question: Assume a former member of the British armed forces who perchance had served in some division of the British Army Intelligence in various parts of the world comes to America as an immigrant, lives here the necessary time, makes application for American citizenship, and becomes an American citizen. Does he, too, have to register under this act?

Mr. HYDE. Yes.

Mr. GRAHAM. Madam Chairman, I yield such time as he may desire to the gentleman from Illinois [Mr. VELDE], chairman of the Committee on Un-American Activities.

Mr. VELDE. Madam Chairman, as a former FBI agent in the Counterespionage Division during World War II, I cannot impress upon my distinguished colleagues enough the imperative need for our revising and extending the laws relating to espionage and sabotage.

Aside from the numerous refinements that are embodied in H. R. 9580, I should like to go on record as being particularly impressed with the provision that would make espionage a capital offense, irrespective of when committed, in time of peace or war. This would bring espionage in peacetime within the purview of 18 United States Code 3281, which provides that an indictment for a capital offense may be found at any time without limitation.

Our House Committee on Un-American Activities, in line with the obligation to investigate subversive activities and recommend remedial legislation, recommended this in our annual report of February 17, 1952.

I recall during the period when Canada was prosecuting her espionage agents, our own Attorney General at the time was telling us that he would not prosecute because we were not at war with Russia.

When the American people finally woke up to the fact that the Communist conspiracy had gained such a hold in this country through these Russian espionage agents and brought public pressure to bear upon the Justice Department to act, the statute of limitations had expired.

Now we have extended the statute of limitations on peacetime espionage to 10 years and we must go one step further and see to it that we enact a single comprehensive espionage statute applicable to both peacetime and wartime. Practical experience dictates that we do not necessarily have to be engaged with a shooting adversary to be in danger.

I wholeheartedly endorse the proposal that would impose a sentence of death or imprisonment for any term of years or for life. I sincerely hope the House will go along with those of us who have had considerable firsthand experience with the machinations of these espionage agents and spies and want to see them given what is coming to them. You can all play a part by voting for H. R. 9580.

Mr. CELLER. Madam Chairman, I yield 7 minutes to the gentleman from Pennsylvania [Mr. WALTER].

Mr. WALTER. Madam Chairman, the only portion of this bill which changes existing law in any respect is the section relating to punishment during peacetime for espionage. A mere casual examination of the language in this section discloses that it is not mandatory in any case for the sentencing judge to impose the death penalty. I could not imagine a case sufficiently grave in which that would be done during peacetime. However, it is extremely important that peacetime espionage be made a capital offense because by so doing the statute of limitations is eliminated entirely. I take the position that if a person may be convicted of a serious crime provided for and spelled out in this section, then it certainly seems to me that if he is not apprehended, and if a statute of limitations applies, then by permitting that situation to exist, we are putting a premium on the ability to hide. All this statute does is to make it possible to prosecute a spy at any time his crime is discovered, and he is apprehended.

Mr. VORYS. Madam Chairman, will the gentleman yield?

Mr. WALTER. I yield.

Mr. VORYS. I wish the gentleman would tell us about title III which apparently provides for registration of spies and saboteurs.

Mr. WALTER. If the gentleman will pardon me, that is exactly what I was going to discuss.

Madam Chairman, title III in effect is a rewriting of existing law with just one exception. It is not necessary to prove an agency under this new language—and under existing law it is. That in a word is what title III does. At first blush one would say that we are rather naive in expecting somebody trained in espionage to come forward and register. But, when you look at the situation a little more carefully, you will find under this language it is possible to prosecute people for a failure to register when you could not prove the overt acts necessary to be proved in spelling out another offense. If the attorney general has information that a person has been trained in espionage, it would be entirely possible and rather easy to prove that fact plus the fact that he did not register, thereby making it possible to prosecute him for a crime when it would be impossible to prove the other offense.

It seems to me with all of the bills that have been sent up here by the Attorney General, in a sincere desire to cope with what I consider a very serious problem, that there is a better solution. We have experienced great difficulty in drafting some of these bills. Two of the measures now under consideration are susceptible of various interpretations, for which reason it is dangerous to act on them hurriedly.

At this time I want to join with the gentleman from the State of Texas [Mr. DIES] in urging that our subcommittee continue its very serious consideration

of the advisability of outlawing the Communist Party entirely. It is not necessary to do more than to enlarge the authority contained in the second section of the Smith Act. I do not agree with the philosophy of the gentleman from Texas [Mr. DIES], because if we outlaw the Communist Party today it will be called "the peace movement" tomorrow. It seems to me the thing to do is to take the language of the Immigration and Nationality Act, which has been passed on in numerous decisions of the court, and spell out the activities, without attempting to place a title on the people engaged in those activities. By doing that, with one fell swoop we will make it possible to prosecute these 25,000 people whom the Attorney General and the FBI have properly termed "enemies of the United States." There should not be any question in the mind of anybody any longer but what this conspiracy is a crime and should be dealt with as we deal with any other crime.

Mr. GROSS. Will the gentleman yield?

Mr. WALTER. I yield.

Mr. GROSS. I want to commend the gentleman for his statement. On page 14 I notice a reference to "Agreement regarding status of forces of parties of the North Atlantic Treaty." I will ask the gentlemen if in any way a person charged under the terms of this act can be tried in a foreign court?

Mr. WALTER. No. By no possible interpretation of this act could jurisdiction be placed in a foreign court.

Mr. GROSS. I am glad to hear that.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. WALTER] has expired.

Mr. GRAHAM. Madam Chairman, I yield the gentleman 2 additional minutes.

Mr. JONAS of Illinois. Will the gentleman yield?

Mr. WALTER. I yield.

Mr. JONAS of Illinois. If we are in a quandary about anything, now is the time to ask questions. I am going to support the bill, but I am in a quandary about one statement the gentleman made, and that is whether title III is a part of existing law now, or whether it is new language and is new law.

Mr. WALTER. Well, it is new law, although it contains a part of existing law which is restated, and as it is now defined it is new law. But it is part of existing law and designed to embrace existing law, and then define the offenses that make it necessary to establish the fact that the registrant is acting on behalf of a foreign agent.

Mr. JONAS of Illinois. May I call attention to this fact: I understand that under titles I and II we refer to amendments or corrections, or whatever they are, which are added, to title 18 of the United States Code. Title III has reference to the Internal Security Act, as amended. That is another section that is amended. So, in titles I and II all you do is transpose words and sentences that deal with existing law, but in title III you add a new series of statements or language, to the Internal Security Act.

Mr. WALTER. May I say in that connection I think it is rather dangerous what the Department of Justice is doing here, in attempting to enumerate all of these things, because by the doctrine of exclusion, if they fail to specifically define something, then that is construed to be excluded.

Mr. CELLER. Is it not true that as to this important bill, particularly as to title III, we had no testimony from the Attorney General himself, we had no testimony from the Department of Defense, we had no testimony from any of the departments of the Government; all we had was some of the underlings of the Department of Justice who came down and conferred with us as to language.

Mr. WALTER. That, of course, is true; but that does not disturb me in the least. While these people were underlings, they were in the departments charged with the responsibility of the administration of these particular sections, and I thought they knew what they were talking about. Of course, I may have been mistaken.

Mr. JONAS of Illinois. Madam Chairman, will the gentleman yield further?

Mr. WALTER. I yield.

Mr. JONAS of Illinois. I refer the gentleman to section 306 on page 15 of the bill, to this language:

> The Attorney General may at any time make, prescribe, amend, and rescind such rules and regulations and forms as he may deem necessary to carry out the provisions of this act.

Does that embrace all three sections, 1, 2, and 3, or does this refer to existing law and not to this new section? That becomes very important, in my opinion.

The gentleman from Pennsylvania has just informed me that he has in mind an amendment which will meet that situation.

Mr. WALTER. I think the gentleman from Pennsylvania [Mr. GRAHAM] has an amendment to meet that situation.

Mr. GRAHAM. Madam Chairman, I yield 3 minutes to the distinguished gentlewoman from Michigan [Miss THOMPSON], a member of our committee.

Miss THOMPSON of Michigan. Madam Chairman, I am very happy to recommend H. R. 9580 to the Members of the House. The members of the Committee on the Judiciary, of which I am one, have given a great deal of thought and careful consideration to this bill. I think it is a good bill. I think it is a necessary bill, and I think it is long overdue.

Madam Chairman, I yield back the balance of my time.

Mr. CELLER. Madam Chairman, I yield back the balance of my time.

Mr. GRAHAM. Madam Chairman, I yield 3 minutes to the distinguished gentleman from New York [Mr. KEATING].

Mr. KEATING. Madam Chairman, I want to congratulate the members of this committee on the way they have handled the very difficult task with which they were confronted. As the gentleman from Pennsylvania said, it is not easy to write legislation in this field.

Madam Chairman, H. R. 9580 consolidates several requests from the Attorney General relating to improvements in the laws governing sabotage and espionage. More specifically, it broadens the technical definition of sabotage activities so as to include new techniques which might now be directed at our atmosphere, our water supply, national resources, air defense installations, and so forth, and also to reach vitally important defense facilities whether they are within the limits of the United States or not. It makes espionage a capital offense whether committed in time of peace or time of war. And it will bring out into the open, by compulsory registration, persons who have been trained in spy and sabotage schools abroad and who are now in our midst, whether or not they are making any use of such training. I hope we can act quickly and favorably on the bill.

At the same time, I realize that voting for this bill is a very solemn matter. We are here dealing, Mr. Chairman, with one of the most sweeping and awesome rights of our powerful country. We are relying upon its right of self-defense, and enlarging the powers made available to it for that purpose. Even a private citizen has the most terrible of all rights—the right to take the life of a human being with impunity—in the name of self-defense. Certainly no one will claim that our Nation should have less. And I think we do not have to labor the point that the Communist conspiracy has become intense and pervasive to the point where such fundamentals as self-defense are directly involved. We must free our Government to strike hard and strike true whenever and wherever the vicious plotter is exposed among us.

At the same time, Madam Chairman, I wish to focus the attention of my colleagues and of the people in whose name we are acting upon something very reassuring in this bill. In every provision, including the new provision which will make espionage a capital offense in peacetime, there is carefully preserved the requirements of knowledge and intent. No one will ever be brought to punishment under these drastic laws unless a jury of his peers is satisfied that he knew the implications of his act and that he intended the traitorous consequences. This requirement marks the difference between tyranny and a rule of law. This assures us that, notwithstanding the sweeping and all-inclusive nature of these laws, and the drastic penalties they carry, our fair land will never be degraded by the spectacle of mock trials such as we have witnessed under Communist regimes. These laws will scourge the guilty—the criminally guilty. But they will never lend themselves to being called into play against the innocent.

I think we ought to keep those safeguards clearly in view as we send this bill along its way with the strong support I know it will gather here in this chamber.

The CHAIRMAN. If there are no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That this act, divided into titles and sections, may be cited as the "Espionage and Sabotage Act of 1954."

TITLE I—WAR AND DEFENSE MATERIALS, PREMISES AND UTILITIES

SEC. 101. Section 2151 of title 18, United States Code, is amended to read as follows:

"§ 2151. Definitions

"As used in this chapter:

"The words 'war material' include arms, armament, ammunition, livestock, forage, forest products and standing timber, stores of clothing, air, water, food, foodstuffs, fuel, supplies, munitions, and all articles, parts or ingredients, intended for, adapted to, or suitable for the use of the United States or any associate nation, in connection with the conduct of war or defense activities.

"The words 'war premises' include all buildings, grounds, mines, or other places wherein such war material is being produced, manufactured, repaired, stored, mined, extracted, distributed, loaded, unloaded, or transported, together with all machinery and appliances therein contained; and all forts, arsenals, navy yards, camps, prisons, or other installations of the Armed Forces of the United States, or any associate nation.

"The words 'war utilities' include all railroads, railways, electric lines, roads of whatever description, any railroad or railway fixture, canal, lock, dam, wharf, pier, dock, bridge, building, structure, engine, machine, mechanical contrivance, car, vehicle, boat, aircraft, airfields, airlanes, and fixtures or appurtenances thereof, or any other means of transportation whatsoever, whereon or whereby such war material or any troops of the United States, or of any associate nation, are being or may be transported either within the limits of the United States or upon the high seas or elsewhere; and all air-conditioning systems, dams, reservoirs, aqueducts, water and gas mains and pipes, structures and buildings, whereby or in connection with which air, water, or gas is being furnished, or may be furnished, to any war premises or to the Armed Forces of the United States, or any associate nation, and all electric light and power, steam or pneumatic power, telephone and telegraph plants, poles, wires, and fixtures, and wireless stations, and the buildings connected with the maintenance and operation thereof used to supply air, water, light, heat, power, or facilities of communication to any war premises or to the Armed Forces of the United States, or any associate nation.

"The word 'associate nation' means any nation at war with any nation with which the United States is at war.

"The words 'national-defense material' include arms, armament, ammunition, livestock, forage, forest products and standing timber, stores of clothing, air, water, food, foodstuffs, fuel, supplies, munitions, and all other articles of whatever description and any part or ingredient thereof, intended for, adapted to, or suitable for the use of the United States in connection with the national defense or for use in or in connection with the producing, manufacturing, repairing, storing, mining, extracting, distributing, loading, unloading, or transporting of any of the materials or other articles hereinbefore mentioned or any part or ingredient thereof.

"The words 'national-defense premises' include all buildings, grounds, mines, or other places wherein such national-defense material is being produced, manufactured, repaired, stored, mined, extracted, distributed, loaded, unloaded, or transported, together with all machinery and appliances therein contained; and all forts, arsenals, navy yards, camps, prisons, or other installations of the Armed Forces of the United States.

"The words 'national-defense utilities' includes all railroads, railways, electric lines, roads of whatever description, railroad or railway fixture, canal, lock, dam, wharf, pier, dock, bridge, building, structure, engine, machine, mechanical contrivance, car, vehicle, boat, aircraft, airfields, air lanes, and fixtures or appurtenances thereof, or any other means of transportation whatsoever, whereon or whereby such national-defense material, or any troops of the United States, are being or may be transported either within the limits of the United States or upon the high seas or elsewhere; and all air-conditioning systems, dams, reservoirs, aqueducts, water and gas mains and pipes, structures, and buildings, whereby or in connection with which air, water, or gas may be furnished to any national-defense premises or to the Armed Forces of the United States, and all electric light and power, steam or pneumatic power, telephone and telegraph plants, poles, wires, and fixtures and wireless stations, and the buildings connected with the maintenance and operation thereof used to supply air, water, light, heat, power, or facilities of communication to any national-defense premises or to the Armed Forces of the United States."

SEC. 102. Section 2153 of title 18, United States Code, is amended to read as follows:

"§ 2153. Destruction of raw material, war premises, or war utilities.

"(a) Whoever, when the United States is at war, or in times of national emergency as declared by the President or by the Congress, with intent to injure, interfere with, or obstruct the United States or any associate nation in preparing for or carrying on the war or defense activities, or, with reason to believe that his act may injure, interfere with, or obstruct the United States or any associate nation in preparing for or carrying on the war or defense activities, willfully injures, destroys, contaminates or infects, or attempts to so injure, destroy, contaminate or infect any war material, war premises, or war utilities, shall be fined not more than $10,000 or imprisoned not more than 30 years, or both.

"(b) If two or more persons conspire to violate this section, and one or more of such persons do any act to effect the object of the conspiracy, each of the parties to such conspiracy shall be punished as provided in subsection (a) of this section."

SEC. 103. Section 2154 of title 18, United States Code, is amended to read as follows:

"§ 2154. Production of defective war material, war premises, or war utilities.

"(a) Whoever, when the United States is at war, or in times of national emergency as declared by the President or by the Congress, with intent to injure, interfere with, or obstruct the United States or any associate nation in preparing for or carrying on the war or defense activities, or, with reason to believe that his act may injure, interfere with, or obstruct the United States or any associate nation in preparing for or carrying on the war or defense activities, willfully makes, constructs, or causes to be made or constructed in a defective manner, or attempts to make, construct, or cause to be made or constructed in a defective manner any war material, war premises or war utilities, or any tool, implement, machine, utensil, or receptacle used or employed in making, producing, manufacturing, or repairing any such war material, war premises or war utilities, shall be fined not more than $10,000 or imprisoned not more than 30 years, or both.

"(b) If two or more persons conspire to violate this section, and one or more of such persons do any act to effect the object of the conspiracy, each of the parties to such conspiracy shall be punished as provided in subsection (a) of this section."

SEC. 104. Section 2155 of title 18, United States Code, is amended to read as follows:

"§ 2155. Destruction of national-defense material, national-defense premises or national-defense utilities.

"(a) Whoever, with intent to injure, interfere with, or obstruct the national defense of the United States, willfully injures, destroys, contaminates or infects, or attempts to so injure, destroy, contaminate or infect any national-defense material, national-defense premises, or national-defense utilities, shall be fined not more than $10,000 or imprisoned not more than 10 years, or both.

"(b) If two or more persons conspire to violate this section, and one or more of such persons do any act to effect the object of the conspiracy, each of the parties to such conspiracy shall be punished as provided in subsection (a) of this section."

SEC. 105. Section 2156 of title 18, United States Code, is amended to read as follows:

"§ 2156. Production of defective national-defense material, national-defense premises or national-defense utilities.

"(a) Whoever, with intent to injure, interfere with, or obstruct the national defense of the United States, willfully makes, constructs, or attempts to make or construct in a defective manner, any national-defense material, national-defense premises or national-defense utilities, or any tool, implement, machine, utensil, or receptacle used or employed in making, producing, manufacturing, or repairing any such national-defense material, national-defense premises or national-defense utilities, shall be fined not more than $10,000 or imprisoned not more than 10 years, or both.

"(b) If two or more persons conspire to violate this section, and one or more of such persons do any act to effect the object of the conspiracy, each of the parties to such conspiracy shall be punished as provided in subsection (a) of this section."

SEC. 106. The analysis immediately preceding section 2151 of title 18, United States Code, is amended to read as follows:

"Sec.
2151. Definitions.
2152. Fortifications, harbor defenses or defensive sea areas.
2153. Destruction of war material, war premises or war utilities.
2154. Production of defective war material, war premises or war utilities.
2155. Destruction of national-defense material, national-defense premises or national-defense utilities.
2156. Production of defective national-defense material, national-defense premises or national-defense utilities."

TITLE II—DISCLOSURE OF INFORMATION RELATING TO NATIONAL DEFENSE

SEC. 201. Section 794 of title 18, United States Code, is amended to read as follows:

"(a) Whoever, with intent or reason to believe that it is to be used to the injury of the United States or to the advantage of a foreign nation, communicates, delivers, or transmits, or attempts to communicate, deliver, or transmit, to any foreign government, or to any faction or party or military or naval force within a foreign country, whether recognized or unrecognized by the United States, or to any representative, officer, agent, employee, subject, or citizen thereof, either directly or indirectly, any document, writing, code book, signal book, sketch, photograph, photographic negative, blueprint, plan, map, model, note, instrument, appliance, or information relating to the national defense, shall be punished by death or by imprisonment for any term of years or for life.

"(b) Whoever, in time of war, with intent that the same shall be communicated to the enemy, collects, records, publishes, or communicates, or attempts to elicit any information with respect to the movement, numbers, description, condition, or disposition of any of the Armed Forces, ships, aircraft, or war materials of the United States, or with respect to the plans or conduct, or supposed

plans or conduct of any naval or military operations, or with respect to any works or measures undertaken for or connected with, or intended for the fortification or defense of any place, or any other information relating to the public defense, which might be useful to the enemy, shall be punished by death or by imprisonment for any term of years or for life.

"(c) If two or more persons conspire to violate this section, and one or more of such persons do any act to effect the object of the conspiracy, each of the parties to such conspiracy shall be subject to the punishment provided for the offense which is the object of such conspiracy."

TITLE III—REGISTRATION OF PERSONS TRAINED IN ESPIONAGE AND SABOTAGE

SEC. 301. Section 20 of the Internal Security Act of 1950 is hereby amended by repealing subsection (a) thereof, and by deleting the designation "(b)" which appears in said section.

SEC. 302. Except as hereinafter provided, every person who has knowledge of, or has received instruction or assignment in, the espionage, counterespionage, or sabotage service or tactics of a government of a foreign country or of a foreign political party, shall register with the Attorney General.

SEC. 303. The registration of any person, as required by this act, shall be accomplished by filing with the Attorney General a registration statement in duplicate, under oath, to be prepared and filed in such manner and form, and containing such information as the Attorney General, having due regard for the national security and the public interest, shall by regulations prescribe.

SEC. 304. The registration requirements of section 2 shall not apply to any person—

(a) who has obtained knowledge of or received instruction or assignment in the espionage, counterespionage, or sabotage service or tactics of a foreign government or foreign political party by reason of civilian, military, or police service or employment with the United States Government, the governments of the several States, their political subdivisions, the District of Columbia, the Territories, or the Canal Zone; or

(b) who has obtained such knowledge solely by reason of academic or personal interest not under the supervision of or in preparation for service with the government of a foreign country or a foreign political party; or

(c) who has made full disclosure of such knowledge, instruction, or assignment to officials within an agency of the United States Government having responsibilities in the field of intelligence, which disclosure has been made a matter of record in the files of such agency, and concerning whom a written determination has been made by the Attorney General or the Director of Central Intelligence that registration would not be in the interest of national security; or

(d) whose knowledge of, or receipt of instruction or assignment in, the espionage, counterespionage, or sabotage service or tactics of a government of a foreign country or of a foreign political party, is a matter of record in the files of an agency of the United States Government having responsibilities in the field of intelligence and concerning whom a written determination is made by the Attorney General or the Director of Central Intelligence, based on all information available, that registration would not be in the interest of national security; or

(e) who is a duly accredited diplomatic or consular officer of a foreign government, who is so recognized by the Department of State, while said officer is engaged exclusively in activities which are recognized by the Department of State as being within the scope of the functions of such officer, and any member of the immediate family of such officer who resides with him; or

(f) who is an official of a foreign government, if such government is recognized by the United States, whose name and status and the character of whose duties as such official are of record in the Department of State, and while said official is engaged exclusively in activities which are recognized by the Department of State as being within the scope of the functions of such official, and any member of the immediate family of such official who resides with him; or

(g) who is a member of the staff of or employed by a duly accredited diplomatic or consular officer of a foreign government who is so recognized by the Department of State, and whose name and status and the character of whose duties as such member or employee are a matter of record in the Department of State, while said member or employee is engaged exclusively in the performance of activities which are recognized by the Department of State as being within the scope of the functions of such member or employee; or

(h) who is an officially acknowledged and sponsored representative of a foreign government and is in the United States on an official mission for the purpose of conferring or otherwise cooperating with United States intelligence or security personnel; or

(i) who is a member of a force of a NATO country who enters the United States under the provisions of article III, paragraph (1) of the Agreement Regarding Status of Forces of Parties of the North Atlantic Treaty, or who is a civilian or one of the military personnel of a foreign armed service who has been invited to the United States for training purposes at the request of a military department of the United States; or

(j) who is a person who has been designated by a foreign government to serve as its representative in or to an international organization or is an officer or employee of such an organization or who is a member of the immediate family of, and resides with, such a representative, officer, or employee.

SEC. 305. The Attorney General shall remain in permanent form one copy of all registration statements filed under this act. They shall be public records and open to public examination and inspection at such reasonable hours and under such regulations as the Attorney General may prescribe, except that the Attorney General, having due regard for the national security and public interest, may, in his discretion, withdraw any registration statement from public examination and inspection.

SEC. 306. The Attorney General may at any time make, prescribe, amend, and rescind such rules, regulations, and forms as he may deem necessary to carry out the provisions of this act.

SEC. 307. (a) Any person who willfully violates any provision of this act or any regulation thereunder, or who in any registration statement willfully makes a false statement of a material fact or willfully omits any material fact, shall upon conviction thereof, be punished by a fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

(b) Any alien who shall be convicted of a violation of any provision of this act or any regulation thereunder shall be subject to deportation in the manner provided by chapter 5, title II, of the Immigration and Nationality Act (66 Stat. 163).

SEC. 308. Failure to file a registration statement as required by this act shall be considered a continuing offense for as long as such failure exists, notwithstanding any statute of limitation or other statute to the contrary.

SEC. 309. Compliance with the registration provisions of this act shall not relieve any person from compliance with any other applicable registration statute.

SEC. 310. If any provision of this act or the application thereof to any person or circumstances is held invalid, the remainder of the act, and the application of such provisions to other persons or circumstances, shall not be affected thereby.

The CHAIRMAN. The Clerk will report the first committee amendment.

The Clerk read as follows:

Page 1, line 9, after the word "definitions", insert a period.

Mr. CELLER. Madam Chairman, I move to strike out the last word.

Madam Chairman, I want to draw the attention of the members of the subcommittee and the members of the Committee of the Whole to page 15, commencing at line 5, section 306, which reads:

The Attorney General may at any time make, prescribe, amend, and rescind such rules, regulations, and forms as he may deem necessary to carry out the provisions of this act.

Mr. GRAHAM. Madam Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Pennsylvania.

Mr. GRAHAM. I have an amendment to correct that.

Mr. CELLER. In what respect?

Mr. GRAHAM. Limiting it to this title.

Mr. CELLER. Even if it is limited to the title wherein it appears, this is what I am driving at. I am reading section 307 (a):

Any person who willfully violates any provision of this act or any regulation thereunder, or who in any registration statement willfully makes a false statement of a material fact or willfully omits any material fact, shall, upon conviction thereof, be punished by a fine of not more than $10,000 or by imprisonment for not more than 5 years, or both.

Mr. GRAHAM. That is covered by the amendment.

Mr. CELLER. But the gentleman says he is amending it so as to make it applicable to titles I and II.

Mr. GRAHAM. That is right.

Mr. CELLER. But it is not made applicable to III.

Mr. GRAHAM. That is right.

Mr. CELLER. As to title III, I gather the following: The Attorney General can make rules and regulations and change them at any time he sees fit, and then anybody who violates the regulation shall be deemed to have been guilty of a crime that carries with it a possible fine of $10,000 or imprisonment for not more than 5 years, or both. That is very drastic. The gentleman from New York stated that the bill was very, very carefully gone over. I wonder whether that is to be deemed gone over carefully when we have a situation where somebody merely violates a rule or regulation of the Attorney General, not the basic fabric of the statute, and goes to jail for quite a stretch. All the person does is to violate a rule set forth by the Attorney General, then he gets in the toils of the law and is guilty of a crime which may involve a penalty of $10,000 or imprisonment. That is not careful consideration. The regulation or rule becomes as important as the statute.

Mr. GRAHAM. Many, many times this Congress has passed bills with this identical language in it.

Mr. CELLER. Not in a bill as drastic as this.

Mr. GRAHAM. In the case of the OPA and other similar acts.

Mr. CELLER. I question that, but if we did, we made a mistake before and should not repeat it.

Mr. GRAHAM. We may have made a mistake, but we did it.

Mr. CELLER. I just want to raise this question, that is all; perhaps the gentleman might want to answer it.

The CHAIRMAN. The question is on the first committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the rest of the committee amendments.

The Clerk read as follows:

On page 3, line 12, strike out the word "word" and substitute "words."

On page 3, line 12, strike out the word "means" and substitute "mean."

On page 5, line 8, after the words "Destruction of" strike out the word "raw" and substitute the word "war".

On page 5, line 9, after the word "utilities", insert a period.

On page 6, line 7, after the word "utilities", insert a period.

On page 7, line 7, strike out the word "material" and substitute the word "materials".

On page 7, line 8, after the word "utilities", insert a period.

On page 7, line 25, after the word "utilities", insert a period.

On page 8, after line 18, on the line beginning "2155. Destruction of" strike out the word "material" and substitute the word "materials".

On page 12, line 21, strike out "(c)" and substitute "(e)".

On page 14, line 17, strike out the word "remain" and substitute "retain."

The committee amendments were agreed to.

Mr. GRAHAM. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM: On page 15, lines, 8, 10, 17, and 22, and on page 16, lines 2, 4, and 6, strike out the word "Act" and substitute the word "title."

The amendment was agreed to.

Mr. HYDE. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendments offered by Mr. HYDE: On page 2, line 5, after the word "foodstuffs", insert "petroleum, petroleum products."

On page 2, line 11, after the word "mines", insert "laboratories, research and development facilities."

On page 2, line 11, after the word "being", insert "planned, developed, experimented with."

On page 2, line 15, after the word "camps", insert "air force bases, depots."

On page 2, line 15, after the word "prisons", insert "government or nongovernment real property occupied in whole or in part by any agency or component of the Department of Defense."

On page 2, line 22, after the word "vehicle", strike out the word "boat," and substitute "vessel."

On page 2, line 22, after the word "airfields", strike out the words "air lanes" and substitute "airways, heliports, landing areas, air navigation facilities, navigation equipment (sea), pipelines, traffic control systems, tank farms, air space above the United States, its Territories or possessions."

On page 3, line 4, after the word "pipes", insert "petroleum pipelines."

On page 3, line 5, after the word "water", insert a comma.

On page 3, line 6, strike out the first word "or."

On page 3, line 6, after the word "gas", insert "or petroleum products."

On page 3, line 9, after the word "power", insert "communication facilities, including."

On page 3, line 17, after the word "war", change the period to a comma and add the following "or any nation which is a party to a mutual defense treaty or agreement to which the United States is a party."

On page 3, line 23, after "United States", insert "or any associate nation."

On page 4, line 5, after the word "mines", insert "laboratories, research and development facilities."

On page 4, line 6, after the word "being", insert "planned, developed, experimented with."

On page 4, line 9, after the word "camps", insert "Air Force bases, depots."

On page 4, line 10, after the word "prisons", insert "Government or non-Government real property occupied in whole or in part by any agency or component of the Department of Defense."

On page 4, line 11, after the words "United States", change the period to a comma and add "or any associate nation."

On page 4, line 16, strike out the word "boat" and substitute the word "vessel."

On page 4, line 17, strike out the words "air lanes," and substitute "airways, heliports, landing areas, air navigation facilities, navigation equipment (sea), pipelines, traffic control systems, tank farms, air space above the United States, its Territories or possessions."

On page 4, line 20, after the word "States", insert "or any associate nation."

On page 4, line 23, after the word "pipes", insert "petroleum pipelines."

On page 5, line 1, strike out the first word "or."

On page 5, line 1, after the word "gas", insert "or petroleum products."

On page 5, line 2, after the words "United States", insert "or any associate nation."

On page 5, line 3, after the word "power", insert "communications facilities, including."

On page 5, line 8, after the words "United States", change the period to a comma and add the following "or any associate nation."

On page 7, line 19, strike out the comma after the syllable "ties", and insert "of the United States, or any associate nation."

On page 8, line 12, strike out the comma after the word "utilities", and insert "of the United States, or any associate nation."

Mr. HYDE (interrupting the reading of the amendments). Madam Chairman, I ask unanimous consent that the further reading of the amendments be dispensed with and that they be printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

Mr. CELLER. Madam Chairman, reserving the right to object, which amendments does the gentleman refer to?

Mr. HYDE. All of the amendments that I have just offered.

Mr. CELLER. Are these the ones that have just been submitted to us today by the Department of Justice?

Mr. HYDE. By the Department of Defense.

Mr. CELLER. And these are the ones that have not as yet been considered by the subcommittee of the Judiciary Committee or by the Committee on the Judiciary itself?

Mr. HYDE. That is right.

Mr. CELLER. And the amendments that were considered by the Committee on the Judiciary have been adopted?

Mr. HYDE. That is right.

Mr. CELLER. Let me get this straight. These amendments that the gentleman is now asking to be considered as read are amendments given to us at the 11th hour by the Department of Defense?

Mr. HYDE. That is right.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. HYDE. Madam Chairman, these amendments are a series of amendments which have been offered by the Department of Defense. None of these amendments change the purport of the legislation in any respect. Their sole purpose is to further expand the definitions contained in title I. They apply to title I only so as to include such modern facilities as laboratories, Air Force bases, landing areas, pipelines, and so forth, as well as for the protection of defense facilities and defense materials in the United States belonging to allied nations. In other words, such words as these are added to the definition of "war materials"; Petroleum and petroleum products are added to the definition of "war premises." The words "laboratories, research and development facilities" are added.

Mr. WALTER. Madam Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Pennsylvania.

Mr. WALTER. Frankly, I do not know what is in these things. As a matter of fact, what I have before me that came from the Defense Department refers to a bill that is not even the bill under consideration. To "war premises" has been added "laboratories, research, and development facilities."

Mr. HYDE. That is correct.

Mr. WALTER. Under existing law, "war premises" includes all buildings, grounds, mines, or other places wherein such war material is kept. Now, wherein does this amendment adding "laboratories, research, and development facilities" add anything to existing law?

Mr. HYDE. Frankly, I do not see that it adds a great deal, but if it would aid in the clarification of the meaning of "war premises," it would be helpful.

Mr. WALTER. It certainly seems to me that it is not unreasonable to request that the gentleman withdraw his amendments until such time as we can at least read them.

I am not so certain that the boys downtown who prepared this stuff have not actually weakened and watered down the bill to such an extent where the doctrine of exclusion which I mentioned a moment ago might be used in order to defeat the very thing we are trying to do.

Mr. HYDE. I thank the gentleman. Madam Chairman, in deference to the

objections of the gentleman from Pennsylvania [Mr. WALTER], I ask unanimous consent to withdraw the amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland [Mr. HYDE]?

Mr. CELLER. Madam Chairman, reserving the right to object—and I shall not object—this is a clear indication that you cannot write a bill as important as this, as intricate as this, on the floor of the House. Here, at this very 11th hour, we are handed some 30 amendments, very important in detail and import, and asked to swallow them whole without any debate whatsoever. It should not be done. I deplore that kind of action on the part of the Department of Defense.

We did not hear from the Department of Defense on the general import of the bill or the policy involved in the bill. Not a single word did we hear from the Department of Defense. We invited them to come down to explain their bill. But now they want us to change this bill at the very end of our consideration thereof. I think that is most deplorable. It is a clear indication that our committee has, in its haste to get the bill to the floor, sacrificed its usual care and consideration.

Madam Chairman, I withdraw my reservation of objection.

Mr. HYDE. As the gentleman suggested a moment ago to the gentleman from Pennsylvania [Mr. GRAHAM], I think the gentleman from New York [Mr. CELLER], is unduly excited.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland [Mr. HYDE]?

There was no objection.

Mr. ROGERS of Texas. Madam Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Texas: On page 5, line 23, after the second comma strike out the remainder of line 23 and all of line 24 and insert in lieu thereof the following: "shall suffer death, or shall be fined not more than $10,000 or imprisoned for any term of years or for life, or shall suffer both such fine and imprisonment."

Mr. ROGERS of Texas. Madam Chairman, I have three other amendments in the same language, to different parts of the bill. I ask unanimous consent that these other amendments be considered with this amendment together.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas [Mr. ROGERS]?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. ROGERS of Texas: On page 8, line 16, after the first comma, strike out all the remainder to the end of the paragraph and insert the following: "shall suffer death, or shall be fined not more than $10,000 or imprisoned for any term of years or for life, or shall suffer both such fine and imprisonment."

On page 7, line 19, after the first comma, strike out all the language to the end of the paragraph and insert in lieu thereof the following: "shall suffer death, or shall be fined not more than $10,000 or imprisoned for any term of years or for life, or shall suffer both such fine and imprisonment."

And on page 7, line 1, after the second comma, strike out all the language to the end of the paragraph and insert in lieu thereof the following: "shall suffer death, or shall be fined not more than $10,000 or imprisoned for any term of years or for life, or shall suffer both such fine and imprisonment."

Mr. ROGERS of Texas. Madam Chairman, this amendment is really very simple. It deals with the penalty in a law that has been written to deal with espionage and sabotage. As this law presently reads, the punishment for acts of sabotage committed during time of war or national emergency would be punishable by not more than 30 years' imprisonment or not more than $10,000 fine, or both. Certain acts of sabotage, occurring at any time, would be punishable by not more than 10 years' imprisonment or not more than $10,000 fine, or both. My amendments merely provide a means by which the court can, but is not required to, give any punishment, including death or life imprisonment. These amendments merely expand or enlarge upon the authority of the courts to deal with offenders in meting out punishment.

I served as a district attorney and I have also represented defendants in criminal cases in both the State and Federal courts, and I think I am qualified to weigh this matter. I have deep and abiding faith in our jury system and in our judicial system, in spite of some recent decisions.

But be that as it may, we are here talking about people who will indulge in acts to destroy this country and everything we stand for. Yet we limit the punishment that may be meted out to those people in some instances to 5 years, in some instances to 10 years, and in some instances to 30 years. This amendment does not say that everyone who violates this law shall be put to death, but it does provide a means whereby the courts of this Nation can deal with these criminal acts when they are called upon to deal with them. Their hands will not be tied and if the circumstances warrant the defendant can be given the death penalty.

Mr. WALTER. Madam Chairman, will the gentleman yield?

Mr. ROGERS of Texas. I yield.

Mr. WALTER. The jury would not have anything to do with any sentences in any crime defined under these sections.

Mr. ROGERS of Texas. Of course, the gentleman is right about that; I should have said courts. If I said juries, I apologize. I was thinking in terms of Texas State courts.

Mr. CELLER. Madam Chairman, will the gentleman yield?

Mr. ROGERS of Texas. I yield to the gentleman from New York.

Mr. CELLER. As I understand, what the gentleman does is step up the penalty to death in all of the titles, titles I, II and III, or 10 years in prison. It is the alternative in every case.

Mr. ROGERS of Texas. My amendments affect title I. They merely provide a means whereby if the circumstances warrant a person can receive the death penalty. The situation I have in mind is simply this, that there is no reason why a court should not have the right to give the death penalty. If a person goes out and contaminates a water utility that is connected with a defense plant, that could result in untold damage and death to many people there should certainly be a penalty to fit the crime.

Mr. CELLER. Does the gentleman think there should be the possibility of a death penalty for violation of a rule or regulation promulgated by the Attorney General?

Mr. ROGERS of Texas. That is a debatable question.

Mr. CELLER. It would be possible under the gentleman's amendment.

Mr. ROGERS of Texas. No. I do not think so, as my amendments have to do only with title I. As to the rules or regulations situation, I do not think the rules or regulations should have the same effect as law. That is a subject that is very complex, that you could debate for hours. I think we have gone entirely too far in permitting administrative agencies to make rules and regulations.

Mr. HYDE. Madam Chairman, will the gentleman yield?

Mr. ROGERS of Texas. I yield to the gentleman from Maryland.

Mr. HYDE. The gentleman has not offered that amendment to title III, it is just to title I?

Mr. ROGERS of Texas. It is just title I, that is correct.

Mr. HYDE. So it does not come in the rules and regulations business about which the gentleman from New York is concerned?

Mr. ROGERS of Texas. No, it does not. It is only to title I. It merely provides a means by which that penalty can be exacted. In the State of Texas a man can receive the death penalty for robbery with firearms. Maybe he does not even pull the trigger, maybe he does not even get anything of value, but he can go to the electric chair. Still, that same man could do something to try to destroy this Government, and under this law what would he get? At most he would get 30 years. After all is said and done we are dealing with a proposition that has to do with the perpetuation of our way of life and I think the court should have the authority at least to give the death penalty or to give a long term of years as punishment for acts deliberately committed in an effort to destroy us and to defeat our country.

Mr. CELLER. For clarification, as I understand it, the gentleman's amendment applies only to title I and not to titles II and III?

Mr. ROGERS of Texas. That is right.

Mr. GRAHAM. Madam Chairman, I move that all debate on the pending amendments, and all amendments thereto, do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendments offered by the gentleman from Texas [Mr. ROGERS].

The question was taken; and on a division (demanded by Mr. ROGERS of Texas), there were—ayes 29, noes 67.

So the amendments were rejected.

Mr. VURSELL. Madam Chairman, I move to strike out the last word.

(By unanimous consent, Mr. VURSELL was given permission to speak out of order.)

Mr. VURSELL. Madam Chairman, today I have the disturbing news from the Carmi Daily Times, of Carmi, Ill., with a streamer across the top of the paper which reads, "No Market for Oil for New County Wells." The news story points out that one of the big pipelines serving White County is not buying oil on new leases. White is one of the leading oil counties of southern Illinois, and may I say that, while Illinois is the eighth producing oil State in the Union, over 50 percent of the oil produced in my State comes from the counties which may up my congressional district.

Greater oil production in the United States which cannot be consumed or exported is bringing about the refusal of pipelines in some localities to take the oil produced.

When the pipelines cannot take the crude oil, men are thrown out of work and must go on unemployment compensation, for many weeks. Their earning power is cut off, and with it the taxes the Government would receive if they could remain employed.

It is a great loss to the employers, a heavy loss in taxes to the Government, and it slows down the incentive of oilmen, nationwide, to continue exploration for the wealth and power of oil under the ground. It is dangerous to the economy as well as to the national defense of this country.

Madam Chairman, in White County 50 well locations are ready for drilling, but cannot be drilled, and the hundreds of men employed by the drilling organizations are thrown out of work.

I am bringing this matter to the floor of the House today, because there is only one remedy that can correct this situation in the interest of the economy of our Government, and that is the Congress of the United States.

There is only one reason for the cutback of production of wells all over the United States for the past 2 years, or more, and for the glut of the present domestic oil market. That is and has been the unlimited importation of oil, regardless of the welfare of our domestic oil producers, and regardless of the economic damage it does to our Nation.

Let me be more specific. I introduced a bill to limit petroleum imports, October 1949, when imports of crude and refined products delivered to our ports averaged 784,000 barrels daily. We could not alarm the Congress sufficiently to pass legislation in that session limiting imports, and the flood continued. As it continued, the production of wells in the United States was steadily cut back. This cut back the efforts of oil operators, to locate more domestic fields in our Nation, and reduced our power to defend the Nation in the event of a world conflict, and made us more dependent upon foreign oil, which could be cut off by submarines, placing our Nation in a perilous condition in the event of war.

From 1949 to 1953, the flood of oil, largely from Iran, Arabia, and the Middle East, and Venezuela, continued to come to our shores in such increasing amounts that the daily imports increased from 784,000 barrels in 1949 to 1,050,000 barrels a day in 1953, and it has continued to rise.

The independent oil operators of the Nation who play such a large part in exploring for, and developing new fields became alarmed to the point that they were ready to make a fight to limit foreign imports. At their request, I again introduced the bill to cut back foreign oil imports to 10 percent of our national consumption.

Members of Congress will remember the terrific struggle we had on the floor of the House in the session of Congress last year. We were at the point of passing the legislation when such opposition was brought that we lost the fight on a motion to recommit the bill to the committee.

Madam Chairman, many of us sought to do something about it in this session, but with the roadblocks in sight ahead, and with the important legislation before us on a wide front, it was decided that the efforts of another attempt would be lost.

Madam Chairman, these excess imports, that are doing great damage to the independent oil industry in this country cannot be justified on the theory of trading with foreign nations to furnish them with American dollars.

The countries from which the major part of this foreign oil comes have large treasury balances. May I cite for example: Arabia and Venezuela, whose treasury balances are extremely high.

Madam Chairman, this flood of foreign oil imports is being brought to our shores by several of the big oil industries in this country. A few companies here in the United States are responsible for, and are the beneficiary of these excessive imports. They are responsible for depressing the wide-flung independent oil operators of this Nation, and the Congress should take note of this situation now, and get ready to push a bill through in the next session of Congress to remedy this situation in the interest of the entire economy of our Nation, and in the interest of the future defense of our Nation, if, unfortunately, we are called upon to defend it.

There has been a major shift in the last few years in the world flow of oil with the Middle East supplanting the United States, and Venezuela as the primary source of oil for Europe and other Eastern Hemisphere areas. It has brought a loss of export markets for United States oil, particularly in Europe, and to other parts of the world.

This flood of foreign oil into this country, which has changed our Nation from a net exporter in the prewar years to an increasing net importer; has meant a loss of markets for United States production amounting to more than 1 million barrels daily.

Today, the United States is the only major nation of the free world with sufficient oil within its own border for peace or war. A continuation of this import trend, and progressive restriction of our market outlets will inevitably result in an inadequate United States supply, and production capacity to meet national requirements for peace and for war.

These big importers have talked about reducing their own imports but it has only been talk. They are taking 14 percent of the domestic market today. This injury to our economy and threat to our defense will not be corrected until the Congress does it. It will take legislation to do this job, and I think we should live up to it in the next session of Congress.

Mr. BAILEY. Will the gentleman yield?

Mr. VURSELL. I yield.

Mr. BAILEY. I would like to ask the gentleman from Illinois a question. I would be glad to join with him in making it an offense under this bill to continue this practice.

Mr. VURSELL. I want to thank the gentleman. I am very serious about this. It is about time all Members of the House got ready to do something about it in the next session.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. MEADER. Madam Chairman, I move to strike out the last word.

Madam Chairman, this is an extremely important bill. I do not feel guilty for taking the time of the Committee to call attention to certain language in the bill which disturbs me and ought to be of concern to all Members.

I take this time for the purpose of seeking clarification of this language from the chairman of the subcommittee which handled this legislation for such value as it may have in interpreting this bill if it becomes law.

I draw the attention of the Committee to section 306 of title III, on page 15, lines 5 through 8. This is the same section previously read by the gentleman from New York [Mr. CELLER] and which reads as follows:

> The Attorney General may at any time make, prescribe, amend, and rescind such rules, regulations, and forms as he may deem necessary to carry out the provisions of this act.

I would like to have the attention of the gentleman from Pennsylvania [Mr. GRAHAM], I want to ask him first, Is that provision in existing law regarding alien registration?

Mr. GRAHAM. Yes, it is.

Mr. MEADER. In other words, we are not now adopting a new policy, but that provision giving regulation-making authority to the Attorney General, already exists under the present law?

Mr. GRAHAM. Yes.

Mr. MEADER. Now, since the question has been raised during the debate, would a violation of any regulations made by the Attorney General result in incurring the penalty provided in this act?

Mr. HYDE. Under that title; yes.

Mr. MEADER. In other words, anyone violating a regulation issued by the Attorney General under this authority could be fined $10,000 or imprisoned for 5 years, or both; is that correct?

Mr. GRAHAM. That is correct.

Mr. MEADER. Is there any limitation, or did the committee give any consideration to limiting the regulation-making authority of the Attorney General? Do I understand that his regulations could go so far as to change the terms of the statute?

Mr. GRAHAM. He would have to carry out the provisions of the statute.

Mr. MEADER. He could not in any way change or modify a statute which the Congress has adopted, through his regulatory power?

Mr. GRAHAM. It would be unconstitutional if he did that.

Mr. MEADER. May I ask the gentleman from Pennsylvania if he agrees with me that the purpose of these regulations is to provide for the forms necessary for alien registration, and not to make any substantive regulations, violations of which might lead to this very serious penalty?

Mr. GRAHAM. On page 15, under section 306:

> The Attorney General may at any time make, prescribe, amend, and rescind such rules, regulations, and forms as he may deem necessary to carry out the provisions of this act.

Mr. MEADER. Primarily, that is to give the Attorney General the power to prescribe forms for the registration of aliens.

Mr. GRAHAM. That is correct.

Mr. KEATING. Will the gentleman yield?

Mr. MEADER. I yield.

Mr. KEATING. I think it would remove a misapprehension in the gentleman's mind to point out that if the Attorney General did make any regulation which was not in conformity with the terms of this title III, it would not be enforcible. In other words, that would be a question which a defendant could raise if he were brought up under it. His regulation would have to be in accordance with, and not at variance with, the law itself.

Mr. MEADER. I wish to thank the gentleman from Pennsylvania [Mr. GRAHAM] and the gentleman from New York [Mr. KEATING] for qualifying and restricting somewhat what appeared to me to be a very broad delegation of power to an administrative official.

Mr. GRAHAM. And we thank the gentleman for bringing it to our attention.

Mr. BENNETT of Florida. Madam Chairman, I offer an amendment.

The Clerk read as follows:

> Amendment offered by Mr. BENNETT of Florida: Page 10, lines 4 and 5, strike out "in time of war, with intent that the same shall be communicated to the enemy" and insert "with intent or reason to believe that it is to be used in the injury of the United States or to the advantage of a foreign nation."
>
> On page 10, line 9, strike out "war materials" and insert "national-defense materials (as defined in sec. 2151)."
>
> And on page 10, line 15, strike out "the enemy" and insert "any foreign nation."

Mr. BENNETT of Florida. Madam Chairman, the purpose of my amendment is to make all types of espionage capital offenses in peacetime as well as in wartime. My amendment would amend subsection (b) beginning at line 4, page 10, of the bill. As reported by committee, subsection (b) now begins, "Whoever, in time of war." My amendment would change that to read exactly as subsection (a) now begins, so that it would make the acts described in (b) capital offenses in peacetime as well as in war.

On page 3 of the report it is stated:

> It is proposed to make espionage a capital offense, irrespective of when committed, in time of peace or war.

This is not an accurate statement. To make it accurate, my amendment must be adopted. It is true that the committee has made the offenses described in subsection (a) capital in peacetime, but it has not made those described in (b) capital when committed in peacetime.

I may add here at this point that the things which are described in (b) are not lesser things; actually they are greater things and are actually more heinous than the things described in (a). So we have the peculiar situation of having defined separate crimes in the same section and decided that the penalty for the lesser shall be higher than the penalty for the greater.

This is apparent from the beginning of the bill's subsection (b), "Whoever in time of war." My amendment would make the espionage activities described in (b) capital in peacetime as well as in wartime. I have been given no logical explanation as to why the offenses in (a) should be capital in peacetime while those in (b) should not. In fact, the offenses in (b) are more serious, and there is better reason for making them capital in peacetime.

One argument that has been made is that (b) is merely repetitious of (a), and that when the offenses in (b) are committed in peacetime they can be prosecuted under (a). The language of these sections refutes this argument. The offenses in (b) are different from those in (a). For example, it is a crime under (b) to attempt to elicit defense information, while this act is not spelled out in (a).

Moreover, the legislative history of subsection (b) since its first enactment as part of the Espionage Act of 1917 shows that the offenses in (b) are different from those in (a). The Library of Congress tells me that when H. R. 291, the bill which became the Espionage Act, passed the House in 1917, the section corresponding to subsection (b) was not in the bill. However, the sections which were the forerunner of subsection (a) were in the bill. The Senate evidently felt that there were offenses which were not included in (a) and that those offenses should be punished. So they added the forerunner of (b). The House concurred in the amendment. This shows that Congress that year understood the offenses in subsection (b) to be separate and distinct offenses from those in subsection (a).

Under this proposed legislation, as an example, a spy who attempts to elicit information in peacetime would not be guilty of any crime under the laws of the United States. This accidental gap should be closed.

An argument which might be made against my amendment is that the Department of Justice is supposed to be preparing a complete revision of these espionage sections to be presented to Congress next year, and that we should not amend the laws very much at this time. If this argument applies to my amendment, it applies equally to the amendments of the committee. It is my contention that both the committee's amendments and mine are needed now, not next year. It is unwise to postpone needed amendment to this section in the expectation that a better revision will be made next year. We cannot commit the next Congress to action which needs to be taken now. The chances are that we here this afternoon may be considering the last amendments to this section which will be made in many years. We should do the job right now.

Madam Chairman, I urge this amendment to make certain types of espionage capital offenses in peacetime as well as in wartime, and to eliminate the gap between subsections (a) and (b) under which future acts of espionage may escape punishment altogether.

Mr. HYDE. Madam Chairman, I rise in opposition to the amendment offered by the gentleman from Florida [Mr. BENNETT].

Madam Chairman, while I have some sympathy with what the gentleman from Florida is attempting to do, nevertheless his amendment should not be adopted for a number of very good reasons.

In the first place, he is attempting to rewrite substantive law on this subject, which we did not try to do except in respect to the offense being committed. The substantive law involved is under careful study by counsel for the committee and the Department of Justice. We certainly should not try to go into that here on the floor of the House.

Moreover, the language of these two sections has been well defined by the courts and should not be disturbed without very, very careful study because we would not know just exactly what we were doing, particularly if we draft such amendments as these on the floor.

Another point is that the offenses in subsection (b) are different from the offenses in subsection (a), and it might very well be inadvisable to have those offenses applied in time of peace.

Mr. WALTER. Madam Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Pennsylvania.

Mr. WALTER. I want to point out that if this amendment is adopted a person could be punished by death for furnishing information to Canada or to some friendly nation.

Mr. HYDE. That is the point I was about to make. Under the gentleman's amendment if a person attempted to furnish information to an ally during war the person who did so would be subject to the death penalty. Certainly the gentleman did not intend to do that.

Mr. BENNETT of Florida. Madam Chairman, will the gentleman yield?

Mr. HYDE. I yield to the gentleman from Florida.

Mr. BENNETT of Florida. The error that the gentleman apparently finds in this language of my amendment does not exist. As a matter of fact, every word in the amendment I have suggested is lifted in haec verba, word for word, from subsection (a). There is not a single word left out of the amendment I have offered.

Mr. HYDE. The gentleman left out some very important language in subsection (a). He does not even say where it is going to be used to the advantage of a foreign nation in time of war; he does not say to the injury of the United States.

Mr. BENNETT of Florida. I disagree with the gentleman. He did not listen to the amendment.

Mr. HYDE. I have the gentleman's amendment before me and it does not include those words.

Madam Chairman, in view of the language of the amendment, the fact that it goes into a substantive change, which has not been carefully considered, and in view of the fact that it might possibly do things which this House certainly would not want to do, I earnestly urge that the amendment be defeated.

Mr. BENNETT of Florida. Madam Chairman, I ask unanimous consent to proceed for 2 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. BENNETT of Florida. Madam Chairman, I think the Members realize the situation I am in. I introduced legislation similar to this on the first day of my tenure in Congress, in January of 1949, and I am very much interested in such legislation. It is unfair to Members of Congress to give such inadequate and brief consideration to such important legislation.

The gentleman from Maryland who has raised these objections to my amendment should bear in mind that my amendment was taken word for word from section (a). There is not a word in my amendment which is not copied from section (a). You have this rather anomalous situation, this impossible situation, of having lesser crimes as defined in subsection (a) getting a heavier penalty, because, as the gentleman from Pennsylvania said, you can get the death penalty for peacetime acts under section (a); but under section (b), where worse crimes are listed, lesser punishment is given if the acts are committed in peacetime. In fact no penalty at all is given these worse crimes if committed in peacetime.

Mr. McCORMACK. Madam Chairman, will the gentleman yield?

Mr. BENNETT of Florida. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. It seems to me, without passing upon the merits of the gentleman's amendment, that the argument advanced by the gentleman from Maryland is certainly met by the gentleman's amendment because it says "with intent" or "reason to believe." That shows there has to be intent. And it has to be used to the injury of the United States. Certainly, if you gave information to Canada and there was no intent involved, Canada being a friendly nation, or reason to believe it would not be to the injury of the United States, the argument of the gentleman from Maryland would fall to the ground.

Mr. WALTER. Madam Chairman, if the gentleman will yield, it is not only injury to the United States, but to the benefit of another nation. The gentleman has not read the statute.

Mr. McCORMACK. I would not say I have not read the statute and I would not say the gentleman has not read it.

Mr. BENNETT of Florida. If the argument against this amendment is good, then subsection (a) is not any good, for it uses the identical words objected to.

Mr. McCORMACK. Madam Chairman, I move to strike out the last word.

I would like to ask the gentleman from Florida a question.

Section (b) provides "whoever in time of war" and so forth. Now, we will take the Korean conflict. Is that a war? Suppose somebody gave valuable information about the movement of troops. Suppose we get involved in Indochina. Now, they do not call that a war, but nevertheless it seems to me that giving information about the movement of troops under those circumstances should be made a crime where it is to the injury of the United States.

Mr. BENNETT of Florida. I certainly agree with the gentleman.

Mr. McCORMACK. Paragraph (b) certainly covers offenses that are more serious to the United States in some respects than paragraph (a) does.

Mr. BENNETT of Florida. The gentleman is correct.

Mr. McCORMACK. Yet, paragraph (a) applies where there is no war on. It may be an emergency, but it is not a war, and yet paragraph (b) is confined to time of war. Suppose somebody gave information about the movement of troops, a division going across to Korea, leaving San Francisco, during the Korean conflict or now, any movement of troops now, or the movement of naval vessels.

Mr. BENNETT of Florida. Or the construction of atomic submarines.

Mr. McCORMACK. Nothing could be done; no prosecution could be made under paragraph (b).

Mr. BENNETT of Florida. That is correct.

Mr. McCORMACK. Yet it might be just as injurious to our country as if it was made in time of actual war.

Mr. BENNETT of Florida. In fact, it is generally more injurious.

Mr. McCORMACK. Now, we have a gap here. It is all right to talk about peace and war, but there is a twilight zone, and we are in that twilight zone now.

Mr. JUDD. Madam Chairman, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Minnesota.

Mr. JUDD. I do not even like the language in section 204 (a). Under the Mutual Security Act, we are giving blueprints of tanks and planes to our allies, which is to our advantage, and they are foreign nations. This says that whoever with intent and reason to believe that it is to be used to the injury of the United States and to the advantage of a foreign nation, and I think that is all right, but this would make it impossible to carry on our mutual security program, because these things, while they do not injure the United States, they are to the advantage of a foreign nation. I do not see how we can do it under the language here.

Mr. HYDE. And the language has been well defined by the United States Supreme Court so as not to give rise to the danger the gentleman raises.

Mr. McCORMACK. What about the movement of troops during the Korean conflict or the movement of troops now if any were carried out, say, to southeast Asia? Would that come under paragraph (b), where the information would be to the injury of the United States?

Mr. HYDE. It would not have to because he would be prosecuted under paragraph (a), line 1, page 10. If he gave information relating to the national defense, he would be prosecuted under paragraph (a). But paragraph (b) is made to apply only in time of war. I suggest the gentleman look at the language there, where it says, "with intent that the same shall be communicated to the enemy, collects, records, publishes, or communicates, or attempts to elicit any information with respect to the movement, numbers, description, condition, or disposition of any of the armed forces, ships, aircraft, or war materials of the United States," and so forth.

If in peacetime somebody asks a soldier what outfit he is in and where it is or that sort of thing, I am sure the gentleman would not want that person under those circumstances to be subject to prosecution. But if that were done in time of war, that would be a different matter.

Mr. McCORMACK. If the gentleman says that the language on page 10 covers the situation, why does he need paragraph (b)? Paragraph (b) must have a specific purpose. I do not think that "information relating to the national defense" covers the situation provided for in paragraph (b), which refers to specific acts. I do not think you can provide that something is a crime under a general, vague characterization. There is a need for paragraph (a). But it seems to me there is considerable merit to the amendment offered by the gentleman from Florida [Mr. BENNETT] because in the world of today, we may be engaged in a conflict that is not called a war.

Mr. HYDE. The gentleman may be correct. There may be considerable merit in the gentleman's amendment. These two paragraphs, as far as the substantive part of them is concerned, are under serious study now by the Department of Justice and by the counsel for this committee. But we were not ready to go into such serious substantive changes at this time.

Mr. McCORMACK. The gentleman's answer is a very frank one, as he admits that there is a question involved.

Mr. FORRESTER. Madam Chairman, I move to strike out the last word.

I wish particularly to direct the attention of the members of the Committee on the Judiciary to what I am going to say and, of course, at the same time I would ask every Member on the Floor of the House here to listen to the comments I am about to make.

First I want to assure everyone here that I certainly am in favor of punishing people who are guilty of espionage or doing anything that would tend to undermine the security of this country. However, I have noticed with some degree of worry the provisions here relating to conspiracy. Here is the language that is used. I am referring now to page 10, paragraph (c):

> If two or more persons conspire to violate this section, and one or more of such persons do any act to effect the object of the conspiracy, each of the parties to such conspiracy shall be subject to the punishment provided for the offense which is the object of such conspiracy.

If I construe that language correctly, if I understand the English language correctly, I am afraid that that provision is in direct contrast to our laws on conspiracy. What is said here, as I see it, is that if two or more conspire, that then, after they have conspired, if even one of those conspirators commits that act, then all of the persons who joined in the conspiracy in the first instance are guilty.

Mr. GRAHAM. Madam Chairman, will the gentleman yield?

Mr. FORRESTER. I yield.

Mr. GRAHAM. That is the law now. If one man joints in a conspiracy with others and that one man commits an overt act, they are held guilty of the conspiracy. That is the law now.

Mr. FORRESTER. I had understood that probably this was the language that had been used heretofore. But now I am addressing myself to the Members of this body, all of you, and I pose this question: Suppose two other persons and I entered into a conspiracy to violate one of these laws. The other two came to me and said, "FORRESTER, we are abandoning this conspiracy; we are recanting. We are not going any further, and we hope you will not do it." Nevertheless, FORRESTER goes ahead and does that act. Under this law as I read it the three of us are equally guilty. Is that correct?

Mr. WALTER. Madam Chairman, will the gentleman yield?

Mr. FORRESTER. I yield to the gentleman from Pennsylvania.

Mr. WALTER. The gentleman is not correct. Further, the fact that 2 people enter into a conspiracy and 1 decides not to go through with it certainly would not make it necessary to impose any punishment. The conspirators are merely subject to punishment. The gentleman with all of his years of experience as a prosecutor knows how many times he has gone to the court and explained that a criminal has been quite helpful and suggested that perhaps the case ought to be nolle prossed.

Mr. FORRESTER. If that is the angle the gentleman is proceeding on, that is dependent on whether the prosecuting attorney wants to make that statement or not. What I am saying is, Do we want to make it a crime under those circumstances, if he has fully repented and has fully recanted?

Mr. WALTER. The only way you can get at the crime of conspiracy is through this language, which has been law for years. It certainly does not make it necessary that there be any punishment imposed.

Mr. FORRESTER. I take it that I have it cleared up, that is, the question that I asked I think I have had answered. It is that under this law now, in everyone of these laws relating to conspiracy, if a man ever joins in one of these conspiracies, even though he recants, withdraws, and completely repents, and refuses to have anything to do with the act, he is indictable as one of the conspirators.

Mr. EBERHARTER. Madam Chairman, I move to strike out the last word.

Madam Chairman, it is rather late in the day. Of course, everybody on the floor has heard the shouts of "Vote, vote." I take it the shouts of "Vote, vote," are not so much because the Members are desirous of getting home and quitting for the day, although it is 13 minutes after 6; I think it is the general dissatisfaction of the Members here on the floor with the way this legislation has been drawn and with the apparent disagreement between members of the committee who are attempting to defend it. The Members kind of feel they do not have a good cause.

I heard the gentleman from Maryland state that this section and other language is under very extensive consideration and study right now. Of course, gentlemen can get from that, if I heard correctly, that the committee itself is not satisfied as to exactly what the language means.

As I read the language, if the Members will pardon me for making a statement as to that, whenever you use the word "or" certainly you are speaking in the alternative. If you are speaking in the alternative, then take the language on page 9, under section (a).

Mr. WALTER. Madam Chairman, will the gentleman yield?

Mr. EBERHARTER. Just a minute. Let me finish my statement.

Mr. WALTER. The Supreme Court has answered the gentleman's argument.

Mr. EBERHARTER. Madam Chairman, I do not yield to the gentleman.

Madam Chairman, referring to page 9, line 7, if you strike out the words "to be used to the injury of the United States or," then the language would read:

> Whoever, with intent or reason to believe that it is to the advantage of a foreign nation—

Then omitting some of the language—

> to deliver or transmit a model shall be punished by death or by imprisonment for any term of years or for life.

There is no question in my mind, under a strict interpretation of the English language, that according to those words, if a person would transmit to any friendly nation a model—it does not say what kind of a model, maybe it would be a model of a toy or maybe it would be a model of a statuette of some kind, it does not say—therefore, I think it is reasonable to believe this legislation has not had sufficient study and that really we are traveling on rather dangerous ground. Certainly, whenever we come here with a bill containing language which it is admitted by one of the members of the Committee on the Judiciary is indefinite, I think the committee ought to hesitate a long time. We are imposing penalties here which are very severe, and it is very late in the afternoon. I think the wisest action that the leadership could take would be to put this matter over until the committee members themselves can agree on what the language actually means.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Florida [Mr. BENNETT].

The question was taken; and on a division (demanded by Mr. BENNETT of Florida), there were—ayes 36, noes 81.

So the amendment was rejected.

Mr. GROSS. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Iowa is recognized for 5 minutes.

Mr. GROSS. Madam Chairman, I yield back 3½ minutes of my time.

Madam Chairman, I have obtained this time in order to ask the committee whether under any language in this bill or the amendments pertaining thereto, there is any obligation for carrying out the provisions consistent with the charter of the United Nations. Will someone give me an answer to that—whether you are making this act dependent in anyway upon the charter of the United Nations?

Mr. GRAHAM. My answer to that would be an emphatic no.

Mr. GROSS. I thank the gentleman. You will remember that we had the foreign giveaway bill before us last week and the first 6 or 7 pages carried language stating that the provisions of that act must be consistent with the charter of the United Nations. I compliment this committee for bringing one bill to the House of Representatives dealing with foreigners, and treaties and agreements with foreign governments, that does not have to be carried out in conformance with the charter of the United Nations.

Mr. BROOKS of Louisiana. Madam Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana?

There was no objection.

COMMUNISM

Mr. BROOKS of Louisiana. Madam Chairman, I am supporting H. R. 9580. It is not the ideal bill, in my opinion. It does, however, tighten up some of the loopholes which in the past Communists have used in escaping punishment, and it gives more adequate protection to our Defense Establishment.

In Louisiana I am glad to say that the legislature has recently acted to outlaw communism. I have not had an opportunity of studying this law which passed the legislature in Baton Rouge in the last few days; but I am sure it will constitute a most effective measure in our

fight to stamp out this alien philosophy which for so many years has kept our people agitated and has threatened our free institutions. The important thing is that in Louisiana, the people through its legislature, are thoroughly alert to this serious menace and are acting on their own accord and through State agencies to curb and stamp out communism. I certainly commend the legislature for its action in meeting this problem on a State level and directing State agencies to join the United States in its fight against this ugly doctrine of totalitarianism.

Madam Chairman, of course, our uniform code of justice on which I spent many months of work should likewise be tightened in respect to the punishment for espionage. I have drawn up a bill which I have placed in the hopper of the House of Representatives for this purpose and I trust it will soon be acted upon.

Mr. O'HARA of Illinois. Madam Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The CHAIRMAN. Under the rule, the committee rises.

Mr. O'HARA of Illinois. Madam Chairman, in supporting this bill I am guided by the rule that always should prevail among the Members of the Congress of the United States. In time of war, of threatened war or of grave emergency measures regarded as vital to our security by those in closest familiarity with the existing circumstances and charged with responsibility for our protection must be supported.

At the present time we are engaged in a cold war. Sabotage and espionage in the kind of conflict in which we now find ourselves are as much to be met with strong defenses as the hostile maneuvering of enemy forces in a battle area during a hot war.

Moreover we are in the perilous years when new and terrible powers have been placed by the genius of scientific minds in human hands to use for man's advancement or to misuse for his destruction. As yet we have not reached with the other governments of the universe a mutually protective understanding, with valid and binding guaranties. Meanwhile there is forced upon us the exercise of every caution.

PRUDENT TO BE ALERT

It is not only that our plans, our blueprinting, and our secrets must be guarded from spying and unfriendly eyes. It also is prudent to be alert to the possibility of a brutal sabotage, the more horrifying in its possibilities because of the vastness of the opportunities.

Within recent years a bomb planted in a suitcase carried as baggage on a passenger plane caused the loss of the aircraft and many lives. In that instance there was no suggestion of sabotage with political motivation, but that one person seeking the murder of another could with such comparative ease cause the destruction in the air of a large aircraft and the death of many persons is an index to the dangers among which we live in this very perilous period. Not to take every precaution is to be foolhardy.

QUESTIONABLE DETERRENTS

Whether we strengthen our defense against criminal activities by increasing the severity of penalties I discussed at some length in my remarks yesterday on a bill then before us. It has not been the experience of mankind that severity of punishment has served as a deterrent of crime. The mind that has no respect for the laws of an organized society accepts as a greater challenge to daring and defiance the greater degree of retribution to be paid if crime is detected. I think most students of the subject, having reviewed the history of experiences in this and other countries, will agree that making penalties more severe has never operated to diminish the number of crimes.

Nor has capital punishment proved a deterrent of crime. Quite some years ago Clarence Darrow, the great defender, and I teamed up on a series of radio discussions exploring the futility of the death penalty as a deterrent, the possibility of the establishment of innocence after the execution of sentence, too late to rectify a human mistake, and the moral right of man as an integral part of an organized society to do that by the law of God forbidden him as an individual to do.

DIVISION OF OPINION

But these are questions upon which, among reasoning men, there is division of opinion. All are honestly seeking for the answer leading eventually to the prevention of crime. When an atrocious crime has been perpetrated, the immediate popular reaction is a cry for revenge, which may meet with just deserts, in an individual case, but may not serve the real objective of society, the prevention of similar or worse crimes in the future. When a national emergency exists, and immediate perils are being faced, the demand always has been and probably always will be for stern measures.

At the close of the war between North and South, among some in the North, was a demand for the execution of the leaders of the forces of the States of the Confederacy. We are a united country today, the scars of earlier years have been effaced, and the inspiration of great Americans on both sides of that conflict are part of the national heritage. This would not have been the case if in the climate of victory the spirit of revenge had taken over.

Following our war with Mexico we entered into a treaty of peace with the fallen enemy country which merits reading and rereading by the present generation. It charted a path of peace which, during the intervening years, has led the two neighboring Republics to the land of understanding and of friendly cooperation.

Our war with Spain terminated in a treaty of peace by the terms of which our country, forebearing to ask for itself the price of revenge, actually gave the helping hand to the fallen foe, aiding it to regain its feet.

WORLD RESPONSIBILITY

Today we have a world responsibility on a scale forced upon us by destiny. That the spirit of revenge has never motivated our actions, that in victory we never have sought to employ our strength over the vanquished to retaliate for past wrongs upon us, is the measure by which the peoples of the world properly may judge us and appraise the character of our future intentions.

At the moment we are in a cold war. In the Korean phase it was a war of suffering and sacrifice attended with the loss of many American youths far from the shores of our own United States and loved ones at home. The cold war continues in the present phase of evil propaganda seeking to misrepresent and to malign us among other peoples and at home to undermine us by dishonorable practices.

This bill is presented to us as legislation necessary in the existing circumstances. It is intended, as I take it, as a cold-war measure. It cannot be judged by the measure of normal times.

Certainly as applicable to normal times, when again we will be at peace with all the other nations of the world, I would regard as inconsistent with our pledge of friendship to their governments and unfairly reflective upon the loyalty of our own people the provision in this bill making a capital offense of the crime of peacetime sabotage and espionage.

STATUTE OF LIMITATIONS

The effect of this provision is to remove from the running of the statute of limitations all offenses which actually may be those of sabotage or espionage or by purposeful design may be stretched to that appearance. After many years have passed the ability of the accused to establish his innocence is destroyed by the death of witnesses and the disappearance of competent evidence. This is the reason, founded in good judgment, for the statute of limitations.

Madam Chairman, I think I am expressing not only my own thought but that of many other Members, very probably the majority of Members, that the bill for which we are voting today is for the period only of the existing emergency, be it the continuance of the cold war or something worse or something only slightly better, and upon the termination of that emergency the subject should be reexamined when perils are gone and nerves are quiet.

Accordingly the Committee rose; and Mr. HALLECK, having assumed the chair as Speaker pro tempore, Mrs. ST. GEORGE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (H. R. 9580), to revise and extend the laws relating to espionage and sabotage, and for other purposes, pursuant to House Resolution 619, she reported the bill back to the House with sundry amendments adopted in Committee of the Whole.

The SPEAKER pro tempore (Mr. HALLECK). Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put the en gross.

The amendments were agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. JACKSON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

Mr. WALTER. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. WALTER. I understand there was an agreement reached with respect to a rollcall vote. I am wondering whether it would be possible to defer the rollcall until tomorrow.

The SPEAKER pro tempore. The Chair knows of no such understanding.

The Clerk will call the roll.

The question was taken; and there were—yeas 324, nays 0, answered "present" 0, not voting 110, as follows:

[Roll No. 100]

YEAS—324

Abbitt	Church	Hagen, Calif.
Abernethy	Clevenger	Hagen, Minn.
Adair	Cole, Mo.	Hale
Addonizio	Cole, N. Y.	Haley
Alexander	Colmer	Halleck
Allen, Calif.	Cooley	Hand
Andersen, H. Carl	Cooper	Harden
	Corbett	Hardy
Andresen, August H.	Crosser	Harrison, Nebr.
	Crumpacker	Hart
Andrews	Cunningham	Hays, Ark.
Arends	Curtis, Mass.	Hays, Ohio
Ashmore	Curtis, Mo.	Hébert
Aspinall	Dague	Heriong
Auchincloss	Davis, Ga.	Heselton
Ayres	Davis, Wis.	Hess
Bailey	Dawson, Utah	Hiestand
Baker	Deane	Hill
Barrett	Delaney	Hillelson
Bates	Dempsey	Hoeven
Beamer	Derounian	Holifield
Becker	Devereux	Holmes
Belcher	D'Ewart	Holt
Bender	Dies	Holtzman
Bennett, Fla.	Dolliver	Hope
Bennett, Mich.	Dondero	Horan
Bentsen	Donohue	Hosmer
Betts	Donovan	Howell
Blatnik	Dorn, N. Y.	Hruska
Boggs	Dorn, S. C.	Hyde
Boland	Doyle	Ikard
Bolling	Eberharter	Jackson
Bolton, Frances P.	Edmondson	Jarman
	Elliott	Javits
Bolton, Oliver P.	Engle	Jenkins
	Fenton	Jensen
Bosch	Fernandez	Johnson, Wis.
Boykin	Fino	Jonas, Ill.
Bramblett	Fogarty	Jonas, N. C.
Bray	Forand	Jones, Ala.
Brooks, La.	Ford	Jones, Mo.
Brooks, Tex.	Forrester	Jones, N. C.
Brown, Ga.	Fountain	Judd
Brown, Ohio	Frelinghuysen	Karsten, Mo.
Brownson	Friedel	Kean
Broyhill	Fulton	Kearns
Buchanan	Gamble	Keating
Budge	Garmatz	Kilburn
Burdick	Gary	King, Calif.
Burleson	Gathings	King, Pa.
Bush	Gavin	Kirwan
Byrd	Gentry	Kluczynski
Byrne, Pa.	George	Krueger
Byrnes, Wis.	Golden	Laird
Campbell	Goodwin	Lane
Canfield	Gordon	Latham
Cannon	Graham	LeCompte
Carrigg	Granahan	Lesinski
Cederberg	Grant	Lipscomb
Celler	Green	Lovre
Chelf	Gregory	McCarthy
Chenoweth	Gross	McConnell
Chiperfield	Gubser	McCormack
Chudoff	Gwinn	McCulloch
McDonough	Pillion	Smith, Wis.
McIntire	Poage	Spence
McMillan	Poff	Springer
McVey	Polk	Staggers
Mack, Ill.	Price	Stauffer
Mack, Wash.	Priest	Steed
Madden	Prouty	Stringfellow
Magnuson	Rabaut	Taber
Mahon	Rains	Talle
Mailliard	Ray	Teague
Marshall	Rayburn	Thomas
Martin, Iowa	Reams	Thompson, Mich.
Matthews	Reece, Tenn.	
Meader	Reed, Ill.	Thornberry
Merrill	Reed, N. Y.	Tollefson
Merrow	Rees, Kans.	Trimble
Miller, Calif.	Rhodes, Ariz.	Tuck
Miller, Kans.	Rhodes, Pa.	Utt
Miller, Md.	Riehlman	Van Pelt
Miller, Nebr.	Riley	Van Zandt
Miller, N. Y.	Rivers	Velde
Mills	Robsion, Ky.	Vorys
Mollohan	Rodino	Vursell
Morgan	Rogers, Colo.	Wainwright
Morrison	Rogers, Fla.	Walter
Moss	Rogers, Mass.	Warburton
Mumma	Rogers, Tex.	Watts
Murray	Rooney	Westland
Natcher	St. George	Whitten
Neal	Saylor	Wickersham
Nelson	Schenck	Widnall
Nicholson	Scherer	Wigglesworth
Norrell	Scrivner	Williams, Miss.
Oakman	Scudder	Williams, N. J.
O'Brien, Ill.	Secrest	Williams, N. Y.
O'Brien, Mich.	Seely-Brown	Wilson, Calif.
O'Hara, Ill.	Selden	Wilson, Ind.
O'Konski	Sheehan	Winstead
O'Neill	Shelley	Withrow
Osmers	Sheppard	Wolcott
Ostertag	Sieminski	Wolverton
Patten	Simpson, Ill.	Yates
Pelly	Simpson, Pa.	Young
Pfost	Smith, Kans.	Younger
Philbin	Smith, Miss.	Zablocki
Phillips	Smith, Va.	

NOT VOTING—110

Albert	Fisher	O'Brien, N. Y.
Allen, Ill.	Frazier	O'Hara, Minn.
Angell	Harris	Passman
Barden	Harrison, Va.	Patman
Battle	Harrison, Wyo.	Patterson
Bentley	Harvey	Perkins
Berry	Heller	Pilcher
Bishop	Hillings	Powell
Bonin	Hinshaw	Preston
Bonner	Hoffman, Ill.	Radwan
Bow	Hoffman, Mich.	Regan
Bowler	Hunter	Richards
Buckley	James	Roberts
Busbey	Johnson, Calif.	Robeson, Va.
Camp	Kearney	Roosevelt
Carlyle	Kee	Sadlak
Carnahan	Kelley, Pa.	Scott
Chatham	Kelly, N. Y.	Shafer
Clardy	Keogh	Short
Condon	Kersten, Wis.	Shuford
Coon	Kilday	Sikes
Cotton	Klein	Small
Coudert	Knox	Sullivan
Cretella	Landrum	Sutton
Curtis, Nebr.	Lanham	Taylor
Davis, Tenn.	Lantaff	Thompson, La.
Dawson, Ill.	Long	Thompson, Tex.
Dingell	Lucas	Vinson
Dodd	Lyle	Wampler
Dollinger	McGregor	Weichel
Dowdy	Machrowicz	Wharton
Durham	Mason	Wheeler
Ellsworth	Metcalf	Wier
Evins	Morano	Willis
Fallon	Moulder	Wilson, Tex.
Feighan	Multer	Yorty
Fine	Norblad	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Ellsworth with Mr. Bonner.
Mr. Short with Mr. Roberts.
Mr. Scott with Mr. Chatham.
Mr. Bonin with Mr. Lucas.
Mr. Kersten of Wisconsin with Mr. Wilson of Texas.
Mr. Hillings with Mr. Willis.
Mr. Hinshaw with Mr. Lanham.
Mr. Taylor with Mr. Perkins.
Mr. McGregor with Mr. Preston.
Mr. Berry with Mrs. Sullivan.
Mr. Harvey with Mr. Bowler.
Mr. Morano with Mrs. Kee.
Mr. Allen of Illinois with Mr. Metcalf.
Mr. Sadlak with Mr. Carnahan.
Mr. Angell with Mr. Fallon.
Mr. Norblad with Mr. Fine.
Mr. Curtis of Nebraska with Mr. Keogh.
Mr. Cotton with Mr. Klein.
Mr. Patterson with Mr. Roosevelt.
Mr. Radwan with Mrs. Kelly of New York.
Mr. Wharton with Mr. Dollinger.
Mr. Shafer with Mr. Regan.
Mr. Busbey with Mr. Sikes.
Mr. Coon with Mr. Lantaff.
Mr. Harrison of Wyoming with Mr. Harrison of Virginia.
Mr. Bow with Mr. Camp.
Mr. James with Mr. Wheeler.
Mr. Knox with Mr. Landrum.
Mr. Bentley with Mr. Moulder.
Mr. Clardy with Mr. Shuford.
Mr. Cretella with Mr. Frazier.
Mr. Mason with Mr. Fisher.
Mr. Hoffman of Michigan with Mr. Thompson of Louisiana.
Mr. Hunter with Mr. Passman.
Mr. Johnson of California with Mr. Long.
Mr. Small with Mr. Heller.
Mr. Wampler with Mr. Buckley.
Mr. Bishop with Mr. Kelley of Pennsylvania.
Mr. O'Hara of Minnesota with Mr. Barden.
Mr. Weichel with Mr. Machrowicz.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

PROGRAM FOR NEXT WEEK

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ARENDS. Mr. Speaker, I take this time in order to announce the program for next week.

Beginning on Monday, and for the balance of the week, the following bills will be before us for consideration:

H. R. 9144, Federal Reserve Act, loans by Small Business Administration.

S. 1276, to amend the Bankhead-Jones Farm Tenant Act.

S. 2987, to transfer hay and pasture seeds from Commodity Credit Corporation.

Senate Concurrent Resolution 79, to continue Texas City Tin Smelter.

If rules are granted, the following will be considered:

H. R. 8386, conservation of water resources.

We expect various bills from the Committee on the Judiciary dealing with control of Communists.

S. 3539, reenlistment bonuses, from the Committee on Armed Services.

S. 3458, the so-called tanker bill.

H. R. 9689, having to do with Assistant Secretaries of Defense.

H. R. 8356, reinsurance bill from the Committee on Interstate and Foreign Commerce. It is the hope of the leadership that this bill will be reported out on tomorrow.

Conference reports may be brought up at any time and any further program will be announced at a later date.

It is hoped that we can take up on Monday as the No. 1 bill Senate Concurrent Resolution 79, the tin smelter bill, which I mentioned just a moment ago.

COMMITTEE ON INSULAR AFFAIRS

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the Committee on Insular Affairs may have until midnight Saturday night to file a conference report on Senate bill 3378.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce have until midnight tonight to file a report on H. R. 8356, if reported.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the Committee on Post Office and Civil Service have until midnight Saturday to file a report on H. R. 9836, if that bill is reported.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMMITTEE ON BANKING AND CURRENCY

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency have until midnight Saturday night to file a conference report and statement on the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

ADJOURNMENT UNTIL MONDAY NEXT

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CALENDAR WEDNESDAY BUSINESS

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday next be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

SPECIAL ORDER VACATED

Mr. JAVITS asked and was given permission to vacate the special order granted him for today.

OPPOSITION TO THE COMMUNIST CHINESE REGIME'S ADMISSION TO UNITED NATIONS

Mr. JAVITS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Speaker, our country's unalterable opposition to the admission of the Communist Chinese regime to membership in the United Nations is well nigh universally the conviction of Americans. It would be dangerous for the other free peoples to think otherwise. The Communist Chinese regime is a convicted aggressor in Korea, convicted by the United Nations itself, and continues to this day to proclaim defiance to the U. N. peace efforts there. The Communist Chinese regime is also preventing the free will of the people of Indochina as to the form of their independence and of their future government to be expressed by aiding and abetting Communist aggression and subversion there. In addition, the Communist Chinese regime is guilty of terror and persecution of foreigners, and the holding of prisoners, military and civil, without disclosure, violating the civilized practices between nations. The Communist Chinese regime is also enslaving and terrorizing the Chinese people and not permitting them to exercise the right of self-determination. Our Government must use all its powers as a member of the U. N. and as the acknowledged leader of the free world against the admission of the Communist Chinese regime to the United Nations.

It would be hollow mockery to number the Communist Chinese regime among the other peace-loving states or to assume that the Communist Chinese regime will in good faith accept the obligations contained in the present charter and be able and willing to carry out these obligations as called for by article 4 of chapter 2 of the charter of the United Nations.

I do not believe, however, that the way to keep the Communist Chinese regime out of the United Nations is to threaten to withdraw from U. N. membership or active participation if the Communist Chinese regime be admitted to the U. N. over our objection and possible veto.

This, too, we need neither threaten nor promise relying rather on the moral convictions of the other free peoples who are the overwhelming majority on the Security Council.

The Soviet Union has vetoed the admission of 14 nations to U. N. membership: Austria, Finland, Ireland, Italy, Jordan, Republic of Korea, Nepal, Portugal, Cambodia, Japan, Libya, Vietnam, Laos, and Ceylon.

Five of the Communist satellites have been denied membership for failure to receive the necessary seven votes of the Security Council: Albania, Bulgaria, Hungary, Rumania, and Mongolian Peoples Republic.

The United States has resolutely refused any deals to trade membership of one group for the other as immoral.

I realize that the United Kingdom is rumored now to be favorable to Communist Chinese regime's admission to the U. N. As one devoted to free world cooperation and world leadership of our country I would appeal to the Government and people of Great Britain to respect in this instance the deep convictions of the Government and people of the United States that to admit the Communist Chinese regime to the U. N. would be immoral, gravely dangerous to the U. N.'s objectives, and an invitation to appeasement, and therefore, to world war III. I hope the British Government and people will now join us in keeping the Communist Chinese regime out of the U. N. The reasons against threatening to withdraw from the U. N. are:

First. We would be assuming a defeat in the U. N. we have no right to assume. We would be doubting that the moral convictions of the free world are equivalent to our own.

Second. We would be conceding in advance our willingness to break up the chosen instrument of the free world for world peace, in which the free world has had marked success, and which has in the overwhelming majority of cases, unless inhibited by Soviet vetoes, overwhelmingly repudiated the Communist world and its ideas.

Third. The physical location of the United Nations and the indissoluble legal bonds of membership both of which it is to our great interest to maintain dictate against an advance commitment to withdraw we may later deeply regret. An advance commitment which will have lost its force from having been uttered too soon and used as a threat thereby writing down an action that would be so epochal.

National unity in our opposition to the Communist Chinese regime's admission to the U. N., the national security and the national interest can all best be attained without the added threat of withdrawal from the U. N.

PERSONAL ANNOUNCEMENT

Mr. DORN of New York. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DORN of New York. Mr. Speaker, I was unavoidably absent during the vote today on the vocational rehabilitation bill, H. R. 9640. If I had been present I would have voted "yea." I was actually with the Secretary of the Navy asking him to award the contract for the CVA–62, a new carrier, to the New York Naval Shipyard.

LEAVES OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. WHEELER (at the request of Mr. FORRESTER) for 10 days on account of urgent business.

Mr. ROONEY for Monday, July 12, 1954, on account of official business in Brooklyn, N. Y.

Mr. TRIMBLE for Friday, July 9, and Saturday, July 10, on account of death in family.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 20 minutes on Monday, following the legislative program of the day and special orders heretofore granted.

VETERANS' LEGISLATION

The SPEAKER pro tempore (Mr. HALLECK). Under previous order of the House, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 20 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, at a meeting of the Committee on Veterans' Affairs this morning, I was directed by unanimous consent to bring to your attention this letter written to Hon. LEO E. ALLEN, chairman of the Committee on Rules of the House:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON VETERANS' AFFAIRS,
Washington, D. C., July 8, 1954.

Hon. LEO E. ALLEN,
Chairman, Committee on Rules,
House of Representatives,
Washington, D. C.

DEAR MR. CHAIRMAN: In a meeting of the Committee on Veterans' Affairs this morning I was directed by a unanimous vote to bring to your attention again the situation involving the bill H. R. 9020, which seeks to provide, as you know, an increase in the rates of compensation and pension available to veterans and their dependents.

Originally I wrote you on June 2 enclosing a copy of the bill and report and asking for a hearing before the Committee on Rules. Upon learning that this letter had not reached you, I drafted a second letter on June 7, again requesting that we be given an opportunity to appear before your committee in connection with the granting of the rule. To date I have not received any acknowledgment from either of these letters.

The bill, H. R. 9020, represents the careful consideration of the Subcommittee on Compensation and Pensions, headed by the Honorable EDMUND P. RADWAN, and the review of the subcommittee's actions by the full committee. Hearings were held on over 70 bills in this general field prior to the introduction and consideration of H. R. 9020. After careful consideration by the full committee, the measure was reported unanimously on May 28, 1954, and since that time I have been endeavoring with every means at my command to obtain floor consideration of this proposal. The time has now come when action of one sort or another is imperative. We have legislated in this Congress for the benefit of foreign countries and we have been most liberal. Just a few weeks ago we passed a bill authorizing well over $3 billion in this field. We have passed a farm bill—the Social Security Act has been amended with more liberal benefits—the taxpayers have been given needed relief. But in the field of veterans' affairs, one of the most important measures, if not the most important measure in this Congress, is still prevented from being considered by the House.

I am advised that all the members of the Rules Committee save yourself and one other have indicated their willingness to report a rule granting consideration of this bill, and if you will schedule a meeting on H. R. 9020, I am sure that prompt action will result.

It should be pointed out that appropriations for the Veterans' Administration have been decreasing steadily over the last few fiscal years, and that the current appropriation of $3,796,000,000 is the lowest since the fiscal year 1945. The current appropriation is nearly $400 million less than in the 1954 appropriation. The overall first-year cost of H. R. 9020 is set at $231 million and I believe you will agree with, in view of the number of individuals affected, that this is a most reasonable figure.

The author of the bill, the Honorable EDMUND P. RADWAN, has introduced House Resolution 612, calling for the consideration of the bill, H. R. 9020, and this action was taken only when he and other members of the Committee on Veterans' Affairs became discouraged at the progress we were making before your committee. They cannot understand the lack of consideration given this measure.

The veterans of America have fought in numerous wars to see that the United States remained free. We owe much, if not all, of what we now enjoy to those who have participated in these wars. It is certainly a commentary on our times that we should have so much difficulty in obtaining a small increase in the rates of compensation for those who bore the brunt of battle and for their widows and children.

I am therefore appealing to you again that you permit this bill, H. R. 9020, to receive the immediate attention of your committee and that a rule be granted so that the House may have an opportunity at the earliest possible time—and preferably during the week of July 12—to vote on this vital measure. I am sure you will find that there will be few, if any, votes against the proposal.

Mr. SELDEN. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. SELDEN. Mr. Speaker, I commend the chairman of the Committee on Veterans' Affairs for her efforts to have the bill, H. R. 9020, brought before the House for consideration. This measure was reported unanimously by the Committee on Veterans' Affairs of which I am a member. I join with our chairman in urging the Committee on Rules to grant a rule for the consideration of H. R. 9020 without further delay. We all realize that early action on this bill is absolutely necessary if this measure is to be considered by both the House and Senate before adjournment.

Mrs. ROGERS of Massachusetts. The gentleman has been a very fine, cooperative member.

It is interesting, and it is the only committee I have ever known where the membership being divided equally between Republicans and Democrats does not consider matters coming before it in a partisan way; we act as a unit.

Mr. JOHNSON of Wisconsin. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Wisconsin, also a very cooperative member.

Mr. JOHNSON of Wisconsin. I wish to be associated with our chairman, the gentlewoman from Massachusetts [Mrs. ROGERS], in an effort to try to have the Rules Committee report and act on H. R. 9020 so that the House and Senate can have an opportunity to act on it before Congress adjourns.

I wish to state further that if the Committee on Rules does not act on it in sufficient time to let it be considered, then it will be the leadership of the House which will be responsible for its failure to pass.

May I also state that the Committee on Veterans' Affairs of which I am a member—by the way, the youngest member, I believe, on the committee—voted unanimously for the passage of this bill something over a month ago.

Mrs. ROGERS of Massachusetts. That is correct; and the two members from Wisconsin and Alabama have attended every session of the committee.

I would like to state again the cooperation the members of the committee have shown in their anxiety to be helpful.

Mr. Speaker, may I remind you that courage, bravery, and likewise suffering, are not confined to the veterans of any one State; the whole country has given and given and given, and suffered and suffered. We have had legislation, for instance, with the peanut people on one side and the candy bar people from my own State of Massachusetts on the other side; there was controversy in oil and other things. But in this there is unity. We owe it to all the people of the country that there be no division on party lines.

I see the gentleman from Alabama [Mr. ELLIOTT] sitting there. He has contributed a great deal during this and other sessions of Congress.

Mr. ROONEY. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I shall be very glad to yield.

Mr. ROONEY. Mr. Speaker, while I am not sure I can agree with the gentlewoman on the peanuts proposition, yet I do want to take this opportunity to congratulate her once again as chairman of the great Committee on Veterans' Affairs for her marvelous work on behalf of the veterans.

Mrs. ROGERS of Massachusetts. It is the members of our committee to whom the veterans are indebted.

Mr. ROONEY. But it is under the inspired leadership of the gentlewoman from Massachusetts that the attention to which he is entitled has been given to the veteran.

Mrs. ROGERS of Massachusetts. The chairman is extremely grateful.

Mr. ELLIOTT. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I shall be very happy to yield to the gentleman.

Mr. ELLIOTT. Having served for 3 years on the Committee on Veterans' Affairs, Mr. Speaker, let me say that I think there is nobody in this entire country who has done more or carried the cause of the veteran closer to his or her heart than has the gentlewoman from Massachusetts [Mrs. ROGERS].

I think her cause is just in this regard and I trust that the Committee on Rules will grant a rule at an early date.

If it does not and I get the opportunity to do so, I am going to sign the first discharge petition I have signed during this session of Congress, a petition which I trust will bring that bill before this House.

Mrs. ROGERS of Massachusetts. I doubt very much that it will be necessary to file a petition, but I feel very sure that the gentleman from New York [Mr. RADWAN], would secure the necessary number of names on his petition. The membership are not fighting for themselves, they are fighting to do some measure of justice and consideration to the veterans. This being so it is hard to understand why there should be this opposition.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. NATCHER and to include extraneous matter.

Mr. FORAND, the remarks he might make today and to include tables and statements.

Mr. ZABLOCKI and include extraneous matter.

Mr. CURTIS of Missouri and to include in the remarks he made today extraneous matter.

Mr. WICKERSHAM and to include extraneous matter.

Mr. REECE of Tennessee.

ENROLLED BILLS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 6412. An act to preserve the eligibility of certain veterans to dental outpatient care and dental appliances;

H. R. 6893. An act to credit the Shoshone Irrigation District with a share of the net revenues from the Shoshone powerplant, and for other purposes;

H. R. 9008. An act to provide for the deposit of savings of enlisted members of the Army, Navy, Air Force, and Marine Corps, and for other purposes; and

H. R. 9232. An act to amend the Federal Property and Administrative Services Act of 1949, as amended, to extend until June 30, 1955, the period during which disposals of surplus property may be made by negotiation.

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 268. An act for the relief of Harold Trevor Colbourn;

S. 381. An act for the relief of Donald Grant;

S. 455. An act for the relief of Johan Gerhard Faber, Dagmar Anna Faber, Hilke Faber, and Frauke Faber;

S. 490. An act for the relief of Josephine Reigl;

S. 520. An act for the relief of Mr. and Mrs. Ivan S. Aylesworth;

S. 579. An act for the relief of Wong You Henn;

S. 676. An act for the relief of Eftychios Mourginakis;

S. 747. An act for the relief of Jacek Von Henneberg;

S. 1050. An act for the relief of Josephine Maria Riss Fang;

S. 1382. An act for the relief of Elie Joseph Hakim and family;

S. 1508. An act for the relief of Borivoje Vulich;

S. 1517. An act for the relief of Helen Knight Waters and Arnold Elzey Waters, Jr.;

S. 1689. An act for the relief of Mrs. Cacila Gotthardt Gange;

S. 1796. An act to incorporate the Board for Fundamental Education;

S. 1991. An act for the relief of Esperanza Trejo;

S. 1999. An act to provide for the recovery, care, and disposition of the remains of members of the uniformed services and certain other personnel, and for other purposes;

S. 2198. An act for the relief of (Sister) Jane Stanislaus Riederer;

S. 2369. An act for the relief of Karl Ullstein;

S. 2370. An act to authorize the sale of certain vessels to Brazil for use in the coastwise trade of Brazil;

S. 2465. An act for the relief of Lydia Wickenfeld Butz;

S. 2468. An act to authorize the President to appoint to the grade of general in the Army of the United States those officers who, in grade of lieutenant general, during World War II commanded the Army Ground Forces, commanded an Army, commanded Army forces which included a field army and supporting units, or commanded United States forces in China and served as chief of staff to Generalissimo Chiang Kai-shek in the China Theater of Operations, and for other purposes;

S. 2488. An act to provide that each grant of exchange assignment on tribal lands on the Cheyenne River Sioux Reservation and the Standing Rock Sioux Reservation shall have the same force and effect as a trust patent, and for other purposes;

S. 2728. An act to authorize the collection of indebtedness of military and civilian personnel resulting from erroneous payments, and for other purposes;

S. 3196. An act for the relief of Dr. Helen Maria Roberts (Helen Maria Rebalska);

S. 3291. An act authorizing the President to present a gold medal to Irving Berlin;

S. 3336. An act to promote the apportionment of the waters of the Columbia River and tributaries for irrigation and other purposes by including the States of Nevada and Utah among the States authorized to negotiate a compact providing for such apportionment; and

S. J. Res. 165. Joint resolution to provide for construction by the Secretary of the Interior of the Glendo unit, Wyoming, Missouri River Basin project.

BILLS PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 222. An act to suspend for 2 years the duty on crude bauxite and on certain calcined bauxite and to remit the duty on certain bells to be imported for addition to the carillon of The Citadel, Charleston, S. C.;

H. R. 1948. An act for the relief of Mrs. Fung Hwa Liu Lee;

H. R. 2404. An act for the relief of Tibor Horanyi;

H. R. 2406. An act for the relief of Andor Gellert;

H. R. 2427. An act for the relief of Annie Litke;

H. R. 2683. An act to amend section 12 of the Alaska Public Works Act, approved August 24, 1949 (63 Stat. 629);

H. R. 2875. An act for the relief of Dr. James K-Thong Yu;

H. R. 2907. An act for the relief of Elizabeth Just Mayer;

H. R. 3191. An act conferring jurisdiction on the United States District Court for the Northern District of California to hear, determine, and render judgment upon certain claims of the State of California;

H. R. 3903. An act for the relief of Sister Iolanda Sita, Sister Guerrina Brioli, Sister Pasqualina Coppari, Sister Anna Urbinati, Sister Ida Raschi, and Sister Elvira P. Mencarelli;

H. R. 4510. An act for the relief of Mrs. Helen Kon;

H. R. 4747. An act for the relief of Gio Batta Podesta;

H. R. 5265. An act for the relief of Margarete Hohmann Springer;

H. R. 5355. An act for the relief of Eva Gyori;

H. R. 5620. An act to remove clouds on the titles of certain lands in Colorado;

H. R. 5684. An act for the relief of Walter Kuznicki;

H. R. 5820. An act for the relief of Michael K. Kaprielyan;

H. R. 5842. An act for the relief of Viktor R. Kandlin;

H. R. 6412. An act to preserve the eligibility of certain veterans to dental outpatient care and dental appliances;

H. R. 6478. An act for the relief of Nick Joseph Beni, Jr.;

H. R. 6636. An act for the relief of Gregory Harry Bezenar;

H. R. 6893. An act to credit the Shoshone Irrigation District with a share of the net revenues from the Shoshone powerplant, and for other purposes;

H. R. 7146. An act authorizing the Secretary of the Interior to issue a patent in fee to John McMeel No. 1;

H. R. 7371. An act to provide for the disposal of paid postal-savings certificates;

H. R. 7913. An act to convey by quitclaim deed certain land to the State of Texas;

H. R. 8538. An act to provide for the revocation or denial of merchant marine documents to persons involved in certain narcotics violations;

H. R. 9008. An act to provide for the deposit of savings of enlisted members of the Army, Navy, Air Force, and Marine Corps, and for other purposes;

H. R. 9232. An act to amend the Federal Property and Administrative Services Act of 1949, as amended, to extend until June 30, 1955, the period during which disposals of surplus property may be made by negotiation;

H. R. 9340. An act to provide for the conveyance of the federally owned lands which are situated within Camp Blanding Military Reservation, Fla., to the Armory Board, State of Florida, in order to consolidate ownership and perpetuate the availability of Camp Blanding for military training and use;

H. J. Res. 256. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the First International Instrument Congress and Exposition, Philadelphia, Pa., to be admitted without payment of tariff, and for other purposes;

H. J. Res. 537. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Washington State Fourth International Trade Fair, Seattle, Wash., to be admitted without payment of tariff, and for other purposes; and

H. J. Res. 545. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the International Trade-Sample Fair, Dallas, Tex., to be admitted without payment of tariff, and for other purposes.

ADJOURNMENT

Mr. AREND. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 58 minutes p. m.) the House, pursuant to its previous order, adjourned until Monday, July 12, 1954, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1715. A communication from the President of the United States, transmitting proposed supplemental appropriations for the fiscal year 1955, in the amount of $39,425,000 for the Department of Health, Education, and Welfare (H. Doc. No. 471); to the Committee on Appropriations and ordered to be printed.

1716. A letter from the Administrator, Federal Civil Defense Administration, transmitting relative to an interstate civil defense compact entered into between the States of Idaho and Utah, pursuant to section 201 (g) of the Federal Civil Defense Act of 1950 (Public Law 928, 81st Cong.); to the Committee on Armed Services.

1717. A letter from the Assistant Secretary of the Interior, transmitting one copy each of certain bills passed by the Municipal Council of St. Croix, pursuant to section 16 of the Organic Act of the Virgin Islands of the United States, approved June 22, 1936; to the Committee on Interior and Insular Affairs.

1718. A letter from the Assistant Secretary of the Interior, transmitting a proposed award of a concession contract to Brinwood Ranch-Hotel, Inc., which will, when finally executed by the regional director, region No. 2, National Park Service, on behalf of the Government, authorize the company to operate a lodge and related facilities in Rocky Mountain National Park, Colo., for a period of 5 years from January 1, 1954, pursuant to the act of July 31, 1953 (67 Stat. 271); to the Committee on Interior and Insular Affairs.

1719. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice transmitting copies of orders granting the applications for permanent residence filed by the subjects, pursuant to section 4 of the Displaced Persons Act of 1948, as amended; to the Committee on the Judiciary.

1720. A letter from the Acting Comptroller General of the United States, transmitting a report on the audit of Farm Credit Administration, of certain corporations supervised by it, and of the agricultural marketing revolving fund (administered by Farm Credit Administration) for the fiscal year ended June 30, 1953, pursuant to the Budget and Accounting Act, 1921 (31 U. S. C. 53), the Accounting and Auditing Act of 1950 (31 U. S. C. 67), the Government Corporation Control Act (31 U. S. C. 841), and the Agricultural Marketing Act (12 U. S. C. 1141i) (H. Doc. No. 472); to the Committee on Government Operations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. SHAFER: Committee on Armed Services. S. 3458. An act to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes; with amendment (Rept. No. 2092). Referred to the Committee of the Whole House on the State of the Union and ordered printed with illustrations.

Mr. JOHNSON of California: Committee on Armed Services. H. R. 6223. A bill to amend section 87 of the National Defense Act of June 3, 1916, as amended (32 U. S. C. 47), to relieve the States from pecuniary liability for property lost, damaged, or destroyed through unavoidable causes and to authorize the States to be relieved from accountability in any case except where it shall appear that the loss, damage, or destruction of the property was due to carelessness or negligence or could have been avoided by the exercise of reasonable care; with amendment (Rept. No. 2093). Referred to the Committee of the Whole House on the State of the Union.

Mr. JOHNSON of California: Committee on Armed Services. H. R. 7734. A bill to amend section 47 of the National Defense Act to relieve State-operated educational institutions, under stated conditions, from giving bond for certain property issued by the United States for use by Reserve Officers' Training Corps units maintained at such institutions; with amendment (Rept. No. 2094). Referred to the Committee of the Whole House on the State of the Union.

Mrs. ROGERS of Massachusetts: Committee on Veterans Affairs. H. R. 9482. A bill authorizing the Administrator of Veterans' Affairs to convey certain property to the Armory Board, State of Utah; with amendment (Rept. No. 2095). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOFFMAN of Michigan: Committee on Government Operations. H. R. 179. A bill to amend section 7 of the Administrative Expenses Act of 1946, as amended; with amendment (Rept. No. 2096). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOFFMAN of Michigan: Committee on Government Operations. H. R. 8020. A bill authorizing the transfer of certain property of the United States Government (in Klamath Falls, Oreg.) to the State of Oregon; with amendment (Rept. No. 2097). Referred to the Committee of the Whole House on the State of the Union.

Mr. AREND: Committee on Armed Services. S. 3539. An act to further amend title II of the Career Compensation Act of 1949, as amended, to provide for the computation of reenlistment bonuses for members of the uniformed services; without amendment (Rept. No. 2098). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. H. R. 9345. A bill granting the consent and approval of Congress to the southeastern interstate forest fire protection compact; without amendment (Rept. No. 2099). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. S. 2367. An act to amend the act of June 29, 1935 (the Bankhead-Jones Act), as amended, to strengthen the conduct of research of the Department of Agriculture; without amendment (Rept. No. 2100). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. S. 3487. An act to authorize the Central Bank for Cooperatives and the regional banks for cooperatives to issue consolidated debentures, and for other purposes; with amendment (Rept. No. 2101). Referred to the Committee of the Whole House on the State of the Union.

Mr. BISHOP: Joint Committee on the Disposition of Executive Papers. House Report No. 2102. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. BISHOP: Joint Committee on the Disposition of Executive Papers. House Report No. 2103. Report on the disposition of certain papers of sundry executive departments. Ordered to be printed.

Mr. McCULLOCH: Committee on the Judiciary. H. R. 8658. A bill to amend title 18, United States Code, to provide for the punishment of persons who jump bail; without amendment (Rept. No. 2104). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. GRAHAM: Committee on the Judiciary. S. 95. An act for the relief of Mrs. Donka Kourteva Dikova (Dikoff) and her son Nicola Marin Dikoff; without amendment (Rept. No. 2041). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 98. An act for the relief of (Mrs.) Betty Thornton or Jozsefne Toth; without amendment (Rept. No. 2042). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 102. An act for the relief of Francesco Cracchiolo; without amendment (Rept. No. 2043). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 110. An act for the relief of Christopher F. Jako; without amendment (Rept. No. 2044). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 203. An act for the relief of Yvonne Linnea Colcord; without amendment (Rept. No. 2045). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 222. An act for the relief of Mrs. Dean S. Roberts (nee Braun); without amendment (Rept. No. 2046). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 246. An act for the relief of Gerrit Been; without amendment (Rept. No. 2047). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 267. An act for the relief of Pantelis Morfessis; without amendment (Rept. No. 2048). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 278. An act for the relief of Szyga (Saul) Morgenstern; without amendment (Rept. No. 2049). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 308. An act for the relief of Filolaos Tsolakis and his wife, Vassiliki Tsolakis; without amendment (Rept. No. 2050). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 496. An act for the relief of Dr. Samson Sol Flores and his wife, the former Cecilia T. Tolentino; without amendment (Rept. No. 2051). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 587. An act for the relief of Carlos Fortich, Jr.; without amendment (Rept. No. 2052). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 661. An act for the relief of Nino Sabino Di Michele; without amendment (Rept. No. 2053). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 790. An act for the relief of Irene J. Halkis; without amendment (Rept. No. 2054). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 794. An act for the relief of Paulus Youhanna Benjamen; without amendment (Rept. No. 2055). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 795. An act for the relief of Josef Radziwill; without amendment (Rept. No. 2056). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 830. An act for the relief of Samuel, Agnes, and Sonya Lieberman; without amendment (Rept. No. 2057). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 841. An act for the relief of Dionysio Antypas; without amendment (Rept. No. 2058). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 843. An act for the relief of Rabbi Eugene Feigelstock; without amendment (Rept. No. 2059). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 855. An act for the relief of Kirill Mihailovich Alexeev, Antonina Ivanovna Alexeev, and minor children, Victoria and Vladimir Alexeev; without amendment (Rept. No. 2060). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 891. An act for the relief of Albina Sicas; without amendment (Rept. No. 2061). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 912. An act for the relief of Bruno Ewald Paul and Margit Paul; without amendment (Rept. No. 2062). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 915. An act for the relief of Augusta Bleys (also known as Augustina Bleys); without amendment (Rept. No. 2063). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 917. An act for the relief of Stefan Burda, Anna Burda, and Nikolai Burda; without amendment (Rept. No. 2064). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 937. An act for the relief of Virginia Grande; without amendment (Rept. No. 2065). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 945. An act for the relief of Moshe Gips; without amendment (Rept. No. 2066). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 986. An act for the relief of Mrs. Ishi Washburn; without amendment (Rept. No. 2067). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1129. An act for the relief of Jozo Mandic; without amendment (Rept. No. 2068). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1225. An act for the relief of Brunhilde Walburga Golomb, Ralph Robert Golomb, and Patricia Ann Golomb; with amendment (Rept. No. 2069). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1267. An act for the relief of Irene Kramer and Otto Kramer; without amendment (Rept. No. 2070). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1313. An act for the relief of Olga Balabanov and Nicola Balabanov; without amendment (Rept. No. 2071). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1362. An act for the relief of Rev. Ishai Ben Asher; without amendment (Rept. No. 2072). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1477. An act for the relief of Gerhard Nicklaus; without amendment (Rept. No. 2073). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1490. An act for the relief of David Maisel (David Majzel) and Bertha Maisel (Berta Pieschansky Majzel); without amendment (Rept. No. 2074). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1841. An act for the relief of Carlo (Adiutore) D'Amico; without amendment (Rept. No. 2075). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1850. An act for the relief of Dr. John D. MacLennan; without amendment (Rept. No. 2076). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1860. An act for the relief of Amalia Sandrovic; without amendment (Rept. No. 2077). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1954. An act for the relief of Anthony N. Goraieb; without amendment (Rept. No. 2078). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2009. An act for the relief of Mrs. Edward E. Jex; without amendment (Rept. No. 2079). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2036. An act for the relief of Joseph Robin Groninger; without amendment (Rept. No. 2080). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2065. An act for the relief of Mr. and Mrs. Hendrik Van der Tuin; without amendment (Rept. No. 2081). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2677. An act for the relief of Michio Yamamoto; without amendment (Rept. No. 2082). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2820. An act for the relief of Mrs. Erika Gisela Osteraa; without amendment (Rept. No. 2083). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2960. An act for the relief of Barbara Herta Geschwandtner; without amendment (Rept. No. 2084). Referred to the Committee of the Whole House.

Mr. JONAS of Illinois: Committee on the Judiciary. S. 599. An act for the relief of Cpl. Robert D. McMillan; with amendment (Rept. No. 2085). Referred to the Committee of the Whole House.

Mr. JONAS of Illinois: Committee on the Judiciary. S. 1203. An act for the relief of Lt. Col. Rollins S. Emmerich; with amendment (Rept. No. 2086). Referred to the Committee of the Whole House.

Mr. JONAS of Illinois: Committee on the Judiciary. S. 2070. An act for the relief of the estate of Givens Christian; with amendment (Rept. No. 2087). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H. R. 3742. A bill for the relief of Paul Bernstein; without amendment (Rept. No. 2088). Referred to the Committee of the Whole House.

Mr. MILLER of New York: Committee on the Judiciary. H. R. 7508. A bill for the relief of James Dore, Jr.; without amendment (Rept. No. 2089). Referred to the Committee of the Whole House and ordered printed with illustrations.

Mr. JONAS of Illinois: Committee on the Judiciary. H. R. 7636. A bill for the relief of Mrs. Helen Aldridge; with amendment (Rept. No. 2090). Referred to the Committee of the Whole House.

Mr. JONAS of Illinois: Committee on the Judiciary. H. R. 7762. A bill for the relief of M. M. Hess; without amendment (Rept. No. 2091). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BERRY:

H. R. 9832. A bill to provide for the acquisition by the United States of lands required for the reservoir to be created by the construction of the Fort Randall Dam on the Missouri River, and to provide for rehabilitation of the Sioux Indians of the Lower Brule Indian Reservation in South Dakota; to the Committee on Interior and Insular Affairs.

H. R. 9833. A bill to provide for the acquisition by the United States of lands required for the reservoir to be created by the construction of the Fort Randall Dam on the Missouri River, and to provide for rehabilitation of the Sioux Indians of the Crow Creek Reservation in South Dakota; to the Committee on Interior and Insular Affairs.

By Mr. HOFFMAN of Michigan:

H. R. 9834. A bill to provide for taking the Federal Government out of competition with private enterprise; to the Committee on Government Operations.

H. R. 9835. A bill to provide for the termination of Government operations which are in competition with private enterprise; to the Committee on Government Operations.

By Mr. REES of Kansas:

H. R. 9836. A bill to provide a method for the establishment of an equitable classification and pay system for the postal field service, to provide increases in the salaries of personnel in such service, and for other purposes; to the Committee on Post Office and Civil Service.

By Mrs. ROGERS of Massachusetts (by request):

H. R. 9837. A bill to amend title IV of the Veterans' Readjustment Assistance Act; to the Committee on Veterans' Affairs.

By Mr. VELDE:

H. R. 9838. A bill to amend the Subversive Activities Control Act of 1950 to provide for the determination of the identity of certain Communist-infiltrated organizations, and for other purposes; to the Committee on Un-American Activities.

By Mr. WILLIAMS of Mississippi:

H. R. 9839. A bill relating to the exchange of certain properties for purposes of the Vicksburg National Military Park, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. DONOHUE:

H. R. 9840. A bill to provide for programs of public facilities construction which will stimulate employment in areas having a substantial surplus of labor, and for other purposes; to the Committee on Public Works.

By Mr. FRELINGHUYSEN:

H. R. 9841. A bill to provide for emergency Federal financial assistance to the States and Territories in the construction of public elementary and secondary school facilities urgently needed because of overcrowding, and to encourage full and efficient use of State and local resources in meeting school construction needs, and for other purposes; to the Committee on Education and Labor.

By Mr. MILLER of New York:

H. R. 9842. A bill relating to the income-tax treatment of gain realized on an involuntary conversion of property; to the Committee on Ways and Means.

By Mr. BROOKS of Louisiana:

H. R. 9843. A bill to provide that peacetime espionage may be punished by death, and for other purposes; to the Committee on Armed Services.

By Mr. FULTON:

H. J. Res. 559. Joint resolution to authorize the return of former German property, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. SHEEHAN:

H. Res. 621. Resolution proposing the withdrawal of diplomatic recognition of the present Government of the Polish Peoples Republic; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AUCHINCLOSS:

H. R. 9844. A bill for the relief of Gabriella Sardo; to the Committee on the Judiciary.

By Mr. BARTLETT:

H. R. 9845. A bill to provide preference right to certain land in Alaska to Bert Arthur Paraday of Anchor Point, Alaska, and for other purposes; to the Committee on Interior and Insular Affairs.

H. R. 9846. A bill to provide preference right to certain land in Alaska to Carl E. Robinson of Anchor Point, Alaska, and for other purposes; to the Committee on Interior and Insular Affairs.

H. R. 9847. A bill to provide preference right to certain land in Alaska to Joseph Booth of Anchorage, Alaska, and for other purposes; to the Committee on Interior and Insular Affairs.

H. R. 9848. A bill to provide preference right to certain land in Alaska to Robert Henry Soyk of Kenai, Alaska, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. GUBSER:

H. R. 9849. A bill for the relief of the Martin Wunderlich Co.; to the Committee on the Judiciary.

By Mr. HORAN:

H. R. 9850. A bill to authorize the award of a medal to Clyde Pangborn and Hugh Herndon, Jr.; to the Committee on Banking and Currency.

By Mr. HUNTER:

H. R. 9851. A bill for the relief of Mrs. Irene Reyzev; to the Committee on the Judiciary.

By Mr. O'BRIEN of New York:

H. R. 9852. A bill for the relief of Giovanni M. Di Virgilio; to the Committee on the Judiciary.

H. R. 9853. A bill for the relief of Karlis Abele; to the Committee on the Judiciary.

By Mr. SIMPSON of Illinois:

H. R. 9854. A bill for the relief of Vasilios Demetriou Kretsos and his wife, Chryssa Thomaidou Kretsos; to the Committee on the Judiciary.

By Mr. STRINGFELLOW:

H. R. 9855. A bill for the relief of Zelpha H. Sessions; to the Committee on the Judiciary.

By Mr. WALTER:

H. R. 9856. A bill for the relief of John Odabashian, M. D.; to the Committee on the Judiciary.

H. R. 9857. A bill for the relief of Maria Englesis; to the Committee on the Judiciary.

By Mr. WILSON of California:

H. R. 9858. A bill for the relief of Abdul Haleem; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1088. By Mr. CRETELLA: Petition of Mrs. Beth Kooman and others, of New Haven County, Conn., favoring the Bryson bill (H. R. 1227); to the Committee on Interstate and Foreign Commerce.

1089. By Mr. NEAL: Petition of a number of citizens of Huntington, W. Va., and the adjoining areas relative to S. 2515, affecting the American Indians; to the Committee on Interior and Insular Affairs.

1090. By Mr. PHILBIN: Petition of Esther L. Woods and others of the Women's Christian Temperance Union, Leominster, Mass., urging passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1091. Also, petition of Winfred E. Baker and others of the Congregational Church of Christ, North Leominster, Mass., urging passage of legislation to prohibit alcoholic beverage advertising over the radio and television and in newspapers and magazines; to the Committee on Interstate and Foreign Commerce.

EXTENSIONS OF REMARKS

The Green River Valley Development Program

EXTENSION OF REMARKS

OF

HON. WILLIAM H. NATCHER

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 8, 1954

Mr. NATCHER. Mr. Speaker, today the Owensboro Inquirer, of Owensboro, Ky.; the Owensboro Messenger, of Owensboro, Ky.; the Park City Daily News, of Bowling Green, Ky.; the McLean County News, of Calhoun, Ky.; the Henderson Gleaner and Journal, of Henderson, Ky.; the Sebree Banner, of Sebree, Ky.; the Messenger, of Central City, Ky.; the Greenville Leader, of Greenville, Ky.; the Green River Republican, of Morgantown, Ky.; the Times-Argus, of Central City, Ky.; the Ohio County Messenger, of Beaver Dam, Ky.; the Ohio County News, of Hartford, Ky.; jointly published "the Green River Valley Celebration Special." The editors of the above-enumerated newspapers in an editorial carried in the masthead of this special celebration edition, stated as follows:

In collaboration with the Green River Valley Citizens League, Inc., this special is in gratitude and recognition of action by the national administration and the Congress to initiate the first project (lower Green navigation) of the overall three-pronged Green River Valley development program. More importantly, this special is to accentuate the fact that the Federal Government is now generating and will increasingly generate huge blocks of coal-steam electricity at costs far greater than possible in the Green River Valley—if and when we obtain flood control water storage as provided in other valleys to eliminate costly cooling towers and related facilities. Without this regulated water supply from proposed reservoirs the Green River Valley will not be industrialized and the entire valley will continue as a vast chronic labor surplus area. The benefits of flood control to bottom-land farmers will be tremendous. Essential also is modernized navigation in the upper valley and the minor watershed projects by the Department of Agriculture must be continued and expanded. This issue is factual and the various authors are prepared to support their presentations under oath with ample proof.

The Green River Valley Citizens League, Inc., was organized at Central City, Ky., on September 28, 1951. James R. Hines, of Bowling Green, is the president of this organization; Albert P. Harding, of Central City, is executive vice president and secretary; J. Morton Williams, of Beaver Dam, is the treasurer, and the honorary president is C. A. Reis, of South Carrollton, Ky. The board of directors is composed of James R. Hines, Albert P. Harding, J. Morton Williams, W. C. Sumpter, Fred E. Massey, R. A. Demunbrun, Dr. W. H. Washburn, John Q. Adams, Homer Boyd, I. G. Reynierson, Landon Wills, Chester A. Hope, Edward Delker, James Hayes, W. A. Moore, J. E. Wood, Roy Morton, J. T. Turner, Byron Royster, Harry Wheeldon, and Harry Scott.

Due to the combined efforts of the outstanding newspapers hereinabove listed, and the Green River Valley Citizens League, Inc., development of the Green River Valley in Kentucky has finally started. The citizens of the Green River Valley appreciate the efforts of the Congress of the United States, and I only wish it were possible for me to include all of the articles carried in the Green River Valley Celebration Special praising the Congress of the United States, the Commonwealth of Kentucky, and all of those who have assisted in the development of the Green River Valley.

Mr. Speaker, under leave to extend my remarks in the RECORD, I include herewith an article written by the Honorable James R. Hines, of Bowling Green, Ky., the president of the Green River Valley Citizens League, Inc., which is a part of the Green River Valley Celebration Special, with same entitled "Current Congress Can Spare $800,000 for Valley."

The article is as follows:

CURRENT CONGRESS CAN SPARE $800,000 FOR VALLEY

(By James R. Hines, Bowling Green, Ky., league president)

Is there any good reason why the current session of the Congress should not vote a lump sum of $200,000 for fiscal 1955 starting next July 1 to initiate construction of Rough, Nolin, Green, and Barren Reservoirs as a single project? After showing how Uncle Sam is actually losing money day in and day out by the lack of these projects, Honorary President Reis of the league in another article herein asks similar questions which to me are the most important now that lower navigation modernization is under way.

This takes the writer back to the very embarrassing position in which he was placed in February 1953 when the Louisville district engineer in his report on the overall project stated: "The cost of the improvement (above Green River mile 103) would be in excess of the benefits to be realized." Nothing could be more damaging to the efforts of the Green River Valley Citizens League, Inc., in my hometown of Bowling Green located at the head of navigation on Barren River. This needs early correction and I am sure that with this understanding of my personal position Senator COOPER—with the fine cooperation he has had from Senator CLEMENTS, Congressman GREGORY, and Congressman NATCHER and will continue to have—can without any question obtain the aforesaid $200,000 for the purposes stated before this Congress adjourns.

Even so this further favor to the Green River Valley will not match the so-called Green River 5-year plan adopted by our league officers in November 1953, as follows:

Lower Green River navigation reconstruction	$17,000,000
Rough River Reservoir	7,600,000
Nolin River Reservoir	12,840,000
No. 2 Green River Reservoir	7,175,000
No. 2 Barren River Reservoir	18,460,000
Upper Green River new locks 3 and 4	500,000
U. S. Department of Agriculture subwatershed project	
Total over 5 years, averaging $12½ million yearly	63,575,000

This will provide the Green River Valley a fair share of funds currently spent on inland waterways and compensate for no funds spent in our valley over the last 20 years.

For fiscal year starting July 1, 1954:

Funds to start lower Green River navigation reconstruction.

Funds to start Rough River Reservoir construction.

Funds for planning and designing No. 2 Barren River Reservoir.

Funds to continue USDA North Fork Rough River subwatershed project.

Funds to continue USDA Lincoln-Casey Counties subwatershed project.

In other words we have fallen far short of the $12½ million average this year because $800,000 and $4,800,000 has been appropriated for fiscal 1954 and 1955, respectively, plus the two small amounts for the USDA projects.

Wage Scale Discrimination in the Memphis, Tenn.-Ark., Area

EXTENSION OF REMARKS
OF
HON. B. CARROLL REECE
OF TENNESSEE
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 8, 1954

Mr. REECE of Tennessee. Mr. Speaker, a labor situation has developed in the Memphis, Tenn.-Ark., area that should have immediate attention by the appropriate authorities.

This is a cotton area, where large numbers of unskilled laborers are employed. There has been importation of Mexican labor under the Migratory Labor Act, as cotton choppers and pickers, and other types of work in connection with the planting and growing of cotton.

There is also employed a large number of local citizens, most of whom are Negroes.

It is my understanding that the Mexicans are paid on the basis of 50 cents an hour. The local labor, most of whom, as I have said, are Negroes, being paid on the basis of 30 cents an hour.

It is impossible to understand this discrimination.

Of course, I do not feel that 50 cents an hour is too high. I do not think it is, but I think the local laborers should be paid the same scale as the Mexicans and I shall request the Department of Labor to investigate and see that this situation is remedied and that our local labor is treated fairly.

Reciprocal Trade—Oklahoma With Arizona

EXTENSION OF REMARKS
OF
HON. VICTOR WICKERSHAM
OF OKLAHOMA
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 8, 1954

Mr. WICKERSHAM. Mr. Speaker, a week ago I addressed the House of Representatives on the subject of Oklahoma—My Home.

What I had to say then had to do with headlines in the press which blazoned, "Film Musical Oklahoma To Be Made In Arizona." In this talk, I noted the decision of producer Arthur Hornblower to put his company on location in Arizona because, in his own words:

> It (Oklahoma) doesn't look enough like the Oklahoma of 1907 any more. It has too many oil wells, airplanes, and people.

In the opinion of many, my reasoning completely demolished the Hornblower argument.

The Hornblower incident is only one in a series of incidents in which Hollywood has told both the States and the United States "where to head in."

I propose to reverse this process. I propose to give some suggestions to Hollywood from Washington.

Scores of Hollywood stars have portrayed Congressmen, Congresswomen, and Senators. Other scores of Hollywood stars have taken the roles of Presidents. President Andrew Jackson has been a favorite film subject. President Truman was a voice on the screen in Call Me Madame. Actor-producer-director Robert Montgomery gives advice to President Eisenhower.

It is not amiss, therefore, for me to give advice to Mr. Hornblower.

Back in 1899, the great playwright, Augustus Thomas, wrote a stage play. One of the young actors who was a member of the original cast of the Chicago premiere of that play was Mr. Lionel Barrymore who took the part of Lieutenant Young, 11th United States Cavalry.

The name of that play was Arizona.

My advice to producer Hornblower is that he should reissue the play Arizona as a motion picture.

My further advice to Mr. Hornblower is that he should pass up the State of Arizona as a site for filming this production; and that he, instead, choose my State, Oklahoma.

My reasons? Arizona doesn't look enough like the Arizona of 1899. It has too many cities, too much irrigation, and not enough cactus.

Such a step would be true reciprocity. The Oklahoma and Arizona delegations in Congress would be satisfied. Perhaps, it would even meet the approval of the Committee on Intergovernmental Relations.

Mr. Speaker, if Hollywood can whimsically produce Oklahoma in Arizona, I see no possible objection to Hollywood's further exercising its whim by producing Arizona in Oklahoma.

Foreign Service Academy—Part II

EXTENSION OF REMARKS
OF
HON. CLEMENT J. ZABLOCKI
OF WISCONSIN
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 8, 1954

Mr. ZABLOCKI. Mr. Speaker, under leave to extend my remarks in the RECORD, granted on June 28, I spoke about the personnel problem in our State Department.

At that time, I pointed out that the interests of our Nation could best be served by the adoption of sweeping changes in the Department. In the first place, steps ought to be taken to provide a reservoir of able, specially trained young men and women who would eventually serve our Government in various positions abroad. Secondly, the personnel structure within the Department of State should be overhauled, so as to do away with the causes of low morale and with poor utilization of human resources.

I had already discussed my proposal for the establishment of a Foreign Service Academy of the United States, contained in my bill, H. R. 1870. This proposal, when adopted by Congress, should provide the State Department and other executive departments and agencies with adequate specialized personnel for oversea work.

Today, in commenting further on the Wriston report for the overhauling of the personnel structure of the State Department, I should like to call to the attention of the membership of this body two editorials from the Milwaukee Journal, both having a bearing on this subject.

The first editorial is entitled "Bad Morale in Courier Service" and it appeared in the Milwaukee Journal of June 28, 1954. It demonstrates why State Department morale is as low as it is. It warrants our earnest consideration, because we cannot expect our Foreign Service to be efficient and effective while we close our eyes to the many causes which undermine its morale.

The editorial follows:

BAD MORALE IN COURIER SERVICE

We had a letter the other day from a friend who is a diplomatic courier in the American Foreign Service. Because of what the State Department's economy drive is doing to him

and to the courier service, he is an unhappy young man.

Diplomatic couriers carry our country's vital documents between 110 United States diplomatic missions around the world. They cover four continents from regional offices at Paris, Cairo, Manila, and Panama. Today they travel almost exclusively by air. The courier travels far, sees strange places and has an occasional adventure. By and large, however, the job is arduous, exacting, occasionally dangerous and often monotonous.

When our friend joined the couriers in 1952 there were 100 men in the service. Schedules generally called for trips of 2 or 3 days, with the rest of the workweek in the regional office. Under such schedules, it was possible to make allowance for bad flying weather and airplane mechanical troubles. The couriers, many of whom are married, were reasonably assured of some time at home.

Since the Eisenhower administration came in, the courier force has been cut from 100 men to 66. On July 1 it will go down to 60. Inasmuch as the same number of missions must still be visited and the same number of miles flown, this means that 60 men must cover the routes and do the work that 100 previously did.

The letter from our courier friend explains what this means:

"I'm abashed for not having written sooner. However, the reduction in force of couriers has weighed heavily on our office. I've had just about time to drop off my laundry and pick up some clean clothes between trips. I've almost forgotten what the apartment looks like. Jane has a few thousand well-chosen and rehearsed words to say about the setup whenever we chance to meet. All we can do is hope that the pressure lets up soon. If not, most of us in this office are going to quit."

Courier morale is low for two other reasons. Most couriers, young men just out of college, joined the service with the expectation that they could, in reasonable time, move up into the regular Foreign Service. They have recently been given to understand that, in view of overall reduction in the foreign staff, there is little chance of such promotion for a long time.

Couriers were also given to understand, when they joined the service, that they would get home leave after 2 years. Last winter they received notice that, for economy reasons, there would be no home leave until after 3 years of service.

All in all, we can't blame our friend for being unhappy. And it is easy to understand why morale in the courier service is bad. Maybe one of the congressional committees concerned with such matters should check into what looks like another example of false economy.

Mr. Speaker, the second editorial, taken from the Milwaukee Journal of June 29, 1954, lists the highlights of the Wriston report, stressing the fact that our Nation badly needs great improvements in the selection, recruitment, and assignment or utilization of the men and women who execute our foreign policy both at home and abroad. It is entitled "More and Better Men Are Needed for Foreign Service," and I commend it highly to my colleagues' attention:

MORE AND BETTER MEN ARE NEEDED FOR FOREIGN SERVICE

The United States badly needs more and better men making its foreign policy at home and representing it in the 68 embassies, 9 legations, and 167 consulates abroad. And it needs to use these men to better advantage than it is using its present diplomats.

This is about what the Wriston committee's recommendations to the State Department about administrative reform add up to.

There is not much new about its recommendations. Similar ones were made after World War II by the late Secretary Stettinius and later by the first Hoover Commission. Little came from them. As one commentator has said of the Stettinius reform: "The principal feature was the transfer of attendants from the corridors to the washrooms."

This time, however, there seems some reason to hope something will happen. Secretary Dulles has approved many of the committee recommendations and ordered them into effect.

Here are highlights of the Wriston committee's administrative reform program:

Personnel in the Foreign Service should be increased from 1,285 to 3,900. This should be done primarily by integrating into the Foreign Service the top personnel of the State Department's civil-service organization in Washington.

The Foreign Service must open its ranks to a large number of people with a high degree of specialization in other than the general practice of diplomacy.

The situation under which the Foreign Service is in effect a condition of exile abroad must be ended. Officers must be brought home for duty regularly to keep their knowledge of American life steadily refreshed.

A modern personnel system must be established under a Deputy Under Secretary of State who will enter the job prepared to stay. A promotion system should be set up.

The Foreign Service Institute should be revitalized to carry out its purpose—to train diplomatic officers as the war colleges train military officers.

Foreign Service recruitment of young men must be stepped up through cooperation with colleges and universities and by accelerating present examination processes and security procedures. For the long range, a nationwide scholarship training program, patterned after the Navy's contract system for its Reserve Officer Training Corps, is urged.

All of these recommendations are worthy. We surmise, however, that it is going to take more than worthiness, and even Secretary Dulles' approval, to bring them to realization. In view of what has happened to equally good recommendations in the past, we think there must be continuing pressure by Mr. Dulles, vigorous administrative action, plus some outside prodding by the Wriston Commission and interested Members of the Congress and the public.

And most important of all, perhaps, there must be improvement of morale inside the Foreign Service and the State Department. The Wriston committee has recognized that this is very low and has suggested how to improve it. Discussion of the morale situation will follow in another editorial.

SENATE

FRIDAY, JULY 9, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O God, who art the foundation of the true and good, the secret and source of all grace and strength: We thank Thee for beauty found in unexpected places, blossoms of joy that grow in dusty ways, flowers of hope that spring in the desert, and for high moments of prayer that reveal to us even fleeting glimpses of the splendors of eternity. By the good will that finds a home in our own hearts, fit us to be among those who in these disruptive days tear down barriers of suspicion and hostility and build bridges of friendliness. May we never forget that righteousness exalts a nation, and that only the pure in heart can see Thee and the Godlike in a world where common bushes burn with the eternal, but where only those who see take off their shoes.

We pray that Thou wilt give persuasive power to all statesmen, writers, and public leaders who hold before the people ideals of truth and beauty. In these perilous days, when pagan blackness battles against the light, may we know in very truth that it is better to light a candle than to curse the darkness. We ask it in the ever-blessed name of that One who is the light of the world. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, July 8, 1954, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States, withdrawing the nomination of Leland H. Goddard to be postmaster at Key West, Fla., was communicated to the Senate by Mr. Hawks, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had passed the bill (S. 3605) to abolish the offices of Assistant Treasurer and Assistant Register of the Treasury and to provide for an Under Secretary for Monetary Affairs and an additional Assistant Secretary in the Treasury Department, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 179. An act to amend section 7 of the Administrative Expenses Act of 1946, as amended;

H. R. 8020. An act authorizing the transfer of certain property of the United States Government (in Klamath Falls, Oreg.) to the State of Oregon;

H. R. 9580. An act to revise and extend the laws relating to espionage and sabotage, and for other purposes; and

H. R. 9709. An act to extend and improve the unemployment compensation program.

COMMITTEE SERVICE

On motion of Mr. KNOWLAND, and by unanimous consent, it was

Ordered, That the Senator from Oregon [Mr. CORDON] be, and he is hereby, appointed

as chairman of the Committee on Interior and Insular Affairs;

That the Senator from Wyoming [Mr. CRIPPA] be, and he is hereby, excused from further service as a member of the Committee on the District of Columbia and is assigned to service on the Committee on Interior and Insular Affairs; and

That the Senator from Nebraska [Mr. REYNOLDS] be, and he is hereby, assigned to service on the Committee on Finance and the Committee on the District of Columbia.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that following a brief executive session and a quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of executive business, for action on the nominations on the Executive Calendar which appear under the heading "New Reports."

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The PRESIDENT pro tempore. If there be no reports of committees, the clerk will state the nominations on the Executive Calendar under the heading "New Reports."

FEDERAL COAL MINE SAFETY BOARD OF REVIEW

The Chief Clerk read the nomination of Charles R. Ferguson, of Pennsylvania, to be a member of the Federal Coal Mine Safety Board of Review.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

IN THE ARMY

The Chief Clerk read the nomination of Maj. Gen. Earle Standlee to be a major general in the Medical Corps.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Brig. Gen. Paul Irwin Robinson to be a brigadier general in the Medical Corps.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

Mr. KNOWLAND. Mr. President, I ask that the President be immediately notified of the confirmations of today.

The PRESIDENT pro tempore. Without objection, the President will be immediately notified.

NOMINATION OF HERBERT BERNARD LOPER TO BE CHAIRMAN OF THE MILITARY LIAISON COMMITTEE TO THE ATOMIC ENERGY COMMISSION—NOTICE OF HEARING

Mr. HICKENLOOPER. Mr. President, I give notice for the record at this time that on next Monday afternoon at 2 o'clock the Senate members of the Joint Committee on Atomic Energy will meet for an open hearing on the question of the confirmation of the nomination of Herbert Bernard Loper, of Nebraska, to be chairman of the Military Liaison Committee to the Atomic Energy Commission. The room will be announced at a later date.

I further ask unanimous consent that the members on the part of the Senate of the Joint Committee on Atomic Energy be authorized to meet on Monday afternoon.

The PRESIDENT pro tempore. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. KNOWLAND. I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

CALL OF THE ROLL

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Frear	Maybank
Anderson	Fulbright	McCarran
Barrett	George	Millikin
Bennett	Gillette	Monroney
Bowring	Green	Morse
Bricker	Hayden	Mundt
Bridges	Hendrickson	Murray
Burke	Hickenlooper	Neely
Bush	Hill	Pastore
Butler	Humphrey	Payne
Byrd	Ives	Potter
Capehart	Jackson	Reynolds
Carlson	Johnson, Colo.	Robertson
Case	Johnson, Tex.	Russell
Chavez	Johnston, S. C.	Saltonstall
Clements	Kennedy	Schoeppel
Cooper	Kerr	Smathers
Cordon	Kilgore	Smith, Maine
Crippa	Knowland	Smith, N. J.
Daniel	Kuchel	Sparkman
Dirksen	Langer	Stennis
Douglas	Lehman	Symington
Duff	Lennon	Thye
Dworshak	Long	Upton
Ellender	Magnuson	Watkins
Ervin	Malone	Welker
Ferguson	Mansfield	Williams
Flanders	Martin	Young

Mr. SALTONSTALL. I announce that the Senator from Maryland [Mr. BEALL], the Senator from Indiana [Mr. JENNER], the Senator from Connecticut [Mr. PURTELL], and the senior Senator from Wisconsin [Mr. WILEY] are necessarily absent.

The junior Senator from Wisconsin [Mr. MCCARTHY] is absent on official business.

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senators from Tennessee [Mr. GORE and Mr. KEFAUVER], the Senator from Missouri [Mr. HENNINGS], and the Senator from Arkansas [Mr. MCCLELLAN] are absent on official business.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate, attending the Sixth Annual Pan American Highway Congress at Caracas, Venezuela.

The PRESIDENT pro tempore. A quorum is present.

Routine business is now in order.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

AMENDMENT OF CAREER COMPENSATION ACT RELATING TO CREDIT FOR CERTAIN SERVICE

A letter from the Acting Secretary of the Army, transmitting a draft of proposed legislation to amend the Career Compensation Act of 1949, as amended, to allow credit for certain service for purposes of pay, and for other purposes (with accompanying papers); to the Committee on Armed Services.

PROPOSED AWARD OF CONCESSION CONTRACT, ROCKY MOUNTAIN NATIONAL PARK, COLO.

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed award of a concession contract to operate a lodge and related facilities in Rocky Mountain National Park, Colo. (with accompanying papers); to the Committee on Interior and Insular Affairs.

AUDIT REPORT ON FARM CREDIT AMINISTRATION, ETC.

A letter from the Acting Comptroller General of the United States, transmitting, pursuant to law, an audit report on Farm Credit Administration, certain corporations supervised by Farm Credit Administration, and the Agricultural Marketing Revolving Fund administered by Farm Credit Administration, for the fiscal year ended June 30, 1953 (with an accompanying report); to the Committee on Government Operations.

SESSIONS LAWS OF HAWAII, 1953

A letter from the Secretary of Hawaii, transmitting, pursuant to law, a copy of the Session Laws of Hawaii, 1953, as enacted by the Legislature of the Territory of Hawaii (with an accompanying document); to the Committee on Interior and Insular Affairs.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution adopted by the Board of Supervisors of Erie County, Buffalo, N. Y., favoring the enactment of legislation to provide adequate funds for the expansion of port facilities for the port of Buffalo, N. Y.; to the Committee on Public Works.

The petition of Terry Mulhall, of Sioux City, Iowa, relating to the withdrawal of the United States from the United Nations if Red China is admitted as a member of the United Nations; to the Committee on Foreign Relations.

By Mr. ELLENDER:

A concurrent resolution of the Legislature of the State of Louisiana; to the Committee on the Judiciary:

"Senate Concurrent Resolution 15

"Whereas at the session of the Legislature of Louisiana held in 1950 House Concurrent Resolution 24 was passed to memorialize and petition the Congress of the United States to call a convention for the purpose of considering an amendment to the Constitution of the United States relative to taxes on incomes, inheritance, and gifts; and

"Whereas eight States which so memorialized the Congress to call the above-mentioned convention to consider an amendment to the Constitution of the United States relative to taxes on incomes, inheritance, and gifts, have since rescinded their action; and

"Whereas it is desirable that the Legislature of the State of Louisiana give serious reconsideration to its action evidenced by

House Concurrent Resolution 24 of 1950, in the light of present local, national, and international conditions: Therefore be it

"Resolved by the Senate of the State of Louisiana (the House of Representatives concurring), That the action of the presiding officers in signing House Concurrent Resolution 24 of 1950, is hereby rescinded; and be it further

"Resolved, That a duly attested copy of this resolution be immediately transmitted to the Secretary of the Senate of the United States, the Clerk of the House of Representatives of the United States, and to each Member of the United States Congress from this State.

"All rules of the senate and of the house in conflict herewith are hereby suspended for the limited purposes set forth in this resolution.

"C. E. BARHAM,
"Lieutenant Governor and President of the Senate.

"C. C. AYCOCK,
"Speaker of the House of Representatives."

A concurrent resolution of the Legislature of the State of Louisiana; to the Committee on Finance:

"Senate Concurrent Resolution 19

"Whereas the security of the United States in these troubled times rests as fully upon our economic strength as upon our strength of arms; and

"Whereas the economy of the State of Louisiana is basically agricultural and the sugar industry is one of the most important industries in the State; and

"Whereas the Federal Government has set a quota on the amount of sugar that may be produced in the State of Louisiana which has resulted in a loss of revenues for the sugar producers of the State; and

"Whereas sugar has not been given the price raises similar to those afforded to other agricultural commodities; and

"Whereas the continued subnormal price of sugar will seriously impair the welfare of the industry; and

"Whereas a raise in the price of sugar will grant the relief which the industry needs, and will make possible a corresponding raise in the wages of employees in the industry: Therefore be it

"Resolved by the Senate of the State of Louisiana (the House of Representatives concurring), That the Secretary of Agriculture of the United States and the Congress of the United States are hereby memorialized and requested to take such action as is necessary to raise the price of sugar; be it further

"Resolved, That the Senators and Representatives from the State of Louisiana now serving in the Congress of the United States are hereby respectfully requested to exert every effort and utilize all facilities at their command to further said action; be it further

"Resolved, That copies of this resolution shall forthwith be transmitted to the Secretary of Agriculture of the United States, to the presiding officer of each House of the Congress, and to each Senator and Representative from Louisiana.

"C. E. BARHAM,
"Lieutenant Governor and President of the Senate.

"C. C. AYCOCK,
"Speaker of the House of Representatives."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CORDON, from the Committee on Interior and Insular Affairs:

S. 3134. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Talent division of the Rogue River Basin reclamation project, Oregon; with amendments (Rept. No. 1760).

By Mr. MALONE, from the Committee on Interior and Insular Affairs:

S. Res. 271. Resolution providing for an investigation of critical raw materials by the Committee on Interior and Insular Affairs; without amendment.

By Mr. DANIEL, from the Committee on Interior and Insular Affairs:

S. 3699. A bill granting the consent of Congress to a compact entered into by the States of Louisiana and Texas and relating to the waters of the Sabine River; without amendment (Rept. No. 1783).

By Mr. BUSH, from the Committee on Public Works:

H. R. 7815. A bill to provide for the construction, operation, and maintenance of the Cougar Dam and Reservoir on the South Fork McKenzie River, Oreg., with participation for power by the city of Eugene, Oreg.; without amendment (Rept. No. 1761).

By Mr. CASE, from the Committee on the District of Columbia, without amendment:

H. R. 7132. A bill to exempt from taxation certain property of the Veterans of Foreign Wars of the United States in the District of Columbia (Rept. No. 1766).

By Mr. BEALL, from the Committee on the District of Columbia, without amendment:

S. 3506. A bill to repeal the act approved September 25, 1914, and to amend the act approved June 12, 1934, both relating to alley dwellings in the District of Columbia (Rept. No. 1762).

By Mr. BEALL, from the Committee on the District of Columbia, with amendments:

S. 1585. A bill to amend the District of Columbia Traffic Act, 1925, as amended (Rept. No. 1763);

S. 2655. A bill to amend the District of Columbia Teachers' Salary Act of 1947, as amended (Rept. No. 1764); and

S. 3482. A bill to amend the District of Columbia Unemployment Compensation Act, and for other purposes (Rept. No. 1765).

By Mr. PAYNE, from the Committee on the District of Columbia, without amendment:

H. R. 8692. A bill to permit the payment of certain trust accounts to the beneficiary on the death of the trustee by savings and loan, and similar associations in the District of Columbia (Rept. No. 1767);

H. R. 8973. A bill to amend paragraph 31 of section 7 of the act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, as amended (Rept. No. 1768); and

H. R. 8974. A bill to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the International Bank for Reconstruction and Development (Rept. No. 1769).

By Mr. PAYNE, from the Committee on the District of Columbia, with amendments:

S. 880. A bill to amend the license law of the District of Columbia (Rept. No. 1770).

By Mr. CRIPPA, from the Committee on the District of Columbia, without amendment:

S. 2686. A bill to amend the act entitled "An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes," approved July 8, 1932 (Rept. No. 1772);

S. 2687. A bill to authorize the Commissioners of the District of Columbia to designate employees of the District to protect life and property in and on the buildings and grounds of any institution located upon property outside of the District of Columbia acquired by the United States for District sanitoriums, hospitals, training schools, and other institutions (Rept. No. 1773);

S. 3329. A bill to amend the District of Columbia Police and Firemen's Salary Act of 1953 to correct certain inequities (Rept. No. 1774); and

S. 3655. A bill to provide that the Metropolitan Police force shall keep arrest books which are open to public inspection (Rept. No. 1775).

By Mr. CRIPPA, from the Committee on the District of Columbia, with amendments:

S. 3683. A bill to amend the District of Columbia Credit Unions Act (Rept. No. 1776); and

H. R. 6080. A bill to authorize the appropriation of funds for the construction of certain highway-railroad grade separations in the District of Columbia, and for other purposes (Rept. No. 1777).

By Mr. NEELY, from the Committee on the District of Columbia, without amendment:

S. 3558. A bill to amend the act entitled "An act to provide for the better registration of births in the District of Columbia, and for other purposes," approved March 1, 1907 (Rept. No. 1778).

By Mr. NEELY, from the Committee on the District of Columbia, with an amendment:

H. R. 9077. A bill to amend section 405 of the District of Columbia Law Enforcement Act of 1953, to make available to the judges of such District the psychiatric and psychological services provided for in such section (Rept. No. 1779).

By Mr. NEELY, from the Committee on the District of Columbia, with amendments:

S. 1611. A bill to regulate the election of delegates representing the District of Columbia to national political conventions, and for other purposes (Rept. No. 1780);

S. 3518. A bill to amend the laws relating to fees charged for services rendered by the Office of the Recorder of Deeds for the District of Columbia and the laws relating to appointment of personnel in such office, and for other purposes (Rept. No. 1781); and

H. R. 7128. A bill to amend the act entitled "An act to provide an immediate revision and equalization of real-estate values in the District of Columbia; also to provide an assessment of real estate in said District in the year 1896 and every third year thereafter, and for other purposes," approved August 14, 1894, as amended (Rept. No. 1782).

PUBLIC SCHOOL CONSTRUCTION ACT OF 1954—REPORT OF A COMMITTEE (REPT. NO. 1771)

Mr. COOPER. Mr. President, the Committee on Public Labor and Public Welfare has ordered to be reported the bill (S. 2601) to provide for Federal financial assistance to the States and Territories in the construction of public elementary and secondary school facilities, with amendments. From that committee I now report the bill.

The written report on the bill is not yet ready and it will be some days before it can be put into final form. I feel that that fact should not delay making the text of the bill, in its amended form, available to the Congress and the public at large.

I ask unanimous consent that the names of the following Senators be carried as cosponsors on the next print of the bill: Mr. COOPER, Mr. SMITH of New Jersey, Mr. UPTON, Mrs. BOWRING, Mr. MURRAY, Mr. HILL, Mr. NEELY, Mr. CLEMENTS, Mr. DOUGLAS, Mr. KENNEDY, and Mr. MCCLELLAN.

The PRESIDENT pro tempore. The bill will be placed on the calendar, and.

without objection, the additional names of cosponsors will be added on the next print of the bill.

REPORTS ON DISPOSITION OF EXECUTIVE PAPERS

Mr. CARLSON, from the Joint Select Committee on the Disposition of Executive Papers, to which were referred for examination and recommendation five lists of records heretofore transmitted to the Senate by the Archivist of the United States that appeared to have no permanent value or historical interest, submitted reports thereon pursuant to law.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DIRKSEN:

S. 3721. A bill to amend the Internal Revenue Code to provide that the tax on television tubes shall not apply where such tubes are sold for use in the manufacture or production of nontaxable component parts of television sets or for export; to the Committee on Finance.

By Mr. BUTLER:

S. 3722. A bill to provide for a program of merchant-ship construction in American shipyards; to the Committee on Interstate and Foreign Commerce.

By Mr. SALTONSTALL (by request):

S. 3723. A bill for the relief of Mrs. Chii Sugiura, Motoko Sugiura, Atsushi Sugiura, and Kumi Sugiura; to the Committee on the Judiciary.

By Mr. CASE:

S. 3724. A bill for the relief of Mary J. Reitz; to the Committee on Finance.

By Mr. AIKEN:

S. 3725. A bill for the relief of Capt. Cassius H. Styles; to the Committee on the Judiciary.

By Mr. SALTONSTALL (for himself, Mr. KENNEDY, Mrs. SMITH of Maine, Mr. PAYNE, Mr. FLANDERS, Mr. AIKEN, Mr. BRIDGES, Mr. UPTON, Mr. PURTELL, Mr. BUSH, Mr. PASTORE, and Mr. GREEN):

S. 3726. A bill granting the consent of Congress to certain New England States to enter into a compact relating to higher education in the New England States and establishing the New England Board of Higher Education; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. SALTONSTALL when he introduced the above bill, which appear under a separate heading.)

By Mr. SALTONSTALL (for himself and Mr. KENNEDY):

S. 3727. A bill to amend paragraph 717 of title I of the Tariff Act of 1930, with respect to duties applicable in the case of fish sticks; to the Committee on Finance.

By Mr. BURKE:

S. 3728. A bill for the relief of Mrs. Gertrud Eckerl Strickland; to the Committee on the Judiciary.

By Mr. IVES:

S. J. Res. 173. Joint resolution to authorize the President to proclaim the week of November 28, 1954, through December 4, 1954, as National Salvation Army Week; to the Committee on the Judiciary.

(See the remarks of Mr. IVES when he introduced the above joint resolution, which appear under a separate heading.)

NEW ENGLAND BOARD OF HIGHER EDUCATION

Mr. SALTONSTALL. Mr. President, on behalf of myself, the senior Senator from New Hampshire [Mr. BRIDGES], the senior Senator from Rhode Island [Mr. GREEN], the senior Senator from Vermont [Mr. AIKEN], the junior Senator from Vermont [Mr. FLANDERS], the senior Senator from Maine [Mrs. SMITH], the junior Senator from Rhode Island [Mr. PASTORE], the senior Senator from Connecticut [Mr. BUSH], the junior Senator from Maine [Mr. PAYNE], the junior Senator from Connecticut [Mr. PURTELL], the junior Senator from New Hampshire [Mr. UPTON], and my colleague, the junior Senator from Massachusetts [Mr. KENNEDY], all Senators from the New England States, I introduce for appropriate reference a bill to give the consent of Congress for any of the New England States to enter into a compact establishing a New England Board of Higher Education. The object of the compact is to produce more doctors, dentists, veterinarians, public health officers, and technical and scientific specialists in other fields through the cooperative efforts of all the States.

By the enactment of this bill, at no expense to the Federal Government, an increase in the number of students from the compacting States can be arranged with existing institutions. This concrete action will strengthen these institutions while at the same time alleviating to some extent the existing need for their professionally trained graduates. Each of the compacting States plans to contribute toward the education of students from its State in the leading centers of one of the other States. In this way, duplication and overlapping can be avoided, and economies can be achieved. The result, I hope, will be to offset the constantly widening gap between the tuition costs and the actual cost to the institutions to provide the necessary training.

Massachusetts participation has already been authorized by the State legislature and signed by Gov. Christian A. Herter. The compact has also received enthusiastic support among leaders in all sections of New England.

I wholeheartedly endorse this cooperative effort amongst our New England States to use to the fullest and expand our exceptionally fine centers of learning. It is a particular pleasure to join with the other New England Senators acting together to further enrich the professional community with graduates from our schools.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3726) granting the consent of Congress to certain New England States to enter into a compact relating to higher education in the New England States and establishing the New England Board of Higher Education, introduced by Mr. SALTONSTALL (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

NATIONAL SALVATION ARMY WEEK

Mr. IVES. Mr. President, I introduce for appropriate reference a joint resolution to authorize the President of the United States to proclaim the week of November 28, 1954, through December 4, 1954, as National Salvation Army Week.

The Salvation Army will celebrate its 75th anniversary year of service in the United States this fall. In October of 1879, Lt. Eliza Shirley came to the United States and her efforts resulted in the landing of the first official delegation of Salvation Army officers at Battery Park in New York City on March 12, 1880. A commemorative plaque marks the spot where these officers knelt in prayer at Battery Park. Their prayers were fully answered and today the Salvation Army has grown into a huge operation composed of 3,996 officers who administer 6,400 centers of charitable and religious work. These dedicated officers are advised and assisted by thousands of prominent citizens of all races and creeds, who have formally associated themselves in the close relationship of lay leadership.

The work of the Salvation Army, under the charter issued by the State of New York in 1899, is well known to all of us. Therefore, it is only fitting that the week of November 28, 1954, through December 4, 1954, be proclaimed as National Salvation Army Week.

I ask unanimous consent that the joint resolution be printed in the body of the RECORD at this point in my remarks.

The PRESIDENT pro tempore. The joint resolution will be received and appropriately referred; and, without objection, will be printed in the RECORD.

The joint resolution (S. J. Res. 173) to authorize the President to proclaim the week of November 28, 1954, through December 4, 1954, as National Salvation Army Week, introduced by Mr. IVES, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

Whereas in October of 1879 a lone woman Salvation Army officer, Lt. Eliza Shirley, encouraged the formation of an official party, comprising seven women officers and Commissioner George Scott Railton, to extend the work of the Salvation Army in the United States; and

Whereas today the Salvation Army has grown into a huge organization with its 3,996 officers administering 6,400 centers of charitable and religious work assisted by 34,687 prominent citizens of all races and creeds who have formally associated themselves in the close relationship of lay leadership; and

Whereas the Salvation Army, acting under a charter issued by the State of New York in 1899, is an organization designed to operate as a religious and charitable organization with the following purposes: The spiritual, moral, and physical reformation of all who need it; the reclamation of the vicious, criminal, dissolute, and degraded; visitation among the poor and lonely and sick; the preaching of the Gospel and dissemination of Christian truth by means of open-air and indoor meetings: Therefore be it

Resolved, etc., That the President of the United States is requested and authorized to officially proclaim the week beginning November 28, 1954, through December 4, 1954, as National Salvation Army Week.

ADDITIONAL FUNDS FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. BRICKER submitted the following resolution (S. Res. 276), which was referred to the Committee on Interstate and Foreign Commerce:

Resolved, That the Committee on Interstate and Foreign Commerce is authorized to expend from the contingent fund of the Senate, during the Eighty-third Congress, for the purposes specified in section 134 (a) of the Legislative Reorganization Act of 1946, $10,000 in addition to the amount authorized in such section.

EXTENSION OF COVERAGE UNDER OLD-AGE AND SURVIVORS INSURANCE PROGRAM—AMENDMENTS

Mr. KERR submitted amendments intended to be proposed by him to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, which were referred to the Committee on Finance, and ordered to be printed.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H. R. 179. An act to amend section 7 of the Administrative Expenses Act of 1946, as amended; and

H. R. 8020. An act authorizing the transfer of certain property of the United States Government (in Klamath Falls, Oreg.) to the State of Oregon; to the Committee on Government Operations.

H. R. 9580. An act to revise and extend the laws relating to espionage and sabotage, and for other purposes; to the Committee on the Judiciary.

H. R. 9709. An act to extend and improve the unemployment compensation program; to the Committee on Finance.

A QUESTION OF LOYALTY

Mr. McCARRAN. Mr. President, there has come to my desk a column written by Father James Gillis, entitled "A Question of Loyalty." This short essay is so calmly reasoned, that it cannot fail to appeal to the intellect of whoever may read it. I ask unanimous consent that the text of this column may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the column was ordered to be printed in the RECORD, as follows:

A QUESTION OF LOYALTY

(By James Gillis)

Out of the welter of debatable questions brought to the fore by the McCARTHY-Army imbroglio, I select one for consideration. It is a matter of concern to the conscience of any individual in the armed forces, or in a governmental department which demands an oath of loyalty of its employees.

Let us suppose that one such employee learns of certain goings on that may work to the detriment of the Nation. He communicates the knowledge to his immediate superior. Time passes and there is no evidence that the superior has transmitted the information to the higher ups. The wrong doing and the danger continue.

In the governmental employee's oath there is a clause which forbids the transmission of "classified" information to any "unauthorized" person.

But our man is convinced that if he continues to abide by the letter of the oath of silence, he may contribute to national disaster.

He feels in conscience bound to reveal what he knows to someone who is in a position to do something effective.

WHERE THE OFFENSE?

As it happens, a Senatorial committee is in process of investigating precisely the kind of abuse of which the governmental employee is aware.

So the employee decides to tell what he knows not to his wife, his neighbors, his companions, not to the newspapers, not to some loose-lipped news commentator and gossip purveyor but to the chairman of the senatorial committee investigating—now let us make it specific—Communist infiltration into Government.

That being the kind of danger the employee has in mind, he conveys what he knows to the Senator who is himself bound by oath not to use to the detriment of the Nation any knowledge that he may acquire.

Now tell me—I speak to professional moralists and to well educated citizens—wherein has the governmental employee offended? Unless I have misunderstood all that was taught me years ago concerning moral obligations, the employee has done exactly what he was bound in conscience to do.

He should be rewarded, not punished, promoted, not discharged. For there is a law above all rules, regulations, prohibitions, oaths of secrecy. The ancient Romans knew it. They had a motto, "Salus populi suprema lex"—"The welfare of the people is the highest law."

SHOULD BE REWARDED

Also, in our ethical system conscience is, in the last analysis, the ultimate norm of action. It must be an "informed" conscience, a careful, cautious, and, so to speak, conscientious conscience.

Acting on such a conscience, a man not only may but must disregard all other laws. Yet I have seen nowhere—even in Catholic publications—so much as a surmise that the "young Army officer" who passed on information to the McCarthy committee could possibly have been acting in accordance with that fundamental moral principle. I, for one, give him credit.

It is reported that the Army is hunting him out and that they have threatened to expel him if they find him. The Army accepted a known traitor, a Communist, gave him a commission, promoted him, and when it appeared that the lawfully appointed investigators were closing in on him the Army hurriedly gave him an honorable discharge. Yet the same Army threatens dishonorable discharge to an officer who did, or may have done, his patriotic duty. Treason is rewarded; devotion to duty and to conscience penalized.

In one of John Galsworthy's best plays, Loyalties, there is a thrilling exposition of what happens when one loyalty conflicts with another. Among the guests at a house party in the home of Charles and Lady Winsor, there are Dancy, a retired army captain; General Canynge; and a wealthy and aristocratic Jew called De Levis. Dancy, having lost heavily at the races and at the gambling table, robs De Levis of a thousand pounds. De Levis knows who has stolen his money. So does General Canynge. The general, anxious for the honor of the army, persuades De Levis not to prosecute.

HIGH LOYALTY

Three weeks later, De Levis, applying for membership in the Jocky Club, is blackballed. The captain had called him a d—— Jew, and De Levis had called Dancy a thief. Thereupon come the conflict of loyalties. The captain's lawyer drops the case because of loyalty to his profession. The general remains silent because of loyalty to the army. Winsor declines to speak because of loyalty to his concept of a host. The captain's wife is loyal to her husband. De Levis is loyal to his racial pride. "My race was civilized when you were all savages." he says. One and all, they are loyal to this and to that, but no one is loyal to truth and justice.

I read that play in 1922. It came back to me after all these years because of the coverup tactics of the Army. Loyalty to the Army is good, so is loyalty to the administration, but there is a higher loyalty to which no one seems to pay attention.

The coverup has been at this writing effective. We don't know even yet the name of officers at Fort Monmouth or in the Pentagon who promoted the Communist and gave him an honorable discharge. We don't know what was in the document conveyed by the Army officer to the chairman of the committee.

Loyalty to conscience, to the people, and to the Nation is smothered under a pile of lesser loyalties. Suprema lex salus populi; the supreme law, the welfare of the people, is forgotten.

PROPOSED SEVERANCE OF DIPLOMATIC RELATIONS WITH SOVIET RUSSIA

Mr. McCARRAN. Mr. President, since the introduction of Senate Resolution 247, to provide for the severance of diplomatic relations with Soviet Russia, I have received a great deal of mail touching on this subject. Most of this mail has favored the proposal.

I do not want to burden the Senate with even a sampling of this correspondence; but I do want to call to attention one letter which, on its face, gives such obvious evidence of sincerity that I truly believe every Senator will find it interesting.

I ask unanimous consent that the text of this letter, which came to me from Mr. Otto J. Ellik, of Brooklyn, N. Y., may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BROOKLYN, N. Y., *June 30, 1954.*

Senator McCARRAN,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: Allow me to congratulate you in your gallant fight with communism.

A couple of days ago I saw a short notice in papers about your demand to sever diplomatic relations with Soviet Russia. I came to this country as a war refugee 7 years ago. Although now a full-fledged citizen, I am not too well informed about political matters in this country. Anyway, I recall that a year or more ago I read about a plan in which you also advocated to terminate all ties with communistic countries.

I am not a politician. In old country I was a science teacher. However, I believe I understand communism. I have lived 2 years behind the Iron Curtain where I learned all basic principles of communism. On my own skin, of course, I had the luck to escape. However what I have seen and

know makes it impossible for me to enjoy life in comfort.

Mankind is deadly sick. All our ordinary problems—progress, culture, raising of children, etc.—are only of second importance. If we don't get well all will be over in a few years. Our Western World, our dearest values—God, truth, spiritual, cultural—will be dead and gone.

It is appalling how little people outside the Iron Curtain understand communism. It is appalling to see how right now those who are voted into power are leading the free world into destruction.

The overwhelming majority of American people are anti-Communist. The same is true about their representatives in Government. However, because of ignorance and complacency, every political grouping, every newspaper, almost every person has a different idea about methods how to fight communism. Such confusion makes any concerted and effective action impossible.

The grossest samples of our ignorance are the unnormal relations with communistic countries. There seems to be no difference at all as compared with our friendly countries. We trade with Communists, we invite them to international organizations, to cultural meetings, etc. Needless to say that such an attitude bereaves us from all moral factors in fight with communism.

I cannot understand how your approach, dear Senator, which is the only right one, has won so little ground. I don't wonder very much about politicians. They are often blinded by diplomats, who, as we know, are the greatest malefactors of human race. I wonder about religious and cultural organizations who should evaluate things from the standpoint of morals. Why they have not joined for a united action against our immoral ties with communistic countries is more than I can comprehend.

Once a paper published a picture how an American diplomat cordially shook hands with Andrei Vishinsky. I showed the picture to a woman refugee. "How would you like to shake hands with Vishinski?" She took a look at the picture and retorted angrily: "I would rather chop off my hand than to touch that bloody swine." And she furiously spat at the photo.

A mixed up, halfwit holdup murderer is a despicable monster, not worthy of human mercy. Could you shake hands with him? Probably not, neither could I. Vishinsky, a big wheel in history's greatest mass murder spree, is responsible for at least 10,000 murders. Yet we call him a foreign diplomat, we confer politely with him and treat him in any way as if he were an honest man.

How is such dualism possible? Because people don't understand communism. The angry refugee woman, a plain farmer's wife, understood it. To her communism did not mean those lengthy, well-worded definitions boys learn at Harvard. To her communism meant things she had seen with her own eyes: Crime, murder, violence, injustice, immorality.

Our main trouble, ignorance, seems to have historical background. What is communism? Most of answers would be: A political ideology, a political party, a certain form of government, etc. There are communistic states. The term "state" is in human mind automatically connected to term "law," of long, long experience. Since there are communistic states they have to be something lawful, etc.

Such conclusions are fallacious and obsolete. Present-day communism is nothing political. It is a crime. Communism is an international crime organization who under pretext of politics is fighting to enslave the world.

If I were a historian I would start a research as to where and when another state was so utterly lawless and criminal as today's Russia. It's hard to believe there ever was. Even in the old slave states at least national customs provided some security and justice.

Real progress in a man's life began when he first organized a state and made laws. There cannot be any real peace and cooperation in the world until we put up international laws and abide them. (Basic human rights, guaranties for peaceful cooperation, etc.) It's time we start to distinguish between lawful and unlawful states. The latter category is criminal and has to be treated as such.

A diplomat would say: "All this is hysterical, impractical, not up-to-date and realistic politics." Well, practical and realistic diplomats have run the world for the last 50 years. They have run it straight into hell. Only an idiot pays attention to what a diplomat says.

Please forgive my long letter. I am afraid I let me carry away. Please excuse also my deficient language.

I take the liberty to ask you for a favor. Please could you inform me are there any nonpartisan clubs or organizations who advance your ideas about the relations with communistic states. I would like to join one in hope to do my wee bit in a gigantic battle.

It's grand to know that in all darkness and evil there are such sturdy fighters for human cause as you are, dear Senator.

With best regards,

OTTO J. ELLIK.

ANTI-COMMUNIST LEGISLATION

Mr. McCARRAN. Mr. President, the Attorney General has been making a great deal of noise about the desirability of enacting some anti-Communist legislation.

In this connection, I invite the attention of Senators, and particularly the attention of the able majority leader, to the bill S. 23, Calendar No. 1540. This bill has been on the Senate calendar since June 7, when it was reported favorably from the Committee on the Judiciary.

In the hope that I may be able to induce the able majority leader to schedule this bill for debate in the Senate, I wish to point out some facts about the bill.

This bill would accomplish two things which have been recommended by the present administration, through its Attorney General. For one thing, it would prohibit members of Communist organizations from holding office or employment with labor unions. For another thing, it would let an employer fire a subversive employee without being held guilty of an unfair labor practice.

In this latter connection, the bill provides that no statute of the United States shall preclude an employer from discharging without liability an employee who voluntarily continues as a member of a subversive organization, designated as such by the Attorney General, or who has actively concealed his membership in such an organization, or who has refused to state to a duly constituted congressional legislative committee whether or not he is or has knowingly or willingly been a member of such an organization.

In the case of the ban against Communist officers or employees of labor unions, the bill would apply only to members of organizations found by a final order of the subversive activities control board to be Communist organizations; and the penalty would be applied to the Communist who continued in employment or in an office in a labor union. There is no penalty to be imposed upon the union itself.

I indicated, Mr. President, that this bill covered two recommendations made by the Attorney General. I do not mean to say that the bill is in response to those recommendations. As a matter of fact, the bill was introduced at the very beginning of this Congress, and long before those recommendations were made by the Attorney General. Furthermore, this bill is identical with another bill, S. 2548, of the 82d Congress, of which I also had the honor to be the sponsor.

What is involved here is very simple. By approving this bill, we shall be taking a long step in the direction of eliminating the power and influence and domination of the Communist Party in the field of labor and in labor organizations in this country.

I point out that enforcement of the proposed prohibition against the holding of office or employment with a labor organization by a member of a Communist organization, would be in the hands of the regular Federal law-enforcement officials; that is, in the first instance, the offices of United States attorneys throughout the Nation. Enforcement of the provision with respect to the right of an employer to discharge a subversive would come about in this way: Whenever a discharged employee went to the Labor Relations Board with a complaint that his discharge constituted an unfair labor practice, the employer would be able to defend by showing that the employee in question had voluntarily continued as a member of an organization designated on the Attorney General's subversive list, or had actively concealed his membership in such an organization, or had refused before a congressional committee to state whether or not he is or has knowingly or willingly been a member of such an organization.

I note the calendar print of the bill bears the imprint 83d Congress, 2d session. Actually it was introduced during the 1st session of this Congress, as the number clearly indicates, the actual date of introduction being January 7, 1953.

I hope that what I have said about this bill may help to induce my friend, the able majority leader, to tell us that he will schedule the bill for Senate action. I do believe that if the Senate is permitted to vote on this measure, it will be approved.

PROPOSED REORGANIZATION OF THE OFFICE OF THE PRESIDENT

Mr. McCARRAN. Mr. President, my reading of the Journal of the American Bar Association, and other professional journals, has been somewhat slowed up by the press of Senate business; and it was only this week that I came across a very important article which appears in the April 1954 issue of the ABA Journal. This article was written by Mr. C. Dickerman Williams, former General Counsel of the Department of Commerce. Its title is: "The Office of the President: A Reorganization Is Needed."

In this article, Mr. Williams is responsible for one of the outstanding understatements of the year when, in speaking of the personnel of the office of the President, he says:

The extent to which this large and key body of personnel operates without Senate or other congressional control is not generally appreciated.

In his article, Mr. Williams makes several excellent points. His No. 1 point is:

The personnel of the office of the President should be subjected to control by law with respect to their appointment, compensation, and duties.

In the course of his article, Mr. Williams analyzes the Harry Dexter White case, which he calls "a horrible example of how the present looseness of organization" in the White House staff may work in practice.

As Mr. Williams says in his article:

It may be argued that it makes little difference whether a task is performed or advice given by the officer nominally responsible or by someone else. The answer is that orderly government must be carried on according to law; the alternative is arbitrary executive power. A department head is subject to confirmation by the Senate; his rights and duties are prescribed by statute; he is provided by Congress with the staff and equipment necessary for the discharge of those duties. These safeguards do not apply to a presidential aide. His instructions may be most informal; they are issued at the pleasure of the President and may be inspired by the aide himself for the purpose of his own aggrandizement. The struggle for British liberty was largely to require the monarch to rely on advice from his lawful ministers, and to act through them.

I will not take the time of the Senate, Mr. President, to read further from this very fine article, but I intend to ask that the full text of the article may be printed in the RECORD.

I want to make two suggestions with respect to this subject matter. First, I wish to commend to the Committee on Government Operations a thorough study of this matter, with a view to formulating and reporting legislation to provide the desirable extent of control by law over the personnel of the office of the President. Second, I respectfully recommend and urge that the Hoover Commission consider the creation of a task force to go into this matter most thoroughly and make recommendations to the Congress.

I now ask unanimous consent that the text of the article by C. Dickerman Williams, to which I have referred, may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE OFFICE OF THE PRESIDENT: A REORGANIZATION IS NEEDED

(By C. Dickerman Williams, of the New York Bar, New York City)

(The Office of the President, the President's personal assistants, has existed as a legal entity only since 1939, when President Roosevelt created it by Executive order. It is extraordinary because it has no statutory definition although its members, because of their access to the ear of the Chief Executive, exercise tremendous power. Mr. Williams points out the dangers inherent in such an organization, citing cases where Presidential aides have overruled even Cabinet officers. The recent controversy over Harry Dexter White may indicate the dangers inherent in the present system. Mr. Williams, who was General Counsel of the Department of Commerce under Secretary Sawyer, urges a general reorganization of the White House.)

A disquieting trend in public affairs has been the increasing concentration of authority in the hands of the President and his immediate entourage. Leading to this result have been several subsidiary trends: to government as compared with private enterprise, to the National Government as compared with the State governments, to the executive branch of the National Government as compared with the legislative and judicial branches, and, within the executive branch, to the personal establishment of the President as compared with the departments and agencies whose powers and duties are defined by law.

This paper is concerned solely with the development last mentioned. Serving as General Counsel of the Department of Commerce under former Secretary Charles Sawyer, the writer was impressed with the size, power, and unregulated character of the White House, as the Executive Office of the President is usually called. This organization was created as a legal entity by President Roosevelt on September 8, 1939, by Executive Order 8248.[1] It has become what the "court" or "palace" was in the monarchies of the past—that is to say, a large group of people surrounding the person of the chief of state, people who for the most part do not have, or are not limited to, duties clearly defined by law, but because of their ready access to the holder of enormous power, have great influence on events. History demonstrates that such influence is almost always exercised badly, that courtiers obstruct the work of responsible ministers and legislative and popular leaders and often urge upon the ruler extreme policies that have harmful and sometimes disastrous consequences.

Undoubtedly, if unfortunately, the importance and complexity of modern government require that the President have a fairly large personal organization. The evils of the existing arrangement can, however, be greatly reduced. That is to say, the Office can be subjected to legal control and much of its work transferred to the regular executive departments.

The purpose of this paper is to demonstrate and illustrate the existing evils and to propose needed reforms. As Congress last July created a Commission on Organization of the Executive Branch,[2] the way to reorganization is open.

One constant objective runs through these proposals; curtailment of the tendency of the President to develop a personal staff of advisers and examiners, men not subject to Senate confirmation and relatively unknown to the general public, who review and audit the work of the departments, and who, in some instances, through constant and ready access to the President, overrule or even supersede department heads, and who at other times accomplish little or nothing, serving only to confuse by needless activity.

A conception of the extent of this development may be gained by comparing the number of personnel in the Office of the President at the end of the Coolidge[3] and Truman administrations. In February 1929 there were 42; in November 1952 the corresponding figure was 1,181, an increase of 25 times. As there were only 597 at the time of the death of President Roosevelt, the absolute increase in the last few years has been very great. According to units within the Office at the end of various administrations, the figures are:

	White House staff proper	Bureau of the Budget	Coordinating agencies
Coolidge	42	(1)	
Roosevelt	67	390	140
Truman	245	495	441

[1] Then in Treasury.

The presentation of the writer's proposals can best be accomplished by stating each and then discussing the reasons for it.

1. The personnel of the Office of the President should be subjected to control by law with respect to their appointment, compensation, and duties.

The extent to which this large and key body of personnel operates without Senate or other congressional control is not generally appreciated.

ACCESS TO PRESIDENT GIVES POWER

The Constitution requires the advice and consent of the Senate to the appointment of all officers of the United States, except that Congress may in its discretion dispense with this requirement in the case of inferior officers.[4] The influence that flows from access to the President of the United States makes the members of the White House staff anything but inferior officers. It is indeed anomalous that Senate confirmation is not required for such a powerful officer as Director of the Budget, who reviews the proposals of members of the Cabinet, but is necessary for the appointment of a second lieutenant in the Regular Army, the postmaster of a village or a sanitary engineer in the health service. It is similarly anomalous that Senate confirmation should be required for the Assistant Secretaries of the various departments and not for the assistants to the President. How are the latter inferior to the assistants to members of the Cabinet? Congress should require Senate confirmation of all the principal employees of the Office of the President and limit their terms of office, albeit with eligibility for reappointment.

Again, Congress has strictly specified the compensation, or the standards of compensation, of all Government officers and employees from the highest to the lowest—all, that is, with one exception: the employees of the White House. For them Congress customarily appropriates large sums to be paid "at such per diem rates for individuals as the President may specify, and [for] other personal services without regard to the provisions of law regulating the employment and compensation of persons in the Government service * * * [the funds used] to be accounted for solely on [the President's] certificate."[5]

Although it cannot be said that any President has abused this power, the provision seems unconstitutional in that it effects a delegation of the legislative power of appropriation without limiting standards (*Panama Refining Company* v. *Ryan* (293 U. S. 388)). Certainly it is an abdication of the "power of the purse," long considered the

[1] Fed. Reg. 3864. Resolution 2, 78th Cong., adopted June 7, 1939, approved Reorganization Plan No. 1 of 1939 (title 5, U. S. Code, sec. 133t) which referred to the "Executive Office of the President" but did not define it. The President's "Office" was then what it always had been, rooms where the President worked with clerks and secretaries. Executive Order 8248 made it a legal entity in September of that year.

[2] 4 Public Law 108—83d Cong.

[3] As already noted, the Office did not become a legal entity until Executive Order 8248 of September 8, 1939.

[4] Art. 2, sec. 2.

[5] E. g., title I, Public Law 422, 82d Cong.

most vital safeguard against arbitrary government.

The third and perhaps most important respect in which the Office of the President requires regulation is the specification of duties. The jurisdiction, duties, and powers of the departments, bureaus, and other agencies have in general been carefully set forth by acts of Congress. But the Office of the President has never been so defined, although some of its units have been, such as the Bureau of the Budget. Indeed, strictly speaking, the Office has never been created as a permanent organization like other Government agencies. The Office has no organic act. It exists only by virtue of annual appropriations and President Roosevelt's fiat.

Moreover, there is no public document specifying in any detail the duties of the various members of the White House staff. Anyone who has business to do with, say, the Under Secretary of Commerce for Transportation can go to the Federal Register and read a formal departmental order defining that officer's responsibilities at length.[6] President Roosevelt's decree merely provides that the staff shall "assist" him and maintain liaison with Government agencies, press, and public.

HARRY DEXTER WHITE CASE IS HORRIBLE EXAMPLE

A horrible example of how the present looseness of organization may work in practice is provided by the Harry Dexter White case.

According to former President Truman, the commission to White was issued in order to safeguard the investigation of the Silvermaster spy ring. But who told Mr. Truman that such a course of action was necessary or desirable? It is hardly conceivable that he reached such a conclusion unless so advised by one or more of his associates. Yet the evidence so far available does not identify any adviser who took this view. Mr. Hoover, who was in charge of the investigation, has expressly denied giving such advice. Secretary Byrnes says that after his interview with the President he was left with the impression that the President would forestall the appointment. Attorney General Clark, we learn from both Messrs. Hoover and Caudle, wanted to prevent White's assumption of office. Secretary Vinson, too, Mr. Hoover says, was against the appointment, although he feared that after the Senate's confirmation White had a legal right to the commission—a very different consideration from the possibility of danger to the success of an investigation. (Secretary Vinson's fear was obviously an initial reaction which only a little research would dispel. There is a formal and most persuasive opinion by Attorney General Stanbery (12 Op. Atty-Gen. 304) that the President may reconsider an appointment after Senate confirmation. *Marbury* v. *Madison* (1 Cranch 50), sometimes mentioned as holding the contrary, may be distinguished on two grounds; first, the commission had been signed and the petitioner was merely trying to get it; second, the office involved was judicial, that is, beyond the removal power of the President. There is a dictum in *Marbury* v. *Madison* that the President may withhold even a signed commission from one appointed to the executive branch as an incident of the power of removal.)

Now it also is clear that Mr. Truman lacks a keen recollection of the incident. His first comment was that he had never read an FBI report on White; his second, that White had been dismissed as soon as it became known that he was disloyal. His telecast explanation was obviously a reconstruction made after a study of the records. With the best will in the world, it is extremely difficult to be accurate under such circumstances. The difficulty would be acute for anyone who at the time had been living the crowded life of the President of the United States and would be doubly so if the reconstruction were attempted under the pressure that existed in this case.

The theory that President Truman would willfully disregard such a report is also untenable. Whatever Mr. Truman's faults, the Communist infiltration of the Government took place under the Roosevelt administration, not the Truman administration. Undoubtedly during the Truman administration some agencies were not sufficiently prompt and vigorous in removing them, but others were vigilant. So far as this writer is aware, all Government employees who had been identified as spies were dismissed sooner or later, and before the end of the administration. Attorney General Brownell has obtained no espionage indictments against Government employees and apparently does not regard himself as able to do so under existing legislation.

In short, the departments with responsibility, all headed by well-known public figures, were unanimously in favor of one course of action, and yet a different course of action, extraordinary and contrary to usual policy, was adopted.

Another explanation, therefore, seems possible—that some employee of the Office of the President, secretly a Communist or Communist sympathizer and not yet identified, may have been the source of unscrupulous advice to sign the commission, or may have secured the President's signature without realization by Mr. Truman of the nature of the document he was signing, or, indeed, may have forged the signature.

Communist penetration of the Office of the President during the Roosevelt administration, not rooted out by 1946, is a possibility that cannot be lightly dismissed. The Communists sought to penetrate every organization of importance. Would they have ignored the Office of the President? The name of Lauchlin Currie, administrative assistant to the President from 1939 until he was dismissed on June 30, 1945, has appeared repeatedly in testimony concerning the Silvermaster espionage ring. White testified that Currie was his good friend. They both had taken graduate economics at Harvard at the same time; both entered the Treasury as economists in the year 1934 and had had brilliant careers in government thereafter. May not Currie, during his 6 years at the White House, have sponsored the employment there of Communists or fellow travelers in positions that would have been minor apart from their close association with matters of transcendent importance? Also, Mrs. Roosevelt and Harry Hopkins were at times friendly with Communists. May not the same question apply to them? And if Communists got in, when were they put out? For if they were still there, they may have had an opportunity to effectuate the White appointment.

Like all busy men, President Truman relied extensively on his staff. If one of them advised him on the White affair, he would hardly be able to remember it. He did not at first even recollect his meeting with Secretary Byrnes.

Further, it has been reported that the President must sign 600 documents a day. He can hardly read each one carefully. Conceivably some employee, without the President's knowledge, may have designedly or carelessly put the White Commission into the pile of documents for his signature.

It was rumored in Washington during the Truman administration that, because the President's fingers were so cramped by the signing of documents to which the law required his signature, he had authorized a clerk to sign his name to relatively unimportant personal correspondence in a script resembling the President's own. The possibilities of abuse of this practice, if it existed, are obvious.

In an interview broadcast by radio on the evening of November 29, 1953, former Ambassador Harriman expressed doubt that President Truman had consciously signed the effusive letter to Mr. White that went out over his signature on the occasion of Mr. White's resignation from the International Monetary Fund. No one had a better opportunity than Ambassador Harriman to observe White House procedures. And if the President did not consciously sign that letter of appreciation, is it not also possible that he did not consciously sign the commission?

Although the White case may provide a sensational example of the evil of the present situation, perhaps even more dangerous to constitutional government is the tendency of the personnel of the office of the President to usurp or interfere with the work of the executive departments.

ORDERLY GOVERNMENT MUST CARRY ON ACCORDING TO LAW

It may be argued that it makes little difference whether a task is performed or advice given by the officer nominally responsible or by someone else. The answer is that orderly government must be carried on according to law; the alternative is arbitrary executive power. A department head is subject to confirmation by the Senate; his rights and duties are prescribed by statute; he is provided by Congress with the staff and equipment necessary for the discharge of those duties. These safeguards do not apply to a Presidential aide. His instructions may be most informal; they are issued at the pleasure of the President and may be inspired by the aide himself for the purpose of his own aggrandizement. The struggle for British liberty was largely to require the monarch to rely on advice from his lawful ministers, and to act through them.

In recent years, Dr. John R. Steelman was a conspicuous example of the Presidential assistant who supersedes a Department head. Secretary of Labor Tobin was head of an executive department whose statutory purpose is "to foster, promote, and develop the welfare of the wage earners of the United States, to improve their working conditions, and to advance their opportunities for profitable employment."[7] Secretary Tobin had been appointed by the President, sat in his Cabinet, and held office at his pleasure. Yet Dr. Steelman handled major labor matters on behalf of the President. So far as could be observed, from the press, from gossip in Government circles, and by the writer personally, the President relied on Dr. Steelman's advice when questions arose in that field.[8] What is criticized is the system, not the individuals. The President had no intention of undermining the Constitution; he simply found that he worked more readily with Dr. Steelman than with Secretary Tobin. But the result was the disregard of procedures contemplated by law and, consequently, irresponsible government.

Another illustration is the less publicized intervention of Admiral Dennison, the President's naval aide, in the controversy over the

[6] 18 Federal Register, p. 1216.

[7] Title 5, U. S. Code, sec. 611.

[8] Perhaps the outstanding labor problem of the Truman administration was the dispute in the steel industry leading to the seizure of the mills on the evening of April 8, 1952. The writer was present at a conference held on the steel situation that afternoon. Dr. Steelman presided. The Secretary of Defense, the Secretary of Commerce, the Acting Attorney General, the Under Secretary of the Treasury, the Economic Stabilization Administrator, the Director of Price Stabilization, the Defense Production Administrator, and various assistants were all there, but no representative of the Department of Labor.

steamship *United States* and in other maritime matters. By the Merchant Marine Act of 1936, as amended by Reorganization Plan No. 21 of 1950, Government responsibility for the administration of merchant-marine subsidy contracts is confided to the Secretary of Commerce. Nevertheless Admiral Dennison saw fit to interest himself in the contract for the steamship *United States*. He held meetings on the subject to which the Department of Commerce was not invited. Letters appeared over the signature of the President of which the Department had no advance notice. It should be emphasized that in this instance, unlike the labor illustration, the Secretary of Commerce was actively handling the matter, and doing so with the knowledge and consent of the President. Admiral Dennison also concerned himself with maritime-tax policy, a subject long under consideration by the Departments of Commerce and Treasury. In the latter part of 1952, the President suddenly asked for elaborate reports of their positions, presumably at the instigation of Admiral Dennison. At that time the views of the incumbent Secretaries had become supremely unimportant, and it was hard to believe that the President was then taking personal interest in the problem. There was no statutory basis for Admiral Dennison's activity, but the magic words "White House" commanded attention. No particular harm resulted from Admiral Dennison's officiousness except that the time of high officers of the Government was unnecessarily occupied.

It may be thought that these forebodings are a result of experience in the so-called messy Truman administration, that in future administrations the caliber of personnel will be so high that such evils will be avoided. Perhaps. It is not only in the Truman administration, however, but universally that men are prone to self-confidence, to think that they can handle problems better than those who have the responsibility for them, to enjoy getting in on the act, and to make use of a ready hearing by the boss. Nor are these failings, if they are to be called that, confined to incompetents. Admiral Dennison was a man of ability; the President's military aide enjoyed a higher reputation as an amusing companion than as a serious student of military affairs. Yet there were times when the problems of the merchant marine would have been far simpler if the naval aide had also been an officer of that type.

A remedy already proposed is regulations specifying the duties of the President's assistants in some detail. Insofar as such duties relate to matters within the jurisdiction of an executive department, the regulations should be worked out with the collaboration of the department head. Also, the regulations should be published in the Federal Register.

Underlying all remedies must be the attitude of the President. He must be conscious of the difficulties of overlapping jurisdictions, of the vast power which he grants merely by intimate association, of the extraordinary need for self-restraint. When the President concludes that a department head is not equal to the responsibilities of his office, as apparently happened in the case of Secretary Tobin, the President should dismiss him, painful as the episode may be to all concerned. If the fault of the department head is in no way a lack of earnestness or loyalty, the President can and undoubtedly would make the departure a graceful one. And the President should avoid the appointment of assistants who might be, or appear to be, or might try to become, rivals of department heads.

2. The Bureau of the Budget should be transferred to the Treasury Department or to Congress, or partly to each.

The Bureau is the largest unit of the Office of the President, and, with the exception of the Division of Legislative Reference,[9] the one that least deserves to be there.

That the recommendation in respect of this Bureau may be understood, it is necessary to review briefly both past and present practice in the handling of appropriations and also the factors of expense for which appropriations are made.

It is not disputed that only Congress may make appropriations. The Constitution expressly so provides.[10] The problem relates rather to the proceedings leading up to their enactment. As has long been recognized, Congress requires proposals known as estimates, from the executive branch. Prior to the Budget and Accounting Act, 1921,[11] department heads sent their estimates to Congress through the Secretary of the Treasury who did not attempt to revise them. The act of 1921 directed the President to submit to Congress at the beginning of each regular session a budget setting forth, among other things, "Estimates of the expenditures and appropriations necessary in his judgment for the support of the Government for the ensuing fiscal year." To enable the President to comply with this direction, the act created the Bureau of the Budget as a unit of the Treasury Department and required each "department and establishment" to submit its estimates to the Bureau not later than September 15 in each year.

By Reorganization Plan No. 1 of 1939,[12] President Roosevelt transferred the Bureau to his own office. He said in his explanatory message to Congress that he was thereby "keeping the tools of American democracy up to date."[13] Unfortunately President Roosevelt had a tendency to confuse democracy with his own personal power.

Now there are two basic factors represented in every estimate: (1) projects and functions, and (2) administrative cost. The cost of projects and functions may be reduced by modification or elimination; the administrative cost may be reduced by greater efficiency. Insofar as the total budget is concerned, the number and importance of the projects and functions is all-important; the efficiency with which they are administered makes relatively little difference.[14] Undoubtedly efficient administration can save large sums expressed in absolute terms, but substantial saving to the taxpayer must be in respect of projects and functions.[15] That is to say, what causes high taxes are armament, foreign aid, pensions to veterans, agricultural and other subsidies, dams, and the like, as distinguished from inefficiency in the administration of such programs—not that every effort should not be made to secure the greatest efficiency.

Now there is every reason for the President to review the projects proposed by his department heads. Generally such projects can be readily understood. If the President thinks his department head has proposed too many or too elaborate projects, by all means let the President trim them. Clearly, too, the President needs a subordinate to assist him in this task, someone who can familiarize himself with the various projects and advise the President.

On the other hand, it is as a practical matter impossible for the President, or any outsider, to form an intelligent opinion as to the number of personnel needed to administer a given project or function. Only the chief administrators can do so, and, as everyone ever connected with a large organization knows from experience, the best they can do in advance—that is, by way of estimate—is to make a good guess.

When the departmental estimates go to the Bureau a group of examiners attempts to appraise them as to both substance and administrative efficiency. The latter subject comes down in effect to the question of the number and rank of the personnel to be engaged in administration. If the Bureau reduces the estimates to more than a nominal extent the departments are resentful. They think that they best know their own business. The departments particularly dislike reductions by such lowly figures in the Government hierarchy as Bureau examiners. The reaction of the departments to the work of the Bureau is well illustrated by several passages in The Forrestal Diaries.

At page 237, Secretary Forrestal, writing of a Cabinet meeting, says that the Secretary of the Interior made "a protest against the methods by which the people down the line in the budget not much above the status of clerks make allocations within departments between various bureaus and offices of that Department." Secretary Forrestal continues: "With reference to the people in the budget, in my talk with the President yesterday I said that we had been quite uneasy under Harold Smith's administration of the Bureau, about the fact that a young man recently a seaman second class in the Navy, who had been a student of administration at the University of Colorado, * * * had been making up our figures" (i. e., the budget figures of the Department of the Navy). At page 429 et seq. is depicted a controversy between Mr. Forrestal, who had meanwhile become Secretary of Defense, and the Bureau of the Budget, over the 1948–49 budget. The editor of the Diaries, Mr. Walter Millis, comments on a reduction proposed by the Bureau as follows, at page 430: "Suddenly it appeared that it was Mr. Webb (then the Director of the Bureau), who was in control of American military policy rather than the Secretary of Defense."

DIRECTOR IS NOT IN GOOD POSITION TO OVERRULE DEPARTMENT HEAD

The picture of a seaman second class, who takes a college course in administration and is assigned the duty of revising the appropriation proposals made by the highest officers of the Navy, will strike a familiar note with anyone who has participated in the budget-making process as at present conducted.[16] But even the director himself is not in a good position to overrule a department head; the director is of lower rank and without responsibility for the subject.

In consequence, the net result of the bureau activity is "sound and fury, signifying nothing." Whenever a substantial cut is made, it is the President himself who makes it. Obviously the President can act only with respect to good round numbers—he cannot spend time deciding how many grade 12 scientists there should be in the Bureau of Standards. And there should be better ways both of getting these major questions to the President for decision and of reviewing

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[9] The criticisms of this paper do not apply to the Bureau of the Budget's Division of Legislative Reference, which supervises the expression of departmental comment on pending legislation. This Division has been well-run and should remain at the White House.

[10] Art. 1, sec. 9 reads in part: "No money shall be drawn from the Treasury, but in consequence of appropriations made by law."

[11] 42 Stat. 20 (title 31, U. S. C., sec. 1, et seq.).

[12] 53 Stat. 1423 (title 5, U. S. C., sec. 133t).

[13] Title 5, U. S. C., sec. 133t supp.

[14] A number of high officials of the Eisenhower administration have learned this fact—and other things—the hard way.

[15] The worst feature of excessive personnel in program administration is the increased pressure thereby created to keep the program in effect after it has outlived its usefulness.

[16] This is an extreme example. The point is that the budget examiners have neither the rank nor the experience of the department officials who prepare the estimates.

the department estimates from the standpoint of efficiency.

In the writer's opinion, the Bureau of the Budget should be transferred back to the Department of the Treasury and confined to review of major projects and functions. If the Secretary of the Treasury tells a department head that the Government cannot afford a given proposal, that advice would probably be effective; it certainly would be taken with better grace and more seriousness than a ruling of the Bureau of the Budget. But if the department head was insistent, the President could decide between him and the Secretary of the Treasury. As is evident from the Forrestal diaries, a department head would be far more willing to be overruled in favor of the Secretary of the Treasury than in favor of the Bureau of the Budget.

An argument not without force could be made for transferring the Bureau to Congress or the General Accounting Office. Congress is the appropriating authority. The department heads are the President's appointees in their respective areas of responsibility; they are his men, and not the representatives of a foreign power or even of another branch of the Federal Government. One would think that they could carry out his financial policies without the necessity of a special screening officer, and that the screening should be done by the appropriation authority. A precedent is the transfer of the audit of expenditures from the Department of the Treasury to the General Accounting Office effected by the Budget and Accounting Act, 1921. The General Accounting Office functions as an arm of Congress. Limitations of space forbid discussion of possible objections to this proposal.

As for the detailed examination of such features of departmental estimates as relate to efficiency of administration, number of personnel and the like, this question can probably best be dealt with by strengthening the authority of the departmental budget officers—in other words, by more organizational emphasis on economy within the departments. The departmental budget officer should have more power to cut down administrative costs and should be less concerned with shepherding the department estimate through the Bureau of the Budget and Congress with the least possible damage. The conscientious departmental budget officer, such as the one at the Department of Commerce when the writer served there, could be more effective without the present reviewing process than he is with it.

3. When a project or problem cuts across departmental lines the President should establish an interdepartmental coordinating committee, and not a parallel organization within his own office.

It frequently happens that a given problem may come within the jurisdiction of two or more departments. Unfortunately the solution frequently adopted has been to create a large organization, or series of organizations, within the Office of the President—organizations sometimes called coordinating agencies which in fact parallel, duplicate, or supersede the departments supposedly coordinated. An example of this evil was the Office of Defense Mobilization, a unit of the Office of the President, and subordinate agencies as they existed in 1950–53. Another organizational monstrosity, run from the White House, although only in small part in the Office of the President, was the Economic Cooperation Administration, later known as the Mutual Security Administration, through which the United States had a double set of embassies throughout a large part of the world, and foreign aid was divorced from the negotiation of American objectives. In Paris there were four ambassadors. Because of the harmonious personal relations between Messrs. Acheson and Harriman, the results were not so bad as might have been expected.

An example of a parallel organization in the Office of the President is the Council of Economic Advisers. Probably the Department of Commerce is best qualified to advise the President on economic trends. The Office of Business Economics of that Department has long made economic studies with such success that it enjoys a high reputation. The same Department's Bureau of the Census has been engaged in statistical work since the creation of the Federal Government and is also highly regarded. On the other hand, the agricultural interests and the labor unions would, not without reason, resent having a department primarily concerned with the welfare of the business community as sole economic adviser to the President. Also the Bureau of Agricultural Economics of the Department of Agriculture and the Bureau of Labor Statistics of the Department of Labor are expert in their respective fields. Yet under the Truman administration none of these departments was represented in the formulation of economic advice to the President except insofar as the Council used their statistical studies.

The problem of economic advice to the President would more properly be handled by an interdepartmental committee of these departments and also the Department of the Treasury.[17] In order to avoid an appearance of preferring any department or, what is perhaps more important, the economic interest represented by any department, there might be a single economic adviser from the Office of the President to act as Chairman. Such organization would reduce the personnel of the Office of the President, assure recognition of the departments with special responsibilities in the field of economics, and tend to prevent the proposal to the President of extreme advice or fanciful schemes, carrying with them possibilities of the most dangerous consequences.

An existing organization which should be a model for the handling of this type of problem is the air coordinating committee. This committee includes representatives of the departments having responsibilities in the field of aviation. The chairman is a departmental officer appointed by the President; the staff consists largely of employees of the interested agencies; these employees concern themselves with the work of the committee only when necessary. The small full-time staff is appointed by the entire committee, carried on the rolls of the Department of Commerce, but paid with money contributed by all departments represented on the committee. In this way there is no duplication of personnel; all agencies have a hearing; the President has available to him a single officer who is familiar with the combined thought of those in Government responsible for the subject.

THE SUBJECT DESERVES MORE ATTENTION

The preceding discussion is, of course, not a complete catalog of the difficulties and dangers of the present organization nor of the possible solutions of the problem. The subject is complex and deserves more attention than could be given here.

Possible objections to the point of view which has been expressed are these: The President has responsibility for the executive branch; should he not be allowed to run it to suit himself? What reason is there to think that the department heads whom a President appoints will be better men than those whom he has in his immediate office?

The answers to these questions are several. The President must rule according to law; the alternative is dictatorship. The matter is one of checks and balances. The Senate has consistently shown itself willing to confirm in the absence of clear, affirmative disqualification.[18] It is true that the President is held responsible for administration, but he must play the game according to the rules.

Why Presidents and rulers generally do better to rely upon the advice of heads of departments and ministries than upon that of personal staffs is a fascinating speculation. Generally speaking the former are men who have already achieved distinction and perspective; they are not so dependent upon the chief of state for the advancement of careers. They have more dealings with the public and legislative bodies, and therefore better understand public and legislative opinion. The personal aide, subconsciously perhaps, sees his own fortunes tied up with the aggrandizement of the chief of state and tends to develop a fanatical ambition for him. These generalizations do not always apply. In the Roosevelt administration two department heads, Messrs. Morgenthau and Hopkins, functioned like personal aides. Both had no stature apart from the favor of the President and no capacity to deal with the problems of their respective departments, Treasury and Commerce.[19] Both continually invaded other areas of responsibility. The famous Morgenthau plan, for instance, whatever its merits, was a typical palace maneuver. That is, its proponent made use of his ready access to the chief of state to urge a radical policy concerning a subject for which he had no responsibility. Appointments like those of Morgenthau and Hopkins to head departments are, however, unusual; such men are more frequently appointed to the personal staff. On the other hand, able and conscientious public servants are constantly appointed to the personal staff; unfortunately the palace atmosphere subjects them to unwholesome pressures.

In Great Britain, it was determined at a cost of two revolutions that the chief of state must accept the advice of the legislature. Recognizing the difference between a hereditary monarch and an elective President, the framers of the Constitution adopted a far less stringent control over the appointments of our chief of state, requiring merely the consent of the Senate. Any suggestion that the Constitution under the inferior officers provision contemplated exemption from this requirement for the immediate staff of the President cannot be entertained for a moment. The framers were entirely familiar with the evils of palace government, much more so than the educated men of the present day. They were well aware that those who had easy access to the chief of state were not inferior to village postmasters and sanitary engineers.

Needed reforms should not be explored in any spirit of hostility to the President. Both Messrs. Eisenhower and Truman inherited this apparatus; they did not create it, and probably none of the considerations advanced in this paper has even occurred to them. It should be frankly recognized that the enormous accretions of power to the President which have taken place in the last few years have created new problems which deserve careful study if constitutional government is to be preserved.

[17] Since this paper was originally written, a step has been taken in the suggested direction by the creation of an advisory board, including representatives of the departments.

[18] Insofar as service in Washington is concerned. The Senate has been jealous of appointments to service in particular States.

[19] Which is the reason why Mr. Morgenthau was such an easy mark for Soviet Agent Harry Dexter White.

THE FARM ISSUE

Mr. BUTLER. Mr. President, what has been referred to as the "farm issue"

is of vast importance to our national economy. This very issue has been debated throughout this session of Congress and we must soon make our decision. I have previously indicated, by means of my weekly newsletter to my constituents in Maryland, that I wholeheartedly support the President and Secretary Benson on their farm program. For this reason, and because I am firmly convinced that the interest of our farm citizens will be best served by that program, I was gratified to receive a letter from the president of the Maryland Farm Bureau which supports my conclusion. Mr. President, I recommend this letter to my colleagues and ask unanimous consent that it be printed in the body of the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARYLAND FARM BUREAU, INC.,
Baltimore, Md., June 25, 1954.

Hon. JOHN MARSHALL BUTLER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BUTLER: I am glad for the privilege—as suggested in your letter of June 22, to comment further regarding my observation of the reaction of Maryland farmers whenever they are actually brought face to face with control programs on their farming operations.

Probably nowhere else do farmers practice greater diversification on their crop program than in our small State of Maryland. As one with 35 years' experience, I am reminded as I look back through the past years that my present crop schedule is entirely different than during that earlier period. Freedom to choose and decide what seemed best to undertake for the year ahead without any regard whatsoever for the operation of the years past provided the greatest incentive for progress during my experience. Whatever success I have achieved in farming derives from that basic principle.

Control programs must necessarily curtail that privilege. History of past years' production becomes the limitations beyond which farmers cannot go, even though factors in their particular situation would normally assure the plan to be according to good business management. Our farmers have never been forced to deal with situations in the past comparable to those we face at the present time. Unforeseen circumstances came along at the opportune time to permit the waiving of some of the regulatory features of our previous programs and I feel that this is giving some farmers of our present day the false hope that the control features of a high rigid program can somehow be avoided again.

Even today with the limited regulations in our corn program we are hearing numerous expressions of dissatisfaction—such as evidenced by Mr. Ingwalson's letter which I enclosed in my letter of recent date.

We must bear in mind, however, that a very large majority of our farmers express their disapproval of a high rigid support program at every opportunity. They foresee the handicaps involved in the controls necessary to meet present-day situations. They also very well understand that as attractive as prices may be, it represents only one factor in the determination of net income.

The necessary limitations on the right to produce will bring about a greater loss in net income in most instances than would result in a lesser price as possible under the flexible program.

Without question the flexible support program as recommended by the administration will best serve the long time interests of farmers and consumers alike.

This, of course, is only one part of a sound farm program, which must also include the supervision of diverted acres, along with a sound plan for conserving and building our land and water resources. We believe this is well provided for in the soil fertility bank plan. There are many other important aspects of this problem which space does not permit covering.

The most thoughtful farmers whom I know are fully convinced that every means should be used to encourage farmers to exercise self-discipline in meeting this problem rather than to continue to perpetuate evils we have created under the program of the past few years.

Sincerely,

WILSON A. HEAPS,
President, Maryland Farm Bureau, Inc.

DROUGHT CONDITIONS IN TEXAS

Mr. JOHNSON of Texas. Mr. President, it is probable that the recent dramatic story of the disastrous floods along the Rio Grande has diverted attention from the fact that some areas of Texas are more seriously affected by drought conditions now than at any time in the past several years. That appraisal is the statement of the Governor of Texas in a telegram sent to me yesterday.

Texas Agriculture Commissioner John C. White is in Washington this week to confer with Department of Agriculture officials about the possibility of aid for farmers and cattlemen in these drought-stricken areas. Commissioner White has reported to me that conditions are very serious in a number of central Texas counties.

Range conditions are the worst in the history of the cattle industry in this area.

There is practically no grass left. Cattlemen already have had to begin supplemental feeding of livestock.

The harvest of oats and other small grain was very scant. In most cases, the grain harvested was not enough to pay the expenses of making the crop.

The corn crop is virtually a total loss.

Water supplies are dangerously low at several points in these central Texas counties.

The cattlemen in these counties urgently need protein supplements and roughage or hay to sustain their breeding herds. If these cattle breeders are forced to sell their foundation stock, it will represent economic waste of the most flagrant kind.

The present cutoff date for the national drought relief protein feed program is July 15—Thursday of next week. That date can be extended by administrative decision.

It either should be extended, or a separate program should be set up for the assistance of these counties, which after 4 years of drought conditions are in a critical and even desperate situation.

Such action is vitally necessary.

I have received telegrams from officials in several of these counties, setting forth the conditions that exist. I ask unanimous consent that the text of these telegrams be appended to my remarks in the RECORD.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

AUSTIN, TEX., *July 7, 1954.*

Hon. LYNDON B. JOHNSON,
United States Senator:

I have just wired the Secretary of Agriculture as follows:

"A number of counties in central Texas are more seriously affected just now by drought than at any other time in the past several years. In my judgment, it is vital and urgent that some steps be taken to provide relief either by the extension of the emergency feed program or by the inauguration now of new program that would give the assistance so desperately needed. I respectfully urge and recommend that steps be taken by the United States Department of Agriculture to give assistance to this emergency. High regards."

I know you will be glad to take appropriate steps to encourage action by the United States Department of Agriculture which will provide relief in this emergency situation. Kind regards.

ALLAN SHIVERS,
Governor of Texas.

AUSTIN, TEX., *July 8, 1954.*

Hon. LYNDON B. JOHNSON,
United States Senator,
Washington, D. C.:

Appreciate so much your message regarding drought conditions and your efforts in bringing matter to attention of USDA officials. The affected counties now advise me that their most serious need is for protein feed and they earnestly hope that program can be continued or reopened after July 15. Kind regards.

ALLAN SHIVERS,
Governor of Texas.

GOLDTHWAITE, TEX., *July 7, 1954.*

Hon. LYNDON JOHNSON,
United States Senate,
Washington, D. C.:

Drought conditions extremely serious; crops ruined; ranges dry. Help needed to restore county to emergency drought relief.

COMMISSIONERS COURT OF MILLS COUNTY,
JOHN L. PATTERSON, *County Judge.*

GATESVILLE, TEX., *July 7, 1954.*

Hon. LYNDON JOHNSON,
Senator, United States Senate,
Washington, D. C.:

We urge your support in extending the national drought emergency program and request that Coryell County be included on the active list for Federal aid for drought relief. Letter will follow.

E. PRICE BAUMAN,
President, Gatesville Chamber of Commerce.

GATESVILLE, TEX., *July 7, 1954.*

Hon. LYNDON JOHNSON,
Washington, D. C.:

Please extend drought emergency feed program and include Coryell County, Tex. Foundation herds are having to be sold. Breeding herds lost. Pastures are 15 percent of normal condition. Heavy grasshopper damage. Grain crop way below normal.

CORYELL COUNTY FARM BUREAU,
R. A. HEMPEL, *President.*

SAN SABA, TEX., *July 7, 1954.*

Hon. LYNDON JOHNSON:

As 1 of the 9 livestock and farming counties in compact area in central Texas completely missed by recent and earlier rains where pastures were burned to crisp and feed crops completely destroyed, we urge you use every reasonable means to prevent national drought relief protein feed program being closed July 15 or have separate program

set up for these counties after 4 years drought condition now more desperate and critical in these 9 counties than at any time. Stock feeding resumed this week.

M. W. TRUSSELL,
San Saba County Judge.
A. B. FORD,
County Agricultural Agent.
J. E. MCCOURY,
Chairman, San Saba County Drought Committee.
L. P. COBERN,
Secretary, County Chamber of Commerce.

GEORGETOWN, TEX., *July 7, 1954.*

Senator LYNDON B. JOHNSON:

The executive committee of the Williamson County Livestock Association has met and discussed the drought situation here in this county. It is the opinion of this group that the county is in need of drought relief and if any counties are designated, Williamson County should be included. The livestock operator is especially up against it. Any number are feeding, others are just selling their livestock. The rainfall for this year will average about 5 inches which is about one-third of normal, and fell in such small amounts each time that very little benefit was derived from what did fall. We would appreciate anything that can be done in designating this county for drought relief and especially in the way of feed for livestock.

WILLIAMSON COUNTY LIVESTOCK ASSOCIATION,
ANDREW P. PRUDE, *President.*

CONSTRUCTION AT MILITARY AND NAVAL INSTALLATIONS

The PRESIDING OFFICER (Mr. UPTON in the chair). Is there any further morning business? If not, the Chair lays before the Senate the unfinished business, which the Secretary will state.

The LEGISLATIVE CLERK. A bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska communications system, and for other purposes.

Mr. FLANDERS obtained the floor.

Mr. FERGUSON. Mr. President, I ask unanimous consent that the Senator from Vermont may yield to me for 10 minutes without his losing the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Michigan may proceed.

AMERICAN FOREIGN POLICY

Mr. FERGUSON. Mr. President, very seldom do I find it necessary to take issue with a colleague on the floor of the United States Senate. Unfortunately, I would be remiss in my duties as a member of the Senate and a member of our Foreign Relations Committee if I did not make reply to the foreign policy views recently expressed by the junior Senator from Montana. To me there is great importance in differences of views regarding our foreign affairs deliberately debated, with decisions arrived at after full and fair debate and then supported with the greatest possible degree of bipartisanship. Little is accomplished in behalf of the American people if we establish as a rule of operations self-imposed and unnecessary limitations on what can and what cannot be said in our dealings with other nations.

When the junior Senator from Montana claims we have too many voices saying things about foreign relations, perhaps he is confused, but I have the utmost confidence that the American people are not confused. I have more confidence in them and their ability to judge situations, no matter how complicated, than apparently he has.

I have read the Mansfield speech. It seems to me a pretty fuzzy expression. Just what he wanted to accomplish is not so clear—unless it is only to criticize.

The Senator complains because various Senators have spoken about foreign policy which he says is confusing to the people. He says:

> Presumably the President has a Secretary of State to assist him in matters of foreign policy. If that is the case, then the only official voices we should hear in these matters ought to be the voice of the President and the voice of the Secretary of State.

I cannot follow him on this. I recognize and respect his right to speak on the foreign policy of the United States. The only explanation for his speaking would be that Republican Senators are "officials" and Democrats are not "officials." This seems rather thin since the Senate is a coordinate branch of Government in relation to many aspects of foreign policy and all of its members are "officials."

Senator MANSFIELD suggests that the collapse of the French position in Indochina is because the United States went along with the French demand that it should have a peace conference at Geneva. It is absurd to attribute French weakness, its loss of the will to fight, the loss of Dien Bien Phu, and so forth, to the Geneva Conference. The French were determined to talk of peace and would have done so whether or not we consented.

American diplomacy is, of course, a potent force. But it is not sufficiently potent to overcome the consequences of growing French weakness and the fact that as a result of two world wars France has been weakened to a point where its overall commitments in the world are beyond its capability. The United States could, of course, push in to fill the vacuum created by the decline of French power. This would, however, have involved us, in the case of Indochina, in fighting the French for the privilege of getting in to fight the Viet Minh. I do not understand that the Senator from Montana advocates this course. This administration was alert to try to fill the vacuum to the maximum possible extent. We agreed in substance to pay the entire cost of the war. We agreed to supply the French and the Vietnam forces with military equipment, and we agreed that we would share in an "internationalizing" of the war if the French were willing to put it on an international basis with the backing of the United Nations and with conditions for the independence of the associated states which would make it sure that it was not a colonial power. In these respects we went to the limit. If this was not enough, and it was not enough, the reason was not that the United States could properly have done more but that the French weakness was too great to be bolstered even by the maximum potential of American diplomacy.

The fundamental blunder with respect to Indochina was made after 1945, when the French, as the colonial power in Indochina, had been ousted by the Japanese. The question then was whether or not the United States as a victor over Japan would use its power to put the French back into Indochina. Originally, President Roosevelt was against this on the ground that France did not have a good record as a colonial power and its return would not be accepted by the people. Nevertheless, our Government allowed itself to be persuaded in this matter by the French and the British and we acted to restore France's colonial position in Indochina. The French position was maintained only in the face of bloody massacres by those who opposed the French which started the colonial war, of which the Communists subsequently took control, and the result has been a bleeding of France and the giving to the Communists of a popular issue against which the French were unable to prevail.

It was in 1945 that our Government cooperated in the reestablishment of French colonialism in Indochina. It was not until July 3, 1953, that the French gave assurance of independence to the associated states. This pronouncement came as a result of strong representations by Secretary Dulles. He prevailed upon the French to make such assurances within 6 months after this administration took office. Remember that the civil war had then been in progress for about 6 years.

The Senator from Montana says, "Geneva was a mistake; and the result was a failure of American policy. It is a profoundly humiliating result." Geneva may have been a mistake, but, if so, it was not a United States mistake. The United States has not the power, and, if it had, it could not wisely exercise the power to force France to go on fighting after its will and power to fight had gone. We might ourselves have stepped in and taken over the fighting but that apparently is not what the Senator from Montana wanted us to do. Certainly it is not what the American people wanted us to do. There is not the slightest reason why the United States should feel humiliated as a result of what is happening at Geneva. It has taken throughout a clear, strong and honorable position. If our position, for understandable reasons, is not shared by others, that may be a reflection upon them, but surely it is not a reflection upon the United States.

The Secretary of State, speaking at Seattle on June 10, 1954, pointed out that while the United States does have a large measure of responsibility in the world "that is far short of saying that the United States has responsibility for all that takes place throughout the world. We do not accept the view that whenever there is trouble anywhere it is the fault of the United States and we must quickly fix it. The United States does not believe that it can alone solve problems everywhere. The possibilities

of solution lie primarily with the peoples directly concerned."

It is a grave disservice to the United States to assume the contrary view and that it is a failure of the United States if anywhere in the world others fail. Uncle Sam is not a worldwide "Mr. Fixit."

Mr. MANSFIELD. Mr. President, will the Senator from Vermont yield, to permit me to reply to the Senator from Michigan?

Mr. FLANDERS. I yield for that purpose.

Mr. MANSFIELD. I have listened with interest to the remarks made by the distinguished senior Senator from Michigan. In my opinion, the American people are just as confused as ever on the basis of the explanation made by administration spokesmen.

There is much in what the Senator has said with which I could agree. As a matter of fact, I believe I recognized some of the phrases I used in my speech yesterday, or at least they were paraphrases. I think the Senator from Michigan should be reminded that President Roosevelt recognized that an explosive situation would occur in Indochina if the French returned, and that he should be commended for his efforts to bring about an end of colonialism in that area.

After the war was concluded, the British occupied the southeast part of Indochina, and the Chinese Nationalists, under Chiang Kai-shek, occupied the northern part. The British left very shortly, and turned the southern area over to the French. But a great deal in the way of negotiations was required before the French and the Nationalist Government of China, under Chiang Kai-shek, could get together on terms upon which the Chinese Nationalists would evacuate.

Finally, an arrangement was made by means of which the Chinese Nationalists were given railroad and seaport rights in Vietnam, and the French took over.

So far as I have been able to study the Berlin Conference, it was, in my opinion, a 100-percent failure, because the Russians won everything they wanted at that Conference. What they wanted comprised two objectives. One was to achieve some degree of recognition of Communist China; the other was to bring about a breakup of the European Defense Community.

So far as the recognition of Communist China is concerned—and much has been heard about that in this country during the past week—in my opinion, the mere fact that the United States agreed with France, Great Britain, and other nations, to attend the general conference at Geneva, Switzerland, to which Communist China was invited as an interested state, indicates that a degree of recognition was achieved.

What has happened to China through the person of Chou En-lai since the Geneva Conference got under way? He has been wined and dined while visiting the heads of state in Burma, India, and elsewhere. China now is really a far greater power than she was before the Geneva Conference. This is due, in some small part, at least, to the fact that the United States was a party to the particular agreement to hold a conference after the Berlin Conference.

So far as the second objective of the Communists is concerned, namely, the breakup of EDC, it appears to me that that objective is well on the way to achievement. As I stated yesterday, I feel so forlorn about the possibilities of EDC that I think the United States should look for an alternative; and that alternative should be to bring about the inclusion of both West Germany and Spain in the North Atlantic Treaty Alliance.

The Senator from Michigan says that the administration went the limit. Well, it tried to go the limit, because Admiral Radford discussed with responsible congressional leaders—and perhaps the Senator from Michigan was among them—the idea of using American naval and air support at the time of the battle of Dien Bien Phu.

Furthermore, as the Senator from Michigan must know, the administration asked a group of responsible congressional leaders what they thought of the idea of having a resolution passed, which would give to the President of the United States the discretion to use authority as he saw fit in the southeast Asia area. Those proposals are a matter of record.

Mr. FERGUSON. Mr. President, will the Senator from Vermont yield?

Mr. FLANDERS. I yield to the Senator from Michigan.

Mr. FERGUSON. Will the Senator from Montana state who was asked for a resolution to authorize the sending of troops into Indochina?

Mr. MANSFIELD. I was going to raise a technical point about the question asked, because I said that American naval and air support had been proposed.

Mr. FERGUSON. No; that was not my question.

Mr. MANSFIELD. Yes; that is what the Senator asked about. It is the same thing, because if one goes into Indochina on an airplane he is just as much a trooper as if he is on the ground.

Mr. FERGUSON. But will the Senator state who was asked for a resolution?

Mr. MANSFIELD. Responsible congressional leaders. I was not present, because I am not one of the responsible leaders.

Mr. FERGUSON. I think I have attended all the meetings, and I have never heard of any such request.

Mr. MANSFIELD. If the Senator from Michigan will bear with me, and if the Senator from Vermont will be kind enough to yield further——

Mr. FLANDERS. I yield further.

Mr. MANSFIELD. I shall be glad to look up the item for the Senator.

I have before me an article entitled "United States Twice Proposed Indochina Air Strike," written by Chalmers M. Roberts, and published in the Washington Post and Times Herald of June 7, 1954. I understand that Mr. Roberts is a quite reliable writer, and I believe the Senator from Michigan must have seen the article. Let me read the leading paragraph:

The United States twice during April proposed using American Navy carrier planes and Air Force planes based in the Philippines to intervene in the Indochina war provided Congress and our allies agreed. But the British would not agree and the plans fell through.

The Eisenhower administration set a tentative date for an air strike to aid the then besieged fortress of Dien Bien Phu. The date was April 28, 2 days after the opening of the Geneva Conference.

President Eisenhower was prepared to go to Congress Monday, April 26, to ask for passage of a joint resolution to permit American intervention.

Secretary of State John Foster Dulles and Adm. Arthur W. Radford, Chairman of the Joint Chiefs of Staff, first broached the idea at a secret meeting April 3 of the bipartisan leaders of Congress.

In neither instance was the use of American ground troops contemplated.

Now, if I may turn to April 3——

Mr. FERGUSON. Just a moment.

Mr. MANSFIELD. I am attempting to answer the Senator's question.

Mr. FERGUSON. I do not know where the statement came from about which Mr. Roberts has written.

Mr. MANSFIELD. I now have the information, if I may give it. I must say that I get my information only from the newspapers, because I do not have access to the confidential information of the Department.

Mr. FERGUSON. But is not the Senator a member of the Committee on Foreign Relations?

Mr. MANSFIELD. Oh, yes.

Mr. FERGUSON. Did not the Senator attend the conferences of the Committee on Foreign Relations on the very issue of Indochina, about which he is now speaking?

Mr. MANSFIELD. I may say to the Senator from Michigan that I get more information from the press than I get from my attendance at the executive sessions of the Committee on Foreign Relations. I read further from the article by Mr. Roberts:

Saturday, April 3: Dulles and Radford met in secret session at the State Department with eight congressional leaders representing both parties and with the then Under Secretary of Defense Roger Kyes and the then Navy Secretary Robert B. Anderson. Congressional leaders present were Senators KNOWLAND, MILLIKIN, LYNDON JOHNSON, RUSSELL, and CLEMENTS, and Representatives MARTIN, MCCORMACK, and PRIEST.

Dulles said the President had asked him to call the meeting. He said he felt that it was indispensable at this juncture that the leaders of Congress feel as the administration did on the Indochina crisis.

Radford said the administration was concerned with the rapidly deteriorating situation.

Dulles said that the President wanted him to take up with the congressional leaders action by Congress, but action short of a declaration of war or the use of ground troops. Dulles said that if Congress would permit the President to use air and naval power, then a way could be found to prevent broadening of the conflict.

I repeat the last sentence:

Dulles said that if Congress would permit the President to use air and naval power, then a way could be found to prevent broadening of the conflict. He said it was felt that the necessary air and naval power was already in the area and that Congress should shoulder its responsibility in the crisis.

Radford suggested that if Congress passed a joint resolution giving the President general power to act, it would be possible to

make a single air strike to relieve the embattled fortress of Dien Bien Phu, then under siege for 3 weeks. Radford explained the urgency by saying that he was not even certain, because of the 13-hour time difference between Washington and Indochina, whether the fortress was still holding out at that very moment.

There is more to the article, but I shall place the entire article in the RECORD later.

Mr. FERGUSON. I knew that the idea was being batted around last spring, but I had never heard of this, and it had never been called to my attention. I have conferred with the second ranking member of the Committee on Foreign Relations, and he informs me that he had never heard of it.

The Senator from Montana, instead of accepting what is supposed to be a direct quotation in a newspaper article, must have had an opportunity, on many occasions, to ascertain the facts when he was present with Secretary of State Dulles or Admiral Radford at various meetings before the Committee on Foreign Relations.

Mr. MANSFIELD. That is correct.

Mr. FERGUSON. The Senator could have found out whether or not the quotations were true or untrue and whether they could be relied upon.

Mr. MANSFIELD. But the Senator did not know about that until after it happened. I want the Senator to know that I have a great deal of confidence in Mr. Chalmers M. Roberts, who is usually pretty sure of his facts.

I also wish to make the observation that it will be noted on the list of those who were present that, outside of the Senator from California [Mr. KNOWLAND], who was there in his capacity as majority leader, I am sure there was no one present from the Foreign Relations Committee. That was one of the points I made yesterday, that the ranking minority member of the committee, the Senator from Georgia [Mr. GEORGE], and the chairman of the Foreign Relations Committee, have on occasions been ignored. When the Foreign Relations Committee is ignored, and there is concentration on the Armed Services Committee, the Department of Defense, and the leadership, then we are getting pretty close to something that looks like intervention.

Mr. FERGUSON. My reason for doubting the accuracy of Mr. Roberts in this respect is that I have never heard where he got his information. Someone could have told him what he wrote. However, I know that the senior Senator from Georgia, the senior Senator from Wisconsin, and the Senator from Michigan, the present speaker, have been present on occasions when the subject referred to in the article was discussed. It seems strange that the reporter should quote the information about a meeting where those Senators were not present. The Senator from Montana had the opportunity, on a number of occasions, in executive sessions of the Foreign Relations Committee to bring out what the facts actually were. I do not know of any occasion when I have attended such a meeting at which the Senator from Montana was present and brought up the point. If he has any record of it, I wish he would state that he asked the Secretary of State, Admiral Radford, or anyone else in the Foreign Relations Committee about the truth of the Roberts statement that Congress was asked to make a declaration of war in advance.

Mr. MANSFIELD. If the Senator from Vermont will again indulge me, in reply to the Senator from Michigan I should like to say that I did raise those two particular points in a Senate speech, and no Senator on the floor—and there were present at that time Members who were supposed to have been at the meeting—raised his voice.

With regard to the question of the senior Senator from Georgia and the chairman of the committee being at the meetings, I know some meetings were held at which they were not in attendance. I think when a question of foreign policy is being considered those two Senators ought to be in the meetings, certainly ahead of members of the Committee on Armed Services.

Mr. FERGUSON. I share that viewpoint.

Mr. MANSFIELD. I know the Senator from Michigan does.

Mr. FERGUSON. I share the view that the senior Senator from Georgia should be at the meetings. So far as I am personally aware, he has been at the meetings. Does the Senator now claim that France asked America to intervene in the war? Does the Senator contend that that is true?

Mr. MANSFIELD. I cannot answer that question categorically, because I do not know; but I have heard and read reports to the effect that the French were begging us for air assistance at the time the battle of Dien Bien Phu.

Mr. President, if I may, I should like to ask unanimous consent to have printed in the RECORD at this point in my remarks a newspaper article which appeared in the Washington Post of June 7, 1954, entitled "United States Twice Proposed Indochina Air Strike," and an article appearing in the New York Times of May 4, 1954, entitled "A Chronology of the Administration's Policy on Indochina."

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Post of June 7, 1954]

UNITED STATES TWICE PROPOSED INDOCHINA AIR STRIKE

(By Chalmers M. Roberts)

The United States twice during April proposed using American Navy carrier planes and Air Force planes based in the Philippines to intervene in the Indochina war provided Congress and our allies agreed. But the British would not agree, and the plans fell through.

The Eisenhower administration even set a tentative date for an air strike to aid the then besieged fortress of Dien Bien Phu. The date was April 28, 2 days after the opening of the Geneva Conference.

President Eisenhower was prepared to go to Congress Monday, April 26, to ask for passage of a joint resolution to permit American intervention.

Secretary of State John Foster Dulles and Adm. Arthur W. Radford, Chairman of the Joint Chiefs of Staff, first broached the idea at a secret meeting April 3 of the bipartisan leaders of Congress.

In neither instance was the use of American ground troops contemplated.

The President himself did not discuss the proposed intervention with either the bipartisan congressional leaders or the ambassadors of allied nations, leaving that to Dulles and Radford.

NOT BACKED BY JOINT CHIEFS

Radford told the congressional leaders on April 3 that the proposal did not have the backing of the other members of the Joint Chiefs.

It was these intervention proposals which divided the Anglo-American alliance, a division which continues to this day on what to do about the Indochina crisis.

With a major Communist assault by Viet Minh forces expected shortly on French Union forces in the Red River Delta of Indochina and with peace negotiations making little progress at Geneva, the Allies soon may once more be faced with the problem of whether to act militarily to hold back Communist aggression. This is the reason that the following chronology is of more than mere historical interest.

The chronology is based both on the scanty public record and on private information gathered by this reporter in London, Paris, at the Geneva Conference, and in Washington from American and allied officials.

This is the sequence of events thus far:

Saturday, March 20: Gen. Paul Ely, French Chief of Staff who last week was made commander in Indochina, arrived in Washington with reports on the Indochina war which gravely alarmed American officials. He conferred during several days with President Eisenhower, Dulles, Radford, and other officials. The sum of his message was that French Union forces could not win in Indochina without American military intervention. The American response indicated a willingness to act.

Monday, March 29: Dulles, in his Overseas Writers speech in New York, called for united action though it might involve serious risks. He said that Communist China was backing aggression in Indochina with the goal of controlling all of southeast Asia and that the United States felt that, "that possibility should not be passively accepted but should be met by united action."

MEETING WITH HILL LEADERS

Saturday, April 3: Dulles and Radford met in secret session at the State Department with eight congressional leaders representing both parties and with the then Under Secretary of Defense, Roger Kyes, and the then Navy Secretary, Robert B. Anderson. Congressional leaders present were Senators KNOWLAND, MILLIKIN, LYNDON JOHNSON, RUSSELL, and CLEMENTS, and Representatives MARTIN, MCCORMACK, and PRIEST.

Dulles said the President had asked him to call the meeting. He said he felt that it was indispensable at this juncture that the leaders of Congress feel as the administration did on the Indochina crisis.

Radford said the administration was concerned with the rapidly deteriorating situation.

Dulles said that the President wanted him to take up with the congressional leaders action by Congress, but action short of a declaration of war or the use of ground troops. Dulles said that if Congress would permit the President to use air and naval power, then a way could be found to prevent broadening of the conflict. He said it was felt that the necessary air and naval power was already in the area and that Congress should shoulder its responsibility in the crisis.

Radford suggested that if Congress passed a joint resolution giving the President general power to act, it would be possible to make a single air strike to relieve the embattled fortress of Dien Bien Phu, then under siege for 3 weeks. Radford explained

the urgency by saying that he was not even certain, because of the 13-hour time difference between Washington and Indochina, whether the fortress was still holding out at that very moment.

FOLLOWUP CONTEMPLATED

Radford spoke of using the approximately 200 planes on two 27,000-ton United States Navy carriers, the *Essex* and the *Boxer*, then in the South China Sea. Radford said that land-based United States Air Force planes in the Philippines would join in such a strike.

Radford was asked whether such action would be war. He replied that we would be in the war. He was asked whether, if the strike did not succeed in relieving the fortress, we would follow up. He replied "Yes." He was asked whether land forces would then also have to be used. He did not give a definite answer.

Radford was asked whether he was speaking for the Joint Chiefs of Staff. He said "No." He was asked what was the division in the Joint Chiefs. He replied that the other members did not agree with him on the idea of the air strike.

Dulles was asked why he did not go to the United Nations. He replied that it would take too long, that this was an immediate problem. Dulles was asked whether he had lined up the British or any other allies for a joint venture under the "united action" doctrine. He said he had not. The congressional leaders suggested that he should line up the allies before Congress take any action. The meeting broke up on this note.

Sunday, April 4, through Friday, April 9: Dulles consulted with diplomatic representatives in Washington of Britain, France, Australia, New Zealand, the Philippines, Thailand, and the three Associated States of Indochina, Vietnam, Laos, and Cambodia.

During these talks there evolved on Dulles' part a proposal for positive military action along the lines discussed the previous Saturday with the congressional leaders and including planes from aircraft carriers to be supplied by Britain, France, and Australia. There also was discussed a statement or declaration of intent designed to explain to the world what action was being taken and why, and warning the Chinese Communists not to intervene.

The British reaction was negative. The other nations indicated they would go along with the plan provided everyone, especially the United Kingdom, joined in.

Dulles offered to go to London, if necessary, to make clear the urgency of the situation and the need for action. British Prime Minister Winston Churchill asked that Dulles fly over and a London-Paris trip was then arranged.

Saturday, April 10: Dulles left by air for London and Paris on what he called a mission of peace through strength and to pool allied strength "to create the conditions needed to assure that that conference [the coming Geneva Conference] will not lead to a loss of freedom to southeast Asia but will preserve that freedom in peace and justice."

Monday and Tuesday, April 12 and 13: Dulles conferred with Churchill and Foreign Secretary Anthony Eden in London. The British urged caution and flatly opposed any military action at this time, saying that the monsoons soon would bring the fighting to a halt, perhaps in 2 weeks. Dulles dropped the idea of immediate military intervention and took up the idea of creating a southeast Asia defense alliance somewhat similar to the North Atlantic Treaty Organization in Europe.

Dulles felt he had won agreement to begin at once creating this united front in southeast Asia with the idea that this would lead to united action if necessary to save Indochina though not specifically to save Dien Bien Phu. Dulles agreed to soften the wording of the proposed communique at Churchill's insistence.

Tuesday, April 13: An Anglo-American communique said that the two nations were ready to take part in examining the possibilities of a southeast Asia defense pact. Eden, in announcing the communique in the House of Commons, said that the two nations "must await the reaction of the other interested countries before determining what steps we take next." He insisted that he had committed Britain to no specific action but only to examine the possibility of such action.

Dulles understood that a working group would be set up in Washington in a few days to begin drafting the pact. Dulles had argued that the Geneva Conference would be more apt to succeed if there were some strong alternative to a failure to get what the West wanted by negotiation. No ultimatum to Red China was intended, however, Dulles felt that the critical situation in Indochina in fact activated the pact.

Wednesday, April 14: Dulles flew from London to Paris where he discussed the proposed pact with French Premier Joseph Laniel and Foreign Minister Georges Bidault. A Franco-American communique closely followed the language of the London communique. The French understood that work on drafting the pact would begin at once.

Friday, April 16: Vice President NIXON told newspaper editors in Washington (his identity became known the next day) that the effect of the loss of Dien Bien Phu would be almost catastrophic. He said if the French withdrew, Indochina would be Communist-dominated within a month and that the United States, as a leader in the free world, could not afford further retreat in Asia. NIXON said that it was hoped that the United States would not have to send troops to Indochina but if the United States could not avoid it the administration must face up to the situation and dispatch forces.

Sunday, April 18: British Ambassador Sir Roger Makins told Dulles that he could not attend a meeting called by the United States for the following day to begin work on the southeast Asia pact. Sir Roger had been told by the State Department late the previous week about the meeting. At the time he had not received a report on the Dulles visit to London and hence he asked London for instructions. London referred him to the report of the Dulles-Churchill-Eden conference, by then received at the British Embassy here. Sir Roger thereupon told Dulles that his government was not prepared to take part in such discussions because of the possible repercussions on south Asian opinion of an announcement that such discussions were being held. Sir Roger said that he could only discuss the other topic scheduled for the Geneva Conference, that is Korea. The Monday meeting was thereupon turned into a discussion of Korea.

Dulles felt that the British had switched their position on going ahead with the southeast Asia pact. There is some question whether Sir Roger specifically told Dulles that Eden had forgotten about the coming Colombo Conference, due to open the following week, at Colombo, Ceylon. Dulles, at any rate, felt that the British switch was due to objections from Indian Prime Minister Jawaharlal Nehru, who was to meet at Colombo with the Prime Ministers of Pakistan, Ceylon, Burma, and Indonesia.

Monday, April 19: Dulles, after seeing the President at Augusta, Ga., told reporters it was unlikely that American troops would be sent to Indochina.

Tuesday, April 20: Dulles briefed bipartisan congressional leaders on his London-Paris trip and on his plans for Geneva, saying that American intervention in Indochina was not imminent or under active consideration at present. At the meeting were Senators KNOWLAND, MILLIKIN, FERGUSON, SALTONSTALL, WILEY, BRIDGES, HICKENLOOPER, LYNDON JOHNSON, CLEMENTS, RUSSELL, GREEN, and FULBRIGHT, and Representatives CHIPERFIELD, ARENDS, FULTON, and BROOKS HAYS.

Later that day, Dulles left by air for Paris and Geneva. The Paris stop was to attend a NATO meeting and to consult with Eden and Bidault on Geneva.

Friday, April 23: Bidault told Dulles that Gen. Henri Navarre, then French commander in Indochina, had just cabled that he would not be responsible for the fate of French Union forces in Indochina if Dien Bien Phu fell. Bidault, therefore, asked whether the United States were prepared to take military action to prevent fall of the fortress.

Saturday, April 24: Radford arrived in Paris. Dulles and Radford told Eden that the French were asking for military help. An allied air strike at the Vietminh positions surrounding the fort was discussed.

The discussion involved use of the same two United States Navy carriers and Philippine-based Air Force planes that had been considered on April 3. The carriers had been in the South China Sea since nearly March, the Navy said, for training. The nearest point from the Gulf of Tonkin to Dien Bien Phu was about 240 miles distant.

Bidault said that General Navarre had agreed that a strike by about 500 American planes would be sufficient to save the fort.

Dulles said that if the Allies agreed the President would go to Congress on Monday, April 26, and ask for a joint resolution authorizing such action and that this would permit a strike on Wednesday, April 28, assuming that Congress had acted in time.

The State Department had prepared a declaration on intentions—an outgrowth of the early April meetings in Washington—to be signed on Monday or Tuesday by ambassadors of the nations allied with the United States—Britain, France, Australia, New Zealand, the Philippines, Thailand, Vietnam, Laos, and Cambodia. The declaration spoke in general terms of the danger of Communist aggression and the allied recognition of the necessity of repulsing that agression by military means.

However, there were no British or Australian aircraft carriers close enough or available to join in the strike on the proposed day and the only French carrier was already fully occupied.

Eden told Dulles and Radford that this was a most serious proposal, amounting to war, and that he wanted to hear it from the French themselves. Eden and Dulles then conferred with Bidault, who confirmed the plea for aid.

Eden said he personally opposed such a move and that he felt that ground troops would be called for within 48 hours after an air strike as had been the case at the beginning of the Korean war.

Eden added, however, he would not want to give a final British judgment and that he, therefore, would go to London at once and confer with the British Cabinet.

At the end of the day, Eden flew to London. Dulles then told Bidault that (1) the proposed strike was beyond the President's constitutional powers without action by Congress, and (2) that no action could be taken except under the united action previously discussed but delayed by British unwillingness to act at once. Dulles also said that there was doubt in the minds of American military leaders thaat a single strike would, at this late date, save Dien Bien Phu. Dulles then flew off to Geneva.

Sunday, April 25: The British Cabinet met in extraordinary Sunday session and decided against participating in the united action air strike. The British Chiefs of Staff unanimously agreed thaat it would not be sufficient to save Dien Bien Phu.

Eden stopped in Paris Sunday evening en route to Geneva and told Bidault at Orly Airfield of the negative cabinet decision. Dulles was told by Eden late that night in Geneva. At this time Eden told Dulles that Britain had decided to wait and see what sort of

settlement the French could get from the Communists at the Geneva Conference before taking any action.

Monday, April 26: Radford arrived in London from Paris to talk with Churchill and the British Chiefs of Staff.

On the same day, the Geneva Conference opened.

Also on Monday, Under Secretary of State Walter Bedell Smith in Washington discussed Indochina in a conference with Senators H. ALEXANDER SMITH, HICKENLOOPER, LANGER, FULBRIGHT, GILLETTE, and MANSFIELD and Representatives CHIPERFIELD, ARENDS, FULTON, and BROOKS HAYS. Under Secretary Smith raised the question of unilateral American military action in Indochina but the Members of Congress strongly opposed such a course.

Tuesday, April 27: Churchill announced to a cheering House of Commons that the British Government was "not prepared to give any undertaking about United Kingdom military action in Indochina in advance of the results of Geneva."

Churchill went on to say that "we have not entered into any new political or military commitments" but he did not explain the background of his statements.

Thursday, April 29: President Eisenhower told his press conference that the United States was trying to steer a course between the unattainable and the unacceptable in the Indochina crisis. He repeated a statement of some time earlier that the United States would not get into a war except through constitutional processes which involved the declaration of war by Congress.

Wednesday, May 5: Dulles returned to Washington from Geneva and reported on the conference to Senators KNOWLAND, FERGUSON, MILLIKIN, SALTONSTALL, WILEY, H. ALEXANDER SMITH, BRIDGES, LYNDON JOHNSON, CLEMENTS, GEORGE, RUSSELL, and GREEN and Representatives MARTIN, HALLECK, CHIPERFIELD, VORYS, JUDD, SHORT, ARENDS, RAYBURN, MCCORMACK, GORDON, LANHAM, and VINSON. Dulles indicated that the United States had virtually abandoned all hope of effective united action in Vietnam and that he was now seeking a collective security system designed to seal off and protect Laos and Cambodia, the other Indochinese states.

Friday, May 7: Dien Bien Phu fell to the Communists.

Wednesday, May 19—President Eisenhower told his press conference that it might be possible to create a collective security system in southeast Asia without the British and that the United States might possibly work out something with Australia, New Zealand, and some Asian nations.

Thursday, May 20: New Zealand External Affairs Minister T. Clifton Webb, asked by reporters about the possibilities of a pact without Britain, said that "I can't conceive of a satisfactory alliance being made that would not include Britain" and that he felt "that any form of security pact for southeast Asia that it may be necessary to form will, in fact, include Britain."

Thursday, May 27: Adm. Richard B. Carney, Chief of Naval Operations, and a member of the Joint Chiefs of Staff, said in a New York speech that the United States is "approaching the fork in the road"; that the "choice could be a fateful one"; and that however grave are "today's alternatives," their "gravity may well be dwarfed by those which will confront us in a few years if our country fails to choose properly now." He said the question was, "Do we want to turn into the smooth dead-end or take the rougher road that offers us a good destination if we have got the guts and strength to manage it?"

Wednesday, June 2: President Eisenhower told his press conference that he had not, by any manner of means, reached any decision to ask Congress for authority to act in southeast Asia.

Thursday, June 3: Five-power military talks between high-ranking officers of the United States, Britain, France, Australia, and New Zealand opened in Washington. Admiral Carney was the United States representative. The talks, due to last a week, were military and not political in nature and were designed to explore military problems which might arise from a southeast Asia defense pact, among others.

Thursday, June 3: Gen. James A. Van Fleet, who had been sent to the Far East in May as a special envoy by President Eisenhower, gave what one Senator termed "a very alarming" report to the combined Senate Foreign Relations and Armed Services Committees.

Friday, June 4: Dulles told the Senate Foreign Relations Committee that the situation in Indochina is grave but by no means hopeless and that it is "fraught with danger not only to the immediate area but to the security of the United States and its allies in the Pacific area." When Senator FULBRIGHT observed that recent witnesses before the committee had urged a go-it-alone policy Dulles replied that he would not want to make an answer which conceded that Britain had a veto on what we might want to do and that a situation might arise when the United States would have to act without the British.

Saturday, June 5: Senate Majority Leader KNOWLAND in an interview said that the free world has reached the jumping-off place, and if it does not force some kind of showdown with the Communists in Indochina within the next 30 days, all Asia may fall to the Communists. He added that the United States ought to face up to the fact that it may have to fight in Indochina.

Monday, June 7: Admiral Radford and General Van Fleet have an appointment with President Eisenhower at 10:30 this morning.

[From the New York Times of May 4, 1954]

A CHRONOLOGY OF THE ADMINISTRATION'S POLICY ON INDOCHINA

WASHINGTON, May 3.—Following is a catalog of the Eisenhower administration's main statements of policy on Indochina:

April 16, 1953, President Eisenhower to the American Society of Newspaper Editors in Washington:

"The free world * * * knows that aggressions in Korea and southeast Asia are threats to the whole free community to be met only through united action. * * *

"With all who will work in good faith toward such a peace we are ready—with renewed resolve—to strive to redeem the near-lost hopes of our day. The first great step along this way must be the conclusion of an honorable armistice in Korea.

"This means the immediate cessation of hostilities and the prompt initiation of political discussions leading to the holding of free elections in a united Korea.

"It should mean no less importantly an end to the direct and indirect attacks upon the security of Indochina and Malaya, for any armistice in Korea that merely released aggressive armies to attack elsewhere would be a fraud. We seek throughout, as throughout the world, a peace that is true and total."

August 4, 1953, President Eisenhower at the Governors' Conference:

"Now let us assume that we lost Indochina. If Indochina goes, several things happen right away. The peninsula, the last little bit of land hanging on down there, would be scarcely defensible. The tin and tungsten that we so greatly value from that area would cease coming, but all India would be outflanked.

"Burma would be in no position for defense. * * *

"So when the United States votes $400 million to help that war, we are not voting a giveaway program. We are voting for the cheapest way that we can prevent the occurrence of something that would be of a most terrible significance to the United States of America—our security, our power and ability to get certain things we need from the riches of the Indonesian territory and from southeast Asia."

August 7, 1953, report of the Korean unified command to the United Nations:

"We, the United Nations members whose military forces are participating in the Korean action, support the decision of the commander in chief of the United Nations command to conclude an armistice agreement. * * *

"We affirm, in the interest of world peace, that if there is a renewal of the armed attack, challenging again the principles of the United Nations, we should again be united and prompt to resist. The consequences of such a breach of the armistice would be so grave that, in all probability, it would not be possible to confine hostilities within the frontiers of Korea.

"Finally, we are of the opinion that the armistice must not result in jeopardizing the restoration or the safeguarding of peace in any other part of Asia."

September 2, 1953, Secretary Dulles to the American Legion convention:

"Communist China has been and now is training, equipping, and supplying the Communist forces in Indochina. There is the risk that, as in Korea, Red China might send its own army into Indochina. The Chinese regime should realize that such a second aggression could not occur without grave consequences which might not be confined to Indochina. I say this soberly in the interest of peace and in the hope of preventing another aggression miscalculation."

February 9, 1954, Secretary of Defense Wilson to a news conference:

Question. "Do you think a military victory can be won in Indochina or that peace will have to be negotiated there?"

Answer. "I would think that a military victory would be perhaps both possible and probable."

February 10, 1954, President Eisenhower before his news conference:

Question. "Mr. President * * * there seems to be some uneasiness in Congress that sending these technicians to Indochina will lead eventually to our involvement in a hot war there. Would you comment on that?"

Answer (permitting direct quotation). "Well, I would just say this: No one could be more bitterly opposed to ever getting the United States involved in a hot war in that region than I am. Consequently, that every move that I authorize is calculated, so far as humans can do it, to make certain that that does not happen."

Question. "Mr. President, should your remarks on Indochina be construed as meaning that you are determined not to become involved or, perhaps, more deeply involved in the war in Indochina, regardless of how that war may go?"

Answer. Mr. Eisenhower replied that he was not going to try to predict the drift of world events now or the course of world events over the next months.

He would say that he could not conceive of a greater tragedy for America than to get heavily involved now in an all-out war in any of those regions, particularly with large units.

February 17, 1954, President Eisenhower at his news conference:

Question. "Is there any way to distinguish between aid to the anti-Communist forces in Indochina and support of colonialism?"

Answer. The President replied that the questioner had asked the very question that was the crux of this whole thing. There was no colonialism in this battle at all.

France, he added, had announced several times, and most emphatically last July, that she was fighting to give the three Associated States their freedom, their liberty. He believed it had been agreed they would live inside the French Union, but as free and independent states.

March 10, 1954, President Eisenhower at his press and radio conference:

Question. "Mr. President, Senator STENNIS said yesterday that we were in danger of becoming involved in World War III in Indochina because of the Air Force technicians there. What will we do if one of those men is captured or killed?"

Answer. "I will say this: There is going to be no involvement of America in war unless it is a result of the constitutional process that is placed upon Congress to declare it. Now, let us have that clear. And that is the answer."

March 24, 1954, President Eisenhower at his news conference:

Question. "Mr. President, would you care to say anything, sir, about the conference at Geneva with reference to Indochina and Communist China?"

Answer. The President replied that he would say only a very few things: One, he didn't believe that it was necessary to argue the importance of all this great southeast Asian area, and the Southwest Pacific—its importance to the United States and to the free world. All that region was of the most transcendent importance.

Now, this fighting going on in Indochina, no matter how it started, had very manifestly become again one of the battlegrounds of the people that want to live their own lives against this encroachment of Communist aggression.

March 29, 1954, Secretary Dulles to the Overseas Press Club of America in New York:

"Under the conditions of today, the imposition on southeast Asia of the political system of Communist Russia and its Chinese Communist ally, by whatever means, would be a grave threat to the whole free community. The United States feels that that possibility should not be passively accepted, but should be met by united action. This might have serious risks, but these risks are far less than would face us a few years from now if we dare not be resolute today."

April 15, 1954, Adm. W. Radford, Chairman of the Joint Chiefs of Staff, to the American Society of Newspaper Editors:

"The free nations cannot afford to permit a further extension of the power of militant communism in Asia. In the interests of preventing aggression, full advantage should be taken of the fact that non-Communist Asia has a considerable potential for development of defensive military forces * * * it's (Indochina's) loss would be the prelude to the loss of all Southeast Asia and a threat to a far wider area."

April 16, 1954, Vice President NIXON in a background talk to the American Society of Newspaper Editors (this was not attributed to him at first but later published):

Question. "If the French pulled out of Indochina, what should the United States do?"

Answer. The Vice President replied that there was no reason why the French could not stay on and win, but on the assumption that they did withdraw—an assumption he did not accept—Indochina would become Communist in a month.

He added the United States, as a leader of the free world, could not afford further retreat in Asia. It was hoped that the United States would not have to send troops there, but if this Government could not avoid it, the administration must face up to the situation and dispatch forces.

Therefore, the United States must go to Geneva and take a positive stand for united action by the free world. Otherwise, it would have to take on the problem alone and try to sell it to the others.

This country was the only nation politically strong enough at home to take a position that would save Asia. Negotiations with the Communists to divide the territory in any form would result in Communist domination of a vital new area.

April 20, 1954, Vice President NIXON, in Cincinnati, at the 20th annual University of Cincinnati Day dinner:

"The aim of the United States is to hold Indochina without war involving the United States, if we can. We have learned that if you are weak and indecisive, you invite war. You don't keep Communists out of an area by telling them you won't do anything to save it."

April 21, 1954, Vice President NIXON in Des Moines, Iowa:

"The purpose of our policy is to avoid sending our boys to Indochina or anywhere else to fight. We believe a strong policy has the best chance to accomplish that purpose."

April 26, 1954, President Eisenhower to the United States Chamber of Commerce:

"I think each of us senses that when we meet, as you are meeting today, we are doing so in a time of great decisions. I think it is no longer necessary to enter into a long argument or exposition to show the importance to the United States of Indochina and of the struggle going on there.

"No matter how the struggle may have started, it has long since become one of the testing places between a free form of government and dictatorship. Its outcome is going to have the greatest significance for us, and possibly for a long time into the future. * * *

"And then we turn our eyes to Geneva and we see representatives of great—and some antagonistic—powers meeting there, trying to arrive at some situation that at least we could call a 'modus vivendi.' We do not hope, I think, very soon to have the type of understanding that we believe we can ultimately develop among ourselves as to great issues. But we would hope that the logic of today's situation would appeal to all peoples, so that they would see the futility of depending upon war, or the threat of war as a means of settling international difficulty."

April 29, 1954, President Eisenhower to his news conference:

Question. "Mr. President, in a recent speech you referred to the desirability of a modus vivendi in Indochina. Could you give us anything further on your thoughts, what is in your mind, by a modus vivendi?"

Answer. The President replied that we were steering a course between two extremes, one of which, he would say, would be unattainable, and the other would be unacceptable. It wouldn't be acceptable, he thought, to see the whole anticommunistic defense of that area crumble and disappear.

On the other hand, we certainly could not hope at the present state of our relations in the world for a completely satisfactory answer with the Communists. The most you can work out is a practical way of getting along.

Question. "Mr. President, I would like to go back, sir, to what you said about modus vivendi. It is a question of interpretation. I may not have caught all you said, but I caught this much: That you want to get along on a practical basis, as we are not getting along in Europe."

The President replied that he didn't mean to endorse, even by indirection, any specific means of getting along. He pointed out that a completely trustworthy peace, one in which we could have confidence as between ourselves and the Communist world today, seems to be something over the horizon. We work toward it; we have not achieved it, and we would be foolish to think we could do this quickly.

On the other hand, he added, we also understand what the loss of this region would mean to us. There is fighting going on, and, of course, everybody would like to see fighting stopped, but he was merely talking about some solution that could be, that would be acceptable to us, and would stop the bloodletting.

Mr. FERGUSON. Does the Senator from Montana say to the Senate of the United States that he believes America should have gone into the Indochina war?

Mr. MANSFIELD. Oh, the Senator knows my attitude on that question. I have been one who has been consistent in saying there should not have been intervention, because, in my opinion, it would have been suicidal. It would have brought about a resumption of the war in Korea, resulting in the launching of war against the Chinese mainland, and it would have turned this country into a dictatorship and a garrison state.

Mr. FERGUSON. I share the views of the Senator from Montana, but not for the same reasons.

Mr. MANSFIELD. What are my reasons?

Mr. FERGUSON. We were not asked for aid by the Associated States. As has been stated previously, if people do not want freedom, if they do not want to fight for freedom for themselves, if they do not ask for the cooperation of those who believe as they do in freedom, America cannot be "Mr. Fixit" all over the world and force itself into every dispute wherever it may be, whether the people affected want America to intervene or not.

Mr. MANSFIELD. That is exactly what I said yesterday. We could never get a request from the three Associated States, because they were not independent states.

Mr. FERGUSON. They had not received independence from France.

Mr. MANSFIELD. I wish to say on behalf of Mr. Dulles and the Department of State that they did their best to try to hurry up independence for the three Associated States, because that really was the ultimate and final answer.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield?

Mr. FLANDERS. Mr. President, I should like to remind the Senator from New Jersey that I have the floor, but I yield.

Mr. SMITH of New Jersey. I am amazed at the statement made by the Senator from Montana that there was apparently a secret meeting.

Mr. MANSFIELD. It was mentioned in the press.

Mr. SMITH of New Jersey. I am a member of the Foreign Relations Committee and chairman of the Subcommittee on Far Eastern Affairs.

Mr. MANSFIELD. The Senator from New Jersey was not present.

Mr. SMITH of New Jersey. I never heard of any such meeting.

Mr. MANSFIELD. But the meeting was held, I inform the Senator from New Jersey, although he was not there.

Mr. SMITH of New Jersey. The Senator from New Jersey was not invited to be there. I think if the meeting concerned such an important problem, I probably would have been invited to it, because I am chairman of the Subcommittee on Far Eastern Affairs of the Committee on Foreign Relations. I had discussed this matter with the Department. I never understood an attempt was made to pass such a resolution as has been mentioned.

Mr. MANSFIELD. The proposal was made and turned down, thank heaven, by the leadership.

Mr. SMITH of New Jersey. I know nothing about it. I can confirm what the Senator from Michigan said, that we were not at the meeting.

Mr. MANSFIELD. That is correct.

Mr. SMITH of New Jersey. I do not know the point the Senator is trying to emphasize.

Mr. MANSFIELD. That was one of the difficulties I had. Since some of us protested, thanks to the majority leader, there has been better liaison between the State Department, the Defense Department, and the committees.

In response to a question asked by the Senator from Michigan, let me read from the Washington Post of June 7, 1954:

Friday, April 23: Bidault told Dulles that Gen. Henri Navarre, then French commander in Indochina, had just cabled that he would not be responsible for the fate of French Union forces in Indochina if Dien Bien Phu fell. Bidault, therefore, asked whether the United States were prepared to take military action to prevent fall of the fortress.

Mr. FERGUSON. What is the Senator from Montana contending?

Mr. MANSFIELD. I am answering a question asked by the Senator from Michigan.

Mr. FERGUSON. Is he contending that we should have gone into Indochina?

Mr. MANSFIELD. How many times do I have to say "No"? So far as I am concerned, I am opposed to that, for the reasons I have outlined.

Mr. FERGUSON. What is the point the Senator from Montana is making?

Mr. MANSFIELD. I am answering a question the Senator from Michigan raised.

Mr. FERGUSON. I merely say I agree with the Senator from New Jersey. I never knew of the meeting. I never had heard from any official source, and from no other source than this article, that there was any such meeting. I come back to the proposition that, instead of the Senator from Montana relying upon a newspaper article, he should have asked the Secretary of State, during the meetings the Senator has attended, what the facts were.

Mr. MANSFIELD. When the time came to ask the questions, the Secretary was in Geneva or Berlin.

THE CHINESE PROBLEM

Mr. FLANDERS. Mr. President, I find the colloquy extremely interesting, but we seem to have arrived again at the point where we came in.

The PRESIDING OFFICER. The Senator from Vermont has the floor.

Mr. FLANDERS. I am not disposed to support the circumlocutionary discussion, which can be continued in the time of the Senators who have been speaking.

Mr. President, in theory and in practice a nation should be solidly behind its official foreign policy and the foreign policy should be one which all reasonable citizens can support. I am not sure that this is the case at the present time or that it has been for some years past. I am making this brief talk as a free lance. I am not on the Foreign Relations Committee, so have had no briefings in executive session. I have access to no secrets.

Let me first make it clear that I am opposed to the admission of Red China to the United Nations. I am also in support of declarations from the House and Senate on this matter at this time. The administration should be, and I believe is, appreciative of such support.

I have contributed toward the Committee for One Million, which is an organization opposed to the admission of Communist China. I may say I have noted in the newspapers of this morning and yesterday afternoon that the Committee has attained its membership of one million, so that it has reached its objective in that respect. Its honorary chairmen are former Ambassador to the United Nations, Warren R. Austin, who preceded me in the Senate; and the Honorable Joseph C. Grew, former Ambassador to Japan. In correspondence with these men, I suggested that it might be well for the Committee to make some such statement as the one that was made by the Republican floor leader, and was seconded by the Democratic floor leader, expressing legislative opposition to admission of Red China to the United Nations. If this were to be tied in with a statement that it would be difficult to get appropriations from the Congress for the United Nations if Red China were to be admitted, these esteemed elder statesmen felt that that would be in the nature of a threat, and would be an unwise thing to do. It has seemed to me, however, that there must be some way of informing our associates in the United Nations of the facts of life, and this question of continuing appropriations is one which does raise a question as to the facts of life which in some way should be made plain. I am, therefore, glad of the statements which have been made.

Let me call attention, however, to the fact that an expression of our determination in this matter is a purely negative thing. We shall not by this means be making any contribution to a positive solution of the problems which we face in Asia and on the other continents of the globe, where Soviet power is gaining position month by month and year by year. It is to make suggestions as to positive policy that I am now taking the floor.

The first point to be made is that every decision has to be made in the light of the future, rather than as meeting by temporary means a temporary situation. To emphasize this point, let me refer to the original endeavor to support Chiang Kai-shek and the Nationalist armies against the increasing strength of the Reds during and succeeding the last years of World War II.

It is unwise for those of us who sought to support the Nationalist cause to forget that Chiang Kai-shek's organization was riddled with graft, that the Soong family was generally reported to have enriched itself at the expense of our assistance, and that the Generalissimo himself gradually lost the support of Nationalist groups who had once given him enthusiastic support. These things have to be taken into account.

It was with these conditions in mind that on June 12, 1947, I wrote to General Marshall a letter, which I shall now read:

As a graduate member of the Business Advisory Council, I was privileged to attend the dinner last evening and listen to your satisfying frank discussion of the Chinese situation. Of course, the satisfying thing about it was your frankness. The situation itself is incredibly difficult.

I have the temerity, nevertheless, to pass on to you some vague thoughts which have been going through my mind.

Would it be possible to clear a restricted area of China of Communist military strength and mark off that area for assistance and reconstruction? It might be from the Yangtze River south or perhaps an area of 50 to 100 miles north of the Yangtze might be included. If transportation, supporting coal mines, and cotton textiles, for instance, could be reconstituted in that area, it would form a basis for reviving normal living for many millions of harassed people.

The difficulties are obvious. It would require close supervision on our part to make sure the assistance is not poured down the military rathole. It would be difficult to get such supervision to be politically acceptable to the Chinese Government and it would be difficult to recruit and organize the necessary supervision. Recognizing these difficulties and others which your experience would suggest, it might still be considered as one of the faint hopes in the Chinese situation.

To this letter the general replied, under date of June 24, 1947, as follows:

Thank you for your kind letter of June 12, 1947, in regard to the problem of assistance to China.

The suggestions you make in regard to the demarcation of certain areas in China where we could concentrate American assistance for purposes of reconstruction are very pertinent ones. The Department has had under consideration a program such as that outlined in your letter, but has found itself confronted with some very obvious difficulties, including those mentioned in your letter, which would be involved in carrying out a program of assistance of this kind.

Regardless of such difficulties, some of which are common to any program for assistance to China, your ideas on this subject merit the continuing attention and consideration of the Department. You may be assured that in our attempt to find some means of assisting China, they will not be overlooked.

In retrospect, this suggestion still seems to me the only one which could have been followed with any hope of success in arresting the Red conquest of China. Without doubt, it died for two reasons: First, the administration then in power was still obsessed with the notion that Mao Tse-tung was primarily an agrarian reformer, rather than a Communist; and, second, the scandalous graft in the Nationalist forces gave the administration a reasonable excuse for not pursuing the matter further. Presumably the same considerations led to the sabotaging of the congressional endeavor to support the Nationalist side, although there was no excuse for using the indirect means which were employed, instead of coming out honestly with the real reasons.

This is a part of the background of the present situation which we must keep in mind if we are to act wisely. Another part of the background is to be

found in the tragic consequences of our policies in the Korean war.

The tragic decision came at the time when General Van Fleet's armed forces, on his own testimony, had the Communists fleeing north, disorganized and in confusion, with their ammunition spent. The decision that he should not be permitted to pursue a vanquished enemy at least to the narrow neck of Korea was a decision which we took under strong pressure from our allies and in consequence of the blind stubbornness of our own statesmen. Korea, our country, and the world have suffered ever since from that tragic error.

The results have been that the Chinese Communists are clear in their own minds that no military threat of ours will be carried through to a conclusion. Once we have folded up with victory in our hands, they are sure we will always fold up.

The next point is that we have probably lost the respect of Asia as a whole. We have no ambitions to be a great power in the old sense, but we have given the Asians no substitute term by which to define our moral and material influence.

These losses have been compounded by recent unfortunate statements that we have not been able to back up by deeds. The promise, for example, that we would pick out the battleground with the forces of communism and engage in the contest when and where we pleased has not been borne out by the facts of current history. And again the threat of massive retaliation proves to be meaningless in the jungle fighting actions in which the Communist armies by preference engage. It retains a meaning only as massive retaliation for an atomic attack.

We threw away a military victory in favor of a military stalemate which cost us many more thousands of lives and many more billions of expense than we would have suffered had we chosen to win. But there was still a chance that a moral victory might have been achieved. This possibility I mentioned more than once on the Senate floor, but I refer particularly to my remarks of March 6, 1953, in the CONGRESSIONAL RECORD, volume 99, part 2, page 1675, and May 20, 1953, part 4, page 5187. An endeavor to sell the idea of a moral victory was made throughout the previous administration from top to bottom of the policymaking officials involved. It appeared to be acceptable in the lower ranges of policymakers, but met with refusal at the top, where the statement was made over and over again that the Soviet Government and its allies respect only military force; and this statement was made in spite of the fact that military force was not allowed to have its proper effect. A moral victory was something unappreciated and unconsidered.

There had been great hope that the present administration might see this thing in a clearer light. And much more progress was made than with the previous administration. Setting as our goal a diplomatic settlement of the Korean matter which was right for the people concerned—the people of North Korea, the people of South Korea, the people of Red China—would have an effective appeal. A suggested neutral zone along the Yalu River whose neutrality was to be administered by an all-Asian commission also had the appeal of establishing a policy of Asia for the Asians, in which the Asiatic nations would have had to take on the responsibilities of such a policy as well as enjoy the advantages.

In the complicated machinery of determining national policy in this administration, this proposal disappeared. We are now in the position of not actively supporting a policy of Asia for the Asians. Lacking this support in Asiatic public opinion, we have been maneuvered by French shortsightedness into a position where, on the face of it, we are the supporters of the few remaining rags and tatters of Western colonialism in the Eastern World. All of this follows from the earlier mistakes. Are we to make more of them?

So far this talk has been principally one of complaint as to the present and a mourning over what might have been in the past. What we do have to face, however, is the question of what we shall do now.

So far, at least, as our relations with the Soviet Government are concerned, it is clear to me as to what we should do now. We should go on the offensive to win the hearts and minds of the Russian people on the question of disarmament. I am not going to go over this matter again, because I have already adequately expressed myself in a speech on the Senate floor on July 8, 1953, CONGRESSIONAL RECORD, volume 99, part 7, page 8199. Here is an opportunity to enter the conflict on our own initiative, at times and places of our own choosing. Until now we have failed to carry out our announced intention. Let us not fail at this point.

There is one very important thing that we can do with regard to diminishing the increasing influence of Communist Chinese among the millions of Chinese scattered through southern Asia and the islands of the Pacific. They are now sending their children by the tens of thousands to Red China to be educated. There is no greater menace to the future of Asia than this. These children have no other place to go, except at vast expense and through the difficulties of passport and visa troubles.

In past generations they would have had other places to go. American friendship for the people of China led to the establishment of many institutions, both of middle and higher learning, supported by funds from Europe and America. The need was great then. It is far greater now. Private philanthropy must reenter this field. Here is a field in which people can help people. Institutions of higher learning for Chinese might well be set up in Japan, for example, in Singapore and in Djakarta, so that with a minimum of personal expenditure these bright young people could be trained to serve the interests of the many, instead of serving as tools for totalitarian tyranny.

Finally, let me make a suggestion which perhaps may not appeal at first thought to many of my fellow Senators who believe, as I do, that Red China must not be admitted to the United Nations. As was said at the beginning, this is a purely negative policy. Let us put something positive into it.

Let us not use weasel words such as "she must not be admitted at the present time" or "until she has shown a willingness to abide by decisions of the United Nations." Let us make it specific and positive. Let us say that when Communist China tears away its curtain and resumes intercourse with the Western World, as freely as the nations of the Western World now allow their people to intervisit, intertrade, and intercommunicate, then we should be willing to reconsider our objections. Such a China will not be the Communist China of today.

There should, indeed, be two great principles which our Nation must uphold in the Assembly and in the Security Council of the United Nations. One of them is guaranteed universal disarmament, which must become a hard-fought crusade instead of being referred to stagnant committees. The second is that curtains—iron, bamboo, and others—must be vigorously attacked and their destruction made a primary objective based on our experience with nations which hide behind them.

Let us be positive instead of negative.

Military action has proved its necessity defensively, to gain time. It has solved no problems. The solution lies in moral action, in the appeal to the hearts of men.

Destroying curtains, establishing free education and disarmament are moral purposes and can bring to their support the spiritual forces of the universe.

Let us ally ourselves with these forces. Let us not allow the sword of the spirit to rust in its scabbard. Let us sharpen it and wield it with faith and with might.

PROPOSED ATOMIC ENERGY COMMISSION POWER CONTRACT

Mr. FULBRIGHT obtained the floor.

Mr. SMATHERS. Mr. President, will the Senator from Arkansas yield so that I may suggest the absence of a quorum, with the understanding that he will not lose the floor?

Mr. FULBRIGHT. I yield for that purpose.

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, during recent weeks there has been much sound and fury with respect to a proposed contract to be entered into by the Atomic Energy Commission for 600,000 kilowatts of electric power. Many statements being made are not based on fact, and it is time for the other side of this issue to be presented in an objective manner to the Senate. The proposed

contract would, of course, result in an expenditure of substantial sums of money in my State—a most welcome development—but actually the proposal recommended by the President of the United States is justified in the national interest.

Mr. President, if I may digress for a moment, on the front page of this morning's Washington Post there appears an article entitled "Democrats Planning TVA Battle." The article, written by Sam Zagoria, begins with this paragraph:

> Senate Democrats yesterday laid out legislative strategy to be used next week in an attempt to scuttle an Eisenhower administration plan to bring private power into the Tennessee Valley Authority area.

Mr. President, I should like to suggest that the sentence should refer to "some" Senate Democrats, because by no means are all Democrats planning any such a strategy or supporting any such movement. While I do not speak for the Democratic Party, I am quite sure that whoever gave that interview, if it was an interview, or whoever gave that information to the reporter, was not speaking for anywhere near all the Democratic Members of the Senate.

I see no reason why this should be made a party matter. I think it will not be made a party matter. I hope it will not be considered a party matter by the Democratic Members of the Senate. I think it is a matter involving high policy in both the economic and fiscal areas of government.

As Senators from the Tennessee Valley know, I am not motivated by any desire to destroy the TVA either piecemeal or by one fell swoop. I have supported TVA in the past and I have supported the SPA in my own area.

That is the Southwestern Power Administration, which operates in my State and in the Southwestern area.

I have tried to approach these question from a realistic viewpoint, and have done what I could to promote both public and private power development in this great area. I am quite willing for this proposal to be judged on that same basis. In fact, my concept of the TVA is very similar to that expressed by the junior Senator from Mississippi [Mr. STENNIS] when he said:

> TVA is a national yardstick for electric power rates and as such has served a great purpose to the Nation as a whole, and to the private power companies. It has helped put electricity within the reach of the masses of the people and at the same time has created mass customers for the private power companies and the appliance manufacturers.

This statement of the Senator from Mississippi is a proper description of the role performed by TVA. Let us, therefore, proceed to analyze this proposed contract in the light of the TVA yardstick.

The issue at hand has been greatly distorted and exaggerated by TVA advocates who are needlessly concerned, I believe, over the future of the Authority. TVA is not a weak reed to be broken by a waft of power blowing across the Mississippi River toward Memphis. The fact is that TVA has been buying power from across the Mississippi for several years—450 million kilowatt-hours in 1953. Practically all of this power was delivered to the Memphis area from the same sources who are sponsoring the proposed contract with the Government.

As to the background of this proposal, the Atomic Energy Commission had contracted for nearly 2 million kilowatts of electric power in the Paducah, Ky., area. It has insisted that all of its power contracts provide a means of cancellation in the event power requirements should decrease or be eliminated. AEC has been conscious of the advantages of having diverse power sources. To me that makes commonsense. The proposed power contract provides a means for permitting the Government to rid itself of a substantial liability for excess power in the Paducah area if at any time it becomes desirable to cancel a portion or all of the AEC power contract. In addition, a remedy was found for TVA's widely publicized crying need for more electric power for the city of Memphis. Furthermore, having this plant in Arkansas is an asset to national defense. I am told by competent engineers that having the additional heavy transmission lines crossing the Mississippi River results in more tying together of the great power resources of TVA and those of the private power companies operating in the Southwest.

We have heard much criticism about having the Atomic Energy Commission enter into a contract for power generated at Memphis, Tenn., because it was some distance removed from Paducah. Such criticism is without foundation. The delivery of power by replacement is neither a new nor novel idea. It is the practice employed by TVA since it began adding capacity to its system to serve AEC beginning in 1949.

TVA has continuously coupled its demands for new steam electric stations with the plea that such additional power was needed by the Atomic Energy Commission for national defense. Did TVA consistently locate its plants immediately adjacent to the required AEC loads? The answer is definitely "No." The lines did not go directly into the Atomic Energy Commission plant at all.

The first major expansion of AEC facilities was authorized in 1949. To supply power to these new facilities, TVA sought and received authority to build the Widows Creek generating plant and unit 4 of the Johnsonville steam plant. AEC needed the additional power at Oak Ridge. Johnsonville is 200 miles away from Oak Ridge, Widows Creek 100 miles. The Johnsonville plant is farther away from Paducah than is the proposed plant.

When TVA was requested late in 1952 to supply additional power requirements at Oak Ridge and Paducah and when TVA received appropriations to build steam stations to supply these requirements, 2 units were requested for Kingston, 2 units for John Sevier, and 2 for Gallatin. The Kingston plant is located near Oak Ridge, but the John Sevier plant is 70 miles away and Gallatin 150 miles away.

The Shawnee plant authorized to supply power at Paducah initially was to be a 4-unit plant, then 2 more units were added—not for AEC but for normal load growth—and then 4 additional units were requested on the basis of AEC's last request for power. However, in justifying additional capacity for the Paducah requirement, TVA requested funds for the last 4 units at Shawnee and also part of 2 units at Gallatin. Gallatin is 130 miles from Paducah.

It is apparent that TVA has long applied the theory of serving power loads by displacement—the same theory that their stanch advocates now denounce because it does not serve the purpose of adding further to the TVA empire. Electric power, like water, flows over the path of least resistance. A large power pool is somewhat like a large lake—one may put water, or power, in at one point and take a like amount out at another point. That is exactly what is happening here. The only difference between the proposed replacement of 600,000 kilowatts for the Paducah load and previous increases to the TVA system to supply AEC requirements is this: In the past, TVA made the decisions as to where it would locate its plants. In this case it has been decided, with competent technical advice, that additional power could advantageously be obtained through a contract between the AEC and private utilities from a new plant to be located in the Memphis area, the same area previously selected for such purpose by TVA itself.

Many confusing and misleading statements have been made indicating substantial additional costs under the proposed contract. Figures prepared by the Bureau of the Budget with the assistance of the Federal Power Commission give quite a different answer. These are the facts.

The Atomic Energy Commission has contracted with TVA for electric power. The contract is a document which lends itself to ready analysis—there can be no dispute on what the cost of power to the AEC will be, save for the effect of escalation provided for in the contract. The TVA does not charge its sister agency, the Atomic Energy Commission, the actual costs of producing that power. It charges a contract rate which will increase as national indexes of costs increase.

A proper appraisal of the proposed contract is simply a comparison of the cost of 600,000 kilowatts to be purchased from the private power companies versus the contract price in the existing TVA-AEC arrangement. I am sure that it will surprise many people to learn that the difference in cost is almost negligible. Based on fuel priced at 19 cents per million British thermal units, it is only $282,000 a year, exclusive of Federal income taxes which, obviously, should be ignored in this comparison. This very nominal difference in the bill of the power companies is even more impressive when it is considered that they must pay some $1,499,000 in State and local taxes.

Much has been made of the fact that the AEC is to pay, through this proposed contract, the Federal income taxes arising from the sale of power.

TVA, by law, is not required to pay any taxes on sales of power to AEC. However, if they should be required to do so, the following excerpt from article 5 of the AEC-TVA Paducah contract would govern:

> In the event that Authority is required by any law enacted after January 1, 1953, to pay any amounts for or in lieu of taxes which it would not have been required to pay except for the supply of power hereunder, including without limitation any payments resulting from Authority's ownership or operation of steam electric generating and other facilities required for such supply of power, Commission will reimburse Authority for such payments. Authority will confer with Commission before making any payment for which it would be entitled to such reimbursement in whole or in part.

That is in the existing contract.

Mr. HILL. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HILL. The Senator from Arkansas realizes, of course, that today the Atomic Energy Commission does not pay the TVA anything for taxes, does he not?

Mr. FULBRIGHT. I have just made it clear that that provision is in the contract; and if the TVA is required to pay taxes, then the AEC will have to pay.

Mr. HILL. Of course, that is only a precautionary clause. The TVA has been supplying the AEC with power for some 14 or 15 years, and the AEC has never paid the TVA $1 for any taxes whatsoever. Other purchasers of power would have to pay taxes equivalent to what the TVA pays, but not the Federal Government. Whether it be the Atomic Energy Commission or the Air Force, for its Air Force base—all Government agencies are exempt from paying any taxes whatsoever.

I do not see how Arkansas really would get much benefit from this plant, even if it be admitted that the contract is a good one, except the payment of $1,500,000 each year for taxes, because not one kilowatt of the power is supposed to go into Arkansas. The Senator knows that a steam plant uses very little manpower; and so far as the machinery and equipment of the plant are concerned, they would not be manufactured in Arkansas; they would be built outside the State.

Mr. FULBRIGHT. I realize that the amounts which would accrue to Arkansas, contrasted with the enormous amounts which have been put into the TVA, look very small; but, as a matter of fact, there will be about $7 million a year, for 3 years, spent in construction. It is estimated also that there will be a payroll of $1 million a year, and that $1,500,000 will be paid in taxes.

To my State, that is a very substantial amount, although I am not basing my argument solely upon the benefits to Arkansas. I think the contract is a good one in itself, for the reasons which I hope the Senator will listen to, and will consider seriously.

Mr. HILL. I may say to my distinguished friend from Arkansas that the $1,500,000 which the contract would require the Atomic Energy Commission to pay to Arkansas does not seem like a small amount to me. I think it is one of the most outrageous things about the contract. The Atomic Energy Commission is the most delicate and vital agency connected with the defense of our country; yet it is directed to enter into a contract under which it will have to pay taxes, for which there is no precedent, so far as I know.

Mr. FULBRIGHT. Private suppliers to the Government pay taxes.

Mr. HILL. Oh, but the Senator knows that the Government of the United States, and particularly in its defense installations, does not pay taxes. Why should it pay taxes? The atomic facilities are constructed for the defense of the people of Arkansas as well as for the defense of all the other people of the United States. Shall we now establish a precedent whereby a Government agency, the Atomic Energy Commission, will have to——

Mr. FULBRIGHT. Just a moment; I have the floor. I wish to respond to the Senator.

I said that those who supply materials of all kinds to the Government pay taxes. It so happens that the school system of my State is dependent upon taxes, and that other facilities of the State need taxes with which to operate.

It also will be quite apparent as I develop the subject, I hope to the satisfaction of the Senator from Alabama, that what has been happening has been that the TVA has been siphoning out of AEC quite substantial sums of money, in many cases at a higher rate than is taken out of local citizens, enabling the TVA thereby to subsidize local citizens in a very satisfactory manner.

I should like to have the comments of the Senator from Alabama on some of the facts and comparative figures I shall use in a moment. The matter of taxation is not quite so simple as the Senator from Alabama would have us believe. There are more ways of getting money than by taxation, and of spreading it in the places where it is most appreciated, I may say. So I hope the Senator from Alabama will bear with me while I state some figures. If they are wrong, I should like to have the error pointed out.

Much confusion has been brought into the picture by various statements that the added cost to the Government would be from $3,500,000 to $5,500,000 annually. Those figures have been bandied about by speakers in both Houses of Congress and have also appeared in the press.

The figures represent an estimate—purely an estimate—of the difference between what TVA claims to be their net barebone expense of operating a powerplant versus a guaranteed cost backed up by the credit of the private power companies. If there is any substance in these larger figures, it must be that the TVA is charging its sister agency, the Atomic Energy Commission, a substantial profit on the power it now sells at Paducah.

To me, this is one of the key questions. The comparisons I am making, and to which I have referred, are between the existing contracts. There is no funny business about it. It is the price provided by existing contracts between the AEC and the TVA. It is a comparison of that rate and those conditions with the proposal of the private companies, not a comparison between an estimate taken out of thin air by the TVA and compared with the proposal by the private companies. That is a difference which has never been pointed out in the press. The legitimate proper comparison is with the existing contracts—the price the AEC now pays for the same kind of kilowatts. There is no difference in the kilowatts; they do the same thing in the same way in the steam plants. The proper legitimate comparison is between the price which is now being paid, based on 600,000 kilowatts, and the price contained in the proposal. That is the legitimate way for private persons to try to compete with or to do business with the Government. It is not some cooked-up proposal, which may or may not materialize; it is not a barebone proposal, as I have previously suggested.

I do not know—no one knows—how an activity so large as the TVA keeps its books. We do not know how much they allocate for depreciation or to the payments in lieu of taxes. They have a tremendous discretion as to how they shall keep their books. I do not mean to imply that there is anything wrong or anything dishonest, but all of us know that in any company there is great discretion as to how depreciation is taken, whether it be fast or slow. It is a quite legitimate bookkeeping procedure. But that question is eliminated when existing rates are considered. That is what I want to emphasize. I am comparing existing rates—rates which the AEC is now paying to the TVA—with the proposal made by private companies.

I say that if there is anything at all to the estimate made by the TVA, then TVA is certainly overcharging AEC. It is overcharging, in an unconscionable way, and in a way which no friendly agency should ever overcharge another friendly agency. It appears to me that if one accepts the proposal, or anywhere near the proposal, made by the TVA estimate, one must conclude that what the TVA has been doing is billing the AEC high charges and giving the benefit of the profits therefrom to the city of Memphis and other purchasers in the local area. I see no other explanation for it, and I call attention to the facts. The figures are not mine.

Mr. SPARKMAN. Madam President, will the Senator yield?

The PRESIDING OFFICER (Mrs. BOWRING in the chair). Does the Senator from Arkansas yield to the Senator from Alabama?

Mr. FULBRIGHT. I yield.

Mr. SPARKMAN. The Senator has just stated that apparently the TVA was overcharging the Atomic Energy Commission and passing the benefits on to municipalities which had contracted with the TVA for power. As a matter of fact, I am sure that when the TVA makes a contract with a municipality, it makes it for a long period of years. For example, the contract with Memphis was made nearly 20 years ago. The contract will expire in another year or so. So far as I understand, there has been no modification of the contract with Memphis or with any other municipality since it was originally made, so I do not see how it is possible for TVA to pass on the benefits accruing as a result of undue profits

which it has been making from contracts with the Atomic Energy Commission. If the Senator from Arkansas intends that the charge which he has made shall stand, I certainly hope he will give us the facts on which he has based his statement.

Mr. FULBRIGHT. I was on the verge of giving the facts. I was leading up to that. I made my statement not as a charge. I said that if the statement which has been made by the Senator from Alabama that the private power contract would cost the Government $5½ million more a year than the TVA estimate is accurate, that is, if TVA can undersell the private power companies by $5½ million, then certainly the TVA is overcharging under the existing contract.

I make that statement to point up the significance of the figures I am about to put into the RECORD.

Mr. SPARKMAN. Will the Senator yield for another question?

Mr. FULBRIGHT. I yield.

Mr. SPARKMAN. The able Senator has just used the figure $5½ million. I believe that is the estimate which the TVA made as to what the loss would be.

Mr. FULBRIGHT. Yes.

Mr. SPARKMAN. Is it not true that the representatives of the Atomic Energy Commission said that the loss would be $3,600,000 a year, or a figure similar to that?

Mr. FULBRIGHT. I am coming to the figures. I question the last statement made by the Senator from Alabama. I do not think the Atomic Energy Commission would put it in quite the terms stated by the Senator from Alabama. That amount has been used by the press, but I shall presently deal with those figures.

I point out again that the extravagant claims are based on the TVA estimate. The true comparison, I repeat, rests in the difference between the cost to the AEC for 600,000 kilowatts under their existing contract with TVA versus a proposal of the private power companies for an equivalent amount of power delivered where most needed; and that difference is $282,000 a year, which is more than offset by payment of State and local taxes of $1,499,000. I wish to emphasize that the $282,000 difference is after paying the full taxes in the State of Arkansas.

There are other advantages in the proposed contract. The private power companies are taking a substantial risk, for the Government can serve notice of cancellation at any time, to be effective 3 years thereafter. In other words, if the AEC finds that it does not need power in these amounts, or if a more economical source of power becomes available, it can cancel its contract on favorable terms, and the private power companies will have the burden of taking over the expense of paying for and operating this large plant. They are the ones that must find a market for the power. On the other hand, if this plant continues to be useful in the AEC's program, it can use it for the entire 25 years of the contract, and have an absolute call on the facilities for 2 additional 5-year periods.

The Atomic Energy Commission has, I believe, driven a sound bargain in its negotiations with these companies because, in addition to the privilege of cancellation, it has also protected itself in the event actual construction costs should exceed estimates. The contract for power is keyed to construction costs of $107,250,000, an amount found by the Federal Power Commission representative to be in line with existing costs. If construction costs should soar, the maximum exposure of the Government is limited to $285,000 per annum. On the other hand, if construction costs should be less than the estimate, the Government will share 50–50 in all such savings without limit. Thus, the sponsors have a real risk under the proposal offered, and a compelling reason to keep capital costs below the estimated cost of $107,250,000. The Government, on the other hand, stands almost no risk, and has a very real prospect of participating in savings.

Madam President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a table which I have prepared, so that the figures may be contained in the RECORD, and I merely wish to discuss the figures for a moment with the Senator from Alabama.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Comparison of annual cost of power supply from Dixon-Yates proposal versus cost to AEC of power from TVA at Paducah, using 600,000 kilowatts capacity, 5.2 billion kilowatt-hours per year or 98-percent load factor, and 19 cents per million B. t. u. fuel cost

	TVA, present Paducah contract	Dixon-Yates, revised proposal Apr. 10, 1954
1. Power bill before taxes:		
Capacity	$8,208,000	$8,775,000
Energy	11,648,000	9,688,000
Total	19,856,000	18,463,000
2. Add for TVA transmission to point of delivery		177,000
3. Add State and local taxes		1,499,000
4. Total before Federal income taxes	19,856,000	[1] 20,139,000
5. Amount Dixon-Yates proposal including State and local taxes exceeds TVA rate		282,000

[1] Amounts to be paid by AEC to Dixon-Yates for Federal income taxes are not included as the same amounts would be paid to the Government for Federal income taxes.

Mr. FULBRIGHT. Madam President, under the present Paducah contract, which is the existing contract with the TVA, using 600,000 kilowatts capacity and 5.2 billion kilowatt-hours a year, or a 98-percent load factor, at 19 cents a million B. t. u. fuel cost, I will state the way the figures work out. I may say that the figures were prepared by the Bureau of the Budget.

The capacity charge of the TVA under the present contract is $8,208,000, and the energy charge is $11,648,000, making a total of $19,856,000. That is what the TVA now charges.

I shall now state the proposal by the private companies, the Dixon-Yates proposal, for a similar amount of power, under similar conditions, with a similar place for power. I shall not read the subtotals, unless the Senator from Alabama desires to have me do so, but the total of the energy, plus the standby charge, is $18,463,000. That is a substantially lesser charge when compared to the charge of $19,856,000.

Then the charge of $177,000 for the TVA transmission to point of delivery should be added. Then State and local taxes should be added, amounting to $1,499,000. Those all bring the total to $20,139,000.

That represents a difference of $282,000. The private companies' figures are that much higher.

The comparison made is with the existing rates in effect. The figures the Senator was referring to were based on a rate estimated by TVA.

The point I make, and I do not see how the Senator from Alabama can get away from it, is that the TVA is making an estimate of a much lower rate than it is presently charging the AEC. How does the Senator justify that?

It seems to me that the only legitimate comparison is with the rate being presently charged under an existing contract. When the TVA comes forward at this late date and says, "Oh, we can do it $3,500,000 or $5,500,000 cheaper," it seems to me there is something questionable about such a procedure.

When the private company is asked by the Atomic Energy Commission to make a proposal, and when it makes a proposal in trying to approach the existing rate, it seems to me that is the proper way to proceed.

So I say that these circumstances lead me to believe that the Atomic Energy Commission is presently being overcharged. I believe there are several reasons why the Atomic Energy Commission should cast about for a new source of electric power, and it seems to me that possibly, and probably, one of the reasons is a feeling that it was being overcharged.

Now let me refer to the figures regarding Memphis, that I mentioned a moment ago. These figures are for the sale of power to Memphis, Tenn., by the Tennessee Valley Authority, for the fiscal year 1953. The TVA sells power to Memphis at an average monthly demand rate of 249,054 kilowatts. The annual sale of power amounted to 1,459,861,220 kilowatt-hours.

Madam President, I ask unanimous consent to have printed at this point in the RECORD the table to which I now refer. These figures are very complex, and I wish to have them available for study by other Senators who are interested in this subject.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Sale of power to Memphis, Tenn., by TVA, fiscal year 1953

1. TVA sales to Memphis:	
Average monthly demand (kilowatts)	249,054
Kilowatt-hours sold [1]	1,459,861,220
Revenue [1]	$5,663,005
Average per kilowatt-hour [1] (mills)	3.88

[1] Distributors of TVA Power 1954 Annual Report.

Sale of power to Memphis, Tenn., by TVA, fiscal year 1953—Continued

2. TVA contract rate to AEC (contract dated Mar. 26, 1953):	
Capacity charge: per kilowatt-month ($13.20 per kilowatt-year)	$1.10
Energy charge[2] (mills per kilowatt-hour)	2
3. What Memphis would have paid TVA under TVA-AEC contract rate:	
249,054 kilowatts at $13.20	$3,287,513
1,459,861,220 kilowatt-hours at 2 mills	$2,919,722
Total	$6,207,235
Average per kilowatt-hour (mills)	4.25
4. TVA-AEC contract rate over TVA Memphis charge:	
Amount	$544,230
Percent	9.6

[2] Based on fuel at 17.5 cents per million B. t. u.

Mr. FULBRIGHT. Madam President, the sale price was $5,663,005. It works out at an average kilowatt hourly rate of 3.88 mills. These figures are taken from Distributors of TVA Power 1953 Annual Report.

Under the contract with the Atomic Energy Commission, under date of March 26, 1953, the capacity charge has been $1.10 per kilowatt-month, or $13.20 per kilowatt-year. The energy charge was 2 mills per kilowatt-hour. The following is what Memphis would have paid the TVA under the TVA Atomic Energy Commission contract rate—in other words, when applying to the electricity that Memphis actually used, the rate the TVA is charging the Atomic Energy Commission: a total charge of $6,207,235, as compared with last year's figure of $5,663,005, or an overcharge of $544,230. The percentage overcharge is 9.6. The average charge per kilowatt-hour would have been 4.25 mills, as compared to a charge of 3.88 mills for the 1953 TVA sales to Memphis. The difference between these figures is hard for me to explain.

Mr. SPARKMAN. Madam President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. SPARKMAN. Certainly the Senator from Arkansas must understand that an accurate comparison cannot be made between the power supplied to the Atomic Energy Commission, which in large part is for industrial purposes, and perhaps is supplied on a 24-hour basis, and the power which is sold to a city, a great part of which is used for the ordinary lighting of homes and for various commercial uses, and so forth. In other words, for city use, certainly different types of power are mixed together, whereas the chances are that most of the power supplied to the Atomic Energy Commission is supplied on an industrial basis, and I assume it must be firm power, perhap on a basis of 24 hours a day.

So I think the Senator from Arkansas would have to go much further than he has gone in order to show an accurate comparison. In fact, I doubt that a true comparison could be shown, as between two different types of power served.

Mr. FULBRIGHT. Of course I would not undertake, even if I could—and I cannot—to go into the technicalities the Senator from Alabama has raised. But there are certain facts we do know about the relationship. For example, we know that the AEC obtains funds from Congress very easily. In fact, Congress rushes virtually to cover the AEC with money, because we are so afraid of Russia, and we have become so hysterial about the possibility of being wiped out; and because of a lack of other policy, we build atomic bombs. At any rate, for various reasons we have almost overwhelmed the Atomic Energy Commission with money.

Thus, in the face of that situation, there is a great temptation to the TVA, which has had great difficulty in obtaining funds. I remind the Senator from Alabama that I have always supported the TVA; yet our efforts to obtain funds for it have invariably involved considerable struggle and controversy. So I think the TVA would be under some temptation to let the Atomic Energy Commission pay a little higher rate, for, after all, the AEC has a great deal of money.

When the TVA is charging the AEC the rate I have just stated, and when a counterproposal is submitted by a private company, and then when the TVA suddenly finds it can undercut that proposal probably by $5,500,000, I must say it is a circumstance that I find hard to explain; and I do not think the Senator from Alabama has yet explained it to my satisfaction.

Mr. SPARKMAN. I am not certain that the sequence of events as related by the Senator from Arkansas is correct—in other words, that the TVA rushed in and tried to meet a bid which had been made to the Atomic Energy Commission.

Mr. FULBRIGHT. In what way was I in error?

Mr. SPARKMAN. I said I was not certain that the Senator from Arkansas had the proper sequence—in other words, that the TVA rushed in, after the other proposal had been made, and tried to compete with it.

But a few minutes ago the Senator from Arkansas said the Atomic Energy Commission was trying to find other sources of power, and he thought perhaps one reason was the high charge being made to it. As a matter of fact, is it not true that the representatives of the Atomic Energy Commission have testified before the committees of Congress that they did not deem the proposed contract to be in the national interest?

Mr. FULBRIGHT. All I can say, Madam President, is that the Chairman of the Atomic Energy Commission personally told me that they were casting about, in the latter part of last year, for other sources of supply of electric energy. That is not hearsay on my part.

Mr. SPARKMAN. Of course, so long as Congress refused to appropriate money to allow the TVA to expand its generating capacity, it had to be looking for other sources of power. But despite all that, is it not true that a majority of the members of the Atomic Energy Commission, according to their testimony before congressional committees, were opposed to the contract, and stated that they did not deem that it was in the public interest?

Mr. FULBRIGHT. No; I do not understand their testimony to be subject to that interpretation. The furthest I would go would be to say that I think 2 or 3 of the members felt perhaps they were getting beyond their proper jurisdiction, let us say. There is no question that they have the legal authority. I think perhaps they felt they should not concern themselves with making electric-power contracts.

Mr. SPARKMAN. For power not for their own use.

Mr. FULBRIGHT. However, I do not think what they said can properly be interpreted as a statement that it was not in the public interest. I do not think they said that at all.

Mr. HICKENLOOPER. Madam President, will the Senator from Arkansas yield for a question?

Mr. FULBRIGHT. Madam President, I shall be glad to yield in a moment.

First, in regard to the inference left by the Senator from Alabama—namely, that perhaps Congress has been niggardly with the TVA—I shall ask unanimous consent to have printed in the RECORD some figures which have been calculated to show how ungenerous we have been with the TVA. As a matter of fact, it is very clear that we have been extremely generous with the TVA, and I am glad it has profited as a result. The total appropriations by Congress for the TVA amount to $1,596,734,581. So I would say Congress has not been too mean to the TVA.

I ask unanimous consent that the table to which I have referred be printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Tennessee Valley Authority, fiscal year 1953

1. Fixed assets, June 30, 1954:	
(a) Total (less reserves for depreciation)	$1,359,618,270
(b) Portion applicable to power:	
Completed powerplant (less reserves for depreciation)	803,481,086
Construction and investigations in progress	205,684,170
Total	1,009,165,256
2. Appropriations by the Congress, June 30, 1954	1,596,734,581
3. Estimates of cost to complete major dam and power projects under construction or authorized: Estimate from TVA 1953 annual report	694,000,000

Mr. FULBRIGHT. On July 7 Representative PHILLIPS made this statement on the floor of the House of Representatives:

We appropriated $377,438,000 to the TVA for next year, and we will get back $50 mil-

lion. We appropriated $214,526,000 for the year just ended, and we got back $20 million. We appropriated $209,046,402 for 1953 and we got back $15 million.

I think there has been fairly generous treatment of TVA. We have not been niggardly with it. I am not advocating that we cut it off, either. It is a question of proper balance.

I now yield to the Senator from Iowa.

Mr. HICKENLOOPER. I thank the Senator from Arkansas. I have been very much interested in the figures which the Senator has developed as to the cost per kilowatt-hour for electricity furnished in the Memphis area by the TVA, which I have noted as 3.88 mills.

Mr. FULBRIGHT. That is what the TVA actually gets now.

Mr. HICKENLOOPER. As compared with a charge of 4.25 mills to the Atomic Energy Commission, based upon the figures which the Senator has placed in the RECORD.

Mr. FULBRIGHT. That is correct.

Mr. HICKENLOOPER. I should like to ask the Senator a question. I think there is another factor which enters into the cost differential, which does not appear from the bare figures which are used for the calculation.

As the Senator pointed out a moment ago, the Memphis area is a residential area. There are many thousands of residences, thousands of meters, and thousands of miles of electric line which must be maintained, as I understand, by the electric company. There are hundreds of small factories individually served, whereas in the Paducah area, for the AEC use, the general rule is that the power is pushed in through a tremendous pipe. It then becomes the property of the AEC, and the AEC handles it from that point on.

In other words, it is dumped, as compared with being filtered into the Memphis area. Normally the cost of dumped electricity should be far less than the cost of electricity in an area where there are thousands of installations which must be maintained the cost of which must be included in calculating the cost per kilowatt-hour.

So I do not believe the figures which the Senator has given show the full amount of the overcharge which the Atomic Energy Commission is now paying to TVA, in comparison with what TVA is charging in an area of diversified industry, and in residential areas, which it must serve with countless employees and installations. I wonder if the Senator has taken into account the fact that it is far more costly to put electricity into a diversified community than it is to deliver such electricity in great quantities to a vast industrial plant, and allow the plant itself to take over the responsibility of distribution within the plant.

Mr. FULBRIGHT. Of course, what the Senator has said would confirm my argument. However, I believe the municipality accepts the power at the gateway to the city, and distributes it. I do not believe the TVA distributes it. Therefore, the actual delivery would be practically identical in both cases.

Mr. HICKENLOOPER. I asked the Senator that question because I did not know. If the TVA services the community——

Mr. FULBRIGHT. The power is turned over to the community's own distributing system, and the community or municipality handles it from that point on. However, there is something to the Senator's argument. The city is selling power to private consumers. It is uniformly true, I think, over the country that power delivered in small amounts is sold at a higher price than power delivered to a large user. The Senator is quite correct, I think, in that under normal circumstances, if the Atomic Energy Commission were not a Government installation, but a private installation, the rate would probably be cheaper than the rate charged the city, which, of course, is just the reverse of the fact.

Mr. HICKENLOOPER. Under the circumstances which the Senator has explained, my additional comparison of the ramified distribution system in a city would not necessarily be applicable.

Mr. FULBRIGHT. The cost would, of course, be absorbed by the city's own company. I do not know, but my guess is that the city probably makes some profit. The amount of profit is determined by the TVA. My guess is that the TVA is probably very generous to the local distributing system, because, after all, there is a reciprocal relationship. If one were to read the newspapers in Memphis these days and see all the letters indicating strong support for TVA, he would conclude that the people of Memphis deserve good rates. They deserve to be treated well. They have been treated very well by TVA for many years. I do not complain about that. I am only trying to examine into the factors involved, and see whether or not the proposed contract is against the public interest. I do not believe it is.

Mr. HILL. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HILL. The Senator has stated the proposition correctly. TVA is not what we might call a retail distributor.

Mr. FULBRIGHT. That is correct.

Mr. HILL. TVA generates and transmits power to some 150 municipalities and REA cooperatives. Those municipalities and REA cooperatives do the distributing, as was described by the Senator from Iowa. The TVA does not do the distributing.

Mr. FULBRIGHT. That is correct.

Mr. HILL. Earlier the Senator spoke about the appropriations for TVA. I am sure he knows that about half the TVA power today goes to the Atomic Energy Commission. I emphasize this, because of the amount of appropriations which went into investments for the power. A large amount of additional power goes to great national defense installations, such as the great Tullahoma Air Base installation, great ordnance installations, chemical plants, and other installations which are direct national defense installations. So, of course, a large part of those appropriations can be charged directly to providing power for the national defense. As I stated earlier, all such power is provided to the Government by TVA without 1 penny of cost for taxes.

Mr. FULBRIGHT. The Senator is quite correct. This is what might be called the reverse of what we sometimes call a vicious circle. This is an extremely happy circle. The TVA area has the TVA. Since it has the TVA, it attracts many additional plants. Two years ago I did everything in my power, as did many others in the State of Arkansas to get one little atomic plant in Arkansas. We had everything else except the TVA. However, that atomic energy plant went to the TVA area. In that area there are not only public installations, but private installations. It is true that the public installations pay no taxes, but is it not a happy circumstance that the TVA is able to sell power to the citizens of Memphis and to the 150 installations to which reference has been made, at a rate much lower than others pay? The most significant and amazing thing to me, after I went into the contract, was to learn that power sold in the Memphis area was sold at rates lower than the Federal Government was being charged. That is a circumstance which the Senator from Alabama has not yet explained to my satisfaction. I am waiting for the explanation.

Mr. HILL. When there has been opportunity to examine the Senator's figures there will be good reason to show that the TVA has not in any way charged the Atomic Energy Commission a higher rate. On the contrary, the very statement which the Senator from Arkansas has just made, to the effect that the atomic-energy plant went to the TVA area, when he tried so hard, powerful as he is, to get that plant for Arkansas, demonstrates the incorrectness of the Senator's premise with respect to the TVA in some way charging the Atomic Energy Commission too much. If there had been any such thing as that, with all the power and pull of the Senator from Arkansas, we know that the atomic-energy plant would have gone to Arkansas, instead of to the TVA area. So I believe the Senator, by his own illustration, has largely destroyed his own case.

Mr. FULBRIGHT. I will say to the Senator that in Arkansas we cannot even approach this overcharge which the TVA puts on the AEC, for various other reasons. However, we are making progress. I may say that if the plant comes to Arkansas, we will get a diffusion of this great largess which has been concentrated in such a restricted area in the Tennessee Valley. Since the Senator mentioned that over a billion and a half dollars have been poured in, I do not believe he should resent some small crumbs falling off the table and being available across the Mississippi River. I do not know why he should be so upset. It will not hurt TVA. As a result of it, not one man will lose his job in TVA. This is not a proposal to cut down the power. It is to provide an additional source of power in that whole area. I do not believe the Senator should take it so hard. I cannot understand why the TVA advocates are so distressed about this plant being located across the river. It amazes me that the Senator should be so disturbed about it.

Mr. HILL. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HILL. I may say to my distinguished friend—and he knows the high esteem and appreciation in which I hold him—that I would be delighted to see Arkansas have anything. I would be delighted to see any good come to Arkansas. However, so far as the contract is concerned, there are many things that make it an outrageous contract. By forcing the Atomic Energy Commission to be a broker for private power, it opens up a precedent of taxing the Federal Government, through a defense activity, to provide a windfall for the State of my friend from Arkansas and a good chance for a private-utility monopoly to drive into the TVA area in an effort to destroy the TVA yardstick.

Mr. FULBRIGHT. I should like to inquire whether the Senator from Alabama is opposed to a windfall on principle or only because it is going to the other fellow?

Mr. HILL. I am opposed as a matter of principle, particularly.

Mr. FULBRIGHT. On that point, the Senator's opposition as a matter of principle——

Mr. HILL. Particularly where the Federal Government is concerned and where the defense of the United States is concerned, it is outrageous to tax the defense of the United States to provide a windfall for Arkansas or any other State.

Mr. FULBRIGHT. I will ask the Senator, if this is a windfall, what does he consider the rate to the citizens of Memphis to be? That rate, from the same TVA, is substantially below the rate that is paid by the Federal Government. Is that not a windfall to the consumers of Memphis?

Mr. HILL. No, because I am confident——

Mr. FULBRIGHT. Is that just manna from heaven?

Mr. HILL. No. I say when the figures are properly analyzed it will be found that the Atomic Energy Commission has received a very fair and reasonable rate in terms of the other TVA rates, and that is the reason why the Atomic Energy plant was not located in Arkansas, but in the TVA area.

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. FULBRIGHT. I believe I asked permission before to have these figures go into the RECORD. I shall be very interested to hear what the Senator has to say about them, after he has had an opportunity to study them. I realize it is very difficult for him to challenge the figures, because I know they are accurate figures.

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. SPARKMAN. On that same point, I doubt seriously that the figures which the Senator from Arkansas will put in the RECORD will tell the story. They will not tell the story unless they are broken down as to quantities and types of power, because a city, with its diversity of use, can utilize a great deal of secondary or dump power, instead of requiring all of it to be firm power.

Mr. FULBRIGHT. I said all that in the beginning of my remarks. If the Senator would like to look at these pages I shall be glad to show them to him.

Mr. SPARKMAN. I doubt seriously that the figures themselves will be sufficient until the different types of power and the quantities of power are shown. When they are shown, I am just as confident as I can be that the Senator from Arkansas will find that there is no overcharge to the Atomic Energy Commission.

By the way, it should be remembered that TVA never asked for the privilege of serving the Atomic Energy Commission. Congress gave it that job, and TVA has been complying with the obligation Congress imposed upon it.

Mr. FULBRIGHT. Well, what of that? That is all right.

Mr. SPARKMAN. The Senator seems to have the impression that TVA went forth begging for the privilege of serving the Atomic Energy Commission.

Mr. FULBRIGHT. The TVA is certainly objecting to anyone else trying to do it.

Mr. SPARKMAN. The Senator from Arkansas has based most of his argument on TVA. I wish to emphasize what my colleague, the senior Senator from Alabama, said a few minutes ago. I hope the Senator from Arkansas appreciates this statement. As a matter of fact, the worst thing about this contract is that it is an order from the President of the United States to an independent agency of the Government to do something that Congress never intended it should be charged with doing when it created the agency. Not only is it an independent agency, but it is the most sensitive independent agency in the whole Government.

The Atomic Energy Commission is ordered to be a power broker for the purpose of buying power, not for the use of the Atomic Energy Commission, but for sale to the people of Memphis, with the extra charge passed on to TVA, and with the extra money, whatever it may be, paid by TVA.

Mr. FULBRIGHT. With all due deference, I must say there is nothing to that argument at all. I treated that point in my remarks before the Senator came into the Chamber. I referred to the 600,000 kilowatts being used in the Paducah area. In the Southwestern Power Administration we get it in reverse. The Southwestern Power Administration, which is a small Administration, but similar to TVA, has power to sell in Texas. It has a customer far off, where it has no lines. It sells power to that customer, and it feeds the amount contracted for into a private company's line in Texas. A similar amount is taken out at the other end by the customer, an REA cooperative. We call it wheeling, or displacement. There is nothing peculiar about it. I do not understand why the Senator should make so much of it. There was a good reason for not providing another 600,000 kilowatts there. Suppose it was necessary to cancel it. Suppose unforeseen circumstances made it unnecessary to provide this additional power to the AEC and it became necessary to cancel the contract. It would have created an intolerable situation in the Paducah area if that power-generating capacity were put up there. I covered all those points in my earlier remarks. There is nothing to that argument.

The simple problem is whether or not, from the point of view of the Government, it is a wise contract. In other words, does it give a source of supply, and is it within reason so far as its cost is concerned?

I will grant that if the figures which were used by some Senators from the TVA area, which indicated that there was an overcharge of $5½ million, that would be a very substantial amount, and would be improvident. However, if it is only $282,000, as I believe it is, on any fair comparison, then it is a justified contract, and the other advantages which are involved further justify it.

Mr. BUSH. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield to the Senator from Connecticut.

Mr. BUSH. The $282,000, as I believe the Senator has pointed out, relates to a cost of something like $22 million. Therefore it is in the vicinity of 1 percent.

Mr. FULBRIGHT. That is correct. It is a very small percentage.

Mr. BUSH. That is the justification for the Senator's statement that the difference in the matter of cost is negligible. Is that correct?

Mr. FULBRIGHT. That is correct.

Mr. BUSH. I may have to leave before the Senator finishes his able address. Therefore I wish to commend the Senator for his defense of the decision of the President and for his very clear analysis of the situation. It has been said by those who oppose the President's view in this matter that this is an attempt to scuttle the TVA. I should like to ask the Senator directly whether it is his feeling that that is the case?

Mr. FULBRIGHT. I say certainly it is not. I do not believe it will injure TVA. On the contrary, I think, we should have more balance in my section of the country and throughout the South. I would not vote to abolish TVA or to injure it. If we could get a better balance, I think the attempt on the part of some persons to injure TVA would be quieted. The amount involved has been very substantial. I think it is time that development should take place in other parts of the area, across the river. I cannot understand why the advocates of TVA take it so seriously. I do not believe it will hurt the TVA.

Mr. BUSH. I am glad to hear the Senator say that, and I certainly concur heartily in his statement.

Does the Senator believe the President's decision in this matter is directly in line with his general policy, that it is not the appropriate thing for the Federal Government to handle these business operations when local and private agencies are able and willing to do it? Is not that in line with the general philosophy?

Mr. FULBRIGHT. I do not believe I am competent to pass at this time upon the validity of the general principles of the President. That is a little too broad.

But in this specific instance I believe the bringing in of this additional source of power is justified on many grounds.

Mr. BUSH. The point I wish to make is that it seems to me it is directly in line with the policy of which I strongly approve. I think it is very much in line with some of the other things which are coming before us for a vote, and with some which have been before us recently. When the Coosa River project was before us the Senators from Alabama were loud in their praise of the bill which was to repeal an enactment of the Congress in order to get into operation a private development on the Coosa River. I helped them to get the bill through, and was very glad to do so. It is surprising to me to see that when we have before us a privately operated station on the other fringe of the TVA area, our friends are violently in opposition to it. I do not think their position is entirely consistent with the premises at all.

Madam President, I wish to say to the Senator from Arkansas that I am delighted to hear his address on this subject. I think it is proper and fitting that some Senator should rise and defend the President's policy in this connection, and I congratulate the Senator very much on his remarks.

Mr. FULBRIGHT. I thank the Senator from Connecticut very much for his contribution.

Mr. STENNIS. Madam President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. I yield. I am sorry the Senator from Mississippi was not here earlier. I quoted with approval from the Senator's speech.

Mr. STENNIS. I appreciate the Senator's compliment. It is a compliment to have my speech quoted with approval by the Senator. I do not think the Senator has ever been a member of the Atomic Energy Committee, but I think he would make a fine member of it.

Mr. FULBRIGHT. I should be glad to be a member of it.

Mr. STENNIS. In any event, does not the Senator know that there was not a single member of the Atomic Energy Commission who really wanted to become involved in the matter of negotiating a contract for power? Although it has never been denied that they said they would go along with the wish of the President. Does the Senator accept that as a fact?

Mr. FULBRIGHT. I should like to deny it right now. I personally talked with two members and discussed this matter with them. I do not agree with the Senator. I am not a member of the Atomic Energy Committee nor obviously of the Commission, and I am not as well acquainted with all the members of the Atomic Energy Commission as I might be, but two members of the Commission including the Chairman, I do know, and I have discussed it with them. They are in favor of the contract. In fact, they participated, I think, in originating the entire idea, on the ground of the need of additional sources of power and on the ground of not concentrating all of it in the area of Paducah.

Mr. STENNIS. I am not attempting to speak for the members of the Commission. I have not talked with them at all.

Mr. FULBRIGHT. I have talked with two of them.

Mr. STENNIS. There was a press report stating that 2 members opposed it and that 2 said they would go along with the President's wishes, and, since that time, they have said they were for the contract. I am using that as a preliminary remark to this question: Does the Senator think it is a sound policy of government for the Atomic Energy Commission, which is charged with great responsibility, on the very highest plane, with reference to the national security, in the very highest realm of national security, on an absolute nonpartisan, nonpolitical, and nonsectional basis, with the whole world looking to it for a decision, and having to consider cases such as the Oppenheimer case, for illustration, to be also dabbling in this highly controversial domestic question of public power and private power? Does not the Senator think the Commission should be kept entirely out of domestic controversy and squabbles of that kind?

Mr. FULBRIGHT. That is a long question. In the first place, I do not know how we can keep anything of such importance as atomic energy out of domestic controversy, any more than we can keep the Senate out of domestic controversy. Controversy is the very essence of any democratic system. The purchase of power is most important to the AEC. The purchase of uranium is likewise important and may involve greater expenditures. I cannot, however, imagine that the Commission would not be extremely interested in its power rates. The Commission should have more than one source of power, if that is possible. As I pointed out before the Senator entered the Chamber, there is evidence to indicate that they are being charged more than other people are being charged by the TVA within that area, for instance, in the city of Memphis.

I think it is good business to have more than one source of supply. I know that persons who manufacture do not like to be dependent upon a single source of supply. If the price is not out of line, I think there are many good reasons why they can bring into this picture a private source.

There is one other item which I suppose would not appeal to the Senator from Mississippi; it is an item of $100 million which would have to be appropriated for the TVA if it built the plant. If the proposed contract is approved, then a private company will do its own financing largely through loans from insurance companies and banks. The private source would pay more interest by approximately 1 percent. The Government can obtain money for 2½ percent.

We are going to be asked in a few days, probably, to raise the public-debt limit. I was against it last year, and I may be against it this year. I certainly cannot be against it if we continue increasing appropriations.

This is a long-term contract. No one knows but that within 10 years we may use atomic power itself to generate electricity, and such a contract will not be necessary. There are provisions in the contract for cancellation, which do not occur, I may say, in the other alternative which has been said to have been offered, nor would it be possible to cancel it if the Government itself built the plant. The Government would be stuck with it. That is an important economic business consideration. I cannot imagine, important a part of the whole operation as electricity is, that the Atomic Energy Commission could ignore it or not be concerned about it, as the Senator from Mississippi has suggested.

Mr. STENNIS. I did not suggest that the AEC should not be concerned about rates at a time when it should be concerned. My point is that the movement in this direction precipitates the AEC unnecessarily into the middle of a highly controversial matter which has been raging throughout the country for many years, and will continue to rage for many more years. If that is to be the case, the TVA should have been directed either to generate the power or to negotiate for the purchase of it. Although I have not looked into the question, I doubt that there is authority in the law for the TVA to enter into the contract. The General Accounting Office raised the point. It said it was doubtful whether the Atomic Energy Commission had such authority.

Mr. FULBRIGHT. I do not think there is the slightest doubt about it. There is specific authority in the Atomic Energy Commission legislation to enable the Commission to make contracts up to 25 years for the purchase of electricity or anything else.

Mr. STENNIS. I appreciate the Senator's yielding to me.

Mr. FULBRIGHT. The Senator from Mississippi says that this should not be a controversial subject. I do not think it should be controversial either. That is why I have been surprised at all the controversy which has arisen on the floor. This is the first speech which has been made on the floor in defense of the contract. I did not start the controversy. The contract has been so viciously attacked, and I think so unfairly and erroneously attacked, and figures have been so freely used without justification, that someone simply had to say something about actual facts of the contract.

Mr. STENNIS. The Senator from Arkansas certainly is within his rights. No attempt has been made to limit him.

Mr. FULBRIGHT. I think everyone should quiet down and let the contract proceed as it should.

Mr. STENNIS. My point is that there is already a public power controversy, and this puts the Atomic Energy Commission right in the middle of it. The Commission will have a hard time regaining the high place in the Halls of Congress which it has always had, at least since I have been a Member of Congress, and I think since the Atomic Energy Commission was created.

The Senator from Arkansas made a point about the amount of money which will be saved. I certainly am not opposing private enterprises having legitimate investments. That is all right. If private enterprise can make money, well

and good. But as one who has served on the committee which has been considering this year the bills to construct post offices and other public buildings under a new plan, and to build ships under a new plan, and although I supported the bills in their final form, I am firmly convinced that there will not be any money saved.

So the Senator from Arkansas will be disillusioned. When he ascertains the real facts, he will understand that there will not be any savings in dollars and cents to the National Treasury on this proposal.

I thank the Senator for yielding. I do not unnecessarily wish to take up his time.

Mr. HILL. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield to the senior Senator from Alabama.

Mr. HILL. The Senator from Arkansas has referred at quite some length, and with considerable emphasis, to certain rates which the AEC paid to the TVA for power. Can the Senator advise us whether or not the power for which those rates were paid was power generated by the TVA in a TVA plant?

Mr. FULBRIGHT. Those are figures to which I am about to come. The figures I was citing are the rates which are provided in the contract as compared with the Memphis rates. It does not matter where they came from. Those are the rates which are provided in the contract.

Mr. HILL. Madam President, will the Senator further yield?

Mr. FULBRIGHT. In a moment. That is the rate under the existing contract. I think that what the Senator from Alabama is coming to—and I have the figures in my hand—are the so-called interim rates being charged in the process of the building of the new power installations. I shall read the figures now.

Mr. HILL. That is what I want. Some of those rates are rates paid to private power companies.

Mr. FULBRIGHT. I understand.

Mr. HILL. It is for power which the TVA bought from private power companies for the Atomic Energy Commission.

Mr. FULBRIGHT. In the initial stages of construction. The figures which I quoted with respect to the proposed rate are not that case. They are the firm, permanent rates under the existing contract between the TVA and the AEC at the Paducah plant.

Mr. HILL. Is the Senator now getting ready to address himself to the rates being paid by the TVA to private power companies for the AEC plant?

Mr. FULBRIGHT. For the period from January 1, 1951, to December 31, 1953, the AEC bought for use at its Paducah plant 2,987,403,660 kilowatt-hours from TVA, for which they paid $20,277,585.78, or an average cost of 6.7897 mills per kilowatt-hour. During the same period, the AEC bought from Electric Energy, Inc., almost the same number of kilowatt hours—2,802,626,121—for $16,001,700.64, or 5.7095 mills per kilowatt-hour.

Therefore, private power was more than a mill cheaper per kilowatt hour.

Mr. HILL. Madam President, will the Senator yield?

Mr. FULBRIGHT. In a moment.

I am not suggesting that this is representative of what the costs will be when both the private plant and the TVA plant near Paducah are completed. I think it indicates, though, that the private power companies, during the period of the construction of their facilities near Paducah, have done a workmanlike job in getting kilowatt-hours to the AEC at fair prices, at lower prices than the TVA prices, for whatever reasons.

That is interesting. I looked at the actual figures, and I asked for an explanation of them. I was told, as the Senator has indicated, that the TVA had to buy from private sources some of the power which they supply. But I may say that the figures which I used a moment ago, to compare with Memphis, are not interim power rates; they are the rates which will be charged under the existing contract.

I should very much like to have the Senator from Alabama ascertain what is wrong about the figures I have placed in the RECORD. I do not think anything is wrong with them. This is a comparison between Memphis and the AEC. The figures which I think the Senator had in mind are the interim rates, during the period of construction.

It seems to me that the TVA is not making a very strenuous effort to give the AEC a break during this period, when it is charging the AEC almost 1 mill more—6.7 mills against 5.7 mills. That appears to be too big a difference to be justified on any ground.

Mr. HILL. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. HILL. Of course, the Senator realizes, does he not, that the TVA had to buy the power on an interim basis, and had to pay pretty much whatever the private power companies charged? Those rates were not fixed by the TVA, but were fixed by the private power companies.

Mr. FULBRIGHT. The TVA has been buying enormous amounts of power from private companies throughout the years. I gave the figures a moment ago. They are such large figures that I cannot remember them. It was something like 4 billion kilowatt-hours that was purchased from private sources. The TVA is now buying power from private sources; it is buying it from the southwest grid, through an interchange agreement. This is not something which occurred to the TVA overnight. It is possible, too, that the TVA billed the AEC for some of the more expensive power it obtained from private sources during this period.

If there were only one instance in which the TVA had charged the AEC more than had been charged other power consumers, I should think that perhaps that was not very significant. But the figures relating to the Memphis sales seemed very significant to me. I think I understand the reason for it.

If I were trying to maintain my position and to be popular with my constituents, I would give them a break, too. I would try to give them a break, because that is a part of the game in which we are engaged, in trying to keep the peace among a great many people in the 48 States. This is one of the ways in which to do it.

I am not blaming anyone; I am trying to explain the circumstances which I think gave the Atomic Energy Commission the justification for entering into negotiations for this contract.

Mr. SPARKMAN. Madam President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. SPARKMAN. The able Senator from Mississippi [Mr. STENNIS] a few minutes ago referred to the stand taken by at least three members of the Atomic Energy Commission. I should like to quote from the testimony of one of the witnesses before the joint committee. I refer to the testimony of Commissioner Thomas E. Murray, who testified as follows:

> Since our program is not advanced by these negotiations and the subsequent administration of this 25-year contract, I do not believe that it is desirable for the Atomic Energy Commission to perform a function that another agency of the Government could perhaps more logically perform.

He was certainly testifying directly in opposition to the statement made on the floor of the Senate. It is my understanding that at least two of the other Commissioners testified in a similar vein.

Mr. FULBRIGHT. As I said to the Senator, there is a difference of opinion. We often run into differences of opinion, even on the floor of the Senate. I am sure Commissioners are not immune from differences of opinion.

Mr. SPARKMAN. In this case it happened that a majority of the Commission was in opposition to the order sent by the President to an independent agency, telling it to do something which did not fall within the category of its obligations at all.

Mr. FULBRIGHT. Of course, there are many differences. As I understand, a majority of the Commission was opposed to going forward with the H-bomb, but the President overrode it and went ahead. There often occur differences of opinion. I personally happen to know that two of the members of the Commission are not opposed to what is proposed. I have not spoken to the other Commissioners. I have spoken to two of them, including the Chairman. I do not want to leave the impression that they endorse such a contract. They say conditions are such as to justify negotiating for a contract. If the contract works out as they think it will, it is their position that it should be entered into. They have not said such a contract should be signed. They have merely stated that they should enter into negotiations. If the private group can do what it has indicated it can, then the contract should be entered into. That is their position.

What is the function of the President in our system of government? It is properly a function of the President

to resolve differences within his official family, in this case between the TVA and the AEC. There is nothing wrong with his stepping in and saying, "This should be done." I do not say I always accept his judgment, but there is certainly nothing immoral or illegal about his action, nor is it beyond his jurisdiction.

Mr. SPARKMAN. I believe the Acting Comptroller General questioned the legality of it. That is the way I interpret the letter he wrote. He did indicate that perhaps under the Second War Powers Act the President might invoke his powers.

Mr. FULBRIGHT. This is the second or third time that point has been raised. I wish to read a paragraph from a memorandum prepared by the General Counsel, William Mitchell, of the Atomic Energy Commission:

Section 12 (d) of the Atomic Energy Act reads as follows:

"12 (d). The Atomic Energy Commission is authorized in connection with the construction or operation of the Oak Ridge, Paducah, and Portsmouth installations of the Commission, without regard to section 3679 of the Revised Statutes, as amended, to enter into new contracts or modify or confirm existing contracts to provide for electric-utility services for periods not exceeding 25 years"—

And so on. It is as clear as a bell to me what that means. I shall be glad to read the entire paragraph, if the Senator from Alabama is interested.

Mr. SPARKMAN. I suggest that the Senator have it printed in the RECORD.

Mr. FULBRIGHT. I am willing to read it all, but I ask unanimous consent that the paragraph be printed in the RECORD at this point.

There being no objection, the paragraph was ordered to be printed in the RECORD, as follows:

12 (d). The Atomic Energy Commission is authorized in connection with the construction or operation of the Oak Ridge, Paducah, and Portsmouth installations of the Commission, without regard to section 3679 of the Revised Statutes, as amended, to enter into new contracts or modify or confirm existing contracts to provide for electric-utility services for periods not exceeding 25 years, and such contracts shall be subject to termination by the Commission upon payment of cancellation costs as provided in such contracts, and any appropriation presently or hereafter made available to the Commission shall be available for the payment of such cancellation costs. Any such cancellation payments shall be taken into consideration in determination of the rate to be charged in the event the Commission or any other agency of the Federal Government shall purchase electric-utility services from the contractor subsequent to the cancellation and during the life of the original contract.

Mr. SPARKMAN. If the Senator from Arkansas has the letter which came from the General Accounting Office, I suggest that he also place it in the RECORD.

Mr. FULBRIGHT. What I have read is contained in a memorandum from the General Counsel.

Mr. SPARKMAN. That is a memorandum from Counsel for the Atomic Energy Commission. I am talking about a letter from the General Accounting Office. Contracts involving the Government have to clear that Office. If the Senator has that letter, I suggest he put it in the RECORD, in order that those who read the RECORD may learn that the General Accounting Office raised a question as to the legality of such a contract.

Mr. FULBRIGHT. Did the General Accounting Office raise the question, or pass on the question and say that such a contract would be illegal? Of course, the Office has to raise the question. Did it state that such a contract would be illegal?

Mr. SPARKMAN. I am sorry I do not have the letter before me, but, as I recall, the Acting Comptroller General stated that the President might have power under certain war powers, probably the Second War Powers Act, provided he invoked such powers. If I interpret the action of the President correctly, he had not invoked those particular powers.

Furthermore, I may say that the General Accounting Office likewise suggested that if a contract was to be made, it ought to be made in competitive bidding.

I should like to ask the able Senator from Arkansas, who has always been an advocate of legislation against monopolistic practices, is it not rather unusual that the President of the United States should direct the Atomic Energy Commission, an independent agency charged with a high responsibility, as pointed out by the Senator from Mississippi, to enter into a contract for which specifications had never been drawn, to make that contract with a corporation which had never been organized, and is not yet in existence, and to buy that power from a plant which has not yet been built?

Mr. FULBRIGHT. I should like the Senator to yield for a moment, because, very clearly, the Senator is misstating the facts. In the first place, the President did not order any such thing. The proposal really came through the Bureau of the Budget. There were inquiries made and discussions had with the electric-power industry regarding the possibilities of such a contract. However, the Senator from Alabama is creating a false impression. Actually, we all know that the electric-power industry is what we call a natural monopoly. To my knowledge, there will not be found, within the same city, two electric-power companies competing any more, because it is not economically feasible.

What are the facts in the area under discussion? The Senator from Mississippi knows very well which companies constitute the electric power industry in that area: The Mississippi Power & Light Co., the Arkansas Power & Light Co., the Louisiana Power & Light Co., and New Orleans Public Service Co. constitute the operating companies in Middle South Utilities, Inc. The other is the Southern Co.

To give an example of why a company from New York State or one from the Northwest would not come into that area to compete, I suggest that we consider an item which is extremely important in a contract, that of cancellation. What would happen if the Atomic Energy Commission should wish to cancel a contract? What would happen is that the companies would have to absorb and dispose of the power. If a company were brought into the area which had no other connection in the whole area, which had nothing but the plant, and it was faced with a cancellation, what would happen? It would be a total loss. Under the contract being discussed, since it would be with existing companies having other connections, the loss would be minimized in the event of a cancellation. The provision in the proposed contract relating to cancellation would be that there would be an absorption of the power into the systems of the States of Mississippi, Arkansas, and Louisiana. The additional capacity that had been provided would simply be absorbed by the existing systems.

The ability to do that is extremely important. The idea that there could be competition in the sense that a company could enter the area and compete with a system which is already there simply is not correct.

I do not know whether the other proposal submitted to the AEC was a bona fide arrangement or not, but in that case a company with no existing capacity or distribution system simply said, "We will build it cost-plus, if you will give us $4 million as a fee." That is as simple as it was. There could not possibly be any provision which would result in distributing the excess power in case of cancellation. Of course, there is no competition in the purchase of electric power. It is a matter of negotiation.

If in this case the respective parties do not and cannot arrive at figures approximating what has been suggested here on the floor in my figures, I would say the negotiations would be off. The proposed contract and the rates under it must be satisfactory to the Commission, as compared with the TVA rates. That is why I was making the comparison. The TVA was set up as a yardstick. We are simply accepting it at its word. The private companies are trying to meet that yardstick, and they have come very close to meeting it. That seems to me a perfectly legitimate way to proceed.

Mr. HICKENLOOPER. Mr. President, will the Senator from Arkansas yield at this time?

The PRESIDING OFFICER (Mr. CRIPPA in the chair). Does the Senator from Arkansas yield to the Senator from Iowa?

Mr. FULBRIGHT. I yield.

Mr. HICKENLOOPER. In recent days, much has been made in claiming that no specifications were developed by the AEC and furnished in connection with this matter. I wish to ask the Senator from Arkansas whether the specification in which the AEC was interested was the question of who would furnish 650,000 kilowatt-hours of electricity and how it would be furnished?

The AEC was not telling anyone how to design or build the plant. It was not telling anyone how many bricks to place in the foundation or what motors or generators to use. The AEC said, in effect, "The specifications are 600,000 kilowatt-hours of electricity. Who will propose to supply it? We will examine the proposals, to see which one is the best; and if it is in the public interest,

we will be prepared to negotiate the matter. But the specification is 600,000 kilowatt-hours of electricity."

Mr. FULBRIGHT. Yes. One reason is that each watt of electricity that travels over the wires is identical, no matter how it is made. So it is not proper to compare one unit of electricity with another unit of electricity, and try to show a difference, in the way that a difference can be shown between a Jeep and a Cadillac. After all, each unit of electricity is the same as every other unit of electricity. The only difference is in the cycles, I suppose. So of course the AEC is interested in the price, as well as such other things as cancellation privileges. I think the Senator from Iowa is quite correct.

The whole reference to specifications in this instance is purely a smokescreen. After all, the procedure of constructing an electric generating plant is fairly well standardized. The fuel used may differ. On the other hand, in this instance the plant will be built very close to the place where the TVA has planned to build a plant, and thus the fuel used will be the same.

Mr. SPARKMAN. Mr. President, will the Senator from Arkansas yield to me?

Mr. FULBRIGHT. I yield.

Mr. SPARKMAN. However, is it not true that the cost to the Government would not be fixed, but would depend upon the cost of building the plant and getting it ready to supply the power? So are not the specifications and the type of plant and the manner in which it will be built, matters of importance?

Mr. FULBRIGHT. But I would say there is great standardization in the construction of such plants.

However, I think the best way to proceed is the way they did, namely, to consider what the AEC is now paying the TVA, and compare it with whatever proposal is made. If the proposal compares favorably with what the AEC is now paying the TVA, if it comes reasonably close to it, then they will be on sound ground. Of course there are other conditions, including such factors as the cancellation provision and the necessity of raising $100 million of public funds by appropriation, and so forth. Those are important considerations which would be balanced against the additional cost—in this instance, $282,000.

If the construction costs, under the proposal, are less, the cost to the Government will be less; and the Government will thus get the benefit of the lower construction costs.

Mr. SPARKMAN. And of course the converse will be true, namely, that if the construction cost is greater, the cost to the Government will be greater.

Mr. FULBRIGHT. But if it were to go above $117 million, the private firm would have to assume all of the added carrying cost. I did not go into every little detail of the matter, although that information is available, if the Senator from Alabama is interested in it.

Mr. SPARKMAN. Of course that is true. For instance, we have not discussed, either, the 9 percent margin, as well as other details.

Mr. FULBRIGHT. Yes. Of course, the 9 percent figure which you mention applies only to the equity capital put up by the sponsoring companies. This amount is $5,500,000 and not $107 million. Interest on the borrowed money is calculated at 3½ percent.

Mr. SPARKMAN. Of course, there is no question that if the TVA were to expand its facilities, Congress would have to appropriate $100 million. But a very significant thing the Senator from Arkansas has not mentioned is the fact that at the end of 25 years, the Government—under the TVA plant proposal—would own the plant the TVA had built for $100 million, whereas at the end of 25 years the private concerns will own the plant that the Government has paid for over that period of time.

Mr. FULBRIGHT. The Government will not have paid for all of the plant. As I have said, under the proposed contract—it has not yet finally been negotiated—25 percent of the plant will not have been amortized. At the end of the 25 years the private company will still hold 25 percent of the investment; it will own that much of it. By that time, of course, the plant will be 25 years old; in short, it will then be a rather obsolete plant. So I think it is rather an advantage to the Government not to have to pay the 100 percent which the Government would have to pay if it made the proposed payment to the TVA. Thus, I believe it would be an advantage to the Government not to own 100 percent of the plant. In other words, that 25 percent was not included in the rate structure; the Government will not pay for the total amount. I think the Senator from Alabama will find that is a provision of the proposed contract.

Mr. President, there are 1 or 2 other points I should like to make.

Much has been made of the delay in the construction of the EEI plant at Joppa. The catchy phrase "Ebasco fiasco" has been coined. I now ask unanimous consent to have printed in the RECORD photostatic copies of two newspaper accounts and an excerpt from testimony before the Joint Committee on Atomic Energy. These would seem to explain in large measure the difficulties experienced by Ebasco in the erection of the plant at Joppa, Ill. The two newspaper accounts indicate what the reason was. In fact, indictments have been returned in connection with labor racketeering that allegedly occurred in connection with construction of the plant, and I think these accounts throw a somewhat different light on that matter.

There being no objection, the articles and excerpt were ordered to be printed in the RECORD, as follows:

[From the St. Louis Post-Dispatch of April 29, 1954]

TWO ILLINOIS AFL LEADERS HELD ON $1,030,000 EXTORTION COUNT—EVAN R. DALE AND JAMES BATEMAN INDICTED IN PLOT AGAINST CONTRACTOR AT JOPPA ATOMIC PROJECT

Evan R. Dale and James Bateman, southern Illinois AFL leaders, were taken in custody today on an indictment charging them with an attempt to extort $1,030,000 from a general contractor who worked on construction of the strike-plagued $160,000,000 atomic-energy facility at Joppa, Ill.

Dale, president of the Southern Illinois District Council of the AFL Hod Carriers and Building Laborers' Union and Republican political figure, surrendered at East St. Louis and was released on $30,000 bond.

Bateman, business agent of a Murphysboro, Ill., local of the AFL Plumbers and Pipefitters' Union, was taken into custody by a deputy marshal at Murphysboro. He was taken to Benton, Ill., for arraignment before a United States commissioner.

FIRST COUNT IN INDICTMENT

The first count of the indictment charged that the labor bosses conspired to obstruct and delay interstate commerce in a period beginning April 29, 1951, by demanding payment of the $1,030,000 in exchange for industrial peace on the important defense power plant.

A series of work stoppages on the Joppa project began the same month the first alleged shakedown was attempted and continued for the following 18 months, the indictment alleged. Finally, after work had been halted 43 times, mostly by jurisdictional strife among unions, the contract was taken away from the general contractor, Ebasco Services, Inc., of New York.

Those approached for payoff, the indictment charged, were Clinton J. Sammond and Arthur J. Mohan, industrial labor relation consultants for Ebasco Services, and Edward M. Marselli, general plant superintendent for Electric Energy, Inc., operator of the facility.

DALE IN CHARGE OF LABORERS

Dale was in charge of a large pool of laborers employed at the project and Bateman, in November 1951, was named chairman of a committee to rule on jurisdictional disputes. Many work stoppages occurred after this, however.

The second count of the indictment charged Dale and Bateman with attempting to extort $1,030,000 from Ebasco. A third count charged Dale only with extorting $7,500 from John E. Burke, vice president of th Maxon Construction Co., Dayton, Ohio, a subcontractor at Joppa, in June 1951.

Dale also was charged in two other indictments with extorting $10,500 from two firms engaged in construction of highways for the State of Illinois.

Another indictment naming two AFL leaders remained suppressed. The four indictments were the first returned by the East St. Louis jury following an extensive investigation of reports of labor racketeering in southern Illinois.

Dale was charged in the first count of one indictment with obtaining $2,500 from John F. Parker, an agent of J. C. O'Connor & Sons, Inc., of Fort Wayne, Ind., by wrongful use of actual and threatened force, violence and fear.

The company, which was paving a section of United States Route 40 north and east of Vandalia, Ill., was threatened with delays, financial loss, injury to officers, damage to property, and labor disputes, the indictment stated. The offense occurred in May 1951.

THREATS CHARGED

The indictment charged Dale made the threats for the purpose of instilling fear in the minds of company officers and causing them to pay off. The Federal law was violated, it charged, because vehicles in interstate commerce use the highways.

The second count of this indictment charged Dale with obtaining $6,000 from the same company in October 1952, while the firm was reconstructing a section of United States Route 460 between Mount Vernon and Carmi, Ill. Use of the same threats was charged.

The second indictment charged a $2,000 shakedown of Allen J. McKay, individually and as vice president of S. J. Groves & Sons Co., of Minneapolis, Minn. At the time the firm was reconstructing a 4.25-mile section of Illinois Route 3 north of Cache, Ill.

Dale also is under bond in St. Louis on a labor racketeering indictment returned by

the grand jury here last summer. The East St. Louis grand jury on March 10 indicted him for evading payment of $4,489 in income taxes in 1947 and the Internal Revenue Service has demanded payment of $209,121 in unpaid Federal income taxes and penalties for the years 1947–52.

Dale, who served as national consultant of the labor division of the Republican National Committee in 1952, lives at Carbondale, Ill., and has an office at Cairo.

[From the St. Louis Globe-Democrat of April 30, 1954]

TWO UNION LEADERS INDICTED—$1,030,000 LABOR RACKET CHARGED—SHAKEDOWN ATTEMPT AT JOPPA ALLEGED

The attempted extortion of $1,030,000 from 2 companies in connection with construction of the Electric Energy, Inc., powerplant at Joppa, Ill., was charged against 2 Illinois AFL union leaders in an East St. Louis Federal grand jury indictment made public yesterday.

Named as defendants in the labor racketeering indictment were:

Evan R. Dale, president of the southern Illinois district council of the International Hod Carriers, Building, and Common Laborers Union.

James Bateman of Murphysboro, Ill., representative of Local 160 of the Pipefitters Union.

The indictment charges in 2 counts that Dale and Bateman conspired and attempted to extort $1,030,000 from Ebasco Services, Inc., a New York building firm, and Electric Energy. Ebasco was the general contractor on the project until last summer. Ebasco was forced to give up the job because of delays and mounting costs, in which numerous labor disputes were a factor, and the project was assigned to another contractor.

DEMANDS REJECTED

Dale and Bateman, it was charged, promised there would be "pleasant" labor relations and work would proceed efficiently if the $1,030,000 was paid.

Demands for the shakedown, the indictment said, were made upon Clinton J. Sammond, industrial relations consultant for Ebasco; Arthur J. Mohan, resident labor consultant at Joppa for Ebasco and Edward M. Marselli, assistant general plant superintendent for Electric Energy. The demands were rejected.

It is charged that beginning about April 29, 1951, Evans and Bateman delayed, obstructed, and interfered with interstate commerce in carrying out the extortion attempt.

The two men, it was charged, threatened to exercise force and power in their capacities as union officers to cause work stoppages and other labor trouble if the extortion demand was not met.

It also was charged that officers of the two corporations were caused to fear personal and property damage if the demanded shakedown was not paid.

Dale, 37, who lives at Carbondale, surrendered yesterday to the United States marshal at East St. Louis. He was released on $10,000 bond. The indictment was returned Wednesday but was suppressed until the defendants were taken into custody.

COSTING $159 MILLION

Dale is a Republican figure in southern Illinois. In the 1952 fall election campaign he was a labor consultant to the Republican National Committee. In 1948 he was elected vice president of the Republican League, which includes all of Illinois except Cook County.

Bateman was arrested yesterday at Murphysboro and his bond was set at $25,000.

The powerplant at Joppa is being constructed to furnish electricity to an atomic-energy plant at Paducah, Ky. Costs of constructing the plant, which has been beset by repeated work stoppages, have skyrocketed since work began in 1951.

It is now estimated the plant will cost in excess of $159 million, with 6 generating units. The original estimated cost, with 4 generating units, was $88 million.

Electric Energy is a corporation formed by five private utility companies, at the request of the Atomic Energy Commission, to build the powerplant at Joppa. Union Electric Co. of Missouri, is the biggest stockholder in Electric Energy.

After the Ebasco contract was terminated last summer, following prolonged labor trouble, the general contract was transferred to Bechtel Corp., San Francisco.

A third count in the indictment charges that Dale on June 7, 1951, extorted $7,000 from a subcontractor on the Joppa project, the Maxon Construction Co. of Dayton, Ohio. It was charged the money was extorted from John E. Burke, vice president and treasurer of the firm.

This subcontractor had a contract to construct a water intake from the Ohio River and a barge unloading dock.

OTHER INDICTMENTS

Two other indictments returned Wednesday but suppressed until yesterday charged Dale with extorting a total of $10,500 from two contractors on Illinois highway projects.

One indictment charged Dale with extorting $2,000 from Allen J. McKay as vice president of the S. J. Groves & Sons Co., Minneapolis, which was paving a stretch of Illinois Highway No. 3 north from Cache, Ill.

The indictment charged that, starting about May 15, 1951, and continuing to the time of the indictment, Dale used threats of force and violence to extort the money, and threatened labor trouble.

The other indictment, in two counts, charges Dale with extorting $8,500 from J. C. O'Connor & Sons, Inc., Fort Wayne, Ind. The sum of $2,500, it was charged, was extorted from John F. Parker, general superintendent for the firm, on a United States Highway 40 project northeast of Vandalia, Ill., with the extortion efforts beginning about May 7, 1951.

The amount of $6,000 was extorted from Parker and R. B. Dexheimer, job superintendent for the same firm, on a paving job on United States Highway 460 from Mount Vernon to Carmi, Ill., it was charged. The indictment alleged this offense began about October 1, 1952.

Dale was released on $10,000 bond on each of the indictments.

TWO OTHERS NAMED

One additional indictment which was returned by the East St. Louis grand jury, which is making a broad inquiry into labor racketeering, remained suppressed yesterday. It names two labor union officers who still had not been arrested late yesterday.

Clifford M. Raemer, United States attorney for the eastern district of Illinois, and his assistant, Edward G. Maag, are directing the inquiry, which began February 1.

TESTIMONY OF MR. R. W. COOK, DIRECTOR OF PRODUCTION FOR THE ATOMIC ENERGY COMMISSION, BEFORE THE JOINT COMMITTEE ON ATOMIC ENERGY ON JUNE 18, 1954, WITH RESPECT TO CONSTRUCTION WORK STOPPAGES AT THE JOPPA, ILL., POWERPLANT OF ELECTRIC ENERGY INC.

Mr. COOK. There were a total of 51 partial strikes. There were a total of 20 partial stoppages, totaling 51 days, I mean. There were a total of 24 complete work stoppages, totaling 115 days. I think it is well recognized that a partial stoppage is almost as destructive to efficient work as a complete work stoppage.

In addition, the work productivity prior to a strike and after a strike is not very good. So those two total up 166 days.

If you assume, and I think it is a valid assumption, that you lose about twice the actual days of the strike, you have lost 332 days or approximately a year.

Mr. FULBRIGHT. Mr. President, testimony presented by representatives of the Atomic Energy Commission in some recent congressional proceedings indicates that in their opinion at least a year of construction time was lost through strikes and work stoppages. When the job at Joppa is completed, a review of all the facts may or may not indicate that the private power companies and their contractors performed rather well there under the most trying circumstances. I, for one, am willing to await the final results, before passing judgment.

I wish to state just one or two other things before I close. A calm review of the facts in this case indicates to me that the AEC is about to enter into a sound contract which has made it possible to relieve the Federal budget of more than $100 million at a time when we are pressing against the statutory debt limit.

The AEC is diversifying its power sources, minimizing the effect of possible cancellation or decrease of power needs, strengthening the national defense by virtue of additional strong ties between major power systems, and clearly is acting within its legal rights. Delivery of power by displacement or replacement is neither new nor novel.

Another thing—advocates of the TVA have indicated that this plant is to be built on an area subject to floods. The statement was made that former President Herbert Hoover once sailed over this site in a steamboat. The facts are that our Army engineers have long since built protective levees and revetments there. This site has been productively farmed for more than 30 years. The private power companies before selecting the site conferred with the Army engineers in charge of river facilities in this area. The additional levees that will be built around the plant will, in fact, add further protection to this whole area. Can anyone seriously suggest that private industry or the banks and insurance companies from which they borrow would risk a $100 million investment by placing it in an area which is likely to be flooded?

Charges have been made that specifications for the proposal submitted by the Dixon-Yates group were "rigged" so that they alone could qualify. Even a casual examination of the facts would have disclosed this to be an ugly rumor without foundation. The Atomic Energy Commission initially presented its problem verbally to representatives of the power industry. In response there was submitted a most detailed proposal which, to quote the Atomic Energy Commission, it found to "constitute a satisfactory basis for negotiation of a definitive contract." The much publicized set of specifications later came into being when a second group sought an audience with the Atomic Energy Commission preparatory to submitting a proposal. I am informed that, as a means of making a fair comparison of the two proposals, the AEC suggested to the second group—who,

incidentally, made their proposal most belatedly—that their material be submitted in conformity with the specification sheet. Admittedly this was prepared to parallel the so-called Dixon-Yates proposal as a means of full and fair comparison. The specification sheet had no other use or implication. The proposal of the second group was considered and found wanting.

An attempt has been made locally to discredit the coal-burning plant at West Memphis on the ground that it would bring death and destruction, to say nothing of depositing tons of fly ash daily on the Memphis streets. Apparently this concern was not shared by those who built the beautiful United Nations Building in New York just 2 or 3 blocks from a similar coal-burning powerplant. I am told that there are many acceptable methods of dealing with smoke and fumes from modern coal-burning plants. I cannot for the life of me remember reading or hearing of a single complaint lodged against TVA, which burns many millions of tons of coal annually in the conduct of its public-utility business.

I think our Memphis friends will become much more conscious of the ringing of cash registers than they will of smoke and fumes. Surely they cannot fail to be aware of the benefits flowing from new jobs for 2,500 construction workers and $7 million of pay they will collect annually during the 3-year construction period. Perhaps a few zealots are opposed to coal barges on the Mississippi River, but thinking people know that handling 2 million tons of coal annually makes jobs, and jobs make business hum.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a telegram which I have received from the Jaycees of West Memphis.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WEST MEMPHIS, ARK., *July 8, 1954.*

Hon. J. W. FULBRIGHT,
Senate Office Building,
Washington, D. C.:

Following is resolution adopted by West Memphis Jaycees. Request reading into CONGRESSIONAL RECORD:

"Whereas there exists in this Nation an undesirable trend toward the centralization of power in our National Government to the hurt, destruction, and detriment of State and local government; and

"Whereas the creed of the United States Junior Chamber of Commerce states that we believe that economic justice can best be won by freemen through free enterprise; and

"Whereas there exists today in the Congress of the United States a controversy between free enterprise represented by congressional leaders and the executive branch of our Government, and those advocating the expansion of Federal control through Federal ownership of power facilities to the detriment of the vast majority of the people of the United States of America; and

"Whereas the West Memphis Junior Chamber of Commerce, an organization of young men typical of the young men who signed the Declaration of Independence which created this magnificent country of ours, after due consideration of the facts involved in this controversy, do hereby deplore the usurpation of power by the Federal Government, which is inimical to the best interest of our people and of good government, Federal, State, and local, and will tend to ultimately place in jeopardy our American way of life: Now, therefore, be it

"*Resolved by the West Memphis Junior Chamber of Commerce in open meeting assembled on this 7th day of July 1954,* That this organization hereby strongly recommends to the Congress of the United States that this debate be resolved quickly and resolutely in favor of the proponents of private power as represented by the Dixon-Yates group who have presented a proposition, approved by the President of the United States, which is to the best interest of all the people of the United States of America: And be it further

"*Resolved,* That copies of this resolution be given the widest distribution possible."

Respectfully yours,

WEST MEMPHIS JAYCEES.

Mr. FULBRIGHT. I also ask unanimous consent to have printed in the RECORD for the information of the Senate at this point a calculation with respect to the cost to the Government in case of cancellation of the contract by the Atomic Energy Commission.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Figures on cancellation (3-year notice required)

Government takes:	*Kilowatts*
1st year	600,000
2d year	600,000
3d year	600,000
4th year	500,000
5th year	400,000
6th year	300,000
7th year	200,000
8th year	100,000
9th year	None.

The maximum cost to Government if no power is used during the entire 8-year period is approximately $40 million. If during the fourth to eighth years, inclusive, the power can be absorbed by the generating company at a rate more rapidly than 100,000 kilowatts per year, this figure will be reduced.

The private company could lose as much as $18 million for the period during which it is absorbing 100,000 kilowatts progressively. When the Government's obligation to purchase ends completely, the maximum exposure of the company is at a rate of about $7 million annually.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. ANDERSON. I missed a part of the Senator's remarks. Did the Senator at any time indicate that he thinks there is legal justification for this contract, and give his reason for such an opinion?

Mr. FULBRIGHT. I gave to the Official Reporter an excerpt from the law which was supplied to me by the General Counsel for the Atomic Energy Commission. It seems to me very clearly to authorize the execution of the contract.

If the Senator is making the point that the replacement of power does not conform to the law, I said a good deal upon that subject. I think that point has been greatly exaggerated. Replacement of power is a procedure which is used very widely by the SPA and its private power connections or relations in the Southwest. We call such arrangements wheeling contracts. They are very common.

I used the illustration of putting water in at one edge of a lake and taking it out on the other side. It is the same kind of water. In this case it is the same kind of electricity. The replacement provision seems to me to be not novel at all. Certainly it is in conformity with the authority of the Atomic Energy Commission to execute a contract for its use.

Mr. ANDERSON. I do not wish to enter into a discussion of this subject with the Senator today. I merely wished to be sure, if he had something on the point, that he would place it in the RECORD.

There was an opinion in the Atomic Energy Commission that there was no authority for this contract. Had there not been an edict to go through with it, there might never have been permission to go through with it, so far as the Commissioners were concerned. I think that is why a majority of the Commission felt that they should not go ahead with the contract. This contract did not involve a question of judgment, as did the atomic bomb. It involved a question of legal authority to do something which had been suggested. I was hopeful that the Senator would place in the RECORD whatever justification he felt he had on that score.

Mr. FULBRIGHT. The General Counsel of the Atomic Energy Commission certainly thinks the contract is within their legal authority.

Mr. ANDERSON. He thinks so currently, but I understand he has not always felt that way.

Mr. FULBRIGHT. To me, as a lay member of the Senate, the language seems quite clear. It seems to me quite clear that the Atomic Energy Commission is given specific authority to procure power for the Paducah installation, among others.

Mr. ANDERSON. This power will not be for Paducah. It will not be for Portsmouth.

Mr. FULBRIGHT. The Senator is quibbling over a procedure.

Mr. ANDERSON. No; I am not quibbling.

Mr. FULBRIGHT. I think the Senator is entirely mistaken. We discussed with the Senator from Alabama the question of the replacement of power in a power grid. I think the Senator is trying to establish a technical difference where there is none. We do not follow the precise kilowatt as it goes through the wires. I think the analogy of water is a good one. The water, or the individual kilowatt, loses its identity. There is no valid reason why this contract could not be considered a wheeling contract, if you like. What the TVA is doing is wheeling power for the Atomic Energy Commission from West Memphis to Paducah.

I used as an analogy the procedure in Texas. The SPA has what is called a wheeling contract with the Texas Power & Light Co. A contract is made with an REA cooperative, which is not on the SPA line. A certain amount of power is put into the system at one place, and taken out at another. It is fiction to say that the same power is withdrawn. Everyone knows that it is not the same power at all. There is no reason why the replacement principle should not be

a legitimate principle to be applied in this case.

Mr. ANDERSON. Does not the Senator agree that not one kilowatt of power generated at that plant will be used by any atomic energy plant?

Mr. FULBRIGHT. No, I cannot agree. I do not know where the individual kilowatt is going. Neither does the Senator from New Mexico. They are all put into the TVA system. Electricity travels at the speed of 180,000 miles a second. The Senator does not know where those kilowatts go, or where they originated. They all come out of a great pool.

Mr. ANDERSON. I realize that.

Mr. FULBRIGHT. I would not say that they do not. How can the Senator say that they do not?

Mr. ANDERSON. We all recognize that what has happened is that the faith and credit of the United States has been pledged in order to make a private contract profitable. There is no other purpose in the pledging.

Mr. FULBRIGHT. I cannot accept that as a proper characterization.

Mr. ANDERSON. There is no other purpose in the pledging. A life-insurance company is willing to lend money on the plant provided the faith and credit of the United States is pledged behind the 3½-percent loan. When the New York Life Insurance Co. lends it money, assuming that the contract is executed, it will be only because the credit of the United States has been pledged, and not because private people, exercising private initiative, will have negotiated a good deal.

Mr. FULBRIGHT. The Senator has a right to differ with regard to motives and purposes. I have assumed that the motives and purposes in the creation of the contract were legitimate. If the Senator wishes to differ, that is his privilege. There are quite legitimate reasons for the Atomic Energy Commission to seek and obtain alternative supplies of power, and I think there are quite legitimate reasons why private industry should take advantage of the opportunity to match this great yardstick which we have spent $1½ billion to create. I am for it. I assume responsibility for having voted for appropriations for the TVA. Now a private power company comes along and says, "We can match it." I see nothing immoral, illegal, or wrong about it in any way.

Mr. SPARKMAN. Mr. President, will the Senator yield for one more question?

Mr. FULBRIGHT. I yield.

Mr. SPARKMAN. I hope the Senator from New Mexico will stay in the Chamber long enough for me to ask this question. The able Senator from New Mexico, who is a member of the Joint Committee on Atomic Energy, and who, I know, has given a great deal of study and thought to the subject, asked a question bearing on the legality of this contract. A little earlier, in an exchange between the able Senator from Arkansas and myself, I stated that, as I recalled, there was an opinion, or, at least, a letter, from the General Accounting Office which certainly raised a question as to the validity of this contract. The Senator from Arkansas did not have a copy of it. I suggested that it be placed in the RECORD. I do not have it. I thought perhaps the Senator from New Mexico might have a copy of it, and that it would be available to him to place it in the RECORD for all people to read.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. FULBRIGHT. I yield.

Mr. REYNOLDS. The junior Senator from Nebraska has been an intensely interested listener to the debate between the learned Senators, armed as they are with facts and figures which are not available to him. I wonder whether the Senators would be interested in the impression they have made upon the newest Member of the Senate.

Mr. FULBRIGHT. I should be very much interested indeed.

Mr. REYNOLDS. It has been said that no nation which ever took one step down the road to socialism ever turned back, and history bears out that statement. America has been first in a great many enterprises, and it might well be the first one to change that statement.

The debate today, as it boils down to its essence and fundamentals, as it appears to this newcomer, seems to be a suggestion on the part of the Senator from Arkansas that we take one step away from the road to socialism and back toward the ancient American system of private enterprise, and his opponents apparently are opposed to taking such a step.

I should be only too happy to follow the leadership of the Senator from Arkansas, if not in turning back, at least in going no further down that road which has wrecked so many nations.

Mr. FULBRIGHT. I appreciate the Senator's comment. I may say that I had not quite approached the subject on the doctrinaire basis. I am not at all sure that the Senator from Nebraska may not have oversimplified the question. It is a very complex subject. I believe both sides have legitimate interests which should be considered very carefully. However, I am very much interested in the Senator's comment.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, I should like to make an announcement for the information of the Senate. The pending bill is Calendar No. 1719, H. R. 9242, the military construction bill.

That bill will be followed by Calendar No. 1668, H. R. 7664, to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act.

That bill will be followed by Calendar No. 1634, H. R. 5173, to provide that the excess of collections from the Federal unemployment tax over unemployment compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States to provide that the remainder of such excess shall be returned to the States, and for other purposes.

That bill will be followed by Calendar No. 1615, H. R. 2763, to amend the Tariff Act of 1930 so as to modify the duty on the importation of wood dowels, and for other purposes.

Then Calendar No. 1626, S. 3268, to repeal the provisions of section 16 of the Federal Reserve Act which prohibit a Federal Reserve bank from paying out notes of another Federal Reserve bank.

Tomorrow, Saturday, we shall have a session of the Senate, starting at 11 o'clock in the morning. At that time we will have the call of the calendar of bills to which there is no objection, starting at the point where the last call of the calendar was concluded, plus any of the bills I have mentioned which we do not dispose of today.

On Monday, July 12, we shall take up Calendar No. 1710, S. 3690, to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

I call to the attention of the Members of the Senate that I have in my hand both volumes of the printed hearings on the atomic energy bill, and all Senators who are interested in the subject may wish to take the hearings home over the weekend, or at least over Sunday, and read them. I hope that by Monday we will be ready to consider that proposed legislation.

I do not believe we will stay in session later than 6 o'clock tomorrow evening. I hope we will not have to say in session later than 7 o'clock this evening.

I make this announcement so that Senators may be generally advised of the legislative program.

Mr. STENNIS. Mr. President, will the Senator yield at that point?

Mr. KNOWLAND. I yield.

Mr. STENNIS. The Senator referred to the atomic energy bill. Is the report available?

Mr. KNOWLAND. I am informed that the bill as reported has been available for the last week. The hearings are now available. I understand that the report will be available either tomorrow or on Monday morning.

PROPOSED ATOMIC ENERGY COMMISSION POWER CONTRACT

Mr. LEHMAN. I wonder whether the Senator from California would yield so that I may ask a question of the Senator from Arkansas [Mr. FULBRIGHT].

Mr. KNOWLAND. I should be happy to yield for that purpose, if it would not involve a prolonged colloquy. Both the Senator from Arkansas and I are due now at a meeting of the Committee on Foreign Relations, where a quorum is required in order that the committee may report the foreign aid bill.

Mr. LEHMAN. I shall be very brief. I was interested in the question which was raised by the junior Senator from Nebraska [Mr. REYNOLDS]. I should like to ask the Senator from Arkansas a question. It is my understanding that he has for many years strongly favored the operations of the TVA, and that he has voted wholeheartedly for appropriations for the TVA.

Mr. FULBRIGHT. That is correct.

Mr. LEHMAN. Therefore, it would be very interesting to have him tell me whether he thinks or has had any

thought that the TVA was a step toward socialism.

Mr. FULBRIGHT. In my answer to the junior Senator from Nebraska I said that I had not approached TVA as a doctrinaire matter. I do not think it is necessarily so, or should be made so. I think it is a fine development, just as SPA in my section of the country is a fine development. They are very similar in operation. I have supported both of them. I may say, in addition that I believe that private power has a place too, and I am not in favor of the abolition of private power either in the southwestern area or in any other area. I believe there is a place for both of them, and that they should be able to work together in harmony for the welfare of the country as a whole. I should not like to see either run the other out of business completely, as I believe they both can cooperate effectively, as they are, in my opinion, in my State and throughout the Southwest.

Mr. LEHMAN. That is undoubtedly the case with many of the activities that are conducted in that manner. However, since the Senator has voted for appropriations for the TVA and has supported the TVA wholeheartedly, I am very glad to have his statement in connection with what the distinguished junior Senator from Nebraska has said.

Certainly there is nothing to indicate that the TVA has been a step toward socialism or is socialism now. It has been of tremendous help, in my opinion, to the entire area it is serving, and it has not blocked the private development of power.

Mr. FULBRIGHT. If I may say so, where the Senator is wrong is in assuming that this proposed contract would, if entered into, do great injury to TVA. I am unable to follow that reasoning. I do not believe it would seriously or in any way injure TVA.

Mr. KNOWLAND. Mr. President, I yielded for a question, and I should like to suggest to the distinguished Senator that if he wants to debate the issue, there will be ample time when the bill is before the Senate.

Mr. LEHMAN. I was directing my remarks not to the issue debated by the distinguished Senator from Arkansas, but merely to the issue raised by the Senator from Nebraska when he referred to the TVA as a socialistic move and expressed his satisfaction that now we were taking the means of blocking what he dubbed socialism. I wish to make it very clear that, in my opinion, there has never been any question of socialism involved. It has nothing whatsoever to do with the present issue of whether the Atomic Energy Commission should be permitted to act as is now proposed. I am trying to establish the fact that the TVA—and I have no doubt the Senator from Arkansas will agree with me—has never been a socialistic move and there is no reason to suppose that it will ever be a step toward socialism.

Mr. FULBRIGHT. I take it that the Senator from Nebraska has been oversold by some of the campaign slogans.

Mr. LEHMAN. I think that is true.

THE CASE OF NIKOLAI KHOKHLOV

Mr. KNOWLAND. Mr. President, there should be friendship between the people of Russia and the people of the United States. It has been demonstrated on several occasions. The fact of the matter is that the Russian people were the first victims of Communist aggression. It is not the destiny of the people of Russia permanently to be enslaved by the godless, ruthless men in the Kremlin. The Russian people have a love of family and a deep religious belief that not even a Communist totalitarian dictatorship has been able to stamp out.

The free world admires courage. Despite their Communist masters, the people behind the Iron Curtain also admire courage.

Such courage was shown by a woman in Moscow who was willing to endanger her safety and perhaps her life to bring her husband to see the light of leaving the service of the Kremlin dictatorship.

Recently there appeared in the American press a news item from Bonn, Germany, reading as follows:

MRS. NIKOLAI KHOKHLOV VANISHES IN MOSCOW

BONN, GERMANY, June 2.—The wife left behind by Soviet Intelligence Capt. Nikolai Khokhlov when he defected to the West last February is reported to have disappeared in Moscow. This report, received from the Soviet capital, said Mrs. Yanina Khokhlov vanished without trace from her three-room apartment several weeks ago and apparently is in secret police custody.

Khokhlov, who backed down on a Red assignment to kill a Russian resistance leader in Frankfort, had appealed to the free world to help save his family from what he said were certain Soviet reprisals, possibly death. His wife, the 31-year-old Russian said, had persuaded him not to go through with the plot to do away with George S. Okolovich, anti-Communist leader, with the special weapons—including a cyanide poison pistol shaped like a cigarette case—with which he had been equipped.

The reports did not make clear what has happened to the Khokhlov's 18-month-old son and the 14-year-old sister of Mrs. Khokhlov, who lived with them.

Today I had a visit in my office by Captain Khohklov, who handed me this letter, which I now read:

To Senator KNOWLAND.

I am Nikolai Khokhlov, a former Soviet intelligence officer. In 1953 I received an assignment to organize the assassination of a Russian anti-Communist leader residing in Western Germany. All possible attempts to withdraw from carrying out this assignment without endangering my life and those of my family were tried and failed. These and resulting circumstances obliged me to address myself to the free world for help. The deep religious roots and moral convictions of my wife were the deciding factor in my action to save this man from Soviet assassination. In all this she committed no violation of any written or moral laws, but followed the dictates of her conscience to prevent a murder. Until recently she was in Moscow with our 2-year-old son. But on June 2, the International News Service reported that she and our child had disappeared from our apartment in Moscow. Now I fear for her life because the revenge for my actions may be carried out against her. It is my conviction from personal observation that the force of public opinion can save her. I know that the Soviet Union is very conscious of the weight of public opinion in the free world. For this reason I addressed myself to Western authorities, including President Eisenhower, with the request that they express their understanding and sympathy for her stand and her great sacrifices and their indignation at the fate that may be hers in the Soviet Union.

It is my conviction that millions of Russian people are aware of my wife and what she has done. The reaction of the free world in the case of this woman will give them concrete proof of the attitude toward the Russian people whose suffering she symbolizes.

I can no longer hope for my wife's deliverance through normal diplomatic procedures. I can only hope that public opinion of the Western World can be mobilized in her behalf and brought to bear on the Soviet Government.

It is my belief that you, more than almost anyone, will understand the significance of the simple but profound story within the struggle of enslaved peoples against tyranny and immorality.

The letter is signed: "N. Khokhlov, Washington, July 9, 1954."

Mr. President, this woman showed all the courage of the early Christian martyrs. The bloody-handed men in the Kremlin may soon take her life, or they may have already taken her life.

Mrs. Yanina Khokhlov may become a symbol of courage which will some day bring the Communist tyranny crashing down. I hope that a day of prayer may be set aside for the ultimate freedom of the people of Russia. Silently behind the Iron Curtain a hundred million Russians could be asked by the Voice of America to join in such prayers. How will Malenkov or Molotov ever know whether their bodyguards or their chauffeurs are also praying for the downfall of the bloody Red regime?

This Godless machine, murderer of millions of men, women, and children, cannot survive its crimes for too many years more.

Already cracks are appearing to shake the permanence of the Kremlin's rulers. Let us not lose faith that right, justice, and freedom will prevail against the Communist tyranny. Only then will there be peace with honor, and the people of Russia will take their rightful place as respected equals among the civilized and decent nations of the world.

Mr. BUTLER. Mr. President, on June 19, 1954, I addressed the annual convention of the Maryland and District of Columbia Radio and Television Broadcasters' Association, at Ocean City, Md., on the subject inter alia to which the distinguished majority leader has just addressed himself. I ask unanimous consent that the address may be printed in the body of the RECORD immediately following his remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS BY SENATOR BUTLER

Developments of the past several months would seem to signal greater activity in all parts of the world by the partisans of atheistic communism. Undoubtedly Communist infiltration of Central and South America, the impasse at Geneva, in conjunction with continued and devious subversion in our country and other areas, are but part of a planned program for the complete subjugation of the United States and of all freedom-loving people everywhere. There is much expert testimony to substantiate this point.

Thus the repugnant pattern of world domination, conceived by Marx and Lenin and implemented by the Bolshevik terrorists immediately following World War I and since, moves closer to ultimate attainment. It envelops all it touches, and the free world, indolent, apathetic, and partially blind to the true nature and goal of the Red menace, seems unable to summon the strength, the courage, the leadership, or even the interest on which the very survival of the free world depends.

Let it not be forgotten that international communism has but one objection—world domination and total subservience to its philosophy and its ends—the accomplishment of which has followed a definite plan composed of several phases:

First, the overthrow of the Czarist regime in Russia after World War I for the purpose of obtaining a national base for international operations. Second, in the years prior to World War II, the consolidation of Russia under Communist control. Third, a program of expansion to assure support from surrounding satellite nations. Fourth, the mastery of Asia by either direct or indirect means—the latter having proved most effective. Fifth, the mastery of Africa with its vast storehouse of natural resources. Sixth, the control of Latin America as a prelude to the economic strangulation of the United States. None of these requires direct military intervention by Russia; on the contrary, results are obtained through the typical Kremlin-inspired tactics of subversion, subtle infiltration, and vicious propaganda. Only recently the scope of these tactics has been broadened to include a campaign of negotiated economic ties with the Communist orbit.

The significance of the tremendous build-up in their merchant marine to carry this campaign into effect can scarcely be overemphasized, especially in view of the rapid deterioration of our own merchant fleet.

The present world tension might well be viewed in the light of results thus far achieved through this phased plan of conspiracy since World War II: Establishment of Red China, occupation of Tibet by "a people's army of liberation," invasion and division of Korea, support of Communist leaders in Indochina, attempts to aid the insurrectionists in the Philippines, support of independence for Indonesia, infiltration of Burma, a program to communize Thailand and Malaya, creation of an Iron Curtain defense, disruption of most Middle East governments, except for Greece and Turkey.

With the knowledge of such a global conspiracy, and the inroads which have already been made in the community of free nations, the widespread reaction of indifference to situations such as now exist in Guatemala, Indochina, and Geneva is indeed unbelievable.

It would appear that there is a tendency to minimize the Red menace and its spreading control in all corners of the globe. The rights of the individual and the cherished heritage of human liberty are here at stake, and the continuing and ever-growing threat to our way of life cannot be casually discounted.

You, as representatives of the broadcasting and telecasting profession of Maryland and the District of Columbia, have a great public trust in this matter, and I commend you and your colleagues for the forthright manner in which you have accepted this essential responsibility of presenting to the American people the true meaning of this menace. Thomas Jefferson once said: "I know no safe depository of the ultimate power of society but the people themselves; and if we think them not enlightened enough to exercise their control with a wholesome discretion, the remedy is not to take it from them but to inform their discretion by education." Yours is the challenge of education and enlightenment, and I feel that you share my optimism with regard to the future.

The ominous nature of the world Communist conspiracy can be dramatically characterized by a review of two seemingly unrelated incidents of recent happening. I say "seemingly unrelated" but, as mentioned earlier, I am convinced that these conform to the plan and pattern of eventual world domination and subservience by the Communists.

Any goal of world conquest must of necessity include the use of all possible military, political, and economic weapons. Among others, I would certainly include psychological warfare, espionage, subversion, sabotage, propaganda, and the promotion of internal strife—all of which have already been practiced with alarming success by the Communists. But the minions of the Kremlin have now introduced another thoroughly inhuman device—that of moral ruin. To carry out such an objective the Communists have established a far-reaching system for the distribution of narcotics.

Official emphasis as to the seriousness, both present and potential, of the new threat can be found in the remarks of the Honorable Harry J. Anslinger, United States representative at the 1954 session of the United Nations Commission of Narcotics. Several of his observations, which I am taking the liberty of quoting, are indeed alarming and awesome:

"Last year I told this Commission that the United States is a target of Communist China to be supplied with a flood of foreign-exchange earning, health- and morale-devastating heroin. For several years I have presented documented facts which established that narcotic trafficking from the Chinese mainland is an insidious, calculated scheme of the Chinese Communist regime to obtain operating funds and at the same time spread the debauchery of narcotic addiction among the free nations."

It offers additional dramatic proof that we are not dealing with a petty adversary but rather with a formidable and far-reaching plot to gain foreign exchange and at the same time to demoralize the people of the free world.

"Spreading narcotic addiction and obtaining funds for political purposes through the sale of heroin and opium is not just the policy of one man in the Communist regime. It is the policy of the entire Communist regime in mainland China."

Mr. Anslinger continued, "The threefold increase in some areas in the land devoted to the cultivation of the opium poppy in Communist China, the establishment of new heroin factories in Communist China, the continuation and expansion of a 20-year plan to finance political activities and spread addiction among free peoples through the sale of heroin and opium by the Communist regime in China, and the extension of the same pattern of narcotic activity to areas coming under the jurisdiction of Communist China has mushroomed the narcotic menace from Communist China into a multiheaded dragon threatening to mutilate and destroy whole segments of populations from whom the danger of addiction through ready availability of drugs had been removed during the past 40 years by the uncompromising work of the narcotic enforcement authorities in the free countries of the world.

"Until this Communist traffic in narcotics is dried up, the agents of this menace wherever found must be apprehended and dealt with surely and severely as a means of bringing under control this unbridled monster."

Warfare, in the minds of the vast majority of our population, is pictured solely in terms of direct combat, and the horrible recollections of two world wars and the Korean crisis, with their vast mortality and destruction, are indelible memories. But, the all-pervading concept of indirect, yet constant warfare, as a doctrine of the Communist movement, is something new to most of us. The danger of this concept cannot, and must not, be taken lightly.

Communist tactics are aimed at the destruction of society and the will to resist. They are based on the principle that a country can be destroyed as surely and as easily from within as from without. The evil traffic in narcotics and drugs, with its demoralizing results, in combination with the other more familiar weapons of subversion and infiltration, is in accord with these objectives, and brings into clear perspective the monstrous wrong which the philosophy of communism permits and promotes in its followers.

The division between the communistic forces and those of the free world is further stressed by the recent publication of the photographs of the cigarette-case gun which silently injects cyanide into its victims, and which is apparently part of the equipment of Russian murder experts sent abroad by their masters to hunt down those whom the MVD wishes to destroy.

This is the story of a former captain of the MVD, a 31-year-old officer of the terror and diversion section of the Russian secret police. This captain, the most recently revealed Communist convert to the West, reported to West German authorities all the cynical details of a global Soviet network dedicated to sabotage, assassination, kidnaping, and other violent and clandestine activities. The Russians called this story a horror tale without basis in fact.

It was a horror tale indeed and American intelligence agents say it was a true one as well. They report that he gave himself up in February, along with two East German accomplices who were assigned to assassinate, with the above-mentioned "toy" guns, one of the key Russian members of an anti-Soviet organization which reaches even behind the wall of the Iron Curtain. Only a plea by his wife dissuaded him from carrying out the killing. That wife remains in Moscow, together with their young son and daughter, at the complete mercy of those who don't even know the meaning of the word.

This Russian captain said that his Kremlin boss in the MVD told him that the job of killing the Russian resistance leader in West Germany would be a simple one and in many ways quite attractive. The murder was planned with painstaking care, four fat volumes of information were compiled on the intended victim, so that no slip-up could occur. But, thank God, one did occur—the dormant conscience of this young Russian officer finally shook off the moral paralysis which communism injects in the veins of its victims, and he refused to murder a good man in cold blood.

On Soviet principles this assignment was logical, legitimate, and in the ordinary course of business, so to speak. On those principles the life of an individual human being has no values in itself; only the self-interest of the Soviet is to be considered.

For the advancement of the dictatorship of the proletariat, many millions of human beings have been killed or enslaved in the last 30 years. So there was really nothing odd about the MVD's chief executioner telling the captain that murder was a simple enough job and in many ways an attractive one, and that it might even involve the thrill of "using a new model fountain pen with electric firing apparatus" so innocent looking, but yet so very, very deadly. The debasement of the human soul, which the above statement illustrates, is the greatest sin that communism could commit against mankind. After having undergone a lifetime of systematic smothering the flame of conscience, it is reassuring that a man, so mutilated, could still strike out against that tyranny. Not with the weapon of force which the Communists use, but with the

weapon of moral repudiation, he dealt communism a blow of such shattering impact that it was heard around the world.

"By their fruits shall you know them." So does the Bible warn against those who make prideful hypocritical speeches of their high intentions but whose actions are the opposite of their words. This Biblical quotation states a principle so fundamental and obvious that it is difficult to realize how our sometimes wavering and confused allies have missed its application to Soviet Russia.

The German murder plot gives a true picture of the rottenness of communism that the world has ever seen. But the world paid more attention, I fear, to the spectacular cloak-and-dagger side of the story than to its moral implications. This is the element that we must seize upon as our weapon in the continuing struggle against the false pose of respectability and regard for mankind which the Communists put on to deceive and entrap the unwary.

It is unfortunate that so many of our own people do not realize to this day the extent of Communist infiltration of free institutions; that they do not recognize the footprint of the Kremlin in our Government, our labor unions, and even our schools. "What can 25,000 card-carrying Communists do?" they scoff.

Ask the people of Estonia, Latvia, Rumania, Hungary, Yugoslavia, and Czechoslovakia. Ask them how a handful of people in the right places were able to open the gates of their country and place the lackeys of Red Russia in the very seat of their governments? Ask the people of Germany what six men and a painter by the name of Adolf Hitler were able to do to their homeland? Ask the people of the Soviet what Lenin and a few faithful followers were able to do to the Russian bear and her untold millions of martyred people? Ask the Christian world what 12 simple men, filled with dedication and purpose, were able to do in transforming the spiritual face of the earth?

Dedication and purpose, those are the keys that give a single man the power and strength of an army. That is a point the scoffers might well heed. And all the rest of us have to do to betray America is precisely nothing. Be neutral and indifferent. Continue in our complacency long enough, and all of our troubles will be over. Neither a dead man nor slave worries about maintaining the strength and integrity of free institutions. And if the Communists succeed in what they most certainly plan and are trying to do, you will be one of these—a cringing slave or an honorable dead man.

Some of our own good neighbors may be an unwitting accomplice of those who exploit the decency and the traditional tolerance of our country. Not, I say, because they do not love America, but because they do not know the evil that would enslave them. If they could clearly see the beastliness of communism and the falsity of its pretended concern for peace and human welfare they would surely be able to summon the moral courage and the necessary action to oppose this diabolical philosophy in all its many faces.

You will notice that in speaking of the dangers that beset the free world, I have made an effort to avoid any political partisanship, because the issues here involved should be beyond partisan feeling. The problem of protecting and enriching the fundamental principles upon which the American faith is based may cause some difference of opinion. But the question of what those principles are, their value to the continuation of our way of life, and our firm determination to preserve them are elements on which the American people must remain united. On this common ground we can meet any challenge, and with God's help, I know we will.

Thank you very much.

ACCESSIBILITY AND AVAILABILITY OF SUPPLIES OF CRITICAL RAW MATERIALS—REPORT OF A COMMITTEE (S. REPT. NO. 1627)

Mr. MALONE. Mr. President, I ask unanimous consent to submit a report pursuant to Senate Resolution 143, to investigate the accessibility and availability of supplies of critical raw materials to the United States.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Nevada? The Chair hears none, and the Senator may proceed.

Mr. MALONE. Mr. President, from the Committee on Interior and Insular Affairs, I submit, pursuant to Senate Resolution 143, a report of the Minerals, Materials, and Fuels Economic Subcommittee.

This report is entitled "Accessibility of Strategic and Critical Materials to the United States in Time of War and for Our Expanding Economy."

The Committee on Interior and Insular Affairs today directed the chairman of the subcommittee to submit the report to the Senate in accordance with Senate Resolution 143.

Mr. President, I ask unanious consent that the report be printed, with illustrations.

The PRESIDING OFFICER. Without objection, the report will be received and printed, as requested by the Senator from Nevada.

Mr. MALONE. Mr. President, I ask unanimous consent that the introduction, recommendations, findings, and list of the critical materials be printed at this point in the RECORD as a part of my remarks.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

INTRODUCTION

AVAILABILITY OF CRITICAL MATERIALS IN TIME OF WAR

For the first time in the history of the United States Senate, a Senate subcommittee was directed to conduct an overall investigation of the accessibility of critical materials to the United States in time of war, particularly as to its effect on the security of the Nation.

The testimony before the committee is alarming: To a very dangerous extent, the vital security of this Nation is in serious jeopardy. We are dependent for many of our essential raw materials on sources in far-off lands, many under the control of possible fickle allies or timid neutrals, some veritably under the guns of our potential enemies.

And what is perhaps a more devastating conclusion of this committee is that none of this vulnerability need exist. Long overdue corrective measures should be undertaken at once.

The Minerals, Materials, and Fuels Economic Subcommittee of the Interior and Insular Affairs Committee derived its authorization by Senate Resolution 143 of July 28, 1953. It was directed to:

1. Determine the accessibility of the critical raw materials to the United States during a time of war.

2. Recommend methods of encouraging the production of the critical war materials adequate for the expanding economy and the security of the United States.

In pursuance of these directions, the subcommittee conducted hearings over the past 10 months from coast to coast and examined more than 360 witnesses. The most distinguished engineers, military authorities, scientists, and experts familiar with the problems of securing essential raw materials during wartime contributed their counsel and advice to the committee.

The subcommittee concentrated its examination on a total of 77 raw materials which the Secretary of Defense declares are indispensable and essential in conducting modern warfare and which we have acquired by imports from abroad.

The committee adopted at the outset three general areas of investigation vital to our national defense and to the maintenance of our national economy:

1. A study of the area from which critical materials will be available to the United States in time of war.

2. The degree of self-sufficiency that can be established within that area.

3. The congressional policy under which maximum economic self-sufficiency can be established in this Nation.

The investigation and report come at a very critical and uncertain period in the affairs of this Nation—when new and improved methods of offense and defense must be weighed and considered. Laboratory developments and discoveries, including substitutes and replacements for critical materials—all affect the long-range welfare of our people and our relations with the people of the Western Hemisphere and with the world.

The availability of critical materials essential to the defense of our country and which are vital to our civilian economy have strongly influenced our foreign policy. The known availability of the necessary critical materials in the Western Hemisphere, in an area that we can defend, should have a real impact on future foreign policy and defense decisions.

The Western Hemisphere can become completely self-sufficient in the production of the necessary critical materials in time of war. This Nation can materially increase its own economic production of strategic and critical materials by strengthening its laws regulating foreign trade. Congress cannot shirk its duties in this area.

The printed hearings, covered in this report, are divided into 10 parts as follows:

Part 1. Bureau of Mines.
Part 2. Stockpile.
Part 3. Titanium.
Part 4. International Materials Conference.
Part 5. Commodity trade agreements.
Part 6. Fuels.
Part 7. Tariffs and taxes.
Part 8. Paley Commission, staff study.
Part 9. Uranium, columbium, cobalt, rutile, and strategic agricultural products.
Part 10. Industry.

COMMITTEE RECOMMENDATIONS

The availability of critical and strategic materials are vital to military security and to an expanding domestic economy. National survival in time of war depends on ample and uninterrupted supplies of the 77 such materials included in the report. To assure that imperative needs of the United States be met:

1. We recommend the closest cooperation among the nations of the Western Hemisphere, which is the only dependable source of the necessary critical materials in time of war. This area can be defended and can be made self-sufficient in the production of such materials. We recommend that the spirit of the 130-year-old Monroe Doctrine prevail in our relations with the nations of the Western Hemisphere.

2. We recommend that Congress insure that the regulation of foreign trade conforms to the principles thus laid down in article I, section 8, of the Constitution thus assuring the American workers and investors access to American markets.

3. We recommend eliminating our Nation's present dependency upon remote and possibly unfriendly or neutral areas of the world for the critical materials, without which we cannot conduct a war.

The only tin smelter in the Western Hemisphere is in Texas City, Tex. The continued operation and maintenance of this smelter is essential to our security. The capacity meets our wartime needs.

4. We recommend increased depletion allowances to producers of critical minerals and materials as a further incentive to production.[1]

Further studies should be made of the Canadian method of delayed taxation in connection with such critical mineral and material development.

5. We recommend acceleration of the Federal program of stockpiling critical and strategic minerals and materials to assure ready supplies in the event of war and coordination of this program with "going concern" production industries in the Western Hemisphere to assure continuation of necessary supplies under stress of war.

6. We recommend studies with a view to improve petroleum, gas, and coal resources and develop them to assure maximum availability of domestic fuels for both the peacetime economy and national security. Such studies should determine whether present regulations are unduly restrictive of our own resource expansion and reserves, and if so, regulations should be adjusted to maintain our self-sufficiency in these vital fuels.

7. We recommend increasing the production goal for titanium to 150,000 tons annual minimum without delay. Titanium is a new wonder metal. This is a military must. Contracts should be awarded without delay by the Government to qualified concerns prepared to contribute toward this goal. Civilian demands are tremendous for this heat-resistant, high-strength-weight-ratio, noncorrosive, nonmagnetic metal.

This metal can become the basis for a $5 billion to $10 billion new civilian industry. Production of the long-range supersonic speed bombers and the necessary fighter planes will make obsolete any nation's air equipment built without it.

8. We recommend that goals for production of uranium for fuel be made adequate to meet both military and civilian requirements. Hemisphere self-sufficiency in uranium for fuels can be attained. A liberal long-range market price must be maintained as long as Government control is necessary for security. A tremendous civilian potential use of uranium is assured based on nuclear power for industry.

9. We recommend a review of the work of the Securities and Exchange Commission by the appropriate committees of Congress to clarify its duties and responsibilities. The sale of securities affects the strategic materials program. It is recognized that the Commission should assure full and complete information to potential purchasers of securities, and that its responsibility does not include determination of feasibility. Such congressional committee review should consider the advisability of a requirement that a thorough and confidential inquiry should precede any public announcement of an investigation of offered securities.

10. We recommend determination by the Congress, through appropriate committees, of the precise duties and relationships between the multiple (approximately 38) agencies and branches of our Government responsible for stockpiling operations of critical materials.

The determination of these duties should precede the appropriation of funds for these agencies with the aim of facilitating their work and of fixing responsibility for the proper coordinated objectives.

11. We recommend appropriations of $50 million annually to establish and operate a comprehensive 5-year program of laboratory, pilot plant, and exploratory research into improved methods of beneficiation of critical materials and the study of substitutes, including synthetics and replacements.

We approve the research and studies conducted by the Bureau of Mines on the low-temperature carbonization of coal and we recommend that adequate funds be appropriated to conduct extensive studies and investigations of ways and means to revive the coal industry. These funds should be made available to be used independently or in conjunction with responsible privately operated companies and organizations.

It is recommended that research and pilot-plant work be continued; that the erection of a large-scale oil-shale plant be considered by industry in cooperation with the Government. Such plant would endeavor to advance the production of petroleum fuel on a commercial basis, and it would be available in a war emergency.

12. We recommend rejection of international controls of production, prices, and supplies of critical and strategic materials unless by legislative action by the Congress of the United States.

FINDINGS

The findings include conclusions developed from the 10 parts of published testimony and are the foundation for the 14 recommendations for the United States Senate. This is in conformance with Senate Resolution 143 directing the committee to determine the accessibility of the critical materials to this Nation in wartime, and for our expanding economy and security.

1. The Western Hemisphere can be defended and will be the only dependable source to the United States of critical raw materials in the event of an all-out war.

The delivery of any such critical materials to the Nation across a major ocean during such a conflict will be highly problematical.

The evidence indicates that it now is possible for the enemy to destroy the production of critical materials at their source and, in any case, sea lanes will be even more difficult and costly to depend upon than was the case during prior wars.

The Western Hemisphere can be made self-sufficient in the production of critical materials which are essential in war.

Since the testimony of competent witnesses indicates that the Western Hemisphere will be the only dependable source of critical raw materials in the event of an all-out world war, it is imperative to the security of this Nation and to the nations of the Western Hemisphere that we and they foster the greatest measure of self-sufficiency in the production of such materials and continually study all possible devices that will encourage the expansion of hemispheric production in this vital field.

It is vital to our domestic welfare, economy, and security that maximum economic production be maintained, first, within our own borders and, second, in the Western Hemisphere.

2. During the last more than a quarter of a century established procurement practices have dangerously increased our dependence for the critical materials upon nations across major oceans without which this Nation cannot survive.

We must avoid dependence upon overseas suppliers to the extent that these suppliers could suddenly render us impotent by withdrawing supplies of critical materials during a world conflict, or could use such dependence as a political or economic bargaining lever.

Testimony is abundant that our domestic and foreign policies have been based on the false assumption that the United States is a have-not nation insofar as the supply of critical raw materials necessary to this Nation in wartime is concerned.

This testimony also shows that in many instances the United States has expended enormous sums of money to underwrite foreign fiscal systems and world policies of nations whose friendship is deemed of great importance because of their control and possession of raw materials.

This misconception that we are a have-not nation has found wide acceptance by the public through confusion between the statistical and engineering terms, "proved commercial reserves" and "potential and latent resources," which include developed ore, probable ore, possible or inferred ore to designate supplies of ore in various states of development.

This confusion has led to predictions over the past two decades that we would soon exhaust our supplies of petroleum, iron ore, copper, lead, zinc, tungsten, mercury, and other critical materials. Expert testimony before this subcommittee made it crystal clear that there were more known commercial reserves of critical materials in the United States than ever before in the history of this Nation.

In the meantime we have consumed more than the total quantity of proven commercial reserves of two decades ago.

The potential latent resources or reserves are more than ever susceptible to discovery today by modern techniques and exploration methods, requiring only a financial incentive to be found.

Evidence was presented which showed that this country was led into the mistaken conclusion that, according to the known reserves of critical materials, including petroleum, tungsten, manganese, zinc, lead, and other minerals, "we would exhaust our supplies and they would be virtually depleted" within 2 to 12 years.

Documents were introduced into evidence which stated that in 1944 the Government was advised to conserve its minerals and that it should purchase some critical materials from foreign countries, including Russia. It was testified that this advice played a part in the subsequent increase in United States dependence on foreign nations for critical materials which are available in this Nation and in the other areas of the Western Hemisphere.

3. Less than 1 percent of the areas of this Nation has been included in geological investigations; only 12.7 percent has been geologically mapped, and 31.1 percent topographically mapped by the United States Geological Survey; and that the Survey started its mapping work in 1880.

4. The evidence indicates that Federal tax laws definitely retard the production of critical materials in this Nation.

The principle of depletion allowance has materially increased the known reserves of petroleum and natural gas and if extended to other critical materials would increase the incentive to discover and develop additional supplies.

5. The United States cannot possibly exhaust its present and potential fuels supply including petroleum and coal in the foreseeable future. The absolute necessity for going-concern industries cannot be overemphasized. This is particularly essential where materials cannot be stockpiled, as coal and petroleum. Testimony is conclusive that the petroleum industry is a thriving going-concern business growing through the

[1] Present percentage of depletion allowance:

Mineral:	*Percentage of gross income*
Oil and gas properties	27½
Sulfur	23
Metal mines—practically all types	15
Uranium	15
Coal	10
Sand, gravel, slate	5

effect of a continually increased market and the tax policies including depletion allowances, but emergency dependence must be on the going-concern industry.

Enormous oil reserves are found in the shales and/or coal of Colorado, Wyoming, Utah, Kentucky, Indiana, and Ohio, as well as in Canada. It has been estimated these shales contain over 200 billion barrels of oil.

Experimental work by the Union Oil Co. and Bureau of Mines in pilot plant operation shows that petroleum production from this source is entirely practicable and that vast amounts of oil may be produced in the foreseeable future. The Green River formation in Colorado alone has been described as an area of 1,000 square miles with an underlay of oil shale 500 feet thick averaging a recovery of 15 gallons of oil per ton.

Coal reserves are unlimited for energy demands as well as for petroleum production. The coal industry is in a state of decline and steps should be taken and studies should be made with a view to expanding the uses of coal.

An International Materials Conference was established in December 1950 by the State Department without the express consent of Congress. It was testified before the subcommittee that the IMC was set up in lieu of the International Trade Organization which Congress had refused to ratify at an earlier date.

There is evidence before the subcommittee that the operations of the IMC and international control of production and consumption allocations may have depleted and retarded fulfillment of stockpile objectives.

The IMC has now been discontinued. A new effort to establish a similar international organization is currently in progress in the United Nations Economic and Social Council, based on a resolution passed by that body on April 30, 1954.

An international organization, setting up controls over the distribution of the production and consumption of the world's goods could inhibit our own going-concern industries.

7. Ore is a mineral aggregate that can be extracted at a profit. Through properly regulated foreign trade the incentive for risk capital necessary to develop additional reserves and establish a going-concern critical-material industry will be available.

8. Mines once closed down require years of time and tremendous investments to reopen. With experienced workers and technical staffs widely scattered, machinery liquidated, mines flooded and caved, much of our once available reserves are destroyed, and prospecting for new reserves is discouraged. Failure to realize the situation could mean tragedy to our economy and our material security.

9. Numerous administrative agencies and departments of the Government are involved in the stockpile program, or in efforts to increase the production of critical materials. They act independently of each other and none are charged with the complete operation. Many are not cognizant of the end objectives of the program. Their activities are marked by confusion and delay, frequently defeating the intent of Congress.

10. The Securities and Exchange Commission's "purpose is to provide full and fair disclosure of the character of securities sold" and "to prevent fraud." Complaints were made that the discovery and development of new minerals was retarded by actions of the Securities and Exchange Commission in that it improperly attempted to determine the feasibility of an enterprise and in that public announcements of investigations of securities sales were made prior to confidential inquiries justifying such announcements.

The Chairman of the Securities and Exchange Commission assured the committee that "the Commission does not pass upon the merits of any security or feasibility of an enterprise offering securities for public sale." The Commissioner also stated that there would be no publicity given to any administrative investigations before the Commission authorized a public hearing or announces a public investigation.

11. Titanium production is a must. It is a wonder metal without which this Nation cannot produce the most effective bomber plane flying at supersonic speeds with a range of five to seven thousand miles. Titanium will increase both the range and speed of these planes.

(a) This Nation needs a minimum production of 150,000 tons of titanium annually. The manufacture of the proper type of military planes without this wonder metal is impossible. We are producing approximately 2,000 tons annually.

(b) Three agencies share the responsibility for the production of this indispensable lighter, heat-resistant metal, which is far stronger than aluminum, and less than half the weight of steel. The Secretary of Defense, the Office of Defense Mobilization (ODM), and the General Services Administration (GSA) work on the program. The ODM represents the consolidation of about 15 such agencies.

(c) In 1953 the Secretary of Defense recommended the production of 35,000 tons of titanium annually by 1956. The ODM reduced the figure to 25,000 tons and up to September 21 of that year the GSA had let contracts for 13,200 tons and the actual annual production was little over 2,000 annual tons.

As of May 15, 1954, the Secretary of National Defense still recommends the production of only 35,000 tons, the ODM will permit contracts up to 37,500 tons. The GSA is now in process of negotiating additional contracts for an additional 16,500 tons per annum.

There is no provision for checking the contractees and for facilitating the work. Australia now furnishes the rutile for the Henderson, Nev., plant where two-thirds of the production is located—and India furnishes most of the ilmenite for the New Jersey plant, which is the source of the remaining one-third. Neither source would be available in time of war. There is more ilmenite in the United States and southern Canada than we can use in a century.

The industrial use of titanium, in addition to the military needs, could amount to from $5 to $10 billion annually in the near future—it is the strongest light metal known and in addition is noncorrosive, even in sea water. Many industries, including the chemical field, have announced that they can use the metal as fast as they can be assured a continuous supply.

12. The commercial use of nuclear power could be the greatest potential source of improvement, starting in the desert and mountainous areas where other fuels and hydroelectric potentials are high cost or nonexistent.

13. A stockpile of each critical material must be maintained which, coupled with going-concern production within the Western Hemisphere, will be ample to meet the military and civilian needs. Such a stockpile can be decreased as the going-concern production is increased.

The best wartime insurance of the adequacy of our supplies of critical and strategic materials is a healthy, expanding mining industry combined with well balanced, ample stockpiles.

The availability of tin is a matter of deep concern to this Nation. The far eastern resources may well prove unavailable to the United States in any future war.

The Western Hemisphere resources contained in Bolivia are more than adequate to meet the United States requirements. At present the United States Government is operating the only tin smelter in the Western Hemisphere. Recently efforts have been made to dismantle this smelter. Testimony received by the committee proves that this would be foolhardy and shortsighted. It is essential that we have a going-concern tin smelter in the United States capable of supplying the United States in the future and to supplement our stockpile requirements.

14. Laboratory research, pilot plant experimentation and exploration is important in the interest of national defense and must be implemented—for new and improved methods of beneficiating critical materials and for new uses, substitutes and replacements—and to facilitate the discovery of new reserves.

The difference in country rock and reserve ores often lies in an improved beneficiation process.

Numerous new uses for metals and materials have continually been developed over the years through laboratory work and pilot plants, among them titanium, zirconium, columbium, thorium, and uranium and new materials such as synthetic mica.

Many of these can be utilized as substitutes and replacements for scarce materials. They have opened up entirely new and unexplored fields of increased speed and power. There is every reason to conclude that if properly encouraged, much greater and broader progress in these fields lies immediately ahead.

LIST OF STRATEGIC AND CRITICAL MATERIALS

Group I

Abrasive crude aluminum oxide; aluminum; antimony; asbestos, amosite; asbestos, chrysotile; asbestos, crocidolite; bauxite, metal grade; bauxite, refactory grade; beryl; bismuth; cadmium; celestite; chromite, chemical grade; chromite, metallurgical grade; chromite, refractory grade; cobalt; columbite; copper; corundum; diamonds, industrial; fluorspar, acid grade; fluorspar, metallurgical grade; graphite, amorphorus lump; graphite, crucible grade; graphite, lubricant and packing grade; kyanite; lead; magnesium; manganese ore, battery grade; manganese ore, chemical grade; manganese ore, metallurgical grade; mercury; mica, muscovite block, good stained and better; mica, muscovite block, stained (radio tube quality); mica, muscovite film; mica, muscovite splittings; mica, phlogopite splittings; molybdenum; nickel; petroleum; platinum group metals, iridium; platinum group metals, platinum; quartz crystals; rare earths; selenium; tin; titanium; tungsten; vanadium; zinc; uranium; thorium.

Nonminerals: bristles, hog; castor oil; coconut oil; cordage fibers, abaca; cordage fibers, sisal; cotton, extra long staple; feathers and down, waterfowl; hyoscine; iodine; jewel bearings, instrument jewel except vee jewels; jewel bearings, sapphire and ruby vee jewels; jewel bearings, watch and timing-device jewels; opium; palm oil; pyrethrum; quinidine; quinine; rubber, crude natural; sapphire and ruby; shellac; silk; talc, steatite, block; sperm oil; vegetable tannin extract, chestnut; vegetable tannin extract, quebracho; vegetable tannin extract, wattle.

Group II

Minerals: bauxite, abrasive; cryolite, natural; graphite, crystalline fines; ilmenite; mica, muscovite block, stained and lower; mica, phlogopite block; platinum group metals, osmium; platinum group metals, palladium; platinum group metals, rhodium; platinum group metals, ruthenium; rutile; zirconium ore, baddeleyite; zirconium ore, zircon.

Nonminerals: agar; cotton; diamond dies; emetine; optical glass; talc, steatite, ground; wool.

Mr. MALONE. Mr. President, the recommendations and the findings are supported by 10 published volumes of

testimony, a summary of which is included as a part of the report.

The summary appears in the report under 14 sections, and represents a digest of the 10 months of hearings.

Mr. President, the United States is a part of the Western Hemisphere. Our ultimate security will be threatened if any European or Asiatic nation moves into this area to gain military, political, or economic control.

Therefore, closer cooperation among the nations of the Western Hemisphere is immediate and compelling.

The spirit of the 130-year-old Monroe Doctrine is the settled principle upon which that cooperation must be based. The principle should apply equally to the British, the Dutch, the French, the Union of Soviet Socialist Republics, and to all other European and Asiatic nations.

WE SHOULD DECLARE OUR INTENTION NOW WITH RESPECT TO RED CHINA

Mr. JOHNSTON of South Carolina. Mr. President, to me it is a remarkable demonstration of our independence of thought and expression—and I trust, action—at this season of the year, when we have just concluded the celebration of our national Independence Day, that we find the distinguished majority leader and the distinguished leader of my party in the Senate joining in quite similar expressions in regard to the course of action our Government should follow in the present world situation in view of recent trends. On Thursday and Friday of last week these leaders of major political thought in this country made extraordinary and significant statements in their brief remarks appearing in the RECORD. To them I offer my humble praise and approbation. I welcome them to a field of thinking to which I long ago subscribed.

My position in this respect requires no extended explanation on my part. We cannot always be consistent just for consistency's sake. Unforeseen events and conditions over which we are unable to exercise control, either individually or as a nation, may ultimately compel many of us to take stands and positions contrary to those which we may have assumed heretofore.

It is fallacious and unwise to suggest even for an instant that because one has taken a position on any public or private question he must in all events and at the risk of great hazards maintain that position. Changing conditions develop new problems which require different solutions and often dictate a reversal of one's former attitude. That the leaders of the two dominant parties of this country are able to see that changing world conditions require a new look at world problems, and recognize the need for a new examination of our foreign affairs, is a heartening development for our national good. As for myself, their statements have dispelled a feeling of loneliness which I have experienced throughout the several years of my membership in this body.

On this occasion, so closely associated with our July 4 celebrations, these personal declarations of independence by the distinguished Senators from California and Texas, whose leadership we in this body are pleased to acknowledge, are deserving of our acclamation.

I trust I may be pardoned for making a personal reference. I brought with me into membership in the Senate a few practical convictions and observations which have application in everyday affairs between man and man, and which I believe are equally applicable to nations. A businessman does not extend credit to one he does not trust or to one unworthy of credit. He does not engage in daily transactions with one he fears. I learned a long time ago that, if one extends credit or puts faith in a pseudo-friend, and later asks that the credit or loan be restored or repaid, when the faith and loyalty of the so-called friend are put to the acid test and found wanting, such an individual does not merit credit and confidence.

Why nations should be otherwise dealt with has been an unanswered question in my mind for many years. Before I had the honor of a seat in the Senate, I questioned the wholesale extension of aid, supplies, money, and credit to many so-called friendly nations. I never cared too much for the lend-lease program. Its name and purported aims never beguiled me.

Mr. President, I have looked with great disfavor upon heaping and almost forcing our substance upon many nations of the world. I am now thinking particularly of Russia and her satellites during the last war. I looked with great disfavor upon Russia's failure to cooperate with us during the very time—in war—when her national existence, like our own, was imperiled. Were our officers and civilian technicians permitted to go behind their battle lines to learn the problems the war was creating in Russia, how our generous help and assistance were being employed there, and how we might best prepare for the problems of peace? The iron curtain Russia maintained was just as impenetrable then as it is now. Russia erected then, and maintained then, as now, a barrier to wholehearted cooperation with the free world. We hesitated then to express our fears for the future even though many of us doubted the wisdom of our seemingly boundless generosity. The time has now come, and better for us now, before it is too late, that we must give full, frank, and public expression to our feelings of honest doubt. This is not isolation. This is not undue nationalism. This is no show of political immaturity.

This is a political necessity. It is evidence of the fact we intend to guard our own interests and view the future candidly. What is best for America, is my theme. What is best for freedom, liberty, and the pursuit of individual happiness, for ourselves and our posterity, and for freemen everywhere, is the question I must resolve in my own conscience, in the light of my own personal experience and such knowledge as I possess of the history of mankind and nations.

It is argued here and there that war is the only alternative to our failure to remain as a member in the United Nations. That is not so. That is not necessarily so. Such a result is not the only alternative. Such statements are not believed, in my opinion, by many who assert them. They know, or ought to know, that the history of mankind disputes them. The first 1,945 years of existence under Christendom were not all devoted to the affliction of war. There have been more years of peace since the dawn of civilization than there have been of war. That is a historical fact.

There probably will be some who will say that my observations smack of warmongering. I want only to be realistic about the grave problems we as a nation are facing. I hate war. I deplore the death caused by war and the misery and suffering which follow in its wake. The maimed, halt, blind, and persons otherwise afflicted who fill our veterans' hospitals bear convincing evidence that war solves few problems, if any, but we do know the scourge of war creates many more problems than it ever solves. If a personal reference may be pardoned, I myself have heard shells explode in midair and close at hand on the battlefield. I have been in the thick of machinegun fire, smelled the poisonous gases, and seen brave men fall on the battlefields of France during World War I. I have seen war at first hand, and its ghastly and beastly worst. War is abhorrent, and I want no more of it. Yet, if we are to exist and not fall victim to the stealthy, surreptitious, and insidious infiltration and transformation of our representative Republic, we must appraise and reappraise, often, however agonizing.

Can there not be associations and alliances among nations of good will and peaceful purposes, instead of the horrifying alternative of war which some predict would occur if there should be a change in our policy? I shall never take the threat of such an alternative as a justification for a further dissipation of our strength as a nation or as an excuse for our continued humiliation in the family of nations. In the United Nations, one setback after another fosters still others. Now is the time to stop, look, consider, and make whatever changes are necessary. The sooner our country realizes these things and sets its foot upon a firm foundation in the preservation of our rights, the greater the hope for the salvation of mankind everywhere.

Certainly I do agree with the pronouncements of our party leaders, the leaders of our two major parties, that we as a nation are at the crossroads of our national life so far as our foreign policy is concerned.

Consistency has been denominated a jewel. Jewel though it be, I want none of it at the expense of the very lifeblood of our Nation. I may say, however, that the position now asserted by our leaders is the one I have consistently taken. I refer to my negative votes in connection with all these foreign-aid programs which have plagued us for so many years. The recent pronouncements of our leaders in this body encourage me in the hope that I have been right on this subject.

You cannot buy a man's favor or friendship. His own self-interest will generally determine his course of action.

So it is with nations. The pathetic resolve, so clear to me, of the free nations now willing to sell their national existence as free peoples in exchange for a pitiable mess of trade pottage should be revolting to their heritage. What has become of the courage and determination of the man who gave mankind, after the battle at Dunkerque, the thrilling admonition in the immortal words, "All I can promise you is blood, sweat, and tears"? That was his answer to the threatening and menacing hordes of invaders, and the battle was ultimately won. Where is the tenacity, the inherited devotion to free institutions, and what becomes of individual liberty, if we are to continue to follow the course of trading with the enemies? Everything we cherish as Americans and as descendants of the barons who wrenched Magna Carta from King John at Runnymede may be lost. Are we breaking from our former allies if we adopt a different foreign policy and remain true to our national ideals? Are they not, rather, breaking from us and pursuing a course of present advantage, with no thought of their moral obligation toward insuring the future rights of freedom-loving people everywhere?

Long ago, I made my own appraisal of the world situation in the light of my own experiences and my understanding of history and its teachings. While the administration's spokesmen have recently been at variance—some urging we cannot afford to lose all of southeast Asia, and others contending we can only resist further aggression when and if the Asian peoples themselves join us with their assistance and cooperation—there does seem now at last to be more or less agreement in the pronouncements of the President, the Secretary of State, and more lately, here in the Senate, that, to use the phrase coined for the particular situation, there must be "an agonizing reappraisal" of our foreign policy. That reappraisal may shape up in the form and design of my own original appraisal. I do not favor, Mr. President, and never have favored, wasting our national substance, scattering and sprinkling our resources here and there, a little here and a little there, at all times weakening ourselves gradually, taxing ourselves with unbearable burdens, in the futile hope that many in the nations never accustomed to our way of life would wish to assume it and be the promoters and defenders of it in the world at large.

I believe in a strong America. I believe in alliances with free governments which have the courage, determination, and fortitude to stand up to the enemies of freedom, come what may. I want to follow the statesmanship of men who appreciate the heritage and understand the lessons of the past; men who have the wisdom to know we cannot do business with the tyrannical rulers of the Soviet Union.

Who is so naive as to think Russia is restrained by any regard or respect for the United Nations? The Soviet Union is ruled by despots whose ingrained purpose and ambition are to enslave all mankind, as a mass, to do their diabolical bidding. What desperation has seized the leaders in England, France, Italy, or any other nation, that they are unwilling to look just a little into the future and become aware of the fate that surely awaits them if they succumb to the temptation of profits of a wicked trade? Have these countries no leaders of the courage and conviction of Syngman Rhee, the undaunted leader of a suffering yet courageous Korean nation? Cannot the Western European countries realize that a succession of temporary advantages granted by the Soviets only mean that total domination and enslavement by the Communists will be their ultimate portion?

Mr. President, I do not share the apprehension of some of my friends on this side of the aisle or of others in this body who say we should not now declare our intentions in the event Red China should be admitted to the United Nations over our objections. It is not, as has been suggested here, that we seek to dominate the United Nations or that we do not wish to continue to play the game according to the rules, or that in a moment of adversity we should gather our marbles and go home. We were instrumental in forming the United Nations. We have been its principal supporter. We have given it a home and haven here. We have abided by its objectives and purposes. Has Russia done as much? Who is there to assert that of Russia? Whenever our former allies follow the spirit of the rules of the United Nations, in support of our efforts to enforce those rules, will they have done more than they should, or as much? Should not their deeds conform to their words? With just a few exceptions, we were given only token military support in the Korean war—and it was a war; let there be no mistake about it. That action cost us billions of dollars and upwards of 140,000 American casualties. Did we follow the rules there, and did we play the game fairly and squarely? Measure our contribution against that of England, please.

It requires nothing more than common justice and reasoning for me to take the position that our country should withdraw from the United Nations in the event Red China is permitted to walk over the dead bodies of thousands of American soldiers and the millions of freedom-loving Koreans, to gain a seat in the United Nations. My position requires no hedging, and permits of none. It requires no wait and see on that score. It is not daunted by the threat of war as an alternative. The situation cannot even be debated, so far as I am concerned. My answer is a natural one: "No; a thousand times No." When the bloody Communist Chinese put their feet under the tables in the councils of the free nations and assume the privilege of voting in the United Nations, it is time for the United States to leave those councils forthwith.

Should Communist China retire from Korea and make amends for the wrongs inflicted upon that devastated land; when Red China renounces her evil intentions of infiltrating the helpless nations of southern Asia, and quits her cat-and-mouse affair with the docile millions in India, so unwisely dominated by Nehru—who, if he knows anything, knows better than to trust Red Russia or Red China; and when Red Communist China shall renounce war as an instrument of national policy, and shall renounce infiltration as being inimical to peaceful relations between nations; and when by other acts and deeds she demonstrates that confidence may be placed in the good faith of her intentions, then is the time for us to consider a change of attitude and intentions. Until that time shall arrive, I plead for the free nations to remain adamant.

I should like to point out that we have lost no faith and confidence among men of worthwhile nations because of our recognition of the rights of the German people or those of the good people of Japan. Only yesterday, under brutal and misguided leaders, they were our mortal enemies. Today, we and they are friends. I hope their friendship for us and ours for them will be steadfast and enduring. To such as they and to the great people of Turkey, whose leadership today is at its greatest, and to Greece and the other free nations who value human rights and personal liberty over the paltry profits of temporary trade and commerce with the enemy, I say let us continue our alliances of friendship, our mutually helpful and fair trade relations and practices, and such loans and grants as may assist them in being and remaining strong. To the free nations of this hemisphere, let us continue our union of Pan-American states and our benevolent cooperation and alliances. Let us also not forget the people of the Philippines, who look to us for assistance and guidance, and to whom we are historically bound.

Likewise, we would include our friends in New Zealand, Canada, and Australia. Let us give, within reason and propriety, such assistance, guidance, and cooperation to other free nations in the danger zones of the world.

When we shall have done these things for those who value individual liberty and human dignity above temporary and passing material gain, we shall have helped ourselves and others in the hard struggle to maintain free governments and free institutions, and thus, in the long run, we shall have rendered the most substantial service to mankind. To do otherwise, to cringe from the hazard of free expression of our intentions for the future, is unbecoming of us as individuals and as a nation. The time has come for us to be forthright, frank, and courageous. It is no time to shrink, cringe, and shudder. To defer is merely to postpone the day of reckoning. To delay permits the strong to further impose upon the weak. Let us strengthen the weak by stating candidly to the world what our own future action will be.

I shall vote to reduce, cut off, and abandon entirely our policy of handouts to foreign governments at the great expense and detriment to our people here at home. When I reflect now upon the billions we have wasted in the forlorn effort of trying to save England—and now to save her from herself and her false theory of the beneficence of Fabian socialism—the billions we have scattered

hither and yon in a fruitless effort to preserve a semblance of free government for those who now appear unwilling to receive it, and who do not appreciate our aid, I reproach myself for not having been more vocal in my unalterable opposition to these handouts. On previous occasions the situation seemed rather hopeless when I was almost alone in casting my vote in opposition.

We could spend to good advantage here at home the billions authorized in the present foreign-relief bill, which has passed the House of Representatives. Years ago we could have reduced our national debt if we had applied to it the billions we have wasted abroad. We could call home the hordes of Americans employed in our various foreign-aid programs and schemes. I feared long ago that they were harming our relations because of their reckless actions and licentious mode of living. In many instances they have not been our true representatives. We shall save millions when they are released from the public payrolls. By this large saving we can reduce our own tax burdens and return to our historic policy of friendliness toward all nations whose national ambitions, aspirations, and actions deserve our friendship.

Thus we will preserve our role among the free nations of the earth as the champion of the dignity of the individual man. Thus we will help to preserve for ourselves, for our posterity, and for free men everywhere the great principles of individual liberty so beautifully taught us in the Christian religion. Thus only can we render our greatest service, the greatest within our power, in the preservation of human liberty throughout the world.

Mr. McCARRAN. Mr. President, I take this opportunity to congratulate the Senator from South Carolina for a fine presentation of views which I share.

CALL OF THE ROLL

Mr. BUTLER. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. DOUGLAS. Mr. President, reserving the right to object, the Senator from Louisiana [Mr. LONG] is planning to deliver a major address on the military construction bill.

The PRESIDING OFFICER. The question is not debatable.

Mr. DOUGLAS. I said "Reserving the right to object."

Mr. LONG. I object, Mr. President.

The PRESIDING OFFICER. Objection is heard. The clerk will complete the call.

The Chief Clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

Aiken	Bridges	Carlson
Anderson	Burke	Case
Barrett	Bush	Chavez
Bennett	Butler	Clements
Bowring	Byrd	Cooper
Bricker	Capehart	Cordon
Crippa	Johnson, Colo.	Murray
Daniel	Johnson, Tex.	Neely
Dirksen	Johnston, S. C.	Pastore
Douglas	Kennedy	Payne
Duff	Kerr	Potter
Dworshak	Kilgore	Reynolds
Ellender	Knowland	Robertson
Ervin	Kuchel	Russell
Ferguson	Langer	Saltonstall
Flanders	Lehman	Schoeppel
Frear	Lennon	Smathers
Fulbright	Long	Smith, Maine
George	Magnuson	Smith, N. J.
Gillette	Malone	Sparkman
Green	Mansfield	Stennis
Hayden	Martin	Symington
Hendrickson	Maybank	Thye
Hickenlooper	McCarran	Upton
Hill	Millikin	Watkins
Humphrey	Monroney	Welker
Ives	Morse	Williams
Jackson	Mundt	Young

The PRESIDING OFFICER (Mr. CRIPPA in the chair). A quorum is present.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

Mr. WATKINS. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the amendments of the House to Senate Concurrent Resolution 75, which records congressional approval for suspension of deportation of certain cases which were referred by the Attorney General.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 75) favoring the suspension of deportation of certain aliens, which were, on page 16, strike out lines 18 and 19 inclusive; on page 35, strike out line 22; on page 41, line 11, strike out "Tin-Yang" and insert "Ting-Yang", and on page 41, after line 12, insert:

A-9948032, Palombella, Onofrio.
V-28612, Vergos, Diamatis or Diamond.

Mr. WATKINS. Last week I called to the attention of the Senate the action of the House of Representatives with respect to this concurrent resolution. At that time there was objection to taking it up. I have contacted the ranking minority member of the committee, and there is now no objection to going ahead with the matter.

Mr. MAYBANK. Mr. President, will the Senator from Utah yield?

Mr. WATKINS. I yield.

Mr. MAYBANK. Did the Senator from Utah ask unanimous consent to take it up?

Mr. WATKINS. I did, and at this time I renew the request.

The PRESIDING OFFICER. It is a privileged matter and can be taken up on motion.

Mr. MAYBANK. Mr. President, reserving the right to object—and I do not intend to object—I may say to the Senator from Utah that I wish to ask unanimous consent that the yeas and nays be ordered on the Long amendment.

The PRESIDING OFFICER. There is no Long amendment pending at the present time.

Mr. MAYBANK. Mr. President, I ask unanimous consent that when the amendment of the Senator from Louisiana [Mr. LONG] is before the Senate, the yeas and nays be ordered.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. What is the business before the Senate?

The PRESIDING OFFICER. The amendments of the House to Senate Concurrent Resolution 75, which records congressional approval for suspension of deportation of certain cases which were referred by the Attorney General.

Mr. WATKINS. Mr. President, under date of April 19, the Senate adopted Senate Concurrent Resolution 75. Thereafter, on June 15, the House of Representatives amended Senate Concurrent Resolution 75 by adding 2 names, deleting the names of 2 aliens, and by changing the spelling of a certain alien's name. These cases have been examined and have been found to comply with all our standards, and, accordingly, I move that the Senate concur in the House amendments to Senate Concurrent Resolution 75.

Mr. MAYBANK. Mr. President, will the Senator from Utah yield?

Mr. WATKINS. I yield.

Mr. MAYBANK. I should like to ask the Senator if he consulted the minority leader.

Mr. WATKINS. I consulted the minority leader, and I contacted the Senator from Nevada [Mr. MCCARRAN], and he has no objection.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Utah.

The motion was agreed to.

Mr. FREAR subsequently said: Mr. President, I should like to have the attention of the senior Senator from Utah. I move to reconsider the vote by which the motion of the Senator from Utah was just agreed to. The reason for asking a reconsideration is that I understood the Senator—perhaps I was not quite clear on it—had received clearance from the ranking minority member of the Judiciary Committee, from whom I just received a telephone call asking for reconsideration on behalf of the Senator from Nevada [Mr. MCCARRAN].

Mr. WATKINS. A member of my staff contacted the Senator, and he had no objection whatever.

Mr. FREAR. I hope the Senator will understand my reason for asking a reconsideration.

Mr. WATKINS. I shall not oppose reconsideration, but it seems to me that a great deal is being made of a very little.

Mr. FREAR. Mr. President, I enter a motion that the Senate reconsider the vote by which the motion of the Senator from Utah was agreed to.

The PRESIDING OFFICER. The motion will be entered.

Mr. FREAR subsequently said: Mr. President, I ask unanimous consent that I may be privileged to withdraw the motion to reconsider the vote by which the motion made by the Senator from Utah was agreed to.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

CONSTRUCTION AT MILITARY AND NAVAL INSTALLATIONS

The Senate resumed the consideration of the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes.

Mr. LONG. Mr. President, I ask unanimous consent that I be permitted to offer my amendments en bloc, notwithstanding the fact that they would change one figure already agreed to by the Senate.

Mr. CASE. Mr. President, reserving the right to object, may I ask the distinguished Senator from Louisiana if the amendment to which he refers is an amendment which would change the figures in several places in the bill relating to enlisted men's barracks, and so forth?

Mr. LONG. Yes.

Mr. CASE. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I now call up my amendments which are at the desk.

The PRESIDING OFFICER. The Clerk will state the amendments offered by the Senator from Louisiana.

Mr. LONG. Mr. President, I ask unanimous consent that the reading of the amendments may be dispensed with, as they are somewhat lengthy, and that they may be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendments offered by the Senator from Louisiana [Mr. LONG] are as follows:

On page 2, line 6, to strike out "troop housing."

On page 2, line 8, to strike out "$1,579,000" and insert "$1,087,000."

On page 3, to strike out lines 3 and 4.

On page 3, to strike out lines 5 and 6.

On page 3, to strike out lines 16 and 17.

On page 3, to strike out line 18.

On page 3, to strike out lines 19 and 20.

On page 3, line 24, to strike out "$2,290,000" and insert "$800,000."

On page 4, line 6, to strike out "$2,739,000" and insert "$1,320,000."

On page 4, to strike out lines 7 and 8.

On page 4, to strike out lines 13 and 14.

On page 4, to strike out lines 19 and 20.

On page 4, to strike out line 21.

On page 5, to strike out lines 1, 2, and 3.

On page 5, to strike out lines 5 and 6.

On page 5, line 7, to strike out "troop housing."

On page 5, line 9, to strike out "$3,470,000" and insert "$681,000."

On page 5, line 10, to strike out "troop housing and."

On page 5, line 11, to strike out "$3,623,000" and insert "$181,000."

On page 5, lines 13 and 14, to strike out "$7,875,000" and insert "$2,297,000."

On page 5, line 17, to strike out "$7,063,000" and insert "$3,944,000."

On page 5, line 18, to strike out "troop housing, and."

On page 5, line 19, to strike out "$2,216,000" and insert "$902,000."

On page 5, line 22, to strike out "$3,582,000" and insert "$164,000."

On page 5, to strike out lines 23 and 24.

On page 6, line 2, to strike out "troop housing and."

On page 6, line 3, to strike out "$6,268,000" and insert "$793,000."

On page 6, to strike out lines 4 and 5.

On page 6, line 6, to strike out "troop housing and."

On page 6, line 7, to strike out "$774,000" and insert "$444,000."

On page 2, line 24, to strike out "troop housing and."

On page 2, line 25, to strike out "$580,000" and insert "$88,000."

Mr. CASE. Mr. President, I think the Members of the Senate would like to have an explanation of the amendments. The amendments were prepared in consultation with the clerk of the committee, and include merely the changing of items at several points in the bill to eliminate the enlisted men's barracks. Is that correct?

Mr. LONG. That is correct, and to eliminate the so-called replacement program. I have no objection to having the amendments read, but while there are several Senators on the floor I should like to ask that the yeas and nays be ordered at this time.

The PRESIDING OFFICER. There is a sufficient second. The yeas and nays are ordered.

Mr. LONG. Mr. President, the amendments I am offering seek to strike out the so-called replacement program. They do not seek to strike out all the barrack buildings in the bill. They do not touch the so-called hard-core program, which is a program to construct barracks where they are needed for additional housing on bases. The figures I am seeking to strike relate to barracks which I believe to be unnecessary, because they are merely replacing existing barracks.

When the Army was 20 percent larger than it is today this program was considered by the Senate Committee on Armed Services. At that time the committee made a study of the subject. We examined into it carefully. We obtained the best advice we could get from competent civilian engineers, all of whom had been loaned to the committee by the Army itself, from the Corps of Engineers. After a thorough study had been made of the entire program, the committee rejected the program, and eliminated the project, which at that time involved $100 million. This is the language in the committee report at the time:

ARMY BARRACKS

The committee heard testimony from the Army in some detail with respect to the rather large number of barrack spaces which it requested. At many installations substantial numbers of barrack spaces were requested, although existing facilities were more than enough to house the present strength and any foreseeable increase. As a general rule the barracks facilities available are of a permanent or semipermanent type.

The justification of the Army for this request is that it has calculated its construction capabilities in the event of full scale mobilization and finds that the demands upon its capabilities in the early stages of such mobilization will be in excess of its capabilities. It, therefore, proposes to take up this slack at the present time by the construction of barracks of a permanent type. Had the Army suggested that the slack be taken up in the heavy construction fields, such as ordnance production and other industrial facilities, it would have appeared more logical to the committee. The fact is that temporary housing represents the most simple type of construction and could be constructed promptly when required.

In the opinion of the committee, living quarters for our military men can be provided very quickly when the need arises and should not be constructed perhaps years in advance of their requirement. At bases where there is not sufficient troop housing space sufficient barracks have been allowed to make up the deficiency.

I say again today that the Armed Services should be provided with all the barracks which they need for their requirements, but we should not undertake a program costing $100 million for the first year, which is being asked for at this time. I am glad to note that the committee has wisely seen fit to reduce the amount by 50 percent, but it would have been much wiser to have reduced it by 100 percent. My proposal is that Congress make a further economy and save an additional $45 million.

There is less need for this project today, with the Army being 20 percent smaller, than there was 2 years ago, when the Army was 20 percent larger. Anyone can figure that out. As a matter of fact, the amount of barracks which the Army believes it could build with the money would not be sufficient to house more than 41,000 men. Yet the Army has closed bases throughout the United States large enough to handle that number of men. The Army has closed one large barracks in Louisiana. I am certain they have closed others throughout the Nation adequate to house the number of men for whom the Army proposes to build barracks at a cost of $100 million.

The committee included this amount in one item, but it is still being proposed to take men out of permanent or semipermanent type barracks, built at the time when materials were immediately available, built when the unit costs were higher, to provide facilities which are better than the present specifications. The Defense Department proposes to take troops out of those barracks and to put them into newly constructed barracks, to cost $45 million.

Mr. President, soldiers will not be better because they are housed in new barracks buildings.

This is $45 million of unnecessary spending. The item has been rejected twice previously by the Committee on Armed Services. On a previous occasion, just after the outbreak of the Korean war, a bill was introduced providing for the same item. The committee turned it down.

Subsequently a bill came before the Congress providing for $3 billion, and again it was turned down. Now the Department of Defense comes before the Congress again, when the Army is 20 percent smaller, and when bases are being closed throughout the entire United States, and again proposes this barracks-building program. It does not make sense. Sometimes we make ourselves appear to be foolish, when we spend money in this fashion.

Let me illustrate what the Government has been doing. This is an article in the Washington Post and Times Herald, which is absolutely amazing to me. It is dated Monday, June 21, 1954. The

headline is: "Army Gets $2 Billion Extra To Allay Fears."

I read from the article, as follows:

Defense Department official has told Senators that $2 billion in "fat" was left in the Army budget to allay public fears that America's ground forces were being cut too hard.

Lyle S. Garlock, of the Defense Comptroller's Office, made the statement to members of the Senate Appropriations Committee recently in secret hearings on the administration's $29 billion defense budget. The bill was approved by the Senate Thursday.

Garlock said $2 billion was appropriated in past years for Army procurement and production. It will not be used by the Army in fiscal 1955, but was left in the budget for public "psychology," he said.

Senators have passed a bill in which there was $2 billion of waste. What did the Army say? They asked for $2 billion more than they had any need for at all.

The same Department of the Army has come before Congress again with the same type of bill as has been rejected time and again, containing the same item. It should never be granted. It seems to me that this is a type of waste and extravagance which should be stopped. Ways should be found to make certain that the armed services do not ask for these enormous, unnecessary appropriations.

I realize that a great burden is placed upon Senators because usually contracts for such construction bring commerce, prosperity, and payrolls to the towns which will benefit by the unnecessary construction of military bases. I realize what the pressures are.

I know that some time ago a contractor from Louisiana, together with a number of members of his local chamber of commerce, came in his private airplane to Washington and gave a dinner for the Louisiana delegation. He urged that all measures should be taken to insure that a certain base in his State should never be closed. On that occasion the problems were discussed, and it was suggested that the officials connected with the base thought it would be well to have more expensive barracks and barracks facilities built in that area. Then it would be made more certain and more likely that the base would not be closed, in the event that the particular service concerned was required to take a cut in its budget.

Mr. President, I know what the pressures are on Senators in connection with these matters. I am frank to say that the bill has great appeal from a political point of view, because it provides for $1,100,000,000 in expenditures. There is something for almost everyone in the bill. In order to be fair, I wish to advise Senators that the following States would receive the benefit of some of the unnecessary expense on barracks, if the bill is passed without amendment:

Maryland, Alabama, Virginia, Pennsylvania, Kentucky, New Jersey, California, Texas, Massachusetts, Georgia, Oklahoma, Colorado, Kansas, and Washington.

It may be that Senators wish to have the bases improved, want more construction, would like to have more new barracks to replace the older barracks, which are in all respects completely adequate for the Army's needs.

Recently, when Camp Polk was closed in Louisiana, and the troops were shifted to other bases throughout the Nation, we were assured that there was plenty of barrack space at the other bases, and that there would be no need to build new barracks when the troops were shifted to other areas.

I have previously worked on items of this kind. At one time I had the honor of serving on the Committee on Armed Services. When I learned that this bill was to be introduecd, I recognized the same old, time-honored, wasteful item. I went to the distinguished chairman of the subcommittee and explained the situation to him. I advised him where the item was in the bill, and suggested that it might be well to look into it.

I am very much pleased and appreciative that the chairman of the subcommittee recommended to the subcommittee that half of the item be eliminated. But I believe, Mr. President, that it would be a mistake to allow the Department of Defense to begin this program at all. This is just a beginning. It is the plan of the armed services to come back year after year with a replacement program of this kind.

This is something which can be postponed. This expenditure of $45 million does not need to be made this year. It could be postponed for 10 years, without any harm to the armed services. This item is being sought at a time when the Congress is being asked to raise the national-debt limit by another $15 billion, to take the public further into debt.

It comes at a time when Congress said that it cannot afford to grant a tax reduction to the little man. We have said that the average man cannot even have a $20 reduction in his tax bill. Yet we have before us a bill for $1,100,000,000, which again includes an item for $45 million to construct barracks which are not needed.

Mr. President, I ask unanimous consent that the article in the Washington Post and Times Herald of June 21, 1954, to which I have previously referred, be printed at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

ARMY GETS $2 BILLION EXTRA TO ALLAY FEARS

(By John W. Finney)

A Defense Department official has told Senators that $2 billion in "fat" was left in the Army budget to allay public fears that America's ground forces were being cut too hard.

Lyle S. Garlock, of the Defense Comptroller's Office, made the statement to members of the Senate Appropriations Committee recently in secret hearings on the administration's $29 billion defense budget. The bill was approved by the Senate Thursday.

Garlock said the $2 billion was appropriated in past years for Army procurement and production. It will not be used by the Army in fiscal 1955, but was left in the budget for public "phychology," he said.

The administration's defense budget for the 12 months beginning July 1 is about $5.5 billion below the funds provided by Congress for the current fiscal year. The Army would absorb about $5.3 billion of the cut.

THE ARMY TO BE CUT

The administration's "new look" military strategy calls for more reliance on air and new weapons retaliatory power and less on ground forces. Defense officials plan to cut Army strength from 20 to 17 divisions between now and June 30, 1955.

Testimony released by the Appropriations Committee shows that Senator LEVERETT SALTONSTALL, Republican, of Massachusetts, chairman of the Armed Services Committee, first hit on the Army surplus as an easy target for a quick savings.

SALTONSTALL noted that the Army presently has about $5 billion in past appropriations for procurement and production, and that by June 1955 some $2 billion of this still will remain unobligated or unused.

He asked why it would not be a good idea to transfer this to some other fund, such as maintenance and operation and thus save it in new appropriations for the Army in the coming fiscal year.

IDEA HELD FEASIBLE

Garlock admitted that SALTONSTALL's idea technically was feasible since the Army has no plans to spend or obligate this $2 billion in fiscal 1955.

But Garlock said strictly a policy decision had been made in the executive branch that it would be advisable to leave the money in the Army's pockets.

Garlock agreed with SALTONSTALL that the policy decision was based on psychology.

"In view of the present conditions in Indochina and all over the world," SALTONSTALL observed, "it might be better to leave it there with the idea you are not cutting the Army's expenditures down to too low a limit."

Garlock said that if the surplus were cut everyone in this room and everyone in the Congress would thoroughly translate it, but when it traveled over the news wires, they would see $2 billion reduction in the Army.

Senator RICHARD B. RUSSELL, Democrat, of Georgia, objected that we are basing everything on psychology now, Supreme Court decisions and everything else.

RUSSELL suggested the $2 billion was a kind of nest egg for procurement in event of an emergency. Garlock said that was correct and said the Army did not plan to use the money unless some unusual emergency arises.

Mr. LONG. Mr. President, I should perhaps state that, so far as I can determine, there is one difference between the proposal being made today and the one which was made 2 years ago. The one made 2 years ago was advanced on the theory that the Army ought to have a headstart in constructing barracks in the event war broke out, and for that reason it was contended it would be a good idea to have a surplus of empty barracks across this Nation.

Now representatives of the Army are back with the same request for the same program, but this time they attempt to justify the proposal by using the logic that it would be better to have better barracks than those which exist today and to replace the existing old barracks, because if that were done there would be a higher rate of reenlistments.

Let us face the facts. The Army is going to have to obtain its manpower by drafting our sons, just as it has been doing for many years now. Men will not be made better soldiers by furnishing them with better barracks.

Mr. DOUGLAS. Mr. President, will the Senator yield for a question?

Mr. LONG. I yield to the Senator from Illinois.

Mr. DOUGLAS. I should like to ask the Senator from Louisiana about the quality of the barracks proposed to be

replaced. Are they in a bad state of repair, are they extremely obsolete, or are they simply the kind of barracks which have not been constructed in the past few years?

Mr. LONG. I know many of the barracks are in good shape and condition. The testimony of the representatives of the Army with regard to the barracks was that they were adequate. Many are so-called permanent type barracks, and will last for a long time. Some of the barracks are what are called semipermanent barracks, which I regard as being of reasonably good construction.

Mr. DOUGLAS. Is it not true that if we were to get into a war, or have large-scale mobilization, we would undoubtedly have temporary housing for military personnel of the quonset hut type, and that undoubtedly there are in Government storage warehouses large numbers of quonset huts which have been disassembled, but which could be reassembled rather quickly?

Mr. LONG. That is entirely true. Furthermore, today there are good bases all over the United States which have been closed as a part of the so-called economy cutback program. There are a large number of bases which have been closed. As a matter of fact, the Army has closed almost all except their so-called permanent bases, which they usually describe as forts, such as Fort Benning.

Mr. DOUGLAS. So, while the Army is reducing its force by 20 percent, the Department of Defense wants to have $100 million more for permanent barracks; does it not?

Mr. LONG. That is correct. That is my understanding.

Mr. CASE. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from South Dakota.

Mr. CASE. I was wondering whether the Senator from Louisiana or the Senator from Illinois had seen pictures of some of the barracks it is proposed to replace and some of the bachelor officers' quarters. I have pictures of the exteriors and interiors of some of the barracks proposed to be replaced. I doubt very much that the Senator from Louisiana would have made the assurance in his response to the Senator from Illinois had he seen the pictures. Those are not good, standard barracks; they are substandard barracks. The bachelor officers' quarters involved are a disgrace. We cannot expect Wacs or other personnel who will occupy some of these bachelor officers' quarters and barracks to live in such disgraceful, insanitary facilities in which they are now requested to live.

In some cases there do not exist in the bachelor officers' quarters separate compartments in which to hang clothes. Self-respecting girls cannot be expected to live in such quarters longer than they have to. I do not think the Senator from Louisiana would give the assurance he has given if he knew the condition of the barracks and the bachelor officers' quarters which are proposed to be replaced.

All the committee has sought to do is start a program so that there will be a little more to offer to those who desire to remain in the service in the way of decent quarters.

Mr. LONG. Can the Senator from South Dakota inform me whether the barracks for 41,000 personnel are primarily for Wacs?

Mr. CASE. Some of them are. They include both enlisted personnel barracks and bachelor officers' quarters. Of course, it would not be for 41,000 because the committee has cut the program in two. They are not permanent barracks; they are substandard, mobilization-type barracks.

Mr. LONG. Will the Senator inform me how many of those barracks are for Wacs?

Mr. CASE. I would have to go through the individual projects. I cannot give that information to the Senator from Louisiana offhand, but whether they are for Wacs or men, it is a disgrace to ask persons to live under such conditions.

Mr. LONG. I have had occasion to see some of the barracks which are being closed today. I inform the Senator from South Dakota that there are many good barracks all over the Nation in bases which have been totally closed, and there are good barracks in bases which are open today. Perhaps one could find a building here and there which he might think should be eliminated; but the point is that there are adequate barracks to house the men and women who are already in the Army today.

When certain bases were closed, civic groups from the communities involved did not want the bases closed. They called upon their Representatives and Senators and made their sentiments known. The representatives of the Department of the Army gave every assurance that in transferring the additional troops to more permanent bases, they had all the barracks and other facilities they were going to need, and that they were not going to have to replace any of those facilities.

I am not complaining so far as the hard-core program is concerned, or about the barracks which the Army needs and has to have.

Mr. THYE. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Minnesota?

Mr. THYE. First, I should like to announce that, unfortunately, I must leave on a 6 o'clock plane, if I am going to be present at a hearing scheduled for tomorrow in Minneapolis. Therefore, I shall have to be absent when a yea-and-nay vote is taken.

Mr. President, I ask unanimous consent to be excused for the remainder of this evening and for tomorrow's legislative session.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. THYE. I should like to speak to the amendment which the Senator from Louisiana has offered to the bill before the Senate. I believe the chairman of the subcommittee, the Senator from South Dakota [Mr. CASE], is entirely justified when he states that if ever there was a time to build and improve living quarters for the troops, this is the time to do it. I fully agree, because it is more desirable to keep a soldier in the service than it is to have a constant turnover. There is a tremendous expense involved in turnover in personnel in the military forces. I believe that ultimately there might be effected a greater saving if there were some inducement to keep the young men in the service, rather than have the service compelled to sustain a heavy turnover in personnel.

Therefore, were I present, I would vote against the amendment offered by the Senator from Lousiana, and I would support the position of the subcommittee chairman. I regret that I shall have to leave, and that I shall not be here when a yea-and-nay vote is taken on the amendment.

I thank the Senator for yielding to me.

Mr. MORSE. Mr. President, I wish to make a few brief remarks on the amendment of the Senator from Louisiana.

I observe that the Senator from Mississippi [Mr. STENNIS] has temporarily stepped out of the Chamber. Let me say that the Senator from Mississippi, the Senator from Louisiana, and I, served on the Armed Services Subcommittee on military installations, as the predecessor of the subcommittee now headed by the Senator from South Dakota [Mr. CASE]. I wish to say that I think the present subcommittee has done a very conscientious and splendid job on the bill as a whole.

However, I find myself very much in sympathy with the objectives of the amendments of the Senator from Louisiana, because when we served on the subcommittee and when we inspected a number of these facilities, we became convinced that the Army had overbuilt. We also became convinced that, rather than authorize appropriations for the building of additional facilities, we should make better use of abandoned facilities and better use of facilities needing repair. In other words, we felt we should proceed to make appropriations for the doing of some repair work.

Mr. President, I do not wish to be misunderstood, for I realize that too broad a conclusion can be drawn from a generality such as the one I am about to state. However, in my judgment the Military Establishment for too long a time has been too new-construction minded, and has had a lack of appreciation of the economy of efficient repair work. I do not know about the particular facilities to which the Senator from South Dakota has referred by way of reference to pictures. I have not seen the pictures, but I can well imagine what they will show, because when we served on the subcommittee we were deluged with pictures by the Military Establishment. The gentlemen at the Pentagon are very prone to use photographs; they seem to think that all they have to do is bring before congressional committees a few photographs of very bad apples, so to speak, and, as a result, the committees will reach the conclusion that all the apples in the barrel are rotten, whereas actually all that is needed is to remove the few bad apples and wash the film of contamination from the remaining large number of good ones.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. DOUGLAS. Has the Senator from Oregon examined the pictures?

Mr. MORSE. No.

Mr. DOUGLAS. I have looked at them; and, in the words of Queen Victoria, "I am not impressed."

Mr. MORSE. Mr. President, I only wish to say this about the argument that has been made by way of the introduction of the photographs: I am not interested in photographs by sampling. If I could see photographs of all the available facilities, particularly the ones which have been abandoned, even though they never should have been abandoned in the first place, I believe I would be in a better position to pass judgment on whether a fair sampling of the available structures has been made.

But, on the basis of my years of experience on the Armed Services Committee, and after having spent a great many hours in hearings on military installations, I am willing to take notice now that a great many facilities can be repaired and brought into very fine condition by means of the expenditure of sums of money amounting to far less than the cost of new construction.

Furthermore, Mr. President, I am satisfied that in the entire matter of troop facilities the Military Establishment has overbuilt.

I wish to be entirely fair about the matter, and so I state frankly that I do not know whether the entire $45 million should be deleted. I do not know whether this item should be amended by way of providing some funds for reconditioning and repair work or whether we should reduce further the $45 million. But I am very doubtful that we can justify the $45-million item in this budget. One of the reasons why I am very doubtful is the handling of a specific problem involving my own State. Of course, Mr. President, as I make these remarks, I speak from an interest in my own State, for one of my responsibilities in serving in the Senate is to protect the legitimate interests of my State in regard to Federal legislation. At the same time, I make no derogatory comment regarding any of the projects listed in the bill under the so-called Ordnance Corps request, beginning on page 2; but I wish to direct the attention of the Senator from South Dakota [Mr. CASE] and the other members of the committee to the items on page 2. I am willing to take it for granted that the items listed in the several States, under the Ordnance Corps requests, are justified. I say that because I do not want anyone to charge that I am trying to cut off an appropriation for some other State. However, I desire to refer to the great ordnance depot at Hermiston, Oreg., covering 40 square miles, with a tremendous investment on the part of the Federal Government.

It so happened that a few days ago—on Armed Services Day—I was invited to make the speech at an armed services program at the ordnance depot at Hermiston, Oreg. While there, I inspected the depot. I wish to call this matter to the attention of my friend, the Senator from Louisiana [Mr. LONG], because he and I have inspected many, many military installations. We have inspected and we have inspected and we have inspected until I found myself inspecting them in my sleep. The Senator from Louisiana and I have gone up and down the stairs of one military installation after another, all over Europe and across North Africa, as well as in many places in the United States. I say to him and to other Senators—and I said this on Armed Services Day after I completed my tour at the great ordnance depot at Hermiston, Oreg.—that I have never seen a military installation under the American flag where a better housekeeping job was being done. I wish to take advantage of this opportunity officially to compliment the military staff in charge of that great depot for the wonderfully efficient and economical job they are doing there.

I only wonder whether that kind of efficiency and that kind of economy pay off, from the standpoint of obtaining appropriations from the Federal Government for further development of the depot, because now we are faced with a whole series of appropriation authorizations for other ordnance depots, but without a dollar of authorization being proposed for what I consider the depot that evidences the best housekeeping and the most efficient and most economical operation shown among all the military installations it has been my privilege to inspect.

Not only that, Mr. President, but to supplement and support what the Senator from Louisiana has stated, let me say that, although this depot has not been shut down, yet its program has been so decreased that now there are vacant housing facilities adjacent to the depot at Hermiston which would make the mouths of military personnel in many places in the United States water. They would be simply delighted if they could move into housing facilities such as the ones that today are standing vacant at Hermiston, adjacent to the Umatilla ordnance depot. Of course, when a facility is left vacant, we know what happens to it; it begins to deteriorate, and before long it is practically worthless. When I was there I was asked the question, "Senator, is there anything you can do to convince the Pentagon that it ought to make greater use of these facilities which are not being fully used today?" My constituents said, "We think the military should enlarge rather than reduce the mission of this depot instead of building new facilities elsewhere."

I said, "I do not know what I can do. All I can do is to point out to the military that an opportunity exists here, in my judgment, to save some money. Here is an opportunity to put into use some facilities which are not being used to full capacity."

When I returned to Washington I did just that. Nothing has been done about it by the military. The only thing that has been done in recent weeks is that, through the cooperation of the very efficient staff of the Armed Services Committee, we have had a conference with the Ordnance officials as to whether or not an administrative order which they issued effective on July 1, transferring the command control of the Umatilla Ordnance Depot to the Mount Rainier Station and eliminating direct control from Washington, D. C., would effect detrimentally the program at Umatilla. Some of us feared it would eventually mean further restrictions of the programs at the Umatilla Ordnance Depot. As a result of those hearings we were assured by General Hinrichs that such is not the plan or intention of the Ordnance Department.

Without casting any reflection on the appropriations for other ordnance depots, beginning on page 2 of the bill, let me say that I could take a group of Senators to Hermiston, Oreg., tomorrow, and show them a facility which the Army is not beginning to use to its maximum capacity. The full use of that facility would result in a great saving to the Government.

Therefore, I am very much impressed by the argument made by the Senator from Louisiana when he points out that there are a great many abandoned facilities or facilities now being only partially used, facilities which have housing upon them or available to them, which could be put to good use.

In conclusion, let me say that if the only alternative I have is to vote for or against the Long amendment, I shall vote for it. However, I should like to make a suggestion for the consideration of the chairman of the subcommittee, namely, that half the money, $22,500,000, be provided for new facilities, and that $10 million be provided to be used for repair and reconditioning of existing facilities, making a total of $32,500,000. I should like to ask the chairman of the subcommittee if in his opinion it would do me any good to reduce that proposal to writing, by way of an amendment, with the suggestion that he accept it.

Mr. CASE. Mr. President, responding to the statement of the Senator from Oregon, the suggestion he makes really should be referred to the full committee. I would not feel authorized to accept it.

Let me make one observation. It is difficult to say, without minute inspection of every particular project, whether in each instance in which a proposal is made for housing, conditions are as entirely substandard as they are in some cases about which we know. The best the committee could do was to say, "We will establish a ground rule. We will assume, on the basis of the testimony presented to us, that this entire request is only a fraction of what the military would like to have." We were impressed by the fact that the President, both in his budget message and in his message on the state of the Union, called attention to the necessity of doing something more to improve the service morale and accelerate the reenlistment rate.

Yesterday the Senator from Louisiana asked about the reenlistment rate. The reenlistment rate from July to December 1953 for the Army was 9.9 percent of the eligibles. The Army feels that that is entirely too low, and that we are not making a very good record in obtaining reenlistments.

I know that both the Senator from Oregon and the Senator from Louisiana are appreciative of the fact that when a man is trained and accustomed to using the equipment he has, at the end of his 2-year period the Government will save considerable money if he reenlists, as compared with the training of an entirely new man. It is hoped to accomplish something in that field.

It is true that these barracks and bachelor officers' quarters are something most of us would get along with during an emergency or in time of war. When I was in the service in World War I, we used community latrines, and things of that sort, and thought nothing of it. We lived in tents. But when we are trying to obtain reenlistments we must recognize the competition which must be met. Once a man receives his GI benefits he is actually paid to leave the service, because he can go to college, or obtain a loan to start a business. If we ask him to reenlist we must provide decent living quarters for him.

The first project which happens to come to my attention is at Fort Eustis, Va. We are proposing to cut in half the request with respect to this station, as we did in the case of others. I read from the justification sheet:

> This project will provide an increment of the total requirement of permanent BOQ's for officers assigned to Fort Eustis (including 60 nurses and Wacs) and those attending the transportation school. The one existing permanent 50-man BOQ was only recently completed. Of the 528 spaces provided in converted old modified emergency barracks, 492 spaces have been declared substandard. These converted barracks have community-type latrine facilities, temporary partitions, and no clothing storage space.

We cannot expect Wacs to reenlist and live in barracks where several live in a room, where there is no closet to hang their clothes, and where they must use the community type of latrine. I do not blame them. I do not blame the men, either, for not wanting to reenlist in peacetime when they can get something else. When they receive their GI benefits they can go to college and live in modern dormitories, or obtain a loan and start a business.

The Army is not getting the percentage of reenlistments it ought to get. This program is conceived as a start. We did not go as far as we were requested to go. We cut the program squarely in half. However, we thought that if we could construct a few modern barracks in places where there would be not more than two girls to a room, or where there would perhaps be a squad room for the men, and where there would be modern toilet facilities, the reenlistment rate might go up.

Lacking the time and ability, when Congress is in session, to make a visit and personal inspection at each place, we adopted the ground rule of cutting the program squarely in half.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CASE. In a moment.

In cases in which 4 BOQ's were requested, we have cut the number to 2.

Where 2 barracks have been requested, we have cut the number to 1.

Commanding officers could use such facilities as a sort of reward for reenlistment, or for companies or groups with some outstanding record. I believe that would improve the reenlistment rate.

That is the story. It is not a question of favoritism, or of saying that one particular place has a greater need for such facilities than some other place. It is true that there are some places where the Army has shut down its operations, and there are other places where the activities have been concentrated. But, of course, closing down in one place and concentrating in another does not automatically provide the proper type of facility at the place where the concentration is made.

Mr. MORSE. Did the committee go into the question with the Army in any great detail as to the extent to which some of these facilities could be reconditioned and repaired, rather than rebuilt?

Mr. CASE. There was some discussion of that subject. I think some of them could be repaired. It seems to me that perhaps a coat of paint would doll up some of the installations. But when we contrast some of the installations shown in these pictures with the prospect of living in a modern men's dormitory, and compare the facilities for taking a bath in such a modern dormitory with those depicted in these pictures, and then ask girls to reenlist in the WAC and offer them such facilities, the condition of which cannot be remedied with a mere coat of paint, it is not surprising that the reenlistment rate is low.

Mr. MORSE. Mr. President, I have inspected a great many military installations where residential quarters could be repaired by some rebuilding and reconditioning. Bath facilities could be provided either on a room basis or on an adjoining-room basis. Of course, it would not be possible to house as many persons, but, nevertheless, much of the cost of new construction could be saved. A great deal of money on a per person basis could be saved over and above the cost of building an entirely new structure. I merely wanted to know to what extent the committee received any report from the military authorities as to the savings which might be brought about by a reconditioning and repair program in some instances. Of course, the entire amount could not be saved, but the cost could be reduced somewhat by reconditioning and repair jobs.

Mr. CASE. The difficulty of applying the formula which the Senator has suggested—and I believe it is a constructive and sincere suggestion—is that in most places we had a request for 3 BOQ's, and in those instances we recommended the minimum number, 1. Of course, it is not possible to split 1 unit.

The same situation applies with respect to barracks. The difficulty in applying the Senator's formula is that if we were to cut out 2 BOQ's, it would mean the elimination of all BOQ's on several stations. It would create the same problem with respect to barracks. If we have 3, we can cut out 1, but if we cut out 2, we get into an arithmetical difficulty.

Mr. MORSE. Does the Senator wish to make any comment on what the investigating committee found with respect to the maximum efficient use of existing Ordnance Corps facilities in respect to whether or not all the money proposed to be appropriated under the requests of the Ordnance Corps, beginning on page 2, is necessary?

Mr. CASE. I will say that several items requested with respect to Ordnance Corps facilities were changed in the House. In most cases, the changes applied to utilities or to sewerage or to sanitary facilities. The one item which is in my State was the result of a personal inspection which I made. It was given top priority, and the suggested amount, I believe, is $811,000. That base has one of the finest records with respect to keeping ammunition, because of the relatively arid climate in that particular corner of the State. A shop was needed there in which to carry on renovation during winter. In the summertime it can be done in the open. That item received the highest priority.

Mr. POTTER. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Michigan so that he may ask questions of the Senator from South Dakota, provided I do not lose the floor.

Mr. POTTER. Mr. President, I should like to ask the Senator from South Dakota whether this construction will be on a permanent basis at permanent posts?

Mr. CASE. Is the Senator referring to the housing items?

Mr. POTTER. Yes.

Mr. CASE. That is correct.

Mr. POTTER. At permanent posts?

Mr. CASE. That is correct.

Mr. POTTER. What disturbs me is the fact that on various military posts throughout the country there is to be found adequate housing that stands vacant. On bases throughout the country there is comparatively new troop housing; but when a base is closed the housing is left vacant. I do not know whether this problem should be discussed in connection with this bill, but I believe that we could better utilize various housing facilities we already have, if we put our minds to doing it.

Mr. CASE. Does the Senator from Michigan mean that on occupied stations there is idle good housing?

Mr. POTTER. Many times it is true on occupied stations, and more often on a station after it has been closed down. I will grant that many of those camps are not permanent camps.

Mr. CASE. Of course, it is impossible to transfer housing from one station to another. There may be some vacant housing on closed stations, but, according to the testimony which we heard and from the information we could get, there was not any good idle housing at any place where there was a request for improvement of housing facilities.

I regret that the committee did not have time to visit every one of these military installations. However, I may say modestly for the committee that I doubt that there is any subcommittee of the Senate, unless it is one that had

a public audience—and this subcommittee has not had any public audience—that has put in as much time in performing the task assigned to it as has this subcommittee. I mean by that not merely the work on this bill, but the work that is involved in the clearance of projects which are referred to the subcommittee.

The subcommittee has met regularly every Tuesday morning, generally beginning its meeting at 9:30 or 10 o'clock in the morning. During the hearings on this bill we met during the morning and afternoon. During many weeks we had two other sessions of the committee. The subcommittee during the session up to now, averaged at least 4½ days a week in its work. However, we had to do it here. As the Senator knows, the Senate has been busy, and votes have always been coming up, and we could not get away from Washington to inspect all these installations, as we should like to have had the opportunity to do, despite the fact that as soon as Senators go on trips through the country or overseas it is immediately suggested that they are on a junket.

The subcommittee has had the responsibility of passing on these projects, and we have tried to do the job diligently and conscientiously, and at the same time carry on with our regular work as individual Senators.

Mr. POTTER. Mr. President, will the Senator yield further?

Mr. MORSE. I yield, with the same understanding, that I do not lose the floor.

Mr. POTTER. I appreciate the fact that it is an arduous job, and that the committee has performed noble service. I also appreciate the fact that, as compared with the other branches of the service the standards of the Army have been lower than those of the other services with respect to housing.

Mr. CASE. The reenlistment rate alone shows that.

Mr. POTTER. When we visit naval bases we find beautiful housing.

Mr. CASE. All the money involved here is for the Army. It is not for the Navy or the Air Force. We are talking about the Army; the forgotten service.

Mr. POTTER. I have heard arguments made that we should spend the money for golf courses and swimming pools, as further incentives and as morale builders. Perhaps to a certain degree that is necessary, but I believe housing is probably the greatest factor with respect to the morale of the troops, and far more important than are golf courses or swimming pools.

Mr. CASE. The distinguished Senator from Michigan probably knows more about morale and the spirit of troops than any other Member of the Senate. He knows the problem of the military when there is no drive or emergency or no combat conditions, and the problem of inducing reenlistments. We feel that the men themselves should be given a little encouragement.

Of course, the Senate can cut this program if it wants to do so, but in that case we will be simply shoving the Army further into the background. It is to the Army that most of the drafted men are sent, and I believe they deserve a break.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I shall be glad to yield to the Senator from Illinois so that he may ask questions of the Senator from South Dakota, with the understanding that I do not lose the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. DOUGLAS. I have two questions to ask the Senator from South Dakota. Is the Senator from South Dakota aware of the fact that in the current housing bill, section 222, pages 162 and 163, which passed the Senate, there is a provision for housing under FHA for men of the services, which will give to them approximately the same advantages as are given to veterans? I am informed, furthermore, that this provision is in all probability being retained by the conference committee, which is now meeting. I may say that when the Committee on Banking and Currency held its hearings on the housing bill a representative of the armed services appeared and argued for this provision, which we granted. His argument was the same as that the Senator from South Dakota is now making, namely, to stimulate reenlistments. I wondered if the Senator from South Dakota was aware of this provision.

Mr. CASE. It is my understanding that the provision in the general housing bill relates to family housing for soldiers who have dependents—wives, and children. What we are talking about is barracks for single men, or bachelor officers' quarters.

Mr. DOUGLAS. The general provision was to make it possible for men in the service to have their families with them without making a strain on the barracks.

Mr. CASE. I hope they will do so.

Mr. DOUGLAS. May I ask the Senator from South Dakota if he considers important the fact that certain barracks do not have built-in closets in which clothing can be hung? I wondered if the Senator from South Dakota had considered that there could be used portable steel lockers in which clothing and uniforms could be hung, and thus obviate the necessity of building barracks around cabinets designed for such use, at a cost of from $2,000 to $3,000 per person.

Mr. CASE. I have here a picture showing a barracks room containing a steel locker, but it is against a frame wall, where water beats in and stains the wall. The picture shows a rather bleak appearance of the room as contrasted with a good dormitory room with closets.

Mr. MORSE. Mr. President, I wish to cover two points by way of summary.

I am fully appreciative of the difficulties with which the subcommittee has been confronted. The Senator from South Dakota has spoken of the long hours the subcommittee has spent on its job. The Senator from Louisiana [Mr. LONG], the Senator from Mississippi [Mr. STENNIS], and I, in a similar capacity, sat in this building or in the Senate Office Building over a long period of time, until 12, 1, or 2 o'clock in the morning, holding hearings on exactly the same problem, although at that time we were considering a report which covered all three services, the Air Force, the Navy, and the Army. With reference to the Army, as I recall, the requests at that time were in the neighborhood of $2,300,000,000. We reduced that amount approximately 25 percent, because we found at least a 25-percent overdemand and exaggeration on the part of the Army.

As to our inspections in continental United States, there are some places which will support the pictures which the Senator from South Dakota has shown us.

Mr. LONG. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. LONG. I am sure the Senator from Oregon is familiar with the fact that when the committee meets we always have a liaison officer who reports back to the Pentagon. I can assure the Senator that if he will look at the pictures he will find the worst specimens the Army could locate in the United States.

Mr. MORSE. There is no doubt that deplorable conditions are shown by the pictures. The structures should be torn down, or they should be very thoroughly reconditioned.

But what I was about to say was that, as a result of my service on the committee, I did find that, taking the Army living facilities as a whole, they are not in such a deplorable condition as the Senator from South Dakota portrays. There is need for improvement, and I am willing to vote money for improvement and for reconditioning some of these structures.

I wish to point out two things. First, in my opinion, many very good facilities are not now being used which could very well be used. I think the reason for that is that apparently a spirit of nomadism prevails in the Pentagon Building. The gentlemen at the Pentagon Building simply have to be on the move. They do not seem to be able to stay put very long in permanent quarters. We appropriate money for them so that they may have very fine bases, but in a few years we find we are voting on how to dispose of them as surplus property, when they are still very fine bases and entirely usable. So we always have to exercise an eagle eye to see whether there is an attempt on the part of the Pentagon to build rather than to repair and to recondition. I do not think the Pentagon is willing to repair and recondition to the extent that it should be. I believe great economies could be effected if the Pentagon would recondition and modernize some of these facilities.

In the second place let me say I do not want Wacs or boys living in the type of facilities which have been pictured here this afternoon, but, on the basis of my experience, I say that they are not representative facilities. In my judgment, all the Pentagon is doing is presenting the worst cases in order to justify an expenditure which I believe to be far in excess of what we should be voting.

The next point I wish to make refers to the ordnance matter. A few minutes ago I saw General Mudge walk on to the

floor of the Senate. I do not know whether he is still here, but I want to pay my compliments to him. He does a great piece of work for the committee, as do the other professional members of the staff of the committee. I wish to commend him, because he has been of great assistance to me in gathering the information we need in our State as to the intention of the Ordnance Department concerning the great 40-square-mile ordnance depot at Hermiston, Oreg. After my conversations with him he held a conference in my behalf in the Armed Services Committee room in which the statement was made by General Hinrichs that there is no intention on the part of the Ordnance Department in any way to modify the mission of the ordnance depot, but only, insofar as the July 1 order is concerned, to change the chain of command.

In order to keep the record straight and to serve clear notice on the Ordnance Department that I intend to hold them to the statements made in the hearing, I ask unanimous consent that there be printed in the RECORD at this point, as a part of my remarks, the transcript of the record of that hearing.

There being no objection, the transcript was ordered to be printed in the RECORD, as follows:

UMATILLA ORDNANCE DEPOT
UNITED STATES SENATE,
STAFF OF THE COMMITTEE
ON ARMED SERVICES,
Washington, D. C.

The staff met at 4 p. m., in room 212, Senate Office Building, Verne D. Mudge, of the committee staff, presiding.

Present: Verne D. Mudge of the committee staff.

Also present: Brig. Gen. J. H. Hinrichs, Ordnance; Col. W. J. Crow, Ordnance; and Lt. Col. L. H. Walker, General Staff.

Mr. MUDGE. This meeting will come to order.

This is an inquiry made by the staff of the Committee on Armed Services at the request of Senator WAYNE MORSE.

I have asked you gentlemen to meet with me at the request of Senator WAYNE MORSE, of Oregon, who has interested himself in the statements of two of his constituents in the State of Oregon, to the effect that certain changes are planned for the Umatilla Ordnance Depot.

(The documents referred to are as follows:)

"UNITED STATES SENATE,
"COMMITTEE ON PUBLIC WORKS,
"*July 1, 1954.*

"RECORD OF TELEPHONE CONVERSATION

"From Lee Quiring, 419 Gladys Avenue, Hermiston, Oreg.

"To Senator MORSE:

"Mr. Quiring stated that effective July 1, 1954, the assignment of Umatilla Ordnance Depot passes from the Office of Chief of Ordnance, Washington, D. C., to the Commanding Officer of Mount Rainier Ordnance Depot, Tacoma, Wash.

"He said this means that the military installation at Mount Rainier Depot has run out of missions, and this move will result in the consolidation of work in property, procurement, purchasing, and fiscal work which will all be moved from Umatilla to Mount Rainier thus causing great hardship for the area surrounding the Umatilla Ordnance Depot. Mr. Quiring feels such a move is particularly unfair since Umatilla carries on a much larger operation than the installation in Tacoma.

"Senator MORSE assured Mr. Quiring that he would check into this situation immediately with General Mudge of the Senate Armed Services Committee.

"Mr. Quiring said it was his understanding that the Commanding Officer of the Mount Rainier Ordnance Depot is a friend of a Mr. Cummings in Washington, and believes this influenced the decision."

"HERMISTON, OREG., *June 29, 1954.*

"The Honorable WAYNE MORSE,
"United States Senator, Senate Office Building, Washington, D. C.

"DEAR SENATOR: Word has come to me that soon the command of the Ordnance depot at Ordnance, Oreg., will be placed under that of the Rainier Ordnance Depot in Washington, which will mean, of course, another curtailment in the operation of the post and an increasing loss of jobs for the people in our area.

"I wish to point out that the Government owns some 40 square miles of land here and it is my understanding that Rainier is on leased property.

"I know that because of our weather conditions the open storage of vehicles, etc., is far cheaper at UOD than it would be at Rainier because of the rain. I am also satisfied that there is no ordnance depot in the United States that has any better, if as good, transportation facilities as at this post.

"Therefore I wish to urge you to look into the matter and do everything within your power to retain the independent command here, and if possible because of savings which can be made, transfer another work to this post. By the time you receive this letter you will undoubtedly have received telephone calls in connection with the problem facing us. If you can through your good offices, postpone the execution of the order, which we understand stems through the Chief of Ordnance, who was formerly commander of the Rainier Depot, until we can digest and send you the facts which would clearly point out that such a move would be wrong, it would be greatly appreciated.

"Respectfully yours,
"FRANK,
"Frank M. Swayze."

Mr. MUDGE. The Senator is very familiar with this installation, and has a high regard for the manner in which it is being operated, and is insistent that any change which is made in the present operation of the depot shall be dictated exclusively by the requirements of the national interest.

The first is an inquiry which emanated from Mr. Lee Quiring in Hermiston, Oreg.

Mr. Quiring stated that it was his understanding that the assignment of the Umatilla Ordnance Depot was to pass from the office of the Chief of Ordnance, Washington, D. C., to the commanding officer of the Mt. Rainier depot in Tacoma.

Mr. Quiring was fearful that this meant that the military installation at Mt. Rainier depot may have run out of missions, and this might be a move which would result in the consolidation of work in the Mt. Rainier depot to the detriment of the Umatilla installation.

Of course, the Senator assured Mr. Quiring that he would make immediate inquiry into the matter, and that is substantially my first question to you, gentlemen, whether you can shed any light on that problem.

General HINRICHS. I will answer it for the group. There is no change in the mission of Umatilla contemplated. The change is merely one in the chain of command.

The Umatilla depot has been a back-up storage depot for Mt. Rainier for some time in the general supply area. In addition to that, it has a separate mission as an ammunition depot, so that the only change actually is that the commanding officer at Umatilla will report to the commanding officer at Mt. Rainier. The entity of Umatilla is not to be disturbed in any way. The same organization will carry on; it will have the same mission.

Mr. MUDGE. Would it be reasonable to assume that on the basis of the situation as it now exists that this is not a move designed to shrink the operation at Umatilla and transfer it to——

General HINRICHS. That is absolutely true; yes, sir. The operation at Umatilla, as far as I can see into the future, is not to be changed.

As you know, there is a gradual diminution of the work throughout the system, but that is spread thoroughly throughout the whole depot system, and Umatilla, any change in its amount of operations, will be percentagewise the same as any other depot, whether that be up or down. In other words, there is no plan to close Umatilla at all, nothing of that nature at all.

Mr. MUDGE. And any apprehension that this was simply a device or a first step toward short circuiting or closing Umatilla, any such assumption would not be warranted?

General HINRICHS. That is absolutely correct, yes.

Mr. MUDGE. And I gather you gentlemen all concur in that?

Colonel CROW. Yes.

Mr. MUDGE. A second inquiry which prompted the Senator to direct that I consult with you gentlemen from the Ordnance Department came from Mr. F. M. Swayze, of Hermiston, Oreg., who also raised a point that there is apprehension that this will lead to a closing of Mt. Rainier. He points out that the Government owns 40 square miles of land at the Umatilla site, and that the closing of this installation would render that property surplus, whereas at least part of the Mount Rainier depot is on leased property; is that correct? My question is: Is part of the Rainier property on leased land?

General HINRICHS. I am not absolutely certain of that, but my impression is there are a few acres, very few acres, on Mt. Rainier, that is leased land.

I might point out for the record that the difference in mission between Mount Rainier and Umatilla should, in effect, guarantee the continuation of Umatilla.

Mount Rainier has no facilities for the storage of ammunition. The Umatilla depot is primarily an ammunition storage depot, and the relatively few general supplies that they have there on the account of Mount Rainier are secondary to the prime mission of ammunition storage.

Mr. MUDGE. And, in substance, the changes made are changes in the command structure and not related to the function?

General HINRICHS. That is correct. Similar changes are being made in other areas.

Colonel WALKER. I could ascertain, if you desire, specifics on leased land.

General HINRICHS. The specifics on the leased land.

Mr. MUDGE. I do not think that is particularly pertinent inasmuch as there is no plan to shift operations out of Umatilla. I think the Senator——

Colonel WALKER. That is right.

Mr. MUDGE (continuing). Was apprehensive that there might be a possibility of shifting an operation from Government-owned property to leased property, and that would not be in the public interest, in his judgment, and I believe that this information would assure him on that point.

Then, if there is nothing further to add, we will declare the meeting closed, and I will transmit this information to Senator MORSE, who can then give me any additional instructions that he may wish in case he is not satisfied that the public interest is being fully safeguarded in this particular case.

(Whereupon, at 4:15 p. m., the meeting was adjourned.)

Mr. MORSE. Mr. President, I close by saying that I think the Ordnance Department could save the taxpayers of the United States great sums of money if they would make maximum use of the ordnance facilities at Hermiston, Oreg., rather than asking for the large sum of money we find for various ordnance operations, beginning on page 2 of the report.

The Senator from South Dakota has very fairly advised me that he would not look with approval on any amendment to reduce the figure of $45 million which is contained in the bill. He leaves me, then, in such a position that, as I see it, I must wait to vote on the Long amendment. Should that amendment not be agreed to, then I shall offer an amendment providing for a reduction in this amount, and designating certain funds for reconditioning, repair, and reconstruction work, unless the Senator from Louisiana sees fit to incorporate some such amendment in his proposal.

May I ask the distinguished Senator from Louisiana if he would look with favor upon such a modification of his amendment?

Mr. LONG. Mr. President, the yeas and nays have been ordered on my amendment. Therefore, at this time I do not believe I have a right to modify it.

Mr. President, we have today a half million men in Korea. Those men are living in tents. They are living in completely inadequate facilities. I am certain all of them would be delighted to be in the very room which the Senator from South Dakota has shown us in the picture.

I have been on a majority of the Army bases and the airbases, both in the United States and overseas. I have not seen any inadequacy of barracks on the bases in the United States. In Iceland, I saw conditions that I believed were bad. I am not proposing to reduce the appropriation for Iceland housing. It is satisfactory to me to provide more housing there, although I think the number of our troops being stationed in Iceland is ridiculous. An attempt should be made to urge the Icelanders to supply their own defense, instead of having the United States supply a large number of troops to be stationed in Iceland. Nevertheless, in Iceland I saw housing which I thought was inadequate. I saw housing in England and in France which I thought was inadequate. In France there were many places where the men were living in tents, and perhaps are still living in tents.

I know that the junior Senator from Oregon will confirm my statement, since he was overseas with me, that in our travels through France and some parts of North Africa we saw men living during cold weather in tents which had only a few boards propped against their sides.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. MORSE. They had been living in tents for 2 years, with no attempt having been made to supply them with temporary plywood construction, which would at least have given them a little more permanent type of housing.

Mr. LONG. That is correct. In the United States there have been tremendous cutbacks in military strength. The service is now in a position to abandon another 20 percent of the housing which it occupies.

The argument is being made that the personnel are being urged to reenlist. Senators might be interested to know that the Secretary of Defense some time ago undertook to give a rule-of-thumb estimate of how much our defense costs. He said it could be guessed that it costs $10,000 for every man in the service—about $5,000 for ammunition and equipment and another $5,000 for pay, family quarters, allowances, and items of that sort.

This Nation is taxing itself to its capacity; yet we are still finding that we are not adequately defended. Senators want better defense and are willing to fight for larger sums of money for that purpose. Senators were willing to vote more money for the Army, even though a day or two after the vote occurred a press release which I have already placed in the RECORD disclosed that the Army itself had admitted that there was $2 billion of unnecessary funds in the Army budget as it passed Congress.

Mr. President, this is one item which is not necessary. I admit, certainly, that it is always nice to have more new barracks, but this is one of the items we can do without by making the existing facilities do. The armed services have been reduced by 20 percent. Barracks and bases have been closed all over the United States, and many of them are very good barracks. I say this is one type of construction which is not needed.

Mr. SALTONSTALL. Mr. President, the yeas and nays having been ordered, I suggest the absence of a quorum.

Mr. CARLSON. Mr. President, will the Senator from Massachusetts withhold his suggestion of the absence of a quorum?

Mr. SALTONSTALL. I am glad to withhold my suggestion of the absence of a quorum. I yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, I rise in support of the committee's position with regard to the pending proposal, and in opposition to the amendment offered by the Senator from Louisiana.

I have not had the privilege of visiting many military bases, forts, or posts, but I know from personal experience and personal visitations something about the maintenance, repair, and construction work at Fort Riley, Kans.

I urge that this authorization be made in its full amount. Fort Riley has been well managed and well handled. The supervision of its repair and construction of buildings under the direction of its commanding officer and staff is outstanding. I had the privilege of visiting the reconstructed and repaired barracks and would recommend that the committee visit this post. Fort Riley was formerly a cavalry post. I hope Senators on the Committee on Armed Services will have an opportunity to visit that post, to see how the old cavalry barns, good permanent stone buildings, have been rebuilt into wonderful warehouses, shops, and printing plants, at a great saving to the Federal Government. This program demonstrated that military men have imagination and ingenuity. It saved the taxpayers thousands of dollars.

When it comes to a question of barracks, I think this would be a good time to examine the old forts throughout the country. Many of the buildings are very old. It is true that they can be renovated, refurbished, or rebuilt, but now, in peacetime, it seems to me, is the time to spend some money to reconstruct some of the buildings at the old military posts. This is an opportune time, because it will mean much for the morale of the troops and at the same time will result in modernizing some of our outdated and old barracks.

Not only have barracks been rebuilt at Fort Riley, Kans., but I understand that funds are authorized in the bill to build additional barracks. This new construction will be a good investment. I regret that the committee is reducing the amount approved by the House by 50 percent. I think the bill should be passed in its full amount.

I wish to mention also the hospital at Fort Riley, Kans. It is a very old hospital, and there would be a saving to the Government if a new hospital were built at that post. Funds have been authorized, and that it is one of the projects scheduled for construction. Here again the Federal Government would save money by building a new hospital.

I urge that the full amount recommended by the committee for this item be provided.

Mr. MAYBANK. Mr. President, will the Senator from Massachusetts yield?

Mr. SALTONSTALL. I yield.

Mr. MAYBANK. As I understand, the Committee on Armed Services reduced the appropriation for the various barracks by almost 50 percent.

Mr. CASE. On single men's housing.

Mr. MAYBANK. I understand that the item for Beaufort, S. C., was reduced by 50 percent. I may say that I have the utmost confidence in the action of the committee.

Mr. CASE. That item was reduced on the same percentage base as were the others.

Mr. MAYBANK. I appreciate that. I may say to the distinguished chairman of the committee, the Senator from Massachusetts, that I had intended to offer an amendment to increase the amount. I so advised the Senator from Massachusetts the other day, when we were in the Committee on Appropriations. But the Senator explained to me the care and the diligence with which the Committee on Armed Services had examined these items, and had prorated the reduction throughout the various locations.

I simply wish to commend the Senator from South Dakota and the Senator from Massachusetts and to say that I do not intend to offer my amendment to increase the amount, but I propose to vote for the committee bill as it has been reported, with the understanding, of course, that the items not provided for

have not been entirely eliminated, but have been merely deferred as construction projects, which can be reconsidered at a later date.

Mr. SALTONSTALL. It is my understanding that the subcommittee reduced the amount for the various items by one-half. The full committee agreed to the cut on the basis that this program was a start on the rehabilitation of permanent barracks and permanent stations for single men and women.

Mr. MAYBANK. The amounts for the various bases or camps which were cut, were not cut because they were to be eliminated; they are to be reconsidered.

Mr. SALTONSTALL. They were not cut with any idea that they were going to be eliminated. They were cut because they were on permanent installations.

Mr. MAYBANK. I am glad to have that understanding from the distinguished chairman of the committee. I want it known for the RECORD, because I have received many telegrams and letters on the subject. I had intended to offer an amendment, but I think the committee has done a good job.

Mr. SALTONSTALL. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	George	Millikin
Anderson	Gillette	Morse
Barrett	Green	Mundt
Bennett	Hayden	Murray
Bowring	Hickenlooper	Neely
Bricker	Hill	Pastore
Bridges	Ives	Payne
Burke	Jackson	Potter
Bush	Johnson, Colo.	Reynolds
Butler	Johnson, Tex.	Robertson
Capehart	Johnston, S. C.	Russell
Carlson	Kennedy	Saltonstall
Case	Kerr	Schoeppel
Clements	Kilgore	Smathers
Cooper	Knowland	Smith, Maine
Cordon	Kuchel	Smith, N. J.
Crippa	Langer	Sparkman
Daniel	Lehman	Stennis
Douglas	Lennon	Symington
Duff	Long	Upton
Dworshak	Magnuson	Watkins
Ervin	Malone	Welker
Ferguson	Mansfield	Williams
Flanders	Martin	Young
Frear	Maybank	
Fulbright	McCarran	

The PRESIDING OFFICER. A quorum is present.

Mr. CASE. Mr. President, I shall take only about 2 or 3 minutes, merely to advise Senators who have not had the privilege of hearing the entire debate of the issue here presented. The military services asked for an authorization of approximately $96 million for a barracks and bachelor officers' quarters replacement program. Included in that was a special item of about $8 million or $9 million for some barracks which are badly needed at West Point. Except in the case of the barracks at West Point, the committee's recommendation was that the program be cut in half. Where two barracks were recommended by the Army, the committee recommended one. Where two bachelor officers' quarters were recommended by the Army, the committee recommended one.

The committee took such action because it was felt that the rate of reenlistment, in the Army particularly, was at such a low ebb that the requests for replacement of some substandard mobilization-type housing by some permanent barracks and decent bachelor officers' quarters were justified.

It must be kept in mind that the requested housing is for Wacs as well as men. Members of the committee felt that in granting that portion of the requested program, a morale factor was involved.

The amendment offered by the Senator from Louisiana [Mr. LONG] would eliminate half of the program which the committee has recommended.

Mr. LONG. Mr. President, will the Senator yield for a question?

Mr. CASE. I should like to proceed for a moment, if I may.

Mr. LONG. Would the Senator tell us how many barracks would be left within the provisions of the bill even if my amendment were agreed to? I refer now to the socalled hard core portion of the program.

Mr. CASE. The clerk advises me there would be not over $5 million worth of barracks left under the provisions of the bill, exclusive of the West Point item, if the amendment were agreed to.

The effect of the amendment would be felt primarily by the Army. The provisions relating to that branch of the service appear in the first section of the bill. Several items would be wiped out entirely.

I think the quickest way to say what I intend to say is to read from the bill, so that Senators may be informed.

Reading from page 2, for the Aberdeen Proving Ground, Md., for troop housing, research and development facilities, and training facilities, the committee reduced the amount recommended by the House of Representatives from $2,071,000 to $1,579,000. The amendment would reduce that item to $1,087,000. The committee's figure is halfway between the two.

The authorization for Redstone Arsenal, Ala., would be reduced by the amendment from $580,000 to $88,000.

For Fort Lee, Va., the bill as it passed the House provided $1,967,000. The committee's recommendation was half of that, or $983,000. The pending amendment would eliminate that authorization completely.

The authorization for New Cumberland General Depot, which is $492,000, would be eliminated entirely by the pending amendment.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. CASE. I yield to the Senator from Illinois.

Mr. DOUGLAS. I notice that there is a disciplinary barracks at New Cumberland. Is it the contention of the Senator from South Dakota that making barracks there more elaborate will promote reenlistment?

Mr. CASE. The Senator from South Dakota asked that question of representatives of the Army at the time the item was presented to the committee. If the Senator from Illinois will consult the hearings, he will find that the Senator from South Dakota received the same answer which I am going to have to give to the Senator from Illinois. That authorization is for the barracks for the personnel who look after those who are in the brig. It is not an authorization for replacement of the brig.

The next item is the Lexington Signal Depot, Ky., for which there is provided an authorization of $492,000. That amount would be entirely eliminated by the pending amendment.

The next item is $330,000 for Fort Monmouth, N. J., which would be entirely eliminated by the pending amendment.

The next item is for Sacramento Signal Depot, Calif.: Troop housing, $492,000. That amount would be entirely eliminated by this amendment.

The next item is for Fort Belvoir, Va. For that item, the House of Representatives voted $3,780,000. The committee voted to reduce the amount to $2,290,000. Under this amendment, the amount would be further reduced to $800,000.

For the item for Fort Eustis, Va., the House voted $5,479,000. The Senate committee voted to reduce that amount to $2,739,000. Under this amendment, the amount would be further reduced to $1,320,000. I point out that the committee voted to cut in half the amount voted by the House of Representatives.

Next comes the Oakland Army Base, Calif. For this item, the House of Representatives voted $1,835,000. The committee voted to reduce that amount to $785,000. This amendment would completely eliminate that amount.

Next comes the Beaumont Army Hospital, Tex. For this item, the House of Representatives voted $391,000 for troop housing. This amendment would eliminate that amount.

For troop housing at Fort Devens, Mass., the House of Representatives voted $2,297,000. The committee voted to reduce that amount to $1,314,000. This amendment would eliminate the entire amount.

For troop housing at Fort Dix, N. J., the House of Representatives voted $330,000. This amendment would eliminate the entire amount.

For troop housing at Fort Knox, Ky., the House of Representatives voted $2,028,000. The committee voted to cut that item exactly in half, to $1,014,000. This amendment would eliminate the entire amount.

For troop housing at Fort Benning, Ga., the House of Representatives voted $8,199,000. The Senate committee voted to cut that amount almost in half, to $4,264,000. The amendment would eliminate the entire amount.

In the case of the item for Fort Bragg, N. C., the House of Representatives voted $6,259,000. Under the formula we applied to all other items of this sort, the committee voted to reduce that amount to $3,470,000—or practically cutting in half the amount voted by the House of Representatives. There were several items which were not affected by the housing item. The pending amendment would reduce the amount for this item to $681,000.

Mr. DOUGLAS. Mr. President, will the Senator from South Dakota yield?

Mr. CASE. I yield.

Mr. DOUGLAS. In connection with the item for Fort Bragg, what is the meaning of the phrase "liquid and covered storage facilities?"

Mr. CASE. The reference is to fuel storage, not to the storage of beverages.

In the case of the item for Fort Campbell, Ky., the House of Representatives voted $7,066,000. The Senate committee voted to reduce that amount to $3,623,000. The pending amendment would further reduce the amount to $181,000.

For troop housing at Fort Bliss, Tex., the House of Representatives voted $13,453,000. The Senate committee voted to reduce that amount to $7,875,000. This amendment would further reduce the amount to $2,297,000.

For the item for Fort Hood, Tex., the House of Representatives voted $10,182,000. The Senate committee recommended $7,063,000. This amendment would further reduce the amount to $3,944,000.

In the case of the item for Fort Sill, Okla., the House of Representatives voted $3,692,000. The Senate committee voted to reduce that amount to $2,216,000. This amendment would further reduce the amount to $902,000.

In the case of the item for Fort Riley, Kans., the House of Representatives voted for troop housing and utilities, $7,413,000. The Senate committee voted to reduce the amount to $4,036,000. This amendment would eliminate the entire amount.

For troop housing and utilities at Fort Lewis, Wash., the House of Representatives voted $11,744,000. The Senate committee voted to reduce that amount to $6,268,000. This amendment would further reduce the amount to $793,000.

For troop housing at the Presidio of Monterey, Calif., the House of Representatives voted $330,000. This amendment would eliminate the entire amount.

For troop housing and maintenance facilities at Fort Ord, Calif., the House of Representatives voted $774,000. This amendment would reduce that amount to $444,000.

Mr. President, the committee tried to do a conscientious job in a difficult situation. Actually, my fear was that when the bill was reported to the full committee and subsequently to the Senate, there would be a concerted move to restore these amounts to the ones voted by the House of Representatives. I am pleased, on the whole, with the fact that the Senate has accepted the ground rule the committee decided to apply, namely, to cut in half almost all the items.

Mr. MAYBANK. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE. I yield.

Mr. MAYBANK. Let me say I had intended to move to restore the amounts to the ones that had been voted by the House of Representatives. I intended to make such a motion, along with the Senator from Georgia [Mr. RUSSELL]. However, after studying the matter, we believe the committee has taken the best action.

Mr. CASE. I thank the Senator from South Carolina.

Mr. YOUNG. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE. I yield.

Mr. YOUNG. I have noted the item of a jet airbase for the Bismarck-Minot area, North Dakota, and the item for a similar base in the Fargo area, North Dakota. The Air Force announced those sites in April. I wonder why Congress is now authorizing them again.

Mr. CASE. In my judgment the Air Force acted prematurely, for the bases were not authorized at all at that time. They will not be authorized until this bill or a similar measure becomes law.

The two bases to which the Senator from North Dakota refers are parts of the chain of interceptor bases which are being established across the northern part of the United States.

I anticipated a possible inquiry on this point, and I asked to have prepared a chart to show what is intended to be done. Senators may be able to see from where they are sitting this chart which shows small red planes across the map of the northern part of the United States, and shows a chain of interceptor bases, which are situated at points related to certain aircraft patrol and warning stations.

Mr. YOUNG. Mr. President, will the Senator from South Dakota yield further to me?

Mr. CASE. I yield.

Mr. YOUNG. These sites were announced first for Fargo and Bismarck. What military development necessitated changing the sites to other cities, afterwards?

Mr. CASE. The committee went into that matter at some length, both on and off the record. The committee studied the location of radar stations, which, in part, dictate the location of these bases. We cannot submit to the Senate all the considerations we studied; but we were guided by the fact that this particular line of bases follows the border across the northern part of the United States. The Air Force suggested the locations at Minot, rather than at Bismarck, and at Grand Forks, rather than at Fargo, as being more strategic positions.

Mr. YOUNG. The Air Force seemed to take the position with North Dakota people that the final decision regarding the locations would depend on local contributions. Many persons in that area believe that the sites were changed when 1 city offered $100,000 worth of land or not more than $200,000, at the outside. Has the location of the sites been influenced by such donations?

Mr. CASE. On the basis of similar questions which we asked representatives of the Air Force, both on and off the record, I would say the Air Force was not influenced by the contributions of land.

In the specific instances about which I questioned them, certain other considerations were involved. The strategic situation in relation to the radar centers was the most important. A second consideration—and offsetting to the one the Senator from North Dakota has mentioned—was the ground available and the location with reference to cities and the effect of using jet planes in proximity to cities. Some of those considerations entered very definitely into the situation.

But in no case did any Air Force officer I questioned admit that local considerations or the activities of local groups had a determining effect upon the final decision as to the site.

Mr. YOUNG. I am very happy to hear the Senator from South Dakota say that. I know of nothing in the past 20 years that has more riled the people of my State than the manner in which these sites were chosen. The impression was definitely left by the Air Force that local contributions would have much to do with the choosing of these sites.

Mr. CASE. Yes; I think the Air Force has engaged in some very bad public relations.

Mr. YOUNG. I agree, and I am glad to have the Senator's reassurance.

Mr. MORSE. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE. I yield.

Mr. MORSE. I understood the Senator from South Dakota to state that, in the view of the subcommittee and of the full committee, the amounts being recommended by the subcommittee and the full committee at this time are the best possible ones under the circumstances.

Mr. CASE. They are the best we could do, unless we personally examined each location. I say frankly that I did not know any other way to proceed than the way we did.

Mr. MORSE. The Senator from South Dakota believes, does he, that these amounts are the proper ones to be spent on these bases?

Mr. CASE. I think so. Furthermore, it should be pointed out that this bill is an authorization bill, not an appropriation bill. The final amounts will subsequently be reviewed by the Appropriations Committee.

Mr. MORSE. As I understand, however, the House figures are considerably larger.

Mr. CASE. That is correct.

Mr. MORSE. The legislative process being what it is, the chances are that when the bill comes out of conference these will not be the figures at all.

Mr. CASE. The Senator from South Dakota would not want to concede that, because on the basis of some other conferences the Senator from South Dakota finds that once in a while the Senate position can be maintained pretty well. We did it in connection with the lease-purchase bill.

Mr. MORSE. We never want to concede it, but I do not think the Senator from South Dakota wishes to dispute the fact that usually we come out of conference with a figure somewhere between the Senate figure and the House figure.

Mr. CASE. We would have some difficulty, in certain cases, in finding a figure halfway between the Senate figure and the House figure. Responding to the Senator's inquiry about cutting the amount another fourth, we cannot deal in fractions of a single barracks or BOQ building.

Mr. MORSE. No; but we can, by way of amendment, go into conference with these figures reduced by a certain percentage, with the understanding that a certain percentage will be used for repair, reconditioning, and reconstruction work; and on that basis we can negotiate in conference and come out with a figure which would save us some money in cases in which reconditioning instead of new construction would meet the need, spending the money for new construction where the case shows that what is needed is new construction.

All I seek to do is to provide the facilities required by the personnel. I do not wish to deny them facilities, but I also seek to save the taxpayers some money in providing these facilities. I am satisfied that thousands of dollars could be saved if we had some condition in the bill, by way of an amendment, which would require a certain percentage to be spent for reconditioning and repair, rather than new construction.

Mr. CASE. I suggest that that issue can be faced if the pending amendment is voted upon, and if it should be defeated, as I hope it will be.

Mr. LONG. Mr. President, the low reenlistment rate used in the argument for this item will remain low so long as there is a situation in which there is unequal sacrifice, in which some young men are required to go to Korea and fight, or fight wars in other distant parts of the world, while other young men are enabled to remain home. At one time our Army housed in these same barracks almost a completely volunteer Army. That was shortly after World War II. However, times have changed since that, and men do not freely enlist, because they know that unequal sacrifices are called for.

I point out also that about 90 percent of the manpower in the services are not skilled technicians; they are not officers, or highly qualified persons. The boys who engage in combat with the enemy in the field are young men who do not require a great amount of training to qualify them to fill out the necessary manpower to make the services operate. The cost of providing new facilities for all those men would be enormous.

This is the same item which the Senate Armed Services Committee unanimously declined to allow 2 years ago. The Senate committee agreed to take every nickel out of this item. When we depart from the policy of compelling the services to make the old barracks do while they are still usable, there is no limit to the amount of cost involved in this type of activity.

This is only the first year's increment. It is proposed to adopt a policy of replacing existing barracks at a time when the Army has reduced its manpower by 20 percent. All over the United States, bases with good housing are being closed. We have under consideration an item which I should like to eliminate because I believe it involves an unnecessary expenditure of $45 million to replace barracks which were intended to be permanent or semipermanent at the time they were built.

The PRESIDING OFFICER. The question is on agreeing, en bloc, to the amendments offered by the Senator from Louisiana. On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HAYDEN (when his name was called). On this vote I have a pair with the senior Senator from Virginia [Mr. BYRD]. If present and voting he would vote "yea." If I were at liberty to vote I would vote "nay." I therefore withhold my vote.

The rollcall was concluded.

Mr. SALTONSTALL. I announce that the Senator from Minnesota [Mr. THYE] is absent by leave of the Senate.

The Senator from Maryland [Mr. BEALL], the Senator from Illinois [Mr. DIRKSEN], the Senator from New Jersey [Mr. HENDRICKSON], the Senator from Indiana [Mr. JENNER], the junior Senator from Wisconsin [Mr. MCCARTHY], the Senator from Connecticut [Mr. PURTELL], and the senior Senator from Wisconsin [Mr. WILEY] are necessarily absent.

On this vote, the Senator from New Jersey [Mr. HENDRICKSON] is paired with the Senator from Minnesota [Mr. HUMPHREY]. If present and voting, the Senator from New Jersey [Mr. HENDRICKSON] would vote "nay," and the Senator from Minnesota [Mr. HUMPHREY] would vote "yea."

If present and voting, the junior Senator from Wisconsin [Mr. MCCARTHY] and the Senator from Minnesota [Mr. THYE] would each vote "nay."

Mr. CLEMENTS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senators from Tennessee [Mr. GORE and Mr. KEFAUVER], the Senator from Missouri [Mr. HENNINGS], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Oklahoma [Mr. MONRONEY] are absent on official business.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate, attending the Sixth Pan American Highway Congress at Caracas, Venezuela.

I announce further that on this vote the Senator from Florida [Mr. HOLLAND] is paired with the Senator from Oklahoma [Mr. MONRONEY]. If present and voting, the Senator from Florida would vote "yea," and the Senator from Oklahoma would vote "nay."

I announce also that on this vote the Senator from Minnesota [Mr. HUMPHREY] is paired with the Senator from New Jersey [Mr. HENDRICKSON]. If present and voting, the Senator from Minnesota would vote "yea," and the Senator from New Jersey would vote "nay."

The result was announced—yeas 12, nays 63, as follows:

YEAS—12

Douglas	Lennon	Murray
Frear	Long	Smathers
Fulbright	Mansfield	Sparkman
Kennedy	Morse	Williams

NAYS—63

Aiken	Ferguson	Maybank
Anderson	Flanders	McCarran
Barrett	George	Millikin
Bennett	Gillette	Mundt
Bowring	Green	Neely
Bricker	Hickenlooper	Pastore
Bridges	Hill	Payne
Burke	Ives	Potter
Bush	Jackson	Reynolds
Butler	Johnson, Colo.	Robertson
Capehart	Johnson, Tex.	Russell
Carlson	Johnston, S. C.	Saltonstall
Case	Kerr	Schoeppel
Clements	Kilgore	Smith, Maine
Cooper	Knowland	Smith, N. J.
Cordon	Kuchel	Stennis
Crippa	Langer	Symington
Daniel	Lehman	Upton
Duff	Magnuson	Watkins
Dworshak	Malone	Welker
Ervin	Martin	Young

NOT VOTING—21

Beall	Gore	Kefauver
Byrd	Hayden	McCarthy
Chavez	Hendrickson	McClellan
Dirksen	Hennings	Monroney
Eastland	Holland	Purtell
Ellender	Humphrey	Thye
Goldwater	Jenner	Wiley

So Mr. LONG's amendments were rejected en bloc.

The PRESIDING OFFICER (Mr. UPTON in the chair). The bill is open to further amendment.

Mr. LONG. Mr. President, I call up my amendment 7–8–54–B.

The PRESIDING OFFICER. The Secretary will state the amendment.

The CHIEF CLERK. At the end of the bill, it is proposed to add the following new section:

SEC. 510. (a) The Secretary of Defense shall maintain direct surveillance over the planning and construction by the military departments of all public-works projects. Such surveillance shall be maintained through a civilian official of the Department of Defense to be known as the Director of Installations, who shall be appointed by and directly responsible to the Secretary of Defense and who shall receive compensation at the rate of $14,800 a year. The Director of Installations shall, from time to time, make such reports directly to the Secretary of Defense with respect to public-works projects under construction by the military departments as he may deem necessary to keep the Secretary of Defense currently and fully informed with respect to the status, progress, and cost of, and all other pertinent matters concerning, such public works of the types constructed by the military departments. The Secretary of Defense shall provide for furnishing the Director of Installations with such engineering, clerical, stenographic, and other personnel as he may require in order adequately to perform his functions.

(b) No reorganization plan submitted under the Reorganization Act of 1949 or any other act shall provide for, and no reorganization under any such act shall have the effect of abolishing or transferring the Office of Director of Installations or the functions of such office.

Mr. LONG. Mr. President, the amendment I am offering is an effort to reenact a wise statutory provision which Congress enacted when it tried to reduce waste in the Military Establishment. That was when Congress required that there be appointed a Director of Installations in the Office of the Secretary of Defense. That was done 2 years ago.

At that time the services had been before us testifying that they needed $3,100,000,000 in authorizations for that year, and that in the next year they

would have to have $4,500,000,000 of additional authorizations. We wrote this language into the bill at that time, which created a Director of Installations, who must have had experience in the field of military construction. With that language in the bill, Mr. Lovett at that time appointed Mr. Frank Creedon. The result was that within 6 months after Mr. Creedon had been appointed, and after he had had a chance to study the problem, Mr. Lovett sent word to our committee that there would be no request for the additional $4,500,000,000 for which he had authorized the service representatives to testify, but that he could get by on the existing authorization.

Furthermore, the Director discovered that the services had enough money on hand to carry them for 2 or 3 years, and that they had enough authorizations to carry them for approximately 5 years. It was because of the work of Mr. Creedon in that capacity, in exposing and uncovering the large amounts of unnecessary expenditures involved in these programs, in finding where many economies could be effected, and that in ascertaining that many of the authorizations which had been requested were totally unnecessary, that I, as a Democrat, was strongly persuaded to go along with the economy reductions of the President of the United States—I speak now of the present President of the United States—because many of the reductions he recommended were the same that Mr. Creedon had discovered prior to the time Mr. Wilson assumed the office of Secretary of Defense.

I heard rumors that that position was to be abolished, because the services did not like the idea of having such a position in the Department of Defense. It was difficult for them to obtain the appropriations and authorizations they desired.

After a while the position was abolished in a reorganization plan which the President of the United States sent to Congress. After the position was abolished we saw another man, Mr. Floete, appointed to a similar position in the Pentagon. I do not want to criticize Mr. Floete, but he did not have the experience Mr. Creedon had had. Mr. Creedon had been in charge of construction for the atomic-bomb program at Oak Ridge, whereas Mr. Floete had had experience as a tractor dealer. He did not have the experience Mr. Creedon had had in this position, and everyone knew it.

I know the distinguished chairman of the subcommittee will say, "Well, Admiral Jelley advised Mr. Floete."

What we need, Mr. President, is a group of civilians, if we are going to have civilian control, because it is so easy for a person to be so busy that he cannot keep up with the entire program. I am urging that we reestablish the position of director of installations and require that he have the same qualifications that Congress required him to have in 1952; that he have a civilian staff in an office apart from that of the Secretary of the Army, the Secretary of the Navy, or the Secretary of the Air Force, where he would be surrounded by high brass, but in the office of the Secretary of Defense, where he would have the ear of the Secretary of Defense. If we place him in that position we shall find that a good, qualified man will do the kind of work Mr. Creedon did.

I do not quarrel with the judgment of the Senate. Each Senator must judge these things for himself. We have just had a yea-and-nay vote on an item which the committee unanimously recommended against 2 years ago, and the Senate, by a large majority, voted to go along and spend the funds 2 years later. We need a man who has the ability and the qualifications to understand military construction and the ways and the problems of the military. This amendment seeks to accomplish that, and to keep the service fraternity from doing what it did last time. Here was a man who had been squeezing down on the money they wanted to spend, who wanted proper economies, who recommended that $700 million in authorizations be surrendered, when $500 million of new authorizations were requested, making a net reduction of $200 million. That is what was accomplished by having a Director of Installations.

We do not need an Under Secretary who has not had the necessary experience, who does not know how the military operates, but we need a man who has an office in the Department of Defense, directly in contact with the Secretary of Defense, a man well qualified in military construction and experienced to advise the Secretary of Defense how to hold down the necessity for billions of dollars' worth of authorizations for construction.

Mr. President, I was with the Senate Armed Services Committee when the then Director of Installations discussed the progress which had been made in effecting enormous economies in the field of military construction. I am sure every member of that committee was greatly impressed at that time. Many of them told me so.

I believe the adoption of my amendment creating the position of Director of Installations, assuring him that he will have a competent staff of clerical, engineering, and stenographic aid, will bring about great economies. I point out that Mr. Creedon had only 23 persons to work with him in finding where enormous reductions could be made. I believe this is the best hope for preventing requests being made for enormous sums of money.

Other Senators know as well as I do that once we receive requests for large expenditures, the people back home are terribly disappointed if the project does not come through. It means the difference between prosperity and depression to some communities. It would be better to see that demands for unnecessary appropriations are never made in the first instance. The best way to accomplish it is by the establishment of the Office of Director of Installations. We should not let the reorganization law be used to effect waste in Government. The purpose of reorganization is to save money, not to see that money is wasted.

Mr. President, I ask for the yeas and nays on this amendment.

The yeas and nays were not ordered.

Mr. DOUGLAS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, with the expicit understanding that the majority will be favorable to a yea-and-nay vote on the amendment offered by the Senator from Louisiana, I now ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I ask that the yeas and nays be ordered on the amendment of the Senator from Louisiana.

The yeas and nays were ordered.

Mr. SALTONSTALL. Mr. President, I hope the amendment of the Senator from Louisiana will not be adopted. The Senator and I both agree that the gentleman who formerly held the position of Director of Installations was an excellent man. I have great commendation for what the Senator from Louisiana, as a member of the committee, did several years ago. He and the Senator from Oregon took a trip abroad. When they returned, they made an excellent report.

Now we have a new situation. A year ago there was a reorganization of the Department of Defense. In that reorganization, six assistant secretaryships were created under the Secretary, Mr. Wilson. One of the secretaries was an Assistant Secretary for Properties and Installations. He has a direct responsibility, on a higher level, than Mr. Creedon ever had, in trying to make the best possible deals and to secure the best possible arrangements for all the armed services with relation to properties and installations. The man who is now holding that position is Mr. Franklin G. Floete, of Iowa. When he appeared before our committee, in connection with the confirmation of his nomination, he was asked about his knowledge of the construction business. He stated that he had been in the construction business for 10 years; that he was not an architect; but that he understood the construction business and problems relating to construction.

The argument of the Senator from Louisiana was based mainly on the personality of Mr. Creedon. I agree with the Senator entirely in that argument, but I say that whether we have a good man or an incompetent man, the amendment of the Senator is not the cure. If Mr. Floete is incompetent, the cure is to select another person to act as Assistant Secretary of Defense for Properties and Installations.

For the reasons I have stated, I hope that the amendment offered by the Senator from Louisiana will not be adopted.

Mr. LONG. Mr. President, I desire to say a few additional words. I completely differ with the position taken by the Senator from Massachusetts that this is a matter of personalities. It is not a matter of personalities; it is a matter of qualifications. The person who passes

on requests for billions of dollars for construction funds should have qualifications in the field of heavy construction and military construction. He should understand something about the way the military operates. That is what makes for the success of a Director of Installations; not the personality of Mr. Frank Creedon. Many other persons would have done the same thing. It is important that the man be surrounded, not by high-ranking officers, patriotic and great men though they may be, who usually work with their groups to get for them what the services would like to have spent. Rather a civilian should be selected, who is surrounded by civilians, a civilian staff, to establish civilian control over the military. This is what the committee said in its report 2 years ago, when the position was created:

Because it believes that much of the waste in our military-construction program as it is now constituted results from definite lack of overall coordination and supervision, the committee recommends the establishment of the Office of Director of Installations under a civilian head responsible to the Secretary of Defense and charged with the responsibility for the efficient and economic planning and execution of a military-construction program which at the present time involves billions of dollars annually. It is not contemplated that this office will entail any operational functions, those remaining in the present military-construction agencies. The Office, however, will be expected to provide common standards and criteria for construction within the Department and to coordinate particularly the Army and Air Force programs, which are both prosecuted by the Corps of Engineers of the Army. It is the view of the committee that this Office should be staffed with a very small, select group of highly competent engineers and construction personnel.

The experience which Congress and the Nation have had with the operation of that office, under the direction of a highly qualified technical engineering personnel, has resulted in the greatest reduction of additional public construction money which the Government has ever obtained. With the experience we have had, knowing it was in this manner that it was possible to bring order out of chaos in this program, it would be well that this position should be created, so that there would not be eternal pressure to try to abolish such an office merely because the office might be very effective in determining where economies should be made.

SEVERAL SENATORS. Vote! Vote!

Mr. CASE. Mr. President, I think I can say what I desire to say in about a minute and a half.

Supplementing the remarks of the chairman of the Armed Services Committee, the distinguished Senator from Massachusetts, I may say, first of all, that the amendment would create a new position to duplicate one which is already in existence. There is now an Assistant Secretary of Defense for Properties and Installations. He has done a good job. The military made a request for $1,756,700,000. The present Assistant Secretary of Defense, after a review, reduced that amount by $550,400,000. How does one judge a man when he has done a good job? This is a cut of $550 million from a request of $1,756,700,000.

Mr. LONG. Mr. President, will the Senator yield?

Mr. CASE. Not at the moment.

Let me call attention to what the Secretary said in his appearance before the committee:

The original request consisted of some 7,500 items. Each one of those was carefully analyzed over a period of approximately 3 months. The review was made under the direct supervision of Admiral Jelley who, as you know, is a civil engineer, and he was assisted by four other civil engineers who are a part of his office.

Yesterday I placed in the RECORD a letter from the Secretary, which broke down that item in detail and showed where the saving of $550 million was accomplished. I suggest that Senators who are interested in those details could inform themselves by reading the letter.

In addition to that reduction of $550 million, the committee made further reductions, so the bill as it is now before the Senate provides for $837 million. That is less than half of the amount requested by the military.

Furthermore, provision has been made in the bill for $73 million for the Army Research Development Center in Tennessee, which was not included in the original program. So actually, because of that fact, there is now provided more than appears on the surface of the bill.

The bill as it is now presented provides for less than half of the amount requested by the military. Five hundred and fifty million dollars of that reduction was as the result of a review by the present Secretary of Defense for properties and installations.

Let us not adopt an amendment to create a new position which would duplicate a position that has already been in existence for 1 year and has brought about such good results.

Mr. LONG. Mr. President, when it is argued that the Director of Installations did not recommend the full amount which the armed services had requested, I submit that that record in one of the poorest I have ever heard. He reduced the amount from $1,500,000,000 to only $1 billion. I say that because even before there was a Director of Installations, a request had been made in 1952 by the services for $9 billion in new authorizations. Mr. Lovett said that that was such an enormous amount of money that he simply could not recommend it, and asked that it be taken back. So the armed services then requested $3,100,000,000. Of the $3,100,000,000, which was one-third of what the services had originally requested, the Director of Installations found $1 billion more of unnecessary expenditures. There was an additional authorization to be requested of $4,500,000,000 for 1953, which the services desired. What did the then Director of Installations do? He did not recommend 5 cents out of the $4,500,000,000 requested; he recommended zero.

But in this instance the request was for $1,500,000,000. What was the reduction which was made by the Under Secretary in charge of properties and installations? Five hundred million dollars.

That is not nearly the amount of paring down which these budgets could stand, if there were the highly qualified personnel to do the work.

I was very much impressed, as I believe every other member of the committee was, when the testimony of the Director of Installations was given before the committee. I ask unanimous consent that his statement may be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF FRANK R. CREEDON, SPECIAL ASSISTANT TO THE SECRETARY OF DEFENSE, BEFORE THE ARMED SERVICES COMMITTEE OF THE HOUSE, JULY 20, 1953, IN BEHALF OF MILITARY PUBLIC WORKS AUTHORIZATION BILL, H. R. 6375

Mr. Chairman and members of the Armed Services Committee, I appreciate greatly this opportunity to appear before the Armed Services Committee of the House and speak briefly in behalf of the military public works authorization bill that is before you for consideration.

The amount of the authorization proposed for fiscal year 1954 is $529,386,000, which by comparison is only 21 percent of the amount authorized for fiscal year 1953. This $529,386,000 includes about $146 million for Army, $96 million for Navy, and $288 million for Air Force. The amounts originally submitted to the office of the Secretary of Defense were $628 million by Army, $1,300,000,000 by Navy, and $2,800,000,000 by Air Force. Thus, while the total requested in this proposed bill is only 11 percent of the original submission, it should not be inferred that the other 89 percent were all unessential or undesirable projects. Generally it was a matter of their relative urgency under the criteria requiring a program capable of orderly and economical accomplishment in fiscal year 1954.

After several months of close study of our military public works construction program—authorizations, appropriations, obligation rates, and capabilities, and target dates for beneficial use—it became apparent that, with the exception of the Air Force, existing appropriations were sufficient to support an optimum rate of obligation during fiscal year 1954. However, it also became apparent that authorization does not exist for certain facilities that are more urgently needed than some that are presently authorized. Accordingly it is the objective of this proposed bill to secure authorization for those facilities which the military departments presently consider to be of such urgency that they desire to finance them out of funds now available. The use of existing appropriations for the construction of facilities included in this bill, rather than for certain facilities previously authorized, will permit the military departments to make the most prudent use of existing funds for construction purposes.

Each of the facilities in the proposed bill has been carefully reviewed and approved for inclusion therein by the office of the Secretary of Defense and the Bureau of the Budget.

The committee undoubtedly is aware that the Department of Defense intends to submit a list of existing authorizations that the military departments have proposed for rescission. Since the amount proposed for rescission ($756 million) is larger than the amount ($529 million) requested in this proposed bill, the net result will be a reduction in total authorization.

To place the existing military public works program in perspective the total authorization, appropriation, obligation, and expendi-

ture picture for all three military departments is shown below:

	(In millions)
Total authorization, fiscal year 1948 through fiscal year 1953	$11,698
Total appropriation, fiscal year 1948 through fiscal year 1953	9,063
Total obligation as of June 1, 1953	5,818
Total expenditure as of June 1, 1953	4,238
Estimated unobligated funds as of July 1, 1953	3,060

Information for each of the military departments similar to that contained in the paragraph above is shown graphically on charts attached.

The Secretary of each military department is here to present pertinent information in support of its program as contained in this proposed authorization bill.

The Secretary of Defense considers H. R. 6375 to be of such urgent importance as to merit your consideration and favorable action before the close of this session of Congress.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG]. On this question, the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Minnesota [Mr. THYE] is absent by leave of the Senate.

The Senator from Maryland [Mr. BEALL], the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the senior Senator from Indiana [Mr. CAPEHART], the Senator from Illinois [Mr. DIRKSEN], the Senator from New Jersey [Mr. HENDRICKSON], the Senator from New York [Mr. IVES], the junior Senator from Indiana [Mr. JENNER], the junior Senator from Wisconsin [Mr. MCCARTHY], the Senator from Connecticut [Mr. PURTELL], and the senior Senator from Wisconsin [Mr. WILEY] are necessarily absent.

If present and voting, the Senator from New Jersey [Mr. HENDRICKSON], the Senator from New York [Mr. IVES], and the junior Senator from Wisconsin [Mr. MCCARTHY] would each vote "nay."

Mr. CLEMENTS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Iowa [Mr. GILLETTE], the Senators from Tennessee [Mr. GORE and Mr. KEFAUVER], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. HENNINGS], the Senator from Alabama [Mr. HILL], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Colorado [Mr. JOHNSON], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Oklahoma [Mr. MONRONEY], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate, attending the Sixth Pan American Highway Congress at Caracas, Venezuela.

I announce further that on this vote the Senator from Florida [Mr. HOLLAND] is paired with the Senator from Minnesota [Mr. HUMPHREY]. If present and voting, the Senator from Florida would vote "nay," and the Senator from Minnesota would vote "yea."

I announce also that, if present and voting, the Senator from Virginia [Mr. BYRD] and the Senator from Georgia [Mr. RUSSELL] would each vote "nay."

The result was announced—yeas 13, nays 54, as follows:

YEAS—13

Douglas	Long	Neely
Fulbright	Magnuson	Smathers
Kennedy	Mansfield	Sparkman
Kilgore	McCarran	
Lehman	Murray	

NAYS—54

Aiken	Ferguson	Morse
Anderson	Flanders	Mundt
Barrett	Frear	Pastore
Bennett	George	Payne
Bowring	Green	Potter
Burke	Hickenlooper	Reynolds
Bush	Jackson	Robertson
Butler	Johnson, Tex.	Saltonstall
Carlson	Johnston, S. C.	Schoeppel
Case	Kerr	Smith, Maine
Clements	Knowland	Smith, N. J.
Cooper	Kuchel	Stennis
Cordon	Langer	Symington
Crippa	Lennon	Upton
Daniel	Malone	Watkins
Duff	Martin	Welker
Dworshak	Maybank	Williams
Ervin	Millikin	Young

NOT VOTING—29

Beall	Goldwater	Johnson, Colo.
Bricker	Gore	Kefauver
Bridges	Hayden	McCarthy
Byrd	Hendrickson	McClellan
Capehart	Hennings	Monroney
Chavez	Hill	Purtell
Dirksen	Holland	Russell
Eastland	Humphrey	Thye
Ellender	Ives	Wiley
Gillette	Jenner	

So Mr. LONG's amendment was rejected.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MORSE. Mr. President, before I offer an amendment, I wish to make a very brief statement for the RECORD in explanation of my vote on the last amendment.

As one who worked closely with the Senator from Louisiana [Mr. LONG] in recommending the creation, in the first instance, of this special office in the Department of Defense for a kind of watchdog surveillance over military installations, I wish to say that I voted against his amendment today because, in my judgment, the job can be done, and should be done, by the Assistant Secretary of Defense, who has been given jurisdiction over the subject matter. He is a civilian. He can surround himself with civilians, as far as his immediate advisers are concerned. There is no reason in the world, Mr. President, why the same job could not be done by that Assistant Secretary of Defense as could be done by a special Director of Military Installations, assigned to the Office of the Secretary of Defense. In each instance he would be a subordinate to the Secretary of Defense, and the final responsibility rests with the Secretary of Defense.

Therefore, although I am disappointed that the Assistant Secretary of Defense did not make a recommendation for a larger cut in the request of the Military Establishment this year, I do not feel that has anything to do with the question as to which office should do the job. I think we made a step forward in the reorganization plan by creating a special Assistant Secretary of Defense to handle this work and, as was pointed out in debate by, I think, the Senator from South Dakota, if he is not performing well, then we have a personnel question, but not a question as to the jurisdiction of the office.

Mr. President, I offer an amendment which I believe will be accepted at least by the committee of conference. I think the objective of the amendment bears out the point of view which I discussed at some length this afternoon as to the need for checking the military in regard to a tendency to build new buildings when old ones can be repaired and made satisfactory for use. I found when I was a member of the Committee on Armed Services that the military avoids opportunities of reconditioning and repairing buildings if it is felt money can be obtained with which to erect new buildings. Here is a chance to save several million dollars by repairing existing facilities rather than expending many more millions for building new facilities. Here is a chance to economize without in any way injuring the military program. I believe we can save a great deal of money by doing more reconditioning and repair work on military installations. Therefore, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, in line 2, it is proposed to add the following:

Subject to the condition that the military will administer the authorizations for construction herein provided in accordance with a building program that will expend for rehabilitation construction at least $5,000,000 of the total $45,000,000 authorized for barracks and bachelor officers' quarters, in lieu of that amount for new construction.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon.

Mr. CASE. Mr. President, although I am not entirely sure how the amendment would be worked out in its entirety, I think the intent of the amendment is desirable, and I shall be glad to accept the amendment and take it to conference and see what we can do about it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. MORSE].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H. R. 9242) was passed.

REPEAL OF SECTION 16 OF THE FEDERAL RESERVE ACT

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar 1626, Senate bill 3268, to repeal the provisions of section

16 of the Federal Reserve Act relating to prohibiting the paying out by one Federal Reserve bank of the notes of another Federal Reserve bank.

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3268) to repeal the provisions of section 16 of the Federal Reserve Act which prohibit a Federal Reserve bank from paying out notes of another Federal Reserve bank.

Mr. BENNETT. Mr. President, the purpose of the bill is to facilitate the operation of the Federal Reserve System under the present setup.

When the system was established in 1913, it was assumed that each of the regional banks was an original bank of issue, and that the notes issued by each bank in each region were to be used to adjust the money supply in that region. Therefore, the law required that no Federal Reserve Bank could pay out the notes of any other Federal Reserve bank. That brought about quite a problem, because the notes traveled over the boundary lines of the various bank areas; and all these years each Federal Reserve bank in each district has been forced to sort out all the Federal Reserve notes that came to it and to return the notes that came to it from other districts. One bank could not reissue, for use in its own district, notes that came from another district.

Over the years, the setup of the Federal Reserve System has so changed that today there is no point in maintaining that distinction. Approximately three-quarters of a million dollars can be saved annually in the cost of transporting the notes back to the original banks of issue.

This bill will permit each Federal Reserve bank to pay out notes of other Federal Reserve banks that are fit for circulation, rather than be required to send them back to their original homes, so to speak.

I am sure there is no controversy over this bill. It is a measure that will simplify the operation of the system. As I have said, the enactment of the bill will result in saving the Government approximately three-quarters of a million dollars annually.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California that the Senate proceed to consider the bill.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3268) to repeal the provisions of section 16 of the Federal Reserve Act which prohibit a Federal Reserve bank from paying out notes of another Federal Reserve bank.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the third paragraph of section 16 of the Federal Reserve Act, as amended, is amended by striking out the sentences thereof which read as follows: "Whenever Federal Reserve notes issued through one Federal Reserve bank shall be received by another Federal Reserve bank, they shall be promptly returned for credit or redemption to the Federal Reserve bank through which they were originally issued or, upon direction of such Federal Reserve bank, they shall be forwarded direct to the Treasurer of the United States to be retired. No Federal Reserve bank shall pay out notes issued through another under penalty of a tax of 10 percent upon the face value of notes so paid out."

MODIFICATION OF DUTY ON IMPORTATION OF WOOD DOWELS

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar 1615, House bill 2763.

The PRESIDING OFFICER. The bill will be stated by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 2763) to amend the Tariff Act of 1930, so as to modify the duty on the importation of wood dowels, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California that the Senate proceed to consider the bill.

The motion was agreed to; and the Senate proceeded to consider the bill.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, and was read the third time.

The PRESIDING OFFICER. The question is on the passage of the bill.

Mr. MORSE. Mr. President——

The PRESIDING OFFICER. All in favor say "Aye"; all opposed say "No."

Mr. MORSE. Mr. President——

The PRESIDING OFFICER. The "ayes" have it, and the bill is passed.

Mr. MORSE. Mr. President, I was seeking to obtain the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Oregon.

Mr. MORSE. I should like to ask the Senator from Colorado for an explanation of the bill.

Mr. MILLIKIN. Mr. President, I am told that in the Northwest there was a time when manufacturers of brooms imported their lumber under certain classifications and rates. Within the past year or two there developed a court case in which the Customs Court, in looking into that situation, classified the broomsticks in a way that carried a rate that was slightly higher than the one the folks in the broomstick business had been accustomed to pay. They wish to have the rate restored to the old rate. That is the purpose of the bill.

Mr. MORSE. I am in favor of new brooms, of course.

Mr. MILLIKIN. Yes, I understand that the Senator from Oregon wishes to sweep clean with them; and I am told he makes a good "broom" in his section.

I should say that it will be desirable to reconsider the vote by which the bill was passed, because I notice that the Senator from New Jersey [Mr. HENDRICKSON], whom I have tried to reach, has an amendment which I think could be taken to conference.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the vote by which the bill was passed be reconsidered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MORSE. Mr. President, ordinarily I would have no objection to that procedure. However, we are in the closing days of the session; and when we get a ruling as fast as the announcement of the Chair that the bill had been passed, with a Member of the Senate addressing the Chair before the Chair had anywhere nearly reached the end of his announcement, I make the point of order that there has been no vote on the bill. From a parliamentary standpoint, I maintain that my addressing the Chair before there was any announcement of the vote made the announcement of the Chair relative to a vote, insofar as having any binding effect is concerned, without any force or effect in the Senate.

Mr. KNOWLAND. Mr. President, I do not agree with the Senator from Oregon. I wish to say, however, that it will be helpful, both to the Senate and the officials at the desk, as well as to the Presiding Officer, whoever he may be, if we may have order in the Senate, so that in handling legislation of this kind the Presiding Officer may be able to hear what is going on. The Senator and I have both presided. We know that frequently there is a great deal of milling around. Sometimes it is difficult to know whether a Senator is addressing the Chair, talking with his neighbor, or preparing to leave the Chamber.

Mr. MORSE. I agree with the Senator, except that in this instance there could not have been any doubt about what the Senator from Oregon was doing. One does not call out "Mr. President" when he wishes to converse with his next door neighbor. So I raise the point of order that there has been no official vote on the bill as yet.

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. FULBRIGHT. What bill is this?

Mr. MORSE. The Senator from Colorado says it is the "broomstick bill." A copy of it has not yet reached my desk, but I take his word for it.

The PRESIDING OFFICER (Mr. BENNETT in the chair). The Chair is advised that his predecessor in the chair—the switch having been made during this discussion—was about to rule that the vote had not been completed, and that therefore there was no vote.

For the benefit of the Senator from Arkansas, the clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (H. R. 2763) to amend the Tariff Act of 1930, so as to modify the duty on the importation of wood dowels, and for other purposes.

Mr. FULBRIGHT. What has that to do with broomsticks?

Mr. MILLIKIN. Mr. President, if the Senator will give me his ear for a moment, I will explain.

In the northwestern section of the country—and this is an unfortunate time to be wasting time—broomstick makers have been importing their lumber from Canada. Under the former practice such lumber took a certain tariff rate, which was satisfactory to the broomstick makers of the Northwest. A Customs Court decision reclassified the broomsticks and called them wood dowels. Ordinarily a dowel is considered as a piece of wood which is used in putting furniture together——

Mr. FULBRIGHT. I know what a dowel is.

Mr. MILLIKIN. Perhaps some other Senators do not.

I insist upon saying what a dowel is. A dowel is a piece of lumber fastened in a desk or other piece of furniture when it is not desired to use nails, screws, or bolts. That is the purpose of a dowel.

The classification as dowels resulted in some increase of duty. The people in the Northwest who make the broomsticks want the old classification and customs treatment restored, which this bill would do.

Mr. FULBRIGHT. Then the bill would make it easier to import broomsticks?

Mr. MILLIKIN. Yes. The Senator ought to be for it. Everyone else is for it.

Mr. FULBRIGHT. I congratulate the Senator. I could imagine that that was the purpose of the bill.

Mr. MILLIKIN. The junior Senator from Colorado is for it. The Senate Finance Committee is for it. The House Ways and Means Committee is for it. The House is for it. The Senator from Arkansas, who is in the wood business, is the only one who does not know what a dowel is. [Laughter.]

Mr. President, on behalf of the Senator from New Jersey [Mr. HENDRICKSON] I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment is not in order. The third reading of the bill has been ordered.

Mr. MILLIKIN. That is all right. It will be taken care of in some other way.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the third reading of the bill be rescinded, so that the bill may be open to amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will state the amendment offered by the Senator from Colorado [Mr. MILLIKIN] for the Senator from New Jersey [Mr. HENDRICKSON].

The LEGISLATIVE CLERK. At the proper place in the bill it is proposed to insert the following:

Paragraph 1615 (a) of the Tariff Act of 1930 is amended by inserting before the period at the end thereof a semicolon and the following: "and articles, previously imported, with respect to which the duty was paid upon such previous importation, if (1) reimported, without having been advanced in value or improved in condition by any process of manufacture or other means, after having been exported under lease to a foreign manufacturer, and (2) reimported by or for the account of the person who imported them into, and exported them from, the United States."

SEC. 2. The amendment made by this act shall be effective as to articles entered for consumption or withdrawn from warehouse for consumption on or after the date of enactment of this act.

Mr. AIKEN. Mr. President, what is the effect of this proposed legislation on clothespins?

Mr. MILLIKIN. That is what I am about to discuss.

Mr. AIKEN. It does reduce the duty on clothespins, does it?

Mr. MILLIKIN. No—nor the duty on the things which clothespins are used to hang up.

Mr. AIKEN. I merely wanted to be assured that the proposed legislation would not ruin the clothespin business.

Mr. MILLIKIN. No. The clothespin business is all right, so far as I know.

This is another liberal amendment. It provides that if a person pays duty once, let us say, on some cloth in an automobile and sends the automobile across the border to be worked on, when it comes back he will not have to pay duty a second time on the same goods.

This amendment was submitted by the Senator from New Jersey [Mr. HENDRICKSON]. It has been pending for a long time. I have been trying to reach him to find out whether or not he is still "panting" for the amendment. I cannot reach him, but in order to save time I am assuming that he is.

I am glad to take the amendment to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. MILLIKIN] for the Senator from New Jersey [Mr. HENDRICKSON].

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 2763) was read the third time and passed.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, for the information of the Senate, the next bill which I shall move to make the unfinished business will be left as the unfinished business until tomorrow morning at 11 o'clock, when the Senate will reconvene. Tomorrow there will be a calendar call for the consideration of measures on the calendar to which there is no objection, beginning at the point at which the previous call of the calendar was concluded. When the calendar call is completed, the Senate will then resume consideration of the unfinished business.

The PRESIDING OFFICER. What is the pleasure of the Senate?

DEVELOPMENT OF THE PRIEST RAPIDS SITE ON THE COLUMBIA RIVER, WASH.

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 1668, House bill 7664.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 7664) to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Public Works with an amendment, on page 4, line 12, after the word "thereto.", to insert "Power surplus to the requirements of the licensee and other non-Federal marketing agencies within the economic marketing area, as may be economically usable to the Federal system, may be made available to and may be purchased by the Bonneville Power Administrator at rates not higher than the rates charged such non-Federal marketing agencies, and under such terms and conditions as shall be mutually agreeable to the licensee and the Secretary of the Interior. The Administrator may use funds in the continuing fund, established under the provisions of section 11 of the Bonneville Project Act of August 27, 1937 (50 Stat. 731), as amended, to purchase such power. Such power may be commingled with power from Federal dams in the Columbia River system for which the Bonneville Power Administrator has been designated marketing agent and shall be sold by the Administrator in accordance with the provisions of the Bonneville Project Act at established rate schedules."

ORDER FOR RECESS TO 11 A. M. TOMORROW

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate completes its labors tonight it stand in recess until 11 o'clock a. m. tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER FOR CALL OF THE CALENDAR TOMORROW

Mr. KNOWLAND. Mr. President, I ask unanimous consent that tomorrow, immediately following the usual morning hour, there be a call of the calendar for the consideration of measures to which there is no objection, beginning at the point where the previous call of the calendar was concluded, with the understanding that bills for which no committee reports are available to the Senate and to respective calendar committees will not be considered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

THE FHA AND OTHER PROGRAMS

Mr. SPARKMAN. Mr. President, 20 years ago, the Democratic Party initiated many programs that have brought untold benefits to the American people.

Particularly have these programs, such as REA, farm parity, TVA, social security, guaranty of bank deposits, and

others, helped the masses of people of this Nation.

One of the greatest of these Democratic programs is the Federal Housing Administration created to make home ownership possible to the millions of low- and middle-income families.

That FHA has, overall, done a magnificent job is practically unanimously admitted today.

An article of July 1 in the American Banker tells in eloquent terms some of the achievements of FHA. I ask unanimous consent that the article be inserted following these remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

JOHNSON OF DIME SAVINGS BANK SAYS FHA HAS BEEN GREATEST BOON TO HOME BUYER

The Federal Housing Administration "has been the greatest boon ever conceived to benefit the home-buying public," it is declared by George C. Johnson, president of the Dime Savings Bank of Brooklyn, which originates and holds more home mortgages than any other savings bank in America.

Mr. Johnson's comment was made as the FHA observed the 20th anniversary of the formation of that Federal agency. Pointing out that "the FHA is one of the very few Federal agencies that has cost the taxpayer nothing, and, in fact, has operated at a profit," the banker stated:

"Until establishment of the FHA in June of 1934, the purchase of a home was extremely difficult for the average family. Usually it was necessary to scrimp and save for many years to accumulate the high downpayment until then required, ranging from 35 percent to 50 percent. Then, when this money was finally accumulated, a 3- or 5-year straight mortgage was written at high interest rates. When the mortgage came due at the end of that short term, few homebuyers were able to pay it off and the mortgage had to be renewed, for which large fees were charged. Frequently unscrupulous lenders would foreclose, since such action was entirely within their rights if the mortgage was not paid when due. It was rare that the average family of moderate means was able to own its home free and clear.

"But all that was changed with the advent of the FHA. It brought with it an entirely new concept of mortgage financing, and has made homeownership possible for millions of families. Today, nearly 60 percent of the families in America either own or have substantial equities in the homes in which they live.

"This has been accomplished through low downpayments, low interest rates, and long-term self-amortizing mortgages, all of which were developed by the FHA as one of its cardinal policies.

"Foreclosure is extremely rare today," Mr. Johnson's statement continues. "During the past 20 years, the FHA has insured more than 20 million loans aggregating nearly $31 billion. Total foreclosures last year on all types of home mortgages were less than 21,500. This compares with 252,000 foreclosures in 1933, the year before the FHA was established.

"It must be remembered that the FHA does not lend money. It simply guarantees that the mortgage lender will not lose in the transaction. Because of this insurance, it is possible for lenders to write mortgages with lower downpayments and for longer terms than would be possible under most State banking laws.

"Actually, the FHA is a first-rate example of Government and business in partnership with no cost to the taxpayer. The FHA has reduced the formerly extremely high price of mortgage credit by spreading the risks over the entire Nation. Because of the approximate 40 cents per month per $1,000 of mortgage insurance which the FHA receives from the borrower, the FHA has operated at a profit through the 20 years of its existence. Early this year, the FHA announced that it had repaid to the United States Treasury the $65,500,000 advanced to set up its insurance program, plus $20,350,000 interest at 2¼ percent.

"The Dime Savings Bank of Brooklyn has supported the FHA program from its inception and today we have nearly 13,000 FHA-insured loans in our mortgage portfolio with the current balance in excess of $86 million. Relatively few of these 13,000 home buyers would have been able to embark on homeownership had it not been for the FHA. In addition, we hold more than 21,000 home-mortgage loans guaranteed by the Veterans' Administration, and these 2 types of Government-backed loans account for approximately half of the 67,600 home-mortgage loans now held by our bank.

"The home-building industry is a cornerstone in the American economy, since 1 out of every 6 persons gainfully employed depends upon that industry for his livelihood, either directly or indirectly. In turn, the FHA is a cornerstone in home building, and has been for 20 years.

"This agency must never be allowed to become a political football, nor allowed to be shoved aside into some minor position in the Federal Government. Instead, I sincerely hope that by the end of another 20 years, the FHA will have helped make homeownership possible for millions more American families."

THE ECONOMIC OUTLOOK

Mr. SPARKMAN. Mr. President, newspaper headlines this morning paint a rosy economic picture: "Employment for June up 1 Million—New Construction Sets a Record."

News reports indicate that unemployment did not rise as usual between May and June, that total employment rose from May to June by a million to 62.7 million, that the factory workweek increased, and that between May and June initial unemployment claims under State unnemployment insurance systems declined 5 percent.

Such news being in refreshing contrast to that earlier in the year, has tended to create an atmosphere of everything as rosy and that from now on we may expect recovery.

Mr. President, I am not a prophet of gloom or a prophet of doom, and without attempting to predict or forecast what is likely to occur in coming months it seems clear that some word of caution as to the meaning of these headlines is desirable. In fact there has been a startling decline in the farm sector of the economy. Only last week the Department of Agriculture announced that the farm parity ratio declined from 91 percent in May to 88 in June—the lowest point since March 1941—13 years ago.

I digress to call attention to the fact that just a few days ago it was announced that the price of steel was going up $3 a ton. That simply means that the price of farm machinery and implements which the farmer must buy is going up and the pinch is going to become tighter as between the low prices the farmer will receive for his farm products and the high prices he will have to pay for the things he must buy.

Furthermore, unemployment is still 5.1 percent of the civilian labor force. Or, in other words, unemployment in June was 3,347,000, compared to 1,562,000 a year ago. These figures are from the Bureau of the Census and do not include those thousands on involuntary part-time work. When allowance is made for the usual seasonal movements in employment, it is apparent that we did a little better than hold our own in June.

The most recent survey by the Department of Commerce and the SEC of business intentions to invest in plant and equipment indicates a continuance over the next 3 months of the recent trend toward moderately lower levels of such investment. The prospects are for further reductions in Federal Government expenditures in coming months—probably as great or greater than the normal increase in expenditures by State and local governments.

These are but some of the evidence that would cause one to be somewhat cautious in appraising the economic outlook in spite of these rosy headlines of today. A distinguished committee of private business, labor, and agricultural leaders, of the National Planning Association, has just released an appraisal of the economic outlook which points soberly to the fact that—

> Economic activity has been leveling off at a rate of production which is about $15 billion below the rate of reasonably full employment activity. * * * Unemployment is still about 5½ percent of the civilian labor force. * * * And looking at the now visible factors of demand it is difficult to see what forces of the market under present programs and policies would be likely to lift business activity to the full employment level.

This committee then goes on to point out that if at best the economy moves sidewise this will mean not stability but growing unemployment and danger of a new downturn.

So far no factors have appeared in the situation to warrant the conclusion that demand will automatically rise significantly over the next 12 months. Yet during this time we can confidently expect an increase in the labor force of over one-half million and an increase in output per man-hour of between 2 and 3 percent. The problem, therefore, is to find means of stimulating renewed growth in demand which will absorb this growing labor force at rising levels of efficiency, for if demand does not rise above present levels we can be confident that in early 1955 unemployment will be higher.

Moving sidewise is not good enough, and that is the only interpretation one can rightfully give to today's headlines.

ILLEGAL TRANSPORTATION AND EMPLOYMENT OF ALIENS

Mr. WATKINS. Mr. President, on Monday of next week the Subcommittee on Immigration and Nationality will open 3 days of hearings on S. 3660 and S. 3661.

I have prepared a statement with respect to these two bills, including some statistics on the number of illegal entrants and apprehensions, which I

should like to call to the attention of the Senate. I do not intend to make my statement at this time, but I ask unanimous consent that the statement I have prepared may be printed in the body of the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WATKINS

On Monday of next week the Subcommittee on Immigration and Nationality will open 3 days of hearings on S. 3660 and S. 3661. These bills have acquired the title of "The Wetback Bills," and they have the effect of providing the Attorney General with much needed and, in my opinion, long overdue weapons which he has described as necessary in order to assist him in bringing to an end the continuing mass violations of our borders by aliens who enter the United States illegally in search of employment.

The first of these bills (S. 3660) would make it unlawful for any person to employ any alien when he has knowledge that the alien has not lawfully entered the country; the second (S. 3661) would authorize the seizure and forfeiture of any vehicle or vessel used in bringing in, landing, or transporting such aliens in violation of law.

It is a shocking fact that at a time when we are all concerned, and rightly so, with measures to protect our internal security, the borders of the United States are practically wide open to anyone who desires to enter the United States unlawfully. During 1953, there were over 1 million apprehensions of aliens illegally in the country, and for each apprehension it is conservatively estimated that at least 1 other border violation occurred without detection, meaning an average of over 5,000 border violations daily.

With the force available, the Immigration and Naturalization Service has done a good job, but the apprehension statistics, which I requested from the Department of Justice, demonstrate beyond dispute that the border patrol is fighting an uphill and ever enlarging battle.

I now insert at this point in the RECORD those statistics which show the steady increase in Mexican border apprehensions from 7,438 in 1940 to 899,294 in the first 11 months of this fiscal year 1954:

Border patrol apprehensions, Mexican border districts

Fiscal year:	*Apprehensions*
1940	7,438
1941	8,104
1942	8,708
1943	11,775
1944	28,173
1945	64,368
1946	92,107
1947	183,832
1948	180,074
1949	279,379
1950	459,289
1951	501,713
1952	510,716
1953	800,618
1954 (11 months)	899,294

The Mexican border, where most violations occur, is over 2,000 miles long. At the present time the Attorney General has augmented the regularly assigned border patrol force in this area for a special drive against wetbacks. Ordinarily, however, the Immigration Service assigns approximately 750 men to guard this border, and at any one time there are no less than 200 men on duty. It is apparent that any program which relies solely on enforcement against the alien migrant to close this border effectively will be extremely costly and time consuming. The Attorney General believes, and I agree, that this border can be brought under control without a tremendously large increase in the appropriation if we proscribe those activities which most directly induce and encourage this mass migration.

Not all of the contributing factors to this wholesale invasion are within our control. For example, because of the economic disparity between the United States and Mexico, countless Mexicans cross the border illegally, eager to work at wages far below those that our domestic workers are willing to accept, and yet to the wetbacks far more than they can earn at home. In addition, while braceros may enter the United States pursuant to the International Agreement with Mexico, far more workers apply for admission than can be absorbed in the legal program. Many of those turned down come anyway.

However, some of the factors are exclusively within our control, and it is at these that the instant measures are aimed. Neither the International Agreement with Mexico nor the immigration and naturalization laws permit aliens to compete for employment with our domestic workers. They provide that employers who are unable to obtain sufficient domestic workers at the prevailing wage rates may apply to the Secretary of Labor for permission to secure alien agricultural workers. If the Secretary of Labor finds a domestic labor shortage in the area of employment and that the importation of alien labor will not adversely affect the prevailing wage rates, Mexican or other alien labor may be contracted to fill the shortage. In the case of Mexican agricultural workers, a special law applies and the contracts are under Government supervision and contain employment guaranties established by the Migrant Labor Agreement with Mexico.

Since the law does not license the indiscriminate employment of foreign laborers by any person, the legislation I am sponsoring does no more than (1) fill a gap by striking at those who knowingly exploit unauthorized sources of labor, and (2) add an additional deterrent to those who actively assist such workers to enter the United States in violation of law. The Attorney General, in his recent press release announcing his intention to seek legislation such as this, reported:

"Our experience has shown that these aliens are attracted to the United States primarily because they know they can obtain employment. Under present law it is not forbidden to employ these people, even though they are here illegally. While the alien runs the risk of fine and imprisonment, the volume of traffic is so great that it has been impossible to impose criminal sanctions except in cases of repeated and flagrant violations. Most are permitted to depart voluntarily.

"It is apparent that at present there is a need for additional deterrents to the continuing growth of this traffic. The proposal would strike this problem at its source by making the knowing employment of aliens illegally in the country and any payments to them for services rendered unlawful. It is self-evident that if jobs are not offered or available, most of these people would not seek illegal entry."

With respect to the need for legislation to permit the seizure of vehicles used in transporting such aliens, Mr. Brownell had this to say:

"While section 1324 (a) (1) and (a) (2) of title 8, United States Code, makes * * * transporting (such aliens) a felony, our experience has shown that the threat of criminal prosecution alone has not proven a sufficient deterrent to many persons who engage in this illegal activity. The principal but not exclusive target of this measure is the flourishing business of transporting aliens who migrate to this country illegally from Mexico in search of employment. In some cases, transportation starts in Mexico and ends at the prearranged place of employment. In most cases, however, the aliens are contacted in Mexico, directed to report at a designated place in the United States, where they are met and transported by 'wildcat' taxicab drivers or illicit labor contractors to unscrupulous employers who have agreed in advance to employ these people.

"It is apparent that were it not for the assistance of illicit labor contractors who contact and provide the necessary transportation for alien workers to places of employment in violation of law, many aliens would not enter the United States illegally. Taking away their vehicles and vessels will effectively bring these illegal activities to a halt."

S. 3660, entitled "The Illegal Employment of Aliens Act of 1954," makes it unlawful and contrary to the public policy of the United States for any person to employ, or offer to employ, or continue to employ, or to pay or to cause to be paid any money or thing of value to any alien when the employer knows or has reasonable grounds to believe that the alien is an illegal entrant. The bill does not, however, impose criminal liability on every knowing employment of such aliens. In this respect, recognition is given to the fact that in times of emergency farmers and other employers do occasionally require and do employ all available workers no matter what the source.

For a single violation, the bill imposes no fine or penalty. It employs the injunctive processes, which in other areas have proven most effective as a means of compelling compliance with laws, such as this, which are primarily regulatory in nature. In a case of violation, the Attorney General is authorized to apply to a Federal district court for a restraining order, and upon a proper showing the court may enter a temporary or permanent injunction or other order. Only in a case of violation of a court order or, in other words, a second knowing violation of the law in the face of an injunction, could criminal contempt proceedings be instituted.

The bill not only prohibits employment of such aliens, but expressly prohibits all payments to them. This language serves a dual purpose. It will put the alien on notice that if he enters illegally and secures employment, and the employer discovers his illegal status, he can make no claim for wages. Making it unlawful to pay such aliens will remove the major inducement which initially causes them to seek unlawful entry. On the other hand, persons who continue to violate the law by knowingly employing and paying such aliens will bring themselves within the well-recognized rule of tax law that payments contrary to the public policy of the United States and prohibited may not be taken as "ordinary and necessary" business expenses for tax purposes. (See, e. g., *Commissioner* v. *Heininger* (320 U. S. 467); *Textile Mills Corp.* v. *Commissioner* (314 U. S. 326).) In this respect the law would be no different from many other cases where payments which contravene public policy are disallowed, such as certain lobbying or advertising expenses or payments made to minors in violation of the Fair Labor Standards Act.

S. 3661, entitled the "Illegal Transportation of Aliens Act of 1954," is patterned after chapter 11, title 49, United States Code, entitled "Seizure and Forfeiture of Carriages Transporting, Etc., Contraband Articles," and the recent amendment to section 1 of title VI of the act of June 15, 1917 (40 Stat. 233, as amended), which authorizes the seizure of arms and ammunitions of war and the vehicles or vessels used in exporting or attempting to export them in violation of law. Public Law 264, 83d Cong., 1st sess., 67 Stat. 577.

Sections 2 and 3 contain well-supported findings of fact, a statement of the need for this measure, and definitions. Section 4 contains the seizure and forfeiture power and includes the normal safeguards in cases where common carriers may be involved or

where the vehicle or vessel involved was in possession of a person other than the owner in violation of law. Section 5 empowers the Attorney General to designate officers and employees of the United States to carry out the provisions of the act and sets forth the duties of such officers and employees.

Section 6 insures uniformity and procedural safeguards by making the well-tested seizure and forfeiture provisions of the customs law applicable. Thus, for example, the Attorney General is authorized to remit any forfeiture where he finds that it was incurred without willful negligence or without intention to violate the law or where he finds other mitigating circumstances.

Section 7 authorizes the expenditure of appropriations as may be necessary to carry out the provisions of the act, and section 8 authorizes the Attorney General to issue such rules and regulations as may be necessary.

I hope these bills will receive prompt attention and enactment at this session of Congress. As the Attorney General said, the problem is "now nationwide. A large percentage of illegal aliens now being apprehended in the border districts and elsewhere are not interested in finding agricultural employment except, perhaps, as a stopgap measure. They are heading for our industrial centers to obtain employment in defense plants and other industries. Both in agriculture and industry, they are displacing domestic workers, adversely affecting working conditions, contributing to our increasing crime rate, and spreading communicable disease. In addition, the size of the movement may well provide an effective screen for subversives and other undesirable persons to enter or depart from the United States."

I repeat the announcement of the hearings to commence on Monday at 2 p. m. in room 457 of the Senate Office Building and request that my colleagues take an interest in these bills and participate in the hearings.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Hawks, one of his secretaries.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The PRESIDING OFFICER (Mr. BENNETT in the chair) laid before the Senate a message from the President of the United States submitting the nomination of Fred M. Taylor, of Idaho, to be United States district judge for the district of Idaho, to fill a new position, which was referred to the Committee on the Judiciary.

NOTICE OF HEARING ON NOMINATION OF FRED M. TAYLOR TO BE DISTRICT JUDGE FOR THE DISTRICT OF IDAHO

Mr. LANGER. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a hearing has been scheduled for 10 a. m., Friday, July 16, 1954, in the committee room, 424 Senate Office Building, on the nomination of Fred M. Taylor, of Idaho, to be United States district judge for the district of Idaho, to fill a new position. At the indicated time all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of myself, chairman, the Senator from Indiana [Mr. JENNER], and the Senator from Nevada [Mr. MCCARRAN].

RECESS TO 11 A. M. TOMORROW

Mr. CLEMENTS. Mr. President, in accordance with the order previously entered, I move that the Senate stand in recess until 11 o'clock a. m. tomorrow.

The motion was agreed to; and (at 7 o'clock and 35 minutes p. m.) the Senate took a recess, the recess being under the order previously entered, until tomorrow, Saturday, July 10, 1954, at 11 o'clock a. m.

NOMINATION

Executive nomination received by the Senate July 9 (legislative day of July 2), 1954:

UNITED STATES DISTRICT JUDGE

Fred M. Taylor, of Idaho, to be United States district judge for the district of Idaho, to fill a new position.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 9 (legislative day of July 2), 1954:

FEDERAL COAL MINE SAFETY BOARD OF REVIEW

Charles R. Ferguson, of Pennsylvania, to be a member of the Federal Coal Mine Safety Board of Review for the term expiring July 15, 1957.

IN THE ARMY

Appointment in the Regular Army of the United States to the grades indicated under the provisions of title V of the Officer Personnel Act of 1947:

Maj. Gen. Earle Standlee, O16530, to be major general, Medical Corps.

Brig. Gen. Paul Irwin Robinson, O17802, to be brigadier general, Medical Corps.

WITHDRAWAL

Executive nomination withdrawn from the Senate July 9 (legislative day of July 2), 1954:

POSTMASTER

Leland H. Goddard to be postmaster at Key West, Fla.

SENATE

SATURDAY, JULY 10, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Eternal Spirit, whom we seek in vain without unless we first find Thee within: May the hush of Thy presence fall now upon our driven lives. In a time for greatness save us from small choices and from dwarfed perspectives. Deliver us from inner cowardice which makes us unwilling to pay the price of better things. We confess that too often we have desired the coming of Thy Kingdom, but not through us. We have sought for a new order that would leave our own lives still unchanged.

As we bow before Thee, reveal to us the false pride that inflates our petty knowledge, and grant us the humility that stoops to learn Thy ways. Give us a part in bringing in a world delivered from disorder and aggression, a humanity redeemed from the darkness which now threatens the gains of a thousand years. We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Friday, July 9, 1954, was dispensed with.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting a nomination was communicated to the Senate by Mr. Hawks, one of his secretaries.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KNOWLAND. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

Routine business is now in order.

REPORTS OF A COMMITTEE

The following reports of a committee were submitted:

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs, without amendment:

H. R. 6882. A bill to amend the act of September 27, 1950, relating to construction of the Vermejo reclamation project (Rept. No. 1784).

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs, with amendments:

H. R. 130. A bill to amend section 1 of the act approved June 27, 1947 (61 Stat. 189) (Rept. No. 1785).

By Mr. KUCHEL, from the Committee on Interior and Insular Affairs, without amendment:

H. R. 4213. A bill to authorize works for development and furnishing of water supplies for waterfowl management, Central Valley project, California, and for other purposes (Rept. No. 1786); and

H. R. 6975. A bill authorizing the Secretary of the Interior to convey certain lands to the Siskiyou Joint Union High School District, Siskiyou County, Calif. (Rept. No. 1787).

By Mr. KUCHEL, from the Committee on Interior and Insular Affairs, with amendments:

S. 620. A bill to provide authorization for certain uses of public lands (Rept. No. 1788); and

H. R. 2235. A bill to authorize the Secretary of the Interior to construct the Santa Maria project, Southern Pacific Basin, Calif. (Rept. No. 1789).

BILL INTRODUCED

Mr. MARTIN introduced a bill (S. 3729) to provide for the free importation of black granite for use in monuments erected on Federal property, which was read twice by its title and referred to the Committee on Finance.

DEVELOPMENT OF PRIEST RAPIDS SITE ON THE COLUMBIA RIVER, WASH.—AMENDMENT

Mr. MAGNUSON (for himself and Mr. JACKSON) submitted an amendment intended to be proposed by them, jointly, to the bill (H. R. 7664) to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act, which was ordered to lie on the table and to be printed.

AMENDMENT OF ATOMIC ENERGY ACT OF 1946—AMENDMENTS

Mr. FULBRIGHT. Mr. President, I submit amendments intended to be proposed by me to the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes. I ask unanimous consent that the amendments be printed in the RECORD for the information of Senators.

The VICE PRESIDENT. The amendments will be received and printed, and will lie on the table; and, without objection, the amendments will be printed in the RECORD.

The amendments are as follows:

On page 102, between lines 14 and 15, insert the following new section:

"SEC. 271. Disposition of revenues:

"a. All revenues of the Commission from licensing, the sale or leasing of material (including byproduct energy), or the furnishing of services, from and after the date of enactment of this act, shall be deposited in the Treasury of the United States and held in a special account, and such money shall be appropriated exclusively for the purpose of promoting the national defense and national security through grants-in-aid of primary, secondary, and higher education.

"b. An Advisory Council on Education for National Security is hereby created to be composed of 12 persons to be appointed by the President with regard to their experience in the relationship of education to national defense and national security, of whom six shall be from the fields of education and research in the natural and social sciences. It shall be the function of such council to recommend to the President for submission to the Congress not later than ——— a plan for the allocation of grants-in-aid of primary, secondary, and higher education provided in subsection a. of this section."

On page 102, line 15, strike out "SEC. 271" and insert in lieu thereof "SEC. 281."

On page 102, line 19, strike out "SEC. 281" and insert in lieu thereof "SEC. 291."

On page 102, line 24, strike out "SEC. 291" and insert in lieu thereof "SEC. 301."

EXECUTIVE MESSAGE REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting the nomination of Paul W. Cress, of Perry, Okla., to be United States attorney for the western district of Oklahoma, vice Robert E. Shelton, resigned, which was referred to the Committee on the Judiciary.

IKE, THE BUILDER

Mr. CASE. Mr. President, passage of the military public works bill last night brings to four the major legislative acts which authorize significant construction programs this year with which it has been my privilege to be associated. They are:

First. The Federal Aid Highway Act of 1954, which authorizes a billion-dollar highway program for each of 2 fiscal years, and initiates several new features in Federal highway legislation.

Second. The District of Columbia Public Works and Revenue Act, which opens a new era in development of the Nation's Capital City.

Third. The Lease-Purchase Public Buildings Act of 1954, which provides a way for the Government to catch up on its office and post office building needs throughout the country.

Fourth. The military public works bill, just passed, that places new emphasis upon construction of modern defense and strategic installations, including a system of aerial navigational aids, known as TACAN, that will be immensely useful to civilian as well as military aircraft.

In addition, under the leadership of the man in the White House who never lets the litter clutter his vision of a landscape, this Congress has authorized United States participation in the long-talked-of St. Lawrence Seaway; and there are pending in the House an omnibus flood control authorization bill, and in the Senate a major Federal-aid school construction bill.

All this leads me to say, Mr. President, that when the story of our times is written, the Eisenhower administration may well go down in history as the administration of "Ike, the Builder," and leads me to suggest two other epochal construction programs, to authorize which I shall introduce proposed legislation on next week. They are:

First. A transcontinental highway, east and west; and a mid-continent highway, north and south.

Second. A modern-ship, bombproof, sea-level canal to connect Atlantic and Pacific.

The transcontinental highway should reach from New York to Portland, avoiding, but serving, the major cities and industrial centers. It should utilize, as far as possible, existing super-express highways, so as to expedite the completion date; but the entire project should be broadly conceived and designed, so as to serve the needs of the Nation in peace or war for a hundred years or more.

The midcontinent highway is hardly less important. A foundation has been laid by the study of a river road, authorized in our highway bill, designed to be an artery of traffic from the upper Mississippi to the Gulf.

The sea-level canal is needed to permit passage of our large carriers safely across the Isthmus, and to escape the certain destruction that a single small A-bomb could achieve on the outdated Panama Canal. One bomb could ruin Gatun Lake and could put the canal out of commission for 2 years.

These two programs are not beyond the capability of the United States. In a subsequent statement I shall outline ideas for their prosecution. They would, in my judgment, Mr. President, be a proper and fitting part of the construction program of "Ike, the Builder." They would express in irrefutable fashion the President's confidence and our faith in a great and growing America.

SPLIT BIDDING IN CONNECTION WITH SHIP CONSTRUCTION

Mr. LONG. Mr. President, I ask unanimous consent to have printed in the RECORD following my remarks a statement which I prepared with reference to an amendment to S. 3546, the 1954 Emergency Ship Repair Act, relating to split bidding in connection with ship construction.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LONG

On last Thursday, July 8, I proposed, and the Senate adopted, an amendment to S. 3546, the 1954 Emergency Ship Repair Act. This amendment concerns a matter which is of great interest to both the Government and to an important segment of the shipbuilding and repair industries.

It involves the practice known in the trade as split bidding. This means that separate bids are requested for work which requires drydocking and for work which does not require the use of drydocking. This splitting of the bids permits a wider area of competition and has been used with success by the Maritime Administration and other Government departments for some time.

The practice is also used almost universally, I am told, by the subsidized ship lines in those instances where they have total overhauling jobs for their vessels. In my own State the Lykes Bros. Steamship Co. uses this practice almost invariably.

The very great saving which is accompanied by the use of this practice is very well illustrated in a letter from Mr. Louis S. Rothschild, Administrator of the Maritime Commission, addressed to Senator BUTLER and dated June 4, 1954. This letter appears on page 211 of the hearings before the Subcommittee of the Interstate and Foreign Commerce Committee, held pursuant to Senate Resolution 173. See attachment No. 1.

It will be noted that on two ship repair jobs there was a saving of 52.4 percent and 47.1 percent, respectively. Presumably, Mr. Rothschild selected these instances because they were representative, and I think all Senators will agree with me that a saving of 50 percent is indeed an important economy.

Mr. Rothschild also points out in this letter that the companies, including those without drydocks, which participate in this type of work are required to hold maritime master lump-sum repair contracts. These contracts require that the repair yard have qualified workers on its payroll, that it have adequate facilities and equipment, that it

be an established and recognized company, that it have adequate and full insurance coverage, and that it be financially stable. To prove its financial stability, a financial statement is required to be put on file each year with the Government department concerned.

In the port of New Orleans I understand that there are at least 4 repair yards which have held these master repair contracts for more than 15 years. I believe, Mr. President, that these independent repair yards have proved their competence over such a long period of time and are well deserving of an opportunity to share in this program.

It would, in fact, be not only against the interest of the Government from the standpoint of the economy, but also from the standpoint of national defense if bids were not so handled that these yards could compete for the considerable amount of repair work which would be authorized under this program.

The record has been made rather completely, so far as the need for additional work by the large shipbuilding and drydock companies are concerned.

I should like to review very briefly the advantages which I believe will be gained by the use of split bidding for at least a substantial portion of the repair work to be done under S. 3546:

1. Due to the very considerable reduction in cost, the Maritime Administration will be able to rehabilitate and modernize a great many more vessels than would otherwise be possible. It may not be correct to assume that the same saving would always be achieved as in the case of the two vessels referred to by Mr. Rothschild, but if this should prove to be the case, almost twice the number of vessels would be in a state of readiness.

2. A great many more workers will be gainfully employed, and the very special difficulties which arise from the separation of skilled workers from ship repair yards is well known.

3. Every recognized and qualified ship repair company will be provided an opportunity to compete for the repair work involved. Thus, the program will not be discriminatory, and its benefits will go to all those directly concerned rather than a few large companies.

I fully recognize the difficulties being experienced by these large companies, and I desire that they benefit in a fair and reasonable manner from this program. As passed by the Senate, this bill will certainly insure that they have equal opportunity to do so.

I very much hope that the inclusion in the RECORD of these remarks will be of some assistance to the Maritime Administrator, who will be responsible for carrying out this program. In the event it should be necessary to appoint a Joint Conference Committee, assuming the adoption by the House of the bill with amendments, I also wish to call these considerations to the attention of the Senate conferees, in order that they will be well aware of the importance of this practice of split bidding.

DEPARTMENT OF COMMERCE,
MARITIME ADMINISTRATION,
Washington, D. C., June 4, 1954.

Hon. JOHN M. BUTLER,
United States Senate,
Washington, D. C.

DEAR SENATOR BUTLER: As requested at the hearing on the reserve fleet repair program, held by your subcommittee Wednesday afternoon, May 26, 1954, the following information is submitted on the actual experience of the Maritime Administration as a result of using split bids as well as all-inclusive bids in connection with two ships involved in the reactivation program of 1950–51:

All-inclusive bid

Ship	Port	Date	Rejected low bid
James Bennet Moore	New York	April–May 1951	$164,066
Harold Dosset	do	do	174,859

Split bid

Negotiated drydock work	New low bid (topside)	Total cost	Saving
			Percent
$21,364 (Brewer Drydock Co.)	$65,425 (the Turbine Engineering Corp.)	$86,789	47.1
$14,330 (Todd Shipyard Corp., New York)	$68,890 (Kane Ship Repair Co.)	83,220	52.4

At the time of these reactivations, all of the companies indicated above were holders of maritime master lump-sum repair contracts and were considered competent and responsible contractors in their respective fields.

The Maritime Administration uses both the all-inclusive bid and the split-bid procedures as the circumstances warrant. Jobs where voyage repairs involve major underwater work with minor topside items are usually handled under a single all-inclusive specification with invitations to bid limited to repair contractors having drydock facilities.

Where drydocking is not involved, all repair contractors in the area qualified to do the work are invited to bid. However, when a major reactivation is contemplated or when topside repairs constitute the major portion of the work required, invitations are sent out on a split specification basis with drydocking and underwater work negotiated and the topside work done on a bid basis.

As may be seen from the above tabulation, our actual experience indicates that the use of the split-bid basis has resulted in a substantial reduction in cost to the Government.

I trust that the above information will be satisfactory to your subcommittee.

Sincerely yours,

LOUIS S. ROTHSCHILD,
Maritime Administrator.

STATEMENT OF R. H. MORVANT, EXECUTIVE DIRECTOR, MANUFACTURERS AND REPAIRERS ASSOCIATION OF NEW ORLEANS

While the member companies of this association are not interested in merchant ship construction per se, they are, however, interested in any program which will benefit the shipbuilding and repair industry as a whole.

The Manufacturers and Repairers Association represents ship repair yards, industrial machine shops and other contractors and subcontractors affiliated with the ship-repair industry. The member companies of this association play a distinctive and important part in the efficient and continued movement of United States vessels.

The facilities of these companies enable them to perform economically and efficiently any and all types of ship repair work that does not require drydocking. It is customary for these companies to bid on work throughout the Gulf coast area and occasionally to enter national competition for ship repair work.

The ship-repair work in the gulf-coast area, which has a direct bearing on the future of each member company of this association, has deteriorated to a point where the economic stability of the ship-repair activities of the industry is in jeopardy. This condition has stemmed from a number of factors which are outlined briefly below.

During the period from 1933 to 1940, which is the period immediately preceding World War II, the ship-repair industry enjoyed an unusual distinction in that the employees in this area were content to remain in the industry, in preference to seeking employment in other trades and industries. This occurred because the ship-repair industry, while always a spasmodic one, at that time paid relatively high wages in comparison to other industries.

Further, the ship-repair industry has always paid double time for overtime, and as considerable overtime has been worked in our industry, this allowed the employees a greater take-home pay in comparison to jobs in other industries. Overtime is necessary due to the importance of sailing a ship on a determined schedule and to avoid more costly delays. In addition, our area, the South, was not as industrialized then as it is now; consequently there were less opportunities for the workers to leave the ship-repair industry.

From the period 1940 through 1945, the ship-repair industry was geared to all-out war effort. Competitive bidding during this period was eliminated, and work was allocated to each yard on the basis of the capacity of that yard to handle the job. As each job was completed, new work was immediately assigned to take up the slack in the idle facilities.

All work was performed on a negotiated price basis and composite rate schedules with fixed markups on materials and subcontracting. During this period, the ship-repair industry definitely established its importance in defense work in any national emergency.

From the period 1946 through 1948, the ship-repair industry went from the all-out war effort to the reconversion program, and from an allocated work basis to one of highly competitive bidding. During this period immediately following World War II, the existing industrial plants in the area underwent tremendous expansion programs and many new industrial plants moved into the gulf-coast area.

This gradually gave impetus to the exodus of the ship-repair workers from the ship-repair industry to more stable industries and at a higher rate of pay. Not only did they leave to become construction workers, but as the construction jobs were completed, these same workers became production and maintenance employees in the industrial plants they helped build.

From 1948 to 1950, the period immediately prior to the Korean incident, the ship-repair industry of the gulf-coast area underwent a famine as far as ship-repair work was concerned. The reconversion period came to an end, and all ships not immediately needed were then resting in the laid-up fleet. The steamship companies were operating a minimum number of ships in order to weather the economic recession period.

Immediately after the Korean incident and the acceleration of the ECA program,

numerous ships were broken out of the laid-up fleet for reactivation. The reactivation program continued from the inception of the Korean incident until the latter part of 1951. Shortly thereafter, a deactivation program began which has subsequently been completed.

We have been reliably informed that the ships now resting in the laid-up fleet will remain there until an all-out emergency exists, and from all indications this has been borne out. This leaves the ship-repair industry at the present time, and as far as the foreseeable future is concerned, with the very grave decision of maintaining their ship-repair facilities with no prospective future.

The ship-repair industry has undergone a complete industrial and economic revolution in the past 3 years which, as pointed out, leaves the ship-repair activities of the industry in doubt.

First and foremost is the shortage of skilled workers in the industry. The ship-repair worker is peculiar in that while he may carry the classification of machinist or boilermaker or pipefitter, he must be capable of tasks beyond the skill of the same type of worker in other industries.

A ship-repair worker is trained to a highly specialized degree. He is required to dismantle and repair equipment with which he is unfamiliar and place this equipment in the proper working order, even though it may necessitate the fabrication of a broken part not easily obtainable. The skill which these workers acquire enables them to enter other industries at higher rates of pay than is ordinarily paid their classifications due to their ability to use their own initiative in preference to being led.

Because these workers are of such a high caliber in their trade, it is not unusual for other industries to seek them out indiscriminately from the ship-repair industry. Once these workers are lost to the industry they are beyond recall unless we can assure them stability in employment and a secure economic status. It may be assumed by the uninitiated that the obvious answer is a higher base rate of pay. This, however, is definitely not the correct answer.

In accordance with our calculations, a vast majority of the ships now entering our ports are flying foreign flags. Repairs on foreign-flag vessels in this area are generally limited to emergency jobs only. This is because foreign-flag vessels prefer to take advantage of lower operating costs and lower maintenance and repair costs of foreign countries.

This condition is all part and parcel of the revolution in the industry. Any further appreciable increase in wages for ship-repair workers could very well decrease the amount of repairs available on foreign-flag vessels. This further points out the fact that increased rates for ship-repair workers is definitely not the answer.

From the period 1940 through 1951 the Maritime Administration contributed substantially to the stability of ship-repair work in this area. While the jobs were on a highly competitive basis, there was ample work to maintain the ship-repair facilities above the break-even point. From all indications, the foreseeable future holds very little or no Maritime Administration work.

The Maritime Administration activities at this time are virtually at a standstill. We have been reliably informed that for an indefinite period no activities are anticipated. During the last deactivation program the ships being deactivated were only partially preserved. It was the understanding that the ship-repair companies would perform the permanent job if these ships were to be laid up permanently.

In the past 4 years, as pointed out previously, the industry entered into a highly competitive period. This, coupled with close checking by the independent steamship companies, resulted in abnormally low profits for the industry. When these companies were enjoying the profits as are customary for the industry, they were able to maintain their organizations and carry a cadre of workers over a period of time without seeking assistance.

However, as a consequence of the abnormally low profits, these companies are unable to maintain their organizations and carry an appreciable work force for any length of time. These companies need assistance in holding their organizations together. To accomplish this objective they must be in a position to assure their workers steady employment and their organizations a financial break-even on their ship-repair operations.

This industry is recognized as a vital component part of the defense program. We believe these facilities and organizations should be maintained in some way to prevent the loss of manpower and the deterioration of the plants and equipment. Some program should be established to protect this industry in order that it be available in the event of an all-out emergency. Any program which is adopted in order to stimulate the ship repair industry should definitely be on a competitive split-specification basis.

We are not alone in calling attention to the critical condition of the ship repair industry. Other organizations and companies have brought this matter to the attention of interested Government agencies who have concurred in the seriousness of the situation. Numerous surveys, studies, and hearings have been conducted which have proven time and time again the rapid economic decline of the ship repair industry. The industry is in acute need of an immediate emergency program to stimulate ship repair activities in the industry. The patient has been examined enough, the diagnosis is complete. We should start treatment immediately before the patient is dead or too weak to recover.

Mr. Louis S. Rothschild, Maritime Administrator, presented to the Water Transportation Subcommittee of the Senate Committee on Interstate and Foreign Commerce the scope of a program of repair work based upon a review of the latest mobilization requirements for vessels in the National Defense reserve. This program is a good one and should give immediate relief to the ship repair industry. In adopting this program it should be clearly understood that contracts shall be awarded under the competitive split-bid procedure.

By continuing the present Maritime Administration policy of competitive split-bid procedure on ship repair work, the following shall occur:

1. An equal opportunity shall be afforded every ship repair company to obtain work;

2. More vessels can be rehabilitated at a substantial reduction in costs to the Government;

3. More workers shall be gainfully employed;

4. More vessels shall be available in case of a national emergency; and

5. Discrimination against any individual or group would be prevented.

It is to the interest of both the public and the Government that the facilities of the member companies of this association be maintained. The activities of these member companies are important to the public because, through their ship repair activities in the past, they, in common with the entire ship repair industry, have contributed substantially to the flow of commerce through their respective ports. Should these facilities deteriorate, shipping companies will be unable to obtain repairs in the various ports and therefore would not be interested in shipping from ports where they could not obtain necessary maintenance and repair jobs. This, in turn, would have a drastic effect on the local economy.

It is the desire of these member companies to remain in the ship repair business as they have since World War I. To accomplish this objective they must be in a position to assure their workers steady employment and their organizations a financial break-even on their ship repair operations. Since these organizations represent the majority of the ship repair facilities in the New Orleans area, it would be a grave mistake to permit them to fall apart.

EXHIBIT A

Vessels entering port of New Orleans Jan. 1, 1954, through June 30, 1954

	Foreign flag	American flag
Jan. 1 through Jan. 8, 1954	32	27
Jan. 8 through Jan. 15, 1954	31	20
Jan. 15 through Jan. 22, 1954	37	30
Jan. 22 through Jan. 31, 1954	38	29
	138	106
Feb. 1 through Feb. 8, 1954	44	30
Feb. 8 through Feb. 15, 1954	40	33
Feb. 15 through Feb. 22, 1954	51	32
Feb. 22 through Feb. 28, 1954	26	22
	161	117
Mar. 1 through Mar. 8, 1954	40	23
Mar. 8 through Mar. 15, 1954	33	21
Mar. 15 through Mar. 22, 1954	30	28
Mar. 22 through Mar. 28, 1954	64	43
	167	115
Apr. 1 through Apr. 8, 1954	39	26
Apr. 8 through Apr. 15, 1954	43	28
Apr. 15 through Apr. 22, 1954	37	30
Apr. 22 through Apr. 30, 1954	33	39
	152	123
May 1 through May 8, 1954	51	35
May 8 through May 15, 1954	40	28
May 15 through May 22, 1954	43	30
May 22 through May 31, 1954	56	37
	190	130
June 1 through June 8, 1954	41	28
June 8 through June 15, 1954	37	32
June 15 through June 22, 1954	45	34
June 22 through June 30, 1954	37	29
	162	123
Total	970	714
Grand total	1,684	

THE CALENDAR

The VICE PRESIDENT. If there be no further routine business, under the previous order, the call of the calendar is in order.

The measures previously ordered to be included in the calendar call will be called first.

APPOINTMENT OF CERTAIN OFFICERS OF THE REGULAR NAVY AND MARINE CORPS—BILL ORDERED TO FOOT OF CALENDAR

The bill (H. R. 6725) to reenact the authority for the appointment of certain officers of the Regular Navy and Marine Corps was announced as first in order.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. SCHOEPPEL. Mr. President, reserving the right to object, may we have an explanation of the bill?

The VICE PRESIDENT. An explanation is requested.

Mr. SCHOEPPEL. Mr. President, under the circumstances I ask that the bill be placed at the foot of the calendar, so that those responsible for it may be on the floor at the time when it is reached.

The VICE PRESIDENT. Without objection, the bill will be placed at the foot of the calendar.

IDENTITY OF CERTAIN COMMUNIST-INFILTRATED ORGANIZATIONS—BILL PASSED OVER

The bill (S. 3706) to amend the Subversive Activities Control Act of 1950 to provide for the determination of the identity of certain Communists-infiltrated organizations, and for other purposes, was announced as next in order.

The VICE PRESIDENT. Is there objection to the present consideration of the bill?

Mr. LEHMAN. Mr. President, reserving the right to object—and I shall object—let me say this bill is highly complex. It affects many millions of persons. It directly affects between 15 and 20 million men and women in organized labor. It also affects many other groups of our population.

I have not had an opportunity of studying this legislation and I am therefore not sure what position I shall ultimately take regarding the bill. The bill, however, is of such great importance and is so technical and complex and so difficult to understand, that I am sure it should not have a place on the consent calendar. I very much hope that ample time will be given to the Members of the Senate to study the bill carefully and to consult with others regarding it, before it is brought up for consideration and action in the Senate. The bill may have very widespread effects.

Therefore, Mr. President, I object.

The VICE PRESIDENT. Objection being heard, the bill will be passed over.

GERASIMOS GIANNATOS

The bill (S. 120) for the relief of Gerasimos Giannatos was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Gerasimos Giannatos shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota officer to deduct one number from the appropriate quota for the first year that such quota is available.

OTMAR SPRAH

The bill (S. 231) for the relief of Otmar Sprah was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Otmar Sprah shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon the payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

HUGO KERN

The bill (S. 232) for the relief of Hugo Kern was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationalty Act, Hugo Kern shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon the payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

FREDERICK WIESINGER

The bill (S. 808) for the relief of Frederick Wiesinger was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Frederick Wiesinger shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the appropriate quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

JAN E. TOMCZYCKI

The bill (S. 810) for the relief of Jan E. Tomczycki was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Jan E. Tomczycki shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence of such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

ALICE MASARYK

The bill (S. 1212) for the relief of Alice Masaryk was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That for the purposes of the Immigration and Nationality Act, Alice Masaryk shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

Mr. LEHMAN. Mr. President, I should like to make a brief statement with regard to the bill just passed. I am very happy that the bill has been approved. I have known Alice Masaryk for more than 50 years. She is the daughter of the first President of Czechoslovakia, Thomas G. Masaryk, who was a great patriot, a great leader, and a great democrat. She is the sister of my very close friend, the former Prime Minister in exile of Czechoslovakia, later Foreign Minister of his splendid Republic, who was murdered or driven to his death because of criminal Communist pressure and action. He was a great man, as was his father—patriotic, loyal, and an ever vigorous fighter for freedom. I had the honor of being decorated by him on behalf of his government, the very afternoon he left for Czechoslovakia, from which he never returned.

I am very happy indeed that this fine woman will now be able to become a citizen of the United States and I heartily welcome her.

APPOINTMENT OF CERTAIN OFFICERS OF THE REGULAR NAVY AND MARINE CORPS

Mr. SALTONSTALL. Mr. President, I am informed that Calendar No. 1652, House bill 6725, which was called first, was placed at the foot of the calendar. I was conducting a hearing in the Committee on Appropriations and was notified to come immediately to the Chamber. I ask unanimous consent for the present consideration of the bill.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 6725) to reenact the authority for the appointment of certain officers of the Regular Navy and Marine Corps.

Mr. SMATHERS. Mr. President, will the Senator yield so that I may ask him a question?

Mr. SALTONSTALL. I yield.

Mr. SMATHERS. I ask the Senator from Massachusetts whether or not the senior Senator from Colorado [Mr. JOHNSON] has talked with him about an amendment to the bill.

Mr. SALTONSTALL. He has not, but I know what his amendment is, and I have been approached on the subject.

Mr. SMATHERS. If it is satisfactory to the Senator from Massachusetts, if he will accept the amendment I will offer it in the name of the Senator from Colorado, so that prompt action may be taken on the bill.

Mr. SALTONSTALL. I will accept it, but I should like to make a brief statement concerning the bill and the amendment.

This bill is to provide a 1-year extension of the present authority whereby Navy and Marine Corps reservists are permitted to transfer to regular status. It affects some 400 naval officers. If the bill is not passed promptly those young men will be put back 24 months in their integration into the service. Therefore it is very important to pass the bill promptly.

The amendment of the Senator from Colorado has nothing to do with the bill itself. The amendment of the Senator from Colorado would make it possible for officers toward whom an injustice was done during World War II to receive the promotions which they feel they deserve.

The Senate has twice passed a bill on this subject, once this year, in April, and once a year ago. Those bills have been held up in the House.

I have no objection to taking this amendment to conference in order, if possible, to draft language similar to the language which the Senate has previously approved.

Let me say to my colleague from Florida, and through him to the Senator from Colorado, that the principle of the pending bill is very important to the young officers affected by it, because, as I say, if the bill is not passed, some four hundred will lose their rights to promotion for 24 months.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. SALTONSTALL. Let me conclude, and then I shall be glad to yield.

I shall be glad to take the first part of the amendment of the Senator from Colorado to conference. The other part of the amendment concerns two men, Commander Rawlins and Commander Shanahan. Those cases have been before this body for a good many years in one form or another. Yesterday for the first time I saw a letter from the present Chief of Naval Operations, Admiral Carney, who believes an injustice was done to Commander Rawlins. I also saw a statement attributed to—and I say that so as to be factual—Admiral Denfeld, former Chief of Naval Operations, and the former head of personnel in the Navy. He also favors Commander Rawlins. For that reason, I believe his case should be given very thoughtful study, and I am glad to take the amendment to conference.

I do not know so much about Commander Shanahan's case; in fact, I do not know anything about it; but I am willing to take those two cases to conference, together with the general principle involved in the amendment of the Senator from Colorado, and try to devise suitable language. If the bill should be held up in conference, the promotion rights of some 400 naval officers would be affected. We do not wish that result. We shall do our best to see what can be done.

With that statement, I am glad to accept the amendment. I now yield to the Senator from Oregon.

Mr. MORSE. Mr. President, I think the Senator from Massachusetts is being very fair about this matter. I think the amendment should go to conference. I wish to reinforce his statement that the promotions provided for in the bill, so far as the 400 or more Navy and Marine Corps officers are concerned, certainly should be made at a very early date.

The Senator from Massachusetts did not mention—but I think it should be mentioned—that, in addition to the particular marines he has in mind, there are also involved a small number of Korean war prisoners who are entitled to promotion. There is a moral commitment and a moral obligation in regard to those Americans who served in the Korean war and who were taken prisoner. They would have been eligible for promotion to higher ranks if they had not been taken prisoner. As I understand, the military authorities seek to do justice to them by including them—and they are relatively a small number—within the number covered by the bill. Therefore, I am glad to join with the Senator from Massachusetts in his point of view that the bill should be passed today, because time is of the essence. We ought to do justice to the particular officers covered by the terms of the bill.

Let me say a word as to the amendment of the Senator from Colorado [Mr. JOHNSON]. I am delighted that the Senator from Massachusetts is willing to take the amendment to conference, to see if some adjustment of these cases cannot be made in conference. I am very familiar with the Rawlins case. Like the Senator from Massachusetts, I am not particularly familiar with the second case, the Shanahan case, though I recall that there was some discussion of it while I was still a member of the Armed Services Committee.

The Rawlins case is an old case. It is a case in which a majority of the Armed Services Committee have felt for some years an injustice was done by the military. The military has been on notice in that respect for a long time.

In my judgment, the military has been very uncooperative with regard to this case. I think the evidence is clearly against the officials at the Pentagon. As a member of the Armed Services Committee, I very reluctantly came to the opinion that there is prejudice in the Pentagon against Commander Rawlins because of what he has done to protect his rights since the injustice was done to him by the military. I have tried to get the officials at the Pentagon to see that in dealing with such a case as this we should look at the point of the injustice in the first instance. Human beings react differently. It is true that Commander Rawlins has made a fight to protect his rights. He has appealed to Members of Congress with regard to this injustice. I do not need to tell Senators that such action is not looked upon with favor at the Pentagon.

When one talks, as I have, with many of these officials in the Pentagon, it is very interesting to note that in the conversation they always get around to the point of speaking about what Rawlins had done to protect his rights. I have always said, "I am not interested in what he did to protect his rights. I am interested in what you have to say as to whether or not an injustice was done to him when he did not receive a promotion."

The Senator from Massachusetts states that he was not aware of the Carney letter. I have been aware of the Carney point of view for many years, because I remember we discussed it several times in the Committee on Armed Services, where the representation was made that Admiral Carney believed that this man should have been promoted. That is very strong evidence bearing upon whether or not an injustice had been done, because Commander Rawlins served under Admiral Carney, and it is my understanding that Carney has an exceptionally high regard for the qualifications of this officer.

I did not know of the Denfeld statement. That is news to me. However, I am glad to learn that Admiral Denfeld also shares Admiral Carney's point of view.

I wish to say that the Pentagon ought to learn a lesson from this case. I am glad the Senator from Massachusetts is willing to take the amendment to conference, because twice now the Senate by legislation has sought to do justice in this case, and we have not been able to get such legislation through the House, although we have gotten it through the Senate.

The Pentagon, in my judgment, has been stalling on the case. I hope that as a result of the action today we can get a satisfactory solution worked out in conference, so that at long last justice will be done to these men, if I am right in my contention that an injustice was done in the first instance.

Mr. SALTONSTALL. Mr. President, I thank the Senator from Oregon for his contribution. The letter I was referring to is a new letter from Admiral Carney, written within a month or so, since he was appointed Chief of Naval Operations.

The VICE PRESIDENT. The time of the Senator from Massachusetts has expired.

Mr. JOHNSON of Colorado. I shall not take more than 5 minutes. All I want to say is that I thank the Senator from Massachusetts for his very fair attitude toward this very difficult matter and the attempt to do justice to Commander Rawlins.

I ask unanimous consent to have printed in the RECORD at this point a statement I have prepared dealing with the proposed amendment which the Senator from Massachusetts has agreed to take to conference. I ask that the statement be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT ON PROPOSED AMENDMENT TO H. R. 6725

We in America have come to accept as axiomatic the principle that "justice delayed is justice denied." The amendment that I offer has for its aim a single purpose—justice, justice now already 5 years overdue, justice the denial of which led directly to the useless destruction of the honorable lifetime careers in the Regular Navy of at least two capable officers.

In considering this amendment, let us recall the case of Admiral Rickover, only 1 year ago. Had the Armed Services Committee of the Senate, under its distinguished fairminded leader Senator SALTONSTALL, not taken appropriate vigorous action to compel the Navy Department to promote Rickover at the 11th hour from captain to rear admiral, Rickover would today be on the retired list of the Navy. The promotion was forced through, despite bitter, blind resistance within the Navy Department; a great man consequently was saved for the Navy solely by senatorial action.

The amendment I offer has nothing to do with the Rickover case except insofar as it is made necessary by the same blind resistance within the Navy Department that characterized their position on Admiral Rickover. My amendment at this late date would rectify and redress two fully established and

proven cases of injustice of wartime nonpromotion to captain in the Regular Navy—the cases of Comdr. Edward K. Shanahan and Comdr. Edward W. Rawlins. Both these officers were on the active list of the Regular Navy throughout World War II and for many years prior and subsequent thereto—Shanahan had nearly 27 years and Rawlins nearly 31 years continuous honorable efficient service. Both established the existence of injustice long before their untimely retirement as commanders. Both retired because justice in the form of timely promotion to captain which they had earned and for which they proved they were well fitted was denied them.

In addition to affording long-overdue direct redress to Commanders Shanahan and Rawlins for the injustices established in their cases, my amendment would afford an avenue of relief to any other career officer having a case comparable to the Shanahan-Rawlins cases. This feature of my amendment embraces a concept of legislation that has three times passed the Senate—once in 1949, once in 1951, and once in 1954—but which each time has hit some snag on the House side, although in 1950 the House Armed Services Committee did favorably report with amendments the Senate bill of 1949.

The concept of direct legislative relief and redress for Commander Shanahan finds most powerful support in the decision of the Navy's own Board for the Correction of Naval Records dated June 14, 1949, which the Navy Department then blithely and callously chose to reject. That decision reads as follows:

"(a) That the Secretary of the Navy initiate such action as may be necessary to completely rectify the established injustice, by effecting the promotion of Commander Shanahan to the rank of captain, United States Navy, with appropriate adjustment of lineal position.

"(b) It is contemplated by the Board that the above remedy should be accomplished by executive appointment of the President or, as an alternative by act of Congress; and in either case upon the recommendation of the Secretary of the Navy."

A quirk of existing law embedded in the old Naval Appropriation Act for fiscal year 1883 bars the President from appointing a retired officer of the Navy to a higher grade or rank. Oddly enough, no such bar exists in the case of the Army or Air Force, nor I believe even of the Marine Corps.

The concept of direct legislative relief and redress for Commander Rawlins does not come from the Board for the Correction of Naval Records. Why not? For the very simple reason that on January 14, 1949, the Navy Department declined even to grant Commander Rawlins a hearing before that Board. And this at the very time the Shanahan case was and for 13 months had been before that Board. Can anything be more inconsistent and absurdly unfair? As an American citizen Commander Rawlins then had only one recourse left to him—the American Congress. In support of direct legislative relief and redress for Commander Rawlins, officers of the highest rank in the Navy have testified either in person or by letter before the Armed Services Committees of the Senate or House or both; they include: Adm. Robt. B. Carney, United States Navy, present Chief of Naval Operations; Adm. Louis Denfeld, United States Navy (retired), former Chief of Naval Operations; Adm. Thos. C. Hart, United States Navy (retired), former United States Senator and former Commander in Chief, United States Asiatic Fleet; Vice Adm. F. C. Denebrink, United States Navy; Rear Adm. E. E. Stone, United States Navy; Rear Adm. (then captain) Ralph E. Wilson, United States Navy; Rear Adm. W. S. Parr, United States Navy (retired).

In addition, at least four other vice admirals in official communications (letters or fitness reports) to the Navy Department while Commander Rawlins was still on the active list recommended him emphatically for promotion to captain, United States Navy.

Furthermore in the 81st Congress on June 23, 1949, the Senate Armed Services Committee in Report No. 562, stated in part as follows:

"In the specific case of Commander Rawlins, there was evidence that he was an officer of excellent abilities with a long and favorable record in the Navy. * * * Evidence was submitted to the committee both in verbal testimony and in the form of letters to the committee by highly placed officials of the Navy Department, including many former superiors of Rawlins, to the effect that they felt an injustice had been done. There was complete unanimity among even the official representatives of the Navy Department that Commander Rawlins was and is qualified to perform the duties of captain. * * * It was the opinion [of the committee] that the case presented in behalf of Commander Rawlins had considerable merit." (From report by Senator LYNDON JOHNSON, of Texas.) And the House Armed Services Committee Report No. 3012 (81st Cong.), dated August 29, 1950, contains these significant sentences:

"There is ample evidence in the record that Commander Rawlins may have suffered due to an administrative error. It appears that a letter was missing from his file [i. e., in the Navy Department] which would have refuted a detrimental statement concerning him."

Here we have two cases of established, unequivocally proven injustice that wrongfully cost two able officers their life careers in the Navy. Congress and Congress alone can redress these wrongs to a measurable degree. Even Congress cannot fully compensate these two officers for the destruction of their life careers and the humiliation unnecessarily visited upon them and their families. But we can at least do what my amendment provides and thus in part discharge a duty that rests upon our shoulders. Let us do it now, Mr. President. Let us remember that these injustices are more than 10 years old and have a legislative history of over 5 years. Let us approve this amendment with the thought in mind that "justice delayed is justice denied."

Mr. JOHNSON of Colorado. Mr. President, I should like to ask the Senator from Massachusetts whether the letter he was referring to might be the letter that was written by Admiral Carney to the Honorable LESLIE C. ARENDS, House of Representatives, under date of June 14, 1954.

Mr. SALTONSTALL. That is correct.

Mr. JOHNSON of Colorado. Has that letter been made a part of the RECORD?

Mr. SALTONSTALL. It has not been made a part of the RECORD.

Mr. JOHNSON of Colorado. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a letter with respect to this matter which was written by Admiral Carney to the Honorable LESLIE C. ARENDS, House of Representatives, Washington, D. C., under date of June 14, 1954.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CHIEF OF NAVAL OPERATIONS,
Washington, D. C., June 14, 1954.

The Honorable LESLIE C. ARENDS,
House of Representatives,
Washington, D. C.

MY DEAR LES: Commander Rawlins informs me that the subcommittee, of which you are chairman, has scheduled hearings on S. 1063 for 10 a. m. Thursday the 17th. This bill is related to Commander Rawlins' efforts to redress what he considers to have been an injustice in his case.

Ed Rawlins has asked me to appear or, if that is not possible, to address a letter to you on the subject. The days are all too short for the accomplishment of the things for which I am responsible and for that reason I would hope that it would not be necessary for me to attend. However, I would like to give you some background concerning my interest in Rawlins' case.

Owing to circumstances which would be Rawlins' responsibility to explain, he was not promoted to the rank of captain with his contemporaries and classmates. When he first endeavored to obtain relief legislation, he called on me to express my views because of the fact that he had worked directly under my supervision during the early part of the war and because I was in a position to give some evaluation of his services during the latter part of the war. In the course of interrogation by congressional committees, and in personal letters relating to the case, I expressed the opinion that Rawlins' performance during the war was such that he did not deserve to be singled out from all of his classmates for denial of promotion. I have seen other correspondence from his superiors which lends support to Rawlins' contention that there was a miscarriage of administrative justice in his case.

The Navy Department has consistently taken a position opposing legislation that has been introduced in favor of promoting Commander Rawlins on the retired list (and other advantages). My own personal position remains unchanged from that indicated in committee records and my earlier personal letters on this subject.

I am not officially aware of the position which the Navy Department will take with respect to S. 1063, nor with particular respect to Commander Rawlins' case, but in discussing the matter with the Secretary of the Navy, I have said that my earlier conclusions were arrived at after the most careful consideration and that I still support them even though the Secretary of the Navy may, on the basis of his own considered judgment, consider Commander Rawlins' claim to be not valid.

I am writing this by way of informing you and your subcommittee that I personally adhere to my earlier conclusions with respect to that aspect which relates to promotion to the rank of captain on the retired list. I would not be prepared to support the proposal which was made at one time providing for promotion to the rank of rear admiral. With respect to any matters concerning arrears in pay, I would have no recommendation to make.

In view of the fact that my own convictions in Commander Rawlins' case were reached several years ago and were predicated on personal knowledge and careful consideration, I would be unable to abandon them, regardless of any later position which might be adopted by the Navy Department per se. Inasmuch as these earlier and still continuing convictions may be at variance with the policies or determinations of the Secretary of the Navy, I am furnishing him with a copy of this letter.

I would be very grateful if you found it not necessary for me to personally attend the hearings on S. 1063 and I trust that this letter, and certain documentation which Commander Rawlins can furnish you, will suffice insofar as I am concerned.

Cordially and respectfully,

ROBT. B. CARNEY,
Admiral, United States Navy.

The VICE PRESIDENT. The bill is open to further amendment.

Mr. SMATHERS. Mr. President, has the amendment which has been offered by the Senator from Colorado been adopted?

The VICE PRESIDENT. The amendment has not been offered.

Mr. SALTONSTALL. Mr. President, I simply wish to say if the Senator from Colorado will yield me a minute or two——

Mr. JOHNSON of Colorado. I am glad to yield.

Mr. SALTONSTALL. The Senate has already twice passed the first part of the amendment offered by the Senator from Colorado, perhaps in a slightly different form. The second part of the amendment concerns two specific cases, the case of Commander Rawlins and the case of Commander Shanahan. The Committee on Armed Services—and I believe the Senator from Oregon [Mr. MORSE] will support me in this statement—believed that those two cases properly come within the provisions of the bill the Senate has already twice passed, but which the House has never acted on. Therefore, it is perfectly proper, particularly in view of Admiral Carney's support, to take these two individual cases to conference along with the general amendment, to determine whether we cannot work out an appropriate provision in conference. If we cannot do that without holding up for some period of time this very important bill for the benefit of a great many young naval officers, we shall have to pursue some other course, but the young naval officers who are affected will lose their rights, as I understand, for 24 months if this bill does not become law fairly soon.

Mr. JOHNSON of Colorado. I am sure the Senator from Massachusetts will use diligence and will do everything in his power to have the amendment written into the bill. I am sure of that. I know the Senator well enough to be sure that he will not simply make a gesture and then abandon the amendment. I know he will not do that.

Mr. SALTONSTALL. We shall earnestly try to have the amendment retained in the bill.

Mr. JOHNSON of Colorado. I wish to say further that the amendment proposed by me has been checked with the Legislative Counsel, and the staff of the Legislative Counsel have gone into it very thoroughly from the technical standpoint and otherwise. Therefore the amendment is in good technical condition.

The VICE PRESIDENT. Does the Senator from Colorado desire to offer his amendment?

Mr. JOHNSON of Colorado. Yes; I offer the amendment.

The VICE PRESIDENT. Without objection, the amendment will be printed in the RECORD at this point, without being read.

The amendment offered by Mr. JOHNSON of Colorado is as follows:

It is proposed to insert in the bill two new sections, as follows:

"SEC. 3. (a) The Board for the Correction of Naval Records shall, and is hereby empowered to, have jurisdiction to review the case of nonpromotion of any officer holding the rank of commander in the Regular Navy, active or retired, or lieutenant colonel in the Regular Marine Corps, active or retired, that occurred under the wartime 'panel system' of promotion in the Regular Navy or Regular Marine Corps between January 1, 1942, and August 7, 1947, both dates inclusive, and to recommend appropriate advancement in grade or rank if there was, in the opinion of the Board, any error, administrative delay, oversight, or injustice that caused the officer concerned to fail of an advancement in grade or rank which would otherwise have been made: *Provided*, That such officer shall, within 6 months of the date of approval of this act, request the Board to conduct such review. All qualifications required by law are deemed to have been met, and no others shall be required in any case decided in such officer's favor by the Board. The words 'commander' and 'lieutenant colonel' as used in this subsection shall include any retired officer who held such rank at the time of his retirement and who was, or may hereafter be, advanced to a higher grade or rank on the retired list solely by virtue of his holding a combat award or citation.

"(b) With reference to any case of the nature envisaged in subsection (a) of this section relating to an officer of the Regular Navy, active or retired, holding rank below that of commander, or relating to an officer of the Regular Marine Corps, active or retired, holding rank below lieutenant colonel, the Board for the Correction of Naval Records or such other appropriate special board or boards in the discretion of the Secretary of the Navy as may be appointed or designated by him shall function for the purposes and under the same rules as envisaged herein for commanders and lieutenant colonels.

"(c) The President is authorized and requested to submit to the Senate for confirmation of promotion to a higher grade the name of any officer so recommended by the aforementioned Board or special board(s). Any advancement within grade recommended by the said Board or special board(s) shall be effected forthwith by the Secretary of the Navy in accordance with such recommendation.

"(d) The aforementioned Board or special board(s) shall consider all matters of record and receive new matter introduced in writing and/or by personal appearance of the officer concerned at his own request in order to determine whether or not any error, oversight, administrative delay, or injustice substantially prejudiced the interests of the officer concerned and caused a failure of advancement otherwise due. Upon the determination by the said Board or special board that an error, oversight, administrative delay, or injustice occurred that substantially prejudiced the interests of the officer concerned, the said Board or special board shall consider, determine, and recommend to the President the grade or rank to which the officer so prejudiced should be advanced and the date of commission which should be issued to satisfy the inequity or injustice found to exist: *Provided*, That no advancement to a grade higher than that of captain in the Navy or colonel in the Marine Corps, exclusive of advancement to a higher grade solely by virtue of a combat award or citation, shall be recommended by the said Board or special board; any recommendation by the said Board or special board for appropriate advancement within grade shall be made to the Secretary of the Navy; and *Provided further*, That no officer who is on the retired list on the date of approval of this act shall be placed on active duty by the operation of this act.

"(e) Notwithstanding any other provision of law, the pay and allowances of any officer promoted or otherwise advanced in accordance with the provisions of this act shall be based upon the grade or rank to which advanced and shall be computed from the same date on which pay and allowances for that grade or rank did in fact commence for the officer who would have been next junior to the officer so advanced had the latter, while on the active list, been advanced in normal course and without undue delay.

"SEC. 4. Notwithstanding the provisions of this or any other act, the President of the United States is authorized and requested, by and with the advice and consent of the Senate—

"(a) to promote any retired officer of the Regular Navy holding the permanent grade or rank of commander, who, while on the active list—

"(1) failed of promotion between January 1, 1942, and August 7, 1947; and

"(2) appealed his case to the Board for the Correction of Naval Records; and

"(3) was finally recommended by that Board for promotion to captain, United States Navy, together with appropriate adjustment of lineal position to that which he presumably would 'now enjoy had the established injustice not occurred.'

to the grade of captain, United States Navy (retired). The date of rank to be assigned to such officer shall be that which the Secretary of the Navy shall determine the Board for the Correction of Naval Records intended, at the time of its decision, should be assigned;

"(b) to promote any retired officer of the Regular Navy holding the permanent grade or rank of commander, who, while on the active list—

"(1) was denied promotion to captain between January 1, 1942, and August 7, 1947; and

"(2) was denied a hearing before the Board for the Correction of Naval Records; and

"(3) completed 27 years continuous, honorable, active commissioned service exclusively in the Regular Navy in the calendar year 1951 without having once had an unsatisfactory fitness report, or had disciplinary action taken against him; and

"(4) was promoted successively within the top 20 percent of his Naval Academy class without loss of numbers through the grades of ensign to commander, inclusive; and

"(5) holds one or more wartime awards; and

"(6) had his case heard before two committees of Congress in 1949–50; and

"(7) was recommended for promotion to captain, United States Navy, by six or more flag officers of the Regular Navy, including Adm. Robert B. Carney and Adm. Louis Denfeld (whether by fitness report, official letter to the Navy Department, or by testimony before or letter to the chairman of the Committee or of a Subcommittee on Armed Services of the Senate or House),

to the grade of captain, United States Navy (retired). The date of rank to be assigned such officer shall be that which he would hold if he had been promoted to the grade of captain, United States Navy, simultaneously with the officer who was originally next junior to him on the then (May 31, 1943) existing list of temporary commanders of the Regular Navy.

"(c) Any retired officer promoted in pursuance to this section shall be entitled to receive pay and allowances based upon the grade of captain and recomputed in accordance with subsection (e) of the preceding section of this act. All qualifications for promotion required by law are deemed to have been met, and no others shall be required in such officer's case."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. JOHNSON].

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. SALTONSTALL. Mr. President, I thank the Senate for its courtesy in permitting me to take this matter up at this time.

WILLY VOOS AND HIS WIFE, ALMA VOOS

The bill (S. 2387) for the relief of Willy Voos and his wife, Alma Voos, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of sections 203 (a) (2) and 205 of the Immigration and Nationality Act, Willy Voos and his wife, Alma Voos, shall be held and considered to be the parents of Mrs. Irmhild Micek, a citizen of the United States.

PAUL LEWERENZ AND MARGARETA EHRHARD LEWERENZ

The bill (S. 2510) for the relief of Paul Lewerenz and Margareta Ehrhard Lewerenz was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Paul Lewerenz and his wife, Margareta Ehrhard Lewerenz, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct two numbers from the appropriate quota for the first year that such quota is available.

GLICERIO M. EBUNA

The bill (S. 2542) for the relief of Glicerio M. Ebuna was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Glicerio M. Ebuna shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee.

NADEEM TANNOUS AND MRS. JAMILE TANNOUS

The bill (S. 2635) for the relief of Nadeem Tannous and Mrs. Jamile Tannous was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Nadeem Tannous and Mrs. Jamile Tannous shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

AZIZOLLAH AZORDEGAN

The bill (S. 2798) for the relief of Azizollah Azordegan was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Azizollah Azordegan shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

IDA REISSMULLER AND JOHNNY DAMON EUGENE REISSMULLER

The bill (S. 2958) for the relief of Ida Reissmuller and Johnny Damon Eugene Reissmuller was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, notwithstanding the provisions of section 212 (a) (9) of the Immigration and Nationality Act, Ida Reissmuller, the fiancee of Sgt. Howard E. Quinton, a citizen of the United States, and her minor child, Johnny Damon Eugene Reissmuller, shall be eligible for visas as nonimmigrant temporary visitors for a period of 3 months, if the administrative authorities find (1) that the said Ida Reissmuller is coming to the United States with a bona fide intention of being married to the said Sgt. Howard E. Quinton, and (2) that they are otherwise admissible under the Immigration and Nationality Act. In the event the marriage between the above-named persons does not occur within 3 months after the entry of the said Ida Reissmuller and the minor child, Johnny Damon Eugene Reissmuller, they shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of the Immigration and Nationality Act. In the event that the marriage between the above-named persons shall occur within 3 months after the entry of the said Ida Reissmuller and her minor child, Johnny Damon Eugene Reissmuller, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Ida Reissmuller and her minor child, Johnny Damon Eugene Reissmuller as of the date of the payment by them of the required visa fees.

KANG CHAY WON

The bill S. (3306) for the relief of Kang Chay Won was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of sections 101 (a) (27) (A) and 205 of the Immigration and Nationality Act, Kang Chay Won shall be held and considered to be the natural-born alien child of Harry Yam Won, a citizen of the United States.

HILDEGARD H. NELSON

The bill (H. R. 733) for the relief of Hildegard H. Nelson was considered, ordered to a third reading, read the third time, and passed.

MIHAI HANDRABURA

The bill (H. R. 734) for the relief of Mihai Handrabura was considered, ordered to a third reading, read the third time, and passed.

MR. AND MRS. ZYGMUNT SOWINSKI

The bill (H. R. 944) for the relief of Mr. and Mrs. Zygmunt Sowinski was considered, ordered to a third reading, read the third time, and passed.

MRS. SUHULA ADATA

The bill (H. R. 1115) for the relief of Mrs. Suhula Adata was considered, ordered to a third reading, read the third time, and passed.

SUGAKO NAKAI

The bill (H. R. 1762) for the relief of Sugako Nakai was considered, ordered to a third reading, read the third time, and passed.

IGOR SHWABE

The bill (H. R. 2899) for the relief of Igor Shwabe was considered, ordered to a third reading, read the third time, and passed.

JULIA N. EMMANUEL

The bill (H. R. 3333) for the relief of Julia N. Emmanuel was considered, ordered to a third reading, read the third time, and passed.

PETER M. LEAMING

The bill (H. R. 3624) for the relief of Peter M. Leaming was considered, ordered to a third reading, read the third time, and passed.

JOSEPH CERNY

The bill (H. R. 6650) for the relief of Joseph Cerny was considered, ordered to a third reading, read the third time, and passed.

ERNA WHITE

The bill (H. R. 6998) for the relief of Erna White was considered, ordered to a third reading, read the third time, and passed.

KURT FORSELL

The bill (H. R. 7500) for the relief of Kurt Forsell was considered, ordered to a third reading, read the third time, and passed.

HANNA WERNER AND HER CHILD, HANNA ELIZABETH WERNER

The bill (H. R. 7802) for the relief of Hanna Werner and her child, Hanna Elizabeth Werner was considered, ordered to a third reading, read the third time, and passed.

CASIMERO RIVERA GUTIERREZ AND OTHERS

The Senate proceeded to consider the bill (S. 328) for the relief of Casimero Rivera Gutierrez, Teresa Gutierrez, Susana Rivera Gutierrez, Martha Aguilera Gutierrez, and Armando Casimero Gutierrez, which had been reported from

the Committee on the Judiciary with an amendment, in line 9, after the word "fees", to strike out "and head taxes", so as to make the bill read:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws Casimero Rivera Gutierrez, Teresa Gutierrez, Susana Rivera Gutierrez, Martha Aguilera Gutierrez, and Armando Casimero Gutierrez, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ANNI WOLF AND HER MINOR SON

The Senate proceeded to consider the bill (S. 771) for the relief of Anni Wolf and her minor son, which had been reported from the Committee on the Judiciary with an amendment, to strike out all after the enacting clause, and insert:

That, in the administration of the Immigration and Nationality Act, Anni Wolf, the fiancee of John A. Vink, a citizen of the United States, and her minor son, Alfred Wolf, shall be eligible for visas as nonimmigrant temporary visitors for a period of 3 months: *Provided*, That the administrative authorities find that the said Anni Wolf is coming to the United States with a bona fide intention of being married to the said John A. Vink and that they are found otherwise admissible under the immigration laws. In the event the marriage between the abovenamed persons does not occur within 3 months after the entry of the said Anni Wolf and her minor son, they shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of sections 242 and 243 of the Immigration and Nationality Act. In the event that the marriage between the above persons shall occur within 3 months after the entry of the said Anni Wolf and her minor son, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Anni Wolf and her minor son as of the date of the payment by them of the required visa fees.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DEMITRIOUS VASILIOUS KARAVOGEORGE

The Senate proceeded to consider the bill (S. 966) for the relief of Demitrious Vasilious Karavogeorge which had been reported from the Committee on the Judiciary with an amendment, in line 7, after the word "fee", to strike out "and head taxes", so as to make the bill read:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Demitrious Vasilious Karavogeorge shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct an appropriate number from the first available appropriate quota.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MARTIN GENUTH

The Senate proceeded to consider the bill (S. 2456) for the relief of Martin Genuth which had been reported from the Committee on the Judiciary with an amendment, to strike out all after the enacting clause and insert:

That the Attorney General is authorized and directed to discontinue any deportation proceedings and to cancel any outstanding order and warrant of deportation, warrant of arrest, and bond, which may have been issued in the case of Martin Genuth. From and after the date of enactment of this act, the said Martin Genuth shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and order have been issued.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ELISA ALBERTINA CIOCCIO RIGAZZI OR ELISA CIOCCIO

The Senate proceeded to consider the bill (S. 2504) for the relief of Elisa Albertina Cioccio Rigazzi or Elisa Cioccio which had been reported from the Committee on the Judiciary with an amendment, in line 7, after the word "fee", to strike out "and head tax", so as to make the bill read:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Elisa Albertina Cioccio Rigazzi or Elisa Cioccio shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JEANNETTE KALKER AND ABRAHAM BENJAMIN KALKER

The Senate proceeded to consider the bill (S. 2512) for the relief of Jeannette Kalker and Abraham Benjamin Kalker, which had been reported from the Committee on the Judiciary with an amendment, to strike out all after the enacting clause and insert:

That, for the purposes of sections 203 (a) (3) and 205 of the Immigration and Nationality Act, the minor children, Jeannette Kalker and Abraham Benjamin Kalker, shall be held and considered to be the natural-born alien children of Mr. Abraham Benjamin Konijn, a lawful permanent resident of the United States, and his wife.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DOMENICO PERI

The Senate proceeded to consider the bill (S. 2587) for the relief of Domenico Peri, which had been reported from the Committee on the Judiciary with an amendment, in line 7, after the word "act", to insert a colon and "*Provided*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act", so as to make the bill read:

Be it enacted, etc., That, notwithstanding the provisions of section 212 (a) (9) of the Immigration and Nationality Act, Domenico Peri may be admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of such act: *Provided*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MRS. HELEN STRYK

The Senate proceeded to consider the bill (S. 3085) for the relief of Mrs. Helen Stryk, which had been reported from the Committee on the Judiciary with an amendment, in line 7, after the word "act", to insert a colon and "*Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said act", so as to make the bill read:

Be it enacted, etc., That, notwithstanding the provisions of section 212 (a) (6) of the Immigration and Nationality Act, Mrs. Helen Stryk may be admitted to the United States for permanent residence if she is found otherwise admissible under the provisions of such act: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

URHO PAAVO PATOKOSKI AND HIS FAMILY

The Senate proceeded to consider the bill (S. 673) for the relief of Urho Paavo Patokoski and his family which had been reported from the Committee on the Judiciary with amendments, on page 1, line 9, after the word "fees", to strike out "and head taxes"; and on page 2, line 2, after the word "deduct", to strike out "one number" and insert "the required numbers"; so as to make the bill read:

Be it enacted, etc., That, for the purposes of the immigration and nationalization laws, Urho Paavo Patokoski; his wife, Toino Esteri; and their three minor sons, Timo Matti Juhani, Paavo Esa Antero, and Pekka Jouko Kalevi, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to each such alien as provided for in this act, the Secretary

of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota for the first year that such quota is available.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JAMES I. SMITH

The Senate proceeded to consider the bill (H. R. 1673) for the relief of James I. Smith which had been reported from the Committee on the Judiciary with amendments, in line 7, after the word "that", to strike out "act." and insert "act:", and in line 9, after the word "justice", to strike out "have" and insert "has."

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

ADMINISTRATIVE WORKWEEK AND PAY PERIODS FOR EMPLOYEES IN THE POSTAL FIELD SERVICES—BILL PASSED OVER

The bill (S. 190) to establish a basic administrative workweek and pay periods of 2 administrative workweeks for postmasters, officers, and employees in the postal field service, and for other purposes, was announced as next in order.

Mr. SCHOEPPEL. Mr. President, I think I shall object unless there is included in this bill the amendments which are shown by the report submitted on page 4 headed "Basic Administrative Workweek and Methods of Payment." I note that this bill provides for an expenditure of approximately $11 million a year. I do not know whether this is a type of bill which should be passed on a call of the calendar, but I feel that on behalf of the calendar committee I should raise this objection. I ask that the bill go to the next regular calendar call so that we may have an opportunity to consider it and also to consider whether the amendment to which I have referred should be incorporated in the measure.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Kansas yield?

Mr. SCHOEPPEL. I yield.

Mr. JOHNSTON of South Carolina. Mr. President, this bill happens to be one which I introduced and which was reported unanimously by the committee. As I understand, the Senator from Kansas asks that it go to the next call of the calendar in order that it may be further studied. Is that correct?

Mr. SCHOEPPEL. Yes.

The PRESIDING OFFICER (Mr. BARRETT in the chair). The bill will be passed to the next call of the calendar.

REIMBURSEMENT OF POSTMASTERS OF DISCONTINUED POST OFFICES—BILL PASSED OVER

The bill (S. 3028) to require the Postmaster General to reimburse postmasters of discontinued post offices for equipment owned by the postmaster was announced as next in order.

Mr. SMATHERS. Mr. President, I ask that this bill go over to the next call of the calendar, and not as being objected to, so that we may have time to study it further.

The PRESIDING OFFICER. Without objection, the bill will be passed over.

PROMOTION OF SAFETY ON THE GREAT LAKES

The bill (S. 3464) to amend the Communications Act of 1934 in order to make certain provision for the carrying out of the Agreement for the Promotion of Safety on the Great Lakes by Means of Radio was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 3 of the Communications Act of 1934, as amended, is amended by inserting after paragraph (dd) the following:

"(ee) 'Great Lakes Agreement' means the Agreement for the Promotion of Safety on the Great Lakes by Means of Radio in force and the regulations referred to therein."

SEC. 2. (a) The first sentence of section 4 (f) (3) of such act is amended to read as follows: "The Commission shall fix a reasonable rate of extra compensation for overtime services of engineers in charge and radio engineers of the Field Engineering and Monitoring Bureau of the Federal Communications Commission, who may be required to remain on duty between the hours of 5 o'clock postmeridian and 8 o'clock antemeridian or on Sundays or holidays to perform services in connection with the inspection of ship radio equipment and apparatus for the purposes of part II of title III of this act or the Great Lakes Agreement, on the basis of one-half day's additional pay for each 2 hours or fraction thereof of at least 1 hour that the overtime exceeds beyond 5 o'clock postmeridian (but not to exceed 2½ days' pay for the full period from 5 o'clock postmeridian to 8 o'clock antemeridian) and 2 additional days' pay for Sunday or holiday duty."

(b) The last proviso of such section 4 (f) (3) is amended by striking out "inspectors" wherever it appears therein and inserting in lieu thereof "engineers."

SEC. 3. Title V of such act is amended by inserting after section 506 a new section reading as follows:

"VIOLATION OF GREAT LAKES AGREEMENT

"SEC. 507. (a) Any vessel of the United States that is navigated in violation of the provisions of the Great Lakes Agreement or the rules and regulations of the Commission made in pursuance thereof and any vessel of a foreign country that is so navigated on waters under the jurisdiction of the United States shall forfeit to the United States the sum of $500 recoverable by way of suit or libel. Each day during which such navigation occurs shall constitute a separate offense.

"(b) Every willful failure on the part of the master of a vessel of the United States to enforce or to comply with the provisions of the Great Lakes Agreement or the rules and regulations of the Commission made in pursuance thereof shall cause him to forfeit to the United States the sum of $100."

SEC. 4. Section 504 (b) of such act is amended by deleting "title III, part II" and inserting in lieu thereof "part II of title III and section 507."

SEC. 5. Section 602 (e) of such act is amended to read as follows:

"(e) The act entitled 'An act to require apparatus and operators for radio communication on certain ocean steamers,' approved June 24, 1910, as amended, is hereby repealed."

SEC. 6. This act shall take effect on November 13, 1954.

RECONVEYANCE OF CERTAIN LANDS TO S. J. CARVER

The bill (H. R. 7158) authorizing the United States Government to reconvey certain lands to S. J. Carver was announced as next in order.

Mr. JOHNSON of Texas. Mr. President, I should like to make a statement with reference to this bill.

This bill is a simple one, and its passage will not cost the Federal Government any money. On the contrary, it will enable the Government to get back part of the money spent in acquiring title to the lands for Lavon Dam and Reservoir in Collin County, Tex.

The bill authorizes the Secretary of the Army to sell at fair market price to Mr. S. J. Carver some 17 acres of land which he formerly owned. These 17 acres are part of a tract of approximately 137 acres acquired by the United States from Mr. Carver in 1950 in connection with Lavon Dam and Reservoir.

The Department of the Army has now officially stated that essential operation and management of the reservoir will not be adversely affected if these 17 acres are reconveyed to the former owner.

I believe, therefore, that enactment of this bill is clearly in the public interest. I urge that favorable consideration be given it.

Mr. MORSE. Mr. President, I should like to have an explanation from a member of the committee as to the matter of financial arrangements involved in this proposed legislation. It completely meets the Morse formula, but I think that for the sake of the RECORD there should be a statement regarding that feature of the measure.

Mr. BUSH. Mr. President, the committee amended the bill as it was introduced to provide for the transaction in accordance with the Morse formula as to fair market value.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 7158) was considered, ordered to a third reading, read the third time, and passed.

DESIGNATION OF LAKE TEXARKANA

The joint resolution (H. J. Res. 459) to designate the lake to be formed by the completion of the Texarkana Dam and Reservoir on Sulphur River, about 9 miles southwest from Texarkana, Tex., as Lake Texarkana was announced as next in order.

Mr. JOHNSON of Texas. Mr. President, I should like to make a statement with reference to this joint resolution.

Mr. President, this resolution would simply make official the name by which a Texas lake is going to be known in any event.

The resolution provides that the lake to be formed by the completion of Texarkana Dam and Reservoir on Sulphur River, about 9 miles southwest of Tex-

arkana, Tex., shall be known as Lake Texarkana.

That is the proper and fitting designation for this lake. Civic leaders of the city of Texarkana led the effort to bring about creation of this lake. Texarkana is by far the largest municipality in that area, and the lake therefore inevitably will be generally called by the name Lake Texarkana.

Neither the Department of the Army, assigned responsibility by the Department of Defense to prepare a report on the resolution, nor the Board of Geographic Names of the Interior Department has voiced any objection to enactment of the resolution.

In view of these facts, I urge the passage of the joint resolution.

The PRESIDING OFFICER. Is there objection to the consideration of the joint resolution?

There being no objection, the joint resolution (H. J. Res. 459) was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 8647) to amend Revised Statute 4426 was announced as next in order.

Mr. SMATHERS. Mr. President, I ask that this bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

AMENDMENT OF HELIUM ACT AND REPEAL OF SECTION 3 OF THE ACT APPROVED OCTOBER 31, 1951

The Senate proceeded to consider the bill (H. R. 8713) to amend section 1 (d) of the Helium Act (50 U. S. C., sec. 161 (d)), and to repeal section 3 (13) of the act entitled "An act to amend or repeal certain Government property laws, and for other purposes," approved October 31, 1951 (65 Stat. 701).

Mr. SMATHERS. Mr. President, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Florida.

The LEGISLATIVE CLERK. On page 1, line 8, it is proposed to insert, after the word "helium", the words "not needed for Government use."

Mr. SCHOEPPEL. Mr. President, I should like to ask the distinguished Senator from Florida if his amendment has been cleared with the committee?

Mr. SMATHERS. It has been cleared with the committee.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. SMATHERS].

The amendment was agreed to.

Mr. SMATHERS. Mr. President, I ask unanimous consent to have a statement placed in the RECORD to accompany the amendment.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR SMATHERS

This bill is virtually identical to the Senate bill 3198, which is Calendar No. 1548 and to the passage of which the minority calendar committee objected at an earlier call of the calendar.

The bill has, however, been improved in the House by the addition of the words "not valuable for helium production" following the restoration of the language authorizing the Secretary of the Interior to dispose of certain helium properties. In order to effect a complete restoration of the language to its original status, a further amendment is required.

The House committee in its report dealt with this question but concluded that it was unnecessary to add the words which are proposed in the amendment I have submitted because they assumed that the Federal Property and Administrative Services Act of 1949 would take care of this situation.

Out of an abundance of caution, and because in my judgment it is possible that the standard of the Federal Property Act may not apply to a disposal by the Secretary of the Interior, I propose to add the words "not needed for Government use" after the language permitting the Secretary to dispose of "oil, gas, and byproducts of helium operations."

Since the Secretary of the Interior is given the authority to dispose of these properties at his discretion and the General Services Administrator would not have any responsibility for disposal under the Federal Property Act until and unless the Secretary of the Interior found that such properties were excess under the standards of the Federal Property Act, I think it is both necessary and desirable to add this restrictive language to the bill.

The most that can be said against the amendment is that it is unnecessary. All are agreed that such a standard should control disposal of such properties. In view of this situation I do not anticipate any objection by anyone to the addition of this language which restores the original authority to the Secretary of the Interior.

The PRESIDING OFFICER. The question is on the engrossment of the amendment and the third reading and passage of the bill.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The PRESIDING OFFICER. Without objection, Senate bill S. 3198, which is identical with House bill 8713, is indefinitely postponed.

COMMENDATION OF STATES HAVING LEGISLATION REGARDING DISCARDED REFRIGERATION UNITS

The resolution (S. Res. 272) to commend States having legislation to prevent discarded refrigerating units from becoming a menace to children and to urge consideration of similar legislation by other States was announced as next in order.

Mr. LONG. Mr. President, may we have an explanation of the resolution?

Mrs. BOWRING. Mr. President, your committee's Subcommittee on Business and Consumer Interests held hearings on April 27, 1954, on S. 2876 and S. 2891. These bills, in substance, would have provided imprisonment and fines for any person introducing or delivering for introduction into interstate commerce a refrigerating unit unless it were equipped with a latch which would enable it to be opened from the inside.

Testimony adduced at those hearings indicated that during the 6-year period, 1948–53, there has been a total of nearly 50 cases in which 1 to 5 children have crawled into a discarded icebox or refrigerator and suffocated. At least 79 children, ranging in age from 2 to 12 years, with the average age being 5 years, have died in these incidents.

There are more than 50 million iceboxes, refrigerators, freezers, and other such airtight cabinets in use today, and they are being discarded at the rate of approximately 2 million to 3 million a year. Experience has shown that these refrigerators and other airtight containers, when once discarded, constitute attractive nuisances and inviting places for games by small children. In the light of these tragic facts, your committee cannot remain impassive.

Some opponents of S. 2876 and S. 2891 based their opposition to those measures, at least in part, upon the ground that the bulk of new refrigerating units would not become obsolete for 15 or 20 years. Your committee was not impressed with this argument. Our responsibility to the small children of the Nation is a continuing one, and if there existed today an invention that would make such refrigerating units, when discarded, harmless to children, your committee would have recommended passage of legislation of the general nature of either S. 2876 or S. 2891.

However, testimony adduced at the hearings has failed to establish the existence of a device which would provide a proper seal for a modern refrigerator door and which would also allow the door to be opened easily by a small child. Obviously, such a device would have to be set in motion by the slightest touch because a child in the dark becomes frantic. Even the simplest type of a latch might present an insuperable obstacle to small tots who, as experience has demonstrated, lock themselves up in a bathroom and have to be rescued by the police or firemen.

Manufacturers of refrigerating units have assured your committee's Subcommittee on Business and Consumer Interests that their laboratories are exerting continued efforts and will intensify their efforts to invent some adequate type of safety device. Furthermore, they have stated that when such a device is invented, it will be made available upon reasonable terms to the whole industry. The subcommittee will keep abreast of the progress of such inventions, with a view to compelling adoption of such throughout the industry. In fact, if such an invention is not developed within the reasonably near future, it may be necessary for your committee to consider legislation that would authorize funds to be spent by appropriate agencies of the Government to do what the industry would then have shown its incompetency to accomplish.

Some opponents of S. 2876 and S. 2891 have pointed out the fact that a number of States and municipalities have enacted legislation of ordinances making it a crime for anyone to discard a refrigerating unit without removing the door

thereof or taking some similar effective precaution. Civic groups have cooperated by bringing to the attention of the public the dangers of discarded refrigerating units. Some groups have conducted campaigns to call to the attention of homeowners that they have a discarded icebox in their yards and to encourage them to make them harmless to children.

State and local laws do have an advantage that Federal legislation would lack. If properly enforced, that can have an immediate effect in reducing the death of children. Furthermore, they can bridge the 15-year gap where Federal legislation would be largely ineffective. The Congress cannot and does not wish to usurp State police powers. It cannot enact legislation making it a crime to discard a refrigerating unit without removing the door thereof. The Congress can reach this problem through its power over interstate commerce. Whenever it is feasible, the Congress can and should enact legislation banning from such commerce a refrigerating unit that can become a menace to children. This would, in 15 to 20 years, remove almost completely this modern hazard to the lives of our children. In the meantime, State safety laws upon this subject are imperative. Even if legislation of the type embodied in S. 2876 and S. 2891 were feasible now, this resolution would still be needed to call to the attention of State governors and legislators that Federal legislation in this matter is inadequate without an exercise of the equally important State police powers.

Under existing conditions, enactment of Federal legislation of the type contained in S. 2876 and S. 2891 would result in banning from interstate commerce a useful and necessary product until discovery or invention of a device which would provide a proper seal while allowing a door of a refrigerating unit to be opened easily from the inside.

Accordingly, the only present solution is to call these varying, effective areas of Federal and State jurisdiction to the attention of the governors and legislators of the States and urge the consideration of appropriate legislation and ordinances by the States and municipalities which may not be aware of the deficiencies of Federal legislation upon the subject. This resolution would provide this solution and your committee recommends unanimously that the resolution be adopted.

Mr. LONG. Mr. President, will the Senator yield?

Mrs. BOWRING. I yield.

Mr. LONG. Is it to be understood that the proposal will not have the effect of Federal law, but is merely a suggestion to the States that they should pass such legislation?

Mrs. BOWRING. It is proposed that the States should consider such legislation.

Mr. LONG. It occurs to me that it might be well for Congress to pass legislation involving the manufacture of such refrigerators, so as to make certain that in the future there will not be these hazards.

Mrs. BOWRING. The report states that that will be done when such an invention exists, but up until this time none has been developed to accomplish that purpose.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to as follows:

Whereas, during the 6-year period 1948–1953, there has been a total of nearly 50 cases in which 1 to 5 children have crawled into a discarded icebox or refrigerator and suffocated; and

Whereas at least 79 children—ranging in age from 2 to 12 years, with the average age being 5 years—have died in these incidents; and

Whereas there are more than 50 million iceboxes, refrigerators, freezers, and other such airtight cabinets in use today, and they are being discarded at the rate of approximately 2 million to 3 million a year; and

Whereas, once discarded, these refrigerators and other airtight containers constitute attractive nuisances and inviting places for games by small children; and

Whereas bills have been introduced in the Senate of the United States, such as S. 2876 and S. 2891, that would provide imprisonment and fines for any person to introduce or deliver for introduction into interstate commerce any such refrigerating unit unless it is equipped with a latch which would enable it to be opened from the inside; and

Whereas testimony given in the hearings before the Subcommittee on Business and Consumer Interests of the Senate Committee on Interstate and Foreign Commerce, held on April 27, 1954, has failed to establish the existence of a device which would provide a proper seal for a modern refrigerator door and which would, also, allow the door to be opened easily by a small child; and

Whereas enactment of legislation pending in the Senate would result in banning from interstate commerce a useful and necessary product until discovery or invention of a device which would provide a proper seal while allowing a door to be opened easily from the inside; and

Whereas manufacturers of refrigerating units have assured the subcommittee that their laboratories are exerting continued efforts and will intensify their efforts to invent such a safety device and will make it available, when invented, upon reasonable terms to the whole industry; and

Whereas it would seem wise for the Congress to await the invention of one or more such safety devices before enacting legislation upon this subject of the kind pending before the Senate; and

Whereas several States or subdivisions thereof have enacted legislation under their police powers making it a crime for anyone to discard a refrigerating unit without removing the door thereof or taking some similar effective precaution; and

Whereas such laws and ordinances, when properly enforced, can be immediately effective in reducing the deaths of children through these causes; and

Whereas several States have also encouraged civic groups to bring to the attention of the public and to remove the dangers of discarded refrigerating units: Now, therefore, be it

Resolved, That the Senate commends those States and municipalities which have taken steps by legislation or ordinance to prevent discarded refrigerating units from becoming a menace to children, and those civic groups which have cooperated in making those laws or ordinances effective; and be it further

Resolved, That the Senate respectfully urges the governors and the legislatures of those States which have not enacted similar legislation to consider the advisability of doing so at the earliest opportunity; and be it further

Resolved, That the Secretary of the Senate is directed to transmit a copy of this resolution to the governor and legislature of each State.

The preamble was agreed to.

ADDITIONAL RIGHTS AND BENEFITS FOR CERTAIN OFFICERS OF THE COAST AND GEODETIC SURVEY

The bill (S. 2389) to amend the act of December 3, 1942, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 2 of the act of December 3, 1942 (56 Stat. 1038; 33 U. S. C. 855a), is amended to read as follows:

"Commissioned officers of the Coast and Geodetic Survey who, in time of war or national emergency declared by the President, are assigned to duty on projects for the military departments in areas determined by the Secretary of Defense to be of immediate military hazard, shall, while on such duty, be entitled to the rights and benefits provided by law for officers of the Coast and Geodetic Survey who are actually transferred to the service of the military departments: *Provided*, That the benefits of this section shall be applicable also to commissioned officers of the Coast and Georetic Survey serving in the Philippine Islands on December 7, 1941."

AMENDMENT OF DEFINITION OF "AIRMAN" IN THE CIVIL AERONAUTICS ACT OF 1938—BILL PASSED OVER

The bill (H. R. 7395) to amend the definition of "airman" in the Civil Aeronautics Act of 1938, and for other purposes, was announced as next in order.

Mr. SMATHERS. By request, I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

CONSTRUCTION OF FRYINGPAN-ARKANSAS PROJECT, COLORADO

The Senate proceeded to consider the bill (S. 964) to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado, which had been reported from the Committee on Interior and Insular Affairs with amendments, on page 2, line 16, after the word "project", to strike out the comma and "and in accordance, also, with recommendations lettered E to K, inclusive, set forth on pages 25 and 26 of that document"; after line 18, to strike out:

SEC. 2. The Secretary of the Interior may appoint the two representatives of the United States to the Commission referred to in paragraph 17, page No. 23, Senate Document No. 106, 82d Congress, 2d session, and may adopt modifications of the operating principles therein referred to upon the recommendations of the Commission: *Provided*, That such recommendations are made and adopted by said Commission in conformity

to the provisions of paragraph 17 of said operating principles set forth on page 23 of Senate Document No. 106, 82d Congress, 2d session.

On page 3, after line 4, to insert:

SEC. 2. (a) Contracts to repay that portion of the cost of the Fryingpan-Arkansas project which is allocated to irrigation and assigned to be repaid by irrigation water users (exclusive of such portion of said cost as may be derived from temporary water supply contracts or from other sources) shall be entered into pursuant to subsection (d), section 9, of the Reclamation Project Act of 1939 (53 Stat. 1187) and may provide that the general repayment obligation shall be spread in annual installments, which may be varied as to any required annual payment in the light of economic factors affecting the ability of the contracting organization to pay and of water supply and water requirement conditions, but in number and amounts satisfactory to the Secretary, over a period of not more than 70 years, which period shall be inclusive of any permissible development period, for any project contract unit or for any irrigation block, if the project contract unit be divided into two or more irrigation blocks.

(b) Notwithstanding any provision of law to the contrary, net revenues derived from the sale of commercial power and from the furnishing of water for municipal, domestic, and industrial use shall first be applied to the amortization, with interest, of those portions of the actual cost of construction of the project which are allocated, respectively, to commercial power and to municipal, domestic, and industrial water supply and shall thereafter be applied to amortization of that portion of said actual cost which is allocated to irrigation but which is beyond the ability of the irrigation water users to return during the period hereinbefore specified. The interest rate on the unamortized balance of the commercial power and the municipal, domestic, and industrial water supply allocations shall be equal to the average rate (which rate shall be certified by the Secretary of the Treasury) paid by the United States on its long-term loans outstanding on the date of this act.

(c) No part of the specific municipal water-supply systems described in Senate Document No. 106, 82d Congress, shall be constructed by the Secretary in the absence of evidence satisfactory to him that it would be infeasible for the communities involved to construct such works themselves, singly or jointly. In the event it is determined that such facilities are to be constructed by the Secretary, a contract providing, among other things, for payment of the actual cost thereof with interest and repayment period as hereinbefore provided, and as rapidly as is consistent with the contracting parties' ability to pay, and for assumption by the contracting party or parties of the care, operation, maintenance, and replacement of the works shall be a condition precedent thereto.

(d) No contract for a supplemental water supply for irrigation under this act shall contain any restrictions respecting the right to receive such supply based upon ownership of irrigable lands, nor shall the excess land provisions of the Federal reclamation laws be applicable to lands served by the Fryingpan-Arkansas project which now have an irrigation supply from sources other than a Federal reclamation project.

On page 5, after line 11, to insert:

SEC. 3. The Fryingpan-Arkansas project shall be operated under the direction of the Secretary of the Interior in accordance with the operating principles set forth on pages 20–23 of Senate Document No. 106, 82d Congress. The Secretary may appoint the two representatives of the United States to the Commission referred to in paragraph 17 of said principles and may adopt modification thereof upon the recommendation of the Commission: *Provided*, That such recommendations are made and adopted by said Commission in conformity to the provisions of paragraph 17 of said operating principles.

On page 5, line 23, to change the section number from "3" to "4"; on page 6, line 8, to change the section number from "4" to "5"; in line 14, to change the section number from "5" to "6"; on page 7, after line 15, to insert:

SEC. 7. (a) The use of water diverted from the Colorado River to the Arkansas River Basin through works constructed under authority of this act shall be subject to and controlled by the Colorado River compact, the upper Colorado River Basin compact, the Boulder Canyon Project Act, and the Mexican Water Treaty (treaty series 994), as hereinbefore provided, and shall be included within and shall in no way increase the total quantity of water to the use of which the State of Colorado is entitled and limited under said compacts, statute, and treaty, and every contract entered into under this act for the storage, use, and delivery of such water shall so recite.

(b) All works constructed under authority of this act, and all officers, employees, permittees, licensees, and contractees of the United States and of the State of Colorado acting pursuant thereto, and all users and appropriators of water of the Colorado River system diverted or delivered through the works constructed under authority of this act and any enlargements or additions thereto shall observe and be subject to said compacts, statute, and treaty, as hereinbefore provided, in the diversion, delivery, and use of water of the Colorado system, and such condition and covenant shall attach as a matter of law whether or not set out or referred to in the instrument evidencing such permit, license, or contract and shall be deemed to be for the benefit of and be available to the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming and the users of water therein or thereunder by way of suit, defense, or otherwise in any litigation respecting the waters of the Colorado River system.

(c) None of the waters of the Colorado River system shall be exported from the natural basin of that system by means of works constructed under authority of this act, or extensions and enlargements of such works, to the Arkansas River Basin for consumptive use outside of the State of Colorado, and no such waters shall be made available for consumptive use in any State not a party to the Colorado River compact by exchange or substitution or, as far as the same is controllable through the operation of works herein or hereafter authorized, by use of return flow.

(d) No right or claim of right to the use of the waters of the Colorado River system shall be aided or prejudiced by this act, and the Congress does not, by its enactment, construe or interpret any provision of the Colorado River compact, the upper Colorado River Basin compact, the Boulder Canyon Project Act, or the Mexican Water Treaty or subject the United States to, or approve or disapprove any interpretation of, said compacts, statute, or treaty, anything in this act to the contrary notwithstanding.

On page 9, line 15, to change the section number from "6" to "8", and in line 18, after the word "act", to strike out "and, in addition thereto, such further sums as may be necessary for the continued investigation, as set forth in Recommendation M, page 26, Senate Document No. 106, 82d Congress, 2d session, of a comprehensive plan of development of the upper Arkansas River Basin", so as to make the bill read:

Be it enacted, etc., That, for the purpose of supplying water for irrigation, municipal, domestic, and industrial uses, generating and transmitting hydroelectric power and energy, controlling floods, providing for the preservation and propagation of fish and wildlife and preserving and improving recreational opportunities, and for other useful and beneficial purposes, the Secretary of the Interior, acting pursuant to the Federal reclamation laws, act of June 17, 1902 (32 Stat. 388), and acts amendatory thereof or supplementary thereto, as far as those laws are not inconsistent with the provisions of this act, and subject to the apportionments of the use of water fixed in the Colorado River compact and the upper Colorado River Basin compact and to the terms of the Boulder Canyon Project Act, and to the terms of the United States-Mexico Water Treaty of 1944 (treaty series 994), is hereby authorized to construct, operate, and maintain the Fryingpan-Arkansas project, Colorado, in substantial accordance with the engineering plans therefor set forth in Senate Document No. 106, 82d Congress, 2d session, but with such modifications of, omissions from, or additions to the works therein described as the Secretary may, from time to time, find necessary or proper for accomplishing the objectives of the project.

SEC. 2. (a) Contracts to repay that portion of the cost of the Fryingpan-Arkansas project which is allocated to irrigation and assigned to be repaid by irrigation water users (exclusive of such portion of said cost as may be derived from temporary water supply contracts or from other sources) shall be entered into pursuant to subsection (d), section 9, of the Reclamation Project Act of 1939 (53 Stat. 1187) and may provide that the general repayment obligation shall be spread in annual installments, which may be varied as to any required annual payment in the light of economic factors affecting the ability of the contracting organization to pay and of water supply and water requirement conditions, but in number and amounts satisfactory to the Secretary, over a period of not more than 70 years, which period shall be inclusive of any permissible development period, for any project contract unit or for any irrigation block, if the project contract unit be divided into two or more irrigation blocks.

(b) Notwithstanding any provision of law to the contrary, net revenues derived from the sale of commercial power and from the furnishing of water for municipal, domestic, and industrial use shall first be applied to the amortization, with interest, of those portions of the actual cost of construction of the project which are allocated, respectively, to commercial power and to municipal, domestic, and industrial water supply and shall thereafter be applied to amortization of that portion of said actual cost which is allocated to irrigation but which is beyond the ability of the irrigation water users to return during the period hereinbefore specified. The interest rate on the unamortized balance of the commercial power and the municipal, domestic, and industrial water supply allocations shall be equal to the average rate (which rate shall be certified by the Secretary of the Treasury) paid by the United States on its long-term loans outstanding on the date of this act.

(c) No part of the specific municipal water-supply systems described in Senate Document No. 106, 82d Congress, shall be constructed by the Secretary in the absence of evidence satisfactory to him that it would be infeasible for the communities involved to construct such works themselves, singly or jointly. In the event it is determined that such facilities are to be constructed by the Secretary, a contract providing, among other

things, for payment of the actual cost thereof with interest and repayment period as hereinbefore provided, and as rapidly as is consistent with the contracting parties' ability to pay, and for assumption by the contracting party or parties of the care, operation, maintenance, and replacement of the works shall be a condition precedent thereto.

(d) No contract for a supplemental water supply for irrigation under this act shall contain any restrictions respecting the right to receive such supply based upon ownership of irrigable lands, nor shall the excess-land provisions of the Federal reclamation laws be applicable to lands served by the Fryingpan-Arkansas project which now have an irrigation supply from sources other than a Federal reclamation project.

SEC. 3. The Fryingpan-Arkansas project shall be operated under the direction of the Secretary of the Interior in accordance with the operating principles set forth on pages 20–23 of Senate Document No. 106, 82d Congress. The Secretary may appoint the two representatives of the United States to the Commission referred to in paragraph 17 of said principles and may adopt modification thereof upon the recommendation of the Commission: *Provided*, That such recommendations are made and adopted by said Commission in conformity to the provisions of paragraph 17 of said operating principles.

SEC. 4. Any and all benefits and rights of western Colorado water users in and to water stored in the Green Mountain Reservoir, Colorado-Big Thompson project, as described, set forth and defined in Senate Document No. 80, 75th Congress, 1st session, shall not be impaired, prejudiced, abrogated, nullified, or diminished in any manner whatever by reason of the authorization, construction, operation, and maintenance of the Fryingpan-Arkansas project authorized by this act.

SEC. 5. Any provision of law to the contrary notwithstanding, the project herein authorized shall be operated in such a manner that those in eastern Colorado using project water imported from the Colorado River Basin for domestic purposes shall have preference over those claiming or using the water for any other purpose.

SEC. 6. The Secretary is authorized to plan, construct, operate, and maintain public recreational facilities on lands withdrawn or acquired for the development of the Fryingpan-Arkansas project, to conserve the scenery, the natural, historic, and archeologic objects, and the wildlife on said lands, and to provide for public use and enjoyment of the same and of the water areas created by these projects by such means as are consistent with the primary purposes of said project and to mitigate losses of and improve conditions for the propagation of fish and wildlife in connection with the development of the Fryingpan-Arkansas project. The Secretary is authorized to acquire lands and to withdraw public lands from entry or other disposition under the public land laws for the construction, operation, and maintenance of recreational facilities in connection with the said project, and to dispose of them to Federal, State, and local governmental agencies by lease, transfer, exchange, or conveyance, upon such terms and conditions as will best promote their development and operation in the public interest. The costs, including the operation and maintenance costs of all said undertakings shall be nonreimbursable and nonreturnable under the reclamation laws, and funds appropriated for carrying out the authorization contained in section 1 of this act shall, without prejudice to the availability of other appropriated moneys for the same purpose, also be available for carrying out the investigations and programs authorized in this section.

SEC. 7. (a) The use of water diverted from the Colorado River to the Arkansas River Basin through works constructed under authority of this act shall be subject to and controlled by the Colorado River compact, the upper Colorado River Basin compact, the Boulder Canyon Project Act, and the Mexican Water Treaty (treaty series 994), as hereinbefore provided, and shall be included within and shall in no way increase the total quantity of water to the use of which the State of Colorado is entitled and limited under said compacts, statute, and treaty, and every contract entered into under this act for the storage, use, and delivery of such water shall so recite.

(b) All works constructed under authority of this act, and all officers, employees, permittees, licensees, and contractees of the United States and of the State of Colorado acting pursuant thereto, and all users and appropriators of water of the Colorado River system diverted or delivered through the works constructed under authority of this act and any enlargements or additions thereto shall observe and be subject to said compacts, statute, and treaty, as hereinbefore provided, in the diversion, delivery, and use of water of the Colorado system, and such condition and covenant shall attach as a matter of law whether or not set out or referred to in the instrument evidencing such permit, license, or contract and shall be deemed to be for the benefit of and be available to the States of Arizona, California, Colorado, Nevada, New Mexico, Utah, and Wyoming and the users of water therein or thereunder by way of suit, defense, or otherwise in any litigation respecting the waters of the Colorado River system.

(c) None of the waters of the Colorado River system shall be exported from the natural basin of that system by means of works constructed under authority of this act, or extensions and enlargements of such works, to the Arkansas River Basin for consumptive use outside of the State of Colorado, and no such waters shall be made available for consumptive use in any State not a party to the Colorado River compact by exchange or substitution or, as far as the same is controllable through the operation of works herein or hereafter authorized, by use of return flow.

(d) No right or claim of right to the use of the waters of the Colorado River system shall be aided or prejudiced by this act, and the Congress does not, by its enactment, construe or interpret any provision of the Colorado River compact, the upper Colorado River Basin compact, the Boulder Canyon Project Act, or the Mexican Water Treaty or subject the United States to, or approve or disapprove any intepretation of, said compacts, statute, or treaty, anything in this act to the contrary notwithstanding.

SEC. 8. There are hereby authorized to be appropriated, out of any moneys in the Treasury not otherwise appropriated, such sums as may be necessary to carry out the purposes of this act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MRS. WILLIAM A. CURRAN—BILL REFERRED TO THE COMMITTEE ON THE JUDICIARY

The bill (S. 2634) for the relief of Mrs. William A. Curran was announced as next in order.

Mr. SMATHERS. Over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. McCARRAN subsequently said: Mr. President, I ask that the Senate revert for a moment to Calendar No. 1768, Senate bill 2634, for the relief of Mrs. William A. Curran, which bill appears to have been objected to. I have read the report on the bill and also the bill. This is a claims bill and, being a claims bill, it should have gone to the one committee in the Senate which has jurisdiction over claims, which is the Committee on the Judiciary. I do not understand why the bill should have been reported from any other committee. The bill was objected to, but I understand there is a movement on foot to take the bill up again. It is a claims bill and, strictly speaking, it should have gone to the Committee on the Judiciary.

Mr. President, I ask unanimous consent that the bill be referred to the Committee on the Judiciary.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the bill will be referred to the Committee on the Judiciary.

CONTROL OF OUTBREAKS OF INSECT PESTS OR PLANT DISEASES

The bill (S. 3697) to amend the act of April 6, 1937, as amended, to include cooperation with the Government of Canada or Mexico or local Canadian or Mexican authorities for the control of incipient or emergency outbreaks of insect pests or plant diseases was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 1 of the act of April 6, 1937, as amended (7 U. S. C. 148), is further amended by adding at the end thereof the following: "The Secretary of Agriculture is further authorized to cooperate with the Governments of Canada or Mexico or local Canadian or Mexican authorities in carrying out in such countries necessary operations or measures to control incipient or emergency outbreaks of insect pests or plant diseases, when such operations or measures are necessary to protect the agriculture of the United States. In performing the operations or measures authorized under this act, the cooperating foreign country, State, or local agency shall be responsible for the authority necessary to carry out the operations or measures on all lands and properties within the foreign country or State other than those owned or controlled by the Federal Government and for such other facilities and means as in the discretion of the Secretary of Agriculture are necessary."

CORRECTION OF ERRORS IN PUBLIC LAW 368, 83D CONGRESS

The bill (H. R. 9561) to correct typographical errors in Public Law 368, 83d Congress, was considered, ordered to a third reading, read the third time, and passed.

LOAN OR GIFT OF WORKS OF ART AND OTHER MATERIAL

The Senate proceeded to consider the bill (H. R. 9006) to amend the act of May 22, 1896, as amended, concerning the loan or gift of works of art and other material, which had been reported from the Committee on Armed Services,

with amendments, to strike out all after the enacting clause, and insert:

That (a) the Secretary of the Army is authorized to transfer to the Australian War Memorial in Canberra, Australia, without compensation, 28 German war paintings depicting Australian troops which are now the property of the United States in custody of the Secretary of the Army.

(b) Nothing contained in this act shall authorize the expenditure of any funds of the United States to defray any cost of transportation or handling incident to such transfer.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to authorize the Secretary of the Army to donate 28 paintings to the Australian War Memorial."

RECONVEYANCE OF CERTAIN LANDS TO GOVERNMENT GRANTORS

The bill (H. R. 6422) to authorize the Secretary of the Army to convey to the Government grantors certain lands erroneously conveyed by them to the United States, was announced as next in order.

Mr. MORSE. Mr. President, it is my understanding that in this bill all that is sought to be done is to correct an erroneous conveyance previously made by the Army. The Federal Government, in fact, has no legal right, from the standpoint of equity, in the property. A mistake was made. It is now sought to correct the mistake by giving to the true owners of the property a clear title to it.

Mr. SALTONSTALL. Mr. President, what the Senator from Oregon has said is correct.

Mr. IVES. The Senator from Massachusetts has said exactly what I had intended to say.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

TALENT DIVISION OF THE ROGUE RIVER BASIN RECLAMATION PROJECT, OREGON—BILL PASSED OVER

The bill (S. 3134) to authorize the Secretary of the Interior to construct, operate, and maintain the Talent Division of the Rogue River Basin reclamation project, Oregon, was announced as next in order.

Mr. SMATHERS. Mr. President, may we have an explanation of the bill?

Mr. CORDON. Mr. President, did the Senator from Florida desire an explanation of the bill?

Mr. SMATHERS. Yes. Actually, it is the opinion of the calendar committee that neither this bill nor the next bill is properly calendar business. It was the intention of members of the calendar committee to object. If the Senator from Oregon desires to make an explanation, well and good, but I do not see the urgent nature of the bill.

Mr. CORDON. I shall be happy to make an explanation. I know of no outstanding urgency. The only urgency is the need for water, so that the people can irrigate their lands.

Mr. SMATHERS. I may say that it is the opinion of the calendar committee, on this side of the aisle, that this is not a bill which should be considered on the call of the calendar. Therefore, I ask that it go over.

Mr. MORSE. Mr. President, will the Senator withhold his request, so that I may make a brief comment?

Mr. SMATHERS. I shall be happy to do so.

Mr. MORSE. So far as this particular bill is concerned, it is a very sound one. I hope it can be taken up by motion at a very early date. Certainly the people in the area concerned need, very much, the water which will be provided by the improvement in this irrigation district. I hope there can be an early vote on the bill.

The PRESIDING OFFICER. The bill will be passed over.

COUGAR DAM AND RESERVOIR, OREG.—BILL PASSED OVER

The bill (H. R. 7815) to provide for the construction, operation, and maintenance of the Cougar Dam and Reservoir on the South Fork McKenzie River, Oreg., with participation for power by the city of Eugene, Oreg., was announced as next in order.

Mr. MORSE. Mr. President, I am surprised that this bill is on the calendar. I was of the opinion that it would not be placed on the calendar until the minority views on the bill, which I had been asked to prepare, had been submitted. The day before yesterday I spoke to the chairman of the Committee on Public Works, as I did again yesterday, pointing out that I had been at work on the minority views concerning the Niagara bill, a bill which had been acted on by the Committee on Public Works at least 2, or perhaps 3, weeks before action was taken on the Cougar Dam bill.

Only last week did I complete my work on the minority views relating to the Niagara bill. It is now in circulation among the other minority members of the committee. I am now at work on the minority views concerning the Cougar Dam bill. Certainly, I do not intend to consent to the passage of the Cougar Dam bill on the consent calendar at any time, because I think it is a measure which calls for a very detailed and thorough discussion of the whole power policy of the Government. I am disappointed that the bill has been placed on the calendar before I have had an opportunity to complete my work on the minority views. I had said to the chairman of the committee that I would be ready by the first part of next week.

I object.

Mr. BUSH. Mr. President, if the Senator from Oregon will permit me to say so, I wish to observe, in that connection, that at my request his office was notified yesterday that the report would be filed on the Cougar Dam bill.

The PRESIDING OFFICER. Does the Senator from Connecticut withhold his objection?

Mr. BUSH. I have no objection.

Mr. MORSE. The Senator from Connecticut has made a very interesting comment. I do not know what notification to my office yesterday that the bill would be reported yesterday has to do with what I think was a very clear understanding that the bill would not be reported until there had been an opportunity for the minority members of the committee to submit minority views.

The PRESIDING OFFICER. Will the Senator from Oregon withhold his objection, so that the Senator from Connecticut may make a statement?

Mr. MORSE. I thought he had yielded to me.

The PRESIDING OFFICER. The question is, Does the Senator from Oregon withhold his objection, so that the Senator from Connecticut may make a statement?

Mr. MORSE. By all means.

Mr. BUSH. I thank the Senator. I simply wish to say that the office of the Senator from Oregon was notified, I should say 2 or 3 days ago, that it was the intention of the committee to report the bill. There was no understanding that the report should be withheld pending the submission of minority views, which the Senator from Oregon desired to make. I do not think anything wrong has been done by following that procedure.

Mr. MARTIN. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. First, I wish to answer directly the Senator from Connecticut; then I will yield.

I am perfectly willing to let the records of the Committee on Public Works speak for themselves. When the Cougar Dam bill was finally acted upon after a rather prolonged discussion in the committee, I obtained permission from the committee to have a reasonable time in which to prepare minority views on the bill, before the bill was reported to the Senate.

The Senator from Connecticut may have given notice to my office 2 or 3 days ago, but he gave no notice to me personally. Giving notice to my office certainly cannot speed up the preparation of the minority views, when it is considered that I have been working as hard as I have been on the minority views concerning another proposed piece of power legislation which was approved by the Committee on Public Works quite some time ago.

In my judgment, there is good reason to believe that one of the reasons why the Niagara bill is not before the Senate now is that there are those in the Senate who are seeking to get some of the other power bills acted upon as bellwethers before the Niagara bill is brought before the Senate.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Connecticut.

Mr. BUSH. The purpose in notifying the office of the Senator from Oregon was so that he would know it was the intention of the committee to report the bill. It gave the Senator an opportunity, if he wished, to object to our reporting the bill. He offered no objection. Therefore, I see nothing wrong in the premises.

Mr. MORSE. I knew nothing about the notice; but I wish to say I have very little cooperation from the staff of the committee, anyway. However, I did go to the chairman of the Committee on Public Works, with whom I do my business on the Public Works Committee, day before yesterday, and told him of my situation with regard to the preparation of minority views on the Cougar Dam bill.

Mr. MARTIN. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Pennsylvania.

Mr. MARTIN. The Senator from Oregon spoke to me about the bill a couple of days ago, and I told him I felt there was no reason why he should not have more time in which to file his minority views, and that, while the bill was on the calendar, it would not be acted upon, because it would take unanimous consent. So I think we are talking now without any objective, because, of course, the bill could not be considered unless there was unanimous consent, and it was the intention of the Public Works Committee to give the Senator ample time in which to file his minority views. The majority leader will not be asked to bring the bill up until the Senator from Oregon does have time to file the minority views.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MORSE. I wish to thank the Senator from Pennsylvania for his comment. I object to the consideration of the bill.

The PRESIDING OFFICER. The bill will be passed over.

INVESTIGATION OF CRITICAL RAW MATERIALS — RESOLUTION REFERRED TO COMMITTEE ON RULES AND ADMINISTRATION

The resolution (S. Res. 271) providing for an investigation of critical raw materials by the Committee on Interior and Insular Affairs was announced as next in order.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the resolution be referred to the Committee on Rules and Administration.

The PRESIDING OFFICER. Without objection, the resolution will be referred to the Committee on Rules and Administration.

ELECTION OF DELEGATES REPRESENTING DISTRICT OF COLUMBIA TO NATIONAL POLITICAL CONVENTIONS

The Senate proceeded to consider the bill (S. 1611) to regulate the election of delegates representing the District of Columbia to national political conventions, and for other purposes, which had been reported from the Committee on the District of Columbia with amendments.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. SCHOEPPEL. Mr. President, I should like to ask whether the committee action on the bill was unanimous.

Mr. CASE. Mr. President, if I may respond to the inquiry of the Senator from Kansas, I should like to say it was unanimous. There was no objection to the bill raised at the hearings or in committee. The bill was previously reported unanimously in an earlier session of the Senate, and, in fact, it passed the Senate once previously.

The PRESIDING OFFICER. The clerk will state the amendments.

Mr. CASE. Mr. President, there are several committee amendments. I ask that they be considered and agreed to en bloc.

The PRESIDING OFFICER. Without objection, the committee amendments will be considered and agreed to en bloc.

The amendments agreed to en bloc are as follows:

On page 2, line 8, after the word "District", to insert "and who does not claim voting residence in any State or Territory"; in line 20, after the words "by the", to strike out "President of the United States" and insert "Commissioners of the District of Columbia"; in line 22, after the words "by the", to strike out "President" and insert "Commissioners"; on page 3, line 14, after the words "of the", to strike out "1-year" and insert "3-year"; in line 16, after the word "the", to insert "Federal or"; in line 20, after the word "of", to strike out "$15" and insert "$25"; on page 7, line 1, after the word "in", to strike out "June" and insert "April"; on page 8, after line 3, to strike out:

"(2) signed by not less than 100 voters of the same political party as the nominee registered under section 7."

And insert:

"(2) signed by not less than 100 voters, registered under section 7, and of the same political party as the nominee."

In line 13, after the word "nomination", to insert "and is a voter registered under section 7"; on page 11, line 2, after "SEC. 11.", to insert "(a)"; in line 5, after the word "in", to strike out "June" and insert "April"; after line 9, to insert:

"(b) Candidates receiving the highest number of votes in said election shall be declared the winners.

"(c) In the case of a tie, the candidates receiving the tie vote shall cast lots before the Board at 12 o'clock noon on a date to be set by the Board, but not sooner than 10 days following the primary, and the one to whom the lot shall fall shall be declared the winner. If any candidate or candidates, receiving a tie vote, fail to appear before 12 o'clock noon on said day, the Board shall cast lots for him or them. For the purpose of casting lots any candidate may appear in person, or by proxy appointed in writing."

On page 14, line 3, after the word "campaign", to insert "covered by this act", and in line 13, after the word "expended", to insert "in connection with said election."

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That national committeemen and national committeewomen of political parties and delegates and alternates from the District of Columbia to all conventions of political parties nominating candidates for the Presidency and the Vice Presidency of the United States shall be elected as provided in this act.

DEFINITIONS

SEC. 2. For the purposes of this act—

(1) The term "District" means the District of Columbia.

(2) The term "qualified elector" means a citizen of the United States (A) who has been domiciled in the District continuously since the beginning of the 1-year period ending on the day of the next election or, if such period has not begun, is domiciled in the District and who does not claim voting residence in any State or Territory; (B) who is, or will be on the day of the next election, 21 years old; (C) who has never been convicted of a felony in the United States, or if he has been so convicted, has been pardoned; and (D) who is not mentally incompetent as adjudged by a court of competent jurisdiction.

(3) The term "Board" means the Board of Elections for the District of Columbia provided for by section 3.

CREATION OF BOARD OF ELECTIONS

SEC. 3. There is hereby created a Board of Elections for the District of Columbia, to be composed of three members appointed by the Commissioners of the District of Columbia. The first terms of offices on the Board shall expire, as designated by the Commissioners, one at the close of December 31 of each of the first 3 years which begin after the date of enactment of this act. Subsequent terms of each such office shall be 3 years beginning January 1 following the expiration of the preceding term of such office. Any person appointed to fill a vacant office shall be appointed only for the unexpired term of such office. Until his successor is appointed and has qualified, a member may continue to serve even though the term of the office to which he was appointed has expired.

QUALIFICATIONS AND COMPENSATION OF MEMBERS

SEC. 4. (a) No person shall be a member of the Board unless he qualifies as an elector and resides in the District. No person may be appointed to the Board unless he has been domiciled in the District continuously since the beginning of the 3-year period ending on the day he is appointed. Members of the Board shall hold no other office or employment in the Federal or District Government. Not more than two members shall be members of the same political party.

(b) Each member of the Board shall be paid compensation at the rate of $25 per day while performing duties under this act. Except as provided in subsection (a) no person shall be ineligible to serve or to receive compensation as a member of the Board because he occupies another office or position or because he receives compensation (including retirement compensation) from another source. The right to another office or position or to compensation from another source otherwise secured to such a person under the laws of the United States shall not be abridged by the fact of his service or receipt of compensation as a member of the Board, if such service does not interfere with the discharge of his duties in such other office or position.

FUNCTIONS OF BOARD

SEC. 5. (a) The Board shall—

(1) maintain a permanent registry, keeping it accurate and current;

(2) conduct registrations and elections;

(3) print, distribute, and count ballots, or provide and operate suitable voting machines;

(4) divide the District into appropriate voting precincts, each of which shall contain at least 350 registered persons;

(5) operate polling places;

(6) certify nominees and the results of elections; and

(7) perform such other duties as are imposed upon it by this act.

(b) The Board, and persons authorized by it, may administer oaths to persons executing affidavits pursuant to sections 7 and 8. It may provide for the administering of such other oaths as it considers appropriate to require in the performance of its functions.

(c) The Board may prescribe such regulations as it considers necessary to carry out the purposes of this act.

(d) The Board may employ necessary personnel.

BOARD TO BE INDEPENDENT AGENCY

SEC. 6. (a) In the performance of its duties, the Board shall not be subject to the direction of any nonjudicial officer of the District.

(b) The officers and agencies of the District government shall furnish to the Board, upon request of the Board, as are available such space and facilities in public buildings in the District to be used as registration or polling places, and such records, information, services, personnel, offices, and equipment, and such other assistance and facilities, as may be necessary to enable the Board properly to perform its functions.

REGISTRATION

SEC. 7. (a) No person shall vote in any election in the District unless he is a qualified elector and, except as provided in subsection (e), is registered in the District.

(b) No person shall be registered unless—

(1) he is a qualified elector;

(2) he has been domiciled in the District continuously since the beginning of the 9-month period ending on the day he offers to register;

(3) except as prevented by physical disability, he can read and write the English language, as shown by his ability to read and complete the affidavit prescribed by paragraph (4); and

(4) he executes a registration affidavit, completed in his own handwriting (unless prevented by physical disability) and on the form prescribed by the Board pursuant to subsection (c), showing his political affiliation, and that he meets each of the requirements specified in section 2 (2) for a qualified elector as well as the requirement of paragraph (2) of this subsection.

(c) In administering the provisions of subsection (b) (4), the Board shall prepare and use a registration affidavit form in which each request for information is readily understandable and can be satisfied by a concise answer or mark. With respect to each requirement named in or imposed by such subsection, the Board may make such requests for specific information as in its judgment may be necessary or appropriate to show whether a person seeking to register meets such requirement.

(d) The registry shall be kept open except during the 60-day period ending on the first Tuesday in April of each presidential election year, and except as provided by the Board in the case of a special election. While the registry is open, any person may apply for registration or change his registration.

(e) If a person is not permitted to register, such person, or any qualified candidate, may appeal to the Board, but not later than 3 days after the registry is closed for the next election. The Board shall decide within 7 days after the appeal is perfected whether the challenged elector is entitled to register. If the appeal is denied, the appellant may, within 3 days after such denial, appeal to the municipal court for the District of Columbia. The decision of such court shall be final and not appealable. If the appeal is upheld by either the Board or the court, the challenged elector shall be allowed to register immediately. If the appeal is pending on election day, the challenged elector may cast a ballot marked "challenged", as provided in section 10 (e).

NOMINATIONS

SEC. 8. (a) Candidates participating in an election held pursuant to this act shall be the persons registered under section 7 who have been nominated by a petition—

(1) prepared and presented to the Board in accordance with rules prescribed by the Board, but not later than 60 days before the date of the election; and

(2) signed by not less than 100 voters, registered under section 7, and of the same political party as the nominee.

(b) No person shall hold the office of committeeman, committeewoman, delegate, or alternate unless he has been a bona fide domiciliary of the District of Columbia for 3 years previous to his nomination and is a voter registered under section 7.

EXEMPTION FROM HATCH ACT

SEC. 9. The last sentence of section 9 (a) of the act entitled "An act to prevent pernicious political activities," approved August 2, 1939, as amended (5 U. S. C., sec. 118i), is amended to read as follows: "The provisions of the second sentence of this subsection shall not apply (1) to the employees of the Alaska Railroad, residing in municipalities on the line of the railroad, in respect to activities involving the municipality in which they reside, or (2) to any qualified elector of the District of Columbia, in respect to taking an active part in the nomination or election of national committeemen and national committeewomen of political parties and of delegates and alternates representing the District of Columbia at national political conventions."

METHOD OF VOTING

SEC. 10. (a) Voting in all elections shall be secret. Voting may be by paper ballot or voting machine.

(b) The ballot of a person who is registered as a resident of the District shall be valid only if cast in the voting precinct where the residence shown on his registration is located.

(c) There shall be no absentee voting.

(d) Each qualified candidate may have a watcher at each polling place, provided the watcher presents proper credentials signed by the candidate. No one shall interfere with the opportunity of a watcher to observe the conduct of the election at that polling place and the counting of votes. Watchers may challenge prospective voters who are believed to be unqualified to vote.

(e) If the official in charge of the polling place, after hearing both parties to any such challenge or acting on his own initiative with respect to a prospective voter, reasonably believes the prospective voter is unqualified to vote, he shall allow the voter to cast a paper ballot marked "challenged." Ballots so cast shall be segregated, and no such ballot shall be counted until the challenge has been removed as provided in subsection (f).

(f) If a person has been permitted to vote only by challenged ballot, such person, or any qualified candidate, may appeal to the Board within 3 days after election day. The Board shall decide within 7 days after the appeal is perfected whether the voter was qualified to vote. If the Board decides that the voter was qualified to vote, the word "challenged" shall be stricken from the voter's ballot and the ballot shall be treated as if it had not been challenged.

(g) If a voter is physically unable to mark his ballot or operate the voting machine, the official in charge of the voting place may enter the voting booth with him and vote as directed. Upon the request of any such voter, a second election official may enter the voting booth to assist in the voting. The officials shall tell no one how the voter voted. The official in charge of the voting place shall make a return of all such voters, giving their names and disabilities.

(h) No person shall vote more than once in any election nor in an election held by a political party other than that to which he has declared himself to be a member.

(i) Copies of the regulations of the Board with respect to voting shall be made available to prospective voters at each polling place.

ELECTIONS

SEC. 11. (a) The election of national committeemen and national committeewomen of political parties and of delegates and alternates to national political conventions shall be held on the first Tuesday in April of each presidential election year. Any such election shall be conducted by the Board in conformity with the provisions of this act. Polls shall be open from 8 a. m. to 8 p. m. on election days.

(b) Candidates receiving the highest number of votes in said election shall be declared the winners.

(c) In the case of a tie, the candidates receiving the tie vote shall cast lots before the Board at 12 o'clock noon on a date to be set by the Board, but not sooner than 10 days following the primary, and the one to whom the lot shall fall shall be declared the winner. If any candidate or candidates, receiving a tie vote, fail to appear before 12 o'clock noon on said day, the Board shall cast lots for him or them. For the purpose of casting lots any candidate may appear in person, or by proxy appointed in writing.

RECOUNTS AND CONTESTS

SEC. 12. (a) If, within 7 days after the Board certifies the results of an election, any qualified candidate at such election petitions the Board to have the votes cast at such election recounted in one or more voting precincts, the Board shall order such recount. In each such case, the petitioner shall deposit a fee of $5 for each precinct petitioned to be recounted. If the cost of the recount is less than $5 per precinct, the difference shall be refunded. If the result of the election is changed as a result of the recount, the entire amount deposited by the petitioner shall be refunded. Such recounts shall be conducted in the manner prescribed by the Board by regulation.

(b) After the Board certifies the results of an election, any person who voted in the election may petition the United States District Court for the District of Columbia to review such election. In response to such a petition, the court may set aside the results so certified and declare the true results of the election, or void the election. To determine the true results of an election the court may order a recount or take other appropriate action, whether or not a recount has been conducted or requested pursuant to subsection (a). The court shall void an election only for fraud, mistake, or other defect, serious enough to vitiate the election as a fair expression of the will of the registered qualified electors voting therein. If the court voids an election it may order a special election, which shall be conducted in such manner (comparable to that prescribed for regular elections), and at such time, as the Board shall prescribe. The decision of such court shall be final and not appealable.

INTERFERENCE WITH REGISTRATION OR VOTING

SEC. 13. (a) No one shall interfere with the registration or voting of another person, except as it may be reasonably necessary in the performance of a duty imposed by law. No person performing such a duty shall interfere with the registration or voting of another person because of his race, color, sex, or religious belief, or his want of property to perform a military duty on election day or income.

(b) No registered voter shall be required which would prevent him from voting, except in time of war or public danger or unless he is away from the District in military service. No registered voter may be arrested while voting or going to vote except for a

breach of the peace then committed or for treason or felony.

EXPENDITURES

SEC. 14. (a) There is hereby authorized to be appropriated, out of the funds of the District of Columbia, such amounts as may be necessary to carry out the purposes of this act.

(b) Subject to the penalties provided in this act, a candidate for national committeeman, national committwoman, delegate, or alternate, in his campaign for election, shall not make expenditures in excess of $2,500.

(c) No independent committee or party committee shall receive contributions aggregating more than $100,000, or make expenditures aggregating more than $100,000 for any campaign covered by this act.

(d) No person shall, directly or indirectly, make contribution in an aggregate amount in excess of $5,000 in connection with any campaign for election of any national committeeman, national committeewoman, delegate, or alternate.

(e) Every candidate and independent committee or party committee shall, within 10 days after the election, file with the Board of Elections an itemized statement, subscribed and sworn to, setting forth all moneys received and expended in connection with said election, the names of persons from whom received and to whom paid, and the purpose for which it was expended. Such statement shall set forth any unpaid debts and obligations incurred by the candidate or independent committee or party committee with regard to such election, and specify the balance, if any, of election funds remaining in his or their hands.

PENALTIES

SEC. 15. Any person who shall register, or attempt to register, under the provisions of this act and make any false representations as to his place of residence or his voting privilege in any other part of the United States, or be guilty of bribery or intimidation of any voter at the elections herein provided for, or, being registered, shall vote or attempt to vote more than once in any election so held, or shall purloin or secrete any of the votes cast in such elections, or, if employed in the counting of votes in such elections, make a false report in regard thereto or attempt to vote in an election held by a political party other than that to which he has declared himself to be affiliated, and every candidate, person, or official of any political committee who shall make any expenditure or contribution in violation of this act, shall upon conviction thereof be fined not more than $500 or be imprisoned not more than 90 days, or both.

REVISION AND EQUALIZATION OF REAL-ESTATE VALUES IN THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (H. R. 7128) to amend the act entitled "An act to provide an immediate revision and equalization of real-estate values in the District of Columbia," which had been reported from the Committee on the District of Columbia with amendments, on page 2, after line 2, to strike out:

The Commissioners of the District of Columbia shall appoint six discreet persons, who shall be conversant with real-estate values in the District of Columbia, as a permanent board of assistant assessors. Such appointees shall have been bona fide residents of the District of Columbia for a period of at least 5 years, except that two of such appointees may be persons who have been bona fide residents of the District of Columbia metropolitan area for a period of at least 5 years.

And in lieu thereof to insert the following:

The Commissioners of the District of Columbia shall appoint as a permanent board of assistant assessors such persons as are conversant with real-estate values in the District of Columbia and who have been bona fide residents of the District for a period of at least 5 years, except that two of such appointees may be persons who have been bona fide residents of the District of Columbia metropolitan area for a period of at least 5 years.

And on page 3, after line 2, to insert:

SEC. 2. Where any provisions of this act, or any amendment made by this act, refers to an office or agency abolished by Reorganization Plan No. 5 of 1952, such reference shall be deemed to be to the office, agency, or officer designated by the Commissioners to perform the functions of the office or agency so abolished.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. SCHOEPPEL. Mr. President, I am substituting today on the calendar committee for the distinguished Senator from Kentucky [Mr. COOPER] and the distinguished Senator from New Jersey [Mr. HENDRICKSON]. I note that there are a number of District of Columbia bills on the calendar. The staff of the calendar committee, however, did not have the opportunity to go over them. I should like to ask, respecting the bills shown on the bottom of page 15 and all of page 16 of the calendar, whether the committee action was unanimous with respect to those measures.

Mr. CASE. Mr. President, I shall be glad to respond to that inquiry. The action of the committee was unanimous on all of the bills with the exception of calendar 1794, which is Senate bill 880, to amend the license law of the District of Columbia. All the bills were considered by subcommittees at open hearings. They were reported to the full committee yesterday. There was a good attendance of the committee yesterday. Most of the time there was much more than a quorum present, and all the time there was at least a quorum present. The bills were all reported unanimously with the one exception I have mentioned.

Mr. SCHOEPPEL. I thank the Senator from South Dakota.

The PRESIDING OFFICER. The question is on agreeing to the amendments reported by the committee.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

FEES CHARGED FOR SERVICES RENDERED BY THE RECORDER OF DEEDS FOR THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (S. 3518) to amend the laws relating to fees charged for services rendered by the Office of the Recorder of Deeds for the District of Columbia, which had been reported from the Committee on the District of Columbia with amendments, on page 2, after line 14, to insert:

(c) Nothing in this section shall be construed as authorizing the Commissioners to modify any provision of the District of Columbia Business Corporation Act, approved June 8, 1954.

And on page 4, after line 4, to insert:

SEC. 5. Clause (p) of section 2 of the District of Columbia Business Corporation Act (68 Stat. 180) is amended by adding thereto the following sentence: "It shall be the duty of the Recorder of Deeds and of any other officer or agency of the Government of the District of Columbia to perform any function delegated to such officer or agency by the Commissioners pursuant to this act."

So as to make the bill read:

Be it enacted, etc., That (a) notwithstanding the provisions of section 552 of subchapter 4 of chapter 16 of the act approved March 3, 1901, as amended (sec. 45–708, D. C. Code, 1951 edition); section 12 of the act approved July 2, 1940, as amended and supplemented by the act approved June 19, 1948 (secs. 45–712 and 45–712a, D. C. Code, 1951 edition), or any other act of Congress, the Commissioners of the District of Columbia may, from time to time, increase or decrease the fees authorized to be charged for filing, recording, and indexing or for making a certified copy of any instrument; for searching records; for taking acknowledgments; for recording plats; for filing affidavits; for filing certificates of incorporation and amendments of certificates; for recording liens, assignments of liens, or releases of liens on motor vehicles or trailers; or for any other service rendered by the office of the Recorder of Deeds.

(b) The fees for services rendered by the office of the Recorder of Deeds shall be fixed at such rates, computed on such bases and in such manner as may, in the judgment of the Commissioners, be necessary to defray the approximate cost of operating the office of the Recorder of Deeds.

(c) Nothing in this section shall be construed as authorizing the Commissioners to modify any provision of the District of Columbia Business Corporation Act, approved June 8, 1954.

SEC. 2. Section 548 of the Code of Laws for the District of Columbia, as amended by the act approved June 9, 1952 (66 Stat. 129; sec. 45–701, D. C. Code, 1951 edition), is amended by adding at the end thereof the following: "All of the duties and functions of the Recorder of Deeds and of officers and employees in his office shall be performed subject to the supervision and control of the Commissioners of the District."

SEC. 3. Section 549 of the Code of Laws for the District of Columbia, as amended by the act approved June 9, 1952 (sec. 45–702, D. C. Code, 1951 edition), is amended by striking "The Recorder of Deeds is authorized to appoint a deputy recorder" and inserting in lieu thereof "The Commissioners of the District of Columbia are authorized to appoint a deputy recorder of deeds."

SEC. 4. (a) So much of the first sentence of the act approved March 3, 1925 (43 Stat. 1102, ch. 416), as amended by the act approved June 9, 1952 (66 Stat. 129; sec. 45–703, D. C. Code, 1951 edition), as read: "That the Recorder of Deeds is authorized to appoint a second deputy recorder" is amended to read "The Commissioners of the District of Columbia are authorized to appoint a second deputy recorder of deeds."

(b) The third sentence of such act approved March 3, 1925, as amended by such act approved June 9, 1952, is amended to read: "The Commissioners of the District of Columbia shall appoint all employees in the office of the Recorder of Deeds, except the

Recorder, in accordance with civil-service laws and fix the compensation of all employees in such office in accordance with the Classification Act of 1949, as amended, and the said Commissioners may delegate to any officer subordinate to them the function of appointing any of the employees in such office other than the Recorder."

SEC. 5. Clause (p) of section 2 of the District of Columbia Business Corporation Act (69 Stat. 180) is amended by adding thereto the following sentence: "It shall be the duty of the Recorder of Deeds and of any other officer or agency of the Government of the District of Columbia to perform any function delegated to such officer or agency by the Commissioners pursuant to this act."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

REGISTRATION OF BIRTHS IN THE DISTRICT OF COLUMBIA

The bill (S. 3558) to amend the act entitled "An act to provide for the better registration of births in the District of Columbia, and for other purposes," was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the first section of the act entitled "An act to provide for the better registration of births in the District of Columbia, and for other purposes," approved March 1, 1907 (34 Stat. 1010; title 6, ch. 3, D. C. Code, 1951 edition), is amended (a) by inserting "(a)" immediately after the word "That" where it first appears in said act; and (b) by adding a new subsection "(b)" to said first section, to read as follows:

"(b) The Commissioners of the District of Columbia are hereby authorized and empowered to adopt rules and regulations governing the filing of reports of births and the issuance of delayed birth registration certificates in those cases where certificates of birth have not been recorded pursuant to subsection (a) of this section."

AVAILABILITY OF PSYCHIATRIC AND PSYCHOLOGICAL SERVICE TO JUDGES OF THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (H. R. 9077) to amend section 405 of the District of Columbia Law Enforcement Act of 1953, to make available to the judges of such District the psychiatric and psychological service provided for in such section, which had been reported from the Committee on the District of Columbia with an amendment, to strike out all after the enacting clause and insert:

That section 405 of the District of Columbia Law Enforcement Act of 1953 is amended by striking "(1) The probation officers" and inserting in lieu thereof "(1) In criminal cases, the judges of the district court and the probation officers."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

CONSTRUCTION OF CERTAIN HIGHWAY-RAILROAD GRADE SEPARATIONS IN THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (H. R. 6080) to authorize the appropriation of funds for the construction of certain highway-railroad grade separations in the District of Columbia, and for other purposes, which had been reported from the Committee on the District of Columbia with amendments, on page 1, line 7, after the word "Columbia", to insert "for credit to the highway fund", and in line 9, after the word "appropriated", to strike out "not to exceed $475,000" and insert "the sum of $200,000."

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (S. 3655) to provide that the Metropolitan Police force shall keep arrest books which are open to the public was announced as next in order.

Mr. SMATHERS. Over.

The PRESIDING OFFICER. The bill will be passed over.

CONTROL OF DANGEROUS WEAPONS IN THE DISTRICT OF COLUMBIA

The bill (S. 2686) to amend the act entitled "An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia" was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 1 of the act of Congress entitled "An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes," approved July 8, 1932 (sec. 22–3201, D. C. Code, 1951 edition), is hereby amended by inserting "robbery," immediately before the word "larceny" in the definition of "crime of violence."

PROTECTION OF LIFE AND PROPERTY IN AND ON BUILDINGS AND GROUNDS OF CERTAIN INSTITUTIONS

The bill (S. 2687) to authorize the Commissioners of the District of Columbia to designate employees of the District to protect life and property in and on the buildings and grounds of certain institutions was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That (a) the Commissioners of the District of Columbia may designate any employee of the District to protect life and property in and on the buildings and grounds of any institution upon land outside the District acquired by the United States for the District of Columbia for the establishment or operation thereon of any sanitorium, hospital, training school, correctional institution, reformatory, workhouse, or jail. Whenever any employee is so designated he is hereby authorized and empowered (1) to arrest under a warrant within the buildings and grounds of any such institution any person accused of having committed within any such buildings or grounds any offense against the laws of the United States, or against any rule or regulation prescribed pursuant to this act; (2) to arrest without a warrant any person committing any such offense within such buildings or grounds, in his presence; or (3) to arrest without warrant within such buildings or grounds, any person whom he has reasonable grounds to believe has committed a felony in such buildings or grounds.

(b) Any individual having the power to arrest as provided in subsection (a) of this section may carry firearms or other weapons as the Commissioners may direct or by regulation may prescribe.

SEC. 2. The Commissioners may make and amend such rules and regulations as they deem necessary for the protection of life and property in or on the buildings and grounds of any such institution.

SEC. 3. Any person who knowingly and willfully violates any rule or regulation prescribed under this act shall be guilty of a misdemeanor, and shall be fined not more than $500 or imprisoned not more than 6 months or both.

SEC. 4. The officer on duty in command of those employees designated by the Commissioners as provided in section 1 of this act may accept deposit of collateral from any person charged with the violation of any rule or regulation prescribed under this act, for appearance in court or before the appropriate United States commissioner; and such collateral shall be deposited with the United States commissioner sitting in the district where the offense has been committed.

SEC. 5. The Commissioners may enter into agreements with any of the States, or any political subdivision thereof, where any such institution mentioned in section 1 of this act is located, for such municipal services as the Commissioners shall deem necessary to the efficient and proper government of such institution, and they may, from time to time, agree to modifications in any such agreement: *Provided*, That where the charge for any such service is established by the laws of the State within whose territorial limits such institution is situated, the Commissioners may not pay for such service an amount in excess of the charge so established. There is hereby authorized to be appropriated such sums as may be necessary for the making of payment for services under any such agreement.

CORRECTION OF CERTAIN INEQUITIES IN THE DISTRICT OF COLUMBIA POLICE AND FIREMEN'S SALARY ACT

The bill (S. 3329) to amend the District of Columbia Police and Firemen's Salary Act of 1953 to correct certain inequities was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That subsection (d) of section 102 of the District of Columbia Police and Firemen's Salary Act of 1953, approved June 20, 1953 (67 Stat. 77), as amended, is amended to read as follows:

"(d) The minimum basic salaries contained in subsection (a) of section 101 of this act in the grade or rank of Chief of Police shall not be increased by more than 4 longevity increases, nor shall the minimum basic salaries of grades or ranks below that of

Chief of Police be increased by more than 5 longevity increases."

SEC. 2. Section 102 of said act is amended by adding thereto the following new subsection:

"(f) In initially adjusting salaries in accordance with the provisions of this section, any officer or member promoted from a lower grade to a higher grade prior to July 1, 1953, shall receive credit for such part of continuous service in both grades for longevity purposes as is necessary to establish his basic salary, including longevity pay, at least equal to the basic salary he would have received under the provisions of this section in the lower grade had such promotion not been made. Service for future longevity increases of any officer or member whose salary is adjusted under authority of this subsection shall begin as of the date such adjustment became effective."

SEC. 3. Subsection (d) of section 202 of said act, as amended, is amended to read as follows:

"(d) The minimum basic salaries contained in subsection (a) of section 201 of this act in the grade or rank of Fire Chief shall not be increased by more than 4 longevity increases, nor shall the minimum basic salaries of grades or ranks below that of Fire Chief be increased by more than 5 longevity increases."

SEC. 4. Section 202 of said act is amended by adding thereto the following new subsection:

"(f) In initially adjusting salaries in accordance with the provisions of this section, any officer or member promoted from a lower grade to a higher grade prior to July 1, 1953, shall receive credit for such part of continuous service in both grades for longevity purposes as is necessary to establish his basic salary, including longevity pay, at least equal to the basic salary he would have received under the provisions of this section in the lower grade had such promotion not been made. Service for future longevity increases of any officer or member whose salary is adjusted under authority of this subsection shall begin as of the date such adjustment became effective."

SEC. 5. The provisions of this amending act shall become effective as of July 1, 1953.

AMENDMENT OF DISTRICT OF COLUMBIA CREDIT UNIONS ACT

The Senate proceeded to consider the bill (S. 3683) to amend the District of Columbia Credit Unions Act, which had been reported from the Committee on the District of Columbia with amendments, on page 1, beginning with line 3, to strike out "That section 4 of the act entitled 'An act to provide for the incorporation of credit unions within the District of Columbia,' approved June 23, 1932, as amended, is further", and insert "That section 4 of the District of Columbia Credit Unions Act is hereby"; in line 8, after the word "and", to strike out "by"; after line 9, to strike out:

SEC. 2. That section 6 of the said act is hereby amended by striking out the entire section and inserting in lieu thereof the following:

And insert:

SEC. 2. Section 6 of such act is hereby amended to read as follows.

On page 2, line 3, after the word "unions", to strike out "provided for by" and insert "established under"; in line 9, after the word "union", to strike out "chartered" and insert "established"; in line 15, after the word "section", to strike out "1755" and insert "5"; in line 22, after the word "Each", to to strike out "District chartered credit union" and insert "credit union established under this act"; in line 3, after the word "any", to strike out "persons" and insert "person"; in line 5, after the word "to", to strike out "District chartered credit unions" and insert "credit unions established under this act"; in line 7, after the word "each", to strike out "District chartered credit union" and insert "credit union established under this act"; in line 11, after the word "section", to strike out "1755" and insert "5"; in line 14, after the word "any", to strike out "such credit union" and insert "credit union established under this act"; in line 20, after the word "*Provided*", to strike out "however"; on page 4, line 4, after "Sec. 3", to strike out "That section 12 of the said act, as amended, is" and insert "Section 12 of such act is hereby"; in line 5, after the word "out", to strike out "in (b)", and in line 6, after the word "and", to strike out "by", so as to make the bill read:

Be it enacted, etc., That section 4 of the District of Columbia Credit Unions Act is hereby amended by striking out "Comptroller of the Currency" and inserting in lieu thereof "Director of the Bureau of Federal Credit Unions."

SEC. 2. Section 6 of such act is hereby amended to read as follows:

"SEC. 6. (a) Credit unions established under this act shall be under the supervision of the Director of the Bureau of Federal Credit Unions. They shall make such financial reports to him (at least annually) as he may require.

"(b) Not later than January 31 of each calendar year each credit union established under this act shall pay to the Bureau of Federal Credit Unions, for the preceding calendar year, a supervision fee in accordance with the scale prescribed for Federal credit unions. All such fees shall be deposited with the Treasurer of the United States for the account of the Bureau in the special fund created by section 5 of the Federal Credit Unions Act and may be expended by the Director for such administrative and other expenses incurred in carrying out the provisions hereof as he may determine to be proper, the purpose of such fees being to defray, as far as practical, the administrative and supervisory costs of the Bureau incident to the execution of its functions under this act.

"(c) Each credit union established under this act shall be subject to examination by, and for this purpose shall make its books and records accessible to, any person designated by the Director. The scale of examination fees prescribed for Federal credit unions shall also be applicable to credit unions established under this act which fees shall be assessed against and paid by each credit union established under this act promptly after the completion of such examination. Examination fees collected under the provisions of this section shall be deposited to the credit of the special fund created by section 5 of the Federal Credit Unions Act, and shall be available for the purposes specified in subsection (a) of this section.

"(d) It shall be unlawful for any credit union established under this act to transact business in the District of Columbia without procuring a license from the District of Columbia; and all such credit unions shall pay a license tax of $5 per annum to the District of Columbia. No license shall be granted for a longer period than 1 year: *Provided*, That the Commissioners of the District of Columbia may suspend or revoke a license upon proof of the bankruptcy or insolvency of any such credit union or upon conviction of a violation of any provision of this act or any law or regulation of the District of Columbia or of the United States."

SEC. 3. Section 12 of such act is hereby amended by striking out "Comptroller of the Currency" and inserting in lieu thereof "Director of the Bureau of Federal Credit Unions."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF DISTRICT OF COLUMBIA TEACHERS' SALARY ACT OF 1947, AS AMENDED

The Senate proceeded to consider the bill (S. 2655) to amend the District of Columbia Teachers' Salary Act of 1947, as amended, which had been reported from the Committee on the District of Columbia with amendments, on page 1, at the beginning of line 5, to strike out "edition, Supp. I)" and insert "edition)", and on page 2, line 1, after the numerals "1951", to strike out "edition Supp. I)" and insert "edition)", so as to make the bill read:

Be it enacted, etc., That section 3 of the District of Columbia Teachers' Salary Act of 1947, as amended (sec. 31–661, D. C. Code, 1951 edition), is amended by striking therefrom the proviso and inserting in lieu thereof the following: "*Provided*, That for other than temporary employees the first 2 years of service within a salary class shall be probationary."

SEC. 2. Subsection (a) of section 5 of such act, as amended (sec. 31–663, D. C. Code, 1951 edition), is amended to read as follows:

"SEC. 5. (a) Each teacher, school officer, or other employee appointed or promoted on probationary tenure after June 30, 1952, and who is not entitled to annual increases of salary in accordance with section 7 of this act, as amended, shall receive his first annual increase in salary on the beginning date of his second year of probationary service in the position to which he has been appointed or promoted and he shall receive the second annual increase in salary on the date when his appointment or promotion is made permanent. Subsequent annual increases in salary within the same salary class shall be made in accordance with section 7 of this act, as amended."

SEC. 3. This act shall become effective as of July 1, 1952.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF DISTRICT OF COLUMBIA TRAFFIC ACT

The Senate proceeded to consider the bill (S. 1585) to amend the District of Columbia Traffic Act, 1925, as amended, which had been reported from the Committee on the District of Columbia with amendments, on page 2, line 1, after the word "application", to strike out "made under oath"; in line 21, after the word "application", to strike out "made under oath"; on page 6, line 20, after the word "Resident", to strike out "Commissioners, and" and insert "Commissioners;"; on page 7, line 2, after the word "appointed", to insert a semicolon and "and officers of the executive branch of the Government of the United States who are not domiciled within the District of

Columbia, whose appointment to the office held by them was by the President of the United States, subject to confirmation by the Senate, and whose tenure of office is at the pleasure of the President"; in line 21, after the word "of", to insert "any of"; on page 8, line 5, after the word "is", to strike out "personal" and insert "bodily"; in line 8, after the word "involving", to strike out "personal" and insert "bodily"; in line 11, after the word "is", to strike out "used" and insert "involved"; in line 12, after "(e)", to strike out "Upon conviction of any offense set forth in subsection (d) of this section, the clerk of the court shall forthwith" and insert "Whenever a judgment of conviction of any offense set forth in subsection (d) has become final, the clerk of the court in which the judgment was entered", and in line 19, after the word "section.", to insert "A Judgment of conviction shall be deemed to have become final for the purposes of this subsection—

"(1) if no appeal is taken from the judgment, upon the expiration of the time within which an appeal could have been taken, or

"(2) if an appeal is taken from the judgment, the date upon which the judgment, having been sustained, can no longer be appealed from or reviewed on a writ of certiorari", so as to make the bill read:

Be it enacted, etc., That paragraph (1) of subsection (a) of section 7 of the District of Columbia Traffic Act, 1925 (43 Stat. 1121), as amended (sec. 40–301 (a) (1), D. C. Code, 1951 edition), is amended (a) by striking from the first sentence thereof so much as reads "Upon application made under oath and the payment of the fee hereinafter prescribed, the Commissioners or their designated agent shall issue a motor vehicle operator's permit to any individual" and inserting in lieu thereof "The Commissioners or their designated agent shall, upon application, the payment of a fee of $3, and compliance with such regulations as the Commissioners or their designated agent may prescribe, issue a motor vehicle operator's permit valid for a period not in excess of 3 years, to any individual 16 years of age or over"; (b) by inserting in the second sentence thereof after "give a practical demonstration" the following ", or produce evidence acceptable to the Commissioners or their designated agent,"; (c) by striking from the second sentence thereof so much as reads "and in the presence of such individuals as may be authorized to conduct the demonstration"; (d) by striking therefrom the fourth, fifth, and sixth sentences; and (e) by striking from the last sentence thereof the colon and proviso, and inserting in lieu thereof "and not for compensation."

SEC. 2. Paragraph (2) of subsection (a) of section 7 of such act (43 Stat. 1121), as amended (sec. 40–301 (a) (2), D. C. Code, 1951 edition), is amended to read as follows:

"(2) The Commissioners or their designated agent may, upon application and the payment of a fee of $1, issue a learner's permit, valid for a period of 60 days, to any applicant for a motor vehicle operator's permit, 16 years of age or over, who has successfully passed all parts of the examination other than the driving demonstration test. Such permit shall entitle the permittee, while having such permit in his immediate possession, to operate a passenger motor vehicle, used solely for purposes of pleasure and not for compensation, when accompanied by the holder of a valid District motor vehicle operator's permit who is occupying a seat beside such permittee."

SEC. 3. Subsection (a) of section 7 of such act (43 Stat. 1121), as amended (sec. 40–301 (a), D. C. Code, 1951 edition), is amended by adding at the end thereof a new paragraph to read as follows:

"(6) Notwithstanding the provisions of this subsection, the Commissioners or their designated agent may, upon compliance with such regulations as they or their designated agent may prescribe, extend for a period not in excess of 6 years the validity of the operator's permit of any person who is a resident of the District and who is on active duty outside the District in the Armed Forces or the merchant marine of the United States and who was at the time of leaving the District the holder of a valid operator's permit."

SEC. 4. Subsection (b) of section 7 of such act (43 Stat. 1122), as amended (sec. 40–301 (b), D. C. Code, 1951 edition), is amended to read:

"(b) Each operator's permit shall state the name and address of the permittee, together with such other matter as the Commissioners or their designated agent may by regulation prescribe, and shall bear the signature of the permittee."

SEC. 5. Subsection (d) of section 7 of such act (43 Stat. 1122), as amended (sec. 40–301 (d), D. C. Code, 1951 edition), is repealed, and subsections (e) and (f) of section 7 of such act, as amended, are redesignated subsections (d) and (e), respectively.

SEC. 6. Subsection (a) of section 8 of such act (43 Stat. 1123), as amended (sec. 40–303) (a), D. C. Code, 1951 edition), is amended to read as follows:

"(a) The owner or operator of any motor vehicle who is not a legal resident of the District, and who has complied with the laws of any State, Territory, or possession of the United States, or of a foreign country or political subdivision thereof, in respect of the registration of motor vehicles and the licensing of operators thereof, shall, subject to the provisions of this section, be exempt from compliance with section 7 and with any provision of law or regulation requiring the registration of motor vehicles or the display of identification tags in the District. Such exemption shall cover the period immediately following the entrance of such owner or operator into the District equal to the period for which the Commissioners or their designated agent have previously found that a similar privilege is extended to legal residents of the District by such State, Territory, or possession of the United States, or foreign country or political subdivision thereof. The Commissioners or their designated agent shall from time to time ascertain such privileges and cause their or his findings to be promulgated. When the laws of any State, Territory, or possession of the United States or of a foreign country or of a political subdivision thereof contain a reciprocity provision similar to that herein above set forth, or the privilege extended to a legal resident of the District is for the remaining portion of the current District of Columbia registration year, then the owner of any motor vehicle who is a legal resident of such State, Territory, or possession of the United States, or of a foreign country or political subdivision thereof shall comply with the provisions of section 7 of this act and with every other provision of law or regulation requiring the registration of motor vehicles and the display of identification tags in the District at the time of the expiration of the current motor vehicle registration issued to such owner by such State, Territory, or possession of the United States or a foreign country or political subdivision thereof, unless the Commissioners or their designated agent shall have entered into a reciprocal agreement or arrangement with the duly authorized representatives of such State, Territory, or possession of the United States or a foreign country or political subdivision thereof, further to limit or to extend the period of time during which the validity of the motor vehicle registration and identification tags of such State, Territory, or posession of the United States or foreign country or political subdivision thereof shall be recognized by the District. The Commissioners or their designated agent are hereby authorized and empowered to enter into reciprocal agreements and arrangements as aforesaid. The following persons shall, with respect to the registration of motor vehicles and the licensing of operators thereof, if they have complied with the laws of the State, Territory, or possession from which they have been elected or appointed, or of which they are legal residents, be exempt during their respective terms of office or during the period of their employment as administrative employees from compliance with section 7 and with any other provision of law or regulation requiring the registration of motor vehicles and the display of identification tags in the District: Senators and Representatives in Congress; Delegates to Congress; Resident Commissioners; administrative employees of Senators, Representatives, Delegates, and Resident Commissioners who are legal residents of the State, Territory, or possession from which said Senators, Representatives, Delegates, and Resident Commissioners have been elected or appointed; and officers of the executive branch of the Government of the United States who are not domiciled within the District of Columbia, whose appointment to the office held by them was by the President of the United States, subject to confirmation by the Senate, and whose tenure of office is at the pleasure of the President."

SEC. 7. Subsection (b) of section 10 of such act (43 Stat. 1124), as amended (sec. 40–609 (b), D. C. Code, 1951 edition), is amended by striking the third sentence thereof.

SEC. 8. Section 10 of such act (43 Stat. 1124), as amended (sec. 40–609, D. C. Code, 1951 edition), is amended by adding two new subsections "(d)" and "(e)", to read as follows:

"(d) The Commissioners or their designated agent shall revoke the operator's permit or the privilege to drive a motor vehicle in the District of Columbia, or revoke both such permit and privilege, of any person who is convicted in the District of any of the following offenses:

"(1) Operating a motor vehicle while under the influence of any intoxicating liquor or narcotic drug.

"(2) Any homicide committed by means of a motor vehicle.

"(3) Leaving the scene of an accident in which the motor vehicle driven by him was involved and in which there is bodily injury, without giving assistance or making known his identity and address and the identity and address of the owner of said vehicle.

"(4) Reckless driving involving bodily injury.

"(5) Any felony in the commission of which a motor vehicle is involved.

"(e) Whenever a judgment of conviction of any offense set forth in subsection (d) has become final, the clerk of the court in which the judgment was entered shall certify such conviction to the Commissioners or their designated agent, who shall thereupon take the action required by subsection (d) of this section. A judgment of conviction shall be deemed to have become final for the purposes of this subsection—

"(1) if no appeal is taken from the judgment, upon the expiration of the time within which an appeal could have been taken, or

"(2) if an appeal is taken from the judgment, the date upon which the judgment, having been sustained, can no longer be appealed from or reviewed on a writ of certiorari."

SEC. 9. This act shall become effective 30 days after its enactment.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ALLEY DWELLINGS IN THE DISTRICT OF COLUMBIA

The bill (S. 3506) to repeal the act approved September 25, 1914, and to amend the act approved June 12, 1934, relating to alley dwellings in the District of Columbia, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. SMATHERS. Mr. President, I should like to ask the chairman of the committee whether or not the proposed legislation has been approved by the present District of Columbia Commissioners.

Mr. CASE. It was.

Mr. SMATHERS. And the committee, I presume, has a letter to that effect?

Mr. CASE. The clerk advises me that is correct.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (S. 3506) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to provide, in the interest of public health, comfort, morals, and safety, for the discontinuance of the use as dwellings of buildings situated in the alleys in the District of Columbia," approved September 25, 1914 (38 Stat. 716), as amended (secs. 5–101, 102, D. C. Code, 1951 edition), is hereby repealed.

SEC. 2. Subsections (b), (c), and (d) of section 4 of the act entitled "An act to provide for the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia, and for the replatting and development of squares containing inhabited alleys, in the interest of public health, comfort, morals, safety, and welfare, and for other purposes," approved June 12, 1934 (48 Stat. 932), as amended (sec. 5–106, D. C. Code, 1951 edition), are hereby repealed.

SEC. 3. This act shall take effect 60 days after approval or July 1, 1955, whichever is earlier.

DISTRICT OF COLUMBIA UNEMPLOYMENT COMPENSATION ACT

The Senate proceeded to consider the bill (S. 3482) to amend the District of Columbia Unemployment Compensation Act, which had been reported by the Committee on the District of Columbia with amendments.

Mr. CASE. Mr. President, I ask that the committee amendments be considered and agreed to en bloc.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the amendments are agreed to en bloc.

The amendments agreed to en bloc are as follows:

On page 6, at the beginning of line 21, to strike out "(2)"; on page 9, line 9, after "Section 3", to strike out "(a)" and insert "(c)"; on page 17, line 3, after the word "individual", to strike out "qualified" and insert "qualifies"; in line 7, after the word "amount", to insert "or 38 percent of the wages for employment paid to such individual by employers during his base period, whichever is the lesser"; and on page 26, after line 2, to strike out:

"(b) All initial and continued claims for benefits for weeks occurring within a benefit year which commences prior to the effective date shall be computed and paid in accordance with the old law. All initial and continued claims for benefits for weeks occurring within a benefit year which commences on or after the effective date shall be computed and paid in accordance with the new law."

And in lieu thereof to insert the following:

"(b) The benefit rights of any individual having a benefit year current on or after the effective date shall be redetermined and benefits for calendar weeks ending subsequent to the effective date shall be paid in accordance with the new law: *Provided*, That no claimant shall have his benefits reduced or denied by redetermination resulting from the application of this provision. All initial and continued claims for benefits for weeks occurring within a benefit year which commences on or after the effective date shall be computed and paid in accordance with the new law."

The amendments were agreed to.

Mr. MORSE. Mr. President, I wish to make a brief statement about the bill and to offer some amendments on pages 18 and 19. The bill was considered by the committee, and I think a grand job was done by the staff in working out a bill which, in my opinion, represents, the best compromise of differences between the labor groups and the employer groups which could be worked out under all the circumstances.

It should be said that probably the representatives of each group—as was pointed out to us yesterday in committee, when we unanimously approved the bill—will probably say there are features of the bill which they wish were different, and they would not want to be urged to make public pronouncements in favor of the bill in its entirety. But, Mr. President, here we have the legislative process working very effectively, and we are greatly indebted, not only to the members of the subcommittee, but also to the very excellent staff of the Committee on the District of Columbia, for the excellent job they have done.

Since the taking of the action on yesterday, further consideration has been given to the bill by some of us; and, as a result, we now suggest certain amendments to the bill. I think they will be approved by the chairman of the committee on the basis of the further inquiry that has been made by the very able clerk of the committee. So I propose the following amendments:

On page 18, in line 19, to strike out the words "not less than four nor more than nine" and insert in lieu thereof "six."

On the same page, beginning in line 22 to strike out:

In addition such individual's total benefit amount shall be reduced in a sum equal to the number of weeks of disqualification multiplied by the weekly benefit amount.

Mr. CASE. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. CASE. As I understand, the language the Senator from Oregon proposes to strike out is not contained in the present law. In that respect, if that language is stricken from the bill, we shall return to the status quo of the so-called penalty provision.

Mr. MORSE. That is correct.

Mr. CASE. Mr. President, under the circumstances, I see no objection to accepting the amendment. If there is any strong argument in favor of inserting the language of that part of the bill, as it now stands, the insertion can be made when the bill reaches the other body.

With respect to the first amendment proposed by the Senator from Oregon, namely, to strike out "not less than four nor more than nine" and insert "six", obviously the suggestion of the insertion of "six" is in the nature of a compromise. I see no objection to it, and I am willing to accept the amendment.

Mr. MORSE. Mr. President, the same changes will have to be made on page 19, in lines 6 and 7, and also in lines 9, 10, 11, and 12; and on the same page, in line 22 and line 25; and on page 20, in lines 1, 2, and 3.

The PRESIDING OFFICER. Without objection, the amendments of the Senator from Oregon will be considered en bloc.

The question is on agreeing to the amendments offered by the Senator from Oregon.

The amendments were agreed to.

Mr. MORSE. Mr. President, I should like to say a further word. I wish to make perfectly clear, for reference purposes, so that objectors in either employer or labor groups will know the reason for the action we have taken, that I am satisfied all parties in interest will be willing to admit that this measure constitutes a great forward step in improving this particular law in the District of Columbia, which law, all the testimony before our committee showed, in its present form is the worst in the country. Certainly in the case of the District of Columbia we need to come somewhat nearer to the program in the various States. So I am very glad to see this compromise measure passed.

Mr. CASE. Mr. President, in supplementing what the Senator from Oregon has said, let me state that I suppose the distinction of having about the least desirable law of this sort is shared by the District of Columbia with approximately 2 States, or at least I have been told there were 2 States in which such a situation prevails. Nevertheless, the District of Columbia was being pointed out as being exceedingly behind the times in its legislation in this field.

The question of improving the existing legislation was discussed by me and by the Senator from Maryland [Mr. BEALL] with the Undersecretary of Labor, Mr. Larson. We agreed to try to get something done in this field, so that the District of Columbia might be, as it properly should, a leader or a model for the Nation.

I am glad to see this measure passed by the Senate at this time.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3482) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the District of Columbia Unemployment Compensation Act, approved August 28, 1935 (49 Stat. 946), as

amended (title 46, ch. 3, D. C. Code, 1951 edition), is amended as follows:

Section 1 (b) (2) (B) is amended by adding at the end thereof the following:

"Service shall be deemed to be localized within a State if—

"(i) the service is performed entirely within such State; or

"(ii) the service is performed both within and without such State, but the service performed without such State is incidental to the individual's service within the State, for example, is temporary or transitory in nature or consists of isolated transactions."

Section 1 (b) (4) is amended to read as follows:

"(4) Notwithstanding any other provisions of this subsection, the term employment shall also include all service performed after the effective date of this amendment by an officer or member of the crew of an American vessel on or in connection with such vessel, provided that the operating office, from which the operations of such vessel operating on navigable waters within or within and without the United States are ordinarily and regularly supervised, managed, directed, and controlled, is within the district."

Section 1 (b) (5) is amended by adding at the end thereof the following subsections:

"(Q) service performed on or in connection with a vessel not an American vessel by an individual if he performed service on and in connection with such vessel when outside the United States;

"(R) service performed by an individual in (or as an officer or member of the crew of a vessel while it is engaged in) the catching, taking, harvesting, cultivating, or farming of any kind of fish, shellfish, crustacea, sponges, seaweeds, or other aquatic forms of animal and vegetable life (including service performed by any such individual as an ordinary incident to any such activity), except (A) service performed in connection with the catching or taking of salmon or halibut, for commercial purposes, and (B) service performed on or in connection with a vessel of more than 10 net tons (determined in the manner provided for determining the register tonnage of merchant vessels under the laws of the United States)."

Section 1 (b) is amended by adding at the end thereof the following subsections:

"(7) Notwithstanding any of the provisions of subsection 1 (b) (5) of this act, services shall be deemed to be in employment if with respect to such services a tax is required to be paid under any Federal law imposing a tax against which credit may be taken for contributions required to be paid into a State unemployment compensation fund."

"(8) (i) Any service performed for an employing unit, which is excluded under the definition of employment in section 1 (b) (5) and with respect to which no payments are required under the employment security law of another State or of the Federal Government may be deemed to constitute employment for all purposes of this act: *Provided*, That the Board has approved a written election to that effect filed by the employing unit for which the service is performed, as of the date stated in such approval. No election shall be approved by the Board unless it (A) includes all the service of the type specified in each establishment or place of business for which the election is made, and (B) is made for not less than 2 calendar years.

"(ii) Any service which, because of an election by an employing unit under section 1 (b) (8) (i), is employment subject to this act shall cease to be employment subject to the act as of January 1 of any calendar year subsequent to the 2 calendar years of the election, only if not later than March 15 of such year, either such employing unit has filed with the Board a written notice to that effect, or the Board on its own motion has given notice of termination of such coverage."

Section 1 (c) is amended by repealing subsection (1) and renumbering subsection (2) to be subsection (1) and subsection (3) to be subsection (2) and subsection (4) to be subsection (3).

Section 1 (h) is amended to read as follows:

"(h) 'Benefit year' with respect to any individual means the 52 consecutive-week period beginning with the first day of the first week with respect to which the individual first files a valid claim for benefits, and thereafter the 52 consecutive-week period beginning with the first day of the first week with respect to which the individual next files a valid claim for benefits after the termination of his last preceding benefit year. Any claim for benefits made in accordance with section 11 of this act shall be deemed to be a 'valid claim' for the purposes of this subsection if the individual has during his base period been paid wages for employment by employers as required by the provisions of section 7 of the act."

Section 1 (m) is amended to read as follows:

"(m) 'Employment office' means a free public employment office or branch thereof operated by this or any other State as a part of a State-controlled system of public employment offices or by a Federal agency or any agency of a foreign government charged with the administration of an unemployment-insurance program or free public employment offices."

Section 1 is amended by adding at the end thereof the following subsections:

"(t) The term 'American vessel' means any vessel documented or numbered under the laws of the United States; and includes any vessel which is neither documented or numbered under the laws of the United States nor documented under the laws of any foreign country, if its crew performs service solely for one or more citizens or residents of the United States or corporations organized under the laws of the United States or of any State.

"(u) The term 'principal base period employer' means the employer that paid a claimant the greatest amount of wages used in the computation of his claim. In the event two or more employers paid the claimant identical amounts, the employer in such group for whom the claimant most recently worked shall be the principal base period employer."

Section 3 (c) (1) is amended by adding at the end thereof the following: "Each year the Board shall credit to each of such accounts having a positive reserve on the computation date, the interest earned by such accounts from the Federal Government. This shall be done by averaging the interest rate paid for the four quarters ending on the computation date and crediting to each such account the amount which the reserve on such computation date would earn at such average rate of interest."

Section 3 (c) (2) is amended by adding at the end thereof the following:

"The principal base period employer shall be notified of each payment of benefits to a claimant at the time of such payment."

Section 3 (c) (7) (a) is amended to read as follows:

"(a) If 25 percent or more of the business of any employer is transferred, the transferee shall be determined a successor for the purposes of this section.

"(i) If the Board is unable to get information upon which to determine whether or not 25 percent of the business has been transferred, it may, in its discretion, make such determination based upon the quarterly payrolls of the employers involved for the last complete calendar quarter prior to the transfer and the first complete calendar quarter after such transfer.

"(ii) In the event of a transfer of 25 percent or more of the assets of a covered employer's business by any means whatever, otherwise than in the ordinary course of trade, such transfer shall be deemed a transfer of business and shall constitute the transferee a successor hereunder, unless the Board, on its own motion or on application of an interested party, finds that all of the following conditions exist:

"(1) The transferee has not assumed any of the transferor's obligations;

"(2) The transferee has not continued or resumed transferor's goodwill;

"(3) The transferee has not continued or resumed the business of the transferor, either in the same establishment or elsewhere; and

"(4) The transferee has not employed substantially the same employees as those the transferor had employed in connection with the assets transferred."

Section 3 (c) (7) (c) is amended to read as follows:

"(c) The successor shall take over and continue the employer's account, including its reserve and all other aspects of its experience under this section, in proportion to the payroll assignable to the transferred business as determined for the purposes of this section by the Board. However, his successor shall take over only the reserve actually credited to the account of the transferor or for which the transferor has filed a claim with the Board at the date of transfer. The successor shall be secondarily liable for any amounts owed by the employer to the fund at the time of such transfer; but such liability shall be proportioned to the extent of the transfer of business and shall not exceed the value of the assets transferred."

Section 3 (c) (7) (d) is amended to read as follows:

"(d) The benefit chargeability of a successor's account under section 3 (c), if not accrued before the transfer date, shall begin to accrue on the transfer date in case the transferor's benefit chargeability was then accruing; or shall begin to accrue on the date otherwise applicable to the successor, or on the date otherwise applicable to the transferor, whichever is earlier, in case the transferor's benefit chargeability was not accruing on the transfer date. Similarly, benefits from a successor's account, if not chargeable before the transfer date, shall become chargeable on the transfer date, in case the transferor was then chargeable for benefit payments; or shall become chargeable on the date otherwise applicable to the successor or on the date otherwise applicable to the transferor, whichever is earlier, in case the transferor was chargeable for benefit payments on the transfer date."

Section 3 (c) (7) (f) is amended to read as follows:

"(f) Notwithstanding any other provisions of this section, if the successor employer was an employer subject to this act prior to the date of transfer, his rate of contributions the remainder of the calendar year shall be his rate with respect to the period immediately preceding his date of acquisition. If the successor was not an employer prior to the date of transfer, his rate shall be the rate applicable to the transferor or transferors with respect to the period immediately preceding the date of transfer, provided there was only one transferor or there were only transferors with identical rates; if the transferor rates were not identical, the successor's rate shall be the highest rate applicable to any of the transferors with respect to the period immediately preceding the date of transfer. The rate of the transferor, if still subject to the act, will not be redetremined and shall remain the rate with respect to the period immediately preceding the date of transfer.

"For future years, for the purposes of section 3 (c), the Board shall determine the 'experience under this section' of the successor employer's account and of the transferring employer's account by allocating to

the successor employer's account for each period in question the respective proportions of the transferring employer's payroll, contributions and the benefit charges which the Board determines to be properly assignable to the business transferred."

Section 3 (c) (7) (g) is hereby repealed.

Section 3 (c) (8) (i) is amended to read as follows:

"i. If as of the computation date the total of all contributions credited to any employer's account, with respect to employment since May 31, 1939, is in excess of the total benefits paid after June 30, 1939, then chargeable or charged to his account, such excess shall be known as the employer's reserve, and his contribution rate for the ensuing calendar year or part thereof shall be—

"(A) 2.7 percent if such reserve is less than 0.9 percent of his average annual payroll;

"(B) 2 percent if such reserve equals or exceeds 0.9 percent but is less than 1.4 percent of his average annual payroll;

"(C) 1.5 percent if such reserve equals or exceeds 1.4 percent but is less than 1.9 percent of his average annual payroll;

"(D) 1 percent if such reserve equals or exceeds 1.9 percent but is less than 2.9 percent of his average annual payroll;

"(E) 0.5 percent if such reserve equals or exceeds 2.9 percent but is less than 3.4 percent of his average annual payroll;

"(F) 0.1 percent if such reserve equals or exceeds 3.4 percent of his average annual payroll."

Section 3 (c) (10) is amended by substituting the word "thirty" for the word "fifteen" in the second and seventh sentences thereof.

Section 3 is amended by adding at the end thereof the following new subsections:

"(e) From December 31, 1939, to January 1, 1955, wages, for the purpose of section 3, shall not include any amount in excess of $3,000 paid by an employer to any person arising out of his or her employment during any calendar year. After December 31, 1954, wages shall not include any amount in excess of $3,000 (or in excess of the limitation on the amount of taxable wages fixed by the Federal Unemployment Tax Act (26 U. S. C. 1600, 1607), whichever is greater) actually paid by an employer to any person during any calendar year. After December 31, 1954, the term 'employment' for the purpose of this subsection shall include services constituting employment under any employment security law of another State or of the Federal Government.

"(f) In the event the District of Columbia should elect to cover employees under this act under the provisions of section 1 (b) (8) (i) in lieu of contributions required of employers under this act, the District of Columbia shall pay into the fund an amount equivalent to the amount of benefits paid to individuals based on wages paid by the District. If benefits paid an individual are based on wages paid by both the District of Columbia and one or more other employers, the amount payable by the District to the fund shall bear the same ratio to total benefits paid to the individual as the base-period wages paid to the individual by the District of Columbia bears to the total amount of the base-period wages paid to the individual by all of his base-period employers.

"The amount of payment required under this section shall be ascertained by the Board quarterly and shall be paid from the general funds of the District at such time and in such manner as the Commissioners of the District of Columbia may prescribe except that to the extent that benefits are paid on wages paid by the District from special administrative funds, the payment by the District into the unemployment fund shall be made from such special funds.

"(g) Contributions due under this act with respect to wages for insured work shall, for the purpose of this section, be deemed to have been paid to the fund as of the date payment was made as contributions therefor under another State or Federal employment security law if payment into the fund of such contributions is made on such terms as the director finds will be fair and reasonable as to all affected interests. Payments to the fund under this subsection shall be deemed to be contributions for purposes of section 3."

Section 4 (c) is amended to read as follows:

"(c) (1) If contributions are not paid when due, there shall be added, as part of the contributions, interest at the rate of one-half of 1 percent per month or fraction thereof from the date the contributions became due until paid.

"(2) If contributions or wage reports are not filed when due or contributions are not paid when due, there shall be added as part of the contributions a penalty of 10 percent of the contributions, but such penalty shall not be less than $5 nor more than $25 and for good cause such penalty may be waived by the Board with the approval of the Commissioners of the District of Columbia."

Section 4 (d) is amended to read as follows:

"(d) In the event of the death, dissolution, insolvency, receivership, bankruptcy, composition, or assignment for benefit of creditors of any employer, contributions then or thereafter due from such employer under this section shall have priority over all other claims, except taxes due the United States or the District, and wages (not exceeding $600 with respect to any individual) due for services performed within the 3 months preceding such event."

Section 4 (j) is amended by substituting the following:

"(j) The Board in its discretion, whenever it may deem it administratively advisable, may charge off of its books any unpaid account due the Board or any credit due an employer who has been out of business for a period of more than 3 years. Whenever an account is charged off by the Board, there shall be placed in the minutes of the Board a reason for such action."

Section 4 (l) is amended by adding at the end thereof the following:

"There is hereby established in the Treasury of the United States a special escrow account into which the Board shall deposit all funds received in connection with an offer of compromise. Such funds shall be kept in such escrow account until final action is had upon the offer of compromise and shall not be subject to offset for any indebtedness whatsoever. In the event the compromise is approved, the funds shall be transferred to the District Unemployment Compensation Fund. In the event the compromise is disapproved, the funds shall be immediately returned to the individual who made the offer of compromise."

Section 7 is amended to read as follows:

"AMOUNT AND DURATION OF BENEFITS

"SEC. 7. (a) On and after January 1, 1938, benefits shall become payable from the benefit account of the District unemployment fund. All benefits shall be paid through employment offices, in accordance with such regulations as the Board may prescribe.

"(b) Except as provided in section 7 (c), an individual's weekly benefit amount shall be the amount in column (B) of the table in this subsection on the line on which, in column (A), there appears his total wages for employment paid to such individual by employers during that quarter of his base period in which such wages were the highest.

"TABLE A

High-quarter wages (Col. A)	Basic weekly benefit (Col. B)	Minimum qualifying wages (Col. C)
$130 to $184	8	276
$184.01 to $207	9	310
$207.01 to $230	10	345
$230.01 to $253	11	379
$253.01 to $276	12	414
$276.01 to $299	13	448
$299.01 to $322	14	483
$322.01 to $345	15	517
$345.01 to $368	16	552
$368.01 to $391	17	586
$391.01 to $414	18	621
$414.01 to $437	19	655
$437.01 to $460	20	690
$460.01 to $483	21	724
$483.01 to $506	22	759
$506.01 to $529	23	793
$529.01 to $552	24	828
$552.01 to $575	25	862
$575.01 to $598	26	897
$598.01 to $621	27	931
$621.01 to $644	28	966
$644.01 to $667	29	1,000
$667.01 and over	30	1,035

"(c) To qualify for benefits an individual must have been paid wages for employment in his base period totaling not less than the amount in column (C) of the table in section 7 (b) on the line on which, in column (B), there appears his weekly benefit amount, and such wages must have been in at least two calendar quarters in his base period: *Provided*, That if an individual during his base period has not been paid such an amount but has been paid wages in at least two quarters in his base period totaling not less than the amount in column (C) of the table in section 7 (b) on the line next above the line on which, in column (B), there appears the computed weekly benefit amount, he can qualify for benefits and his weekly benefit amount shall be the amount appearing in column (B) on the line for which the individual qualifies for benefits in column (C).

"(d) Any otherwise eligible individual shall be entitled during any benefit year to a total amount of benefits equal to 26 times his weekly benefit or 38 percent of the wages for employment paid to such individual by employers during his base period, whichever is the lesser: *Provided*, That such total amount of benefits, if not a multiple of $1, shall be computed to the next higher multiple of $1.

"(e) Any individual who is unemployed in any week as defined in section 1 (e) and who meets the conditions of eligibility for benefits of section 9 and is not disqualified under the provisions of section 10 shall be paid with respect to such week an amount equal to his weekly benefit amount, less the earnings (if any) payable to him with respect to such week. For the purpose of this subsection, the term 'earnings' shall include only that part of the remuneration payable to him for such week which is in excess of 40 percent of his weekly benefit amount for any week. Such benefits, if not a multiple of $1, shall be computed to the next higher multiple of $1.

"(f) Dependent's allowance: In addition to the benefits payable under the foregoing subsections of this section, each eligible individual who is unemployed in any week shall be paid with respect to such week $1 for each dependent relative, but not more than $3 shall be paid to an individual as dependent's allowance with respect to any 1 week of unemployment nor shall any weekly benefit which includes a dependent's allowance be paid in the amount of more than $30. An individual's number of dependents shall be determined as of the day with respect to which he first files a valid claim for benefits in any benefit year, and shall be fixed for the

duration of such benefit year. The dependent's allowance is not to be taken into consideration in calculating the claimant's total amount of benefits in subsection (d) of this section."

Section 10 (a) is amended to read as follows:

"(a) An individual who has left his most recent work voluntarily without good cause, as determined by the Board under regulations prescribed by it, shall not be eligible for benefits with respect to the week in which such leaving occurred and with respect to 6 consecutive weeks of unemployment which immediately follow such week, as determined by the Board in such case according to the seriousness of the case."

Section 10 (b) is amended to read as follows:

"(b) An individual who has been discharged for misconduct occurring in the course of his most recent work proved to the satisfaction of the Board shall not be eligible for benefits with respect to the week in which such discharge occurred and for 6 weeks of consecutive unemployment immediately following such week, as determined by the Board in such case according to the seriousness of the misconduct."

Section 10 (c) is amended to read as follows:

"(c) If an individual otherwise eligible for benefits fails, without good cause as determined by the Board under regulations prescribed by it, either to apply for new work found by the Board to be suitable when notified by any employment office or to accept any suitable work when offered to him by any employment office, his union hiring hall, or any employer direct, he shall not be eligible for benefits with respect to the week in which such failure occurred and with respect to 6 consecutive weeks of unemployment which immediately follow such week, as determined by the Board in such case according to the seriousness of the refusal. In determining whether or not work is suitable within the meaning of this subsection the Board shall consider (1) the physical fitness and prior training, experience and earnings of the individual, (2) the distance of the place of work from the individual's place of residence, and (3) the risk involved as to health, safety, or morals."

Section 10 (f) is amended to read as follows:

"(f) An individual shall not be eligible for benefits with respect to any week if it has been found by the Board that such individual is unemployed in such week as a direct result of a labor dispute, such as a strike or jurisdictional labor dispute still in active progress in the establishment where he is or was last employed: *Provided*, That this subsection shall not apply if it is shown to the satisfaction of the Board that—

"(1) he is not participating in or directly interested in the labor dispute which caused his unemployment; and

"(2) he does not belong to a grade or class of workers of which, immediately before the commencement of the dispute, there were members employed at the premises at which the dispute occurs, any of whom are participating in or directly interested in the dispute: *Provided*, That if in any case separate branches of work which are commonly conducted as separate businesses in separate premises are conducted in separate departments of the same premises, each such department shall, for the purposes of this subsection, be deemed to be a separate factory, establishment, or other premises."

Section 10 is amended by adding at the end thereof the following subsection:

"(h) An individual shall not be eligible for benefits for any week within the 6 weeks prior to the expected date of such individual's childbirth and within the 6 weeks after the date of such childbirth. In determining the expected date of childbirth the Board in its discretion may rely solely upon a doctor's certificate."

Section 13 (c) is amended to read as follows:

"(c) The Board shall each year, not later than May 1, submit to Congress a report covering the administration and operation of this act during the preceding calendar year, and containing such recommendations as the Board wishes to make."

Section 14 is amended to read as follows:

"SEC. 14. All moneys received by the Board from the United States under title III of the Social Security Act or from other sources for administering this act shall, immediately upon such receipt, be deposited in the Treasury of the United States as a special deposit to be used solely to pay such administrative expenses (including expenditures for rent, for suitable office space in the District of Columbia, and for lawbooks, books of reference, and periodicals), traveling expenses when authorized by the Board, premiums on the bonds of its employees, and allowances to investigators for furnishing privately owned motor vehicles in the performance of official duties at rates not to exceed $40 per month. All such payments of expenses shall be made by checks drawn by the Board and shall be subject to audit by the Commissioners of the District of Columbia in the same manner as are payments of other expenses of the District. Notwithstanding the provisions of this section and the provisions of sections 2 and 8 of this act, the Board is authorized to requisition and receive from its account in the Unemployment Trust Fund in the Treasury of the United States of America, in the manner permitted by Federal law, such moneys standing to the District's credit in such fund, as are permitted by Federal law to be used for expenses incurred by the Board for the administration of this act and to expend such moneys for such purposes. Moneys so received shall, immediately upon such receipt, be deposited in the Treasury of the United States in the same special account as are all other moneys received for the administration of this act. All moneys received by the Board pursuant to section 302 of the Social Security Act shall be expended solely for the purposes and in the amounts found necessary by the Department of Labor for the proper and efficient administration of this act. In lieu of incorporation in this act of the provision described in section 303 (a) (9) of the Social Security Act, the Board shall include in its annual report to Congress, provided in section 13 (c) of this act, a report of any moneys received after July 1, 1941, from the Department of Labor under title III of the Social Security Act, and any unencumbered balances in the unemployment compensation administration fund as of that date, which the Department of Labor finds have, because of any action or contingency, been lost or have been expended for purposes other than, or in amounts in excess of, those found necessary by the Department of Labor for the proper administration of this Act."

Section 15 (c) is amended to read as follows:

"(c) The Commissioners of the District shall serve on the Board without additional compensation, but the representatives of employees and employers, respectively, shall be paid $25 for each day of active service. For the purposes of this subsection, a part of a day shall be construed as an entire day."

Section 19 (a) is amended to read as follows:

"(a) Whoever makes a false statement or representation knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase any benefit or other payment provided for in this act or under an employment security law of any other State, of the Federal Government, or a foreign government for himself or any other individual, shall, for each such offense, be fined not more than $100 or imprisoned not more than 60 days, or both."

Section 19 is amended by adding at the end thereof the following subsection:

"(e) Any person who the Board finds has made a false statement or representation knowing it to be false, or who knowingly fails to disclose a material fact, to obtain or increase any benefit or any other payment under this act may be required by the Board to repay to it for the fund a sum equal to the amount of all benefits received by him for weeks subsequent to the date of the offense and falling within the benefit year current at the time of the offense. Such claimant may also be disqualified for benefits for all or part of the remainder of such benefit year and for a period of not more than 1 year commencing with the end of such benefit year and thereafter while any sum payable to the Board for the fund under this subsection is still due and unpaid, unless the Board in its discretion shall decide, after the disqualification imposed has been served, to allow the claimant to file a claim for benefits and recoup from such benefits the amount still payable to the Board.

"All findings under this subsection shall be made by an appeals tribunal of the Board which shall afford the claimant a reasonable opportunity for a fair hearing in accordance with the provisions of section 11 of this act and such findings shall be subject to review in the same manner as all other disqualifications decided by an appeals tribunal of the Board."

There shall be added after section 26 the following:

"Section 27. (a) Wherever this act prescribes the performance of a duty by any official or agency of the District of Columbia, such duty shall be performed by the Commissioners of the District of Columbia or such officer, employee, or agency as the Commissioners may delegate to perform the duty for them.

"(b) Where any provision of this act, or any amendment made by this act, refers to an office or agency abolished by or under the authority of Reorganization Plan No. 5 of 1952, such reference shall be deemed to be to the office, agency, or officer exercising the functions of the office or agency so abolished."

SEC. 2. (a) As used in this section, unless the context clearly requires otherwise—

(1) "old law" means the unemployment compensation law prior to its amendment by this act;

(2) "new law" means the unemployment compensation law as amended by this act; and

(3) "effective date" means the date upon which the new law becomes effective.

(b) The benefit rights of any individual having a benefit year current on or after the effective date shall be redetermined and benefits for calendar weeks ending subsequent to the effective date shall be paid in accordance with the new law: *Provided*, That no claimant shall have his benefits reduced or denied by redetermination resulting from the application of this provision. All initial and continued claims for benefits for weeks occurring within a benefit year which commences on or after the effective date shall be computed and paid in accordance with the new law.

SEC. 3. This act shall take effect on the first day of the next succeeding calendar quarter following the enactment of this act.

PAYMENT OF CERTAIN TRUST ACCOUNTS

The bill (H. R. 8692) to permit the payment of certain trust accounts to the beneficiary on the death of the trustee

by saving and loan and similar associations in the District of Columbia was considered, ordered to a third reading, read the third time, and passed.

AMENDMENT OF DISTRICT OF COLUMBIA APPROPRIATIONS ACT

The bill (H. R. 8973) to amend the act entitled "An act making appropriations for the District of Columbia," approved July 1, 1902, was considered, ordered to a third reading, read the third time, and passed.

INVESTMENT OF INSURANCE COMPANIES IN INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

The bill (H. R. 8974) to permit investment of funds of insurance companies within the District of Columbia in obligations of the International Bank for Reconstruction and Development was considered, ordered to a third reading, read the third time, and passed.

AMENDMENT OF LICENSE LAW OF THE DISTRICT OF COLUMBIA—BILL PASSED OVER

The bill (S. 880) to amend the license law of the District of Columbia was announced as next in order.

The PRESIDING OFFICER (Mr. BARRETT in the chair). Is there objection to the present consideration of the bill?

Mr. SCHOEPPEL. Mr. President, reserving the right to object, I wish to inquire whether I correctly understand that this is one of the bills to which there was some objection, or regarding which there was lack of unanimous consent on the part of the committee.

Mr. CASE. Mr. President, there was some question about the bill. I think one vote was cast against it.

However, I should like to yield at this time to the Senator from Maine [Mr. PAYNE].

Mr. PAYNE. Mr. President, it is true that the Senator from North Carolina [Mr. ERVIN] voted "no" in the committee when the committee voted on this particular measure.

Mr. SMATHERS. Mr. President, will the Senator from Maine yield to me?

Mr. PAYNE. I very gladly yield.

Mr. SMATHERS. Mr. President, by request, I ask that this bill go over.

The PRESIDING OFFICER. Objection being heard, the bill will be passed over.

TAX EXEMPTION ON PROPERTY OF VETERANS OF FOREIGN WARS IN DISTRICT OF COLUMBIA

The bill (H. R. 7132) to exempt from taxation certain property of the Veterans of Foreign Wars in the District of Columbia was considered, ordered to a third reading, read the third time, and passed.

SABINE RIVER COMPACT

The Senate proceeded to consider the bill (S. 3699) granting the consent of Congress to a compact entered into by the States of Louisiana and Texas and relating to the waters of the Sabine River.

Mr. JOHNSON of Texas. Mr. President, I introduced the proposed legislation for myself and my able colleague, the junior Senator from Texas, Mr. DANIEL, at the request of Congressman JACK BROOKS from the Second Texas Congressional District. Congressman BROOKS is the author of the legislation creating the Sabine River Authority. He has already obtained favorable action on this identical legislation in the House Subcommittee on Interior and Insular Affairs.

Mr. President, this measure is of such urgency that a distinguished group of Texans spent a part of last week in Washington urging its immediate passage. Mr. Byron Tinsley, attorney for the Sabine River Authority; Mr. John Simmons, the Sabine Compact Commissioner for Texas, and head of the Orange Industrial Development Committee; and Mr. John Lowe, leader of waterway and navigation development in southeast Texas for the past 25 years, all discussed with Congressman BROOKS and the Senators from Texas the importance and urgency of the bill.

Congressman BROOKS is present in the Senate Chamber at this time, and has impressed upon the Senators from Texas the necessity of obtaining action on the legislation he has proposed at the earliest possible date.

Mr. President, this is basically a bill designed to promote the proper conservation and utilization of the waters of a river important to my own State of Texas and the neighboring State of Louisiana.

The bill proposes that the consent of Congress be given to an interstate compact relating to the Sabine River and its tributaries.

It should be noted that this compact has been signed by representatives of the States of Texas and Louisiana, has been approved by a representative of the United States, and has been ratified by the legislatures of both States.

The major purposes of this compact may be simply stated. They are as follows:

First. To provide for an equitable division between the States of Texas and Louisiana of the waters of the Sabine River and its tributaries.

Second. To encourage the development, conservation, and use of these water resources.

Third. To establish a basis for cooperative planning and action by the two States for the construction, operation, and maintenance of water conservation and utilization projects on the part of the Sabine River touching both States.

Passage of this bill will enable the States of Louisiana and Texas to proceed to carry out these purposes of the compact upon which they have agreed.

I earnestly urge passage of the bill by the Senate.

The PRESIDING OFFICER. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3699) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of the Congress is hereby given to the interstate compact relating to the waters of the Sabine River and its tributaries authorized by the act of November 1, 1951 (Public Law No. 252, 82d Cong., 1st sess.), which was signed by the representatives for the States of Louisiana and Texas and approved by the representative of the United States, at Logansport, La., on January 26, 1953, and thereafter ratified and approved by the Legislatures of the States of Louisiana and Texas, which compact reads as follows:

"SABINE RIVER COMPACT

"The State of Texas and the State of Louisiana, parties signatory to this compact (hereinafter referred to as 'Texas' and 'Louisiana,' respectively, or individually as a 'State,' or collectively as the 'States'), having resolved to conclude a compact with respect to the waters of the Sabine River, and having appointed representatives as follows:

"For Texas: Henry L. Woodworth, interstate compact commissioner for Texas; and John W. Simmons, president of the Sabine River Authority of Texas;

"For Louisiana: Roy T. Sessums, director of the Department of Public Works of the State of Louisiana;

and consent to negotiate and enter into the said compact having been granted by act of Congress of the United States approved November 1, 1951 (Public Law No. 252; 82d Cong., 1st sess.), and pursuant thereto the President having designated Louis W. Prentiss as the representative of the United States, the said representatives for Texas and Louisiana, after negotiations participated in by the representative of the United States, have for such compact agreed upon articles as hereinafter set forth. The major purposes of this compact are to provide for an equitable apportionment between the States of Louisiana and Texas of the waters of the Sabine River and its tributaries, thereby removing the causes of present and future controversy between the States over the conservation and utilization of said waters; to encourage the development, conservation, and utilization of the water resources of the Sabine River and its tributaries; and to establish a basis for cooperative planning and action by the States for the construction, operation, and maintenance of projects for water conservation and utilization purposes on that reach of the Sabine River touching both States, and for apportionment of the benefits therefrom.

"It is recognized that pollution abatement and salt water intrusion are problems which are of concern to the States of Louisiana and Texas, but inasmuch as this compact is limited to the equitable apportionment of the waters of the Sabine River and its tributaries between the States of Louisiana and Texas, this compact does not undertake the solution of those problems.

"*Article I*

"As used in this compact:

"(a) The word 'Stateline' means the point of the Sabine River where its waters in downstream flow first touch the States of both Louisiana and Texas.

"(b) The term 'waters of the Sabine River' means the waters either originating in the natural drainage basin of the Sabine River, or appearing as streamflow in said river and its tributaries, from its headwater source down to the mouth of the river where it enters into Sabine Lake.

"(c) The term 'Stateline flow' means the flow of waters of the Sabine River as determined by the Logansport gage located on the U. S. Highway 84, approximately 4 river miles downstream from the Stateline. This flow, or the flow as determined by such substitute gaging station as may be established

by the administration, as hereinafter defined, pursuant to the provisions of article VII of this compact, shall be deemed the actual Stateline flow.

"(d) The term 'Stateline reach' means that portion of the Sabine River lying between the Stateline and Sabine Lake.

"(e) The term 'the administration' means the Sabine River Compact Administration established under article VII.

"(f) The term 'domestic use' means the use of water by an individual, or by a family unit or household for drinking, cooking, laundering, sanitation, and other personal comforts and necessities; and for the irrigation of an area not to exceed 1 acre, obtained directly from the Sabine River or its tributaries by an individual or family unit, not supplied by a water company, water district or municipality.

"(g) The term 'stock water use' means the use of water for any and all livestock and poultry.

"(h) The term 'consumptive use' means use of water resulting in its permanent removal from the stream.

"(i) The terms '"domestic" and "stock water" reservoir' mean any reservoir for either or both of such uses having a storage capacity of 50 acre-feet or less.

"(j) 'Stored water' means water stored in reservoirs (exclusive of domestic or stock water reservoirs) or water withdrawn or released from reservoirs for specific uses and the identifiable return flow from such uses.

"(k) The term 'free water' means all waters other than 'stored waters' in the Stateline reach including, but not limited to, that appearing as natural stream flow and not withdrawn or released from a reservoir for specific uses. Waters released from reservoirs for the purpose of maintaining stream flows as provided in article V shall be 'free water.' All reservoir spills or releases of stored waters made in anticipation of spills shall be free water.

"(l) Where the name of the State or the term 'State' is used in this compact it shall be construed to include any person or entity of any nature whatsoever of the States of Louisiana or Texas using, claiming, or in any manner asserting any right to the use of the waters of the Sabine River under the authority of that State.

"(m) Wherever any State or Federal official or agency is referred to in this compact, such reference shall apply equally to the comparable official or agency succeeding to their duties and functions.

"Article II

"Subject to the provisions of article X, nothing in this compact shall be construed as applying to, or interfering with, the right or power of either signatory State to regulate within its boundaries the appropriation, use, and control of water not inconsistent with its obligations under this compact.

"Article III

"Subject to the provisions of article X, all rights to any of the waters of the Sabine River which have been obtained in accordance with the laws of the States are hereby recognized and affirmed; provided, however, that withdrawals, from time to time, for the satisfaction of such rights, shall be subject to the availability of supply in accordance with the apportionment of water provided under the terms of this compact.

"Article IV

"Texas shall have free and unrestricted use of all waters of the Sabine River and its tributaries above the Stateline subject, however, to the provisions of article V and X.

"Article V

"Texas and Louisiana hereby agree upon the following apportionment of the waters of the Sabine River:

"(a) All free water in the Stateline reach shall be divided equally between the two States, this division to be made without reference to the origin.

"(b) The necessity of maintaining a minimum flow at the Stateline for the benefit of water users below the Stateline in both States is recognized, and to this end it is hereby agreed that:

"(1) Reservoirs and permits above the Stateline existing as of January 1, 1953, shall not be liable for maintenance of the flow at the Stateline.

"(2) After January 1, 1953, neither State shall permit or authorize any additional users which would have the effect of reducing the flow at the Stateline to less than 36 cubic feet per second.

"(3) Reservoirs on which construction is commenced after January 1, 1953, above the Stateline shall be liable for their share of water necessary to provide a minimum flow at the Stateline of 36 cubic feet per second; provided, that no reservoir shall be liable for a greater percentage of this minimum flow than the percentage of the drainage area above the Stateline contributing to that reservoir, exclusive of the watershed of any reservoir on which construction was started prior to January 1, 1953. Water released from Texas' reservoirs to establish the minimum flow of 36 cubic feet per second, shall be classed as free water at the Stateline and divided equally between the two States.

"(c) The right of each State to construct impoundment reservoirs and other works of improvement on the Sabine River or its tributaries located wholly within its boundaries is hereby recognized.

"(d) In the event that either State constructs reservoir storage on the tributaries below Stateline after January 1, 1953, there shall be deducted from that State's share of the flow in the Sabine River all reductions in flow resulting from the operation of the tributary storage and conversely such State shall be entitled to the increased flow resulting from the regulation provided by such storage.

"(e) Each State shall have the right to use the main channel of the Sabine River to convey water stored on the Sabine River or its tributaries located wholly within its boundaries, downstream to a desired point of removal without loss of ownership of such stored waters. In the event that such water is released by a State through the natural channel of a tributary and the channel of the Sabine River to a downstream point of removal, a reduction shall be made in the amount of water which can be withdrawn at the point of removal equal to the transmission losses.

"(f) Each State shall have the right to withdraw its share of the water from the channel of the Sabine River in the Stateline reach in accordance with article VII. Neither State shall withdraw at any point more than its share of the flow at that point except, that pursuant to findings and determination of the Administration as provided under article VII of this compact, either State may withdraw more or less of its share of the water at any point providing that its aggregate withdrawal shall not exceed its total share. Withdrawals made pursuant to this paragraph shall not prejudice or impair the existing rights of users of Sabine River waters.

"(g) Waters stored in reservoirs constructed by the States in the Stateline reach shall be shared by each State in proportion to its contribution to the cost of storage. Neither State shall have the right to construct a dam on the Stateline reach without the consent of the other State.

"(h) Each State may vary the rate and manner of withdrawal of its share of such jointly stored waters on the Stateline reach, subject to meeting the obligations for amortization of the cost of the joint storage. In any event, neither State shall withdraw more than its pro-rata share in any 1 year (a year meaning a water year, October 1 to September 30) except by authority of the Administration. All jointly stored water remaining at the end of a water year shall be reapportioned between the States in the same proportion as their contribution to the cost of the storage.

"(i) Except for jointly stored water, as provided in (h) above, each State must use its apportionment of the natural stream flows as they occur and there shall be no allowance of accumulation of credits or debits for or against either State. The failure of either State to use the stream flow or any part thereof, the use of which is apportioned to it under the terms of this compact, shall not constitute a relinquishment of the right to such use in the future; conversely, the failure of either State to use the water at the time it is available does not give it the right to the flow in excess of its share of the flow at any other time.

"(j) From the apportionment of waters of the Sabine River as defined in this article, there shall be excluded from such apportionment all waters consumed in either State for domestic and stock water uses. Domestic and stock water reservoirs shall be so excluded.

"(k) Each State may use its share of the water apportioned to it in any manner that may be deemed beneficial by that State.

"Article VI

"(a) The States through their respective appropriate agencies or subdivisions may construct jointly, or cooperate with any agency or instrumentality of the United States in the construction of works on the Stateline reach for the development, conservation, and utilization for all beneficial purposes of the waters of the Sabine River.

"(b) All monetary revenues growing out of any joint State ownership, title, and interest in works constructed under section (a) above, and accruing to the States in respect thereof, shall be divided between the States in proportion to their respective contributions to the cost of construction: *Provided, however,* that each State shall retain undivided all its revenues from recreational facilities within its boundaries incidental to the use of the waters of the Sabine River, and from its severally State-owned recreational facilities constructed appurtenant thereto.

"(c) All operation and maintenance costs chargeable against any joint State ownership, title, and interest in works constructed under section (a) above, shall be assessed in proportion to the contribution of each State to the original cost of construction.

"Article VII

"(a) There is hereby created an interstate administrative agency to be designated as the 'Sabine River Compact Administration' herein referred to as 'the Administration.'

"(b) The Administration shall consist of 2 members from each State and of 1 member as representative of the United States, chosen by the President of the United States, who is hereby requested to appoint such a representative. The United States member shall be ex-officio chairman of the Administration without vote and shall not be a domiciliary of or reside in either State. The appointed members for Texas and Louisiana shall be designated within 30 days after the effective date of this compact.

"(c) The Texas members shall be appointed by the Governor for a term of 2 years; provided, that one of the original Texas members shall be appointed for a term to establish a half-term interval between the expiration dates of the terms of such members, and thereafter one such member shall be appointed annually for the regular term. One of the Louisiana members shall be ex-officio the Director of the Louisiana Department of Public Works; the

other Louisiana member shall be a resident of the Sabine watershed and shall be appointed by the Governor of Louisiana for a term of 4 years; provided, that the first member so appointed shall serve until June 30, 1958. Each State member shall hold office subject to the laws of his State or until his successor has been duly appointed and qualified.

"(d) Interim vacancy, for whatever cause, in the office of any member of the Administration shall be filled for the unexpired term in the same manner as hereinabove provided for regular appointment.

"(e) Within 60 days after the effective date of this compact, the Administration shall meet and organize. A quorum for any meeting shall consist of three voting members of the Administration. Each State member shall have one vote, and every decision, authorization, determination, order, or other action shall require the concurring votes of at least three members.

"(f) The Administration shall have power to:

"(1) Adopt, amend, and revoke bylaws, rules, and regulations, and prescribe procedures for administration of and consistent with the provisions of this compact.

"(2) Fix and determine from time to time the location of the Administration's principal office;

"(3) Employ such engineering, legal, clerical, and other personnel, without regard to the civil-service laws of either State, as the Administration may determine necessary or proper to supplement State-furnished assistance as hereinafter provided, for the performance of its functions under this compact: *Provided*, That such employee shall be paid by and be responsible to the Administration and shall not be considered to be employees of either State;

"(4) Procure such equipment, supplies, and technical assistance as the Administration may determine to be necessary or proper to supplement State-furnished assistance as hereinafter provided, for the performance of its functions under this compact;

"(5) Adopt a seal which shall be judicially recognized.

"(g) In cooperation with the chief official administering water rights in each State and with appropriate Federal agencies, the Administration shall have and perform powers and duties as follows:

"(1) To collect, analyze, correlate, compile, and report on data as to water supplies, stream flows, storage, diversions, salvage, and use of the waters of the Sabine River and its tributaries, and as to all factual data necessary or proper for the administration of this compact;

"(2) To designate as official stations for the administration of this compact such existing water-gaging stations (and to operate, maintain, repair, and abandon the same), and to locate, establish, construct, operate, maintain, repair, and abandon additional such stations, as the Administration may from time to time find and determine necessary or appropriate;

"(3) To make findings as to the deliveries of water at Stateline, as hereinabove provided, from the stream-flow records of the Stateline gage which shall be operated and maintained by the Administration or in cooperation with the appropriate Federal agency, for determination of the actual Stateline flow unless the administration shall find and determine that, because of changed physical conditions or for any other reason, reliable records are not obtainable thereat: in which case such existing Stateline station may with the approval of the administration be abandoned and, with such approval, a substitute Stateline station established in lieu thereof;

"(4) To make findings as to the quantities of reservoir storage (including joint storage) and releases therefrom, diversions, transmission losses and as to incident stream-flow changes, and as to the share of such quantities chargeable against or allocable to the respective States;

"(5) To record and approve all points of diversion at which water is to be removed from the Sabine River or its tributaries below the Stateline; provided that, in any case, the State agency charged with the administration of the water laws for the State in which such point of diversion is located shall first have approved such point for removal or diversion; provided further that any such point of removal or diversion once jointly approved by the appropriate State agency and the Administration, shall not thereafter be changed without the joint amendatory approval of such State agency and the Administration;

"(6) To require water users at their expense to install and maintain measuring devices of approved type in any ditch, pumping station or other water diversion works on the Sabine River or its tributaries below the Stateline, as the Administration may determine necessary or proper for the purposes of this compact; provided that the chief official of each State charged with the administration of water rights therein shall supervise the execution and enforcement of the Administration's requirements for such measuring devices;

"(7) To investigate any violations of this compact and to report findings and recommendations thereon to the chief official of the affected State charged with the administration of water rights, or to the governor of such State as the Administration may deem proper;

"(8) To acquire, hold, occupy, and utilize such personal and real property as may be necessary or proper for the performance of its duties and functions under this compact;

"(9) To perform all functions required of the Administration by this compact, and to do all things necessary, proper, or convenient in the performance of its duties hereunder.

"(h) Each State shall provide such available facilities, supplies, equipment, technical information, and other assistance as the Administration may require to carry out its duties and function, and the execution and enforcement of the Administration's orders shall be the responsibility of the agents and officials of the respective States charged with the administration of water rights therein. State officials shall furnish pertinent factual and technical data to the Administration upon request.

"(i) Findings of fact made by the Administration shall not be conclusive in any court or before any agency or tribunal, but shall constitute prima facie evidence of such facts.

"(j) In the case of a tie vote on any of the Administration's determinations, orders, or other actions subject to arbitration, then arbitration shall be a condition precedent to any right of legal action. Either side of a tie vote may, upon request, submit the question to arbitration. If there shall be arbitration, there shall be three arbitrators: one named in writing by each side, and the third chosen by the two arbitrators so elected. If the arbitrators fail to select a third within 10 days, then he shall be chosen by the representative of the United States.

"(k) The salaries, if any, and the personal expenses of each member of the Administration, shall be paid by the government which he represents. All other expenses incident to the Administration of this compact and which are not paid by the United States shall be borne equally by the States. Ninety days prior to the regular session of the legislature of either State, the Administration shall adopt and transmit to the governor of such State for his approval, its budget covering anticipated expenses for the forthcoming biennium and the amount thereof payable by such State. Upon approval by its governor, each State shall appropriate and pay the amount due by it to the Administration. The Administration shall keep an accurate account of all receipts and disbursements and shall include a statement thereof, together with a certificate of audit by a certified public accountant, in its annual report. Each State shall have the right to make an examination and audit of the accounts of the Administration at any time.

"(l) The Administration shall, whenever requested, provide access to its records by the governor of either State or by the chief official of either State charged therein with the administration of water rights. The Administration shall annually on or before January 15 of each year make and transmit to the governors of the signatory States, and to the President of the United States, a report of the Administration's activities and deliberations for the preceding year.

"Article VIII

"(a) This compact shall become effective when ratified by the legislature and approved by the governors of both States and when approved by the Congress of the United States.

"(b) The provisions of this compact shall remain in full force and effect until modified, altered, or amended in the same manner as hereinabove required for ratification thereof. The right so to modify, alter, or amend this compact is expressly reserved. This compact may be terminated at any time by mutual consent of the signatory States. In the event this compact is terminated as herein provided, all rights then vested hereunder shall continue unimpaired.

"(c) Should a court of competent jurisdiction hold any part of this compact to be contrary to the constitution of any signatory State or of the United States of America, all other severable provisions of this compact shall continue in full force and effect.

"Article IX

"This compact is made and entered into for the sole purpose of effecting an equitable apportionment and providing beneficial uses of the waters of the Sabine River, its tributaries and its watershed, without regard to the boundary between Louisiana and Texas, and nothing herein contained shall be construed as an admission on the part of either State or any agency, commission, department, or subdivision thereof, respecting the location of said boundary; and neither this compact nor any data compiled for the preparation or administration thereof shall be offered, admitted, or considered in evidence, in any dispute, controversy, or litigation bearing upon the matter of the location of said boundary.

"The term 'Stateline' as defined in this compact shall not be construed to define the actual boundary between the State of Texas and the State of Louisiana.

"Article X

"Nothing in this compact shall be construed as affecting, in any manner, any present or future rights or powers of the United States, its agencies, or instrumentalities in, to, and over the waters of the Sabine River Basin.

"In witness whereof, the representatives have executed this compact in three counterparts hereof, each of which shall be and constitute an original, one of which shall be forwarded to the Administrator, General Services Administration of the United States of America and one of which shall be forwarded to the governor of each State.

"Done in the city of Logansport, in the State of Louisiana, this 26th day of January 1953.

"Henry L. Woodworth
"HENRY L. WOODWORTH,
"Representative for the State of Texas.
"John W. Simmons
"JOHN W. SIMMONS,
"Representative for the State of Texas.
"Roy T. Sessums
"ROY T. SESSUMS,
"Representative for the State of Louisiana.

"Approved:

"Louis W. Prentiss
"LOUIS W. PRENTISS,
"Representative of the United States."

SEC. 2. The right to alter, amend, or repeal this act is expressly reserved. This reservation shall not be construed to prevent the vesting of rights to the use of water pursuant to applicable law, and no alteration, amendment, or repeal of this act shall be held to affect rights so vested.

FEDERAL ASSISTANCE IN SCHOOL CONSTRUCTION TO STATES AND TERRITORIES

The bill (S. 2601) to provide for Federal financial assistance to States and Territories in the construction of public elementary and secondary school facilities was announced as next in order.

The PRESIDING OFFICER. Without objection——

Mr. SMATHERS. Mr. President, I think both calendar committees will agree that this particular bill should not be passed on the Consent Calendar, even though the bill is a very meritorious one.

Mr. SCHOEPPEL. I heartily agree with the statement of the Senator from Florida.

The PRESIDING OFFICER. Objection is heard, and the bill will be passed over.

That concludes the calendar.

REPEAL OF SECTION 16 OF THE FEDERAL RESERVE ACT

Mr. BENNETT. Mr. President, last night the Senate passed Senate bill 3268, a bill to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank. An identical bill, House bill 9143, had previously passed the House and was referred to the Senate Committee on Banking and Currency.

I ask unanimous consent that the vote by which Senate bill 3268 was passed yesterday be reconsidered.

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. BENNETT. I now ask that the Committee on Banking and Currency be discharged from further consideration of House bill 9143.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. BENNETT. I now ask unanimous consent for the present consideration of House bill 9143.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (H. R. 9143) to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank was considered, ordered to a third reading, read the third time, and passed.

Mr. SMATHERS. Mr. President, I understood the Senator to say that the Senate bill and the House bill were identical.

Mr. BENNETT. That is correct.

The PRESIDING OFFICER. Without objection, Senate bill 3268 is indefinitely postponed.

DEVELOPMENT OF THE PRIEST RAPIDS SITE ON THE COLUMBIA RIVER, WASH.

The Senate resumed the consideration of the bill (H. R. 7664) to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act.

Mr. PAYNE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. PAYNE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BUSH. Mr. President, this bill provides for the development of the Priest Rapids site on the Columbia River, in the State of Washington, under a license issued pursuant to the Federal Power Act. The Committee on Public Works, to whom the bill providing for this development was referred, reported the bill favorably, with an amendment, and recommended its passage. The amendment is, on page 4, line 12, at the end of the paragraph, to add the following:

Power surplus to the requirements of the licensee and other non-Federal marketing agencies within the economic marketing area, as may be economically usable to the Federal system, may be made available to and may be purchased by the Bonneville Power Administrator at rates not higher than the rates charged such non-Federal marketing agencies, and under such terms and conditions as shall be mutually agreeable to the licensee and the Secretary of the Interior. The Administrator may use funds in the continuing fund, established under the provisions of section 11 of the Bonneville Project Act of August 27, 1937 (50 Stat. 731), as amended, to purchase such power. Such power may be commingled with power from Federal dams in the Columbia River system for which the Bonneville Power Administrator has been designated marketing agent and shall be sold by the Administrator in accordance with the provisions of the Bonneville Project Act at established rate schedules.

As will be seen, the amendment is permissive. It would permit surplus power to be sold by the public utility district operating the property to the Bonneville Power Administrator, and he would be permitted to take such power if it should become available. The amendment is entirely permissive.

The purpose of the bill is to modify the authorization of the Priest Rapids Dam as contained in the Flood Control Act of 1950 to permit development of the Priest Rapids site by public utility district No. 2, Grant County, Wash., or such district or its successor in combination with such other utilities as it may legally be affiliated with or by any division, subdivision, agency, or commission of the State of Washington, under and in accordance with the terms and conditions of a license issued pursuant to the Federal Power Act and subject to conditions specified in the bill. The bill provides that the Priest Rapids Reservoir site shall be developed to utilize the optimum capabilities of the site and provision is made for determining such development prior to the granting of a license.

Navigation and flood-control facilities would be included either as a part of the initial construction or at a later date.

The Priest Rapids Dam and Reservoir was approved by the Flood Control Act of 1950 as an integral unit in the comprehensive plan for flood control and other purposes in the Columbia River Basin.

The proposed dam site is at mile 397 on the Columbia River, 73 miles above the mouth of Snake River. The dam would be about 195 feet high and 13,500 feet long, consisting of a concrete gravity channel section with earth-fill embankments on each abutment. The reservoir would extend upstream about 56 miles to the existing Rock Island Dam, and would inundate about 52,800 acres at maximum pool and 36,500 acres at normal pool elevation. The total capacity of the reservoir would be 3,300,000 acre-feet, of which 2,100,000 acre-feet between elevations 540 feet and 590 feet would be available for flood-control storage.

The proposed power installation consists of 23 53,000 kilowatt generators initially, a total of 1,219,000 kilowatts, with an ultimate installation of 30 such units, a total of 1,590,000 kilowatts. The power project would be essentially a run-of-river plant, developing an average head of about 145 feet, utilizing the flows as regulated by upstream storage. The total power produced would be about 8 billion kilowatt-hours annually.

The total estimated cost of the project, based on July 1953 price levels, was about $364 million, with the intial power installation of 1,219,000 kilowatts, provisions for future navigation facilities, and with the 2,100,000 acre-feet of flood-control storage. The cost of the flood-control storage is about $65 million, and the provision for navigation facilities is about $10 million. The benefits are estimated to be $22,774,000 for power, and $3,345,000 for flood control and recreation. The economic ratio is 1.43.

H. R. 7664 would modify the authorization of Priest Rapids Dam to permit the development of the site by public utility district No. 2 of Grant County,

Wash., its successor or a combination, under a license issued pursuant to the Federal Power Act, and subject to conditions specified in the bill, such license to authorize the development essentially the same as now authorized, and recommended in House Document 531, 81st Congress.

The license would provide for further construction with respect to flood control and navigation, either initially or at a later date, at Federal expense, with allocation of costs for such features approved by the Federal Power Commission.

Development of the Priest Rapids site by local interests at this time would make available the power benefits to the region at an early date.

I may say that the administration is very much interested in this bill. The Secretary of the Interior and, as I shall later show, various other authorities connected with the Government who have an interest in such matters are all in favor of the bill.

The bill assures that a reasonable portion of the power generated will be made available for equitable distribution within the economic marketing area in adjacent States. The committee recommends an amendment proposed by the sponsors of the companion Senate bill that would permit the Bonneville Power Administrator to use funds from his continuing fund to purchase power surplus to the requirements of the licensee and other non-Federal marketing agencies, and distribute such power through the Bonneville grid for sale at established rates in accordance with the Bonneville Project Act.

The committee believes that the bill adequately protects the public interest insofar as it concerns development in accordance with the comprehensive plan that has been approved by Congress.

With reference to the preference clause, the committee considered an amendment, proposed by the sponsors of the companion Senate bill, which would require that all sales of power by the licensee from this project be made in accordance with the preference requirements of section 5 of the Flood Control Act of 1944 which reads as follows: "Preference in the sale of such power and energy shall be given to public bodies and cooperatives." This was enacted to apply to power sold from dams constructed and operated by the Federal Government in the exercise of its control over navigable waters. Similarly, the Federal Power Act provides that preference be given to public bodies in the granting of licenses for development hydroelectric power in navigable waters.

Neither of these laws contemplated any dictation as to the subsequent disposition of the power after it was purchased or developed under license by such public bodies.

To require public bodies to give preference to other public bodies could result in discrimination against the selling agency and its individual customers. The demands of neighboring public bodies could reach such a volume that the selling agency would have insufficient power for a normal growth in demand of the individual domestic residents, farmers, and industries located in its own marketing area. Such a result would be contrary to the statutory purposes of the public body.

The Federal Government has given financial assistance by loans and grants and has issued licenses for water-power developments to numerous State, municipal, and cooperative public power agencies in the past. It has not imposed any public preference requirements upon these public power agencies which are chartered and dedicated to the marketing of power in the best public interest. The committee feels that it would be wholly inconsistent and discriminatory to impose such conditions in this bill. It has therefore rejected the proposed amendment.

Mr. President, the committee report includes a letter from the Secretary of the Army approving this proposed legislation, a letter from the Bureau of the Budget signed by Mr. Hughes, who is now the Director of the Budget, and a letter from the Federal Power Commission, both recommending the passage of this bill. Those letters are addressed to the chairman of the committee, the distinguished Senator from Pennsylvania [Mr. MARTIN].

It is the purpose of the bill to enable the public utility district in that area to finance and operate this property under license. The money for this project—and it is a very large sum, amounting to $364 million—will largely be raised by the sale of bonds which will be issued by this public power authority. Thus the bill provides, as the Senators from Washington so ably pointed out to the committee, that private funds will be used for the development of this great project, which is so vital to the area in which it is located.

I believe that one of the very fine features of the bill is that it puts no load on the Federal Treasury. The bill was passed by the other House without opposition. So far as I know, there was no yea-and-nay vote, but my information is that there was no opposition to the bill.

Mr. President, that completes my remarks on the bill, and I recommend that it be passed as reported, without further amendment.

Mr. MARTIN. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. MARTIN. Mr. President, as I understand, no public funds will be used in the construction of the project.

Mr. BUSH. That is correct.

Mr. MARTIN. It will be a self-liquidating project.

Mr. BUSH. That is correct. The financing will be provided locally by the local management of this particular public utility district, through the sale of its obligations, bonds, to the public. They will be tax-free bonds. They will be very attractive bonds, I believe. However, no public funds are involved in financing the project, and therefore there will be no load placed on the Federal Treasury.

Mr. MARTIN. If the Senator will yield further I should like to ask him whether there are any bonds of State or local governments involved.

Mr. BUSH. No. I will say to the distinguished Senator that none of the local governments, State or otherwise, have their credit pledged behind the proposed bonds. They will be obligations of the public utility district. I should like to liken them to bonds of the Port of New York Authority, or bonds of an agency which is created by a State government, but an agency which is sufficient unto itself. It has its own treasury and its own obligations. These obligations will be met from the proceeds from the sale of power under the management of the local public utility district.

Mr. MARTIN. Mr. President, will the Senator yield further?

Mr. BUSH. I yield.

Mr. MARTIN. As I understand, the bonds would be somewhat similar to turnpike bonds.

Mr. BUSH. In a sense, that is correct. They would be the same type of bonds. They would be revenue bonds.

Mr. MARTIN. The only advantage they would get is that they would be tax exempt.

Mr. BUSH. Yes; that is a very important advantage.

Mr. MARTIN. It is a very important advantage; but that is their advantage.

Mr. BUSH. Yes; they would have that advantage.

Mr. MARTIN. I thank the Senator.

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). The Secretary will state the committee amendment.

Mr. MAGNUSON. Mr. President, if the Senator would like to have the committee amendment adopted before I begin, I shall be glad to have that procedure taken now.

Mr. BUSH. I should like to have the committee amendment adopted to this point.

The PRESIDING OFFICER. The Secretary will state the committee amendment.

The LEGISLATIVE CLERK. On page 4, line 12, after the word "thereto", it is proposed to insert the following:

Power surplus to the requirements of the licensee and other non-Federal marketing agencies within the economic marketing area, as may be economically usable to the Federal system, may be made available to and may be purchased by the Bonneville Power Administrator at rates not higher than the rates charged such non-Federal marketing agencies, and under such terms and conditions as shall be mutually agreeable to the licensee and the Secretary of the Interior. The Administrator may use funds in the continuing fund, established under the provisions of section 11 of the Bonneville Project Act of August 27, 1937 (50 Stat. 731), as amended, to purchase such power. Such power may be co-mingled with power from Federal dams in the Columbia River system for which the Bonneville Power Administrator has been designated marketing agent and shall be sold by the Administrator in accordance with the provisions of the Bonneville Project Act at established rate schedules.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

Mr. MAGNUSON. Mr. President, my colleague [Mr. JACKSON] and I appeared before the Public Works Committee and stated our position on this bill at some length and in some detail. However,

because, as the Senator from Connecticut has pointed out, this is a project of great magnitude, I believe the RECORD should not be lacking in some explanation; and I am glad to make an explanation, in which I am sure my colleague joins me.

For the benefit of Members of the Senate who may not have had the opportunity of visiting the State of Washington, I will identify the portion of the Columbia River affected by this bill and give you a brief résumé of the circumstances which bring this particular piece of legislation before us.

Priest Rapids is a dam site on the main stem of the Columbia River, located 10 or 12 miles upstream from the Hanford Engineering Works at Richland, Wash., and about 35 miles upstream from a point where the Snake River runs into the Columbia.

The site is about 25 to 30 miles downstream from an existing dam known in the area by the name of Rock Island. The existing dam was built originally by the Puget Sound Power & Light Co., of Seattle.

In 1950 Congress authorized Priest Rapids Dam for construction by the Corps of Engineers. It was included in the 1950 Flood Control Act and is an integral unit in the comprehensive plan for the development of the Columbia River and its tributaries. As recommended in House Document No. 531, the initial installation of power facilities would develop about 2,100,000 kilowatts with an ultimate installation of 1,500,000 kilowatts.

Senators can see from these figures that the Priest Rapids stretch of the Columbia River, some 30 miles in length, is extremely important to the present and future growth of the Pacific Northwest.

The project will cost in the neighborhood of $360 million. It will be financed by the sale of revenue bonds. As the Senate knows, these are not general obligation bonds. They are bonds which, in effect, represent a mortgage on the revenues produced through sale of power from the project. The key to financing the project, therefore, is not the physical assets owned by the local groups but the feasibility of the project itself—the net revenues the project will produce.

What does the bill, as reported from the committee, provide?

First, the bill modifies the authorization of Priest Rapids Dam as contained in the Flood Control Act of 1950, to permit Grant County Public Utility District and/or such other public agencies as may wish to join with it to seek a license from the Federal Power Commission. This proposed legislation does not give them a license. They must justify their project as to its feasibility and all the other aspects involved in order to obtain a license from the Federal Power Commission.

If the license is granted the local government agency or agencies have the opportunity to see whether they can finance the project and, if they can, they will have the authority to proceed with construction.

If the Federal Power Commission refuses a license, or if the FPC grants a license and the local government agencies are unable to finance the project within a reasonable time, the 1950 authorization of Priest Rapids Dam reverts to its present status.

It is somewhat similar to the agreement which was provided in the case of the Coosa, Ala., project, which allowed a private company, the Alabama Power Co., to develop power there. This is at the other end of the stick, so to speak. It would give an opportunity to a public body to do it.

The 1950 authorization of the project for construction by the Corps of Engineers will become operative just as though H. R. 7664 had never been enacted. In other words the legislation gives the local groups a chance to see what they can do. If they can't perform, Priest Rapids will still be authorized as provided by Congress.

Second, the proposed legislation stipulates that the Priest Rapids reservoir site must be developed to conform to the comprehensive plan already approved by Congress.

That is the reason why in the beginning of my statement I said the bill was a modification of the authorization of Priest Rapids.

The FPC is directed to require this as a condition in any license it may issue. This provision of the bill will prevent underdevelopment of the site—will insure that no portion of the benefits available in this stretch will be lost to the region and the country.

Third, the bill stipulates that the Department of the Army shall review any plans submitted by the local groups to the FPC with particular regard to flood control and navigation. This provision will obviate any possibility that plans developed by the local groups fail to obtain navigation and flood control benefits. It also insures that the Corps of Engineers will have an opportunity to review the plans so as to make certain that the designs and specifications will actually get from the river the full power potential—that the plans actually conform to the concept of comprehensive development.

Mr. President, I wish to say that my colleague and I introduced this bill some 16 or 17 months ago. During that period of time, we have had many conferences with representatives of the Public Utility District, and also with the Corps of Engineers, as to the wording which would permit the construction to proceed. They finally came to an agreement about it. Their views were taken into consideration and they participated in conferences on the bill on several occasions.

Fourth, the bill authorizes the construction of navigation and flood control features in connection with the project. These features may be added either during initial construction or at a later date. I emphasize the word "may."

Since navigation and flood control benefits are nonreimbursable, the Federal Government would stand those costs when and if the Congress decides to appropriate the funds.

That is the same feature that is found in the so-called Coosa bill. There was some uncertainty about the flood-control features, but if later on the Federal Government decided to proceed with them, that feature of the project could be taken care of if the Congress should appropriate the necessary funds.

Mr. MARTIN. Mr. President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield.

Mr. MARTIN. As I understand, that feature of the project would be considered if conditions warranted it at some time in the future.

Mr. MAGNUSON. If it was desired to proceed with it. But I must say, without going into the engineering features of the project, that flood control and navigation are somewhat a minor part of the project. It is primarily a hydroelectric project being built by a public utility.

Local groups, however, will have to make provision in their designs for the addition of these features at their own expense. The power features costing about $300 million can be constructed without a single dime from the Federal Government, if the local groups can finance it. I do not know whether they can or not, but we are giving them the opportunity. The distinguished Senator from Connecticut said that the bonds might be productive. I hope they will be.

Mr. MARTIN. Mr. President, will the Senator from Washington yield further?

Mr. MAGNUSON. I yield.

Mr. MARTIN. I asked these questions of the distinguished Senator from Connecticut, and I think they are very important. As I understand, neither Federal Government nor any local government credit will be extended in issuing these bonds.

Mr. MAGNUSON. That is correct.

The proposed legislation provides that the Corps of Engineers, if requested to do so by the licensee, may undertake actual construction of the project. The licensee would turn over to the Corps the funds obtained from sale of revenue bonds and with these funds the Corps would proceed with construction. It would act as the constructing agent for the licensee.

Sixth, the project when completed would have to be operated and maintained in accordance with reasonable rules and regulations stipulated by the Secretary of the Army in the interest of flood control and navigation. This means that the public utility district would have to operate the project so that it would contribute to the control of floods on the Columbia, and to navigation, even in the way in which it must be built in its initial stages.

Seventh, a reasonable portion of the power output must be offered for sale in neighboring States. I have before me a memorandum which shows that Ohio preserves the concept of regional distribution of benefits from a regional asset. In other words, there is a precedent for this action.

Eighth, the Bonneville Power Administration may purchase power surplus to accommodate the needs of the licensee and other non-Federal customers; and the licensee must sell such power at its cost.

Ninth, the local groups are required to file an application for a license within 2

years following the enactment of the bill. In other words, there is a 2-year limitation, and I think that has been the standard limitation on similar types of legislation. If the application is not filed within 2 years, the legislation will become null and void, and Priest Rapids will revert to its present authorized status.

In addition, section 7 stipulates that if the application for a license is denied, the project reverts to its present status. In other words, if the Federal Power Commission says "No," the project will revert to its present status.

Furthermore, the section provides that if the license is granted and construction on the project is not started within a reasonable time, the authorization and the Flood Control Act of 1950 again become controlling. Moreover, the Federal Power Commission is directed to act on the application within 1 year after it is filed.

That, in substance, is what the bill provides. My colleague and I felt that there should have been a further amendment, and it was considered by the committee. We felt that the amendment would make a much better measure out of the bill, but the committee decided not to accept the amendment. As I understand, at one time it was accepted, and then it was rejected by a close vote. I wish to say, in all fairness, that what the amendment did was to adopt the preference clause which has been enacted in flood control acts by previous Congresses. Perhaps the amendment is not necessary.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. BUSH. Is the Senator from Washington quite certain he is correct about that statement? Does not the Flood Control Act preference clause pertain to operations which are owned by the Federal Government? Is there any precedent for the preference clause in the case of a project of this kind, which is financed by a local public utility district and with private funds? Is there any precedent for giving the Federal Government the power to dictate where the power should go? I wish the Senator would cite some authority for his statement.

Mr. MAGNUSON. I think the Senator from Connecticut is technically correct with the reference to the application of the preference clause. It is only applied generally to federally-owned dams, because there are very few of the other types. But the Federal Power Commission, in considering most applications—I have not run them down—of other public bodies to build dams, has also suggested the inclusion in the license of the preference clause.

Mr. BUSH. Can the Senator cite any similar example?

Mr. JACKSON. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. JACKSON. It is my understanding that in the Federal Water Power Act of 1920 there is a provision to the effect that when the Federal Power Commission grants a license, preference must be given to a public agency, in the application for a license to construct a hydropower project. The specific question which the distinguished senior Senator from Connecticut is now raising has never before been presented to the Senate.

Mr. BUSH. That is the point I wish to make.

Mr. JACKSON. I wish to call the attention of the Senator, the fact that in 1920 there was written into what was then called the Federal Water Power Act a specific provision which called for the granting of preference to a public body over a private body, for an application for a license to construct a dam on a navigable stream in the United States.

Historically, of course, the preference clause itself goes back to the Reclamation Act of 1903.

It is included in the Flood Control Act of 1944, section 5. It is in the Bonneville Power Administration Act. It is in the Tennessee Valley Authority Act.

The reason why I say it is important in this particular instance is that this dam is being integrated, in effect, into the Northwest Regional Federal power development program. Federal power in this region is now being sold on a public-preference basis. This amendment would continue that wise policy.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. JACKSON. I yield.

Mr. BUSH. The instances which the Senator has cited, in which preference has been authorized, relate to federally owned projects. That is the point. The only bills which have been before the Senate this year, as I recall, related to the Coosa River, in Alabama, where no such preference clause was even suggested. Likewise in the case of the Markham Ferry development, in Oklahoma, in which a similar situation exists, no Federal preference clause was suggested.

I do not know of any precedent for the amendment about which the Senators from Washington are speaking.

Mr. JACKSON. In this case, the dam is to be part and parcel of the overall regional power development of the Northwest. The bill contains a unique provision to the effect that the power is to be sold in the other States on a proportional basis.

This would mean that the power in those areas, marketed from the dam, would be sold first to the public preference customers in the region.

Mr. BUSH. Mr. President, I may say to the Senator from Washington that what he is speaking about is very different from the policy contained in the bill. Of course, the power to be will be interconected with the power system of the area. The bill so provides. The bill also contains an amendment which is permissive, giving the local authorities the opportunity to sell surplus power. It also gives the Bonneville Dam Authority the right to buy power.

But under the provision which the Senators from Washington desire to include in the bill, the Federal Government would be placed in the position of dictating the flow of the power, which might, as a result, embarrass the public utility district which is promoting the dam for local area needs. I say that under the amendment which the Senators from Washington suggest, that is exactly the possibility which is offered.

Mr. JACKSON. I wish to make it clear that we are dealing with a public resource. It is our desire to have the power resource of the dam distributed fairly and equitably, not merely to the people of the State of Washington, but to the entire Northwest area. The amendment will insure a fair, just, and equitable distribution of a public resource. It will prevent the monopolization of the sale of the power in a given State, by requiring that preference shall be given to the public bodies in that area. I believe that is sound public policy. It is a policy which has been followed in connection with other Federal projects. I think it is a reasonable condition to attach to the bill.

Mr. BUSH. It would surprise me very much, I may say to the Senator, if the laws and the administration of the laws in the State of Washington would permit the public utility district in question to operate this facility unfairly to people of the State of Washington. It seems to me that the Federal preference requirement which is suggested in the proposed amendment opens up an opportunity for unfair distribution of power, and it puts the Federal Government agency in a position of suggesting or dictating a diversion of the power from the place where it is actually supposed to be needed.

That is the reason why this is a local bill, as I understand. The Senator explained to the committee that the power is needed in this particular area. If there is a surplus, surely it has been agreed to make it available. But to say that the Federal Government shall have the right to dictate what amount of the power shall be taken out of the area is, to me, hardly being fair to the people of the State of Washington and to the public utility district which will finance the operation.

Mr. JACKSON. I think there may be some misunderstanding of the nature of the power development in the area. Over the past 20 years we have worked out a fair plan for distributing the power which is marketed from those great dams. We have not paid much attention to State boundary lines, because the Great Columbia River flows through the entire Northwest community. I think the worst thing that could happen to the State of Washington, the State of Oregon, the State of Idaho, and the State of Montana would be to get into a State-versus-State fight.

The bill goes a long way toward preventing that possibility. The addition of the preference clause will insure, in my opinion, a more just marketing of the power in the area. The bill requires that the power be distributed equitably. The State of Washington cannot monopolize the power. The State of Washington should not be given an opportunity to monopolize the power, because it belongs to the people of the United States.

With reference to the preference clause, it is true that the present public utility law in the State of Washington does grant preference. That same rule

does not apply in other States. The amendment is offered for the purpose of assuring the people of the Northwest area that a fair and just formula will be worked out for the marketing of the power. That is the reason for offering the amendment.

I think it will be found on an examination of the amendment, that it is in keeping with a long tradition which we have had in the Northwest community, a tradition which has existed in the United States going back to Theodore Roosevelt's time, when the preference provision was enacted in the Reclamation Act.

Mr. BUSH. May I respond to one point?

Mr. MAGNUSON. Mr. President, I remind the Senator that I have the floor, but I yield to him.

Mr. BUSH. There are certain places where public power is the right solution to the power problem. I know that to be so, and I do not dispute it. There are many places where power would not be available unless the Federal Government had been in a position to step in and develop it.

When it is essential in the public interest and when the situation justifies the Federal Government's doing that, it should be done; but when there are local interests ready, willing, and able to step in and do the job, the idea of the Federal Government's doing it instead is repugnant to me, and I believe it is bad for the country to encourage such a philosophy. Certainly, a majority of the committee is not in favor of it at all.

I hope the Senators from Washington will not press the amendment, because I know they are very much interested in having the bill passed. It is a very important bill. It involves a tremendous project and a very constructive one. However, if the Senators press the amendment, I am afraid it will tie the bill up and that the bill will not be passed during this session of the Congress. I respectfully urge that they not press the amendment.

Mr. MAGNUSON. I should like to say to the Senator from Connecticut that what he says about the amendment is technically correct. There is much precedent for the suggestion, but it is true that this is the first time the suggestion has been applied to this type of legislation.

Mr. BUSH. I am glad the Senator has made that clear.

Mr. MAGNUSON. But it is also the first time this type of legislation has been before the Senate.

Mr. BUSH. I cannot agree with that statement.

Mr. MAGNUSON. As to the public utility districts, I do not think any fear should be expressed that they would not want this type of amendment, because they have gone on record as very much favoring extending the preference clause to public utility dams.

I wish to reiterate my statement, and then I shall sit down. I think I can say that I yield to no one on the floor of the Senate and no one in the Pacific Northwest in my adherence to the importance of the development of public power in the Northwest area. I suppose I have been in the forefront of that fight more than on any other issue. In many instances it has not been a Republican or a Democratic issue. I started the fight back in the State legislature more than 20 years ago, when I authored the so-called Bone power bill, named after a member who served in this body in a very distinguished manner, representing my State, for many years. He was known in the Norestwest area as the father of public power.

I think good progress has been made in 20 years. There should be no interruption of that progress, despite the fact that in my opinion, a change is taking place in the power policy, as I have said on many occasions. I think I have been one of the most frequent critics of what I call the new policy of the administration and the Secretary of the Interior. I thought we should have continued as we have been proceeding in our area for 20 years, because I believe the accomplishments were good. The area was being developed under a comprehensive plan. As a matter of fact, public and private interests, public utility districts, and consumers were happy about the situation. I do not think it was wise to make a change. I have listened to vague terms such as "partnership," but the truth is that there is a change in the policy. For 2 years in that area there have not been any additional power projects, and because of population increases, the power needs there double every 10 years. The people of the Northwest may as well face up to the fact that if they are anticipating new industries and new developments which can use hydroelectric power, we are 2 years behind because of the change in policy. I wanted the policy to continue as it had been in the past, because, in the long run, I think such a policy would be cheaper.

When we talk about more kilowatts for the Northwest, we also have in mind cheap kilowatts. Additional kilowatts are not of any use unless their availability is widespread and they are cheap for industry and consumers. That is my position.

However, I also know that power is needed, and needed badly, in that area, and there is a public body which is going to undertake to provide for its development. Had the development of the Priest Rapids site not been authorized in the comprehensive plan, it could have been built, anyway, by obtaining a license from the Federal Power Commission. All that is being proposed in the bill is the affording of an opportunity to do so. I hope that may be done, because the added power is badly needed.

In my judgment, the bill would have been a much better measure had it included the preference clause, but I do know that the project must go forward.

As to the State law, I say to the Senator from Connecticut that, as a practical matter, I do not believe there will be any trouble about the sale of power if the preference principle is adhered to. However, when the State of Oregon and the State of Idaho are considered, all that was intended was to have the same principle apply, because an interregional development is involved. That is why my colleague and I were so insistent that the amendment be agreed to.

So that the record will be clear, I may say I am still of the opinion I expressed before the committee. I offer the amendment, and ask that it lie on the desk. I appreciate that there is a legislative problem involved. I have been in legislative bodies long enough to know that everything asked for cannot be obtained. Legislation is largely a matter of compromise. But that fact does not deter me from my firm feeling that agreement to the amendment would make the bill much better than it now is. I want the record to be clear on that point, and I think I speak for my colleagues on this matter, because we have discussed it.

The public-utility district and everyone else involved in this matter did not particularly object to the preference clause. So far as I know, there was no objection in the conferences we had, even from the engineers or anyone else. They were for it. But they also realize that there are some persons who are not for it, and that we have to get some cheap kilowatts in the Pacific Northwest because we are away behind when it comes to an adequate power supply. Let me say to my friend, the Senator from Oregon, that the people of the Northwest do not realize it so very much now, but within 2 or 3 years, when the normal development will catch up, these kilowatts will be sorely needed on the line. So I wish to make clear my position on the entire matter.

This bill involves a public body. The same type of public body built a part of Rocky Island Dam, 2 or 3 years ago, and it now furnishes cheap kilowatts. Even though it had not been authorized, they went ahead and sold revenue bonds and built the project, and it has been a very good thing.

In this case we are authorizing it, and are giving the public utility 2 years to obtain a license, and are giving them time to see whether they can sell the revenue bonds, under a great number of restrictions. I think the preference clause would add a great deal to the value of the bill.

Mr. MORSE. Mr. President, will the Senator from Washington yield for a question?

Mr. MAGNUSON. Certainly.

Mr. MORSE. I also address the question to the Senator from Connecticut [Mr. BUSH]; I do not care which Senator answers it.

The Senator from Connecticut spoke of the bill's providing for interconnection. Can either Senator point out language in the bill that provides for interconnection?

Mr. MAGNUSON. Does the Senator from Oregon mean the sales throughout the area?

Mr. MORSE. I assume the Senator from Connecticut meant interconnection for sales throughout the area.

Mr. BUSH. The committee amendment reads in part as follows:

> Power surplus to the requirements of the licensee and other non-Federal marketing agencies within the economic marketing area, as may be economically usable to the Federal system, may be made available to

and may be purchased by the Bonneville Power Administrator at rates not higher than the rates charged such non-Federal marketing agencies—

And so forth.

Mr. MORSE. The Senator himself said that was permissive.

Mr. BUSH. Let me now read beginning at the bottom of page 3:

To assure that there shall be no discrimination between States in the area served by the project, such license shall provide that the licensee shall offer a reasonable portion of the power capacity and a reasonable portion of the power output of the project for sale within the economic market area in neighboring States and shall cooperate with agencies in such States to insure compliance with this requirement—

And so forth.

Mr. MORSE. Mr. President, in my judgment, that is not interconnection at all. In the first place, the Senator from Connecticut himself, in the course of his explanation earlier today, pointed out that the language he read first was entirely permissive.

Mr. BUSH. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. BUSH. What I said was permissive was the sale of surplus power. That is permissive, under the committee amendment. But how in the world can power be delivered unless there is interconnection? Furthermore, the bill provides for it.

Mr. MORSE. That is my question: Where does the bill provide for it?

Mr. BUSH. I just read that part of the bill.

Mr. MORSE. It does not provide for interconnection at all. It provides only for allocation, not delivery. This could be no more than bus-bar sale. There is the whole question of wheeling agreements and transmission lines, and there is no mandatory requirement. It is so different from the regional approach of past Federal power policy, that it would be like walking into a county fair ring and bringing a stallion and a bull into the same ring, and asking the judge to judge them.

Mr. BUSH. Of course it is different. It is not a Federal power project.

Mr. MORSE. It is not interconnection; that is the point I am making. Not a word in the bill really provides for interconnection of the power and really guarantees the development of the power on a regional basis, and consistent with the pooling principle. When that is cut out, the objective of integrated, regional development and use of power of the Army engineers 308 report has really been cut out.

Mr. MAGNUSON. Mr. President, I should like to answer the Senator from Oregon. If he will examine section 6, on page 3, beginning in line 21, he will notice that it provides:

SEC. 6. The operation and maintenance of a project under license pursuant to this act shall be subject to reasonable rules and regulations by the Secretary of the Army in the interest of flood control and navigation. To assure that there shall be no discrimination between States in the area served by the project, such license shall provide that the licensee shall offer a reasonable portion of the power capacity and a reasonable portion of the power output of the project for sale within the economic market area in neighboring States and shall cooperate with agencies in such States to insure compliance with this requirement: *Provided*, That in the event of disagreement between the licensee and the power marketing agencies (public or private)—

And in our case they are mainly public—

in any of the other States within the economic market area, the Federal Power Commission may determine and fix the applicable portion of power capacity and power output to be made available hereunder the terms applicable thereto.

Then it proceeds to state that they may sell power.

Mr. MORSE. But I respectfully submit that is not interconnection. That is allocation of power at the bus bar.

Mr. BUSH. Mr. President, will the Senator from Washington yield to me?

Mr. MAGNUSON. I yield.

Mr. BUSH. Is it not true that this public utility district now is already connected?

Mr. MAGNUSON. It is connected with the power pool, yes. I do not know how sales could be made in the neighboring State without interconnection. If they were to go into the Bonneville power pool and lines, I do not know how they could spell out just what lines would be used. Their hope is—and I do not think the project can be justified unless provision is made to fulfill that hope—that the cost of the power will be such that it can be put into the Bonneville pool. In other words, if Bonneville is not going to be their customer in this situation, they take the position, "Maybe we would not want to go ahead with the project."

Mr. MORSE. But Bonneville will be made the wheeler, and the wheeling costs will be added.

Mr. MAGNUSON. They wheel now from the public utility districts and from cities.

Mr. MORSE. But they wheel now from a regional pool over which they have complete control over delivery from where the power is generated to points at which the power is needed.

Mr. MAGNUSON. But they wheel from cities, including, for instance, Tacoma City Light.

Mr. MORSE. But on a regional basis by means of which they have control of the power.

Mr. MAGNUSON. But they do it by agreements. I have no reason to believe that they are not good agreements. Otherwise, to whom would they sell the power?

Mr. MORSE. I think it is perfectly obvious where some people hope they will sell the power, and to whom—but not to public groups.

Mr. MAGNUSON. I wish to tell my friend, the Senator from Oregon, a little about financing. When an agent puts on his hat and goes down to the lower end of Manhattan Island, to sell revenue bonds, one of the first things he is asked is, "Do you have a contract for the sale?" So that will be taken care of a long time before even the first bit of concrete is poured.

Mr. MORSE. I wish to talk about that point in a few minutes.

Mr. MAGNUSON In my opinion the contract for the sale almost has to provide for integration into the Bonneville pool, under the same type of contract which has been very satisfactory in our area for municipalities and other public utility districts. The contract for sale has to be arranged before the very first step is taken in the actual construction of the dam.

Mr. MORSE. Mr. President, I proceed to discuss this matter today with a very heavy heart, because for the first time on a power issue in 9 years in the Senate I find myself in disagreement with my two very close and highly respected friends, the senior Senator from Washington [Mr. MAGNUSON] and the junior Senator from Washington [Mr. JACKSON].

I speak from a heavy heart, too, Mr. President, because we see so differently on this issue. I think it is most regrettable that great public power forces in the Pacific Northwest—and we represent great public power forces in our respective States and in that area—do not see eye to eye on this issue.

I speak from a heavy heart also because of my conviction that what we are dealing with is a stick of legislative dynamite which is being placed under the whole Federal power program of many years' standing. When we touch off the fuse, I think we shall have an explosion which will do terrific damage to the regional power program.

I know exactly the position of the Senators from Washington. I understand the point of view they have expressed. I have no question as to the sincerity of their intentions. I have no doubt as to their conviction that the Federal power program would not be injured as a result of the enactment of this bill. However, I completely disagree with them.

A BLOW AT THE 308 REPORT PLAN FOR REGIONAL DEVELOPMENT

What we are doing here today is starting the beginning of the end of the comprehensive program of the Corps of Engineers 308 report. When I refer to the 308 report, I am talking about the great power, reclamation, flood-control, and navigation development program worked out by the Army engineers and the Bureau of Reclamation engineers, which really has become the economic development bible of the Pacific Northwest for some years past. All groups—private groups as well as public bodies—have for some time been in remarkable unanimity of agreement in support of the 308 report. It calls for the development by the Federal Government of great multiple-purpose projects in the Pacific Northwest, leaving to private utilities and other groups the development of sites which are not integral parts of the comprehensive plan.

PRIEST RAPIDS SHOULD REMAIN A FEDERAL PROJECT

We are dealing here with a great site for multiple-purpose development. In my judgment it is a site which ought to be developed in consonance with and in keeping with the intention of 308 report,

and should not be developed by any public utility district or by any private utility, or by any other body than the Federal Government, in keeping with that Blueprint.

In my judgment the fact that we are starting with a public utility district does not change one iota the danger of undermining the plan for comprehensive development by starting with it as a bellwether. The bill takes this dam out from under the full control of the Federal Government and the Federal plan for regional development. In my judgment, on principle it makes no difference in this case whether this project is being developed by a public utility district or a private utility. The fact is that we are developing this project under a so-called "partnership"—a catch word of this administration—through a body which will establish jurisdiction over the use of its power outside Federal control.

COMPREHENSIVE REGIONAL DEVELOPMENT IN PACIFIC NORTHWEST BENEFITS THE WHOLE COUNTRY

I happen to believe that the program of comprehensive 308 report is a program which protects the citizens of Connecticut as well as the citizens of Washington and Oregon. It is a plan which protects the citizens of the entire Nation. We in the Pacific Northwest do not have a monopoly of interest in the waters of the Pacific Northwest. I know this is elementary, but apparently these are days elementary principles must be restated.

STREAMS OF COLUMBIA BASIN BELONG TO ALL THE PEOPLE

The elementary fact is that the waters of these rivers belong to all the people of the Nation, not merely to the people of Washington and Oregon, but to all the people of the United States, wherever they live. In my judgment, the economic resources of those waters should be developed in a manner which will benefit the best economic interest of the people of the country as a whole, not merely the interests of the people of the Pacific Northwest.

The philosophy and underlying objective of the plan for regional development in the 308 report was for a regional program which would be of help to the country as a whole. In my judgment, I would have no right, as a Senator from Oregon, to stand as a special pleader in the United States Senate for the development of a resource in Oregon unless it were developed in a manner which would be good for the entire country, and not merely for one region or a part of it. That is why I have been so wedded to the principle of 308 report. I have felt that it is a power program developed under the inspiration and urging of great statesmen in the Congress and by great Presidents who believed that we ought to develop these rivers on a comprehensive basis in the interest of developing cheap power. Without cheap power there is little hope of the maximum industrial and economic development of that area of the country.

That kind of development is very helpful to Boston, Mass. It is very helpful to Miami, Fla., and to Lincoln, Nebr. I do not care what part of the country is pinpointed; it gains by a sound economic development of the water resources in any other part of the country. In my judgment, this bill would not accomplish that purpose. In my judgment, the bill would start to undermine the 308 plan.

The senior Senator from Washington [Mr. MAGNUSON] made what I think was a very able statement before the Public Works Committee. I wish to quote a few paragraphs from that statement, because I go along with his philosophy. My difficulty is that I cannot reconcile his bill with his philosophy.

MAJORITY IN PACIFIC NORTHWEST FAVOR FEDERAL CONSTRUCTION

As will be seen from page 8 of the hearings, in describing this project, the senior Senator from Washington said:

Mr. Chairman, at the beginning of these remarks I was discussing the concept of comprehensive development. You will recall my statement that we would have more to say on this and related facets of Federal power policy at a later point in this statement. I come now to that part of our testimony.

We are discussing legislation affecting a single project on the Columbia River. The decision the Congress makes on this, however, may affect many other projects already authorized by Congress on the Columbia and its tributaries. S. 1793 and its counterpart in the House, H. R. 7664, cannot properly be considered without some reference to the effect on the overall Federal power policy.

I am sure a majority of the people in the Northwest would prefer to see the Federal Government construct Priest Rapids Dam.

So am I. I am convinced of it. I am convinced that all we have to do is to get all the facts before the people of the Pacific Northwest as to what is involved in the bill. If that is done we shall find an overwhelming majority of them saying that the project ought not to be constructed by the Grant County Public Utility District, but that it ought to be constructed by the Federal Government, in consonance with the objectives of the program for comprehensive development.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. MAGNUSON. I am in entire agreement with the Senator from Oregon in that respect.

Mr. MORSE. I am about to quote further from the statement of the senior Senator from Washington, to indicate how completely he agrees with me in philosophy.

Mr. MAGNUSON. I think I would agree with everything the Senator has said on that point.

Mr. MORSE. That is why I think it is so sad that when we come to apply these great principles to a specific bill we do not remain in agreement.

Mr. MAGNUSON. In order to clarify the RECORD, we speak of one public utility district. Several others have joined in this effort. There is a group of public utility districts.

Mr. MORSE. That is brought out in the Senator's statement. Let me say that when I refer to the Grant County Public Utility District I include all the other public utility districts or public bodies which are on the list of agencies which have indicated that they desire to participate in the building of this dam. However, the leader of the movement is the Grant County Public Utility District. As the Senator's own statement points out, it put up most of the money for the planning and presentation of the case in support of the bill.

The Senator from Washington went on to say before the committee:

The primary reason that this legislation is before you stems from the fact that there have been no new starts in the Pacific Northwest for 2 years and this year there are no funds in the budget to initiate construction on new dams. And I can say that with some authority because yesterday afternoon we just wrote up the civil functions bill and Senator STENNIS was there. The administration apparently has decided that budgetary considerations prohibit investment of Federal funds beyond the amount required to keep present projects going at a minimum rate. Under these circumstances Grant County Public Utility District and other local government agencies came to Senator JACKSON and me with the suggestion that they try their hand at financing the Priest Rapids project.

We were willing to go along with the proposal provided certain fundamental principles in our Federal power policy are preserved. We were thinking specifically of the requirement that any stretch of the river be developed to its full potential and that in the sale of power, public bodies and cooperatives receive preference.

When Senator JACKSON and I introduced S. 1793 we debated the wisdom of inserting a preference clause. At that time we decided tentatively that the preference clause was not necessary, because the groups who may apply for a license under S. 1793 are nonprofit local government agencies. We assumed that the power from Priest Rapids would be absorbed in the main by these local government agencies which would become the licensees and which are presently retailers of electric power. Since they serve domestic and rural consumers we thought at the time we introduced the bill the preference principle would prevail in actual practice.

Now a new element has been injected into the picture—something we could not foresee at the time we introduced the original legislation.

The House Public Works Committee added two amendments to its bill. It is a similar bill. One of these amendments would authorize the Washington State Power Commission to construct Priest Rapids in the event Grant County Public Utility District or the other local government agencies with which it is affiliated failed to do so. The law which created the Washington State Power Commission contains no preference and priority clause. And I call this to the particular attention of Senator MORSE.

The other amendment stipulates that if a license is granted to the local government agencies of Washington "a reasonable portion of the power capacity and a reasonable portion of the power output shall be offered to neighboring States." I want to interpose by saying that might not seem an important suggestion, but when you are talking in terms of 1,300,000 kilowatts of power, you are talking about a lot of power which is needed in the whole area. If there is a dispute over what constitutes a reasonable portion of the power output the Federal Power Commission will determine the question.

This means that the power from Priest Rapids Dam will be distributed on a regional basis. It means further, however, that the control over the power output of the project no longer resides in the hands of the local government agencies who will become the licensees and who will construct the project—if all goes well. This raises an entirely new

issue and, in my judgment, dictates that this committee and the Congress consider the effect passage of this legislation will have on existing Federal power policy.

In effect the Priest Rapids legislation is a prototype. It is a bellwether, so to speak.

THIS BILL AS A POSSIBLE PRECEDENT

Mr. President, I digress to say that I completely agree with the senior Senator from Washington. There is no doubt about it that there will be attempts to use this bill as a prototype. There is no doubt about it that this is a bellwether.

In my judgment it means that what we are doing is letting non-Federal interests get their heads into the tent. Before long we will find them with the whole tent on their heads, and on ours, too.

The senior Senator from Washington went on to say:

The committee already has before it H. R. 7815, the so-called Cougar Dam bill. I have no doubt there will be other pieces of legislation presented to the Congress affecting authorized projects in the Northwest.

There are others, such as Green Peter and John Day.

The senior Senator from Washington went on to say:

In acting on each of these bills your committee and the Congress is setting policy. If you consider each bill as an isolated case you will be determining policy on a piecemeal basis. Now that may be the desirable procedure but if we are going to set policy on a piecemeal basis certainly this committee and the Congress and the people of the Northwest and the rest of the country should know what we're doing. We do not want to be led into some kind of a trap.

As far as Senator JACKSON and I are concerned we believe S. 1793 should be amended so as to preserve the preference and priority portion of our Federal power policy irrespective of who constructs the dam. It is our belief that the pattern we set in enacting Priest Rapids legislation should conform in every possible respect to the power policy which has so well served the Nation, particularly in the past 20 years. Within a few days we will submit to the committee an amendment to accomplish that objective. I said a few days. We can get it ready almost immediately.

Mr. President, I read at some length from this very objective and very sincere and fair statement of the senior Senator from Washington before the Public Works Committee, because it outlines the great difference between us. Not that I do not accept most of his premises, but it is the application of the premises to the power needs of the Pacific Northwest and to the country with which I find myself in such disagreement that I cannot vote for this bill.

PIECEMEAL DEVELOPMENT

We are doing exactly what the senior Senator from Washington warned; we are doing this job on a piecemeal basis. This bill has been presented first, among these various bills. This is the bellwether bill. This is the bellwether bill which has a plausible appeal, because some public bodies are seeking to construct the dam.

However, that does not change the fact that the basic principle of 308 is being undermined. The basic principle of that report is the construction of multiple-purpose dams by the Federal Government under a comprehensive program for pooling the power and selling the power with a preference clause under established Federal policy.

THE PUBLIC BODY PREFERENCE PROBLEM

The Senator from Connecticut [Mr. BUSH] is, in my opinion, unanswerably correct when he points out that in effect we would establish a new precedent in this bill if we added the preference clause proposed by the two Senators from Washington.

I say that because we would have a dam that had been built by private money, with private dollars, and we would be telling those who would have these property interests vested in them, as well as having made that expenditure, that they must use their property in such and such a way in accordance with such and such a preference clause. Let me say, Mr. President, that the matter could be tied up in the courts for years. I believe it will raise many complicated legal questions. First, there will be raised the question of the constitutionality of such a clause; second, the question will be raised as to the power of Congress to impose it; third, as to whether or not it does not amount, in effect, to taking property without due process of law; as well as other constitutional questions. I believe the Senator from Connecticut has put his finger on one of the weaknesses in the bill, because certainly preference is not guaranteed by this bill, and, in my judgment, there is serious question whether the kind of preference that we contemplated by the 308 report plan, the kind of preference we are talking about under the Flood Control Act, the kind of preference we are talking about under the Bonneville Act, or the kind of preference we are talking about under the Reclamation Act of 1903 could stand up in the courts if we attached to this bill a preference clause which would seek to require, at least, the owners of this dam to distribute its power in accordance with the provision of that preference clause.

I say I seriously question whether that could be done, although here on the floor of the Senate I will vote for the preference clause. I will vote for it, although I voted against it in committee, and I shall tell the Senate in a moment why I voted against it in committee.

I shall vote for it here if I have an opportunity to vote for that preference amendment because I think there should be a legal determination whether Congress provides for preference under these circumstances. I voted against the amendment in committee because of the various doubts I am expressing here, and because, in my judgment, the bill should not have been reported from the committee. I voted against the bill in committee, and therefore I voted against any amendments to the bill in committee, because, in my judgment, the basic principle of the bill is bad, and I was not going to be a party to reporting the bill with any amendments to it at all.

But here it is on the floor of the Senate, and I shall vote for the Senator's amendment if he offers it. I particularly hope he will offer it, in view of the comments of the Senator from Connecticut. I think the Senator from Connecticut [Mr. BUSH] has laid down a challenge to the Senator from Washington to offer his amendment because, if I correctly interpret the remarks of the Senator from Connecticut, he indicated to the Senator from Washington that, if a choice had to be made between the bill with the Senator's amendment and no bill, it would be no bill. Let us find out. I am all for getting the amendment up and voted on.

PRIVATE UTILITY CAMPAIGN AGAINST PREFERENCE

Without any personal reference to the Senator from Connecticut, but with reference to the forces in America that are against preference, let me say this to the Senator from Washington: One of the reasons why I think we should have fought Priest Rapids is that I do not think we should have moved into a parliamentary position in the Senate where any question could be raised in regard to maintaining preference because the private utilities do not want preference. We are dealing here, Mr. President, with an area of the country in which multipurpose dams are Federal dams, in which the whole program for the development of multipurpose dams must be region-wide; that requires Federal leadership, construction, operation, and coordination.

Of course, the private utilities are bent on getting rid of preference. They do not want preference attached to Priest Rapids because they want to be in a position to dicker, deal, and negotiate for power. Whoever has the control of power from Priest Rapids Dam can do with it as he pleases. That will mean, in my judgment, as it always means, higher rates, unless there is a guaranty of Federal pooling, distribution, transmission to load center, and public-body preference. There will be no pooling agreement involved here. There is no language in the bill that makes that mandatory. What are we doing by this bill is setting up a bus-bar arrangement. We have been fighting these bus-bar arrangements in the Pacific Northwest. If we sell power at bus bar, we may as well turn the dam over to those who have the bus-bar contract.

Mr. President, I cannot go along with a bill which, in my judgment, will undermine preference. I cannot go along with a bill which, in my judgment, is exactly the kind of bill the private utility combine in this country wants to see us pass in the Senate as a bellwether precedent.

Then we will hear the argument made when Cougar, Green Peter, John Day, and the rest of them come up, "You did it in Priest Rapids. Now do it in this one."

COOSA BILL NOT A PRECEDENT

I opposed the Coosa bill. It had some of the same problems. It so happens that Coosa is in a private utility area. I say that for the benefit of the editor of one of the leading newspapers in my home State, which contained an editorial on Coosa some time back. The editor showed his ignorance as to the status of Coosa and sought to give his readers the impression that Coosa was in the area of the TVA and part of the TVA system. That is not true. Coosa is in an area served by private utilities. How-

ever, it was authorized by the Federal Government some time ago because it was recognized that if we wanted to protect the best interests of the people we had better get a yardstick in the area. I have always felt that was probably the controlling reason why Coosa was authorized in the first instance, and I still think that in the area of Alabama there should be a public power yardstick, in addition to that provided by the close proximity of TVA.

There is nothing about the Coosa situation which, in my judgment, justifies it to be cited as a precedent for this Priest Rapids bill. But already in debate on the floor of the Senate we hear the senior Senator from Washington citing Coosa as somewhat similar to the situation which we have in the Pacific Northwest. I think Coosa was bad legislation. We shall not help the situation by passing another bill that is equally bad.

PREFERENCE PART OF PUBLIC POWER YARDSTICK

Mr. President, I wish to emphasize that one of the reasons why we find it necessary to have public preference is that it is the best guaranty for a yardstick as a competitive check upon private utilities which, without that check, always charge high rates.

That is the history of power development in this country. Take me into an area where there is no public power yardstick, and I will show you high rates. Do not tell me that the answer is State regulation. That is to laugh, because the history of State regulatory bodies is that too frequently they have been too politically minded. We have discovered that we cannot protect the interests of the people by State regulatory bodies. To protect the interests of the people let us have a public power yardstick. In my judgment, we do not have the full protection of the public power yardstick in the Priest Rapids project, because I think it is being undermined by being taken out of the 308 plan and the policy of that report.

ADMINISTRATION FAILURE TO APPROPRIATE DOES NOT JUSTIFY BILL

I wish to refer to the argument of the senior Senator from Washington regarding the fact that no appropriations are proposed by this administration for any new starts in the Pacific Northwest. How well I know that, and how shoulder to shoulder I have stood and fought with the 2 Senators from Washington and the 2 Senators from Montana to try to get appropriations for some new starts.

I am not going to surrender just because we failed with this administration to get some new starts. To the contrary, I propose to tell the people of the Pacific Northwest what this administration is doing to them. I propose to tell the people of this country about the administration sellout to the private monopoly combine in this country.

THE THREAT OF UTILITY MONOPOLY

These are days when we should gird for political battle. These are days when monopoly is returning to America, and is seeking to control the natural resources of the country. These are days when, instead of surrendering to this administration, because it would not include some funds for new starts in an appropriation bill, we should be saying that we intend to take this fight to the people—and November is not so far away; it is creeping up on the administration.

I am not going to leave behind me in the Senate today a record of voting for the Priest Rapids bill, which, in my judgment, will be heralded by this administration as its bellwether partnership bill for scuttling the 308 report plan, upon which, in my opinion, the full development of the resources of the rivers of the Pacific Northwest is so dependent.

Mr. President, let us examine some of the provisions of the bill.

I may say, in passing, that I always enjoy seeing the distinguished Senator from Kansas [Mr CARLSON] in the chair. I remember, some months ago, having had the pleasure of looking on his countenance for a good many hours, on a night that was very long for him, but very short for me, becauses I had so much to say on that occasion. I wish to assure him that he will be able to get his dinner tonight. I assure him that I shall be finished by dinnertime, with all facetiousness aside, that I shall be through long before dinnertime.

BILL UNDERMINES COMPREHENSIVE REGIONAL DEVELOPMENT

But I am going to make my record today in opposition to what I think is the beginning of the scuttling of the 308 report and regional development in the Columbia Basin—and not by the intent or the desire of my good friends, the Senators from the State of Washington. We simply disagree as to what the effect of it will be. But, in my judgment, that will be the effect of the bill, because of the precedent which it will establish.

I was very much interested in the comment made earlier this afternoon by the Senator from Connecticut [Mr. BUSH], when he said—and I think I quote him, or at least paraphrase him, with accuracy—that there are some places where public power is the answer. I am inclined to think that those who share that point of view, do so just so long as it does not occur in the United States of America. It is very interesting to observe the support which the Federal Government is giving to great public power developments abroad. Oh, we are doing a great job for public power development abroad. We have provided large sums of money for new starts in other countries. There is no difficulty in getting from the administration funds for new starts abroad, some of which are going to be public power developments. But the private utilities in the United States do not want such developments in this country.

I happen to believe that in the power field, both the public power and the private power utilities can work, live, and prosper side by side in the same area. That is why I have the record in the Pacific Northwest of working with the private utilities and for the private utilities in the development of their facilities at low-head dam sites. That is why I was an enthusiastic supporter of the Tacoma agreement, which was a great pooling agreement, that brought the public groups and the private utility groups together. But that was because, as of that time, there was remarkable unanimity of opinion on the comprehensive report. But since the change of administration, that unanimity no longer exists. I speak most respectfully when I say I am convinced that the private utilities now see a chance to scuttle the program. They now see an opportunity to come in and get control of the generating facilities of some of the great sites which ought to be developed by all the people, by the Government, so that when the developments are finished, and the dams are built, they will be owned by the people, not by the private utilities.

I now wish to return to a discussion of the bill itself.

Mr. CASE. Before the Senator from Oregon takes up the details of the bill, I wonder if he would agree to yield for a few questions with respect to some of the particular policy matters involved.

Mr. MORSE. I shall be very glad to yield.

Mr. CASE. The issues which are presented in the bill are issues which I think this Congress and the succeeding Congress will have to face in connection with a number of proposals for power development in the United States. I think this debate is intensely interesting. It is one that can well be studied by persons who are interested in the development of power and the making of it available to consumers at the lowest possible rates.

A few moments ago I heard the Senator from Oregon refer to his work with the private utilities and to his encouragement of them in the development of low-head dams. I wonder if he would give me some idea, or if he could give all of us some idea, of where he draws the line between a low-head dam and a high dam, and where he thinks it is appropriate for the private interests to develop hydroelectric power, and where he believes the Government should develop it.

Mr. MORSE. When I speak of a low-head dam, I mean the development of a dam outside of those proposed as the main control plan detailed in the 308 report. The dams provided for in the comprehensive program, in my judgment, should be built by the Federal Government. All the power which is developed under the program described in the Army engineers 308 report would be by multiple-purpose dams.

Mr. CASE. It happens that in the Missouri River Basin, with which perhaps I am more familiar than I am with the Northwest power situation, practically every tributary or every stream in the Missouri River Basin which is susceptible of power development, would come under the comprehensive plan for the development of the Missouri River Basin.

Mr. MORSE. The 308 report is very definitive in its terms. For example, I urged the development of private utility dams on the Deschutes and on the Rogue. The sites were not part of the main control plan blueprinted in the 308 report.

Mr. CASE. Perhaps they are streams which run directly to the sea; or are they tributaries of major streams?

Mr. MORSE. Eventually they flow into major rivers.

To understand the position of the junior Senator from Oregon in regard to public preference, in regard to transmission lines, in regard to the busbar issue, and with regard to who should finance the dams, it is necessary to keep in mind that I think the 308 report is a very logical and sound program of development. I have seen nothing yet by way of argument or amending reports which would justify my withdrawing any support from it.

Mr. CASE. In my opinion, the application of the comprehensive plan in the Missouri River Basin would eliminate private utilities from any hydroelectric development.

Mr. MORSE. No; I do not think it would.

Mr. CASE. All the tributaries and subtributaries of the Missouri River are brought into the plan.

Mr. MORSE. That would not be the test.

Mr. CASE. What would be the test?

Mr. MORSE. One would have to sit down with a group of experts, as was done in the preparation of the comprehensive plan contained in Report 308, to decide what the area and sites would be which would be developed by multiple-purpose dams. That was done in connection with that report. There is general endorsement of it in the Pacific Northwest.

Those of us who are for sticking to it are now saying, "Do not propose to come in now and undercut it." Every single area covered by the comprehensive plan of 308 can be served with cheap power through the development of multiple-purpose dams. The private utilities will get their contracts, and they are entitled to contracts, for a fair supply of power from those dams.

The interesting thing to the Senator from Oregon is that I never went along with the idea, in the Pacific Northwest, that private utilities should not be guaranteed fair contracts for reasonable terms of years for the purchase of power which the private companies needed to serve their customers. I am not for squeezing them out of the area covered by the 308 report; but I am saying that the generating of power, flood control, and irrigation should be under Federal jurisdiction at sites which are part of the main control plan for the Columbia River and its tributaries.

Mr. CASE. As I understand, the Senator from Oregon believes that when a multiple-purpose dam is involved, there should be Federal development.

Mr. MORSE. That is correct. I have never said that within the Columbia Basin area a power-generating dam not involving any reclamation or irrigation or flood-control project which is an integral part of the 308 report plan should not be licensed to a private utility to serve some area, provided the licensee will enter into a pooling agreement.

Mr. CASE. By the "pooling agreement," does the Senator mean putting the power in the Northwest power pool?

Mr. MORSE. Yes; providing further that the utility project will not scuttle the site for one of the main control dams of the river.

If the Senator will bear with me, I should like to have the RECORD illustrate that point. One of the reasons why I am fighting so hard against the Idaho Power development of Oxbow dam and insisting on Hells Canyon is that if Idaho Power is permitted to build a low-head dam, the high dam at Hells Canyon will be scuttled, just as was attempted by the proposal to build a private dam at Kettle Falls, until Franklin Roosevelt prevented it. Kettle Falls would have destroyed the Grand Coulee site as Oxbow would prevent construction of a high dam at Hells Canyon.

I have said I shall go along with a low-head program on the Snake River so long as a low-head dam site is picked which will not block out one of the main control dams on the Snake River.

Mr. CASE. Is it the Senator's opinion that if a private power dam site existed and it was developed by the private utility under license, such as the Senator has just suggested, the so-called preference clause should apply to the sale of power by the utility, when it is a private plant?

Mr. MORSE. No, I would not lay that down as an absolute requirement. I would say it would depend upon the location of the dam, the relationship of that dam to surrounding Federal dams, and the whole question of water control.

Mr. CASE. Somewhat earlier in the Senator's remarks he referred to selling power at the busbar, and expressed some disapproval of it.

Mr. MORSE. I am "agin' " it.

Mr. CASE. Even though the contract to the private utility with regard to its distribution of the power would require the passing on of the benefits of the economies of the Federal generation of power to the ultimate consumer?

Mr. MORSE. I am against all sales of power out of a Federal dam at busbar to a private utility, because, in my judgment, control of the dam would really be lost. I am in favor of the grid back transmission system, which carries the power to load center with assurance to the private utility of a fair contract for their power at load center.

Mr. CASE. I appreciate the answers which the Senator from Oregon has given, because I think they help give us a definition of his position on this question and also on the issues which will arise when some of the other bills are considered. As the Senator knows, we have had a protracted series of hearings in the Committee on Public Works on Niagara power. The Senator from South Dakota has taken the position that the Federal Power Commission might well handle the licensing of a project in that area, and thereby relieve the Federal Government, in its present fiscal situation, of the financial load which would be necessary in order to finance that particular development.

There has been a great deal of discussion in the committee on the question of whether a preference clause should be attached to such an arrangement. It has been my thought that if the licensing were left to the Federal Power Commission, and it followed the Federal law, as I am sure it would, and if the State of New York were an applicant to the New York State Power Authority, for the license, as it has stated it would be, then it would be equitable to let the laws of the State of New York govern in the sale of the power, particularly since the State law does provide some standards of conservation for the observance of any person or body receiving a license; and, further, because in section 5 of the New York State Power Act there is a specific provision designed to insure that any power the State handles or develops shall go to domestic consumers and rural users, as opposed to commercial or industrial users.

I find it a little difficult to reconcile the statement which the Senator made a few moments ago, with reference to the attachment of the preference clause to a license to a private utility, with his position on the Niagara power proposal, for in the latter case it is recognized that the State would be responsible for doing the financing. The proposal, as reported by a majority of the committee, would leave the settlement of the preference to the State law, under the restrictions provided in the Federal law.

Mr. MORSE. Of course, I did not vote for that.

Mr. CASE. I know the Senator did not.

Mr. MORSE. I see no inconsistency in my position, because, in the whole Niagara situation, we are dealing with a public body and not a private body, and, as will be developed in the debate on the bill relative to the Niagara matter, when it reaches the floor of the Senate, with a State which was granted certain definite rights, in my judgment, by the Federal Government when the arrangements were made, by treaty with Canada, as to the use or control of the water.

Mr. CASE. But if a private utility which would get a license is to be left free from the application of the Federal preference clause, why should not the State of New York, if it granted the license, be left free from the application of the Federal preference clause?

Mr. MORSE. As the RECORD will show, my statement was not to be universally applied. I said it would depend upon the location of the dam, its relationship to Federal power dams, and the question of the control of the water. I said I did not take the position that in all instances a preference clause would have to be attached. That was my answer to the question the Senator put to me.

Mr. CASE. The junior Senator from South Dakota has gradually adopted a philosophy with regard to this question which may not be wholly consistent; I do not know. I have not gone into the power subject as much as has the junior Senator from Oregon. However, I have thought that where the Federal Government arranged for the financing, or provided financing, there was a sound basis for the application of the Federal preference clause.

Some years ago, at a political convention of my party in my State, the plat-

form advocated repeal of the Federal preference clause. I took occasion to disassociate myself from that particular plank in the State party platform that year. I have consistently taken that position, because I thought it was impossible to repeal that act. I thought it was inconsistent to say that when the Federal Government provides the financing and at the same time is providing for the financing, there should not be cooperation between those two Federal activities, but where the private utility provides the financing, and particularly where, as in the Niagara situation, the New York State law does have a provision for preference to the ultimate consumer, the domestic consumer and rural user, and particularly since between 95 and 98 percent of the rural users in the State of New York are served by private utilities, it seemed to me the State of New York should determine the application of the preference clause, rather than attempt to saddle the State with a Federal preference clause and force the export of power outside the State of New York.

That is applying the principle to a particular case observing what the Senator from Oregon has just stated, that he did not speak with universality, but that each individual case should be looked into.

Mr. MORSE. I have always understood the position of the Senator from South Dakota to be just as he has expressed it on the floor of the Senate this afternoon. I have heard him express his position with great clarity in the Public Works Committee. I only regret that he has not understood my opposing position. We just do not agree. I get the impression, from his discussion, that he is somewhat expressing his disappointment that I do not agree with him; and I do not agree with him. I think the reason for that is that we have to go back to one basic principle, on which there are somewhat different viewpoints as to the consequences that will flow from carrying out that principle.

In other words, I never get out of my head and never overlook the fact that the interests in these streams are not State interests. I never get out of my head the fact that the interests in these streams are the interests of 164 million American people, all the people of the United States; and I do not go along with a proposal that the Federal Government completely relinquished that interest. I think we have a responsibility to see that that interest is administered in a manner that will protect the heritage of all the people of the United States in their right to the maximum economic development of those streams.

So I do not go along with the Senator from South Dakota [Mr. CASE] on the Niagara bill, the so-called Case bill, by means of which those rights would be turned over without safeguards to the State of New York, when licensed by the Federal Power Commission. I prefer the Lehman-Roosevelt proposal; and I was one of those who in the committee voted for that proposal, and I prepared minority views that presently are being circulated; and soon I shall go into the matter in some detail, when it comes to the floor of the Senate.

Mr. CASE. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I shall yield in a moment, when I complete this statement.

Mr. President, I wish to say that I am not going to go along with a program that, with any finality, completely relinquishes the control of the Federal Government over the interests of all the people in the streams of this country.

That brings us to the problem of the property value in the falling water of the streams belonging to all the people. That is a great property value. It is a public property value. It is a property value that I think the Federal Government has a duty to protect. It is bills such as those—and I think the pending bill is one of them, and I think the so-called Case-Niagara bill is another—that in my judgment do not return to the people full value for their interest in that falling water.

That is one reason why I say I am not going to give up the preference right principle unless I am perfectly satisfied that the people are obtaining an adequate return for any relinquishment they make of the right.

Mr. CASE. Pursuing the question of the ownership of the water a little further, does the Senator mean by his statement with respect to the ownership of the water that he rejects the holding of the Supreme Court recently in the so-called Niagara Corporation case?

Mr. MORSE. No; I do not reject it. I do not think it has anything to do with the legislative policy we determine.

Mr. CASE. If my memory is correct, the principle enunciated by the Court was that a State might have proprietary rights in a stream.

Mr. MORSE. That has been long-established water law from the time of Blackstone. There is nothing new about that. I do not quarrel with that principle. It has nothing to do with the question of the national interest and rights in falling water.

Mr. CASE. I thank the Senator from Oregon for his indulgence in responding to my questions.

Mr. MORSE. I thank the Senator from South Dakota. He and I disagree on a good many questions, but we always enjoy our discussions of disagreement, as we have here this afternoon.

Mr. President, I wish to discuss the provisions of the bill.

PROPOSED BILL DOES NOT ASSURE POWER INTEGRATION

In my judgment there is no requirement in the bill for integration. I am talking about a requirement, in mandatory language. I cite section 2 of the bill, on page 2:

SEC. 2. The Priest Rapids Reservoir site shall be developed to utilize the optimum capabilities of the site as a part of the comprehensive plan for economically feasible control and utilization of the water resources for flood control, navigation, power, and other beneficial purposes. Before a license is issued, an applicant for a license shall submit a report on the details of its plans for development to the Federal Power Commission with particular reference to the integration of the proposed Priest Rapids development as a part of the comprehensive plan.

That is only language. It means absolutely nothing from the standpoint of any requirement of integration. The applicant shall report on plans for integration. The FPC need not require it. So I say that we are passing a bill which uses the word "integration." It uses language which would mislead people into thinking that it provides for integration when, in fact, I respectfully submit that it is not true power integration, and, under the circumstances, it would seem impossible to have true integration.

The proposed plan for the sale of power would, in my judgment, encourage the multiplication of transmission lines and further complicate the management of power, which already is too complicated.

HIGHER POWER COSTS—POSTAGE-STAMP-RATE PRINCIPLE ABANDONED

I think the end result would be an increase in the cost of power. When we start dividing the power resources of the Pacific Northwest among a great many administrative authorities, the end result is bound to be not cheap power, but high-cost power. If the Bonneville Power Administration is to be used as a power broker under the terms of the bill, then the Bonneville Power Administration will charge for wheeling, and I say that the arrangement would threaten the postage-stamp rate.

LACK OF NAVIGATION AND FLOOD-CONTROL FEATURES

It provides nothing for navigation and flood control.

Let me call attention to page 22 of the report. General Itschner was testifying before the committee, and the junior Senator from Washington [Mr. JACKSON] had just said:

Senator JACKSON. The only thing, Mr. Chairman, is that in building it, if the Federal Government, for example, is not going to put any money in initially on the flood-control and the navigation features, they would want to have the structure built in such a way that it could accommodate navigation and flood-control features.

The Federal Government, the Corps of Engineers therefore has a vital stake in it to make sure that it is built in a manner that would make available such features if and when, at some later date, such should be done.

On the other hand, it could be and maybe money would be saved if it were done simultaneously.

General ITSCHNER. That is correct. Money would be saved if the entire project, including flood-control and navigation features, were constructed at one time.

Senator MORSE. Let us dwell on that point a moment, General. I understand that on this particular segment of the river where your project is to be built, it would be desirable to have flood-control and navigation features a part of the program if the Federal Government were doing the job.

General ITSCHNER. As far as the flood-control features are concerned, the storage of $2,100,000 acre-feet for flood-control purposes in this reservoir is extremely important to the protection of the Columbia River below The Dalles.

It is especially important because it is at the lower end of the river and therefore is of more value than an equivalent amount of storage far upstream where it is difficult to operate reservoirs so as to store

water in a manner which will be most effective in reducing the flood crest downstream.

As far as the navigation is concerned, no authorized navigation project exists in this portion of the river at this time, and even if the dam were built and financed entirely by the Federal Government at this time, it would be constructed only with a closure section which would be adaptable later at minimum cost to a navigation lock.

Senator MORSE. What difference, if any, would there be in the flood-control features if this project were built as proposed by this bill as compared with the building of a project by the Federal Government?

General ITSCHNER. We would like to insist, and the bill does provide, that the same amount of flood-control storage would be provided in the dam or dams built by the public utility district as would be provided in the authorized Federal project for the single dam at Priest Rapids.

Senator MORSE. Maybe I misunderstood Senator JACKSON and misunderstood you. I thought I understood that if you were proceeding with this bill at once, with the project under this bill at once, you would proceed with the power features and not have the flood-control features incorporated at the same time.

General ITSCHNER. I meant to say this, that if the project is built by the public utility district at this time, and if Congress does not see fit to appropriate funds with which to pay for the flood-control features, it would be necessary for the public utility district to construct a foundation satisfactory to take care of those flood-control features at such time as the Federal Government would provide the additional funds to raise the dam up the additional number of feet necessary to take care of the flood-control storage.

Senator MORSE. So that they could proceed with this dam if they built a dam high enough to take care of the generation of the power, that would meet the immediate needs, and then, at a later date, if the Federal Government became interested it could appropriate the money to add to the dam so as to create a greater flood control.

General ITSCHNER. That is correct, sir. And if that were done, the public utility district would be put to additional expense in order to construct a heavier foundation and a thicker dam in anticipation of a future addition to the dam in order to provide for flood-control storage.

Senator MORSE. Is it the view of the Corps of Engineers that it would be desirable to have the flood-control feature developed in its entirety at the time the dam is built because of the need of it below The Dalles?

General ITSCHNER. Yes, sir; it would be desirable to obtain this flood-control storage as soon as possible.

The senior Senator from Washington pointed out that this dam is proposed as an electrical generation dam, and that that is the primary feature of the Priest Rapids bill.

However, as I have looked into this matter, not only do I have the statement of General Itschner at the hearings, but I have assurances of other men in the Corps of Army Engineers that this dam is a very important dam within the comprehensive program for flood control.

PIECEMEAL CONSTRUCTION MORE COSTLY

As General Itschner points out, it will cost more in the long run to build it by installments. If we want to save money, the way to save money is to do the entire job in one general construction operation. I believe it is most unfortunate that we are dealing with a bill that proceeds on the installment construction program for the development of the power resources and the flood-control resources that we need in the Pacific Northwest. In fact, without reading it, I wish to have printed at this point in my remarks the statement I made in opposition to this bill at the first hearing on it in the Public Works Committee, beginning on page 25 of the report, and running to the middle of page 26 of the report.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Senator MORSE. Yes, sir; and on the whole general problem of the proposals that, in my judgment, greatly modify the whole comprehensive program of river development in the Pacific Northwest, and it would not be fair of me to sit here and not briefly call attention to a problem or two that concern me.

I have joined with all my colleagues in the West some years now in fighting for the development of the comprehensive report plan because I think the comprehensive report plan takes into account the best interests of the Nation as a whole.

There is not a community in America that doesn't have a great stake in the development of the flood control and the irrigation and the navigation and the power resources of the rivers of the West. We do not own them out there. No community in our section of the country owns a single segment of a river in the Pacific Northwest. They belong to the people of this country and the developers of the great power policy of our Nation, Charles McNary, of my State, George Norris, Franklin Roosevelt, to name only a few of the people who have had the very broad concept of the national interest in the development of the streams of America wherever they are located, initiated a program that I think we ought to be very careful about when it comes to modifying it because of any temporary financial problems that seem to confront our country.

I have not passed final judgment on Priest Rapids and I have not passed final judgment on the matter until I complete my study.

May I say most respectfully, Mr. Chairman, that I do not think the Public Works Committee ought to vote on the floor of the Senate any bill that proposes modification of our national power policy without hearings out in the field. I think we had better get out to the grassroots and find out what various organizations think about these problems.

Now, on this matter of flood control, I do not think you can separate it from power. Although we talk about power, it is important to us in the Pacific Northwest and we need that power, but let me tell you it is important to the farmer, who is being washed out along the banks of our streams, that we do something about the flood control and, as to those fellows, I do not think you can say power is more important.

In my judgment, I think the Priest Rapids site is one of the great flood-control sites of that part of the country.

I do not find myself ringing with enthusiasm over a proposal that seeks to postpone flood control, because I have seen a lot of people, and you have too, starting building a house on the addition plan. They start out living in the garage, and 10 years later you still find them living in the garage.

I think that we had better take a very long look at the so-called segment or installment construction program.

I want to be convinced in any of these projects that we are not, in effect, setting back the comprehensive program for the development of the maximum potential of these rivers in the light of their multiple purposes.

Let me make clear, though, I recognize that this is a regional problem, that these rivers do not respect State lines. I have never been for, and am not today for the development of a CVA in our section of the country because I think we have peculiar and particular problems out there where we do not need that kind of an administrative setup.

But as far as the uses of the river are concerned, they are regional. They do raise regional problems and I always agreed with the point of view that McNary and Norris took, let us get the projects built and then we can work out any differences that may exist between us as to how we will administer them once they are built, but I am very much concerned about this segmentized program in the construction of the electric power and flood-control needs of the Pacific Northwest.

I only raise the signal flag this morning and let us go slowly until we have got our facts, and this is not something that can be considered at one meeting of a subcommittee of the Public Works Committee and then move it on to the full committee and then the floor of the Senate.

Mr. MORSE. In the course of my remarks, I said:

I do not find myself ringing with enthusiasm over a proposal that seeks to postpone flood control, because I have seen a lot of people, and you have, too, starting building a house on the addition plan. They start out living in the garage, and 10 years later you still find them living in the garage.

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But as far as the uses of the river are concerned, they are regional. They do raise regional problems and I always agreed with the point of view that McNary and Norris took, let us get the projects built, and by that I meant, as they did, built by the Federal Government, and then we can work out any differences that may exist between us as to how we will administer them once they are built, but I am very much concerned about this segmentized program in the construction of the electric power and flood-control needs of the Pacific Northwest.

I only raise the signal flag this morning and let us go slowly until we have got our facts, and this is not something that can be considered at one meeting of a subcommittee of the Public Works Committee and then move it on to the full committee and then the floor of the Senate.

Therefore, I say, Mr. President, that the bill is weak in its flood-control aspects, because I think it will have the effect of delaying the flood-control projects contemplated by the main control plan of the 308 report. In fact, I believe it will set them back for a long time.

Mr. President, I wish to point out that the engineers' plan calls for 2 million acre-feet of storage which would be needed for the high flood stage. It will not only cost more, in my judgment, because we are not proceeding with a continuity of construction of the multipurposes of the dam, but I am satisfied it will result in higher electric rates. I

know the Senators from Washington and I can disagree about this to our hearts' content——

Mr. MAGNUSON. Mr. President, will the Senator from Oregon yield at that point?

Mr. MORSE. I yield.

Mr. MAGNUSON. I do not think the Senator's argument holds good at all. If this dam cannot be built to conform with the cheap rate in the area it will not be possible to get any money to build it.

Mr. MORSE. I do not think that necessarily follows.

Mr. MAGNUSON. Where will the power be sold? If I can buy power from the pool at $17.50, or whatever the price may be, and someone else is selling it at $24 or $25, which will I take? I do not see the Senator's argument at all.

Mr. MORSE. I think we should forget about starting it.

Mr. MAGNUSON. I am not starting it. The people in my area want a try at it, and I, in part, represent those people.

Mr. MORSE. I understand; but my argument, Mr. President——

Mr. MAGNUSON. I want to do what the Senator from Oregon wants to do, if I have my way.

Mr. MORSE. I appreciate that.

Mr. MAGNUSON. But there has been an election since I tried it, and during 18 long months nothing has been done. I want to do it exactly the way the Senator wants it done.

Mr. MORSE. There will be other elections, and I think we should keep ourselves in the strongest possible position for those other elections. I do not think the passage of the bill will keep us in the strongest position on the principle involved for those elections.

Mr. MAGNUSON. The Senator and I should not disagree. It is what I should like to do if I had my way, and I think the Senator should bear with me in that, because he knows that is a fact.

PROPOSAL WOULD BOOST POWER RATES

Mr. MORSE. I certainly have borne with the Senator, but my argument on the cost of power is that we have three estimates as to the cost of power. There is one group of power experts who say that in all probability it would be in 3.22 mills so far as generation costs are concerned. We have the testimony of Mr. Smothers of the Grant County PUD indicating 2.9 mills for the plan proposed by the bill. And we have the cost of 2.03 mills if Priest Rapids were built as a wholly Federal project based on Army engineers' figures.

I wish to point out that the 2.9 mills estimate, based upon Mr. Smothers' testimony, is calculated on the basis of interest rates on borrowed funds of 3.75 percent as compared with the Government rate of 2½ percent. If the interest rate charged the licensee goes to 4 or 5 percent, the cost will be 3.1 mills.

Of course, as the Senator from Washington has pointed out, it depends on what they are going to be able to deal for at the end of Wall Street on Manhattan Island.

Mr. President, in view of the comment made by the Senator from Washington as to his position in regard to the kind of development program he thinks we should have in the Pacific Northwest, a program on which he and I completely agree, so far as policy is concerned, I think the finest statement I have heard the Senator make on that subject is contained on page 20 of the committee hearings. I should like to read it at this point in my speech, because I wish to be exceedingly fair to my friend from Washington. At that time he said:

> At that point again, so that the record is clear, and I think the chairman appreciates that this bill does establish some new policy—I want the record to show that I have always favored the direct Federal appropriation for the construction of these projects in our area, and I still do, and I think it has been a mistake to change it, but nevertheless, we do have a crying need for our continuing power development, and I could not find myself in a position, although I thoroughly disagree with the policy, but not having any new starts, of not allowing our local people to give them the opportunity to do something if they could under proper regulation. I think it is a serious mistake, this change of power policy, and I want the record to show that, but nevertheless I want to give them the opportunity if they can to go ahead on this somewhat new arrangement. I hope it succeeds, but I have some grave doubts, and I want the record to show that.

There is no doubt, Mr. President, that the Senator from Washington has made his position perfectly clear as to the kind of policy he would like to have. It is the same kind of policy that I want, and it is the same kind of policy upon which I shall continue to insist. That is why I shall not vote for the Senator's bill, because the Senator's bill, as he says, does constitute a change in the policy that I think should be maintained under the 308 report.

PRIVATE FINANCING NOT ASSURED

Now, Mr. President, a word about the financing. I do not wish to see PUD's misled and I do not wish to see them disappointed, but, for the life of me, I have serious doubts that this PUD or any other public utility district can go to Manhattan Island and get the financial backing necessary for this dam. In view of the financing costs the generating costs would be high. There is also the problem of whether the backing community will love the PUD proposal as much after the Federal project is modified out of existence as it professes to love it now.

I understand that the Grant County PUD has obtained some encouragement from the John Naveen & Co. of Chicago, investment bankers. But I understand this is the same company which at one time held out hope for the marketing of bonds for an Iowa cooperative to enable it to build generating facilities, but which never came through.

I think the financing of this project will be very questionable, because no concrete load estimate of power customers is available. There is no definite list of customers submitted as to the amounts of power they will take. All they have done is to submit some letters from other PUD's and cooperatives and other agencies in the State of Washington saying they could use some more power. I do not think we can get the dam financed on that kind of representation.

THIS BILL WOULD DELAY, NOT SPEED, PRIEST RAPIDS CONSTRUCTION

Talk about delay, Mr. President. If this bill is passed, and if this approach to the problem is authorized, then what will happen to those of us who would otherwise continue to urge Federal development? We shall be set back then, not only by the administration but by the bill, because it will be necessary to give the agencies time; and you know as well as I do, Mr. President, that they will not give up in 2 years, if they have not obtained financing in 2 years. They will ask for another year's time, and another year's time, and they might get it. They need only file with the FPC within 2 years. Hearings, the examiner's decision, the Commission's decision, and other factors provide for many years of delay.

In my judgment, we are dealing with a project which is of such a questionable financial nature that all we will end up with is further delay.

What I say should be done is to get busy and to make it clear to the people of the country that they ought to convince the administration, whether it be a Republican or a Democratic administration at any given time, that the Federal power policy of many years' standing in this country should be continued.

YEARS OF PRELIMINARY PLANNING REQUIRED

I wish to take a few minutes to discuss briefly a report I have received from the district Army engineer's office in Portland, Oreg. In the first part of the memorandum the project is described. I ask unanimous consent to have the entire memorandum printed in the body of the RECORD at this point as a part of my remarks.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

PRIEST RAPIDS DAM, COLUMBIA RIVER, WASH.

1. Project description: Priest Rapids Dam will be located on Columbia River about 397 miles upstream from its mouth and about 73 miles upstream from the mouth of Snake River. The reservoir will extend upstream 56 miles to the tailwater of the Rock Island Dam of the Puget Sound Power & Light Co. In addition, a narrow arm of the reservoir would extend up Crab Creek for about 22 miles.

As outlined in House Document No. 531, 81st Congress, 2d session, the dam would lie across the Columbia in a straight line with the spillway occupying the existing channel, a powerhouse adjoining on the left and an earthfill embankment continuing from the powerhouse to the left abutment. To the right of the spillway would be provisions for future navigation locks. Beyond, and extending to the right abutment, would be an earthfill embankment section. The project as proposed is designed for normal power use up to elevation 550 feet, and a maximum surcharge of 40 feet to be used for flood control purposes. An initial installation of 23 units totaling 1,219,000 kilowatts is planned.

2. Preconstruction planning: Preconstruction engineering and investigations required before construction can be started would involve the following:

(a) Foundation exploration and design studies to select the best layout and type of dam structure.

(b) Selection of a route for relocation of the Milwaukee Railroad satisfactory to both the Government and the railroad.

(c) Satisfactory solution of the relocatins of State highways and other roads.

(d) Preparation of a general design memorandum which will present a complete and detailed plan for the development of the entire project.

(e) Preparation of a detailed cost estimate and construction schedule.

3. Normal and accelerated schedule: The preconstruction planning would normally require 3 years to accomplish. An accelerated schedule would allow construction to start in 2 years.

4. Preconstruction funds requirements: Preconstruction planning would require approximately $1,800,000 to complete. By early concentrated planning on specific features scheduled for early construction, it might be possible under an accelerated schedule, to place the project under construction with a slightly lesser amount of planning funds.

5. Current cost estimate: The current (July 1953 base) cost estimate for the Priest Rapids project is $364,270,000 as itemized in the following table. Interest during construction would amount to $46,425,000.

F. P. C. account number and feature

	Cost
320, lands and damages	$2, 860, 000
320, relocations	39, 303, 000
321, buildings, grounds and utilities	14, 703, 000
321, powerhouse structure	38, 301, 000
322, reservoir and pool preparation	74, 000
322, dams	157, 638, 000
322, locks (initial construction)	10, 698, 000
322, Fish and Wildlife facilities	15, 832, 000
322, construction facilities	182, 000
323, turbines and generators	57, 865, 000
324, transformers and switchgear	17, 678, 000
325, operating equipment	1, 101, 000
326, roads, railroads and bridges	8, 035, 000
Construction cost	364, 270, 000
Interest during construction	46, 425, 000
Capital cost	410, 695, 000

6. Cost allocation: No formal cost allocation has been made for the Priest Rapids project since funds were not available to prepare cost estimates for alternate projects required to complete a cost allocation study. An approximate allocation would be as follows, based on specific costs:

	First cost	*Annual cost*
Power	$288, 313, 000	$14, 500, 000
Flood control	65, 259, 000	3, 290, 000
Navigation	10, 698, 000	540, 000
Recreation	0	0
Total	364, 270, 000	18, 330, 000

The above data should be considered as preliminary and subject to revision.

7. Annual benefits: The annual benefits of the project are estimated as follows:

Power	$22, 774, 000
Flood control	3, 285, 000
Recreation	60, 000
Total annual benefits	26, 119, 000

The power and flood control benefits allocated to the project represent the share of the corresponding Columbia River Basin system benefit commensurate with the contribution which the project makes toward the derivation of the system benefit.

8. Annual charges: Total annual charges, including interest and amortization, operation, maintenance, and interim replacements, amount to $18,330,000 annually.

9. Benefit-cost ratio: The benefit-cost ratio is 1.43 to 1.

Mr. MORSE. Mr. President, the second point raised by the district engineer in the memorandum deals with preconstruction planning.

Mr. President, this spells time. It spells a large amount of time, in my judgment. It spells some waste of time, because the Army engineers will have to be in constant conference with an independent body which really has the statutory authority to go ahead and build the dam. The Army engineers are going to be held up by that kind of jurisdictional problem.

The preconstruction planning, according to the memorandum, would consist of the following:

a. Foundation exploration and design studies to select the best layout and type of dam structure.

b. Selection of a route for relocation of the Milwaukee Railroad satisfactory to both the Government and the railroad.

c. Satisfactory solution of the relocations of State highways and other roads.

d. Preparation of a general design memorandum which will present a complete and detailed plan for the development of the entire project.

e. Preparation of a detailed cost estimate and construction schedule.

Mr. President, to accomplish that will require a tremendous length of time, and it will be complicated, I say now, by jurisdictional factors. The Federal Government will not be in a position to do a good job to the point of being able to say to the Army engineers, "This is it. Go ahead and complete the job."

I think the mixed jurisdiction which will result from the bill will be costly in terms of time also. The memorandum continues:

Normal and accelerated schedule. The preconstruction planning would normally require 3 years to accomplish. An accelerated schedule would allow construction to start in 2 years.

It must be understood that that will be the earliest possible time in which to begin the construction of the dam, after the financing has been arranged for. It is going to take a considerable length of time. On the other hand, if the fight is made which I think ought to be made in carrying this issue to the people, as I think it should be carried to the people, to have the Federal Government do the job, consonant with the comprehensive plan for full multipurpose development, it would not take any such period of time as I think will be lost through this approach to the problem.

I know what the intention is, but there is no assurance, as I read the bill, at least, that the Grant County PUD will be a licensee. The bill provides alternates, as will be found in section 1.

Mr. President, I ask unanimous consent to have section 1 of the bill printed at this point in the RECORD, in order to illustrate my contention.

There being no objection, section 1 was ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the Flood Control Act of 1950 (64 Stat. 170, 179), insofar as it adopted and authorized to be prosecuted the Priest Rapids Dam on the Columbia River, Wash., substantially in accordance with the plans recommended in the report of the Chief of Engineers dated June 28, 1949, contained in House Document No. 531, 81st Cong., 2d session, is hereby modified to permit the development of the Priest Rapids site by Public Utility District No. 2, of Grant County, Wash., or such district or its successor in combination with such other utilities as it may legally affiliate with or by any division, subdivision, agency, or commission of the State of Washington under and in accordance with the terms and conditions of a license duly issued pursuant to the Federal Power Act and in accordance with this act.

Mr. MORSE. Mr. President, it is also interesting, as was brought out in this section, that Washington State operating agency No. 1 might be the licensee. Members have indicated some interest in following the proposition that the State generating the power has a prior claim upon the power which would be produced at this site. That is directly contradictory of the regional approach to power development. That attitude is bitterly resented and opposed in Oregon and Idaho.

I can see a considerable amount of intrastate dispute, after the passage of the bill, as to who will do the job. I do not feel that the interests of all the people of the United States in the maximum development of the power resources of this area should be thrown into a State political dispute. I think it is not beyond the realm of probability that that is exactly what will happen, even if it is assumed that everything provided in the bill will go along as smooth as wax.

I could continue, Mr. President, to analyze what I think are some of the serious administrative difficulties which are going to be costly both in terms of money and in loss of time by reason of the passage of the bill; but I shall close this phase of my speech by saying that I think the bill is a hodgepodge. I think it is what would have to be expected when a start is made on exceptions to a very sound policy which has proved its worth.

The Federal power development policy has proved its worth, Mr. President. All that is necessary is to go out into my section of the country and to see what has happened to the economy of the States of Montana, Idaho, Washington, and Oregon as a result of bringing cheap power into that area. It has been dramatic; it has been an economic miracle. But much still remains to be done.

I think we should stand with a proven program. I think we should stand with the great statesmen who really were the parents of this proven program—our predecessors in this body and the predecessors of the present administration in the White House. They were the men who had the vision, who recognized the importance of regional development by the Federal Government on a comprehensive plan basis of the power resources of the area.

I think it is so important that that program be continued, and that it should not be developed on a piecemeal basis, a warning against which the Senator from Washington [Mr. MAGNUSON] himself gave so eloquently in the hearing before the Committee on Public Works, because

I think the program should not be continued on a piecemeal basis.

I urge again on the floor of the Senate, as I did in committee, that the entire matter be postponed until hearings can be held in the field on the whole region, on all of the piecemeal proposals—Cougar, Green Peter, John Day, Priest Rapids. There are differences. No doubt there are many differences between Priest Rapids and the other projects; but they have many problems in common, too, especially one great problem in common: They all represent exceptions to the long existing Federal power development program under the 308 report plan.

I think the people of our area, and through the people of our area the people of the United States, should have an opportunity to take a thorough look at these proposals, by means of comprehensive hearings in the field this fall and early next winter.

That is why, Mr. President, before the debate is concluded, I shall move to recommit the bill. I think the bill ought to slumber in committee until the people of all the States of the Pacific Northwest can be heard on the issue. Until then, I do not think Congress should change or make any exception to the Federal power program as contemplated in the 308 plan for maximum multipurpose development in the Columbia Basin.

During the delivery of Mr. MORSE's speech—

Mr. CASE. I should like to ask the Senator from Oregon if he would permit me to have inserted in the RECORD at this point a two-page statement by Mr. Robert Moses, head of the New York State Power Authority, setting for the contentions of the State of New York as to its rights in the Niagara River.

Mr. MORSE. Let me say to my good friend from South Dakota that I have no objection to Mr. Moses' statement going into the RECORD. However, I have great pride in preserving the continuity of any speech I make on the floor of the Senate, and I have some pride in its artistic development. I am sure that my friend from South Dakota would not want to have such a note of discord and sour cream slipped into the speech diet in which I am indulging this afternoon by having a statement from Mr. Moses appear in the midst of my remarks. Let it appear at the end. Does the Senator object to that?

Mr. CASE. Not particularly. I am glad the Senator from Oregon used the word "discord," because thereby he recognized that there might be some dissent as between the opinion expressed by Mr. Moses and that expressed by himself, with respect to the rights of the State of New York.

I do not know that the "sour cream" is a bad figure either, since I understand that sour cream is supposed to improve digestion; and I think a little of the sentiment expressed by Mr. Moses would improve the digestibility of the whole question.

I have no objection to the letter from Mr. Moses being placed in the RECORD following the remarks of the Senator from Oregon, if the RECORD may show that it was I who asked to have it inserted in the RECORD.

I ask also to have inserted in the RECORD the editorial comment of the New York Times and the New York Herald Tribune upon the appointment of Mr. Moses to the chairmanship of the New York State Power Authority at the time he was recently appointed by Governor Dewey, of New York. It seems to me that would be ample comment upon the statement of the Senator from Oregon.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Dakota? The Chair hears none, and it is so ordered.

Mr. CASE. In accord with the permission granted, Mr. President, I submit for the RECORD an excerpt from our hearings in the Public Works Committee giving editorial comment by the New York Times and the New York Herald Tribune on the character of Mr. Robert Moses, at the time of his appointment to the chairmanship of the New York State Power Authority. Following that, I submit a memorandum sent to me by Mr. Moses under date of June 10, 1954, setting forth the legal rights of the State of New York to the Niagara River:

EXCERPT FROM HEARING BEFORE PUBLIC WORKS COMMITTEE

Senator CASE. I have here an editorial from the New York Times of Tuesday, March 9, which reads in part—it is headed "Another Job for Mr. Moses"—and the first paragraph says:

"Robert Moses has now taken on the New York State Power Authority as one of a dozen or more jobs he handles with miraculous ease.

"The news is good because the authority at the moment has two tasks of great importance to accomplishment."

I skip a part of it and come to this paragraph:

"The Niagara powerplant is another matter. Here there is a first-class struggle, in which all Mr. Moses' proved fighting qualities and civic spirit will be needed.

"A bill to give the right to develop the Niagara power to five private utility companies and not to the State, the Capehart-Miller bill, has already passed the House of Representatives. It comes up for a hearing tomorrow before the Senate Public Works Committee.

"The bill should be defeated in the Senate or, barring that, it should be vetoed by President Eisenhower."

Now, that is the New York Times, which is a fairly representative New York newspaper.

The New York Herald Tribune, of the same date, has as its lead editorial "Mr. Moses' New Post":

"Mr. Robert Moses already wears a large number of hats to the advantage of the people of New York City and State. The latest which he has donned at the invitation of Governor Dewey, that of chairman of the State power authority, promises to be at least equally beneficial."

And then I skip part of it for the purpose of brevity and come to this part:

"It is a real question whether Congress will allow the State power authority to go ahead with the development of power at Niagara Falls and St. Lawrence.

"Hearings will start shortly on the Senate bill to confine such development to private companies, a proposal which, as Governor Dewey has pointed out, would place New York State at an acute disadvantage in competition with hydroelectric developments of other States.

"In testifying on behalf of the State and before the Senate committee on this bill, Mr. Moses will speak from a background of language familiarity with the problem and active concern to carry through the New York plan.

" 'He combines a national reputation as one of the most efficient builders of our time,' to quote the Governor, 'with practice in serving many administrations of differing political complexions on a wholly nonpartisan basis.'

"All of this, when sparked by Mr. Moses' energy and articulateness, should have a decided effect upon Congress. It is wise and proper, therefore, to allow him to testify with the full weight of official authority as chairman of a State group most intimately concerned.

"Governor Dewey's offer of a post to Mr. Moses deserves applause.

"By accepting this unsalaried, tough chore, the new chairman of the power authority has again earned the gratitude of New Yorkers."

And I suggest the New York Herald Tribune and New York Times are fairly competent authorities to express New York opinion.

THE LEGAL RIGHTS OF THE STATE OF NEW YORK TO THE NIAGARA RIVER

POWER AUTHORITY
OF THE STATE OF NEW YORK,
New York, N. Y., June 10, 1954.

Memorandum to Senator FRANCIS CASE.
From Robert Moses.
Subject: The Legal Rights of the State of New York to the Niagara River.

The State of New York holds absolute title to the bed of the Niagara River, having acquired such title by boundary agreement with the State of Massachusetts. Since 1883 the State has also owned all the land along the Niagara River in the vicinity of the falls and also all the offshore islands.

The Federal Government has never seriously challenged the State's proprietary rights in the Niagara River. The Federal Power Commission urged in a recent litigation that the Federal Power Act had abolished proprietary rights under State law, but this contention was rejected by the Supreme Court of the United States (*Federal Power Commission* v. *Niagara Mohawk Power Corporation* (347 U. S. 239, Mar. 15, 1954)). You also will recall that the Congress confirmed the proprietary titles of the States and their lessees in inland waters by the Submerged Lands Act of 1953.

In the 1890's the Legislature of the State of New York granted certain temporary rights in the Niagara River to power developers, which were predecessors in interest of the Niagara Mohawk Power Corp. Subsequently, the power policy of the State came under the close scrutiny of the public, the legislature, and of a series of distinguished governors who were greatly interested in the conservation of natural resources. A joint legislative committee appointed in 1912 recommended after several years' study that development of the State's waterpowers be carried out by and in behalf of the State itself. The State law was amended to forbid any further grants of private rights to use waters of the Niagara River, and now provides that all new power resources "shall always remain inalienable, and ownership, possession, and control thereof shall always be vested in the people of the State" (public authorities law, sec. 1001).

Although the Niagara Mohawk Power Corp. and its associates do not propose to locate works for the intake and discharge of water within the State Reservation owned by New York, they do propose to divert water above the reservation and conduct it by tunnel to a point in the river below the reservation. Their ownership of land above

the falls gives them no right to make such a diversion, because the benefits of a fall of water belong to the owner of the bed and banks at the place where the fall takes place. For this reason the development proposed by the five companies cannot be carried out unless the Congress attempts to take the property of this State and deliver it in violation of State law to private persons.

The situation is analogous to that which was before the Supreme Court of the United States in *International Bridge Co.* v. *New York* (254 U. S. 126 (1920)), involving a bridge across the Niagara River. In that case Mr. Justice Holmes, writing for the Court, dismissed objections by the bridge company to an assertion of jurisdiction by the State of New York. Referring to the land upon which the bridge was constructed, he stated:

"The State was the source of every title to that land and apart from the special purposes to which it might be destined, of every right to use it. Any structure upon it considered merely as a structure is erected by authority of New York. The nature and qualifications of ownership are decided by the State and although certain supervening uses consistent with those qualifications cannot be interefered with by the State, still the foundation of a right to use the land at all must be laid by State law."

The Supreme Court of the United States construed the Federal Power Act in the same way in the opinion of March 15, 1954.

The special legislation sought by the five companies is based upon an extreme, revolutionary and untenable theory of Federal power never before seriously proposed to be asserted by Congress. The five companies are driven to this legislation because they hope under the cloak of Federal authority to seize State property for private purposes. It is our conviction that the Senate will manage this project with the same respect for State law which was incorporated in the Federal Power Act. We urge, therefore, that the Senate enact your bill which properly provides that the Niagara development shall be carried out according to long established procedures under the Federal Power Act and the laws of the State of New York.

ROBERT MOSES,
Chairman.

During the delivery of Mr. MORSE's remarks,

Mr. KNOWLAND. Mr. President, at this time I wish to propound a unanimous-consent agreement relating to the further proceedings in connection with this bill. The Senator from Oregon now has before him the proposed agreement.

Mr. MORSE. I should like to take time to read it.

The PRESIDING OFFICER. The Senator from Oregon has the floor.

Mr. KNOWLAND. Mr. President, in explanation I may say that I have prepared a proposed unanimous-consent agreement. I wish to send it to the desk and have it read for the information of the Senate.

Let me say to the Senate that under the proposed agreement, if it is entered into, I propose that the Senate remain in session today as long as any Members of the Senate wish to make speeches on the pending bill. In other words, if Senators wish to speak for 1 or 2 hours longer, in making speeches on the pending bill, we plan to keep the Senate in session that long, so that Senators will have ample opportunity to make any remarks on the bill they may care to make.

Then, on Monday next, the provisions of the proposed unanimous-consent agreement would go into effect, following the usual morning hour.

The PRESIDING OFFICER. Does the Senator from California submit the proposed unanimous-consent agreement?

Mr. KNOWLAND. Mr. President, in order that the Senate may be advised as to the proposed unanimous-consent agreement, I send it to the desk and ask that it be read for the information of the Senate. The proposed agreement is submitted on behalf of both the distinguished minority leader, the senior Senator from Texas [Mr. JOHNSON], and myself.

The PRESIDING OFFICER. The proposed unanimous-consent agreement will be read.

The legislative clerk read as follows:

Ordered, That following the morning business on Monday, July 12, during the further consideration of H. R. 7664, to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act, debate on any amendment or motion (including appeals) shall be limited to not exceeding 30 minutes, to be equally divided and controlled, respectively, by the mover of any such amendment or motion and the Senator from Connecticut [Mr. BUSH] in the event he is opposed to such amendment or motion; otherwise, by the mover and the minority leader or some Senator designated by him: *Provided,* That no amendment that is not germane to the subject matter of the said bill shall be received: *And provided further,* That debate upon the bill itself shall be limited to not exceeding 1 hour, to be equally divided and controlled, respectively, by the Senator from Connecticut [Mr. BUSH] and the Senator from Texas [Mr. JOHNSON]. (July 10, 1954.)

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement?

Mr. MORSE. Mr. President, reserving the right to object, I should like to suggest an amendment to the proposed agreement.

Mr. KNOWLAND. I am always glad to hear any suggestions on the part of the Senator from Oregon.

Mr. MORSE. I wish the majority leader were as anxious to act on them. [Laughter.]

Let me ask the Senator from California whether he would agree to amend the proposed agreement—for I am sure there is other business that can be transacted in that period of time—by providing that the vote on the pending bill shall take place not before 4 p. m. on Monday.

Mr. KNOWLAND. If the Senator from Oregon feels that it is urgent that such a provision be made, I assume the proposed agreement can be reworded accordingly. However, I hope we can proceed to dispose of this measure in prompt fashion, because it is necessary that we act on certain other measures on Monday, and they cannot be acted on until this measure is disposed of.

So I am anxious to have the pending measure disposed of at a reasonably early hour—as early as possible. Even so, it probably will be Tuesday before we can reach the bill amending the Atomic Energy Act.

I am not certain whether the Senator from Oregon feels that the time proposed for debate is insufficient in length or whether he regards the hour proposed for the vote as an inconvenient one.

Mr. MORSE. I shall explain. I am perfectly willing to discuss the matter on the floor of the Senate, although such discussions usually occur in the cloakrooms. I have some cohorts on this bill—even though some persons may be surprised to hear that; nevertheless, there are some who share my view of the bill. It happens that some of them will not be able to return before 3 or 4 o'clock on Monday, although I know they will be here by 4 o'clock. So if we can arrange to have the vote taken at 4 o'clock, that will accommodate everyone concerned. In the meantime, we could take up some other measures of the so-called minor, calendar type. I would wish to have the postponement until 4 o'clock for the vote on the preference clause, too.

Mr. MAGNUSON. I do not know whether such an arrangement would be for the benefit of those who oppose the bill or for the benefit of those who wish to vote for it. Cannot we conclude action today on this bill?

Mr. MORSE. I do not know how long the Senator from South Dakota [Mr. CASE] will desire to cross-examine me.

Mr. MAGNUSON. But he will discuss the Niagara project, not the Priest Rapids bill.

Mr. MORSE. Nevertheless, I wish to accommodate my friend, the Senator from South Dakota.

I believe I could answer the question in a few minutes. But I suggest to the Senator from Washington, that, even in behalf of some Senators who are not here today——

Mr. MAGNUSON. I shall not object to the proposed agreement.

Mr. MORSE. I suggest that even in behalf of some Senators who are not here today, and who will vote for the bill, as well as in behalf of some Senators who are not here today, and who will vote against the bill, I believe it would be more convenient to have the vote taken at 4 o'clock.

Mr. KNOWLAND. I think I understand the position of the Senator from Oregon.

Instead of providing "that following the morning business on Monday, July 12, during the further consideration," would it be agreeable to provide that at 3 o'clock on Monday afternoon, the proposed procedure will begin to run?

Mr. MORSE. I accept.

Mr. KNOWLAND. I modify the unanimous-consent request accordingly.

Mr. CASE. Mr. President, reserving the right to object—and I shall not object—I wonder if the majority leader would ask that the colloquy with respect to the time for voting appear following the discussion between the Senator from Oregon and myself.

Mr. KNOWLAND. I meant to make that request, so as not to interrupt the discussion.

The PRESIDING OFFICER. Is there objection to the unanimous-consent, as modified? The Chair hears none, and it is so ordered.

Mr. KNOWLAND. I thank the distinguished Senator from Oregon and the minority leader.

The unanimous-consent agreement, as modified, is as follows:

Ordered, That on Monday, July 12, at 3 o'clock during the further consideration of H. R. 7664, to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act, debate on any amendment or motion (including appeals) shall be limited to not exceeding 30 minutes, to be equally divided and controlled, respectively, by the mover of any such amendment or motion and the Senator from Connecticut [Mr. BUSH] in the event he is opposed to such amendment or motion; otherwise, by the mover and the minority leader or some Senator designated by him: *Provided*, That no amendment that is not germane to the subject matter of the said bill shall be received: *And provided further*, That debate upon the bill itself shall be limited to not exceeding 1 hour, to be equally divided and controlled, respectively, by the Senator from Connecticut [Mr. BUSH] and the Senator from Texas [Mr. JOHNSON]. (July 10, 1954.)

ORDER FOR RECESS TO MONDAY

During the delivery of Mr. MORSE'S remarks—

Mr. KNOWLAND. Mr. President, will the Senator from Oregon yield, to permit me to submit a proposed unanimous-consent agreement relating to another matter?

Mr. MORSE. I yield.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate completes its labors today, it stand in recess until Monday next, at 12 o'clock noon.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

DEVELOPMENT OF THE PRIEST RAPIDS SITE ON THE COLUMBIA RIVER, WASH.

The Senate resumed the consideration of the bill (H. R. 7664) to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act.

Mr. MAGNUSON. Mr. President, I shall speak only about 2 minutes, because I know it is desired to have the Senate recess, now that an agreement has been entered into.

Mr. President, I know that it is desired to recess at this time, now that an agreement to vote on the bill on Monday has been reached. However, I think the record should show—and I invite this to the attention of the Senator from Oregon—that he said we cannot get away from certain fundamentals. I think the Senator from Oregon very seldom does. I usually am in entire agreement with his fundamentals. I, too, think that in these cases we should not get away from the fundamentals. I do not particularly care who builds a dam, whether it is the A. B. C. power company, a public utility company, or the Federal Government, so long as the people get the cheapest possible power. I think that is fundamental.

The commissioners of the different public utility districts are elected by the people and if in the particular case before the Senate the commissioners were not going to give the people cheap power, they would not last in their offices one term, if I know the temper of my people.

Secondly, I have told different persons with whom I have worked together in public power development for years, when they have come to me, "I think you are going to be badly mistaken about what you think you can build the dam for; however, I cannot deny you the right to try." I think the fundamental objective should be kept in mind.

Another point I wish to make for the record is that there has been some suggestion to the effect that the public power advocates in the State are against the bill. I have before me a letter from the Washington State Grange, an organization which has always been a strong public power advocate. I have a communication from the Columbia Basin Commission, which handles the whole Grand Coulee development. I have communications also from the Washington State Power Commission; the Public Utility District No. 1, Grays Harbor County; the Public Utility District No. 1, of the Kittitas County; the Public Utility District of Big Bend Electric Cooperative; the Public Utility District of Cowlitz County; and the Public Utility District of Mason County; and others.

With the indulgence of the Senator from Connecticut, I should like to say I think the communication from the last-named organization pretty well sums up the positions of the organizations I have named. In its letter, Public Utility District No. 3, of Mason County, Wash., states:

> We are one of the counties which has joined with Grant County in this proposed project simply because we realize fully the urgent need for additional generation and transmission in the Northwest.
>
> We would much prefer that the Federal Government continue to build these large dams, which would further increase the income they now receive from their existing Northwest grid system, and permit them to adequately supply the impartial service regionwide which only the Federal Government can do.
>
> As a user of federally generated power, upon which we are entirely dependent in our county, we urge that if the Federal Government plans to continue to build these large dams that they quit dragging their feet and make another new start this year.

I have in my hand many other communications, which are in agreement in their sentiments. The problem has been discussed with representatives from all the organizations. I have not had a single protest from any organization in my State, though I have had some from individuals.

I did not have my file with me in the Senate and the communications to which I referred are all addressed to my colleague the junior Senator from Washington [Mr. JACKSON], but I have received similar communications.

Mr. President, I ask unanimous consent to have the communications to which I have referred printed in the RECORD at this point in my remarks.

There being no objection, the communications were ordered to be printed in the RECORD, as follows:

WASHINGTON STATE GRANGE,
Seattle, Wash., June 16, 1954.

Mr. GLEN SMOTHERS,
Washington, D. C.

DEAR MR. SMOTHERS: At the request of Ken Billington, we are airmailing you herewith copy of resolution in support of Priest Rapids Dam legislation as passed by the delegate of the Washington State Grange in session last week.

Sincerely,

MARGARET VAN ETTEN,
Secretary to Mr. Nelson.

SUPPORT OF PRIEST RAPIDS DAM LEGISLATION

Whereas the House of Representatives of the Congress of the United States has passed House bill H. R. 7664 extending authorization for the construction of Priest Rapids Dam on the Columbia River to local public agencies of the State of Washington, and such legislation is now under consideration in the Senate; and

Whereas the legislation passed by the House calls for maximum development of the water resources at the site within the comprehensive plan for development of the Columbia River system; and

Whereas initiation of construction of at least one major hydroelectric project is needed in the region as soon as possible in order to avert a power shortage after 1960: Therefore be it

Resolved by the Washington State Grange, That we endorse H. R. 7664, the Priest Rapids Dam legislation, as passed by the House of Representatives; and make the further recommendation that amending improvement be made as follows: (a) limit the license to local public distributing agencies having a direct customer utility responsibility; (b) make inclusion of navigation features mandatory in the license; (c) provide adequate facilities for the protection of the fish reserve; and (d) provide inclusion of the present Federal power preference and priority policies in sale or disposal of the power.

DAVENPORT, WASH., *May 26, 1954.*

Hon. HENRY JACKSON,
United States Senator,
Washington, D. C.:

We urge your full support of Senate bill 1793, vital to this area.

BOARD OF TRUSTEES, LINCOLN COUNTY COOPERATIVE, INC.

RESOLUTION BY THE WASHINGTON PUBLIC UTILITY DISTRICTS ASSOCIATION IN SUPPORT OF PRIEST RAPIDS DAM LEGISLATION

This association urges early passage by the Congress of Priest Rapids legislation and endorses H. R. 7664 as passed by the House of Representatives, which provides for the extension of authorization for construction of the Priest Rapids project by local public agencies; and, furthermore, we recommend improvement in the legislation by the addition of an amendment which will maintain the preference and priority policies as provided by present Federal power laws.

Adopted June 5, 1954, Olympia, Wash.

EPHRATA, WASH., *June 17, 1954.*

Senator HENRY M. JACKSON,
Senate Office Building,
Washington, D. C.:

Columbia Basin Commission yesterday passed resolution urging passage of Priest Rapids Dam authorization either with or without amendments.

HUBER H. WALTER,
Columbia Basin Commission.

SEATTLE, WASH., *May 20, 1954.*
Hon. HENRY JACKSON,
United States Senator,
Senate Office Building,
Washington, D. C.:

Understand that Priest Rapids bill has come before Senate and that public hearings may be held regarding it. We are very much interested in seeing this bill acted upon favorably, and if there is an opportunity for us to appear regarding it we would appreciate your making arrangements for our appearance. Please wire collect.

J. FRANK WARD,
Washington State Power Commission.

PUBLIC UTILITY DISTRICT NO. 1,
GRAYS HARBOR COUNTY,
Aberdeen, Wash., June 1, 1954.

Subject: Priest Rapids Dam bill
Hon. HENRY M. JACKSON,
United States Senate Building,
Washington, D. C.

DEAR SENATOR JACKSON: The board of commissioners has requested that I write you relative to the subject matter. They would like you to use your influence to get this bill out of committee before the end of session in order that those public utility districts involved might know whether or not they can proceed to make the necessary engineering investigation and thereby expedite the building of Priest Rapids Dam or dams, whichever might be most feasible.

In other words, it is action we want because at best it will take some time, as you know, to build this dam or dams, and anything that you can do will be very much appreciated.

Yours very truly,
F. J. ROBBINS, *Manager.*

BRIDGEPORT, WASH., *May 27, 1954.*
HENRY M. JACKSON,
United States Senate:

Continuous growth of our area makes it imperative we have a new start on a power project, so please use your influence to pass Senate bill 1793 this session of Congress.

DON B. THOMPSON,
Manager, Public Utility District No. 1 of Douglas County.

ELLENSBURG, WASH., *May 26, 1954.*
Senator HENRY M. JACKSON,
Senate Office Building,
Washington, D. C.:

We urge your full support of the Priest Rapids bill permitting local public power bodies to proceed with construction plans.

PUBLIC UTILITY DISTRICT NO. 1,
KITTITAS COUNTY,
CECIL H. JOHNSON, *President.*

RITZVILLE, WASH., *May 26, 1954.*
Hon. HENRY M. JACKSON,
United States Senator,
Washington, D. C.:

We urge you to vigorously support Senate bill 1793. We feel that an adequate supply of power in this area is vital especially when we are in keeping with the comprehensive river development plan already established.

BIG BEND ELECTRIC COOPERATIVE, INC.,
ROBERT G. KLATT, *Manager.*

LONGVIEW, WASH., *June 15, 1954.*
Hon. HENRY M. JACKSON,
Senate Office Building:

We understand that legislation respecting Priest Rapids Dam now before the Senate committee for action by tomorrow. We urge your continued active support of this legislation. If we can assist, please advise.

PUBLIC UTILITY DISTRICT NO. 1
OF COWLITZ COUNTY WASH.,
EARL J. COLE, *President,*
Board of Commissioners.

PUBLIC UTILITY DISTRICT NO. 3,
MASON COUNTY, WASH.,
Shelton, Wash., May 26, 1954.

Hon. HENRY JACKSON,
United States Senate,
Washington, D. C.

DEAR MR. JACKSON: We notice a recent news release indicates that you have about decided to withdraw your support permitting Grant County Public Utility District, along with several other public utility districts, to develop the Priest Rapids power project.

We are one of the counties which has joined with Grant County in this proposed project simply because we realize fully the urgent need for additional generation and transmission in the Northwest.

We would much prefer that the Federal Government continue to build these large dams, which would further increase the income they now receive from their existing Northwest grid system, and permit them to adequately supply the impartial service regionwide which only the Federal Government can do.

As a user of federally generated power, upon which we are entirely dependent in our county, we urge that if the Federal Government plans to continue to build these large dams that they quit dragging their feet and make another new start this year.

Very truly yours,
C. M. DANIELSON, *Manager.*
EARL A. CARR, *President.*
JACK A. COLE, *Vice President.*
T. W. WEBB, *Secretary.*

Whereas the power situation in the Pacific Northwest is critical and will remain so for several years to come unless new hydro projects can be gotten underway soon; and

Whereas demands on Congress for funds for national defense and for other matters of extreme national emergency so that continued Federal appropriations for such Northwest hydro projects are not available in sufficient amounts to meet all area needs; and

Whereas local undertaking of such projects is desirable and is consistent with announced Federal administration policies and partnerships; and

Whereas the Senate has before it a bill, H. R. 7664, to deauthorize the Priest Rapids project so that it might be built by public agencies within the State of Washington; and

Whereas the said bill has been passed by the House and further action by the Senate is necessary to avoid a delay of a year or more, if not acted upon during this session of Congress: Now, therefore, be it

Resolved by the Town Council of the Town of Cashmere, That the recent action of the Association of Washington Cities be approved, and that we urge the Senators of the State of Washington and the United States Senate to expedite in every way possible favorable action on the deauthorization of the Priest Rapids project located on the Columbia River in Grant County, Wash.

TOWN OF CASHMERE,
EARL BARNES, *Acting Clerk.*

Mr. MORSE. Mr. President, will the Senator from Washington yield?

Mr. MAGNUSON. I yield to the Senator from Oregon.

Mr. MORSE. I am glad the Senator from Washington has put the communications into the RECORD. Representations were made before the Public Works Committee that similar communications existed. However, that does not surprise me. I only ask the question, What does it prove? It does not prove that what is proposed is best for the country or for the area; it only proves that a job has been done by way of convincing these people that it is the only way in which they are going to get additional power. I say what we ought to do is point out the disadvantages of getting power in that manner, and hold fast to the Federal power program.

Mr. MAGNUSON. I shall finish my remarks with a brief statement. The Senator from Oregon has sat with me in meeting after meeting when we agreed with the sentiment expressed by him. If cheap power cannot be produced in the manner being proposed, the facility will not be built. If it can be done, I say more power to them, to use a common expression. I care not whether the Federal Government, or public power utilities, or private utilities, build the dams, so long as the people get cheap power. If cheap power is not obtained by that method, I suppose that the Senator from Oregon and I can tell the persons interested that what we have said to them on many occasions turned out to be right. However, they want the opportunity to construct the project. Perhaps they may surprise us; maybe we are wrong and they are right with regard to their ability to do what they propose to do.

Mr. MORSE. I say most respectfully that what I think they are buying is delay, and that eventually it will result in high-cost power.

Mr. MAGNUSON. I am convinced that we are going to have the delay anyway.

RECESS

Mr. BUSH. Mr. President, pursuant to the order previously entered, I now move that the Senate stand in recess until Monday next at 12 o'clock noon.

The motion was agreed to; and (at 3 o'clock and 5 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until Monday, July 12, 1954, at 12 o'clock meridian.

NOMINATION

Executive nomination received by the Senate July 10 (legislative day of July 2), 1954:

UNITED STATES ATTORNEY

Paul W. Cress, of Oklahoma, to be United States attorney for the western district of Oklahoma, vice Robert E. Shelton, resigned.

SENATE

MONDAY, JULY 12, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

Rev. Ernest T. Blau, pastor, Gage Park Evangelical Lutheran Church, Chicago, Ill., offered the following prayer:

Almighty and everlasting God, Thou mighty ruler of nations, who dost fashion the hearts of men, and who by Thy teachings hast instilled in us, Thy children, a willingness to follow Thy word: Bless, we beseech Thee, those who guide the destinies of our beloved country in these troublous times; sit in the councils

of our Nation, guide our President and his Cabinet, the Members of the Congress, and all others in authority in their deliberations that they may devise and execute such measures as will serve the restoration and preservation of peace for our land. Grant our leaders strength, wisdom, and courage to do those things which will serve the best interest of the entire Nation and its people.

Make Thy light to shine out into the darkness. Take all Thy children into Thy fatherly care. Graciously protect Thy people and defenders everywhere whose possessions and lives may be endangered.

Almighty God, we make our earnest requests known unto Thee that Thou wilt keep our beloved country in Thy holy protection, that Thou wilt incline the hearts of the citizens to cultivate a spirit of obedience to government, to entertain brotherly affection and love of their fellow citizens of the United States.

Hear these petitions and all that we may ask of Thee, Heavenly Father, in Jesus name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Saturday, July 10, 1954, was dispensed with.

LEAVE OF ABSENCE

On request of Mr. JOHNSON of Texas, and by unanimous consent, Mr. DANIEL was excused from attendance on the session of the Senate today.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The PRESIDENT pro tempore. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Ervin	Neely
Barrett	Gillette	Payne
Bowring	Gore	Robertson
Bridges	Green	Saltonstall
Bush	Hayden	Schoeppel
Butler	Hickenlooper	Smith, N. J.
Carlson	Ives	Sparkman
Chavez	Johnson, Tex.	Upton
Clements	Kilgore	Watkins
Cordon	Knowland	Wiley
Crippa	Langer	Young
Dirksen	Lehman	
Dworshak	Mansfield	

Mr. SALTONSTALL. I announce that the Senator from Minnesota [Mr. THYE] is absent on official business. The Senator from Maryland [Mr. BEALL], the Senator from Ohio [Mr. BRICKER], the Senator from New Jersey [Mr. HENDRICKSON], and the Senator from Indiana [Mr. JENNER] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Ohio [Mr. BURKE], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Misssouri [Mr. HENNINGS], the Senator from Alabama [Mr. HILL], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from South Carolina [Mr. MAYBANK], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Montana [Mr. MURRAY], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

The Senator from Texas [Mr. DANIEL] is absent by leave of the Senate.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate, attending the Sixth Pan American Highway Congress at Caracas, Venezuela.

The PRESIDENT pro tempore. A quorum is not present.

Mr. KNOWLAND. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDENT pro tempore. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. ANDERSON, Mr. BENNETT, Mr. BYRD, Mr. CAPEHART, Mr. CASE, Mr. COOPER, Mr. DUFF, Mr. FERGUSON, Mr. FLANDERS, Mr. FREAR, Mr. FULBRIGHT, Mr. GEORGE, Mr. GOLDWATER, Mr. JACKSON, Mr. JOHNSON of Colorado, Mr. JOHNSTON of South Carolina, Mr. KENNEDY, Mr. KUCHEL, Mr. LENNON, Mr. LONG, Mr. MAGNUSON, Mr. MALONE, Mr. MARTIN, Mr. MCCARRAN, Mr. MCCARTHY, Mr. MILLIKIN, Mr. MONRONEY, Mr. MORSE, Mr. MUNDT, Mr. POTTER, Mr. PURTELL, Mr. REYNOLDS, Mr. RUSSELL, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. STENNIS, Mr. SYMINGTON, Mr. WELKER, and Mr. WILLIAMS entered the Chamber and answered to their names.

The PRESIDENT pro tempore. A quorum is present.

Routine business is now in order.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following communications and letters, which were referred as indicated:

PROPOSED DEFICIENCY APPROPRIATIONS, LEGISLATIVE BRANCH (S. DOC. NO. 133)

A communication from the President of the United States, transmitting proposed deficiency appropriations, in the amount of $105,000, for the legislative branch, fiscal year 1954 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION, FEDERAL POWER COMMISSION (S. DOC. NO. 132)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1955, in the amount of $300,000, for the Federal Power Commission (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

REPORTS ON OVEROBLIGATION OF APPROPRIATIONS

A letter from the Acting Secretary of Defense, transmitting, pursuant to law, copies of 17 separate reports relating to overobligation of appropriations in the Department of Defense (with accompanying papers); to the Committee on Appropriations.

PROTECTION OF NAME OF FEDERAL BUREAU OF INVESTIGATION FROM COMMERCIAL EXPLOITATION

A letter from the Attorney General, transmitting a draft of proposed legislation to amend section 709 of title 18, United States Code, so as to protect the name of the Federal Bureau of Investigation from commercial exploitation (with an accompanying paper); to the Committee on the Judiciary.

REPRESENTATIONAL ACTIVITIES OF FORMER FEDERAL EMPLOYEES

A letter from the Attorney General, transmitting a draft of proposed legislation to amend section 284 of title 18 of the United States Code relating to representational activities of former employees (with accompanying papers); to the Committee on the Judiciary.

REPORT ON BACKLOG OF PENDING APPLICATIONS AND HEARING CASES, FEDERAL COMMUNICATIONS COMMISSION

A letter from the Chairman, Federal Communications Commission, Washington, D. C., transmitting, pursuant to law, a report on backlog of pending applications and hearing cases in that Commission as of May 31, 1954 (with an accompanying report); to the Committee on Interstate and Foreign Commerce.

AUDIT REPORT ON PANAMA CANAL COMPANY AND CANAL ZONE GOVERNMENT

A letter from the Acting Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Panama Canal Company and the Canal Zone Government, for the year ended June 30, 1953 (with an accompanying report); to the Committee on Government Operations.

PETITIONS

Petitions, etc., were laid before the Senate and referred as indicated:

By the PRESIDENT pro tempore:

A resolution adopted by the Southern Oregon Chapter, No. 134, National Association of Retired Civil Employees, at Medford, Oreg., relating to increased annuities of retired civil employees; to the Committee on Post Office and Civil Service.

Resolution adopted by the Black Hawk County CIO Industrial Union Council, Waterloo, Iowa, favoring the enactment of Senate bill 3553 and House bill 9430, relating to Federal unemployment-compensation standards; to the Committee on Finance.

IMPLEMENTATION OF UNIVERSAL COPYRIGHT CONVENTION

Mr. WILEY. Mr. President, I earnestly trust that this week Senate bill 2559, to implement the Universal Copyright Convention, will be reported favorably from the Senate Judiciary Committee.

The overwhelming ratification by the Senate of the convention itself has come as good news to the people of the United States and of foreign lands. It is essential that the enabling bill now be enacted to bring the convention into force.

I have received messages from a great variety of distinguished Americans and organizations urging enactment of the bill. I send to the desk a sample of the

many messages, as well as a favorable Milwaukee Journal editorial, which I have noted. These communications come from a variety of sources, including Mr. Phillips Temple, of Georgetown University Library; the director of the international editions of the Reader's Digest; the Christian Science Committee on Publication; the Protestant Church-Owned Publishers' Association; the New York Times; and the McGraw-Hill Book Co.

I ask unanimous consent that they be printed at this point in the body of the RECORD and thereafter be appropriately referred to the Senate Judiciary Committee.

There being no objection, the messages and editorial were referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

MUSIC PUBLISHERS' ASSOCIATION
OF THE UNITED STATES,
Boston, Mass., June 30, 1954.

Hon. ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: We know that the members of our Music Publishers' Association, which includes nearly all the standard music publishers of America, will be delighted to learn that the Senate has now ratified the Universal Copyright Convention.

In view of the almost unanimous vote in favor of ratification, it would seem likely that despite the last month rush, the Senate will find time to give favorable action to the implementing bill (S. 2559). We certainly hope that the ratification will be given the necessary legislative support.

On behalf of the members of our association I should like to express to you our gratitude for your favorable consideration which has helped to bring about the ratification.

Cordially,

DONALD F. MALIN,
Secretary.

WASHINGTON, D. C., *July 1, 1954.*

Senator ALEXANDER WILEY,
Senate Office Building:

Gratified by Senate action on Universal Copyright Convention. Urge early action in Senate Judiciary Committee on Langer implementing bill. Appreciate your leadership on these important measures.

PHILLIPS TEMPLE,
Georgetown University Library
(For Catholic Library Association).

PLEASANTVILLE, N. Y., *July 1, 1954.*

Senator ALEXANDER WILEY,
Senate Office Building:

The speedy action which was taken by the Senate earlier this week in ratifying the Universal Copyright Convention makes me hope your committee will report favorably on S. 2559. At the April 8 hearings I testified on behalf of Reader's Digest in favor of the Universal Copyright Convention and implementing legislation. May I now reaffirm to you Reader's Digest's strong support of the convention and implementing legislation. This convention will significantly improve international copyright protection. Thereby it will aid all American publications with international circulations in their efforts to spread a better understanding abroad of American ideals and way of life. Your personal efforts on behalf of the convention and your vote in favor of S. 2559 will be a great aid to all American authors and publishers.

BARCLAY ACHESON,
Director of International Editions,
Reader's Digest.

CHRISTIAN SCIENCE COMMITTEE
ON PUBLICATION OF THE FIRST
CHURCH OF CHRIST, SCIENTIST,
IN BOSTON, MASS.,
Washington, D. C., June 30, 1954.

Hon. ALEXANDER WILEY,
Judiciary Committee,
United States Senate,
Washington, D. C.

MY DEAR SENATOR WILEY: We continue to strongly support the Universal Copyright Convention and the enabling legislation, S. 2559.

In view of the discussion which took place in the Senate yesterday we wish to reaffirm our position and again express our hope that S. 2559 will be reported out favorably by the committee in time for action to be taken by both the Senate and the House during the present session of Congress.

We shall be grateful for whatever help you can give in this matter.

Sincerely yours,

JAMES WATT,
Manager, Washington, D. C., Office.

PROTESTANT CHURCH-OWNED
PUBLISHERS' ASSOCIATION,
Philadelphia, Pa., July 1, 1954.

The Honorable ALEXANDER WILEY,
Senate Office Building,
Washington, D. C

DEAR SENATOR WILEY: On behalf of the members of this association I ask your support of the Langer bill, S. 2559, providing for a universal copyright convention.

Our industry feels that the adoption of a universal copyright convention is long overdue; that better international relations will be brought about by the passage of the measure and that certainly no disadvantage can accrue to any segment of the American people by such action.

Your past interest in this matter is much appreciated. If now you exert your leadership to pass this legislation, we believe only good should come of it.

Respectfully yours,

GORDON A. GRANT,
Executive Secretary.

THE NEW YORK TIMES,
New York, July 1, 1954.

Senator ALEXANDER WILEY,
United States Senate,
Washington, D. C.

DEAR SENATOR WILEY: As a member of the national committee for the universal copyright convention, I am taking the liberty of writing to you, urging you to take favorable action on the Langer bill (S. 2559), the purpose of which is to implement the universal copyright convention.

I am sure that you realize how important the convention and its implementation are to the welfare of American writers, publishers, and broadcasters.

Sincerely yours,

ELLIOTT M. SANGER.

NEW YORK, N. Y., *July 2, 1954.*

Senator ALEXANDER WILEY, *of Wisconsin,*
Senate Office Building,
Washington, D. C.:

Urge favorable action on Langer bill to implement universal copyright convention. Bill does not discriminate against American authors, publishers, and printing trades' workers and permits larger international exchange of advanced texts and treaties that are of great importance to American science and technology.

CURTIS G. BENJAMIN,
President, McGraw-Hill Book Co.

UNITED STATES LAGS IN COPYRIGHT TERMS

Surprisingly, the world's greatest nation has never set its international house in order in one presumably routine but important respect—reciprocal copyright protection. The administration is now urging Congress to tidy up.

Not approving its terms, the United States does not belong to the existing world copyright union, the so-called Berne Union of 1886. A complex network of treaties with individual countries only partially fills the gap in protecting the property rights of our writers, composers, and artists in their works wherever published.

American publishers must additionally protect themselves in Berne Union countries by a device most unflattering to this Nation. They put a book, for example, on sale in Canada, a union member, at the same time as in the States, and then claim protection for it elsewhere as a Canadian publication. This is a precarious reliance, for it is only by courtesy that the device is recognized, and the recognition could be withdrawn overnight.

A new universal copyright convention, primarily designed to meet United States objections, has finally been negotiated by 40 countries. President Eisenhower submitted it to the Senate for ratification last June, and it now resides in the Foreign Relations Committee, headed by Wisconsin's Senator WILEY.

The treaty naturally requires domestic laws to harmonize with its terms. Bills to accomplish this have been in both the Senate and House Judiciary Committees since last summer, and hearings have just been held this month on the Senate bill, before a subcommittee also headed by WILEY.

The treaty and implementing legislation have overwhelming support. Even the Book Manufacturers' Institute, which formerly feared a flood of foreign-made books, has come around. But the value of the measures must still be pressed over the opposition of one group—the AFL typographical unions.

Prior to the last two decades the United States was a larger book importer than exporter. Since 1891 it has denied copyright protection here to foreign books printed in English unless wholly manufactured here. Not only is this provision obsolete and a mere irritation, but also it obviously bars the way to complying with the treaty. The pending bills would remove it.

The printing trade unions profess to see a threat to the jobs of some of their members if books in English can be printed abroad and still get copyright protection here. It seems clear, however, that this could not conceivably involve more than half of 1 percent of our bookmaking industry, and a far tinier fraction of our total printing industry.

Actually, American efficiency makes it cheaper to print books here anyway, as most foreign publishers now do with Bibles and classics even though they are not subject to copyright. Also, it is impracticable to wait for additional print orders from abroad to meet American market demands.

The fast-growing American printing industry will speedily absorb any possible impact, imperceptible at most, from the treaty and the change in the law. And the United States, as a huge exporter of creative works, has everything to gain from putting its world copyright affairs in order.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BARRETT, from the Committee on Interior and Insular Affairs:

H. R. 4721. A bill to provide that the excess-land provisions of the Federal reclamation laws shall not apply to lands in the Owl Creek unit of the Missouri Basin project; without amendment (Rept. No. 1790).

By Mr. CORDON, from the Committee on Interior and Insular Affairs, without amendment:

H. R. 7466. A bill to authorize the Secretary of the Interior to execute an amendatory repayment contract with the Pine River Irrigation District, Colo., and for other purposes (Rept. No. 1796); and

H. R. 8027. A bill to amend the act of March 6, 1952 (66 Stat. 16), to extend the time during which the Secretary of the Interior may enter into mandatory repayment contracts under the Federal reclamation laws, and for other purposes (Rept. No. 1795).

By Mr. WATKINS, from the Committee on Interior and Insular Affairs:

H. R. 8026. A bill to provide for transfer of title to movable property to irrigation districts or water users' organizations under the Federal reclamation laws; without amendment (Rept. No. 1791).

By Mr. DWORSHAK, from the Committee on Interior and Insular Affairs:

H. R. 6786. A bill authorizing the Secretary of the Interior to purchase improvements or pay damages for removal of improvements located on public lands of the United States in the Palisades project area, Palisades reclamation project, Idaho; without amendment (Rept. No. 1797).

By Mr. MILLIKIN, from the Committee on Finance, without amendment:

H. R. 8983. A bill to provide for the conveyance of certain lands by the United States to the city of Muskogee, Okla. (Rept. No. 1792); and

H. R. 9709. A bill to extend and improve the unemployment-compensation program (Rept. No. 1794).

By Mr. BENNETT, from the Committee on Finance:

S. 3561. A bill authorizing the Administrator of Veterans' Affairs to convey certain property to the armory board, State of Utah; with an amendment (Rept. No. 1793).

VOLUNTARY PREPAYMENT METHOD IN PROVISION OF PERSONAL HEALTH SERVICES—REPORT OF A COMMITTEE

Mr. PURTELL. Mr. President, from the Committee on Labor and Public Welfare, I report favorably, with amendments, the bill (S. 3114) to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal-health services, and I submit a report (No. 1798) thereon.

This bill provides for the establishment of a Federal reinsurance service to encourage voluntary prepayment health-insurance plans to offer broader protection to more people. The establishment of such a reinsurance program was recommended by President Eisenhower in his special health message on January 18, 1954. This was one of several recommendations intended to foster improvement in the health facilities and services available to the American people. The Committee on Labor and Public Welfare previously has reported, and the Senate has approved, H. R. 8149, which broadens the Hospital Survey and Construction Act, and S. 2759, which expands and improves our rehabilitation services for the disabled, both of which were also recommended by the President.

In regard to the bill, S. 3114, which I am reporting today, I am advised that certain Committee members who desired to submit supplemental views have not completed their statements. Accordingly, I ask unanimous consent that permission be granted for submitting of such supplemental views not later than tomorrow, Tuesday, July 13, 1954, and that such views be printed as a part of the report.

The PRESIDENT pro tempore. The report will be received, and the bill will be placed on the calendar, and, without objection, the supplemental views will be received and printed as requested by the Senator from Connecticut.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SMITH of New Jersey:

S. 3730. A bill for the relief of the Geo. D. Emery Co.; to the Committee on the Judiciary.

By Mr. IVES:

S. 3731. A bill to establish a Commission on Programs for the Aging; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. IVES when he introduced the above bill, which appear under a separate heading.)

By Mr. BUTLER (for himself and Mr. MAGNUSON) (by request):

S. 3732. A bill to amend the Merchant Ship Sales Act of 1946 in order to authorize the chartering for domestic trade under section 5 (e) of war-built passenger vessels; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. BUTLER when he introduced the above bill, which appear under a separate heading.)

By Mr. BYRD:

S. 3733. A bill for the relief of Miss Young Hi Yun; and

S. 3734. A bill for the relief of Tai Sung Chung; to the Committee on the Judiciary.

By Mr. MORSE:

S. 3735. A bill for the relief of Tomas Gumtang Subia; to the Committee on the Judiciary.

COMMISSION ON PROGRAMS FOR THE AGING

Mr. IVES. Mr. President, I introduce for appropriate reference a bill to establish a Commission on Programs for the Aging. The bill would authorize the establishment of a Commission to study and investigate the serious problems stemming from the increased proportion of aging persons in the Nation's population. Today a large segment of our population consists of individuals who have reached retirement age and who are in dire need of assistance to insure their continued physical and mental well-being. The mere increase in custodial facilities is not a final solution except for those of the aged who, by reason of physical and mental infirmity, require institutional care. The greater number of aging persons need programs which will assure their continued interest and participation in the life of the community in which they live.

The Commission, which would be established by this bill, would be required to submit to the President for transmittal to the Congress its findings and recommendations for legislative action based upon its study and investigation of the efforts now being made through various programs to resolve the problems of aging persons. The Commission would be required to submit its final report to the President not later than July 1, 1955.

Mr. President, I ask unanimous consent that the bill be printed in the body of the RECORD following these remarks.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, it will be printed in the RECORD, as requested by the Senator from New York.

The bill (S. 3731) to establish a Commission on Programs for the Aging, introduced by Mr. IVES, was received, read twice by its title, referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc.—

DECLARATION OF FINDINGS

SECTION 1. The Congress hereby finds that one of the Nation's great domestic problems is that of its rapidly growing aging population. The increasing proportion of aging people in the population has overtaxed facilities and resources, adequate when created, but now outmoded. Because of arbitrary retirement ages in industry many able-bodied men and women are thrown suddenly upon their own financial and mental resources which too often prove to be insufficient for their needs in daily life. A large segment of the population consists of persons subject to rapid physical and mental deterioration, feelings of loneliness, uselessness, frustration, and detachment from community life. There is overcrowding of institutions, clinics, and general and mental hospitals. There is an ever-increasing number of persons seeking care in such facilities.

The Nation's aging are entitled not only to support and care in their declining years but to a well-rounded and satisfying life as members of their communities. The mere increase in custodial facilities is not a final solution, except for those of the aged who, by reason of chronic physical or mental infirmity, require institutional care. A more practical as well as a more constructive approach to the problems of the aging requires the creation and expansion of facilities for their care and supervision outside of institutions and, as far as possible, in a normal community environment designed to encourage their continued interest and participation in the life of the community. Such programs are required to replace outmoded custodial methods of caring for the elderly. Such programs would include provision for medical and nursing care in the home, foster family home facilities, and recreation centers, with institutional facilities reserved for those who are, or become, chronically ill. In view of the rapidly mounting costs of institutional care, such home care and recreational programs would also afford a means of providing more appropriate and more desirable care at lower cost.

There is need for a coordinated study of the problems of the aging to the end that these problems may be clearly defined and suitable programs developed.

COMMISSION ON PROGRAMS FOR THE AGING

SEC. 2. (a) There is hereby established a commission to be known as the Commission on Programs for the Aging, hereinafter referred to as the "Commission."

(b) The Commission shall be composed of 25 members, as follows:

(1) The Secretary of Health, Education, and Welfare, or his designee;

(2) Fourteen members appointed by the President of the United States, from among whom the President shall designate the Chairman and the Vice Chairman of the Commission: *Provided*, That not more than

eight of the members appointed by the President shall be members of the same political party;

(3) Five members appointed by the President of the Senate, three from the majority party, and two from the minority party; and

(4) Five members appointed by the Speaker of the House of Representatives, three from the majority party, and two from the minority party.

(c) Any vacancy in the Commission shall not affect its powers, but shall be filled in the same manner in which the original appointment was made.

(d) Thirteen members of the Commission shall constitute a quorum, but a lesser number may conduct hearings.

(e) Service of an individual as a member of the Commission or employment of an individual by the Commission as an attorney or expert in any business or professional field, on a part-time or full-time basis, with or without compensation, shall not be considered as service or employment bringing such individual within the provisions of sections 281, 283, 284, 434, or 1914 of title 18 of the United States Code, or section 190 of the Revised Statutes (5 U. S. C. 99).

DUTIES OF THE COMMISSION

SEC. 3. (a) In view of the findings expressed in section 1 of this act the Commission shall study and investigate problems stemming from the increasing proportion of aging persons in the Nation's population, and remedial measures including but not restricted to care and services in the home, use of foster home facilities, recreation centers, and provision of institutional facilities for the chronically ill.

(b) The Commission, not later than July 1, 1955, shall submit to the President for transmittal to Congress its final report, including recommendations for legislative action; and the Commission may also from time to time make to the President such earlier reports as the President may request or as the Commission deems appropriate.

HEARINGS; OBTAINING INFORMATION

SEC. 4. (a) The Commission, or, on the authorization of the Commission, any subcommittee or member thereof, may, for the purpose of carrying out the provisions of this act, hold such hearings and sit and act at such times and places, administer such oaths, and require, by subpena or otherwise, the attendance and testimony of such witnesses and the production of such books, records, correspondence, memoranda, papers, and documents, as the Commission or such subcommittee or member may deem advisable. Subpenas may be issued under the signature of the Chairman of the Commission, of such subcommittee, or any duly designated member, and may be served by any persons designated by such Chairman or member. The provisions of sections 102 to 104, inclusive, of the Revised Statutes (U. S. C., title 2, secs. 192–194), shall apply in the case of any failure of any witness to comply with any subpena or to testify when summoned under authority of this section.

(b) The Commission is authorized to secure from any department, agency, or independent instrumentality of the executive branch of the Government any information it deems necessary to carry out its functions under this act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or by the Vice Chairman when acting as Chairman.

APPROPRIATIONS, EXPENSES, AND PERSONNEL

SEC. 5. (a) There is hereby authorized to be appropriated for the use of the Commission such sums, not to exceed $250,000 as may be necessary to carry out the provisions of this act.

(b) Each member of the Commission shall receive $50 per diem when engaged in the performance of duties vested in the Commission such sums, not to exceed $250,000, as paid by the United States, by reason of service as a member, to any member who is receiving other compensation from the Federal Government, or to any member who is receiving compensation from any State or local government.

(c) Each member of the Commission shall be reimbursed for travel, subsistence, and other necessary expenses incurred by him in the performance of duties vested in the Commission.

(d) The Commission may appoint and fix the compensation of such employees as it deems advisable without regard to the provisions of the civil-service laws and the Classification Act of 1949, as amended.

(e) The Commission may procure, without regard to the civil-service laws and the classification laws, temporary and intermittent services to the same extent as is authorized for the departments by section 15 of the act of August 2, 1946 (60 Stat. 810), but at rates not to exceed $50 per diem for individuals.

(f) Without regard to the civil-service and classification laws, the Commission may appoint and fix the compensation at not to exceed $15,000 per annum of a Director, who shall perform such duties as the Commission shall prescribe.

TERMINATION OF THE COMMISSION

SEC. 6. Six months after the transmittal to the Congress of the final report provided for in section 3 of this act, the Commission shall cease to exist.

CHARTER OF GOVERNMENT-OWNED PASSENGER VESSELS FOR DOMESTIC TRADE

Mr. BUTLER. Mr. President, at the request of representatives of the Hawaiian Steamship Co., on behalf of myself and the Senator from Washington [Mr. MAGNUSON], I introduce for appropriate reference a bill which would authorize the Secretary of Commerce to charter Government-owned passenger vessels for use in the domestic trade.

I ask unanimous consent that a statement by me, together with a memorandum submitted by the Hawaiian Steamship Co. be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the statement and memorandum will be printed in the RECORD.

The bill (S. 3732) to amend the Merchant Ship Sales Act of 1946 in order to authorize the chartering for domestic trade under section 5 (e) of war-built passenger vessels, introduced by Mr. BUTLER (for himself and Mr. MAGNUSON), was received, read twice by its title, and referred to the Committee on Interstate and Foreign Commerce.

The statement by Mr. BUTLER is as follows:

STATEMENT BY SENATOR BUTLER

The Hawaiian Steamship Co. desires to charter the *La Guardia* for tourist-type passenger trade between San Francisco and Hawaii.

Representatives of the Hawaiian Steamship Co. have assured me that they already have obtained informal approval and clearance of this bill from all potentially interested parties and Government agencies.

On that basis, and in spite of the session's late hour, I have agreed to introduce the bill. Furthermore, in the assumption that the bill will be referred to our Water Transportation Subcommittee, I have scheduled a public hearing for Friday, July 16, in room G–16 at 10:30 a. m. All known interested parties and Government agencies will today be sent copies of the bill, my present remarks and invitations to attend and testify or to submit written statements for the record.

In addition to the usual public notice, the following are being sent individual invitations:

1. The Secretary of Commerce.
2. The Under Secretary of Commerce for Transportation.
3. The Maritime Administrator.
4. The Secretary of Defense.
5. The Secretary of the Navy.
6. The Comptroller General.
7. The Attorney General.
8. Directors, Bureau of the Budget.
9. The Shipbuilders Council of America.
10. Conference of American Maritime Unions.
11. CIO, Industrial Union of Marine and Shipbuilding Workers of America.
12. Metal Trades Department, American Federation of Labor.
13. Matson Navigation Co.
14. American President Lines.
15. American Merchant Marine Institute.
16. Committee of American Steamship Lines.
17. Pacific American Steamship Association.
18. Association of American Shipowners.
19. American Tramp Shipowners Association.

Perhaps those who testify on the bill would like to comment on it.

The memorandum referred to is as follows:

MEMORANDUM SUBMITTED BY HAWAIIAN STEAMSHIP CO.

The present bill would amend section 5 (e) (1), Merchant Ship Sales Act, 1946, as amended to make clear the authority of the Secretary of Commerce, after hearing and recommendation by the Federal Maritime Board, to charter passenger vessels on bareboat terms in the domestic trades.

As section 5 read, before it was amended by Public Law 591, 81st Congress, it clearly permitted such charters of passenger vessels in the foreign and domestic trades. Section 5 (a) reads:

"Any citizen of the United States * * * may make application to the Commission to charter a war-built dry-cargo vessel, under the jurisdiction and control of the Commission, for bareboat use."

The expression "war-built dry-cargo vessel" clearly included passenger vessels, since section 5 (b), which fixes the rate of charter hire for vessels that may be chartered under the act, had a special provision fixing the rate "in the case of vessels having passenger accommodations for not less than 80 passengers." Furthermore, the expression dry-cargo vessel as used in section 3 (d) of the act plainly included passenger vessels, because in providing for adjustments in the statutory sales price of vessels sold under the act, the section read:

"No adjustment, except in respect to passenger vessels constructed before January 1, 1941, shall be made under this act which will result in a statutory sales price which (1) in the case of dry-cargo vessels (except Liberty-type vessels) will be less than 35 percent of the domestic war cost of vessels of the same type, (2) in the case of any Liberty-type vessel will be less than 31½ percent of the domestic war cost of the vessels of such type, or (3) in the case of a tanker will be less than 50 percent of the domestic war cost of tankers of the same type."

The price of passenger vessels was thus to be calculated as for other dry-cargo vessels.

Section 5 (d) of the act indicated that vessels chartered under the section could

engage either in the foreign trade or in the domestic trade.

Thus until 1950, there was no doubt that passenger ships could have been chartered for the domestic trade as well as the foreign. The act of June 30, 1950 (Public Law 591, 81st Cong., 63 Stat. 308), provided for the further chartering of war-built dry-cargo vessels on or after June 30, 1950, for bareboat use in any service which in the opinion of the Federal Maritime Board is required for the public interest and is not adequately served, and for which privately owned American flag vessels are not available for charter by private operators on reasonable conditions and at reasonable rates for use in such service. However, by the same act, subsection (f) was added to section 5:

"(1) Notwithstanding the provisions of sections 11 and 14 of this act, as amended, the Secretary of Commerce may charter any passenger vessel, whether or not war-built, owned by the United States on or after June 30, 1950, pursuant to title VII of the Merchant Marine Act, as amended."

The chartering provisions of title VII of the Merchant Marine Act are limited to essential trade routes determined in accordance with section 211 of the act, and all of these are of course in foreign commerce.

It does not appear from the legislative history of section 5 (f) (1) that Congress deliberately intended to exclude the chartering of passenger vessels in domestic trade. The problem was simply not before the legislative committees. The Maritime Commission report shows that at the time four passenger vessels were being operated under the Ships Sales Act in the Trans-Pacific Service, and the *La Guardia* in the Mediterranean service. Four prewar-built vessels were being chartered under other authority (probably Public Law 101, 77th Cong.). Since the Commission had already decided that the good neighbor ships, *Argentina, Brazil* and *Uruguay*, should be advertised under title VII, the Commission believes that authority should be granted it to charter war-built passenger vessels as well as prewar-built vessels under the terms and conditions of title VII of the 1936 act. (House hearings on H. R. 491, 81st Cong., p. 7.)

The Acting Maritime Administrator in a memorandum dated June 1, 1950 (id., pp. 3 and 4), said:

"The Commission stated on March 15, 1950, that the only authority to charter cargo vessel ships necessary at this time is the very limited authority * * * to charter war-built cargo vessels to meet special needs in foreign and domestic trades which may continue to rise and to charter passenger vessels whether war built or not under title VII of the Merchant Marine Act, 1936. As to charter of passenger vessels (whether war built or not), the Commission believed that it was desirable to handle such operations under the 1936 act inasmuch as it is anticipated that further chartering would be predominantly to provide vessels pending arrangements for placing passenger vessels in permanent service."

The Senate report on the bill S. 3571 said (S. Rept. No. 1783, 81st Cong., p. 5):

"It was further developed that our merchant fleet is drastically short of passenger tonnage. In fact we are far below our prewar position in this important segment of the shipping industry. Four passenger ships are being chartered under the Ship Sales Act of 1946. Four others are being chartered under other authority of law. Although there are six new passenger ships under construction, the testimony indicated we should continue to charter passenger vessels even after the new ships are completed. The demand for passenger accommodations, particularly the large actual and potential demand from the middle-income group, is evidence of this conclusion. The bill (sec. 3) provides that any passenger vessel, war built or nonwar built, may be chartered pursuant to title VII, Merchant Marine Act, 1936, as amended. Title VII requires that the ships be chartered on competitive bids under restrictions which protect the interests of the Government."

The House report dated June 27, 1950, said (H. Rept. No. 2363, 81st Cong., pp. 6 and 7):

"The shortage of passenger vessels in our American-flag merchant marine as commercial adjuncts and suitable for use as military auxiliaries is such that it scarcely needs comment in addition to that stated in the section-by-section analysis of the bill. The United States is far below its prewar position in this important segment of the shipping industry, and, until this portion of our fleet can be substantially built up, it is evident that chartering should continue. Under section 3, it is provided that existing charters of passenger vessels may be continued until December 31, 1951, or until expiration thereof by the terms of their provisions. With respect to new charters, title VII of the Merchant Marine Act of 1936 provides the most suitable standards. Title VII requires that ships be chartered on competitive bids under restrictions which would both fully protect the interest of the Government and prevent competition of Government-owned vessels with privately owned vessels."

It is the general consensus of opinion that it was not intended to exclude domestic chartering of passenger vessels but that it merely appeared at the time that the problem was essentially one concerning the foreign trade.

It is possible to read the statute even as it stands as continuing to permit such charters under section 5 (e). So read, that section would allow domestic chartering after public hearing and would reserve chartering in the foreign trade for proceedings under title VII, including competitive bidding.

The Maritime Legal Office, however, does not feel that such a construction is justified and it has been felt desirable by all parties to seek legislative clarification.

The proposed amendment of section 5 of the Ship Sales Act would do not more than the suggested construction above. The original legislative plan would be restored, still leaving the provisions of the Merchant Marine Act to govern essential trade routes in foreign commerce, but permitting the Secretary of Commerce, after hearing the recommendation by the Federal Maritime Board, to arrange for bareboat charters in domestic commerce in accordance with the provisions of section 5 (e).

The immediate occasion for the amendment is a proposal by the Hawaiian Steamship Co. to charter the steamship *La Guardia* for service in a proposed run between San Francisco and Hawaii. The vessel has been in layup for almost 2 years. The charterers would convert the vessel from a dormitory-type to a superior tourist class with cabins for 2 and 3, such as are thought suitable for the trade. A substantial fixed hire would accrue to the Government as well as a much improved vessel at the end of the charter, which is estimated to run 3 years. The charterer would of course be obliged to qualify in all material respects and there has been no commitment by the Maritime Administrator that the particular application would be approved. A full public hearing would intervene before the Federal Maritime Board. All interested maritime organizations have been consulted and have indicated that they do not oppose the proposed amendment.

The conversion of the vessel will involve substantial expenditures in American shipyards, which are at present short of work.

The operation will involve the employment of more than 300 crew members, and is therefore valuable in that direction.

Finally, an important passenger unit will be added to the operating merchant marine, readily available for military use in the event of an emergency and maintained at a high level of current efficiency.

The legislation is needed for immediate use since it is not foreseeable that the project can be left open for an indefinite term of months pending the return of Congress in the next session.

PRINTING OF ADDITIONAL COPIES OF SENATE REPORT NO. 1627, RELATING TO ACCESSIBILITY OF STRATEGIC AND CRITICAL MATERIALS

Mr. MALONE submitted the following resolution (S. Res. 277), which was referred to the Committee on Rules and Administration:

Resolved, That there be printed for the use of the Committee on Interior and Insular Affairs 3,000 additional copies of Senate Report No. 1627, 83d Congress, relative to accessibility of strategic and critical materials to the United States in time of war and for our expanding economy.

EXTENSION OF COVERAGE UNDER OLD-AGE AND SURVIVORS INSURANCE PROGRAM—AMENDMENTS

Mr. BENNETT submitted amendments, intended to be proposed by him to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, which were referred to the Committee on Finance, and ordered to be printed.

AMENDMENT OF SUBVERSIVE ACTIVITIES CONTROL ACT OF 1950—ADDITIONAL COSPONSORS AND REPRINTING OF BILL

Mr. BUTLER. Mr. President, on July 6, I reported a bill from the Committee on the Judiciary, the Senate bill (S. 3706) to amend the Subversive Activities Control Act of 1950, to provide for the determination of the identity of certain Communist-infiltrated organizations, and for other purposes, and asked unanimous consent that the bill bear the names of certain other Senators, in addition to my own, as cosponsors.

The Senators whose names I desired to have included as cosponsors of the bill are the Senator from Nevada [Mr. McCARRAN], the Senator from Arizona [Mr. GOLDWATER], the Senator from Michigan [Mr. FERGUSON], and the Senator from Idaho [Mr. WELKER]. My unanimous consent request was granted, and it was ordered that the names of those Senators be added to the bill, as cosponsors, as I had requested.

I knew at the time that only one Senator may report a bill from committee, I did not ask that the names of additional Senators be added as having reported the bill. I asked that they be added, with my own name, as cosponsors of the bill. The way to do that, of course, is to show the bill as having been introduced by the various cosponsors,

and then reported from committee by me. I thought all that was comprehended in my unanimous consent request.

I was greatly surprised this morning to see that the bill had been printed without the names of the Senators, whose names the Senate had ordered added.

In order to carry out the intent of my original unanimous consent request and the Senate order which resulted, I now ask unanimous consent that the bill (S. 3706) be treated as though it had been introduced by me on July 6 on behalf of myself, the Senator from Nevada [Mr. McCARRAN], the Senator from Arizona [Mr. GOLDWATER], the Senator from Michigan [Mr. FERGUSON], and the Senator from Idaho [Mr. WELKER], and subsequently reported by me from the Committee on the Judiciary; and that the bill be reprinted accordingly, in a star print, bearing the names of these other Senators as well as my own name.

The PRESIDENT pro tempore. Without objection, it is so ordered.

HEARINGS ON INTERNATIONAL OPIUM TREATY

Mr. WILEY. Mr. President, on Saturday morning, July 17, there will be a brief hearing in the United States Courthouse Building, room 110, in New York, on the subject of international opium control through the protocol now pending before the Senate Foreign Relations Committee.

The hearing will be confined to the morning, in order to permit us to return to the Senate in the afternoon.

I send to the desk the text of a release describing the hearing. I ask unanimous consent that it be printed at this point in the body of the RECORD.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

SENATOR WILEY ANNOUNCES HEARING ON NARCOTICS PROTOCOL IN NEW YORK, JULY 17

A hearing on an international protocol to curb opium production will be held in New York City in the Federal Building on Saturday morning, July 17, by a three-man Senate Foreign Relations Subcommittee.

Senator ALEXANDER WILEY, Republican, of Wisconsin, chairman of the full Senate Foreign Relations Committee and of the subcommittee, stated, "This protocol is regarded as an important instrument to reduce the cultivation of the poppy plant and wholesale trade in and use of opium. The United States and 35 other nations have signed the protocol. It is the purpose of our subcommittee to consider the background of this and other efforts at international control of dope and to evaluate the specific provisions of this particular agreement."

In forwarding the protocol for Senate ratification, Secretary of State John Foster Dulles had pointed out that, "There is now no legal obligation under (existing) narcotic conventions to * * * limit production of opium. This represents a serious gap in the system of international control since the world's medical and scientific needs for opium could be supplied by approximately 500 tons a year, while present world production of opium is approximately 2,000 tons a year, a considerable part of the excess production of opium flowing into the illicit trade. The present protocol would close this gap with respect to opium."

Testimony on the preparation of the protocol will be submitted by the Honorable Harry J. Anslinger, Commissioner of the United States Narcotics Bureau and United States member on the United Nations Narcotics Commission, and by Assistant Secretary of State for United Nations Affairs, David McKey.

"I believe," continued Senator WILEY, "that in addition to the international aspects, it is important that the American people get further insight into the end results of the dope traffic. It is important that our people be further educated on what it will mean to us unless the traffic is cut off right at the foreign sources. In order to get a brief picture of the dope problem as it is encountered in the United States itself, I have invited certain well-qualified law enforcement officials to testify on this phase. Thus, we will hear short testimony from New York City's commissioner of police, F. H. Adams; from Chief Inspector Stephan P. Kennedy; and from Inspector Peter Terranova, in charge of the narcotics squad. It should be noted that it is in New York that the largest volume of illicit dope in the Nation is encountered, and the New York port is the principal entry point of illicit dope. We will also hear from the Honorable William Tompkins, United States attorney in New Jersey, who is the newly designated assistant attorney general in charge of internal security.

Mr. Rodney Gilbert, former editorial writer for the New York Herald Tribune, who had made a study of Chinese Communist opium production and distribution, will also testify.

The subcommittee's hearing will be confined to the morning hours between 9 a. m. and noon in order that the members, Senator HOMER FERGUSON, Republican, of Michigan; Senator MIKE MANSFIELD, Democrat, of Montana; and Chairman WILEY can return to Washington for work on the Senate floor that afternoon.

The Wisconsin Senator, who is incidentally a former member of the Kefauver Crime Committee, concluded, "Our Foreign Relations Committee is, of course, concerned basically with the international aspects, as such, of the dope traffic. I know, however, that my colleagues feel as I do, that as individual Members of the Senate we should leave no stone unturned in doing whatever we can by way of education and information to help reduce to an absolute minimum United States narcotics addiction. Thanks to the United States Narcotics Bureau, and to State and local officers, a great deal of progress has already been made. America can make still more progress if our people are further apprised of the facts in a sound, unsensational manner. Moreover, on the world scene, the conscience of all free peoples must be further aroused against Communist China's vicious dumping of dope into the world market in seeking to undermine the free nations."

ECHO PARK DAM—RESOLUTION AND EDITORIAL

Mr. WILEY. Mr. President, I was pleased to receive from Mr. Lyle H. Kingston, secretary of the Wisconsin Conservation Congress, an important resolution expressing opposition to the proposed Echo Park Dam. I have previously commented against proposed legislation for such a dam, which would dispoil the Dinosaur National Monument area.

I send to the desk the resolution which expresses the position of delegates from the 71 counties of Wisconsin interested in conservation affairs. I append to it the text of an editorial, which appeared in the Milwaukee Journal, along the same line. I ask unanimous consent that both these items be printed at this point in the body of the CONGRESSIONAL RECORD.

There being no objection, the resolution and editorial were ordered to be printed in the RECORD, as follows:

Whereas the United States Department of the Interior has authorized a series of dams in the upper Colorado Basin to create large and extensive reservoirs of water for hydroelectric and irrigation purposes, and the United States Congress is presently considering this project in bill H. R. 4449; and

Whereas the location for one of these dams, known as Echo Park site, will back water into the Dinosaur National Monument in such a way as to destroy the scenic beauty and basic value of this national park; and

Whereas there are alternative available locations as adequate and economical which can be substituted for the Echo Park site, thereby preserving this valuable national resource for the inspiration of future generations and without upsetting the long-established precept of not permitting such destructive developments in any of the national parks: Now, therefore, be it

Resolved by the 19th Conservation Congress of Wisconsin in convention assembled at Madison this 7th day of June 1954, That the Conservation Congress urge its Representatives in Congress to oppose bill H. R. 4449 so long as the Echo Park dam site is included and to do everything in their power to amend this bill so as to prevent the unnecessary destruction of the Dinosaur National Monument which is a sacred heritage to all citizens of the United States.

RESOLUTIONS COMMITTEE,
LARRY WHIFFEN,
Chairman.

[From the Milwaukee Journal of July 3, 1954]

NO CASE HAS BEEN MADE FOR BUILDING ECHO PARK DAM NOW

The fight over the proposed Echo Park dam, that would flood the scenic canyons which are the chief attraction of 200,000-acre Dinosaur national monument, has reached a showdown on the floor of Congress. Advocates of the vast Federal power and irrigation development in the upper Colorado River Basin, of which Echo Park Dam would be a part, are confident.

The Secretary of the Interior, the President and now the House Interior Committee have all indicated approval of bill H. R. 4449 authorizing the Bureau of Reclamation to spend nearly a billion to get the development started, and to include Echo Park Dam as one of the first units.

Various organizations and interests from all over the country have raised their voices in opposition, or expressed serious doubts that the economics and engineering are sound. Still others insist that a dam at that particular site, to which so many persuasive objections have been raised, isn't essential to the whole project; that dam sites outside the monument would be as good or better.

Former Interior Secretary Chapman said that the Echo Park Dam was one that wasn't necessary. Interior Secretary McKay's own conservation advisory committee named Echo Park Dam as one that should be dropped from the project.

Gen. U. S. Grant III, with 42 years of big dam experience with the Corps of Engineers, strongly supported alternate sites so that magnificent scenic attractions in Dinosaur National Monument could be saved. The National Park Service said that unique natural wonders there would be irreparably impaired by the dam.

Conservationists and many others see Echo Park Dam not only as a threat to those wonders. They fear a foot in the door that

could set a precedent and imperil other national parks.

The case for the upper Colorado project as a whole has appeared to rest almost solely on desires of the thinly scattered population in the immediate area, people who stand to profit from expenditures which may ultimately reach 3 or 4 billions and who won't have to pay but a very tiny part of the cost. The data to support the project has been open to question and has been flatly challenged by men with reputations and data deserving respect.

The case for Echo Park Dam itself has been on still shakier ground. For the Interior Department argument for the dam there, rather than on alternate sites outside the monument, first rested on a prediction that the annual evaporation loss on the Echo Park flowage would be 165,000 acre-feet less. Then the Department red-faced, corrected the estimate to 70,000 acre-feet annually, and finally to 25,000 acre-feet annually. Other testimony, however, indicated one alternative plan would actually save up to 20,000 acre-feet of water annually.

There is certainly no urgent need for irrigation projects that step up agricultural production when farm surpluses are such a problem. Nor has it been shown that there is any urgent need for power from this source—there are others—that justifies haste.

More important, no solid, uncontrovertible justification has been offered for destroying outstanding natural wonders such as found in Dinosaur National Monument, wonders that belong to the people of the Nation as a whole and have been set aside for their perpetual enjoyment.

Those who are urging their Congressmen to vote against H. R. 4449 or similar legislation at this session can be confident they are on solid ground.

CONSTRUCTION OF CERTAIN NAVAL VESSELS

Mr. BUTLER. Mr. President, on June 9 the Senate passed, with amendments, the bill (H. R. 8571) to facilitate the construction of certain naval vessels. This bill, now pending in conference, conforms in every degree with the vital program of ship construction which I have advocated as strenuously as possible. As an illustration of the preparations which have been completed by the Department of the Navy to effectuate the construction of these vessels with an absolute minimum of delay, I ask unanimous consent to have included in the body of the RECORD a letter, dated June 4, 1954, from Rear Adm. W. D. Leggett, Jr., Chief, Bureau of Ships.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE NAVY,
BUREAU OF SHIPS,
Washington, D. C., June 4, 1954.

The Honorable JOHN M. BUTLER,
United States Senate,
Washington, D. C.

MY DEAR SENATOR BUTLER: In a telephone conversation of June 2, 1954, Mr. August J. Bourbon of your office, referred to the act under consideration by the Senate to authorize the Navy to construct mine warfare and patrol vessels (H. R. 8571, passed by the House on May 20, 1954) and requested an estimate of the time that would be required to start construction of these vessels should this bill be approved by the Congress.

As you know, funds must be appropriated by the Congress before this work can be undertaken. The Department of Defense appropriation bill for fiscal 1955 has already passed the House and action by the Senate is expected in the near future. In anticipation of the fiscal appropriation and the vessel authorization, preliminary preparations have been accomplished by the Bureau. A tentative request for apportionment of funds for construction of the mine and patrol craft has already been made. Contract plans and specifications have been prepared. Upon receipt of authority, the Bureau, with a minimum of delay, can negotiate and award the contracts. After award, the contractors can immediately increase their employment to take care of the preliminary planning and material ordering and the actual production work can be started soon thereafter.

Under the foregoing conditions, I believe that it would not be too optimistic to estimate that the mine warfare and escort vessels can be under construction by early fall.

With kindest regards,

Sincerely yours,

W. D. LEGGETT, Jr.,
Rear Admiral, U. S. N. Chief of Bureau.

AGRICULTURAL POLICY

Mr. JOHNSTON of South Carolina. Mr. President, I hold in my hand a copy of a statement made by President Eisenhower at Ottawa, Ill., on September 15, 1952. It reads:

Unless we return these economic responsibilities and activities to the people who have made our country, our citizens, we are going to become more and more dependent upon the will of a bureaucrat in Washington. We will become more and more dependent upon the regulations they issue as to wages, place of work, the kind of crops that the farmer will plant, when he will plant them, and how he will rotate them. If I know anything about the farmers of the United States—and, after all, I was one of them myself—it is that they prize above all else their independence of action.

In the Wall Street Journal of July 9, 1954, there appeared an article entitled "Farm Kibitzing." The subheads read: "Federal Advisers Will Offer Individual Farmer Master Plan for Living—They'll Cover Fertilizer Use, Pest Killing, Bookkeeping, Even Raising Children—One Aim: Curb Overplanting."

The article goes on to say:

Sometime this summer Mr. Benson will pass the word for hundreds of Agriculture Department agents to set out in scattered parts of the country, spreading the gospel of planned farming. Precise details haven't been worked out. But the outlines of the scheme—billed as a "dynamic new program"—are contained in a confidential document currently circulating in upper echelons of the Agriculture Department. Officials say the idea is this:

A Government man will call on farmers at their homes and offer to work out a carefully planned system of farming for the entire farm unit. The whole idea is voluntary; if farmers accept, they will start, with the help of the Government agent, to make a complete inventory of their resources—land, money, and manpower.

They will consider, too, all the off-farm influences, such as national-price programs, the economic outlook in the United States and abroad, export trends. Then they will make up a plan, setting goals not only for farm output, but also for "family satisfactions."

The plan will aim to include answers to questions like these: What crops to plant and in what quantity; what fertilizer to use; how to deal with farm pests; what repairs to make on farm buildings or machinery and how to raise the necessary money; how to keep books and pay taxes; how much profit a farmer should make to be able to afford to redecorate the front parlor or buy a television set or a new refrigerator.

Mr. President, I ask that this article be printed in the body of the RECORD immediately following my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

FARM KIBITZING—FEDERAL ADVISERS WILL OFFER INDIVIDUAL FARMER MASTER PLAN FOR LIVING—THEY'LL COVER FERTILIZER USE, PEST KILLING, BOOKKEEPING, EVEN RAISING CHILDREN—ONE AIM: CURB OVERPLANTING

(By Lester Tanzer)

WASHINGTON.—Federal farm boss Benson has whipped up a new kind of Federal aid program for farmers. The key ingredient is not taxpayers' dollars but advice—on every subject from irrigation to raising children.

The Republican Secretary of Agriculture thinks mechanical contraptions, soil conservation, insecticides, Federal price supports and planting restrictions have overly complicated rural living. What the modern-day farmer needs, he figures, is a complete master plan, worked out down to the last detail for each farmer with the help of a Government agent dispatched to his doorstep.

SPREADING THE GOSPEL

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A Government man will call on farmers at their homes, and offer to work out a carefully planned system of farming for the entire farm unit. The whole idea is voluntary; if farmers accept, they'll start, with the help of the Government agent, to make a complete inventory of their resources—land, money, and manpower.

They'll consider, too, all the off-farm influences, such as national price support programs, the economic outlook in the United States and abroad, export trends. Then they'll make up a plan, setting goals not only for farm output but also for family satisfactions.

REDECORATING ANSWERS

The plan will aim to include answers to questions like these: What crops to plant and in what quantity; what fertilizer to use; how to deal with farm pests; what repairs to make on farm buildings or machinery and how to raise the necessary money; to keep books and pay taxes; how much profit a farmer should make to be able to afford to redecorate the front parlor or buy a television set or a new refrigerator.

The aim, according to the outline drawn up by Mr. Benson's aides, is a plan "through which the farm family can coordinate the use of various farm and home practices to achieve efficient production, high net income, the improvement of soil productivity, and better living condition for the entire farm family."

If this sounds like more Federal meddling in rural affairs, the aim is professed to be just the opposite. Mr. Benson's real objective is to hasten the day when farmers will be able to get along without so much Federal price-support aid and without stringent planting curbs. He favors a gradual trimming of price-support levels and increasingly tighter planting controls until record farm gluts have begun to shrink. Meantime, the idea is that if farmers do their planning with a Government expert looking over their

shoulder they'll be less likely to overplan crops already in abundance.

The basic aim, officials argue, requires broader planning than it implies. Thus an agent might advise a farmer to shift land from barley to tomatoes, if he wants to make enough money to buy the freezer his wife is pleading for. Raising tomatoes, the agent might add, might mean making Junior work on the farm in the summer instead of taking a job in town.

Going a bit further, some of the new agents will be women, who are expected to give tips on latest developments in child psychology. They'll also encourage participation in 4–H Club activities.

A MODEST START

The program will begin an a modest scale. To finance it for the fiscal year that started last week, Mr. Benson wrung an extra $8.3 million from Congress in appropriations for the Agricultural Extension Service, a farmer education program run jointly by the Federal Government and the State farm agencies. Working through the extension setup, Mr. Benson will use the extra money to hire 1,000 new county agents and about two dozen Washington policymakers to push the planned farming scheme.

With this task force, Mr. Benson guesses he'll reach only a fraction of the farming population. But if the plan is successful, he's prepared to ask Congress next year for more money to expand his efforts. Also, the 1,000 new agents will be busy indoctrinating the 12,500 county agents now on the Federal-State payroll so that they, too, can push farm planning.

The new agents will be divided up among the States. It will be up to each State to decide how they'll be used. Some States may decide to blanket a couple of pilot counties with enough agents to reach every farmer that's interested in farm planning. Others may decide to distribute a few farm plan salesmen in each county to work with a handful of farmers.

PAMPHLETS, RADIO, TV

Dispensing advice to farmers is not, of course, a new chore for the Agriculture Department. The Extension Service uses pamphlets, radio and television, and group meetings to bring to rural folk all kinds of information on farm matters, most of it gathered by Agriculture Department researchers and experts at land grant colleges throughout the country. This service is paid for partly by the Federal Government, partly by the States, and partly by counties.

The trouble with all this, as Mr. Benson sees it, is that it's too indirect and impersonal. He argues, too, that the present setup covers only special topics, without attempting to wrap up all the problems of running a farm into one neat package. That's the aim of the new program for "complete farm and home development," as it's referred to in the policy document now making the rounds of Agriculture Department offices.

The Department plans to go right on for a while "educating" farmers through mass media like radio and group discussions. But after a year of so, the idea is to shift toward ever-greater emphasis on the personal approach now about to begin.

FAMILY FARM THE TARGET

The Department's new program is designed primarily for family farms, those on which the family does the major share of work. Family farms make up the big majority of the 5.5 million farms in the country and turn out over 70 percent of all the agricultural goods sold. The outline of the new program notes:

"On a family farm, the farm business and the home are inseparable. Decisions made on the farm must consider both the effect on the farm operations and on the farm family. This is not true for most other types of business. It is for this reason that the farmer and his family must plan together."

Mr. Benson's aides are sure their scheme will work. It's been tried experimentally in a couple of States with success. A study made in Vermont, according to the Department, showed the income of a dozen farms with intensive Government planning aid was triple that of 12 farms that operated without "master plans."

Will farmers accept Mr. Benson's offer? The Department expects a heap of resistance from individual farmers. One farm expert claims the people who have usually gone in for Federal help in a big way are those who have been most amenable to Government suggestions. It's the more conservative rural citizens the Department hopes to reach with its new project.

Mr. Benson isn't inclined to force any scheme down farmers' throats. So his minions have orders to go about their business with some degree of subtlety. The Federal planners offer this advice to the agents: "Stress in all activities the relationship of what is being presented to the other decisions and activities relating to the individual farm and home situation, and the interdependence of each decision and action on all the others."

Mr. JOHNSTON of South Carolina. Mr. President, the foregoing news release stating how Secretary Benson intends to regiment the farmers of this Nation in my opinion clearly contradicts what President Eisenhower had to say at Ottawa, Ill., on September 15, 1952, when he warned against just the thing that Mr. Benson is doing at the present time. The question is "Does President Eisenhower know what his Secretary, Mr. Benson, is doing?"

CONCERT ON CAPITOL STEPS BY HIGH SCHOOL BAND OF BREAUX BRIDGE, LA.

Mr. LONG. Mr. President, I wish to record my gratification and pleasure upon the splendid performance on the steps and grounds of the Capitol earlier today by the excellent band from the high school at Breaux Bridge, La.

This band is a superb example of the widespread growth throughout the country of the instruction of our youth, through actual participation in musical organizations.

This band in particular has an outstanding record of achievement. For the past 4 years it has been rated superior in marching by the annual Louisiana State Music Festival, and for the past 3 years has been rated superior in concert playing and sight reading.

Although Breaux Bridge has a population of only approximately 2,500 people, the community support of this band is strikingly illustrated by the fact that $12,000 was raised through contributions to support the trip, which made it possible for the band to be here in Washington.

The primary purpose of the current trip was to respond to an invitation to appear and to perform in New York at the annual convention of Lions International. It was given the special distinction of being invited to open the convention program at Madison Square Garden on Wednesday, July 7.

Not only has the band, as an organization, received wide recognition and popular acclaim, but many of its individual members have received well-deserved recognition as soloists and instrumentalists. Each year for the past several years about 20 of its 67 members have received the rating of superior as soloists and for ensemble work at the annual Louisiana State Music Festival.

Especially in southwest Louisiana this organization contributes regularly to the success of many important public occasions. It plays regularly at the Shrimp, and Sugarcane, the Rice, the Dairy, and the Yambilee Festivals. Quite recently, also it was one of the outstanding organizations which participated in the Sesquirama in New Orleans, celebrating the 150th anniversary of the Louisiana Purchase.

Although this fine organization could not exist without the support and assistance of virtually the entire community, special credit is due to the principal of the Breaux Bridge High School, Mr. Leo Delahousaye, and Mr. Harry Greig, the director of the music department of the high school. Both of these fine gentlemen are accompanying the band on its present tour.

The personnel of the band and those accompanying it are as follows:

The band members are Betty Delhomme, Patricia Balch, Roberta Webre, Jeanelle Gauthier, Shirley Guidry, Beverly Hebert, Jean Nell Broussard, Rebecca Cormier, Joan Guidry, Jo Ann Ketelers, Elaine Pellerin, Patricia Patin, Barbara Broussard, Edward Domingue, Glenda Landry, Gloria Patin, Elizabeth Latiolais, Joy Conrad, Gaynell Guidry, Lydia Rose Guidry, Elaine Mason, Dolores Barnes, Tommy Balch, June Cormier, Mike Morrogh, Emily Hebert, Kerny Broussard, Dickie Hebert, Jeanette Pellerin, Larry Thibodeaux, James Domingue, Donna Melancon, Dorsy Brasseaux, Dalton Broussard, Roland Guidry, Vienna Mae Marks, Horace Guidry, Ray Pellerin, A. P. Dupuis, Dianna Melancon, Curtis Guidry, Betty Jo Young, Jo Jo Guidry, Yvonne Thibodeaux, Jerome Mouton, J. C. Tabor, Burnell Martin, Clifford Hebert, Jason Dupuis, Rufus Hebert, Clifford Mouton, Edwin Hebert, Patsy Green, Faye Guidry, Richard Broussard, Charlene Theriot, P. J. Hebert, Janice Nepveu, Erline Begnaud, Arthur Broussard, Rose Angelle, Irene Delhomme, Judy Thibodeaux, Joan LaRue Hebert, Rochelle Roberts, Dianne Domingue, Russel Peltier.

The chaperones are Mrs. Harry Greig; John Breaux; Earl Hollier; Mr. and Mrs. Frank Guidry; Mrs. Percy Broussard; Mrs. Claude Guidry; Mrs. Felix Pellerin; Mrs. Dalton Broussard, registered nurse.

Others in the group include Miss Julie Cormier, Mrs. B. D. Champagne, Marine Guidry, Mrs. Leo Delahoussaye, Miss Louise Castille, Miss Simone Castille, Mrs. Francis Broussard, Miss Linda Conrad, Hemby Morgan, Mrs. Odile B. Clause, Miss Mary K. Clause, Miss Carolyn Clause, Mrs. Whitney Hebert, Mrs. James Thevenet, Mrs. Chester Broussard, Mr. and Mrs. Sanders Delhomme, Jerry Delhomme, Leon Breaux, Miss Laure Lee Dauterive, Mr. and Mrs. Randall Bulliard, Miss Jacqueline Ann Tabor, Mrs. Roger Ketelers, Mrs. H. Guillory, Miss Marry Louise Hebert, Mrs. Percy Cormier, Ricky Cormier, Mrs. Frank Patin, Mr. and Mrs. Harris Pellerin and son Junior, Mrs. Maude D. Dupuis, Mrs. Claude J. Dauterive, all of Breaux Bridge, La.

Mr. and Mrs. J. J. Arceneaux, Opelousas, La.

Mrs. J. E. Narreau, Mrs. James Gauthier, Mrs. Willie Fournet, all of St. Martinville, La.

Miss Isabelle Guidry of New Iberia, La.

Miss Mary Ann Domingue and Miss Louise Sonnier, both of Scott, La.

Jimmy Benoit of Welsh, La.

Mr. and Mrs. Lionel Thibodeaux and Mrs. John Gorr, all of Lafayette, La.

Mr. and Mrs. Terrel Thibodeaux, Lake Charles, La.

Texas is also represented in the group by Mrs. Victor Bush, Miss Patsy Bush, and Robert Bush of Brownwood.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 5158. An act for the relief of Sgt. Welch Sanders; and

H. R. 5433. An act for the relief of the estates of Opal Perkins, and Kenneth Ross, deceased.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3378) to revise the Organic Act of the Virgin Islands of the United States.

The message further announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 6725) to reenact the authority for the appointment of certain officers of the Regular Navy and Marine Corps; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ARENDS, Mr. SHAFER, Mr. JOHNSON of California, Mr. VAN ZANDT, Mr. VINSON, Mr. KILDAY, and Mr. RIVERS were appointed managers on the part of the House at the conference.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ARENDS, Mr. SHAFER, Mr. JOHNSON of California, Mr. VAN ZANDT, Mr. VINSON, Mr. KILDAY, and Mr. RIVERS were appointed managers on the part of the House at the conference.

The message further announced the House had disagreed to the amendment of the Senate to the joint resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. TOLLEFSON, Mr. ALLEN of California, Mr. RAY, Mr. BONNER, and Mr. SHELLEY were appointed managers on the part of the House at the conference.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

H. R. 733. An act for the relief of Hildegard H. Nelson;

H. R. 734. An act for the relief of Mihai Handrabura;

H. R. 944. An act for the relief of Mr. and Mrs. Zygmaunt Sowinski;

H. R. 1115. An act for the relief of Mrs. Suhula Adata;

H. R. 1762. An act for the relief of Sugako Nakai;

H. R. 2899. An act for the relief of Igor Shwabe;

H. R. 3333. An act for the relief of Julia N. Emmanuel;

H. R. 3624. An act for the relief of Peter M. Leaming;

H. R. 4496. An act to authorize and direct the conveyance of certain lands to the Board of Education of Prince Georges County, Upper Marlboro, Md., so as to permit the construction of public educational facilities urgently required as a result of increased defense and other essential Federal activities in the District of Columbia and its environs;

H. R. 6342. An act to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for postoffice purposes; and for other purposes;

H. R. 6422. An act to authorize the Secretary of the Army to convey to the Government's grantors certain lands erroneously conveyed by them to the United States;

H. R. 6650. An act for the relief of Joseph Gerny;

H. R. 6998. An act for the relief of Erna White;

H. R. 7125. An act to amend the Federal Food, Drug, and Cosmetic Act with respect to residues of pesticide chemicals in or on raw agricultural commodities;

H. R. 7132. An act to exempt from taxation certain property of the Veterans of Foreign Wars of the United States in the District of Columbia;

H. R. 7158. An act authorizing the United States Government to reconvey certain lands to S. J. Carver;

H. R. 7468. An act to amend certain provisions of part II of the Interstate Commerce Act so as to authorize regulation, for purposes of safety and protection of the public, of certain motor-carrier transportation between points in foreign countries, insofar as such transportation takes place within the United States;

H. R. 7500. An act for the relief of Kurt Forsell;

H. R. 7802. An act for the relief of Hanna Werner and her child, Hanna Elizabeth Werner;

H. R. 8247. An act to provide for the restoration and maintenance of the United States ship *Constitution* and to authorize the disposition of the United States ship *Constellation*, United States ship *Hartford*, United States ship *Olympia*, and United States ship *Oregon*, and for other purposes;

H. R. 8692. An act to permit the payment of certain trust accounts to the beneficiary on the death of the trustees by savings and loan, and similar associations in the District of Columbia;

H. R. 8973. An act to amend paragraph 31 of section 7 of the act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, as amended;

H. R. 8974. An act to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the International Bank for Reconstruction and Development;

H. R. 9143. An act to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank;

H. R. 9561. An act to correct typographical errors in Public Law 368, 83d Congress; and

H. J. Res. 459. Joint resolution to designate the lake to be formed by the completion of the Texarkana Dam and Reservoir on Sulphur River, about 9 miles southwest from Texarkana, Tex., as Lake Texarkana.

DEVELOPMENT OF THE PRIEST RAPIDS SITE ON THE COLUMBIA RIVER, WASH.

The PRESIDING OFFICER (Mr. CRIPPA in the chair). If there be no further routine business, the Chair lays before the Senate the unfinished business, which will be stated by title.

The CHIEF CLERK. A bill (H. R. 7654) to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act.

OUTSTANDING INVESTMENT OPPORTUNITY FOR THE UNITED STATES

Mr. WATKINS. Mr. President, the Congress recently has been asked to appropriate some $3½ billion to aid deserving friendly countries in various parts of the world.

Today, I would like to direct the attention of this body to a meritorious project in an area not embraced in this projected program of international aid to social and economic development. In my opinion, it is eminently deserving of support by the Government, and I hope that this body will act favorably upon it when the project comes before it in the near future.

The area involved is semi-arid, with many sections of it receiving less rainfall in a whole year than this eastern seaboard area receives in a couple of heavy storms. Agriculture is confined largely to irrigated farming, which provides 71 percent of the area's total agricultural income, and to livestock raising. The area is rich in natural resources, and many processing and fabricating industries have recently been established there to supplement the older extractive industries. Residents of the area are frugal and hard-working, and the local governments are eminently sound and financially solvent. An insular location, behind encircling mountains, gives the area a high degree of geographic security in the event of a major international disturbance.

The growth and development of this potentially rich area is limited by the availability of one great natural resource—water. It needs water not only for irrigation, but also for power, for municipal purposes, and for industrial use. This area already has invested heavily in water utilization facilities. Small reservoirs dot the watersheds accessible to communities and valley farmlands, and canals lace across valley floors, some of them tying into tunnels drilled through mountains.

However, the major source of water in this 110,000-square-mile area is a large river system, which flows through deeply eroded canyons some distance from population and agricultural centers. Residents of the area have a clear proprietary interest to half the water in that river—around 7,500,000 acre-feet annually. Yet at the present time, the area is able to put to use only about one-third of that assigned water supply, in spite of its heavy local investment in water utilization facilities.

To utilize additional water, the area is obliged to build some tremendous storage dams on the main stem of that river and supplement them with smaller reservoirs and diversion works on the high watersheds.

The project plan was conceived by some of the world's foremost water resource engineers, who have been engaged in engineering investigations in this area for a half century. These experts have studied more than 250 reservoir sites, and produced reports on all phases of an overall program to develop the water resources of the area. Probably no river system in the world has had such a thorough-going engineering study by internationally recognized experts.

Unlike some of our foreign neighbors, these people do not expect Uncle Sam to finance this development program and pick up the check. They are injecting a new, independent note in aid programs. They ask assistance only in the financing and have very adequate plans to repay Uncle Sam in full before the project facilities have been in use slightly more than half their estimated life.

This repayment program is made possible by utilizing the large water storage dams for the production not only of water for irrigation, but for hydropower. The power generated is required to meet population and industrial growth in the area, and, by its use, the people who will benefit from the water also will pay for both the water and the power. Furthermore, engineering estimates show that after the project is completely paid for, the facilities, which will remain in the ownership of the Federal Government, will be capable of producing a revenue of 15 to 20 million dollars a year for many years.

This land of which I speak—an area roughly the size of New York, Pennsylvania, and New Jersey combined—is not in some faroff place, subject to revolutionary strife or subversion by enemies of this country. It is here in the United States. The project described is—if you have not already guessed it—the upper Colorado River storage project.

In addition to these attractive financial aspects, I must point out that the project itself would produce billions of dollars in new property and wealth, most of which would be subject to Federal taxes. This project therefore, is a real investment in national development—one of the soundest that any of us will see during our terms in the Senate.

This project is currently under review in the Senate Committee on Interior and Insular Affairs. It also has been subjected to 2 weeks of hearings by the comparable committee in the House. Hence, when the measure comes before this body, it will have been subjected to the most intensive study and close congressional scrutiny.

However, the project is huge and complex, and some aspects of it have been clouded by misinformation and controversy. For that reason, I and other Senators from Upper Basin States plan to come before this body with several statements describing the project in nontechnical terms.

USE OF WATER FROM SANTA MARGARITA RIVER, CALIF.—CONFERENCE REPORT

Mr. SALTONSTALL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. SALTONSTALL. What is the business now pending before the Senate?

The PRESIDING OFFICER. House bill 7664, to provide for the development of the Priest Rapids site.

Mr. SALTONSTALL. I understand there is now ready for action by the Senate a conference report, as to which all parties are in agreement. The majority leader with the approval of the minority leader, is desirous of having the report submitted and considered at this time. The distinguished junior Senator from California [Mr. KUCHEL] is in charge of the report.

Mr. KUCHEL. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5731) to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, California, and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes.

I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. (Mr. CRIPPA in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5731) to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, California, and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 1.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the language inserted by the Senate amendment insert the following:

"That the Secretary of the Interior, acting pursuant to the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388), and Acts amendatory thereof or supplementary thereto, as far as those laws are not inconsistent with the provisions of this Act, is authorized to construct, operate, and maintain such dam and other facilities as may be required to make available for irrigation, municipal, domestic, military, and other uses the yield of the reservoir created by De Luz Dam to be located immediately below the confluence of De Luz Creek with Santa Margarita River on Camp Joseph H. Pendleton, San Diego, California, for the Fallbrook Public Utility District and such other users as herein provided. The authority of the Secretary to construct said facilities is contingent upon a determination by him that—

"(a) the Fallbrook Public Utility District shall have entered into a contract under subsection (d), section 9, of the Reclamation Project Act of 1939 undertaking to repay to the United States of America appropriate portions, as determined by the Secretary, of the actual costs of constructing, operating, and maintaining such dam and other facilities, together with interest as hereinafter provided; and under no circumstances shall the Department of the Navy be subject to any charges or costs except on the basis of its proportional use, if any, of such dam and other facilities, as determined pursuant to section 2 (b) of this Act;

"(b) the officer or agency of the State of California authorized by law to grant permits for the appropriation of water shall have granted such permits to the United States of America and shall have granted permits to the Fallbrook Public Utility District for rights to the use of water for storage and diversion as provided in this Act; including, as to the Fallbrook Public Utility District, approval of all requisite changes in points of diversion and storage, and purposes and places of use;

"(c) The Fallbrook Public Utility District shall have agreed that it will not assert against the United States of America any prior appropriative right it may have to water in excess of that quantity deliverable to it under the provisions of this Act, and will share in the use of the waters impounded by the De Luz Dam on the basis of equal priority and in accordance with the ratio prescribed in section 3 (a) of this Act; this agreement and waiver and the changes in points of diversion and storage, required by the preceding paragraph, shall become effective and binding only when the dam and other facilities herein provided for shall have been completed and put into operation: *Provided, however,* That the enactment of this legislation does not constitute a recognition of, or an admission that, the Fallbrook Public Utility District has any rights to the use of water in the Santa Margarita River, which rights, if any, exist only by virtue of the laws of the State of California; and

"(d) the De Luz Dam and other facilities herein authorized have economic and engineering feasibility.

"SEC. 2. (a) In the interest of comity between the United States of America and the State of California and consistent with the historic policy of the United States of America of Federal noninterference with State water law, the Secretary of the Navy shall promptly comply with the procedures for the acquisition of appropriative water rights required under the laws of the State of California as soon as he is satisfied, with the advice of the Attorney General of the United States, that such action will not adversely affect the rights of the United States of America under the laws of the State of California.

"(b) The Department of the Navy will not be subject to any charges or costs in connection with the De Luz Dam or its facilities, except upon completion and then shall be charged in reasonable proportion to its use of the facilities under regulations agreed upon by the Secretary of the Navy and Secretary of the Interior.

"SEC. (3) (a) The operation of the dam and other facilities herein provided shall be by the Secretary of the Interior, under regulations satisfactory to the Secretary of the Navy with respect to the Navy's share of the impounded water and National Security. In that operation, 60 per centum of the water impounded by De Luz Dam is hereby allotted to the Secretary of the Navy, 40 per centum of the water impounded by De Luz Dam is hereby allotted to the Fallbrook Public Utility District. The Department of the Navy and the Fallbrook Public Utility District will participate in the water impounded by De Luz Dam on the basis of equal priority and in accordance with the ratio prescribed in the preceding sentence: *Provided, however*, That at any time the Secretary of the Navy certifies that he does not have immediate need for any portion of the aforesaid 60 per centum of the water, the official agreed upon to administer the dam and facilities is empowered to enter into temporary contracts for the delivery of water subject, however, to the first right of the Secretary of the Navy to demand that water without charge and without obligation on the part of the United States of America upon 30 day's notice as set forth in any such contract with the approval of the Secretary of the Navy: *Provided, further*, That all moneys paid in to the United States of America under any such contract shall be covered into the general fund of the Treasury, and shall not be applied against the indebtedness of the Fallbrook Public Utility District to the United States of America. In making any such temporary contracts for water not immediately needed by the Navy, the first right thereto, if otherwise consistent with the laws of the State of California, shall be given the Fallbrook Public Utility District.

"(b) The general repayment obligation of the Fallbrook Public Utility District (which shall include interest on the unamortized balance of construction costs of the project allocated to municipal and domestic waters at a rate equal to the average rate, which rate shall be certified by the Secretary of the Treasury, on the long-term loans of the United States outstanding on the date of this Act) to be undertaken pursuant to section 1 of this Act shall be spread in annual installments, which need not be equal, over a period of not more than 56 years, exclusive of a development period, or as near thereto as is consistent with the operation of a formula, mutually agreeable to the parties, under which the payments are varied in the light of factors pertinent to the irrigators' ability to pay. The development period shall begin in the year in which water for use by the district is first available, as announced by the Secretary, and shall end in the year in which the conservation storage space in De Luz Reservoir first fills but shall, in no event, exceed 17 years. During the development period water shall be delivered to the district under annual water rental notices at rates fixed by the Secretary and payable in advance, and any moneys collected in excess of operation and maintenace costs shall be credited to repayment of the capital costs chargeable to the district and the repayment period fixed herein shall be reduced proportionately. The Secretary may transfer to the district the care, operation, and maintenance of the facilities constructed by him under conditions satisfactory to him and to the district and, with respect to such of the facilities as are located within the boundaries of Camp Pendleton, satisfactory also to the Secretary of the Navy.

"(c) For the purposes of this Act the basis, measure, and limit of all rights of the United States of America pertaining to the use of water shall be the laws of the State of California: *Provided*, That nothing in this Act shall be construed as a grant or a relinquishment by the United States of America of any of its rights to the use of water which it acquired according to the laws of the State of California either as a result of its acquisition of the lands comprising Camp Joseph H. Pendleton and adjoining naval installations, and the rights to the use of water as a part of said acquisition, or through actual use or prescription or both since the date of that acquisition, if any, or to create any legal obligation to store any water in De Luz Reservoir, to the use of which it has such rights, or to require the division under this Act of water to which it has such rights.

"(d) Unless otherwise agreed by the Secretary of the Navy, De Luz Dam as herein provided shall at all times be operated in a manner which will permit the free passage of all of the water to the use of which the United States of America is entitled according to the laws of the State of California either as a result of its acquisition of the lands comprising Camp Joseph H. Pendleton and adjoining naval installations, and the rights to the use of water as a part of said acquisitions, or through actual use or prescription or both since the date of that acquisition, if any, and will not be administered or operated in any way which will impair or deplete the quantities of water to the use of which the United States of America would be entitled under the laws of the State of California had that structure not been built.

"SEC. 4. After the construction of the De Luz Dam, the official operating the reservoir shall deliver water to the Fallbrook Public Utility District, pursuant to regulations issued by the Secretary of the Interior, as follows:

"(1) One thousand eight hundred acre-feet in any year until the reservoir attains an active content of sixty-three thousand acre-feet;

"(2) Not in excess of four thousand eight hundred acre-feet in any year after the reservoir attains an active content of sixty-three thousand acre-feet and until said reservoir attains an active content of ninety-eight thousand acre-feet; and

"(3) Not in excess of eight thousand acre-feet in any year after the reservoir attains an active content of ninety-eight thousand acre-feet and until the conservation storage space of the reservoir has been filled.

"SEC. 5. The Secretary of the Army through the Chief of Engineers, acting in accordance with section 7 of the Flood Control Act of 1944 (58 Stat. 887) is authorized to utilize for purposes of flood control such portion of the capacity of De Luz Reservoir as may be available therefor.

"SEC. 6. There are hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, $22,636,000, the current estimated construction cost of the Santa Margarita River project, plus or minus such amounts as may be indicated by the engineering cost indices for this type of construction, and, in addition thereto, such sums as may be required to operate and maintain the said project.

"SEC. 7. From time to time the Attorney General, the Secretary of the Interior, and the Secretary of the Navy shall report to the Congress concerning the conditions specified in section 1 of this Act, and the first report thereon shall be submitted to the Congress no later than one year from the date of enactment of this Act."

And the Senate agree to the same.

Amend the title so as to read: "An Act to authorize the Secretary of the Interior to construct facilities to provide water for irrigation, municipal, domestic, military, and other uses from the Santa Margarita River, California, and for other purposes."

EUGENE D. MILLIKIN,
ARTHUR V. WATKINS,
THOMAS H. KUCHEL,
JAMES E. MURRAY,
CLINTON P. ANDERSON,
Managers on the Part of the Senate.

A. L. MILLER,
WESLEY A. D'EWART,
JOHN P. SAYLOR,
CLAIR ENGLE,
WAYNE N. ASPINALL,
Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. KUCHEL. Mr. President, I am delighted to be able to present to the Senate the conference report on H. R. 5731 which has been agreed to unanimously by the members of the conference from the Senate and the House of Representatives. Senators may recall that this is the bill which authorizes the erection and the building of a dam at De Luz on the Santa Margarita River in California, under specific conditions.

This will bring to a happy and agreeable conclusion the long-drawn out and, at times, unfortunately violent controversy, known in my State as the Fallbrook controversy.

As the conferees were able to resolve the differences between the two Houses, I am glad to say that the bill preserves inviolate all the rights which the Government of the United States may have with respect to water in the area. At the same time the bill preserves to the citizens of my State who live in that area such rights to water as they have. Of great importance is the fact that the provisions of the conference report make crystal clear that the laws of the State of California shall determine the question of rights to water and the use of water.

On that score, I am most happy to say that in all of the deliberations which the committee of conference held, my friend, the able and distinguished junior Senator from New Mexico [Mr. ANDERSON] and I were able to come into complete agreement with respect to all questions which were raised. Therefore, I can truly say that the report represents an honorable means of legislating upon and, at long last, resolving an extremely controversial subject. I urge that the Senate approve and confirm the conference report.

Mr. ANDERSON. Mr. President, will the Senator from California yield?

Mr. KUCHEL. I yield to the Senator from New Mexico.

Mr. ANDERSON. I appreciate the kind words of the Senator from California. In turn, I wish to congratulate him especially upon one fact, namely, that when we entered into the final conference, every time an effort was made which, I thought, would have jeopardized the rights of the United States, he stood for those things which, it seemed to me, were fair to all parties and essential in the bill.

We did not agree upon the general premise in the beginning, but I must say

that I believe the final solution of the bill is a good one. So I am happy to have participated with the Senator from California, and other Members of Congress, in reaching the solution which has been achieved.

This was a difficult matter to resolve. There are many of us who think we must be extremely careful never to jeopardize the water rights throughout the West, and we examine proposed legislation with a very careful look when it involves long-time water rights.

I must say that I started with the conviction that it would not be possible to harmonize the views of the departments of the Government and my own individual views with the views of the State of California, but I am happy to say that that result finally was achieved. I want the Senator from California [Mr. KUCHEL] to know that his attitude in the matter was appreciated.

This is a report which the Senate can accept, and which the people of the United States can be certain adequately protects the needs of the United States, while at the same time it assures some rights to the people who felt they had very substantial rights in the area, and who wanted their rights preserved.

Mr. KUCHEL. I sincerely thank the able Senator from New Mexico for his statement, and I am deeply appreciative of his personal comments.

The PRESIDING OFFICER (Mrs. BOWRING in the chair). The question is on agreeing to the conference report.

The report was agreed to.

REIMBURSEMENT OF POSTMASTERS OF DISCONTINUED POST OFFICES

Mr. SALTONSTALL. Madam President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar 1758, Senate bill 3028, for the reimbursement of postmasters of discontinued post offices.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 3028) to require the Postmaster General to reimburse postmasters of discontinued post offices for equipment owned by the postmaster.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Massachusetts?

There being no objection, the Senate proceeded to the consideration of the bill (S. 3028) to require the Postmaster General to reimburse postmasters of discontinued post offices for equipment owned by the postmaster.

COMMERCIALIZATION OF CERTAIN MILITARY BANDS

Mr. WILLIAMS. Madam President, several months ago there came to the attention of the Senator from New Mexico [Mr. ANDERSON] and myself a situation wherein it appeared that certain of our military bands were being commercialized.

We reported this situation along with the documents supporting the allegation to the Armed Services Committee of the United States Senate, and it was in turn forwarded to the Comptroller General.

UNITED STATES MARINE BAND

In checking the procedure followed by the United States Marine Band we found that the leader of the band had been given full authority to negotiate with an outside promoter a contract wherein that promoter would have jurisdiction and authority to negotiate and fix the charges for all appearances of the marine band on its annual 9-week tour.

Under this authority a contract was negotiated by Lieutenant Colonel Santelmann, leader of the band, with Mr. O. W. Trapp, 1507 M Street NW., Washington, D. C., and it provided that Mr. Trapp as the tour manager was to receive a management fee while the band was on tour of $875 per week plus travel expenses, and then upon completion of the tour Mr. Trapp was to receive one-half of the profit left after expenses had been paid.

Lieutenant Colonel Santelmann, under the same contract, as the leader of the band, was to receive $632 per week and travel expenses plus a portion of the other half of the profit of the trip. Under the terms of the contract the remaining one-half profit was to be divided between the leader of the band and the members.

In addition the other members of the band while on tour were paid as follows: 22 bandsmen at $87 per week, 12 bandsmen at $92 per week, 7 bandsmen at $97 per week, 5 bandsmen at $107 per week, 3 soloists at $127 per week, 1 soloist at $147 per week, 1 soloist at $182 per week.

All of these payments were made each week during the 9-week tour. Transportation of the band members while on tour, including the costs of transporting their persons and baggage from one location to another, was paid by the tour manager and deducted from the gross income of the tour; however, each band member paid out of the money allotted to him his own expenses for hotels, meals, and laundry.

All these salaries of the tour manager, the band leader, and the members of the band were paid from the income received on the tour, or from charges made to the various civic organizations before which they appeared.

In addition to these extra payments the members of the band, including the leader, continued during the actual tour to receive regular military pay and the usual allowances.

The contract as negotiated by the bandleader, Lieutenant Colonel Santelmann, and the tour manager, Mr. O. W. Trapp, provided that upon the conclusion of the tour the gross income be computed, the expenses of the tour, including the salaries referred to above, deducted, the resulting net profit distributed equally between Mr. Trapp and Lieutenant Colonel Santelmann. Lieutenant Colonel Santelmann took his proportionate share of this net profit and then distributed the balance as bonuses to each member of the band who accompanied him on the tour.

In 1951 Lieutenant Colonel Santelmann's share of this bonus was $1,018.45. Other members of the band participated in the bonus, as follows: 22 bandsmen at $140.25, 12 bandsmen at $148.30, 7 bandsmen at $156.40, 5 bandsmen at $172.50, 1 bandsman at $204.75, 1 bandsman at $237, 1 bandsman at $293.40.

In 1951 the payments received by Lieutenant Colonel Santelmann as band leader was for 9 weeks, at $632 per week, a total of $5,688, plus $1,018.45 representing his proportionate share of the profits, making a total of $6,706.45 for the 9 weeks. As mentioned before, during this same 9-week period he and the other members of the band received their regular military pay and allowances.

I do not have a breakdown for the 1952 earnings; however, it should be noted that the net profit was about 20 percent higher than in 1951.

During each of the years 1951 and 1952 Mr. Trapp received as management fees for the 9-week tour a salary of $7,875. In addition, his one-half of the net profits in 1951 was $8,577.25, and in 1952, $10,732.69, bringing his total earnings for the 2 years under this arrangement to $16,452.25 and $18,607.69, respectively.

All other general expenses, including office salaries, payroll taxes, publicity, booking costs, transportation, band salaries, and so forth, were all paid out of the gross income before the division of the net profits referred to above.

Thus we have the highly questionable situation where an officer of the United States Government has been given the instructions and the authority to negotiate a contract with an outside individual wherein under the terms of that contract his own salary and the salary of the other members of the service can be greatly enhanced. This practice, if carried to an extreme, could result in a complete breakdown of the contractural responsibility of the United States Government, and it represents a condition which should be corrected immediately.

To show the details of how this arrangement was inaugurated and how it operates, I ask unanimous consent to have incorporated in the RECORD at this point a report prepared by the Comptroller General of the United States.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

MARINE CORPS BAND

Information concerning the Marine Corps Band was obtained from Lt. Col. James C. Short, Office of the Commandant, United States Marine Corps, Room 2004, Navy Annex, Arlington, Va.

The Marine Corps Band is comprised of approximately 80 to 85 musicians, primarily enlisted men, with 2 or 3 officers. One of these officers is Lt. Col. William F. H. Santelmann, the leader of the band.

Lieutenant Colonel Short stated that the Marine Corps Band operates under the authority of title 34, United States Code, section 702, which reads: "A member of the said band shall not, as an individual, furnish music, or accept an engagement to furnish music, when such furnishing of music places him in competition with any civilian musician or musicians, and shall not accept or receive remuneration for furnishing music except, under special circumstances when authorized by the President (Aug. 29, 1916, ch. 417, 39 Stat. 612)."

Although Lieutenant Colonel Short felt that this section did not specifically state that they could accept remuneration for

tours and outside performances, he did feel that the legislative history indicated that the band could accept such remuneration. Lieutenant Colonel Short said that, in fact, this legislation was intended to remove a previously existing evil.

Lieutenant Colonel Short agreed that this was an exception to the general practice concerning service bands and, to his knowledge, no other bands could accept remuneration. He advised that each year a tour is arranged for the band. Also, all members of the band continue to receive pay and allowances during the actual tour even though the cost of the tours are at no expense to the United States and no appropriated funds are involved. All of the expenses are paid from the income received from the tour.

Lieutenant Colonel Short advised that at the present time a civilian tour director named Mr. O. W. Trapp, 1507 M Street NW., Washington, D. C., arranges the bookings 1 year in advance and has been booking the band since about 1949. The usual procedure in connection with a tour is the preparation of a letter requesting authority for the tour, outlining the various points at which the band will play. This letter is forwarded by the Secretary of the Navy to the President of the United States for his approval. When the approval is granted, which is invariable, a tour contract is negotiated between Mr. Trapp and Lieutenant Colonel Santelmann, acting as the band representative. In addition to Lieutenant Colonel Santelmann's approval, and prior to acceptance by the Marine Corps, this contract must be approved by the Commandant's Office and by the Office of the Judge Advocate General of the Navy. During the period of the tour, the band is under the control and command of Lieutenant Colonel Santelmann. Escape clauses are contained in the contract so that at any point within the course of the tour Lieutenant Colonel Santelmann could order the band back to Washington, D. C., and Mr. Trapp would have no recourse for breach of contract. Mr. Trapp is required to be bonded in a stated amount, usually $7,500, to cover the transportation of the personnel and their baggage back to Washington, D. C., in the event the tour is terminated.

After approval of the contract between Lieutenant Colonel Santelmann and Mr. Trapp, contracts are then negotiated between Mr. Trapp as tour director and supporters of various charitable and civic organizations. After arrangements have been agreed upon by Mr. Trapp and the other parties, the contracts are then submitted to Lieutenant Colonel Short and to the Commandant's Office of the Marine Corps for final acceptance. These contracts are also reviewed by the Office of Judge Advocate General of the Navy. The Commandant's Office gives the final decision for the actual itinerary of the band. In order that the majority of the areas of the United States might benefit from the band's performances, the Commandant's Office avoids returning to areas in which the band has played during the past several years. For this reason, it frequently happens that areas which have proved very beneficial to the band are not acceptable to the Commandant's Office.

Lieutenant Colonel Short stated that no sponsor could make any profit from the appearances of the band and that all profits, after the guarantee to the band has been paid, must be turned over to a charity or for some civic purpose. No individual sponsoring the band's performance can benefit from the tour. Lieutenant Colonel Short advised that the Marine Corps and the other armed services clear with each other prior to the initiation of a tour of the areas in which they propose to appear so that the activities of the band would be spread as far apart as geographically possible.

According to the contract entered into between Mr. Trapp and the band, he must pay to the band leader the sum of $5,320 per week. This amount is shown on their profit-and-loss statement as weekly salaries. For the years 1951 and 1952, this amount is broken down into certain payments allowed to each member of the band and is scheduled in the following manner: 22 bandsmen at $87 per week, 12 bandsmen at $92 per week, 7 bandsmen at $97 per week, 5 bandsmen at $107 per week, 3 soloists at $127 per week, 1 soloist at $147 per week, 1 soloist at $182 per week.

In addition, the band leader, Lieutenant Colonel Santelmann, is paid $632 per week. All these payments are made each week during the 9-week tour. Since the band operates at no expense to the United States insofar as travel money is concerned, each band member must pay his own expenses for hotels, meals, laundry, etc., out of the money allotted to him. The only reimbursement they receive other than this amount is the cost of transporting their persons and baggage from one location to another, which is paid for by the tour director and is deducted from the gross income of the tour. Federal and old-age tax deductions are made for each member of the band who accompanies the tour. Only 1 tour a year is made and approximately 48 to 50 men go on the tour.

For his performance in arranging the tour, accompanying the band, and other activities, Mr. Trapp received a weekly allotment of $875, under a controlling clause in the contract, which is shown on the profit and loss statement as a management fee. For each of the 9-week periods in 1951 and 1952, Mr. Trapp received a total amount of $7,875 as management fee. Upon conclusion of the tour, the gross income is computed, the expenses of the tour deducted and the resulting net profit is distributed equally between Mr. Trapp and the leader, Lieutenant Colonel Santelmann. After Lieutenant Colonel Santelmann deducts his proportionate share of the net profit, he distributes the balance, pro rata, to each of the band members who accompany him on the tour. The distribution of this bonus for the 1951 tour was as follows: 22 bandsmen at $140.25, 12 bandsmen at $148.30, 7 bandsmen at $156.40, 5 bandsmen at $172.50, 1 bandsman at $204.75, 1 bandsman at $237, 1 bandsman at $293.40. Lieutenant Colonel Santelmann's share was $1,018.45.

During the progress of the tour, no outside musicians are allowed to play in or with the band so that there is no complaint of local musicians. The only exception to this procedure, according to Lieutenant Colonel Short, is that occasionally Lieutenant Colonel Santelmann will, out of courtesy, allow a band leader living in the area where the band is playing to conduct the band. This is a matter of professional courtesy that usually extends to only one person during the program of the band and has never, to Lieutenant Colonel Short's knowledge, been objected to by the Musicians' Union.

No specific amount is requested from appropriations on an annual basis for the band. The budget of the band is prepared as a part of the Commandant's Office of the Marine Corps and an amount is inserted for equipage. This is the only reference made in the budget to the band. The pay and allowances of the personnel of the band are shown with the overall pay of enlisted personnel and do not appear on the budget allotment of the Commandant's Office or of the band. For the purpose of computing the cost of the band, it would be necessary to audit the salary, pay and allowances of each individual, which information is being prepared by Lieutenant Colonel Short for this office.

In addition to this band, the Marine Corps has nine other bands located in posts throughout the world. All of these bands perform on a divisional or post basis for military activities within the area to which they are assigned. They are comprised of full-time bandsmen with the exception of the band located at Pearl Harbor which performs its band activities on a collateral basis. The number of personnel engaged in all of these bands totals approximately 400 men.

Mr. WILLIAMS. Madam President, I now ask unanimous consent to have incorporated in the RECORD the profit and loss statement of the Marine Corps Band for the 1951 and 1952 tours.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

Income and expenses of Marine Corps band tours, O. W. Trapp, tour manager, from profit and loss statements prepared by John A. Herl, certified public accountant, 507 M Street, NW., Washington, D. C.

	1951 tour	1952 tour
1. Gross income	$118,174.24	$119,622.63
2. Less expenses:		
General expense	892.56	1,106.11
Band salary	47,880.00	47,880.00
Band transportation	12,840.41	10,467.16
Baggage transportation	5,008.17	4,689.73
Booking costs	12,938.38	12,373.73
Publicity	10,124.85	10,174.92
Management fee	7,875.00	7,875.00
Insurance	182.32	212.76
Office salaries	3,190.00	3,437.50
Taxes, payroll	88.05	54.40
Total expenses	101,019.74	98,271.31
Gross income less expenses	17,154.50	21,351.32
Add refund 1951 taxes		114.06
Net profit	17,154.50	21,465.38
3. Distributive shares:		
O. W. Trapp, tour manager	8,577.25	10,732.69
Santelmann, band director	8,577.25	10,732.69

UNITED STATES NAVY BAND

Mr. WILLIAMS. Madam President, in reviewing the procedure followed by other service bands, we found that, with the exception of the United States Navy Band, the tours are arranged by officials connected with the service, and when charges are made they are strictly on an expense basis, with no profit resulting either to the service or to the members of the band.

The Navy Band, while not permitting the members of the band to receive any remuneration other than their regular military pay, does, however, contract with a civilian tour manager to make arrangements and to determine the charges for their annual tours.

The Navy negotiated their contract with Mr. G. B. Sandefer, 1092 National Press Building, Washington, D. C. The 1952 contract—the one which was examined—provided for a maximum profit of $20,000 which could be retained by Mr. Sandefer. In that year his net profit as the tour director was $19,994.37.

Under the terms of the contract, while receiving no extra pay, the members of the band received an expense allowance covering hotel, meals, laundry, and so forth, which were paid by Mr. Sandefer out of the gross receipts as collected from the various sponsors.

The net profit to Mr. Sandefer as the tour director over the past 5 years is as follows:

1948:	
Spring tour	$13,882.00
Fall tour	6,441.00
1949	16,874.00
1950	19,919.00
1951	18,659.00
1952	19,994.37

Under the terms of the same contract, while Mr. Sandefer accompanies the band on the tours he obtains, in addition, $25 per diem.

I ask unanimous consent to have incorporated in the RECORD a complete report on the United States Navy Band as compiled by the Comptroller General.

There being no objection, the report was ordered to be printed in the RECORD, as follows:

UNITED STATES NAVY BAND

Information pertaining to the United States Navy Band was obtained from Capt. E. M. Brown, Bureau of Personnel, Department of the Navy.

The Navy Band is quartered at the Naval Gun Factory which is under the Potomac River Command, Washington, D. C. This band engages in spring and fall tours. In addition to this main band, there are divisional or unit bands; however, their activities are limited to playing for military affairs of each unit. When a tour is arranged, a civilian tour manager, Mr. G. B. Sandefer, 1092 National Press Building, Washington, D. C., enters into a contract with the Navy to arrange and manage the tour. Presidential authority is obtained for each tour. Pay and allowances of the members of this band continue under title 34, United States Code, section 596, which states "That hereafter during concert tours approved by the President members of the United States Navy Band shall suffer no loss of allowance." The trips are made at no cost to the Government as all expenses are paid by the concert manager. The members of the band allegedly obtain no money from these tours; however, for each day of the tour they submit an expense voucher indicating their costs of hotel, meals, laundry, and so forth, during the day. At regular periods, either weekly or biweekly, the men are reimbursed by the tour manager for these expenses. The submission of the vouchers is made to the tour manager and the canceled expense vouchers are not available through Captain Brown's office. Mr. Sandefer was on tour and will not return to Washington, D. C., until November 15, 1953, therefore, no vouchers could be obtained for review. There is no check on the amount that the bandsmen submit as having expended on the tours, but within reason, all such vouchers are paid. The use of the word "reason" by Captain Brown, is, of course, very flexible and could serve as a basis for granting large weekly salaries in proportion to the services rendered by the band members.

The members of the band do not receive Government subsistence during the trip, although their pay and allowances continue. According to Captain Brown, the failure of military personnel to successfully arrange and manage tours leads to the contractual arrangement with Mr. Sandefer. Mr. Sandefer has been acting as tour manager since 1948. Under the terms of the contract with Mr. Sandefer, an amount is established as a maximum profit which can be earned by him. Since 1948 there has been no overage beyond the amount stipulated in the contract as a maximum net proceeds to accrue to the contractor's income and consequently, no money has been turned over to the United States Treasury.

The band has 116 musicians of which approximately 50 tour with the band.

An audit was made by Mayer D. Weinstein, certified public accountant, at the conclusion of the 1952 tour, and the figures reported by him are set forth below:

Spring and fall tours, 1592—audit by Mayer Weinstein, certified public accountant, Washington, D. C.

Receipts	$109,517.51
Less expenses:	
Advertising	16,208.28
Hotel, food, laundry, etc	51,270.58
Auditing	723.63
Transportation	18,825.91
Per diem to tour director	1,900.00
Total	89,523.14
Net profit	19,994.37

The stated profit to the tour director from these tours over the past 5 years is as follows:

1948:	
Spring tour	$13,882.00
Fall tour	6,441.00
1949	16,874.00
1950	19,919.00
1951	18,659.00
1952	19,994.37

The contract entered into for the spring and fall tours of 1952, provided for a maximum profit of $20,000 which could be retained by Mr. Sandefer. After expenses had been deducted from the gross income, it will be noted that the net profit to the tour director was $19,994.37.

While Mr. Sandefer accompanies the band on tours, he obtains $25 per diem and that amount is represented by the figure of $1,900 set forth in the Weinstein audit. Contracts between Mr. Sandefer and the sponsors of each appearance of the band are approved by the Office of the Judge Advocate General, Department of the Navy, as shown by the attached copy of a blank contract.

Mr. WILLIAMS. Madam President, I see no objection to the principle that the communities and organizations requesting the attendance of these military bands should pay the expenses; however, surely in the personnel of each of these military organizations there are qualified men who can handle the necessary arrangements for these annual tours without the employment of an outside promoter.

The principle that an official of the United States Government be authorized to negotiate a contract with an outside promoter whereby charges can be fixed for the appearances of the band at a level which will reflect a substantial profit both to the official and to the outside promoter is unsound, to say the least.

I am glad to join the Senator from New Mexico [Mr. ANDERSON] in urging the Armed Services Committee of the United States Senate to consider the necessary steps which should be taken to put a stop to this questionable procedure.

Mr. ANDERSON. Madam President, I wish to say to the Senator from Delaware that I appreciate very much the zeal and the energy which he has devoted to this matter. I know that he made a very sincere and a very fine effort to stop what looked like a very questionable practice. At the same time, I wish to say that the able Senator from Massachusetts, the chairman of the Armed Services Committee, is also, in my opinion, entitled to credit because, as I understand and believe, he tried to follow the suggestions made by the Senator from Delaware and to work out a procedure which would stop the practice complained of.

I desire to explain that my interest in the matter began when certain persons came into Santa Fe, N. Mex., and made a contract for the appearance of one of the Government bands. They made that contract with the Boys Club of Santa Fe, which had a few hundred dollars in its treasury, and which was trying to obtain a few hundred dollars more, so it would have a decent budget. Instead of making money out of the concert, the actual result was that the appearance of the band drained the treasury of practically every dollar which was on hand. It took more than $600 away from the Boys Club at Santa Fe. That incident aroused my interest in what was going on.

I have been told there are other communities in the United States which had similar experiences. They had invited the bands to their communities, the bands had gone there, and instead of the organizations in the communities making a profit, their treasuries had been drained, in order to pay additional salaries to the members of the band, an additional salary to the director of the band, and a handsome profit to the contractor who arranged the tours.

I do not think official bands of the United States Government should be used to take away money which was to have been used for charitable purposes in particular communities throughout the country. I do not believe such tours should be used as a means of making additional money for the leaders of the bands. I do not believe that was one of the purposes for which the bands were established.

Because of these conditions, I desire to commend not only the work which the diligent and able Senator from Delaware did in digging up the facts, but also that of the chairman of the Armed Services Committee, who, when the facts were presented to him by me and by the Senator from Delaware, went to work to cause a change in the procedure so that such a thing could not be repeated.

I would not want to leave the impression that every community in which the bands played lost money by reason of the appearances of the bands. Some communities actually made money, and that is fine. But I believe there ought to have been a proper procedure devised so that as a result of the appearance of the bands in certain communities money which certain local organizations had previously collected by charitable drives could not be taken away from them and put into the pocket of a tour manager who happened to have brought the band to such communities. I think the present practice is bad. Therefore, I thank the able chairman of the Armed Services Committee for correcting what I think was an extremely bad practice.

I again wish to pay tribute to the Senator from Delaware for working on a matter of this nature in an attempt to straighten it out. I appreciate his efforts very much, indeed.

Mr. WILLIAMS. Madam President, I wish to join in what the Senator from New Mexico said with reference to the chairman of the Armed Services Committee, and to make it clear that I am not criticizing the committee; in fact, it should be said that largely we were able to gather the facts, as I am sure the Senator from New Mexico will agree, only with the cooperation of the committee.

Mr. ANDERSON. I do agree with the statement of the Senator from Delaware. The purpose was accomplished with the cooperation of the Senator from Massachusetts, the chairman of the Armed Services Committee.

Mr. WILLIAMS. Likewise, I do not wish the record to show any undue criticism of the bands. I have a high regard for both as I know the people of the country generally have. It is in order to maintain this high respect for the bands which exists in the minds of the American people that I think it is essential that we change the practice by which these bands can be unduly commercialized. There are men in both services who I am sure could handle the arrangements, and I am hoping that a change in procedure will be made. As one who worked on this problem, I certainly wish to emphasize the cooperation we have received from the chairman of the Armed Services Committee.

Mr. SALTONSTALL. Madam President, I appreciate the kind remarks of the Senator from New Mexico and the Senator from Delaware. I feel very sorry that this matter comes up at this time. I do not have my file before me, so what I say may be somewhat inaccurate, but I believe it will be in substance correct.

The Senator from New Mexico wrote me, as chairman of the Armed Services Committee, concerning the case in Santa Fe, N. Mex., where the Marine Band had appeared. On that occasion money was lost, and there was insistence that the contract be lived up to, which meant that the charitable organization concerned had to go around and dig up about six or eight hundred dollars.

I turned the matter over to the Preparedness Subcommittee, and I myself went into the case. The then Secretary of the Navy, Mr. Anderson, now the Deputy Secretary of Defense, came to see me regarding it. He, too, was surprised about the situation. I had two visits from General Shepherd, Commandant of the Marine Corps.

The methods by which the service bands make contracts are entirely different as between the four services. As I recall, the Air Force and the Army Bands make no contracts by which they make either profits or losses. As I recall, the Navy has a different arrangement, but no question arises concerning it. The only question arises in connection with the Marine Band. The Marine Band, which makes tours for educational or recruiting purposes or to be helpful to citizens of the country, has found that the best method is to operate by means of a travel agency or a contracting agency in Washington. That practice has been followed for a number of years. So far as has been called to my attention, the case in New Mexico is the only 1 in the past year or perhaps the last 2 years that involved any loss to the community. There may have been other cases of that sort, but it was the only one about which there was considerable discussion.

General Shepherd and Mr. Anderson, the then Secretary of the Navy, suggested a method by which they believe this situation can be prevented in the future. What they told me satisfied me at the time; it seemed to be a good arrangement, and one which would be satisfactory. I thought that the report which had been prepared had been furnished the Senator from New Mexico [Mr. ANDERSON]. If it has not been, it certainly should be and will be. I shall also see that a copy of it is sent to the Senator from Delaware [Mr. WILLIAMS].

To the best of my knowledge and belief, this situation was cleared up several months ago. Certainly it was one of the first matters I took up on my return to Washington in January.

The services are alert to the situation. The Secretary of the Navy was as surprised as I was that such a thing could happen. I hope and trust that henceforth such a procedure will be followed and the contracts so arranged as to prevent any complaint.

Mr. ANDERSON. Madam President, will the Senator from Massachusetts yield to me?

Mr. SALTONSTALL. I yield.

Mr. ANDERSON. I know the Senator from Massachusetts worked very diligently on the matter, as I have said. The item which was sent to me on April 30 stated that a solution was under way. But I am informed that the solution does not offer complete assurance that such an incident as the one which occurred in New Mexico will not occur again, though it is believed that it will minimize the possibility of such a development.

All I am saying is that I do not believe it is proper for a band operating under the Government of the United States to be used as a money-making device by having an agent go into a community and say to the people of the community, "Oh, you will have a wonderful crowd when the Marine Band"—or the "Army Band"—"plays here, and you will make a fortune for your Boys Club" or "your Boy Scouts," or whatever the organization might be; but thereafter, if a loss occurs, say, "I am very sorry you have had a loss, but nothing can be done about it." Furthermore, although the people of the community had been given to understand they would be provided with assistance in connection with the sale of tickets, promotion, and so forth, nothing of the sort was done.

So, Madam President, when a Government band is involved, I think there should be some control, so that a community will not experience a loss just because of poor salesmanship.

I hope this situation will not recur, but I wish to point out that this is not the only incident of the sort. I checked at every city where concerts were held, and I asked every community to tell me what its experience had been. This situation has developed in many places in the United States. Therefore, I think the arrangement is a bad one.

Mr. SALTONSTALL. Madam President, let me say to the Senator from New Mexico that I think this is the only case where a substantial loss occurred, and a complaint was made, although there may have been others.

Question arises as to how such tours are to be arranged. They must be arranged by a professional. It is my recollection that the contractor or travel agent does not receive his fee until it is known whether there was a loss or a profit; and if there was a loss, certain other conditions would prevail. I speak now from memory, after the passage of several months. However, at the time I was satisfied that the proposed method was a reasonable way to solve the problem.

Mr. ANDERSON. Madam President, my point is that I do not believe it is proper for members of the band to have additional compensation, over and above their regular Government salaries. I do not believe it is proper for the director to receive thousands of dollars a year for taking the band around the country, in addition to his regular Federal salary as leader of the band. I hope such a procedure will be effectively stopped. I believe it should be stopped.

Mr. SALTONSTALL. I questioned that, too, let me say to the Senator from New Mexico. But a number of factors enter into the situation. On the other hand, when the Senator from New Mexico speaks of "thousands of dollars," that is not correct.

Mr. ANDERSON. That is the testimony; and I think the Senator from Delaware will confirm its truth.

Mr. SALTONSTALL. I do not think the Senator from New Mexico will find that it runs into many thousands of dollars. I know it runs into several thousand dollars. But I would not have the Senator from New Mexico give the impression that the leader of the band is earning more than $15,000.

Mr. SALTONSTALL subsequently said: Madam President, in order to complete the record with regard to the Marine Band situation, I ask unanimous consent to have printed in the RECORD at this point as a part of my remarks a letter which has just come to me, dated July 2, 1954, from the present Secretary of the Navy, Mr. C. S. Thomas, in which he refers to previous correspondence which I had with his predecessor, the present Deputy Secretary of Defense, with respect to certain tours by the Marine Band and the Navy Band. I read the letter for the information of the Senator from New Mexico [Mr. ANDERSON] and the Senator from Delaware [Mr. WILLIAMS]:

DEPARTMENT OF THE NAVY,
OFFICE OF THE SECRETARY,
Washington, July 2, 1954.

Hon. LEVERETT SALTONSTALL,
United States Senate,
Washington, D. C.

MY DEAR SENATOR SALTONSTALL: I am pleased to inform you that it has been decided to adopt your suggestion, as set forth in your letter of May 17, 1954, to the Honorable Robert B. Anderson, Deputy Secretary of Defense, with respect to concert tours by the Marine and Navy Bands.

Hereafter, within 60 days after the completion of the annual concert tour by each of these bands a report will be submitted to the Secretary of the Navy by the Commandant of the Marine Corps and the Chief of Navy Personnel, respectively. Complete financial details of the tours will be furnished in the form of a report by a certified public accountant, based upon an audit of the books and records of the concert tour manager. In the past, such a report by a certified public accountant has been submitted to the Commandant of the Marine Corps by the leader of the Marine Band and to the Navy Department by the civilian tour manager for concert tours by the Navy Band.

The reports to the Secretary of the Navy will show the amounts paid to the individual members of the bands for personal expenses and the amounts paid to members of the Marine Band over and above their expenses. They will also contain information with respect to the success or failure of each individual sponsor in meeting expenses, including the guaranty to the tour manager, the amount of money derived for charitable or civic purposes, and any special incidents which occur during the tour which reflect either favorably or unfavorably upon the appearances of the bands in the various communities during the concert tours.

I wish to again thank you for your interest in this matter and for your very helpful suggestions.

Sincerely yours,

C. S. THOMAS.

Mr. ANDERSON subsequently said: Madam President, at the conclusion of the remarks which I previously made, I should like to have inserted in the RECORD two letters. The first is from Mr. L. T. Konopak, president of the Santa Fe Boys Club. Mr. Konopak is a very able businessman. He spends only a part of his time in Santa Fe. He is a resident of the State of Ohio, and comes to Santa Fe from time to time. He is very much interested in the Boys' Club.

In a six-page letter he explains exactly how the Boys' Club got into these difficulties, and why he thinks the Government owes the club money. He submits a bill against the Treasury of the United States for $676.05 for services rendered to the Government of the United States. I ask unanimous consent to have his letter and a copy of his claim printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SANTA FE BOYS' CLUB,
Santa Fe, N. Mex., July 8, 1954.

The Honorable CLINTON P. ANDERSON,
Senate Office Building,
Washington, D. C.

DEAR SIR: On December 16, 1952, we wrote to you asking if you could arrange a settlement of a claim which we think that we have against the Government of the United States.

Prior thereto, we had been approached by Mr. George Quaal, as a representative of Mr. O. W. Trapp, tour manager of the United States Marine Band, about a concert by the band to be given in Santa Fe.

We were assured that if we would distribute in store windows the photographs and other advertising matter which would be furnished us, the concert would produce a profit of between one and two thousand dollars for us.

We agreed to do that and we did that, and we secured very good newspaper publicity, but in the preliminary discussion, we emphasized that we were interested only if we would not not be expected to beg for the United States Marine Band in the name of the Santa Fe Boys' Club.

The proposition was that the band would be doing something for us, and not that we were merely to guarantee a profit to Mr. Trapp and those he favored with a participation.

We did arrange for advance ticket sales, and the concert was given on a purely commercial basis. If we had begged Santa Feans to buy tickets for the benefit of Santa Fe Boys' Club, we may have collected enough money to cover Mr. Trapp's profit in addition to the expenses.

However, it seemed to us that to give money to the United States Marine Band for the benefit of a small group of promoters, which had been raised through the sale of tickets ostensibly for the benefit of the Boys' Club, would have violated the intent of the donors. Therefore, we refused to beg people to buy tickets, and we handled the sale on the basis of the band's public appeal.

The popularity of the band, with all the advertising that we gave it, failed to draw an audience of sufficient size to pay the expenses and the profit guaranteed for the tour manager and those favored by him. Therefore, we had to pay $676.05 to the band in addition to all of the net proceeds from the concert.

On December 24, 1952, you wrote us:

"I do, however, think it is pretty poor policy for the band to go running around the country causing a loss to the various communities where it performs. I intend to find out by what authority these Government bands tour the country. I intend to check that as quickly as I can."

On January 23, 1953, you wrote that you were getting a list of the 63 cities where the band played, and stated:

"I intend to circularize each community asking them how much they paid for the concert; what their other expenses were; and what their receipts were. Also what particular charity benefited if there was a profit.

"I have learned that Mr. Trapp has an agreement with the band by which he guarantees the expenses of the tour and that he personally gets a profit for a percentage of what he makes above the expenses."

What expenses does he guarantee? The men are paid and are given food and lodging by the United States Government, and it therefore appears that Mr. Trapp guarantees to pay only the transportation costs.

On July 11, 1953, you wrote:

"I turned the file over to Senator WILLIAMS and I have made a reinvestigation of it and we are turning it over to the Military Affairs Committee of the Senate in the hope that we can make a recovery for all the communities across the country that were hurt."

On September 30, 1953, we were advised that the Military Affairs Committee had a man working on the matter with the General Accounting Office and expected to make a report within the next 10 days.

On March 11, 1954, I received copies of two letters from Senator SALTONSTALL: One addressed to the Honorable Robert B. Anderson, Secretary of the Navy, suggesting a revision of the type of the contract under which the Marine Band operates to preclude a repetition of the practice which, in effect, guarantees Mr. Trapp his profit at the expense of charities sponsoring the concerts.

The other letter from Senator SALTONSTALL was addressed to you and refers to a legal opinion from the Department of Defense indicating that the arrangement under which the Marine Band operates in giving its concerts is legally sound.

We have no doubt as to that conclusion—and we know that we have no legal claim against Mr. Trapp—but, we still have not received payment of $676.05 for the services which we rendered in connection with that concert of the United States Marine Band—"the President's own band."

The facts still remain as they were. The Marine Band wanted to give a concert in Santa Fe. We believe that this was not sanctioned by Congress merely for the purpose of permitting Mr. Trapp to make a profit.

It was done with the thought, in our humble opinion, that the United States Government would reap some benefit, and certainly it was not the intent of Congress to obtain such benefit at the expense of charitable organizations in the United States.

We all know Robin Hood and his exploits in robbing the rich for the poor—but, whoever thought that the United States Government would be a party to legalize robbing charities to assure profits to an individual and his associates?

Unless it is admitted that the concert tours are purely for the purpose of creating gain for favored individuals, then it must be conceded that they are (1) to educate the American public in music, (2) to provide enjoyment for the American public, and (3) to advertise the Marine Corps and increase enlistment in the Marine Corps.

Those are commendable reasons for the tour, and we believe that all three benefits have been achieved by the public and the Government from that tour in 1952. That being so, is there any reason why the Government of the United States should not pay for them?

Those losses, like ours, should be paid for by the tour promoters. However, if the promoters are to be protected because the arrangement was legally sound, is there any reason why the Government of the United States should not pay in dollars for the value of the benefits which it has received?

The Government of the United States sent "the President's own band" on a tour to educate the American public in music, to provide enjoyment for its citizens and to increase the enlistment in the United States Marine Corps by displaying the perfection of its band and by inspiring every one with pride in the Corps. The concert was thrilling.

The Santa Fe Boys' Club rendered services in accomplishing those benefits for the Government of the United States, and while our services were worth considerably more, we are billing you only our out-of-pocket costs in the amount of $676.05.

May we be favored with a warrant of the Treasury of the United States in full settlement of our charges for services rendered to the Government?

Respectfully submitted.

THE SANTA FE BOYS' CLUB,
By L. T. KONOPAK, *President.*

SANTA FE BOYS' CLUB, SANTA FE, NEW MEX.

INVOICE NO. 245

DEPARTMENT OF DEFENSE,
United States Government,
Washington, D. C.:

Services rendered by members of the Santa Fe Boys' Club re concert by the United States Marine Band on October 5, 1952, in Seth Hall in Santa Fe: Imprinting posters; distributing and posting advertising matter; securing publicity on radio and in newspaper; renting and supplying hall; setting seats and arranging stage of hall; selling tickets; ushering; cleaning hall, and cash paid to tour manager, $676.05.

Mr. ANDERSON. Because there has been an implication that other communities did not suffer losses, I thought it would be proper to have in the RECORD a letter from Marion, Ind., Junior Association of Commerce, which booked the Marine Band for a concert. When the promoter went there to sell the community on this get-rich-quick scheme he told them that they ought to make about

$7,000 by bringing the Marine Band to Marion, Ind. He said that no other concert would be given anywhere near Marion, in northern Indiana.

The Association proceeded to advertise, and do extra work. Then it was learned that the promoter had made a contract for a concert at Fort Wayne, Ind., and that a good deal of the advertising done by the Marion Junior Association of Commerce was for the benefit of the Fort Wayne concert. The association called the promoter, and he came there and said, "I am still sure that you will make $7,000." The members of Junior Association of Commerce worked very hard. They sold about 3,000 tickets, when they expected to sell around 12,000. The association sustained a loss of $474.23.

Just before the performance members of the association tried to get the management to trim down the guarantee to the amount the association had been able to take in. The representatives of the promotor, who, as I understand, made nearly $20,000 from the tour, said, "We are going to have our pound of flesh. You give us the full $2,500 you guaranteed. We will not cut a nickel off the bill."

The letter to which I refer was written to me by Mr. Richard L. Dilts, president of the Junior Association of Commerce of Marion, Ind. I ask unanimous consent to have the letter printed in the RECORD at this point as a part of my remarks. If necessary I can supplement it with additional letters from other communities across the country which were sold a bill of goods by tour promoters. I think this is a very bad activity for the Government to be engaged in.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MARION JUNIOR
ASSOCIATION OF COMMERCE,
Marion, Ind., February 10, 1953.

DEAR SENATOR: It is a pleasure to answer your inquiry and to relate our experience with the Marine Band.

We were first contacted by a Mr. George Quaal who came to Marion and presented a prospectus which he claimed was based on Marion's population of approximately 30,000 people.

1. Mr. Quaal stated Marion would have the only concert in northern Indiana, there to be only one other concert in the State and that to be in the south.

2. Mr. Quaal told us we would receive advance publicity pertaining to members of the band who lived near our community.

3. He recommended two performances, one a matinee, tickets selling for 60 cents for students, $1.25 for adults, and an evening performance, general admission to be $1.25 and reserved sections at $1.80.

4. Mr. Quaal told us only of organizations making profit on the project and forecast our profit to be $7,000.

5. O. W. Trapp to furnish billboard and display advertising.

On the basis of these statements and the prospectus we agreed to sponsor and signed the contract for a guaranty of $2,500.

We were greatly disappointed, not only with the results of this program but also in the way Mr. Quaal let us down.

1. At an expense to ourselves, we advertised in northern Indiana newspapers and by direct mail. We were greatly shocked when we learned that Fort Wayne, a much larger city, located 49 miles north of us, was sponsoring this concert on the day before our concert. As a result of this, we had to refund several mail-order tickets because we had advertised that Marion was to have the only performance in northern Indiana. In brief, Mr. Quaal did not keep his word on this point. We attempted to break the contract because of this breach of faith, and we received a letter from O. W. Trapp informing us that we had an airtight contract and he was going to hold us to it.

Mr. Quaal definitely had not kept his word regarding the contract.

We contacted our attorney, who advised us the contract was valid. Based on this, we agreed to fulfill our part of the program.

Mr. Quaal again returned to Marion and assured us that we would make our $7,000. He avoided telling us about the Fort Wayne concert. He listened to our reports which told of our advertising in the Fort Wayne area and of sending letters to schools in Fort Wayne. Never once did he tell us that Fort Wayne was to have this project, and we found it out through the Fort Wayne newspapers and over radio.

2. We received no information pertaining to members of the band living in the Marion area.

3. We followed Quaal's prospectus as near to the detail as we possibly could. Our entire membership was supplied with tickets and, in addition, there were tickets made available to schools and various downtown retail establishments in the business area.

4. Our results were a loss to our organization of $474.23 in cash, many hours of the time of our members, and a great loss of face to our local organization. We feel that this loss was due to the failure of Mr. Quaal and Mr. Trapp in fulfilling Mr. Quaal's statements.

We sold approximately 3,000 tickets to the concert; we had hoped to sell 12,000. This represented approximately $3,500 income and approximately $4,000 in expense, a net loss of $474.23. Just before the performance we informed Mr. Quaal that there would be a loss and requested an adjustment on the guaranty. Mr. Quaal demanded and received the full $2,500 guaranty.

In defense of the Marine Band, we would like to say this: The concert was well received by those who attended the performance and the band was excellent in its part of the program.

We are very anxious to learn what steps are taken concerning this matter and would appreciate any information.

Respectfully yours,

RICHARD L. DILTS,
President.

Mr. SALTONSTALL. To conclude the discussion I should like to say, as chairman of the Committee on Armed Services, that I believe there is much in what the two Senators have said. If the matter is not satisfactorily cleared up, I hope they will look into it further and make further suggestions to me, so that I may take it up again. I thought the matter had been cleared up. I know I spent a great deal of time on it.

AMENDMENT OF CIVIL SERVICE RETIREMENT ACT—RECOMMITTAL OF BILL

Mr. JOHNSTON of South Carolina. Madam President, I ask unanimous consent that Senate bill 1688, Calendar 681, a bill to amend the Civil Service Retirement Act of May 29, 1930, as amended, be recommitted to the Committee on Post Office and Civil Service. The purpose of recommitting the bill to the committee is that it is necessary to amend it.

Mr. SALTONSTALL. Madam President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. SALTONSTALL. The Senator from South Carolina has informed me, as acting majority leader, that the Senator from Kansas [Mr. CARLSON] approves his request to recommit the bill to which he has referred to the Committee on Post Office and Civil Service. There is no objection to having that done at this time.

Mr. JOHNSTON of South Carolina. I should like to add that the chairman of the committee has discussed this subject with me. I am the author of the bill. We have already enacted into law a part of the bill, and it must be amended.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 1688) to amend the Civil Service Retirement Act of May 29, 1930, as amended.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina to recommit the bill to the Committee on Post Office and Civil Service?

Mr. CARLSON. Reserving the right to object—and I assure the distinguished Senator that I shall not object—I concur in the statement just made by the Senator from South Carolina. I think it would be well to send the bill back to the committee in view of the fact that a part of the bill has already been enacted into law; also there are other phases of the question to be studied.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and the bill is recommitted to the Committee on Post Office and Civil Service.

REIMBURSEMENT OF POSTMASTERS OF DISCONTINUED POST OFFICES

The Senate resumed the consideration of the bill (S. 3028) to require the Postmaster General to reimburse postmasters of discontinued post offices for equipment owned by the postmaster.

Mr. CARLSON. Madam President, the purpose of the bill which is now before the Senate is to require the Postmaster General, upon the discontinuance of any post office, to reimburse the postmaster of such discontinued post office, on a fair and equitable basis, for any of the fixtures or equipment in such office owned by the postmaster. At the present time there is no provision for reimbursing the postmaster of first-, second-, and third-class offices. Of course, postmasters of fourth-class post offices are paid an allowance for rent, fuel, light, and equipment, in an amount equal to 15 percent of the compensation earned in each quarter. I wish to offer an amendment which eliminates fourth-class offices from the bill, in view of the statutory provisions on the subject. I have discussed this question with the distinguished senior Senator from South Carolina [Mr. JOHNSTON], and I offer the amendment at this time.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, at the end of line 4, it is proposed to strike out the period, insert a comma, and the words "except a post office of the fourth-class."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas [Mr. CARLSON].

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That whenever a post office is discontinued, the Postmaster General shall reimburse the postmaster of such discontinued post office, on a fair and equitable basis, for any fixtures and equipment in use in such post office at the time of discontinuance, which were furnished by such postmaster out of personal funds and which were necessary to the efficient operation of such post office.

SEC. 2. That there is hereby authorized to be appropiated such amount each year as may be necessary to enable the Postmaster General to make reimbursement to postmasters of discontinued post offices under the provisions of this act, except a post office of the fourth class.

ADMINISTRATIVE WORKWEEK AND PAY PERIODS FOR EMPLOYEES IN THE POSTAL FIELD SERVICES

Mr. SALTONSTALL. Madam President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1757, Senate bill 190.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 190) to establish a basic administrative workweek and pay periods of two administrative workweeks for postmasters, officers, and employees in the postal field service, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Massachusetts?

There being no objection, the Senate proceeded to consider the bill.

Mr. CARLSON. Madam President, the purpose of the bill is to establish a basic administrative workweek of 40 hours for all postmasters, officers, and employees in the postal field services whose compensation is on an annual basis; to provide that each pay period for such persons shall cover two administrative workweeks, and to establish a formula for converting the basic annual rate of compensation to basic biweekly, weekly, daily, and hourly rates.

The bill was introduced by the distinguished Senator from South Carolina [Mr. JOHNSTON], and it was reported unanimously by the committee.

Mr. GORE. Madam President, will the Senator yield?

Mr. CARLSON. The Senator from South Carolina is on the floor at the present time. We discussed the bill previously. There can be no question that when we write postal pay legislation at this session this provision or a somewhat similar provision will be written into the law.

The PRESIDING OFFICER (Mrs. BOWRING in the chair). The bill is open to amendment.

Mr. GORE. Madam President, will the Senator yield?

Mr. CARLSON. I am happy to yield.

Mr. GORE. Does the bill mean that if postmasters work in excess of 40 hours a week they will receive additional compensation?

Mr. CARLSON. I would say to the distinguished Senator from Tennessee that that was not the understanding we had in committee. The author of the bill is on the floor.

Mr. JOHNSTON of South Carolina. It is my understanding that the bill will not affect the present law with regard to postmasters.

Mr. GORE. What is the meaning of the bill?

Mr. JOHNSTON of South Carolina. The meaning of the bill is to have postmasters, officers, and employees, like other Federal employees, receive their pay every 2 weeks instead of on a semimonthly basis.

Mr. GORE. What about postmasters?

Mr. JOHNSTON of South Carolina. They will be paid every 2 weeks.

Mr. GORE. On page 2, in section 7 (b), the bill provides:

(b) Where the compensation of any postmaster, officer, or employee is on an annual basis, such compensation shall be regarded as payment for employment during 52 basic administrative workweeks of 40 hours. Each pay period shall cover 2 administrative workweeks.

Does that mean that if a postmaster works for more than 40 hours, he will receive additional pay?

Mr. JOHNSTON of South Carolina. It is my understanding that that provision will not affect postmasters so far as overtime pay is concerned. Postmasters do not receive such overtime pay now. As undoubtedly the Senator from Tennessee knows, a postmaster is paid according to the amount of income in his particular postoffice. The law will be continued in that respect. There will be no additional pay for overtime for postmasters.

I should like to state also that the Comptroller General recommends the bill and that the Post Office Department favors it.

The PRESIDING OFFICER. The bill is open to amendment.

If there be no further amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 7 of the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the Postal Service; to establish uniform procedures for computing compensation; and for other purposes," approved July 6, 1945 (Public Law 134, 79th Cong.), as amended, is amended to read as follows:

"BASIC ADMINISTRATIVE WORKWEEK AND METHOD OF PAYMENT

"SEC. 7. (a) The Postmaster General shall establish, as of the effective date of this amendatory section, for all postmasters, officers, and employees in the postal field service whose compensation is on an annual basis a basic administrative workweek of 40 hours.

"(b) Where the compensation of any postmaster, officer, or employee is on an annual basis, such compensation shall be regarded as payment for employment during 52 basic administrative workweeks of 40 hours. Each pay period shall cover 2 administrative workweeks.

"(c) Whenever for pay computation purposes it is necessary to convert a basic annual rate to a basic biweekly, weekly, daily, or hourly rate, the following rules shall govern:

"(1) An annual rate shall be divided by 52 or 26, as the case may be, to derive a weekly or biweekly rate.

"(2) A weekly or biweekly rate shall be divided by 40 or 80, as the case may be, to derive an hourly rate.

"(3) A daily rate shall be derived by multiplying an hourly rate by the number of daily hours of service required.

"(d) All rates shall be computed to the nearest cent, counting one-half cent and over as a whole cent."

SEC. 2. The amendment made by this act shall take effect on the first day of the second calendar month following the calendar month in which it is enacted.

PUBLIC INSPECTION OF OPEN ARREST BOOKS KEPT BY THE METROPOLITAN WASHINGTON POLICE

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1782, Senate bill 3655.

The PRESIDING OFFICER (Mr. BARRETT in the chair). The Secretary will state the bill by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 3655) providing that the Metropolitan Police Force shall keep arrest books which are open to public inspection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to make it clear that I asked that the bill be objected to on the call of the calendar when it was first called up. Since then I have discussed the bill with some persons downtown, particularly with the chief of police. He has no objection to the bill. The bill does not change the present act. It provides that the records shall be kept open. For that reason I am not objecting to its consideration at this time.

As I understand, the bill does not affect juvenile court records. I have been so informed. Am I correct in my understanding?

Mr. CASE. Mr. President, in response to the question which the distinguished Senator from South Carolina has raised, I may say that the proposed legislation does not open the juvenile court records as such. However, if a juvenile is arrested and charged with a crime and that fact appears on the books of the police department, that record would be open to public inspection, as it is now. The bill would not change the law in that respect.

Mr. JOHNSTON of South Carolina. It does not change the law one iota, as I understand.

Mr. CASE. Not in that respect. The reason for the bill is that Corporation

Council West wrote an opinion recently in which he held that the arrest book as of today is not open to public inspection as a matter of law, but only through the discretion of the chief of police. The present chief of police, Mr. Murray, testified before the subcommittee on the pending bill. I may say that the distinguished junior Senator from Wyoming [Mr. CRIPPA] conducted the hearing, during his brief service on our committee, and I may say that he conducted a very fine hearing. He developed in the testimony the following statement from the chief of police:

Mr. Chairman, I am familiar with the provisions of the proposed bill, and I very much favor the bill.

Under the present setup I do not want the discretion, nor the responsibility of saying which arrests shall be made public and which shall be confidential.

I feel that our present system, where we have an arrest book, the names are entered on that, it is open to inspection of the public, is a very good one, and I feel that it should be that way.

I don't think that myself, or any other chief of police, should have the authority and discretion to say that some arrests should be public records and some should be confidential. I don't want that discretion.

The subcommittee reported the bill favorably, and the full Committee on the District of Columbia reported the bill favorably.

The principal testimony on behalf of the bill was given by Mr. J. R. Wiggins, managing editor of the Washington Post and Times Herald. He appeared before the subcommittee not merely in his capacity as a newspaper publisher and an individual citizen of the District of Columbia, but also as the chairman of the Freedom of Information Committee of the American Society of Newspaper Editors. His statement is well worth reading, and it is available at the office of the committee to anyone who is interested in reading his statement in detail.

Mr. President, in conclusion, I wish to say that the occasion of the bill was not the fact that in practice these books have not been open, because they have been open, but the corporation counsel held that they were open merely as a matter of discretion on the part of the chief of police. The bill will keep them open as a matter of law.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed as follows:

Be it enacted, etc., That section 386 of the Revised Statutes, relating to the District of Columbia, as amended (D. C. Code, sec. 4–134), is amended by striking out the word "and" at the end of paragraph (3); by renumbering paragraph (4) as paragraph (5), and by inserting between paragraphs (4) and (5) the following new paragraph:

"(4) Arrest books, which shall contain the following information:

"(a) Case number, date of arrest, and time of recording arrest in arrest book;

"(b) Name, address, date of birth, color, birthplace, occupation, and marital status of person arrested;

"(c) Offense with which person arrested was charged and place where person was arrested;

"(d) Name and address of complainant;

"(e) Name of arresting officer; and

"(f) Disposition of case; and."

SEC. 2. Section 389 of the Revised Statutes, relating to the District of Columbia, as amended (D. C. Code, sec. 4–135), is amended to read as follows:

"SEC. 389. The records to be kept by paragraphs (1), (2), (3), and (4) of section 386 shall be open to public inspection when not in actual use, and this requirement shall be enforceable by mandatory injunction issued by the United States District Court for the District of Columbia on the application of any person."

EXECUTIVE SESSION

Mr KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. WILEY, from the Committee on Foreign Relations:

Clement D. Johnston, of Virginia, to be a member of the Public Advisory Board, Foreign Operations Administration;

Mrs. Helen Chapman, of Illinois, to be a member of the Public Advisory Board, Foreign Operations Administration;

Harold C. McClellan, of California, to be a member of the Public Advisory Board, Foreign Operations Administration; and

Mrs. Percy Maxim Lee, of Connecticut, to be a member of the Public Advisory Board, Foreign Operations Administration.

By Mr. MILLIKIN, from the Committee on Finance:

Merrill D. White, of Florida, to be collector of customs for customs collection district No. 18, with headquarters at Tampa, Fla.

By Mr. HICKENLOOPER, from the members on the part of the Senate of the Joint Committee on Atomic Energy:

Herbert Bernard Loper, of Nebraska, to be chairman of the Military Liaison Committee to the Atomic Energy Commission, vice Robert LeBaron, resigned.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will state the nomination on the Executive Calendar.

POSTMASTER

The Chief Clerk read the nomination of William P. Gray to be postmaster at Pleasant Hill, Mo.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the President be notified of the confirmation of the nomination.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

Without objection, the legislative session will be resumed.

LEGISLATIVE SESSION—RECESS TO 2:45 P. M. TODAY

The Senate resumed the consideration of legislative business.

Mr. KNOWLAND. Mr. President, I move that the Senate stand in recess until 2:45 o'clock p. m., this day.

The motion was agreed to and (at 1 o'clock and 47 minutes p. m.) the Senate took a recess until 2:45 o'clock p. m. the same day.

On the expiration of the recess, the Senate reassembled and was called to order by the Presiding Officer (Mr. SCHOEPPEL in the chair).

DEVELOPMENT OF THE PRIEST RAPIDS SITE ON THE COLUMBIA RIVER

The Senate resumed the consideration of the bill (H. R. 7664) to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. Is my understanding correct that beginning at 3 o'clock the Senate will be operating under a unanimous-consent agreement relative to the unfinished business, H. R. 7664?

The PRESIDING OFFICER. That is correct.

Mr. CORDON. Mr. President, I call up my motion to reconsider the vote by which the amendment on pages 4 and 5 of the bill was agreed to.

The PRESIDING OFFICER. The clerk will state the motion.

The LEGISLATIVE CLERK. A motion by Mr. CORDON to reconsider the vote by which the committee amendment to the bill (H. R. 7664) appearing on page 4, beginning on line 12, was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the motion of the senior Senator from Oregon.

Mr. CORDON. Mr. President, I have been engaged in other matters off the floor. I had the understanding that no amendments were to be considered until 3 o'clock today. That was my mistake; it is the fault of no one else. It is one of those things which happen in the last period of any session, when we are trying to handle, in 1 hour, matters which

I believe, might well take a day or two, and the country would be better off.

For several reasons, I have moved to reconsider the vote by which this amendment was agreed to. If the motion to reconsider be agreed to, I shall move to amend the amendment by an insertion and a deletion.

I call attention, first, to the language of the amendment, beginning on page 4, line 12:

> Power surplus to the requirements of the licensee and other non-Federal marketing agencies within the economic marketing area, as may be economically usable to the Federal system, may be made available to and may be purchased by the Bonneville Power Administration at rates not higher than the rates charged such non-Federal marketing agencies, and under such terms and conditions as shall be mutually agreeable to the licensee and the Secretary of the Interior.

I end the quotation without reading the entire amendment, because the first matter to which I desire to call attention is included within that sentence. I call attention now to the first clause:

> Power surplus to the requirements of the licensee and other non-Federal marketing agencies within the economic marketing area.

Above that language there appear, in connection with a proviso, in line 8, after the words "power marketing agencies," and in parentheses, the words "public or private."

That parenthetical explanation does not appear in line 13; consequently, power which might be made available for purchase by Bonneville might be surplus solely because private agencies cannot purchase it.

Mr. President, I wish to say, first, that I am in favor of the Priest Rapids bill. I want to see it passed. But I desire to be sure that those who are going into a partnership with the Federal Government will have an opportunity to make this project work. If they are to have that opportunity, and if they are to secure the necessary financing, it will be necessary for them to seek any and every marketing agency that can be found.

It is estimated that the Priest Rapids plant will cost $364 million and will initially consist of 23 53,000-kilowatt generators, which initially will provide 1,219,000 kilowatts of power. It is proposed to ultimately increase that amount to a total of 1,590,000 kilowatts of power. There will have to be a tremendous market for power if that amount of power is to be sold within any given marketing area by a local agency. Consequently, that agency cannot be denied any outlet, anywhere, and at the same time hope to have the operation financially successful.

The PRESIDING OFFICER. If the Senator from Oregon will suspend his statement, the Chair desires to inform the Senator that the hour of 3 o'clock having arrived, the unanimous-consent agreement is in effect, and the time is now controlled.

The senior Senator from Oregon has 15 minutes on his motion, and the Senator from Connecticut [Mr. BUSH] will control 15 minutes.

Mr. CORDON. How much time does the Senator from Oregon now have?

Mr. BUSH. Fifteen minutes.

Mr. CORDON. Very well.

The PRESIDING OFFICER. How much time does the Senator from Oregon yield to himself?

Mr. CORDON. The Senator from Oregon yields to himself whatever time he needs up to 15 minutes, Mr. President.

The PRESIDING OFFICER. The Senator from Oregon may proceed.

Mr. CORDON. In view of the fact that an extremely large amount of power is to be generated, in view of the fact that the necessity exists to furnish the widest possible market outlet, in view of the fact that in the division of power generated at Bonneville it is distributed on the basis of 70 percent in Washington and 30 percent in Oregon, although the population ratio as between the 2 States is 60–40 in favor of Washington, and in view of the further fact that studies with reference to current contracts indicate that in 12 years Washington will be receiving 83 percent of the power and Oregon 17 percent, it becomes a matter of very grave importance to the State of Oregon that some equitable arrangement be worked out for the distribution of hydroelectric power, which generally in that area is known as a very low-cost product, and which is essential to the economic development of the whole Pacific Northwest.

Mr. President, in the first place, if my motion prevails, with respect to the non-Federal marketing agencies described in lines 13 and 14 of page 4 of the bill, I shall propose to add after the word "agencies" in line 14, the words "public or private," in order that there can be no question about the agencies being exactly the same as those mentioned earlier on the same page.

Mr. President, I now go to the next question. The committee amendment contains a provision that if power is surplus to the requirements of the licensee—which in this case would be a public body in the area—and is not needed by other marketing agencies, which, if my amendment were adopted, might be either public or private in either State, it will be available for purchase "by the Bonneville Power Administration at rates not higher than the rates charged such non-Federal marketing agencies, and under such terms and conditions as shall be mutually agreeable to the licensee and the Secretary of the Interior."

Then follows a provision which puts into the bill the same principle of operation which was in effect in the Southwestern Power Administration's operation, and which the Congress has refused to approve time after time after time. That provision is:

> The Administrator may use funds in the continuing fund, established under the provisions of section 11 of the Bonneville Project Act of August 27, 1937, as amended, to purchase such power. Such power may be co-mingled with power from Federal dams—

And so forth. The continuing fund was created for the purpose of permitting the Administrator of the Bonneville Power Administration to defray emergency expenses and to insure continuous operation, and for no other purpose.

I now read the language which authorizes the creation of a continuing fund.

> All receipts from transmission and sale of electric energy generated at the Bonneville project shall be covered into the Treasury of the United States to the credit of miscellaneous receipts, save and except that the Treasury shall set up and maintain from such receipts a continuing fund of $500,000 to the credit of the Administrator and subject to check by him, to defray emergency expenses and to insure continuous operation.

That is all of the particular paragraph which is pertinent to this discussion. A fund has been established by statute. The act has fixed the amount as $500,000, but it might just as well be $5 million or $50 million. It is in reality unlimited in amount, and may be used, according to the language of the committee amendment now under discussion to whatever extent the Bonneville Power Administrtator may want to use it to buy power from the Priest Rapids project. Under this language, the fund could be used to purchase the total output of the Priest Rapids dam. The fact is that the output from the dam will probably cost substantially more than the output being sold from Bonneville. Under the amendment, a public or private agency could build a dam, sell the entire output to Bonneville, and then buy it back from Bonneville to its own profit. That sort of thing could happen under the terms of the committee amendment.

I have no objection to the purchase by Bonneville of excess power from the generation at Priest Rapids or anywhere else, so long as the particular transaction is handled after careful consideration. I say that my statement cannot be controverted, that at the present time there is no provision in any law which permits Bonneville Power Administration to do anything but sell power generated by the Federal Government. Under its general business authority, it is entitled to deal with other electric generation plants and through exchange accounts to effect a Federal and non-Federal pool, as it does. Thence the power can flow to marketing centers. That is the reason why today the Northwest Power Pool has come to be the outstandingly successful example of cooperative voluntary pooling and distribution of power in the country. But here for the first time is a proposal to authorize the Bonneville Power Administration to go into the business of wholesale purchase and resale of power, purchasing it at a higher price for a very considerable time to come than the price at which it will resell the power.

Whatever is done, the continuing fund should be left inviolate for the purposes for which it was created. Being a continuing fund, and being replenished from receipts just as rapidly as money is expended for any purpose, more money is poured in to keep the level always at $500,000. If $1 is spent, $1 is put back. If $500,000 is spent, $500,000 is immediately returned. The only limit on the continuing fund, as a basic proposition, is the gross receipts of the Bonneville

Power Administration. That is not true so far as the pending amendment is concerned, because the bill provides authority for the purchase of the particular power from the specified installation. A sound appropriative procedure would require that appropriations be made for the purchase of this or any other power, or any other thing, or the doing of any other act by Bonneville Power Administration, or by any other agency of Government whatsoever. This is not a question of public versus private power. It is a question of sound law and sound business administration in Government.

For that reason, Mr. President, I offer my motion to reconsider the vote by which the amendment was agreed to; and I offer the motion with a view to correcting the amendment in the two particulars I have mentioned.

Mr. BUSH. Mr. President, will the Senator from Oregon yield for a question?

Mr. CORDON. I am glad to yield.

Mr. BUSH. First, Mr. President, I desire to propound a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Connecticut will state it.

Mr. BUSH. The Chair stated that the Senator from Oregon was in control of 15 minutes and that I was in control of the other 15 minutes. However, I am in support of the motion of the Senator from Oregon to reconsider the vote by which the committee amendment was agreed to. So I wish to inquire in whose time I may make a few remarks.

The PRESIDING OFFICER. The time on the other side will then revert to the minority leader.

Mr. BUSH. I see that my distinguished friend, the Senator from Washington [Mr. MAGNUSON], is acting in behalf of the minority leader. So if it is agreeable, I ask unanimous consent that he have control of the other 15 minutes.

Mr. MAGNUSON. Mr. President, I am glad to yield to the Senator from Connecticut as much time as he wishes, for I desire to speak for only 3 or 4 minutes.

Mr. BUSH. Mr. President, will the Senator from Washington yield several minutes to me?

Mr. MAGNUSON. I yield.

Mr. BUSH. I simply wish to say that I am in support of the motion to reconsider, as offered by the Senator from Oregon [Mr. CORDON]. I was never in favor of the amendment in the committee, even though the committee approved the amendment by a good majority. I certainly urge all Senators who now are within range of my voice, or all Senators to whom I may be quoted, to vote in favor of the motion to reconsider.

Mr. KUCHEL. Mr. President, will the Senator from Oregon yield to me?

Mr. CORDON. I yield.

Mr. KUCHEL. Do I correctly understand that the intention of the Senator from Oregon is to eliminate from the bill the language appearing on page 4, beginning in line 12? I refer to the language there appearing in italics.

Mr. CORDON. No. If the pending motion to reconsider prevails, I intend to offer first, an amendment to the committee amendment on page 4, namely, in line 14, on page 4, after the word "agencies", to add, in parentheses, the words "public or private." I think there is no objection to such an amendment to the committee amendment.

My next amendment to the committee amendment is, on page 4, beginning in line 20, with the word "The," to strike out the remainder of the page, ending in line 23 with the words "to purchase such power."

As thus amended, the committee amendment will require that an appropriation be made for this purpose, as is required for all other purposes in connection with Government administration.

Mr. KUCHEL. However, as the committee amendment would thus be amended, the remaining language of the amendment would be in the nature of a permissive right for Priest Rapids Dam to sell and for Bonneville to buy, if mutually agreeable, any surplus power; is that correct?

Mr. CORDON. That is correct, except I intend to discuss with the Senator from Connecticut [Mr. BUSH], what is meant by the term "power surplus to the requirements of the licensee." But I am quite sure that the committee intended that term to mean such power as remains after the licensee has used all of the power from these sources, as may be needed for its own use. If that is what that term means, I have no objection whatever to it. However, I think that explanation should appear in the RECORD, as a result of statements made on the floor, in view of the possibility of subsequent judicial consideration, if the matter ever comes to that point.

Mr. KUCHEL. I cannot state the reasons which impelled the committee to adopt that portion of the amendment, as offered by the Senator from Washington. But speaking for myself, I can say I have a distinct recollection that the Senator from Washington suggested to the committee that at the present time there is no authority of law for Bonneville to make such a purchase, and he wished to have the bill provide permissive authority for Bonneville to make the purchase, if it were entirely agreeable to the Administrator of the Priest Rapids Dam or Authority to sell the power. In other words, the question was entirely one of providing a right which might be used on a permissive basis, if both parties so desired.

Mr. CORDON. Mr. President, I yield the floor.

Mr. MAGNUSON. Mr. President, I wish to say to the Senator from California that what he has stated is exactly the purpose of the language. The amendment suggested by the Senator from Oregon goes to the committee amendment which would amend the Bonneville Act.

The reason for the inclusion of this part of the committee amendment is that if there is available power, we desire to have the entire Pacific Northwest have an opportunity to use the power, if it wishes to do so. It may be it will not wish to use it, or it may be that the licensee and the Bonneville Authority would not wish to take it; but that is the purpose of this language.

I do not understand the purpose of the proposed inclusion of the words "public or private." We say it is permissive, if Bonneville wishes to buy it. If Bonneville buys it, Bonneville can sell it either publicly or privately, as it may wish.

Mr. CORDON. Then does the Senator from Washington have any objection to including the words "public or private"?

Mr. MAGNUSON. I always object to including unnecessary words, if their purpose is not understood. All too often in the past we have found that wording of that sort may eventually be found to mean what we do not wish it to mean. So I see no reason for including those words.

Furthermore, all the committee amendment does, by means of the last 3½ lines on page 4 of the bill, is to amend for this purpose section 11 of the Bonneville Project Act, and thus to give the Administrator the right to use funds in the continuing fund established under that section of the Bonneville Project Act. I see no reason for changing that part of the committee amendment.

I cannot quite understand why at the last moment the Senator from Oregon wishes to make these changes in the committee amendment. Even his explanation is incomprehensible to me. Perhaps I am not as well versed on power problems in our area or on the Bonneville Act as is the Senator from Oregon.

So far as opposition to the purpose of the amendment is concerned, that is an entirely different matter. There is no question that some of the members of the committee were opposed.

Offhand, I see no objection to adding the words "public or private," because those who will constitute the management of the project will wish to sell the power wherever they can. But they would have that right now, anyway.

Mr. JACKSON. Mr. President, am I to understand that the purpose of the amendment the senior Senator from Oregon intends to offer to the committee amendment, if the motion to reconsider is agreed to—namely, to add the words "public or private"—is to define more carefully non-Federal marketing agencies?

Mr. CORDON. Certainly.

Mr. JACKSON. And nothing else?

Mr. CORDON. Nothing else.

Mr. JACKSON. And non-Federal marketing agencies are both public and private, of course; I think there can be no question about that.

Mr. CORDON. I noticed in line 8, on page 4, the words, in parentheses, "public or private"; and since it was felt necessary to make that provision at that point, I wished to have it made below, at the point to which I have referred.

Mr. JACKSON. If that is the purpose, I see no objection.

Mr. MAGNUSON. The purpose of the Senator from Oregon is to add those words in line 13, on page 4; is that correct?

Mr. CORDON. No; in line 14, on page 4.

Mr. MAGNUSON. After the word "agencies"?

Mr. CORDON. Yes.

Mr. MAGNUSON. I see no objection to that.

Mr. CORDON. I did not believe the Senator from Washington would see any objection to it, and I so suggested in the course of my argument.

Mr. MAGNUSON. But I still cannot understand why it is necessary to add those words.

Mr. CORDON. I have already stated why it is necessary.

The PRESIDING OFFICER. If no further time is desired, the question is on agreeing to the motion of the Senator from Oregon to reconsider the vote by which the committee amendment was agreed to.

Mr. MAGNUSON. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Washington will state it.

Mr. MAGNUSON. I understand that the Senator from Oregon has moved to reconsider only for the purpose of subsequently offering to the committee amendment the two amendments he has suggested.

Mr. CORDON. I have made a perfectly clear statement of my purpose, and that is the purpose.

I also added that I intended to make certain inquiries; and what I do thereafter will depend upon the answers to the inquiries.

Mr. MAGNUSON. Inquiries about the committee amendment?

Mr. CORDON. Yes.

Mr. MAGNUSON. I understand that the motion is limited to the so-called committee amendment which was adopted on Saturday.

Mr. President, I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon [Mr. CORDON] to reconsider the vote by which the committee amendment beginning on line 12, page 4, was agreed to.

The motion to reconsider was agreed to.

Mr. CORDON. Mr. President, I now move that the committee amendment, as it appears on pages 4 and 5 of the bill, be amended in the following respects:

After the word "agencies," in line 4, to include in parentheses the words "public or private."

Mr. BUSH. Mr. President, would the Senator from Oregon care to state his amendments one at a time?

Mr. CORDON. That is what I was about to do.

The second amendment has to do with the same committee amendment. I ask unanimous consent to offer them separately.

The PRESIDING OFFICER. The Senator does not need unanimous consent.

Mr. CORDON. Very well. I offer the first amendment, which is the addition, in parentheses, after the word "agencies", in line 14, of the words "public or private."

Mr. BUSH. Mr. President, I hope that amendment will be accepted without objection.

Mr. CORDON. If there be no further argument on either side, I am prepared to yield back the remainder of my time.

Mr. MAGNUSON. I am willing to accept the "public or private" revision.

Mr. BUSH. That is the pending question.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. CORDON] to the committee amendment on page 4, line 14.

The amendment to the amendment was agreed to.

Mr. CORDON. Mr. President, I move that the same committee amendment be further amended by striking out the sentence beginning in line 20, on page 4, with the word "The", and ending at the end of line 23, on page 4, striking out the following language:

> The Administrator may use funds in the continuing fund, established under the provisions of section 11 of the Bonneville Project Act of August 27, 1937 (50 Stat. 731), as amended, to purchase such power.

This is the provision which permits the Administrator of the Bonneville Power Administration to use funds in the continuing fund to purchase power. I am opposed to that sort of provision anywhere in any of the activities of the Government. It is a power without limit, so far as the Congress is concerned.

I now invite attention to 1 or 2 things which might happen. I wish particularly to emphasize to the Members of this body that when we test the language of a statute we test it by a consideration of what may be done under it, not what should be done, or even what is being done. If there is any canon of statutory construction that is sounder or more accurate than that, I do not know what it is. Consequently, when I look at this language I test it by the rule of what could be done under the language.

Mr. President, what could be done were this language to remain in the bill? Among other things, at any time after the dam were constructed and in operation in charge of the licensee, if the licensee so desired it might offer any or all of its power to anyone; and after such offers were accepted it might then make a contract for any period of time with the Bonneville Administration for the remainder of such power, at a price then to be determined; and thereafter neither public nor private agency would have any opportunity to purchase such power.

Let me make an answer to my own argument, for a moment, because I want the entire picture to be before us. For a very considerable period of time the contingency which I have mentioned is meaningless, because until such time as the Bonneville rates reach the point where they are equal to the rates which would have to be charged for the power generated at Priest Rapids, no one would want to buy the Priest Rapids power if he could buy Bonneville power.

However, it will not be long before the rates of Bonneville will have to go up, step by step, because from now on every multiple-purpose project in the Pacific Northwest that I know anything about will cost far more than did either Grand Coulee or Bonneville. The result will be that the rates for Bonneville power must go up if there is to be repayment to the Federal Treasury. I, for one, so long as I can speak or act, will do everything within my power to keep the Bonneville Power Administration solvent, so far as repayment to the Federal Treasury is concerned.

Therefore the time may come when it may be feasible to do the thing I have suggested, namely, make this sale to the Bonneville Power Administration for a long period of time, and in so doing, cut off any possibility of any other sale to any other body. That is one thing. The other I have already discussed.

In my opinion there should never be granted to any Federal agency or any officer of Government unlimited power to spend money without accountability. In my opinion, if we are to establish any agency we should require the agency to come to the Congress and justify its expenses and have those expenses appropriated for, as every other item of expense is appropriated for. The Senate operates on that basis. The President's Office operates on that basis. Every other agency of Government that I know anything about operates on that basis, with a rare exception such as Bonneville, with respect to which a fund is established, but with specific yardsticks which limit the purpose for which expenditures may be made. That is the case with the Bonneville continuing fund. It may be used for emergency repairs to insure continuous operation. It may be used for no other purpose.

When I move to strike this particular sentence, I move simply to make the committee amendment come within generally established rules of Government operation in the appropriative process.

Mr. MAGNUSON rose.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUSH. Again, I think the acting minority leader [Mr. MAGNUSON] should control the time of the opposition, because I stand in support of the amendment of the Senator from Oregon.

The PRESIDING OFFICER. The acting minority leader will control the time in opposition.

How much time does the Senator from Washington yield to himself?

Mr. MAGNUSON. I yield myself 10 minutes.

Mr. President, in drafting this amendment we tried to word it so that its effect would be exactly the same as that suggested by the Senator from Oregon. I think we are all in agreement. We want as businesslike an operation as we can get. In drafting the amendment we deliberately included the words "Power surplus to the requirements of the licensee and other non-Federal marketing agencies within the economic marketing area, as may be economically usable to the Federal system."

If this power is to cost too much, it will not be economically usable in the Federal system. As I understand the Bonneville Act, a section of which is incorporated in this bill, contracts are made only from year to year.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. MAGNUSON. What I mean is that private utilities make contracts on only a year-to-year basis. Some of them are continued if it is economically wise to continue them. All we are trying to say is that the pool may get the benefit of some of the surplus power in Oregon, Washington, or wherever the pool goes, if it is economically wise.

I think the Bonneville Administration would be somewhat hamstrung, if it deemed it wise to purchase this power, unless it could do so under the provisions of section 11 of the Bonneville Act, which we incorporate in the bill. Its purposes would be hamstrung. I do not believe that the Bonneville Administration will buy power at rates very far out of line with what its postage-stamp rate is to be throughout the area. The bill merely provides that it may or may not purchase such power, according to its needs and what it wishes to do.

Mr. JACKSON. Mr. President, will the Senator yield for a question?

Mr. MAGNUSON. I yield.

Mr. JACKSON. Is it not true that this particular provision of the amendment would have the effect of aiding the local public-utility district to dispose of their revenue bonds by providing a firm method of marketing the power? The committee amendment, which has been approved, would have the further purpose of making it possible for Bonneville to enter into long-term contracts, rather than contracts on a year-to-year basis. If the Bonneville Administration is compelled to come to Congress each year in order to dispose of the power, the people who are buying revenue bonds will not be very happy.

On the other hand, this provision in the amendment will firm up the salability of the revenue bonds. It will make it possible for the power to be sold in accordance with the provisions of the Bonneville Act. I think that is a wise provision in the bill.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. BUSH. My observation, in reply to the Senator's statement, is that the amendment is purely permissive, anyway. Certainly no one will buy the revenue bonds unless he believes that the area in which the power is generated will take the power. I cannot believe that anyone would buy a bond dependent upon the possibility that the Bonneville Administration might take some power. Therefore, I do not believe that argument is valid.

Mr. JACKSON. The distinguished senior Senator from Connecticut is very well experienced in this field. I should like to ask him this question: Would he like to sell some revenue bonds in connection with which he was advised in advance that the developers of the project would have a long-term Federal contract for the sale of power, or would he prefer to be advised that the developers had a contract with the Federal Government but that the contract could be terminated each year? How would he advise his clients?

Mr. BUSH. I think a Federal contract would make a very good basis for the sale of revenue bonds, but it is not the only basis on which revenue bonds are sold.

Mr. JACKSON. Would not that basis greatly increase the marketability of the bonds?

Mr. BUSH. A permissive clause in the bill allowing the sale of surplus power will have no effect whatever on the value the market will place on these revenue bonds. The market will judge the bonds and price them on the basis of what they are worth in the area involved, assuming that all the power will be used in that area. A permissive amendment will not hurt the bonds, and neither will it help them.

Mr. JACKSON. Is it not true that with a permissive provision the people who would sell the bonds would probably suggest that perhaps a contract should be entered into with Bonneville, and might even require that the contract be entered into prior to the marketing of the bonds? Therefore, if there has been entered into between the licensee and the Bonneville Power Administration a contract, which is on a long-term basis, not limited to a year-to-year basis, the marketability of the bonds will have been enhanced substantially?

Mr. BUSH. My only observation in reply is that the amendment offered by the senior Senator from Oregon will not involve the marketing of power.

Mr. JACKSON. But the developers would have to come to Congress each year for an appropriation, and it would mean that the contract would contain a sort of condition subsequent, in that it could, in effect, be terminated by lack of appropriations. Certainly, if I were counsel for the banking house issuing the bonds I would not place too much value on a provision in a contract which would make the developer go back to Congress each year.

Mr. BUSH. I am sure that neither counsel nor the bank would place too much confidence in a permissive provision such as this.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. MAGNUSON. I believe the Senator is correct. The reason for the whole section was to firm this matter up, in case Bonneville could use the power and could purchase it and place it in the pool. The second reason for the amendment was to make certain that there would be distribution of the power in Oregon, Idaho, and throughout the whole Bonneville pool area. What we are doing is incorporating section 11 of the Bonneville Act of 1937, as amended.

I believe, if long-term contracts can be made and are desirable—whether they would be desirable in this case, I do not know—it is advisable to have them made. Bonneville has entered into 20-year contracts with private utilities in our area. I believe the effect of the amendment offered by the senior Senator from Oregon would seriously hamstring the ability of the public utility district to finance the project. I would like them to be successful. I am afraid the amendment would hamstring them in trying to finance the project.

Mr. BUSH. I observe in that connection that that fact did not influence the public utility district. The district did not ask for this amendment. The Secretary of the Army, the Corps of Army Engineers, the Bureau of the Budget, the Federal Power Commission, and the House of Representatives all felt that this amendment was unnecessary. Therefore I am not impressed, frankly, with the thought that the amendment of the Senator from Oregon to the amendment would greatly imperil this project. I do not understand how it would imperil it at all.

Mr. MAGNUSON. Mr. President, I have discussed this amendment at great length with the people who are involved in this project. They agree that it would make the bill a much better bill and give them a much better opportunity. I suppose that in the House the amendment was not thought of, but it was discussed and approved and recommended by those who are interested in trying to build the project.

Mr. MORSE. I should like to speak for 2 or 3 minutes.

Mr. MARTIN. Mr. President, how much time is available?

The PRESIDING OFFICER. The senior Senator from Oregon has 9 minutes remaining, and the senior Senator from Washington has 5 minutes remaining.

Mr. MAGNUSON. Mr. President, I yield such time as the junior Senator from Oregon may require.

Mr. MORSE. I shall take only a few minutes. I wish to say that I made my argument against this bill on Saturday at some length. I closed my argument by saying that in my judgment we have before us a hodgepodge bill. What we are doing on the floor of the Senate today is further evidence of it.

I opposed the amendment in committee, Mr. President because I felt then it was an exceedingly poor bill. My votes were first cast by proxy and for the amendments. Later, after the proxy votes had been cast, I arrived in the committee room before the final votes were cast on the amendments. I then voted against all amendments to the bill. No amendment could make this a good bill.

I wish to say most respectfully that in my judgment this bill marks the beginning of the end of public preference if it becomes the pattern. I believe in the end, if the project is built at all, it will be built not by the Grant County PUD for its purposes but by another agency for the benefit of private utilities. I say that because I do not believe that the Grant County Public Utility District will ever be able to sell the revenue bonds to finance this project unless the Bonneville Authority has the right to buy the surplus power. If the Bonneville Authority is to have that right then we should provide it with the authority to contract for surplus power without coming to Congress on each purchase.

My colleague [Mr. CORDON] is quite right. I know of no act in which this particular preference language is used, but neither do I know of any situation comparable to this one. Priest Rapids Dam as provided in this bill as I pointed out Saturday, is an exception to the whole Federal development program in the Pacific Northwest.

If preference is to mean anything, or if the Bonneville Power Administration is to have any authority to purchase surplus power for the benefit of the region and the Bonneville system, we provide for a continuing fund, which Bonneville can use for the purchase of power. As I understand it, the two Senators from Washington seek by the language of their amendment to provide Bonneville with such authority.

Therefore, we come to grips with the question whether it will be necessary for Bonneville to come back each year to Congress for an appropriation to buy surplus power from this dam. If we subject Bonneville to that political requirement each year, then we might as well turn over this dam to the private utilities now. In my judgment, the opposition to this amendment is part of the private utilities program. It is an attempt on the part of private utilities to put themselves in a position to buy the power at dump prices. I believe that is what will happen. We shall end up with a great block of power which will be surplus power. That will pave the way for an intensive drive by private utilities to buy the power at dump prices, and the blocking of the Federal Government, by political votes within the Congress, to the purchase of the power by Bonneville. Unless we agree now as a matter of policy that Bonneville shall have a continuing fund from which surplus power from this dam can be bought for the benefit of the Bonneville system, in my judgment, the situation will be such that there will be another handout to the private utilities.

I believe the Senator from Washington [Mr. MAGNUSON] is right when he points out that the purpose of the amendment is to put Bonneville in such a position that it will be on a competitive level with private utilities and in a position to buy power at reasonable costs for the use of the Bonneville system. There is no question about the fact that my colleague is right when he points out that the bill contains language which inaugurates a new policy, as, indeed, the whole bill does. That is why I am against the whole bill. The new policy is bad.

Mr. CORDON. Mr. President, I invite attention to the fact that while the language of this amendment provides for the sale only of power surplus to the licensee and surplus to other agencies who might buy for resale, they expect to have the contract with Bonneville made before either has an opportunity to purchase anything, because there must be a contract in being if we are going to finance a project running into hundreds of millions of dollars. Consequently, the purpose of the committee amendment is to permit the licensee to take a license from the Federal Government, get a contract for the sale of the power to Bonneville, and use that as security for the bond sale. Yet the language provides for power surplus to the licensee and other agencies, public or private.

That indicates the basic purpose of the amendment. I have said, Mr. President, that I shall not oppose the amendment. I had no idea that it was going that far, but I shall not oppose it. I urge, again, the adoption of the amendment which I have offered to take out the continuing funds. Senators talk about the sale of power to Bonneville at a reasonable price. Anyone knows that the power must be sold to Bonneville at a rate which will permit the retirement of the bonds. That means that when we talk about the price being not more than the price at which the licensee will sell to other marketing agencies, it means at that price. This is true because if they did not get that amount, the amortization, maintenance, and depreciation could not be met. Consequently, there can be no diminution in price, and Bonneville will be paying as much for the power as will the marketing agencies who are brokers of power.

The only way Bonneville can sell the power is to pay a premium when it buys the power and lower the price by spreading it among other agencies. That is what is intended to be done under the amendment as it stands. The continuing fund, Mr. President, was not intended for this purpose, and it should not be used for this purpose.

Mr. President, I submit the balance of my time.

Mr. MAGNUSON. Mr. President, I yield a minute to the Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, I believe the difference between the two Senators from Oregon is over the question of the power of the licensee. I think I understand the bill. I hope my understanding of the power of the licensee is correct. If it is not, then the bill is even worse than I thought it was, and it is bad enough. As I look upon the power of the licensee, it will be not only for the needs of its immediate consumers of the Grant County Public Utility District, but also those with whom it makes contracts for the sale of power. If it does not mean that, then the bill is even worse and even more confused than I thought. The licensee who builds the dam may find itself with a considerable block of dump power. I think that it what it will have for a good many years. It will have quite a bit of dump power.

I raise the question as to what is to be done with the dump power. I wish to see Bonneville placed in such a position that it can get that dump power for the benefit of the whole Pacific Northwest, and throw it into the Bonneville pool. I wish to see it in a position where it can protect the purposes of the Bonneville act and take the power for regional integration purposes.

If we do not place Bonneville in the position to use continuing funds for that purpose, then it will have to come back to Congress where, by political juggling, the decision will have to be made whether funds shall be available for that purpose. But, in the meantime, the private utilities will demand an opportunity to take the power, and the argument will be, "Here are the private utilities; they are perfectly willing to take the power." The argument will run about like this: "They want the power, and they should be allowed to take it at the dump price." In my judgment, the people of the Northwest will suffer as a result of that kind of a program because the private utilities will buy the power cheap and sell it dear. Bonneville will lose it for pooling purpose. I think this bill is a blow to cheap power.

Mr. MAGNUSON. Mr. President, I think I have a minute left.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. MAGNUSON. I gave it all to the Senators who are in opposition.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon [Mr. CORDON]. [Putting the question.]

Mr. MORSE. I ask for a division, Mr. President.

The PRESIDING OFFICER. A division has been requested.

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. Had the Senator from Oregon yielded his time?

Mr. CORDON. Yes, Mr. President.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. MORSE. Mr. President, reserving the right to object—and I shall not object—on this quorum call I understand that the Senator from Washington [Mr. MAGNUSON]——

The PRESIDING OFFICER. The Chair advises the junior Senator from Oregon that the question is not debatable.

Mr. MORSE. A unanimous-consent request was made, to which I reserved the right to object. Certainly I can speak under that reservation.

The PRESIDING OFFICER. The Senator can again suggest the absence of a quorum, but he cannot debate this question.

Without objection, the unanimous-consent request is agreed to.

Mr. McCARRAN. Mr. President, the Senator from Oregon reserved the right to object.

The PRESIDING OFFICER. The question is not debatable.

Mr. McCARRAN. I object to the rescission of the order for a quorum call.

The PRESIDING OFFICER. The clerk will proceed with the call of the roll.

The Chief Clerk resumed and concluded the call of the roll, and the following Senators answered to their names:

Aiken	George	Millikin
Anderson	Gillette	Monroney
Barrett	Goldwater	Morse
Beall	Gore	Mundt
Bennett	Green	Neely
Bowring	Hayden	Payne
Bridges	Hickenlooper	Potter
Bush	Ives	Purtell
Butler	Jackson	Reynolds
Byrd	Johnson, Colo.	Robertson
Carlson	Johnson, Tex.	Russell
Case	Johnston, S. C.	Saltonstall
Chavez	Kennedy	Schoeppel
Clements	Kilgore	Smathers
Cooper	Knowland	Smith, Maine
Cordon	Kuchel	Smith, N. J.
Crippa	Langer	Sparkman
Dirksen	Lehman	Stennis
Duff	Lennon	Symington
Dworshak	Long	Upton
Ervin	Magnuson	Watkins
Ferguson	Malone	Welker
Flanders	Mansfield	Williams
Frear	Martin	Young
Fulbright	McCarran	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment of the Senator from Oregon [Mr. CORDON].

The amendment was agreed to.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment, as amended.

The amendment, as amended, was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MAGNUSON. Mr. President, I have an amendment at the desk, identified as 7-10-54-B, which I now call up. It is offered by me for myself and my colleague [Mr. JACKSON].

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 4, beginning in line 5 with the word "and", it is proposed to strike all down through line 12, ending with the word "thereto;" and insert the following:

Upon the same terms and conditions as power is offered for sale by the licensee in the State of Washington except that all such interstate sales shall be made in accordance with the preference requirements of section 5 of the Flood Control Act of December 22, 1944 (58 Stat. 887). The licensee shall cooperate with agencies in such States to insure compliance with such terms, conditions, and requirements. In the event of disagreement between the licensee and the power marketing agencies (public or private) in any of such neighboring States, the Federal Power Commission may determine and fix the power capacity and power output which shall be offered for sale to such agencies in accordance with the provisions of this subsection.

Mr. MAGNUSON. Mr. President, I yield myself 2 minutes.

My proposed amendment, which is known as the preference clause, was submitted to the committee by my colleague, the junior Senator from Washington [Mr. JACKSON], and myself, and was voted on by the committee. The committee was quite sharply divided on the question of whether or not the preference clause should be placed in the bill. All the amendment proposes to do is incorporate into the bill a preference clause similar to that which has been a part of the Flood Control Acts passed by Congress on many occasions, and specifically in this case, the Federal Control Act of 1950.

I personally believe the bill would be a much better bill if the preference clause were added. My colleague and I feel quite keenly about it, as do several of the persons involved in the proposal. We discussed the matter with representatives of the Grant County Public Utility District and other districts concerned, and they, too, felt that the preference clause would be satisfactory, as far as the bill is concerned.

I wish to be fair. As I have told members of the committee, I think, as a practical matter, probably the power will be sold in accordance with the practice now in vogue in the sale of power by public-utility districts in our State, which pretty much follow the preference clause. I would say the importance of the preference clause in the pending bill is that if the power were sold outside the State of Washington and became involved in interstate commerce, as it undoubtedly will be, it would be desirable to have a preference clause in the law.

The question was discussed at great length on Saturday; it was discussed in committee, and I have nothing further to say with regard to it. I hope the amendment will be agreed to.

Mr. CORDON. Mr. President, I rise in opposition to the amendment offered by the Senator from Washington.

The PRESIDING OFFICER. The Senator from Connecticut controls the time.

Mr. BUSH. How much time does the Senator from Oregon desire? I wish to hear him.

Mr. CORDON. I apologize to the Senator who is in control of the time, and ask that he yield me 5 minutes.

Mr. BUSH. I yield 5 minutes to the Senator, or longer, if necessary.

Mr. CORDON. Mr. President, I rise in opposition to the amendment, and call the Senate's attention to the fact that the preference clause has already been conferred upon the public-utility district. The license to general power will, in its entirety, go to a public body. Now it is desired to add to the provisions of the bill a second preference, and hogtie the licensee so it cannot do the job which we are offering it a legal opportunity to do.

In the Senator's own State of Washington exist 2 of the outstanding municipal electric-utility concerns in the United States, 1 at Tacoma and 1 at Seattle. Neither of those utilities are tied by any such clause.

Mr. President, in those areas private industry uses the power generated and sold by those utilities, and as a result of that situation there exist the large payrolls in the city of Tacoma, the city of Seattle, and the rest of the vast area around Puget Sound. I am pleading in the Senate today that the licensee be given an opportunity to make good. It must have the right to sell its power wherever it can sell it, to whosoever can be found to purchase the power.

If the artificial issue of public power versus private power is again mentioned, which is a shibboleth which is kicked around here, I call attention to the fact that in my own State 85 percent of the power is distributed by private utilities, and only 15 percent by public bodies. How will the State of Oregon share in any of the power to be generated, if the preference clause is made a part of the bill, remembering that Bonneville has that preference, and that the industries, the people, the city of Portland, and the vast metropolitan area, extending through my hometown of Roseburg, through Klamath Falls, Medford, wherever industries are located, get their power through private utilities. It is immaterial to me whether they get the power through public or through private utilities, but I do not want any selling agency hamstrung, so that it cannot sell power to the industries that furnish employment to the people of Oregon and to the marketing agencies which furnish the power to the great majority of the rural and domestic consumers of my State.

Mr. JACKSON. Mr. President, will the Senator from Oregon yield to me?

Mr. CORDON. I yield.

Mr. JACKSON. Is it not true that today the Portland Electric Power Co., a private utility, obtains two-thirds of all its power from Bonneville? The truth is that the preference clause has not hurt the private utilities of the area in Oregon.

Mr. CORDON. The Portland General Electric Co. also is handcuffed, and there is no opportunity for that company to do much, because it does not have a contract which guarantees that it will have power long enough to enable it to finance anything. Until contracts can be let for a period of time sufficient to enable the company to guarantee power to its customers, the company will not have customers of the kind to which I have referred.

Mr. JACKSON. Is it not true that the Portland Electric Power Co. is obtaining from the Bonneville Power Administration two-thirds of all the power it is selling?

Mr. CORDON. In my opinion it is more than that; it is getting most of it from the Bonneville Power Administration.

Mr. BUSH. Mr. President, how much time remains to me?

The PRESIDING OFFICER. The Senator from Connecticut has 12 minutes remaining.

The Senator from Washington has 2 minutes remaining.

Mr. BUSH. Mr. President, I yield myself up to 5 minutes, if I need it. I wish to reserve some time.

Mr. President, I desire to support very strongly what the senior Senator from Oregon [Mr. CORDON] has said about the pending amendment, and to urge the Senate very strongly to vote it down.

The amendment refers to the Flood Control Act of December 22, 1944. If I am not incorrect, I believe it applies to federally owned and operated dams. The dam at the Priest Rapids site will not be federally owned and operated, but it will be operated by a public utilities district created by law in the State of Washington. Our good friends on the other side of the aisle have assured us that the law is a good one and that there is good administration of the public utilities there. Certainly that is all to the good, Mr. President. But under those circumstances, for the Federal Government to have anything to say about the handling of the power and where it will be sold, would seem to me to be an absolutely unwarranted intrusion of the worst kind.

So I certainly hope the Senate of the United States will not permit a provision for anything of the sort to get into the bill.

Mr. President, I reserve the remainder of my time.

Mr. MAGNUSON. Mr. President, I yield 2 minutes, or whatever time remains to me, to the junior Senator from Oregon [Mr. MORSE].

Mr. MORSE. Mr. President, I need only a few minutes.

As I pointed out on Saturday, I think several serious problems are raised by this particular preference clause. As stated by the Senator from Connecticut [Mr. BUSH] this dam is to be built by private dollars, not public dollars. This dam is not to be financed by the taxpayers and when self-liquidated be owned by the people, the United States. This dam involves a private investment. As I said last Saturday I think that fact creates many problems and handicaps that will result in a tremendous amount of litigation.

Nevertheless, the matter of public preference is, in my opinion, so vital to the development of private industry in the Pacific Northwest that I shall vote for the amendment, here on the floor of the Senate.

I desire to take a minute or two to discuss the so-called "shibboleth" of the public preference referred to in the argument of my senior colleague. Instead of public preference being a shibboleth, it has been a great protection to the people in the development of the great multipurpose dams in the Pacific Northwest. In my judgment, it has been the greatest guaranty of any feature of the whole Government-power program, for the expansion of private enterprise in the Pacific Northwest. As I have pointed out, our private utilities in the Pacific Northwest distribute the power which they obtain from Bonneville.

I agree—and I have said this for years—that within the public-preference pattern, our private utilities ought to be given reasonable contracts for a reasonable period of time for the purchase of power; but I certainly do not go along—and although this is not the time to discuss it, yet I shall always be willing to discuss it—with the McKay 20-year contracts that were negotiated with five private utilities.

In my judgment, private utilities are not hurt by a public-preference clause; but the people are greatly benefited by the public-preference clause. When public dollars are being invested in the power program, in my judgment, the contracts certainly should contain public-preference clauses. That point goes back for a great many years, in the power program of this country.

As I said on Saturday, I think a legal problem is involved in this case. That is another reason why I think the bill is a hodgepodge. Nevertheless, I believe that the principle of public preference should be written into the bill for the protection, through the public-power yardstick of the industry and consumers of the region.

Mr. President, under the bill we have no assurance that the dam will be controlled by a public body. It is quite possible that the public-utility district may not be capable of financing the dam. But it does not follow that a private agency may not be able to do so in a manner which meets the loose requirements of the bill under which the private utility could control disposition of the power.

What disturbs me is that we are proceeding with a bill for the construction of a dam, in order that a great power resource may be developed at the site, but the language of the bill is ambiguous in many respects. I should like to have the power available for integration and pooling, and I should like to have us write public preference into the bill so that this bill cannot be used as a precedent for undermining the first claim of public bodies to so-called partnership dams. Do not forget that all of the people own the water in the first instance that makes these dams possible.

I think the amendment of the Senator from Washington makes clear the intent of Congress to continue the objective of public preference, and I shall vote for it.

Mr. CORDON. Mr. President, will the Senator from Connecticut yield several minutes to me?

Mr. BUSH. I yield 2 or 3 minutes, if needed, to the senior Senator from Oregon [Mr. CORDON].

Mr. CORDON. Mr. President, reference has been made to the matter of contracts in the Pacific Northwest between the Bonneville Power Administration and private power companies. I call attention to the fact that while contracts have been made with Bonneville for 20 years, yet they carry a 5-year adjustment provision, and therefore no sales contract can be made by the private utilities for more than 5 years.

Mr. President, it is immaterial to me whether power is generated by a private or by a public body, so long as it is generated on a basis of reasonable cost from the standpoint of capital structure and is sold at reasonable rates, considering the cost of operation and the other factors involved in making up the rate structure. There is no sanctity to public power, in my opinion; and, equally, there is none to private power. I am looking to the outlet, to the use of power by people; and it is immaterial to me who does the job of producing the power.

I have worked for 10 years on the Appropriations Committee, and I know what it means to try to obtain funds to construct these projects. We in the Pacific Northwest have been reasonably successful, and I am most grateful to my colleagues on the Appropriations Committee for the way they have loyally assisted. But I also know we have never been able to keep up with our growing needs with appropriated funds from the Government, and I sadly fear we never shall be.

In my judgment we should be glad to accept with open arms any source to which we can turn to obtain money with which to construct power projects and put power on the line.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Washington [Mr. MAGNUSON] for himself and his colleague [Mr. JACKSON].

Mr. MORSE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. MARTIN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the senior Senator from Washington [Mr. MAGNUSON] for himself and the junior Senator from Washington [Mr. JACKSON].

Mr. CASE. Mr. President, is there time remaining?

The PRESIDING OFFICER. The time has been yielded back. The Senator may ask unanimous consent for further time if he cares to do so.

Mr. BUSH. Mr. President, having had some time left, and not realizing that I was yielding it because of the quorum call, I ask unanimous consent that the Senator from South Dakota may have 3 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. CASE. Mr. President, I think the average Member of the Senate is a little handicapped in dealing with a question like this unless it is possible for him to know something about the laws which apply in the States concerned. In this case we have a public-utility district created in the State of Washington. What are its powers, or the limitations under which it operates, I do not know, and I doubt if the average Member of the Senate, aside from the Senators from Washington or members of the subcommittee who worked on the bill, would know.

It seems to me that we are here presented with exactly the same kind of issue as was presented in connection with the Niagara power bill a short time ago. The question is, Shall we attach a preference clause to a license for the development of hydroelectric power granted by the Federal Power Commission to a local body? In the case of the Niagara bill, it is assumed that the Power Authority of the State of New York will be the authority which will seek the license, and which, under the Federal Power Commission law, will receive the license. In this case, as I understand the bill, the license would probably be obtained, and would be granted by this bill, if enacted, to a public-utility district operating in the State of Washington, under the laws of the State of Washington. I would assume that both a public-utility district in the State of Washington and the Power Authority of the State of New York would be friendly toward disposing of their power through public bodies and cooperatives.

Whether that be so or not, the particular body, the Power Authority of New York or the Public Utility District in the State of Washington, has the responsibility of financing and managing the project. It seems to me, then, that it is unfair for the Congress to attempt to dictate to a public body within a State how it shall dispose of the power it generates, particularly as this amendment proposes to dictate to the public utility district how it shall operate in the sale of power beyond the boundaries of the State of Washington.

I do not know whether the Public Utility District of the State of Washington has authority which permits it to go outside the State of Washington and there discriminate in the sale of power.

In any event, it definitely seems to me that administrative problems would be presented. When it comes to the preference clause, I am in favor of the preference clause when the project is developed and financed by the Federal Government.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. CASE. I should like to yield, but I have only 3 minutes.

Mr. MAGNUSON. I will give the Senator some of my time.

The PRESIDING OFFICER. The Chair is informed that the Senator from Washington has no time left.

Mr. MAGNUSON. I spoke for only about 2 minutes.

The PRESIDING OFFICER. The Chair is informed that the time was yielded back when the quorum call was made.

Mr. BUSH. Mr. President, I ask unanimous consent that 5 minutes additional time be granted, to be divided equally between the Senator from Washington [Mr. MAGNUSON] and myself.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from South Dakota may proceed.

Mr. MAGNUSON. Mr. President, will the Senator from South Dakota yield to me?

Mr. CASE. I yield.

Mr. MAGNUSON. Let me say to the Senator from South Dakota that this is an unusual situation. We have in my State public-utility districts which more or less accord preference to public bodies. Other States where the power might be sold do not have such a condition. We were only trying to protect the sale of power in those other States. That was the only purpose of the amendment. If the operation were confined only to the State of Washington, there would be no problem whatsoever.

Mr. CASE. The Senator says that the public-utility district, operating under the laws of the State of Washington, would give preference to other public bodies. I do not know why any amendment would be necessary.

Mr. MAGNUSON. It is necessary because other States may not have such preference protection.

Mr. CASE. But the power would be sold by the public-utility district of Washington, would it not?

Mr. MAGNUSON. That is correct.

Mr. CASE. I should think, then, that whatever principles and practices the State of Washington prescribes for the public-utility district would guide it in its operations. It seems to me that it is fundamentally bad principle——

Mr. MAGNUSON. Normally it would be so guided, but there have been too many instances of such bodies not having been so guided. In this particular case the power question in the area has become so important that we do not know just what the public-utility district would do. We wanted the power spread out, so that everyone would have equal opportunity.

Mr. CASE. It seems to me to be fundamentally bad principle for the Congress of the United States to say that when a public body organized under the laws of any one State is granted a license for the development of hydroelectric power, and is left with the responsibility, the obligations, and the risks of financing and then administering a power project, the Federal Government should then step in and attempt to prescribe for that public body to whom it may sell the power.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. CASE. I yield.

Mr. KNOWLAND. I merely wish to have the Senator yield to me long enough to ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. The yeas and nays are demanded on the pending amendment.

The yeas and nays were ordered.

Mr. CASE. When the Federal Government finances and develops a project I favor the Federal preference clause, as set forth in the Flood Control Act of 1944.

If the situation were applied to my State, and my State created an agency which was to develop hydroelectric power under a license granted by the Federal Power Commission, I would not want Congress to come into the picture and tell the power body of my State to whom it should sell the power, or prescribe any other conditions, other than with respect to the conservation of resources, as set forth in the Federal Power Act.

Mr. President, I yield back the remainder of my time.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair). The question is on agreeing to the amendment offered by the senior Senator from Washington [Mr. MAGNUSON] on behalf of himself and the junior Senator from Washington [Mr. JACKSON].

The yeas and nays have been ordered, and the Secretary will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the Senator from Minnesota [Mr. THYE] and the senior Senator from Wisconsin [Mr. WILEY] are absent on official business. The Senator from Ohio [Mr. BRICKER], the senior Senator from Indiana [Mr. CAPEHART], the Senator from New Jersey [Mr. HENDRICKSON], the junior Senator from Indiana [Mr. JENNER], and the junior Senator from Wisconsin [Mr. MCCARTHY] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Ohio [Mr. BURKE], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Missouri [Mr. HENNINGS], the Senator from Alabama [Mr. HILL], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from South Carolina [Mr. MAYBANK], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Montana [Mr. MURRAY], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

The Senator from Texas [Mr. DANIEL] is absent by leave of the Senate.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate, attending the Sixth Pan-American Highway Congress at Caracas, Venezuela.

I announce further that on this vote the Senator from Missouri [Mr. HENNINGS] is paired with the Senator from Florida [Mr. HOLLAND]. If present and voting, the Senator from Missouri would vote "yea," and the Senator from Florida would vote "nay."

I announce also that on this vote the Senator from Illinois [Mr. DOUGLAS], the Senator from Alabama [Mr. HILL], the Senator from Minnesota [Mr. HUMPHREY], and the Senator from Montana [Mr. MURRAY] would each vote "yea."

The result was announced—yeas 29, nays 45, as follows:

YEAS—29

Anderson	Hayden	Magnuson
Chavez	Jackson	Mansfield
Clements	Johnson, Colo.	Monroney
Ervin	Johnson, Tex.	Morse
Frear	Johnston, S. C.	Neely
Fulbright	Kennedy	Russell
George	Kilgore	Smathers
Gillette	Langer	Sparkman
Gore	Lehman	Symington
Green	Long	

NAYS—45

Aiken	Duff	Payne
Barrett	Dworshak	Potter
Beall	Ferguson	Purtell
Bennett	Flanders	Reynolds
Bowring	Goldwater	Robertson
Bridges	Hickenlooper	Saltonstall
Bush	Ives	Schoeppel
Butler	Knowland	Smith, Maine
Byrd	Kuchel	Smith, N. J.
Carlson	Lennon	Stennis
Case	Malone	Upton
Cooper	Martin	Watkins
Cordon	McCarran	Welker
Crippa	Millikin	Williams
Dirksen	Mundt	Young

NOT VOTING—22

Bricker	Hennings	McCarthy
Burke	Hill	McClellan
Capehart	Holland	Murray
Daniel	Humphrey	Pastore
Douglas	Jenner	Thye
Eastland	Kefauver	Wiley
Ellender	Kerr	
Hendrickson	Maybank	

So the amendment offered by Mr. MAGNUSON on behalf of himself and Mr. JACKSON was rejected.

Mr. CORDON. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion of the Senator from Oregon.

The PRESIDING OFFICER. The question is on the motion of the Senator from California [Mr. KNOWLAND] to lay on the table the motion of the Senator from Oregon [Mr. CORDON] that the Senate reconsider the vote by which the amendment of the Senator from Washington [Mr. MAGNUSON] was rejected.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MORSE. Mr. President, I move to recommit the bill.

The PRESIDING OFFICER. How much time does the Senator require?

Mr. MORSE. Two minutes, Mr. President.

I have no intention of repeating the long argument I made on Saturday afternoon. In my judgment, the bill should be recommitted because I think it is only

one of a series of bills which have many common principles which should be considered carefully and exhaustively during the congressional recess. They require hearings in the field, because the hearings on this bill were exceedingly brief. All that Senators have to do is to consult the RECORD in front of them, and they will find that a great many organizations and a great many experts who should have been heard by the committee were not heard. In my judgment, the bill has so much in common with other bills which involve the so-called partnership principle, a principle which, in my judgment, jeopardizes a Federal power program of this country of many years' standing, that I think we should go slowly and should act only after we have a composite record of hearings involving all the so-called partnership bills. I think the only sensible thing to do is to send the bill back to the committee and let it rest there until Congress reconvenes in January, after we have been able to conduct comprehensive hearings on this bill and the other partnership bills.

Mr. KILGORE. Mr. President, will the Senator from Oregon yield for a question?

Mr. MORSE. I wish to summarize my argument against the bill, and then I shall be glad to yield to the Senator from West Virginia.

In my judgment, Mr. President, the Federal Government should build this dam. The dam should be built and made an integral part of the great multipurpose-dam system of the Pacific Northwest. It should be built with its flood control storage facilities included at the time it is built. As I pointed out on Saturday, General Itschner, of the Corps of Engineers, testified in such brief hearings as were had on the bill that the total cost of flood control would be greater as a result of building this dam on the installment basis. Flood control is of vital importance to the entire area of the Pacific Northwest. The flood-control potentialities of this dam are very important and should be developed now.

Furthermore, Mr. President, I think the bill in its present form will undermine a great principle of power development in the Pacific Northwest, namely, the principle of public preference. I think it will add to the administrative complexity in the administration of our power resources which will eventually result in higher cost power.

I do not think this is the way to get cheap power into the Pacific Northwest. I think the proper way to get cheap power into the Pacific Northwest is for the Federal Government to continue with the comprehensive multi-purpose-dam system, built by the Federal Government in keeping with the objectives of the so-called comprehensive report 308. I see in this bill, and in similar partnership bills, the beginning of the undermining of the great comprehensive program on which I thought we had unanimity in our area of the country. I look upon this bill, as I said on Saturday, as a legislative stick of dynamite, which, when the fuse goes off, will do great destructive damage to a Federal power program of many years standing.

Mr. President, I ask unanimous consent to have an additional minute in order to answer a question of the Senator from West Virginia.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KILGORE. Mr. President, I should like to ask the Senator this question: While the bill affects the Pacific Northwest, is it not a fact that due to droughts and changing weather conditions, the same situation could affect the entire United States of America?

Mr. MORSE. There is no question about that. The position I take with reference to this bill is the same position I take on the development of power anywhere in the United States. We living in the Pacific Northwest do not own those rivers in the Northwest. They do not belong to the Pacific Northwest or to any State in the Pacific Northwest. They belong to all the people of the United States, just as other rivers do. When we are urging, as we have been for so many years past, the building of a comprehensive program such as is advocated by comprehensive report 308, we are really urging the development of economic potentialities of tremendous value to every citizen of the State of West Virginia or of any other State represented in this body. I have no illusions, Mr. President. I am perfectly aware of the position in which those of us who are fighting for Federal development of power find ourselves in the Senate of the United States today. But there will be another day, and I raise my voice in warning today only to make the record; and I make my record by moving that the bill be recommitted.

Mr. KILGORE. Mr. President, I had not finished.

Mr. MORSE. Mr. President, I withhold my motion not only to give the Senator from West Virginia an opportunity to ask a question, but to welcome debate by the majority leader, or any other Senator who wishes to comment. I shall make my motion when the debate is concluded.

Mr. KILGORE. Mr. President, will the Senator from Oregon yield to me for a question?

Mr. MORSE. I yield.

Mr. KILGORE. The question of multiple-purpose dams goes to such matters as, for instance, flood control and irrigation. It goes to everything from which power might be produced, and to the surplus water which might be either impounded or utilized for other purposes. Is not that correct?

Mr. MORSE. That is correct.

Mr. KILGORE. Inasmuch as all the people of the United States are subscribers, shall we say, to the basic common stock of the power developments, by reason of the fact that the basic capital, even though it be repaid later, is purchased by all the people, a comprehensive study should be made before bills are passed which would deprive the people of their rights, or which would reduce the number of activities in which, if proper study were given, the people might become interested.

Mr. MORSE. I wish to say in complete fairness and to make it very clear to the Senator from West Virginia that this project differs somewhat from the type of program to which he alludes, because the project which is proposed in the bill will not be constructed by the taxpayers of the United States through the Federal Government. It will be built by a separate entity, not representing the Government of the United States. That is one of my objections to the bill, but it illustrates the Senator's point. I agree with him that a very thorough study should be made of all the so-called partnership bills before any vote is taken in the Senate.

Mr. KILGORE. Mr. President, will the Senator yield further?

Mr. MORSE. I yield.

Mr. KILGORE. The point I was leading to is this: Water rights and power and conservation rights in water are not limited to individual States. In practically all cases they cover many States; and the effect of an abridgment of such rights or a granting of them to any select group takes away from the citizens of not only the area affected but also of other areas which might be served by the products of the immediate area their rights to such development, which, by reason of the natural formation of this continent, accrue to all the people. Is not that correct?

Mr. MORSE. I completely agree with the Senator from West Virginia. That is why, on Saturday, I said a policy question is concerned which involves all the people of the United States. This is a regional problem, so far as the direct need for the power is concerned, and the direct need for the flood-control benefits which should be built but in all probability will not be built under this bill. But the public policy issues are, of course, national in scope and interest, and I think the whole question must be examined from the national standpoint. That is why I urge that this bill go back to committee and that hearings be held in the field this fall on all of the partnership bills such as Cougar, Green Peter, John Day, and this Priest Rapids bill.

Mr. KILGORE. I know of cases in my own State in which private power companies have developed dams which can be used only for peaking power. Not only are the dams not susceptible of flood control but they have made the rest of the river unusable and, incidentally, have created, at times, periods of drought, when manufacturing plants have been shut down by reason of a lack of water.

The only hope we have, as has been well demonstrated in the case of a dam in West Virginia, is to provide for Federal control, which will allow for a constant flow beyond a designated point.

That is one reason why, despite the fact that in West Virginia power is developed completely by private sources, with no public power being produced in the State, I am very much interested in seeing that the people retain their rights to the power accrued by the streams, so that the streams may be properly developed for the greatest benefit of all the people.

That is why I join with the Senator from Oregon in his thinking with respect to this subject. Although West Virginia is not affected, at least at present, the policy might affect the State very disastrously in the future.

Mr. MORSE. I thank the Senator from West Virginia. I reserve the rest of my time.

Mr. BUSH. Mr. President, I am strongly opposed to the motion to recommit, but I am glad to yield the remainder of my time to the distinguished majority leader, the Senator from California.

Mr. KNOWLAND. Mr. President, I do not wish to cut off the distinguished Senator from Oregon, but in view of the fact that 1 hour has been allotted to general debate on the bill itself, it is my intention to move to lay on the table the motion to recommit. If the Senator from Oregon is prepared to yield back the remainder of his time, perhaps we might have a vote on the motion to lay on the table.

Mr. MORSE. I am prepared to yield back the remainder of my time.

Mr. KNOWLAND. Then, having been yielded the time of the Senator from Connecticut [Mr. BUSH], I now move that the motion of the Senator from Oregon [Mr. MORSE] to recommit be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Oregon to recommit the bill.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

Mr. MAGNUSON. Mr. President, I do not wish to detain the Senate on the final vote, but I desire to speak for about 1 minute.

I rise to repeat what I said to the junior Senator from Oregon [Mr. MORSE] on three or four occasions on Saturday. I am in complete agreement with the junior Senator from Oregon in the view that it would have been much better to have gone ahead with the Federal program, as has been done in the past. But, in view of the great need for kilowatts in the area, and because the dam will not be built unless the kilowatts can be provided at a cheap enough rate to be used successfully, I felt that those who were seeking the right to construct the Priest Rapids Dam should be allowed to build the project. I hope they will succeed, because the kilowatts are needed. I hope the power will be distributed as I think it will be. I do not believe that some of the dire results suggested by the Senator from Oregon will happen.

I hope the bill will be passed, because I have been moved by the fact that for almost 2 years, despite the need for kilowatts in the Pacific Northwest, there have been no new starts and no new construction programs at all. I have not abandoned the idea that we should not go ahead with the multiple-purpose dams, but, at least somewhat reluctantly, I have said to those who intend to build the Priest Rapids Dam, "We are going to help you to try to do the job yourselves, if you can."

Mr. BUSH. Mr. President, I hope very much that the bill will be passed. I think it is a good bill, and that it establishes a good principle.

I am ready to yield back the remainder of my time if the Senator from Washington will yield the remainder of his time.

Mr. MAGNUSON. I yield back the remainder of my time.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H. R. 7664) was passed.

CONSTRUCTION AT CERTAIN MILITARY AND NAVAL INSTALLATIONS

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SALTONSTALL. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SALTONSTALL, Mr. CASE, Mr. DUFF, Mr. BYRD, and Mr. STENNIS conferees on the part of the Senate.

APPOINTMENT OF CERTAIN OFFICERS OF THE REGULAR NAVY AND MARINE CORPS

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H. R. 6725) to reenact the authority for the appointment of certain officers of the Regular Navy and Marine Corps, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. SALTONSTALL. I move that the Senate insist upon its amendments, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SALTONSTALL, Mr. CASE, Mr. DUFF, Mr. BYRD, and Mr. STENNIS conferees on the part of the Senate.

EMPLOYMENT SECURITY ADMINISTRATIVE FINANCING ACT OF 1954

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of Calendar 1634, H. R. 5173, the Employment Security Administrative Financing Act of 1954.

The PRESIDING OFFICER. The clerk will state the bill by title.

The CHIEF CLERK. A bill (H. R. 5173) to provide that the excess of collections from the Federal unemployment tax over unemployment-compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States, to provide that the remainder of such excess shall be returned to the States, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to, and the Senate proceeded to consider the bill to provide that the excess of collections from the Federal unemployment tax over unemployment-compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States, to provide that the remainder of such excess shall be returned to the States, and for other purposes, which had been reported from the Committee on Finance with amendments.

Mr. MILLIKIN. Mr. President, the Committee on Finance received the bill, took action on it, made some amendments, and reported it to the Senate. I shall discuss all of them, but I should like to point out now that the principal feature of H. R. 5173 is that it would strengthen the Federal-State employment-security program by providing that all taxes collected under the Federal Unemployment Tax Act shall be devoted exclusively to the basic purposes of this program. To achieve this objective, H. R. 5173 provides as follows:

First. Beginning on July 1, 1953—and for each fiscal year thereafter—an amount equal to the excess of taxes collected under the Federal Unemployment Tax Act over the cost of administering the Federal and State operations of the employment-security program, including unemployment insurance and public employment offices, will be earmarked and placed in the Federal unemployment account. This account is already established under existing law and is a subsidiary account in the unemployment trust fund.

Second. At the end of each fiscal year the amount equal to the excess tax collections—if any—is to be earmarked and placed in the Federal unemployment account until that account reaches a balance of $200 million and thereafter in such years as may be necessary to maintain this balance. The estimated excess tax collections for fiscal year 1954 are approximately $75 million. The annual excess tax collections for the next fiscal year are estimated at approximately $60 million to $65 million.

Third. Any such excess not required to either achieve the original $200 million balance or to maintain the balance will be allocated to the trust accounts—in the unemployment trust fund—of the various States in the proportion that

their covered payrolls bear to the aggregate of all States.

The sums allocated to States' trust accounts are to be generally available for benefit payments. A State may, however, through a special appropriation act of its legislature, utilize the allocated sums—not to exceed amounts deposited in its trust fund in the previous 5 fiscal years—to supplement Federal administrative grants in financing its administrative operations.

Fourth. The $200 million balance—or any lesser balance—in the Federal unemployment account will be available to States with depleted reserve accounts for the purpose of assisting them in the financing of their unemployment benefit payments. Any State whose reserve account at the end of any quarter is less than the amount of benefits paid in such quarter and in the preceding three quarters may apply, through its governor, for advance from the $200 million account to its own trust fund. The largest advance which a State may receive in any quarter is the largest amount of benefits paid by it in any one of the last four preceding quarters.

Fifth. Repayment of the advances obtained by States in accordance with the above conditions are to be made by either (a) transfer of funds from the trust account of the borrowing State—at the direction of its governor—to the Federal unemployment account, or (b) a decrease in the 90 percent allowable credit against the 3 percent Federal unemployment tax. This decrease in allowable tax credits will begin after the second January 1 on which outstanding advances have not been repaid by transfer of funds from the State's trust fund. The decrease in the 90 percent allowable credit against the 3 percent Federal unemployment tax will be at the cumulative rate of 5 percent—5 percent of 3 percent—for each year in which the advance is still outstanding until the resulting additional Federal taxes collected have been sufficient to repay the advance.

The Federal unemployment tax is a 3-percent tax levied upon the payrolls—up to the first $3,000 of annual income of workers—of all employers of 8 or more workers during 20 weeks in the year in all but certain specified categories of employment. The employer is permitted to offset up to 90 percent of the Federal tax—2.7 percent of taxable payrolls—with any taxes paid to an unemployment-insurance system under the laws of the State in which he does business. The Federal law also permits the employer to include in his offset any State tax savings that are allowed him under the laws of his State.

When the Congress passed the unemployment-taxing provisions of the Social Security Act of 1935 it was believed that 10 percent of the total cost of the unemployment-compensation program would be needed for administrative expenses. For this reason the law provided the maximum offset of 90 percent—2.7 percent of taxable wages—and reserved 10 percent of the tax for the Federal Government. Federal tax collections from this source are not earmarked for employment-security purposes under existing law but go instead into the general fund of the Treasury. Each year Congress appropriates money for grants to the States to cover the administrative expenses of this program. The amount of the appropriation is determined by the administrative needs of the States and not by the estimated collections of the Federal unemployment tax.

Contrary to the original intent and expectation of the Congress, the three-tenths of 1 percent tax has proved to be excessive and, depending upon the basis of calculation, has yielded between $700 million to $1 billion in excess of the funds that have been disbursed to meet the Federal-State administrative costs of the program. This amount has been used to meet the general expenses of other activities of the Federal Government.

In the opinion of the committee, the full amount of the tax collections from the Federal unemployment tax should be used exclusively for strengthening and improving the Nation's employment security program as originally contemplated.

It is further agreed that the two basic needs to which these excess tax collections should be devoted are for the protection of State trust accounts against the contingency of insolvency and the provision for greater flexibility in administrative operations. Your committee believes that these two agreed needs can best be met through the methods provided in H. R. 5173.

The provision of a loan account, as established under H. R. 5173, from which States with depleted accounts may secure repayable advances, recognizes the Federal interest in protecting the solvency of State trust accounts in a manner consistent with the original intent that States be charged with ultimate responsibility in financing the benefits which they elect to provide.

The provision contained in H. R. 5173 that States may utilize for administrative cost purposes—under appropriate safeguards—that portion of tax collections credited to their accounts will serve to make more flexible and will better adapt the administrative structure of the Federal-State system to the varying needs and conditions of the country.

Attention is invited by your committee to the fact that the principle that the Federal unemployment tax collections should not be regarded as available for general expenditures has been recognized by the Congress in the enactment of the so-called George loan fund provisions (secs. 904 (h) and 1201 of the Social Security Act). Under these provisions the excess of the Federal unemployment tax collections over the amount of disbursements for administrative costs since the initiation of the Federal-State employment security program was to be available to States with depleted reserve accounts. Under the George loan fund it was left largely to the discretion of the States as to whether they would revise their tax structures so as to make any advances in fact repayable. The conference of State officials administering State operations of this program recommended the strengthening of the repayable loan provision by the method of reducing the allowable offset against the Federal tax, as is provided in H. R. 5173.

In regard to the second basic need—greater flexibility and adaptability in administration—your committee believes that this can best be met by leaving to the province of the States the use of allocated excess collections to supplement Federal grants.

Under H. R. 5173 the excess over the $200 million balance—or the amount necessary to maintain this balance—can be used only for benefit purposes unless a State legislature appropriates these funds for administrative purposes.

Mr. KNOWLAND. Mr. President, I send to the desk a proposed unanimous-consent agreement, which I ask to have read for the information of the Senate. First, let me say that the proposed agreement was discussed with the minority leader and with a number of Senators who have amendments to offer, some of those Senators having found it inconvenient either to be here last week, when it was suggested that the bill be brought up, or to be here for voting purposes today.

It was suggested on last Saturday, when we expected to complete action on the bill relating to the Priest Rapids Dam, that this proposed agreement be submitted to the Senate at that time; but I did not wish to have the proposed agreement submitted until action on the measure then pending had been concluded.

Mr. President, if the proposed agreement is entered into, the Senate will continue in session today until 6:30 or 7 p. m., or for as long as may be necessary to permit the completion of any remarks Senators may wish to make on the busines now pending.

The PRESIDING OFFICER. The proposed unanimous-consent agreement will be read.

The Chief Clerk read as follows:

Ordered, That following the morning business on Tuesday, July 13, during the further consideration of H. R. 5173, to provide that the excess of collections from the Federal unemployment tax over unemployment compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States to provide that the remainder of such excess shall be returned to the States, and for other purposes, debate on any amendment or motion (including appeals) shall be limited to not exceeding 2 hours, to be equally divided and controlled respectively, by the mover of any such amendment or motion and the Senator from Colorado [Mr. MILLIKIN] in the event he is opposed to such amendment or motion; otherwise, by the mover and the minority leader or some Senator designated by him: *Provided*, That no amendment that is not germane to the subject matter of the said bill shall be received: *And provided further*, That debate upon the bill itself shall be limited to not exceeding 2 hours, to be equally divided and controlled, respectively, by the Senator from Colorado [Mr. MILLIKIN] and the Senator from Texas [Mr. JOHNSON].

The PRESIDING OFFICER. Is there objection?

Mr. KENNEDY. Mr. President, reserving the right to object——

Mr. MORSE. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

The clerk will state the amendments of the committee.

The Chief Clerk stated the amendments reported by the Committee on Finance, which were, on page 1, line 4, after the word "of", to strike out "1953" and insert "1954"; on page 2, line 13, after the word "the", where it occurs the second time, to strike out "unemployment" and insert "employment security"; on page 3, line 3, after the word "those", to strike out "unemployment" and insert "employment security"; at the beginning of line 8, to strike out "unemployment" and insert "employment security"; after line 9, to strike out:

(1) the aggregate of the amounts expended during the fiscal year for—

(A) the purpose of assisting the States in (i) the administration of their unemployment compensation laws (including administration pursuant to agreements under title IV of the Veterans' Readjustment Assistance Act of 1952), (ii) the establishment and maintenance of systems of public employment offices in accordance with the act of June 6, 1933, as amended (29 U. S. C., sec. 49–49n), and (iii) carrying into effect section 602 of the Servicemen's Readjustment Act of 1944; and

(B) the performance by the Department of Labor of its functions (except its functions with respect to Puerto Rico and the Virgin Islands) under (i) this title and titles III and XII of this act, (ii) the Federal Unemployment Tax Act, (iii) the provisions of the act of June 6, 1933, as amended, (iv) title IV (except section 602) of the Servicemen's Readjustment Act of 1944, and (v) title IV of the Veterans' Readjustment Assistance Act of 1952; and.

And in lieu thereof to insert:

(1) the aggregate of the amounts expended during the fiscal year for the purpose of assisting the States in (A) the administration of their unemployment compensation laws (including administration pursuant to agreements under title IV of the Veterans' Readjustment Assistance Act of 1952), (B) the establishment and maintenance of systems of public employment offices in accordance with the act of June 6, 1933, as amended (29 U. S. C., sec. 49–49n), and (C) carrying into effect section 602 of the Servicemen's Readjustment Act of 1944, as amended; and

(2) the amount estimated by the Secretary of Labor as equal to the necessary expenses incurred during the fiscal year for the performance by the Department of Labor of its functions (except its functions with respect to Puerto Rico and the Virgin Islands) under (i) this title and titles III and XII of this act, (ii) the Federal Unemployment Tax Act, (iii) the provisions of the act of June 6, 1933, as amended, (iv) title IV (except sec. 602) of the Servicemen's Readjustment Act of 1944, as amended, and (v) title IV of the Veterans' Readjustment Act of 1952; and.

On page 5, line 4, to change the subsection number from "(2)" to "(3)"; after line 9, to strike out:

For the purposes of paragraph (1), payments before July 1 for any period on or after such July 1 shall be considered as expended during the fiscal year which begins on such July 1.

On page 6, line 15, after the word "Labor", to insert "and certified by him to the Secretary of the Treasury on or before that date"; in line 17, after the word " States", to insert "to the Secretary af Labor by June 1"; at the beginning of line 22, to strike out "June 1" and insert "May 1"; in line 24, after the word "such", to strike out "June 1" and insert "May 1"; on page 9, line 13, after the words "in the", to strike out "account" and insert "unemployment fund"; in line 22, after the word "subsection'" to insert "and"; after line 22, to strike out:

"(3) the Governor certifies that the contribution rate or rates in effect for the quarter in which he applies will yield an amount which he estimates will equal or exceed 2.7 percent of the total remuneration which he estimates will constitute wages subject to contributions for such quarter under the law of such State; and.

On page 10, line 5, to change the subsection number from "(4)" to "(3)"; in line 6, after the word "paragraphs", to strike out "(1), (2), and (3)" and insert "(1) and (2)"; in line 8, after the word "Labor", to strike out "shall, from time to time, certify" and insert "shall certify"; on page 11, line 16, after the numerals "1201", to strike out "(a)"; in line 19, after the word "shall", to insert "promptly"; in the same line, after the word "amount", to strike out "as of the close of the calendar month in which the Governor makes such request"; in line 22, after the word "the", to insert "Unemployment Trust Fund for credit to the"; on page 12, line 7, after the word "under", to strike out "subsection (a)" and insert "section 1201"; at the beginning of line 11 to "received, and covered into the Treasury"; in line 12, after the word "under", to strike out "subsection (a)" and insert "section 1201"; in line 13, after the word "the", where it occurs the second time, to insert "Unemployment Trust Fund for credit to the"; in line 18, after the word "transferred", to strike out "from time to time from the general fund in" and insert "at the close of the month in which the moneys were covered into"; in line 20, after the words "to the", to insert "Unemployment Trust Fund for credit to the"; in line 22, after the word "be", to insert "as of the first day of the succeeding month"; at the beginning of line 25, to strike out "from time to time"; on page 13, line 2, after the period, to strike out the quotation marks ("), and after line 2, to insert:

SEC. 1203. When used in this title, the term "Governor" shall include the Commissioners of the District of Columbia.

Mr. KENNEDY. Mr. President, with respect to the committee amendment on page 10, ending in line 4, I wish to state that the Senator from Rhode Island [Mr. PASTORE] has an amendment dealing with the rate of repayment, based on the so-called George loan fund, in connection with the section having to do with advances to State unemployment funds. I wonder whether the Senator from Colorado can inform me whether acceptance of the committee amendments will prejudice in any way the right of the Senator from Rhode Island to submit his amendment.

Mr. MILLIKIN. I would have no objection to having all the committee amendments agreed to en bloc, and having the bill as thus amended regarded as a new bill, subject to amendment.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the committee amendments be adopted en bloc, with the understanding that the adoption of the committee amendments in toto will result in having the bill as thus amended considered as a new bill, for purposes of amendment, so that any Senator may submit amendments to the bill as amended.

The PRESIDING OFFICER. Is there objection? The Chair hears none. Without objection, the amendments of the committee are considered and agreed to en bloc; and, without objection, the further request of the Senator from California is agreed to.

Mr. KENNEDY. Mr. President, tomorrow I intend to call up an amendment intended to be proposed by me, on behalf of myself and various other Senators, to this bill; but I have no intention of doing so today.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

Mr. MORSE. Mr. President, if the bill is read the third time, that will preclude the Senator from Massachusetts from offering his amendment.

I suggest to my friend, the Senator from Massachusetts, that he call up his amendment, so that it will be before the Senate, inasmuch as the amendment is in the form of a substitute. So he had better have it before the Senate before the bill is read the third time.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. Has the third reading of the bill been ordered?

The PRESIDING OFFICER. Not yet.

Mr. KNOWLAND. Then I suggest that the Senator from Massachusetts submit his amendment and speak upon it, for otherwise it will be necessary to vote on the question of the engrossment of the committee amendments and the third reading of the bill. Inasmuch as we have not been able to have the proposed unanimous-consent agreement entered, I hope that as many speeches as possible will be made between now and 6:30 p. m.

Mr. KENNEDY. Very well.

Mr. President, I submit, on behalf of myself and sundry other Senators, the amendment which I send to the desk and ask to have stated. The amendment is identified as "7–7–54–B."

The PRESIDING OFFICER. Does the Senator from Massachusetts wish to have the amendment read?

Mr. KENNEDY. That will not be necessary, Mr. President.

The PRESIDING OFFICER. Will it be sufficient to have the amendment printed in the RECORD?

Mr. KENNEDY. Yes.

The PRESIDING OFFICER. Then, without objection——

Mr. MORSE. Mr. President, I object; I should like to have the amendment read.

The PRESIDING OFFICER. Objection being heard, the amendment will be read.

The amendment submitted by Mr. KENNEDY, for himself, Mr. DOUGLAS, Mr. MANSFIELD, Mr. JACKSON, Mr. PASTORE, Mr. SYMINGTON, Mr. GREEN, Mr. HUMPHREY, Mr. MAGNUSON, Mr. GILLETTE, Mr. KEFAUVER, Mr. ANDERSON, Mr. LEHMAN, Mr. NEELY, Mr. MORSE, Mr. MURRAY, and Mr. HENNINGS, was read by the Chief Clerk, as follows:

At the end of the bill, add a new section, as follows:

"SEC. 6. Section 1603 (a) of the Internal Revenue Code is amended by redesignating paragraph (6) as paragraph (9), and by adding after paragraph (5) the following new paragraphs:

"'(6) The maximum weekly compensation payable under such law shall be an amount equal to at least two-thirds of the average weekly wage earned by employees within such State, such average to be computed by the State agency of such State on July 1, 1955, and on July 1 of each succeeding year on the basis of the wages, including amounts excluded therefrom under section 1607 (b) (1), paid during the last full year for which necessary figures are available.

"'(7) The weekly compensation payable to any individual shall be (A) the maximum weekly compensation payable under such law, or (B) an amount (exclusive of any compensation payable with respect to dependents) equal to at least one-half of such individual's average weekly wage as determined by the State agency, whichever is the lesser.

"'(8) Compensation shall not be denied to any eligible individual for any week of total unemployment during his benefit year by reason of exhaustion or reduction of benefit rights or cancellation of his wage credit until he has been paid unemployment compensation for not less than 26 weeks during such year.'"

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts on behalf of himself and other Senators.

Mr. KENNEDY. Mr. President, this amendment is offered on behalf of the Senator from Illinois [Mr. DOUGLAS], the Senator from Montana [Mr. MANSFIELD], the Senator from Missouri [Mr. SYMINGTON], the Senator from Washington [Mr. JACKSON], the Senator from New Mexico [Mr. ANDERSON], the junior Senator from Rhode Island [Mr. PASTORE], the senior Senator from Rhode Island [Mr. GREEN], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Iowa [Mr. GILLETTE], the Senator from New York [Mr. LEHMAN], the Senator from West Virginia [Mr. NEELY], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oregon [Mr. MORSE], the Senator from Montana [Mr. MURRAY], the Senator from Missouri [Mr. HENNINGS], and myself.

Approximately the same list of sponsors has introduced a more comprehensive substitute for H. R. 5173, No. 7–1–54–B, which substitute would implement the standards contained in this amendment, establish a contingency fund for administrative expenses, and provide for a program of reinsurance for depleted State reserves. Even this substitute, which I shall offer if we are successful in obtaining passage of the pending measure, represents a considerable modification of S. 3553, a bill introduced on June 3 by approximately the same sponsors. Those sections establishing nationwide standards of disqualifications, broadening coverage, and permitting uniform employer tax reductions, have been removed from that bill in the presentation of this substitute. In short, this substitute does not make all necessary improvements in our Federal-State unemployment compensation system. But it does represent a fundamental strengthening of the program in sharp contrast to the weaknesses introduced by H. R. 5173.

However, in order to clarify the issue, in order to make certain that there is no misunderstanding as to the purpose or effect of this first vote, the amendment we are offering at this time seeks only to add to H. R. 5173 the 3 brief and comparatively simple sections which appear on page 2 of the substitute. These sections, which I shall discuss in a moment, establish nationwide standards for the amount and duration of unemployment-compensation benefits at levels recommended by President Eisenhower, Secretary of Labor Mitchell, and the tripartite Federal Advisory Council. The only issue presented to the Senate by this amendment is whether it favors better unemployment-compensation benefits, or whether it is opposed to such benefits.

This issue, particularly when our amendment is contrasted with the other provisions of H. R. 5173, presents in my opinion the most fundamental issue concerning the basic structure of our economic and social-security legislation to be considered by this Congress. It is particularly unfortunate that, during a time when the rate of unemployment covered by this program has doubled from its level of 1 year ago, and the rate of new claims under the program has similarly increased, Congress should be considering legislation which would weaken instead of strengthen this vital law.

Unemployment compensation is, as President Eisenhower described it in his economic report, "a valuable first line of defense against economic recession." During the downturn of 1949, $1.7 billion—more than twice the 1948 level—was paid to maintain the purchasing power of unemployed workers. In the fiscal year which has just been completed, I understand benefits again exceeded well over $1 billion. The importance of this program, not only to the worker but to the economy as a whole, has been repeatedly demonstrated in my own State of Massachusetts. Business Week on May 7, 1949, for example, stated that the paradox of excessively high unemployment rates in Lawrence, Mass., but without a simultaneous business depression was due, according to Lawrence businessmen, to unemployment compensation, which they said "had proved to be an effective cushion for business—as well as workers—against the impact of layoffs."

But unemployment compensation has been sadly weakened by time and State inaction. Although in 1939, the ratio of benefit ceilings to average weekly earnings for all 51 State laws was 67 percent, the figure for December 1953 was only 41 percent. Six States have benefit ceilings only 30 to 35 percent of average weekly earnings. Particularly tragic is the problem of benefit exhaustions. In 1953, in the State of Alabama, for example, over 40 percent of unemployed workers received benefits up to the maximum period of 20 weeks and then were forced on the relief rolls. In 1949, nearly 2 million unemployed workers in this country exhausted their benefits. Inadequate amounts and duration of unemployment benefits hurt not only the worker but his community and Nation.

Mr. LEHMAN. Mr. President, will the Senator from Massachusetts yield?

Mr. KENNEDY. I yield.

Mr. LEHMAN. Is it not a fact that under the present law there is no uniformity at all with regard to the maximum weekly compensation paid, and also with regard to the minimum compensation paid to workers in the various States?

Mr. KENNEDY. The Senator from New York is quite correct. It is for that reason that President Eisenhower in his economic report made the recommendation that the States place in effect certain minimum standards, for the duration of 26 weeks, and, with respect to the amount of benefit, that the maximum be two-thirds of the average wage or 50 percent of the worker's wage, whichever is the lesser. The President has recommended that State governments take action on both those standards.

Nineteen States have had an opportunity to act. Their State legislatures have met since the President made his recommendation in February. The fact is that not one of the States has acted. As the Senator knows, the great variation in standards among the various States puts a State which places its standards on the highest level at an economic disadvantage in competing with States whose standards are at a lower level. Therefore, a premium is placed upon maintaining extremely low standards for amount of benefit and duration of benefit.

Mr. LEHMAN. Mr. President, will the Senator yield for a further question?

Mr. KENNEDY. I yield.

Mr. LEHMAN. There is no doubt in my mind—and I ask the Senator whether or not he agrees with me—that the question of the maximum and minimum rates of compensation in the various States is of paramount importance. Of even greater importance, it seems to me, is the matter of lack of uniformity of the period for which compensation is paid in the various States.

In my State of New York we are paying, and have paid for a considerable period of time, compensation for 26 weeks, but I understand that in a great many other States the number of weeks of compensation authorized is consider-

ably less than 26, and in some States, I believe, it is even below 20 weeks.

Mr. KENNEDY. The Senator is quite correct. In the State of Arizona the duration of benefits is as low as 12 weeks. Thus, an unemployed man in Arizona is entitled to receive unemployment compensation benefits for 12 weeks. Then he goes on public subsistence, or relief. In New York he is entitled to benefits for 26 weeks. The figure varies all the way from the low of 12 weeks in Arizona to the high of 26 weeks in New York.

Moreover, there is a corresponding difference in the amount of benefits, and therefore a corresponding difference in the amount of taxes paid by the employer. Thus, in States with lower standards, as compared to a State like New York, the employers are required to pay a correspondingly greater tax for this purpose. It seems to me that the whole purpose of the 0.3 percent offset when the Social Security Act was passed in 1935 was to provide a degree of uniformity among all the States and that the tremendous spread in benefits and duration which has been permitted to occur in the past 15 years has penalized States which have had a progressive, advanced system.

Mr. LEHMAN. I compliment the Senator from Massachusetts for pointing out the great variations in the period during which compensation is paid. The maximum weekly compensation and the minimum weekly compensation are, of course, of very great importance. Will not the Senator agree with me that where a State pays compensation for only 20 or 16 or, in the case of Arizona, 12 weeks, the impact on the employment situation and on the economic situation of the State is vastly increased; because if a man is thrown out on his own resources after only 12 or 14 or 16 weeks of compensation, he almost inevitably becomes a drain on the economy of the State?

Mr. KENNEDY. That is correct. I should also like to point out to the Senator from New York that this is not a matter between the North and the South. The State of Mississippi, which is frequently regarded as a low-income State, pays a higher ratio of benefit, using the average wage in the State, than any other State in the Union. Therefore, if the amendment which I propose should be adopted, it would probably cost employers in Mississippi less than it would cost employers in any other State. Mississippi's level has kept up higher in proportion to the average wage in the State since 1938 than has the level in all the other States, North or South.

Therefore, it is not a regional matter or a matter between regional economies; it is a matter of what is in the best interest of the economy of the country as a whole.

My amendment, as the Senator from New York knows, because he is a cosponsor of it, would merely provide for the acceptance of the standards recommended by the President in the belief that it is in the best interest of the Nation that all the States adopt these standards, and in that way strengthen the economic welfare of the entire country. Therefore, we should adopt those standards.

Mr. LEHMAN. Is that not clearly demonstrative of the fact that many of us on this side of the aisle are eager to support the President's programs when they are sound, although we do not receive very much encouragement?

Mr. KENNEDY. Exactly. The President, in his economic report, at page 98, states:

> It is urged, therefore, that all of the States raise the potential duration of unemployment benefits to 26 weeks, and that they make the benefits available to all persons who have had a specified amount of covered employment or earnings.

That is exactly what this amendment does.

In addition, the report states:

> Originally, upon the recommendation of the President's Committee on Economic Security in 1935, the States set benefits generally at 50 percent of weekly wages. However, they also fixed dollar maximums which have since significantly curtailed the benefits.

Then the report goes on to show how the effect of the ratio between the benefits and average wages has fallen from 50 percent to 33 percent. Therefore, he suggests that the maximums be raised so that they will equal at least half of the regular earnings.

I wish to emphasize that this is not a regional matter between the North and the South, and it is not a matter between Republicans and Democrats. After all, we are seeking to put into effect only what the President has recommended.

In the light of this need for strengthening our unemployment compensation program, what does the Reed bill do? It does nothing to increase the level or duration of benefits paid to unemployed workers. The Senator from New York [Mr. LEHMAN] and I were discussing the fact that there should be at least a minimum period for the duration of benefits. The pending bill as now written does nothing about it. It does nothing to safeguard effectively the unemployment compensation reserves of those States hit hardest by chronic and excessive unemployment. It does nothing to protect employers in such States from excessive tax rates. It does nothing to spread the risk of unemployment—a national problem—more evenly throughout the Nation. It does nothing to prevent the dissipation in an administrative pork barrel of those Federal unemployment compensation funds which should be used for benefits where needed most.

As the Senate knows, the purpose of the original 0.3 percent offset provision was not only to provide for a system of unemployment compensation in all the States, but it was also to provide for the cost of administration. Since that time, over 13 of our States have received a substantially greater sum for administration than they have paid in. Yet under the bill which is before us in the Senate each State would receive back, to be available for both administration and unemployment compensation benefits, the percentage that their wages bear to the total national payroll. This will mean that there will be dissipated in administrative costs some money which should be going into the reserve fund for unemployment compensation benefits.

The pending bill does nothing to protect the taxpayers from making additional appropriations for unemployment compensation administration in years of heavy unemployment, even though Federal funds collected for this purpose in previous years would—if preserved—be sufficient for such purposes. It does nothing to prevent unfair competition among States and employers through the undercutting of jobless benefit standards. It does nothing to bolster the purchasing-power potential of unemployment compensation during a serious economic decline. It does nothing to further President Eisenhower's recommendation of higher benefits and longer periods of payment.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. MORSE. The Senator has been talking about the fact that this problem is not between the North and the South, or between the East and the West, or a partisan problem. I completely agree. My question is this: Is it a States rights problem? Does the Senator from Massachusetts agree with me that there is no problem of States rights involved? There is only a problem of the Federal Government laying down reasonable standards—which we have a right to expect the States to comply with if they seek to have the benefit funds contributed by all the taxpayers of the United States—for the use of Federal funds for the relief of an unemployment problem no matter where it exists, because no matter where it exists, it is a national problem. Does the Senator agree with that?

Mr. KENNEDY. The Senator is absolutely right. It is not an intrusion into the rights of States to set minimum standards. We do it with respect to minimum wage laws, and in many other fields, for example, public assistance. The real question is what is in the best interests of the country. Is it in the best interests of the country to permit competition among the various States to provide for the lowest possible protection, because it gives the employers within a State a temporary advantage in paying a lower tax? Is it in the best interests of the country, therefore, to permit that situation to go on, or is it in the best interests of the country to provide for minimum standards which will maintain consumer purchasing power and provide protection for those States which give an adequate return in both amount and duration to their employees who are thrown out of work?

It seems to me it is in the best interests of the States, particularly those States which are trying to do a good job, that we provide reasonable minimum standards.

Mr. MORSE. If the Senator will yield I should like to ask him a few questions.

Mr. KENNEDY. I am glad to yield.

Mr. MORSE. I should like to ask the Senator some questions bearing upon the philosophy of the bill, because whenever

we have before us a major piece of legislation—and this is very important legislation—I always seek to determine to my satisfaction what the underlying legislative philosophy of the bill is.

I should like to ask the Senator from Massachusetts if it is his opinion that in this dynamic capitalistic system of ours we have been seeing evolving for some time, and for several years past, a growing recognition on the part of the people of the country, the people as a whole have very definite moral responsibilities in connection with alleviating grave hardships of unemployment.

Mr. KENNEDY. I certainly agree.

Mr. MORSE. Does the Senator from Massachusetts share my view that if we accept that as a major premise, then we must look at legislation such as a means of implementing the Full Employment Act of 1946? When Congress passed that act it recognized the fact that there is an obligation on the part of our Government to do what it can, within reason and in keeping with sound public policy, to bring about an economic condition in the country that makes it possible for all who are well and able to work to have full employment. Does the Senator agree with me?

Mr. KENNEDY. Yes. I think it is obvious that the individual employer is not really in position, in most instances, to affect very much the employment level in his company, and is dependent upon the flow and ebb of the economy of the Nation as a whole. Therefore, it seems to me that the Federal Government has a definite responsibility, and, as the Senator says, it has recognized its responsibility in the Full Employment Act of 1946 to intervene in an effective manner in this field and not merely to leave the States and individual employers to cope with the problem.

Mr. MORSE. I doubt if a more important point can be made in this discussion than is the point which the Senator from Massachusetts has just made, namely, that we must recognize that as the result of a gradual change in the nature of our economic system, the individual employer can no longer be looked to as the one who has the primary responsibility of taking care of the unemployment needs of his employees. It is a difficult point to get people to see at first glance, but I think what we need to recognize is that this economy of ours has become so complex and so interrelated that employers A, B, and C, and on down through the rest of the alphabet, multiplied many times throughout this country, irrespective of the State in which their operations exist, cannot be looked to by the people of the United States to take care of unemployment on a plant-by-plant basis. After all, they are not the determiners of cause to effect and effect to cause in the whole matter of employment and unemployment in the United States.

There are so many factors completely beyond the control of employers which determine unemployment, that if we really believe in this capitalistic system of ours—and I happen to be one who does believe in it—we must recognize a national obligation to relieve unemployment. The preservation of the economic freedom of choice for the individual calls upon all of us, as a society of free people acting through our Government, to see to it that the unemployment needs of our people are taken care of through such an amendment as we propose, or else the Full Employment Act of 1946 becomes just so many empty words.

Does the Senator find himself in any strong disagreement with that general point of view?

Mr. KENNEDY. No, I do not. I must also say I do not quite understand why whoever drew the act was so insistent on prohibiting a State from instituting a uniform tax reduction below the 2.7 level. It seems to me it is based to a substantial degree on a fallacious theory that an employer, if he takes proper precautions, can prevent widespread unemployment in his particular industry. I think time has proved that to be incorrect. I should like to have seen the bill reported out by the Finance Committee permit a State to reduce its rate to less than 2.7 on a uniform basis, because I think the theory behind the experience rating is not completely borne out by our actual experience.

Mr. MORSE. I think the Senator is absolutely correct. If the Senator will permit this observation, let me supplement the approach which the Senator is making to the question.

I wish to join with the Senator from New York [Mr. LEHMAN] in highly commending the Senator from Massachusetts for his suggestion that the act needs to be amended in accordance with the provisions of the amendment which the Senator is offering in behalf of the rest of us who are cosponsors. I commend the Senator from Massachusetts for the leadership he is extending to the Senate and to the country in reference to this matter. He is correct in pointing out today that, after all, this problem of unemployment cannot be solved on the basis of any individual employer plan.

Let us consider a specific example. I become a little bit amused sometimes when I listen to some of the reactionary business leaders of the country who talk about a return to laissez faire and to the economic jungle law of unfettered supply and demand. We usually find them talking in those terms when their business is prosperous, but they talk a different tune if we run into them a few months later and find that economic forces over which they have no control at all are playing havoc with economic conditions in their industry. Then they do not talk about laissez faire or about the operation of the unfettered law of supply and demand. When unemployment hits their business they want the Government to do something immediately.

Then they are strong for the assumption on the part of the Government of some of its responsibility in keeping with the spirit of the Full Employment Act of 1946 by way of Government aid in the direction of Federal assistance to the States through unemployment insurance compensation.

Let us take a situation such as exists in the manufacture of television sets, of automobiles, farm machinery, or a great many of the other durable goods which for the past year have been suffering from a recession, so far as employment is concerned and so far as purchasing power of potential customers is concerned.

Does the Senator from Massachusetts agree with me that there really was not very much, for example, that the television industry or the farm-machinery industry or the automobile industry could do about the growing unemployment, because of the fact that the forces causing it were far beyond any forces operating within the industry, so far as causal forces were concerned?

Mr. KENNEDY. Yes; I agree with the Senator. I have some figures which show a higher tax rate on textile producers, located in all parts of the country, as compared with the rate the service industries and insurance companies, which are not subject to the same fluctuations in supply and demand, have to pay. Some persons have the idea that employers should be penalized for having a streak of unemployment. It is obviously not their responsibility. It is the economy as a whole which affects them, and they have no control over it.

The Senator is perfectly correct in his point of view.

Mr. MORSE. It is certainly not fair, in such circumstances, to have unemployed individuals suffer losses which, after all, were caused by economic forces in this country over which neither they nor the employer had any control.

Mr. KENNEDY. That is correct. It seems to me, as the Senator from Oregon points out, that the question is broader than that of employer and employee; it is larger than a State problem. We have come a long way since 1935. While the system was put into effect as far as it could have gone in 1935, it seems to me that to consider the question as a State problem, and to permit the duration of a wide disparity of benefits after 18 or 19 years of experience under the act, is simply to fly in the face of all the facts which have become known throughout the country.

Mr. MORSE. I have only 1 or 2 more points I wish to raise at this time, but they deal with hypotheticals which we have been discussing.

Let us consider textiles, automobiles, television, farm machinery, or any other product manufactured in the durable goods industry, in which there has been so much unemployment during the last year. Does the Senator from Massachusetts agree with me that there has been a need for the goods produced by those manufacturers? Does he agree that there has been a need for the farm machinery; that there has been a need, so far as the replacement of cars is concerned, for considerable quantities of automobiles, for which the prospective consumers have not been able to find the purchasing power? Certainly there has been a need for textiles, but the fact is that there has not been the purchasing power in the consuming public as a whole which would be sufficient to justify employers, if they are to operate at a profit, and not at a loss, to operate their plants at that capacity which would keep their

regular staffs employed. Is not that correct?

Mr. KENNEDY. That is correct.

Mr. MORSE. So, again, we are confronted with the old problem of maintaining a relatively high purchasing power on the part of the masses of all our people, if the capitalistic system is to be kept functioning in a healthy state. Is not that true?

Mr. KENNEDY. Yes; that is correct.

Mr. MORSE. Therefore, if the laissez faire doctrine is accepted, or if it is said that the law of supply and demand should be allowed to rule, with all the human suffering that goes along with it, we are simply inviting a further reduction in the purchasing power; and if that reduction develops, the Nation will find itself in what is called a cycle of recession or depression. Is not that true?

Mr. KENNEDY. That is correct. Therefore, I think, as the Senator from Oregon has said, it is of immense concern to all of us, in all parts of the country, that several States are operating with inadequate standards. In those cases the people who receive unemployment compensation, or who should get the benefit of it, will not receive a sufficient amount of money with which to maintain consumer purchasing power. So this is not a matter from which we should be removed; it is a matter which is of direct concern to all of us.

Mr. MORSE. That is why, in my judgment, the Federal Government has, at least, the responsibility of saying that it recognizes a national interest in maintaining a fund for unemployment benefits to the States. But, in return, the States have an obligation to the Federal Government to make certain that they maintain what we are now talking about, namely, a level of decent State standards, so that the State policies do not lead to such a loss in purchasing power that the loss in State X can have a very detrimental effect, as the waves of causation of economic disaster spread across the country. Those waves spreading across the country would not have such a serious detrimental effect if all States maintained high standards of unemployment benefits. As a result of the low standards in State X a great many thousands of persons would lose their purchasing power. Their unemployment benefits would run out at a very early date, and that would begin to set in motion, of course, an economic wave which is bound to result in economic losses in other States. Does the Senator from Massachusetts disagree with that?

Mr. KENNEDY. That is quite true. What is really objectionable is if the inadequate benefits in State X are kept inadequate simply because the State desires to enjoy a competitive advantage over another State, which is maintaining its standards high, and is imposing a far higher tax on its employers. It seems to me that States which provide inadequate benefits are working against the general interest.

Mr. MORSE. The last question I wish to ask, at least at this time, deals with the point which the Senator from Massachusetts has heard me discuss at some of the conferences of a group of Senators of whom the junior Senator from Massachusetts has been a very helpful member. It is the point involving the so-called low-income producers in America, especially the mass of people throughout the country who gross $3,500 a year or less.

As the Senator knows, the number of persons in that class is so large that if they should be taken out of production, across the country, they would bring the whole economic system to a complete standstill in a very, very short period of time. Some economists say it would result in the economic collapse of the United States in 6 months. Whatever the period of time may be—let us call it X period of time—the fact is that those low-income producers are so vital to the operation of the economy that if there should be taken away from them even the low purchasing power which they have our economy would collapse. Is not that true?

Mr. KENNEDY. That certainly is true. The Senator from Oregon was earlier talking about the problem of employment in the Pacific coast industries. It was pointed out in the hearings that in the jewelry and textile industries, in which there has been very chronic unemployment, the average tax rate for those industries was 5.31 percent. This indicates a tremendous disadvantage to the States which suffer from chronic unemployment, particularly in those with less stable industries. As the rates go up, other employers have to bear some of the load, or else have to move out of the State. That is why there is the migration of industry to other areas. The reason why some States maintain lower standards is that they feel it is an attraction for industry. I believe such action is against the whole spirit of the act and the reason for its original passage. Certainly it should be against the public interests at the present time to allow such practices to continue.

As the Senator from Oregon has stated, the people who are denied adequate benefits are those who play a very important role in maintaining a pliable economy.

Mr. MORSE. If the Senator from Massachusetts will permit me to do so, and if there is no objection, I wish to summarize the point of view I have sought to express in the RECORD in my colloquy with the Senator, because I believe it involves a principle which I find so many people overlook when they approach the problem of unemployment compensation.

As the Senator from Massachusetts knows, we are meeting people all the time who say, "Why are you voting for funds to pay people for not working?" I usually laugh, and say, "I am doing it to help you."

It is important to get the average citizen to understand the vested interest he has in unemployment benefits; that it is to the benefit of every citizen in the country that unemployment benefits be paid. The Government should not be parsimonious about it, either, because of the point I have made, namely, that the whole economy benefits from unemployment benefits. The money the doctor collects, the fees which the lawyer takes into his office, the earnings of the retail merchant, the income received in any trade and profession is dependent upon the purchasing power of all the people. I do not care what individual in the economy is selected, his economic well being is dependent, after all, upon the so-called great mass of producers in the low-income brackets at least being able to maintain a standard of living of health and decency. Too many of them receive wages so low that they cannot maintain a minimum standard of living, of health, and decency. I am not talking about the substandard wage group at this particular moment. As to those, I simply say we have a tremendous obligation in this country to see to it that legislative assistance is given to them so that their standard of living can be raised, by making it very clear to the industries in which they work that those industries have no right to operate unless they are willing to pay a wage which permit their workers to enjoy a standard of living of health and decency.

In a great many arbitration decisions, I have put it this way: There is no industry in this country which has the right to expect the rest of the population to subsidize its employees for what is needed over and above the substandard wages that the industry pays. Every industry should be expected to pay wages high enough to give its employees a wage of health and decency. I have heard much criticism of that point of view but more and more people are coming to recognize its soundness. Under our capitalistic system no industry has a right to operate on a substandard wage. That is not free competition. That is not free enterprise. That is exploitation of the economically weak.

I say, ignoring the substandard wage group, there are many, many millions of men and women working in American industry today and receiving wages so low that they gross $3,500 a year or less. They are the ones to whom we need to give particular concern in connection with this matter of unemployment benefits. When unemployment benefits to persons in that group are considered, and the suggestion is made that the unemployment benefits for whatever period of weeks unemployment insurance is going to be paid those persons should approximate their weekly wages, we find uninformed individuals saying, "Why, it is better if that fellow does not work. He is better off if he does not work at all."

The answer to that argument is that the rest of us in this country are not better off at all if he does not work. We are not better off if economic conditions have closed down the industry in which he was employed, and there is no job available to him. We are not better off if the unemployment benefits he receives are so small that he cannot purchase the necessities of life. Most of these workers have a hard time making both ends meet on the pay they get for full-time employment.

That is particularly true, Mr. President, of the millions who receive a gross income of $2,500 or less a year. Individuals who gross $2,500 or less a year today, if they have any family at all, just cannot make ends meet and give their

families that minimum standard of living which we call the standard of living of health and decency.

So I happen to be one who says that my confidence in our free enterprise system is such that I am satisfied that if we look at the question from the standpoint of our national obligations, we should do what we can to see to it that an employee in that group receives unemployment compensation which would come pretty close to his take-home pay if employed. When that much is given to him, we are not giving him very much.

Mr. President, those persons are so vital to the continuation of our economic system that, without their production, it would break down completely. If that premise is true—and one cannot find a reputable economist in this country who would deny it—then I say that the Congress, when it comes to the consideration of legislation such as that now before the Senate, should ask itself this question: What is the legislative philosophy behind this bill? What is it we are seeking to do?

Let me say, Mr. President, we not only are seeking to be of humane help to unemployed persons, but we are seeking also to help ourselves, each and every one of us, be we doctors, lawyers, manufacturers, businessmen, or candlestick makers. We all have a vital interest in seeing to it that a person in the low-income group in this country is able to maintain a purchasing power which will permit him to live in health and decency, because if we do not, then I respectfully submit serious economic trouble will confront us. Unchecked unemployment always creates the danger of a serious recession which may develop into a runaway depression.

I thank the Senator from Massachusetts for answering the questions I asked, and for engaging me in this discussion. I am sure at least the consponsors of the amendment are of one mind as to the philosophy of the substitute amendment offered.

REVISION OF ORGANIC ACT OF VIRGIN ISLANDS — CONFERENCE REPORT

Mr. CORDON. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3378) to revise the Organic Act of the Virgin Islands of the United States. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see RECORD of House proceedings of today.)

Mr. CORDON. Mr. President, I send to the desk, and ask to have printed in the RECORD a statement with respect to the report, chiefly because it refers to the late Senator Butler, of Nebraska, the distinguished former chairman of the Committee on Interior and Insular Affairs, under whose direction the bill was prepared, and who directed the proceedings during conference.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The other body today unanimously adopted the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill, S. 3378, to revise the Organic Act of the Virgin Islands of the United States.

This report is signed by all of the conferees of both Houses. The conferees have reported a clean bill, the substance of which is the Senate measure with certain features approved by the House. The Members of the Senate will recall that the Senate bill was introduced and reported by the late distinguished chairman of the committee, the Honorable Hugh Butler of Nebraska. The former chairman of the committee was greatly interested in trying to improve conditions for our 25,000 fellow American citizens in the Virgin Islands, and in many ways this legislation is a memorial to him.

In substance, enactment of the conferees' bill would be a long step forward in making the people of the Virgin Islands self-sufficient economically. It provides for a grant out of the internal revenue taxes on Virgin Islands products of a sum equal to the amount of revenue collected by the government of the Virgin Islands. This is a "matching funds"' grant, dollar for dollar.

The conferees' bill also makes possible the establishment of a "free port" in the Virgin Islands which the committee was assured would enable these American possessions to compete on a basis of equality with the neighboring British, French, and Dutch Caribbean Islands for the so vital tourist business in the area.

Politically, the conferees' bill would modernize and streamline the present archaic local governmental structure in the Virgin Islands. Thus, by providing better government, it provides more true local self-government.

The present Organic Act of the Virgin Islands dates from 1936. Many of its provisions are characteristic of the extreme paternalism that dominated much of the legislative thinking of the mid-1930's. It also borrowed much from the old Danish colonial system that had been in effect in the islands in one form or another for some two and one-half centuries.

For example, for the mere 25,000 people, with an electorate of less than 10,000, three separate and distinct local governments—three legislative bodies—were set up. The members, elected by popular vote, were left free to determine the length of their sessions and the amount of their compensation. As a result they are in more or less continuous session and have voted themselves annual salaries of up to $2,300. And many of them represent less than 2,000 voters. Last year, legislative costs for the 25,000 persons in the islands approximated $100,000.

One of the worst features of the present act is the absolute veto, in substance, that the legislatures have over the Governor. The Governor, a Presidential appointee, cannot hire a man to sweep the floor of the executive office without obtaining the prior approval of the legislature.

This inevitably has made local government subject to a great deal of petty politicking and has not always led to the appointment of the right man to the right job.

The conferees' bill would change all of this and establish a single popularly elected legislature of 11 members, more directly responsible to the majority of the voters. At the same time it would untie the hands of the Governor.

The present Governor, Hon. Archie A. Alexander of Iowa, was a highly successful businessman and leader before his selection by President Eisenhower. He is capable of bringing honest, efficient, responsible government to the Virgin Islands. But he cannot do so unless we untie his hands, as does this bill.

Therefore I urge adoption of the conference report on S. 3378.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. LENNON. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LENNON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the conference report.

Mr. MORSE. Mr. President, I should like to ask just one question with regard to the conference report. From what my colleague said, I think it is perfectly clear that the report limits itself entirely to the bill on the Virgin Islands. Is that correct?

Mr. CORDON. Yes.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The conference report was agreed to.

ORDER FOR RECESS TO 11 A. M. TOMORROW

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate completes its labors this evening it stand in recess until 11 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

EMPLOYMENT SECURITY ADMINISTRATIVE FINANCING ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 5173) to provide that the excess of collections from the Federal unemployment tax over unemployment compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States, to provide that the remainder of such excess shall be returned to the States, and for other purposes.

Mr. KENNEDY. Mr. President, I desire to express to the Senator from Oregon my appreciation for his comments. As he stated in his last comment, no employer should have the right to pay substandard wages. Certainly, it seems to me, to be true also that no State should feel satisfied if it maintains payment benefits for a substantially shorter period of time than the period during which other States maintain such benefits, since that simply means that other States and their citizens would be maintaining the general

economy. In addition, those States which make payments for a shorter period of time than their sister States would be exploiting the other States; and in granting to their citizens less than standard minimum benefits, they would be obtaining benefits from the other States for which they were not paying.

So, just as it follows that all employers should maintain the minimum standards, so I believe it follows that all States should maintain the minimum standards. That is the purpose of this amendment, which does no more than put into effect President Eisenhower's recommendation of minimum standards.

Therefore, we come to the question of whether President Eisenhower's recommendation should be translated into action by the States. As I have already stated, none of the 19 State legislatures which have met since then, with the possible exception of the Michigan Legislature, have taken affirmative action to meet the definite minimum standards the President has recommended. Therefore, it seems to me it is up to Congress to put those standards into effect

Mr. President, it can be stated flatly that this bill is not in conformance with the views of the Bureau of the Budget, which represents the views of the President; or with the views of the Department of Labor, which administers this program on the Federal level; or with the views of the Department of the Treasury, which is charged with the responsibility of collecting the unemployment tax.

What this bill does do, as I shall outline in more detail in contrasting its provisions with those of the substitute amendment I have submitted, is to permit an unjustifiable raid on our unemployment compensation benefits, making impossible the necessary Federal aid to the States hardest hit by unemployment, making impossible nationwide standards or adequate levels of unemployment benefits, and in general weakening our jobless-insurance program at a time when it is in critical need of improvement.

The bill grants money to the States, regardless of need, without requiring that such funds be used to increase benefits, instead of reducing taxes, building huge idle reserves, or permitting administrative luxuries over the level regarded by Congress to be proper and efficient. It takes money which thousands of unemployed workers who have exhausted their benefits in the State of Rhode Island could use to bolster their living standards and their purchasing power, and permits it to be used for the construction of a new State employment security bureau building in any State. The Federal Government, which collects that tax, would be given no opportunity to say whether the building was excessively luxurious, and it would be unable to protest the fact that it had already given to the same State all money necessary for administrative expenses, even in excess of the moneys collected within that State by the Federal tax. In short, the Reed bill undermines the basic premises of our unemployment compensation system, and wastes these valuable funds at the very time when they are most in need of preservation.

THE PENDING AMENDMENT

Thus, it is particularly important that the Senate add to this bill the sections contained in the pending amendment, which, by establishing the benefit standards recommended by the administration, strengthen the fundamental structure of this program, and improve the protection it offers to jobless individuals. I particularly want to emphasize the point that these sections establish nationwide standards for the amount and duration of unemployment compensation benefits at levels recommended by President Eisenhower, Secretary of Labor Mitchell, and the Tripartite Federal Advisory Council.

Under these standards, an individual would receive a benefit equal to at least 50 percent of his own weekly wage, except that this is reduced in the case of higher paid employees to a maximum not greater than two-thirds of the State's average weekly wage. This was the maximum recommended by the Department and the Council, although experience may demonstrate that an even higher maximum is necessary in order to carry out the President's request that most individuals receive 50 percent of their own wage.

As President Eisenhower pointed out, this was the level originally intended by the authors of the Social Security Act. The report to the President of the Committee on Economic Security, in 1935, stated that it was basing its cost assumptions upon a benefit rate in all States of 50 percent of wages; that it was including such a provision in its model bill recommended to State legislatures; and that it was setting its maximum benefits at $15 or more which, in those times, was in practically every State 60 percent to 90 percent of average weekly wages.

Mr. JACKSON. Mr. President, will the Senator from Massachusetts yield for a question?

Mr. KENNEDY. I yield.

Mr. JACKSON. First, I should like to commend the distinguished Senator from Massachusetts for the outstanding contribution he has made in an effort to bring the Unemployment Compensation Act up to date. As I understand, his amendment in the nature of a substitute, of which I am happy to be one of the sponsors, in effect carries out the recommendation made some time ago by the President of the United States in urging the States to make these changes. Is that correct?

Mr. KENNEDY. That is quite correct. In its report to the President, the Committee on Economic Security stated, in 1953:

> It is urged, therefore, that all of the States raise the potential duration of unemployment benefits to 26 weeks.

It was also suggested that the States put into effect the same standards of benefits contained in this amendment.

So, in substance, by means of the amendment it is proposed to put into effect the benefits the President recommended that the States put into effect. Since the President made his recommendation, the legislatures of approximately 19 States have met and could have done something about the matter, but they failed to do so.

Therefore, the question is whether the President's recommendation is sound, wisely conceived, and in the best interests of the country. I believe it is. I believe it should be adopted as an amendment to the pending bill.

Mr. JACKSON. The President made that suggestion and recommendation some time ago; did he not?

Mr. KENNEDY. Yes; last February.

Mr. JACKSON. And the President gave the State legislatures an opportunity to meet. I am informed that approximately 19 State legislatures have met, but that no action on this subject has been taken by them.

It seems to me that if the President's recommendation was sound in the beginning—and I believe it was—there is no reason in the world why Congress should not at this time carry out his recommendation, by adopting the amendment in the nature of a substitute which has been offered by the distinguished junior Senator from Massachusetts, on behalf of himself and other Senators.

Mr. KENNEDY. Mr. President, I appreciate the fact that the Senator from Washington is a cosponsor of the amendment and I am grateful for his remarks. As the President pointed out in his report:

> The report to the President of the Committee on Economic Security, in 1935, which led to the adoption of the Unemployment Compensation Act, stated:
>
> "In our calculations a 50-percent compensation rate and a maximum of $15 per week were assumed."

In other words, in figuring out the tables the Committee on Economic Security proceeded on the assumption that benefits would be about 50 percent of wages. The President made an allusion to this report, and since that time, of course, wages have increased substantially and benefits have declined, until now they are less than 33 or 32 percent. Therefore we have fallen behind to a great extent, which fact has had a substantial effect on our economy, with respect to the benefits which were in effect when the Unemployment Compensation Act was passed in 1935.

Mr. JACKSON. Is it not true that certain areas of the United States have been harder hit, and have had to carry a heavier load in this particular area of compensation than have other sections of the United States?

Mr. KENNEDY. Yes; but as I pointed out earlier, this is not a North-South issue, because the State of Mississippi has kept its benefits, in relation to the average wage in that State, higher than has any other State of the Union. Therefore, it would cost the State of Mississippi less to increase its employers' tax than it would cost any other State if the President's standards were met. So this is a matter which affects both North and South. It would cost my State substantially more than it would cost certain other States.

Mr. JACKSON. I understand that; but the substitute has as its objective insuring certain national standards; does it not?

Mr. KENNEDY. That is correct.

Mr. JACKSON. Standards which represent an absolute minimum so far as the carrying on of an adequate program of unemployment compensation insurance is concerned.

Mr. KENNEDY. That is correct. I think the important point for the Senate to realize is that the standards vary greatly. As I pointed out, the State of Arizona pays unemployment compensation for a duration of only 12 weeks. The State of New York pays for 26 weeks. There is a great difference in the duration of the benefits and in the amount of the benefits. In many States, particularly during the 1949 recession, hundreds of thousands of people exhausted their benefits and went on public relief. They were no longer making a contribution toward a strong economy. Therefore, it seems to me that the President's recommendations were most valid and timely, and it seems to me that we can take a long step forward toward putting them in effect.

When Senator Wagner made his speech in 1935 proposing the amendment, he stated that it was based on the assumption that unemployment compensation benefits would be "at a rate equal to about 50 percent of the working wage."

As the President pointed out, that rate has now fallen to 33 percent. So as wages have gone up, it seems to me that it becomes high time for us to do something about unemployment compensation benefits.

Mr. JACKSON. Is it not true that unemployment, when it occurs, is a national problem? The whole philosophy of our unemployment-insurance program in the past has been to recognize unemployment as a national problem, but leaving to the States the opportunity of administering the program in the various communities, subject to Federal standards, because they know best the problems in their own areas, so far as administration is concerned.

Mr. KENNEDY. That is correct.

Mr. JACKSON. The substitute merely pursues that philosophy to its logical conclusion, and strengthens the whole unemployment-insurance program by establishing certain minimum national standards for all 48 States to follow, so as to have a public program administered on a national level, as well as local administration in the States.

Mr. KENNEDY. The Senator from Washington is correct. As he knows, the reason why the unemployment compensation tax was devised was that in 1935 there was a feeling that no one State could afford to put into effect an unemployment-compensation system while other States did not. The manufacturers of the other States would have an unfair competitive advantage over the manufacturers of the State with the high standard. The State with the adequate unemployment-compensation system would be at a distinct disadvantage. Therefore, it was felt that uniformity was desirable.

The same is true today. No State can afford to put into effect ideal benefits if the program costs its manufacturers an excessive amount. Particularly is that true where its competitive position with similar business in other States is adversely affected. Therefore, by providing for a certain platform below which benefits may not go, we would prevent a situation in which industry would flow to the State which pays the least benefits and would reward the State which maintains the lowest benefits. This principle is contained in the minimum wage and many other laws.

Mr. JACKSON. Recognizing unemployment as a national problem, the substitute proposal, it seems to me, pursues that philosophy very effectively in providing certain minimum national standards.

Mr. KENNEDY. That is correct.

Mr. JACKSON. There is nothing in the substitute proposal which does violence to the basic philosophy behind the Unemployment Insurance Act, as provided in the Social Security Act of 1935. Is that correct?

Mr. KENNEDY. That is correct. The program would be administered at the State level. The amendment would permit the States to set the standards of eligibility, the rules for disqualification, and other details. All we seek to do is to set the duration and the payment benefits.

I thank the Senator from Washington for his contribution to the discussion of my amendment.

The report to the President of the Committee on Economic Security in 1935 stated that it was basing its cost assumptions upon a benefit rate in all States of 50 percent of wages; that it was including such a provision in its model bill recommended to State legislatures; and that it was setting its maximum benefits at $15 or more which, in those times, was from 60 to 90 percent of average weekly wages in practically every State.

Unfortunately, State inaction and lack of congressional action has permitted existing standards to fall below that level; and the time has come when the attempt by the Committee on Economic Security to maintain standards at the State level—a plan which they described as "frankly experimental" and which they anticipated would "require numerous changes with experience"—must be amended by Congress in the fashion presented by this amendment, in keeping with their proviso that "the Congress can at any time increase the requirements which State laws must fulfill."

Under this amendment, the maximum primary benefit without dependent allowances would have to be raised in Mississippi only from $30 to $32, and in North Carolina from $30 to $35; but benefit levels in other States have not similarly kept pace with wages; and thus in most States maximum primary benefits would be raised $15, $20, or $25 over their present levels.

The duration of benefits under our amendment is set at 26 weeks, which is the amount recommended by the President and the Secretary of Labor "in order to assure that even in a minor business downturn most workers would remain protected by the program until they could find other jobs." About one-half of our State programs already meet this standard. The Assistant Secretary of Labor in a recent letter to unemployment compensation directors pointed out that "by providing all eligible workers with 26 weeks of benefits, the effectiveness of the program in relieving unemployment distress and as a counterrecessionary device will be greatly strengthened."

The Reed bill, H. R. 5173, contains no standards whatsoever, even in the distribution of Federal funds to the States; and it would negate any possibility of standards by granting States funds above and beyond their needs.

This responsibility for adequate improvements in Federal-State unemployment compensation programs in order to meet the national problems of unemployment and business adjustment cannot be accomplished by urging States to take action individually, when such action may impair their competitive position, vis-a-vis, States which fail to take such action. Moreover, in the 18 years that this law has been on the books, the States have failed to maintain standards adequate to meet the problem. The result has been a burden to the taxpayers by increases in the relief rolls, the exhaustion of the savings and assets of individual employees, and the lowering of individual living standards and purchasing power. About 40,000 workers a week are exhausting their rights under inadequate duration of benefit payments today. In some States, the period is only 16 weeks. In 1949, almost 2 million persons exhausted their rights in a short time, according to the President. Even while benefit payments continue, the average payment is less than $25 a week, which replaces only about $1 out of each $5 in lost wages and salaries, and is not sufficient to permit the unemployed worker to meet his immediate expenses and to pay his bills to the business community.

These inadequacies are not the result of a shortage of funds, inasmuch as large reserve funds have been accumulated to a total of almost $9 billion. It is not a result of the 2.7-percent limit on employer taxation provided by the law; for the average tax paid by employers now is less than half of that level. Whatever the cause of State inaction has been, this experience indicates that Congress can no longer ignore its responsibilities in the field of unemployment insurance. The best and probably the only hope that workers will receive adequate protection during extended periods of unemployment—and no worker prefers an unemployment benefit to wages even if that benefit is two-thirds of his wages—is for Congress to act now to establish standards for payments and payment durations. Unemployment is governed by nationwide economic forces and should be dealt with on a nationwide basis.

Establishment of nationwide standards does not mean complete federalization of unemployment compensation. On the contrary, it stabilizes the program, in contrast to the degree of federalization which would result from the Reed bill. That bill would require State legislatures to appropriate funds raised by Federal tax. It encourages State employment agencies to expand their various administrative services to be subsidized by Federal funds. Its lending provisions require a change in the constitutional structure of many States. Its harsh provisions for repayment would keep some States continually dependent upon Federal loans to replenish the State reserves they are unable to build up. And, finally, those States whose reserves are not adequately aided by this bill, whose benefits may have to be sharply reduced and taxes sharply raised in order to prevent a collapse during heavy unemployment, will certainly demand complete federalization of the entire unemployment-compensation system.

In summarizing the need for more adequate standards of unemployment-compensation benefits, permit me to point out the two primary results of adequate levels cited by President Eisenhower: First, such benefits "can sustain to some degree the earner's way of life as well as his demand for commodities"; and, secondly, they "can help to curb economic decline during an interval of time that allows other stabilizing measures to become effective." These same objectives were endorsed by the Joint Committee on the Economic Report in pointing out the necessity of such action "to relieve individual distress" and "to minimize the loss in consumer demand," regardless of whether the current trend in unemployment improves in the near future.

COST OF THE EISENHOWER STANDARDS

Inasmuch as several Senators have raised questions concerning the cost of these standards, some discussion of this problem is necessary. First, permit me to stress again that these are the recommendations of the administration, which I am confident would not impair the solvency of any State fund or impose a heavy tax burden on any employer. Second, these standards would raise benefits to the same proportionate level at which they were maintained during the 1930's at which time the costs of the program were certainly manageable. Third, it should be remembered that the Reed bill provides that employers in those States which have not repaid their loans in that brief period which the President has deemed excessively harsh would be subject to an annual increase in their tax of 5 percent. Thus, an employer now paying to the Federal Government three-tenths of 1 percent in unemployment tax would find after 4 such years that he was paying 3 times that amount, an increase which the standards contained in this amendment could not possibly bring about. Fourth, I again remind the Senate that if this amendment is adopted, it is my hope that the Senate will also adopt all or part of the larger substitute we have offered, which would provide adequate protection for State reserves through a system of nationwide reinsurance.

Finally, I have been able to obtain rough estimates of the costs of the administration standards to the United States as a whole and to the 10 States which include two-thirds of the employees covered under this law. For the United States as a whole, assuming claim loads and economic conditions to be comparable to those prevailing in 1952, the increase in present costs due to the higher benefit amounts and longer benefit duration recommended by President Eisenhower would total no more than 40 percent. Inasmuch as State reserves are today more than 6 times as high as the average annual benefit payments, a 40-percent increase in cost would not require any increase in the tax rate, at least in the foreseeable future, assuming that the average rate of unemployment fluctuates in a manner similar to that of the last 8 years, during which those reserves have been building up as the result of tax collections greater than expenditures. Indeed, the Reed bill—in section 1201 (A) (1)—does not consider a State fund to be in any serious difficulty unless it is less than the amount of benefits paid out during the previous year. Thus, even if 10 years of the Eisenhower standards reduced the size of State reserves to a level 4 times—instead of 6 times—as much as the amount paid out in benefits in an average year, such State reserves would still be more than adequate and tax levels would not have to be increased.

Moreover, if the maximum 60-percent increase in cost was to be paid for entirely by tax increases, it would mean an increase in the average contribution rate from its present level of 1.3 percent to approximately 2 percent, still well below the normal rate of 2.7 percent.

Similar figures are available on a State-by-State basis. Of course in those 22 or so States that already have the 26 weeks duration, that particular standard will cost nothing; and in a State such as Mississippi where the maximum benefit is already approximately two-thirds of average weekly wages, the cost of that provision would be little, if anything. In those 10 States which constitute 63 percent of covered employment, the range in the total increase in present costs caused by the Eisenhower standards is from 20 percent to 55 percent, except for 1 State where the increase would be 83 percent—and inasmuch as the reserve in that State is nearly 25 times as high as average annual costs, such an increase will hardly make a dent. With but a few exceptions—and admittedly a few States might in a serious recession need assistance through reinsurance—State reserves are at least 4 times as high as average annual costs since World War II, and most of them are 10 or 20 times as high. Moreover, only Rhode Island is maintaining the full 2.7 percent tax rate, with a large proportion of the rest of the States maintaining an average tax rate of less than 1 percent, on which a 40-percent or even an 80-percent increase in cost would have little effect.

CONCLUSION

Our concern, therefore, should not be over the cost of such standards to our State systems, but over the cost of unemployment and inadequate unemployment benefits. These are costly, and dearly so, in terms of living standards, purchasing power, relief rolls, productivity, and community morale and security.

The Senate is to be given the opportunity to vote on whether it favors improved benefits to our unemployed workers, or whether it is opposed to such benefits. The issue is clear, the standards are reasonable, the times critical. Let us demonstrate to the unemployed and to the Nation that we have not forgotten these basic principles of our society.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Massachusetts [Mr. KENNEDY] for himself and other Senators.

Mr. SALTONSTALL. Mr. President, I understand my colleague has finished his prepared speech on the subject. However, I understand he may wish to summarize his remarks a little tomorrow morning and to answer any question that may be asked of him. Inasmuch as the session of the Senate will begin at 11 o'clock tomorrow morning, I hope my colleague will be on the floor promptly at that time, in order that he may be available to continue his remarks as soon as the morning business has been completed.

Mr. KENNEDY. Mr. President, I shall accompany my colleague to the floor.

AUTHORITY FOR COMMITTEE ON FOREIGN RELATIONS TO FILE REPORT DURING RECESS OF THE SENATE

Mr. SALTONSTALL. Mr. President, I ask unanimous consent that the Committee on Foreign Relations be given permission until midnight to file its report on the mutual security authorization bill.

The PRESIDING OFFICER. Without objection, it is so ordered.

RECESS TO 11 O'CLOCK A. M. TOMORROW

Mr. SALTONSTALL. Mr. President, in accordance with the order previously entered, I move that the Senate stand in recess until 11 o'clock tomorrow morning.

The motion was agreed to; and (at 6 o'clock and 35 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Tuesday, July 13, 1954, at 11 o'clock a. m.

CONFIRMATION

Executive nomination confirmed by the Senate July 12 (legislative day of July 2), 1954:

POSTMASTER

William P. Gray, to be postmaster at Pleasant Hill, Mo.

HOUSE OF REPRESENTATIVES

MONDAY, JULY 12, 1954

The House met at 12 o'clock noon.

Rev. Benjamin J. Talledge, Congregational Church, Bloomer, Wis., offered the following prayer:

Let us pray.

Our Father God, Thou who art the author and sustainer of life, we thank Thee for this beautiful summer day, also for our Nation and all the rights and privileges we enjoy under our Government. Grant all of us knowledge and wisdom to make possible the best utilization of that with which we are surrounded, that as individuals we may grow and develop physically, socially, mentally, and spiritually.

Help us all to do our tasks well, and to be loyal to Thee as our God, and in our stewardship of life manifest a concern for our fellow men. Amen.

The Journal of the proceedings of Thursday, July 8, 1954, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment bills and a joint resolution of the House of the following titles:

H. R. 733. An act for the relief of Hildegard H. Nelson;

H. R. 734. An act for the relief of Mihai Handrabura;

H. R. 944. An act for the relief of Mr. and Mrs. Zygmunt Sowinski;

H. R. 1115. An act for the relief of Mrs. Suhula Adata;

H. R. 1762. An act for the relief of Sugako Nakai;

H. R. 2899. An act for the relief of Igor Shwabe;

H. R. 3333. An act for the relief of Julia N. Emmanuel;

H. R. 3624. An act for the relief of Peter M. Leaming;

H. R. 6422. An act to authorize the Secretary of the Army to convey to the Government's grantors certain lands erroneously conveyed by them to the United States;

H. R. 6650. An act for the relief of Joseph Gerny;

H. R. 6998. An act for the relief of Erna White;

H. R. 7132. An act to exempt from taxation certain property of the Veterans of Foreign Wars of the United States in the District of Columbia;

H. R. 7158. An act authorizing the United States Government to reconvey certain lands to S. J. Carver;

H. R. 7500. An act for the relief of Kurt Forsell;

H. R. 7802. An act for the relief of Hanna Werner and her child, Hanna Elizabeth Werner;

H. R. 8692. An act to permit the payment of certain trust accounts to the beneficiary on the death of the trustee by savings and loan, and similar associations in the District of Columbia;

H. R. 8973. An act to amend paragraph 31 of section 7 of the act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, as amended;

H. R. 8974. An act to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the International Bank for Reconstruction and Development;

H. R. 9143. An act to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank;

H. R. 9561. An act to correct typographical errors in Public Law 368, 83d Congress; and

H. J. Res. 459. Joint resolution to designate the lake to be formed by the completion of the Texarkana Dam and Reservoir on Sulphur River, about 9 miles southwest from Texarkana, Tex., as Lake Texarkana.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills and a joint resolution of the House of the following titles:

H. R. 1673. An act for the relief of James I. Smith;

H. R. 2763. An act to amend the Tariff Act of 1930, so as to modify the duty on the importation of wood dowels, and for other purposes;

H. R. 6080. An act to authorize the appropriation of funds for the construction of certain highway-railroad grade separations in the District of Columbia, and for other purposes;

H. R. 6725. An act to reenact the authority for the appointment of certain officers of the Regular Navy and Marine Corps;

H. R. 7128. An act to amend the act entitled "An act to provide an immediate revision and equalization of real-estate values in the District of Columbia; also to provide an assessment of real estate in said District in the year 1896 and every third year thereafter, and for other purposes," approved August 14, 1894, as amended;

H. R. 8713. An act to amend section 1 (d) of the Helium Act (50 U. S. C., sec. 161 (d)), and to repeal section 3 (13) of the act entitled "An act to amend or repeal certain Government property laws, and for other purposes," approved October 31, 1951 (65 Stat. 701);

H. R. 9006. An act to amend the act of May 22, 1896, as amended, concerning the loan or gift of works of art and other material;

H. R. 9077. An act to amend section 405 of the District of Columbia Law Enforcement Act of 1953, to make available to the judges of such District the psychiatric and psychological services provided for in such section;

H. R. 9242. An act to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes; and

H. J. Res. 534. Joint resolution to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 120. An act for the relief of Gerasimos Giannatos;

S. 231. An act for the relief of Otmar Sprah;

S. 232. An act for the relief of Hugo Kern;

S. 328. An act for the relief of Casimero Rivera Gutierrez, Teresa Gutierrez, Susana Rivera Gutierrez, Martha Augilera Gutierrez, and Armando Casimero Gutierrez;

S. 673. An act for the relief of Urho Paavo Patoski and his family;

S. 771. An act for the relief of Anni Wolf and her minor son;

S. 808. An act for the relief of Frederick Wiesinger;

S. 810. An act for the relief of Jan E. Tomczycki;

S. 964. An act to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado;

S. 966. An act for the relief of Demitrious Vasililous Karavogeorge;

S. 1212. An act for the relief of Alice Masaryk;

S. 1585. An act to amend the District of Columbia Traffic Act, 1925, as amended;

S. 1611. An act to regulate the election of delegates representing the District of Columbia to national political conventions, and for other purposes;

S. 2380. An act to amend the Mineral Leasing Act of February 25, 1920, as amended;

S. 2381. An act to amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, in order to promote the development of oil and gas on the public domain;

S. 2387. An act for the relief of Willy Voos and his wife, Alma Voos;

S. 2389. An act to amend the act of December 3, 1942;

S. 2456. An act for the relief of Martin Genuth;

S. 2504. An act for the relief of Elisa Albertina Cioccio Rigazzi or Elisa Cioccio;

S. 2510. An act for the relief of Paul Lewerenz and Margareta Ehrhard Lewerenz;

S. 2512. An act for the relief of Jeannette Kalker and Abraham Benjamin Kalker;

S. 2542. An act for the relief of Glicerio M. Ebuna;

S. 2587. An act for the relief of Domenico Peri;

S. 2635. An act for the relief of Nadeem Tannous and Mrs. Jamile Tannous;

S. 2655. An act to amend the District of Columbia Teachers' Salary Act of 1947, as amended;

S. 2686. An act to amend the act entitled "An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes," approved July 8, 1932;

S. 2687. An act to authorize the Commissioners of the District of Columbia to designate employees of the District to protect life and property in and on the buildings and grounds of any institution located upon property outside of the District of Columbia acquired by the United States for District sanitoriums, hospitals, training schools, and other institutions;

S. 2798. An act for the relief of Azizollah Azordegan;

S. 2958. An act for the relief of Ida Reissmuller and Johnny Damon Eugene Reissmuller;

S. 3085. An act for the relief of Mrs. Helen Stryk;

S. 3306. An act for the relief of Kang Chay Won;

S. 3329. An act to amend the District of Columbia Police and Firemen's Salary Act of 1953, to correct certain inequities;

S. 3344. An act to amend the mineral leasing laws and the mining laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes;

S. 3464. An act to amend the Communications Act of 1934 in order to make certain provision for the carrying out of the agreement for the Promotion of Safety on the Great Lakes by Means of Radio;

S. 3482. An act to amend the District of Columbia Unemployment Compensation Act, and for other purposes;

S. 3506. An act to repeal the act approved September 25, 1914, and to amend the act approved June 12, 1934, both relating to alley dwellings in the District of Columbia;

S. 3518. An act to amend the laws relating to fees charged for services rendered by the office of the Recorder of Deeds for the District of Columbia and the laws relating to appointment of personnel in such office, and for other purposes;

S. 3546. An act to provide an immediate program for the modernization and improve-

ment of such merchant-type vessels in the reserve fleet as are necessary for national defense;

S. 3558. An act to amend the act entitled "An act to provide for the better registration of births in the District of Columbia, and for other purposes," approved March 1, 1907;

S. 3589. An act to provide for the independent management of the Export-Import Bank of Washington under a Board of Directors, to provide for the representation of the Bank on the National Advisory Council on International Monetary and Financial Problems and to increase the bank's lending authority;

S. 3681. An act to authorize the Civil Service Commission to make available group life insurance for civilian officers and employees in the Federal service, and for other purposes;

S. 3683. An act to amend the District of Columbia Credit Unions Act;

S. 3697. An act to amend the act of April 6, 1937, as amended, to include cooperation with the Governments of Canada or Mexico or local Canadian or Mexican authorities for the control of incipient or emergency outbreaks of insect pests or plant diseases; and

S. 3699. An act granting the consent of Congress to a compact entered into by the States of Louisiana and Texas relating to the waters of the Sabine River.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. Con. Res. 75. Concurrent resolution favoring the suspension of deportation of certain aliens.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 2236) entitled "An act for the establishment of a Commission on Area Problems of the Greater Washington Metropolitan Area," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SCHOEPPEL, Mr. BUTLER, and Mr. JOHNSON of Colorado to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 2759) entitled "An act to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes"; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SMITH of New Jersey, Mr. PURTELL, Mr. GOLDWATER, Mr. HILL, and Mr. LEHMAN to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5731) entitled "An act to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, Calif., and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes."

SPECIAL ORDERS GRANTED

Mr. BROWN of Georgia asked and was given permission to address the House for 15 minutes today, following the legislative program and any special orders heretofore entered.

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 20 minutes today, following the legislative program and any special orders heretofore entered.

AMENDMENT TO ATOMIC ENERGY ACT OF 1946

Mr. COLE of New York. Mr. Speaker, I ask unanimous consent that I may have until midnight tonight to file a report and additional views on the bill, H. R. 9757.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

TIGHTENING LABOR MARKET

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend his remarks, and to include a newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, I am distressed to hear of the tightening labor market in Chicago. The reports that come to me do not jibe with the rose-colored words of the administration.

The Members of this body, regardless of political affiliation, desire to be accurately informed in order that proper measures may be taken in time to ward off a serious recession. We do not want a repetition of 1929 when in July the Republicans met at Jackson, Mich., to celebrate the achievement of a permanent prosperity and a few months later came the economic explosion plunging the Nation into the darkest years of its history.

This is no time for us to be lulled to quiet slumbers by excessive optimism. If we do nothing and adjourn, hoping that all will be well, complacency later may come to plague us.

The Chicago Sun-Times of this morning carries the news that due to diminishing employment only half as many high school students have succeeded in finding summer jobs as in the summer of 1953 and that college enrollments for this fall have taken a 4 percent drop.

The Sun-Times article follows:

FEWER TEEN-AGERS ABLE TO FIND SUMMER JOBS

(By Ruth Dunbar)

The teen-ager who hoped to earn spending money during summer is having a tough time. A tightening labor market is blamed.

The board of education has issued only half as many work certificates to public and parochial high-school students as it had at this time last year. Certificates are granted after the student has lined up a job.

In June of this year, 3,204 certificates were issued. In the previous June there were 6,143.

NINE THOUSAND THREE HUNDRED FIFTEEN GET JOBS

During the first 6 months of 1954, only 9,315 teen-agers were given certificates, compared with 18,330 for the same period last year.

The Illinois State Employment Service reports that students from practically every high school in Chicago still are seeking summer jobs. Although the agency has done all it can to stir up employment, it is unable to place the youngsters.

The Chicago Park District, which employs many teen-agers as lifeguards and laborers reported it had far more applications than last year.

Kenneth W. Lund, director of child study for public schools, predicted the labor shortage would encourage more students to stay in school until graduation, rather than dropping out to earn easy money.

SEE COLLEGE DROP

The prediction seems to be borne out by summer enrollment in public high schools, which increased from 5,538 last year to 5,630 this term.

However, fewer June high-school graduates are planning to go to college in fall.

A survey shows that 37.7 percent of this year's graduates will enroll in full-time colleges and universities next fall. Last year, the percentage was 41.3. The number who plan to attend part-time has dropped from 11.6 percent last year to 8.9 percent.

WAR-BUILT PASSENGER-CARGO VESSELS

Mr. TOLLEFSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes, with a Senate amendment thereto, disagree to the Senate amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Washington? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. TOLLEFSON, ALLEN of California, RAY, BONNER, and SHELLEY.

SGT. WELCH SANDERS

Mr. JONAS of Illinois. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5158) for the relief of Sgt. Welch Sanders, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 3, strike out "in excess of 10 percent thereof."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

ESTATES OF OPAL PERKINS AND KENNETH ROSS

Mr. JONAS of Illinois. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5433) for the relief of the estates of Opal Perkins,

and Kenneth Ross, deceased, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 13, strike out "in excess of 10 percent thereof."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

IMMIGRATION AND NATIONALITY POLICY

Mr. WALTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker, several days ago an application for a visa by a Greek girl was refused on the ground that at some time or other she had done some illustrating work for a Communist magazine. This, Mr. Speaker, is an example of the kind of sabotage that is taking place every day in an attempt to discredit what is truly a liberal immigration and nationality policy. How a visa could be refused that girl last week, when 3 weeks ago 5 Russian chess players were permitted to come to the United States accompanied by a goon squad of 16 strong-arm police to prevent their defection, certainly indicates to me that an investigation should be made in order to determine who it is in a place of responsibility who is a party to this scheme to sabotage the Immigration and Nationality Act.

HOUSECLEANING IN THE EXECUTIVE DEPARTMENTS

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOFFMAN of Michigan. Mr. Speaker, what the gentleman from Pennsylvania [Mr. WALTER] said, is unfortunately, all too true. But every time you start to clean house in any of these executive departments, they jump all over you.

I notice in this week's Collier's there is a long, long article about the attempted housecleaning in the Department of State. Apparently the President put someone in down there to clean the rascals out, to use an old expression. But right away along comes this New Deal writer and she just gives them hallelujah—the other way, in reverse.

What I would like to ask the gentleman from Pennsylvania [Mr. WALTER] is, how many of these people, who are doing this dirty work that he is talking about, are holdovers, and why all this kicking every time the administration tries to oust one of them? That is a question that somebody ought to answer.

Mr. WALTER. Does the gentleman want me to answer the question?

Mr. HOFFMAN of Michigan. Yes.

Mr. WALTER. The Republican Party has no corner on virtue and Americanism.

Mr. HOFFMAN of Michigan. That is right.

Mr. WALTER. These people owe no allegiance to either political party.

Mr. HOFFMAN of Michigan. That is right; but every time we try to fire one of them, you find a New Deal writer helping them out and covering up for them.

MILITARY CONSTRUCTION

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. ARENDS, SHAFER, JOHNSON of California, VAN ZANDT, VINSON, KILDAY, and RIVERS.

REENACT AUTHORITY FOR APPOINTMENT OF CERTAIN OFFICERS OF REGULAR NAVY AND MARINE CORPS

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 6725) to reenact the authority for the appointment of certain officers of the regular Navy and Marine Corps, with Senate amendments thereto, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. ARENDS, SHAFER, JOHNSON of California, VAN ZANDT, VINSON, KILDAY, and RIVERS.

TWO ADDITIONAL ASSISTANT SECRETARIES OF THE ARMY, NAVY, AND AIR FORCE

Mr. ARENDS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3466) to provide for two additional assistant secretaries of the Army, Navy, and Air Force, respectively.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. VINSON. Mr. Speaker, reserving the right to object, will the gentleman from Illinois [Mr. ARENDS] explain to the committee the purpose of the bill.

Mr. ARENDS. Mr. Speaker, I shall be glad to.

The purpose of S. 3466 is to authorize the appointment of two additional Assistant Secretaries for each of the military departments. If the bill becomes law, each of the military departments will then have a Secretary, an Under Secretary, and four Assistant Secretaries. The Secretary of Defense, Mr. Wilson, specifically requested this legislation and I think he is to be commended for his efforts to bring about greater efficiency in the military departments and the Department of Defense. He is of the opinion that the present organization of the military departments fails to provide for the current organizational needs of these departments and does not permit the military secretaries to divide properly the responsibilities among their civilian assistants.

Secretary Wilson is also of the opinion that two additional secretaries in each of the military departments will do much toward improving the civilian control of each of the military departments as well as increase the efficiency of each of the military departments.

And of probably greater significance is the fact that the additional Assistant Secretaries in each of the military departments will strengthen the operational and functional control of each of the military departments and will permit the Department of Defense to concentrate its activities on the question of overall policy control as originally contemplated by the National Security Act.

One of the new Assistant Secretaries in each of the Departments will be an Assistant Secretary for Financial Management. This Assistant Secretary may also act as comptroller for his department if so designated by the Secretary.

The Committee on Armed Services strongly recommends that in the title of one of the Assistant Secretaries the words "Research and Development" be inserted by administrative action so as to place proper emphasis on the importance of this activity. We recognize, of course, the desirability of flexibility in these matters and have therefore not attempted to designate by law the titles of all of the Assistant Secretaries except that for Financial Management, but we do think each of the military departments should have an Assistant Secretary not only charged with the responsibility for research and development but who also will have within his title the words "Research and Development." This can be done administratively and can be changed if for some reason or other it is desired to place this responsibility in another Assistant Secretary. It is for the latter reason that we have not attempted to tie the hands of the Secretary by designating the title by law, but we do want to emphasize the importance of research and development.

If the proposed legislation becomes law there will be for the Army a Secretary of the Army, an Under Secretary, an Assistant Secretary for Financial Management, an Assistant Secretary for Manpower and Reserve Forces, an Assistant Secretary for Civil-Military Affairs, and an Assistant Secretary for Logistics who will also have the responsibility for

research and development. We recommend to the Secretary that this Assistant Secretary be known as the Assistant Secretary for Logistics and Research and Development.

In the Navy there will be a Secretary, an Under Secretary, and an Assistant Secretary for Financial Management who will also act as comptroller. There will also be an Assistant Secretary for Personnel and Reserve Forces, an Assistant Secretary for Materiel, and an Assistant Secretary for Air, a title already designated by previous law. We recommend to the Secretary that this title be augmented to that of Assistant Secretary for Air and Research and Development.

In the Air Force there will be a Secretary, an Under Secretary, an Assistant Secretary for Financial Management, an Assistant Secretary for Manpower, Personnel, and Reserve Forces, and an Assistant Secretary for Materiel. The fourth Assistant Secretary will be designated as the Assistant Secretary for Research and Development.

The Armed Services Committee thinks this legislation will do much to improve the efficiency of our military departments. We were particularly impressed with the statement made by Mr. Wilson that 20 years ago the total appropriation for the Army and Navy which included the Air Force, was approximately $650 million. Twenty years ago each department had a Secretary, an Under Secretary and two Assistant Secretaries. Today those departments are spending 75 times that amount of money but still only have a Secretary, an Under Secretary, and two Assistant Secretaries. It is obvious that there is considerable justification for the proposed legislation which would authorize the appointment of two additional Assistant Secretaries for each of the military departments.

CALL OF THE HOUSE

Mr. GROSS. Mr. Speaker, I make the point of order that a quorum is not present. There is no report on this bill here at the desk and no copies of the bill itself.

The SPEAKER. The Chair will count. [After counting.] Eighty-four Members are present, not a quorum.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 101]

Abbitt	Condon	Frazier
Angell	Cooley	Frelinghuysen
Barden	Coon	Fulton
Barrett	Corbett	Gamble
Becker	Cotton	Gavin
Bender	Coudert	Granahan
Berry	Curtis, Nebr.	Green
Betts	Davis, Ga.	Gwinn
Boland	Dawson, Ill.	Hand
Bonin	Derounian	Harris
Bosch	Dingell	Harrison, Wyo.
Bowler	Dodd	Hart
Bramblett	Dollinger	Harvey
Brooks, La.	Donohue	Hays, Ohio
Buckley	Donovan	Heller
Byrne, Pa.	Fallon	Hillings
Byrnes, Wis.	Feighan	Hinshaw
Camp	Fine	Holtzman
Celler	Fino	Howell
Chatham	Fisher	Hruska
Chudoff	Fogarty	Hunter
Jackson	Miller, Md.	Rooney
Javits	Miller, N. Y.	Roosevelt
Judd	Morgan	Scott
Keating	Morrison	Seely-Brown
Kelley, Pa.	Moulder	Shafer
Kelly, N. Y.	Multer	Sheehan
Keogh	Nelson	Short
Kersten, Wis.	Norblad	Sikes
Kilday	O'Brien, N. Y.	Taylor
King, Pa.	O'Neill	Thompson, Tex.
Klein	Osmers	Tuck
Landrum	Ostertag	Vorys
Lane	Patman	Wainwright
Latham	Patterson	Watts
Lesinski	Perkins	Weichel
Long	Philbin	Wheeler
Lucas	Pillion	Widnall
Lyle	Powell	Wier
McConnell	Preston	Willis
McGregor	Prouty	Wilson, Tex.
Machrowicz	Radwan	Yorty
Meader	Regan	Zablocki
Merrow	Richards	
Metcalf	Riehlman	

The SPEAKER. On this rollcall, 298 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

PROVIDING TWO ADDITIONAL ASSISTANT SECRETARIES OF ARMY, NAVY, AND AIR FORCE

The SPEAKER. At the time the point of order of no quorum was made, the gentleman from Georgia [Mr. VINSON] had the floor under a reservation of objection.

Mr. VINSON. Mr. Speaker, I withdraw my reservation of objection to the present consideration of the bill.

Mr. GROSS. Mr. Speaker, reserving the right to object, I should like the answers to a few questions concerning this bill. I do not know that I am going to object to the present consideration of the bill, if I can get a satisfactory explanation. As I understand it, this bill provides for six Assistant Secretaries, is that correct?

Mr. ARENDS. That is correct.

Mr. GROSS. How many Assistant Secretaries does the Department of the Navy now have? How many in other departments of the Military Establishment?

Mr. ARENDS. Two. If the gentleman would like, I have them right here and I can read them off for him. In the Office of the Secretary of Defense, we have the Secretary of Defense, the Deputy and 9 Assistant Secretaries. In the Navy, we have the Secretary, an Under Secretary and two Assistant Secretaries. In the Army, we have a Secretary, 1 Under Secretary, and 2 Assistant Secretaries. In the Air Force, we have a Secretary, 1 Under Secretary, and 2 Assistant Secretaries. In sum total, that means 23 in the regular establishment and adding these 6, we will have 29.

Mr. GROSS. That makes 29 Assistant Secretaries?

Mr. ARENDS. That is Under Secretaries and Assistant Secretaries all told.

Mr. GROSS. How in the world did we get through the Korean war without these additional secretaries? Can the gentleman or someone tell me when we are going to stop this empire building?

Mr. ARENDS. It just seems to me that the operations with the Department of Defense have become so huge that they simply have to have more personnel, if we are going to have efficiency in operation there. Here we are spending approximately $40 billion for the Department of Defense today, and I see no way out of it except to do some of these things if we expect to get a dollar's worth of defense for every dollar we spend. I know no other approach to the problem.

Mr. GROSS. Do we have less or more personnel in the Military Establishment than we had during the Korean war?

Mr. ARENDS. We have less now than we had at that time.

Mr. GROSS. Then why do we have to have these additional Assistant Secretaries?

Mr. ARENDS. They found them necessary. They feel they have to have them. They can do a better job. They want to put them in certain categories where a particular man is fitted into a particular job.

Mr. GROSS. What will be the salary of these Assistant Secretaries?

Mr. ARENDS. Approximately $15,000.

Mr. GROSS. What will be the upkeep of the offices of each of the new Assistant Secretaries, does the gentleman know?

Mr. ARENDS. I think the testimony revealed there will be no additional requirements as far as offices, and so forth and so on, are concerned.

Mr. GROSS. Each one of these new Assistant Secretaries will have to have a secretary, and each one will have to have a certain number of other people working in his office.

Mr. ARENDS. I think they have enough individuals who can take over these positions without having to go into the proposition of more offices and more secretaries and clerks and what have you. I think they can absorb all of this within the organization they now have.

Mr. GROSS. The gentleman is not going to tell me that each of these new Assistant Secretaries is not going to have a secretary and other employees in his office?

Mr. ARENDS. The people down there who are doing that kind of job now are available. We are hopeful, and on the testimony they gave us, we believe they have the help down there which is now available except for these Assistant Secretaries whom they would like to have appointed to head up these various organizations.

Mr. GROSS. I am convinced that these officers and their offices in addition to the salaries of $15,000 for each Assistant Secretary would cost many more thousands of dollars to maintain.

Mr. ARENDS. May I say one thing to the gentleman from Iowa, if he will permit: the gentleman from Iowa is in favor of economy, and so is every other Member of the House of Representatives. I am convinced, and sincerely believe, that the passing of this piece of legislation to permit the additional Assistant Secretaries will result in more efficiency and rather substantial savings to the taxpayers of this country, and, therefore, that is why I support this legislation.

Mr. GROSS. May I point out to the gentleman that I have opposed every

bill to add under secretaries and assistant secretaries to the Government departments since the beginning of last year, because I campaigned in 1952 for a program of economy, for cleaning out superfluous personnel in Government rather than creating new top-bracket offices and adding personnel. That is the reason I cannot understand why this administration would want to add six more assistant secretaries in the Department of Defense.

Somewhat more than a year ago—I believe it was February 1953—a bill was brought here and approved creating a new Under Secretary or Assistant Secretary of State. The sales talk we got at that time was that this new Secretary, if we would just put him on the payroll, would cut down on personnel in the State Department.

Mr. ARENDS. Will the gentleman permit me to make one short statement?

Mr. GROSS. Just let me finish, and then I will be happy to yield.

It is my understanding, as of less than a month ago, that the net reduction in personnel in the State Department, since this new Secretary took office has been 169 people. You cannot very well justify the creation of an Assistant Secretary, and the attendant expense that goes with such an office, to get rid of only 169 people. Certainly it was not necessary to employ a $17,500 official to slice that number from the payroll, especially in the State Department.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman.

Mr. ARENDS. This statement I have here is signed by Mr. Richard A. Buddeke, Assistant Secretary, and the letter says:

> This legislation will not involve additonal fiscal expenditures. It is believed that the efficiency that will result from the more effective organization of the Military Departments along functional lines will not only result in sufficient economies to underwrite the cost of this legislation, but will in the long run save substantial appropriated moneys.

Mr. GROSS. With all due respect to the gentleman from Illinois, and I have great respect for him, this is the same argument we get every time some department wants more Assistant Secretaries.

Mr. TEAGUE. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Texas.

Mr. TEAGUE. I want to congratulate the gentleman from Iowa on the questions he has asked. This bill is certainly too important to be passed by unanimous consent. I am not sure that I would be against it but I think I would; at least it should be debated. Certainly civilians should be in control of our Armed Forces but it seems to me that the trend since the Unification Act has been for civilians to completely take over our Armed Forces. We now have 23 Under and Assistant Secretaries in the Defense Department. I believe the time will come when this Congress will regret having passed the Unification Act. It has brought a shift of power that should be very carefully watched. The gentleman from Iowa is doing his country a service by questioning this bill.

Mr. GROSS. I appreciate the gentleman's contribution.

Mr. MILLER of California. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield.

Mr. MILLER of California. One of these Secretaries in each department will be put in charge of its research and development. That is where we are spending a great deal of money, and that is where we must coordinate if we are going to save money. In my estimation the money that can be saved by having the lines of these rather intangible research and development expenditures coordinated through one Secretary will more than justify the establishment of that office. I congratulate the gentleman, but let me say that the committee went into this very thoroughly, and I feel that it is quite justified.

Mr. GROSS. I yield to the gentleman from Texas [Mr. DOWDY].

Mr. DOWDY. Last year was there not created six new Assistant Secretaries in the Department of Defense under the Reorganization Act?

Mr. GROSS. I do not recall.

Mr. DOWDY. I believe that is right.

Mr. GROSS. I would not be surprised, and the observation by the gentleman from Texas [Mr. DOWDY], is another excellent reason why this proposal should not be hastily considered.

Mr. MARSHALL. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield to the gentleman from Minnesota.

Mr. MARSHALL. The gentleman realizes that we increased the Assistant Secretaries for the Department of Agriculture. In increasing the Assistant Secretaries for the Department of Agriculture I could not help but note a week ago how active one of those assistants was on the floor of the House. I presume the Defense Department also needs some people to take an active part.

Mr. GROSS. I appreciate the gentleman's observation.

I will say to the gentleman that I voted against the Assistant Secretaries for the Department of Agriculture, just as I will vote against this bill today unless complete justification is shown.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. GROSS. I yield.

Mr. ARENDS. On the question which the gentleman asked about the reduction in personnel, from 1952 up to the present time there has been a reduction in civilian personnel within the Secretary's Office itself of approximately 500 individuals.

Mr. GROSS. I appreciate that. Then why back-track and add highly paid personnel rather than try to further reduce the expenditures of Government?

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. ARENDS]?

Mr. TEAGUE and Mr. CHELF objected.

Mr. McCORMACK. Mr. Speaker, I know it is not necessary for me to argue to or convince the members of this committee with the importance of military research in all of its aspects—basic, applied, development, and so forth, in our system of national defense.

Without minimizing in the slightest manner any activity of our military organizations I think it can be said that in the world of today and the foreseeable future, military research and the results thereof is of primary importance. Its value cannot be underestimated or undervalued with safety for our country. Research is of such importance that the very safety and future of our country may depend upon the brains and the ability of our scientists in the field of basic research and in the other vitally important fields of research.

There are some persons who honestly feel that military research should be completely divorced from the military. I respect their views and they may be right—but I am not prepared to go so far—and on the facts I have I am not of that school.

Several years ago I became disturbed over the relationship that existed in the field of military research. In this field we have two groups—the military and the scientists and technical—well meaning, but in many respects the opposite of each other—but each necessary to the other, and both as a real team vitally important to the defense and the national interest of our country. One is of necessity a disciplined group, subject to command—the other individualists searching for new discoveries.

Then when new discoveries are made those who pass upon their practicability, and those who develop new discoveries into practical and effective use.

These are very important persons.

It is vitally important that these two groups be developed into a real team in order that the maximum be obtained.

I was so disturbed by the relationship, that existed—of the domination of the scientist by the military, and the results thereof, that on several occasions I spoke to President Truman about it—as well as some members of this committee. Action was slowly taken as a result of which improvement occurred.

For the past several weeks the Riehlman subcommittee of the Committee on Government Operations has been looking into this matter, doing so in executive session and in a most constructive manner. Upon invitation, I have sat in with this subcommittee. It will make its report in the near future.

While progress in this delicate and highly technical and complex field has taken place in the past 2 years, there is room for more improvement.

It is generally recognized that a qualified civilian high in the line of command is of importance and value from an organizational angle in creating the partnership and teamwork necessary to get the maximum result.

We now have an Assistant Secretary of Defense for Research and Development. This only came after opposition from the military, honest, but wrong. I take some pleasure and I hope I am not wrong or presumptious in feeling the unpublicized fight I have been making for the past 4 years, at least I played some part in the establishment of this position.

The creation of this position is due more to congressional leadership than executive leadership.

The establishment of an Assistant Secretary of the Army, of the Navy, and of the Air Force for Research and Development would have a marked influence in cementing the military and the scientists and technical groups into a more effective team; would enable better and more effective coordination, reduce unnecessary and duplicating activities; save money, and with qualified men in those positions have an overall favorable effect that cannot be too strongly emphasized.

The mere fact that the services may not favor my bill or such actions is no justification for failure to act favorably.

In no way criticizing, progress of this kind is invariably made against honest but wrong thinking.

How often has it been that this committee had to use the judgment of its members against the recommendations of a department of our armed services, and in the great majority of such cases experience showed the judgment of the committee was right.

This, I respectfully submit, is another such case. It is another case where congressional leadership and action is necessary and should be taken.

First. Research is a field of vital importance to our national interest.

Second. Every effort should be made to have our military and scientists work as a team with and under the military, not military domination, but understanding leadership and guidance.

Third. The establishment of such positions in itself would remove from this important group the present feeling that as a group they are under suspicion. The other values I have ennumerated would follow.

Mr. Speaker and members of the committee, I feel very strongly on this matter. If what I have said appeals to your judgment I then ask you as a matter of conscience to include in any bill reported out provisions for the establishment of the position of Assistant Secretaries of the Army, Navy, and Air Force for Research and Development.

Such action will be further evidence of leadership on the part of your committee for greater military power. It will be in our national interest.

If what I propose and have said in support of my proposal appeals to your judgment, the failure of favorable recommendations, or even opposition on the part of the Department of Defense, or any of its component departments or services, should not deter you from taking favorable actions.

EXTENSION OF REMARKS

Mr. JONAS of North Carolina. Mr. Speaker, I ask unanimous consent to extend my remarks and include an analysis made at my request by the Bureau of the Budget of the basis upon which the President issued his instruction to the Atomic Energy Commission. I am informed that the material will occupy 4⅔ pages of the RECORD, and the total printing cost would be $396.67. Notwithstanding that, because of the general interest in this subject, I believe the material should be in the RECORD and I ask unanimous consent that it be included notwithstanding the additional cost.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that immediately succeeding the objection made by the gentleman from Texas [Mr. TEAGUE], I be permitted to insert a statement I made before the House Committee on the Armed Services in support of an Assistant Secretary for the Army, Navy, and Air Force, for research and development.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

SPECIAL ORDERS GRANTED

Mr. ABERNETHY asked and was given permission to address the House for 45 minutes tomorrow, following any special orders heretofore entered.

Mr. PHILLIPS asked and was given permission to address the House for 45 minutes on Wednesday next, following any special orders heretofore entered.

Mr. JONAS of North Carolina asked and was given permission to address the House for 30 minutes tomorrow, following any special orders heretofore entered.

COMMITTEE ON RULES

Mr. NICHOLSON. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file reports.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

THE TEXAS CITY TIN SMELTER

Mr. NICHOLSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 615 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of Senate Concurrent Resolution 79, to express the sense of the Senate on continuing the operation of a tin smelter at Texas City, Tex., and to investigate the need of a permanent domestic tin-smelting industry and the adequacy of our strategic stockpile of tin. After general debate, which shall be confined to the concurrent resolution, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the concurrent resolution shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the concurrent resolution for amendment, the Committee shall rise and report the concurrent resolution to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the concurrent resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from Massachusetts is recognized for 1 hour.

Mr. NICHOLSON. Mr. Speaker, I yield 30 minutes to the gentleman from Mississippi [Mr. COLMER], and yield myself such time as I may use.

Mr. Speaker, I rise to urge the adoption of House Resolution 615 which will make in order the consideration of the concurrent resolution Senate Concurrent Resolution 79, to express the sense of the Senate on continuing the operation of a tin smelter at Texas City, Tex., and to investigate the need of a permanent domestic tin-smelting industry and the adequacy of our strategic stockpile of tin.

Senate Concurrent Resolution 615 provides for an open rule with 1 hour of general debate.

Mr. Speaker, this concurrent resolution would provide that the Government-owned tin smelter at Texas City, Tex., should continue in operation until June 30, 1955, and that the production of tin by the smelter during fiscal year 1955 may be transferred to the national stockpile.

This legislation would also provide, Mr. Speaker, that the President should under authority contained in existing legislation, transfer from the Reconstruction Finance Corporation to another Government agency of his choice the functions, powers, duties, and authority necessary to operate the Texas City tin smelter, because of the expected dissolution of the Reconstruction Finance Corporation.

Finally, Mr. Speaker, this resolution would provide that Congress through an appropriate committee conduct a study and investigation of the advisability of maintaining on a permanent basis a domestic tin industry and the availability of supplies of tin to meet all requirements in times of emergency. Congress would be instructed in this legislation to adopt not later than April 30, 1955, appropriate legislation on the subject.

Mr. Speaker, it seems to me that while this study of just what our long-range policy with regard to tin smelting should be, is being made, that the extension of the authority to continue the smelting facilities in Texas City for another year, is a good plan. It would be foolish to decide what our policy shall be in haste, for we may thus make a wrong decision which would cost us dearly in times of emergency.

I hope that in view of these facts that the Congress will adopt the rule so that we may consider Senate Concurrent Resolution 79.

Mr. COLMER. Mr. Speaker, I have no requests for time on this side.

Mr. NICHOLSON. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that Senate Concurrent Resolution 79 be considered in the House as in the Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. WOLCOTT]?

There was no objection.

The Clerk read the Senate concurrent resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the Government tin smelter at Texas City, Tex., should be continued in operation at least until June 30, 1955, under the provisions of section 2 of Public Law 125, 80th Congress.

SEC. 2. It is the further sense of the Congress that the President, pursuant to the authority contained in Public Law 125, 80th Congress, and Public Law 163, 83d Congress, should transfer at the earliest practicable date all functions, powers, duties, and authority under Public Law 125, 80th Congress, as amended (the tin program), from the Reconstruction Finance Corporation to such officer, agency, or instrumentality of the United States as the President may designate.

SEC. 3. It is the further sense of the Congress that pursuant to section 1 (c) of Public Law 125, 80th Congress, an appropriate committee or committees of the Congress shall be designated pursuant to a subsequent resolution to conduct the study and investigation of the matters with respect to tin which were determined by section 1 (c) to be required in the public interest and in promotion of the common defense. Such study shall be concluded and a report with respect thereto filed with each House of Congress no later than March 15, 1955.

SEC. 4. It is the further sense of the Congress that the Congress should, after consideration of the reports filed pursuant to section 3 of this resolution, but not later than April 30, 1955, adopt appropriate legislation with respect to the tin program of the United States.

With the following committee amendment:

Page 1, line 6, after the word "Congress", insert "and the tin produced may be transferred to the national stockpile."

The committee amendment was agreed to.

The Senate concurrent resolution was agreed to.

The title was amended so as to read: "To express the sense of the Congress on continuing the operation of a tin smelter at Texas City, Tex., and to investigate the need of a permanent domestic tin-smelting industry and the adequacy of our strategic stockpile of tin."

A motion to reconsider was laid on the table.

STRENGTHENING THE BOND WITH OUR WESTERN HEMISPHERE ALLIES

Mr. MULTER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MULTER. Mr. Speaker, it is most gratifying to note the action of this Congress in the adoption of Senate Concurrent Resolution 79, providing for the continuance of the Government tin smelter at Texas City, Tex., and requiring a further study of the entire subject.

The CONGRESSIONAL RECORD and the daily press are filled with words on the subject of how our country can gain friends and keep its allies. In this field of foreign affairs more than anywhere else, actions speak louder than words.

It is the kind of action called for by this resolution that will make friends for us. I agree with our South American friends who urge that this country must do more to back its protestations of friendship.

The continuance of the purchase of tin ore from Bolivia is a positive demonstration of our desire to help our allies in the Western Hemisphere. Such conduct on our part, however, is more than just aid to a neighbor. It is a necessary part of our own defense and our national security. The cost of this program should not be charged to any foreign-aid program. It is an integral part of our own defense program and should be treated as such. At the same time, it helps build up and make stronger our friendly neighbors.

SPECIAL ORDER GRANTED

Mr. JONES of Alabama asked and was given permission to address the House for 15 minutes on tomorrow, following the legislative program and any special orders heretofore entered.

FEDERAL RESERVE ACT

Mr. NICHOLSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 618 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9144) to amend section 24 of the Federal Reserve Act, as amended. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. NICHOLSON. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH], and yield myself such time as I may desire.

Mr. Speaker, I rise to urge the adoption of House Resolution 618 which will make in order the consideration of the bill (H. R. 9144) to amend section 24 of the Federal Reserve Act, as amended.

House Resolution 618 provides for an open rule with 1 hour of general debate on the bill itself.

Mr. Speaker, H. R. 9144 proposes to correct an omission made last year when the Small Business Act of 1953 was enacted. The Small Business Act authorized national banks, as well as State-chartered banks, to participate in loans made by the Small Business Administration.

Section 24 of the Federal Reserve Act imposes certain restrictions on loans secured by real estate which may be made by national banks. However, the limitations of section 24 with respect to real-estate loans made by national banks are not applicable with respect to loans in which the Reconstruction Finance Corporation or the Housing and Home Finance Administrator cooperates.

H. R. 9144 would merely place real-estate loans in which the Small Business Administration cooperates in the same status as similar loans made by the Reconstruction Finance Corporation and the Housing and Home Finance Administrator.

Mr. Speaker, this bill was originally proposed by the Treasury Department in order that maximum participation by national banks in carrying out the purposes of the Small Business Act of 1953 might be achieved.

The Bureau of the Budget has voiced no objection to the provisions contained in the bill, and I hope that the House membership will adopt the rule which will make possible the consideration of this bill.

Mr. SMITH of Virginia. Mr. Speaker, I yield back my time.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the fourth paragraph of section 24 of the Federal Reserve Act, as amended (U. S. C., 1952 edition, title 12, sec. 371), is amended by adding in clause (d) the words "or the Small Business Administration" after the words "the Housing and Home Finance Administrator" and by adding the words "or of the Small Business Act of 1953," after the words "Housing Act of 1948, as amended."

Mr. WOLCOTT. Mr. Speaker, this bill would bring within the purview of the Federal Reserve Act as amended the authority on the part of national banks to participate in real-estate loans to small business. As is recited in the report, this is brought about because of an inadvertence when we passed the small business bill. It merely brings the Small Business Administration in line with the Housing and Home Finance Agency and the other agencies mentioned in the report. It makes it a little easier for small business to make and participate in loans by national banks.

Mr. Speaker, I have no further requests for time on this side.

Mr. SPENCE. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I voted in the committee to report this bill and I am for it, but my vote for it cannot be construed as an approval of the record of the Small Business Administration.

The Small Business Administration was organized in June 1953. It was open for applications in September of that year. I am reliably informed that

up to June 17, this year, there have been 2,146 applications for loans; 39 direct loans have been granted, which totaled $2,180,210. I think it is reasonable to assume that out of those more than 2,000 applications a good many of them complied with the requirements and were entitled to some assistance. I voted for this bill because I hoped it might stimulate this organization to do better in the future than it has in the past. Certainly this record on the face of these figures is not a record to commend them and I hope there will be something of repentance and reform in the future.

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield.

Mr. SMITH of Virginia. I was interested in the statement that only 39 loans had been made since this organization was formed and that they had loaned out $2 million. I should like to ask the gentleman, what was the administrative cost of lending the $2 million; how much has it cost to operate that agency?

Mr. SPENCE. I do not have that figure, but I am confident it cost the Small Business Administration more to administer its affairs up to June 17 than it has loaned. They were authorized to lend $250 million.

Mr. SMITH of Virginia. And they loaned $2 million.

Mr. SPENCE. So far by direct loans. There were deferred participations in 45 loans. They have not been serviced yet. The amount there is $1,978,200. There were immediate participations in 9 loans in the amount of $415,550. But added all together, it makes a miserable record for an organization that was created to render a service to the business people of the country that we thought was necessary at that time and is still necessary.

The Reconstruction Finance Corporation might have been maintained as a standby organization. It had a wide experience and a good record in assisting small business. It was discontinued. All of its powers were transferred to the Small Business Administration and this is the record that they have made since September 1953.

Mr. SMITH of Virginia. Mr. Speaker, will the gentleman yield further?

Mr. SPENCE. I yield.

Mr. SMITH of Virginia. Since propounding my question to the gentleman, I am reliably informed that it has cost more in administrative expenses to make the $2 million worth of loans than the total of the loans made. In other words, we have sent more than $2 million to make $2 million worth of loans.

Mr. SPENCE. I think that is obvious.

Mr. SMITH of Virginia. If that is correct—and I am informed that it is—it seems to me that it is about time that we put a stop to this absurdity.

Mr. SPENCE. Mr. Speaker, you must consider this bill as an incentive to the Small Business Administration for repentance and reform. They could do better, and I hope they will. That is the reason I voted to report this bill.

Mr. WOLCOTT. Mr. Speaker, I rise in opposition to the pro forma amendment, in order to clear up the situation. I do not think we should have to be repentant with respect to what the Small Business Administration has been doing. Their activity is not confined to making loans solely. They do a world of good among small business organizations which come to them for help and technical advice, such as is available to most big businesses which have their own research organizations. They spend hundreds of millions of dollars to maintain themselves in a position where, through research and development, they can compete one with the other. The Government has set up the Small Business Administration more to put small business in a position where, through development practices, small business can better compete with big business. So we should not say that the cost of operating the Small Business Administration is more than the amount of the loans.

I might mention also that this Congress has two Select Committees on Small Business. We might as well charge off all of the expense of operating the Select Committees on Small Business of both the Senate and the House against this, to be logical, if that is the guide that we must follow, although it is not the guide and should not be the guide. I do not think anyone in this House would want to eliminate the help which the Small Business Administration gives to small business.

Mr. PHILLIPS. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. PHILLIPS. Is it not also a fact that one of the functions of the Small Business Administration is to gather together individuals or groups of small merchants so that they may take advantage of group contracts, an effort which large business is able to do, but which small business can only do by coordination because it costs money?

Mr. WOLCOTT. That is correct.

Mr. SPENCE. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I yield.

Mr. SPENCE. I am not advocating that we abandon it. I am only advocating that they do better in the future than they have in the past. I am not entirely in accord with the statement made by the able chairman of the committee, that advice is a substitute for money when a man is in trouble. I have no doubt that they are profuse with their advice, but when the man came for a loan, and I think the statement I have made will not be controverted, he did not get it.

Mr. WOLCOTT. This bill facilitates the help which small business can get either in the field of loans or research by making it possible for the national banks to make the same type of loans that the Reconstruction Finance Corporation or the Housing and Home Finance Administration is making at the present time.

Mr. McCORMACK. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I have listened with interest to the apologetic remarks of my good friend, the gentleman from Michigan.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. Mr. Speaker, I shall yield to the gentleman—I want to say I construe the remarks he made to be apologetic.

Mr. WOLCOTT. Mr. Speaker, will the gentleman yield now so that I may answer the statement which he has just made.

Mr. McCORMACK. I yield.

Mr. WOLCOTT. I am not apologizing for the Small Business Administration. I think they have done a splendid job.

Mr. McCORMACK. I construe the gentleman's remarks to be very apologetic, and the gentleman can have his own views, but the fact remains that the Small Business Administration has done very little since its establishment. The further fact remains that when the bill was up here, there were some of us who recognized that there were written into the law limitations upon real action by this Administration. For example, there was a limitation of $150,000 as the extent of a loan. Some of us from New England pointed out that small, independent businesses in New England and particularly in the industrial areas of the country greatly exceeded that amount. I agree that some good can come out of it, and I am satisfied that there will be more good to come out of it in the future than there has been in the past. But when the gentleman from Michigan makes reference to the remarks made on the floor today by other Members, my mind goes back not so many weeks ago when the chairman of the special small business committee, the gentleman from Colorado [Mr. HILL] addressing a meeting of some of the officials in the various regional offices of this Administration, which was held in Washington, severely and properly, I thought, called to their attention the fact that they were making very few loans, and that they would have to form an organization which in cooperation with the banks would more effectively carry out the intent of Congress within the limits of the organic act. I think it is pretty generally understood that we could improve the law we passed, which is now on the statute books. Of course, until that times comes, I do not expect that the so-called small, independent business firms of America are going to get the maximum consideration that they should get, and which they should receive through this governmental action. There is no question but that up to this time, this Administration has not made many loans. The reason why they have not made many loans is very evident.

I am also satisfied, since the gentleman from Colorado [Mr. HILL] made his remarks, and they were very able and constructive remarks, that there has been improvement. But when the gentleman from Michigan undertakes to tell Members of the House that this Administration has been doing an outstanding job, there are some of us who are acquainted with the record up to date who know that it has not been an outstanding job. We are hopeful that as a result of what the gentleman from Colorado [Mr. HILL] said, and I compliment him for the statement he made several weeks ago, that there will be decided improvement. I

am satisfied that since he made his remarks there has been improvement in the right direction.

Mr. YATES. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Illinois.

Mr. YATES. As a matter of fact, it has only been the pushing and the persuasion by congressional committees, the Committee on Appropriations and the Select Committee on Small Business, that the Small Business Administration has made any loans at all. Most of the loans that have been made have not been made directly to small businesses, but the vast majority of them have been in cooperation with banks to the small business of the country.

Mr. McCORMACK. The gentleman is a member of the committee?

Mr. YATES. I am.

Mr. McCORMACK. And as I recall, I sent the gentleman a copy of the CONGRESSIONAL RECORD in which the speech made by our colleague, Mr. HILL, was printed.

Mr. YATES. The gentleman is absolutely correct.

Mr. McCORMACK. It was a very fine speech, but he unmistakably called to their attention the fact that there was keen disappointment in what had been accomplished up to date.

Mr. YATES. That is absolutely correct. As a matter of fact, under the first Administrator appointed to the Small Business Administration, whose name was Packard, I think, there were no loans made. He was opposed to making loans. It was only after Mr. Barnes was appointed in December that they started making any loans at all.

Mr. McCORMACK. Whom did Mr. Barnes succeed?

Mr. WOLCOTT. William Mitchell.

Mr. YATES. I thank the gentleman. It was William Mitchell. He refused to make any loans at all.

Mr. McCORMACK. I understand he is now employed in the Department of Agriculture.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

AMENDMENTS TO THE BANKHEAD-JONES FARM TENANT ACT

Mr. NICHOLSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 617 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1276) to amend the Bankhead-Jones Farm Tenant Act in order to increase the interest rate on loans made under title I of such act, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Agriculture, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Agriculture now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. NICHOLSON. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. Speaker, I rise to urge the adoption of House Resolution 617 which will make in order the consideration of the bill S. 1276, to amend the Bankhead-Jones Farm Tenant Act in order to increase the interest rate on loans made under title I of such act.

House Resolution 617 provides for an open rule, waiving points of order and allows for the consideration of the committee substitute amendment as an original bill for purposes of amendment. One hour of general debate is provided on the bill.

Mr. Speaker, S. 1276 will provide the authorization for the Secretary of Agriculture to increase the rate of interest to not to exceed 5 percent in the case of direct FHA loans and to a base interest of not in excess of 4 percent on insured mortgage loans. The report on this bill emphasizes the fact that the present interest rates on FHA loans are too low and thus compete unfairly with private loans. Consequently instead of farmers coming to the FHA people as a last resort when they fail to get loans through private lending means, the farmers come directly to the FHA which was never the intent of the Congress when the enabling legislation was originally passed.

S. 1276 will also permit the Farmers' Home Administration to make direct loans on the security of second mortgages where the combined value of the first and second mortgages does not exceed the value of the farm as certified by county FHA officials.

The third major provision in this bill, Mr. Speaker, will permit FHA to sell property acquired by foreclosure to corporations engaged in the farming business if such a corporation makes the highest bid for the property.

Lastly, S. 1276 extends to several recent acts of Congress the authority for FHA to protect its investment and its security by making advances to protect its loans or bidding for and purchasing at foreclosure sale or otherwise property which has been pledged as security for such loans.

Mr. Speaker, S. 1276 includes many provisions recommended by the Secretary of Agriculture. The Committee on Agriculture has studied this whole subject at great length and I hope that the rule will be adopted and that the bill itself will pass.

Mr. SMITH of Virginia. Mr. Speaker, I have no requests for time.

Mr. NICHOLSON. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

REVISED ORGANIC ACT OF THE VIRGIN ISLANDS

Mr. SAYLOR. Mr. Speaker, I call up the conference report on the bill (S. 3378) to revise the Organic Act of the Virgin Islands of the United States, and ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2105)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 3378) to revise the Organic Act of the Virgin Islands of the United States, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House to the text of the bill, and agree to the same with an amendment as follows: In lieu of the matter inserted by the House amendment insert the following: "That this Act may be cited as the 'Revised Organic Act of the Virgin Islands'.

"SEC. 2. (a) The provisions of this Act, and the name 'Virgin Islands' as used in this Act, shall apply to and include the territorial domain, islands, cays, and waters acquired by the United States through cession of the Danish West Indian Islands by the convention between the United States of America and His Majesty the King of Denmark entered into August 4, 1916, and ratified by the Senate on September 7, 1916 (39 Stat. 1706). The Virgin Islands as above described are hereby declared an unincorporated territory of the United States of America.

"(b) The government of the Virgin Islands shall have the powers set forth in this Act and shall have the right to sue by such name and in cases arising out of contract, to be sued: *Provided*, That no tort action shall be brought against the government of the Virgin Islands or against any officer or employee thereof in his official capacity without the consent of the legislature constituted by this Act.

"The capital and seat of government of the Virgin Islands shall be located at the city of Charlotte Amalie, in the island of Saint Thomas.

"BILL OF RIGHTS

"SEC. 3. No law shall be enacted in the Virgin Islands which shall deprive any person of life, liberty, or property without due process of law or deny to any person therein equal protection of the laws.

"In all criminal prosecutions the accused shall enjoy the right to be represented by counsel for his defense, to be informed of the nature and cause of the accusation, to have a copy thereof, to have a speedy and public trial, to be confronted with the wit-

nesses against him, and to have compulsory process for obtaining witnesses in his favor.

"No person shall be held to answer for a criminal offense without due process of law, and no person for the same offense shall be twice put in jeopardy of punishment, nor shall be compelled in any criminal cause to give evidence against himself; nor shall any person sit as judge or magistrate in any case in which he has been engaged as attorney or prosecutor.

"All persons shall be bailable by sufficient sureties in the case of criminal offenses, except for first-degree murder or any capital offense when the proof is evident or the presumption great.

"Excessive bail shall not be required, nor excessive fines imposed, nor cruel and unusual punishment inflicted.

"No law impairing the obligation of contracts shall be enacted.

"No person shall be imprisoned or shall suffer forced labor for debt.

"All persons shall have the privilege of the writ of habeas corpus and the same shall not be suspended except as herein expressly provided.

"No ex post facto law or bill of attainder shall be enacted.

"Private property shall not be taken for public use except upon payment of just compensation ascertained in the manner provided by law.

"The right to be secure against unreasonable searches and seizures shall not be violated.

"No warrant for arrest or search shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched and the persons or things to be seized.

"Slavery shall not exist in the Virgin Islands.

"Involuntary servitude, except as a punishment for crime whereof the party shall have been duly convicted by a court of law, shall not exist in the Virgin Islands.

"No law shall be passed abridging the freedom of speech or of the press or the right of the people peaceably to assembly and petition the government for the redress of grievances.

"No law shall be made respecting an establishment of religion or prohibiting the free exercise thereof.

"No person who advocates, or who aids or belongs to any party, organization, or association which advocates, the overthrow by force or violence of the government of the Virgin Islands or of the United States shall be qualified to hold any office of trust or profit under the government of the Virgin Islands.

"No money shall be paid out of the Virgin Islands treasury except in accordance with an Act of Congress or money bill of the legislature and on warrant drawn by the proper officer.

"The contracting of polygamous or plural marriages is prohibited.

"The employment of children under the age of sixteen years in any occupation injurious to health or morals or hazardous to life or limb is prohibited.

"Nothing contained in this Act shall be construed to limit the power of the legislature herein provided to enact laws for the protection of life, the public health, or the public safety.

"FRANCHISE

"SEC. 4. The franchise shall be vested in residents of the Virgin Islands who are citizens of the United States, twenty-one years of age or over. Additional qualifications may be prescribed by the legislature: *Provided, however,* That no property, language, or income qualification shall ever be imposed upon or required of any voter, nor shall any discrimination in qualification be made or based upon difference in race, color, sex, or religious belief.

"LEGISLATIVE BRANCH

"SEC. 5. (a) The legislative power and authority of the Virgin Islands shall be vested in a legislature, consisting of one house, to be designated the 'Legislature of the Virgin Islands', herein referred to as the legislature.

"(b) The legislature shall be composed of eleven members to be known as senators. The Virgin Islands shall be divided into three legislative districts, as follows: The District of Saint Thomas, comprising Saint Thomas, Hassel, Water, Savana, Inner Brass, Outer Brass, Hans Lollik, Little Hans Lollik, Great Saint James, Little Saint James, and Capella Islands, Thatch Cay and adjacent islets and cays; the District of Saint Croix, comprising Saint Croix and Buck Islands and adjacent islets and cays; and the District of Saint John, comprising Saint John and Flanagan Islands, Grass, Mingo, Lovango, and Congo cays and adjacent islets and cays. Two senators shall be elected by the qualified electors of the District of Saint Thomas; two senators shall be elected by the qualified electors of the District of Saint Croix; and one senator shall be elected by the qualified electors of the District of Saint John. The other six senators shall be senators at large and shall be elected by the qualified electors of the Virgin Islands from the Virgin Islands as a whole: *Provided,* That in the election of senators at large, each elector shall be entitled to vote for two candidates, and the candidates receiving the largest number of votes shall be declared elected up to the number to be elected at that election. The order of names upon the ballot for each office shall be determined by lot among the candidates: *Provided,* That the Government Secretary or his designee is authorized to draw for a candidate who does not appear in person, or by authorized representative, at the drawing of lots.

"SEC. 6. (a) The term of office of each member of the legislature shall be two years. The term of office of each member shall commence on the second Monday in April following his election: *Provided, however,* That the term of office of each member elected in November 1954 shall commence on the second Monday in January 1955 and shall continue until the second Monday in April 1957.

"(b) No person shall be eligible to be a member of the legislature who is not a citizen of the United States, who has not attained the age of twenty-five years, who is not a qualified voter in the Virgin Islands, who has not been a bona fide resident of the Virgin Islands for at least three years next preceding the date of his election, or who has been convicted of a felony or of a crime involving moral turpitude and has not received a pardon restoring his civil rights. Federal employees and persons employed in the legislative, executive or judicial branches of the government of the Virgin Islands shall not be eligible for membership in the legislature.

"(c) All officers and employees charged with the duty of directing the administration of the electoral system of the Virgin Islands and its representative districts shall be appointed in such manner as the legislature may by law direct.

"(d) No member of the legislature shall be held to answer before any tribunal other than the legislature for any speech or debate in the legislature and the members shall in all cases, except treason, felony, or breach of the peace, be privileged from arrest during their attendance at the sessions of the legislature and in going to and returning from the same.

"(e) Each member of the legislature shall be paid the sum of $600 annually, one-third on the second Monday in April, one-third on the second Monday in May, and one-third at the close of the regular session: *Provided, however,* That each member of the legislature shall be paid for the regular session commencing on the second Monday in January 1955, the sum of $600 annually, one-third on the second Monday in January, one-third on the second Monday in February, and one-third at the close of that session. Each member of the legislature who is away from the island of his residence shall also receive the sum of $10 per day for each day's attendance while the legislature is actually in session, in lieu of his expenses for subsistence, and shall be reimbursed for his actual travel expenses in going to and returning from each session, or period thereof, for not to exceed a total of eight round trips during any calendar year. The salaries, per diem, and travel allowances of the members of the legislature shall be paid by the Government of the United States.

"(f) No member of the legislature shall hold or be appointed to any office which has been created by the legislature, or the salary or emoluments of which have been increased, while he was a member, during the term for which he was elected, or during one year after the expiration of such term.

"(g) The legislature shall be the sole judge of the elections and qualifications of its members, shall have and exercise all the authority and attributes, inherent in legislative assemblies, and shall have the power to institute and conduct investigations, issue subpena to witnesses and other parties concerned, and administer oaths. The rules of the Legislative Assembly of the Virgin Islands existing on the date of approval of this Act shall continue in force and effect for sessions of the legislature, except as inconsistent with this Act, until altered, amended, or repealed by the legislature.

"(h) The Governor of the Virgin Islands shall fill any vacancy in the office of a member of the legislature by appointment. If the vacant office is that of a senator from a district, the person appointed shall be a resident of the district from which the member whose office is vacant was elected. If the vacant office is that of a senator at large the person appointed may be a resident of any part of the Virgin Islands. In any case, the person appointed shall serve for the remainder of the unexpired term.

"SEC. 7. (a) Regular sessions of the legislature shall be held annually, commencing on the second Monday in April, and shall continue in regular session for not more than sixty consecutive calendar days in any calendar years: *Provided, however,* That the annual session for 1955 shall commence on the second Monday in January 1955, and shall continue in regular session for not more than sixty consecutive calendar days. The Governor may call special sessions of the legislature at any time when in his opinion the public interests may require it, but no special session shall continue longer than fifteen calendar days, and the aggregate of such special sessions during any calendar year shall not exceed thirty calendar days. No legislation shall be considered at any special session other than that specified in the call therefor or in any special message by the Governor to the legislature while in such session.

"(b) Sessions of the legislature shall be held in the capital of the Virgin Islands at Charlotte Amalie, Saint Thomas.

"SEC. 8. (a) The legislative authority and power of the Virgin Islands shall extend to all subjects of local application not inconsistent with this Act or the laws of the United States made applicable to the Virgin Islands, but no law shall be enacted which would impair rights existing or arising by virtue of any treaty or international agreement entered into by the United States, nor shall the lands or other property of nonresidents be taxed at a higher rate than the lands or other property of residents.

"(b) The legislature of the government of the Virgin Islands may cause to be issued on

behalf of said government bonds or other obligations for a specific public improvement or specific public undertaking authorized by an act of the legislature, which bonds or obligations shall be payable solely from the revenues directly derived from and attributable to such specific public improvement or public undertaking. The total amount of such revenue bonds which may be issued and outstanding for all such improvements or undertakings at any one time shall not be in excess of $10,000,000. Bonds issued pursuant to this subsection may bear such date or dates, may be in such denominations, may mature in such amounts and at such time or times, not exceeding thirty years from the date thereof, may be payable at such place or places, may carry such registration privileges as to either principal and interest, or principal only, and may be executed by such officers and in such manner as shall be prescribed by the government of the Virgin Islands. Said bonds shall be sold at public sale and shall be redeemable after five years without premium. In case any of the officers whose signatures appear on the bonds or coupons shall cease to be such officers before delivery of such bonds, such signature, whether manual or facsimile shall, nevertheless, be valid and sufficient for all purposes, the same as if such officers had remained in office until such delivery. The bonds so issued shall bear interest at a rate not to exceed 5 per centum per annum, payable semiannually. All such bonds shall be sold for not less than the principal amount thereof plus accrued interest. All such bonds issued by the government of the Virgin Islands or by its authority shall be exempt as to principal and interest from taxation by the Government of the United States, or by the government of the Virgin Islands, or by any State, Territory, or possession, or by any political subdivision of any State, Territory, or possession, or by the District of Columbia. Such bonds shall under no circumstances constitute a general obligation of the Virgin Islands or of the United States. The legislature shall have no power to incur any indebtedness which may be a general obligation of said government.

"(c) The laws of the United States applicable to the Virgin Islands on the date of approval of this Act, including laws made applicable to the Virgin Islands by or pursuant to the provisions of the Act of June 22, 1936 (48 Stat. 1807), and all local laws and ordinances in force in the Virgin Islands, or any part thereof, on the date of approval of this Act shall, to the extent they are not inconsistent with this Act, continue in force and effect until otherwise provided by the Congress: *Provided*, That the legislature shall have power, when within its jurisdiction and not inconsistent with the other provisions of this Act, to amend, alter, modify, or repeal any local law or ordinance, public or private, civil or criminal, continued in force and effect by this Act, except as herein otherwise provided, and to enact new laws not inconsistent with any law of the United States applicable to the Virgin Islands, subject to the power of Congress to annul any such Act of the legislature.

"(d) The President of the United States shall appoint a commission of seven persons, at least three of whom shall be residents of the Virgin Islands, to survey the field of Federal statutes and to make recommendations to the Congress within twelve months after the date of approval of this Act as to which statutes of the United States not applicable to the Virgin Islands on such date should be made applicable to the Virgin Islands, and as to which statutes of the United States applicable to the Virgin Islands on such date should be declared inapplicable. The members of the commission shall receive no salary for their service on the commission, but under regulations and in amounts prescribed by the Secretary of the Interior, they may be paid, out of Federal funds, reasonable per diem fees, and allowances in lieu of subsistence expenses, for attendance at meetings of the commission, and for time spent on official business of the commission, and their necessary travel expenses to and from meetings or when upon such official business, without regard to the Travel Expense Act of 1949.

"(e) The Secretary of the Interior shall arrange for the preparation, at Federal expense, of a code of laws of the Virgin Islands, to be entitled the 'Virgin Islands Code', which shall be a consolidation, codification and revision of the local laws and ordinances in force in the Virgin Islands. When prepared, the Governor shall submit it, together with his recommendations, to the legislature for enactment. Upon the enactment of the Virgin Islands Code it and any supplements to it shall be printed, at Federal expense, by the Government Printing Office as a public document.

"SEC. 9 (a) The quorum of the legislature shall consist of seven of its members. No bill shall become a law unless it shall have been passed at a meeting, at which a quorum was present, by the affirmative vote of a majority of the members present and voting, which vote shall be by yeas and nays.

"(b) The enacting clause of all acts shall be as follows: 'Be it enacted by the Legislature of the Virgin Islands'.

"(c) The Governor shall submit at the opening of each regular session of the legislature a message on the state of the Virgin Islands and a budget of estimated receipts and expenditures, which shall be the basis of the appropriation bills for the ensuing fiscal year, which shall commence on the first day of July.

"(d) Every bill passed by the legislature shall, before it becomes a law, be presented to the Governor. If the Governor approves the bill, he shall sign it. If the Governor disapproves the bill, he shall, except as hereinafter provided, return it, with his objections, to the legislature within ten days (Sundays excepted) after it shall have been presented to him. If the Governor does not return the bill within such period, it shall be a law in like manner as if he had signed it, unless the legislature by adjournment prevents its return, in which case it shall be a law if signed by the Governor within thirty days after it shall have been presented to him; otherwise it shall not be a law. When a bill is returned by the Governor to the legislature with his objections, the legislature shall enter his objections at large on its journal and proceed to reconsider the bill. If, after such reconsideration, two-thirds of all the members of the legislature agree to pass the bill, it shall be presented anew to the Governor. If he then approves it, he shall sign it; if not, he shall within ten days after it has been presented to him transmit it to the President of the United States. If the President approves the bill, he shall sign it. If he disapproves the bill, he shall return it to the Governor, so stating, and it shall not be a law. If the President neither approves nor disapproves the bill within ninety days from the date on which it is transmitted to him by the Governor, the bill shall be a law in like manner as if the President had signed it. If any bill presented to the Governor contains several items of appropriation of money, he may object to one or more of such items, or any part or parts, portion or portions thereof, while approving the other items, parts, or portions of the bill. In such a case he shall append to the bill, at the time of signing it, a statement of the items, or parts or portions thereof, to which he objects, and the items, or parts or portions thereof, so objected to shall not take effect.

"(e) If at the termination of any fiscal year the legislature shall have failed to pass appropriation bills providing for payment of the obligations and necessary current expenses of the Government of the Virgin Islands for the ensuing fiscal year, then the several sums appropriated in the last appropriation bills for the objects and purposes therein specified, so far as the same may be applicable, shall be deemed to be reappropriated item by item.

"(f) The legislature shall keep a journal of its proceedings and publish the same. Every bill passed by the legislature and the yeas and nays on any question shall be entered on the journal.

"(g) Copies of all laws enacted by the legislature shall be transmitted within fifteen days of their enactment by the Governor to the Secretary of the Interior and by him annually to the Congress of the United States.

"SEC. 10. The next general election in the Virgin Islands shall be held on November 2, 1954. At such time there shall be chosen the entire membership of the legislature as herein provided. Thereafter the general elections shall be held on the first Tuesday after the first Monday in November, beginning with the year 1956, and every two years thereafter. The Municipal Council of Saint Thomas and Saint John, and the Municipal Council of Saint Croix, existing on the date of approval of this Act, shall continue to function until January 10, 1955, at which time all of the functions, property, personnel, records, and unexpended balances of appropriations and funds of the governments of the municipality of Saint Thomas and Saint John and the municipality of Saint Croix shall be transferred to the government of the Virgin Islands.

"EXECUTIVE BRANCH

"SEC. 11. The executive power of the Virgin Islands shall be vested in an executive officer whose official title shall be the "Governor of the Virgin Islands", and shall be exercised under the supervision of the Secretary of the Interior. The Governor of the Virgin Islands shall be appointed by the President, by and with the advice and consent of the Senate, and shall hold office at the pleasure of the President and until his successor is chosen and qualified. The Governor shall maintain his official residence in the Government House of Saint Thomas during his official incumbency, free of rent, and while in Saint Croix may reside in Government House on Saint Croix free of rent. He shall have general supervision and control of all the departments, bureaus, agencies, and other instrumentalities of the executive branch of the government of the Virgin Islands. He may grant pardons and reprieves and remit fines and forfeitures for offenses against the local laws, and may grant respites for all offenses against the laws of the United States applicable in the Virgin Islands until the decision of the President can be ascertained. He may veto any legislation as provided in this Act. He shall appoint all officers and employees of the executive branch of the government of the Virgin Islands, except as otherwise provided in this or any other Act of Congress, and shall commission all officers that he may be authorized to appoint. He shall be responsible for the faithful execution of the laws of the Virgin Islands and the laws of the United States applicable in the Virgin Islands. Whenever it becomes necessary he may call upon the commanders of the military and naval forces of the United States in the islands, or summon the posse comitatus, or call out the militia, to prevent or suppress violence, invasion, insurrection, or rebellion; and he may, in case of rebellion or invasion, or imminent danger thereof, when the public safety requires it, suspend the privilege of the writ of habeas corpus, or place the islands, or any part thereof, under martial law, until communication can be had with the President and the President's decision thereon made known. He shall annually, and at such other times

as the President or the Congress may require, make official report of the transactions of the government of the Virgin Islands to the Secretary of the Interior, and his said annual report shall be transmitted to the Congress. He shall perform such additional duties and functions as may, in pursuance of law, be delegated to him by the President, or by the Secretary of the Interior. He shall have the power to issue executive regulations not in conflict with any applicable law. He may attend or may designate another person to represent him at the meetings of the legislature, may give expressions to his views on any matter before that body, and may recommend bills to the legislature.

"SEC. 12. The President shall appoint a Government Secretary for the Virgin Islands. He shall have custody of the seal of the Virgin Islands and shall countersign and affix such seal to all executive proclamations and all other executive documents. He shall record and preserve the laws enacted by the legislature. He shall promulgate all proclamations and orders of the Governor and all laws enacted by the legislature. He shall have such executive powers and perform such other duties as may be assigned to him by the Governor.

"SEC. 13. The Governor may appoint an administrative assistant who shall reside in Saint Croix and an administrative assistant who shall reside in Saint John. These administrative assistants shall perform such duties as may be assigned to them by the Governor. In making such appointments, preference shall be given to qualified residents of the Virgin Islands.

"SEC. 14. In case of a vacancy in the office of Governor or the disability or temporary absence of the Governor, the Government Secretary shall have all the powers of the Governor.

"SEC. 15. The Secretary of the Interior may from time to time designate the head of an executive department of the government of the Virgin Islands to act as Governor in the case of a vacancy in the offices, or the disability or temporary absence, of both the Governor and the Government Secretary, and the person so designated shall have all the powers of the Governor for so long as such condition continues.

"SEC. 16. (a) The Governor shall, within one year after the date of approval of this Act, reorganize and consolidate the existing executive departments, bureaus, independent boards, agencies, authorities, commissions, and other instrumentalities of the government of the Virgin Islands or of the municipal governments into not more than nine executive departments, except for independent bodies whose existence may be required by Federal law for participation in Federal programs. The head of each executive department shall be designated as the Commissioner thereof, and the Commissioner of Finance shall be bonded. No other department, bureau, independent board, agency, authority, commission, or other instrumentality shall be created, organized, or established by the Governor or the legislature, without the prior approval of the Secretary of the Interior, unless required by Federal law for participation in Federal programs.

"(b) The Governor shall, from time to time, after complying with the provisions of subsection (a) of this section, examine the organization of the executive branch of the government of the Virgin Islands, and shall make such changes therein, subject to the approval of the legislature, not inconsistent with this Act, as he determines are necessary to promote effective management and to execute faithfully the purposes of this act and the laws of the Virgin Islands.

"(c) The heads of the executive departments created by this act shall be appointed by the Governor, with the advice and consent of the legislature. Each shall hold office during the continuance in office of the Governor by whom he is appointed and until his successor is appointed and qualified, unless sooner removed by the Governor. Each shall have such powers and duties as may be prescribed by the legislature.

"SEC. 17. (a) The Secretary of the Interior shall appoint a government comptroller who shall receive a salary of not to exceed $12,500 per annum. The government comptroller shall hold office for a term of ten years and until his successor is appointed and qualified unless sooner removed by the Secretary of the Interior for cause. The government comptroller shall not be eligible for reappointment.

"(b) The government comptroller shall audit and settle all accounts and claims pertaining to the revenues and receipts from whatever source of the government of the Virgin Islands and of funds derived from bond issue; and he shall audit and settle, in accordance with law and administrative regulations, all expenditures of funds and property pertaining to the government of the Virgin Islands including those pertaining to trust funds held by the government of the Virgin Islands.

"(c) It shall be the duty of the government comptroller to bring to the attention of the proper administrative officer failures to collect amounts due the government, and expenditures of funds or property which in his opinion are extravagant, excessive, unnecessary, or irregular.

"(d) It shall be the duty of the government comptroller to certify to the Secretary of the Interior the net amount of government revenues which form the basis for Federal grants for the civil government of the Virgin Islands.

"(e) The decisions of the government comptroller shall be final except that appeal therefrom may be taken by the party aggrieved or the head of the department concerned within one year from the date of the decision, to the Governor, which appeal shall be in writing and shall specifically set forth the particular action of the government comptroller to which exception is taken with the reasons and the authorities relied upon for reversing such decision.

"(f) If the Governor confirms the decision of the government comptroller, then relief may be sought by appeal to the legislature or suit in the District Court of the Virgin Islands if the claim is otherwise within its jurisdiction.

"(g) The government comptroller is authorized to communicate directly with any person having claims before him for settlement, or with any department officer or person having official relation with his office. He may summon witnesses and administer oaths.

"(h) As soon after the close of each fiscal year as the accounts of said fiscal year may be examined and adjusted, the government comptroller shall submit to the Governor of the Virgin Islands an annual report of the fiscal condition of the government, showing the receipts and disbursements of the various departments and agencies of the government.

"(i) The government comptroller shall make such other reports as may be required by the Governor of the Virgin Islands, the Comptroller General of the United States, or the Secretary of the Interior.

"(j) The office of the government comptroller shall be under the general supervision of the Secretary of the Interior, but shall not be a part of any executive department in the government of the Virgin Islands.

"SYSTEM OF ACCOUNTS

"SEC. 18. The Governor shall establish and maintain systems of accounting and internal control designed to provide—

"(a) full disclosure of the financial results of the government's activities;

"(b) adequate financial information needed for the government's management purposes;

"(c) effective control over and accountability for all funds, property, and other assets for which the government is responsible, including appropriate internal audit; and

"(d) reliable accounting results to serve as the basis for preparation and support of the government's request for the approval of the President or his designated representative for the obligation and expenditure of the internal revenue collections as provided in section 26, the Governor's budget request to the legislature, and for controlling the execution of the said budget.

"SEC. 19. The office and activities of the Government Comptroller of the Virgin Islands shall be subject to review annually by the Comptroller General of the United States, and report thereon shall be made by him to the Governor, the Secretary of the Interior, and to the Congress.

"SEC. 20. (a) The Governor shall receive an annual salary at the rate provided for Governors of Territories and possessions in the Executive Pay Act of 1949.

"(b) The Government Secretary, the heads of the executive departments, and the members of the immediate staffs of the Governor and the Government Secretary, shall receive annual salaries at rates established by the Secretary of the Interior in accordance with the standards provided in the Classification Act of 1949.

"(c) The salaries of the Governor, the Government Secretary, and the members of their immediate staffs shall be paid by the United States. The salaries of the government comptroller and the heads of the executive departments shall be paid by the government of the Virgin Islands; and if the legislature shall fail to make an appropriation for such salaries, the salaries theretofore fixed shall be paid without the necessity of further appropriations therefor.

"JUDICIAL BRANCH

"SEC. 21. The judicial power of the Virgin Islands shall be vested in a court of record to be designated the 'District Court of the Virgin Islands', and in such court or courts of inferior jurisdiction as may have been or may hereafter be established by local law.

"SEC. 22. The District Court of the Virgin Islands shall have the jurisdiction of a district court of the United States in all causes arising under the Constitution, treaties and laws of the United States, regardless of the sum or value of the matter in controversy. It shall have general original jurisdiction in all other causes in the Virgin Islands, exclusive jurisdiction over which is not conferred by this Act upon the inferior courts of the Virgin Islands. When it is in the interest of justice to do so the district court may on motion of any party transfer to the district court any action or proceeding brought in an inferior court and the district court shall have jurisdiction to hear and determine such action or proceeding. The district court shall also have appellate jurisdiction to review the judgments and orders of the inferior courts of the Virgin Islands to the extent now or hereafter prescribed by local law.

"SEC. 23. The inferior courts now or hereafter established by local law shall have exclusive original jurisdiction of all civil actions wherein the matter in controversy does not exceed the sum or value of $500, exclusive of interest and costs, all criminal cases wherein the maximum punishment which may be imposed does not exceed a fine of $100 or imprisonment for six months, or both, and all violations of police and executive regulations, and they shall have original jurisdiction, concurrently with the district court, of all actions, civil or criminal,

jurisdiction of which may hereafter be conferred upon them by local law. Any action or proceeding brought in the district court which is within the jurisdiction of an inferior court may be transferred to such inferior court by the district court in the interest of justice. The inferior courts shall hold preliminary investigations in charges of felony and charges of misdemeanor in which the punishment that may be imposed is beyond the jurisdiction granted to the inferior courts by this section, and shall commit offenders to the district court and grant bail in bailable cases. The rules governing the practice and procedure of the inferior courts and prescribing the duties of the judges and officers thereof, oaths and bonds, the times and places of holding court, and the procedure for appeals to the district court shall be as may hereafter be established by the district court. The rules governing disposition of fines, costs, and forfeitures, enforcement of judgments, and disposition and treatment of prisoners shall be as established by law or ordinance in force on the date of approval of this Act or as may hereafter be so established.

"SEC. 24. The President shall, by and with the advice and consent of the Senate, appoint a judge for the District Court of the Virgin Islands, who shall hold office for the term of eight years and until his successor is chosen and qualified, unless sooner removed by the President for cause. The salary of the judge of the district court shall be at the rate prescribed for judges of the United States district courts. Whenever it is made to appear that such an assignment is necessary for the proper dispatch of the business of the District Court the Chief Judge of the Third Judicial Circuit of the United States may assign a circuit or district judge of the Third Circuit, or the Chief Justice of the United States may assign any other United States circuit or district judge with the consent of the judge so assigned and of the chief judge of his circuit, to serve temporarily as a judge of the District Court of the Virgin Islands. The compensation of the judge of the district court and the administrative expenses of the court shall be paid from appropriations made for the judiciary of the United States. The Attorney General shall, as heretofore, appoint a marshal and one deputy marshal for the Virgin Islands to whose office the provisions of chapter 33 of title 28, United States Code, shall apply.

"SEC. 25. The Virgin Islands consists of two judicial divisions; the Division of Saint Croix, comprising the island of Saint Croix and adjacent islands and cays, and the Division of Saint Thomas and Saint John, comprising the islands of Saint Thomas and Saint John and adjacent islands and cays. The district court shall hold sessions in each division at such time as the court may designate by rule or order, at least once in three months in each division. The rules of practice and procedure heretofore or hereafter promulgated and made effective by the Supreme Court of the United States pursuant to section 2072 of title 28, United States Code, in civil cases, section 2073 of title 28, United States Code, in admiralty cases, and section 30 of the Bankruptcy Act in bankruptcy cases, shall apply to the District Court of the Virgin Islands and to appeals therefrom. All offenses shall continue to be prosecuted in the District Court by information as heretofore except such as may be required by local law to be prosecuted by indictment by grand jury.

"SEC. 26. In any criminal case originating in the district court, no person shall be denied the right to trial by jury on the demand of either party. If no jury is demanded the case shall be tried by the judge of the district court without a jury, except that the judge may, on his own motion, order a jury for the trial of any criminal action. The legislature may provide for trial in misdemeanor cases by a jury of six qualified persons.

"SEC. 27. The President shall, by and with the advice and consent of the Senate, appoint a United States attorney for the Virgin Islands, who shall hold office for the term of four years and until his successor is chosen and qualified, unless sooner removed by the President for cause. The United States attorney, by himself or the assistant United States attorney, shall conduct all legal proceedings, civil and criminal, to which the Government of the United States or the government of the Virgin Islands is a party in the District Court of the Virgin Islands and in the inferior courts of the Virgin Islands. Offenses against the laws of the Virgin Islands shall be prosecuted in the name of the government of the Virgin Islands. The United States attorney shall perform his duties under the supervision and direction of the Attorney General of the United States. The Attorney General may appoint one assistant United States attorney. The Attorney General may authorize the employment of necessary clerical assistants. The compensation of the district attorney and his assistant and employees shall be fixed by the Attorney General and their salaries and the other necessary expenses of the office shall be paid from appropriations made to the Department of Justice. In the case of a vacancy in the office of the district attorney, the District Court of the Virgin Islands may appoint a district attorney to serve until the vacancy is filled. The order of appointment by the court shall be filed with the clerk of the court.

"FISCAL PROVISIONS

"SEC. 28. (a) The proceeds of customs duties, the proceeds of the United States income tax, the proceeds of any taxes levied by the Congress on the inhabitants of the Virgin Islands, and the proceeds of all quarantine, passport, immigration, and naturalization fees collected in the Virgin Islands, less the cost of collecting all of said duties, taxes, and fees, shall be covered into the treasury of the Virgin Islands, and shall be available for expenditure as the Legislature of the Virgin Islands may provide: *Provided*, That the term 'inhabitants of the Virgin Islands' as used in this section shall include all persons whose permanent residence is in the Virgin Islands, and such persons shall satisfy their income tax obligations under applicable taxing statutes of the United States by paying their tax on income derived from all sources both within and outside the Virgin Islands into the treasury of the Virgin Islands: *Provided further*, That nothing in this Act shall be construed to apply to any tax specified in section 3811 of the Internal Revenue Code.

"(b) Subchapter B of chapter 28 of the Internal Revenue Code is amended by adding to section 3350 thereof the following subsection:

"'(c) DISPOSITION OF INTERNAL REVENUE COLLECTIONS.—Beginning with the fiscal year ending June 30, 1954, and annually thereafter, the Secretary of the Treasury shall determine the amount of all taxes imposed by, and collected during the fiscal year under, the internal revenue laws of the United States on articles produced in the Virgin Islands and transported to the United States. The amount so determined less 1 per centum and less the estimated amount of refunds or credits shall be subject to disposition as follows:

"'(1) There shall be transferred and paid over to the government of the Virgin Islands from the amounts so determined a sum equal to the total amount of the revenue collected by the government of the Virgin Islands during the fiscal year, as certified by the Government Comptroller of the Virgin Islands. The moneys so transferred and paid over shall constitute a separate fund in the treasury of the Virgin Islands and may be expended as the legislature may determine: *Provided*, That the approval of the President or his designated representative shall be obtained before such moneys may be obligated or expended.

"'(ii) There shall also be transferred and paid over to the government of the Virgin Islands during each of the fiscal years ending June 30, 1955, and June 30, 1956, the sum of $1,000,000, or the balance of the internal revenue collections available under this subsection (c) after payments are made under the preceding paragraph (1), whichever amount is greater. The moneys so transferred and paid over shall be deposited in the separate fund established by the preceding paragraph (i), but shall be obligated or expended for emergency purposes and essential public projects only, with the prior approval of the President or his designated representative.

"'(iii) Any amounts remaining shall be deposited in the Treasury of the United States as miscellaneous receipts.

"'If at the end of any fiscal year the total of the Federal contribution made under (i) above at the beginning of that fiscal year has not been obligated or expended for an approved purpose, the balance shall continue available for expenditure during any succeeding fiscal year, but only for approved emergency relief purposes and essential public projects as provided in (ii) above. The aggregate amount of moneys available for expenditure for emergency relief purposes and essential public projects only, including payments under (ii) above, shall not exceed the sum of $5,000,000 at the end of any fiscal year. Any unobligated or unexpended balance of the Federal contribution remaining at the end of a fiscal year which would cause the moneys available for emergency relief purposes and essential public projects only to exceed the sum of $5,000,000 shall thereupon be transferred and paid over to the Treasury of the United States as miscellaneous receipts.'

"(c) Section 42 of the Trade Mark Act of 1946 (60 Stat. 440, 15 U. S. C., 1952 edition, sec. 1124), and section 526 of the Tariff Act of 1930 (46 Stat. 741, 19 U. S. C., 1952 edition, sec. 1526), shall not apply to importations into the Virgin Islands of genuine foreign merchandise bearing a genuine foreign trademark, but shall remain applicable to importations of such merchandise from the Virgin Islands into the United States or its possessions; and the dealing in or possession of any such merchandise in the Virgin Islands shall not constitute a violation of any registrant's right under said Trade Mark Act.

"(d) There shall be levied, collected, and paid upon all articles coming into the United States or its possessions from the Virgin Islands the rates of duty which are required to be levied, collected, and paid upon like articles imported from foreign countries, and the internal revenue taxes imposed by section 3350 of title 26, United States Code: *Provided*, That all articles, the growth or product of, or manufactured in, such islands, from materials grown or produced in such islands or in the United States, or both, or which do not contain foreign materials to the value of more than 50 per centum of their total value, upon which no drawback of custom duties has been allowed therein, coming into the United States from such islands shall be admitted free of duty. In determining whether such a Virgin Islands article contains foreign material to the value of more than 50 per centum, no material shall be considered foreign which, at the time the Virgin Islands articles is entered, or withdrawn from warehouse, for consumption, may be imported

into the continental United States free of duty generally.

"MISCELLANEOUS PROVISIONS

"SEC. 29. All officials of the government of the Virgin Islands shall be citizens of the United States. Every member of the legislature of the Virgin Islands and all officers and employees of the government of the Virgin Islands shall before entering upon the duties of their respective offices, or, in the case of persons in the employ of the government of the Virgin Islands on the effective date of this Act, then within sixty days of the effective date thereof, make a written statement in the following form:

"'I, ----------, do solemnly swear (or affirm) that I will support, obey, and defend the Constitution and laws of the United States applicable to the Virgin Islands and the laws of the Virgin Islands, and that I will discharge the duties of ---------- with fidelity.

"'And I do further swear (or affirm) that I do not advocate, nor am I knowingly a member of any organization that advocates, the overthrow of the Government of the United States or of the Virgin Islands by force or violence or other unconstitutional means, or seeking by force or violence to deny other persons their rights under the Constitution and laws of the United States applicable to the Virgin Islands or the laws of the Virgin Islands.

"'And I do further swear (or affirm) that I will not so advocate nor will I knowingly become a member of such organization during the period that I am an employee of the Virgin Islands.'

"SEC. 30. All reports required by law to be made by the Governor to any official of the United States shall hereafter be made to the Secretary of the Interior, and the President is hereby authorized to place all matters pertaining to the government of the Virgin Islands under the jurisdiction of the Secretary of the Interior, except matters relating to the judicial branch of said government which on the date of approval of this Act are under the supervision of the Director of the Administrative Office of the United States Courts, and the matters relating to the United States Attorney and the United States Marshal which on the date of approval of this Act are under the supervision of the Attorney General.

"SEC. 31. (a) The Secretary of the Interior shall be authorized to lease or to sell upon such terms as he may deem advantageous to the Government of the United States any property of the United States under his administrative supervision in the Virgin Islands not needed for public purposes.

"(b) The government of the Virgin Islands shall continue to have control over all public property that is under its control on the date of approval of this Act.

"SEC. 32. Section 6 of the Act of August 30, 1890 (26 Stat. 414, 416), as amended (21 U. S. C., 1946 edition, sec. 104) is further amended by inserting the words 'and the admission into the Virgin Islands' immediately following the word 'Texas', so that such section will read as follows:

"'The importation of cattle, sheep, and other ruminants, and swine, which are diseased or infected with any disease, or which shall have been exposed to such infection within sixty days next before their exportation, is prohibited: *Provided*, That the Secretary of Agriculture, within his discretion and under such regulations as he may prescribe, is authorized to permit the admission from Mexico into the State of Texas and the admission into the Virgin Islands of cattle which have been infested with or exposed to ticks upon being freed therefrom. Any person who shall knowingly violate the foregoing provision shall be deemed guilty of a misdemeanor and shall, on conviction, be punished by a fine not exceeding $5,000, or by imprisonment not exceeding three years, and any vessel or vehicle used in such unlawful importation within the knowledge of the master or owner of such vessel or vehicle that such importation is diseased or has been exposed to infection as herein described, shall be forfeited to the United States.'

"SEC. 33. Section 2 of the Act of February 2, 1903 (32 Stat. 791, 792), as amended (21 U. S. C., 1946 edition, sec. 111), is hereby further amended by striking out the period and adding at the end thereof the following: ': *Provided*, That no such regulations or measures shall pertain to the introduction of live poultry into the Virgin Islands of the United States.'.

"SEC. 34. This Act shall take effect upon its approval, but until its provisions shall severally become operative as herein provided, the corresponding legislative, executive, and judicial functions of the existing government shall continue to be exercised as now provided by law or ordinance, and the incumbents of all offices under the government of the Virgin Islands shall continue in office until their successors are appointed and have qualified unless sooner removed by competent authority. The enactment of this Act shall not affect the term of office of the judge of the District Court of the Virgin Islands in office on the date of its enactment.

"SEC. 35. There are hereby authorized to be appropriated annually by the Congress of the United States such sums as may be necessary and appropriate to carry out the provisions and purposes of this Act.

"SEC. 36. If any clause, sentence, paragraph, or part of this Act, or the application thereof to any person, or circumstances, is held invalid, the application thereof to other persons, or circumstances, and the remainder of the Act, shall not be affected thereby."

And the House agree to the same.

WESLEY A. D'EWART,
JOHN P. SAYLOR,
E. Y. BERRY,
CLAIR ENGLE,
LLOYD M. BENTSEN, JR.,
Managers on the Part of the House.

GUY CORDON,
ARTHUR V. WATKINS,
THOMAS H. KUCHEL,
HENRY M. JACKSON,
RUSSELL B. LONG,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to S. 3378, revising the Organic Act of the Virgin Islands of the United States, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report, namely:

Section 1 provides that the act may be cited as the "Revised Organic Act of the Virgin Islands."

Section 2, in subsection (a), provides that the act shall apply to the Virgin Islands, defines the term "Virgin Islands" and describes the Virgin Islands as an unincorporated territory of the United States. Subsection (b) provides that the government of the Virgin Islands may sue, in cases arising out of contract, and except for a tort action in connection with which the legislature has not given its consent, be sued. It also provides that the capital of the Virgin Islands shall be at Charlotte Amalie, St. Thomas.

Section 3 provides a bill of rights which is in considerable extent similar to the Bill of Rights of the United States Constitution and parallels the bill of rights, in somewhat different order, contained in the existing Virgin Islands Organic Act. The Senate provision, providing that no person who advocates or who aids or belongs to any party, organization, or association which advocates the overthrow by force or violence of the government of the Virgin Islands or of the United States, shall be qualified to hold any office of trust or profit under the government of the Virgin Islands, was agreed to.

Section 4 provides that the franchise shall be vested in Virgin Islands residents who are American citizens. It further provides that the legislature may prescribe additional qualifications but that no property, language, or income qualifications shall be imposed and that no discrimination shall be based upon race, color, sex, or religious belief. The Senate conferees agreed to the inclusion of language as one of the qualifications that shall not be imposed on voters.

Section 5 vests legislative power and authority in the Legislature of the Virgin Islands, provides for the division of the islands into legislative districts, and for the election of 5 senators therefrom and for 6 senators-at-large. The Senate conferees agreed to the designation of members of the legislature as senators instead of as representatives and also receded from their earlier stipulation that candidates' names should appear alphabetically on the first 500 ballots printed and thereafter be alternated on each succeeding group of 500 ballots. Instead, they agreed to the House provision that such order on the ballot shall be determined by lot among the candidates. The House conferees receded to the Senate's demands that in the election of senators-at-large, each elector shall be entitled to vote for 2 candidates instead of the originally proposed 4.

Section 6, in subsection (a), provides 2-year terms of office for each senator commencing on the second Monday in April following his election. The conferees agreed to the House proposal that the term of office of each senator elected in November 1954 shall commence on the second Monday in January 1955 and shall continue until the second Monday in April 1957. Subsection (b) prescribes eligibility of requirements for senators; subsection (c) provides that persons directing the administration of the electoral system shall be appointed as the legislature directs. Subsection (d) provides for legislative immunity; subsection (e) provides for payments to the senators of $600 annually as follows: One-third on the second Monday in April, one-third on the second Monday in May, and one-third at the close of the regular session. It further provides, however, that since the next regular session commences on the second Monday in January 1955, one-third of the annual sum will be paid on the second Monday in January, one-third on the second Monday in February, and one-third at the close of that session. The Senate agreed to the House provision that travel expenses for not to exceed a total of eight round trips in going to and returning from each session of the legislature, or period thereof, shall be paid by the Government of the United States, as will salaries and per diem of members of the legislature; subsection (f) limits the positions which senators may hold or to which they may be appointed; subsection (g) sets forth certain legislative powers; and subsection (h) provides that the Governor of the Virgin Islands shall fill vacancies in the legislature. In this instance the conferees adopted the Senate proposal that the Governor instead of the judge of the district court should make such appointments.

Section 7 provides for regular sessions of 60 days per annum, commencing on the second Monday in April. It was agreed that the annual session for 1955 shall commence on the second Monday in January. This section also empowers the Governor to call special sessions of the legislature but provides that no such session shall continue longer than 15 calendar days nor shall the aggregate of such special sessions during any calendar year exceed 30 calendar days.

Section 8, in subsection (a), describes the extent of the legislature's power and stipulates that lands and other property of nonresidents may not be taxed at a higher rate than the lands or other property of residents. It further provides that public indebtedness of the Virgin Islands shall be limited to 10 percent of the aggregate tax valuation of the property in the Virgin Islands. Subsection (b) authorizes the issuance of revenue bonds for public improvements, subject to certain limitations specified therein. Subsection (c) provides that the laws of the United States applicable to the Virgin Islands and local laws and ordinances in force in the Virgin Islands or any part thereof on the date of the approval of this act, shall continue to apply. Subsection (d) provides for the appointment of a seven-man commission to make recommendations to the Congress with regard to the application of Federal laws to the Virgin Islands. Subsection (e) provides for the codification of Virgin Islands laws at Federal expense.

Section 9, subsection (a), prescribes the quorum of the legislature; subsection (b) prescribes the enacting clause of the acts of the legislature. Subsection (c) provides for the Governor's message to the legislature on the state of the Virgin Islands and for the presentation of the annual financial budget for the fiscal year commencing on the 1st day of July. Subsection (d) sets forth the procedures for executive approval of legislative measures, provides for the Governor's veto, and, in certain circumstances, for the President's consideration of the bills which the Governor has vetoed. Subsection (e) provides that if the legislature fails to pass certain appropriation bills, the sums appropriated in the last preceding appropriation bills shall be deemed to be reappropriated. Subsection (f) provides that a journal of legislative proceedings shall be kept and published. Subsection (g) provides for the transmission within 15 days of the laws enacted by the legislature to the Secretary of the Interior and subsequently to the Congress of the United States.

Section 10 provides for general elections every 2 years. The first election shall be held on November 2, 1954, and thereafter on the first Tuesday after the first Monday in November, beginning with the year 1956. It further provides that the functions and records of the Municipal Councils of St. Thomas and St. John and of St. Croix shall be transferred to the government of the Virgin Islands.

Section 11 vests executive power in the Governor of the Virgin Islands, who will be appointed by the President and exercise his powers under the supervision of the Secretary of the Interior. The Governor shall reside in the Government House on St. Thomas during his official incumbency, free of rent, and while in St. Croix may reside in the Government House there, free of rent. These rent-free stipulations were agreed to at the request of the Senate conferees. This section also defines the functions and powers of the Governor and provides that, except as otherwise expressly stated, he shall appoint all officers and employees of the executive branch of the government of the Virgin Islands.

Section 12 provides for the appointment of a Government Secretary for the Virgin Islands and describes his primary functions. The House conferees receded from their original provision to require the Government Secretary to reside in St. Croix during his official incumbency and to serve as Administrator of St. Croix without additional compensation.

Section 13 is a new section which provides for the appointment of an administrative assistant for each of the islands of St. Croix and St. John. It specifies that, in making such appointments, preference shall be given to qualified residents of the Virgin Islands. This section was added in response to a general feeling that the Governor should have a personal representative on each of the major outlying islands.

Section 14 combines sections 13 and 14 of the House bill and provides that in the event of disability or temporary absence of the Governor, the Government Secretary shall have all the powers of the Governor.

Section 15 provides that in the event of disability or temporary absence of the Governor and the Government Secretary, the Secretary of the Interior may designate the head of an executive department of the government of the Virgin Islands to act in their stead.

Section 16, in subsection (a), provides that within a year after this act becomes effective the Governor shall reorganize and consolidate the executive branch of the Virgin Islands into not more than nine executive departments and generally prohibits the creation of additional executive departments. The Senate conferees receded to the House request that these executive departments include the following: A department of finance, the head of which shall be designated the commissioner of finance; a department of public works, the head of which shall be designated as the commissioner of public works; a department of education, the head of which shall be designated as the commissioner of education; a department of travel, commerce and industry, the head of which shall be designated the commissioner of travel, commerce and industry; a department of health and welfare, the head of which shall be designated as the commissioner of health and welfare; a department of agriculture and labor, the head of which shall be designated as the commissioner of agriculture and labor; and the department of public safety, the head of which shall be designated as the commissioner of public safety. Subsection (b) provides that after the reorganization of the executive branch, the Governor shall, from time to time, examine the executive branch of the government of the Virgin Islands and subject to the approval of the legislature make such changes, not inconsistent with this act, as are necessary. Subsection (c) provides for the appointment of the heads of the executive departments by the Governor with the advice and consent of the legislature.

Section 17, in subsection (a), provides for the appointment by the Secretary of the Interior of a government comptroller to hold office for a term of 10 years unless sooner removed for cause. He shall receive not to exceed $12,500 annually and shall not be eligible for reappointment. Subsections (b) through (d) describe the powers and duties of the government comptroller. Subsection (e) provides that the comptroller's decisions shall be final except for an appeal to the Governor and subsection (f) provides a further appeal to the District Court of the Virgin Islands. Subsection (g) provides that the government comptroller may communicate directly with persons having claims or business with him and that he may summon witnesses and administer oaths. Subsections (h) and (i) provide for reports by the government comptroller; and subsection (j) provides that the comptroller's office shall be under the supervision of the Secretary of the Interior and shall not be a part of any executive department in the government of the Virgin Islands.

Section 18: The House conferees agreed to accept the systems of accounting and internal control proposed by the Senate conferees. These systems must meet certain standards specified therein.

Section 19 provides for the annual review by the Comptroller General of the United States of the office and activities of the government comptroller, with a report thereon to be submitted by the former to the Governor, the Secretary of the Interior, and to the Congress.

Section 20, in subsection (a), provides a salary for the Governor in accordance with existing law; subsection (b) provides for the establishment by the Secretary of the Interior of rates of salaries for others in the executive branch of the Virgin Islands; and in subsection (c) provides for the payment of the salaries of the Governor, the Government Secretary and members of their immediate staffs, by the United States, and those of the government comptroller and the heads of the executive departments by the government of the Virgin Islands.

Section 21 vests the judicial powers of the Virgin Islands in the District Court of the Virgin Islands and in inferior courts created by local law.

Section 22 provides that the District Court of the Virgin Islands shall have the jurisdiction of a district court in the United States, as well as certain local jurisdiction, both original and appellate. The House conferees agreed to the Senate proposal that certain suggestions made by the Honorable Albert B. Maris of the Third Circuit Court be accepted. These suggestions include the stipulation that the District Court of the Virgin Islands shall have jurisdiction over all causes arising under the Constitution, treaties, and laws of the United States regardless of the sum or value of the matter in controversy. The House also agreed to the Senate's request to accept the provision that, when it is in the interest of justice to do so, the district court may, on motion of any party, transfer to the district court any action or proceeding brought in an inferior court and the district court shall have jurisdiction to hear and determine such action or proceeding.

Section 23 provides that the inferior courts shall have jurisdiction concurrent with the district court of civil actions in which the matter in controversy does not exceed $500 and in criminal cases in which the maximum punishment which might be imposed does not exceed a fine of $500 or 6 months' imprisonment, or both. The House conferees agreed to accept the Senate's language, which provides that the inferior courts shall have original jurisdiction concurrently with the district court and that any action or proceeding brought in the district court, which is within the jurisdiction of an inferior court, may be transferred to such inferior court by the district court in the interest of justice.

Section 24 provides for the appointment by the President, with the consent of the Senate, of a judge for the District Court of the Virgin Islands to hold office for an 8-year term, and for the temporary assignment of judges of the District Court of the Virgin Islands by the chief judge of the Third Judicial Circuit of the United States. It also provides for the appointment of a marshal and a deputy marshal for the Virgin Islands by the Attorney General of the United States. It is the opinion of the conference committee that in times of emergency the marshal may appoint as many deputies as may be required. In the matter of the temporary assignment of judges to the District Court of the Virgin Islands, the House agreed to the Senate's proposal.

Section 25 provides for two judicial divisions and for the holding of sessions of the district court in both. Upon the suggestion of Judge Maris, both the Senate and the House amended this section from the floor to include the following provision: "The rules of practice and procedure heretofore or hereafter promulgated and made effective by the Supreme Court of the United States pursuant to section 2072 of title 28, United States Code, in civil cases, section 2073 of title 28, United States Code, in admiralty cases, and section 30 of the Bankruptcy Act in bankruptcy cases, shall apply to the District Court of the Virgin Islands and to appeals therefrom. All offenses shall continue to be prosecuted in the District Court by information as heretofore except such as

may be required by local law to be prosecuted by indictment by grand jury."

Section 26 guarantees the right to trial by jury in criminal actions to those who demand it.

Section 27 provides for the appointment by the President, with the consent of the Senate, of a United States district attorney and for the appointment by the Attorney General of an assistant district attorney of the United States. This section also outlines the duties of these officials.

Section 28, subsection (a), provides that the proceeds of customs duties, United States income taxes, other taxes levied by Congress and certain other fees less the cost of collection shall be covered into the treasury of the Virgin Islands. Taxes collected in connection with the old-age and survivors' insurance program are specifically exempt. This section further provides that all persons whose permanent residence is in the Virgin Islands shall satisfy their United States income-tax obligations by paying their tax to the Virgin Islands regardless of their source of income. The conferees agreed to accept the wording of the House version that the term "inhabitants of the Virgin Islands" shall include all persons whose permanent residence is in the Virgin Islands in lieu of the Senate stipulation that "inhabitants of the Virgin Islands" shall include all citizens of the United States whose permanent residence is in the United States. Subsection (b) provides that the Secretary of the Treasury shall determine annually the amount of taxes collected under Federal internal revenue laws with respect to articles produced in the Virgin Islands and transported to the United States. From this amount, there shall be paid to the government of the Virgin Islands a sum equal to the amount of revenue collected during the same years by the government of the Virgin Islands. Such sum would be available for expenditure as the Territorial legislature, with the approval of the President, may determine. For the fiscal years 1955 and 1956, the remainder of the amount collected under the Federal internal revenue laws on Virgin Islands products sent to the United States, or the sum of $1 million, whichever is greater, shall also be paid to the government of the Virgin Islands. Such sums shall be expended only for such emergency purposes or for such public projects as the President approves. If funds for such emergency purposes of public projects are not expended during the fiscal year, they remain available for subsequent expenditure, but they cannot exceed $5 million at the end of any fiscal year. Subsection (c) provides that certain sections of the Trade Mark Act of 1946 and the Tariff Act of 1930 shall not apply to importations into the Virgin Islands of genuine foreign merchandise bearing a genuine foreign trade-mark but shall remain applicable to importations of such merchandise from the Virgin Islands into the United States or its possessions. It further provides that dealing in or possession of any such merchandise in the Virgin Islands shall not constitute a violation of any registrant's right under said Trade Mark Act. This revision, prepared jointly by officials from the Departments of Interior, Commerce, and Treasury, is in response to objections raised to the original version, and was agreed to by both legislative bodies.

Section 28 (d) provides that articles which are the growth, product, or manufacture of the Virgin Islands, or which do not contain more than 50 percent of their total value, may be admitted into the United States free from customs duty. Otherwise, such importations shall be subject to the rates of duty imposed by section 3350 of title 26, United States Code. This proposal was made by the Department of the Treasury.

Section 29 provides that officials of the government of the Virgin Islands shall be citizens of the United States and that they shall take the oath set forth in this section.

Section 30 provides generally that matters pertaining to the government of the Virgin Islands, except for the judiciary, shall be placed under the jurisdiction of the Secretary of the Interior. Upon the suggestion of Judge Maris, the following statement was added to the end of the section: "and the matters relating to the United States attorney and the United States marshal, which on the date of the approval of this Act are under the supervision of the Attorney General."

Section 31 (a) authorizes the Secretary of the Interior to lease or sell property of the United States under his administrative supervision in the Virgin Islands. Subsection (b) provides that the government of the Virgin Islands shall have control over public property that is under its control on the date of enactment of the act.

Section 32 provides an amendment to the Animal Quarantine Act, so that cattle which have been infested with or exposed to ticks, but which are now free from them, may be admitted into the Virgin Islands under such regulations as the Secretary of Agriculture may prescribe.

Section 33 amends a statute pertaining to poultry quarantine to provide that the Secretary of Agriculture cannot issue regulations or take measures with respect to the introduction of live poultry into the Virgin Islands.

Section 34 sets up an orderly procedure under which the provisions of this act shall supersede existing law.

Section 35 authorizes appropriations to carry out the purposes of this act. The House conferees agreed to this provision which authorizes these appropriations.

Section 36 provides that if any portion of this act is held invalid, the remainder shall not be affected thereby. This severability clause was included at the request of the Senate conferees.

WESLEY A. D'EWART,
JOHN P. SAYLOR,
E. Y. BERRY,
CLAIR ENGLE,
LLOYD M. BENTSEN, JR.,
Managers on the Part of the House.

The SPEAKER. The question is on the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

AMENDMENTS TO BANKHEAD-JONES FARM TENANT ACT

Mr. HOPE. Mr. Speaker, I ask unanimous consent that the bill S. 1276 be considered in the House as in the Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from Kansas [Mr. HOPE]?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 3 (b) (2) of the Bankhead-Jones Farm Tenant Act, as amended, is amended by inserting "not in excess of 5 percent" in lieu of "4 percent," and section 12 (c) (4) of such act is amended by inserting "not in excess of 4 percent" in lieu of "3 percent."

With the following committee amendment:

Strike out all after the enacting clause and insert "That the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1001), is further amended as follows:

"(a) The words 'less any prior lien indebtedness' shall be added at the end of and as a part of the parenthetical phrase of section 3 (a) (7 U. S. C. 1003 (a)), and the words 'or second' shall be inserted after the word 'first' where it appears in the first sentence of section 3 (a).

"(b) The words 'a rate of interest not in excess of 5 percent per annum as determined by the Secretary' shall be inserted in lieu of the words 'the rate of 4 percent per annum' in section 3 (b) (2) (7 U. S. C. 1003 (b) (2)).

"(c) the words 'shall not be in excess of 4 percent per annum as determined by the Secretary' shall be inserted in lieu of the words 'shall be 3 percent per annum' in section 12 c) (4) (7 U. S. C. 1005b (c) (4)).

"(d) The words 'pursuant to section 43' shall be deleted from section 46 (7 U. S. C. 1020).

"(e) Section 51 of said act (7 U. S. C. 1025) is amended to read as follows, except insofar as said section affects title III of the Bankhead-Jones Farm Tenant Act, as amended:

" 'The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to or acquired by the Secretary under this act, the act of August 14, 1946, the act of April 6, 1949, the act of August 28, 1937, or the item "Loans to farmers, 1948, flood damage" in the act of June 25, 1948, as those acts are heretofore or hereafter amended or extended; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of 1 year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this act'."

The SPEAKER. The question is on the committee amendment.

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An act to amend the Bankhead-Jones Farm Tenant Act, as amended, so as to provide for a variable interest rate, second mortgage security for loans under title I, and for other purposes."

A motion to reconsider was laid on the table.

THE TVA MUST BE CONSISTENT OR NO CALF LIKES TO BE WEANED

The SPEAKER. Under special order heretofore entered, the gentleman from California [Mr. PHILLIPS] is recognized for 60 minutes.

Mr. PHILLIPS. Mr. Speaker, last Tuesday, I came on the floor, as you will recall, somewhat unexpectedly and discovered that a few of my friends in the Congress were blowing up the proverbial "tempest in a teapot" over the logical, and very reasonable proposal, that the Atomic Energy Commission, as the party most interested, should contract with a group of private utility companies—who would, in turn, create a separate corporate entity for the purpose—for the necessary additional kilowatts to operate the AEC plant at Paducah.

I doubt, Mr. Speaker, if any Member of the Congress is taking these objections seriously, but I think they should

be answered. You, Mr. Speaker, and the Members of the Congress are entitled to the facts. Since I am the chairman of the subcommittee responsible for the appropriations for both the TVA and the AEC, and thus have an intimate acquaintance with both sides of this argument, I think perhaps I should be the one to come to the floor now and attempt to give these facts for the information of the Members. The facts are all ascertainable; they are matters of record in the hearings and reports from the Committee on Appropriations, over a period of more than 7 years, and there is no mystery whatever about the present contract, nor its desirability.

As a matter of fact, Mr. Speaker, I think I may be in error in referring to this as "a tempest in a teapot." The sound had a familiar ring to me when I came on the floor last Tuesday, and I say in all friendliness, that I think it will have a familiar ring to any Member of Congress who has ever owned a farm, or who has any farm friends. Perhaps you, Mr. Speaker, have heard the protests of a calf when the time has come for it to be weaned. Do you recognize a similarity between the protests of the calf, who wants to continue his meals without working for them, and the protests of the TVA officials and their friends, who would like that favored agency of Government to continue its carefree life, without the responsibilities and worries which face every private enterprise of any kind in the United States which must raise its own money, live upon its income, set aside its own reserves, pay taxes to Federal, State, and local governments, plan its own future with some thought to its probable income, make a profit for those who have been optimistic enough to invest in it, and in every way conduct itself as a normal business operations? This the TVA has never done, and this the TVA, like the familiar calf, will not do without echoing the calf's protests.

For brevity, and for my own convenience, I shall ask myself a series of questions, taken largely from the statements of my friends on the floor of the House, and I shall give the answers. I shall yield for questions, Mr. Speaker, to the extent of my available time, but I would appreciate it very much if the Members would withhold their questions until after I have concluded this slightly more formal part of my statement. I have asked my colleague, the gentleman from North Carolina [Mr. JONAS] to help me out with a few of the statistics, as we have so many agencies of Government coming to the Subcommittee on Independent Offices for their appropriations, that we follow a convenient plan of dividing the work among the members of the subcommittee, and my very able colleague, the gentleman from North Carolina, has quite an accumulation of material regarding both the AEC and the TVA, some of which may have reference to this contract argument.

Question No. 1: Did the President of the United States order the Atomic Energy Commission to sign a contract with anyone?

Answer: Obviously, the President did not. I presume the friends of the TVA monoply would like to have it appear that the President somehow invaded the legislative area, which would be a very farfetched conclusion, even if he had given such an order, but he did not. I quote from the letter, under date of June 16, 1954, addressed to Mr. Strauss, from the Director of the Bureau of the Budget. I quote:

> The President has asked me to instruct the Atomic Energy Commission to proceed with negotiations with the sponsors of a proposal made by Messrs. Dixon and Yates, with a view to signing a definitive contract on a basis generally within the terms of the proposal. He has also requested me to instruct the Commission and the Tennessee Valley Authority to work out necessary contractual, operational, and administrative arrangements between the two agencies so that operations under the contract between AEC and the sponsors will be carried on in the most economical and efficient manner from the standpoint of the Government as a whole.

I find nothing to object to in that statement. If two agencies of Government as important as the Atomic Energy Commission on one hand and the Tennessee Valley Authority on the other hand cannot coordinate their activities, for the safety of the Nation, and at the same time for the benefit of the taxpayers, Congress and the President should know the reason why.

Question No. 2: How did the idea for the proposal originate?

Answer: The Committee on Appropriations has, for a number of years, urged the Atomic Energy Commission to explore the possibility of a source of power from private utilities, both because the area of the TVA is limited by its act and for security reasons, on the well-known theory of not carrying all the eggs in the same basket.

The fact of the matter is, however, Mr. Speaker, that the House of Representatives has by vote 4 times, I repeat, Mr. Speaker, 4 times, in this session and last, expressed its opposition to the idea that the Tennessee Valley Authority shall spread westward, or in any other direction, outside of the area designated as its limitations in the basic act, and particularly that this expansion, not contemplated in that act, and perhaps illegal, should be by the process of building steam plants to produce additional power. It should be obvious that if the Tennessee Valley Authority has the legal right to build a steam plant at Fulton, where it proposed to build the plant for the additional power the Government now hopes to get from private enterprise, and to carry the current to Memphis, which is 115 miles west of the Tennessee River, then there is no limitation upon its area of construction nor of service. If it can supply power to Memphis, it can just as legally supply power to Ohio, or to Kansas or to California. Its expansion would be limited only by the willingness of a subservient Congress to supply it with the funds for such construction. I think this is a matter which should have very serious consideration, Mr. Speaker, by all Members of Congress.

Question No. 3: Is there anything unusual in "proceeding with negotiations" before detailed specifications have been prepared and submitted to the negotiating parties?

Answer: None that I know of, and apparently none in connection with the previous operations of either the TVA or the AEC. Both have followed this method in the past, particularly the Atomic Energy Commission. In the present situation, Dixon-Yates have simply made a proposal in general terms, and the President has authorized further negotiations. I think the idea is good.

Question No. 4: In what area of the United States is the Tennessee Valley Authority authorized to operate?

Answer: The basic law limits the Tennessee Valley Authority to the area of the Tennesseee River and its tributaries. The plant the TVA monopoly requested $100 million to build would have been 115 air-miles west of the Tennessee River and entirely outside the TVA area, as defined in the act.

Question No. 5: Is the Tennessee Valley Authority authorized by law to build steam plants for the production of power?

Answer: This is a moot question. The Subcommittee on Independent Offices has been repeatedly importuned to give authority to any citizen, who wishes to take advantage of that authority, to take this question to court, to determine whether the Congress intended, in the authorizing act, to permit the TVA to build steam plants, or perhaps I should say, to build steam plants and sell this power to consumers, either inside or outside the area named. Anyone reading the basic act will be struck with the fact that it was the intention of the Congress at the time to make it possible for the TVA to create hydroelectric power, and to operate plants already in existence. Permission to sell the power was limited to excess power, and the implication was that it was excess power from the existing steam plant or plants, and from the hydroelectric power developed on the river and its tributaries.

The Subcommittee on Independent Offices has consistently refused to give authority to take this question to court, not because we have no question in our minds, but because we felt that the building of steam plants, pressed upon us as a war necessity, was a fait accompli. Under a necessity of war and the demands of the atomic energy installations, we had appropriated money to build steam plants. It would seem a little inconsistent for us, at this late date, to question our right to build them. However, I think I may say with some assurance that, first, if additional steam plants are contemplated inside the TVA area, without this war necessity, or to provide power which could be supplied from private utilities, or to supply additional current while the residents of the area are to retain the luxury uses of power in their own homes, subsidized by the Federal Government, then I think the Committee on Appropriations should authorize such a test case; and second,

I feel very confident that such a test case would necessarily be authorized, were the TVA to insist on going outside of its own area for the construction of steam plants.

I am taking for granted that the Mississippi River has not become a tributary of the Tennessee River. It has been a long time since I studied geography in school, but I do not think there has been that change.

Question No. 6. Where will the proposed plant be built, either by the TVA or by the Dixon-Yates proposal?

Answer. Mr. Speaker, this is an extremely interesting question. The TVA monopoly proposed to build an additional plant at Fulton, which is in Tennessee, 30 miles upstream from Memphis. The Dixon-Yates proposal is to build a plant across the river, in Arkansas. The distance between the 2 plants is approximately 30 miles, presuming that a Tennessee crow flies in a straight line, as crows still fly in Pennsylvania and California, and not in the erratic line suggested by the occasionally devious reasoning of TVA's devoted friends.

Apparently if TVA builds the plant that is considered to be good, but if Dixon-Yates build the plant, in the same locality, then it is iniquitous and wrongly placed. Let us be consistent, Mr. Speaker, if nothing else.

Question No. 7. Is there anything unusual about the proposal to have the AEC contract for power, to be delivered to the TVA, for eventual use by the AEC?

Answer. There is nothing unusual, and nothing remarkable, and certainly nothing objectionable. Both the AEC and the TVA are agencies of the United States Government. We need more coordination between Government agencies, rather than less. It would save the taxpayers' money.

Neither is the replacement of power a new idea, nor is it a new method of supplying power for AEC plants. It is the practice employed by the TVA itself, and it has been employed by the TVA since it began adding capacity to its system to serve the AEC. This began in 1949. I think, Mr. Speaker, that the record should be set straight on this point.

In these years, whenever the AEC requested additional power, the TVA has not, except for the initial load at Paducah, added the full capacity in the area of AEC expansion. Instead of that, the TVA has come to my subcommittee and secured the necessary money, with both congressional and Bureau of the Budget approval, to place this capacity at some distant point in its system.

It amuses me very much to hear some of my distinguished friends moan about the fact that the proposed Dixon-Yates plant will be some distance from Paducah. Please note this, Mr. Speaker, when the Atomic Energy Commission secured authorization for a major expansion in 1949 the TVA asked for money to build the Widows Creek generating plant, and to build units for the Johnsonville steam plant. You have only to look back to the hearings before my subcommittee to discover that this request was justified on the basis of the demand for additional power by the AEC. Now Johnsonville is 200 miles away from Oak Ridge, where the power was to be used, which is a much greater distance than the proposed Dixon-Yates plant would be from Paducah. The Widows Creek plant is approximately 100 miles from Oak Ridge. I think Congress has the right to insist, Mr. Speaker, that the friends of the TVA be consistent in these arguments. If it is all right for the TVA to do something, then it must not be termed iniquitous for a private utility to do the same thing.

The next expansion of the AEC program was in 1951, at Paducah. In this case, the power requirements were contracted on a 50–50 basis with TVA and EEI. Each was to supply 500,000 kilowatts. At that time TVA requested my subcommittee to appropriate funds for the building of the Shawnee plant, stating that that plant would be located adjacent to the point of consumption. That was done.

Late in 1952, it again became necessary to expand the AEC facilities. The new power requirements, checking back on our records, were to be something over a million kilowatts needed at Oak Ridge, 950,000 kilowatts needed at Paducah, and 1,800,000 needed at Portsmouth. TVA was requested to supply the Oak Ridge requirements and 700,500 kilowatts of the additional Paducah requirements.

Now Mr. Speaker, how did TVA decide to supply these requirements? Did they insist on adding this new capacity immediately adjacent to the AEC plants? The answer is in the records of my subcommittee, and in the records of the Appropriations Committee. TVA did not.

To serve the Oak Ridge load, TVA requested an appropriation for the construction of 2 units at Kingston, 2 units at John Sevier, and 2 at Gallatin. The Kingston plant is located adjacent to Oak Ridge, and when it is completed, it will be the largest steam plant in the world. This plant, because of its location, and because of its capacity, and the transmission facilities from it to the Oak Ridge area, will supply all of the additional Oak Ridge requirements. Thus we have exactly the same situation to which the TVA objects now, when proposed by a private utility. The Kingston plant is now serving the Oak Ridge area, just as the proposed Dixon-Yates plant would service Memphis, and the kilowatts poured into the TVA grid from other locations would be used, quite properly, to serve the new AEC plants. It is simply another story of replacement. I say again, Mr. Speaker, if it is all right for the TVA to do this, then it is not iniquitous for similar arrangements, to do exactly the same thing, to be made with private enterprise.

The John Sevier units, which are 70 miles from Oak Ridge, and the Gallatin units, which are 150 miles from Oak Ridge, would be used to serve other demands, by replacement.

Question No. 8: Does TVA use only its own power?

Answer: Certainly not. TVA buys power from private utilities, and carries it over its own construction lines, supplementing or replacing power produced by its own plants. It thinks nothing of this. Twelve to fourteen percent of the power used last year was bought from private utilities, and delivered by the TVA over its own lines. It is only when someone else proposes to make the arrangement that TVA objects.

It seems to me that the only difference between the proposed replacement of 600,000 kilowatts to Paducah, and the system followed by the TVA in the last 5 years, in supplying other AEC requirements, is that the Tennessee Valley Authority in the past made the decisions. In this case the President has decided, quite properly, that the additional power needed is to be obtained through a contract between the AEC and private utilities for a new plant located in the Memphis area—which, by the way, is the same area selected by the TVA for itself. In one case, the Federal taxpayers were to have put up the necessary money, and in the present case, the plant is to be built by private financing. This is a little matter of a hundred million dollars to the taxpayers of the United States, plus interest at perhaps 3 percent during the life of the loan. I shall come to this particular point a little later. We are approaching the legal debt limit.

Question No. 9: Is there anything unusual about combining public and private power?

Answer: Certainly not. I have just indicated that TVA does it all the time. One of my good friends from the Tennessee Valley area expressed himself eloquently last Tuesday that the combination of public and private power was something that had never been done, and should not be done. I can only point out that I live in the shadow of the Hoover Dam, one of the outstanding examples of the successful combination of public and private interests. The Hoover Dam, and its operation, and the satisfactory repayment of its costs, plus interest, is constantly pointed to with pride by the Interior Department, under all administrations, to use the words of the Arabian Nights, as "an example to all who may take profit of example."

Question No. 10: What was the situation at Joppa?

Answer: The reason I ask myself this question is because some of my distinguished friends have attempted to make something of the delay in building the Joppa plant. The contention is that this is evidence of the inability of private utilities—which have, of course, been building plants successfully over the United States for generations—to build a powerplant. Nothing could be more absurd. It is true there was a delay in building the Joppa plant. If there is anything to be criticized in the situation, then the criticism should be placed where it belongs, on the shoulders of the labor leader who caused the delay. I can say now what I could not have said 90 days or more ago, although it was then known to members of the subcommittee. The contract was let by the contracting utilities to an experienced contractor. A million dollars in extortion money was demanded of him by the union leader in

charge of the work. When the contractor refused to be blackmailed or browbeaten, the strikes began. A day or so stoppage at a time, sometimes for a longer time. All this appears in the official records of the Joint Committee on Atomic Energy. The union leader is now under indictment and I presume the matter will be in court records before very long. The delay in finishing the plant is less than the time represented by the stoppages. If the private utilities are to be charged with anything, they can be charged only with inexperience in dealing with a situation of that kind, involving a Government agency and an unsympathetic labor leader.

Question No. 11: Has the TVA some inherent right to supply all power, from the Atlantic seaboard to the Mississippi, or even in the territory defined in the basic act?

Answer: It has no inherent right of any kind, but TVA has a beautiful monopoly created for its benefit, partly by Congress, and partly because of the war demands. In discussing this matter with my colleague from California, who had said that a committee of the other body was about to investigate the Dixon-Yates proposal, on the grounds that it constituted a monopoly, I asked a very simple question, Will the Senate committee then investigate the TVA monopoly at the same time?

I meant that seriously. The TVA is permitted, under the law, to require contracts from its customers that they will not purchase power from any other power producer. If this is not a monopoly, I never saw one, but the contracts are even more monopolistic than that; they provide that the power may only be resold by communities at rates approved by the TVA itself.

I know of no comparable situation in the United States. The community in which I live purchases its power from a private utility and distributes it in the community. If it wishes to add a few mills for community purposes, specific or general, it has a perfect right to do so. During the depression years, I suspect that many communities in the United States kept themselves in the black by adding a little to the costs of the power they bought, and resold to the community consumers. Yet the TVA monopoly, as I have already said, goes out and buys power from other sources, and sells it, not at cost, but at a price which will make it possible to prefer one customer to another. For example, the AEC, at Paducah, has been paying TVA a higher rate for power, than it paid the private utility. This overcharge to AEC helped enable TVA to keep its rates low to its individual consumers in the Tennessee Valley. The TVA monopoly is enabled to sell the power at the prices it charges only because these consumers are subsidized by the taxpayers of the other States.

Question No. 12: Under the Dixon-Yates proposal will the new corporation pay taxes to local and State and Federal Governments?

Answer: I see no objection, and certainly the Congress by its frequent actions, has indicated its approval of the idea that Government agencies should do something to compensate the States by in lieu taxes, just as the Congress has expressed its concern over the increasing encroachment of Government into State and local areas, both in the ownership of land, and into tax sources.

One of the speakers, of the group which seems to be trying to prevent a contract between the Atomic Energy Commission and private enterprise, spoke slightingly of the fact that the new corporation will pay over a million dollars of taxes to the State of Arkansas. I rise to remark, Mr. Speaker, that I do not consider that a bad idea. Cities and counties and States and the Government at Washington, all live by collecting taxes. What I want to know is why my friends in Tennessee consider it wrong for a private utility to pay taxes to the State of Arkansas, when the State of Tennessee has itself been receiving, from the taxpayers of the other States, amounts of money in excess of a million dollars annually, appropriated by the Congress, for what is politely known as resource development? One year we appropriated $4,800,000. A careful analysis of these expenditures will indicate that in States not in the TVA area, these expenses are borne by the taxpayers of the States themselves, and they are not subsidized for these local operations and local costs by a paternalistic government. I think it will be a very healthy sign, when we stop subsidizing the TVA States for expenditures which, in the other States, are borne by the taxpayers of those States. I think it will be an even healthier sign, when the Federal Government gets back on a basis of dealing with private utilities, local businesses and industries, and stops the octopus-like spread into all areas of Government, business, industry, and financing. If, in that process, money is paid in taxes to the separate States, where the industries are located, I shall certainly not be the one to object, and I am convinced, from previous voting records, that a majority of the Members of Congress will not object.

Question No. 13: Will the Federal Government pay the Federal taxes of the new corporation?

Answer: Although a contract is not yet finally signed, apparently this is the intention. I admit quite frankly that this is an unusual provision in a Federal contract, but I am not convinced that it is a wrong provision. If it errs at all, it errs on the side of honesty. I cannot believe that any Member of Congress is so naive that he thinks the money to pay Federal taxes comes out of thin air. If one of the airplane plants in my State makes a contract to build airplanes, I can assure you the contractor has added to his bid the estimated cost of the taxes he will have to pay, corporate or individual, to the Federal Government. Otherwise he would not stay in business. I can also assure you that he has not deliberately underestimated the amount of money he will need for these taxes. It seems to me, reading the testimony carefully, that the proposal of the Dixon-Yates corporation is simply that the Federal Government consider the taxes as a separate item, to be separated and identified from the other costs. This puts the new corporation on exactly the same footing as the TVA monopoly, which is its competitor in bidding, and which of course pays no taxes, and assures the Federal Government that it will pay only the exact amount of the taxes and no more.

Question No. 14: Is the new corporation to be guaranteed a 9 percent profit on its investment?

Answer: The proposal of Dixon-Yates contemplates a return of 9 percent only on approximately $5 million of paid-in capital. What is so wrong about that? I wish it clearly understood that I am not opposed to the theory that an individual, or a corporation, in the United States of America, is entitled to a profit upon his investment or his efforts. This happens to be the theory that has made the United States the strongest Nation in the world.

I suggest again that the friends of the TVA monopoly realize the desirability of being consistent. To put up the plant, to provide the power needed, the TVA would require approximately $100 million in cash, over several years, which would have to be borrowed from the taxpayers of the United States, who will shortly become increasingly reluctant to advance all of this money, year after year, for the benefit of one small area, in the United States. The Government will then pay interest on this money and I presume it will run about 3 percent on the average. The taxpayers will then be asked to advance this interest.

However, Mr. Speaker, that is not the only reason I was asking the friends of the TVA monopoly to be consistent. I want them to look at some figures. If they will turn to page 2447 of the hearings of the Committee on Independent Offices, part 3, for the TVA appropriations for fiscal year 1955, they will find a table, which begins with the year 1934—at which time we appropriated $50 million to the TVA—and which continues through the year 1954, to make a grand total of money appropriated to the TVA of $1,785,214,581.

During that same period repayments to the United States Treasury have totaled $123,170,667. Thus, the United States, over a period of more than 20 years' investment in the TVA, has received repayments of less than 8 percent of the total amount appropriated. I do not want to be misunderstood. We do not expect the TVA to reimburse the Government for money spent for other purposes than the power program. However, the total amount of the money was supplied by the taxpayers of the whole country. For the power program alone the unpaid balance is still in excess of $800 million, and this is figured generously, from the TVA standpoint. TVA pays no interest on this investment. TVA pays interest only on the bonds which Congress authorized it to issue when it took over the properties of Commonwealth & Southern.

Question No. 15: Does the TVA repay its investment to the Federal Government?

Answer: I would like, once and for all, to explode this fairy tale. The TVA does not repay its investment, and makes no pretense of repaying its investment. I will drop figures for a moment, which might be confusing, and give you in simple language the theory upon which the devoted supporters of the TVA monopoly attempt to explain this inconsistency. The theory is that the money advanced by the taxpayers of the other States and poured into the Tennessee Valley area is used to build powerplants, transmission lines, dams, and other facilities for the production of power which, in the words of the TVA witnesses before my subcommittee, "belong to the Government." It is a nice theory. I wish I could go down to my banker in my home county and say to him, "Mr. Smith, I can't pay you anything on my loan this year because I bought myself a new suit of clothes. We will consider that you own the suit of clothes and that will be a repayment on my loan." I suspect he would say to me that in his opinion the suit would wear out, and he would not have much left after a few years. The simile may be amusing, and I mean it to be so, but there is more truth in it than our friends of the Tennessee Valley will want to admit. Powerplants wear out. Powerplants become obsolete. In a generation moving into atomic power and new methods of production and use and distribution, I am afraid the Government will have very little value left in its powerplants and distribution systems in the Tennessee Valley after 40 or 50 years. I have a feeling that the United States Government should take the position my banker would probably take, and say to me quite firmly that he would prefer to have the cash. Even under the TVA theory, the power construction, after 50 years, will still serve that local area, not the taxpayers of other States, to whom the TVA says the plants belong.

Yet seriously, Mr. Speaker, this is exactly the argument the TVA has used before my subcommittee for years. It has been paying back a few million a year and comes back to Congress for deficit money running as high as several hundred million dollars a year.

For fiscal year 1954 we appropriated $188,546,000; and for 1953 we appropriated $336,027,000. In those 2 years, we got back, respectively, $24,676,977 and $19,229,268.

If I lived in the Tennessee Valley, I would undoubtedly think this was a wonderful idea, to have the taxpayers of the other States subsidize me. As a member of the Committee on Appropriations, I am unable to look upon this as a good investment.

I have great sympathy for my friends in the Tennessee Valley area, and I have no controversy with any of them individually. I can imagine the pressures upon them from that area. Take the matter of heating the houses, alone. When I first went to California, practically all the facilities on my little ranch were operated by electric current, but I did not feel that I could afford to heat the house by electricity, and the bills for heating water were enormous. I imagine over the years current rates have come down, but still house heating by electricity is considered to be one of the most luxurious uses of electric current, from the standpoint of cost.

Yet in the city of Nashville, 20,000 homes are heated by electricity furnished from TVA sources. In the State of Tennessee, 110,000 homes are heated by electricity. It is perfectly obvious that this is a subsidized use of electricity. And here is an interesting thing: The Atomic Energy Commission has the first call upon power in the Tennessee Valley area. We are not discussing today, basically, whether we shall continue to appropriate Federal money, and subsidize TVA operations, for the benefit of the Atomic Energy Commission, and for the security of the United States; we are discussing whether we will continue to subsidize the TVA, and permit it to build another steam plant, outside of its own area, in order to heat the houses of the people of Tennessee.

Question No. 16: Will there be a loss of approximately $3 million per year if power is secured from this new plant, rather than supplied by a new plant built and operated by the TVA?

Answer: Practically, to the taxpayers, there will be no loss. I could easily build up a book loss, as our friends of the Tennessee Valley have done, and I could make it as high as $3 million, but honesty compels me to repeat that there is no such loss, in fact. I think I can prove this.

The estimated annual cost of the Dixon-Yates proposal, which includes taxes, is $20,959,000.

The estimated total charges to AEC, by the TVA, if we use the TVA-Paducah contract as a base, is estimated as $19,856,000.

We start therefore with a projected difference between the two costs of $1,013,000.

Since the TVA pays no income taxes, and since this is set up as a separate item in the Dixon-Yates proposal, we may consider it only as a transfer of Federal money from one pocket to the other. Deducting $820,000, as the estimated Federal income tax, leaves us a difference of only $283,000.

Now, Mr. Speaker, turn back to the figures upon which these differences in cost were originally estimated. I point to only one item. The difference in cost between private money and public money was based on the assumption that we could obtain Government money for 2½ percent interest. I raise a firm question as to whether that would be possible? If we were to pay only 3 percent over the years, for the money we would be required to advance to the TVA to build the plant, and if we do not take into consideration the historic custom of the TVA to come before my subcommittee every year and ask us to pick up its deficit, then that slight increase of one-half percent in interest rate would wipe out the difference between the two proposals. I could cite other items, I am quite sure, between the operation costs of the TVA and of a private utility, and I have already pointed out that in the case of a private utility, it must create its own reserves, pay its own taxes, pay insurance, and all the other items which go into the normal and proper operation of an industry in the United States of America. I repeat: There is no difference or, if there is any, it is on the side of the Dixon-Yates proposal.

Question No. 17: Is any attempt actually being made, in this Congress, to destroy the TVA?

Answer: I apologize, Mr. Speaker, for even including this question, but actually, this was implied in a statement on the floor last Tuesday. The answer is, "Absolutely no." It would be impossible to do so, if anyone had such a thought, and it would certainly be undesirable.

I assure you, Mr. Speaker, that there has been no discussion of this kind before my subcommittee at anytime, and I am quite sure we would be aware of it, had there been such a discussion anywhere. The discussions regarding the TVA, generally speaking, have confined themselves to four groups:

First. Shall the TVA be permitted to build powerplants and extend its power lines still further, outside of the area designated in the basic act? This is entirely a matter to be decided by the Congress. I gather, however, from discussions and votes in preceding years, on the floor of this House, that the idea does not meet with general favor in this House.

Second. Does the TVA have the legal right to build steam plants, for the sale of power, either inside or outside of its designated area? I have discussed this already this afternoon, and I will not repeat my comments.

Third. Should the TVA be required to pay interest on the unpaid balance of the money advanced to it, for its power systems? The money for this purpose is borrowed from the taxpayers and then interest is collected from these taxpayers to pay interest on the bonds issued. It would seem a reasonable thing to require the TVA to pay the same interest on this unpaid balance as the Treasury Department is required to pay for the money. The Subcommittee on Independent Offices recommended this to the full Committee on Appropriations, and the Committee on Appropriations, by a recorded vote, accepted and confirmed the recommendation.

You will remember, Mr. Speaker, that the bill also contained provisions regarding public housing and because of these latter provisions, the Rules Committee declined to give us a rule. Consequently, when the bill came to the floor, the provision regarding interest from the TVA went out of the bill on a point of order.

Fourth. Should the TVA be permitted to carry its monopoly into the resale of power by the communities, which buy from the TVA, when these communities resell the power to their own citizens? I have personally very strong feelings on this because I served on the city council of my home town and I know just what the situation is. I think this is an unreasonable monopoly and the Independent Offices Subcommitee recommended to the full committee that this control of resale prices be abolished. The full

committee approved the recommendation but it also went out of the bill on a point of order.

Fifth. The only other discussion regarding the TVA has been over whether or not it should be set up as a Government corporation, to operate on its own money, issue its own bonds if necessary, and in every way maintain itself as a private utility would be expected to maintain itself. This has never come formally before my subcommittee, nor do I know that it has ever been formally presented to a legislative committee. If the TVA is as successful an operation as its friends maintain, then it should have no concern over such a proposal. It has a monopoly area. I have no reason to doubt that it can operate economically and efficiently. Certainly it should not expect indefinitely to operate at the expense of the taxpayers of the other States.

Question No. 18: Was the President well advised or badly advised when he issued the instructions to the Bureau of the Budget to negotiate with private companies for the supply of this power for the Atomic Energy Commission?

Answer: The question answers itself. He was well advised. From the beginning of time, all nations that have permitted themselves to be drawn little by little into a paternalistic, centralized form of government, no matter what we choose to call it, have destroyed themselves. If for no other reason, they have exhausted their resources. I have no desire to discuss the propriety of having created the TVA in the first place, nor to discuss the years and management of the TVA up to the present time. We are talking about from now on. The time has come for us to treat this situation in an intelligent and reasonable way. The President of the United States was elected on a platform of attempting to stop deficit financing, to stop this trend toward paternalistic government and consequent dictatorship, and to encourage private enterprise. The proposed contract with the Dixon-Yates group is for the benefit of the taxpayers and for the benefit of the Atomic Energy Commission. It should be signed. I see no reason why the Atomic Energy Commission should not go ahead at once and sign the contract and completely disregard the obvious attempts to confuse and obstruct which are now taking place on Capitol Hill.

Of course, there are people who may not be happy over such a contract. These are people of the Tennessee Valley who have been getting current at a subsidized cost. I said in my speech on the floor months ago that I know the people of the Tennessee Valley. They are fine people, patriotic and intelligent. I know their Representatives on the floor of this House are able and intelligent and experienced. Properly presented to the people of Tennessee, this plan will be approved. They want assurance that there is no intention to destroy the TVA. They want assurance that they will continue to have power themselves. They can be further assured that, as citizens of the whole United States, this plan is for the best interests of all.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield.

Mr. EVINS. I have listened with a great deal of interest to what the gentleman has said. It seems to me that of all the Members of the House of Representatives, the gentleman from California who has just spoken should be one of the best informed Members on the TVA and AEC programs as he now sits as chairman, and has sat in the past as ranking member of the Subcommittee on Appropriations which hears representatives of these Government agencies annually. Each year representatives of the TVA come before your committee and present to the committee the facts of its efficiency and the details of its operation. So the gentleman should be better informed than his speech indicates. He should know the answers to the questions he poses. I think he does. I know that the gentleman, in his own heart, knows that he has not given the full facts of this situation. His questions and observations are full of half-truths and not full truths and full information. The whole story has not been told by the questions he has propounded. His remarks are designed to mislead and give a one-sided picture. I know that the gentleman, in his own heart, knows that he has not given this House the full facts. He has brought out a red herring, trying to pull the President out of a hole when he has gotten into a hole by ordering a lush contract for a private power syndicate without the benefit of competition, or competitive bidding. This deal will cost the taxpayers of the Nation, according to estimates by the Atomic Energy Commission, some $92 million and by the Tennessee Valley Authority in excess of $139 million. It has been questioned by three members of the Atomic Energy Commission, and also questioned by the Acting Comptroller General of the United States as to its legality, propriety, and its feasibility.

Mr. PHILLIPS. Is this a question?

Mr. EVINS. Here is my question. Has the gentleman given the Members of the House all of the facts and all of the truth, taking into consideration the position which he holds on the Appropriations Committee?

Mr. PHILLIPS. The gentleman answers frankly that he has not given all the facts.

Mr. EVINS. I thank the gentleman.

Mr. PHILLIPS. The gentleman from California had only 50 minutes, but if he were able to give the facts in detail, they would much more conclusively, than stated today, show that the contract is good and that these are not half-truths. If they are half-truths, they are half of the facts.

My distinguished friend the gentleman from North Carolina [Mr. JONAS] has inserted in the RECORD today statistical information which will support the things I am saying. I have made an accurate statement.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. You will notice that you have several friends standing, and I have only 8 minutes remaining.

Mr. EVINS. I refer to a press release from the Foreign Operations Administration, dated June 10, in which it states:

> FOA today announced a $30 million authorization for the building of three thermo steam electrical plants in the Republic of Korea at a cost of $30 million.

This Appropriations Committee—the gentleman's committee—has denied 1 steam plant for the people of the TVA area and the Nation and yet has approved $30 million for 3 steam plants in Korea. Can the gentleman explain the inconsistency of that action by his committee?

Mr. PHILLIPS. Yes. Did the gentleman vote for the steam plants in Korea?

Mr. EVINS. I should be pleased to do so in the event they are demonstrated to be needed and necessary.

Mr. PHILLIPS. You voted for it. I did not vote for the ones in Korea.

Mr. EVINS. But your committee has approved the funds and your administration has approved it.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield.

Mr. JONES of Alabama. The gentleman stated to the House the repayment plan written into the Appropriation Act, carried on by the TVA.

Mr. PHILLIPS. Five million dollars a year, plus interest on the bonds.

Mr. JONES of Alabama. How long was the TVA given to make this repayment to the Treasury?

Mr. PHILLIPS. Quite a time.

Mr. JONES of Alabama. Forty years; is that not correct?

Mr. PHILLIPS. I believe it was.

Mr. JONES of Alabama. Now the gentleman has examined their repayment progress up to the present date, as chairman of the Appropriations Subcommittee. Will the gentleman state to the House whether or not the TVA is in arrears in its repayment plan?

Mr. PHILLIPS. It cannot be in arrears, for TVA does not have any specific payment plan.

Mr. JONES of Alabama. The gentleman from California knows there is written in the appropriation bill for 1948 and 1949 a repayment plan of 40 years.

Mr. PHILLIPS. Yes.

Mr. JONES of Alabama. The TVA at the present time is not in arrears in that payment, and they are 45 percent ahead of their repayment schedule of 40 years.

Mr. PHILLIPS. I remarked that they had paid back, to date, 7 percent of the amount, without interest.

Mr. JONES of Alabama. The gentleman stated that they owed $32 million on bonds. As a matter of fact the information as already given to the committee, of which the gentleman is chairman, is that TVA has recently paid back $10 million on those bonds. Is that not correct?

Mr. PHILLIPS. Let me tell the gentleman something. I have made a calculation while the gentleman was talking. It is about $20 million a year that it would have to pay back, if paid back in equal payments, and that, without interest.

Mr. JONES of Alabama. If the gentleman is using the figures correctly, then on the project of the increased income these new investments will show a repayment to the Treasury.

Mr. PHILLIPS. Wait a minute; let me get this straight. That is one of these TVA calculations.

Mr. JONES of Alabama. I do not know that TVA has done any calculating. I know that the gentleman from California's own figures show that TVA is ahead on its payments to the Treasury of the United States on those bonds in which the people of the country have invested.

Mr. PHILLIPS. It would follow from that that if you should divide the amount TVA ought to pay, into the amount due now, it would be $20 million a year, with no interest.

Mr. JONES of Alabama. But the gentleman must admit that on the repayment plan that has been adopted TVA has carried out all its commitments.

Mr. PHILLIPS. I really must yield to some of these other gentlemen standing. I have but 6 minutes left. I yield to the gentleman from North Carolina [Mr. JONAS].

Mr. JONAS of North Carolina. If the gentleman will permit, I would like to respond to our colleague from Alabama. It is true that the law requires TVA to return to the Government the capital investment applicable to power over a period of 40 years.

Mr. JONES of Alabama. That is right.

Mr. JONAS of North Carolina. And TVA is up to its schedule in respect to those payments.

Mr. PHILLIPS. Without interest.

Mr. JONAS of North Carolina. But the point the gentleman from California was making is that the taxpayers are continually asked to put up hundreds of millions of dollars a year, and the repayments do not approach these figures.

Mr. JONES of Alabama. Why are you trying TVA when we have got under consideration here a contract with the Dixon-Yates group?

Mr. JONAS of North Carolina. I am not trying TVA. I am agreeing with you that the law permits TVA to write off its capital investment in power development over a period of 40 years and it is up to and ahead of its schedule on that.

Mr. JONES of Alabama. But that is not the case being tried. The gentleman from California is bringing up the question of whether or not TVA pays interest in determining whether or not it is to the best interest of the Federal Government to carry out a contract between two private utilities and the Atomic Energy Commission.

Mr. PHILLIPS. The only thing I am trying to do is to take the taxpayers' side.

I yield to the gentleman from Tennessee [Mr. PRIEST], who very willingly yielded to me the other day.

Mr. PRIEST. I do not know that I need take the gentleman's time, I certainly do not want to needlessly. The question I had was to get clear on the record the fact that this repayment has been lived up to, and I think that has been made clear, that TVA is ahead of its schedule on amortization payments.

Mr. JONES of Alabama. That is it.

Mr. PHILLIPS. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. Mr. Speaker, I listened with a great deal of interest to the gentleman's speech. While I disagree with a considerable portion of what he said, I do think he made a good speech. I want to ask a question, and I am sure he will be fair with it: Does not this deal smack somewhat of being a cloudy deal in that it was carried on and negotiated behind closed doors with no one else permitted to come in and bid for this particular business? Does not that indicate that it is a somewhat cloudy payoff proposition?

Mr. PHILLIPS. Not at all, because I think others could come in on it; others can still come in.

Mr. ABERNETHY. Now, wait just a minute. This deal was negotiated and announced as closed. Or is it not closed today?

Mr. PHILLIPS. No.

Mr. ABERNETHY. Has not the Dixon-Yates Co. been notified that they will have this particular contract? And has not the AEC been instructed to enter into it by the President?

Mr. JONAS of North Carolina. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I refer the gentleman to my colleague.

Mr. JONAS of North Carolina. May I answer that? The President did not order anybody to sign any contract. He issued instructions to the AEC to negotiate a contract.

Mr. PHILLIPS. That is true.

Mr. ABERNETHY. He just popped a gun in their back and said, "Negotiate a contract with these utilities." That is what he did to them—of course he did.

Mr. JONAS of North Carolina. The gentleman from California quoted from the directive itself.

But with respect to the question of the gentleman from Mississippi as to whether any other companies could be included in the negotiations, I ask the gentleman from California how many other power companies are in position to supply power in the Memphis area? You would not expect a power company from California, New York, or elsewhere, to invest $100 million in a power development on the Mississippi River.

Mr. ABERNETHY. Is it not a fact Mr. Burch represented a particular client that wanted to make a proposal in this deal and have they not closed the door in his face?

Mr. PHILLIPS. The answer is, "No." I hope to take time on Wednesday to discuss that.

Mr. ABERNETHY. Now, can the gentleman tell the House who they could negotiate with, who they could discuss it with?

Mr. JONAS of North Carolina. Anybody that wants to submit a proposal.

Mr. PHILLIPS. They talk to the Bureau of the Budget.

Mr. PRICE. Mr. Speaker, will the gentleman yield?

Mr. PHILLIPS. I yield to the gentleman from Illinois.

Mr. PRICE. I am chiefly concerned with the threat to an independent agency of the Government. It is a very serious thing that the Congress should give attention to. In the consideration of this problem you can talk about all of these other things but the chief danger here is the threat to the independence of a Government agency created by the Congress itself, a congressional agency, you may say.

Mr. PHILLIPS. The gentleman means the Atomic Energy Commission?

Mr. PRICE. The Atomic Energy Commission, yes. The gentleman stated that in his view it was not a Presidential directive, but I might point out to the gentleman that 3 of the 5 members of the Atomic Energy Commission testified before our committee and said they would not have given their approval to the project if it were not for the Presidential order and 3 of the 5 members of the Commission opposed the plan. They did not think the Commission had the authority to enter into such a contract, they did not think it came within the province of the Commission, but they interposed no objection, let us say because of the Presidential order.

Mr. JONAS of North Carolina. That is not the way I understand the letter from the Commissioners.

Mr. PRICE. I suggest to the gentleman that he read the testimony.

Mr. JONAS of North Carolina. I have read the testimony and I have read the letter. What they said was that it is a question of policy and that they did not feel they should get into that and that they would leave it up to the President or to the Congress.

Mr. PRICE. Every one of these three members referred to a Presidential order.

Mr. JONAS of North Carolina. Will the gentleman read the joint letter signed by Commissioner Smyth and Commissioner Zuckert?

Mr. PRICE. I read his testimony and the letter and I think I know Commissioner Smyth's feeling on the subject.

Mr. PHILLIPS. Both the gentlemen who wrote the letter referred to the question of propriety or legality of what should be done. Both of them said if the President decided that way they would be very glad to work it out.

Mr. PRICE. And that they were under compulsion because it was a Presidential directive. I know how the gentlemen felt about it.

TENNESSEE VALLEY AUTHORITY

The SPEAKER pro tempore (Mr. CANFIELD). Under special order heretofore entered, the gentleman from Tennessee [Mr. COOPER] is recognized for 30 minutes.

Mr. COOPER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous material.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Speaker, it has been my privilege to address the House quite a number of times on the subject of the Tennessee Valley Authority. I spoke again on this subject at some length here in the House on February 2 of this year. At that time I endeavored to present the situation as it existed and predicted some of the things that are now happening with respect to the Tennessee Valley Authority and the policies of this administration.

I would like to again point out that 20 years ago last year the Congress created the Tennessee Valley Authority and the production of power for the use of the people was one of the major tasks asigned to this great agency of regional resource development.

TVA has been of untold benefit to the region and the Nation. Today, by Act of Congress, it has become the sole supplier of electricity in an area of 80,000 square miles. Five million people depend upon it for all of the energy they use in their homes, on their farms, and in their business enterprises. Power use is growing in this area at a great rate, and now capacity must be provided to meet the expanding demand of a more productive economy. Last year TVA requested funds to continue the construction of 34 steam and hydro units already underway and scheduled for completion before the end of 1955 and funds to begin construction of four new units to meet the increase in requirements which must be met by 1956. Two of the new units recommended are scheduled to be located at a new plant to be built at what is known as the Fulton site, 30 miles north of Memphis, Tenn., in Lauderdale County, a part of the 8th District, which I have the honor to represent. It takes 3 years to build a modern steam plant of the kind TVA plans to construct at the Fulton site. If the appropriation of $30 million for the Fulton plant had been granted, the first unit of 225,000 kilowatts would have been placed in service in the fall of 1957. As we all know, the TVA power system is operated as a whole. No plant is a captive of any individual community, but this plant is proposed for location near Memphis and in west Tennessee because the increasing requirements of that area can be most economically served if additional capacity is provided here. At peak loads west Tennessee now uses about 450,000 kilowatts of capacity. By the winter of 1956–57 it is estimated that west Tennessee loads will have grown to 700,000 kilowatts and to almost 900,000 by the winter of 1958–59. In Memphis alone electricity consumption is expected to rise to 2.5 billion kilowatt-hours by 1956. To get an idea of what this quantity means, let me point out that this figure for Memphis is 80 percent of the total amount of electricity produced during 1952 by all the utilities both privately and publicly owned in our neighboring State of Arkansas across the river from Memphis. Today the major load centers in the west Tennessee area are being served from generating plants located from 100 to 200 miles away. Power comes into our area over transmission lines from the various TVA hydro plants along the Tennessee River and from the steam plant at Johnsonville. The existing lines are inadequate to take care of the larger loads that are certain to develop in the next few years. TVA had two alternatives for meeting west Tennessee's future power requirements: One, to add to generating capacity of steam plants already under construction, then to build additional transmission lines from those distant plants to the Memphis area, or to start a new plant in the west Tennessee area, thereby reducing the transmission costs and transmission power losses. This is the method selected by the TVA engineers after a thorough study of all factors. This is the prudent, efficient way for TVA to add to the total generating capacity available on its system.

In west Tennessee the number of electrified farms has increased more than 4 times in the past 7 years, from less than 15,000 farms in 1945 to more than 63,000 farms today. About 90 percent of our farms are equipped to take electric service now. Their loads are growing. Therefore, Mr. Speaker, this information clearly shows the need for additional generating capacity for the west Tennessee area.

Now then, with respect to the question presented here as to whether it is better to provide this additional capacity through the TVA, the agency created by Congress and having the responsibility and the duty of providing electrical energy for that area or having private power companies build a new plant across the Mississippi River from the area that needs to be served, you have this ridiculous situation. Here is the area that needs the power and this proposal is to go across the Mississippi River, a mile-wide river, and build a plant and then bring the power back over there where it is needed in the first place. All of us who are familiar with the situation know that sometimes the Mississippi River when in flood stages is many miles wide.

Mr. Speaker, in the budget message of the President to the Congress this year no funds were provided for the Fulton steam plant or for any new power generating units by the TVA. I would like to invite attention to the following extracts from the President's message:

> Although no appropriations are included in the 1955 budget for new power generation units by the TVA, expenditures will increase for continuation of construction of powerplants presently underway, and for operation of powerplants after they are completed. Expenses for operation of flood control, navigation, and fertilizer facilities will continue at about the 1954 level. Expenditures for power and fertilizer operations are more than offset by the income from sales.
>
> In order to provide with appropriate operating reserves for reasonable growth in industrial, municipal and cooperative power loads in the area through the calendar year 1957, arrangements are being made to reduce, by the fall of 1957, existing commitments of the Tennessee Valley Authority to the Atomic Energy Commission by 500,000 to 600,000 kilowatts. This would release the equivalent amount of Tennessee Valley Authority generating capacity to meet increased load requirements of other consumers in the power system and at the same time eliminate the need for appropriating funds from the Treasury to finance additional generating units. In the event, however, that negotiations for furnishing these load requirements for the Atomic Energy Commission from other sources are not consummated, as contemplated, or new defense loads develop, the question of starting additional generating units by the TVA will be reconsidered.

From these statements in the President's message and other information available, it was understood that the additional power sought to be provided by the private power companies would be for the use of the Atomic Energy Commission in the operation of its facilities. Now, we find that the President, acting through the Bureau of the Budget, has ordered the AEC to enter into a contract with specified private power companies not to provide power for their use but to be supplied to the TVA for use of other customers of the TVA. This contract has been adequately described by the gentleman from California [Mr. HOLIFIELD] who is a distinguished member of the Joint Committee on Atomic Energy of the Congress and other Members who have spoken on this subject. It is certainly a most unusual contract, and the action of the President is most unfortunate.

Mr. GATHINGS. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield briefly to the gentleman.

Mr. GATHINGS. I want to say to the gentleman that he is highly regarded in the House of Representatives. I will say that among the Democrats, he is "1," "2," "3," and always has been since I have been here.

Mr. COOPER. I appreciate the gentleman's compliment.

Mr. GATHINGS. My district is immediately across the river. Do you recall a committee was set up composed of a gentleman from Memphis and a gentleman from West Memphis, and two or three other district engineers to select a site to make a recommendation to this Congress for the building of that plant, and that the first selection they made was some 4 or 5 miles south of the city of Memphis, just across the river from where this location is here proposed in the Dixon-Yates proposition? Did you know that the first selection that was made was some 4 or 5 miles south, and then they moved up a mile or two and selected a second site or location some 2 miles south of the city of Memphis.

Mr. COOPER. Mr. Speaker, if the gentleman will permit, I would like to answer him by asking him this question: Have the Army engineers investigated and passed upon this location in West Memphis?

Mr. GATHINGS. I want to say to you——

Mr. COOPER. Well, have they?

Mr. GATHINGS. I do not know whether they have or not. Mr. W. G. Hustable, of St. Francis Levee District, served as a member. I understood that Major Allen, of Memphis, also was a member.

Mr. COOPER. Let me answer the gentleman.

Mr. GATHINGS. There was a reason for the President of the United States suggesting that private power companies build this plant. The first reason was

this—because of the fact it is not known whether atomic energy would be needed 25 years from today, and he wanted private industry to build the plant to take away some Government risk.

Mr. COOPER. I understand the gentleman's question.

Mr. GATHINGS. Should private power come in and build this plant they would have the risk.

Mr. COOPER. Mr. Speaker, when the Tennessee Valley Authority faced the responsibility of locating a new steam plant, they called upon the United States Army engineers to make an investigation. They made the investigation and selected the site at Fulton, Tenn., as the best site for the plant. That was the usual and proper way.

Mr. HOLIFIELD. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield briefly to the gentleman from California.

Mr. HOLIFIELD. I hope the gentleman will not yield to me too briefly as I want to bring out 1 or 2 points in the 10 minutes that he has remaining. If he is pressed for time, I will be glad to desist and obtain some time on my own.

Mr. COOPER. If the gentleman will indulge me just a few more moments, then I will be glad to yield to him.

Mr. Speaker, I want to emphasize one point that I think deserves considerable merit. The people of the Tennessee Valley area have invested roughly about half as much money to the TVA power system as the Federal Government has. Roughly, the Federal Government has invested about $800 million in the power system of the TVA area, and the people of that area have invested roughly about $400,000 of money in the power system of the TVA. Our people have a very vital interest in this matter and they are deeply concerned about this contract, as they should be.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. The gentleman will recall that in the President's budget message transmitted to the Congress he stated that TVA would be relieved of furnishing the Atomic Energy Commission 600,000 kilowatts capacity, and therefore the TVA would not need the Fulton steam plant. Is that the situation which the President was correcting by this contract?

Mr. COOPER. I appreciate the gentleman's comment.

Mr. Speaker, there has been considerable editorial and newspaper comment on this proposed contract, and most of it that I have seen has been very critical of the position taken by the administration. I would especially like to invite attention to 3 recent editorials appearing in Memphis, Tenn., newspapers; 2 in the Commercial Appeal, under dates of July 2 and July 7, 1954; and 1 in the Press-Scimitar, July 6, 1954. I include those editorials in my remarks at this point:

[From the Memphis Commercial Appeal of July 2, 1954]

THE FACTS OF POWER COST

President Eisenhower has told newspapermen he is trying to learn the facts of the cost of the West Memphis steam plant proposal.

It would be better if the President had learned more about the facts before he instructed the Atomic Energy Commission to sign such a costly contract that 3 of the 5 members of AEC have objected publicly. But now that the uproar about this contract has resulted in the President undertaking to study it, we hope he gets down to the fundamental facts.

It seems to us likely that this will be the first study of the proposal. We think it probable that the West Memphis deal was recommended by Assistant President Sherman Adams and that the President simply accepted his staff advice.

We doubt, for instance, that the President noticed that the AEC worksheets comparing costs of power from the Tennessee Valley Authority and from the proposed West Memphis plant seem to reflect 9 percent earnings for the Middle South Utilities equity in the plant.

In order to attract investments of risk capital, 9 percent and more is frequently paid. But in this case the element of risk all but disappears with a market for full production of the West Memphis plant waiting and the United States Treasury as the power buyer.

Other money for this plant would come from the bond market at substantially less than 9 percent.

We also doubt if the President has noticed on the AEC worksheets that after taking out the widely discussed tax advantage of TVA this West Memphis power would still be more expensive. TVA has an advantage in absence of Federal taxes, and the private power lobby would like to have the Government tax itself in order to force upward the price of TVA electricity. But even if the Treasury sends money on a silly circuit to AEC for the West Memphis plant and back to the Treasury as taxes the remaining cost of private power is higher.

Overall, including the tax plan, the AEC experts are on the record with an estimate of $92 million of unnecessary expense in private power compared to TVA power.

We suggest that the Eisenhower study also include TVA finances for the year that ended this week. He will find that Treasury financing of TVA power resulted during the 12 months in $20 million being sent to the Treasury, in addition to $10 million for retirement of TVA bonds.

The President is doubtful about location of the plant TVA planned to meet the same need as the private power plan for West Memphis. TVA has chosen a site at Fulton, Tenn., on the extreme edge of the TVA region. This is an item on which TVA would do well to yield. A location inside the Tennessee River watershed would be more in keeping with the TVA design.

There must be other interesting items in this Middle South Utilities proposal. We hope the President studies them thoroughly, and we suggest that his study include asking the advice of someone who knows publicly owned power better and more favorably than Assistant Adams, whose life has been spent in high-priced, private-power New England.

[From the Memphis Commercial Appeal of July 7, 1954]

A SECOND FRONT FOR TVA

Whatever the outcome of efforts to give, and we do mean give, private power a plant at West Memphis and a slice of the market the Tennessee Valley has been serving, another front in the war on TVA is ready.

The Atomic Energy Commission needs another 130,000 kilowatts of electricity at Oak Ridge. President Eisenhower has ordered TVA to provide it. This is beyond the anticipated AEC need for power, for which TVA is already expanding its generating plants.

Nothing has been changed in the budget to finance still greater expansion of generating plants or the starting of a new plant.

Another situation in which TVA will be instructed to buy private power is in the making. It is so close that Senator ALBERT GORE says a private power company in Virginia has already submitted a proposal for building a new plant near Kingsport, Tenn., which is only a few miles south of the Virginia border.

This would build private power in the Tennessee River Valley itself. For many miles in any direction from Kingsport the rivers are tributaries of the Tennessee.

In the original AEC diversion of TVA's market to private power, at the northwestern corner of the TVA area, the plant was built across the Ohio River from the TVA sales region. The West Memphis proposal for more of the same at the southwestern corner would place a plant across the Mississippi River from the TVA sales region.

At the northeastern corner, in a slot of private power country, extending between two prongs of TVA sales territory in Virginia, the besieging forces attacking TVA would build a stronghold in the very watershed of the Tennessee River.

So far we have heard nothing about private power plans to use AEC for the siege at the southeastern corner of TVA's market, but we consider it unlikely that private power has overlooked this corner.

In both Houses of Congress there is an uproar about this West Memphis plan to force the AEC to become a broker of electric power. The business of the AEC is creation of atomic weapons, a gigantic task of primary importance. The administration is requiring it to take up the additional and expensive task of intervention in the TVA-private power war. As Senator ESTES KEFAUVER has said, "This is about the same as directing the United States Wildlife Service to run a brewery."

Three of the five members of the AEC would rather stay at the atomic work than take up the private power fight.

There is some doubt about whether either AEC or TVA has the authority to make the West Memphis deal. Without waiting to see what Congress or the AEC or TVA does about West Memphis, the many advocates of TVA might as well realize another battle is brewing at the far corner of TVA's map.

[From the Memphis Press-Scimitar of July 6, 1954]

PEDDLING PRIVATE POWER IS NO JOB FOR THE AEC

The United States Atomic Energy Commission, whose sole job should be to maintain American atomic superiority for the safety of the free world, has been ordered into a ridiculous, costly sideline for the next 25 years.

It has been directed, over its own protest, to contract with private utility companies for a large amount of electric power to be delivered to the Tennessee Valley Authority—200 miles and more away from the closest AEC facility.

President Eisenhower issued the order. Presumably it was to prove what needs no proving: that this administration looks favorably upon private enterprise.

The President has directed that this unnecessary, dangerous and expensive gesture of friendliness to the private power industry shall be accomplished by AEC's signing a contract with Middle South Utilities, Inc., and the Southern Co. These two companies would form a third company to build a big new steam-electric generating plant at West Memphis, Ark., just across the Mississippi from Memphis, Tenn.

AEC told the Budget Bureau "the Commission did not agree on the wisdom of AEC entering into this type of contract." Three of the five atomic commissioners opposed

it. Among this majority was the outstanding exponent of private enterprise in the AEC, Commissioner Thomas E. Murray, of New York.

Although called an "independent office" of the Government, AEC passed the buck on the final decision to the White House. The President, through his Budget Bureau, decided in favor of the contract.

If this was a delegated decision by Mr. Eisenhower, then some subordinate has put him in an absurd position. If he acted with all the facts before his eyes, then he misinterpreted the facts.

He ordered the contract despite the fact that Budget Bureau and AEC figures showed power from the private combine would cost the Government at least $3,685,000 more a year than power bought from TVA at Paducah, Ky. The chief difference was in the fact that TVA paid no taxes while the private company did, and TVA got its money at a cheaper interest rate than the private company. So, Mr. Eisenhower ordered AEC to pay all the private company's taxes; and the contract, if signed, would constitute a Government guarantee of the $100 million in 3.5 percent bonds the private company would issue to finance the plant.

The President's decision means that over the minimum period of the contract, the minimum excess cost to the Government of this power from this private source would be $92,125,000.

The basic fault of this proposed contract is that it forces the Atomic Commission into a field where it has no business being. TVA needs more power at Memphis, not the AEC. But AEC is being used as a reluctant power broker.

The next major fault lies in the waste of more than $92 million of Federal funds over the next 25 years. At the end of that time, the private powerplant, completely paid for with United States tax dollars, will remain the property of the private companies.

The proposed contract would set a precedent which might be used in later years to make AEC a power broker anywhere in the country.

It would mean construction of a big powerplant on a made-land site that could be flooded by the Mississippi River. And the plant may loose ashes, smoke, and sulfur on the clean city of Memphis.

It would commit the AEC, not the TVA (although TVA gets the power), to pay all the local, State, and Federal taxes of the company that builds and operates the West Memphis plant. This tax bill would make up the bulk of the $92 million excess cost.

AEC has authority to buy power it needs. It should not be forced to prostitute this authority to buy power for TVA.

If TVA is subsidized by the Government, as some claim, then what better beneficiary of this subsidy than our own atomic plants?

If it is decided that TVA shall get no more appropriations from the Treasury to build additional generating plants, then let AEC and TVA each fulfill its own power needs from private power sources at the cheapest possible rate.

The General Accounting Office has suggested that AEC's power needs be met by a contract let on an advertised low-bid basis.

That sounds reasonable to us.

Mr. Speaker, there has been considerable comment and discussion of this question. The effort was made yesterday by a release made by the Bureau of the Budget to give some excuses for this very unusual type of contract, but that did not touch, neither did my distinguished friend the able gentleman from California, or the distinguished gentleman from North Carolina, in their comments, touch the main point. The main point here is that it would be especially unfortunate for the Atomic Energy Commission to have placed upon it the responsibility of providing electric power, when it is well known that it was not created for any such purpose.

The Atomic Energy Commission has no more business providing power for Memphis than for Chicago, New York, Boston, or any other city in the United States. The Atomic Energy Commission has no business buying any power from anybody that it does not need to operate its own facilities under the authority conferred by act of Congress.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. EVINS. First of all, I commend the gentleman, but I want to say that there has been considerable comment here about the possibility of other power companies being able to compete. Is it not a fact that this order was so drawn, the specifications were so worded, as to eliminate any possibility of competition, that it fit only one private power company? In other words, it was a tailor-made contract.

Mr. COOPER. That is the criticism that has been made, and I think there is considerable justification for it.

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield.

Mr. MURRAY. Does not the gentleman agree with me that the private-power companies have been jealous of TVA ever since it was authorized by Congress, and that the private-power companies are eager to destroy the electric-power yardstick to TVA? And does not the gentleman think that the President by his directive is using the Atomic Energy Commission as a pliant tool or instrumentality or stooge to try to weaken and impair TVA? I ask the gentleman if he does not think further that this directive or order of the President is playing directly into the hands of selfish, greedy, private-power groups who are trying to destroy TVA today?

Mr. COOPER. I think the gentleman is correct about it, and I just wanted to point out one other thing to my good friend the distinguished gentleman from California [Mr. PHILLIPS], and also to the distinguished gentleman from North Carolina. Both have protested a number of times: "We do not want to hurt TVA; we just do not want to hurt TVA."

You know, it reminds me of the old, old story of somebody just wanting to love you to death. We do not like that kind of affection down in our part of the country where we have a $400 million investment in this TVA system that was provided by law. It has continued to operate under the law. The gentleman from California talks about it being a monopoly. The TVA was created by law and has operated under the law of the land. It is the law of the United States that controls the operation of the TVA system.

Mr. PRICE. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Illinois.

Mr. PRICE. I think the gentleman from Tennessee in his remarks just a moment ago brought out the real issue involved, and that is the independence of the Atomic Energy Commission and the remote responsibility that is being placed on it by this Presidential directive. That is the position taken by 3 of the 5 members of the Commission itself. They felt they were being directed into a remote responsibility that they should not be involved in; they felt it was something that the Commission was not capable of exercising.

Mr. COOPER. Does the gentleman from Illinois, who is a most distinguished member of the Joint Committee on Atomic Energy, agree with me in the statement I made that the Atomic Energy Commission has no more business providing power for Memphis than it does for New York, Chicago, Boston, or any other city of this country?

Mr. PRICE. Not only does the gentleman from Illinois agree with you but I think I can say without fear of successful contradiction that 3 of the 5 members of the Atomic Energy Commission agree with the gentleman.

Mr. COOPER. It is entirely outside of the scope of their activity and it never was contemplated by the Congress at the time the act was passed creating the Atomic Energy Commission that it would be used in any such manner as is proposed under this contract.

Mr. PRICE. The gentleman is absolutely correct.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Tennessee.

Mr. EVINS. Certain gentlemen shed crocodile tears for the taxpayers of the Nation, but here is an example of where the taxpayers of the Nation will be robbed to the extent of $92 million under the testimony of the AEC and $135 million in excessive power cost according to the testimony of the TVA. I just wonder sometimes why they shed crocodile tears for the taxpayers of the Nation. Is it not also a fact that these gentlemen who tried to break the TVA yardstick, under which power is being brought to consumers not only in the TVA area but in other areas, must be aware that information before the Appropriations Committee, the Atomic Energy Commission and other places where the question has been discussed shows that the private power companies on the perimeter of the TVA have made tremendous profits over the years in that area?

Mr. COOPER. The gentleman is correct.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. In addition to the argument advanced by the gentleman from Tennessee, may I say that there is another basic issue involved? The Atomic Energy Commission was created as the result of an act of Congress. There is the organic law not only establishing the commission but providing for the field in which it will operate and with directions from the Congress. The TVA is similarly established by the Congress. The concern to me is the fact that the members of the Atomic

Energy Commission are ordered to do something that their judgment might not prompt them to do and whether or not they violate their oath of office in accordance with the provisions of the organic law relating to the AEC. That is dictation which, if it were by a Democratic President, would result in his being called a dictator.

Mr. COOPER. I thank the gentleman.

SPECIAL ORDER GRANTED

Mr. HOLIFIELD asked and was given permission to address the House for 40 minutes today, following the special orders heretofore entered.

SPECIAL ORDER

The SPEAKER pro tempore. Under special order heretofore entered, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 20 minutes.

Mrs. ROGERS of Massachusetts. I would be very glad to have the gentleman from Georgia [Mr. BROWN] address the House first if he cares to. I have a long-distance call and I have two special orders, one before the gentleman speaks and one afterward. I will be glad to have him proceed for 10 minutes.

The SPEAKER pro tempore. Without objection the transfer will be made.

There was no objection.

EXTENSION OF SPECIAL ORDER PREVIOUSLY GRANTED

Mr. JONAS of North Carolina. Mr. Speaker, I have a special order for tomorrow afternoon of 30 minutes. I ask unanimous consent that that be extended to 1 hour. Considering the debate we have had today I intend to yield to anyone who may ask me to yield and I think I will need an hour instead of 30 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

EXPORT-IMPORT BANK

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Georgia [Mr. BROWN] is recognized for 15 minutes.

Mr. BROWN of Georgia. Mr. Speaker, I am vitally interested in legislation to reorganize and revitalize the lending activities of the Export-Import Bank. It is an unfortunate fact that the bank has not been active in making loans during the past year. Appropriate legislation is needed to correct this situation.

Last Thursday the Senate approved a bill to return the Export-Import Bank to independent status, restore the bank to National Advisory Council membership, reestablish its Board of Directors, and increase its lending authority by $500 million. This leaves the matter squarely up to us in the House of Representatives. I have joined the chairman of the House Banking and Currency Committee [Mr. WOLCOTT] and the ranking Democratic member [Mr. SPENCE] in introducing similar legislation in the House. We hope to hold hearings in the very near future and to bring a bill before the House for action before this session is over.

The critical curtailment of Export-Import Bank loans in the last year has occurred when just the opposite should have taken place. At a time when we are seeking ways and means of reducing expenditures for foreign economic aid, the Export-Import Bank should be playing a major role in the extension of credits to encourage economic development.

World economic conditions have improved substantially in the last few years and I think it is reasonable to conclude that most foreign countries are in a position to stand on their own feet if adequate foreign investment is forthcoming. Foreign investment in the underdeveloped areas is vital to long-run economic development and a better utilization of resources. The Export-Import Bank is an institution with an enviable record of success in this field.

Not only have the Export-Import Bank projects throughout the world contributed to economic development and higher standards of living; these bank loans have also provided markets for United States products. Stepped-up lending activity at this time should reduce the need for direct grants and aid, and should increase markets so desperately needed by United States producers.

I think that we can all agree that greater emphasis should be placed on sound projects to aid the economic development of underdeveloped areas. Such programs, if directed toward increasing the purchasing power of the peoples of these areas and bringing about an expansion of foreign trade, offer a real opportunity in the long run of increasing the exports of our own agricultural and industrial commodities. At the same time, they will contribute to a general strengthening of the economies of the free nations.

There is one thing we should keep in mind about these development programs. The benefits accruing from the development of the world's underdeveloped resources—greater purchasing power, increased consumption, and expansion of trade—are in the long run cumulative. Benefits to the United States will grow progressively.

The Export-Import Bank has not been as active as it might be in the field of providing credit to American importers who have not been able to obtain adequate credit at reasonable rates for financing the importation of goods. Assistance in this field may be just as important in encouraging a high level of international trade as the making of foreign loans, which would directly provide the dollars for financing United States exports.

Although the bank has done a good job of promoting our foreign trade in the past, it is apparent that we have not made the fullest possible use of the resources available to this great institution. The bank today has $1.3 billion in unused lending authority. The legislation we are considering provides the bank with additional lending authority of $500 million. This increased authority should clearly indicate to bank officials and the National Advisory Council, as well as to the country's leading businessmen, that it is the will and the intent of Congress that the Export-Import Bank become more active in utilizing its resources fully in providing needed capital for investments abroad.

In regard to the determination of bank policy, it seems to me that it would be highly desirable to make the Secretary of Agriculture a member of the National Advisory Council on International Monetary and Financial Problems. The Secretary of Agriculture could make a valuable contribution in guiding, establishing, and coordinating our international financial policy.

There is no question but what the Secretary of Agriculture could provide valuable assistance in formulating policy governing the bank in making loans to finance the exportation of agricultural commodities. For instance, there is a general feeling that the Government should be more aggressive in seeking ways to expand cotton exports through the extension of special credits.

Commodity loans have been an important segment of the Export-Import Bank's operations. The bank has performed an important service in establishing credits to facilitate exports of cotton over the years. In total, more than $600 million have been authorized for this purpose. These loans have been most successful from a banking standpoint, and losses have been negligible. Our agricultural exports are of such great importance, and of such extreme interest to the Department of Agriculture, that the Secretary should assist in formulating policy governing these transactions.

There is another reason why the Secretary of Agriculture should be on the National Advisory Council. Many of the development loans made by the Export-Import Bank and the International Bank for Reconstruction and Development are either in the field of agriculture or closely related to agriculture. It is my feeling, and I am sure many others will agree with me, that the Secretary of Agriculture's judgment and experience would be of great help in determining Export-Import Bank policy, as well as in coordinating policy with the International Bank on financing numerous agricultural development programs that must be considered from time to time. The experience and views of the Secretary of Agriculture, who is closest to this problem, should be of tremendous value to the National Advisory Council in formulating international financial policy.

An amendment will be offered to the proposed legislation to add the Secretary of Agriculture to the National Advisory Council, along with the Secretaries of the Treasury, State, and Commerce, the Chairman of the Board of Governors of the Federal Reserve System, the Administrator of the Foreign Operations Administration, and the president of the Export-Import Bank.

I will support this amendment, and I urge those of you who are interested in shaping our policies to bring about a healthy and expanding foreign trade to give the matter serious consideration.

I am confident we can act upon this legislation before adjournment. A vigorous Export-Import Bank, capable of acting to strengthen the economic position of our friends, is an integral part of a sound foreign economic policy. Congress has the obligation to make sure that the bank is equipped with the tools necessary to carry out its responsibilities.

INCREASE IN DISABILITY COMPENSATION PAYMENTS

The SPEAKER pro tempore. Under the transfer of time of the special orders, the gentlewoman from Massachusetts [Mrs. ROGERS] is now recognized for 20 minutes. We have reached the point in the special orders where the gentlewoman from Massachusetts has another special order for 20 minutes. Therefore, the Chair recognizes the gentlewoman for 40 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I should like to announce to the House again that on Wednesday the petition of the gentleman from New York [Mr. RADWAN] will be on the desk for Members to sign. When 218 signatures are secured, that petition will force action on H. R. 9020 which is a very modest bill giving a 10-percent increase across the board for service-connected cases and certain amounts for non-service-connected cases.

Mr. Speaker, although we have repeatedly asked verbally and by letter for a hearing before the Committee on Rules, to date we have not been granted that courtesy. We have been promised a rule by two influential persons, but to date we have not been even granted a hearing. I am sure the gentleman from New York [Mr. RADWAN] did not want to put a petition on the desk, but thank heavens, we have the right to petition. It seems we will have to use that right in order to get our legislation. It is a very modest bill—it will only cost $231 million. Why should our veterans' legislation be left until the last possible moment? It is beyond my comprehension. The servicemen and women are the first in the trenches when we declare war. We have had legislation—piece after piece after piece of legislation from the Committee on Armed Services and appropriations to give the men the implements of war with which to kill the enemy and to protect themselves and the country, but nothing—practically nothing has been passed this year for the veterans who are injured in the service of their country, the men who have borne the heat of the day and the fire and the slaughter and the agony and the mental anguish and all that goes with it. How can you expect any veteran to want to win this war today?

Mr. EVINS. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I am very glad to yield to the distinguished gentleman from Tennessee, a very active member of the committee, and a ranking minority member of the committee.

Mr. EVINS. I wish to commend the gentlewoman from Massachusetts [Mrs. ROGERS], the chairman of my committee, for the very fine statement which she has just made, and to assure her that I am certainly in agreement with her statement. I certainly want to associate myself with the distinguished chairman of the Committee on Veterans' Affairs in this matter as I have in many times past in connection with legislation for the benefit of the veterans of the Nation. As the gentlewoman knows, the subcommittee on compensation and pensions held hearings for a number of weeks on the overall question of the need for an increase in compensation for the disabled veterans of the Nation. The Committee on Veterans' Affairs heard representatives of veterans' organizations and many others, and reported to the full committee a bill to increase and more nearly equalize the compensation benefits for all veterans of the Nation presently receiving compensation not just for one war but for all the wars in which this Nation has participated, and to recodify more or less the compensation benefit laws for the veterans, their widows, and dependents. After extensive executive sessions in which the bill was read very carefully, and after many amendments were offered and some adopted and some rejected, the Committee on Veterans' Affairs unanimously passed and reported this bill, which we feel is a very good "one package" veterans' compensation bill. And yet, notwithstanding this consideration and action further consideration of the measure has been held up and no action has been taken to report it by the Rules Committee to the House. I shall certainly join with my chairman in signing the discharge petition when it is placed on the Speaker's desk if this action is necessary to bring the bill to the floor for passage.

Mrs. ROGERS of Massachusetts. The gentleman is always very helpful. I know the gentleman remembers that the bill was cut from $289 million to $231 million—not that the members wanted to cut it, but they felt that to secure the quick passage of the bill at this late date that would be the wiser thing to do.

Mr. EVINS. The amount of authorization in this bill is very modest when we consider the past appropriation bills which have been provided for the veterans of this Nation. Appropriations for all veterans' programs and benefits, at one time, totaled about $9 billion and now they have been cut down to about $3.8 billion for the next year, I believe. So there has been a substantial and drastic cut in veterans' compensation benefits over the past several years—the authorization contained in the pending bill is modest by many comparisons.

Mrs. ROGERS of Massachusetts. And the amount is a drop in the bucket compared to the amount we give to foreign countries. I voted for that somewhat unwillingly, but I was willing to take a chance, if anything could be done to stop the fighting. I wanted to do that, if it could be done. But I do not see how anybody in the Congress can say we are willing to appropriate $3 billion for other countries and not appropriate money for our own veterans. I know what the verdict will be. There are 22 million veterans today in the country. I believe the figure is over 22 million. Approximately 5 million of those veterans are represented by service organizations who work tremendously hard to secure the passage of veterans' legislation and protect the veterans' interests. I think it would be helpful if more veterans joined those organizations, but as the gentleman knows there are many veterans who do not join any organization. They are very vocal about this bill. Also, I would like to speak for the mothers of the men who are going into the service, or who are in the service now—they have come to me in great numbers and have written to me besides personally, and begged us to keep on taking care of the veterans. They know that it would ease their load a little bit if they felt that their sons and their husbands and fathers were cared for.

Mr. EVINS. Mr. Speaker, will the gentlewoman yield further?

Mrs. ROGERS of Massachusetts. I yield.

Mr. EVINS. I thank my chairman for her indulgence. I merely want to state further that one of the principal objectives of the veterans' organizations and the veterans of this Nation, in the way of legislation from this session of Congress, is a reasonable cost-of-living increase. That is the bill we have reported. But no action has been taken on it on the floor.

Mrs. ROGERS of Massachusetts. Yes, and I know that our subcommittee spent hours and hours and hours working for this in an effort to try not to have it cost too much, and they felt we might secure earlier passage of the bill in that way.

I was interested the other day when the wife of a veteran came to me and said, "Please do everything you can on the committee to keep our interest in the veterans."

Mr. MACK of Washington. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the distinguished gentleman who is chairman of the Subcommittee on Spanish-American War Veterans.

Mr. MACK of Washington. I would like to associate myself with the gentleman from Tennessee [Mr. EVINS] in complimenting the gentlewoman from Massachusetts on the excellent and clear and convincing statement which she has made. It was my good fortune as chairman of the Spanish-American War Veterans' Committee to hold hearings for over 2 days on the problems of the Spanish-American War widows and veterans' dependents.

Mrs. ROGERS of Massachusetts. You held numerous hearings last year on the same subject, did you not?

Mr. MACK of Washington. Yes; both last year and this year. We have recommended that the pension be increased from $51.60 to $58, which is an increase of only about 12 percent and is in keeping with the increased cost of living which has occurred since the last increase. There are a limited number of these Spanish-American War widows, and they are in most cases over 70 years of age. Fifty-eight dollars a month which they receive is not too liberal to provide for any extravagant living.

Mrs. ROGERS of Massachusetts. It would hardly provide for the bare necessities of life.

Mr. MACK of Washington. That is right. I do hope the Rules Committee

will give a rule on this bill and allow it to be discussed on the floor of the House.

Mrs. ROGERS of Massachusetts. It is the most amazing disregard of a committee that I have ever known. I have been in Washington for 40 years, and in the Congress over 30 years. I have never known anything quite like it before, and I hope I never have to experience it again.

Mr. MACK of Washington. I thank the gentlewoman for yielding to me.

Mrs. ROGERS of Massachusetts. I thank the gentleman for his exhaustive hearings and his fine ability in his fight for the Spanish-American War veterans and their widows. You also have a bill for the Moro veterans, do you not?

Mr. MACK of Washington. We have. That was passed once by the House of Representatives and once by the Senate and vetoed by the President. Another time it was passed by the House. It has been reported out of the Veterans' Affairs Committee unanimously four times, but it has never been enacted. It is a similar action to the Korean action, where it was a police action rather than a war, but those men are entitled to this pension. There are very, very few of them.

Mrs. ROGERS of Massachusetts. There was not a dissenting vote against the bill. It has been gathering dust in the Rules Committee.

Mr. MACK of Washington. That is correct.

Mr. SPRINGER. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I gladly yield to the chairman of the Subcommittee on Education and Training.

Mr. SPRINGER. There is a small raise in this for World War II widows as well, but there has been a lot of correspondence with my office with reference to putting World War I widows under the same provision as the Spanish-American War widows. However, I believe the committee did give this rather modest raise from $48 to $54 per month, which I believe everyone will admit is about as small a raise as could be given. In other words, these raises that have been given are more or less in keeping with the rise in cost of living and have not in any instance that I know of been, or would be, termed liberal or exorbitant.

Mrs. ROGERS of Massachusetts. I would say they are picayunish. They are small, but we thought it best not to make it too high.

Mr. SPRINGER. I think that is true. I think the committee tried in every way it could to come out with a bill which could not be criticized as being an extravagant measure, but we did feel that based upon the increase in the cost of living those widows were entitled to at least this very modest raise.

Mrs. ROGERS of Massachusetts. They were given to World War II widows. Only the Spanish-American War widows were getting more before. It seems to me rather hard not to give them more, but I know that the House does not want the Committee on Veterans' Affairs to liquidate the veterans.

We were not created to liquidate; we were created to see how we could help them. The membership on our committee is divided 14 to 14 between the 2 parties; it is a nonpartisan committee, and we work that way, and as chairman I express my appreciation to the members of the committee for their fine cooperation often to the extent of putting aside their own wishes. It has been a very satisfying experience.

Mr. MACK of Washington. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Washington.

Mr. MACK of Washington. The provision would increase the pension rate of World War I and World War II from $48 to $54 a month, or an increase of $6 a month. For the Spanish-American War veterans the increase is from $51.60 to $58, about the same amount in dollars.

Mrs. ROGERS of Massachusetts. I would like to say to the gentleman from Illinois that he has a constructive fine bill, providing for the continuation of educational opportunities for the Korean war veterans and also for the veterans of World War II who because of confinement in hospitals have not been able to avail themselves of the training program.

Mr. SPRINGER. If the gentlewoman will yield, may I say, without revealing the sources of the information, that it has come to me that it is quite possible the administration will look with more favor upon these two bills than has been indicated previously. At least it seems to me there may be encouraging signs ahead of us on these two pieces of legislation.

Mrs. ROGERS of Massachusetts. I think that the administration—in fact, I know—the administration is pledged to that and also for help to widows and orphans.

I would like to say to the membership that I feel very sure, judging by the 80th Congress, that there are many bills that we have reported out of the Committee on Veterans Affairs that the Senate would have been glad to pass first and then send them to the House. It is rather humiliating that this House cannot start them.

I would like to thank the members of the committee again. I see the very fine Member from Kentucky [Mr. NATCHER] who has not missed a single hearing and has been very cooperative.

Mr. Speaker, I ask unanimous consent to include a description of the rates of compensation fixed under H. R. 9020.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

(The matter referred to follows:)

COMMITTEE ON VETERANS' AFFAIRS,
HOUSE OF REPRESENTATIVES,
EDITH NOURSE ROGERS, *Chairman.*

INCREASED RATES OF COMPENSATION AND PENSION, H. R. 9020

Title: To provide increases in the monthly rates of compensation and pension payable to certain veterans and their dependents.

Mr. RADWIN. Introduced and referred May 5, 1954.

Analysis: Provides the increases in service-connected compensation and non-service-connected pension as indicated in the tables which follow:

Veterans' compensation—All wars

	Present law war service-connected rates, Veterans Regulation 1 (a), as amended, pt. I	H. R. 9020	Present law peacetime service-connected rates, Veterans Regulation 1 (a), as amended, pt. II	H. R. 9020
(*a*) 10 percent disability	$15.75	$17	$12.60	$14.00
(*b*) 20 percent disability	31.50	35	25.20	28.00
(*c*) 30 percent disability	47.25	52	37.80	42.00
(*d*) 40 percent disability	63.00	69	50.40	55.00
(*e*) 50 percent disability	86.25	95	69.00	76.00
(*f*) 60 percent disability	103.50	114	82.80	91.00
(*g*) 70 percent disability	120.75	133	96.60	106.00
(*h*) 80 percent disability	138.00	152	110.40	122.00
(*i*) 90 percent disability	155.25	171	124.20	137.00
(*j*) Total disability	172.50	190	138.00	152.00
(*k*) Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or blindness of 1 eye, having only light perception, rates (*a*) to (*j*) increased monthly by	47.00	47	37.60	37.60
Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or blindness of 1 eye, having only light perception, in addition to requirement for any of rates in (*l*) to (*n*), rate increased monthly for each loss or loss of use by	[1] 47.00	[1] 47	[2] 37.60	[2] 37.60
(*l*) Anatomical loss, or loss of use of both hands, or both feet, or 1 hand and 1 foot, or blind both eyes with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, monthly compensation	266.00	293	212.80	234.00
(*m*) Anatomical loss, or loss of use of 2 extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis in place, or suffered blindness in both eyes, rendering him so helpless as to be in need of regular aid and attendance, monthly compensation	313.00	344	250.40	275.00
(*n*) Anatomical loss of 2 extremities so near shoulder or hip as to prevent use of prosthetic appliance, or suffered anatomical loss of both eyes, monthly compensation	353.00	388	282.40	310.00
(*o*) Suffered disability under conditions which would entitle him to 2 or more rates in (*j*) to (*n*), no condition being considered twice, or suffered total deafness in combination with total blindness with 5/200 visual acuity or less, monthly compensation	400.00	440	320.00	352.00
(*p*) In event disabled person's service-incurred disabilities exceed requirements for any of rates prescribed, Administrator, in his discretion, may allow next higher rate, or intermediate rate, but in no event in excess of	400.00	440	320.00	352.00
(*q*) Minimum rate for arrested tuberculosis	67.00	67	53.60	53.60

[1] But in no event to exceed $440.
[2] But in no event to exceed $352.

Section 2 increases the rate of compensation for widows without children from $75 to $87 monthly. Dependent parents are increased from $60 to $75 and where two parents are living from $35 to $40 each.

Veterans' pension

INDIAN WARS

	Law	H. R. 9020
30 days or more service or through campaign in connection with or in zone of active Indian hostilities—rates:		
⅓o disability or more	$96.75	$100
Age 62 or over	96.75	100
Aid and attendance	129.00	135

CIVIL WAR

90 days or more service or discharge for disability incurred in line of duty:		
Rate	$96.75	$100
Aid and attendance	129.00	135

SPANISH-AMERICAN WAR, PHILIPPINE INSURRECTION, AND BOXER REBELLION

(Service pension laws in effect Mar. 19, 1933, reenacted by Public Law 269, 74th Cong., Aug. 13, 1935, as modified or amended)

90 days or more service or discharge for disability incurred in line of duty—rates:		
⅓o disability or more	$96.75	$100
Age 62 or over	96.75	100
Aid and attendance	129.00	135
70 days or more service but less than 90 days—rates:		
⅓o disability or more	64.50	68
Age 62 or over	64.50	68
Aid and attendance	83.85	87

WORLD WAR I, WORLD WAR II, AND SERVICE ON OR AFTER JUNE 27, 1950

90 days or more service or discharge for disability incurred in line of duty. In active service before cessation of hostilities—rates:		
Permanent and total	$63	$68
Rated permanent and total for continuous period of 10 years or reaches age 65 years	75	80
Aid and attendance	129	135

Dependent's pension

For non-service-connected deaths	Widow		Widow age 70		If widow was wife of veteran during service		Widow, 1 child	
	Law	H. R. 9020	Law	H. R. 9020	Law	H. R. 9020	Law	H. R. 9020
Service on or after June 27, 1950, World War II, World War I	$48.00	$54					$60.00	$67.50
Spanish-American War, Philippine Insurrection, Boxer Rebellion:								
Act of May 1, 1926, as amended	51.60	58			$64.50	$71	59.34 / 72.24	66.00 / 79.00
Sec. 1, Public Law 144, 78th Cong., July 13, 1943								
Civil War, Indian wars	38.70	58	$51.60	$58	64.50	71	46.44 / 59.34 / 72.24	66.00 / 79.00
Mexican War	50.00	58						

For non-service-connected deaths	Each additional child		No widow, 1 child		No widow, 2 children		No widow, 3 children		Each additional child	
	Law	H. R. 9020	Law	H. R. 9020	Law	H. R. 9020	Law	H. R. 9020	Law	H. R. 9020
Service on or after June 27, 1950, World War II, World War I	$7.20	$8	$26.00	$29	$39.00	$44	$52.00	$58.50	$7.20	$8
Spanish-American War, Philippine Insurrection, Boxer Rebellion:										
Act of May 1, 1926, as amended	7.74	8	59.34	66	67.08	74	74.82	82.00	7.74	8
Sec. 1, Public Law 144, 78th Cong., July 13, 1943			26.00	29	39.00	44	52.00	58.50	7.20	8
Civil War, Indian wars	7.74	8	46.44	66	54.18	74	61.92	82.00	7.74	8
Mexican War										

Cost: First year, $231,722,000.

Reported: May 28, 1954; House Report 1685.

Mr. NATCHER. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. NATCHER. I would like to commend my chairman at this time on the splendid statement she has made and to say to her that I want to aline myself with the position that she has taken in this matter, and further to state that if it becomes necessary I shall be glad to sign a petition to discharge H. R. 9020.

Mrs. ROGERS of Massachusetts. Frankly I know there are members of the committee who have never signed a discharge petition, but I do not believe any member of the committee would be willing to go home and face the people at home without signing such a discharge petition. I doubt if there is any Member of Congress who would want to go home to his people—I know I would not want to go home and face my people and say that we were willing to do nothing for veterans or even to go before the Rules Committee. I thank the gentleman. He has been very cooperative.

Again I say, Mr. Speaker, this has been a very fine committee to work with and I have enjoyed it. But it is the members themselves who have done the work.

THE DIXON-YATES CONTRACT

The SPEAKER pro tempore (Mr. CANFIELD). Under the previous order of the House, the gentleman from California [Mr. HOLIFIELD] is recognized for 40 minutes.

Mr. HOLIFIELD. Mr. Speaker, I had not expected to talk on this subject again because I felt that my two speeches in the RECORD of July 6 and July 7 pretty well covered the Dixon-Yates contract, the Bureau of the Budget letter from Mr. Hughes to Mr. Strauss, and other points which I think have been adequately explained and which have not been refuted by any of the gentlemen who have followed me.

I do, however, want to say this: I have in my hand the remarks of the gentleman from North Carolina [Mr. JONAS]. I have not had a chance to look at them. I note that he has placed in the RECORD a detailed analysis of the Middle South-Southern proposal. That is the proposal which has been presented to our committee and it is the proposal which should be referred to in our debate.

It does show a total of $3,685,000 more per annum cost to the United States Government than if they had purchased the same amount of power from the proposed Fulton plant of the TVA.

At this point I want to call attention to the fact that the gentleman from Arkansas [Mr. GATHINGS] placed in the RECORD of July 6 a table which was evidently supplied to him by the Bureau of the Budget. This table is an obsolete table, it is a discredited table. The proper table which I will submit for the RECORD at this point is found on pages 1026 and 1027 of the hearings. It was presented to the Joint Committee on Atomic Energy by Mr. Wessenauer, of the TVA, in our hearings. It was testified to by General Nichols, General Manager of the Atomic Energy Commission, that the Bureau of the Budget and the Atomic Energy Commission, with the assistance of Mr. Francis Adams, of the Federal Power Commission, had agreed upon the figures contained in this table. It was presented to us on February 17, and it is known as table 2. It is a comparison of the Dixon-Yates offer for the new plant at West Memphis, Ark., and the TVA offer for the same type plant to be built at Fulton or at Fulton and Johnsonville.

Mr. GATHINGS. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Arkansas.

Mr. GATHINGS. I was present at the time that material was placed in the RECORD on the Senate side when the joint committee met. The gentleman is stating it like it is.

Mr. HOLIFIELD. I thank the gentleman.

Mr. GATHINGS. I want to say to the gentleman that the figures I placed in the RECORD were not antiquated at all, because here is a slip showing the date of June 30, 1954, that these figures were supplied to me.

Mr. HOLIFIELD. I do not know about the gentleman's slip nor what it purported to be. It may very well be that they were furnished to him by the Bureau of the Budget because they are squirming and they are trying to justify their position, but I say to the gentleman that the figures he has are not pertinent, they are not the acknowledged official figures and the amount I have given from the official figures found on pages 1026 and 1027, part 2 of the hearings of the joint committee is the accurate figure.

Mr. GATHINGS. That was the bare bone price to furnish this power with its

own plant, without having to pay interest or taxes. They are the bare bone figures but take into consideration the actual figures that TVA is charging AEC after all taxes have been paid.

Mr. HOLIFIELD. I am not going to enter into a controversy with the gentleman on that point. That is not the point in issue. The point in issue is whether the powerplant in the area to be served will be more economical to the taxpayers by being built by the TVA at Fulton or by the Dixon-Yates plant to be built at West Memphis. That is the point at issue.

Mr. GATHINGS. I put in the RECORD in the remarks I made the other day that it resulted in a saving to the Government after you took into consideration the amount of money the Government of the United States would have to throw into these various districts because of the school impacted problems that would exist, for one thing.

Mr. HOLIFIELD. The gentleman's statement will stand for itself, and I refuse, Mr. Speaker, to yield further at this time. However, I will yield later to the gentleman.

Now, in Mr. JONAS' statement there is a sheet of figures which is noted as attachment 1, a comparison of actual cost to Federal Government for power supplied and to be delivered to the TVA system at the Memphis area, and the Dixon-Yates proposal is analyzed. This, as far as I know, is an accurate presentation, and it again shows at the bottom of the page, additional cost to the Government per year of $3,685,000.

Now, attachment No. 2 attached to Mr. JONAS' remarks is a comparison of the Dixon-Yates proposal with the TVA-Paducah contract and it shows an additional cost of $2,923,000 a year. And, I point out again that this is not a comparison between the Dixon-Yates proposal and the proposed Fulton-TVA plant, but it is a comparison with the Paducah contract with TVA.

And, at this time I want to say that the cost at the Paducah plant at the present time, of the TVA delivery of power to the AEC at Paducah at this time, is a higher cost than the contract price by Electric Energy, Inc. The reason for that is that an emergency requirement has been placed upon the TVA to furnish power for that plant. TVA does not have the capacity to supply it with its own facilities. It has gone out into the private utility market and made at least 4 contracts—maybe more than 4, but 4 to my knowledge—with private utilities for high-priced kilowatts. And, of course, the total price of the high-priced private utility kilowatts and the low-cost TVA kilowatts has to be balanced, and that is what makes the present cost of the TVA delivered power, which is not again, as I say, TVA-produced power in its entirety, but it makes it higher at the present time than the long-term contract of the EEI. But, the TVA has testified that as soon as they get their additional plants into operation at the Shawnee site that the cost of delivery will go down to 3.47 mills per kilowatt, and will at that time be substantially cheaper than the long-term contract price of the EEI delivery at this time.

Mr. JONAS of North Carolina. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from North Carolina.

Mr. JONAS of North Carolina. I am asking for information. I do not know. I have read in the record a speech made by a Member in the other body to the effect that TVA is charging the AEC today more for the power it delivers at Paducah than TVA is selling its power and charging its customers in the Memphis area. Is that right?

Mr. HOLIFIELD. That is true, because the power it is delivering to its customers in the Memphis area is not TVA produced power; a large part of it is purchased from private utilities. At Paducah it is purchased, as I said before, from private utilities, not all of it, but a major portion of it is being purchased outside of TVA. The original requirement by AEC of the TVA at Paducah was 500,000 kilowatts and the original requirement from Electric Energy, Inc., was 500,000 kilowatts. Later on AEC came to them and asked them for another 1 million kilowatts. At that time Electric Energy, Inc., had the right to take 50 percent of that additional load. It turned down its right to take 50 percent and only took 205,000 kilowatts out of the 1 million kilowatts, and at that time TVA contracted to give the other 735,000 kilowatts, and I believe I am quoting the right figures from memory. Now, in order to do that, it did not have but four of its generating plants built—others were budgeted for but not built, and in order to take the load which the EEI turned down to furnish to the AEC, it made these private utility contracts and, of course, it had to pay a higher price, and that brought up the cost of the delivery by TVA to AEC at Paducah. But that is a temporary emergency arrangement and the rates will be reduced when the new generating capacity is built at Shawnee which is now budgeted, and in process of construction and on which the AEC has a firm contract.

Mr. JONAS of North Carolina. Mr. Speaker, will the gentleman yield at that point?

Mr. HOLIFIELD. I yield.

Mr. JONAS of North Carolina. I am seeking information; I am not trying to get into an argument.

Mr. HOLIFIELD. I understand.

Mr. JONAS of North Carolina. I think the facts will show that TVA is buying power from private utilities all around the periphery of the TVA area. It is buying power in the Memphis area.

Mr. HOLIFIELD. This is undoubtedly true.

Mr. JONAS of North Carolina. Therefore, I cannot see how it is a legitimate excuse that TVA gives, as the reason why the power it sells to AEC at Paducah costs the Government more money than AEC has to pay for private power.

Mr. HOLIFIELD. I shall explain that to the gentleman. The power that the TVA is buying from different utilities is on a peak-load basis, on an exchange basis, in order to level out the power requirements of the TVA and the adjoining private utilities throughout their system. It does not amount to a substantial figure at any other place except at Paducah, where there is a tremendous purchase of power from private utilities for this emergency need of the AEC at the Paducah plant.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Tennessee.

Mr. EVINS. As long as we continue to have private power piped back into the TVA system at higher rates, we are going to continue to have higher rates to the Government and to others; is not that correct?

Mr. HOLIFIELD. Not only is that right, but I point out another factor in this Dixon-Yates contract. The Dixon-Yates contract provides that the TVA shall build a $9 million transmission line from the middle of the Mississippi River at the delivery point of Dixon-Yates terminal up to the Tennessee Valley grid near Memphis. This will cost the TVA $9 million for the purpose of procuring higher-cost power than they could manufacture in their own plants. This is charged up to the TVA budget, and, as the gentleman from Tennessee [Mr. EVINS] said, it will help to pad the cost of TVA, run up their cost—in my opinion, unjustly, because if they built their own plant at Fulton, which is an approved site, approved by the Corps of Engineers, while the Memphis site is not an approved site, then they could build their own plant cheaper, and they would not have to build a $9 million transmission line to hook up with their grid system.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. JONES of Alabama. Since the creation of TVA, there has not been anything unusual about TVA buying power from the private utilities in the neighborhood, nor is there anything unusual about TVA seling power to them.

Mr. HOLIFIELD. No. This is just a straw man. No one has claimed that this is anything unusual.

Mr. JONES of Alabama. All of the testimony adduced before the Committee on Appropriations every year from the private utilities and the TVA is that their relationship has been one of cordiality and one of total satisfaction on the sale of power between the private utilities and the Authority; is not that correct?

Mr. HOLIFIELD. That is correct.

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Tennessee.

Mr. MURRAY. I am intensely interested in the continued independence of the Atomic Energy Commission.

Mr. HOLIFIELD. This is the most important issue involved in this controversy, I may say.

Mr. MURRAY. The AEC was created by Congress as an independent commission.

Mr. HOLIFIELD. That is right.

Mr. MURRAY. Free from the influence or interference of the executive

branch. If this directive finally becomes effective and the contract is entered into, then I am afraid that it will set a dangerous precedent for the future of the Atomic Energy Commission.

Mr. HOLIFIELD. I agree with the gentleman.

Mr. MURRAY. I fear the AEC will simply become a pliant tool, a puppet of the Executive, instead of remaining an independent commission. The AEC is our most highly sensitive agency, our most vital defense instrumentality. By all means it should be kept absolutely free and independent from dictation from the Executive or from anyone else on the outside.

Mr. HOLIFIELD. I agree with the gentleman from Tennessee [Mr. MURRAY]. He has expressed by opinion on this much more brilliantly than I could. This is really the important factor. I would rather talk about that principle than talk about the public-private power issue.

Mr. EVINS. Mr. Speaker, will the gentleman yield at this point?

Mr. HOLIFIELD. I yield.

Mr. EVINS. The gentleman from California is a very distinguished member of the House-Senate Joint Committee on Atomic Energy. I would like to ask him this question as to whether or not there is any authority in law for the Atomic Energy Commission to be in the power-brokerage business?

Mr. HOLIFIELD. In the July 6 speech which I made, which the gentleman will find in the RECORD, he will find adequate treatment of that point. I brought forward testimony of Mr. Boyer, the then General Manager of the Atomic Energy Commission when he appeared before our committee and asked for the legislation which is now section 12 (d) of the Atomic Energy Act of 1946, as amended, and which will be carried over in the so-called Cole-Hickenlooper Atomic Energy Revision Act as section 164. He testified at that time before our committee that this was strictly limited to the three atomic energy plants named in the section, which were the atomic energy installations at Oak Ridge, Portsmouth, and Paducah. He expressed beyond any shadow of a doubt the meaning of his language and this was not challenged. In fact, the gentleman from California [Mr. HINSHAW] and I questioned him at some length on that. That was our understanding, as is revealed by the record, and it was the understanding of the rest of the Joint Committee on Atomic Energy at that time, I am sure, because no one challenged the gentleman's testimony.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. JONES of Alabama. Has the Atomic Energy Commission had an opinion from the Attorney General as to whether or not the Atomic Energy Commission had legal authority to make contracts for or on behalf of the Tennessee Valley Authority?

Mr. HOLIFIELD. As the gentleman knows, the party of which I am a member is not in control of the committee. It has no right, that is the minority has no right, to ask for such an opinion An opinion has not apparently been asked for and, if it has been asked for, I am not aware of it. Therefore, this point is up in the air as far as I know.

Mr. JONES of Alabama. Is there any legal precedent for one agency to make contracts for another agency of Government, for Government corporations or independent operations?

Mr. HOLIFIELD. The gentleman is taking in a great deal of territory. I personally know of no such precedent and I know that none was contemplated in this particular instance.

Mr. JONES of Alabama. Has any comment been made by the Atomic Energy Commission that it did possess the inherent authority, and that the power was vested in it to execute contracts for the TVA or any other Government agency?

Mr. HOLIFIELD. The testimony on that point from the lawyers of the Atomic Energy Commission was that they felt section 12 (d), which I referred to just a moment ago, did give them that authority. I think they are completely wrong in making that statement, and I challenge their interpretation of it.

Mr. JONES of Alabama. If they have the authority to acquire power for the Tennessee Valley Authority, would not they have equal justification to obtain power for the General Services Administration to furnish energy for the Capitol buildings and the House and Senate Office Buildings and to contract as to all the other contractual relationships between the Federal Government which are taken care of by the General Services Administration?

Mr. HOLIFIELD. I would say so.

Mr. JONES of Alabama. Would they not equally have the same authority to acquire power for the Department of Defense?

Mr. HOLIFIELD. The gentleman is right. I will have to ask the gentleman now to give me a little of my own time, Mr. Speaker.

Mr. JONAS of North Carolina. Mr. Speaker, will the gentleman yield? I would like to respond to those statements.

Mr. HOLIFIELD. If the gentleman will wait just a few minutes, I would like to complete my statement. Then, I will be glad to yield to the esteemed gentleman from North Carolina.

Mr. Speaker, there is one point which I wish to completely clarify at this point. There have been various talks of replacement by the proponents of the Dixon-Yates proposal on the floor, in the language of the Bureau of the Budget and so forth.

I want to read from page 970, part II, Atomic Energy Commission hearings, in which I questioned the general manager, Mr. Nichols. This is the colloquy which took place:

Mr. NICHOLS. * * * In other words, the Bureau of the Budget says that we should bear the cost of the taxes. It would be just a financial transaction whereby in making our payments to TVA we would reduce the amount due at Paducah by the amount we had paid Dixon-Yates less taxes.

Representative HOLIFIELD. Yes, but this is not a reduction of power commitments of TVA to the AEC, is it?

Mr. NICHOLS. It is what you would call replacement power.

Representative HOLIFIELD. No, it is not replacement power. You may have a bookkeeping transaction that you may call offsetting, but it is not replacement, because you made the contract with the TVA for the AEC Paducah plant prior to any such consideration as this, did you not?

Mr. NICHOLS. That is right.

Representative HOLIFIELD. And you had no contingency in there for furnishing at a later date offsetting power to that amount, did you?

Mr. NICHOLS. No.

Mr. Speaker, this proves beyond doubt that the idea of replacement is something completely new, and there is other testimony which I could give. At this time, Mr. Speaker, I ask unanimous consent to place in the RECORD at this point a letter to the then Director of the Budget, Mr. Dodge, from Mr. Lewis L. Strauss, of the Atomic Energy Commission, containing five pages, and which is an analysis from the AEC standpoint of the Dixon-Yates proposed contract.

The SPEAKER pro tempore (Mr. CANFIELD). Is there objection?

There was no objection.

The matter referred to follows:

UNITED STATES
ATOMIC ENERGY COMMISSION,
Washington, D. C., April 15, 1954.

Hon. W. STERLING COLE,
Chairman, Joint Committee on Atomic Energy, Congress of the United States.

DEAR MR. COLE: By letter dated March 3 and March 22, 1954 from Mr. Nichols to Mr. Allardice, we have advised the Joint Committee of the progress made in response to the President's Budget Message and the request of the Bureau of the Budget to explore the possibility of reducing existing commitments of the TVA to AEC by 500,000 to 600,000 kilowatts.

Enclosed for your information is a copy of a report made today to the Bureau of the Budget covering the present status in detail. It is our understanding that the Bureau plans to arrive at a conclusion shortly.

If there is any further information you desire, we shall be happy to furnish it.

Senator HICKENLOOPER is also being advised.

Sincerely yours,

LOUIS STRAUSS,
Chairman.

LETTER FROM MR. STRAUSS TO MR. DODGE ANALYZING THE DIXON-YATES CONTRACT FROM THE COMMISSION'S VIEWPOINT

Hon. JOSEPH M. DODGE,
Director, Bureau of the Budget.

DEAR MR. DODGE: On March 3, 1954, in a meeting held in Mr. Hughes' office was furnished an analysis of a proposal dated February 25, 1954, which the Atomic Energy Commission had received from Mr. E. H. Dixon, president of the Middle South Utilities, Inc., and Mr. E. A. Yates, chairman of the board, the Southern Co., for the supply of 600,000 kilowatts of firm power. This proposal was in response to the President's budget message and your letter of December 24, 1953, requesting the Atomic Energy Commission to explore the possibility of reducing existing commitments of the TVA to AEC by 500,000 to 600,000 kilowatts.

As you requested, since March 3 we have been meeting separately and jointly with staff members of the Federal Power Commission and representatives of the sponsors of the proposal in an endeavor to work out a fair and equitable arrangement to the Government which could serve as a basis for negotiations leading to a definitive contract.

These discussions have been on the basis of an analysis of comparative costs between our TVA Paducah contract and the Dixon-Yates proposal as revised during the course of the meetings.

We have proceeded on the basis that there would be no contract cancellation for a like portion of the AEC-TVA Paducah contract; that AEC would contract with the sponsors for power needed by TVA for load growth in the Memphis area on the basis of replacement. This approach assures AEC of continuity and reliability of power to the Paducah project.

On April 10, 1954, a joint meeting was held at the Atomic Energy Commission's office and was attended by the leading representatives of the sponsors; the Chief, Bureau of Power, Federal Power Commission and the General Manager of the AEC. As a result of this meeting, the sponsors withdrew their proposal of February 25, 1954, and later submitted the revised proposal attached to this letter.

Under the revised proposal, the sponsors have offered, subject to securing financing on the basis described in (b) below, (a) to form a new company sponsored by Middle South Utilities, Inc., and the Southern Co.; (b) to secure the necessary capital requirements presently estimated at $107,250,000, by subscribing 5-percent equity capital which will bear a return of 9 percent and issuing 30-year bonds to institutional investors for the remaining 95 percent based on an interest rate of 3½ percent; (c) to build a 650,000-kilowatt steam-electric station near West Memphis, Ark., to provide transmission facilities from the sponsors' new facilities to the middle of the Mississippi River between Shelby County, Tenn., and Crittenden County, Ark., including modifications to existing river crossing interconnections between TVA and Arkansas Power & Light Co., and its existing and future points of connection between subsidiaries of the Southern Co., Mississippi Power & Light Co., and TVA; and (d) to enter into a contract with the Atomic Energy Commission for a term of 25 years from date of commencement of commercial operation to the first unit under the following provisions:

(1) An annual base capacity charge, exclusive of taxes, of $8,775,000, which is equivalent to $14.625 per kilowatt-year, subject to variation (a) up or down in case of increase or decrease in actual cost of construction compared with present estimate, with a maximum annual increase of $285,000 or 47.5 cents per kilowatt-year, (b) up or down for changes in cost of fuel from 19 cents per million British thermal units for fuel component included in the base capacity charge required to keep the plant in operation under no load conditions, and (c) upward only for power factor correction or less than 93 percent.

(2) An energy charge of 1.863 mills per kilowatt-hour subject to adjustments up or down in case of increase or decrease in fuel costs from 19 cents per million British thermal units and for increases or decreases in labor rates based on the hourly earnings of production workers in gas and electric utility industries as compiled by the Bureau of Labor Statistics, using $1.97 per hour as a base.

(3) Reimbursement by the AEC for all taxes, licenses, and fees of every kind or character—State, local, or Federal—paid or payable by the new corporation during the term of the contract except that taxes arising out of use of facilities for purposes other than supply of capacity and energy to AEC will not be paid by AEC.

(4) Cancellation is provided as follows:

(a) For TVA to continue to receive and AEC to pay power at the contract rates during a 3-year notice period. This period should be sufficient to permit TVA to make other arrangements for the meeting of the requirements of the Memphis area.

(b) After termination, company shall have first call on the capacity and will absorb as rapidly as load growth will permit, but in any event not less than 100,000 kilowatts per year. Costs associated with capacity absorbed by the sponsors will be borne by the sponsors.

(c) Any capacity not absorbed by the sponsors after the 3-year notice period may be assigned to another governmental agency at an increased price to be approved by FPC.

(d) In event no capacity is used during the notice period, the base capacity charge will be reduced by $1,500,000 and proportionally in case of partial reductions. After termination, the base capacity charge less the $1,500,000 will be reduced proportionately to the capacity absorbed by the sponsors.

(e) The total maximum cost of cancellation to the Government, assuming the plant is idle from date of notice of cancellation, is estimated at $40,012,500 plus fair and reasonable expenses payable to third parties.

(5) The making of appropriate arrangements by the AEC with the TVA for the receipt by it and delivery to the AEC in kind of power and energy to be supplied as indicated above.

With respect to (1) above, the base capacity charge is subject to adjustment for changes in the cost of construction from an estimated cost of $107,250,000 or $149 per kilowatt of capability. Under the formula provided in the proposal, AEC shares on a 50–50 basis with the sponsors any decrease or increase in actual costs. In case the actual cost of the facilities is greater than $107,250,000, AEC shares the increase in cost up to a maximum actual cost of $117 million which would result in the maximum annual increase of $285,000 to the capacity charge. Costs greater than this must be paid in their entirety by the sponsors.

The February 25, 1954, proposal used an estimate of $200 per kilowatt which the sponsors assumed was the cost used by TVA for the Fulton steam plant. The sponsors' present estimate appears to be a realistic cost based on current construction costs of new capacity added by private utilities and TVA in a recent period.

In (3) above, the revised proposal provides that since the capacity and energy charges do not include taxes except those included in other reimbursable costs, i. e., social security taxes, etc., the AEC will pay such additional amounts as will result, after payment by seller of Federal, State and local taxes, licenses, fees and other charges in the seller having net operating revenue in the same amount as seller would have had it seller were not liable for such taxes, etc., except those tax liabilities arising out of use of facilities for others than AEC will not be included in additional charges for capacity and energy. The sponsors state that, based on present tax laws, the additional amount to be added to the capacity and energy charges is estimated at $2,319,000 of which $1,499,000 represents State and local taxes, including $83,000 State income taxes, and $820,000 represents Federal taxes on income. The sponsors have indicated that if a favorable ruling is secured from the Treasury Department to the effect that $262,000 included in the capacity charge for replacements is not to be considered as revenue for tax purposes, the taxes estimated above will be reduced by approximately $313,000, resulting in a total of $2,006,000.

The proposal is also subject to securing appropriate Treasury Department rulings or agreements with respect to the sinking fund depreciation upon which the computations are predicated.

In the cancellation covered by (4) above, considerable time was devoted to developing the present provisions. While they are not on a formula basis similar to the OVEC and the EEI contracts, which are based on the expected load growth of the connected systems of the sponsors and provide for a definite date on which the cancellation costs reduce to zero, they do provide for a minimum absorption of 100,000 kilowatts per year with the understanding the maximum possible will be absorbed each year, the absorption to be cumulative with a minimum of 100,000 kilowatts for each ensuing year.

Further discussions with Mr. Dixon on April 12, 1954, on possible revisions to the sponsors' proposal to develop a cancellation provision that would commit the sponsors to an increasing absorption rate each year after full scale commercial operation was not successful. They felt in view of the uncertain future in load growth and recent experience with systems reserves in excess of normal, they could commit the sponsors only to a firm 100,000 kilowatts with the provision that they would absorb as much as they could each year over and above this amount. It should be noted, however, that the cancellation provisions are computed on the base capacity charge as modified and in this respect are reasonable.

There is no cancellation provision in the event of termination prior to full-scale operation. This was also discussed with Mr. Dixon in an effort to provide for this presently unforeseen possibility. His view was since this capacity is to provide for the normal load growth in the TVA and it would take at least 3 years for TVA to provide for replacement, he could foresee no need for cancellation prior to full-scale commercial operation and did not desire to modify the proposal in this regard. Under concurrent major reductions in AEC load and lack of normal load growth in the TVA system, the lack of cancellation provisions prior to completion of the plant could prove to be disadvantageous to the Government.

The attached table covering the major components of cost of the revised proposal has been prepared and is compared with the February 25 proposal and with our present estimate of cost of power, including escalation, to be delivered to AEC from the TVA Shawnee plant, under the terms of our present contract with TVA at 98 percent load factor of 5.2 billion kilowatt-hours per year.

As a result of the meetings previously cited, the additional annual cost over the Paducah contract has been reduced from $4,138,000 to $1,706,000, or less than the amount of estimated taxes. The additional costs exclude the costs associated with TVA transmission lines required to deliver energy from the points of interconnection of the sponsors' system to TVA's substation at Memphis.

Consideration of the revised proposal by Dixon-Yates should not overlook the following:

(a) The AEC presently has a firm contract with TVA for supply of power.

(b) Reliability and continuity of power supply to the AEC must be protected.

(c) The entire difference in cost between the sponsors' revised proposal and the TVA contract is accounted for by taxes.

(d) AEC would expect the Bureau of the Budget to obtain the concurrence of TVA to all provisions of the proposal, and any subsequent definitive contracts relating to TVA.

(e) The proposal provides that the power factor at point of delivery shall be maintained by TVA at no lower than 93 percent. To maintain this power factor, it may be necessary for TVA to provide reactive kilovolt-amperes in the Memphis area or a penalty maybe applied in the form of increased demand charges.

With the understanding that arrangements would be made through the Bureau of the Budget for TVA to enter into a 25-year contract with AEC to take the power provided for under this proposal subject to all provisions including cancellation, the AEC could enter into a contract with the sponsors to provide TVA with 600 thousand watts

needed for its load growth on a basis of replacement. However, it is our position that any costs involved to AEC over and above the cost of power under our present contract to Paducah should be borne by TVA. Otherwise, the TVA would be further subsidized through an operating expense appropriation to the AEC.

We feel that higher executive authority or Congress should make this determination.

In making such determination, the following information is pertinent:

(a) By utilizing private utilities, the United States would save a capital outlay of at least $100 million, the cost estimated by TVA for the construction of equivalent capacity at the Fulton site.

(b) Excluding all taxes and TVA transmission, the sponsors proposal is estimated to cost annually $613,000 less than the Paducah contract.

(c) Including taxes, the estimated annual cost is $1,706,000 greater than the Paducah contract. This is accounted for entirely by taxes of which $820,000 would be returned to the Federal Government. The remaining $886,000 represents State and local income and ad valorem taxes, leaving a balance of $613,000 of the estimated annual taxes totaling $2,319,000 that can be included within the sponsors' proposal without exceeding the estimated anual cost under the Paducah contract.

(d) The estimates of plant, operating, and other costs that are the basis of the revised proposal have been reviewed by representatives of the FPC and they believe them to be fair and reasonable.

(e) AEC would request the Federal Power Commission to formally indicate that the estimated costs are realistic, that cost allocations between capacity and energy are in accordance with their practice of approving rates for resale in interstate commerce, and that the rate terms and conditions are fair and reasonable to the Government.

We believe that we have explored the subject proposal to the extent practicable at this time. Higher authority will now presumably determine what course of action is in the best interest of the Government.

Sincerely yours,

LEWIS L. STRAUSS,
Chairman of Atomic Energy Commission.

Mr. HOLIFIELD. In this particular letter Mr. Straus objects to the fact that they are called upon to pay the taxes of the Dixon-Yates Co. This is dated April 15. Here again is talk of replacement. Then he goes on:

However, it is our position that in cases involving AEC over and above the cost of power under our present contract to Paducah should be borne by TVA. Otherwise TVA would be further subsidized through operating expenses appropriation to AEC.

In other words, while opposing the principle of the AEC having to pay the taxes of the Dixon-Yates proposal, he brings out that it would be subsidization. Of course it is subsidization, whoever pays those taxes outside of the people who own the plant, the Dixon-Yates people. Of course, if they get the Government to pay it, it is subsidization, regardless of whether the AEC pays it or whether it comes out of the general fund. This cannot be denied.

Mr. JONAS of North Carolina. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. JONAS of North Carolina. It is a fact, is it not, that the question of taxes is a question that enters into the cost of the power? Is that not one of the elements?

Mr. HOLIFIELD. Taxes enter into the cost of power supplied by every private utility in the United States, to my knowledge, with the exception of Dixon-Yates. Here is an instance where a private utility company, Dixon-Yates is relieved of its obligation to pay taxes.

Mr. JONAS of North Carolina. No. The tax does not go into the contract.

Mr. HOLIFIELD. That is the point. It is relieved of its obligation to pay taxes to the Government, and every other private utility in the United States has to pay taxes.

Mr. JONAS of North Carolina. But if Dixon-Yates paid them the cost of the power would be increased.

Mr. HOLIFIELD. That is exactly right; and that is why it is relieved.

Mr. JONAS of North Carolina. And if TVA paid them——

Mr. HOLIFIELD. That is why this relief from taxes was put in so they could get down to a near competitive position with TVA.

I realize TVA does not pay taxes as such; I recognize that TVA in its delivery of energy to the AEC is delivering it from one Government agency to another for use in a defense plant, and it was only on the basis that it is being used for the defense needs that the Securities and Exchange Commission passed over the provisions of the Private Utilities Holding Act of 1935 and allowed the Ohio Valley Electric Corp. and Electric Energy, Inc., to fund their bonds on the basis of a 95 percent funding, when normal requirements of the SEC require that bonds sold to the public shall be sold on an approximate 40 percent capital investment equity on the part of the sponsors and a 60-percent funding on the part of the bonds sold the public. But because these particular plants were supplying all of their energy for defense purposes, because of the emergency need of the Government in the Korean war and to furnish the Paducah plant and AEC further energy to make the weapons, the atomic and the hydrogen type of weapons which were needed to preserve the freedom of the free world, they were given special treatment; they were given temporary relief from the effects of the Private Utility Holding Company Act of 1935, but with this admonition, that they would come back later, the Securities and Exchange Commission would come back later and hold the hearings required by the Holding Company Act and at that time they would make the determination as to which one of these utility companies would be allowed to buy the bonds and control the fee title ownership of these companies in the future.

I maintain that this excuse or this reason which was used in the case of the Ohio Valley Electric Corp. and Electric Energy, Inc., for total use of energy in defense plants does not obtain in the Memphis area for either TVA or Dixon-Yates. The energy that will be bought there will be purchased through the administrative device of the AEC acting as a power broker and using the 25-year contract privilege.

The power will be transferred by the AEC to the Tennessee Valley grid not for defense plants, not for the AEC, not in replacement for 1 canceled kilowatt, but it will be for the new power which will be served to the TVA grid at a higher cost than the TVA could generate it itself. It will be served to them for the purpose of distribution to commercial, industrial, and residential users and not 1 kilowatt to AEC for defense needs or for other defense plants.

This is the rock upon which the barge of replacement founders, because you cannot justify in the name of national defense—and this is the only provision in the Atomic Energy Act which the President has to relieve AEC from the other contractual obligations which are used by AEC. The President can exempt the AEC if it is found that it is necessary on behalf of the national security and the defense needs of the Nation. This power of exemption is carried in the Atomic Energy Act of 1946, as amended, and it will be carried again in the new atomic energy bill. But the President cannot use that in this case, nor the Budget Bureau. The AEC has not tried to appeal to that section because they know they cannot sustain the need in this area on the basis of national defense.

They have tried to base their authority on section 12 (d) of the Atomic Energy Act, which provides only for new contract, modification of contracts, and alteration of contracts for the three existing atomic energy plants at Oak Ridge, Portsmouth, and Paducah; and it is upon that rock that the admonition of the President to negotiate and enter into this contract founders.

Mr. JONAS of North Carolina. Mr. Speaker, will the gentleman yield for a question?

Mr. HOLIFIELD. And at that point I want to go into the question of whether——

Mr. JONAS of North Carolina. Before the gentleman leaves that point, will be permit me to ask a question?

Mr. HOLIFIELD. Just as soon as I read this from Mr. Hughes' letter of June 16, which was placed in the RECORD of July 7 and appears in the first column, paragraph 9 (b) on page 9480. Mr. Hughes states:

I have been asked by the President to instruct the Atomic Energy Commission to proceed with the negotiations of a definitive contract. Such instructions have been given this agency. The Commission and the TVA have also been instructed to work out the necessary interagency arrangements to assure the most favorable operation under the contract from the standpoint of the Government.

Any attempt on the part of the gentleman from California [Mr. PHILLIPS] and the gentleman from North Carolina [Mr. JONAS] to relieve the Atomic Energy Commission of the instructions to go ahead and negotiate a definitive contract will have my hearty support; but I say there will have to be an additional directive from the President telling them not to sign the contract. No one has said, that I know of and who knows the subject, that they have signed a contract. We all know that they are negotiating it. The Dixon-Yates people have not even appealed to the Securities and Exchange Commission to get approval of

their bonds. I do not know why they have not appealed to them. Maybe they are afraid they will not get the approval of the Securities and Exchange Commission.

I am going to look with a great deal of interest at the memoranda of approval, if it is issued by the Securities and Exchange Commission, because they are going to have to find a different reason for issuing approval of the 95 percent funding operation of the Dixon-Yates people than they found for the Ohio Valley Electric Corp. and the electric energy companies at Portsmouth and at Paducah. I now yield to the gentleman from North Carolina.

Mr. JONAS of North Carolina. I thank the gentleman from California for the statement he just made. It was my understanding, and he has now confirmed it, that this was not an order from the President to sign a contract that has already been worked out. It was a directive to negotiate a contract from the standpoint of the necessities of the Government.

Mr. HOLIFIELD. I read it. "For the best interests under the contract" but it might be to the best interests of the Government not to sign the contract. They are directed to negotiate; but there is other language not contained in this letter, which is contained in another letter that I shall get from my office and possibly introduce at a later date which is even clearer than this particular language that I happen to have at hand in the July 7 RECORD.

There is no doubt in my mind but that the Burch-Von Tresckow proposal, which the gentleman has put in his remarks and which I pass no comment on because I have not studied it, has been rejected. The gentleman will agree it has been rejected by the AEC. They have been ordered to go ahead and negotiate a definitive contract. If they do not intend to sign the contract why are they negotiating a definitive contract? I hope that the gentleman's modification of the generally accepted idea that the AEC is going to be forced against their testimony of 3 to 2, to do something which is unwise, awkward and unbusinesslike will be accepted by sustained Presidential action. I say with all kindness that the President is out on a limb. The President has gone beyond the power, in my opinion, of the executive branch in ordering an independent agency of the Government to do something which is not authorized under the law. This is the important thing. It is not whether the Tennessee Valley Authority builds the plant or whether the Dixon-Yates people build the plant, I may say to my friends who are interested on both sides, that the issue is not my primary concern. The reason I have talked on it is because the matter has been one of controversy and I have tried to give to the House to the best of my knowledge, the true facts.

The thing I am concerned with is this encroachment on the statutory power of an independent agency and I say with all due respect to the President—he is my President the same as he is your President—that if the President of the United States can be advised and then if he follows that advice to direct an independent agency of the Government to do that which by law and by the testimony of witnesses when they come before the committees to obtain that law, if he can direct them to go beyond the provisions of the statute and do things foreign to their purposes and objectives, and completely foreign, without any benefit to them for the purposes upon which they were established by the Congress of the United States, then I say to you that the President can upset the legal statutes of every independent agency of Government. Not only can he go to the Atomic Energy Commission, in which I am deeply interested, having served on that Commission since its establishment in 1946—no, but he can go to the Federal Power Commission, he can go to the Federal Communications Commission and tell them to issue a TVA license notwithstanding certain provisions of the statute. He can go to the Interstate Commerce Commission, and he can tell the Interstate Commerce Commission to issue rate approvals not authorized by statute. This is the important issue that is going to face the Congress when the Atomic Energy Revision Act comes before it. At that time I expect to offer an amendment which I offered and which was very narrowly defeated, I will tell the gentleman, in committee, in executive session; but I intend to offer the same amendment again and the Congress will have the right then at that time to say whether section 12 (d) of the act means exactly what it says, or they will have the right to modify. Now, if the Congress says that they want to modify the act, that is one thing. It is the will of the Congress. They can modify these acts which authorized these independent agencies, but it is one thing for the Congress to consider and modify a basic statutory provision, and it is another thing for the President of the United States to direct that Commission to go beyond its statutory authorization.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. Will the gentleman from California tell us whether or not the Atomic Energy Commission made any inquiry as to how much it would cost the Government to build their own steam plants in the immediate vicinity of where the energy will be used?

Mr. HOLIFIELD. I have no knowledge of any such survey. The Tennessee Valley Authority is a power agency created by the Congress and it has supplied on demand to the AEC all the electricity which the AEC has asked for from it.

Mr. JONES of Alabama. I believe that the Commission testified before your committee that those contractual relationships and the supplying of power by the TVA have been satisfactory arrangements during the life of their operation at Oak Ridge and the surrounding plants.

Mr. HOLIFIELD. So satisfactory that when the President's budget message said that they must negotiate on the basis of actual replacement, which would involve the cancellation of existing AEC contracts, that the AEC has frequently said that it would not cancel one kilowatt of its present contracts, and the reason it will not cancel is because it is in the best interest of the Government for them to continue getting this power at a cheap price from the TVA. Therefore, the original idea of the President on replacement was thrown out the window. And, again I say this is not replacement, regardless of how many times the word "replacement" or "exchange" or "substitution" is used. It is not exchange, not substitution, not replacement. It is an additional power capacity which is being contracted for, not for defense needs, but for the commercial, industrial, and residential uses of the people in the Tennessee Valley area.

The SPEAKER pro tempore. The time of the gentleman from California has expired.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. MILLER of Nebraska.

Mr. WILLIS (at the request of Mr. HÉBERT).

Mr. PRICE and to include extraneous matter.

Mr. ROBSION of Kentucky and to include extraneous matter.

Mr. DORAN of South Carolina.

Mr. WOLVERTON and to include extraneous matter.

Mr. SCHENCK.

Mr. WILSON of California.

Mr. SIEMINSKI.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 2 hours tomorrow, following any special orders heretofore entered.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. JUDD (at the request of Mr. ARENDS), for July 12, on account of death in family.

Mr. MAILLIARD (at the request of Mr. SHELLEY), for an indefinite period, on account of death of his father.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 120. An act for the relief of Gerasimos Giannatos; to the Committee on the Judiciary.

S. 231. An act for the relief of Otmar Sprah; to the Committee on the Judiciary.

S. 232. An act for the relief of Hugo Kern; to the Committee on the Judiciary.

S. 328. An act for the relief of Casimero Rivera Gutierrez, Teresa Gutierrez, Susana Rivera Gutierrez, Martha Aguilera Gutierrez, and Armando Casimero Gutierrez; to the Committee on the Judiciary.

S. 673. An act for the relief of Urho Paavo Patoski and his family; to the Committee on the Judiciary.

S. 771. An act for the relief of Anni Wolf and her minor son; to the Committee on the Judiciary.

S. 808. An act for the relief of Frederick Wiesinger; to the Committee on the Judiciary.

S. 810. An act for the relief of Jan E. Tomczycki; to the Committee on the Judiciary.

S. 966. An act for the relief of Demitrious Vasiliious Karavogeorge; to the Committee on the Judiciary.

S. 1212. An act for the relief of Alice Masaryk; to the Committee on the Judiciary.

S. 1585. An act to amend the District of Columbia Traffic Act, 1925, as amended; to the Committee on the District of Columbia.

S. 1611. An act to regulate the election of delegates representing the District of Columbia to national political conventions, and for other purposes; to the Committee on the District of Columbia.

S. 2380. An act to amend the Mineral Leasing Act of February 25, 1920, as amended; to the Committee on Interior and Insular Affairs.

S. 2381. An act to amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, in order to promote the development of oil and gas on the public domain; to the Committee on Interior and Insular Affairs.

S. 2387. An act for the relief of Willy Voos and his wife, Alma Voos; to the Committee on the Judiciary.

S. 2389. An act to amend the act of December 3, 1942; to the Committee on Merchant Marine and Fisheries.

S. 2456. An act for the relief of Martin Genuth; to the Committee on the Judiciary.

S. 2504. An act for the relief of Elisa Albertina Cioccio Rigazzi or Elisa Cioccio; to the Committee on the Judiciary.

S. 2510. An act for the relief of Paul Lewerenz and Margareta Ehrhard Lewerenz; to the Committee on the Judiciary.

S. 2512. An act for the relief of Jeannette Kalker and Abraham Benjamin Kalker; to the Committee on the Judiciary.

S. 2542. An act for the relief of Gliceric M. Ebuna; to the Committee on the Judiciary.

S. 2587. An act for the relief of Domenico Peri; to the Committee on the Judiciary.

S. 2635. An act for the relief of Nadeem Tannous and Mrs. Jamile Tannous; to the Committee on the Judiciary.

S. 2655. An act to amend the District of Columbia Teachers' Salary Act of 1947, as amended; to the Committee on the District of Columbia.

S. 2686. An act to amend the act entitled "An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes," approved July 8, 1932; to the Committee on the District of Columbia.

S. 2687. An act to authorize the Commissioners of the District of Columbia to designate employees of the District to protect life and property in and on the buildings and grounds of any institution located upon property outside of the District of Columbia acquired by the United States for District sanitoriums, hospitals, training schools, and other institutions; to the Committee on the District of Columbia.

S. 2798. An act for the relief of Azizollah Azordegan; to the Committee on the Judiciary.

S. 2958. An act for the relief of Ida Reissmuller and Johnny Damon Eugene Reissmuller; to the Committee on the Judiciary.

S. 3085. An act for the relief of Mrs. Helen Stryk; to the Committee on the Judiciary.

S. 3306. An act for the relief of Kang Chay Won; to the Committee on the Judiciary.

S. 3329. An act to amend the District of Columbia Police and Firemen's Salary Act of 1953, to correct certain inequities; to the Committee on the District of Columbia.

S. 3464. An act to amend the Communications Act of 1934 in order to make certain provision for the carrying out of the Agreement for the Promotion of Safety on the Great Lakes by Means of Radio; to the Committee on Interstate and Foreign Commerce.

S. 3482. An act to amend the District of Columbia Unemployment Compensation Act, and for other purposes; to the Committee on the District of Columbia.

S. 3506. An act to repeal the act approved September 25, 1914, and to amend the act approved June 12, 1934, both relating to alley dwellings in the District of Columbia; to the Committee on the District of Columbia.

S. 3518. An act to amend the laws relating to fees charged for services rendered by the office of the Recorder of Deeds for the District of Columbia and the laws relating to appointment of personnel in such office, and for other purposes; to the Committee on the District of Columbia.

S. 3546. An act to provide an immediate program for the modernization and improvement of such merchant-type vessels in the reserve fleet as are necessary for national defense; to the Committee on Merchant Marine and Fisheries.

S. 3558. An act to amend the act entitled "An act to provide for the better registration of births in the District of Columbia, and for other purposes," approved March 1, 1907; to the Committee on the District of Columbia.

S. 3589. An act to provide for the independent management of the Export-Import Bank of Washington under a Board of Directors, to provide for the representation of the Bank on the National Advisory Council on International Monetary and Financial Problems and to increase the Bank's lending authority; to the Committee on Banking and Currency.

S. 3681. An act to authorize the Civil Service Commission to make available group life insurance for civilian officers and employees in the Federal service, and for other purposes; to the Committee on Post Office and Civil Service.

S. 3683. An act to amend the District of Columbia Credit Unions Act; to the Committee on the District of Columbia.

S. 3697. An act to amend the act of April 6, 1937, as amended, to include cooperation with the Governments of Canada or Mexico or local Canadian or Mexican authorities for the control of incipient or emergency outbreaks of insect pests or plant diseases; to the Committee on Agriculture.

S. 3699. An act granting the consent of Congress to a compact entered into by the States of Louisiana and Texas relating to the waters of the Sabine River; to the Committee on Interior and Insular Affairs.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 733. An act for the relief of Hildegard H. Nelson;

H. R. 734. An act for the relief of Mihai Handrabura;

H. R. 944. An act for the relief of Mr. and Mrs. Zygmunt Sowinski;

H. R. 1115. An act for the relief of Mrs. Suhula Adata;

H. R. 1762. An act for the relief of Sugako Nakai;

H. R. 2899. An act for the relief of Igor Shwabe;

H. R. 3333. An act for the relief of Julia N. Emmanuel;

H. R. 3624. An act for the relief of Peter M. Leaming;

H. R. 4496. An act to authorize and direct the conveyance of certain lands to the Board of Education of Prince Georges County, Upper Marlboro, Md., so as to permit the construction of public educational facilities urgently required as a result of increased defense and other essential Federal activities in the District of Columbia and its environs;

H. R. 6342. An act to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to require title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes;

H. R. 6422. An act to authorize the Secretary of the Army to convey to the Government's grantors certain lands erroneously conveyed by them to the United States;

H. R. 6650. An act for the relief of Joseph Gerny;

H. R. 6998. An act for the relief of Erna White;

H. R. 7125. An act to amend the Federal Food, Drug, and Cosmetic Act with respect to residues of pesticide chemicals in or on raw agricultural commodities;

H. R. 7132. An act to exempt from taxation certain property of the Veterans of Foreign Wars of the United States in the District of Columbia;

H. R. 7158. An act authorizing the United States Government to reconvey certain lands to S. J. Carver;

H. R. 7468. An act to amend certain provisions of part II of the Interstate Commerce Act so as to authorize regulation, for purposes of safety and protection of the public, of certain motor-carrier transportation between points in foreign countries, insofar as such transportation takes place within the United States;

H. R. 7500. An act for the relief of Kurt Forsell;

H. R. 7802. An act for the relief of Hanna Werner and her child, Hanna Elizabeth Werner;

H. R. 8247. An act to provide for the restoration and maintenance of the U. S. S. *Constitution* and to authorize the disposition of the U. S. S. *Constellation*, U. S. S. *Hartford*, U. S. S. *Olympia*, and U. S. S. *Oregon*, and for other purposes;

H. R. 8692. An act to permit the payment of certain trust accounts to the beneficiary on the death of the trustee by savings and loan, and similar associations in the District of Columbia;

H. R. 8973. An act to amend paragraph 31 of section 7 of the act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, as amended;

H. R. 8974. An act to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the International Bank for Reconstruction and Development;

H. R. 9143. An act to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank;

H. R. 9561. An act to correct typographical errors in Public Law 368, 83d Congress; and

H. J. Res. 459. Joint resolution to designate the lake to be formed by the completion of the Texarkana Dam and Reservoir on Sulphur River, about 9 miles southwest from Texarkana, Tex., as Lake Texarkana.

ADJOURNMENT

Mr. STRINGFELLOW. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 9 minutes p. m.) the House adjourned until tomorrow, Tuesday, July 13, 1954, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1721. A letter from the Acting Comptroller General of the United States, transmitting a report on the audit of the Panama Canal Company and the Canal Zone Government for the year ended June 30, 1953, pursuant to the Government Corporation Control Act (31 U. S. C. 841), the Budget and Accounting Act, 1921 (31 U. S. C. 53), and the Accounting and Auditing Act of 1950 (31 U. S. C. 67) (H. Doc. No. 473); to the Committee on Government Operations and ordered to be printed.

1722. A letter from the Acting Secretary of Defense, transmitting as attachment A, copies of 17 separate reports of violation of section 3679, Revised Statutes, which have been received from the Departments of the Navy and Air Force, pursuant to section 3679 (i) (2), Revised Statutes; to the Committee on Appropriations.

1723. A letter from the Acting Secretary of the Army, transmitting a draft of legislation entitled "A bill to amend the Career Compensation Act of 1949, as amended, to allow credit for certain service for purposes of pay, and for other purposes"; to the Committee on Armed Services.

1724. A letter from the Chairman, Federal Communications Commission, transmitting a report on backlog of pending applications and hearing cases in the Federal Communications Commission as of May 31, 1954, pursuant to section 5 (e) of the Communications Act as amended July 16, 1952, by Public Law 554; to the Committee on Interstate and Foreign Commerce.

1725. A letter from the Attorney General, transmitting a draft of a proposed bill entitled "A bill to amend section 284 of title 18 of the United States Code relating to the representational activities of former employees"; to the Committee on the Judiciary.

1726. A letter from the Attorney General, transmitting a draft of a proposed bill entitled "A bill to amend section 709 of title 18, United States Code, so as to protect the name of the Federal Bureau of Investigation from commercial exploitation; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, pursuant to the order of the House of July 8, 1954, the following conference report was filed July 9, 1954:

Mr. D'EWART: Committee of Conference. S. 3378. A bill to revise the Organic Act of the Virgin Islands of the United States (Rept. No. 2105). Ordered to be printed.

Under clause 2 of rule XIII, pursuant to the order of the House of July 8, 1954, the following bill was reported July 9, 1954:

Mr. WOLVERTON: Committee on Interstate and Foreign Commerce. H. R. 8356. A bill to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services; with amendment (Rept. No. 2106). Referred to the Committee of the Whole House on the State of the Union.

Under clause 2 of rule XIII, pursuant to the order of the House of July 8, 1954, the following bill was reported July 10, 1954:

Mr. REES of Kansas: Committee on Post Office and Civil Service. H. R. 9836. A bill to provide a method for the establishment of an equitable classification and pay system for the postal field service, to provide increases in the salaries of personnel in such service, and for other purposes; with amendment (Rept. No. 2107). Referred to the Committee of the Whole House on the State of the Union.

[*Submitted July 12, 1954*]

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HOPE: Committee on Agriculture. S. 1381. An act to amend the Agricultural Act of 1949; without amendment (Rept. No. 2177). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. S. 2583. An act to indemnify against loss all persons whose swine were destroyed in July 1952 as a result of having been infected with or exposed to the contagious disease vesicular exanthema; without amendment (Rept. No. 2178). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. H. R. 6393. A bill granting the consent and approval of Congress to an interstate forest-fire protection compact; without amendment (Rept. No. 2179). Referred to the Committee of the Whole House on the State of the Union.

Mr. HINSHAW: Joint Committee on Interstate and Foreign Commerce. H. R. 9390. A bill to extend certain civilian-internee and prisoner-of-war benefits under the War Claims Act of 1948, as amended, to civilian internees and American prisoners of war captured and held during the hostilities in Korea; with amendment (Rept. No. 2180). Referred to the Committee of the Whole House on the State of the Union.

Mr. COLE of New York: Joint Committee on Atomic Energy. H. R. 9757. A bill to amend the Atomic Energy Act of 1946, as amended, and for other purposes; without amendment (Rept. No. 2181). Referred to the Committee of the Whole House on the State of the Union.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 623. Resolution for the consideration of H. R. 8356, a bill to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services; without amendment (Rept. No. 2182). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 624. Resolution for consideration of S. 3539, an act to further amend title II of the Career Compensation Act of 1949, as amended, to provide for the computation of reenlistment bonuses for members of the uniformed services; without amendment (Rept. No. 2183). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 625. Resolution for consideration of S. 3458, an act to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes; without amendment (Rept. No. 2184). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 626. Resolution for consideration of H. R. 236, a bill to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado; without amendment (Rept. No. 2185). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. CELLER: Committee on the Judiciary. H. R. 669. A bill for the relief of George D. Kyminas; with amendment (Rept. No. 2108). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 787. A bill for the relief of Israel Ratsprecher and Maryse Ratsprecher; with amendment (Rept. No. 2109). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 818. A bill for the relief of Mrs. Emma Martha Staack; without amendment (Rept. No. 2110). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 842. A bill to restore United States citizenship to a former citizen, Atsuko Kiyota Szekeres, who has expatriated herself; with amendment (Rept. No. 2111). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 905. A bill for the relief of Franciszek Wolczek; without amendment (Rept. No. 2112). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 950. A bill for the relief of Panoula Panagopoulos; without amendment (Rept. No. 2113). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1171. A bill for the relief of Mrs. Wai-Jan Low Fong; with amendment (Rept. No. 2114). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 1209. A bill for the relief of Stylianos Hariambidis; with amendment (Rept. No. 2115). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 1324. A bill for the relief of Georgina Chinn; with amendment (Rept. No. 2116). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1897. A bill for the relief of Mrs. Betty E. LaMay; with amendment (Rept. No. 2117). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 2051. A bill for the relief of Ivo Markulin; without amendment (Rept. No. 2118). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 2358. A bill for the relief of Dr. Vahram Uluhogian; with amendment (Rept. No. 2119). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 2415. A bill for the relief of Nicholas John Manticas, Yvonne Manticas, Mary Manticas, and John Manticas; with amendment (Rept. No. 2120). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 2480. A bill for the relief of Charlotte Margarita Schmidt; with amendment (Rept. No. 2121). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 2483. A bill for the relief of Giacomo Bartolo Vanadia; with amendment (Rept. No. 2122). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 2647. A bill for the relief of Angelita Haberer; with amendment (Rept. No. 2123). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 2674. A bill for the relief of Dr. Paul Keuk Chang; with amendment (Rept. No. 2124). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 2794. A bill for the relief of Mrs. Claire Godreau Daigle; with amendment (Rept. No. 2125). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 2799. A bill for the relief of Gertrud Babette Kraeutter; with amendment (Rept. No. 2126). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 2897. A bill for the relief of Hilario Camino Moncado; with amendment (Rept. No. 2127). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 2901. A bill for the relief of Tokuko Kobayashi, and her minor son; with amendment (Rept. No. 2128). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 3024. A bill for the relief of Sergio Emeric; with amendment (Rept. No. 2129). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 3144. A bill for the relief of Elias Y. Richa; without amendment (Rept. No. 2130). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 3388. A bill for the relief of Louie Ella Attaway; without amendment (Rept. No. 2131). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 3447. A bill for the relief of Maria Paccione Pica; with amendment (Rept. No. 2132). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 3520. A bill for the relief of Mrs. Erna Rosita Pont (formerly Erna Rosita Michel); with amendment (Rept. No. 2133). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 3566. A bill for the relief of Pimen Maximovitch Sofronov; with amendment (Rept. No. 2134). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 3750. A bill for the relief of Inge Beckmann; with amendment (Rept. No. 2135). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 3874. A bill for the relief of Roberto Johnson; with amendment (Rept. No. 2136). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 4054. A bill for the relief of Jorge Sole Massana; with amendment (Rept. No. 2137). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 4437. A bill for the relief of Louise Rank; with amendment (Rept. No. 2138). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 5119. A bill for the relief of Augusta Oppacher Bialek; with amendment (Rept. No. 2139). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 5193. A bill for the relief of Dr. Jalal Elahi and Batool Elahi; with amendment (Rept. No. 2140). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 5194. A bill for the relief of Pauline Katzmann; without amendment (Rept. No. 2141). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 5319. A bill for the relief of Henry (also known as Heinrich) Schor, Sally (also known as Sali) Schor, and Gita (also known as Gitta Aviva) Schor; with amendment (Rept. No. 2142). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 5344. A bill for the relief of Bob Kan; with amendment (Rept. No. 2143). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 5459. A bill for the relief of Takeko Ishiki; without amendment (Rept. No. 2144). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 5749. A bill for the relief of Maria Teresa Lubiato; without amendment (Rept. No. 2145). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 5762. A bill for the relief of Suren Pelenghian; without amendment (Rept. No. 2146). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 5841. A bill for the relief of Boris Ivanovitch Oblesow; without amendment (Rept. No. 2147). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 6266. A bill for the relief of Frank Robert Gage; without amendment (Rept. No. 2148). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 6324. A bill for the relief of Orlando Lucarini; without amendment (Rept. No. 2149). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 6355. A bill for the relief of Elena Scarpetti Savelli; without amendment (Rept. No. 2150). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 6367. A bill for the relief of Nobu Nogawa Nitta; with amendment (Rept. No. 2151). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 6442. A bill for the relief of Tamiko Fujiwara; with amendment (Rept. No. 2152). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 6498. A bill for the relief of Elfriede Lina Roser; with amendment (Rept. No. 2153). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 6858. A bill for the relief of Mrs. Efthemia Soteralis; without amendment (Rept. No. 2154). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7033. A bill for the relief of Mrs. Anna J. Weigle; without amendment (Rept. No. 2155). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7151. For the relief of Mazal Kolman; with amendment (Rept. No. 2156). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 7217. A bill for the relief of Astor Vergata; without amendment (Rept. No. 2157). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7228. A bill for the relief of Christine Susan Calado; without amendment (Rept. No. 2158). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7245. A bill for the relief of Miss Martha Kantelberg; with amendment (Rept. No. 2159). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 7246. A bill for the relief of Mrs. Elfriede Majka Grifasi; with amendment (Rept. No. 2160). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7262. A bill for the relief of Rosa Maria Vollmer; with amendment (Rept. No. 2161). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 7343. A bill for the relief of Hildegart Liselotte Budesheim and her minor child; with amendment (Rept. No. 2162). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7352. A bill for the relief of Mrs. Sonja Ries Kock; without amendment (Rept. No. 2163). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 7579. A bill for the relief of Mrs. Anita Scavone; with amendment (Rept. No. 2164). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 7581. A bill for the relief of Gaetano Conti; with amendment (Rept. No. 2165). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7628. A bill for the relief of Mariana George Loizos Kellis; without amendment (Rept. No. 2166). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7829. A bill for the relief of Shimasoi Michiko; without amendment (Rept. No. 2167). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7834. A bill for the relief of Erika Schneider Buonasera; with amendment (Rept. No. 2168). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 7885. A bill for the relief of Sohan Singh Rai and Jogindar Kaur Rai; without amendment (Rept. No. 2169). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7938. A bill for the relief of Miss Martha Heuschele; with amendment (Rept. No. 2170). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 8066. A bill for the relief of Mrs. Gertrud Eckerl Strickland; without amendment (Rept. No. 2171). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 8183. A bill for the relief of Elfriede Ida Geissler; without amendment (Rept. No. 2172). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 8375. A bill for the relief of Ilse Radler Hughes; with amendment (Rept. No. 2173). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 8413. A bill for the relief of Sigrid Brinkhoff; without amendment (Rept. No. 2174). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 8424. A bill for the relief of Mrs. Else Johnson; with amendment (Rept. No. 2175). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 9103. A bill for the relief of Rose Mary Keser; without amendment (Rept. No. 2176). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DONDERO:

H. R. 9859. A bill authorizing the construction, repair, and preservation of certain

public works on rivers and harbors for navigation, flood control, and for other purposes; to the Committee on Public Works.

By Mr. CAMP:

H. R. 9860. A bill relating to the tax treatment to be afforded under section 117 (j) (3) of the Internal Revenue Code in certain cases involving the sale, exchange, or conversion of land with unharvested crops thereon; to the Committee on Ways and Means.

By Mr. COUDERT:

H. R. 9861. A bill to establish a Commission on Programs for the Aging; to the Committee on Interstate and Foreign Commerce.

By Mr. ENGLE:

H. R. 9862. A bill to amend section 46 of the act of May 25, 1926, and thereby modify the excess land and repayment provisions of the Federal reclamation laws; to the Committee on Interior and Insular Affairs.

By Mr. JENKINS:

H. R. 9863. A bill to provide for the free importation of black granite for use in monuments erected on Federal property; to the Committee on Ways and Means.

By Mr. REAMS:

H. R. 9864. A bill to amend the first section of the act entitled "An act relating to withholding, for State income-tax purposes, on the compensation of Federal employees," approved July 17, 1952; to the Committee on Ways and Means.

By Mr. SMITH of Mississippi:

H. R. 9865. A bill to require that whenever an officer or member who is discharged from the Armed Forces is so mentally deranged or unstable as to be potentially dangerous, his family and certain other persons are to be placed on notice of such potential danger; to the Committee on Armed Services.

By Mr. FRELINGHUYSEN:

H. R. 9866. A bill to prescribe certain limitations with respect to outpatient dental care for veterans; to the Committee on Veterans' Affairs.

By Mr. SPRINGER:

H. R. 9867. A bill to amend the laws granting education and training benefits to certain veterans to extend the period during which such benefits may be offered; to the Committee on Veterans' Affairs.

By Mr. TOLLEFSON:

H. R. 9868. A bill to amend the Merchant Ship Sales Act of 1946 to provide for the charter of passenger ships in the domestic trade; to the Committee on Merchant Marine and Fisheries.

By Mr. BELCHER:

H. Con. Res. 252. Concurrent resolution requesting the President to proclaim October 23 as United States Day; to the Committee on the Judiciary.

By Mr. REED of Illinois:

H. Res. 622. Resolution providing for additional funds for studies and investigations by the Committee on the Judiciary; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BUDGE:

H. R. 9869. A bill for the relief of Francisco Ortis Escudero; to the Committee on the Judiciary.

By Mr. DOLLINGER:

H. R. 9870. A bill for the relief of Bernardo Prano; to the Committee on the Judiciary.

By Mr. FERNANDEZ:

H. R. 9871. A bill for the relief of L. F. Goedeke; to the Committee on the Judiciary.

By Mr. HESELTON:

H. R. 9872. A bill for the relief of Klara Scholl Lamere; to the Committee on the Judiciary.

By Mrs. KELLY of New York:

H. R. 9873. A bill for the relief of Lemuel A. Wynne; to the Committee on the Judiciary.

By Mr. KNOX:

H. R. 9874. A bill for the relief of Anna Wiesneth; to the Committee on the Judiciary.

By Mr. LANTAFF:

H. R. 9875. A bill for the relief of Julius G. Watson; to the Committee on the Judiciary.

By Mr. LATHAM:

H. R. 9876. A bill for the relief of George Liberatos (Lymperatos); to the Committee on the Judiciary.

By Mr. OAKMAN:

H. R. 9877. A bill for the relief of Mr. Lazaros Marko Damianopoulos; to the Committee on the Judiciary.

By Mrs. ROGERS of Massachusetts:

H. R. 9878. A bill for the relief of George Verrios; to the Committee on the Judiciary.

By Mr. VAN PELT:

H. R. 9879. A bill for the relief of Helga Kutschka; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1092. By Mr. GOODWIN: Petition of Rev. Wallace Forgey and 48 others of Melrose, Mass., favoring passage of the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1093. By Mr. HORAN: Petition of L. S. Worley, Spokane, Wash. and 25 other citizens of Spokane, Wash., favoring action to outlaw the Communist Party; to the Committee on the Judiciary.

1094. By Mr. NORBLAD: Petition of Elizabeth R. Keeney and 39 other citizens of Corvallis, Oreg., urging the enactment of the Bryson bill, H. R. 1227, to the Committee on Interstate and Foreign Commerce.

1095. By the SPEAKER: Petition of the deputy clerk, Board of Supervisors, Buffalo, N. Y., requesting that the necessary steps be taken to provide adequate funds and resources to properly develop the port of Buffalo, etc.; to the Committee on Public Works.

1096. Also, petition of George H. Ball, Columbia Typographical Union, No. 101, Washington, D. C., appealing for the relief of more than 9,000 retired International Typographical Union printers, who through a decision of the Commissioner of Internal Revenue have had their ITU pensions placed in a taxable status effective January 1, 1954; to the Committee on Ways and Means.

EXTENSIONS OF REMARKS

Breaux Bridge, La., High School Band

EXTENSION OF REMARKS

OF

HON. EDWIN E. WILLIS

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 12, 1954

Mr. WILLIS. Mr. Speaker, it is indeed a pleasure to call the attention of my colleagues to the presence in Washington today and tomorrow of a talented and popular organization from my congressional district—the Breaux Bridge (La.) High School Band.

I trust that a number of Members of Congress had an opportunity to hear this band in a concert this afternoon on the east front center steps of the Capitol, which was followed by a tour of the Capitol and visits to the House and Senate galleries. We, in Louisiana, and particularly in the Third Congressional District and my home parish—county—of St. Martin, in which Breaux Bridge is situated, are very proud of this band and the honors it has received.

These honors include selection of the band to represent Louisiana at the Lions international convention in New York City where the members won much additional acclaim and attention, playing at the convention in Madison Square Garden, participating in the convention parade, and in other presentations. They have taken part in many events in Louisiana, and this band of 67 young musicians has become widely known.

The citizens of Breaux Bridge, who through various benefit activities, raised the large sum of money necessary to defray expenses of the band on the trip to New York, can feel that their interest and efforts in this connection, and on previous occasions, are amply rewarded by the appearance and ability of this organization, the widespread publicity it has given to its home town and the State of Louisiana, and the excellent musical training afforded these young people.

The band, now en route home from New York, is accompanied by a number of leading citizens of Breaux Bridge, together with other Louisianians. Mr. Leo Delahoussaye, principal of the Breaux Bridge High School, is in general charge of the trip, and the band is under the leadership of Mr. Harry Greig, band director of the music department of the high school.

The band members are: Betty Delhomme, Patricia Balch, Roberta Webre, Jeannelle Gauthier, Shirley Guidry, Beverly Hebert, Jean Nell Broussard, Rebecca Cormier, Joan Guidry, Jo Ann Keterlers, Elaine Pellerin, Patricia Patin, Barbara Broussard, Edward Domingue, Glenda Landry, Gloria Patin, Elizabeth Latiolais, Joy Conrad, Gaynell Guidry, Lydia Rose Guidry, Elaine Mason, Dolores Barnes, Tommy Balch, June Cormier, Mike Morrogh, Emily Hebert, Kerny Broussard, Dickie Hebert, Jeanette Pellerin, Larry Thibodeaux, James Domingue, Donna Melancon, Dorsy Brasseaux, Dalton Broussard, Roland Guidry, Vienna Mae Marks, Horace Guidry, Ray Pellerin, A. P. Dupuis, Dianna Melancon, Curtis Guidry, Betty Jo Young, Jo Jo Guidry, Yvonne Thibodeaux, Jerome Mouton, J. C. Tabor, Burnell Martin, Clifford Hebert, Jason Dupuis, Rufus Hebert, Clifford Mouton, Edwin Hebert, Patsy Green, Faye Guidry, Richard Broussard, Charlene

Theriot, P. J. Hebert, Janice Nepveu, Erline Begnaud, Arthur Broussard, Rose Angelle, Irene Delhomme, Judy Thibodeaux, Joan LaRue Hebert, Rochelle Roberts, Dianne Domingue, Russel Peltier.

The chaperones are: Mrs. Harry Greig, John Breaux, Earl Hollier, Mr. and Mrs. Frank Guidry, Mrs. Percy Broussard, Mrs. Claude Guidry, Mrs. Felix Pellerin, Mrs. Dalton Broussard, registered nurse.

Others in the group include: Miss Julie Cormier, Mrs. B. D. Champagne, Marine Guidry, Mrs. Leo Delahoussaye, Miss Louise Castille, Miss Simone Castille, Mrs. Francis Broussard, Miss Linda Conrad, Hemby Morgan, Mrs. Odile B. Clause, Miss Mary K. Clause, Miss Carolyn Clause, Mrs. Whitney Hebert, Mrs. James Thevenet, Mrs. Chester Broussard, Mr. and Mrs. Sanders Delhomme, Jerry Delhomme, Leon Breaux, Miss Laure Lee Dauterive, Mr. and Mrs. Randall Bulliard, Miss Jacqueline Ann Tabor, Mrs. Roger Ketelers, Mrs. H. Guillory, Miss Mary Louise Hebert, Mrs. Percy Cormier, Ricky Cormier, Mrs. Frank Patin, Mr. and Mrs. Harris Pellerin and son Junior, Mrs. Maude D. Dupuis, Mrs. Claude J. Dauterive, all of Breaux Bridge, La.

Mr. and Mrs. J. J. Arceneaux, Opelousas, La.

Mrs. J. E. Narreau, Mrs. James Gauthier, Mrs. Willie Fournet, all of St. Martinville, La.

Miss Isabelle Guidry, of New Iberia, La.

Miss Mary Ann Domingue and Miss Louise Sonniraer, both of Scott, La.

Jimmy Benoit, of Welsh, La.

Mr. and Mrs. Lionel Thibodeaux and Mrs. John Gorr, all of Lafayette, La.

Mr. and Mrs. Terrel Thibodeaux, Lake Charles, La.

Texas is also represented in the group by Mrs. Victor Bush, Miss Patsy Bush, and Robert Bush, of Brownwood.

Schenck To Confer With Residents of His District

EXTENSION OF REMARKS
OF
HON. PAUL F. SCHENCK
OF OHIO
IN THE HOUSE OF REPRESENTATIVES
Monday, July 12, 1954

Mr. SCHENCK. Mr. Speaker, it is my great honor and privilege to represent the people of the Third Congressional District of Ohio here in the Congress of the United States. As their Representative, I have always tried to maintain a close contact personally with them and their opinions on the many important issues confronting us.

The Third District of Ohio is not only the largest one in Ohio and the fifth largest one in the United States, but is also very important from other points of view. Our beautiful Miami Valley has made and is making many outstanding contributions to our Nation and to the world. It is the birthplace and cradle of aviation and within it many important scientific, manufacturing, and agricultural developments are taking place daily. Our citizens are well recognized for their expert and skilled abilities. We have a truly cosmopolitan congressional district because we have all phases of science, manufacturing, and agriculture represented to an unusual degree.

Since becoming their Representative in Congress I have considered it my duty to not only be well informed of their opinions, but also to be of greatest possible service to each and every person in our Third District who has a personal problem with some department or agency of our Federal Government. I, therefore, initiated the idea of holding grassroots conferences throughout the district 3 years ago and have continued to hold them each year during the time Congress is in adjournment. I also opened a full-time Congressional Service Office at 1219 Third National Building in Dayton, where I can confer with people personally at such times as my official duties permit me to return to the district. At all times when it is necessary for me to be in Washington attending to my legislative and other official duties, a competent secretary is in charge of my District Congressional Service Office to assist anyone in the preparation of requests for me to assist them in their personal problems with the various Federal governmental departments and agencies. Thus I have sincerely tried to not only represent the opinions and desires of all the people in our very important Third District to the best of my ability, but I have also made every effort to serve them.

Members of Congress are called upon to deal with legislation covering a vast amount of subject matter dealing with both national and international subjects which affect the lives of each and every citizen to an unbelievable extent. These personal conferences help me to serve them in a much more effective manner.

Again this year I will take time during the period of our official congressional recess to hold conferences with the people of my congressional district in the courthouses and city halls of a number of our communities.

This is the schedule I have established:

Hamilton: Courthouse; September 7 and 8; 9 a. m. to 4 p. m.

Miamisburg: City building; September 9; 4 p. m. to 8 p. m.

Germantown: City building; September 10; 4 p. m. to 8 p. m.

Brookville: City building; September 11; 4 p. m. to 8 p. m.

Dayton: Federal building, room 203; September 13 and 14; 9 a. m. to 4 p. m.

Middletown: American Legion; September 16 and 17; 9 a. m. to 4 p. m.

Oxford: Municipal building; September 18; 4 p. m. to 8 p. m.

It is surprising how much can be accomplished when a citizen and his Congressman can sit down and talk over national and personal problems.

No appointment is needed, and I urge any individual or group to meet with me on the date most convenient to them. With the knowledge thus obtained, I know I will be better able to truly represent the people of my district in the Congress of the United States.

Well-Deserved Tribute to Former Congressman Maurice H. Thatcher, Only Surviving Member Isthmian Canal Commission

EXTENSION OF REMARKS
OF
HON. JOHN M. ROBSION, JR.
OF KENTUCKY
IN THE HOUSE OF REPRESENTATIVES
Monday, July 12, 1954

Mr. ROBSION. Mr. Speaker, one of my predecessors in Congress from the Louisville, Ky., District was Hon. Maurice H. Thatcher, 1923–33. Upon the formal presentation and dedication—on March 31 last—of the memorial monument to Gen. George W. Goethals, chairman and Chief Engineer, of the Isthmian Canal Commission from 1907 to 1914, during the construction period of the Panama Canal, Mr. Thatcher took part in the formal program at Balboa, Canal Zone. The Commission had charge of the work of building the canal.

Mr. Thatcher is the only surviving member of the Commission, and during the years 1910–13, he served as such commissioner and also as head of the Department of Civil Administration—Governor—of the Canal Zone. He and Mrs. Thatcher were in attendance on the indicated occasion as guests of the Canal Zone Government.

In his Isthmian post, Mr. Thatcher discharged his duties with efficiency and fidelity and did much to build up good relationships between the United States and the Canal Zone with the Government and people of the Panamanian Republic. On their recent visit to the isthmus—following a lapse of more than 21 years since their visit in January 1933, while he was yet in Congress—both were received in the Canal Zone and Panama with the greatest welcome and esteem. There were a number of old-timers in similar attendance at the dedication exercises—men and women who had been employed or lived on the isthmus during the canal-construction era.

As the sole surviving member of the Isthmian Canal Commission, Mr. Thatcher constituted an important link with the construction period; and afterwards, during his five terms in Congress, and subsequently, he has done much for the benefit of his fellow old-timers in helping to bring about legislation for annuities and benefits in their behalf, and related matters. Socially, also, he and Mrs. Thatcher, in the years of their Isthmian life, were widely known for their fine hospitality, and their attractive residence in the Canal Zone, at Ancon, was indeed a tropical Kentucky home. In the course of his remarks—which were warmly received by the large open-air assembly at the dedication exercises mentioned, he took occasion to express high praise of all the builders of the great Isthmian ocean link—from the highest to the least, and from the least to the highest—declaring that during the construction period of the canal, "the recording angel must have worked overtime in noting the outstanding serv-

ices of all those who had been thus engaged." In the course of his remarks he presented awards to the two winners of the contests, in the senior high schools and the junior high schools of the Canal Zone, for the best essays on the life of General Goethals. Two student girls were the successful contestants, respectively Miss Mary Abele in the first category, and Miss Carolina E. Zirkman in the second. Each prize was a $25 United States savings bond.

Under leave accorded me, I am including as a part of these remarks news stories which appeared in the Star and Herald of Panama City, during the indicated celebration, as follows:

[From the Panama City Star and Herald of March 30, 1954]

THATCHER MAINTAINS INTENSE PERSONAL INTEREST IN CANAL

Although his direct connections with the Panama Canal were severed over 40 years ago, Maurice H. Thatcher, member of the Isthmian Canal Commission from 1910 to 1913, has maintained his intense personal interest in Isthmian affairs throughout these years.

He and Mrs. Thatcher, who now live in Washington, D. C., will arrive by plane Tuesday afternoon to participate in the Goethals Memorial dedication ceremonies this week. Mr. Thatcher is the only surviving member of the group of men on whose shoulders rested the responsibility for the successful completion of the Panama Canal.

Although he was born in Chicago, Mr. Thatcher is known as a Kentuckian. He grew up in Kentucky and was practicing law in Louisville when he was appointed to the Isthmian Canal Commission after his fellow Kentuckian, Jo. C. S. Blackburn, resigned in 1910. He became a member of the I. C. C. April 12, 1910, and served until his resignation August 8, 1913, during which time he was head of Civil Administration in the Canal Zone.

Mr. Thatcher served 10 years from 1923 to 1933 in the United States House of Representatives from the Fifth Kentucky District. During his service in Congress he devoted his interests chiefly to welfare, public parks, and highways, Pan American and Panama Canal affairs, and to the promotion of domestic and foreign airmail service.

His congressional service is best known on the Isthmus as author of the legislation for the establishment and maintenance of Gorgas Memorial Laboratory in Panama, and for the construction of the ferry facilities and highway which provide the direct traffic link between the city of Panama and the interior of the Republic. The highway and ferry were named in his honor when completed.

The construction of Thatcher Highway and ferry was one of the major public improvements made in the Canal Zone during the 1930's. When Congressman and Mrs. Thatcher visited the Isthmus early in 1933 he was given a warm official welcome by the Republic of Panama.

The City Council of Arraijan voted to give him a plot of ground in that picturesque village as a token of their appreciation for the highway through the town, in addition, a special tour to the interior was arranged in his honor by various Panama organizations. Official and civic organizations participating included the Junta Central de Caminos, Panama Automobile Club, Rotary Club, and the Panama Federation of Highway Education.

High officials invited to attend the public demonstration for the Congressman included President Harmodio Arias and his cabinet, and Governor Julian L. Schley and many Canal officials.

Mr. Thatcher's personal interest in Isthmian affairs has continued since his congressional service. He was one of the principal supporters of the so-called "Old Timers" legislation which provides for an annuity for civilian employees who served during the Canal construction period. He was also the attorney in the test case in which the court of claims ruled that the annuities were not subject to income tax.

Mr. Thatcher is a prolific writer and has been a frequent contributor to newspapers and other publications. He is particularly well known for his poetry, much of which deals with the canal and the people who built it or operate it. Many of his poems and other contributions have been published locally.

The former member of the Isthmian Canal Commission has been the recipient of high honors from many Latin American nations because of his friendship and interest in their progress. Among the honors which have been accorded him is the Vasco Nuñez de Balboa medal in the rank of Comendador from the Republic of Panama, and decorations from both Venezuela and Ecuador.

[From the Panama City Star and Herald of April 2, 1954]

TOWNSMEN AT ARRAIJAN HONOR M. H. THATCHER—FORMER ICC MEMBER AND CONGRESSMAN VISITS STAR-HERALD PLANT

The Honorable Maurice H. Thatcher, former member of the Isthmian Canal Commission now visiting here in connection with the Goethals memorial ceremonies, was honored yesterday by the people of the town of Arraijan on the Canal Zone border at the terminal of Thatcher Highway.

It was the second time that Mr. Thatcher had been so honored by the people of that Panamanian town who on a previous visit had similarly welcomed him and set aside a lot within the town's limits as their recognition for the many benefits they had received from Mr. Thatcher's efforts while a Member of the United States Congress.

Upon returning from his visit to Arraijan, where he was accompanied by his wife, Mr. Thatcher called at the Star and Herald offices where he was received by members of the management and editorial staff of this paper, with which the canal oldtimer and former Congressman maintained close and very cordial relations during the time of his service here, which were continued uninterruptedly after his retirement from isthmian activities.

Mr. and Mrs. Thatcher were shown around the Star and Herald's plant and expressed themselves as deeply impressed with the progress and development noted since their last visit.

La Estrella de Panama—the Spanish language counterpart of the Star and Herald—on April 1, 1954, carried an editorial which paid high tribute to Mr. Thatcher; and its English translation—as it appeared on the following day in the Star and Herald—follows:

REUNION OF OLD FRIENDS

In a recent editorial, we discussed the vigorous and extraordinary personality of Col. George W. Goethals, who directed the construction of the interoceanic canal in Panama and was chairman of the Isthmian Canal Commission. In it we set forth the achievement of this man of superlative genius and will, to whose memory a monument has been erected in the Canal Zone.

Today we want to convey a heartfelt greeting to the hundreds of former officials and employees of the canal, who left our shores many years ago to scatter in their own country and who just a few days ago met again under Panamanian skies to pay their tribute of homage to the builder of the interoceanic canal.

Linked to the canal enterprise for a long time through various offices, jobs, and positions, they left our shores, thinking perhaps that theirs would be a permanent absence. Yet, let the unforgettable name of Col. George W. Goethals—so closely linked to their memories—be invoked for the tribute it so justly deserved, and here we have again on Panamanian soil many men whose labor over the years wrote a large portion of the history of the canal.

Among them is Maurice H. Thatcher, who headed the Department of Civil Administration in the early canal days. He has returned to Panama, where he is remembered and loved, to clasp friendly hands and to receive spontaneous expressions of affection, which bespeak clearly that our country has not forgotten his work as a "good neighbor" even in the days when the "good neighbor policy" was something unknown. And like Mr. Thatcher, there are hundreds of former employees of the canal back in Panama to whom we convey our most sincere greeting.

For, having turned the corner of the first century ourselves, having carried in our pages the account of the great canal enterprise, from the first attempt to its successful culmination, there have appeared in our columns the names of Americans who have returned to our country to reminisce over times gone by and to find out for themselves how friendships formed years ago are still in bloom.

May their return to Panama be a pleasant experience for these canal old timers, many of whom we are proud to call our friends. That is our sincere wish. And may they feel that, despite time and the great material changes that they have found, Panamanians have kept faith with them. For all of them—whose names are too numerous to mention, but which are ever in our mind—our cordial greeting and the expression of our lasting affection.

The Star and Herald, by the way, has a lineage of 105 years, dating back to something like 1849 when the construction of the Panama Railroad across the isthmus was begun. It is an outstanding daily newspaper of Central America, and its editorial policy, through the years, has done much to promote good relations between Panama and the United States. It has long been an effective antagonist of communism and has vigorously opposed its infiltration into Latin American countries.

In addition, I include an article which appeared in the Panama Canal Review, the official organ of the Panama Canal Company and the Canal Zone Government, dated April 2, 1954, with reference to Mr. Thatcher's participation in the Balboa ceremonies already mentioned:

Attending the Goethals Memorial dedication ceremonies this week is one of the central figures of the canal construction period and one of the most enthusiastic alumni of the canal organization.

He is Maurice H. Thatcher, member of the Isthmian Canal Commission from 1910 to 1913 and head of the civil administration in the Canal Zone during that period.

Mr. Thatcher is as well known and famous in Panama as in the Canal Zone as Thatcher Highway and Ferry, the link to the interior of the Republic, is named in his honor. He was author of the legislation authorizing the highway and ferry.

He has followed news of the isthmus with intense interest since leaving the Canal Zone over 40 years ago to return to his native State of Kentucky and become United States Representative from the Fifth Congressional District. His lively interest in isthmian affairs was recently demonstrated when he participated in the formal opening of the "50 Years of Friendship" exhibit in the Library of Congress.

Mr. Thatcher, the only living member of the Isthmian Canal Commission, has made his home in Washington, D. C., for many years. He is a poet of note and has written many poems relating to the Panama Canal and the men and women who work for it.

In this general connection it should be noted, also, that in Congress Mr. Thatcher brought about enactment of the legislation establishing the Gorgas Memorial Laboratory in the city of Panama, and maintained and operated by Federal funds. The laboratory is doing splendid humanitarian service in research work, with respect to yellow fever, malaria, and the many other diseases of the tropics—both human and veterinary. Its fame is worldwide. Mr. Thatcher, following his retirement from Congress, became vice president and general counsel of the Gorgas Memorial Institute of Tropical and Preventive Medicine, which has supervision of the laboratory. These services—invaluable in character—he renders without compensation, and purely as a contribution to Isthmian and international welfare.

Then I would add an editorial article which appeared in the Jeffersonian, published in my congressional district, at Jeffersontown, in Jefferson County, Ky., on May 28, 1954; and of which Mr. Carl A. Hummel is editor, and Mr. Thomas R. Jones is publisher. It is one of the best county newspapers in the entire State.

CANAL ZONE HONORS FORMER GOVERNOR

This year, 1954, being the 50th anniversary of the independence of Panama, and of the acquisition by the United States Government of the Canal Zone, celebration rites of these historic events are being appropriately observed. A memorial shaft, to the memory of Gen. George W. Goethals, has been erected and was dedicated on March 31, in Balboa at the foot of the grounds of the Canal Zone Government's Administration Building. General Goethals was chairman and chief engineer of the Isthmian Commission.

Former Congressman Maurice H. Thatcher, from this Kentucky district, was also a member of the Commission, as well as Governor of the Canal Zone. The present Canal Zone Governor, Gen. John S. Seybold, extended to Mr. and Mrs. Thatcher, now residing in Washington, D. C., a formal invitation to visit the Isthmus as guests of the Canal Zone government. Governor Thatcher was one of the principal participants in the ceremonies dedicating the Goethals memorial.

The Thatchers were among other distinguished guests at the dedication to fly from Washington to the Pacific side of the Canal Zone on March 30, making the nonstop flight of 2,100 miles in 8½ hours. Among the other passengers were United States Senator ALEXANDER WILEY, of Wisconsin, and George N. Roderick, Assistant Secretary of the Army, and their wives. Governor and Mrs. Seybold, with other officials met the plane and welcomed the guests.

Ancon, adjacent to the city of Panama, was the first home of the Thatchers following their marriage in Frankfort, Ky., on May 4, 1910.

At the dedicatory ceremonies, Mr. Thatcher spoke and awarded prizes to student girls, winners in contests conducted in junior and senior high schools of the Canal Zone for essays on the life of General Goethals.

Following his tenure in the Congress, Mr. Thatcher was chosen vice president and general counsel of the Gorgas Memorial Institute of Tropical and Preventive Medicine, which supervises the Gorgas Memorial Laboratory. Through the years he has rendered constant and valuable gratuitous service relative to the operation and maintenance of the laboratory.

The ferry across the Canal bears the name of "Thatcher," as well as the highway across the Canal Zone strip, both of which constitute links in the Inter-American Highway System. Many were the courtesies and the honors extended Mr. and Mrs. Thatcher on their visit to the Canal Zone, not only by the Zone officials but by the general public as well, who turned out en masse to greet them and to take part in parades and other festive occasions.

The party returned to Washington from the Canal Zone on April 2, in time to attend, on the following day, the crowning of a Kentucky girl, Miss Frances Mae Fisher, as queen of the cherry blossom festival.

During their recent brief stay on the isthmus, Mr. and Mrs. Thatcher received various courtesies. Thus he was presented with a scroll-letter of appreciation by the Panama Canal West Indian Employees Association, in appreciation of his effective services in their behalf through the years; and a demonstration was accorded both of them by the inhabitants of the town of Arraijan, in the Republic of Panama, in appreciation of Mr. Thatcher's services in Congress, which brought about the enactment establishing the ferry across the Panama Canal at Balboa and the construction of the connecting highway from the western terminus of the canal to the Canal Zone-Panama boundary line. The ferry and highway brought liberation from complete isolation to Arraijan and its residents have been grateful because of this. In January 1931, they presented a lot to him as a token of gratitude. At the recent demonstration, he gave the lot back to the town for use as a children's playground, and pledged a substantial contribution for playground equipment. The municipal officials of Arraijan have named the lot Parque Thatcher.

I am sure that the many friends of Mr. Thatcher—some of them his colleagues in this Chamber, yet serving here—and Mrs. Thatcher, will join me in extending to them heartiest congratulations upon these pleasing honors accorded them; and in wishing them many more years of health, strength, and useful endeavors.

Touching the reference in the Panama Canal Review article to poems written by Mr. Thatcher relative to the Panama Canal, and the men and women who work for it, a conclusion of these remarks may well be made by adding his fine tribute, in verse, to these workers, first published in the Star and Herald in its historic edition in commemoration of the 25th anniversary—August 15, 1939—of the formal opening of the canal to world traffic:

BUILDERS OF THE PANAMA CANAL

(In commemoration of the 25th anniversary of the formal opening)

(By Maurice H. Thatcher)

There were workers great, and workers small—
As judged by rank—in the enterprise;
But glory enough there was for all,
And each was great to seeing eyes.
Let Fame take care that her Scroll be just,
And give to each his meed of praise,—
Else, out of the ashes and the dust,
The Shade of Censure shall upraise.

A laud for the work of the first gold men
Who toiled and wrought and strove, amain,
To dig the ditch. They began it when
Old Yellow Jack, and the blight and bane
Of Chagres Fever, took starkest toll.
They came, enlisted, and ventured all;
And wrestled death, with body and soul,—
To linger, these—and those, to fall.

Another fever filled blood and bone
Of all, throughout. Its currents run
Until, within the stretch of the zone,
The last lone yard of the link was done:—
A fever, absorbing in the fire
Which single zeal forever brings;
A fever which always must inspire
That strength from which great action springs.

From a boundless field from which to choose—
The ablest Uncle Sam could find,—
Were here assembled: steam-shovel crews,
And engineers of ev'ry kind;—
Designers, trainmen, inventors rare;
Dredgers, foremen, mechanics skilled;
Electrical wizards;—and, ev'rywhere,
The art to do what the blue-prints willed.

Whate'er the call, whatever the task,
Each one strove for a single end;
So fair his service that none could ask
Better result, or aught amend.
He reamed the hole, and the bolt sent home;
He mixed the parts, and filled the form;
Into cores he pumped the silt and loam;
And wavered not in sun or storm.

The dirt he hauled from the deepest cut;
Reclaimed tidelands in manner vast;
He "toed" the dams with the huge output
Of spoil of shovel and slide and blast.
He dredged the channels in sea and lake,
And built the bounds of dock and lock;
Upreared the spillways and each intake,—
And planted all on the solid rock.

He lent the sleight of his brain and hand
To do all things the goal required;
All things designed, and each thing planned,
Till naught was left to be desired.
The strengths of nature—both seen and hid—
He put in bonds to do his will;
And today, as then, as they are bid,
They work the wonders of his skill.

For the silver groups—a word or two;
For those of ev'ry race and soil:
Theirs were the humbler tasks to do;
They bore the brunts of periled toil.
In loyal spirit they labored here,
Through all the great, eventful days;
They met all duty devoid of fear,
And earned their bit of deathless praise.

And back of all was the Gorgas Squad,
To hold the bitter plagues at bay;
With stern Hygeia's miracle rod,
Swift were the scourges swept away.
Strange things were done with a sturdy grace,
Until in Isthmia all was well;
Death's haunt became an abiding place
Where the non-immune might safely dwell.

America's mood was here maintained;
All civil functions carried on;
Orderly government ruled and reigned,
And codes to fit all needs were drawn;
And homes were made, and society
Was much the same as the homeland brings;
Here, men and women and children, free,
Lived in the midst of mighty things.

Executives, judges, and Q. M. D.'s;
Teachers and clerks, firemen, police;
Nurses and doctors; and more like these,
Bewrought, each one, his separate piece
Of the finished whole. Their toils, no less
Than those of the workers, "skilled" and "raw,"
Were full required for the job's success:
All were impelled by the selfsame law.

The mountains moved, and the waters rose;
And faith, at last, fulfilled her dream:
Lake, lock, and channel—the whole world knows—
Attest the worth of a hope supreme!
The ships now shuttle from shore to shore:
Up, up, and up—and thence straight on;
Then three times downward—and on, once more—
Into the sunset or the dawn!

All were as one; and they strove and wrought
To shape the passage to the Ind.
In terms of life it was dearly bought;
In money, cheap. The ranks are thinned
By time and death; but the deed they did
Excels all others of like and kind;
Its strength and virtue cannot be hid:
It lives—all tongues and lands to bind!

Protecting the Nation's Health

EXTENSION OF REMARKS
OF
HON. A. L. MILLER
OF NEBRASKA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 12, 1954

Mr. MILLER of Nebraska. Mr. Speaker, last week the House agreed to the Senate amendment to H. R. 7125 and sent the bill to the President for signature. There was little ballyhoo about it. The radio, press, and television gave it little play.

H. R. 7125 deals with pesticides—not a very interesting subject even though it is used or affected by nearly everybody. The primary purpose of the bill is to protect the public health. It reaches that end by providing that no pesticide may be placed on the market until a tolerance for the product has been established by the Department of Health, Education, and Welfare.

Under existing laws, a tolerance need not be established before the product is placed on the market. This is evidenced by the fact that only 1 tolerance has been established even though there are about 40,000 different pesticides on the market.

In other words, no one knew how dangerous those which did not have a tolerance were to the public health.

Under H. R. 7125 we would know and the consumer would be assured that he was not being poisoned unknowingly.

As for the farmer, he will be able to use the pesticide on his product without the fear of having his year's work confiscated as being adulterated or deleterious and injurious to public health by the Food and Drug Administration. Records show that entire crops have been confiscated because the chemical residue was too great.

Industry will be able to assure the farmers that if they use their product according to the directions it will greatly eliminate the losses due to pests. These losses are estimated at over a billion dollars a year.

Besides requiring that a tolerance be established prior to marketing, the bill sets up a workable procedure in establishing a tolerance. Under the present law, lengthy public hearings must be held and too often they have become so long and drawn out that they are not workable. This is borne out by the fact that despite 2 years of hearings, costing millions of dollars, only 1 tolerance was established.

The Select Committee To Investigate the Use of New Chemical Additives in Foods, Drugs, Cosmetics, and Pesticides, of which I was a member, found during the 81st and 82d Congresses that legislation along this line was sorely needed. As a medical doctor, I was a little disturbed with what I learned and was determined that legislation should be introduced to plug the leak in our public health laws.

I am most happy that Congress has passed this legislation and am quite confident the President will soon sign it into law.

Area Job Total Drops—Summer Gain Unlikely

EXTENSION OF REMARKS
OF
HON. MELVIN PRICE
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Monday, July 12, 1954

Mr. PRICE. Mr. Speaker, when I picked up my hometown newspaper, the East St. Louis Journal for June 22, I was greeted with a headline: "Area Job Total Drops—Summer Gain Unlikely." I was struck by a number of facts related in the story, which was based upon an interview with C. R. Hughes, manager of the East St. Louis office of the Illinois State Employment Service.

Mr. Hughes said that unemployment in East St. Louis had climbed to 6,200 during May, an increase of 700 over the level on March 15 of this year.

We may recall that March was announced by the President as the month which would be the key to Federal action to relieve the stress of unemployment. March came and went, and now in my hometown, at least—and I do not think we are very much different than anyplace else—unemployment is almost 13 percent higher than it was in March.

The question is, Where is the antirecession program of the administration? Those 6,200 unemployed in East St. Louis, together with other millions of unfortunate would-be wage earners throughout the land have been looking in vain for such a program.

The best they have had were statements, along in mid-March that April would be the month to look at, since a late Easter would delay the hypodermic of the new bonnet trade. Easter has long since passed; we are now in summer, and still there is no program; unless we call the recent easing of credit a program. However, the easiest credit in the world is of little value to a man who has no job, and a hungry family to feed.

There was another very pertinent fact in Mr. Hughes' report. He said new job opportunities were nonexistent, since all local firms had a large backlog of laid-off workers with call-back rights. The 600 or 700 high-school graduates and returning college students were expected by Mr. Hughes to swell the May unemployment total.

This analysis has been made by an employee of the State of Illinois, where the administration is run by the Republicans, so we can hardly kiss off his remarks as the words of a "prophet of doom and gloom." We must accept them as proven facts, and we must accept his analysis as that of one who knows whereof he speaks.

The reference to the lack of new job opportunities is highly significant because it points up the utter fallacy of the view taken by the Secretary of the Treasury, who says he is satisfied with a "second best" year, and who insists that it is not necessary to break records always in order to have prosperity.

What does a "second best year"—which seems to make Mr. Humphrey very happy—mean? It means that a number of persons who were employed in the "best year" are not working. It also means that new members of the labor force—the 600 to 700 referred to by Mr. Hughes in East St. Louis and an estimated 700,000 each year for the Nation as a whole—are denied job opportunities.

We have heard a very great number of words spoken by administration officials, Members of the Congress, and others about the sacredness of the right to work. Of course, these words have always referred to legislation designed to break the back of organized labor. But what about the right to work of these new members of the labor force? Is not that a sacred right; a sacred right which is callously rejected by the smug satisfaction with a second best year?

Our national economy must be expanded by from 3 to 5 percent every year if we are to provide jobs for all those who want to work; and we must provide jobs for them if we are to sell our gross national product. Anything less than such an expansion will mean that the second best year will be followed by a third best, and then a fourth best, and the spiral of unemployment will roll onward and upward to a point where the depression which followed the crash of 1929 will seem like heavenly prosperity.

Unless we provide such an expanding economy, we must admit and accept failure and defeat, not for ourselves but for our way of life and for our system of free enterprise. This we cannot do, for there is another evil system poised and ready to take over if we fail.

I include the article from the East St. Louis Journal as a part of my remarks:

AREA JOB TOTAL DROPS—SUMMER GAIN UNLIKELY

East St. Louis area employment has dropped, with no probability of an upturn during the rest of the summer.

"The impact of production curtailment in the metals industry forced employment in the East St. Louis area down by 75 at the 92 reporting firms during a 60-day period ending May 15," said C. R. Hughes, manager of the East St. Louis office of the Illinois State Employment Service.

Seasonal employment rises in commercial fertilizers totaled 200; in the stone-clay-glass industry, 175; in roofing mills, 100; and scattered gains in other industries, 100. These gains, however, failed to offset a drop of 650 in the metals fields.

The May employment total for the 92 firms reporting was 22,443 or 2,250 less than May 1953.

Hughes said job opportunities have decreased materially in the past 60 days and unemployment has climbed to 6,200, about 700 above the March 15 level. New hiring will be limited for the next 2 months as most major firms have a pool of laid-off workers with call-back rights. The 600 or 700 high-school graduates and returning college students also will tend to swell the already unemployed group.

According to Hughes, manufacturing employment is expected to level off at current figures and in general remain stable. Potential construction expansion could raise nonmanufacturing employment to a somewhat higher level than anticipated.

Hughes said that information provided by local employers shows that employment will continue at a gentle decline during the next 60-day period. Heavy seasonal layoffs in the commercial-fertilizer industry, coupled with pessimistic employment forecasts in the metals industry, preclude the possibility of any overall employment rise in the next 2 months, he added.

Almost every major firm in the area has a pool of laid-off workers with call-back rights, according to Hughes. Industrial job openings for vacation workers practically are nonexistent this year.

Hughes said the overall outlook for the area is for a leveling off in the downward employment trend, with some degree of stabilization near present levels by midsummer.

Section-by-Section Analysis of H. R. 8356, a Bill To Provide for Reinsurance of Health Service Prepayment Plans

EXTENSION OF REMARKS
OF

HON. CHARLES A. WOLVERTON

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, July 12, 1954

Mr. WOLVERTON. Mr. Speaker, it is my understanding that H. R. 8356, a bill to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services, under the rule granted today, will probably be brought before the House for consideration on Tuesday, July 13. Because of this fact it seems appropriate that I should submit for the benefit of the membership of the House a section-by-section analysis of the bill.

The bill provides for the establishment of a health reinsurance program in the Department of Health, Education, and Welfare. The short title of the act is "Health Service Prepayment Plan Reinsurance Act." However, it is often referred to as the health reinsurance bill.

The following is my analysis, by sections, of the bill reported to the House from the Committee on Interstate and Foreign Commerce, July 9, 1954:

ANALYSIS OF PROVISIONS OF H. R. 8356

TITLE I. GENERAL

Section 1, short title of bill.

Section 2, declaration of purpose: "To encourage and stimulate private initiative in making good and comprehensive health services generally accessible on reasonable terms, through adequate health service prepayment plans, to the maximum number of people, (a) by providing technical advice and information, without charge, to health service prepayment plans and to the carriers or sponsors thereof; and (b) by making a form of reinsurance available for voluntary health service prepayment plans where such reinsurance is needed in order to stimulate the establishment and maintenance of adequate prepayment plans in areas, and with respect to services and classes of persons, for which they are needed."

To reaffirm the congressional policy opposed to Federal regulation of insurance, the committee added the following:

"Nothing in this act shall be construed to authorize any action inconsistent with the policy and provisions of the act entitled 'An act to express the intent of the Congress with reference to the regulation of the business of insurance,' approved March 9, 1945 (59 Stat. 33), as amended (15 U. S. C. 1011–1015)." (The so-called McCarran Act.)

Section 3, definitions:

The principal definitions in this section deal with "beneficiary," "carrier," "health service prepayment plan," and "personal health services."

The term "beneficiary" means an individual to whom a carrier, pursuant to a health service prepayment plan, undertakes (1) to pay in whole or in part for specified personal health services furnished to him by others, or (2) to provide specified personal health services.

The term "carrier" means an organization, other than an instrumentality of a State or political subdivision thereof, which is sponsoring or is engaged in providing protection under insurance policies or subscriber contracts, or operating under a health service prepayment plan.

The term "health service prepayment plan" means a plan under which a carrier undertakes to pay for or to provide personal health services to specified beneficiaries or classes of beneficiaries.

The term "personal health services" includes any services rendered to individuals by licensed health personnel or, under the supervision of such personnel, by auxiliary personnel for the improvement or preservation of physical or mental health or for the diagnosis and treatment of disease or injury; the use by such licensed or auxiliary personnel of any and all apparatus or machines designed to aid in the diagnosis or treatment of disease or injury; the provision of bed and board in general or special hospitals, convalescent homes, nursing homes, sanatoria, or other institutions licensed or designated as such by a State when care in such institutions is prescribed by such licensed personnel; the provision of drugs and machines, dressings and supplies, prostheses and applicances (including eyeglasses), when prescribed by such licensed personnel; and ambulance service.

The definition of the term "carrier" is intended to make clear, in conjunction with the definition of the term "health service prepayment plan" that all kinds of plans using the prepayment method in the provision of personal health services or in payment or reimbursement for the cost of such services fall within the scope of the bill and may be considered for reinsurance. This would include, for example, insurance companies' plans offering protection under insurance policies, corporations or associations, such as the typical Blue Cross plan, undertaking in subscription or membership contracts to provide services through providers of such services (with whom, frequently, the carrier has directly or indirectly a contract or arrangement, in which case the contract or arrangement is considered a part of the plan), and prepayment plans of the direct-service type, such as those offered by medical cooperatives offering personal health services primarily through their own staff and facilities, as well as groups of physicians undertaking to furnish medical care on a prepayment basis.

Section 4, National Advisory Council and other committees: This section establishes within the Department of Health, Education, and Welfare a National Advisory Council on Health Service Prepayment Plans, consisting of 12 members appointed by the President. The Council is charged, under section 4 (b), with the duty of advising, consulting with, and making recommendations to the Secretary on matters of policy relating to the activities and functions of the Secretary under the act. Under section 4 (c) the Secretary is also authorized to utilize the services of any member or members of the Council for advisory or consultative purposes in connection with matters related to the administration of the act and may also appoint special advisory committees and utilize the services of any member of such a committee for such purposes. Section 4 (d) provides that members of the Council and of other advisory and technical committees shall receive per diem and travel expenses.

Section 5, consultants: Authorizes use of expert consultants or organizations thereof.

Section 6, utilization of other agencies: In addition to authorizing utilization of other Federal agencies, or of any other public or nonprofit agency or institution, section 6 provides for utilization of State agencies supervising carriers, especially in determining compliance with requirements and standards prescribed by the Secretary for reinsurance.

Section 7, voluntary and uncompensated services: Authorizes Secretary to use volunteered or uncompensated services of outside individuals or groups.

Section 8, exemption from conflict-of-interest statutes: Provides a limited waiver of certain conflict-of-interest statutes for members of the Advisory Council and for special consultants used in an advisory or consultative capacity.

Section 9, regulations: Authorizes Secretary to promulgate necessary regulations. Prohibits any Federal supervisory or regulatory control over carriers, or over hospitals, other health facilities, or personnel furnishing health services.

Section 10, disclosure of information: With narrow exceptions, disclosure of information gained as result of operation of program is specifically prohibited.

TITLE II. TECHNICAL AND ADVISORY SERVICES

Section 201 authorizes studies and the collection of information on health service prepayment plans, and the distribution of such information as is developed.

Section 202 authorizes appropriations for the purposes of title II.

TITLE III. REINSURANCE OF HEALTH SERVICE PREPAYMENT PLANS

Section 301, authority to reinsure:

Section 301 (a) authorizes the Secretary, subject to the provisions of this title and to such terms and conditions as may be prescribed under the authority of this title, to reinsure carriers with respect to health service prepayment plans if the Secretary, after consultation with the Council, determines that reinsurance with respect to any kind or type of health service prepayment plan upon terms and conditions and at premium rates comparable to those offered pursuant to this title is not available from private sources to an extent adequate to promote such purposes.

Section 301 (b) limits Federal reinsurance to that part of a plan that is not otherwise reinsured.

Section 302, applications for reinsurance:

Section 302 (a) establishes the bases upon which carriers file applications for reinsurance. The Secretary is authorized to require applicants to furnish whatever infor-

mation may be necessary to evaluate the application.

Section 302 (b) requires applicants to agree to (1) pay reinsurance premiums; (2) comply with applicable State laws; (3) make periodic reports; and (4) comply with reinsurance contract.

Section 302 (c) makes such requirements applicable to renewal applications, except as otherwise specified by regulations.

Section 303, terms and conditions of approval for reinsurance:

Section 303 (a) sets forth broad terms and conditions which the Secretary must take into account in granting reinsurance.

After consultation with the Advisory Council, the Secretary may specify by regulation as conditions for reinsurance: (1) The kinds and types of plans eligible; (2) minimum benefits; (3) safeguards against undue exclusions of health conditions or health services, or other undue exclusions or limitations; (4) standards for deductible and maximum liability provisions; (5) waiting periods for benefits; (6) coinsurance provisions; (7) standards for plan provisions with respect to costs and charges of providers of personal health services payable by the carrier, to the extent such standards are necessary to protect the fund against abuses or arbitrary cost increases; (8) standards as to duration, cancelability, and renewability of policies or subscriber contracts; and (9) other policy provisions.

Section 303 (b) requires that regulations prescribed under the authority of section 303 (a) be promulgated only after such consultation by the Secretary with interested groups, including State insurance department officials, as the Secretary deems appropriate.

Section 303 (c) prohibits the Secretary from reinsuring any plan for which the carrier's premium rates are such as to make the plan financially unsound, or any plan with respect to which the carrier's breakdown of its single premium rate, as between reinsured and nonreinsured types of benefit costs, is unreasonable, or any plan if reinsurance of the plan, considered as a whole, would not promote the purposes of the act. In other respects the Secretary would be precluded from setting any standards for the carrier's premium rates.

Section 303 (d) provides safeguards to carriers in the event of changes in the terms, conditions, limitations, etc., prescribed by regulations. Prohibits retroactive regulations.

Section 303 (e) prohibits the Secretary from reinsuring any plan for direct provision of medical or dental services by the carrier through a salaried staff of physicians, surgeons, or dentists in the employ of such carrier, unless control over the practice of medicine or dentistry rests solely in duly licensed members of the professions involved.

Section 304, reinsurance certificate: Section 304 provides that a reinsurance certificate may be granted if: (1) The applicant carrier is operating according to law; (2) there is no reason to believe that the carrier is financially unsound or operating in a manner which does not entitled it to public confidence; (3) the carrier agrees to comply with the terms and conditions prescribed for reinsurance; (4) the plan is sound; (5) the carrier has agreed to the reinsurance premium rate fixed by the Secretary for the plan; and (6) the reinsurance of the plan will promote the purposes of the act.

Section 305: Scope and extent of reinsurance obligation:

Section 305 (a) contains the formula to be used in determining the liability of the reinsurance fund to reinsured carriers. It provides for payment by the fund of 75 percent of the amount by which the carrier's aggregate benefit costs (i. e., "losses" or "claims") exceed the carrier's gross premium income reduced by a predetermined and agreed-upon allowance for administrative expenses of the carrier.

Section 305 (b) provides for an analogous formula to be established in the case of direct providers of health services (e. g., health cooperatives, fraternal organizations, or other group practice prepayment plans) and affiliates of such carriers.

Section 305 (c) defines the scope and extent of the reinsurance obligation for plans that include benefits for other purposes than those specified in the definition of "health service prepayment plan" (sec. 3 (e)) (e. g., disability benefits).

Section 305 (d) establishes basis for reinsurance payments to bankrupt or insolvent carriers.

Section 305 (e) provides for regulations dealing with (1) reinsurance of two or more plans offered by a single carrier, and (2) duration of reinsurance of a new or renewal plan.

Section 305 (f) prohibits retroactive application of new or amended regulations to approved plans if such new or amended regulations are less favorable to the carrier than those theretofore in effect.

Section 305 (g) limits the liability of the United States to the amounts actually in the fund.

Section 305 (h) contains definitions of terms used elsewhere in section 305.

Section 306, premium charges for reinsurance:

Section 306 (a) provides for the Secretary to prescribe reinsurance premium rates, varying in accordance with the hazard involved in any particular plan.

Section 306 (b) requires reinsurance premium rates to remain constant during the current reinsurance term, except under certain circumstances.

Section 306 (c) authorizes the Secretary to prescribe the frequency and time of reinsurance premium payments.

Section 306 (d) provides for paying reinsurance premiums into the reinsurance fund.

Section 307, reinsurance fund:

Section 307 (a) creates in the Treasury a health service prepayment plan reinsurance fund.

Section 307 (b) provides for handling payments into and out of the reinsurance fund, including payments of interest and, beginning July 1, 1959, for administrative expenses.

Section 307 (c) authorizes the Secretary, after consultation with the Council, to establish special accounts within the fund.

Section 307 (d) provides for investment of portions of the fund.

Section 307 (e) establishes basis for the Secretary to transfer funds from the different accounts for administrative expenses.

Section 308, advances to the fund:

Section 308 (a) authorizes appropriation of $25 million to capital advance account in Treasury for repayable advances to fund.

Section 308 (b) provides for repayments to capital advance account from income of fund.

Section 308 (c) provides for annual interest payments to the Treasury on advances to the fund, until advances have been repaid.

Section 309, payment of reinsurance claims:

Section 309 (a) makes provision for carriers to claim reinsurance payments, and establishes basis for United States court action if the Secretary denies a claim.

Section 309 (b) provides for interest payments to carriers on unpaid claims.

Section 309 (c) establishes bases for payment of reinsurance claims, including authority to make tentative payments subject to adjustment after final determination of the claims.

Section 309 (d) provides for payment of reinsurance claims when carriers are involved in bankruptcy or insolvency proceedings; it also provides that distribution of reinsurance payments shall be solely used to satisfy claims of subscribers or policyholders under reinsured plans.

Section 310, involuntary termination of reinsurance: This section provides for the Secretary to terminate reinsurance in accordance with provisions of regulations that have been in effect not less than 90 days.

Section 311, actions by policyholders or subscribers: Provides that individual policyholders have no claim against the fund.

Section 312, appropriations: Authorizes annual appropriations through June 30, 1959, for administrative expenses only incurred under title III. (Thereafter, such expenses will be payable from the fund.)

TITLE IV. MISCELLANEOUS

Section 401, legal powers and responsibilities:

Section 401 (a) provides authority to the Secretary to enforce or settle claims.

Section 401 (b) authorizes Secretary to hold hearings.

Section 401 (c) authorizes Secretary to determine the character and necessity of expenditures out of the fund and the manner in which they will be made.

Section 401 (d) establishes jurisdiction of United States courts.

Section 402, accounting and audits: This section provides for an annual budget program like those for wholly owned government corporations, and for annual audits by the General Accounting Office.

Section 403, annual reports: This section provides for annual reports, including recommendations of the Council (with minority views and recommendations, if any).

Section 404, criminal provisions and injunctions:

Section 404 (a) is a declaration by the Congress of the need to circumscribe advertising by reinsured carriers.

Section 404 (b) requires the Secretary to prescribe safeguards with respect to advertising and other representations by carriers concerning reinsurance under the act. It also provides criminal penalties for violations of this section.

Section 404 (c) provides for legal action by the Secretary in respect to advertising.

Section 404 (d) amends the United States Code as it relates to false advertising.

Section 405, appointments above grade GS–15: This authorizes the Secretary to employ not more than 10 persons in grades above GS–15 to administer the reinsurance program.

Section 406, effective date: Provides for effective date 30 days after enactment, but provides for lag period before reinsurance applications are received or considered.

The National Air Academy

EXTENSION OF REMARKS
OF

HON. W. J. BRYAN DORN

OF SOUTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Monday, July 12, 1954

Mr. DORN of South Carolina. Mr. Speaker, of course, South Carolina would have been pleased had it been selected as the site of the National Air Academy, but I must commend and compliment the committee and Secretary Talbott for the splendid selection of Colorado. Springs. Colorado is one of the most beautiful States in the Union, and is centrally located, easily accessible from all parts of the United States. The climate and recreational facilities in that immediate area are near perfect for the Academy. I congratulate the people of

Colorado on being selected for the location of our National Air Academy. Also, Mr. Speaker, I wish to congratulate Lt. Gen. Hubert R. Harmon, Gen. Carl A. Spaatz, Gen. Charles A. Lindburgh, Dr. V. M. Hancher, Mr. Merrill C. Meigs, and Secretary Talbott. They had a difficult assignment. They performed this job well and deserve the commendation of the American people.

A New Continent for Less Than a Million Dollars

EXTENSION OF REMARKS
OF
HON. ALFRED D. SIEMINSKI
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Monday, July 12, 1954

Mr. SIEMINSKI. Mr. Speaker, we can take possession of a new continent for less than a million dollar, provided, of course, that, since the Korean war and the diversion in Indochina, Soviet whaling ships and planes have not beaten us to the punch and staked their claims on it.

To our knowledge, no man has seen the new continent in its entirety. No plane has flown across it. No maps have accurately outlined its contours.

The new continent has a land mass larger than that of the United States. Its mineral wealth is reportedly greater than that of any continent.

Strategically, it sits 300 miles south of Cape Horn, across the Drake Strait. It is south of Australia and it is south of Africa. Up to now, one could comfortably assume that South America, Africa, and Australia formed the tripod of the free world, and that so long as they were free, the world would be free.

What would launching platforms for rockets and guided missiles on Antarctica enable an unfriendly power to do to South America, to the United States, to Australia, and to Africa? It could make the sweep of Islam from China to France, through the Mediterranean and across Spain, from the time of Mohammed in 632 to the early Middle Ages, seem like a child's romp.

Once developed by Soviet hands, would the Russians sell the new continent to us as they sold Alaska? Would they give it up without a fight, especially with morality on their side? The Monroe Doctrine does not apply to Antarctica, only to the Americas, North and South. With a valid claim in their hands in Antarctica, the Soviets could become, almost overnight, masters of the world, strategically, militarily, and economically.

There were those who ridiculed the cost of Alaska to Uncle Sam for $7 million. Others said that $15 million for the Louisiana purchase was theft of the taxpayers' money. There might be those who hold that the purchase of a new continent greater than Alaska, greater than the Louisiana Purchase, greater than both, plus Texas and the Far West, for less than a million dollars is madcap folly over an ice cap. There might be, Mr. Speaker, but I doubt it.

If the Congress steps on the gas in this session, Mr. Speaker, while there is still time, it can claim this continent in the next 2 years for less than a million dollars and do it without gumming the works of the Bureau of the Budget on the $13 million appropriation it plans to trot out in 1957 for approval of the Congress to enable an expedition to take readings of the universe from three or four locations in Antarctica. Nice if we can afford the time, Mr. Speaker. But while we gaze at the horizon and cock our ear at the stratosphere, busy ourselves with flying saucers, the diversions of Korea and Indochina, it seems to me that the realists in the Kremlin, like rattlesnakes in the grass, even now, coil for the lunge at our heel, the heel of the free world—South America, Africa, and Australia.

Soviet whaling ships in Antarctica? Yes. They've been whaling down there since Korea and 1950. Only whaling, Mr. Speaker?

In 1946, the Soviets had over 200 weather stations in the Arctic. We had none. We have nothing in Antarctica today, Mr. Speaker. What have the Soviets there? How do we know? I say we can't afford to wait for that $13 million expedition to come off in 1957 before the people of the United States find out the situation in Antarctica.

The time is now, Mr. Speaker. The Congress cannot flinch. Neither can the Bureau of the Budget nor the White House, nor the Senate.

The Soviets are not asleep. Why should we be? Let us go. Now. In 1954 to Antarctica. The continent is ours for less than a million.

More soon on this situation, Mr. Speaker.

Federal Pay Legislation

EXTENSION OF REMARKS
OF
HON. BOB WILSON
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 12, 1954

Mr. WILSON of California. Mr. Speaker, as the 83d Congress approaches adjournment, I fervently hope we can take action to grant a pay increase to the service men and women, along with the anticipated increase for postal workers and classified civil-service employees. I am currently exploring the possibility of amending the civil-service pay legislation to include the military as well. Equity demands that the largest group of Government employees, the men and women of the armed services, be accorded an adjustment in their pay status.

There can be no question that inadequate compensation is the main contributing factor to the increasing resignations of career servicemen, who simply cannot make ends meet. I have made an extended study of this problem over the past 18 months, and the obvious conclusion is that the career serviceman is a victim of an inflationary spiral that squeezed him as it flattened out. The last military pay raise, in 1949, according to many servicemen, actually resulted in a decrease of from $4 to $12 per month in take-home pay because of adjustments and tax changes made concurrently. The increased cost of living since then is well known to us all.

Certainly the Department of Defense is aware of the need for an adjustment at this time. Air Force Secretary Talbott has made many public statements to that effect, as has Assistant Secretary of Defense for Manpower, Dr. John Hannah, and many others.

It has been publicly stated that the Secretary of Defense would press for an increase this session, if classified civil-service workers get an increase. Substantial testimony has been gathered to prove the need for a pay increase for classified workers. As a result of the urgings of the Civil Service Commission and many Congressmen, there is every likelihood of positive action in the next few weeks, which will result in an increase for classified Federal employees and postal workers, too.

Recent testimony before the Senate Appropriations Committee by Defense Comptroller, W. J. McNeil, showed a parallel between military and civil-service pay. While there are intimations that the comparisons were unfairly drawn, if we accept them as accurate, we must also accept the fact that an increase in civil-service pay this year will create still another gap between the comparative pay scales.

While I am on this subject, I want to correct a mistaken impression I may have created by inserting an editorial from the July 3 issue of Army Times in the Appendix of the daily RECORD. The editorial discussed the pay issue, and, by inference, suggested that the distinguished Member of the other body, Senator HOMER FERGUSON, Republican, of Michigan, concurred with the attitude of Defense Comptroller McNeill in opposing a pay increase. I did not intend to give the impression that the distinguished Senator agreed with Mr. McNeil. As a matter of fact, he has proved to be a true friend of servicemen during his years of exemplary service in the Senate, and I am happy to state publicly that no criticism of his actions was intended.

On the matter of a pay increase, it seems to me that the Defense Department and Congress should take immediate action to correct these inequities, and to bring the serviceman and his family into the proper economic level in our normal economy.

I have made no effort to stress the importance of maintaining career service personnel. The Womble Commission, Dr. Hannah and many others, have admirably recorded the losses our country and its defensive strength have suffered and will suffer under a continuation of present policy, unless decisive action is taken immediately.

The House will soon be voting on a reenlistment-bonus bill which has already passed the Senate. While in the main this bill has many features that will help solve the reenlistment program, it is by no means the answer to it. It is not a substitute for a pay raise. For one thing,

it favors the first- and second-term reenlistments, but does little to improve the economic status of those who have decided to make the military a career and who have already served from 8 to 15 years. It offers nothing to the experienced sergeants and chiefs and the junior officers so vital to our defense setup.

I have tried in many ways to call to the attention of my colleagues the plight of the services today. The need is obvious. Perhaps the best statement that I have seen on the subject is the body of a petition, written and circulated by two Navy wives. Over 500 of these individual petitions have been received by my office and have been forwarded to the proper officials in the Defense Department. In my opinion, this petition is an eloquent challenge to us for action now.

Under unanimous consent, I include this in the RECORD:

GIVE US A CHANCE TO STAY IN THE NAVY

When our husbands joined the Navy they felt there was no better career than in the service of their country.

When we married Navy men we accepted the inherent disadvantages of Navy life; frequent moves, long separations, added responsibility a Navy wife must assume, etc. We were proud of our country, and wanted to instill in our children the same love and devotion.

However, we did expect that after 10, 15, or 20 years of service our husbands would receive sufficient pay for us to maintain at least a decent standard of living and to give our children a few of the advantages a competent civilian could secure for his children.

Over the past several years, the rising cost of living, plus constant reduction of benefits we were promised, plus the lack of any real pay raise, has made a Navy career a choice between serving our country and providing for our children. We can no longer do both.

We respectfully request that you do all in your power to secure the pay raise which is now before Congress, so that more husbands are not forced to make the choice between service to his country and the welfare of his own family.

SENATE

TUESDAY, JULY 13, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O merciful God, who alone can fill our life with holy purpose, at the beginning of this new day we beseech Thee that all its hours may be hallowed by tasks that are faced with a sense of Thy presence. From this altar of supplication we would go refreshed and empowered to dedicate our labor for that which is just and true. To serve the present age, we would give the best that is in us against the wrong that needs to be resisted and for the right that needs our assistance.

Teach us this day to enthrone wisdom upon our tongues and kindness within our hearts. And now, as problems having to do with the welfare of our Nation and of other nations fill to the brim the hours of this day, give us a joy in service that is independent of time or place and outward circumstances. So by Thy might shall we be garrisoned with fortitude and strengthened with courage: In the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Monday, July 12, 1954, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Tribbe, one of his secretaries, and he announced that on July 10, 1954, the President had approved and signed the act (S. 2475) to increase the consumption of United States agricultural commodities in foreign countries, to improve the foreign relations of the United States, and for other purposes.

COMMITTEE MEETINGS DURING SENATE SESSION

Mr. THYE. Mr. President, I ask unanimous consent that the Subcommittee on Rules of the Committee on Rules and Administration may be permitted to meet this afternoon during the session of the Senate.

Mr. JOHNSON of Texas. Mr. President, has the Senator from Minnesota consulted with the minority leadership with respect to this request?

Mr. THYE. No.

Mr. JOHNSON of Texas. I object.

The VICE PRESIDENT. Objection is heard.

Mr. THYE subsequently said: Mr. President, I ask unanimous consent that a Subcommittee of the Committee on Rules and Administration be authorized to sit this afternoon during the session of the Senate. This meeting has been cleared with the minority leader.

The VICE PRESIDENT. Without objection, it is so ordered.

On request of Mr. KNOWLAND, and by unanimous consent, the Subcommittee on Education of the Committee on Labor and Public Welfare was authorized to meet during the session of the Senate today.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. KNOWLAND. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Green	Morse
Bridges	Hill	Murray
Burke	Johnson, Colo.	Neely
Butler	Johnson, Tex.	Pastore
Crippa	Johnston, S. C.	Payne
Ervin	Knowland	Robertson
Flanders	Lehman	Saltonstall
Gillette	Lennon	Stennis
Goldwater	Mansfield	Thye
Gore	Monroney	

Mr. SALTONSTALL. I announce that the Senator from Kansas [Mr. CARLSON], the Senator from Pennsylvania [Mr. DUFF], and the Senator from Michigan [Mr. POTTER] are necessarily absent. The junior Senator from Wisconsin [Mr. MCCARTHY] is absent on official business.

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Oklahoma [Mr. KERR], the Senator from South Carolina [Mr. MAYBANK], and the Senator from Arkansas [Mr. MCCLELLAN] are absent on official business.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate, attending the Sixth Pan-American Highway Congress at Caracas, Venezuela.

The VICE PRESIDENT. A quorum is not present.

Mr. KNOWLAND. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. ANDERSON, Mr. BARRETT, Mr. BEALL, Mr. BENNETT, Mrs. BOWRING, Mr. BRICKER, Mr. BUSH, Mr. BYRD, Mr. CAPEHART, Mr. CASE, Mr. CHAVEZ, Mr. CLEMENTS, Mr. COOPER, Mr. CORDON, Mr. DANIEL, Mr. DIRKSEN, Mr. DOUGLAS, Mr. DWORSHAK, Mr. FERGUSON, Mr. FREAR, Mr. FULBRIGHT, Mr. GEORGE, Mr. HAYDEN, Mr. HENDRICKSON, Mr. HENNINGS, Mr. HICKENLOOPER, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JENNER, Mr. KEFAUVER, Mr. KENNEDY, Mr. KILGORE, Mr. KUCHEL, Mr. LANGER, Mr. LONG, Mr. MAGNUSON, Mr. MALONE, Mr. MARTIN, Mr. MCCARRAN, Mr. MILLIKIN, Mr. MUNDT, Mr. PURTELL, Mr. REYNOLDS, Mr. RUSSELL, Mr. SCHOEPPEL, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. SMITH of New Jersey, Mr. SPARKMAN, Mr. SYMINGTON, Mr. UPTON, Mr. WATKINS, Mr. WELKER, Mr. WILEY, Mr. WILLIAMS, and Mr. YOUNG entered the Chamber and answered to their names.

The VICE PRESIDENT. A quorum is present.

Routine business is now in order.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following communications and letters, which were referred as indicated:

PROPOSED SUPPLEMENTAL APPROPRIATIONS, DEPARTMENT OF THE INTERIOR (S. Doc. No. 135)

A communication from the President of the United States, transmitting proposed supplemental appropriations for the fiscal year 1955, in the amount of $6,838,000, for the Department of the Interior (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATIONS, DEPARTMENT OF THE ARMY (S. Doc. No. 134)

A communication from the President of the United States, transmitting proposed supplemental appropriations for the fiscal year 1955, in the amount of $7,325,000, for the Department of the Army (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

SOIL SURVEY AND LAND CLASSIFICATION, AVONDALE PROJECT, IDAHO

A letter from the Assistant Secretary of the Interior, reporting, pursuant to law, that an adequate soil survey and land classification has been made of the lands on the Avondale project, Idaho, and that the lands to be irrigated are susceptible to the production of agricultural crops by means of sprinkler irrigation (with an accompanying paper); to the Committee on Interior and Insular Affairs.

PROPOSED AWARDS OF CONCESSION CONTRACTS

Four letters from the Assistant Secretary of the Interior, transmitting, pursuant to law, proposed awards of concession contracts in the Rocky Mountain National Park, Colo., the Mount Rushmore National Memorial, S. Dak., the Grand Teton National Park, Wyo., and Glacier National Park, Mont. (with accompanying papers); to the Committee on Interior and Insular Affairs.

PETITIONS

Petitions, etc., were laid before the Senate, and referred as indicated:

By the VICE PRESIDENT:

A resolution adopted by the Wyoming Federation of Republican Women, Douglas, Wyo., favoring the prompt abrogation of "The Status of Forces Treaty"; to the Committee on Foreign Relations.

A resolution adopted by the Wyoming Federation of Republican Women, Douglas, Wyo., commending congressional investigating committees; to the Committee on Rules and Administration.

A letter in the nature of a petition from George H. Ball, of Washington, D. C., relating to the recent decision of the Commissioner of Internal Revenue, which declared that the pension fund of the International Typographical Union was taxable; to the Committee on Finance.

PAYMENTS BY FEDERAL GOVERNMENT IN LIEU OF TAXES—LETTER FROM CITY MANAGER, EAU CLAIRE, WIS.

Mr. WILEY. Mr. President, there is an exceedingly important question as to Federal payment in lieu of taxes to local governments which have been deprived by Uncle Sam of an increasing amount of tax-collecting base.

I present a representative letter which I received from David D. Rowlands, city manager of Eau Claire, Wis., urging action on a pending bill (S. 2473) for such payment.

I ask unanimous consent that the letter be printed at this point in the RECORD, and be thereafter appropriately referred to the Senate Finance Committee.

There being no objection, the letter was referred to the Committee on Government Operations, and ordered to be printed in the RECORD, as follows:

CITY OF EAU CLAIRE, WIS.,
July 6, 1954.

The Honorable ALEXANDER WILEY,
United States Senate,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: It is my understanding that Senate bill 2473 which would provide payments by the Federal Government in lieu of taxes to local governments is now being considered by the Senate Government Operations Committee. This bill, as you know provides for payments in lieu of taxes on Federal real and personal property of an industrial or commercial nature.

The officials in the city of Eau Claire are interested in having this bill enacted into law and it will be appreciated if you will confer with the members of this committee—Senators KENNEDY of Massachusetts, BUTLER of Maryland, BURKE of Ohio, and SMITH of Maine—to express our support of this legislation.

I want to take this opportunity to thank you in advance for giving this matter your immediate consideration.

As a final observation, it should be pointed out that the Federal Government has made payment in lieu of taxes to municipalities in other fields, particularly where defense housing was established during World War II, so some unusual precedent is not being established.

Sincerely yours,

DAVID D. ROWLANDS,
City Manager.

PURCHASE OF FIRE-FIGHTING EQUIPMENT — RESOLUTION OF MINNESOTA STATE CIVIL DEFENSE FIRE BOARD, ST. PAUL, MINN.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a resolution adopted by the Minnesota State Civil Defense Fire Board, requesting that the Federal Government appropriate moneys to match local and State funds for the purchase of fire-fighting equipment, be printed in the RECORD, and appropriately referred.

There being no objection, the resolution was referred to the Committee on Government Operations, and ordered to be printed in the RECORD, as follows:

Whereas, Public Law 920 and the Minnesota Civil Defense Act of 1951 have made civil defense a governmental responsibility; and

Whereas the degeneration of the international situation emphasizes the increasing need for preparedness; and

Whereas the development of destructive weapons the enemy is capable of delivering to American cities can cause conflagrations and fire storms far exceeding anything heretofore experienced in our history; and

Whereas a complete inventory and analysis of every piece of fire-fighting equipment, including State-owned equipment, operated by local fire departments in Minnesota has given only an inadequate amount of fire apparatus for the direct support of the critical target areas of St. Paul and Minneapolis and the target area of Duluth: Now, therefore, be it

Resolved, That we the undersigned, the State civil defense fire defense board, as established under the authority of the Minnesota civil defense plan, meeting in the State civil defense control center, 1643 Rice Street, St. Paul, Minn., on the 25th day of June 1954, respectfully request Congressional representatives of the people of Minnesota and other States to appropriate Federal moneys for the purpose of matching local and State funds for the purchase of fire-fighting equipment to strengthen the operational effectiveness of the fire-fighting services in Minnesota.

Frank Everett, Rochester Fire Defense Chief, MSU I, 20 Counties, Southeast Minnesota; Parcy Burns, Keewatin, Fire Defense Chief, MSU II, 8 Counties, Northeast Minnesota; William A. Herbert, Crookston, Fire Defense Chief, MSU III, 15 Counties, Northwest Minnesota; Conrad Lund, Alexandria, Fire Defense Chief, MSU IV, 24 Counties Central Minnesota; Ben Bangerter, Mankto, Fire Defense Chief, MSU V, 20 Counties, Southwest Minnesota; Leonard C. Lund, Deputy Commissioner, Fire Marshal Division, State of Minnesota; R. C. Malmquist, Fire Chief, City of Minneapolis; W. H. Mattacks, Fire Chief, City of St. Paul; A. E. Pimley, Fire Protection, Forestry Division, State Department of Conservation.

GOVERNMENT COMPETITION WITH PRIVATE INDUSTRY—RESOLUTION

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a resolution relating to Government competition with private industry, adopted by the National Marking Device Association, brought to my attention by E. M. Mellgren, president of the Stamp Works at St. Paul, Minn., and vice president of the National Marking Device Association, be printed in the body of the RECORD and appropriately referred.

There being no objection, the resolution was referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

To Whom It May Concern:

Whereas the marking-device industry has developed products and methods for the marking of the products of the world, and among them many very essential ones for use in either peace or wartime, and has invested extensively in tools and processing equipment for this production; and

Whereas this industry has been in the past and is still fully prepared to provide adequate product and services for the country's entire needs; and

Whereas the Federal Government is now competing in increasing and, in most cases, uneconomical ways with these valuable products and services to their disadvantage and in some instances to the point of driving them from the field: Now, therefore, be it

Resolved, That this industry in convention assembled, deploring this unnecessary and unfair competition—emanating from Federal prisons, ammunition plants, arsenals, Bureau of Standards, and elsewhere—is unalterably opposed to this intrusion by the Government into private industry, and will willingly cooperate in any effort made in its behalf to restore to it its proper functions, particularly in the manufacture of rubber stamps, marking inks, and similar marking products.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. LANGER, from the Committee on the Judiciary:

S. 3168. A bill granting the consent and approval of Congress to an interstate compact relating to the creation, development, and operation by the States of Kentucky and Virginia of a park to be known as the Breaks Interstate Park; with amendments (Rept. No. 1800).

MUTUAL SECURITY ACT OF 1954—REFERENCE OF BILL TO ARMED SERVICES COMMITTEE

Mr. KNOWLAND. Mr. President, pursuant to the custom which has been followed heretofore, and after consultation with the minority leader [Mr. JOHNSON of Texas], I ask unanimous consent that when the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes is reported from the Committee on Foreign Relations it be referred to the Committee on Armed Services.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

MUTUAL SECURITY ACT OF 1954—REPORT OF A COMMITTEE

Mr. WILEY subsequently said: Mr. President, from the Committee on Foreign Relations, I report favorably, with an amendment, the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, and I submit a report (No. 1799) thereon.

The VICE PRESIDENT. The report will be received; and, under the order heretofore agreed to, the bill will be referred to the Committee on Armed Services.

Mr. WILEY subsequently said: Mr. President, I ask unanimous consent that the Senator from North Dakota [Mr. LANGER] be permitted to submit minority views on House bill 9678, to be printed as part 2 of Senate Report No. 1799.

The VICE PRESIDENT. Is there objection? The Chair hears none and it is so ordered.

MUTUAL SECURITY ACT OF 1954—MINORITY VIEWS

Subsequently,

Mr. LANGER, as a member of the Committee on Foreign Relations, submitted, pursuant to the order of the Senate of today, his minority views on the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, which was ordered to be printed as part 2 of Report No. 1799.

NOTICE OF HEARING BY ARMED SERVICES COMMITTEE ON MUTUAL SECURITY AUTHORIZATION BILL

Mr. SALTONSTALL. Mr. President, with reference to the request of the distinguished majority leader, made earlier today, with respect to the mutual-aid authorization bill, which has now been referred to the Committee on Armed Services, I respectfully state that the Committee on Armed Services expects to hold hearings on the bill in executive session tomorrow morning at 10 o'clock, and any Senator who wishes to do so, may appear before the committee.

BILLS AND JOINT RESOLUTIONS INTRODUCED

Bills and joint resolutions were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SALTONSTALL (by request):

S. 3736. A bill for the relief of Louis Bostiga; and

S. 3737. A bill for the relief of Leopoldine Maria Lofblad; to the Committee on the Judiciary.

By Mr. LANGER:

S. 3738. A bill to fix the fees payable to the Patent Office and for other purposes; and

S. 3739 (by request). A bill to permit the naturalization of certain persons by reason of honorable service to the United States Navy prior to December 24, 1952; to the Committee on the Judiciary.

By Mrs. BOWRING (for herself, Mr. CARLSON, Mr. CASE, Mr. JOHNSON of Colorado, Mr. YOUNG, Mr. SPARKMAN, Mr. MUNDT, Mr. MALONE, Mr. REYNOLDS, and Mr. GOLDWATER):

S. 3740. A bill to amend the Packers and Stockyards Act, 1921, with respect to the charging of brand inspection fees; to the Committee on Agriculture and Forestry.

By Mr. MARTIN:

S. 3741. A bill to amend section 120 of the Internal Revenue Code (relating to the unlimited deduction for charitable and other contributions); to the Committee on Finance.

By Mr. MORSE:

S. 3742. A bill relating to the claims of the Mid-Columbia River Indians against the United States arising out of the construction of the Dalles Dam; to the Committee on Interior and Insular Affairs.

(See the remarks of Mr. MORSE when he introduced the above bill, which appear under a separate heading.)

By Mr. BRIDGES (for himself and Mr. BYRD):

S. J. Res. 174. Joint resolution proposing an amendment to the Constitution of the United States to provide for the imposition of Federal taxes to provide revenues at least equal to appropriations, except in time of war declared by the Congress or when the United States is engaged in open hostility against an external enemy; to the Committee on the Judiciary.

(See the remarks of Mr. BRIDGES when he introduced the above joint resolution, which appear under a separate heading.)

By Mr. CASE (by request):

S. J. Res. 175. Joint resolution to authorize the quartering in public buildings in the District of Columbia of troops participating in activities related to the American Legion National Convention of 1954; to the Committee on Government Operations.

S. J. Res. 176. Joint resolution to provide additional municipal services for the District of Columbia, in connection with the American Legion National Convention of 1954, to authorize the granting of permits to the American Legion 1954 Convention Corporation on the occasion of the American Legion National Convention of 1954, and for other purposes; to the Committee on the District of Columbia.

MID-COLUMBIA RIVER INDIANS' CLAIMS FOR LOSS OF FISHERY RIGHTS AT CELILO FALLS, OREG.

Mr. MORSE. Mr. President, I introduce for appropriate reference a bill relating to the claims of the Mid-Columbia River Indians against the United States arising out of the construction of the Dalles Dam. I ask unanimous consent that the bill, together with a statement by me relating to the bill be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and statement will be printed in the RECORD.

The bill (S. 3742) relating to the claims of the Mid-Columbia River Indians against the United States arising out of the construction of the Dalles Dam, introduced by Mr. MORSE, was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the Chief of Engineers is authorized, for the purposes of the last proviso in the paragraph entitled "Construction, General" in the Civil Functions Appropriation Act, 1954, to negotiate with the Mid-Columbia River Indian Right Council, or any agent or attorney designated by such council, as the representatives of the Indians whose names appear on the roll prepared under section 2, in connection with their claims arising out of the construction, operation, or maintenance of the Dalles Dam, Columbia River, Oreg. and Wash.

SEC. 2. The Secretary of the Interior is authorized and directed to prepare, at the earliest practicable date, a roll of the individual Indians who—

(a) through domicile at or in the vicinity of the Dalles Dam and through custom and usage, or through membership in a recognized tribe, are found to have an equitable interest in the fishery at Celilo Falls; and

(b) on the date of enactment of the Civil Functions Appropriation Act, 1954, were domiciled at or in the vicinity of the Dalles Dam.

SEC. 3. Any amounts determined to be payable to the Indians whose names appear on the roll prepared under section 2 of this act, in connection with their claims arising out of the construction, operation, or maintenance of the Dalles Dam, shall be paid to such Indians individually, or to the guardians of those who may be minors or of unsound mind, except that no such payment shall be made to any Indian who is an enrolled member of a recognized tribe unless he executes a waiver, in such form as may be prescribed by the Secretary of the Interior, of all right to or interest in any amounts payable to such tribe or the members thereof in connection with their claims arising out of the construction, operation, or maintenance of the Dalles Dam.

The statement by Mr. MORSE is as follows:

STATEMENT BY SENATOR MORSE ON THE MID-COLUMBIA RIVER INDIANS' CLAIMS FOR LOSS OF FISHERY RIGHTS AT CELILO FALLS, OREG.

The Mid-Columbia River Indians, who from time immemorial have lived at Celilo

Falls on the banks of the Columbia River in Oregon, are going to lose their homesite and ancient fishery. These Indian people depend upon Nature's bountiful supply of salmon in the Columbia River as the principal means of their livelihood. Most Americans have seen pictures of the magnificent falls of Celilo and the Indians assembled on the rocks and structures fishing for salmon as their ancestors did centuries ago.

Man's progress in this swift-moving world will soon leave only memories of Celilo Falls. The reservoir to be formed by the Dalles Dam will inundate the falls and the Mid-Columbia Indians will no longer dwell at the site to obtain their livelihood under the customs of their forebears.

The Government, in recognition of the fact that the Indians' fishery is a valuable property right, arranged for the payment of many millions of dollars to compensate for the loss sustained by these people. Congress, under Public Law 153 of the 83d Congress, implemented this arrangement by authorizing the Chief of Engineers to make compensation payments to the various Indian tribes affected by the loss of the fishery.

The Mid-Columbia River Indians had, for some time prior to the enactment of Public Law 153, encountered difficulties with the interested Government agencies in obtaining recognition as an Indian tribe with which a settlement could be effected for the loss of their valuable rights. These Indians retained counsel, participated in committee hearings in Washington, D. C., and upon inclusion in the Senate civil functions appropriation bill of the proviso that ultimately appeared in Public Law 153, they assumed that their right to compensation as an Indian tribe was settled beyond question and that the Government would negotiate a final settlement under the authority of Public Law 153. The proviso in question reads as follows:

"*Provided further*, That funds appropriated herein may, at the discretion and under the direction of the Chief of Engineers, be used in payment to the accounts of the Confederated Tribes of the Yakima Reservation; the Confederated Tribes of the Warm Springs Reservation; the Confederated Tribes of the Umatilla Reservation; or other recognized Indian tribes, and those individual Indians not enrolled in any recognized tribe, but who through domicile at or in the immediate vicinity of the reservoir and through custom and usage are found to have an equitable interest in the fishery, all of whose fishing rights and interests will be impaired by the Government incident to the construction, operation, or maintenance of the Dalles Dam, Columbia River, Wash. and Oreg., and must be subordinated thereto by agreement or litigation."

Despite the enactment of the foregoing language, the Department of the Interior has taken the position that "Departmental recognition of the existence of an Indian tribe as such" is "dependent upon ratification by the United States Senate of a treaty or agreement with an Indian tribe or recognition of a tribal entity under Federal statutes." Consequently, the Department of the Interior through its Bureau of Indian Affairs has concluded that it cannot regard the Mid-Columbia River Indians as a recognized Indian tribe for the purpose, among others, of approving contracts between Indian tribes and their attorneys.

The Army engineers have taken the position that they cannot negotiate with counsel for the Mid-Columbia River Indians until counsel qualifies by obtaining approval of the Bureau of Indian Affairs.

So far as I have been able to ascertain, these Indians want to be treated as a tribe or band and they desire to be represented by tribal counsel for purposes of negotiating with the Government.

In view of the fact that the interested Government agencies take the position that there are legal obstacles to the recognition of attorney contracts and to negotiations of the type desired by the Mid-Columbia River Indians, I have introduced for appropriate reference, a bill which is designed to remove such legal obstacles. I ask that the Senate Committee on Interior and Insular Affairs give consideration to this matter at the earliest possible date because I am sure that the Government agencies and all interested parties are most anxious to resolve this case promptly upon a fair and reasonable basis.

PROHIBITION OF TRANSPORTATION OF GAMBLING DEVICES IN INTERSTATE AND FOREIGN COMMERCE—AMENDMENT

Mr. BUTLER submitted an amendment intended to be proposed by him to the bill (S. 3190) to amend section 3 of the act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce, which was ordered to lie on the table and to be printed.

AMENDMENT OF SECTION 345 OF REVENUE ACT OF 1951

Mr. BUSH (for himself, Mr. BRIDGES, Mr. CAPEHART, and Mr. FERGUSON) submitted an amendment intended to be proposed by them, jointly, to the bill (H. R. 6440) to amend section 345 of the Revenue Act of 1951, which was referred to the Committee on Finance and ordered to be printed.

EXTENSION OF COVERAGE UNDER OLD-AGE AND SURVIVORS INSURANCE PROGRAMS—AMENDMENT

Mr. LONG. Mr. President, some of us are very much concerned that every time social-security payments have been increased the minimum benefits have remained so inadequate that many recipients have found it necessary to rely in large measure upon public assistance. Every time their social-security payments have been increased they have found that their public assistance was reduced by the same dollar amount that the social-security benefits were increased. That same result would again occur if H. R. 9366 were passed in its present form. Although the bill provides an average of $6 increase for every person on social security, that benefit would be of no use to those who were drawing public assistance, because it would be necessary for the public-assistance administrators throughout the country to deduct that amount from the public assistance to which each person would be entitled.

For that reason, Mr. President, I have been joined by three other Senators, the Senator from Florida [Mr. SMATHERS], the Senator from Nevada [Mr. MALONE], and the Senator from California [Mr. KUCHEL], in submitting an amendment intended to be proposed by us jointly to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes.

The VICE PRESIDENT. The amendment will be received and printed, and will be referred to the Committee on Finance.

CHANGES OF REFERENCES

Mr. LANGER. Mr. President, at a recent meeting of the Committee on the Judiciary motions were made and passed unanimously by the committee, a quorum being present, to refer four bills now pending in the committee to other committees of the Senate on jurisdictional grounds.

The first one is S. 603, introduced by the Senator from Montana [Mr. MURRAY], for himself and a number of other Senators, all members of the Labor and Public Welfare Committee, which would make a criminal offense of certain actions which are now described as only unfair labor practices under the provisions of the Taft-Hartley law. Since the bill has the indirect effect of amending that law, the committee believes it should be considered by the Labor and Public Welfare Committee.

The second bill is S. 2449, a private bill for the relief of a civil-service employee who became entangled in the operation of the so-called Whitten rider so as to miss out on a grade promotion. In all probability, the Post Office and Civil Service Committee has had occasion to study this problem generally, and therefore it is the recommendation that this bill be referred to that committee.

The third bill, S. 2631, introduced by the Senator from Delaware [Mr. WILLIAMS], would prohibit the payment of Government retirement benefits to persons convicted of certain offenses. A similar bill, introduced by the Senator from Michigan [Mr. FERGUSON], was referred to the Committee on Post Office and Civil Service, and therefore, in the opinion of the committee, this bill should go to that committee for consideration at such time as they take up the Ferguson bill.

The fourth bill is H. R. 1325, a private bill for the relief of George L. F. Allen, relates to the waiver of certain veterans' regulations, the subject matter of which is in the jurisdiction of the Committee on Labor and Public Welfare.

Mr. President, I now ask unanimous consent that the Committee on the Judiciary be discharged from further consideration of the above bills and that they be referred to the other committees as indicated.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Committee on the Judiciary will be discharged from further consideration of the bills, and they will be referred as requested by the Senator from North Dakota.

AMENDMENT OF INTERSTATE COMMERCE ACT, RELATING TO REQUESTS OF COMMON CARRIERS FOR INCREASED TRANSPORTATION RATES—WITHDRAWAL OF MOTION TO RECONSIDER

Mr. BRICKER. Mr. President, I ask unanimous consent that the motion to reconsider the vote by which the bill (S. 1461) to amend the Interstate Commerce Act, as amended, concerning requests of common carriers for increased transportation rates, was recommitted to the Committee on Interstate and Foreign Commerce, and which was made by the late Senator Butler of Nebraska, our deceased colleague, on May 14, 1954, be withdrawn.

The VICE PRESIDENT. Is there objection to the reqeust?

Mr. LANGER. Mr. President, I should like to ask one question. Is it the intention of the committee to bring the bill up again at this session?

Mr. BRICKER. The committee is going to take it up tomorrow morning. That is the reason for this unanimous-consent request.

Mr. LANGER. The committee will take it up?

Mr. BRICKER. Yes.

Mr. LANGER. Is it planned to report the bill to the Senate?

Mr. BRICKER. I have no idea; I do not know.

Mr. LANGER. There will be no report to the Senate until the committee takes action?

Mr. BRICKER. Oh, no.

Mr. LANGER. I thank the Senator. I have no objection.

The VICE PRESIDENT. The Chair hears no objection, and the unanimous-consent request is agreed to.

PRINTING OF REVIEW ON CHARLESTON HARBOR, CHARLESTON, S. C.

Mr. MARTIN. Mr. President, I present a letter from the Acting Secretary of the Army, transmitting a report dated June 22, 1954, from the Chief of Engineers, United States Army, together with accompanying papers and illustrations, on a review of reports on the Charleston Harbor, Charleston, S. C., requested by a resolution of the Committee on Public Works of May 12, 1950. I ask unanimous consent that the report be printed as a Senate document, with illustrations.

The VICE PRESIDENT. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. KNOWLAND. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting sundry nominations, which were referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable reports of nominations were submitted:

By Mr. LANGER, from the Committee on the Judiciary:

Walter E. Hoffman, of Virginia, to be United States district judge for the eastern district of Virginia; and

William A. O'Brien, of Pennsylvania, to be United States marshal for the eastern district of Pennsylvania, vice Walter S. Farley, removed.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will proceed to state the nominations on the Executive Calendar.

FOREIGN OPERATIONS ADMINISTRATION

The Chief Clerk read the nomination of Clement D. Johnston to be a member of the Public Advisory Board, Foreign Operations Administration.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Mrs. Helen Chapman to be a member of the Public Advisory Board, Foreign Operations Administration.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Harold C. McClellan to be a member of the Public Advisory Board, Foreign Operations Administration.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Mrs. Percy Maxim Lee to be a member of the Public Advisory Board, Foreign Operations Administration.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

ATOMIC ENERGY COMMISSION

The Chief Clerk read the nomination of Herbert Bernard Loper to be Chairman, Military Liaison Committee to the Atomic Energy Commission.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

COLLECTOR OF CUSTOMS

The Chief Clerk read the nomination of Merrill D. White to be collector of customs for customs collection district No. 18, with headquarters at Tampa, Fla.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. KNOWLAND. I ask that the President be immediately notified of all nomination confirmed this day.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. KNOWLAND. I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

THE FARM PROGRAM

Mr. SALTONSTALL. Mr. President, the five New England States produce annually some $200 million worth of dairy products and an equally or slightly larger amount of poultry products. That production is largely dependent upon raw materials furnished by the great Grain Belt of the West where those commodities have for the past decade been kept at an unusually high support level. Those facts give New England dairy men and poultry men a keen interest in the debate on farm price supports which is shortly to take place on the floor of this body. It is particularly helpful therefore, Mr. President, for me as a New England Senator to have received from Mr. Carleton I. Pickett, executive secretary of the Massachusetts Farm Bureau Federation, a full and detailed exposition of the federation's position on this legislation. His letter to me sheds light on it which will be of interest to many outside Massachusetts and New England.

I believe that some of the conclusions he reaches go further than we in this body, who are perhaps a little closer to the situation as it appears in Washington today, can go or wish to go. However his letter is clear, and gives a complete summary of some 7 or 8 positions which many New England farmers take. I therefore ask unanimous consent to have the letter printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MASSACHUSETTS FARM
BUREAU FEDERATION, INC.,
Waltham, Mass., July 8, 1954.

Senator LEVERETT SALTONSTALL,
United States Senate,
Washington, D. C.

DEAR SENATOR: There will be before the Senate very shortly a farm bill which probably will be a one-package bill if the action taken in the House of Representatives is any indication. I hope that you will understand that the question of price supports and how high or how low or how flexible they are is only one question. I am rather afraid that they lost sight of that fact in the House. There were days of debate on the question of how high price support would be and then no debate whatsoever over the other provisions of the bill. As a matter of fact, the other provisions of the bill are equally important, tremendously important.

First of all, I would like to talk to you about the present fixed price-support program. The present fixed price-support program does not make sense nationally. No matter how one analyzes national statistics in relation to farmers' net income and the public good, it becomes crystal clear that improvements in the farm program are overdue.

Obviously, a sound program cannot be built with only a few districts or a few commodities in mind. Yet, when one analyzes

the present farm program in relation to specific districts or areas, it becomes dramatically clear that (a) the present program is not generally applicable; (b) large numbers of farmers have been adversely affected; (c) the plight of many more will become increasingly more acute unless we come to grips now with the diverted acre problem; and (d) the whole farm program can be lost because farmers, as well as our customers, are footing the bill that makes neither sense nor money for any considerable number of voters.

Take Massachusetts, for example; only 4 percent of the value of farm products sold comes from supported basic crops. (Cigar wrapper tobacco, 1 of the 2 types produced in this State, is not covered by the price-support program. However, the census does not report the different types separately.) As you know, the prices of nonsupported commodities, as a group, have been higher than the supported.

Seventy-one and four-tenths percent of the farmers in the area buy feed from supported grain crops. Any possible desirable effect of support price seems to me to be completely offset in feed prices, to say nothing of the taxpayers' bill to pay for the program.

Nearly 2,899 farmers sold vegetables. There are nearly 5,967 dairymen, more than 8,394 sold livestock, and 178 raised oats. They have a keen interest in the effect of the 20 million or more diverted acres, from inside and outside the State. They are helping to support, through taxes, competition for themselves. Their net income hardly justifies it. Eight thousand two hundred and thirty-three have an income from poultry. The welfare of 5,967 dairymen seems hardly enhanced, if dairy products keep piling up, to help depress prices or incur public disfavor.

There is no question at all that here in New England a rigid high price support is bad for both farmers and for consumers. Yet I do not ask you to vote on strictly sectional lines. The record will show that the high rigid price support has not been good for farmers anywhere, that it is only applied to a relatively few commodities and to less than 30 percent of our Nation's farmers, that it has priced us out of the markets of the world and that it has been a tremendous tax upon consumers and farmers alike. I am deeply concerned, as are the farmers in this area, at the so-called compromise that was arrived at in the House. It was not a compromise but a surrender to political expediency and I hope in the Senate that you will be able to give all of us a bill which will embody the principles of the variable support price starting at 75 percent of parity and ending at 90 percent.

Now for a moment let's consider the question of diverted acres. Unless something is done with these diverted acres to make cross compliance necessary in order to enjoy the price support on one commodity, then the whole purpose of the farm program is defeated. Yet it is not enough for a national agricultural program to tie the farmer to cross compliance in order to have support because then he is limited only in his planting to the necessity of staying away from the other few basic crops and he can go all out into the production of poultry and eggs, fruits and vegetables, milk, and all those other things which are nonbasic but which are in surplus supply. This would cause an even greater catastrophe to American agriculture, in general, and to New England agriculture specifically than a continuation of high rigid supports.

We believe that your legislation should require the Secretary of Agriculture to establish, regionally, lists of crops which may not be produced for direct or indirect sale or may be so produced only to limited extent and that further a great deal of this land should be utilized for stockpiling fertility in the soil against the need of future all-out production. Certainly the establishment of some proper control over the use of these diverted acres is of essential necessity.

The proposal in the House bill for a two-price system in wheat seems to us equally dangerous. As large buyers of wheat we have an interest. As citizens and taxpayers we have an interest and yet our primary interest, I sincerely believe, is in a good workable farm bill and a two-price system is never satisfactory. It will be pleaded that a two-price system has worked for milk. The producers of dairy products in our area might question that very sharply. It has not always operated well and a two-price system in milk is entirely different from the proposed two-price system for wheat. Under the two-price system for wheat there would have to be a processing tax plan and if this procesing tax plan were used, it must be approximately the difference between the market price for wheat and the parity equivalent and it would have to be borne by the flour and feed products. That tax paid on total processing would be a drawback to domestic consumption and to domestic uses but beyond that there are other objections which should be anticipated. We had processing taxes back in the days of the AAA of 1933 and processors fought them bitterly just as they would again. It also stirred up consumer opposition just as it would again. The administrative costs of collecting processing tax and making payments to farmers would be high. It also is of dubious constitutionality. We hope that you will reject this particular plan.

In conclusion, Senator, let me once again call it to your attention that a national farm program is much more than a question of the degree of price support. Unless careful consideration to other phases of the agricultural bill is given by the Senate and the House bill greatly amended, I am afraid that you have offered the American farmer very little. The national farm programs on the whole have been reacting against the best interests of the New England farmer, the New England consumer, and New England industry. The rigid high price supports currently in effect upon the raw materials which we must buy for our products cannot help but make themselves adversely felt and they add to our problems of cost and prices. When you consider that within the five New England States we produce annually some $200 million worth of dairy products and an equally or slightly larger amount of poultry products and that that production is largely dependent upon the raw materials to the grain belt of the West where those commodities have for the past decade been kept at an unusually high support level, it must be evident that it is a program very distasteful to us. In the implementation of the high price support programs, it has been necessary for Government to purchase up vast stores of commodities in order to keep up the prices which we pay and a disproportionate portion of the taxes paid by our people go into the very programs that react against them. I am sure that it will be a great and grave mistake for Congress to fail to take this into consideration.

Respectfully yours,

CARLETON I. PICKETT,
Executive Secretary.

HANDLING OF UNION WELFARE FUNDS—ARTICLE BY DAVID DUBINSKY

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article from the July issue of the American Federationist written by Mr. David Dubinsky, president of the International Ladies' Garment Workers' Union of America. The article is a proposal that the organized labor movement support legislation setting up a minimum code of propriety and responsibility in the handling of union welfare funds. I remind the Senate that on June 22, 1954, I introduced a bill, S. 3649, to accomplish many of the objectives which Mr. Dubinsky lists in his article.

Mr. Dubinsky is one of our Nation's outstanding labor statesman. His career is characterized by the phrase "community responsibility." He brings with his views many years of dedicated experience in behalf of working men and women, plus the gift of unusual wisdom and dedication to democratic ideals.

I also ask unanimous consent to have 2 editorials, 1 from the July 8 issue of the Washington Post and Times Herald and 1 from the July 5 issue of the New York Times, on the subject of union welfare funds, printed in the RECORD.

There being no objection, the article and editorials were ordered to be printed in the RECORD, as follows:

(By David Dubinsky)

During World War II the phrase "fringe benefit" became a popular term in news headlines and in labor-management talks. The word "fringe" was intended to convey the idea that the new benefit was sort of a little decoration around the basic terms contained in a collective agreement. Today these fringes have grown to be so huge and substantial that they are increasingly looked upon as a vital and normal part of a labor-management contract.

In 1938 the convention report of the American Federation of Labor showed total benefit payments—covering death, sickness, old age, disability and miscellaneous benefits—of some $25 million for all AFL affiliates.

Dramatic evidence of the growth in welfare funds is contained in the single fact that in 1953 the International Ladies' Garment Workers' Union paid out benefits of more than $36 million and had an income of $54 million. This one union in 1953 paid out more than the combined affiliates of the AFL did in 1938.

There is a great difference, however, between the character of the welfare fund listed by the AFL in 1938 and the character of the present ILGWU welfare funds. The former were financed through dues and assessments of union members; the latter are employer-contributed, based on a percentage of the payroll, as embodied in collective agreements. There were a few unions, including the ILGWU, which set up their first employer-contributed welfare funds before World War II. But the big push by labor as a whole in the direction of such funds came during the war years. The wage freeze made it difficult to get wage increases, then interpreted to be inflationary. Millions and millions of dollars, instead of adding to employers' profits, went into special funds, set aside to help working people in the hours of death, sickness, retirement, maternity, and accident.

As a result of this rapid movement in the direction of welfare funds, the horizons of labor have been broadened and the wage-earning family enjoys new securities. Our horizons have been broadened because we are no longer simply concerned with what happens to the dues-payer in the plant. We are also concerned with what happens to him when he needs or wants a vacation away from the plant; we are concerned with his health and his ability to meet medical bills; we are concerned with his ability to

live in dignity in old age; we are concerned with his family—when the breadwinner passes away. Out of this concern, the wage-earner has increasingly found in his union a bulwark against the many insecurities that dog the life of a worker and his family.

These new-type welfare funds—employer-contributed—represent a marked departure from the traditional union policy that a union contract should be limited to wages, hours, and working conditions. The new point of view, namely, that it is desirable and proper for a union to write a contract that covers matters of health, welfare, vacation, retirement, in addition to hours and wages, brought new problems with it in the administration of such funds.

When members of a union contributed out of their own pocket to union benefit funds, these self-same members had a greater inclination to keep their eye on the handling of the funds. But when the funds come from the outside, the member is less inclined to scrutinize the handling of the finances. And so far as the employers go, they count the percentage contributions as a wage increase and do not care much how it is spent so long as they are not asked for more.

These welfare plans are different from normal union operations. Generally, what a union gives to its members is service: The negotiation of an agreement, the handling of a complaint. Under the welfare plans, the union is giving more than service. It is handing out money—huge sums of money. The fact that the unions are here moving in a new direction, with no great body of tradition and precedent, and the further fact that this new aspect of unionism involves millions of dollars open the door to mismanagement and malpractice.

The rapid growth of welfare funds caught many union leaders by surprise. The pressure for such funds came from below—as the security and welfare benefits became popular with locals and rank-and-file members. Many top union leaders did not look with favor upon the introduction of these welfare benefits because they believed that a union's job was solely its concern with wages and hours. When finally these welfare systems became a fact of life, the international unions were in no way prepared to advise, supervise, or control these funds. Some of these self-same unions had an elaborate and adequate system for insuring honest and businesslike procedures in the handling of the funds based on member contributions. But they had no plans for insuring proper usage of the new and immense funds coming in through employer contributions.

Undoubtedly, cases of mismanagement and malpractice in the handling of welfare funds are exceptional rather than typical. Fortune, the magazine, wrote in April of this year: "Given the tens of thousands of welfare funds in the United States, the cases of glaring abuses may be few."

The fact that the cases are few does not mean, however, that they can be ignored. Surely, we of labor cannot afford to ignore them. The amount of unfavorable publicity arising from the glaring few tends to discredit the case of labor generally. Undoubtedly, some employers will seize upon the misuse of funds in one case to deny a proper and justified welfare fund in another trade or industry. The fact that—to quote Fortune—"many of the abuses were practiced with the tacit consent of industry trustees" will not deter a grasping employer from denying welfare funds to his employees so long as he can point to abuse of funds anywhere. Whether justly or unjustly, the employer will use the abuse as a weapon against all labor.

Although in the main these funds are by law jointly administered by employers and unions, organized labor has the responsibility of helping to clean up these funds so that the idea generally may not be discredited by an irresponsible and grasping few. The American Federation of Labor officially recognized this responsibility in a recent resolution of the executive council urging the international unions to take steps to put welfare funds on a clean and businesslike basis, to insure proper administration of health and welfare funds.

The problem of keeping union welfare funds clean is, in many respects, akin to curbing racketeering when it, too, seeks to worm its way into the ranks of organized labor. The main problem, though not necessarily the sole problem, is at the local level. All attempts to intervene are immediately resisted as interference with the local autonomy of the local union.

In the case of union welfare funds, locals and joint councils have negotiated agreements that make local and council officers trustees for funds running into millions of dollars. Since in more than 90 percent of the cases it is the local or the joint council that generally makes the agreement, it is the same body that finds itself naturally and properly participating in the control of these funds.

A number of rackets have sprung up. Special insurance companies are created to act as carriers. Overnight consultants mushroom into existence to claim fees. So-called insurance agents and agencies appear out of nowhere to cut fat commissions. The practice of insurance companies of giving commissions to these agents—even where no agent is involved and no commission warranted—instead of reducing rates to these funds is one of the most important sources of corruption. It is not my purpose here either to detail the abuses or to point the accusing finger at anyone. That has been done in detail—and, unless the abuse is halted, the accusing finger of the newspapers and the law will embarrass the entire labor movement, punishing all for the sins of the few.

It is my purpose to raise the question of how to deal with the local or joint council—or even higher body—that is permitting or indulging in the misuse of welfare funds.

Out of our own experiences, I can tell how one international union tackles this problem. The ILGWU's program has gradually evolved not so much in response to actual abuses as in a steady effort to avoid the development of such abuses in the first place. I quote our experiences not because they are typical but because they may be so nontypical as to raise the question of inevitable action by some other agencies outside the ranks of labor.

In December 1953 the net resources of the health, welfare, and retirement funds of our various locals and joint boards affiliated with the ILGWU was $129,579,578.16. These 124 separate funds are handled autonomously by the locals and joint boards, scattered across many States and many cities.

The key to the proper policing of these funds lies in the international union's practice of auditing the local's books. This right of the international union to audit the books of the locals goes back many years in the ILGWU. The auditing of the local books—including the local health and welfare and retirement funds—by a well-trained corps of international auditors is the key to vigilant policing.

A companion to our international audit is the publication by the international of the full financial facts about the welfare funds administered by locals and joint boards. How much received? How much paid out? And how much toward administrative costs?

It is in respect to this last item—administrative costs—often covering a variety of strange practices, that publication of the thoroughly audited facts will check many abuses.

These supervisory controls over welfare funds are imbedded deep in our ILGWU constitution. Section 12 states:

"The general secretary-treasurer shall publish in the official publication of the ILGWU annual reports giving a summary of the income and disbursements of all funds of union and the general office, after audit by the auditing department of the ILGWU."

Out of this power to audit, to publish and to police has come a general supervisory practice, contained in article 4 of the Constitution:

"The health and welfare funds committee (of the international) shall have general power of supervision and coordination over all health and welfare funds, retirement funds or other similar funds. * * * It shall strive to bring about uniformity in such plans, to the extent that it is feasible * * * no plan, bylaw, rule, or regulation or amendment thereto, and no provision establishing new benefits or altering benefits already established * * * shall become operative * * * until the same has received the approval of this committee."

Certain general regulations concerning the handling of welfare funds are contained in our constitution. Article 15, section 2, for instance, specifies:

"All moneys received by a local union, joint board or other subordinate body for the benefits of its membership, as contributions to a fund described in section 1, shall be deposited and held in an account separately maintained under the name of such fund. The moneys in such account shall be used only for the specific purpose of such fund and for the administrative expense thereof, and shall not be used for any other purpose. No loans shall be made therefrom to the LU, JB, or other subordinate body or to any of the members thereof. The surplus moneys or reserves of such a fund shall be invested only in securities which have received the approval of the health and welfare funds committee of the GEB. All bonds or other securities representing investments of such funds shall be placed in safekeeping under the joint control of representatives of the ILGWU, designated by the health and welfare funds committee of the GEB."

Since the juggling of administrative costs is responsible for much of the shenanigans in fund abuses, our regulations put a limitation on this item of expense. Article 15, section 4 declares that "an expenditure of 5 percent of the total contribution to any such fund in any 1 year shall be deemed a reasonable administrative expense." This 5 percent includes the cost of auditing employer payrolls to make certain that the proper amounts are being paid into the fund. It (the 5 percent) also covers administration of vacation benefits—a costly item to administer—that in the ILGWU alone is part of the employer-contributed health and welfare funds. It should be added that in the case of retirement funds the administrative cost is limited to only 3 percent.

These welfare funds are self-insured, that is, they are not farmed out to insurance companies but are administered by local and board committees under international policing and supervision.

Ours is a system that combines local control and operation of welfare funds with international supervision and policing, that we refer to as controlled autonomy.

I do not cite our practice in order to induce other unions to copy our model. Our practice is the outgrowth of our history, our experience, our industry, and union structure. Our right to audit local books goes back some 40 years, preceding the establishment of any regular welfare funds.

I cite our practice, indeed, because I know that some international unions are seeking to set up methods of control over local welfare funds, thus far without any success.

The resistance on the part of local units, including very honest local units, has been too great. The desire for local autonomy has been raised to a principle that refuses to yield to any kind of international supervision.

It appears to me that under these circumstances, where labor recognizes the existence of a real evil—no matter how limited—and where the internal union structure does not provide controls for the elimination of abuses that the pressure for legislative action to control union welfare funds will inevitably mount.

American labor has traditionally and properly resisted all efforts on the part of governmental agencies to interfere with the conduct of internal union affairs. We felt that to open the door to interference is to allow a wedge to be driven into our "house" that could ultimately shatter the union home we have so laboriously built. For that reason, we have opposed Government intervention in union elections, strike votes, handling of funds in the general treasury, etc.

We have also resisted all Government intervention for fear that politicians would use Government agencies in acts of reprisal against unions that may have opposed them at the polls.

Public report of abuses in some union welfare funds, however, makes legislative intervention more and more likely, and perhaps inevitable. The internal structure or unwillingness of some unions to deal with this problem among their units, where an abuse does develop, leaves the trade union movement in a weak position to argue against governmental intervention.

Many rank and file trade unionists, with a long and passionate devotion to the freedom and independence of free trade unionism, know that any form of governmental intervention in union affairs is an evil. But when these same unionists see some of the welfare funds squandered and misused by racketeering elements, some of whom are muscling their way into the trade unions precisely in order to get their hands on these welfare funds, many rank and filers and leaders will come to look upon governmental intervention—to protect welfare funds—as a lesser evil.

Antilabor legislators will seize upon this situation to advance legislation that will merely use the evil as an excuse for punitive legislation directed against labor as a whole. Needless to say, any such legislation, conceived against labor and put through without any regard to the wishes of the responsible spokesmen for labor must be fought with every ounce of energy we have.

But in the face of the evil that does exist, we must begin to think about lending our support to legislation that may call for publication of the financial facts about welfare funds, including administrative costs and commissions, or that may set a minimum code of propriety and responsibility in the handling of these funds.

The nature of our reaction to such legislation, it seems to me, must inevitably be affected by the ability of the trade union movement itself to set up standards and methods of enforcing these standards among its units. If there are structural barriers or an unwillingness within some unions, making needed controls impossible or unlikely, then it seems to me that the trade union movement will have to support some measure of legislative action to protect union members and their families against abuse of welfare funds.

This is a positive alternative, in my opinion, to any attempt on the part of anti-labor legislators to seize upon a limited evil in some unions as an excuse to attack or weaken the labor movement as a whole.

Welfare funds are a new area of labor-management relations and a new form of union-membership relations. Overwhelmingly, these funds are a source of strength to unions and of security to workers and their families.

As our unions face new problems, we must find new answers. We must know when and how to adjust traditional rights and privileges so that we may attain new strength and fulfill new responsibilities. It is in this vein that I propose that labor take a positive approach, a constructive approach, toward legislation—conceived with a proper respect for labor's rights—to end the abuse of union welfare funds.

[From the Washington Post and Times Herald of July 8, 1954]

UNION WELFARE FUNDS

Vice President David Dubinsky, of the American Federation of Labor, is to be congratulated on his candor and good judgment in calling for legislation to halt the squandering and misuse of union welfare funds by racketeering elements. The need for governmental supervision of such funds has been obvious since they first came into use. Up to now it has been vigorously fought by organized labor. Mr. Dubinsky acknowledges that trade unionists have traditionally opposed any form of governmental intervention in union affairs. But abuses in the handling of these funds have become great enough that he now thinks Government regulation to be a lesser evil.

In regard to this one item the effect of Mr. Dubinsky's statement is to line up the AFL with President Eisenhower in seeking amendment of the Taft-Hartley Act. In his message to Congress last January the President said:

"It is my recommendation that Congress initiate a thorough study of welfare and pension funds covered by collective bargaining agreements with a view of enacting such legislation as will protect and conserve these funds for the millions of working men and women who are beneficiaries."

If such an investigation had been made, it would doubtless have revealed a widespread demand among members and leaders of trade unions for legislation of this kind. Why has the subcommittee headed by Representative MCCONNELL, which has been given this assignment, been so tardy in getting its inquiry under way? Obviously it is now too late to get action on any welfare fund legislation from the 83d Congress. The investigation ought to go forward, however, with the object of determining what type of control over union welfare funds is required. Incidentally, the most effective way of improving the Taft-Hartley Act, in view of the rejection of the administration bill for this purpose, may be to legislate on one item at a time as the need for specific changes in and additions to the present law becomes pressing.

[From the New York Times of July 5, 1954]

FOR LABOR'S WELFARE

Courage and good sense are qualities we have come to associate with David Dubinsky. The president of the International Ladies' Garment Workers' Union has demonstrated both of these virtues in the advice he has just given his colleagues in organized labor on legislation to control abuses in the administration of union welfare funds.

Mr. Dubinsky feels that the huge sums handled by such funds and the malpractices that have been allowed to develop in some of them makes some form of Government regulation inescapable. In an article published in the official magazine of the American Federation of Labor he urges that labor drop its traditional hostility to any Government intervention in its internal affairs and get behind legislation intended to set up a "minimum code of propriety and responsibility" for the conduct of welfare funds.

Mr. Dubinsky fears that a continued resistance on labor's part to any type of public supervision would give unfriendly legislators an excuse for forcing through laws that would punish all unions for the evils of a few. Every investigation has demonstrated that the great majority of welfare funds are honestly run. Mr. Dubinsky's own union has a particularly distinguished record in administering programs that take in $54 million a year in employer contributions.

It would be harmful to the community, as well as to labor, if the frauds that have been uncovered in some funds became the basis for a blunderbuss attack on unions generally. Labor can best avoid this by heeding Mr. Dubinsky's words and cooperating in the formulation of sound standards for insuring the integrity of the benefit plans that mean so much to millions of American workers and their families.

ATOMIC ENERGY COMMISSION CONTRACT

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point in my remarks an excellent editorial entitled "Mr. FULBRIGHT versus Humbug," which was published in the Washington Evening Star of July 12, 1954.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MR. FULBRIGHT VERSUS HUMBUG

Senator FULBRIGHT belongs to what is described as the liberal wing of the Democratic Party. He also has always been, and still is, a strong supporter of the Tennessee Valley Authority. So it is a particularly impressive fact that he has come out with a vigorous full-dress defense of the President's directive to the Atomic Energy Commission to negotiate a 25-year contract with two private companies for construction of a powerplant at West Memphis, Ark.

Arkansas, of course, is Mr. FULBRIGHT's home State, and certain benefits would naturally accrue to it from the building and operation of such a plant. But that is not the real reason why he has spoken out as he has in the Senate. The real reason, as he has put it, is that the proposed contract "has been so viciously attacked, and I think so unfairly and so erroneously attacked, and figures have been so freely used without justification, that someone simply had to say something about the actual facts."

Broadly speaking, the proposal's critics (mostly the Democratic liberals) have made the following major charges, among others: (1) That the AEC has no legal authority to negotiate the contract in question; (2) that the President has exceeded his powers in issuing his directive; (3) that the directive constitutes a sort of sly, underhanded move that would misuse one of the Nation's most vital and sensitive agencies to initiate a policy that could ultimately destroy TVA for the benefit of the private utilities; and (4) that power from the projected plant would cost the Government between $3.5 million and $5.5 million more a year than equivalent power from facilities that TVA could build at Fulton, Tenn.

These and similar charges, however, have been effectively rebutted by Mr. FULBRIGHT. True enough, his Friday speech does not constitute the last or most authoritative word on the subject, but it certainly presents a persuasive case in favor of the proposed contract—an arrangement under which the private companies, at a cost of about $107 million, would build a 600,000-kilowatt plant whose output (which would be for nongovernmental consumers in the Memphis area) would be fed into the TVA system to make up for a comparable amount of TVA

power now being delivered to the atomic installations at Paducah, Ky. Clearly, judging from Mr. FULBRIGHT's argument, the AEC's legal right to negotiate such a contract and the propriety and validity of the President's directive seem to be wholly beyond question.

Further, from the standpoint of the economics involved, Mr. FULBRIGHT has powerfully challenged the figures of the opposition. Using the present AEC-TVA Paducah contract as a yardstick, he has presented a table showing that power from the West Memphis project, far from imposing an additional annual cost of up to $5.5 million, would cost only $282,000 more a year than power from the TVA. And above all, in addition to citing other advantages inherent in the proposed arrangement, the Senator has stressed the important fiscal fact that it would obviate the need for a Government outlay of about $100 million that would otherwise have to be spent on new TVA facilities during the next 3 years.

A summary of this sort cannot do justice to all the points raised by Mr. FULBRIGHT. Suffice to say, however, that his speech—taken together with the statement just issued by the Budget Bureau—makes much of the criticism of the directive look like the sheerest sort of humbug. As he sees the proposed contract, there is nothing immoral, illegal, or wrong about it in any way. On the contrary, he welcomes it for what it plainly seems to be—an honest and aboveboard effort to cut down on Federal outlays and encourage free enterprise in a manner that will serve the national interest without hurting TVA.

Mr. FULBRIGHT. Mr. President, the next item I must mention distresses me, and I am reluctant to mention it. I have the highest respect for the New York Times, a great newspaper. I have known some of their representatives, such as Reston, Krock, White, Knowles, and others, who are uniformly outstanding leaders in their profession. Naturally I am distressed that, in contrast to the Star, which accepted my speech on the Atomic Energy Commission versus the TVA controversy in good faith and discussed its merits, the New York Times merely questioned my motives. I read from a part of the editorial:

At the moment, however, Mr. FULBRIGHT seems to be torn between his approval of TVA and his desire as an Arkansan to have a private dam built in West Memphis, Ark., with an Atomic Energy Commission contract to furnish power to TVA to replace power that the TVA is now feeding into the atomic energy plant at Paducah. * * * As a Democrat he is not bound to defend a Republican President's policies. Can it be that he feels a moral obligation to support the West Memphis Dam because West Memphis (population 9,112 in 1950) is in Arkansas? We pause for a reply. Maybe it will be forthcoming before the week is out and the debate is over.

Mr. President, my answer can only be to refer the editor to my speech, and beg that he consider the facts which I have presented and which I believe to be correct. If the editor will do that, he will discover that I was not and am not concerned about, as he says, a "a private dam built in West Memphis, Ark."

To dam the Mississippi at West Memphis would be quite an undertaking. I would guess that such a dam would have to reach from the Ozark Mountains to the Alleghenies, and would probably cost $100 billion, and inundate the United States up to and including Chicago, and probably the Chicago Tribune. That might be a worthy enterprise, but I did not advocate it.

No, Mr. President; in reply to the editor, I wish to say I merely recommend that private enterprise be given an opportunity to share in the making of power for the Atomic Energy Commission, if it can do so on a reasonably comparable basis, which I believe it can do.

I hope the editor of the New York Times will honor me by reading my speech in the CONGRESSIONAL RECORD. I believe he will agree that I made no recommendation regarding a private dam across the Mississippi River at West Memphis, Ark.

MARYLAND TOBACCO AND SWISS WATCHES

Mr. BUTLER. Mr. President, the question of tariffs on Swiss watches is now the subject of considerable discussion and controversy. This problem poses certain ramifications which concern the people of the State of Maryland, as it unquestionably would affect the people of other areas. By way of emphasizing this situation, I ask unanimous consent to have printed in the body of the RECORD an editorial which appeared in the Baltimore Sun this morning.

Mr. BEALL. Mr. President, I join in the request of my colleague. I may add that on February 12, 1954, the Tariff Commission concluded its hearings on a petition of watch manufacturers for an increase in rates on Swiss watch imports. On May 28 the Commission reported its recommendations to the President, who has 60 days from that date in which to decide the case.

It seems a little incongruous that the tariff on Swiss watch movements is of such great importance to the tobacco growers in southern Maryland—but it is a perfect illustration of how complex our world economy has become.

The simple fact is that if the Swiss do not receive dollars from the sale of watches to the United States they will be unable to buy a great many American products, including southern Maryland tobacco.

In amount the export of United States tobacco and wheat to Switzerland in 1952 was about the same as in 1950, and exports of cotton were up substantially. The value of these 3 commodities exported to Switzerland is about equal in value to the imports of Swiss watches.

This morning the Baltimore Sun printed a very comprehensive editorial on this situation, and I think it is deserving of our attention. The Sun points out that the Swiss purchase about one-sixth of the total Maryland crop, and because they buy top quality tobacco Swiss purchases account for about one-third of the total cash receipts. In addition, the Sun explains, Switzerland buys about $11 worth of American farm products per person per annum, and about $29 worth of manufactured goods. The United States buys only about $1 worth of Swiss products per person per annum.

Swiss watches and Maryland tobacco are probably a relatively insignificant part of the total world commerce, but I know of no better example of how local economy is tied in so directly with the economy of a small European country.

Mr. President, as I stated when I began my remarks, I join in the unanimous consent request of my colleague that the editorial from the June 13 issue of the Baltimore Sun be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MARYLAND TOBACCO AND SWISS WATCHES

It is a long way from the humid flatlands of southern Maryland to the crisp village of the Swiss Alps. A Maryland tobacco grower and a Swiss watchmaker would have a hard time communicating with each other face to face. Yet, by the ramifications of trade, their interests and their livelihoods are closely interlocked.

This is how it works. Switzerland likes Maryland tobacco. It is the largest outside buyer, purchasing each year about one-sixth of the Maryland crop by volume. Since it buys the higher grades, its purchases in cash amount to about one-third of the total.

The only way the Swiss can buy Maryland tobacco is by selling Swiss products. Switzerland's principal export to the United States, accounting for more than half the total, is the jeweled watch. The Swiss watch industry, built up over the past 250 years, has some 450 export factories. Their product is tailored mainly to the United States market.

In more general terms, Switzerland buys about $11 worth of American farm products per person per year, and about $29 worth of American manufactured goods. The United States buys about $1 worth of Swiss products per person per year.

It is against this background that the tobacco growers of southern Maryland are urging President Eisenhower to turn down a Tariff Commission recommendation that the duty on Swiss watches be increased.

The large watchmakers in this country have argued for the increase. Their arguments are not wholly without merit, but they have been overstated. It is not quite true, for example, that the large watchmakers provide the sole source of skilled workmen for the making of weapons timing devices. Nor are the earnings statements of the manufacturers quite persuasive of serious injury from Swiss competition.

This is not the first time the question has come up, nor the first time the tobacco growers have fought an increase. Two years ago, a Tariff Commission recommendation called for higher duties on Swiss watches. President Truman turned it down, not specifically to favor Maryland tobacco men but on the broader principle of increased international trade versus commercial isolation.

The administration in Washington has changed since then, but the principle has not.

SHIPBUILDING CONSTRUCTION FACILITIES

Mr. BUTLER. Mr. President, on several occasions earlier in the session I have presented to the Senate facts concerning the ship construction industry in the United States, indicating the urgency of measures to provide new ship construction work immediately in order to prevent the closing and possible bankruptcy of construction facilities the maintenance of which is essential to national security.

In this connection, I have a letter from the Shipbuilders Council of America which is much to the point. While appreciative of the pending measures to provide for naval, tanker, and passenger ship construction, the Council's president, Mr. L. R. Sanford, emphasizes that the bills now pending do not offer any sound prospect of actual new ship construction this year.

Without some new contracts affording prospects of immediate initiation, the Shipbuilders Council's letter goes on to say, some of the shipbuilding yards, particularly those without any naval construction work, will be forced into a standby status, presenting to management the dilemma of whether to try to continue the yards on such a standby basis, or to liquidate them completely.

Anyone who gives a moment's thought to the part American shipyards played in winning World Wars I and II, and in carrying on the Korean conflict, will agree, as I do most emphatically, with the Shipbuilders Council's statement that neither contingency is pleasant to contemplate. To quote from the letter:

> The former (standby status) is very expensive, not only for the period of idleness but long thereafter, as it will take about 2 years to reassemble and train adequate working forces of skilled craftsmen. * * * Complete liquidation obviously does irreparable damage to the mobilization base for shipbuilding deemed essential and adequate by the Department of Defense.

To prevent the disruption of the country's shipbuilding facilities, upon which such tremendous dependence would be placed in any future emergency, the Shipbuilders Council seconds a suggestion previously made by Adm. William D. Leggett, Jr., Chief of the Bureau of Ships, United States Navy, before our Senate subcommittee on April 26, 1954. Admiral Leggett declared it to be his opinion that an emergency shipbuilding program of at least 20 ships annually should be initiated promptly to prevent the impending shutdowns of the shipyards. Mr. Sanford suggests that the Congress give immediate consideration and approval to such an emergency shipbuilding program, and provide an appropriation of $150 million to implement it.

As Admiral Leggett warned, and as many of the representatives of the strategic shipyards of the country have emphasized before our subcommittee, such legislation cannot wait. The bills now pending will not suffice because the interim between their enactment and actual beginning of construction is too long. Many of the yards will have been closed down in the meanwhile.

The proposed 20-ship-a-year program could and would be effective, however, Mr. Sanford points out, through cooperation by the Maritime Administration in selecting for construction types of tankers and cargo vessels which already have been designed by the former Maritime Commission as the types to be constructed in the event of another war shipbuilding program. These are of advance design, and the experience of constructing them now would be of inestimable value in the event of a future war construction program, in addition to providing vital work now to keep the yards operating and to upgrade the active merchant fleet.

So important do I consider this suggestion, so vital do I think it to be, that in my scheduled visit to the White House this week, to discuss merchant-marine and shipbuilding matters, I shall discuss with the President the urgency of having the administration give its full sanction and approval to such a program, and to back such sanction and approval with a request for the necessary funds.

I can only repeat once again that the Congress would be laying the country open to the most serious danger if, through failure to provide new ship construction that the shipyards can undertake immediately, we allow a great proportion of these vital facilities to be shut down.

I ask unanimous consent that Mr. Sanford's letter and the pertinent portion of his statement be printed at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

SHIPBUILDERS COUNCIL OF AMERICA,
New York, N. Y., July 1, 1954.

Hon. JOHN M. BUTLER,
Chairman, Subcommittee on Water Transportation,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: Your letter of June 30 in connection with S. 3546 has just come to hand and is greatly appreciated.

Naturally the council and its constituent members could not do less than comply wholeheartedly with your request for assistance after you had taken the initiative to bring the present plight of the shipbuilding and ship repairing industry to the attention of the Congress, the administration, and the public at large. Our appreciation is due you for taking that action.

I have read with great interest the subcommittee report and I trust that S. 3546 will receive the sympathetic attention of the Congress which you so firmly believe will be the case. Its passage accompanied by the appropriation of the necessary funds will supplement such commercial and naval repair work as is presently available. The combination of all three will enable the ship repair yards to continue operations at a more nearly normal level.

At the present time most of the ship repair yards are operating at a level well below normal with somewhat disastrous results as to employment and as to the prospect of remaining solvent. Equally important is the fact that the accomplishment of the work contemplated by S. 3546 will place in operating condition certain strategic vessels now laid up in the several reserve fleets so as to make them almost immediately available on M day, at a time when the ship repair yards inevitably will be immediately called upon to undertake a volume of other work far beyond available capacity.

As you and I have discussed several times, there is an acute present need for immediate work in both the shipbuilding and ship repairing yards. S. 3546 will help out the ship repairing yards to some extent. It is equally important that some shipbuilding contracts be made available now in such form as to permit actual ship construction in the ship building yards to commence this calendar year. The several bills now pending before the Congress covering ship construction, in one form or another, do not, as of the moment, offer any sound prospect of actual ship construction this year, although, undoubtedly some of them, if passed, will provide some ship construction next year.

In the meantime, the seagoing merchant vessels now under construction, all based upon contracts placed prior to November 1952, since which time there has not been a single order placed for a seagoing merchant ship of 2,000 gross tons and over, are rapidly nearing completion, and vital skilled shipbuilding forces are rapidly being dispersed by layoff due to lack of work. Without some new contracts affording prospect of immediate ship construction, some of the shipbuilding yards, particularly those without any naval construction work, will be forced into a standby status, presenting to management the dilemma of whether to try to continue the yards on such a standby basis or to liquidate them completely. Neither contingency is pleasant to contemplate. The former is very expensive, not only for the period of idleness but long thereafter, as it will take about 2 years to reassemble and train adequate working forces of skilled craftsmen. A heavy percentage of the reassembled force will inevitably be green men. During that period operations will be inefficient and uneconomical. Complete liquidation obviously does irreparable damage to the mobilization base for shipbuilding deemed essential and adequate by the Department of Defense.

It seems to me necessary to initiate an emergency shipbuilding program somewhat analogous to the emergency ship repair program embodied in S. 3546, to provide some immediate shipbuilding activity in order to tide the shipbuilding yards over until a more comprehensive long-range shipbuilding program can be prepared and authorized next year.

With that thought in mind, at a hearing held yesterday on H. R. 9253, relative to merchant ship construction in American shipyards, I urged Congressman TOLLEFSON, acting chairman of the House Committee on Merchant Marine and Fisheries and the members of that committee to press for passage in this session of the Congress an interim emergency shipbuilding bill of the nature suggested by Adm. W. D. Leggett, Chief, Bureau of Ships, United States Navy, in his statement before your committee on April 26, 1954. Incidentally, Admiral Leggett reiterated that same suggestion before the House Committee on June 29.

I am enclosing herewith for your information copy of my statement presented to the House Committee on June 30 and call your attention particularly to pages 14 to 16 inclusive thereof. I believe they are self-explanatory.

If you can see your way clear to support such a suggestion on the Senate side, as I am hopeful Congressman TOLLEFSON and his committee will do on the House side, I believe that you and I will accomplish the double-barreled objective which we both have in mind for relieving the critical situation in both the shipbuilding and ship repair yards.

If further, you, Congressman TOLLEFSON, and myself, in our proposed meeting with the President, can convince him that such a double-barreled program is in the national interest and thus entitled to his support, it would seem that your hope, which is equally mine, of the beginning of a brighter era for the vital ship construction and repair yards of our Nation, may indeed be ultimately realized.

With kindest regards, I am

Sincerely,

L. R. SANFORD,
President.

Mr. BUTLER. Mr. President, Admiral Leggett in his statements presented to the Water Transportation Subcommittee of the Senate Interstate and Foreign Commerce Committee on April 26,

1954 strongly urged that the Government sponsor what he called an interim emergency program of 20 ships to supplement the naval ship construction program which he admitted was inadequate to maintain the shipbuilding yards in that state of availability for the mobilization potential required by the Department of Defense.

Admiral Leggett unquestionably realized the very condition that I have stressed today, namely, that most of the several programs of ship construction covered by legislation now under consideration, even if promptly and favorably acted upon, could not possibly result in actual shipyard construction before some time next year, whereas the critical situation in the shipbuilding industry makes it necessary that some shipbuilding be inaugurated at once so that actual ship construction work in the shipyards be started at the earliest possible date of this year.

Such an interim emergency ship construction program of 20 ships would require that the plans and specifications for the ships to be constructed be now ready or at least in such condition that they could be made ready almost immediately so that invitations for bids could be issued just as soon as the necessary congressional authority and the funds for the program are authorized. This program, to be effective for the purpose for which it is intended, must be passed and the funds made available before Congress adjourns this present session.

The Maritime Administration should be in a position to proceed with such a program immediately it is authorized. The types and numbers of each type should be determined by that Agency, but probably would consist of modified C3's and T5's. These two types of vessels, cargo and tanker, are those designed by the former Maritime Commission as to the types to be undertaken, in the event of another war shipbuilding program, to take the place of the C types and T2's of the World War II shipbuilding program. They are of advanced design and the experience of constructing them now would be of inestimable value later in the event of another war shipbuilding program, in addition to providing vital work now, which in effect would be a head start on any such program.

It is therefore most strongly recommended that, as the first step in implementing H. R. 9253 to provide merchant ship construction in American yards, the Maritime Administration be authorized to immediately proceed with an emergency program of up to 20 ocean-going vessels of types the construction of which may be undertaken immediately and that a sum of at least $150 million be appropriated to finance such a program. For the purpose of maintaining the shipbuilding mobilization base envisioned in the Murray report, awards of contracts should be made as the result of competitive bids, subject to the limitation that not more than 3 such vessels may be awarded to any 1 shipyard.

Actual costs vary in different localities depending upon industrial conditions and shipyards are compelled to bid their actual costs. The limitation of not more than 3 vessels to any 1 shipyard will prevent the shipyard or shipyards that may happen to be most favorably situated costwise from monopolizing the work and will afford the geographical distribution so essential to the maintenance of the industry and to the broadest possible mobilization base.

This proposal should stand upon its own feet and be considered in addition to any other existing legislation covering shipbuilding before the present Congress, as these other bills cannot be relied upon to do what this proposal is intended to do, namely, provide sufficient shipbuilding of an essential nature to carry the shipbuilding industry over on an active basis until a 60-ship construction program to be prepared for the next Congress can be made effective.

If a proposal such as this is not enacted in this session, certain shipyards may not survive and, in that event, the shipbuilding mobilization potential will have been substantially curtailed.

PROFIT SHARING

Mr. WILEY. Mr. President, I was recently pleased to receive from one of the leading businessmen of my State, Mr. H. F. Johnson, president of S. C. Johnson & Son, Inc., of Racine, Wis., a copy of the latest research report of the Profit-Sharing Research Foundation, entitled "Profit-Sharing Patterns."

I desire to commend this report to my colleagues and to all those folks in American industry who are seeking answers to the need for encouraging greater peace, stability, and prosperity in American industry.

Mr. Johnson knows whereof he speaks on this subject because for 32 years he has been actively engaged in practicing profit sharing with the employees of his distinguished company. The Johnson plan had been started by Mr. Johnson's father 5 years before Mr. Johnson, himself, had entered the business. It is estimated that there are some 300 different profit-sharing plans in American industry today. While profit sharing is no panacea, and, indeed, can encounter exceedingly difficult problems of its own, unless it is extremely carefully planned and implemented, I believe that it represents the type of forward-looking, constructive, typically American procedure which well merits sympathetic consideration.

Mr. President, I desire now to refer briefly to another subject.

The PRESIDING OFFICER (Mr. PAYNE in the chair). The Senator from Wisconsin has the floor.

INTERNATIONAL STRENGTH OF THE COMMUNIST PARTY

Mr. WILEY. Mr. President, many of my colleagues no doubt noted that a Communist Party survey in Moscow estimates that there are 30 million members of the Communist Party throughout the world.

It is interesting to note that the Senate Foreign Relations Committee Subcommittee on Security Affairs, in its print on world Communist strength, estimated that the various national Communist Parties in some 60 countries have a possible membership of 24 million.

The Moscow survey, incidentally, points out that there is not a single country in the world without a Communist movement, legal or illegal.

There has been tremendous interest in the Senate Foreign Relations Committee study on this very subject, and I am hoping that the Senate Rules Committee will authorize reissuance of this 78-page booklet which has been in such tremendous demand that the supply of copies has been exhausted.

I send to the desk the text of the New York Times dispatch quoting Reuters News Agency. I ask unanimous consent that it be printed at this point in the body of the CONGRESSIONAL RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

TOTAL REDS HELD UNDER 30 MILLION—MOSCOW PARTY MEMBER TALLY INCLUDES CHINA AND U. S. S. R.—60,000 SEEN IN UNITED STATES

LONDON, July 1.—Communist Party members throughout the world total fewer than 30 million, according to the latest figures published in Moscow.

Yet, under Communist sway today are countries totaling more than 900 million persons. They include the 200 million of the U. S. S. R. and the 600 million of China.

Today, there is not a single country in the world without a Communist movement—legal or illegal—according to a Moscow survey, now available here. It asserted that there was a membership of 60,000 in the United States.

The survey, giving a country-by-country breakdown of the membership of Communist and Communist-controlled workers' parties, is published in a booklet called The Agitator's Notebook, issued by the central committee of the Soviet Communist Party.

The membership figures illustrate the Moscow principle that there should be a restricted quality, rather than quantity, membership in the party.

The Communist Party member is regarded as a leader and tutor of the masses. In the Soviet Union and several other Communist states, a candidate has to pass severe tests and close scrutiny before being accepted as a full party member and there are periodical purges to keep the membership up to standard.

The Soviet Communist Party counted approximately 7 million members at October 1952, when the last Soviet Communist Party congress was held. The Chinese Communist Party has a membership of about 6,500,000.

MEMBERSHIP IN SATELLITES

The Moscow survey gives the following approximate membership figures of Communist Parties in the satellite countries of Europe and the Far East:

Czechoslovakia	1,600,000
Poland	1,300,000
Hungary	900,000
Bulgaria	455,000
Albania	45,000
East Germany	1,400,000
Korea	1,000,000
Vietnam	700,000
Total	7,400,000

The survey pays no attention to the 700,000 members of the Yugoslav League of Communists, since this party has declared itself independent of Moscow.

The survey says that other countries where Communist Parties are banned are Spain, Portugal, Greece, Turkey, Iraq, Iran, Jordan, Egypt, Libya, South Africa, and also "the overwhelming majority of the countries of

Latin America." (Guatemala is not mentioned in the survey.)

In France and Italy the membership figures given are: France, 800,000; Italy, 2,120,000.

Membership figures for other capitalist countries are listed thus:

United States	60,000
Britain	35,000
Belgium	100,000
The Netherlands	50,000
Denmark	50,000
Sweden	60,000
Finland	50,000
Japan	100,000
India	60,000

The survey does not quote figures for Norway, Iceland, or West Germany.

In the Far East, no membership figures are quoted for Burma, Malaya, Thailand, Ceylon, the Philippines, or Indonesia.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. WILEY. I yield.

Mr. FERGUSON. The Senator has referred to Moscow's estimate of the strength of the Communist Party. In the article which the Senator from Wisconsin has had printed in the RECORD I note that the Communist Party membership in the United States is estimated at 60,000, which is more than the total number estimated by the FBI.

Mr. WILEY. Of course I would expect Moscow to exaggerate the figures.

Mr. FERGUSON. Or perhaps the Communists may know how many members they have in the United States.

Mr. WILEY. Perhaps they are correct. Nevertheless, I would much rather accept the figures of the FBI than figures in any communication from the Communists in Russia. However, the article does present a challenge, and that challenge is that we must always be alert, because in all the countries of the world Moscow has members of the Communist Party who are constantly infiltrating.

EMPLOYMENT SECURITY ADMINISTRATIVE FINANCING ACT OF 1954

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (H. R. 5173) to provide that the excess of collections from the Federal unemployment tax over unemployment compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States, to provide that the remainder of such excess shall be returned to the States, and for other purposes.

Mr. GILLETTE. Mr. President, I have joined with the junior Senator from Massachusetts [Mr. KENNEDY] and a number of other Senators in sponsoring an amendment to H. R. 5173, the unemployment compensation bill now before the Senate. Our amendment has a clear and simple purpose: To raise the amount and extend the duration of payments to unemployed persons covered by the unemployment-insurance system.

At the present time my State of Iowa is suffering considerable unemployment, especially in areas where farm machinery plants are located. While the total number of men out of work in Iowa may not be comparable with that in other more heavily industrialized States, several communities in my State have been hit very hard. For some months cities such as Burlington, Ottumwa, and Davenport have been classified among the areas of the country most seriously affected by unemployment.

Our average weekly benefit to an unemployed person in Iowa amounts to about $21. The maximum benefit possible under present law is only $26 a week, the minimum $5. Coverage extends for only 20 weeks.

In several of our communities large numbers of workers who were laid off because of a drop in production have long since exhausted their unemployment compensation and are forced to depend on local charities and family welfare societies.

The amendment offered by the Senator from Massachusetts and others, including myself, will by no means solve the problems facing unemployed people in my State or any other State.

But it is such a distinct improvement over the bill reported to us by the committee that it merits the support of every Senator concerned for the well-being of the American people. It establishes new national standards for unemployment-compensation programs—a longer period of coverage, 26 weeks; and a larger amount of weekly benefit—a maximum of not less than two-thirds of the State's average weekly wage and not more to any individual than 50 percent of his own weekly wage. The so-called Reed bill, pending before us, establishes no standards whatever, even for the expenditures of funds by the Federal Government through the States.

In the last 24 hours I have secured from my State of Iowa a number of case histories which, better than all the arguments we may advance here, illustrate the individual human problem we are discussing:

Case No. 1: An individual employed by the John Deere Tractor Co., in Waterloo, Iowa, was laid off on November 18, 1953. He filed for unemployment benefits immediately upon dismissal. On November 21 he sought relief from the Family Service League in his community. Two months later, on January 19, he finally received his first unemployment-compensation payment, which was, of course, insufficient to support him, his wife, and his four children. Supplementary assistance had to be given by the Family Service League. His 20 weeks of benefits ended. He is still unemployed. He must still obtain aid from the local private- and public-relief agencies, and further burden his local community. Passage of the Kennedy amendment would most certainly be of help to the thousands of people whose case histories resemble the one I have just cited, and would also relieve to some extent the tremendous burden on local relief agencies where heavy unemployment has struck.

Case No. 2: An individual employed in the Ottumwa plant of the John Deere Tractor Co. was laid off in late September last year. He applied for unemployment compensation on October 5. Offered a job in a gypsum plant in Fort Dodge, he discovered after a day's work that he was physically incapable of performing the new job. Returning to Ottumwa, he was denied unemployment benefits on the grounds he had quit his job. His case was appealed to the commission, which overruled the deputy. On the 1st of April 1954 he received his first unemployment compensation check, after 5 months without a job and without unemployment compensation. He had to depend on assistance from county welfare agencies and on his union. He is a World War II veteran, with four children, and a fifth child on the way. He had 3 years' employment with the John Deere Co. before being laid off.

The original bill proposed by the Senator from Massachusetts [Mr. KENNEDY] and others would have established standards for disqualification which in all likelihood would, if adopted, have prevented the long delay which the individual cited in case No. 2 was obliged to undergo. The present amendment omits standards for disqualification, but only because the sponsors hope, by limiting controversy, to secure approval of at least the most important provisions relating to amount and duration of benefits. I hope that in the next session of Congress we can enact truly adequate standards in this vital area of economic legislation. If the Senator from Massachusetts reintroduces his bill for higher standards, he will have my determined support.

Case No. 3: A World War I veteran aged 53 was laid off from his tool-and-die shop in Des Moines in mid-May this year. He has applied for unemployment compensation but as of this morning has not received his check. He has three children and is receiving some soldiers' relief. While the difficulty in his case appears to be caused by administrative delays in processing his application, and therefore would not be materially helped by adoption of the proposed amendment, I think it illustrates how far from adequate this whole unemployment-compensation program still is. When the blow strikes and a family man, whatever his age, is out of a job, surely we must be able, in this rich and thriving land, to provide him with the compensation he is entitled to as soon as physically possible, to make the compensation bear some adequate relation to the cost of living, and to let it endure for at least 26 weeks.

Mr. President, I am in favor of the entire substitute proposal which the Senator from Massachusetts and other Senators offered on July 1, but if we cannot secure favorable action on it, then the least we can do is to enact these minimal provisions extending coverage to 26 weeks and increasing the amount of weekly unemployment payments to people who have lost their jobs.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point an article dealing with the unemployment problem in Iowa, published in the Cedar Rapids Gazette of July 4, 1954.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

EMPLOYMENT PROBLEM IN IOWA GRIM; 35,000 JOBLESS

(By Ed De Mar)

DES MOINES.—Iowa's unemployment problem is grim and shows few signs of getting any better, George E. Moore, State employment director, said Saturday.

Moore estimated that 35,000 Iowans are out of work, compared with 20,000 6 months ago. The total now represents about 3½ percent of the State's working force of 1,025,000 persons.

At the beginning of the year, Moore expressed optimism that the number of unemployed would not grow to more than 2 percent. Saturday Moore declined to give any midyear prediction.

"But businessmen are very pessimistic over conditions this fall and winter," Moore said. "We can see no particular upsurge in employment in the near future."

However, Moore emphasized that Iowa "is still better off than most of the Nation." He pointed out that Iowa's unemployment work force percentage "is less than half the national average."

Part of the unemployment problem is the failure of Iowa's economy to keep pace with its growing population.

In nonfarm employment, for example, there were 12,000 more persons at work in May this year than in February, but the number of nonfarm workers unemployed continues to grow because of an influx of high-school graduates.

Moore estimated the number of nonfarm workers in the State at 616,000 in February and 628,000 in May, compared with a high of 648,000 in October 1953.

"If the economy does not advance," he said, "we will have a rise in unemployment because new workers are constantly being added to the labor market."

Three Iowa cities have been placed on the Federal Department of Labor's critical surplus labor list since January 1. A city must have a minimum total working force of 15,000 and a total estimated unemployment of more than 6 percent to be listed.

The cities are Burlington and Ottumwa, which were added to the list within the last 2 months, and Davenport, which hit the list in March.

All were hard hit by the slump in farm-machinery manufacturing.

Mr. PASTORE. Mr. President, I am opposed to the pending bill, H. R. 5173, known as the Employment Security Administrative Financing Act of 1954, in its present form. Allegedly, the purpose of this bill is to strengthen the Federal State employment security program by providing that all taxes collected under the Federal Unemployment Tax Act shall be devoted exclusively to the basic principles of this program. Such is not the case.

The adverse trends in business and industry of the past 6 months have caused increasing concern in all quarters for the well-being and future courses of our American economy. While it is true that during the past weeks we have had several encouraging reports of an upward trend in reemployment, there is still reason to believe that our delicately balanced economic system is somewhat out of gear. This is shown in the decline in business activity and in the larger number of unemployed who are desperately striving to find jobs in order that they may live in the way to which they have been accustomed, a way in keeping with American standard of living, which, indeed, is the envy of the entire world.

Our economy must be put back on an even keel, and all of its component parts must be made to function smoothly again. Jobs must be provided for the jobless. For so long as we have within our society men and women who are willing and able to work and cannot find employment, the morale and the aspirations of our people will be seriously impaired. It is necessary that income be made adequate to the high cost of living. Purchasing power must be maintained, not only to assist the individual involved, but also to buttress the entire business structure.

While it must be admitted that such a dynamic industrial economy as ours cannot always keep to an even course, and while it is true that by its very nature it is subject to periodic ups and downs in response to underlying forces in our scheme of things, yet when we have indications of widespread unemployment, together with a high-price level, we must, of necessity, realize that something has gone wrong and that the forces of government and industry must be utilized so that they can work together in order that a reasonable solution may be found to correct the situation.

Because of the complexity of our economy, it is only natural to expect that even experts will disagree on the kind of treatment needed to adjust some of the more delicate influences which sway our economy. We are, therefore, accustomed to finding diversity of opinion in this field. This, of course, is only natural.

We do not fully understand, and no one could be expected to fully understand, the part played by the various influences in the operation of the intricate pattern of our economy. But, on the other hand, there are fields in which we can be more sure of ourselves in combating our economic ills, fields in which the remedies are simpler and can be more readily applied.

I feel that if we attack our economic problems on a local basis as they arise, we will be in a much better position to overcome them rather than to wait until they have spread over the whole economy and gotten out of hand, as happened during the depression years. Once the entire economy has gotten out of control, it becomes almost impossible to set it right again.

We must always remember that the economy of each individual State taken together makes up the fullness of our national economy, and that when one State suffers, the entire Nation suffers, either directly or indirectly.

My State, for example, is a manufacturing State. More than 90 percent of its gross product is manufactured for export into the other 47 States. This means that when Rhode Island workers are out of jobs, this is so because the demand elsewhere for the goods they produce is not there. So whether or not Rhode Island has full employment depends on the economic atmosphere in other parts of the country and, in a slight degree, on the situation in other parts of the world.

Therefore, to say that the unemployment problem in any particular State is strictly the responsibility of that State and of no concern to the Nation, in my opinion, begs the question somewhat and shows a complete misunderstanding of our American economy. Consequently, if economic misfortune strikes any one of our States or any particular area, the rest of the Nation cannot afford to remain complacent and unconcerned under the delusion that this ailment will remain localized. Whether we like it or not, we are all in the same economic boat. The disaster that befalls one area today can and probably will strike some other area tomorrow.

Mr. KENNEDY. Mr. President, will the Senator from Rhode Island yield?

Mr. PASTORE. I yield.

Mr. KENNEDY. Is it not a fact that Rhode Island has had a tax on industry of 2.7 percent for several years, and the amount paid in Rhode Island is substantially below that in any other State? Is it not also true that has not been because of Rhode Island's careless handling of its funds, but due to the fact that there has been chronic unemployment in the textile industry in Rhode Island?

Mr. PASTORE. Going a step further, from the very inception of the unemployment compensation program, with the exception of 2 years, which means 15 years from the time we inaugurated the unemployment compensation program, the tax on Rhode Island industry has been 3 percent, which is the highest rate ever paid in any State in the Nation.

The steady spreading of our current economic decline to one area after another in the past 6 months should remove all doubt or smugness as to this possibility. The maintenance of a healthy economy requires soundness in all its component parts.

If one State is allowed to remain distressed for too long, this economic cancer will speard its evil into every State of the Union. Therefore, if we think of the remedy for our economic ills first of all in local terms, and try to find it before the economic ills are allowed to spread, then I believe that much of the solution will be found to the problem of avoiding a national catastrophe.

The first and most simple remedy to help in checking economic decline on a local basis is a strong, solvent, equitable unemployment-insurance program. This system for coping with the hardships resulting from the periodic rise and fall in business and employment has proved itself valuable over the past 17 years of its operation. It has established itself as a major buttress of our wage-earning industrial economy. An adequate system of unemployment benefits, by providing continued income to the idled worker and helping to sustain the purchasing power needed for the business life of the community, serves as a most practicable balance wheel for keeping the economy as a whole on a steady level through the inevitable periods.

Both this administration and the former administration have recognized the value of and the need for a strong system of unemployment insurance in their recommendations that coverage of workers be extended and the amount and duration of weekly benefits be liberalized in the various State programs.

Valuable though unemployment insurance is, its continued operation over any extended period is threatened by the falling fund reserves in some States, and, if I may be permitted to say so, such is precisely the case in my own State. In Rhode Island, as in other States, the current low reserves have occurred under the existing benefit provisions which, by no stretch of the imagination, have been as liberal as those now recommended by this administration. The current reserves in Rhode Island would thus be in greater jeopardy or insolvency if the more liberal provisions recommended by this administration were adopted. In fact, I am willing to admit that under the present prevailing conditions, it would be impossible for Rhode Island to adopt these recommendations without some kind of Federal assistance.

I hasten to add that I agree with the philosophy that inspired these recommendations and, if at all possible, they should be adopted in order to provide a more adequate wage offset to workers, in view of the persisting high cost of living. But the basic question remains: How could Rhode Island and other States finance this sorely needed liberalization of benefits when we have no assurance of solvency under our present less liberal provisions?

This can come about, as I have already stated, only through a procedure of reinsurance of Federal nonrepayable grants, usually referred to as reinsurance of State benefit funds against insolvency.

I know there are those who will throw up their hands in horror when I mention the words "nonrepayable grant," but let me point out that the money to which we are referring in H. R. 5173 comes from the employers in the various States.

At the present time the surplus over administrative costs reverts to the general fund of the United States Treasury, and there is no requirement that this surplus be used to pay unemployment benefits.

When the farmer suffers from a drought, or for any other reason, the Federal Government hastens to his assistance. This is exactly as it should be. So, too, should not the Federal Government come to the assistance of our unemployed workers who are eligible for benefits under the unemployment compensation program and yet cannot receive these benefits under available funds unless we either cut down the benefits to a ridiculously low level or further paralyze industry by raising the contribution rate to an exorbitant extent, thereby adding insult to injury?

That the Federal Government should assume some measure of responsibility for the solvency of State funds is entirely consistent with the nature of our economy. While unemployment manifests itself on a local basis, it is actually generated by forces beyond the control of any one State or area and lies deep within the complex nature of our national economy as a whole. Therefore, unemployment in any area is rightly the liability of the total economy of the Nation and should, in some measure at least, be the concern of the Nation as a whole.

Federal participation in the field of unemployment financing is not without precedent. A principal analogous to Federal reinsurance is already applied in disbursing Federal funds for administration of the State jobless benefit programs. These funds are provided by a tax of 0.3 percent on covered employer payrolls, but the amount allocated to the various States is determined by their need, rather than by the amount contributed by their industry to this Federal funds.

In doing this, we recognize and establish the philosophy that certain States, in order to provide the essential service and the businesslike administration that is needed, should be given outside help, not on the basis of contribution, but rather on the basis of need.

The essence of this philosophy, I think, should be applied with reference to whatever help we intend to give the various States whose surpluses are low, and who, for that reason, cannot maintain the uniformity of benefit payments which is likewise essential in a sound program of unemployment insurance.

Under the pending bill, H. R. 5173, a State is required to repay a loan which is negotiated under the terms of this bill by a year from the following January. This provision would only worsen the position of the industries in the borrowing State, industries which are already suffering serious handicaps, geographical and otherwise, in their competition with industries in other States. Under the terms of this bill, any State which finds itself in the position of having to borrow could ill afford to do so realizing that in too short a time the obligation imposed upon it to pay back the borrowed money would only constitute another unbearable burden on an already weakened economy. In fact, the help we profess to give under this bill is no help at all. It is like throwing a 25-foot rope to a man drowning a mile off shore. The intention is good, but the effort is indeed weak and in vain.

It is my considered judgment, therefore, that if we do nothing else by way of amending this bill, we must liberalize the repayment features, thereby placing a borrowing State in a position to reinvigorate a faltering economy and create a more favorable climate in order to maintain and develop its industry.

Rhode Island's fund level currently stands at approximately 3.9 percent of the taxable payroll. This is a dangerously low level, and the reserve could very well be wiped out by 1 or 2 years of heavy unemployment, such as we experienced in 1949. But even several years of moderately heavy drains could cripple the fund and wreck the employment-security program completely.

Despite a slight slowing down in the unemployment rise, our jobless total in Rhode Island still represents about 13 percent of our labor force.

There will be those who might say that much of Rhode Island's present situation is of her own doing. This is absolutely not the case. There are 29 States whose maximum benefit rates constitute a higher percentage of the average weekly wage than is the case in Rhode Island. Mind you, Mr. President, 29 of the 48 States in the Union pay more than is paid in Rhode Island. Seventeen States have maximum weekly benefit rates of $30 or more, while 14 States have maximums of from $26 to $28 per week. There are 31 States whose maximums are above those paid in Rhode Island. The present rate in Rhode Island is $25 a week, for a maximum of 26 weeks.

Rhode Island's present position really is due to an economy in which there is a high degree of industrialization, such as textiles and jewelry. Efforts have been made and are being made to bring more diversified industries into Rhode Island. This is a long hard task, but one which I feel we are meeting successfully.

There are only two alternatives open to us. Unless we liberalize the repayment terms of this bill, we will find ourselves in the position of either cutting down our benefits to a ridiculously low level—and they are already low by comparison with other States—or increasing industry's contribution to the fund to a figure which will be the highest in the Nation, the natural result of which will be to drive out our present industry and make it impossible to attract new industry.

I have taken the liberty of pointing to my own State because I know the conditions there better. But, well as I know the condition there, I warn my colleagues that other States can find themselves in a similar position. If the Congress of the United States feels that a program of nonrepayable grants or reinsurance is inadvisable, a position with which I strongly disagree, and a position with which I hope there will be many others who will disagree, then I submit that unless we adopt more liberal terms in the repayment of loans, as provided in the existing bill, we are in fact doing nothing to help States which need the loan.

Therefore, I take the position that unless we do something to liberalize the repayment features of H. R. 5173, it would be much better for the economy of the Nation for us not to pass this bill at all, thereby affording us an opportunity to watch the situation very closely, and to come back at the next session of Congress with better knowledge and understanding of the conditions which will affect the future of our American economy. Once the money goes back to the States, as proposed in the bill, I am afraid we will have put a solution to this serious problem beyond our reach.

I realize how attractive it is to argue that the money should not go into the general fund of the United States Treasury; that it should be returned for the benefit of the States which make contributions to the administrative fund. I realize how difficult it is to beat down that pressure and advocate a period of longer waiting in order better to judge

the drifts of our American economy. However, I firmly believe that with the present repayment conditions in this bill, we will accomplish little, if anything at all, in helping those States which will first experience the impact of a declining economy.

If the spirit and the intention which gave birth to H. R. 5173 are indeed to strengthen the Federal State Employment Security program, then I say either liberalize the repayment features, to which end I have already proposed an amendment which I shall call up later, or vote the bill down, with the hope of finding the right solution at the next session of Congress, when we will know more about our unemployment situation.

Mr. LEHMAN. Mr. President, will the Senator from Rhode Island yield for a question?

Mr. PASTORE. I yield to the distinguished Senator from New York.

Mr. LEHMAN. I am very glad, indeed, that the Senator has so clearly brought out the plight in which some of the States will find themselves if they avail themselves of the loan privilege provision of the bill. According to the report, the $200 million fund which is described in the bill will be available to States with depleted reserve accounts, for the purpose of assisting them in the administration of their unemployment benefit payments. Obviously, only those States which are in a serious financial condition regarding their unemployment insurance funds will or could avail themselves of that privilege. But how they will be able to repay the loan as is required by the bill, is totally incomprehensible to me. The bill provides that they must repay the amount within a limited period, either through a transfer of funds from the trust funds, at the direction of the Governor, or to accept a decrease in the 90-percent allowable credit against the 3 percent for the unemployment tax. And that deduction will be increased to 5 percent each year thereafter.

That would seem to me, obviously, to pile debt upon debt, a debt which the State could not possibly repay to the Federal Government unless it at the same time was willing materially to reduce the already very small unemployment insurance payments which were being paid to its unemployed residents.

Mr. PASTORE. If the Senator from New York will permit me to say so, the bill goes a step further than that. Under the arrangements provided in the bill, insofar as the repayment features are concerned, the bill requires that unless a State pays back the money borrowed by a year after the following January, then that State can claim only, in the first year, a contribution of 85 percent on each dollar paid to the fund, instead of 90 percent. In other words, there is provided a punitive imposition of an additional 5 percent tax on industry. Then, if that amount is not paid back in the first year, there is imposed another 5 percent penalty, which means that a State then receives a credit not of 85 percent, but of 80 percent. Then if that is not paid, there is imposed, in the third degree, another 5 percent penalty, which means that a State which is already depressed will be able to receive credit only to the extent of 75 cents on each dollar paid to its unemployed. Unless the State could pay the loan out of money surpluses, it would have to impose an additional tax on an already depressed industry in order to meet its obligation.

The Senator can see what would happen. First of all, industries would be driven out. There would not be a chance of attracting new industry to that State. All the bill does is to express a pious hope of help, but so far as actual help is concerned, it would not help at all.

I was hoping the distinguished Senator from Colorado [Mr. MILLIKIN] would be present when I made my statement, because I think what I have just stated is essentially the crux of the defects of the pending bill. It imposes a new penalty on an already depressed industry to the tune of 15 percent during 3 years, which means that it will not only make worse a situation which is already bad, but will actually drive out present industry and will not attract any new industry. As a matter of fact, any State which would borrow money under this plan would be foolish. It might just as well make up its mind now that it is going to stop imposing a tax of 3 percent, and start imposing a 4-percent tax on payrolls and try to meet its obligations as best it can.

Mr. LEHMAN. Mr. President, will the Senator from Rhode Island yield further to me?

Mr. PASTORE. I yield.

Mr. LEHMAN. Of course, it is unnecessary for me to say that I am in complete agreement with the statements which have been made by the distinguished Senator from Rhode Island. Enactment of the bill as reported would inevitably lead to one of two things: either to an increase in taxation, which would drive out industry; or to a serious further decrease in what already are completely inadequate compensation payments to unemployed workers of the State, and thus impose a hardship—possibly an unusually severe hardship—on the workers of the State, and an inevitable lowering of theilr standard of living.

The Senator from Rhode Island is so completely correct in his position on this matter that I feel certain he has made a very great contribution to the consideration of the pending legislation by speaking as he has today. No State could possibly avail itself of this so-called privilege, which in fact is no privilege at all unless it already was in difficulties in regard to its compensation funds; and the operation of the bill as reported by the committee would merely add additional burdens to the great burdens which many of the States already are carrying.

Mr. PASTORE. Mr. President, I wish to give to the distinguished Senator from New York a graphic example. First, let me say that under the terms of the bill as reported, no State could borrow one nickel until its surplus had fallen below the amount of the entire collection of the previous year.

In very simple terms that means that the State would be unable to repay. It would be similar to the case of a man who came to one of us on Monday and said: "I am going to be paid on Friday of this week. Will you lend me $10 until then?" Let us assume that the person to whom he made the request was very magnanimous, and replied: "Yes; I will lend you $10, but you must repay me tomorrow." His friend would reply: "How can I repay you tomorrow? I just finished telling you that I will not be paid until Friday. So it will be impossible for me to pay you back tomorrow." In short, the bill provides, in effect, "We will lend you the money you need, but you must begin to repay the money 1 year from next January."

Mr. President, unless there were some hokus pokus in the operations of our economic structure, how would it be possible for the economy of any State to be rectified within 2 years, short of a war? Can the Senator from New York tell me how that could possibly be done?

Mr. LEHMAN. I cannot tell the Senator from Rhode Island how it could be done, because in my opinion it would be an absolute impossibility to do it.

Again I wish to congratulate the Senator from Rhode Island for the very able, useful, and valuable speech he has made on the floor of the Senate this morning.

Mr. PASTORE. I thank the Senator from New York.

Mr. President, I wish to repeat, for the benefit of the very astute Senator from Colorado [Mr. MILLIKIN], that the bill as reported by the committee amounts to no more than the expression of a pious hope. But from the practical point of view of giving help to someone who is in need of help, even with the hope of paying back the money—and I do not wish to question that too much, if it is the intent of Congress—the bill as reported would do absolutely nothing at all, for nothing that could possibly happen, short or war, could raise the economy of a State within a period of 2 years sufficiently to enable the State to pay back the money without imposing punitive penalties on its industries by raising within a period of 3 years their contribution by an added 15 percent. In my opinion, that would cause a tremendous national catastrophe.

So I hope the Senator from Colorado will give serious thought to that phase of the problem, when I call up my amendment.

Mr. President, I yield the floor.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed the bill (S. 1276) to amend the Bankhead-Jones Farm Tenant Act in order to increase the interest rate on loans made under title I of such act, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 79) to express the sense of the Senate on continuing the operation of a tin smelter at Texas City, Tex., and to investigate the need

of a permanent domestic tin-smelting industry and the adequacy of our strategic stockpile of tin, with amendments, in which it requested the concurrence of the Senate.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H. R. 5158. An act for the relief of Sgt. Welch Sanders; and

H. R. 5433. An act for the relief of the estates of Opal Perkins and Kenneth Ross, deceased.

CONTINUANCE OF OPERATION OF TIN SMELTER AT TEXAS CITY, TEX.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 79) to express the sense of the Senate on continuing the operation of a tin smelter at Texas City, Tex., and to investigate the need of a permanent domestic tin-smelting industry and the adequacy of our strategic stockpile of tin, which were, on page 1, line 6, after "Congress", insert ", and the tin produced may be transferred to the national stockpile", and to amend the title so as to read: "Concurrent resolution to express the sense of the Congress on continuing the operation of a tin smelter at Texas City, Tex., and to investigate the need of a permanent domestic tin-smelting industry and the adequacy of our strategic stockpile of tin."

Mr. SALTONSTALL. Mr. President, I have taken up this matter with the majority leader and the minority leader. The amendment of the House of Representatives is a permissive one, not compulsory. It will not change the substance of the concurrent resolution as adopted by the Senate.

Therefore, Mr. President, I hope the Senate will concur in the amendments of the House of Representatives, and thus obviate the necessity of the resolution being sent to conference.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Massachusetts yield?

Mr. SALTONSTALL. I yield.

Mr. JOHNSON of Texas. Will the Senator from Massachusetts tell us the effect of the amendment adopted by the House of Representatives?

Mr. SALTONSTALL. I shall be glad to do so. Let me say that the purpose of the concurrent resolution is to continue for 1 year—until Congress has had a chance to investigate and to determine whether there should be a further continuation—the operation of the tin smelter owned by the Government, at Texas City, Tex. The concurrent resolution as adopted by the Senate provided that operation of the smelter should be continued, and authorized the creation of a committee, but the Senate eliminated from the concurrent resolution a provision to the effect that the tin produced at the smelter should be added to the stockpile of the United States Government. That change was made because it was thought that the stockpile was ample or could be ample, let me say, without going into security reasons, and that such a restriction should not be imposed.

The amendment adopted by the House of Representatives adds a provision to the effect that the tin may be transferred to the national stockpile, but the amendment does not require that it be added to the stockpile. Thus, the amendment is merely permissive, in the opinion of Mr. Mansure and Dr. Flemming, the heads of the two agencies concerned.

So, Mr. President, I can see no objection to the amendment of the House of Representatives, inasmuch as it is a permissive amendment.

Therefore, I ask the Senate to concur in the amendment of the House.

Mr. JOHNSON of Texas. Mr. President, I should like to ask another question of the distinguished chairman of the Armed Services Committee: In his opinion, is the amendment necessary in order to have tin produced at the smelter?

Mr. SALTONSTALL. It is not.

Mr. JOHNSON of Texas. Then the amendment is superfluous, inasmuch as there is already on the statute books a law which provides that the tin may go into the national stockpile, if that is desirable, whereas the House has added an amendment to the same effect.

Mr. SALTONSTALL. I appreciate the comment the Senator from Texas has made, and I believe he is correct.

Mr. JOHNSON of Texas. Mr. President, in view of the fact that the amendment of the House of Representatives does not change or add anything to the existing law, I see no necessity for the amendment, although I do not particularly object to it. Certainly, it seems to me there is no necessity, after the passage of a law, to reiterate it from time to time.

On the other hand, I agree that the Senate should concur in the House amendment, and thus speed final action on this measure.

Mr. SALTONSTALL. Mr. President, I move that the Senate concur in the amendments of the House of Representatives.

The motion was agreed to.

NATURALIZATION OF CERTAIN FORMER CITIZENS

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1303) to provide for the expeditious naturalization of former citizens of the United States who have lost United States citizenship by voting in a political election or plebiscite held in occupied Japan, which was, in line 4, to strike out "plebescite" and insert "plebiscite."

Mr. WATKINS. Mr. President, in the Senate bill the word "plebiscite" was misspelled. The correction of the spelling is the only amendment.

I move that the Senate concur in the amendment of the House.

The motion was agreed to.

PROPOSED CONSTITUTIONAL AMENDMENT TO REQUIRE ANNUAL BALANCING OF THE BUDGET

Mr. BRIDGES. Mr. President, I should like to request the serious attention of this body to a fiscal policy in the Federal Government whose discontinuance is, in my opinion, long overdue.

The distinguished Senator from Virginia [Mr. BYRD] and I propose that the Government put an end to the practice of financing operations through the medium of an interest-bearing charge account that is never paid. This is precisely what we have been doing for the past 20 years.

I realize that, in many economic circles, fiscal morality has been largely relegated to the "old hat" department, and that balanced budgets are regarded as vestigial remnants of our remote past. But in spite of these experts, I cannot avoid the conviction that the stability and national security of America are directly dependent upon the stability of the American dollar, which in turn, depends upon our shutting off this fantastic charge account on which the Federal Government has come to depend. The time to start is right now.

II

If my position on this matter requires collateral support, it may be found in President Eisenhower's address of June 10, in which he predicted 40 years of costly defense, and called for a fiscal program which the country could sustain for a long, long period of time.

During the past 20 years most of our serious fiscal problems have been dealt with on an emergency basis. Each issue was considered a nonrecurring crisis, a milestone in history, the crossroads of our destiny, and what have you.

No one would deny that emergencies of great magnitude which strike the Nation unexpectedly must be dealt with by heroic means, whatever the financial cost may be. But we have been deceiving ourselves concerning the unpredictability of these fiscal problems. We cannot honestly say that there is anything unexpected about the emergency which faces us now, and is likely to face us for the next 40 or 50 or even 100 years.

We are going to have to stop using the words "emergency" and "crisis" and find a new name for our problem, and a new method of dealing with it.

I suggest that the problem of expensive national defense has become, to all practical purposes, a permanent one. I urgently suggest that we face the problem of fitting this permanent situation into our permanent American way of life. This is not merely something we should do: It is something we must do.

III

This return to orthodox financing should not be a psychological strain on the Nation because the one practice which has always set America apart from most other countries is our stubborn habit of not spending any more than we can pay. As a result, for almost 150 years we had a reasonably stable dollar, which in turn, contributed

to the maintenance of a stable government.

But during the 20-year period which has elapsed since the Federal Government opened its multibillion-dollar interest-bearing charge account, the value of the American dollar has been cut in two. Theoretically, if we were to continue the same policy and continue to depreciate our currency at the same rate for the next 40 years, in 1994 the American dollar would be worth about 12½ cents.

However, there is little chance that our currency depreciation would work that way because, if history tells the truth, somewhere along the line the flood of money would burst its bounds and our entire money structure would have to be repudiated and revalued at ruinous rates.

Under these circumstances it would be virtually impossible to carry on an orderly defense program except under martial law, or under a dictatorship whose directives would carry the power to supersede the normal economic relations between people and people and between government and people.

As a result one of two things would happen. Our national defense would be weakened or our civil liberties curtailed. There will be voices from high places that will belittle these fears and assure us that no such dangers exist because with modern techniques this interest-bearing charge account can be manipulated and kept under control ad infinitum.

In fact, there have already been proposals that deliberate inflation at a predetermined rate would be a good thing for the country because of the tested and proven methods of keeping the inflationary mechanism under precise control. Regarding this proposal, I can only say that among the few things of which I am certain concerning economics—and I am certain of very few things—is that nothing is certain despite the experts.

Economic behavior is human behavior, and no one—not even the person himself—can predict what he is going to do under certain circumstances. We must not put our trust in any scheme involving the manipulation of money. For national stability and safety, there is no substitute for a balanced budget.

It might be well for me to state at this point that I do not propose that the Federal Government be stopped from the use of its credit. The intricacies of Government finances require a flexibility that can only come from the use of credit. But that use should be limited to 1 year.

My proposal, therefore, is that the Federal Government be required to retire any such debt during the 12-month period following its creation.

A question that naturally arises concerns the disposition of the existing Federal debt. In my opinion, this debt, or most of it, as well as the cost of servicing it, will have to be regarded as semipermanent factors in our economy.

At least one thing seems certain—the disposition of our existing debt is a problem for future Congresses—not this one. But regardless of what can be done concerning the sins of the past, we must pledge ourselves to sin no more.

v

I do not believe that I should try to include in these remarks any technical description of the monetary inflation process.

Among the supposedly popular advantages of money which becomes progressively cheaper, is that people who owe money can cheat their creditors. In other words, a person can build a house with borrowed money consisting of 100 cent dollars and pay off the loan with 50 cent dollars. I have never subscribed to this theory. I have always found Americans to be fundamentally decent and honest. And actually the theory itself does not apply to Americans. That procedure is difficult enough to understand even when studied from a book.

But there is one basic principle, understandable to everyone, that should be made a part of these remarks, the essence of which is that monetary inflation is unnecessary and benefits no one.

I should like to present this argument to the Senate in the phraseology I found in a little elementary primer on money.

The passage is entitled "The Cost of War Is Not Money," but it could read "the cost of government at any time is not money":

The economic cost of fighting a war, although measured in money, is not money: It is used up goods and services.

Certain things are needed by the armed services, and because they must be taken from the people, the Nation suffers a lower scale of living.

For example, in World War II, about 50 percent of the national production was purchased by Government.

But taxes were not 50 percent: They were only about 30 percent, leaving the people about 70 percent of their income.

If the people and the Government had been willing to face up to the real cost of war, that is, if taxes had been at the rate of 50 percent, the Nation would have been on a pay-as-you-fight basis, and there would be no war debt.

This pay-as-you-fight plan would not have penalized people because they could have bought the same quantity and quality of goods and services with the remaining 50 percent of their income as they bought with the 70 percent.

For Government to take away goods and services without taking away the money paid out for their production only conceals the true cost of Government and creates unnecessary debt.

Let us look at this problem from a different angle. In its effect the inflationary borrowing which supposedly relieves the people of taxes is, in itself, a tax.

Let us assume that instead of getting from the people the full cost of the budget, we borrow from the commercial banks an amount equal to 5 percent of the money supply. When this money is spent by the Federal Government departments, there is in the market $105 in search of every $100 worth of goods. So prices go up and the value of the dollar goes down.

The people will get only about 95 cents worth of goods for their dollars. This loss in purchasing power has the same effect as a tax or a capital levy.

I believe that it must be so considered, regardless of the technical explanations that may obscure the facts. To make matters worse, it leaves behind it an interest-bearing debt.

vi

One of the textbook maxims we learned concerning money is that it should be a safe store of value: In other words, people should be able to get as much for their money when they spend it as they gave up when they saved it.

Under our Constitution the responsibility and the power to make the United States dollar a safe store of value rests largely with the Congress.

The private actions of the people—such as undue expansion of private credit—may affect the value of money, but by and large, the control lies in the Congress.

For 20 years we have been manipulating—or at least we have been a willing agent in the manipulation of—the value of the dollar.

A person who had an income from salary or other sources of $5,000 in 1939 now has an income of less than $2,500, even though the number of dollars remains the same. In other words, the United States dollar has ceased to be a safe store of value.

The Federal monetary policy under which this has happened is known as the cheap-money policy, under which money becomes cheaper and cheaper.

We are told by some political experts that this is a popular policy—a policy that wins friends and influences voters.

There is no doubt that in a country where private debt is owned by a few rich people and the debt is owed by millions of poor people a cheap-money policy would be politically popular, but in America private debt is owned by almost everybody, at least everybody who has an insurance policy or a savings account or a Government bond.

For this reason, cheap money in America hurts more people than it helps.

I am convinced that the American people know that cheap money is not, and should not be, a vote getter.

As evidence I quote from a national survey that was made a part of the hearings before the Bricker subcommittee of the Committee on Banking and Currency in April of this year.

In this survey, which was conducted by the Opinion Research group of Princeton, N. J., the people were asked if they would rather get ahead by being able to buy more with their present income or by receiving more money.

Eighty-five percent said they would rather get ahead by being able to buy more with the money they now receive. That is a good American sign.

It is significant, I believe, that there was very little variation of this percentage in any vocational or geographic breakdown. It makes no difference where a person lives in America or whether he is a plumber or a carpenter or a textile worker or a painter, the reaction is generally the same.

vii

At the risk of seeming to be an alarmist, I should like to point out that the political situations surrounding the

chronic use of this interest-bearing charge account serve the purposes of socialism.

The fundamental appeal of socialism is the apparently magical handout from the kindly central government which has declared war on poverty.

The bottomless purse in the hands of a Socialist-minded bureaucracy is the ideal weapon with which to break down the virtues of thrift and industry and destroy the self-sufficiency and personal initiative of the people.

At the same time it is, as we have noted, a form of invisible taxation—a secret capital levy—upon all of the people which can be used to destroy the people's financial stake in their free economy.

Under this policy it is also possible to buy the people's votes with their own money without the people having any knowledge of what is going on.

This charge account policy which we have been following came to America by way of Socialist England.

Its master architect was the late Maynard Keynes, who mysteriously jettisoned a lifetime of sound economics to serve the Fabian Socialist welfare state.

The Keynes plan looks much better on paper than it looks on the record.

As its name implies—the name being compensatory spending—it is supposed to work both ways: when times are bad, the government taxes less than the cost of government and charges the rest; when times are good, government taxes more than the cost of government and uses the surplus to reduce the charge account. The theory is a fascinating one. It is an appealing one.

The only trouble with compensatory spending is that it is not compensatory—it works only one way.

The fact that Keynes, before he died, practically repudiated his own theory, does not seem to dampen the ardor of his American disciples.

VIII

It has been suggested that a balanced budget policy on the part of the United States would alarm our allies, who depend upon us to greater or lesser degrees for economic and military assistance.

I do not believe that this could be true of any well-informed and candid ally.

The basic necessity of a stable currency is certainly known to all, and no other country, except behind the Iron Curtain, would wish to see the United States weaken itself.

Regardless of what may appear in foreign capital newspapers, the foreign statesmen who are really in need of American assistance want America to stay strong and stable.

On a purely peacetime basis, the stability of the Yankee dollar is of tremendous importance to the stability of world trade.

In short, a balanced United States budget could not harm our friends and allies abroad.

IX

Last but not least, I should like to mention the spending pressure to which the Congress is subjected. It is known to every Member of the Senate.

One of the evils of this interest-bearing charge account is the difficulty we have experienced in resisting pressures for special consideration involving Federal expenditures.

As matters now stand, a pressure group or a Government bureau can approach the Congress with the full knowledge that if its story is good enough, it will not have to worry as to where the money is coming from.

I do not mean to infer that the Congress has succumbed to every eloquent spending group by which it has been approached, but I do say that we would be approached by far fewer and our resistance would be far higher if we were to close out our charge account.

A bill recently passed by Congress, which has just come to the attention of the Committee on Appropriations, allows the Committee on Appropriations no latitude whatever as to whether or not the committee shall recommend appropriations. It authorizes a department in the Federal Government to spend money, and to incur obligations which, if Congress failed to appropriate money, certainly would constitute a claim against the Government.

The bill was reported by a committee after hearings. It was passed by the Senate. Later, hearings were held in the House, and the bill was passed by the House. The bill went to conference and was signed by the President. Frankly, I did not know anything about that provision in the bill. I am not a member of the committee that reported the bill. I did not know anything about it until it came before the Committee on Appropriations.

That experience shows that Senators must not only resist pressure, but they must keep both eyes open and both ears open, and must read nine or ten thousand bills, or some such provision as that in the bill to which I have referred will be slipped over.

As matters now stand, there is little we can say concerning the evils of spending that would deter the spending groups.

Of the thousands of witnesses at the hundreds of hearings held by the Committee on Appropriations of the Senate, rarely—I could say almost never—except where a bill involves a local project and there is a local divided interest, do we have anyone appear before the Committee on Appropriations in opposition to big spending.

I see on the floor members of the Committee on Appropriations: The distinguished Senator from New Mexico [Mr. CHAVEZ], the distinguished Senator from Minnesota [Mr. THYE], and the distinguished Senator from Arizona [Mr. HAYDEN]. They will verify what I say, namely, that rarely, if ever, does a person appear before the Committee on Appropriations in opposition to an appropriation or in opposition to spending, unless it involves a controversy of a local nature, where two sides have developed with respect to a particular project. I ask the Senator from New Mexico whether I am correct.

Mr. CHAVEZ. Mr. President, will the Senator from New Hampshire yield?

Mr. BRIDGES. I yield to the Senator from New Mexico.

Mr. CHAVEZ. The Senator is correct. During some 14 or 15 years as a member of the Appropriations Committee I have noticed that there are always at the hearings the boys from the departments who will prove conclusively that it is necessary to give them everything they want. But I have yet to see a member of a department or someone appearing as a citizen who will say, "Yes, we should like to have this money, but for this reason we should not have it." It is a one-sided affair. The boys come up from the departments every year and usually make a fine showing, but we never have a representative of John Q. Public before the committee who will say, "This is very nice, but for this reason we should not do it at this time."

Mr. BRIDGES. The Senator is completely correct. That is the problem which we face. If the people knew that extra spending inexorably brings on extra taxes, the evils of spending would assume a personal significance. John Jones asks for funds for a particular project. He is probably a hero back home, where it is likely that someone who is egging him on and patting him on the back for coming to Washington and demanding big spending. But if he knew when he advocated the particular item of expense that it would bring on higher taxes, and the people back home would have to pay them, he would think for a second time before urging such an appropriation.

Mr. CHAVEZ. Mr. President, will the Senator from New Hampshire yield further?

Mr. BRIDGES. I yield.

Mr. CHAVEZ. Along the line of what the Senator is now discussing, permit me to speak of an instance which occurred in my own State and city. While a revenue bill was being considered by this body a gentleman representing a certain committee of the chamber of commerce in my city telegraphed requesting me to do everything possible to reduce taxes. I replied: "We have the Forest Service, the Soil Conservation Service; we have all kinds of governmental activities. Which one do you wish to cut out?" He did not wish to cut out a single one.

Mr. BRIDGES. That is a good example. I receive a letter from Mr. John Smith, who says, "Now, Senator BRIDGES, we demand that you stand for economy, and we urge you to cut the expense of Government." So I am complimented to hear from Mr. John Smith, and I feel he is taking an active interest in Government.

A few months later I receive another letter from John Smith. This time he wants me to vote for funds for some particular interest which is worthy and appealing to him, but he completely contradicts his original communication. I can produce from the files of my own office and from the files of the Appropriations Committee scores and scores of letters from persons who are well intentioned and who, time after time, urge economy by the letter route, but who later request the Senate to vote to support an appropriation for a particular project in which they are interested.

We must find some definite, particular, precise way to meet this situation. After years of seeing only occasionally, in the course of 2 or 3 decades, a possibility of balancing the budget, the distinguished Senator from Virginia [Mr. BYRD], who has made a study of this subject, and I are submitting a proposed constitutional amendment which we think will be the answer.

I have tried in these remarks to cover the following points:

First. Balanced budgets are essential to national defense.

Second. Balanced budgets are essential to the maintenance of the value of the people's savings.

Third. Balanced budgets do not add to the tax burden.

Fourth. Balanced budgets do not penalize our friends abroad.

Fifth. Balanced budgets would help Congress resist spending pressure.

Mr. President, I send to the desk an amendment for appropriate reference, proposed by the distinguished Senator from Virginia [Mr. BYRD] and myself.

The joint resolution (S. J. Res. 174) proposing an amendment to the Constitution of the United States to provide for the imposition of Federal taxes to provide revenues at least equal to appropriations, except in time of war declared by the Congress or when the United States is engaged in open hostility against an external enemy, introduced by Mr. BRIDGES (for himself and Mr. BYRD), was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. BRIDGES. Mr. President, before I close I should like to read one or two sections of the proposed amendment. It is very simple, and I think, if it could be adopted, it might at least maintain a solvent America. This is the only time I know of—and I have been in the Senate for 18 years—when there has been a concrete, specific, positive approach offered on the question. I read from the proposed amendment:

SECTION 1. On or before the 15th day after the beginning of each regular session of the Congress, the President shall transmit to the Congress a budget which shall set forth his estimates of the receipts of the Government during the ensuing fiscal year under the laws existing on such date and his recommendations with respect to appropriations to be made for such fiscal year.

Listen to this:

Except in time of war declared by the Congress or when the United States is engaged in open hostility against an external enemy, the total appropriations recommended by the President for any fiscal year shall not exceed the total of his estimates of the receipts of the Government during such fiscal year.

SEC. 2. In the event the Congress, except in time of war declared by the Congress or when the United States is engaged in open hostilities against an external enemy, makes appropriations for the ensuing fiscal year in excess of the total of the President's estimates of the receipts of the Government during such fiscal year reduced by any amount by which the appropriations made for all previous fiscal years beginning subsequent to the effective date of this article of amendment (except fiscal years during which the United States has been engaged in a war declared by the Congress or open hostility against an external enemy) have exceeded the actual receipts of the Government during all such fiscal years, it shall enact measures to raise during such ensuing fiscal year an amount of additional revenue at least equal to the amount of such excess.

I shall skip a little and read section 4:

SEC. 4. No motion in either House of Congress to adjourn for more than 3 days shall be in order during any period of time when the Congress has failed to perform its duty under section 2 of this article.

In other words, Mr. President, unless this country is at war declared by the Congress, or in open hostility against an external enemy, when Congress appropriates money beyond the receipts estimated or beyond the actual receipts of the Government for that year, the Congress of the United States cannot recess or adjourn for more than 3 days at a time until the necessary revenue is provided.

Mr. President and Senators, as I have said, this is a simple amendment. Many persons will attempt to tear it to pieces, but it is stated as simply as it can be stated. If the amendment should be adopted by Congress and ratified by 36 States of the Union, it can save America. If Senators have any love for their country, if they want to keep the United States solvent and stable, for their children and their grandchildren, they could not do better than to support this proposed amendment.

Mr. CHAVEZ. Mr. President, will the Senator yield?

Mr. BRIDGES. I yield.

Mr. CHAVEZ. With reference to the preparation of the amendment, which, in my opinion, has much merit, was consideration given to the practice of the executive departments coming before Congress after the regular appropriation bills have been passed, and seeking supplemental appropriations, in an effort to make up for or to secure what the regulation appropriation bills did not provide? I have experienced instances of that kind. Even now, as the Senator from New Hampshire knows, hearings are being held on a supplemental appropriation bill. In my opinion, this practice should not be allowed to continue. If the Budget Bureau has any recommendations to make, I see no particular reason why it should not make them in connection with the regular appropriation bills, instead of waiting until the last days of the session to come before the Committee on Appropriations with a request for supplemental appropriations, and seeking to obtain at the end of a session what they did not see fit to recommend at the beginning of the session. Was any consideration given to that condition?

Mr. BRIDGES. Yes. I agree with the distinguished Senator from New Mexico. He well knows, as I know, that the supplemental bills or deficiency bills, as they are sometimes called—there are two types—are the most dangerous measures which Congress must consider. If the proposed constitutional amendment were ratified, it would apply to and include all supplemental appropriations, as well as regular appropriations, because all the appropriations would have to be acted on within a fiscal year or before the adjournment of Congress.

But the distinguished Senator from New Mexico has hit upon a very great weakness in our system. Instead of appropriations being handled in the regular budget of a department or a bureau, with the approval of the Bureau of the Budget, a department or a bureau may make a request for supplemental appropriations. These are not considered at the time when the regular appropriations, which are frequently made to appear very low, are considered. So the Senator from New Mexico has struck at the nub of the question.

Mr. BYRD. Mr. President, I wish to congratulate the distinguished Senator from New Hampshire, who is chairman of the Committee on Appropriations, upon the very splendid speech he has made. I have been closely associated with the Senator from New Hampshire for a long time, and I join with him in his efforts toward establishing an economically sound Government.

I wish also to pay tribute to the Senator from New Hampshire for the exceptionally able work he has done as chairman of the Committee on Appropriations in reducing nonessential Government expenditures. I am most pleased to be associated with him in the effort which is now being made to improve the budgetary procedure of the Government.

For 25 years—a full quarter of a century—with only 4 exceptions, the Government of the United States has operated in the red, and a balanced budget is not yet in sight.

The deficit for the year ended June 30, 1954, was approximately $3 billion. In this new fiscal year the deficit will be larger because taxes have been reduced faster than expenditures.

It is imperative to stop deficit spending. I cannot conceive that the Government should operate on a permanent deficit basis. If that should happen, the Government would go over the precipice of financial disaster. I concede that the Government is operating on a permanent debt basis, but we must not continue to add to the debt.

In 25 years we have appropriated $1,200 billion or $1.2 trillion. Of this we have expended $900 billion, or $0.9 trillion, leaving unexpended balances on hand as of this date of $143 billion after excluding rescinded and expired appropriations.

At the same time we have taken $675 billion out of the pockets of the taxpayers and loaded $250 billion, or a quarter of a trillion dollars, in Federal debt on their backs within a period of 25 years.

It accomplishes nothing to say that much of this unhealthy fiscal condition was caused by depression and war emergency.

After all wars, except World War II, the war debt has been paid off. That happened following all wars, including World War I.

Actually, a substantial part of the debt we now owe was incurred during the nonemergency peacetime years. Whatever the occasion may have been, the debt is ours, and the full faith and credit of all of us are pledged to pay it

off. At this moment the debt is practically at its alltime high, approaching the $275 billion limit. The Government's contingent debt, embracing guaranteed obligations, is $200 billion, in addition to the direct debt. Some of this contingent debt must in time be paid out of the Public Treasury.

I join Senator BRIDGES, the distinguished chairman of the Senate Appropriations Committee, in sponsoring this resolution just introduced to amend the Constitution providing for a balanced budget, as the Federal fiscal situation is serious and dangerous, and the present legislative procedure for dealing with it is deplorable and inadequate. The need for reform is immediate and urgent.

The great men who framed and laid the groundwork for this great constitutional democracy never conceived of a condition such as has faced the United States during the past 25 years, when the Government has operated on a deficit spending basis, even in peacetime, with the exception of only 4 years. The Founding Fathers believed that excessive spending would be controlled by taxation, but that was something which it was not possible to provide or protect against in the great instrument, the Constitution of the United States, which governs us today. The framers of the Constitution did not conceive that the Government deliberately, year after year, would spend more money than it had, and thus add to the public debt for future generations to pay.

The proposed constitutional amendment attempts to correct that omission, and to require the Federal Government to levy taxes in proportion to the deficit which is caused by excessive appropriations by Congress. Under the amendment the Congress would be required to remain in session in order to raise the revenue essential to cover any deficit which might occur by reason of excessive appropriations. Such an amendment would be the strongest deterrent I can think of to extravagant, wasteful spending.

In simple language, this amendment prohibits deficit spending; if appropriations exceed revenue taxes must be raised to cover the deficit. This would be an effective deterrent to nonessential spending.

Under current legislative practices there is no such thing as a Federal budget in its entirety.

In its practices and procedures Congress overlooks completely the fact that any budget must have two sides, expenditures and revenue. Once the President submits his budget recommendations, Congress, under its present procedures, immediately proceeded to divorce the two sides and they are never reconciled thereafter in the legislative process.

Actually, the Congress never deals directly with the timing of expenditures in large segments of the budget. It acts exclusively on appropriations, which may be spent currently or deferred for years. Present procedures and practices make it extremely difficult, if not impossible, to control expenditures from appropriations previously enacted and not contained in current appropriation bills. By the same token, nearly half of the new appropriations are for expenditure in some future year, with the result that, in terms of current expenditures, congressional action on them is uncertain, and action by future Congresses, is in a measure bound.

In addition, Congress breaks up requests for new appropriations into a dozen or more unrelated bills, which are acted upon over a period of 6 months, with never an opportunity to consider them as a whole.

The effect of these practices and procedures is to destroy the fundamental budgetary objectives.

Congress, in this session, was asked to enact $56.3 billion in new appropriations. This will be added to $86.9 billion in carryovers, in unexpended appropriations previously made, making a total of $143.2 billion.

In this fiscal year expenditures out of new appropriations will total $36.4 billion, and expenditures out of old authorizations which are not before Congress this year will total $29.2 billion. That demonstrates the extent to which Congress lacks control over any current year's expenditure. The fact is that about 50 percent of this year's expenditures do not even appear in current appropriation bills. When we reduce an appropriation bill on the floor of the Senate, we do not know whether we are reducing the expenditures for this year, next year, or 2 or 3 years in advance. There is no way to ascertain that.

Beyond this, more than 35 percent of appropriations on which Congress is acting this year are not for expenditure in the current year.

For years I have advocated a single appropriation bill, so we could see at one time the entire picture of what was to be expended, could know, when we voted for the bill, how much more would have to be appropriated, and could provide in the bill control of expenditure obligations. More than half of the members of the Senate joined me in sponsoring the resolution for that reform. It has passed the Senate three times. It is now pending in the House of Representatives, and I am hopeful that the House will see fit to pass this much needed reform before it adjourns.

In conjunction with the single appropriation bill, I have advocated for years provision for the item veto. So far as I know, the Governor of every State of the Union has the authority for an item veto. I recall that during my service as Governor of Virginia time and time again I exercised that veto power.

I have introduced a proposed constitutional amendment for this purpose, and likewise an item veto bill in the event the objective could be reached by statute. A bill to that effect has been reported by a subcommittee of the Committee on the Judiciary.

I now join with the Senator from New Hampshire [Mr. BRIDGES] in introducing a proposed constitutional amendment which provides that Congress, before adjourning each year, must enact taxes equal to appropriations, plus any deficit carried over into the new year. In brief, it may be summarized as follows:

Under section 1, the President, at the opening of each session of Congress, would submit a budget setting forth both appropriation recommendations and revenue estimates, but the recommended appropriations shall not exceed estimated revenue under tax laws existing at the time.

That in itself would be a great deterrent to increasing the debt, because no one could argue that the Constitution does not provide that the President shall not send a budget to the Congress which is in excess of the revenues existing at that time, or without recommending additional revenues.

If, in any session, Congress enacts appropriations which, in combination with any deficit carried over from the previous year, exceed the revenue estimates, section 2 requires legislation raising additional revenue to cover the deficit.

Under section 4 neither the House nor the Senate may adjourn until estimated revenue and enacted appropriations, plus any previous year deficit, are in balance.

Appropriations are defined in section 3 so that the term covers annual expenditures out of debt receipts, etc., as well as ordinary appropriations.

The amendment, of course, is careful to provide that it is not applicable during periods when the United States is engaged in war declared by Congress or in open hostilities against an external enemy.

Remember that we have a debt of $275 billion, which is equivalent to the actual value of all the physical and tangible property in America, every acre of land, every house, every industrial plant, all the mines, and all wealth of that character. The present debt is equivalent to the full value of that wealth, not considering the contingent liability for other obligations which we have guaranteed on behalf of the Government, which, as I have previously stated, is approximately $200 billion. The latter is in addition to the $275 billion we owe directly.

The following is what I think must be done if we are to preserve the future fiscal security of the United States:

First. Balance the budget by reducing the spending. That is the only way to balance the budget.

Second. Hold the existing debt ceiling at $275 billion. This is more than enough for us to owe.

Third. Reduce taxes after reducing expenditures; it does not make sense to borrow money to reduce taxes.

Fourth. Short of national emergency, there can and should be a moratorium in all new spending programs until the Federal Government is showing a budget surplus.

To implement this program, we should do the following:

First. Provide for a single package appropriation bill as a substitute for the 12 appropriation bills we now have. This would clarify our appropriation procedure. This has already passed the Senate.

Second. Use more effectively the data obtained by outside commissions like the Hoover Commission.

Third. Reduce carryover funds now amounting to about $87 billion and simplify the whole budgetary machinery.

Fourth. Give the President the right to veto individual items in appropria-

tion bills. This has recently been favorably reported by the Senate Judiciary Subcommittee, as I have stated.

Fifth. Amend the Constitution to prohibit nonessential deficit financing, if it cannot be stopped otherwise. Such an amendment is proposed in the joint resolution introduced in the Senate today.

EMPLOYMENT SECURITY ADMINISTRATIVE FINANCING ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 5173) to provide that the excess of collections from the Federal unemployment tax over unemployment compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States, to provide that the remainder of such excess shall be returned to the States, and for other purposes.

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). The Senator from Montana is recognized.

Mr. MURRAY. Mr. President, during the debate on the pending Reed bill, H. R. 5173, and upon the amendments to that bill offered by the junior Senator from Massachusetts [Mr. KENNEDY] and the junior Senator from Rhode Island [Mr. PASTORE], every Senator will have an opportunity to vote to increase the amount and extend the number of weeks' duration of unemployment-insurance payments to millions of unemployed workers. Should the Senate do this, it will be injecting into the bloodstream of our economy an estimated $2 billion a year of high-velocity dollars taken out of unemployment-insurance trust funds.

I have mentioned an estimated $2 billion a year. However, if the administration continues its wait-and-see policy of doing nothing about unemployment other than to offer more easy money to industrial and business interests, which are suffering not from a shortage of plant capacity but from a shortage of customers, unemployment may well increase by late 1954 or early 1955 to 7½ million workers. If that should occur, and we have had the good sense to vote for the amendments offered by the Senator from Massachusetts, then more than $4 billion will immediately be put to work to strengthen mass purchasing power and restore employment opportunities again.

Let it be clearly understood, Mr. President, that this figure of 7½ million unemployed is not mine; it is taken from Fortune magazine—an organ which has the respect and confidence of businessmen. If the administration's word merchants automatically pronounce me a prophet of gloom and doom when they see that I have used a figure of 7½ million unemployed, they will be sadly in error. They should apply such a title not to me, but to Republican Henry Luce, confidant of the president and publisher of the Fortune magazine.

Of course, Mr. President, Members of the Senate have another alternative. They can decide to do nothing about unemployment except to adopt the pending Reed bill as it now stands, thereby undermining the Federal-State unemployment-insurance system created under the Social Security Act of 1935, and insuring its eventual breakup and destruction. That system, I may remind my colleagues, inadequate as it now is, did ease the suffering and economic shock of unemployment during the mild recessions of 1938 and 1949, and during what Republican soothsayers call the rolling readjustment of 1953 to 1954.

Mr. President, I recognize the fact that doing nothing may seem attractive to those who at the 1952 Republican Convention cheered the pledge, given by the now senior Senator from Ohio [Mr. BRICKER], that in the event of a Republican victory the last vestiges of the New and Fair Deals would be destroyed. But my hope is that, face to face with large-scale, long-term unemployment that threatens to become chronic, we shall not wish to go through with the destruction that was pledged in the heat and enthusiasm of that convention and the campaign that followed. I prefer to believe that we shall take action here, by amending this bill, so as to strengthen, instead of weaken, the unemployment insurance provisions of the Social Security Act and the Unemployment Tax Act precisely along the lines recommended by President Eisenhower and Secretary of Labor Mitchell.

I favor the amendments of the Senator from Massachusetts [Mr. KENNEDY] to increase unemployment insurance benefits and extend the number of weeks duration not only because they match precisely President Eisenhower's 5-month-old recommendations but I also favor them and urge the Senate to adopt them because they are right. They are urgently needed not only to ease hardship and suffering among the unemployed and their families but also because the instant large increase in purchasing power that they will release will be as welcome to our economy as water on parched lands. They were right when President Eisenhower made them 5 months ago; they were right when Secretary of Labor Mitchell passed them on to the governors last February; they are right now, in July 1954, when the Senator from Massachusetts [Mr. KENNEDY] proposes that we do something about them before we go home to face our constituents, including between 3 and 4 million unemployed.

Mr. President, as one of the principal sponsors of the Employment Act of 1946 I was dismayed when, in the winter of 1953, President Eisenhower allowed the members and staff of the Council of Economic Advisers, created by that law, to be dispersed, and allowed their work, as required under that law, to lapse for a period of months. But I was somewhat encouraged when he later appointed new advisers who hired a new staff and, in their own way and fashion, resumed the work called for by the Employment Act of 1946.

Last January, I read with deep interest President Eisenhower's 1954 Economic Report to the Congress, called for by the Employment Act of 1946. Let me quote from that message sections bearing directly upon the subject and issue before us now:

> Unemployment insurance is a valuable first line of defense against recession. * * * But even as a first defense, the system needs reinforcement.

In other words, too much of the recession was breaking through the first line, the line of scrimmage, and was getting into the backfield, tackling the quarterback and the fullback and the two halfbacks before they could either pass or run with the ball. By that time, January 1954, the administration had found that simply easing the tight-money policy of the first 4 months of the Eisenhower administration was not enough, and had found that what our economy needed was purchasing power. Now, 5 months later, our economy still needs purchasing power; it needs customers with money to spend to meet their basic human needs.

What did President Eisenhower propose to do about "reinforcement" of the unemployment insurance system? He got quite specific; he got down to brass tacks. I quote again from his 1954 Economic Report, required under the Employment Act of 1946. In regard to the amount of weekly unemployment insurance payments, he said:

> It is suggested that the States raise these dollar maximums so that the payments to the great majority of the beneficiaries may equal at least half their regular earnings.

Clearly, in order to provide "the great majority" with payments equal to "at least half" their wages, the maximums would have to be increased to a level substantially above 50 percent of the average wage. This was spelled out later by Secretary of Labor Mitchell, as I shall show in a moment.

On the question of duration, President Eisenhower recommended:

> It is urged, therefore, that all of the States raise the potential duration of unemployment benefits to 26 weeks, and that they make the amounts available to all persons who have had a specified amount of covered employment or earnings.

Writing to the Governors February 16, 1954, Secretary of Labor Mitchell cited the fact that the Federal Advisory Council on Employment Security at its January meeting "took action supporting the President's recommendations on improving weekly benefits. The Council recommended that in each State, the maximum weekly benefit amount should be equal to at least 60 to 67 percent of the State's average weekly wage."

On duration, Secretary Mitchell told the Governors:

> The President has urged that all States provide 26 weeks of benefits uniformly to all eligible claimants, in order to assure that even in a minor business downturn most workers would remain protected by the program until they could find other jobs.

But today they are not being so protected, Mr. President. Now, 5 months later, we find that more than 600,000 workers exhausted their rights to unemployment insurance payments before finding other jobs—or being recalled to their former jobs. And more workers are exhausting their rights at the rate of 40,000 a week.

And on June 16, President Eisenhower, who knew in January 1954 that only 14 legislatures would meet in regular session in 1954, told his news conference

that he does not intend to call upon Governors to call special sessions of their legislatures to implement his own recommedation of last January and February.

So now, in July 1954, with employment in manufacturing continuing to fall steadily, with most economic indicators flying storm signals, the issue is up to us, to the Members of the United States Senate.

Shall we do, in the only way that was ever practical, what was suggested to the States last January and February by President Eisenhower and his Secretary of Labor, and which the States clearly would not and, as a matter of cold economic and political reality, could not do?

Or shall we turn our backs on the needs of the unemployed and their families, on the needs of our economy, on the need for strength of our Nation in terms of productive-force-in-being in these days of international tension, and go home empty-handed to tell the people in our States that the unemployment insurance part of President Eisenhower's legislative program was not really up to the Congress but is really a matter for individual State action, if not this year, then next year, or sometime?

Unemployment compensation laws in this country were the direct result of Federal action. The Social Security Act of 1935 made possible and led to the enactment of State unemployment compensation laws. That was its purpose. It was to eliminate the interstate competition which would have resulted had only scattered States passed laws.

In incorporating certain standards in the original act, Congress recognized the need of assuring that unemployment compensation laws were more than tax evasion devices. The Supreme Court in upholding the constitutionality of the act, stated:

> An unemployment law framed in such a way that the unemployed who look to it will be deprived of reasonable protection, is one in name and nothing more.

With increased unemployment, the Congress of the United States, which was responsible for the birth of unemployment compensation in this country, must against exercise responsibility to assure that unemployment compensation laws are more than laws in name only—that they afford workers protection by permitting them to maintain a reasonable and a decent standard of living during periods of unemployment and through this maintain purchasing power to prevent further unemployment.

That purpose would be accomplished by the Kennedy amendments. If the Kennedy amendments should be voted down by this body, the vicious trend toward transforming State laws into unemployment insurance laws in name only will not be maintained but accelerated because the enforcement of even the existing and weak few Federal standards will be undermined.

Mr. President, I have before me the text of a profound examination of the current battle that is on between two views of Government and society. It is an address delivered at Haverford College, June 13, 1954, by Solomon Barkin, economists for the Textile Workers Union of America, CIO. It is entitled "Governmental Action Necessary for Full Employment," and was delivered in a panel discussion held by the Labor Education Association at its 12th annual summer conference under the general title "A Labor Program for Full Employment."

I wish to quote excerpts from this address to show that the working people of this country are perfectly aware of what this fight is about here today in regard to the Kennedy amendments and to show my colleagues that the policies of this administration are not passing unnoticed but are being analyzed with great care and thoroughness by the labor unions, who take seriously their responsibility both to their members and to the national welfare.

Let me read some of the passages from this address which, it seems to me, are aimed at the center of the target in this debate. In the course of Mr. Barkin's address he stated:

> This country is divided on the level of unemployment which we shall tolerate and on the responsibility of our Federal Government to protect this number of jobs. Trade unionists and responsible liberal elements are lined up against the business interests and our national administration, callous to the high human costs of unemployment. The latter are quite tolerant, despite reluctant infrequent professions to the contrary, to the current volume of unemployment.
>
> This is not a new controversy. It is one which has divided our country during the postwar years. The attack on the welfare state and President Eisenhower's plea for taking the Government out of economics are made of the same matrix. The men who support this view defeated the full employment pledge proposed in 1946. The Employment Act as adopted merely demands that it shall be the "continuing policy and responsibility of the Federal Government to promote maximum employment, production, and purchasing power." The business community has not accepted its responsibility of developing a full-employment economy. It is satisfied with high employment and a continuing large group of unemployed.
>
> The battle is between two views of government and society. One places the preservation of the economic and personal vitality of the worker as the prime determinant of action; the other is indifferent to the sacrifices of these values, hopefully expecting private business to provide a continuing high level of employment discouraging severe political eruptions, without taxing its economic ingenuity.
>
> We stand in opposition to the present administration in its attitude toward unemployment. All persons willing to work should have an opportunity for employment. During the last 15 years, the Nation has urged all to work because we have had a shortage of workers to execute the tremendous production program. We learned that jobs can be designed to employ all who want to work. The handicapped and the older persons, hitherto placed on the scrap heap, can be profitably employed. Work can be fashioned to provide jobs for those who need part-time employment.
>
> Government must underwrite full employment. Without such governmental activity, we would not have had and shall not have full employment. The tremendous burden of the 40-year war to which President Eisenhower referred Thursday night can be eased by having everybody contribute their efforts and minds. How can we hope to assist undeveloped nations to build up sound and expanding economic and political systems if we waste our own resources through unemployment and idle capacity? Is it not wiser to stimulate physical output, to raise our standards and to facilitate our contributions to the peoples abroad than to concern ourselves with the paltry deficits which can be wiped out by a fair tax system?
>
> An era of full employment is not only financially and economically wise, but also is necessary to the mental health of our people. In the years gone by, when we enjoyed a minimum of unemployment, social tensions were reduced. We raised our individual and national well-being so that we provided a model for the rest of the world. Now, we shrink with apologies for our unemployment. Optimism then pervaded the American worker's outlook rather than the doubt and uncertainty which now corrodes his outlook, implanting feelings of insecurity.
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> Only a distorted sense of economy can tempt one to insist upon a balanced national budget in preference to a balanced national economy.
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> This conflict in views has been sharpened during the year by statements of the President, the Secretary of the Treasury, and particularly the Chairman of the Council of Economic Advisers. The latter has rejected the philosophy of the former Council Chairman, who assumed that the Council had not only to follow our current economic developments, but also to set the guideposts for legislative and administrative action on the basis of a growing, fully employed economy in which standards of living are being constantly raised. Our economic prowess was to be translated into a fuller life. The deficiencies in our opportunities and the substandard levels were to be eliminated. But the new Council Chairman will have none of it. He is a business economist who deals with indicators of activity which compare the present with the past, but omits any reference to our expanding population and productivity and the vision of progress so fundamental to the American philosophy. For truly, as Prof. Sumner Slichter has said, the present Council of Economic Advisers has accepted a "level of unemployment" which is "considerably higher than the people of the country will find tolerable."
>
> The administration is gambling with the well-being of millions of idle Americans suffering from the importunities of unemployment. It has continued to rely on economic stabilizers built into the economy by previous administrations. It awaits industrial growth, hopefully anticipated from the lavish bounties it has recommended. It relies on Congress to grant these bequests to business and property owners, for it knows that Congress is steeped in the tradition that the motive force of our economy is profits, whether gained from true enterprise, Government subsidy, or tax concessions and exemptions to monopoly powers. The big-business interests are risking our country's future on the chance that tax concessions to business and the governmental guaranties on housing loans will stem the tide. Instead, therefore, of addressing itself wholeheartedly to the problem of creating full employment, the administration has flooded us with words of faith, speeches exhorting patience, and news releases replete with glowing statements of confidence that the turn has come and the future is sure. Instead of a recession, we have been told we are experiencing a rolling adjustment, a transition, or a correction. While it no longer condemns critics as prophets of doom, it has not abandoned its deliberate efforts to talk us into a business recovery.
>
> THE UNEMPLOYED
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> Can we recover from our present recession through stimulation of investments? The administration looks at production figures

and compares them with the previous year's output. Is this the proper measure of success in our economy? We who are dedicated to a full employment economy cannot accept this test.

* * * * *

The May 1954 Census Bureau report shows the number as being 3,305,000. To this group we must add those people who technically have jobs, but are not at work because of layoffs and expecting future jobs; these number 848,000. Then, there are the people who have been counted out of the labor market, but who are, nevertheless, eligible for work; these number some 700,000 (the calculation is based on the May 1952 levels of work participation). We are, therefore, definitely confronted with the challenge of finding 4,930,000 more jobs than are being held at the present time.

* * * * *

Equally significant is the fact that 133 of the 145 labor market areas are now classified as labor surplus areas, and there are no areas with labor shortages. The United States Department of Labor has found it necessary to establish a new classification—"substantial labor surplus" (12 percent or more) for 6 cities; 3 of these are in Pennsylvania (Altoona, Johnstown, and Wilkes-Barre-Scranton), 2 in New England (Lawrence and Providence), and 1 in Wisconsin (Kenosha).

* * * * *

The economy now enjoys the benefits of some corrective devices which moderate the impact of unemployment and therefore serve as stabilizers. However, they are not stimulants of expansion. The unemployment insurance program provides a fallback for many workers, but the benefits tend to be small and run out quickly. Assistance to the needy is even more limited. Old age benefits have been increased and the present congressional action may expand them still further. But offsetting the former has been the marked rise in contributions, estimated at three-fourths billion dollars, and largely paid by lower-income groups, and the latter will also be accompanied by a higher volume of taxes. These payments are necessary brakes on contraction, but not activators of new industry.

Income tax reductions at the beginning of the year benefited many, but the lowest income group had it offset by the higher social security contributions. The new tax program is aimed at helping the higher-income groups again.

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A. Programs necessary to stimulate greater purchasing power:

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3. Adopt Federal minimum standard for unemployment insurance benefits requiring benefits equal to 50 percent of the State average weekly wage for 39 weeks.

I ask unanimous consent to have printed in the RECORD at the conclusion of my remarks the full text of Mr. Barkin's address. In doing so, I urge my colleagues to give it their close and careful attention.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

This country is divided on the level of unemployment which we shall tolerate and on the responsibility of our Federal Government to protect this number of jobs. Trade unionists and responsible liberal elements are lined up against the business interests and our national administration, callous to the high human costs of unemployment. The latter are quite tolerant, despite reluctant infrequent professions to the contrary, to the current volume of unemployment.

This is not a new controversy. It is one which has divided our country during the postwar years. The attack on the welfare state and President Eisenhower's plea for taking the Government out of economics are made of the same matrix. The men who support this view defeated the full employment pledge proposed in 1946. The Employment Act as adopted merely demands that it shall be the continuing policy and responsibility of the Federal Government to promote maximum employment, production and purchasing power. The business community has not accepted its responsibility of developing a full employment economy. It is satisfied with high employment and a continuing large group of unemployed.

The battle is between two views of Government and society. One places the preservation of the economic and personal vitality of the worker as the prime determinant of action; the other is indifferent to the sacrifices of these values, hopefully expecting private business to provide a continuing high level of employment discouraging severe political eruptions, without taxing its economic ingenuity.

We stand in opposition to the present administration in its attitude toward unemployment. All persons willing to work should have an opportunity for employment. During the last 15 years, the Nation has urged all to work because we have had a shortage of workers to execute the tremendous production program. We learned that jobs can be designed to employ all who want to work. The handicapped and the older persons, hitherto placed on the scrap heap, can be profitably employed. Work can be fashioned to provide jobs for those who need part-time employment.

Government must underwrite full employment. Without such governmental activity, we would not have had and shall not have full employment. The tremendous burden of the 40-year war to which President Eisenhower referred Thursday night can be eased by having everybody contribute their efforts and minds. How can we hope to assist undeveloped nations to build up sound and expanding economic and political systems if we waste our own resources through unemployment and idle capacity? Is it not wiser to stimulate physical output, to raise our standards and to facilitate our contributions to the peoples abroad than to concern ourselves with the paltry deficits which can be wiped out by a fair tax system?

An era of full employment is not only financially and economically wise, but also is necessary to the mental health of our people. In the years gone by, when we enjoyed a minimum of unemployment, social tensions were reduced. We raised our individual and national well-being so that we provided a model for the rest of the world. Now, we shrink with apologies for our unemployment. Optimism then pervaded the American worker's outlook rather than the doubt and uncertainty which now corrodes his outlook, implanting feelings of insecurity.

People, in the era of full employment, could have jobs which suited them best. Employers tried then to place people on jobs which fitted them. Personnel policies became more generous. Collective bargaining operated in a favorable atmosphere. Social tensions were reduced and the barriers to minority groups were lowered. They favored the progress which brought the now-famous Supreme Court decision on segregation. These gains are now endangered by the discontent, pessimism, and suspicion engendered by the onrush of insecurity pervading our present society. Now we get rigorous selection of applicants and the signs of the scrap heap are beginning to appear.

Only a distorted sense of economy can tempt one to insist upon a balanced national budget in preference to a balanced national economy. Our economic balance must be measured not by such accounting devices as the state of the national budget, but by our success in utilizing efficiently and fully our resources and manpower. While there is unemployed manpower, we have an imbalance and a waste which should be more disturbing than any financial deficit recorded on a budget statement. A fully employed economy can easily, through legislation, eliminate any budget imbalance which may exist. The preachments of the budget balancers are no more than the outcries of the rich and the economically powerful against taxation of their income and wealth.

This conflict in views has been sharpened during the year by statements of the President, the Secretary of the Treasury, and particularly the Chairman of the Council of Economic Advisers. The latter has rejected the philosophy of the former Council Chairman, who assumed that the Council had not only to follow our current economic developments, but also to set the guideposts for legislative and administrative action on the basis of a growing, fully employed economy in which standards of living are being constantly raised. Our economic prowess was to be translated into a fuller life. The deficiencies in our opportunities and the substandard levels were to be eliminated. But the new Council Chairman will have none of it. He is a business economist who deals with indicators of activity which compare the present with the past, but omits any reference to our expanding population and productivity and the vision of progress so fundamental to the American philosophy. For truly, as Prof. Sumner Slichter has said, the present Council of Economic Advisers has accepted a level of unemployment which is considerably higher than the people of the country will find tolerable.

Full employment has not been mentioned in its report to the President. It speaks only once of reasonably full employment, which is an inadvertent reference rather than a specific declaration of responsibility. Nowhere in its report does it specify the levels of employment required to carry out the purposes of the Employment Act of 1946, although the act calls for such estimates.

The Council has failed to budget our national economic accounts. It has destroyed itself as an instrument for testing our national performance. It has become an apologist for delay and inaction. Along with the administration, the Council stands convicted of a desire to perpetuate partial unemployment. This goal has been earnestly sought by sectors of the American business community anxious to weed out the less efficient workers, to best the trade union movement in bargaining, and to reduce production operations to manageable proportions for higher internal efficiency.

The administration is gambling with the well-being of millions of idle Americans suffering from the importunities of unemployment. It has continued to rely on economic stabilizers built into the economy by previous administrations. It awaits industrial growth, hopefully anticipated from the lavish bounties it has recommended. It relies on Congress to grant these bequests to business and property owners, for it knows that Congress is steeped in the tradition that the motive force of our economy is profits, whether gained from true enterprise, Government subsidy or tax concessions and exemptions to monopoly powers. The big business interests are risking our country's future on the chance that tax concessions to business and the governmental guaranties on housing loans will stem the tide. Instead, therefore, of addressing itself wholeheartedly to the problem of creating full employment, the administration has flooded us with words of faith, speeches exhorting patience and news releases replete with glowing statements of confidence that the turn has come and the future is sure. Instead of a recession, we

have been told we are experiencing a rolling adjustment, a transition or a correction. While it no longer condemns critics as prophets of doom, it has not abandoned its deliberate efforts to talk us into a business recovery.

THE UNEMPLOYED

Can we recover from our present recession through stimulation of investments? The administration looks at production figures and compares them with the previous year's output. Is this the proper measure of success in our economy? We who are dedicated to a full employment economy cannot accept this test. We assume that the measure is the amount of unemployment and underemployment. Are we providing people with jobs? Are we increasing the number of our jobs to correspond to the rise in the number of job seekers? Are they all enjoying the benefits of rising productivity through higher living standards? These are the gages of success. The test is not past, but present needs.

Unemployment is intolerably high. The May 1954 Census Bureau report shows the number as being 3,305,000. To this group we must add those people who technically have jobs, but are not at work because of layoffs and expecting future jobs; these number 848,000. Then, there are the people who have been counted out of the labor market, but who are, nevertheless, eligible for work; these number some 700,000. (The calculation is based on the May 1952 levels of work participation). We are, therefore, definitely confronted with the challenge of finding 4,900,000 more jobs than are being held at the present time.

In addition, there were 8,344,000 persons working less than 35 hours per week. The May survey of the labor force reports that there were 3,550,000 workers who usually worked full time at their present job, but who were working part time. About one-half of these people ascribed the part-time schedule to economic factors. The number in May represents an increase of 100,000 over March and 430,000 over December 1953.

In the week of May 22, 2,078,731 workers were receiving unemployment benefits; they constituted 5.7 percent of the total covered employees. In addition, 76,593 persons were receiving unemployment benefits under the Veterans' Readjustment Assistance Act. Equally significant is the fact that large numbers of workers have exhausted their unemployment insurance benefits.

Even though there was a slight drop in the number of unemployed in May, it was smaller than the usual seasonal drop of preceding years. The reduction was due primarily to the pickup of 750,000 jobs in agriculture. Actually, in the nonagricultural employments, there was a decline of 124,000, localized primarily in the manufacturing, wholesale, and retail industries, where a drop of 274,000, was offset by a slight rise in construction, transportation, finance, and government.

There is general agreement that there was a rise in unemployment in June and that it will continue through the next few months.

Equally significant is the fact that 133 of the 145 labor market areas are now classified as labor surplus areas, and there are no areas with labor shortages. The United States Department of Labor has found it necessary to establish a new classification—"substantial labor surplus" (12 percent or more) for 6 cities; 3 of these are in Pennsylvania (Altoona, Johnstown, and Wilkes-Barre-Scranton), 2 in New England (Lawrence and Providence), and 1 in Wisconsin (Kenosha).

We are, therefore, faced with the huge challenge of finding new employment and doing it quickly. There are millions of people being demoralized and losing their work qualifications. Some one-third of those counted officially as unemployed have been out of work for 15 weeks or more. Unemployment is most severe among the oldest and youngest age groups, and among the nonwhite population.

CAN WE EXPECT SPONTANEOUS RECOVERY TO FULL EMPLOYMENT?

To evaluate our ability to restore full employment without vigorous governmental action, we must determine the factors which precipitated our current widespread unemployment, and whether they contain the roots of their own correction. After consideration of these factors, we will conclude that it is not likely that there will be such adjustments without substantial governmental aid and stimulation.

1. A factor given considerable prominence has been the contention that we are living through an inventory adjustment. Considerable plausibility was given this argument, since business went through an inventory boom at the beginning of 1953. Since then it has declined, so that after a building-up rate of $3 billion in the third quarter, inventories actually were shaved at a rate of $3 billion in the fourth quarter, and $4.8 billion in the first quarter of 1954. In the second quarter it is probable that inventories have remained about on par, with no signicant net movements. However, there are areas where inventories are still too high and other places where they are down to current-use level. In May, the National Association of Purchasing Agents reported that one-third of the firms are still paring their inventories. Seasonal buying is likely to drain inventories below workable levels in few areas, but these are offset by significant inventories in others.

At the end of April 1954, the overall business economy showed $1.67 of inventory for each dollar of sales. It was only 2 cents below September 1953 and 3 cents below November 1953 or February 1954. Inventories in manufacturing are at the level of $1.86 per dollar of sales, equal to September 1953, but below February 1953 when it was $1.95. Wholesale inventories per dollar of sales have been relatively stable at $1.29 per dollar of sales since September 1953. Significantly, the inventories at the retail level have dropped only conservatively, from $1.64 per dollar of sales in September 1953 to $1.59 in April 1954; this was representative primarily of the drop in inventories of durable goods from $2.24 inventory per dollar of sales in September 1953 to $2.11 in April 1954. Nondurable goods inventories per dollar of sales has been stable at about $1.31.

Inventories are not light. Nor do inventory shortages promise to provide the corrective. As a matter of fact, inventories of automobiles are very heavy for this time of year. Only a significant upsurge in buying will change the picture.

2. Consumer credit: Another factor which has been blamed has been the contraction in consumer credit. It is true that the excessive splurge has brought us face-to-face with the fact that over-extended personal debt leads to contraction. In 1953, consumer credit rose by $3.1 billion. In the first quarter of 1954, the drop was $380 million, or at the rate of $1.5 billion. In April it rose slightly, by $200,000, primarily in charge accounts which do not represent the lower income groups. This is primarily middle-class buying. Installment credit continues to decline. Repayments and reclamations on delinquencies continued to loom large. But the low rate of liquidation in view of shrinking national income has not opened up a real reservoir of potential debts.

With the large mortgage debt hanging over the American people and the continued high volume of consumer debt, the liquidation of consumer credit has not taken place at a rate which insures a corrective.

3. Defense and governmental expenditures: A markedly important deflator has been the reduction in governmental defense expenditures. During the first quarter they were down to $47 billion, a reduction from $53.5 billion in the second quarter of 1953 and $50 billion in the fourth quarter. It is probable that the second quarter of 1954 will show a further decline to the level of $45 billion, and that, in the next fiscal year, it will continue at this same amount. We can, therefore, only continue to expect the present level of defense expenditures.

Federal nonmilitary expenditures have been dropping and will continue to decline, but State government expenditures have been rising at times in sufficient volume to offset the drop in Federal Government nonmilitary expenditures.

We cannot look forward to any sharp reversal on expenditures in this area unless there are major changes in national policy.

4. Prices: Wholesale and consumer prices have remained relatively stable with wholesale prices rising slightly and consumer prices tapering off. A resurgence in buying power from a reduction in prices is not visible. Individual sales have shown buyers eager for bargains and lower prices. But the American business community is not ready for so radical a step as general price cuts. Despite its talk about competition, it is not competing on a price basis. Management offers alternative price lines without reducing its price margins. Even the automobile industry continues to maintain its prices, despite strong pressure from its distributors. The iron and steel industry, operating most profitably at a 67 percent level, with a break-even point below 50 percent of operations, talks of raising prices to compensate it for contemplated wage increases.

American management, which has enjoyed a tremendous largess in the form of the cancellation of excess-profits taxes has not passed this on to the American people. Even with respect to the reduction in excise taxes, there are many illustrations of prices being maintained to permit the sellers rather than the buyer to capture these benefits.

Our price structure has not reflected the rising productivity which has reduced costs of manufacture. They have increased management's ability to maintain highly profitable operations even at the lower levels of output.

This program of continued price rigidity, of course, spells further discouragement to our capacity for opening up new vast pockets of buying power through lower prices.

5. Expenditures on new plants and equipment: Much of the faith of the present administration in our economic future is dependent upon continued large expenditures on new construction and new plants and equipment. Truly, the present economic system could be kept at very high levels through industrial and production expansion. Essentially, this program can rest on either one of two factors: (1) The development of new, alternative products or more economical methods of production or (2) expanding consumer demand. The latter is not likely to be a vital force unless we maintain an expanding, full employment economy and invent new forms of consumer debt. In the words of the Wall Street Journal, we have built up an "industrial capacity * * * to cover not only [normal peacetime musts] but also accumulated shortages, the needs of a war and the very large requirements of a rapid industrial expansion program. * * * The Nation's productive system [has] ample room for the satisfaction of desires as well as needs." New products and methods must therefore be the primary determinant of the volume of new plant and equipment.

It is difficult to project the probable volume of new products and methods, but there are many indications that it is not currently of such magnitude as to make up for the decline in military expenditures or governmentally financed private expenditures. The Journal of Commerce for June 11, 1954, reports that the "short-range or intermediate term business picture is guid-

ing manufacturers in new plant and equipment investments to a greater extent than at any time since World War II." It reports that some manufacturers "have cut sharply on investments because they lack working capital and no longer can finance investments out of earnings." Moreover, the article adds that "mergers forced by competitive conditions are resulting in the release of surplus plants in some cities (which) is contributing to the slowing down of new plant construction. * * * On balance, sales of machinery are making a better showing than construction of plants."

These conclusions are in part reflected in the estimates of projected capital outlay released by the SEC and the Department of Commerce which indicate a probable decline in expenditures through the rest of 1954. The drop is occurring in every area except commercial and office buildings. Expansion in the latter fields is continuing primarily because of the more recent suspension of emergency controls and the opening of new communities and suburban areas.

The Government is counting on the stimulation expected from the new provisions for accelerated depreciation in the proposed tax law. While it will no doubt have some such effect in marginal cases, the end result will be quite modest in face of the contraction in civilian demand. The damage done by the shift in the burden of taxation and by the creation of more inequalities will far exceed the advantages from economic stimulation.

Only a large-scale program of atomic power development could have the multiplier effects for which the administration is looking. Moreover, the concurrent rise in man-hour productivity through the scrapping of older equipment and buildings and through more efficient machinery and operations probably mean lower employment in existing industries. This is the basis for the distress in the textile industry and divisions of the electrical manufacturing, and is the general threat which confronts us. The larger capital investment in machinery will compound our difficulties if the volume of capital and consumer expenditures does not compensate for the decline in Federal expenditures.

6. Housing construction: Residential housing construction has helped maintain our current level of economic activity. Last years' levels are being matched. It is substantially accounted for by the availability of new funds brought about by the granting of mortgages to veterans for 30 years with no downpayments. Interest rates, which had been rising, have returned to the former levels following the easier money policy instituted by the Federal Reserve Bank System. However, there is little likelihood of any marked rise in volume from this source, even with the possible approval of the modest 35,000 per year program of public housing. We shall be happy, under present circumstances to maintain the existing volume of new housing.

7. Wage increases: A real potential corrective factor is wage increases. This action could stimulate considerable new buying power. However, the volume of immediate buying power will be limited in that the sums being considered are in the range of 5 to 10 cents per hour. In addition, some part of the gains are in forms which do not create immediate buying power, such as pensions; funds of a guaranteed annual wage or reserves for benefit funds. Finally, large numbers of workers will receive smaller sums, and others none at all. Concurrently, there are other areas where the workers are being compelled to take wage reductions or limitations on benefits or other types of reductions in income. These are located primarily in the low-wage industries and marginal plants.

In the meantime technological improvements are curtailing employment and reducing the number of persons benefiting from the wage increases. Wage increases are significant stimulants, but are currently not large or widespread enough to turn the tide in and by themselves.

8. Current governmental action: With the exception of the influence of wage increases, State and local expenditures and capital improvements, we cannot rely upon the above factors to offset the large reductions in governmental expenditures so as to correct the present condition of widespread unemployment. Rather, we might well conclude that many of the above factors have not run their downward course, while others, like technological change, carry the causes of further reductions in employment.

The economy now enjoys the benefits of some corrective devices which moderate the impact of unemployment and therefore serve as stabilizers. However, they are not stimulants of expansion. The unemployment insurance program provides a fallback for many workers, but the benefits tend to be small and run out quickly. Assistance to the needy is even more limited. Old-age benefits have been increased and the present congressional action may expand them still further. But offsetting the former has been the marked rise in contributions, estimated at three-fourths of a billion dollars, and largely paid by lower income groups and the latter will also be accompanied by a higher volume of taxes. These payments are necessary brakes on contraction, but not activators of new industry.

Income tax reductions at the beginning of the year benefited many, but the lowest income group had it offset by the higher social security contributions. The new tax program is aimed at helping the higher income groups again.

9. Personal income: Personal income has been declining steadily in the current recession. From July 1953 through April 1954 income has dropped at an annual rate of $5.3 billion despite the rise in population. The primary cause has been the reduction in wage and salary income. Farm proprietor income has been only slightly lower as it has been propped up by large governmental purchases. Dividend and interest payments have been rising. The continued large scale unemployment will deter any increase in this critical sector of the economy.

Much comment has been directed to the large volume of retail sales. These have been sustained only slightly below the previous year's level but our population has risen so that per capita sales have actually declined. The critical fact is that May sales were considerably below April and the June reports are not reassuring. The impending summer slump months are going to remove even more of the bloom from the above reports.

GOVERNMENT ACTION HELPED MAINTAIN CURRENT ECONOMIC STABILITY

A review of the individual sectors of our economy indicates that there are few sources within it that can provide us with any real resources for spontaneous corrective factors to restore a state of full employment. The reliance on private action rests on a belief among some people that there is an untapped fount of new products or processes which will stimulate investment. We have already commented upon this view and have concluded that they do not provide us with a safe ground for a confidence in economic resurgence and in all probability will be inadequate. Others trust in consumer buying. They overlook the fact that shrinking income induces more cautious buying. The consumer is already overladen with mortgages and short-term debt. His savings are not in liquid condition and it is unevenly distributed so that the lower and middle income groups have a relatively small proportion.

Those who disapprove of governmental action must, of course, recognize that the present high economic level is being sustained by governmental economic programs, aids, subsidies, and incentives. The large governmental expenditures on national security as well as Federal and local governmental expenditures are major props for our current economy. Similarly we must add deposit guaranties. There are also mortgage guaranties which are stimulating residential housing construction. Accelerated depreciation benefits have helped initiate many current projects for industrial building and machinery expansion or replacement. Similarly tax exemptions and benefits have favored other industrial projects.

Unemployment and old-age security benefits and financial assistance programs are contributing substantially to maintenance of the incomes of millions of persons and families.

The major conclusion flowing from the above analysis is that the present private and public programs have been able to stabilize our economy but are hardly sufficient to induce the measure of recovery necessary to insure a rise in production and demand necessary for the full employment of the 4,900,000 unemployed.

These conclusions are corroborated by the results of a survey by Dun & Bradstreet reported in Dun's Review and Modern Industry for June 1954. It found that business on the whole expected a rise in net rates and profits whereas they predominantly expected no increase in employment, which in view of the rising population suggests a rising number of unemployed. Optimistic expectations for the third quarter of 1954 as compared with the third quarter of 1953 were held by 46 percent as to net sales, 38 percent as to net profits and 40 percent as to manufacturers' orders. As for selling prices the general outlook (74 percent) was for no change. Inventories would probably be leveled out. Eleven percent expected increases in employment and a like proportion reported probable reductions and 78 percent expected no change. (Dun's Review and Modern Industry, June 1954, p. 68.)

A PROGRAM FOR FULL EMPLOYMENT

We are herewith outlining a series of steps necessary to be undertaken by the Federal Government in order to realize the goal of underwriting an era of full employment with a rising standard of living for the people of this country.

A. Programs necessary to stimulate greater purchasing power

1. Increase the minimum wage from 75 cents to $1.25 and extend its coverage.

2. Liberalize the Federal old-age security system.

3. Adopt Federal minimum standard for unemployment insurance benefits requiring benefits equal to 50 percent of the State average weekly wage for 39 weeks.

4. Increase the personal exemption under the Federal income tax law from $600 to $800.

5. Repeal of the Taft-Hartley Act to support the extension of unionism and collective bargaining in areas not now organized.

B. Programs necessary to stimulate capital investment

1. Expand Federal, State, and local public works programs for schools, roads, hospitals, water and sewer systems, river valleys, and similar public functions.

2. Increase local resource study and development.

3. Promote basic research and development of atomic power experiments and application.

4. Financial and managerial aid to small business to encourage new enterprise.

5. Expand foreign aid programs to underdeveloped nations in need of capital.

6. Institute a more extensive public housing program.

C. Programs necessary to reduce excessive prices

1. Institute a system of public review of consumer complaints against excessive prices by a Federal trade agency to determine the levels on which specific prices may be properly reduced.

The adoption of the above programs is rightfully the responsibility of the Federal Government. For it to discharge its full obligations for the maintenance of maximum employment, it should not only determine the magnitude of the deficiency in jobs, but prescribe the desirable areas for promotion of activity and purchasing power. The above programs provide the framework for specific action whereby buying power may be stimulated either through higher income or lower prices, or both, and the promotion of new jobs through new capital developments undertaken by both private and public ventures.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. KENNEDY].

Mr. UPTON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. AIKEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection it is so ordered.

THE CURRENT NEED FOR ANTIRECESSION ACT

Mr. MORSE. Mr. President, I wish to discuss the pending legislation. I am fearful that the urgency of the need for improving the unemployment-compensation laws and bringing them up to date may be obscured by the steady stream of rose-tinted propaganda about the state of our domestic economy that has been flowing from the spokesmen of the Republican administration during the whole course of the Eisenhower recession.

In fact, Mr. President, I was a little amused this morning when I picked up the newspaper and read of the President's speech, via the Vice President, before the governors' conference in which he advocated a great road-building program which will cost between $40 billion and $50 billion. I ask the simple question, Where was the President on that issue early this year when the junior Senator from Oregon stood on the floor of the Senate and pointed out that what was needed, according to the testimony of every road expert who appeared before the Public Works Committee, was an expenditure of between $30 billion and $40 billion to put the highways of the Nation in proper shape. It was pointed out in the testimony that we cannot reduce by more than a small fraction in the murdering of between 38,000 and 40,000 people a year on the highways of America unless we are willing to build an adequate system of highways across the country, east and west, and north and south.

The President is great on promises, particularly, of course, as we are approaching a political campaign. We now have some Republican propaganda presented by the President before the governors' conference at New York with respect to a suggestion for a great highway construction program. However, the President should have been acting in support of that kind of program earlier this year when some of us were suggesting, as a step toward ending the recession from which the economy of the country has been suffering now for more than a year under Eisenhower, that we go forward with a road-building program which could really be called a road-building program. Instead, we adopted a program costing in the neighborhood of $1 billion, when, in my judgment, we should have gone forward this year with a program of at least $3 billion, and we should have made plans to go forward with a program of at least that amount next year, and more the following year.

I become a little weary, Mr. President, of this repetition of Republican promises. I heard them all through the campaign in 1952. The present majority party is strong on promises, but very weak on delivery. Yesterday the President was months late even in talking about a road-building program. If he meant it, why was he not giving support earlier this year to those of us who urged a road-building program in order to help to meet the Eisenhower recession?

THE FUNCTION OF UNEMPLOYMENT COMPENSATION

Mr. President, unemployment compensation is one of the measures enacted by Democratic administrations to mitigate the hardships of unemployment upon workers and their families. Its purpose also was to help to maintain the purchasing power of the people during a business letdown so that matters will not go from bad to worse.

Because we are now in the tenth month of a business recession of no small proportions, it is time to take a realistic look at the unemployment compensation system to see if any genuine help can be expected from it in combating the recession. When first enacted, the purpose of these laws was to give an unemployed worker compensation equal to 50 percent of the wages he would earn if employed. Many State laws still retain that principle, but only in words. In practice the principle is vitiated because the maximum compensation permitted under State laws now amounts to only about 30 to 35 percent of average weekly wages. Over the years prices have gone up, wages have gone up, profits for the few have gone up, rents and interest have gone up, but unemployment compensation rates have been tied to a post. Present compensation payments simply are not adequate to accomplish either of the two purposes for which we enacted this law nearly 20 years ago. They do not protect the worker or his family from hardship. They will not, and cannot, provide any substantial support to the economy against the kind of dangers that now threaten it.

THE CURRENT ECONOMIC SITUATION

I do not want the Senate to vote upon this important question under any misapprehension about how real those dangers are. I do not want Senators to act upon the false optimism that the spokesmen of the Republican administration are working so hard to persuade them to accept and rely upon.

THE SIGNIFICANCE OF CURRENT UNEMPLOYMENT FIGURES

We had a typical example of this only last Wednesday. On Wednesday the Departments of Commerce and Labor issued their joint report on employment and unemployment. Much was made in that report of the continuing decline which has taken place in the number of "insured unemployed." Who are the "insured unemployed"? They are the workers currently receiving compensation under the law which we are considering today. They are not all the unemployed. Oh, no, they are the unemployed who, in the first place, have passed the qualification tests—and in some States these are no mean tests to pass—and are receiving compensation benefits. In the second place, they are unemployed workers who have not yet exhausted their rights to receive compensation. I am told that the average duration of benefit payments, taking all the qualifications and limitations in State laws into account, is probably about 16 weeks. If a worker still has not found suitable employment when his benefit period comes to an end, he then ceases to be one of the "insured unemployed." He is just unemployed, period.

How much encouragement, therefore, are we entitled to draw from the fact that the number of the insured unemployed has been declining since about March 1? The Department of Labor would have us take great cheer from it. They publish the insured unemployed figure every week, and every time the figure has gone down they have taken pains to make it sound very hopeful indeed. But the number of workers who exhaust their benefit rights in the week they do not publish. These figures they publish only for a month as a whole, and tardily.

While Wednesday's release made so much of the continuing decline in the insured unemployed, the Department of Labor did not take pains to tell us that, while the figure has been reduced by 300,000 since the 1st of March, 457,000 workers exhausted their benefit rights in March, April, and May. It is true that some of these may later have found employment, and others have been returned to the unemployment insurance rolls at the beginning of what the States call a new benefit year. We have no figures on these. But by and large it is quite clear that the figures which the Department of Labor would encourage us to cheer about do not reflect an improvement in the condition of the unemployed to anything like the degree advertised by the administration last week.

"Out of sight, out of mind" may be a rule of conduct satisfactory to Government officials bent on obscuring from the public eye the seriousness of the recession we are in. But it is of no cheer to a worker who, after carrying his family along on inadequate benefits for 16, 20, or 26 weeks, as the case may be, then finds himself with no benefit payments and no job either.

IMPROVED UNEMPLOYMENT COMPENSATION NEEDED

It is my belief, Mr. President, that the time has come to look at the facts of this recession without blinking, and to insist that the Republican administration do something better to restore us to prosperity than the mere issuance of gilded statistical reports. One thing we can do in this body today is to vote for substantial improvements in our out-of-date and inadequate unemployment compensation system.

It is not my purpose, Mr. President, to put fear in the minds and hearts of our people. I know how cleverly the disciples of the administration's see-nothing, do-nothing program seek to protect their policy of inaction and evasion from criticism. They stand ready at a moment's notice to brand anyone who dares to look at a fact, see it as a fact, and talk about it as a fact, as an apostle of gloom and doom, a perpetrator of disaster—indeed as one very close to treason. With such character assaults they would strike down anyone who so much as dares to expose their refusal to act responsibly in the light of the facts and of experience.

I reject this philosophy of theirs and I repudiate their attack upon me before they launch it, as I know they will, because they did it all fall and winter. They do not speak for the rank and file of American people. Their fear of facts and their incapacity to act are not shared by the citizens of this country. We Americans are not like that. Given wise and bold leadership, our people will take the facts in hand and do what the situation requires to put things to rights. We proved that in 1933 when, under President Franklin D. Roosevelt, we picked ourselves up from the bottom and set to work rebuilding a way of life for ourselves and our children.

The national leadership today is in large measure reenacting the same escape from a responsibility to govern, the same willful blindness in the face of mounting distress for the mass of people, the same false optimism engendered by the prosperity of a few at the top, that led to the overwhelming economic tragedy of 1929. Now, as then, the policy is to close the eyes and wear a hopeful smile; to do as little as possible, and always promise that on some vague tomorrow action will be taken that is required today—indeed, action that was required yesterday.

PARALLELS WITH 1929

There are other disturbing parallels between the situation of today and that of 1929. Factory employment has been falling, the purchasing power of the people is far below what is necessary to provide markets for the output of full employment, yet at the same time corporation profits hold at a high level and day after day stock prices reach new highs in a strong bull market. This booming stock market in the midst of accumulating hardship should bring a chill to anyone who remembers 1929.

I do not say, and I do not believe, that we are today on the brink of a disaster of the proportions of 1929. The makings of that situation are present, but we have safeguards today which we did not have then. In addition to unemployment insurance, inadequate as it is, we have pensions for the aged, farm-price supports, insurance for bank depositors. These and other measures introduced under Democratic administrations stand today as a bulwark to protect our economy from the full effects of the Republican administration's misguided policies.

The indifference of Republican leaders to the widening spread of human misfortune in this country shows how great a reliance they place upon these safeguards which they had not the wit to set up in the first place and attacked so venomously when Democratic Congresses enacted them.

My mail tells me that Republicans throughout the country do not take the same view as that taken by the Republican leaders of this administration. In fact, this administration has increased the supply of only one thing—ex-Republicans.

I for one, Mr. President, am not content to let things drift from bad to worse simply because I have some assurance that we are protected from the kind of catastrophe that engulfed us in 1929. And I must say that this assurance is chilled somewhat when I hear proclaimed the same basic fallacy that played so large a part in bringing us to our economic downfall 25 years ago.

I thought we had learned 25 years ago that it was not enough to shape public policies for the enrichment of those who are already rich. I thought we had discovered 25 years ago that profits and dividends will not carry us along if the purchasing power in the hands of the people fails to keep pace with the growth of our population and the expansion of our productive power.

But here we are again. The Republican administration has forced through a tax bill which yields over 90 percent of its bounties to corporations and to the people at the top. We are told that this is the medicine our ailing economy requires.

Is the stock market not doing well enough without these bounties? Stocks go higher day after day while more and more people join the ranks of the unemployed. How much more of this deadly parallel with the last Republican regime must we reenact? How much longer do we do nothing to reverse this trend and start getting our people back to useful work?

ADMINISTRATION FAILURE TO COUNTERACT EFFECTS OF TIGHT MONEY POLICY

The administration imposed the tight money policy upon us in its first days in office.

Now, more than a year later, we are still feeling the consequences of that strangulation of the country's growth and expansion which the bankers told us was necessary to overcome inflation, although the basic conditions which cause inflation existed early in 1953.

For most small borrowers, the effects of the tight money policy still linger. Bankers will not lend to them; the RFC has been extinguished; the Small Business Administration, set up to replace it, is moribund—exactly as it was intended to be. The grassroots of American free enterprise have been burned out in a financial drought.

Has the administration done anything to counteract the effects of its tight money policy?

Tax reductions effective January 1, 1954, were already written into the law under a Democratic administration.

PRESIDENT HAS TAKEN CREDIT FOR DEMOCRATIC TAX REDUCTIONS

Yet on a series of occasions a Republican President, in statements to the people of the country, sought to take credit for the tax reductions of January 1, 1954, which had already been enacted by a Democratic administration.

I have said before, but it needs to be said again and again, because it is typical of the misrepresentations of the present administration, that the Eisenhower administration had not one single thing to do with the reductions in the income tax of January 1, 1954, and the President of the United States should have said so in his first pronouncement on the subject, but he did not. He left with the American people the impression that he had something to do with it under his administration, but he had nothing to do with it.

That is not the only example of doubletalk which characterizes this administration. It honeycombs the administration, and it is about time that we came to grips with some of the distortions, misrepresentations, and doubletalk of the Eisenhower administration.

Not only were the tax reductions which were effective January 1, 1954, already written into the law under a Democratic administration, but those reductions were not designed to provide a stimulant to a lagging economy. They were not written into the law for that purpose and they have not had that effect. Only 12 percent of the net tax reductions which took place on that date went to swell the purchasing power of the great number of American families who live on less than $5,000 a year. Wealthy families received 45 percent of the benefit. Corporations received 43 percent of the benefit, through the repeal of excess-profits taxes. That $2,300,000,000 shot in the arm for business was the same kind of hypodermic as the recently passed tax bill, and it had the same effect on stimulating recovery and reemployment of the unemployed as this bill will have—practically none.

No, there has been no action taken to return us to the full employment and prosperity which we were enjoying when this administration took over the reins. But there has been talk—indeed there has been talk; talk about how things are going to get better very soon; talk about how in some early month the turn will come, or, if not, then the hour of decision and action will have arrived. Things have not got better; fundamentally they are worse. And the months of promise have come and gone. And the days of decision have arrived, and each such day has given birth only to a new day of decision—a new promise of performance—later on.

Some of us forewarned of the danger in January, February, and March of this

year; and here is one Senator who is perfectly willing always to stand on the record and refer to the record. In those months of this year, I pointed out the need for action to be taken then, in order to meet the unemployment problem throughout the Nation. I pointed out then, as I do today, that there was bound to be a seasonal upturn, come May, June, July, and August. It always has happened in our economic history, at a time when we were confronted with serious unemployment. It happened every summer during the depths of the great depression. During that unfortunate period there was always a seasonal upturn in employment in May, June, July, and August.

But let us not be fooled by the Eisenhower administration into believing that the summer uplift in employment represents any basic improvement in the economic health of America, because to date this administration has not done one single thing which will be of any assistance come the cold months of November, December, January, February, and March. That will be when the question will be asked, Mr. President, "What did you boys do back in July?" What kind of answer will be given to that question?

In my judgment, one of the things which can be done is by way of proceeding to amend the unemployment insurance bill in such a way that it will deserve the title of an unemployment insurance bill. The seasonal increase in employment this year has been less than the usual seasonal rise from January to June. Factory employment has gone steadily downward.

ADMINISTRATION PROMISES

It was on February 18 that the President told his press conference that he would think that March ought to be the key month—the month when employment begins normally to pick up. If that did not happen, the President said, then it would be a very definite warning that would call for the institution of a number of measures.

March came and there was no upturn. Unemployment rose by 50,000; workers on temporary layoffs increased by 20,000; factory employment went down for the 7th month in a row; business failures reached their highest point of any month in the last 13 years. And there was no White House action.

In fact, there is a group of witnesses whom I should like to call some day before a congressional hearing. I should like to call the hundreds and hundreds of small-business men who have gone bankrupt since the Republicans came into power. They are the persons we should hear. We should hear their testimony as many of them have given it to me in my office, as to the failure of this administration to come to the assistance of small business in the United States. They have been driven to the wall, Mr. President—and by what? By a program which has resulted in the pyramiding of great economic combines in America to heights never before reached in our economic history.

In the automobile industry some of the greatest old-line automobile manufacturing corporations are finding themselves so badly pushed, as a result of the trend of monopoly which has grown by leaps and bounds under the Eisenhower administration, that, in their last gasps, in an effort to remain alive, they have merged into what is going to be a sort of independent organization of automobile companies, seeking at least to be able to compete against this intensified monopoly trend under the Eisenhower administration.

I should like to have placed on the public record the testimony of some of the hundreds of small-business men who know that the delay and the delay, the indecision and the indecision, of the Eisenhower administration have caused them to go to the wall, with the result that there now exists the highest percentage of bankruptcies in many years.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Missouri.

Mr. SYMINGTON. Is it not true that the largest industry employer in the United States excepting possibly an almost completely Government-subsidized industry, the aviation industry, is the automobile industry?

Mr. MORSE. I would say that is my impression, but I would not be able to raise my right hand and say that I knew for a statistical fact that that was true. I say that certainly it is 1 of the 2 or 3 largest single employers in this country, if not the largest single employer.

Mr. SYMINGTON. In support of the position of the Senator from Oregon, is it not true that even great automobile companies of the recent past, excepting the first three, believed they could not prosper without consolidating, which they have recently done?

Mr. MORSE. That is the position they took.

Mr. SYMINGTON. Does not that fact show a concentration of economic wealth almost unparalleled in the history of the United States?

Mr. MORSE. Strike the word "almost." It is unparalleled in our history.

Mr. SYMINGTON. If conditions are hard for companies which we know have recently merged in order to live, does not that simply accentuate the fact it is infinitely harder for the small-business man to live in competition with the great corporations, corporations which have been rapidly expanding under the supervision of this administration?

Mr. MORSE. That is the experience they are having, as I have found in talking with some of the small-business men. They are beginning to recognize they are not private entrepreneurs, after all, and that really their policies as so-called free enterprisers are dictated by monopolistic combines. What we had better do, and do quickly, is take a look at the antimonopoly laws on the books and start doing a job of revision there, because, in my judgment, there is a serious need for some really effective work in the field of checking monopoly. But the whole trend of the present administration is to strengthen monopoly. Look at its policy. I do not care where one chooses to look at the administration's policy, wherever it is touched will be seen a program intended to strengthen monopoly.

Look at what the administration is doing in the field of power resources. I have spoken on that subject recently, but not for the last time. The administration's power program and policy have permitted the turning over of the power resources to monopolistic combines. We should prevent monopolies in the AEC program. There we have an instance of the President's actually directing the signing of a contract which seeks to play into the hands of a monopolistic combine, and the forewarning of control by a monopoly of the people's heritage in the atomic-energy program.

Let me say, by way of emphasis, that the American people have spent billions and billions of dollars on the atomic-energy program, not with the idea in mind that it should be given away to a combine of monopolies, but that is exactly where the administration's program is leading. If we do not want the AEC bill, which soon will be before the Senate, to foster that condition, we should enact amendments which will check the White House in its obvious intent to turn over the power of atomic energy, under the name of private enterprise, to private monopoly. I respectfully say the administration has never demonstrated to the American people that it recognizes the difference between private enterprise and private monopoly.

While the Senator is present in the Chamber and on his feet, in view of the fact that I have said something about small-business men, by increasing hundreds, going to the wall in bankruptcy under this administration, I wish to pay to the Senator from Missouri a tribute which I think is due him. When he was the head of RFC I communicated and conferred with him on numerous occasions on behalf of some small-business men of my State. The Senator from Missouri showed he had an understanding of the importance to our free enterprise system of keeping small business in America alive. He understood the importance of small business getting a reasonable share of the contracts under the defense program. He understood that, after all, there will not be a private enterprise system unless necessary steps are taken to see to it that small business is able to prosper and make profits. Although we talk about big combines as being the employers of certain masses, the fact remains that it is the accumulation of small businesses which really results in the employment of a substantial percentage of workers in America. If small businesses are permitted to go into a decline, there will result a weakening of the earning power of hundreds of thousands of workers.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. MORSE. I yield to the Senator from Missouri.

Mr. SYMINGTON. First, I thank the Senator from Oregon for his gracious remarks. I wish to assure him that during my career in the Senate I hope I do, and try to do, as much for small business as he has done.

Does not the Senator agree that with a constant centralization of economic power in this great Nation, we shall get close to a condition which someone has said is just a walk across the street from socialism, this as against the true concept of free enterprise, a concept which requires the strength of small business?

Mr. MORSE. The Senator from Missouri is completely accurate. So far as the economic freedom of the individual is concerned, the individual suffers as much more monopolistic control as he does under socialistic control. There is no economic freedom of choice for the individual under socialism, and there is no freedom of economic choice for the individual under an economy controlled by monopolistic combines. They are both forms of economic dictatorship.

Mr. SYMINGTON. In one case the people in the government make the decision, and in the other case the people in the back room make the decision. Is that not correct?

Mr. MORSE. In one case, State-minded Government officials make the decisions; in the other situation, monopolisitc-minded big-business dictators make the decision.

Mr. SYMINGTON. Would the Senator add the word "cartel-minded"?

Mr. MORSE. I do not have any objection to adding the expression "cartel-minded," except that I use the word "cartel" in connection with the internation monopolies which are dominated by the monopolists in the respective countries which enter into deals between and among themselves.

Mr. SYMINGTON. I am reminded of that word because I remember the magnificent job the distinguished Senator from Oregon did in breaking the world cartel on tin, which, as the Senate committee handled the matter, saved the Americarr taxpayer, on tin alone, about $500 million.

Mr. MORSE. I helped only in a relatively small way, although I did work quite hard on the problem. In my judgment, the real credit for the breaking of that international tin cartel should go to the present minority leader, who was then chairman of a subcommittee of the Armed Services Committee of which I was a member, and under his leadership we conducted the hearings which brought out the facts with regard to the tin cartel. We were successful, with the assistance of the Senate as a whole, in breaking that cartel.

Mr. SYMINGTON. I agree that the minority leader had a great deal to do with it, but I also remember what the Senator from Oregon said about it, and the fact that he was very much in favor of what the committee did under the chairmanship of the minority leader.

Mr. MORSE. The Senator is very kind.

Mr. President, I have pointed out that in March of last year, unemployment rose by 50,000; workers on temporary layoffs increased by 20,000; factory employment declined for the 7th month in a row, and business failures reached the highest point in any month in the past 13 years; and there was no White House action.

But before the facts about March were known, we were told by the press that "administrative sources" had disclosed that when the President said March, it should be taken to mean March and April—the spring generally.

THE ADMINISTRATION WAITED FOR SPRING

This spring-song theme has been sung by the Secretary of Defense as early as February 10. Asked about the outlook for automobiles, he said that Detroit "is well able to look after itself; I would not worry about it; come spring, it is going to be all right."

Charles Wilson could not know, of course, that even while he spoke those cheery spring words, unemployment was growing in Detroit from 107,000 workers in January, to 140,000 workers in February. Nor did he foresee that, "come spring," Detroit unemployment would remain above 130,000, as compared with a low point of 15,000 unemployed in the spring of 1953.

On March 22, the month of promise was postponed once more. The Secretary of the Treasury said he thought it might be May before the economy showed any particular upward change.

But on the very same day, March 22, the Secretary of Labor put off the good news from May until the fall. On a TV program, he conceded that unemployment might increase in March and April, but an upswing in employment would come by fall.

Nine days later, on March 31, the Secretary of Commerce restored our spring hopes. This, he said, is "just a little, average recession, nothing serious." He thought the country would "pull out of it by April."

Of course, that was quite a remarkable contribution by the Secretary of Commerce to the descriptive language concerning the economic condition that confronted us, because he was able to pry through his lips the actual pronunciation of the awful word "recession." That was one of the first times an Eisenhower administration spokesman was even willing to utter the awful word; and in that period the President himself, in a press conference, was able to get it out; at that time he, too, for the first time talked about the recession. On the other hand, many of us who in the preceding months had talked about a recession were called "the apostles of gloom and doom" because we dared forewarn the country of what was happening in terms of economic facts, and dared to do so months before either the President or the Secretary of Commerce would even utter the awful word "recession."

THE ADMINISTRATION WAITS FOR FALL

Then, on June 8, we were again put off until fall, and this time by the highest authority. Dr. Arthur Burns, Chairman of the Council of Economic Advisers, on that day held a press conference at which he looked hopefully to the future. He was, in effect, speaking for the President, for it was the President who sent the newsmen to him to get their answer to a question put to him at his own press conference on June 2. The President had been asked whether he would care to comment on a public statement that had been made a few days earlier by the eminent, and I must say conservative, Harvard economist, Sumner Slichter. Slichter charged the administration with "a surprising lack of initiative and enterprise" in fighting the depression. "Spokesmen for the administration," he said, "have said several times that the administration would act if and when action is needed, but the level of unemployment which the administration regards as justifying action seems to be considerably higher than the people of the country will tolerate."

Dr. Burns' forecast was that unemployment might go to 4 million in June, and higher in July, but that in October he would look for unemployment to go down. A rise in June or July to 4 million or above did not trouble him, because he said that would be seasonal. October was the month to look for a seasonal decline in unemployment, he said. An increase of $700,000 in the number of unemployed between May and June would have been far greater than seasonal, I may say, basing my opinion on the experience of post-war years. But what seems to me most significant in Dr. Burns' forecast is his apparent readiness to let things take their course, to ride the seasonal tides up and down, while more than 3 million people are recorded as unemployed, many more are on short hours, and uncounted others have been discouraged from even seeking employment, and therefore are not enumerated as jobless, though jobless they are.

CAN THE PEOPLE WAIT?

But can we afford to wait and wait and wait—in February, to wait for March; in March, to wait for May; in June, to wait for October? The problem that confronts us is not composed of statistical percentages and seasonal trends. That is not its substance. Its substance is people—human beings of flesh and blood and bone; people in trouble, breadwinners without jobs; young men and women coming out of school; farmers producing crops for a shrinking market; new and small business enterprises without a business opportunity; small-business men going into bankruptcy by the hundreds at the highest rate in a long period of years. That is the economic picture of today, and it is suggested by the administration that we ride out the economic tide.

HOW LONG MUST WE WAIT?

How long, I ask, Mr. President, will these people have to wait before something is done to restore to them at least a chance, at least an opportunity, to put their talents and their efforts to work fulltime, all the time, doing things that others want and will pay for? Do they have to wait until the growing sickness spreads up to where it touches the great corporations and the leading banks? Are their profits and their dividends the only considerations that will move this administration into action?

ECONOMIC DISTRESS IN CLEARFIELD, PA.

Mr. President, 2 or 3 weeks ago, I spoke at Clearfield, Pa., one of the economic disaster areas of the country. I spoke

at a meeting; and following it, a number of persons came up and talked to me about the economic plight that confronts so many of the workers in that disaster area, who today are relying for food on the surplus food which is made available to them by the Federal Government. If we consult the record, we find that it was not so many months ago that a little group of us on the floor of the Senate had to carry on the fight in order to awaken the administration to the need for the distribution of surplus food here at home, to our own people. Of course, we urged a food distribution program that would be of some help to the thousands of Americans unemployed as a result of the Eisenhower recession. I was in one of the areas where the food was being distributed. The principal question asked me by those unemployed persons was, "How long does Eisenhower think we should wait?"

Mr. President, I, too, ask the question: How long should the unemployed people wait for this administration to keep faith with the spirit and intent of the 1946 Full Employment Act, passed by the Congress of the United States?

Mr. KENNEDY. Mr. President, will the Senator from Oregon yield to me?

The PRESIDING OFFICER (Mr. BUTLER in the chair). Does the Senator from Oregon yield to the Senator from Massachusetts?

Mr. MORSE. I yield.

Mr. KENNEDY. The Senator from Oregon may have seen some statistics which were gathered by the Massachusetts Division of Employment Security. That division made a survey of 6,000 workers who, between 1948 and 1949, had exhausted their benefit credits.

As the Senator may know, the survey showed that—

Workers were much more liable to exhaust their benefits as they grew older. Some 34.3 percent of the male exhaustees were more than 54 years old.

Of those who remained in the labor market, some 4.0 percent reported having been reemployed within a week after exhausting their credits; 26.1 percent had gone back to work within 5 weeks, and an additional 13.3 percent within 10 weeks. On the other hand, some 45.1 percent remained unemployed 20 weeks or more. Of the workers who had exhausted their benefit credits more than 39 weeks prior to the date of the interview, some 30.8 percent of those remaining in the labor force were still without work at that date.

Over 41 percent of those interviewed reported one or more persons partially or wholly dependent upon them. Some 22 percent had dependents under 18 years of age.

After benefits had been exhausted, most of those without work relied for support on other working members of their own families, the women, of course, to a greater extent than the men, and the married women to a much greater extent than other women.

A large proportion of those interviewed furnished information on liquidation of savings and other assets during the postexhaustion period. Some 51.7 percent reported having turned savings, war bonds, insurance, etc., into cash. Nearly 40 percent of those who had relied on this source of support reported that their entire savings were used up. Nearly 50 percent reported that they still retained a fraction of their savings (of which the amount was not ascertained).

Some 22.5 percent of those answering the questions relating to credit indicated that they had had to resort to this means of support. Of those who had incurred debts, some 34.9 percent had fallen behind in rent, grocery bills, installment payments, etc. A large proportion (20.8) had borrowed from friends; another 25 percent had borrowed from lending agencies.

Only 8.2 percent of those replying to the questions relating to relief stated that they had been on relief rolls—either public or private. Private assistance was apparently an insignificant source of relief so far as these exhaustees were concerned.

In other words, public or private relief furnished a very small measure of support. This is a terrible story, it seems to me, of what happens to people who exhaust their benefits, and who are unable to find work. It has a multiplied effect throughout the entire community. As these people cease to be employed and their benefits are exhausted, they find that they must borrow from their friends. They must cash their entire war savings. They must run up grocery bills. The grocer is unable to pay his bills, and the whole community runs down into a chronic state of depression. It seems to me this is an issue of basic importance to all of us in the Senate, as the Senator from Oregon has pointed out, and we cannot ignore our responsibility in view of these statistics.

Mr. MORSE. I thank the Senator from Massachusetts very much. I had not seen this particular survey. However, the statistics which the Senator has just read fall within the pattern of other surveys with which I am familiar. That is exactly what happens when we let unemployment go unattended, as we have done for the past many months. As I indicated, referring to the unemployed in the Clearfield, Pa., area, they are tired of waiting for action on the part of the present administration. They are entitled to action by the administration, but apparently the administration follows the point of view that we had better require them first to use up their savings, and to follow the course of action which the Senator from Massachusetts has just cited in reporting on the Massachusetts survey.

Without going into the detail which I did yesterday afternoon on this particular point, I wish to invite attention again to certain economic facts which must not be lost sight of when we deal with the entire question of employment and unemployment.

I am asked by a goodly number of people why I am so strong for unemployment benefits. Why should the people as a whole pay benefits to people who are not working?—Of course, unemployment compensation is paid for by payroll taxes. Why should we not let the law of supply and demand operate?

Of course, my reply is that I am strong for unemployment benefits because when I work for unemployment benefits I am performing a service for the employed. I am performing a service for the employed which, from one point of view, is as important and vital to the unemployed as the unemployment insurance benefits are important and vital to the unemployed.

Why do I say that? Because we need somehow to do a better job of educating the American people in respect to the nature of our economic system.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. MORSE. In a moment. I wish to finish this point, and then I shall be glad to yield.

Somehow a great many people seem to think that our economic system is not dependent upon a pattern of interplay between and among all our people. We need constantly to drive home the point that when there are between 3 million and 5 million unemployed, we are confronted with the danger that the economic illness, of which unemployment is a symptom, will spread and make the whole body seriously ill. One thing about unemployment is that it does not remain static. Either by economic surgery we take it out of the body politic, or it spreads as a cancer throughout the entire economic system. It is about time to do a little surgery.

When I am fighting for unemployment benefits, I am fighting to protect the income of all the people in the economy—doctors, lawyers, dentists, businessmen, schoolteachers, and everyone else who has an income. The economic health of every individual is dependent on the economic health of the economy as a whole. We no longer can rely upon the economic jungle law of supply and demand, in the field of employment or any other economic field.

We need also to look at this vital statistic, namely, that our system itself, the capitalistic economy itself, is dependent for its survival upon production by workers—men and women who gross $2,500 a year or less. That is not much money, Mr. President. But if we take out of production the masses of our people who gross $2,500 a year or less, we would bring the American capitalistic system to a complete standstill within 6 months.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DOUGLAS. Is the Senator from Oregon aware of the fact that within the period from May 1953 to April 1954, the total amount distributed in wages and salaries fell by $8,200 million, whereas the total paid out in unemployment benefits was only about $1.6 billion—in other words, that only 19 percent of the wage decrease had been made good by unemployment insurance benefits, meaning that four-fifths of the fall in payrolls represented a net destruction in monetary purchasing power?

Mr. MORSE. I was not aware of those particular figures, to give the Senator an honest answer. I knew that some such proportion existed, which illustrates the very point I am trying to drive home now, namely, that the Senator from Illinois and I, and every other American, are dependent for our economic well-being upon the purchasing power of the masses of the people. If we do anything to destroy the purchasing power of large segments of the masses, all we do is to hurt ourselves, as well as the rest of our fellow Americans.

Mr. HUMPHREY rose.

Mr. MORSE. Before I yield further, let me crystallize this point a little. It is

a point which the American people, when they yield to the temptation of short-term personal selfishness, overlook. They forget that, after all, one of the cardinal principles of enlightened capitalism is the sound Biblical rule of human conduct, that we are our brother's keeper.

I am always surprised when I find people within our population who do not recognize that, after all, our economic system depends for its survival upon putting into practice the moral laws upon which our spirituality also is dependent. The moral law that we are our brother's keeper is a sound rule of enlightened capitalism. It happens to be one of the basic moral principles of an unemployment insurance benefit system. But it is extremely difficult to get selfish people to apply these moral laws outside of church on Sunday.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. MORSE. The only time they want to apply it is when they are sitting in the pew in church and feel that at least they cannot argue with the minister. Mr. President, I am talking about taking this great moral principle and applying it legislatively. If we will follow that course of action, we will preserve what is called the American way. If we do not follow that course of action, we will destroy the American way.

That is why I wish again to emphasize this point, namely, that we have in our economy a group of workers who gross so little each year that none of us here would wish to try to raise a family on it. They gross as little as $2,500 a year. If anyone wishes to raise my figure, very well. Let us raise the figure to $3,500. I still make the same statement as to the $3,500 class.

There is no question about what would happen if we took out the $2,500 class. Our economy would collapse. That is true. I do not ask Senators to take that statement from me alone.

Mr. President, I do not want anyone to talk to me from any selfish standpoint about unemployment insurance benefits for the masses of people in the $2,500-a-year class. If anyone wants to look at it from the standpoint of an American citizen's individual selfishness, then he had better see to it that Congress passes unemployment compensation legislation which will provide that when such people are unemployed they will get not 50 percent of their wages, but practically their whole wages. Why? Because if they do not get practically their whole wages, they will be thrown on society as a whole. If they are thrown on society as a whole, without jobs and without unemployment-insurance benefits, there is created a tremendously serious social and economic problem within our body politic.

Mr. President, I am not afraid of some of the ugly words this administration throws about with such abandon, such words as "subsidy" and "creeping socialism." If anyone wants to call giving an unemployed man who grosses $2,500 a year, or less, practically full benefits equal to his weekly wage, either a subsidy or creeping socialism, I am for that kind of subsidy, and I am for that kind of creeping socialism. I know that when I am for that kind of assistance to fellow Americans, I am not only carrying out the moral law to which I have previously referred, but I am protecting my own interests and those of my family and those of Americans generally, because this economy cannot stand the loss of purchasing power of the masses of people who gross $2,500 a year or less, and survive.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I yield first to the Senator from Minnesota.

Mr. HUMPHREY. I thank the Senator. First of all, I wish to pay tribute to the Senator from Oregon for relating the issue of unemployment compensation to the total dimensions of our economy. It must be observed in the proper perspective.

I have in my hand a clipping from the St. Paul Pioneer Press of May 13, 1954. The article is entitled "Wisconsin Farm Buying Power Drops." Within the last month in my State of Minnesota farm purchasing power dropped 8 percent. The article I have in my hand reads—and I believe the Senator will find it apropos of his comments—as follows:

> The Wisconsin farmer's buying power was lower last month than at any time since October 1940, the Federal-State Crop Reporting Service said Wednesday.
>
> The Service said prices received by farmers have decreased an overall 26 percent, while there was a drop of less than 3 precent in the prices paid by farmers for production and domestic use.

Someone may ask, "How does that apply to unemployment compensation?" The fact is that when we see a decline in farm prices and farm income, we also see a corresponding decline in employment and a rise in unemployment. Statistics over the years show that farm income and workers' income run almost parallel up and down together.

Mr. President, we will soon be discussing in the Senate what should be adopted as a farm legislative program. I think it is crystal clear that if we legislate in the farm area and do not legislate in the area of unemployment compensation, the whole body politic will be weakened.

This is not a matter of charity. The Senator is making a case not only in behalf of unemployment compensation. This is a matter of economic survival.

What amuses me is that some of the loudest proponents of free enterprise are the ones who are giving it economic arsenic. They are the ones who are giving it just a little dose of poison by letting it die on the vine, so to speak. It is about time we realize that the capitalistic free enterprise system does not depend on how rich 2 people out of 100 are, but on how well the 98 are doing. If the 98 are doing all right, then the 2 will do all right, too. It is something like the passage in Scriptures to the effect that there is more rejoicing in heaven at the repentance of a single sinner than there is over 90-and-9 just persons who need no repentance.

What I am trying to say is that if we take out of our society those who are unemployed, we weaken the whole economic structure. That is what the Senator is talking about.

I should think we would have considerable support from the other side of the aisle for increasing unemployment compensation benefits, because the Republican Party stands for free enterprise. That is its great slogan, I may say. If the Republican Party does stand for free enterprise, it ought to make sure that those who have free enterprise will have a chance to keep their enterprise alive.

Mr. MORSE. I thank the Senator from Minnesota very much for his contribution, and I think his point of view is unanswerable. However, let me say to him that I have never understood that those who follow the reactionary economic philosophy really understand the meaning of free enterprise. It has always been my observation that it has been those of the liberal point of view who have really sought to protect the free enterprise system in keeping with its true meaning; just as this afternoon some of us on the floor of the Senate are trying to maintain free enterprise in relation to the purchasing power of the mass of American people. Unless we maintain their purchasing power at a reasonably high level, we will have no free enterprise system—the Senator from Minnesota pointed out the direct relationship which exists between farm prices and the wages of workers—because unless there is a high purchasing power among the masses of the American people, there is no purchasing power with which to buy the products of the factories of America, from which the wage earner gets his paycheck.

Mr. HUMPHREY. Mr. President, will the Senator yield further?

Mr. MORSE. I yield.

Mr. HUMPHREY. On Saturday of the past week I read an Associated Press dispatch which said that the International Harvester Co. had cut its employment rolls by another 450 employees. Why? Because farm machinery is not being sold. Whom does that hurt? It hurts not only the farmer who would like to have new machinery, though he may be able to get along with the old machinery for a while, but it hurts the International Harvester Co. and the 450 workers who have been laid off. It will also injure every drugstore operator, every telephone company, and every utility in America.

I should like to make this final point, Mr. President. I wonder what the unemployed workers of America are thinking today, as we debate unemployment compensation benefits in the Senate with such a sparse attendance. Over 3 million people in this Nation are without income today. By the way, that is only a statistical report, which is by far too conservative. Let me say that any Member of the Senate who goes back to his State and really talks to the people, generally, instead of merely to some of the people, will find that there is plenty of unemployment. Three million Americans, some of them with children, are literally at the end of their economic

lifeline, trying to pay their debts, trying to buy food for their families, trying to save their homes, or trying to keep their car on the time-payment schedule.

Where is the Senate? I do not know. Millions of people are in trouble, and yet we cannot even get a corporal's guard to attend this debate on one of the great economic issues of our time. It must appear to the American people that there is at times a callous disregard here for the economic well-being of millions of our citizens. This problem will be aggravated by the month. I am looking at my friend from Rhode Island [Mr. PASTORE], who is here to protect the well-being not only of the people of Rhode Island, but of every workingman and businessman in America. There is economic trouble in Rhode Island. It also exists in Illinois, in Massachusetts, in Oregon, and in Minnesota; and many, many other States.

When we discuss a matter which deals with the economic life of the people, we are not discussing some theoretical question. Unemployment compensation benefits have run out in many instances. I could exhibit to the Senator from Oregon a picture taken in my own city during the past week, showing, in a prosperous America, a soup line a block and a half long, composed of people marching into a kitchen to get something to eat. That is not a laughable subject; it is a tragic spectacle. I could not believe my own eyes until I took a cameraman along with me to make the picture. Those people are willing to work, but they have no jobs. They become a burden upon society from no desire of their own. A proposal has been advanced by the Senator from Massachusetts and some others of us who have joined with him to administer sound economic medicine for a sick economy; and this administration refuses to recognize the symptoms of economic illness.

Mr. KILGORE. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. KILGORE. I should like to ask the Senator if his experience is the same as is my own. The Senator from Minnesota invited attention to the estimated unemployment figures. So far as my State is concerned, the estimated unemployment is 65,000, but I find that there are 81,241 persons drawing unemployment compensation, showing that the estimate, which is always said to be too big, is too little when it applies to a State like mine. Is it not a fact that the head of a family making $3,500 a year, with present costs, cannot put aside very much money for a rainy day?

Mr. MORSE. That is correct.

Mr. KILGORE. I should like to highlight one thing. In 1953 there were 46,361 persons drawing unemployment compensation. Of that number 6,444 had exhausted all their unemployment compensation benefits by the end of a 6-month period. Our law provides compensation payments for 23 weeks. Of the 81,241 persons, 11,525 had, as of June of this year, exhausted their unemployment compensation benefits, which meant that they had to go on relief. Stores are laying off clerks. I saw a big headline in 1 of our newspapers which reported that 1 firm had laid off 30 employees from maintenance duties. Unless the unemployment figures decrease in the State from which I come, we are going to have soup lines. There are already enormous numbers of persons on relief. That will break the merchants. It will affect dentists, physicians, and the whole economy, because on a normal scale the figures now represent a quarter of a million persons who have no source of income except unemployment compensation. When that is exhausted, they have nothing on which to live.

Mr. MORSE. I wish to thank the Senator from West Virginia, as well as the Senator from Minnesota, for the substantiating remarks they have placed in the RECORD, bearing out one of the major premises of my speech. I now yield to the Senator from Illinois.

Mr. DOUGLAS. Is not the nub of the political and economic question with which we are dealing the issue of whether the standards for determining the amount of benefits shall be left entirely to the States or whether the Federal Government has an obligation to prescribe minimum standards?

In that connection, I should like to ask the Senator this question: We now have given complete autonomy to the States with regard to the duration of benefits, the scale of benefits, the conditions surrounding eligibility, and so forth. But the States have also universally adopted a system of merit rating under which the amount which employers have to put into the State funds is determined according to the amount of benefits paid during the past year to their specific employees. Therefore, if the State increases benefits, extends duration, and liberalizes eligibility requirements, the result is that the employers in the State will pay a higher rate of assessment than they formerly paid and a higher rate of assessment than employers in other States pay. As a result, we have competition between the States in keeping standards low—the very thing which the original national act of 1935 was intended to prevent.

Is not the method proposed by the amendment of the Senator from Massachusetts one of prescribing minimum standards so that States will not compete against each other in lowness of benefits but will move together to provide adequate purchasing power to help make good the decrease in income?

Mr. MORSE. That is exactly the purpose of the amendment offered by the Senator from Massachusetts.

I thank the Senator from Illinois for pointing up this particular matter. Part of my thesis is that there are serious State responsibilities in connection with this question, and there are also national effects of unemployment. The people of my State have a very definite economic interest in the amount of unemployment in the State of Massachusetts, or in Illinois, or in Texas, because the economic effects of unemployment do not respect State lines. They extend throughout the Nation. I said yesterday that unemployment moves forward in economic waves of disaster. Disaster takes on a variety of characteristics. It causes a very serious effect on the purchasing power of persons who ordinarily buy goods manufactured in various States. If there is a great deal of unemployment in one State, the goods manufactured in another State will not have a market to the extent that unemployment has a causal relationship to the sale or nonsale of goods manufactured in another State. So I think the Senator is completely correct, and his statement is very helpful in pointing up this question.

Mr. LEHMAN. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I should like, first, to yield to the Senator from Oklahoma [Mr. MONRONEY], and I do so with an apology on my lips, because earlier I told him I would yield and then completely forgot about it when I had finished the point I was making.

Mr. MONRONEY. Mr. President, I thank the distinguished Senator from Oregon, and I wish to compliment him on his remarks in reference to the protection of private industry. I think one fundamental maxim is recognized by private interests, and that is that business cannot be done in an economic desert. When income begins to recede for a group, class, or section, then unemployment becomes progressive, as a landslide is progressive, and it gathers momentum until, instead of there being 5 percent unemployment, there will soon be 10 percent; and the increase will multiply by mathematical proportions until it becomes 20 percent, 40 percent, and so forth. Then major economic collapse occurs.

This program has stood the test of small economic crises, but the time has now come when it is necessary to consider strengthening the bulwarks to prevent a landslide of great proportions. In view of the plain economics of our country's prosperity, I think this program is one of the cornerstones of a continuing prosperous situation. We are not legislating a handout to the unemployed; we are not trying to hold the body together by soup-line methods. We are trying to insure sufficient fuel being in the carburetor to supply gasoline to all eight cylinders, in order to move the economic machine down the road at its normal efficiency and effective speed.

I wish to thank the Senator from Oregon for his yielding to me a brief moment in the discussion.

Mr. MORSE. I deeply appreciate the comments which have just been made by the Senator from Oklahoma.

I now yield to the distinguished Senator from New York.

Mr. LEHMAN. Mr. President, I had the privilege of rising several times yesterday in support of the amendment, which I think is a sound one. My conviction with respect to its soundness and necessity has been increased by the very useful and constructive remarks of the distinguished Senator from Oregon.

I think probably I have been able to watch the development of unemployment insurance in a State as long as any other

Member of the Senate. I was Governor of my State at the time the law was enacted by the Federal Government in 1935 and when the implementing measure was adopted in the State of New York in 1936. At the time the law was adopted a very, very small weekly sum was paid to those who were out of employment, and the period during which unemployment compensation was paid was a very short one. I believe it was as low as 16 weeks or, at the most, 18 weeks. Gradually, over the years, both the rate of compensation and the duration of the payments of compensation to the unemployed were increased.

Every time that was done, it resulted in increasing prosperity and the economic welfare of the entire State, in addition to giving to the unemployed an opportunity approximately to maintain, at least for a limited time, their families and their standard of living.

We have heard much about the merit system. The distinguished Senator from Oregon referred to it yesterday, and I know that his views and mine are similar. I have seen how such a system works in New York. Within 2 years after the unemployment insurance law was enacted in New York in 1936, bills were introduced to adopt a merit system for employers. I had the great pleasure of vetoing such a bill each session for 3 or 4 years.

Mr. DOUGLAS. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. I yield.

Mr. DOUGLAS. As long as the Senator from New York was Governor of his State, there never was a merit system put into effect in that State. Is that not true?

Mr. LEHMAN. There never was; and it gave me very great satisfaction to veto a merit system bill every year, because I thought it was unsound, unfair, and contrary to the public interest. But when my last term of office as governor expired in 1943, a merit system came into being.

Mr. MORSE. The Senator from New York was then succeeded by a Republican administration; was he not?

Mr. LEHMAN. I was succeeded by a Republican administration, my successor being Thomas E. Dewey, who is now governor of the State.

There is no justification at all for a merit system. Those employers who benefit by a merit system deserve little credit for maintaining stable employment. They are usually firms whose product is in great demand and who, therefore, can operate continuously; they are not affected by the seasonal fluctuation of employment. But the fellow whose product sometimes falls off in demand, or the man whose business is seasonal, not only does not receive the recognition of the merit system, but also is put to a greater tax burden, which further jeopardizes the continuity of the fund, since large sums of money are being paid to those who under the law benefit by the merit system. If the merit system did not exist, considerably increased benefits, of course, could be paid to the unemployed.

The pending amendment is very moderate, being limited to a maximum of two-thirds of the wages and a minimum of one-half of the wages, with the duration being limited to 26 weeks. I cannot imagine anything more fair—and I emphasize—not only fair to the workers whose interests should be our main interests, but also to the great benefit of the entire economy of the State, because it stabilizes and, many times, increases the purchasing power of the consumers, who, after all, are the backbone of the economy of every unit of government.

TRIBUTE TO SENATOR LEHMAN

Mr. MORSE. I wish to say in reply to the Senator from New York—and I hope what I shall say will not personally embarrass him—something I have been wanting to say to him for a very long time on the floor of the Senate, and that is this: When we come to great pieces of humanitarian legislation—and that is what the amendment offered by the Senator from Massachusetts is—the Senator from New York makes me feel very humble, because there he stands, in my judgment, one of the great statesmen in American history of recent decades; as I have been heard to say once before, one of the great giants among the liberals, not of our day alone, but of our history; a man of tremendous wealth, a banker, but also a man who has always recognized the direct relationship of the major thesis which I am arguing for this afternoon, namely, the welfare and the purchasing power of the masses of the American people, and the perpetuation of the capitalistic system itself.

The junior Senator from New York is a man who has recognized that, after all, the masses of the American people are dependent for their political and economic freedom upon the perpetuation of an enlightened capitalism. This is a matter which works both ways. The people are dependent upon an enlightened capitalism; and enlightened capitalism is dependent upon the purchasing power of the masses of the people.

Here is a great statesman, who for years was the Governor of the so-called Empire State, and who, in the Governor's chair, fought for putting into legislative practice the moral law, to which I referred earlier in my speech this afternoon; namely, that we are our brother's keeper.

This is a society of free people for what purpose? Not for the purpose of advancing and enhancing the selfish interests of the individual, but for promoting the general welfare of all the people. This is the objective of this political society of ours.

But that objective is reached only if we are willing to translate into legislation the great moral laws upon which a free society is dependent.

I have been wanting, for a long time, to pay this tribute to the Senator from New York because, in my judgment, as I have said many times out of his presence, before audiences in America, he, by a life's work, has demonstrated American statesmanship at the highest level, and he has proved that there is no relationship between the personal wealth of an individual and the recognition of his responsibility to translate the moral law into legislation.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. LEHMAN. I am deeply grateful to the distinguished junior Senator from Oregon for his very generous comments with regard to my work and my principles and views. I fully know that I do not deserve the unusually complimentary remarks made by the Senator; but I want him to know that they have fallen on very welcome ears. I am glad and proud that I am only one of a very substantial group of Members of the Senate—in the forefront of which is my distinguished colleague from Oregon—who are dedicated to the public service, who wish to see justice done, who wish to see fair play for everyone, and who desire to make certain that all segments of our population share, at least to the extent which is possible, in the prosperity and blessings of our Nation.

I thank the Senator from Oregon very deeply, indeed.

Mr. MORSE. The Senator from New York is, on this occasion, as he is on all occasions, very sweet about the views expressed by his colleagues concerning him, but I am perfectly willing to let his colleagues be the judges as to whether or not the remarks I have made about him are not deserved on the basis of the great record he has made through a long lifetime of public service.

Mr. PASTORE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from Oregon yield to the Senator from Rhode Island?

Mr. MORSE. I yield.

Mr. PASTORE. I should like to make a rejoinder to the observations expressed by the distinguished Senator from Minnesota [Mr. HUMPHREY] a short while ago. In considering the whole area of employment and unemployment, I am afraid we drift into the habit of making it a statistical or an impersonal discussion. The idea of working and not working involves a very human problem. It is of very little comfort to a man who has a family to support and who is out of work and looking for work, who is able to work but cannot find employment, to pick up a newspaper and read that in June a million more people were employed than were employed in May, the month before, because the fact that that particular individual is out of a job is a very personal problem to him.

The news of the increase in employment is very encouraging, and I trust that the number of employed will continue to rise and rise until every available person in the United States is working; but until that point is reached, I cannot forget that in my State 13 out of every 100 persons are out of work. They are people who are willing and able to work, but cannot find work. That is a human problem. For us to say it is the problem of that particular State I think begs the question a little, because more than 90 percent of the products

manufactured in my State are sold in the other 47 States. The unemployment means that a demand for the goods being produced in my State does not exist in the other States. It means that the people in the other States are not buying as much as they used to buy.

Even though the employment picture for the month of June may be more encouraging than it was in the month of May, the fact still remains that in my State 13 out of every 100 persons are unemployed. That presents a serious problem.

While I agree that the enactment of the amendment suggested by the distinguished Senator from Massachusetts would be a great boon to our economy, the fact of the matter is that I do not think it goes quite far enough. I believe we have to recognize the fact that even though we must set a Federal standard of raising the benefits and make it effective for a long time, some States which cannot meet the responsibility have to be backed up by the Federal Government, because there is a Federal concern involved. So long as there exists 1 bad situation in 1 State, it will be only a question of time before that situation creeps and creeps and creeps until it spreads all over the country, and until one day we will run smack into a depression. That is precisely what happened in the latter part of the 1930's.

Mr. MORSE. I wish to thank the Senator from Rhode Island for supporting me in the major premise of the case I have undertaken to present. That was the burden of my remarks.

Mr. President, while the Senator from Rhode Island has spoken respecting the situation in Rhode Island, I think it is appropriate, and I ask unanimous consent, to have printed in the RECORD at this point in my remarks a report of the State Unemployment Compensation Commission of the State of Oregon for July 1954, under the heading, "Unemployment Payments for 1953–54 Benefit Year Second Highest on Record; Tax Receipts Continue Decline, Dropping Reserve Fund $10½ Million."

There being no objection, the bulletin was ordered to be printed in the RECORD, as follows:

UNEMPLOYMENT PAYMENTS FOR 1953–54 BENEFIT YEAR SECOND HIGHEST ON RECORD; TAX RECEIPTS CONTINUE DECLINE, DROPPING RESERVE FUND $10½ MILLION

Payments to insured unemployed workers amounted to $23,430,100 during the 1953–54 benefit year, second highest in the history of Oregon's unemployment law. The increase was 33.1 percent over 1952–53 but was 9.8 percent lower than the all-time high of $25,962,151 in 1949–50. More than two-thirds (68.2 percent) of the annual total came during the past half-year with each of its first 3 months well over $3½ million. June payments of $1,125,393 were 30 percent higher than a year ago.

Claims were received from 115,000 persons during the year, and more than 88,000 were paid at least 1 check. Upward of 19,000 beneficiaries exhausted their 1953–54 compensation, and many of them have filed new claims based on their earnings during the calendar year of 1953. With the exception of the 1949–50 benefit year, all these figures are the highest reported under current provisions of the law. In 1948–49 with a benefit schedule calling for considerably lower duration, the number of exhaustees was slightly higher.

Balanced against these near-record payments were tax reecipts of $11,225,088 during the 12 months ending June 30. Interest from the Federal Government on the reserve fund fell under the $400,000 mark last quarter for the first time in several years, but the year's total was $1,679,020. The drop in the reserve fund was nearly $10½ million since July 1, 1953.

With average tax rates under experience rating declining, with taxable payrolls also beginning to drop, and with interest payments lower, income in 1954–55 is expected to continue a downward trend. Meanwhile the upward spiral in compensation shows little sign of abating. Payments in June marked the 33d consecutive month in which they have exceeded the corresponding period a year earlier.

Oregon benefit payments issued for week ending June 26, classified by local office and industry of last employment

Employment office	Area total	Forest and fishing	Construction	Food processing	Lumber and logging	Other manufacturing	Transportation and utilities	Trade	Finance and n. e. c.
Industry totals	9,175	162	955	879	2,166	1,462	447	2,076	1,028
Albany	121	3	15	34	24	2	4	28	11
Astoria	169		10	28	58	36	12	13	12
Baker	134	5	13	3	65	3	5	21	19
Bend	223	8	25	9	94	9	12	46	20
Coos Bay	318	7	32	6	155	8	17	64	29
Corvallis	92	1	14	2	41	1	8	16	9
Eugene	603	12	59	19	280	13	23	141	56
Grants Pass	138	5	14		74	1	8	18	18
Hillsboro	267	6	21	83	60	31	10	44	12
Hood River	43	1	11		13			13	5
Klamath Falls	204	6	13	7	65	5	8	70	30
La Grande	136	5	14	2	75	1	5	23	11
Lakeview	58	4	3		35			8	8
Lebanon	154	5	3	9	93	5	9	18	12
McMinnville	235	4	4	66	79	9	10	40	23
Medford	272	6	19	13	64	8	16	109	37
Milton-Freewater	47	4	4	15	5	1	3	14	1
Ontario	83	7	7	15	15		3	29	7
Oregon City	273	9	34	13	88	53	15	41	20
Pendleton	142	3	38	6	19	6	15	28	27
Portland	4,112	36	423	284	347	1,216	229	1,037	540
Roseburg	158	1	14	2	70	3	5	40	23
Salem	606	8	73	216	92	33	10	122	52
The Dalles	234	10	68	30	53	6	8	41	18
Tillamook	79	1	7	3	46	2	2	10	8
Toledo	274	5	17	14	156	10	10	42	20

Summary of active claims and benefits: 1953–54

	June 1954	Cumulative, 1954	June 1953	Cumulative, 1953
1. Number of new claims	12,939	114,451	11,955	97,245
(a) Filed in Oregon	12,522	104,687	11,502	89,492
(b) Filed in other States	417	9,764	453	7,753
2. First payments	1,893	87,900	1,868	70,190
3. Expirations of benefits	2,355	18,792	1,712	12,939
4. Unemployment benefits:				
(a) Number	50,677	1,045,945	39,020	758,586
(b) Amount	$1,125,393	$23,430,100	$865,784	$16,853,519
5. Federal payments to veterans:				
(a) Number	3,607	56,354	1,406	18,158
(b) Amount	$81,024	$1,216,288	$29,192	$381,764
6. Expiration of Federal payments	59	359	9	24
7. Federal first payments	288	4,471	156	2,177
8. Amount in reserve fund	$60,791,780		$71,239,658	

LABOR DISPUTES AND LATE SEASON BRINGS INCREASE IN NUMBER OF JOBSEEKERS; CLAIMS FOR 1954–55 BENEFIT YEAR JUMP TO HIGHEST FIGURE SINCE 1947

Labor disputes and a late season were jointly responsible for a 6,300-increase in the number of jobseekers reported this month by 26 offices of the State unemployment compensation commission. About 38,900 persons were actively seeking work at the midyear as compared with 32,600 on June 1 and 25,500 a year ago. Only 620 unfilled job openings were counted by local office representatives as of July 1, lowest number at this period since the end of the war.

About 3,400 of the new jobseekers were among those out of work as a result of the dispute between lumber operators and employees. Several offices in the heart of the Timber Belt reported few of the strikers asking for agricultural and other temporary work, but most of those laid off as an indirect result of the tieup were in the labor market. The entire unemployment situation was expected to be clarified in the next week or two.

Eastern Oregon areas were affected but little by the tieup in fir lumber. The Dalles, La Grande, Baker, and Milton-Freewater reported many finding jobs in agriculture and industry, while Hillsboro and McMinnville made the best showing in the western part of the State. The Portland area had nearly 50 percent more jobseekers than a year ago.

New and transitional claims received from insured workers as a preliminary to the 1954–55 benefit year which started this month are the highest since the changeover to the midyear benefit year was made in 1947. More than 20,000 persons will have claims on record when first requests for compensation are possible July 12, it is anticipated. In the benefit year being closed up continued claims have been running about 12,000 a week since mid-May, well above recent comparable periods, but cut down considerably by the 19,000 who exhausted their 1953–54 benefit rights.

Employment and payrolls of covered employers, by main industry in 1953 as compared with 1952

	Number of employers	1953 average employment	Percent gain or loss, 1952	1953 payrolls	Percent gain or loss, 1952
Total	18,102	329,353	−1.0	$1,208,380,028	2.2
Agriculture, forestry, and mining	197	1,969	−6.6	7,508,245	2.4
Construction	2,083	20,762	−5.1	96,387,334	−2.7
Food processing	423	18,004	1.4	61,674,577	2.3
Lumber and logging	2,915	78,945	−4.7	351,311,233	−2.4
Other manufacturing	1,066	42,592	3.4	183,279,464	5.2
Transportation and utilities	950	30,631	−2.7	129,523,118	3.3
Trade	7,023	92,923	.4	331,933,337	4.1
Finance and realty	797	14,415	4.2	53,061,899	9.9
Service, n. e. c.	2,648	29,112	3.6	83,700,821	8.6

EMPLOYMENT AND COVERED PAYROLLS IN BASIC INDUSTRIES EASE OFF IN 1953; MOST OTHER GROUPS SET NEW HIGHS, COMPLETE REPORTS FROM 18,102 FIRMS SHOW

Payrolls covered by the unemployment law reached new highs for the year of 1953 but average employment dropped about 3,000 from the records established in 1951 and 1952, according to completed tabulations of 18,102 employers' reports. Losses took place mainly in construction, lumber and logging, transportation and utilities. The latter 2 groups, however, recorded small gains in payrolls for the entire calendar year.

Lumber and wood products firms dropped from 3,161 to 2,915 in 1953; average number of jobs from 82,839 to 78,945; and covered payrolls from $360 million to $351 million. Employment in this basic industry reached a peak of 84,061 in 1951 but payrolls were highest in 1952.

Employment in construction reached a high of 24,101 in 1951 and also set the payroll record of $104,141,426 for the same period. Miscellaneous manufacturing, trade, service, finance and other main groups recorded gains last year, establishing new highs in both average employment and payrolls.

Number of claims received in local offices and payments made

Local offices	New claims		Weeks claimed		U. C. payments	
	June 1954	June 1953	June 1954	June 1953	June 1954	June 1953
State total	15,913	12,628	53,436	41,626	$1,125,393	$865,784
Hillsboro	366	191	1,869	1,382	38,432	30,219
Portland	5,430	4,847	24,070	14,556	468,646	270,957
Astoria	469	357	1,016	1,192	21,721	23,447
Hood River	84	43	365	191	5,314	2,732
McMinnville	337	300	1,295	994	24,376	18,083
Oregon City	466	397	1,713	1,215	33,642	25,381
Tillamook	277	97	406	268	7,298	6,064
Salem	1,245	1,021	4,053	3,272	67,495	67,709
Albany	195	203	617	724	11,058	12,428
Corvallis	149	113	509	443	7,992	8,460
Toledo	211	265	671	876	15,638	18,959
Lebanon	456	220	953	885	17,401	17,248
Eugene	1,955	1,428	3,701	3,601	73,209	66,202
Roseburg	492	369	1,096	1,460	$19,216	$32,340
Medford	519	509	1,691	1,815	30,340	36,452
Grants Pass	335	339	945	1,653	14,730	28,544
The Dalles	283	228	1,053	774	17,675	13,379
Coos Bay	1,161	474	1,789	1,887	33,093	38,149
Klamath Falls	499	390	1,435	1,239	25,218	22,484
Bend	381	204	1,155	647	25,761	13,703
Lakeview	97	117	434	410	7,741	7,584
Pendleton	175	297	839	903	15,964	18,132
La Grande	110	98	523	333	12,993	7,202
Milton-Freewater	29	21	361	182	5,304	2,792
Ontario	126	53	403	251	6,644	4,465
Baker	66	47	474	473	11,900	10,218
Interstate					106,592	62,451

Mr. HUMPHREY. Mr. President, will the Senator from Oregon yield at that point?

Mr. MORSE. I yield to the Senator from Minnesota.

Mr. HUMPHREY. In line with the remarks of the distinguished Senator from Rhode Island [Mr. PASTORE], I merely desire to make note of the fact that if the amendment which is pending, the Kennedy amendment, shall be agreed to and enacted into law, and employment shall be at a high level, the cost, of course, under the amendment, will be very nominal. If unemployment is at a high level, then the benefits which are authorized under the Kennedy amendment will be of significant proportions and of significant help so as to relieve the economic situation. In other words, here is an amendment which will help us coming and going. If the economic situation is good, it will not place any great economic responsibility on the State or the Nation for the unemployment compensation benefits, because the benefits and the beneficiaries will be in very limited number. But if the unemployment number is up, and if the situation, as the Senator from Rhode Island has pointed out, is such that 10 or 13 persons out of every 100 may be out of employment, then there will be obtained benefits which will be sufficiently important economically to have a stimulating effect on the economy, and which will also have a humanitarian effect upon the families involved.

I surely agree with the moral lesson which the Senator from Oregon has drawn. It is not merely a matter of economics or statistical evidence; it is a matter of fundamental moral purpose and concern, the matter of being one's brother's keeper—not simply for the love of it, but because of the great economic values involved, and also because of the humanitarian values involved.

I think we must not look at the amendment as a cost item. That is a subject which I am sure will be brought to the forefront; but the answer to that argument is that it involves an economy in which there is full employment. If we do not have a fully employed economy, then there should be provided benefits which will do some good. In other words, the answer to medical bills is good health. If one has good health, then he does not have to worry about the fee of the doctor and the cost of medicines; but if one is sick, he does not take a drink out of the creek; he gets a good

doctor and obtains good medicine, and the cost will be considered very low if he gets well.

Mr. MORSE. In the latter circumstance, I think he also should have some health insurance. I wish to thank the Senator from Minnesota, because his remarks, as do those of the Senator from Rhode Island, buttress the point of view which I am trying to support in the Senate this afternoon, namely, that we should follow the full intent and purpose of the Full Employment Act of 1946, which is what we are seeking to do by the Kennedy amendment. I think the Senator is quite correct when he says there should be other improvements. However, we should go at least as far as the Kennedy amendment proposes to go. I am willing to go further right now, before we dispose of the pending legislative proposal.

Mr. President, I now return to the thesis I was discussing prior to these very helpful interruptions. I wish to ask, just how much has the administration's laying-on-of-words, its playing at hide-and-seek with the calendar, done to put men back to work and to get us out of the trouble we are in? I say it has done nothing. We have not even been holding our own.

SEASONAL INCREASE BELOW NORMAL

Employment increased from January to June, but by far less than is usual for this season of the year. The rise this year was 2,345,000; the 1950–53 average was 3,706,000; the 1946–49 average was 4,089,000. Total civilian employment in June was 1,074,000 less than in June 1953. Employment on farms was 500,000 less, and in nonfarm occupations 570,000 less than in June 1953. This is not progress. It is not even holding still.

The report issued on Wednesday to the effect that unemployment increased from May to June by much less than is to be expected at this season of the year was played up by the Departments of Commerce and Labor as though here at last was a distinct sign of improvement. I say it was no such thing. Unemployment increased less than usual for this month because the number of persons in the civilian labor market increased less than usual. Had the normal number of new workers come on the market in the first week of June, unemployment would have come very close to 4 million workers, according to the statistical standards the administration uses. The labor market increase for May–June was 1,020,000; the 1950–53 average was 1,610,000; the 1946–49 average was 2,140,000. How anyone can spell good tidings out of this evidence that we have closed the doors of opportunity to more than half a million young people who otherwise would have been looking for work in June, I am not able to understand. But as I read my newspaper last Thursday morning, that is what I discovered the administration was trying to do.

STEADY DECLINE IN INDUSTRIAL EMPLOYMENT

Now, to get to the hard core of our industrial economy, here is a central fact that the administration's cheerleaders would like you to forget: Factory employment fell in June, for the 10th month in a row. The total reduction since last August has been 1,708,000 workers. Almost 10 percent of the jobs that were provided by manufacturing industries in that month had disappeared.

In addition to employing fewer workers, manufacturing industries were providing 1.1 hours less work per worker per week in June 1954 than in June 1953. Applied to a force of about 16 million workers, this reduction in the workweek is the equivalent of total unemployment for another 440,000 workers in the manufacturing industries.

INADEQUACY OF ADMINISTRATION UNEMPLOYMENT STATISTICS

Mr. President, I think this is a good place to point out how the administration's unemployment figures never have told an accurate story of the unemployment condition, because, as the people of the country should realize, the figures the administration has been giving them are based upon unemployment insurance benefit figures, and represent only the group of unemployed persons who are eligible for unemployment insurance benefits.

Let us consider the total unemployed class, because this is the group we must take into account if we wish to see what the unemployment picture is. Of course, there is the group the administration uses, which, during the past year, has ranged from 2½ million to almost 4 million persons, according to the administration's own figures. Then there is the group of those who have exhausted their unemployment insurance benefits. However, they are not carried in the statistics of any Department of Labor report, although they constitute a substantial number, comprised of many thousands of persons who have to be added to those who still are receiving their weekly unemployment insurance benefits. Then, of course, there are many other thousands who are not eligible for unemployment benefits, but are unemployed; they are without jobs. It is of as great importance to them that they work or that some purchasing power be supplied to them, so they can feed their families, as it is to those who are included in the administration's figures. Then there are the thousands to whom I have just referred, who have suffered as a result of reductions in the workweek. We have to add to the hundreds of thousands I have just mentioned, many thousands more who are working on 2-day or 3-day shifts each week, or, in some industries, 2 or 3 days every alternate week. They are not included in the administration's statistics, either.

Then there are the many thousands of potential new workers, who simply are not included at all in the figures because they never have gotten on a payroll, in the first place, and thus they are not eligible for unemployment benefits. That is why I have been heard to say so many times during the past year, in speaking on the floor of the Senate, that the American people have not been given an accurate picture of the unemployment situation at any time by the Eisenhower administration, because that administration has been quoting only partial statistics on unemployment.

I remember that at one time, when the figure was up to approximately 3½ million, on the basis of the Eisenhower administration's statistics, employment experts said the number undoubtedly was 5 million if one took into account the classes I have just enumerated.

I have not been able to obtain in recent hours a reliable estimate for the situation as of today; but I am satisfied that, as of last week, unemployment in the United States was well over the 4 million mark, if we take into account the classes of unemployed I have just enumerated.

Mr. President, that is not a healthy situation. I know there are reactionaries who think it is a good idea to have in the United States an unemployed pool of between 3 million and 5 million persons, as a disciplinary check upon labor; but those who take that view are playing with danger, the very real danger that unemployment may get out of bounds, once we let that kind of stagnant pool—if they think they can keep it stagnant—remain for a while, and once all the germination of social unrest and disorder really begins to develop in that pool of unemployed.

DECLINE IN INDUSTRIAL PRODUCTION

Therefore, Mr. President, I wish to stress another hard-core fact about the present state of affairs. The overall index of industrial production fell in March, and again in April, and held level in May. But by virtue of a seasonal adjustment applied to the May figure, a widely heralded upturn of 2 points in the index was brought forward. Reference to the May index of earlier years shows this to have been an unusual seasonal adjustment. This year it was adjusted 2 points up; last year 1 point up; the year before, 1 point down; but the fact is that the plain unadjusted index in May was 11 percent below the all-time high established in March of 1953, just before the new tight-money policy had begun to make itself felt and prosperity was forced to give way to Republican recession.

LOW PRODUCTION IN STEEL INDUSTRY

Steel production has risen slightly in recent weeks, but the industry is using only a little more than 70 percent of its capacity.

Mr. DOUGLAS. Mr. President, will the Senator from Oregon yield to me?

Mr. MORSE. I yield.

Mr. DOUGLAS. The figures the Wall Street Journal published today indicate that steel production for the present week will not exceed 65 percent, or about 5 percent more than for the past week.

Mr. MORSE. I think that is more accurate than the figure I used, but I have been indulging in understatement. I like to give the administration the benefit of every doubt. But even when that is done, there still remains an awful situation in the economy. Probably it is more accurate to state that the steel industry is operating at approximately 65 percent of capacity. However, I have used the figure 70 percent. Benjamin Fairless, of United States Steel, says the industry would remain close to that reduced rate for the rest of the year; and Eugene Grace, of Bethlehem Steel, says he will be satisfied if the industry can do that well. Mr. President, that is not very hopeful for steelworkers or for those

representing the States in which the great steel industry operates. This may be a cheerful prediction, as steel profits go; but it holds out little prospect of industrial recovery or for the remployment of industrial workers.

POOR PROSPECT FOR AUTOMOBILE INDUSTRY

Prospects in the automobile industry for the second half of the year cast some doubt on the steel industry's ability to do even as well as these low-level predictions might indicate. In the first 6 months of this year, 9 percent fewer cars and 12 percent fewer trucks were produced than in the same season of 1953. Total sales of from 4½ million to 5¼ million cars are predicted by the industry for this year. It produced 3 million by June 30. A one-third cut in production in the second half of the year appears inevitable. New cars on hand awaiting sale on May 31 had reached the very high figure of 638,000 contrasted with 430,000 at that date in 1953. What signs of an early upturn can anyone find in the automobile picture?

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DOUGLAS. The figures which the Senator from Oregon mentioned are correct so far as new cars in the hands of new-car dealers are concerned. However, in addition, there is a considerable volume of new cars in the hands of used-car dealers, which do not enter into those figures. Furthermore, there are large numbers of new 1953 models which have not been sold. If, in addition to those, it should be found that there are pools of produced cars which have not entered into normal distributive channels, the situation would be still worse.

Mr. MORSE. The Senator is quite right. The automobile situation is not healthy.

If I may flavor this speech with a bit of personal experience, I shall do so. I just finished a David Harum trade on a car, and I was quite surprised that I could do so well. I have traded horses for a great many years, and have not done so badly, but I did not think I could do so well in the car business.

Without citing any specific figures, let me say that I found the market to be a buyer's market. I found it possible finally simply to say, "This is my check for what I will pay toward a new car, plus my old car," and to my great surprise the check was accepted.

I am satisfied that the Senator from Illinois is quite right. The automobile industry is in the doldrums. It is clearly in a buyer's market, and there is no doubt about the fact that automobile manufacturers have already overproduced, although they have been reducing production. That is why I ask the question, What signs of an early upturn can anyone find in the automobile picture?

RECORD NUMBER OF BUSINESS FAILURES

The 4,812 business failures officially recorded in the first 5 months of this year topped failures in the same period of 1953 by 39 percent. Not since 1941, when the war shortage of materials forced many small outfits to the wall, have business failures come even close to the 1954 figure. The nearest was in 1950 when the 5 months' total was 4,239. These are small businesses; their liabilities averaged only $45,000. They fall by the wayside in record numbers at a time when profits and dividends in the world of large business, sown by the excess-profits tax repeal, continue to feed the fever of a big bull market.

I repeat, things did not get better in April, March, May, or June. Most certainly they did not. The improvement we were told to look for has not arrived. And still there has been no institution of a number of measures which the President on February 18 said would be necessary if there was no change for the better in March.

For the benefit of my colleagues in the Senate I ask at this point unanimous consent to have printed with my remarks in the RECORD two tabulations, one showing the fall of manufacturing employment by States over the past year, and the other listing, by States, the spread of labor surplus areas during the life of this administration.

There being no objection, the tabulations were ordered to be printed in the RECORD, as follows:

Number of wage and salary workers in manufacturing industries, May 1953 and May 1954

State	Number employed (in thousands)		Decline	
	May 1953	May 1954	Number (in thousands)	Percent
Alabama	232.6	224.0	8.6	3.7
Arizona	28.8	25.7	3.1	10.8
Arkansas	82.5	80.7	1.8	2.2
California	1,054.9	1,021.2	33.7	3.2
Colorado	66.4	62.3	4.1	6.2
Connecticut	459.0	416.3	42.7	9.3
Delaware	62.5	57.2	5.3	8.5
Florida	120.0	123.0	[1] 3.0	[1] 2.5
Georgia	315.8	304.1	11.7	3.7
Idaho	22.9	21.7	44.9	5.2
Illinois	1,335.9	1,207.2	128.7	9.6
Indiana	680.7	570.4	110.3	16.2
Iowa	172.7	160.8	11.9	6.9
Kansas	141.5	131.4	10.1	7.1
Kentucky	159.1	145.8	13.3	8.4
Louisiana	158.2	154.4	3.8	2.4
Maine	114.1	102.6	11.5	10.1
Maryland	266.7	247.1	19.6	7.3
Massachusetts	741.6	663.0	78.6	10.6
Michigan	1,260.2	1,051.8	208.4	16.5
Minnesota	221.4	206.3	15.1	6.8
Mississippi	96.8	91.9	4.9	5.1
Missouri	417.7	380.4	37.3	8.9
Montana	18.1	17.0	1.1	6.1
Nebraska	60.4	58.5	1.9	3.1
Nevada	4.2	4.0	.2	4.8
New Hampshire	81.7	77.0	4.7	5.8
New Jersey	845.9	767.1	78.8	9.3
New Mexico	16.5	16.3	.2	1.2
New York	1,985.6	1,838.7	146.9	7.4
North Carolina	442.7	421.0	21.7	4.9
North Dakota	6.2	6.3	[1] .1	[1] 1.6
Ohio	1,430.4	1,284.2	146.2	10.2
Oklahoma	84.6	82.6	2.0	2.4
Oregon	145.0	135.3	9.7	6.7
Pennsylvania	1,631.9	1,437.7	194.2	11.9
Rhode Island	147.1	122.8	24.3	16.5
South Carolina	225.1	215.7	9.4	4.2
South Dakota	11.8	11.6	.2	1.7
Tennessee	293.7	272.8	20.9	7.1
Texas	439.2	421.5	17.7	4.0
Utah	31.2	29.3	1.9	6.1
Vermont	40.9	36.8	4.1	10.0
Virginia	254.5	236.5	18.0	7.1
Washington	188.9	196.8	[1] 7.9	[1] 4.2
West Virginia	137.5	124.5	13.0	9.5
Wisconsin	477.3	424.4	52.9	10.9
Wyoming	6.0	6.2	[1] .2	[1] 3.3
Total for United States	17,283.0	15,803.0	1,480.0	8.6

[1] Increase.

Source: U. S. Department of Labor, BLS.

Labor market areas of substantial labor surplus as of January 1953 and May 1954

[Areas listed below have 6 percent or more of workforce unemployed; (*) indicates 12 percent or more of workforce unemployed]

January 1953	May 1954
	ALABAMA
Jasper	Alexander City
	*Anniston
	*Gadsden
	Jasper
	*Talledega
	ARKANSAS
	*Texarkana
	GEORGIA
	Cedartown-Rockmart
	*Cordele
	ILLINOIS
Danville	*Aurora
Herrin-Murphysboro-West Frankfort	Herrin-Murphysboro-West Frankfort
	*Joliet
	Litchfield
	*Mount Vernon
	*Peoria
	*Rock Island-Moline
	INDIANA
Terre Haute	*Evansville
Vincennes	*Fort Wayne
	*Michigan City-La Porte
	*South Bend
	Terre Haute
	Vincennes
	IOWA
	*Burlington
	*Davenport
	*Ottumwa
	KANSAS
	Pittsburgh
	KENTUCKY
	Ashland
	Corbin
	Frankfort
	Hazard
	*Henderson
	Madisonville
	Middlesboro-Harlan
	*Owensboro
	Paintsville-Prestonburg
	Pikeville
	MAINE
	*Biddeford
	MARYLAND
Cumberland	Cumberland
	MASSACHUSETTS
Fall River	Fall River
Lawrence	Lawrence
Lowell	Lowell
Milford	*Milford
New Bedford	*New Bedford
Taunton	*North Adams
	Southbridge-Webster
	MICHIGAN
Iron Mountain	*Adrian
	*Ann Arbor-Ypsilanti
	*Battle Creek
	*Bay City
	*Benton Harbor
	*Detroit
	Ionia-Belding-Greenville
	Iron Mountain
	*Jackson
	*Monroe
	*Muskegon
	*Port Huron
	MINNESOTA
	*Duluth
	MISSISSIPPI
	*Jackson
	MISSOURI
	Joplin
	*Springfield
	St. Joseph
	*St. Louis
	NEW JERSEY
Atlantic City	Atlantic City
	*Paterson
	NEW MEXICO
	*Albuquerque
	NEW YORK
Gloversville	*Albany-Schenectady-Troy
Utica-Rome	*Buffalo
	Gloversville
	Hudson
	Jamestown-Dunkirk
	*Utica-Rome
	NORTH CAROLINA
Asheville	Asheville
Durham	Durham
Winston-Salem	Waynesville
	Winston-Salem

Labor market areas of substantial labor surplus as of January 1953 and May 1954—Continued

January 1953	May 1954
OHIO	
Athens-Logan-Nelsonville	*Canton
	Steubenville
	*Toledo
OREGON	
	*Portland
PENNSYLVANIA	
Altoona	Altoona
Clearfield-Dubois	Berwick-Bloomsburg
Pottsville	Clearfield-Dubois
Scranton	*Erie
Sunbury-Shamokin-Mount Carmel	Indiana
	Johnstown
Uniontown-Connellsville	Kittanning-Ford City
Wilkes-Barre-Hazelton	*New Castle
	*Philadelphia
	*Pittsburgh
	Pottsville
	*Reading
	Scranton
	Sunbury-Shamokin-Mount Carmel
	Uniontown-Connellsville
	Wilkes-Barre-Hazelton
	*Williamsport
RHODE ISLAND	
Providence	Providence
TENNESSEE	
	*Bristol-Johnson City-Kingsport
	*Chattanooga
	*Knoxville
	LaFollette-Jellico-Tazewell
	Newport
TEXAS	
	*San Antonio
	*Texarkana (Texas)
VIRGINIA	
	Big Stone Gap-Appalachia
	Covington-Clifton Forge
	*Radford-Pulaski
WASHINGTON	
Tacoma	*Tacoma
WEST VIRGINIA	
Fairmont	Beckley
Martinsburg	Bluefield
Parkersburg	Charleston
Point Pleasant	Clarksburg
Ronceverte-White Sulphur Springs	Fairmont
	Huntington
	Logan
	Morgantown
	Parkersburg
	Point Pleasant
	Ronceverte-White Sulphur Springs
	Welch
	Wheeling
	Williamson
WISCONSIN	
	*Beaver Dam
	*Kenosha
	*La Crosse
	*Racine
	*Superior

Source: U. S. Department of Labor, Bureau of Employment Security, Division of Reports and Analysis, Area Classification Summary, January 1953 and May 1954.

Mr. MORSE. These tabulations should enable each Senator to see for himself how the problem I have been discussing reflects itself within his own State.

The first of these tabulations shows the number of workers employed in manufacturing in each State in May of 1953 and May of 1954.

Manufacturing employment dropped during this 12-month period in every State except Florida, North Dakota, Washington, and Wyoming. The fall was considerable in many States, as Senators will see. It was 208,000 in Michigan; 194,000 in Pennsylvania; 147,000 in New York. The number was substantial in my State of Oregon. In fact, at the beginning of this year Oregon had the highest unemployment percentage rate of any State in the Union, based upon the test used by this administration, namely, unemployment insurance benefits.

In the percentage rate of decline, Michigan and Rhode Island lead the list. One out of six of their 1,400,000 manufacturing jobs in May 1953 had disappeared a year later. The Indiana job loss was also more than 16 percent.

The other tabulation which I have placed in the RECORD lists, for each State, the labor market areas that are classified by the Bureau of Employment Security in the Department of Labor as "areas of substantial labor surplus." These are areas in which current and prospective labor supply substantially exceeds labor requirements. The most important criterion for placing a labor market in this classification was that 6 percent or more of the available labor was out of work and not awaiting early recall.

These so-called group IV areas are those which the Office of Defense Mobilization once considered to be in such difficulty as to entitle them to special assistance under Manpower Order No. 4. This order directed Government procurement officials, whenever feasible, to set aside portions of their procurement requirements for allotment to manufacturers in these areas, provided they would meet prices established on that part of the requirement which had been let on competitive bids. To date, however, the official reports indicate that procurement officers have quite generally ignored Manpower Order No. 4. Set-asides for areas of labor distress have been negligible, and certainly have accomplished nothing to relieve acute unemployment conditions anywhere.

With publication of the May 1954, listing, the marked increase in unemployment which has taken place was recognized in a new classification designated as "areas of very substantial labor surplus," applied to labor markets in which 12 percent or more of the available labor is out of a job.

In other words, the word "very" is added to the description of these distressed areas in order to focus attention and emphasis upon the labor problem. Here, at least, is one piece of evidence that the administration has not been totally unfamiliar with the worsening economic situation.

The listings of labor distress areas which I have placed in the RECORD span the Republican administration's term in office, from January 1953 to May 1954. In January 1953, 18 of the 182 major labor markets surveyed at that time were classified as areas of substantial labor surplus. An additional 19 smaller labor market areas received the same classification.

By May of 1954, 51 of the 149 major labor markets then surveyed were areas of substantial labor surplus, 7 of these being designated as having a very substantial surplus. In addition 73 smaller labor markets were found to have a substantial surplus, and in 31 of these it was found to be very substantial.

Thus it will be seen that distress labor conditions existed in 10 percent of the major labor markets surveyed in January 1953, coal mining areas accounting for the largest number of these, followed by areas of chronic distress in the New England textile industry.

ONE-THIRD OF MAJOR LABOR MARKETS IN DISTRESS CATEGORY

By May 1954, more than one-third of the major labor markets surveyed were in the distress category. Many areas from West Virginia, down through Kentucky, Tennessee and into the South now appear on the list. Michigan, which had 1 labor surplus area in the earlier month, now has 12, including the city of Detroit. Indiana, Illinois, Wisconsin, Iowa, and Missouri, which earlier had only 3 distress areas among them, now have a total of 24. The Southwest, Mountain, and Pacific Coast States contributed only Tacoma, Wash., to the listing in the earlier month, and have since added 4—Texarkana and San Antonio, Tex.; Albuquerque, N. Mex.; and Portland, Oreg.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DOUGLAS. If I may pursue the point which the Senator from Oregon has just made, I may say that the southern part of my State is virtually in a distressed condition, excluding the industrial section south of the city of St. Louis, which has appreciable unemployment.

In the region south, roughly, of the towns of Litchfield and Hillsboro, most of the manufacturing concerns have folded up or greatly curtailed operations, and the coal mines are operating at a greatly reduced scale. All of the regions in this part of the State, outside of East St. Louis, have just been put in class 4B, which is the worst of all, with an unemployment rate of over 12 percent.

In the southern one-sixth of the State, the St. Louis Post-Dispatch made a survey in February, and estimated that there was 20 percent unemployment for that half of the lower third of my State.

Almost immediately following the survey made by the St. Louis Post-Dispatch, a number of mines closed and several manufacturing concerns shut down.

Therefore, the region which is known as Egypt in my State I should say is in a superdistressed condition. In addition, there has been a drought there for approximately a year and a half. Therefore, when the Senator from Oregon speaks about distressed economic conditions, I can say that the people of southern Illinois know very well what is happening. Bearing out the remark of the Senator from Oregon, I have known of no defense contracts which have been siphoned into that area to help fill the void.

Mr. MORSE. I thank the Senator very much. It is further evidence of the pattern I have sought to describe in my speech, showing how widespread the Eisenhower recession really is, and pointing out again that we cannot feed people on slogans and promises, and that we can feed them only if we follow an economic policy that will get for them the spirit and intent of the 1946 Full Employment Act.

Up to this point, Mr. President, I have discussed the recession in the administration's own terms. Their standard, as we have seen, is that we do well enough in our economic life if we hold

to a level course. In fact, they don't mind too much if we slip a little below the level course; many of their industrial friends say that is a good thing for us to do every once in a while. It purges us of what is to them, apparently, the sin of sustained prosperity. Or perhaps what they fear is that if every man has a break, if every little man has a chance to better himself, a job he can count on, a small business he can build without fear of bankrutcy, a farm he can work without fear of the market place, then too many of these little "every-men" may get the dangerous notion that economic opportunity is something that all can share, regardless of their station in life.

NEED FOR AN EXPANDING ECONOMY

Whatever the explanation may be, the fact is that our present administration believes that to stand still is good enough, or at least good enough over quite a space of time. What they do not seem to see is that to stand still is to fall behind. A Nation like ours must have an expanding economy in order to have a healthy economy.

I do not say this on moral grounds alone. Although I am willing to stand on moral grounds alone so far as the issue I have been discussing this afternoon is concerned, I stand on those moral grounds also because they are sound economic grounds. It is about time the administration recognized the direct relationship between morals and economics, and recognized that if we are to have sound economics it should propose a program which will put people back to work, which is something it has not done to date.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DOUGLAS. The Senator from Oregon has correctly stated the point that in order to stay in the same place we must really go forward. That is true for another reason also, namely, that the labor force is increasing by approximately 700,000 each year. Therefore, unless the numbers employed increase by that ratio, the number of unemployed rises each year. When two things are happening, namely, a decrease in employment, accompanied by a steady increase in the working population, the situation is much worse than would be indicated by figures of employment alone. Is that not correct?

Mr. MORSE. That is true. I am very glad the Senator from Illinois has brought out the population point. It happens to be a vital statistic which the American people ought to recognize in respect to a great many issues, domestic and foreign, and it is something our people must look at from the standpoint of the direction we are going in, both in the field of domestic legislative policy and in the field of foreign policy.

The question of domestic population increase which the Senator from Illinois has pointed out, resulting in some 700,000 workers being added to the employable lists each year, means that by 1975 the average American family of 4 today will be a family of 5.

What the American people ought to recognize is that by 1975, by increasing the average American family from 4 to 5 there will be added to the population of the United States an increase of people equal to the present population of the following States. I ask Senators to listen to this statement. There will be added to the population of the United States by 1975, through the present population trend, the number of people equal to the number of people now living in the following States: Arizona, Colorado, Oklahoma, Washington, Oregon, California, Montana, Idaho, Utah, North Dakota, Missouri, South Dakota, Nevada, Wyoming, Kansas, Nebraska, New Mexico, and Texas.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. MORSE. I yield.

Mr. DOUGLAS. Even more people than in Texas?

Mr. MORSE. Even more people than in Texas. I may have omitted a State or two, but approximately that is the correct figure. I cite it because I think it helps to dramatize the issue the Senator from Illinois raises this afternoon, namely, that we must see now, before it is too late, the direct relationship between the need for the kind of legislation we are arguing for this afternoon and the population needs of the country in terms of providing employment. That is why the Senator from Illinois is so dead right, and why I think our argument is so unanswerable. We must follow a legislative course of action which provides for an expanding economy, because if we do not do so we are headed for economic disaster in America.

That is why I am wryly amused, Mr. President, by the economic reactionaries who talk about a laissez faire economy and the unfettered operation of the law of supply and demand. They are economic illiterates. They need to go back to economic kindergarten and look at a few facts. We cannot solve these problems by Republican slogans. We must solve them by coming to grips with the kind of economic data which the Senator from Illinois has just referred to in his very helpful remarks.

Mr. President, I yield to the Senator from Rhode Island.

Mr. PASTORE. Is it not a fact that apart from the question of increase of population, our technical progress is such that less man-hours are required for the same operation as time goes on?

Mr. MORSE. That is correct.

Mr. PASTORE. And that gap has to be filled in.

Mr. MORSE. The Senator is correct. There is another facet to that subject which I wish to mention. We have the problem brought about by technological developments, resulting in the use of more and more labor-saving devices, which I am all for, but I wish to point out that in our economy we still have the human element to take into consideration.

It was not so many years ago when great liberals stood on the floor of the Senate, such as the then senior Senator from Wisconsin, Senator La Follette, and the great Senator from Nebraska, Senator Norris, and pleaded for a 10-hour day, and then for an 8-hour day. They were castigated as being great radicals and dangerous Socialists. Now everyone admits they were correct.

At the present time a similar problem is developing, and we are soon going to be far beyond the time when it is safe for the economy to have, by law, an 8-hour day requirement. We shall have to lower it and increase the wages for less work in order to keep healthy the economy of the Nation. I happen to be one, Mr. President, who contends that within the lifetime of every Member of the Senate who is 55 years of age or under we shall see the necessity for a 6-hour standard working day in the Nation if we are going to keep our economy healthy.

Mr. LANGER. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. LANGER. The distinguished Senator mentioned the name of Robert La Follette, and some of the names he was called. I wonder if the Senator remembers that when Senator La Follette made a major speech in the East in his campaign, the eastern newspapers called him an anarchist.

Mr. MORSE. They not only called him an anarchist—that was almost a polite word—but they had a tendency to use some adjectives in front of the word "anarchist."

The Senator from North Dakota having interrupted me—and I always appreciate his interruptions—I should like to say that I know of no man in politics, probably in the past 50 years, who has been called so many unpleasant names as has the Senator from North Dakota, because he has stood for the major thesis for which I have been arguing on the floor of the Senate; namely, that we apply the moral law to legislation, that we translate into legislation the moral law, and that we seek to pass legislation which will better the lot of the mass of the American people so that our economy can survive.

I wish to pay my respects to the Senator from North Dakota for the great liberal course of action that has characterized his whole record in the field of economic legislation in the United States.

Mr. LANGER. I thank the distinguished Senator from Oregon.

Mr. MORSE. Mr. President, I said I intended to say something else about the population problem and its relationship to the field of foreign policy. For purposes of emphasis, let me put it this way: If you were to ask me, Mr. President, to name the one fact, the one phenomenon, I thought would exercise the greatest influence on American foreign policy for the next 100 to 300 years, I would say it would be the growth of world population. We can talk about foreign policy to our heart's content, but the immutable law which will determine more than any other one thing the course of American foreign policy will be the trend of world population. Let us take a look at it.

In 1750 there were 660 million human beings on the face of the earth.

In 1850, approximately 100 years ago, there were 1,200,000,000 persons.

In 1950, just yesterday, figuratively speaking, there were 2,100,000,000 persons.

Where was the increase? It was not in the countries of western civilization, Mr. President, in any such proportion as in the so-called backward areas of the world, in areas where the problem of longevity raised by the Senator from Illinois a few minutes ago has a very interesting application in another respect. Do not forget, Mr. President, that today in the backward areas of the world the average life span of the teeming millions of persons is from 36 to 38 years, as compared with our 60 years. That life span is going to increase as their conditions improve from decade to decade. Population experts tell us that conditions are going to improve until eventually other peoples will reach our span of longevity, which today is averaging 60 years. So we are going to get two types of population increase in the world, as the Senator from Illinois pointed out, from the standpoint of the number of employables. We are going to get an increase in population through the increase of the average longevity of the individuals living in the so-called backward areas, and we are going to get a tremendous increase in individuals numerically.

Some of us in the Senate remember that not so long ago in one of our seminars for the liberals, as we call them, one of the every-other-Monday-night seminars, where a group of liberal Senators meet together and try to learn something about their legislative responsibilities in the Senate in relation to specific legislation, we received a briefing on Asiatic problems. A point was made by the expert who was briefing us which some of us challenged. He said he expected to be challenged on it. He said he himself did not believe it when he first heard the statement, but that if we would look into the matter we would find that it was true.

I have discussed it with enough experts so that I am satisfied that it is substantially true. We have already done such a remarkable job in Formosa by way of American aid in improving the health and sanitary conditions on that island and bettering the area generally, that if a healthy young couple in Formosa should marry today at the age they usually marry in Formosa, which is from 16 to 18 years of age, and if the couple lived until they were 80 years of age and had a normal birth rate, between themselves and among their descendants, by the time they reached the age of 80 years, they would have 1,000 descendants.

Mr. President, world population statistics are so full of implications as to the course of action which foreign policy is bound to follow in the decades ahead that I think we should stop and ponder it, when we consider the foreign policy which is pursued by the Congress of the United States. We had better ask ourselves the simple question, What kind of heritage are we going to leave to American boys and girls 300 years from now, if we do not follow a course of action which will result in the great increases in numbers of people in the backward areas, living on the freedom side of the Iron Curtain? What kind of heritage of freedom, Mr. President, shall we be leaving to American boys and girls if, during the course of 300 short years—and that is no time at all, in terms of historic time—we do not follow a foreign policy course of action which will result in those masses supporting the cause of freedom? If there is to be that result, we had better translate the moral laws and principles, about which I have been speaking this afternoon, into economic formulas. We had better recognize the direct connection between freedom and economics. We had better recognize, I repeat, the direct relationship between moral principles and economics as applied to foreign relations. We had better recognize that there is not a single thing which the United States could do, if she tried to do it, to prevent those teeming masses from bettering their way of life. They are going to do it with or without our assistance. All we could possibly do would be to slow it up. There are some things which are inevitable; and, in my judgment, one of the inevitabilities is the gradual evolution of economic standards in the backward areas of the world, on the part of the teeming millions, already so far in excess of our numbers that we had better consider whether or not we are going to leave a heritage that will permit the white boys and girls in the world, in the so-called western civilization, to have an opportunity to live in a world of freedom.

Oh, I know the common reaction of most people, because I have heard this subject discussed in many places. It is, "Well, I am concerned about the present. If we take care of the present, we will leave the responsibility to future generations to take care of their present."

There is neither statesmanship nor morality in that point of view, Mr. President. What an unfortunate plight the United States would be in today if that point of view had been taken by our constitutional fathers. They were interested in the kind of political heritage they were leaving to us. I happen to be one who believes that we have a tremendous responsibility in our lifetime to be of maximum service to the American boys and girls who are going to walk this earth 300 years from now, which, as I say, is really but a second in the life of civilization.

But how the reactionaries can face these problems, both domestic and foreign, without coming to grips with the kind of facts I have just brought out in the debate, is beyond my comprehension, because these facts really are the warp and the woof of the pattern of civilization which we shall weave for future generations of American boys and girls. It is extremely important that in our service in the Senate we keep the faith by translating these moral purposes into humanitarian legislation.

I have dwelt on the subject because, in my judgment, the Senator from Massachusetts [Mr. KENNEDY] is making a great contribution by offering to the pending unemployment-insurance legislation, his amendment, which I think amounts to naught but putting into legislative practice the moral principles which we all agree to when we discuss them in generalities. But the test of our statesmanship is whether or not we are willing to agree to them by practicing them through our votes in the Senate on amendments of the type proposed by the Senator from Massachusetts.

As I was saying, whatever the explanation of this administration may be for its unwise course of action to date, the fact is that the present administration believes a standstill is good enough, or at least good enough over quite a space of time.

I am fighting this afternoon for this kind of legislation, not alone on moral grounds, but also because it can be supported by the simple arithmetic of our industrial way of life. I had pointed out that the number of persons in need of useful occupation has increased every year in the recent past by 700,000 a year, and that soon it will reach 800,000, according to the Census Bureau. This increase in the work force of our Nation is caused by the arrival of young people at the age of maturity. This is not a stream that can be turned off and on to conform to the conditions of our economy or the policies of the party in power. The process of growing up is involuntary, and youth, somehow, is very insistent about it. We may deny these young people a chance to get their start in life at the time they are ready for it, but when we do we deny ourselves the greater wealth which these newcomers want to help us create, and we warp and misshape the lives of these young people in their most critical years. I hold therefore, Mr. President, that if we can manage our economic affairs so as ever to keep on the upgrade, always ready with job opportunities for the increasing number who want work, then in the name of commonsense and out of regard for our fellow men, this is what we should do. We should vote for the Kennedy amendment. I am not saying that it will always be easy to keep ourselves on a steadily rising course, but I do say that those who content themselves with merely holding to a level course, and those who find all manner of reasons for proclaiming that a downward course is the road to a sound economic system, have missed the whole meaning of America and stand in contempt of the genius of the American people.

To provide these job opportunities for an increasing labor force, we shall have to expand our output of goods and services at an even greater rate than the labor force expands. The acquisitive and inventive qualities of our managers and engineers is forever finding easier and better ways of doing things, as the Senator from Rhode Island [Mr. PASTORE] and the Senator from Illinois [Mr. DOUGLAS] have just pointed out. A 3-percent annual increase in output per manhour of employment is now quite unusual. It has been as high as 6 percent in some years. There is no doubt whatever that productivity will rise more rapidly in the future than it has in the past, perhaps at a rate that we would now deem fanciful. As the productivity of labor increases year by year, we must provide jobs for those whom the improved technology displaces by increasing our total output

at a more rapid rate than our labor force is growing.

All this is elementary and self-evident. I am surprised that the reactionaries so customarily overlook it. But it is sometimes forgotten by those very people and on precisely those occasions when it would do most to throw light upon the matters under consideration. Let me return, for my example, to Dr. Burns at his press conference of June 8. Toward the close of that session he was explaining to the newsmen that the gross national product, the total output of goods and services of this country, had fallen by 3.7 percent since the second quarter of 1953.

He was then asked, "Is that small or large?"

Dr. Burns' answer was, "I cannot answer that question; I do not know."

I am sure he did not mean this to be taken as a genuine response to the question. Dr. Burns knew very well that this 3.7-percent decline in the total economy was accompanied by a 29-percent drop in steel production, a 9-percent drop in car and truck output, a 10-percent drop in textiles, and, for that matter, a drop of 11 percent in industrial production as a whole. And these are no small matters, even for those who expect our economy to do no more than to hold its own.

But Dr. Burns is not one of these. He knows that we must expand in order to prosper. How easy it would have been for him to have replied, "This drop of only 3.7 percent in gross national product resulted in a loss of goods and services in the amount of $13½ billion, annual rate. Furthermore, during the year when this reduction took place we could have been expanding our output by an approximately equal amount, had we maintained full employment. So the real loss we have suffered over the past year is in the neighborhood of $25 billion to $30 billion of annual ouput." This would have been a realistic answer, in accordance with the economic facts.

But the Republican top policymakers seem not to know these things, and it grieves me that Dr. Burns, who knows them so well, does not instruct them.

LACK OF ADMINISTRATION INITIATIVE AND ENTERPRISE

How are they able to ignore the vast potential wealth that we are throwing away by letting things drift month after month, not even maintaining the levels that were reached more than a year ago? This question was also in Dr. Slichter's mind when he charged the administration with surprising lack of initiative and enterprise in fighting the recession. "I do not know the answer," he said, "but I suspect that it is attributable to the influence of the Treasury, which seems to be more interested in keeping the cash budget in balance than in limiting the drop in production and employment." I might add here that the Treasury's interest in budget balancing was at low ebb when the tax benefits to large corporations and stockholders were being drafted and enacted by the Congress.

To these men, the budget deficit which we shall have this year is of far greater moment than the current economic deficit of $25 bililon to $30 billion. The former is a dollar deficit on the books of account; the latter is a human deficit—a throwing away of work that wants to be performed, but will not be; a loss of the good things of life that will be neither produced nor enjoyed by our people. A budget deficit can be wiped out by a surplus, but a human deficit will never be reversed. What we might have produced today, but did not, we shall never produce; that lost portion of our national wealth is gone forever.

These cashbox men, who value account books above human well-being, defeat their own purpose. It is easily demonstrable, I believe, that the right steps taken in time by the Government, and with sufficient vigor, to get us back to full employment, would contribute far more revenue to the Treasury than it would cost to get the job done. If they would attend more seriously to the human aspects of the problem, they might find, to their surprise, that the budget situation would be greatly improved.

But this curious concentration on cash is not, I think, the only explanation for the official policy of letting nature, however well-intentioned, take its course in the Eisenhower recession. I think there is this further important factor: That the makers of this policy belong to, and favor, the few who sit at the top of the economic heap, and have convinced themselves that what serves the interests of the few, will somehow prove best for the many, in the long run.

So long as profits and dividends are plentiful, this recession, in their view, is not too serious. Money can be made for the few out of the present low level of performance. This is being demonstrated to us right now, as it was demonstrated in the depths of the great depression. In fact, in the depths of the great depression, stock dividends were maintained at a remarkably high level. But the $25 billion to $30 billion of wealth we are throwing away comes, for the most part, out of jobless workers, out of small-business men and farmers who are being deprived of opportunities they could share in if that extra margin of wealth were being produced.

This concern for the few, and the unconcern for the many, that goes with it, will long be remembered as characteristic of the last Republican administration, whose policies delivered both the few and the many into disaster, 25 years ago. Now, again, we see the same bias shaping national economic policy. Whether it will go the whole way again, only time will tell. But one thing can be said with certainty: The longer the needs of the many are disregarded and neglected, the more sure it becomes that the few will be drawn down, also.

To illustrate how that may come about, let me refer to an article in the May issue of Fortune magazine, dealing with the prospect for unemployment in 1955 if the curve of production does no better than halt its decline and hold to a level course. In that case, says this magazine, the 900,000 added workers who will enter the labor market this year and the 1,500,000 workers who will be displaced by rising productivity will join the ranks of the jobless and will bring unemployment to a total of nearly 6 million workers by early in 1955.

This prospect is based on a 3-percent annual increase in labor productivity, which is the postwar average. But, says Fortune magazine, productivity may spurt, as it did from 1948 to 1950, and may rise at a rate of 6 percent, this year. In that event, another 1,500,000 workers would be displaced, and we would enter 1955 with 7½ million workers unemployed.

Mr. President, I am not forecasting that this will happen. I am reciting only a calculation of what is possible; and the calculation was made, not by me, but by Fortune magazine.

I raise this possibility, however, in order to point out that the present policy of letting our national economy take its course must, in the end, and will, in the end, defeat itself, unless by good luck some unforeseen and unpredictable forces come out from their present hiding place and save the day for us. Profits and dividends appear to be holding up well with 3,300,000 unemployed at the present time, according to the administration's statistics. Profits and dividends may survive even a further increase in the ranks of those who have no place to go. But to those who can enjoy their wealth at this cost, I speak a warning that they dare not play their luck too far. I doubt that the unemployment of 6 million, which Fortune magazine says may be coming our way, will leave even the strongest corporations unscathed; and I am convinced that the 7½ million of unemployed, which Fortune magazine says is possible, would topple those at the top, just as surely as it scourges those at the bottom.

THE OBLIGATIONS OF THE FEDERAL GOVERNMENT

Government has an obligation to avert such a catastrophe of human suffering. Government has an obligation to avert such a blow to the national economy that could cripple our resistance to international communism.

The decision appears to have been made, I most sincerely regret to say, to take a gamble on good luck and mismanagement to carry us up and out of the mess we are in. Meanwhile, it is no game for those who cannot find work, or for those who work with the specter of the layoff haunting their workbench. So I say to those who have made this choice, if you will not be moved by the hardship of those whom your policy has discarded, then be moved at least by the danger you run in cutting the ground from under your own well shod and prosperous feet. Give over, at long last, the attempt to govern by incantation. Assume the responsibilities of government, and take the steps that are clearly indicated to get the whole people buying again, working again, and producing again, so that by their own labors they can put our economy back on the road to full employment and prosperity, where your Republican administration found it in January of 1953.

Mr. President, in closing, I say the Senate now has an opportunity to support the amendment of the Senator from Massachusetts [Mr. KENNEDY], which in my judgment simply will implement and seek to put into practice the moral and economic principles I discussed earlier

in the course of my speech this afternoon. The amendment will give the Senate an opportunity to translate into legislation the very sound Biblical teaching, which is also sound economics, namely, that we truly are our brother's keeper.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed, without amendment, the bill (S. 3480) to amend section 24 of the Federal Reserve Act, as amended.

The message also announced that the House had agreed to the amendment of the Senate to the bill (H. R. 7664) to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act.

EMPLOYMENT SECURITY ADMINISTRATIVE FINANCING ACT OF 1954

The Senate resumed the consideration of the bill (H. R. 5173) to provide that the excess of collections from the Federal unemployment tax over unemployment compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States, to provide that the remainder of such excess shall be returned to the States, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment submitted by the Senator from Massachusetts [Mr. KENNEDY], on behalf of himself and other Senators.

Mr. KENNEDY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY. On the amendment which the Senate is now considering, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. KENNEDY. Mr. President, I shall not detain the Senate very long in discussing the pending amendment. I am very appreciative of the remarks of the Senator from Oregon [Mr. MORSE], who I think illuminated this entire area.

I should like to emphasize three points with respect to this amendment.

First. I remind the Senate that this is not a partisan issue. We merely seek to put into effect recommendations which President Eisenhower made on January 28, that dollar maximums on unemployment compensation benefits be raised "so that the payments to the great majority of the beneficiaries may equal at least half their regular earnings."

This recommendation was reiterated by Secretary of Labor Mitchell and Assistant Secretary of Labor Siciliano on February 16, when they wrote that the Tripartite Federal Advisory Council on Employment Security supported the President's recommendations and recommended that in order to permit the great majority of workers to obtain benefits equal to at least half of their regular earnings, "the maximum weekly benefit amount should be equal to at least 60 to 67 percent of the State's average weekly wage, in line with the President's Economic Report." The 20th National Conference on State Labor Legislation, with governors' delegates from State labor departments and organized labor in 41 States unanimously adopted a resolution supporting President Eisenhower's recommendations for maximum benefit amounts not less than two-thirds of the average weekly wage in covered employment. What is even more important, they unanimously urged their adoption by Congress as amendments to the social-security law.

On January 28, the President further recommended that—

> The potential duration of unemployment benefits (be raised) to 26 weeks. * * * A 6-month period would not prevent exhaustion of benefits in a severe slump; but in a minor downturn it should be adequate for a great majority of the claimants. During the 1949 depression, almost 2 million persons exhausted their rights, most of them in less than 4½ months.

The February 16 letters from the Department of Labor urged "26 weeks of benefits uniformly to all eligible claimants in order to assure that even in a minor business downturn most workers would remain protected by the program until they could find other jobs. The effectiveness of the program in relieving unemployment distress and as a counter-recessionary device will be greatly strengthened." The unanimous resolution of the Conference of Governors' Delegates on Labor Legislation also urged this standard by congressional action. The President's recommendations concerning both benefits and duration were unanimously commended by the Joint Congressional Committee on the Economic Report.

It seems to me, therefore, that with respect to amount and duration, we really seek to write into the Social Security Act the recommendations which the President suggested last January and February—recommendations which have not yet been acted upon by the 19 State legislatures which have met since the President's recommendations were made.

Second. I wish to remind the Senate that this is not a radical departure from our present unemployment compensation law. Each State would still administer its own law, and determine eligibility benefits in the same way it has always done. The range of benefits above this basic nationwide minimum would still be established by State law. This amendment simply continues the principle adopted by the authors of the original Social Security Act of imposing only those minimum standards which are necessary to prevent injury to any State as the result of its more progressive program, and to assure basic uniformity of action against a nationwide problem governed by nationwide economic forces. Such an amendment was anticipated by the Committee on Economic Security in 1935, when they stated that the plan would "require numerous changes with experience. Congress can at any time increase the requirements which State laws must fulfill." Experience clearly indicates that only by congressional action will benefit and duration standards be restored to the levels recommended by the authors of the original act and adopted by all States at that time. This amendment, in keeping with those basic principles, will not federalize the system. The system will be federalized only when it breaks down as the result of inadequate protection and interstate warfare.

Third. I wish to remind the Senate that the cost of this amendment can easily be borne by our unemployment-compensation systems as they are presently financed, with few, if any, exceptions. The Eisenhower standards, which are also the standards of the 1930's, are not so burdensome as to impair the solvency of any State fund or impose a heavy tax burden on any employer. On the average, present costs under this amendment would increase by no more than 40 percent, an increase which would make only an insignificant dent in idle State reserves, which are from 6 to 26 times as high as the amount of benefits paid out in an average year. Nor would it affect the average contribution rate, which is now 1.3 percent, well below the normal rate of 2.7 percent anticipated in 1935. Surely the costs of public assistance and relief, of decreased purchasing power and productivity, and of inadequate living standards for families of unemployed workers are far more expensive to the Nation.

Finally, I wish to remind the Senate that this amendment makes no changes and detracts in no way from the existing provisions of H. R. 5173; but that nothing in that bill would assist unemployed workers or strengthen our Federal-State unemployment insurance system. Nothing in the bill would aid the 40,000 workers a week who today are exhausting their rights under inadequate duration of benefit payments. Nothing in that bill would further President Eisenhower's recommendations of higher average weekly unemployment benefits, which today are less than 33 percent of average weekly wages, thus reducing the worker's ability to pay his bills and buy his groceries to a level millions of dollars below that prevailing in 1938. Nothing in that bill would help the unemployed worker pay his family's rent, medical bills, and food bills, which are just as high as when he is working. This amendment, not to be confused with the earlier substitute amendment, simply seeks to add to H. R. 5173 a recognition of these needs. Other provisions of the bill are not affected. The only issue presented to the Senate by this amendment is whether it favors better unemployment compensation benefits.

Therefore, it seems to me that this amendment is in line with the Presi-

dent's recommendations. I believe it should have bipartisan support.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. SYMINGTON. As I understand from reading the Senator's typically fine address yesterday, and also listening to his remarks today, the intent of his amendment is really to carry out the principles of the 1935 law. Is that correct?

Mr. KENNEDY. That is correct. It was assumed at that time that benefits would be 50 percent of the average weekly wage. As a matter of fact, benefits were much higher from 1935 to 1939 or 1940, but since then wages have gone up and benefits have not increased proportionately.

Mr. SYMINGTON. I understand also that the amendment offered by the distinguished Senator from Massachusetts requests those standards also now requested by President Eisenhower and his Secretary of Labor. Is that correct?

Mr. KENNEDY. That is correct.

Mr. SYMINGTON. In my State there are towns which we call dead towns, towns which unfortunately have lost industry, sometimes permanently, sometimes temporarily.

The good people of these towns must shift for themselves until they get additional work to do. A mine may run out, or a defense order taken away, and so forth.

There are several such towns in Missouri. Would not the Senator agree that 26 weeks of unemployment-insurance benefits, as against the lower standards in some States, would be of great help to the people of those towns all over the Nation?

Mr. KENNEDY. I should certainly say so. As I pointed out in my remarks, 40,000 workers a week are exhausting their benefits. The number was even more substantial during the recession in 1948 and 1949.

The distress which occurs to people whose benefits are exhausted is a most unsatisfactory thing from a personal point of view, and obviously is against the public interest. They are compelled to sell their war bonds. They go on relief. They depend upon other members of their family. It is a most unsatisfactory situation when some States, by offering minimum benefits, can use that fact as an attraction to industry to come to those States, while States which try to do a fair job are penalized.

That is the reason why the offset was provided in 1935. It was felt that no State could afford to put into effect an adequate unemployment-compensation system if it were to be subjected to pressures from States which did not have to bear such a tax burden.

The whole idea was that there would be a degree of uniformity. Therefore I believe what we are talking about is in complete keeping with the public interest and with President Eisenhower's recommendation.

Mr. SYMINGTON. Mr. President, I have read and listened to the remarks of the distinguished Senator from Massachusetts as well as the fine remarks made by the distinguished Senator from Oregon [Mr. MORSE], the distinguished Senator from Illinois, and the distinguished Senator from Rhode Island. As a businessman, I believe the suggested amendment is practical and wise. I intend to vote for it because I believe it would be of help to the future of our economy.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the junior Senator from Massachusetts [Mr. KENNEDY] on behalf of himself and other Senators.

Mr. MILLIKIN. Mr. President, H. R. 5173 would strengthen the Federal-State employment security program by providing that all taxes collected under the Federal Unemployment Tax Act shall be used exclusively for employment security purposes.

Under present law the proceeds of the three-tenths of 1 percent tax retained by the Federal Government go into the general fund of the Treasury. The hearings and committee reports at the time the Federal unemployment tax was adopted in 1935 clearly indicate that this revenue was intended to finance the administrative costs of the program. Under present practice, however, the Congress appropriates funds for grants to the States to cover the administrative expenses of the program on the basis of estimated administrative needs in the various States and not on the basis of collections of the Federal unemployment tax.

The income from this tax that has been paid into the general fund greatly exceeds the costs of financing the Federal and State administrative functions relating to employment security. Collections since the program was initiated have yielded, depending upon the method of calculation, $700 million to $1 billion in excess of the funds that have been disbursed to meet Federal-State administrative costs.

The committee is of the opinion that this Federal profit is unjustified. The bill would put a stop to the present practice of using the proceeds of a tax levied on payrolls to meet general expenses of the Government.

Under the bill the excess in tax collections over the administrative expenditures would be used to meet two basic needs of the employment security program:

First. Protection of State trust accounts against the contingency of insolvency, and

Second. Greater flexibility in State administrative operations.

Yesterday I outlined to the Senate the principal provisions of H. R. 5173 which are designed to achieve these objectives.

The amendment to H. R. 5173 offered by the junior Senator from Massachusetts would impose Federal standards on the States as to the amount and the duration of benefits so that:

First. The maximum primary benefit payable under State laws shall be not less than two-thirds of the State's average weekly wage. Subject to this maximum, each individual's primary benefit shall be not less than 50 percent of his weekly wage, and

Second. Benefits shall be payable to all unemployed insured individuals in all States for a period of not less than 26 weeks.

The amendment offered by the Senator from Massachusetts would alter the existing division of responsibility between the Federal and State Governments. Under this amendment the Federal Government would be cast in a new role—one of compelling the States to provide benefits at a prescribed level and for a definite period of time.

Historically, unemployment insurance has been primarily a State program. Although I believe the problem of unemployment should always be one of national concern, I also believe the geographic variations in economic conditions and in employment practices make it essential that we retain the principle of having the actual implementation of an unemployment-insurance system carried out by State action.

Thus far the Congress has left to the States the determination of the amount of benefits and the duration for which benefits should be paid. As recently as last Thursday, the question of whether the Federal Government should impose standards on the States as proposed in the amendment offered by the junior Senator from Massachusetts, was before the House of Representatives when it was considering another unemployment insurance bill; that is, H. R. 9709. On a motion to recommit the bill to the Committee on Ways and Means with instructions to report it with amendments imposing Federal standards on States as to the amounts and duration of benefits the motion was defeated by a vote of 241 to 110.

This was the answer given by the House of Representatives to those seeking to deny to the respective States the right to determine what is the proper benefit level and how long a period of time benefit payments should be made to the unemployed in the State.

I think the House of Representatives acted wisely in defeating the proposal that is now before us. The level and duration of unemployment benefits should be left to the respective State legislatures. To infringe on these rights that historically have been vested in the States would be the opening wedge toward the elimination of State responsibility for unemployment insurance.

Under the amendment Federal standards would be imposed on the States for benefit levels and duration. If these Federal standards are enacted into law, many of the States would be required to increase the unemployment-insurance tax levied on employers. If the Federal Government assumes the role of compelling States to levy taxes to meet benefit disbursements resulting from Federal standards we shall be inviting the shift of the responsibility for financing unemployment insurance from the States to the Federal Government. In my opinion, if the Federal Government tells the States how much must be paid in benefit payments then it is logical to have the Federal Government assume the responsibility for financing the cost of such payments. I fear that if the amendment is adopted we would begin moving in the direction of more Federal responsibility and control, with the final

result being the establishment of a Federal unemployment-insurance system.

I urge that the amendment be rejected. In leaving to the States the right to establish the amount and duration of benefits we would be following the recommendations of President Eisenhower as set forth in the Economic Report of the President of January 1954. The President with respect to benefits stated:

> It is suggested that the States raise these dollar maximums so that the payments to the great majority of the beneficiaries may equal at least half their regular earnings.

As to the duration of benefits he said:

> It is urged * * * that all of the States raise the potential duration of unemployment benefits to 26 weeks.

In conclusion, may I say that we should give the States an opportunity to implement the President's recommendations which he made last January. Many of the legislatures have not been in session this year. I am hopeful that in 1955 the State legislatures that have not acted to strengthen and improve their unemployment-insurance system this year will give careful consideration to the President's recommendations.

Mr. KENNEDY. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield.

Mr. KENNEDY. Is it not a fact that the recommendations as to duration and the amount of benefits are those which the President recommended the States adopt and are the ones contained in my amendment?

Mr. MILLIKIN. It is a fact that the States will adopt standards similar to those which I understand the Senator is proposing, but the President did not recommend that the Federal Government do it.

Mr. KENNEDY. But the standards, so far as duration and amount are concerned, are those which the President recommended the States apply. Is not that correct?

Mr. MILLIKIN. I understand that on those two points the Senator is correct, but I again emphasize that the big question is whether the Government should do it or whether the States should do it.

Mr. FERGUSON. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. Let me finish, first, please, with the questions of the Senator from Massachusetts.

Mr. KENNEDY. If the Senator agrees that the duration and the amount are those which the President recommended, is it not also a fact that 19 State legislatures have met since the President made his recommendations and that none of them has taken action to implement the President's recommendations?

Mr. MILLIKIN. I am not prepared to answer that question. I do not know the facts.

Mr. KENNEDY. Is it not a fact that a substantial number——

Mr. MILLIKIN. There are many States which have not met that standard, but I am assuming that those in the States who have an interest in the question, both employers and employees, are as active and diligent as we are. I do not want to hurt anyone's feelings, but I believe the States are thoroughly qualified to handle the situation in each State according to its own situation. It would be a mistake to put the matter into a straitjacket from a Federal standpoint.

Mr. KENNEDY. The reason why the system was adopted in 1935 and the reason why we have this offset tax for the States was the feeling that no State, if it had to do it by itself, would ever put into effect an unemployment compensation system. That is the reason why an unemployment compensation system was established on a Federal basis at the beginning.

Mr. MILLIKIN. One of the reasons for doing it in that way in the beginning was to make a constiutional tax which the Federal Government could levy, and thus make out of it a Federal-State relationship. But that, I suggest, has no pertinency to the question of whether we should take the power from the States and give it to the Federal Government. I am not one who believes that all the wisdom in the world is in the Federal Congress. I have a great deal of respect for the State legislatures.

Mr. KENNEDY. There was mention of the fact that a State could put in a system and compete with a State which did not have a system.

Mr. MILLIKIN. The purpose was to have a State-Federal system operating in a way that would make a constitutional tax.

Mr. KENNEDY. And it would be uniform to the extent that every State would be obliged to have a system.

Mr. MILLIKIN. Every State has one.

Mr. KENNEDY. The point I am trying to make is that as of the present time no State can afford to move its benefits up to the point recommended by the President unless every State does so, because manufacturers in a certain State would then be at a disadvantage in attempting to competé with employers who maintained a low standard.

Mr. MILLIKIN. I do not think it is as broad as the Senator suggests. If we will look at the situation in the States we shall find great variations.

Mr. KENNEDY. That is the point.

Mr. MILLIKIN. The States do vary. They are different. They have different economies. The State government finances are different. They are different in the nature of the work that goes on. If we were writing this bill again we would probably leave it to the States as we did before. We would not get as rapid results in that way as we might like, but we would get results more acceptable to the people and they would sustain the system longer. I do not think the people want the Federal Government to be centralizing this particular activity, so that we, in our wisdom, may say the standard shall be 22, or 34, or whatever the duration should be. I do not think we can fix a correct standard for every State in the Union. That is the reason why we leave a great part of the problem to the States, as I can assure the Senator.

Mr. KENNEDY. I am pointing out that the recommendations which we are attempting to put into effect were made by President Eisenhower. He did not say in his message to the Congress that because every State had a different economy, therefore the duration should be different. He said each State should adopt its minimum standards.

Mr. MILLIKIN. As I read it, I did not read any qualifications, but I can see that the President was trying to get the States to improve their standards. There has been improvement.

Mr. KENNEDY. He did not say "as best they can." He suggested 26 weeks or one-half the average pay.

Mr. MILLIKIN. Will the Senator permit me to suggest of my own mind the statement that the President and his advisers are wise on State-Federal relationships, and since he asked the States to do something, I think it must be accepted that he asked them to do it subject to their conditions. I do not think he was against a Federal standard, but he did not say he was asking us to impose it.

Mr. KENNEDY. Nineteen States have had an opportunity to take advantage of the President's recommendations, and they have not done so. The direct question is, Is it in the public interest that the United States Congress should insist that the States adopt minimum standards for unemployment compensation as they have with reference to minimum wages, public assistance, and so forth?

Mr. MILLIKIN. I do not think it was in the interest of the United States or of the States to do that, and I suggest that the analogy does not hold up.

Mr. FERGUSON. Mr. President, will the Senator from Colorado yield?

Mr. MILLIKIN. I yield.

Mr. FERGUSON. The State of Michigan has complied with the suggestion of the President as to the time and as to the amount.

Mr. KENNEDY. I would except the State of Michigan as a State which has taken action, but not up to the President's standards.

Mr. MILLIKIN. I do not think we should attribute to ourselves as much wisdom as our egos might suggest to us. I do not think we can establish standards for every State.

Mr. KENNEDY. The only point I should like to make is that there are tremendous difficulties facing any State attempting to improve its standards of benefits or duration, because it means that the employers within the State have to bear a heavier load. Therefore, if we permit each State to set its figure, there would be a premium on the State which keeps its tax the lowest and keeps its benefits and duration the lowest. Therefore, the best way to accomplish the President's recommendations is to insist that the Federal Government shall see that the standards are met. Otherwise, there would be a competitive advantage to keeping the standards lower.

Mr. MILLIKIN. I assume that with the different changes which have been made in the various States, the competitive factor has been presented. I thoroughly agree that in the final decision it is better to leave it to the States operating in their ways of life than to leave it with this body, although I have great respect for the Congress of the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. KENNEDY], for himself and other Senators. On this question the yeas and nays have been ordered.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Gillette	McCarran
Anderson	Goldwater	Millikin
Barrett	Gore	Monroney
Beall	Green	Morse
Bennett	Hayden	Mundt
Bowring	Hendrickson	Murray
Bricker	Hennings	Neely
Bridges	Hickenlooper	Pastore
Burke	Hill	Payne
Bush	Humphrey	Purtell
Butler	Ives	Reynolds
Byrd	Jackson	Robertson
Capehart	Jenner	Russell
Carlson	Johnson, Colo.	Saltonstall
Case	Johnson, Tex.	Schoeppel
Chavez	Johnston, S. C.	Smathers
Clements	Kefauver	Smith, Maine
Cooper	Kennedy	Smith, N. J.
Cordon	Kilgore	Sparkman
Crippa	Knowland	Stennis
Douglas	Kuchel	Symington
Duff	Langer	Thye
Dworshak	Lehman	Upton
Ervin	Lennon	Watkins
Ferguson	Long	Welker
Flanders	Magnuson	Wiley
Frear	Malone	Williams
Fulbright	Mansfield	Young
George	Martin	

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment in the nature of a substitute, offered by the Senator from Massachusetts [Mr. KENNEDY] for himself and on behalf of other Senators. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk called the roll.

Mr. SALTONSTALL. I announce that the junior Senator from Wisconsin [Mr. MCCARTHY] is absent on official business.

The Senator from Illinois [Mr. DIRKSEN] and the Senator from Michigan [Mr. POTTER] are necessarily absent.

If present and voting, the junior Senator from Wisconsin [Mr. MCCARTHY] would vote "nay."

Mr. CLEMENTS. I announce that the Senator from Texas [Mr. DANIEL], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Oklahoma [Mr. KERR], the Senator from South Carolina [Mr. MAYBANK], and the Senator from Arkansas [Mr. MCCLELLAN] are absent on official business.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate, attending the Sixth Pan-American Highway Congress at Caracas, Venezuela, and, if present, would vote "nay."

I announce further that on this vote, the Senator from Texas [Mr. DANIEL] is paired with the Senator from Oklahoma [Mr. KERR]. If present and voting, the Senator from Texas would vote "nay," and the Senator from Oklahoma would vote "yea."

The result was announced—yeas 30, nays 56, as follows:

YEAS—30

Aiken	Hennings	Magnuson
Anderson	Hill	Mansfield
Burke	Humphrey	Monroney
Chavez	Jackson	Morse
Douglas	Johnston, S. C.	Murray
Fulbright	Kefauver	Neely
Gillette	Kennedy	Pastore
Gore	Kilgore	Sparkman
Green	Langer	Symington
Hayden	Lehman	Young

NAYS—56

Barrett	Ferguson	Mundt
Beall	Flanders	Payne
Bennett	Frear	Purtell
Bowring	George	Reynolds
Bricker	Goldwater	Robertson
Bridges	Hendrickson	Russell
Bush	Hickenlooper	Saltonstall
Butler	Ives	Schoeppel
Byrd	Jenner	Smathers
Capehart	Johnson, Colo.	Smith, Maine
Carlson	Johnson, Tex.	Smith, N. J.
Case	Knowland	Stennis
Clements	Kuchel	Thye
Cooper	Lennon	Upton
Cordon	Long	Watkins
Crippa	Malone	Welker
Duff	Martin	Wiley
Dworshak	McCarran	Williams
Ervin	Millikin	

NOT VOTING—10

Daniel	Holland	McClellan
Dirksen	Kerr	Potter
Eastland	Maybank	
Ellender	McCarthy	

So the amendment offered by Mr. KENNEDY for himself and other Senators was rejected.

Mr. MILLIKIN. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion of the Senator from Colorado.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Colorado.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. PASTORE. Mr. President, I call up my amendment, designated 7–7–54–A.

The PRESIDING OFFICER. The clerk will state the amendment.

Mr. PASTORE. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with, and I shall explain the amendment.

The PRESIDING OFFICER. Without objection, the amendment will not be read, but will be printed in the RECORD at this point.

The amendments offered by Mr. PASTORE (for himself, Mr. GREEN, Mr. MURRAY, Mr. NEELY, Mr. KILGORE, Mr. HUMPHREY, Mr. KENNEDY, Mr. LEHMAN, and Mr. MORSE) are as follows:

On page 8, line 4, it is proposed to strike out "1202" and insert "1201."

On page 11, beginning with the word "Any" in line 7, it is proposed to strike out down through line 23 on page 12 and insert in lieu thereof the following:

"Any amount transferred to the account of any State under this section shall be treated as an advance, without interest, to the unemployment fund of such State and shall be repaid to the Federal unemployment account from the unemployment fund of that State to the extent that the balance in the State's account in the Unemployment Trust Fund, at the end of any calendar quarter, exceeds a sum equal to the total contributions deposited in the Unemployment Trust Fund under the unemployment compensation law of the State during that 1 of the 2 calendar years next preceding such day in which such deposits were higher. The Secretary of the Treasury shall, after the end of each calendar quarter, transfer from the unemployment account of each State in the Unemployment Trust Fund to the Federal unemployment account the amount required to be repaid from the unemployment fund of such State at the end of such quarter under this subsection."

On page 13, beginning with line 5, it is proposed to strike out over through line 18 on page 14.

On page 16, line 3, it is proposed to strike out "1202" and insert "1201."

On page 16, line 17, it is proposed to strike out "1202" and insert "1201."

Mr. PASTORE. Mr. President, the amendments which I am proposing have to do only with the repayment features of the pending bill. The bill provides that once the money has been borrowed by a State, the State is obliged to begin repaying it to the trust fund by a year from the following January, whether or not the economic situation in the borrowing State has improved. If the borrowing State has not accumulated in the meantime a surplus sufficient to pay back the loan, then a graduated increase is imposed upon the contribution payment made by industry at the rate of 5 percent per annum.

First of all, no State should or will apply for a loan, under the bill, unless its own fund is in jeopardy of becoming insolvent. By requiring that State to pay it back so soon after the loan is negotiated at the penalty of increasing the contribution on the part of industry, we would in fact be aggravating a situation which is already bad.

If it is the intent of Congress that the money advanced to the State shall not be a grant, but shall be paid back, then I submit to the Senate the fair and proper way of doing it is under the plan which was originally conceived by the distinguished Senator from Georgia [Mr. GEORGE] and enacted into law in 1944, as a result of a study by the Special Committee on Postwar Economic Policy and Planning of the United States Senate made in that year.

The George formula, while it imposes upon the borrowing States the responsibility to repay the loan, does so in a fashion which is more in keeping with the spirit of helping those States which find themselves in distress through no fault of their own. The George formula requires that the State pay the money back when it is better able to do so.

In short, as my amendment proposes, and which is, in fact, the George formula, a borrowing State would be compelled to pay back to the extent that the balance in the State's account in the unemployment trust fund at the end of any calendar quarter exceeds a sum equal to the total contributions deposited in the unemployment trust fund under the unemployment compensation law of the State during that one of the 2 calendar years next preceding such day in which such deposits were higher.

In order to make the amendment clear, Mr. President, let me say that it would avoid requiring a State to raise its tax

or imposition upon industry over and above 2.7 percent. In the case of most States, when reserves exceed 2.7 percent of the highest payroll in the last 2 years, the State would begin to pay back.

I should like to emphasize that this idea was originally adopted by Congress in 1944, and was known as sections 401 and 402 of Public Law 458 of the 78th Congress, 2d session. At that time an appropriation was authorized for the fiscal year 1945, and Congress saw fit to extend the provisions of the 1944 act until January 1, 1950, and then renewed the authorization for an appropriation. Again, on August 28, 1950, Congress extended the provisions of the act until January 1952, when the act finally expired.

There has never been criticism of this repayment provision. Although it is true that occasion did not arise to necessitate a State drawing on the Gorge loan fund, but the fact remains that precisely the same situation as was then contemplated prevails today, and if the law had been extended, it would be applicable.

In other words, if my amendment should be adopted, I know of no State that at this time could borrow money under the provisions of the amendment. The States would have to wait until such time as their surplus fell below the contributions collected during the previous year, which is the present provision of House bill 5173. I submit that if it is the intent of Congress to strengthen our unemployment compensation law, we should not impose upon industry in a State a requirement that when the economy of the State is in a depressed condition the State must repay its obligation within a period of 2 years; and that if it does not do so, a 5-percent penalty will be imposed on the depressed industry of the State, thereby adding insult to injury.

Mr. President, this amendment is a reasonable one. We have previously had experience with it. The idea encompassed in the amendment is not original with me, but was conceived in 1944 in the mind of the distinguished senior Senator from Georgia [Mr. GEORGE]. So I think the amendment should at least be approved by the Senate and taken to conference by the distinguished Senator from Colorado [Mr. MILLIKIN].

Mr. MILLIKIN. Mr. President, under the amendment offered by the Senator from Rhode Island [Mr. PASTORE], the provisions of House bill 5173 requiring that advances to States be repaid by a decrease in the 90 percent allowable credit rate against the 3 percent Federal employment tax would be deleted. Under the amendment, an advance to a State "shall be repaid to the Federal unemployment account from the unemployment fund of that State to the extent that the balance in the State's account in the unemployment trust fund, at the end of any calendar quarter, exceeds a sum equal to the total contributions deposited in the unemployment trust fund under the unemployment-compensation law of the State during that 1 of the 2 calendar years next preceding such day in which such deposits were higher."

It appears that under the amendment there would be no requirement that the State would ever have to levy any particular level of tax. Therefore, it would seem that the State would never have to repay the advance, under the provisions of this amendment, if the State did not increase the tax levied on its employers so as to replenish its unemployment reserve to the level required by the provision of the amendment I have just quoted. In other words, as I read the amendment, the States that were not in trouble might very easily be called upon to meet the requirements of a State that, let us say without disrespect to any State, does not make maximum efforts to carry its part of the program.

Mr. President, I think the amendment is a bad one, and should be rejected.

Mr. PASTORE. Mr. President, will the Senator from Colorado yield to me?

The PRESIDING OFFICER (Mr. BUSH in the chair). Does the Senator from Colorado yield to the Senator from Rhode Island?

Mr. MILLIKIN. Certainly.

Mr. PASTORE. Is it not a fact that the formula I have suggested, by means of my amendment, is not new to the Senate, but that the Senate has previously had such a provision before it, and has approved it? Is not my amendment, in essence—in fact, word for word, in part—the amendment which was adopted by the Senate and was reenacted several times until 1952, having originally been proposed by the Senator from Georgia [Mr. GEORGE]?

Mr. MILLIKIN. No; I do not have that impression of the amendment of the Senator from Georgia.

Mr. PASTORE. Insofar as the repayment features are concerned, my amendment is word for word the same as the law which was passed in 1944.

Mr. MILLIKIN. In my reading of the George amendment and of the amendment submitted by the Senator from Rhode Island, I find that a very important part of the George amendment is omitted.

Mr. PASTORE. Will the Senator from Colorado be so kind as to state the important part that is omitted?

Mr. MILLIKIN. I shall read to the distinguished Senator the part of the George amendment which I understand was omitted:

SEC. 1201. (a) In the event that the balance in a State's account in the unemployment trust fund on June 30, 1947, or on the last day in any ensuing calendar quarter which ends prior to January 1, 1952, does not exceed a sum equal to the total contributions deposited in the unemployment trust fund under the unemployment compensation law of the State during that 1 of the 2 calendar years next preceding such day in which such deposits were higher, the State shall be entitled, subject to the provisions of subsections (b) and (c) hereof, to have transferred from the Federal unemployment account to its account in the unemployment trust fund an amount equal to the amount by which the unemployment compensation paid out by it in the calendar quarter ending on such day exceeded 2.7 percent of the total remuneration which was paid during such quarter and was subject to the State unemployment compensation law.

Where does the amendment of the Senator from Rhode Island refer to a 2.7 percent tax?

Mr. PASTORE. My amendment is even stronger, because the committee has amended the bill, so that it will be possible to borrow without imposing the maximum rate of 2.7 percent. The committee has watered down the bill. But I submit that the substance of what the Senator from Colorado has just read is the same as the substance of my amendment. Under my amendment, in no case will a State be obliged to repay until the surplus has reached 2.7 percent.

The committee has amended the bill by watering down the imposition provision which was placed in the law in the House of Representatives. I refer to the requirement that before money could be borrowed under the provisions of House bill 5173, it would be necessary to raise the rate to its maximum extent. The committee deleted that provision of the bill. That is the only reason why there is a slight difference. But I submit that my amendment is, if different in any way, even stronger than the George amendment.

Mr. MILLIKIN. Mr. President, if the committee has watered down the bill, certainly that is no reason for watering it down again.

As I view the matter, the difference between the amendment of the distinguished Senator from Rhode Island and the bill as reported by the committee is that the bill as reported requires a repayment, whereas the amendment of the distinguished Senator from Rhode Island in essence does not.

Mr. PASTORE. Mr. President, will the Senator from Colorado yield for a question?

Mr. MILLIKIN. Yes.

Mr. PASTORE. Does not the Senator from Colorado feel that it is unreasonable to provide that a depressed State, that can borrow money only if the amount collected in the preceding year is less than the contribution made in that State, must recover within a period of 2 years, in order to pay back the obligation without having this penalty imposed?

Mr. MILLIKIN. Does the Senator from Rhode Island wish to extend it for, let us say, 3 years?

Mr. PASTORE. If the amendment should be rejected, at least that should be done—although to perhaps 4 years, not 3 years. I understand that even the administration has recommended 4 years.

But it is ridiculous for us to assume that the economy of a State will in any event—short of a war—recover within a period of 2 years. In our economy there is no magic or hocus-pocus that would result in accomplishing that feat within a period of 2 years. That is the point I have made right along in connection with the bill.

In the bill we state a very pious intention. I think we mean to do good to some of the States which need help, but by the very language of the bill we defeat our purpose, because any State which wishes to borrow this money would be better off to raise its ceiling beyond the 3-percent point from the beginning,

and not come to the Congress or to the United States Treasury at all.

Mr. MILLIKIN. I suggest that if any of the States get into a situation of the type described by the Senator, we shall have a great deal of legislating to do in the social-security field. We cannot go to heaven in a simple jump.

Mr. PASTORE. I realize that. Perhaps we cannot go there in two jumps, but the fact still remains——

Mr. MILLIKIN. Let me finish. I submitted that remark as a preliminary background remark against the effort which we often make to achieve complete, lasting perfection in a single bill.

The trouble with the Senator's amendment is that there is no real provision for repayment. If he wishes to lengthen the period to 3 years, I should be delighted to take such an amendment to conference. However, if a depressed condition in a State cannot be cured in 3 years, I should say that we would be in pretty bad condition.

I come back to the point I mentioned earlier. We shall be here again, enacting legislation to meet the situation which confronts us. If the Senator wishes to allow a period of 3 years for the purpose of repayment, let him put it in an amendment, and I shall be glad to take it to conference.

Mr. PASTORE. The provisions of the bill are not as far-reaching as the Senator implies. First of all, before a State can borrow money under the provisions of the bill, the surplus of the State must be reduced to the point of 2.7 percent of taxable payroll. There is no State in the Union today operating on a basis below 3.9 percent of taxable payroll. When a State wishes to negotiate a loan under this amendment, it is in a desperate condition. For us to say that the State must pay back the loan in 2 or 3 years, with a penalty of 5 percent, is, I fear, going too far.

Mr. MILLIKIN. If we follow the Senator's reasoning to its conclusion, we may arrive at a period of 3 years, 4 years, 5 years, 10 years, or 20 years. There is no bottom to that argument. If the Senator thinks 2 years is too short, and that 3 years is more reasonable, let us say 3 years. I will take such an amendment to conference.

Mr. PASTORE. Will the Senator accept 5 years?

Mr. MILLIKIN. I would accept 4 years.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Rhode Island [Mr. PASTORE].

Mr. PASTORE. Mr. President, I wish to modify my amendment so that wherever the word "second" is used, the word "fourth" will be substituted, so as to carry out the intent.

The PRESIDING OFFICER. The Senator has the right to modify his amendment.

Mr. MILLIKIN. I do not believe that part is in the Senator's amendment, is it?

Mr. PASTORE. No; it is not. It is an entirely different thing. The Senator's suggestion is an amendment of the present bill. My amendment is an entirely different procedure with respect to repayment.

Mr. MILLIKIN. Let me suggest that the Senator use the proposed amendment which I hand him.

Mr. PASTORE. Does it provide for a period of 4 years?

Mr. MILLIKIN. Yes.

Mr. PASTORE. If the Senator proposed, on his own initiative, to change it to 4 years, he is quite a horsetrader to try to get me to agree to 3 years. [Laughter.]

Mr. MILLIKIN. I never start the trade by giving my best figure.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Rhode Island [Mr. PASTORE].

Mr. KUCHEL. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. Is the Chair correct in understanding that the Senator from Rhode Island has modified his amendment?

Mr. PASTORE. I modify my amendment so as to state precisely what is stated in the language handed to me by the Senator from Colorado.

Mr. MILLIKIN. Worded in the proper way so as to conform to the language of the bill.

The PRESIDING OFFICER. The modified amendment will be stated.

The LEGISLATIVE CLERK. On page 13, line 23, it is proposed to strike out "second" and insert in lieu thereof "fourth."

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Rhode Island.

Mr. KUCHEL. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. KUCHEL. This is a rather technical subject. Before the debate began today I was discussing the original amendment proposed by the Senator from Rhode Island. I think it is not asking too much to request that we have a word or two of discussion on the basis of the modified amendment. I do not understand what it proposes to do.

First, may the clerk read the proposed amendment, as modified?

The PRESIDING OFFICER. The modified amendment will be stated.

The LEGISLATIVE CLERK. On page 13, line 23, it is proposed to strike out the word "second" and insert in lieu thereof the word "fourth."

The PRESIDING OFFICER. The Chair advises the Senator from California that this is the amendment as modified.

Does the Senator from Rhode Island wish to respond to the question of the Senator from California?

Mr. PASTORE. Will the Senator from California restate his question?

Mr. KUCHEL. I wish to know the reason prompting the Senator to modify his amendment.

Mr. PASTORE. As the bill is now written, the loan must be paid back within a year after the next January. My modified amendment would make it necessary to pay it back within 4 years after the next January. In other words, it would give the State an opportunity to recover from its depressed economic condition before it was compelled to pay back the loan.

Mr. KUCHEL. And in the 4-year interval it would be within the discretion of the State to make repayment to the Federal Government?

Mr. PASTORE. I suppose if it could make the repayment sooner, it would do so.

Mr. KUCHEL. That ought to be pretty clearly indicated. It would be within the discretion of the State government, would it not?

Mr. PASTORE. This is the maximum of the responsibility. I think, without saying so, that is very clearly implied.

Mr. KUCHEL. Under the Senator's amendment, as modified, using the word "fourth", instead of "second", when a loan is made to a State in distress, the State is given 4 years in which to repay to the Federal Government that which it has borrowed?

Mr. PASTORE. That is correct—instead of 1 year.

Mr. MILLIKIN. Or 2.

The PRESIDING OFFICER. The question is on agreeing to the modified amendment offered by the Senator from Rhode Island [Mr. PASTORE].

The amendment, as modified was agreed to.

Mr. KENNEDY. Mr. President, I offer the amendments which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendments offered by the Senator from Massachusetts will be stated.

The LEGISLATIVE CLERK. On page 7, line 23, it is proposed to strike out "(1)";

On page 7, lines 24 and 25, it is proposed to strike out "except as provided in paragraph (2)";

On page 8, it is proposed to insert quotation marks at the end of line 2;

On page 8, beginning with line 3, it is proposed to strike out over through line 7 on page 9;

On page 14, beginning with line 19, it is proposed to strike out over through line 18 on page 15;

On page 15, line 19, it is proposed to strike out "(b)" and insert "Sec. 5. (a)"; and

It is proposed to redesignate subsections (c) to (f), inclusive, as subsections (b) to (e), respectively.

The PRESIDING OFFICER. Does the Senator from Massachusetts wish to have the amendments considered en bloc?

Mr. KENNEDY. Yes.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc.

Mr. KENNEDY. Mr. President, I should like to ask the Senator from Colorado [Mr. MILLIKIN] one or two questions.

Is it not a fact that the Congress now has the responsibility, under the Social Security Act, for appropriating to the States the cost of administration of this program?

Mr. MILLIKIN. That is correct.

Mr. KENNEDY. The Congress allows the State administrators enough each year to administer their program.

Mr. MILLIKIN. Under the State-Federal program.

Mr. KENNEDY. Is it not a fact that the $60 million excess which has been developing every year, and which since 1935 we have put in the General Treasury, under the provisions of the bill before us would be built up to $200 million over a period of 3 years, we assume? That will be put in a fund available for loans, and after that each year $60 million will be turned back to the State accounts for benefits and administration. Therefore, is it not possible that the State administrators will not only have the sums which the Congress allows them for administering this program, but will also have additional funds if they can persuade the State governments to grant them?

Mr. MILLIKIN. I think the answer to that question is "Yes." The bill provides that before the State government uses these particular funds for administrative purposes it must appeal to its legislature and obtain permission of the legislature.

Mr. KENNEDY. Is it not a fact that Mr. Folsom, Acting Secretary of the Treasury, opposed this provision, and the administration opposed the provision, in both the House and Senate?

Mr. MILLIKIN. I understand that the Department of Labor opposed it before the Senate Committee.

Mr. KENNEDY. I quote from a letter from Mr. Folsom, Acting Secretary of the Treasury, to the Senator from Colorado, dated Washington, D. C., July 25, 1953:

> At present the Congress has the responsibility for determining what is necessary to the proper administration of the unemployment compensation system and the public employment service, and for appropriating adequate funds for this purpose. Enactment of the bill would mean that after the Congress had made these decisions, additional amounts would nevertheless be available to the States for the same purpose. Moreover, the States would be appropriating tax revenues which they had no responsibility for raising. Such practices would seem to militate against sound administration.
>
> Administrators of State employment security systems have complained that funds made available in the past by the Federal Government have sometimes been inadequate for efficient administration or for desirable innovations in administration. However, this is a problem which should be met directly by the Congress through the appropriation procedure. The Congress has already taken an important step in this direction by providing a contingency fund appropriation of broad scope which will afford greater flexibility in meeting the needs of the States.

Therefore, it seems to me that it is not only the Labor Department opposing this provision, but it is the Treasury also.

Mr. MILLIKIN. The money is raised by the States. Therefore, I do not believe there is much to that argument.

Mr. KENNEDY. It is raised through a Federal tax.

Mr. MILLIKIN. But it comes from the States.

Mr. KENNEDY. Yes; in the sense that it is paid as a tax by the people of the States.

Mr. MILLIKIN. Yes; and they get it back for administrative purposes if they can get the consent of the legislature. We had quite a bit of experience with that administrative question. It seems that some of the States want to carry on studies, and things of that kind, which may not be provided for in the Federal allocation, and one of the questions which the State legislatures should decide is whether such charges are a proper administrative expense. I do not believe there would be much abuse, because benefits have a stronger appeal than do administrative expenses.

Mr. KENNEDY. The Senator will recall that Mr. Brown, of New Hampshire, gave an example of how he would spend the money, which the Senator from Colorado stated was not a satisfactory example.

Mr. MILLIKIN. It was not a satisfactory example. I venture to say with almost certainty that if Mr. Brown will get the Legislature of New Hampshire to go along with his program—I was going to say that I would eat the Senator's hat, but I will take a nibble at it.

Mr. RUSSELL. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. RUSSELL. I may say that I doubt whether it is possible to get any changes made in a bill reported by the Committee on Finance at this late date. However, I agree completely with the Senator from Massachusetts that it is very unfortunate to have administrative funds flowing to a State agency from two different sources. Anyone who has been connected with a State government knows something about the difficulty of keeping up such a process. Heretofore, as I understand, the administrative funds have been determined by congressional appropriations. They have not quite amounted to the full three-tenths of 1 percent. I am not completely familiar with this legislation, but I believe that is the amount the basic law allows. I care not whether it is the New Hampshire Legislature or the legislature of any other State, when the argument is made before a State committee, "This is not going to cost the State treasury anything, and it is not going to cost the State's taxpayers anything, because we are going to pass a State law whereby the Federal Government is going to have to give us $200,000 or $300,000," that argument is absolutely irresistible to a State legislature.

No man need deceive himself that a State legislature will not appropriate the money under those circumstances.

I regret very much that such a provision is in the bill. I think it is an unfortunate provision. I hope an amendment will be offered to strike it out, so that I may have an opportunity to support the amendment of the Senator from Massachusetts.

I spent 10 years in the Legislature of Georgia, and I have also been privileged to serve as Governor of my State. When it comes to the question of getting Federal funds in a State for administrative purposes, I know it is one of the easiest things the head of any State department can undertake.

Mr. KENNEDY. I appreciate what the Senator has stated. I do have an amendment at the desk which provides that the money shall be available only for benefits, not for administration.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. MILLIKIN. In the first place, we are not taking Federal funds. The money is by that time in a State trust fund. It is kept in the Treasury, but it is State money, and therefore the question before the local authorities is, "Shall we use it for benefits, or shall we use it for administrative expenses, or both?"

I have never been a member of a legislature, but I have had a great deal to do with them. I suggest again that benefits will have a much greater popular appeal than will an administrator who is squandering money.

Mr. RUSSELL. That depends on the situation. If there happened to be a call for benefits, the legislature would undoubtedly consider benefits. However, in periods of high employment, when there is no demand for benefits, and when the funds are not going to be spent for that purpose, any man who has had any political experience at all knows that the legislature will give this fund to the administrator for administrative purposes.

As a member of the Appropriations Committee of the Senate, I have had some little experience with appropriations for administrative purposes. We have had some difficulty in some States. Where Federal funds were available for administration, instances have occurred of a State government paying a clerk or a stenographer a considerably higher salary than would be paid if the money was raised from purely State tax sources. Of course I know that all the money comes from the States, but a State cannot get the money until it is appropriated by Congress. However, I should like the present condition maintained, with the exception of the provision for a $200 million fund which the bill establishes.

Of course those funds can never be shaken loose again once they are dedicated to administrative purposes, no matter what the need may be. I should vote to have them impounded for benefits, but I am confronted with that narrow alternative; therefore I shall support the amendment of the Senator from Massachusetts.

Mr. KENNEDY. I thank the Senator.

Mr. MILLIKIN. I should like to suggest that the money in question will be in the State trust funds. If the money were spent in a way the State did not think was proper, or if the money were spent for administrative purposes wastefully, then the State would confront the necessity of raising more money from the taxpayers.

Mr. RUSSELL. I had understood—and I confessed at the beginning that I was not an expert—that all of this money came from the three-tenths of 1 percent tax.

Mr. MILLIKIN. That is correct.

Mr. RUSSELL. Which, by the basic social-security law, is dedicated to this purpose. Heretofore, we have not appropriated the full amount. There is remaining in the hands of the Federal Government as trustee for the States a

trust fund, or something in the nature of a trust fund. Is that not correct?

Mr. MILLIKIN. I would say that in effect it is not that way at all. The Federal Government takes the cost of administering the system from the money it gets from the States.

Mr. KENNEDY. The money does not come from the States. It comes from a Federal tax.

Mr. MILLIKIN. But all of it comes from the States.

Mr. KENNEDY. In the sense that the people of the States pay it. But this is not a State tax; it is a Federal tax we are going to turn over to the States for benefits and administration.

Mr. GEORGE. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. GEORGE. We levy a tax of 0.3 percent on the employers of the States, and the employers in each State are the men who are faced with this tax, if they are covered by the law. We permitted a deduction of three-tenths of 1 percent to cover the administrative costs. I am not going back to the time when we originally considered this act. The three-tenths of 1 percent was transmitted to Washington, just as the remaining moneys were transmitted to Washington. It all went into the Treasury. The entire fund is paid by the employers in the States under a Federal levy, it is true, but also under a State levy, because the State must make the same levy.

The three-tenths of 1 percent resulted in the accumulation of a fund over and above the administrative costs. What this bill does is to recognize that three-tenths of 1 percent accumulation as State money, belonging to the State. It become a State fund. It is put into the Treasury of the United States, but it is still separated and segregated as a State trust fund. That is all there is to it.

This bill also provides for the establishment of a revolving loan fund. It will require about 4 years to get it underway. If it turns out that there is something wrong with the bill before the 4 years have expired, certainly we can correct it. But the money which is in the Federal Treasury to the credit of each State can be taken out if the trust fund has been made up and there is still a surplus, but it can be taken out only by an act of the legislature of a State. The legislature of the State would be dealing with a State trust fund. This bill would stop the Treasury from using it for general purposes. It would earmark it. It is strictly a trust fund, but it can be taken out.

Permit me to say to my colleague [Mr. RUSSELL] and to other Senators that it may be recalled that the employer group in each State is certainly watching this trust fund, because the higher it becomes, the less will be the tax on them. What is used for administrative purpose would not be of very much help to them.

This fund to the credit of State aid is usable and is available for the payment of additional administrative costs, if the legislature, by resolution or act, approves the payment and can justify it, or the fund is payable for benefits under the Social Security Act. Many States have reduced the cost to their employers by good administration and by the application of what they call the experience-benefit rule, which is authorized in the organic act, so that many States do not levy 3 percent or 2.7 percent for the payment of benefits, and there is constant pressure on the administrative agency of the State to hold the expenditures down. It may be that that should not be, but the tax of the taxpayer in the State is lightened if expenditures are held down.

Mr. RUSSELL. Of course, I recognize that my colleague has correctly outlined the history of the social-security law and its effect of it, but does not this bill grant to the States, even though it be out of their own trust fund, a source of administrative funds not today available to them?

Mr. GEORGE. No. It would be available to them now, if they could satisfy the agency in Washington. That is the nub of the difficulty.

Mr. RUSSELL. I thought it was the Congress of the United States in an appropriation bill rather than an agency in Washington.

Mr. GEORGE. That is true, and if the agency represented that a State was entitled to so much for administrative costs, the Appropriations Committee would very likely grant it. But if the agency said, "No; we have scrutinized this administrative setup, and it should not be so high, should be cut down," the Appropriations Committee probably would ordinarily follow that recommendation, but not necessarily so.

Mr. RUSSELL. The Appropriations Committee in times past has reduced the amount requested by a Federal agency to be allocated to the States for administrative purposes.

Mr. GEORGE. That is true. The amount may have been increased in some instances.

Mr. RUSSELL. I do not gainsay that; I do not know, as a matter of fact. My only point is that, as a matter of policy, it is a bad idea for a State agency which is handling this fund, covered under Federal law as well as State law, to have two sources of funds for administrative expenses. I submit that the ordinary legislative body meeting for 30 or 60 days a year, with a great press of business, cannot keep up with the administration of an agency if it has to trace some of the money all the way back to Washington in connection with appropriations by the National Congress. We should make all the funds for administration within the States available by an act of the State legislative body, or we should retain the funds where they are today and have the money appropriated by the National Congress. I submit that, as a matter of policy, it would cause trouble if we made available to a State agency administrative funds from two separate sources, and the funds were merged.

Mr. GEORGE. The source is the same, exactly the same. It is the State's money. It has always been so recognized. Yet, the Federal Government said, "Since you did not spend it for administrative purposes and since you are accumulating a fund which is, in one instance, $100 million and in another instance $600 million, it should be devoted to general purposes."

The temptation is to cut down on the State administrator because every dollar cut from the State administrator is put into the general fund, and it goes into the general Treasury. It is from the same source. There are two methods of dealing with it, but, in the first instance, the method is directed, under the present law, strictly by the Congress.

Mr. RUSSELL. I did not understand the bill proposed to do away with congressional appropriations.

Mr. GEORGE. No; I do not think it does.

Mr. RUSSELL. But it adds a source of revenue by providing that legislatures may likewise take the funds for administrative purposes.

Mr. GEORGE. Only out of the surplus which is placed to the credit of the States. The important check is the vigilance of employers who watch this fund very carefully, since the fund is placed to the credit of the States and is available for the payment of administrative costs if they can be justified. Payment of benefits was begun under the Unemployment Compensation Act. It seems to me we have as good a check on it as we can possibly have. I think the States and all the employers in the States will soon learn, if they have not already learned—and a great many of them have been pressing us to approve this proposed legislation—that the employers are not trying to build up a lot of machinery for administrative purposes. They are trying to hold down taxes. I think it is a matter of gratification that in many States, indeed in a great many States, through the experience rating which the organic law recognizes, employers themselves have been able to perform the real functions of the Unemployment Compensation Act by keeping more people on their payrolls for a longer period of time without drastic reductions in wages. They are always watchful in an effort to reduce, if possible, the costs, because the tax involved falls on them whether they are in the red or in the black. They have to pay it. It seems to me there is no great difficulty about it, because they have this additional method of getting some part of the surplus, if a surplus should accrue.

Let me say that a surplus over and above the loan fund cannot accrue for at least 3½ or 4 years. In the meantime, certain "bugs" might be discovered, and the law could be corrected.

Mr. RUSSELL. Mr. President, if my colleague will indulge me 1 more minute, I believe in the fullest measure of autonomy for the State governments, as a usual procedure. I have constantly opposed any effort which would saddle upon the several States a Federal system with reference to payments, the length of time payments are to be made, or the conditions of payment.

I believe I recall that at one time the distinguished Senator from California [Mr. KNOWLAND] led a fight in the Senate to preserve that doctrine, and I fought shoulder to shoulder with him.

If it is proposed to make this purely a State function, and to let the State governments, from the allocation, say what they intend to devote to administration, I shall be very happy to support such a proposal. But I cannot support a system which is based partly upon appropriations for administration from the Federal Treasury, and partly upon giving to the legislatures of the States the authority to appropriate funds for administration. I believe that is something entirely within the efforts of coordination between the Federal Government and the States. In my judgment, it will lead to confusion, if not to scandals, in some States, to have the funds coming from the two sources.

Mr. KENNEDY. I thank the Senator from Georgia.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. KENNEDY. I yield.

Mr. HUMPHREY. Is it not true that in a number of instances some States have received for administrative costs more money from the Federal Treasury than they actually have paid in?

Mr. KENNEDY. Yes; that is a fact. I think that demonstrates that these are State funds. For example, the State of North Dakota has received 194 percent of what it has paid in under the tax. The State of Georgia has received only 77 percent of what it has paid in. So it is obvious that some States are carrying the load for other States.

It is a question of what decision the Department of Labor and the Committee on Appropriations will reach as to what the States need. As the Senator from Georgia has said, to permit the States to have a further remedy, in order to appeal for funds beyond the Committee on Appropriations, would be a mistake.

Mr. HUMPHREY. So what we have, in this instance, is that this Federal tax collectible goes into the Federal Treasury and is earmarked for specific purposes, and is placed in trust funds. However, if a State needs more than the Federal tax yields, the State gets the additional amount for purposes of administration.

Mr. KENNEDY. That is correct.

Mr. HUMPHREY. If those taxes are greater, it cannot be State revenue, because one cannot take out of a State revenue receptacle more than is in it. What it really amounts to is the designating of Federally accumulated funds in State compartments for State administrative purposes; and when that money has been exhausted, they reach out and take more from somewhere else.

Mr. KENNEDY. Yes. I conclude by saying that the money is redistributed, not in accordance with what each State may receive for administration, but according to the percentage which a State's payroll bears to the total amount of the payrolls. This demonstrates that there is no real connection between the amount which a State pays in to the fund and the amount which will be available to it under this plan.

Mr. MILLIKIN. Mr. President, I simply wish to say again that I think the amendment should be rejected.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. KENNEDY].

Mr. KENNEDY. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. KENNEDY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KENNEDY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, on this amendment I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. KENNEDY]. On this question the yeas and nays have been ordered.

Mr. DOUGLAS. Mr. President, before the Senate proceeds to vote, I wish to point out that the amendment offered by the Senator from Massachusetts is precisely what has been recommended by the administration. I read from a letter to the Senator from Colorado [Mr. MILLIKIN] under date of July 17, 1953, signed by M. B. Folsom, Acting Secretary of the Treasury, which appears on page 13 of the hearings on the bill. I read the salient paragraph:

> In view of these considerations, it would seem reasonable and appropriate that the excess Federal unemployment tax collections allocated to the States be used only for benefit purposes.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield before leaving that point?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. On page 12 of the committee hearings, the Senator will observe a colloquy between the chairman of the committee, the Senator from Colorado [Mr. MILLIKIN], and Assistant Secretary of Labor Siciliano. I call attention to the following:

> The CHAIRMAN. What is the State responsibility in the raising of these funds?
>
> Mr. SICILIANO. To answer your question, the State has no responsibility for raising three-tenths of 1 percent tax.
>
> The CHAIRMAN. No administrative machine?
>
> Mr. SICILIANO. None, sir.
>
> The CHAIRMAN. It is completely controlled by congressional legislation?
>
> Mr. SICILIANO. Yes, sir. I might say that the total tax is 3 percent; 90 percent of that 3 percent, or 2.7, is raised by the States for their own benefit program, but this three-tenths of 1 percent is paid indirectly into the Federal Treasury. That is a Federal tax.

My point is that this is exactly what the Senator from Massachusetts has been contending, namely, that these are not State funds; they are funds which are raised by a Federal tax. The administration says that these funds, if they are to be used, or if they are to be in excess of need, should be for benefits.

Furthermore, Mr. Folsom, in the letter from which the Senator from Illinois has just quoted, was quite adamant in his position that if the bill now before the Senate be passed without the Kennedy amendment, the opportunity will be opened up for excessive abuse of the funds for administrative purposes.

I summarize by saying that we are about to vote on one of the recommendations by the present administration to protect the integrity of the funds raised by the Federal tax.

Mr. DOUGLAS. The Senator from Minnesota is exactly correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Massachusetts [Mr. KENNEDY]. On this question the yeas and nays have been ordered, and the Secretary will call the roll.

The Chief Clerk called the roll.

Mr. SALTONSTALL. I announce that the junior Senator from Indiana [Mr. JENNER] and the junior Senator from Wisconsin [Mr. MCCARTHY] are absent on official business. The senior Senator from Wyoming [Mr. BARRETT], the junior Senator from Wyoming [Mr. CRIPPA], and the Senator from Illinois [Mr. DIRKSEN] are necessarily absent. If present and voting, the junior Senator from Indiana [Mr. JENNER] would vote "nay."

On this vote the junior Senator from Wisconsin [Mr. MCCARTHY] is paired with the Senator from Texas [Mr. DANIEL]. If present and voting, the junior Senator from Wisconsin [Mr. MCCARTHY] would vote "nay" and the Senator from Texas [Mr. DANIEL] would vote "yea."

Mr. CLEMENTS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. DANIEL], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Iowa [Mr. GILLETTE], the Senator from Oklahoma [Mr. KERR], the Senator from South Carolina [Mr. MAYBANK], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Virginia [Mr. ROBERTSON] are absent on official business.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate, attending the Sixth Pan-American Highway Congress at Caracas, Venezuela, and if present would vote "yea."

I announce further that on this vote the Senator from Virginia [Mr. BYRD] is paired with the Senator from Oklahoma [Mr. KERR]. If present and voting, the Senator from Virginia would vote "nay," and the Senator from Oklahoma would vote "yea."

I announce also that on this vote the Senator from Texas [Mr. DANIEL] is paired with the Senator from Wisconsin [Mr. MCCARTHY]. If present and voting, the Senator from Texas would vote "yea," and the Senator from Wisconsin would vote "nay."

Mr. GOLDWATER. Mr. President, how am I recorded?

The PRESIDING OFFICER. The Senator is recorded as voting in the negative.

Mr. DUFF. Mr. President, how am I recorded?

The PRESIDING OFFICER. As voting in the negative.

Mr. SALTONSTALL. Mr. President, how am I recorded?

The PRESIDING OFFICER. The Senator is recorded as voting in the negative.

Mr. FERGUSON. Mr. President, am I recorded?

The PRESIDING OFFICER. The Senator is recorded as voting in the negative.

Mr. DOUGLAS. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DOUGLAS. For whom are we waiting?

The PRESIDING OFFICER. The Chair advises the Senator that that is not a parliamentary inquiry.

Mr. PAYNE. Mr. President, how am I recorded?

The PRESIDING OFFICER. As voting in the negative.

Mr. BENNETT. How am I recorded?

The PRESIDING OFFICER. As voting in the negative.

Mr. BEALL. Mr. President, how am I recorded?

The PRESIDING OFFICER. The Senator is recorded as voting in the negative.

The result was announced—yeas 31, nays 48, as follows:

YEAS—31

Anderson	Johnson, Tex.	Morse
Burke	Johnston, S. C.	Murray
Clements	Kefauver	Neely
Douglas	Kennedy	Pastore
Fulbright	Kilgore	Russell
Gore	Kuchel	Smathers
Green	Langer	Sparkman
Hennings	Lehman	Stennis
Hill	Magnuson	Symington
Humphrey	Mansfield	
Jackson	Monroney	

NAYS—48

Aiken	Ferguson	Mundt
Beall	Flanders	Payne
Bennett	Frear	Potter
Bowring	George	Purtell
Bricker	Goldwater	Reynolds
Bridges	Hendrickson	Saltonstall
Bush	Hickenlooper	Schoeppel
Butler	Ives	Smith, Maine
Capehart	Johnson, Colo.	Smith, N. J.
Carlson	Knowland	Thye
Case	Lennon	Upton
Cooper	Long	Watkins
Cordon	Malone	Welker
Duff	Martin	Wiley
Dworshak	McCarran	Williams
Ervin	Millikin	Young

NOT VOTING—17

Barrett	Eastland	Kerr
Byrd	Ellender	Maybank
Chavez	Gillette	McCarthy
Crippa	Hayden	McClellan
Daniel	Holland	Robertson
Dirksen	Jenner	

So Mr. KENNEDY's amendment was rejected.

Mr. MILLIKIN. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion of the Senator from Colorado.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. HUMPHREY. Mr. President, I merely wish to keep the record straight. Today we have had 2 yea-and-nay votes on 2 amendments. I am very proud to say that both the amendments were highly recommended by President Eisenhower and the administration. I regret very much that both the amendments have been rejected, although I am delighted to be able to say that a few of us have been glad to support them. So the record should be clear in showing that the Eisenhower administration has suffered two defeats this afternoon.

Mr. SMITH of New Jersey. Mr. President, in answer to the Senator from Minnesota, let me say he is entirely mistaken. I have checked with the White House, and the President was opposed to the Kennedy amendment.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. KNOWLAND. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll.

Mr. SALTONSTALL. I announce that the junior Senator from Indiana [Mr. JENNER] and the junior Senator from Wisconsin [Mr. MCCARTHY] are absent on official business. The senior Senator from Wyoming [Mr. BARRETT], the junior Senator from Wyoming [Mr. CRIPPA], and the Senator from Illinois [Mr. DIRKSEN] are necessarily absent.

If present and voting, the junior Senator from Indiana [Mr. JENNER] and the junior Senator from Wisconsin [Mr. MCCARTHY] would each vote "yea."

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. DANIEL], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Iowa [Mr. GILLETTE], the Senator from Oklahoma [Mr. KERR], the Senator from South Carolina [Mr. MAYBANK], the Senator from Nevada [Mr. MCCARRAN], and the Senator from Arkansas [Mr. MCCLELLAN] are absent on official business.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate, attending the Sixth Pan-American Highway Congress at Caracas, Venezuela, and if present, he would vote "yea."

I announce further that if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Texas [Mr. DANIEL], the Senator from Iowa [Mr. GILLETTE], and the Senator from Oklahoma [Mr. KERR] would each vote "yea."

The result was announced—yeas 78, nays 3, as follows:

YEAS—78

Aiken	Bricker	Byrd
Anderson	Bridges	Capehart
Beall	Burke	Carlson
Bennett	Bush	Case
Bowring	Butler	Clements
Cooper	Johnson, Colo.	Payne
Cordon	Johnson, Tex.	Potter
Douglas	Johnston, S. C.	Purtell
Duff	Kefauver	Reynolds
Dworshak	Kilgore	Robertson
Ervin	Knowland	Russell
Ferguson	Kuchel	Saltonstall
Flanders	Langer	Schoeppel
Frear	Lehman	Smathers
Fulbright	Lennon	Smith, Maine
George	Long	Smith, N. J.
Goldwater	Magnuson	Sparkman
Gore	Malone	Stennis
Hayden	Mansfield	Symington
Hendrickson	Martin	Thye
Hennings	Millikin	Upton
Hickenlooper	Monroney	Watkins
Hill	Morse	Welker
Humphrey	Mundt	Wiley
Ives	Murray	Williams
Jackson	Neely	Young

NAYS—3

Green	Kennedy	Pastore

NOT VOTING—15

Barrett	Eastland	Kerr
Chavez	Ellender	Maybank
Crippa	Gillette	McCarran
Daniel	Holland	McCarthy
Dirksen	Jenner	McClellan

So the bill (H. R. 5173) was passed.

The title was amended, so as to read: "A bill to provide that the excess of collections from the Federal unemployment tax over employment security administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States, to provide that the remainder of such excess shall be returned to the States, and for other purposes."

Mr. MILLIKIN. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. KNOWLAND. Mr. President, I move to lay the motion of the Senator from Colorado on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

The motion to reconsider was laid on the table.

Mr. MILLIKIN. Mr. President, I move that the Senate insist upon its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate; also, that the Senate amendments be numbered.

The motion was agreed to; and the Presiding Officer appointed Mr. MILLIKIN, Mr. MARTIN, Mr. WILLIAMS, Mr. GEORGE and Mr. BYRD conferees on the part of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, notified the Senate that Mr. KELLEY of Pennsylvania had been appointed a manager on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7434) to establish a National Advisory Committee on Education, vice Mr. BARDEN, excused.

The message also notified the Senate that Mr. KELLEY of Pennsylvania had been appointed a manager on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the

bill (H. R. 7601) to provide for a White House Conference on Education, vice Mr. BARDEN, excused.

The message further notified the Senate that Mr. KELLEY of Pennsylvania had been appointed a manager on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9040) to authorize cooperative research in education, vice Mr. BARDEN, excused.

The message also notified the Senate that Mr. BAILEY, of West Virginia, had been appointed a manager on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2759) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes, vice Mr. BARDEN, excused.

ENROLLED BILLS SIGNED

The message announced that the Speaker had affixed his signature to the enrolled bill (S. 3378) to revise the Organic Act of the Virgin Islands of the United States, and it was signed by the President pro tempore.

CONSTRUCTION OF FOSTER CREEK DIVISION OF CHIEF JOSEPH DAM PROJECT, WASHINGTON

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 4854) to authorize the Secretary of the Interior to construct, operate, and maintain the irrigation works comprising the Foster Creek division of the Chief Joseph Dam project, Washington, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. CORDON. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CORDON, Mr. MILLIKIN, Mr. WATKINS, Mr. ANDERSON, and Mr. JACKSON conferees on the part of the Senate.

SALE OF CERTAIN LAND IN ALASKA TO HARDING LAKE CAMP, INC., FAIRBANKS, ALASKA

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 2900) to authorize the sale of certain land in Alaska to the Harding Lake Camp, Inc., of Fairbanks, Alaska, for use as a youth camp and related purposes, which were, to strike out all after the enacting clause and insert:

That the Harding Lake Camp, Inc., an Alaska nonprofit corporation, of Fairbanks, Alaska, is hereby authorized for a period of 1 year from and after the effective date of this act to apply for the purchase of, and the Secretary of the Interior is hereby authorized and directed to convey to the organization, for use as a youth camp and related purposes, the following-described land situated in Alaska: Southeast quarter of the southeast quarter and all of lot 5, section 7, township 6 south, range 5 east, Fairbanks meridian, Alaska, United States survey 1901, Salchaket townsite plat.

SEC. 2. That the conveyance shall be made upon the payment by the said organization for the land at its reasonable appraised price to be fixed by the Secretary of the Interior. The conveyance shall be made only if the Harding Lake Camp, Inc., makes the total payment due within 5 years after notification by the Secretary of the amount due: *Provided*, That the conveyance hereby authorized shall not include any land covered by a valid existing right initiated under the public land laws.

And to amend the title so as to read: "An act to authorize the sale of certain land in Alaska to the Harding Lake Camp, Inc., an Alaska nonprofit corporation, of Fairbanks, Alaska, for use as a youth camp and related purposes."

Mr. CORDON. Mr. President, I move that the Senate disagree to the amendments of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Presiding Officer appointed Mr. CORDON, Mr. WATKINS, Mr. KUCHEL, Mr. JACKSON, and Mr. LONG conferees on the part of the Senate.

AMENDMENT OF THE ATOMIC ENERGY ACT OF 1946, AS AMENDED

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of calendar 1710, Senate bill 3690.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The CHIEF CLERK. A bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California.

EMPLOYMENT SECURITY ADMINISTRATIVE FINANCING ACT OF 1954—RESOLUTION

Mr. DOUGLAS. Mr. President, I intend to ask unanimous consent that I may be permitted, out of order, to submit for immediate consideration a resolution on behalf of the junior Senator from Oregon [Mr. MORSE], the junior Senator from Minnesota [Mr. HUMPHREY], and myself. The resolution reads as follows——

Mr. KNOWLAND. Mr. President, I wonder if the Senator would have any objection to having the Atomic Energy bill made the unfinished business. I shall be glad to keep the Senate in session long enough to give the Senator an opportunity to speak.

Mr. DOUGLAS. Since it so appropriately follows the action just taken by the Senate, I request that the resolution be read by the clerk now.

Mr. KNOWLAND. Mr. President, I have a motion pending.

Mr. DOUGLAS. Is not the Senator's motion debatable, and is it not in order to submit a unanimous consent request?

Mr. KNOWLAND. It is, but I will say to the Senator that I think the procedure is a little irregular. I have made a motion to proceed to the consideration of Senate bill 3690.

Mr. DOUGLAS. I understand; but when I first came to this body I heard a motion to proceed to the consideration of a bill debated for several weeks. I have always thought that under the rules of the Senate a motion to proceed to the consideration of a bill was debatable.

Mr. KNOWLAND. I will say to the Senator that it is the intention to keep the Senate in session for at least an hour. The Senator will not be foreclosed from making his unanimous consent request, but at this time I would have to object to it.

Mr. DOUGLAS. I have not yet made the unanimous consent request. I have merely stated that it is my intention to make the request and I have asked that the resolution in question be read at the desk so that Senators may be informed of its content and of its obvious merit. When the unanimous consent request has been completed, it would then seem to me to be in order for the Senator from California to object.

The PRESIDING OFFICER. The Chair advises the Senator from Illinois that unanimous consent is necessary to have the clerk read the resolution.

Mr. DOUGLAS. May I then read it myself?

The PRESIDING OFFICER. The Senator has that privilege.

Mr. KNOWLAND. Mr. President——

Mr. DOUGLAS. The resolution with respect to which I shall submit the unanimous-consent request for immediate consideration reads as follows:

Whereas President Eisenhower in his 1954 Economic Report last January suggested to the States that they act to increase unemployment-insurance benefits to at least 50 percent of the insured worker's regular wages, up to a maximum of 66⅔ percent of the average wage in the State, and at the same time extend the duration of weekly payments to 26 weeks for all persons qualifying for receipt of any such payments; and

Whereas Secretary of Labor Mitchell, in his February 16, 1954 letter to Governors implementing President Eisenhower's suggestion, made similar suggestions and cited supporting actions by the Federal Advisory Council on Employment Security; and

Whereas the majority in the House and Senate have now successfully opposed efforts to implement President Eisenhower's and Secretary Mitchell's recommendations and by amending the Federal Social Security Act and Unemployment Tax Act, to establish the standards recommended last winter by the Eisenhower administration; and

Whereas none of the legislatures meeting in regular session in 1954 carried out the Eisenhower administration recommendations; and

Whereas more than 600,000 insured workers have exhausted their benefit rights under existing standards in State laws and are exhausting benefits at the rate of 40,000 a week; and

Whereas since, in President Eisenhower's words, unemployment insurance is a "valuable first line of defense against recession"

and is going to be of maximum usefulness in restoring and maintaining mass purchasing power necessary to the economic health of the Nation: Now, therefore, be it

Resolved, That the Senate of the United States, having voted against implementing President Eisenhower's recommendations by Federal action, recommends to the Governors now in session at Bolton Landing, N. Y., that they pay attention to President Eisenhower's recommendation, now 6 months old, by either convening their legislatures in special session for immediate action to increase weekly unemployment-insurance payments and number of weeks duration or, at the very least, by making such action the No. 1 item of business when the legislatures next convene in regular session.

I now ask unanimous consent for the immediate consideration of the resolution I have just read. I suggest that the popular term for the resolution be "The Last Mail for Bolton Landing."

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. KNOWLAND. Mr. President, I object, and I renew my motion that the Senate proceed to the consideration of Calendar No. 1710, S. 3690, to amend the Atomic Energy Act of 1946, as amended, and for other purposes, so that it may be made the unfinished business.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. BUSH in the chair). The Senator from Illinois will state it.

Mr. DOUGLAS. What is the business before the Senate?

The PRESIDING OFFICER. The Senator from California just proposed the business before the Senate, and the question is on his motion.

The motion was agreed to; and the Senate proceeded to consider the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. DOUGLAS. Mr. President——

Mr. KNOWLAND. Mr. President, I have not yielded the floor.

The PRESIDING OFFICER. The Senator from California has the floor.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, a number of Senators have inquired about the legislative program and what it is planned to do for the remainder of the week. This evening the Senate will continue in session for the next hour or hour and a half, for the opening of the debate on the atomic energy bill. I understand that several speeches are to be made this evening in addition to the consideration of the unfinished business.

There are a number of bills with respect to which I should like to give notice that they may be taken up later in the week, although not necessarily in the order in which I give them.

The bills are:

Calendar No. 1315, S. 2910, providing for the creation of certain United States judgeships, and for other purposes.

Calendar No. 644, H. R. 6287, to extend and amend the Renegotiation Act of 1951.

Calendar No. 1720, S. 3706, to amend the Subversive Activities Control Act of 1950, to provide for the determination of the identity of certain Communist-infiltrated organizations, and for other purposes.

Calendar No. 1794, S. 880, to amend the license law of the District of Columbia.

Calendar No. 1797, S. 2601, to provide for Federal financial assistance to the States and Territories in the construction of public elementary and secondary school facilities.

We plan to have a Saturday session, both for the purpose of completing consideration of the pending business that may be carried over from Friday and for a call of the calendar of bills to which there is no objection, from the point where the last call of the calendar was concluded.

I hope that this week also we will have before us the conference report on the housing bill. I understand the conferees on the tax bill are either meeting or are about to meet, and I hope that before the end of the week we will perhaps have before us the conference report on the tax bill.

I hope also that we may be able to reach consideration of the agricultural bill next week, probably by Tuesday.

I make this announcement so that Senators may be advised as far in advance as possible as to the legislative program. I shall keep the minority and the Senate as a whole advised of additional bills which will be set for consideration by the Senate.

Mr. HICKENLOOPER obtained the floor.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield me 2 or 3 minutes? I shall not take more than 3 minutes.

Mr. HICKENLOOPER. I shall be glad to yield, provided I do not thereby lose the floor.

The PRESIDING OFFICER. Without objection, the Senator from Iowa yields to the Senator from South Carolina with the understanding that he will not lose the floor.

POSTAL RATE INCREASES

Mr. JOHNSTON of South Carolina. Mr. President, this final session of the 83d Congress is rapidly drawing to a close. From both sides of the aisle we hear statements that Congress will adjourn on July 31, or at the latest by August 7.

Mr. President, that is just 2½ weeks away, yet I am hearing persistent rumors that the President is insistent that the Congress take affirmative action on legislation designed to increase postal rates.

One year ago, almost to the day, I addressed this body regarding the very same subject—postal rate increases—and called attention to the fact that hearings on rate legislation had not been held. I stated to the Senate at that time that I, as ranking minority member of the Senate Post Office and Civil Service Committee, would insist that full and adequate hearings and study be made of this most important proposal before any action be taken. I repeat that statement today.

But, so far, the Senate Committee on Post Office and Civil Service has given but 1 day of study or hearings to this vital and far-reaching proposal.

Mr. President, as Senators are only too well aware, postal rate legislation is highly serious and a technically complicated affair.

I understand that the rate legislation reported by the House Committee on Post Office and Civil Service, and now pending before the rules committee of that body, provides for an increase in the first class letter rate of 1 cent and also calls for a further increase of 1 cent in the air mail rate. I also understand that the postmaster general, Arthur E. Summerfield, proposed and fully endorsed this 1 cent increase in air and first class letter rates. I assume, therefore, this is the rate increase the administration will ask in the Senate.

Mr. President, when we ask the people of this country to pay a substantially higher rate of postage on their letter mailing privileges, we are dealing with major legislation.

Never before, certainly not to my knowledge, has the Senate of the United States been requested by any administration to take arbitrary action on such controversial legislation without full and adequate study and hearings. To do so now would be to establish a highly dangerous precedent.

Mr. President, I simply cannot bring myself to believe that the Senate will be asked to vote on an issue as vital and controversial as this one without adequate and proper study and investigation.

If, as rumors report, the administration considers higher postal rates as must legislation, I am confident that my colleagues on the minority side as well as many on the other side of the isle, will join with me when I say that the Senate had better be prepared to remain in session as long as is required to give this proposal the scrutiny it certainly deserves. Full and complete hearings cannot be concluded in less than 30 days and I most certainly shall insist that the people most affected by this proposed tax increase be given ample opportunity and accorded a just and proper hearing before the Committee on Post Office and Civil Service prior to a bill being reported to the Senate.

PROBLEMS OF WATER UTILIZATION

Mr. WATKINS. Mr. President——

Mr. HICKENLOOPER. Mr. President, I yield to the Senator from Utah, with the understanding that I do not thereby lose the floor.

Mr. WATKINS. Mr. President, the Committee on Interior and Insular Affairs now has before it for consideration the upper Colorado River storage project bill. Because of the importance of this project to the people of the States of Colorado, Wyoming, Utah, and New Mexico, and because I know that my colleagues in the Senate have not had the opportunity to study this type of legislation, it has been deemed advisable and justifiable to explain that project in a series of short, nontechnical statements. Today I should like to explain our problem of water utilization and how it is different from what may be the

physical facts presently existing in the home States of my colleagues.

Mr. President, I ask unanimous consent that the remainder of my statement be printed in the body of the RECORD at this point.

There being no objection, the remainder of Mr. WATKINS' statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WATKINS

A divine providence placed upon this earth a rich abundance of natural resources and raw materials for us to use and develop. Throughout this great Nation we can find abundances and shortages of various of these resources. This fact was emphasized by recent devastating floods in the Central States, and the corresponding drought and dust storms of the West and Southwest. Man could master a great resource problem were he able to transport water from geographic areas with an overabundance of rainfall to areas suffering, as we in the upper basin States do, from a lack of sufficient water.

That problem of water conservation and utilization is our No. 1 problem and one that we seek to solve by this reclamation project.

Specifically the problem is twofold: The first and most important problem is that of providing water for consumption use in agriculture, in industry, and in communities. The second is the production of hydroelectric power, also badly needed in the area.

In many States the waters of a stream are subject to private ownership. This is not so in Utah and the other upper basin States. As an example: The Utah code and constitution provide that water belongs to the State of Utah as trustee for the beneficial use by the people of the State. Under this water law the individual can acquire only a use right.

This principle of beneficial use was paramount in the laws of the States which signed the Colorado River Compact of 1922, with a slight variation in the State of California. That compact was ratified by Congress, thus acknowledging not only the division of water between the upper and lower basin States, but also the principles of water use which those States as a region endorsed and followed. Under that ratification and the subsequent 1948 upper basin compact ratification, the United States has recognized the ownership of the waters of the Colorado River to be the property of the people of the States wherein it flows.

In the West, priorities of water use are recognized, the first being consumptive uses in the following order: Domestic and municipal, agricultural (irrigation), and industrial (processing). Then follows the nonconsumptive uses, such as power, recreation, navigation, and so forth. This makes any water developed for irrigation and industrial use available for subsequent domestic use if the need arises. People, therefore, who assess this project purely on the basis of irrigation costs per acre, are maliciously overlooking the obvious fact that the water developed for agricultural purposes is available for industrial and culinary use, and that when such use is dictated by necessity, the water development will be justified at almost any cost.

The 1922 Colorado River compact divided the first 15 million acre feet of water annually at Lee Ferry equally between the upper and lower basins. In 1948 the upper Colorado River Basin compact divided the 7,500,000 acre feet annually allocated to the upper basin for consumptive use among the upper basin States.

The Colorado River is a wild, unique river, characterized by a widely variable flow and a deep gorge through which it flows for several hundred miles in Wyoming, Colorado, and Utah. The diversions of water for consumptive uses in the upper Basin must be made on the upper reaches of the stream so that the water may be conveyed by gravity from the river or its tributaries to the points of use.

Before such diversions can be made in the upper basin to utilize the basin's share of the Colorado River, storage must be provided to regulate the flow of the river so that the water available during the wet cycle of years may be put into storage for use during the dry periods. These storage reservoirs required for stream regulation, such as the Glen Canyon Reservoir, are below the irrigated land in the upper basin. No water out of the Glen Canyon Reservoir will be used for irrigation in the upper basin. This reservoir is nevertheless an irrigation reservoir because it will provide water for irrigation uses in exchange for the water from the high tributaries that will be diverted by gravity for consumptive uses in the upper basin.

In addition to their use for river regulation and to provide water for irrigation by exchange these storage reservoirs in the deep canyons of the Colorado provide sites for huge hydro powerplants, the energy from which will furnish revenues to help pay for the project costs.

Power is essential to the development of the raw materials and industrial resources so abundant in the upper basin. Tremendous quantities of energy are available in the falling water at each of these dams. This great natural, recurring water and power resource should and must be developed for the benefit, in perpetuity, of the local people, the States, and the Nation.

The users of power from this project are essentially the same people as the users of water. The use of power revenues, therefore, to help pay for the costs of the irrigation features of the project is, therefore, an equitable way to assess for the indirect benefits from the project construction.

The upper Colorado project envisions the construction of a series of holdover storage reservoirs on the upper Colorado River and its tributaries to enable the upper basin to meet its delivery commitments to the lower basin States.

There will be little direct diversion of water from these storage holdover reservoirs for irrigation because of the topography of the river, as described previously. Instead of costly pumping, the project plan provides for a series of participating units which are designed to catch the water as it comes off the mountain watersheds, and distribute it by conduits and canals to communities and to the irrigable areas.

Wherever these canals provide natural fall, power generators will be installed to take advantage of the generation potential and to furnish the power needed for regulating the water flow in these distribution and conduit canals.

The surplus power generated will be available for purchase by public utilities at a rate set for sale of power throughout the entire basin.

This is a new step in reclamation planning, financing, and accounting. We have, as a result of 50 years of study, come up with what is called the basin account. By this we mean that this surplus power, produced throughout the basin, will be sold to private utilities, REA's, municipal power companies, and other power users and distributors at a basin rate which will be uniform throughout the four States. The proceeds will go into a basin-account fund where they will be pooled.

The revenues from irrigation, industrial and other water uses likewise will find their way to and be comingled with this same power-pool fund. Repayment of all reimbursable costs then will be drawn from this basin account fund and deposited in the United States Treasury.

I don't want the Members of the Senate to misunderstand. This basin account is not just a big pot that is dipped into at will to repay any project. Rather, the revenues from each project will go to repayment of its particular reimbursable costs first. Then, after the Treasury has received 100 percent of the reimbursable costs on that project, the new power proceeds in the pooled fund will then go to help repay the other costs which are in excess of the irrigator's ability to repay.

When the vast project is completed, after nearly 100 years of progressive construction, the Colorado River will be completely controlled. Its flow in the upper basin will be regulated for maximum water utilization. The resulting productivity of the area served by the project, besides providing the money to repay all the reimbursable project costs, also will furnish tax revenue estimated to be far in excess of the total cost of the project every 50 years.

In 100 years, the people of these upper basin States have put to use only one-third of their allocated share of this river. We have exhausted our ability to harness this river under private, municipal and State enterprise. We do not seek Federal aid to provide that which we can do ourselves. We only ask aid to accomplish that which we are unable to do ourselves, and we are willing to pay the bill ourselves.

The upper Colorado River storage project is self-liquidating. Income from the irrigation water users, fixed by their ability to pay, from a conservancy district ad valorem tax, and from power revenues will pay all costs allocated to irrigation in a period of 50 years, and the costs of power and municipal facilities will be repaid with interest in the same period of time. After 50 years from construction, the net revenues from Echo Park and Glen Canyon plants alone will yield to the United States Treasury annually from $15 to $20 million a year.

CONTINUATION OF COMMITTEE ON SMALL BUSINESS IN THE 84TH CONGRESS

Mr. FERGUSON. Mr. President——

Mr. HICKENLOOPER. Mr. President, I yield to the Senator from Michigan, with the same understanding.

Mr. FERGUSON. Mr. President, today the policy committee of the majority party adopted the following resolution:

Resolved, That it be the sense of the Republican policy committee that the Committee on Small Business is of value to the work of the Senate, and that it be continued in the 84th Congress; that the Vice President in appointing its membership be requested to follow the recommendation of the committee on committees, and that said committee on committees give careful consideration to those Members of the Senate who have served on said committee, and are desirous of continuing that service.

Mr. President, as a member of the Small Business Committee and also as chairman of the majority policy committee, I wish to make this report and say that I share the view that the work of the Small Business Committee is very important to the work of the Senate.

SUPPLEMENTAL VIEWS ON SENATE BILL 3114

Mr. MURRAY. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield, with the understanding that I do not thereby lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MURRAY. Mr. President, yesterday in reporting Senate bill 3114 from the Committee on Labor and Public Welfare, a bill to improve the public health by encouraging more extensive use of voluntary prepayment method in the provision of personal health services, the Senator from Connecticut [Mr. PURTELL] asked unanimous consent that permission be granted other members of the committee to submit supplementary views not later than today. Inasmuch as I have been extremely busy with other legislative matters, I have not been able to complete my separate views. Therefore, Mr. President, I ask unanimous consent that I may be permitted to file my views and have them printed as a separate document at such time as they are completed. I wish it understood that the granting of the request will not in any manner interfere with action on the bill if my separate views are not in print at the time the bill comes before the Senate for action. I shall not ask for any delay. I have discussed the matter with the Senator from Connecticut, and he has no objection.

Mr. KNOWLAND. Mr. President, reserving the right to object—and I shall not object—I understand that while the Senator desires permission to file his minority views without putting on them the time limit of today, which was the date set in the unanimous-consent request of yesterday, he will not ask that the consideration of the bill be in any way delayed.

Mr. MURRAY. That is absolutely correct.

Mr. KNOWLAND. Because this is a slightly unusual procedure, may I assume that the views of the Senator will be filed within the next week or 10 days?

Mr. MURRAY. Yes.

Mr. KNOWLAND. I do not think it should be completely open ended.

Mr. MURRAY. That is correct.

Mr. KNOWLAND. Would the Senator be willing to file his views within a week?

Mr. MURRAY. Between now and next Monday.

Mr. KNOWLAND. With that understanding, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

A STANDING LEGISLATIVE COMMITTEE FOR INDEPENDENT BUSINESS

Mr. DOUGLAS. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield, with the understanding that I do not thereby lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOUGLAS. Mr. President, I believe the time has arrived when the Senate must come to an immediate decision. We must show by our actions a definite determination that the Members of the Senate are alarmed at the increasingly serious plight of independent business in this Nation, and that the Senate will act and act now to protect this important segment of our economy.

The test of our sincerity is at hand. There is pending in the Senate, before the Rules Committee, Senate Resolution 213 which provides standing committee status for the present special Small Business Committee. If passed this would permit the committee to report legislation to the Senate.

I am honored to join with 49 other Senators in full support and sponsorship of the Resolution.

I concur wholeheartedly in the splendid statement made by the chairman of the Small Business Committee at the time of the introduction of this resolution February 16, 1954, when he said:

> During the past 4 years the Select Committee on Small Business has been on trial. I feel that it has served its apprenticeship and should now be reconstituted as a standing committee.

There should be no question in the minds of the Senate as to the justification for action on Senate Resolution 213. Recent statistics compiled by the Senate Small Business Committee disclose that 9 out of every 10 retail, wholesale, and service establishments are independent businesses, 7 out of every 10 employees in retail, wholesale, and service trade are employed by independent businesses. Are these to be destroyed or reduced—thus adding to vacant stores and greater unemployment?

I am sure, Mr. President, of the valuable work which has been accomplished by this committee during its short history and the preceding committees of small business in the Senate. In no small degree their actions have been a deterrent to many planned actions by large corporate interests which would destroy the business life of over 4½ million small business institutions.

Let me call to the Senate's attention that it will be found from the record and to the credit of the National Federation of Independent Business, a group which I believe is truly representative of Nation's small business, that it has conducted a direct nationwide vote of its members on the issue of Senate Resolution 213. In this poll, which reached over 100,000 independent business and professional men, the federation presented the proposition for a standing committee of small business in the Senate. The result of this poll showed 87 percent of the members were for the proposition, 9 percent against, and 4 percent not voting. I understand that all Members of Congress have been advised of the result of this nationwide poll. Mr. President, the Members of the Senate should not overlook the fact that it comes from the "grass roots" which is the heart of the economy of this Nation.

The National Federation of Independent Business, through its executive vice president, George J. Burger, has also urged, at the respective national conventions of both the Democratic and Republican Parties in appearances before the platform committees in 1948 and 1952, that the small business committees of the Congress be made standing committees. Were this to be done, small business would be placed on a parity with all other segments in our economy such as labor, farm groups, and others.

It is significant to note that when it comes to both labor and farm groups, these segments of our economy are recognized in the Congress through standing committees with power to report legislation, and are not relegated to a subcommittee of a standing committee. Thus small business is not asking for any special consideration when they ask the Senate to give the same recognition to the independent businesses of this Nation.

We should recognize that the Senate, through the operation of this committee, has alerted all Federal agencies to the problems of small business. As a result, these Federal agencies became more active on these problems. I may add further, Mr. President, that the invaluable action of our Select Committee on Small Business has been very helpful as a deterrent to ever-increasing monopoly and concentration in our overall economy.

What are we to tell our independent businesses throughout the many States when we return home this summer? They will ask what happened to the small-business committee resolution which provided standing committee status for the committee. Are we to tell them that although this resolution has been pending in the Rules Committee since February 16, 1954, and although 49 Senators were in full support of that resolution, the Rules Committee did not conclude it was important enough to act on, but instead let it wither on the vine?

I wonder what small business of the Nation will say if we have to make such a report when we journey back to our home States. Such action, Mr. President, would show a regrettable lack of willingness on the part of the Senate of the United States to act in the best interests of small business. It will result in our offering mere lip service instead of substantial action to protect small business of the Nation.

Destroy the independent businessman, and we end up in greater and greater concentration of industry.

When one reviews the history of the regimes of Hitler, Mussolini, Stalin, and in fact most European nations, we find that when independent business is destroyed, it almost certainly ends up in dictatorship.

I make the plea, Mr. President, that the Senate take immediate action on Senate Resolution 213, and let us give the message to the small businessmen of the Nation that we are going to make certain that they remain an important major part of our economy.

ORDER FOR RECESS

Mr. KNOWLAND. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield, with the understanding that I do not thereby lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate complete its labors this evening,

it stand in recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. HICKENLOOPER. Mr. President, S. 3690, and its companion bill, H. R. 9757, represent the first major revison of the Aatomic Energy Act of 1946. Heretofore amendments in the nature of corrections or improvements in the original legislation have been adopted, but as time has gone on the development of the atomic-energy program has been such that, in the opinion of the joint committee and of the Atomic Energy Commission and of public and private groups generally, revision of the act of 1946 is desirable and in fact essential in the national interest. Indeed, the original act, as passed in 1946, contemplated that such changes from time to time would be indicated as we learned more about the program and as the practical uses for atomic energy became increasingly apparent.

The Atomic Energy Act of 1946 was passed after months of study of the problem by a special Senate committee established under Senate Resolution 179 of the 79th Congress, second session. At that time it was impossible to evaluate the possibilities of the utilization of atomic energy because of the novelty of the development and the lack of any experience in peacetime uses.

Due to the fact that in 1946 the proven practical use was almost entirely in the field of weapons, although the envisioned peacetime uses seemed limitless, it was considered necessary to establish, for the time being, a strict Government monopoly and control over the use and application of atomic knowledge. At that time the United States had exclusive possession of all of the data that had been developed. Other nations, notably Great Britain and Canada, had through their scientists made substantial contribution to the development of this program, but they did not possess all of the information. Also at that time we were the exclusive possessors of atomic weapons, and we undertook not only a stewardship of the weapons, but also of the information on their production and development as a force which could maintain peace and prevent, for as long a time as possible, any other nation with predatory intentions from securing the know-how and threatening the security of the world.

In the original act, as pointed out above, it was contemplated our objectives would eventually be to open up as rapidly as possible the opportunities for private initiative to develop peacetime phases of this science, and that as rapidly as possible the Government monopoly, except in the weapon field, would be abandoned and free enterprise in this country and abroad would be given the opportunity to attack the problems of peacetime development.

We did not retain our exclusive knowledge in atomic energy for very long. At no time did we assume that no other nation would ever succeed in making atomic weapons or in developing atomic knowledge independently, but we learned all too soon that traitors and spies had disclosed much of our fundamental information to the Kremlin which enabled Russian scientists, with the essential cooperation of German scientists who had been taken to Russia after World War II, to make atomic weapons several years earlier than under their own independent efforts.

In addition, British scientists and science, having contributed substantially to our own development program, were able to go forward with their own program and make atomic weapons. This, of course, is no surprise because of the recognized high degree of competence and development of British scientists and British science. Canada, while apparently electing not to accentuate the weapon phase of atomic energy, nevertheless has done important work in research and development pointed toward peacetime applications.

So that I may not be misunderstood, I want to emphasize that while the United States devoted vast amounts of money and effort toward the development of weapons, we have devoted a very substantial portion of our effort toward research and the development of peacetime uses in the fields of biology and medicine and industrial applications; in fact, many times the effort in these fields of all other countries of the world put together. So, again, I want to make it clear that our military research and development has not excluded the research and development in the humanitarian and economic fields.

We still possess vast superiority in weapon power, in spite of the fact that other nations can make atomic weapons. By the same token there is no doubt in my mind when I say that we also are more advanced than any other nation in the exploration and knowledge of the peacetime possibilities of atomic use.

So far as weapons are concerned, 8 years ago, they were considered to be only strategic weapons, to be used at long range and against limited strategic targets. Today, the concept has altered substantially and while the strategic use is still one of the most important, the practical tactical use of atomic weapons in support of the operation of ground forces is an important part of our military plan. Indeed, today we have atomic weapons of varying degrees of power and effect in our arsenal, which are available for use both tactically and strategically, and we have developed the means for their delivery.

Also 8 years ago the prospects of useful atomic power for the production of electricity in all of its varied uses seemed to be very remote indeed. The problems of military security and the vast expense involved in experimentation then were practical deterrents for private investment. Today, however, the use of atomic power in the economy of this country and in other countries is much more clearly envisioned. While competitive power probably will not be a reality for a number of years, even with the advanced knowledge which we now possess, nevertheless, we believe that the time has come when the way to reduced costs has probably been pointed out sufficiently to justify private investment and experimentation with reasonable chances—in fact, I think I may be safe in saying with practical certainty—that the genius of private enterprise and free competition can develop economically sound competitive power plants much sooner than was earlier considered possible.

The Joint Committee on Atomic Energy has, as directed in the original act, maintained constant studies of the entire program. This committee has unique powers and authority for access to information and has assumed a great responsibility to the other Members of the Congress and to the American people. This responsibility has been accentuated because of the essential secrecy involved in the program. It has been my privilege, along with the junior Senator from Colorado [Mr. MILLIKIN], the senior Senator from Colorado [Mr. JOHNSON], and the Senator from Georgia [Mr. RUSSELL], to serve on this committee, and on the special committee which reported the original act, at all times since late 1945. Representatives COLE of New York, DURHAM, HINSHAW, HOLIFIELD, VAN ZANDT, and PRICE have likewise served continuously on the joint committee since its creation. The other members of the joint committee have served for substantial periods. I would be remiss in my statement to the Congress if I did not say that this committee has been free from partisan political motivation in the discharge of its responsibilities, and while the partisan membership has altered slightly from time to time, nevertheless, I can envision no situation where unpartisanship and nonpartisanship have been more in evidence than in the 8 years' history of the joint committee's operations.

In this bill, S. 3690, and its companion bill, H. R. 9757, there are at the present time certain areas of disagreement which are set forth in the dissenting views of various members of the committee. It no doubt is a practical impossibility to get complete agreement on every sentence, paragraph, and section of a bill of such complexity as the Atomic Energy Act, but I assure my colleagues that any views of individual members are presented with the utmost impartiality so far as any partisan influences may be concerned, and they express their own views as they see them in the broad public interest.

With respect to the names of Members of Congress who have served continuously on the Joint Committee on Atomic Energy, to which I made reference a moment ago, I wish to say that while the distinguished senior Senator from California [Mr. KNOWLAND] did not enter the Senate until 2 or 3 months after the committee began to function, he has, nevertheless, served continuously on the committee since he entered the Senate, and so, for all practical purposes, should be included in the list of Members who have continuously served on the joint committee.

Under all the circumstances and as a result of the years of experience and developing of information which has come to the joint committee, the committee concluded last year that the time had come when a comprehensive revision of the basic Atomic Energy Act should be undertaken. Accordingly hearings were held throughout the latter part of last year and for over 3 months of this year. For many weeks past the committee has taken the results of these hearings and its accumulated information, and has worked long and diligently in attempting to perfect S. 3690 and H. R. 9757, the bill which is before us today.

The basic aim of S. 3690 endeavors to bring the Atomic Energy Act of 1946 into harmony with the realities of 1954. It endeavors to keep our legislative controls over atomic energy in step with the changing problems our Nation faces in this field—problems not only in the realm of science and technology but in the realm of economics and international political relations as well. It protects our vital military secrets but it proposes to open the opportunities for peacetime uses to our own people as well as to others.

The members of the joint committee have not been alone in believing that a revision of the organic law is now desirable. On February 17, President Eisenhower submitted to the Congress a series of recommendations for amending the Atomic Energy Act of 1946. His message said that the changes proposed by the executive branch had the "purpose of strengthening the defense and economy of the United States and of the free world." Toward this end, the President sought to accomplish the following:

First, widened cooperation with our allies in certain atomic energy matters;

Second, improved procedures for the control and dissemination of atomic energy information; and

Third, encouragement of broadened participation in the development of peacetime uses of atomic energy in the United States.

The bill now before the Senate will achieve these three objectives set forth in the President's message. In addition, the bill is designed to effect an overall modernization of the organic law, changing it wherever the members of the joint committee—who have been in daily touch with our atomic program since 1947—have concluded that revisions would advantage our Nation.

In response to the first recommendation in the President's message—increased cooperation with our allies in certain atomic matters—the bill permits such cooperation in both the peacetime and military fields, under carefully stipulated safeguards. On the peacetime side, it authorizes the negotiation of bilateral agreements for cooperation. Under such agreements, the Commission may transfer and exchange restricted data dealing with nonmilitary uses of atomic energy with other nations. The Commission may likewise transfer atomic materials in quantities needed for peacetime uses to another nation which is party to such an agreement for cooperation.

Furthermore, this legislation authorizes the President to enter into international arrangements with a group of nations toward the end of atomic cooperation in the peacetime field, and subsequently to cooperate with such a group of nations pursuant to agreements for cooperation. In this manner, the bill would permit our Government to join in a peacetime international atomic pool plan, such as the President described in his United Nations speech last December 8.

In the area of military applications, the legislation permits the Department of Defense to give another nation, or a regional defense organization to which we are a party, sharply circumscribed restricted data concerning the tactical employment of atomic weapons. The legislation would thereby permit more realistic defense planning among the NATO forces. This bill does not authorize any exchange of information which would reveal important data on the design or fabrication of the nuclear part of atomic weapons, nor does it permit the disclosure of detailed engineering information on other sensitive parts of our weapons.

I believe it is accurate to say that no portion of S. 3690 has received—and rightly so—closer committee attention than those sections dealing with international cooperation. Experience teaches that whenever some particular safeguard against the disclosure of classified information to another nation proves unnecessary, it can always be relaxed. Contrariwise, the act of surrendering exclusive control of some item of information is final, and we cannot call back these data, even if we would subsequently wish to. As a result the joint committee has been cautious in the extreme in its approach to this portion of the bill, and it has recommended carefully delineated changes only in those instances where the need and desirability for increased international cooperation have appeared clear and demonstrable.

In response to the second recommendation of the President—improved procedures for the control and dissemination of atomic information—S. 3690 incorporates a series of revisions which, I believe, will increase the total effectiveness of our program for safeguarding sensitive atomic data.

Presently, all personnel of the Atomic Energy Commission or its contractors who have access to restricted data are given the same background check as to their character, associations, and loyalty—whether such employees have access to large quantities of extremely sensitive information, or whether they require access to only a small quantity of relatively insensitive data. S. 3690 would permit the Atomic Energy Commission to relate the scope of background investigations to the amount and sensitivity of the data which an employee would receive while on the job—thus allowing our investigative agencies to concentrate their efforts on the areas where extremely painstaking checks are most vital. Presently also, much restricted data relates to the military untilization of atomic weapons. Nothwithstanding this, the Atomic Energy Commission is responsible for the control of all restricted data. S. 3690 gives the Department of Defense a larger share of responsibility in both safeguarding and declassifying data which relates primarily to the military utilization of atomic weapons.

It is my conviction that the information-control procedures recommended in S. 3690 do not represent an actual weakening of our security system. I believe, in fact, that the very opposite is true. By revising these procedures in the light of 8 years of experience, S. 3690 should afford our Nation more effective guaranties against the disclosure of sensitive data than it now possesses.

In response to the third recommendation of the President—encouraging broadened participation in the domestic development of peacetime atomic energy—the pending bill authorizes private persons to possess and use special nuclear materials, and to own and operate atomic reactors capable of producing or utilizing such materials. Title to such materials, however, would be retained by the United States Government.

Overall, the Atomic Energy Commission and its contractors have already done a good job in pressing toward economical atomic power. Indeed, it is only because of their impressive achievements that we can now look forward to such power in the relatively near future. But as the Atomic Energy Commission has itself maintained, research and development carried on purely under governmental auspices will no longer suffice to enable us to achieve practical peacetime power at the earliest possible date. Optimum progress now requires that governmental research and development, using the public's money, be supplemented by private research and development, using private money. S. 3690 would encourage such increased private participation in the atomic power field.

Realizing that relatively few companies may participate in this effort during the next few years, the joint committee has exhaustively explored the question of how to guard against the dangers of restrictive patent practices. The majority of the committee has recommended that, in the case of all such patents which are applied for during the next 5 years, the holders of patents or inventions primarily related to peacetime uses of atomic energy be required to license such patents to others in return for just compensation.

In making its recommendations on the subject of peacetime power development, the joint committee has been keenly aware of its responsibility to write legislation which will benefit all the American people, and which will not permit one group of Americans to benefit unduly at the expense of the rest of our national community. I sincerely believe that the proposed legislation will accomplish that purpose.

Taken in its entirety, S. 3690 is a complicated and highly technical bill. It is complex because the problems we face in atomic energy are complex. Notwithstanding that fact, the basic philosophy which motivated the joint committee

in its consideration of the proposed legislation is straightforward and easy to describe. Our guiding principle has been this: Which type of legislation will best promote the security and the well-being of our Republic? We do not expect every Member of the Senate to agree with every single provision of the pending bill. During the course of our deliberations on the bill, I believe that every member of the joint committee at one time yielded on some specific point or another. Yet none of us has compromised on fundamentals, and I think the fact that the committee has come into substantial accord on the essentials of the proposed legislation speaks well for it.

S. 3690 does not pretend to represent the final answer to the unfolding problems of atomic energy. Just as I believe the original Atomic Energy Act is now in need of revision, so also would the proposed legislation now before the Senate require subsequent revision from time to time.

I cannot close my remarks without repeating the warning contained in the report accompanying S. 3690. No legislation, no matter how carefully drafted, can itself guarantee our Nation a flourishing atomic-energy program. There is no legislative substitute for wise administration of our atomic enterprise, for continuing support of the objectives of our program in the Congress, and for an enlightened public opinion in atomic matters.

Up to now, the elementary requirements of survival have forced our Nation to concentrate on military applications of the atom. We must still give top priority to strengthening our atomic arsenal. Yet the time is now at hand when we can prudently afford to increase our work on beneficent applications of the atom, thereby bringing closer the day when our countrymen and like-minded peoples throughout the world can realize the true promise of atomic energy.

I know it is the deepest hope of every Member of this body that the time will come—even though perhaps only our children, or their children, will live to see it—in which the awesome force of the split atom can and will be used solely to elevate the dignity of man.

Mr. President, I further call the attention of the Senate to the fact that on last Friday the two volumes of the hearings of the Joint Committee on this subject were delivered to the Senate, and copies were made available to each Member of the Senate, together with the report of the joint committee on the bill and the dissenting views of about, I think, four Members on various portions of the bill. That report is on the desks of the Members of the Senate. Both the hearings and the report contain a great deal of information, which may answer many questions which may be in the minds of Senators. As the debate proceeds, I hope that either I or other Members of the Joint Committee who may be present may be able to give the answers to any questions which may occur to Senators concerning the various provisions of the bill.

Mr. GOLDWATER. Mr. President——

The PRESIDING OFFICER (Mr. UPTON in the chair). The Senator from Arizona is recognized.

Mr. GOLDWATER. Mr. President, for the past several days I have listened to a great deal of debate on the floor of the Senate, and have had called to my attention several news articles and editorials in connection with the President's recent action in instructing the Atomic Energy Commission to contract with a group of privately financed electric companies for some 600,000 kilowatts of capacity.

I do not pose as an expert on electric power system operations, nor have I been a close student of the Tennessee Valley Authority. I shall not take up the time of the Senate by arguing the relative merits of a contract with either the privately financed utilities or TVA for atomic energy power requirements, and I shall not attempt to analyze TVA's future power requirements. At the same time, however, I am not at all sure that those criticizing the President's action are power experts, either, or that they have any first-hand knowledge of TVA's future requirements.

There is one thing of which I am certain, though: The critics have made many statements which I cannot accept either as a businessman or as a Member of the United States Senate interested in a sound administration program.

At the outset, my mind goes back to the election campaign of 1952, at which time I told the people of my State of Arizona that the question of States' rights and private enterprise versus Federal supremacy was one which was ultimately going to have to be resolved by the citizens of this country in order that we might ascertain the future pattern of our National Government. I do not believe that this issue is going to be the all-important one in the campaign of 1954, and I do not think that it will necessarily be the overriding question in the campaign of 1956. Yet, sooner or later, Mr. President, this issue is going to rise to its singular significance, and the choice that is made by the American people will determine the future course of the great republican form of government which is ours.

At this point my mind goes back also to several months ago, when this body was considering proposed changes in the National Labor-Management Relations Act. At that time, in speaking here on the floor for a States rights amendment to that law, I pointed out, in effect, that the question of these rights was of infinitely greater significance than—and far transcendent to—any considerations of the Taft-Hartley law, as such.

I think, Mr. President, that, in this present connection, the question of the rights of free enterprise can also be measured in a far broader sense than as it is applied to the matter of public versus private power alone. This administration was elected on a pledge to return to the States the rights which, over 20 years of New Deal and Fair Deal administrations, were taken from them by the grasping tentacles of an all-powerful Federal Government. This present administration's policy relative to Federal power is to work with the local interests and to assist them in every way to meet their needs. It is a policy of partnership and cooperation.

Here, Mr. President, I am tempted to digress once more, and to suggest that the whole problem of power is one which is literally "as big as all outdoors," for it goes quite beyond the material, manmade aspects of our civilization, and concerns the qualities of the universe which are God-given, and which, therefore, must be treated with the reverence which is always accorded the Almighty.

Yet, there are those who argue that because electric power is God-given, it should be as free, as water and air are free. Those who say that, do so just because we cannot see electric power and handle it and go down to the store and buy it in a package; but they fail to realize that, despite its essentially celestial origin, it becomes, when it reaches the practical life of a nation, a manufactured product, just as much as a can of beans on a shelf in a grocery store. Electric power is manufactured in a plant designed for that purpose, and with equipment which is constructed and created by private enterprise; and the power is delivered to the consumer over copper wire, instead of in a delivery van.

In the handling of any Divine quality, however, even the hand of man is stayed by the recognition of the fact that we cannot treat lightly or with subversive intent the bountiful blessings which God has bestowed upon us. We cannot act toward them with motives and by means which are antagonistic to the methods and purposes of God.

In accordance with this interpretation, therefore, it is unquestionably the responsibility of the local people, the individual citizens, the separate human beings whom God has created, to provide this adequate power, and not the manmade monstrosity of an all-supreme Federal Government. The Federal Government is at the very best a necessary evil designed to stabilize the goodness in man, and this explains Thomas Jefferson's remark that "the best government is the least government." Indeed, all through the course of our history the American people have been guided by this principle, as enunciated by Abraham Lincoln—namely, that the Federal Government should not attempt to do anything for the individual citizens or for the States which the individual citizens and the States can best do for themselves.

This is the principle which has been set forth by this Republican administration. This is the principle which was spelled out time and time again by President Eisenhower and other Republican candidates. It is the principle by which this administration must stand, if it is to remain true to its own convictions and if it is to keep faith with the American people.

Mr. GORE. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I am glad to yield.

Mr. GORE. I was very much interested in the quotation from Abraham Lincoln the Senator from Arizona has just given. Will he repeat it?

Mr. GOLDWATER. Abraham Lincoln said, in effect—I did not quote him verbatim—that the Federal Government should not attempt to do anything for the individual citizens or for the States which the individual citizens and the States could best do for themselves.

Mr. GORE. Is the able Senator from Arizona aware that there exists in United States history any precedent whereby the Federal Government reimbursed a private company for all its tax payments—municipal, county, State, Federal, excise, ad valorem, and income?

Mr. GOLDWATER. I am not acquainted with any situation of this sort, other than the one I intend to discuss.

Mr. GORE. I should like to inform the Senator from Arizona that I have had the legal section of the Congressional Library search the records, and they are unable to find such a precedent. I have asked the office of the Comptroller General whether they know of any precedent of that sort, but they know of none. Yet General Nichols testified before the Joint Committee that the Atomic Energy Commission proposed to pay the taxes, whatever they might be, however high they might be assessed, or of whatever nature they might be, for or on behalf of this company, or to reimburse the company for such taxes.

On the basis of all the authorities I can find, it seems to me that such a course would be unprecedented in United States history, and it seems to me it would constitute a very dangerous precedent.

Mr. GOLDWATER. I would agree with the Senator from Tennessee if I felt that the substance of the remarks of General Nichols had been correctly quoted. I have not read the hearings, but I have read reports regarding that particular statement. He referred to the fact that this company during its lifetime would, by means of the collection of rates and moneys, have the funds with which to pay the taxes.

Mr. GORE. Mr. President, if the Senator from Arizona will yield a little later, as soon as I find the testimony of General Nichols, I shall be glad to read it.

Mr. GOLDWATER. I shall be very happy to yield.

Mr. President, it is no more appropriate for the Federal Government to assume responsibilities for supplying the power needs of an area than it is for it to assume the responsibility for supplying drinking water, sewage service, police protection, or even transportation. Yet these are all necessary utilities, just as electric power is. They can be, however—and they should be—supplied locally. Our object, the object of this administration, is to let the people decide. That is the course of Republican government.

Mr. President, the Federal Government is in the power business, in keeping with the laws of Congress, simply and only as a byproduct of flood control, navigation, reclamation, and so forth. For being in this power business, in which the Federal Government, greatly extended, now finds itself, however, there is nowhere in our Constitution or in the laws of our land, expressed or implied, authority for the Federal Government to compete with private enterprise, which is the very lifeblood of a free economy.

This proposal by the administration has stirred the aggressive impulses of those who seemingly oppose all free enterprise and have consistently stood for Federal control and domination of our business institutions, whatever they may be. A great hue and cry are being raised from some quarters that the TVA is being undermined and that the sole purpose of the President's order is to maim the great Federal project upon which vast sums of money and energy have already been expended. The misinterpretation and misunderstanding of these critics could not be greater. It is a deliberate misconstruction in the interest of those who would make further strides toward the socialization of our country's Government and industries.

These opponents are crying, Mr. President, because they see a project, in which the Federal Government has over the years assumed a vested interest, now threatening to revert to its proper place in our economic system. Indeed, I think this, above all else, has been and is the great tragedy of TVA. It was an enormous project undertaken by the Government, in a time of crisis, to provide jobs, to stimulate the economy, and to bolster the energies of our people, whereby they would be enabled to move forward and to resume their course of free citizenship under an economy devoid of regulations, controls, and Federal restrictions.

Still, today, we find that the lofty purposes of TVA's inception have been discarded in the wake of our gallop to socialized state, industry, and life.

Mr. President, I suppose there will be those who will look with dismay upon a freshman Senator from a far western State who speaks forth so loudly and so severely on a subject which is geographically quite distant from his own immediate interests. Mr. President, my interests are the interests of our country, as well as those of my own State; and certainly I cannot, in my great loyalty to Arizona, blind myself to my even greater loyalty to the freedoms of all our people. If, in this course of rapidly growing centralized Federal power, any State or any region in our country is injured and deprived of the benefits of the free enterprise-States rights principle, then my own State is as intimately affected as though it were the very State wherein this menace first took hold.

It must not be forgotten in any of our deliberations, whether the question concerns labor, farming, public power, taxes, or any other subject affecting American life, that the people still rule; and it is our responsibility as their representatives to see to it that, in exercising the prerogatives of public office, we do not take from them the very rights and privileges which have enabled them to endow us with this great privilege and this high purpose.

In my State of Arizona, we have a project called the Salt River Valley Water Users Association. I like to bring up this fact when I discuss the question of power with my colleagues, inasmuch as some of them may be inclined to ignore my views because they may feel that my lack of experience, either in this body or in the general field of public power, might tend to render my thinking on the subject unreliable. Then, too, my opponents in this particular controversy may feel that my lack of technical knowledge should foreclose me from speaking on this subject which so vitally affects all Americans. I admit, quite frankly, that I am not an expert in this field, and that I am not thoroughly versed in all the complicated technicalities of this particular project. However, I cannot unhesitatingly concede that I am alone in my statistical shortcomings, and that is why I have no particular fear in defending the overriding principle that is involved.

In 1903, the Federal Government, under the Reclamation Act, assisted the Salt River Valley Water Users Association by the construction in Arizona of the Theodore Roosevelt Dam and some canals conducting water to lands irrigated in Maricopa County. It happened that there was a power installation at this development which produced some reasonably cheap power.

Mr. GORE. Mr. President, will the Senator yield?

Mr. GOLDWATER. I am very happy to yield.

Mr. GORE. On page 949, in the second paragraph, I read from the testimony of General Nichols, General Manager of the Atomic Energy Commission:

> The proposal provides for reimbursement by the AEC for all taxes, licenses, and fees, State, local, or Federal; paid or payable by the new corporation during the term of the contract, except that taxes arising out of the use of facilities for purposes other than the supply of capacity and energy to AEC will not be paid by the AEC.

Mr. GOLDWATER. May I ask the Senator if that reduction in taxes would be reflected, or if there is any indication that it would be reflected, in a lowered rate?

Mr. GORE. This is not a reduction of taxes.

Mr. GOLDWATER. The Senator misunderstood my question.

Mr. GORE. It is proposed to reimburse the private contractor for profit, whatever taxes he may pay out.

Mr. GOLDWATER. The Senator misunderstood my question. Is there any statement in the testimony which would indicate that a lower rate would be expected from the private company because of the payment of taxes by the AEC? It is of benefit to the company.

Mr. GORE. I cannot put my hand on it. I think that would surely follow.

Mr. GOLDWATER. I should suspect that that would follow.

Does the Senator have more to read at this time?

Mr. GORE. No.

Mr. GOLDWATER. I thank the Senator.

Because of this, the association became involved in producing and distributing electricity to its members and other users in south central Arizona. At one time, it was the largest producer and distributor of power in Arizona.

As its power requirements increased, it was necessary to build additional dams and some steam plants. The association did not come to Washington asking Uncle Sam to build these dams and steam plants. It floated its own bonds and used the proceeds for this purpose. It also worked out agreements with the private electric company operating facilities adjacent to its own which assisted in the financing.

As of today, there are produced in Arizona for use in Arizona 1,042,000 kilowatts, 605,000 of which are produced by Government agencies, including that of a Federal operation at Hoover, Parker, and Davis Dams on the Colorado River, some of which are sold to privately financed companies, and 437,000 kilowatts produced by the private companies.

Since 1946, the private companies have built or have under construction 420,100 kilowatts of fuel-fired capacity, and Government agencies—and by Government agencies I refer to such agencies as the Salt River Valley Water Users' Association—constructed 97,500 kilowatts of fuel-fired capacity. This expansion has taken place without assistance from Uncle Sam.

Mr. President, I am not an expert, but I am acquainted with what can be done and this is my answer to those who advocate a greater Federal investment in these power projects.

Why is it that the Government power proponents denounce the partnership policy of the present administration? Most of them contend that they favor private enterprise in general, and some even say that they favor permitting privately financed electric companies to construct whatever they are willing and able to do. I think, however, that this is only lipservice, because when the chips are down their actions belie their words.

The partnership arrangement has been working out very well in my State for a good many years. The publicly owned and privately financed utilities have been working together supplying the electric needs of the State. By energy purchase contracts they have assisted one another in financing the expansion of electric facilities. They have a coordinating committee headed by a full-time executive financed by the public and privately owned utilities, whose duty it is to keep constant tab on electric requirements of the State and predict and coordinate future expansion. The Federal, local, and private facilities are fully integrated to supply power to where it is needed and I might add that 98.9 percent of the farms of my State have electric service, which is a good deal better than some of my distinguished opponents can say for their States, with all their Federal monopoly.

We have a State power authority in Arizona only because we were forced to it by Federal Government development. When Hoover Dam was built, Arizona was entitled to a certain amount of the falling water with which to produce electric power, but the State and only the State could obtain this power. Therefore, it was necessary to set up a State authority to obtain it. That authority has been trying to purchase transmission lines owned by the Federal Government in Arizona and has run into opposition to this effort from some of the Federal power proponents. I may say that there are bills pending in both Houses of Congress to purchase these lines for a sum approximating $33 million. Does their obstruction spring from their fear that the Government will reduce its operations and thus delay the day on which all power in this country will be under Government ownership?

On the face of it, they will answer that this is not so; but I repeat, Mr. President, when the chips are down their actions belie their words. The President, by instructing the Atomic Energy Commission to enter into a contract with privately financed electric companies, has been accused of going back on his campaign promise to keep the Tennessee Valley Authority operating at maximum efficiency. In fact, as I have indicated, to listen to TVA proponents one would think his action was designed to ruin TVA. Actually, it was just the reverse. The action was taken to assist TVA. TVA claimed that, in addition to the steam plants now under construction, it needed several new starts in order to meet its normal load growth. The Congress, in its wisdom, decided on no new starts in steam plants for TVA. No doubt the majority of us believed that it was high time for the people of Tennessee to start standing on their hind legs and make provisions locally for their power requirements just as the rest of the country had to do.

Since the Congress refused to appropriate funds for new starts, the President came to the rescue of TVA by requiring AEC to procure some of its power requirements elsewhere, thus making available to the Tennessee Valley Authority for other purposes some 600,000 kilowatts now being supplied to the Atomic Energy Commission. How can such action be construed as anything but helpful to TVA?

Yet, this is the argument of the Federal power advocates, and it is more than I can understand; and I must say, Mr. President, that I do not attribute my lack of understanding on this phase of the problem at least, to any deficiencies in my own technical understanding of great public power problems. It is a simple matter of logic and the argument of the Federal power advocates fails to meet its requirements.

Statements have been made both publicly and before congressional committees by members of the TVA staff and other proponents of TVA that a large portion of TVA's power was being taken by the AEC and other defense agencies—that TVA had not sought these loads but had been requested by the Government to supply them. The furor now being raised certainly belies any intimation that these people did not want these defense loads. It seems to me as if they want this and all additional AEC or other defense plant loads they can get. In fact, I am not sure but that they have used national emergencies to build up their great Federal power monopoly.

I realize the people of Tennessee are disappointed that some $100 million is going to be spent for a steam plant in Arkansas rather than in Tennessee. It seems that when you get used to eating at the Government trough it is hard to give it up.

Much to do has been made of the fact the privately financed companies propose to build their plant near Memphis, some 200 miles from the AEC plant. They propose to dump their power into the TVA system at Memphis and let TVA deliver it to AEC at Paducah. There is nothing strange about this. TVA wanted to build a steam plant of approximately the same size at Memphis because they needed power at that end of their system, so it is more sensible for the new plant to be built there than to build another plant near Paducah, and have TVA push power from their steam plant near Paducah back into the TVA system and from there down to Memphis, where they claim to need a large block of power. Construction of the plant near Memphis would actually save TVA losses in pushing power from their present generating plants to the Memphis area. In reality this is nothing but a wheeling agreement with TVA doing the wheeling. This is exactly the same arrangement that the Government has been forcing on privately financed electric companies for several years in the southwest, the southeast and elsewhere by threatening to build paralleling, duplicating transmission lines if the companies refused to wheel the power. How anyone can advance the idea that this makes a power broker out of AEC is beyond me. AEC is no more a power broker than an REA cooperative purchasing power that private electric companies wheel from some Federal dam.

Statements that the proposed contract is nothing but a subsidy for the private power firms, and a means by which they can grab greedy profits are clearly semantic distortions indulged in for political spite. Anyone qualified to even discuss this subject knows that private electric companies are highly regulated and allowed to earn only a nominal return on money they invest in facilities. Since when has it been a crime in this country to earn a nominal rental on invested capital or a nominal fee for services rendered? I have always thought that was a very fundamental part of our economic philosophy—of our way of doing business.

A great deal has been said about the additional money a contract with private companies would cost AEC and therefore the Federal Government. Any claim to saving by purchase from TVA is fictitious at best. If TVA paid interest on money it obtains from the Treasury, and taxes—local, State, and Federal—equivalent to those paid by private industry, there would be no saving. I am sure that no one who has had deal-

ings with Government is naive enough to think that, all things being equal, a governmental agency can do business more economically than private industry. TVA engineers may be very competent, but they have no magic means of designing, constructing, or operating steam electric plants or any other power-producing facilities more economically than private industry. I am sure that no branch of Government could operate a business as efficiently as private enterprise. In fact, all things being equal in taxes, interest, and so forth, private enterprise could operate a business at a profit and compete with Government operating one at cost. Of course, if the Government wrote off a large part of the original cost, financed and operated with interest-free money, made only token payments in lieu of local taxes, and paid no Federal taxes, private enterprise might have a hard time competing with them. But I submit that the price at which the Government could sell merchandise under such conditions would offer no yardstick for determining the price private enterprise should charge for merchandise.

It is interesting to note that in comparing rates public power proponents usually compare production rates when the highest cost of supplying electric service to the ultimate consumer is in transmission, distribution, and services. In comparing rates and trying to promote additional authorities I have heard public power proponents compare the TVA wholesale rate with the delivered rate in some other sections of the country, thus leaving the impression that the TVA wholesale rate would be available to the consumers of the other section if only they had an authority. Such a saving would have very little influence on that customer's standard of living. If it is necessary for the Government to do something to subsidize the cost of living—and I do not think it is—I would suggest thinking about the food situation. A 10-percent saving on the grocery bill of the average American family would pay their electric bill in its entirety for a period of from 1 to 2 years. So why be so enthusiastic about shaving the cost of electricity to the consumer when it is already the cheapest thing he is buying? I may say that the percentage that the consumer pays of the cost of all household utilities—gas, oil, coal, and electricity—is a fraction of a point above 3 cents out of each dollar.

The purpose must be a great deal deeper than the average public power proponent either believes or is willing to admit. I cannot forget, however, that if the Government controlled power, it would have an iron grip on industry and even on our domestic life. That is one of the isms I do not want the Government to have.

It has been interesting to note during the debate on this subject that some Democrats from northern industrial areas have championed the TVA position. How anyone from northern industrial areas can advocate using tax funds collected from their constituents to build federally subsidized power facilities in the Tennessee Valley to help them compete on a more favorable basis for northern industries and still think that they are representing the best interests of their constituents is beyond me. The only reason I can see for such action is that they believe in nationalization of the electric industry, and encourage it in the Tennessee Valley with the hope that some day it will be national in scope.

I am afraid that the contract proposed for the AEC between it and the privately owned public utilities is in danger of being mired down in the swamp of TVA politics, if we are to judge by the loose and reckless statements made on the floor of the Senate and in the press during the past several days.

Several other points strike me as particularly significant when the issue between public and private power arises. To me probably the most important one is that the proponents of Government power, and in particular those of Federal power, seem to recognize no intermediate or middle ground. They are just like the adherents to so many of the isms in their adamant stand that theirs is the only way, that all of the private power industry is bad, and that the only good in the electric-power industry can come from Government, and particularly Federal Government power developments.

Furthermore, when Federal power is developed at any of our dams, they want all of it, every kilowatt-hour. They refer to it as a natural resource belonging to all the people, which, therefore, should go only to those purchasing power from governmentally owned and operated distribution systems, which serve less than 20 percent of the people. They are perfectly willing for privately financed companies serving 80 percent of the power users to use temporarily and pay for all of the power Government distributors cannot use, but they want this power sold on temporary or withdrawal contracts, so that the Government-financed distributors can get it when and if they need it.

Some public power proponents cannot understand that we have two ways of getting things done in this country, one by Government and one by business; that both are part and parcel of the people, in fact are the people, and that our present strength lies in the fact that so far we have substantially limited government to doing only those things for the people that they are unable to do for themselves, with its primary function that of governing, leaving the field of free-enterprise activities to private initiative.

If we do not keep government primarily in the field of regulation, but permit it to expand into the field of construction and operation of activities that can and should be free enterprise undertakings, we will drag ourselves down to the economic level of those countries we are now having to use our tax dollars to support.

The trend in the last 20 years toward dependency on Government, especially in the electric-power field, has been at an alarming rate. It should make every one of us who truly believe in our free-enterprise system realize that we as a nation are not immune to deteriorating into a nation controlled by bureaucracy which is an ism of one kind or another, but in reality all the same.

One of the most ferocious fallacies forced upon us by the Government power advocates is that all we need is cheap power to promote industry. As a matter of fact, the ratio of cost of power to cost of the end product in the average industry in the United States is less than 1 percent. A few industries such as aluminum, magnesium, some of the chemicals, and other electrometallurgical operations are large power users, and power does influence the cost of the end product. These industries are not necessarily desirable for promoting the industrial welfare of an area in that they use a very high number of kilowatt-hours per man-hour of employment. An area would be much better off with smaller diversified industries using a larger amount of employment to consume their electricity. The average industry is interested in an adequate dependable power supply but the cost of power has a very minute influence on location of the average American industry.

While talking about the influence of power on the location of industry, one thing that always amuses me is that Government power proponents seem to think it is a terrible thing for a privately financed power company to receive power from a Federal development and distribute it at a regulated profit, yet these same people try to influence industries whose profits are not regulated into Government power areas, using as a promotion feature the availability of cheap power. As a matter of fact, they advance industry needs as an argument for promoting additional Government power. Now what kind of reasoning makes it a sin for a privately financed industry, whose earnings are regulated to handle Federal power and at the same time a virtue for industries whose profits are unregulated, to receive benefit of federally subsidized power rates?

We are told that the subsidized rates at Government power developments have forced investor-owned companies to lower their rates. A little research will quickly show that the selling price of electric energy has been decreasing ever since the industry was established and that the decline was more rapid prior to the advent of TVA and other public-power developments than it has been since that time. Electric power is about the cheapest thing in our family or industrial budget today. It is the only thing I know of that a 1953 dollar will buy more of than did a 1939 dollar. It is not the influence of Government competition that has resulted in these rate decreases, because rates have decreased proportionately in sections of the country that could not possibly have been influenced by Government power. The utilities have been able to reduce rates through engineering achievements, improvements in operations, and well directed sales efforts.

Another thing that has been interesting yet frightening to me has been to watch the public-power proponents' use of flood control, navigation, and the

war effort to increase public-power operations. In the beginning flood control and navigation were the primary objectives and power was considered only a byproduct. Today we have built and are building hydroelectric projects that are in reality power developments only; we have TVA building steam plants to the extent that within the next year or two their ratio between steam and hydroelectric facilities will be approximately 60 percent steam and 40 percent hydro. And projected into the future, the ratio for steam will be ever-increasing as the hydroelectric potential of the area has been virtually exhausted. We have reports from Federal bureaus contemplating construction of forty-odd steam plants in the Missouri Valley area. We have had requests in the Congress for steam-plant construction in the Southwestern Power Administration area, and when this was refused a connivance between the SWPA and REA where REA funds were used for the construction of steam plants in that area. We have public power proponents objecting to privately financed industry building dams at the Hells Canyon site in Idaho and power facilities at the Niagara site in New York, neither of which has flood control, navigation, or irrigation benefits, but are entirely power developments.

I doubt that there would have been very many votes in Congress for the Tennessee Valley Authority Act if it had been known then that TVA was to be turned into a large Federal power monopoly; in fact the only large power monopoly that exists in the United States today. It was sold to the people as a navigation and flood-control development during a time of economic distress, as a worthwhile make-work project, but it has turned out to be essentially an electric power monopoly. What value does it have as a flood-control project? It has permanently inundated more rich valley land than was ever subjected to infrequent floods prior to its existence. The city of Chattanooga is still not adequately protected from floods, and the Army engineers have not reduced their expenditures for flood protection one iota on the Mississippi River because of facilities provided by TVA. From the standpoint of navigation, according to the Army engineers, adequate navigation facilities could have been provided for a small fraction of the cost that has gone into TVA. I suspect that the increase in river traffic TVA boasts about is largely due to TVA's own activities in hauling construction materials for new construction and coal for its steam generating plants. In my opinion TVA was conceived in the minds of socialistic planners, born in a period of economic distress and nurtured and expanded in deceit. Its greatest achievement to date has been in spreading propaganda—with Federal tax funds, of course—eulogizing its accomplishments.

I noticed in the CONGRESSIONAL RECORD of yesterday that during a colloquy which occurred in the Senate some reference was made to socialism. A man who is, I believe, an eminent authority on socialism, Mr. Norman Thomas, stated, in connection with TVA, in the Chattanooga Times of February 15, 1935:

> TVA is the only genuine socialistic act of the New Deal, a flower in the midst of weeds.

Mr. GORE. Mr. President, will the Senator from Arizona yield?

Mr. GOLDWATER. I yield.

Mr. GORE. Not even Norman Thomas called it creeping socialism.

Mr. GOLDWATER. He called it by its full name. He did not say "creeping socialism" or "galloping socialism." He called it socialism.

The same gentleman said, in 1944:

> The TVA exemplifies what socialism might be and the technique it would use in the process.

So said Mr. Norman Thomas who is, I think, the best expert on socialism in the country and who commented on the subject which I am discussing.

When private utilities attempt to develop a water resource for hydroelectric power the public power proponents immediately set up the cry of "give-away" of a natural resource. To listen to this wail one would think that the Government was giving away the water, that this private industry was depriving the people of the use of it. The accusation is made that a great natural resource belonging to all the people is taken from them and exploited by greedy individuals for exorbitant profit. People making such accusations know better than that. In the first place the water is not given away and none of it is consumed or sold as such. The power company simply gets the rights to spend its money in building facilities to utilize the water temporarily for producing electricity and then turns the water back into the stream. The private company cannot capitalize as an asset the value of this water. All it can do is earn a regulated nominal return on the capital invested to provide the facilities. If it makes any savings in cost which increase its earnings above the amount allowed by law, the savings must be passed on to the ultimate consumer in the form of rate reductions. What is the difference between using the water as an unexpendable fuel and using coal, oil, or gas which are also natural resources, as expendable fuels? The only thing I can see is that it deprives the Government power proponents of the opportunity of producing power at the particular site under the guise of flood control, navigation, or some other recognized public undertaking.

The tax situation is a much discussed issue in debate on public versus private power. Public power operations pay no taxes. Some of them make token payments in lieu of taxes to State and local government, but no contribution to the Federal Government. TVA is a good example of this. When it makes payments to State and local governments in lieu of taxes it publicizes a statement to the effect that its payment is more than was paid by the owners of the land acquired by TVA and the private electric utility companies when they were operating in the area, which has been 15 or more years ago. This statement is obviously intended to infer that the State and local governments are better off taxwise than they would have been without TVA. Such a statement is ridiculous on the face of it. In the first place, well over a billion dollars has been invested in expanding the properties since TVA took them over, and certainly taxes have greatly increased since 1939. So, had private industry invested these monies in power facilities in the area, under present tax conditions they would certainly be paying many times the taxes they were at the time TVA took over the properties.

I should like to comment at this point that anything in the budget of the United States or in any of the statements issued in Washington concerning the financial condition of TVA reminds me of a word which the late Maury Maverick originated—"gobbledygook"—in reference to confusing words which did not mean much to him. I should like to point out that the financial statements of the Federal Government in relation to some of its agencies might be called "gobbledyaudit," because it is almost impossible to find out where the money comes from. I am saying that with reference to some remarks I wish to make on taxes.

In fiscal 1952 TVA made payments in lieu of taxes of $3,036,000. Its distributors for the same period made payments of $4,672,000, or a total of $7,708,000. This is based on a net plant investment of $1,116,681,000. During this same period the Southern Bell Telephone and Telegraph Co., with a net plant investment of $898,653,000, operating in approximately the same territory, paid Federal, State, and local taxes in the amount of $67,734,387. If TVA and its distributors had paid taxes at the same rate as Southern Bell, they would have paid $35,734,000 in State and local taxes and $48,464,000 in Federal taxes, or a total of $84,198,000—about 11 times what they actually paid.

Another statement the public power proponents make is that privately financed utilities pay no taxes, that they just act as a tax collector charging taxes to the consumers. Where does anyone get money to pay taxes except from the ultimate consumer of the goods they sell or the services they render?

That is one of the fallacies of all taxing bodies. They assume they are going to relieve the taxing power. But the ultimate payer of all the costs of government is the consumer. We are not fooling anybody but ourselves when we say anything to the contrary. The merchant passes on taxes to the consumer, the doctor passes on taxes to the patient, and the lawyer passes on taxes to the people whom he serves.

TVA pays no interest whatsoever on money advanced by the Federal Government for constructing its facilities. It has been paying interest at less than cost to the Federal Treasury on bonds it issued in the amount of $65,072,000 for purchase of private electric facilities, of which there is now $14 million still outstanding. It pays no interest during construction, and it now has several hundred million dollars of steam plants under construction.

The Natural Resources Department of the National Chamber of Commerce issued a report this year entitled "The Countinuing Cost of TVA." This report was prepared by C. J. Green, a retired engineer-accountant, who served 20 years with the Federal Power Commission, and David J. Guy, now retired, who was formerly manager of the Natural Resources Department of the Chamber of Commerce of the United States. This was the second report that these two men had prepared for the National Chamber and was based on a careful study and analysis of TVA's operations since its inception. Both men are highly competent engineers, thoroughly qualified to analyze the operations and prepare such a report. Their conclusion was that TVA was not paying its way and that if it was put on a basis of operation comparable to that of the private electric industry, it would have to approximately double its present wholesale rates in order to pay its way.

It is also interesting to note that the Government power proponents are the ones raising the biggest objection to broadening AEC legislation to permit private industry to participate with AEC in developing atomic energy for peaceful purposes. Can it be that they think atomic energy may be a future low-cost method of producing electric power and want only the Government to develop this electric power so as to further inject the Government into this field? The argument that the Government did the development work which made atomic energy possible and therefore should not release this information for use by private industry makes no better sense than to say that farmers should not be permitted to use hybrid corn seed and increase their yield and in turn their profits from same because it was developed by the Government, or to make any number of other similar comparisons.

The Government has spent or has authorized for expenditures, close to $2 billion for TVA and has spent several billion dollars in the atomic energy plants at Oak Ridge and Paducah. No area could keep from gaining somewhat from such tremendous Federal expenditures. However, TVA has not improved economically as well as some of its neighboring States. For example, in comparison with its 10 neighbors, the scoreboard shows:

In population Tennessee stood fourth in 1930 and fourth in 1950.

In postal receipts Tennessee stood third in 1933 and fourth in 1951.

In cash receipts from farming it stood fifth in 1933, eighth in 1950.

In new business incorporations Tennessee stood fifth in 1946, fifth in 1951.

In business volume per capita Tennessee stood fifth in 1939, fifth in 1951.

In payment of wages and salaries Tennessee stood fourth in 1933, fifth in 1951.

In retail sales Tennessee stood first in 1935, fifth in 1948.

In retail-sales payrolls Tennessee stood third in 1935 and fifth in 1948.

In percent of total income taxes paid Tennessee stood sixth in 1933, fifth in 1951.

In addition to the above, whenever unemployment is prevalent in the United States, Tennessee and the Pacific Northwest are usually classified as critical areas. At present several cities in Tennessee and the Pacific Northwest are high on the critical list; yet those are areas high in the power field.

From the above it is hard for me to see how Tennessee has been improved greatly by the advent of TVA. As a matter of fact TVA may offer some detriment to the future economic welfare of the State.

I have answered a part of the absurd argument that TVA is paying its way by discussion of the tax and interest-on-money situation, but we are also told that TVA is paying back the money it gets from the Government for construction of power facilities. TVA has been a full-fledged electric utility for at least the time since it took over the private electric companies, a period of 15 years. The Government has advanced or authorized appropriations to TVA in the amount of $1,900,000,000. TVA, to date, has paid back $82 million. At this rate, it would take the Government several hundred years to get its money back if it stopped advancing money now. But TVA wants more money now—over $100 million—to build a plant near Memphis which private industry is ready to build, besides publicly stating that it expects to request several hundred million dollars each year in the foreseeable future for additional expansion.

The argument that because the Federal power monopoly is owned by the Government, therefore the Government should not be required to pay itself back, is frequently advanced by TVA proponents. The answer is that although it is a federally owned monopoly, it benefits only a small local area which is furnished a subsidized service that other areas of the country provide for themselves without Federal assistance.

It seems that the minute the Federal Government provides some electric power to an area as a byproduct of developments ostensibly intended for flood control, navigation, or other benefits, Government power proponents expect it from that time forward to take on the obligation of supplying all the power requirements of so-called preference customers, preference customers being that privileged minority of 20 percent of the people of this country who receive their electric power from facilities owned and operated by some segment of Government.

What kind of philosophy have we developed in this country when we seize upon the fact that we are fortunate enough to have a development in our area which makes available some low-cost power, although it is always subsidized, in order to be able to argue that the Government has taken on an obligation from then on in perpetuity to continue to supply us with this subsidized power? Of course, keeping the people from wanting additional benefits of this type is something like trying to quarantine Santa Claus.

One of these days the people are going to wake up to the realization that they are the Government and therefore they are Santa Claus. Some day, somehow, somebody will wake up to the fact that the great Federal bureaucracy which has been built up in the last 20 years must be curbed—unless our children and their children are prepared to go into debt for years to come. The time has come, it seems to me, to turn at least a portion of the job over to private enterprise, which is fully prepared and financially qualified to take care of it for the benefit of all the people, because the major risk will be assumed by the contractors, not by the Government; power will be made available in the Memphis area, where it is needed, not at Paducah, where it could become a liability; there will be no windfall to the contractors. The additional charges to the Government will benefit local taxing authorities and taxpayers; there is no significance in the location of the proposed plant 200 miles from the AEC installation. This is simply a method of replacing power that TVA itself has used in supplying AEC needs; interested parties have had ample notice and opportunity to make offers to supply the Government's needs.

The rejected proposal was on a cost-plus-fixed-fee basis involving substantial risk and no satisfactory guarantee to the Government.

The alternative of construction of a steam plant by TVA has consistently been rejected by the Congress.

Mr. President, in closing, I wish to pose one question for the advocates of public power to think about. It has always been one of the basic tenets of the American free-enterprise system that free enterprise should develop the natural resources of the United States. If that is not a true tenet, then I ask, why is not Russia the dominant economic country in this world? She develops all her natural resources. She works her land and her mines, and utilizes her rivers for electric power. Yet Russia is far down the list in the economic scale, while the United States is dominant. I think one of the reasons why our country is dominant is that we have been allowed, as freemen, to develop the Nation's natural resources. Now the administration steps in and says, "We want to do it on a partnership basis. Where a State can afford to do it, the Federal Government will assist it. But the Federal Government will not stand up and say who, what, where, when, and how, with respect to the power which is to be sold.

I apologize for speaking at this time, in view of the lateness of the hour. I wish to thank the members of the staff who have been forced to remain this late, and I also thank my colleagues who have seen fit to remain until this late hour.

Mr. ANDERSON and Mr. KEFAUVER addressed the Chair.

The PRESIDING OFFICER. The Chair recognizes the Senator from Tennessee.

Mr. KEFAUVER. Mr. President, I think the Senator from New Mexico desires to speak very briefly.

Mr. ANDERSON. I expect to take a few minutes.

Mr. KEFAUVER. Will the Senator allow me to proceed for about 3 minutes?

Mr. ANDERSON. I yield.

Mr. KEFAUVER. Mr. President, during the last few days, I have talked with a great many people in the Tennessee Valley area. They are not hard to get along with. They have a long and prized tradition of hospitality and friendliness. But, Mr. President, I wish to report to the Senate that those people are angry today, and I feel that they have pretty good cause for feeling that way.

They are disturbed—indeed, some of them are aghast—that the Government of the United States would seriously consider such a proposal as has been produced in the negotiations between the Atomic Energy Commission and the Dixon-Yates utility syndicate.

Members of this body must be familiar with that name by this time—Dixon-Yates. Yet I believe that if Senators had time to read the transcript of hearing on July 1 and 2 before the Antitrust and Monopoly Subcommittee, they would be as disturbed as are the people of Tennessee.

The Tennessee Valley Authority is a household word throughout our whole great seven-State area. As an agency of the Federal Government, it has worked hand in hand with State and local governments in what is the finest example of democracy in action I know of. By its fruits, the people of the Valley know the TVA. They are proud of the fine contribution TVA has made to the economy and the defense of the entire Nation.

The people of the Valley understand full well what the proposed Dixon-Yates contract is. It is a crowbar which the private power lobby, working through the administration and the Atomic Energy Commission, is trying to wedge into the side of TVA.

Once they get the splitting process started, they feel they can chip TVA up into little pieces. They feel they can destroy its unity and its concept of area development, and again impose the choking, growth-killing monopoly they enjoyed for so many years before TVA's advent.

Mr. President, this is Dixon-Yates in a nutshell. The administration is telling its tool, the AEC, to go out and contract for some power from the private utility syndicate, a very special syndicate, as the subcommittee hearings have disclosed.

Yet AEC is not to use this power for itself at the Paducah works, where it is needed. Dixon-Yates' power is to be turned into the TVA system at Memphis, 200 miles away from Paducah.

The Tennessee Valley Authority will continue to supply the needs of the great AEC plant at Paducah, just as it has been doing.

The people of Tennessee are asking, Mr. President, what right AEC has to become a power broker for the city of Memphis, when Memphis has been doing pretty well over the years in dealing with the TVA for its own electric power.

I should now like to discuss briefly the cost of Dixon-Yates. The Atomic Energy Commission has told us that acceptance of the Dixon-Yates terms will cost $3.6 million more a year than if AEC continued to deal directly with TVA. Over the life of the contract, that means a Federal give-away of about $100 million to Dixon-Yates. But that is only AEC's estimate.

The TVA, which has had more experience in building power facilities than any other agency in the world, estimates the additional cost to be more than $5.5 million a year—or perhaps $140 million over the life of the contract.

Add to this the outlandish arrangement which apparently has been accepted by the administration: That the Government will pay all of Dixon-Yates' State and local taxes, Federal taxes, and allow rapid amortization. The Dixon-Yates plant, in Arkansas, will be the property of the private utility group.

Another proposal was made to the Atomic Energy Commission by another private group, headed by Mr. Walter von Tresckow. But from all evidence, AEC gave the Von Tresckow proposal only short shrift.

Under this proposal, the necessary generating facilities would have cost exactly what it would cost TVA to do the work, plus a $4 million fee for financing. And at the end of the contract period, the Government would own the facilities.

Mr. President, the Antitrust and Monopoly Subcommittee last week passed a resolution asking the AEC to refrain from further negotiations on the Dixon-Yates contract, because of its plainly objectionable features.

One of the earliest virtues of public power anywhere was that it would serve as a yardstick—a guide by which the public could know if its electric rates were justified by production costs. That has been a great value of the Tennessee Valley Authority.

Yet if the Dixon-Yates contract goes through, the TVA power yardstick will be destroyed the day they make the connection with the new plant. TVA is then going to have to pay at a rate much higher than that at which they have been producing power for 20 years.

As a witness before the subcommittee pointed out:

> The day TVA is forced to buy a kilowatt of power that it does not own the facilities for producing and does not control the rate of production, the cost of production, TVA, as it has existed, is a dead duck.

From time to time, I shall continue to make known to the Senate the feeling of the people of Tennessee on this subject. I hope and I am confident that this awful contract can be stopped if enough light is thrown on it.

I am glad the distinguished Senator from New Mexico is going to speak on the bill and offer an amendment to it, which I shall be very happy to support. I thank the Senator from New Mexico for yielding to me.

Mr. ANDERSON. Mr. President, when I listened to the announcement of the majority leader this evening as to what the program would be for the remainder of the week, I thought perhaps he had overlooked the fact that the bill now pending is an important piece of legislation, because he talked about bills he was going to take care of, and then he said it was planned to have a Saturday session both for the purpose of completing on Saturday pending business which may be carried over from Friday and also for a call of the calendar of bills to which there is no objection.

It is my opinion that if he shall succeed in having disposed of by Saturday the pending bill which proposes amendments to the Atomic Energy Act, he will have unduly crowded the Senate's schedule. I say that because, so far as I know, there is no intention on the part of Senators to grant unanimous consent for a limitation of debate on this very important measure. I think it would be only fair to say that if an effort is made to limit debate during the remainder of this week, it will encounter a great deal of difficulty.

To give some indication of the task involved in the consideration of the bill, I think it should be pointed out that when the joint committee had finished with the hearings, which occupy more than 1,150 pages, it then sat down and, day by day and hour by hour, carefully went over the bill, and I may say to those few Members of the Senate who remain that the committee spent an entire day in the discussion of one single word.

Mr. GORE. What was that word?

Mr. ANDERSON. The word was "willfully." I say to the Senator from Tennessee it had to do with a section which was very dear to the hearts of members of the press and various other persons, the language dealing with the question whether they had willfully given out any improper information.

When a group works as hard as I have indicated the joint committee worked to try to make sure that it reports a bill which has been carefully considered, it seems to me highly improper that the Senate should try to rush through the bill between lunch and tea time some afternoon. The Senate should spend some time upon the bill.

It seems to me that in dealing with a matter in which the people of the United States have already invested $12 billion, and which can easily change the course of industrial history in the entire Nation in a very few years, it might be worthwhile for the Senate to spend a little bit of time upon the bill.

I think it ought to be worthwhile also to spend a little time trying to decide whether the Atomic Energy Commission is truly an independent agency, or whether it must bow to an edict to go through with a contract against the judgment of three members who have been confirmed by the Senate of the United States, and thereby are presumed to be able to pass upon the business of the Commission.

I do not know that there is anything sacred in the term "independent," but it seems to me that if they are independent, if they have once been confirmed by the Senate of the United States, then they should be able to pass upon matters which come to them, without getting from some other source an edict that they must thereupon bend their will to that of another, and not do what they

have taken an oath to do, but do something entirely different.

I wish to remind Senators who may be called upon to consider this matter that electric current is not only handled by the TVA, and these contracts do not concern themselves only with matters in the State of Tennessee and do not concern themselves only with the Atomic Energy Commission. There is in the State of Tennessee the Tullahoma Air Base, the Arnold Research Laboratory, which I understand has something to do with wind tunnels. Many States tried to have that wind tunnel project located within their borders. The project was placed in the State of Tennessee because great quantities of electric power were available in that State—not available by means of some private industry, but available by means of the TVA.

Furthermore, I wish to say there may be involved in this discussion those of us who are not primarily concerned with the fate of TVA or the success of any public power project which may exist in the Tennessee Valley. It may be that they are concerned with this matter because they are interested in the form of contract, and are not at all disturbed by the claims that the proposed procedure might destroy the TVA.

I wish to assure the Members of the Senate that I am not nearly so concerned with the TVA, as such, as I am with the principle underlying this proposal, that a contract can be given to a private group, which can be called private enterprise, and that the Government of the United States will underwrite all the risk, and will permit a group with an investment of $5 million to make profits of $75 million, and call that private enterprise.

Mr. GORE. Mr. President, will the Senator from New Mexico yield to me?

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). Does the Senator from New Mexico yield to the Senator from Tennessee?

Mr. ANDERSON. I yield.

Mr. GORE. And, in addition, give the same concern or corporation immunity from the payment of all taxes—local, State, Federal, excise, ad valorem, or income, and also from the payment of licenses or fees.

Mr. ANDERSON. Yes. I wish to say to the Senator from Tennessee that is why we need to spend some time discussing this matter. I do not believe the Congress of the United States has ever previously decided that a private concern can be organized and be given by the Federal Government a contract providing for the sale of its power and providing that it shall have certain definite rights in case of cancellation of the contract—to which provision I do not object—and also providing, in addition to all the other rights and privileges, that it shall be absolutely immune from taxes.

I object to such a provision because if that can happen in the case of a public utility providing power for the Atomic Energy Commission, the next logical step is to provide that it shall apply to any group. In short, once such an arrangement is made, there is no reason why a similar arrangement should not apply to General Motors when it contracts for the delivery of trucks to the armed services or why such an arrangement should not apply to any organization whatever in the United States which might be engaged in any industrial enterprise for the common good, because, once such a precedent were established, the same sort of tax treatment could be given to any group or organization. Provision could be made that it would not only be exempt from local taxes in the particular county in which it might be located—because the Federal Government would pay those taxes—but, in addition, that the Federal Government would pay its State taxes, whatever they might be, to any State in which the organization's plant or plants might be located, and, furthermore, that the Federal Government would stand ready to pay whatever Federal income tax for which the organization might be liable.

I wish to suggest that before we conclude this discussion, we shall see those who are advocating this step search by the hour through the lawbooks of the Nation, but still never find a case in which the Government of the United States ever before said to a private organization, "In recognition of your taking a defense contract, we will pay your local taxes, and your State taxes, and your Federal taxes."

Mr. President, when we talk about taking steps down the road in the direction of socialism, it is going a very long way when the Federal Government undertakes to pay the taxes of private business.

Mr. GORE. Mr. President, will the Senator from New Mexico yield again to me?

Mr. ANDERSON. I yield.

Mr. GORE. In the statement released by the Bureau of the Budget, they dwelt at length upon the tragic consequences to private enterprise, relating that private enterprise laid the gold egg and paid the taxes. If in this case the Government reimburses for the taxes, where is the golden egg, and who is the goose?

Mr. ANDERSON. I am not able to say who is the goose. [Laughter.] But I certainly am able to say to the distinguished Senator from Tennessee that I can follow that tax process with a great deal of interest, because if suddenly we are to decide that that can be done in this instance, then if the day should come when we were again engaged in a world war such as World War II—which heaven forbid—and if we were to have an excess-profits tax, and if we wished to have a certain organization take a contract, all we would have to do would be to go back to the excellent precedent of the Dixon-Yates contract, and say, "When you build this new factory to manufacture shells—or guns, tanks, planes, or whatever else might be needed—the Federal Government will pay to the local taxing authority whatever you may owe, and will pay to the State in which your plant is located any State taxes you may owe, and, in addition, will pay any Federal taxes—income taxes or otherwise—you may incur."

I wish to say that in the limited experience I have had in Washington in 14 years, I never heard of such a proposal; and I doubt whether the able Senator from Tennessee [Mr. GORE], who was in the House of Representatives when I became a Member of it, and who served with me on the Appropriations Committee of the House, ever heard in all his life of an example of such a proceeding.

Mr. GORE. I say to the Senator from New Mexico that I have never heard of such an example. I have asked the Congressional Library to search the annals of our Government, and they failed to find any such precedent. Neither could the General Accounting Office find such a precedent.

Does not the Senator from New Mexico think that the establishment of such a precedent would have very dangerous potentialities for the future, inasmuch as the bill provides for the power to license a concern to generate electricity by means of the use of atomic energy, and for the power to give patents?

Does not this bill constitute the very threshold of the generation of electrical energy by means of the use of atomic power?

Mr. ANDERSON. Yes; and on a subsequent day I intend to discuss that phase of the matter.

My purpose this evening is to place in the RECORD some of the material which should be before us when we begin to discuss such a contract.

Mr. President, the committee report is a fairly complete one. I did not sign any minority views, because I recognize the tremendous amount of work put into the bill by members of the staff and by members of the committee. However, I wish to call attention to the fact that the separate views alone run from page 94 to page 138—44 pages of separate views. It took me more than 2 hours to read the separate views of Representative HOLIFIELD and Representative PRICE.

I imagine that as we discuss this matter tomorrow and during the ensuing days, there will not be a single Member of the United States Senate, other than perhaps 1 or 2 members of the committee, who will have read even the report, to say nothing of the separate views on international activities, as submitted by the able Senator from Rhode Island [Mr. PASTORE], or the very carefully documented separate views submitted by Representative HOLIFIELD and Representative PRICE. These represent a tremendous amount of work.

On the question of taxation let me say this plant will cost only $107 million. However, if by any chance—knowing that Uncle Sam was going to pay the bill—the local taxing authorities in the State of Arkansas were to decide that the plant should be assessed at somewhat its true value, the Government of the United States might pay in taxes to the State of Arkansas not $1,500,000 a year but $3 million a year, because in many parts of the United States 30 mills is not an exorbitant tax rate.

If that should happen, the Federal Government, in a 25-year period, would be paying $75 million to the State of Arkansas in taxes. I can understand

why it would not like to have that arrangement made.

Mr. GORE. Except in this case, I believe, it is proposed that the Atomic Energy Commission shall reimburse the corporation for whatever taxes it pays.

Mr. ANDERSON. Surely. I am trying to say that it would pay these taxes. Then Uncle Sam would reach out and seek to pay them back to the Dixon-Yates group. If they have made their profit—and there is provision for a guaranteed profit of 9 percent—their taxes to the Federal Government are to be paid as well. It is a very fine situation.

On Friday, July 9, the junior Senator from Arkansas [Mr. FULBRIGHT] discussed the matter of the President's directive to the Atomic Energy Commission through the Director of the Budget to enter into a contract for 600,000 kilowatts of electric energy with the so-called Dixon-Yates group. He is temporarily off the floor and I do not seek to take advantage of his absence but want to put material into the RECORD at this time so it will be available for Members as the bill is debated.

The proposal of the Dixon-Yates group is to construct a powerplant of the above capacity on a site across the Mississippi River from Memphis, Tenn., known as West Memphis, Ark., and transmit on its own transmission line to a point midway across the Mississippi River. From that point on, according to the terms of the proposal, the Tennessee Valley Authority must assume the responsibility of accepting delivery of this amount of current which it will carry on its transmission lines into its system.

The Senator from Arkansas sets out as one of his arguments in favor of this arrangement the fact that the cost to the Government would not exceed $282,000 difference after the payment of full taxes to the State of Arkansas. He pointed out that this was in stark contrast with the repeated claims of other individuals, who have stated in the past that the cost to the Government would be in the neighborhood of $5,500,000 per year more than if the TVA were permitted to supply this same amount of power.

My attention has been called to the table inserted in the RECORD on page 9644, which the Senator from Arkansas uses as the basis for his statement that the net difference in cost to the Government including State tax, but excluding Federal tax, would be $282,000 per year. These figures, the Senator from Arkansas states in his discussion, were prepared by the Bureau headed "Statement outlining proposals received by the AEC from the sponsors—Middle South Utilities, Inc., and the Southern Co.," distributed by the Bureau of the Budget approximately 2 weeks ago. These figures are contained in the voluminous document which I hold in my hand, and I note on page 8 of the report a table of cost comparisons between the present TVA-Paducah contract and the Dixon-Yates revised proposal, dated April 10, 1954. The figures contained on this page are identical in every respect with those introduced into the RECORD by the Senator from Arkansas. It does, however, contain somewhat more information than the condensation used by the Senator in his discussion.

I ask unanimous consent that the statement outlining the proposal may be incorporated in the RECORD at this point.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OUTLINING PROPOSAL RECEIVED BY THE AEC FROM THE SPONSORS, MIDDLE SOUTH UTILITIES, INC., AND THE SOUTHERN CO.

On December 24, 1953, Mr. Hughes, then Acting Director of the Bureau of the Budget, requested the AEC to see if we could work out with private utilities a proposal for the supply of 500,000 to 600,000 kilowatts of power in order that the AEC could reduce existing commitments of TVA to the AEC by a like amount.

It was recognized that the AEC had a firm contract with TVA for the supply of power to the Paducah plant from the TVA-Shawnee plant, the major portion of which was justified for and funds were appropriated to provide facilities to satisfy the contract load of 1,205,000 kilowatts which will result when presently authorized AEC plant now in operation and under construction will be completed in approximately April of 1955.

In exploring ways to obtain the additional capacity, consideration of the problems involved in further concentration of additional capacity in the Paducah area indicated that the most economical method for accomplishing the objectives stated in the budget message would be to provide additional capacity in the Memphis area. Accordingly, proposals were received on the basis that TVA would continue to deliver power to AEC at Paducah where it is needed by AEC, but would receive in replacement power purchased by AEC from private sources in the Memphis area, where power is needed by TVA. This method would avoid a further concentration of generating capacity in the Paducah area essential to continuity of power from the standpoint of national defense, provide TVA with power from a new plant located near a major load center, and assure AEC of continuity and reliability of power from the plant built specifically to serve its needs.

On April 10, 1954, the sponsors submitted a revised firm proposal to furnish 600,000 kilowatts of firm power. This proposal has been reviewed by the AEC, Bureau of the Budget, and Mr. Frank Adams, Director of Power of the Federal Power Commission, in a consultant capacity to the Bureau of the Budget.

Under the proposal, the sponsors have offered, subject to securing financing on the basis covered later—

(a) to form a new company sponsored by Middle South Utilities, Inc., and the Southern Co.;

(b) to secure the necessary capital requirements presently estimated at $107,250,000, by subscribing $5,500,000 or approximately 5-percent equity capital which will bear a return of 9 percent and issuing 30-year bonds to institutional investors for the remaining $101,750,000 or approximately 95 percent based on an interest rate of 3½ percent;

(c) to build a 650,000-kilowatt steam-electric station near West Memphis, Ark., to provide transmission facilities from the sponsors' new facilities to the middle of the Mississippi River between Shelby County, Tenn., and Crittenden County, Ark., including modifications to existing river-crossing interconnections between TVA and Arkansas Power & Light Co. and its existing and future points of connection between subsidiaries of the Southern Co., Mississippi Power & Light Co., and TVA; and

(d) to enter into a contract with the AEC for a term of 25 years from date of commencement of commercial operation of the first unit with provisions for two 5-year extensions.

The principal provisions of the proposal are:

(a) An annual base capacity charge, exclusive of taxes, of $8,775,000, which is equivalent to $14,625 per kilowatt-year (1.69 mills per kilowatt-hour), subject a variation—

(1) up or down in case of increase or decrease in actual cost of construction compared with present estimate, with a maximum annual increase of $285,000 or 47.5 cents per kilowatt-year;

(2) up or down for changes in cost of fuel from 19 cents per million British thermal units for the fuel component included in the base capacity charge required to keep the plant in operation under no-load conditions; and

(3) upward only for power factor correction of less than 93 percent.

(b) An energy charge of 1.66 mills per kilowatt-hour subject to adjustments up or down in case of increase or decrease in fuel costs from 19 cents per million British thermal units and for increases or decreases in labor rates based on the hourly earnings of production workers in gas and electric utility industries as compiled by the Bureau of Labor Statistics, using $1.97 per hour as a base.

(c) Reimbursement by the AEC for all taxes, licenses, and fees—State, local, or Federal paid or payable by the new corporation during the term of the contract except that taxes arising out of use of facilities for purposes other than supply of capacity and energy to AEC will not be paid by AEC.

(d) Cancellation may be made only by the AEC and is provided for as follows:

(1) For TVA to continue to receive and AEC to pay power at the contract rates during a 3-year notice period. This period should be sufficient to permit TVA, if required, to make other arrangements for the meeting of the requirements of the Memphis area.

(2) After termination, company shall have first call on the capacity and will absorb as rapidly as load growth will permit, but in any event not less than 100,000 kilowatts per year. Costs associated with capacity absorbed by the sponsors will be borne by the sponsors.

(3) Any capacity not absorbed by the sponsors after the 3-year notice period may be assigned to another governmental agency at an increased price to be approved by FPC.

(4) In event no capacity is used during the notice period, the base capacity charged will be reduced by $1,500,000 and proportionally in case of partial reductions. After termination, the base capacity charge less the $1,500,000 will be reduced proportionately to the capacity absorbed by the sponsors.

(5) The total maximum cost of cancellation to the Government, assuming the plant is idle from date of notice of cancellation, is estimated at $40,012,500 plus fair and reasonable expenses payable to third parties.

(e) The making of appropriate arrangements by the AEC with the TVA for the receipt by it and delivery to the AEC in kind of power and energy to be supplied as indicated above.

The base capacity charge is subject to adjustment for changes in the cost of construction from an estimated total capital requirement, including cost of plant, substation, transmission, interest during construction, working capital and cost of financing, of $107,250,000 or $165 per kilowatt of capability; or for plant only an estimated cost of $89,076,000 or $137 per kilowatt of capability. Under the formula provided in the proposal, AEC shares on a 50–50 basis with the sponsors any decrease or increase

in actual costs. In case the actual cost of the facilities is greater than $107,250,000, AEC shares the increase in cost up to a maximum actual cost of $117 million, $180 per kilowatt of capability, which would result in the maximum annual increase of $285,000 to the capacity charge. Costs greater than this must be paid in their entirety by the sponsors.

As to taxes in (c) above, the proposal provides that since the capacity and energy charges do not include taxes except those included in other reimbursable costs, i. e., social security taxes, etc., the AEC will pay such additional amounts for Federal, State, and local taxes, licenses, fees, and other charges so the seller will have the same net operating revenue as though he were not required to pay such taxes, etc. Those tax liabilities arising out of use of facilities for others than AEC will not be included in additional tax charges for capacity and energy to AEC. The sponsors state that, based on present tax laws, the additional amount to be added to the capacity and energy charges is estimated at $2,319,000 (.446 mill per kilowatt-hour) of which $1,499,000 represents State and local taxes, including $83,000 State income taxes, and $820,000 represents Federal taxes on income. The sponsors have indicated that if a favorable ruling is secured from the Treasury Department to the effect that $262,000 included in the capacity charge for replacements is not to be considered as revenue for tax purposes, the taxes estimated above will be reduced by approximately $313,000, resulting in a total of $2,006,000 (.384 mill per kilowatt-hour).

Mr. Frank Adams, in his capacity as technical consultant to the BOB, has made a comparative analysis of annual cost to the Government for power supply delivered to the TVA system in the Memphis area through increasing TVA capacity or accepting this proposal. The AEC has participated in this analysis and is in agreement with his findings.

In considering this proposal there are several significant points to bear in mind:

(a) By utilizing private utilities, the United States would save a capital outlay of at least $100 million over the next 3 years, the cost estimated by TVA for the construction of equivalent capacity at the Fulton site.

(b) The proposal is a firm offer with a stated maximum capital cost reflected in the demand charge whereby a ceiling is placed on maximum liability on capital cost to the Government whereby the sponsors bear one-half of any possible increased cost from an estimated cost of $107,250,000 to $117,000,000 and all of the cost above $117,000,000. In addition, if the plant is built for less than $107,250,000 the Government will share 50 percent of the saving.

(c) There is no guaranty as to the ultimate capital cost of a TVA plant even though that agency has a favorable construction record in recent years. Data on actual cost of TVA plants is limited to information published by TVA without detailed information on how the costs are derived.

(d) In the case of this proposal there is a guaranty and a real incentive on the part of the sponsors to assure that capital costs do not exceed $107,250,000. As an example, if the cost should go to $117 million, the interest on the equity capital in the amount of $5,500,000 would reduce from 9 percent or $495,000 to $210,000 or 3.8 percent. If the capital cost exceeded $117 million, interest on equity capital would rapidly reduce to zero. Thus, the sponsors have a real risk under the proposal offered and a compelling reason to keep capital costs below the estimated cost of $107,250,000.

(e) In addition, the plant is not completely amortized at the end of the 25-year contract. There is 24.6 percent of the debt not retired at the end of 25 years so the rate under the proposal does not provide for completely amortizing the plant over the 25-year period.

(f) To obtain a fair comparison of the merits this proposal with cost of power to AEC under the TVA-Paducah contract, the same cost of fuel, 19 cents per million B. t. u. should be used and would result in the following comparison:

Comparison of annual cost for power supply from Dixon-Yates proposal versus cost to AEC of power from TVA at Paducah, using 600 megawatts capacity, 5.2 billion kilowatt-hours per year or 98 percent load factor and 19 cents per million British thermal units fuel cost

	TVA—Present Paducah contract	Dixon-Yates—Revised proposal Apr. 10, 1954
1. Production and transmission:		
Capacity	$8,208,000	$8,775,000
Mills per kilowatt-hour	(1.578)	(1.688)
Energy	11,648,000	9,688,000
Mills per kilowatt-hour	(2.24)	(1.863)
Total	19,856,000	18,463,000
Mills per kilowatt-hour	(3.82)	(3.551)
2. Difference, Paducah versus Dixon-Yates		(1,393,000)
3. TVA transmission required to primary point of delivery		[1] 177,000
4. Total (excluding taxes)		18,640,000
Mills per kilowatt-hour		(3.584)
5. Taxes (Federal, $820,000 plus Arkansas State and local $1,499,000)		2,319,000
Mills per kilowatt-hour		(.446)
6. Total (including taxes)	19,856,000	20,959,000
Mills per kilowatt-hour	(3.82)	(4.03)
7. Difference, Paducah versus Dixon-Yates		1,103,000
8. Less Federal taxes		820,000
9. Difference, Paducah versus Dixon-Yates less Federal taxes		282,000

[1] Represents difference in TVA annual transmission cost to deliver power from Fulton and Johnsonville plants ($430,000) and their corresponding costs from the receiving point for Dixon-Yates power ($607,000).

Thus, under a fair comparison using the same fuel costs, the cost of power delivered to the TVA transmission system under the Dixon-Yates proposal in comparison with the cost to AEC under our present contract with TVA at Paducah using the same fuel cost is $1,103,000 per annum. Excluding Federal income taxes in the amount of $870,000 the difference is $283,000 which is more than offset by State and local taxes in the amount of $1,499,000.

(g) In the cost comparison of annual costs to the Federal Government for power supply delivered to the TVA system in the Memphis area, it was estimated that the cost of increasing TVA capacity versus accepting the Dixon-Yates proposal would result in an additional cost to the Government per annum of $3,685,000 for 600,000 kilowatt capacity and 5.2 billion kilowatt-hours per year. It should be noted that this is a comparison between cost of power delivered under the Dixon-Yates proposal and estimated costs of TVA to deliver the same amount of power. It does not represent what TVA would charge the AEC for the same amount of power. Using the TVA-Paducah contract as a base, TVA would charge AEC approximately 3.82 mills per kilowatt-hour or $19,856,000 per annum. This would result in a cost to the AEC as follows:

Total annual cost—Dixon-Yates proposal (including taxes)	$20,959,000
Estimates total charges to AEC using TVA-Paducah contract as a base	19,856,000
Difference	1,103,000
Less Federal income taxes	820,000
Difference	283,000

This again shows that on a basis of estimated charges TVA would make to AEC, using the Paducah contract as a base, the difference is more than offset by Arkansas State and local taxes in the amount of $1,499,000.

(h) TVA stated they would change the estimated cost of increasing TVA net capability to supply 600,000 kilowatts demand and 5.2 billion kilowatt-hours per year from $16,884,000 per annum, or 3.25 mills per kilowatt-hour, to $15,414,000 per annum, or 2.96 mills per kilowatt-hour. Correcting the 2.96 mills per kilowatt-hour from 18.4 cents per million B. t. u. fuel costs (used in arriving at the 2.96 mills) to the estimated fuel cost of 15½ cents that TVA indicated should prevail in the Paducah area and would be used as a basis for calculating charges to the AEC after January 1, 1956, would result in an estimated cost to TVA of 2.84 mills per kilowatt-hour for power furnished by TVA to AEC at Paducah. Under the TVA-AEC contract at Paducah at a fuel cost of 15½ cents the charge to AEC would be 3.47 mills per kilowatt-hour, or a difference of 0.63 mill per kilowatt-hour. However, a fair comparison of cost to TVA versus charges to AEC at Paducah was calculated using 35-year amortization, 2½ percent interest, excluding interest during construction, insurance, and working capital, and using a higher heat rate of 9,947 B. t. u. per kilowatt-hour for the less efficient units in the Kingston plant would result in a difference of 0.58 mill per kilowatt-hour. For 5.2 billion kilowatt-hours per year, this would result in a charge to AEC over and above TVA costs of approximately $3 million per year.

By July 1, 1956, the AEC demand at Paducah under the present contract with TVA will be 1,205,000 kilowatts. Thus, after that date charges to AEC over and above estimated costs to TVA will be approximately double the $3 million, or $6 million per annum. This places TVA in a position, at the expense of AEC, of subsidizing other users of the TVA system at the expense of the taxpayers in the balance of the country.

This applies only to the TVA-AEC contract for the Paducah area. A similar analysis of the TVA-AEC contract for the Oak Ridge area for the 1,030 kilowatts of demand would undoubtedly reveal a similar picture.

Summary of Proposal Received by AEC From Von Tresckow Group

The AEC has received a second proposal for supplying 600,000 kilowatts of firm power to be delivered into the TVA system in the Memphis area.

This second proposal has been submitted by a group composed of the following: Walter von Tresckow, financial and economic consultant, New York City; Harvey Weeks,

of New York City; John N. Mitchell; Salomon Brothers and Hutzler, investment bankers of New York City; George H. Schwartz, of Schwartz, Nathanson & Cohen, attorneys, New York City; Zelig Nathanson, of Schwartz, Nathanson & Cohen, attorneys, New York City; and Robert W. Larrow, of MacNamara & Larrow, attorneys, Burlington, Vt.

This group has submitted a proposal to form a Tennessee corporation which would assume responsibility to finance, design, build, and operate a steam plant with a net capability of 620,000 kilowatts on TVA's Fulton site under a no-risk contract with AEC and/or TVA. Such a plant would be fully integrated into and become a part of the TVA system. The financing would be 100 percent debt financing on mortgage revenue bonds at 3½ percent interest. These bonds would be 35-year bonds with amortization over a period of 30 years, beginning the sixth year. The design, construction, and operation of the plant would be on a cost basis with no limit on liability of the Government and no risk on the part of the proposed corporation except for a $20 million bond to protect the Government against increases in construction costs from $200 per kilowatt to $233 per kilowatt for a 3-unit plant of 600,000 kilowatt nameplate rating; the Government would bear the full cost of plant construction up to $200 per kilowatt and any costs in excess of $233 per kilowatt. The Government would pay for power at the rate of 5 mills per kilowatt-hour, and at the end of each year would receive a patronage dividend representing the difference between the 5 mills rate and actual cost of operation including production, management expense, taxes, interest, and amortization of debt. In discussion the group indicated willingness to consider downward adjustment in the 5-mill rate as long as any adjusted rate resulted in maintaining sufficient margin to adequately cover debt service charges. The group has submitted an estimate of capital costs ranging from $90 million to $100 million.

As compensation the sponsors would receive a fee of $4 million, which under the original proposal was to be paid during the fourth and fifth year of the contract period, i. e., prior to commencement of amortization debt payments. They have also proposed an alternate method of payment which would provide for payment of $1 million in the fourth year; the balance of $3 million would be paid at such times during the period of the contract that the Government might suggest, with interest at the rate of 4½ percent per annum on any unpaid balances after the fourth year.

The sponsoring group propose a contract with AEC for a period of 25 years following the commencement of delivery of power under the contract. They further propose a subsidiary contract with TVA on the same terms as the AEC contract for a period of 32 years from the commencement of delivery of power to AEC, deliveries under the TVA contract to start at the expiration of deliveries under the AEC contract (at the end of 25 years), or at an earlier date if AEC cancels prior to the end of its contract term.

They further propose at the end of 30 years to turn over to TVA for 1 dollar the plant, together with all working capital and other assets of the corporation, if at that time TVA will assume all remaining outstanding bonded indebtedness and current obligations. An alternate discussed in the June 3 meeting would provide that the Government, either through AEC or TVA, could in the event of cancellation take title to the plant and also assume all outstanding liabilities of the corporation.

The estimates submitted as part of the proposal are based on a plant having net capability of 620,000 kilowatts delivering 4.73 billion kilowatt-hours per year. The group has given a low and high estimated annual cost ranging from $17,226,000 (3.64 mills per kilowatt-hour) to $20,957,000 (4.43 mills per kilowatt-hour).

The sponsoring group indicates that a separate management corporation would be organized to operate the plant. They have advised us that this management corporation would be staffed with properly qualified individuals. However, they preferred not to divulge at this time the identity of the individuals being considered for key jobs in the management corporation.

In consideration of this proposal there are several significant points to bear in mind:

(a) Complete risk for all cost is assumed by the Federal Government and there is no ceiling on maximum liability except as may be covered by the performance bond previously discussed.

(b) The proposal appears practicable only on the basis of cooperation by TVA, the execution of a contract by TVA to purchase power after expiration or on termination of the AEC contract and integration of the plant into TVA's system.

(c) The estimates used are quite general and as far as we have been able to ascertain are not based on any preliminary engineering studies or any firm commitments for fuel supply.

(d) Realization of the estimates depends entirely on the ability and skill of the groups who will design, build, and operate. There are no other safeguards to insure reasonable limitation on costs.

(e) It is doubtful that AEC has legal authority to enter into such a contract unless TVA undertakes the commitments expressed in the proposal. We are not familiar with TVA's legal ability to undertake their part of the proposal.

(f) The essential difference between this proposal and a direct appropriation to TVA is that a capital outlay by the United States of approximately $100 million, the cost estimated by TVA for construction of equivalent capacity at the Fulton site, would not be necessary. Under this proposal the capital would be provided by privately issued bonds at 3½ percent, the full interest and amortization on which, together with a $4 million fee, would be paid ultimately by the Government.

(g) On the basis of the very general estimates and the limited information on which these estimates are founded, and the lack of definite knowledge that there would be a competent, skillful operating organization, it is difficult to conclude that one could safely assume any savings to the Federal Government under this proposal in its present form as compared with the Dixon-Yates proposal.

We feel that an approach such as this, if considered reasonable, should not involve any AEC participation. There is nothing to be accomplished through joint AEC–TVA participation that could not be done better by TVA entering into such a contract alone.

Mr. ANDERSON. It is an interesting thing that not only was this statement prepared and submitted by the Bureau of the Budget, but certain persons started to check it, and it was noticed that the statement prepared by the Bureau of the Budget did not agree with the statement prepared by the Atomic Energy Commission and submitted to the Joint Committee on Atomic Energy. The Joint Committee on Atomic Energy received from the Atomic Energy Commission the statement that the difference in cost would be $3,600,000, roughly. There was the Bureau of the Budget, testifying that the cost would be $282,000.

I am reminded, upon reviewing this table, that on Thursday, June 17, 1954, Mr. Kenneth D. Nichols, General Manager of the Atomic Energy Commission, appeared as a witness before the Joint Committee on Atomic Energy, which was holding hearings on this important matter. At that time Mr. Nichols read into the record a letter, then unreleased, to Chairman SALTONSTALL of the Appropriations Committee from Mr. Rowland Hughes, Director of the Bureau of the Budget, setting forth the decision of the President to instruct the Director of the Bureau of the Budget to direct the Atomic Energy Commission to accept as a basis for negotiation the proposal set forward by the Dixon-Yates group in preference to the only other proposal submitted by the so-called von Tresckow group. That letter is now fully released and is now in the printed hearings.

It is interesting to me that in his testimony immediately after reading Mr. Hughes' letter to the chairman of the Appropriations Committee Mr. Nichols went on to testify as to the AEC's own breakdown of the difference of costs between the Dixon-Yates proposal and the TVA estimate of its costs for doing the same job. I am now quoting from page 957, part II of the published hearings on S. 3323 and H. R. 8862 before the Joint Committee on Atomic Energy:

> Analysis of the proposal from the standpoint of cost to the Government, including State or local taxes but excluding Federal income taxes, as compared with the estimate for constructing a plant near Memphis by TVA, shows an annual cost to the Government of $20,569,000 for the private companies as compared with $16,884,000 estimated for the TVA plant. The difference of $3,685,000 is due to the following items. I give it in dollars and percent.
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> State and local taxes, $1,499,000, which represents 41 percent of the total. The difference in the cost of money, money bearing 2½ percent interest (Government borrowing) and money bearing 3¾ (private borrowing), is $1,059,000 or 29 percent of the total. The extra fuel transportation cost, which is noted in Mr. Hughes' letter, there is some question about this $309,000, or 8 percent.
>
> Difference in operating cost, $211,000, or 6 percent. So the total adds up here $3,078,000 or 84 percent. Then there is increased transmission cost to TVA of $607,000, or 6 percent. So the total additional cost of 100 percent is $3,685,000.

In view of the authentic ring of Mr. Nichols' current analysis of the differences in cost, I believe that the junior Senator from Arkansas did not have in his possession the most recent and accurate information on the economics of this proposal. My interest in this matter has been increased by the second report released by Representative CHARLES R. JONAS over the weekend, which he described as "the official statement of the administration on the merits of accepting the Dixon-Yates proposal." I hold in my hand a copy of the report, originating from the Bureau of the Budget, which Representative JONAS released. On page 3 of the section of this report entitled "Detailed Analysis of the Middle South-Southern Proposal" I am struck by the similarity of the figures presented which show identically the same breakdown, as I mentioned a few minutes ago, as was given by Mr. Nichols, General Manager of the Atomic Energy Commis-

sion, before the joint committee fully 3½ weeks ago. From a very detailed analysis, it gives a difference in cost of $3,685,000 more to the Government if it accepts the Dixon-Yates proposal than the cost estimated by TVA for doing the same job at the Fulton steam-plant site.

I ask unanimous consent that this document be inserted in the RECORD at this point.

There being no objection, the document was ordered to be printed in the RECORD, as follows:

BASIS FOR ACTION BY THE ADMINISTRATION TO MEET ADDITIONAL NEEDS FOR GENERATING CAPACITY IN THE TENNESSEE VALLEY AREA

The President's decision to provide for the 1957 expansion of power consumption in the Tennessee Valley area through facilities to be constructed by private enterprise will—

1. Provide for national defense needs, which are paramount.

2. Promote the best interests not only of the people of that area but of all the people.

3. Permit amortization of the cost of the facilities over a 25-year period, thus averting an immediate capital outlay of $100 million and reducing pressures against the ceiling on the national debt.

The President's action, as he stated at his press conference on June 30, 1954, will meet the immediate needs and allow additional time for study of the question as to how the future power needs of the area should be met. The President's statement on that occasion emphasized that the Tennessee Valley Authority would be supported to carry out the purposes written into the law. It is a complete refutation of any suggestion that the present proposal is part of a plan to dismember the Authority.

The history and form of the transaction is abundantly clear. The President's decision was taken only after the matter had been subjected to the most careful consideration. The attempts to distort the purposes and effect of the contemplated arrangement cannot change the essential facts. A brief review of the development of the present proposal, and of the considerations which guided the decision, will demonstrate clearly that it is the best possible solution to the immediate problem.

In his message transmitting the 1955 budget, the President stated that arrangements were being made to reduce TVA commitments to the Atomic Energy Commission in order to provide for reasonable growth in industrial, municipal, and cooperative power loads in the TVA area through the calendar year 1957; and that the question of additional generating units for the Tennessee Valley Authority would be further considered in the event these arrangements could not be consummated.

The statement in the President's budget message is an alternative to the proposed construction by the Tennessee Valley Authority of a steam plant at Fulton, Tenn., near Memphis. A significant factor in connection with this proposed steam plant is that the Congress on four separate occasions in the current session and the preceding session has voted down amendments to provide funds to the TVA to start construction.

Further, the construction of the Fulton steam plant by TVA would create the risk of a large block of surplus power if AEC's needs should decline. A shift of part of AEC's requirements to private utilities would spread the risk of disposing of this surplus. Approximately 30 percent of TVA's capacity is committed to AEC and the Government would be in a better position if it could share with private power interests the responsibility for disposing of the surplus which would result if AEC operations were to be curtailed.

The construction of the Fulton plant as proposed by TVA would require the Federal Government to make a capital outlay of approximately $100 million during the next 3 or 4 years, which would serve to increase pressures upon the debt limit at a time when every effort is being made to limit the size of the national debt. An alternative source of power, the cost of which could be amortized over a period of 25 or more years, would reduce the pressure on the debt limit and thus be highly desirable from a standpoint of sound fiscal management.

Further, the Fulton steam plant would be on the periphery of the TVA area, 80 miles outside the Tennessee River Basin. As the President indicated at his press conference, the question whether the Government should continue to construct plants on the periphery of the basin, contemplating delivery of power far beyond the TVA area, involves a major question of public policy which was and is under study by the administration. A feasible alternative to immediate construction of the Fulton plant by TVA would provide time for completing the study of this question.

There was ample opportunity for interested parties to come forth with proposals to supply the Government's needs. Prior to the transmission of the budget message, discussions had been held with the private utility groups presently supplying power to the Atomic Energy Commission, and with representatives of other private utilities. Although the Government issued no formal invitations for bids for its additional power needs, the statement in the President's budget message received wide publicity in the general press and the trade publications and was a matter of public knowledge, particularly in the Tennessee Valley area. The suggestion that bidding was restricted is entirely without foundation.

The obvious alternative to construction of a steam plant by TVA to serve its needs and those of the Atomic Energy Commission would be to extend the existing practice of having the Commission purchase a substantial portion of its needs from private utilities operating near its Paducah installation. Preliminary discussions with these suppliers soon developed the fact that it would be imprudent to place any further concentration of power supply in the Paducah area because of the difficulty of finding a market for such a large block of power in the event of a decline in AEC needs. Further explorations by AEC indicated that the difficulty of disposing of any such residue of power would be minimized if generating facilities were constructed in the Memphis area. Also, the TVA need is in the Memphis area, rather than at Paducah. Construction of facilities by private interests near Memphis would benefit both TVA and AEC, since any surplus resulting from a decline in AEC needs could best be disposed of in the Memphis area.

In February 1954 the Commission received a proposal from Middle South-Southern utilities for construction of a plant in the Memphis area for power to be delivered to the TVA system for the account of AEC. This arrangement would, as contemplated by the President's budget message, reduce TVA's commitments to AEC and thus permit the Authority to devote more of its capacity to other users. This proposal, however, was believed to involve excessive costs to the Government. After extensive discussions, the Middle South-Southern group submitted a revised proposal on April 10, 1954. It is this revised proposal which the administration approved on June 16 when the Atomic Energy Commission was instructed to proceed with negotiations looking toward the signing of a definitive contract with the Middle South-Southern group. (A detailed analysis of this proposal is attached.)

In comments in the press and elsewhere considerable attention has been devoted to the fact that this proposal contemplates construction of a steam plant at West Memphis, Ark., 200 miles from the Commission's Paducah installation. However, the fact that the proposed plant would be located some distance from Paducah is entirely consistent with the practice followed by TVA in the construction of steam plants to serve the Commission. In many instances these plants are widely separated from the installations of the Commission. For example, funds for TVA's generating plant at Widow's Creek and unit 4 of its Johnsonville steam plant were justified to Congress in 1949 in connection with supplying the needs of the AEC installation at Oak Ridge. Oak Ridge, however, is 200 miles away from the Johnsonville steam plant and 100 miles from the Widow's Creek generating plant.

The practice followed both in that instance and in the present proposal involves the replacement method of power supply, under which power is fed into a large integrated system at locations which bear only an incidental relationship to the locations at which the power is used. No exact relationship is possible because power fed into such a system loses its identity just as water from streams which feed into a lake cannot be identified with a particular stream. (There is attached a statement which explains in detail the replacement method of power supply which is presently used by TVA to meet AEC power requirements.)

Another feature of the proposed contract with the Middle South-Southern utilities group which has received considerable attention is the cost of the proposal as compared with estimated costs if additional generating capacity were to be constructed by TVA. Under the TVA estimates, the annual cost to AEC would be $16,884,000 for 600,000 kilowatts of capacity. (Although TVA cost estimates have been sufficiently accurate to afford a satisfactory base for comparison, it should be noted that the proposal for construction of additional generating capacity by TVA would afford no guaranty as to the ultimate cost of power to AEC.)

Using TVA estimated costs as a yardstick, the Middle South-Southern proposal would cost the Government approximately $3,685,000 more per annum than the purchase of power from TVA. Of this amount, approximately 70 percent ($2,558,000) constitutes State and local taxes and interest on borrowings which is at a higher rate than interest on money borrowed by the Federal Government. The remainder ($1,127,000) is due to additional transmission costs to bring the power across the Mississippi, and to a difference between estimated operating costs. The latter item will be greatly reduced if the sponsors can obtain fuel at Fulton at the same price as TVA, as responsible suppliers have indicated would be the case.

Taxes, of course, will not inure to the benefit of the contractors but will merely reimburse them for amounts which they must pay to the governmental entities involved and which will ultimately benefit the other taxpayers concerned. In fact, the only element of profit in this proposal is the return to the sponsors on their $5,500,000 of equity capital. This would amount to $495,000 annually.

While reported cost is necessarily an important factor, it cannot be the deciding factor in comparing the operations of a Federal agency with a private organization. There are many activities now performed by private enterprise for the Federal Government which the Government, because of its freedom from taxes and its enormous credit resources, could seem to perform more cheaply under a concept that nonpayment of taxes by the Federal Government is a true saving in cost. This concept ignores the consideration that when a commercial-type operation does not pay taxes, it leaves a larger amount of taxes to be absorbed by other taxpayers. If this concept were accepted and it

were also considered sound to provide funds through Government borrowing, the Government might propose to take over these activities on the grounds that they would cost less under Government operation. Such action would be contrary to our basic conception of a private-enterprise economy.

On May 26, 1954, while the proposal of the Middle South-Southern group was under consideration, another proposal was submitted by a group headed by Walter von Tresckow of New York City. Under this proposal, the group would construct and operate a steam plant at Fulton which would be fully integrated into and become a part of the TVA system.

The von Tresckow proposal contemplates that the Government would acquire ownership of the plant after 30 years, subject, however, to assumption by the Government of liabilities of the contractor which would still be outstanding at the end of that period under the amortization plan contemplated by the proposal. The arrangement would be, in effect, a cost-plus-fixed-fee contract under which the sponsors would receive a flat fee of $4 million for their services. Annual costs to the Government are estimated at a range between $19,346,000 and $22,022,000 as compared with the estimated annual cost of $20,569,000 under the Middle South-Southern utilities proposal. (A detailed analysis of the von Tresckow proposal is attached.)

While the two private proposals are sufficiently dissimilar as to make exact comparison impossible, the Von Tresckow proposal is unsatisfactory because the Government would assume the entire risk of any increases in construction costs above those estimated by the sponsors, and the organization to accomplish the work does not exist. On the basis of the very general estimates and the limited information on which these estimates are founded, and because of the lack of definite knowledge that there would be a competent, skillful operating organization, it could not be concluded that there would be any less cost to the Government under this proposal than under the Middle South-Southern proposal; in fact, the Von Tresckow proposal could result in substantially greater cost.

On the other hand, the Middle South-Southern proposal is a firm offer with a stated maximum capital cost; the proposed charges are reasonable in comparison with those of TVA when considered in connection with the fact that a private utility must pay State and local taxes and a higher rate of interest than that paid by the Federal Government; and the use of privately generated power will avoid an outlay of approximately $100 million of Federal tax revenues for capital investment over the next several years.

In view of the misunderstandings which have been created by comments in the press and elsewhere in recent weeks, it is important to emphasize the following facts:

1. The major risk will be assumed by the contractors, not by the Government.

2. Power will be made available in the Memphis area—where it is needed—not at Paducah, where it could become a liability.

3. There will be no windfall to the contractors. The additional charges to the Government will benefit local taxing authorities and taxpayers.

4. There is no significance in the location of the proposed plant 200 miles from the AEC installation. This is simply a method of replacing power that TVA itself has used in supplying AEC needs.

5. Interested parties have had ample notice and opportunity to make offers to supply the Government's needs.

6. The rejected proposal was on a cost-plus-fixed-fee basis involving substantial risk and no satisfactory guaranty to the Government.

7. The alternative of construction of a steam plant by TVA has consistently been rejected by the Congress.

Detailed Analysis of the Middle South-Southern Proposal

On April 10, 1954, Middle South Utilities, Inc., and the Southern Co., as sponsors, submitted to the Atomic Energy Commission a firm proposal to furnish 600,000 kilowatts of firm power for the account of AEC. Under this proposal, a revised version of one submitted to AEC on February 25, 1954, they offered, subject to securing financing on the basis covered later:

1. To form a new company sponsored by Middle South Utilities, Inc., and the Southern Co.;

2. To secure the necessary capital requirements estimated at $107,250,000, by subscribing $5,500,000 or approximately 5 percent equity capital which will bear a return of 9 percent and issuing 30-year bonds to institutional investors for the remaining $101,750,000, or approximately 95 percent, based on an interest rate of 3½ percent;

2. To build a 650,000 kilowatt steam electric station near West Memphis, Ark., and to provide transmission facilities from the Sponsors' new facilities to the middle of the Mississippi River between Shelby County, Tenn., and Crittenden County, Ark., including modifications to existing river crossing interconnections between TVA and Arkansas Power & Light Co. and its existing and future points of connection between subsidiaries of the Southern Co., Mississippi Power & Light Co., and TVA; and

4. To enter into a contract with the AEC for a period of 25 years from date of commencement of commercial operation of the first unit with provisions for two 5-year extensions.

The principal provisions of the Middle South-Southern proposal are as follows:

1. An annual base capacity charge, exclusive of taxes, of $8,775,000, subject to variation as follows:

(a) Up or down in case of increase or decrease in actual cost of construction compared with the estimate of $107,250,000 ($165 per kilowatt), with a maximum annual increase of $285,000;

(b) Up or down for changes in cost of fuel from 19 cents per million B. t. u. for the fuel component included in the base capacity charge required to keep the plant in operation under no load conditions; and

(c) Upward only for power factor correction of less than 93 percent.

2. An energy charge of 1.86 mills per kilowatt-hour subject to adjustments up or down in case of increase or decrease in fuel costs from 19 cents per million B. t. u. and for increases or decreases in labor rates based on the 6 months average hourly earnings of production workers in gas and electric utility industries as compiled by the Bureau of Labor Statistics, using $1.97 per hour as a base.

3. Reimbursement by the AEC for all taxes, licenses, and fees, (State, local, or Federal) paid or payable by the new corporation during the term of the contract except that taxes arising out of use of facilities for purposes other than supply of capacity and energy to AEC will not be paid by AEC.

4. Cancellation may be made only by the AEC and is provided for as follows:

(a) For TVA to continue to receive and AEC to pay for power at the contract rates during a 3-year notice period. This period should be sufficient to permit TVA, if required, to make other arrangements for meeting the requirements of the Memphis area.

(b) After termination, the company shall have first call on the capacity and will absorb it as rapidly as load growth will permit, but in any event not less than 100,000 kilowatts per year. Costs associated with capacity absorbed by the sponsors will be borne by the sponsors.

(c) Any capacity not absorbed by the sponsors after the 3-year notice period may be assigned to another governmental agency at a price to be approved by FPC.

(d) In the event no capacity is called for during the notice period, the base capacity charge will be reduced by $1,500,000 and proportionately in case of partial reductions. After termination, the base capacity charge less the $1,500,000 will be reduced proportionately to the capacity absorbed by the sponsors.

(e) The total maximum cost of cancellation to the Government, assuming the plant is idle from date of notice of cancellation, is estimated at $40,012,500 plus fair and reasonable expenses payable to third parties.

5. The making of appropriate arrangements by the AEC with the TVA for the receipt by it and delivery to the AEC in kind of power and energy to be supplied as indicated above.

A comparison of annual cost to the Federal Government for power supply delivered to the TVA system in the Memphis area for the account of AEC is attached (attachment 1).

Analysis of the Middle South-Southern proposal from the standpoint of its net cost to the Government, including State and local taxes, as compared with the estimate for constructing a TVA plant near Memphis, shows an annual cost to the Government of $20,569,000 for the private companies' proposal, as compared with $16,884,000 estimated for the TVA plant. The difference of $3,685,000 is due to the following items:

	Amount	Percent of total
State and local taxes	$1,499,000	41
Difference in cost of money	1,059,000	29
Extra fuel transportation costs	309,000	8
Difference in operating costs	211,000	6
Total for Middle South-Southern	3,078,000	84
TVA transmission costs	607,000	16
Total additional costs	3,685,000	100

The difference in cost due to taxes is self-explanatory. The difference in cost of money is between 2½ percent for Government borrowing as compared with about 3¾ percent for private financing, a reasonable rate for the private corporation. These 2 items make up 70 percent of the total difference and reflect the lack by the private group of special advantages available to TVA as an agency of the Federal Government.

The item for extra fuel transportation costs recognizes the possibility of increased costs because the Memphis location is some 55 miles farther from the sources of coal supply than Fulton. However, if, as the private group has been assured by responsible suppliers, coal can be supplied for the same cost as at Fulton, this difference in cost would disappear.

The difference in operating costs is due to TVA's estimate that it can operate its plant at a lower cost than the company.

The extra transmission costs are due to higher estimated costs for transmitting the company power for midriver delivery point to the TVA system as compared with transmission of Fulton plant power into the system.

The comparative cost to AEC is shown on a second analysis comparing Middle South-Southern costs with the cost of power to AEC at Paducah from TVA's Shawnee plant. This analysis is attached (attachment 2).

The annual cost to AEC, excluding taxes, would amount to $18,640,000, compared with $18,036,000 that AEC would pay TVA under the terms of the present arrangement at

Paducah for an equivalent amount of power. The difference of $604,000 is more than accounted for by a calculated higher cost of coal at the new plant because of added distance from the source of supply. It should be noted that the new Fulton plant, proposed by TVA, would be in the same area and would have to meet an added cost of coal possibly as great as mentioned above.

TVA has suggested a number of adjustments in both the above-mentioned analyses which would show higher costs to the Government and to AEC, respectively. However, expert and unbiased opinion is that the comparisons shown are fair and reasonable and that the adjustments suggested by TVA should not be accepted.

There are several significant considerations in connection with this proposal:

1. By utilizing private utilities, the Federal Government will save a capital outlay of at least $100 million over the next 3 years, the cost estimated by TVA for the construction of equivalent capacity at the Fulton site.

2. The sponsors' proposal is a firm offer with a stated maximum capital cost reflected in the demand charge whereby a ceiling is placed on maximum liability on capital cost to the Government. The sponsors bear one-half of any possible increased cost from an estimated cost of $107,250,000 to $117 million and all the cost above $117 million. In addition, if the plant is built for less than $107,250,000, the Government will share 50 percent of the saving.

3. There is no guaranty as to the ultimate capital cost of a TVA plant even though that agency has had a favorable construction record in recent years.

4. The proposal provides a guaranty and a real incentive on the part of the sponsors to assure that capital costs do not exceed $107,250,000. Thus, if the cost should go to $117 million, the return on $5,500,000 of equity capital would be reduced from 9 percent ($495,000) to 3.8 percent ($210,000). If the capital cost should exceed $117 million, return on equity capital would rapidly reduce to zero. Thus the sponsors have a real risk under the proposal offered and a compelling reason to keep capital costs below the estimated cost of $107,250,000.

5. In addition, the plant is not completely amortized at the end of the 25-year contract. There is 24.6 percent of the debt not retired at the end of 25 years so the rate under the proposal does not provide for completely amortizing the plant over the 25-year period.

6. Acceptance of the proposal will help spread the risk in the event of future reduction in the AEC power requirements, which will in 1957 amount to about 30 percent of the TVA power supply.

ATTACHMENT 1

Comparison of annual cost to Federal Government for power supply delivered to TVA system in Memphis area

(For 600,000 kilowatts of demand and 5.2 billion kilowatt-hours a year)

ESTIMATED COST OF INCREASING TVA NET CAPABILITY 650,000 KILOWATTS

(At Fulton or at Fulton and Johnsonville)

Fixed costs: plant and transmission facilities (interest 2½ percent, 30-year amortization, replacements, insurance, and fixed operating costs)	[1] $7,580,000
Variable costs (fuel cost 18.4 cents per million Btu)	[1] 9,304,000
Total	16,884,000
Cost to Government: Per year	16,884,000
Per kilowatt-hour (mills)	3.25

[1] Distribution of total cost to "fixed" and "variable" components made on basis comparable to Dixon-Yates "demand" and "energy" charges.

ATTACHMENT 1—Continued

Comparison of annual cost to Federal Government for power supply delivered to TVA system in Memphis area—Continued

DIXON-YATES PROPOSAL

(New plant of 650,000 kilowatts net capability at West Memphis, Ark.)

Demand charges: interest 3½ percent, 30-year amortization, 9 percent return on equity, replacements, insurance and fixed operating costs)	$8,775,000
Energy charges (fuel cost 19 cents per million Btu)	[2] 9,688,000
Total, Dixon-Yates charges	18,463,000
TVA transmission costs (from point of interconnection at middle of river to TVA Memphis substation)	607,000
Cost to Government (excluding taxes):	
Per year	19,070,000
Per kilowatt-hour (mills)	3.67
Taxes:	
Arkansas—State and local	1,499,000
Federal income	820,000
Subtotal	2,319,000
Cost to Government (including taxes):	
Per year	21,389,000
Per kilowatt-hour (mills)	4.11
Less: Federal income tax	820,000
Net cost to Government:	
Per year	20,569,000
Per kilowatt-hour (mills)	3.96
Additional cost to Government per year	3,685,000

[2] If coal can be delivered by barge to Memphis site of Dixon-Yates, 55 miles downstream from Fulton, at same cost as at Fulton (as assumed by Dixon-Yates), then this cost would be reduced by $309,000.

ATTACHMENT 2

Comparison of annual cost of power supply for the AEC Paducah project

(For 600,000 kilowatts of demand and 5.2 billion kilowatt-hours per year)

TVA—PADUCAH CONTRACT

Demand charges	$8,208,000
Energy charges (fuel cost 15½ cents per million B. t. u.)[1]	9,828,000
Total cost:	
Per year	18,036,000
Per kilowatt-hours (mills)	3.47

DIXON-YATES PROPOSAL

Demand charges	$8,775,000
Energy charges (fuel cost 19 cents per million B. t. u.)[1]	9,688,000
Additional TVA transmission costs	[2] 177,000
Total cost (excluding taxes):	
Per year	18,640,000
Per kilowatt-hours (mills)	3.58

[1] Presently available coal prices were used, with an assumed transportation cost differential of 80 cents a ton (equivalent to 3.5 cents per million B. t. u.) between the Shawnee plant and the Dixon-Yates site. Such transportation differential would result in fuel costs in the amount of $1,820,000.

[2] Represents the difference in TVA's annual transmission costs to deliver power from the Fulton and Johnsonville plants ($430,000) and their corresponding costs from the receiving point for Dixon-Yates power ($607,000).

ATTACHMENT 2—Continued

Comparison of annual cost of power supply for the AEC Paducah project—Continued

Taxes:	
Arkansas—State and local	$1,499,000
Federal income	820,000
Subtotal	2,319,000
Total cost (excluding taxes:	
Per year	20,959,000
Per kilowatt-hours (mills)	4.03
Additional cost per year	2,923,000

DETAILED ANALYSIS OF THE WALTER VON TRESCKOW PROPOSAL

This proposal was submitted by a group composed of the following: Walter von Tresckow, financial and economic consultant, New York City; Harvey Weeks, New York City; John N. Mitchell; Salomon Bros. & Hutzler, investment bankers of New York City; George H. Schwartz, of Schwartz, Nathanson & Cohen, attorneys, New York City; Zelig Nathanson, of Schwartz, Nathanson & Cohen, New York City; and Robert W. Larrow, of MacNamara & Larrow, attorneys, Burlington, Vt.

This group proposed to form a Tennessee corporation which would finance, design, build, and operate a steam plant with a net capability of 620,000 kilowatts on TVA's Fulton site under a no-risk contract with AEC and/or TVA. Such a plant would be fully integrated into and become a part of the TVA system. The financing would be 100 percent debt financing on 35-year mortgage revenue bonds at 3½ percent interest with amortization over a period of 30 years, beginning with the sixth year. The design, construction, and operation of the plant would be on a cost basis with no limit on liability of the Government and no risk on the part of the proposed corporation except for a $20,000,000 bond to protect the Government against increases in construction costs from $200 per kilowatt to $233 per kilowatt for a 3-unit plant of 600,000 kilowatt nameplate rating. The Government would bear the full cost of plant construction up to $200 per kilowatt and any costs in excess of $233 per kilowatt.

The Government would pay for power at the rate of 5 mills per kilowatt hour, and at the end of each year would receive a patronage dividend representing the difference between the 5 mill rate and actual cost of operation, including production, management expense, taxes, interest and amortization of debt. The group indicated willingness to consider downward adjustment in the 5 mill rate as long as any adjusted rate resulted in maintaining sufficient margin adequately to cover debt service charges. The group submitted an estimate of capital costs ranging from $90 million to $100 million.

As compensation, the sponsors would receive a fee of $4 million to be paid during the fourth and fifth years of the contract period, that is, prior to commencement of amortization debt payments. An alternate method of payment was also proposed which would provide for payment of $1 million in the fourth year; the balance of $3 million to be paid at such times during the period of the contract that the Government might suggest, with interest at the rate of 4½ percent per annum on any unpaid balances after the fourth year.

The sponsoring group proposed a contract with AEC for a period of 25 years following the commencement of delivery of power under the contract, and a subsidiary contract with TVA on the same terms as the AEC contract for a period of 32 years from the commencement of delivery of power to AEC, with deliveries under the TVA contract to start at the expiration of deliveries under

the AEC contract (at the end of 25 years), or at an earlier date if AEC cancels prior to the end of its contract term.

They further proposed at the end of 30 years to turn over to TVA for $1 the plant, together with all working capital and other assets of the corporation, if at that time TVA will assume all remaining outstanding bonded indebtedness and current obligations. An alternate proposal would provide that the Government, either through AEC or TVA, could in the event of cancellation take title to the plant and also assume all outstanding liabilities of the corporation.

The sponsoring group indicated that a separate management corporation would be organized to operate the plant. They advised the AEC that this management corporation would be staffed with properly qualified individuals. However, they preferred not to divulge the identity of the individuals being considered for key jobs in the management corporation.

The estimates submitted as part of the proposal are based on a plant having net capability of 620,000 kilowatts delivering 4.73 billion kilowatt-hours per year. The group has given a low and high estimated annual cost on this basis, ranging from $17,226,000 (3.64 mills per kilowatt-hour) to $20,957,000 (4.43 mills per kilowatt-hour).

As indicated previously, the Von Tresckow proposal is a cost-type proposal with all risk being assumed by the Federal Government, and therefore a direct cost comparison with the Dixon-Yates proposal, which includes elements of risk and limitations on Government liability, is not valid. However, an analysis has been made to outline the possible differences in cost between the two proposals. This analysis is attached. (Attachment 1.)

For purposes of comparability, this analysis is based on provision of 600,000 kilowatts of capacity and 5.2 billion kilowatt-hours per year, an average heat rate over the 25-year period of 9,674 btu and a fuel cost of 18.4 cents per million btu which is TVA's estimate of the cost of fuel delivered to the Fulton site. On this basis the comparative costs range from a low estimate of $19,346,000 (3.72 mills) to a high estimate of $22,022,000 (4.24 mills) as compared to $20,569,000 (3.96 mills) for the Middle South-Southern proposal.

The analysis also shows that annual cost could increase as much as from $20,977,000 (4.03 mills) to $23,653,000 (4.55 mills) due to increased construction costs, as compared to $20,854,000 (4.01 mills) for the Middle South-Southern proposal.

On the basis of the very general estimates and the limited information on which these estimates are founded, and the lack of definite knowledge that there would be a competent, skillful operating organization, it could not be concluded that there would be any savings to the Federal Government under this proposal as compared with the Middle South-Southern proposal.

Following are several significant considerations in connection with this proposal:

1. Complete risk for all cost is assumed by the Federal Government and there is no ceiling on maximum liability except as may be covered by the performance bond previously discussed.

2. The estimates used are quite general and as far as can be determined are not based on any preliminary engineering studies or any firm commitments for fuel supply.

3. Realization of the estimates depends entirely on the ability and skill of the groups who will design, build, and operate. There are no other safeguards to insure reasonable limitation on costs.

4. The essential difference between this proposal and a direct appropriation to TVA is that a capital outlay by the United States or approximately $100 million, the cost estimated by TVA for construction of equivalent capacity at the Fulton site, would not be necessary. Under this proposal the capital would be provided by privately issued bonds at 3½ percent, the full interest and amortization on which, together with a $4 million fee, would be ultimately paid by the Government.

ATTACHMENT 1

Comparison of cost to Federal Government for power supply delivered to TVA system in Memphis area

(For 600,000 kilowatts of demand and 5.2 billion kilowatt-hours per year)

	Von Tresckow estimate		Dixon-Yates proposal, firm contract
	Low estimate	High estimate	
Federal capital investment required:			
1. For generating plant	None	None	None
2. For transmission lines	$10,156,000	$10,156,000	$9,840,000
Total	$10,156,000	$10,156,000	$9,840,000
Annual cost to Federal Government:			
1. Estimated base cost before taxes	$19,196,000	$20,922,000	$19,070,000
2. State and local taxes	$150,000	$1,100,000	$1,499,000
3. Federal income tax			$820,000
4. Total, including taxes	$19,346,000	$22,022,000	$21,389,000
Mills per kilowatt-hour	3.72	4.24	4.11
5. Credit for Federal income tax			$820,000
6. Net cost to Federal Government	$19,346,000	$22,022,000	$20,569,000
Mills per kilowatt-hour	3.72	4.24	3.96
7. Possible increased cost (due to capital cost exceeding the estimate)	$20,977,000	$23,653,000	$20,854,000
Mills per kilowatt-hour	4.03	4.55	4.01
8. Sponsors guaranty against further increase	None	None	(1)

[1] Contract guaranty.

EXPLANATION OF REPLACEMENT METHOD FOR MEETING AEC POWER REQUIREMENTS

Under the Dixon-Yates proposal the Atomic Energy Commission would procure power to meet its needs from a privately owned plant which would be located at a considerable distance from the AEC plant for which the power would be purchased.

This is not a new method of supplying AEC loads. It is a practice employed by TVA since 1949 when it began adding capacity to its system to serve AEC. In the past, whenever AEC requested additional power, the TVA has not (except for the initial load at Paducah) added the full capacity requested in the immediate vicinity of the AEC plant requiring the power. Instead, TVA has, with congressional and Bureau of the Budget approval, placed such capacity in its interconnected power system as much as 200 miles away from the AEC load.

TVA therefore has been practicing what is now proposed, namely, supplying the AEC requirements by replacement. The following examples, which include the major requests made by the AEC for additional power since AEC began expansion of facilities in 1949, illustrate this point:

The first major expansion of AEC facilities was authorized for Oak Ridge in 1949. To supply power to these new facilities TVA submitted a request to the Congress to build the first 2 units of the Widows Creek steam-generating plant and unit 4 of the Johnsonville steam plant. This request was justified on the basis that part of the capacity was needed to supply the increased AEC load. The Johnsonville steam plant is located approximately 200 miles away from Oak Ridge, or a greater distance than the proposed Dixon-Yates plant is from Paducah. The Widows Creek plant is approximately 100 miles from Oak Ridge. The logical conclusion is that TVA located the Johnsonville and Widows Creek units so as to best meet the needs of its system and thus replace power supplied to AEC from plants nearer Oak Ridge.

The next AEC expansion was authorized in 1951 at Paducah; the requirements for it were contracted on a 50–50 basis, with TVA and EEI to supply 500,000 kilowatts each. Late in 1952 it again became necessary to expand AEC facilities. TVA was requested to supply an additional 1,030,000 kilowatts for Oak Ridge and 705,000 kilowatts additional for Paducah.

To serve the Oak Ridge load, TVA requested appropriations for the construction of 2 units at Kingston, 2 units at John Sevier, and 2 units at Gallatin. The Kingston plant is located adjacent to Oak Ridge, and, when completed, can be expected to supply all the Oak Ridge additional requirements, even though only 2 of the 9 units in this plant were justified to the Congress for AEC load growth. The John Sevier plant is 70 miles from Oak Ridge, and the Gallatin plant is 150 miles away. Here again TVA obviously planned the additional units at those plants to serve the needs of its system and to replace power which would be supplied Oak Ridge primarily from the Kingston plant.

The TVA Shawnee plant, located adjacent to Paducah, is a similar example. Congress appropriated funds for the first four units of this plant to meet the 1951 AEC expansion and the location of the plant outside the Tennessee River Basin was justified on the basis that it would be located adjacent to the point of consumption at Paducah. Later, two more units were requested, not for AEC, but for normal load growth. Finally, 4 more units were requested in May 1952, on the basis of AEC's last request that TVA supply an additional 705,000 kilowatts at Paducah. In addition to the 4 units at Shawnee, TVA also requested part of 2 units at Gallatin to meet the additional Paducah load. Gallatin is approximately 130 miles from Paducah and the power supply for Paducah will not come from Gallatin, but from Shawnee, only 6 miles away. Here, again, is an instance of replacement in that units 5 and 6 at Shawnee, which were justified to supply the load growth in the western part of the TVA system, will be used in part to supply AEC, and a part of the normal growth of the area will be supplied by new generators at Gallatin justified on the basis of AEC added requirements.

The Dixon-Yates proposal to supply 600,000 kilowatts to the TVA system at Memphis as replacement for TVA power furnished AEC at Paducah, is similar to the several previous arrangements on the TVA system described above. By providing for additional generating capacity at West Memphis to be fed back into the TVA grid in an amount which is necessary to assure delivery of the Commission's requirement at Paducah, this

contract can properly be considered as a contract for electric-utility service to installations of the Commission.

Mr. ANDERSON. When that document is perused it will be noted that the first page of the official report by the Bureau of the Budget begins:

The President's decision to provide for the 1957 expansion of power consumption in the Tennessee Valley area through facilities to be constructed by private enterprise will—

And so forth. There is not a word about the Atomic Energy Commission on that page of the document.

Included in the basis for action by the administration to meet additional needs for generating capacity in the Tennessee Valley area which I have just asked to be placed in the RECORD, there is a comparison of annual cost to the Federal Government for power supply delivered to TVA system in the Memphis area. It shows an additional cost to the Government of $3,685,000 per year. This material is also carried as a document to a letter from the Acting Comptroller General of the United States and therefore will not be included again. However, I ask permission to include in the RECORD at this point a copy of a letter addressed by Frank H. Weitzel, Acting Comptroller General of the United States, to the Honorable CHET HOLIFIELD, a member of the Joint Committee on Atomic Energy as one of the Members from the House of Representatives, and sent to him under date of June 1, 1954.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, June 1, 1954.

Hon. CHET HOLIFIELD,
House of Representatives.

DEAR MR. HOLIFIELD: This is in reference to your letter of May 28, 1954, requesting information concerning the so-called Dixon-Yates proposal to supply electrical energy to Tennessee Valley Authority under a contract with Atomic Energy Commission.

In the President's budget message (p. M84 of the 1955 budget) it was suggested that TVA's power commitments to AEC be reduced by 500,000 to 600,000 kilowatts by arrangements for furnishing these load requirements from other sources. Accordingly, it appears that the proposal to AEC was pursuant to the President's suggestion and a request of the Bureau of the Budget that AEC explore such a possibility.

The reason, apparently, that AEC appears in this proposal as an intermediary is that AEC, under the provisions of section 12 (d) of the Atomic Energy Act of 1946, as amended (42 U. S. C. 1812 (d)), may enter into long-term (25 years) power contracts, and that such a long-term contract would tend to lower the cost of money to the sponsors of the proposal. This reason is cited by the sponsor. Also, it is pointed out that since the power involved would be utilized by the Government for a purpose related in the main to defense, the sponsors assert that they would be able to finance with a larger proportion of long-term debt than would be permitted by regulatory authorities in a normal public-utility situation. See page 12 of the offer.

The General Accounting Office has not been a party to any of the negotiations relating to this proposal. Pursuant to an informal request by a member of the staff of the Joint Committee on Atomic Energy a comparison of estimated costs under the proposal with costs under existing AEC power contracts, including that with TVA, was delivered to the committee staff on May 12, 1954. The information for this cost comparison was obtained by GAO auditors from officials of AEC. A copy of the comparison is enclosed.

Except for a copy of the proposal itself, dated April 10, 1954, and a copy of the letter of the Chairman, AEC, to the Director, Bureau of the Budget, dated April 15, 1954, referring the proposal for consideration by higher authority, this cost information is all the data available in this Office. I understand that the Federal Power Commission has been requested to examine the proposal, but I have no knowledge of its findings.

The General Accounting Office is in agreement with the position expressed by AEC (pp. 7 and 8 of the AEC letter to the Bureau of the Budget) that any costs (subsidies) involved in the Dixon-Yates proposal over and above the cost of power to AEC under its present contract with TVA should, in accordance with all good accounting and budgetary standards and congressional control, be borne by the latter. Indeed, absent such an arrangement, it would appear necessary for the President to invoke the extraordinary contracting authority of section 12 (b) of the Atomic Energy Act (42 U. S. C. 1812 (b)), or the AEC to resort to the First War Powers Act for authority to enter into a contract such as proposed by Dixon-Yates. It is suggested, also, that if an arrangement similar to the Dixon-Yates proposal is to be consummated, consideration be given to the feasibility of letting the contract to the lowest bidder after advertised bids.

If I can be of further service in this matter, please call on me.

Sincerely yours,
FRANK H. WEITZEL,
Acting Comptroller General of the United States.

Mr. ANDERSON. Mr. Weitzel included, as I have said, attachment No. 1, which the Bureau of the Budget has included in its latest analysis, but he also included a breakdown of the additional cost of Dixon-Yates power and the adjustments which TVA would make. I ask unanimous consent to include those figures in the RECORD at this point.

There being no objection, the figures were ordered to be printed in the RECORD, as follows:

The additional cost of Dixon-Yates power is due to the following:	
State and local taxes	$1,499,000
Extra cost of money (2½ percent versus 3½ percent interest) (return on equity 9 percent)	1,059,000
Extra fuel costs [1]	309,000
Extra operating costs	211,000
Total for Dixon-Yates	3,078,000
Extra TVA transmission costs	607,000
Total	3,685,000
Increasing TVA net capability 650,000 kilowatts: Cost to Government, per year	16,884,000
Adjustments TVA would make:	
Decreases:	
1. Use of 35-year amortization instead of 50 years	521,000
2. Use of plant efficiency of 9,350 instead of 9,917 B. t. u.'s per kilowatt-hour	548,000
3. Credit for Federal income tax from bondholder	$391,000
Total	1,470,000
Cost of Government with TVA adjustments	15,414,000
Accepting Dixon-Yates proposal (new plant of 650,000 kilowatts net capability): Net cost to Government, per year (excluding Federal income taxes)	20,569,000
Additional cost to Government	3,685,000
Increases:	
4. Cost of standby power with 2 units out	200,000
5. Increased TVA off-peak transmission losses	186,000
6. Amortization of special costs at Shawnee	200,000
7. Credit for Federal income tax from bondholders	(174,000)
Total	412,000
Cost to Government with TVA adjustments	20,981,000
Additional cost to Government based on TVA adjustments	5,567,000

[1] If coal can be delivered by barge to Memphis site of Dixon-Yates, 55 miles downstream from Fulton, at same cost as at Fulton (as assumed by Dixon-Yates), then this cost would be reduced by $309,000.

Mr. ANDERSON. The memorandum of the General Accounting Office contained also some comments giving reasons for not accepting the TVA adjustments and I think it no more than fair that these comments should be reproduced in the RECORD at this point and I, therefore, ask unanimous consent that they may be so printed.

There being no objection, the comments were ordered to be printed in the RECORD, as follows:

COMMENTS

REASONS FOR NOT ACCEPTING TVA ADJUSTMENTS

Adjustment 1: Costs under the Dixon-Yates proposal are based on 30-year amortization of its bonds and a direct comparison with Fulton-Johnsonville combination can be made only on same amortization.

Adjustment 2: The Dixon-Yates proposal was predicated on an estimated plant cost, using 4 units, with estimated plant efficiency over the 25-year period of 9,917 B. t. u.'s per kilowatt-hour. To obtain a realistic comparison it seemed equitable and proper to assume the same number and size of units and the same thermal efficiency.

Adjustment 3: The adjustment for Federal income taxes from bondholders was not included because the amount cannot be readily determined and in many respects is an intangible figure.

Adjustment 4: The Dixon-Yates proposal is predicated on a firm delivery of 600,000 kilowatts with 1 generating unit (of a 4-unit plant) out of service, the necessary reserve capacity to be supplied from the systems of the sponsoring companies. Normal practice on many utility systems is to determine system requirements on the basis of an outage of the largest generating unit.

Adjustment 5: With increasing loads in the Memphis area, these losses would be diminished.

Adjustment 6: These costs are based on the assumption of a continuation of the present Paducah contract after the present term with an adjustment to the demand charges for special costs incurred during construction of the Shawnee plant.

Adjustment 7: See explanation for adjustment 3.

Mr. ANDERSON. One further comment would seem to be desirable. The cost used by the General Accounting Office in this analysis is based upon coal at 19 cents per million British thermal units delivered at Fulton and East Memphis.

Before we go any further with this discussion, it might be well to pause here and point out an additional factor. Dixon-Yates, so far as we are advised, does not have any contract for the purchase of coal at East Memphis. Mr. Dixon and Mr. Yates are merely two individuals who have submitted a proposal, and, so far as I have been able to learn, have no contracts for the fuel to be supplied at West Memphis.

On the other hand, TVA is a going business, and it does have firm contracts which would be applicable to the delivery of coal to the Fulton plant. They know what their coal costs them now and they can make a fairly accurate estimate as to what their coal will cost them by 1957.

In the tabulation used by the Acting Comptroller General of the United States and by the Bureau of the Budget coal is figured at the cost of 19 cents per million British thermal units for both Dixon-Yates and TVA. This puts them both on equal terms when in fact they are not as of today. Bear in mind that TVA, as a large buyer of coal, has a contract under which the coal is currently costing them 18.4 cents rather than 19 cents and by the terms of their present contract the coal cost per million British thermal unit at Fulton by 1957 should be between 15 and 16 cents.

Many Members of the Senate have asked me how the Atomic Energy Commission ever got in the business of guaranteeing the investments of private industry for the generation of power to be supplied to atomic energy plants. It seems to me that it would be worthwhile to quote a few words at least from the report, No. 676, in the House of Representatives accompanying H. R. 4905.

In the background information carried on page 2 of the report there are these words:

> In order to provide the Commission plants with this power, the AEC has negotiated with 3 electric utilities who are willing to invest over $1 billion in new plants, major expansions to existing plants, and in new transmission lines. These facilities will have a generating capacity of over 5.5 million kilowatts. This is enough power to supply the needs of the combined States of Ohio, Tennessee, and Kentucky, all of the needs of the New England States, 35 percent of the needs of Great Britain, or 50 percent of the needs of Canada. This capacity will be 6 percent of the entire capacity of the United States. The power will be supplied as follows:
>
> Oak Ridge, 1,730,000 kilowatts from Tennessee Valley Authority.
>
> Paducah, 1,205,000 kilowatts from Tennessee Valley Authority; 735,000 kilowatts from Electric Energy, Inc.
>
> Portsmouth, 1,800,000 kilowatts from Ohio Valley Electric Co.
>
> The delivered price of the power to the Commission wil be about 4 mills per kilowatt-hour, an extremely low price for electric power generated from coal.
>
> This power is to be used for the operation of the gaseous diffusion plants at the three sites specified.

I skip the remainder of the paragraph from which I have been quoting and begin quoting those portions of the report which deal with cancellation and what would happen in the event of cancellation and why it is necessary to protect private contractors against the hazards of cancellations:

> The estimated normal growth of power use in the three geographic areas is about 6 percent per year, and these suppliers probably could not immediately absorb the extra capacity. Therefore, some adequate cancellation payment provision is needed in the event that the Government should cease to purchase the power from these facilities.
>
> The AEC needs authority to commit the Government to cancellation charges. Under the proposed contracts, these charges can amount to a maximum of $340 million. Under the Supplemental Appropriation Act of 1953, cancellation payments for the new facilities are specifically authorized but limited to $57 million. The utilities cannot enter into the power contracts with this limit on cancellation charges, since they cannot arrange financing with such a small cancellation charge guaranteed. The maximum charge of $340 million is figured on a most unlikely set of circumstances, namely, having each new gaseous diffusion plant shut down immediately upon the completion of the new generating facilities. The more likely cancellation charges are considerably less than the above.

The language which I have included from the report shows what the Joint Committee on Atomic Energy was seeking to recommend and why it was doing it. These plants were to cost more than $1 billion. The Atomic Energy Commission did not have the authority to commit the Government to the cancellation charges. Without the specific language of the amendment under discussion the Atomic Energy Commission would have been in violation of the so-called antideficiency statute.

I do not desire to take a long time relating history but at the time this matter was before the Joint Committee, the Atomic Energy Commission was really under the gun both timewise and moneywise. The supplemental appropriation act authorized cancellation payments of only $57 million and no private entrepreneur could be found who wanted to risk his venture capital in the construction of $1 billion worth of plants and face the possibility that a change in the program or the development of a new type of nuclear fuel would make outmoded the gaseous-diffusion processes and hence render unnecessary the need for such an enormous installation.

On the other hand, the Congress was insistent that the Atomic Energy Commission and particularly the thermonuclear development should move ahead and the Atomic Energy Commission was under Presidential mandate to build a hydrogen bomb and to be able to keep it in production once it was developed. Therefore, the Atomic Energy Commission, the Joint Committee on Atomic Energy and the Congress rose to their responsibilities and passed legislation which made it possible for private enterprise to invest its money and its talent in assisting in this gigantic defense program.

The junior Senator from New Mexico has no intention of leaving this point without reading into the RECORD item after item to show that the members of the committee were hesitant to act upon legislation which did not seem to provide limits which might be exercised as to scope and money. Let us look at some of these declarations.

From the hearings on H. R. 4905, at page 12, I ask unanimous consent to include a question asked by the Senator from Colorado [Mr. MILLIKIN] and the answer by Mr. Boyer, the General Manager of the Atomic Energy Commission, pointing out: "The only thing they do not want us to do is to go into the retail sale of power."

There being no objection, the excerpt from the hearings was ordered to be printed in the RECORD, as follows:

> Senator MILLIKIN. Let me put a case to you that we touched on a while ago. Supposing that the next day after cancellation we have another installation someplace in the area within feasible distance of this power source, and the power is at once diverted to that other installation. Obviously, they have not lost any power market.
>
> Mr. BOYER. You are speaking now of a Government installation?
>
> Senator MILLIKIN. That may not be a good analogy, but let's assume it.
>
> Mr. BOYER. We have the right to sell to other Government installations. I believe that is correct. I would like to check with Mr. Cook.
>
> Mr. COOK. Yes.
>
> Mr. BOYER. We have the right to sell to other Government installations. The only thing they do not want us to do is to go into the retail sale of the power.

Mr. ANDERSON. Mr. President, Representative HINSHAW realized that the cancellation charges might be too great even for an emergency situation, and suggested that we might buy out their $20 million equity, assume the Government-guaranteed bonds, and own the property. He found that private enterprise would not stand for that. Here, from pages 12 and 13 of the hearings, are the answers. I ask unanimous consent that they be printed in the RECORD at this point.

There being no objection, the excerpt from the hearings was ordered to be printed in the RECORD, as follows:

> Representative HINSHAW. How would it be if an additional safeguard should be placed in the language to give you the right to pay that $20 million equity capital and assume the bonds and own the property?
>
> Mr. BOYER. They will not agree to that.
>
> Representative HINSHAW. Are you sure they won't agree to it?
>
> Mr. BOYER. You mean to take over the unamortized portion of the plant and paying the outstanding costs?
>
> Representative HINSHAW. No. Take over their equity capital and assume their bonds and, of course, acquire the property.
>
> Mr. BOYER. You are talking about recapture, about paying the unamortized cost of the investment? We have asked to do that and have not been given that right.
>
> Representative HINSHAW. I am not talking about doing that. I am talking in the event of cancellation about taking over their equity capital, saving them from any losses, reimbursing them 100 percent on the equity capital, and then, of course, that would also mean an assumption by the Federal Government of bonds, would it not?
>
> Mr. BOYER. That is right. They would not agree to that.

The answer is this, Mr. HINSHAW, and I think it is logical: Here is this big potential

powerplant down in their system, and they would like to have the control of that.

Representative HINSHAW. Of course, but then you have a total estimated AEC cancellation cost in here of $139,630,000.

Mr. BOYER. That is right.

Representative HINSHAW. And it is nearly all the cost of the plant.

Mr. BOYER. No, the cost of the plant——

Representative HINSHAW. Half of it anyway.

Mr. BOYER. The investment here is roughly about $400 million.

Mr. ANDERSON. Mr. President, we have been hearing a great deal about windfall profits on housing deals. The senior Senator from Colorado [Mr. JOHNSON] sensed that there might be some windfall profits in this private enterprise deal, and from page 16 of the hearings, I quote his question, and Mr. Boyer's answer:

Senator JOHNSON. Suppose Du Pont goes in there the day after you cancel the contract and they sell all their power to Du Pont. They have received the money from you that they were supposed to have lost, which they have not lost, and they are getting from Du Pont the cost of the operation. So they have a windfall, have they not?

Mr. BOYER. Right.

Mr. President, in other words, they could sell every kilowatt of power at exactly the same price at which the Government had intended to buy it, and they would still get $57 million from the Government, and still sell the power and still get all that money. If that is not a windfall of substantial size, I do not know what it is. In the case of the two plants already built it could run to $400 million.

I say that before authority is given for the plan of the Dixon-Yates group, if such authority is to be given, we ought to find out what they are going to do in this matter. If they are going to sell this power, in case there is a cancellation by the Government, at the same rate the Government expected to pay for it, they are not financially damaged because of the Government cancellation, and they should not be able to receive the $40 million of their $100 million. It is not their $100 million, because they put up only $5 million. The rest of the money would be obtained because of the Government guarantee. They could sell every kilowatt of the energy at prices at which they expected to sell it to the Government, and get all the money from the new purchaser, and $40 million besides, on their $5 million investment, on which they received a return of 9 percent, with the taxes paid to the Government. If that would not be a windfall, I do not know what it would be.

Let us consider this statement by the General Manager of the Atomic Energy Commission at the time this legislation was being considered, which appears at page 22 of the hearing:

Mr. BOYER. If you notice the language we are proposing: "The Atomic Energy Commission is authorized in connection with the construction and operation of the Oak Ridge, Paducah, and Portsmouth installations of the Commission, without regard to section 3679 of the Revised Statutes."

In other words, it is limited to the power requirements for those three installations. It is not a wide-open authority.

Then, Mr. President, let us notice how careful Representative HINSHAW was, as reported at pages 36 and 37 of the hearings. I ask unanimous consent that the excerpt from the hearings be printed in the RECORD at this point as a part of my remarks.

There being no objection, the excerpt from the hearings was ordered to be printed in the RECORD, as follows:

Representative HINSHAW. Mr. Chairman, this appears to be an authorization to the Atomic Energy Commission existing in law from now on to enter into new contracts and revise contracts, and so forth, in connection with supplying of power for any activity the Commission undertakes.

I do not think that the committee is ready to go that far, that they have been considering the power situation in the vicinity of Portsmouth, and also in the Tennessee Valley, but I doubt that the committee is ready to give a carte blanche over the entire system as being presently operated by the Atomic Energy Commission, and to be unlimited as to the dates, the times in which such contracts can be entered into, and their termination, the cancellation costs or anything else.

That is all I have to say. I personally would object to such legislation on that ground.

Chairman COLE. I take it that your point is that you object to the omission of specific reference which was contained in the bill as originally introduced to the granting of this authority in connection with Oak Ridge, Paducah, and Portsmouth.

Representative HINSHAW. Certainly. And also a time limit.

Chairman COLE. Let us get through with one thing at a time. Would your objection be met if those specific installations were again enumerated?

Representative HINSHAW. I think the legislation ought to contain a limitation that it applies to these particular contracts that are to be issued and which have been brought before the committee and the committee has had a chance to look at and criticize. That is not saying anything about any future contracts that may be entered into.

The committee has, or will, I presume, by this action given approval to these contracts that have been entered into. As to future contracts and termination costs, I think we would be under very great criticism on the part of the Congress if we should enter into them in blank.

Mr. ANDERSON. Representative VAN ZANDT, who, with Representative HINSHAW, was one of the early members of the Joint Committee on Atomic Energy, was not satisfied. He wanted to tie down the promise that the law would be used for providing power for Oak Ridge, Portsmouth, and Paducah only. Therefore he tried to obtain answers to his questions and to develop a legislative history. I ask unanimous consent that his questions and the answers be included in the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

Representative VAN ZANDT. Mr. Chairman, I wonder if a member of the staff could tell us in a few words what section 3679 of the revised statutes provides?

Chairman COLE. Mr. Boyer can answer that.

Mr. BOYER. That is the antideficiency act, which says you shall not enter into an obligation without the funds to pay for the obligations you assume.

Representative VAN ZANDT. This bill would set those limitations aside?

Mr. BOYER. The idea is to have language here which would satisfy the contractor and the insurance companies, and not have to tie up the large sums that might be required to cover the cancellation.

Representative VAN ZANDT. Is there anything in the basic Atomic Energy Act that provides that you bring these contracts here to Capitol Hill for review by this committee?

Mr. BOYER. Well, we have always been faced with the problem of getting the money for these contracts that we execute.

Representative VAN ZANDT. That would be reviewed by the Appropriations Committee?

Mr. BOYER. That is right.

Representative VAN ZANDT. This committee would also make a review of it in the preliminary study we make of the appropriation requests before they go to the Appropriations Committee?

Mr. BOYER. Yes, sir. The record will show that we pointed out the last time we were up here that we are here at the suggestion of Senator SALTONSTALL and Congressman PHILLIPS, and we introduced this language before Mr. PHILLIPS' committee, and both he and Mr. SALTONSTALL felt that it should be referred to this committee since it was essentially legislation and not appropriation of funds.

Representative VAN ZANDT. The reason I asked the question was in connection with Mr. HINSHAW's statement on the bill, that we have actually reviewed every contract that you make.

Mr. BOYER. No; you do not review every contract we make, because that would keep the committee rather busy.

Representative VAN ZANDT. I mean contracts of this size, because if my memory serves me correctly, you did come up here and discuss these contracts with us.

Mr. BOYER. We came up and discussed with you the need for the power and this 25-year contract to avoid the investment of large sums of Federal money for powerplants.

Representative VAN ZANDT. Would not you do that in the future?

Mr. BOYER. I think this type of contract we have to come up and get the funds appropriated or language.

Representative VAN ZANDT. When Mr. HINSHAW made his point, I thought probably his point would be taken care of by the fact that we do have a chance to review these contracts because you are bringing them to us and you ask our opinion of them.

Senator PASTORE. Does this review take place before the contract is consummated or after it is consummated?

Mr. BOYER. What Mr. VAN ZANDT is saying is that, in effect, you are reviewing it now, because the last time we appeared before the committee, we went into considerable detail as to the nature of the cancellation portions of the contract.

Representative HINSHAW. If this bill is passed, it is the last time we will review it, and there will never be any other review or requirement for review in 100 years.

Chairman COLE. Not necessarily.

Representative HINSHAW. There is no limitation on that act.

Chairman COLE. You are forgetting the provision of the law which says the Commission shall keep the committee informed on everything it does.

Representative VAN ZANDT. Why not write it in here, "subject to review of the committee"? We write it in in other bills, in the Armed Forces Committee.

Chairman COLE. I am sure the Commission does not have any objection to reinserting specific reference to Oak Ridge, Paducah, and Portsmouth.

Mr. BOYER. None whatever.

Mr. ANDERSON. I also ask unanimous consent that a further excerpt from page 41 of the hearings, be printed in the RECORD at this point.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

Representative VAN ZANDT. Mr. Chairman, could we insert language in this bill that would make this particular type of a contract subject to review by this committee?

Dr. SMYTH. Mr. VAN ZANDT, you have written in Oak Ridge, Paducah, and Portsmouth, and any further extension of those plants would certainly presumably come to this committee for general discussion and approval. It does not appear to me to be necessary or desirable to try to get the specific contracts into the bill.

Representative VAN ZANDT. In the future we may have other installations, or another Paducah.

Dr. SMYTH. Yes, but as I understand it, the way the bill is now modified, Oak Ridge, Paducah, and Portsmouth are to be inserted; is that not right?

Chairman COLE. Yes.

Representative VAN ZANDT. Then the bill as written will restrict it to Paducah, Oak Ridge, and Portsmouth.

Mr. ANDERSON. Mr. President, I have included this material only for the purpose of making it available in somewhat easier form for Members of the Senate when they start the discussion of this project in the debate tomorrow.

I think it is extremely important that a great deal of care be utilized in the consideration of the bill. Of course, there are many other matters which will require careful consideration, but surely we must be careful not to set up any cancellation rights which will permit people who have invested $5 million to recover $40 million in damages from the Government, when they have not been financially damaged. I believe it is an extremely important point to which Congress, I am sure, will wish to devote a great deal of attention.

RECESS

Mr. WATKINS. Mr. President, in accordance with the order previously entered, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 8 o'clock and 38 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Wednesday, July 14, 1954, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 13 (legislative day of July 2), 1954:

IN THE AIR FORCE

The following named officers for temporary appointment in the United States Air Force under the provisions of section 515, Officer Personnel Act of 1947:

To be major generals

Brig. Gen. George Ferrow Smith, 380A, Regular Air Force.

Brig. Gen. John Walker Sessums, Jr., 489A, Regular Air Force.

Brig. Gen. Wycliffe Eugene Steele, 491A (colonel, Regular Air Force), United States Air Force.

Brig. Gen. Floyd Bernard Wood, 500A (colonel, Regular Air Force), United States Air Force.

Brig. Gen. Thetus Cayce Odom, 554A (colonel, Regular Air Force), United States Air Force.

Brig. Gen. Millard Lewis, 561A (colonel, Regular Air Force), United States Air Force.

Brig. Gen. Joe William Kelly, 612A (colonel, Regular Air Force), United States Air Force.

To be brigadier generals

Col. James Keller DeArmond, 257A, Regular Air Force.

Col. John Gordon Fowler, 477A, Regular Air Force.

Col. Norman Delbert Sillin, 501A, Regular Air Force.

Col. James Presnall Newberry, 530A Regular Air Force.

Col. Donald Linwood Hardy, 618A, Regular Air Force.

Col. Laurence Browning Kelley, 651A, Regular Air Force.

Col. Harley Sanford Jones, 828A, Regular Air Force.

Col. Lester William Light, 887A, Regular Air Force.

Col. Jermain Ferdinand Rodenhauser, 933A, Regular Air Force.

Col. Jack Roberts, 1134A, Regular Air Force.

Col. Noel Francis Parrish, 1143A, Regular Air Force.

Col. Charles Milton McCorkle, 1224A, Regular Air Force.

Col. Bertram Cowgill Harrison, 1425A, Regular Air Force.

Col. Edwin Shepard Chickering, 1474A, Regular Air Force.

Col. Harold Ernest Watson, 1520A, Regular Air Force.

Col. Kenneth Hodder Gibson, 1775A, Regular Air Force.

Col. Keith Karl Compton, 1849A, Regular Air Force.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 13 (legislative day of July 2), 1954:

FOREIGN OPERATIONS ADMINISTRATION

To be members of the Public Advisory Board, Foreign Operations Administration

Clement D. Johnston, of Virginia.
Mrs. Helen Chapman, of Illinois.
Harold C. McClellan, of California.
Mrs. Percy Maxim Lee, of Connecticut.

ATOMIC ENERGY COMMISSION

Herbert Bernard Loper, of Nebraska, to be Chairman, Military Liaison Committee to the Atomic Energy Commission.

COLLECTOR OF CUSTOMS

Merrill D. White, of Florida, to be collector of customs for customs collection district No. 18, with headquarters at Tampa, Fla.

HOUSE OF REPRESENTATIVES

TUESDAY, JULY 13, 1954

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Eternal and ever-blessed God, may our life in the hours of this new day be radiant with the realization of Thy presence and power which we so greatly need.

Grant that we may have the leading of Thy wise and gracious spirit in all our plans and labors to solve the difficult and perplexing problems of human relationships.

May we never go forth in our own wisdom and strength, but make us eager to seek divine counsel and guidance.

Inspire us with a confidence and courage, which knows no defeat, as we daily dedicate ourselves to the task of enthroning the spirit of peace and good will among the nations of the earth.

Hear us in Christ's name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate has passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 7664. An act to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 190. An act to establish a basic administrative workweek and pay periods of two administrative workweeks for postmasters, officers, and employees of the postal field service, and for other purposes;

S. 3028. An act to require the Postmaster General to reimburse postmasters of discontinued post offices for equipment owned by the postmaster; and

S. 3655. An act to provide that the Metropolitan Police force shall keep arrest books which are open to public inspection.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 6725) entitled "An act to reenact the authority for the appointment of certain officers of the Regular Navy and Marine Corps," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SALTONSTALL, Mr. CASE, Mr. DUFF, Mr. BYRD, and Mr. STENNIS to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H. R. 9242) entitled "An act to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SALTONSTALL, Mr. CASE, Mr. DUFF, Mr. BYRD, and Mr. STENNIS to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3378) entitled "An act to revise the Organic Act of the Virgin Islands of the United States."

SPECIAL ORDERS GRANTED

Mr. ABERNETHY asked and was given permission to address the House tomorrow for 45 minutes, at the conclusion of the legislative program and any special orders heretofore entered.

Mr. BYRD asked and was given permission to address the House tomorrow for 20 minutes, at the conclusion of the legislative program and any special orders heretofore entered.

TAKING THE GOVERNMENT OUT OF BUSINESS

Mr. OSMERS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. OSMERS. Mr. Speaker, the House Committee on Government Operations will hold 4 days of hearings, beginning on Wednesday of this week, on bills which have been introduced by the chairman [Mr. HOFFMAN of Michigan] and by me for the express purposes of establishing a policy against Government being in competitive business and of providing a method under which the Federal Government's encroachment into the fields of private enterprise may be terminated, or at least held within reasonable and sensible bounds and proportions.

Mr. HOFFMAN's bills are H. R. 9834 and 9835. My bill is H. R. 8832. The aim and intent of all three is the same; the mechanics of operation differ in slight degrees.

Mr. Speaker, the preservation of our free economy is dependent, to a very considerable degree, upon the elimination of the tax-free competition that has been established over the years by the Federal bureaucracy, and that continues to grow and expand because bureaucracy itself never sleeps and never dies.

The Subcommittee on Intergovernmental Relations of the House Committee on Government Operations has spent years in studying this situation. We have uncovered astonishing and abominable invasions of business by Government financed and operated enterprises—and yet we have only scratched the surface and we know it. You might think, Mr. Speaker, that the mammoth Federal budget would disclose these business investments and expenditures. It does nothing of the sort—and I doubt if we in Congress will ever know the extent of the Federal commercial and financial operations unless a bill is passed requiring the various agencies to report fully each year.

Nor shall we be able, in my opinion, Mr. Speaker, to put a halt to the constant expansion of Government in business until a reviewing board, such as I have suggested, is established with powers to watch and to veto.

The chief reason for taking government out of business is to protect and encourage the taxpaying businessmen—big and little—who make the Federal Government possible through tax payments. Second, if we sell all of Government's businesses, as we have sold the Mississippi Barge Lines and the Muscatine alcohol plant, we shall get a great sum of money which can be used to reduce the national debt and cut, by half a billion dollars a year or more, the interest payments that the taxpayers now make on the debt. Third, we shall collect over a billion dollars a year in additional income taxes from the companies that take over these Government-owned and Government-supported affairs. And fourth, we shall save hundreds of millions of dollars in annual appropriations to these nontaxpaying, tax-eating activities.

Mr. Speaker, I commend your attention and that of the Members, press and public to the testimony that will be given by representatives of labor and business at the Government Operations Committee's hearings beginning on Wednesday. You will hear the great American free enterprise system speaking, the system ot which this administration has pledged its support.

DUTIES AND FUNCTIONS OF SMALL BUSINESS ADMINISTRATION

Mr. HILL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

Mr. HILL. Mr. Speaker, when the House on yesterday, with its deep concern for the interests of small business, passed and sent to the Senate H. R. 9144 to amend section 24 of the Federal Reserve Act, as amended, it was quite apparent to me that many members of this body were not fully informed of the functions and activities of the Small Business Administration. Statements were made, no doubt in good faith, and I do not question any one's sincerity, which were at variance with the facts and, in the interest of keeping the record straight, I have overnight obtained official figures and facts which I would now like to present to the House very briefly.

While there is great interest in the financial assistance function of the Small Business Administration, it should be remembered that this agency, as required by law, has other duties which it is performing and, I believe, performing very well within the limitations of the appropriations. In addition to financial assistance, the Small Business Administration maintains a nationwide service in obtaining for small business a fair share of Government orders for materials and supplies for the Department of Defense and the so-called civilian agencies of the Government. The Small Business Administration, pursuant to the mandate carried in the law, provides a nationwide service in management and technical aid to business firms. Both of these functions—Government procurement and management assistance—are, as every Member of this body knows, very important toward keeping our national economy on an even keel and distributing prosperity. Of course it is an accepted function of the Federal Government to disseminate knowledge and that is what the Small Business Administration is doing.

Now, regarding the financial-assistance function of the Small Business Administration: I have here the latest figures, and may I say, parenthetically, that in a discussion of this kind it is not uncommon for important figures to be overlooked and sometimes aggregate figures are lost in the great array of figures. The figures I am going to give this body came to me this morning directly from Mr. Wendell B. Barnes, the Administrator of the Small Business Administration.

The figures he has furnished me show that the Small Business Administration as of July 8, 1954, had taken action on more than 1,800 loan applications.

The figures show further that the Small Business Administration as of July 8 had approved 515 business loans for $30,145,000.

Of the loans approved, 340 loans, totaling $20,923,000, are bank-participation loans, and 175 loans, totaling $9,222,000, are direct loans.

In addition, the Small Business Administration had taken action on 195 disaster-loan applications, and as of June 30 the agency had made disbursements on 93 disaster loans, totaling $386,011.

The Small Business Administration has been active in making disbursements on the small-business loans it has approved. The figures through July 8 show that disbursement has been made on 126 loans for a total of $6,506,415.

Of these, 45 were direct loans, for a total of $2,751,803; and 68 were bank-participation loans for a total of $3,754,-612.

So much for the figures themselves. Now, I should like to say just a few words about the meaning of them.

In the first place it should be said that the Small Business Administration did not begin receiving loan applications until last October, and it was not until the first of this year that its loan program was in full operation.

There has been some criticism of the Small Business Administration because of the time that has elapsed between the approval of a loan application and the final closing and disbursing of the funds.

With regard to this criticism, I should like to say that anyone familiar with banking and business operations knows that no prudent businessman is going to draw down the money he has made arrangements to borrow until he actually needs it.

It would be wasteful for him to incur interest charges on borrowed funds until he is ready to use those funds. Therefore it is obvious that there is not necessarily any significance in the time that may elapse between tentative approval and actual closing.

You will note from the figures on loan approvals that I quoted a moment ago, that two-thirds of the loans approved by the Small Business Administration are bank-participation loans.

With regard to these loans, the banks themselves, and not the Small Business Administration, close the loans and make the disbursement. In many instances, the banks advance the needed funds on a short-term basis after tentative approval and before closing of the SBA loan, and neither the bank or its customer is then in any particular hurry for the loan closing which is under the bank's control.

So you see that the time it takes to close a loan after it has been approved by the Small Business Administration is not always under the control of the agency.

The truly significant thing with regard to the Small Business Administration's

loan program, to my way of thinking, is this:

The Agency is stepping up its action on its lending program and has made a creditable record in acting on more than 1,800 applications.

Of course, not all loan applications can be approved. The law itself requires that only sound loans shall be made, in cases where there is good chance of repayment.

It takes just about as much work for the Small Business Administration and its small but efficient staff to process an application that is declined, as it does one that is approved.

Finally, I want to make note of one more fact that to me shows that the Small Business Administration is doing a good job.

Recently the Small Business Administration delegated authority to its Regional Directors to make loans up to $50,000 on their own authority in cases where there is at least 25 percent bank participation and where at least half of this bank participation represents new money.

Within 24 hours after this delegation of authority was approved by the Small Business Administrator, the Agency's Philadelphia Regional Office had approved a loan for $50,000 to a small firm, in which a bank had agreed to take 50 percent participation.

Mr. Speaker, in conclusion, from the brief summary of activities of the Small Business Administration which I have given, I believe it will be agreed by fair-minded persons that the Small Business Administration, with the funds and personnel provided by the Congress, has done and is doing an excellent job.

SPECIAL ORDER GRANTED

Mr. EBERHARTER asked and was given permission to address the House for 15 minutes today, following the legislative program of the day and the conclusion of special orders heretofore granted.

HEALTH SERVICE PREPAYMENT PLAN REINSURANCE ACT

Mr. ALLEN of Illinois. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 623 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8356) to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interstate and Foreign Commerce, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Interstate and Foreign Commerce now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any Member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instruction.

Mr. ALLEN of Illinois. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, I rise to urge the adoption of House Resolution 623, which will make in order the consideration of the bill (H. R. 8356) to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services.

House Resolution 623 provides for an open rule, waiving points of order, and allows for the consideration of the committee substitute amendment as an original bill. Two hours of general debate on the bill itself are provided.

Mr. Speaker, H. R. 8356 would provide for the establishment of a health reinsurance program in the Department of Health, Education, and Welfare. The bill would also provide for the creation of a reinsurance fund and would authorize a repayable appropriation of not to exceed $25 million to provide advances of working capital for the fund. This $25 million would be available for the first 5 years of the program.

According to the report, Mr. Speaker, the fund would be built up over a period of time from reinsurance premiums and from earnings of the fund. Reinsurance would be available, on a strictly voluntary basis and upon payment of a reinsurance premium, to private insurance companies or voluntary nonprofit health associations.

This whole proposal is designed to encourage private insurance organizations to experiment in providing broader voluntary health insurance protection to more people. The bill would also provide for technical advisory and informational services to health service prepayment plans.

Mr. Speaker, this bill has had its principal provisions approved by the Department of Health, Education, and Welfare, the Department of Agriculture, the Department of Labor, the Federal Trade Commission, and by the President himself. Outside of the field of Government, it has also been approved by such well-known insurance companies as Mutual Life Insurance Co. and the Connecticut General Life Insurance Co., of Hartford.

The Bureau of the Budget has stated that the bill, if passed, would be in line with the program of the President.

Mr. Speaker, H. R. 8356 represents a new idea in the field of improving the health of the American people. It is a bill that should be adequately discussed by the Congress in order that we all may have a clear idea of just what is entailed in the full development of a program such as is contained in this bill. I hope that the rule will be adopted so that we may fully discuss this bill.

Mr. Speaker, I yield 30 minutes to the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Speaker, I yield such time as he may require to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, this seems to be quite a hurry-up kind of measure here this morning. It proposes to launch the Federal Government into the insurance business. I had expected to make some remarks about it because I think it is premature to consider it at this time. I think the House ought to give it very careful consideration. What this bill undertakes to do is to set up a fund of $25 million, which is to be used in connection with the health insurance business. Whether this is a forerunner of socialized medicine, I am unable to predict, but I never saw one of these new agencies set up which did not spread its wings just as far as possible and go from one thing to another. This is the beginning of putting the Federal Government into the insurance business. I do not think it ought to be done. I do not think the House would do it if it were brought up here with mature consideration and if we had time to consider it. But it came before the Rules Committee yesterday afternoon, and here we are, at the end of the session. We have had a year and a half to consider whether you want to put the Federal Government into the insurance business. You have had a year and a half to consider whether you wanted to set up this kind of a bureau and launch the Government into this kind of a new program. I do not call it a New Deal program or a Fair Deal program. I might call it a Republican program. I remember the time when that side of the aisle would hold up their hands in holy horror at any such suggestion that we put the Federal Government into the health insurance business. That is exactly what you are doing. We have not had time to consider this bill. I will warrant there is not 1 Member in 10 in this House who knows a single solitary thing about this bill or what it provides.

Here is a bill that establishes a new bureau, an expensive bureau, which is estimated I understand will cost a million and a quarter dollars a year for its administration alone, and it sets up a reinsurance fund of $25 million of the taxpayers' money and launches you full-fledged into the insurance business. Is that what you want to do? If that is what you want to do, of course you have the votes over here to do it, but I think you ought to stop, look, and listen a little bit.

This bill is opposed by the American Medical Association. They do not think the Government ought to go into the business of insuring the health of the people. It is a reinsurance bill. It looks to me like what it really is, is a subsidy to the insurance companies, in order to induce them to insure bad risks, because they expect them to insure against things that they would not ordinarily insure under the circumstances. If you need any more reinsurance—and that is what this is—a reinsurance bill, just remember this, that you have got private companies, you have got private capital to the extent of something like

$2 billion in private insurance companies that are engaged in just the business that you are proposing to place the Federal Government in competition with. If that is what you want to do, all right, go ahead.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. The gentleman just said something that I would like to comment on. The gentleman said we would put the Federal Government in competition with private insurance. Insofar as this bill is concerned, and to emphasize the need for studying it, I have heard just the opposite of that. I have heard that this bill is just to bail out a lot of insurance companies, and insure some insurance companies against any loss. There are so many conflicting impressions throughout the country concerning this bill that it seems to me it is being pushed upon us without proper consideration and study. I have also been informed, whether the information is reliable or not—I do not know whether the committee has studied it—that the rates that will be charged will be of such high nature that the employees who are reinsured under this bill will pay just as much as they would to private insurance companies, and the excess premiums will be for the benefit of the insurance companies. I am not making those charges, but just bearing out what the gentleman said. I do not think the committee has given enough study to this subject to pass a bill of this nature.

Mr. SMITH of Virginia. The gentleman's statement, for which I am grateful, is enlightening. Here is the Government launching upon a new program, launching upon a new bureau, when we do not know what we are doing, and the House does not know what it is all about. The gentleman says this may be to bail out some insurance companies. I say it is to put the Government in competition with insurance companies. The answer to that question, I think, is this, that there are all kinds of insurance companies. There are good sound solvent reinsurance companies who are amply able to reinsure every risk that is insurable or that ought to be insured. On the other hand, you have fly-by-night insurance companies—and I may say there are many of them—that would welcome this opportunity to unload their burden on the taxpayers of the United States.

Mr. MASON. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. MASON. Is the kernel of this bill a proposition for the Federal Government to underwrite the insurance companies in proposed experiments they may carry on which are risky, which they ordinarily would not carry on unless the Federal Government backed them up and guaranteed them?

Mr. SMITH of Virginia. That is exactly what it is; and I think the gentleman has pretty well expressed the language that is contained in the preamble of the bill itself.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. EBERHARTER. I just want to add this comment that there are very many differences in rates on insurance, some companies perhaps charging but half of what other companies charge. This matter of rates has been studied for many years, yet in the short time the Committee on Interstate and Foreign Commerce has had this matter under consideration. It seems to me that it would be impossible that they could arrive at a rate that would be fair to both the insurance company, the reinsured, and the individuals.

Mr. SMITH of Virginia. May I say to the gentleman in response to his comment I think that is taken care of in the bill, because the bill provides and authorizes the Secretary of Health, Labor, and whatever you have to employ 10 very high-priced experts on insurance, and they are going to tell the country what to do about it and they are going to tell the Government what to do about it. You are going to spend about $25 million setting up a new bureaucracy.

Mr. EBERHARTER. Let me ask the gentleman if these so-called experts will set the rates, or will Congress have the right to set the rates?

Mr. SMITH of Virginia. They are not only going to set the rates but they are going to advise the insurance business what is good for them and what is not good for them.

Mr. EBERHARTER. It seems to me that we are always getting more experts to handle legislation rather than the Congress.

Mr. SMITH of Virginia. Absolutely, yes; all they want us to do is to pass the enabling act, give them millions of dollars, and the bureaucrats will handle it from there on.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. DONDERO. I have listened with great interest to what the gentleman has had to say. I have always admired him for his forthrightness. Will the gentleman tell the House, if he knows, what is the necessity for this bill?

Mr. SMITH of Virginia. I think you will have to talk with the gentlemen who are proposing the bill. From my standpoint I do not see any necessity for it at all. It is a thing that ought not to be done.

Mr. DONDERO. Is it not another case of injecting the Federal Government into a new field of private industry?

Mr. SMITH of Virginia. Absolutely; there is no doubt about that.

Mr. MULTER. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from New York.

Mr. MULTER. Is it not a fact that the insurance business is one of the biggest free enterprise businesses of the country with billions and billions of dollars of assets? If this is such a good plan why cannot the insurance companies carry it out, invest their own $25 million, rather than have the Federal Government get into it?

Mr. SMITH of Virginia. They have plenty of money to do it with. It is just another case of injecting the Federal Government into private business with the bill to be footed by the taxpayers.

Mr. Speaker, I include in my remarks at this point a telegram from the American Medical Association regarding this bill:

JUNE 29, 1954.

Hon. CHARLES A. WOLVERTON,
Chairman, House Interstate and Foreign Commerce Committee,
House of Representatives,
Washington, D. C.:

This is to make certain that the position of the American Medical Association on H. R. 7700 and H. R. 8356 is understood. We opposed the original H. R. 7700 and we oppose the amended version. On April 26 the association presented its views to the committee on the original H. R. 7700. Again on May 11 we informed you of our views on the amendments you suggested.

First, H. R. 7700 is absolutely unnecessary; private financing is meeting the need. Second, this legislation would put medical practical and medical policies under the domination of lay boards of labor and management. Congress and the public have long been aware that the practice of medicine cannot be allowed to become a political football. It is just as important that the practice of medicine not be relegated to the labor-management bargaining table.

We want to take this opportunity also to tell you that our association's opposition to H. R. 8356, the reinsurance proposal, was reaffirmed by the House of Delegates last week at our convention in San Francisco. Our reasons were presented to your committee in testimony on April 5.

FRANK E. WILSON, M. D.,
Director, Washington Office, American Medical Association.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The question was taken, and the Chair announced that the ayes appeared to have it.

Mr. SMITH of Virginia. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 274, nays 88, answering "present" 1, not voting 71, as follows:

[Roll No. 102]

YEAS—274

Abernethy	Bennett, Fla.	Budge
Adair	Bennett, Mich.	Burdick
Addonizio	Bentley	Bush
Allen, Calif.	Berry	Byrnes, Wis.
Allen, Ill.	Bishop	Campbell
Andersen, H. Carl	Boggs	Canfield
Andresen, August H.	Boland	Cannon
Andrews	Bolling	Carnhan
Arends	Bolton, Frances P.	Carrigg
Auchincloss	Bolton, Oliver P.	Cederberg
Ayres	Bonner	Chenoweth
Baker	Bosch	Chiperfield
Bates	Boykin	Church
Battle	Bray	Clevenger
Beamer	Brown, Ga.	Cole, Mo.
Becker	Brownson	Cole, N. Y.
Belcher	Broyhill	Colmer
		Condon
		Coon

Cooper	Hyde	Prouty
Corbett	Jackson	Rabaut
Coudert	James	Radwan
Cretella	Javits	Rains
Crosser	Jenkins	Ray
Crumpacker	Jensen	Rayburn
Cunningham	Johnson, Calif.	Reams
Curtis, Mass.	Johnson, Wis.	Reece, Tenn.
Curtis, Mo.	Jonas, Ill.	Reed, Ill.
Dague	Jonas, N. C.	Rees, Kans.
Davis, Wis.	Jones, Ala.	Rhodes, Ariz.
Dawson, Utah	Jones, Mo.	Rhodes, Pa.
Deane	Judd	Richards
Dempsey	Karsten, Mo.	Riley
Derounian	Kean	Rivers
Devereux	Kearney	Roberts
D'Ewart	Kearns	Robison, Ky.
Donohue	Keating	Rodino
Dorn, N. Y.	King, Calif.	Rogers, Colo.
Dorn, S. C.	King, Pa.	Rogers, Fla.
Elliott	Klein	Rogers, Mass.
Ellsworth	Kluczynski	Sadlak
Engle	Knox	St. George
Evins	Krueger	Saylor
Fenton	Laird	Schenck
Fine	Lane	Scherer
Fino	Lanham	Scrivner
Forand	Latham	Scudder
Ford	LeCompte	Secrest
Forrester	Lipscomb	Seely-Brown
Fountain	Lovre	Selden
Frazier	McCarthy	Shelley
Frelinghuysen	McCormack	Sieminski
Friedel	McDonough	Simpson, Ill.
Fulton	McIntire	Simpson, Pa.
Gamble	McMillan	Small
Gathings	Machrowicz	Smith, Miss.
Gavin	Mack, Wash.	Smith, Wis.
George	Madden	Spence
Golden	Magnuson	Springer
Goodwin	Martin, Iowa	Stauffer
Gordon	Matthews	Stringfellow
Graham	Meader	Sullivan
Granahan	Merrill	Talle
Grant	Metcalf	Thomas
Green	Miller, Calif.	Thompson, Mich.
Gross	Miller, Kans.	
Gubser	Miller, Md.	Tollefson
Hagen, Calif.	Miller, Nebr.	Van Pelt
Hagen, Minn.	Mills	Van Zandt
Hale	Mollohan	Velde
Halleck	Morano	Vinson
Hand	Moss	Vorys
Harden	Mumma	Vursell
Harrison, Nebr.	Nicholson	Wainwright
Hart	Oakman	Walter
Harvey	O'Brien, Ill.	Wampler
Hébert	O'Brien, N. Y.	Warburton
Hesselton	O'Hara, Ill.	Watts
Hess	O'Hara, Minn.	Westland
Hiestand	Osmers	Wharton
Hill	Ostertag	Whitten
Hillelson	Patterson	Widnall
Hoeven	Pelly	Wigglesworth
Hoffman, Ill.	Philbin	Williams, N. J.
Hoffman, Mich.	Phillips	Williams, N. Y.
Holmes	Pilcher	Wilson, Calif.
Holt	Pillion	Withrow
Hope	Poage	Wolcott
Horan	Poff	Wolverton
Hosmer	Polk	Yates
Howell	Preston	Young
Hruska	Price	Younger
Hunter	Priest	Zablocki

NAYS—88

Abbitt	Garmatz	Natcher
Albert	Gary	Neal
Alexander	Gentry	Norrell
Aspinall	Gregory	O'Brien, Mich.
Bailey	Haley	O'Konski
Bentsen	Hardy	Passman
Betts	Harrison, Va.	Patten
Blatnik	Hays, Ark.	Pfost
Bow	Herlong	Reed, N. Y.
Brooks, Tex.	Holifield	Robeson, Va.
Brown, Ohio	Ikard	Rogers, Tex.
Buchanan	Jarman	Rooney
Buckley	Jones, N. C.	Shafer
Burleson	Kee	Shuford
Busbey	Kelley, Pa.	Smith, Kans.
Byrd	Kelly, N. Y.	Smith, Va.
Carlyle	Keogh	Staggers
Celler	Kilburn	Steed
Clardy	Kilday	Taber
Cooley	Kirwan	Teague
Davis, Tenn.	Lantaff	Thornberry
Dawson, Ill.	Lesinski	Trimble
Delaney	McCulloch	Tuck
Dies	McVey	Utt
Dolliver	Mack, Ill.	Wickersham
Dondero	Mahon	Williams, Miss.
Dowdy	Marshall	Wilson, Tex.
Durham	Mason	Winstead
Eberharter	Multer	
Edmondson	Murray	

ANSWERING "PRESENT"—1

Hays, Ohio

NOT VOTING—71

Angell	Fernandes	Norblad
Ashmore	Fisher	O'Neill
Barden	Fogarty	Patman
Barrett	Gwinn	Perkins
Bender	Harris	Powell
Bonin	Harrison, Wyo.	Regan
Bowler	Heller	Riehlman
Bramblett	Hillings	Roosevelt
Brooks, La.	Hinshaw	Scott
Byrne, Pa.	Holtzman	Sheehan
Camp	Kersten, Wis.	Sheppard
Chatham	Landrum	Short
Chelf	Long	Sikes
Chudoff	Lucas	Sutton
Cotton	Lyle	Taylor
Curtis, Nebr.	McConnell	Thompson, La.
Davis, Ga.	McGregor	Thompson, Tex.
Dingell	Mailliard	Weichel
Dodd	Merrow	Wheeler
Dollinger	Miller, N. Y.	Wier
Donovan	Morgan	Willis
Doyle	Morrison	Wilson, Ind.
Fallon	Moulder	Yorty
Feighan	Nelson	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Dingell for, with Mr. Hays of Ohio against.

Until further notice:

Mr. Taylor with Mr. Thompson of Texas.
Mr. Short with Mr. Fisher.
Mr. Bender with Mr. Lucas.
Mr. Angell with Mr. Lyle.
Mr. Scott with Mr. Camp.
Mr. Sheehan with Mr. Long.
Mr. Weichel with Mr. Doyle.
Mr. Wilson of Indiana with Mr. Chatham.
Mr. McConnell with Mr. Morrison.
Mr. McGregor with Mr. Perkins.
Mr. Curtis of Nebraska with Mr. Regan.
Mr. Gwinn with Mr. Sikes.
Mr. Bramblett with Mr. Thompson of Louisiana.
Mr. Bonin with Mr. Willis.
Mr. Hillings with Mr. Ashmore.
Mr. Riehlman with Mr. Brooks of Louisiana.
Mr. Nelson with Mr. Davis of Georgia.
Mr. Miller of New York with Mr. Fallon.
Mr. Mailliard with Mr. Fernandez.
Mr. Kersten of Wisconsin with Mr. Patman.
Mr. Hinshaw with Mr. O'Neill.
Mr. Cotton with Mr. Moulder.
Mr. Harrison of Wyoming with Mr. Barden.
Mr. Merrow with Mr. Sheppard.

Mr. SHAFER changed his vote from "yea" to "nay."

Mr. LANE changed his vote from "nay" to "yea."

Mr. HAYS of Ohio. Mr. Speaker, I have a live pair with the gentleman from Michigan, Mr. DINGELL, who, if present, would have voted "yea." I therefore withdraw my vote of "yea" and vote "present."

The result of the vote was announced as above recorded.

The doors were opened.

PRIEST RAPIDS SITE ON COLUMBIA RIVER, WASH.

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 7664) to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act, with Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 4, line 12, after "thereto.", insert "Power surplus to the requirements of the licensee and other non-Federal marketing agencies (public or private) within the economic marketing area, as may be economically usable to the Federal system, may be made available to and may be purchased by the Bonneville Power Administrator at rates not higher than the rates charged such non-Federal marketing agencies, and under such terms and conditions as shall be mutually agreeable to the licensee and the Secretary of the Interior. Such power may be commingled with power from Federal dams in the Columbia River system for which the Bonneville Power Administrator has been designated marketing agent and shall be sold by the Administrator in accordance with the provisions of the Bonneville Project Act at established rate schedules."

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

Mr. MACK of Washington. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

Mr. MACK of Washington. Mr. Speaker, the action just taken completes passage by both House and Senate of the Priest Rapids Dam bill. The bill now goes to President Eisenhower for his signature.

This bill will provide Oregon and Washington with more hydroelectric power sooner than this additional power otherwise could be obtained and therefore means much to the future development and prosperity of the Pacific Northwest States.

This bill paves the way for a State of Washington public power agency to obtain a license to build a huge hydroelectric dam at Priest Rapids in eastern Washington.

This dam will be one of the largest on the Columbia River, and when completed will have an installed capacity of 1,200,000 kilovolts.

The Priest Rapids Dam will carry 23 generators each of 53,000 kilowatts. The dam will cost an estimated $364 million.

This bill grants permission to public power agencies of the State of Washington to apply to the Federal Power Commission for a license to build the dam. The bill provides that the public agency which obtains the license to build the dam must prove it is financially able to do so and must guarantee to develop the maximum power capacity of the site.

The bill designates three Washington State power agencies any one of which is eligible to apply for and secure the license to build this power dam. These three agencies are, first, the Grant County PUD; second, an association of about 20 State of Washington County PUD's; and third, the Washington State

Power Commission. All three agencies are expected to apply for the license to build the dam. The Federal Power Commission will determine to which of the three eligible agencies the license to build the dam is issued.

The about 20 public-utility districts which form 1 group that is seeking the license includes the public-utility districts in all 9 southwest Washington counties except Thurston County.

The licensee, when a license is issued, will build the dam with funds obtained by the sale of revenue bonds.

First hearings on the bill just passed were held before the Flood Control Committee of the House of Representative of which I have the honor to be chairman. These hearings extended over many months. The committee went into every angle of the project.

The gentleman from Washington [Mr. HOLMES], the author of the bill, was most helpful in assembling witnesses and a mass of testimony in behalf of the project. All interested departments of the Federal Government testified on the bill.

Support of the bill was bipartisan. While the bill adopted by the committee was introduced by Mr. HOLMES, a Republican, Mr. MAGNUSON, a Democrat, manifest his complete support and urged the committee to approve the Priest Rapids bill and predicted that several years would be gained in getting more electricity for the Pacific Northwest if the bill was approved.

The two Democratic Senators from the State also introduced identical bills.

The bill had the support of all Representatives of the State, of the Washington State Grange, and other organizations of large membership.

We need more electric power in the Pacific Northwest. We need great quantities of this power. We need this additional power as rapidly as we can obtain it in order to keep pace with the growing population and industrial requirements of the region.

Oregon and Washington are the two most rapidly growing States in the Union. Judging the future by what happened during the past 10 years, we may confidently expect that the population of these two States by 1970 will be double what it is today. Our two States will require 3 or 4 times as much electricity by 1970 as is available now.

The Federal Government alone and singlehanded has not and probably will not build Columbia River power dams fast enough to keep pace with the growing power demands of the region. Because of this we need to have all agencies, the Federal Government, the State governments, the public utility districts, the municipal power agencies, and private enterprise all join in building power producing facilities in our region.

For a long time there has been an effort by some to have the Federal Government and the Federal Government alone install all of the power generation in the Pacific Northwest. The result has been that we have continually been threatened with a power shortage. The Federal Government during 18 years when the Democrats were in control of Congress and 4 years when the Republicans controlled Congress, have not provided Federal funds fast enough to keep pace with the growing demand of the region.

Building of the first Federal power dam in the Pacific Northwest, the Bonneville, was started in 1933, 21 years ago. In the 21 years since this first power dam was started, the Federal Government has completed about 3 million kilowatts of installed capacity on the Columbia River and its tributaries. In short, the Federal Government alone and singlehanded in 21 years, has brought into production only a little more than 150,000 kilovolts of hydroelectric power production a year.

The region requires 500,000 kilovolts of new and additional installed capacity each year to keep pace with its growing demands.

This indicates that President Eisenhower is on the right track when he advocates partnership arrangements under which the Federal Government, the States, the county PUD's, the municipal public power district, and private enterprise all unite in producing more power.

What we need in the Pacific Northwest is more power and more power soon. We will get that power sooner by partnership cooperation rather than by the Federal Government undertaking to do it all alone.

The Priest Rapids bill is the first bill to implement this partnership idea in the Pacific Northwest.

It is to be hoped that Washington power agencies eligible to seek the license to build this Priest Rapids Dam will move swiftly once the President has signed the bill.

In obtaining more power production in the Pacific Northwest time is of the essence.

AMENDMENT TO SECTION 24 OF FEDERAL RESERVE ACT

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3480) to amend section 24 of the Federal Reserve Act, as amended.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the fourth paragraph of section 24 of the Federal Reserve Act, as amended (U. S. C., 1952 edition, title 12, sec. 371), is amended by adding in clause (d) the words "or the Small Business Administration" after the words "the Housing and Home Finance Administrator", and by adding the words "or of the Small Business Act of 1953," after the words "Housing Act of 1948, as amended."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. WOLCOTT. Mr. Speaker, the bill just passed is identical with one the House passed yesterday, H. R. 9144. I ask unanimous consent that the proceedings by which the bill H. R. 9144 was passed yesterday be vacated.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

HEALTH SERVICE PREPAYMENT PLAN REINSURANCE ACT

Mr. WOLVERTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8356) to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 8356, with Mr. CANFIELD in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WOLVERTON. Mr. Chairman, I yield myself 24 minutes.

Mr. Chairman, the Committee on Interstate and Foreign Commerce, of which I have the honor to be chairman, has a wide and varied jurisdiction. It covers a field of activities—transportation, communications, security exchanges, interstate power, aviation, medical and scientific research, fair trade, public health, and many others. But, there is no jurisdiction or activity possessed by the committee that appeals to me so greatly as that pertaining to public health. During the many years I have served on the committee it has been my privilege to participate in many accomplishments, the object of which has been to improve the health of our people, and, make more and improved medical facilities available for their care and hospitalization. To enumerate all of these, including the Federal research activities for heart, cancer, mental, nervous and other diseases, would take more time than is at my disposal. Suffice it to say, it has been a work that has been very close to my heart.

During the present session of Congress much has been done to further promote the health of our people. We have passed legislation, first, to provide additional Federal assistance in the construction of nonprofit hospitals; second, to strengthen and improve research activities of the Public Health Service to facilitate its attack on cancer, mental illness, heart disease, blindness, and other serious ailments; third, to provide for the simplification and improvement of the Federal grants-in-aid program to the States to spur the States to greater initiative and responsibility in the handling of their own health programs; fourth, greater Federal aid to the States for the vocational rehabilitation of the physically disabled; fifth, to provide hospitals for the chronically ill and nursing homes for the convalescents.

Today, we have before us for consideration a bill (H. R. 8356) that is intended to encourage private and nonprofit health insurance organizations to offer broader health protection to more

families, by the Federal Government insuring such organizations against the additional risk assumed.

President Eisenhower, in his State of the Union Message to a joint session of the Senate and House, on January 7, 1954, said in connection with this subject of providing adequate health insurance plans the following:

> The war on disease also needs a better working relationship between Government and private initiative. Private and nonprofit hospital and medical insurance plans are already in the field, soundly based on the experience and initiative of the people in their various communities. A limited Government reinsurance service would permit the private and nonprofit insurance companies to offer broader protection to more of the many families which want and should have it. On January 18, I shall forward to the Congress a special message presenting this administration's health program in detail.

On January 18, 1954, President Eisenhower submitted his recommendations to improve the health of the American people. They were of a most comprehensive character. However, I will at this time make reference only to that portion of his message that relates to the subject matter of the pending bill, namely, a Federal reinsurance service to encourage the writing of broader and more comprehensive types of health insurance. In this connection he said:

> The best way for most of our people to provide themselves the resources to obtain good medical care is to participate in voluntary health-insurance plans. During the past decade, private and nonprofit health-insurance organizations have made striking progress in offering such plans. The most widely purchased type of health insurance, which is hospitalization insurance, already meets approximately 40 percent of all private expenditures for hospital care. This progress indicates that these voluntary organizations can reach many more people and provide better and broader benefits. They should be encouraged and helped to do so.
>
> Better health-insurance protection for more people can be provided.
>
> The Government need not and should not go into the insurance business to furnish the protection which private and nonprofit organizations do not now provide. But the Government can and should work with them to study and devise better insurance protection to meet the public need.
>
> I recommend the establishment of a limited Federal reinsurance service to encourage private and nonprofit health-insurance organizations to offer broader health protection to more families. This service would reinsure the special additional risks involved in such broader protection. It can be launched with a capital fund of $25 million, provided by the Government, to be retired from reinsurance fees.

OBJECTIVES AND PRINCIPAL FEATURES OF THE BILL

The bill now before us will effectuate the recommendation made to Congress by President Eisenhower. In general, the purpose is to encourage private efforts toward the expansion of prepayment protection.

The bill is the result of long and intensive hearings and study by the committee. The best information obtainable was sought. Leaders in the fields of health and insurance cooperated with the committee, and the Department of Health, Education, and Welfare and their respective staffs in a most unselfish and helpful manner. A tremendous amount of work and study entered into the preparation of the bill. As presented to the Congress by the Committee on Interstate and Foreign Commerce it has the approval of all the Departments of Government, leaders in insurance, insurance companies, State insurance commissioners, Blue Cross, American Hospital Association, and many other individuals and organizations engaged in health insurance.

An analysis of the bill is as follows:

IN GENERAL

The bill, as amended, provides for the establishment of a health-reinsurance program in the Department of Health, Education, and Welfare. It creates a reinsurance fund and authorizes an appropriation of not to exceed $25 million to provide advances of working capital for the fund. The fund would be built up over a period of time from reinsurance premiums and from earnings of the fund. Reinsurance would be available, on a voluntary basis and upon payment of a reinsurance premium, to private insurance companies, voluntary nonprofit health associations, such as Blue Cross and other organizations offering prepaid health-insurance plans. The proposal is designed to encourage private insurance organizations to experiment in providing broader voluntary health-insurance protection to more people.

The bill also provides for technical advisory and informational services to health-service prepayment plans.

It is an attack on the problem of making needed health services and facilities available to the maximum number of people on a prepayment basis; the bill would authorize a two-pronged program within the Department of Health, Education, and Welfare, namely (a) technical advisory and informational services, without charge, to health-service prepayment plans, and (b) reinsurance for health-service prepayment plans established and operated by commercial insurance carriers or by nonprofit carriers.

II. ADMINISTRATIVE STRUCTURE

First. The bill would vest all responsibility for the administration of the program in the Secretary of Health, Education, and Welfare. Under existing law, the Secretary could delegate all or any part of this function and either place it in an existing major unit within the Department or place it in a new unit.

Second. The bill would provide for a National Advisory Council on Health Service Prepayment Plans consisting of 12 members appointed by the President, 1 of whom would be designated by the President as chairman. The Council would advise, consult with, and make recommendations to the Secretary on matters of policy relating to the Secretary's activities and functions under the act.

Third. In addition to authorizing, in general terms, utilization of other Federal agencies, or of any other public or nonprofit agency or institution, the bill would provide for optimum utilization by the Secretary of the various State insurance departments—or other State agencies supervising carriers of health service prepayment plans—especially in determining compliance with requirements and standards prescribed by the Secretary as a condition of approval of a health service prepayment plan for reinsurance. Final responsibility for such determinations would, of course, rest with the Secretary.

Fourth. Except as may be specifically provided by the bill, no Federal officer or employee would be authorized to exercise any supervision or regulatory control over any participating carrier, or over any hospital or other health facility or personnel furnishing personal health services covered by a participating prepayment plan.

III. TECHNICAL AND ADVISORY SERVICES

Under this part of the program, the Secretary would be authorized to conduct studies and collect information on the organizational, actuarial, and other problems of health service prepayment plans, make the results of such studies and the information so collected generally available, and provide to sponsors of such plans, without charge, organizational and other technical advice and information, including information on morbidity and organizational methods.

For this part of the program a separate appropriation would be authorized.

IV. REINSURANCE PROGRAM

First. This program is designed to be self-sustaining, over a reasonable term, through reinsurance premiums paid into a revolving reinsurance fund. However, for a 5-year transitional period administrative expenses would be appropriated from the general funds of the Treasury. An appropriation of $25 million to a capital-advance account in the Treasury would be authorized, which would be available, without fiscal year limitation, as a line of credit for advances of working capital to the reinsurance fund. When and as the condition of the fund permits, such advances would be repayable to the capital-advance account and the amount so repaid would again be avilable for future advances to the fund if needed. Until repayment, interest on the outstanding balance of advances to the fund would be payable to the Treasury as miscellaneous receipts.

Second. Reinsurance premiums would, pursuant to regulation, be fixed by the Secretary at rates determined with a view to achieving the objectives of the act and fiscal self-sufficiency over a reasonable term. Such premiums could, and probably would, be fixed separately for each plan—for the intial reinsurance term, and thereafter again for each renewal term.

Third. Liabilities arising under reinsurance contracts would be limited to and paid from the fund, except that the Secretary could set up separate reinsurance accounts within the fund, in which event liability would be limited to the account to which a plan is allocated. While the bill does not so specify, it would be possible, under this provision, to establish, for example, special reinsurance accounts for classes of plans, classes of carriers, or members of a group of affiliated or associated carriers.

Fourth. The fund would be invested in Federal, or federally guaranteed, interest-bearing securities.

Fifth. Authority to write reinsurance in a given field would be subject to a standby or no-competition provision. That is to say, the Secretary could reinsure plans of a given kind or type only if, in the Secretary's judgment, reinsurance for such plans, on terms and conditions, and at premium rates, comparable to those offered under the act, is not available from private sources to an extent adequate to promote the purposes of the act. By implication, the Secretary would have to stop writing reinsurance when such a finding could no longer be made.

Sixth. Reinsurance for a plan could not be granted unless (a) the applicant carrier is operating according to law; (b) the carrier is financially sound and operates in a manner which entitles it to public confidence; (c) the plan is sound; (d) the reinsurance of the plan will promote the purposes of the act; (e) the carrier agrees to submit such reports concerning its operations under the reinsured plan as the Secretary may from time to time reasonably require; (f) the carrier has agreed to the reinsurance premium rate fixed by the Secretary for the plan; and (g) the carrier agrees to comply with the terms and conditions prescribed for reinsurance. Certification by the State insurance department—or corresponding supervisory agency—of the carrier's home State as to whether the carrier is financially sound and entitled to public confidence, as determined in accordance with criteria established by the Secretary, could be accepted by the Secretary as conclusive. As to utilization of State agencies with respect to (g), see paragraph 8.

Seventh. The Secretary would be authorized, as a condition of granting reinsurance, to establish by regulation terms, conditions, and requirements as to the types and kinds of prepayment plans which will be reinsured. In prescribing such regulations, the Secretary would be required to take into consideration the purposes of the act, with emphasis on the objective of encouraging experimentation designed to extend or adapt the prepayment method to substantive problem areas or geographic areas for which that method is, in any significant respect, new, untried, or not yet fully effective, that is, by coverage of classes of individuals not yet adequately protected, extension of protection to areas not yet adequately protected, or coverage of benefits or services not yet widely available on an adequate basis, either as to type, range, amount, or duration of such benefits or services.

Eighth. As a condition of granting reinsurance, the Secretary could, among other things, specify (a) minimum benefits; (b) safeguards against undue exclusions of preexisting conditions or of specific illnesses, or against other undue exclusions or limitations; (c) standards for deductible and coinsurance provisions, limits of maximum liability, waiting periods for benefits, and other such policy provisions; (d) standards for the duration, cancelability, and renewability of such policies or contracts; and (e) standards for plan provisions with respect to costs and charges of providers of personal health services payable by the carrier, to the extent such standards are necessary to protect the fund against abuses or arbitrary cost increases. The Secretary would be precluded from reinsuring any plan for which the carrier's premium rates are such as to make the plan financially unsound or are otherwise arbitrary or unreasonable, or any plan with respect to which the carrier's breakdown of its single premium rate, as between reinsured and nonreinsured types of benefit costs, is unreasonable, but in other respects the Secretary would be precluded from setting any standards for the carrier's premium rates. The State insurance department of corresponding State agency of a carrier's home State—as defined—would, if willing, be utilized to certify to the Secretary whether the plan complies with the terms and conditions stipulated as a condition of granting reinsurance.

Ninth. The Secretary could not approve for reinsurance any plan for direct provision of medical or dental services by the carrier through a salaried staff of physicians, surgeons, or dentists in the employ of such carrier, unless the carrier has an organizational structure vesting control over the practice of medicine or dentistry solely in duly licensed members of the professions involved.

Tenth. The liability of the reinsurance fund under the reinsurance contract would be fixed and limited as follows:

(a) The reinsurance base: The fund would not underwrite all of the carrier's annual benefit costs under the plan. Rather, the reinsured portion of such costs would be limited to the excess, if any, of (a) aggregate annual incurred benefit costs under the plan; over (b) the difference between, first, gross annual earned premium income; and, second, a portion of such income called the administrative expense allowance.

The administrative-expense allowance applicable to a given year for a reinsured plan would be determined by multiplying the gross earned premium income for the year by an administrative-expense-allowance factor predetermined for the plan prior to the commencement of the reinsurance term—or renewal term—into which such year falls. This factor would be equal to seven-eighths of the carrier's preestimated—and thus predetermined—ratio of annual administrative expenses of the carrier under the plan to annual earned premium income under the plan.

As here used, the term "administrative expenses" is intended to include all of the carrier's expenses and charges incurred under the plan, except the benefit costs and except any provision for contingencies, profits, dividends, and refunds. The Secretary would be authorized to define "administrative expenses" for such purposes more particularly.

Thus, before reinsurance would begin to apply, the carrier would, in effect, have to absorb fully out of its premium income as benefit costs, first, the anticipated portion of premium income normally devoted to benefit costs for such a plan; second, the portion anticipated as available for profits—in the case of a carrier organized for profit—and for contingencies; and, third, one-eighth of the portion of premium income anticipated as administrative expenses.

Procedurally, the ratio of administrative expenses to earned premium income of the carrier under the plan would be estimated by the carrier, and that estimate would be submitted—with supporting data—with the application for initial reinsurance or renewal of reinsurance. In order to prevent distortion, the Secretary could require the submission of an average ratio based on a period not in excess of 3 years. The carrier's estimate would have to be approved by the Secretary unless considered to be unreasonable or not in good faith.

For plans operated to a substantial extent on the basis of personal health services to be furnished by the carrier directly through its own staff or indirectly through the staff of an affiliate, or on the basis of payments made by the carrier to a provider of personal health services which is an affiliate of the carrier, the above formula would not apply, but the Secretary would, by regulation, prescribe a formula calculated to achieve for such plans reinsurance protection reasonably comparable in scope and extent to that provided for other types, taking into account their inherent differences.

(b) Coinsurance: The liability of the fund would be limited to 75 percent of the carrier's reinsured cost so arrived at. This is an adoption, for this purpose, of the principle of coinsurance.

Eleventh. The reinsurance term would be stipulated for a given—regular—period, for example, a year, in the reinsurance certificate, but the Secretary could, by or pursuant to regulation, provide for letting the reinsurance term extend beyond such regular period with respect to policies or subscriber contracts issued during such period and running beyond it and, in that event, if so provided by or pursuant to regulation by the Secretary, to combine the carrier's experience for the regular and extended periods. If a renewal of the reinsurance is granted, the Secretary could, by or pursuant to regulation, specify whether policies issued during the regular period of the preceding term and running into the period of the renewal term should be treated for reinsurance purposes as if issued during the renewal term.

Twelfth. Termination: Reinsurance for a plan could be terminated by the Secretary on any ground specified in regulations in effect not less than 90 days in advance of the commencement of the current initial or renewal term of such reinsurance. However, reinsurance with respect to policies or subscriber contracts in effect on the effective date of such termination would remain in force until the normal expiration of the term.

V. MISCELLANEOUS

First. The bill would confer broad powers on the Secretary with respect to enforcement or settlement of claims, and would authorize the Secretary to hold hearings, and so forth, in connection with investigations under the act.

Second. Criminal penalties would be imposed, not only for falsely advertising

or representing that a carrier is reinsured or has applied for reinsurance but, regardless of the truth or falsity of the representation, also if the representation is not authorized by, or fails to conform to, regulations prescribed by the Secretary.

Third. The effective date would be 30 days after enactment, but in view of the necessity for a preparatory period the Secretary would not be required to receive or consider applications for reinsurance before a date determined by the Secretary.

CONCLUSIONS IN SUPPORT OF BILL

I take it there is little or no dispute about the premises on which this proposal rests:

First. Large numbers of people have no protection—or need better protection—against the costs of care for illness or injury.

Second. Voluntary insurance for the costs of medical and hospital services had made great strides forward in recent years and is capable of substantial further improvement and expansion.

Third. Any Federal program undertaken in this field should build upon our existing system of voluntary coverage and should utilize fully all types of plans and carriers.

In my opinion the proposal now before us represents a sound, middle-of-the-road approach to these problems.

It would encourage experimentation and stimulate expansion of voluntary insurance coverage by making possible a further spreading of the risks of such expanded coverage. This it would do through a self-supporting program of reinsurance. It is not a costly general support program. It is not a subsidy to carriers. There is no compulsion to it. If they so desire, carriers could purchase reinsurance protection—for such risks as they chose to reinsure—by paying reinsurance premiums calculated on an actuarial basis for each reinsured plan. The Government's obligation under the program would be limited to the amount in the fund. The authorized advance of $25 million is to be paid back as feasible. The program would reinsure carriers only; it would not assure benefits, or benefit payments, to any individual policyholder. It is a program to encourage the greatest possible growth for plans which are capable of growing.

The objective of the program is to expand as far as possible the areas in which voluntary insurance can be effective and to reduce to a minimum these areas it cannot reach. Its success will depend upon the willingness of the carriers to undertake new coverage—and to experiment more freely with difficult enrollments and new risks—once the risk of unexpected loss can be held down to about one-quarter of what they would have otherwise had to risk in such new ventures.

Moreover, the Government program under the terms of the bill could not compete with reinsurance written by private companies. With respect to each application for reinsurance the bill would require the Secretary of Health, Education, and Welfare to make an administrative determination that reinsurance was not available from private sources on a comparable basis to an extent adequate to promote the purposes of the program.

The bill does not authorize regulation of the insurance business by the Federal Government, as some have contended. On the contrary, the bill gives full recognition to the principle of general State regulatory authority in the field of insurance. Indeed, the Committee on Interstate and Foreign Commerce wisely amended the bill to make it crystal clear that the program will not interefere with the traditional pattern of State regulation of the insurance industry. The purpose clause reaffirms the policy declared by the 79th Congress in the act of March 9, 1945, entitled "An act to express the intent of the Congress with reference to the regulation of the business of insurance" and expressly disclaims any authorization of administrative action inconsistent with that policy. Under section 304, operation in accordance with law is the first condition of approval for reinsurance, and section 302 (b) requires applicants for reinsurance to agree to operate in accordance with applicable provisions of State law. In addition, section 6 calls for optimum utilization of State insurance agencies in the administration of the program, particularly in connection with determining compliance with the terms and conditions of reinsurance as prescribed by departmental regulation and whether the carrier is financially sound and entitled to public confidence.

With the exception of the sections providing for controls over advertising, which are vital to protect the public and the Government against misleading promotion statements about reinsurance made by either carriers or brokers, the Secretary would be given no general regulatory power over any phase of the insurance business. The bill's grant of authority to make necessary regulations is limited to administrative regulations for purposes of the Federal program. What is authorized here is the establishment of reasonable conditions for participation in a governmental program which the individual carrier may take advantage of if he chooses. Departmental regulations would have no operative effect as to carriers who had filed no formal application for approval for purposes of reinsurance; nor would they apply to policies or subscriber contracts not written in pursuance of plans for which reinsurance was sought.

The bill allows a considerable area of discretion in the establishment of the terms and conditions for participation in the program but it was pretty generally agreed by those presenting testimony at the hearings that any such standards should be worked out in consultation with expert advisers, and representatives of carriers and other interested groups. However, standards have a way of changing and must be subject to modification and revision in the light of operating experience as the program develops. The bill provides several safeguards. There are specific limitations on the extent to which the Secretary may concern himself with premium rate; retroactive effect of new requirements is prohibited; and acceptance for reinsurance of a direct-service plan which permits lay control of professional matters is forbidden. Furthermore, section 303 (b) requires appropriate consultation with interested groups, including representatives of State insurance agencies, prior to the establishment of terms and conditions for reinsurance. Section 403 requires the Secretary to include in his annual report to the Congress a record of the recommendations of the Advisory Council, including minority views, if any. Incidentally, although the bill does not require it, active and close cooperation with State authorities would be promoted if at least one member of the Advisory Council were selected from among the State insurance departments.

I believe this bill as amended is a sound experimental effort to stimulate nonprofit and commercial carriers to tackle new fields of coverage which they may now feel hesitant to undertake. I believe it will encourage carriers to undertake an intensive effort to spread the advantages of voluntary insurance protection to the fartherest feasible limits. I think H. R. 8356 embodies a plan in which we have everything to gain and nothing to lose. The possible Federal expenditures are carefully limited. The role of the responsible Federal administrative agency is safeguarded in every possible way. There will be no competition or interference with voluntary carriers, nonprofit prepayment plans, or with the companies which write reinsurance. Our possible gains in voluntary health insurance protection are tremendous.

I am convinced that the pending bill, first, provides a practical and sensible way to encourage insurance companies and other organizations including Blue Cross and Blue Shield to expand and improve their services; second, will enable more and more families through prepayment plans to meet a larger part of their medical care costs; third, within the free enterprise system that is traditional in this country, will help insurance organizations to meet with private initiative in a more comprehensive way the needs of our people. In the accomplishment of this purpose it will improve the health of the Nation and make America safer and stronger for the present and the future.

The bill deserves the hearty approval of all who believe in a better, stronger, and more healthful nation.

Mr. HESELTON. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield.

Mr. HESELTON. It is a fact that in 1952 the medical bills in this country ran to $9,400,000,000. That includes hospital and doctors, dentists, nurses, and medicines. Of that $9,400,000,000 only $1,600,000,000—or 17 percent—was covered by any insurance at all.

Mr. WOLVERTON. I thank the gentleman for that information.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield.

Mr. MULTER. I would like to have the gentleman inform the committee if he can as to the following matters: No.

1, since the insurance companies of the country have and control billions and billions of dollars, why should not they set up this small $25 million fund out of their own money?

Mr. WOLVERTON. The fact is that they have not done it. I will ask the gentleman: Why?

Mr. MULTER. Why should they not do it? Why should the Government have to put up this $25 million for them?

Mr. WOLVERTON. If they did it or were willing to do it, we would not have this legislation before us; but our hearings developed very plainly, very clearly, very emphatically that there are fields of insurance that no insurance company, no matter what its resources, is willing to enter and assume the risks incident to it.

Mr. MULTER. But to the extent that for the next 5 years the United States is going to pay all of the expenses of the operation of this plan——

Mr. WOLVERTON. No; you are mistaken in that.

Mr. MULTER. That is what it says in the report.

Mr. WOLVERTON. It will pay 75 percent of any losses.

Mr. MULTER. But I am talking about the administrative costs.

Mr. WOLVERTON. The gentleman asked a question; let me finish answering it. It will pay 75 percent of any losses.

Mr. MULTER. Of any losses?

Mr. WOLVERTON. And the premiums which are to be paid will be computed on an actuarial basis and will eventually be adequate to run the plan. No policy will be insured that on its face has strong possibility of loss. In the second place, the Secretary of Health will have at her elbow and for her advice as provided in this bill an outstanding advisory council the members of which will be appointed by the President.

Mr. MULTER. If the gentleman will yield further, please, let us go back to the point I am directing my attention to, this sentence in the committee report:

> For a 5-year transitional period administrative expenses would be appropriated from the general funds of the Treasury.

Mr. WOLVERTON. That is right.

Mr. MULTER. That means that the United States Treasury is going to pay for the administration of this plan for the next 5 years and at the expense of the taxpayers.

Mr. WOLVERTON. Until the premiums are sufficient to pay it back.

Mr. MULTER. Until the premiums are sufficient to pay it back. Now, if the private insurance companies——

Mr. WOLVERTON. I think you can very readily realize a plan such as this cannot immediately have all the premiums paid into it which will be necessary to carry it on. So it will be carried on until the premiums are sufficient to take care of it.

Mr. MULTER. And if private insurance companies would not enter into a plan like this up to now, what reason is there to believe that if the Government pays the costs over the next 5 years, any part of it will ever be repaid?

Mr. WOLVERTON. I think if you will look at the committee report and if you will read the letters we have put in the committee report from the insurance companies such as the John Hancock, Connecticut, and any number of them, you will see that they advise that this is good and that in their opinion it will be taken care of.

Mr. LAIRD. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield.

Mr. LAIRD. I have read the report and some of the letters but have not been able to find any case where private enterprise has been unwilling to meet this problem of reinsurance. Can the gentleman tell me some application of an insurance company for reinsurance with other insurance companies that has been turned down in the past on any type of risk?

Mr. WOLVERTON. The evidence before our committee was that it was a very insufficient field that is now in existence that would be available to reinsure the original insurance company. They are not assuming risks that they do not feel their premiums are sufficient to cover.

Mr. LAIRD. Reinsuring is a very common practice at the present time.

Mr. WOLVERTON. That is right.

Mr. LAIRD. I would like to know if there have been any cases where a primary carrier has been turned down on any reinsurance application and has been unable to place the insurance with private enterprise?

Mr. WOLVERTON. Our hearings will demonstrate that fact to the gentleman if he will take the time to read them in their entirety.

Mr. LAIRD. I would like to state to the distinguished chairman of the Committee on Interstate and Foreign Commerce that I have read over the hearings conducted on this bill. I approve and support the administration's general health program, which places primary emphasis on the provisions of services and facilities for treatment of illness or injuries. It proposes diagnostic centers, specialized institutions for specific needs, medical facilities for rural areas, rehabilitation of disabled persons, improved income-tax treatment of medical expenses, and many more important features. Considering the entire health program, it can be said that it is sound and is generally aimed at those areas where the Federal Government should play a part.

As to the reinsurance phase of the administration's health program, the administration should be congratulated for recognizing that the insurance needs of the Nation can be met by the private insurance companies and the various service plans. This is particularly true when contrasted with the Truman approach to the accident and health insurance needs of the Nation. I will vote against recommitting this bill, as there is no need for further study by the committee of this reinsurance plan. The plan should be defeated, and I will vote against final passage of the bill.

There is no need for a Government reinsurance plan because:

First. The amount of risk in most plans can be easily assumed by the insurers. This is particularly true when compared, for instance, to the liability or fire field.

Second. Perhaps the need for reinsurance in this field is increasing, inasmuch as more companies are entering the major medical expense catastrophe field. Even here, however, there is no need, because reinsurance is available today from private sources. The committee has shown no case where a company large or small has been turned down on placing any reinsurance.

Third. In this connection, it should be stressed what reinsurance does and does not do. Reinsurance is not a panacea to the health problems of the Nation. It does not make insurance any cheaper. It does not make an uninsurable risk insurable. As a result of it, the medical indigent cannot be insured.

The bill calls for the use of Federal reinsurance only in those cases where private reinsurance is not obtainable. Thus the argument has been made that the worst that can come of this is that Federal reinsurance will not be used. This is being politically naive. If the Federal reinsurance facilities are set up but not used, it is the nature of the Federal bureaucracy that efforts will soon be initiated to make this reinsurance work, to wit, competitive with private reinsurance. Once in competition, governmental monopoly is a very distinct threat.

The regulation for the companies requesting Federal reinsurance would be in the Federal Government. The bill gives the Secretary of Health, Education, and Welfare very broad powers in the regulation of the insurance companies. There are two criticisms to be made of this situation:

First. I question whether Congress should give any Cabinet member such broad powers to regulate a particular segment of private enterprise. I am aware that Congress cannot specifically spell out all details of the administration of the reinsurance bill, but I do think the bill could be more specific in an attempt to put some rein on the Secretary's activities.

Second. The Congress is on record as stating that the business of insurance shall be regulated by the various States. The States have done an admirable job in regulating the insurance industry. The regulatory aspects of the reinsurance bill are directly opposed to Public Law 15 of the 79th Congress which expressed the view that regulation of insurance should be in the hands of the various States.

Admittedly, there are certain "soft spots" of health insurance protection among groups of our population. Reinsurance will not cover these soft spots. Through experimentation the insurance industry is reducing these areas, for instance, retired employees, over age employees, rural people, individuals with physical or medical impairment, etc. However, the private insurance industry can never reach everyone. Thus, in these very limited areas there must be subsidies. In this connection, where subsidies must be made, the following safeguards should be made in the administration of the subsidy:

First. The subsidy should be applied directly and openly.

Second. The subsidy should be administered at the local level.

Third. The subsidy should vary from State to State depending on the services available and the prevailing cost patterns.

In conclusion, it should be stressed that voluntary insurance in the past 14 years has made tremendous strides. Currently, 100 million Americans have some form of hospital expense insurance, 75 million have surgical expense insurance and 40 million have medical—nonsurgical—expense insurance. As compared to 1940, the hospital insurance coverage has increased 6 times, the surgical expense insurance, 10 times, and the medical expense insurance about 40 times. Certainly there is every indication that this increase in insurance protection has not ceased. The optimism that prevails concerning the ability of the industry to meet the health expense protection of the Nation is well founded.

I understand the minority party intends to introduce a motion to recommit this bill. It seems that this bill does not go far enough into the insurance field for them and they are interested in putting the Federal Government into the insurance business even more than this bill presently contemplates. I of course am opposed to the position of the minority.

Mr. PRIEST. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, in rising to discuss this bill I find myself in a rather unusual situation insofar as I am personally concerned. As most of you know, I either like to oppose with enthusiasm or to endorse in the same manner any piece of legislation that I speak on in the well of this House. On this occasion I can do neither.

The bill before us today, as my chairman has already explained, first of all recognizes one important question that faces the American people. That question simply is that there is a heavy burden I may say, placed upon millions of people in an effort to meet medical expenses. There is not any question about that. Perhaps the problem of paying for adequate medical facilities, and of the adequate distribution of medical facilities throughout the country constitutes one of the major problems facing the country today.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman from New York.

Mr. JAVITS. I would like to ask this question: Is this not the first time that the Federal Government has even contemplated entering in any way in that field?

Mr. PRIEST. No. I may say in response to the gentleman's question that there was a proposal during Pesident Truman's administration for health insurance. Recognition that there is a need for health insurance is not new. It was proposed even on a compulsory basis in the past. It is not a new proposal. President Truman appointed, as most of you know, a commission, that made a study for quite a while, of the health needs of the Nation and of proposals to help meet some of these needs. So I will say to the gentleman this is not the first time such a proposal has been made insofar as the Federal Government is concerned.

Mr. JAVITS. Is it the first time we have had any bill before us in the House on this subject which opened up this whole matter?

Mr. PRIEST. That is true, it is the first time so far as I know that we have had a bill before the House dealing with this subject.

This bill recognizes, first of all, that there is a need for wider health insurance for expanded voluntary health-insurance plans. The bill attempts to meet that need by setting up, as the chairman has already explained, a $25 million revolving fund to encourage private and nonprofit health-insurance companies to bring under additional coverage individuals or groups that are not now eligible, or that the companies now consider to be risks beyond what they are willing to assume on their own and to encourage that additional coverage. Whether the bill will do that remains to be seen.

I must be very frank and state to the House exactly what I stated to my committee on the morning this bill was reported a few days ago. I said some time ago that if the bill were tightened in some respects that I was willing to try it as an experiment, hoping that it would accomplish some good, but without too much enthusiasm in the belief that it would accomplish a great deal of the good sought. I am still willing to try it as an experiment. I think it can hardly be at this point properly classified as more than an experiment. It is a pioneer effort in this field, and I am willing to try it out, to put my faith in any sound plan that I think might bring some benefits to the American people in the field of health.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman from North Carolina.

Mr. BONNER. The gentleman spoke of a proposal some years ago under a former Democratic administration. Now, is it not a fact that that proposal was defeated and killed in this House largely by the leadership of the Republican Party?

Mr. PRIEST. Well, may I say to the gentleman that I believe that proposal did not come before the House for a vote at that time, if he is referring to the comprehensive compulsory health-insurance plan. It was not reported by the committee and did not come to the floor of the House for a test vote. But, I might say to the gentleman, that there was very sharp criticism, of course, of that proposal.

Mr. BONNER. There was violent opposition, I will say.

Mr. PRIEST. "Violent opposition" is a very good phrase to describe it.

Mr. BONNER. In the House, to the proposal itself.

Mr. PRIEST. That is true.

Mr. BONNER. And to all proposals of this nature that were suggested at that time, to even the creation of a department that his comes under now.

Mr. PRIEST. That is quite true, and that was defeated on the floor of the House, I might say, in a reorganization plan.

Mr. KLEIN. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman from New York.

Mr. KLEIN. I would like to recall to the gentleman's attention the question addressed to the chairman of the committee a few minutes ago by the gentleman from Massachusetts [Mr. HESELTON]. He asked to what extent the medical costs have risen, and I think he said something like $9 billion.

Mr. PRIEST. Nine billion dollars, approximately, I believe is the figure.

Mr. KLEIN. Does the gentleman believe that the passage of this legislation will have the effect of reducing the medical costs to the people of this country? I say it will not, and I am certain the gentleman believes it will not, and I know, and the members of this committee will recognize that the gentleman now addressing this committee is one of the outstanding health experts in the Congress; he has been on this committee many years; he was the former chairman of the subcommittee on health, and he knows his business. I would appreciate it if he could tell the people of this country through the Members of this House whether this bill will accomplish the purpose that it is claimed it will and whether it will reduce the cost of doctors' bills and medical expenses of the people.

Mr. PRIEST. Let me say to the gentleman that when members of the Department of Health, Education, and Welfare were before the committee, I stressed at the time—and had a favorable response from some of them—that I felt it would be a great mistake if the Department in any of its press releases or in any literature promoting this plan, assuming that it was enacted, led the people of the country to believe that this was a solution of their health-insurance problems. I think most of them at the time agreed with me and said, "We realize it is only a beginning, and we certainly shall be cautious in whatever we have to say about it as being a solution."

Mr. Chairman, I am supporting this legislation before us today, because I am willing to make the effort to see if it will work. However, I do not want the people of the country to believe that it is the answer; that it is the solution. I said I would support it, and I am, as an experiment.

I have very grave doubts that it will accomplish all that is claimed for it. But insofar as doing that which the gentleman from New York [Mr. KLEIN] has pointed out, certainly we should not hold this up as an answer to the $9 billion medical cost of the people of the country. It is not that.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. May I call the gentleman's attention to the fact that the legislation which was known as the compulsory health plan or insurance plan was attacked as socialized medicine; and the opponents of it never pro-

posed anything in substitution for it; that the position of President Truman was very much falsified and he was maligned, because he always took the position that those who opposed the bill or any part of it should make their suggestions, should approach the matter constructively, and that he would sign any bill that was constructive and that represented progress. In order words, he did not tie himself to the bill that was introduced.

Mr. PRIEST. That is correct.

Mr. McCORMACK. It was the avenue through which legislative hearings would be held and out of which, if anything constructive came, he would approve it. His position was very much falsified and maligned.

Mr. PRIEST. I think that is a very fair statement.

Mr. HESELTON. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman from Massachusetts.

Mr. HESELTON. In the first place, I want to say very frankly that I have the highest respect and regard for the gentleman. I know he is stating with great sincerity his own deep convictions on this matter. He has discussed the subject with me. He made a statement to me over the last weekend which I think should be in this RECORD. He said that this is an experiment; that the Department recognizes it, the committee recognizes it, the Congress will recognize it, and that the President has recognized it as an experiment; but that we will never know whether it will work unless we give it an opportunity.

I am delighted that the gentleman is joining the committee this afternoon in support of the bill.

There is just one more point, if I may. The gentleman from New York [Mr. KLEIN] I thought misunderstood me when I made a statement as to the extent of the 1952 medical bill of the country, and the amount of insurance involved. It has never been my contention, and I know no one who has contended, that the passage of this bill will reduce medical bills directly. But I think the gentleman will agree with me that if this program does become a success, if there is a wider coverage and a better coverage, it will reduce the direct impact on the individual and transfer it to the voluntary insurance companies.

Mr. PRIEST. I will agree with the gentleman in that respect.

Mr. ROGERS of Colorado. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman.

Mr. ROGERS of Colorado. I should like to ask the gentleman the question, in the event that the Secretary should approve a reinsurance plan, and that company should get into difficulty, are they reinsured to the extent of 75 percent of the policies that they have issued?

Mr. PRIEST. Does the gentleman mean retroactively?

Mr. ROGERS of Colorado. No; from now on.

Mr. PRIEST. It may be terminated. There is a provision in the bill for a termination of the reinsurance contract.

Mr. ROGERS of Colorado. Assuming that they have entered into an insurance contract, what is the obligation of the Secretary in the event that the company is unable to meet its obligations—I am referring to the company that has been reinsured.

Mr. PRIEST. If they are unable to meet their obligations so far as paying policyholders what might be due? Is that what the gentleman means?

Mr. ROGERS of Colorado. Yes.

Mr. PRIEST. The Secretary is obliged to pay 75 percent of the loss. If a company's income from premiums fails to equal the figure representing what they actually have to pay, if a company, for instance, may have earned from premiums paid $100,000 and they have obligations of $110,000 incurred during the year, 75 percent of the $10,000 difference would be paid from the insurance fund.

Mr. ROGERS of Colorado. If there were any legal action to be taken on the part of the Government, it would then naturally go into the Federal court, would it not, or would it be taken under the insurance laws of the respective States?

Mr. PRIEST. The provision there, I believe, is with respect to the States, that is, the insurance laws of the States.

Mr. ARENDS. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield.

Mr. ARENDS. With reference to the proposition that if an insurance company has to go to the Government for 75 percent of the loss that they incur, in like manner the insurance companies would have to pay 25 percent of the loss themselves; is that not correct?

Mr. PRIEST. They pay 25 percent of the losses that they sustain. Of course, they pay a premium for their reinsurance.

Mr. ARENDS. Therefore, they are going to be very careful about their rates.

Mr. PRIEST. I would think they would be, in all fairness.

Mr. MARSHALL. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield.

Mr. MARSHALL. I wonder if the gentleman could tell us the attitude of the American Medical Association on this matter.

Mr. PRIEST. The American Medical Association is opposed to the bill. There is no question about that.

Mr. MARSHALL. I thank the gentleman.

Mr. PRIEST. Frankly, I do not think the bill is socialized medicine. I do not see that there is a question of socialized medicine involved in the bill at all and if I did I would oppose it.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield.

Mr. McCORMACK. It is at least a minor step in the direction of Democratic leadership in the past.

Mr. PRIEST. Yes.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield.

Mr. WILLIAMS of Mississippi. The gentleman has stated the position of the American Medical Association to be against the bill. I wonder if I understand the gentleman's position on the bill—I think he considers it innocuous, is that not correct?

Mr. PRIEST. I do consider it so.

Mr. WILLIAMS of Mississippi. I would like to know on the other hand, besides the President and Mrs. Hobby, does the gentleman know of anybody who is enthusiastically in favor of this bill?

Mr. PRIEST. We had some witnesses before the committee who were, I think perhaps, enthusiastic for it, but not a great number.

Mr. WILLIAMS of Mississippi. The gentleman will agree with me when I say that so far as the membership of the committee is concerned, the fires of enthusiasm which have been developed, and which have been kindled in the committee in favor of this bill, would probably freeze water, would they not?

Mr. PRIEST. The gentleman uses figurative language. I can go along with at least a part of the way toward the freezing point.

Mr. Chairman, I want to discuss one point which I expect to take up when we are considering the bill under the 5-minute rule. When we had hearings on the bill and when it was considered by the committee later, I felt all along there should be some statutory standards—that is minimum standards—that all carriers should meet before they would be eligible for reinsurance. I had at one time planned to offer an amendment to write those minimum standards into the bill. But, the more I considered that approach, the more I felt that a bill of this sort, if it is going to work at all, must work on a cooperative basis and that there is such a great variety of policies which may differ so greatly that writing definite statutory standards into the bill was, perhaps, a matter which had better be left to the question of issuing regulations pursuant to the bill, if it should become a law. Therefore, in order to be certain that those regulations are issued, I will offer at page 54 of the bill, at line 14, when the bill comes up for consideration under the 5-minute rule an amendment to change the word "may" to the word "shall." The effect of that amendment would simply be that the Secretary not alone must consult with the Advisory Council on about 8 points concerning standards, but that the Secretary shall after consultation issue regulations on these particular points. Thus we will be certain that regulations setting up very specific standards shall be issued. It is anticipated that they will be anyhow, but the language of the bill says that they may be. I want it to be very certain that they are and I will offer that amendment at that time.

Mr. WOLVERTON. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I must yield to my chairman.

Mr. WOLVERTON. I have asked the gentleman to yield for the purpose of stating to the House that I think there is merit in the amendment that the gentleman proposes to the bill. I think the word "may", with the understanding that has been had, would leave no doubt that in the administration of the

act, the things which he is most desirous of having stated definitely would be done by the Secretary. However, if it gives better assurance by substituting the word "shall" instead of "may", so far as I am personally concerned, I have no objection. Before the amendment is offered, I will confer with other members of the committee.

Mr. PRIEST. I thank the gentleman.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield briefly.

Mr. BONNER. The distinguished gentleman from New Jersey [Mr. WOLVERTON] spoke of the testimony that various outstanding insurance companies gave on this bill as to its soundness, as to the need for it. All of those insurance company stocks have quadrupled in the last 10 years. Tell me why the insurance companies, if they are so much in favor of this, did not go into it themselves; and were they asked why they did not?

Mr. PRIEST. I do not know why they have not.

Mr. BONNER. If it is so good and so sound, everybody wants private business to carry on, why should they not go into it themselves?

Mr. PRIEST. Several witnesses were asked the question, "Is it not possible for the insurance companies, by pooling some of their own assets, to set up a reinsurance program among themselves?" The answers were that it might be possible, that it certainly would be possible, but it had not been done, and there was never any definite forthright statement whether they thought it should be or should not be. It could be but it has not been done.

Mr. BONNER. They control the major part of the surplus funds of the country.

Mr. PRIEST. Unquestionably that is true. One or two, I believe, said that certain reinsurance premiums by individual companies had been taken out with Lloyd's of London. At least there was one company that made that statement.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. WOLVERTON. Mr. Chairman, I yield 8 minutes to the gentleman from Illinois [Mr. SPRINGER].

Mr. SPRINGER. Mr. Chairman, the House Committee on Interstate and Foreign Commerce has favorably reported on H. R. 8356, with an amendment, and recommends that the bill be passed. This bill represents a program to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services. The bill authorizes the creation of a reinsurance fund within the Department of Health, Education, and Welfare which would be available for the reinsurance, on a voluntary basis and upon payment of a reinsurance premium, of health-service prepayment plans operated by commercial insurance carriers or by voluntary nonprofit health associations. The proposal is designed to encourage private insurance associations to experiment in providing broader voluntary health-insurance protection to more people.

THE COMMITTEE'S HEALTH INQUIRY

Of the problem of making needed health services and facilities available to the maximum number of people, we all are aware. The rising cost of medical care is well evident, even in the less serious illnesses. A long-term illness today represents a financial catastrophe to the average American family. Heart disease, cancer, tuberculosis, arthritis, rheumatism, polio, blindness, diabetes, cerebral palsy, epilepsy, multiple sclerosis, muscular dystrophy, and like diseases represent a crippling burden, even where the best in medical care is available.

With this problem, one of the most serious and important facing our people today, your Committee on Interstate and Foreign Commerce properly has been concerned. We have been trying to see just what might be done about it.

Last October, during the recess of the Congress, this committee conducted hearings in which it received extensive testimony on the present state of research into the causes and control of some of the principal scourges of mankind. The committee had the unstinted and cordial cooperation of outstanding men and women who devoted their lives to research in the fields of these major diseases, in the committee's effort to find out just where we are in knowing what the causes might be, in preventing or curing the disease, in mitigating its effects, and what further might be done to bring successful culmination to this research.

It is obvious that in many of these fields we do not yet know how we may provide a complete cure, yet alone in others, know just what we are fighting. On the other hand, research activities have produced marvelous results in the prevention and treatment of some of them, and we may be well along the road to a solution in some.

Yet the very fact that we are now able to treat many of these diseases and prolong human lives, has resulted in new problems of an economic nature. Extended hospitalization and medical attention prove exceedingly costly, and such costs are mounting astronomically. While society makes some provision for the very poor to be taken care of, if they require extended hospitalization and medical treatment, and while the very rich are able to take care of themselves in such regard, the large majority of our people do not appear to be protected adequately from the cost resulting from extended serious illness.

What families today—with one of their number suddenly stricken—can afford from their own resources to pay the $4,380 involved in the hospitalization of a chronic heart patient for 1 year; or the monthly cost at a cerebral palsy center offering the full range of medical, psychological, and social services, averaging as much as $750 per child; or the $10,000 cost per year in keeping a seriously involved polio case in an iron lung?

Or, if from their own resources, and those of relatives, they can meet the costs of such illness, at what cost to them in financial readjustment, lowered standard of living, interrupted schooling, uprooted children, loss of layaway for old age, or assumption of the breadwinner's role by someone else?

With such background, accordingly, the committee next undertook as part of its inquiry the study of just what protection against these costs now may be available to the individual American family.

Many plans are in existence in this country which seek to give protection against hospital and medical expenses. Last fall, and again after the commencement of this session, this committee has inquired into how extensive the protection afforded by this coverage might be. We have heard from the sponsors and administrators of many group plans, like Blue Cross and Blue Shield organizations, from private clinics, and from various insurance companies which write insurance on an individual or group basis.

We have been concerned with the cost of the protection given by these various plans, and more especially, with whether this protection extends to major or catastrophic medical and hospital expenses. We have been interested in the arrangements under these plans which have been made with the hospitals and physicians, the experience which has been gained under these plans, the difficulties which have been encountered, and suggestions arising from their operation.

Without here dwelling at length on our findings, it is evident to the committee that the American people are not now getting all the protection against the costs of medical and hospital care which our present state of economic and technical development seems to indicate they should be having.

EXPENDITURES FOR MEDICAL CARE

As private individuals, the people of this country are spending about $10 billion a year for medical care. Physicians' services cost them nearly $3 billion, and hospital care almost as much. Dental care, nursing, drugs, and appliances and all the other expenditures for sickness and health come to over $4 billion more. Included in this last amount is the net cost of the health insurance millions of people buy to protect themselves in advance against some of the costs of sickness.

On the average, families spend about 4 percent of their family income, or more than $200 a year, for all personal health services. But for any 1 family these expenses may be much less than this amount, or many times more than this average. Indeed, approximately a million families paid out amounts equaling or exceeding one-half of their family incomes, and 500,000 families paid out amounts equaling or exceeding 100 percent of their incomes in a recent 12-month period. These families have obviously not found a way to budget for medical care.

AMOUNT OF INSURANCE PROVIDED AGAINST MEDICAL CARE EXPENDITURES

A 1952 survey showed that premiums for all voluntary health insurance amounted to $2 billion and expenditures

for benefits to $1.6 billion. Through their own budgeting our citizens obtained 17 percent of their expenditures for medical care from their voluntary prepaid insurance benefits. At least 38 percent of all private expenditures for hospital care and 19 percent of all expenditures for physicians' services were paid by insurance benefits—table 1. It is obvious from these data that present health insurance, while doing a great deal, is not yet completely solving the problem of meeting hospitalization, and physicians' bills, on a budgeted basis for all our people.

Nor is health insurance doing as much as it might for those people who have had the foresight to purchase it. We learned that 81 percent of families who had insurance for hospital care and had a hospital bill had at least 60 percent of the bill paid by this insurance. However, only 54 percent of families with surgical insurance and a surgical bill had as much as 60 percent paid by their insurance. And only 18 percent of families with one or more kinds of health insurance had as much as 60 percent of all their bills paid by their insurance. It, therefore, appeared that the insurance in force today is in many instances covering only part of the hospital, surgical, or medical bills people incur.

GAPS IN ENROLLMENT OF THE POPULATION IN HEALTH INSURANCE PLANS

The committee examined with great thoroughness the existing health insurance; and it found that while many millions of people have one or more forms of this protection, many millions do not, explaining in part the gap between all private expenditures and insurance benefits for medical-care cases. For example, 92 million have hospitalization insurance, but 63 million do not. While 74 million have surgical insurance, about 81 million do not. Only about 36 million people have insurance against physicians' bills other than surgery, and most of these people can call on their insurance for doctors' visits only if they are in the hospital. Only some 5 or 6 million people out of a population of 155 million have anything approaching comprehensive health insurance—table 2.

The people counted in the above figures are predominantly urban, since 70 percent of those with hospitalization insurance are urban residents. The urban population of nearly 100 million represents 64 percent of the total civilian population. Sixty-three percent of the urban population, but only 38 percent of the rural farm population—and 52 percent of the rural nonfarm population—has hospitalization insurance. There were smaller percentages insured in the South and West than in the more urban Northeast and north-central geographic regions.

The relationship of urban living and a high percentage of the population insured was further indicated by the fact that only 33 percent of families whose main earner works in agriculture, forestry, and fisheries have health insurance, while as many as 90 percent of families whose income is earned in certain manufacturing industries have health insurance. Other data showed that the percentage of families with health insurance increased as income rose. It decreased with advancing age so that only 26 percent of those aged 65 and over had hospitalization insurance compared with 59 percent of the population under age 65, in 1952.

GAPS IN THE BENEFITS PROVIDED BY VOLUNTARY HEALTH INSURANCE

In the course of the hearings we became acutely aware of two kinds of gaps in currently available health insurance: First, it was not reaching many classes of people who would be helped by it; and, second, it was not providing adequate benefits for many families who already were insured. We heard a great deal of testimony on this second point. Many insurance policies paid only $5 or $6 a day for hospital care while the hospital charges amount to $15 or $20 or more a day. Hospitalization benefits were limited to a period of 21 or 30 days in some plans. Many fee schedules listing the amounts to be paid for surgical operations represented only 50 to 75 percent of the actual charges made by surgeons. Physicians' bills—nonsurgical—were paid only if the patient were hospitalized and then only after the second or third visit from the physician. In policies purchased on an individual basis, preexisting conditions, such as heart disease or diabetes or cancer, were excluded and frequently the policy was cancellable at the company's option. Participation in a group policy was lost on retirement, and the person of 65 years had difficulty buying an individual policy. Insurance payments were inadequate to cover the costs of X-rays, laboratory tests, and the like. Major medical expenses were not widely covered by existing insurance policies.

While we were hearing about deficiencies such as these in the benefits provided, we also heard about some health insurance plans which, here and there, or in one way or another, had experimented successfully in broadening benefits and providing complete insurance protection for one, or another, or all of the types of benefits usually provided by health insurance. We heard of successful experiments in covering rural people, in increasing benefits, in adding new forms of benefits, and so forth. These numerous experiments seemed to us a desirable beginning. We want to see them increased in order to provide the actuarial data for a sound expansion of voluntary insurance in all of the following areas:

First. Coverage of more people for more benefits.

Second. Coverage of rural people.

Third. Coverage of the self-employed and those not working in groups.

Fourth. Coverage of more older people.

Fifth. Coverage of more earners, even though their incomes are low.

Sixth. Coverage of more days of hospital care and more of the extras on the hospital bill.

Seventh. Coverage of more of the surgeon's bill.

Eighth. Coverage of the nonsurgical bill.

Ninth. Expansion of insurance providing coverage of major medical expense.

Tenth. Elimination of restrictions on preexisting conditions.

Eleventh. More adequate insurance against the costs of diagnosis.

TABLE 1.—*Private expenditures for medical care and voluntary health insurance benefits, 1952*

[Amount in billions]

Item	Private expenditures	Insurance benefits	Percent met by insurance [1]
All medical-care costs	$9.4	$1.6	17
Hospitalization	[2] 2.8	1.1	38
Physicians' services	[2] 2.9	.5	19

[1] These percentages are based on the data before rounding to the figures in billions shown in the 2 preceding columns.

[2] Figures includes $0.2 billion, the net cost of insurance purchased against the risk named.

TABLE 2.—*Extent of coverage of the civilian population by voluntary health insurance, Jan. 1, 1953*

	Number of people	Percent
	Millions	
Total civilian population	155	100
Total with some insurance protection	92	59
Comprehensive insurance	5	4
Hospital, surgical, and medical insurance	31	20
Hospital and surgical insurance	38	24
Hospital insurance only	18	12
Total with no insurance protection of any kind	63	41
Against hospitalization costs	63	41
Against surgical-care costs	81	52
Against medical-care costs	119	77

In summary, the growth of voluntary health insurance has been rapid and it currently provides protection for a large part of the hospital bills of our citizens and for lesser proportions of their medical bills. Nevertheless, gaps still exist in the enrollment of that part of the population which can be expected to prepay its medical-care costs and gaps exist in the protection people can purchase from available health insurance plans. We believe that a method of stimulating the insurance carriers to expand their enrollment of rural people, self-employed persons and those working in small establishments is in the public interest. Furthermore, a method of stimulating insurance companies to experiment in the directions indicated above, to improve benefits and the protection afforded is very desirable. H. R. 8356, a bill to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services, offers a feasible method for the Federal Government to provide this stimulus by sharing to a degree the risks involved in these experiments, without interfering with private initiative and enterprise.

Mr. PRIEST. Mr. Chairman, I yield 7 minutes to the gentleman from New York [Mr. KLEIN].

Mr. KLEIN. Mr. Chairman, the title of this bill is: "To improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services." I venture to say that if this bill were to accomplish that purpose it would pass this House almost

unanimously. But, Mr. Chairman, my purpose in taking the floor at this time is to charge that this bill will not attain that objective.

What we are all interested in—I am, certainly—is something that will accomplish that purpose, or have that effect. I voted for the rule making this bill in order because I wanted the opportunity to have the bill explained to the people of the country so that they may realize why many of us are opposed to it. My position has always been that the medical costs of this country are too high. The average person, or a person earning less than $3,000 a year, cannot afford at the present time to pay for medical costs and services. This is no reflection on our doctors or pharmaceutical companies. All costs—rents, food costs, and so forth, have risen sky-high. One of the things that retards a man's physical recovery after he has been taken ill or after he has been operated on is worry about who is going to pay the doctor's bill or who is going to take care of his family while he is in the hospital or necessarily away from work. Many people die, and the recovery of many is retarded because of this worry. So I have always favored some plan of prepayment insurance—medical insurance of some kind, if you please—whereby one's medical bill, hospital bill, the care of the family can be taken care of while the individual is ill.

Mr. Chairman, this bill does not do this. This bill is, in my opinion, a fraud on the American people. If they think it does what it is stated to do, they should be made to realize that it does not.

Let me read a little colloquy that I had with the vice president of the Aetna Insurance Co. Incidentally, I may point out that many of these men from the insurance companies who testified allegedly in favor of this plan, when pressed admitted that they were opposed to it. Yet they were members of the committee that sponsored this plan. And they had to admit they were against it.

The gentleman from Mississippi [Mr. WILLIAMS] asked a very pertinent question a few minutes ago when he inquired of the gentleman from Tennessee who is for this bill. The AMA is against it although that is one reason, in my opinion, for being for it. Usually anything they are for, I am against; anything they are against, I am for. Unfortunately I find myself on the same side with them here. As I have often said, my admiration for the doctors of this country is very great—but I do not believe that the AMA represents the views of the doctors. Who else is against this bill? Well, the insurance companies that will have to administer it are almost all against it. I, too, would like to know who is for it. The enthusiasm in the committee was indeed very lukewarm. The only ones who are "hot" for it are the administration and the leadership of the Republican Party. They want a campaign issue—but I believe it will boomerang.

Let me read you a colloquy that took place between myself and Henry S. Beers, the vice president of the Aetna Insurance Co., who testified for the bill on page 219 of the hearings:

Mr. KLEIN. Can you tell me how this bill, if enacted, would help the large mass of the people in this country who earn less than $3,000 a year and who presently cannot afford to have medical insurance?

Mr. BEERS. Well, I could say it would have almost no effect in that field at all, Mr. KLEIN.

Let us go down a little further. I asked this question:

Do you think that the passage of this legislation would provide for medical or health insurance for those people who earn so little that they cannot afford the present rates of a voluntary insurance plan?

Mr. BEERS. No.

Now, something very interesting is happening here. What was the opposition before the committee? The tycoons of the insurance companies, the ones that are going to administer this, are opposed to it. Yet, amazingly, a little conference was called at the White House, and if you will look at the report, on page 16 you will find the names of the presidents of the largest insurance companies in this country, who were called down to the White House, and lo and behold, after that session with the President, or whoever was there, they wrote letters advocating the passage of this bill. I am certain that they were not physically coerced down at the White House, but there is more than one way to coerce people—especially big-business men.

What is happening here, my friends? Nobody really wants this. I do not believe that the other body will take any action when and if it gets over there. I believe that the chairman of this committee and almost every member of this committee wants some form of medical insurance that will help the poorer people of this country, but this bill will not do it.

Mr. MARSHALL. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield to the gentleman from Minnesota.

Mr. MARSHALL. Could the gentleman tell me whether any medical group, doctors, or nurses, have testified in favor of this legislation?

Mr. KLEIN. Yes. I believe that the Blue Cross—and if I am not correct, the chairman will correct me—testified for it, and I say again that this group of insurance companies and Government representatives that brought out this plan—they appeared before the committee in favor of the plan. But when they were pressed individually I think most of them said they themselves or their own companies were opposed to it.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield to the gentleman from Illinois.

Mr. SPRINGER. I believe I am correct—and, if not, I stand corrected—that the Senate has reported the bill out and it is ready to be heard at the present time.

Mr. KLEIN. I have enough trouble keeping up with what the House does. I cannot keep up with what the Senate does.

Mr. SPRINGER. I think that is true, and I will state it for the record. In the second place, I believe your largest insurer in this group is the Blue Cross group. Is that not true? They said they would go ahead and expand their insurance and do everything they possibly could to make this a success. Is that not the testimony?

Mr. KLEIN. Yes. But I think they could do it themselves. They do not need Government money. What we are trying to do with the $25 million is to get the big companies to go out with a plan where it is not profitable for insurance companies to operate, and encourage them. They themselves have said it would not work.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield to the gentleman from Mississippi.

Mr. WILLIAMS of Mississippi. The Blue Cross people cannot even agree among themselves. I have a letter on my desk from the Mississippi Blue Cross people in violent opposition to this bill.

Mr. WOLVERTON. Mr. Chairman, will the gentleman yield?

Mr. KLEIN. I yield to the gentleman from New Jersey.

Mr. WOLVERTON. The gentleman asked what doctors testified in behalf of the bill. Of course, with the limited time I had, I could not give the entire list. But, I think I can give one that is indicative of the rest. Dr. Paul B. Magnuson, who was appointed by President Truman as chairman of the Presidential commission, testified strongly in behalf of this cause.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. PRIEST. Mr. Chairman, I yield 7 minutes to the gentleman from Texas [Mr. THORNBERRY].

Mr. THORNBERRY. Mr. Chairman, this is a bill which comes to the floor of the House with more lack of enthusiasm on the part of the committee sponsoring it than any bill that has ever come to the floor of this House. I want to state—and I want to be corrected by any member of the House Committee on Interstate and Foreign Commerce present if I misstate the facts in any way with reference to the consideration given this bill by that committee—it is true that the committee had long hearings, not only on this bill but other bills that were before our committee affecting health. It is true that we had extensive hearings upon a bill which was introduced to carry out the principle of reinsurance. However, the Committee on Interstate and Foreign Commerce in executive session devoted only 1 hour to a discussion of the present bill that is before this committee and reported the bill with more reservations on the part of the members than has been true of any bill since I have been a member of the committee.

I am here to speak about the integrity of committee consideration by a committee of this House and the integrity of the membership of the House of Representatives of the Congress of the United States as we are called on to give consideration of a far-reaching bill.

On Thursday we had been considering for action H. R. 7700, which is a controversial bill affecting health. On Thurs-

day a discussion had been had as to whether or not we would dispose of H. R. 7700. After an eloquent plea was made that this was a great committee which had a tradition of going fully into consideration of a bill, and a plea that the membership of the committee could work out a bill that would receive the endorsement of the committee, the committee was disposed not to take action on that bill. On Friday morning, last Friday morning, the members of this committee received a communication from the chairman stating that the leadership had informed him that it was desired that this bill, H. R. 8356, be reported to the floor of the House so that it could be taken up at the first of the week.

Mr. WILLIAMS of Mississippi. Mr. Chairman, will the gentleman yield?

Mr. THORNBERRY. I yield to the gentleman.

Mr. WILLIAMS of Mississippi. The gentleman might tell the House also that in the consideration of H. R. 7700 on the day that he mentioned, 92 amendments were pending, all being more or less technical amendments to the bill; that the leadership on the committee was so determined that we give a full and complete consideration to each and every one of these amendments, they objected to putting them en bloc and now we have 92 amendments before the committee for consideration.

I am wondering why we did not give the same kind of thorough and meticulous consideration to this proposed legislation.

Mr. SPRINGER. Mr. Chairman, will the gentleman yield, since he has raised a point of privilege of the House?

Mr. THORNBERRY. I yield to the gentleman from Illinois.

Mr. SPRINGER. I should like to make this statement—and I shall stand corrected if I am wrong—this bill was discussed on many other occasions besides this 1 day; is not that true?

Mr. THORNBERRY. I will get to that in a minute.

Mr. SPRINGER. If the gentleman wants to defer that, I am willing to withdraw my question at this time.

Mr. THORNBERRY. I believe the gentleman was not there Friday morning and I think he will withdraw his question, when he learns the facts. Let me state the facts.

Mr. SPRINGER. I am glad to be corrected if I am wrong.

Mr. THORNBERRY. If the gentleman would not be in too much of a hurry; that is the trouble about this bill, everyone appears to be in a hurry to reach a conclusion on it without proper consideration of its provisions.

On July 2, there was introduced a committee print of the bill containing 13 substantive amendments to this bill, which no member of the committee had discussed. Oh, there were discussions of the reinsurance principle. I said that to begin with, in connection with the bill originally introduced by our distinguished chairman, and then of the bill that the Department of Health, Education, and Welfare urged. But so far as the amendment, which the rule makes in order for discussion today, is concerned the committee never discussed it. It was not until Friday morning, when we got the committe print, July 2, 1954, that the committee saw or discussed it.

Mr. SPRINGER. I think that is true, but this bill is practically the same bill, is it not?

Mr. THORNBERRY. If the gentleman will read the committee report to which he referred, which says that the substitute includes 13 substantive changes from the bill as originally introduced, he will see what I am referring to.

Mr. SPRINGER. Will the gentleman point out the substantial changes?

Mr. THORNBERRY. I will be glad to, but I thought from the gentleman's statements that he understood the substantial amendments to the bill. I am not going to discuss that at this moment, because I am going to go a little further into the matter of the consideration that was given to this bill.

Mr. SPRINGER. If the gentleman will proceed, I shall be very glad to listen.

Mr. THORNBERRY. Then the committee met approximately at 10:30 and there was discussion of this bill. Every member of the committee recognized the position we were in. I do not want to disclose what anybody else had to say in executive session, but I think it is fair to say that I pointed out that this committee had considered bills far simpler than this bill—bills which had been read line by line and worked on line by line. I think the Members of this committee and of this House know that previously when this great Committee on Interstate and Foreign Commerce has brought a bill out, it has come here with the full assurance that we had discussed fully the provisions of the bill and that we had come, more or less, to some agreement on the bill. I state now, I hope the day will never come again when this great committee will take a bill of this type and, because of a direction from somewhere else, report it out with as little discussion as this bill has received. You heard the distinguished gentleman from Virginia [Mr. SMITH] tell you what had happened when the bill came to the Committee on Rules. I think the Committee on Rules took the bill up late yesterday afternoon, and now the bill is before this House. There are a great many objections to this bill. Someone has said that the Blue Cross and the Blue Shield companies are for the bill. The Blue Cross-Blue Shield plan companies of Texas are opposed to the bill. There has been a great deal of discussion about who has testified in favor of the bill or against the bill.

A statement has been made here about the position of the medical profession on this measure. I have heard from many fine doctors in the State of Texas. They tell me that they fear the bill and that they are opposed to it. I am convinced from what they tell me that they sincerely feel that this is a bill which would have the Federal Government go further into the field of health insurance than they would like to see.

Whatever may be the arguments of those who sponsor the bill here, it is a bill which should have had greater consideration in executive session in the House Committee on Interstate and Foreign Commerce than it has received. I know that the bill comes to the floor of this House with a greater lack of enthusiasm on the part of the members of the House Committee on Interstate and Foreign Commerce than has ever been evidenced by them on any bill reported by our committee since I have been a member. I feel very strongly that because of what has occurred this bill should be returned to the committee.

Mr. WOLVERTON. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, I take this time in order to make a reply to the statement that has just been made by the gentleman from Texas. This bill was introduced in January of this year. Hearings upon it were held on March 24, 25, 26, 30, 31, April 1, 5, 8, May 5, 6, and 7. Anyone who reads the record of those hearings will never raise the question as to this bill not having the fullest possible consideration. If you read that record, you will find every question was put that could possibly be thought of by the members of the committee. There were long periods of questioning. At my instructions, the staff of our committee was requested to give consideration to the questions which had been raised, and were asked to prepare amendments wherever possible which would coincide with the meritorious questions which had been raised by members and witnesses. That took a period of 2 months. At the end of that time the bill was brought before the committee and no amendments were offered in the committee. Consultations with Members were held and with departments of Government, legislative draftsmen, and others who were interested in the legislation, including such as the Blue Cross and American Hospitalization, and so forth. To the end, it was hoped that we would be able to prepare a bill to which there could be no reasonable or justifiable exception taken. When this bill was presented before the committee on the days to which the gentleman referred, every opportunity was given to any Member on either side to present any amendments which they saw fit. But the opportunity was not taken advantage of. The opportunity is here. If this bill is not what it should be, then let us make it what it should be by the introduction of the necessary amendments, if there be such.

Mr. PRIEST. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, I was wondering when the rule was presented why it was necessary that the rule waive points of order against this bill, and I have patiently waited for an answer to the question which was asked during debate on the rule by the gentleman from Virginia [Mr. SMITH] as to why it was necessary to rush this bill out at this time and push it through the House.

I think I have discovered the answer. Not being a member of the majority party, I will dare to state it. I think this is good Republican propaganda, but only Republican propaganda. The title of the bill, "To Improve Public Health,"

is something you will be able to talk about during the fall campaign, trying to fool the voters. But I doubt whether you will get away with it, because there is no improvement of the public health in this bill.

The strange thing about it is, and I have compared it very carefully with the record, that of the 17 representatives of insurance companies who attended at the White House on May 17, after the hearings had been closed—the last day of the hearings was May 7—when they attended some 10 days later at the White House and issued a statement which is now given to you as supporting the bill—not one of those persons came before the committee and submitted himself to examination by members of the committee as to the merits of this bill. If you will read carefully the statement which appears in the report over the signatures of those insurance company representatives, you will find that all they have done is to endorse the principle of the plan, and they have reservations as to what is in the bill.

If you wanted to improve the bill, in my opinion what the committee should have done is to have called those representatives before the committee and let them submit proposed amendments and discuss them before the committee and let them answer questions which could have been put to them by the membership of the committee.

Dr. Magnuson has been quoted as an authority supporting the bill. His testimony is in the record. If you will read his testimony carefully, you will find that while he, too, endorsed the principle, he tells you that this bill will not give to the masses of the people a single dollar of insurance.

You are told this is a reinsurance plan and it is to be a voluntary plan, and that the insurance companies have not heretofore done anything about the matter. Somebody has forgotten about the testimony before the committee. Refer to page 113 of the hearings. You will find there a list of 18 different companies, private insurance companies, who are today selling this very reinsurance to those who want it. There is not a word of testimony in this record, and nobody can produce a single statistic or fact showing that any company that will write an insurable risk for health or disability or accident insurance cannot get the risk reinsured if they want to reinsure it. According to your own record before the committee—see page 113—there are over $2 billion of private insurance company assets in companies now writing reinsurance of the kind you want to write into this bill with United States subsidy, to administer it for 5 years at taxpayers' expense.

Let me make this one further point, with the billions of dollars controlled by all of the private insurance companies in this country, there is not a single reason you can give why they cannot contribute a fund of $25 million for this kind of reinsurance if they need it. They do not need it when they have $2 billion of assets already at work backing up their own reinsurance program.

Mr. HESELTON. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield to the gentleman from Massachusetts.

Mr. HESELTON. I am sure the gentleman is aware of the fact that over half of the insurance of these companies is confined exclusively to cases of polio.

Mr. MULTER. Every one of these companies I referred to which are listed in your record writes health and accident reinsurance, and if a risk is not insurable it is not reinsurable. The testimony shows what the fact is, and no one in the insurance business will say "No" to it. If it is insurable it is reinsurable.

Mr. YOUNGER. Mr. Chairman, will the gentleman yield?

Mr. MULTER. I yield.

Mr. YOUNGER. The gentleman spoke about the billions of dollars the insurance companies have.

Mr. MULTER. Yes.

Mr. YOUNGER. If you realized the same billions of dollars increased by the billions of dollars that the banks and the savings and loan associations have, why did you then vote for the FHA insurance?

Mr. MULTER. For 6 years I have been alone in my committee and on this floor saying it is time you gave that back to the private enterprise of the country. That insurance, too, belongs in the field of private enterprise, and our Government has no right in that business.

Mr. WOLVERTON. Mr. Chairman, will the gentleman yield?

Mr. MULTER. If I have time left, I yield.

Mr. WOLVERTON. Did you vote for the Federal Deposit Insurance Corporation? And if so, why, when there were so many billions of dollars in the banks?

Mr. MULTER. Now, please—FDIC has nothing to do with this; it is not a similar program at all. The Federal deposit insurance is paid for by the banks entirely out of the earnings from the depositors' moneys.

Mr. WOLVERTON. And this will operate in the same way.

Mr. MULTER. It cannot possibly operate like FDIC.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WOLVERTON. Mr. Chairman, I yield 5 minutes to the gentleman from Maine [Mr. HALE].

Mr. HALE. Mr. Chairman, I rise in support of this legislation, H. R. 8356, which as the Committee knows has as its purpose the establishment of a health reinsurance program.

The bill is one of a number of items on the President's health program. The idea of the bill is that private insurance organizations will take more risks and experiment more widely in health insurance programs if the Government will reinsure them for so doing.

The bill bears an obvious analogy to that providing for the insurance of bank deposits. With respect to that legislation, for example, it might have been possible to argue that good banks did not need to be insured and that the Federal Government could not afford to insure bad banks. There may be a certain amount of crude logic in such an argument, but it did not prevent the passage of the bank deposit insurance legislation, and I do not believe anybody today would favor the repeal of the legislation which provides for the insurance of bank deposits.

I wish now to devote myself very briefly to the argument advanced by the gentleman from Texas a few minutes ago. It is true that the discussion of this bill in the executive session of the committee was not prolonged, but we spent an enormous amount of time in hearings on the bill; and when the time came to vote on the bill in the executive session yesterday there was no protest from anybody that I heard that we had given insufficient consideration to the bill in executive session. Several members of the committee reserved the right to oppose the bill on the floor, which right they had as a matter of course and which is the inherent right of any member of any committee who differs from the majority of the committee.

The insinuation that this bill has been railroaded implies a criticism of the fairness of the chairman and a criticism of the fairness of the majority of the committee. I do not think such criticism is well founded. If there had been any plea that any member of the committee wanted further discussion of the bill, I am sure the chairman would have hearkened to it, and I myself would have been very willing to discuss the bill further if I had thought there was any need of further discussion.

This is a perfectly plain, straightforward piece of legislation. Either you are for it or you are against it. If you do not believe in the Government's entering into any kind of insurance plan or reinsurance plan for the benefit of the health of the people, then you ought to vote against the bill. If you do feel that maybe there is a place where the Government can function in a purely voluntary health-insurance program, I think you will vote for this bill. Perfectly frankly, it is an experimental measure, an experiment which seems to me to be worth trying. I do not believe anybody can be harmed by it.

I was impressed by a letter which I received only yesterday from the Union Mutual Life Insurance Co., which is the largest insurance company in my State. They had this to say, which I think is very interesting in view of some of the criticisms I have heard of this legislation:

> As things are now it is virtually impossible for any but the largest companies to underwrite untried risks on an experimental basis. The President's plan of voluntary reinsurance would, we feel, give the medium-sized companies, or even smaller companies, a better chance to serve the insurance-buying public on a broader and sounder basis. We also believe that with the larger number of companies who would thus be able to offer these coverages, many of whom are located in less populated areas of the country, a substantial number of presently uninsured citizens could acquire health insurance protection and service.
>
> We, of course, are quite aware of the danger of Government in the insurance field, but we prefer this voluntary method of meeting the needs of those Americans who are still uninsured though they are economically uninsurable to the other methods that have been proposed in the past. For these reasons we support the President's bills.

Mr. PRIEST. Mr. Chairman, I yield 5 minutes to the gentleman from Mississippi [Mr. WILLIAMS].

Mr. WILLIAMS of Mississippi. Mr. Chairman, first, I would like to concur in what the chairman of my committee, the gentleman from New Jersey [Mr. WOLVERTON], said a few minutes ago in outlining the consideration which had been given to the principle of health reinsurance by our committee. I concede that the committee held endless hearings on this subject and that we had several executive sessions. I am sure that the information he gave the House as to the dates on which those sessions were held is correct. However, what our chairman did not tell you was that on July 2 a committee print was made and presented to the committee on the following Friday. That was last Friday. That was a committee print that we saw for the first time; and it provided for striking out all after the enacting clause and substituting 57 pages of legislation in the form of an amendment to the bill.

I stayed with the committee for about 30 minutes, then had to go to my office to answer a phone call. After I completed the call, I started back to rejoin the committee, only to learn they had passed the bill and adjourned. So what the gentleman from Texas [Mr. THORNBERRY] told you a few minutes ago about the lack of consideration given to this specific bill by the committee is definitely true; and I would wager that no member of the committee had an opportunity to read word for word the bill before it was presented to them for a vote, with the possible exception of the chairman.

Mr. Chairman, I have no intention of speaking at length on the bill itself. After all, when you have said nothing about this bill, you have said all there is to say. Shakespeare, 400 years ago, wrote a play about this kind of legislation and he entitled that play "Much Ado About Nothing." The gentleman from Tennessee [Mr. PRIEST] who stated he was going to go along on final passage of this bill spoke with less enthusiasm than any supporter of a piece of legislation I ever saw.

As a matter of fact, there has been no great demand for this legislation, other than from a few politicians; yet there is widespread opposition, as you may know by the telegrams and letters that you have received from your districts.

To hear some of these fellows tell it, why, 150 million American people have been clamoring for the passage of this legislation. I am sure of that, because now that the legislation is before us, we have been flooded with telegrams from all of them—that is, all except 150 million. The fact of the matter is that there is no real or apparent demand for it. I have not received a single communication in favor of the legislation. Others tell me they have not either. So, who really wants it? I would like to know.

Mr. FERNANDEZ. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I yield to the gentleman from New Mexico.

Mr. FERNANDEZ. I am inclined to agree with the gentleman that this probably would not do any good, but can the gentleman tell me whether or not the witnesses pointed out where it does any harm?

Mr. WILLIAMS of Mississippi. Let me say to the gentleman that I took my youngster out to the park about 2 months ago, and she saw them selling cotton candy, all pink and pretty and inviting. Naturally, she had to have some. That cotton candy was pretty. It tasted sweet and smelled sweet, but when she tried to bite into it she found nothing there. This bill is like that cotton candy, all air and no substance, but costly.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I yield to the gentleman from New York.

Mr. MULTER. This program, if enacted, will cause expense to the United States Treasury for the next 5 years.

Mr. WILLIAMS of Mississippi. I think that has been shown conclusively on the floor. The gentleman is absolutely right.

Mr. ANDREWS. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I yield to the gentleman from Alabama.

Mr. ANDREWS. I would like to ask the gentleman: What is the purpose of this bill? As I understand, there is nothing compulsory about it.

Mr. WILLIAMS of Mississippi. I wish I knew. I have been trying to find out the purpose for the last year, and I cannot find out, in spite of having been exposed to long and almost endless hearings.

Mr. ANDREWS. The rates of insurance paid by policyholders will not be reduced. Is that not true?

Mr. WILLIAMS of Mississippi. No; they will not be reduced.

Mr. ANDREWS. Why the reason for this bill, then? Whom will it help?

Mr. WILLIAMS of Mississippi. I do not know, but I have my opinion. I think the real reason for this bill is that there is an election coming up next year. As we all know, there are a lot of people in favor of socialized medicine and a lot of people who are bitterly opposed to socialized medicine. Even now, I can see these spokesmen for the administration, the great Republican Party of free enterprise, standing on street corners in New York or Chicago or Detroit or any of the big cities where socialized medicine is popular, telling the people, "Look what we Republicans did. We did what the Democrats couldn't do. We gave you socialized medicine." Then I can see others going down South and out in the Midwest, where socialized medicine is unpopular, telling them, "Why, folks, look what we Republicans did. We passed a bill that will eliminate the danger of socialized medicine forever." Do you not know that is what is going to happen? Sure, they can argue on either side. And, the reason they think they are going to get by with it is because there is not enough time between now and election to put it into effect.

Mr. Chairman, the only real good that can possibly come from this bill is that it will keep at least $25 million in the United States, which may be all we will have left after the foreign-aid spenders get through with us.

Mr. WOLVERTON. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. DOLLIVER].

Mr. DOLLIVER. Mr. Chairman, I find myself in a rather unhappy position today; to rise in opposition to a bill which was reported by the committee of which I am proud to be a member. I find myself especially unhappy to be arrayed against my good friends on the committee, the chairman and my colleagues on both sides. The fact is, to bare my soul to you just a little, Mr. Chairman, I have tried very earnestly during the course of the hearings to bring myself into a position to support this legislation. I very meticulously and regularly attended all the hearings on the legislation from the very beginning, and I am afraid sometimes I was perhaps too active in examining the various witnesses that appeared before us.

Having now stated that I am opposed to the bill, I think it is only fair for me to state the reasons for my opposition. It is not because of the manner in which the bill was presented to the House. I voted for its being reported to the House, making the reservation of my right to oppose it on the floor.

But I have a number of reasons for my opposition. In the first place, this is an invasion of private enterprise and private industry. As has been pointed out here by other Members of this body, there is ample resource in the insurance business to reinsure all the health insurance programs that are now in existence, if that were desirable. But the fact is that there is no real need for reinsurance of health programs.

For example, take the Blue Shield program which, in my State of Iowa, is an organization operated by the medical doctors of the State. They agree, in the Blue Shield, that they will take care of the sicknesses of their subscribers for an agreed compensation. If they find at the end of the year that the premium payments are not sufficient to carry the load, then under the agreement under the Blue Shield the doctors take 50 percent or 60 percent, or whatever the percentage may be, of their compensation. That kind of thing is characteristic of the Blue Shield plans all over the country.

Here, in the District of Columbia, I was told when the Blue Shield first came into existence, the doctors in this area took 60 percent of their fees out of the fund in order to put it upon a sound financial basis. So, from the standpoint of the Blue Shield, there is no necessity for this kind of thing. They reinsure their own risks. Under that plan no advantage would be taken of this measure.

I do not have the time to go into all the details of various health plans, but there is instance after instance in this record of testimony that I wish I had the time to give you. I have nine different places marked on the outside of this book, where witness after witness said, "Even if this goes into effect, we will not take advantage of it, because we do not believe it would be of any benefit." So the result would be that you would inject the

Federal Government, through this program, into an area where it is not needed and the only people who would take advantage of it would be those who would be considered unsound in taking over risks of health insurance.

Mr. SMITH of Virginia. Mr. Chairman, will the gentleman yield?

Mr. DOLLIVER. I yield.

Mr. SMITH of Virginia. Does the gentleman think we should pass a bill of the magnitude and importance and far-reaching elements of this bill when the gentleman himself does not even have time to answer questions about it or explain to the House what it is all about?

Mr. DOLLIVER. I am trying to do that very thing, I will say to my colleague. I do not believe this measure is necessary. I think it invades private industry.

I have a letter in my hand which comes from one of the reinsurance companies of the Midwest. It is a five-page letter. This company is mentioned in the hearings with great favor by Mr. Faulkner who represented the United States Chamber of Commerce in opposition to this bill. He says this company is one of the leading reinsurance companies in the country. They are perfectly willing and able and are anxious to reinsure all the kind of risks that are reinsurable.

Collateral to that, of course, is another argument against the bill; that this is a complete waste of public funds. It is acknowledged to be an experimental program. Has it come to the point that the United States Government is to experiment with so important a thing as the public health? The people must depend upon their doctors to cure them of the various illnesses that afflict them? I do not think experimentation is justified. I think we can find a lot better use for the public money than to put it into this kind of enterprise. To me at least, it means an utter waste of public funds. That is a serious charge.

But I can see no use for putting up a fund of $25 million, which will either not be used at all by the legitimate insurance people of the United States or else will be dissipated by the improvident and unsound companies which write this kind of insurance.

Mr. KLEIN. Mr. Chairman, will the gentleman yield?

Mr. DOLLIVER. I yield.

Mr. KLEIN. Does not the gentleman think that the camel of socialized medicine will be getting his nose in the tent, if we pass this legislation?

Mr. DOLLIVER. I do not see any such danger of a camel getting his nose in the tent and bringing about socialized medicine. I see no such danger.

However, I should add at once, and this is another reason for my opposition to this legislation. The medical profession as a whole (there are some exceptions to be sure), but the medical profession as a whole, particularly in my own State, where I have received many letters to substantiate this viewpoint, is opposed to this legislation. They see no use for it. They feel that it is a threat and a trend toward socialized medicine. I do not share that view, but the fact remains that the medical profession by and large are opposed to this measure.

It is my opinion, if we are going to improve the health of the American people, we must have the cooperation of the medical profession. We may have some criticisms to offer to the various doctors and to their societies and associations. But fundamentally, those are the people who know how to cure human diseases and, if we do not go along with them, then our efforts are futile.

Mr. BELCHER. Mr. Chairman, will the gentleman yield?

Mr. DOLLIVER. I yield.

Mr. BELCHER. Does the gentleman think if we start this thing with $25 million, it will ever be confined to $25 million or will it not just continue and mushroom up like all these other noble experiments that we have tried?

Mr. DOLLIVER. Of course, I cannot look into the future any more than the gentleman can. But it would seem to me that if this program is not used, it will die aborning, if the reputable insurance companies do not want to use it. In that event, it will never be used, and it will be a total and complete waste of public money and public effort. If the reinsurance is used by improvident and unsound plans, then the thing you are talking about probably will take place and American taxpayers will be called upon to bail out a lot of those unsound insurance companies.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. DOLLIVER. I yield.

Mr. HALLECK. I want to say first of all that we always enjoy listening to the gentleman. I am sorry on this occasion that I find myself in disagreement with him. But, I thought I might properly at this time make the observation which has impressed itself upon me, as I have listened to this debate. It is that some of our friends who were for the old Ewing plan are unhappy about this because they see in this possibly something that might be effective and helpful within our concept and ideals of medicine, as we have known it—so they are against it. Then, of course, there are some who believe that the Government has no responsibility in a field like this at all. So they are unhappy that even this very small start is being made. It just occurs to me that possibly we are close enough to the middle here that we can do something that might really be helpful and useful to the Nation as a whole.

Mr. DOLLIVER. I dissociate myself from either of the groups the majority leader the gentleman from Indiana [Mr. HALLECK] mentions. I do not favor socialized medicine, nor do I feel that the Federal Government has no responsibility in the field of health. But I do say that this bill will have no appreciable or helpful effect. On the contrary, it is a futile and very probably harmful effort, inimical to the best interests of the American people.

Mr. PRIEST. Mr. Chairman, I yield 5 minutes to the gentleman from Florida [Mr. ROGERS].

Mr. ROGERS of Florida. Mr. Chairman, I think we should refer to this legislation as "the noble experiment," for it is. It is a noble experiment. It has a good purpose. It is something that might prove beneficial to a portion of our citizens, at least. This is not partisan legislation. May I emphasize that when the welfare of the country or the individual is involved or in question, partnership and party politics should be thrown out of the window and true Americanism substituted therefor, and it is on this basis that we should consider this bill.

Now, let us see just what we are doing. We are establishing a Federal reinsurance fund in the sum of $25 million. That fund can be used for only one purpose; that is, for reinsurance of companies who are in the business of insuring the health of the people of this Nation. The proposals contained in this legislation itself are several, and here they are:

It is voluntary for each carrier. No carrier of life insurance has got to come to them unless they want to. It is absolutely voluntary.

Regulation of carriers remains with the States. It does not make legislation as far as the States are concerned.

It operates only where comparable reinsurance is not available. That is one of the few things that appeals to me, because I am against this Government being in every kind of business. I always have been, and I always will be. If there is any place where these health-insurance companies can go and get the money, they should be made to do it, and under this bill they will be made to do it. Just like the Reconstruction Finance Corporation: If the industry could get the money from private enterprise, this Government says, "Stay away from us." The same thing applies here. If you can get reinsurance, you must write your insurance on a sound basis. This does not authorize insurance companies to lower the standards. A man who cannot get insurance now, when this bill is passed cannot get it. It may extend the coverage to some extent and permit them to write more insurance and give more benefits to more people, but that standard is there, and we must observe that. Otherwise you cannot get reinsurance.

When Mr. Miller, representing some insurance company was before our committee, I asked Mr. Miller if he did not think it best that if the Government would set up a lending fund it would be better, a lending fund to the various insurance companies for the purpose of their setting up a fund for reinsurance purposes themselves. If they could do that, well and good. But they might not do that.

Now, there is not supposed to be any loss in the operation of this legislation. The carrier, if there should be any loss, shares in the loss. If I had a policy on our distinguished chairman, I being in the insurance business, then I could apply to the Secretary of Health, Education, and Welfare to assist me in carrying that risk for a premium. Understand that for every reinsurance policy that is issued a premium is paid into this fund, just like any other reinsurance, and the carrier is still a coinsurer.

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. WOLVERTON. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. HESELTON].

Mr. HESELTON. Mr. Chairman, there have been so many statements made with reference to this bill which I do not think are in accordance with the testimony or the facts that I think my best efforts can be made in attempting to point out certain of the fallacies that have been presented heretofore.

My very good friend, the gentleman from Iowa [Mr. DOLLIVER], who sits beside me on the committee, quoted from a letter from the Employers' Reinsurance Corp., of Kansas City, signed by the president of the corporation, Mr. Sanford Miller. But in that letter is the answer to a question that has been asked me several times this afternoon. The point has been made that insurance companies could do this by themselves if they wanted to. Mr. Miller said in part this:

> It may be of interest to you that the largest portion of our reinsurance does not pertain to medical and hospital benefits but to other types of coverage such as coverage of loss of time. The reason for this, of course, is the very large loss which a primary carrier can sustain where it becomes obligated to pay a large monthly indemnity to an insured over a long period, possibly the lifetime of the insured.

There is the real reason for this program and why the Government needs to get into it in this fashion. May I repeat again what the chairman has said and what others have said in favor of this bill: This is a very limited, carefully guarded form of reinsurance following the precedent of the FDIC which was so successful; and I want to assure you that any suggestion that it would be taken advantage of by those persons who were not reputable or who did not have standing in the insurance field is fully countered by the letters which have been sent to the committee and which are in the committee's report and in the record.

In the matter of the suggestion that this would not be utilized—I think the gentleman from Iowa [Mr. DOLLIVER] made that suggestion—I would like to quote a paragraph from the letter of the president of the Connecticut General Life Insurance Co. of Hartford, Conn.:

> Some have stated that the reinsurance authorized by the bill would be little used. This is a premature judgment and one not possible of advance determination. The probability is strong that if this legislation is passed by the Congress, it will be used and will be useful to the country.

I can assure you, if you do not happen to know, that that company is considered to be one of the fine outstanding life insurance companies in the country and in New England.

Some suggestion has been made that there is practically nobody for this bill other than President Eisenhower and Mrs. Hobby. The report will indicate who is for the bill, and they certainly constitute a reputable group of citizens. Mr. William McNary appeared before the committee in his capacity as chairman of the Council on Government Relations of the American Hospital Association. He endorsed the bill and said it would be taken advantage of by the Blue Cross and the Blue Shield. I inquired of him how many members there were in the Blue Cross as of last December. Mr. McNary said:

> As of December 31 it was just a few thousand short of 43 million in the United States.

That is a fairly large group of people who would be interested in better coverage if it could be furnished to them.

Then I asked him how many hospitals there were in the American Hospital Association and he said:

> I think the figure is about 5,500.

Then I asked him if he could tell me the number of physicians interested in that particular program and the answer was that there were in the neighborhood of 100,000.

Statements made in particular by the chairman of the Committee on Interstate and Foreign Commerce and by the gentleman from Tennessee [Mr. PRIEST] are statements that will fully justify you in accepting the fact that this is a sound recommendation by this administration in the best interests of the health of the people of this country.

Mr. Chairman, I would like to refer to a most significant coincidence, and I would not inject this into this particular phase of the debate had it not occurred on the floor today. Among the most interesting developments here was that the gentleman from New York and the gentleman from Mississippi took the floor and practically admitted that this bill does have a very great appeal to the American people. I can assure you, Mr. Chairman, that this bill does have such an appeal to the American people, a very real appeal, that has been evidenced to this committee over a long period of time. I regret very much any suggestion that was made that there was any unfairness on the part of the chairman in the way this bill was handled. I was present and over a quorum of the committee was present at all times. The chairman repeatedly stated that he did not want to shut anybody off from any argument they wanted to make or from the offering of any amendments they wanted to offer.

This bill should receive the most careful consideration. It is true it has been changed in several aspects, changed I think for the better. Certain recommendations came from State insurance commissioners and we have placed safeguards in the bill so that there is no question about interference with State supervision.

Several questions have been asked during the course of consideration of this matter. I would like to tell you what some of them are and offer to you what I think are the answers.

Who will be helped by this program? It is designed to help those persons who now want and can pay for but cannot readily obtain insurance. Those are people in the rural areas, employees of small plants, the self-employed. They simply cannot qualify for this type of insurance. That is also true of people in the upper age brackets with preexisting conditions so that they cannot qualify.

The question is asked: Is this a subsidy to the insurance companies? Definitely not. Carriers will pay premiums into the fund at rates designed to insure solvency of the fund and liability is limited to the fund. The only Federal contribution is for the Administrator's expense during the first 5 years for an important activity that we should have gone into long ago—that is, the study and investigation and research into this very important field.

Another question: Is this putting the Government in the business of insurance? Does it put the Government in the insurance business? No. Commercial companies and voluntary nonprofit associations will continue to be the primary carriers. Furthermore, the bill specifically provides that if private insurance is available at comparable rates Federal reinsurance cannot be approved. The gentleman from Florida endorsed that.

Is the program likely to result in Federal control of the insurance business? No. State insurance authorities will continue to regulate the insurance business. In the bill the Secretary is instructed to do certain things, especially in determining financial responsibility, and so forth.

It should be again stressed that this is a voluntary program and no carrier needs to apply for it unless he elects to do so. If there is no Federal reinsurance the carrier is subject to none of the requirements applying to reinsurance plans. Furthermore, the Federal regulations apply only to that part of the carrier's business that is reinsured.

There is one important feature that I would like to cover. It has been suggested by the gentleman from Tennessee that he would have preferred standards if they could have been written into the bill. I started off myself with that point of view. Why is it the bill contains so few standards and gives so much administrative discretion to the Secretary? Discretionary authority is contained in the bill because of the rapidly changing character of health insurance. Health and accident insurance is a relatively new venture in this country. It would be exceedingly difficult, if not impossible, to write detailed standards into the legislation. Furthermore, standards are likely to need revision frequently. It is important to note, however, that the bill contains abundant policy guides as to benefit standards. They will be found in section 303 (a).

Is there any compulsion under the terms of the bill?

Answer: There is no compulsion under the plan. It is up to the carrier to determine whether or not application for reinsurance will be made.

The insured person will continue as before to purchase his insurance where and as he sees fit, in the amount for which he is prepared to budget from his family income.

Why is a Federal reinsurance program needed?

Answer: To stimulate experimentation looking to the development of better coverage for more people at a price

they can afford to pay. This is particularly important in the case of the aged, those living in rural areas, self-employed individuals, and employees of small firms. On the benefit side, better protection against the expenses of long-term illness is essential. Experimentation is inherently hazardous, and by sharing the risk the chances of financial disaster for individual carriers are sharply reduced.

Incidentally, a reinsurance program will focus public attention on the need for and desirability of prepaying for the costs of medical care.

What is the basis of the $25 million figure?

Answer: It is an estimate of the amount of capital that might be needed to get the reinsurance system started. The figure finally selected seemed to be a reasonable estimate.

How can the system possibly be self-supporting and still help the insurance companies?

Answer: The Secretary will have sound actuarial advice in setting reinsurance premium rates so that the system will be self-supporting. It is believed that the rates will be reasonable and attractive to insurance companies and that they will be encouraged to be more venturesome by reinsuring any unusual risks they may take in expanding or extending benefits.

How will the bill encourage the carriers to experiment?

Answer: The plan's success is entirely dependent on the ingenuity and voluntary action of insurance carriers. If carriers request reinsurance of plans to extend benefits to cover such items as you have mentioned, and if the plans are sound and the carriers meet the standards for reinsurance, they will be reinsured. In other words, this proposal is designed to encourage insurance companies and voluntary nonprofit associations on their own volition to provide more comprehensive coverage at a reasonable cost.

If this bill is passed, will it help rural families to get health insurance?

Answer: The cost of enrolling rural families is higher than the cost of enrolling urban residents. The proposal is designed to encourage insurance carriers to be more venturesome in trying to develop plans, especially group insurance, for rural families. Agricultural and fraternal organizations, and local governmental units might constitute appropriate groups. It is hoped that many carriers will be encouraged to tackle this important problem.

How will this proposal encourage companies to offer noncancelable policies? How will this bill take care of a worker during unemployment?

Answer: Authority is providing for setting standards with respect to the cancellability of policies. It is hoped that reinsurance will make it possible for more carriers to write plans that are less restrictive than many now marketed.

With respect to the coverage of workers during periods of unemployment, it may be possible for carriers to develop some type of plan which provides for waiver of premium during periods of forced unemployment.

What is it that the Government will reinsure under the proposed bill?

Answer: The Government will insure carriers against 75 percent of any loss from the operation of a particular approved prepayment plan or group of such plans during the course of the year. It is not reinsurance of any single risk, but insurance against abnormal loss from the operation of a plan.

Who will be eligible for reinsurance?

Answer: Any carrier—profit or nonprofit; Blue Cross or Blue Shield—with a prepayment health service plan which meets certain minimum standards of eligibility. See section 304, of the bill.

Will the bill serve as an entering wedge to socialized medicine?

Answer: Absolutely not. The Government would have no authority to control the practice of medicine. Health insurance would continue to be bought as it is now.

We should work for this bill if we want to support the President's specific recommendations. It is both a challenge and an opportunity to do our part in furthering a program for protecting the American people when their health is involved.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. PRIEST. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. SHEPPARD].

Mr. SHEPPARD. Mr. Chairman, I would like to ask the gentleman [Mr. HESELTON] 1 or 2 questions. Would this bill, that you are apparently recommending for House approval, reduce the cost of premiums paid for insurance that is now being carried by policy holders in health or medical and hospital categories?

Mr. HESELTON. Mr. Chairman, if the gentleman will yield, I do not think anybody has suggested that it would reduce the cost of premiums being paid.

Mr. SHEPPARD. Well, the gentleman is carrying the bill, and I am asking for an explanation. Will it or will it not?

Mr. HESELTON. I do not think it will.

Mr. SHEPPARD. All right. The gentleman has answered my question. Will it make insurance available for any persons who cannot now afford it?

Mr. HESELTON. I doubt that.

Mr. SHEPPARD. I thank the gentleman.

Mr. HESELTON. But I do say that it ought to and I hope will make for better coverage for more people. Consequently, instead of having to pay out of their own pockets, they can be reimbursed through added health insurance.

Mr. SHEPPARD. Instead of paying out of their own pockets, which is going to happen under this bill is subsidize them by indirection through premiums received on policies not now covered?

Mr. HESELTON. I do not believe that is true.

Mr. SHELLEY. Mr. Chairman, will the gentleman yield?

Mr. SHEPPARD. I yield to the gentleman from California.

Mr. SHELLEY. Will the fact that the insurance company has to pay premiums for the reinsurance lead to a possibility that the policy holder will have passed on to him that premium which is paid as the initial cost to him?

Mr. SHEPPARD. It could be under this bill. That is my personal opinion, and I think those guiding the bill will be better able to answer that question.

Mr. PRIEST. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. MCCARTHY.]

Mr. MCCARTHY. Mr. Chairman, I think that it has been established by the proponents of the bill that this measure is in itself inadequate to meet the great problem of improving the health of the Nation, the objective which is set forth in the title of the bill. The most frequent argument that has been made for the bill here today is that it will do no harm. I suppose that that in itself is grounds for supporting the bill, if it is not recommitted, because on many occasions during the course of this session we have not been given that happy choice.

We shall not blame the committee entirely for this bill. The gentleman from Texas [Mr. THORNBERRY] said that, apparently before the committee had come to any conclusion or decision to report the bill, the chairman came in and said that the leadership asked that the bill, H. R. 8356, be reported. In 1 or 2 instances in the course of the debate today it has been pointed out that this is the President's program. If this is the health program, it is much like the education program we passed about a month ago to meet the educational problems of the country. We can, by supporting the bill, help the majority party to fulfill one of its campaign promises in letter, at least, if we cannot help them fulfill it in substance. In the last few days we have seen the majority party repudiate the campaign promises made in regard to the farm program of the country. According to the report of the National Industrial Conference Board, the dollar, last month, fell to its lowest point in the 169 years of its history. Apparently that is the fulfillment of the hard-money promise, the sound dollar, the dignified dollar promise which was made in the course of the last campaign.

It is unnecessary to talk about the failure of balancing the budget, about the condition of the national debt, because no one should have expected the fulfillment made of these promises. But I do feel that there are certain areas in which the majority party should be held accountable for irresponsible statements, in the course of the last campaign and before that campaign, and in the early days of this administration. This is particularly true in the field of foreign policy. In this most difficult situation there is little cause to rejoice, to be encouraged to learn, that the Secretary of State has gone to Paris in order to provide initiative in foreign affairs at the Geneva Conference.

So far as this particular bill itself is concerned, it seems to me that it should have been assigned to the Committee on Banking and Currency because it deals principally and directly with financial matters rather than health matters. Other programs of this kind are under the jurisdiction of that committee. Leg-

islation for the Federal Deposit Insurance Corporation is under the jurisdiction of the Committee on Banking and Currency; the FHA program comes under that committee; the Commodity Credit Corporation underwriting operation is within the jurisdiction of the Committee on Banking and Currency. The same is true, I believe, of the crop-insurance program and other underwriting programs both domestic and international economy.

Mr. BURDICK. Mr. Chairman, will the gentleman yield?

Mr. McCARTHY. I yield to the gentleman from North Dakota.

Mr. BURDICK. As I understand from what the gentleman has said, he does not feel that this bill will give very much protection to the people who need it.

Mr. McCARTHY. That is right.

Mr. BURDICK. Then why does the gentleman support a bill like that?

Mr. McCARTHY. We have been assured that it will do no harm. It is not every day that we get a chance to support a bill which will do no harm. I would rather see it recommitted to the Banking and Currency Committee.

Mr. PRIEST. Mr. Chairman, I yield three minutes to the gentleman from New York [Mr. KLEIN].

Mr. KLEIN. Mr. Chairman, it seems to me at this late hour, after having debated this so-called bill for 2 hours, if we are not entirely confused about what this bill intends to do, we certainly must be disillusioned about what it actually will do.

The gentleman from Massachusetts [Mr. HESELTON] when he spoke here a minute ago, in that colloquy admitted that it will not decrease the cost of medical insurance throughout the country. He further admitted that it will not decrease the cost of medical care to the people of this country.

I believe I brought out when I had the floor earlier that it would not extend medical insurance coverage to people in the lower income groups, those making less than $3,000 a year who cannot afford at the present time to carry medical insurance, because the costs are too high.

Then what are we doing? What is this bill supposed to do? We are taking $25 million of Government funds and practically giving it to these insurance companies who do not want it and who certainly do not need it. Representatives of these companies testified before our committee that they do not believe that this bill will work; they do not believe it will have the effect which the proponents say it will have. Then why are we taking all this time other than, as the gentleman from Minnesota [Mr. McCARTHY] pointed out a few moments ago, to bail out this administration, to bail out the President, to help him fulfill some of the campaign promises that he has made?

We have never had any partisanship in our committee. I think the gentleman from New Jersey, the chairman of the committee [Mr. WOLVERTON] will agree to that. We made a trip under Democratic auspices. We went to England, we went to Sweden, to study various health plans, and that was done under the chairmanship of the gentleman from Ohio [Mr. CROSSER]. There was a very earnest and nonpartisan desire to do something about the problem of the medical needs of the people of this country, and the problem of extending medical insurance to the lower-income groups of this country.

Who needs medical insurance? The wealthy people do not need it. They can afford to pay private doctors, and they do. If we are going to have medical insurance, let us give it to the people who need it. If we are going to do something for them, let us do something—and this bill does not do it—that will bring medical insurance to those people who need it, who want it, but who can't afford it. There has been much talk about the Blue Cross plans and many other of the so-called prepayment plans. I tell you, Mr. Chairman, that the great majority of the people of this country do not belong to those plans for the very simple reason that they cannot afford them. Even those plans, and they cost much less than you would have to pay a private physician, but even those plans call for premiums and fees which are too high for many people. What we ought to do, and what this great committee can do, is to bring in some kind of plan of medical insurance for the people of this country which will help those less fortunate people and will enable them to subscribe to that type of insurance.

Mr. WOLVERTON. Mr. Chairman, in the 1 minute that remains, I do not have the opportunity to make as complete an answer as I would like to the statements that have just been made by the gentleman from New York. However, when they talk about the idea that it will not reduce the cost, I must point out to you that it is not intended to do that. This bill is for the purpose of operating in a field where there is no insurance, where there are no premiums, and where there is no cost, and which, if there were, would be such prohibitive costs that there would probably be no one who would be able under the circumstances to take advantage of it; but as long as it does not exist at all and the provision is made in this bill that where insurance does exist, then there is no right in the Secretary to reinsure any policy that would be in competition with any policy that is already in existence.

The CHAIRMAN. All time for general debate has expired. The Clerk will read the committee substitute as an original bill for the purpose of amendment.

Be it enacted, etc.—

SECTION 1. This act may be cited as the "Heal*h Service Prepayment Plan Reinsurance act."

Mr. NEAL. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I think the last statement of the chairman of this committee is a practical admission that this bill has no particular use. I have been associated with the practice of medicine for almost half a century. I have seen the changes that have come and gone in the ways and methods and adaptations of the medical profession and of the insurance companies during that almost half century. I want to say to you this has been an evolutionary program, and that in spite of the remark that was made by one of the gentlemen this afternoon that anything the American Medical Association was for, he would be against, I want to assure you that the American Medical Association, with its farflung agencies and its associations, with the scientific, cultural and health and welfare people throughout this country in the last half century has actually done more good than any other agency. It has correlated the various activities right along. While you may criticize the American Medical Association for some of its activities and some of the things for which it stands, you must recognize it does have a lot to its credit. When it comes to this reinsurance proposition, you all know that 50 years ago, we had practically no experience upon which to base the rates for any kind of insurance—life insurance, health insurance, sickness, accident insurance or whatnot. That experience has gone on over a long period of time, and each year those of you who are acquainted with the execution of medical certificates as medical men or as one who has been connected with insurance know that year after year the provisions of those policies are more liberal and less expensive, simply as a result of trial and error. They have done that in a practical way. They have been able to accomplish what we have today in the way of insurance. Now we come along here with our Federal Government and we say that is not moving fast enough, and we put in a suggested program here that will affect only those people in our society who are employed, who have wages from which they can spare enough to pay this prepaid insurance. If they are to assume this—they have always paid their premiums—you say we will put up $25 million to get this thing started, and as the premiums accumulate then that $25 million is going to be repaid and the Government will have it back. But at the same time you have established a very great increase in the cost of insurance to every individual that carries insurance. It is not going to do them any particular good.

Insofar as chronic heart disease, tuberculosis, cerebral palsies and all those things that we have that are practically incurable, it is not going to do anything there because that is a risk that no insurance company will take. If an insurance company is not going to take the risk, certainly the people who make the premiums on those policies are not going to take it either. So I can see no reason for a bill of this kind. It is only establishing another agency from which we do not expect to get anything except a few more Government jobs and a little more bureaucracy.

Mr. BURDICK. Mr. Chairman, will the gentleman yield?

Mr. NEAL. I yield to the gentleman from North Dakota.

Mr. BURDICK. Do you see any benefits flowing from this bill that will reach the people who really need it?

Mr. NEAL. The people who actually need protection are the people who are unemployed, the people who are beyond

an age where they can pay these premiums, people who are indigent, people who, through accident or ill health, are no longer able to provide for themselves. Those people are not touched by this thing at all. If we are going to pass legislation that is intended to reach the people who need it, we will certainly not do it by this bill.

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. JAVITS. Mr. Chairman, I offer an amendment which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. JAVITS: Strike out all after the enacting clause and insert:

"SEC. 1. This act may be cited as the 'National Health Act of 1954.'

"SEC. 2. The Public Health Service Act is hereby amended by inserting at the end thereof the following:

"'TITLE VII—IMMEDIATE HEALTH AND MEDICAL SERVICE PROGRAM

"'PART A—DECLARATION OF PURPOSE

"'*Declaration of purpose*

"'SEC. 701. It is the purpose of this title to provide, pending the initial detailed study under title VIII of the present health and medical needs of the Nation, immediate Federal assistance so as (A) to enable voluntary prepayment health service plans to make their services generally available in the communities which they serve at charges based on the income of the subscribers; (B) to encourage the establishment of local administrative facilities embracing functional health service regions and districts in order to facilitate the effectuation of present and future health programs; (C) to enable nonprofit hospitals and medical and nursing schools to maintain and improve their services and facilities; and (D) to assist voluntary prepayment health service plans to construct and equip personal health service centers.

"'PART B—ADMINISTRATION

"'*Administration by Surgeon General*

"'SEC. 711. (a) The Surgeon General is authorized to make such administrative regulations and perform such other functions as he finds necessary to carry out the provisions of this title. Any such regulations shall be subject to the approval of the Administrator.

"'(b) In administering the provisions of this title, the Surgeon General, with the approval of the Administrator, is authorized to utilize the services and facilities of any executive department in accordance with an agreement with the head thereof. Payment for such services and facilities shall be made in advance or by way of reimbursement, as may be agreed upon between the Administrator and the head of the executive department furnishing them.

"'(c) In administering the provisions of this title, the Surgeon General shall cooperate with and render advice and assistance to States and appropriate public authorities therein in formulating and operating State plans under this title.

"'*Federal Health Council*

"'SEC. 712. (a) In administering this title the Surgeon General shall consult with a Federal Health Council consisting of the Surgeon General, who shall serve as Chairman ex officio, and 10 members appointed by the Administrator. No person shall be appointed by the Administrator as a member of the Federal Health Council who is professionally engaged in the provision of health or medical services. Each appointed member shall hold office for a term of 5 years, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term, and the terms of office of the members first taking office shall expire, as designated by the Administrator at the time of appointment, two at the end of the first year, two at the end of the second year, two at the end of the third year, two at the end of the fourth year, and two at the end of the fifth year after the date of appointment. The Council is authorized and directed to appoint special advisory and technical committees of persons who are expert in the various subdivisions of the health field to assist the Council in the performance of its functions. Members of the Council appointed by the Administrator, and members of advisory or technical committees, while serving on business of the Council, shall receive compensation at rates fixed by the Administrator, but not exceeding $50 per day, and shall also be entitled to receive an allowance for actual and necessary traveling and subsistence expenses while so serving away from their places of residence. The Council shall meet as frequently as the Surgeon General deems necessary, but not less than once each year. Upon request of three or more members, it shall be the duty of the Surgeon General to call a meeting of the Council.

"'(b) The Federal Hospital Council created by section 633 of this act is hereby abolished, and its functions and duties are transferred to the Federal Health Council.

"'PART C—ASSISTANCE TO VOLUNTARY NONPROFIT PREPAYMENT HEALTH SERVICE PLANS

"'*Definitions*

"'SEC. 721. As used in this part, the term—

"'(a) "Personal health services" means services rendered to individuals by licensed physicians, licensed dentists, and, under the supervision of licensed physicians or dentists, by auxiliary personnel, including nurses and attendants, laboratory and X-ray technicians, physiotherapists, psychologists, dental hygienists, optometrists, podiatrists, medical social workers, and health educators or counselors, whenever and wherever required for the improvement or preservation of physical and mental health or for the diagnosis and treatment of disease or injury; the use by such licensed or auxiliary personnel of any and all apparatus or machines designed to aid in the diagnosis or treatment of disease or injury; the provision of bed and board in general or special hospitals, convalescent homes, sanatoria, or other institutions licensed or designated as such by a State when care in such institutions is prescribed by licensed physicians; and the provision of drugs and medicines, dressings and supplies, prostheses and appliances (including eyeglasses), and ambulance service, when prescribed by licensed physicians—except as such services or goods may be required in connection with the diagnosis or treatment of injury or disease to which the workmen's compensation law of a State or of the United States applies.

"'(b) "Prepayment health service plan" means a membership or cooperative corporation (no part of the net earnings of which inures to the benefit of any private shareholder or individual), engaged exclusively in operating a plan designed to provide benefits in respect of specified personal health services in return for prepaid subscription charges.

"'(c) "Cooperating prepayment health service plan" means a prepayment health service plan whose application to participate in at least one regional program under a State plan under this part has been approved by the appropriate public bodies (as provided in section 723) and which agrees—

"'(1) that at all times a majority of the members of the governing board shall be persons who do not themselves furnish, or represent other persons that furnish, health services;

"'(2) that the benefits offered, which are within the limits of the authorized coverage under the State's program, will be offered to subscribers under contracts with them which have been approved by the applicable health region authority (such contracts being hereinafter called "participating contracts"); and

"'(3) that, in the case of its participating contracts—

"'(A) it will make its benefits available to the subscriber, and to the subscriber's dependents (the subscriber and his dependents together being hereinafter referred to as "beneficiaries") in return for a subscription charge fixed in terms of the subscriber's income;

"'(B) it will limit the proportion of its beneficiaries who reside outside 1 State, or 1 health service district, as the case may be, to not more than 25 percent of its total number of beneficiaries;

"'(C) it will accept (subject to the requirements of subparagraph (B)) to such number, or to such proportion of total enrollment under its participating contracts, as the applicable health region authority may prescribe, any nongroup applicant as a subscriber who applies and pays the subscription charge, and will accept such applications to the number or proportion so prescribed in the order in which they are received; and

"'(D) it will maintain reserves, and contribute to a consolidated reserve held by the State for all cooperating prepayment health service plans operating therein, to the extent required by the applicable State health council.

"'(d) "Service benefits" means benefits furnished by a prepayment health service plan in the form of full payment for specified personal health services of licensed physicians, hospitals, and other health personnel and institutions, that have entered into agreements with the plan to render such services to beneficiaries of the plan for stated fees or charges (whether fee-for-service, per capita, or other fees or charges) to be paid to them by the plan in full and complete payment for such services.

"'(e) "Indemnity benefits" means benefits provided by a prepayment health service plan in the form of payment by the plan of specified sums of money toward the cost of specified personal health services to beneficiaries of the plan, such payment being made either to the beneficiary or to the provider of such services, and not necessarily covering the full cost of such services.

"'(f) "Subscriber's income" means the adjusted gross income (as defined in section 22 (n) of the Internal Revenue Code) of the subscriber, except that such term shall not include any part of his adjusted gross income that exceeds $5,000.

"'(g) "Dependent" of a subscriber means the spouse of the subscriber and each unmarried member of his family under the age of 18, provided such spouse or other member of his family, as the case may be, lives in the subscriber's household and has adjusted gross income (as defined in section 22 (n) of the Internal Revenue Code) of less than $500 per annum.

"'(h) "Health service region" means a region which is coterminous with a "region" established by the State for the purposes of the State plan under title VI of this act, or a region designated by the governor of the State with the object of delimiting a broad natural health service area.

"'(i) "Health service district" means a logical grouping of two or more health service regions (not necessarily in the same State) for achieving an interrelated network of health personnel and facilities centering on a 4-year medical college, whose central facilities can most effectively and economically provide outlying areas with services and personnel in connection with personal health

services, public health services, and medical research and education, that cannot be provided as economically and effectively by the outlying areas themselves.

"'(j) "Special need area" means a subdivision of a health service district, consisting of 1 or more health service regions no 1 of which has, on the date of the enactment of this act, more than 8 physicians in active practice per 10,000 population.

"'(k) "Selection factor" means a factor reflecting an increase or decrease in costs of furnishing benefits under prepayment health service plans that may reasonably be expected to result from an abnormal number of beneficiaries in a particular classification that statistically has an important health significance. The various selection factors shall be fixed annually by the Surgeon General and prescribed by him by regulation.

"'(l) "State" includes the District of Columbia, Alaska, Hawaii, Puerto Rico, and the Virgin Islands.

"'Appropriation for grants to States to assist cooperating prepayment health service plans to make their services generally available throughout the regions and districts which they serve

"'SEC. 722. There is hereby authorized to be appropriated for each fiscal year up to and including the fiscal year ending June 30, 1957, a sum sufficient to carry out the purposes of this title. The sums made available pursuant to this section shall be used for making payments to States which have submitted to the Surgeon General State plans that have been certified by the governor of the State as meeting the requirements of section 723 and the regulations of the Surgeon General issued pursuant thereto. A State plan which has been so suomitted and certified is hereinafter referred to as an "approved State plan."

"'Requirements for State plans

"'SEC. 723. A State plan under this part—

"'(a) shall provide for financial assistance by the State to cooperating prepayment health service plans, as hereinafter set forth;

"'(b) shall designate a single State agency to administer the State plan (which may be the same State agency as that which administers the State plan under part C of title VI of this act), subject to the powers of the State health council and the health region authorities, as hereinafter specified;

"'(c) shall provide for a State health council, established by law in the State to advise and consult with the State agency designated to administer the State plan and to perform the functions under the State plan hereinafter specified, the State health council to be appointed by the governor and to consist of persons who are members of health region authorities provided for in subsection (d) of this section.

"'(d) shall provide for health region authorities established by law in the State, for each region that is designated by the governor of the State as being a health service region within the meaning of section 721 (h);

"'(e) shall provide that members of health region authorities shall be appointed by the governor of the State, without regard to their political affiliations, from among persons residing in the region who do not hold positions of administrative responsibility for any health program or other activity of the State or any political subdivision thereof, and who are not professionally engaged in the provision of health or medical services;

"'(f) shall (by compact or agreement with one or more States if necessary) (1) specify the groupings of health service regions that are to comprise health service districts (within the meaning of section 721 (i)), (2) establish such groupings as health service districts, (3) create a district health council for each such district, whose members are members of health region authorities of the health service regions included in the district, and (4) authorize such district health councils to institute programs designed to accomplish the purposes of the health service district (as set forth in section 721 (i));

"'(g) shall require health region authorities to establish and consult with a representative committee in each health area which is a component of the region; and shall further require health region authorities, district health councils, and the State health council to appoint and consult with technical advisory committees on the principal elements of health service, the membership of such committees to be representative of the several health professions;

"'(h) shall make adequate provision out of general revenues of the State for the expenses of health region authorities and the State health council;

"'(i) shall require the State health council—

"'(1) to determine and prescribe, on the basis of health personnel and facilities available or reasonably obtainable in each year within the various health service regions of the State, and within such limits as may be prescribed under the State law, the kinds of personal health services that may be included under participating contracts by cooperating prepayment health service plans during the calendar year next beginning, and the kinds of benefits that may be included under such contracts during such year with respect thereto; and

"'(2) to prescribe the reserve requirements for cooperating prepayment health service plans, including the proportion of the reserves that must be deposited with the State as a consolidated reserve for all cooperating prepayment health service plans.

"'(j) shall provide that no prepayment health service plan may participate in the State program unless it has filed application so to do on a form prescribed by the State health council, and has been approved as a cooperating prepayment health service plan by the health region authority of the region in which the plan principally operates or proposes to operate and also by the State health council; or, in the event the plan operates or proposes to operate through a coordinated health service system of a health service district comprising regions extending beyond the boundaries of the State, unless it has been approved by the district health council and also by the State health council of each of the participating States;

"'(k) shall provide that no prepayment health service plan which operates or proposes to operate through a coordinated health service system of a health service district may be approved as a cooperating prepayment health service plan unless it agrees that a percentage (specified by the district health council) of its gross income (including as part of gross income all Federal, State, and local grants of public funds) will be used for making payments to the medical college or colleges whose central facilities serve the health service district, adequate to finance postgraduate study by participating physicians and other professional personnel, clinical research by such personnel, the maintenance of internships, externships, and fellowships, and the operation of other programs which do not provide personal health services directly to beneficiaries but which are designed to achieve and maintain a high quality of health care in the health service district;

"'(l) shall require each health region authority, for the calendar year next beginning—

"'(1) to estimate the "cost norm" of the region, which shall be an estimate of the amount that it should normally cost, per beneficiary, for cooperating prepayment health service plans operating in the region to provide service benefits for the following combination of personal health services;

"'All services of licensed physicians in the home, office, or hospital (including periodic health examinations, diagnostic examinations and tests, and immunizations and other preventive services); hospital services while a bed patient in a hospital (including bed nursing, X-ray and laboratory examinations and tests, and all forms of treatment commonly furnished in a hospital) in minimum accommodations adequate to care of the case, for a period of 30 days in the aggregate during a subscription year; visiting-nurse service and ambulance services when prescribed by a licensed physician in attendance on the case; rehabilitation training and treatment under the supervision and direction of a licensed physician: *Provided*, That the estimate of the cost norm of the region shall not take into account medical services for (A) tuberculosis requiring treatment at a sanatorium or special hospital; (B) mental or nervous disorders, after diagnosis, for which care by a psychiatrist is required; (C) chronic illnesses in an institution other than a hospital for general care: *Provided further*, That nothing in this section shall preclude any State health council from authorizing benefits under participating contracts beyond those taken into account in estimating the cost norm of the region.

"'(2) the estimate of the cost norm of the region shall be based on the most recent available data regarding the composition of the average population group, the normal utilization of personal health services, and the prevailing form of medical practice, in the region, and on fair and reasonable fees and charges for personal health services, and shall include a reasonable allowance for overhead and other expenses of cooperating prepayment health service plans in the region;

"'(3) the estimate of the cost norm of the region shall be subject to final determination by the State health council.

"'(m) shall require each health region authority—

"'(1) to study each proposed participating contract submitted to it by cooperating prepayment health service plans in the region, for the purpose of determining whether such contract may be approved as a participating contract under the State plan, and, subject to final determination by the State health council, to approve such contracts as participating contracts if it finds that they comply with the State plan: *Provided*, That in no event shall approval be withheld because of the form of medical practice contemplated under the arrangements made with persons to furnish the personal health services under such contracts;

"'(2) in the case of participating contracts that offer all of the benefits outlined in subsection (1), to prescribe the cost norm of the region as the "allowed cost" per beneficiary of such participating contract; and

"'(3) in the case of each participating contract that offers specified benefits that are different from those outlined in subsection (1), to estimate, on the basis of the cost norm prescribed under subsection (1), the amount that it should normally cost, per beneficiary, for cooperating prepayment health service plans operating in the region to provide such specified benefits, and, subject to final determination by the State health council, to prescribe such estimated cost as the "allowed cost" per beneficiary of such participating contract.

"'(n) shall provide with respect to subscription charges of cooperating prepayment health service plans—

"'(1) that the subscription charges for participating contracts shall be fixed in terms of a percentage of the subscribers' family income, which percentage shall be the same for all subscribers under each participating contract;

"'(2) that the minimum percentage of subscribers' family income that may be fixed for a participating contract shall bear the

same ratio to 3 percent as the allowed cost of such contract bears to the cost norm of the region;

except that in no event shall the minimum subscription charge for any combination of benefits be less than $6 for any subscription year, and except that after the calendar year 1954, the Surgeon General, with the advice of the Federal Health Council, may by regulation change the percentage rate, prescribed in paragraph (2), that is used as a measure for computing minimum subscription charges;

"'(o) shall provide (1) that there shall be advanced to each cooperating prepayment health service plan at the beginning of each quarter of the applicable calendar year an amount, with respect to each person it is estimated will be a beneficiary under each participating contract during the quarter, equal to the excess, if any, of the allowed cost of such contract per beneficiary (after adjusting such cost to reflect the relevant estimated selection factors) over the estimated subscription income of the contract per beneficiary, and (2) that such advances shall be adjusted, by additions to or subtractions from subsequent advances, when the actual earned subscription income, the actual number of beneficiaries, and the actual selection factors during the quarter become known: *Provided*, That no deduction shall be made from any such advances on account of savings accruing to a cooperating prepayment health service plan to which the actual cost of providing benefits under an approved contract is less than the allowed cost of such contract (after taking into account the actual selection factors): *And provided further*, That such plan may, in its sole discretion, apply such savings to the provision of additional benefits to its beneficiaries;

"'(p) shall provide that the income, property, franchises, and transactions of cooperating prepayment health service plans shall be exempt from all taxes imposed by the State or by any political subdivision thereof;

"'(q) shall provide for the supervision of the operations of cooperating prepayment health service plans by the State agency designated to administer the State plan;

"'(r) shall authorize and direct the State agency designated to administer the State plan to appoint a receiver for any cooperating prepayment health service plan when requested so to do by the health region authority having jurisdiction over such health service plan; and shall authorize any health region authority to request the State agency to appoint a receiver for a cooperating prepayment health service plan over which the health region authority has jurisdiction whenever, by reason of excessive overhead and other expenses, or invasion of required reserves, the health region authority is of the opinion that the solvency of the health service plan or its continued economical and effective operation for the benefit of its beneficiaries is in jeopardy;

"'(s) shall provide that the health region authorities and the State health council shall make reports to the Surgeon General at such times, and containing such data, as the Surgeon General, with the advice of the Federal Health Council, may by regulations prescribe;

"'(t) shall make provision, in laws enacted by the State legislature, authorizing any group of persons in good faith proposing to establish a prepayment health service plan to incorporate for such purpose as a membership or cooperative corporation; and shall, by changes in the State laws regarding incorporation and supervision of prepayment health service plans that are in operation in the State when this title becomes effective, or by such other means as may be necessary or appropriate, permit such plans to promptly qualify for becoming cooperating prepayment health service plans under this title;

"'(u) shall make provision authorizing employers (including the State or any political subdivision when acting as an employer) to contribute to the payment of their employees' subscription charges in prepayment health service plans, and shall also make provision permitting any employee to authorize his employer (including the State or any political subdivision when acting as an employer) to deduct subscription charges in a prepayment health service plan from the employee's wages and on behalf of the employee to pay the amounts so deducted directly to the prepayment health service plan in which the employee is a subscriber;

"'(v) shall make provision for the payment, in whole or in part, of subscription charges to cooperating prepayment health service plans of persons who become entitled to receive unemployment compensation and of persons who are receiving any form of public assistance;

"'(w) shall authorize the health region authorities and the State health council to contract with the Federal Health Study and Planning Commission for the purposes specified in title VIII;

"'(x) may provide a program for special need areas, as set forth in section 724;

"'(y) shall contain provisions for the making of noninterest-bearing loans by the State to assist in the initial establishment of prepayment health service plans whose sponsors agree to operate them in conformity with the requirements for cooperating prepayment health service plans, such loans being made only for matching funds provided for the same purpose from private sources in the form of contributions or noninterest-bearing loans.

"'*State programs for special need areas*

"'SEC. 724. (a) A State plan under this part may contain provisions (including compacts or agreements with other States) for participation by the State in special programs for special need areas. Such provisions of the State plan shall require that each district health council shall, within 12 months of being appointed, estimate the net cost, for a period of 5 years, of a program designed to supply the personnel, and to maintain the facilities required to furnish in the special need areas, if any, within the district at least the services specified in section 723 (1) of this title, such estimate taking into account income to be derived from one or more cooperating prepayment health service plans furnishing the appropriate coverage and from fees paid for services rendered to residents of the district who do not, for whatever reason, become subscribers to such a plan or plans. Such estimated cost, if approved by the State health council (or in case the special need area extends beyond the boundaries of a single State, by the State health councils of all the participating States) shall be used as a basis for grants of public funds to effectuate the program for the area.

"'*Payments to States*

"'SEC. 725. (a) From the sums appropriated pursuant to section 722 for any fiscal year, the Surgeon General shall pay to each State which has an approved State plan during any part of such fiscal year, for each quarter an amount not greater than the Federal percentage of the total sums certified by the governor of the State as having been paid under the State plan during such quarter by the State and political subdivisions thereof to cooperating prepayment health service plans—

"'(1) in respect of their participating contracts, except that the amount paid by the Surgeon General for this purpose for any quarter, when divided by the number of beneficiaries of cooperating prepayment health service plans operating in the State, shall not exceed $3.75; and

"'(2) as loans pursuant to section 723 (y) to assist in the establishment of prepayment health service plans.

"'(b) From the sums appropriated pursuant to section 722 for any fiscal year, the Surgeon General shall pay to each State which has an approved State plan during any part of such fiscal year, for each quarter an amount not greater than the Federal percentage of the total sums (exclusive of administrative expenses of district health councils) certified by the governor of the State as having been paid under the State plan during such quarter by the State and political subdivisions thereof to effectuate programs under section 724 in special need areas any portions of which lie within the boundaries of the State, plus an amount equal to the total sums certified by the governor of the State as having been paid under the State plan during such quarter by the State and political subdivisions thereof as administrative expenses of district health councils for health service districts any portions of which lie within the boundaries of the State.

"'(c) The method of computing and paying such amounts to the States shall be as follows: The Surgeon General shall, prior to the beginning of each quarter, estimate the amount to be paid to the State under subsection (a), such estimate to be based on reports filed by the State containing its estimates of the various sums to be paid under the State plan in such quarter by the State and political subdivisions thereof. The Surgeon General shall then, prior to audit or settlement by the General Accounting Office, pay to the State the amounts so estimated by him, reduced or increased, as the case may be, by any sums by which he finds that his estimates for any prior quarter were greater or less than the amounts which should have been paid to the State under subsections (a) and (b).

"'(d) For the purposes of this section the "Federal percentage" for any State shall be 100 percent less that percentage which bears the same ratio to 50 percent as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska) except that (1) the Federal percentage shall in no case be more than 75 percent or less than 33⅓ percent, and (2) the Federal percentage for Alaska and Hawaii shall be 50 percent each, and the Federal percentage for Puerto Rico and the Virgin Islands shall be 75 percent each. The Federal percentages shall be promulgated by the Surgeon General between July 1 and August 31 of each year, on the basis of the average of the per capita income of the States and of the continental United States for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce.

"'*Authorization of compacts between States*

"'SEC. 726. The consent of Congress is hereby granted to any two or more States to enter into compacts or agreements with respect to the administration and operation of programs under this title in health service districts portions of which lie within such States.

"'*Federal payroll deductions*

"'SEC. 727. Upon the direction of any officer or employee of the Government of the United States, including members of the Armed Forces, requesting the Government to deduct from the salary of such person a fixed sum or percentage to be paid to any prepayment health service plan, such sum or percentage shall be deducted as requested and paid as directed. "Officer or employee of the Government of the United States" as used herein shall include any officer or employee of any corporation the stock of which is wholly owned by the Government of the United States, as well as any officer or em-

ployee of any department, bureau, agency, or division of the Government of the United States.

"'*Operation of State plans*

"'SEC. 728. (a) If the Surgeon General, after reasonable notice and opportunity for hearing to the State agency, finds (1) that the State agency is not complying substantially with the provisions of the State plan, or (2) that any Federal funds have been diverted from the purposes for which they have been paid under this title, the Surgeon General, with the approval of the Administrator, shall forthwith withhold further payments to the State under section 725 until he is satisfied that the conditions which required him to withhold such payments no longer exist.

"'(b) If any State is dissatisfied with the Surgeon General's action under subsection (a), such State may appeal to the United States court of appeals for the circuit in which such State is located. The summons and notice of appeal may be served at any place in the United States. The Surgeon General shall forthwith certify and file in the court the transcript of the proceedings and record on which he based his action.

"'(c) The findings of fact by the Surgeon General, unless substantially contrary to the weight of evidence, shall be conclusive; but the court, for good cause shown, may remand the case to the Surgeon General to take further evidence, and the Surgeon General may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the transcript and record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive unless substantially contrary to the weight of the evidence.

"'(d) The court shall have jurisdiction to affirm the action of the Surgeon General or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in title 28 of the United States Code, section 1254.

"'*Saving provision*

"'SEC. 729. Nothing in this title shall modify obligations assumed by the Federal Government under other laws for the hospital and medical care of veterans or other presently authorized recipients of hospital and medical care under Federal programs'."

Mr. JAVITS. Mr. Chairman, I have offered this amendment, the National Health Act of 1954, as a substitute to the bill in order to call to the attention of the House exactly what is our situation.

This bill, which I will ask unanimous consent to withdraw when I have finished my statement, is an alternative to the original health insurance plan of former President Truman, introduced by Republicans since 1949. It was drafted in 1948 under extremely competent auspices, and has been variously sponsored in this House by Members whom we all respect very highly. For example, it was sponsored by the now Governor of Massachusetts, Mr. Herter. It was sponsored by the present Vice President, Mr. Nixon. It was sponsored by my colleague from Maine [Mr. HALE]. And it was sponsored by distinguished members of the other body.

The conception of this bill was that we could give Government aid to local voluntary health plans and thus enable them to take care of the problems of those who had low incomes and could not afford to pay the premiums now required for these plans, by some form of Government subvention to the voluntary health plans, but without any danger of what some call socialized medicine, because the cooperative plans and those who participated would choose their own physicians just as they do today. A résumé of the National Health Act of 1954 is as follows:

The proposed National Health Act of 1954 would amend the already existing Public Health Service Act by (a) adding a new title VII which provides an immediate health and medical-service program; (b) adding a new title VIII which provides for a long-range survey of national health needs; (c) expanding existing provisions for hospital construction and adding new provisions for aid to medical and nursing schools; and (d) adding provisions for local public health units.

NEW VOLUNTARY HEALTH AND MEDICAL-SERVICE PROGRAM

The purpose of this program is to provide immediate assistance so as first, to enable voluntary prepayment health-service plans to make their services generally available in the communities which they serve at charges based on the income of the subscribers; second, to encourage the establishment of local administrative facilities embracing functional health-service regions and districts in order to facilitate the effectuation of present and future health programs; third, to enable nonprofit hospitals and medical and nursing schools to maintain and improve their services and facilities; and, fourth, to assist voluntary prepayment health-service plans to construct and equip personal health-service centers.

The key to the new health and medical program is the local voluntary prepayment health-service plan. Many such plans are in operation today. Both new and existing plans, to qualify for Federal-State aid, would be required to base their rates of payment by subscribers upon a percentage of the subscribers' adjusted gross income—up to $5,000—and under each plan a majority of the Board of Directors must be laymen.

Primary responsibility for the development of adequate health service would be placed in the States and local communities. In order to participate in the program, each State would set up a State health council. This council would divide the State into several regions, a number of which have already been established under the Federal Hospital Construction Act. Each region would be managed by a health region authority, composed of laymen appointed by the Governor.

Individuals would obtain medical care for themselves and their families by voluntarily subscribing to a cooperating, voluntary, nonprofit, prepayment health plan. Membership would be in a group plan or on an individual basis—with the Health Region Authority determining the number of nongroup applicants the plans can accept. Further provision would be made regarding the limit on the number of out-of-State beneficiaries a plan might include.

A national yardstick in the form of a comprehensive range of benefits would be established. The cost for this particular coverage would be estimated by the health region authorities for each health region. The subscription charge for this range of benefits could not be less than 3 percent of the subscriber's income under $5,000. Plans could offer more or less comprehensive benefits than those contained in the national yardstick and as the range of benefits offered might vary, so the rates would be required to vary from the 3 percent minimum for national yardstick benefits. The State through the State health council would determine the maximum range of services all the plans in the State might offer. The minimum charge for participation in a plan would be $6 a year.

FEDERAL-STATE AID TO LOCAL PLANS

The States would be able to expend funds, a percentage of which would be reimbursable by the Federal Government, for payments to voluntary plans to meet any deficit between the aggregate of income from subscription charges and the allowed cost calculated by each health region authority, as the normal cost of supplying benefits under each approved contract.

The basic formula for Federal aid under this bill would follow the lines of the Hospital Construction Act. Federal aid would be granted a State in inverse proportion to its per-capita income. States qualifying for the maximum percentage would receive Federal aid at a ratio of 3 Federal dollars for every State dollar devoted to the program; those with the highest per-capita income, subject to the minimum percentage, would get 1 Federal dollar for 2 State dollars. The amount of Federal aid could not exceed $15 a year for each person covered under health plans in the respective States.

A State would begin to receive its Federal contribution as soon as it passed the appropriation legislation and the required machinery was in operation.

When financial help might be needed for the inception of a qualified nonprofit plan, the Federal Government would also help. Provision would be made for State non-interest-bearing loans, reimbursable under the Federal percentage, to match funds provided for the establishment of a plan from private contributions or non-interest-bearing loans.

This plan has been very favorably received and commented upon by some of the most distinguished experts in this country. This is the logical alternative to the compulsory health insurance plan sponsored by former President Truman. I think it is probably the only alternative that deals with the Nation's health problem and solves the difficulties without incurring the disadvantages of Government controlled medical care. We cannot offer it today because it has not had study by the necessary committees, and would only jeopardize a good program by inviting its turn down. We have to learn first to walk before we can run.

I feel that the urgency of the problem has been very well described. It mainly affects those in the lower income brackets; for example, of families with

an income under $2,000 a year, only 25 percent of such families carry any kind of prepayment health insurance. This is the overall problem on which we must start.

I am for this bill because I feel it will lead us there and I am for this bill because I represent the middle group which I hope very much is the majority of this House which wants to get started on helping all the American people, especially those of lower incomes, with their medical care costs, because we are suffering in terms of our ability to meet the Communist challenge, that we are suffering because of the skills and abilities lost through inadequate health and also considering the serious proportion of rejections we get in our calls for the Armed Forces.

This is something which we must give attention to, and we are starting to give it attention by this bill, and while this is only, I recognize, a minimal start, it attempts to accept Federal responsibility in a field that urgently needs acceptance, the field of the Nation's health.

The instant bill will help some 92 million Americans, and this is no inconsiderable number, who now have some health care insurance under voluntary plans, generally the Blue Shield, the Blue Cross and similar plans.

When it is realized that the total expenditure for hospitalization is $2,800,000,000 a year, that only 38 percent is now covered by insurance, or $1,100,000,000, we can appreciate the need and the magnitude of the problem and that there is room for help for those under existing programs. The items which are covered are limited in the bill but this is just the beginning, in my opinion the beginning for a far more comprehensive national health plan.

There are several points of view on legislation of this kind. There are those who are absolutely against it, there are those who should be for it as a beginning in accepting the Government's responsibility for the people's health and there are those who want only a full program of compulsory Federal health insurance, and nothing less. I am amazed that the middle group as well as the group who wants full Federal health insurance cannot see that this is a step in the right direction. No one can tell just which direction the program will ultimately take in, say 10 to 20 years, but this bill is an entry into a field where the Federal Government must begin to accept some national responsibility for the health of the individual. I think it is an excellent opportunity to make this beginning, although the bill's shortcomings are clear, the acceptance of the principle is the greatest gain now. I think we ought to embrace it. Inadequate as the bill is, it is a beginning, it is some recognition of the fact that as a Federal Government we have to take the responsibility in this field.

I have offered the substitute for the committee bill so that the Members may read it and study it. I think it is an excellent national health program. My other colleagues from New York who believe in health insurance very strongly may hope the principle will develop in their direction, but the point is that we can all begin to get started in this much-needed responsibility of accepting the obligation for the people's health as a national responsibility by adopting this bill.

Mr. Chairman, I ask unanimous consent to withdraw the amendment I have just mentioned.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. FERNANDEZ. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am rather surprised to hear the gentleman from New York state that this bill is a start towards compulsory insurance. That, however, is not what I got up to speak about.

I listened a little while ago with very much attention to my good friend the distinguished gentleman from Florida [Mr. ROGERS]. When he got through speaking I was not quite sure whether he was for the bill or against it. But I turned back to read the testimony of Henry S. Beers, vice president of the Aetna Life Insurance Co.—and by the way I think he was one of the best-informed witnesses who testified on the bill. In answer to a question on page 224 he made a statement which I will read, because I think it throws some light on the position of my distinguished friend from Florida. I know it does as to the position I find myself in. Mr. Beers in answering a question said:

> It brings me back to a redefinition of my position, which is almost exactly yes plus no divided by two.

Under the circumstances, I shall vote to give our great President a chance to make good on his recommendation, even though I have grave doubts as to the efficacy of this proposal.

Mr. PHILLIPS. Mr. Chairman, I move to strike out the last four words.

Mr. Chairman, I rise to ask about a provision in here which may seem highly technical, yet as a member of the Committee on Appropriations, may I say we are becoming more and more concerned by a seeming desire to bypass the Congress so far as appropriations are concerned.

This appears on page 78 and is subsection (c) of section 401. I read subsection (c):

> The Secretary is authorized to determine the character and necessity of expenditures from the fund and the manner in which such expenditures are incurred, allowed, and paid, subject to provisions of law specifically applicable to wholly owned Government corporations.

I am concerned about that. We have had at least two major examples before of a desire to bypass the Congress and remove the appropriation functions from any control by the Congress.

I would also call attention to section 402. I cannot say that I have any particularly critical comment upon it except that it seems to me to be entirely unnecessary, that is,

> The Secretary shall, with respect to the financial operations arising by reason of title III—
>
> (a) prepare annually and submit a budget program—

Well, that is required under the Budget and Accounting Act of 1950.

> (b) maintain an integral set of accounts, which shall be audited annually by the General Accounting Office—

That also is provided for under the Budget and Accounting Act of 1950, so that there is no point of section 402. But, I see no great objection to it.

But, I do find objection to this subsection (c) of section 401, and if my friend, the chairman, the gentleman from New Jersey, has any comment upon that, I would be glad to yield to him, because I would not like to think that here we have in this bill another attempt to bypass the Congress in handling the money which would be appropriated to the agency that is to handle this.

My attention has been called to the Comptroller's letter on page 434 of the hearings in which he also pointed out this particular subsection of the bill and apparently recommends that it be stricken out. Does the gentleman from New Jersey care to comment on my time on that particular section?

Mr. WOLVERTON. I am fearful that maybe I do not grasp the full force of what the gentleman has said.

Mr. PHILLIPS. Page 78, lines 22, 23, and 24 and the first two lines on the next page, which, in my opinion and also, apparently, in the opinion of the Comptroller General, as indicated on page 435 of the hearings, is a technical bypassing of the Congress in regard to the appropriations which would be handled by the agency for the purposes of this act.

Mr. WOLVERTON. My confusion came from the fact that the gentleman referred to paragraph (b) of section 401, and I could not see the significance of that.

Mr. PHILLIPS. Section (c).

Mr. WOLVERTON. Now that I have my attention now directed to section (c) to which the gentleman's remarks refer, I can see the significance of his remarks.

Mr. PHILLIPS. That is correct.

Mr. WOLVERTON. I have felt this bill, in section 308 (a) and other sections as well, of the same tenor, grants merely an authority for appropriations to be made; consequently, that is not bypassing the Congress in any sense.

Mr. PHILLIPS. I think the gentleman is in error. This is not an authorization for receipt of contributions; it is an authorization to determine the necessity and character of expenditures and the manner in which they shall be incurred, allowed, and paid, which seems to me to be an appropriate function, a congressional function, through the Committee on Appropriations.

Mr. WOLVERTON. I think, notwithstanding what the gentleman says, that while this is in the nature of a revolving fund, yet fundamentally the Congress does have an opportunity to determine appropriations.

Mr. PHILLIPS. Let me ask the specific question: Will this agency be required to submit its budget to the Congress, and will the Congress determine how the appropriations and the revolving fund money shall be spent? That ought to be answered "Yes" or "No." Can that be answered "Yes"?

Mr. WOLVERTON. It is my understanding that the correct answer is "Yes."

Mr. PHILLIPS. I thank the gentleman.

The Clerk read as follows:

Declaration of purpose

SEC. 2. It is the purpose of this act to encourage and stimulate private initiative in making good and comprehensive health services generally accessible on reasonable terms, through adequate health service prepayment plans, to the maximum number of people, (a) by providing technical advice and information, without charge, to health service prepayment plans and to the carriers or sponsors thereof; and (b) by making a form of reinsurance available for voluntary health service prepayment plans where such reinsurance is needed in order to stimulate the establishment and maintenance of adequate prepayment plans in areas, and with respect to services and classes of persons, for which they are needed. Nothing in this act shall be construed to authorize any action inconsistent with the policy and provisions of the act entitled "An act to express the intent of the Congress with reference to the regulation of the business of insurance", approved March 9, 1945 (59 Stat. 33), as amended (15 U. S. C. 1011–1015).

DEFINITIONS

SEC. 3. As used in this act—

(a) The term "beneficiary" means an individual (1) with respect to whom a carrier, pursuant to a health service prepayment plan, undertakes to pay in whole or in part for specified personal health services furnished to him by others, or (2) to whom, pursuant to such a plan, it undertakes to provide specified personal health services;

(b) The term "carrier" means a voluntary association, corporation, or partnership, other than an instrumentality wholly owned or controlled by a State or political subdivision thereof, which is sponsoring, or is engaged in providing protection under insurance policies or subscriber contracts issued pursuant to, or is otherwise engaged in operating under, a health service prepayment plan;

(c) The term "Council" means the National Advisory Council on Health Service Prepayment Plans;

(d) The term "Fund" means the Health Service Prepayment Plan Reinsurance Fund established by section 307;

(e) The term "health service prepayment plan" means a set of specifications under which a carrier undertakes, through a class or classes of insurance policies or subscriber contracts (as defined by the Secretary) or both, to do any or a combination of the following in return for insurance premiums or prepaid subscription charges:

(1) To reimburse specified beneficiaries or a class or classes of beneficiaries (or others with respect to such beneficiaries) in whole or in part for expenditures incurred by them for specified personal health services;

(2) To pay (directly or through another carrier or carriers) to providers of personal health services all or part of their costs or charges for specified personal health services furnished to specified beneficiaries or a class or classes of beneficiaries: *Provided*, That, if (A) such payments are to be made in accordance with a contract or arrangement between the carrier and the provider of such services (or between the carrier and another carrier through whom such payments are to be made) and (B) such contract or arrangement fixes the basis upon which the amount of such payments shall be determined, such contract or arrangement shall be deemed to be an integral part of the plan;

(3) To provide, wholly or partly through its own staff or facilities, specified personal health services to specified beneficiaries or a class or classes of beneficiaries;

(f) The term "personal health services" includes any services rendered to individuals by licensed health personnel or, under the supervision of such personnel, by auxiliary personnel for the improvement or preservation of physical or mental health or for the diagnosis and treatment of disease or injury; the use by such licensed or auxiliary personnel of any and all apparatus or machines designed to aid in the diagnosis or treatment of disease or injury; the provision of bed and board in general or special hospitals, convalescent homes, nursing homes, sanatoria, or other institutions licensed or designated as such by a State when care in such institutions is prescribed by such licensed personnel; the provision of drugs and medicines, dressings and supplies, prostheses and appliances (including eyeglasses), when prescribed by such licensed personnel; and ambulance service;

(g) The term "Secretary", except as otherwise specified, means the Secretary of Health, Education, and Welfare; and

(h) The term "State" includes the District of Columbia, Alaska, Hawaii, Puerto Rico, and possessions of the United States.

National Advisory Council and other committees

SEC. 4. (a) There is hereby established within the Department of Health, Education, and Welfare a National Advisory Council on Health Service Prepayment Plans, which shall meet at the call of the Secretary but not less often than four times each year. The Council shall consist of 12 members appointed by the President without regard to the civil-service laws, not less than 4 of whom shall be individuals experienced in the administration of health service prepayment plans. The President, shall from time to time, designate 1 of such members to serve as chairman of the Council.

(b) The Council shall advise, consult with, and make recommendations to, the Secretary on matters of policy relating to the activities and functions of the Secretary under this act.

(c) The Secretary is authorized to utilize the services of any member or members of the Council, or of any member or members of a special advisory committee appointed by him, for advisory or consultative purposes in connection with matters related to the administration of this act, for such periods, in addition to conference periods, as he may determine.

(d) Appointed members of the Council and of other advisory and technical committees, while attending conferences or meetings of the Council or of their respective committees or subcommittees or while otherwise serving at the request of the Secretary, shall be entitled to receive compensation at a rate to be fixed by the Secretary but not exceeding $50 per diem, including travel time, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U. S. C. 73b–2) for persons in the Government service employed intermittently.

Consultants

SEC. 5. The Secretary is authorized, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, to employ experts and consultants or organizations thereof, as authorized by section 15 of the Administrative Expenses Act of 1946 (5 U. S. C. 55a). Individuals so employed may be compensated at rates not in excess of $50 per diem, including travel time, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U. S. C. 73b–2) for persons in the Government service employed intermittently.

Utilization of other agencies

SEC. 6. (a) In administering the provisions of this act, the Secretary is authorized to utilize the services and facilities of any agency of the Federal Government and, without regard to section 3709, as amended, of the Revised Statutes, of any other public or nonprofit agency or institution, in accordance with agreements between the Secretary and the head thereof. Payment for such services and facilities shall be made in advance or by way of reimbursement as may be agreed upon by the Secretary and the head of the agency or institution concerned.

(b) In administering the provisions of title III, the Secretary shall utilize to the optimum extent, in accordance with arrangements entered into pursuant to subsection (a) of this section, the services and facilities of State agencies engaged pursuant to State law in supervising carriers of health service prepayment plans with respect to such plans or with respect to policies or subscriber contracts issued pursuant thereto. The Secretary shall, in particular, endeavor to make arrangements for utilization of the appropriate agency of the carrier's home State in connection with determining compliance with the terms and conditions prescribed by the Secretary pursuant to section 303, and in determining, in accordance with criteria established by the Secretary, whether, for the purposes of section 304, there is any reason to believe that the carrier is financially unsound or that its financial or other policies and manner of operation or proposed operation are unsafe or otherwise inconsistent with the purposes of title III; and such determinations pursuant to section 304 may be accepted by the Secretary as conclusive. As used in this subsection, the term "home State" means the State under the laws of which the carrier is organized or, if the carrier's principal place of business is in a different State, then either of such States as the Secretary may determine, except that in the case of a carrier not organized under the laws of any State, the term "home State" means the State in which the carrier's principal place of business in the United States is situated.

Voluntary and uncompensated services

SEC. 7. In carrying out the provisions of this act, the Secretary may, notwithstanding any other provision of law providing for payment for services, accept and utilize voluntary and uncompensated services of individuals, or of public or nonprofit agencies, institutions, or organizations.

Exemption from conflict-of-interest statutes

SEC. 8. (a) Any person appointed, employed, or utilized in an advisory or consultative capacity under section 4 or 5 of this act is hereby exempted, with respect to such appointment, employment, or utilization, from the operation of sections 281, 283, 284, and 1914 of title 18 of the United States Code, except as otherwise specified in subsection (b) of this section.

(b) (1) The exemption granted by subsection (a) of this section shall not extend to the following acts performed as an officer or employee of the United States by any person so appointed, employed, or utilized: (A) The negotiation or execution of, or (B) the making of any recommendation with respect to, or (C) the taking of any other action with respect to, any individual application or contract for reinsurance of a health service prepayment plan operated or sponsored by the private employer of such person or by any corporation, joint stock company, association, firm, partnership, or other business entity in the pecuniary profits or contracts of which such person has any direct or indirect interest.

(2) The exemption granted by subsection (a) of this section shall, during the period of such appointment, employment, or utilization and the further period of 2 years after

the termination thereof, not to extend to the prosecution or participation in the prosecution, by any person so appointed, employed, or utilized, of any claim against the Government involving any individual application or contract for reinsurance concerning which the appointee had any responsibility during the period of such appointment, employment, or utilization.

Regulations

SEC. 9. The Secretary shall make such regulations as he may deem necessary to carry out the purposes of this act, but nothing in such regulations shall provide for supervisory or regulatory control over any carrier, or over any hospital or other health facility or personnel furnishing personal health services covered by a participating health service prepayment plan.

Disclosure of information

SEC. 10. No information concerning the business or affairs of any carrier which, in connection with any application or claim for reinsurance under this act, has been obtained from such carrier by the Secretary, or by any officer, employee, or consultant of the Department of Health, Education, and Welfare, or by any other Federal or State officer or other person utilized in carrying out the provisions of this act, shall, without the consent of such carrier, be disclosed to any person except (a), in accordance with regulations, in connection with the administration of the provisions of this act relating to reinsurance, or (b) in any judicial action or proceeding, civil or criminal, pursuant to this act: *Provided*, That nothing in this section shall be construed to prohibit the disclosure, by publication or otherwise, of statistical or other data which will not directly or indirectly reveal the identity of such carrier. Any person violating any provision of this section shall be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 1 year, or both.

TITLE II—STUDIES AND ADVISORY AND INFORMATIONAL SERVICES

SEC. 201. The Secretary is authorized to conduct studies and collect information concerning the organizational, actuarial, operational, and other problems of health service prepayment plans and their carriers, make available through publications and other appropriate means the information so collected and the results of such studies, and provide to carriers and sponsors of health service prepayment plans, on request and without charge, organizational and other technical advice and information, including information on morbidity and organizational methods.

SEC. 202. There are hereby authorized to be appropriated for the purposes of this title such sums as may be necessary.

TITLE III—REINSURANCE OF HEALTH SERVICE PREPAYMENT PLANS

Authority to reinsure

SEC. 301. (a) If the Secretary, after consultation with the council, determines that reinsurance with respect to any kind or type of health service prepayment plan, upon terms and conditions and at premium rates comparable to those offered pursuant to this title, is needed to promote the purposes of this act and is not available from private sources to an extent adequate to promote such purposes, the Secretary is authorized, subject to the provisions of this title and to such terms and conditions as may be prescribed under the authority of this title, to reinsure, on behalf of the United States, any carrier with respect to a health service prepayment plan of such kind or type submitted by it.

(b) For the purposes of this title, the term "health service prepayment plan" shall not include so much of any plan, or of any risk insured pursuant to such plan, as is covered by reinsurance other than reinsurance granted pursuant to this title.

Applications for reinsurance

SEC. 302. (a) Any carrier desiring reinsurance under this title with respect to a health service prepayment plan shall file with the Secretary an application for such reinsurance. Such application shall be in such form and contain or be supported by the information required pursuant to section 305 and such additional information as the Secretary may require, and shall contain or be accompanied by a full description of the plan, including specimen copies of the kinds of insurance policies or subscriber contracts covered by the plan, and including, in the case of a plan within the scope of the proviso to section 3 (e) (2), any applicable contract or arrangement between the applicant carrier and the provider or providers to whom payments for personal health services covered by the plan are to be made (or between the applicant carrier and another carrier through whom payments to such provider or providers are to be made), which contract or arrangement fixes the basis upon which such payments are to be made.

(b) Such application shall, further, contain or be supported by an agreement by the applicant undertaking, in the event of approval of the plan for reinsurance, (1) to pay the premium charges for such reinsurance required under this title when due, (2) to comply at all times with applicable provisions of State law governing the operations of the carrier with respect to the plan, (3) to make such reports concerning its operations under the plan, in such form, and containing such information related thereto as the Secretary may from time to time reasonably require, and (4) to comply with the applicable provisions of the reinsurance contract.

(c) Any carrier desiring a renewal of reinsurance under this title shall file with the Secretary an application for such renewal, which application shall, except as otherwise provided by or pursuant to regulation, contain or be supported by such information, and such agreements and assurances as are required in the case of an initial application for reinsurance.

Terms and conditions of approval for reinsurance

SEC. 303. (a) The Secretary may prescribe such terms and conditions governing the approval, for reinsurance, of health service prepayment plans under this title as he finds will best promote the purpose specified in section 2, including, but not limited to, such reasonable requirements, provisions, or limitations as he may from time to time, after consultation with the Council, by regulation prescribe for all or particular classes of health service prepayment plans or policies or subscriber contracts issued pursuant thereto, or both, with respect to—

(1) the kinds and types of health service prepayment plans which will be eligible for reinsurance, taking into consideration the purpose declared in section 2, with special emphasis upon the objective of encouraging experimentation designed to extend or adapt the prepayment method to substantive problem areas or geographic areas for which that method is in any significant respect new, untried, or not yet fully effective or widely available on reasonable terms, such as (A) coverage of classes of individuals for which protection through such health service prepayment plans appears to be feasible but is not adequate, or (B) the offering of protection in communities or areas in which such protection (in the respects in which it is offered) is not adequately available on a prepayment basis, or (C) a coverage of benefits or services which, either as to type, range, amount, or duration of such benefits or services, is not otherwise (generally or in a given area) widely available through such plans on an adequate basis;

(2) minimum ranges of health conditions to be covered by the plan, minimum provisions as to the kind, quantity, and duration of health services to be covered or provided under the plan, and safeguards against undue exclusions of health services or health conditions from coverage or against any other undue exclusions or limitations;

(3) deductible amounts and maximum liability amounts, if any, provided or to be provided for in the plan;

(4) waiting periods as a condition of entitlement to health service benefits;

(5) plan provisions which require that a given portion of the cost of personal health services or of expenditures therefor, covered by the plan, be borne by the policyholder, subscriber, or beneficiary;

(6) plan provisions, in the case of plans within the scope of the proviso to section 3 (e) (2), as to costs or charges of providers of personal health services payable by the carrier, to the extent that, in the judgment of the Secretary, such regulations are necessary to protect the Fund against abuses or arbitrary cost increases during a reinsurance term;

(7) the duration, cancellability, and renewability of policies or subscriber contracts issued pursuant to the plan; and

(8) other policy provisions bearing on the need for limiting reinsurance under this title to plans which will promote the purposes of this act.

(b) Terms and conditions of reinsurance embodied in regulations pursuant to subsection (a) shall be prescribed after such consultation with such interested groups, including representatives of State agencies engaged pursuant to State law in supervising carriers of health service prepayment plans, as the Secretary deems appropriate.

(c) Notwithstanding the provisions of subsection (a) or any other provisions of this act, the Secretary shall not exercise any control whatsoever over the carrier's premium or subscription charges under a health service prepayment plan, except that he shall not approve for reinsurance any such plan if in the Secretary's judgment (1) the carrier's premium or subscription charges thereunder are such as to cause the plan to be financially unsound, or (2) the allocation of such premium charges by the carrier pursuant to section 305 (c) as between risks to be reinsured and risks not to be reinsured is arbitrary or unreasonable, or (3) reinsurance of the plan, considered as a whole, would not promote the purposes of this act.

(d) No term, condition, requirement, provision, or limitation, or amendment thereto, prescribed pursuant to subsection (a), shall, if initially effective less than 90 days prior to the date of approval of an application for initial reinsurance with respect to a plan, or less than 90 days prior to the date of approval of an application for renewal of such reinsurance, be applicable to such plan, without the carrier's consent, during the term of such initial reinsurance or of such renewal, as the case may be, but the same shall be applicable to any subsequent renewal of such reinsurance.

(e) The Secretary shall not approve for reinsurance any health service prepayment plan which contemplates that medical or dental care or treatment be furnished by the applicant for reinsurance through salaried physicians or dentists in the employ of such applicant unless the Secretary is satisfied that such applicant has an organizational structure which vests control over the manner in which medicine and dentistry are practiced, in connection with the health services concerned, solely in duly licensed members of the professions involved.

Reinsurance certificate

SEC. 304. If the Secretary finds—

(a) that the applicant carrier is operating and proposes to operate according to law;

(b) that on the basis of the information available to him, there is no reason to believe that the carrier is financially unsound or that its financial or other policies and manner of operation or proposed operation are unsafe or otherwise inconsistent with the purposes of this title;

(c) that the application, the health service prepayment plan submitted for reinsurance (or for renewal of reinsurance), the policies and contracts the carrier proposes to issue or has already issued under the plan, and the carrier's proposed method of operations comply with the requirements of this title and with the terms, conditions, requirements, provisions, or limitations prescribed pursuant to this title;

(d) that the plan is sound;

(e) that the carrier has agreed to the premium rates for reinsurance fixed with respect to such plan pursuant to section 306 for the term of reinsurance covered by the application; and

(f) that reinsurance of such plan pursuant to this title will promote the purposes of this title,

the Secretary is authorized to approve the application for reinsurance (or for renewal of reinsurance) and, in the event of such approval, to issue to the carrier a certificate stating that, with respect to the health service prepayment plan described in the application, the carrier is reinsured to the extent provided in this title and in accordance with the tenor of, and for the period specified in, the certificate: *Provided*, That, if the carrier has outstanding health service policies or contracts under the plan at the time of such approval, the certificate of reinsurance shall not be issued unless and until the initial premium for insurance as specified in section 306 has been paid.

Scope and extent of reinsurance obligation

SEC. 305. (a) (1) The issuance of a certificate of reinsurance pursuant to this title shall give rise to a contract between the applicant carrier and the United States, whereby the United States is obligated, upon payment of all reinsurance premium charges required pursuant to this title and upon compliance by the carrier with the other applicable terms, conditions, and requirements specified in or pursuant to this title, to pay to such carrier, for each year during the term of such reinsurance, from the fund (or from the appropriate account established under sec. 307), 75 percent of the carrier's reinsured costs incurred in such year under the plan covered by the certificate of reinsurance.

(2) Except as otherwise provided in and pursuant to subsection (b) for certain plans and carriers, the carrier's reinsured costs incurred under a reinsured plan in a given year shall be that amount, if any, by which—

(A) the carrier's aggregate benefit costs, incurred during such year under its health service prepayment policies or subscriber contracts issued under and in conformity with the reinsured plan, exceed

(B) (i) the carrier's aggregate premium income earned under the reinsured plan in such year, as reduced by (ii) the amount of the applicable administrative-expense allowance.

The administrative-expense allowance applicable to a given year with respect to a reinsured plan shall be determined by multiplying the carrier's aggregate premium income earned during such year under the reinsured plan by the applicable administrative-expense-allowance factor predetermined for such plan under paragraph (3) of this subsection.

(3) (A) The "administrative-expense-allowance factor" applicable to a given carrier and health service prepayment plan with respect to a given initial or renewal term of reinsurance shall be seven-eighths of that ratio, approved by the Secretary, which the carrier, as a part of its application for initial reinsurance or renewal of reinsurance of such plan, as the case may be, estimates to be the ratio which its annual administrative expenses, to be incurred in connection with the plan, will bear to its annual premium income to be earned under the plan: *Provided*, That when so required by the Secretary in order to prevent distortion, such ratio shall be an average ratio estimated with respect to such period of years, not in excess of three, as may be specified in regulations.

(B) The Secretary shall approve the carrier's estimate of the ratio of its annual incurred administrative expenses to its annual earned premium income, submitted under subparagraph (A) of this paragraph, unless in the Secretary's judgment the carrier's estimate or the method by which such estimate was made is not a reasonable or bona fide one, in which event the Secretary shall not give such approval and shall not issue or renew such reinsurance, but such approval may be given if the carrier furnishes an amended estimate which in the judgment of the Secretary is not subject to such objection.

(b) In the case of any health service prepayment plan which is operated, exclusively or to a substantial extent, either (1) on the basis of personal health services to be furnished by the carrier directly through its own staff or indirectly through the staff of an affiliate of the carrier, or (2) on the basis of payments to be made by the carrier to a provider of personal health services which is an affiliate of the carrier, the provisions of paragraphs (2) and (3) of subsection (a) shall not apply, but the Secretary shall by regulation prescribe for such plans (which otherwise meet the requirements of this title) the scope and extent of the reinsurance obligation which shall apply to them, with a view to making available for such plans reinsurance which, with due regard to the inherent differences between them and other types, will in the Secretary's judgment achieve for such plans reinsurance protection reasonably comparable in scope and extent to that provided for plans fully subject to subsection (a).

(c) If a plan covered by an application for reinsurance includes, in policies or subscriber contracts issued or to be issued under the plan, benefits of a type not specified in section 3 (e), reinsurance granted under this title and the provisions of this section for determining the scope and extent of the reinsurance obligation shall not be deemed to extend to so much of such plan (or of the benefit or other costs or expenses incurred or premium income earned in connection with such plan) as relates to such benefits and the plan shall specify how much of the subscription charge or premium charged or chargeable by the carrier under such policy or subscriber contract shall be attributable to such extraneous benefits and how much to benefits within the purview of this title, and only the latter shall be regarded as premiums or subscription charges for the purposes of this title.

(d) In the event that a reinsured carrier's liability with respect to risks insured or underwritten by it under a reinsured health service prepayment plan is reduced or extinguished by reason of the operation of, or proceedings under, a Federal or State bankruptcy or insolvency law, payments of reinsurance pursuant to this title shall nevertheless be applied by the carrier or by the officer acting for it to the satisfaction of the obligations otherwise arising under the plan, to the exclusion of other creditors.

(e) (1) If so specified by regulation with respect to all or a class of carriers or plans, when a single carrier has more than one health service prepayment plan reinsured under this title for the same reinsurance term, the experience under any two or more such plans of such carrier with respect to the same year shall be combined for the purposes of this section and a determination made as to the amount, if any, of a combined net reinsurance payment owing under this title.

(2) (A) The duration of an initial or renewal term of reinsurance of a plan pursuant to this title shall be for such period (hereinafter referred to as the "regular reinsurance period") as may be specified in the certificate of reinsurance pursuant to regulations, but, if so specified by or pursuant to regulation, such initial or renewal term of reinsurance shall, with respect to each policy or subscriber contract issued or renewed under the plan during the regular reinsurance period and running beyond such regular reinsurance period, be deemed to continue for such further period (hereinafter referred to as the "extended reinsurance period" for such policy or subscriber contract) as may be specified by or pursuant to such regulations.

(B) If an extended reinsurance period or periods are specified as authorized by subparagraph (A) of this paragraph, the Secretary may further, by or pursuant to regulation, incorporate in the reinsurance contract a provision for combining the carrier's experience under the reinsured plan during the regular reinsurance period with its experience under such plan during the extended reinsurance period or periods, and for determining upon expiration of the last of such extended periods, on the basis of such combined experience in lieu of the annual basis specified in subsection (a), the amount of the reinsurance obligation, if any, owing to the carrier.

(C) In the event of a renewal of reinsurance of a plan after an initial term of reinsurance or after a prior renewal term of reinsurance, the Secretary is authorized to specify as a part of the reinsurance contract, by or pursuant to regulation, that policies or subscriber contracts issued or renewed under the plan during, but running beyond, the regular reinsurance period of any such prior reinsurance term shall, to the extent provided in or pursuant to such regulation, be treated for reinsurance purposes as if issued or renewed during such subsequent renewal term of reinsurance, in lieu of the application of an extended reinsurance period or periods to such prior reinsurance term with respect to such policies or subscriber contracts.

(f) No substantive regulation, or amendment thereto, prescribed under this section shall, if initially effective less than 90 days prior to the date of approval of an application for initial reinsurance with respect to a plan, or less than 90 days prior to the date of approval of an application for renewal of such reinsurance, be applicable to such plan during the term (including any extended period of such term pursuant to subsection (e) (2) of this section) of such initial reinsurance or of such renewal, as the case may be, if less favorable to the carrier than the regulations theretofore in effect, but such regulation or amendment shall be applicable to any subsequent renewal of such reinsurance.

(g) A contract of reinsurance under this title shall not give rise to any liability of the United States beyond the amounts which from time to time shall stand to the credit of the fund, except that, if the authority to establish accounts within the fund is exercised pursuant to section 307, such liability shall be limited to the appropriate reinsurance account within the fund in accordance with the provisions of that section.

(h) For the purposes of this section—

(1) The term "administrative expenses" includes all expenditures and charges incurred by a carrier in connection with a

health service prepayment plan, except (A) benefit costs, (B) amounts set aside for reserves or contingencies, and (C) dividends, refunds, or distribution of profits, and such administrative expenses may be more particularly defined by the Secretary;

(2) The term "affiliate," in reference to a carrier, means any person, partnership, or juristic or business entity which directly or indirectly, by legally enforceable means or otherwise, owns or controls, or is owned or controlled by, the carrier, or which, together with the carrier, is directly or indirectly, by legally enforceable means or otherwise, owned or controlled by the same interests as the carrier;

(3) The terms "annual" and "year" refer to a calendar year or, alternatively, such continuous period of 12 months as may be provided by regulation;

(4) The term "benefit costs" means, with respect to a health service prepayment plan, payments incurred by the sponsoring carrier, either directly to providers as payment for personal health services furnished by them to beneficiaries under the plan or to others as indemnification or reimbursement with respect to expenditures incurred by them for such services and indemnifiable or reimbursable under the plan;

(5) The term "premium income" means the sum of (A) gross premiums or subscription charges earned and (B) policy fees earned under or with respect to policies or subscriber contracts issued under a health service prepayment plan, without regard to dividends declared and without regard to experience rating refunds; and

(6) The terms "incurred" and "earned," in reference to expenditures or income related to an accounting period, mean "allocable to" such period in accordance with generally recognized insurance accounting principles, whether or not paid or received during such period, and without regard to reduction or extinguishment of liability by reason of the operation of, or proceedings under, Federal or State laws pertaining to bankruptcy or insolvency.

Premium charges for reinsurance

SEC. 306. (a) The Secretary shall require the payment of premium charges for reinsurance under this title. Such charges shall be fixed, in accordance with actuarial principles, as a percentage of the carrier's premium income (as defined in section 305) under the reinsured plan or on such other equitable basis as may be specified by regulation prescribed after consultation with the Council, and may be so fixed at different rates for the different carriers and for the different health service prepayment plans to be reinsured as to reflect the respective hazards. In the fixing of premium rates, regard shall be had to the objective of, on the one hand, making the reinsurance program self-sustaining over a reasonable term and, on the other hand, stimulating and encouraging plans which will promote the purposes and objectives declared in section 2 and section 303 (a) (1).

(b) The applicable premium rate in effect on the initial effective date of a certificate of reinsurance issued to a carrier, or on the effective date of renewal of the reinsurance term specified therein, shall remain applicable to the reinsured plan during such initial term or renewal term, respectively, including any extended period of such term pursuant to section 305 (e) (2), except that (1) the Secretary may, if premium rates have been reduced for future reinsurance of comparable risks, and if the condition of the fund or of the account subject to the risk permits, reduce accordingly the reinsurance premiums payable with respect to the plan by such carrier for subsequent installments, and (2), if the carrier desires to amend its reinsured plan during a current reinsurance term, the Secretary may, if in his judgment such amendment would affect the reinsurance hazard, condition his consent to such amendment on the carrier's agreement to a change in the reinsurance premium rate.

(c) Premiums for reinsurance shall be payable at such times, for such periods, and in such manner as the Secretary shall by regulation prescribe.

(d) All premiums received for reinsurance under this title shall be covered into the Fund and, if reinsurance accounts are established in the Fund pursuant to section 307, shall be credited to the appropriate account.

Reinsurance fund

SEC. 307. (a) There is hereby created in the Treasury of the United States a Health Service Prepayment Plan Reinsurance Fund which shall be used by the Secretary to carry out the provisions of this title.

(b) There shall be paid into the fund, and the fund shall consist of, all reinsurance premiums received under this title, capital advances made to the fund pursuant to section 308, investments of moneys in the fund and the return from such investments, and any other moneys or assets derived by the Secretary from operations arising out of the reinsurance provisions of this title. Subject to the provisions of subsection (c), all moneys in the fund shall, upon requisition by the Secretary, be available, without fiscal-year limitation, (1) for making reinsurance payments pursuant to this title, (2) for repayment of advances made to the fund pursuant to section 308, (3) for payments of interest pursuant to section 308, and (4) for any fiscal year beginning after June 30, 1959, for defraying the expenses of administration incurred by the Secretary in connection with the reinsurance provisions of this act.

(c) If the Secretary, after consultation with the Council, determines that the purposes of this title will thereby be promoted, he may establish within the fund, by or pursuant to regulation, one or more special reinsurance accounts and, in that event, allocate to such accounts plans thereafter reinsured or for which reinsurance is thereafter renewed, and, with the consent of the sponsoring carrier with respect to a reinsurance term then current, plans theretofore reinsured. If such a special account or accounts are established, any plan not so allocated to a special account shall be allocated to a general reinsurance account to be established by the Secretary within the fund, and any liability of the United States arising with respect to a reinsured plan shall be limited to the general or special account to which such plan has been allocated. Each such special account and the general account shall be credited with the reinsurance premiums paid with respect to plans allocated to such account, its share of the earnings of the fund, advances of capital made to such account pursuant to section 308, and any other income of the fund attributable to such account, and shall be charged with all payments of reinsurance under this title with respect to plans allocated to such account, repayments of advances requisitioned for the use of such account pursuant to section 308, interest payable pursuant to section 308, and its share of administrative expenses for any fiscal year beginning after June 30, 1959, as provided in subsection (e).

(d) (1) The Secretary may authorize the Secretary of the Treasury to invest and reinvest such portions of the fund as the Secretary may determine to be in excess of current needs in any interest-bearing securities of the United States or in any securities guaranteed as to principal and interest by the United States, and the income therefrom shall constitute a part of the fund.

(2) Notwithstanding the establishment of accounts pursuant to subsection (c), the fund shall be invested as a single fund but each reinsurance account shall be credited quarterly on March 31, June 30, September 30, and December 31 of each year, on the basis of the average daily balance of such account, with a proportionate part of the earnings of the fund for the quarter ending on such date.

(e) If accounts are established pursuant to subsection (c), there shall likewise be established within the fund, on July 1, 1959, an administrative expense account, and moneys required for the expenses of administration of this title shall for each fiscal year, from time to time, be transferred by the Secretary from the several reinsurance accounts to the administrative expense account in such proportions as the Secretary finds to be equitable. Moneys remaining unobligated in the administrative expense account at the close of the fiscal year may be retransferred to the respective reinsurance accounts in such proportions as the Secretary finds to be equitable.

Advances to the fund

SEC. 308. (a) There is authorized to be appropriated to a capital-advance account to be established without fiscal-year limitation in the Treasury for this purpose $25 million. From any balance in such account there shall from time to time be transferred to the fund (or to any account within the fund), as advances of capital, such amounts as the Secretary determines are required for the purposes of the fund (or of such account within the fund).

(b) Until all advances to the fund (or to an account within the fund) made pursuant to subsection (a) have been repaid through credits as provided in this subsection, the Secretary shall, at least annually, determine any balance in the fund (or in such account) in excess of an amount determined by the Secretary to be necessary for the requirements of the fund (or of such account), and such balance shall be transferred to the capital-advance account and the amount thereof shall be credited against such advances and shall again be available for advances pursuant to subsection (a).

(c) At the close of each fiscal year, the Secretary shall pay into the Treasury from the fund (or from the appropriate account within the fund), as miscellaneous receipts, interest on the amount of any advances made to the fund (or to an account within the fund) pursuant to subsection (a) which has not been repaid as provided in subsection (b). The Secretary of the Treasury shall determine the applicable interest rate annually in advance, such rate to be calculated to reimburse the Treasury for its costs in connection with such unrepaid advances, taking into consideration the current average interest rate on outstanding marketable long-term obligations of the United States.

Payment of reinsurance claims

SEC. 309. (a) Any carrier claiming to be entitled to a reinsurance payment pursuant to the provisions of this title and according to the tenor of the reinsurance certificate shall furnish such proof of claim, upon such form, and within such period of time after the accrual of the claim as the Secretary may by regulation require. No judicial action on such claim shall be brought until such claim has been administratively denied by the Secretary, and the running of the period for the commencement of such judicial action against the United States specified in section 2401 of title 28, United States Code, shall, if such claim be filed within such period in accordance with this section, be suspended from the date of filing until the claim has been administratively denied by the Secretary and for 60 days thereafter: *Provided*, That such claim shall be deemed to have been administratively denied if not acted upon within 6 months after the date of such filing, unless the Secretary for good cause shown has otherwise agreed with the claimant.

(b) Any claim for a reinsurance payment which is not paid within 6 months after proof of claim, as required by regulation, has

been filed shall, except as to any amount which is tendered by the Secretary as admittedly owing or as a settlement of a disputed claim, bear interest at 4 percent per annum until paid.

(c) (1) Any claim for a reinsurance payment under this title which the Secretary finds to be due and payable, and any judgment of a court of competent jurisdiction based upon a claim for a reinsurance payment under this title, which judgment has become final and conclusive, shall be paid by the Secretary from any unobligated moneys in the fund or in the appropriate account chargeable therewith.

(2) Whenever, for the purpose of a proof of claim filed pursuant to this section, the carrier's reinsurance claim for a given period is computed in whole or in part on the basis of an estimate of the carrier's benefit costs (as defined in section 305) incurred in such period but not yet due and payable or paid by the carrier, the Secretary shall not make final payment with respect to so much of such claim as is based on such estimate, but in such cases the Secretary is authorized, in accordance with regulations, to approve tentatively, and to make a tentative payment on the basis of, so much of such estimate as the Secretary finds is reasonable and conservative, subject to adjustment in favor of or against the carrier when it is finally determined that such estimated costs either have become due and payable by the carrier or have not in fact been incurred, and the carrier shall be obligated, in the event of any such adjustment against the carrier, to repay to the Secretary, for the fund, the excess of the amount tentatively paid to the carrier over the amount finally found to have been payable to the carrier as reinsurance.

(3) In cases in which the carrier's experience under the plan during the regular and extended periods of a reinsurance term is to be combined pursuant to paragraph (2) (B) of section 305 (e), the reinsurance contract may, if deemed appropriate by the Secretary, provide, pursuant to regulation, for making annually during the combined period a tentative determination on the basis of the elapsed portion of the combined experience and for making annual tentative adjustments on the basis of such determinations either in favor of the carrier or by refund to the Secretary (for payment into the fund), as the case may be, with a final adjustment and payment to or by the carrier after expiration of the whole of such combined period. Nothing in this paragraph shall be construed to limit the authority of the Secretary to proceed pursuant to paragraph (2) of this subsection upon the expiration of such combined period.

(d) (1) For the purposes of this section, the question whether benefit costs have become due and payable shall be determined without regard to any extinguishment or reduction of liability of the carrier, under policies or subscriber contracts issued pursuant to the reinsured health service prepayment plan, by reason of the operation of, or proceedings under, Federal or State laws pertaining to bankruptcy or insolvency.

(2) Reinsurance payments made under this title shall not be subject to distribution or application under any Federal or State law pertaining to bankruptcy or insolvency, except in satisfaction of claims for services or money payments arising under policies or subscriber contracts issued pursuant to the reinsured health service prepayment plan with respect to which such reinsurance was paid.

Involuntary termination of reinsurance

SEC. 310. Upon any ground specified in regulations in effect not less than 90 days prior to the commencement of any initial or renewal term of reinsurance, the Secretary may, prior to the normal expiration of such term, terminate the reinsured status of a health service prepayment plan with respect to policies or subscriber contracts issued pursuant to such plan after a future date specified by the Secretary in the notice of termination.

Actions by policyholders or subscribers

SEC. 311. No policyholder or subscriber under a policy or contract issued pursuant to a reinsured health service prepayment plan shall, by virtue of the reinsured status of such plan, be deemed to have any cause of action against the United States or the Secretary or any claim against the fund, but all such persons must look solely to the carrier.

Appropriations

SEC. 312. For a transitional period of 5 fiscal years beginning July 1, 1954, there are authorized to be appropriated from the general fund of the Treasury such sums as may be necessary to defray the expenses of administration of this title.

TITLE IV—MISCELLANEOUS

Legal powers and responsibilities

SEC. 401. (a) With respect to matters arising by reason of title III, or such title as it may hereafter be amended, the Secretary shall, in addition to other powers conferred by this act, have power—

(1) to enforce, pay, or compromise, any claim under, or arising because of operations under, such title; and

(2) to enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired under such title.

(b) The Secretary is authorized, on request or on his own motion, to hold such hearings and to conduct such investigations and other proceedings as he may deem necessary or proper for the administration of this act and, in the course of any such hearing, investigation, or other proceeding, may administer oaths and affirmations, examine witnesses, and receive evidence, whether or not such evidence is admissible under rules of evidence applicable to court procedure.

(c) The Secretary is authorized to determine the character and necessity of expenditures from the fund and the manner in which such expenditures are incurred, allowed, and paid, subject to provisions of law specifically applicable to wholly owned Government corporations.

(d) In any action or claim against the United States arising under this title, the district courts of the United States shall have jurisdiction, without regard to the amounts involved, as in suits against the United States under section 1346 (a) (2) of tile 28, United States Code, and in accordance with the procedures applicable to such suits.

Accounting and audits

SEC. 402. The Secretary shall, with respect to the financial operations arising by reason of title III—

(a) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act; and

(b) maintain an integral set of accounts, which shall be audited annually by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions, as provided by section 105 of the Government Corporation Control Act.

Annual reports

SEC. 403. The Secretary shall include in the annual report for the Department of Health, Education, and Welfare a complete statement with respect to operations under this act and with respect to the status of the fund, together with a summary of the recommendations made by the Council, including minority views and recommendations, if any.

Criminal provisions and injunctions

SEC. 404. (a) The Congress hereby finds and declares that representations to members of the public, made in connection with the promotion of the business of a carrier or broker, or as a part of any policy or subscriber contract issued under a health service prepayment plan, that such plan or policies or subscriber contracts are reinsured under this act or that such reinsurance has been applied for, even if such representation is in accordance with fact, (1) may mislead potential policyholders or subscribers into believing that such reinsurance is a guaranty of the standing and solvency of the carrier and of its faithful compliance with the policy or subscriber contract or that such policy or subscriber contract is superior to those issued under plans not so reinsured, and (2) may cause unfair competition with carriers which make no such representation or whose plans are not reinsured under this act. The Congress, therefore, finds and declares that, in order to protect the public interest, safeguard the integrity of the purposes of this act, and prevent the use of such representations for improper purposes, it is necessary to prohibit such representations except as authorized by and in conformity with regulations prescribed pursuant to this section.

(b) (1) The Secretary shall by regulation prescribe the substance, forms, manner of display, manner of making, and manner of use of any sign, advertisement, or other representation, if any, which shall be authorized concerning reinsurance granted or applied for under this act.

(2) Any carrier or broker, and any person acting or purporting to act for or on behalf of a carrier or broker, who, in or as a part of any policy or subscriber contract issued or offered by such carrier, or in connection with the promotion of such carrier's or broker's business, represents by any means or device whatever, except as specifically authorized by regulations prescribed pursuant to paragraph (1) of this subsection, that such carrier, or any of its subscriber contracts or policies, or the carrier's health service prepayment plan or plans under which such contracts or policies are issued or offered by it, are reinsured under this act or that application for such reinsurance has been made, shall, for each such offense, be punished as follows: A corporation, partnership, association, or other business entity, by a fine of not more than $1,000; an officer or member thereof participating or knowingly acquiescing in such violation or any individual violating this subsection by a fine of not more than $1,000 or imprisonment for not more than 1 year, or both.

(c) A violation of subsection (b) of this section may be enjoined at the suit of the United States attorney, upon complaint by the Secretary or any person duly authorized by the Secretary.

(d) Section 709 of title 18 of the United States Code (relating to false advertising and misuse of names to indicate Federal agency) is amended by inserting after the third paragraph thereof the following new paragraph:

"Whoever falsely advertises or otherwise falsely represents by any means or device whatsoever, expressly or impliedly, that any insurance policies, subscriber contracts, or undertakings for the furnishing of, or payment for, personal health services, or the health service prepayment plan or plans under which such policies, contracts, or undertakings, are issued, offered, or assumed, are reinsured under the Health Service Prepayment Plan Reinsurance Act or that application for such reinsurance has been made; or".

Appointments above grade GS–15

SEC. 405. The Secretary, to the extent he deems it necessary and appropriate in order to carry out the provisions of this act, is

authorized to place not to exceed 10 positions in grade above GS–15 without regard to the numerical limitations contained in section 505 of the Classification Act of 1949, as amended, but otherwise subject to the requirements of such section.

Effective date

SEC. 406. This act shall become effective on the 30th day after the date of its enactment, but nothing in this act shall require the Secretary to receive or consider applications under title III before such date as the Secretary may determine.

Mr. WOLVERTON (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open for amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. PRIEST. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PRIEST: on page 54, line 14, strike out the word "may" and insert the word "shall."

Mr. PRIEST. Mr. Chairman, this is the amendment that I discussed during the general debate. You may notice that following the first paragraph, paragraph (a), in section 303, there are listed 8 different subjects which the Secretary is required to discuss with the Advisory Council. These subjects generally would apply to the question of minimum standards that shall be issued by regulation. But the Secretary will not be required to issue those regulations under the provisions of the bill unless the word "may" is changed to the word "shall."

It is my feeling that certainly the Secretary will issue such regulations involving such minimum standards. The Secretary would certainly be expected to do so. But since I have had a strong feeling on the question of standards, and at one time felt that they should be written into the bill itself, I felt that we should be certain about it and that we should change the word "may" to the word "shall" so that there will be no question concerning regulations dealing with minimum standards.

Mr. WOLVERTON. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield to the chairman of our committee.

Mr. WOLVERTON. Mr. Chairman, in reference to the amendment which has just been offered by the gentleman from Tennessee [Mr. PRIEST] I would say that I think he and I see this subject alike. I know what has been in his mind with respect to the necessity of minimum standards. I have had similar feelings myself. In fact, in legislation that I previously introduced I incorporated that thought in the bill. However, in this instance my judgment was changed because of the opinion rendered by those who were, I thought, in a better position than I to know about what should be done, based on their experience. They advised the committee that it would not be advisable in this bill, pioneering as it is, to have fixed and inflexible standards written into the bill, but that it would be better to give the Secretary more flexibility to write in whatever might be necessary in the way of standards, by regulation. So that with the tendency of the gentleman from Tennessee [Mr. PRIEST] to recognize that there is some substance to that opinion that was rendered but who does feel that the language we have in the bill would be strengthened by the use of the word "shall" instead of "may", I would like to say that I am in accord with the amendment that the gentleman has offered.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. PRIEST. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Do I understand that there is no basic requirement set up in the bill?

Mr. PRIEST. There are some basic requirements set out in the bill, but not as to standards that a policy shall have if it is to be eligible for reinsurance. The provision in the bill provides for those standards to be issued in the form of regulations and covers about eight subjects which shall be considered. This amendment would require that regulations on those eight subjects be issued; that is correct.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. PRIEST].

The amendment was agreed to.

Mr. HESELTON. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I shall not take the 5 minutes, I only take the floor because I find I overlooked some testimony which I think is of some importance, and I am afraid in the colloquy I had with the gentleman from California [Mr. SHEPPARD] whom I do not see on the floor at the present moment, I misinformed him. At least, I want to quote to you from the testimony of Mr. James Stuart, the chairman of the Blue Cross Commission. My colleague the gentleman from Texas [Mr. THORNBERRY] asked him this question:

Is it contemplated that under the reinsurance program of this bill, or under this bill, that there will be coverage for which the premiums would be less and would encourage folks in the blue section—you referred to the blue section on the chart—who did not carry hospitalization insurance to carry hospitalization?

Mr. STUART. It might have that effect, Mr. THORNBERRY. Actually, we should be taking care of those now regardless of any Federal reinsurance program that might be coming up. But we have not been quite flexible enough in our programs. Without too much expense. We have not found a method of getting to them unless they were employed in groups.

That is the great big area where millions of people are not covered by these insurance plans. He said further:

I think this will encourage us to find ways of covering these people and——

This is very significant, and I will ask my colleague, the gentleman from New York [Mr. KLEIN], who has made the point that this bill cannot help people in the relatively low income groups—this is Mr. Stuart's testimony who is chairman of the Blue Cross Commission. He says:

Actually of people earning less than $3,000 per year, 41 percent have some kind of health insurance.

So that I do want to correct what I said to that extent—I will leave my original remarks in the RECORD with this explanation, but I do think when you have that great area of people earning less than $3,000 a year who are not insured, this bill offers an opportunity to reach millions of people who cannot now qualify under any existing plan.

Mr. KLEIN. Mr. Chairman, will the gentleman yield?

Mr. HESELTON. I yield.

Mr. KLEIN. The gentleman testified there were 41 percent of people under $3,000 who had this Blue Cross insurance. We do not disagree on that. I think what I said, and I believe you will agree with me, certainly Mr. Beers of the Aetna Life Insurance Co. did, was that as to the over 51 percent of people who are not insured—the people under $3,000—this would not help them get insurance.

Mr. HESELTON. I am sure my colleague does not want to leave the impression that that is true because it is not true in my mind, as I understood the testimony. There are farmers, for instance, who cannot qualify. There are employees of small business concerns—barbers, professional people, gas station operators, mechanics, carpenters, and any number of people who simply cannot qualify because the approach is through the group insurance prepayment plan. If we can extend this coverage to those people, and as has been suggested by virtue of the experience that the companies accumulate as voluntary agents, we can find ways of covering those people, or we can find ways of insuring those people in the upper age groups who cannot be insured now, then truly while I do not want to put words into my friend's mouth, I think I know him well enough to know that if his good friend, the gentleman from Tennessee [Mr. PRIEST] who has been following this field says that it is an experiment and admits that we will not know the results unless we do experiment. I beg him to go along and vote for this bill.

Mr. KLEIN. The gentleman and I very rarely disagree and I know we do not disagree on this general principle. The only point I make to my dear friend is this. You are interested in the same objective as I am. It has been admitted by the people who testified that this bill will not have that effect. If the gentleman can rewrite this bill, and I think it ought to go back to the committee and get more thought, if the gentleman can rewrite this bill in such a way as to accomplish those objectives, he may be assured, I will be one of his most ardent supporters.

Mr. HESELTON. May I say to my dear friend and colleague that if we can this afternoon take the initial step toward providing better health protection for the American people, then I would hope to see the gentlemen walking shoulder to shoulder with us in an attempt to make that better health protection available.

Mr. STAGGERS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, first I would like to say that I have great admiration for the chairman of our committee, Mr. WOLVERTON. I think he is very sincere in working for what he believes are the best interests of the people of the whole country.

There are always two sides to every question. I disagreed with this legislation when it was before the committee, and after listening to most of the debate I still disagree with it. In committee I asked the assistant secretary, Mr. Perkins, whether this would make insurance available to the 63 million people in America who do not have insurance now. He said he hoped so. I asked him again whether it would reduce the rates of that insurance, and he said, "I hope so."

If you will go through the testimony that has been recorded, every person that did seem to be halfway lukewarm for the legislation said, "I hope," or "I think," or "it could," or "it should." I did not hear one single person say to the committee that it is going to do this or that or something else, with an emphatic reply.

I did not hear all of the testimony but I did hear most of it. Those people who came before the committee waxed so eloquently—I cannot find it in the testimony and I did not hear them. I believe this Congress should do something to help these 63 million people today who do not have insurance, but I do not believe this is the way to do it.

Do you know what I believe this bill does, and I said it in committee to one of the men in the Department? It reinsures the insurance companies of America that they will not take any losses. If this were going to help the aged, those who are indigent and those who cannot afford to pay for insurance, it would be a fine proposition. But who are you helping? You are helping the people who can afford to pay for insurance today, and you are helping the big insurance companies and saying to them, "If you make a mistake we will help you pay it back."

I believe the sentiment here is that some health program has to come out of this session of Congress to tell the American people that they are going to help them in their health and welfare program. I want to tell the Congress that the people of the United States can read and reason and think. I believe when this whole furor is over they are going to say that this Congress passed a bill to help the insurance companies of America and all the testimony says it may help those 63 million, or it could help them, or we think it should. Now, what is the result? I believe when this bill is passed the people of the country are going to say it was a great camouflage in the guise of health and welfare insurance for the people of the country. That is my final analysis of it. I do not impugn the motives of any man who has spoken for the bill because I believe the members of this committee are wholeheartedly concerned with the interest of the people of the country, more so than any other committee in Congress. I think they have more to do with the things that affect the people directly probably than any other committee in Congress, and when they speak in behalf of this legislation they are sincere in their expression. I am opposed to this legislation because I believe it is more or less class legislation designed to help those who already can help themselves and does nothing for those who need it.

Mr. BEAMER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BEAMER: On page 45, line 19, after the word "laws" and after the comma, insert "None of whom shall be persons presently employed by the Federal Government in any capacity."

Mr. BEAMER. Mr. Chairman, frankly, this bill provides what we might consider as a bare framework of a program and was reported out of the committee with the reservation and the understanding that all amendments that otherwise might have been offered in the committee could be offered on the floor of the House. That is the only fair way in which any legislation can be given consideration, and this worthy legislation is entitled to that consideration. The fact of the matter is I am not going to speak in behalf of the legislation; I am not going to speak against it, but since we have the bill on the floor of the House it should be perfected and the Members given an opportunity to offer amendments.

In this Congress I feel confident every Member is against socialistic encroachment, and that is one point on which many people will object to this bill.

Although this is a simple little amendment I think it will help overcome that objection. In other words, we have many people on this floor accusing us of socialistic tendencies of some type, and for that reason if this advisory committee is supposed to assist in the formulation of rules and regulations for the operation of this program it becomes all the more important that it should be composed of people who do not bring a lot of preconceived notions with them, perhaps socialistically inclined, and who are presently in the Government.

Mr. Chairman, I have some other amendments to offer and would like to reserve the balance of my time to speak on them.

Mr. WOLVERTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment which has been offered by the gentleman from Indiana seems to me would go much further than he intends that it should. From a reading of the section it will be seen that the council is to be appointed by the President of the United States. I would not like to think that the gentleman from Indiana has lost confidence in the judgment of the President of the United States.

As to who would be qualified to serve to the advantage of the country in a matter as important as this, for instance, I think you would term Herbert Hoover such a person, yet under the wording of the gentleman's amendment he being in some indirect capacity employed in work for the Government, would be precluded from consideration by the President if the President had a desire to appoint him.

With respect to the council that has been provided for in the bill, I might say that I look on the council as a very important part of this bill. The purpose of it is that the Secretary may have the advice and counsel of those who had knowledege of this particular subject, it being a new subject. It certainly was one that lent itself very readily to the thought that there should be experienced help in the drafting of the rules and regulations and the making of decisions, and so forth. We therefore provided that the members of the council should be appointed by the President of the United States. But if the President is given the power then it raises the council to the highest possible echelon and gives the best possible assurance that the right type, kind, and character of people would be appointed.

In speaking of this council, it is my personal opinion that there are many groups that should be represented on this council. I would expect that the President, in the exercise of his judgment and discretion and in view of the knowledge of his responsibility for this legislation, will be very anxious to appoint those who can be depended on to render the best possible service. Personally, I think that the insurance commissioners of the States should have representation on this council. I am of the opinion that even the AMA should have some representation on this group. I think experienced insurance leaders should be recognized in a group such as this. I think those who have knowledge of health insurance plans, and particularly prepayment plans, should be given recognition. So I might go on and mention the different ones that, in my judgment, could help very effectively as members of an advisory council. Though the amendment offered by the gentleman is well intentioned, I do not think that it is necessary under the circumstances, particularly in view of the fact that the council is to be appointed by the President of the United States.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. BEAMER].

The amendment was rejected.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I take this time in order to inform the House that a motion to recommit this bill will be presented either by myself or by the gentleman from Texas [Mr. THORNBERRY]. It is my honest and conscientious belief that this legislation should be recommitted to the Committee on Interstate and Foreign Commerce.

I, personally, follow certain rules in my consideration of any legislation. Perhaps I am wrong, but I believe it a safe and sound approach. I feel that the burden of proof should rest on the proponents of the legislation to convince me that it meets certain conditions. First, I think they should convince me that there is a need for the legislation;

second, I think they should convince me that the bill being considered is the best vehicle for meeting that need; and, third, I think it should be shown affirmatively that the legislation does no violence to the Constitution. Until the proponents of the legislation can convince me that those three conditions have been met, I believe I should resolve my position in opposition to the legislation.

Now, what have we here? The third point, as to the constitutionality of this legislation, of course, is not involved. There is no question but that it would be constitutional. So far as need is concerned, obviously there is need for some kind of a workable public-health program. There is need for a public-health program because of the present high cost of medicine which makes it almost prohibitive to the public and because medical care is not readily available to the public to the extent it should be available.

Now, as to meeting that need, which this bill seeks to do. How are we going to make doctors available to the public? There is but one way to make more medical care available to the public, and that is to increase the number of doctors that we have in the country. The problem in this, as in the high cost of nearly everything else, stems from the old law of supply and demand. At present the demand for medical care and treatment exceeds the supply. I believe it was testified before our committee that there is in this country one practicing physician for every thousand people, or somewhere in that vicinity. And of those, more than half, I believe, are specialists. Now, the only way that we are going to make available more medical care for the public is to increase the facilities for medical care, which, of course, is to educate more doctors and build more hospitals. This bill admittedly does not do either.

Medical costs can be reduced only by making medicine competitive. If we had enough doctors to make medical practice competitive, they would be compelled to adjust fees to meet the competition. But this bill certainly does not do that. As long as a doctor, merely by hanging his shingle out, can get all of the practice that he can personally handle, who can blame him for that? This bill does not increase the supply of doctors and it cannot reduce the cost of medical care.

The real health problem as it exists in this country today does not rest primarily with the people who are able to pay for their medical care either in cash, on credit, or by insurance. The real problem is in the people who are unable to pay for it, and do not have the money to insure themselves against it.

Now, the gentleman from Massachusetts, who is perhaps the most vocal proponent of this legislation, admits readily that this does not make insurance available to any more people than are now covered. He admits that a man who cannot afford to buy health insurance now will not be able to afford to take it out even under this bill. Does anyone know exactly what this bill seeks to accomplish? Surely, it has not been made clear to me and a number of my fellow members of the Interstate and Foreign Commerce Committee.

The CHAIRMAN. The time of the gentleman from Mississippi has expired.

Mr. WILLIAMS of Mississippi. Mr. Chairman, I ask unanimous consent to proceed for 2 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. WILLIAMS of Mississippi. I yield to my distinguished leader.

Mr. RAYBURN. I have seen a great many bills come before the House of Representatives and especially from the great committee of which I was chairman for quite a while, and of which I was a member for 24 years. In listening to the remarks of members of the committee and others here today, it seems to me that I have discovered or felt more indefiniteness among them as to what this bill means and what it may accomplish. I have heard pious hopes expressed, of course, that it would do something, but from what I gather from both sides of this aisle in the discussion of this bill it would appear to me that many, even members of the committee, and especially others in the House of Representatives, would like very much to see this bill further studied before the House finally passes on it. So far as I am concerned, I am for legislation of this kind if I think it is in proper form. So far as I am concerned, under the present circumstances, I shall support the motion of the gentleman from Mississippi to send this bill back to the Committee on Interstate and Foreign Commerce for further study.

Mr. WILLIAMS of Mississippi. I thank the gentleman.

Mr. Chairman, the gentleman from Texas [Mr. THORNBERRY] pointed out previously the manner in which this bill, in its final form, was railroaded through our committee. It was handed to us at 10:30 in the morning, a 56- or 57-page bill, and was voted to the floor about an hour later. Nobody on the committee, I am sure, had an opportunity even to read the language in this specific bill. Those who voted for it must have done so on faith and faith alone, as they obviously had not had time to see what was in it.

I believe that one of the preceding speakers, a Member of the other party, either intentionally or unintentionally, let the cat out of the bag when he told the House truthfully that this bill was approved by the committee reluctantly and with reservations; but also with the understanding that the amendments which otherwise might have been offered in the committee could be offered from the floor. That argument, in itself, should be sufficient grounds for recommitting the bill.

Mr. HALLECK. Mr. Chairman, I move to strike out the requisite number of words.

Mr. Chairman, I think we might as well understand the situation as it has developed. If this bill is recommitted it will be killed. Let us make no mistake about that; let us have no misunderstanding. We all know that we are driving to adjourn this session of the Congress within the time fixed by the Reorganization Act, which is July 31. So it is obvious that if this bill is recommitted, it will kill the bill. And those who vote to recommit it will have to take that responsibility. Personally, I am not going to take it. I do not think this bill should be recommitted.

It is very easy many times to say of a bill that it has not had sufficient consideration. I have said that a few times myself, when I came here in 1935 and voted on measures that were not even printed. And I must say, in retrospect, that some of them turned out pretty well. Of course, there were many of them that did not turn out so well.

There has been no rash of amendments offered here. My colleague from Indiana [Mr. BEAMER] has some; the gentleman from Tennessee [Mr. PRIEST] had one that was adopted. I have not heard concern expressed about the drafting of this bill. There has been some question as to how much it is going to do. Perhaps in the minds of some it will not do anything and in the minds of others it will do too much. Those who want a far-reaching, broad, compulsory, comprehensive plan say this bill is nothing. The gentleman from Mississippi [Mr. WILLIAMS] says that it is as the fluff of candy that he bought for his youngster at the zoo. Then there are others who say that we should not do any of these things. But let me say to the gentlemen on my side of the aisle at least and certainly to my friends on the right who are here acting on this, not as a partisan measure, because it is not that, but who want to recognize that improvements in national health are desirable, that here is a good, effective way to get them.

No one claims that this is a panacea for all of the problems that beset us in respect to national health. No one would claim that. But I think a good case has been made to support the contention that this program of reinsurance, within our fundamental concepts as we operate in this country, may well make it possible for the established, prepaid, voluntary plans so to expand their coverages and expand their operations so as to bring adequate medical prepaid voluntary care within the reach of millions and millions of our people. Is not that a desirable end? I say that it is.

As was suggested a moment ago by some of my colleagues in debate, and it cannot be said too often, some want to go much further and some do not want to go at all; but if this great committee that I say has done a good job here brings in a bill that marks a definite step in the direction of providing better medical attention, then we ought to support it and we ought not to recommit the bill because, may I say again, that will kill the bill.

This is a very definite, integral part of the program for better health for the American people, which the administration has been trying to work out. I am sure we all understand that. But, if there is any question in anybody's mind about it, let me set that question at rest because it is definitely a part of that program. I think it is a good part. I think it will be effective. If it is not

effective, then little harm is done, if any. But, let us give it a chance. Let us back up this committee which reported the bill to us. There is nothing the matter with the draftsmanship of the bill. The able gentlemen who have spoken here, and who have tried to raise questions about it, are of such great capacity that they could, I am confident, read this bill and in an hour's time find out what is the matter with it—if there is really anything the matter with it. Its provisions have been under study by people in the country who are interested in matters of this sort. No objections to the drafting or the form of the bill have been transmitted to me. As a matter of fact, if I had the time, I would read to you the letter I have here from a New England insurance company, the Union Mutual Life Insurance Co., that recites the fact that they have done a great deal of business in the field of accident and health, including group, commercial accident and health and hospital insurance, saying that this sort of measure should be enacted into law. It is suggested that we give it a try and that it will help to expand the coverage and that it can do much to help these people. So, I say to you again, do not be misled by this motion to recommit because, if you vote for it and sustain the motion you will kill the bill. Let us go on and pass this bill. Then, the legislative process will begin to operate. It will go over to the other body where another look can be taken at the bill. Then, if there is anything seriously the matter with it, it can be straightened out either in the other body or in conference.

Mr. RAYBURN. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I regret very much to say that the impassioned and eloquent appeal of the gentleman from Indiana has not convinced me that this bill has had the proper amount of study. Therefore, he has not changed my mind on the proposition that it should be sent back to the committee for further study. If the gentleman from Indiana had had more time, I would have liked to interrupt him and ask him to discuss the specific provisions of the bill and explain those hazy parts of it that some of us are too obtuse to understand. But I simply rise to say, Mr. Chairman, that the gentleman from Indiana has not changed my mind, and I assure him there is nothing partisan in what I am saying, and there would not be even if this bill had come before us on the recommendation of another President. I do think, however, that if it had come up at another time under such circumstances, in all probability we would have heard the cry of socialized medicine and we would have heard cries of the expenditure of Government funds for the benefit of some of the richest corporations in the country, and all that sort of thing. I am as much in favor of having a health program for the people of this country as anybody, but I think, Mr. Chairman, that this is a blundering, stupid way to start in trying to get such a program.

Mr. BEAMER. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BEAMER: Page 45, lines 20 and 21, strike out words "health service prepayment plans" and substitute therefor the words "private insurance."

Mr. BEAMER. Mr. Chairman, I do not propose to take very much time on these several amendments. I want to assure the chairman of my committee, for whom I have a very high regard, because this understanding has always been in our committee, that every bill is to be studied and given an opportunity to be perfected and improved. It is from that point of view that I am today offering several amendments.

I hope that my colleagues on the committee will offer what they also consider perfecting amendments.

This is a very simple amendment. I think you will discover that as the bill is written, "Health service prepayment plans," it would restrict the choice of the four individuals who are already suggested to be on the Advisory Council. You will discover they are specifically named, from the type of company. I suggest the President should have the opportunity of naming them from any private insurance company, instead of restricting them to one class of insurance companies.

In that connection, I should like to call attention to the fact that the President shall appoint 4 people out of 12. I propose to offer another amendment later that would name 4 more from another group. I will not discuss any of these amendments very long, but I assure you that all of this is done in the hope that we can get good legislation that will not be recommitted.

I yield back the remainder of my time, Mr. Chairman.

Mr. WOLVERTON. Mr. Chairman, I regret exceedingly that it is not possible for me to concur in the judgment of my colleague the gentleman from Indiana [Mr. BEAMER]. I do wish he had spoken to the chairman or some other member of the committee with respect to the amendments, in order that we could have conferred with respect to them. I think he could have been convinced that it was not the proper thing to do. However, it comes before the House now.

Again I make reference, as I have made before, to the power that is given to the President in making his selections for membership on the Council. In this particular instance I think the committee was justified in doing what it did in providing that not less than four should be experienced in health service prepayment plans. I think we all recognize that the health service prepayment plans are a very integral part of this bill. We felt that it gave assurance to those who undoubtedly were most interested in this bill, that they would have representation upon the Council, and therefore be able to bring their experience to the benefit of the Secretary of Health. Therefore, it seems to me that the committee was justified in making that provision in order that those who are most interested in this legislation, and upon whom such a measure of dependence must be placed in order that it can be successful, should have representation on that Council. It was done to give assurance to them that this language was written into the bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana [Mr. BEAMER].

The amendment was rejected.

Mr. BEAMER. Mr. Chairman, I offer an amendment, which is on the desk.

The Clerk read as follows:

Amendment offered by Mr. BEAMER: Page 45, line 19, after word "laws" and after comma, insert "not less than four of whom shall be licensed physicians."

Mr. BEAMER. Mr. Chairman, again I shall not take the time to which I am entitled.

This amendment I think is self-explanatory. After all, who is better qualified in a health program than a physician—and this is a health program.

I am sorry that it is necessary to present these amendments. I know there are other members of the committee who likewise have amendments. Let me tell you that I worked long hours on these amendments. I think this is an important measure.

I hope the chairman and other members will support me in this amendment. If it is desired, Mr. Chairman, I shall be glad later on to submit the amendments en bloc. Perhaps I should have done so originally.

Mr. Chairman, I yield back the balance of my time.

Mr. WOLVERTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment, as I understand, would substitute licensed physicians for individuals; in other words, it provides that not less than four of them shall be licensed physicians.

I want it to be perfectly understood that I have no objection—in fact I have already stated, before I knew this amendment was to be offered, that in my opinion there should be physicians in the group that the President is to appoint, but I have not yet gotten to the point where I would agree to take from the President the exercise of discretion that he would have under this bill in appointing 1, 2, 3, or any other number of the 12 individuals who would serve upon the Council; nor would I want to assume that the President of the United States would not be conscious of the fact that the physicians of this country who have rendered such outstanding service to our citizenship should be represented upon this Council. But I do not think it is in accord with the dignity of the Presidential office that we should indicate by a vote of this kind that we do not have confidence that the President would give recognition to physicians on this particular Council. Personally, I would be surprised and I would be disappointed if he did not do so. While it was not necessary for me to make any statement whatsoever, yet I did express my personal opinion that even the AMA, notwithstanding some of the things that have been said here today, should be members of that Council. I think it would be a mistake if they were not.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WOLVERTON. I yield.

Mr. HOFFMAN of Michigan. Would a vote against this amendment be construed as an expression of confidence in the President and his administration?

Mr. WOLVERTON. I think it would—if the gentleman thinks it is necessary for him to give assurance of that confidence.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Indiana.

The amendment was rejected.

Mr. BEAMER. Mr. Chairman, I offer a further amendment.

The Clerk read as follows:

Amendment offered by Mr. BEAMER: Page 46, line 2, after the period at the end of the sentence add a new sentence as follows: "The Council shall report to the Congress annually on all recommendations and proposals made to the Secretary, and on all such recommendations and proposals that are adopted relating to health service prepayment plans."

Mr. BEAMER. Mr. Chairman, I think that the old adage: "If at first you don't succeed, try, try again," might be true today.

I reiterate to the Members of the House that it is necessary for some of us to try very desperately if this bill is to be saved to put in some perfecting amendments, and I have done so. I hope you will agree with me. I have made a deep study of this bill. I am not an attorney, but I have studied the bill and I do not think it is necessary to be an attorney to recognize that there are some improvements necessary in the bill. We did not do it in the committee, but I am attempting to do it on the floor and I hope some of the amendments will be recognized. I have not asked for a division vote on these amendments, but I believe they would pass if we asked for it. I hope that someone will recognize that, after all, this is the Congress that is providing for this new program and this new plan; it does not come from any other agency of the Government, it comes from the Congress; and all this amendment does is to ask that the council at the end of the year report to the Congress.

Mr. HALE. Mr. Chairman, will the gentleman yield?

Mr. BEAMER. I yield to the gentleman from Maine.

Mr. HALE. Will the gentleman refer to the provisions of section 403 on pages 79 and 80 and tell the committee why they do not adequately cover what the gentleman has in mind?

Mr. BEAMER. That is only a report of the finances, if the gentleman will read it. I ask here that they shall report all recommendations and proposals that are adopted with reference to the prepayment plan.

Mr. HALE. I call the gentleman's attention to the fact the language is a complete statement with respect to operations under this act.

Mr. PRIEST. If the gentleman will yield further, I concur in what the gentleman has in mind, but I believe it is already taken care of in the bill wherein a report is required annually from the National Advisory Council, including any minority views. This question came up, and I think it was a very important one, that when the Advisory Council report was sent to the Congress through the Secretary it should contain the minority views, if any, on the part of any member of the council.

Mr. BEAMER. This may be duplication, but I think if you will read on pages 79 and 80 it is a report from the Secretary to the Congress, not from the council to the Congress.

Mr. PRIEST. The council is required to report to the Secretary, this to be transmitted to the Congress, including minority views. That was not in the bill until the new committee draft. That may be why the gentleman is not certain on that point.

Mr. BEAMER. I thank the gentleman from Tennessee. I recognize now this was not in the bill originally and that is the reason it was offered. That being the case, Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Indiana?

There was no objection.

The CHAIRMAN. The question is on the committee amendment to the bill as amended.

The committee amendment, as amended, was agreed to.

Mr. DINGELL. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DINGELL. Mr. Chairman, as coauthor in several sessions of Congress of a bill—currently H. R. 1817—to meet the vast and pressing health needs of the American people through a comprehensive national health program, I cannot remain silent in the face of a bill being presented to the American people under fraudulent pretensions. I refer to the so-called reinsurance bill, H. R. 8356, which, it is contended, will stimulate existing voluntary insurance plans to extend their coverages, to improve their benefits, and to lower their costs.

These are most worthy objectives, and although I do not feel they fully state the urgent needs of the American people for an improved and more economical method of obtaining high quality of medical care at costs which are within their means, I would be prepared to applaud any proposal honestly and realistically designed to accomplish these objectives.

In the place of a bill well planned and drafted to meet these problems on the scale of their great magnitude, we find a proposal which can only be characterized as a puny and totally inadequate "gimmick" which all expert testimony at the hearings has demonstrated can accomplish virtually nothing.

That is why this is a fraud on the American people. The administration pretends it is a solution to some of our most pressing problems of obtaining adequate medical care for our people—in the face of every bit of expert testimony. One can only conclude that the administration hopes to be able to deceive the people who do not generally have the benefit of the expert analyses in this highly complicated field. The blunt fact here is that we do not have a health bill worthy of the name.

Nothing shows the administration's hand better on this issue than the rude treatment it has given to a proposal sponsored by several of my worthy colleagues in the majority party both in the House and Senate—H. R. 3582, 3586, 4128 and S. 1153, known as the National Health Act of 1953. I do not feel that this bill approaches our national problem in the manner I feel will be most effective. Nor do I feel that the sponsors appreciate the administrative complexities that would be involved in their approach. But I do say that they have boldly proposed a measure that honestly attempts to meet the problems confronting us. Passage of such a bill could indeed have constituted a major step—even many steps—in the right direction.

This bill the administration has studiously slandered as socialized medicine and in a thousand other ways have misrepresented the facts. Moreover, the administration ignored and pushed ignominiously the Murray-Dingell bill into the back closet and came out in favor of the bill now under consideration. The comprehensive bill sponsored over the years by Members who have joined me heretofore is the genuine article. This proposal is bogus and cannot hold a candle to the proposal which has been sponsored by a large number of Members of this House.

I would like now at this point to submit a fact sheet on the administration's reinsurance bill which I have had prepared for the purpose of outlining my position on this piece of proposed legislation.

FACT SHEET ON THE ADMINISTRATION'S REINSURANCE BILL (HEALTH SERVICE PREPAYMENT PLAN REINSURANCE ACT, H. R. 8356)

First. This is the administration's only proposal to meet what it concedes is a key problem—the cost of medical care. It purports to make it possible for voluntary plans (a) to extend coverage to groups not covered and to new geographic areas, and (b) to provide new benefits and services.

Second. There is no evidence that any insurance plans would be motivated to cover the groups and areas that now pose the principal difficulties—the low income, the rural population, the self-employed, and the retired. At the most, the bill might provide a motivation for some indemnity plans to extend their present benefits for longer periods and costlier—catastrophic—illnesses, but at correspondingly higher premium costs which only the higher income groups among present subscribers could afford.

Third. Testimony brought out—

(a) Insurance companies do not want reinsurance and see no way it would be useful. Their expert testimony has been completely damaging to the pretentions of this bill.

(b) The doctor's Blue Shield plans say they could not use it.

(c) It is particularly ill-adapted to help the best health plans we have today—the comprehensive medical care plans such as Kaiser, HIP in New York, and the labor and co-op plans—to meet

their problems in extending coverage. None of these has indicated any way it could use reinsurance. Even Dr. Baehr, of HIP, who is one of few experts who did not oppose this bill, said it would not significantly help HIP or similar plans and that the legislation would be ineffectual unless H. R. 7700—the mortgage loan insurance bill—was passed at the same time.

(d) Blue Cross, almost alone, is on record favoring the bill—but at no point in Blue Cross testimony were spokesmen able to indicate exactly how they would use it. Off the record, these spokesmen are reported to have admitted the bill probably would not be useful even to Blue Cross.

Fourth. In short, the reinsurance bill holds no promise of fulfilling even a small part of its ambitious, high-sounding objectives. It is an attempt to make what is essentially a limited device or gimmick — reinsurance — accomplish tasks for which it is entirely unsuited. Its professed purpose is to encourage voluntary plans to make various types of improvements in benefits and coverages. These are improvements which cannot be made, on the whole, without some sort of direct or indirect subsidy.

Fifth. The bill has a basic internal contradiction. It is trying to extend coverage, improve benefits, and so forth—all of which cost money—without expending any money. Note: The reinsurance scheme is supposed to be self-liquidating. It tries to do these things by a device—reinsurance—which is unrelated to the basic problem—like trying to use a hammer to saw a piece of wood.

Sixth. The administration, quite correctly, notes the following shortcomings of current voluntary plans:

1. They are too costly for low-income groups.

2. They do not pay the full medical and hospital bills.

3. They do not cover all needed medical care.

4. They do not cover the unemployed, the retired, the rural areas, or chronic illness.

Why do voluntary plans not meet these problems?

The incorrect and unsubstantiated assumption behind the reinsurance proposal is that voluntary plans do not venture in these directions because the costs are unknown and they are afraid to take the risks.

The facts are:

(a) The costs either are known or could readily be estimated.

(b) But the costs are such as to discourage purchase of such coverage by groups that need it most.

(c) Each of the above problems is different and requires specialized measures—and involve either expenditure of money or a more economical organization in the provision and financing of medical care.

At a later date and separately, Mr. Chairman, I propose to treat the question of socialism in medicine and tell you exactly where you will find it. For the time being let it be sufficient to say that there is no socialism in the Murray-Dingell bill, and that such socialism as there is in the health problem you will find in the administration bill sponsored by the distinguished chairman of the great Committee on Interstate and Foreign Commerce as it originated in the Department of Health, Education, and Welfare, and blessed as it is by President Eisenhower.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CANFIELD, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 8356) to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services, pursuant to House Resolution 623, he reported the bill back to the House and sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. WILLIAM of Mississippi. I am, Mr. Speaker.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. WILLIAMS of Mississippi moves to recommit the bill to the Committee on Interstate and Foreign Commerce.

Mr. WOLVERTON. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. WILLIAMS of Mississippi. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 238, nays 134, answered "present" 1, not voting 61, as follows:

[Roll No. 103]

YEAS—238

Abitt	Bolling	Clevenger
Abernethy	Bonner	Colmer
Addonizio	Bow	Condon
Albert	Bowler	Cooley
Alexander	Boykin	Cooper
Andersen, H. Carl	Bray	Crosser
Andresen, August H.	Brooks, Tex.	Cunningham
Andrews	Brown, Ga.	Davis, Ga.
Ashmore	Brown, Ohio	Davis, Tenn.
Aspinall	Buchanan	Dawson, Ill.
Bailey	Buckley	Deane
Barrett	Budge	Delaney
Battle	Burdick	Devereux
Beamer	Burleson	Dies
Belcher	Busbey	Dingell
Bennett, Fla.	Byrd	Dollinger
Bentsen	Campbell	Dolliver
Berry	Cannon	Dondero
Betts	Carnahan	Donohue
Blatnik	Celler	Dorn, S. C.
Boggs	Chelf	Dowdy
Boland	Chiperfield	Doyle
	Church	Durham
	Clardy	Eberharter
Edmondson	Klein	Rhodes, Pa.
Elliott	Kluczynski	Richards
Evins	Landrum	Riley
Fenton	Lane	Rivers
Fine	Lanham	Roberts
Forand	Lantaff	Robeson, Va.
Forrester	LeCompte	Robsion, Ky.
Fountain	Lesinski	Rodino
Frazier	Lovre	Rogers, Colo.
Gary	McCarthy	Rogers, Tex.
Gathings	McCormack	Rooney
Gavin	McCulloch	Scherer
Gentry	McDonough	Scrivner
George	McMillan	Scudder
Golden	Machrowicz	Selden
Gordon	Mack, Ill.	Shafer
Granahan	Madden	Sheely
Grant	Mahon	Sheppard
Greene	Marshall	Shuford
Gregory	Martin, Iowa	Sieminski
Gross	Mason	Simpson, Ill.
Hagen, Minn.	Matthews	Smith, Kans.
Haley	Meader	Smith, Va.
Hardy	Metcalf	Smith, Wis.
Harrison, Nebr.	Miller, Calif.	Spence
Harrison, Va.	Miller, Nebr.	Staggers
Harvey	Mills	Stauffer
Hays, Ark.	Molohan	Steed
Hays, Ohio	Multer	Sullivan
Hébert	Murray	Taber
Herlong	Natcher	Talle
Hoeven	Neal	Teague
Hoffman, Mich.	Nicholson	Thompson, La.
Holifield	Norrell	Thompson, Mich.
Hruska	O'Brien, Ill.	Thornberry
Ikard	O'Brien, Mich.	Trimble
Jackson	O'Brien, N. Y.	Tuck
James	O'Hara, Ill.	Utt
Jarman	O'Hara, Minn.	Van Pelt
Jenkins	O'Konski	Vinson
Jensen	Passman	Vorys
Jonas, Ill.	Patten	Vursell
Jonas, N. C.	Pfost	Walter
Jones, Ala.	Philbin	Wampler
Jones, Mo.	Phillips	Watts
Jones, N. C.	Pilcher	Whitten
Judd	Poage	Wickersham
Karsten, Mo.	Poff	Williams, Miss.
Kee	Polk	Wilson, Tex.
Kelley, Pa.	Preston	Winstead
Kelly, N. Y.	Price	Withrow
Keogh	Rabaut	Yates
Kilburn	Rains	Young
Kilday	Rayburn	Zablocki
King, Calif.	Reams	
King, Pa.	Reed, N. Y.	
Kirwan	Rhodes, Ariz.	

NAYS—134

Adair	Frelinghuysen	Morano
Allen, Calif.	Fulton	Moss
Allen, Ill.	Gamble	Mumma
Arends	Goodwin	Oakman
Auchincloss	Graham	Osmers
Ayres	Gubser	Ostertag
Baker	Hagen, Calif.	Patterson
Bates	Hale	Pillion
Becker	Halleck	Priest
Bennett, Mich.	Hand	Prouty
Bentley	Harden	Radwan
Bishop	Heselton	Ray
Bolton, Frances P.	Hess	Reece, Tenn.
	Hiestand	Reed, Ill.
Bolton, Oliver P.	Hill	Rees, Kans.
	Hillelson	Rogers, Fla.
Bosch	Hinshaw	Rogers, Mass.
Brownson	Hoffman, Ill.	Sadlak
Broyhill	Holmes	St George
Bush	Holt	Saylor
Byrne, Wis.	Hope	Schenck
Canfield	Horan	Secrest
Carrigg	Hosmer	Seely-Brown
Cederberg	Howell	Simpson, Pa.
Chenoweth	Hunter	Small
Cole, Mo.	Hyde	Springer
Cole, N. Y.	Javits	Stringfellow
Coon	Johnson, Calif.	Thomas
Corbett	Johnson, Wis.	Tollefson
Coudert	Kean	Van Zandt
Cretella	Kearney	Velde
Crumpacker	Kearns	Wainwright
Curtis, Mass.	Keating	Warburton
Curtis, Mo.	Knox	Westland
Dague	Krueger	Wharton
Davis, Wis.	Laird	Widnall
Dawson, Utah	Latham	Wigglesworth
Dempsey	Lipscomb	Williams, N. J.
Derounian	McConnell	Williams, N. Y.
D'Ewart	McIntire	Wilson, Calif.
Dorn, N. Y.	McVey	Wilson, Ind.
Ellsworth	Mack, Wash.	Wolcott
Engle	Magnuson	Wolverton
Fernandez	Merrill	Younger
Fino	Miller, Kans.	
Ford	Miller, Md.	

ANSWERED "PRESENT"—1,

Pelly

NOT VOTING—61

Angell	Gwinn	Patman
Barden	Harris	Perkins
Bender	Harrison, Wyo.	Powell
Bonin	Hart	Regan
Bramblett	Heller	Riehlman
Brooks, La.	Hillings	Roosevelt
Byrne, Pa.	Holtzman	Scott
Camp	Kersten, Wis.	Sheehan
Carlyle	Long	Short
Chatham	Lucas	Sikes
Chudoff	Lyle	Smith, Miss.
Cotton	McGregor	Sutton
Curtis, Nebr.	Mailliard	Taylor
Dodd	Merrow	Thompson, Tex.
Donovan	Miller, N. Y.	Weichel
Fallon	Morgan	Wheeler
Feighan	Morrison	Wier
Fisher	Moulder	Willis
Fogarty	Nelson	Yorty
Friedel	Norblad	
Garmatz	O'Neill	

So the motion to recommit was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Garmatz for, with Mr. Scott against.
Mr. Camp for, with Mr. Short against.
Mr. Fisher for, with Mr. Riehlman against.
Mr. Thompson of Texas for, with Mr. Angell against.
Mr. Regan for, with Mr. Sheehan against.
Mr. Roosevelt for, with Mr. Bonin against.
Mr. Chatham for, with Mr. Hillings against.
Mr. Heller for, with Mr. Miller of New York against.
Mr. Willis for, with Mr. Nelson against.
Mr. Morrison for, with Mr. Taylor against.
Mr. O'Neill for, with Mr. Bender against.
Mr. Friedel for, with Mr. Weichel against.
Mr. Sikes for, with Mr. Bramblett against.
Mr. Fogarty for, with Mr. McGregor against.

Until further notice:

Mr. Cotton with Mr. Byrne of Pennsylvania.
Mr. Curtis of Nebraska with Mr. Chudoff.
Mr. Norblad with Mr. Holtzman.
Mr. Harrison of Wyoming with Mr. Fallon.
Mr. Gwinn with Mr. Moulder.
Mr. Merrow with Mr. Morgan.
Mr. Mailliard with Mr. Long.
Mr. Kersten of Wisconsin with Mr. Lucas.

Messrs. REES of Kansas and JOHNSON of California changed their votes from "yea" to "nay."

Messrs. SCUDDER, HRUSKA, JONAS of Illinois, AUGUST H. ANDRESEN, and ASPINALL changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

RESIGNATION FROM CONFERENCE COMMITTEE

The SPEAKER laid before the House the following communication, which was read:

JULY 13, 1954.

Hon. JOSEPH MARTIN,
House of Representatives,
Washington, D. C.

DEAR MR. SPEAKER: I hereby tender my resignation as a conferee on H. R. 7434, H. R. 7601, H. R. 9040, and S. 2759.

Very truly yours,

GRAHAM A. BARDEN.

The SPEAKER. Without objection, the resignation is accepted.

There was no objection.

The SPEAKER. The Chair appoints the gentleman from Pennsylvania, Mr. KELLEY, to serve on the conference committee on the bill H. R. 7434, on the bill H. R. 7601, and on the bill H. R. 9040, and the Senate will be notified accordingly.

The Chair appoints the gentleman from West Virginia, Mr. BAILEY, to serve on the conference committee on the bill S. 2759, and the Senate will be notified accordingly.

SPECIAL ORDER GRANTED

Mr. MILLER of California asked and was given permission to address the House for 30 minutes on Thursday next, following any special orders heretofore entered.

SANTA MARGARITA RIVER, CALIF.

Mr. MILLER of Nebraska submitted a conference report and statement on the bill (H. R. 5731) to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, Calif., and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. BENTLEY. Mr. Speaker, I ask unanimous consent that the Committee on Interstate and Foreign Commerce may have until midnight tonight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

AEC—DIXON-YATES CONTRACT TO SUPPLY POWER FOR TVA

The SPEAKER. Under previous order of the House, the gentleman from Mississippi [Mr. ABERNETHY] is recognized for 45 minutes.

Mr. ABERNETHY. Mr. Speaker, in May of 1933 TVA was created by an act of Congress. In November of that year the first municipality signed a contract to purchase power from TVA for distribution to its consumers. That first signer was Tupelo, in Lee County, in the First Congressional District in Mississippi. In the months that followed referenda were held in villages and towns throughout the area. In north Mississippi, for example, Corinth voted 792 to 2 to take power from TVA; Amory voted 613 to 12; Columbus, 1,060 to 145; Aberdeen, 610 to 42; Okolona, 228 to 7; Starkville, 424 to 51; Holly Springs, 325 to 61; Water Valley, 526 to 45; Macon, 346 to 9; Charleston, 251 to 46; Louisville, 299 to 7; Philadelphia, 349 to 27. Most of these towns voted in favor of taking power from TVA some time in 1934. Now, 20 years later, in 1954, these citizens, like the people of Memphis, who voted for TVA in November of 1934, are told that the President of the United States has decided that a private utility combine, not TVA, is to generate the power for use in their homes and on their farms. They are told that the Federal agency to be entrusted with responsibility for negotiation of the contract designed to achieve this result is not to be the TVA, with whom these distributors have contracts, but the Atomic Energy Commission. This is the astonishing state of affairs presented on the floor of this House in recent days.

This creeping invasion of TVA territory by the private power companies means, and it is intended to mean, I believe, the end of the greatest partnership between local and Federal agencies this Nation has ever seen. The Memphis and west Tennessee customers of TVA are simply marked as the first victims. North Mississippi, north Alabama, east Tennessee will be devoured in their turn. The Presidential fiat revealed a few weeks ago marks the inauguration of this administration's formula to end TVA, to terminate the only demonstration in this country of what can happen when a power system is conceived as an instrument to promote the development of the economy as a whole and to raise the standard of living of the people rather than simply as a vehicle to make money for absentee owners and investment houses in New York.

For 20 years the Old Guard in the Republican Party has been trying to destroy TVA. Only now have they found a formula, and a tool. The tool, an unwitting one, is the AEC. The formula is for the President of the United States to use his Executive powers to force an agency having nothing whatsoever to do with the development of the region to take over the responsibility Congress gave to TVA and negotiate a contract with the bitterest enemies of TVA. This delicious formula will not only permit the private power companies to destroy the TVA under impressive auspices, but to make money in the process.

On behalf of my constituents I denounce this proposal. I want to expose its purposes and frustrate its consummation. The Atomic Energy Commission has no business whatsoever acting as a power broker for private power companies. The Atomic Energy Commission has authority in a most sensitive area of public responsibility. The people of the United States must respect it, the world must respect it, if it is to continue to serve effectively. But how can the people of the United States respect an agency when 3 of the 5 members testify openly that they are against a proposal they are proceeding to accept and when it is obviously outside their field of statutory responsibility. The AEC was given authority to make long-term contracts for power for its own use. It was not given authority to make long-term contracts for power supply for the city of Memphis or for any other city within or without the TVA belt. The General Accounting Office is on record against the proposed contract, the people of the Tennessee Valley are opposed to it; nevertheless, the President says to the Atomic Energy Commission, to the Tennessee Valley Authority, to the 150 rural cooperatives and municipal distribution systems that rely upon TVA for power that the AEC is commanded to enter into a contract to purchase power from Mr. Dixon and Mr. Yates for TVA to distribute to its customers.

In establishing the Tennessee Valley Authority Congress provided for its administration through a three member Board. The strange arrangement ordered by the President modifies without an act of Congress the administrative powers of this Board. The arrangement presents the rather anomalous situation of divesting the Board of certain administrative authority and vesting same in the Atomic Energy Commission. The Commission, not TVA, is to sign the contract with Dixon-Yates. On the other hand, the power to be delivered as a result of the contract is to be used and distributed by TVA. Just who is running what? From the beginning to the end of this strange proceeding the administrative body of TVA, the Board, is compelled by Executive mandate to sit with folded hands on the sideline and play the part of an idle spectator while one of its customers, the Atomic Energy Commission, makes for it the TVA an important administrative determination, one of the most important in the history of the Tennessee Valley Authority. All of this is in direct circumvention of the law and the intent of Congress.

This peculiar arrangement was developed in the months after the President's budget message was delivered to the Congress. We all remember that the message stated that no money was being requested to add to generating capacity to the TVA system. As an alternative to provide new capacity to meet the load growth certain to occur in TVA's service area the administration proposed to relieve TVA of a portion of its contractual commitment to AEC. It was generally understood that the administration's suggestion was that TVA, then under contract to provide 1,205,000 kilowatts of capacity at its Shawnee plant for the Paducah installations of the AEC, would be relieved of from 500,000 to 600,000 of that total; and that the Atomic Energy Commission would proceed to find another supplier. TVA would then be free to bring power from its Shawnee plant back into its system, as an alternative to building a new steam plant to aid in meeting the heavy load growth in its west Tennessee area. So far as I know, the first time anyone knew that a specific offer was being considered was when the appropriation for the AEC was under consideration by the House committee. The records now disclose that an offer had been made by the Dixon-Yates combine in February. On March 8, Gen. Kenneth Nichols, the general manager of AEC, testified that AEC would enter into such an arrangement only if ordered to do so by higher executive authority. Everyone interested in the matter assumed that General Nichols meant that the private power companies were proposing to charge more for the energy than AEC was under contract to pay TVA and that AEC, therefore, would not voluntarily release TVA from its contract. Those of us who were most concerned assumed that AEC would reject such a proposal and that a supplemental budget estimate to permit TVA to begin construction of the plant at Fulton would be submitted shortly.

But that is not what happened. We were right in assuming that at some point a determination was made that Mr. Dixon and Mr. Yates could not be expected to provide power as cheaply for AEC as TVA and that, therefore, AEC would not relieve TVA of any portion of its contract. At that point negotiations should have been dropped, the exploration referred to in the President's message should have been considered terminated, and the supplemental appropriation for TVA should have been forwarded to the Congress. That would have been the honest, forthright way to keep faith with the President's budget message. Instead, after months of delay, in the final weeks of this session, we are advised that the AEC has been ordered to enter into a contract not to purchase power for its own requirements, but on behalf of TVA, which power the TVA is to resell to the consumers whose growing load the Fulton plant had been proposed to meet.

Mr. Yates and Mr. Dixon propose to build a plant across the Mississippi River from Memphis. On the security of a long-term contract with AEC, which has no facilities anywhere near the plant, and which will not use a kilowatt of the capacity, the combine proposes to borrow 95 percent of the capital required.

No one suggests that this is a bargain for the Government. The Dixon-Yates proposals have been analyzed and reanalyzed. The Joint Committee on Atomic Energy was advised that the AEC and the Bureau of the Budget estimate that it will cost the Federal Government at least $3,685,000 more every year to support this Rube Goldberg arrangement for power supply to meet TVA's obligations in the Memphis area than it would cost if TVA went ahead and built the Fulton plant to supply the same area of load growth. AEC and the Budget say it will cost the Government a minimum of $3,685,000 in excess of TVA production cost; TVA says it will cost the Government a minimum of $5,567,000 extra every year for 25 years. Under the lower estimate the total of excess, unnecessary costs, a subsidy to a private power combine, is approximately $90 million over the life of the contract. Under TVA's estimates the total bonanza will be about $139 million.

According to the testimony of the Chairman of the Atomic Energy Commission before the Joint Committee recently TVA will be expected to pick up a check every year for a couple of million dollars, as their share of the excess costs. AEC will pay whatever amount the new plant is assessed by State- and local-taxing authorities and in addition will pay the Dixon-Yates income taxes. In the case of AEC the excess payments will come direct from the Federal Treasury. TVA's share of the excess costs will be paid out of earnings and therefore reduce the amount of money otherwise payable by TVA into the Treasury. So the Federal Treasury is proposing to make a direct subsidy to the favored power companies of every penny of excess costs, and at the end of the contract period the company, having been guaranteed a profit of 9 percent of their 5-percent equity all along, will own a plant paid for, every penny, by the taxpayers. This would be the shocking end to this executive adventure.

The President was reported to have given his reason for this amazing action at a recent press conference. As I understood it, he said he wanted to study TVA, and apparently thought this arrangement would give him an opportunity. I agree that the President could benefit by such a study, but I suggest a less costly method. And I would urge a different set of teachers. I do not think it fair for the power consumers of TVA and the taxpayers of the Nation to join in providing a total of between $90 million and $150 million so that the President of the United States can have a further period of study under the tutelage of the private power companies. Some of my colleagues from the Tennessee Valley region would join me, I think, in offering to serve as tutors and for modest fees, in fact, for free.

I could tell the President what has happened in Mississippi since TVA was established. In 1933 only 1.5 percent of all the farms in the State had electric service from the companies represented by Mr. Dixon and Mr. Yates. At the end of June 1953, 76.1 percent of the farms in the area served by TVA had electric service.

I could tell the President that but for TVA there would be no REA. The Alcorn County REA Cooperative, organized in my district in 1934, was the pattern for the rural cooperatives developed throughout the country since 1935. The President ought to study just exactly what this has meant to the human beings living on those farms and in the towns and villages of north Mississippi; what it has meant to their prosperity—to the stability of the whole Nation.

The facts are the President and his advisers could, if they are so disposed, study TVA's record without destroying TVA, and the President can get answers to the two other comments he made about TVA in an effort to explain this peculiar transaction to the press. The inauguration of a study program was, I think, the first reason he gave for his Dixon-Yates order; second, there were a few ambiguous remarks about the TVA power service area attracting industries away from New England or other States. This is not the first time that statement has been made from the White House. It is just as wrong now as ever. The truth is that not one single industry can be discovered which has moved to the TVA area from New England. Not one large power-consuming industry has moved from anywhere, and the most searching exploration has turned up less than a dozen relatively small businesses which have moved to the TVA area from other areas, and they located in the valley not because of TVA but for a variety of reasons. A little study might reveal to the White House that there is nothing in that argument at all. A very little study would demonstrate that the industrial growth of the TVA's power service area is net growth to the strength of the Nation. A very little study would reveal that TVA has added to the industrial

prosperity of other areas and has subtracted nothing. Only a moment's investigation is required to discover that TVA, itself, from 1934 through fiscal year 1953, spent a total of over $200 million for material purchased outside the Tennessee Valley, and that its promotional power rates have made the area the world's best market for electrical appliances. Jobs and payrolls have been created all over the Nation because of TVA.

The third reason given by the President for his action seemed to rest on some anxiety he suffers because the plant proposed for construction at Fulton, Tenn., by the TVA was on the periphery of its power service area. He seemed to fear that TVA was proposing to expand the area of its operations.

This odd notion has been echoed on the floor. The gentleman from California [Mr. PHILLIPS] said the other day:

> The problem is, first of all, the basic problem, how far can we permit the TVA to expand itself? (RECORD of July 6, 1954, p. 9872, col. 3.)

Now, with all respect, I should like to point out that that is not the basic problem at all. The proposed Fulton plant was not recommended by TVA to permit TVA to expand its area. It was recommended to permit TVA to keep up with the expanding load of its present area.

A little study would relieve the President of his anxieties on this point. I do not know whether the gentleman from California [Mr. PHILLIPS] has conveyed his contagious misapprehensions to the President. But they both appear to believe that TVA was limited by law to the sale of energy in the Tennessee River Basin. That is not the case. That is not the law. It is true that TVA is authorized to build its multipurpose dams on the Tennessee and its tributaries. It could not build a dam on the Cumberland, the Ohio, or the Mississippi under its present statute. But the law required the power to be made available to the preference customers, municipalities, and rural cooperatives, who desired it within transmission distance from one of those hydroelectric structures. So far as the law is concerned the location of a steam plant cannot expand the area of TVA's operation by a foot or by a consumer. Whether they get their power from steam or hydro generation does not matter. The customer must be within transmission distance of a TVA dam. A very little study of the law would have revealed that fact.

A very little study of the record would show that the city of Tupelo, TVA's proud first contractor, is located out of the Tennessee Valley, but within transmission distance. So is Memphis; so is Nashville. It was never intended that the distribution of power would be limited to the exact borders of the drainage basin.

A very little study would disclose that there has been no substantial addition to the TVA power service area for almost 10 years. Seven giant steam plants have been begun since 1949, and there has been no territorial expansion at all. The steam plants have been located at whatever points the load growth of the existing service area demanded. Of the 7, only 5 are in the Tennessee Valley proper. Shawnee is in the Ohio River Valley, its location controlled by the load at AEC's Paducah facilities. Gallatin is in the Cumberland Valley, north of Nashville. They have not changed the service area at all. The area served by TVA was determined by the initiative of the rural cooperatives and the municipalities which qualified under the statute. It was determined by the shape of the Tennessee River and its tributaries, and the location of dams. It was not and is not determined by steam plants. The increased capacity recommended by TVA at the Fulton plant is no threat to surrounding utilities. No responsible utility operator would contend that TVA could fulfill its contractual obligations to existing customers without capacity expansion. So long as the private utilities on the boundaries of the TVA system do a good job for their customers there will be no pressure for TVA expansion. The private companies know that. Their claims of terror are a fraud.

What is really fascinating about the President's anxiety about the motives behind the location of the TVA steam plant at Fulton is the fact that it seems to be a one-way interpretation of the reasons for steam-plant location. The Fulton plant is proposed to be located in the service area for the requirements of customers already under contract, but because it is on the "periphery"—to quote the President—of the TVA power system, the President regards it is threatening a projected raid on neighboring territory. Yet we of the TVA area are expected to view the Dixon-Yates plant as a helpful gesture. Certainly that plant would be on the periphery of the area of the Arkansas Power & Light Co. and within the very shadow of TVA territory. It would practically tumble into the Mississippi in a frantic effort to reach TVA-served territory.

I should like to know what explanation the President would offer for the motives of the Georgia Power Co. in proposing to locate a steam plant on the Tennessee River, outside of and far beyond its own service area and right in the heart of the TVA power service area. That is precisely what the Georgia Power Co. is proposing to do—to build a plant in the Eighth District of Alabama, represented here by Mr. JONES. The Eighth District of Alabama is the birthplace of TVA. Muscle Shoals Dam is there, Wheeler Dam is in the District, two modern steam plants built by TVA and one inherited by TVA from the Army are all in this area. Every consumer there is served by TVA. All the distributors have long-term contracts with TVA. Yet the Georgia Power Co. comes across the mountains and proposes to build a steam plant on the Tennessee River. Now it is my understanding that the management of TVA and the consumers of the area accepted the company's explanation in good faith. It appears that because the TVA made the Tennessee River navigable—over the violent opposition of the Georgia Power Co. and its allies—the company now sees an opportunity to buy delivered coal at cheaper prices. They believe that they can provide power more cheaply to their consumers if they build a plant in the heart of the TVA area on the Tennessee River—out of their service area—and carry the power over transmission lines for delivery to their customers, than if they were to construct one in their own territory.

If the location of a steam plant by TVA in the western part of its area is an evidence of territorial aspirations, as the President implied, then I say his order to the AEC, foreshadowing the construction by Dixon-Yates of a plant on the Mississippi, and the plan for construction by the Georgia Power Co. are examples of shameless and calculated aggression. This is a pincer movement which, in view of the significance placed by the President on steam plant location, seems nothing less than preparation for invasion.

Mr. Speaker, it is one thing to voluntarily enter into a contract after the minds of the parties have met and all parties have a conviction that performance of the contract will benefit each. But, Mr. Speaker, it is another thing to become a party to a contract by duress, especially to a contract which benefits only one side to the agreement. In this instance no benefits whatever will inure to the Atomic Energy Commission but only to Dixon-Yates. AEC is simply being made the tool of an assault upon TVA. The truth is that AEC's part in this transaction is nothing more than that of an unwilling witness to a shotgun wedding between the Dixon-Yates private power combine as the groom and the public power TVA as the bride. AEC has been forced to put in an appearance as a witness to the ceremony just to make the marriage bear the resemblance of legality. But even then, Mr. Speaker, this is the strangest of all shotgun weddings. In this instance a most reluctant bride is being forced to accept a most willing groom—rather unorthodox I must say, as shotgun weddings go.

This whole deal smacks of something shady. It was planned behind closed doors, without a full free airing and competitive bidding. Certainly it does not sustain the principles of free enterprise or the competitive system about which the enemies of TVA talk so much. It is a closed-door deal, to the exclusion of everyone except the favored Dixon-Yates combine. They tell you that it is yet open to any who would be interested in making a proposal. Be not deceived. No matter who makes a proposal and irrespective of how good it may be, it is a safe bet that the name of Dixon-Yates and only that of Dixon-Yates or its subsidiary will appear on the paychecks. The combine is getting extraordinary preferential treatment. Why? I would like to know. One of these days I predict we will and when we do I also predict it will be like the mackerel on the moonlit beach, it will both shine and stink.

Mr. Speaker, may I go back and repeat—the people of the Tennessee Valley and particularly of my congressional district have made their choice. They

know now they will have to fight to maintain the freedom they won by ballot 20 years ago from these same power combines who are attempting now to come in through the back door. Even though their cause passed about 18 months ago into the hands of an unfriendly administration—and may I add that it is surprisingly unfriendly after considering the promises made to them in the campaign of 1952—it is their plan and the plan of all who represent them to expose this unholy deal and frustrate its consummation.

Mr. DAVIS of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. ABERNETHY. I yield to the gentleman from Tennessee.

Mr. DAVIS of Tennessee. Some have doubted the wisdom of TVA serving the city of Memphis. Much has been discussed about the Memphis area. I am going to have something to say about it in detail in the next day or two. But I should like to remind the gentleman that Memphis was one of the early first customers, because that city came within the limits of transmission and the very first dam acquired by TVA was at Muscle Shoals. Memphis, of course, is not on the periphery by any means and is obtaining its power under the terms of the organic act passed in 1933.

Mr. ABERNETHY. Certainly it is within the transmission area. Your great city, I believe, has been served by TVA since about 1934. It has had service from the hydroelectric dams all this time. Certainly it is within the transmission distance.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. ABERNETHY. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. Does the gentleman from Mississippi understand that all of the common stock of the Georgia Power Co. is owned by the Southern Co., of which Mr. Yates is president?

Mr. ABERNETHY. I do not know that but if the gentleman so says then I accept his statement as being correct. I understand most of the southern companies, including Georgia Power Co., are owned by the same holding company.

Mr. JONES of Alabama. I believe Mr. Yates and Mr. Barry have both testified before the House and Senate committees that the Southern Co. owns all of the voting stock or common stock in the Georgia Power Co., the Alabama Power Co., and, I believe, the Gulf Power Co.

Mr. ABERNETHY. That is my understanding.

Mr. JONES of Alabama. And Mr. Yates is president of the Southern Co.

Mr. ABERNETHY. As I understand.

Mr. JONES of Alabama. And a party to this proposed agreement between the Atomic Energy Commission and the Southern and Mid-South utility groups.

Mr. ABERNETHY. May I say to the gentleman that I cannot understand the concern of this administration about the possible invasion of other territory by TVA through the location of its plant at Fulton. It expresses no concern or alarm about Dixon-Yates or Georgia Power or anyone else invading territory served by TVA, and which territory, incidentally, divorced itself from those very companies 20 years ago.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield further?

Mr. ABERNETHY. I certainly will.

Mr. JONES of Alabama. Does the gentleman from Mississippi understand further that Mr. Yates, in testifying before the Independent Offices Appropriations Subcommittee, agreed to make available all the energy to be produced by the Georgia Power Co. at the Madison County site?

Mr. ABERNETHY. I understand that is correct; yes.

Mr. JONES of Alabama. And the Madison County site, where the Georgia Power Co. expected to build this new steam plant, was an invasion or trespass on the area recognized to be that of the Tennessee Valley Authority distribution area?

Mr. ABERNETHY. Why, certainly.

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. ABERNETHY. I yield to the gentleman from Tennessee.

Mr. MURRAY. I wish to commend the gentleman for his timely, effective, and interesting statement, and I concur heartily in his remarks. I would like to ask the gentleman this question: Does not the gentleman think that the proposals and specifications as sent by the AEC to the Dixon-Yates group were tailormade for this particular holding group, and that they were cut and dried for this one utility-holding company?

Mr. ABERNETHY. I think this whole thing was cut and dried for the benefit of one utility company; yes. I so indicated on the floor of the House yesterday. This entire deal has taken place under a heavy cloud. As yet it has not been completely lifted. But we are making the effort, and, I hope, with some success.

Mr. MURRAY. The more this situation is discussed and explored, the more amazing, the more astounding, the more astonishing is this directive of the President. I would like to know who gave him this advice. Certainly somebody gave him bad advice, and I have been hoping all along that he would see the true picture and rescind this directive.

Mr. Speaker, I ask unanimous consent to insert at this point as part of my remarks an editorial appearing in the Commercial Appeal, Memphis, Sunday, July 11, 1954, entitled "Why We Oppose Power Plant Deal," in which appears editorials from the Milwaukee Journal, the Washington Post and Times-Herald, and the Louisville Courier-Journal.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The editorial reads as follows:

WHY WE OPPOSE POWER PLANT DEAL

President Eisenhower has undertaken to give a private power combine a $107 million powerplant.

By Executive order he has directed the Atomic Energy Commission to underwrite it with taxpayers money.

He has ordered acceptance of a proposal from this combine, the Middle South Utilities, Inc., and the Southern Co., which includes a guarantee of 9 percent on earnings.

At the end of 25 years the plant would belong to this combine.

This has been done without any effort at competitive bidding.

The plant would be situated in West Memphis, a part of our community.

Three years of a big construction payroll would ring cash registers—for 3 years.

This 3-year gain will be lost many times in future years by higher prices for electricity because of undermining the Tennessee Valley Authority.

The principal purpose of this plant would be to keep TVA from building a plant.

TVA is being prevented from starting new plants necessary to serve its customers.

This policy has created a power shortage, principally because the Nation's defense is diverting so much TVA power.

The shortage is most severe in Memphis and the tightening shortage ahead will be worse here.

For the Government to give private power a plant at Memphis, sets the stage for reducing the TVA power shortage by taking Memphis out of TVA.

We are on the extreme edge of TVA territory.

We see this proposed private power plant at Memphis as the second step of a policy of which the third step would be forcing TVA out of Memphis.

We see it followed by another step in which northeast Mississippi would have to give up TVA, and another step taking TVA from the westward-sloping portions of west Tennessee.

Private power prices, or a crippled TVA forced to raise its prices, or small locally owned plants—any of these would take from this community a purchasing power far higher and much longer than the 3-year construction payroll.

While power prices quiver under the assault of this plant, Memphis would be showered with fly ash and sulphur dioxide from boiler stacks.

We know modern combustion engineering can, if it is used, end the visible smoke and reduce fly ash and fumes, but it is only a reduction.

Ash and sulphur continue to come from the stacks, in particles reduced in size by the best engineering and therefore traveling greater distances.

This harmful waste from the boilers would be spread alike over Red Acres, Glenview, Fort Pickering, West Memphis, and all other Memphis communities.

This is a proposal to hand a powerplant, to be paid for from the Nation's taxes, to a specific company.

This is a proposal for a powerplant that would be 100 percent subsidy, while even TVA's most bitter critics can claim only a fractional subsidy in TVA powerplants, principally in the matter of freedom from Federal taxes on Federal property.

We consider this proposal would result in years of net harm to this community which would be so apparent in the future that we could be held responsible unless we raised the alarm now. We consider it to be a wasteful, unsound attempt at favoritism with the Nation's funds.

As citizens of Memphis and of the United States we protest because we must.

WHY OTHERS OPPOSE IT

The proposed Memphis private powerplant is much more than a regional problem. Newspapers far from the Tennessee Valley or mid-South have taken strong stands against this plan. This is what some of them are saying:

THE MILWAUKEE JOURNAL

"A Senate judiciary subcommittee request that the Atomic Energy Commission halt negotiations with a private power combine for electric power for its Paducah, Ky., plant, ought to be heeded. Anything that will give

opportunity to study the scrambled mess created by the negotiations is all to the good.

"The story is this: AEC gets about 600,000 kilowatt hours of electricity from the Tennessee Valley Authority. TVA power commitments require it to obtain more power. President Eisenhower, by executive order, has directed AEC to negotiate a firm contract with two private power concerns for construction of a plant to produce 600,000 kilowatts of electricity.

"The plant would be built at West Memphis, Ark., 200 miles from Paducah. The power would be sold to TVA for use in the Memphis area to replace power now being sold to AEC by TVA.

"There are a number of questions that need answers:

"The AEC, by a 3 to 2 vote, opposed the plan ordered by the President. Is it proper for the President to overrule an independent agency in operating matters?

"The President's order specifies the private combine with which AEC shall negotiate. Other private firms, as well as TVA, have offered plans for providing the needed power. Shouldn't matters of this kind—if TVA is ruled out—be handled by competitive bid?

"AEC is unhappy because the President's plan will cost it more money than its present method of obtaining power. AEC estimates that power obtained under the President's plan would cost it at least $97 million more in the next 25 years than its present TVA power costs. Others estimate the added cost at $139 million.

"Of this sum (the lower $97 million), TVA would have to pay about $1,360,000 a year and the AEC about $2,320,000 a year. That means that TVA customers would be charged for providing power for AEC. It means that AEC would not be allowed to operate as economically as it might. It means that both would be paying what amounts to subsidies to a private firm.

"The private company, meanwhile, would be in a most happy position. It would get its contract without competition. It would get a guaranteed customer for 25 years. It would end up not only with an annual profit but owning a 107-million-dollar plant. If TVA built the plant, the Government would own it and save at least $97 million as well. If other private firms were allowed to bid, there is every indication that costs would be cheaper. For instance, one offer by private interests which was turned down would have provided the power for 25 years and turned the plant over to the Government. Is the President's order good economy?

"Much is made by proponents of the plan that it will help stop 'creeping socialism' and aid private enterprise. What kind of private enterprise is it that is given direct subsidy to the extent that all risk is removed from its venture?

"AEC has always been notable for its lack of politics. It is now being shoved into the middle of a hot political fight. It is being used as a tool to curb TVA. It may be that TVA should not expand. But, should AEC, which has the great job of handling our vital atomic and hydrogen developments, be pushed into a fight which does not concern it?

"TVA does not have authority to enter into long-term contracts to buy private power under the law. AEC does have that authority. The law says that it may make 25-year contracts for power in connection with its installations at Paducah, Oak Ridge, and Portsmouth, Ohio. Is it proper to stretch that language to cover a plant 200 miles away which would not provide power to AEC but to TVA?

"The President said in Memphis in 1952 that he would not 'impair the effective working out of TVA.' Not too long ago he called TVA an example of 'creeping socialism.' He said at a press conference the other day that TVA's future would be studied. Well and good. Even TVA's most rabid supporters cannot object to a fair study of TVA's place in the future.

"But isn't the strange order telling AEC to negotiate with the private combine prejudging TVA's place in the future? And, even if one accepted the idea of TVA critics that the project is 'creeping socialism' and a monstrosity, isn't the new proposal merely creating another monstrosity supported by the 'creeping socialism' of full subsidy?"

THE WASHINGTON POST

"President Eisenhower's letter instructing the Atomic Energy Commission, in effect, to purchase power from certain private utility companies is unfortunate from every point of view.

"As a matter of administration, this kind of interference with the independent judgment of a commission is mischievous.

"In terms of business practice, it is an uneconomic arrangement, certain to prove costly to American taxpayers.

"Considered as policy, it seems to reflect a doctrinaire preference for private power instead of public power, regardless of the needs and problems of a specific situation.

"Through the Bureau of the Budget, the President has virtually ordered the AEC to do what 3 of its 5 Commissioners actively oppose and what the other 2 regard if not with misgivings at least without fervor. The new private power plant will serve as a justification for denying TVA the funds it has requested for the purchase of steam plants to meet the power needs of the AEC and of area residents.

"It is really a fight for TVA's life.

"There have been few American achievements of the 20th century which have contributed more to the public welfare than TVA's achievement in harnessing the Tennessee River and its tributaries for the welfare of the valley's residents.

"That magnificent American development must not now be stifled out of a mere doctrinaire opposition to public power and a nightmare fear of 'creeping socialism.'"

THE LOUISVILLE COURIER-JOURNAL

"President Eisenhower and the Republican Congress teamed up in an attack on the Tennessee Valley Authority that threatens to destroy not only TVA but the entire public power structure.

"The attack was launched to the trumpet calls of economy and 'protection of free enterprise.' But behind this smokescreen loomed the unmistakable outline of the spoilers.

"We seriously doubt that the President, who has appeared in the past to use the phrases of the private-power people without fully understanding their meaning, now understands fully the implications of the plan he proposes.

"The situation has the makings of a sellout to dwarf the tidelands oil giveaway."

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. ABERNETHY. I yield to the gentleman from Tennessee.

Mr. COOPER. I am sure the gentleman has read the excuses given by the Bureau of the Budget for the directive to enter into this contract.

Mr. ABERNETHY. Yes, I have. I read them this morning in the CONGRESSIONAL RECORD. I regret to say that I have not as yet had the opportunity to read them very closely, but I intend to do so tonight.

Mr. COOPER. I shall ask the gentleman if he does not agree that one of the weakest of all those excuses offered was the one that the Congress had not provided funds for the Fulton plant.

Mr. ABERNETHY. Why, surely.

Mr. COOPER. When the administration has opposed that all the way through. Although the prevous administration included a request for funds for the Fulton plant, the Eisenhower administration, when it submitted its revised budget, left out any recommendation for the Fulton plant. And when I offered an amendment on the floor, the spokesman for the administration in charge of the bill opposed my amendment.

Mr. ABERNETHY. That is correct. Incidentally, it was that same Bureau of the Budget whose report the gentleman just referred to, that recommended against the inclusion of funds for the Fulton plant.

Mr. COOPER. Certainly. And now they list that as one of the so-called reasons for ordering this contract negotiated; that is, that funds were not included, when they not only never did request any funds but always fought and opposed the inclusion of funds.

Mr. ABERNETHY. I thank the gentleman for his observation. It is most pertinent. The gentleman has always displayed great knowledge of this subject, and always makes a very valuable contribution whenever it is the subject of debate. He has been a forthright and outstanding leader in our fight to maintain the TVA as a utility capable of serving a great and growing section of this country, the Tennessee Valley.

Mr. JOHNSON of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. ABERNETHY. I yield to my distinguished friend from Wisconsin, and who, let me say, has made a very favorable impression on this body in the short time he has been here.

Mr. JOHNSON of Wisconsin. Mr. Speaker, I want to commend the gentleman from Mississippi [Mr. ABERNETHY] on the fine talk he has given on the subject of what the administration is trying to do to wreck the TVA program. I want to state that while my district, the Ninth District in Wisconsin, is not affected directly, as it does not receive power from the TVA, it is one of the most completely covered rural electrification districts in all the United States. I feel that if I am properly to represent my district I should support the public power programs in the whole Nation as well as those that affect my district. For that reason, in my short time here in the House of Representatives, I have supported the TVA program, especially when its budget was up for consideration. I believe I voted in favor of all the items for steam plants that were suggested by way of amendment; the one offered by the gentleman from Tennessee [Mr. COOPER]; and also the amendment offered by the gentleman from Alabama [Mr. RAINS].

I want to commend the gentleman from Mississippi [Mr. ABERNETHY] for the very fine fight that he is making and I want him to know that although TVA legislation does not affect us in Wisconsin directly, I am going to do what I can to help the TVA.

Mr. ABERNETHY. May I express my thanks to the gentleman from Wisconsin for his remarks. They are deeply appreciated. I am sure the people of the

Tennessee Valley appreciate the valuable assistance which the gentleman has given us. I congratulate the gentleman for the splendid service he has rendered during his short period with us, and I wish for him a much longer stay. He certainly deserves it and his people will undoubtedly profit by his service.

Mr. EBERHARTER. Mr. Speaker, will the gentleman yield?

Mr. ABERNETHY. I yield to my colleague and friend from Pennsylvania.

Mr. EBERHARTER. I consider myself fortunate, Mr. Speaker, that I was here this afternoon and on other afternoons when the gentleman from Mississippi [Mr. ABERNETHY] and other gentlemen of the Congress, who come from sections where the TVA is very important to the development of their sections, have discussed this subject. I want to say for the record I think the statements made by Mr. ABERNETHY and others in seeking to set aside this proposed contract certainly should carry the day. Since I have been in Congress, I have always supported all proposals to enlarge the TVA and to make it more effective, in spite of the fact that some of the interests in Pennsylvania have been against the TVA. I think it is one of the greatest accomplishments in the last half century. I hope for the success of the arguments which were presented by the Members of Congress representing those areas affected by TVA. I may say further that it will remain a blot on the history of the Eisenhower administration if this proposed contract with the Dixon-Yates combine is permitted to go through.

Mr. ABERNETHY. The gentleman's remarks are deeply appreciated by the gentleman who is now addressing the House, and I am sure all Members who come from the Tennessee Valley. We are very grateful to the gentleman from Pennsylvania for the effort he has put forth in behalf of our cause and also for the assistance he is giving us in this fight. I say again, we are very grateful to you.

Mr. FRAZIER. Mr. Speaker, will the gentleman yield?

Mr. ABERNETHY. I yield.

Mr. FRAZIER. Mr. Speaker, I ask unanimous consent to insert at this point in the RECORD an editorial from the Chattanooga Times entitled "Valley People Speak."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The editorial referred to is as follows:

VALLEY PEOPLE SPEAK

Congressional developments are expected soon in the efforts of Tennessee Valley Senators to prevent the blow to TVA involved in the proposed wasteful building of a private powerplant in Arkansas to supply power to the TVA system. Meanwhile, we suggest that readers consider the protest sent to President Eisenhower by the Tennessee Valley Public Power Association, representing 148 municipal and rural electric distributing systems in the seven-State TVA area. The letter was signed by R. V. Taylor, of Houston, Miss., president of the association.

In the early phases of President Eisenhower's consideration of TVA, he often advocated a partnership between Federal and local interests. He seemed to believe that no such link already existed. Mr. Taylor writes him: "We became partners with the Federal Government a good many years ago. The Federal Government now has an investment of roughly $800 million in the power end of TVA and we, the people of the Tennessee Valley, have an investment of about $400 million in distributing systems. We believe this will explain to you our very keen interest in this subject."

The distributors say the contract which the President ordered the Atomic Energy Commission to carry out is "an effort to sell this area back to the power trust," and they urge that increase in TVA's power potential be made.

As for partnership between the local and Federal communities which Mr. Eisenhower was favoring a year or so ago, the distributors rightly say that the contract offered by the President would be "by Federal dictation, without the sort of local initiative and responsibility which we understand that you and the other leaders of your administration are anxious to encourage."

The West Memphis plant, in Arkansas, would cost the Government upward of $100 million more in a 25-year period than a similar plant under TVA control would cost. At the end of 25 years, the private power companies would own the West Memphis plant. The Government, which means the people of this country, would own the TVA plant.

Whether the unfortunate West Memphis plan can be stopped is uncertain. But again, we show the President how solid the Tennessee Valley is on the TVA question and how determined our people are to save it from destruction.

Mr. JOHNSON of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. ABERNETHY. I yield.

Mr. JOHNSON of Wisconsin. If the steam plant proposed by way of amendment to the appropriation bill had been granted—I think those amendments were turned down by a small margin in the House—would it have been necessary for the President to do what he is doing now?

Mr. ABERNETHY. Of course not. If the appropriation had been made for the Fulton steam plant, we would not be here today in an attempt to prevent this shotgun wedding between public and private power. Had the appropriation been made this or last year for the Fulton steam plant, this issue would not be before the House. The gentleman is correct. It is not necessary for the President to perform this shotgun wedding. It can all be solved by his recommendation of funds for the Fulton plant.

Mr. Speaker, in closing may I say that I hope the President will reconsider this matter. It means the beginning of the end for TVA. If he and his associates do not wish to destroy TVA, then, by all means, this Dixon-Yates deal should be turned down—cold.

COMMITTEE ON THE JUDICIARY

Mr. OAKMAN. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary have until midnight tonight to file a committee report on the bill, H. R. 5796.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

TENNESSEE VALLEY AUTHORITY

The SPEAKER pro tempore (Mr. O'KONSKI). Under previous order of the House, the gentleman from North Carolina [Mr. JONAS] is recognized for 1 hour.

Mr. JONAS of North Carolina. Mr. Speaker, I do not intend to use an hour unless I am asked some questions or we get into a debate that will consume more time than I expect to take. I stated yesterday when I asked for this time that I would be glad to yield, because I do have a point of view about this TVA situation which I am anxious and willing to discuss with those who are the proponents of steam plants and who are in favor of the Federal Government, with tax money extracted from the people from all of the United States, investing more and more money in the Tennessee Valley area.

On yesterday, one of the distinguished Representatives from Tennessee made a remark which indicated that he did not think those of us who contend we are not actual enemies of TVA are sincere in those protestations. That causes me to take a moment or two to explain my own personal attitude.

NORTH CAROLINA AND TVA

When I came here in January of 1953 as a freshman Congressman, I knew very little about TVA. I had, of course, heard of TVA but had only the vaguest idea of how it operated and had absolutely no comprehension of the magnitude of that operation. I did not know, for example, that TVA was producing most of its electric power from steam plants. I thought, and I am satisfied that most people, who have not given any study to the facts, understood that the power TVA was selling was a byproduct of the original program of flood control and navigation. I certainly had no idea that between one and one-half and two billion dollars of the taxpayers' money had been appropriated by Congress for TVA.

It was more or less by accident that I became interested in TVA. It came about by reason of my being assigned to serve on the Appropriations Committee and by the chairman of that committee assigned for service on the Independent Offices Subcommittee under the chairmanship of the able gentleman from California [Mr. PHILLIPS].

One of the first agencies to come before our subcommittee for appropriations in 1953 was the TVA. In my study of the TVA request last year for funds in the amount of $254 million, I began to realize that the TVA's major emphasis no longer is on navigation and flood control but on the sale of power produced principally from steam plants. In reading the basic act which created TVA, it seems clear to me that it was contemplated that the only power that TVA would sell is the surplus power created from hydroelectric developments produced from impounded waters behind dams built to promote navigation and flood control on the Tennessee River and its tributaries.

But somewhere along the line, since the adoption of this basic act, the concept that TVA would build dams to promote navigation and flood control and sell surplus power produced thereby, went by the board and TVA moved into the power business on a broad scale. It was surprising to me to learn that when the present construction program

now underway has been completed, TVA will be producing approximately 70 percent of the power it sells from steam plants and only 30 percent from hydro developments.

It was also surprising to learn that this year TVA will produce 50 billion kilowatt-hours of electricity and will receive from the sale of that electricity more than $200 million. So here we have a power operation—the biggest power system in the world—that cost more than $1 billion to build, and with an income running into hundreds of millions a year, yet unable to stand on its own feet and coming back to Congress year after year seeking hundreds of millions of dollars for expansion.

My position with respect to TVA can be stated simply. It is my view that TVA is no longer a babe in the woods. It is a full grown giant and ought to be able to stand on its own feet. I do not say this in any spirit of animosity toward TVA but rather in the spirit of an indulgent parent that asks himself when his son reaches voting age, has a family, a booming business and a heavy bank account, but still comes home to ask for a handout: "Won't that boy ever make his way by himself?"

I think there are many ways in which TVA could, with a little study and planning, be able to finance its future operation without additional funds from the public treasurer. If the friends of TVA would be willing to consider this possibility, I am reasonably sure something could be worked out that would enable TVA to operate and finance its power program as a power system should be operated and thus eliminate this fight every year over additional appropriations for further expansions.

But aside from this general feeling that TVA ought to be able to stand on its own feet—now that it is a billion-dollar corporation with a gross annual income in excess of $200 million from the sale of power—I for one object to the taxpayers of North Carolina putting up any more money to finance the future expansion of this gigantic power system. North Carolina has been penalized heavily as a result of TVA's expansion program in recent years.

Two of TVA's hydro projects are in North Carolina. These are known as the Fontana and Hiwassee projects. A third one is known as the Appalachia project, the dam for which is actually in Tennessee but most of the energy produced by it comes from North Carolina resources just as North Carolina resources are used to produce the energy developed at Fontana and Hiwassee.

Now here is the interesting fact from which I say North Carolina has been penalized. In 1953 TVA produced 892,000,000 kilowatt-hours of electricity from the Fontana and Hiwassee projects in North Carolina. If you add the kilowatt-hours produced at Appalachia, the total goes up to 1,345,000,000 kilowatt-hours. Of this 1,345,000,000 kilowatt-hours of electricity produced from the natural resources of North Carolina, only 35 million were used in our State; the rest was exported out of the State to benefit the people of the Tennessee Valley. Our land has been flooded and our natural resources are being exploited and the power produced thereby is being used for the benefit of other sections of the country.

The people of North Carolina are not happy to see their great natural resources being exploited for the benefit of areas outside our State. When we are told that the TVA dams built in North Carolina would provide recreational facilities for the western part of our State, the answer is that expectations in this respect have not been fulfilled. You cannot build a satisfactory recreational program based on lakes which vary in level from day to day by the rise and fall of the waterline, leaving mud banks where water stood the day before.

Moreover, many of our large industrial establishments in western North Carolina, which employ thousands of people, were located there because of an abundance of soft water ideal for chemical operations. A year or two ago, when an approach was made to the TVA Water Control Board for a guaranty of a minor flow of water from one of North Carolina's streams in order to interest a desirable new plant, our people were advised that such an arrangement could not be made due to the possible effect on the main stream. This causes the question to be raised as to whether all of the area in which TVA operates will receive helpful attention or whether attention is to be concentrated on one section of the area to the possible detriment of other sections.

After having been treated in this way, we in North Carolina are expected to continue to put our money, interest free, to enable TVA to continue to expand its activities in the Tennessee Valley.

But this is not the whole story. Last year TVA paid the State of North Carolina and the counties in which its properties are located, $93,781, in lieu of taxes. Recently Mr. Ben E. Douglas, director of conservation and development for the State of North Carolina, testified before a Hoover Commission Task Force in Chattanooga and brought out some significant and disturbing facts which I think are pertinent to this discussion and should be known by the Members of the House.

The testimony of Mr. Douglas indicated that the total value of the TVA property in North Carolina is more than $97 million. Using the standard method of tax valuation in effect in North Carolina, and based upon our average tax rate, ad valorem taxes on this property alone would have amounted to three-quarters of a million dollars per year. Instead of receiving three-quarters of a million dollars in lieu of taxes from TVA, North Carolina received only $93,781.

But even this is not the entire story. The statement of Mr. Douglas further indicated that if these 3 plants located in North Carolina had been privately owned utilities, and if total taxes were computed on the average basis of the privately owned utilities in North Carolina, the tax revenues would have been from $3 to $4 million instead of $93,781. The exact amount, based upon 1,345,000,000 of kilowatt hours generated, which is the total of the 3 plants I have mentioned above, private utilities would have paid the Federal Government $1,935,455; would have paid the State of North Carolina $1,127,864; and would have paid the local government units $404,602—or a total of $3,467,921 instead of the $93,781 actually paid by TVA.

Now aside from the fact that this seems to me, in all candor, to be rank discrimination against the people of North Carolina and the exploitation of natural resources of our State for the benefit of other States, the figures I have cited are significant from another standpoint.

It has been argued on this floor by many of the proponents of the expansion of the TVA, that TVA serves a vital need as a yardstick so that privately owned utilities will not be permitted to gouge the public with exhorbitant rates. That argument it seems to me is fallacious for two reasons:

I do not think it is possible for private utilities to gouge the public today because they are strictly regulated. There may have been a time when they were not but that is no longer true. The utilities are under strict regulations—by the States as to intrastate operations and by the Federal Power Commission as to interstate operations. They are also regulated by the States in their financial operations and by the Securities Exchange Commission. Earnings of privately owned utilities are today strictly regulated.

I do not know what the situation is in the State of Tennessee and in the other States in the Tennessee Valley, but we have in North Carolina a public utilities commission which is looking out for the interests of the public and controlling the rates charged by private utilities. I am quite sure a similar State agency exists in the State of Tennessee because there are a number of privately owned utilities operating in that State today.

I would be the last one to object to a yardstick. I agree that TVA is an efficiently operated and well-managed organization. I am convinced, in my own mind at least and I think testimony before our subcommittee confirms this, that TVA can build dams and steam plants as well as private concerns. I am also convinced that TVA can undersell any private utility operating in the United States. This is true because two items of cost that go into the establishment of a rate for the sale of power are absent in the TVA operation. These two items are the cost of money and taxes. TVA does not have to borrow its money or pay dividends to investors. It gets its money, interest free, from the Federal Government. Moreover, as I have just shown, TVA pays far less in lieu of taxes than privately owned utilities pay.

If we are to have a yardstick, and I again repeat I have no objections to a yardstick, I submit that it ought to be a fair yardstick and it ought to be subjected to the same tests and to the same requirements under which privately owned utilities are required to operate.

Pursuing this aspect of the problem one step further, let us look at the situation with respect to TVA for the entire system. The same situation applies to

the overall operation as exists in the North Carolina situation which I have just discussed.

It should be remembered that TVA pays no Federal or State income taxes. TVA does pay States and local governments amounts of money in lieu of taxes. In 1953 TVA paid, in lieu of State and local taxes, $3,418,110.

TVA does not distribute its power at retail. It sells the power at wholesale to municipalities and cooperatives and they in turn distribute it to retail customers. Private power companies do not operate that way. They sell it both wholesale and retail. So, in order to make a fair comparison of TVA and private companies, the amounts paid by TVA and its distributors in lieu of taxes should be combined. Last year TVA distributors paid, in lieu of taxes, $5,139,830.

Combining the amounts TVA paid with the amounts the distributors paid gives a total paid last year of $8,557,940.

This amount, in lieu of taxes, was paid by TVA and its distributors from power sales which, excluding sales to the United States Government, amounted to $139 million. The total payments by TVA plus the distributors therefore amount to approximately 6 percent of gross income.

The average tax paid by private utilities is 22.3 percent of gross operating revenue. So that private utilities would have paid on gross sales of $139,150,000, a tax bill of $30 million as contrasted to the total of $8,557,940 paid by TVA and its distributors.

There is still another aspect of this problem that has received little attention. The Federal Government today is engaged in a multitude of activities. We will have to extract from the taxpayers enormous amounts of money each year to provide for our national defense and to run our domestic programs. This year we will have to appropriate in excess of $40 billion to run the Federal establishment alone, and each of the States is having to appropriate vast sums of money for operations within their borders.

One of the principal sources of tax revenue for the Federal Government as well as the States comes from the sale of power. Now it is a well known fact that private utilities do not actually pay these taxes. They collect the taxes from the ultimate consumers in increased costs for the power they supply and in turn pass the taxes along to Government. Since the money paid by TVA and its distributors in lieu of taxes does not even begin to approach the amount of taxes the private utilities would pay on the same amount of power, this means that the consumers of TVA power are not contributing their fair share, in comparison with the rest of us, of the expenses of Government in the United States.

Does the proposed contract between AEC, TVA, and the private utility group known as Dixon-Yates constitute any threat to TVA?

I have been surprised at the reaction of the friends of TVA to this proposed contract. Charges have been made that the purpose of the contract is to attack TVA. I say I am surprised because I am sure such a charge is not justified and I had expected the friends of TVA to rejoice over the prospect that this contract might be executed. This is because I believe the proposed contract offers a real opportunity for TVA to acquire additional power capacity.

TVA officials have been contending that it will need additional power capacity in 1957. To meet this need TVA chose to propose the construction of a new steam plant entirely outside the Tennessee Valley area. I have read the basic TVA Act carefully, and I am unable to find any authorization in that act for the construction by TVA of a steam powerplant on the Mississippi River. There is some language in the act which, by a wide stretch of the imagination, might be construed to authorize TVA to build a dam on the Mississippi River if that was found necessary or desirable for flood control, but not a steam plant.

I have in my hand the basic TVA Act and would like to read those portions of this act which I believe are pertinent on this point.

The preamble of the act is as follows:

To improve the navigability and to provide for the flood control of the Tennessee River; to provide for reforestation and the proper use of marginal lands in the Tennessee Valley; to provide for the agricultural and industrial development of said valley; to provide for the national defense by the creation of a corporation for the operation of Government properties at and near Muscle Shoals, in the State of Alabama, and for other purposes.

The section which limits and defines the powers of TVA contains two subsections which I feel are pertinent. I quote from subsection (i) of section 4:

Shall have power—

Speaking of TVA—

to acquire real estate for the construction of dams, reservoirs, transmission lines, powerhouses, and other structures, and navigation projects at any point along the Tennessee River, or any of its tributaries.

And I quote the following from subsection (j) of section 4, which speaks again of the authority conferred upon TVA:

Shall have power to construct such dams and reservoirs in the Tennessee River and its tributaries as in conjunction with Wilson Dam and Norris, Wheeler, and Pickwick Landing Dams, now under construction, will provide a 9-foot channel in the said river and maintain a water supply for the same, from Knoxville to its mouth, and will best serve to promote navigation on the Tennessee River and its tributaries and control destructive flood waters in the Tennessee and Mississippi River drainage basins; and shall have power to acquire or construct powerhouses, power structures, transmission lines, navigation projects, and incidental works in the Tennessee River and its tributaries.

I do not find any other authority in the basic act which would justify the building of a steam plant by TVA at the Fulton site or at any other point along the Mississippi River. If there is such authority, I would like to have it pointed out.

The reasons I do not believe this basic act authorizes an appropriation of money for TVA to build a steam plant at Fulton are two:

First. I do not think it is at all clear from this act that TVA has any authority to build a steam plant anywhere. There are several references to steam plants in the act but those references are restricted. The first one applies to steam plants at Muscle Shoals and the second was in connection with the authorization for TVA to issue bonds and was not a general authorization. Now, I will admit that insofar as the steam plants that have already been built are concerned, and so far as those now under construction are concerned, this is an academic question. The Congress has heretofore provided the money to begin these projects and I, myself, voted for funds last year, as well as this year, to continue the construction of some steam plants. But the question is certainly pertinent in considering funds to build a steam plant entirely outside the area defined in the basic act.

Second. It should be remembered that I am not talking now about building a steam plant in connection with a navigation or flood-control project or a steam plant on the Tennessee River or any of its tributaries. I am talking about building a steam plant which has no relationship whatsoever to flood control or navigation, not on the Tennessee River or any of its tributaries but on the Mississippi River at a point 115 miles west of the nearest point on the Tennessee River.

It is my view that if TVA has the right to build this steam plant at Fulton, it would have the right to continue to expand its activity and ultimately could build steam plants all over the United States.

Before TVA should be permitted to embark on such a venture I, for one, believe that the basic act will have to be amended and authorizing legislation will have to be passed before Congress can appropriate money for such a project.

This House has agreed with this point of view. It did so twice this year when funds were expressly denied to build the Fulton plant.

This action on the part of the House should be sufficient notice to the proponents of TVA expansion that the Members of the House are not convinced that TVA has the right to or should expand outside of its original area as defined in the act.

Assuming, therefore, that this House remains consistent and continues to deny funds for TVA's expansion outside its area, it seems to me that the people who are concerned about the possibility of power shortage in the Tennessee Valley in 1957 would have welcomed the opportunity to increase the power supply in that area by 600,000 kilowatts.

I think we must all admit that the AEC has first call on all of the power produced by TVA. The need of AEC must and will be met. If there is to be any shortage of power in 1957, AEC will not be the one to suffer but it will be the people of the Tennessee Valley.

So, if your concern is to prevent a power shortage, my humble judgment is that you should be happy over the

prospect that this additional supply of power is to be made available.

Mr. GATHINGS. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield to the gentleman from Arkansas.

Mr. GATHINGS. As a matter of fact, 70 percent of the total power supply in the TVA area is steam power and 30 percent hydroelectric?

Mr. JONAS of North Carolina. That will be true when the present construction program has been completed, and we are appropriating money each year to complete the present program.

Mr. GATHINGS. If I am in error about that, I would like to be corrected.

Mr. JONAS of North Carolina. No, you are not. The figure 70 percent will be reached when the present program is completed and we appropriated $120 million this year to continue that current program. But I do not think it is true to say that today 70 percent comes from steam; 70 percent will come from steam when the present steam plants now under construction are completed.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield.

Mr. JONES of Alabama. What percent of the total generating capacity of TVA in 1956 will be consumed by defense plants?

Mr. JONAS of North Carolina. My recollection is approximately 50 percent.

Mr. JONES of Alabama. In other words, 50 percent of the total generating capacity of the Tennessee Valley Authority in 1956 will be utilized by defense plants?

Mr. JONAS of North Carolina. I think that is true.

Mr. GATHINGS. That is the same argument that has been used all the time in support of steam plants. They are always bringing out the amount that will be used for defense, just as the argument has been made that they need more money all the time because they want to pump power in there for defense purposes.

Mr. JONAS of North Carolina. That is true. This is the basis on which some of the steam plants were authorized.

Mr. DAVIS of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield.

Mr. DAVIS of Tennessee. Is not the gentleman very happy that we had this system in existence during World War II, in order that we could have this power? Is not the gentleman, however, cognizant of the fact that in any hydrosystem, wherever located, you have to supplement that hydropower with steam plants? Is not the gentleman very, very happy way down deep in his heart that we had this enormous amount of electricity very close to your own district to serve this country at the time when we were threatened in our very security?

Mr. JONAS of North Carolina. I do not have to go very deeply into my heart to be thankful for it. I am thankful for the fact that we had power at Pittsburgh; I am thankful for the fact that we had power in California; I am thankful for the fact that we had power at Detroit; but I do not agree with the gentleman's argument that we would not have won the war if it had not been for TVA.

Mr. DAVIS of Tennessee. Mr. Speaker, will the gentleman yield to me briefly?

Mr. JONAS of North Carolina. I yield to the gentleman.

Mr. DAVIS of Tennessee. I have held this in my heart for a very long, long time. It will take but a minute or two and the gentleman said he had an abundance of time so that he could yield to others.

Mr. JONAS of North Carolina. I yield to the gentleman.

Mr. DAVIS of Tennessee. Back in the early days of World War II, I was on the then Committee on Military Affairs. My distinguished friend, Judge Jennings, who occupied a place on that side of the aisle, was very much concerned when they established Oak Ridge because in the acquisition of the property a great many people down there complained that they were not being paid ample sums for it. A great deal of property was involved in about three counties.

My distinguished friend and your friend, the gentleman from Tennessee, HOWARD BAKER, represents that district today.

I was appointed by the chairman of the committee as chairman of the subcommittee to go to Oak Ridge along with other colleagues and, as I recall, DEWEY SHORT and JOHN SPARKMAN were my associates in that investigation.

I went over to the War Department and a very highly placed general officer in going over this situation from the standpoint of security said to me: "I hope that in this investigation—and, of course, we know it will be fair, we know that you are going to explore it thoroughly here in this investigation, but I hope that in this investigation you will not let the record show that this hush-hush plant was located at Oak Ridge because there was an abundance of electricity. This highly secret plant is a very, very definite military gamble. If it is successful, it will win the war; if it is not successful, the very, very few of us who know about it will have to go to Siberia or somewhere else."

I emphasize the fact that the Oak Ridge plant, the very atomic plant of first origin, was located there because, fortunately, in the wisdom of Congress in 1933 the TVA had been established and we had an ample amount of electricity to do this job which contributed so much to the saving of this country in World War II.

Mr. JONAS of North Carolina. I thank the gentleman but I will have to disagree, in part, with him because we did not have ample power at Oak Ridge; TVA did not have ample power to do that job. It had to call upon private power companies to furnish quite a bit of its power. Moreover, I call the gentleman's attention to the fact that, as I understand it, we did not begin to expand TVA into steam plant power production on a large scale until 1949, long after the close of World War II. I would not take anything away from TVA. Of course, it has had power available, but I merely point out to the gentleman that you cannot give TVA all of the credit for the development of the A-bomb or for winning the war; it shares a part of the credit with all of us. I also would repeat that we produced a great part of the materiel that went into the war in Detroit, in Pittsburgh, and in Los Angeles, and in other places of this country, and we did not have to confine ourselves to the TVA area and did not require TVA in order to acquire the power necessary to produce that materiel.

Mr. EVINS. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield.

Mr. EVINS. Since the gentleman apparently does not share any pride in the TVA or in that regional section of the country, I want to ask the gentleman this question: Will he take a national point of view regarding this Dixon-Yates deal and state it is excessive in its cost and that he would be protecting the taxpayers of the Nation if he opposed it because of the excessive cost from the national point of view, from the national angle?

Mr. JONAS of North Carolina. I have clearly tried to make it plain that I am not an enemy of TVA; I have not denied that I have any pride in its accomplishments; as a matter of fact, I have paid many tributes and compliments to TVA. The gentleman cannot truthfully charge me with any hostility to the people of the great State of Tennessee or of the Tennessee Valley.

Mr. EVINS. Would he protect the taxpayers of the Nation because of the costs involved in the Dixon-Yates deal?

Mr. JONAS of North Carolina. I am thinking of the taxpayers of the entire Nation.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. As I understand the gentleman's position, he commented on the fact that TVA had just recently gotten into the steam-generation business.

Mr. JONAS of North Carolina. I said that TVA started its steam-power program in 1949.

Mr. JONES of Alabama. As a matter of fact, the TVA had steam plants since the act was created.

Mr. PHILLIPS. May I say that these gentlemen are consuming the time of the gentleman from North Carolina with questions to which they already know the answers. In fairness to the gentleman from North Carolina I suggest we permit him to conclude his statement, then ask questions.

Mr. JONES of Alabama. I do not want to impose on the gentleman's time.

Mr. PHILLIPS. Steam plants were acquired from the Commonwealth Southern. The substitution of steam for hydroelectric to the extent of over 2 to 1 did not begin until 1949, exactly as the gentleman from North Carolina has stated.

Mr. JONES of Alabama. May I say to the gentleman from California that we are looking forward to hearing him. I do not want to impose on the gentleman's time unduly.

Mr. JONAS of North Carolina. I was saying when I was asked to yield the first time that when I came here I had been under the impression that a great part of the TVA program was a river-development program based upon the need for navigation and flood control. But I was surprised when I found out, as I have stated, that its major activity now is the production of power.

Last year the TVA came before the subcommittee and asked us to appropriate $254 million for the expansion of its program. We did not give them that much, but we did recommend an appropriation of about $188 million, as I recall the bill. I voted for it. This year I voted to give TVA, in the subcommittee, in the full committee, on the floor here, and in conference, another $120 million. In all candor, I must say I do not know what it takes to satisfy our friends from the Tennessee Valley area. When we appropriate $188 million in 1 year and the next year $120 million, they accuse us of trying to destroy the TVA.

Mr. ABERNETHY. I will answer the gentleman. All it will take to satisfy us is exactly what we were promised in 1952; that is all.

Mr. JONAS of North Carolina. May I answer by saying you were not promised anything in 1952 so far as I am concerned.

Mr. ABERNETHY. I know the gentleman made no commitments. I have no quarrel with the gentleman personally. The gentleman is a very fine Member of this House, he is a very able Member, and he takes care of himself and his position very well. But I do say and I do not think anyone would deny but what the man who is now President of the United States came down into the Tennessee Valley area and promised them the world with a fence around it.

Mr. JONAS of North Carolina. I do not agree with that. I think what he said was that he would be in favor of continuing to provide for the normal growth of TVA, or something to that effect. If I am wrong, please correct me. I do not understand that he said he would advocate extending TVA outside of the Tennessee Valley area, and I want to come to that in just a little bit in the course of my remarks.

Mr. ABERNETHY. There is no one here proposing to extend it outside of the Tennessee Valley area.

Mr. JONAS of North Carolina. I question that. We have an honest difference of opinion on that. The gentleman has consumed some time this afternoon exposing his position, so now let me move along with mine, please.

I contend that an appropriation of $120 million during 1 fiscal year, in view of the condition of the Federal Treasury, is a pretty healthy encouragement for TVA, and I deny that you can read any attack upon TVA in that sort of an appropriation. As a matter of fact, the President recommended $141 million, and it was the House of Representatives and the Senate that cut it back to $120 million. And, I go back to what I said a minute ago. It seems impossible to satisfy some of the advocates of TVA's expansion. We are trying our best, as I see it, to be fair and reasonable to TVA and give it all the money it reasonably requires or has any right to expect, yet the proponents of further expansion of TVA are not satisfied with the development of the Tennessee River and its tributaries. They now seek to extend the development of TVA 115 air miles west of the Tennessee River and to build a steam powerplant on the Mississippi River, which by no stretch of the imagination was contemplated as I read and understand the basic act.

Mr. ABERNETHY. I hesitate to interrupt the gentleman, but I do want to ask him one question: Is that not in the TVA territory, and also is there not a shortage of power there, and is that not the reason that the President has directed the Atomic Energy Commission to enter into a contract with Dixon and Yates to supply power to that very area?

Mr. JONAS of North Carolina. Will the gentleman permit me to defer answering that?

Mr. ABERNETHY. Yes.

Mr. JONAS of North Carolina. I am coming to that a little bit later.

It was also surprising to me, Mr. Speaker, when I discovered soon after my entering upon service on the Committee on Appropriations that we were not dealing with a little river development in Tennessee. I was amazed to learn that TVA during this fiscal year we are now in expects to produce 50 billion kilowatt hours of electricity, more electricity than any power system in the world, I am told. I was also surprised to learn that TVA will itself, from the sale of power in this fiscal year, have an income in excess of $200 million. Now, down in my part of the United States a concern that has over a billion dollars in capital given to it, interest free, by the Government, would be in a very advantageous position, and that is how much has been invested in the power program of TVA. You count up all of the other programs, and the total amount that the TVA has received from the American taxpayers will approach $2 billion. It is in excess of 1¾ billions.

Mr. GATHINGS. Mr. Speaker, if the gentleman will yield, I will give the complete figure. One billion sixty-one million seven hundred and sixty-three thousand three hundred and nineteen dollars through June 30, 1953, has been poured in.

Mr. JONAS of North Carolina. For the power program.

Mr. GATHINGS. Yes.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. Will the gentleman give us some estimate of the value of that power system at the present time?

Mr. JONAS of North Carolina. I think it has been depreciated down to about $800 million.

Mr. JONES of Alabama. As to the reproduction value of the facilities, does the gentleman have any idea what they are worth?

Mr. JONAS of North Carolina. That is in the record, but I cannot quote the figure now.

Mr. JONES of Alabama. Has it not been a pretty good investment?

Mr. JONAS of North Carolina. I will come to that, if the gentleman will permit.

So here we have a power system. We are not dealing with navigation, flood-control or resource development now. We are not talking about natural resources. We are talking about the production and distribution of power. And I say to you that I understand this is the biggest power system in the world.

Now, in view of all those facts when, if ever, do the gentlemen from the Tennessee Valley area feel that TVA will be big enough to stand on its own feet? Do not you gentlemen think we have contributed enough of the taxpayers' money to build this system and permit them to operate it interest-free, paying no Federal taxes and no State income taxes on it? It has an income of $200 million a year and yet the advocates, the proponents of TVA's expansion, are not satisfied with that.

My position with respect to TVA is simply that I believe it has come of age. It is a mature giant in the power world. I think there is enough intelligence in the officials of TVA, and amongst its friends, to figure out some way by which it can stand on its own feet hereafter, and finance its own programs; and if it will just do that, so far as I am concerned, I do not care how far TVA expands. The only objection I have to TVA expansion is that I do not think the rest of us ought to provide the money for it, because I do not think we derive the benefits.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield.

Mr. JONES of Alabama. With all the complaints that the gentleman from North Carolina has found in the TVA, how is he going to resolve the question of this contract with the Dixon-Yates group?

Mr. JONAS of North Carolina. Let me get to that. This is background material. The TVA situation came into this debate yesterday and it has come into it today. I should like to explain to you why I, as a taxpayer, and a Representative of taxpayers, friendly to TVA and neighbor to them, with only an imaginary line between the two States separating us——

Mr. JONES of Alabama. I want to assure the gentleman from North Carolina that I have the same feeling for the taxpayers.

Mr. JONAS of North Carolina. I explained what was happening to North Carolina taxwise—we are losing more than a million dollars annually.

Mr. JONES of Alabama. That is the reason I am concerned about this contract; it is my apprehension of the taxpayers' position.

Mr. JONAS of North Carolina. Our land has been flooded. Our natural resources are being exploited and the power produced is being used for the benefit of people outside of North Carolina.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield.

Mr. COOPER. Have any of the municipalities or REA cooperatives of North Carolina made application for power from TVA and been denied?

Mr. JONAS of North Carolina. Ninety-four percent of all the farms of North Carolina have REA electricity and we did it without much help from TVA.

Mr. COOPER. I am simply asking the gentleman the question: Have any of your applications from North Carolina to TVA been denied?

Mr. JONAS of North Carolina. I cited one case before.

Mr. COOPER. The gentleman has complained about not getting enough power in his great State from the TVA system. I am trying to ask the simple question: Have you made application for power and has any application been denied?

Mr. JONAS of North Carolina. I do not know about that, but I cited the case where we tried to get some cooperation from the water-control board and did not receive it.

Mr. PRIEST. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield.

Mr. PRIEST. Will the gentleman state on what basis this tax settlement of $93,000 was made? Was that by mutual agreement?

Mr. JONAS of North Carolina. No. I assume it was made on the formula that TVA uses, as is provided in the act.

Mr. PRIEST. The reason I asked the gentleman the question, in most of the counties in Tennessee where TVA pays sums in lieu of taxes, all of the reports show that the sums are equal to or greater than would be the same situation if it were a private utility. I cannot understand why there was such a discrepancy in the figures reported for this area of North Carolina.

Mr. JONAS of North Carolina. I am quoting the authority for the figures which I gave. The director of the Conservation and Development Commission of North Carolina gave the figures at Chattanooga. I think the figures for taxes paid by TVA, $93,781, was based on an AP story that came out of Knoxville just a short time before the hearing in Chattanooga. The same story shows that the State of Tennessee received from TVA over a million dollars—$1,310,124—and that the counties in Tennessee received almost the same amount, $943,442; our natural resources are being exploited, they are producing about 5 percent of the power in our State, and we should be getting two or three million dollars instead of $93,000.

Mr. PRIEST. Will the gentleman attempt to get from the State of North Carolina or its counties or the TVA or any other source the basis of that settlement? I am interested because there does seem to be some sort of discrepancy in regard to the difference in lieu of taxes.

Mr. JONAS of North Carolina. I doubt if there is any discrepancy. The same AP story shows that Georgia received only $10,000 and the counties in Georgia $54,000. Kentucky received $366,000 and the counties $31,000. Mississippi received $70,631 and the counties in that State $35,590. I am basing my comments on the AP story out of Knoxville, plus the testimony given to the Hoover task force in Chattanooga by Mr. Ben Douglas.

Mr. PRIEST. May I say to the gentleman I shall personally look into that matter and see if I can get information as to the basis for that sort of settlement.

Mr. JONAS of North Carolina. I would appreciate it if the gentleman would advise me when he receives it.

Mr. ELLIOTT. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield to the gentleman from Alabama.

Mr. ELLIOTT. What resources of the State of North Carolina does the gentleman contend are being depleted by the construction and use of this facility in his State?

Mr. JONAS of North Carolina. A lot of land flooded, and our water resources used.

Mr. ABERNETHY. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. The gentleman first complained about not getting any power, but as I understand the gentleman he does not complain about North Carolina getting none of the power. His complaint is about taxes.

Mr. JONAS of North Carolina. I have stated what my complaint is. The gentleman can read anything into it he cares to.

Mr. ABERNETHY. I am not trying to read anything into it.

Mr. JONAS of North Carolina. I am pointing out that I do not think it is fair, and I am pointing out that under this system North Carolina is a great loser because our natural resources have been exploited and we have not received a commensurate return tax-wise.

Mr. ABERNETHY. Does the gentleman complain about losing taxes and power or just taxes?

Mr. JONAS of North Carolina. I am complaining about the facts as I have related them. I think that has a direct relationship to this argument that TVA is a yardstick. I say it is not a fair yardstick because of the fact that the element of taxes does not enter into the rate base.

Mr. ABERNETHY. The gentleman started his speech by saying that TVA was attempting to expand its area; then a little later the gentleman made reference to the fact that not enough of this power is being assigned to the people of North Carolina, that you are not getting any of it. Does the gentleman complain about not getting any of the power?

Mr. JONAS of North Carolina. I complain about the fact that TVA has $97 million of property in my State and pays only $93,000 in taxes.

Mr. ABERNETHY. Then the gentleman does not compain about not getting any power.

Mr. JONAS of North Carolina. I am complaining about the situation as I am relating it, and I do not think the gentleman from Mississippi believes it is fair at all.

Mr. ABERNETHY. I am not going to answer the gentleman's question until he answers my question.

Mr. JONAS of North Carolina. I am not going to answer the gentleman's question unless he will answer mine.

Mr. ABERNETHY. Does the gentleman complain about not getting power? Does he want some TVA power or does he not? If he does not I think he ought to go back and revise his remarks.

Mr. JONAS of North Carolina. I am complaining about the facts as I have related them. I do not think it is fair to exploit the resources of my State and not pay a fair tax return commensurate with its property holdings.

I also pointed out that the private power companies in my State, based upon the rate of taxation they pay, if they owned that property and if they were operating these three power developments would pay over $3,500,000 in taxes.

Mr. ABERNETHY. The gentleman has made that complaint very clear, I am certain of that.

Mr. JONAS of North Carolina. But you must take the whole program.

Mr. ABERNETHY. Now I wish the gentleman would tell the House whether or not he is complaining about not getting this power.

Mr. JONAS of North Carolina. I think the gentleman understands what I am complaining about.

Mr. ABERNETHY. No; I really do not.

Mr. JONAS of North Carolina. I am afraid I am unable to clarify it in the gentleman's mind.

Is the gentleman trying to get me to indicate that I have any objection to saying that we are satisfied with the private power in North Carolina?

Mr. ABERNETHY. No; I assure the gentleman that I did not try to entrap him.

Mr. JONAS of North Carolina. No, the gentleman is not trying to trap me, and I am not worried about that. I do not have any hesitancy in saying that the private power companies in North Carolina do not gouge our people because we control them. I believe the Tennessee Public Service Commission or Utilities Commission can control the private utilities in Tennessee, too.

A lot of argument has been advanced on this floor to the effect that we are trying to turn back the Tennessee Valley area to private-power interests that will exploit that State and that area and do something bad to the people down there. I say that the private-power interests of this country are more and better regulated than any other industry I know, and we do not have any trouble regulating them in my State.

Mr. ABERNETHY. How much tax will the States of Tennessee and North Carolina get out of Dixon-Yates?

Mr. JONAS of North Carolina. I would like now, if the gentleman will permit me, to proceed to one or two other points that I wish to make.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield for one question?

Mr. JONAS of North Carolina. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. Does the gentleman from North Carolina intend to enumerate some of the benefits that accrued to the State of North Carolina

by virtue of the construction of this plant?

Mr. JONAS of North Carolina. Why does not the gentleman, if he is sincerely interested in an answer, wait until I get to that and I will yield further?

Mr. JONES of Alabama. That is the reason I asked the question.

Mr. JONAS of North Carolina. I am sure the gentleman intends to stay here anyway, and I would ask him to postpone his question.

Mr. JONES of Alabama. I did not want to cause the gentleman to have to repeat.

Mr. JONAS of North Carolina. I have already referred to the use of TVA as a yardstick to determine what is a fair rate for power, whether it is publicly owned or privately owned. If we are going to have a yardstick, I think it ought to be a fair yardstick. I am trying to be just as generous in yielding as I can be.

I am saying that I do not believe your yardstick that you take such pride in is a fair yardstick because of two things. First, it does not reflect any cost of money, which is one of the principal items that goes into the making of a power rate, nor does it reflect a fair amount of taxes based upon what private utilities pay.

Mr. ELLIOTT. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield to the gentleman from Alabama.

Mr. ELLIOTT. Does the gentleman contend that the Tennessee Valley Authority, a creature of and a part of the Government of the United States, ought to be assessed Federal income taxes?

Mr. JONAS of North Carolina. If we expect to use TVA as a yardstick, we ought to make some allowance for Federal income taxes. I expect it should pay a Federal income tax. The truth is that neither TVA nor any power company actually pays the tax. They just collect the taxes from the people who consume the power. The end result is that the people who consume the 50 billion kilowatt-hours of electricity produced by TVA do not pay their fair share of the taxes because the tax item is not reflected in what they pay for power.

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield to the gentleman from Tennessee.

Mr. MURRAY. I have listened for about 40 minutes to the gentleman from North Carolina indicting the Tennessee Valley Authority. He has been engaged in a most vicious attack and assault upon the TVA. I was delighted in the beginning of his remarks to hear that he was a friend of TVA. I must say frankly that I regard the gentleman from North Carolina as one of the most unfriendly Members of this House to TVA.

Mr. JONAS of North Carolina. I do not intend to yield for that kind of a characterization.

Mr. MURRAY. I want to ask a question. Have you ever heard of any attempt made by the officials of TVA to enlarge or expand this area or territory?

Mr. JONAS of North Carolina. They came into our committee, and they came in last year, and asked for money to build the Fulton steam plant 115 miles outside of the TVA area. This House turned it down. The Senate turned it down.

Mr. MURRAY. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I decline at this time. The Senate turned it down last year. The House turned it down last year, and the House turned it down this year, and the Senate turned it down this year again.

Mr. GATHINGS. Mr. Speaker, if the gentleman will yield, and the gentlemen are complaining of their own acts.

Mr. MURRAY. Mr. Speaker, if the gentleman will yield, I say that actions speak louder than words sometimes. Now I want to ask this question: The Oak Ridge atomic energy plant is needing more power. It has been estimated that they will need 135,000 more kilowatts. Now it is believed that they will need more than that. Are you in favor of TVA furnishing this plant at Oak Ridge with this additional power, or do you want the Duke Power Co. to build a steam plant at Charlotte, in your district, and furnish the power to Oak Ridge?

Mr. JONAS of North Carolina. Well, the Duke Power Co. is not in competition, so far as I know, anywhere with TVA.

Mr. MURRAY. Answer the question.

Mr. JONAS of North Carolina. I am surprised at the gentleman trying to contend that my interest in this situation arises by reason of the fact that there is a private-power utility company operating in my district. So far as I know, there is no competition between them.

Mr. MURRAY. The gentleman has not answered my question.

Mr. PHILLIPS. Mr. Speaker, if the gentleman will yield, the gentleman is not required to answer extraneous questions, and I merely call his attention to the fact that he has 12 minutes left.

Mr. JONAS of North Carolina. I thank the gentleman. I want to answer the question. I am in favor of Oak Ridge having all the power it needs. I am in favor of Paducah having all the power it needs. And that leads me to this point. I am surprised that the strong proponents of TVA here in this House have taken such a violent objection to this contract, because I think this contract, if it is consummated, would be the answer to your hopes of having more power in the Tennessee Valley. Let me go one step further. I not only want AEC to have all the power they can use and need at Oak Ridge and Paducah, but I, for one, believe that they are going to get all they need, and if there is any shortage of power in 1957, I do not think it will be the Atomic Energy Commission that will suffer. I think it will be the people of the Tennessee Valley who refuse to admit that anybody is in a position to furnish them power except TVA. The fact is that TVA today gets from 10 to 12 percent of all the power it sells from power companies around the entire periphery of the TVA area. Testimony is on record before the committee that private power companies in Virginia, Georgia, Alabama, Mississippi, and Arkansas have made proposals to make power available to the Tennessee Valley area, but the TVA will not accept those proposals, not because the power is not available but because the price is not right. I, for one, am willing to admit that TVA can sell power cheaper than any private utility. I have never contended to the contrary, and I admit it here. Why, it would be ridiculous if it could not do it, because I have already pointed out they get their money interest free, and they do not pay any taxes.

I contend—and I shall ask you to correct me if I am wrong—that there is no authorizing legislation that will permit the appropriation of money to build the Fulton plant. I say that because I have studied the basic act. It is my view that TVA is restricted to the Tennessee River and its tributaries. Fulton, as I have said several times, is 115 miles west of the Tennessee River. All of the tributary rivers between the Tennessee and the Mississippi flow into the Mississippi and not into the Tennessee. By no stretch of the imagination can it be argued that the Mississippi is a tributary of the Tennessee. All of the language that I find in this act, in defining the territory of the Tennessee Valley Authority, restricts it to the Tennessee River and its tributaries.

Going one step further, the House evidently agrees with that view because the House turned down an appropriation for the Fulton plant this year. You may say that one reason for that was because it did not have Budget Bureau approval. But it had Budget Bureau approval last year, and the House turned it down then.

Mr. COOPER. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. Is not that true?

Mr. COOPER. Oh, no.

Mr. JONAS of North Carolina. Was not that in the Truman budget? That is the budget I am talking about.

Mr. COOPER. That was not the budget that the gentleman's party brought in here. They brought in the Eisenhower revised budget.

Mr. JONAS of North Carolina. There was $254 million provided, and was not $30 million of that for the Fulton plant?

Mr. COOPER. No; there was not a dime included in the Eisenhower budget last year or this year for the Fulton plant. And the distinguished gentleman from North Carolina [Mr. JONAS] led the fight on the floor against my amendment to provide for the Fulton plant.

Mr. JONAS of North Carolina. That is correct. I do not think there is any authority in the law for the building of the Fulton plant. I think you have to have authorizing legislation.

Mr. COOPER. Will the gentleman yield further at that point?

Mr. JONAS of North Carolina. I yield to the gentleman from Tennessee.

Mr. COOPER. Then, under the rules of the House of Representatives, why did not the gentleman make a point of order against my amendment and knock it out instead of opposing the amendment merely without making the point of order?

Mr. JONAS of North Carolina. I thought that the way to do it was to debate the issue and let the House decide

it, not on a point of order; but to permit the House to decide whether we should put up the money to build this steam plant at Fulton.

Mr. EVINS. Mr. Speaker, will the gentleman yield, on another point?

Mr. JONAS of North Carolina. I yield to the gentleman from Tennessee.

Mr. EVINS. The gentleman has complained that the people of the Tennessee Valley area do not recognize the feasibility of the use of private power. But the gentleman fails to recognize Electric Energy, Inc.—EEI, and the Joppa plant. Everyone, including the Federal Power Commission and the Atomic Energy Commission, recognizes that the TVA has proved itself most efficient in the building of steam plants to provide the power at cheaper cost. The gentleman will admit that, I am sure.

Mr. JONAS of North Carolina. I have never contended that the TVA is incompetent or inefficient or that it cannot build a steam plant as cheaply or as efficiently as a private company. I do not see why it should not be able to do so more efficiently because, as I have explained time and time again, it does not have to worry about where it gets its money. It does not have to pay any interest. It does not have to take care of any investors, and pay them any dividends, and it does not have to worry about taxes. I am not arguing that TVA is not able to build a steam plant as efficiently or as economically as private industry.

On yesterday in the course of the debate some editorials were inserted in the RECORD; also again today.

Mr. Speaker, I ask unanimous consent that at the conclusion of my remarks I may include as a part thereof an editorial from last night's Evening Star.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. JONAS of North Carolina. Having consumed nearly an hour, Mr. Speaker, I find that I have not had an opportunity to discuss the situation at Paducah. I think that is a part of this TVA story. I would discuss that aspect of this problem now if it had not been for a charge made here this afternoon that I have delivered a vicious attack on TVA. I recognize that everyone has a right to his own opinion about it. I recognize that the partisans of TVA will never be convinced that anyone who dares to criticize anything that happens in the TVA or dares to raise a constructive suggestion that TVA would be well advised to try to figure out some way by which that organization could stand on its own feet, is anything but an enemy of TVA. I realize that there are those who contend that I am an enemy of TVA. I have disclaimed that. Someone said that actions speak louder than words. I have already explained that last year on my subcommittee, I voted to give TVA $188 million—and that is not chicken feed in my part of the country. This year I voted TVA another $120 million. If you call that undertaking to destroy or damage TVA, I do not understand it that way. I am happy to admit I believe that TVA ought to stand on its own feet. I believe it is able to do that, and I think it would be in its own best interest to do that as well as in the interest of the people of the Tennessee Valley.

Mr. PHILLIPS. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield.

Mr. PHILLIPS. Is it not a fact that during the discussions last year on this very point, both in committee on the outside and in full committee, we found that many people who are known friends of TVA were very much of the opinion that the TVA had reached a point where it could stand on its own feet, and if nothing else, should begin to pay interest on the money which it has received from the Government?

Mr. JONAS of North Carolina. That is correct. But, whenever any of us who have that view stand up and express it, we are attacked by the partisans of TVA and accused of seeking to destroy it for some ulterior motive. I just do not understand the reason for that sort of reaction.

Mr. PHILLIPS. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield.

Mr. PHILLIPS. This is a rather personal matter, but the gentleman has just about consumed his time. He said he wanted to talk about the Paducah situation, and I, for one, should like to hear him. I call the gentleman's attention to the fact that I have a special order for tomorrow, and if the gentleman cares to take some of that time to discuss the Paducah situation, I shall gladly yield to him then.

Mr. JONAS of North Carolina. I thank the gentleman.

Mr. GATHINGS. Mr. Speaker, I commend the gentleman for his forthright and courageous speech.

Mr. PHILLIPS. I also commend the gentleman and congratulate him for bringing many of these facts to the attention of the House.

Mr. PRIEST. Mr. Speaker, will the gentleman yield?

Mr. JONAS of North Carolina. I yield.

Mr. PRIEST. The gentleman used the phrase "Tennessee had reached the point where it could stand on its own feet."

Mr. JONAS of North Carolina. The Tennessee Valley Authority.

Mr. PRIEST. Yes.

Mr. JONAS of North Carolina. The great State of Tennessee can stand on its own feet and has been doing so for many years. I have never said anything unkind about the gentleman or his State.

Mr. PRIEST. The question of standing on its own feet and doing the job which Congress directed it should do was emphasized again in 1939 when it approved the sale of Commonwealth Southern, and to do that job it must supply the power needs of that area. The gentleman must agree to that.

Mr. JONAS of North Carolina. Basically. But it is not doing that now exclusively.

Mr. PRIEST. That is the point I wanted to make.

[From the Washington Evening Star of July 12, 1954]

MR. FULBRIGHT VERSUS HUMBUG

Senator FULBRIGHT belongs to what is described as the liberal wing of the Democratic Party. He also has always been, and still is, a strong supporter of the Tennessee Valley Authority. So it is a particularly impressive fact that he has come out with a vigorous full-dress defense of the President's directive to the Atomic Energy Commission to negotiate a 25-year contract with two private companies for construction of a powerplant at West Memphis, Ark.

Arkansas, of course, is Mr. FULBRIGHT's home State, and certain benefits would naturally accrue to it from the building and operation of such a plant. But that is not the real reason why he has spoken out as he has in the Senate. The real reason, as he has put it, is that the proposed contract has been so viciously attacked, and I think so unfairly and so erroneously attacked, and figures have been so freely used without justification, that some one simply had to say something about the actual facts.

Broadly speaking, the proposal's critics (mostly the Democratic liberals) have made the following major charges, among others: (1) That the AEC has no legal authority to negotiate the contract in question; (2) that the President has exceeded his powers in issuing his directive; (3) that the directive constitutes a sort of sly, underhanded move that would misuse one of the Nation's most vital and sensitive agencies to initiate a policy that could ultimately destroy TVA for the benefit of the private utilities; and (4) that power from the projected plant would cost the Government between $3.5 million and $5.5 million more a year than equivalent power from facilities that TVA could build at Fulton, Tenn.

These and similar charges, however, have been effectively rebutted by Mr. FULBRIGHT. True enough, his Friday speech does not constitute the last or most authoritative word on the subject, but it certainly presents a persuasive case in favor of the proposed contract—an arrangement under which the private companies, at a cost of about $107 million, would build a 600,000-kilowatt plant whose output (which would be for nongovernmental consumers in the Memphis area) would be fed into the TVA system to make up for a comparable amount of TVA power now being delivered to the atomic installations at Paducah, Ky. Clearly, judging from Mr. FULBRIGHT's argument, the AEC's legal right to negotiate such a contract and the propriety and validity of the President's directive seem to be wholly beyond question.

Further, from the standpoint of the economics involved, Mr. FULBRIGHT has powerfully challenged the figures of the opposition. Using the present AEC-TVA Paducah contract as a yardstick, he has presented a table showing that power from the West Memphis project, far from imposing an additional annual cost of up to $5.5 million, would cost only $282,000 more a year than power from the TVA. And above all, in addition to citing other advantages inherent in the proposed arrangement, the Senator has stressed the important fiscal fact that it would obviate the need for a Government outlay of about $100 million that would otherwise have to be spent on new TVA facilities during the next 3 years.

A summary of this sort cannot do justice to all the points raised by Mr. FULBRIGHT. Suffice to say, however, that his speech—taken together with the statement just issued by the Budget Bureau—makes much of the criticism of the directive look like the sheerest sort of humbug. As he sees the proposed contract, there is "nothing immoral, illegal, or wrong about it in any way." On the contrary, he welcomes it for what it plainly seems to be—an honest and aboveboard effort to cut down on Federal outlays

and encourage free enterprise in a manner that will serve the national interest without hurting TVA.

The SPEAKER pro tempore. The time of the gentleman from North Carolina [Mr. JONAS] has expired.

EXTENSION OF REMARKS

Mr. PHILLIPS. Mr. Speaker, I have two requests to make on behalf of my colleague, the gentleman from New Jersey [Mr. WOLVERTON].

First, that all Members of the House who desire may extend their remarks in general debate on H. R. 8356.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. PHILLIPS. And on behalf of the gentleman from New Jersey [Mr. WOLVERTON], I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks in the RECORD on the bill H. R. 8356.

The SPEAKER pro tempore. Is there objection?

There was no objection.

TENNESSEE VALLEY AUTHORITY

The SPEAKER pro tempore (Mr. O'KONSKI). Under previous order of the House, the gentleman from Alabama [Mr. JONES] is recognized for 15 minutes.

Mr. JONES of Alabama. Since the President sent a communication down to the Atomic Energy Commission to undertake negotiations with the Dixon-Yates group to construct a generating facility to supply the needs of AEC, in a rather circuitous fashion, by furnishing the power to AEC and in turn to TVA, the question came to my mind upon what legal authority the AEC would conduct this procurement policy and how it would make contracts on and in behalf of the Tennessee Valley Authority. I have made diligent inquiry from the AEC, and all committees in connection with this problem, to determine the legal authority under which AEC was to make this contract for TVA. So far I have not been satisfied from any source that I have contacted. I felt that it would be necessary for us to make an appeal to the highest authority, the highest legal authority in the executive department, and let him examine this whole proposal and see whether or not the legal requirements are being met by the Atomic Energy Commission, as far as the contractual relationship for TVA is concerned.

Today I directed the following letter to Mr. Brownell, Attorney General of the United States:

WASHINGTON, D. C., *July 13, 1954.*

The Honorable HERBERT BROWNELL, Jr.,
Attorney General of the United States,
Washington, D. C.

DEAR MR. BROWNELL: Because of the current controversy with respect to the directive of the President to the AEC to contract with the Dixon-Yates syndicate for 600,000 kilowatts of power to be delivered to TVA at a point near Memphis, I have made a search of the AEC Act to attempt to discover under what authority AEC could enter into such a contract. From my review of this legal problem, it seems to me that the existence of such authority is extremely doubtful. I believe it would be helpful in clarifying public discussion if you would look into this problem and give the Congress your opinion as to the legality of the proposed contract.

The act of July 17, 1953, which added a new section 12 (d) to the Atomic Energy Act of 1946, authorizes the Atomic Energy Commission in connection with the construction or operation of its Oak Ridge, Paducah, and Portsmouth installations "to enter into new contracts or modify or confirm existing contracts to provide for electric utility services for periods not exceeding 25 years." If the President's directives contemplated a source of additional power for AEC's own needs, the foregoing provision would seem to provide adequate statutory authority. However, the letters of June 16, which were sent by the Bureau of the Budget at the direction of the President to Chairman Lewis L. Strauss, of the Atomic Energy Commission, Vice Chairman Harry A. Curtis, of the Tennesse Valley Authority; and Chairman Leverett Saltonstall, of the Independent Offices Subcommittee of the Senate Committee on Appropriations, make clear this is is not the case. Although the President's budget message of January 21, 1954 stated that AEC would undertake negotiations with private utilities for the purpose of replacing 500,000 to 600,000 kilowatts of the power which TVA is committed to supply AEC at Paducah, and would result in releasing TVA from its power-supply obligations to AEC in the same amount, the letter to Dr. Curtis expressly states that "AEC will maintain in force its full contract with TVA at Paducah." The net effect of the transaction, therefore, would be to add 600,000 kilowatts on the TVA system for loads other than the AEC load at Paducah. Although AEC would receive none of the additional power made available by the Dixon-Yates syndicate, the directives require AEC to reimburse Dixon-Yates in the amount of State and local taxes on the new powerplant to be built in Arkansas, such taxes being estimated at $1,499,000. This expenditure is in addition to extra costs which would be imposed on TVA in amounts variously estimated at from $2,200,000 to almost twice that amount.

The specific questions which I wish to raise in the light of the foregoing facts are as follows:

1. Can the proposed contract between the Atomic Energy Commission and the Dixon-Yates syndicate reasonably be considered as being entered into "in connection with the construction or operation" or the Paducah facility inasmuch as it would add nothing whatever to the power now available at Paducah for construction and operation of said facility?

2. Does a contract, the purpose of which is to add 600,000 kilowatts to the amount of power available to TVA for general area loads, come within the authorization to AEC in the act of July 17, 1953, to contract for electric-utility services, or does such authorization in the context of the act relate to the Commission's own requirements for electric-utility service rather than to electric-utility service for other organizations and agencies?

3. Does the act of July 17, 1953, or any other provision of the Atomic Energy Act authorize AEC to spend $1½ million a year for the purpose of subsidizing the Dixon-Yates syndicate for power supply which is in no way required for or used by the Atomic Energy Commission?

The provisions of the Independent Offices Appropriation Act, 1955, which would presumably be the source of the funds to be expended by AEC, are also involved in the question of AEC's legal authority to commit the Treasury to payments of $1½ million a year for 25 years, in return for which it will receive nothing. The appropriation is made available for "necessary operating expenses of the Commission in carrying out the purposes of the Atomic Energy Act of 1946." In your opinion can the proposed expenditures be considered as necessary operating expenses for carrying out AEC's functions when it will receive none of the power and benefit in any way from the expenditures?

A prompt expression of your views on the foregoing questions would, I am sure, contribute to a general public understanding of the issues involved in this important matter.

Sincerely,

ROBERT E. JONES,
Member of Congress.

Mr. WHITTEN. Mr. Speaker, will the gentleman yield?

Mr. JONES of Alabama. I yield to the gentleman from Mississippi.

Mr. WHITTEN. I wish to commend the gentleman for having requested that opinion; however it strikes me that before the Government would enter into such a contract in advance there should have been such a legal opinion. I trust that opinion will be forthcoming.

Mr. JONES of Alabama. I am quite satisfied that the Attorney General will direct his attention to such a problem because on yesterday we were given assurances by the gentleman from California [Mr. PHILLIPS], as I recall, that the contract had not been completed and was still the subject of negotiation between Mr. Yates, Mr. Dixon, and the AEC; so I am quite sure that the request comes in time.

Mr. WHITTEN. I did not mean it that way. I rather think the gentleman is going to find out there is no such legal opinion. I am merely stating there should have been preceding the directive to enter into a contract a legal finding as to authority for it. I doubt the gentleman will find such is the fact, but certainly there should have been.

Mr. JONES of Alabama. I am sure that the Attorney General who has expressed on numerous occasions his desire to look in and see that all laws are upheld will direct his attention to it.

Mr. WHITTEN. If the gentleman will permit me, I would like to say that I certainly have appreciated the statements that have been made on this side of the aisle in support of the TVA activity. I have always tried to believe and have believed that the TVA in its operations had a real national interest. Many statements are made about the TVA not paying taxes to the Government. Why, TVA is the Government. It is run by the Government, it belongs to the Government.

It has been pointed out that the TVA is not a fair yardstick. I know the gentleman and I have never tried to insist that it was what we might term a fair measuring stick in that it has some natural advantages in deepness of the river valleys and things of that sort; but is a measurement by which we can tell the cost of doing certain things in connection with power generation and sales. It is a challenge to the private utilities. It has a value to the whole Nation therefore.

I was surprised to learn not long ago that beginning with the TVA era, the closer the private utility was to TVA the greater the increase in its power sales, the greater reduction in its rates and the greater its earnings. As you get away from TVA those things go down and up

directly in proportion to the distances you get away.

Mr. JONES of Alabama. What is true of the TVA in that respect is also true in connection with the distribution of public power in the Columbia River country.

Mr. WHITTEN. Some years ago I served on a committee. The attacks against the TVA are just the same today as they were years ago when I served on that committee. You can see through all of it an effort to get rid of a comparison of rates by the TVA with the private utilities; inferentially so they can raise their rates.

I want to show the gentleman, if I may have another moment of his time, that in the House appropriation bill our friends listened to the advocates of the private power companies who would like to get rid of this comparison and not only recommended that we take out the cash operating funds to cripple its operations but after all of that they take off all the restrictions on what the retailer charges for the electricity, at the retail level; in other words, an invitation to cities and distributors to let the sky be the limit on retail sales prices and they do not care who gets the money. I point out that as showing you what they are trying to reach is to raise the rates at retail. Now, under this Dixon-Yates contract we find they have gone one step further. They come in here, and through the instrumentality of the Atomic Energy Commission, by a strained construction, an agency that is supposed to be independent, tell that Commission which had authority to buy power for its own use for many years "You buy it here and resell it over there. Generate it through the TVA and let them pick up the check" and reflect the entire rates to the retailers, that is, this added cost. In this case it is even worse than the House committee did, because here they did not point out who was going to get the money in the increased rates in the area. And, I think by going through the Atomic Energy channel that they have pointed up nationally the need for us to write into the Atomic Energy Act further restrictions to see that the benefits of atomic energy in the future, as many have advocated dealing with the subject, protection to see that the benefits go to all of us, because in this instance under the guise of saving money, we really are paying out through the Atomic Energy Commission more and more money to a small group who we set up in business, who we contract with to take its output, who we guarantee tremendous profits, whose taxes we pay, all to the benefit of the few stockholders in a few companies of Dixon-Yates. If it is smart business for the Federal Government, whose Atomic Energy Commission is working for all of us, to pay higher rates for what they get than we can supply it for, I cannot see that that is sound business.

Mr. JONES of Alabama. Not only what the gentleman from Mississippi said is true, but the fact is he is a member of the Committee on Appropriations, and when the appropriation bill was pending in that committee, why no information was given to the Committee on Appropriations that this problem as it is presented today was involved.

The SPEAKER pro tempore. The time of the gentleman from Alabama has expired.

FEDERAL-STATE UNEMPLOYMENT INSURANCE SYSTEM

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. EBERHARTER. Mr. Speaker, last week the House voted 241 to 110 against amendments offered by the gentleman from Rhode Island [Mr. FORAND] to H. R. 9709, a bill extending the coverage of the Federal-State unemployment insurance system. The bill, as passed, would do absolutely nothing for the presently insured unemployed millions who are receiving inadequate benefits for inadequate periods of time. More than 600,000 of these insured workers have already exhausted their benefits.

The Forand amendments would have increased the amount of unemployment insurance payments to a minimum of 50 percent of the insured worker's regular wages, up to a maximum of 66⅔ percent of the average wage in the State, and would have increased the duration of benefit payments for a period up to 26 weeks.

I have been given an interesting analysis of the vote on the Forand amendments, showing the labor market areas in group 4—that is, having 6 percent or more of unemployment—broken down into the congressional districts from which came those Members who voted directly against the increase and extension of unemployment insurance benefits. This analysis might be very embarrassing to these particular Members of Congress, and for this reason I will not insert the analysis in the RECORD.

Mr. Speaker, on the same subject, an article in the July 16 issue of the U. S. News & World Report, page 24, states that there are right now areas suffering severe unemployment conditions from which 95 Members of the 84th Congress will be elected. I need not argue that in those 95 congressional districts the matter of unemployment will be an issue of considerable importance, and the record covering the proceedings on the Forand amendments shows that 47 Republicans from these districts voted against the proposal to increase the amount of the benefits and lengthen the duration of the payments.

Mr. Speaker, I have also been furnished with a copy of the bimonthly summary of labor market developments in major areas, issued by the Bureau of Employment Security of the Department of Labor for May 1954—the latest obtainable data. Among other things, this explains the classification of 44 major labor market areas into group IV–A, having 6 percent or more unemployment, along with 42 smaller areas, making a total of 86 areas having 6 percent or more unemployment; also, 7 major areas into group IV–B, having 12 percent or more unemployment, along with 31 smaller areas, making a total of 38 areas having 12 percent or more unemployment. This amounts to a total of 124 labor market areas—more than half of the 222 labor market areas—having 6 percent or more unemployment.

The analysis—which I am not inserting in the RECORD—shows that in 52 congressional districts containing 89 cities in 72 group IV labor market areas, of which 42 have 12 percent or more unemployment and 30 have 6 percent or more unemployment, 47 Republicans voted against increasing the amount of unemployment insurance payments and extension of the number of weeks duration of such payments. In the words of the minority report on the bill, they voted to give the unemployed not bread, but a stone.

I insert at this point excerpts from the Bimonthly Summary of Labor Market Developments issued by the Bureau of Employment Security of the Department of Labor:

EXCERPTS FROM BIMONTHLY SUMMARY

Recent downtrends in national unemployment totals have not yet significantly reduced the excess of labor supply as related to employment opportunities in most of the country's major production and employment centers. This was indicated by the latest survey of area manpower conditions in 149 of the Nation's largest labor markets conducted by the Bureau of Employment Security in cooperation with affiliated State employment security agencies.

The survey showed some increases in labor surpluses in a number of important areas even though the usual spring employment pickup in selected activities was getting underway. In 21 of the 149 major labor market areas, the rise in joblessness was sufficiently large to result in a change in the area's' labor supply classification between March and May. Classification changes for the current period were thus less far-reaching than those in the previous (January to March) period. Between January and March, 45 of the 149 major areas had been reclassified according to relative adequacy of labor supply. All of these were shifted to looser labor supply categories. None of the recently surveyed areas reported sufficient unemployment decreases to warrant a shift to a classification reflecting tighter labor supply.

With the issuance of the May area classification listing, the former group IV—substantial labor surplus—category is being split into two separate groupings (IV–A and IV–B) in order to identify and isolate those areas with the most serious unemployment problems. The group IV–B category will be used to designate areas with very substantial labor surpluses—where unemployment (apart from seasonal and temporary factors) affects about 12 percent, or more of the area's work force. Seven major areas—Lawrence, Mass.; Providence, R. I.; Ponce, P. R.; Kenosha, Wis.; and Altoona, Johnstown, and Wilkes-Barre-Hazelton, Pa.—have been placed in the group IV–B category at this time.

A summary of May classifications for the 149 major areas is shown below, together with comparable figures from the previous summary released in March and from that of May 1953. The number of smaller areas classified because of the existence of substantial unemployment during each period is also indicated in the tabulation.

Classification	Major areas			Description of classification
	May 1954	Mar. 1954	May 1953	
Group I	0	0	5	Areas of labor shortage.
Group II	16	20	68	Areas of balanced labor supply.
Group III	82	95	60	Areas of moderate labor surplus.
Group IV	51	34	16	
IV-A	44	------	------	Areas of substantial labor surplus.
IV-B	7	------	------	Areas of very substantial labor surplus.
Total	149	149	149	
	Smaller areas			
Group IV	73	46	18	
IV-A	42	------	------	Areas of substantial labor surplus.
IV-B	31	------	------	Areas of very substantial labor surplus.

Seventeen of the twenty-one major areas shifting to new classification ratings between March and May were transferred from group III (moderate labor surplus) classifications to the new group IV-A (substantial surplus) category. Among this group—in addition to the Canton, Ohio, area (previously assigned a group IV rating in April)—were such key centers as Philadelphia, Pittsburgh, St. Louis, and Buffalo. The Chicago area—which covers three counties in Illinois and Indiana—was among the four areas transferred from group II (balanced labor supply category) to group III. * * *

PENNSYLVANIA

Lancaster: Increased labor surplus due to general moderate employment decline in most industries since last summer peak; manufacturing reduction heaviest in textiles, machinery. Unemployment half again higher than year ago. Small job gains are in prospect to summer but will be more than offset by students and summer workers entering labor force.

Erie: Nonelectrical machinery leads general manufacturing decline as factory jobs drop one-eighth since March 1953. Durable goods losses, ebbing trade and transport payroll boost jobless rolls to substantial level. Further layoffs in railroad equipment indicated to July.

Philadelphia: Over-the-year declines in manufacturing primarily responsible for substantial labor surplus. Transportation equipment, machinery, primary metals, textiles most affected. Another fractional employment decline foreseen to July as ebb in factory activity continues, cancelling out seasonal nonmanufacturing advance.

Pittsburgh: Factory jobs drop to 10 percent below year-ago levels; steel cutbacks responsible for half of recent decline. Scheduled small seasonal gains to July not expected to cut unemployment to below substantial levels.

Reading: Increased labor surplus traceable to 10 percent factory drop over past year. Primary metals, apparel, food, transportation equipment show sharpest recent losses. Continued decline in primary metals appears in prospect.

Berwick-Bloomsburg: Sharp drop in dominant transportation (railroad) equipment attributed to termination of Government, civilian contracts. Jobless rolls 50 percent above last November, nearly triple year ago.

New Castle (added to group IV list in April): Durable goods decline (steel, machinery, auto parts) results from drop in civilian, defense orders. Unemployed—mostly unskilled, semiskilled male industrial workers—three times as numerous as last year.

Mr. Speaker, I have not included in the foregoing excerpts information covering many other areas of the country because Pennsylvania can be considered as fairly indicative of conditions prevailing in other industrial States.

It is my conclusion, both from personal observation and from official statistical reports from the Department of Labor, that we should not look forward with any optimism insofar as increased employment is concerned.

VETERANS' LEGISLATION

The SPEAKER pro tempore. Under previous order of the House, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 2 hours.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I rise at this time to remind the Members of the House that a petition will soon be placed on the desk to discharge the Rules Committee from further consideration of H. R. 9020, a bill providing for an increase in compensation for service-connected and other cases. I know the gentleman from New York [Mr. RADWAN] did not want to introduce this discharge petition, but it was necessary because in spite of repeated requests we have had no rule. The gentleman from New York is on the floor and will address himself to his bill.

I know the Members need not be reminded that the flower of our country went to war, fought, and died, and many were disabled in order to keep this country safe and free. In future wars it will be our young men, the flower of the country, who will fight for us. They are expendables in war. The veterans seem to be expendable in peace, and an effort to take away their benefits and compensation, and care and help, by cuts in appropriations, cutting training and compensation, is being made.

I appeal to the House to help the Veterans' Committee in their efforts to stop this unfair treatment of the veterans, and to secure the passage of their legislation.

Mr. Speaker, the Committee on Veterans' Affairs has been very busy during the entire 83d Congress. This applies both to the first, as well as the second session. By far the vast majority of the bills which have been introduced have received hearings or other attention by the subcommittees or the full committee so that the questions presented by this legislation have been disposed of in one way or another.

In all, 111 sessions of the committee or its subcommittees have thus far been held during the Congress. This has resulted in the printing of 5,289 pages of printed testimony taken by the full committee or one of its subcommittees.

During the first session the Subcommittee on Hospitals conducted a thorough and careful study of the questions raised by opponents of hospitalization and medical care for veterans and came to the unanimous conclusion that the present system was working well and that the extension of hospital care and medical services should be continued on its present basis without curtailment. The full findings and recommendations of the subcommittee which were later approved by the full committee are outlined in a committee resolution adopted on March 24, 1954, which I insert at this point in the RECORD:

HOSPITALIZATION RESOLUTION ADOPTED BY COMMITTEE, MARCH 24, 1954

Whereas the Subcommittee on Hospitals of the Committee on Veterans' Affairs did circulate a questionnaire among all Veterans' Administration hospitals and other medical facilities during 1953, in an effort to determine the efficiency and adequacy of their operation; and

Whereas said subcommittee held hearings of 3 weeks' duration, providing 1,265 pages of printed testimony on the subject of entitlement and eligibility of veterans for hospital care; and

Whereas all interested organizations, including veterans' groups, medical societies, and appropriate officials of the Government, were heard on this subject; and

Whereas the Veterans' Administration has issued an addendum to the admission application form for hospital care requiring the listing of assets and liabilities for non-service-connected cases; and

Whereas information on said addendum is not to be divulged to other than appropriate Veterans' Administration officials; and

Whereas said addendum does not preclude hospitalization for needy cases: Therefore be it

Resolved, That the Committee on Veterans' Affairs approves the present unlimited hospitalization of service-connected veterans; and be it further

Resolved, That the committee urges the cooperation of all veterans' groups and all other parties interested in medical care for veterans that the new admission policy be given a fair trial and period of operation before any final conclusion is reached on its workability or feasibility; and be it further

Resolved, That no legislation be considered on this subject until the effect of the new policy has been determined; and be it further

Resolved, That the committee approves the continued hospitalization of non-service-connected neuropsychiatric and tubercular veterans; and be it further

Resolved, That the committee approves the continued hospitalization of other groups of non-service-connected veterans where beds are available and the veteran does not have the ability to pay for private hospitalization.

The Subcommittee on Housing has held several hearings both in Washington and in the field in an effort to eliminate abuses which have arisen in the providing of housing for veterans and to further improve the administration of those laws by the Veterans' Administration. The bill H. R. 8152, which authorizes the continuance of the direct loan program for another year, or until June 30, 1955, was passed by the House earlier this session and is now pending before the Banking and Currency Committee in the Senate. This bill, which would also authorize $100 million additional in funds, has been temporarily laid aside in order for the conferees on the general housing bill, H. R. 7839, to reach an agreement on section 902, which provides for the same extension of time, but with double the money—$200 million.

All of these investigations have been helpful to the cause of veterans and to the general field of veterans' legislation. However, it is legislation, Mr. Speaker, upon which a record is built. Eleven bills have been enacted into law which

were reported by the Committee on Veterans' Affairs during the current Congress, and one is now pending before the President. There are numerous other bills which should be enacted into law and which are either pending on the Consent Calendar or before the Rules Committee.

As Members know, I have been concentrating recently, together with other members of my committee, to obtain passage of H. R. 9020, which seeks to increase the rates of compensation and pension for veterans and their dependents. This bill, reported unanimously by the Committee on Veterans' Affairs on May 28, 1954, has been since that time before the Rules Committee, despite the fact that a majority of the members of that committee have signified a willingness to vote for a rule, if given the opportunity to do so. I deeply believe, Mr. Speaker, that this bill should be passed and enacted into law prior to the adjournment of this Congress, and that other legislation which I shall mention in a few moments should also reach the House floor for discussion and debate. I believe that even a casual investigation will show the merits of the proposals which the Committee on Veterans' Affairs has reported and which certainly warrant approval of the Congress prior to adjournment.

The bill, H. R. 5380, seeks to extend pensions for veterans serving in the Moro Province, Mindanao, or in the islands of Samar and Leyte after July 4, 1902, and prior to January 1, 1914. This measure, reported after careful consideration by the Subcommittee on Spanish War, headed by the gentleman from Washington [Mr. MACK], would provide pensions for a group of veterans and their dependents who saw real service after the close of the Spanish-American War. It was reported in June of 1953 and despite all of our efforts, we have not been successful in getting the bill considered either on the Consent Calendar or by the Rules Committee, even though we have made repeated requests for consideration. It seems very unlikely that this legislation would cost more than $800,000. I insert at this point an explanation of this measure:

PENSIONS FOR MORO PROVINCE SERVICE, 1902–14, H. R. 5380

Title: To extend pension benefits under the laws reenacted by Public Law 269, 74th Congress, August 13, 1935, as now or hereafter amended to certain persons who served with the United States military or naval forces engaged in hostilities in the Moro Province, including Mindanao, or in the islands of Samar and Leyte, after July 4, 1902, and prior to January 1, 1914, and to their unmarried widows, child, or children.

Mr. MACK of Washington. Introduced and referred May 25, 1953.

Analysis: Gives Spanish-American War pension rates to those who served in the Moro Province, including Mindanao, or in the islands of Samar and Leyte, after July 4, 1902, and prior to January 1, 1914; also includes surviving unremarried widows, child, or children.

DIGEST OF REPORT (VETERANS' ADMINISTRATION)

"The general purpose of these bills is to provide a service pension under the conditions and at the rates prescribed by the laws reenacted by Public Law 269, 74th Congress, August 13, 1935, as now or hereafter amended, for any person who served in any unit of the United States military or naval forces while such unit was engaged in hostilities in the Moro Province, including Mindanao, or in the islands of Samar and Leyte, after July 4, 1902, and prior to January 1, 1914, who was honorably discharged from the enlistment in which such service occurred, and for the surviving unremarried widow, child, or children of such person. For the ready reference of the committee there is furnished herewith a table showing the pension rates currently payable to veterans and their dependents under the mentioned laws. * * *

"Persons comprehended by the bills are presently entitled to all benefits prescribed by law for former members of the Regular Establishment, or as they are sometimes called, peacetime veterans. It is felt that a brief reference to benefits now available to such veterans and their dependents would be helpful to the committee in its consideration of these bills.

"Present benefits include compensation at peacetime rates for disabilities resulting from personal injury or disease contracted in line of duty or for an aggravation of a preexisting injury or disease contracted or suffered in line of duty and not the result of the person's own misconduct. Compensation at peacetime rates is also payable to dependents on account of the death of such veterans from service-connected causes. Compensation is payable at wartime rates for disabilities incurred in line of duty as a result of armed conflict or extrahazardous service, including such service under conditions simulating war, and for death from such disabilities, pursuant to paragraph 1 (c), part II, Veterans Regulations No. 1 (a), as amended. Veterans entitled to compensation at wartime or peacetime rates are entitled to additional compensation for dependents if their service-connected disability is rated at not less than 50 percent. * * *

"From time to time bills have been introduced in the Congress which have had as their purpose the conferring of wartime benefits on the group who served in the Philippines for periods subsequent to the termination of the Philippine Insurrection on July 4, 1902 (July 15, 1903, as regards service in the Moro Province). During the 78th Congress, one such bill, H. R. 4099, was introduced, designed to confer a wartime status on the same group set forth in the subject bills through the extension of the official ending date of the Philippine Insurrection, to include service with the United States military or naval forces engaged in hostilities in the Moro Province, including Mindanao, or in the islands of Samar and Leyte, between July 5, 1902, and December 31, 1913. H. R. 4099 likewise was primarily designed to provide service pensions for this group. The bill passed the House of Representatives on March 27, 1944, and the Senate on November 27, 1944, but was returned by the President to the House of Representatives without his approval on December 8, 1944. In his veto message (H. Doc. 804, 78th Cong.), the President stated:

" 'This measure would grant special benefits to a particular group and exclude other members of the Regular Military and Naval Establishments who similarly have been called upon, on numerous occasions, to engage in similar military operations in times of peace. I believe that it is sound in principle to abide by the official beginning and ending dates of wars in providing benefits, heretofore described, and feel that extension of the period of the Philippine Insurrection, beyond that established in conformity with recognized legal precedents, would constitute sufficient deviation from that principle to invite further exceptions for additional groups with service in military occupations, expeditions, or campaigns other than during a period of war'."

"Attention is invited to the fact that by applying Spanish-American War pension criteria, these bills, if enacted, would grant to eligible peacetime veterans and their widows and children generally more liberal pension benefits, both as to rates and eligibility criteria, than are provided for veterans of World War I, World War II, or service on or after June 27, 1950, and their widows and children.

"Enactment of the proposed legislation might serve as a precedent for requests for similar legislation on behalf of veterans of our Armed Forces who served in other campaigns, expeditions, or occupations, including members of the occupation forces after World War I and World War II whose only service was rendered in other than a war period. There is also for consideration what precedential effect the enactment of these bills might have with respect to requests for additional wartime benefits, such as hospital and domiciliary care and burial benefits, for the group within the purview of the bills, and other comparable groups.

"In any event, the matter of authorizing service pension for additional groups of beneficiaries involves a question of broad public policy, and it is the view of the Veterans' Administration that any revision of that policy is primarily for the consideration of, and determination by, the Congress.

"There are no records in the Veterans' Administration on which to base a worthwhile estimate of the cost of the proposed legislation.

"Advice has been received from the Bureau of the Budget that enactment of the proposed legislation would not be in accord with the program of the President."

Reported: June 10, 1953; House Report 534.

Pending on the Consent Calendar is H. R. 7712 which I introduced at the request of the Disabled American Veterans, which provides for a statutory rate of compensation of $266 a month for veterans who have lost an eye, in combination with the loss of a limb. Needless to say, the cases concerned here are only those with service-connected disabilities. It is a meritorious measure and one which would cost very little, if enacted, I am sure, despite the fact that the Veterans' Administration has been unable to furnish a estimate of cost. I insert at this point an explanation of this measure:

STATUTORY RATE FOR CERTAIN LOSSES, H. R. 7712

Title: To amend the veterans regulations to provide an increased statutory rate of compensation for veterans suffering the loss or loss of use of an eye in combination with the loss or loss of use of a limb.

Mrs. ROGERS of Massachusetts. Introduced and referred February 3, 1954.

Analysis: Provides a statutory rate of compensation of $266 a month for veterans who have lost an eye in combination with the loss of a limb. The rate today varies depending on the severity of the disability, and this bill would put this class of veterans on a parity with those who have lost both legs or both hands or are blind.

DIGEST OF REPORT (VETERANS' ADMINISTRATION)

"The World War Veterans Act, 1924, as amended, provided a rate of $100 monthly for total permanent disability and an additional sum of $50 monthly if the disabled person was so helpless as to be in need of a nurse or attendant. The act provided a statutory total permanent disability rating for the loss or loss of use of 1 hand or 1 foot with blindness of 1 eye. However, these conditions of themselves have generally not been considered as requiring regular aid and attendance and have not been paid the additional allowance for a nurse or attendant. The $50 allowance was, however, generally

paid to persons having lost, or lost the use of both hands, or both feet, or of both eyes, or of 1 foot and 1 hand. Under Public Law 2, 73d Congress, and Veterans' Regulation No. 1 (a), as amended, the rates for permanent total disability and for disability causing need for regular aid and attendance were combined into 1 rate of $150 (now $266), and this rate was made applicable to the 4 combinations presently included in subparagraph (1), supra, namely, the anatomical loss or loss of use of both hands, or both feet, or of 1 hand and 1 foot, or blindness in both eyes, with 5/200 visual acuity or less. This rate was not provided for the loss or loss of use of 1 hand and 1 eye or 1 foot and 1 eye because, as indicated, such losses generally do not require the regular aid and attendance of another person.

"The bill, if enacted, would provide the same rate of compensation for veterans who generally do not require regular aid and attendance as is now provided for those who do require regular aid and attendance.

"The basic rates of compensation for service-connected disability under the act of March 20, 1933, and the veterans' regulations issued pursuant thereto, are based generally on the theory that the amount of compensation payable should be proportionate to the degree of disability resulting from injury or disease. The authorizing of special rates of compensation in excess of those prescribed according to the degree of disability involves a policy which is primarily for determination by the Congress. But it must be recognized that in the absence of a medical or other sound basis for such special awards they create inequities and are difficult to justify.

"The Veterans' Administration does not have available data on which to base an estimate of the cost of the bill, if enacted.

"It is believed that the basic principle that the amount of compensation payable should be proportionate to the extent of disability is sound and that legislative proposals to make additional exceptions, if favorably acted upon, may contribute to adverse criticism and possible impairment of the compensation program. Accordingly, the Veteran's Administration is unable to recommend favorable consideration of H. R. 7712 by your committee."

Reported: May 12, 1954; House Report 1591.

The Congress has historically provided for specific losses, such as the loss of an eye, a limb, and so forth, and the bill, H. R. 7851, which is pending on the Consent Calendar and which has been objected to each time it was considered, simply provides for the additional rate of $47 a month for those service-connected veterans who have suffered the loss of both buttocks. Sponsored by the gentleman from Louisiana [Mr. HÉBERT], it is a very inexpensive bill, and undoubtedly the cases concerned are few. I base this statement on the view of the Veterans' Administration that the "cost would be negligible." I insert at this point an explanation of this measure.

STATUTORY AWARD FOR LOSS OF BUTTOCKS, H. R. 7851

Title: To amend the veterans regulations to provide additional compensation for veterans having the service-incurred disability of loss or loss of use of both buttocks.

Mr. HÉBERT. Introduced and referred February 12, 1954.

Analysis: Provides for a stautory award of $47 per month in addition to other compensation for those service-connected veterans who have suffered the loss of both buttocks.

DIGEST OF REPORT (VETERANS' ADMINISTRATION)

"The basic rates of compensation for service-connected disability under the act of March 20, 1933, and the veterans regulations issued pursuant thereto, are based generally on the theory that the amount of compensation payable should be proportionate to the degree of disability resulting from injury or disease. In making exceptions to this principle the Congress for many years restricted its special consideration in the form of additional allowances to cases of loss or loss of use of one or more of the extremities, blindness, and for helplessness or a bedridden condition requiring aid and attendance. The loss or loss of use of a creative organ was placed in this category in 1924 for World War I veterans and included in the law applicable to veterans of World War II and the Korean conflict by Public Law 427, 82d Congress, June 30, 1952.

"The authorizing of special rates of compensation in excess of those prescribed according to the degree of disability involves a policy which is primarily for determination by the Congress. But it must be recognized that in the absence of a medical or other sound basis for such special awards they create inequities and are difficult to justify. Singling out the loss or loss of use of both buttocks for a special allowance, as proposed by the bill, would be discriminatory and no doubt lead to requests for special consideration and additional allowances in cases of numerous serious disabilities in other categories, many of which may have equal, if not greater merit.

"It is believed that the basic principle that the amount of compensation payable should be proportionate to the degree of disability is sound, and that legislative proposals to make additional exceptions, if favorably acted upon, may contribute to adverse criticism and possible impairment of the compensation program.

"Statistics are not available to show the number of veterans who might qualify for the additional compensation as provided in the bill since it is not possible to identify those on the rolls whose disability meets the condition specified. Therefore, no estimate of cost is submitted, but it is believed the cost would be negligible."

Reported: May 12, 1954; House Report 1592.

There is pending before the Rules Committee H. R. 7918, sponsored by the gentleman from Arkansas [Mr. TRIMBLE], which was reported by the Committee on Veterans' Affairs on May 12, 1954. This measure seeks to increase the bed capacity of the Veterans' Administration hospital at Fayetteville, Ark., by 150 beds to assist in caring for the tubercular load. The cost of this measure, too, is small, being less than $4½ million, and, as the hearings disclosed, there is a real need for the construction of additional facilities. I insert at this point an explanation of the bill:

INCREASING BEDS AT VA HOSPITAL IN FAYETTEVILLE, ARK., H. R. 7918

Title: To provide for the enlargement of the Veterans' Administration facility at Fayetteville, Ark.

Mr. TRIMBLE. Introduced and referred February 16, 1954.

Analysis: Increases the bed capacity by 150 beds (total of 400) at the VA hospital in Fayetteville, Ark., to assist in meeting the tuberculosis load.

DIGEST OF REPORT (VETERANS' ADMINISTRATION)

"The Veterans' Administration is operating a general medical and surgical hospital at Fayetteville, Ark., with a constructed bed capacity of 254. This is also the authorized capacity of the hospital which is predominantly general medical and surgical (228 beds) with the remainder consisting of 26 neuropsychiatric beds. No tuberculosis beds have been included in the bed complement. H. R. 7918, if enacted, would require the construction of an addition of 146 beds to the existing hospital for the purpose, as expressed by the bill of providing 'more adequate care and treatment for patients having tuberculosis and other serious disease.'

"Analysis of the statistical reports received from the station disclose that the number of eligible applicant veterans in an awaiting admission schedule status has averaged approximately 50 for the past 6 months. While this number is, of course, not a constant, it bears out the belief that the demand for beds at Fayetteville is not sufficient to justify the proposed construction of additional beds. As stated, there are no tuberculosis beds available at the hospital. However, the waiting list for the nearest tuberculosis hospital, which is located at Memphis, Tenn., has averaged only 16 for the past 6 months. In addition to the fact that the demand for beds appears too small to justify expansion, recruitment of sufficient professional personnel to staff additional beds at Fayetteville would be exceedingly difficult.

"The Veterans' Administration has an authorized program for 174 hospitals with a total constructed bed capacity of approximately 128,000 beds. This authorized construction program does not provide for additional beds at Fayetteville. Under present administrative procedures, should an expansion of facilities at Fayetteville become necessary, the Veterans' Administration would submit its recommendations to the Bureau of the Budget for review and coordination and recommendation to the President.

"On the assumption that it is the principal intent of the bill to provide facilities for the care of tuberculosis, it is estimated that the cost of providing 150 tuberculosis beds and additional necessary facilities at the Fayetteville, Ark., hospital based on present medical criteria would be $4,440,300. This figure includes construction costs, technical services, and initial portable supplies and equipment.

"In view of the present budgetary situation, and the desirability of handling such projects in accordance with systematic administrative planning, together with the circumstance that there does not appear to be any pressing necessity for the proposed expansion, I am unable to recommend favorable consideration of the bill by the committee."

Reported: May 12, 1954; House Report 1593.

Some few years after the close of the Civil War, the Federal Government adopted the policy of extending Federal aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States. This occurred, of course, at a time when the veterans' hospitalization program had not been thought of and the care of veterans was largely a matter for the States. It has been shown that over the years, up to and including the present time, many State homes care for our needy and disabled veterans at a lower cost per capita cost than is possible for the Veterans' Administration. The present rate of contribution is $700 a year, not to exceed one-half of the cost incurred by the State home; thus in many instances the contribution will be less than $700. H. R. 8180, which was reported by the Committee on Veterans' Affairs on March 24, 1954, and which has been since that time pending before the Rules Committee despite repeated requests for consideration, simply makes permanent the statutory

authority for continuing the $700 contribution to State homes. This legislation is necessary to prevent the reduction of the rate to $500 on June 30, 1956. I insert at this point an analysis of this proposal:

FEDERAL AID TO STATE HOMES, H. R. 8180

Title: To increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers, sailors, and airmen of the United States.

Mrs. ROGERS of Massachusetts (by request). Introduced and referred March 2, 1954.

Analysis: Increases from $500 to $700 per year the Federal aid to States for the support of veterans domiciled or hospitalized in State homes who are eligible for such care in Veterans' Administration hospitals or domiciliaries. At the present time the payment of the $500 rate is restricted to June 30, 1956. This bill, in addition to raising the rate from $500 to $700, would remove this restrictive date of June 30, 1956, thus establishing $700 as a permanent rate for Federal aid.

DIGEST OF REPORT (VETERANS' ADMINISTRATION)

"There are 31 State homes located in 27 different States to which the Veterans' Administration is currently making contributions for maintenance of veterans who have been determined to be eligible for care in a Veterans' Administration hospital or home. The basic law limits the amount that any State may be paid to a sum not exceeding one-half the cost of maintenance of each veteran, and under this limitation 14 of the State homes concerned would not be able to receive the full $700 contribution since the cost of maintenance in these homes, based on fiscal year 1953 reported costs, is less than $1,400 per person. All the other State homes reported maintenance costs in excess of $1,400 per person for fiscal year 1953. * * *

"During the fiscal year 1953, payments of Federal aid were made to the States for a daily average of approximately 8,090 members present in State homes. Based on the reported per capita cost, the total cost for maintaining this daily average present was $13,365,961. The total amount of Federal aid paid by the Veterans' Administration for this number of members was $4,068,170, or 30 percent of the total cost. Based on the average number present during the fiscal year 1953, payments at the rate of $700 per annum would result in a total cost to the Veterans' Administration of approximately $5,225,630, an increase of $1,157,460, or 28 percent. This would result in the Veterans' Administration assuming 39 percent of the total cost of maintaining eligible veterans in State homes and the States paying 61 percent of the cost.

"Since fiscal year 1945, the average member load has shown a sustained upward swing, influenced in part by replacement programs at State homes undertaken to improve and enlarge existing bed capacities; general economic conditions which impose greater financial burdens on those in the lower income groups and advancing age of World War I beneficiaries who have developed disabling infirmities. In the Veterans' Administration estimates for appropriations for fiscal year 1955 the average patient load in State homes was established at 8,700 members. This projection was based upon current bed occupancy ratios, and anticipated increases in the member load. Therefore, should the rate of Federal aid be increased to $700, the cost to the Veterans' Administration might well be substantially higher than the estimated cost based on the 1953 experience. Should all homes be eligible for payments at the $700 rate, the cost to the Veterans' Administration would be approximately $6,090,000 for fiscal year 1955. As stated above, however, based on the 1953 experience, 14 of the homes would not be able to receive aid at the full $700 rate because their annual reported per capita costs were less than $1,400. It is not known how many of the homes because of increasing per capita costs would be eligible for the full amount of assistance at the $700 rate in fiscal year 1955.

"For the fiscal year 1948 (the year in which the rate was raised to $500 per annum), the per diem cost of providing domiciliary care for a veteran in a Veterans' Administration center was $2.64. For the fiscal year 1953, the cost was $3.61, an increase of approximately 37 percent. It appears that the increase proposed by the subject bill compares with the increased cost experienced by the Veterans' Administration."

Reported: March 24, 1954; House Report 1415.

As Members of the House know, the law providing automobiles for amputees is one which has always been very close to my heart. I think that the operations under this act and the results obtained in the rehabilitation field fully justify the efforts, which those of us interested in this field, exerted to have this provision written into law. It has done untold good for the veterans of World War II and Korea by restoring their morale and making them able to earn a living, and getting them to and from work in a much more comfortable fashion than would otherwise have been possible because of their physical disabilities. It has also brought an added revenue to the State and Federal Governments in taxes on higher numbers of automobiles. The bill, H. R. 8330, which was reported on May 12, 1954, and which has been pending in the Rules Committee since that time, simply extends for 2 years the time for filing applications under this act and gives veterans who have decided to remain in the service the right to obtain the payment of $1,600 toward the purchase of a specially equipped automobile. In addition, it would include World War I veterans. At this point I insert in the RECORD an explanation of the measure:

AUTOMOBILES FOR AMPUTEES, H. R. 8330

Title: To extend the time for filing application by certain disabled veterans for payment on the purchase price of an automobile or other conveyance and to authorize assistance in acquiring automobiles or other conveyances to certain disabled persons who have not been separated from the active service.

Mrs. ROGERS of Massachusetts. Introduced and referred March 10, 1954.

Analysis: Provides automobiles for World War I veterans on a par with World War II and Korea where they have lost or lost the use of one or both hands, or who are blind. It also extends by 2 years the time applicable for application for this benefit and makes the authority to apply to veterans who have decided to remain in the service.

DIGEST OF REPORT (VETERANS' ADMINISTRATION)

"The 3-year period for filing application which was provided by Public Law 187 had the effect of granting, as to previously discharged veterans of World War II who could qualify on the basis of loss or loss of use of one or both legs at or above the ankle, as required by the prior laws, a period of 3 years in addition to such periods after discharge as had been available under the earlier laws. This covered a relatively small number, since the great majority of the World War II group qualifying on the basis of leg disability had already applied for and received this assistance and could not receive it a second time under the new law. As to all others, including World War II veterans claiming on the basis of disability of an upper extremity, the liberalized definition of loss or loss of use of a lower extremity, or impairment of vision, as well as veterans of the Korean conflict period claiming on the basis of any of the three classes of disabilities, the 3-year period prescribed by Public Law 187 represented the total time made available for this purpose.

"Since this program of rehabilitative assistance had been geared to providing aid to severely disabled veterans in adapting themselves to their special problems in civilian life early after discharge from the service period in which the disability was incurred, it was apparently the determination of the Congress in enacting Public Law 187 that 3 years provided a liberal period within which the veteran could and should avail himself of this assistance. It would appear that in any typical case this would afford ample time. There will arise a few unusual situations in which the service-incurred disability will not have progressed to the point of amputation or loss of use or the required impairment of vision within 3 years from the date of enactment of Public Law 187 or 3 years from the date of separation from service, as the case may be. This type of situation can also occur even though the period is extended as proposed. The question of policy as to whether the existing time limit should be extended for any period is, of course, one for determination by the Congress in the light of the basic purposes of this program.

"The proposed section 6 would represent a sharp departure from the underlying objective of the existing and prior legislative enactments in this field. One reason for the several extensions of the original 1-year program for the World War II group was to keep it open until a few who had remained in military hospitals could be discharged and thus acquire eligibility as veterans. The subject proposal would enable the group affected, however limited in number, to obtain for themselves a type of gratuity which was established to meet the rehabilitative and readjustment needs of those who have left the service. Some of the small number involved might be members of the Regular Establishment, following military service as a career, and might not be retired or separated until after the lapse of several years. All beneficiaries under this section would be accorded the proposed payment of $1,600 on the purchase price of a conveyance in addition to the full military pay and allowances which they receive while in the active service.

"These same persons are not in a position of being deprived under the present law of their ultimate right to receive this benefit. Likewise those who may have been separated shortly after the occurrence of the required disability, persons who are retained on active duty notwithstanding the disability still have 3 years after their discharge or separation date within which to apply as veterans under the law as it now stands.

"It may be added that enactment of this amendment could be invoked as a precedent for extending some other types of benefits administered by the Veterans' Administration in behalf of veterans to persons who have remained continuously in the service, including members of the Regular Establishment. This proposal could therefore be costly as a precedent, as well as being directly inconsistent with the traditional policy of the Congress.

"The Veterans' Administration is not possessed of data from which to determine the additional number of persons who could and would avail themselves of the right to apply for this benefit during the proposed extended period, or the number who might be covered by the proposed inclusion of certain persons in the active service. Accordingly, no

estimate of the cost of the proposal, if enacted, can be presented. * * *

* * * * * *

"* * * It is estimated that approximately 5,900 veterans of World War I might be entitled to receive benefits under this proposal during the first year following its enactment by reason of receiving compensation benefits from the Veterans' Administration for the specified disabilities. The benefit cost for this estimated group at $1,600 per vehicle, would approximate $9,440,000. This estimate is somewhat incomplete in that it does not include such additional eligible World War I veterans who are not drawing benefits from the Veterans' Administration because they are on the retirement rolls of the service departments. Further, the requirements concerning the impairment of vision are such that a comprehensive estimate on that disability class cannot be made without an extensive study of individual records but it is believed that the foregoing estimate includes most of those who would qualify by reason of visual disability."

Reported: May 12, 1954; House Report 1600.

The veterans' laws today provide for a rebuttable presumption of 1 year for most diseases which the veteran may incur after his discharge from the service. This means, for example, that if the veteran developed a cancer within 1 year after discharge, it is presumed to have been incurred in the service unless clear and convincing evidence exists to the contrary. Medical science has, of course, made great strides in recent years, but there are many diseases the incidence of which we know little or nothing, and thus the Congress has for many years resolved any doubt in favor of the veteran. The present law provides for a 3-year presumptive period for tuberculosis, a restricted 2-year presumptive period for phychoses, and a 2-year presumption for multiple sclerosis. The bill, H. R. 8789, would provide greater uniformity in a number of diseases by providing a flat 3-year presumption for arthritis, the psychoses, and multiple sclerosis. No estimate of cost can be furnished on this bill by the Veterans' Administration, and it, too, is pending before the Committee on Rules. H. R. 9169, which provides for the same type of presumption, but which is limited to psychoses and multiple sclerosis, is also pending before the Rules Committee, and I insert at this point an explanation of these two proposals:

THREE-YEAR PRESUMPTION FOR ARTHRITIS, PSYCHOSES, AND MULTIPLE SCLEROSIS—H. R. 8789

Title: To amend the veterans regulations to provide that arthritis, psychoses, or multiple sclerosis developing a 10 percent or more degree of disability within 3 years after separation from active service shall be presumed to be service connected.

Mr. RADWAN; introduced and referred April 12, 1954.

Analysis: Grants a 3-year rebuttable presumption of service connection for veterans who developed arthritis (now 1 year), psychosis (now 1 year for compensation and pension and 1 additional year for priority admission to hospitals), and multiple sclerosis (now 2 years).

DIGEST OF REPORT (VETERANS' ADMINISTRATION)

"Insofar as H. R. 8789 relates to the disease of psychosis, it is similar to H. R. 320, 82d Congress, as passed by the House of Representatives, May 1, 1951. As you are aware, H. R. 320 was amended in the Senate by the Committee on Finance to provide a conclusive presumption of service connection for an active psychosis developing within 2 years from the date of separation from active service in World War II, but only for the purposes of hospital and medical treatment, including outpatient treatment, authorized under laws administered by the Veterans' Administration. The bill was passed by the Congress in this form and approved as Public Law 239, 82d Congress, October 30, 1951. Under this law, it is not necessary that the veteran have 90 days' service for the presumption to attach, and willful misconduct is not a bar.

"There is definite medical substantiation that the time of onset of a psychiatric disorder, whether a psychosis or a psychoneurosis, is not the only criterion of the cause or causes. Determination of causation, or etiology, of a psychosis in an individual is to be gained by an overall psychiatric evaluation of that particular person. Psychosis may result from any one of a number of factors, such as an inherent or hereditary defect. H. R. 8789, however, would establish a statutory presumption, which grants a presumption of fact, of uniform application, that manifestation of a psychosis at any time up to 3 years after separation is necessarily related to the facts or circumstances of wartime military service, or service on or after June 27, 1950.

"With respect to active pulmonary tuberculosis, the presumptive period was increased from 1 to 3 years by Public Law 573, 81st Congress, June 23, 1950, and for all other types of active tuberculosis it was similarly extended by Public Law 241, 83d Congress, August 8, 1953. The presumptive period provided for the disease of multiple sclerosis was increased from 1 to 2 years by Public Law 174, 82d Congress, October 12, 1951.

"H. R. 3205, 82d Congress, as passed by the House of Representatives, June 20, 1951, proposed to establish a 3-year presumptive period for the disease of multiple sclerosis. This was amended in the Senate by the Committee on Finance, reducing such presumptive period to 2 years. The House of Representatives accepted the amendment and the bill was enacted as Public Law 174, 82d Congress.

"Because of the onset and course of the various types of the disease of arthritis, it is believed that an extension of the 1-year presumptive period would result in the granting of service connection in many cases that may well have their origin in some other intercurrent injury or disease, but which fact is not capable of being established by the required evidence.

"The present regulatory presumptive period does not preclude the granting of direct service connection for arthritis or psychoses when diagnosed more than 1 year after separation from service or for multiple sclerosis more than 2 years thereafter when the evidence of record is deemed adequate to warrant a finding of service connection.

"The 1-year presumptive period for the service connection of a chronic disease, previously covered by regulation based upon sound medical judgment, was in 1933 incorporated in veterans regulations promulgated under Public No. 2, 73d Congress. In 1948 Congress specified certain diseases which, among others, should be deemed chronic, but did not extend the uniform 1-year presumptive period (Public Law 748, 80th Cong.). It was not until 1950 that an exception to the general rule was made in the case of active pulmonary tuberculosis (Public Law 573, 81st Cong.), and in 1951 a further presumption was authorized in the case of multiple sclerosis (Public Law 174, 82d Cong.). As previously indicated, in 1951 the Congress also extended the presumptive period for an active psychosis for the limited purposes of hospital and medical treatment, and in 1953 extended the presumptive period for all other types of active tuberculosis to 3 years. The committee will, no doubt, wish to give careful consideration to the problem of whether the proposed extensions of the presumptive periods for certain diseases will be urged as a precedent for extending the presumptive period for many other chronic diseases.

"In addition to granting service connection for disability and death compensation purposes in a substantial number of cases, the bill, if enacted, would confer the same priority right in such cases to hospitalization by the Veterans' Administration which is now afforded by law to veterans having directly service-connected conditions. Under existing law, the Veterans' Administration is required to furnish hospital care to eligible veterans needing such care for service-connected conditions, and this may be provided in hospitals under the direct control of the Veterans' Administration, through bed allocations in other Government hospitals, or in appropriate cases by contract with State, municipal, or private institutions. By contrast, veterans suffering from non-service-connected disabilities may be furnished hospital care by the Veterans' Administration only if beds are available in Veterans' Administration or other Federal Government hospitals. Further, admission of non-service-connected cases is generally conditioned on the inability of the applicant to defray the cost of hospitalization as established by an affidavit procedure. The bill would also have the effect of providing outpatient treatment for the group affected because of the service-connected status which would be granted to them under the bill. Existing law and regulations generally limit outpatient treatment to those requiring such treatment for service-connected disabilities.

"It is not possible to furnish an estimate of the cost of the bill, if enacted, in view of the many unknown and variable factors. However, it is apparent that the cost would be very substantial. * * *"

Advice has been received from the Bureau of the Budget that the enactment of the proposed legislation would not be in accord with the program of the President.

Reported May 12, 1954—House Report 1596.

THREE-YEAR PRESUMPTION FOR PSYCHOSES, AND MULTIPLE SCLEROSIS, H. R. 9169

Title: To amend the Veterans Regulations to provide that psychoses, or multiple sclerosis developing a 10 percent or more degree of disability within 3 years after separation from active service shall be presumed to be service connected.

Mr. RADWAN. Introduced and referred May 17, 1954.

Analysis: Grants a 3-year rebuttable presumption of service connection for veterans who develop a psychosis (now 1 year for compensation and pension and 1 additional year for priority admission to hospitals), and multiple sclerosis (now 2 years).

DIGEST OF REPORT (VETERANS' ADMINISTRATION)

"Insofar as * * * relates to the disease of psychosis, it is similar to H. R. 320, 82d Congress, as passed by the House of Representatives, May 1, 1951. As you are aware, H. R. 320 was amended in the Senate by the Committee on Finance to provide a conclusive presumption of service connection for an active psychosis developing within 2 years from the date of separation from active service in World War II, but only for the purposes of hospital and medical treatment, including outpatient treatment, authorized under laws administered by the Veterans' Administration. The bill was passed by the Congress in this form and approved as Public Law 239, 82d Congress, October 30, 1951. Under this law it is not necessary that the veteran have 90 days' service for the presumption to attach and willful misconduct is not a bar.

"There is definite medical substantiation that the time of onset of a psychiatric disorder, whether a psychosis or a psychoneurosis, is not the only criterion of the cause

or causes. Determination of causation, or etiology, of a psychosis in an individual is to be gained by an overall psychiatric evaluation of that particular person. Psychosis may result from any one of a number of factors, such as an inherent or hereditary defect. H. R. 8789, however, would establish a statutory presumption, which grants a presumption of fact, of uniform application, that manifestation of a psychosis at any time up to 3 years after separation is necessarily related to the facts or circumstances of wartime military service, or service on or after June 27, 1950.

"With respect to active pulmonary tuberculosis, the presumptive period was increased from 1 to 3 years by Public Law 573, 81st Congress, June 23, 1950, and for all other types of active tuberculosis it was similarly extended by Public Law 241, 83d Congress, August 8, 1953. The presumptive period provided for the disease of multiple sclerosis was increased from 1 to 2 years by Public Law 174, 82d Congress, October 12, 1951.

"H. R. 3205, 82d Congress, as passed by the House of Representatives, June 20, 1951, proposed to establish a 3-year presumptive period for the disease of multiple sclerosis. This was amended in the Senate by the Committee on Finance, reducing such presumptive period to 2 years. The House of Representatives accepted the amendment and the bill was enacted as Public Law 174, 82d Congress.

"The 1-year presumptive period for the service connection of a chronic disease, previously covered by regulation based upon sound medical judgment, was in 1933 incorporated in Veterans Regulations promulgated under Public No. 2, 73d Congress. In 1948 Congress specified certain diseases which, among others, should be deemed chronic, but did not extend the uniform 1-year presumptive period (Public Law 748, 80th Cong.). It was not until 1950 that an exception to the general rule was made in the case of active pulmonary tuberculosis (Public Law 573, 81st Cong.), and in 1951 a further presumption was authorized in the case of multiple sclerosis (Public Law 174, 82d Cong.). As previously indicated, in 1951 the Congress also extended the presumptive period for an active psychosis for the limited purposes of hospital and medical treatment, and in 1953 extended the presumptive period for all other types of active tuberculosis to 3 years. The committee will, no doubt, wish to give careful consideration to the problem of whether the proposed extensions of the presumptive periods for certain diseases will be urged as a precedent for extending the presumptive period for many other chronic diseases.

"In addition to granting service connection for disability and death compensation purposes in a substantial number of cases, the bill, if enacted, would confer the same priority right in such cases to hospitalization by the Veterans' Administration which is now afforded by law to veterans having directly service-connected conditions. Under existing law, the Veterans' Administration is required to furnish hospital care to eligible veterans needing such care for service-connected conditions and this may be provided in hospitals under the direct control of the Veterans' Administration, through bed allocations in other Government hospitals, or in appropriate cases by contract with State, municipal, or private institutions. By contrast, veterans suffering from non-service-connected disabilities may be furnished hospital care by the Veterans' Administration only if beds are available in Veterans' Administration or other Federal Government hospitals. Further, admission of non-service-connected cases is generally conditioned on the inability of the applicant to defray the cost of hospitalization as established by an affidavit procedure. The bill would also have the effect of providing outpatient treatment for the group affected because of the service-connected status which would be granted to them under the bill. Existing law and regulations generally limit outpatient treatment to those requiring such treatment for service-connected disabilities.

"It is not possible to furnish an estimate of the cost of the bill, if enacted, in view of the many unknown and variable factors. However, it is apparent that the cost would be very substantial."

Advice has been received from the Bureau of the Budget that the enactment of the proposed legislation would not be in accord with the program of the President.

Reported: May 20, 1954; House Report 1664.

H. R. 8900 increases the pension for the holders of the Congressional Medal of Honor from $10 to $100 per month. Today a veteran who has won the Congressional Medal of Honor by outstanding or unusual act of heroism is entitled upon reaching age 65 to a $10-per-month pension in addition to any other benefit to which he may be entitled. The Committee on Veterans' Affairs believes that the holder of one of these medals has performed such outstanding service that it would be well to consider increasing the amount of pension to the figure provided in the bill. At the present time there are only 395 living holders of the Congressional Medal of Honor. The cost of the bill therefore would be slight. I am hopeful that this measure may be passed when the Consent Calendar is called on next Monday. At this point I insert an explanation of the bill:

INCREASED PENSION FOR HOLDERS OF MEDAL OF HONOR, H. R. 8900

Title: To increase the rate of special pension payable to certain persons awarded the Medal of Honor.

Mr. RADWAN. Introduced and referred April 27, 1954.

Analysis: Today a holder of the Congressional Medal of Honor who reaches the age of 65 years is entitled to a special pension of $10 a month in addition to any other compensation or pension to which he may be entitled. This bill increases the rate to $100. At the present time there are 395 living holders of the Congressional Medal of Honor.

DIGEST OF REPORT (VETERANS' ADMINISTRATION)

"H. R. 8900, if enacted, would increase from $10 to $100 monthly the rate of such special pension for any person whose name has been entered on the Army and Navy Medal of Honor roll. The increase would be effective from the 1st day of the 2d calendar month after enactment of the bill.

"According to Senate Report No. 240 on H. R. 4701, 64th Congress, which bill became the act of April 27, 1916, the provision for an award of $10 monthly to holders of a Medal of Honor who had attained the age of 65 years, 'recognizes and rewards in a modest way startling deeds of individual daring and audacious heroism in the face of mortal danger when war is on, deeds that give soul to an army and character to a country.' The policy of the measure as stated in the Senate report is 'to signalize appreciation of that gallant, intrepid, indomitable spirit in war that becomes the best bond to long-continued future peace.' In debates on the floor of the House on H. R. 4701, an amendment to increase the rate of $18 monthly was rejected after a statement was made that any increased amount would appear to be a matter of paying pension instead of a matter of honor (53 CONGRESSIONAL RECORD, pt. III, p. 2349). In this connection it is significant to note that H. R. 8900 would increase tenfold the special pension incident to the award of the Medal of Honor.

"As previously noted, the sole responsibility of the Veterans' Administration in connection with the special pension currently authorized is to arrange for its payment to persons certified as entitled thereto by the military departments. H. R. 8900 would not alter this function."

(DEPARTMENT OF DEFENSE)

"The Department of the Army considers the special pension now authorized for holders of the Medal of Honor as being an additional recognition and not as a means of ascribing a monetary value to an act of heroism, and for that reason feels that the special pension must be of such modest amount that there can be no other interpretation.

"The Department of the Army on behalf of the Department of Defense, therefore, recommends that H. R. 8900 not be enacted.

"It would be impossible to determine the total cost of this bill if enacted, although it is known that at present there are approximately 395 holders of the Medal of Honor still living.

"This report has been coordinated within the Department of Defense in accordance with procedures prescribed by the Secretary of Defense."

Reported: May 12, 1954; House Report 1598.

The Korean GI bill of rights gives veterans of that war until August 20, 1954, or 2 years after discharge, whichever is the later, to initiate a course of education or training authorized by that act. This is in contrast to the World War II provision which granted a 4-year period in which to start a course of education. The bill, H. R. 9395, sponsored by the gentleman from Illinois [Mr. SPRINGER], chairman of our Subcommittee on Education and Training, would place the Korean veteran on the same basis as the World War II man by giving him 4 years after discharge to start his course of education or training. In addition, it grants trainees under Public Law 16—the service-connected group—4 additional years to complete their courses if they have been prevented from doing so by reason of disability or by the necessity of correcting a type of discharge. I insert at this point an explanation of this bill, and I am hopeful that when the Consent Calendar is called next Monday, this bill or a similar one will be passed at that time, either on the Consent Calendar or by suspension of the rules.

EXTENDING TIME FOR INITIATING COURSES UNDER PUBLIC LAW 550, H. R. 9395

Title: To amend the laws granting education and training benefits to certain veterans to extend the period during which such benefits may be offered.

Mr. SPRINGER. Introduced and referred June 1, 1954.

Analysis: Extends time for starting courses of education and training under Public Law 550 (Korean GI bill of rights) by making initiation date 4 (now 2) years after discharge and 9 (now 7) years after discharge for completion of course. Grants trainees under Public Law 16 (service connected) who have been prevented from initiating or completing training by reason of disability or by correction of type of discharge, 4 additional years to complete course.

DIGEST OF REPORT (VETERANS' ADMINISTRATION)

"As will be recalled, the Veterans' Readjustment Assistance Act of 1952, which pro-

vided benefits for veterans of the Korean service period in the same general fields in which comparable benefits had previously been granted to veterans of World War II by the Servicemen's Readjustment Act of 1944, received extensive consideration prior to its enactment. Some of the provisions included were novel and were designed to avoid certain difficulties which had become manifest under the Servicemen's Readjustment Act. Other provisions were adopted which were substantially identical with the comparable provisions of the earlier act and confirmatory of the same underlying principles. * * *

"The temporary character of this type of benefit is obviously a recognition of the fact that readjustment to civilian life should be accomplished by the veterans within a reasonably short time following service, and that the time element is an essential ingredient of the readjustment principle.

"Sections 212 and 213 of the Veterans' Readjustment Assistance Act, however, are more than a reaffirmation of the temporary nature of the readjustment benefit. They designedly adopted the supplementary concept of the 1944 enactment that the foregoing readjustment principle needs to be implemented by a statutory requirement that the veteran must make his educational plans, complete all necessary arrangements, and actually commence the pursuit of his program within a fixed period of time. All of this is implicit in the term "initiate," as interpreted by the Veterans' Administration in connection with Servicemen's Readjustment Act, and of which the Congress was fully apprised when it selected such term for incorporation in the delimiting date requirements of the Veterans' Readjustment Assistance Act.

"To be consistent with this concept, and with the basic readjustment purpose, the delimiting period for initiating a program cannot be so short as to leave the veteran insufficient time for the deliberation needed for a wise choice of his objective and to make the necessary arrangements for enrolling in the selected educational institution or training establishment. On the other hand, if the prescribed period is unduly lengthened, the readjustment purpose will tend to become obscured, and procrastination encouraged, most probably to the veteran's own detriment.

"The instant bill does not appear to be designed to change the aforementioned principle, but would allow a more extensive period than that allowed by existing law during which the veteran could commence his program. It, therefore, poses the question of whether the 2-year delimiting initiation period of existing law is reasonable and adequate or whether a 4-year period (somewhat comparable to the requirement applicable to the World War II education and training program) should be allowed. * * *

"* * * Section 2 of the bill is identical except for technical changes not here pertinent to H. R. 7210, 83d Congress, 'a bill to extend the time during which vocational rehabilitation training may be afforded under Public Law 16, 78th Congress, as amended and extended, to certain disabled veterans who have been unable to pursue such training because of long illnesses or because of other reasons beyond their control.'

"Attention is invited, however, to the fact that in the mentioned report on H. R. 7210 question was raised whether the language of the proposed exceptions might possibly be open to an argument that even though the disabling condition ceases to exist at a date when adequate time remained for the pursuit and completion of a suitable course of vocational rehabilitation training, an extension of the existing time limitation should be granted. It was suggested that to guard against such a contention appropriate language be included to bar any extension of the present time limitations in the case of a person having the last 5 years of the basic 9-year period available to commence and pursue training.

"Further, it was also pointed out that since a terminal date for pursuing vocational rehabilitation training under the Public Law 894 extension has not been set, and since it is impossible at this time to predict when such a termination date will be set, persons whose eligibility is based upon service subsequent to June 27, 1950, will have staggered amounts of time in which to pursue and complete vocational rehabilitation training. The actual amount of time in an individual case would, of course, depend upon date of discharge. * * *

"No reliable estimate can be made of the cost which would be attributable to the enactment of this bill. Undoubtedly there would be additional cost for direct benefits in an extension of either the Public Law 550 education and training program or the Public Law 16 vocational rehabilitation training program, since persons who would not otherwise take advantage of these benefit programs could be expected to do so during the extended period. Moreover, there would be some ultimate additional expense in administrative costs resulting from the longer period in which both programs would be operative.

"The Veterans' Administration has been advised by the Bureau of the Budget that it recommends against any extension of either the time limitations of title II of the Veterans' Readjustment Assistance Act or of the vocational rehabilitation training program."

Reported: June 2, 1954; House Report 1704.

I submit, Mr. Speaker, that the program which I have outlined to the House at this time shows conclusively that the Committee on Veterans' Affairs has been ably and conscientiously performing its functions, and that any failure to enact legislation must be assumed by other committees or individuals in the House. Time yet remains for the enactment of many, if not all, of the measures which I have referred to above, but time is of the essence, and it is running out. I feel that, unless we take prompt action, the country will be justified in the conclusion that we have not treated the veterans of our wars in the fashion and manner which they deserve.

I see the gentleman from New York [Mr. RADWAN], the author of the bill, is here, and I yield to him such time as he may desire. Mr. Speaker, I say with all the strength in my being that it is an outrage to the veterans that they have had no practical consideration of their legislation this year.

Mr. RADWAN. Mr. Speaker, I thank the gentlewoman from Massachusetts for this opportunity and I want to say, Mr. Speaker, that I am happy to be a Member of the House Committee on Veterans' Affairs of which the gentlewoman from Massachusetts is chairman.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. RADWAN. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I would like to say that we have no finer, no more conscientious, no more cooperative Member than the gentleman from New York. He is extremely kind, extremely able, and always has the interest of the veterans at heart.

Mr. RADWAN. I thank the gentlewoman from Massachusetts.

For me, Mr. Speaker, it has been an honor to serve as chairman of the Subcommittee on Compensation and Pensions, and in that capacity I have tried to discharge my obligations to the veterans of this country as well as to the public at large. Our subcommittee worked for a considerable period of time, spent many days holding hearings on various bills which were referred to our subcommittee, all dealing with veterans' compensation and veterans' pensions. As the result of the hearings and to carry out a mandate of that testimony, testimony wherein the various representatives of all the organizations appeared before us and testified on various bills, we produced through our subcommittee an omnibus bill known as H. R. 9020. I think, Mr. Speaker, it is a very good bill. It was unanimously recommended by our subcommittee. It was unanimously recommended by the full Committee on Veterans' Affairs, but unfortunately it has been tied up for some time now in the Committee on Rules.

Some time ago I introduced a resolution in order to precede a discharge petition. I understand that Thursday will be the first opportunity I will have to file a discharge petition on H. R. 9020. I want to announce at this time that on Thursday of this week I shall file such a petition and I invite the membership of this House to sign that petition in order that H. R. 9020 may have its day in this House.

Mrs. ROGERS of Massachusetts. May I remind the gentleman that the petition will have to be signed extremely quickly. Really the signatures ought to go on in one day if we are going to be able to get the petition up for action in time before adjournment when that apparently is to take place. I know that the gentleman hopes that a rule will be granted actually before the petition is ready; is that not true?

Mr. RADWAN. Yes. I thank the gentlewoman from Massachusetts for her observation. Time is of the essence. I want to say that we have been very patient. I think in all fairness to the entire membership of this House a rule ought to be granted on H. R. 9020. It is really an unfortunate circumstance that I myself as a member of the committee and as chairman of the subcommittee am put in the position of having to file a discharge petition. It is an unfair and an unfortunate circumstance that confronts all of the membership of this House, although I still have hopes that a rule will be granted on H. R. 9020 before the membership of this House is subjected to the discharge petition which I shall file on Thursday of this week.

Mr. RADWAN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks at this point in the RECORD and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. CARLYLE and to include extraneous matter.

Mr. THORNBERRY to revise and extend the remarks he made in the Committee of the Whole today and include extraneous matter.

Mr. SMITH of Virginia, the remarks he made on the rule and to include a telegram from the American Medical Association.

Mr. PATTEN.

Mr. LANE and to include extraneous matter.

Mr. HAGEN of Minnesota and to include extraneous matter.

Mr. DINGELL and to include extraneous matter.

Mr. CELLER in two instances and to include extraneous matter.

Mr. SIEMINSKI.

Mr. RABAUT and to include extraneous matter.

Miss THOMPSON of Michigan.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 190. An act to establish a basic administrative workweek and pay periods of two administrative workweeks for postmasters, officers, and employees of the postal field service, and for other purposes; to the Committee on Post Office and Civil Service.

S. 3028. An act to require the Postmaster General to reimburse postmasters of discontinued post offices for equipment owned by the postmaster; to the Committee on Post Office and Civil Service.

S. 3655. An act to provide that the Metropolitan Police force shall keep arrest books which are open to public inspection; to the Committee on the District of Columbia.

ENROLLED BILLS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 5158. An act for the relief of Sgt. Welch Sanders; and

H. R. 5433. An act for the relief of the estates of Opal Perkins, and Kenneth Ross, deceased.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3378. An act to revise the Organic Act of the Virgin Islands of the United States.

BILLS AND JOINT RESOLUTION PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills and a joint resolution of the House of the following titles:

H. R. 733. An act for the relief of Hildegard H. Nelson;

H. R. 734. An act for the relief of Mihai Handrabura;

H. R. 944. An act for the the relief of Mr. and Mrs. Zygmunt Sowinski;

H. R. 1115. An act for the relief of Mrs. Suhula Adata;

H. R. 1762. An act for the relief of Sugako Nakai;

H. R. 2899. An act for the relief of Igor Shwabe;

H. R. 3333. An act for the relief of Julia N. Emmanuel;

H. R. 3624. An act for the relief of Peter M. Leaming;

H. R. 4496. An act to authorize and direct the conveyance of certain lands to the Board of Education of Prince Georges County, Upper Marlboro, Md., so as to permit the construction of public educational facilities urgently required as a result of increased defense and other essential Federal activities in the District of Columbia and it environs;

H. R. 6342. An act to amend the Public Buildings Act of 1949 to authorize the Administrator of General Services to acquire title to real property and to provide for the construction of certain public buildings thereon by executing purchase contracts; to extend the authority of the Postmaster General to lease quarters for post-office purposes; and for other purposes;

H. R. 6422. An act to authorize the Secretary of the Army to convey to the Government's grantors certain lands erroneously conveyed by them to the United States;

H. R. 6650. An act for the relief of Joseph Gerny;

H. R. 6998. An act for the relief of Erna White;

H. R. 7125. An act to amend the Federal Food, Drug, and Cosmetic Act with respect to residues of pesticide chemicals in or on raw agricultural commodities;

H. R. 7132. An act to exempt from taxation certain property of the Veterans of Foreign Wars of the United States in the District of Columbia;

H. R. 7158. An act authorizing the United States Government to reconvey certain lands to S. J. Carver;

H. R. 7468. An act to amend certain provisions of part II of the Interstate Commerce Act so as to authorize regulation, for purposes of safety and protection of the public, of certain motor-carrier transportation between points in foreign countries, insofar as such transportation takes place within the United States;

H. R. 7500. An act for the relief of Kurt Forsell;

H. R. 7802. An act for the relief of Hanna Werner and her child, Hanna Elizabeth Werner;

H. R. 8247. An act to provide for the restoration and maintenance of the U. S. S. *Constitution* and to authorize the disposition of the U. S. S. *Constellation*, U. S. S. *Hartford*, U. S. S. *Olympia*, and U. S. S. *Oregon*, and for other purposes;

H. R. 8692. An act to permit the payment of certain trust accounts to the beneficiary on the death of the trustee by savings and loan, and similar associations in the District of Columbia;

H. R. 8973. An act to amend paragraph 31 of section 7 of the act entitled "An act making appropriations to provide for the government of the District of Columbia for the fiscal year ending June 30, 1903, and for other purposes," approved July 1, 1902, as amended;

H. R. 8974. An act to permit investment of funds of insurance companies organized within the District of Columbia in obligations of the International Bank for Reconstruction and Development;

H. R. 9143. An act to repeal the provisions of section 16 of the Federal Reserve Act which prohibits a Federal Reserve bank from paying out notes of another Federal Reserve bank;

H. R. 9561. An act to correct typographical errors in Public Law 368, 83d Congress; and

H. J. Res. 459. Joint resolution to designate the lake to be formed by the completion of the Texarkana Dam and Reservoir on Sulphur River, about 9 miles southwest from Texarkana, Tex., as Lake Texarkana.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 7 o'clock and 3 minutes p. m.) the House adjourned until tomorrow, Wednesday, July 14, 1954, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1727. A communication from the President of the United States, transmitting estimates of appropriation for the fiscal year 1955, in the amount of $3,438,549,805 to carry out the purposes of the Mutual Security Act of 1954 (H. Doc. No. 474); to the Committee on Appropriations and ordered to be printed.

1728. A letter from the Assistant Secretary of the Interior, relative to an adequate soil survey and land classification of the lands to be benefited by Avondale project, Idaho, having been completed as part of the investigation required in the formation of a definite plan for project development, pursuant to Public Law 172, 83d Congress; to the Committee on Appropriations.

1729. A letter from the Assistant Secretary of the Interior, transmitting a proposed award of a concession contract to Signal Mountain Lodge, a partnership, which will, when executed by the Director of the National Park Service on behalf of the Government, authorize the furnishing of overnight cabin accommodations and related facilities within the Grand Teton National Park, Wyo., for a period of 10 years from January 1, 1954, pursuant to the act of July 31, 1953 (67 Stat. 271); to the Committee on Interior and Insular Affairs.

1730. A letter from the Assistant Secretary of the Interior, transmitting a proposed amendment to concession permit No. I–42np–191, issued to the Mount Rushmore National Memorial Society of Black Hills, a nonprofit organization, organized and using its funds for the development of Mount Rushmore National Memorial; to the Committee on Interior and Insular Affairs.

1731. A letter from the Assistant Secretary of the Interior, transmitting a proposed award of a concession contract to Jack Woods Cottages, Inc., which will, when finally executed by the regional director, region No. 2, National Park Service, on behalf of the Government, authorize the company to provide cabin accommodations and related services in Rocky Mountain National Park, Colo., for a period of 5 years from January 1, 1954, pursuant to the act of July 31, 1953 (67 Stat. 271); to the Committee on Interior and Insular Affairs.

1732. A letter from the Assistant Secretary of the Interior, transmitting a proposed award of a concession contract to Messrs. Arthur M. Burch and Raymond L. Simpson, a partnership doing business as the Lake McDonald Boat Co., which will, when executed by the regional director, region No. 2, National Park Service, on behalf of the Government, authorize them to provide launch and motorboat service on Lake McDonald within Glacier National Park, Mont., for a period of 5 years from January 1, 1954, pursuant to the act of July 31, 1953 (67 Stat. 271); to the Committee on Interior and Insular Affairs.

1733. A letter from the President, Board of Commissioners, District of Columbia, transmitting two proposed joint resolutions as follows: joint resolution to provide additional municipal services for the District of Columbia, in connection with the Ameri-

can Legion National Convention of 1954, to authorize the granting of permits to the American Legion 1954 Convention Corp. on the occasion of the American Legion National Convention of 1954, and for other purposes"; also "Joint resolution to authorize the quartering in public buildings in the District of Columbia of troops participating in activities related to the American Legion National Convention of 1954"; to the Committee on the District of Columbia.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar as follows:

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. S. 3385. An act to provide for more effective extension work among Indian tribes and members thereof, and for other purposes; without amendment (Rept. No. 2188). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 5832. A bill to amend section 73 of the Hawaiian Organic Act; with amendment (Rept. No. 2189). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 6814. A bill to facilitate the acquisition of non-Federal land within areas of the National Park System, and for other purposes; with amendment (Rept. No. 2190). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 7912. A bill to abolish the Old Kasaan National Monument, Alaska, and for other purposes; without amendment (Rept. No. 2191). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 8205. A bill to authorize the conveyance by the Secretary of the Interior to Virginia Electric & Power Co. of a perpetual easement of right-of-way for electric transmission line purposes across lands of the Richmond National Battlefield Park, Va., such easement to be granted in exchange for, and in consideration of, the donation for park purposes of approximately 6 acres of land adjoining the park; with amendment (Rept. No. 2192). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 7568. A bill to authorize and direct the Farm Loan Board of Hawaii to convey certain land and to ratify and confirm certain acts of said Farm Loan Board; with amendment (Rept. No. 2193). Referred to the Committee of the Whole House on the State of the Union.

Mr. VELDE: Committee on Un-American Activities. H. R. 9690. A bill to amend section 7 (d) of the Internal Security Act of 1950, as amended; without amendment (Rept. No. 2194). Referred to the Committee of the Whole House on the State of the Union.

Mr. HINSHAW: Committee on Interstate and Foreign Commerce. H. R. 8898. A bill to amend section 401 (e) of the Civil Aeronautics Act, as amended; without amendment (Rept. No. 2195). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of New York: Committee on Ways and Means. H. R. 8628. A bill to amend the Tariff Act of 1930 to insure that crude silicon carbide imported into the United States will continue to be exempt from duty; without amendment (Rept. No. 2209). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of New York: Committee on Ways and Means. H. R. 9248. A bill to amend section 308 (5) of the Tariff Act of 1930, as amended; with amendment (Rept. No. 2210). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee of Conference. H. R. 5731. A bill to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, Calif., and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes (Rept. No. 2211). Ordered to be printed.

Mr. ROBSION of Kentucky: Committee on the Judiciary. H. R. 5796. A bill to amend the Bankruptcy Act to make tax liens of States and their subdivisions valid against trustees in bankruptcy; with amendment (Rept. No. 2212). Referred to the House Calendar.

Mr. BENTLEY: Committee on Foreign Affairs. House Resolution 627. Resolution reiterating the opposition of the House of Representatives to the seating of the Communist regime in the United Nations; without amendment (Rept. No. 2213). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 2015. A bill to authorize the sale of certain land in Alaska to Lloyd H. Turner, of Wards Cove, Alaska; with amendment (Rept. No. 2186). Referred to the Committee of the Whole House.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 7229. A bill to provide for the conveyance to T. M. Pratt and Annita C. Pratt of certain real property in Stevens County, Wash.; with amendment (Rept. No. 2187). Referred to the Committee of the Whole House.

Mr. JONAS of Illinois: Committee on the Judiciary. S. 46. An act for the relief of E. S. Berney; with amendment (Rept. No. 2196). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. S. 1165. An act for the relief of Paul E. Rocke; without amendment (Rept. No. 2197). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. S. 1634. An act for the relief of Alton Bramer; without amendment (Rept. No. 2198). Referred to the Committee of the Whole House.

Mr. RODINO: Committee on the Judiciary. H. R. 1157. A bill for the relief of Herbert Roscoe Martin; with amendment (Rept. No. 2199). Referred to the Committee of the Whole House.

Mr. FORRESTER: Committee on the Judiciary. H. R. 1701. A bill for the relief of Ewing Choat; without amendment (Rept. No. 2200). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H. R. 3237. A bill for the relief of Paul Nelson; with amendment (Rept. No. 2201). Referred to the Committee of the Whole House.

Mr. FORRESTER: Committee on the Judiciary. H. R. 4185. A bill for the relief of John G. Zeros; without amendment (Rept. No. 2202). Referred to the Committee of the Whole House.

Mr. RODINO: Committee on the Judiciary. H. R. 5807. A bill for the relief of Mary Rose; with amendment (Rept. No. 2203). Referred to the Committee of the Whole House.

Mr. FORRESTER: Committee on the Judiciary. H. R. 5870. A bill conferring jurisdiction upon the United States District Court for the Eastern District of South Carolina to hear, determine, and render judgment upon certain claims of Roderick D. Strawn; with amendment (Rept. No. 2204). Referred to the Committee of the Whole House.

Mr. RODINO: Committee on the Judiciary. H. R. 6526. A bill conferring jurisdiction upon the United States District Court for the Eastern District of Michigan to hear, determine, and render judgment upon certain claims of Mr. and Mrs. Donald D. Parrish; with amendment (Rept. No. 2205). Referred to the Committee of the Whole House.

Mr. RODINO: Committee on the Judiciary. H. R. 6697. A bill for the relief of J. B. Phipps; without amendment (Rept. No. 2206). Referred to the Committee of the Whole House.

Mr. JONAS of Illinois: Committee on the Judiciary. H. R. 7093. A bill for the relief of H. W. Robinson & Co.; without amendment (Rept. No. 2207). Referred to the Committee of the Whole House.

Mr. RODINO: Committee on the Judiciary. H. R. 9357. A bill for the relief of S. H. Prather; with amendment (Rept. No. 2208). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BERRY:

H. R. 9880. A bill to change the name of the Gavins Point Reservoir in the State of South Dakota to "Lewis and Clark Lake"; to the Committee on Public Works.

By Mr. HOWELL:

H. R. 9881. A bill to establish a program of grants to States for the development of fine arts programs and projects, to provide for the establishment of an American National War Memorial Arts Commission, and for other purposes; to the Committee on Education and Labor.

By Mr. HYDE:

H. R. 9882. A bill to incorporate the Foundation of the Federal Bar Association; to the Committee on the District of Columbia.

By Mr. KILDAY:

H. R. 9883. A bill authorizing the transfer of certain property of the United States located in proximity of San Antonio, Bexar County, Tex., by the Secretary of the Air Force to the State of Texas; to the Committee on Armed Services.

By Mr. MILLER of Nebraska:

H. R. 9884. A bill to establish an employment preference for residents of Alaska in connection with fishing activities in the Bristol Bay area; to the Committee on Interior and Insular Affairs.

H. R. 9885. A bill to amend the Packers and Stockyards Act, 1921, with respect to the charging of brand inspection fees; to the Committee on Agriculture.

By Mr. PHILBIN:

H. R. 9886. A bill to exempt from duty the importation of certain handwoven fabrics when used in the making of religious vestments; to the Committee on Ways and Means.

By Mr. SADLAK:

H. R. 9887. A bill granting the consent of Congress to certain New England States to enter into a compact relating to higher education in the New England States and establishing the New England Board of Higher

Education; to the Committee on Education and Labor.

By Mr. SPRINGER:

H. R. 9888. A bill to amend the laws granting education and training benefits to certain veterans to extend the period during which such benefits may be offered; to the Committee on Veterans' Affairs.

By Mr. BUDGE:

H. R. 9889. A bill to authorize the Secretary of the Interior to execute an amendatory contract with American Falls Reservoir District No. 2, Idaho, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. OSMERS:

H. R. 9890. A bill to establish a Federal policy concerning the termination, limitation, or establishment of business-type operations of the Government which may be conducted in competition with private enterprise, and for other purposes; to the Committee on Government Operations.

By Mr. FULTON:

H. Con. Res. 253. Concurrent resolution to include the Federal Republic of Germany in the community of free nations as an equal partner; to the Committee on Foreign Affairs.

By Mr. BENTLEY:

H. Res. 627. Resolution reiterating the opposition of the House of Representatives to the seating of the Communist regime in China in the United Nations; to the Committee on Foreign Affairs.

By Mr. FALLON:

H. Res. 628. Resolution opposing the seating of Communist China in organs of the United Nations; to the Committee on Foreign Affairs.

By Mr. HILL:

H. Res. 629. Resolution to provide additional funds for the expenses of the study and investigation authorized by House Resolution 22; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DELANEY:

H. R. 9891. A bill for the relief of Pasquale Andriola; to the Committee on the Judiciary.

By Mr. DONDERO:

H. R. 9892. A bill for the relief of Susanne Fellner; to the Committee on the Judiciary.

H. R. 9893. A bill for the relief of Takako Riu Reich; to the Committee on the Judiciary.

By Mr. FENTON:

H. R. 9894. A bill for the relief of Galen H. Clark Packing Co., Inc.; to the Committee on the Judiciary.

By Mr. HART:

H. R. 9895. A bill for the relief of Judy Anne Marie Burton; to the Committee on the Judiciary.

By Mr. MILLER of California:

H. R. 9896. A bill for the relief of Charlie Sylvester Correll; to the Committee on the Judiciary.

By Mr. O'BRIEN of New York:

H. R. 9897. A bill for the relief of Sister Giovina (Rosina Vitale) and Sister Olga (Calogera Zeffiro); to the Committee on the Judiciary.

By Mr. SHELLEY:

H. R. 9898. A bill for the relief of Mrs. Genowefa Kryzwkowska Tilden; to the Committee on the Judiciary.

By Mr. VAN PELT:

H. R. 9899. A bill for the relief of Andreas Kafarakis; to the Committee on the Judiciary.

By Mr. WARBURTON:

H. R. 9900. A bill for the relief of Emil Arens; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1097. By Mr. HOSMER: Petition of Mrs. George Foott and other armed services wives residing in Los Angeles County, Calif., for restoration of rights and privileges of the Armed Forces and their dependents; to the Committee on Armed Services.

1098. By the SPEAKER: Petition of Judge William Denman, Court of Appeals, Ninth District of San Francisco, Calif., relative to a resolution adopted by the judicial conference of the ninth circuit on July 8, requesting Congress not to take action on the bills pending in the House and Senate for the division of the 9th circuit into a new 9th circuit and a new 11th circuit and for the creation of additional circuit judgeships for the 2 circuits; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

B-N-G Solution: A Miracle Drug for Burns, Sunburns, Poison Ivy, and Poison Oak Made From the Mung Bean Sprouts

EXTENSION OF REMARKS
OF
HON. HAROLD A. PATTEN
OF ARIZONA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, July 13, 1954

Mr. PATTEN. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to include the following:

There appeared in the CONGRESSIONAL RECORD in 1953 a number of insertions in the Appendix from various Congressmen, as follows:

March 16, 1953: Remarks of Hon. VICTOR WICKERSHAM, CONGRESSIONAL RECORD, volume 99, part 9, page A1324.

May 11, 1953: Remarks of Hon. ROBERT H. MOLLOHAN, CONGRESSIONAL RECORD, volume 99, part 10, page A2497.

June 5, 1953: Remarks of Hon. JOHN L. MCMILLAN, CONGRESSIONAL RECORD, volume 99, part 11, page A3228.

July 31, 1953: Remarks of Hon. HAROLD A. PATTEN, CONGRESSIONAL RECORD, volume 99, part 12, page A4904.

I was the last person who made an insertion in reference to this product before Congress adjourned in 1953.

Mr. Speaker, this product was discovered in a Chinese chop suey canning plant under the ownership of Mr. Ben E. Zaremba. This company had been in the Chinese chop suey canning process for over 18 years. In 1944, Mr. Zaremba started trying to can a hog food made from the residues of the Chinese chop suey in 1- and 2-gallon cans. Mr. Zaremba realized that since the meat supply in this country was almost back to normal, there would very likely be a decrease in the sales of the Chinese chop suey which would, of course, be detrimental to his business.

Dr. Joseph Ryankciwicz, Mr. Zaremba's chemist was doing research in regard to a formula for the canning of hog food, and while doing this work there was an explosion in the plant which scalded a number of people. Mr. Zaremba and those present who were not burned had nothing with which to apply first aid except the mung-bean sprouts which had been freshly cut along with the juice in the vats. An ambulance was summoned from the Chicago area and these people were sent to an outstanding hospital and placed under the care of the doctors there. The doctors immediately noticed that there was very little blistering from these burns and that most of the blistering was on those parts of the body that the mung-bean-sprout juice did not reach. They suggested to Mr. Zaremba that this product evidently had a value for the treatment of burns and they should try to develop it. Mr. Zaremba and the chemist returned to the plant and for a period of 1½ years concentrated on trying to discover just what had happened in the accident and why mung-bean-sprout juice was so effective on burns. In so doing, Dr. Ryankciwicz with his biochemical background found that they had stabilized an enzyme in a vegetable product and later on within 6 months they discovered they had stabilized an additional enzyme—both purely through accident. Mr. Zaremba then started making this product, and he put it on the market in 2-ounce bottles having received the approval of the Pure Food and Drug for the label to read as follows: "Ben-Gee, mung-bean-sprout juice for the relief of minor burns, sunburns, poison oak, and poison ivy."

Mr. Zaremba had difficulties during the years of 1947 through 1950 in securing burn tests on this product. He was refused these tests by such Government agencies as the Army, Navy, and Air Corps. He was unable to take it to private laboratories for testing because at that time the facilities for testing products in these private laboratories were so overcrowded that they were unable to guarantee Mr. Zaremba any definite date when they might be able to make such tests.

In 1951, Mr. Zaremba came to Washington with a number of radio people from Chicago. He was introduced to Mr. William Vaughan who at that time was serving as aide to Vice President Barkley. He was anxious to secure the services of Mr. Vaughan to help in the promotion of this product. Mr. Vaughan was not sure that he would have enough time on his off hours, and when he discussed the matter with the Vice President they agreed that even though there might be time, they were not convinced the product had any merit. They also considered the fact that there might be some adverse publicity as had resulted in

some other patent medicines. The Vice President advised Mr. Vaughan against taking part in its promotion. Mr. Zaremba was persistent, however, as he had utmost faith in his product. Mr. Zaremba seemed so convinced that Mr. Vaughan could be of great service in the promotion of the product that he sent a large number of samples asking Mr. Vaughan to see that they were given away. Mr. Vaughan was not too interested until a serious burn occurred in his own family. Lacking any medication he immediately applied the Ben-Gee Sprout Juice and was amazed at the results it had on the burn. Mr. Vaughan then thoroughly convinced of the merits of the product, became a crusader giving samples to his friends and telling of its great value. Mr. Vaughan gave samples to many Senators and Congressmen, to employees on Capitol Hill and to the Capitol Physician's Office where many samples were given away.

In August 1951, the Vice President had a rather serious burn on the arm and used the Ben-Gee Bean Sprout Juice. Upon finding that there was no pain after 30 minutes and that there was no blistering and no scar left, and subsequently after having used the medicine on a case of athlete's foot with remarkable results, he gave his approval and permission to Mr. Vaughan to go into this business on a part time commission basis during his off hours. Mr. Vaughan then made a contract with the Ben-Gee Products Co. to be the regional distributor for all States on the eastern coast from Maine to Florida and also for his home State of Kentucky.

Mr. Vaughan proceeded to establish a distributorship company, secured a storage place in Washington, D. C., and received some $20,000 worth of merchandise. Their plan was to go on the market for retail sale in March 1952, but the company making the product was stopped by an injunction obtained by another pharmaceutical company which claimed a similarity of name. This, of course, caused delay as they could not sell the product under the name in question. Mr. Zaremba did not give up but set out to get an approved name and trade-mark that would be agreeable. Mr. Vaughan started to give out the merchandise then in storage in Washington as samples to doctors, clinics, and any hospitals which would agree to take them for clinical research.

Mr. Vaughan and Mr. Zaremba felt that if this product could have a fair and full test on burns by one of the branches of the armed service, the results would be such that there would be no question in the minds of the medical profession as to its value.

They worked for several months with this pharmaceutical company which had cooperated with them trying to agree on a name that would be acceptable to all. A year later this company agreed on the new name, which was "B-N-G solution, containing tyrosinase, for the relief of minor burns, sunburns, poison ivy, and poison oak dermatitis; for external use only; manufactured by the Worth Pharmacal Co. Division of the Ben-Gee Products Co., Oak Lawn, Ill."

In February 1953 Mr. Zaremba and Mr. Vaughan began to attain results of their efforts made in the free distribution promotion of this product. There were a number of outstanding publications and newspapers which carried articles on this medicine and various radio commentators made mention of it. There were also, as mentioned above, insertions in the CONGRESSIONAL RECORD referring to the relief that this product had given to people with burns, sunburns, and skin disorders.

The following publications and radio broadcasts regarding B-N-G solution appeared as follows:

February 3: Radio broadcast of Earl Godwin, station WRC, NBC, Washington.

March 21: Drew Pearson, Washington Merry-Go-Round, appearing in the Washington Post and other papers.

May 8: Arlington (Va.) Daily Sun, story relative to the effect of B-N-G.

May 21: NEA syndicated story by Douglas Larsen, staff correspondent, published throughout the United States by various Scripps-Howard newspapers during May and June.

May 25: Radio station WRC, 11 p. m. news broadcast, Stewart Findley reporting. This broadcast was received on NBC network as far west as Chicago.

June 10: Associated Press story by Frank Carey. Published in Washington Evening Star, page 1, and eventually in more than 800 other newspapers and in some 600 of these papers appearing on page 1. Appeared in such papers as the Glasgow (Scotland) Evening Times and the Korean edition of Stars and Stripes.

June 11: References to the AP story in the morning news broadcast of Claude Mahoney, CBS network, and on numerous other local news broadcasts throughout the United States.

June 13: Washington Times Herald feature story by Don Munson.

June 21: Feature story from Washington by Ed Edstrom in Louisville (Ky.) Courier-Journal.

June 25: Glasgow (Ky.) Times reprint of Louisville Courier-Journal story with prefatory remarks.

July 13: New York Herald Tribune leading comment in Hy Gardner's column.

July 21: Radio broadcast of Ray Henle, Three-Star Extra—Sunoco.

Mr. Speaker, at this point I would like to call your attention to the fact that on January 6 of this year Congressman FRANK CHELF inserted an article in the Appendix of the daily CONGRESSIONAL RECORD on page A2, and I inserted an additional article in reference to this product on February 12. Further, on February 17, Senator KERR, Senator MONRONEY, and Congressman WICKERSHAM signed a letter addressed to the Surgeons General of the Army and Navy requesting that they test this B-N-G solution as its wide use would increase the market value of the mung bean in their State.

Senator KERR, Senator MONRONEY, and Congressman WICKERSHAM also claimed that since Oklahoma was the only State at the present time which could properly grow the mung bean suitable for the sprouts which are used in this medicine, they had had considerable correspondence from the mung bean growers in this State. In reply to their request the Army and Navy answered they would ask the National Research Council Committee on Trauma—the medical name for burns—for permission to test this product. The Navy in a reply to Senator KERR, Senator MONRONEY, and Congressman WICKERSHAM requested a meeting in Washington on March 12, with the chemist and a group from the Worth Pharmacal Co., asking them to bring samples and data of medical composition on burns regarding this medicine. This procedure was not followed by the Army. They made their request for the test directly to the National Research Council Committee on Trauma.

On April 16, the Navy Department Bureau of Medicine and Surgery answered the requests made by these three gentleman stating that they were refused permission by the National Research Council Committee on Trauma to test this product on burns for the following reasons: First, because the company which discovered it had no pharmaceutical background and second, because there was not any hospital or clinical data on burn cases where this had been used.

This product is a vegetable product and has no formula, therefore, it cannot be patented. It was made purely through accidental discovery, and I might add that this product contains only 2 percent Thimerosol (methiolate) preservative.

It has been difficult for the company to get this product into hospitals for the necessary data with the position taken by the National Research Council Committee on Trauma.

Mr. Speaker, there have been a number of prominent physicians in the Washington area who have used this product. It has been used on several burn cases where it gave very fine results. One particular case called to my attention is that of an electrician in this area who received a severe electrical burn. This man was burned on both arms up to his shoulders and on both legs from above his knees and to his ankles. He has been very grateful for the results credited to the use of this medicine since his arms, and particularly his hands, are free of scars, and he is left with complete movement of his fingers which was most important to him as his hands were his source of livelihood. The above case has hospital clinical data at a local hospital in Washington, D. C. This clinical data was taken under the supervision of a local physician and anyone wishing to review this report can do so.

Mr. Speaker, it occurs to me that since we are faced with a possible atomic attack and also confronted with suspected sabotage action and with accidents such as the recent one on the aircraft carrier *Bennington*, this B-N-G solution made by Worth Pharmacal Co. should have a burn test made by the Government.

I am told that, if properly conducted, it takes considerable time to run a burn

test, and I feel that the best way to carry on such a test would be through the facilities of the Armed Forces. They could conduct these tests more rapidly and thereby hasten the time when this medicine would be available to all mankind.

Mr. Speaker, I have had numerous personal experiences with the use of this product. Since we have entered into the summer months, I have had the opportunity to observe its miraculous results on many types of skin disorders and especially on burns and sunburns. A fact that interests me a great deal is that, to date, there has not been brought to my attention a single case where any harmful effects resulted from its use. I have been informed that no adverse report on the use of the medicine has come to the company's attention even though they have made it widely available through free sample distribution.

Therefore, Mr. Speaker, it occurs to me that these facts should be brought to the attention of those in our armed services who have the authority to see that this product is tested, and to the attention of the National Research Council Committee on Trauma which has so far refused permission for these tests claiming it lacks clinical data. I also feel that these agencies should inform the Worth Pharmacal Co. just what must be done in order to have these tests made.

Surely there is an end to the string somewhere, and if found, might lead to the unraveling which is necessary for this product to be tested and made available to the suffering and the afflicted.

Let Us Build a New World

EXTENSION OF REMARKS
OF
HON. RUTH THOMPSON
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Tuesday, July 13, 1954

Miss THOMPSON of Michigan. Mr. Speaker, about a year ago I introduced a bill in the House which would create a Department of Peace in our Government. The Secretary of such a Department would have Cabinet status and would work toward peace and good will throughout the world. No action was taken by the committee, but I am still of the opinion that all the guns, all the tanks, and all the bombs we are building during these hectic times are not going to save us from our enemies at home or abroad.

I firmly believe that our only salvation lies in the fact that we must revert back to the more simple life, and give more thought to that overruling power from which all blessing flow. God, in his infinite goodness, and the teachings of Jesus Christ, His son, are the only answer if we are to survive in these days of universal insecurity.

Last week I was one of 160 Members of Congress who attended a breakfast honoring Evangelist Billy Graham, who has just returned from a preaching trip abroad. His audience was most attentive as he told of speaking to a total attendance of more than 2 million people in Great Britain over a period of 12 weeks. On the Continent he addressed 300,000 persons more through interpreters. Mr. Graham stated that much of the success of his meetings was due to a spiritual resurgence as the result of World War II and the fear of the atom bomb. Friends, right now is the time to start building a new world. And, we can only build a new world when we discard the old implements of war and put God back into the center of life. Let us do it now, not only for ourselves, but for generations to come.

Mr. Speaker, Evangelist Billy Graham has had a great revelation. And that revelation means much responsibility. He should be supported by the Congress of the United States, and the present administration.

At any cost, let us make this great God-fearing man, and his equally great team, our official ambassadors of good will and spiritual awakening. A miracle could yet happen.

Glorified Blackmail: H. R. 9820 and S. 3718 Give New Jersey and Pennsylvania the Green Light To Pick Your Pocket—Motorist Beware

EXTENSION OF REMARKS
OF
HON. ALFRED D. SIEMINSKI
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Tuesday, July 13, 1954

Mr. SIEMINSKI. Mr. Speaker, I trust the Congress will reject H. R. 9820 and S. 3718.

Both bills will no doubt be called up for approval on a sleeper play when few Members are in the Chamber. They could not pass otherwise.

H. R. 9820 and S. 3718 is another one of those gold dust attempts to kid the public. Gold for the money men. Dust for the eyes of the motorist. Both bills, as now written, should be defeated. I will object to their passage.

H. R. 9820 and S. 3718 is another one of those bistate agency deals between New Jersey and Pennsylvania to set toll rates and collect handsome profits from helpless motorists using New Jersey-Pennsylvania facilities. It is a medieval practice. And why Uncle Sam gets suckered into these booby trap consent bills, is difficult to understand.

H. R. 9820 and S. 3718 is glorified blackmail. Not a word in either bill talks about the rights of the motorist. Not a word in either bill assures the motorist that tolls will be flexible, like farm price supports. Not a word in either bill assures the motorist that tolls will be geared to maintenance cost of facilities after debts are serviced and retired. Not a word in either bill guarantees the motorist that he isn't being taken for a sucker in being forced to contribute to profits that will build warehouses and private enterprise facilities that should come from venture and not blackmail capital. Strong words? Sure. But what is so brave and enterprising about these bills? They smack of a lack of a bill of rights for the American motorist.

Were Texas Guinan around today, as she was in the days of the speakeasy, her greeting would, I am sure, reach the ears of every motorist who will be affected by H. R. 9820 and S. 3718: "Hi Sucker."

Health Insurance—Whose Interests Does It Serve?

EXTENSION OF REMARKS
OF
HON. LOUIS C. RABAUT
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Tuesday, July 13, 1954

Mr. RABAUT. Mr. Speaker, in my judgment, the reinsurance bill, H. R. 8356, is a hoax which the administration, innocently or otherwise, is perpetrating upon the American people. With a good deal of fanfare in the press and on television we are being sold a bill of goods, which, when examined, turns out to have been blatantly misrepresented.

The fact that the administration, in various pronouncements, has so accurately put its finger on some of the crying needs of the people in the field of health makes this misrepresentation all the more reprehensible.

It is true that our families are burdened and often financially ruined by the unpredictable and high cost of illness. It is true that only about 17 percent of private medical and hospital expenditures are presently covered by existing health insurance plans. Most insurance plans do not cover all the medical needs—and they are far from paying all the bills of those items that are covered. There are too many exclusions in insurance policies—the benefits often stop too soon. They are too expensive for middle- and lower-income groups. They have not been able to adequately provide for rural people, for retired persons, and for the unemployed. The long-term, chronic illness is barely touched upon under these plans.

All these are urgent problems and the administration has the temerity to tell us that its reinsurance bill would go a long way toward helping solve them. I say this bill, with its $25 million appropriation to set up a so-called reinsurance fund, could do nothing of significance to meet many of the problems.

At the hearings on this bill practically all the experts who testified—from diverse groups, many of whom have entirely different ideas about how to approach the problem—have said that reinsurance cannot do the job. Reinsurance is not a magic potion as the administration seems to think, or which it would have us believe.

I would like to point out that at no time has there been a concrete and conclusive demonstration of how reinsurance would actually perform its magic. I have even heard it suggested that we should vote for this bill because "it will

not do any harm," and it should at least "be given a try."

I say that a bill with no more assurance than this of working is a downright imposition upon the American public—an insult to the people who look to the Congress for sound and effective measures to meet current problems. Enactment of a bill of this sort would be bad and irresponsible legislation.

The needs of the people for something to be done in reducing the tremendous burden of medical and hospital costs and in making available to everyone the best of medical care which modern science has made possible—are immense and urgent. We ought to show boldness and foresight in devising a program to meet the need. We must assess these problems and be willing to provide the funds necessary to cope with them.

This reinsurance bill deserves the treatment it has received in the House of Representatives.

Cushing Veterans' Administration Hospital

EXTENSION OF REMARKS
OF
HON. THOMAS J. LANE
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES
Tuesday, July 13, 1954

Mr. LANE. Mr. Speaker, I wish to include herein the statement I made this morning before the Subcommittee on Hospitals of the House Committee on Veterans' Affairs in favor of H. R. 9646, to establish a Veterans' Administration center at Framingham, Mass.:

CONVERT CUSHING VA HOSPITAL INTO A VETERANS' HOME

(Statement of Hon. THOMAS J. LANE, of Massachusetts, before the House Committee on Veterans' Affairs, July 15, 1954)

Last month we celebrated the 10th anniversary of the GI bill of rights.

We are proud of this well-rounded program to rehabilitate the men and women who gave up the best years of their lives to protect us.

It is our obligation not only to provide eligible veterans with disability compensation, educational benefits, and hospital care—to mention but a few of a veterans' rights—but to carry out the continuing responsibility of caring for the aged, the homeless, and those who will never be well again.

Congresswoman ROGERS, of Massachusetts, has prepared H. R. 9646, to establish a Veterans' Administration center at Framingham, Mass., to provide domiciliary care for needy veterans, and those suffering from chronic disabilities.

It is similar to H. R. 509, the bill I introduced for the same purpose on JANUARY 3, 1953. Other Massachusetts Congressmen, acting separately, have submitted companion bills, which indicate the growing public demand for a domiciliary home in the Northeastern States.

This is not a plan to clear a forest and build a resort hotel.

It is not a maximum cost project.

We look upon it as Operation Salvage.

To save the old and chronically ill veterans from abandonment by efficient conversion of an existing facility from one use to another.

The Cushing VA Hospital at Framingham, Mass., has more than paid for itself by the army of veterans it has saved from ill health by the excellent medical services it has supplied over the years.

Now that its duties have been taken over by more modern facilities, is not reason why we should junk this hospital, and dispose of it in haste.

Cushing is a familiar haven for tens of thousands of veterans who were rehabilitated by its competent care. It is a symbol of the Government's consideration for those whose health was impaired by their service in the Nation's defense.

We have seen other installations closed up or sold at a tenth of their real value, and we have been disturbed by such waste.

Cushing offers us the opportunity to set a new standard for the efficient use of Government buildings. As one use declines, we can convert it to serve a growing need. Duplication is avoided. Costs are cut. A new life for Cushing, as it is adapted to meet the changing needs of an aging veteran population, would be a service to them, and at a minimum charge to the taxpayers.

Cushing is near Boston, where the regional office of the Veterans' Administration is located.

It is the meeting place of the New England States, and a logical site for convenient service to dispossessed and chronically ill veterans.

In a quiet and peaceful environment, yet near to the world's finest medical facilities and skilled specialists at Boston.

This is an ideal spot for a veterans' home.

Ten years ago they were spending their splendid manhood for us in Normandy, and in the steaming islands of the Pacific.

Now some of them are disabled—beyond recovery.

If we are to complete our promise to them, we must begin to provide sanctuary for those who can never pick up the threads of their broken lives.

Cushing is available, and it can be converted into a rest home for old soldiers at a fraction of the cost that would be required to build a new facility for this purpose.

Cushing is an opportunity for us to fulfill the obligation inherent in the GI bill of rights.

Their job is done. Ours is continuing.

Blair Moody Recovering

EXTENSION OF REMARKS
OF
HON. JOHN D. DINGELL
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Tuesday, July 13, 1954

Mr. DINGELL. Mr. Speaker, inquiries have come to my attention about the health of Blair Moody, once a Senator from Michigan, and again a candidate this year.

I am pleased to report that Blair Moody is well on the road back to the excellent health that marked his long tenure in Washington as a great journalist and as a great Senator.

Blair was stricken with pneumonia while campaigning in Michigan's vast upper peninsula. He was rushed to St. Joseph Hospital in Hancock, Mich., where first diagnosis showed some possibility of a heart problem on top of the pneumonia. Two outstanding heart specialists, however, on thorough checking reported no heart attack and added that he was recovering rapidly from the pneumonia and soon would be able to resume his campaign.

Blair will be released from the hospital very soon and will rest for several weeks. He can then resume his campaign to return to the Senate as a Democratic Senator from the great State of Michigan. I know you all join me in wishing him complete and early recovery from the pneumonia that temporarily interrupted his campaign.

Those many of you who remember Blair Moody as a reporter or as a Senator will recall his prodigious energy in any task to which he set his hand. The medical opinion out of Michigan, I am reliably informed, is that he will return to his campaign, and, we Democrats hope, to the Senate, equally vigorous and energetic in his service to the people.

Native North Carolinian Still Going Strong in His Adopted State of Georgia

EXTENSION OF REMARKS
OF
HON. F. ERTEL CARLYLE
OF NORTH CAROLINA
IN THE HOUSE OF REPRESENTATIVES
Tuesday, July 13, 1954

Mr. CARLYLE. Mr. Speaker, on the 26th day of July, in the year 1879, Johnston Williams was born in the little town of Castle Hayne, N. C.

Seventy-five years later, on July 26, 1954, this aggressive though kindly gentleman of the Old South celebrated his diamond birthday among his hundreds of friends and followers at his home in Waycross, Ga., where he has lived and labored so successfully for nearly a half century.

It is fitting, indeed, that Jack Williams' native State and district join the grateful people of south Georgia in a tribute to this man who is leading such an outstanding life of service to others—a life dedicated to development and progress of the South. Among his many interests were the worthwhile projects of the development of Warm Springs, Stone Mountain Memorial, the development of Okeefenokee Swamp Park, and the advancement of Dr. Charles Herty's program of reforestation with slash pine in the Southeast.

An impressive force through the splendid newspaper he built into one of the most modern and efficient in the South, Mr. Williams has materially aided the development of the New South of today with wise counseling and assistance to hundreds of young people. He has been owner, editor, and publisher of the Waycross Journal-Herald since 1915, receiving coveted awards throughout the years for greatest service to his city, county, and State.

Who's Who in America, volume 27, 1952–53, contains the following:

Williams, Jack, editor, publisher: Born Castle Hayne, N. C., July 26, 1879; son of Thomas and Ellen Elizabeth (Johnston); preparatory education, Cape Fear Academy, Wilmington, N. C.; graduate of Oak Ridge (N.

C.) Institute, 1904; married Ethel Katharine Woodard, June 19, 1912; children, Jack, Katharine Lee, Ruth Winifred, Betty Louise, Eva. In purchasing department, Atlantic Coast Line Railroad, Wilmington, N. C., and Waycross, Ga., 1899–1903; same position with Atlanta, Birmingham & Atlantic Railroad, Waycross, 1905–06; general storekeeper, same railroad, Fitzgerald, Ga., 1906–07; manager publishing company, Boston, 1909–11; editor owner, and publisher Waycross Daily Journal-Herald and Waycross Weekly Journal since 1915; also publisher of Blackshear Times 1924–26, Hogansville News 1925–26, and La Grange Reporter 1924–27; president Waycross Journal-Herald Publishing Co., radio station WAYX; vice president Georgia Loan & Savings Co., 1939–41; president Merchants & Mechanics Loan Co., since 1941; Waycross Building & Loan Co., Waycross Hotel Co., Progressive Life Insurance Co., president First Federal Savings & Loan Association. Served as State senator 1937–38 and 1943–44, member State legislature 1939–41 and 1942–47. Lieutenant colonel on Governor's staff. Member city board of education; president Kings Daughters Home for Children 1935–36. President Georgia Press Association, member 11th District Press Association (president); president, advisory board, Salvation Army; vice president Waycross Railroad YMCA; vice president Georgia Forestry Association; president Waycross and Ware County Chamber of Commerce 1936–37 and 1945–47. Awarded Sutlive trophy, Georgie Press Association, 1925 "for greatest service to community" of any paper in the State; Baynard Knight cup, Kiwanis Club, 1923 "for greatest service to community"; Miller medal "for having rendered greatest service to his city and county during the year 1932." Democrat. Presbyterian. Mason (Shriner). Elk. Clubs: Kiwanis (vice president 1928, president 1929), Okefenokee Golf (secretary), Dovers Bluff Fishing (president). Farmer, dairyman, and stock raiser. Home Cherokee Drive, Waycross, Ga. (summer home St. Simons Island). Address, Journal-Herald Building, Waycross, Ga.

Mr. Speaker, it is so apparent that Mr. Williams has lived an extremely active and fruitful life, and to me it is a source of real pride that he is a native North Carolinian born in the congressional district which I am honored to represent.

House Judiciary Committee Tables Butler Resolution, Senate Joint Resolution 44, Amending Constitution Relating to Number of Supreme Court Judges, Etc.—Celler Opposed Restrictions on Supreme Court

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 13, 1954

Mr. CELLER. Mr. Speaker, Senate Joint Resolution 44 is a four-pronged constitutional amendment. First, it freezes the number of Justices of the Supreme Court to nine. As a member of the Committee on the Judiciary at the time of President Roosevelt's proposal to pack the Supreme Court, I protested with such vehemence that Roosevelt never forgave me for it. I cannot say, however, that the Court-packing proposal of 1937 justifies this proposed constitutional amendment. We force upon ourselves a rigidity which can in the future make much mischief. It is in the flexibility of the Constitution that we can lay claim to a government that moves with history. Members of Congress do not have the gift of clairvoyance. In the event there is another such move to increase the members of the Court, the then Congress, in the final analysis, can approve or reject, as is deemed best in the national interest. This attempt to mortgage the future when no good reason exists for doing so is begging for trouble.

Secondly, Senate Joint Resolution 44 compels retirement of Justices of the Supreme Court at the age of 75. Again, this is the kind of rigidity and generalization which is unhealthy in constitutional amendments. Judges may now retire at 75 if they wish. Some of our best judicial activity was performed by judges over 75 years of age. I point to Justice Holmes, Hughes, Brandeis, and Judge Learned Hand. There are scores of others. There are judges today over the age of 75 who are serving with great distinction.

Thirdly, the House Judiciary Subcommittee seeks to propose another section which was wisely discarded by the Senate; namely, that no Justice of the Supreme Court shall be eligible to serve as President or Vice President of the United States until 5 years have passed after the termination of such service. What is the compelling need for such a provision that makes it constititutional matter? What if one of the Justices of the Supreme Court were of presidential caliber? Is the country to tie its hands from seeking the best possible man for the highest elective office in our land? There is an ugly implication in such a provision that the possibility of attaining a presidency or vice presidency can mar the integrity of the future members of the Supreme Court.

Fourthly, Senate Joint Resolution 44 seeks to prevent Congress from curtailing the appellate jurisdiction of the Supreme Court. While I do not oppose such a measure I can see no need for its present enactment at the end of a session when time is so pressing. True, Congress has the power to curtail this appellate jurisdiction, particularly in cases involving constitutional questions. Only once did such a situation arise and that was in the tremendous upheaval of the Civil War.

Unless the reasons are compelling, I cannot approve such amending of the Constitution. This almost casual approach to so far reaching a process is contrary to our best interests. Three of the four provisions in Senate Joint Resolution 44 are actually placing us in a box within a box within a box. In a similar connection it was once said, "striving to better, often we mar what's well."

Questionnaire To Constituents: What Is Your Opinion?—How Would You Vote?

EXTENSION OF REMARKS

OF

HON. HAROLD C. HAGEN

OF MINNESOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 13, 1954

Mr. HAGEN of Minnesota. Mr. Speaker, under leave granted, I wish to extend in the RECORD my own remarks and a questionnaire and opinion poll which I intend to send to my constituency. It follows:

WHAT IS YOUR OPINION?—HOW WOULD YOU VOTE?

DEAR FRIENDS: During the past few months a number of statewide opinion polls have been conducted in Minnesota and perhaps you have been asked to contribute your views and answers to them.

The results of these polls, you may have noted, have been varied and often contradictory. What is more, they do not necessarily reflect the opinions of you who live in the Ninth Congressional District of Minnesota.

Much useful information may be obtained from a public opinion poll which is properly executed. Principally, it may serve to strengthen the link between the people and their representatives in government, a link which due to obvious limitations of time and distance is not as strong as it ought to be.

This brief questionnaire is principally devoted to the farm problem which is so vital an issue with us in the Ninth Congressional District. Your opinions on these and other questions will be helpful to me as your United States Representative in Congress.

If there are other issues or problems not included in this form on which you would like to comment, I urge you to do so. Your suggestions, advice, and counsel always are welcome and greatly appreciated. I would like to hear from you.

THE QUESTIONS

1. A proposal has been made which would set up a system of flexible price supports for farm crops. In periods when there were large surpluses of crops, the support prices would be lower; in periods when there were no large surpluses, the support prices would be higher. Do you favor or oppose flexible price supports? Favor ☐. Oppose ☐.

2. Under Federal law, price supports on basic farm crops are guaranteed through 1954. Do you favor or oppose the Government's continued support of farm crop prices after 1954? Favor ☐. Oppose ☐.

3. Dairy price supports were lowered recently. Do you believe they should be restored or raised? Yes ☐. No ☐.

4. A suggestion has been made that the Federal Government dispose of some of our food surpluses by giving food stamps to low-income families. These stamps could be exchanged for certain kinds of surplus foods. Would you approve or disapprove of a food-stamp program like that? For ☐. Against ☐.

5. In general, do you approve or disapprove of the ways Ezra Benson is handling his duties as United States Secretary of Agriculture? Approve ☐. Disapprove ☐.

6. As a Representative of a predominantly farm area I have consistently supported 90-percent of parity for basic farm products and similar supports for other farm produce. In fact, for years I have fought for 100 percent of parity. In other words I have always favored and vigorously supported at least 90 percent of parity for all farm products,

and I intend to continue to do so, recognizing of course some controls on production and marketing are necessary. The question is, Do you think I have been right in my position? Yes ☐. No ☐.

7. In general, do you approve or disapprove of the way the Eisenhower administration is handling our foreign affairs? Approve ☐. Disapprove ☐.

8. Did you vote for Eisenhower or Stevenson in 1952? Eisenhower ☐. Stevenson ☐.

9. Suppose you were voting today—which one would you vote for? Eisenhower ☐. Stevenson ☐.

10. Suppose that Freeman were running today against Gov. C. Elmer Anderson, a Republican, for the governorship of Minnesota. Which man would you personally favor? Freeman ☐. Anderson ☐.

11. If you were choosing a Senator today, which man would you personally favor, HUMPHREY or Bjornson? HUMPHREY ☐. Bjornson ☐.

12. Do you agree that Congress was wise in approving the St. Lawrence seaway project? Yes ☐. No ☐.

13. Do you favor statehood for Alaska? Yes ☐. No ☐.

14. Do you favor statehood for Hawaii? Yes ☐. No ☐.

(NOTE.—It is not necessary to sign your name. You may not wish to answer all of the questions. If not, please answer those on which you desire to express an opinion. You may just place an "X" in space provided after each question.)

Please return to United States Representative HAROLD C. HAGEN, Crookston, Minn. Feel free to use reverse side for your comments and remarks. Thanks for your cooperation.

Sincerely yours,

HAROLD C. HAGEN.

Celler Repeats Demand for Action Against Saudi Arabia-Onassis Oil Monopoly

EXTENSION OF REMARKS

OF

HON. EMANUEL CELLER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 13, 1954

Mr. CELLER. Mr. Speaker, the Saudi Arabia-Aristotle S. Onassis oil tanker agreement—with its monopolistic and discriminatory features—may initially cost the American consumer directly, or the American taxpayer indirectly, a minimum of $16 million a year. Before long, this excessive and unnecessary drain may rise to $100 million a year or more.

It is inconceivable, therefore, that our Government can stand by and permit this agreement to operate.

The nature of these exorbitant charges and the damaging features of this unfair contract were first cited in my statement of May 18, 1954. They were announced in more detail in my statement of June 24, 1954, when I urged the Department of State and the Foreign Operations Administration to review this unpalatable agreement and to do something about it.

More than a month has passed since my last statement was issued. Yet, I have received no further report from these agencies; nor have I learned of any real action which they have taken to put a stop to this unwarranted discrimination against American interests and against nationals of a friendly power.

The present oil concession in Saudi Arabia is an American one. In the long run, British and other foreign interests will not be affected nearly as much as our own. Nevertheless, Britain has made a strong démarche to the Saudi Arabian Government. So have Finland, Norway, and Denmark.

As far as I can tell from the meager public information on action taken by our own Department of State, there has been only one official statement on this matter. Made to the House Committee on Merchant Marine and Fisheries, it consisted of 13 words:

> The Department has protested this agreement as a violation of the concession rights.

These 13 words will scarcely prove very reassuring to the American public.

By way of contrast I append to my statement a report of the far more forthright British stand, as reported in the Times of London on July 20, 1954.

Clearly, it is "time for a change"—strong American action in this matter is imperative.

Rather than repeat the details of my previous statements, I shall confine these remarks to an explanation of three points:

First. An estimate of the inordinate burden which would be exacted from American consumers or taxpayers;

Second. A reference to the specific responsibility of the Department of Justice to examine the Saudi Arabia-Onassis agreement in accordance with the provisions of our antitrust laws—especially as they apply to American firms which elect to import articles—in this case, oil—from such an international conspiracy in restraint of lawful trade as this one appears to be; and

Third. A mention of the definite obligation with which the Federal Maritime Board is charged to investigate the action of any foreign government where it appears that United States vessels "are not accorded equal privileges in foreign trade with vessels of such foreign countries or vessels of other foreign countries."

THE COST OF THIS MONOPOLY

It is not my intention to provide here an unduly detailed breakdown of each of the factors that make up the exorbitant potential profit for Mr. A. S. Onassis from this negotiation which has such serious overtones for Americans.

It is my intention, however, to urge once again that the rightful authorities carefully examine this matter. If the facts are as I believe them to be, appropriate measures should be taken immediately to stop an unmitigated raid upon the purses of American consumers or taxpayers.

The carriage rate, which is provided in the Saudi Arabia-Onassis contract, is stated below in summary as being "in accordance with the rates announced monthly by the London Tanker Brokers Board, provided that this rate shall not be less than the average rates of the London Tanker Brokers Board during the last two years starting April 1952 through March 1954."

The London Tanker Broker Board rate fluctuates with the market. For the principal tanker run involved—United States to the Continent—the two-year average specified in the agreement as a minimum works out at what the shipping trade calls USMC minus 15—that is, 15 percent less than the rates established by the United States Maritime Commission during the war.

In dollars this would mean payments of $9.26 per ton to Mr. Onassis. The actual present market rate is much lower—USMC minus 55, which means $4.90 per ton.

Hence, Mr. Onassis will receive an estimated $4.36 per ton more than the market—in fact only 54 cents less than twice the present rate.

The contract initially calls for Mr. Onassis to supply a minimum of 500,000 deadweight tons of tanker capacity to Saudi Arabia. Let us make some assumptions: that eight round trips can be made by a vessel each year and that 500,000 tons of deadweight capacity would permit carriage of 460,000 tons of oil, and that the rate for United States-Continent carriage would be used—then Mr. Onassis would receive excessive amounts of gross profit as follows: $4.36 per ton times 460,000 tons of oil times 8 trips per year. This would amount to around $16 million per annum. It is only one estimate of the basic profit. There are, of course, various other contingencies, which I have not included, but these computations give us a rough indication of the scope of this pernicious agreement.

In return for the monopoly, Mr. Onassis would pay the Saudi Arabian Government 21 cents per ton, or approximately $700,000. Also he will pay for the expenses of a Saudi Arabian naval academy, estimated at $50,000; and he will also transport an estimated 50,000 tons of oil locally free of cost, the cost of which is estimated to be another $50,000. He is further expected to build drydock facilities at Jidda. These might be expected to amortize their own cost. Hence, in total, he will pay the Saudi Arabian Government roughly $800,000 per annum.

In my opinion this $800,000 is just an initial bite. More likely we will find that the $800,000 per annum will be nothing more than the camel's nose coming under the tent.

The figures I have projected above represent the minimum benefit under the terms of the contract. Should the Onassis monopoly succeed in cornering 60 percent of the total Saudi Arabian output, the increase in cost of oil would probably approach $100 million per annum.

If the monopoly should succeed in cornering the total Saudi Arabian output, the excess in price would be in the neighborhood of $150 million to $200 million per annum.

I do not purport to say that my estimated computations are wholly accurate. There are too many variables, including among others: the carrying capacity of the vessels, their speed, the turnaround time, and many others.

However, those computations which I have made indicate the magnitude of the profit which Mr. Onassis and the Arabians would make.

But I do say that these estimates are not unfounded projections. They are written right there in the terms of the contract.

Insofar as the American consumers are affected, they would end up paying the bill for the price increases on perhaps 15 or 20 percent of the Arabian oil—that being more or less the proportion which comes to the United States.

But that is only the beginning. If the other nations of the free world are forced to draw down their scanty foreign exchange reserves to pick up the bill for the balance of the oil—perhaps 80 or 85 percent—it will mean that there will be less foreign exchange in their coffers. Hence, requests for increases in the grants and loans annually sought from the American taxpayer will no doubt appear in due course.

My conjecture is that, if this agreement is permitted to stand, the American consumer and/or the American taxpayer will end up paying these gigantic sums for the support of Mr. Onassis and for the support of this nationalistic Arab nation.

LEGAL STEPS WHICH THE AMERICAN GOVERNMENT CAN TAKE

After further study of what appears to be a serious international conspiracy, I have found that two additional agencies of the Federal Government—the Department of Justice and the Federal Maritime Board—are charged with responsibility in matters such as this one. This agreement appears to be in violation of our antitrust and shipping laws. It is, therefore, high time that American consumers and taxpayers receive affirmative assurance by appropriate Government officials that their rights are being protected. Their rights must not be abused by indecision, ineptness, or unwillingness to investigate and prosecute a flagrantly unfair and monopolistic trade agreement.

I trust that the Department of Justice has reviewed or will review promptly this Saudi Arabia-Onassis agreement in light of the specific wording of our antitrust laws.

RESPONSIBILITY OF THE FEDERAL MARITIME BOARD

With reference to the responsibility of the Federal Maritime Board, section 26 of the Shipping Act of 1916 states:

The Board shall have power, and it shall be its duty whenever complaint shall be made to it, to investigate the action of any foreign government with respect to the privileges afforded and burdens imposed upon vessels of the United States engaged in foreign trade whenever it shall appear that the laws, regulations, or practices of any foreign Government operate in such a manner that vessels of the United States are not accorded equal privileges in foreign trade with vessels of such foreign countries or vessels of other foreign countries, either in trade to or from the ports of such foreign country or in respect of the passage or transportation through such foreign country of passengers or goods intended for shipment or transportation in such vessels of the United States, either to or from ports of such foreign country or to or from ports of other foreign countries.

While the number of United States-flag vessels engaged in this trade may not be numerous, 40 percent of the oil is carried by vessels controlled by Aramco companies; and the United States Navy in the Mediterranean may be dependent upon this oil.

SUMMARY

In short, I think that the American people should now demand that these four agencies of the Federal Government—the Department of State and the Foreign Operations Administration, to which I referred previously, and the Department of Justice and the Federal Maritime Board, which I have mentioned herein—report on this trade agreement with respect to, first, its monopolistic and discriminatory provisions; and, second, what steps are being taken, or will be taken, to protect American interests.

I repeat once again the need for an awareness of the serious aspects of this matter. I would again urge the oil companies not to compromise in any such conspiratorial and probably illegal arrangements. I restate my earlier remark that this Middle East oil-tanker agreement "militates against the best interests of our national security, our traditions of free trade and fair play, and our time-honored guaranties of justice and equity to friendly countries and the American consuming public."

The American people are entitled to action and to results.

[From the London Times of July 20, 1954]

SAUDI ARABIAN OIL—BRITISH CONCERN OVER ONASSIS AGREEMENT

Mr. James Hoy (Edinburgh, Leith, Laborite) and Mr. Grimond (Orkney and Zetland, Laborite) asked for a statement on the agreement reached between Saudi Arabia and Mr. Socrates Onassis.

"Mr. DODDS-PARKER (Under Secretary, Foreign Office (Banbury, Conservative)). The Government have now studied the agreement between the Saudi Arabian Government and Mr. Onassis. There is no doubt, in their view, that this agreement constitutes flag discrimination by seeking to force buyers of oil to use tankers of one particular flag. It is therefore contrary to accepted maritime practice. Her Majesty's Government deplore such interference by a Government with the shipper's freedom of choice of vessel, and it is clear that British interests will be adversely affected by this agreement. We have been in the closest touch with the United States Government and with other governments and commercial interests, whose objections to this agreement are as strong as our own. The Foreign Secretary has expressed to the Saudi Arabian Ambassador his grave concern at this agreement, and his hope that the Saudi Arabian Government will think very carefully before pursuing a course which seems calculated to lead them into difficulties with friendly powers."

He added that no reply had been received yet from Saudi Arabia.

"Mr. HOY. Is it intended to take this matter before some international organization?

"Mr. DODDS-PARKER. We hope to reach an agreement with the Saudi Arabian Government, with whom we have friendly relations."

SENATE

WEDNESDAY, JULY 14, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O God, our Father, again through sleep and darkness safely brought, restored to life and power and thought, we face a new day; but we would not face it alone. Only by a sense of Thy presence is duty lifted above drudgery. Daily Thou dost invite us to seek Thee. We thank Thee that Thou hast so framed our hearts that our deeper instincts anchor us to Thee; that Thou hast so created everything that he who loves and follows the truth can never miss Thee at the last.

Grant to us to dream great dreams, and not to disobey the heavenly vision; and though the hope sometimes seems forlorn may we be found ready to lead it against unnumbered foes; without stumbling and without stain may we follow the gleam of our highest and best, until the day is ended and our work is done. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, July 13, 1954, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Tribbe, one of his secretaries, and he announced that on today, July 14, 1954, the President had approved and signed the following acts:

S. 455. An act for the relief of Johan Gerhard Faber, Dagmar Anna Faber, Hilke Faber, and Frauke Faber;

S. 490. An act for the relief of Josephine Reigl;

S. 520. An act for the relief of Mr. and Mrs. Ivan S. Aylesworth;

S. 747. An act for the relief of Jacek Von Henneberg;

S. 1382. An act for the relief of Elie Joseph Hakim and family;

S. 1517. An act for the relief of Helen Knight Waters and Arnold Elzey Waters, Jr.;

S. 1689. An act for the relief of Mrs. Cacila Gotthardt Gange;

S. 1991. An act for the relief of Esperanza Jimenez Trejo;

S. 2465. An act for the relief of Lydia Wickenfeld Butz;

S. 2488. An act to provide that each grant of exchange assignment on tribal lands on the Cheyenne River Sioux Reservation and the Standing Rock Sioux Reservation shall have the same force and effect as a trust patent, and for other purposes; and

S. 3336. An act to promote the apportionment of the waters of the Columbia River and tributaries for irrigation and other purposes by including the States of Nevada and Utah among the States authorized to negotiate a compact providing for such apportionment.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had agreed to the amendment of the Senate to each of the following bills of the House:

H. R. 1067. An act to authorize the Supreme Court of the United States to make and publish rules for procedure on review of decisions of the Tax Court of the United States; and

H. R. 5578. An act for the relief of Hatsuko Kuniyoshi Dillon.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 1673) for the relief of James I. Smith.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5731) to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, Calif., and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1303. An act to provide for the expeditious naturalization of former citizens of the United States who have lost United States citizenship by voting in a political election or plebiscite held in occupied Japan; and

S. 3480. An act to amend section 24 of the Federal Reserve Act, as amended.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. JENNER, and by unanimous consent, the Committee on Rules and Administration was authorized to hold hearings this afternoon, during the session of the Senate.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call and a brief executive session, there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KNOWLAND. I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to consider executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, and withdrawing the nominations of Sara K. Lea and Mrs. Jessie C. Brewer, to be postmasters at Flat Rock, Ala., and Higginson, Ark., respectively, which nominating messages were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable reports of nominations were submitted:

By Mr. BRICKER, from the Committee on Interstate and Foreign Commerce:

James C. Worthy, of Illinois, to be Assistant Secretary of Commerce; and

John C. Bose, and sundry other persons for permanent appointment in the Coast and Geodetic Survey.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will state the nominations on the calendar.

UNITED STATES DISTRICT JUDGE

The Chief Clerk read the nomination of Walter E. Hoffman, to be United States district judge for the eastern district of Virginia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES MARSHAL

The Chief Clerk read the nomination of William A. O'Brien, to be United States marshal for the eastern district of Pennsylvania.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

NOTICE OF CONSIDERATION OF CERTAIN NOMINATIONS

Mr. WILEY. Mr. President, the Senate received today the following nominations:

Francis A. Flood, of Oklahoma, for promotion from Foreign Service officer of class 2 to class 1.

William W. Walker, of North Carolina, for promotion from Foreign Service officer of class 3 to class 2.

The following-named Foreign Service officers for promotion from class 4 to class 3:

William Barnes, of Massachusetts.
Findley Burns, Jr., of Minnesota.
John E. Devine, of Illinois.
Harrison Lewis, of California.

The following-named Foreign Service officers for promotion from class 5 to class 4 and to be also consuls of the United States of America:

Frank J. Devine, of New York.
David H. Ernst, of Massachusetts.
Douglas N. Forman, Jr., of Ohio.
Harold G. Josif, of Ohio.

The following-named Foreign Service officers for promotion from class 6 to class 5:

Alan G. James, of the District of Columbia.
Abraham Katz, of New York.
Lawrence C. Mitchell, of California.
Jacob M. Myerson, of the District of Columbia.
Peter J. Peterson, of California.
Milton K. Wells, of Oklahoma, now a Foreign Service officer of class 2 and a secretary in the diplomatic service, to be also a consul general of the United States of America.

The following-named persons, now Foreign Service officers of class 3 and secretaries in the diplomatic service, to be also consuls general of the United States of America:

C. Vaughn Ferguson, Jr., of New York.
Paul Paddock, of Iowa.

The following-named persons, now Foreign Service officers of class 5 and secretaries in the diplomatic service, to be also consuls of the United States of America:

Thomas H. Murfin, of Washington.
Harry F. Pfeiffer, Jr., of Maryland.
DeWitt L. Stora, of California.
William O. Hall, of Oregon, for appointment as a Foreign Service officer of class 1, a consul, and a secretary in the diplomatic service of the United States of America.

The following-named persons for appointment as Foreign Service officers of class 2, consuls, and secretaries in the diplomatic service of the United States of America:

Alexander B. Daspit, of Louisiana.
Harvey Klemmer, of Maryland.

The following-named persons for appointment as Foreign Service officers of class 4, consuls, and secretaries in the diplomatic service of the United States of America:

John M. Bowie, of the District of Columbia.
Miss Edelen Fogarty, of New York.
Francis J. Galbraith, of South Dakota.
William F. Gray, of North Carolina.
Miss Jean M. Milkowski, of Florida.

The following-named persons for appointment as Foreign Service officers of class 6, vice consuls of career, and secretaries in the diplomatic service of the United States of America:

Sam G. Armstrong, of Texas.
Daniel N. Arzac, Jr., of California.
Robert S. Barrett IV, of Virginia.
Melvin Croan, of Massachusetts.

Walker A. Diamanti, of Utah.
Richard W. Finch, of Ohio.
Martin B. Hickman, of Utah.
Edwin D. Ledbetter, of California.
S. Douglas Martin, of New York.
Calvin E. Mehlert, of California.
John E. Merrian, of California.
J. Theodore Papendorp, of New Jersey.
Harry A. Quinn, of California.
Charles E. Rushing, of Illinois.
Robert H. Wenzel, of Massachusetts.

The following-named Foreign Service staff officers to be consuls of the United States of America:

John L. Hagan, of Virginia.
Arthur V. Metcalfe, of California.
Nestor C. Ortiz, of Virginia.
Normand W. Redden, of New York.

The following-named Foreign Service reserve officers to be secretaries in the diplomatic service of the United States of America:

Lucius D. Battle, of Florida.
Richard E. Funkhouser, of the District of Columbia.
John T. Hanson, of Maryland.
Donald D. Kennedy, of Oregon.

I give notice that these nominations will be considered by the Committee on Foreign Relations at the expiration of 6 days in accordance with the committee rule.

LEGISLATIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following communications and letters, which were referred as indicated:

PROPOSED SUPPLEMENTAL APPROPRIATION, TREASURY DEPARTMENT (S. DOC. NO. 142)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1955, in the amount of $650,000, for the Treasury Department (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATIONS, DEPARTMENT OF AGRICULTURE (S. DOC. NO. 138)

A communication from the President of the United States, transmitting proposed supplemental appropriations for the fiscal year 1955, in the amount of $9,532,000, for the Department of Agriculture (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATIONS, DEPARTMENT OF LABOR (S. DOC. NO. 137)

A communication from the President of the United States, transmitting proposed supplemental appropriations for the fiscal year 1955, in the amount of $29,081,000, for the Department of Labor (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATIONS, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE (S. DOC. NO. 139)

A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1955, in the amount of $1,800,000, for the Department of Health, Education, and Welfare (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATIONS, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE (S. DOC. NO. 140)

A communication from the President of the United States, transmitting proposed supplemental appropriations in the amount of $33,556,000, together with a proposed provision and an increase in a trust fund limitation for the Department of Health, Education, and Welfare, for the fiscal year 1955 (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATIONS, HOUSING AND HOME FINANCE AGENCY (S. DOC. NO. 141)

A communication from the President of the United States, transmitting proposed supplemental appropriations for the fiscal year 1955, in the amount of $17,610,000, and increases in limitations and transfer authority, in the amount of $6,400,000, for the Housing and Home Finance Agency (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

LAWS ENACTED BY MUNICIPAL COUNCIL OF ST. THOMAS AND ST. JOHN, V. I.

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, copies of laws enacted by the Municipal Council of St. Thomas and St. John, V. I. (with accompanying papers); to the Committee on Interior and Insular Affairs.

REPORT ON BORROWING AUTHORITY

A letter from the Director, Office of Defense Mobilization, Executive Office of the President, transmitting, pursuant to law, a report on borrowing authority, for the quarter ended March 31, 1954 (with an accompanying report); to the Committee on Banking and Currency.

PETITION

The VICE PRESIDENT laid before the Senate the petition of Daniel B. Maher, an attorney at law, and a resident of the State of Maryland, on behalf of Clyde L. Powell, a resident of the State of Missouri, praying for a redress of grievances in the case of Mr. Powell, which was referred to the Committee on Rules and Administration.

SEVERANCE OF DIPLOMATIC RELATIONS WITH IRON CURTAIN GOVERNMENTS — RESOLUTIONS OF MARYLAND AND MONTANA STATE CONVENTIONS OF THE AMERICAN LEGION

Mr. JENNER. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, a resolution adopted by the Maryland State Convention of the American Legion, favoring the adoption of Senate Resolution 247, to sever diplomatic relations with Iron Curtain governments.

There being no objection, the resolution was referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

RESOLUTION SUPPORTING OBJECTIVES AND PURPOSES OF SENATE RESOLUTION 247, TO SEVER DIPLOMATIC RELATIONS WITH IRON CURTAIN GOVERNMENTS, ADOPTED BY MARYLAND STATE CONVENTION OF THE AMERICAN LEGION, BALTIMORE, MD., JULY 8, 1954

Whereas the Congress of the United States, on September 30, 1950, after years of investigation, inquiry and direct observation, legislatively declared:

"There exists a world communism movement which, in its origins, its development and its present practice, is a worldwide revolutionary movement whose purpose it is to establish a Communist totalitarian dictatorship in the countries throughout the world through the medium of a worldwide Communist organization.

"The Communist organization in the United States, pursuing its stated objectives, the recent successes of Communist methods in other countries, and the nature and control of the world Communist movement itself, present a clear and present danger to the security of the United States and to the existence of free American institutions"; and

Whereas there are an estimated 20 million agents of this conspiracy against humanity spread out in a deadly fifth column encompassing the globe; and

Whereas hearings currently being held by the Internal Security Committee of the United States Senate prove conclusively that the so-called diplomatic missions of Soviet Russia and the alleged governments enslaved by Soviet Russia presently recognized by the United States and other countries of the free world are in fact nests of espionage, seditious propaganda, and sabotage; and

Whereas the conscience of the world demands that the United States, as the last great bastion of freedom, take the lead in expelling from the family of nations the tyrants of Moscow; and

Whereas such action would give notice to the enslaved peoples of the world, and those who are threatened with enslavement, that we will no longer welcome their vile oppressors at the council tables of the world to spew forth their venom in mockery of men of good will; and

Whereas these dastardly bandits have but recently had the temperity to violate the sanctity, safety, and welfare of the Western Hemisphere by shipping arms to Guatemala, in arrogant defiance of the accepted principles of the Monroe Doctrine, for the obvious purpose of widening the Communist breach that exists in that enslaved country: Therefore be it

Resolved, That this 1954 convention of the Department of Maryland of the American Legion, in session in Baltimore, Md., July 7–10, does hereby support the objectives and purposes of Senate Resolution 247 to the end that the United States sever all diplomatic relations with the Government of Soviet Russia and with the alleged governments of the countries which have been enslaved by the Government of Russia; and be it further

Resolved, That copies of this resolution be sent to all Senators and Congressmen of the State of Maryland; and be it further

Resolved, That this resolution, through proper channels, be presented to the 1954 convention of the American Legion, meeting in Washington, D. C., August 30 and 31 and September 1 and 2, 1954.

Mr. JENNER. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD a resolution adopted by the convention of the Montana Department of

the American Legion, at Bozeman, Mont., favoring the adoption of Senate Resolution 247, to sever diplomatic relations with Soviet Russia.

There being no objection, the resolution was referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

RESOLUTION ADOPTED BY THE 36TH ANNUAL CONVENTION OF THE MONTANA DEPARTMENT OF THE AMERICAN LEGION AT BOZEMAN, JUNE 25–27, 1954

Resolution 5

Resolution supporting the purposes and objectives of Senate Resolution 247, the severence of diplomatic relations with Soviet Russia

Whereas the Congress of the United States, on September 30, 1950, after years of investigation, inquiry, and direct observation, legislatively declared:

"There exists a world Communist movement which, in its origins, its development, and its practice, is a worldwide revolutionary movement whose purpose it is * * * to establish a Communist totalitarian dictatorship in the countries throughout the world through the medium of a worldwide Communist organization.

"The Communist organization in the United States, pursuing its stated objectives, the recent success of Communist methods in other countries, and the nature and control of the world Communist movement itself, present a clear and present danger to the security of the United States and to the existence of free American institutions"; and

Whereas there are an estimated 20 million agents of this conspiracy against humanity spread out in a deadly 5th column encompassing the globe; and

Whereas hearings currently being held by the Internal Security Committee of the United States Senate prove conclusively that the so-called diplomatic missions of Soviet Russia and the alleged governments enslaved by Soviet Russia, presently recognized by the United States and other countries of the free world, are in fact nests of espionage, seditious propaganda and sabotage; and

Whereas the conscience of the world demands that the United States, as the last great bastion of freedom, take the lead in expelling from the family of nations the tyrants of Moscow; and

Whereas such action would give notice to the enslaved peoples of the world, and those who are threatened with enslavement, that we will no longer welcome their vile oppressors at the council tables of the world to spew forth their venom in mockery of men of good will; and

Whereas these dastardly bandits have but recently had the temerity to violate the sanctity, safety, and welfare of the Western Hemisphere by shipping arms to Guatemala in arrogant defiance of the accepted principles of the Monroe Doctrine, for the obvious purpose of widening the Communist breach that exists in that enslaved country: Therefore be it

Resolved, That the American Legion of Montana, in convention assembled, at Bozeman, Mont., this June 25–27, 1954, does hereby support the objectives and purposes of Senate Resolution 247, to the end that the United States sever all diplomatic relations with the Government of Soviet Russia and with the alleged governments of the countries which have been enslaved, by the government of Russia; be it further

Resolved, That copies of this resolution be sent to all Senators and Congressmen of the State of Montana; and be it further

Resolved, That this resolution, through proper channels, be presented to the 1954 convention of the American Legion meeting in Washington, D. C., August 30, 31, September 1 and 2, 1954.

THE HYDROGEN BOMB—RESOLUTION OF WISCONSIN PIPE TRADES ASSOCIATION, A. F. OF L., SHEBOYGAN, WIS.

Mr. WILEY. Mr. President, I have received from Anthony J. King, secretary-treasurer of the Wisconsin Pipe Trades Association of the American Federation of Labor, a series of resolutions adopted by the convention of the association in June of 1954, at Sheboygan, Wis.

The resolution with which I am most directly concerned, as chairman of the Senate Foreign Relations Committee, pertains to the views of the membership on the grim subject of the hydrogen bomb. I send to the desk its text, and ask unanimous consent that it be printed at this point in the RECORD, and be thereafter appropriately referred to the Joint Committee on Atomic Energy. I believe that this important statement from the grassroots will be of deep interest to my colleagues, as are similar expressions from the rest of our Nation.

There being no objection, the resolution was referred to the Joint Committee on Atomic Energy, and ordered to be printed in the RECORD, as follows:

RESOLUTION ADOPTED BY WISCONSIN PIPE TRADES ASSOCIATION AT CONVENTION HELD JUNE 19, 1954, SHEBOYGAN, WIS.

H-BOMB

Whereas the horrible threat of the H-bomb warfare hangs precariously over our civilization and especially over the workers of the great industrial cities of the world, and in the event of such a war they would find themselves utterly helpless unless an avenue of escape and measures of protection were provided: Therefore be it

Resolved, That this convention call upon the President of the United States to continue forthrightedly to reveal the great dangers of atomic warfare so that the people are made more aware of it than they are at present; and be it further

Resolved, That this convention support a strong and comprehensive civil-defense program in city, State, and Nation to insure that the worker especially will be protected; and be it further

Resolved, That we call upon the President to develop an effective bipartisan policy for foreign affairs in a fashion that will win us friends among the free nations; and be it

Resolved, Also that we support an aggressive effective program of international inspection and control of atomic energy under a joint control such as the United Nations or similar organizations; and be it further

Resolved, That we call upon the shackled workers in totalitarian states and countries, urging them to break their chains and to make their masters realize that they will not support an H-bomb war against American workers.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. JENNER, from the Committee on Rules and Administration:

S. Res. 270. Resolution to amend Senate Resolution 225 of the 83d Congress, relative to investigation of employee welfare and pension funds under collective-bargaining agreements, by increasing funds therefor; with an amendment (Rept. No. 1801); and

S. Res. 271. Resolution providing for an investigation of critical raw materials by the Committee on Interior and Insular Affairs; with amendments (Rept. No. 1802).

By Mr. SCHOEPPEL, from the Committee on Interstate and Foreign Commerce:

S. 904. A bill to standardize rates on household goods shipped by the United States Government for its employees; with amendments (Rept. No. 1803).

By Mr. BUTLER, from the Committee on Interstate and Foreign Commerce:

S. 3219. A bill to amend certain provisions of title XI of the Merchant Marine Act, 1936, as amended, to facilitate private financing of new-ship construction, and for other purposes; with amendments (Rept. No. 1804).

By Mr. DUFF, from the Committee on Interstate and Foreign Commerce, with amendments:

S. 3630. A bill to permit the city of Philadelphia to further develop the Hog Island tract as an air, rail, and marine terminal by directing the Secretary of Commerce to release the city of Philadelphia from the fulfillment of certain conditions contained in the existing deed which restrict further development (Rept. No. 1805); and

S. 3713. A bill to give effect to the International Convention for the High Seas Fisheries of the North Pacific Ocean, signed at Tokyo, May 9, 1952, and for other purposes (Rept. No. 1806).

By Mr. AIKEN, from the Committee on Agriculture and Forestry, without amendment:

H. R. 4928. A bill to authorize the Secretary of Agriculture to convey a certain parcel of land to the city of Clifton, N. J. (Rept. No. 1808); and

H. R. 6263. A bill to authorize the Secretary of Agriculture to convey certain lands in Alaska to the Rotary Club of Ketchikan, Alaska (Rept. No. 1809).

By Mr. ANDERSON, from the Committee on Agriculture and Forestry:

S. 3339. A bill to authorize the Farm Credit Administration to make loans of the type formerly made by the Land Bank Commissioner; with an amendment (Rept. No. 1807).

PRINTING OF ADDITIONAL COPIES OF SENATE REPORT NO. 1064, RELATING TO JUVENILE DELINQUENCY

Mr. JENNER, from the Committee on Rules and Administration, to which was referred the resolution (S. Res. 264), submitted by Mr. HENDRICKSON on June 22, 1954, reported it favorably, without amendment, and it was considered and agreed to, as follows:

Resolved, That there be printed for the use of the Committee on the Judiciary 2,500 additional copies of Senate Report No. 1064, 83d Congress, 2d session, entitled "Juvenile Delinquency."

FUNERAL EXPENSES OF THE LATE SENATOR HUGH BUTLER OF NEBRASKA

Mr. JENNER, from the Committee on Rules and Administration, to which was referred the resolution (S. Res. 275), submitted by Mrs. BOWRING on July 7, 1954, reported it favorably, without amendment, and it was considered and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate the actual and necessary expenses incurred by the committee appointed to arrange for and attend the funeral of Hon. Hugh Butler, late

a Senator from the State of Nebraska, on vouchers approved by the Committee on Rules and Administration.

PRINTING OF ADDITIONAL COPIES OF SENATE REPORT NO. 1627, RELATING TO ACCESSIBILITY OF STRATEGIC AND CRITICAL MATERIALS

Mr. JENNER, from the Committee on Rules and Administration, to which was referred the resolution (S. Res. 277), submitted by Mr. MALONE on July 12, 1954, reported it favorably, without amendment, and it was considered and agreed to, as follows:

Resolved, That there be printed for the use of the Committee on Interior and Insular Affairs 3,000 additional copies of Senate Report No. 1627, 83d Congress, relative to accessibility of strategic and critical materials to the United States in time of war and for our expanding economy.

PRINTING OF ADDITIONAL COPIES OF THE SLIP LAW FOR THE INTERNAL REVENUE CODE OF 1954

Mr. JENNER, from the Committee on Rules and Administration, to which was referred the concurrent resolution (H. Con Res. 250), reported it favorably, without amendment, and it was considered and agreed to, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed 12,590 additional copies of the slip law for the Internal Revenue Code of 1954, of which 2,475 copies shall be for the use of the Senate, 500 copies for the use of the Committee on Finance, 6,615 copies for the use of the House of Representatives, and 3,000 copies for the use of the Committee on Ways and Means.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, July 14, 1954, he presented to the President of the United States the following enrolled bills:

S. 1303. An act to provide for the expeditious naturalization of former citizens of the United States who have lost United States citizenship by voting in a political election or plebiscite held in occupied Japan;

S. 3378. An act to revise the Organic Act of the Virgin Islands of the United States; and

S. 3480. An act to amend section 24 of the Federal Reserve Act, as amended.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. FERGUSON:

S. 3743. A bill to provide for the recruitment and training of Foreign Service Officers; to the Committee on Foreign Relations.

(See the remarks of Mr. FERGUSON when he introduced the above bill, which appear under a separate heading.)

By Mr. CASE (for himself and Mr. MUNDT):

S. 3744. A bill to change the name of Gavins Point Reservoir back of Gavins Point Dam to Lewis and Clark Lake; to the Committee on Public Works.

(See the remarks of Mr. CASE when he introduced the above bill, which appear under a separate heading.)

By Mr. JENNER:

S. 3745. A bill to establish rules of interpretation governing questions of the effect of acts of Congress on State laws; to the Committee on the Judiciary.

(See the remarks of Mr. JENNER when he introduced the above bill, which appear under a separate heading.)

By Mr. LANGER:

S. 3746. A bill to authorize the employment in a civilian position in the Department of Justice of Maj. Gen. Frank H. Partridge, United States Army, retired, and for other purposes; to the Committee on the Judiciary.

By Mr. CASE:

S. 3747. A bill to provide for the acquisition by the United States of lands required for the reservoir to be created by the construction of the Fort Randall Dam on the Missouri River, and to provide for rehabilitation of the Sioux Indians of the Crow Creek Reservation in South Dakota; and

S. 3748. A bill to provide for the acquisition by the United States of lands required for the reservoir to be created by the construction of the Fort Randall Dam on the Missouri River, and to provide for rehabilitation of the Sioux Indians of the Lower Brule Indian Reservation in South Dakota; to the Committee on Interior and Insular Affairs.

By Mr. DOUGLAS:

S. 3749. A bill for the relief of Gong Poy, also known as Fred Gong; to the Committee on the Judiciary.

FOREIGN SERVICE SCHOLARSHIP TRAINING PROGRAM

Mr. FERGUSON. Mr. President, I introduce for appropriate reference a bill to provide for the recruitment and training of Foreign Service officers. I ask unanimous consent that the bill, together with a statement by me, and an article from the Washington Star of July 13, 1954, written by Gould Lincoln, entitled "Plan Would Strengthen Foreign Service Setup," be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill, statement, and article will be printed in the RECORD.

The bill (S. 3743) to provide for the recruitment and training of Foreign Service officers, introduced by Mr. FERGUSON, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That this act may be cited as the "Foreign Service Scholarship Training Program Act."

SEC. 2. The Congress hereby declares that the objectives of this act are to provide the Foreign Service with a more constant flow of qualified candidates for appointment, who shall be chosen from among the best young men and women America produces, who shall have been carefully trained for their future work, and who are representative citizens of the United States.

SEC. 3. A Foreign Service scholarship training program is hereby established, which shall be administered by the Secretary of State, in accordance with the provisions of this act.

SEC. 4. No person shall be enrolled in the scholarship training program unless he or she—

(a) has been a citizen of the United States for at least 8 years;

(b) has completed 2 years of scholastic work at an accredited college or university;

(c) has passed such examinations and aptitude tests as the Secretary of State may prescribe;

(d) will not be more than 27 years of age on July 1 of the calendar year in which he or she will have successfully completed the 2 years of scholarship training provided by this act; or

(e) has entered into a contractual arrangement with the Secretary of State, or his designated representative, acting for and on behalf of the United States, in which said individual agrees——

(1) to pursue his studies for the next 2 years under the supervision and guidance of the Secretary of State,

(2) upon completion of his college training, to accept appointment as a Foregin Service officer or Foreign Service Reserve officer, if offered, and

(3) having accepted such appointment, to serve continuously as a Foreign Service officer or Foreign Service Reserve officer for a period of at least 4 years, unless sooner released by the Secretary of State in accordance with the provisions of the Foreign Service Act of 1946.

In the event an individual is a minor, such contract shall be entered into only with the consent of his or her parent or legal guardian. The Secretary of State may release any individual from such contractual obligation and may separate the individual from the training program at any time that, in the opinion of the Secretary of State, the best interest of the Service requires such action.

SEC. 5. The Secretary of State is authorized to make a Federal grant-in-aid of not to exceed $900 per year to any person enrolled in the Foreign Service scholarship training program for the purposes of defraying expenses for each of 2 years at an accredited college or university of the trainee's choice, and in addition to pay necessary travel expenses in connection with examinations for entrance into the Foreign Service, provided that such person continues in status, and provided further that the individual consistently stands in the upper 25 percent of his class, except that the Secretary of State may, in his discretion, waive the provision with respect to a trainee's standing in his class.

SEC. 6. The Secretary of State shall, during the second quarter of the calendar year in which a participant in the training program expects to complete his or her scholastic training, cause to be examined the record of each participant who applies prior to April 1 of that year to take the examinations for appointment in the Foreign Service for the purpose of determining the applicants who appear suitable for appointment to the Foreign Service. Persons deemed suitable shall take such comprehensive examinations as may be prescribed by the board of examiners pursuant to section 516 of the Foreign Service Act of 1946 (60 Stat. 1008), and, if successful, shall be eligible for appointment as a Foreign Service officer, by the President, with the advice and consent of the Senate: *Provided*, That participants who have completed their training under this act may be given temporary appointments as Foreign Service Reserve officers, pending completion of the examination process and appointment as a Foreign Service officer if recommended.

SEC. 7. There shall be admitted each year to the Foreign Service scholarship training program 200 qualified trainees designated by the President, and 1 trainee for each Senator, Representative, Delegate in Congress, Resident Commissioner from Puerto Rico, and President of the Board of Commissioners of the District of Columbia. Each such Senator, Representative, Delegate, Resident Commissioner from Puerto Rico, and President of the Board of Commissioners may nominate annually 1 candidate and 1 first and 1 second alternate candidate. If the first

nominee fails to qualify, the appointment shall be given to the first alternate, if he qualifies, and if not to the second alternate, if he qualifies. In the event any of the above-named officials of the Government fail to nominate candidates or if their nominees and first and second alternates fail to qualify the President may designate candidates in lieu thereof, such designations to be in addition to the 200 hereinbefore authorized.

SEC. 8. The Secretary of State may prescribe rules and regulations to effectuate the purposes of this act.

SEC. 9. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this act.

The statement by Senator FERGUSON is as follows:

STATEMENT BY SENATOR FERGUSON TO ACCOMPANY PROPOSED LEGISLATION FOR ESTABLISHMENT OF A FOREIGN SERVICE SCHOLARSHIP TRAINING PROGRAM

In this era of the "cold war" the Foreign Service of the United States is in the front line of America's defense against Communist imperialism. Secretary Dulles has called the Foreign Service our first line of defense in time of peace. Its officers, staffing posts all over the globe, make up a relatively small force in view of the power and size of the great Nation it represents. Yet, this virtual handful of dedicated American men and women is charged with carrying out policies which may determine the welfare and security of our country for decades to come. Indeed, elementary wisdom would seem to dictate a most careful selection and training of the young people to whom we are to entrust such grave responsibilities.

The Congress in the past, through various legislative actions, has shown its concern for the calibre of our Foreign Service personnel. It has sought to promote a broadening of the base of recruitment so that capable Americans from all parts of our country, and regardless of financial status could be given an opportunity to serve in our diplomatic corps. The responsibility of Congress in this field has been recognized as going far beyond its functions of confirming nominations to the Service by the executive branch. It begins with the legislation which regulates the manner in which the Executive can draw upon the resources of talent, intelligence, and experience of the young people of our Nation.

Therefore, it is prudent in this time of international tensions to examine whether our present procedures of recruitment for the Foreign Service are adequate to the needs of the country.

Do they tend to produce a diplomatic service of the calibre and stature which the United States requires for its worldwide and growing responsibilities, interests and commitments?

Do they adequately attract candidates from all parts of the Nation so that the best representative sampling of America can be known by peoples abroad?

Do they provide an incentive for persons with the technical skills required in present day diplomacy?

Do they provide a place for the men with much talent but little money?

The answers to these and similar questions have been sought periodically either by the Congress or by committees of the executive branch. And these inquiries have produced valuable knowledge leading to improvements in the past in the direction and management of the Foreign Service.

The most recent of these studies was conducted by the Secretary of State's Public Committee on Personnel, under the able Chairmanship of Dr. Henry M. Wriston, president of Brown University. The Committee's report was just made public last month.

While the report is a comprehensive appraisal of the personnel operations of the State Department and the Foreign Service, I want to address myself here particularly to those findings and recommendations of the Committee which concern the problems of recruitment for the Foreign Service. I do so as chairman of the subcommittee on State Department organization of the Senate Foreign Relations Committee and because the execution of some of the most effective of these recommendations requires congressional action. Although it is now late in the session and much important work is still to be accomplished, I am bringing legislative proposals on this matter before the Senate at this time. I trust this will emphasize the urgency and importance which I attach to consideration of the problems of our diplomatic service.

Let me return for a moment to the questions I posed previously on the present state of recruitment for the Foreign Service. Does the system work as it should?

I refer you to the words of the Wriston committee report which maintains that, "As a mechanism for supplying the Foreign Service with a continuous and adequate inflow of junior officers * * * (the present system of recruitment) has proved time-consuming and increasingly defective."

The committee's report also states that the present examination system has produced an officer corps which "is not geographically representative, nor adequately reflective of the wide and essential variety of American life, nor sufficiently diversified in the technical skills required in present day diplomacy."

Nor does the present system promote the aim of the Congress as expressed by the framers of the Foreign Service Act of 1946, that recruitment should be on the basis of merit "regardless of the possession of private means." According to the Wriston committee, the present system is "an undue hardship upon those without such means."

Fortunately, the committee did not confine its activities to fact-finding alone. It is apparent from the report that its members brought to their task an exceptional degree of insight and imagination. The specific and forthright recommendations which they proposed should go far, when implemented, toward rectifying the faults and inadequacies of the present system of recruitment for the American diplomatic service.

One of these recommendations I consider particularly noteworthy as an example of a fresh approach to an old problem. I propose to introduce legislation herewith to give it effect. That is the recommendation for the establishment of a Foreign Service scholarship training program. It is, as the committee says, "a fundamentally new method of recruitment, designed to provide the Foreign Service with a more constant flow of qualified candidates representing the different segments of American life."

Let me outline for you briefly the main provisions of this proposed recruitment device which is intended to supplement and encourage—but not altogether supplant—the present methods of entrance into the Service through examinations.

Essentially, the Foreign Service scholarship training program would be based on the idea of the Navy's Reserve Officer Training Corps contract system, a recruitment method tested and proven highly successful. It would be administered throughout the States and Territories by the Secretary of State through the agency of the Foreign Service Institute, which, according to other recommendations of the committee, would also be enhanced and strengthened.

Candidates for the scholarships would be chosen from all the States of the Union, the Territories, and the District of Columbia on the basis of examinations prescribed by the Secretary of State.

Candidates who qualify would be enlisted into a 2-year training program at the end of their sophomore year of college, and would be offered a Federal grant of $900 a year to permit them to complete their studies at an accredited institution of higher learning of their own choice. To remain eligible for the second year of the scholarship program they would have to maintain their standing in the upper 25 percent of their class. Appointees to the scholarships would also agree to serve in the Foreign Service, if finally eligible for appointment to it, for a period of at least 4 years.

Appointment to the Foreign Service Officer Corps itself would—as at present—be on the basis of competitive examination. These examinations, which would remain open as well to candidates who had not participated in the scholarship program—would be held under State Department auspices in the various States and Territories—thereby equalizing their availability to candidates regardless of their proximity to Washington or their financial means. It is expected that during the first year the total cost of the scholarship program would amount to about $1 million, and would eventually reach about $2 million a year, a small price indeed for a program that will go so far toward developing the finest kind of Foreign Service.

Another provision of the legislation which I will propose, and one also based partly on experience with officer recruitment for our armed services, is that following appropriate examination approximately two-thirds of the appointments to the scholarship training program would be made by Members of Congress, and the remainder by the President of the United States.

Some apprehension may be felt that the choice of candidates to the proposed training program might be influenced by political considerations with a consequent bias introduced into the future officer corps. I am confident, in the light of our experience with appointments to West Point and Annapolis, that we should discount such fears and not permit them to dissuade us from taking this progressive step in Foreign Service recruiting.

On the contrary, I foresee many decided advantages to be derived from this method of appointment. Let me say first, that I have been informed that the President and the Secretary of State welcome the more active participation and interest of the Congress in this matter. The executive branch sees therein a means to aid in promoting greater cooperation between the two branches of government on matters concerning our diplomatic establishment. It foresees also increased public confidence and a closer feeling on the part of the public of identification with the Foreign Service, as well as increased interest in its activities. I might add here that in its report the Wriston committee made the strongest recommendations that whatever the method, the aim of a reformed recruitment program should be a Foreign Service reflecting national characteristics, with its roots among all the people. I can conceive of no other method so well designed to achieve this objective as the Foreign Service scholarship program, which will reach into every corner of our country and draw on the best available young men and women to serve our Nation in diplomatic posts abroad.

Under the proposed program a happy balance can be struck in the training of our future statesmen since the Department of State will be able to help in directing the course of study without sacrificing the welcome diversity of background provided by our colleges and universities in all parts of the country. Also, new candidates for the Foreign Service, while benefiting from a somewhat more specialized training in foreign affairs under this program, would not lose the advantages of the first 2 years of general academic training.

It should be recognized that if this program is put into effect the general character

of the Foreign Service will be more truly representative of the United States than ever before. Its members to a great extent will be drawn from among candidates who, in the best judgment of their Senator or Congressman, are capable, patriotic, and loyal Americans. This factor of selectivity will continue to operate during the 2-year scholarship period, so that candidates who might prove undesirable—for one reason or another—may be weeded out early in the recruitment process. These provisions should do much toward increasing public confidence in our Foreign Service, and toward guaranteeing the genuinely American character of its personnel.

The time when the United States could afford an elite in the diplomatic service based on wealth or family prestige is long since past. The Foreign Service represents all Americans and it should be representative of us all. We cannot effectively preach our message of democracy abroad unless we practice democracy to the greatest extent in our foreign representation. The State Department recognizes this. The Congress recognizes it. We now have at hand the means for taking this large step in the right direction. I urge the Senate to give this proposal its most careful consideration.

The article referred to is as follows:

[From the Washington Evening Star of July 13, 1954]

PLAN WOULD STRENGTHEN FOREIGN SERVICE SETUP—RECRUITMENT, PROMOTION CHANGES ASKED BY DULLES

(By Gould Lincoln)

Nothing today is of greater importance to the United States and the peace of the world than a dynamic and firm foreign policy and its administration. With this in mind, the State Department, under the direction of Secretary Dulles, is pressing a program to strengthen the Foreign Service through the recruitment of qualified Foreign Service personnel and through better training for service in the higher grades. The program, which grows out of the Secretary of State's Public Committee on Personnel, headed by Henry M. Wriston, president of Brown University, will require certain legislation and a modest appropriation by Congress.

Two fundamental proposals of the program are (1) to integrate the personnel of the Department of State—the so-called civil-service officers—and of the Foreign Service, where their official functions converge, into a single administration system, and (2) to improve and broaden recruitment methods through the institution of a Foreign Service scholarship training program.

What the State Department desires of the Congress at its present session, and which with sympathetic and understanding study by Congress and its committees could be accomplished before adjournment, is the first item of the program. At present the civil-service personnel of the Department is in one watertight compartment, with its own system and procedures for recruitment, training, placement, promotion, and separation.

CORPS IS SMALL

The Foreign Service is in another watertight compartment. The departmental service (civil service) is not committed to Foreign Service at all. The Foreign Service Officer Corps is small—only 1,285 officers. These careerists in diplomacy man the 68 embassies, 9 legations, and 167 consulates which the United States maintains in 105 countries. Only about 119 Foreign Service officers are on duty in Washington and only 2 percent of the home desks are occupied by them. The Department desires authority to use the civil-service officers in the Foreign Service posts without loss in pay. Under the Foreign Service Act of 1946, it is possible to move a civil-service officer to the Foreign Service, if he is willing, but the transferee must take the lowest pay of the class to which he is assigned. This might result—and in most cases would—in forcing him to accept a reduced salary. An estimate has been made that the small sum of $130,000 would cover the discrepancies in pay which would arise if the program now recommended were put into effect. Because retirement pay is higher for the Foreign Service, eventually further appropriation would be necessary.

The statistics of overseas service by the Foreign Service officers reveal a startling and unfortunate situation. Many of these officers are kept outside of the United States for many years, with no opportunity to learn at first hand the facts of life in America.

For example, of 197 officers with more than 20 years' service, 45 have not had more than 2 years of their service in the United States on assignment. One of these officers, with 29 years' service, has spent a total of only 8 months on home duty. Two others, with 31 years' service or more, have each had only 2½ years' home service, and there is a chief of mission with 43 years' service who has spent only a total of 13 months on assignment in the United States. The proposed change, by which it would be feasible to use competent men in the departmental service in foreign missions, would make it possible to correct this to a great degree. The Department would like to see every Foreign Service officer on home assignment at least every 6 years.

IMPROVEMENT SOUGHT

The Department is particularly anxious to improve its recruitment system of men coming into the Foreign Service. The long-range recommendation for this, which will require legislation and which the Department believes should be enacted when Congress meets again next winter, calls for the establishment of the Foreign Service scholarship training program, patterned after the Navy's contract system for its Reserve Officer Training Corps. The idea is to enlist promising candidates for the Foreign Service into a 2-year training program at the end of the sophomore year of college. Appointment to Foreign Service scholarships would be on the basis of competitive examinations, given in the various States and Territories. Successful candidates would receive $900 a year grants to complete their education at an accredited college of their choice. On their side, the candidates would agree to complete their education under the guidance of the Foreign Service Institute, and to serve at least 6 years in the Foreign Service. Such a system would bring about a Foreign Service reflecting national characteristics, with its roots among all the people.

The morale of the Foreign Service and the State Department is on the up and up, now that a re-examination of the entire organization under the new security regulations is nearly completed and there is hope that an improved system of administration of the services is to be put into effect. The needs of the country cry for prompt action on this program, which has been carefully developed, which will aid the Foreign Service, and which will cost comparatively little.

CHANGE OF THE NAME OF GAVINS POINT RESERVOIR TO LEWIS AND CLARK LAKE

Mr. CASE. Mr. President, on behalf of myself and my colleague, the senior Senator from South Dakota [Mr. MUNDT], I introduce for appropriate reference a bill to change the name of Gavins Point Reservoir back of Gavins Point Dam to Lewis and Clark Lake. I ask unanimous consent that a statement by me relating to the bill be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 3744) to change the name of Gavins Point Reservoir back of Gavins Point Dam to Lewis and Clark Lake, introduced by Mr. CASE (for himself and Mr. MUNDT), was received, read twice by its title, and referred to the Committee on Public Works.

The statement by Senator CASE is as follows:

STATEMENT BY SENATOR CASE

Members of the South Dakota congressional delegation today join in introducing legislation to give the name of Lewis and Clark Lake to the new reservoir which is to be created by the dam being built on the Missouri River near Yankton, S. Dak., and heretofore known as Gavins Point.

I am introducing the bill in the Senate in behalf of the senior Senator from South Dakota [Mr. MUNDT] and myself, and in the House it is presented by Representative HAROLD O. LOVRE. Representative E. Y. BERRY has earlier introduced a bill to give the name to both reservoir and dam, but the new bill uses the word "lake" instead of "reservoir," and does not disturb the name of the dam.

The new Lewis and Clark Lake has been described by the division engineer of the Missouri River Division Corps of Engineers, Gen. W. E. Potter, of Omaha, as the finest for recreational purposes" of any created by a structure built by the Army engineers within his knowledge.

This is due, General Potter testified at a Senate appropriations hearing last spring, to the fact that the body of water will have a constant shoreline. Its level will be maintained by the inflow of water from the chain of giant lakes on the Missouri River upstream for which it will serve as a regulator of downstream flows of the Missouri River.

This Lewis and Clark Lake thus will be full at all times and will constitute a body of water 37 miles long and from 2 to 3 miles wide covering 33,000 acres of land. Heavy natural growths of oak and cottonwood trees and both level and rugged topography will provide approximately 100 miles of attractive shoreline and beaches.

The decision to formally propose the name "Lewis and Clark Lake" stems from a recommendation made by a committee of the interested citizens at Yankton, headed by Clayton Christopherson and editorially supported by Fred Monfore of the Yankton Press and Dakotan.

The proposal has met with wide public acceptance as evidenced by letters pouring into congressional offices and by editorials in various newspapers. An editorial by Robert Lack, of the Daily Plainsman of Huron, S. Dak., noted that a name should have wide historical interest.

In connection with the use of the name of Lewis and Clark for this lake, it has been pointed out that this lake near Yankton will be the one farthest downstream in the chain of great lakes on the Missouri and nearest to the point of departure when Lewis and Clark started on their special exploration of the Louisiana Purchase in 1804, just 150 years ago this summer.

RULES OF INTERPRETATION GOVERNING QUESTIONS OF EFFECT OF ACTS OF CONGRESS ON STATE LAWS

Mr. JENNER. Mr. President, I introduce for appropriate reference a bill to establish rules of interpretation governing questions of the effect of acts of Congress on State laws. I ask unan-

imous consent that a statement by me be printed in the RECORD.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the statement will be printed in the RECORD.

The bill (S. 3745) to establish rules of interpretation governing questions of the effect of acts of Congress on State laws, introduced by Mr. JENNER, was received, read twice by its title, and referred to the Committee on the Judiciary.

The statement by Senator JENNER is as follows:

STATEMENT BY SENATOR JENNER

I am today introducing a bill (S. 3745) designed to guide the Federal courts in resolving conflicts between Federal and State laws.

The purpose of my bill is to reverse the current expansion of the doctrine of Federal preemption; an expansion which has reached such unreasonable proportions that there are few, if any, State laws of any importance which are not of questionable validity today.

ANTISEDITION LAWS

My interest in this problem was aroused in connection with our efforts to combat internal communism.

Forty-seven of the forty-eight States have antisedition laws. While these State statutes are of varying degrees of effectiveness, taken as a whole, they add considerable strength to the overall effort to wipe out subversion within our borders.

All of these State laws are now in jeopardy. A decision of the Pennsylvania Supreme Court in *Commonwealth* v. *Nelson* holds that the doctrine of Federal preemption applied, and that since Congress entered the field of regulating internal subversion, the Pennsylvania Sedition Act was no longer valid.

The Federal law cited as occupying the field was enacted in 1940, and is popularly known as the Smith Act.

As a direct result of this decision, the dissenting justices of the Pennsylvania Supreme Court requested the author of the Smith Act of 1940, Representative HOWARD W. SMITH, of Virginia, to correct the situation by legislation. Judge SMITH, denying any intent on the part of Congress to invalidate State antisedition laws, immediately had the Legislative Reference Service draft H. R. 8211, which he then introduced. The bill I am introducing today is identical with the Smith bill.

The measure itself amends no existing law. It states simply that no act of Congress shall be construed to preempt or otherwise invalidate State laws on the same subject unless the Federal act contains an express provision to that effect. Second, where there is a conflict between Federal and State laws, the State law is to be construed as valid unless obedience to the State law would constitute disobedience to the Federal.

Neither Judge SMITH nor myself has any pride of authorship in the particular words selected by the Legislative Reference Service. If any Senator feels he can improve this language to accomplish the same objectives stated above, I will welcome such suggestions.

EFFECT ON OTHER LAWS

The effect of the bill is not limited to antisedition laws.

In the area of State health regulations, for example, a State law providing for the inspection of butter was held invalid in *Cloverleaf* v. *Patterson* (315 U. S. 148). The dissent in this case pointed out that if the Congress had desired to wipe out State health regulations, it could easily have said so in the Federal statute.

In the field of State police power exercised in regulating labor-management disputes we find the same preemption doctrine in the Garner decision of last December. In this case a State was held without authority to prevent a strike for an objective directly prohibited by both Federal and State laws.

TEXT OF BILL

"A bill to establish rules of interpretation governing questions of the effect of acts of Congress on State laws

"Be it enacted, etc., That no act of Congress shall be construed as indicating an intent on the part of Congress to occupy the field in which such act operates, to the exclusion of all State laws on the same subject matter, unless such act contains an express provision to that effect. No act of Congress shall be construed as invalidating a provision of State law which would be valid in the absence of such act, unless there is a direct and positive conflict between such act and such provision, so that the two cannot be reconciled or consistently stand together."

STUDY OF PRESIDENT'S HIGHWAY PROGRAM BY COMMISSIONER OF PUBLIC ROADS

Mr. BURKE submitted the following resolution (S. Res. 278), which was referred to the Committee on Public Works:

Resolved, That the Commissioner of Public Roads, under direction of the Secretary of Commerce, is requested (1) to make a comprehensive study of the recommendations of the President relating to the planning, construction, and financing of a 10-year $50 billion highway program, outlined in the address of the Vice President to the Governors Conference at Lake George, N. Y., on July 12, 1954, and (2) to make available to the Senate at the beginning of the first session of the 84th Congress the results of such study.

AMENDMENT OF ATOMIC ENERGY ACT OF 1946—AMENDMENTS

Mr. HICKENLOOPER submitted amendments intended to be proposed by him to the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. ANDERSON submitted an amendment intended to be proposed by him to Senate bill 3690, supra, which was ordered to lie on the table and to be printed.

BASTILLE DAY

Mr. LEHMAN. Mr. President, today is Bastille Day, which is celebrated in France and throughout the world by people of French descent and by all who love the ideals of freedom. Bastille Day is a universal holiday, as the ideals of the French Revolution are universal ideals.

I ask unanimous consent that a statement I have prepared in appreciation of the ideals and the observance of Bastille Day be printed at this point in the body of the RECORD, as a part of my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LEHMAN ON THE ANNIVERSARY OF BASTILLE DAY, JULY 14, 1954

Today marks the anniversay of the storming of the Bastille during the French Revolution and of the adoption of the French tricolor as the national flag of the French Republic. These symbols and dates are celebrated by Frenchmen everywhere as we celebrate our Fourth of July and the American Declaration of Independence.

We in the United States have a feeling of common affection for these symbols as we do for the ideals of liberty and fraternity which inspired the French Revolution in 1789. These bonds have grown over the years as the people of the United States and of France have stood side by side on the battlefield and at the conference table in the never-ending struggle to create a peaceful world in which all peoples can live together in freedom and brotherhood.

I am convinced that in the historic struggle for men's minds and lives which now engages the free nations of the world the destinies of France and the United States are inexorably entwined. This hour in world history calls for the utmost in understanding and comprehension of the problems facing both France and the United States.

The hopes and prayers of the American people go out to the people of France in these days. Let us hope that the present conferences between Secretary of State Dulles and the Premier of France will lead to a constructive and unified plan of honorable action which the peoples of both our countries can and will support with all their hearts.

Mr. HUMPHREY. Mr. President, as today, July 14, is Bastille Day, I ask unanimous consent to have printed at this point in the RECORD a statement prepared by me in honor of the occasion.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR HUMPHREY ON THE OCCASION OF BASTILLE DAY, JULY 14, 1954

Today is the Fete Nationale of the French people, the celebration of the commencement of the French Revolution which led to the foundation of the first Republic and the establishment of the social and individual rights of that great people. The occasion is perhaps better known throughout the world as Bastille Day.

One hundred and sixty-five years ago today the citizens of Paris rose up in unappeasable wrath to destroy the hated prison, the Bastille, which symbolized for them the essence of the tyranny which they had so long borne. They spoke not only for the whole of the French nation but for all humanity which then suffered under the despotic rule of the ancient regime. The storming of Bastille was the death knell of absolute monarchy throughout Europe. However long it took and whatever the setbacks, thereafter the cause of human freedom marched steadily across the face of that continent, toppling the system of rule by royal prerogative and establishing self-government in its place.

There was, as we know, a close historical and spiritual relationship between the American and French Revolutions. The uncompromising advocacy of human liberty by the great French philosophers, Voltaire and Rousseau, did much to inspire our Founding Fathers, and the sympathetic aid of the French Government provided much of the material wherewithal for the success of our Revolution. Ironically for that Government, it was that very success which in large measure gave hope and decision to the French nation's desire for individual liberty and self-government. Indeed, if the blow we struck in 1776 staggered the principle of absolute monarchy, it may fairly be said that the storming of the Bastille on July 14, 1789, sent it reeling to ultimate and complete defeat. The French Declaration of the

Right of Man is known and revered throughout the free world, along with our Declaration of Independence, as one of mankind's great clarion calls for the full measure of human dignity.

We need hardly say more. This is a festival day in France and a symbolic occasion for the free world. In extending our greetings to the French nation today, we also replenish our awareness of the principles of human freedom.

INVENTIONS FOR NATIONAL DEFENSE — LETTER FROM ENGINEERS JOINT COUNCIL

Mr. WILEY. Mr. President, I have previously commented on the very important issue of encouraging American inventive technology. One of the crucial aspects of this problem is the availability of sufficient reservoirs of trained manpower, engineers, and scientists, in laboratories and installations, capable of making the fullest contribution to United States defense.

For a number of years I have noted what many observers and I feel to be a rather shortsighted policy of our Government in failing to use scientists and engineers where they could prove of maximum service to Uncle Sam, rather than drafting them, willy-nilly, and failing to utilize their specialized talents.

In this connection, I have received an important letter from T. H. Chilton, chairman of the Engineering Manpower Commission, of the Engineers Joint Council, who commented on my recent remarks in the Senate on United States inventions. I present Mr. Chilton's letter, and ask unanimous consent that it be printed at this point in the body of the RECORD, to be preceded by a list of the constituent societies of the Engineers Joint Council.

There being no objection, the letter and list of constituent societies were ordered to be printed in the RECORD, as follows:

(Constituent societies: American Society of Civil Engineers, American Institute of Mining and Metallurgical Engineers, the American Society of Mechanical Engineers, American Water Works Association, American Institute of Electrical Engineers, the Society of Naval Architects and Marine Engineers, American Society for Engineering Education, American Institute of Chemical Engineers.)

ENGINEERS JOINT COUNCIL,
New York, N. Y., July 2, 1954.

Senator ALEXANDER WILEY,
United States Senate,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: It was most interesting and quite encouraging to read in the CONGRESSIONAL RECORD of June 24 your remarks which appeared under the heading "The Importance of Inventions for National Defense." I was particularly pleased to note your cognizance of the increasing tempo and improving quality of Soviet engineering and science and your realization that the free world must keep ahead as far as we can. It is indeed true that "To do this we must have sufficient reservoirs of well-utilized technicians, scientists, engineers, so that we do not lose out in the life-and-death race."

It is most reassuring to realize that within the Senate of the United States there is recognition of the fact that as of now we are probably losing ground to our major potential adversary in this most vital field. I am sure you will appreciate the information that a great contributory cause of this loss is that at the very time when we, as a badly outnumbered Nation, must, as you point out, be sure to make the most of what we have, we are being forced to dissipate our limited manpower resources in science and engineering by a military manpower policy that is fantastically shortsighted when measured against the realities of the world in which we live.

The Engineering Manpower Commission of Engineers Joint Council, of which I am chairman, has watched, for 4 years, the gradual development and implementation in Selective Service and in the Department of Defense of the concept of Universal Military Service. It is this concept and the practical policies that have flowed from its application that is threatening our entire graduate student program, taking many hundreds of engineers and scientists from the laboratories and installations that produce modern weapons and, in general, is enforcing a level of mediocrity of performance which is making it increasingly difficult for our technological manpower to make its highest contribution to the national well-being.

Hopefully, it is becoming increasingly evident that concern about this problem is not confined to professional groups. The New York Times indicated this in an editorial on June 28 when it said: "The survival of this country depends in great part upon how well we do in the unceasing technological competition with the Soviet Union and its allies. Only a week ago an Assistant Secretary of Defense warned us gravely that our technological edge is being reduced seriously. In this situation can there be a more inexcusable waste of resources than to subject a brilliant young scientist or engineer to military duty unrelated to the technological defense of this country? The concept of equality of sacrifice must yield to the basic security needs of our Nation."

In March of this year, Senator FLANDERS introduced Senate bill S. 3068, "A bill to amend the Universal Military Training and Service Act, as amended, relative to the process of selection, and for other purposes." The purpose of this bill is to reemphasize the need for selectivity which Congress expressed in the Universal Military Training and Service Act of 1951. We are advised that there will not be an opportunity for hearings on this bill during this session. May we recommend, however, your further study of this aspect of our national defense pending its discussion during the first session of the 84th Congress.

Sincerely yours,

T. H. CHILTON,
Chairman, Engineering Manpower Commission.

SOVEREIGNTY OF THE FEDERAL REPUBLIC OF GERMANY

Mr. WILEY. Mr. President, I received a letter yesterday from the Secretary of State relating to the German question.

For some years I have urged that proper action be taken to bring the Federal Republic of Germany back into the family of nations as rapidly as possible, so that it can make its contribution to the common defense of the free world.

Of course, I am still hopeful that the French Assembly, under the leadership of the Mendes-France Government, will approve the participation of France in the European Defense Community agreement. If that is not done, I think the course of action suggested by Secretary Dulles is a wise one. In all fairness to the German people, we should not delay any longer.

The sovereignty of the Federal Republic of Germany should be restored so that it can cooperate fully, as an equal partner, with other free nations in building our joint defenses against the Communist threat.

I ask unanimous consent that the letter of the Secretary of State and the statement issued by the President and Prime Minister Churchill after their recent conferences in Washington be printed in the RECORD following my remarks.

There being no objection, the letter and statement were ordered to be printed in the RECORD, as follows:

JULY 12, 1954.

The Honorable ALEXANDER WILEY,
Chairman, Committee on
Foreign Relations,
United States Senate.

DEAR MR. CHAIRMAN: For over 2 years it has been the policy of the United States, Great Britain, and France to improve the international status of the Federal Republic and to enable the Germans to make their proper contribution to the common defense of the free world. These objectives were to be accomplished by certain agreements with which you are already familiar. The conventions signed at Bonn on May 26, 1952 (the Convention on Relations Between the Three Powers and the Federal Republic of Germany and the Related Conventions) would terminate the occupation regime and establish sovereign equality for the Federal Republic (subject only to certain rights retained by the occupying powers because of the division of Germany and the presence of Soviet forces there). At the same time, the Treaty on the Establishment of the European Defense Community, signed at Paris on May 27, 1952, would bring into being an international body through which the Federal Republic could make an effective defense contribution without creating a national military establishment for that purpose.

The conventions and the treaty are connected by a provision in the conventions that they will become effective upon the entry into force of the treaty. However, since the French Government has not ratified the conventions and neither it nor the Italian Government has ratified the treaty, none of the agreements has yet entered into force. There is still an opportunity for the French Assembly to approve the treaty (which is the principal source of difficulty to the French) before the close of its session this summer, now scheduled for August 15 or thereabouts, and, if it should do this, I believe that further necessary action would follow and the agreements would all become effective without too great an additional delay. It is my earnest hope that events will take this course and the administration is doing all it can to bring this about.

On the other hand, we must be prepared for the situation that would arise if the French Assembly should reject the treaty or adjourn without having voted on it. I know you fully appreciate what serious consequences any further delay in the application of these agreements might have. A continued denial of sovereignty for the Federal Republic would bring a risk of political developments within that country which could cause apprehension to other nations as well, while a continued failure to include the Federal Republic in the common-defense arrangements would prolong the danger to Germany and to the free world as a whole.

Because of these possibilities, the question of what measures should be taken with respect to the Federal Republic in the event of failure to ratify the present agreements has been the subject of urgent attention. It was discussed during Prime Minister

Churchill's recent visit and has been further considered during the past week in London by representatives of the Department and the British Foreign Office. As a result of these talks, it has been recommended on both sides that, if the French Assembly adjourns without taking action on the European Defense Community Treaty, the French Government should, as a first step, be asked to join with the United States, the United Kingdom, and the Federal Republic in bringing the Bonn Conventions into force in the absence of the treaty. If the four parties will consent to this move, it could be accomplished by agreement among them in the relatively near future, and the Federal Republic would acquire the status it has been expecting for more than 2 years. Provision would also be made that German financial support of the Allied forces in Germany would continue and that German rearmament would be deferred for the time being. This would afford an opportunity to complete arrangements for a German defense contribution.

This course should make possible an important measure of realization of what we have been trying to achieve in the Federal Republic of Germany. The British Parliament and the French Government are to be informed of these intentions within the next day or two.

I am sending a similar letter to the chairman of the House Foreign Affairs Committee. There is enclosed, for your convenience, a copy of the statement on this subject issued by the President and Prime Minister Churchill at the conclusion of their recent talks in Washington.

Sincerely yours,

JOHN FOSTER DULLES.

THE WHITE HOUSE STATEMENT

At the end of their meetings today, the President and the Prime Minister issued the following statement:

"In these few days of friendly and fruitful conversations, we have considered various subjects of mutual and world interest.

"I

"Western Europe

"We are agreed that the German Federal Republic should take its place as an equal partner in the community of western nations, where it can make its proper contribution to the defense of the free world. We are determined to achieve this goal, convinced that the Bonn and Paris treaties provide the best way. We welcome the recent statement by the French Prime Minister that an end must be put to the present uncertainties.

"The European Defense Community Treaty has been ratified by four of the six signatory nations, after exhaustive debates over a period of more than 2 years. Naturally, these nations are unwilling to disregard their previous legislative approvals or to reopen these complex questions.

"In connection with these treaties, the United States and the United Kingdom have given important assurances, including the disposition of their armed forces in Europe, in order to demonstrate their confidence in the North Atlantic Community and in the EDC and the Bonn treaties.

"It is our conviction that further delay in the entry into force of the EDC and Bonn treaties would damage the solidarity of the Atlantic nations.

"We wish to reaffirm that the program for European unity inspired by France, of which the EDC is only one element, so promising to peace and prosperity in Europe, continues to have our firm support.

"II

"Southeast Asia

"We discussed southeast Asia and, in particular, examined the situation which would arise from the conclusion of an agreement on Indochina. We also considered the situation which would follow from failure to reach such an agreement.

"We will press forward with plans for collective defense to meet either eventuality.

"We are both convinced that if at Geneva the French Government is confronted with demands which prevent an acceptable agreement regarding Indochina, the international situation will be seriously aggravated.

"III

"Atomic matters

"We also discussed technical cooperation on atomic energy. We agreed that both our countries would benefit from such cooperation to the fullest extent allowed by United States legislation.

"IV

"In addition to these specific matters, we discussed the basic principles underlying the policy of our two countries. An agreed declaration setting forth certain of these will be made available tomorrow."

The VICE PRESIDENT. Is there further morning business? If not, morning business is closed.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. PASTORE. Mr. President, I offer an amendment to Senate bill 3690, which I ask to have printed and lie on the table.

I ask unanimous consent also to have the amendment printed in the body of the RECORD, and that immediately following the amendment there be printed also my separate views on international activities.

The VICE PRESIDENT. The amendment will be received and printed, and lie on the table.

Without objection, the amendment and the separate views will be printed in the RECORD.

There being no objection, the amendment and the separate views on international activities were ordered to be printed in the RECORD, as follows:

On page 53, line 17, to strike out section 124.

On page 6, line 1, after the word "nation", to insert "group of nations."

On page 29, line 11, after the word "nation", to insert "or group of nations."

On page 29, line 14, after the word "nation", to insert "or group of nations."

On page 34, line 12, after the word "nation", to insert "or group of nations."

On page 34, line 14, after the word "nation", to insert "or group of nations."

On page 40, line 6, after the word "nation", to insert "or group of nations."

On page 40, line 8, after the word "nation", to insert "or group of nations."

On page 52, line 7, after the word "nation", to insert "or group of nations."

On page 57, line 10, after the word "nation", to insert "or group of nations."

On page 57, line 11, after the word "nation", to insert "or group of nations."

SEPARATE VIEWS ON INTERNATIONAL ACTIVITIES

I have been impressed by the spirit of patriotic unselfishness and the display of bipartisanship demonstrated by the committee and its staff through the long days spent in preparation of this bill.

The atomic energy program is both highly technical and complex. The framers of this law had to examine and understand the past and present complexities of nuclear energy activities and try somehow to predict the future. Issues arose which went to the very roots of individual political and economical philosophies, and yet these were resolved by the members of the committee in a spirit of compromise and good will which is the very essence of our democratic legislative process. The difficult questions of compulsory licensing of patents, of antitrust provisions, and of licensing and regulatory provisions were settled in this fashion.

I am frank to state that several portions of this bill do not have my unqualified endorsement, but I am compelled to join the majority in its favorable report on S. 3690 because, on balance, the compromises reached have been for the greater good, and I can accept—as should any reasonable man in a position of responsibility—something less than what I think is perfect in each of its parts if the whole structure is worthwhile. But to compromise on anything of deep principle is personally and morally repugnant to me. Therefore, in all conscience, I must append a statement of my views on the all-important matter of international cooperation.

I urge that section 124 of the bill be struck, and that the words "group of nations" be inserted in sections 11b, 54, 57, 64, 82, 103, 104, and 144 to make those sections read as in the committee print of May 21, 1954.

I have not taken this position lightly; I take it because I believe the very existence of our civilization depends on our finding some way to end safely the mounting atomic and hydrogen armaments race which bodes to annihilate man and all his works. To my mind, the key to finding such a solution lies in the hearts of men of good will everywhere; it is a solemn duty for us, the most powerful Nation on earth, to seize the initiative in bringing about a renascence of the cooperative spirit of common humanity that is needed to solve the basic causes of war—want, hunger, poverty, and disease. President Eisenhower gave voice to these thoughts when he addressed the United Nations General Assembly last December. There he boldly outlined a plan to bring the great benefits of atomic energy to mankind everywhere. To my mind, in this address the President did what we must now do—he rose to meet the basic problem head on. His proposal gave heart to all.

In testimony before the joint committee on June 3, 1954, the Secretary of State, Mr. John Foster Dulles, made some highly important comments on the subject of international arrangements for the sharing of atomic knowledge:

* * * * * *

"As I see it, a main purpose of the proposed legislation is to do just that—'to increase our emphasis on the peaceful uses of atomic power at home and abroad.'

* * * * * *

"We cannot any longer adhere to the theory that knowledge, because it is capable of use for destruction, must be denied for uses of construction.

* * * * * *

"By amending the Atomic Energy Act now as proposed, we will be laying some of the groundwork for a future era of peace when atomic energy inevitably will be doing constructive work in the world.

* * * * * *

"Three circumstances, (1) the developing Soviet program, (2) our dependence on foreign uranium, and (3) legitimate hopes for nuclear power abroad, combine to create the need to amend the international cooperation provisions of the Atomic Energy Act of 1946.

* * * * * *

"Other countries are making progress in atomic power technology. There is a growing tendency for certain raw materials supplying nations which are not industrially

well advanced to turn to such other countries for nuclear power information because they have been disappointed by our inability to give them significant help. It is clear to me that if this trend continues the interests of the United States will be seriously and detrimentally affected. There is no need here to emphasize how important it is for us to stay ahead of the U. S. S. R. in providing knowledge of how to put atomic energy to peaceful uses.

"In extending abroad, under proper security safeguards, the evolving technology of atomic energy for peaceful purposes, we shall tighten the bonds that tie our friends abroad to us, we shall assure material resources that we need, and we shall maintain world leadership in atomic energy—leadership which today is such a large element of our national prestige.

* * * * *

"In modernizing our atomic-energy law I feel that we will be taking three steps in the direction of peace: First, we will be increasing the deterrent factor represented by our weapons stockpile by the provisions we have requested permitting us to integrate certain tactical weapons information into our foreign military planning. Second, by being able to give our friends abroad atomic energy information and material, we shall be strengthening our capacity to build the raw material base on which our entire atomic energy program rests; and, third, we will be strengthening the ties which unite the free nations by a sense of fellowship.

* * * * *

"Perhaps most significant of all, however, are the hundreds of millions of people in the world who, having heard of the promise of atomic energy, wait eagerly to see if there are benefits in it for them in addition to the military shield which has held off the aggressive forces of Soviet communism for almost a decade. The military atom is a fearsome thing, even to those who owe their liberties to it. The constructive uses of atomic energy could promote both peace and plenty, and so holds a special place in man's dream of the future.

"The bills which your Committee is considering need to be enacted if our Nation is to serve its own interests and at the same time to show the world anew that our national interests harmonize with the interests of men everywhere."

* * * * *

I believe the Secretary of State clearly and forcibly pointed out that the provisions of the bill which are most important to our very survival are those that treat with international cooperation. I share that view.

I also believe that the development of atomic power in this country is important. Coming from an area of the United States which has high power costs and no foreseeable way of reducing these costs except by the speedy development of this new, primordial source of energy—I believe I am as aware as any man of the responsibilities of this Congress to provide fully for the fastest development of atomic energy for peacetime uses in this country.

The United States Government has expended many billions of dollars in the development of its atomic program. While the primary purpose of this was the creation of armaments, there were secondary discoveries and advancements of importance in the peacetime uses of nuclear power. Despite this activity, the field of peacetime development is still embryonic. To hasten advancement in this art, it is being proposed to Congress that the private business community of the United States be allowed to share in the opportunities of developing useful applications of what has been but barely touched on in our Government monopoly of the field. In this we can say that the greater good is in making available to the people of the United States at the earliest moment the fruits of such combined Government and private development. We can hardly say that permitting friendly nations to collectively share in some small part of our knowledge for the purpose of the peace and good of all mankind is not equally advantageous.

Our responsibilities transcend our national borders. We have developed materials, knowledge, and techniques which, if exploited fully for the benefit of all mankind, will redound not only to our international credit, but more importantly to the establishment of peace and prosperity in all portions of the globe. We are not alone in this race for atomic-power development. Twenty nations, as the majority report points out, are embarked upon atomic-development programs. Nor the least of these programs is that of the Soviet Union which now stands second in world effort on the searching out of the atom's secrets. Coupled with this is the fact that we and the free world are joined against the Soviet Union in a competition for the minds and souls of men. This competition will not be won by words, but by deeds. Consider the effect on the downtrodden of Asia, for example, if the Soviet Union should seize the initiative in bringing to these power-starved nations the great benefits of atomic energy. I say on that day we shall have lost the battle.

It is argued that our national security is in greater jeopardy if we deal with a "group of nations" as against dealing with one nation at a time, in transmitting information on peacetime developments of atomic energy. I find it very difficult to reconcile this distinction and I would further point out that this is not so, for the information with which we are here concerned is of a low degree of sensitivity and is far removed from the area of information on atomic weapons and atomic production that we must carefully circumscribe.

It is argued by the majority that S. 3690 offers, in section 124, a possible mechanism for the President to employ in bringing to reality his great plan for spreading atomic blessings to all. I maintain that the bill as presented does little more than restate the powers he already has under the Constitution and existing law. It is no more than an indication—and a half-hearted indication at that—of congressional encouragement. It is, to my mind, inadequate and I urge favorable consideration to the amendment on this subject which I will introduce on the floor of the Senate.

In explanation of why I believe that amendment, which will insert the important phrase "group of nations" in the international portions of the bill, is of transcendent importance, I would point out the following:

Section 123 of the bill contains carefully drawn conditions under which the Government is authorized to cooperate bilaterally with another nation in the field of peacetime development of atomic energy or with a regional defense organization on tactical uses of atomic weapons. These stringent safeguards are:

(1) The agreement for cooperation must include (a) the terms, conditions, duration, nature, and scope of the cooperation; (b) a guaranty by the cooperating party that security safeguards and standards as set forth in the agreement will be maintained; (c) a guaranty by the cooperative party that any material to be transferred will not be used for atomic weapons or for any other military purpose; and (d) a guaranty by the cooperating party that any material or any restricted data to be transferred will not be further transferred to any unauthorized person or beyond the jurisdiction of a cooperating party.

(2) The agreement for cooperation must be approved by the Commission or, in the case of a transfer of military data, the Department of Defense.

(3) The President himself must approve the agreement for cooperation and he must also determine in writing that the performance of the agreement for cooperation will promote and will not constitute an unreasonable risk to the common defense and security.

(4) The proposed agreement for cooperation, together with the President's approval and determination, must lie before the Joint Committee on Atomic Energy for 30 days while Congress is in session.

These conditions are indeed adequate to protect the national interest. It should be noted that these agreements for cooperation can be entered into only bilaterally; that is to say, the statute does not authorize the President to enter into agreements for cooperation with a group of nations or with an international agency unless, as specified in section 124, an international agreement has previously been entered into with a group of nations. This means that the President must negotiate a treaty (which must receive the approval of two-thirds of the Senate before it can be effective), or an executive agreement (which, under the terms of the law, must be submitted to both Houses of Congress and receive a favorable majority vote before it can become effective), before he can cooperate under the bill with any group of nations.

I would submit that this is an unwarranted and unwise restriction and destroys the pool idea suggested by the President. If the President can deal with a single nation in the atomic field under the stringent safeguards prescribed in this bill, then he should be able to deal with a group of nations under the same stringent arrangement.

Section 124, which purports to deal with the international atomic pool, is, in my considered opinion, nothing more than a restatement of what the President can do now under existing law, without the necessity of passing this bill.

In short, section 124 is illusory and a naked grant, since unless we add the phrase "group of nations," we are, under the language of this bill, giving voice to a pious hope, but in fact giving no additional authority to the President to carry out his atomic-pool plan which he does not already have under existing law.

While I consider it desirable and important for us to cooperate bilaterally in the field of peacetime atomic energy, I feel nevertheless that the real solution to the problem which drives men to war will not be found until we deal broadly and collectivey with many nations in a spirit of cooperation and partnership to bring the God-given benefits of this new source of power to our friends all over the world. It is for these reasons that I urge the reinsertion of the phrase "group of nations" in the international section of the bill.

The very foundation of our foreign policy has been built on a philosophy of collectiveness. As a result we have seen the free world grow stronger step by step. It would be wiser for us to take no action at all, rather than injure the spirit of unity which now prevails in the free world. Psychologically, I am afraid that we do exactly this if we make it more difficult for us to deal with a group of nations as against dealing with one nation in this very important field.

Because of this deep-seated feeling I am constrained to disagree with the committee on this point and submit my own minority view.

JOHN O. PASTORE.

I subscribe to the foregoing views of Senator PASTORE.

MELVIN PRICE.
CHET HOLIFIELD.

SALE OF CERTAIN WAR-BUILT PASSENGER-CARGO VESSELS

The PRESIDING OFFICER (Mr. BUSH in the chair) laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the joint resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BRICKER. I move that the Senate insist upon its amendment, agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BUTLER, Mr. POTTER, and Mr. MAGNUSON conferees on the part of the Senate.

A FARM PROGRAM FOR AMERICA

Mr. FERGUSON. Mr. President, in the past few months we have heard a great deal of debate on the farm issue. Some of it has been calm consideration of the problem. Quite a bit of it has been more on the hysterical side. We have received information and misinformation. We have heard that the farmers will be ruined under one program and also that they will be better off under the same program.

It is about time that we consider what we are trying to achieve in the development of the Nation's agriculture, and then determine whether our present program or the President's proposals moves us closer to these goals.

Let us ask ourselves, first, whether we want to shift from a wartime to peacetime agriculture.

I think the answer must be "Yes." We have to make the transition sometime. The longer we wait, the more difficult it will become. Our economy has undergone some sizable adjustments since the all-out production days of the Korean war. In my own State of Michigan the industrial cutback has been quite severe. Still, no one seriously suggested that we continue the production of military equipment we do not need. The record with respect to the armed services appropriation bill for fiscal 1955, which comes under my chairmanship, amply bears out this statement.

The situation in agriculture is similar. We are still producing some important commodities on a wartime, emergency basis. It does not make much sense to continue to produce food and fiber that we do not need and cannot dispose of.

The mere fact that a shift from a wartime to peacetime agriculture is needed speaks against our present program of supporting the six so-called basic commodities at a rigid 90 percent of parity. This is a wartime and an emergency program. It was so conceived, and it operated to provide us with the necessary farm products. It worked well. It did the job. But the job had been completed. A continuation of this program will only mean more wartime production for peacetime needs.

The President's program, on the other hand, will start us back to peacetime conditions. It will not do the job all at once, but it will head us toward more normal production. I may say that the President's program was made last December, at which time the leadership on both sides in the Senate and in the House of Representatives helped make up and agree to the program. It will do this by gradually reducing the premiums paid by the Government for wartime production. If we want to pay premiums, at least they should be directed toward adjusting our production to peacetime requirements.

Closely associated with this shift from a wartime to a peacetime agriculture is the question of whether a balanced agriculture is desirable or whether it should be our national policy to produce excessive surpluses.

The answer here must be for a more balanced agriculture for the benefit of farmers and the Nation as a whole. As a matter of pure and simple national policy, it does not seem at all wise to encourage production that cannot be used. This only depletes our soil needlessly.

From the point of view of the farmer alone, however, excessive surpluses are damaging. An oversupply of any commodity tends to drive down the price. The more excessive the surplus, the more price depressing it becomes. Our surplus of wheat is now so large that even with the Government supporting wheat at 90 percent of parity, and buying about half of the total crop, the price is still only about 77 percent of parity.

Perhaps the worst feature of large surpluses, from the farm viewpoint, is that there can never be a natural and vigorous market except in time of disaster, when the surpluses might be used up. How can the farmer ever reach full parity, short of Government price fixing, when there is always an excessive supply available to be placed on the market if the price should ever increase? The answer is that he cannot.

This constitutes borrowing from tomorrow's market. It means that the farmers of today are mortgaging the markets which rightly belong to the farmers of tomorrow.

It is certainly true that our policy should be one of maintaining adequate reserve to take care of forseeable emergencies. But we can never store enough to meet all possible emergencies. As in anything else, we must depend in large measure on our capacity to produce to meet most emergencies rather than on our storehouses.

If our national policy is to be that excessive surpluses are not desirable, then we must change our present farm program because it is this program that has built up the surpluses. Certainly we cannot cut down our excessive supplies by the very same program that created them.

Here again, the President's program will start us on the road to reduction of surpluses by lowering price supports when production is excessive and increasing supports when and if production lags.

I have heard it said many times in the Senate that farm production will not respond to the price incentive—that if the price goes down the farmer will produce more to offset the drop in price. If that is true, Congress should have lowered the support level rather than raised it when we wanted wartime production of farm products. Also, if we want to lower production we should increase price supports. Does not that sound a little fantastic?

It seems to me that those who say a farmer will produce more if the price declines underrate the management ability of our farmers. Farmers have shown time and again that they respond to price incentives; that they will produce the crops on which they can make the most profit. That is to say, farmers are selective in what they will grow and are more conscious of particular prices rather than agricultural prices in general.

Another question that confronts us as a matter of national policy is whether we want an abundant agriculture. The answer here should most certainly be "Yes," since we understand abundance as meaning the way we meet the needs of our citizens and contribute to an ever-increasing standard of living. But abundance is really abundance only if it is put to use. It does not help our standard of living much to have our production stored in warehouses. We could have our warehouses filled with wheat and cotton and still be woefully short of other commodities. That would not be abundant production in the true sense. We need an abundance of production of the right things at the right time.

The present program fails to accomplish this. It gives us surpluses that we cannot use. Then after we acquire these surpluses we are forced into an economy of scarcity while we drastically cut back our acreages in order to get rid of the surpluses.

The program proposed by the President and the congressional leaders in the House and the Senate would lead us to true abundance by offering the most attractive price supports to commodities consumers were ready to buy.

This leads us to the question of whether we want a program which adjusts itself to changing conditions. Again the answer must be "Yes." I am told farm horses are now selling at about 13 percent of parity. How fortunate we are that we did not have a support program on horses that took no recognition of the automobile, the airplane, and other modern means of transportation.

Not to key our programs to changing conditions sounds ridiculous. Yet our present wheat program fails to take into account vitally important changes in both production and consumption. Parity on wheat is still based on the horse era rather than the tractor age. On the consumption side, the program fails to take into consideration that the per capita use of wheat has fallen sharply, and that to a great extent wheat in our diet has been replaced by meats, fruits, vegetables, and other foods. The President's program takes these vital changes into account and allows for the necessary adjustments.

Another question we must answer is whether we want to point out agricultural programs toward increasing Government control or toward greater freedom for our farmers. There may be

room for differences of opinion, but I believe that all of our citizens should have the maximum amount of freedom consistent with our organized society.

The present program works to take freedom of decision away from farmers. Production controls must be a part of high and rigid price supports. The higher the support the tighter the controls must be. That does not make for efficient farming. It does not make for consistency in Government to offer production premiums and then turn around and sharply cut back production through controls. Let us not forget that our farmers know more about operating their farms than the Government does.

The President's program is directed toward a relaxation of Federal controls. Once our present surpluses are disposed of and the flexible supports become fully operative, most of the necessary production adjustments would be made voluntarily on the basis of supply and demand. I am sure that is the way most of the farmers prefer to operate.

Do we want a program that will be fair to all farmers? Certainly, the answer to this is "Yes." Yet our present program channels most of the benefits to the large producer and leaves little or nothing for the small operator.

I wish to emphasize the words "large producer," because it is a fact that the small farmer receives a mere pittance, while the large producers receive thousands of dollars.

Mr. WATKINS. Mr. President, will the Senator yield?

Mr. FERGUSON. I would prefer to complete my statement before yielding.

Not only is this true, but the little fellow has to pay taxes to support the program. In some instances the tax will exceed his benefits.

In many States the average crop loans run $500 or $600. Whether these crops are supported at 90 or 80 percent makes a difference of only $50 or $60.

In return for this $50 or $60 the farmer faces loss of markets, restrictions of his management decisions, and all the other disadvantages of the present program. That can amount to selling your birthright for something less than a mess of pottage.

The present program channels most of our agricultural assistance funds into commodities that account for less than 25 percent of our cash farm receipts. Not only does the program not benefit many farmers, but it actually penalizes them by holding feed prices at artificially high levels. This is important to the farmers of Michigan, who receive about a third of their income from dairying.

Recently I pointed out in the Senate, on the basis of information from the Department of Agriculture, that 85 percent of the cash farm receipts in Michigan comes from nonsupported commodities and dairy products. Only 10 percent comes from the basic commodities in which the Government has now more than $5 billion invested.

The President's proposals would work to level off this one-sided program and lessen some of the inequities now imposed on farmers in Michigan and about three-fourth of the other States. Perhaps the most vital question we must ask ourselves is which program will do the most to maintain farm income. We know that the present program does not accomplish this. In 5 of the past 6 years, farm income has declined. It is declining now, in spite of the largest expenditures in history for price supports.

Mr. President, let us face the facts. High and rigid price supports cannot even maintain prices in the face of large surpluses, to say nothing of maintaining income. Let us not concentrate our program too much on price. High prices alone will never make farmers prosperous. It also takes volume to produce income.

It is not the theory of large profits and small turnover that has led to economic wonders in America. It is rather just the opposite—small profits, large turnover. That is the way to raise the standard of living. The key to our mass production in industry is a price that will reach the mass markets.

The way to have a really high standard of living and prosperity is to have great and ever-increasing consumption. We must be careful in agriculture that we do not pursue the fallacy that price alone will lead to prosperity. We must have good markets. And we cannot build these markets with artificially high prices that tend to cut off world markets, restrict domestic consumption, and invite the use of substitutes.

Of course, we do not know specifically what would happen to farm income under flexible supports, but the proof of the pudding is in the eating of it. Therefore, the way to determine that question is by trial. We do know, however, that we were not trying to reduce farm income when we approved these supports in 1948 and again in 1949. We know that our agricultural leaders are not trying to reduce farm income when they endorse flexible supports. We should know that the President and the Secretary of Agriculture Benson are not trying to reduce farm income when they tell us we must switch from rigid to flexible supports. I do not think President Truman was trying to reduce farm income when he called for flexible supports in 1948. I do not think the Democratic Secretaries of Agriculture of the past 20 years were trying to reduce farm income when they supported the flexible principle.

Mr. President, we also know that flexible supports will help restore our markets, both domestic and foreign; that they will make our farm commodities more competitive with substitutes, and that they will help keep production in line with demand. I am sure we do not have to be economic specialists to know that this is the road to a sound agricultural policy.

But even if we close our eyes to all the prospective benefits of flexible supports, it would still behoove this Congress to change the present program solely on the ground that it has failed.

It has failed in spite of the fact that the Government now has about $6½ billion tied up in price supports, and that by the end of this year the figure will probably rise to around $9 billion.

The cost of our present farm program might not be too alarming if the program was actually working for the overall benefit of farmers. But when the program actually hurts rather than helps agriculture, the cost seems indefensible.

We hear the statement oft reiterated that our price-support operations over the past 20 years have cost only about a million dollars a year. But let us look at the facts. The Government storage bill alone on surpluses is now approximately $250 million a year, $700,000 a day. Actual losses of Commodity Credit Corporation last year were more than another quarter of a billion dollars. That is a half-billion dollars right there, or $499 million a year more than some persons claim to be the cost.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. FERGUSON. I would rather finish my statement first. Then I shall be happy to yield.

In 4 years we spent nearly $550 million in subsidizing exports under the International Wheat Agreement. That certainly is a price-support operation. If the wheat had not been exported, it would have wound up in Government hands at even a much larger cost.

In addition to deciding the support level for the basic commodities, we have a vital decision to make on dairy products. I hope we can take a long-range view on this issue, as it is tremendously important to Michigan and a number of other dairy States.

The action Congress takes may well determine whether the dairy industry in the immediate years ahead is to be a subsidized industry or one standing on its own feet.

Spurred on by the cut in dairy price supports from 90 to 75 percent last April, the dairy industry now has a vigorous campaign underway to promote and expand its markets. This campaign is beginning to pay off. Consumption is going up.

Several statements were made in the Senate last April that the cut in the support level would not increase consumption. But the facts are that the price reduction together with the sales campaign by the industry is increasing the consumption of these products.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. FERGUSON. I shall be glad to yield in a moment.

Just a few days ago the Department of Agriculture reported that although production of butter, cheese, and dried skim milk has been running about 5 percent ahead of last year, Government purchases of butter and cheese are smaller and dried milk purchases are only slightly higher.

During April, May, and June of this year the Government bought 125 million pounds of butter compared with 134 million pounds a year ago, 65 million pounds of cheddar cheese compared with 103 million pounds a year ago, and 215 million pounds of dried milk as against 205 million pounds a year ago.

The American people are beginning to eat more dairy products. The dairy industry is moving ahead. Let us not put a crimp in this progress now by an un-

wise increase in the price of these products. Let us not increase the price of butter, unless we are interested in seeing the consumption of butter reduced and the use of butter substitutes increased.

The dairymen of Michigan took quite a jolt when the support level was reduced. But it is to their credit that most of them could see it was the best thing to do—that their investments would be a lot safer if good, vigorous markets were built up than if their products were sold to the Government at 90 percent of parity.

If a person was to be in the dairy business for only a year or two, then the 90 percent supports would be just the thing to assure him a short-term income. But Michigan dairymen intend to stay in business year after year. They know the industry can pull out of its present troubles. They know great things are ahead for dairying—that science is on the brink of advances that may actually result in a shortage of milk in the new future. They know that once sterile milk or frozen milk concentrates get on the market consumption of milk in many areas will increase greatly.

Certainly, most of us must recognize the need for a more realistic farm program, a program that will give more real assistance to the farmer, a program that will be fair to all farmers, fair to consumers, and good for America, economically and socially.

Mr. YOUNG. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. YOUNG. Did I understand the Senator correctly to say that the 90 percent price supports were largely or entirely responsible for our present surpluses?

Mr. FERGUSON. I certainly will say that that is true.

Mr. YOUNG. Does the Senator realize that only 2 years ago, as a part of our security program, the Government asked farmers to increase their production?

Mr. FERGUSON. There is no doubt that we wanted a production increase. By supporting the price is the way to get the increased production.

Mr. YOUNG. That was only 2 years ago, in 1952. I doubt if there is a Member of the Senate who realizes that the farmers were asked to increase production as much as they were 2 years ago. I should like to read some figures to the Senator.

Mr. FERGUSON. Will the Senator tell us why the farmers were asked to increase their production?

Mr. YOUNG. As a part of our war program. The figures I have before me were given to the Committee on Agriculture and Forestry on February 29, 1952.

Mr. FERGUSON. We were at war 2 years ago.

Mr. YOUNG. That is true. Let me now read some figures. The farmers were asked to increase their production of corn 115 percent over the previous year; cotton, 105 percent; wheat, 118 percent. It was only 2 years ago that we asked the farmers to increase their production greatly as a measure to further the war effort. Today we find Members of Congress condemning the program of 90-percent support prices for our present surpluses.

Mr. FERGUSON. If the Senator had heard what I said earlier in my remarks he would have noted my statement that that was done in furtherance of a desire—and it was a proper desire—to stimulate production. We were engaged in a war at the time. That is why it was thought desirable to increase production.

Mr. YOUNG. This is the first year the wheat farmers have been asked to reduce their production, and there has been a reduction of 200 million bushels forecast by the last United States Department of Agriculture report.

Mr. FERGUSON. It is not a consistent policy to pay fixed prices and encourage increased production, and then tell the farmers they must cut down their acreage production.

Mr. YOUNG. Does the Senator believe that this program can be sold to the wheat farmers when they have been asked to cut their production 34 percent; that is, 21 percent last year and 13 percent this year? On top of that the Department of Agriculture is proposing to reduce the price-support level and to switch over to a flexible parity program.

Mr. FERGUSON. The sooner we adopt a program which will allow the farmers to produce for a profit, and not say to them, "We will guarantee you 90 percent; we will put your products in storage, and cut down your acreage so you cannot produce so much," the better off agriculture will be.

Mr. YOUNG. I know all that, but for almost 10 years we asked the wheat farmers and other farmers to increase their production, and now that they have increased it we take away approximately half of their income by the methods I have outlined. That would break any business institution in the Nation required to sustain a similar cut in production and sales price.

Mr. HUMPHREY. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield.

Mr. HUMPHREY. I was impressed, but not convinced, by the Senator's remarks, and I should like to ask him two questions. He has, first of all, condemned the 90 percent price-support program as a rigid price-support program, and then he says that those supports were responsible for about 20 percent of the national income.

Mr. FERGUSON. About 25 percent.

Mr. HUMPHREY. Then the Senator uses the argument that agricultural income is dropping and dropping and has been dropping during 5 out of the past 6 years. He does not answer the question, How much has the agricultural income dropped on fixed parity commodities?

Mr. FERGUSON. I stated in my remarks that we are pyramiding surpluses. Take butter as an example. I voted against the bill allowing oleomargarine to be colored, and the Senator from Minnesota did also, because we saw the effect it would have on the dairy farmers of America. There can be no doubt that we are paying the bill today.

Mr. HUMPHREY. What program does this administration offer as to butter that we did not already have? I challenge any Member of the Senate to show me any improvement that this administration offers with reference to butter. It offers from 75 to 90 percent of parity. This is what we had for 3 or 4 years. The administration's program with reference to butter does not offer one thing that is not already being done.

Mr. FERGUSON. The administration program since last April shows——

Mr. HUMPHREY. Shows what?

Mr. FERGUSON. That less butter is being placed in storage.

Mr. HUMPHREY. And that more dried milk is placed in storage.

Mr. FERGUSON. And more people are using butter, because under the program people are enabled to buy it at a less price, and, at the same time, there is not the incentive to buy substitutes. We priced ourselves out of the market.

Mr. HUMPHREY. Fluid-milk consumption is down and fluid milk prices are up.

Mr. FERGUSON. I do not so understand.

Mr. HUMPHREY. Whether the Senator understands it or not, it is the truth.

Mr. FERGUSON. I asked the chairman of the Committee on Agriculture and Forestry, and he says that is not the case.

Mr. HUMPHREY. I may say to the chairman of the Committee on Agriculture and Forestry that the Department reports that fluid milk consumption is down and the supply of powdered milk is up. The Senator pointed it out himself. So we get a little increase in butter consumption, and also an increase in dried-milk purchases.

Mr. AIKEN. Mr. President, will the Senator from Michigan yield?

Mr. FERGUSON. I yield.

Mr. AIKEN. Of course, the purchases of powdered milk are up a little bit—I think, approximately a million pounds overall for the first 3 months of the dairy year. They are up because more is being made. There is an increase of roughly 5 percent in the production of milk this year, but in the Senator's own State of Minnesota the Commodity Credit Corporation is having to buy only about two-thirds to three-fourths as much butter as it bought last year. Butter and cheese are going to the consumer's table once more, whereas, it had been priced off the table during the past 2 or 3 years.

Mr. HUMPHREY. Would the Senator be interested in knowing that the price of fluid milk is going up?

Mr. AIKEN. Is not that what the Senator has been arguing for?

Mr. HUMPHREY. Would the Senator be interested in knowing that one of the reasons why there has been less butter stored is that farmers are selling off a number of their cows?

Mr. AIKEN. That is a part of the program advocated by the Department of Agriculture. The State of Minnesota produced 3 percent less milk in June than it produced in May, and the whole country is putting production in line with consumption. So far as I know, most of the dairy farmers would rather see

their products go to the consumer's table than into Government refrigerators.

Mr. THYE. Mr. President, will the Senator from Vermont yield?

Mr. AIKEN. I do not have the floor, but I shall be glad to yield.

Mr. FERGUSON. I have yielded the floor.

Mr. AIKEN. If I have the floor, I will yield.

Mr. FERGUSON. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Vermont has the floor.

Mr. AIKEN. I yield to the Senator from Minnesota.

Mr. THYE. Mr. President, I was in Minnesota last Saturday morning. I had intended to remain out of this argument today. I listened to the Senator from Michigan making his statement. I could enter into a debate with him on many phases of his statement, but that I will not do. At first I had intended not to open my mouth on the question, but when I listened to the colloquy between my colleague [Mr. HUMPHREY] and the Senator from Vermont [Mr. AIKEN], I could not help relating to the Senate what I heard on radio station WCCO Saturday morning of last week. Station WCCO is one of the large stations in the Northwest. I was driving on the highway through a great dairy section of Minnesota when I heard this broadcast:

> The fluid milk dealers in the Twin Cities area announce that the price of fluid milk will have to be raised 1 cent a quart.

It can be imagined what my reaction was when I knew that the Twin Cities Milk Producers, a farmers' organization, produce about 90 percent of the fluid milk consumed in the Twin Cities area. They are the so-called wholesalers to whom the distributors were referring. The distributors announced that the reason why they had to raise the price was because wholesale prices were up.

The Twin Cities Milk Producers are a cooperative organization and have suffered a dollar a hundred loss in the price of milk within the past year, and most of it has been since April 1. Now the distributors are intending to charge housewives a cent more a quart on the pretense that the wholesale price has gone up. The wholesale prices has dropped $1 a hundred. There is neither rhyme nor reason to the entire argument, and that is why I do not want to enter into it.

Mr. AIKEN. I do not think the Senator from Minnesota is so naive as to believe that a cent a quart has been arbitrarily taken out of the consumer. Anyone familiar with the milk industry knows that in April, May, and June the wholesale price goes down. There is an automatic reduction in consumer prices over the flush months. About the first of July the price automatically starts going up again. It is happening all over the United States. The price is going up in New England, in New York, in Virginia, in Maryland, and all over the country. It is a seasonal change in the price. It is unfortunate that frequently distributors charge consumers more than the increased amount they pay the producers. But that has been going on ever since I can remember, and we have found it very difficult to get the change in price to the consumer exactly to reflect the situation. I am sure the milk producers for the Twin Cities' market are getting an increase during this month. They got a reduction of as much as a dollar a hundred through April, May, and June.

Mr. THYE. Mr. President, will the Senator from Vermont yield further?

Mr. AIKEN. I yield.

Mr. THYE. Mr. President, I served as a director of the Twin Cities Milk Producers for a number of years. I know the milk business. I know the trends in prices in both spring and fall.

This is the flush period of the year. There is an ample supply of milk. Milk should go down in price, rather than up. The producers have taken a cut of $1 a hundred pounds in the past few months. There is no rhyme or reason why the distributors should increase the price of milk at this time, except the general, overall influence of the attack upon the farm support program, which has created the impression that the farmer and the support program are responsible; and any profits taken, whether they be excessive or not, are condoned and accepted as being proper because the criticism rests upon the farm support program rather than upon the gouging on the part of the distributors.

Mr. AIKEN. I agree with the Senator. In many cases producers and distributors take unwarranted profits.

Mr. THYE. Indeed they do.

Mr. AIKEN. But I say to the Senator from Minnesota that he will find that if the price of milk to the consumers in the Twin Cities goes up 1 cent a quart in July, the price to the farmers also, undoubtedly, will go up. If it does not, then that is a situation into which the officials of the State of Minnesota should look.

In my own State, the milk control board—and Vermont is one of a dozen or so States which have milk control boards—has given the milk distributors the right to sell a gallon of 3.7 milk for 60 cents, cash and carry. If it is 4.2 milk, they have to charge 64 cents. Many distributors are doing that, and it is bringing about an increase in the consumption of milk.

In my area of the country, there has been a 9 percent increase in consumption of butter as compared to the consumption of last year, and an increase of 3 percent in the consumption of fluid milk. I do not know whether that is true of all sections of the country. I understand that for the Nation as a whole there has been an increase of 7 percent in the use of butter, and a slight decrease in the use of oleomargarine. The producers of butter are experiencing an increase in the consumption of butter for the first time in a long, long time.

I wanted to point out that the changes in milk prices are seasonable. Beginning July 1 they go up, up, and up, until December. Usually on January 1 milk prices begin to drop a little, reaching their lowest point in May and June. I am very happy to say that the country as a whole, and particularly the States of Minnesota, Wisconsin, and Iowa, are putting their production more in line with the requirements. There has been a reduction of 4 percent in the production of milk in Wisconsin over that of last month; 3 percent in Minnesota; and 2 percent in Iowa. That is due, in considerable part, to the smaller numbers of cattle in the herds, showing that, at last, some of the undesirable cattle in the herds have been culled; animals which, while not profitable, nevertheless contributed to the milk surplus.

The situation is improving. It will get better during the next few months. Until the marketing methods are changed in many parts of the country, the consumer probably will not get milk cheaper. Very likely milk will be higher by a cent or two a quart during the period of the next 6 months. But since the inauguration of the new program on April 1, there has been a steady tendency to bring production in line with consumption. When that has been accomplished, the dairymen of the United States will be in infinitely better condition than when they were constantly trying to see how much milk they could produce in order to sell it to the Government.

PROPOSED CONSTITUTIONAL AMENDMENT TO REQUIRE ANNUAL BALANCING OF THE BUDGET

Mr. LENNON. Mr. President, it is now perfectly obvious that the present legislative procedure to deal with the Federal fiscal situation is totally inadequate. It is also apparent that the need is urgent for some sound reform to lead our Federal Government to a balanced budget in periods of normal military and economic conditions.

Yesterday, a ray of hope shone through the gloom of national financial instability. It is Senate Joint Resolution 174 introduced by the senior Senator from New Hampshire [Mr. BRIDGES], and the senior Senator from Virginia [Mr. BYRD].

This joint resolution proposes an amendment to the Constitution of the United States to provide for the imposition of Federal taxes to provide revenues at least equal to appropriations, except in time of war declared by the Congress or when the United States is engaged in open hostility against an external enemy.

In my opinion, without having had the benefit of careful study of the proposal, it will go a long way toward balancing the Federal budget and restoring the natural balance between budget revenues and budget expenditures. It will not penalize any legitimate or necessary service now being rendered by the Federal Government, but it will, in a large measure, weed out and cast aside much unnecessary spending.

As Senator BYRD ably pointed out, it will prohibit deficit spending. Mr. President, this is the heart of the resolution—and I believe it represents the thinking of the American people. This is indeed one of the most important matters we must face.

Here, at last, is a practical approach to a grave problem. It is an effective way to establish faith and understanding among the people in fiscal procedures

in the Federal Government at a time when the maze of technicalities simply astound us all.

Mr. President, I am not an expert on budget matters, but I am disturbed, as I believe all of us should be, by the fact that our Federal budget has been in balance only four times in a quarter of a century. There seems to be no end in sight to deficit spending.

We have just come to the end of a fiscal year. The national budget was unbalanced. We operated last year in the red $3,750,000,000, and the best information that has been available here, is that the budget will be in the red even more next year, unless effective savings and cuts in unnecessary spending are made at once.

To bring home to every Member of the Congress the great responsibility which rests upon our shoulders, the national debt now stands in excess of $270 billion.

The Senate will soon be debating the Mutual Security Act which will further saddle the taxpayers of the country with a Federal deficit. It is my intention to support any effort which will eliminate foreign economic aid not directly geared to our military support of free nations resisting international communism.

Mr. President, in order to show the budget deficits and surpluses of those nations scheduled to receive economic aid under 1955 authorization, I requested the Legislative Reference Service of the Library of Congress to prepare this information.

Mr. President, I ask unanimous consent to have the tables printed at this point in the RECORD.

There being no objection, the tables were ordered to be printed in the RECORD, as follows:

Budget deficit in 1953 (or most recent year) of countries scheduled to receive economic aid under 1955 authorization

[Budget deficit (−) or surplus (+) in dollars]

Europe:[1]	
France	−$2,320,000,000
Germany, West Berlin	[2]+354,000,000
Spain	−92,436,000
United Kingdom	−814,280,000
Yugoslavia	−42,097
Near East, etc.:	
Afghanistan	[3]
Egypt	−46,409,000
Ethiopia	[3]
Greece	−14,533,000
India	−318,510,000
Iran	−13,270
Iraq	+12,229,000
Israel	−2,874,400
Jordan	[3]
Lebanon	[3]
Liberia	−384,005
Libya	[3]
Nepal	[3]
Pakistan	−149,393,000
Saudi Arabia	[3]
Turkey	−71,239,000
Asia and Pacific:	
Formosa	[3]
Indochina	[3]
Indonesia	−157,800,000
Philippines	+27,174,000
Thailand	−52,286,000

[1] Selection based on H. Rept. No. 1925, pt. 1, p. 9; and Mutual Security Act of 1954, hearings, pp. 123, 124.
[2] Federal Republic.
[3] Not available.

Budget deficit in 1953 (or most recent year) of countries scheduled to receive economic aid under 1955 authorization—Continued

Latin America:	
Bolivia	−$13,080,000
Brazil	+97,393,000
Chile	−16,678,000
Colombia	+29,250,000
Costa Rica	+3,677,000
Cuba	+337,000
Dominican Republic	+7,596,000
Ecuador	−66,440
El Salvador	−100,000
Guatemala	−4,463,300
Haiti	−2,731,000
Honduras	−3,370,000
Mexico	−12,320,000
Nicaragua	+789,000
Panama	+3,000
Paraguay	−465,000
Peru	+440,000
Uruguay	−2,336,000
Venezuela	−3,636,000

Sources: International Monetary Fund, International Monetary Statistics; Moody's Governments.

Mr. LENNON. Mr. President, we can successfully resist the pressure to increase the statutory national debt limit from $275 billion to $290 billion by eliminating unnecessary foreign economic spending.

With the belief that we should reduce foreign economic spending by the substitution of more international trade, I supported the amendment to extend the Reciprocal Trade Agreements Act for 3 years.

The Senate will recall that the President sent a message to the Congress last July 30, requesting legislation raising the statutory debt limit. It was at a time when sufficient study could not be given the necessity for such action. Many Members of Congress had left, some having had plane and train reservations, to return to their respective homes, when Congress was called upon to enact legislation on the subject.

I now read a portion of the message of the President, in which he expressed concern about the ability of the Government to remain solvent unless an extension of the debt limit were granted:

> Under present circumstances, the existing statutory debt limit is so restrictive that it does not allow the financial operating leeway necessary to conduct the Government's fiscal affairs effectively. This is specific with respect to the seasonal variations of Federal receipts and disbursements and also in view of the uncertainty as to future income and expenditure levels.

Mr. President, the Senate Finance Committee on August 1, 1953, postponed action indefinitely on this request. The Congress went home. There was no extension of the debt limit. Today, thankfully, we are still operating below the statutory limit of $275 billion. It is my understanding there is now about an $11 billion gap, consisting of approximately $6 billion in the Treasury and about $5 billion below the statutory debt limit.

I should like to pay tribute to the great men of the Senate who are members of the Senate Finance Committee, who had the courage successfully to resist the pressure of the White House, the Director of the Bureau of the Budget, and the Secretary of the Treasury, and to postpone action indefinitely on the bill then before the committee, which would have raised the national debt limit from $275 billion to $290 billion.

I recall that upon adjournment on August 3, 1953, the Members of Congress returned to their homes somewhat under a cloud, and under a feeling that they would likely be called back for a special session in order to enact the legislation increasing the debt limit. I recall, too, that the press and the great radio stations of America took the message to the grassroots. I recall, too, that it was the first occasion, certainly in a long period of time, perhaps as much as 20 years, that the Congress of the United States had said, "Mr. President, you must try to live within your budget. You must make an honest effort, if you can, to reduce expenditures."

I was not called upon, Mr. President, to cast a vote on that proposed legislation, for the reason that it did not come from the committee; but had I been permitted at that time to cast a vote, my vote would have been against raising the national debt limit. I cannot escape the conclusion that if the Congress at the last session had raised the debt limit, when we met here in January of this year every department and every agency and bureau of the Federal Government would have raised its sights on its requested appropriations.

As I have said many times, I sincerely hope it will not be necessary to raise the national debt limit.

One problem which I believe concerns the people of the United States is the cost of debt management. I am reminded of the fact that the interest on the debt is a fixed item of cost. I sometimes wonder if the people of America are truly concerned about the magnitude of the national debt, but certainly they must be vitally concerned about the cost of debt management. I am told that, including the interest on the national debt and the management of the national debt, the cost amounts to approximately $7 billion. Every Member of the Senate recalls that at one time the annual budget of the Federal Government was less than the present debt management cost. That is a surprising and astounding fact, Mr. President, a fact which should be of grave concern not only to the Members of Congress, but to the people of the entire Nation.

The Congress and the people must face up to the problem of national solvency, effect reasonable economies, and provide the revenue with which to operate our great Nation.

It is my judgment, Mr. President, that the people of America are not demanding economy in Government such as to cause cessation of absolutely needed services, reduction in our national defense or military assistance to our friends in the free world. Rather, I believe, it is their desire to face up to the requirements of citizenship with the certainty that their Government is realistically handling its finances.

Mr. President, ours is a great Nation. Its destiny has not been fulfilled. We must be strong in order to provide effective and militant leadership for the free world. I am reminded that our physical

strength to a very great degree rests on our budgetary soundness.

Mr. President, I am grateful for the opportunity to endorse the principle of the joint resolution. It is my belief that a more effective fiscal policy can emerge from the resolution. It is my hope that North Carolina, along with many other States of the Nation, will have an opportunity soon to support the resolution as an amendment to the Constitution of the United States.

Mr. President, I yield the floor.

THE PRESIDENT'S HEALTH REINSURANCE PROGRAM

Mr. SMITH of New Jersey. Mr. President, as chairman of the Committee on Labor and Public Welfare, I feel very much concerned over the action of the House yesterday in sending back to committee and virtually killing President Eisenhower's Federal health reinsurance bill, which is really the heart of the President's health program. Our committee in the Senate has just reported our version of this bill, S. 3114, to the floor, and we had expected to have it come up for debate here within the next week or 10 days.

I have been in the Senate for 10 years and have been on the Committee of Labor and Public Welfare for that entire period. We have had facing us each year the consideration of an overall health program for the American people which would avoid the dangers of socialized medicine, but which would establish a voluntary system providing for our families the necessary health care, and particularly would provide for those catastrophes overtaking families with a sudden or prolonged illness, especially of the breadwinner.

We have seen the failure of socialized medicine in England, and I have been opposed to any such approach to the question. I am a son of a physician and my younger years were lived in a physician's family where I came to understand the values of the relationship of doctor and patient. There is no profession I respect more than the medical profession, and I admit I am prejudiced from the noble life that my father lived. I never could tolerate the thought of mechanized medicine where the patient becomes a number merely and he may be assigned to a doctor that may be good, or may be second rate. Anything that even tends to threaten the intimate relationship between patient and doctor is a distinct loss to this country. For that reason in talking over some kind of voluntary health insurance with Secretary Hobby and her very efficient staff, it was decided that we should endeavor to build on the voluntary health insurance plans that have been growing up in this country, such as the Blue Cross, and the Blue Shield, and on the plans of the many insurance companies which have been studying this subject for years. The problem was whether these insurance coverages could be expanded in two directions: First, to cover more of our population at a reasonable premium, and second, to widen the scope of the coverage. As of today I am advised that there are 54 million persons covered by the Blue Cross and 29 million persons covered by the Blue Shield in addition to the various insurance company coverages, and so forth.

Secretary Hobby has mobilized all the important insurance experts in the country, as well as other advisers who have studied both the medical side and the social side of the problem involved. We have come up with a plan, which, admittedly, may not be perfect, but which has all the earmarks of intelligent experimentation with the principle involved. With our 48 States as laboratories we should find an ultimate sound solution.

We want no interference with the individual family having its own family doctor, but we do want to develop that sense of security in our people so that if catastrophic illness overtakes them they will have at least reasonable coverage against such a disaster.

Much to my amazement the opposition to this intelligent conception has come principally from two groups of people. First, the American Medical Association, which shortsightedly and without adequate study, has suggested that this plan is a step in the direction of socialized medicine, and, two, from our large labor groups who have been favoring the compulsory program of socialized medicine. I have been conscious in my own office as chairman of the Labor and Public Welfare Committee of a barrage of high-pressure endeavors to kill this bill based on statements which are totally inadequate and totally untrue, which can have no motive other than the desire to frustrate this important program which President Eisenhower and his group are trying to offer to the American people at this critical time.

As chairman of the Labor and Public Welfare Committee, as I said at the opening of these remarks, I must protest vigorously against this sort of thinking and against this hysterical runaway under pressure of poltical groups from the responsibilities that lie before us.

I am not sure what the best course is to pursue, but my feeling is that we should go through with our bill in the Senate and in the debate here demonstrate to the people of the United States what this program is. Whether or not we would be successful in getting the legislation through, we would at least be able clearly to place the responsibility where it belongs—on the people who sabotaged one of the soundest experimental health programs ever offered to the American people.

JOINT COMMITTEE ON CIVIL DEFENSE

The PRESIDING OFFICER (Mr. BUSH in the chair). The Senator from Minnesota is recognized.

Mr. HUMPHREY. Mr. President, I ask unanimous consent to submit for appropriate reference a concurrent resolution to create a Joint Committee on Civil Defense.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota? The Chair hears none.

The concurrent resolution (S. Con. Res. 94), submitted by Mr. HUMPHREY, was received and referred to the Committee on Armed Services, as follows:

Resolved by the Senate (the House of Representatives concurring), That there is hereby established a Joint Committee on Civil Defense to be composed of 9 Members of the Senate to be appointed by the President of the Senate, and 9 Members of the House of Representatives to be appointed by the Speaker of the House of Representatives. In each instance not more than five members shall be members of the same political party.

SEC. 2. The joint committee shall make continuing studies of the activities of the Federal Civil Defense Administration and of problems relating to civil defense. The Federal Civil Defense Administration shall keep the joint committee fully and currently informed with respect to its activities. All bills, resolutions, and other matters in the Senate or the House of Representatives relating primarily to the Federal Civil Defense Administration or to civil defense shall be referred to the joint committee. The members of the joint committee who are Members of the Senate shall from time to time report to the Senate, and the members of the joint committee who are Members of the House of Representatives shall from time to time report to the House, by bill or otherwise, their recommendations with respect to matters within the jurisdiction of their respective Houses which are (1) referred to the joint committee or (2) otherwise within the jurisdiction of the joint committee.

SEC. 3. Vacancies in the membership of the joint committee shall not affect the power of the remaining members to execute the functions of the joint committee, and shall be filled in the same manner as in the case of the original selection. The joint committee shall select a chairman and a vice chairman from among its members.

SEC. 4. The joint committee, or any duly authorized subcommittee thereof, is authorized to (a) hold such hearings, (b) sit and act at such places and times, (c) require, by subpena or otherwise, the attendance of such witnesses and the production of such books, papers, and documents, (d) administer such oaths, (e) take such testimony, (f) procure such printing and binding, and (g) make such expenditures, as it deems advisable.

SEC. 5. The joint committee is empowered to appoint such experts, consultants, technicians, and clerical and stenographic assistants as it deems necessary and advisable. The committee is authorized to utilize the services, information, facilities, and personnel of the departments and establishments of the Government.

SEC. 6. The expenses of the joint committee shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers signed by the chairman. Disbursements to pay such expenses shall be made by the Secretary of the Senate out of the contingent fund of the Senate, such contingent fund to be reimbursed from the contingent fund of the House of Representatives in the amount of one-half of the disbursements so made.

Mr. HUMPHREY. Mr. President, it is significant that I ask the Senate to concern itself with problems of civil defense on this July 14, the second anniversary of Operation Skyhook, the most intensive practice alert our country has yet held. This occasion has been marked all over the Nation, by civil-defense groups in my own State of Minnesota, and elsewhere. It is appropriate that we make careful note of it in the Senate.

Mr. President, I wish to address myself to the substance and purpose of the concurrent resolution which I have sent to the desk. Time has moved so rapidly in the last decade as to confound the label makers. Scarcely pausing for breath in this atomic epoch, we have hurried from the uranium age to the plutonium age, until we have arrived at the hydrogen or the thermonuclear age. Each step in this progression has meant the multiplication of the means of destruction in our hands—and in the hands of our enemies. The 1952 hydrogen bomb inflicted complete destruction over an area of 33 square miles, severe to moderate damage over 154 square miles, and light to unknown damage for 314 square miles. Mr. President, I make note of the fact that that was the 1952 hydrogen-bomb test, not the most recent experiments that have been conducted, which, according to the information we are able to obtain, made the 1952 explosion almost of pigmy proportions, as compared to the explosions which could now be made with the materials at present available. Like the dinosaur of a still earlier age, we have been content for the last several years to survey serenely our own strength, our capacity for massive retaliation, without stirring our brains to any serious consideration of our defense. Mr. President, as we know, the dinosaur of prehistoric days, today is extinct. I would suggest that that lesson might be somewhat apropos to existing circumstances.

The policy of the American Government has been a constant search for peace and for means to avert war. If, however, war should come—and we must always project our planning and our thinking upon that terrible eventuality—and if our country should be attacked, then our civil defense will become the business of all Americans, for the American public will have to take the final steps to insure its own survival. The business of Government in the essential enterprise of civil defense is to provide the knowledge, planning, and direction so that our people can take steps to protect themselves.

Mr. President, I emphasize this point because today very few voices are being raised in the United States in terms of the defense of the people of the United States. We spend billions and billions and billions of dollars to build up what we call our security forces, and we spend billions of dollars for research and development to perfect weapons which can deliver lethal destruction. Yet, as I shall point out in the course of these remarks, there is no one who today can assure Americans that our cities are safe from attack. It is perfectly obvious that the weapons of mass destruction which have been created are not weapons for the traditional battlefield alone, but are weapons to be used against mass concentrations of people. They are essentially weapons for use against civilians, and I wish to emphasize the fact that the hydrogen bomb, its cobalt partner, and its atomic junior partner, are essentially weapons to be used against helpless civilians, not against military objectives in the traditional sense.

The somewhat less than heartening nationwide civil defense test that was held recently indicates that the Government has been far from successful in filling the role of providing the knowledge, planning, and direction, so that our people can take steps to protect themselves.

Mr. President, let me digress to say that I believe our present Civil Defense Administrator, Mr. Val Peterson, is doing a good job. I commend him for his diligence, his imagination, and for the dedication to his responsibilities that he seems to demonstrate. Lest any of my remarks be misinterpreted, let me say that throughout the Nation there are literally hundreds of persons who are applying themselves unselfishly and devotedly to the task of civil defense. But, Mr. President, I sympathize with the Nation's Civil Defense Administrator; he simply is not receiving support. He has been talking and talking to persons who seem to be unwilling to recognize the seriousness and the importance of his message.

Mr. President, I have just said that the recent nationwide civil-defense test was anything but heartening. If the Members of the Senate who recently voted approximately $30 billion for military preparedness would take time to examine the results of the test, they would shake in their boots. Not only that, but I suggest that we are even derelict in the performance of our responsibility of providing for the common defense.

Here are the facts: The mock attack was carried out by 425 enemy planes against some 64 cities in the continental United States, supposedly using A-bombs and other means. About 70 percent of the attacking force was presumed to have gotten through our defenses, causing 8,983,000 deaths and 4,053,000 injuries. Mr. President, I submit that these figures are considered by the authorities to be conservative. What is more, the fact that some 30 percent of the theoretical attacking planes were stopped is an unbelievably large number of enemy planes to be intercepted or destroyed before they could arrive at their target. I am sure the Air Force will say that is an unusually large figure for the interception or destruction of attacking planes.

On the credit side, the drill demonstrated that the warning system worked well, and the sirens were usually audible; the 5 million people in the Federal or State civil-defense organizations generally demonstrated themselves as well-trained cadres. However, the other side of the ledger showed that we were still short some 12 to 15 million civil-defense workers, and that the public was generally apathetic to the whole experiment.

The source of this apathy is not hard to find. The menace of the atom has been threatening our cities for years now. Our steps for civil defense have been halting and indecisive. A score of great debates boiled and simmered. Should we stay in our cities and take the atomic blow on the chin? Should we build mass air-raid shelters?

Of course, this great debate has been resolved. But if we join any general conversation, flippant or otherwise, on the topic of what to do in the event of an atomic attack, the free advice we receive will be of the order of go to the cellar, line up in the hallway, and crawl under the bed. Apparently most Americans are not aware of what President Eisenhower called a new concept of civil defense, which emphasizes improved warning of pending attack and planning for the dispersal of populations of potential target cities in advance of enemy attack.

It is small wonder that the American public is unaware of plans for evacuation, when to date only two cities—Spokane and Mobile—have made any real effort to rehearse the procedure. In the face of the most appalling threat imaginable we cannot seriously expect that such a vacuum of public information can breed anything but a narcotic apathy to our real and present danger.

Mr. President, the immediate effect of apathy may mean little more than a reduction in the statistics of national hypertension. But if a bomb should fall, today's unconcern and lack of information will mean confusion, panic, and death. The eminent psychologist, Dwight W. Chapman, put it this way:

> The Federal Government has a unique role in providing authoritative information. Whether an individual will act wisely or foolishly during an attack will depend on what he knows. * * * If no proper precautions are made, the already certain casualties and physical damage will be compounded by foolish actions verging on panic.

Mr. President, now that we have accepted a policy of evacuation of our large cities in the event of attack—and it is now the official policy—the natural next need is an early warning system which would give us a hoped for irreducible minimum of 2 hours' notice. Mr. President, we are still without such an early warning system. We are still without it, despite the fact that, in the newspapers, we read every day about the development in the Soviet Union of intercontinental bombers, and despite the fact that we are beginning to hear of the development of intercontinental rockets with atomic warheads.

More than a year and a half ago, a group of scientists known as the Lincoln summer study group did a study of United States defenses. They concluded that a chief requisite of civil defense was an early warning system. Yet, at the time, this policy was resisted by the Air Force.

I digress again to say that, of course, a strong Air Force, including interceptor planes with the finest full radar equipment, is the first essential of any continental defense. But the Air Force resisted the policy of the early warning system. According to Fortune magazine, the military felt that the expense estimate of an Arctic early warning belt was out of line. It felt that Arctic operations had not been successful in the past and were skeptical of their value in the future. It seems that these doubts have been stilled, and our Government has finally joined Canada in beginning the construction of such a belt of warning stations. But this is being done more

than a year and a half after the necessity of these stations became clear. During that year and a half we have been without an adequate warning system—and according to the Civil Defense Administration we are still without one.

When the argument over the feasibility of an Arctic warning system was producing equatorial heat, it was generating very little light so far as the public was concerned. Indeed, most Americans were not even made aware of the fact that there was a difference of opinion on this vital matter. Imagine it. A great public question affecting the lives of every man, woman, and child in the United States was kept a guarded secret. Actually the whole problem was nothing more or less than a problem of coordinating civil-defense policy with military policy, and of obtaining a military policy that would make civil defense possible. Adequate public discussion of this problem in the fall of 1952 might have resulted in a total defense policy which took more account of civil-defense needs.

In addition to the need for knowledge as a means of defense, a guard against panic, an informed public is a necessary ingredient in the formulation of the Government's attitude and policy toward civil defense. I am sure that such an informed public would have made a greater stir when the administration this year asked for a paltry $68 million for civil-defense purposes. This is how the President's budget message defined the job of the Civil Defense Administration:

> It will be the Federal responsibility as reflected in this budget to provide warning of impending attacks, and to stockpile medical supplies. The Federal Government will not assume the responsibilities which belong to local governments and volunteer forces, but will supplement State and local resources, provide necessary information on weapons effects, and advise and assist States and localities.

Even if we construe these words in their narrowest sense "warning, medical supplies, advice," $68 million does not seem adequate to perform these functions for more than 160 million Americans in the event of a hydrogen holocaust. However, I do not believe that the role of the Federal Government ends with the performance of these functions. I have talked with city and State officials who are fully aware of the danger to their communities, and yet are powerless to do anything about it. State and local resources are simply not adequate for the kind of expenditures required for civil defense. Everyday expenses for education, civic maintenance, and the like, press upon and often surpass the balance in the local treasuries and necessitate making civil defense a marginal or token activity.

I think the time has come for a definite and distinct affirmation of the Federal Government's primary responsibility for civil defense. The obliteration of a large city is not simply a local disaster. Any of our larger cities is part of a commercial, industrial, and governmental complex in which the whole Nation is involved. The Federal Government, not the local governments, operates our military defenses, and it is the only Government that can assure the proper integration of military and civil defense. In many instances local governments simply do not have the authority to initiate certain programs. The mayor of a large city, for example, finds his plans for population redistribution through housing developments stop at the city limits. The State government is unable and often reluctant to urge industrial dispersal in areas that border on other States. The Constitution guarantees us, however, that the Federal Government will "provide for the common defense." We must now have the assurance that the Federal Government has taken the responsibility for the common survival.

There are many simple and direct steps that the Federal Government can take. The Civil Defense Administration must, of course, receive appropriations large enough for the fulfillment of its enormous task. Only $68 million was requested by President Eisenhower for 1955, compared to $74 million for 1954. Oh, things have changed since last year. We now know that the Russians have bombers, the equivalents of our B–47's and B–52's capable of delivering atomic bombs. We know the Russians have exploded their thermonuclear device, and that their atomic stockpile has grown. This was certainly not the year, therefore, to cut civil defense appropriations. President Harry Truman had sought $600 million in the fiscal year 1953 and $150 million for this year. Even these figures do not measure up to the problem, but they are a considerable improvement over the ones presented by this administration.

America's industrial might is now concentrated in a few major areas, virtual sitting ducks if even a small fraction of an attacking force should get through. Industrial dispersal, a policy long and meaningfully carried out by the Russians, is an absolute necessity if America is to have the strength to launch its vaunted massive retaliation.

I digress again to remind the Senate that it is about time we got some information as to the amount of industrial dispersal that is going on in the Soviet Union. I know a considerable amount of it has taken place. When we talk about massive retaliation as a theory of military warfare, I suggest that we had better know where we are going to retaliate and have some idea as to what exactly will be the impact of such retaliation.

Is it true that Soviet industry is much more dispersed than ours? Is it true that the Soviet Union has for 10 years, or since 1940, been engaged in a dispersal program of its economic and industrial development? Is it true that we have done little or nothing in this area?

In fact, Mr. President, we have aggravated an already bad situation by placing more new military plants and industrial installations in the ever-growing urban areas.

I do not believe that we can have a successful defense policy until we know the answers to those questions.

We spend all our time talking about ourselves, about what we are doing. I suggest that an intelligent military and defense policy demands an understanding of what the potential enemy is doing and what he has in mind or might have in mind. We spend far too little time in Congress studying the economic and political developments of the Soviet Union and her satellites.

We spend too little time understanding the political tactics of the Soviet Union and her satellites. We spend all our time investigating some of our own little problems, and developing a military policy, it seems to me, on the basis of what we think ought to be right.

I cite the most recent example by referring to our complete adherence to the Navarre plan in Indochina. That plan has proved to be a failure, and it has been scrapped. Yet the foreign-aid bill which will soon be before the Senate, and, in fact, the military appropriation bill, which has already passed, were dovetailed with and were conditioned on the acceptance of the Navarre plan in Indochina, which is no longer a plan and has been relegated to the archives or to the military scrap heap.

Mr. President, I say it is absolutely necessary that industrial dispersal in America take place, if we are to protect ourselves.

Henry Parkman, Assistant Director for Nonmilitary Defense in the Office of Defense Mobilization, writing in the Bulletin of the Atomic Scientists, noted:

> A quick glance at the 1950 census reveals that 40 percent of the Nation's population and over 50 percent of those employed in manufacturing are concentrated in the 40 top metropolitan areas.

In other words, we now telephone to the Soviet Union that all they need to do is to get their bombers through to 40 cities, and we are done.

> Thirty percent of the population and 40 percent of the manufacturing employees are in the top 15.

That refers to 15 cities.

> Big concentrations of manpower, vital industry and Government within small areas make excellent targets for weapons of mass destruction. * * * A few high-yield bombs exploded over the centers of several of them can disrupt manufacturing, transportation, communications, Government, business management, labor forces, and most of the other elements of a smooth-running economy.

A certain amount of industrial dispersion has taken place since the A-bomb threat developed. But it is still not adequate, and probably cannot be without the proper Government encouragement. The noted military expert, Hanson Baldwin, writing in the New York Times, commented:

> The decrease of population density in our urban areas was advocated by the East River report, but little has been done about this. At present American cities are increasing population density by replacing slums with multistoried apartment-type buildings. Strict building codes, city planning, and laws with teeth in them could reverse this trend, reduce crowding, and spread out our cities.

I may say to Mr. Baldwin that even if we do not look forward to the prospect of an attack, dispersal would still save many people in America from hypertension and heart attack. The growing concentration of our cities, the density of population, the crowding, the hubbub

of traffic, and the movement of commerce are enough to drive anyone out of his mind. For the mental health of the Nation, it would be good to do a little planning with respect to population dispersal. Returning to Mr. Baldwin's statement:

> But the process would be slow and painful for some; real-estate values would change and the political and psychological hubbub would be major. With such planning, however, we could reduce our urban vulnerability by about 2 percent each year.

A plan to encourage population and industrial dispersal through the creation of Federal metropolitan development authorities, has recently come to my attention. It is a plan that calls for careful consideration of the Senate.

I ask unanimous consent that the details of the plan be printed in the RECORD at the end of my remarks.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

(See exhibit 1.)

Mr. HUMPHREY. I merely bring this plan to the attention of the Senate for study by the appropriate committee and by individual Senators. I myself am not prepared to say whether it is an acceptable project, or whether I could support it. I believe that at least it is something to work on, something to plan from, and something to direct our attention to.

In addition, the vast power of Government contracts, housing and business loans, and relief on amortization rates could be used to hasten this vital business of breaking up our provokingly vulnerable industrial congestion.

It would have been interesting if in the recent tax bill, in which we provided for quick writeoffs for new plants and new equipment, as a means of inviting investment capital, if we had tied the provision down to industrial dispersal and a wider placement of industrial enterprise, in place of the continuous concentration in an ever-smaller area.

There is another whole series of problems connected with a possible atomic attack that has scarcely been touched by the Federal Government. The Washington Post and Times Herald reporting on an article by Dr. Hornell Hart, said a Soviet attack on the Nation's Capital would, "paralyze the Federal Government by obliterating Washington, D. C., as far south as Alexandria, as far north as Chevy Chase, and beyond the city limits to the east." The Supreme Court, most of the Congress, the President and perhaps all of his successors, all destroyed. Who would carry on? Who would constitute the new Government? The new Commander in Chief? What would happen to the records of revenue collection? Selective Service? Or picture the explosion of an atomic bomb over the financial heart of New York City. The stock exchange would be closed and with it the exchanges across the whole country. New York's banks, the greatest clearinghouses of the Nation would be in ruins. What would happen to America's whole credit structure? How would the vast number of bankruptcies caused by the bomb be handled? If we can devise the solutions to some of these problems now, it will literally be money in the bank when and if the awful eventuality should ever arise.

Mr. President, our problem is not the printing of ration books ahead of time; that is no problem. Our problem is figuring out what would happen if our great, complex industrial society, with great areas of communication, transportation, and industrial production, were disrupted or laid low by atomic attack. The whole Nation depends upon our credit structure. No other nation is so integrated as is ours. All means of communication, whether it be by rail, highway, telephone, telegraph, radio, television, are vital to the efficient functioning of the American economic system. We have done little or nothing to plan ahead as to how we would protect ourselves and protect this lifeline of the vitality of our national well-being.

A resolution has passed the Senate and is now before the House Judiciary Committee which would provide for a constitutional amendment allowing State governors to appoint replacements to the House of Representatives in the event of a large number of congressional deaths due to some disaster. Until this amendment is passed by the House and three-fourths of the State legislatures there is no provision for the appointment of provisional Members of the House of Representatives in the event of a national emergency.

If there is to be any such trouble as I have been contemplating I hope the enemy will give us sufficient time to get these constitutional amendments out of the way. It should not step it up too fast.

Prof. David F. Cavers, writing in the excellent periodical the Bulletin of the Atomic Scientists, has proposed several measures which would help extricate us from the nightmare of business confusion that would follow an atomic attack. Professor Cavers writes:

> A plan of protection should start with the banking system. Provision should be made for a bank holiday (probably on a nationwide basis). Advantage should be taken of this to transfer accounts from bombed-out banks to untouched banks by prearranged plan. The microfilm account records that are now going daily to holes in the ground would have been sent to banks chosen for this purpose. * * * Arrangements could be made to initiate a system of emergency loans to be administered by the banks, using Government funds; * * * preservation of a functioning civilian economy would be the objective * * * prompt substitution of drastically revised bankruptcy laws for the cumbersome machinery we worry along with in peacetime * * * the system would have to be free to allocate cases without regard to State lines * * * [authorize] a court to rewrite [long-term] contract terms to conform equitably to the new conditions.

These are just a few of the many proposals made by Professor Cavers and others. The adoption of foresighted measures like these, or the examination of equivalent alternatives, is a step toward the elimination of atomic havoc which must not be forestalled by complacency or preuranium mentality. When the bombs fall it will be too late for planning. That is my plea.

Industrial and urban dispersion, evacuation rehearsals, provisions for emergency Government credit facilities, duplication of vital Government and business records, succession to office, emergency bankruptcy procedures, these are all matters which must be taken care of now. Of course, it is my prayerful hope that they will never be needed.

Yet, Mr. President, I am sorry to say the initiative for such action seems to have been largely lacking in Congress—and I say this without partisanship. Preceding administrations did not do very much in this area, either. However, Mr. President, as we consider the full portent of a problem we have largely ignored, we recognize the fact that this is a condition we cannot allow to persist.

I, therefore, have proposed the creation of a Special Joint Committee on Civil Defense. This committee would have the responsibility of drafting and introducing legislation to take care of America's defense needs. Its activities would focus the public's attention on this vital problem and would bring to light the full information which is necessary for an intelligent public response. Moreover, such a committee would soon constitute itself the spokesman for America's civil-defense needs. Having become aware of the terrifying portent of the problem, no such committee would allow Congress to shunt aside the urgent requests for civil defense and offer appropriations which put such an insignificant price on the safety of the American public.

I fully realize that the suggestion for the creation of such a Joint Committee on Civil Defense is not one to be made lightly. There are already many demands being made on Congress' time. For a while I thought that possibly the establishment of a Special Commission on Civil Defense might suffice. I proposed such a commission some 2 years ago. Then I considered the manifest task of Congress is to provide for the present welfare of the Nation and to promote the future. But to what avail is our concern for the farmer's, the worker's, the businessman's prosperity if we do not exert every effort in insuring their security in the face of the greatest threat that has ever menaced our civilization?

It almost astounds me when I think how we spend hours and months of our time in the Halls of Congress arguing about legislative proposals to insure the prosperity and solvency of great areas of America's industry, including the farmers. At the same time we are doing this we are contemplating the directing of our effort toward what we call security. Although we have dedicated most of the tax dollar to security, we are not doing anything about the security of our people. What we are really talking about is a program which will carry the weapons of destruction to the enemy, closing our eyes to the fact that possibly the enemy may not be asleep on the job and may want to carry some weapons of destruction to us. It is reasonable and plausible that we should so reason.

Continental United States has never been attacked except by the British in 1812. We were, of course, attacked at

Pearl Harbor on December 7, 1941, but since 1812 there has not been an attack upon the mainland of the United States. In 1812 the British burned the Capitol at Washington and devastated some of our cities. But this is 1954, and every month, every year, we delay, more fantastic weapons of destruction are created. I say it is the height of stupidity, it is the culmination of a complete denial of responsibility to ignore the fact that the enemy is going to place bombs of destruction on American cities if ever there is trouble. When we have a policy of massive retaliation as an announced public policy of the Nation, we can rest assured that the men of the Kremlin, who are not detoured or held back by any moral scruples—there is no Christian compassion in their hearts—are planning a policy of massive retaliation, too.

I say there is no person in the Government who can demonstrate that our cities and our people are protected from such an attack. There is evidence to lead us to one conclusion, namely, that we are sitting ducks. We are more exposed to attack than were the people of Nagasaki and Hiroshima. We blindly pursue our course and talk about security and defense. I go back to my original premise, that the thermonuclear weapons, the hydrogen bombs, and cobalt bombs are not solely weapons in the military sense. They are to be used against industry, transportation, and civilians, and the destruction would be fantastic.

Mr. GORE. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. GORE. The newspapers today carry stories that an agreement is imminent in the Geneva Conference, indicating that the representatives of the United States are about to agree to guarantee a defense line in Indochina. I should like to inquire of the Senator how the policy of massive retaliation would work against the Vietnam forces under this guaranty of a defense line in Indochina.

Mr. HUMPHREY. I answer the Senator from Tennessee by saying that I personally do not believe that such a policy or military principle of massive retaliation has any application whatsoever to the situation which exists in Indochina, unless the administration is willing to say it will deliver the lethal weapon to the source of the trouble, and thereby precipitate world war III. I do not believe this administration or any other administration wants to precipitate a war. Therefore, massive retaliation in this area is again but a phrase, a boast, a statement of policy which is not applicable to existing conditions.

My point was—and I am certain the Senator from Tennessee agrees with me—that once such a policy were announced, we could rest assured that the enemy would pursue a similar course, or a course even more disastrous or more destructive, if we were within their capability and potentiality.

There has been nothing to indicate to us that the military leaders and the political bosses of the Kremlin are going to stop at anything, if they think they can accomplish their mission. I am only saying that the United States should be prepared for any eventuality.

Foresighted, intelligent civil-defense legislation, now, is not too much to expect from Congress when the demand is made in behalf of an American public faced with the dread prospect of vaporization.

I want the word "vaporization" to ring out through this Chamber. What we are talking about today is not society being able to pick up the rubble after the bomb has exploded, because there will not be any society. We are talking about the vaporization of man and of man's works. We are talking about the kind of destruction which is beyond human comprehension.

It is in this spirit of urgency and deep concern that I have addressed myself to a topic which apparently has no political appeal and which is of little or no national interest. But I want to be on the record now, as a Member of the United States Senate, as saying that the Government has been derelict in its responsibility for the protection of the public and the safety of the American people. A defense structure has been planned which provides a defense in conventional military terms without any thinking having been done to provide an appropriate organization for the protection of the civilian population.

EXHIBIT 1

A MEMORANDUM ON URBAN DECENTRALIZATION FOR DEFENSE

The world has recently been shocked by demonstrations of the destructive power of hydrogen bombs. The facts regarding destruction potentials have long been known. What is shocking is 10 years of official inaction in the face of this threat. The head of the Joint Chiefs of Staff proclaims that we face a 100-year war. In half of this time, and with insignificant expenditures we could reduce our present disastrous vulnerability and make our country's basic industry and urban population relatively safe from attack. Our normal construction volume provides homes for 30 million people and the shops, roads, factories, and other things that accompany these homes in each decade. At this rate we could relocate 60 million people in 20 years. At some considerably lower and more feasible rate we could so reduce our vulnerability as to reduce materially the attractiveness of war.

The following recommendations are a minimum program for reducing urban vulnerability:

1. Federal metropolitan development authorities: A Federal corporation, called the Federal Metropolitan Development Authority shall be established in each metropolitan area with a population of 100,000 people or more. It shall be the duty of the Authority to encourage the dispersal of population and industry through the development of dispersed satellite communities.

(a) The Authority shall be governed by a board of 5, 2 appointed by the governor of the State or States concerned, and 3 by the Secretary of Housing and Public Works. At least one of the latter shall be a locally elected official.

(b) The Authority shall be a corporate body with authority to acquire sites for satellite communities or as new towns, to plan such communities, to install public utilities, streets, and other community facilities, and to sell or lease sites to private or other developers for housing, shopping centers, and industry.

(c) The Authority shall have the power to contract with local governments for the provision of local government services and to arrange for payments in lieu of taxes to such local governments pending incorporation or annexation proceedings. Pending the establishment of suitable arrangements for local government the Authority could act with all of the defense powers of the Federal Government, could provide local government services but at charges or equivalents of tax rates which would permit transfer to local control in time.

(d) The Authority could erect only such public housing as was shown by its plan to be indispensable for the accommodation of the dispersed population and industry, but in no event more than 25 percent of all housing.

(e) Each Authority would be authorized to borrow $10 million for site acquisition and other general purposes, plus such funds as were made available to it for housing and local public works purposes by the Secretary of Housing and Public Works.

(f) Authorities would be required to abide by the decisions of the Secretary of Defense with respect to maximum size and minimum distance from metropolitan centers.

(g) Each Authority would be required to prepare a comprehensive plan for the decentralization of population in its metropolitan area over a period of 40 years. The plan would show the proportion of the population proposed to be decentralized, the proportion and types of industry, power, transportation, and other facilities proposed to be located in the decentralized location, and a plan showing that in the event of emergency the proposed plan would permit the evacuation of the remaining central population and the continuation of essential military production in the area.

2. Federal defense zones: The Federal Metropolitan Development Authority would be required to establish zones of population density, firebreak zones, protective open zones, and such other zones as proved to be necessary to provide for the defense and protection of the metropolitan area and its survival in the event of attack.

(a) Within such zones the Authority would have the power to prohibit the use of Federal financial aids for housing, community facilities, public works, or for other improvements inconsistent with the defense plan.

(b) The Authority would be required to report annually to the Secretary of Housing and the Congress on the effects of the defense plan upon the peacetime life of the community, and to make recommendations concerning steps necessary to assist communities in adjusting to necessary changes.

3. Upon the establishment of a duly constituted metropolitan government for any metropolitan area, with powers considered adequate by the Secretary of Housing, the functions of the Federal Metropolitan Development Authority would be transferred to the governing body of such metropolitan government.

Mr. HUMPHREY subsequently said: Mr. President, a few minutes ago I read an Associated Press dispatch on the news ticker, which reads, in part, as follows:

President Eisenhower today delegated to the Department of Health, Education, and Welfare 10 responsibilities for developing civil-defense plans and then asked Congress for a supplemental appropriation of $1,800,000 to enable it to carry out the work.

Earlier today I addressed myself to the subject of civilian defense, and also submitted a resolution which would authorize the establishment of a Joint Committee on Civil Defense. I am very happy to read the announcement of the President, and I rise to commend him

for his delegation of the responsibilites to the Department of Health, Education, and Welfare.

Mr. President, I ask unanimous consent that the entire dispatch, which outlines the responsibilities delegated to the Department of Health, Education, and Welfare, be printed in the RECORD at this point in my remarks.

There being no objection, the press dispatch was ordered to be printed in the RECORD, as follows:

CIVIL DEFENSE PLANS

WASHINGTON.—President Eisenhower today delegated to the Department of Health, Education, and Welfare 10 responsibilities for developing civil-defense plans and then asked Congress for a supplemental appropriation of $1,800,000 to enable it to carry out the work.

He delegated to Secretary Oveta Culp Hobby the following responsibilities:

1. Plan a national program, develop technical guidance for States, and direct Federal activities concerned with financial assistance for the temporary relief of civilians injured or in want as a result of an enemy attack.

2. Plan technical guidance for the States and direct Federal activities concerned with the acquisition, transportation, and payment for clothing of civilians in want as a result of attack.

3. Plan a national program regarding research on detection, identification, and control of (a) communicable diseases in humans, (b) biological warfare against humans, (c) chemical warfare against humans, and (d) other public-health hazards.

4. Plan and direct Federal activities for a national program designed to provide Public Health Service reserve professional personnel from support areas to those damaged by enemy attack.

5. Plan and distribute training materials for use in the curricula of schools and colleges in order to integrate the teaching of civil-defense skills and knowledge and fundamentals of behavior during emergencies.

Mr. HUMPHREY. Mr. President, I stated earlier that I believe we have spent far too little time on this subject and have given too little consideration to it. It is reassuring to me to have the President give the subject priority consideration and to take this forward step.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed, without amendment, the bill (S. 3539) to further amend title II of the Career Compensation Act of 1949, as amended, to provide for the computation of reenlistment bonuses for members of the uniformed services.

PLAN OF PROCEDURE ON SENATE RESOLUTION 261

Mr. FLANDERS. Mr. President, the purpose of the junior Senator from Vermont in offering Senate Resolution 261 was to put an end to the destructive forces in the power and influence of the junior Senator from Wisconsin [Mr. MCCARTHY]. The necessity for doing this has become more and more apparent as the months have gone by, and it is my expectation to go into this matter in some detail when I make the next motion on this subject.

It is evident that a number of different kinds of motions and resolutions could have been drawn up to effect this basic purpose. The one calling for the removal of the junior Senator from Wisconsin from his chairmanship seemed to be the most immediately effective.

In basing this request for removal on the unanswered questions in the Rules Committee print the matter becomes related to an unprecedented exhibition of contempt, first for the members of the subcommittee and the Committee on Rules and Administration. After the 60 to 0 vote in the Senate supporting the committee, that contempt applied to the Senate as a whole.

What is here spoken of is not contempt in the legal sense. It is personal contempt of the Senator for his peers. No statute of limitations runs on this. The purging, like the original display, is a personal matter. In pressing for action in this unusual situation, no judgment is being passed as to the truth of the evidence on which the questions were based. The evidence was so detailed and so serious that the unwillingness to answer them even by a nominal defense is completely unjustifiable.

The mover of the motion to separate the Senator from his chairmanships agreed to have it referred as a resolution to the Committee on Rules, into whose jurisdiction such resolutions fall. He was glad to do this for two reasons. First, this is no matter for snap action. It must have the serious consideration of every individual Senator for a length of time sufficient for him to form in his own mind a judgment on the issue. The second reason was that in referring it to the Rules Committee, an official Senate group was indicated to which the junior Senator from Wisconsin could offer his defense if he had any and was so disposed. That defense, to the best of my knowledge, has not been offered.

It was agreed with the majority leader of the Senate that the matter would rest until about the middle of the month. The middle of the month is now approaching so that the junior Senator from Vermont is free to take such steps as the situation may require. During this waiting period he has been careful to avoid stirring up the controversy and has, in fact, canceled 3 radio appearances and 2 speeches. This silence on his part has not encouraged any action on the part of the junior Senator from Wisconsin.

My present plan is to move on July 20 that the Rules Committee be discharged from further consideration of Senate Resolution 261. The next move will be to ask for a vote of the Senate on that motion, or one of the substitute motions available, which, as stated by the Vice President, must be substantially different.

The procedure may not be so simple as this. There are innumerable hurdles to be cleared should individual Senators desire to erect them. Both the motion to dismiss and the motion to pass can meet a countervailing motion to lay on the table. This motion, of course, is not subject to debate. If a motion to table is made, a request for a show of hands will be made so that a yea-and-nay vote can be taken.

Another hurdle would be erected in case the Senate was asked to recess from day to day instead of to adjourn. This would block consideration of the votes and such a motion likewise is nondebatable, but is subject to a yea-and-nay vote if a sufficient show of hands so requires.

These are the obvious hurdles and are cited for illustration. There are many others besides these.

I am grateful to the majority leader for the assurance that he will facilitate a decisive vote. If, however, hurdles are raised by others, it will be because Senators feel that there are serious objections to presenting this resolution at this time or, in the case of some Senators, at any time. Among the objections raised is the fact that it makes a break in the rule of seniority which we have followed for many years and on which Senators have come to depend.

It is not proposed to break the rule. There is an old saying full of wisdom that the exception proves the rule. If the rule cannot be laid aside momentarily to take account of an unprecedented situation, that makes the rule a bad rule. If it can be set aside for an unprecedented situation, the rule remains a good rule. There need be no fear that a precedent will be established, because the junior Senator from Wisconsin is himself unprecedented.

It has been suggested that bringing this matter to the attention of the Senate at this time will open Pandora's box. This objection is invalid because Pandora's box is already wide open. There has been a sizable crack in it for months, as the public has seen and passed its judgment upon the activities of the junior Senator from Wisconsin. The lid was blown off in the presence of the TV public during the hearings in the caucus room. Pandora's box is open. What concerns us is the possibility of closing it again, and to that purpose Senate Resolution 261 addresses itself.

It has furthermore been suggested that taking up this matter at this time will delay adjournment. There need be no delay so far as the junior Senator from Vermont is concerned. The procedure is for the most part a matter of voting, and only as Senators feel some necessity for explaining their votes is there need for prolonged debate.

It has also been urged that the adoption of this resolution would stop a useful and needed investigation of Communist infiltration. That idea again does not hold. That investigation properly belongs in the Internal Security Subcommittee of the Judiciary Committee, of which the Senator from Indiana [Mr. JENNER] is the chairman. Anyone who knows the junior Senator from Indiana knows that subcommittee would do an aggressive job in discovering and eliminating subversives. What has happened is that the junior Senator from Wisconsin has moved into the field which belongs to the junior Senator from Indiana and has taken jurisdiction where there was no clear jurisdiction. We can trust the junior Senator from Indiana to do work that is even more thorough and much less disturbing than that

which has been done by the junior Senator from Wisconsin.

Meanwhile the functions which the Senate intended to be performed by the junior Senator from Wisconsin have been left undone—undone that is, by the man whose responsibilities they were. The work has gone ahead through the activity of other committees, and particularly by a certain one-man investigator who has no appropriation and no expensive staff. I refer, of course, to the senior Senator from Delaware [Mr. WILLIAMS], who singlehanded has brought to light masses of corruption in the Bureau of Internal Revenue and elsewhere. This properly lies within the field of the junior Senator from Wisconsin, but does not seem to engage his interest.

Finally the junior Senator from Vermont wishes to express certain fervent hopes. The first is that Senators, having had due notice of the proposed action on July 20, will realize the responsibilities which are found in such apparently minor matters as getting a show of hands for a record vote. His second hope is that he may have sympathetic support from the majority leader. He has already mentioned the promise of the majority leader that he will not interpose artificial barriers to a decisive vote, and he is very much gratified by that statement on the part of the majority leader. His third hope is that this whole matter will be seen to transcend party lines and will become a bipartisan effort to promote the national welfare.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. KNOWLAND. For the sake of the record, it should be made clear that the discussion the Senator from Vermont had with the majority leader, which I am frank to say I had not expected to see published in the New York Times this morning, was to the effect that there would be no effort on my part by the artificial means of merely recessing from day to day rather than taking an adjournment to deny the Senator an opportunity to make his motion to discharge the Committee on Rules and Administration from the further consideration of the resolution which is pending there; but I think I made it perfectly clear, speaking for myself at least, that I would consider as decisive of the matter a vote on a motion by the majority leader to lay on the table the motion to discharge the committee. I hope the Senator was under no misconception that it related to his resolution itself, but, rather, on his motion to discharge the committee.

Mr. FLANDERS. I say to the majority leader and to the Senate that I would not consider a motion to lay on the table as an artificial procedural or parliamentary hurdle. A motion of that sort lies well within the perquisites and the rights of any Senator, and I shall not be surprised, nor will I be pained, if the majority floor leader makes such a motion.

Mr. GORE. Mr. President, will the Senator yield?

Mr. FLANDERS. I yield.

Mr. GORE. I take it the distinguished Senator from Vermont is aware of the parliamentary rule that a motion to lay on the table is not debatable?

Mr. FLANDERS. I am perfectly aware of that parliamentary rule.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. GORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. UPTON in the chair). The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Barrett	Gore	Monroney
Bricker	Green	Murray
Burke	Hendrickson	Payne
Bush	Hickenlooper	Reynolds
Butler	Jackson	Robertson
Byrd	Johnson, Tex.	Schoeppel
Case	Knowland	Smith, Maine
Crippa	Kuchel	Sparkman
Douglas	Lehman	Stennis
Duff	Lennon	Symington
Dworshak	Long	Upton
Ferguson	Mansfield	
Flanders	Maybank	

Mr. SALTONSTALL. I announce that the Senator from Nebraska [Mrs. BOWRING] and the Senator from Kansas [Mr. CARLSON] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Delaware [Mr. FREAR], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], and the Senator from Arkansas [Mr. MCCLELLAN] are absent on official business.

The Senator from Missouri [Mr. HENNINGS] is necessarily absent.

The Senator from Florida [Mr. HOLLAND] is absent by leave of the Senate, attending the Sixth Pan-American Highway Congress at Caracas, Venezuela.

The PRESIDING OFFICER. A quorum is not present.

Mr. BUTLER. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Maryland.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. AIKEN, Mr. ANDERSON, Mr. BEALL, Mr. BENNETT, Mr. BRIDGES, Mr. CAPEHART, Mr. CHAVEZ, Mr. CLEMENTS, Mr. COOPER, Mr. CORDON, Mr. DANIEL, Mr. DUFF, Mr. ERVIN, Mr. FULBRIGHT, Mr. GEORGE, Mr. GILLETTE, Mr. GOLDWATER, Mr. HAYDEN, Mr. HILL, Mr. HUMPHREY, Mr. IVES, Mr. JENNER, Mr. JOHNSON of Colorado, Mr. JOHNSTON of South Carolina, Mr. KENNEDY, Mr. KILGORE, Mr. LANGER, Mr. MAGNUSON, Mr. MALONE, Mr. MARTIN, Mr. MCCARRAN, Mr. MCCARTHY, Mr. MILLIKIN, Mr. MORSE, Mr. MUNDT, Mr. NEELY, Mr. PASTORE, Mr. POTTER, Mr. PURTELL, Mr. RUSSELL, Mr. SALTONSTALL, Mr. SMATHERS, Mr. SMITH of New Jersey, Mr. THYE, Mr. WATKINS, Mr. WELKER, Mr. WILEY, Mr. WILLIAMS, and Mr. YOUNG entered the Chamber and answered to their names.

The PRESIDING OFFICER (Mr. UPTON in the chair). A quorum is present.

Mr. HICKENLOOPER. Mr. President, I send to the desk some amendments and ask that they be stated.

The PRESIDING OFFICER. The clerk will state the amendments offered by the Senator from Iowa.

The CHIEF CLERK. On page 22, line 17, after the word "located", it is proposed to insert a comma——

Mr. HICKENLOOPER. Mr. President, I have submitted the amendments to the Senator from Tennessee [Mr. GORE]. They are in the nature of correcting verbiage and punctuation, and, based upon that assurance, I ask unanimous consent that the further reading of the amendments be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HICKENLOOPER. I wanted to call up the amendments to have them made the pending question.

The PRESIDING OFFICER. The amendments offered by the Senator from Iowa will be printed in the RECORD.

The amendments offered by Mr. HICKENLOOPER are as follows:

On page 22, line 17, after the word "located" to insert a comma.

On page 24, line 22, change "42" to "41."

On page 33, line 24, amend to read: "(1) subsection 63 A. (2), or subsection 63 a. (4), and shall make a reasonable."

On page 34, line 6, amend to read: "subsection 63 a. (1), subsection 63 a. (2), or subsection 63 a. (4), considering."

On page 35, line 5, the word "Aquisition" is amended to read "Acquisition."

On page 36, line 24, the word "cause" is amended to read "caused."

On page 37, line 16, delete "prior to its amendment hereby."

On page 48, line 9, after the words "the antitrust laws", insert "as specified in subsection 105 a."

On page 50, line 22, "Subsection 11 w. (2)" should read "subsection 11 v. (2)."

On page 58, line 24, delete the words "Atomic Energy", and line 25.

On page 74, line 9, amend subsection h. to read "consider in a single application one or more of the activities for which a license is required by this act, combine in a single license one or more of such activities, and permit the applicant or licensee to incorporate by reference pertinent information already filed with the Commission."

On page 74, line 16, delete the words "The Commission is authorized to."

On page 70, line 23, put parentheses around the numeral "1" and the numeral "2."

On page 76, line 17, the word "refiinining" should read "refining."

On page 77, line 25, the word "no" should be "not" and the word "elegible" should be "eligible."

On page 78, line 9, delete "the Commission may."

On page 78, line 10, add after the words "or other officers" the words "of the Commission."

On page 81, line 13, delete the word "and."

On page 82, line 24, section "44" should be section "43."

On page 83, line 15, the year "1937" should be "1931."

On page 83, line 17, delete the sentence starting at the beginning of the line.

On page 89, line 23, in the phrase "section 9 b.", put parentheses around the "b."

The PRESIDING OFFICER. Does the Senator from Iowa desire to have the amendments considered en bloc?

Mr. HICKENLOOPER. Yes, Mr. President. They are entirely corrective.

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. Are the amendments offered by the Senator from Iowa now the pending question before the Senate?

The PRESIDING OFFICER. That is correct.

Mr. KNOWLAND. Mr. President, will the Senator from Iowa yield for a privileged matter, with the understanding that he shall not lose his right to the floor?

Mr. HICKENLOOPER. With that understanding, I yield.

CERTAIN CONSTRUCTION AT MILITARY AND NAVAL INSTALLATIONS—CONFERENCE REPORT

Mr. CASE. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

Mr. GORE. Mr. President, reserving the right to object, do I correctly understand that the minority members of the committee are agreeable to the consideration of the conference report at this time?

Mr. CASE. It is a unanimous report of the conferees of both the House and Senate.

Mr. GORE. If consent is given to the consideration of the report, would it be agreeable to explain the conference report?

Mr. CASE. I shall be glad to answer any questions.

Mr. GORE. Mr. President, I withdraw my objection.

There being no objection, the Senate proceeded to consider the conference report.

Mr. CASE. Mr. President, the attention of the Senate is invited to the fact that the construction authorization agreed to by the committee of conference is in an amount that is $292,000 less than the version of the bill that passed the Senate. I ask unanimous consent that there may be inserted in the RECORD at this point a table showing the totals by military departments as the bill was initially recommended by the Department of Defense, as it passed the House, as it passed the Senate, and as it was agreed to by the conference committee.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

	Recommended by Department of Defense	Approved by House	Approved by Senate	Agreed to by conference
Army	$256,773,000	$269,873,000	$229,325,000	$236,060,000
Navy	207,239,000	203,319,000	208,920,000	201,893,000
Air Force	432,502,000	403,436,000	398,954,000	398,954,000
Alaska system	462,600	462,600	462,600	462,600
Total	895,976,600	877,090,600	837,661,600	837,369,600

Mr. CASE. Mr. President, I ask unanimous consent that a summary of the conference action be printed at this point in the RECORD as a part of my remarks.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

At Fort Belvoir, Va., the Senate agreed to the addition of $497,000 to provide 1 additional barrack.

At Fort Bliss, Tex., the Senate agreed to an additional $3,119,000 to provide 5 additional barracks and 2 bachelor officers' quarters.

At Fort Hood, Tex., the Senate agreed to an additional $3,119,000 to provide 5 enlisted men's barracks and 2 bachelor officers' quarters?

Conference action on the Army title results in an addition of $6,737,000 to the Army authorization previously approved by the Senate.

With reference to the Navy title, the conference added $1,036,000 to the Senate figure at the Marine Corps Auxiliary Air Station, Beaufort, S. C. This action provides for 4 barracks that had been deferred by the Senate.

An item for $278,000 at the Naval Ammunition Depot, Fallbrook, Calif., was deleted from the bill.

An item of $8 million for the construction of pipeline facilities at Naval Petroleum Reserve No. 1, Elk Hills, Calif., was removed from the bill. This item had been added by the Senate after the House had omitted it.

Mr. CASE. Mr. President, I should like to invite especial attention to the two legislative amendments which were adopted during the consideration of the bill by the Senate, and explain what the conferees did with respect to them.

The House insisted on modifications to the amendments offered by the junior Senator from Oregon [Mr. MORSE] and the senior Senator from Delaware [Mr. WILLIAMS].

In the case of the amendment offered by the junior Senator from Oregon, the House insisted on vesting some discretionary authority in the Secretary of the Army to rehabilitate existing barracks and bachelor officer quarters instead of requiring rehabilitation in lieu of construction in the amount of $5 million.

With reference to the amendment offered by the senior Senator from Delaware, providing that contracts entered into pursuant to the authorizations contained in this bill should be awarded by competitive bidding to the lowest responsible bidder, so far as practicable, and so far as the national security shall not be impaired thereby, the House insisted on adding a provision that such award must be consistent with the provisions of the Armed Services Procurement Act of 1947. The House position was that in the absence of this modification, the amendment offered by the senior Senator from Delaware would be in derogation of existing law on the subject—the Armed Services Procurement Act of 1947—and that such changes should be approved only after careful hearings by the legislative committees having jurisdiction over the subject matter.

With that insertion, the so-called Williams amendment was included in the agreement of the conferees.

Mr. President, if there are any questions, I shall be glad to answer them. If not, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from South Dakota.

The motion was agreed to.

Mr. CASE. Mr. President, I move that the vote by which the conference report was adopted be reconsidered.

Mr. HICKENLOOPER. Mr. President, I move that the motion of the Senator from South Dakota be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Iowa to lay on the table the motion of the Senator from South Dakota that the vote by which the conference report was adopted be reconsidered.

The motion to lay on the table was agreed to.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. HICKENLOOPER. Mr. President, with reference to the amendments which I sent to the desk, I should like to have the attention of the Senator from Tennessee [Mr. GORE].

The question before the Senate is the amendments containing various corrections of verbiage and punctuation in the bill. I have already submitted the amendments to the Senator from Tennessee and other Senators. They contain nothing of substance or alteration of the language of the bill.

Mr. President, I ask unanimous consent that the amendments be considered en bloc.

Mr. GORE. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield.

Mr. GORE. As acting minority leader, I have taken the matter up with Senators on this side of the aisle, and I shall interpose no objection.

The PRESIDING OFFICER. Without objection, the amendments offered by the Senator from Iowa [Mr. HICKENLOOPER] will be considered en bloc. The question is on agreeing to the amendments offered by the Senator from Iowa.

The amendments were agreed to.

Mr. GORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Goldwater	Millikin
Anderson	Gore	Monroney
Barrett	Green	Morse
Beall	Hayden	Mundt
Bennett	Hendrickson	Murray
Bricker	Hickenlooper	Neely
Bridges	Hill	Pastore
Burke	Humphrey	Payne
Bush	Ives	Potter
Butler	Jackson	Purtell
Byrd	Jenner	Reynolds
Capehart	Johnson, Colo.	Robertson
Case	Johnson, Tex.	Russell
Chavez	Johnston, S. C.	Saltonstall
Clements	Kennedy	Schoeppel
Cooper	Kilgore	Smathers
Cordon	Knowland	Smith, Maine
Crippa	Kuchel	Smith, N. J.
Daniel	Langer	Sparkman
Dirksen	Lehman	Stennis
Douglas	Lennon	Symington
Duff	Long	Thye
Dworshak	Magnuson	Upton
Ervin	Malone	Watkins
Ferguson	Mansfield	Welker
Flanders	Martin	Wiley
Fulbright	Maybank	Williams
George	McCarran	Young
Gillette	McCarthy	

The PRESIDING OFFICER. A quorum is present.

The bill is open to further amendment.

Mr. GORE. Mr. President, I offer the amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 82, after line 19, it is proposed to insert the following: "SEC. 170."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Tennessee.

Mr. HICKENLOOPER. Mr. President, will the Senator from Tennessee explain what the amendment proposes to do?

Mr. GORE. My present proposed amendment adds a section number. An amendment which I shall offer later will embody the substance of the new section. The pending amendment provides only for the numbering of the new section.

Mr. HICKENLOOPER. I do not understand the procedure, Mr. President. I understand that the amendment which is offered by the Senator from Tennessee proposes to add a section number, but not the substance of the section.

Mr. GORE. That is correct. Later, I shall offer the substance of the section. It has not yet been written.

Mr. HICKENLOOPER. I do not desire to interfere with the procedure of the Senator from Tennessee, but I wish to state that I have never known such a procedure to be followed.

Mr. GORE. Does the Senator from Iowa object?

Mr. HICKENLOOPER. It is impossible to know how to vote, when there is before the Senate an amendment merely proposing a new section number, and when the substance of the amendment is not before us. I shall be glad to be informed of the substance of the proposed new section. I earnestly hope the Senator from Tennessee does not wish to have added at this time merely a new section number, because if the proposal to insert the number were to be agreed to, but if subsequently the substance of the section were not agreed to, it would be necessary to eliminate the section number.

Mr. GORE. Mr. President, a little later I shall be glad to accommodate the wishes of the Senator from Iowa.

AMENDMENT OF BANKHEAD-JONES FARM TENANT ACT, RELATING TO INTEREST RATES ON CERTAIN LOANS

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 1276) to amend the Bankhead-Jones Tenant Act in order to increase the interest rate on loans made under title I of such act, which were, to strike out all after the enacting clause and insert:

That the Bankhead-Jones Farm Tenant Act, as amended (7 U. S. C. 1001), is further amended as follows:

(a) The words "less any prior lien indebtedness" shall be added at the end of and as a part of the parenthetical phrase of section 3 (a) (7 U. S. C. 1003 (a)), and the words "or second" shall be inserted after the word "first" where it appears in the first sentence of section 3 (a).

(b) The words "a rate of interest not in excess of 5 percent per annum as determined by the Secretary" shall be inserted in lieu of the words "the rate of 4 percent per annum" in section 3 (b) (2) (7 U. S. C. 1003 (b) (2)).

(c) The words "shall not be in excess of 4 percent per annum as determined by the Secretary" shall be inserted in lieu of the words "shall be 3 percent per annum" in section 12 (c) (4) (7 U. S. C. 1005b (c) (4)).

(d) The words "pursuant to section 43" shall be deleted from section 46 (7 U. S. C. 1020).

(e) Section 51 of said act (7 U. S. C. 1025) is amended to read as follows, except insofar as said section affects title III of the Bankhead-Jones Farm Tenant Act, as amended:

"The Secretary is authorized and empowered to make advances to preserve and protect the security for, or the lien or priority of the lien securing, any loan or other indebtedness owing to or acquired by the Secretary under this act, the act of August 14, 1946, the act of April 6, 1949, the act of August 28, 1937, or the item 'Loans to Farmers, 1948, Flood Damage' in the act of June 25, 1948, as those acts are heretofore or hereafter amended or extended; to bid for and purchase at any foreclosure or other sale or otherwise acquire property pledged, mortgaged, conveyed, attached, or levied upon to secure the payment of any such indebtedness; to accept title to any property so purchased or acquired; to operate for a period not in excess of one year from the date of acquisition, or lease such property for such period as may be deemed necessary to protect the investment therein; and to sell or otherwise dispose of such property in a manner consistent with the provisions of section 43 of this act."

And to amend the title so as to read: "An act to amend the Bankhead-Jones Farm Tenant Act, as amended, so as to provide for a variable interest rate, second mortgage security for loans under title I, and for other purposes."

Mr. AIKEN. Mr. President, Senate bill 1276 was passed by the Senate a year ago, and has just been passed, with amendments, by the House. The amendments of the House of Representatives put the bill in much better form than it was at the time when it was passed by the Senate.

I now move that the Senate concur in the amendments of the House of Representatives.

Mr. GORE. Mr. President, do I correctly understand that the minority members of the committee have agreed to the House amendments?

Mr. AIKEN. Yes, indeed. Furthermore, the amendments have been taken up with the majority and minority leaders of the Senate, as well as with the Senator from New Mexico [Mr. ANDERSON], who is presently on the floor of the Senate. The committee, so far as I know, unanimously favors the amendments adopted by the House of Representatives, which improve the bill.

Mr. GORE. Will the Senator from Vermont explain the House amendments?

Mr. AIKEN. Yes, Mr. President.

A year ago, when interest rates were rising, the Senate passed the bill authorizing interest rates of 4 or 5 percent on certain types of loans. The House of Representatives has amended the bill so as to provide for not more than 4 or 5 percent—a much better provision, because I think the interest rates have dropped a little since the Senate acted on the bill; and the purpose is to charge only whatever rate is necessary. The matter was gone into thoroughly by both the House and the Senate committees. I agree that the House version of the bill puts it in much better form.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Vermont that the Senate concur in the amendments of the House of Representatives.

The motion was agreed to.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. GORE. Mr. President, I desire to take a few moments to read into the RECORD an editorial from the Memphis Commercial Appeal, which will indicate to the Senate how strongly the people of that great city feel about the location of a steam plant in the immediate vicinity of Memphis, in view of the fact that the prevailing winds would blow the smoke from the plant directly over the city, and in view of other circumstances to which the editorial refers.

The editorial appeared on Sunday, July 11, under the title "Why We Oppose Powerplant Deal." I quote the editorial:

President Eisenhower has undertaken to give a private power combine a $107 million powerplant.

By Executive order he has directed the Atomic Energy Commission to underwrite it with taxpayers' money.

He has ordered acceptance of a proposal from this combine, the Middle South Utilities, Inc., and the Southern Co., which includes a guaranty of 9 percent on earnings.

At the end of 25 years the plant would belong to this combine.

This has been done without any effort at competitive bidding.

The plant would be situated in West Memphis, a part of our community.

Three years of a big contruction payroll would ring cash registers—for 3 years.

This 3-year gain will be lost many times in future years by higher prices for electricity because of undermining the Tennessee Valley Authority.

The principal purpose of this plant would be to keep TVA from building a plant.

TVA is being prevented from starting new plants necessary to serve its customers.

This policy has created a power shortage, principally because the Nation's defense is diverting so much TVA power.

The shortage is most severe in Memphis and the tightening shortage ahead will be worse here.

For the Government to give private power a plant at Memphis sets the stage for reducing the TVA power shortage by taking Memphis out of TVA.

We are on the extreme edge of TVA territory.

We see this proposed private powerplant at Memphis as the second step of a policy of which the third step would be forcing TVA out of Memphis.

We see it followed by another step in which northeast Mississippi would have to give up TVA, and another step taking TVA from the westward-sloping portions of west Tennessee.

Private power prices, or a crippled TVA forced to raise its prices, or small, locally owned plants—any of these would take from this community a purchasing power far higher and much longer than the 3-year construction payroll.

While power prices quiver under the assault of this plant, Memphis would be showered with fly ash and sulfur dioxide from boiler stacks.

We know modern combustion engineering can, if it is used, end the visible smoke and reduce fly ash and fumes, but it is only a reduction.

Ash and sulfur continue to come from the stacks, in particles reduced in size by the best engineering and therefore traveling greater distances.

This harmful waste from the boilers would be spread alike over Red Acres, Glenview, Fort Pickering, West Memphis, and all other Memphis communities.

This is a proposal to hand a power plant, to be paid for from the Nation's taxes, to a specific company.

This is a proposal for powerplant that would be 100 percent subsidy, while even TVA's most bitter critics can claim only a fractional subsidy in TVA powerplants, principally in the matter of freedom from Federal taxes on Federal property.

We consider this proposal would result in years of net harm to this community which would be so apparent in the future that we could be held responsible unless we raised the alarm now. We consider it to be a wasteful, unsound attempt at favoritism with the Nation's funds.

As citizens of Memphis and of the United States we protest because we must.

That ends the editorial in the Memphis Commercial Appeal of last Sunday.

Immediately below the editorial, and also on the editorial page, there is a collection of editorials under the heading "Why Others Oppose It." The first editorial in that group is from the Milwaukee Journal—quite a distance from Memphis. The editorial reads as follows:

A Senate judiciary subcommittee requests that the Atomic Energy Commission halt negotiations with a private power combine for electric power for its Paducah (Ky.) plant, ought to be heeded. Anything that will give opportunity to study the scrambled mess created by the negotiations is all to the good.

The story is this: AEC gets about 600,000 kilowatt-hours of electricity from the Tennessee Valley Authority. TVA power commitments require it to obtain more power. President Eisenhower, by executive order, has directed AEC to negotiate a firm contract with two private power concerns for construction of a plant to produce 600,000 kilowatts of electricity.

Mr. President, I digress from the reading of the editorial, to say that the Atomic Energy Commission receives far more than 600,000 kilowatts of electricity from the TVA. The contract for Paducah alone is for 1,200,000 kilowatts.

Continuing the editorial, Mr. President:

The plant would be built at West Memphis, Ark., 200 miles from Paducah. The power would be sold to TVA for use in the Memphis area to replace power now being sold to AEC by TVA.

There are a number of questions that need answers:

The AEC, by a 3 to 2 vote, opposed the plan ordered by the President. Is it proper for the President to overrule an independent agency in operating matters?

The President's order specifies the private combine with which AEC shall negotiate. Other private firms, as well as TVA, have offered plans for providing the needed power. Shouldn't matters of this kind—if TVA is ruled out—be handled by competitive bid?

AEC is unhappy because the President's plan will cost it more money than its present method of obtaining power. AEC estimates that power obtained under the President's plan would cost it at least $97 million more in the next 25 years than its present TVA power costs. Others estimate the added cost at $139 million.

Of this sum (the lower $97 million), TVA would have to pay about $1,360,000 a year and the AEC about $2,320,000 a year. That means that TVA customers would be charged for providing power for AEC. It means that AEC would not be allowed to operate as economically as it might. It means that both would be paying what amounts to subsidies to a private firm.

I digress to say again that this editorial is from the Milwaukee Journal. Continuing to read:

The private company, meanwhile, would be in a most happy position. It would get its contract without competition. It would get a guaranteed customer for 25 years. It would end up not only with an annual profit but owning a $107-million plant. If TVA built the plant, the Government would own it and save at least $97 million as well. If other private firms were allowed to bid, there is every indication that costs would be cheaper. For instance, one offer by private interests which was turned down would have provided the power for 25 years and turned the plant over to the Government. Is the President's order good economy?

Much is made by proponents of the plan that it will help stop creeping socialism and aid private enterprise. What kind of private enterprise is it that is given direct subsidy to the extent that all risk is removed from its venture?

AEC has always been notable for its lack of politics. It is now being shoved into the middle of a hot political fight. It is being used as a tool to curb TVA.

I remind my colleagues that these are not the words of the junior Senator from Tennessee. I am reading from an editorial published in the Milwaukee Journal:

It may be that TVA should not expand. But, should AEC, which has the great job of handling our vital atomic and hydrogen developments, be pushed into a fight which does not concern it?

TVA does not have authority to enter into long-term contracts to buy private power under the law. AEC does have that authority. The law says that it may make 25-year contracts for power in connection with its installations at Paducah, Oak Ridge, and Portsmouth, Ohio. Is it proper to stretch that language to cover a plant 200 miles away which would not provide power to AEC but to TVA?

The President said in Memphis in 1952 that he would not "impair the effective working out of TVA." Not too long ago he called TVA an example of creeping socialism. He said at a press conference the other day that TVA's future would be 'studied. Well and good. Even TVA's most rabid supporters cannot object to a fair study of TVA's place in the future.

But isn't the strange order telling AEC to negotiate with the private combine prejudging TVA's place in the future? And, even if one accepted the idea of TVA critics that the project is creeping socialism and a monstrosity, isn't the new proposal merely creating another monstrosity supported by the creeping socialism of full subsidy?

The next editorial listed is from the Washington Post and Times Herald, also located far from the city of Memphis and from the Tennessee Valley. It reads as follows:

President Eisenhower's letter instructing the Atomic Energy Commission, in effect, to purchase power from certain private utility companies is unfortunate from every point of view.

As a matter of administration, this kind of interference with the independent judgment of a commission is mischievous.

In terms of business practice, it is an uneconomic arrangement, certain to prove costly to American taxpayers.

Considered as policy, it seems to reflect a doctrinaire preference for private power instead of public power, regardless of the needs and problems of a specific situation.

Through the Bureau of the Budget, the President has virtually ordered the AEC to do what 3 of its 5 Commissioners actively oppose and what the other 2 regard if not with misgivings at least without fervor. The new private powerplant will serve as a justification for denying TVA the funds it has requested for the purchase of steam plants to meet the power needs of the AEC and of area residents.

It is really a fight for TVA's life.

There have been few American achievements of the 20th century which have contributed more to the public welfare than TVA's achievement in harnessing the Tennessee River and its tributaries for the welfare of the valley's residents.

That magnificent American development must not now be stifled out of a mere doctrinaire opposition to public power and a nightmare fear of creeping socialism.

Next I read an editorial from the Louisville Courier-Journal, also outside the Tennessee Valley, but a great journal serving a State encompassing a part of the Tennessee Valley.

It reads as follows:

President Eisenhower and the Republican Congress teamed up in an attack on the Tennessee Valley Authority that threatens to destroy not only TVA but the entire public power structure.

The attack was launched to the trumpet calls of economy and "protection of free enterprise." But behind this smokescreen loomed the unmistakable outline of the spoilers.

We seriously doubt that the President, who has appeared in the past to use the phrases of the private-power people without fully understanding their meaning, now understands fully the implications of the plan he proposes.

The situation has the makings of a sellout to dwarf the tidelands oil giveaway.

I read an editorial likewise reprinted in last Sunday's Memphis Commercial Appeal, from the Anderson (S. C.) Independent, which is also outside the Tennessee Valley:

The President's action is not surprising in itself. The surprising thing is the arrogance with which the public interest is shoved aside in favor of paying off political debt to the power interests that helped elect him.

The action is also in straight contradiction of Candidate Eisenhower's promise to balance the national budget and relieve the burden of the taxpayers, for here we have him deliberately spending $3,685,000 more than necessary every year for 25 years.

Special interests are in the saddle, riding hell for leather to gouge the American people of their natural heritage and property built with their tax money. Is this the moral crusade we were promised?

I now read an editorial likewise reprinted in last Sunday's Memphis Commercial Appeal, from the Trenton, N. J. Evening Times:

Considered from any angle, President Eisenhower's letter to the Atomic Energy Commission is a mistake.

The arbitrary interference with the independent judgment of the AEC is a questionable practice. Unless Congress intervenes, it may well mark the beginning of the end for one of America's greatest social and conservation achievements of the 20th century.

The next editorial is from the Nashville Tennessean. It reads:

The AEC will be responsible for fantastic concessions to the private power syndicate. This governmental agency, it is revealed, will pay all State, local, and Federal taxes on the private plant. Moreover, it will be required to pay one-half of the cost of the plant over $107,250,000 and up to $117 million.

The net effect of this brazen deal will be to block needed TVA expansion, and to guarantee the participating companies a huge built-in profit at the expense of the American taxpayer.

In ordering this incredible contract, President Eisenhower not only has reemphasized his hostility to public power but has demonstrated the hollowness of his platitudes about encouraging local private interests to develop power projects.

For Middle South Utilities, Inc., and the Southern Co. are not local interests but are holding companies with headquarters in New York.

Mr. President, I have a series of editorials published in newspapers from the Atlantic to the Pacific, from the Canadian border to the gulf, which I shall read later for the edification, I hope, of Members of the Senate. I shall not at this moment further intrude upon the Senate by reading them, but I shall take them up in turns.

I ask unanimous consent to withdraw my amendment.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. ANDERSON. Mr. President, if it is agreeable to the Senator from Tennessee, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. ANDERSON. Mr. President, in addition to the things which will relate exclusively to the Dixon-Yates contract, I desire to mention several provisions in the bill itself which I think ought to persuade Members of the Senate that this is an extremely important piece of proposed legislation, that it should be most carefully considered, and that it should not be quickly passed. By that I do not mean that action needs to be unduly delayed, but I believe it is of sufficient importance so that the Members of the Senate will see an obligation to read the bill, at least, and will decide that there are things in it which might cause them to pause and ask some questions before it becomes the law of the land.

Mr. President, I want to commend the statement made last night by the distinguished senior Senator from Iowa [Mr. HICKENLOOPER], once chairman of the joint committee on atomic energy and a valuable member of it for many years. He tried to show, as I hope I shall be able to show, that what we discussed in connection with the bill is not political, and it is certainly nonpartisan. We are all interested in trying to produce a better bill. I am happy that the committee worked at it for a long time and tried its best to bring forth amendments to which we all thought we could subscribe.

What I am trying to say now is that, upon further study of the bill, things occur to us which did not seem to be apparent while we were in the committee sessions. Someone might ask, "Why did you not try to correct it when the bill was in the committee?" I can only say that after we have discussed the provisions of a bill for a great many days, the language appears somewhat different from what it may appear some days later.

For example, Mr. President, on page 23 of the bill, beginning at line 3, there appears section 44, which applies to byproduct energy, and provides:

If energy which may be utilized is produced in the production of special nuclear material at production or experimental utilization facilities owned by the United States, such energy may be used by the Commission, or transferred to other Government agencies, or sold to publicly or privately owned utilities or users at reasonable and nondiscriminatory prices. If the energy produced is electric energy, the price shall be subject to regulation by the appropriate agency, State or Federal, having jurisdiction.

At the time I read that language in the committee and when we were considering the draft, it seemed to me it related only to what might happen to certain byproducts, but as I now read it I wonder if it does not affect the development of power as power by the Atomic Energy Commission. I wonder if it does not provide that the Atomic Energy Commission shall never build a test plant of its own to see whether it can utilize for civilian uses this great new source of energy. If the primary or sole purpose of a plant is the production of electric energy, then I believe, under this language, it is barred, and I think that might be a very serious thing which we may want to consider.

Mr. GORE. Mr. President, will the Senator read that language again?

Mr. ANDERSON. I shall read it again, and I want to say to the Senator from Tennessee that I read the language over and over in the committee and thought we were discussing only byproduct energy which might be developed in connection with a thermo-nuclear plant or a plant which was developing plutonium. The language provides:

If energy which may be utilized is produced in the production of special nuclear material at production or experimental utilization facilities owned by the United States, such energy may be used by the Commission, or transferred to other Government agencies, or sold to publicly or privately owned utilities or users at reasonable and nondiscriminatory prices.

There is now a question in my mind as to whether this would bar the construction of a facility to develop power for power's own sake.

Mr. HICKENLOOPER. Mr. President, will the Senator from New Mexico yield for a question?

Mr. ANDERSON. I yield.

Mr. HICKENLOOPER. With reference to the Senator's concern about this particular provision of the bill, I join with him and will say that I also read this provision any number of times in studying the bill in committee. I assumed then and I assume now that the provision is intended by the committee to apply to a case where in an experimental development certain amounts of electricity being produced in an atomic program will not have to go to waste. The Government could, if there was any outlet, use this byproduct material in connection with its general experimental and developmental operations. I do not myself assume that it is a prohibition against the Commission doing such things as it may already have the authority to do. In other words, I do not consider it to be a new bar against some power which the Commission already has.

Mr. ANDERSON. I thank the able Senator from Iowa. I am trying to make some legislative history on the point, and I think it should be made certain that we do not intend to bar the possibility that the Atomic Energy Commission can erect its own pilot plants and try to find peacetime users for atomic energy.

Mr. HICKENLOOPER. Mr. President, will the Senator from New Mexico yield further?

Mr. ANDERSON. I yield.

Mr. HICKENLOOPER. I should like to make myself clear as to my understanding of this matter. I do not believe the Commission is barred at this time from erecting experimental plants in the field of the development of atomic power. I am quite sure the Commission has that authority. I think the law is clear on that point. In the preparation of the pending bill I do not believe there was any intention, indeed, I am quite sure there was not, to place any bar on the authority of the Commission which it already possesses.

I feel that I can assure the Senator that this section is an attempt to reach a situation where some byproduct material might be produced under certain circumstances and might have to go to waste unless a possible means of securing some sale value from it, although not very much, were provided.

Mr. ANDERSON. I hope that is the purpose of it and that it has that objective.

I now come to another provision of the bill which I think is of much greater importance. It is on page 41, under chapter 9, which deals with the military application of atomic energy.

Mr. HICKENLOOPER. Mr. President, will the Senator from New Mexico yield further?

Mr. ANDERSON. I yield.

Mr. HICKENLOOPER. I should like to read the language again in section 44, beginning in line 4: "is produced in the production of special nuclear material at production of experimental utilization facilities."

It seems to me that connotes that the Commission may build production facilities, because it specifically says it has power to produce special nuclear material at production or experimental utilization facilities.

Mr. ANDERSON. Yes, but I call the Senator's attention to the fact that in the development of atomic weapons and the manufacture of nuclear fuel, there are only two types of facilities. One is experimental, and the other is for production. So this provision covers the whole field.

I now wish to turn to section 91 of chapter 9, Military Application of Atomic Energy.

Mr. GORE. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. GORE. Before the Senator leaves the section relating to the development of power, would he inform me and other Senators if the bill contains the preference clause for municipal and other public bodies, which is usually written into Federal power bills, and which has been a part of the Federal power policy for a good many years past?

Mr. ANDERSON. I feel the need to have the general counsel with me, but I think the bill does not contain such a provision.

Mr. HICKENLOOPER. I beg the Senator's pardon. I did not hear his statement.

Mr. ANDERSON. I was only going to say to the junior Senator from Tennessee that, not being a lawyer, I have long since learned that I should consult with someone else when a question of this nature arises.

I have been advised that my answer is correct. The bill does not contain such a provision. I feel reinforced in my opinion on learning that the bill does not contain such a provision.

Mr. GORE. Mr. President, will the Senator further yield?

Mr. ANDERSON. I yield.

Mr. GORE. Does not the Senator from New Mexico think that that omission is a matter of great import?

Mr. ANDERSON. I attempted to say last night that I felt the bill was not something to be passed in a couple of hours. If the Congress of the United States, and particularly the Senate now, decides that it wants to eliminate preference clauses, that is all right. If the majority vote to do that, then I say it is proper. But I think Congress ought to know what it is doing.

I may say to the Senator from Tennessee that I do not believe any of the ordinary preferences which apply to falling water, for example, are included in the bill at all. That may be the way it should be. It may also not be the way it should be. At least, there is a difference of opinion in the United States Senate and throughout the country as to whether such preference clauses belong in this type of legislation.

I visualize a day, not very distant, when the generation of power from nuclear energy will be far more important than all the water power which now exists in the United States. When that day comes, the preference clauses may be of great importance or the absence of preference clauses may be of great importance.

I am merely trying to say to my able and distinguished colleague that if Congress decides to eliminate preference clauses, I shall not interpose objections, one way or the other. I shall vote as I have always voted. But Congress should know what it is doing; and whatever it does, it should do with its eyes wide open; and it ought to say, if that is to be its decision, that in the great field of nuclear energy preference clauses will not exist hereafter, so far as the production of electrical energy from nuclear materials may be concerned.

Mr. GORE. Mr. President, will the Senator further yield?

Mr. ANDERSON. I yield.

Mr. GORE. The Committee on Public Works spent a good long while debating and considering the inclusion of a preference clause in a bill providing for the hydroelectric development of Niagara Falls or a part of Niagara Falls. Yet the Senate has before it a bill relating to power potentialities so great as to render infinitesimal the power potentialities of Niagara.

The able Senator from New Mexico has spoken of the potentialities which he foresees. Is it not possible that in future years the generation of power by atomic energy may not only equal, but also supplant the hydroelectric and other orthodox methods of the generation of power?

Mr. ANDERSON. As the Senator already knows, I am neither a scientist nor a good prophet, but I have a right to guess.

Mr. GORE. I have only asked the Senator, is not that possible?

Mr. ANDERSON. It is my opinion that the possibilities for the development of nuclear power hold more promise in certain sections of the country than the development of hydroelectric power has held, for example, in the great Northwest.

Let me state that in another way. We have all been disturbed, sometimes, about the flight of industry from certain of the New England States. In part the reason for that flight is the availability of cheap power in the Tennessee Valley area, and the abundance of cheap power in the area centering around Bonneville Dam, Grand Coulee Dam, and the other industrial areas of the West.

I think it is entirely possible that electric energy developed from nuclear resources may make it possible for current to be developed in the New England States at a level comparable to, and eventually below, the hydroelectric rate now prevailing in the great Northwest.

Mr. GORE. Mr. President, will the Senator further yield?

Mr. ANDERSON. I yield.

Mr. GORE. The Senator has again drawn a comparison between power generated by atomic energy and hydroelectric development of power. The flowing stream is regarded as a natural resource belonging to the people. Therefore, for many years, so far as I can now recall, every single power bill which has been enacted relating to the use of the natural resource of the flowing water has contained a preference clause for the benefit of public bodies, municipal systems, State-owned systems, and REA's.

Are plutonium and uranium, refined at the taxpayers' expense, any less natural resources belonging to the people than the water in a flowing stream?

Mr. ANDERSON. In general, I think they are no more or no less a resource than is the falling water.

I point out to the Senator that it is difficult to get too far into this field, because there are various other factors relating to values; but I say to him that certainly, in general, the citizens of the United States have some rights to atomic energy power, because they paid the $2 billion to get it started, and they put up the next $10 billion to make it a great industry. So this $12 billion industry is something which should be utilized for the benefit of all the people of the United States and that can be done if some control is kept over the development of the power which flows from it.

I now turn to section 91, of chapter IX. Paragraph (b) reads as follows:

The President from time to time may direct the Commission (1) to deliver such quantities of special nuclear material or atomic weapons to the Department of Defense for such use as he deems necessary in the interest of national defense or (2) to authorize the Department of Defense to manufacture, produce, or acquire any atomic

weapon or utilization facility for military purposes.

I may be wrong, but this, in my opinion, brings back again the old fight of 1946, as to whether the utilization of atomic energy shall be placed in the hands of the military, or shall be under civilian control. The present law reads quite differently. It provides:

The President from time to time may direct the Commission (1) to deliver such quantities of fissionable materials or weapons to the Armed Forces for such use as he deems necessary in the interest of national defense or (2)—

These are important words—

to authorize the Armed Forces to manufacture, produce, or acquire any equipment or device utilizing fissionable material or atomic energy as a military weapon.

The difference between the two wordings is this: Under the old wording, the President might authorize the Armed Forces to manufacture equipment or devices which would utilize atomic energy as a weapon. The proposed language would permit the President to authorize the Department of Defense to manufacture, produce, or acquire any atomic weapon. I think it is very serious to say that we will change the procedure under which atomic weapons are now being manufactured, and to put their control back under the military, when in 1946 Congress provided for the civilian control of atomic energy.

In my opinion, the proposed language would give the military jurisdiction over, for example, the Sandia Laboratory, in my home city, but not over Los Alamos Laboratory, which is close by. To me that does not make too much sense. I think the Atomic Energy Commission, which operates both facilities, should continue to operate both of them. It seems to me that in the discussions in the committee it was never intended to transfer to the Department of Defense the right to manufacture, produce, and acquire atomic weapons.

I wanted to see this question raised, so we can think about it as we consider the bill.

Mr. HILL. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield to the Senator from Alabama.

Mr. HILL. Does the committee have much, or any, testimony to the effect that the military should be permitted to manufacture atomic weapons, that such authority should be transferred and taken out of the hands of the Atomic Energy Commission and put into the hands of the military?

Mr. ANDERSON. If I should be led into a discussion of that question, I could hardly do so without entering a field which I am forbidden to discuss. There is some justification for allowing the military to do certain things in connection with atomic weapons. I feel that the authority granted is pretty broad, and that perhaps it ought to be further restricted. I do not say it is wholly bad, but I say I would hesitate very much to include any provision which might result in a renewal of the old fight of 1946, so that we would revive it again at this late date.

Mr. HILL. Will the Senator yield further?

Mr. ANDERSON. I yield.

Mr. HILL. One of the biggest controversies in Congress over the passage of the act was with regard to the question of whether or not the Atomic Energy Commission was to be under military rather than civilian control.

Mr. ANDERSON. I think it was. I was not a Member of either House of Congress at that time, but, in another capacity, I was trying to distribute food around the world. Nevertheless, I am sure that was a very important consideration, and I cannot too strongly commend the Members of the Senate and the House who insisted upon civilian control. I hope the activity will remain under civilian control.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. I call to the attention of the Senator the fact that the particular portion of section 91 to which he has just referred, subparagraph (2), is actually a restatement of the existing law. If he will consider the definition of atomic weapons as contained in the law, I think he will find that the use of the words "atomic weapons" results in shortening the provision of the present law, and does not, in fact, alter or change the definition down to that point.

The one material change which can be pointed out in the new section is the use of the words "utilization facility." Those words were placed in that section for the purpose of covering either the delivery or carrying devices which are peculiar to the Military Establishment.

The point the Senator from New Mexico has raised was discussed at length in the committee, and a great deal of thought was given to the very careful wording employed. I assure the Senator it was not the intention of the committee to make any fundamental alteration in the existing law, or to enlarge the scope of it to such a point that the fears of the Senator should be aroused.

The words "utilization facility" were used in the section so as to include, let us say, the submarine *Nautilus*. That is a utilization facility in which atomic devices are carried; that is, the whole submarine becomes a utilization facility. A special airplane, for example, designed especially to transport an atomic bomb, and being utilized very little for any other purpose, would be a utilization facility.

Mr. ANDERSON. I thank the Senator. I think the history which the Senator has stated is useful, but, as I said in the committee, I believe the language could be clarified. It provides that the President may authorize the Department of Defense to manufacture any atomic weapon, and when I read the definition of atomic weapon, I find it means any device utilizing atomic energy. I have been right on hand in one of our assembly plants when the workers have been assembling an atomic bomb, and I believe I know what an atomic weapon is. It strikes me that when the language says that the Department of Defense may manufacture an atomic weapon, it means the Army may manufacture a bomb.

Mr. HICKENLOOPER. If the Senator will yield, I should like to call to his attention that at the end of subdivision (2), which we have been discussing, there is a proviso which reads:

Provided, however, That such authorization shall not extend to the production of special nuclear material other than that incidental to the operation of such utilization facilities.

That proviso was put into that section with the specific intent of preventing the military arm of the Government from going into the business of producing special nuclear material for weapons.

Mr. ANDERSON. I again thank the Senator, but I point out to him that the production of special nuclear material has very little relation to the manufacture of an atomic bomb. I think the Senator and I know where atomic bombs are manufactured. He and I know that in the place where they are manufactured no special nuclear material is produced.

Mr. President, if I may pass on to section 102, it reads:

Whenever the Commission has made a finding in writing that any type of utilization or production facility has been sufficiently developed to be of practical value for industrial or commercial purposes, the Commission may thereafter issue licenses for such type of facility pursuant to section 103.

The language of the provision sounded all right, and probably is all right, but it does suggest that, once the Commission makes its findings, it can issue licenses to produce nuclear power. What is to stop the granting of dozens of licenses thereafter? The minimum requirement should be that the Commission should hold hearings and let the public know what the Commission plans to do.

I do not say this should not have been considered earlier, but it was called to my attention when I received in the mail for release in the morning newspapers for Tuesday, July 13, an announcement by the Atomic Energy Commission that "AEC and North American Aviation will share the cost of sodium graphite reactor experiment." It says:

The first sodium-graphite reactor in the United States will be developed and constructed in a project sponsored jointly by the Atomic Energy Commission. * * * The project, a new step toward the development of atomic nuclear power, will cost about $10 million.

I do not see how the public knew this contract was going to be awarded, because I do not think any member of the Joint Committee on Atomic Energy knew it was going to be awarded. If there is no chance that the members of the joint committee will hear about such contracts, I do not see how the public will hear about them.

This is an important field. It seems to me the reactor is a little small. It may be that it is exactly the right size, but it appears to me we ought to have the fullest possible publicity in connection with the granting of the licenses.

While I am not trying to quarrel with the provision of the section, I believe it

would be wise, so far as it could be done, to make provision so that the greatest possible amount of public good may result from the granting of the licenses. If enough provisions to safeguard that objective have been written into the bill, I am satisfied. If not, I think we ought to try our best to write sufficient provisions into the bill.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. HICKENLOOPER. I call the Senator's attention to the fact that section 102 refers to the granting of licenses, whereas the illustration of the contract with North American to which the Senator has just referred is a matter of contract.

Mr. ANDERSON. I concede that.

Mr. HICKENLOOPER. In the matter of licenses, I call the Senator's attention to chapter 16 of the bill, which sets forth the provisions for consideration of the licenses according to standards of equity and fairness. Under the Administrative Procedures Act, notice is provided for. I believe that if all the provisions are considered together, very ample protection is provided against any secret or precipitate deals.

Mr. ANDERSON. I appreciate the suggestion of the able Senator from Iowa; but now he has mentioned chapter 16, which provides for judicial review and administrative procedure. Section 181 reads in part as follows:

SEC. 181. General: The provisions of the Administrative Procedure Act shall apply to "agency action" of the Commission, as that term is defined in the Administrative Procedure Act .

And so forth. I read that, and I thought it meant that the provisions of the Administrative Procedure Act in relation to hearings automatically become effective in connection with the granting of licenses by the Commission. But, unfortunately, the Administrative Procedure Act, when we read it—and again I say I read it as a layman, not as a lawyer—does not require a hearing unless the basic legislation requires a hearing. If the basic legislation does require a hearing, a hearing is required by the Administrative Procedure Act. But in this case the basic legislation does not require a hearing, so the reference to the Administrative Procedure Act seems to me to be an idle one.

I merely am trying to say that I believe these things should be carefully considered.

Mr. GORE. Mr. President, will the Senator from New Mexico yield?

The PRESIDING OFFICER (Mr. BARRETT in the chair). Does the Senator from New Mexico yield to the Senator from Tennessee?

Mr. ANDERSON. I yield.

Mr. GORE. In whom is the discretionary authority vested?

Mr. ANDERSON. In the Commission, I believe. As I have said, it may be that I have misread the bill; it may be that the bill requires a hearing. But because I feel so strongly that nuclear energy is probably the most important thing we are dealing with in our industrial life today, I wish to be sure that the Commission has to do its business out of doors, so to speak, where everyone can see it.

Although I have no doubt about the ability or integrity of the members of the Commission, I simply wish to be sure they have to move where everyone can see every step they take; and if they are to grant a license in this very important field, where monopoly could so easily be possible, I think a hearing should be required and a formal record should be made regarding all aspects, including the public aspects.

Mr. GORE. Mr. President, will the Senator from New Mexico yield further to me?

Mr. ANDERSON. I yield.

Mr. GORE. What protection does the bill provide, to preserve the integrity and independence of the Commission? If the Commission reaches a formal decision which it considers to be in the public interest, is the committee satisfied that the Commission could not be overruled by means of a telephone call from a member of the White House staff or from some other source; or does the Senator from New Mexico think that under certain precedents recently established, the Commission might be in danger of being overruled on the matters upon which it reached a decision in public, as the Senator from New Mexico has suggested?

Mr. ANDERSON. Of course, the Senator from Tennessee is now referring to the Dixon-Yates contract and the related matter.

Mr. GORE. I do not wish to hurry the distinguished Senator from New Mexico into a discussion of that subject; I know he will reach it in due time. But inasmuch as so much power is vested in the Commission, and inasmuch as the able Senator from New Mexico has placed such great store upon the decisions of the Commission and upon the manner in which the Commission will reach its decisions, I believe it pertinent to inquire what protection the bill throws around the Commission, in which so much discretionary authority is vested.

Mr. ANDERSON. I should like to say to the Senator from Tennessee that I thought the Commission was a completely independent body. The members are nominated by the President and are confirmed by the Senate, after a hearing regarding their qualifications and ability to perform their responsibilities; and the members have complete authority to transact the business of the Commission.

I am somewhat disturbed by the Dixon-Yates contract, but I hope it will not constitute a precedent in regard to what may happen in the future.

Mr. HICKENLOOPER. Mr. President, will the Senator from New Mexico yield to me?

Mr. ANDERSON. I yield.

Mr. HICKENLOOPER. I wonder whether the Senator from New Mexico does not feel that sufficient protection is afforded in section 181 and in section 182–b. In that connection, I should like to have the Senator from New Mexico refer to section 182–a, on page 85, beginning in line 9, from which I now read, as follows:

Upon application, the Commission shall grant a hearing to any party materially interested in any "agency action."

So any party who was materially interested would automatically be afforded a hearing, upon application for one.

Then, in section 182–b this provision is found:

b. The Commission shall not issue any license for a utilization or production facility for the generation of commercial power under section 103, until it has given notice in writing to such regulatory agency as may have jurisdiction over the rates and services of the proposed activity, and until it has published notice of such application once each week for 4 consecutive weeks in the Federal Register, and until 4 weeks after the last notice.

Mr. ANDERSON. Mr. President, I may say to the Senator from Iowa that when in committee we discussed this language, I thought it was sufficient. I still think it ought to be sufficient. But I do not find myself able to tie the Administrative Procedure Act to this requirement of the bill.

To return to section 181 and the portion on page 85 reading—

Upon application, the Commission shall grant a hearing to any party materially interested in any "agency action"—

Let me say I think it is important to tell who may be interested, and therefore the widest publicity is necessary. For example, if the Commission were going to grant a franchise to enable someone to establish a new plant inside the Chicago area, there might be many persons who would be interested, but they would not know that the matter was under consideration. I am trying to say that the people who are interested will not be reached unless they are given notice. I say again to the Senator from Iowa that nothing in the section may need changing. I am merely stating that, upon a second reading, some doubts arise, and I wonder what the section actually provides.

Mr. President, I intend to discuss, perhaps at considerable length, the proposed contract between Dixon-Yates and the Atomic Energy Commission. So far as I know, the material relating to that matter is not yet in the RECORD. Therefore, I ask unanimous consent that a letter and exhibits submitted by Middle South Utilities and the Southern Co. to the Atomic Energy Commission, under date of April 10, 1954, be printed at this point in the RECORD.

There being no objection, the letter and exhibits were ordered to be printed in the RECORD, as follows:

APRIL 10, 1954.

ATOMIC ENERGY COMMISSION,
Washington, D. C.
(Attention: Gen. K. D. Nichols, General Manager.)

DEAR SIRS: In response to the suggestion in the President's budget message that the power industry might furnish 500,000 to 600,000 kilowatts to your Commission by the fal lof 1957, Middle South Utilities, Inc., and the Southern Co. submitted a proposal to you under date of February 25, 1954. It was our understanding of the budget message that this power was desired in order to reduce the commitments of Tennessee Valley Authority to your Commission for service at Paducah, with a resultant reduction in the amount of capital expenditures which would have to be budgeted for TVA. Our proposal was designed to accomplish that purpose.

As you know, our February 25 proposal was formulated upon short notice and on the basis of data which was not as complete as is desirable in connection with such a matter. Since February 25, we have acquired additional information and have had time for further study. As a result, we are pleased to be able to make an offer to your Commission on a more favorable basis. Accordingly, we hereby withdraw our letter of February 25, 1954, and submit to you the proposal set forth in this letter and the accompanying appendix.

Our proposal provides for rates, exclusive of taxes, having a base annual demand charge of $14.62½ per kilowatt-year, subject to variation up or down in case of increase or decrease in actual cost of construction as compared with the present estimate, with a maximum increase of 47½ cents per kilowatt-year. The base-energy charge is 1.863 mills per kilowatt-hour, which is estimated cost, subject to variation up or down in case of increase or decrease in fuel costs and wage rates.

In considering our proposal for purposes of comparison, it is important to bear in mind that there are two classes of factors to be weighed. One class includes those where a Government agency enjoys advantages not available to private industry and with which private industry cannot hope to compete—Government credit, freedom from taxation, certain subsidies, etc. The other class of factors has to do with performance. As to the latter, private industry can perform at least as well as Government and is willing to face any fair comparison. In the present proposal an attempt has been made, insofar as possible, to separate these two classes of factors so that a fair comparison may be made.

It is, of course, impossible to know now, on the basis of presently estimated cost, what the actual ultimate cost of a new plant will be. The effect of our proposal, however, is to provide that if the actual construction cost is less than anticipated the Government is to participate equally with us in the benefits from such reduction. Its effect also is to provide that if the construction cost exceeds the estimate, the resulting increased costs are to be divided equally between us and the Government, except that there is a guaranteed maximum above which the Government does not bear any such additional costs and we bear them all. Thus the Government is provided with a ceiling—we with an incentive to benefit the Government as well as ourselves.

Under our proposal, a new corporation to be formed by us will make the expenditure to build the plant, and the taxpayers will make only annual payments related to the annual cost of supplying the power for the 25-year period of the contract. Moreover, if the Government's need for this power should for any reason come to an end, the Government may terminate its contractual obligation on a reasonable basis and thereby relieve the taxpayers of any further payments on account of power their Government no longer needs or uses.

Every consideration has been given to the fact that a 25-year contract with the United States Government, acting through your Commission, will tend to lower the cost of money to the new corporation. Full allowance has been made for the lesser risk of a Government contract as compared with risks in normal situations involving relatively short-term contracts with ordinary businesses. As is indicated in the Appendix, we have also given full consideration to the fact that the power involved will be utilized by the Government itself for a purpose related in the main to defense. Naturally, under such special circumstances, we are able to finance with a substantially larger proportion of long-term debt than would be permitted by regulatory authorities in a normal public-utility situation. Moreover, we are willing and able to go further in this special defense situation than we otherwise would.

As stated above, our proposal has been formulated with the end in view of supplying power and energy to your Commission, an agency related in the main to national defense, for use in pursuance of your statutory purposes. At the same time, however, we have attempted by our proposal to assist the Government in the solution of a broader overall problem. TVA testimony before congressional committees indicates that the power released by your Commission upon acceptance of our proposal will be of use to TVA in west Tennessee, and particularly in the Memphis area. It will, therefore, be both practical and economical if deliveries by our new generating company are made to you or for your account over interconnections with TVA in the Memphis area, and if TVA, in turn, delivers a like amount of power to your Paducah facilities from its Shawnee station. To do this the facilities of the new company will be located near Memphis. This plant site will have the following advantages: (a) It will locate the plant where fuel can be readily obtained via the Mississippi River or by rail; (b) it will locate the plant where interconnections can be readily made with major power systems; (c) it will make it unnecessary for TVA to build transmission lines back from Shawnee to the Memphis area, thus avoiding assessment of further amounts against taxpayers for this purpose; and (d) the additional capacity will not be built in the Paducah area which, if the AEC demand were canceled, would be oversupplied with power.

Both the Middle South system and the Southern Co. system have regularly delivered substantial blocks of power to TVA over existing interconnections. If interim power is desired, the undersigned are prepared to negotiate a separate definitive agreement for such purpose.

We have received assurances from responsible financial specialists expressing the belief that financing can be arranged on the basis which we have used in making this proposal and under existing market conditions, and our office is conditioned upon the arranging of such financing. Our proposal is also subject to our securing appropriate Treasury Department rulings or agreements with respect to the sinking-fund depreciation upon which the computations underlying our proposal are predicated.

The attached appendix sets forth an outline of additional matters in our proposal, including the more important provisions which will be embodied in a contract growing out of it. We are ready to negotiate a definitive contract at your early convenience.

Very truly yours,

MIDDLE SOUTH UTILITIES, INC.,
By E. H. DIXON, *President.*
THE SOUTHERN CO.,
By J. M. BARRY,
Chairman of the Executive Committee.

PRICE

Capacity charge: A base capacity charge of $8,775,000 annually, payable one-twelfth monthly for contract capacity of 600,000 kilowatts, subject to adjustment as follows:

(a) For cost of seller's initial facilities: Plus or minus 50 percent of an amount computed at the rate of $58,550 annually for each $1 million by which the sum of (i) the cost of seller's initial facilities and (ii) $1,135,000, the estimated cost of transmission additions required in the Middle South system in connection with the proposed transactions is greater or less than $107,250,000: *Provided, however,* additions to base capacity charge shall not exceed $285,000.

(b) For no-load fuel: Plus or minus an amount computed at the rate of $3,500 per month for each 1 cent by which the cost of coal delivered (unloaded) at seller's plant is greater or less than 19 cents per million B. t. u.

(c) For power factor of less than 93 percent: The monthly payment for capacity shall be increased in the ratio of the maximum kilovolt-ampere at the primary delivery points during any 30-consecutive-minute interval, to 645,000 kilovolt-ampere.

Energy charge: 1,863 mills per kilowatt-hour delivered at primary and secondary delivery points, subject to adjustment as follows:

(a) For cost of coal: Plus or minus an amount computed at the rate of one-eleventh mill per kilowatt-hour for each 1 cent increase or decrease above or below 19 cents per million B. t. u. in the cost of coal (including any taxes and other imposts assessed against the coal, its extraction, sale, transportation, use, or otherwise) delivered (unloaded) at the company's generating station near West Memphis, Ark.

(b) For cost of labor and other operating and maintenance expenses for each 6-month period beginning with January or July: Plus or minus an amount computed at the rate of one one-hundredth mill per kilowatt-hour for each 4-cent increase or decrease above or below $1.97 in the 6-month average of hourly earnings of production workers in gas and electric utility industries, as compiled by Bureau of Labor Statistics for the preceding 6-month period ending with March or September. Such adjustment shall be made as though not less than one-twelfth of 4 billion kilowatt-hours were delivered each month, whether or not actually delivered.

Other conditions: (1) This offer is subject to approval of regulatory bodies having jurisdiction and to force majeure. In the event of new laws, orders or regulations or changes in existing applicable laws, orders or regulations adversely affecting wage rates, hours of work or other conditions, or active hostilities, any of which shall result in increased costs hereunder, the effect of such changes shall be incorporated in any contract resulting from this offer to the end that the rights of the seller shall not be impaired by such changes, and the parties will enter into appropriate amendments of such contract to that end.

(2) In consideration of the fact that seller's production, delivery, and other initial facilities are to be installed primarily for the purpose of making deliveries to or for the account of the buyer, and that the base prices and adjustments for the service to be provided hereunder do not include any taxes except those referred to below in clause (a), it is understood that the buyer will pay such additional amounts for capacity and energy as will result, after the payment by seller of Federal, State, and local taxes, licenses, fees, and other charges in the seller having net operating revenue (as such term is defined or derived under the presently applicable Federal Power Commission uniform system of accounts) in the same amount as seller would have had if seller were not liable for any taxes, licenses, fees, and other charges; *Provided, however,* That—

(a) inasmuch as the taxes hereinafter referred to are included in other reimbursable costs or charges, buyer shall not be required to pay to seller any additional amounts on account of taxes at current rates in the category commonly called social-security taxes (such as State unemployment, Federal unemployment, Federal old-age benefit, or similar taxes) currently applicable to payrolls; nor shall buyer be required to pay to seller any additional amounts on account of sales and use taxes on operating supplies, taxes, and other imposts assessed against the coal, its extraction, sale, transportation, use or otherwise, at currently applicable rates, in-

cluding Federal, State, and local taxes on gasoline, tires, oils, stationery, etc.; and

(b) All the seller's initial facilities are to be first devoted to service to buyer, up to the contract capacity, but seller may make use of initial facilities for purposes other than the supply of capacity and energy to or for buyer at such times and to such extent as such service to buyer does not prevent such other use; and to the extent that the initial facilities are so used for such other purposes and seller derives income therefrom and incurs tax liabilities as a result thereof, such tax liabilities shall be discharged at the sole cost and expense of seller. Seller will maintain records of the revenue derived from such other use, and the incremental cost of generating such energy, so that the tax liabilities arising out of such other use may be determined and excluded from bills payable by buyer.

(3) Buyer will take service on not less than minimum schedule and shall not be entitled to service at any rate greater than contract capacity.

(4) The base capacity charge includes the costs associated with initial facilities of approximately 650,000 kilowatts, of which capacity in excess of 600,000 kilowatts is reserve capacity, and the base capacity charge includes the costs associated with such excess as compensation to seller for furnishing reserve capacity sufficient to provide firm service with one unit out of service. In recognition of the fact that such reserve capacity is not adequate to provide the equivalent of one generating unit of the size likely to be installed, seller will make arrangements with others, including the companies making this proposal, to furnish, without additional charge to buyer, additional supplies of power and energy sufficient, with one generating unit out of service to deliver 600,000 kilowatts at the primary and secondary delivery points.

(5) This offer is premised on the fact that the equivalent of the power and energy involved will be utilized by the AEC, an agency related in the main to national defense, in pursuance of its statutory purposes. In this special situation, seller is willing and able to go further than it otherwise would or could. Accordingly, it is understood that TVA will accept such power and energy for delivery to buyer by transmission or displacement, and that all such power and energy is for buyer's utilization, and not for resale except as otherwise specifically provided.

(6) The term of the contract will be 25 years.

(7) Termination:

(a) After commencement of full-scale operation, termination will be allowed on 3 years' notice, during which period assignment may be made to another governmental agency, at contract rates, including all taxes and other adjustments.

(b) Upon termination seller shall be entitled to and will absorb capacity at least as rapidly as load growth will permit, but in any event in the amount of at least 100,000 kilowatts in each year, absorbing associated proportions of costs. Buyer may assign any balance to another governmental agency at an increased price to be approved by FPC, such price to include recognition of any increased costs then encountered or foreseen by seller. To extent such capacity is not used by buyer or assignee, buyer will reimburse seller for pro rata proportion of base capacity charge, as adjusted, and taxes.

(c) In event of partial termination above formula will be applied on a pro rata basis.

(d) In event buyer relinquishes right to capacity after termination, base capacity charge (including adjustments) will be thereafter reduced $1,500,000; proportionally in case of partial reductions.

(e) Buyer will repay seller for any fair and reasonable cancellation charges payable by seller to a third party and costs, losses, and other expenses incurred by seller by reason of cancellation.

(8) Seller will use its best efforts to have the first unit of the generating station in operation 36 months after the contract is entered into, and to have subsequent units in operation at reasonable intervals thereafter.

(9) Seller will receive cooperation from buyer for any necessary priority assistance.

(10) Buyer will arrange with TVA for receipt and displacement of power and energy.

(11) There will be a pro rata determination of capacity charge during interim between completion of the first generating unit and the final generating unit.

(12) Miscellaneous: The contract will also contain, among other things, provisions, similar in principle to those hereinafter referred to contained in the buyer's power agreement with Ohio Valley Electric Corp. dated October 15, 1952, relating to transfers of energy for use at other Government installations (sec. 2.05, pars. 2, 3, and 4, and sec. 7.12), extensions of contract term for two additional periods of 5 years each (sec. 3.09), review of seller's plans and procedures (sec. 3.10), purchase of fuel (sec. 7.02), review and audit of seller's accounts (sec. 7.04), all in such form as may be mutually agreed upon.

DEFINITIONS

Seller: New company to be formed by Middle South Utilities, Inc., and the Southern Co.

Buyer: Atomic Energy Commission.

TVA: Tennessee Valley Authority.

Primary delivery points: New points of delivery to be established, by agreement among buyer, seller, and TVA, at the middle of the Mississippi River between Shelby County, Tenn., and Crittenden County, Ark.

Secondary delivery points: Existing and future points of connection between systems of seller, Arkansas Power and Light Co., Mississippi Power and Light Co., subsidiaries of the Southern Co. and TVA, it being understood that the flow of power and energy cannot always be confined to primary delivery points.

Seller's initial facilities: A new steam electric generating station to be constructed by seller, of approximately 650,000 kilowatts capacity (approximately 50,000 in excess of contract capacity, for reserve), together with all other lines, property, equipment and other assets and debits of seller, including $2 million of net current assets as working capital, acquired for the purpose of or incident to making or carrying out of this proposal. Additional facilities that may be constructed subsequent to completion of initial facilities shall have no effect on this proposal or any resulting agreement.

Contract capacity: 600,000 kilowatts.

Minimum schedule: Not less than 35 percent of the contract capacity, which is the minimum capacity and energy which can be economically produced by seller's production facilities, not less than which will be scheduled for delivery at all times except upon reasonable notice of reduced requirements, and for resumption of minimum or greater requirements.

Mr. ANDERSON. Mr. President, as a member of the Joint Committee on Atomic Energy, I feel an obligation at this time to discuss in some detail with the Senate a report which has been developing considerable controversy, and occasionally a little heat and fury.

I have attended, insofar as I found it possible to do so, the hearings on the proposed new Atomic Energy Act, including the special investigation of the so-called Dixon-Yates contract, which the President has directed the Atomic Energy Commission and the Tennessee Valley Authority to consummate.

The crucial question for those of us not directly involved in the controversy because our State might gain some tax revenues or because of a local devotion to the TVA, is whether the proposed contract will constitute a good, businesslike arrangement for the United States; whether it is a wise arrangement, which is opposed by the advocates of public power because of enthusiasm for their cause; or whether it is an unwise arrangement, which is defended by the backers of private ownership because of an excess of enthusiasm for their views.

Mr. President, I wish to say that some persons have tried to insist that those of us—or, at least, some of us—who at least in some degree question the desirability of the contract, are worried about the proposal because we regard it—so they state—as an attempt to "fence in" the TVA, or as an attempt to place an obstacle in the way of expansion of the TVA to the north or to the west.

Let me say that my position regarding the contract is not determined in any way by considerations of whether the TVA would be "fenced in" or whether there would be a private monopoly in connection with the development of such power in the United States. Generally speaking, Mr. President, if private capital is available for the development of these resources, I should like to see private capital do the job; and I wish to disassociate myself completely from the claim that the persons who are interested in this matter are interested in it solely because of a dedication to the TVA principle.

Economy is the watchword these days. The Dixon-Yates proposal is urged because it would relieve us of an early advance of $100 million to the TVA to build a new steam power plant at Memphis. It is opposed on the grounds that the annual costs to the Government of the Dixon-Yates contract would be either $3,685,000 per year or $5,567,000 per year more expensive to the Government, over a 25-year period, than for TVA to construct facilities. Additionally, the TVA advocates point out on their side that at the end of the period, residual values in the plant would belong to the Government instead of a private utility concern.

Our distinguished colleagues from the Tennessee Valley area have presented the TVA side of the case from time to time. On July 9 our very able colleague from Arkansas [Mr. FULBRIGHT] defended the Dixon-Yates proposal as a wise arrangement. In his remarks he made this statement:

> I will grant that if the figures which were used by some Senators from the TVA area, which indicated that there was an overcharge of $5½ million, that would be a very substantial amount, and would be improvident. However, if it is only $282,000, as I believe it is, on any fair comparison, then it is a justified contract, and the other advantages which are involved further justify it.

I shall assume, for the purposes of this discussion, that the Senator from Arkansas would also agree that $3,685,000 of extra expense annually to the Government, totaling more than $90 million over 25 years, would be a substantial amount, and would be improvident. While I do not consider $282,000 as an

insignificant sum, for my own part I would concede that if upon careful analysis this proved to be the real difference, then, on a strictly dollars-and-cents basis, disregarding the issue about impairing the TVA, or the question of the value of alternative power sources, the sum would be so relatively small that it might be outweighed by policy considerations.

I have supported the TVA. I have voted consistently for the agency and its appropriations. But I am not a dyed-in-the-wool advocate, blind to the facts. If the Government needs power, and can make a better deal with private utilities than with the TVA, I shall be for that course.

First, I went back over the record to see what the power experts said about the cost differential. There have been several expert and inexpert analyses at one time or another.

Mr. FULBRIGHT. Mr. President, will the Senator yield, or does he prefer not to be interrupted?

Mr. ANDERSON. I will say to my able and distinguished friend from Arkansas that this is one of the tasks which I have regretted very much, because I find myself in agreement with the Senator from Arkansas so much of the time, and I have supported so many of the same philosophies which he supports, and have such great faith in his integrity and high standing that I dislike to reply to a speech which he has made. On the other hand, any time I am so doing, if he wishes to interrupt, I shall appreciate it, and will be glad to yield.

Mr. FULBRIGHT. I thank the Senator for his kind words and for yielding.

The first inquiry I wish to make is of a general nature, with regard to the difference in cost. Does the Senator see any difference between costs made up of taxes and interest which accrue to TVA only because it is a governmental operation and other costs?

Mr. ANDERSON. I can answer the Senator's question. I say that there ought to be a distinction drawn between differences in cost which represent operating efficiencies and differences in costs which represent taxes paid by TVA, or not paid by TVA, or taxes paid by the Government in behalf of some private contractor. Therefore, I should say to the able Senator from Arkansas that I feel that it is too bad that people have been placed in different categories when, if they stop and look at the issue carefully, they may learn that many of the things over which they are arguing are not real differences, but represent merely a difference in application.

I say to the Senator in all candor that whenever the Government makes a contract to buy guns, tanks, planes, bunting, or anything else, it pays in the established price, the taxes of the manufacturing group, with this very important exception—and I shall return to it again and again. I do not think it is proper for us to include Federal income taxes as an expense which should be absorbed, because while such taxes may represent a proper charge, and while unquestionably they enter into consideration in the case of any business firm worth its salt when it calculates the figure it will bid for work, it is a strange provision—I was about to say a foreign provision—to put into contracts, that the Federal Government shall agree to make whole a private contractor for his property taxes in the county where his plant is located and his State taxes in the State where it is located, and will then pay his Federal income taxes, without knowing how those taxes may be figured, and without knowing what relationship they bear to the cost of the contract.

Mr. FULBRIGHT. I leave the Senator on that last qualification. They do know, I think, what the taxes are, within very close limits. Taxes are the only things that are certain.

Mr. ANDERSON. I am not sure that taxes are certain. In a period when excess-profits taxes are in effect—and happily we are not now in such a period—I hardly think they can be called certain.

Mr. FULBRIGHT. But the Government would make the contractor whole only to the extent that he pays such taxes. If taxes are reduced, the Government will not continue to pay $820,000.

The point I am trying to make is that in arriving at a judgment as to the efficiency of the operator and the cost to the Government, income taxes should certainly be considered as a deductible item in comparing what the cost to the Government is on the one hand, and the cost to TVA, which pays no income taxes.

Mr. ANDERSON. I will say to the Senator that I would not consider them. I speak only as an average businessman might try to speak. I hope I may still regard myself as one. I have an interest in one business to which I have never devoted any personal attention. I bought into it as an investor. I found during the period of the war that that business paid some pretty heavy excess-profits taxes, because of an unusual circumstance relating to the purchase—a change in the corporation status which removed the tax base which it might have used, and placed it on an entirely different basis.

What is the relationship of that case to this? We learn only by experience. In this particular instance one of the virtues of the excess-profits tax is that the Government thereby has a way of taking back from a private contractor any unusual profit he may make as the result of a Government contract. In this particular instance, the Dixon-Yates people are virtually guaranteed a 9-percent return. Suppose there should be certain cancellations and that Dixon-Yates could thereafter sell their power to another purchaser at a rate much higher than the Government expected to pay. Let us say that Dixon-Yates might make an earning of 16 or 20 percent on invested capital. If we should happen to enter a period of war again, the excess-profits tax might operate against that company, and the Government might recover from it at a very high rate of tax. But the Government will reimburse this Dixon-Yates Co. and let it put the money into its surplus account. If that is the way it works, I do not exactly think it is a fair arrangement.

Mr. GORE. Mr. President, will the Senator yield?

Mr. FULBRIGHT. These are general questions. I have some specific data on the question of taxes and other matters. However, with regard to the question of taxes as a general proposition, when the Government undertakes a businesslike operation such as the TVA, involving the production of power, is it not true that when the TVA does not pay taxes, that means that private interests that operate in the same field have a greater tax burden than they otherwise would have? In other words, the burden which this particular operation would normally carry is shifted to the backs of all other operators in a similar type of business.

So in this particular instance, if TVA paid taxes on a basis similar to that applying to a private company, this entire question would not arise.

I was coming to this point: Would the Senator support a provision in the bill to the effect that TVA should pay taxes, local and governmental, for the purpose of keeping the books straight, just as anyone else would pay taxes?

Mr. ANDERSON. No. We have gone over that subject many times.

Mr. FULBRIGHT. The Senator would not?

Mr. ANDERSON. No. I do not propose to start rewriting the TVA legislation.

Mr. FULBRIGHT. I wish the record to show that that is a very special consideration for a commercial type of operation. Does not the Senator agree?

Mr. ANDERSON. I do not think it is special.

Mr. FULBRIGHT. It is not an exercise of sovereignty, such as the maintenance of a defense establishment. It is a commercial type of operation.

Mr. ANDERSON. But TVA does pay taxes, or the partial equivalent of taxes.

Mr. FULBRIGHT. I only asked the Senator if he would support an amendment which would make TVA pay taxes on a comparable basis, and I understood the Senator to say that he would not.

Mr. ANDERSON. As an amendment to this bill, I would not.

Mr. FULBRIGHT. I ask him whether he would support such an amendment to any bill.

Mr. ANDERSON. I would prefer to wait until such a bill comes before us.

Mr. FULBRIGHT. I ask the Senator whether he supports the principle that I have stated.

Mr. ANDERSON. No; I do not support the principle.

Mr. FULBRIGHT. Why does not the Senator support the principle?

Mr. ANDERSON. Because I do not believe we can begin requiring Government corporations, of which TVA is one, to pay taxes. At one time I had close contact with the institution known as the Commodity Credit Corporation. Almost the first thing I found when I became Secretary of Agriculture was that I had to sign a receipt for $1,600,000,000 worth of commodities.

Mr. FULBRIGHT. Is that a commercial type corporation?

Mr. ANDERSON. I did not believe the Commodity Credit Corporation should immediately start hunting down $1,600,000,000 worth of commodities, subject to a tax in every county and in

every State where the commodities were located, including the farmers' bins.

Mr. FULBRIGHT. Is there any commercial corporation comparable to the Commodity Credit Corporation?

Mr. ANDERSON. I do not know.

Mr. FULBRIGHT. The Senator knows there is not, and he knows that the Commodity Credit Corporation is a completely unique operation. There is no business corporation in the country that does what the Commodity Credit Corporation does. I referred to a commercial type of operation or corporation. In the case we are talking about power is produced by a corporation known as TVA, which produces power just as hundreds of other corporations produce power, except that TVA has an exemption from taxes, and has the privilege of using public money. It is an entirely different situation from the Commodity Credit Corporation.

Mr. ANDERSON. I believe I can cite to the Senator a host of Government corporations that operate in exactly the same way that some business corporations operate. I may refer him to the Crop Insurance Corporation. A great many insurance companies in the United States write crop insurance. However, they do not cover the field satisfactorily. Therefore Congress created the Crop Insurance Corporation. I would not believe in applying against the Crop Insurance Corporation the same kind of taxes the insurance companies pay.

Mr. President, I shall not commit myself on how I would feel about anything of that nature until a bill incorporating a specific situation comes before Congress. There have been times—and frequently—when bills have come before Congress which would provide for the taxing of this type of business. There have also been bills before Congress which would compel the Government to pay to every community a tax representing the amount of property it may own within a municipality, such property as a Federal building or post office, or similar property. That matter has been considered many times. It is an extremely difficult situation.

Mr. FULBRIGHT. Does the Senator recognize any difference between a Government corporation which operates on a nationwide basis, and a regional corporation which has special privileges, but operates only within a restricted part of the United States? Is there any difference in the Senator's view as to how they should be treated?

Mr. ANDERSON. I doubt if there should be a difference, but I would say to the Senator that I believe in the Dixon-Yates contract, if it is to be made, there should be a different provision with reference to taxes than now appears in the pending proposal of the group. I believe a provision should be written to take care of most of the taxes the holders of the contract would pay, if they were supplying power only to the Government, but I would not favor a provision requiring the Government to reach out and pay their income tax.

Mr. FULBRIGHT. In case of termination or cancellation, the contract does not provide that the Government shall continue to pay the income tax. That is correct, is it not?

Mr. ANDERSON. That is correct.

Mr. FULBRIGHT. Only while it is supplying the AEC. The provision certainly does not apply after the contract is canceled or after the work has been performed. That meets the Senator's objection in that respect, does it not?

Mr. ANDERSON. I do not believe it is possible to meet my objection with respect to the payment of income taxes.

Mr. GORE. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. GORE. Mr. President, the able junior Senator from Arkansas has raised the question of whether TVA, a wholly Government-owned corporation, should pay taxes to the Government, which owns it. As a matter of fact, all the income and all the profit and all the net earnings of TVA belong to the Government, which owns TVA.

In the case of a private corporation, we levy a tax, which requires payment into the Federal Treasury of a portion of the net income. To start taxing a wholly Government-owned corporation would mean that only a part of the corporation, which we as a people wholly own, would come back to us. To whom would the other part go? I hope the Senator from Arkansas will not be ludicrous in his argument.

The operations of the TVA are arranged with a goal of a net earning of 4 percent upon invested capital, to provide a net earning of 4 to 5 percent for the Treasury of the United States. Obviously, a net earning of 4 percent, which is the goal TVA has achieved during its history, is not so great an earning as many private corporations make—and in the particular suggested contract to which reference has been made, the return to the stockholders would be 9 percent—but all the 4 to 5 percent, or if it turns out to be 3½ percent or 6 percent, or whatever it may be, goes into the Treasury of the United States and belongs to the Government of the United States, which owns the entire TVA.

Therefore I believe the Senator's contention is about as devoid of merit or meaning as any situation I have ever heard of.

The distinguished and able Senator from Arkansas, for whom I have a deep and lasting affection and respect has for the second time made what borders upon a slighting reference to the bookkeeping methods of TVA.

Mr. ANDERSON. I intend to deal with that subject directly, but I am happy to have the Senator deal with it now.

Mr. GORE. I can dispose of it in a moment. There is no mystery about the TVA bookkeeping. Books are kept according to Federal law. Under the law TVA must keep its books in accordance with the uniform system of accounting prescribed for public utilities by the Federal Power Commission.

I may say, for the advice of my able friend from Arkansas, that the TVA bookkeeping system has been lauded by the General Accounting Office, by congressional committees which have conducted investigations of TVA, and by the Hoover Commission. Perhaps the last does not appeal too much to the Senator from Arkansas, although he may be leaning in that direction of late.

I should like to cite one other thing to the Senator from New Mexico, and then I shall not ask him to yield further.

In connection with the Federal taxes, which it is estimated would be paid by the private concern, for whose benefit this contract would be made, I should like to state that on page 1026 of the hearings there is found an estimate of the Federal income tax, added as an expense, of $820,000 a year. It will also be seen that the amount is subtracted as reimbursable by the Federal Government under the contract.

Later on in the debate I shall be glad to cite decisions of the Comptroller General and other agencies of the Government holding that the Federal income tax is not a legally reimbursable item of cost.

Mr. ANDERSON. I thank the able Senator from Tennessee. I wish to say he has touched on what has been my principal concern about the contract. I think it is a bad precedent to start reimbursing a private company for Federal income taxes. That has never been done, and I hope we shall never do it.

Mr. HILL. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. HILL. The Senator has correctly stated the fact that TVA makes payments in lieu of taxes. It pays 5 percent of all the gross revenue which comes in from all purchasers of TVA power except when the Government of the United States is a purchaser. What we are to have, then, if this contract is executed, will not only be the payment of income taxes, but also State and county and ad valorem taxes, and then, when the power is sold under the TVA law, the TVA will have to make an additional payment of 5 percent on the gross amount coming in from the sales, because it is not contemplated that the power which may be generated under the Dixon-Yates proposal will go to the Government. It will be sold to the general power consumers, and TVA will have to pay an additional 5 percent of the gross revenue on the power sold. So we have not only the question so ably raised by the distinguished Senator from New Mexico, and by the distinguished Senator from Tennessee, but we have the proposition of double taxation.

Mr. FULBRIGHT. Mr. President, will the Senator from New Mexico permit me to make one comment?

Mr. ANDERSON. Certainly.

Mr. FULBRIGHT. Of course, the basic difficulty with the argument of the Senator from Tennessee is his identifying TVA with the United States, or, one might say, with God. He makes no distinction between TVA as a regional organization and the United States. That is a very important distinction, I may say.

With reference to the question of the payment of taxes, a similar provision is included in the TVA contract at Shawnee. There is a provision which I placed in the RECORD yesterday with reference to the payment of taxes. Under this

contract it is said, "Congress makes us pay income taxes, so we want you to reimburse us." I imagine that is the origin of the idea. That is TVA's own idea, that it is going to be reimbursed.

The Senator from Tennessee stated that I made ludicrous remarks in regard to the identity of the TVA in connection with the rest of the country, in connection with ownership by the people of the United States.

With reference to the net profit mentioned by the Senator from Tennessee, with the permission of the Senator from New Mexico, will the Senator from Tennessee tell us whether all the net profit of the TVA is turned back each year into the Treasury and not retained by the TVA?

Mr. GORE. Mr. President, will the Senator from New Mexico yield in order that I may reply?

Mr. ANDERSON. I am happy to yield.

Mr. FULBRIGHT. This bookkeeping is a great mystery to me. I am not able to see it so clearly as does the Senator from Tennessee.

Mr. GORE. I would not say that the able Senator from Arkansas is stupid.

Mr. FULBRIGHT. The Senator said I was ludicrous. Maybe that is a preferable word.

Mr. GORE. As a matter of fact, I did not say the Senator from Arkansas was ludicrous. The Senator from Arkansas is a very elegant gentleman——

Mr. FULBRIGHT. But he makes a ludicrous argument.

Mr. GORE. Yes; I was going to say——

Mr. FULBRIGHT. I accept the amendment.

Mr. GORE. Even the greatest of men can now and then slip on a banana peel, and the Senator from Arkansas certainly went head over heels when he stepped on this one.

All the property, all the net earnings, and all the net losses, if there are any, of the TVA, belong to the people of the United States.

Mr. FULBRIGHT. I did not ask the Senator that question at all. I asked him whether the annual profit of the TVA is turned in to the Treasury of the United States. I simply asked that narrow question.

Mr. GORE. Mr. President, with the further indulgence of the Senator from New Mexico, I shall be very glad to reply. The reply will also answer the suggestion—not the argument, but the suggestion—regarding the TVA contract with AEC. Under the law, the TVA is required to amortize each and every one of its power projects in 40 years. The law requires the TVA to repay actually and physically into the United States Treasury a sufficient amount each year to amortize the investment in power projects within 40 years.

Mr. FULBRIGHT. Mr. President, I beg the Senator to answer my question. I asked him nothing about amortization and appropriations. What happens to the net profits?

Mr. GORE. I have answered that question.

Mr. FULBRIGHT. The Senator is evading the question. He has not answered it at all.

Mr. GORE. I beg the able Senator's pardon. I am trying to answer his question.

Mr. FULBRIGHT. Does the Senator know what the bookkeeping does with the net profit of the TVA?

Mr. GORE. Yes, I do know. Is the junior Senator from Arkansas interested in having all the information, or does he wish a partial answer?

Mr. FULBRIGHT. Does the Senator know what happens to the TVA profit each year?

Mr. GORE. Does the junior Senator from Arkansas want to know?

Mr. FULBRIGHT. I certainly do, but I should like to know today, if the Senator can tell me.

Mr. ANDERSON. Mr. President, I ask unanimous consent that I may yield to the Senator from Tennessee in order that he may answer the question of the Senator from Arkansas.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. GORE. The provision of law requiring amortization I supported. I thought it would be an answer to the critics of the TVA that the appropriations for power development were handouts of money to be poured down a rathole. It has proven a good answer thus far. That amount is necessarily, by law, reimbursed physically and actually to the Treasury of the United States. Since the enactment of that law more than that amount has actually been transmitted in cash to the Treasury of the United States each year, without a single exception. In addition to that, the TVA has had net earnings. The Congress upon each occasion, in its appropriation bills, has had the disposal of the net earnings. Congress has sometimes directed the TVA to use the net earnings in a specific manner. The appropriation bill this year did exactly that. All the money has not been actually, physically transmitted to the Treasury of the United States.

Mr. FULBRIGHT. How much has the TVA retained?

Mr. GORE. I do not at the moment have that figure. I shall be glad to supply it for the RECORD.

Mr. FULBRIGHT. Is it approximately $238 million?

Mr. GORE. I shall supply the figure to the Senator. If I may proceed, now, with my answer, all the earnings of TVA are within the disposition of the Congress each year. The Treasury of the United States is a part of the Government——

Mr. FULBRIGHT. I make no contention that any law has been violated, or that the practice is illegal or bad. I am trying to get at the truth of the situation, but it seems impossible to ascertain what the bookkeeping provides. It seems that $228 million, which represents net earnings, is really left in the hands of the TVA—if it is not used in the development of local facilities in the community—which TVA does have to return to the Treasury. Is not that a true statement?

Mr. GORE. I do not believe it is.

Mr. FULBRIGHT. In what regard is it in error?

Mr. GORE. All the net earnings, all the proceeds, all the properties are subject to the disposition of the United States Congress.

Mr. FULBRIGHT. I did not say they were not.

Mr. GORE. Each year Congress acts upon the matter. The TVA has been authorized—and not only authorized, but directed—to retain certain of its net earnings to be invested in other properties. Thcse, too, I may point out to the Senator, are amortized. So I come back to my original statement, that all the earnings of the TVA, not simply a part of them, as is the case with respect to taxes paid by private concerns, are the property of the United States Treasury.

Mr. FULBRIGHT. The question whether they are the property of the United States Treasury is not a very significant one. The significant question is, What use is made of them? Are they available to the Government? Are they available to reduce taxes? Can they be used to produce things which the Government needs? Obviously, they are not such funds.

Mr. ANDERSON. May I say that I think they might be regarded as being available? It seems to me that if profits accrue from the operation of the TVA, and Congress, instead of making new appropriations for new capital funds, directs that the moneys shall be used for expanding powerlines, or doing anything of that nature, that is just the same kind of utilization as if the money had been taken into the Treasury, and then a brandnew warrant had been issued by the Treasury to pay for the lines.

The able Senator from Arkansas was a Member of Congress when I became a Member of it in 1941. He and I, and all the Members permitted the TVA to do exactly that.

Mr. GORE. And not only permitted, but directed.

Mr. ANDERSON. If that is not making use of the money, then it is not only TVA, but also Congress ought to sing that old hymn, "It's Me, It's Me, It's Me, O Lord, Standin' in the Need of Prayer."

Mr. HILL. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. HILL. The TVA cannot start one single new power facility, it cannot put $1 of its income or any other funds into any new power facility, except by and with the advice and direction of Congress.

Mr. ANDERSON. That is exactly what precipitated the Dixon-Yates contract. If the TVA could take $228 million, which I believe it must have—and I am certain the Senator has the correct information on that point—and the various other sums which have been given it by Congress, to set itself up as an institution wholly foreign from all the other properties of the United States, it might be able to borrow all the money it needed, because it is in the finest shape of any utility I know of in the United States. But it cannot do that, because it is under the control of Congress; and every dollar it nets is owned by all the people of the United States. It does not matter whether the particular dollar is carried into the Treasury and deposited

there, or whether it stays to the credit of the United States, in Tennessee, or at some other spot.

I am quite willing to say that the profits of the TVA have not been gathered up into one wad and shipped back into the Treasury.

Mr. FULBRIGHT. That is the information I was trying to get—a very simple statement—but it has been very difficult to get it.

Mr. ANDERSON. I am certain the Senator from Arkansas realizes that the people who live in the TVA area are very proud of and happy with the institution which has been developed there, and they would hate to see anything happen which would in any way imperil it.

Mr. FULBRIGHT. They certainly ought to be proud of it and happy with it.

Mr. ANDERSON. The Senator from Arkansas has voted for the TVA, I think, as many times as I have.

Mr. FULBRIGHT. The people in the area of the TVA have made a great contribution to it, but it seems to me that they carry their devotion to it a little far when they oppose any project in the periphery which may contribute to an adjoining State or an adjoining community, or which may in any way infringe upon their very special prerogatives, in this case in the form of much lower power rates than are enjoyed by anyone else.

I wonder if the Senator would permit me to comment with respect to a quotation by him of a statement yesterday. It was, to me, a very significant statement. The Senator from New Mexico quoted the statement with approval. I think it is important for the Senator from Tennessee to consider it. It was quoted by the senior Senator from Tennessee [Mr. KEFAUVER] from the hearings, but it is a statement which, I assume, would be quoted favorably also by the junior Senator from Tennessee. It appears on page 10376 of the RECORD of July 13, and is as follows:

> The day TVA is forced to buy a kilowatt of power that it does not own the facilities for producing and does not control the rate of production, the cost of production, TVA, as it has existed, is a dead duck.

That seems to me to be an illustration of the overconcern and overzealousness on the part of the TVA people for the TVA, because that is obviously an absurd statement, is it not?

Mr. ANDERSON. I am not going to pass judgment on what the Senator from Tennessee said.

Mr. FULBRIGHT. These are the words of a witness who appeared before the subcommittee; they are not the words of the Senator from Tennessee. They are what he quoted as having been said at the hearings. Does the Senator see the statement?

Mr. ANDERSON. Yes; but it is a quotation from an entirely different person; it is the statement of a witness before the subcommittee.

Mr. FULBRIGHT. It is a statement which, I say, is typical of the people of Tennessee in their overenthusiasm, when they say that the TVA will be a dead duck if and when a kilowatt of power is brought into the TVA area from the outside.

Mr. GORE. Mr. President, will the Senator from New Mexico yield once more?

Mr. ANDERSON. Yes; I yield.

Mr. GORE. I desire to call the record as my witness. In appearing before the Joint Committee on Atomic Energy, I specifically said that, with respect to this issue, I wished to appear in the role of a Senator of the United States, and not to be regarded as a Senator from the Tennessee Valley. I think, as I have said on the record, that the Tennessee Valley Authority is incidental to this issue. There are far bigger issues, which I shall discuss a little later.

Mr. ANDERSON. Mr. President, my friend, the distinguished junior Senator from Texas [Mr. DANIEL] has asked if I would request unanimous consent to yield to him for 10 minutes. I have considerable additional material which I desire to present, and which I assume will take some time.

Since the junior Senator from Texas has another engagement which he desires to keep, I ask unanimous consent that I may yield to him for 10 minutes, without losing my right to the floor, and with the further understanding that the remarks which he may make, together with any interjections which may occur, will be placed at the conclusion of my statement.

The PRESIDING OFFICER (Mr. BARRETT in the chair). Without objection, it is so ordered.

(Mr. DANIEL addressed the Senate on the subject of the bill prohibiting picketing of the White House. His remarks appear at the conclusion of Mr. ANDERSON's speech.)

Mr. ANDERSON. Mr. President, the President of the United States first proposed that the TVA be relieved of a part of its contract to supply power at Paducah in his budget message in January, advising the Congress that the Atomic Energy Commission would explore the possibility of releasing the TVA from part of that contractual commitment to supply 1,200,000 kilowatts at Paducah. Accordingly, discussions were held with Messrs. Dixon and Yates. A proposal was submitted to the AEC by Dixon and Yates in February.

Upon analysis, this proposal involved costs so much in excess of AEC costs at the TVA Shawnee plant serving Paducah that there was apparently mutual agreement between the AEC and the sponsors of the proposal that a better offer would have to be made.

The analysis of that original offer is not available and is not important because that offer is not under consideration.

Subsequently, Dixon-Yates made a revised and improved offer which I have today placed in the RECORD and it was submitted to the Bureau of the Budget by the AEC with a comparison between TVA costs at its Shawnee plant near Paducah and the Dixon-Yates revised proposal. That analysis indicated that the Dixon-Yates costs, compared to the TVA Paducah costs, would run $2,923,000 more each year. The TVA has indicated in the hearings that it regards this figure as too low. The initial term in TVA's Paducah contract ends 8½ years from July 1, 1957.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. I have some figures which bear on this particular point, which explain, I believe, the figures we are discussing. I wonder whether the Senator would object to my asking unanimous consent to have these figures inserted at this point in the RECORD, as my views and the views of those on the other side of the issue from the Senator from New Mexico. In that way anyone who reads the RECORD will have available both figures.

Mr. ANDERSON. Mr. President, I ask unanimous consent that, following the remarks of the Senator from Arkansas at this point, the figures to which he has referred be placed in the RECORD.

Mr. FULBRIGHT. I believe they give an explanation of the difference in the estimated cost, and I believe they paint the picture very clearly from my point of view. Anyone who wishes to do so may compare these figures with the figures now being cited by the Senator from New Mexico.

Mr. ANDERSON. As we go along, if the Senator believes that a table of figures he has prepared should be inserted in the RECORD during the course of my remarks, it will be thoroughly agreeable to me to have it inserted, because in that way, as a person goes through my remarks, he will be warned that there is another side to the issue—and I concede, of course, that there is another side—and he can then judge between the two sets of figures as they are presented.

Mr. FULBRIGHT. The statement I have in my hand was prepared today. It is the latest information I can obtain, and I believe it is an explanation of the differences that have appeared between the estimated costs by the TVA and the charges to the AEC by the Dixon-Yates contract, and it also explains that the estimated costs are not those which TVA would incur if it should build the Fulton plant.

There being no objection, the table and explanation were ordered to be printed in the RECORD, as follows:

RE TVA PURCHASED POWER (FROM PRIVATE COMPANIES) IN RELATION TO TVA SALE OF POWER TO AEC AT PADUCAH, FISCAL 1953

During fiscal year 1953 TVA purchased and received net interchange power from private companies as follows:

Kilowatt-hours purchased and received: 2,696,749,000.

Amount paid: $13,680,749.

Average price: 5.07 mills.

During fiscal year 1953 TVA sold power to AEC at Paducah as follows:

Kilowatt-hours sold: 976,956,000.

Amount received: $8,396,058.

Average price: 8.59 mills.

Therefore TVA added 3.52 mills (8.59 − 5.07) to price of private power purchased and passed on to AEC. This is a 70-percent profit margin. (Data from AEC and FPC.)

EXPLANATION OF DIFFERENCES IN ESTIMATED NET COST

On July 13, Senator ANDERSON introduced into the RECORD a statement outlining the

proposal received by the AEC from the sponsors of Middle South Utilities, Inc., and the Southern Co., appearing on pages 10378 and 10379 of the RECORD, including a table of comparison of annual cost and power supply from the Dixon-Yates proposal versus cost to the AEC of power from TVA at Paducah using 600 MW capacity, 5.2 billion kilowatt-hours per year or 98 percent load factor and 19 cents per million B. t. u. fuel cost which shows a difference of Paducah versus Dixon-Yates, less Federal taxes of $282,000 per annum.

Using the terms of the TVA–AEC Paducah contract and the same fuel cost of 19 cents per million B. t. u., the $282,000 per annum represents the estimated difference in what TVA would charge AEC for the same amount of power acquired by AEC in the Memphis area in comparison to charges proposed by Dixon-Yates.

On page 10380 Senator ANDERSON quoted a statement made by Mr. Nichols, General Manager of the Atomic Energy Commission, before the joint committee, quoting a comparison of annual cost to the Federal Government for power supply delivered to the TVA system in the Memphis area, resulting in an estimated annual additional cost to the Government of $3,685,000 per annum. This is a comparison of estimated cost of TVA to produce power versus an estimated cost of AEC to procure power under the Dixon-Yates proposal. The TVA estimated cost of producing power does not represent what TVA would charge AEC for the same amount of power.

On page 10381 there is included the report originating from the Bureau of the Budget which Representative JONAS released. On page 10382 is included a table showing total estimated additional cost to the Government, including State and local taxes, of $3,685,000. This table represents the difference between the estimated cost to TVA of producing power, not the selling price, and the selling price to the AEC of the same amount of power under the Dixon-Yates proposal. It should be emphasized the estimated cost to TVA of producing power is not the price charged AEC.

On page 10383 there is inserted a table showing a comparison of annual cost of power supply for the AEC-Paducah project under the present AEC–TVA contract, assuming a fuel cost in 1957 of 15½ cents per million British thermal units for fuel for power then to be delivered by TVA to the AEC at Paducah and the estimated cost under the Dixon-Yates proposal for the same amount of power acquired by the AEC in the Memphis area at a fuel cost of 19 cents per million British thermal units. This results in an annual difference of $2,923,000 per year, including State, local, and Federal income taxes in the amount of $2,319,000 and including the difference in TVA transmission cost to primary point of delivery in the amount of $177,000. This comparison does not purport to show what TVA would charge AEC for the same amount of power in the Memphis area.

On page 10385 Senator ANDERSON introduced a table showing adjustments TVA would make to the difference in estimated cost to TVA of producing power versus cost of purchase of power under the Dixon-Yates proposal, indicating that the difference of cost under TVA's analysis would be $5,567,000 per annum.

In the data introduced by Senator ANDERSON on page 10379, subparagraph h, there is information to show that based on the data TVA presented as their cost to produce power, including 30-year amortization and 2½ percent interest, the AEC will be overcharged by TVA, when the full contract demand at Paducah of 1,205,000 kilowatts is met, by approximately $6 million per year and that a similar analysis of the AEC–TVA contract for Oak Ridge for at least 1,030,000 kilowatts of the total contract demand at Oak Ridge, would undoubtedly reveal a similar picture.

Either the TVA is charging AEC too much or their representation on cost of producing power is in error.

If the TVA representations on cost are correct, then the AEC is being overcharged. This places TVA in the position, at the expense of AEC, an arm of the Federal Government, of subsidizing other users of the TVA system at the expense of the taxpayers in the balance of the country.

Mr. ANDERSON. Mr. President, in that period, the TVA is completely amortizing certain special costs in the construction of Shawnee, such as overtime. When those special costs are out of the way, the monthly TVA demand charge at Paducah will fall about 10 percent resulting in a further decrease in TVA charges to AEC which, averaged over 30 years, would amount to another saving of $516,000 annually in favor of TVA. The TVA engineers felt that there were certain additional standby costs likely. The Dixon-Yates proposal provides direct standby capacity to pick up the load with only one generator out. If two went out at the same time, then the TVA people think standby costs would be greater. All in all, the TVA engineers contended that the cost differential between Dixon-Yates and its Paducah plant is $4,025,000 and that AEC would have to pay that much more every year if it canceled a part of its TVA contract at Paducah and substitute a contract with Dixon-Yates for 600,000 kilowatts of power. However, the $2,923,000 difference calculated by AEC and Bureau of the Budget was the only analysis supplied your committee in regard to the situation at this point.

At about this time the AEC made it clear that it would not release TVA from its Paducah contract, and the matter of entering into the arrangement for replacement power for TVA at Memphis would have to be decided by a higher authority. Chairman Strauss of AEC referred to the necessity for such a decision by higher authority in his letter submitting the second Dixon-Yates proposal to the Bureau of the Budget.

The inadequacy of this first comparison became apparent when AEC made it known that it was not going to release TVA from delivering power under its contract at Paducah, as originally proposed by the President. As long as that was the plan then a comparison showing how much it would cost AEC to cancel its contract for 600,000 kilowatts of TVA power at Paducah, and buy the Dixon-Yates instead, was a valid one.

But the whole basis of the deal was changed. The AEC decided to buy power, not for itself but for the TVA, to be fed into the TVA system near Memphis, Tenn., and to maintain its contract with the TVA at Paducah.

The facts that were needed under this new plan was a comparison of how the United States Government could get 600,000 kilowatts of new power at Memphis, Tenn., most economically. There were two obvious alternatives for the Government. First, the Dixon-Yates proposal, or, second, authorizing the TVA to build its projected steam plant at Fulton and add to its Johnsville capacity.

This was so obvious that the AEC, the Bureau of the Budget, the Federal Power Commission, and the TVA all got together and jointly analyzed the Dixon-Yates costs and the TVA costs if it built the Fulton plant near Memphis and expanded at Johnsville.

Mr. GORE. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. GORE. In the consideration of this contract and in the consideration of the issue raised by the amendment of the able Senator, the comparison between the Dixon-Yates proposal and the TVA proposal at Fulton is the relevant comparison. Wholly irrelevant is a comparison of Dixon-Yates with Shawnee, or Shawnee with Memphis, or Memphis with Shawnee, or Memphis with Dixon-Yates. The choice which the President made was the choice between the Dixon-Yates proposal and the TVA proposal to build a steam plant at Fulton. All the other irrelevant comparisons come under the head of the strategy of confusion. Is that correct?

Mr. ANDERSON. I may say to the Senator that what he has stated is correct as to the fact that this is the only comparison, namely, between the Fulton steam plant and the West Memphis plant proposed by Dixon-Yates. I have not felt it was proper to use the Paducah figures because it is a matter of comparing two things which should not be compared. I believe that the experts of the Bureau of the Budget, the AEC, and the Federal Power Commission, once they met and agreed upon a figure, probably had a very good reason for taking that figure.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ANDERSON. These experts of all these agencies, when they came to an agreement, after very careful study, decided that the difference in the costs would be $3,685,000 a year, or more than $90 million over a 25-year period.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. It is quite understandable why the Senator does not wish to make a comparison with Paducah, because TVA does not like to be reminded of the Paducah figures, for the very reason that I mentioned the other day, regarding the overcharges. I should like to read from the memorandum I placed in the RECORD, in commenting upon the Senator's present statement:

On page 9940 Senator ANDERSON quoted a statement made by Mr. Nichols, General Manager of the Atomic Energy Commission, before the joint committee, quoting a comparison of annual cost to the Federal Government for power supply delivered to the TVA system in the Memphis area, resulting in an estimated annual additional cost to the Government of $3,685,000 per annum.

This is a comparison of the estimated cost of TVA to produce power, not the estimated cost to procure power under the Dixon-Yates proposal.

There is a difference between procurement and estimated cost. I wish to emphasize this:

The TVA's cost of producing power does not represent what TVA would charge AEC for the same amount of power.

Does the Senator agree to that?

Mr. ANDERSON. No; because it was what TVA did offer to make this power available.

Mr. FULBRIGHT. It is not, I am quite sure. It is the estimated cost of producing, not an offer to sell. Is the Senator sure about that?

Mr. ANDERSON. No; I am never sure of anything, but I shall be glad to introduce page after page of hearings.

Mr. FULBRIGHT. I can assure the Senator that it is carried in every instance as an estimated cost to TVA of producing power. That is one of the big differences between the cost of producing power and the cost of procurement by AEC. That explains much of the difference.

I come back again to the point I made yesterday that the TVA is overcharging the AEC by a very large amount.

I should like to read this comment by the AEC:

In the data introduced by Senator ANDERSON on page 9939, subparagraph (h), there is information to show that based on the data TVA represented as their cost to produce power, including 30-year amortization and 2½ percent interest, the AEC will be overcharged by TVA, when the full contract demand at Paducah of 1,205,000 kilowatts is met, by approximately $6 million per year and that a similar analysis of the AEC–TVA contract for Oak Ridge for at least 1,030,000 kilowatts of the total contract demand at Oak Ridge would undoubtedly reveal a similar picture.

Either the TVA is charging AEC too much or their representation on cost of producing power is in error.

I think the Senator should consider that statement very carefully. It is made by the AEC. It is at the root of much of the whole matter. The AEC is looking for a more reasonable source of power.

Mr. GORE. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. GORE. Mr. President, this is the second or third time the distinguished junior Senator from Arkansas has referred to what he calls the TVA's overcharge for power to the Atomic Energy Commission. I should like to set the RECORD straight on that.

TVA does not overcharge the Atomic Energy Commission. The power from the Shawnee steam plant to the Atomic Energy Commission at Paducah this month is costing 3.56 mills. The cost for power to Memphis is 3.88 mills. The charge for power generated at the Shawnee plant and delivered to the Paducah atomic-energy plant in May was 3.59 mills.

I asked if the AEC was informed. I asked if there was a segregation in billing of the power generated by the Shawnee plant and the interim power which must be bought from other sources. I was informed that there was and that the figures are plain.

Up to January of this year the statement for normal power, that is, the billing for normal power, from the Shawnee plant to the Paducah AEC plant included energy produced at Shawnee as well as energy procured from other plants and purchased from outside sources. That is well understood. The TVA was asked to supply this interim power. It has done so. It has bought much of it from private sources at high prices and has delivered it to the Atomic Energy Commission. However, since Shawnee's fourth unit went into line on January of this year, all normal power has been Shawnee power. Statements since January reflect the actual charges for Shawnee power. A demand charge and an energy charge are added. The total charges developed by the number of kilowatt hours supplied reflect the average price per kilowatt hour. The statement for the month of May indicates an average charge of 3.59 mills a kilowatt-hour for normal power.

I do not like to keep making irrelevant comparisons. The only comparison by which the contract should be judged is the comparison between the Dixon-Yates proposal and the TVA proposal. It was between the two alternatives that the President and the Bureau of the Budget made this proposal.

Mr. FULBRIGHT. Does the Senator maintain that that is the full price?

Mr. ANDERSON. Mr. President, I should like to answer that. That is something which I regretted in the statement made by the Senator from Arkansas. He said one was a sales price and the other was production cost. I refer to page 956 of the hearings, where the general manager for AEC testified, the Mr. Nichols whose statement the Senator from Arkansas just read. Mr. Nichols said the figures represented a breakdown of differences in cost. He does not say it is the selling price; it is the cost the people will have to pay. If that is not true, then Mr. Nichols misled the committee. He said:

Analysis of the proposal from the standpoint of cost to the Government, including State or local taxes but excluding Federal income taxes, as compared with the estimate for constructing a plant near Memphis by TVA, shows an annual cost to the Government of $20,539,000 for the private companies as compared with $16,884,000 estimated for the TVA plant.

Mr. FULBRIGHT. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. The reason I started in the very beginning to make the point is that in my view there is some slight difference between the Government of the United States, the TVA, and the AEC. They are subsidiaries, limited agencies of the Government. Mr. Nichols was talking about the cost to the Government. It does not mean the sale price from the TVA to the AEC, which is the proper basis for comparison, because the Dixon-Yates price is the sale price to the AEC. Does not the Senator understand that?

Mr. ANDERSON. If it does not mean that, then Mr. Nichols misrepresented the situation.

Mr. FULBRIGHT. No. He said it was the cost to the Government. It may mean the bare cost of TVA's production of power.

Mr. ANDERSON. Does the Senator from Arkansas forget who owns TVA? The Government owns TVA. When he is talking about TVA, he is talking about the Government. Does he say, for example, that the Senate of the United States belongs to the Senate, and does not belong to the United States?

Mr. FULBRIGHT. If the Senator will yield, does he maintain that the cost of production of power which is sold to AEC at Paducah is the same as the contract price?

Mr. ANDERSON. No; I do not.

Mr. FULBRIGHT. Of course not. They are two different things.

Mr. ANDERSON. Certainly. But in this particular instance, they got together three organizations, the Bureau of the Budget, the AEC, and the Federal Power Commission, all interested, and they also brought in TVA. Their experts sat down and made an anlaysis which is represented to us by the general manager of the AEC as a basis of cost on both proposals. He says the basis of the cost on one would be $20 million, and on the other, $16 million.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a moment?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. I am a citizen of the United States. I live in Arkansas. There is some slight difference to me, as a taxpayer, as to which of the bases is used. Under the Senator's statement, it makes no difference whatsoever to the Federal Government if the AEC is overcharged a hundred times, because it is all the Government. But what happens? In the final windup of that kind of business, accepting the Senator's theory, there would be siphoned out of the Treasury unlimited funds through overcharges to the AEC. It is, indeed, very mysterious to me. It is equity, I suppose, or a charge to the net profit account. There is a great difference as to whether the books are kept on a straight basis, or whether there is an equitable charge to the AEC. This is obviously a device, which becomes clearer to me every day, by which the TVA has siphoned out of the AEC, large sums for the use of the TVA. There is a great difference whether it is done that way, or whether it is appropriated directly by Congress. It has in no sense filled out the difference between the construction costs and the sale price.

Mr. ANDERSON. I wonder whether the Bureau of the Budget, the AEC, the TVA, and all the rest of these people are misleading Congress, because when they came before the Joint Committee on Atomic Energy, so far as they knew, they were testifying for the benefit of the Congress of the United States, and they testified to the same thing every time. I shall read from the record of the hearings, page after page, if the Senator will allow me to do so, which shows that testimony over and over and over again.

Mr. SPARKMAN. Mr. President, will the Senator yield for a brief question?

Mr. ANDERSON. Yes, but I would remind the Senator that I have been speaking since half past 2, and I have only reached page 4, out of 27 pages.

Mr. SPARKMAN. I merely wish to refer to the figures of the Budget Bureau and the Atomic Energy Commission and to the figures used by the distinguished Senator from Arkansas the other day. Is it not true that there is a variance of only perhaps $2 million between what the Bureau of the Budget and the Atomic Energy Commission used as a figure and the figure cited by the Senator from Arkansas?

Mr. ANDERSON. I agreed with the Senator from Arkansas earlier that if we would all try to read from the same book, we would come up with figures much closer together.

Mr. FULBRIGHT. Yes.

Mr. ANDERSON. I think it is only fair to say that if we take the figure used by the Senator from Arkansas and add $1,500,000 for taxes, and add to that several hundred thousand for the difference in cost of money, since the Government can borrow the money at 2½ percent, and this proposal makes it 3¾ percent—if all those items are added to the $228,000 the result is close to $3 million. So actually there is not much difference.

I have not quarreled with that, because as I said earlier before the able Senator from Alabama entered the Chamber, if it came to a matter of $200,000, I would not be alarmed, because we want private enterprise to have an opportunity. Nevertheless, I said that the $3,656,000 figure was given to us, so we should pay some attention to it. The TVA agreed to that figure, so far as it went, but argued that there would be some additional expenses to the Government, which would run the total up to $5,576,000 a year.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. I have some figures relative to what the junior Senator from Tennessee said a moment ago, which were prepared only yesterday. They are with reference to TVA-purchased power, from private companies, in relation to the TVA sale of power to the AEC at Paducah. The origin of these figures is the AEC and the FPC. They indicate the relationship between cost and sale price.

During the fiscal year 1953, the TVA purchased and received net interchange power from private companies, as follows:

Kilowatt-hours purchased and received, 2,696,749,000.

The amount paid was $13,680,749, or an average price of 5.07 mills.

This is significant. That is what they paid for the so-called high-priced power. It was high-priced power. During fiscal year 1953, the TVA sold power to the AEC at Paducah, as follows:

Kilowatt-hours sold, 976,956,000.

The amount received was $8,396,058, or an average price of 8.59 mills.

Therefore, the TVA added 3.52 mills—the difference between 8.59 mills and 5.07 mills—to the price of private power purchased and passed on to the AEC. This is a 70 percent profit margin, which is no small profit.

That is what I mean. If there is anything at all to the averages—and I think there is—unless the TVA siphoned off only the high priced power to the AEC, which apparently was done, I do not see how there is any equity, if any attempt is being made to deal fairly between the two agencies. But these are the statistics furnished by the Federal Power Commission.

Mr. ANDERSON. I thank the Senator from Arkansas.

The TVA contention that this is a $5,567,000 business should not be dismissed lightly. There is merit in some of its additional cost figures that even I can understand. If the Dixon-Yates deal goes through, TVA will have to adjust some of its facilities at Shawnee. Amortizaton of those costs was estimated at $200,000 a year. TVA continued to contend that standby allowances for Dixon-Yates were not adequate to cover a 2-generator outage, which might occur. The TVA contended that its offpeak transmission costs would be increased $186,000 per year by the arrangement to get power from Dixon-Yates in Arkansas.

I shall not consider the TVA claim of $5.5 million annual differential here because there is complete agreement among the AEC, Budget Bureau, Federal Power Commission and the TVA experts that it will cost the Government at least $3,685,000 more per year to get the power from Dixon-Yates than to have TVA build the Fulton and Johnsville facilities.

Let me quote the record on this. These agencies sent expert witnesses before the Joint Committee on Atomic Energy during our hearings. In part II of the published hearings, page 957, General Manager Nichols' testimony appears as follows:

> Analysis of the (Dixon-Yates) proposal from the standpoint of cost to the Government, including State and local taxes but excluding Federal income taxes, as compared with the estimates for constructing a plant near Memphis by TVA, shows an annual cost to the Government of $20,569,000 for the private companies as compared with $16,884,000 estimated for the TVA plant.

The difference in those two items is $3,685,000.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. I wish to emphasize again that the Senator is suggesting that the Government is not saying there is not that difference between the cost to the AEC of the power purchased from a private company or purchased from the TVA. The Senator is emphasizing the cost to the Government, and is ignoring any part which the TVA may play.

Mr. ANDERSON. In the whole discussion with the TVA concerning the Dixon-Yates contract, it was assumed that there would be regulation by the utility groups; that costs would be figured into the calculations; and there was not an element of profit when they analyzed the basic cost under the contract. What they were going to charge the Government later might have been another story. They did not base the contract on that.

The President of the United States decided he would not make money available by appropriations for a steam plant at Fulton, but before he made that decision, he asked the experts in the Government to calculate what the cost might be. They calculated the cost, and included certain items which the Senator from Arkansas and I say might be duplicated in both proposals.

It was, therefore, decided that it would be wise to make use of the private facilities.

Mr. FULBRIGHT. Does the Senator consider that it is a matter of no significance to overcharge the AEC for the power?

Mr. ANDERSON. No.

Mr. HILL. Mr. President, the Senator from Arkansas does not have the floor.

Mr. FULBRIGHT. The Senator from New Mexico had yielded to me, and I was asking him a question.

Mr. ANDERSON. I said it was a matter of significance. If there were to be profits from the operation, and if there were to be new dams and new facilities constructed, without congressional approval, that would be one thing. But actually it is merely a bookkeeping charge, because Congress has control of every dollar which comes into the TVA, and Congress can decide how much shall be used for plant improvement, and what amount shall go into the Treasury.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. ANDERSON. Does the Senator from Connecticut desire to comment on that point?

Mr. BUSH. Does the Senator from New Mexico think that Congress would approve of the TVA overcharging AEC, as the figures of the Senator from Arkansas show completely the TVA has done?

Mr. ANDERSON. I think I had better ask the Senator from Connecticut if he voted for the independent offices appropriation bill this year. If he did, he authorized these things.

Mr. BUSH. The Senator from Connecticut did not authorize them.

Mr. FULBRIGHT. Neither did I; and until this debate came up, I did not know they had been authorized.

Mr. ANDERSON. As I said a moment ago, if we do not approve such actions, we must reflect that it was not TVA, but the Members of Congress, who passed on them every time an appropriation bill came up.

Mr. BUSH. Does the Senator believe that the Atomic Energy Commission itself realized, up until recently, that they had been overcharged?

Mr. ANDERSON. I was going to present my facts in a more orderly fashion, but I shall now turn to page 1036 of the hearings, and I shall show the Commission has not been overcharged. If it has been overcharged, then someone else is doing an awful job.

Mr. HILL. Mr. President, will the Senator yield?

Mr. ANDERSON. I should like first to complete my reply to the Senator from

Connecticut. I turn to page 1035 of the hearings. General Nichols was testifying before the Joint Committee on Atomic Energy. He is the general manager of the Atomic Energy Commission. I refer to page 1035 only to identify who is giving the testimony. I now turn to the top of page 1036, and get down to the charges they are discussing. They are discussing the cost of power coming from the Paducah plant and what Electric Energy, Inc., was charging. There was a time when the charge of the TVA was somewhat higher than the EEI charge. General Nichols stated:

Again in fairness to TVA we have the latest compilation for January 1, 1954, to March 31, 1954, in other words, the first 3 months of 1954, from TVA we bought 1,447,184,000 kilowatt-hours at a cost of $7,028,310 or an average cost of 4.86—

Now, this is not production cost; this is sales cost—

and EEI, 1,151,881,000 kilowatt-hours at a cost of $5,892,770, or for the first time the price goes slightly higher than TVA, 5.08 mills per kilowatt-hour.

I only submit that if TVA is overcharging at 4.826 mills, then the private industry which is sharing the very contract with it is also overcharging at 5.08 mills.

Mr. BUSH. Certainly, that conclusion sounds very reasonable .

Mr. FULBRIGHT. That is not the question at all. That refers to the EEI. That has nothing to do with the problem the Senator is talking about.

Mr. ANDERSON. I think it does have something to do with the problem I am talking about. The Senator from Arkansas has stated that the Atomic Energy Commission was overcharged. The testimony which was read had to do with the cost of power at the Paducah plant. These are the very costs we are talking about.

I should like to say to the Senator from Connecticut that the difficulty with this situation is that there was a time when TVA costs were higher. TVA has its own explanation for that. I do not know whether its explanation is true or false. I have read it. It sounds all right to me. It may be that the able Senator from Connecticut, who has had far greater financial experience than I have had, could have looked at those figures and they may not have seemed right to him.

However, I think that question is not one for debate at this time, because, in reality, I think it is a moot question, as to a board or group trying to decide that the plant should not be built where TVA wanted to build it, and should not be a steam plant at Fulton. It decided another contract with Dixon-Yates should be entered into. Therefore, I have not concerned myself with whether the figures used indicated an overcharge or not, because currently the costs are down.

General Nichols, in the same testimony, only a very few minutes later said:

When everything is running, according to our contracts—

Contracts, now; not estimates—

the price will favor TVA by a margin here of about 10 percent.

If it is 10 percent cheaper to buy the power from TVA, it is not an overcharge, under the circumstances.

Mr. HILL. We are talking about power now, are we not, where TVA bought power——

Mr. ANDERSON. I want to dissociate myself from that statement.

Mr. HILL. We were talking about that.

Mr. ANDERSON. We were talking about that. If the Senator wants to discuss it, it is all right with me, but I say what we did do at the time, as I understand, was to ask both EEI and TVA to expand their power rapidly. EEI was a private organization which had already had much of its generation capacity expanded, not all of which was used to the fullest degree. It also had used all the capacity as rapidly as possible. It did a good job of supplying the Atomic Energy Commission. There is no question or argument about that.

TVA was also asked to expand, and it had no way of expanding, because it is not a private enterprise and did not have more generating capacity than it needed. Therefore, it went into the highways and byways and bought power, sometimes at high prices, sometimes at fair prices; but whatever the Atomic Energy Commission said it required from TVA, TVA went out and got. Perhaps it was not as careful as to price as we might desire. If, as the Senator argued, the Commission bought that power at 5 mills and sold it at 8 mills, then I think it gouged the Atomic Energy Commission, and I think such action was indefensible. But I shall not pass final judgment on it. I should like to have the Atomic Energy Commission officials explain why they did it if they did it. They may develop that it was not done at all. I believe they have as much right to a trial by jury as anyone else.

Mr. HILL. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from Alabama.

Mr. HILL. Is not this the explanation, that TVA not only bought the power from private companies for AEC, and in very many instances had to pay prices which no doubt averaged up to 5.08 mills, but, in addition to that, it bought a larger amount of power for itself and other installations, and it was not under the same pressure and did not have to pay the same price for the power? Therefore, over all, not only as to the power for AEC, but for itself and other users and distributors, the overall price averaged 5.08 mills. But the 5.08 mills figure cannot be considered alone, since it includes power used entirely and separate and distinct from that used by the AEC. That cannot be used as a measure of what AEC was to pay for its power.

Mr. ANDERSON. Precisely. That is what I have tried to say. This matter was checked by the Joint Committee on Atomic Energy and by the Atomic Energy Commission. The Atomic Energy Commission is satisfied. It is headed by a very able person who is experienced in financing. I believe Admiral Strauss has had as fine a financial background as anyone ever connected with the AEC. He is a shrewd and capable financier. I think that if he had thought he was being overcharged he would have done something about it.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from Alabama.

Mr. SPARKMAN. I should like to call attention to a statement by General Nichols, of the Atomic Energy Commission, which appears on page 1038, which I think bears out what my colleague, the senior Senator from Alabama, has said. If my colleagues will turn to about the middle of the page, they will see that General Nichols testified that of the power TVA supplies the Atomic Energy Commission, it supplied 2,654,000,000 kilowatt-hours of normal power, and of supplemental or secondary power only 334 million; whereas EEI supplied firm or permanent power, as Mr. Nichols calls it, to the extent of 1,289,000,000 kilowatt-hours, and of interim power almost the same amount, or a little more, 1,513,000,000 kilowatts.

Mr. FULBRIGHT. A little more? It is about five times as much.

Mr. SPARKMAN. In other words, whereas the TVA was supplying 88 percent of firm power and only 12 percent of secondary power, the EEI was supplying 48 percent of firm power and 52 percent of secondary power. Of course, there is a tremendous difference in the cost of that power. I think that is a weakness of the tables which have been presented for the RECORD by the able Senator from Arkansas. He has tried to compare things which are not comparable.

Mr. KNOWLAND. Mr. President, will the Senator from New Mexico yield to me at this point, so that I may address a question to the Senator from Arkansas?

Mr. ANDERSON. Let me add only the statement that, so far as I am concerned, it seemed to me that it was the responsibility of the Atomic Energy Commission to satisfy itself that it had been fairly handled; and the testimony before the committee, by the representatives of the Atomic Energy Commission, was that they thought it had been fairly handled. That testimony satisfied me.

If they had testified to the contrary, I would have wished to make a study of the matter.

Mr. SPARKMAN. Did they claim that the Atomic Energy Commission had been overcharged?

Mr. ANDERSON. Not so far as I am aware.

Mr. KNOWLAND. Mr. President, if the Senator from New Mexico will yield to me at this time, let me say that my question is as follows: Is it not correct that the Atomic Energy Commission would be a preference customer in the fullest sense of the word; and is there any Government agency that would be a preference customer in a sense higher than the Atomic Energy Commission?

Mr. ANDERSON. Mr. President, I think it should be pointed out to the majority leader that, insofar as the preference clause was concerned, the TVA was supplying the AEC with all the power the AEC had. The preference

clause applies only to sales of its own power.

Mr. KNOWLAND. My point is that if the TVA is going outside its own area and is supplying some of its power outside the TVA area, so that it is not in a position to deliver power to a preference customer, then it seems to me there arises quite a legal question as to whether the shortage is self-imposed by the TVA's going beyond the confines of its area, and then finding itself in short supply, and therefore having to go outside its area to buy power in order to make up the shortage, so that it will be able to carry out its commitment to the highest possible preference customer it could have.

Mr. ANDERSON. I would agree with the majority leader about that; but I do not recall that there was any testimony that that was the situation.

The difficulty is that if we are to examine the operations of the TVA and the AEC over a period of many years, we shall have to obtain more information than that contained in the hearings. I have gone over the hearings rather carefully, and I do not believe they contain anything on that point.

Mr. FULBRIGHT. Mr. President, will the Senator from New Mexico yield to me?

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair). Does the Senator from New Mexico yield to the Senator from Arkansas?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. I think it is clear that the TVA can charge the AEC whatever the TVA chooses to charge. I think that is apparent to the Senator from New Mexico and also to the Senator from Alabama [Mr. SPARKMAN].

Mr. ANDERSON. Oh, Mr. President, we must be fair to the TVA in connection with this matter.

Mr. FULBRIGHT. However, if the Senator says, "Oh, they bought this under stress," then it is apparent that the TVA charged the AEC the most that it was within the power of the TVA to charge; and, in reply, all that can be said is, "But the Government came out the same, in any case, because it got the 70 percent that was added and charged to the AEC.

Mr. ANDERSON. But in the hearing there is no testimony that the TVA charged more, either on the basis of an added 70 percent or any other percentage.

Mr. FULBRIGHT. But I have just set forth the facts.

Mr. ANDERSON. Mr. President, I am sorry to disagree with the Senator from Arkansas, for I do not think he has set forth the facts. What actually occurred is stated over and over again in the hearings. The TVA had a certain bloc of power that was available. The TVA did not have enough power to take care of the new installation at Paducah. Mr. Murray, one of the Commissioners, went there. His testimony is to be found on page after page of the hearings. He testified that he went there, and arranged a "marriage," as he explained the matter. He wished to ascertain whether private power could carry the whole load. He found that private power at Paducah could not do so; that it was not in a position to do so, and that it would be too hazardous for private power to attempt to do so. He found that the TVA could carry half of the load, and then he arranged to give the other half of the load to a group of private companies that were well managed and were in a position to deliver to the Atomic Energy Commission a good quality of service. He arranged to have the TVA deliver all the power it could deliver to the AEC. But that amount was not sufficient. Then they said, "Go out and buy the rest of it where you can."

Certainly the AEC should be charged the cost of buying the extra power.

Mr. FULBRIGHT. Plus 70 percent, does the Senator from New Mexico think?

Mr. ANDERSON. Mr. President, I say that the Senator from Arkansas cannot now or cannot tomorrow or cannot next week or next month provide any evidence whatever to show that TVA bought the power and then added 70 percent to the cost of it, before selling the power to the Atomic Energy Commission.

Mr. FULBRIGHT. I think the figures indicate something very similar to what I have stated.

Mr. ANDERSON. I say as respectfully as I can to the Senator from Arkansas that I do not believe that is the case, because I think the figure of 8 mills, that he has used—and certainly I am subject to correction if I am in error—represents the price at which TVA purchased the power and the price at which TVA billed the power to the Atomic Energy Commission.

I have agreed with the Senator from Arkansas that if the TVA bought the power at 5 mills and sold it to the Atomic Energy Commission at 8 mills, the TVA should be censured by the Congress for having done something absolutely wrong.

Mr. FULBRIGHT. Mr. President, I appreciate that statement.

Mr. President, the Senator from New Mexico paid his compliments to Mr. Strauss, the Chairman of the Commission, as a man of astute intellect, with a keen understanding of financial matters. Let me say that I hold in my hand a memorandum addressed to Mr. Strauss. He personally gave it to me. It is signed by Mr. K. D. Nichols, to whom the Senator from New Mexico has referred on numerous occasions.

Mr. ANDERSON. However, even though Mr. Strauss is a financial genius, the fact that Mr. Nichols sent a memorandum to Mr. Strauss does not make Mr. Nichols one.

Mr. FULBRIGHT. But the Senator from New Mexico has been quoting Mr. Nichols' testimony.

Mr. ANDERSON. Yes, and I was surprised by the testimony the Senator from Arkansas has quoted; namely, that Mr. Nichols said the TVA is overcharging them.

Mr. FULBRIGHT. Mr. President, this memorandum is rather lengthy. Therefore, I now ask unanimous consent that it be printed at this point in the RECORD, for reference purposes.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

JUNE 11, 1954.

Note to Mr. Strauss:

In the matter of rates charged the AEC by the TVA for power, the following comparison with rates charged during the same period by EEI for power delivered to the Paducah plant is pertinent:

	Kilowatt-hours	Costs	Average cost (mills per kilowatt-hour)
Jan. 1, 1951–Dec. 31, 1953			
TVA:			
Normal	2,653,349,972	$16,907,540.74	6.3721
Supplemental	334,053,688	3,370,045.04	10.0883
Total	2,987,403,660	20,277,585.78	6.7897
EEI:			
Permanent	1,289,097,810	4,153,650.59	3.2221
Interim	1,513,528,311	11,848,120.05	7.8281
Total	2,802,626,121	16,001,770.64	5.7095
July 1–Dec. 31, 1953			
TVA:			
Normal	1,709,062,951	8,642,400.56	5.0558
Supplemental	282,800,138	3,011,270.19	10.6481
Total	1,991,863,089	11,653,670.75	5.8515
EEI:			
Permanent	1,247,011,470	3,941,354.02	3.1606
Interim	814,843,158	6,319,398.46	7.7554
Total	2,061,854,628	10,260,752.48	4.9797
Jan. 1,–Mar. 31, 1954			
TVA:			
Normal	1,053,464,000	3,916,543	3.72
Supplemental	393,720,000	3,111,767	7.90
Total	1,447,184,000	7,028,310	4.86
EEI:			
Permanent	683,394,000	2,230,159	3.26
Interim	475,487,000	3,662,618	7.70
Total	1,158,881,000	5,892,777	5.08

It was not until February of this year that the average cost of power furnished by TVA became less than that furnished by EEI. During all the above periods to the cost to AEC of EEI permanent power was less than TVA normal power.

In negotiations with TVA that resulted in our present contract for normal or permanent power at Paducah, we understand that TVA included in the fixed-charge portion of the rate a charge that would amortize the original investment for the new facilities required in 28 years at 4 percent interest. To accomplish this, the charge must be equal to 6 percent of the original investment per year.

In recent joint discussions between the FPC, TVA, and the AEC to develop a comparison of cost to the Government between the Dixon-Yates proposal and TVA for 600,000 kilowatts of power, we had access for the first time to operating and construction cost data on which TVA based their position on actual cost to the Government.

Using this data and their present quoted cost of $145 per kilowatt of capability for the Shawnee plant; providing in the capital costs of $95,040,000 for a plant of 660,000 kilowatts of capability for the delivery of 600,000 kilowatts of power; $13 million for transmission, making a total capital cost of $108,040,000, and using 35-year depreciation for the useful life of the plant and 15½ cents per million B. t. u.'s for fuel costs; we have estimated the cost to TVA for delivery of 600,000

kilowatts of power to the Paducah plant from the Shawnee plant at 98 percent load factor.

It should be noted the TVA Act requires that new congressional appropriations for power facilities to be repaid over a period not to exceed 40 years after the year in which such facilities go into operation. No interest payment is required.

On the basis TVA should furnish power to the AEC at cost, and based on information from TVA that coal cost of 15½ cents per million B. t. u.'s will be reflected in the rate under our present contract at Paducah on July 1, 1956, AEC would be charged for 600,000 kilowatts under the present contract over and above estimated cost to TVA as follows:

	Annual cost to TVA	Mills per kilowatt-hour
Amortization, 35 years	$3,086,000	0.59
Operation and maintenance, general and administrative, transmission, replacements, etc	2,195,000	.42
Fuel, at 9,947 B. t. u.'s per kilowatt-hour and 15½ cents per million B. t. u.'s	8,037,000	1.55
Total	13,318,000	2.56
TVA-AEC Paducah contract	18,036,000	3.47
Difference	4,718,000	.91

We feel that TVA should pay interest on its investment equal to the cost to the Government long-term borrowings during the period of construction of the new facilities. On the basis this rate would be not less than 2½ percent, then the estimated cost to TVA for 600,000 kilowatts of power furnished at Paducah after July 1, 1956, and the difference between the contract rate would be as follows:

	Annual cost to TVA	Mills per kilowatt-hour
Amortization, 35 years, interest at 2½ percent [1]	$4,666,000	0.90
Operation and maintenance, general and adminsitrative, transmission, replacements, etc	2,195,000	.42
Fuel, at 15½ cents per million B. t. u.'s	8,097,000	1.55
	14,898,000	2.87
Paducah contract	18,036,000	3.47
Difference	3,138,000	.60

[1] Computed as follows: 0.432×$108,000,000=$4,666,000; amortization, $3,086,000; interest, $1,580,000.

By July 1, 1956, TVA will be furnishing under the contract 1,205,000 kilowatts of normal power. Thus on that date charges to AEC over estimated cost to TVA will be approximately double the $3,138,000 or $6 million. Since the original contract was on a commodity basis and TVA was taking a risk on capital costs, the rate then established had justification on the part of TVA. However, now that the capital costs are known and operating experience is being obtained, a continuation of the present contract rate does not seem justifiable on the basis TVA should sell power to the AEC at cost.

To continue the present Paducah contract rate could place TVA in a position, at the expense of the AEC, of subsidizing other users in the TVA system.

Many factors other than a policy of sales of power to defense agencies at cost to TVA may be involved that should be explored with the Bureau of the Budget and possibly TVA before these figures could be considered as a basis for contract renegotiation with TVA.

K. D. NICHOLS.

Mr. FULBRIGHT. Mr. President, I wish to read one paragraph which sums up the matter:

By July 1, 1956, TVA will be furnishing under the contract 1,205,000 kilowatts of normal power.

That will be after they have built all their plants.

Mr. ANDERSON. Under which contract is that? Is it under the Paducah contract?

Mr. FULBRIGHT. Yes; the Paducah contract.

Mr. ANDERSON. Yes.

Mr. FULBRIGHT. I read further from the memorandum:

Thus, on that date charges to AEC over estimated cost to TVA will be approximately double the $3,138,000, or $6 million. Since the original contract was on a commodity basis and TVA was taking a risk on capital costs, the rate then established had justification on the part of TVA.

This refers to the interim period to which the Senator from New Mexico has referred.

I read further from the memorandum:

However, now that the capital costs are known and operating experience is being obtained, a continuation of the present contract rate does not seem justifiable on the basis TVA should sell power to the AEC at cost.

To continue the present Paducah contract rate could place TVA in a position, at the expense of the AEC, of subsidizing other users in the TVA system.

That is the very crux of the matter. I read further:

Many factors other than a policy of sales of power to defense agencies at cost to TVA may be involved that should be explored with the Bureau of the Budget and possibly TVA before these figures could be considered as a basis for contract renegotiation with TVA.

That is the first statement.

I also hold in my hand——

Mr. ANDERSON. Mr. President, I should like to have the Senator from Arkansas pause at that point.

Mr. FULBRIGHT. Let me inquire what is wrong with what I have just read.

Mr. ANDERSON. I wish to answer that part of the memorandum. In it, Mr. Nichols says, in effect, "If the present rate is continued—if the present rate is continued—if the present rate is continued." But the AEC has power to renegotiate the rate.

If the AEC is to be robbed of $3 million, and Mr. Strauss is a great financial genius, I think he would be smart enough to renegotiate. If he does not do it, the AEC is in very poor hands. That is all I say. We cannot base an overcharge on the fact that the person who ought to ask for renegotiation sleeps on his rights. I do not believe the AEC is going to sleep on its rights.

Mr. FULBRIGHT. The Senator is not saying that they have not been overcharged, but that if they are, they ought to renegotiate.

Mr. ANDERSON. I would not make the positive statement that the TVA had not overcharged the AEC, but I do not recall in the testimony—and there are two volumes of it—any place where the AEC stated that it was being overcharged. If the Senator can find such testimony tonight and mark it and read it to me, I shall be very happy to have the information.

Mr. FULBRIGHT. Let me read from the memorandum which I received not more than 2 hours ago. It was prepared by the AEC. It is three pages in length. I have already asked that it be printed in the RECORD. The last two paragraphs are:

Either the TVA is charging AEC too much or their representation on cost of producing power is in error.

If the TVA representations on cost are correct, then the AEC is being overcharged.

There are no "ifs" about it.

Mr. ANDERSON. By whom is the memorandum signed?

Mr. FULBRIGHT. Let me finish.

This places TVA in the position, at the expense of AEC, an arm of the Federal Government, of subsidizing other users of the TVA system at the expense of the taxpayers in the balance of the country.

That memorandum came from the AEC. It was handed to me only an hour ago by Mr. Trapnell. It reaffirms what the other memorandum says.

Mr. ANDERSON. By whom is it signed?

Mr. FULBRIGHT. Mr. Trapnell handed me this memorandum only an hour ago. It was prepared by the AEC.

Mr. ANDERSON. I can only say that, having had a hearing on this subject, and having run into difficulty, and having decided to revise their testimony, the AEC ought to do it where they can be cross-examined and questioned as to how they reached these figures. If all five members of the Atomic Energy Commission including the Chairman, could testify before the committee and not reveal that information, when they knew all the time that it was here and we did not have it, there ought to be a housecleaning in the Commission.

Mr. FULBRIGHT. I think the Senator is taking an incorrect attitude. What they are doing is clarifying the testimony which members of the TVA have succeeded in confusing, with regard to the difference between cost of production and sale price. The situation has been "fuzzed up" so that no one can know what it is. This memorandum is an effort to clarify the figures. The figures contained in this memorandum are identical with the ones which were placed in the RECORD only yesterday by the Senator in his long address. He said the memorandum had disappeared. Nevertheless, he placed it in the RECORD.

Mr. ANDERSON. I said it had disappeared. I wish to explain that statement. I tried to get from the Bureau of the Budget a copy of the message which had been sent out early in July for the benefit of speakers on the Hill who wanted to defend the Dixon-Yates proposal. I could not find a copy of it.

Mr. FULBRIGHT. The statement was so popular that all the copies were exhausted.

Mr. ANDERSON. It was not quite that popular.

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I reasoned that the Joint Committee on Atomic Energy staffed by careful, conscientious persons, probably preserved a copy. I found a copy, had it photostated, and inserted it in the RECORD. I returned the original to the files of the joint committee, where I am confident it now reposes.

Mr. FULBRIGHT. There is no difference between the basic figures and those contained in this memorandum. The only thing the memorandum does is to clarify and give the significance of the figures.

Mr. HILL. Mr. President, will the Senator yield? I do not wish to impose upon him.

Mr. ANDERSON. Mr. President, I have been on my feet for about 4 hours. I have completed 5 of 27 pages of my prepared statement, and I am not trying to conduct a filibuster. I yield to the Senator from Alabama.

Mr. HILL. Is it true that the statement in the President's budget message which came to the Congress in January was to the effect that AEC might cancel a part of its contract with TVA, and release to the TVA some 600,000 kilowatts of power now committed by TVA to AEC, but that, in fact, AEC has been so pleased with the contract and the prices it has been paying for the power that it took an entirely different turn and went off with the Dixon-Yates proposal?

Mr. ANDERSON. I think that is true.

Mr. GORE. Mr. President, I regret to ask the Senator to yield, but I think a brief statement would clarify the difficulty in the mind of the Senator from Arkansas.

Mr. FULBRIGHT. There is no difficulty in my mind. The Senator misinterprets the situation.

Mr. ANDERSON. It is I that the Senator from Tennessee wishes to help.

Mr. GORE. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from Tennessee.

Mr. GORE. I would not ask the junior Senator from Arkansas to reveal his strategy, but unless there is confusion in his mind, then there is purpose. The purpose seems to be—if there is no confusion in his mind—to try the TVA upon spurious charges.

I can understand why it would be more convenient and comfortable to try the TVA than to examine, in the public light, the proposed contract.

However, what I rose to point out is that the junior Senator from Arkansas has used two average figures. He has used the average cost of outside power to the TVA for its entire system, compared with an average cost of that portion of the outside power went to the Paducah plant.

The junior Senator from Arkansas and the junior Senator from Tennessee share at least one thing in common. Neither of us is an expert on power rates. However, I know that there is one significant fact which the junior Senator from Arkansas seems not to have taken into consideration.

The average load and demand throughout the TVA system is far different from the demand of the Paducah plant of the Atomic Energy Commission. Let me point out, for example, that in Alabama there is the Reynolds Metals Co. It puts on a shift of workers at 8 o'clock at night, and they go off at 4 o'clock in the morning. The TVA buys power, sometimes from an outside source, to supply that particular demand at those particular hours. That is what is called in the trade off-peak power. It comes cheap.

At Paducah, Ky., there is a plant which must operate 24 hours a day. It requested the TVA to purchase, from whatever source it could, power to keep that vital national defense plant in operation 24 hours a day. Some of those hours were at peak periods.

Mr. FULBRIGHT. Were none of them off-peak?

Mr. GORE. That power had to be bought at very high prices.

Mr. FULBRIGHT. I take it none of those hours were off-peak. They were all at the top price?

Mr. GORE. I should like to inform the Senator that some of the peak power which the TVA bought at the request of the Atomic Energy Commission cost as high as 18 mills, at the peak hours. The Senator from Arkansas confuses averages. In one case there is a 24-hour load, and some of the power must be bought at very high prices.

The junior Senator from New Mexico said that he would not make the positive statement that TVA had not overcharged the AEC. Perhaps the junior Senator from Tennessee has given more study to this problem than has the junior Senator from New Mexico.

For 10 years I piloted every TVA appropriation bill through the House of Representatives. I conducted the hearings. I have made it my business to study each appropriation request and to know infinitely every problem. I say categorically that the TVA has not overcharged the AEC, and I shall supply further records in that connection on my own time.

Mr. ANDERSON. If I remember correctly, I said to the Senator from Tennessee that it was not my function to serve as judge and jury in this case, until we had the evidence before us. However I did not see anywhere in the record a statement to that effect, although I did see the sort of record the Senator from Alabama read a few minutes ago, dealing with what General Nichols said about supplementary and normal power, namely, that TVA has supplied normal power in the amount of 2,654,000 kilowatts, and supplemental power in the amount of 334 million kilowatts.

It might be said that because that was true, the normal power was cheap. However, in the testimony at page 1038 the representative of the TVA stated:

> Would you go on and explain, or perhaps you don't know, that TVA normal power was power largely not generated by the Shawnee plant?
>
> Mr. NICHOLS. That is right. It is still TVA power.

The representative of the TVA said:

> It is not TVA power in the sense that TVA did not generate it. We bought it where we could find it and delivered it to you.

That is why I said a moment ago that they went forth and bought the power wherever they could find it, because they were under a mandate from the AEC to get this amount of power. They brought it in, and they should be commended for it.

Let me deal with this $3,600,000 again. At page 978 of the printed hearings the AEC General Manager, replying to a question by Congressman HOLIFIELD, said:

> I think $3,600,000 is a fair expression. There is no attempt to conceal that.

Again on page 985 of the printed hearings, General Nichols gives $90,700,000 as the 25-year additional cost of the Dixon-Yates proposal.

Mr. Francis Adams, Chief, Power Division, Federal Power Commission, was called as a witness. He testified that he participated with AEC and others in analysis of the comparative costs. His direct statement appears at page 1078 of the printed record. There he says:

> The additional cost of the Dixon-Yates proposal over the estimated cost of the TVA power is $3,685,000.

Witnesses called from the Tennessee Valley Authority, under examination of the committee, agreed to the $3,685,000 figure but insisted other items would run the total higher. R. A. Kampmeier, assistant manager of power for TVA, puts it this way at Page 1118 of the printed hearings:

> I don't think the $5.5 million figure should be considered as even approaching an upper limit. I do think that the $3,685,000 is a lower limit.

The weight of all the experts is behind the $3,685,000 figure. There is agreement at that point. Not one of them presented any analysis indicating that the additional cost to the Government would be $282,000.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. I do not want to bother the Senator from New Mexico any more. However, I might say that if he is going to ignore the difference between the estimated cost of producing power and what the AEC will be charged, there is really no argument on that particular point, but I hope the Senator will admit that that figure is based on the estimated cost of producing power, as contrasted with the cost of procuring it from the power company. Is that correct?

Mr. ANDERSON. I have said all I can say about it. I say that is not correct, because every person who participated in the analysis said this was the analysis that was made by the Bureau of the Budget, the Atomic Energy Commission, the Tennessee Valley Authority, and the Federal Power Commission as to the relative costs. I do not believe that cost means a delivered price. Therefore I am only dealing with the relative cost. If that is incorrect, then the whole basis of my argument is incorrect.

Mr. FULBRIGHT. Then there is no point to trying to develop it. If we cannot agree on a simple statement, then we cannot agree on anything, and there is no point in seeking even to make a record that is understandable either to

the Senate or to the public. That particular fact seems to me to be so clearly obvious that there is hardly any point in continuing the discussion, inasmuch as there is no question about the fact that at no place does anyone say that TVA offers to sell to AEC power at that price. There is not one scintilla of evidence to that effect. We are merely butting our heads on differences, and we do not clarify anything.

Mr. ANDERSON. Mr. President, in last Sunday's newspaper there appeared a statement by the Bureau of the Budget about the Dixon-Yates decision at the White House. Attached to that statement was a "detailed analysis of the Middle South-Southern proposal." In that statement the Bureau of the Budget states that there is a difference in cost of $3,685,000, due to State and local taxes, difference in cost of money, extra fuel transportation costs, difference in operating costs, and a $607,000 TVA transmission cost resulting from the location of the Dixon-Yates plant. I ask unanimous consent to have the comparison which appears at page 3 of the statement printed in the RECORD at this point. I believe it will be useful.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

A comparison of annual cost to the Federal Government for power supply delivered to the TVA system in the Memphis area for the account of AEC is attached (attachment 1).

Analysis of the Middle South-Southern proposal from the standpoint of its net cost to the Government, including State and local taxes, as compared with the estimate for constructing a TVA plant near Memphis, shows an annual cost to the Government of $20,569,000 for the private companies' proposal, as compared with $16,884,000 estimated for the TVA plant. The difference of $3,685,000 is due to the following items:

	Amount	Percent of total
State and local taxes	$1,499,000	41
Difference in cost of money	1,059,000	29
Extra fuel transportation costs	309,000	8
Difference in operating costs	211,000	6
Total for Middle South-Southern	3,078,000	84
TVA transmission costs	607,000	16
Total additional costs	3,685,000	100

Mr. ANDERSON. Mr. President, the AEC and Federal Power Commission witnesses carefully put into the hearing record the reason for the higher Dixon-Yates cost. Mr. Adams testified that State and local taxes in Arkansas on Dixon-Yates would account for $1,499,000 of the additional cost, extra cost of money would be $1,059,000 per year of the additional cost, and that extra fuel costs to Dixon-Yates would be $309,000.

The Tennessee Valley Authority has excellent coal contracts and has been able to achieve considerable savings on fuel.

The matter of taxes, which the experts say accounts for $1.5 million of the additional annual costs of $3,685,000 is entirely Arkansas State and local taxes, the sum that the State of the Senator from Arkansas will get from this plant.

If the TVA builds a plant at Fulton, there will be no local tax cost to the Government. The TVA makes payments in lieu of taxes to Tennessee State and local governments on facilities serving the civilian system, but not on facilities serving direct Government demand.

The problem here is not whether the additional cost exists but whether we are going to make a businesslike decision, and save this $1.5 million for the Government, or go into this Dixon-Yates contract for the purpose of creating a way to give Arkansas a $1.5 million windfall.

I do not think that the fact that Dixon-Yates will collect $1.5 million annually out of the United States Treasury, through AEC, and turn it over to the State of Arkansas, is a valid argument when we are being urged to economize and be businesslike—for us to approve this Dixon-Yates contract. If we want to give Arkansas $1.5 million a year, we can do it far cheaper. Under this scheme it will cost the Treasury $3.6 million a year to transfer $1.5 million to Arkansas. It could be done by check for a few cents overhead.

The weight of all the testimony of the experts, and a look at the difference in cost, are convincing that it will take $3,685,000 of the Treasury's hard dollars every year to pay the additional costs inherent in the Dixon-Yates proposal. Over 25 years, it will cost an extra $90 million of Government funds to avoid building the Fulton steam plant and expanding Johnsville at this time.

The Senator from Arkansas invited us to show any error in his computation. At page 10145 of the RECORD for July 9, column 2, he put in a table which is labeled a comparison of annual cost of power supply from Dixon-Yates proposal against cost to AEC of power from TVA at Paducah, using 600,000 kilowatt capacity, 5.2 billion kilowatt-hours per year or 98 percent load factor, and 19 cents per million B. t. u.'s fuel cost.

This looked to me like a familiar table, and indeed it is.

This is the table that the AEC and Budget Bureau first compiled when the second Dixon-Yates proposal was transmitted from the AEC to budget. The one change is that fuel costs at the TVA's plant at Paducah have been raised to 19 cents per million B. t. u.'s arbitrarily, and that just cannot be done and come out with a comparison with any value whatever. Nineteen cents is not the TVA's fuel cost at Padacuh. Testimony at the hearing shows that the cost currently is 16.8 cents and that under their coal contracts it will be 15.5 cents in 1957, General Manager Nichols testified that this is the TVA coal cost at page 1065 of the joint committee printed hearings.

If this technique of using an arbitrary cost figure were valid and meritorious, it would be a great godsend to Secretary of Agriculture Benson and the dairy people.

They could assume that the price of coffee is 50 cents per cup and demonstrate beyond all question of a doubt that people ought to drink milk costing 10 cents a glass.

They could assume that oleo cost $1 per pound and thereby make butter at 60 cents a great bargain.

Unfortunately for this sort of calculations, coffee does not cost 50 cents per cup, oleo does not cost $1 a pound and coal does not cost the TVA 19 cents per million B. t. u. at Paducah.

By substituting the completely inaccurate 19 cents coal cost—a cost that is 11 percent more than what TVA is actually paying now and 123 percent of what it will pay over the long stretch of the contract—the table of the Senator from Arkansas boosts the TVA energy charge at Fulton around $1,800,000 per year. In the original AEC-Budget Bureau table, figured at reality, the TVA energy cost is shown as $9,828,000 per year. In the table the Senator from Arkansas used, based on an assumption of 19-cent coal, this annual energy charge shoots up to $11,648,000.

The key to the whole analysis, on which I fear the Senator has been misled, is the substitution of the mythical coal cost to TVA for TVA's actual coal costs.

There is a second basic wrong about the Senator's table which I have previously mentioned. A comparison of the AEC's costs for power from TVA at Paducah with the Dixon-Yates proposal is no longer applicable since the basis of the deal was changed. AEC is not buying power to replace power it gets from TVA at Paducah. It is buying power for TVA at Memphis, and the decision must be based on alternative costs there—alternative costs on which the experts are in agreement.

The original AEC-Budget Bureau table on Paducah versus Dixon-Yates costs, using the correct fuel-cost figures, will be found at page 1064 of part II of the joint committee's printed hearings. It was put in the record by the AEC.

I am sure that the Senator has been given inaccurate information on the situation. There are other bits of information contained in his address which I feel are faulty.

The Senator from Arkansas was wrong in indicating that the cost of construction and operation of steam plants are fairly well standardized. His comment to this effect is at page 10152 of the RECORD for July 9 in the first column. Four units of TVA's Shawnee plant near Paducah have cost $145 per kilowatt to build while construction costs of Electric Energy, Inc., across the river have run $190 per kilowatt or more. The TVA's coal costs at Paducah are a little under 17.5 cents per million British thermal units at Paducah and will go to 15.5 cents under TVA's existing contracts. It is understood that the EEI coal costs are running 19 cents or a little more.

I think the Senator unfairly reflected on the TVA bookkeeping system when, at page 10144, in the third column, he said, "I do not know—no one knows—how an activity as large as TVA keeps its books."

I hope the Senator from Tennessee, who is worried about that, will listen to these comments.

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The TVA keeps accounts in accordance with the uniform system of accounts prescribed by the Federal Power Commission for all major utilities. The Division of Audits of the General Accounting Office makes a commercial-type audit of the TVA accounts every year. T. Coleman Andrews, an able public servant when director of the Corporation Audit Division of the GAO, testified before a Committee of Congress:

> TVA has probably the finest accounting system in the entire Government and undoubtedly one of the best accounting systems in the entire world. It is an excellent system. There is no private enterprise in this country that has any better.

A statement like that from T. Coleman Andrews, who has been placed by this administration in a position of great responsibility, which he fills with credit to himself and credit to the country, is interesting to have. The comment was made before he was considered as a candidate for a special public office. For him to say that TVA has one of the best accounting systems in the entire world takes in a reasonable amount of territory, and I think it should be satisfactory.

The Senator from Arkansas has raised two other points that may confuse some people not expert on power matters which need a little study.

First, he alleges that TVA has been charging the AEC more for interim power at Paducah than Electric Energy, Inc.

This matter was raised by Admiral Strauss, chairman of AEC, at the joint committee hearings. There is a detailed explanation at pages 1069, 1070, 1071, and 1072 in part II of the printed testimony.

Briefly, the facts are that AEC needed power before the big generating plants at Paducah could be put in operation. It asked TVA and EEI to buy up and gather together whatever power anyone could spare in the area and get it to the Paducah facility, to be used until the plants came on the line.

Both concerns did buy up power for AEC. The Commission got its facilities operating faster than anticipated and needed more power. It asked EEI and TVA to find it. EEI was unable to respond. TVA said that it would try to scrape up more, but that it would be high cost. AEC said to go ahead, and TVA did.

It seems to me that this current criticism of TVA because as of now this interim power which it gathered together as a special service should be pointed to as evidence.

The current criticism of TVA for interim energy costs is the most unfair reward for service in my recollection. It is entitled to appreciation and not criticism for what it has done. It is entitled to recognition of the fact, also, that it is to some extent standing behind or firming up these odd lots of power obtained both by it and the EEI so that there will be a sufficiently steady flow to the AEC plant to make it possible to operate.

The allegation that TVA interim power costs are running somewhat higher than EEI is, beside being completely unfair, also wholly beside the point in any debate over costs of 600,000 kilowatts of new power at or near Memphis, Tenn.

The Senator from Arkansas likewise has taken the TVA's charges to the city of Memphis for wholesale power and attempted to compare it to TVA's Shawnee costs to prove that TVA is overcharging the Government.

He finds that Memphis actually paid 3.88 mills per kilowatt-hour for TVA power but that if the Paducah rates were applied—$1.10 per month demand charge and a 2-mill energy charge—the rate would have been 4.25 mills. The inference is that TVA is trying to rob Uncle Sam.

TVA made a long-term contract with Memphis in 1938 while its system was virtually all hydroelectric power. It was a nondiscriminatory rate, comparable to the rates TVA charges other communities throughout the valley. Memphis is and will be a TVA customer for many years. There is no apparent intention on the part of TVA or Memphis to have anything but a permanent relationship.

In 1952, they amended their contract to provide that if Memphis starts serving a customer with a high load factor, TVA will get a higher rate for the power than originally provided.

TVA has made term contracts with AEC to build steam plants at charges which will cover the costs of supplying that particular power and amortize costs incident to meeting the AEC needs.

The neglected fact that the TVA rate at the Shawnee plant in the first 8½-year period includes special amortization of such things as overtime paid out to get the job done speedily, and that the energy charge will go down about 10 percent after this is paid off, is illustrative of the special nature of the job and therefore the rate.

The Memphis rate has been based on system costs. The AEC rate is based on the costs inherent in its requirements.

Mr. GORE. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. GORE. I think if a comparison must be made as between the rates at Paducah, then a large industrial concern with a high load factor is the best comparison that can be made. No comparison of dissimilar power customers is good, but if one must be made, then this is perhaps the most apt and the most relevant. I do not know whether the Senator has the figure of the charge made to an industrial customer with a high load factor in Memphis under the contract revision in 1952. If he does not, I should like to point out that the stipulation is considerably higher than the rate at which power generated at the Shawnee plant is now going to Paducah. I shall not burden the Senator with figures, but later on I shall point out that particular comparison.

Mr. ANDERSON. The sort of thing the Senator is talking about is shown by comparing the 2 cents per kilowatt-hour charged residential customers with 1 cent charged commercial customers or an industry. Such a comparison would show that the residential customers are being robbed, because, on the average, they have to pay twice as much per kilowatt-hour as big users.

Let me explain why high load factor power is more costly than somewhat lower load factor power.

If a utility has a customer who has a 100-percent power load, and charges $1 per month per kilowatt demand charge, then all he can collect in demand charge is that $1.

But if a utility has several customers who do not always use their peak demand, and their peaks vary, the utility can take advantage of this diversity and collect more totally for demand charge than the capacity of its facilities.

In the TVA area, the peak load at Memphis is in the summer when air conditioners are running. The city of Memphis pays demand charge for enough power to meet this summer peak. Over on the east side of the TVA area, in Knoxville and Chattanooga, the annual peak comes in the winter when heating units are in use. The Knoxville and Chattanooga systems pay demand charge to meet those winter peaks.

Actually, the TVA does not have to have capacity to meet both peaks at once.

Like every other utility, public or private, it is able to take advantage of diversity of peaks and earn more in demand charges than is actually represented by its capacity.

But when the load factor is 98 percent, as the AEC requires, then this opportunity to earn part of the revenues through diversity is not present.

Consequently, there is a sound explanation of the TVA's Memphis rate and the REA rate in Arkansas, which to some may appear unreasonable.

Mr. FULBRIGHT. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. Is it true that the around-the-clock customer is charged the same as the offpeak customer, and is necessarily charged as much?

Mr. ANDERSON. Some users do not produce as much revenue to the company as they would if they were able to use a part of the load during the daytime and another part during the peak time.

Mr. FULBRIGHT. The offpeak works only one way?

Mr. ANDERSON. Not entirely.

One of the most interesting parts of the address made by the Senator from Arkansas, occurred during a colloquy between the Senator from Alabama [Mr. SPARKMAN] and the Senator from Arkansas.

The Senator from Alabama had just said, at page 10151 of the RECORD:

> I should like to ask the able Senator from Arkansas, who has been an advocate of legislation against monopolistic practices, is it not rather unusual that the President of the United States should direct the Atomic Energy Commission, an independent agency charged with a high responsibility, as pointed out by the Senator from Mississippi, to enter into a contract for which specifications had never been drawn, to make that contract with a corporation which had never been organized, and is not yet in existence, and to buy that power from a plant which has not yet been built?

The Senator from Arkansas then came in, saying:

I should like the Senator to yield for a moment because, very clearly, the Senator is misstating the facts. In the first place, the President did not order any such thing. The proposal really came through the Bureau of the Budget. There were inquiries made and discussions had with the electric-power industry regarding the possibilities of such a contract. However, the Senator from Alabama is creating a false impression.

Mr. FULBRIGHT. Mr. President, will the Senator yield so that I may place in the RECORD a statement in connection with that point?

Mr. ANDERSON. Yes, I shall be happy to yield to have the insertion made in the RECORD.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to have a statement printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

INDEPENDENCE

The complaint has been made that, since the AEC is an independent agency, it was somehow improper for the Bureau of the Budget to direct it to enter into this contract.

Actually, of course, the instructions to the Atomic Energy Commission were given to it by the Bureau of the Budget. Why? Because what is involved here is a budgetary problem. It is a problem which involves two independent agencies—the AEC and the TVA. Who, if not the President, should regulate or control negotiations, conflicts, or differences of opinion between two independent agencies?

Who, if not the Bureau of the Budget, should make the determination on the part of the executive branch of the Government as to whether or not it would request an appropriation by the Congress?

Do Senators contend that TVA and AEC should not be subject to budgetary procedures in the executive branch of the Government?

This argument, if carried to its logical conclusion, I suppose would mean that since these agencies are independent they should not even be required to submit to regulation by Congress.

Mr. ANDERSON. Mr. President, I do not feel that the CONGRESSIONAL RECORD should be allowed to stand with this charge of misstatement of facts, and of creating a false impression, appearing without correction. I feel that the distinguished Senator from Arkansas, who is always fair, may want to make such a correction to remove such an assertion against the Senator from Alabama [Mr. SPARKMAN]. The statements of the Senator from Alabama were entirely correct, and I want to deal with them in some detail.

First, the Senator from Alabama said that the President of the United States had directed the AEC to make a contract with Dixon-Yates. The Senator from Arkansas said that the President "did not order any such thing."

If Senators will turn to page 952 of part II of the hearings of the Joint Committee on Atomic Energy, covering hearings June 2 through June 18, 1954, they will find there a copy of a letter signed by Rowland Hughes, Director of the Bureau of the Budget, to Chairman Strauss of the AEC.

General Manager Kenneth D. Nichols presented the letter to the committee, pointing out that it was from the Executive Office of the President, Bureau of the Budget, dated June 16, 1954.

The letter, signed by the Budget Director and addressed to the AEC, said in part:

The President has asked me to instruct the Atomic Energy Commission to proceed with negotiations with the sponsors of the proposal made by Messrs. Dixon and Yates with a view to signing a definitive contract on a basis generally within the terms of the proposal. He has also requested me to instruct the Commission and the Tennessee Valley Authority to work out necessary contractual, operational, and administrative arrangements between the two agencies so that operations under the contract between AEC and the sponsors will be carried on in the most economical and efficient manner from the standpoint of the Government as a whole.

Mr. Nichols also placed in the record a copy of a letter Budget Director Hughes had written that same day to the Senator from Massachusetts [Mr. SALTONSTALL], chairman of the Armed Services Committee of the Senate—it is on page 956 of the joint committee hearings—in which Mr. Hughes said to the Senator from Massachusetts:

I have been asked by the President to instruct the Atomic Energy Commission to proceed with the negotiations of a definitive contract. Such instructions have been given this agency. The Commission and the TVA have also been instructed to work out the necessary interagency arrangements.

A little later during the day, at page 975 in the same record, the Senator from Tennessee [Mr. GORE] was questioning General Manager Nichols of AEC about the contract and this colloquy took place:

Senator GORE. What would be your position if this committee should instruct the Commission to enter into no contract until this committee approves it?

Mr. NICHOLS. I would be in a dilemma, because I would have a Presidential order.

President Eisenhower first made public the idea of AEC releasing TVA from 500,000 or 600,000 kilowatts of its contract obligation to the AEC in a message to the Congress early this year. The record is completely clear from beginning to end that this is, as the Senator from Alabama said, being done at Presidential direction.

The next statement that the Senator from Alabama made just before the Senator from Arkansas declared that "very clearly, the Senator is misstating the facts," was that the Dixon-Yates contract was a contract for which "no specifications had been drawn."

I have examined the record in regard to that statement of the distinguished Senator from Alabama and, again, he was entirely correct. There was no misstatement. I would like to refer to page 110 of the stenographic account of the hearings of the Langer Subcommittee on Monopoly of the Senate Judiciary Committee, reporting hearings of July 1, 1954.

A number of witnesses were heard during the day, and the record shows that present throughout the session—it was an executive session, but the proceedings were made public immediately after the hearings ended—present throughout the session was Mr. Daniel James of the law firm of Cahill, Gordon, Reindel & Ohl, of Washington, D. C., representing the Middle South Utilities, Inc., one of the partners in the Dixon-Yates proposal.

Mr. James was permitted to participate from time to time, and at page 110 in the RECORD the following colloquy appears:

Mr. JAMES. Mr. Chairman, I would like again to thank the committee for allowing me to appear here. I would like to ask that if there is nothing in the transcript that is of a confidential nature, may I have a copy of it, so far as it has gone?

The CHAIRMAN. Not right now, sir. We will give it all out at once.

Mr. JAMES. The second thing I would like to ask is a copy of the so-called specifications referred to here, which were issued by AEC, because, frankly, I have not seen them.

Senator KEFAUVER. They are in the CONGRESSIONAL RECORD. (Senator KEFAUVER here refers to a general statement of requirements issued by AEC.)

Mr. JAMES. My client never saw them until he read about it in the paper.

Mr. DAVIS (counsel for the subcommittee). Apparently they were available.

Senator KEFAUVER. Do you represent Dixon-Yates?

Mr. JAMES. That is right.

Senator KEFAUVER. They have never seen the specifications?

Mr. JAMES. They were never given specifications.

Mr. DAVIS. On what basis did they submit a bid?

Mr. JAMES. They were asked to submit a proposal, and they got up their own proposal, but we never had any specifications.

Mr. BURCH. The atomic energy proposed specifications to Dixon-Yates, and Dixon-Yates did not meet Atomic Energy specifications; is that the way it worked?

Mr. JAMES. We never saw the atomic energy specifications.

Senator KEFAUVER. Are you sure about that, sir?

Mr. JAMES. I am certain.

Senator KEFAUVER. Do you mean your engineer did not see it?

Mr. JAMES. Our engineers never saw that. We read about them in the paper in connection with the hearings, but I personally never have seen them.

The statement of the Senator from Alabama is further borne out by the testimony of General Manager Nichols of the AEC who described the proceedings to the Joint Committee on Atomic Energy. He testified at page 947, part II, in the recent hearings that Messrs. Dixon and Yates came into the office and talked to them about an arrangement. Nichols testified:

In other words, we talked with these three utilities surrounding the western end of the Tennessee Valley power area. Discussion led finally to a definite proposal and the proposal we will talk about this morning is the second proposal from the Middle-South and Southern Utilities.

The whole record shows that there was talk, but no specifications, just as Mr. James testified very positively before the Langer committee.

The next statement made by the Senator from Alabama was that the contract for which no specifications had been supplied was to be made with a corporation that had never been organized.

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Again, the RECORD shows that the Senator from Alabama was entirely correct. As a matter of fact, he understated the matter. There is some question as to whether or not the Securities and Exchange Commission will permit the organization of such proposed corporation if application is ever made to them.

The Dixon-Yates proposal, as outlined to the Joint Committee on Atomic Energy by AEC Manager Nichols, was a proposal to organize a corporation, which would be owned jointly by the Middle South Utilities of which Mr. Dixon is the head, and Southern Utilities, of which Mr. Yates is the head.

The question of whether or not these two utilities can actually organize such a corporation was raised by Representative CHET HOLIFIELD, after learning all the facts, in a letter to the Securities and Exchange Commission.

Mr. HOLIFIELD pointed out in his letter, which appears at page 1155 in part II of the hearings on the Atomic Energy Act recently closed, that the SEC had approved organization of the Ohio Valley Electric Corporation and of Electric Energy, Inc., with only brief consideration because national defense was involved, but that in both instances the SEC reserved the right to review later whether the participating utility companies might continue to own the new corporations under section 10 of the Public Utility Holding Company Act of 1935. Representative HOLIFIELD pointed out to the SEC that the Dixon-Yates partners could not plead urgent national defense requirements for their plant which is to provide TVA with replacement power.

In the reply of Chairman Demmler of the SEC, dated June 23, 1954, appearing on page 1156 of the joint committee hearings, Mr. Demmler affirms that the SEC reserved jurisdiction as Mr. HOLIFIELD stated, and had approved the OVEC and EEI, Inc., arrangements speedily for defense reasons, reserving the right to make later review. He added:

> No filings have yet been made with this Commission by either Middle South Utilities, Inc., or the Southern Co. with respect to any of the proposals mentioned in your letter.

Mr. HOLIFIELD thereafter wrote the SEC asking to be notified if and when the Dixon-Yates group applied to the SEC for approval of the organization of their company. He received an acknowledgment dated June 30 assuring him he will be notified if an application is filed. These letters appear at page 1157 of the joint committee hearing. As of a few moments ago, when last checked, no notice of application to form such a company had been received by Representative HOLIFIELD.

It is completely clear from the RECORD that on July 6 Senator SPARKMAN was not only completely correct that the corporation had never been organized, but that he might have gone further and mentioned the possibility that it never can be organized under section 10 of the Holding Company Act. I do not say that it cannot, but there is at least a legal question, raised by the Congressman from California with SEC—a question so substantial SEC has reserved jurisdiction in two other cases in the same respect.

Here again, I believe, the Senator from Alabama was entirely correct.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. I do not quite follow that. If it cannot be done legally, then I should think the Senator from New Mexico would not be worried about it.

Mr. ANDERSON No. The statement was made that the corporation had not been organized.

Mr. FULBRIGHT. No one said it had.

Mr. ANDERSON. The Senator from Alabama [Mr. SPARKMAN] made a statement, to which I referred a while ago, that the Atomic Energy Commission had been ordered to enter into a contract, for which specifications had never been drawn, and to make that contract with a corporation which had not been organized.

The Senator from Arkansas said that the President had ordered no such thing, and he said that the Senator from Alabama had created a false impression. I am trying to point out only what the RECORD shows.

Mr. FULBRIGHT. I did not say that everything the Senator from Alabama said was wrong; I said he created a false impression.

Mr. ANDERSON. I am trying to take every item and to show that in every single case he was correct

Mr. FULBRIGHT. I will confess that that particular item is correct. I think the Senator is correct in saying that there is not in existence a separate, new corporation. It is contemplated that one will be formed in case the contract is negotiated.

Mr. ANDERSON. That certainly would be true.

Mr. FULBRIGHT. I think that is as plain as can be.

Mr. ANDERSON. Finally, the Senator from Alabama said that the contract ordered entered into by the President, for which no specifications were drawn, with a company which had never been organized and is not yet in existence, was to be for power from a plant which has not yet been built.

I sometimes fly over the area, on my way back to New Mexico, traveling American Airlines through Memphis, where this plant is to be located if the contract ever goes through, and I know that the plant has not been started. Therefore I know the Senator from Alabama was right.

It is a swampy area near the Mississippi. Before plant construction can start the undergrowth must be cleared off and piling will have to be driven down into the swamplands to provide a foundation. It is a spot across the Mississippi from the Tennessee Valley Authority lines. It will take a transmission line spanning the broad Father of Waters to get the "juice" from the Arkansas plant over to where it is needed. It will cost $607,000 per year, according to the agreed-upon estimates of AEC, Budget Bureau, and Federal Power Commission, to get the "juice" out of the swamp, across the Mississippi, and up to the point where it is needed.

I know that the Senator from Alabama was right. The plant is not started.

Now, let me mention another item. There is a very serious question of its legality if the courts respect legislative history and the understanding between legislative and administrative officials, as the courts do.

The question of giving authority to the Atomic Energy Commission to make long-term contracts for electric power was before the Joint Committee on Atomic Energy last year. Hearings were held April 28 and June 10. At one point, when Representative HOLIFIELD, of California, was questioning Mr. Boyer, then the General Manager of the AEC, Mr. Boyer said, and I quote the testimony from the hearings on S. 4095:

> If you will notice the language we are proposing: "The Atomic Energy Commission is authorized in connection with construction and operation of the Oak Ridge, Paducah, and Portsmouth installations of the Commission, without regard to section 3679 of the Revised Statutes * * *."
>
> In other words—

And this is still quoting Boyer—

> it is limited to the power requirements of those three installations. It is not wide open authority.

On page 43 of the same hearings, answering a question of Representative HINSHAW, of California, Mr. Boyer again testified:

> The proviso of the Supplemental Appropriations Act of 1953 is the proviso that gives us the authority to make this contract or make these contracts, and it is essentially the same language as this, except that as it will now be written it will limit it to Oak Ridge, Paducah, and Portsmouth.

Mr. Boyer's response was in reply to comment by Representative HINSHAW that the authority appeared to be a borderline one, and he would be against it. He had said, and I quote from the hearings:

> I do not think that the committee is ready to go that far, that they have been considering the power situation in the vicinity of Portsmouth and also in the Tennessee Valley, but I doubt that the committee is ready to give a carte blanche over the entire system as being presently operated by the Atomic Energy Commission, and to be unlimited as to date, the times in which such contracts can be entered into, and their termination, the cancellation costs or anything else.
>
> That is all I have to say. I personally would object to such legislation on that ground. * * *
>
> The committee has, or will, I presume by this action give approval to these contracts that have been entered into. As to future contracts and termination costs, I think we would be under very great criticism on the part of the Congress if we should enter into them in blank.

Let me digress there to say that I am going to send to the desk an amendment, which I shall ask to have printed and lie on the table. In it I try to cure what I think is the defect pointed out in the testimony. I do not think it was the intention of Congress, in fact, I am

sure it was not to give the Atomic Energy Commission the right to enter into these contracts in blank. It may be that I have gone too far in the amendment, but I am trying to say that proposed contracts should be sent to the joint committee for review.

Yesterday I tried to put in the RECORD several instances in which Representative HINSHAW, who was very, very careful about this matter, pointed out that the joint committee ought to have the power to review the contracts. He said, "If you give this authority as you are writing it in this law, this is the last contract you will ever see." When he said that I did not think he was much of a prophet. But he turned out to be a prophet, because along came another contract, proposals were made, negotiations were under way, and the Joint Committee on Atomic Energy had nothing to say about it, and apparently the Atomic Energy Commission has very little to say about it, because the Atomic Energy Commission has been ordered by higher authority to do something which a majority of its members did not want to do.

Mr. President, I send to the desk an amendment which I have proposed, and ask that it be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and will lie on the table.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. May I ask whether the joint committee, of which the Senator is a member, has approved contracts negotiated between the TVA and the AEC?

Mr. ANDERSON. I cannot answer that qestion.

Mr. FULBRIGHT. Have the members of the committee ever raised the question whether the rate being charged the AEC was a fair rate or not?

Mr. ANDERSON. I think not.

Mr. FULBRIGHT. The contracts have always been accepted without question, so far as the rate is concerned, have they not?

Mr. ANDERSON. Yes; because there was not involved the question of starting out to establish a new facility. The authority for it was handled by the Appropriations Committee, and the Appropriations Committee, up until legislation was enacted a year ago, was the group which inquired into the contracts to see that things were proper. Then, for the first time the matter was brought to the attention of the joint committee by the proposal to give AEC blanket authority to enter into contracts.

Mr. FULBRIGHT. Does the Senator consider that the responsibility of the AEC is to TVA or to the Federal Government?

Mr. ANDERSON. The TVA is still a part of the Federal Government. I do not understand the Senator's question. Was the question, Is AEC's responsibility to the TVA or to the Federal Government?

Mr. FULBRIGHT. Yes. Is the joint committee supposed to look out for the TVA, or the Atomic Energy Commission?

Mr. ANDERSON. It is supposed to examine the acts of the Atomic Energy Commission. It is reporting steadily to the Congress what the Atomic Energy Commission does.

Mr. FULBRIGHT. Yet it never looked at any of the contracts which the AEC made with TVA.

Mr. ANDERSON. So far as I recall the joint committee did not; no.

Mr. FULBRIGHT. That is what I mean.

Mr. STENNIS. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield to the Senator from Mississippi.

Mr. STENNIS. I certainly wish to commend the Senator from New Mexico for proposing the amendment he has offered to this very important bill. His point about the necessity for contracts having to be reported to the joint committee is indeed timely and wholesome, and I think it will bring about a great deal of good. But the most serious matter in connection with the amendment is what the Senator from Mississippi states is a complete lack of authority in the Atomic Energy Commission, under present law, to negotiate its contracts.

There is no semblance of claim that the electricity is to be used at Oak Ridge, Paducah, or Portland. There never has been, and that is the sole point of the authority. The Commission has to negotiate; that is the limit of its authority. That is as far as the Congress went. No one can provide any kind of authority or additional interpretation for section 164, on page 79, except the Congress of the United States. I think the Senator from New Mexico is eminently correct, and I expect to be heard further on the very point he has raised. I wish to commend the Senator for encompassing that question in his amendment.

Mr. ANDERSON. I thank the Senator from Mississippi. I refer now to page 958 of the hearings and to the letter which Dr. Smyth and Mr. Zuckert sent to Mr. Hughes, in which letter appear the following words:

> The present proposal would create a situation whereby the AEC would be contracting for power not 1 kilowatt of which would be used in connection with the Commission production activities.

Then the general manager of the Atomic Energy Commission said, as appears on page 959:

> Probably it is technically correct that no ampere ever produced at this plant will technically get into Oak Ridge or Paducah.

All I say is that on that basis I think there ought to be some sort of legislative protection, so that when a contract of this nature is being proposed it would have to be brought back to the Joint Committee on Atomic Energy, which stands as the guarantor to the Congress that things are all right. The joint committee should have an opportunity to look at the proposed contract. I do not think the joint committee ought to have a right to veto such a contract, and there is nothing in my proposed amendment which would give the joint committee such a veto right, because, obviously, the Atomic Energy Commission must be allowed to run its business.

I think the public interest is sufficiently great so that, with such legislation on the statute books, contracts should come to the joint committee for examination, and contracts should not be entered into until they are submitted to the joint committee.

Mr. STENNIS. Does the Senator not recall that when the question was first raised the General Accounting Office questioned the legality of approval of vouchers submitted under such contracts? How can the General Accounting Office approve the vouchers which might be made or attempted to be made under such contracts, without authority, unless there is a broadening of the legislation? I raise that point.

Mr. ANDERSON. I do not see how the General Accounting Office can, and I think there will be a need for subsequent legislation to handle the question.

Mr. FULBRIGHT. Why is subsequent legislation needed if the contract is illegal?

Mr. STENNIS. I say the General Accounting Office would have no authority to pay out the money unless there was authorization for such payment in the way of affirmative direction.

Mr. ANDERSON. I think one of the tragedies is going to be that the Atomic Energy Commission, under its general power, might be able to pay its power bill. I am not sure, once contracts are let, that it is going to be easy to get out from under them. There will be people buying bonds worth in the neighborhood of $100 million. They would be buying those bonds on the assurance that proper contracts were entered into. I am not sure the Commission will be able to get out from under the contracts if that day comes.

When House bill 4905 was reported by the joint committee, the joint committee advised the Congress, and I am reading from page 2 of Senate Report No. 676:

> This power is to be used for the operation of the gaseous diffusion plants at the three sites specified.

The three plants specified were Paducah, Portsmouth, and Oak Ridge.

The question today is whether the AEC, with honorable regard for its commitments to the legislative branch of Government, or even legally—for the courts construe laws on the basis of their legislative history—can enter into the Dixon-Yates contract for power which is not needed at Paducah, Portsmouth, or Oak Ridge.

The recent hearings of the joint committee make it completely clear that the power to be produced by Dixon-Yates—if they are ever able to organize a company, build a plant, and get a contract with the AEC—is not intended for any of the three installations, but is intended for replacement power. TVA is not to be relieved of supplying power at Paducah. None of the Arkansas power will go to any one of the three installations.

In explaining this proposal to the joint committee, in testimony which appears

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at page 946 of part II of the hearings, General Manager K. D. Nichols, of AEC, stated to the committee:

In view of the fact that the TVA needed the power in the Memphis area rather than the Paducah area, we have proceeded on the basis that there would be no contract cancellation for a like portion of the AEC–TVA Paducah contract, but that the Atomic Energy Commission would contract with sponsors for power needed by TVA for the load growth in the Memphis area on the basis of replacement power.

Mr. Nichols stated correctly what is being done when he explained that the AEC is contracting, not for power for Paducah, not for power for Oak Ridge, not for power for Portsmouth, but for power needed by TVA.

There has been no pretense that this power is needed by the Atomic Energy Commission for the operation of any one of the three plants; and, honorably and, I believe, legally, the Commission has no authority whatever to buy power except for operating the gaseous diffusion plants at the three sites specified.

Let me state for the record that should the proposed new Atomic Energy Act become law, thus reenacting this provision as to the long-term contracts, it will not change the original bargain or the meaning given the provision by its own language and the 1953 legislative history. I know of nothing that alters in any way the original intent of the provision, and, therefore, its reenactment will carry with it the same meaning as the one it previously had.

On this point of the legality of the proposal for AEC to enter into a contract, at the direction of the President, with a company that has not been organized, and is not yet in existence, for power from a plant not yet built, a letter in the hearings from the Acting Comptroller General of the United States, Mr. Frank Weitzel, is pertinent. The text of the letter, sent to Representative HOLIFIELD, appears at page 1061 in part II of the joint committee hearings of last month.

Mr. Weitzel questioned the legality of the AEC's making any contract to pay more for replacement power for TVA than it is paying under the Paducah contract with TVA. In the absence of an agreement for TVA to assume the excess costs, Mr. Weitzel says:

It would appear necessary for the President to invoke the extraordinary contracting authority of section 12 (b) of the Atomic Energy Act, or the AEC to resort to the First War Powers Act for authority to enter into such a contract as proposed by Dixon-Yates.

Mr. Weitzel added another sentence—a little off the present point, but well worth mentioning. He wrote:

It is suggested also that if an arrangement similar to the Dixon-Yates proposal is to be consummated, consideration be given to the feasibility of letting the contract to the lowest bidder after advertised bids.

Mr. FULBRIGHT. Mr. President, will the Senator from New Mexico yield to me?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from New Mexico yield to the Senator from Arkansas?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. In regard to the statement made a moment ago by the Senator from New Mexico—namely, that if the AEC thought it was being overcharged, it would renegotiate its contract or rate—let me inquire whether that is correct.

Mr. ANDERSON. Yes; I assume that would be a proper attitude for the AEC to take, if it was being overcharged.

Mr. FULBRIGHT. The Senator from New Mexico stated that is what the AEC would do, did he not?

Mr. ANDERSON. I said it would be a proper thing to do.

Mr. FULBRIGHT. Then, Mr. President, I ask unanimous consent to have printed at this point in the RECORD an excerpt from the AEC–TVA Paducah power contract of March 26, 1953.

There being no objection, the excerpt from the contract was ordered to be printed in the RECORD, as follows:

EXCERPT FROM AEC–TVA PADUCAH POWER CONTRACT, MARCH 26, 1953

1. Term of contract: The provisions of this agreement shall become effective as of July 1, 1954, and said Letter Contract of August 23, 1951, is hereby terminated as of July 1, 1954. This agreement shall continue in effect for an initial term expiring on January 1, 1966. Unless this agreement is canceled by Commission as provided for below, then on January 1, 1966, and on each January 1 thereafter through January 1, 1977, the term of this agreement shall be extended automatically for an additional year unless either party notifies the other that such extension shall not be effected, such notice to be delivered not less than 5 years prior to the date on which such extension would otherwise be effected. It is the intent of the parties that no such notice shall be delivered for the purpose of seeking a change in rates or other conditions because more attractive markets for power or more attractive sources of power may develop.

This agreement may be terminated by Commission, effective on any date not earlier than September 30, nor later than November 30, of any year during the initial term or its extension, upon not less than 51 months' advance written notice to Authority, accompanied by a statement of Commission's intent to reduce permanently below 1,500 megawatts its total use of power at the Paducah project.

Unless otherwise agreed, the contract demand hereunder shall be reduced to 500 megawatts for the last 12-month period to any termination or expiration of this agreement, and to 800 megawatts for the 12-month period immediately preceding said last 12-month period.

Mr. FULBRIGHT. Mr. President, I shall read to the Senator from New Mexico a sentence from the excerpt from the contract. After stating various provisions about termination and notice, the contract provides:

It is the intent of the parties that no such notice shall be delivered for the purpose of seeking a change in rates or other conditions because more attractive markets for power or more attractive sources of power may develop.

If that means anything—and that provision is included in the contract—it means to me that the AEC cannot cancel the contract because a more attractive rate is offered by someone else—in other words, if the AEC is overcharged.

Mr. ANDERSON. Mr. President, I am sure the Senator from Arkansas knows that a renegotiation between two contracting parties does not mean that one of the parties will cancel the contract and will look elsewhere for the commodity which is being supplied to it under the contract.

Mr. FULBRIGHT. However, does the Senator from New Mexico think that one who was a party to such a contract would be willing to renegotiate the contract, if the other party to the contract had no power of cancellation?

Mr. ANDERSON. At least, Mr. President, I would hope that one branch of the Government would permit another branch of the Government to do it in a fair fashion.

Mr. FULBRIGHT. We all hope so; but does the Senator from New Mexico think that all Government agencies deal fairly and equitably among themselves, with one another?

Mr. ANDERSON. It is "a consummation devoutly to be wished."

Mr. FULBRIGHT. Yes; but does the Senator from New Mexico think it has been achieved?

Mr. ANDERSON. No, I do not think so.

Mr. President, I regret that I have detained the Senate for so long, but I do not think the fault is wholly mine.

Mr. FULBRIGHT. Mr. President, will the Senator from New Mexico yield once more—in regard to the matter of cancellation, that I discussed with him, so that at this point I may insert a letter into the RECORD?

Mr. ANDERSON. That is a very important matter, and I hope the Senator from Arkansas will insert the letter in the RECORD. I yield to him for that purpose.

Mr. FULBRIGHT. Mr. President, I ask unanimous consent to insert at this point in the RECORD a letter dated July 14, 1954, signed by E. H. Dixon, president of the Middle South Utilities, Inc., and by J. M. Barry, chairman of the Executive Committee of the Southern Co., stating the effect of the cancellation clause in the proposed contract which we discussed at some length yesterday; that is to say, the Senator from New Mexico and I did. I think the letter clarifies that particular matter.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 14, 1954.

Hon. J. W. FULBRIGHT,
Senate Office Building,
Washington, D. C.

DEAR SENATOR FULBRIGHT: This letter is in response to your request for an explanation of the cancellation provisions in our proposal to the Atomic Energy Commission under date of April 10, 1954.

The cancellation provisions which we have proposed might well be characterized as a "one way street." They can be made operative solely at the discretion of the Atomic Energy Commission. The precise wording of our proposal in this respect is as follows:

"(7) Termination:

"(a) After commencement of full-scale operation, termination will be allowed on 3 years' notice, during which period assignment may be made to another governmental agency, at contract rates, including all taxes and other adjustments.

"(b) Upon termination seller shall be entitled to and will absorb capacity at least as rapidly as load growth will permit, but in any event in the amount of at least 100,000

kilowatts in each year, absorbing associated proportions of costs. Buyer may assign any balance to another governmental agency at an increased price to be approved by FPC, such price to include recognition of any increased costs then encountered or foreseen by seller. To extent such capacity is not used by buyer or assignee, buyer will reimburse seller for pro rata proportion of base capacity charge, as adjusted, and taxes.

"(c) In event of partial termination above formula will be applied on a pro-rata basis.

"(d) In event buyer relinquishes right to capacity after termination, base capacity charge (including adjustments) will be thereafter reduced $1,500,000; proportionally in case of partial reductions.

"(e) Buyer will repay seller for any fair and reasonable cancellation charges payable by seller to a third party and costs, losses and other expenses incurred by seller by reason of cancellation."

As you will observe, the Government is free to use all of the electric power contracted for during the 3-year-notice period at the contract price. In other words, if the AEC requirements diminish or are eliminated, any other Government agency including TVA may use this power. In this event there would be no cost of cancellation since the Government would be receiving full value in the form of electric power and energy for the money it would be paying.

If no electric energy is required by the AEC, the TVA, or any other Government agency starting with the very first day that notice of cancellation is given (a completely unrealistic situation, for surely such a condition would be discernible to AEC far in advance of the event) the maximum payment required of the AEC (U. S. Government) would be $40 million over an 8-year period. This amount is arrived at as follows:

	Without call on unabsorbed capacity
Notice period:	
1st year	$7,275,000
2d year	7,275,000
3d year	7,275,000
Subtotal	21,825,000
After termination:	
1st year (⅚)	6,062,500
2d year (⅘)	4,850,000
3d year (⅗)	3,637,500
4th year (⅖)	2,425,000
5th year (⅕)	1,212,500
Subtotal	18,187,500
Total	40,012,500

It should be pointed out that the maximum amount of cancellation costs would occur only in the event of severe economic distress for otherwise some agency of the Government would certainly be able to use this electric power and thus avoid the cancellation charges. In the event of a situation where the Government could find no market for such electric power, presumably the sponsor companies would be similarly situated and would incur losses proportional to the amount of power for which they become responsible. Over the full cancellation period this could amount to over $18 million. A continuing absence of market for the power after the cancellation period could cost the sponsors $7,275,000 annually until a market for the power could be found.

If, during the cancellation period, the sponsors are able to absorb the power at a rate greater than 100,000 kilowatts per year, they have agreed to do so, and this would result in a comparable saving to the Government.

One further point is deserving of mention. The 3-year notice period was designed primarily to protect the consumers in the Memphis area of TVA. In view of the fact that 3 years are required to design and build a major electric-power station, it was felt that this should be the minimum notice of cancellation afforded the Atomic Energy Commission, since power was to be delivered to it through TVA and elimination of this power source in less than the time required by TVA to arrange for its replacement might be detrimental to the public-utility service rendered by that agency.

We should comment on the provisions in our proposal if electric power is required by the AEC beyond the initial 25-year contract period. In this case, also, the Government alone has the option for continuing the arrangement for two additional 5-year periods. At the end of the initial 25 years, the company will still have unamortized nearly 30 percent of its investment. Only the Government has the option of termination during the first 25 years or continuance of the arrangement after 25 years.

It is interesting to observe that other power contracts made by AEC, including the TVA contract at Paducah, contain similar cancellation provisions, though differing in detail. The cancellation provisions in our proposal were made at the insistence of AEC in order to give that agency a means of terminating its power obligations within a reasonable period of time in the event of a change in the need of AEC for power.

We shall be glad to furnish any additional information you may desire.

Very truly yours,

MIDDLE SOUTH UTILITIES, INC.,
By E. H. DIXON, *President.*
THE SOUTHERN CO.,
By J. M. BARRY, *Chairman,*
Executive Committee.

Mr. SPARKMAN. Mr. President, will the Senator from New Mexico yield to me?

Mr. ANDERSON. I yield.

Mr. SPARKMAN. First, Mr. President, let me apologize to the Senator from New Mexico for keeping him on his feet any longer. He has been doing a magnificent job in presenting the matter to the Senate, and certainly no one is better qualified than he to do it.

During the last several days that this debate has been going on, the Senator from Arkansas [Mr. FULBRIGHT] has repeatedly raised the question of an imaginary overcharge on the part of the TVA to the Atomic Energy Commission. He seems to be rather obsessed with the idea that there is an overcharge. Let me ask the distinguished Senator from New Mexico, who for a long time has been a member of the Joint Committee on Atomic Energy, whether he ever heard any member of the Atomic Energy Commission or any member of the Joint Committee on Atomic Energy suggest or argue seriously that there was an overcharge on the part of the TVA to the Atomic Energy Commission.

Mr. ANDERSON. No. Earlier in the day I answered that question at some length, saying that I had never heard an accusation that there was an overcharge. I think that is a point which should be checked. I regret that it never occurred to me to check it. I never thought one branch of the Government would try to overcharge another branch of the Government, and I question seriously that such a situation exists. It might exist, and I think the matter should be checked. But certainly there was nothing in the testimony—before the committee—which comprises two large volumes—even to suggest the faintest possibility of an overcharge.

Mr. FULBRIGHT. Mr. President, will the Senator from New Mexico yield once more to me? If he will, I promise him that the question I now wish to ask will be my last question of him today.

Mr. ANDERSON. Mr. President, I yield; but certainly I shall not hold the Senator from Arkansas to that promise, if some other question occurs to him.

Mr. FULBRIGHT. Mr. President, at this time I wish to read to the Senator from New Mexico from the CONGRESSIONAL RECORD for yesterday, at page 10377. According to yesterday's RECORD, at that point the Senator from New Mexico stated:

> and that the Government of the United States will underwrite all the risk, and will permit a group with an investment of $5 million to make profits of $75 million, and call that private enterprise.

Let me inquire whether the Official Reporter properly recorded the Senator's statement; and if so, will the Senator from New Mexico elaborate a little and give any justification for such a statement?

Mr. ANDERSON. Yes; I shall be glad to do so.

Dixon-Yates are going to put up $5 million of so-called venture capital. I do not think it is exactly venture capital, because one of the tests of venture capital is whether any risk is involved. This is like shooting fish in a rain barrel, I think. Nevertheless, let us call it venture capital. Dixon-Yates are guaranteed 9 percent on their money, which they say is a normal rate of return.

Mr. FULBRIGHT. With no contingencies? The Senator says "guaranteed."

Mr. ANDERSON. Let me finish my answer.

In the hearings the Senator from Ohio [Mr. BRICKER] said he questioned whether 9 percent was the usual return. The witness testifying said, "Oh, yes; that is the customary return." I have not the exact language before me, although I have read the hearings. The Senator from Ohio said, "They do not tell that to the State utility commissions which are regulating them." But if 9 percent is the customary and fair return, then they are entitled to it.

They will go on through 25 years of the contract, and when they get to the end of the contract they will have the possibility of completely owning a plant which will have been paid for entirely by Government purchases of power under a Government contract. The issuance of $95 million or $100 million worth of securities will have been made possible only because of that firm Government contract. Otherwise the sponsors could never have borrowed the money, and the testimony will show that they were unable to get the money until the guarantee was promised.

If the Senator from Arkansas wishes to go into the early history, he can check the facts for himself. I cannot lay my hands on the exact page, because I am a little tired after 5 hours, but the Senator will find that the original proposal ran into figures of several hundred million dollars. It was finally trimmed down to $100 million. How could they bring it down to $100 million? Because

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the Government was guaranteeing that it would purchase this electric power at prices which would completely amortize the plant and leave it entirely free from debt at the end of a 25-year period; and I assume the plant would not be completely worn out.

Someone may say, "But they will get a 25-year-old plant which is completely worn out." However, unfortunately, right next to them will be the plant of the Tennessee Valley Authority, which is being depreciated on a 40-year basis. So I assume the Dixon-Yates plant would have at least 15 years of life left. Actually there may be 40 or 50 years of life left, because all over the country there are generators which have been running for 50 years or more, and are still in good condition.

I did not mean to say that these people will certainly emerge with that kind of profit, because I do not think they will. But if things work out ideally—and I should have expressed it that way—they will have the possibility of taking back, in the final analysis, a $75 million profit on their $5 million investment.

Mr. FULBRIGHT. Does the Senator know that if the cost of the plant goes up to $117 million that would very materially affect the return of the $5 million?

Mr. ANDERSON. Yes; I do.

Mr. FULBRIGHT. Why does the Senator assume——

Mr. ANDERSON. Let me answer the question. If the cost goes up from our $107 million to just under $117 million, the Government of the United States will put up $4½ million of the extra $9 million, and the operators, Dixon-Yates, will put up $4½ million.

Mr. FULBRIGHT. If that should happen, the return on their investment of $5 million would be cut from 9 percent to 3.8, would it not?

Mr. ANDERSON. Not according to the proposal for a contract. We have to go by the proposal, which I placed in the RECORD—and I am glad I did place it in the RECORD. The operators will have an opportunity to pick up the extra $4½ million out of their increased rates as they go along. I may be in error. I read the proposal only once, but I believe that is what would happen.

Let me say to the Senator that I do not worry nearly as much about the possibility that these people will be able to take a profit—whatever it may be—at the end of the contract, as I do about the cancellation provisions. I am glad the Senator from Arkansas placed in the RECORD the letter which he submitted. I wish an opportunity to analyze it. However, I do not believe that that letter answers the point I made, or the question raised by the Senator from Colorado [Mr. JOHNSON] and others at the hearing, which was this: Suppose that the Government should decide not to use its power in one of these plants, and that thereupon it should cancel, and the contracting party should find another customer ready, willing, and able to buy all power for which the Government had contracted, at the rates for which the Government contracted. The sponsoring company, the private capital, the risk capital, would proceed to collect, in the case of the EEI and OVEC plants which are being built at a cost of $1 billion, as much as $400 million cancellation charges, and still sell every kilowatt of their power at the price they expected to charge the Government.

I know there has been argument about that point, but the Senator from Colorado [Mr. JOHNSON] asked the same question. He asked, "Suppose Du Pont should come in and build a plant"——

Mr. FULBRIGHT. Is this under the Dixon-Yates contract?

Mr. ANDERSON. There is no Dixon-Yates contract.

Mr. FULBRIGHT. I thought the Senator put it in the RECORD.

Mr. ANDERSON. I put the proposed contract in the RECORD.

Mr. FULBRIGHT. I mean according to that.

Mr. ANDERSON. The Senator will check me if this is not correct, but according to the Dixon-Yates proposal, as explained and amplified by the letter which the Senator from Arkansas placed in the RECORD, in case there are contract cancellations, the total contract cancellation cost against the Federal Government will be $40 million plus.

Mr. FULBRIGHT. Not more than that. That is the maximum.

Mr. ANDERSON. No; $40 million plus—not $40 million, but $40 million plus.

I am sorry to have to take a moment to look up that point, but I shall be glad to supply the reference if I can. I wrote down somewhere the figure $40 million plus, and I thought I could find it.

Yes; I refer to page 950 of the hearings, from which it will appear that if they enter into contracts for coal and things of that nature, which the sponsors must finally cancel, they shall get more than that. The language at the top of the page is as follows:

> For example, if they contracted for coal and there was no use made of this plant and you had to settle with the coal company, that would add to the $40 million. That is the meaning of the fair and reasonable expenses.

Reference is made earlier to "fair and reasonable expenses payable to third parties." We do not know what those fair and reasonable expenses would be, or how many millions of dollars would be involved. However, there would be involved $40 million plus.

I do not think it is clear as to whether or not, in case the Government decides to cancel and the power is sold to some buyer outside the Government, the operators will still be in a position to collect every penny of their $40 million cancellation charges, even though they sell every kilowatt of the power at the full price they expected to get from the Federal Government. There is nothing I have been able to find in the Dixon-Yates proposal which changes that in the slightest. If the Senator from Arkansas can find it, I shall be glad to have him show it to me.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. FULBRIGHT. Did I correctly understand the Senator to admit that the allegation of $75 million profit is subject to substantial qualification?

Mr. ANDERSON. Very definitely.

Mr. FULBRIGHT. The Senator does not make that assertion?

Mr. ANDERSON. Of course not.

Mr. FULBRIGHT. He simply picks the figure out of the air.

Mr. ANDERSON. No; I did not pick it out of the air.

Mr. FULBRIGHT. Where did the Senator get it?

Mr. ANDERSON. At this hour I will not go back over the subject. I suggest to the Senator that he read the RECORD tomorrow and find my answer. I have just finished telling him.

Mr. FULBRIGHT. Does the Senator yield the floor?

Mr. ANDERSON. Yes; I yield the floor.

Mr. FERGUSON obtained the floor.

Mr. FULBRIGHT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Arkansas?

Mr. FULBRIGHT. Mr. President, I wish to make one observation about the last statement of the Senator from New Mexico.

Mr. FERGUSON. I am glad to yield, provided I do not lose the floor.

Mr. FULBRIGHT. I wish only to say that the assertion about the effect of the cancellation clause is, I am quite confident, completely inaccurate. There is no intention whatever of signing a contract under which Dixon-Yates could get a $40 million windfall—in other words, get the $40 million and at the same time sell all their power at the full price. That is absurd on its face, and I do not think anyone thought to negative such an assumption, because it is such an absurdity that it never would have occurred to anyone that a rational person would make such a contract.

I ask that Senators examine the letter which I placed in the RECORD, which is signed by responsible parties, explaining what the cost of the cancellation would be. I think any reasonable person will say that if there were no loss to the private company, if it could sell all the power to its own customers, or if some other Government agency, such as TVA—and that is the most likely probability—were to take all the power, the cancellation would cost the Government not one cent.

FATE OF THE BILL PROHIBITING PICKETING OF THE WHITE HOUSE

During the delivery of Mr. ANDERSON'S speech,

Mr. DANIEL. I thank the Senator from New Mexico for yielding. I regret to interrupt the discussion on the atomic energy bill. However, I wish to address myself for a few minutes to the action of the Subcommittee on the Judiciary, of the Committee on the District of Columbia, which I understand has voted an indefinite postponement of the consideration of H. R. 9344, which would make picketing of the White House illegal.

I was unable to attend the hearing before the subcommittee yesterday, but I

have before me the following newspaper account:

MORSE STOPS WHITE HOUSE PICKET BILL

The House-passed bill to prohibit picketing of the White House was stopped cold in a Senate District Subcommittee yesterday by Senator WAYNE MORSE, Independent, of Oregon, who said it would infringe rights of free speech and petition.

MORSE, holding the proxy of Senator MATTHEW M. NEELY, Democrat, of West Virginia, voted down Subcommittee Chairman SAM W. REYNOLDS, Republican, of Nebraska.

Mr. President, I sincerely hope that the full committee will not permit this bill to be pigeonholed.

The President and the White House are entitled to at least as much respect and protection as any other official or building in the Nation's Capital, yet we find that picketing is prohibited on the sidewalks and buildings of the Capitol Grounds, the Supreme Court, the foreign embassies, and practically all other important public buildings except the White House.

The purpose of H. R. 9344 is to treat the White House exactly as the Congress has already treated the embassies, the Capitol Grounds, and the Supreme Court with respect to physical demonstrations and picketing.

The bill has passed the House. It was introduced and sponsored there by a member of the Texas delegation, Representative BRADY GENTRY, of Tyler. It was he who first called my attention to the need for this legislation. Representatives GENTRY came to Washington at a time when Communists and other sympathizers of the convicted Rosenberg spies were surrounding the White House in an attempt to influence the actions of the President in behalf of the Rosenbergs. This caused Representative GENTRY to inquire as to the status of the law and to discover that the White House had not been given the same protection against possible violence that had been given to other major public buildings and officials here in Washington.

The hearings before the subcommittee disclosed, according to the testimony of Chief of Police Robert V. Murray, that the police officers of the District of Columbia spent 5,000 man-hours, at a cost of about $10,000, in order to police the picketing on that occasion.

This bill does not refer to labor disputes or any possible legitimate cause for picketing. It merely prohibits such demonstrations on the sidewalks and streets surrounding the White House when done "for the purpose of influencing the actions of any court, officer or agency of the United States."

The Senator from Oregon [Mr. MORSE] is reported as saying that the bill would infringe the rights of free speech and petition. Would the Senator want to permit such pickets to parade in the gallery of the Senate, at our doors, or would he favor demonstrations of any nature in the gallery? Obviously, the prohibitions against such actions are in the same category and prohibit free speech and petition to the same extent. However, there are other peaceful and proper means which the people have for petition, contract, and persuasion of Members of the Congress and the White House.

Justice Holmes once said that freedom of speech does not mean the right to yell "fire" in a crowded theater. Neither does it mean the right physically to surround the White House, the courts, the Congress, or foreign embassies with a mob which might lead to violence.

In the recent attempted mass assassination in the House of Representatives we saw just what the ardor for a cause can lead to in the case of those who are misguided. There was evidence of the same thing in the attempted assassination of Mr. Truman at Blair House. What if such determination should seize a mob of picketers which is picketing the White House? What better opportunity would those of evil design want than that provided in such circumstances? As such picketings wear on through the weeks, there might come a time when passions become high and tempers wear thin. At such a time anything might happen. Therefore, reasonable precautions should be taken to remove the possibility of such an occurrence in a country where neither compulsion nor violence is a part of our Government. That is the purpose of H. R. 9344.

It is late in the session, and I hope that the full committee, when it meets again, will take up the bill, and not permit it to remain pigeonholed. I hope it will take favorable action on the bill so the Senate will be given an opportunity to vote on it before adjournment.

Mr. MORSE. Mr. President——

The PRESIDING OFFICER. The Senator from New Mexico has the floor.

Mr. MORSE. I am asking the Senator from New Mexico to yield for a few moments. It will not take long, because my reply to my good friend the Senator from Texas will be short; but I think, as a matter of personal privilege, I should be allowed to reply, and the speech I make should not be counted against me in connection with the measure pending before the Senate. I make that as a unanimous-consent request.

Mr. ANDERSON. Mr. President, I yield, and do not object to the unanimous-consent request.

The PRESIDING OFFICER. The Senator from Oregon is recognized.

Mr. MORSE. I am very glad the Senator from Texas has made his case before the Senate this afternoon in support of the picketing bill. The Senator from Texas and I are lawyers, and, as we said out in the cloakroom in a conversation earlier this afternoon, we can disagree with each other as lawyers and still go together to lunch afterward. We said that because of the reports which had been made to the effect that the difference between us was on a different plane than simply a professional difference of two men who hold different points of view on the issue now before the Senate.

My reply to the Senator from Texas can best be stated, I think, by the extemporaneous remarks I made in the committee yesterday, following a very brief hearing on the bill. I shall have something to say about future hearings on the bill in case the action of the subcommittee of yesterday should not stand. I fully expect, under the practices, policies, and procedures of the District of Columbia Committee, that the action will not stand.

I think the Representative from Texas [Mr. GENTRY], as I said following his remarks in the committee yesterday, made a very able presentation of the point of view of the proponents of the bill, as did the Senator from Texas this afternoon. I wish to pay a compliment which, in my judgment, is very deserved, to the new Senator from Nebraska [Mr. REYNOLDS], who sat for the first time in committee yesterday as the chairman of the committee. I thought he was exceedingly fair and professional in his conduct of the hearing, and he certainly presented his point of view in support of the bill in a very able manner. But, Mr. President, I disagree with the objectives of the bill, a majority of the committee disagree with the objectives of the bill, and, in accordance with the parliamentary rights of the majority of the committee, with instructions from the Senator from West Virginia [Mr. NEELY], whose proxy I held, we simply followed the ordinary course, when a majority disagrees with a bill, of asking for indefinite postponement, and that motion carried.

Mr. President, I now read from page 18 of the official transcript of the hearings. The following occurred as the hearing closed:

Senator REYNOLDS. I gathered Senator MORSE is opposed to the bill.

Senator MORSE. I made that very clear at the full committee meeting the other day.

Senator REYNOLDS. I did not happen to be a member of the committee at that time.

Senator MORSE. I will be happy to review briefly my point of view to the full committee.

I think the passage of the bill would be a great mistake as far as its symbolism to the rest of the world is concerned. I think that the right to picket in the United States is an essential part of freedom of speech and freedom to petition the Government. If we have not police departments—and we have one here that can do the job—if we have not police departments that can maintain order when American citizens petition their Government, why, then, let us get police departments that can.

There is always a risk of living in a democracy. There is always the risk of being free, and sometimes in a free country some wild-heads get out of hand now and then. But that is part of the risk you run when you live in a nonpolice state.

The reason why I asked Mr. Bryan the question as to whether or not he thought picketing could be maintained before the executive department of any police state was to bring out my point that of course it could not be. I do not propose to be a party to police-state methods in the United States.

I just do not know a President—I cannot imagine a President who would say, "Deny to Americans the right to walk in orderly fashion in front of the White House by way of orderly petition." I want it orderly. It can be kept orderly.

But you see, most of these picketing entourages defeat their own purpose. They hurt their own cause because most of them by sign and attitude demonstrate the weakness of their own case. Nevertheless, Mr. Chairman, in my judgment it is a very precious right—this right to petition your Government and to demonstrate by way of petition in an orderly fashion. I think it is part of being free. I think that the right of American citizens to walk in an orderly fashion before the executive department of

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this Government is a pretty important right of petition.

I am not worried about the danger of mob rule. The right to picket the White House symbolizes to the world that the President is just a citizen who sits in the White House. He is just a servant of the people. He is not our master. We have the right to petition him in an orderly fashion.

Well, now, let us take the Capitol grounds and the Supreme Court picketing restrictions. A distinction can be drawn and I will draw it, although I will not stand on the distinction. But as far as the Congress is concerned, we ought to be ashamed of ourselves that we hide behind a piece of legislation that prevents American citizens from petitioning us by walking in front of the Capitol Building in an orderly picket line. Such political cowardice. Of course it ought to be repealed. If people want in an orderly fashion to petition the Legislature of this country, they ought to petition it and be allowed to petition it.

Now, when you come to the Supreme Court you come to another phase of this system of government by checks and balances. I seriously question the propriety of a political petition before a judicial body that acts on the basis of the judicial record. I think there is quite a distinction between an attempt to politically petition a court and politically petition lawmakers, because the court's function is not a political function—it is a judicial function.

I would go along with the protection of the court from political interference just as I have been heard to say so many times on the floor of the Senate of the United States that political considerations should not ever be taken into account in judicial determinations. That is why, for example, I felt in the tidelands bill this year that the case ought to be decided on the law and not on political pressure. The case ought to be decided on the basis of constitutional principles.

As I said facetiously at one point in the course of that debate, of course, I believe in Supreme Court decisions even when they go against us. I believe they are just as much government by law when they are against us as they are when they are for us. But there were some who thought they were political decisions when they did not like the results.

I would recognize a distinction between protecting a court from political petition, but not the President and the Congress. They should be subjected to political petition through freedom of speech. And because I think there is this very important principle of the right to petition the political departments of our Government—the executive and legislative—I shall cast my vote against reporting out the bill.

Senator REYNOLDS. I am just as jealous as Senator MORSE is of the constitutional right to petition.

Then the Senator from Nebraska [Mr. REYNOLDS] made what I consider to be a very able argument in support of his position in favor of the bill. I shall not speak to that at this time, but the record of the hearing speaks eloquently for him, and undoubtedly he will speak for himself a little later, if he cares to do so.

I read further from the record of the committee hearing:

Senator MORSE. Mr. Chairman, will you permit a brief further comment?

Senator REYNOLDS. Certainly.

Senator MORSE. I want to point out three points, in contradistinction to the views expressed by the Senator from Nebraska.

No. 1: The right to picket is the right that has been sustained time and time again by the Supreme Court as a right that relates to the right to petition government, and the right to exercise freedom of speech, subject, of course, as the decisions make clear, to reasonable legislative regulations. There is no question about the fact that this right to picket is definitely connected by judicial decision with the right to petition and to freedom of speech.

Second, I would like to call the Senator's attention to the fact that in colonial days—in the times of our Constitutional Conventions—large numbers gathered at the seat of the Conventions and petitioned against the Constitution—that is, even before it came into being there was strong public demonstration against even adopting the Constitution. So that this right and this form of democratic demonstration really existed prior to the adoption of the Constitution.

You will find it in some of the judicial decisions—a review of this innate and democratic instinct on the part of the American people. If you are going to keep your government your servant and not your master, you must be able to petition your government.

The Senator spoke about the matter of labor picketing. Of course, some of the worst examples of picketing abuse are in the field of labor. I have had on more than one occasion something to say about it in a quasi-judicial capacity where a picketing line was an illegitimate picket line and represented what the Senator has in mind, namely, an abuse of the right to picket. But some of the worst riots in the history of this country have arisen over labor picketing. The Haymarket riot, for example, and one of the famous Los Angeles cases is another.

There is always, as I said earlier, the risk in a democracy, if we are to remain free, that some ill-advised groups will get out of hand. But we have our checks for those. It is one of the risks you have to run if you are going to be free.

If I recall the Omaha situation correctly that the Senator refers to, it was not a picketing situation. It was almost a lynch situation. It was a case of where they wanted to take the law into their own hands.

Senator REYNOLDS. I was simply referring to what a mob can do when it gets out of hand.

Senator MORSE. Surely. We take judicial notice of that. You get it, of course, in your lynch-law situations, too. But our courts have made it perfectly clear that under the police power of the State or the Federal Government there is a duty of the law-enforcement officers to see to it that the right of freedom of speech and the right of petition is carried on in a very orderly fashion.

I have always insisted on that, and one reason why I asked for the regulations to be put into the record of this hearing is that I think when you come to examine these regulations—I have never read them but I have read many others—I think you are going to find very reasonable checks already on the books that will guarantee adequate power on the part of the Police Department to maintain order. That we must have.

I do not want any picket line—labor picket line, political picket line, demonstration picket line—that is not subjected to reasonable police power check.

Now let me point out that you will find if you check cases, a considerable number of judicial decisions on the so-called political demonstration line. I refer to those political demonstration lines in the late thirties up and down the west coast. Some of them got into court and the courts held that they were primarily political demonstration lines against the shipment of scrap iron to Japan. The major cities on the west coast, port cities, had those lines. They taught a great lesson. It is too bad that the country as a whole did not heed them.

I remember in respect to one at Portland, Oreg., there were those who thought I ought to be fired from the University of Oregon because of the public position I took on it. I pointed out what the line was seeking to demonstrate was that much of the scrap iron was going to come back in the bodies of American boys. In the opinion of the reactionaries that made me some sort of a wild-eyed radical who ought to be dismissed from the State payroll, and we had a very interesting time over there. But time proved me right. That picket line, I think, performed a great educational service.

You see, in a democracy sometimes things have to be dramatized in order to get people to understand; and so long as it is done in an orderly fashion and so long as adequate police power exists to control it, I am not going to vote to take that form of public education away from the people; nor that basic right of petition and freedom of speech.

The last point I want to make is that I do not share the Senator from Nebraska's point of view as to the exercise of a judicial function on the part of the President of the United States in the Rosenberg case and similar cases. He is exercising an executive function if he exercises his power of pardon. He exercises an executive function which our constitutional fathers put in the Constitution as a check on the judiciary.

There is no question about the fact in my judgment that a study of the history of the pardon concept will show it is a political power. It is a case of where the people thought it was wise to give to their political leader the power to check a judiciary that, in the case of the Federal judiciary, is appointed for a lifetime and, therefore, is not subject to political check by direct check upon the individual himself wearing the robes.

You have your political check, it is true, through the legislative process.

So I would say that this right to petition the President of the United States on a pardon matter is simply carrying out the right to petition him to exercise a political power that he has in the Constitution.

There is nothing more I can add to my point of view, except detail for the record. I have laid down, I think, the basic principles on which I object to this bill.

Senator REYNOLDS. I think the Senator has made his position crystal clear. I hope that the chairman has made his position equally clear.

Senator MORSE. I have great respect for the Chair's point of view.

Senator REYNOLDS. Apparently our views are diametrically opposed to each other. I assume that you have Senator NEELY's proxy to vote as you vote.

Senator MORSE. That is right.

Senator REYNOLDS. Do you care to make a motion?

Senator MORSE. I simply move that the hearings be adjourned.

Senator REYNOLDS. The hearing is adjourned.

Should the subcommittee make a recommendation to the main committee?

Senator MORSE. I will move that the bill be indefinitely postponed.

Senator REYNOLDS. Let it be recorded there are 2 votes to indefinitely postpone the bill, and 1 vote "no." It will be so reported to the main committee, reserving the right of the chairman to bring in a minority report.

Senator MORSE. Oh, surely.

Senator REYNOLDS. Thank you, gentlemen.

(Whereupon, at 10:50 a. m. the hearing was adjourned.)

Mr. President, I have nothing more to add, at least at this time, except two very brief remarks.

First, I wish to point out the right to picket Buckingham Palace exists; and the Queen of England is not only the head of the state, but she is also the

head of the English church. I think that right, as it exists in England, is a demonstration of the source of the almost instinctive impulse of the American people to insist upon preservation of the freedom to speak and the freedom of petition. It is rather basic in American jurisprudence and it is rather basic in American political philosophy. In view of the time limitation this afternoon, when I am speaking on time which has been yielded to me by unanimous consent, it would be improper for me to take the time to discuss a series of cases which bear out the general observations which I made yesterday in the committee meeting.

The last point I wish to make is that in the committee yesterday we simply followed the parliamentary procedure which is typical of Senate committees. After there had been some hearing on the bill, a majority of the committee reached the conclusion that further consideration of the bill should be indefinitely postponed.

We heard really only three witnesses. We heard Representative GENTRY, of Texas, who spoke for the bill. Representative HIESTAND, of California, was unable to be present, and by unanimous consent, his statement was made a part of the record. It was only a one-page statement, supporting the testimony of Representative GENTRY.

The Assistant Corporation Counsel of the District of Columbia appeared to inform us that the Commissioners had no objection to the bill, but a reading of the record will disclose that his testimony was not what might be called strong advocacy. He pointed out that the Commissioners approved the bill, but there was not very much testimony.

The Chief of Police testified neither for nor against the bill, as he made clear in answer to a direct question which I put to him. He pointed out what the cost of supervising such picket lines is in terms of dollars and man-hours, but made it very clear in answer to a direct question which I put to him that he was neutral with regard to the bill, and that the District of Columbia Police Department could maintain order in any picket line stretched in front of the White House or elsewhere in the District of Columbia.

That was the case. Having heard it, I exercised my parliamentary right as a member of the committee to move the indefinite postponement of the bill. I think that is where it will rest. But if it does not, we shall have some hearings, or the committee will have to deny to me my right as a member of the committee to hearings on a bill which I think is fundamental in its relationship to what I consider to be some very precious rights.

If we are really to consider the bill, notwithstanding the indefinite postponement which was voted yesterday, I shall urge upon the committee that I be accorded the right—and I doubt if there is a member of the committee who would deny it to me—to insist upon some extensive hearings, because we shall have to make a full and detailed record of the whole history of freedom of speech and the right to petition. I shall wish to bring to Washington a group of outstanding leaders, a group of constitutional scholars, a group of people who share my point of view with regard to the bill. A very precious principle is at stake, and I certainly will desire full and fair hearings. I do not think there will be a single vote in the District of Columbia committee to deny me the right to such hearings.

Mr. REYNOLDS. Mr. President, I appreciate the suggestion of the Senator from Oregon that I reply to his argument, but I shall not do so at this time. Any argument I may have will be made before the committee in support of minority views which I propose to submit to the committee.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, as previously announced, the Senate will meet on Saturday. We expect to hold evening sessions all this week. The unfinished business is Senate bill 3690, proposing amendments to the Atomic Energy Act.

When the pending bill is out of the way, we hope to schedule for consideration a number of other bills, with respect to some of which previous announcement has been made, although they will not necessarily be taken up in the order in which they are mentioned. They are Calendar No. 644, House bill 6287, a bill to extend and amend the Renegotiation Act of 1951.

Calendar No. 1315, Senate bill 2910, a bill providing for the creation of certain United States judgeships, and for other purposes.

Calendar No. 1720, Senate bill 3706, a bill to amend the Subversive Activities Control Act of 1950.

Calendar No. 1794, Senate bill 880, a bill to amend the license law of the District of Columbia.

Calendar No. 1797, Senate bill 2601, a bill to provide for Federal financial assistance to the States and Territories in the construction of public elementary and secondary school facilities.

Calendar No. 1774, House bill 7815, a bill to provide for the construction, maintenance, and operation of the Cougar Dam, in Oregon, and so forth.

In addition, there will be the social security extension bill, when it is finally reported from the Finance Committee, the foreign aid authorization bill, and the farm bill.

I am also hopeful that during the week we may have the conference report on the tax bill. The conferees have been in session today. Also, perhaps, this week we shall have the conference report on the housing bill.

In addition to the legislation which will be carried over from Friday to Saturday, we expect to have a call of the calendar for the consideration of bills to which there is no objection, beginning at the point where the previous call was concluded.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. FULBRIGHT. When does the majority leader expect to reach a vote on the unfinished business?

Mr. KNOWLAND. When the debate has run out and the amendments have been disposed of, we expect to vote.

Mr. FULBRIGHT. I understand that; but when does the distinguished majority leader estimate such an eventuality might take place?

Mr. KNOWLAND. The distinguished Senator from Arkansas has been a Member of this body longer than has the Senator from California. I have seen times when I became a little despondent as to the possibility of reaching an early vote, and then, as if by some miracle, the procedures were hastened along. I am merely saying that whenever the debate is concluded, I hope all Senators will remain in attendance so that we may start voting on the amendments, on the third reading of the bill, and on the final passage of the bill itself.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Tennessee.

Mr. GORE. It had been my understanding that the distinguished majority leader expected the debate to continue until 9 o'clock tonight, and that if it were not concluded at that time, it would be resumed tomorrow.

Mr. KNOWLAND. That is correct.

Mr. GORE. I thank the majority leader.

ORDER FOR RECESS TO 10 O'CLOCK A. M. TOMORROW

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate completes its labors this evening it stand in recess until 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

ADMISSION OF COMMUNIST CHINA TO THE UNITED NATIONS

Mr. LEHMAN. Mr. President, I ask unanimous consent that a statement I recorded for the American Friends Service Committee's radio program entitled "Our Friend in Washington," on the subject of seating Communist China in the United Nations, be printed in the body of the RECORD at this point in my remarks.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR LEHMAN

In recent days the issue of the possible seating of Red China in the U. N. has been forcefully presented to the public, but in what I consider to be a misleading manner.

As far as I know, there has been no official announcement that any one of our allies is going to propose the admission of Red China into the U. N., as a unilateral undertaking. It is, of course, possible—and even likely—that such a proposal might be made as part of a Far Eastern agreement for the settlement of the Korean and Indochinese conflicts. I have no inside information on this, but Prime Minister Churchill might well have discussed this possibility with President Eisenhower during his recent visit here. This is the only explanation for the recent excitement of Senator KNOWLAND and his rash statement that if Red China is admitted to the U. N. he will urge and insist that the

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United States withdraw from the U. N. and resign its membership in that world organization.

As a result of this statement by Senator KNOWLAND, there has been a sharp division of opinion in the Senate. There has been support for Senator KNOWLAND'S position by some Republicans and by some Democrats, including the minority leader, Senator LYNDON JOHNSON. There has been strong opposition to Senator KNOWLAND'S position—that is, to his demand that the United States withdraw from the United Nations if Red China is admitted—on the part of numerous Democrats, including, I may say, myself, and by Senators FULBRIGHT, GILLETTE, and SPARKMAN, among others.

The great danger, in any public discussion of this issue, is in failing to perceive that there are really two issues involved. One is the question of whether the United States Government should agree to the admission of Red China into the United Nations. The second issue is whether the United States should withdraw from the United Nations if Red China is, in fact, admitted by formal action of the United Nations.

As far as I am concerned, as of the present moment, I am opposed to admitting Red China into the United Nations. I am strongly and unreservedly opposed to such a move unless and until Red China can prove that she is willing to accept the full obligations of U. N. membership, including a devotion to peace and a respect for the integrity and sovereignty of her neighbors. The Communist regime must show that it is willing to conduct itself on a civilized basis and willing to contribute to the establishment of security, justice, and world peace. Until such a time I will continue to oppose it and I think the United States Government should oppose it.

But the worst and most disastrous attitude we could possibly take is the attitude expressed by Senator KNOWLAND—namely, that if the United Nations should at some time agree to the admission of Red China over our protest, we will withdraw from the U. N.

To take that attitude is to assume the same rigid and inflexible posture that has long characterized Soviet Russia. To take that attitude is to foreclose all possibilities of peaceful settlement of the Far Eastern conflicts by negotiation and agreement. The implication of this attitude is that our only solution to the situation in the Far East is total war. That solution will never be accepted by the other nations of the free world. I do not think it will be acceptable to the American people.

Any proposal to withdraw from the U. N. is, in my judgment, nothing but madness. To do so would be to abdicate our role of world leadership, won at such great cost. It would, of course, seriously cripple the U. N., but it would cripple us even more. It would isolate us. It would leave us friendless and alone. We would be without allies and without the respect and confidence of the other free nations of the world.

The United Nations, despite any imperfections it may have, and despite the many disappointments we have experienced as a result of its shortcomings, is still the best hope of peace and security in the world. Under no circumstances should we consider abandoning our membership in this great organization. We would be forfeiting our world leadership and our strength.

THE PRESIDENT'S HIGHWAY PROGRAM

Mr. FERGUSON. Mr. President, it is seldom that I deliver two addresses in one day to this distinguished body. Today I am impelled to take the floor on two major subjects, one of which I have already discussed.

On behalf of the President of the United States, Vice President NIXON delivered one of the most important addresses ever given in America. In it, the Chief Executive clearly demonstrated the need for more and better highways for a growing America. I say that this is a most challenging and a thrilling thing for the President to do. It pleases me beyond measure that recognition of a long time problem has been given by the top leader in this country.

This is not a new situation which the President is demanding that we take action on at this time. It has been with us and it has been known to us but not until the President spoke out in a forthright and clear manner, were Americans generally made aware of the sever necessity for building the roads that we need for the cars that we now own and operate and will own and operate in the future. In fact, the President says that $50 billion within the next 10 years—in addition to current normal expenditures—will be only a good start on the highway system we need for a population of 200 million Americans.

Mr. President, I believe that in the past we have lacked imagination with respect to the real need of the American public for highways.

I believe that the President, in speaking out, has stimulated and will continue to stimulate the imagination of the American people to the point where they will go to work now in the building of needed highways.

Most certainly, the economic growth of the United States demands an integrated and cooperative approach to the highway problem by the Federal Government and the 48 State governments.

Despite substantial, and sometimes magnificient, efforts by local government to provide 1954 model highways for 1954 model traffic, all efforts are essentially limited and even haphazard until together all interested authorities can devise the grand plan proposed by the President. The American economy is a unified economy of many widely separated but interdependent areas, industries and crops. The highway net essential to their common development must be based on a unified, an integrated plan. For the development of the absolutely necessary highway pattern, the common thread of Federal interest is essential.

My record with respect to highway development is such that I can thoroughly endorse the President's program of $50 billion overall increase in what we now spend for highways throughout the United States. Earlier in this session I introduced a highway measure that would have provided $2,208,000,000 Federal contribution for assistance to the States in new highway construction. I addressed the Senate at the time the Federal highway-aid extension bill was under debate and pointed out extensively the need for more highway funds. I must admit that I did not go quite so far as the President, but I am now saying to my colleagues that I am wholeheartedly in accord with his proposal, and I intend to work for its adoption.

I know that the President's program will cause some concern to those who favor a reduction in Federal-aid payments to the States. In times past I also have favored the elimination, wherever possible, of such grant-in-aid programs. In the instant case, however, I am firmly of the opinion that the Federal Government has a national interest in our highway system for defense purposes. That interest cannot constitutionally be delegated to the States. Those who would argue against Federal participation, I believe, would not disagree with this principle, although they might not agree with respect to the amount of money to be spent for this purpose.

Not so many years ago we were told that the point of complete economic development had been reached and that there were no more frontiers to be opened. I believe that America is just starting, and will continue to have frontiers. It seems to me the President's proposal is ample demonstration that there are new horizons.

Because the people of this great Nation must continue pioneering, then we of the Congress must at all times keep pace with our ever increasing population. Americans have every right and should expect that their Government will do those things for them which are necessary and proper. In the field of highway construction we have traditionally assigned this responsibility to Government and the record of the past four decades shows that the various levels of Government have been able to meet this responsibility. But they have met the responsibility only in terms of the amount of money available to highway departments to do the job.

It has been a lack of money that has prevented the full development of our highway systems. As I stated, I believe we lacked imagination of what was going to be necessary in the future, rather than that we did not want to spend money for the highways.

There is no doubt in my mind that the building of highways affects every part of the Nation. No State can any longer build highways only to its border, and fail to connect a good highway with a good highway in another State. Those days are past. A highway system affects every hamlet in America. It affects the value of real estate along the highway and near the highway. It develops new horizons so far as the development and the building of small business are concerned. If we wish to help small business, here is one way in which we can actually help it. When I speak about small business, I mean a small business with a few employees, perhaps 25, although the new social security bill recognizes employers who employ as few as 4 people. That is the kind of business that will be promoted by the development of highways, and what makes America great is small business combined with big business. So by expanding and improving our highway system America can grow and be better able to defend itself.

It would be a sad thing indeed if in the event of an atomic attack we lost thousands of our citizens because we did not have the roads to permit them to speedily

evacuate under bombardment. It is a sad thing that thousands of our American citizens lose their lives every year because of the inadequacies of our highway system. That is a condition we can remedy. It is an outrage upon the heavily taxed motorist that he is not given the roads which are in good repair and in the best possible condition for his motoring pleasure. A large volume of our commercial goods are moved over highways by trucks, and we must have roads to keep the flow of commerce uninterrupted.

It would seem to me that every Member of Congress of both the House and Senate ought to study with extreme care the President's proposal. After such study there ought not to be a single vote against it in either House. I am told, and I read in the newspapers that certain things are national "musts." I am not sure in many instances that they are really vital requirements, but I am certain this highway construction program is in fact a "must."

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the address prepared by the President and delivered by the Vice President before the Conference of Governors at Bolton Landing, N. Y.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

ADDRESS OF VICE PRESIDENT RICHARD NIXON TO THE GOVERNORS CONFERENCE, LAKE GEORGE, N. Y., JULY 12, 1954

Governor Thornton, distinguished Governors of the States of the Union, the distinguished First Ladies of the States of the Union, guests of the governors conference:

I want you to know, first of all, that it is a great privilege for me to have had the opportunity to attend this conference for the brief time that I have today. There are a number of reasons for this. I haven't the time to mention them all, but there are 2 or 3 that I think would be of interest to you.

One is that I have had the opportunity to see really very well this beautiful New York countryside. As we have sat here in the Sagamore Inn and looked out on the view from this window on Lake George I think that I can say without fear of contradiction that there is no view in the United States which excels this one.

Now, Governor Dewey, I know that you will agree with that. You will note that my language is very, very careful in that respect; and Governor Knight will agree with me that that is the highest praise that a Californian could pay to any other view in America.

And the second reason that I am very privileged to be here is that it has given me an opportunity to renew acquaintances with the governors of the States, many of whom I have met at previous conferences that have been held in Washington, and in other areas.

One regret I have is that we have not had the opportunity to have renewed acquaintances with the first ladies of the States, but I see them in front of me, rather than in back of me, as the governors are, and that in itself is a reward, you can be sure.

May I say, too, that I realize that for each of us who is here tonight, that certainly it is a great disappointment that the President of the United States, who was scheduled to address you, is unable to be here because of the death of a member of his family who was very close to him, and very dear to him.

I am here, therefore, as a substitute. But no one, as you know, can substitute for the President of the United States, and I wouldn't be so presumptuous as to indicate to you that I could.

But the President had a message that he particularly wanted to deliver to this conference. He was good enough to give me the notes that he had made for delivery of that message. Now, incidentally, I know that his appearance at the conference was advertised as being an informal speech by the President, and I know that all of you will concur from his previous appearances before your conferences that in making this informal, such as previously, the President is very, very effective. But, having seen these notes, as you will learn in just a few moments, I can tell you that the President follows the rule that the best informal speech is the one that is very well prepared. And fortunately, those notes are available for me to talk to you this evening. Unfortunately, of course, the personality, the anecdotes, the interpolations, which make the notes live, as only the President can make the notes live, I cannot, of course, effectively bring to you. But I would like to bring to you the message as it has been set down in the notes, and then if time permits, perhaps to add at the end a few remarks of my own:

"The 48 States are represented at this conference, and each of them—in area, in population, in wealth—is greater than many independent nations in the world today. Each of them is great in potential achievement, because joined with 47 others, they form the mightiest of temporal teams—the United States of America.

"Now, against that background, where is the United States going, and by what road? What are the purposes of the United States of America, for the building of a cooperative peace. The strengthening of America and her friends are overriding purposes that must have a sound economic base. How can we assure such a base?

"At home, the United States of America must be an example of national progress in its standard of living. Measured by the prosperity, the culture, the health of the free individual, America is the best market place for American products.

"Abroad, the spiral in the world's standard of living means a spiral in purchasing power. And this, of course, is to the advantage of every American producer, every sound American investment in better world living standards will earn rich returns for America. And in a period of crises, ignited by circumstances often beyond present control or immediate remedy, we must maintain a military dike on our defense perimeter. But behind it we must achieve the fullest possible productive strength, exploiting every asset, correcting every deficiency in our economic situation. We don't want a blueprint for a regimented economy, but we must have vision, comprehensive plans, and cooperation between the States and Federal Government.

"And the road we should take is outlined by the American philosophy of government. What is that philosophy? The President likes to think of it in these terms: It is rooted in individual rights and obligations—expressed in maximum opportunity for every individual to use rights and to discharge obligations—maintained by keeping close to the individual his control over his government—it is sparked by local initiative, encouraged and furthered by the Federal Government. Financed traditionally by demanding of visible, tangible, and profitable return on every dollar spent. A tax economy of enterprises, directly or indirectly, which are self-liquidating.

"Now, that philosophy, applied to public affairs, is the middle road between chaos on the one side, and regimentation on the other.

"It is significant that in the United States we talk of individual rights, we talk of States rights—but not of Federal rights, because the Federal Government is normally considered a depository of certain well-defined and limited obligations: For national security, for foreign affairs, for leadership within the community of 48 States.

"Now, in that light, what are the domestic jobs that must now be done to further the purposes of America? What is the prospect before us?

"First, on the bright side, we live in a dramatic age of technical revolution through atomic power, and we should recognize the fact that the pace is far faster than the simpler revolutions of the past. It was a very long generation from the Watt steam engine to a practical locomotive. It was less than 9 years from the atomic bomb to the launching of an atomic-powered submarine. We have seen a revolutionary increase in opportunity, comfort, leisure, and productivity of the individual.

"Thirty years ago, the machine economy was almost entirely limited to factories and transportation. Today it is in every area of living, even in the garden patches and on the front lawns.

"Look at the prospects in population. In 1870, the population of the United States was 38½ million people, and our population growth in the previous half century was one of the wonders of the world.

"In 1970, the population of the United States, it is estimated, will reach 200 million. It will grow in the next 16 years as much as the entire population of the United States was in 1870.

"So much for the credit side. On the dark side, as we look into the future, we see a shortage of 300,000 classrooms in the grade schools of the country, a shortage of 813,000 hospital beds, an annual increase of 250,000 disabled who require vocational rehabilitation. And we have also dislocations in our economy requiring undesirable Government intervention—everything from subsidies even to outright seizure and control, in the recent past.

"Also on the dark side, we have a transportation system which in many respects it is true is the best in the world, but far from the best that America can do for itself in an era when defensive and productive strength require the absolute best that we can have.

"Now all of these needs must be attended to, along with the other unlimited problems in which we have common interests and common responsibilities. And all of them require some measure of Federal-State cooperation. Some are insoluble, except in closest cooperation.

"For example, the top priority in our planning must be given to transportation, and to health and efficiency in industries to the national defense and the national economy. A Cabinet committee has just been established by the President to explore and to help formulate a comprehensive transportation policy for the Nation, taking into account the vital interests of carriers, shippers, the States and communities, the public at large. But more specifically, our highway net is inadequate locally, and obsolete as a national system.

"To start to meet this problem at this session of the Congress, we have increased by approximately $500 million the Federal moneys available to the States for road development. This seems like a very substantial sum. But the experts say that $5 billion a year for 10 years, in addition to all current, normal expenditures will pay off in economy growth; and when we have spent $50 billion in the next 10 years, we shall only have made a good start on the highways the country will need for a population of 200 million people.

"A $50-billion highway program in 10 years is a goal toward which we can—and we should—look.

"Now, let us look at the highway net of the United States as it is. What is wrong with it? It is obsolete, because in large part it

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just happened. It was governed in the beginning by terrain, existing Indian trails, cattle trails, arbitrary section lines. It was designed largely for local movement at low speeds of 1 or 2 horsepower. It has been adjusted, it is true, at intervals to meet metropolitan traffic gluts, transcontinental movement, and increased horsepower. But it has never been completely overhauled or planned to satisfy the needs 10 years ahead.

"At this point in his notes, the President had a personal anecdote illustrating the problem. Thirty-five years ago this month, the Secretary of War initiated a transcontinental truck convoy to prove that the gas engine had displaced the mule, even on our relatively primitive roads. A second lieutenant named Dwight Eisenhower went along as an observer. All-weather roads in the United States at that time totaled 300,000 miles. The autos and trucks numbered 7,600,000. That truck convoy left Washington on July 7. It arrived in San Francisco on September 5, 60 days and 6,000 breakdowns later.

"Today, all-weather mileage is approximately 1,800,000 as compared with 300,000 miles. But autos and trucks number more than 56 million, as compared with 7,600,000.

"It is obvious, then, that the increase in mileage has lagged behind the increase in vehicles. The road system, moreover, is fundamentally the same, either haphazard or completely arbitrary in its origin, designed for local movement, in an age of transcontinental travel.

"Now, what are the penalties of this obsolete net which we have today? Our first most apparent, an annual death toll comparable to the casualties of a bloody war, beyond calculation in dollar terms. It approaches 40,000 killed and exceeds 1.3 million injured annually.

"And second, the annual wastage of billions of hours in detours, traffic jams, and so on, measurable by any traffic engineer and amounting to billions of dollars in productive time.

"Third, all the civil suits that clog up our courts. It has been estimated that more than half have their origins on highways, roads, and streets.

"Nullification of efficiency in the production of goods by inefficiency in the transport of goods, is another result of this obsolete net that we have today.

"And finally, the appalling inadequacies to meet the demands of catastrophe or defense, should an atomic war come.

"These penalties warrant the expenditure of billions to correct them.

"Now, let us look at the highway net as it should be. The President believes that the requirements are these: a grand plan for a properly articulated system that solves the problems of speedy, safe, transcontinental travel—intercity communication—access highways—and farm-to-market movement—metropolitan area congestion—bottlenecks—and parking.

"Second, a financing proposal based on self-liquidation of each project, wherever that is possible, through tolls or the assured increase in gas tax revenue, and on Federal help where the national interest demands it.

"And third—and I would emphasize this, particularly at this conference, because I know how deeply the President believes in this principle: a cooperative alliance between the Federal Government and the States so that local government and the most efficient sort of government in the administration of funds, will be the manager of its own area.

"And the fourth, very probably, a program initiated by the Federal Government, with State cooperation, for the planning and construction of a modern State highway system, with the Federal Government functions, for example, being to advance funds or guarantee the obligations of localities or States which undertake to construct new, or modernize existing, highways."

And then I would like to read to you the last sentence from the President's notes, exactly as it appears in them, because it is an exhortation to the members of this conference:

"I hope that you will study the matter, and recommend to me the cooperative action you think the Federal Government and the 48 States should take to meet these requirements, so that I can submit positive proposals to the next session of the Congress."

And I know that in making this request to the Governors Conference, that the President believes it is essential that we have cooperation in this field. He believes that only with cooperation, and with the maximum of State and local initiative and control, can we have a program which will deal with the problem and deal with it effectively.

And now I trust that you will not consider me presumptuous if in the very few minutes remaining I add a footnote to the message of the President of the United States.

We have been discussing tonight a 50-billion-dollar highway program over 10 years. And it may seem difficult to attain, because of the cost. But I think all of us are aware today that we spend almost $50 billion every year for national defense. I don't think we could have any more striking evidence of what a great vista of progress we have in store for our country, if we can have peace.

Now, I don't propose to discuss this great problem in a very few minutes specifically, or to offer any new program to you here tonight. That is, of course, the prerogative of the President and the Secretary of State. But I do suggest that in considering the threat to the peace of the world, in considering why we spend the $50 billion to meet that threat, the threat which is presented by the Communist conspiracy, that we sometimes have a tendency to place primary and almost exclusive emphasis on the possibility of atomic war, and of armies marching across the border in the traditional pattern.

I think we should have in mind that there are two great factors today which indicate that the greatest danger we face in the future may not be traditional war or, for that matter, atomic war. And the first factor is the deterrent effect of the atomic weapon itself.

It is significant that even some military men say that the atomic weapon in the long run may turn out to be one of the greatest forces for peace in the world.

Why is this the case?

I thought I had it very eloquently and effectively explained to me by a man it was my privilege to meet on the trip that Mrs. Nixon and I took around the world last fall. He had been described to me before I left by a man who has definite opinions on men and subjects—General MacArthur. The man that he was talking to was General Slim, the Governor General of Australia, who served during the war in various commands.

And General MacArthur, before I went, said, "I urge you to have a conversation with General Slim"—as I had planned to do—"and I can tell you that in my opinion he is a hard-hitting, hard-bitten, hard-fighting man." I found that General Slim, the Governor General of Australia, was all of that, and that he was a man who was thinking very seriously of the grave problems confronting the world.

He developed this thesis that I have just mentioned, the thesis that the atomic bomb might turn out to be a force for peace rather than for war, and he pointed out that in the history of wars we find that a national leader does not start a war unless he thinks he can win it, or unless he thinks he can win more in the war than he will lose.

Now, how has a national leader to determine that he can or will win more than he will lose?

He does that when he feels that he has a clear advantage. In times past, that advantage could be obtained by increasing the quantity—increasing the quantity, for example, of men, of bows and arrows, of guns, of planes, of tanks—whatever the weapons happen to be at a particular time in our history. And once the quantitative advantage was obtained, a war could be risked with a reasonable chance of winning.

And then, General Slim pointed out, that now, for the first time in the world's history, we are approaching a period when numbers may no longer be decisive. Because once a nation has enough atomic and hydrogen weapons, and planes to deliver them, to destroy the power of its enemy, whether it has 10 times as much makes no difference.

We may soon reach that point in the world, he pointed out, when no world leader at that time may feel that he can risk war as an instrument of policy, because the result will be, at best, double suicide.

That is the first factor which militates against the theory that the great danger to us today is a war of any kind.

The second one is in examining the tactics of the only potential threat to the peace of the world. In 1917, what was communism? Nothing but a cellar conspiracy. The Communists did not control a government in the world. Today they control 800 million people, and a third of the globe.

How did they get this control? Secretary Dulles has pointed out that they have gained this control by armed attack across a border only in gaining two insignificant parts of Finland and Poland. All the rest—the great gains—have been obtained through the tactics of internal subversion revolution. For example, China was won to the Communist side by Chinese, Czechoslovakia by Czechs, Hungary by Hungarians.

And so it would seem that the major danger we face in the world today may be that kind of action.

Now, where do we face that danger? Primarily in the uncommitted areas of the world, in areas which unfortunately have no tradition of freedom, or in many instances very little tradition of freedom. Those areas primarily are in Asia and in Africa—Africa, the richest continent in the world, 95 percent of which is controlled in a colonial status.

These are the points of attack by the Communists today, the primary points of attack. Now, what is the danger? Revolution, we have decided. But a revolution is not possible unless people follow leaders who are won over to a cause.

What is the appeal? Why are people won to the Communist cause, particularly in these areas of the world?

I think, very simply stated, we must realize that people in Asia, these uncommitted areas, in Africa—people are on the march, they want to better their lives, they are dissatisfied with the status quo. There are some significant things which are characteristic of most all of them. Some of these nations have just recently acquired their independence, others are still in colonial status, all want independence, and they want to maintain it, if they already have it.

Second, most of these are peoples who have suffered the greatest humiliation that a people can suffer, and that is, being looked down upon by other peoples in the world.

Third, all are substandard in their standards of living.

Fourth, all have suffered grievously from war.

And so, what do they want? Independence. Equality. Economic progress—and peace.

They don't like the slavery, the cruelty of communism any more than we do. But they

will take it if it promises some progress toward the goals which they want, in opposition to those who offer only to leave them where they are. And all the defense pacts, the armies in the world, will be useless if the people are on the other side. We saw that, in reverse, in Guatemala.

Now, what do we do about this problem? We are doing a number of things. First, of course, we exposed the Communists, exposed the fact that while they say they are for all these things, in practice they produce the opposite.

And second, we are lining up the great moral power of the United States and the free nations, on the side of the aspirations of these people. And I thought the statement that Prime Minister Churchill and President Eisenhower issued at the conclusion of their conference, will have a great impact in those areas of the world in doing just that.

But, in order to give this kind of leadership, it means that we must have a sound base in America, a great example of freedom, of equality, of economic progress, for all the world to see.

Our economy must not be fat and static, but it has to be dynamic and expanding. And that is why it is so essential that the very best leadership in America, from both of our great major parties, from all segments of our Government, join together in making the American democracy sound and strong, and productive and free.

Mr. FERGUSON. The subject of the President's address has been noted by editors of newspapers throughout the country as being of great importance. In the New York Herald Tribune of this morning, the lead editorial, entitled "Eisenhower the Builder," starts out by saying:

President Eisenhower's "grand plan" for better roads has been stated only in broad outline. In brief, it advocates spending $50 billion over the next 10 years for the highways that America needs. This is probably 2 or 3 times the present rate of expenditure from all sources, but it is no more than has been proposed all along by experts of every variety.

Mr. President, that is true.

I ask unanimous consent that the editorial be inserted in the RECORD as part of my remarks.

There being no objection, the editorial war ordered to be printed in the RECORD, as follows:

EISENHOWER THE BUILDER

President Eisenhower's grand plan for better roads has been stated only in broad outline. In brief, it advocates spending $50 billion over the next 10 years for the highways that America needs. This is probably 2 or 3 times the present rate of expenditure from all sources, but it is no more than has been proposed all along by experts of every variety. The necessity exists. Automobiles are outstripping highways; transportation must be improved for economic growth, safety, comfort, and, not to be overlooked, the requirements of defense in an atomic age. Our swelling population is making increasing demands on the future as well as the present. And furthermore it is well to remember that a building program of this magnitude would have untold benefits for all business and personal prosperity. This, then, is a magnificently conceived plan in the national interest.

The details will come later. But the exposition before the Conference of Governors made it plain that this is by no means an airy lot of wishful thinking. The plan proceeds from the universally admitted point that the roads have to be built and also that they have to be paid for. Obviously there are both national and local responsibilities involved here, but the main thing is to get started on the highways and preferably with some decent regard as to nationwide planning. Forty-eight separate systems pose too many problems in engineering and finance; still, there are very few people who would consciously wish to leave everything to Washington.

What President Eisenhower proposes is a cooperative alliance between Federal and State governments, with fiscal administration left in local hands. The source of revenue would depend on the project—self-liquidating as far as feasible. Federal help, if necessary. It may be that we shall see a lot of agreement with the States on Government credit back of construction, much as in the case of the New York State Thruway. Certainly there will be continued reliance on the gasoline tax, even though many of the Governors would like to acquire this impost exclusively for their own.

The idea is plainly a judicious combination of tolls, taxes, and outright assistance, but with a heavy emphasis on cooperation. Who is to pay for what can be left to be worked out in detailed discussions? The fact is that everybody pays and that everybody wants first-class roads. And President Eisenhower has asserted himself vigorously on the instant need for $50 billion worth of progress. That is real leadership.

Mr. FERGUSON. Mr. President, the Washington Evening Star has an editorial on the same subject, which is headed "Our Highways and the Future." That is a good heading, because highways mean much to the future.

I was struck by the fact that my good friend Jim Berryman, of the Star, in one of his excellent cartoons, depicted the Vice President as reading the speech to the governors and suggested that, while he usually presides over the Senate, this time he was doing a master's job in giving the facts to the governors of the States of this great Nation.

I hope the governors will view the highway program in the light in which the President envisions it. Some of them will have to use imagination in contemplating the future of America. Some among them may think pioneering days are of the past and that the roads in use today are adequate for the future of America, but I do not consider that to be true.

Mr. President, I ask unanimous consent that the editorial appearing in the Washington Evening Star be printed in the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

OUR HIGHWAYS AND THE FUTURE

As numerous governors have been quick to indicate, the President's grand plan for a vast program of highway improvement and expansion is more than a little bit controversial in terms of how the States are to figure in it. But what is not controversial about it is the fact that some such program—regardless of conflicting views as to methods of financing and directing it—is imperative for the future well-being of the Nation.

For General Eisenhower—speaking through Vice President NIXON to the governors' conference at Bolton Landing in New York—has not exaggerated in declaring that the present road network in the United States "is inadequate locally, and obsolete as a national system." Nor has he exaggerated in warning that this deficiency, as long as it exists, will continue to impose very severe penalties on the American people—penalties that include (1) serious economic losses resulting from inefficient transportation of goods that have been efficiently produced; (2) a terrible annual toll of dead and injured in highway accidents; and (3) "appalling inadequacies to meet the demands of catastrophe or defense should atomic war come."

It is true, of course, that the United States probably is far ahead of most other countries in road development. But that does not alter the fact that as a nation—with our unparalleled and ever-growing number of high-speed passenger automobiles and trucks—we still have a long way to go before we can even approach attainment of the kind of local, State, and interstate highway system that we need. And our problem in that sense is particularly pressing because our American population is increasing at a rate of about 25 million every decade—which means, if the present trend continues, that there will be 200 million of us by 1970, and perhaps almost as many as 300 million by 2000 A. D., which is fewer than 50 years from now, a brief span in the lifetime of human society.

Accordingly, having in mind such highly significant factors as this rapid population growth, the President has proposed a Federal-State cooperative program under which—in addition to current normal road expenditures—$50 billion would be laid out during the next 10 years on projects designed to make a good start on the network of highways that the Nation will sorely require in the relatively near future. As for financing the undertaking, he has suggested that each of the projects be put on a self-liquidating basis wherever possible—to be paid for through toll charges or the collection of gasoline taxes. Further, where necessary, he would advance Federal funds to support those parts of the plan that could not be carried out otherwise.

More than a few of the governors have taken a rather dim view of all this because of a fear that it would seriously impinge on States' rights. Nevertheless, although it lends itself to debate in that respect, there can be no doubt—in view of our expanding economy and fast-growing population—that something like the President's proposal needs to be put into effect in one way or another, and the sooner the better.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. KNOWLAND. Mr. President, since this is an important bill and it is desired that ample opportunity be afforded to debate it, I had hoped that Senators who wished to discuss the bill or offer amendments would be prepared to carry on tonight. I did not expect the session to go beyond 9 o'clock. It is now only a quarter to 8. If other speeches on the bill could be made I should be glad to keep the Senate in session for that purpose. I certainly would not want any Senator to feel that he had been foreclosed from discussing this important subject. I was wondering whether any amendments were prepared to be offered and perhaps to be taken up. I fully realize that we cannot have a vote on final passage tonight, and I would not press for final passage or even for action of the

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amendment dealing with powerplants, but I was hopeful that if there were amendments, they might be offered at this time.

Mr. President, apparently there are no further speeches to be made at this time. I understand that a number of Senators on the other side of the aisle who had to be out of town today and will not be back until tomorrow are very anxious to vote on the proposed legislation and, perhaps, to speak on it. In view of the fact that the Senate will meet at 10 o'clock in the morning. I respectfully ask all Senators on both sides of the aisle, even though they may have other business to attend to, to be here promptly at 10 o'clock a. m. tomorrow, so we can have a quorum call just before the morning hour. If they will do that, we can then proceed with the debate.

I wish to express my appreciation to Senators on both sides of the aisle who have debated the bill today. I think the debate has been pertinent to the subject. If we do not lose too much time on quorum calls I think there will be ample opportunity for discussion and voting tomorrow. I ask the cooperation of all Senators in being present for the quorum calls.

The PRESIDING OFFICER. What is the pleasure of the Senate?

RECESS

Mr. KNOWLAND. Mr. President, if there are no amendments to be offered or other business to be transacted, I move that, pursuant to the order previously entered, the Senate stand in recess until 10 o'clock tomorrow morning.

The motion was agreed to; and (at 7 o'clock and 49 minutes p. m.) the Senate took a recess, the recess being under the order previously entered, until tomorrow, Thursday, July 15, 1954, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate July 14 (legislative day of July 2), 1954:

DIPLOMATIC AND FOREIGN SERVICE

Francis A. Flood, of Oklahoma, for promotion from Foreign Service officer of class 2 to class 1.

William W. Walker, of North Carolina, for promotion from Foreign Service officer of class 3 to class 2.

The following-named Foreign Service officers for promotion from class 4 to class 3:

William Barnes, of Massachusetts.
Findley Burns, Jr., of Minnesota.
John E. Devine, of Illinois.
Harrison Lewis, of California.

The following-named Foreign Service officers for promotion from class 5 to class 4 and to be also consuls of the United States of America:

Frank J. Devine, of New York.
David H. Ernst, of Massachusetts.
Douglas N. Forman, Jr., of Ohio.
Harold G. Josif, of Ohio.

The following-named Foreign Service officers for promotion from class 6 to class 5:

Alan G. James, of the District of Columbia.
Abraham Katz, of New York.
Lawrence C. Mitchell, of California.
Jacob M. Myerson, of the District of Columbia.
Peter J. Peterson, of California.
Milton K. Wells, of Oklahoma, now a Foreign Service officer of class 2 and a secretary in the diplomatic service, to be also a consul general of the United States of America.

The following-named persons, now Foreign Service Officers of class 3 and secretaries in the diplomatic service, to be also consuls general of the United States of America:

C. Vaughan Ferguson, Jr., of New York.
Paul Paddock, of Iowa.

The following-named persons, now Foreign Service officers of class 5 and secretaries in the diplomatic service, to be also consuls of the United States of America:

Thomas H. Murfin, of Washington.
Harry F. Pfeiffer, Jr., of Maryland.
DeWitt L. Stora, of California.

William O. Hall, of Oregon, for appointment as a Foreign Service officer of class 1, a consul, and a secretary in the diplomatic service of the United States of America.

The following-named persons for appointment as Foreign Service officers of class 2, consuls, and secretaries in the diplomatic service of the United States of America:

Alexander B. Daspit, of Louisiana.
Harvey Klemmer, of Maryland.

The following-named persons for appointment as Foreign Service officers of class 4, consuls, and secretaries in the diplomatic service of the United States of America:

John M. Bowie, of the District of Columbia.
Miss Edelen Fogarty, of New York.
Francis J. Galbraith, of South Dakota.
William F. Gray, of North Carolina.
Miss Jean M. Wilkowski, of Florida.

The following-named persons for appointment as Foreign Service officers of class 6, vice consuls of career, and secretaries in the diplomatic service of the United States of America:

Sam G. Armstrong, of Texas.
Daniel N. Arzac, Jr., of California.
Robert S. Barrett IV, of Virginia.
Melvin Croan, of Massachusetts.
Walker A. Diamanti, of Utah.
Richard W. Finch, of Ohio.
Martin B. Hickman, of Utah.
Edwin D. Ledbetter, of California.
S. Douglas Martin, of New York.
Calvin E. Mehlert, of California.
John E. Merriam, of California.
J. Theodore Papendorp, of New Jersey.
Harry A. Quinn, of California.
Charles E. Rushing, of Illinois.
Robert H. Wenzel, of Massachusetts.

The following-named Foreign Service staff officers to be consuls of the United States of America:

John L. Hagan, of Virginia.
Arthur V. Metcalfe, of California.
Nestor C. Ortiz, of Virginia.
Normand W. Redden, of New York.

The following-named Foreign Service Reserve officers to be secretaries in the diplomatic service of the United States of America:

Lucius D. Battle, of Florida.
Richard E. Funkhouser, of the District of Columbia.
John T. Hanson, of Maryland.
Donald D. Kennedy, of Oregon.

IN THE NAVY

The following-named women officers of the Navy for permanent promotion to the grade of lieutenant commander in the staff corps indicated, subject to qualification therefor as provided by law:

SUPPLY CORPS

Margaret E. Barton
Natalie T. Bell
Betty J. Brown

MEDICAL SERVICE CORPS

Frances Spear

IN THE NAVY

Harold W. Sill (Naval ROTC) to be ensign in the Navy, subject to qualification therefor as provided by law.

Frederick B. Griswold (Naval ROTC) to be ensign in the Navy as previously nominated and confirmed, to correct name, subject to qualification therefor as provided by law.

Carl H. Olander (Naval ROTC) to be second lieutenant in the Marine Corps, subject to qualification therefor as provided by law.

The following-named (ROTC) to be second lieutenants in the Marine Corps, subject to qualification therefor as provided by law:

Egbert Horton, Jr.
Frank J. Simmons
Charley H. Wheeler, Jr.

Harold D. Esterly, Jr. (Reserve officer) to be lieutenant in the Medical Corps in the Navy, subject to qualification therefor as provided by law.

Pauline E. Clarke (Reserve officer) to be lieutenant in the Medical Corps in the Navy, subject to qualification therefor as provided by law.

The following-named (civilian college graduates) to be lieutenants (junior grade) in the Dental Corps in the Navy, subject to qualification therefor as provided by law:

Albert A. Capozzoli, Jr.
Fenner P. Lindblom
Thomas R. Milliette

The following-named Reserve officers to be lieutenants (junior grade) in the Dental Corps in the Navy, subject to qualification therefor as provided by law:

James E. Ainley, Jr.	Harold W. Hodson
James R. Boyce	John K. Jennings, Jr.
Joseph N. Brouillette	Edward P. Klecinic
Paul B. Carrington	Bill C. Terry
Homer Clarke	James C. Toye
William E. Downey, Jr.	Robert A. Wooden
Roger H. Flagg	Julius Zuckerman
Richard D. Foster	

The following-named Reserve officers to be second lieutenants in the Marine Corps, subject to qualification therefor as provided by law:

Thomas E. Ackerman	Marcia J. Earles
Allen E. Alexander	Albert D. Eilers
Roi E. Andrews	Clifford Farley
John C. Archbold	Walter D. Fillmore
Michael S. Arcieri	Richard J. Fitzhenry
Richard F. Armstrong	John W. Foley
Richard J. Beach	Thomas P. Ganey
Pierre H. Begnaud	Francis X. Frey
Daniel G. Bishop	Paul W. Fuetterer
Dennis F. Boalch	Grady V. Gardner
George I. Bomgardner	Elmer T. Garrett, Jr.
Robert L. Bridges	John F. Gillespie
Wayne F. Burt	Roland N. Grattan
Ernest W. Buschhaus	Robert C. Green
Robert G. Bustos	Jack Haskins
Walter E. Byerley	Joseph C. Hedrick
Earnest S. Camp	Charles J. Hilbert
John W. Chinner	Joseph E. Hopkins
Charles W. Clarchick	James Jaross
John W. M. Clark	Thomas W. Jones
Layne H. Clark	John F. Joy
William G. Clark	Louis I. Kane
James R. W. Cochran	Donald E. Keller
Frederick M. Cole	Kenneth E. Kemp
Jack R. Collins	Gary D. Kent
John J. Collins	Thomas L. Lambert
Normand A. Cote	Walter R. Ledbetter, Jr.
James A. Crowley	
Billy R. Cummins	Richard A. Mankowski
Carl W. Delaughter, Jr.	Gene H. Martin
Herman C. Deutschlander	John P. McGovern
	William C. McGovern
Henry C. Dewey	William D. McGuire
Merritt W. Dinnage	Dennis J. Murphy
Joseph A. Donnelly	Leo P Murphy

Samuel O. Newlon
Patrick L. O'Connor
Cyril M. O'Hara
William D. Patterson
Edward R. Pierce
Albert E. Power
Henry J. Quevedo
Richard B. Quigley
John E. Redelfs
Richard G. Ritchie
Robert O. Ritts
Henry W. Roder
Joseph S. Rosenthal
Edwin K. Rushing
Patrick J. Ryan
Norman C. Sanderson
Patrick J. Saxton
Harry E. Smith, Jr.
Cleo P. Stapleton, Jr.
Richard O. Spencer
Thomas F. Tague
Kenneth G. Thompson
Bozzie F. Thornton, Jr.
Leon B. Turner
Charles M. Vanmanen
Warren L. Veek
John C. Watkins
Edwin G. Weatherford
Robert C. Wise
Clifford C. Wren, Jr.

The following-named to be ensigns in the line in the Navy, for limited duty only, classification deck, subject to qualification therefor as provided by law:

Archie G. Deryckere
Cecil F. Knight
Ralph S. Mason
Richard M. McClenahan
John J. McDermott
George H. McKinnon
George W. McMillin
Hugh A. Moore
Walter E. Richards
Kenneth R. Sawyer

The following-named to be ensigns in the line in the Navy, for limited duty only, classification ordnance, subject to qualification therefor as provided by law:

George Bernier, Jr.
Herman F. Coleman
Rodney W. Couser
Robert E. Daley
Clarence A. Devine
Henry J. Grothe
Max A. Harrell
James W. Holmes, Jr.
Loren H. Kinne
George R. Langford
Francis W. Lannom
John Mack
George W. Merkle
John H. Miller
John J. Muniz
Dighton "W" Peugh
John Popp, Jr.
Lewis M. Popplewell
Robert L. Schibel
Lewis W. Schnatterly
Albert L. Smith
William Soczek
Russell J. Sullivan
Charles E. Tate
John W. Welsch
Vincent F. Welsh
Henry P. Woodcock, Jr.

The following-named to be ensigns in the line in the Navy, for limited duty only, classification administration, subject to qualification therefor as provided by law:

Robert W. Bender
Francis V. Dugan
Gilbert J. Kaiser
Larrimar C. Sheffield

The following-named to be ensigns in the line in the Navy, for limited duty only, classification engineering, subject to qualification therefor as provided by law:

Giles B. Anderson
James F. Barkley
Kermont C. Brasted
John Bravence, Jr.
Philip P. Buchholz
James L. Chamberlain
Donald J. Clifford
Charles E. Cogswell
Charles H. Courtney
Louis A. Downey
Roger V. Eriksson
John N. Evosevich
John F. Gildea
Grant G. Gullickson
Walter F. Hamelrath
Harold S. Keith
Harold S. Kimbrough
Edward L. King
James L. Knepler
Eugene T. Knight
William F. Kopacka
Walter S. Kraus
James A. Mares
William J. O'Connell
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Harold M. Walker
James T. Walsh
Michael J. Walsh
Raymond D. Walters
Theodore C. Walton
William W. Wamel, Jr.
Edwin L. Wampler
Elton R. Wampler
Michael E. Warholak, Jr.
Joseph E. Warnack
Harold M. Washington
Bernard Waskowski
Howell E. Watson, Jr.
Thomas W. Watson
Dale E. Watts
Stanley Wawrzyniak
Robert F. Weigle
Gerald A. Weiland
Homer L. Welch
George J. Welker
Glenn T. Wells
William J. Wescott
Donald K. West
Gilbert L. Whidden
Jean P. White
George A. Wickman
Warren H. Wiedhahn, Jr.
Richard A. Wieland
James J. Wiese
Teddy R. Wiley
Kenneth L. Williams
Warren L. Wilson
Morgan L. Wilt
Bruce M. Wincentsen
Aden D. Windham
Billie W. Windsor
Paul A. Wood
Harvey Wright
James H. Wright
Thomas J. Yardley
Arden W. Yeam
Miles M. Yetter
Norman L. Young
Timothy R. Young
Walter S. Zuck

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

Wanda M. Shattuck, Brookwood, Ala., in place of A. S. Weaver, retired.

Martha J. Wyatt, Pike Road, Ala., in place of T. E. Bolling, transferred.

Charlie B. Edwards, Sycamore, Ala., in place of L. B. Ledbetter, retired.

ARKANSAS

John A. Fairly, Junction City, Ark., in place of M. P. Muse, removed.

CALIFORNIA

John D. Stephenson, Norwalk, Calif., in place of H. L. Fox, deceased.

COLORADO

George E. Hamblin, Akron, Colo., in place of E. I. Crutchfield, retired.

Ruby M. Colopy, Lake City, Colo., in place of Ethel Lewis, resigned.

George M. Price, Manitou Springs, Colo., in place of G. C. Flake, resigned.

William E. Baker, Morrison, Colo., in place of A. M. Durham, deceased.

CONNECTICUT

Burton W. Henry, Hazardville, Conn., in place of J. E. Lynch, deceased.

Calvin E. Kirchhoff, Quaker Hill, Conn., in place of H. S. McElyea, resigned.

FLORIDA

Delmer T. Warren, Fern Park, Fla., in place of E. L. Toof, deceased.

Chauncey L. Costin, Port St. Joe, Fla., in place of H. A. Drake, retired.

Louise M. Denton, Ruskin, Fla., in place of E. D. Mixon, removed.

GEORGIA

Frances Marion Clark, Blythe, Ga., in place of M. A. C. Byrne, retired.

IDAHO

Howard L. Jenkins, Naples, Idaho, in place of F. L. Mackey, retired.

ILLINOIS

Mary N. Ceyte, Bulpitt, Ill., in place of B. R. Gherardini, resigned.

Weldon A. Tranbarger, Franklin, Ill., in place of W. H. Neece, Jr., transferred.

INDIANA

David H. Jordan, Dunreith, Ind., in place of Odom Durham, resigned.

William F. Reineke, Mount Vernon, Ind., in place of M. W. Smith, deceased.

IOWA

Wendel T. Smith, Mount Pleasant, Iowa, in place of J. N. Hileman, deceased.

Charles R. Mayo, Pocahontas, Iowa, in place of V. F. McCartan, retired.

Loretta M. Steffens, Rowan, Iowa, in place of N. F. Hyde, retired.

Donald R. deGooyer, Sioux Center, Iowa, in place of Isaac Hoeven, retired.

KENTUCKY

Harry W. Holt, Coxs Creek, Ky., in place of J. E. Evans, transferred.

James O. Gibson, Hardinsburg, Ky., in place of M. H. Norton, retired.

James O. Harris, Wheelwright, Ky., in place of H. A. Stancil, resigned.

MAINE

William C. Lint, Mapleton, Maine, in place of H. M. Higgins, retired.

MASSACHUSETTS

Joseph A. Boudreau, Jr., Fiskdale, Mass., in place of M. H. Mallahy, retired.

MICHIGAN

Chester J. Orr, Standish, Mich., in place of A. M. Rokosz, removed.

Clarence L. Carlson, Whitehall, Mich., in place of F. E. Benjamin, resigned.

MINNESOTA

Leslie E. Torrison, Buffalo, Minn., in place of M. C. Hayes, removed.

Harold F. Otto, LeRoy, Minn., in place of J. C. Bert, deceased.

MISSISSIPPI

Delmer E. Edwards, West Point, Miss., in place of S. S. Burrous, deceased.

MISSOURI

Eugene M. Royce, Anderson, Mo., in place of G. C. Hayes, resigned.

Victor N. Remley, Liberty, Mo., in place of C. E. Yancey, Jr., deceased.

NEBRASKA

Reynold F. Nelson, Gordon, Nebr., in place of J. H. Holden, retired.

Russell M. Abrams, Stapleton, Nebr., in place of H. E. Callender, deceased.

NEW HAMPSHIRE

Carl Chase Blanchard, Farmington, N. H., in place of E. E. Lefavour, retired.

Frederick James Rowe, Portsmouth, N. H., in place of P. J. Hickey, deceased.

NEW JERSEY

Paul R. Cronce, Frenchtown, N. J., in place of C. S. Hoff, retired.

Harry H. Seylaz, Lincroft, N. J., in place of C. S. Toop, removed.

Theodore Lee Adams, Ocean City, N. J., in place of Leroy Jeffries, retired.

Abel V. Del Vecchio, Springfield, N. J., in place of O. F. Heinz, retired.

Bruno P. Zorn, Waldwick, N. J., in place of James McQuilken, Jr., resigned.

NEW YORK

Ida Mae Hopkins, Cincinnatus, N. Y., in place of L. H. Ingersoll, retired.

Ralph L. Marshall, Freeport, N. Y., in place of E. A. Rice, retired.

Doris J. Hammond, Millport, N. Y., in place of H. C. Fiala, resigned.

Berta L. Wixon, Trumansburg, N. Y., in place of M. E. Fausette, retired.

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Edna H. Purcell, Waterloo, N. Y., in place of J. F. Marshall, resigned.

NORTH DAKOTA

Mandrup C. Olufson, Enderlin, N. Dak., in place of J. G. Martin, transferred.

OHIO

John L. Bricker, Mount Sterling, Ohio, in place of Palmer Phillips, removed.

OKLAHOMA

Walter D. Barrett, Collinsville, Okla., in place of O. V. Stevens, retired.

Martin R. Jackson, Henryetta, Okla., in place of W. E. Ingram, resigned.

Myron M. Gastineau, Taloga, Okla., in place of J. L. Foster, deceased.

OREGON

Myrl A. Haygood, Philomath, Oreg., in place of M. R. Brown, removed.

PENNSYLVANIA

Lydia S. Love, Cheyney, Pa., in place of G. V. Proctor, removed.

John W. Beach, Fairfield, Pa., in place of G. M. Neely, retired.

John W. Reznor, Greenville, Pa., in place of F. W. Moser, retired.

Leonard Wayne Elder, Rochester Mills, Pa., in place of R. M. Henry, resigned.

Edward R. Kulick, Shamokin, Pa., in place of J. E. Staniszewski, retired.

C. Lyman Sturgis, Uniontown, Pa., in place of J. A. Reilly, removed.

Esther S. Neeld, Wrightstown, Pa., in place of J. E. Hilborn, resigned.

SOUTH CAROLINA

Raphael L. Morris, Clemson, S. C., in place of C. R. Goodman, resigned.

SOUTH DAKOTA

Casimir F. Kot, Stephan, S. Dak., in place of K. H. Holtzman, declined.

TENNESSEE

Josephine H. Vandergriff, Briceville, Tenn., in place of Lutie Davis, retired.

Len K. Mahler, Cookeville, Tenn., in place of F. P. Moore, retired.

Laverne M. Tabor, Crossville, Tenn., in place of H. E. Davenport, resigned.

LeRoy M. Cook, Gallatin, Tenn., in place of O. V. Smith, retired.

Charlene M. Reece, Jonesboro, Tenn., in place of E. R. McAmis, transferred.

VERMONT

Morris W. Depew, Dorset, Vt., in place of S. M. Matson, deceased.

VIRGINIA

William L. Pickhardt, Chester, Va., in place of M. H. Truby, deceased.

Beulah W. Davis, Concord, Va., in place of J. M. Cross, retired.

Marion L. Beeton, Lexington, Va., in place of F. C. Davis, retired.

Virginia C. Foskett, Lynnhaven, Va., in place of M. V. Mills, retired.

Richard F. Weaver, New Market, Va., in place of E. M. Bennick, removed.

Ralph T. Phillips, Parksley, Va., in place of H. T. Scarborough, retired.

Flora M. Branham, Pound, Va., in place of G. L. Robinson, retired.

WEST VIRGINIA

Lee P. Hornor, Bridgeport, W. Va., in place of M. K. Brown, resigned.

John L. McMahon, Follansbee, W. Va., in place of J. J. Walker, retired.

Sabinus M. McWhorter, Weston, W. Va., in place of L. S. Switzer, retired.

WISCONSIN

Clifford J. McKenzie, Centuria, Wis., in place of M. C. Hoey, transferred.

Virginia F. Waupochick, Keshena, Wis., in place of B. E. James, removed.

Amy J. Pofahl, Pleasant Prairie, Wis., in place of L. A. Pofahl, deceased.

Estelle W. Hill, Sarona, Wis., in place of H. A. Stromberg, transferred.

Herbert N. Hoskins, Shell Lake, Wis., in place of J. S. Kennedy, deceased.

Wallace L. Nelson, Siren, Wis., in place of J. S. Dodson, retired.

WYOMING

Evalee V. Arnwine, Linch, Wyo. Office established December 1, 1951.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 14 (legislative day of July 2), 1954:

UNITED STATES DISTRICT JUDGE

Walter E. Hoffman to be United States district judge for the eastern district of Virginia. (New position.)

UNITED STATES MARSHAL

William A. O'Brien to be United States marshal for the eastern district of Pennsylvania.

WITHDRAWALS

Executive nominations withdrawn from the Senate July 14 (legislative day of July 2), 1954:

POSTMASTERS

ALABAMA

Sara K. Lee, postmaster at Flat Rock, Ala.

ARKANSAS

Mrs. Jessie C. Brewer, postmaster at Higginson, Ark.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JULY 14, 1954

The House met at 12 o'clock noon.

Rev. Father Joseph L. Teletchea, St. Patrick's Church, Washington, D. C., offered the following prayer:

O God, who at this critical moment of the world's history hast chosen to place such great burdens upon the minds and hearts of our Representatives, go before them, we beseech Thee, in all their doings with Thy gracious inspiration, and further them with Thy continual help, that their every prayer and work may begin from Thee, and by Thee be duly ended.

Let not ignorance draw them into devious paths, nor partiality sway their minds. Neither let respect of riches or persons pervert their judgment; but unite them to Thee effectually by the gift of Thine only grace, that they may be one in Thee and may never forsake the truth; that so in this life their judgment may in nowise be at variance with Thee; and in the life to come they may attain to everlasting rewards for deeds well done. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 5173. An act to provide that the excess of collections from the Federal unemployment tax over unemployment compensation administrative expenses shall be used to establish and maintain a $200 million reserve in the Federal unemployment account which will be available for advances to the States, to provide that the remainder of such excess shall be returned to the States, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MILLIKIN, Mr. MARTIN, Mr. WILLIAMS, Mr. GEORGE, and Mr. BYRD to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendments of the House to a bill and concurrent resolution of the Senate of the following titles:

S. 1303. An act to provide for the expeditious naturalization of former citizens of the United States who have lost United States citizenship by voting in a political election or plebiscite held in occupied Japan; and

S. Con. Res. 79. Concurrent resolution to express the sense of the Senate on continuing the operation of a tin smelter at Texas City, Tex., and to investigate the need of a permanent domestic tin-smelting industry and the adequacy of our strategic stockpile of tin.

The message also announced that the Senate insists upon its amendment to the bill (H. R. 4854) entitled "An act to authorize the Secretary of the Interior to construct, operate, and maintain the irrigation works comprising the Foster Creek division of the Chief Joseph Dam project, Washington," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CORDON, Mr. MILLIKIN, Mr. WATKINS, Mr. ANDERSON, and Mr. JACKSON to be the conferees on the part of the Senate.

The message also announced that the Senate disagrees to the amendments of the House to the bill (S. 2900) entitled "An act to authorize the sale of certain land in Alaska to the Harding Lake Camp, Inc., of Fairbanks, Alaska, for use as a youth camp and related purposes"; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. CORDON, Mr. WATKINS, Mr. KUCHEL, Mr. JACKSON, and Mr. LONG to be the conferees on the part of the Senate.

SPECIAL ORDERS GRANTED

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 3 hours tomorrow, after the business of the House is completed and following any special orders heretofore entered into, and that I may address the House for an hour today.

The SPEAKER. The Chair wishes to announce that any speeches over an hour in length must have the approval of all Members of the House.

The gentlewoman from Massachusetts asks unanimous consent that she may speak for 3 hours tomorrow afternoon. Is there objection?

Mr. MASON. Mr. Speaker, I will have to object.

The SPEAKER. The gentleman from Illinois objects.

Is there any other request the gentlewoman wishes to submit?

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that I may be allowed to speak for 2 hours tomorrow afternoon.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that I may speak for 1 hour this afternoon, following the legislative program and any special orders heretofore entered.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

SANTA MARGARITA RIVER PROJECT

Mr. MILLER of Nebraska. Mr. Speaker, I call up the conference report on the bill (H. R. 5731) to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from Santa Margarita River, Calif., and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2111)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5731) to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, California, and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 1.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the language inserted by the Senate amendment insert the following:

"That the Secretary of the Interior, acting pursuant to the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388), and Acts amendatory thereof or supplementary thereto, as far as those laws are not inconsistent with the provisions of this Act, is authorized to construct, operate, and maintain such dam and other facilities as may be required to make available for irrigation, municipal, domestic, military, and other uses the yield of the reservoir created by De Luz Dam to be located immediately below the confluence of De Luz Creek with Santa Margarita River on Camp Joseph H. Pendleton, San Diego, California, for the Fallbrook Public Utility District and such other users as herein provided. The authority of the Secretary to construct said facilities is contingent upon a determination by him that—

"(a) the Fallbrook Public Utility District shall have entered into a contract under subsection (d), section 9, of the Reclamation Project Act of 1939 undertaking to repay to the United States of America appropriate portions, as determined by the Secretary of the actual costs of constructing, operating, and maintaining such dam and other facilities, together with interest as hereinafter provided; and under no circumstances shall the Department of the Navy be subject to any charges or costs except on the basis of its proportional use, if any, of such dam and other facilities, as determined pursuant to section 2 (b) of this Act;

'(b) the officer or agency of the State of California authorized by law to grant permits for the appropriation of water shall have granted such permits to the United States of America and shall have granted permits to the Fallbrook Public Utility District for rights to the use of water for storage and diversion as provided in this Act; including, as to the Fallbrook Public Utility District, approval of all requisite changes in points of diversion and storage, and purposes and places of use;

"(c) The Fallbrook Public Utility District shall have agreed that it will not assert against the United States of America any prior appropriative right it may have to water in excess of that quantity deliverable to it under the provisions of this Act, and will share in the use of the waters impounded by the De Luz Dam on the basis of equal priority and in accordance with the ratio prescribed in section 3 (a) of this Act; this agreement and waiver and the changes in points of diversion and storage, required by the preceding paragraph, shall become effective and binding only when the dam and other facilities herein provided for shall have been completed and put into operation: *Provided, however,* That the enactment of this legislation does not constitute a recognition of, or an admission that, the Fallbrook Public Utility District has any rights to the use of water in the Santa Margarita River, which rights, if any, exist only by virtue of the laws of the State of California; and

"(d) The De Luz Dam and other facilities herein authorized have economic and engineering feasibility.

"SEC. 2. (a) In the interest of comity between the United States of America and the State of California and consistent with the historic policy of the United States of America of Federal noninterference with State water law, the Secretary of the Navy shall promptly comply with the procedures for the acquisition of appropriative water rights required under the laws of the State of California as soon as he is satisfied, with the advice of the Attorney General of the United States, that such action will not adversely affect the rights of the United States of America under the laws of the State of California.

"(b) The Department of the Navy will not be subject to any charges or costs in connection with the De Luz Dam or its facilities, except upon completion and then shall be charged in reasonable proportion to its use of the facilities under regulations agreed upon by the Secretary of the Navy and Secretary of the Interior.

"SEC. 3. (a) The operation of the dam and other facilities herein provided shall be by the Secretary of the Interior, under regulations satisfactory to the Secretary of the Navy with respect to the Navy's share of the impounded water and National Security. In that operation, 60 per centum of the water impounded by De Luz Dam is hereby allotted to the Secretary of the Navy, 40 per centum of the water impounded by De Luz Dam is hereby allotted to the Fallbrook Public Utility District. The Department of the Navy and the Fallbrook Public Utility District will participate in the water impounded by De Luz Dam on the basis of equal priority and in accordance with the ratio prescribed in the preceding sentence: *Provided, however,* That at any time the Secretary of the Navy certifies that he does not have immediate need for any portion of the aforesaid 60 per centum of the water, the official agreed upon to administer the dam and facilities is empowered to enter into temporary contracts for the delivery of water subject, however, to the first right of the Secretary of the Navy to demand that water without charge and without obligation on the part of the United States of America upon 30 days' notice as set forth in any such contract with the approval of the Secretary of the Navy: *Provided further,* That all moneys paid in to the United States of America under any such contract shall be covered into the general fund of the Treasury, and shall not be applied against the indebtedness of the Fallbrook Public Utility District to the United States of America. In making any such temporary contracts for water not immediately needed by the Navy, the first right thereto, if otherwise consistent with the laws of the State of California, shall be given the Fallbrook Public Utility District.

"(b) The general repayment obligation of the Fallbrook Public Utility District (which shall include interest on the unamortized balance of construction costs of the project allocated to municipal and domestic waters at a rate equal to the average rate, which rate shall be certified by the Secretary of the Treasury, on the long-term loans of the United States outstanding on the date of this Act) to be undertaken pursuant to section 1 of this Act shall be spread in annual installments, which need not be equal, over a period of not more than 56 years, exclusive of a development period, or as near thereto as is consistent with the operation of a formula, mutually agreeable to the parties, under which the payments are varied in the light of factors pertinent to the irrigators' ability to pay. The development period shall begin in the year in which water for use by the district is first available, as announced by the Secretary, and shall end in the year in which the conservation storage space in De Luz Reservoir first fills but shall, in no event, exceed 17 years. During the development period water shall be delivered to the district under annual water rental notices at rates fixed by the Secretary and payable in advance, and any moneys collected in excess of operation and maintenance costs shall be credited to repayment of the capital costs chargeable to the district and the repayment period fixed herein shall be reduced proportionately. The Secretary may transfer to the district the care, operation, and maintenance of the facilities constructed by him under conditions satisfactory to him and to the district and, with respect to such of the facilities as are located within the boundaries of Camp Pendleton, satisfactory also to the Secretary of the Navy.

"(c) For the purposes of this Act the basis, measure, and limit of all rights of the United States of America pertaining to the use of water shall be the laws of the State of California: *Provided,* That nothing in this Act shall be construed as a grant or a relinquishment by the United States of America of any of its rights to the use of water which it acquired according to the laws of the State of California either as a result of its acquisition of the lands comprising Camp Joseph H. Pendleton and adjoining naval installations, and the rights to the use of water as a part of said acquisition, or through actual use or prescription or both since the date of that acquisition, if any, or to create any legal obligation to store any water in De Luz Reservoir, to the use of which it has such rights, or to require the division under this Act of water to which it has such rights.

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"(d) Unless otherwise agreed by the Secretary of the Navy, De Luz Dam as herein provided shall at all times be operated in a manner which will permit the free passage of all of the water to the use of which the United States of America is entitled according to the laws of the State of California either as a result of its acquisition of the lands comprising Camp Joseph H. Pendleton and adjoining naval installations, and the rights to the use of water as a part of said acquisitions, or through actual use or prescription or both since the date of that acquisition, if any, and will not be administered or operated in any way which will impair or deplete the quantities of water to the use of which the United States of America would be entitled under the laws of the State of California had that structure not been built.

"SEC. 4. After the construction of the De Luz Dam, the official operating the reservoir shall deliver water to the Fallbrook Public Utility District, pursuant to regulations issued by the Secretary of the Interior, as follows:

"(1) One thousand eight hundred acre-feet in any year until the reservoir attains an active content of sixty-three thousand acre-feet;

"(2) Not in excess of four thousand eight hundred acre-feet in any year after the reservoir attains an active content of sixty-three thousand acre-feet and until said reservoir attains an active content of ninety-eight thousand acre-feet; and

"(3) Not in excess of eight thousand acre-feet in any year after the reservoir attains an active content of ninety-eight thousand acre-feet and until the conservation storage space of the reservoir has been filled.

"SEC. 5. The Secretary of the Army through the Chief of Engineers, acting in accordance with section 7 of the Flood Control Act of 1944 (58 Stat. 887) is authorized to utilize for purposes of flood control such portion of the capacity of De Luz Reservoir as may be available therefor.

"SEC. 6. There are hereby authorized to be appropriated, out of any money in the Treasury of the United States not otherwise appropriated, $22,636,000, the current estimated construction cost of the Santa Margarita River project, plus or minus such amounts as may be indicated by the engineering cost indices for this type of construction, and, in addition thereto, such sums as may be required to operate and maintain the said project.

"SEC. 7. From time to time the Attorney General, the Secretary of the Interior, and the Secretary of the Navy shall report to the Congress concerning the conditions specified in section 1 of this Act, and the first report thereon shall be submitted to the Congress no later than one year from the date of enactment of this Act."

And the Senate agree to the same.

Amend the title so as to read: "An Act to authorize the Secretary of the Interior to construct facilities to provide water for irrigation, municipal, domestic, military, and other uses from the Santa Margarita River, California, and for other purposes."

That the House recede from its disagreement to the amendment of the Senate to the title of the bill, and agree to the same.

A. L. MILLER,
WESLEY A. D'EWART,
JOHN P. SAYLOR,
CLAIR ENGLE,
WAYNE N. ASPINALL,
Managers on the Part of the House.

EUGENE D. MILLIKIN,
ARTHUR V. WATKINS,
THOMAS H. KUCHEL,
JAMES E. MURRAY,
CLINTON P. ANDERSON,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5731) to authorize the Secretary of the Interior to construct, operate, and maintain certain facilities to provide water for irrigation and domestic use from the Santa Margarita River, Calif., and the joint utilization of a dam and reservoir and other waterwork facilities by the Department of the Interior and the Department of the Navy, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

Amendment No. 1: The House accepts the Senate amendment.

Amendment No. 2: The House recedes from its disagreement to the amendment of the Senate and agrees to the same with an amendment as heretofore set forth.

The managers for the House expressed concern at conferences on this bill lest the language of section 2 (a), coupled with the requirement set forth in section 1 (b), that prior to construction the State of California shall have granted a permit to the United States for rights to the use of water for storage and diversion as provided in the bill, would serve as a roadblock to proceeding with construction of the project. As a result of this concern, a letter was sent to the Attorney General asking what doubts the Justice Department might have concerning possible adverse effect on riparian rights, under California law, from action taken to obtain permits for the appropriation of flood flows which would be stored by the De Luz Dam. By letter dated June 22, 1954, the Attorney General furnished the conferees a 17-page memorandum on the matter, the conclusion of which follows:

"Loss to the United States of America of invaluable presently existing, long-exercised, riparian rights to the use of water in the Santa Margarita River will ensue if the requisite steps are taken to prosecute to completion appropriative rights in that stream to meet demands for water at Camp Pendleton, the United States Naval Hospital, and the United States Naval Ammunition Depot."

The managers for the House have carefully studied this memorandum and they wish to make it clear that they are not convinced by this memorandum that the riparian rights of the United States could be prejudiced under California law by prosecution to completion of appropriative rights to flood waters. With this understanding of their position and upon pointing out that the memorandum bears out their original concern with respect to the language in section 2 (a), the managers for the House agreed not to press further for changes in the language in section 2 (a) as it became evident that such action could only end in permanent disagreement.

The House agrees to the title change made by the Senate.

A. L. MILLER,
WESLEY A. D'EWART,
JOHN P. SAYLOR,
CLAIR ENGLE,
WAYNE N. ASPINALL,
Managers on the Part of the House.

Mr. MILLER of Nebraska. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to, and a motion to reconsider was laid on the table.

JAMES I. SMITH

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 1673) for the relief of James I. Smith, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Line 7, strike out "act." and insert "act".
Line 9, strike out "have" and insert "has."

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

HATSUKO KUNIYOSHI DILLON

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 5578) for the relief of Hatsuko Kuniyoshi Dillon with an amendment of the Senate thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 10, strike out all after "act." over to and including line 3 on page 2.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

DOES THE AMERICAN MEDICAL ASSOCIATION BLOCK MEDICAL ADVANCEMENT?

Mr. SIEMINSKI. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SIEMINSKI. Mr. Speaker, for insertion at this point in the RECORD, under unanimous consent, are the remarks of a brave and fearless man; grievously wounded in World War II, Mr. Joseph F. Burke returned to America from the battlefields of Europe determined to brighten the plight of the wounded.

Here is his story as told the other day, on July 9, 1954, to the Astoria chapter, of the Disabled American Veterans in Long Island City, N. Y. Mr. Burke, a constituent, is 2d national junior vice commander of the DAV.

The core of Mr. Burke's remarks would suggest that the American Medical Association do its best to keep its muzzle on when it passes through soldier terrain, lest it bite the hand—Uncle Sam's—that has helped it so often; and, as the AMA moves, to be very careful, lest it knock over signs which read "men at work," especially when the work is directed at brightening the

plight of the wounded, now and for the future:

AMA: AMERICAN MEDICAL ASSOCIATION OR AGAINST MEDICAL ADVANCEMENT

(Remarks by Joseph F. Burke, second national junior vice commander, Disabled American Veterans)

There are times when a man stands on a public platform and feels the need to speak out against an organization. His evaluation of that organization is necessarily tempered because of the realization that the people who make up the membership are not at fault. I am in that situation now as regards the American Medical Association. The American people, or all peoples of the world, for that matter, are indebted to those who follow the Hippocratic oath. Your speaker is certainly one of those. On January 2, 1944, I was wounded on the approaches to Cassino, Italy, while serving my country in time of war. The repair of the left arm wound by amputation was one of the easier operative procedures performed by these masters of the medical profession. With both arms and legs damaged to the extent of smashed bones, torn muscles, and severed nerves, and internal wounds showing a number of punctures of the stomach, liver, lungs, and spleen, it is a marvel to me today that the surgical team of Major Brinker and Captain Moore was able to repair such bodily damage in six exhaustive and intensive hours of surgery. It was their skill and God's will that permits me to address you tonight. I say this not because I am unique, as there are many in this room who know that this is a typical case history of thousands of former GI's. The debt of gratitude I owe these men I will never be able to repay.

And because of my strong feeling against the policies of the American Medical Association, the remarks I make tonight reflect only my own personal opinion, and is not to be construed as being the feeling of the national organization of the Disabled American Veterans.

Yet, as a veteran I must speak out against the American Medical Association, who professes to represent the thoughts of the entire medical profession. Their expressions of disagreement with the Veterans' Administration hospital program has been injurious to the entire veteran population. The American people, through its elected representatives, has brought for the finest medical program for veterans, only to suffer attacks on their efforts to care for the wars' disabled. As a result, we face a serious curtailment of the Disabled American Veterans' program for veterans. We find that by advocating the return of mental and tubercular patients to city, county, and State institutions under the guise of a reduced tax program, the AMA reveals an immature outlook, since there will be no savings, because these local governments will be charged with too big a burden and the veterans will then receive less than the best of care as intended by our laws. We demand an opportunity to monitor the care to be given our mental and tubercular patients in Veterans' Administration hospitals instead of in city, county, and State institutions which at best would be inefficiently administered, and without any control by the Federal Government. Again, where would the savings be in taxes? It would cost just as much for the maintenance and care of these veterans in these lower institutions because they are overcrowded now. This influx of a veteran population would make conditions chaotic, with the resultant loss of medical efficiency and proper care to the patient, both veteran and nonveteran.

The Disabled American Veterans will continue to fight any approach of this sort under the guise of tax reduction. We believe that the American people will willingly accept the care of the war disabled and the necessary hospitalization and care of the indigent war veterans as a part of the cost of war. Congress recognized this responsibility and provided for it by laws.

It is true in the technical sense that the majority of our hospitalized veterans are admitted for disabilities labeled nonservice connected. However, honest medical opinion will admit that a probable relationship of the postservice disease or debility exists with the veteran's service. So, with this aforementioned probable relationship who can say that those who experienced the anxiety attached with the hazards of war have not incurred that basic lowered threshold of fatigue and susceptibility which invites illness. Since medical opinion may be altered with the new policy of the AMA this theory may not stand a professional argument today.

One of the strong points made by the AMA against the hospitalization of veterans was that their investigation disclosed that a veteran earning $50,000 a year was found hospitalized for a nonservice connected condition. Now I ask you, how many veterans today are making $50,000 a year? The argument is unfounded on the surface, and in addition, it was later discovered that the veteran had been, in fact, treated for a service connected condition. A second point made by the AMA against hospitalization was that the Veterans' Administration hospitals harbor an army of alcoholics. Now all of us in this room know the strict rules by which the Veterans' Administration hospitals operate. It is an established fact that a veteran will receive an immediate disciplinary discharge and not be eligible for readmission for 90 days if he displays drunkenness on the ward. This charge simply cannot be true because the regulations do not permit prolonged hospitalization for such a condition. In passing, please let me call your attention to the often expressed opinion of the medical profession that alcoholism is a disease; very often the manifestation of a mental disorder. Does the AMA now say that a disease should not be treated?

The AMA arguments against nonservice-connected cases appears to revolve around the issue of ability to pay. Certainly we realize that group hospitalization or insurance plans are available. However, being mainly group policies, they are available to only those whose employment status serves as a prerequisite. The employer or union can insure that the group plans are the best available for the employees and union members. Yet this takes care of only a certain segment of the population. There are private plans available to anyone outside of a company or union, but these are usually so honeycombed with so many clarifying and delimiting clauses that the average policy is not sufficient to meet an individual's need. Ability to pay is a misnomer in many cases even with the above plans which have limitations. The average cost for an operation and hospitalization at prevailing rates, room and board, nursing care, averages $12 a day. Medicines, treatments, X-rays, and doctor's visits are all extra. A reasonable figure for 1 month's hospitalization under these conditions would amount to $870 a month. The average head of a family earns $3,500 per year. Where is the ability to pay?

The AMA makes the claim that veteran's hospitalization programs are nothing but socialized medicine. Today we face these continuous increasing cries from one agency or another, "the road to socialism." Crying socialism is no argument since it is an established policy in politics today to label your opponent with an unpopular title. Bipartisan legislation over the years in our State and Nation have caused such things to come into being; social security, Federal old-age benefits, employment compensation, compulsory disability insurance, and Federal aid to education. Is the AMA opposed to these advances and progresses? Then why do they feel that taking care of or insuring the proper health of the veteran segment of the population is another step toward socialism?

Let us look at how the AMA people have benefited under the Government aid. Under the GI bill, how many doctors have increased their knowledge in their chosen field? How many ex-GI's have become doctors under the GI bill? Millions of dollars which have been advanced in this country for medical research has helped the advance of medicine. Was this socialism? The generosity of the American people, through charitable drives, contributed a great deal of money to medical research on cancer, tuberculosis, heart disease, crippled children's research, and muscular dystrophies. Would the AMA prefer that these necessary monies be obtained through taxation rather than this support of medicine by the people? Let me give you the benefit of my own experience with the shortsightedness of the AMA.

In World War II, I was one of 50,000 amputees and like everyone of them, my amputation healed and I found myself ready for an artificial arm. I found that since the Civil War, no improvements had been made in the prosthetics devices field. Now mind you, the doctor's job is not finished with the sewing of a stump; he is also responsible for the fitting of the amputee with a suitable limb and insure the ability to obtain some use of the artificial limb. Imagine our dismay when we found that the artificial hand was not expected to perform any function other than to serve as a cosmetic device; to appear two-handed. A heavy cumbersome thing which served better hanging in the closet. The useful device was a heavy hook which was still operated by rubber bands and a heavy cable which proceeded to tear the sleeves out of our clothing. I know the leg amputee had only about three times as many heartaches trying to walk in the crude limbs which served no better than the old fashioned peg. This was certainly disheartening to the new born amputee. However, near the end of World War II, the plight of the amputee became evident and a newspaperman, a retired officer who was himself an amputee, and a few other interested people from all walks of life convinced the Government to form a committee on prosthetic research.

This committee was formed by and of members unrelated with the AMA, who failed to encourage the project and refused it help. With the support of Congresswoman EDITH NOURSE ROGERS, the Army and the Navy, the limb manufacturers, this research began. The difficulties were tremendous and each year was a greater struggle for necessary funds from the Congress for its operation. At no time did the AMA offer its help, and it would have been greatly welcomed, and would have been an invaluable aid; yet, what are the committee's results? Its research programs at the Army Prosthetic Research Laboratory, Northrop Aviation Corp., New York University, the University of Southen California, and the International Business Machines produced artificial aids to greet the amputee of the Korean conflict and all amputees which were far superior to any available to World War II at the close of the war. This work is still going on today, and as yet the AMA as an organization has not contributed one iota toward the program.

I charge that the AMA no longer stands for American Medical Association, but it means to me "against medical advancement." In the halls of Congress as of this moment, facts against the AMA are being brought out. We know that isolationism as regards to people means that the concern of these people is for the United States itself. But even those people who believe in such a "go it

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alone" theory, would not go along with the AMA theory of isolationism in medicine. Medical research in other countries beside our own has brought forth many new and constructive theories as regards, for instance, cancer. The AMA is now fighting the introduction into this country of such proven research. I point out to you in passing that Sir Alexander Fleming, an Englishman, was not an American but contributed greatly in the advance with penicillin which has benefited mankind. Sister Kenny, an Australian, whose treatment of polio although proven beneficial time and time again has yet to receive AMA approval. This hierarchy which speaks for the medical profession in the United States with its dangerous control of medical thinking has done more to retard medical advancement than any uneducated or illiterate segment of our population in their refusal to accept medical treatment over the years. We as veterans and especially in our consideration of disabled veterans, which is the only reason for the DAV to be in existence, that is our creed, that "our mission as a Disabled American Veterans organization is not fulfilled until all our country's wartime disabled, their widows, and their dependents, have been adequately cared for," recognize as one of our greatest adversaries those who speak for the AMA. The crucifix of the AMA's making bears not the figure of Christ, but the war's mangled veteran. Since the days of George Washington, it was recognized that the war's disabled became more susceptible to the ravages of disease. We feel that the Veterans' Administration program of care for the hospitalized veteran at times can be improved. On the basis of results today, we know that it is the finest medical program in the country. We have more than 6,300 doctors, 865 dentists, and 13,800 trained nurses. This program of care for the veteran is without parallel in any other nation in the world. The debt of honor has been assumed by the American people with little or no complaint. The veteran himself is a taxpayer and yet the AMA for reasons best known to itself continues to fight the well regulated program of the United States Government. It fights the administration of President Eisenhower on the health program which he has offered to the Nation. I charge the AMA as being against medical advancement because of their own self-centered interests and of dictating to this Nation what the policies of health and welfare should be from their conception and their conception alone. The DAV will continue to fight the AMA on the issues of disabled veterans, and I hope all the people of this Nation will fight those few who speak for the AMA, who resist the health and research programs necessary for the well-being of our country.

SPECIAL ORDER GRANTED

Mr. MADDEN asked and was given permission to address the House for 30 minutes on Wednesday, next following the legislative program of the day and any special orders heretofore entered.

AUTHORIZING THE SPEAKER TO RECOGNIZE MEMBERS ON MOTIONS TO SUSPEND THE RULES

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that it shall be in order on Wednesday, July 21, for the Speaker to recognize Members for motions to suspend the rules.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

RULES FOR PROCEDURE ON REVIEW OF DECISIONS OF UNITED STATES TAX COURT

Mr. KEATING. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1067) to authorize the Supreme Court of the United States to make and publish rules for procedure on review of decisions of the Tax Court of the United States, with a Senate amendment, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Strike out all after the enacting clause and insert "That chapter 131 of title 28 of the United States Code be amended by adding at the end thereof a new section, as follows:

"'§ 2074. Rules for review of decisions of the Tax Court of the United States

"'The Supreme Court shall have the power to prescribe, and from time to time amend, uniform rules for the filing of petitions of notices of appeal, the preparation of records, and the practice, forms, and procedure in the several United States Courts of Appeals in proceedings for review of decisions of the Tax Court of the United States.

"'Such rules shall neither abridge, enlarge, nor modify the substantive rights of any litigant.

"'Such rules shall not take effect until they shall have been reported to Congress by the Chief Justice at or after the beginning of a regular session thereof but not later than the 1st day of May, and until the expiration of 90 days after they have been thus reported.'

"SEC. 2. The chapter analysis of chapter 131 of title 28 of the United States Code immediately preceding section 2071 is amended by adding at the end thereof the following:

"'2074. Rules for review of decisions of the Tax Court of the United States'."

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Senate amendment was agreed to, and a motion to reconsider was laid on the table.

REPORTS FROM COMMITTEE ON RULES

Mr. ALLEN of Illinois. Mr. Speaker, I ask unanimous consent that the Rules Committee may have until midnight tonight to file any rules.

The SPEAKER. Is there objection?

There was no objection.

TO AMEND THE ATOMIC ENERGY ACT OF 1946, AS AMENDED

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 630, Rept. No. 2214), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9757) to amend the Atomic Energy Act of 1946, as amended, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 4 hours, to be equally divided and controlled by the chairman and ranking minority member of the Joint Committee on Atomic Energy, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

SPECIAL COMMITTEE TO INVESTIGATE EXPENDITURES OF CANDIDATES FOR THE HOUSE OF REPRESENTATIVES

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following privileged resolution (H. Res. 439, Rept. No. 2215), which was referred to the House Calendar and ordered to be printed:

Resolved, That a special committee of five Members be appointed by the Speaker of the House of Representatives to investigate and report to the House not later than January 3, 1955, with respect to the following matters:

1. The extent and nature of expenditures made by all candidates for the House of Representatives in connection with their campaign for nomination and election to such office.

2. The amounts subscribed, contributed, or expended, and the value of services rendered, and facilities made available (including personal services, use of advertising space, radio and television time, office space, moving-picture films, and automobile and other transportation facilities) by any individual, individuals, or group of individuals, committee, partnership, corporation, or labor union, to or on behalf of each such candidate in connection with any such campaign or for the purpose of influencing the votes cast or to be cast at any convention or election held in 1954 to which a candidate for the House of Representatives is to be nominated or elected.

3. The use of any other means or influence (including the promise or use of patronage) for the purpose of aiding or influencing the nomination or election of any such candidates.

4. The amounts, if any, raised, contributed, and expended by any individual, individuals, or group of individuals, committee, partnership, corporation, or labor union, including any political committee thereof, in connection with any such election, and the amounts received by any political committee from any corporation, labor union, individual, individuals, or group of individuals, committee, or partnership.

5. The violations, if any, of the following statutes of the United States:

(a) The Federal Corrupt Practices Act.

(b) The act of August 2, 1939, as amended, relating to pernicious political activities, commonly referred to as the Hatch Act.

(c) The provisions of section 304, Public Law 101, 80th Congress, chapter 120, 1st session, referred to as the Labor Management Relations Act, 1947.

(d) Any statute or legislative act of the United States, or of the State within which a candidate is seeking nomination or reelection to the House of Representatives, the violation of which Federal or State statute, or statutes, would affect the qualification of a Member of the House of Representatives within the meaning of article I, section 5, of the Constitution of the United States.

6. Such other matters relating to the election of Members of the House of Representatives in 1954, and the campaigns of candi-

dates in connection therewith, as the committee deems to be of public interest, and which in its opinion will aid the House of Representatives in enacting remedial legislation, or in deciding contests that may be instituted involving the right to a seat in the House of Representatives.

7. The committee is authorized to act upon its own motion and upon such information as in its judgment may be reasonable or reliable. Upon complaint being made to the committee under oath, by any person, candidate, or political committee, setting forth allegations as to facts which, under this resolution, it would be the duty of said committee to investigate, the committee shall investigate such charges as fully as though it were acting upon its own motion, unless, after a hearing upon such complaint, the committee shall find that the allegations in such complaint are immaterial or untrue. All hearings before the committee, and before any duly authorized subcommittee thereof, shall be public, and all orders and decisions of the committee, and of any such subcommittee shall be public.

For the purpose of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such public hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the 83d Congress, to employ such attorneys, experts, clerical, and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to administer such oaths, and to take such testimony as it deems advisable. Subpenas may be issued under the signature of the chairman of the committee or any subcommittee, or by any member designated by such chairman and may be served by any person designated by any such chairman or member.

8. The committee is authorized and directed to report promptly any and all violations of any Federal or State statutes in connection with the matters and things mentioned herein to the Attorney General of the United States in order that he may take such official action as may be proper.

9. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties prescribed by law.

That said committee is authorized and directed to file interim reports whenever in the judgment of the majority of the committee, or of a subcommittee conducting portions of said investigation, the public interest will be best served by the filing of said interim reports, and in no event shall the final report of said committee be filed later than January 3, 1955, as hereinabove provided.

AMENDING TITLE II OF THE CAREER COMPENSATION ACT OF 1949

Mr. LATHAM. Mr. Speaker, I call up House resolution (H. Res. 624) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 3539) to further amend title II of the Career Compensation Act of 1949, as amended, to provide for the computation of reenlistment bonuses for members of the uniformed services. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

The SPEAKER. The gentleman from New York is recognized for 1 hour.

Mr. LATHAM. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH].

I yield myself such time as I may require.

Mr. LATHAM. Mr. Speaker, I rise to urge the adoption of House Resolution 624 which will make in order the consideration of the bill (S. 3539) to further amend title II of the Career Compensation Act of 1949, as amended, to provide for the computation of reenlistment bonuses for members of the uniformed services.

House Resolution 624 provides for an open rule with 1 hour of general debate.

Mr. Speaker, this bill proposes to revise upward the scale for computing reenlistment bonuses paid under the Career Compensation Act. Under the proposed legislation, payments will be based upon the number of years for which a person reenlists, computed upon the grade in which an enlisted member is serving at the time his enlistment expires preceding his reenlistment.

First reenlistment bonuses would be greater than for the second and become progressively less for the third and fourth reenlistments. The reason for this is that the number of men reenlisting at the end of the first enlistment period is much smaller than after the second, third, and fourth. It is therefore important that the incentive for enlistment be highest at the end of the first enlistment period.

Mr. Speaker, according to the report on this bill, the maximum amount of reenlistment bonuses to which an individual would be entitled to under this bill would be $2,000. S. 3539 would raise the amount of bonuses to $560 more than is allowed under the present limitation.

The bill would also provide that no reenlistment bonuses would accrue after the completion of 20 years of service, notwithstanding the maximum bonus allowance.

Mr. Speaker, the bill attempts to revise the reenlistment bonus scale so that the individual who has advanced up in the services through promotion would receive a larger bonus for reenlistment than the individual who has not progressed in rank over the years.

This bill should receive the attention of the House membership for the simple reason that it is vital that the United States maintain a strong military force.

Mr. Speaker, I hope that the rule will be adopted by the House without delay and that we may proceed to the consideration of the bill.

Mr. SMITH of Virginia. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I have no objection to the consideration of this rule or to the bill which it makes in order. I know of no objection to the bill.

My purpose in taking this time is to say to the chairman of the committee that I think the minority is at least entitled to the courtesy of being informed as to what rules are to be called up so that we may know just what to expect and what is going to be done.

I did not know this rule was to be called up. Neither the rule nor the bill were available at the desk; we had to send for them and just succeeded in getting them.

I had been informed that another bill was to be called up.

I think I am easy to get along with and I am not going to complain unduly, but I take this moment to say that I shall insist from now on that we be given ample notice of what rules are going to be called up in the morning. I do not want to consume the time of the House by quorum calls but I shall certainly be forced to do that in order to keep ourselves on this side informed as to what is the program for the day.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Illinois.

Mr. ARENDS. As was included in the whip notice put out at the beginning of the week certain bills were listed, including this one, should rules be granted. When I received notice that the Committee on Rules had kindly granted a rule I discussed it with the ranking member of the Armed Services Committee, the gentleman from Georgia [Mr. VINSON], and he agreed that it would be all right to call it up. So we thought there was no misunderstanding whatsoever and that the bill could be considered at this particular time.

Mr. SMITH of Virginia. I am quite modest about these things and I do not want to inject myself into things needlessly, but I do hope the leadership on the other side, and especially my chairman, will remember the fact that we have a minority on the Rules Committee, and that the rule is called up before the bill is called up.

I happen to be the ranking minority member of the Committee on Rules and would like the courtesy of being advised as to what is going to be called up mornings by way of rules.

Mr. ALLEN of Illinois. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield.

Mr. ALLEN of Illinois. I would say to the gentleman from Virginia that I am sorry about this. Frankly, I did not know what was coming up myself.

Mr. SMITH of Virginia. I hope that in the future the leadership on the majority side will inform the chairman of the Committee on Rules what it is expected to bring up on the floor the following day.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Indiana.

Mr. HALLECK. Certainly the gentleman does not undertake by reason of this particular circumstance today to mean that we have not been very, very diligent in informing the minority as to what

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was coming up. We try to get out as complete a whip notice as possible, but sometimes we are not able to be definite and cannot always put on the whip notice a precise time the bill will be called. Certainly that is something to be desired and I am sorry that the gentleman is discomforted by this particular operation. Possibly the Rules Committee should have been notified along with members of the legislative committee. However, the gentleman voted for the rule on yesterday or at least was present when a vote was taken and he might have been informed that these measures would be coming along for consideration.

Mr. SMITH of Virginia. I do not want to prolong this discussion. I just want to say that I think we are entitled to the courtesy of knowing what rules are going to be called up each morning before we are called upon to speak. We ought to know and have time, preferably the day before.

While I am on my feet I might mention what happened yesterday. Usually we have 10, 15, or 20 minutes in the morning before a rule is called up. I did not know that a rule was going to be immediately called up. I walked in here at 5 minutes past 12 yesterday. My chairman had called up a rule, it had been read and discussed in 5 minutes, at which time he was about to move the previous question on the rule. It is a very simple thing to give us a telephone call and say that today we are going to call up a certain rule. I hope that will be done in the future. While I am on my feet, may I inquire what is the program today?

Mr. ARENDS. I was about to inform the gentleman. After we complete this bill we want to call up the so-called tanker bill, which provides for 1 hour general debate.

Mr. SMITH of Virginia. And following consideration of the tanker bill?

Mr. ARENDS. I do not know how long these two will take and whether we will have time to go on with the next one or not.

Mr. SMITH of Virginia. The program for today will be improvised as we proceed?

Mr. ARENDS. Certainly we will let the gentleman know in ample time.

Mr. LATHAM. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. ARENDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 3539) to further amend title II of the Career Compensation Act of 1949, as amended, to provide for the computation of reenlistment bonuses for members of the uniformed services.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 3539, with Mr. HOLMES in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. ARENDS. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, the purpose of the proposed legislation is to revise upward the scale for computing reenlistment bonuses paid under the Career Compensation Act. Under the proposed legislation, payments will be based upon the number of years for which a person reenlists computed upon the grade in which an enlisted member is serving at the time his enlistment expires preceding his new reenlistment.

Likewise, since the first reenlistment rates are now running at a seriously low rate in comparison to second, third, and succeeding reenlistments, the amounts paid for reenlistments are greater for the first reenlistment and become progressively less for the second, third, and fourth reenlistments.

At present an individual who reenlists for a period of 2 years receives a bonus of $40; for 3 years, $90; for 4 years, $160; for five years, $250; and for 6 years, $360. These payments are made regardless of grade and regardless of whether or not it is a second, third, or fourth reenlistment. There is a present maximum bonus of $1,440 to any one individual.

Under the proposed legislation a person who, upon completing his first enlistment, reenlists for 2 to 6 years would receive 30 days' basic pay of his grade, times the number of years for which he reenlists, except that an E–1—that is, the lowest enlisted grade—would only receive two-thirds of a month's basic pay times the number of years for which he reenlists. Obviously, an individual who has not advanced beyond the grade of E–1 in his first enlistment has not satisfactorily progressed in the Armed Forces at least to the extent of entitlement to a higher reenlistment bonus. Upon the second reenlistment individuals receive 20 days' basic pay times the number of years of the reenlistment except that in this case no bonus is paid to individuals in the grades of E–1 or E–2—the two lowest enlisted grades. The third reenlistment entitles an individual to 10 days' basic pay times the number of years for which he reenlists, except that no bonus is paid to an individuad who is an E–3, E–2, or E–1. The fourth, and subsequent reenlistment entitles an individual to 5 days' basic pay times the number of years of the reenlistment contract except that no bonus is paid to E–3's, E–2's, or E–1's. The basic pay, of course, is determined by the grade in which serving at the time the present enlistment expires. The maximum amount of reenlistment bonuses to which an individual is entitled is $2,000, under the proposed legislation, an increase of $560 over the present limitation.

No reenlistment bonus accrues after the completion of 20 years of service, notwithstanding the maximum bonus allowance. In other words, an individual who reenlists in his 18th year for the fourth time will only be paid 2 years' reenlistment bonus, since all service beyond 20 years is noncreditable.

The new reenlistment bonus will not be applicable to anyone who is discharged more than 90 days preceding the date of enactment of the proposed legislation, and likewise will not be applicable to anyone who reenlists prior to the enactment of the proposed legislation. The Committee on Armed Services considered the feasibility of making the proposed legislation retroactive to include those who recently reenlisted and those discharged more than 90 days preceding the enactment of the legislation. The committee determined that such action was not feasible, since no cutoff date could be determined which would be fair to all persons involved.

The estimated annual cost is approximately $67,921,598 for fiscal year 1955.

The justification for the proposed legislation is to be found in the seriously declining reenlistment rates prevalent among all the services. It is estimated that a 5-percent increase in reenlistment rates would save the Government approximately $82 million in replacement costs. Thus, if the proposed legislation results in a 5-percent increase in reenlistment rates it will more than offset the annual cost of the proposed legislation.

Mr. VINSON. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, the purpose of the bill S. 3539, is to increase the present reenlistment bonuses which are paid to individuals who reenlist in the Armed Forces.

Now the justification for this bill is simple. Our overall reenlistment rates have dropped from an average of 59 percent of those eligible during fiscal year 1950 to an average rate of only 31 percent in the first 6 months of fiscal year 1954. This is a staggering drop in reenlistment rates. It costs approximately $3,200 to obtain and train a replacement for a man who does not reenlist. Just think of that and you can easily understand why every reasonable effort should be expended in order to encourage men to reenlist.

Now that is all this bill does—it adds new inducements for enlisted men to make the services a career.

Not only does it save us the replacement cost, but it will also improve the overall capabilities of our Armed Forces if we can keep these men in the service who have been trained in the multitude of specialties that make up the requirements for our Armed Forces.

The cost of this bill, some $68 million a year, will be met if we can increase our reenlistment rates by 4½ percent over and above that which prevails today. Anything beyond that will result in substantial savings to the Government.

Now, I can assure you that the Committee on Armed Services weighed carefully the cost of the bill against the potential gain. We would not have reported the bill if we had concluded that the bill would not result in increasing our reenlistment rates, but we think that this bill will have the desired results.

Let us just take a look at what this bill does. Under present law when an individual reenlists it makes no difference what his rating is or whether it is the first, second, third, or fourth reenlistment or how many years of service he has. He gets $40 if he reenlists for 2 years, $90 if he reenlists for 3 years, $160 for a 4-year reenlistment, $250 for 5 years, and $360 if he reenlists for 6

years. The whole system will be changed under this bill. First of all, the amount of the reenlistment bonus will be determined by the rate or rank of the individual reenlisting, multiplied by the number of years for which he reenlists. And, secondly, the number of days' pay which he is given for each reenlistment, multiplied by the number of years of the reenlistment, decreases as the number of reenlistments increases. Now, let me give you some examples:

Let us say that a private first class in the Army is completing a 4-year enlistment and he wants to reenlist for 4 years. For pay purposes he has over 2 years of service but less than 4, so if he reenlists for 4 years he will receive the pay of a private first class with over 2 years of service, that is, $107 per month, multiplied by the 4 years for which he reenlists. That means he will receive $428. Under the old law he would have received only $160. Now, let us assume that that same man comes up for reenlistment again and by this time he is a sergeant and he wants to reenlist again for 4 years. He now has equity built up for retirement, so as a result, since it is his second reenlistment, he only gets 20 days' basic pay, or two-thirds of $168, which is $112, multiplied by the number of years for which he reenlists, which in this case would be 4 years times $112, or $448—a little more money because of his higher rating.

Now if that same man again reenlists for a third reenlistment and is a sergeant first-class, he will have over 10 years, but less than 12 years of service for pay purposes, but since it is his third reenlistment, he will receive only one-third of the pay of a sergeant first-class, or approximately $68, multiplied by the number of years for which he reenlists, or $272. The reason for this decrease is that he now has a greater equity built up toward retirement and the inducement can be lowered.

So you can see that the bulk of the money goes to the man who will reenlist for the first and second time. This is of fundamental importance because the largest group of potential reenlistees are those who complete their first enlistment, but this is also the lowest reenlistment rate for all of the services.

As a matter of fact, in fiscal 1954 only 20 percent of the individuals who completed their first enlistment who were eligible for reenlistment, actually did reenlist and the estimate for fiscal 1955 is only 10 percent—a fantastic drop from the even low rate which prevailed last year.

I repeat, Mr. Chairman, that this bill, while costly, will result in large savings to the Government if it can increase our reenlistment rate by as little as 5 percent. Anything beyond that will result in substantial savings to the Federal Government.

Now I would like to discuss for a moment just how we arrive at the cost of this bill.

The estimate of the $68 million cost for the reenlistment bonus bill is based upon the expectation that approximately 243,000 enlisted men will reenlist during fiscal 1955. This will result in an increased cost per individual under the proposed legislation of approximately $278.83. In other words, the average cost under existing law is $258 per man to reenlist versus the anticipated average new cost under the new bill of $536.93. Thus if the anticipated number of men who reenlist is realized, the cost will be 243,593 times the increased cost of $278.83 per man, or $67,922,000.

In other words, the new bill will cost $68 million, based on the anticipated rate of reenlistments, which does not reflect the results of any increased reenlistments. If the proposed bill results in a 5 percent increase in reenlistment rates—approximately 26,000 more reenlistments—then there will be a reduction in replacement costs of approximately $83 million. The reenlistment bonus cost for this group would be $6,600,000 under present law and an additional $7 million under the proposed legislation, or a total of approximately $13,800,000. Since it would cost $83 million to replace these 25,000 individuals, it is obvious that the difference between the $13,800,000 in reenlistment bonuses and the $83 million in replacement costs would result in approximately $69 million savings, or the annual cost of the proposed legislation.

The average replacement cost of $3,200 per individual includes the cost associated with the individual's first 6 months of service while in training and travel status. Included in the cost are pay and allowances, recruiting and travel expense, pay and allowances for overhead personnel chargeable to training, a prorated portion of maintenance and operations costs chargeable to training as well as other identifiable miscellaneous costs.

I believe this will clarify any questions that may arise concerning the costs of the bill.

I heartily endorse the enactment of S. 3539.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. VINSON. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. I should like to say to the gentleman from Georgia [Mr. VINSON] that it seems to me that one of the main reasons for the decline in enlistments is the low morale brought about by the taking away of the so-called fringe benefits which the enlisted personnel have been accustomed to. In other words they have had taken away the privileges of the PX, and such things as that, which has disturbed a great many of the enlisted personnel.

Mr. VINSON. The gentleman from Pennsylvania may be correct as to other reasons why men are not reenlisting. I have not been addressing myself to that phase of it but have merely stated the facts; there are only 31 percent reenlisting. There may be various reasons why they do not reenlist and no doubt the reasons suggested by the gentleman from Pennsylvania are some of them. We have tried to solve some of these problems of fringe benefits in previous bills reported by our committee.

Mr. EBERHARTER. I merely wanted to call that to the attention of the committee, because I think it is a serious matter. It is costing the Government a good bit of money because of the loss of these reenlistments.

Mr. VINSON. No doubt it has had some effect on the number of reenlistments. The distinguished gentleman from Illinois [Mr. ARENDS] explained in considerable detail the workings of this bill.

Mr. CUNNINGHAM. Mr. Chairman, will the gentleman yield?

Mr. VINSON. I yield to the gentleman from Iowa.

Mr. CUNNINGHAM. I should like to ask the gentleman if this is not a correct statement: Upon the passage of this bill if there are no more reenlistments, then it will cost the Government not one penny; but if, on the other hand, this bill does induce a certain number to reenlist, it will do two things: First, it will save money; and, second, it will increase the standard of our service.

Mr. VINSON. The gentleman is correct. In that connection, it costs approximately $3,200 to train 1 recruit. If we can get more men to reenlist we can save money on the training program.

Mr. CUNNINGHAM. The difference between the $3,200 and what the bonus would be.

Mr. VINSON. It could be figured that way.

Mr. FORD. Mr. Chairman, will the gentleman yield?

Mr. VINSON. I yield to the gentleman from Michigan.

Mr. FORD. As chairman of the subcommittee on appropriations for the Department of the Army, I should like to say that we are very cognizant of the poor rate of reenlistments that has prevailed over the past several years. We, as a committee, are very much disturbed about the situation. We are very conscious of the added cost that it takes to train new men, in addition to which, it takes trained people out of combat units where they could be doing a better job for the overall defense effort. I am sure that I speak for the three members on our side of the subcommittee on appropriations for the Department of the Army in endorsing this proposed legislation. We are more than glad to see this immediate outlay for, in the long run, it will cost less and give us a better Army for this country.

Mr. VINSON. Mr. Chairman, in view of the statement by the distinguished gentleman from Michigan [Mr. FORD], I think there is no need for me to take any further time.

Mr. ARENDS. Mr. Chairman, I have no more requests for time.

Mr. VINSON. I have no more requests for time, Mr. Chairman.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That section 207 of the Career Compensation Act of 1949 (ch. 681, 63 Stat. 811), as amended (37 U. S. C. 238), is further amended by designating subsection "(e)" as subsection "(f)" and by inserting a new subsection (e), as follows:

"(e) This section does not apply to—

"(1) any person who originally enlists in a uniformed service after the date of enactment of this amendatory act;

"(2) any member of a uniformed service in active Federal service on the date of enactment of this amendatory act who elects

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to be covered by section 208 of this act and who is otherwise eligible for the benefits of that section;

"(3) any person who—

"(A) was discharged or released from active duty from a uniformed service not more than 90 days before the date of enactment of this amendatory act,

"(B) reenlists in that service within 90 days after the date of his discharge or release from active duty,

"(C) elects to be covered by section 208 of this act, and

"(D) is otherwise eligible for the benefits of that section; or

"(4) any person covered by clause (2) or (3) who at any time elects, or has elected, to be covered by section 208 of this act."

SEC. 2. The Career Compensation Act of 1949, as amended, is further amended by inserting the following new section at the end of title II:

"SEC. 208. (a) Subject to subsections (b) and (c) of this section, a member of a uniformed service who reenlists in the regular component of the service concerned within 90 days after the date of his discharge or release from active duty, and who is not covered by section 207 of this act, is entitled to a bonus computed according to the following table:

"Reenlistment involved [1]	(Column 1) Take	(Column 2) Multiply by
First	Monthly basic pay to which the member was entitled at the time of discharge.[2]	Number of years specified in reenlistment contract, or six, if none specified.[3]
Second	Two-thirds of the monthly basic pay to which the member was entitled at the time of discharge.[4]	Number of years specified in reenlistment contract, or six, if none specified.[3]
Third	One-third of the monthly basic pay to which the member was entitled at the time of discharge.[5]	Number of years specified in reenlistment contract, or six, if none specified.[3]
Fourth (and subsequent)	One-sixth of the monthly basic pay to which the member was entitled at the time of discharge.[4]	Number of years specified in reenlistment contract, or six, if none specified.[3]

[1] Any reenlistment when a bonus was not authorized is not counted.
[2] Two-thirds of the monthly basic pay in the case of a member in pay grade E-1 at the time of discharge.
[3] On the sixth anniversary of an indefinite reenlistment, and on each anniversary thereafter, the member is entitled to a bonus equal to one-third of the monthly basic pay to which he is entitled on that anniversary date.
[4] No bonus may be paid to a member in pay grade E-1 or E-2 at the time of discharge.
[5] No bonus may be paid to a member in pay grade E-1, E-2, or E-3 at the time of discharge.

"(b) No bonus may be paid to a member who reenlists—

"(1) during his prescribed period of basic recruit training; or

"(2) after completing a total of 20 years of active Federal service.

The bonus payable to a member who reenlists before completing a total of 20 years of active Federal service, but who will under that reenlistment complete more than 20 years of such service, is computed by using as a multiplier only that number of years which, when added to his previous service, totals 20 years.

"(c) The cumulative amount which may be paid to a member under this section, or under this section and any other provision of law authorizing reenlistment bonuses, may not exceed $2,000.

"(d) An officer of a uniformed service who reenlists in that active service within 90 days after his release from active duty as an officer is entitled to a bonus computed according to the table in subsection (a), if he served in an enlisted status in that service immediately before serving as an officer. For the purpose of this subsection, the monthly basic pay (or appropriate fraction if the member received a bonus for a prior reenlistment) of the grade in which the member is enlisted (computed in accordance with the cumulative years of service of the member) is to be used in column 1 of the table set forth under subsection (a) instead of the monthly basic pay to which he was entitled at the time of his release from active duty as an officer.

"(e) In this section, 'reenlistment' means—

"(1) an enlistment in a regular component of a uniformed service after compulsory or voluntary active duty in that service; or

"(2) a voluntary extension of an enlistment for 2 or more years.

"(f) Under such regulations as may be approved by the Secretary of Defense, or by the Secretary of the Treasury with respect to Coast Guard personnel, a member of a uniformed service who voluntarily, or because of his own misconduct, does not complete the term of enlistment for which he was paid a bonus under this section shall refund that percentage of the bonus that the unexpired part of his enlistment is of the total enlistment period for which the bonus was paid.

"(g) The Secretary concerned may prescribe regulations for the administration of this section in his Department."

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have only a few remarks to make on this bill, and those of a commendatory nature. I think the bill addresses itself to a very serious question, and that it is a decided step in the right direction in helping solve one of the problems confronting those who are members of our armed services.

I recall reading not long ago some remarks made by Secretary Talbott of the Air Force. I think the remarks he made were uttered in Texas, but that is immaterial. I was very much impressed by what he said in the course of his remarks to the effect that the reenlistments in the Air Force had declined from 60 percent to 30 percent. He also said that if we could get the reenlistments up to 80 percent in the Air Force, it would result in a saving to the Government each year of from $1.5 to $2 billions. That saving would come about if we could keep our trained men in the service and give them reasonable inducements to reenlist. These trained men feel they cannot reenlist, for any number of reasons, and there is the necessity for the Government to spend more money to train new men.

Secretary Talbott's observation made a very pointed impression upon my mind. I take these few minutes to call the attention of my colleagues to this very effective, informative, and impressive speech made by Secretary Talbott, which certainly is of great significance in connection with the bill that is before the Committee of the Whole at the present time.

This bill is far more important than its terms and provisions would indicate. Its significance cannot be underestimated. It is a decided step in the right direction, not only in keeping trained personnel in our armed services through offering them an inducement to reenlist, but also in conveying to them the fact that the Congress of the United States is considering not only the problems that confront them as members of the various branches of the armed services but the economic problems that confront the families of each of them. I congratulate the committee on reporting out this bill.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair Mr. HOLMES, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 3539) to further amend title II of the Career Compensation Act of 1939, as amended, to provide for the computation of reenlistment bonuses for members of the uniformed services, pursuant to House Resolution 624, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

AUTHORIZING CONSTRUCTION OF TANKERS

Mr. LATHAM. Mr. Speaker, I call up the resolution (H. Res. 625) providing for the consideration of S. 3458, a bill to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 3458) to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Armed Services, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. LATHAM. Mr. Speaker, I yield 30 minutes to the gentleman from Mississippi [Mr. COLMER], and I now yield myself such time as I may require.

Mr. Speaker, I rise to urge the adoption of House Resolution 625, which will make

in order the consideration of the bill S. 3458, to authorize the long-term charter of tankers by the Secretary of the Navy and for other purposes.

House Resolution 625 provides for an open rule with 1 hour of general debate on the bill itself.

Mr. Speaker, S. 3458 proposes to authorize the Secretary of the Navy to charter on a time-charter basis for a period of 10 years from completion, 20 tankers each with a capacity of approximately 25,000 deadweight tons. These tankers would be capable of a sustained speed of not less than 18 knots and would be built in American shipyards within 2 years after the contract to charter.

As the Senate passed the bill, Mr. Speaker, S. 3458 would provide that upon being awarded a time charter, a private operator with whom such contract was made, would proceed with the construction of the vessel. Upon completion, the vessel would be operated for the United States Military Sea Transportation Service during the time-charter period in meeting the requirements of our Armed Forces for petroleum products. Upon expiration of the charter period, unless the charter were renewed, the vessel would revert to private use.

During the operation of the tanker for the Military Sea Transportation Service, under time charter, the private operator would pay the expenses of insurance, overhead, repairs, and maintenance of the ships as well as the wages of the crew and other expenses. The private operator would also absorb depreciation, interest and similar financial expenses of the investment in the tankers.

The House Committee on Armed Services, however, struck all after the enacting clause in the Senate bill because the committee disapproved of the fact that under the Senate plan after the 10-year charter period was over, the ships would not belong to the United States although two-thirds of their cost would have been amortized over the 10-year period through payments by the United States under the charter contract. The report brought out the fact that the House plan of direct construction of these tankers with appropriated funds will cost the United States $95,000 less per ship or a total of $19 million over a 10-year period.

Mr. Speaker, I feel that the House plan is a good one and that it makes sense from the point of view of practical business. There is no point in not actually owning these tankers after the Government pays about two-thirds of the cost involved in the amortization of these vessels. The House committee's plan seems to me to be a happy compromise and appears to be worthy of favorable action by the House. I hope that the rule will be adopted and that the bill itself will pass.

Mr. COLMER. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, as the gentleman from New York just explained, this bill authorizes the construction of a fleet of modern, fast, tanker ships of some 25,000-ton capacity. The bill has a twofold purpose. One is to give the Navy the necessary tankers to carry the fuel which is needed in the operation of our Navy to any and all parts of the world wherever it may be required. Unfortunately, with the rapid progress and advancement of science in all fields, including weapons, transportation, and so on, many types of equipment rapidly become obsolete. While the Navy now has a dozen tankers, mostly in mothballs, they do not have the modern tankers necessary to deal with present-day operations. Therefore, if an emergency should arise we would be caught with too little and too late, as we all know has happened in the past. Mr. Speaker, it will be noted that there is considerable difference in the bill as passed by the other body and the bill as reported out by the Armed Services Committee of the House.

Personally, I am of the opinion, from my knowledge of the subject, that the House bill is a great improvement over the Senate bill, in that under the House version of the bill the Navy will build and operate these tankers, rather than as provided under the Senate bill, having them under charter. In the long run, the Government will save money on this operation, and in my opinion it is a much better bill.

The second purpose of the bill, while it may be considered a minor purpose, is nevertheless a necessary purpose. That objective is to keep our shipyards alerted, and to keep the shipyard organization going to furnish employment so that if we should get into an emergency we would have an organization which could build the necessary ships.

Again, Mr. Speaker, and in this connection I hope that I can with propriety point out that this means that the Ingalls Shipbuilding Corp., situated in my hometown of Pascagoula, Miss., will have an opportunity to bid upon and construct some of these valuable ships. I mention this particular yard because of its valuable contribution to our defense effort in the past at a time when we needed good ships and needed them in a hurry. This yard met the test. It has not only built merchant ships, but it has built ships for our Navy. Because of the splendid labor supply and the high character of its ship construction, it enjoys an unexcelled rating with both the Merchant Marine and Navy Departments of our Government as well as private owners.

Mr. Speaker, while I stated a few moments ago the philosophy of the House bill is different from the bill passed by its companion body, I anticipate no difficulty in the two bodies getting together in conference on a bill which will be to the best interest of the country. Certainly this should be done speedily in order that the necessary appropriations can be included in the usual supplemental appropriation bill to be passed before the Congress adjourns. In view of the great need and necessity therefor, I feel confident that this will be accomplished.

Mr. Speaker, there is really no controversy over this rule. I anticipate none on the bill itself. I have no request for time on this side and I therefore yield back the remainder of my time in order that the gentleman from New York [Mr. LATHAM] may ask for the adoption of the rule.

While unquestionably much progress has been made in faster, more efficient and more deadly submarines, and while it is equally true that newer and more efficient methods have been developed in antisubmarine warfare, there seems to be no doubt left in the minds of our military strategists that there is still a great demand for speed as an additional method for our merchant shipping as heretofore. There was testimony before the Committee for the need for new, large, and fast tankers which should be immediately available as an important part of our national defense.

The bill which this resolution takes under consideration makes provision for such ships. In fact, it provides for a program of 20 tankers with a deadweight tonnage of 25,000 tons, a speed of not less than 18 knots when fully loaded, a length of approximately 600 feet, a beam not in excess of 84 feet, and a draft of not more than 32 feet fully loaded.

It is estimated that the overall cost will be $150 million.

Mr. Speaker, I should specifically like to commend the Committee on Armed Services for writing into the bill a provision requiring that these ships be built in the United States. Moreover, it is also commendable that there was testimony to the effect that these ships in line with the policy of keeping our shipyards in an ever-alerted position would be constructed in various sections of the country. This is fair and just. This means that these valuable ships will be built in yards on the Gulf of Mexico as well as on the east and possibly the west coast. It means valuable employment for our shipyards' workers in a slack period. It means a continuous supply of available shipbuilding personnel and labor generally.

Mr. LATHAM. Mr. Speaker, there being no further requests for time, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. ARENDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 3458) to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 3458, with Mr. LECOMPTE in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Illinois [Mr. ARENDS] will be recognized for 30 minutes, and the gentleman from Georgia [Mr. VINSON] will be recognized for 30 minutes.

The Chair recognizes the gentleman from Illinois [Mr. ARENDS].

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Mr. AREND. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, S. 3458 would provide for the construction of 20 high-speed tankers which are urgently needed by the Military Sea Transportation Service.

The Senate version of the bill would have authorized the Secretary of the Navy to enter into 10-year charter agreements with private individuals who would have these tankers built and then operate them for the MSTS for 10 years at a rate not to exceed $5 per deadweight ton per month.

The House version, and I might say it was by a unanimous vote, struck all of the Senate language and inserted new language which would authorize the direct construction of these tankers in the traditional manner of naval construction.

The reason for the committee action was twofold. First, it will save money, at least $19 million in the first 10 years; and second, it will permit a distribution of the construction throughout the shipyards in the United States.

From the testimony received during the hearings on this measure, it was the opinion of the members that there was no evidence whatsoever that the best interests of the Government would be served by the charter plan. There is no doubt as to the need for the tankers. The only doubt which has existed has been the manner in which they would be provided.

It is true, and the committee took full cognizance of the fact, that the charter plan does not require an immediate appropriation of funds. Certainly this is important. But I felt, and all of the members of the committee felt, that this consideration was far outweighed by the ultimate cost to the Government.

During the 10-year charter period, the Government would spend some $300 million, amortize for the operator two-thirds of his investment in each tanker, and end up owning nothing. This does not seem like sound business to me.

Under the House plan, the tankers will be identical in design, will be operated in the same fashion as under the charter plan, and will be owned by the Navy immediately and forever.

The charter plan has all of the advantages, and more importantly, disadvantages, of any leasing arrangement. It must cost more in the long run and in this case, it does not ever have the advantage of ultimate ownership—under the charter plan, the owner of the charter takes his tanker, the cost of which has been two-thirds amortized, and proceeds to use it for an additional 10 years. It is not too much of a stretch of the actual facts to say that the operator gets a $7½ million tanker for $2½ million.

Mr. Chairman, I cannot help but feel that the House version of this bill is the right one.

Comparative cost per day

	Private	Government	Remarks
Subsistence	$90	$100	
Insurance (hull and machinery)	200	120	This is not actual insurance but rather the amount of repairs normally covered by insurance. No overhead is included.
Insurance (protection and indemnity)	75	45	This is insurance taken out through the Department of Commerce. No overhead or profit is included which explains lower cost.
War risk insurance	65	39	This insurance also is procured through the Department of Commerce. No overhead or profit is included.
Contractor's fixed fee	0	75	This is the fee paid per day to the Government's operator. Other expenses are reimbursed. In effect, this is a CPFF contract.
Interest	520	309	The difference here is explained by the fact that the private owner would pay 4 percent on money borrowed or invested while the Government would pay only 2⅜ percent for its borrowing.
Total	950	688	

$950−$688=$262×365=$95,630 per ship per year.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. AREND. I yield.

Mr. O'KONSKI. I want to compliment the gentleman for his clear and concise statement and to emphasize the fact that not only will this build up a reserve of first-class tankers, but the bill provides that they shall be built in the yards of this country and it will mean much to employment in the shipbuilding industry.

Mr. AREND. The gentleman is correct.

Mr. COLMER. Mr. Chairman, will the gentleman yield?

Mr. AREND. I yield to the gentleman from Mississippi.

Mr. COLMER. I want to commend the gentleman and the committee on the provision requiring these ships to be built in the yards of this country. If we are going to furnish the rest of the world with arms, housing, food, and everything else, we are going to have to put a little fat on the folks at home so we can provide the things for others.

Mr. AREND. I want to thank the gentleman for his statement and say that I think we have taken a very practical approach to this whole problem.

Mr. VINSON. Mr. Chairman, I yield myself 5 minutes.

Mr. Chairman, MSTS was created by a directive of the Secretary of Defense in 1949 under authority granted to him by the National Security Act. It performs all of the sea transportation for the Army, Navy, Air Force, and Marines. MSTS operates 53 Government-owned T–2 tankers. It also has under lease 4 supertankers, giving it a total fleet today of 57 tankers. All of the Government-owned tankers are small, slow, and over half their useful life is gone. It has in reserve 12 tankers, but 8 of these are minor types, 2 are Liberty ships converted to distilling ships, and the remaining 2 ships, built early in World War II, are badly damaged and not capable of speeds in excess of 12 knots.

So you can see we have virtually no reserve fleet.

When the 20 tankers authorized by this bill are built, MSTS will take 37 of its 53 Government-owned tankers out of operation and place them in reserve. That will give them a reserve fleet of 49 tankers. The 16 remaining plus the new 20 will give them an operating fleet of 36. I am not now counting the 4 tankers that are under a 5-year lease.

Thirty-seven T–2 tankers can be replaced by 20 of the new ones because each of the new ones carries almost twice the cargo of the T–2 even though its complement is approximately the same and uses only one-third more fuel. Understand that under both the Senate and the House versions of the bill, the tankers which would be built are identical. Also, the objectives of the two versions are the same, that is, to build up our tanker reserve and to stimulate, protect, and preserve our shipbuilding industry.

Let us look at the differences between the House and Senate versions. Under the Senate bill, the Secretary of the Navy would be authorized to enter into charter agreements for a period of 10 years—the commercial life of one of these tankers is about 20 years. Under this plan, the successful bidders would build 20 tankers and operate them for MSTS at about $5 per deadweight ton per month—deadweight tonnage is the total lifting capacity of a ship, which includes everything in the ship but not the weight of the ship itself.

Let us see what this charter plan means from a money standpoint: the tonnage of the ship is 25,000 which, multiplied by $5 per ton, is $125,000 per month for 1 tanker. Twelve times $125,000 is $1,500,000 for 1 year for 1 tanker. Multiply this by 10 years and you get $15 million paid out by the Government for each ship. For 20 ships, this means the Government would pay out $300 million for a mere service. It would never own a single ship.

When the Armed Services Committee figured out these costs, there was only one answer: Build the ships in traditional Navy fashion and operate them in the regular way with merchant seamen. Under the House bill, therefore, the Navy, through the Maritime Commission, would build these 20 tankers at a cost of about $7½ million each or a total of $150 million. This will mean that not only will the Government own the tankers right from the beginning, but will save $95,000 each year on each tanker or a total of $19 million during the first 10 years of ownership. This saving represents almost three new tankers itself.

The Senate version, to my mind, has three major weaknesses. First, it will cost the Government $300 million in 10 years and not a single ship will be owned; second, it would encourage successful charterers to place 1 or 2 of their older ships under foreign flag to

operate in competition with our merchant fleet; and three, it would give no assurance at all that the construction of the ships would be spread throughout the country so as to stimulate the shipbuilding industry.

Simple arithmetic, good business, and common sense dictate the acceptance of the House version.

Mr. ARENDS. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. GAVIN].

Mr. GAVIN. Mr. Chairman, in my opinion, one of the most vital requirements for our national defense is a modern fleet of fast tankers. The bill S. 3458 would partially meet this urgent requirement.

Our present American tanker fleet, private- and Government-owned, is comprised principally of tankers built in World War II, which have sustained sea speeds of 14½ knots.

This is an age of speed. We are building faster automobiles, faster airplanes, and faster ships. Generally speaking, the tankers which are being built throughout the world are larger and faster than those which were built during 1942–45.

Our modern airplanes and ships require more oil than did those of 10 years ago. In the event of another national emergency, our worldwide commitments will require that we support our fleet and our Air Force in the four corners of the world. At the present time, American operators are faced with competition from foreign operators who have larger, faster tankers. Thus, larger, faster tankers are needed to compete with foreign competition.

With the improvements being made in submarines, it is obvious that our present tankers of 14½-knot speeds are much too slow. What is needed is a fleet of faster tankers with speeds of 18 knots or better, which would be capable of delivering oil to our military quickly and safely. In time of war, speed is one of the best defenses against a submarine. The 20 fast tankers contemplated under S. 3458 would, in my opinion, be a step in the right direction. These fast tankers would be a valuable addition to our American tanker fleet during peacetime. In time of war, the faster tankers would be available for use in hazardous areas, while the slower 14½-knot tankers could be used in areas where the threat of submarines was not so great.

We must not hesitate any longer to begin to modernize our fleet with these fast tankers. I, therefore, am in favor of S. 3458.

Mr. VINSON. Mr. Chairman, I yield such time as he may desire to the gentleman from Virginia [Mr. HARDY].

Mr. HARDY. Mr. Chairman, I want to express complete agreement with other members of the committee that this action is needed now. In my opinion, we have an unusually good bill and it is one that deserves the unanimous support of the Members of this House.

Mr. ARENDS. Mr. Chairman, I yield such time as he may desire to the gentleman from Maryland [Mr. DEVEREUX].

Mr. DEVEREUX. Mr. Chairman, I want to associate myself with those who have spoken in favor of the pending bill. It was my pleasure to sit in and to listen to the witnesses in many of the committee hearings because we are vitally concerned with the entire program.

I urge its immediate passage.

Mr. ARENDS. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. HOFFMAN].

Mr. HOFFMAN of Michigan. Mr. Chairman, I do not want my friends over here to hurry me, either. I was going to ask permission to speak out of order, but I guess I will not.

It is all right to build these tankers. I think we need them and, confining myself to an argument in favor of the bill, I suggest that we should make some provision to, in some way, have the ships manned. I know this is a mechanical age and we do not need very much manual labor any more. War has changed, they tell me, so they have this push-button war and they will not need any private soldiers after a while, to carry on a war which will be a welcome thought to some of our farmers as well as to the parents, wives, and children.

REFORMATION? REAL OR SYNTHETIC

After years of deliberation, on May 17 last, the Supreme Court solemnly and unanimously announced that segregation was illegal. Discrimination because of race, creed, or color in educational, amusement, and social programs, is unlawful.

But neither the Congress nor the courts have had the inclination, or perhaps the courage, to ban discrimination in man's most necessary activity.

Ever since Adam and Eve were expelled from the Garden of Eden, man—yellow, black, or white—unless he was the recipient of charity or a thief, was forced to work if he would eat, have clothing, and shelter to keep him comfortable.

Nevertheless, notwithstanding, since the enactment of the Hobbs amendment to the Anti-Racketeering Act of 1934 which was made necessary by a decision of the Supreme Court declaring organized extortion by labor unions to be a legitimate, legal practice, some unions and more recently the Teamsters Union, headed by Dave Beck, have throughout the Nation, sometimes by force and violence or by fear, sometimes by economic pressure, forced men—yes, and women—yellow, black, or white, Catholic, Jew, or Protestant, to pay tribute to the union if they would work.

Millions, perhaps billions, have been collected from businessmen and the Government itself, from individuals who either wanted to work to earn a livelihood or to carry on a recognized, legitimate business.

The average armed robber is a merciful gentleman compared to the collectors of the Teamsters Union.

The robber merely asks you to stand and deliver on a particular occasion.

The racketeering union officials compel you to pay their demands periodically, either from week to week or from month to month.

This form of extortion has been nationwide and while, here and there, individuals have been arrested and convicted by able, courageous, law-enforcing officials, the practice as a whole has not been successfully opposed.

Early in 1953 special subcommittees of the House Committee on Education and Labor and of the Committee on Government Operations held joint hearings and made a start—a very, very slight one—in an effort to call public attention to the vicious practices above referred to.

A few racketeering officials apparently had influence enough to kill off those investigations which had resulted in the indictment of a few individuals, most of whom have, for some unforeseen and unexplained reason, been acquitted or had the charges against them dropped.

More recently the House Committee on Government Operations authorized a special subcommittee to reenter the racketeering field.

Ten days ago preliminary investigation made by me personally indicated that the teamsters had either reformed or put on a cease-extortion program. It is my hope that, if the former was not the real reason for their more recent policy, the latter situation will be permanent.

What do I mean? I cite four examples of reformation or the effect of threatened law enforcement:

First. The Teamsters Union, working out of South Bend and Hammond, Ind., recently put on a drive to organize the small Michigan dairies which purchase milk, sell it to individuals or corporations who in turn, using their own equipment, sell it to whomever wants to buy.

Independent businessmen in order to obtain dairy products were forced by union representatives to pay a monthly tribute to the union in order to continue in business.

However, after an inquiry into that situation was started, the union apparently called off its collecting officers.

Second. Another illustration of repentance or of the effect of threatened law enforcement: In Pennsylvania, truckers attempting to unload poultry hauled in from Southern States were denied that right unless tribute was paid to union officials. Recently that practice has been at least temporarily discontinued.

Third. Within the last 2 weeks drivers of truckloads of produce from Georgia to Minnesota were advised that the drive to collect an unloading fee or to force the drivers into a union was off and that, for the time being, there would be no more collections for the right to deliver merchandise there.

I have now been advised that the union officials are harassing nonunion drivers by making complaints to representatives of the Interstate Commerce Commission, charging violations of traffic regulations.

Fourth. A letter from a statewide truck owners organization in Ohio, where nonunion drivers from other States as well as from Ohio were previously forced to pay tribute for the privilege of driving on State and Federal highways and for the exercise of their right to unload merchandise, carries this concluding paragraph:

We find a slackening of this extortion racket from reports all over the country and all credit must be given to you people for

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this pleasant development. Hope you continue.

This organization had previously filed with us affidavits by truckdrivers and businessmen, showing that the Teamsters Union operating in Ohio had compelled, by force or threat of force, nonunion drivers to make cash payments before they were permitted to unload their cargo—a practice which, under the Hobbs amendment, is characterized as extortion or robbery.

It would be egotistical to agree with the conclusion of the Ohio letter that the racketeering of the teamsters has been lessened because of anticipated congressional investigations and it is my hope, as I am sure it is that of all law-abiding citizens, that the teamsters and, for that matter, all other unions, have seen the inequity, the unlawful aspect, of the practice, without authority of law, through the power of organized labor, of levying tribute upon individuals in order that they may exercise their right to work or engage in business.

Ever since 1937, I have been wondering when the Congress and the Supreme Court would get around to protect the right of the woman or the man who is forced to earn a livelihood by manual labor to find and work at a job of his own choosing without being robbed—as defined by the Hobbs Antiracketeering Act—each month of a part of his wage. When is discrimination against him to end?

Apparently, the force of public opinion created by the publicity given by the press to the illegal activities of a few gangsters, as disclosed by the committee, has forced them temporarily to discontinue the practice—this either because they have recognized the enormity of their offense or because they fear what might happen.

If workers in mass-production industries are to be protected, unions are a necessity, but, to be effective, their officers must live within the law.

Mr. ARENDS. Mr. Chairman, I yield 5 minutes to the gentleman from Washington [Mr. TOLLEFSON].

Mr. TOLLEFSON. Mr. Chairman, the Committee on Armed Services is perhaps the most powerful committee in Congress. It is composed of outstanding Members of Congress. The gentleman from Georgia [Mr. VINSON] is one of its most powerful members and one of the most powerful Members of Congress. He is a great gentleman and his name will live long after him.

One would be almost foolish, indeed, to oppose that committee with respect to this House version of the tanker bill which the Armed Services Committee adopted under the leadership of the gentleman from Georgia [Mr. VINSON]. But I would not be worth my salt and I would not be justified in being a Member of this Congress if I did not get up and express my views with respect to this bill.

I agree with the objectives of the bill. We need some new tankers and we need them desperately. The National Security Council has so indicated. Representatives of the armed services have come before our committee and so indicated. I am convinced that we need some new tankers; there is no question about it. Also we need the construction work that would follow as a result of deciding to build these tankers. Our shipyards are in a deplorable and desperate situation, and unless we do something to alleviate that situation we will endanger our defense program. So I am in accord with the objectives of this bill. But I differ with the Committee on Armed Services with respect to how these tankers should be built.

Under the House version, the Government will build the tankers. Under the Senate version, the tankers would be built by private enterprise. Let me say that the bill before the House today is not the Administration bill. It is not the bill supported by the Secretary of Commerce. It is not the bill supported by the Secretary of the Navy.

I am disturbed because over the years and between wars the Congress of the United States neglects its private American merchant marine. We have done so traditionally, and we are in the midst of doing so again. Every time we have done it we have found ourselves in trouble whenever an emergency broke cut.

We do not have, when emergencies come upon us, the merchant ships, the merchant fleet, to carry the men and materials to the war fronts. Congress has on many occasions said that it was the policy of Congress to have a strong, privately owned merchant fleet to carry the cargoes of this country in times of peace and to serve as an auxiliary in times of war. But Congress fails to fully effectuate that policy.

Under this bill what are we doing? We are making possible a Government-owned and Government-operated merchant fleet. We have one in the course of making now in the Military Sea Transport Service. Of course, many persons will agree that we should have a nucleus Military Sea Transport Service fleet. But the Military Sea Transport Service now consists of 295 vessels, 232 of them owned by the American Government. In the course of time, if Congress continues to neglect the private American merchant marine, we are going to have a completely Government-owned and Government-operated merchant marine, which is in the course of being now and growing rapidly through the MSTS operations. A Government-owned merchant fleet will cost us much more over the years because we will pay all the costs. If we have a private fleet all the costs except subsidy are paid for by private enterprise.

This bill will present some problems. If we need tankers and if we are going to build them in American shipyards in order to give them work, we are going to have a problem, because this bill will require an appropriation before the end of this year; and there is some doubt that it will be forthcoming in the sum of some $150 million. Is that not correct?

Mr. VINSON. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. VINSON. Of course, the gentleman is correct. But under the charter plan you would have to do that each year under an appropriation bill and no one would know anything about it. So the way to do anything is to do it directly and not by subterfuge. The gentleman knows that it would ultimately cost a great deal more to have these tankers built by charterers than it will cost for the Government to do it in the manner that we propose.

Mr. TOLLEFSON. I would take strong issue with the gentleman on that. I would say that quite the contrary is true. The program as provided in this bill will inevitably cost the Federal Government more. We have had testimony in our committee concerning the Military Sea Transportation Service operations for many weeks, and no representative of the MSTS, and that includes Admiral Denebrink, and no representative of the Defense Department, disputes the fact that private operators can build and operate these vessels cheaper than the Government can.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. VINSON. Mr. Chairman, I yield 2 minutes to the gentleman from Washington.

Let me state what the Department said. The Department said they could operate these ships, and the admiral so testified, at $95,000 per ship per year less than they could under the charter. So in the 10 years you would save $19 million. You would save $1,900,000 a year by the Government's operating them instead of doing it under charter operation.

Mr. TOLLEFSON. May I ask the gentleman a question there?

Mr. VINSON. Yes.

Mr. TOLLEFSON. Was that Admiral Denebrink's testimony?

Mr. VINSON. Absolutely, that is his testimony. I will put it in the RECORD. He draws the comparison.

Mr. TOLLEFSON. Let me comment on that. According to the bookkeeping of the MSTS, it would be cheaper for MSTS to take one of their ships and run it from the United States to Korea, deliver its cargo, sink the ship, send the men back home to the United States by some other vessel, and buy a new one when they got back than to return the original vessel. That is so simply because of the kind of bookkeeping MSTS does. And what I say about its bookkeeping methods is no reflection on Admiral Denebrink who is a very efficient and able officer.

According to their bookkeeping, they do not take into consideration the original investment of $150 million, they do not take into consideration depreciation, they do not take into consideration the fact that they pay no taxes, they do not take into consideration the fact that they pay no insurance. Nor do they consider as part of their costs the cost of using Navy personnel in operating some of their vessels. In the long run, in the 10-year period or the 20-year period, those costs are going to be paid by Congress, by the American people, in some other form.

Mr. VINSON. If we do pay for it we own it. Under the charter plan, we will pay an exorbitant price for it and will own nothing.

Mr. TOLLEFSON. I dislike to disagree with the gentleman. On the basis

of testimony taken over many weeks in our committee, I must say that the MSTS cannot possibly compete with private operation in the operation of these vessels. In the final analysis the House bill will not only cost more than the Senate bill, but it is entirely possible that we will have to wait until next year before any appropriations are made. If so, we will not start any tanker construction this year.

Mr. VINSON. Mr. Chairman, I yield myself 2 minutes.

Mr. Chairman, so the figures will be before the Committee correctly, here is the table that was prepared by the Admiral. It is estimated it will cost the charterer $950 per day to operate one of these tankers, and it will cost the Government $688 a day, a difference of $260. That per year would be $95,630 cheaper for the Government to operate them, and these figures apply to each tanker.

Now, I want to get this across to you: These tankers are 25,000 tons. We pay $5 a ton per month. That is $125,000 for the tanker per month. For 12 months that would be $1,500,000 that the tanker would cost for serving the Government during that period of time. There are 20 tankers involved. It would cost the Government during the 10-year period $300 million, and at the end of the 10-year period the Government would have nothing whatsoever. That is the whole story.

Mr. FULTON. Mr. Chairman, will the chairman yield?

Mr. VINSON. I yield.

Mr. FULTON. What is the difference between the method of building these ships and other ordinary ships, because if the gentleman's argument holds for these particular tankers, why does not the gentleman's argument hold for every kind of ship?

Mr. VINSON. It does hold for everything related to the Navy. Never before in the history of this Government have Navy ships, ships built and designed for the Navy, ever been operated on a charter basis.

Mr. FULTON. Would not your argument then aply to all private shipping?

Mr. VINSON. No, not at all.

Mr. ARENDS. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. ALLEN].

Mr. ALLEN of California. Mr. Chairman, I would like to take a little time to go into the question of a privately owned and operated merchant marine or the proposal now before us. I will start off by saying there is no question in my mind, or in the mind of any informed person I know, but what we need a tanker program of some kind. We need these tankers quickly. The shipyards need the work. I believe the tanker tonnage that we are now short is approximately 1,250,000 tons. Any program which will get tankers building and under way immediately has a great deal of virtue. I do think, however, these two different approaches should be compared. I have great respect for the opinions of the gentleman from Georgia and the information that he has although, I must say, I cannot be in complete agreement. For the past 3 months, I have been holding hearings as chairman of a subcommittee on the Military Sea Transportation Service in its relationship to the merchant marine. I say quite frankly I doubt that anyone can make a fair comparison of the costs. I will give one example. In the transportation of men in troopships, the privately operated lines conduct the entire operation of solicitation, handling of dockside facilities and of all things other than and including the running of the ship. The MSTS on a similar operation gives the cost of the passengers carried, but only while they are on the ship and all of the other costs are borne by other branches of the services. The cost of the uniformed personnel involved in military sea transport operations is not added to the cost of the transportation, and possibly rightly so, but the costs, I think, are definitely not comparable.

In this program, the initial outlay for tankers by the Government under the administration proposal would be no outlay at all. Under the proposal of the House committee, the outlay would be approximately $150 million. Under the other program, we would pay part of that $150 million back through charter hire, covering depreciation over a period of years. I would disagee with the gentleman from Georgia because I think, probably, the depreciation which would be included in charter hire would come closer to a 20-year depreciation than the figure which he mentioned. In other words, in my opinion we would write off approximately $7,500,000 a year instead of a cost of $150 million now. As to what we end up with, I think we end up about the same in either case. To me, it is not particularly important that the Government should own the ships. I think it is far more important to have merchant ships sailing and in condition and in operation than it is for the Government to own them. I think this bill reported by the committee would have been improved had it provided in some way for an alternative program under which we could use either the direct approach of this committee bill or the approach in the bill of the other body using the private funds that could be brought in.

Mr. VINSON. Mr. Chairman, will the gentleman yield?

Mr. ALLEN of California. I yield.

Mr. VINSON. In regard to the suggestion that the gentleman has just made, I would say that that should be left to the Committee on Merchant Marine and Fisheries, if the ships are to be used for that purpose. What we are charged with is the responsibility for building Navy ships and these are Navy ships.

Mr. ALLEN of California. I would quite agree with the gentleman except for the fact that in time of war the merchant marine is a military auxiliary under the terms of the Merchant Marine Act of 1936. In time of war, the merchant marine carries the cargo and the supplies of the military forces. Admiral Denebrink only said within the last week that he thought the chief reliance for the carriage of cargo would have to be put on the berth liner service operated by the merchant marine. He pointed out to us that in the past 3 months the percentage of cargo which he has assigned to berth liners has been increased from 52 percent to over 70 percent of the total, which I think is a step in the right direction, and builds up the military potential in this country in far better shape than the Government operation.

Mr. VINSON. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. The time of the gentleman has expired.

Mr. VINSON. Mr. Chairman, I yield the gentleman 2 additional minutes.

The gentleman loses sight of the fact that these are specially designed, high-speed tankers. These tankers are being built to meet certain military requirements on account of the submarine menace.

Mr. ALLEN of California. With all deference to the gentleman, the merchant-marine type of tanker which has been built recently is larger and faster and just as well built to take military cargoes as the one proposed.

Mr. VINSON. I am willing to agree that they are 32,000 ton, but they are not otherwise as acceptable.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. ALLEN of California. I yield to the gentleman from New York.

Mr. ROONEY. I wonder how academic all this discussion is. The instant bill would authorize construction of 20 tankers at a cost of $150,000,000. At the present time a majority of the Committee on Appropriations is reluctant to even appropriate 3 whale boats for our merchant marine.

Mr. ALLEN of California. Commenting on that, I think a great deal of effort has yet to be made to indicate to some members of the Committee on Appropriations that the need is greater than they think.

Mr. ROONEY. May I say to the gentleman I have done my best.

Mr. ALLEN of California. I would be glad to assist the gentleman in that effort.

The CHAIRMAN. The time of the gentleman from California has again expired.

Mr. SEELY-BROWN. Mr. Chairman, I ask unanimous consent that the gentleman from New Jersey [Mr. WOLVERTON] may extend his remarks at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Connecticut?

There was no objection.

Mr. WOLVERTON. Mr. Chairman, the bill now under consideration is one of tremendous importance, first, to our national defense; and, second, to the shipbuilding industry.

The bill (S. 3458) authorizes the President to undertake the construction of not to exceed 20 tankers. The tankers are to be approximately 25,000 deadweight tons each, shall have a speed of not less than 18 knots, and shall be constructed in private shipyards within the continental United States. Furthermore, the tankers shall be, so far as practicable, of materials and equipment produced or manufactured in the United States. An appropriation not to exceed $150 million is authorized.

As of December 31, 1953, there was in our national defense reserve fleet a total

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of only 12 tankers; 8 of these are of minor types, 2 are Liberty ships converted to distilling ships, and the remaining 2 ships, built early in the war, are badly damaged and are not capable of speeds in excess of 12 knots. Thus, for all practicable purposes, we have no tanker reserve. The program proposed by the bill now under consideration provides a partial means to meet this need.

This deficiency in numbers is only one aspect of the overall problem. Most of the tankers presently in the United States-flag fleet have a sustained speed of only 14½ knots or less.

While the great strides we have taken in antisubmarine warfare are encouraging, there is no substitute for speed, insofar as decreasing the vulnerability of merchant shipping is concerned. There is an urgent need for new, large, and fast tankers to be immediately available in support of our national defense in the event of war.

CONSTRUCTION IN AMERICAN SHIPYARDS

Equally important with need of these tankers from the standpoint of national security is the need for ship construction that now exists in our American shipyards.

There is no denying the fact that our shipyards are facing a serious situation as a result of lack of work. Management and men are insistent, and rightfully so, that there be a program of ship construction started at once. Unless such is done, many yards will be compelled to close down, with resultant unemployment to thousands of shipworkers.

It is just as important to keep a competent shipworkers force ready and able to form a working nucleus ready for expansion in time of emergency as to keep our Armed Forces in a state of readiness to respond immediately. The same reasons justify both. A shipbuilder cannot be made overnight. They are skilled workers. It takes years of apprenticeship and additional years to attain the necessary skill in the numerous and varied trades that are required in the construction of ships.

Time and again we have seen emergencies break upon us that have required ships. Often we have not had them to adequately measure up to the need. This has necessitated our entering upon a hurry-up program that has caused us to spend millions of dollars preparing a sufficient number of men to do the work of shipbuilding and thereby causing extended delay in obtaining the necessary ships. However, if a sufficient working force can be kept busy at all times we are then ready at a moment's notice to expand and begin the building of ships. This can be accomplished by a program that keeps our shipyards busy with work. The pending bill will provide such a work program. Therefore, it is vital to our welfare and should have the support of every Member of Congress. It will mean strengthening our national security and, what is exceedingly important at this time, will provide work for many shipyard workers who now face unemployment.

Mr. ARENDS. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. SHAFER].

Mr. SHAFER. Mr. Chairman, I would like to add a few remarks on the need for the tankers which would be provided by this bill.

As a result of our efforts during World War II, the size of the American tanker fleet reached an all-time high in 1945, at which time over 50 percent of worldwide tanker tonnage was under the American flag.

At the present time, however, the tanker tonnage under the American flag constitutes only about 25 percent of the world's tanker tonnage.

Since 1945 the world tanker tonnage has increased almost 10 million deadweight tons, and this increase resulted from postwar construction the majority of which is registered under foreign flags. During this same period the tonnage under American flags has been reduced about 33 percent. This reduction has been brought about by sales to foreign operators and by transfers from American to foreign-flag registry. However, construction in foreign countries is in full swing while our American shipyards are being operated on a limited scale. In addition, only about 5 percent of the tankers which were being built in American shipyards in 1953 were destined for American registry.

The majority of our American tanker fleet consists of ships which were built during World War II. These ships are of 16,500 deadweight tons and 14½ knots speed. The present trend in tankers which are being built today is toward larger, faster tankers such as are envisioned under S. 3458.

The overall situation is that the tanker fleets of foreign countries are expanding and being modernized while our American fleet is not keeping pace with the rest of the world and is facing block obsolescence within the next 10 years.

Furthermore, the present American tanker fleet, private and Government-owned, built and under construction, is about 1½ million deadweight tons short of meeting our initial minimum requirements in the event of a national emergency. This shortage is equivalent to approximately 90 of our present World War II built tankers.

Not only do we need more modern fast tankers to supplement our fleet, but we need them to assist in overcoming the present plight of our American shipyards.

The 20 tankers contemplated under this bill will not be a cure-all for the present plight of our merchant fleet. It will, however, be a step in the right direction to modernize the fleet, reduce the threat of block obsolescence, and stimulate our shipbuilding industry.

I believe our national interest requires that we build these tankers immediately. I intend to vote favorably on S. 3458 and I urge all of my colleagues to do likewise.

Mr. ARENDS. Mr. Chairman, I yield the remainder of the time on this side to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Chairman, I rise in support of this legislation and urge its adoption.

Mr. ALLEN of California. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield briefly to the gentleman from California.

Mr. ALLEN of California. I would like to make the comment, Mr. Chairman, that if the Senate bill were eventually adopted it would be well to add to it a simple amendment to restrict the transfer of any tanker involved to another flag.

Mr. WIGGLESWORTH. Mr. Chairman, I urge the adoption of this bill because it has been repeatedly testified by officials of the Navy Department and the Department of Defense that the most critical shortage in the entire marine picture is in reserve tanker capacity.

It has been testified that we have insufficient tankers today to meet the initial mobilization impact in case of getting into trouble.

As the distinguished gentleman from Georgia [Mr. VINSON] has pointed out, there are practically no tankers at all in our reserve fleet at this time, and there is urgent and immediate need for faster and more modern tankers.

I urge the adoption of this legislation also because of the plight at the present time of our ship construction industry.

I suppose that this industry is perhaps the most distressed industry in the entire Nation at this time.

Not a single commercial contract for construction, I am advised, has been placed in the last 18 months. As of January first next there will be only two commercial ships under construction on all the ways in this broad land of ours.

The unemployment situation among our skilled workers essential to national defense is becoming tragic.

As Admiral Leggett, head of the Bureau of Ships, has pointed out:

> The current and prospective scarcity of commercial ship construction constitutes a serious threat to our national security.

If things continue as they are now we simply are not going to have the mobilization base in terms of ship construction that is essential.

To allow essential shipyards to fold up at this time is contrary to our entire national defense policy.

Mr. Chairman, I am one who has believed that the administration proposal approved by the Senate is far more acceptable than the proposal of the House which is now before us.

I agree very largely with the sentiments expressed by the able gentleman from Washington, the chairman of the Committee on Merchant Marine and Fisheries, Mr. TOLLEFSON.

It seems to me if we can secure 20 tankers through private financing, for which we simply have to pay charter hire over a period of years without any immediate appropriation, that that is something we should be grateful for.

I believe it will cost less money, that it will assure action at this session of the Congress, that it will stimulate private enterprise, and that it will contribute immediately to the result which I am sure we all have at heart.

I am going to vote to send this bill to conference in the fervent hope that matters can be so adjusted there that this Congress will enact into law a bill which will bring about the construction which is so vital from the standpoint of national defense.

Mr. BATES. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to my colleague from Massachusetts.

Mr. BATES. The thing that has concerned me about this particular bill, and which I discussed at least in the committee, was whether or not this particular bill would cause tankers to be constructed. The hour is late in this particular session; I do not know what the Appropriations Committee of this House is going to do, or what the views may be of the Appropriations Committee of the Senate.

And regardless of what has been said here today I think the other proposal perhaps would be cheaper than this.

Mr. Chairman, I ask unanimous consent to extend my remarks following the remarks of the gentleman from Massachusetts [Mr. WIGGLESWORTH].

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WIGGLESWORTH. May I say in conclusion, Mr. Chairman, that it seems to me that there is no objection which has been raised to the Senate proposal that cannot be met by a reasonable modification in the language of the Senate bill.

Mr. VINSON. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. If there are no further requests for time, the Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of the Navy or such officer as he shall designate is authorized to enter into contracts upon such terms as the Secretary of the Navy shall determine to be in the best interests of the Government for the time charter to the Navy of not to exceed 20 tankers not now in being for periods of not more than 10 years to commence upon tender of the tankers for service after completion of construction. In awarding such contracts the Secretary of the Navy shall give preference to operators who are exclusively engaged in the operation of American flagships.

SEC. 2. (a) Each tanker shall be not less than 25,000 nor more than 32,000 deadweight tons, shall have a speed of not less than 18 knots, and shall be constructed in a shipyard situated within the continental United States for operation under United States registry, such construction to be, so far as practicable, of materials and equipment produced or manufactured in the United States and shall be awarded on a competitive basis to the lowest responsible bidder, who can and will construct the said tankers within the period of 2 years as specified in subsection (d) of section 2.

(b) The hire stipulated with respect to any vessel in any charter party entered into under this act shall not exceed an average rate for the life of the charter party of $5 per deadweight ton per month: *Provided,* That such average rate will not result in the recovery of more than two-thirds of the construction cost of the ships.

(c) Any contractor shall agree as part of the contract entered into under the provisions of this act that the vessel or vessels contracted for shall remain under United States registry for 10 years after the period during which such vessel or vessels are under charter to the Navy unless the Secretary of the Navy determines at any time during such 10 years that a transfer of the registry of such vessel or vessels to a foreign country would not be inimical to the national defense, and the Secretary of Commerce likewise determines said transfer to be in the national interest.

(d) Any contract to charter entered into under the provisions of this act shall require that, except for delays not the fault of the owner, including delays excusable under the force majeure clause of the applicable construction contract, the vessel or vessels contracted for shall be tendered to the Navy for service within 2 years after the date of such contract to charter.

With the following committee amendment:

Page 1, strike out all after the enacting clause and insert: "That the President is hereby authorized to undertake the construction of not to exceed 20 tankers. The tankers shall be of approximately 25,000 deadweight tons each, shall have a speed of not less than 18 knots, and shall be constructed in private shipyards within the continental United States. The construction of the tankers shall be, so far as practicable, of materials and equipment produced or manufactured in the United States.

"SEC. 2. There is hereby authorized to be appropriated not to exceed $150 million for the construction of the foregoing vessels."

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. LECOMPTE, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (S. 3458) to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes, pursuant to House Resolution 625 he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time and passed.

The title was amended so as to read: "An act to authorize the construction of tankers."

A motion to reconsider was laid on the table.

AMENDMENT OF THE TARIFF ACT OF 1930 RE CRUDE SILICON CARBIDE

Mr. REED of New York. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 8628) to amend the Tariff Act of 1930 to insure that crude silicon carbide imported into the United States will continue to be exempt from duty.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. REED]?

Mr. COOPER. Mr. Speaker, reserving the right to object, and I shall not object, this bill was reported favorably by unanimous vote of the Committee on Ways and Means and there are no objections on this side of the aisle.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That paragraph 1672 of the Tariff Act of 1930, as amended, is amended by inserting "crude silicon carbide," after "corundum ore."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED of New York. Mr. Speaker, H. R. 8628 is intended to assure that crude silicon carbide shall continue to be exempt from duty when imported into the United States whether it is used as an abrasive or refractory material or in metallurgy.

Silicon carbide is a manmade mineral, produced by fusing sand and coke in an electric furnace. Originally developed over a half century ago as an abrasive material, it has attained preeminence in our industrial economy as the basic material for grinding wheels, abrasive paper and cloth, and so forth, for work on hard and brittle nonferrous metals and ceramics. In war time, silicon carbide becomes even more important because it can be substituted to a considerable extent for industrial diamonds. The supply of diamond bort—produced in Africa—is never adequate in war time, and it must be severely rationed. Silicon carbide has filled the gap. It follows that a large and dependable supply of silicon carbide is necessary not only for our industrial economy but also for national defense.

The Tariff Act of 1930 now provides that "crude artificial abrasives" shall be exempt from duty, and inasmuch as crude silicon carbide has been considered as an artificial abrasive, it has been on the free list. Silicon carbide, made by fusing sand and coke in an electric furnace, has been used chiefly as an abrasive material in the manufacture of grinding wheels, abrasive paper, abrasive cloth, and so forth. In recent years, however, silicon carbide has become increasingly important in a nonabrasive use as a refractory material and in metallurgy.

Because the duty-free status of silicon carbide results from its listing as a crude artificial abrasive, the increasing use of silicon carbide for purposes other than the manufacture of abrasive products raises a doubt as to whether it should still be entitled to classification under Tariff paragraph 1672 and enjoy the resulting duty-free treatment. It is estimated that nonabrasive uses accounted for at least 40 percent of the total quantity of silicon carbide imported and consumed in the years 1952 and 1953.

The United States abrasive, steel, and refractory industries are almost entirely dependent on Canada for their supply of silicon carbide and there is only one

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domestic producer of silicon carbide in commercial quantities. Statistics on United States production of crude silicon carbide are not separately reported. However, statistics are reported on production in the United States and Canada combined. These statistics are to be found in the committee report accompanying this legislation, House Report 2209. In recent years imports have supplied about two-thirds of the total United States consumption of crude silicon carbide.

All of Canada's production of silicon carbide is accounted for by 6 branch plants of 5 United States companies. One of these five companies is the only domestic producer. Petroleum-coke and high-grade silica sand which are two major raw materials used in the manufacture of crude silicon carbide are imported duty free from the United States by Canada.

It is my belief that it will be in the interest of our national industrial economy and our national security to assure the continued duty-free entry of silicon carbide.

AMENDMENT TO SECTION 208 (5) OF THE TARIFF ACT OF 1930

Mr. REED of New York. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 9248) to amend section 308 (5) of the Tariff Act of 1930, as amended.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 308 (5) of the Tariff Act of 1930, as amended (U. S. C. 19: 1308 (5)), is further amended to read as follows:

"(5) Automobiles, motorcycles, bicycles, airplanes, airships, balloons, boats, racing shells, and similar vehicles and craft, and the usual equipment of the foregoing; and in case of all of the foregoing the collectors of customs may, under such regulations as the Secretary of the Treasury may prescribe, defer the exaction of a bond for not to exceed 90 days with respect to such items which are brought temporarily into the United States by nonresidents for the purpose of taking part in races or other specific contests for other than a money purse, but unless such vehicle or craft is exported or the bond is given within the period of such deferment, it shall be subject to forfeiture.

With the following committee amendment:

Page 1, line 8, after the word "foregoing:", strike out the balance of line 8 and all of lines 9, 10 and 11, and on page 2 strike out lines 1 to 6 inclusive and insert the following: "all the foregoing which are brought temporarily into the United States by nonresidents for the purpose of taking part in races or other specific contests; and, in the case of vehicles and craft entered under this subdivision to take part in races or other specific contests for other than money purses, collectors of customs, under such regulations as the Secretary of the Treasury may prescribe, may defer the exaction of a bond for not to exceed 90 days after the date of importation, but unless such vehicle or craft is exported or the bond is given within the period of such deferment, such vehicle or craft shall be subject to forfeiture."

The committee amendment was agreed to.

Mr. REED of New York. Mr. Speaker, H. R. 9248 will liberalize section 308 of the Tariff Act of 1930 which prescribes conditions under which articles may be imported duty free under bond on a temporary basis. This liberalization will exempt amateur sportsmen who wish to bring their yachts, automobiles, or other craft or vehicles into the United States for participation in races or other contests, when they remain in the country for not more than 90 days, from the requirement that such persons execute a bond to guarantee the exportation of the craft or vehicle.

As presently in force, section 308 (5) permits the entry without payment of duty, under bond for exportation within a period not to exceed 3 years, of vehicles and craft which are brought into the United States by nonresidents for the purpose of taking part in races or specific contests. H. R. 9248 in the case of such vehicles or craft which are brought in by nonresidents to take part in races or specific contests for other than a money purse, would permit the bond requirement to be deferred for 90 days, under such regulations as the Secretary of the Treasury may provide.

Provision is made for the forfeiture of such vehicles or craft if not exported within the period of deferment or if appropriate bond is not filed in lieu of exportation within the period of deferment.

The amendment adopted by your committee is clarifying in nature and restores certain restrictive language contained in present law which was inadvertently deleted in the introduced version of H. R. 9248.

H. R. 9248 was reported to the House by the unanimous vote of the Committee on Ways and Means.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SPECIAL ORDER GRANTED

Mr. PHILLIPS. Mr. Speaker, I have a reservation of time for this afternoon, but I also have an appointment at the Pentagon. Therefore, I ask unanimous consent to vacate my time for this afternoon and request permission to address the House for 45 minutes on tomorrow and 45 minutes on Monday.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

PROVIDE FOR TRANSFER OF HAY AND PASTURE SEEDS

Mr. NICHOLSON. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 616 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2987) to provide for the transfer of hay and pasture seeds from the Commodity Credit Corporation to Federal land-administering agencies. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. NICHOLSON. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH] and yield myself such time as I may require.

Mr. Speaker, I rise to urge the adoption of House Resolution 616 which will make in order the consideration of the bill (S. 2987) to provide for the transfer of hay and pasture seeds from the Commodity Credit Corporation to Federal land-administering agencies. House Resolution 616 provides for an open rule with 1 hour of general debate on the bill itself.

S. 2987 would authorize and direct the Commodity Credit Corporation to transfer up to 900,000 pounds of hay and pasture seeds to 3 land-administering agencies of the Federal Government.

Appropriations in the amount of $145,000 to the receiving agencies would be authorized to be applied on costs of transporting and planting of the seeds. An appropriation would also be authorized to reimburse the Commodity Credit Corporation for its investment in the seeds transferred pursuant to this act. This cost would be approximately $335,600.

The receiving agencies could only use the seeds transferred for the seeding of grazing land administered by them, and it has been estimated that about 110,000 acres of additional rangeland would thus be seeded. The three receiving agencies, the Forest Service, the Fish and Wildlife Service, and the Bureau of Land Management would, with the cooperation of the range users, be able to do a tremendously important job in building up our range resources.

The ranges of this Nation are subject to deterioration through drought, depletion, noxious range plant invasion, poisonous weed infestation and fire. It appears to me that it is just as vital to take care of our range resources, to maintain and improve and expand them as it is to conserve our forest and mineral resources. This Nation is tremendously wealthy in natural resources and in the conservation of these resources lies the source of our future as a nation. I hope that the rule will be adopted and that the bill itself will pass.

Mr. SMITH of Virginia. Mr. Speaker, I know of no opposition to the rule or the bill which it makes in order. I do not desire to use any more time.

Mr. NICHOLSON. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. WOLCOTT. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 2987) to provide for the transfer of hay and pasture seeds from the Commodity Credit Corporation to Federal land-administering agencies.

The SPEAKER. The question is on the motion offered by the gentleman from Michigan.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill S. 2987, with Mr. Bow in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. WOLCOTT. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. ELLSWORTH].

Mr. ELLSWORTH. Mr. Chairman, this bill S. 2987 is an identical bill to H. R. 8431 which I introduced in the House in March of this year. The bill is very simple in principle and even very simple in wording. It merely provides to take something that the Government of the United States already owns, namely some seed now deteriorating in warehouses, under the ownership of the Government through the Commodity Credit Corporation and place this seed on the rangelands and other lands owned by the United States which themselves are either deteriorating or are not up to maximum use.

In other words, we would take some seed which we have in surplus in warehouses and put it on some land the Government owns, so that the seed itself is used and the land is improved or in some cases actually saved by the prevention of erosion.

Mr. Chairman, it seems hardly necessary for me to take the 5 minutes allowed me by the gentleman from Michigan [Mr. WOLCOTT]. The bill actually needs little or no explanation.

The mechanics as provided in the bill for the carrying out of the program are simply these. The Commodity Credit Corporation is authorized and directed to transfer to certain agencies surplus hay and pasture seeds acquired under the price-support program. These agencies are the Forest Service, Department of Agriculture, which under the bill would receive not to exceed 485,000 pounds; the Fish and Wildlife Service in the Department of the Interior which would be allowed to use 163,000 pounds; the Bureau of Land Management of the Interior Department, not to exceed 250,000 pounds.

The kinds and quantities of seeds transferred within such maximum quantities, subject to determination of availability and surplus supply by the Commodity Credit Corporation, shall be determined by such agencies, but shall not exceed quantities which may be utilized for the purposes specified.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. ELLSWORTH. I yield to the gentleman from West Virginia.

Mr. BAILEY. I should like to inquire of the distinguished gentleman from Oregon whether the provisions of the bill are broad enough to provide for distribution to the Forest Service of the Department of Agriculture for these upstream development projects of which we have launched some 60, or which will be under construction soon. There is considerable reseeding of lands in those river valleys. Would it be broad enough to be made available to the Department of Agriculture for that purpose?

Mr. ELLSWORTH. I would think that under the wording of the bill the Forest Service would have the right, within its judgment, to place the seeds on any lands under its ownership in the Forest Service.

Mr. BAILEY. In this particular instance the Government would not actually control the land. It is a cooperative undertaking between the Government and local communities, people residing in that particular section of the valley, to build the necessary holding dams to control the flow of water and to reseed for reforestation. It is a general program of rehabilitation of the watersheds. I wondered if it would be available for that purpose.

Mr. ELLSWORTH. The program would apply to those lands actually owned by the United States Government. As I read the language of the bill, I would not think there would be any authority in this bill to allow the Forest Service to put seeds on privately owned land. The seed is put on land owned by the Government and administered by either the Fish and Wildlife Service, the Bureau of Land Management, or the Forest Service.

Mr. TALLE. Mr. Chairman, will the gentleman yield?

Mr. ELLSWORTH. I yield to the gentleman from Iowa.

Mr. TALLE. May I say to the distinguished gentleman from Oregon that I am very much in favor of this bill. At the time it was being considered in committee I attempted to summarize briefly what the bill provides, and these were my words:

> Why not transfer something the Government already has in one agency, which does not need it and will not use it, to three other agencies that do need it and intend to use it? Is that not the heart of it?
>
> Mr. JOY. I think that was intent of the bill.

Then I stated that of course there must be proper accounting, so that there need be no question raised about anything being done contrary to good accounting practice. Is it not the gentleman's understanding that proper accounting will be made and should be made?

Mr. ELLSWORTH. I thank the gentleman from Iowa for his remarks. Yes, I think we need have no slightest doubt regarding the proper accounting of the program that is provided for under this bill, because the seeds are taken from one agency and used and distributed by another. I think it is absolutely mandatory that both agencies account for their action as provided for in the bill. I think we need have no worry about the manner of accounting.

Mr. SPENCE. Mr. Chairman, I have no requests for time on this side. The bill was reported unanimously by the committee. I think it is a good bill and ought to be passed.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Idaho [Mr. BUDGE].

Mr. BUDGE. Mr. Chairman, there can certainly be no more valid use for the surplus commodities held by the Commodity Credit Corporation than the preservation of the natural resources of the United States. I sincerely hope the bill will be adopted.

Mr. WOLCOTT. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. H. CARL ANDERSEN].

Mr. H. CARL ANDERSEN. Mr. Chairman, in answer to the question propounded by the gentleman from West Virginia [Mr. BAILEY], it would seem to me that if he wants these pilot plant projects eligible to receive any of this seed, he should put in an amendment which, I think, should be satisfactory to the authors of the bill on line 7, page 1, to include the words "Soil Conservation Service" following the words "to the Forest Service" because otherwise I do not think there is any authority in this bill to give the Commodity Credit Corporation the right to turn over to the Soil Conservation Service, which operates the so-called watershed pilot plant protection program, any of this particular seed. I do not see the gentleman from West Virginia on the floor, but may I point out to the gentleman from Oregon [Mr. ELLSWORTH] that that would be the answer to the question.

Mr. WOLCOTT. Mr. Chairman, I yield such time as he may desire to the gentleman from Oregon [Mr. COON].

Mr. COON. Mr. Chairman, I wish to support S. 2987, which would provide for the transfer of hay and pasture seeds from the Commodity Credit Corporation to the Forest Service, the Fish and Wildlife Service and the Bureau of Land Management for range improvement and conservation programs.

This legislation would serve three purposes. It would improve the carrying capacity of the range on our public lands, and thus provide better feed for our stockmen and sportsmen, and therefore a supply of meat at a reasonable cost to the consuming public.

It would also take out of the Government's hands the seeds which are appropriate for use on the range, and therefore would prevent these seeds from further depressing the market. I am told that the seeds removed from stock by this procedure would include alfalfa, Ladino clover, bromegrass, wheat grass, and tall fescue, to a total of 900,000 pounds.

Finally, this bill would remove these seed stocks from the warehouse where they are deteriorating, a useless burden on the Government's hands, and turn them to a useful purpose.

Therefore, in the interest of the livestock industry, the sportsmen, and the consuming public, in the interest of the seed industry of America, and in the interest of relieving the Government of some of the burden of these surplus seeds, I believe this is good legislation, and should be passed.

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I understand that as of April 30, 1954, the Commodity Credit Corporation owned 77.4 million pounds of hay and pasture seeds acquired under 1950, 1951, and 1952 price support programs. These seeds, acquired at a cost of $37.3 million after a reserve for losses in the amount of $10.3 million, were carried at a net book value of $27 million. As of that date the records show 24.7 million pounds of hay and pasture seeds had been disposed of at a loss of approximately $5.3 million. The Commodity Credit Corporation discontinued its hay and pasture seed price support operations with the 1952 crops.

Cooperation between the agencies concerned and the users of the land will be required in order to put this program into effect. I think that this is appropriate, in that those who stand to benefit from this program will assist in carrying it out. I understand that for years the grazing land administering agencies and the users have cooperated in range-improvement programs.

Sound soil conservation practices require that our rangelands be maintained and improved. The seed transfers provided in this bill will permit an expansion of our present range improvement programs.

I hope the House will act favorably upon S. 2987.

Mr. METCALF. Mr. Chairman, the members of the committee have brought us today a piece of constructive and worthwhile legislation that represents the proper approach to the question of reseeding the range. The American people own thousands of acres of rangeland that are chiefly administered by the Forest Service and the Bureau of Land Management. The Commodity Credit Corporation also owns thousands of pounds of hay and pasture seed, of which 900,000 pounds is of the type suited for range reseeding. As a prudent landlord our Government is now using the seed to develop its property.

As pointed out in the report the estimated cost of the seeding will be about $6 per acre or an estimated $660,000. The authorized appropriation takes care of but a fraction of this amount. The users of the range will cooperate in carrying out the reseeding program. Again this type of cooperation is the best type of owner-user relationship. The grazing users who cooperate have the benefit of a better range upon which to graze their sheep and cattle and under present administrative procedures they can have the advantage of the increased grazing capacity in their grazing leases.

In the 77th Congress a thorough report on grazing problems was prepared and published under the tile "The Western Range," Senate Document No. 199, and therein the Forest Service estimated that the carrying capacity of the western rangelands as a whole had fallen from an original capacity of 22.5 million animal units to about 10.8 million animal units, or a reduction of more than one-half.

The Forest Service has aggressively pushed a range reseeding program. It is estimated that such a complete program on the national forests alone, would cost $100 million. In recent years the Government has just made a beginning by investing some $3.5 million in reseeding national forest ranges. Another $16.9 million has been spent in range improvement in development of waterholes, drift fences, and other range improvements. At the same time more than $3 million has been privately spent in range improvement and revegetation.

This cooperative approach with the Government assuming its obligation as a landlord in providing the seed for reseeding operations is much to be preferred to the approach suggested by H. R. 6787 and S. 2548 now before the Agriculture Committee. There the permittee is the one who makes the range improvement including the undertaking of range reseeding and elimination of noxious weeds. Then to provide for incentive and encouragement in the range improvement the permittee gains a right to be compensated for any loss suffered when the grazing permit is withdrawn. In effect such an approach gives the permittee an interest in the land itself. An interest that he can require the Government or a subsequent permittee to compensate him for when the permit is withdrawn.

The method of range improvement adopted today is much better and places the responsibility for range reseeding and range improvement squarely upon the shoulders of the Government who is the landlord. Yet those who wish to cooperate, whether they be grazing-permit holders or State fish and game commissions, can do so. And both mutually benefit.

Mr. WOLCOTT. Mr. Chairman, we have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the Commodity Credit Corporation is hereby authorized and directed to transfer to the following agencies, free on board transportation conveyance at point of storage, surplus hay and pasture seeds acquired under the price-support program, as follows: To the Forest Service, Department of Agriculture, not to exceed 485,000 pounds; to the Fish and Wildlife Service, Interior Department, not to exceed 163,000 pounds; to the Bureau of Land Management, Interior Department, not to exceed 252,000 pounds. The kinds and quantities of seeds transferred within such maximum quantities, subject to determination of availability and surplus supply by the Commodity Credit Corporation, shall be determined by such agencies, but shall not exceed quantities which may be utilized for the purpose specified in section 2 of this act with funds made available under this act and funds available for such purposes out of appropriations to such agencies for the fiscal year 1954.

Committee amendment:

Page 2, line 10, strike out "1954" and insert "1955."

The amendment was agreed to.

The Clerk read as follows:

SEC. 2. The seeds transferred pursuant to this act shall be used by the transferee agencies only for the purpose of seeding grazing lands administered by them. To defray costs of transporting and seeding, there is hereby authorized to be appropriated the following sums: To the Forest Service, not to exceed $95,000; Fish and Wildlife Service, not to exceed $25,000; and to the Bureau of Land Management, not to exceed $25,000.

SEC. 3. There are hereby authorized to be appropriated such sums as may be necessary to reimburse the Commodity Credit Corporation for its investment in the seeds transferred pursuant to this act.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. Bow, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (S. 2987) to provide for the transfer of hay and pasture seeds from the Commodity Credit Corporation to Federal land-administering agencies, pursuant to House Resolution 616, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

COMMITTEE ON APPROPRIATIONS

Mr. TABER. Mr. Speaker, I ask unanimous consent that the Committee on Appropriations may have until midnight Friday night to file a report.

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. CANNON. Mr. Speaker, reserving the right to object. When will the bill be submitted to the full committee?

Mr. TABER. There will be a meeting of the full committee on Friday morning. There is a possibility that the House may not be in session on Friday, and I felt that we should get this permission today.

Mr. CANNON. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CANNON reserved all points of order on the bill.

THE LATE HONORABLE BENNETT CHAMP CLARK

Mr. CANNON. Mr. Speaker, I ask unanimous consent to address the House.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

The was no objection.

Mr. CANNON. Mr. Speaker, it is with the deepest regret that I announce the unexpected death of Judge Bennett Champ Clark, in Gloucester, Mass., last evening.

Judge Clark first came to this floor as a lad of 3 and was immediately on intimate terms with the leadership of the House on both sides of the aisle and

was as faithful in his attendance on the session of the House as any of his father's contemporaries.

His long attendance here, and his presence at every party conference and caucus in which his distinguished father participated, gave him a practical working knowledge of House rules to be secured in no other way. And it was inevitable when his father succeeded to the Speakership, and the great Parliamentarian, Asher Crosby Hinds, was simultaneously elected to membership in the House in the 62d Congress, that Bennett should become his father's Parliamentarian. He retained that position until he resigned to leave with the first American Expeditionary Force for France in the First World War.

When mustered out of the service at the close of the war, he entered the practice of law in St. Louis and became one of the noted trial lawyers of the Missouri bar.

He served 3 terms as United States Senator from Missouri, the first time briefly when appointed to the vacancy caused by the resignation of Senator Harry B. Hawes, and 2 full terms to which he was elected in 1932 and 1938 respectively.

On his retirement from the Senate in 1945, he was immediately appointed by his friend and former senatorial colleague, President Truman, to the bench of the United States Court of Appeals in the District of Columbia where he was serving at the time of his death.

As Judge Stephens, the presiding judge of the court, well said, in his tribute this morning, "He devoted his life to the service of his country." He was one of the first to volunteer in the First World War, and served successively as captain, lieutenant colonel, and colonel on the General Staff.

He was one of the moving spirits in the organization of the American Legion, was chairman of the Paris caucus and an incorporator and one of the 17 charter members, and served as national commander.

Like his father he was widely considered a presidential possibility and was a colorful figure at recent national conventions. He dies at the prime of life and at the zenith of his career.

He was a distinguished son of a distinguished father—and a beloved son of Missouri.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Texas.

Mr. RAYBURN. I wish to join with the gentleman from Missouri in expressing my deep regret at the passing of Bennett Champ Clark. When I came here his very distinguished father was Speaker of the House of Representatives. He was a young man around here, and afterward became Parliamentarian of this House, in which position he distinguished himself.

I never knew a more lovable man than Champ Clark, his father. He had a big, kind, fine heart that went along with a big, fine brain. His son Bennett inherited those fine and noble qualities. As the gentleman said, his life was practically all devoted to public service, in which capacity he distinguished himself. He was a great American.

He was a fine citizen and I deeply regret his passing.

To his lovely wife and his boys I extend my deepest and most sincere sympathy.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. CANNON. I yield to the gentleman from Indiana.

Mr. HALLECK. It was one of the privileges of my life to know the beloved Bennett Champ Clark. His youngsters and mine are exactly the same age. They were frequently at our home and our youngsters were at his home. By reason of that and many other things I came to know Judge Clark very, very well. He certainly was a lovable, fine, great American, whom we shall all miss.

Mr. CANNON. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks at this point in the RECORD on the life, character, and public service of the late Judge Clark.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

PROGRAM FOR JULY 15

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, tomorrow, in order that everyone may be informed, if rules are granted we might call up for consideration the bill (H. R. 8658) to amend title 18 of the United States Code, to provide for punishment of persons who jump bail.

The Foreign Affairs Committee has reported a resolution dealing with the matter of admission of Red China to the United Nations.

Also there is a resolution for the creation of a Special Elections Committee such as is usually provided for as we come to the close of each Congress.

We might also call up the bill (H. R. 236) to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan project in Colorado.

There is no definite determination as to when we will call any of these bills, but I announce the possibility of their being called up in order that the Members may have as much notice as possible.

FIFTIETH ANNIVERSARY OF CONTROLLED FLIGHT

Mr. SCHENCK. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Res. 429) authorizing the printing as a House document of the proceedings at Kitty Hawk, N. C., and at Washington, D. C., celebrating the 50th anniversary year of controlled-powered flight, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That the proceedings conducted at Kitty Hawk, N. C., on December 15, 16, and 17, 1953, and at Washington, D. C., on December 17, 1953, celebrating the fiftieth anniversary of controlled-powered flight, by Wilbur and Orville Wright shall be printed as a House document.

With the following committee amendment:

Line 1, strike out "Kitty" and insert "Kill."
Line 2, strike out "Hawk" and insert "Devil Hills."

The committee amendment was agreed to.

The resolution was agreed to.

The title of the resolution was amended so as to read: "Authorizing the printing as a House document of the proceedings at Kill Devil Hills, N. C., and at Washington, D. C., celebrating the 50th anniversary year of controlled-powered flight."

ADDITIONAL COPIES OF SENATE DOCUMENT NO. 87

Mr. SCHENCK. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (S. Con. Res. 80) to print additional copies of Senate Document No. 87, Review of the United Nations Charter—A Collection of Documents, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Committee on Foreign Relations 1,000 additional copies of Senate Document 87, 83d Congress, 2d session, Review of the United Nations Charter—A Collection of Documents.

With the following committee amendments:

Lines 2 and 3, strike out the following: "for the use of the Committee on Foreign Relations one" and in lieu thereof insert the word "three."

Line 6, after the word "Documents", insert a semicolon and the following: "1,000 copies for the use of the Committee on Foreign Relations and 2,000 copies for the use of the Members of the House of Representatives."

Estimated cost of printing approximately $4,724.07.

The committee amendments were agreed to.

The resolution was concurred in.

ADDITIONAL COPIES OF PLEDGE OF ALLEGIANCE TO THE FLAG

Mr. SCHENCK. Mr. Speaker, by direction of the Committee on House Administration, I offer a privileged resolution (H. Con. Res. 241) providing for printing as a House document the pledge of allegiance to the flag, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed as a House document the pledge of allegiance to the flag, as designated in section 7 of the joint resolution approved June 22, 1942 (36 U. S. C., sec. 172), as amended (Public Law 396, 83d Cong., ch. 297, 2d ses.;

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H. J. Res. 243, approved June 14, 1954); and that there be printed 681,000 additional copies, of which 437,000 shall be for the use of the House; and 144,000 copies shall be for the use of the Senate, and that there be included thereon the following history of the pledge:

Author of the pledge was Francis Bellamy, born at Mount Morris, N. Y., lived 1855 to 1931. Original pledge first publicly used in 1892, was changed slightly by First and Second National Flag Conferences in 1923 and 1924, was officially designated as Pledge of Allegiance to the Flag by Public Law 287, 79th Congress, approved December 28, 1945. On June 14, 1954, Flag Day, it was amended by Public Law 396 to include the words "under God."

The SPEAKER. The question is on the resolution.

The resolution was agreed to, and a motion to reconsider was laid on the table.

HATE PROPAGANDA

Mr. JAVITS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Speaker, I have been deeply concerned, and I think other Members should be deeply concerned, about the fact that while the country is under grave preoccupation with internal security, Communist infiltration, subversion, aggression, and other similar activities, and our people feel very deeply anti-Communist, a group of ultrarightists is seeking to exploit this feeling by sending a very large amount of hate propaganda through the mails which is anti-religious, anti-Catholic, anti-Protestant, and anti-Jewish.

I am today introducing a resolution of inquiry to ascertain from the Postmaster General the extent of the hate propaganda, anti-religious, anti-Catholic, anti-Protestant, and anti-Jewish, which is going through the mails, not only from domestic sources but from outside the country as well. I have already introduced a resolution to have the House Committee on Post Office and Civil Service investigate the situation. My resolution today specifically names the following 10 publications as examples upon which detailed information is requested:

First. Common Sense, allegedly published twice monthly at Union, N. J.

Second. Pamphlet entitled "The Criminals" attributed to Editor Einar Aberg, Norrviken, Sweden, allegedly published in 1950.

Third. A single sheet entitled "Communism" by the same editor as in item 2 carrying pictures, bearing the date "February 1954."

Fourth. A single sheet headed "Stop Invasion," allegedly issued by the Committee To Save the McCarran Act, Tulsa, Okla., or Los Angeles, Calif.

Fifth. A periodical publication Williams Intelligence Summary, allegedly published at Santa Ana, Calif.

Sixth. A single sheet headed "Open Letter to Congress," allegedly published by West Virginia, Anti-Communist League, Huntington, W. Va.

Seventh. The Cross and the Flag, allegedly published monthly at Los Angeles, Calif.

Eighth. A single sheet headed "The Kiss of Death," allegedly issued by the Citizens Protective Association, St. Louis, Mo.

Ninth. A periodical publication called the "Western Voice," allegedly published in Inglewood, Calif.

Tenth. The American Nationalist, allegedly published at Inglewood, Calif.

The deep concern of the country with internal security and Communist infiltration, subversion, and aggression, should not be permitted to divert us so as to afford a cover for hate propaganda distributed or transmitted through the mails. To prevent such exploitation of the deeply anti-Communist feelings of the people by ultrarightists in an equally vital question of internal security.

VACATING SPECIAL ORDER

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent that the special order I have for today be vacated.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

RED CHINA'S ADMISSION TO THE UNITED NATIONS

The SPEAKER. Under special order heretofore entered, the gentleman from West Virginia [Mr. BYRD] is recognized for 15 minutes.

Mr. BYRD. Mr. Speaker, while the air is filled with pious pretensions of peace, and hyprocrisy parades in the name of diplomacy, aggressive tyranny stalks the free peoples of the world. At the very moment that spokesmen for some of the major powers of the West are championing the cause of Red China's admission to the United Nations, Asia is aflame with new Communist assaults, and the menacing Red tide sweeps on.

Where will it all stop? When can the world hope for respite? What is the answer to this organized violence in our times?

Certainly appeasement is not the answer. We know from bitter experience that appeasement only begets greater demands. The appetites of the tyrant are insatiable. Country after country, people after people have been literally gobbled up by the maws of Soviet imperialism since the end of World War II. These feasts of aggression have only whetted the appetite of the Reds. Asia is next on the Red menu.

How long is it going to take the West to fully comprehend that the key center of all Communist aggression is Moscow? Are we going to be taken in again by the taffy that the way to handle Red aggression is to idly sit by hoping that time will conjure up a rift between the Chinese Reds and Moscow? This is a variation of the devilishly dangerous theme that the Chinese Reds were harmless agrarians and the thing to do was let them alone and they would develop into an Asiatic block against Moscow? Does anyone in his right senses believe this after Korea and Indochina? And where will the blows fall tomorrow?

At the cost of painful disillusionment, we have come to the realization that wishing for peace isn't enough. Peace does not come by wishing for it, and let us once and for all come to the understanding that the absence of shooting does not in itself constitute peace. Where there is a denial of justice for a whole people there is no peace. There can be war without bombs raining from the skies. It is war when the pressures of totalitarian powers are applied to weaker peoples; when the threat of force, actual or implied, is utilized to place outsiders who are not wanted into the ruling places of power in the administration of a sovereign state; when the use of subversion in the form of fifth columns are used to undermine a national regime. This is war that is just as ugly as wholesale killing, for it deprives nations of their independence, condemns whole peoples to enslavement, destroys hope, and reduces men to a state of animality.

So we come to the place, Mr. Speaker, where we must be aware that the Communists are now at war actually with our kind of world. This has to be a premise for a sound, intelligent, and effective foreign policy of the United States. If others, in their materialistic greed, think they can treat safely with the bear, that is their risk and their responsibility. As for ourselves, we have the problem of becoming acquainted with the true nature of the enemy, estimating his capabilities for war, and guiding ourselves accordingly.

No dear cherishing of peace should blind us to the grim realization that this is the century of brutal aggression. Trying to cope with the enemy by traditional sportsmen's rules is like trying to measure the infinite by the finite. Our failures to date in the realm of foreign affairs have been due to our sheer inability to understand communism in action. There were some of us here in this Chamber, Mr. Speaker, and the record will show it clearly, who warned that the Geneva Conference was nothing but a pitfall for the United States; that no good could possibly come of it; that it was a mistake ever to have assented to the meeting in the first place. And the sorry spectacle of that conference only proves the correctness of our claims. I say this in no vainglorious spirit. There is no pride or sense of accomplishment in saying in these days, "I told you so." No one expects Mr. Dulles to be a superman. He is trying his utmost to achieve peace in our time, and for his attempts, all Americans are appreciative. But, having said this, Mr. Speaker, I submit that we should have learned from experience, we should all know and realize, down to the fourth-grade scholar, that peace as we understand it is not in the Communist lexicon, and that the Reds have only contempt

for us when we allow them to use the forum of a peace conference at Geneva for the furtherance of their aggressive aims. Because of the recognition, homage and prestige which the Reds realized at Geneva, their premier, Chou En-lai, has moved on to a triumphant diplomatic tour, thereby swelling the gains made at Geneva. This was all foreseen, Mr. Speaker. The pages of the CONGRESSIONAL RECORD attest to the fact that some of us called the shots in advance. We can devoutly wish we had been wrong and that some good had come of it all, but Geneva is a diplomatic debacle.

So, too, Mr. Speaker, were the fallacies of the proposed easing of East-West trade restrictions pointed out. Those of us who were against any dropping of the barriers on so-called strategic goods going to countries behind the Iron Curtain made the case that anything which helped to stabilize Soviet control over captive states was a net and substantial gain for Moscow. It is regrettable that London is enkindled with the false hope that the way to deal with the Soviets is to carry hostages to Moscow. Trade purchased at this price will return to haunt the British. It is not without a small measure of satisfaction that I have noted that our own Foreign Operations Administration at long last has made a realistic reappraisal of its own trade policies and has refused to ride on the British trade special to Moscow. Mr. Stassen has read and heeded, for the moment at least, the stop-look-and-listen sign. He might go even further and take a serious look into the offshore procurement program with an eye to strengthening our own economic situation instead of penalizing American business firms that sorely need orders and find themselves faced with the inequitable competition of low-wage foreign companies.

Mr. Speaker, I must confess, having lived through these years of Communist aggression, I must confess to an enveloping sense of unreality that many of us in the Congress, nay all of us, find it necessary at this day and hour, to get up here and confront the necessity of making out a case against Red China as an enemy of the peace. How far have we strayed from reality? What evil influence is at work that such a preposterous proposition as admitting Red China to the United Nations is even a subject for serious debate? Talk about arming a burglar to rob your house. Here is a gang of international brigands who are responsible for the slaughter of thousands of American boys; who are branded as aggressors by the United Nations itself; who at every turn and upon every occasion aid and abet aggression; yet, this is the gang that is proposed for admittance to the very international organization that was avowedly established to perfect collective security and punish the breakers of the peace. Mr. Speaker, one feels a sense of lightheadedness at the very effrontery of the suggestion, and yet we know it is a seriously advanced proposal.

When I was younger and going to school, studying civics and trying to learn history, we were taught that foreign policy was something designed to protect the honor of the Nation and advance its legitimate national interests. Are we to believe in our day, Mr. Speaker, that national honor is a casualty of the times? That this prime consideration has been scrapped? That expediency takes precedence over honor?

I have said before and I say again, and I hope to repeat it over and over, that what is morally wrong can never be politically right. Each and every grave of our honored war dead is a monumental protest against Red China's case for U. N. admission. Just as surely as Munich brought on the ultimate attack on Poland, and the appeasement of Hitler insured World War II, so too would Red China in the United Nations spell doom to freedom and peace in this age, for it would be a signal for new and greater Communist aggression. It would be dismal and conclusive evidence that Western civilization had lost the will to survive before the threat of Communist imperialism. We are fighting to save the freedom; yes to save the lives of our children. Another decade of such monstrous folly, and all will be lost. America has never faced a greater moral or political trial. Upon our actions in this crisis, depends the shape of the world in the future.

MILITARY AND NAVAL CONSTRUCTION ACT

Mr. AREND submitted a conference report and statement on the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks was granted to:

Mr. CURTIS of Missouri and to include additional matter.

Mr. RADWAN in two instances and to include additional matter.

Mr. GRANT and to include several poems.

Mr. CORBETT.

Mr. WOLVERTON.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1303. An act to provide for the expeditious naturalization of former citizens of the United States who have lost United States citizenship by voting in a political election or plebiscite held in occupied Japan; and

S. 3480. An act to amend section 24 of the Federal Reserve Act, as amended.

BILLS PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 5158. An act for the relief of Sgt. Welch Sanders; and

H. R. 5433. An act for the relief of the estates of Opal Perkins, and Kenneth Ross, deceased.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 9 minutes p. m.) the House adjourned until tomorrow, Thursday, July 15, 1954, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

1734. Under clause 2 of rule XXIV, a letter from the Assistant Secretary of the Interior, transmitting one copy each of certain bills passed by the Municipal Council of St. Thomas and St. John, pursuant to section 16 of the Organic Act of the Virgin Islands of the United States approved June 22, 1936, was taken from the Speaker's table and referred to the Committee on Interior and Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 630. Resolution for the consideration of H. R. 9757, a bill to amend the Atomic Energy Act of 1946, as amended, and for other purposes; without amendment (Rept. No. 2214). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 439. Resolution providing for the appointment of a special committee of the House of Representatives to investigate the campaign expenditures of the various candidates for the House of Representatives, and for other purposes; without amendment (Rept. No. 2215). Referred to the House Calendar.

Mr. SCHENCK: Committee on House Administration. House Resolution 429. Resolution authorizing the printing as a House document of the proceedings at Kitty Hawk, N. C., and at Washington, D. C., celebrating the 50th anniversary year of controlled-powered flight; with amendment (Rept. No. 2234). Ordered to be printed.

Mr. SCHENCK: Committee on House Administration. Senate Concurrent Resolution 80. Concurrent resolution to print additional copies of Senate Document 87, Review of the United Nations Charter—A Collection of Documents; with amendment (Rept. No. 2235). Ordered to be printed.

Mr. SCHENCK: Committee of conference. House Concurrent Resolution 241. Concurrent resolution providing for printing as a House document the pledge of allegiance to the flag (Rept. No. 2236). Ordered to be printed.

Mr. ARENDS: Committee of conference. H. R. 9242. A bill to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes (Rept. No. 2237). Ordered to be printed.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. S. 2380. An act to amend the Mineral Leasing Act of February 25, 1920, as amended; without amendment (Rept. No. 2238). Referred to the Committee of the Whole House on the State of the Union.

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Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. S. 2381. An act to amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, in order to promote the development of oil and gas on the public domain; without amendment (Rept. No. 2239). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. S. 2864. An act to approve an amendatory repayment contract negotiated with the North Unit irrigation district, to authorize construction of Haystack Reservoir on the Deschutes Federal reclamation project, and for other purposes; without amendment (Rept. No. 2240). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 2843. A bill to authorize the Secretary of the Interior to investigate and report to the Congress on the conservation, development, and utilization of the water resources of Hawaii; with amendment (Rept. No. 2241). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 8006. A bill to safeguard the rights of certain landowners in Wisconsin whose title to property has been brought into question by reason of errors in the original survey and grant; with amendment (Rept. No. 2242). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 1254. A bill to provide authorization for certain uses of public lands; with amendment (Rept. No. 2243). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 8384. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Talent division of the Rogue River Basin reclamation project, Oregon; with amendment (Rept. No. 2244). Referred to the Committee of the Whole House on the State of the Union.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 633. Resolution for consideration of H. R. 8658, a bill to amend title 18, United States Code, to provide for the punishment of persons who jump bail; without amendment (Rept. No. 2245). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 634. Resolution for consideration of House Resolution 627, resolution reiterating the opposition of the House of Representatives to the seating of the Communist regime in China in the United Nations; without amendment (Rept. No. 2246). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. GRAHAM: Committee on the Judiciary. S. 233. An act for the relief of Jeno Csepio; without amendment (Rept. No. 2216). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 431. An act for the relief of Joseph Di Pasquale; without amendment (Rept. No. 2217). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 670. An act for the relief of John Doyle Mociair; without amendment (Rept. No. 2218). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 946. An act for the relief of Mona Lisbet Kofoed Nicolaisen, Leif Martin Borglum Nicolaisen, and Ian Alan Kofoed Nicolaisen; without amendment (Rept. No. 2219). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 914. An act for the relief of Mark Vainer; without amendment (Rept. No. 2220). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 992. An act for the relief of Apostolos Savvas Vassiliadis; without amendment (Rept. No. 2221). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1158. An act for the relief of Stayka Petrovich (Stajka Petrovic); without amendment (Rept. 2222). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1321. An act for the relief of Michajlo Dzieczko; without amendment (Rept. No. 2223). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1520. An act for the relief of Andre Styka; without amendment (Rept. No. 2224). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1609. An act for the relief of Mrs. Robert Lee Slaughter, nee Elisa Ortiz Orat; without amendment (Rept. No. 2225). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1858. An act for the relief of Sister Antonella Marie Gutterres (Thereza Maria Gutterres); without amendment (Rept. No. 2226). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1883. An act for the relief of Dr. Takeo Takano; without amendment (Rept. No. 2227). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1889. An act for the relief of Margot Goldschmidt; without amendment. (Rept. No. 2228). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1902. An act for the relief of Theresa Elizabeth Leventer; without amendment (Rept. No. 2229). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2067. An act for the relief of Anthony Benito Estella, Natividad Estella, Antonio Juan Estella, and Virginia Araceli Estella; without amendment (Rept. No. 2230). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2222. An act for the relief of Lucia Mezilgoglou; without amendment (Rept. No. 2231). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2287. An act for the relief of George Scheer, Magda Scheer, Marie Scheer, Thomas Scheer, and Judith Scheer; without amendment (Rept. No. 2232). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 3433. An act for the relief of Andreja Glusic; without amendment (Rept. No. 2233). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. AUCHINCLOSS:

H. R. 9901. A bill to authorize Federal participation in the cost of protecting the shores of privately owned real property as well as the shores of publicly owned real property; to the Committee on Public Works.

By Mr. BARTLETT:

H. R. 9902. A bill to consolidate, revise, and reenact the townsite laws applicable in Alaska; to the Committee on Interior and Insular Affairs.

By Mr. FOGARTY:

H. R. 9903. A bill to authorize, under regulations of the Civil Service Commission, the withholding, upon request, from compensation of Federal employees amounts for the payment of certain life and hospitalization insurance and credit union savings deposits; to the Committee on Post Office and Civil Service.

By Mr. McCONNELL:

H. R. 9904. A bill to amend section 9 (c) (3) of the National Labor Relations Act, relating to elections during economic strikes; to the Committee on Education and Labor.

By Mr. SAYLOR:

H. R. 9905. A bill to provide for programs of public facilities construction which will stimulate employment in areas having a substantial surplus of labor, and for other purposes; to the Committee on Public Works.

By Mr. CRETELLA:

H. R. 9909. A bill to prohibit payment of annuities to officers and employees of the United States convicted of certain offenses, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. BISHOP:

H. Res. 631. Resolution to provide expenses for the special committee authorized by House Resolution 439; to the Committee on House Administration.

By Mr. JAVITS:

H. Res. 632. Resolution of inquiry to the Postmaster General regarding transmittal of hate propaganda through the mails; to the Committee on Post Office and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DEVEREUX:

H. R. 9906. A bill for the relief of Edoardo Maria Filippo Baldassare Perrone di San Martino; to the Committee on the Judiciary.

By Mr. MUMMA:

H. R. 9907. A bill for the relief of Dr. Carlos Recio and his wife, Francisca Marco Palomero de Recio; to the Committee on the Judiciary.

By Mr. PHILBIN:

H. R. 9908. A bill for the relief of Rev. Canon John Malinowski; to the Committee on the Judiciary.

By Mr. GRAHAM:

H. Con. Res. 254. Concurrent resolution favoring the granting of the status of permanent residence to certain aliens; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1099. By Mrs. CHURCH: Petition of the city council of the city of Chicago at a meeting held June 30, 1954, urging the Congress of the United States to favorably consider the city of Chicago as a site for the erection of a Marine Corps memorial; to the Committee on House Administration.

1100. By the SPEAKER: Petition of the county clerk, Cook County, Chicago, Ill., relative to being in accord with a petition of the Polish American Congress to extend sympathy and the hand of friendship to the Polish Nation, etc.; to the Committee on Foreign Affairs.

EXTENSIONS OF REMARKS

Public Opinion in 29th District of Pennsylvania

EXTENSION OF REMARKS
OF
HON. ROBERT J. CORBETT
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Wednesday, July 14, 1954

Mr. CORBETT. Mr. Speaker, during my years of service in the Congress, I have regularly conducted polls of public thinking on vital national issues in my congressional district. These polls have been in the form of a printed questionnaire, requiring simple yes-and-no answers, mailed to registered voters, regardless of political affiliation, in my district.

Responses to these questionnaires have always been excellent. The tabulated results, which virtually constitute a referendum of the district, have proved of enormous value to myself and to my colleagues in the House.

My congressional district is probably as representative and contains as many varied interest groups as any in the Nation. It has the wealthy, the poor, and the middle class. It has a high concentration of labor, white-collar workers, small business, large industries and some of the finest farm areas found anywhere. It includes a thickly populated section of Pittsburgh, extends to the rural areas, and takes in many large and small towns in northern Allegheny County.

In this session of Congress, I conducted two polls, one in January, immediately after President Eisenhower's state of the Union message; the second has just now been completed. I am including herewith the percentage tabulation results of both polls. I hope they will prove as interesting and informative to other Members as they have to myself.

The results follow:

JANUARY 1954 TABULATION RESULTS

1. Is it better to balance the budget in yearly stages, rather than all at once? Yes, 92 percent; no, 8 percent.
2. The social-security deduction has been increased from 1½ percent to 2 percent. Should this increase be allowed to stand? Yes, 79 percent; no, 21 percent.
3. Do you favor the 10-percent cut in personal income taxes even if it increases the deficit? Yes, 53 percent; no, 47 percent.
4. Should we used our atomic weapons to stop future aggression? Yes, 82 percent; no, 18 percent.
5. Canada seems determined to build the St. Lawrence Seaway. Should we join in the project? Yes, 77 percent; no, 23 percent.
6. Do you agree that postal rates should be increased? Yes, 53 percent; no, 47 percent.
7. Should persons 18 to 21 be given the right to vote? Yes, 55 percent; no, 45 percent.
8. Should the Federal gasoline tax of 2 cents per gallon be maintained to aid the highway program? Yes, 87 percent; no, 13 percent.
9. Are you in favor of statehood for Hawaii? Yes, 84 percent; no, 16 percent.
10. Eisenhower's resolve is for a "sounder and safer America." Do you think he is making satisfactory headway? Yes, 90 percent; no, 10 percent.

JULY 1954 TABULATION RESULTS

1. Should any future United States action to stop Red aggression in Asia be limited to air and naval power? Yes, 58 percent; no, 42 percent.
2. Should we encourage the rearmament of West Germany regardless of French objections? Yes, 91 percent; no, 9 percent.
3. Should the Government continue to build low-rent public-housing projects? Yes, 47 percent; no, 53 percent.
4. Who do you think is wrong in the Army-McCarthy controversy? Army, 22 percent; McCarthy, 27 percent; both, 51 percent. (Check one.)
5. Should Senator MCCARTHY's power to investigate Communist activity be terminated? Yes, 50 percent plus; no, 50 percent minus.
6. Would you vote for a 5 to 10 percent salary increase for postal employees? Yes, 68 percent; no, 32 percent.
7. Do you believe there is any danger of a serious depression during the next few years? Yes, 32 percent; no, 68 percent.
8. Would you vote for a reduction of farm price supports? Yes, 85 percent; no, 15 percent.
9. Do you agree that our foreign affairs are being conducted about as well as circumstances permit? Yes, 63 percent; no, 37 percent.
10. Do you believe that war with Russia is an eventual certainty? Yes, 41 percent; no, 59 percent.
11. Do you favor reducing income taxes by lowering percentage rates rather than by increasing personal exemptions? Yes, 59 percent; no, 41 percent.
12. Do you agree that President Eisenhower has been doing a satisfactory job? Yes, 81 percent; no, 19 percent.

The Late Grantland Rice

EXTENSION OF REMARKS
OF
HON. GEORGE M. GRANT
OF ALABAMA
IN THE HOUSE OF REPRESENTATIVES
Wednesday, July 14, 1954

Mr. GRANT. Mr. Speaker—

When the Great Scorer comes
To mark against your name,
He'll write not "won" or "lost,"
But how you played the game.

These words were inspired and left to posterity many years ago by a man who will ever be dear to the hearts of all true sportsmen. In this brief but incisive passage, the dean of American sportswriters captured the real and eloquent spirit of the game of life, whatever the aspirations or rewards might be. It testifies to the American way, the godly way, the way of all true champions.

Yesterday the creator of these words passed on to meet the Great Scorer. While at work in his midtown Manhattan office, Mr. Grantland Rice suffered a fatal heart attack. Today the entire sports world—the "has-beens," the "also-rans," the "immortals," the "champions"—and those countless others who have found pleasure and inspiration in Mr. Rice's work mourn his passing. His death marks the end of a glorious career of sports reporting which had its beginning in 1901 on the Nashville (Tenn.) News at $5 a week. In the last half century no personality surely has contributed so untiringly and influentially to the grandeur of American sports. He typifies an era in sports unparalleled in its impact on American life and institutions. In fact, Mr. Grantland Rice is an institution in himself.

Yet I submit that this grand old man has been much more to his fellow man than a reporter of athletic events. His life's work has transcended the ordinary barriers of human endeavor; it has left a legacy in which we all, however varied our pursuits, might find gratification and peace of mind.

I know of no more fitting epitaph to the memory of this man than that found in his immortal verse, Beyond All Things. In these thoughts you see the man and those attributes which will always be held in deep reverence. Mr. Rice wrote:

He played the game—
What finer epitaph can stand?
Or who can earn a fairer fame
When Time at last has called his hand?
Regardless of the mocking roar,
Regardless of the final score,
To fight it out, ram blow for blow,
Until your time has come to go
On out beyond all praise or blame,
Beyond the twilight's purple glow,
Where Fate can write against your name
This closing line for friend or foe:
He played the game.
He played the game—
What more is there that one can say?
What other word might add acclaim
To this lone phrase that rules the fray?
Regardless of the breaks of chance,
Regardless of all circumstance,
To rise above the whims of Fate,
Where dreams at times are desolate,
Where failure seems your final aim
And disappointment is your mate,
Where Life can write in words of flame
This closing line above the gate:
He played the game.

Most assuredly Mr. Grantland Rice played the game.

My Position on Four Record Votes

EXTENSION OF REMARKS
OF
HON. EDMUND P. RADWAN
OF NEW YORK
IN THE HOUSE OF REPRESENTATIVES
Wednesday, July 14, 1954

Mr. RADWAN. Mr. Speaker, on Thursday, July 8, 1954, I was not present, and I take this opportunity to state my position on four record votes which took place on that particular day:

On rollcall No. 97, if present, I would have voted "aye."

On rollcall No. 98, if present, I would have voted "nay."

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On rollcall No. 99, if present, I would have voted "aye."

On rollcall No. 100, if present, I would have voted "aye."

Firing Awards Review Banned by World Court

EXTENSION OF REMARKS
OF
HON. THOMAS B. CURTIS
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Wednesday, July 14, 1954

Mr. CURTIS of Missouri. Mr. Speaker, I am inserting into the RECORD today a news item from the Washington Evening Star of July 13, 1954, which should be of deep concern to the United States Government and its people. I do this as one who has felt that the United States should be a member of the United Nations and do whatever it can to perfect the organization so that it will more nearly be what its creators hoped it would be.

The article states that the World Court has ruled that the 11 Americans dismissed from the United Nations employment for refusing to answer questions before duly constituted United States investigative agencies in regard to alleged subversive activities were entitled to the $170,000 compensation awards made to them by the United Nations Administrative tribunal and that the United Nations General Assembly had no right to consider and possibly reject the awards made.

The first serious question raised is what sort of an organization is the United Nations where creatures of it are not subject to its basic authorities. In other words, how can an organization function intelligently if it has committees, tribunals, or other organizations it establishes over which it has no control. Just where do the United States delegates to the United Nations go to correct abuse and usurpation of authorities of these subsidiary organizations?

I believe it is imperative that the United States find out right now what the procedures are.

The second serious question has to do with the substantive merits of the case. Relying upon the fifth amendment to prevent self-incrimination is certainly a civic right which all Americans want to see preserved. But relying upon the fifth amendment to prevent self-incrimination has nothing to do with the rights or duties of an employee in any specific job. Certainly the failure to testify before duly constituted authorities upon the basic subject of loyalty to one's own society and government is cause in itself for removal from a job where the government is the employer. Loyalty to one's employer is certainly an essential and basic feature of any contract for employment.

Certainly a person disloyal to a member nation of the U. N. or to the U. N. itself is grounds for removal from employment by the U. N. It is time that we all recognized a very basic fact of life. The Comintern when it was established under the aegis of Soviet Russia back in the early twenties is in itself a united nations. Those societies where the political government was not controlled by the Communist Party were to be infiltrated until the political government became dominated by the Communist Party. Until such time, however, that particular society or country was represented on the Comintern by members of the Communist Party from that country. This is a complete united nations organization. The Comintern's name may be changed to Cominform, or something else, but its essential structure and operation remains the same and it is in direct competition to the United Nations.

Obviously, any person working for the Comintern or in cooperation with it cannot be loyal to the United Nations. There can be no basis for paying a disloyal employee termination pay or any other sort of pay. As a matter of contract law, wages previously paid might well be recovered because the wages were paid supposedly for honest loyal work.

The same issues involved in the Hiss pension case are involved here. I certainly hope we move ahead to meet the challenge presented to us by the decision of the World Court. I am considering possible legislation which might help to protect the United States Government to a certain degree in this matter. Essentially, however, I think the executive department must act.

FIRING AWARDS REVIEW BANNED BY WORLD COURT

THE HAGUE, NETHERLANDS, July 13.—The World Court ruled today the U. N. General Assembly has no right to review compensation awards made to 11 Americans dismissed from United Nations jobs after United States inquiries into alleged subversive activities.

The ruling, a 9-to-3 decision, rejected a United States claim that the Assembly had the power to reconsider and possibly reject compensation awards made by the U. N. administrative tribunal.

The 11 Americans, dismissed by the U. N. Secretary General after refusing to answer questions before United States investigative agencies, had been awarded more than $170,000 in compensation by the tribunal.

The court said the "U. N. General Assembly has no right on any grounds to refuse to give effect to awards of compensation." The judges who opposed the majority opinion were from the United States, Brazil, and Chile.

President Eisenhower Says: "No One Lost Yesterday Except the American People"

EXTENSION OF REMARKS
OF
HON. CHARLES A. WOLVERTON
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Wednesday, July 14, 1954

Mr. WOLVERTON. Mr. Speaker, the action of the House, in recommitting to the Committee on Interstate and Foreign Commerce, the bill offered by the administration to fulfill President Eisenhower's plan to provide wider and better coverage of health insurance for our people was a great surprise to observers and Members alike.

It is unconceivable upon any justifiable basis that such action should be taken. The last word on that subject has not been said. Wait until the people find out and understand what was done to them by the action of the House. When they do they will speak in terms that will not be misunderstood. The full effect of their resentment may be felt by some at the elections next fall. If such does occur it will be well for any adversely affected thereby to remember their action in the House yesterday. The words of Abraham Lincoln ring as true today as when he uttered them:

You can fool some of the people all of the time, some of the people some of the time, but not all the people all the time.

Woe unto those who are unwilling to provide the means that will enable our people to meet the burden of cost incident to necessary medical and hospital care. Today, the burden of providing such in any long-term illness is so great that it means financial disaster to many families, or a mortgaging of their future.

It is no wonder that President Eisenhower reacted bitterly today to the defeat of his health reinsurance program in the House of Representatives. We are informed by the press that at his conference with them today, he told them this was only a temporary defeat and he would carry the program forward as long as he was in office. This is the fighting spirit of a true soldier who is fighting the cause of the people. This is the spirit that brings final victory. To such a one a setback such as yesterday is never more than a temporary defeat.

It was kind of the President to further say that he did not believe the Congressmen who voted against the proposal could really have understood it. It was characteristic of the charitable disposition that he has toward all. This may be the explanation.

The words of President Eisenhower at the close of his press conference will burn like fire into the minds of the people of this Nation. They were memorable words, unforgettable words, and, words the truth of which cannot be denied, words that will linger with our people, namely, "No one lost yesterday except the American people."

I hope the time is not long until the wrong done is rectified.

As part of my remarks, I include an editorial appearing in today's issue, July 14, 1954, of the News, published in Washington, D. C. It is an editorial that in a few words states the issue. It reads as follows:

HEALTH REINSURANCE

Although Congress has defeated the health reinsurance bill, the Eisenhower administration must not figuratively throw up its hands and say, "Well, so much for that."

People need insurance against calamitous illnesses and disabilities.

They need good insurance—at a price they can afford to pay.

The bill the House defeated aimed to bring that about by setting up a system of Government reinsurance for companies and groups (like Blue Cross) willing to try sell-

ing policies more liberal than those now on the market.

The American Medical Association disapproved of this bill. Apparently that carried some weight in Congress. But the AMA's attitude should not determine the issue, because it would not affect physicians except to enable more of their patients to pay their bills.

If doctors prefer that the number of charity patients not be reduced, they have the right to say so, but prospective patients—who outnumber doctors considerably—should be heard as well.

Aside from the AMA's role, it appears that the bill lost because, as Republican Leader HALLECK said, it was too conservative for many House liberals, and too liberal for many conservatives. And then, of course, there was much of the usual election-year politicking.

The national problems that fathered the reinsurance bill still exist.

They must be solved.

That's why the administration should keep plugging.

Progress in Civil Defense

EXTENSION OF REMARKS
OF

HON. EDMUND P. RADWAN

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 14, 1954

Mr. RADWAN. Mr. Speaker, the recent decision to establish the Continental Air Defense Command represents a major step in the long struggle to achieve an adequate defense against any possible attack on the United States. The establishment of this command is, I am sure, most gratifying to the many loyal Americans who have been working to improve our national civil-defense program. It indicates that our military leaders—perhaps for the first time—view with some degree of optimism the problem of defending this Nation against a possible superweapon attack. More than anything else, I believe that it is evidence of the worthwhile nature of civil-defense work itself.

The apathy with which civil defense has been regarded by the public in recent years is notorious. Despite this general indifference, however, many of our civic-minded citizens have worked relentlessly to prepare our communities to withstand the devastating effects of modern superweapons; and the job that they have accomplished is remarkable. To be sure, the task is yet unfinished, but we have come a long way.

Since the passage of the Federal Civil Defense Act in January 1951, two parallel movements to strengthen our home defenses have been under way; and as a result considerable progress has been achieved.

In August 1951 the first of these movements was inaugurated with the establishment of the Lincoln Laboratory at the Massachusetts Institute of Technology. This program, officially designated "Project Lincoln," has the mission of conducting research and development work on air defense problems, and is sponsored jointly by the Army, Navy, and Air Force. Its contract is administered by the Air Force.

Also in 1951, the Federal Civil Defense Administration, the National Security Resources Board, and the Department of Defense jointly organized "Project East River" for the purpose of studying civil defense needs. This project was carried out by a group of more than 100 scientists, educators, and businessmen under the sponsorship of Associated Universities, Inc. Its 10-volume report was completed during the summer of 1952. In December 1952, the Secretary of Defense appointed the seven-man group known as the Kelly committee to advise the Department of Defense on continental air-defense problems.

Partly as a result of these two movements—one dealing with military measures, and the other with nonmilitary measures for continental defense—the civil defense program of the United States has been given added significance in our military strategic planning. Civil defense is now recognized as a vital link in our defensive armor.

The progressive military thinking reflected in the newly formulated Continental Air Defense Command has been virtually matched on the civilian side. In the Congress, several bills designed to strengthen civil defense have been introduced during this session, and the creation of a joint congressional committee on civil defense has been proposed. The Federal Civil Defense Administration is currently shifting its headquarters from Washington, D. C., to an area less likely to be a primary target for the enemy, and many industrial organizations are reported to be taking similar precautions. Several large companies, for example, have formulated disaster plans including provisions for alternate headquarters, lines of succession, and emergency supplies and equipment.

These recent developments, it seems to me, should be most encouraging to our State and local civil defense groups throughout the country. It is they who have thus far borne the greatest burden in the struggle for adequate civil defense. And it is principally because of their remarkable effort that the objectives of civil defense now seem possible of attainment. These workers richly deserve the praise and support of us all.

The battle is not yet won. The danger has not abated. But one important phase of the battle has been won, and that phase is what might be termed the struggle to get started. I am confident, Mr. Speaker, that the wheels now rolling will not be slowed by the apathy of the past; no longer will there be a feeling of hopelessness. I feel sure that we can look forward to steadily increasing support for civil defense, and that the gains already won will be more than matched by an aroused American citizenry.

SENATE

THURSDAY, JULY 15, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O God, our life and our light, to this moment dedicated to the unseen and eternal, we turn from the deceitful world where truth so often eludes us along tangled paths. Here at this altar of faith we would seek the truth about ourselves, knowing that Thou canst not use us to change the crooked things that blight the earth unless our own hearts are homes of sincerity, integrity, and purity. Create in us clean hearts, O God, and renew a right spirit within us. Because so much of our span of life is gone, and so little left, may we redeem the residue by intensity of living, toiling in this new day in the sense of the eternal. Prosper, we pray Thee, the councils of the nations' leaders whose decisions will shape the tomorrows. Bless all sincere efforts of those who speak for the nations, that there may be found a more excellent way than hatred and suspicion and exploitation, and when, in sharing all, Thy sundered children shall gain all; and Thine shall be the kingdom and the power and the glory. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, July 14, 1954, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Tribbe, one of his secretaries, and he announced that on today, July 15, 1954, the President had approved and signed the following acts:

S. 381. An act for the relief of Donald Grant;

S. 579. An act for the relief of Wong You Henn;

S. 676. An act for the relief of Eftychios Mourginakis;

S. 1508. An act for the relief of Borivoje Vulich;

S. 1999. An act to provide for the recovery, care, and disposition of the remains of members of the uniformed services and certain other personnel, and for other purposes;

S. 2198. An act for the relief of (Sister) Jane Stanislaus Riederer;

S. 2369. An act for the relief of Karl Ullstein;

S. 2370. An act to authorize the sale of certain vessels to Brazil for use in the coastwise trade of Brazil; and

S. 2728. An act to authorize the collection of indebtedness of military and civilian personnel resulting from erroneous payments, and for other purposes.

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MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed the bill (S. 2987) to provide for the transfer of hay and pasture seeds from the Commodity Credit Corporation to Federal land-administering agencies, with an amendment, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the bill (S. 3458) to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the concurrent resolution (S. Con. Res. 80) to print additional copies of Senate Document 87, Review of the United Nations Charter—A Collection of Documents, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 8628. An act to amend the Tariff Act of 1930 to insure that crude silicon carbide imported into the United States will continue to be exempt from duty; and

H. R. 9248. An act to amend section 308 (5) of the Tariff Act of 1930, as amended.

The message further announced that the House had agreed to a concurrent resolution (H. Con. Res. 241) providing for printing as a House document the pledge of allegiance to the flag, in which it requested the concurrence of the Senate.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. KNOWLAND, and by unanimous consent, the Committee on Armed Services, and the Subcommittee on Business and Commerce of the Committee on the District of Columbia, were authorized to meet during the session of the Senate today.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call and a brief executive session, there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting sundry nominations, which was referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. SALTONSTALL, from the Committee on Armed Services:

Lt. Gen. Horace Logan McBride, and Lt. Gen. Andrew Davis Bruce, Army of the United States (major generals, U. S. Army), to be lieutenant generals on the retired list;

Lt. Gen. Robert Wells Harper (major general, Regular Air Force), United States Air Force, to be placed on the retired list in the grade of lieutenant general;

Lt. Gen. Charles Trovilla Myers 37A (major general, Regular Air Force), United States Air Force, to be commander, Air Training Command, with the rank of lieutenant general, and to be lieutenant general in the United States Air Force;

Maj. Gen. Glenn Oscar Barcus 87A, Regular Air Force, to be commander in chief, United States Northeast Command, with the rank of lieutenant general, and to be lieutenant general in the United States Air Force; and

Charles E. Cook, Jr., and sundry other persons, for appointment in the Regular Air Force.

By Mr. CARLSON, from the Committee on Post Office and Civil Service:

Seventy-nine postmasters.

The PRESIDENT pro tempore. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

DEPARTMENT OF COMMERCE

The Chief Clerk read the nomination of James C. Worthy, of Illinois, to be Assisant Secretary of Commerce.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

COAST AND GEODETIC SURVEY

The Chief Clerk proceeded to read sundry nominations in the Coast and Geodetic Survey.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the nominations in the Coast and Geodetic Survey be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the nominations are confirmed en bloc.

Mr. KNOWLAND. Mr. President, I ask that the President be immediately notified of all nominations this day confirmed.

The PRESIDENT pro tempore. Without objection, the President will be immediately notified.

LEGISLATIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

The PRESIDENT pro tempore. Morning business is now in order.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

AMENDMENT OF REVISED STATUTES RELATING TO VERIFICATION UNDER OATH OF CERTAIN CERTIFICATES OF INSPECTION

A letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to amend section 4421 of the Revised Statutes, in order to remove the requirement as to verifying under oath certain certificates of inspection, and for other purposes (with accompanying papers); to the Committee on Interstate and Foreign Commerce.

AMENDMENT OF SECTION 5240 OF THE REVISED STATUTES RELATING TO THE EXAMINATION OF NATIONAL BANKS

A letter from the Acting Secretary of the Treasury, transmitting a draft of proposed legislation to amend section 5240 of the Revised Statutes, as amended, relating to the examination of national banks (with accompanying papers); to the Committee on Banking and Currency.

HANS KUZURA

A letter from the Secretary of the Army, transmitting a draft of proposed legislation for the relief of Hans Kuzura (with an accompanying paper); to the Committee on the Judiciary.

PERMANENT APPOINTMENTS IN THE NAVY AND MARINE CORPS

A letter from the Secretary of the Navy, transmitting a draft of proposed legislation to authorize permanent appointments in the United States Navy and in the United States Marine Corps (with an accompanying paper); to the Committee on Armed Services.

PETITION

The PRESIDENT pro tempore laid before the Senate a resolution adopted by the Hawaii Statehood Commission, Honolulu, T. H., favoring prompt enactment of legislation to grant statehood to the Territory of Hawaii, which was ordered to lie on the table.

AGRICULTURAL ACT OF 1954—REPORT OF COMMITTEE ON AGRICULTURE AND FORESTRY (REPT. NO. 1810)

Mr. AIKEN, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 3052) to encourage a stable, prosperous, and free agriculture, and for other purposes, reported it with an amendment, and submitted a report thereon, which report was ordered

to be printed, including supplemental, minority, and separate views.

CHANGE OF NAME OF GAVINS POINT RESERVOIR TO LEWIS AND CLARK LAKE—REPORT OF COMMITTEE ON PUBLIC WORKS

Mr. CASE, from the Committee on Public Works, to which was referred the bill (S. 3744) to change the name of Gavins Point Reservoir back of Gavins Point Dam to Lewis and Clark Lake, reported it favorably, without amendment, and submitted a report (No. 1811) thereon.

ADDITIONAL FUNDS FOR COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE—REPORT OF A COMMITTEE

Mr. BRICKER, from the Committee on Interstate and Foreign Commerce, to which was referred the resolution (S. Res. 276) providing additional funds for the Committee on Interstate and Foreign Commerce, reported it favorably, without amendment, and it was placed on the calendar.

ADDITIONAL FUNDS FOR COMMITTEE ON APPROPRIATIONS—REPORT OF A COMMITTEE

Mr. BRIDGES, from the Committee on Appropriations, reported an original resolution (S. Res. 279), which was placed on the calendar, as follows:

Resolved, That the Committee on Appropriations hereby is authorized to expend from the contingent fund of the Senate, during the 83d Congress, $10,000, in addition to the amount, and for the same purposes, specified in section 134 (a) of the Legislative Reorganization Act, approved August 2, 1946, Senate Resolution 121, agreed to June 24, 1953; Senate Resolution 153, agreed to July 28, 1953; and Senate Resolution 243, agreed to May 27, 1954.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON of Texas (for himself and Mr. DANIEL):

S. 3750. A bill to direct the Secretary of the Air Force to convey certain property located in proximity to San Antonio, Bexar County, Tex., to the State of Texas; to the Committee on Armed Services.

(See the remarks of Mr. JOHNSON of Texas when he introduced the above bill, which appear under a separate heading.)

By Mr. JOHNSON of Colorado:

S. 3751. A bill for the relief of Bart Kryger; to the Committee on the Judiciary.

By Mr. CARLSON:

S. 3752. A bill to provide that the Secretary of the Interior shall investigate and report to the Congress as to the advisability of establishing Alcove Springs, located in Marshall County, Kans., as a national monument;

S. 3753. A bill to provide that the Secretary of the Interior shall investigate and report to the Congress as to the advisability of establishing Fort Hays as a national monument;

S. 3754. A bill to provide that the Secretary of the Interior shall investigate and report to the Congress as to the advisability of establishing Fort Dodge as a national monument; and

S. 3755. A bill to provide that the Secretary of the Interior shall investigate and report to the Congress as to the advisability of establishing the Shawnee Mission as a national monument; to the Committee on Interior and Insular Affairs.

By Mr. SYMINGTON (for Mr. HENNINGS):

S. 3756. A bill for the relief of Howard Carl Kaiser; to the Committee on the Judiciary.

By Mr. ERVIN:

S. 3757. A bill for the relief of Gerasimos Athanase Haberis; to the Committee on the Judiciary.

By Mr. DIRKSEN (by request):

S. 3758. A bill to limit the acquisition and use by agencies of the Federal Government of equipment for reproducing documents, drawings, papers, and so forth, on sensitized materials; to the Committee on Rules and Administration.

By Mr. McCARRAN (for himself and Mr. BRICKER):

S. 3759. A bill to provide permanent certificates for local service air carriers; to the Committee on Interstate and Foreign Commerce.

By Mr. HENDRICKSON (for himself, Mr. LANGER, Mr. KEFAUVER, and Mr. HENNINGS):

S. J. Res. 177. Joint resolution to give the consent of the Congress to interstate compacts or agreements dealing with the cooperative supervison of juvenile probationers and parolees, the return of runaway juveniles, the return of juvenile-delinquent escapees, and for other purposes; to the Committee on the Judiciary.

(See the remarks of Mr. HENDRICKSON when he introduced the above joint resolution, which appear under a separate heading.)

CONVEYANCE OF CERTAIN PROPERTY TO STATE OF TEXAS

Mr. JOHNSON of Texas. Mr. President, on behalf of myself and my colleague, the junior Senator from Texas [Mr. DANIEL], I introduce for appropriate reference a bill directing the Secretary of the Air Force to convey to the State of Texas certain property located in the vicinity of San Antonio, Tex.

This land consists of approximately 218 acres, formerly designated as Martindale Auxiliary Field. During World War II it was used as an auxiliary to Randolph Field. In view of its present training mission and the changeover in aircraft, Randolph Air Force Base has no further need of this auxiliary field.

It is proposed to use this land as a permanent station for the Concentrated Air Section of the 36th Infantry Division, the 112th Armored Cavalry Regiment, the XLI Corps Artillery, and the 8th Field Artillery Group, Texas National Guard.

The Concentrated Air Section at present utilizes leased civilian facilities at Hurt Airport in San Antonio. It is proposed to move the section from the leased field to Martindale.

At present, Martindale Auxiliary Field is on license to the State of Texas by authority of the Secretary of the Air Force. This license was made effective January 29, 1954, with the understanding that the Texas National Guard should make an agreement with the Texas Wing, Civil Air Patrol, for co-use of the facilities. This agreement is now in effect. If title to the real property is acquired by the State of Texas, the agreement will remain in effect.

The bill fully protects the rights of the United States.

Martindale Field would continue to be used for military purposes.

All mineral rights would be reserved to the United States.

It is provided that title shall revert to the United States if the State of Texas should cease to use the property primarily for training of the National Guard and the Air National Guard and for other military purposes.

In the event of war or national emergency, the United States would have the right to reenter the property and make use of it, including improvements made by the State of Texas, for the duration of the state of war or emergency.

Transfer of this land to the State of Texas will better enable the Texas National Guard to perform its proper role in the American preparedness program. I hope that early and favorable action will be taken upon the bill.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 3750) to direct the Secretary of the Air Force to convey certain property located in proximity to San Antonio, Bexar County, Tex., to the State of Texas, introduced by Mr. JOHNSON of Texas (for himself and Mr. DANIEL), was received, read twice by its title, and referred to the Committee on Armed Services.

GRANTING CONSENT OF CONGRESS TO INTERSTATE COMPACTS RELATING TO JUVENILE DELINQUENCY CASES

Mr. HENDRICKSON. Mr. President, on behalf of myself, the Senator from North Dakota [Mr. LANGER], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from Missouri [Mr. HENNINGS], I introduce for appropriate reference a joint resolution to give the consent of the Congress to interstate compacts or agreements dealing with the cooperative supervision of juvenile probationers and parolees, the return of runaway juveniles, the return of juvenile escapees, and for other purposes.

This joint resolution is one of a number of legislative proposals which will be introduced by members of the Subcommittee on Juvenile Delinquency, during the remainder of the session.

The joint resolution (S. J. Res. 177) to give the consent of the Congress to interstate compacts or agreements, dealing with the cooperative supervision of juvenile probationers and parolees, the return of runaway juveniles, the return of juvenile delinquent escapees, and for other purposes, introduced by Mr. HENDRICKSON (for himself, Mr. LANGER, Mr. KEFAUVER, and Mr. HENNINGS), was received, read twice by its title, and referred to the Committee on the Judiciary.

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AMENDMENT OF CIVIL AERONAUTICS ACT OF 1938—AMENDMENT

Mr. WELKER submitted an amendment intended to be proposed by him to the bill (H. R. 7395) to amend the definition of "airman" in the Civil Aeronautics Act of 1938, and for other purposes, which was ordered to lie on the table and to be printed.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

Mr. ANDERSON submitted an amendment intended to be proposed by him to the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. BRICKER submitted an amendment intended to be proposed by him to Senate bill 3690, supra, which was ordered to lie on the table and to be printed.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles, and referred to the Committee on Finance:

H. R. 8628. An act to amend the Tariff Act of 1930 to insure that crude silicon carbide imported into the United States will continue to be exempt from duty; and

H. R. 9248. An act to amend section 308 (5) of the Tariff Act of 1930, as amended.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 241) providing for printing as a House document the pledge of allegiance to the flag, was referred to the Committee on Rules and Administration, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed as a House document the pledge of allegiance to the flag, as designated in section 7 of the joint resolution approved June 22, 1942 (36 U. S. C., sec. 172), as amended (Public Law 396, 83d Cong., ch. 297, 2d sess.; H. J. Res. 243, approved June 14, 1954); and that there be printed 681,000 additional copies, of which 437,000 shall be for the use of the House; and 144,000 copies shall be for the use of the Senate, and that there be included thereon the following history of the pledge.

Author of the pledge was Francis Bellamy, born at Mount Morris, N. Y., lived 1855 to 1931. Original pledge first publicly used in 1892, was changed slightly by First and Second National Flag Conferences, in 1923 and 1924, was officially designated as "Pledge of Allegiance to the Fag" by Public Law 287, 79th Congress, approved December 28, 1945. On June 14, 1954, Flag Day, it was amended by Public Law 396, to include the words "under God."

NOTICE OF HEARING ON NOMINATION OF UNITED STATES ATTORNEY FOR WESTERN DISTRICT OF OKLAHOMA

Mr. LANGER. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Thursday, July 22, 1954, at 10 a. m., in room 424, Senate Office Building, upon the nomination of Paul W. Cress, of Oklahoma, to be United States attorney for the western district of Oklahoma, vice Robert E. Shelton, resigned. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of myself, chairman, the Senator from New Jersey [Mr. HENDRICKSON], and the Senator from Missouri [Mr. HENNINGS].

THE PRESIDENT'S SPEECH AT KASSON, MINN.

Mr. HUMPHREY. Mr. President, on June 28 an attack was made on the Senate floor by the chairman of the Committee on Agriculture and Forestry [Mr. AIKEN] against one of America's greatly respected agricultural spokesmen, Mr. M. W. Thatcher, general manager of the Farmers Union Grain Terminal Association of St. Paul.

Bill Thatcher has been and is today one of the real champions of equality for agriculture, a fighter for what he believes is right but always a respectful and courteous fighter. He has testified before many committees of the Congress. His views have always been respected even by those who might disagree with his conclusions. Several Members of this body have been invited on various occasions to speak before the membership of the great Midwest Grain Terminal Association, at its annual conference meeting. The chairman of the Senate Committee on Agriculture and Forestry has been among those extended that privilege and courtesy.

I regret the intemperateness of the accusations against Mr. Thatcher and the organizations he serves, and the intemperate accusations, including charges of trickery and libel of the President's words. I know Bill Thatcher. Many of you know him. He is a fighter, but he has never had to resort to trickery or libel. He says what he believes, and he stands by his word.

If there has been any trickery, Mr. President, it has been the attempt of the Republican Party to create one impression out in the great agricultural Midwest during campaigning season; then repudiate it in the Congress.

Name calling will not change a thing in the minds of Midwest farmers who heard the President at Kasson, nor can it expunge the headlines of Republican newspapers supporting the President's candidacy at that time.

The remarks of the Senator from Vermont cannot be allowed to stand unchallenged. The record should be made complete and clear. For that reason, Mr. President, I ask unanimous consent to have printed at this point in the RECORD a copy of a letter sent to the Senator from Vermont by Mr. Thatcher on July 9.

I may say that I have already mentioned this matter to the Senator from Vermont, as a matter of senatorial courtesy, and I asked him whether he had received the letter from Mr. Thatcher. He told me he had received it. I mentioned to the Senator that I intended to place it in the RECORD, and he had no objection to my doing so.

Therefore, I ask unanimous consent that the letter be printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FARMERS UNION GRAIN TERMINAL ASSOCIATION,
St. Paul, Minn., July 9, 1954.

The Honorable GEORGE D. AIKEN,
Senate Office Building,
Washington, D. C.

DEAR GEORGE: I had answered your letter of June 14 on June 24 after I had made a thorough investigation of the serious complaint you made to me about a tape recording of President Eisenhower's voice which I used at the last annual meeting of the Farmers Union Grain Terminal Association, as a part of my address at that convention.

Because I was so disturbed about what you had written to me and the serious statements you had made, I felt that it was proper for me to delay sending my reply of June 24 to you until I had fully covered your letter of June 14 with my board of directors of GTA, which met on June 28.

The GTA board of directors were disturbed at your serious charge. I then read to them my reply of June 24. The board unanimously approved my reply and were shocked at the tone of your letter. Before we mailed out the letter, you had appeared on the floor of the United States Senate and made very serious and unwarranted charges against the Farmers Union Grain Terminal Association.

I tried to call a special meeting of our board of directors to go over the speech on the Senate floor, but was unable to get a quorum. I outlined over the long-distance telephone to our executive committee what I had in mind to write additionally to you, and they approved it.

It is regrettable that you hastened to the floor of the Senate to make this speech before you received a report on my investigation of the question of this tape recording of remarks made by General Eisenhower in his speech at Kasson, Minn., but you did proceed with the speech.

I want to quote two paragraphs from your letter of June 14:

"Referring also to your letter of May 24, in which you state that 'the tape recording of President Eisenhower's Kasson speech, which was referred to in Al Stedman's article, was borrowed from the Columbia Broadcasting System and was used on station WCCO in Minneapolis by Cedric Adams, the most popular newscaster in the whole Northwest.' Apparently you have been misled by someone in your organization if you believe that the recording used over your radio stations and at the annual convention was the same that was used on WCCO. I am advised that the recording you used was a 'dubbing' of the recording used over WCCO. It appears that the recording you used was made especially for your organization on order of Mr. Luther Weaver, head of the agency handling your advertising. It seems that Mr. Weaver ordered certain sentences and phrases deleted from President Eisenhower's Kasson speech, thus giving the listeners an erroneous picture of the President's position on farm supports.

"I am very sorry that your organization saw fit to use this misleading recording."

I find, upon investigation, that I was in error when I wrote you on May 24 as follows:

"The tape recording of President Eisenhower's Kasson speech, which was referred to in Al Stedman's article, was borrowed from the Columbia Broadcasting System and was used on station WCCO in Minneapolis by Cedric Adams, the most popular newscaster in the whole Northwest. He and everyone around him are strong Eisenhower men. After the tape recording was played back at our stockholders' meeting, and after

I was through speaking, Al Stedman came backstage and complained bitterly about this tape recording. I explained to him just exactly how I procured it, from whom, and thought that that would end it."

It had always been in my mind that we used the very same tape recording of Eisenhower's Kasson speech, just as I referred to in the paragraph above, but when coming to make a full investigation of this, there are two tape recordings that I listened to in full. One was my address before the stockholders of GTA, December 1953, in which I used the Eisenhower tape recording, which is also objected to by you and the St. Paul writer, Al Stedman. I find that in my speech I made no reference at all to the Columbia Broadcasting System, station WCCO of Minneapolis, or Cedric Adams, the commentator. All I said with reference to this was, "Would you like to hear the voice of General Eisenhower?" The crowd applauded. I said, "Turn it on." And, that's all I said.

I had the tape recording of my speech and the full tape recording of Mr. Eisenhower's Kasson speech, which I'll be perfectly pleased to play over to you and anyone else who cares to listen to them, and that will end that, because you can't change the voices.

As I have previously written to you, I heard the popular newscaster, Cedric Adams, in his appearance on WCCO radio station in Minneapolis, Minn., in which he had a tape recording, in part quoting what General Eisenhower had stated in his campaign speech at Kasson, Minn. I asked the director of our public relations, Mr. Gordon Roth, whom you know well, to get a copy of that tape recording, which I wanted to use as a part of my annual address at the GTA stockholders' meeting here in St. Paul in December of 1953.

Today, I had here in my office, within the last hour, Mr. Luther Weaver, the head of the agency handling our advertising, and Mr. Gordon Roth, the head of our public relations department. I read the 2 paragraphs of your letter of June 14, quoted above, to Mr. Weaver and Mr. Roth.

This is the history that was given by them to me: Mr. Luther Weaver, on the simple instructions from Mr. Roth to procure a copy of the tape used by Cedric Adams, attempted to do just that. He called Mr. James Gorman, in charge of radio station WCCO, and stated that he wanted a copy of that tape. Following that call, Mr. Jack Houston, an assistant to Mr. Gorman, called and stated that they could not find a copy of that tape recording. Mr. Weaver then asked them if they had a copy of the Kasson speech, and they said they had a recording of the Kasson speech. Mr. Houston stated that he remembered writing the script for Mr. Adams' broadcast and having made the tape recording that Mr. Adams used. Mr. Houston asked Mr. Weaver if he would give him some indication of what part of the speech was wanted. Mr. Weaver said, "Yes, he would." Mr. Weaver said he clipped from the Farmers Union Herald the statement, which we have used for a long time in the Herald, "The Golden Promise," being a part of the statement made by General Eisenhower in his Kasson speech. Mr. Weaver sent that to Mr. Jack Houston as a "tracer" as to what we wanted.

Mr. Luther Weaver had no instructions from Mr. Roth to "doctor" anything. Mr. Luther Weaver had no interest, as head of an advertising agency, to "doctor" anything. Mr. Weaver never has heard the tape, even to this day.

Mr. Roth assumed that the tape we used was the same one used by Mr. Adams. I assumed the tape we used was the same tape used by Mr. Adams. We find that Mr. Jack Houston, who made the tape for Mr. Adams, did the same thing in making the tape for us. They are checking all of Mr. Adams' broadcasts to finally find the one that he used at some particular hour in 1953, in which he used the tape recording.

I want to repeat again the tape recording we have are the words of General Eisenhower. They are not, of course, all of his speech. Neither did Mr. Weaver have any interest in it, nor did he suggest any doctoring. Nor did Mr. Roth have any notion of doctoring. And, of course, you know I did not, and I still believe there is no doctoring. Of course, the tape picks up the important stuff out of the Kasson speech, and of course, is taken out of context.

Now, this is what candidate Eisenhower said a little later at his speech at Brookings, S. Dak. I notice in your Senate speech you try to push this off as unimportant. Well, the people who heard it locally and over the radio thought they were listening to something that was important. And, this is the full quote from Mr. Eisenhower's speech at Brookings, S. Dak., where he gives his own interpretation of what he said at Kasson, Minn.:

"At Kasson, in Minnesota, some weeks back, later in Omaha and in a number of so-called back platform speeches I have tried to make my position clear.

"The Republican Party is pledged to the sustaining of the 90-percent parity price support and it is pledged even more than that to helping the farmer obtain his full parity, 100-percent parity, with the guaranty in the price supports of 90 percent."

The same day he spoke at Fargo with more interpretation:

"We are accused of wanting to abolish the farm program and the price supports. Well, some things are so false you don't know the right words to use, at least in polite society, for condemning them. I went to Kasson, Minn., and on behalf of Republican leaders and with the concurrence of the great men of the party, at least all that could be reached in time, I stated exactly what we meant to do, and the present 90-percent parity price in the farm program was sustained and supported completely."

Now, so that you can feel that I'm perfectly fair about this with you, I will give you practically all of what Mr. Eisenhower said at Kasson, out of which we built our context of "the golden promise."

"And here and now, without any 'ifs' or 'buts,' I say to you that I stand behind—and the Republican Party stands behind—the price-support laws now on the books. This includes the amendment to the basic farm act, passed by votes of both parties in Congress, to continue through 1954 the price supports on basic commodities at 90 percent of parity.

"These price supports are only fair to the farmer to underwrite the exceptional risk he is now taking. They are a moral and legal commitment which must be upheld.

"We have now at least 2 years to plan ahead. We must use this valuable time to develop sound means and methods of maintaining and expanding both security and opportunity in agriculture. We must mobilize all of the brains in agriculture—farmers, your farm organization leaders, your farmwise legislators, your agricultural specialists, and research workers—all of them to join us in building and improving our long-range farm policies and programs.

"Our goal will be sound, farmer-run programs that safeguard agriculture—but do not regiment you, do not put the Federal Government in charge of your farms.

"We must, by using good, old-fashioned horsesense, figure out sound methods of maintaining agriculture's freedom to shift patterns or production without losing basic protection to which agriculture is entitled.

"We must realize that no formula developed at any time is infallible. Conditions change. What counts is being prepared to do the right thing at the right time. To do this the Republicans will use the wisdom of farmers.

"I firmly believe that agriculture is entitled to a fair, full share of the national income and it must be a policy of Government to help agriculture achieve this goal in ways that minimize Government control and protect the farmers' independence. All I know of farmers convinces me that they would rather earn their fair share than to have it as a Government handout.

"And a fair share is not merely 90 percent of parity—it is full parity."

Now, you have the whole works so far as these three farm speeches are concerned, and you have my statement about how the tape recording was built.

I would suggest that you open up a dictionary and see the definition of "doctoring" and also the definition of "deleting."

Your statement that we libeled the President is false. Whoever made the statement to you that we had used this tape recording on our GTA radio program made a false statement. It has never been used on our radio program. It was never used but once, and that by myself as a part of my address to some 2,000 people at the St. Paul Auditorium at the stockholders' meeting of GTA in December 1953.

Your statement that this was a master of trickery is false, and I don't think you seriously mean that I am a master of trickery, and I resent it as you would if I had said it about you.

As I have written to you, I have left it to others to speak disparagingly about a President during all the years that I have been before the public. Even when it seemed everybody was riding President Hoover, I either said something favorable about him, or said nothing.

I have never said anything about you except that you were a great statesman. I have said that I disagree with you in this farm program, and I disagree with you more deeply than I have ever recorded. I may be wrong, and you may be wrong. Time will tell. But, the program that you and Secretary Benson are advocating and fighting for today, I will fight as courageously and militantly as God will give me the strength to do.

This ends my correspondence with you with reference to this unfortunate situation. Of course, your speech will be answered, and we will try to get somebody in the Senate to put our reply in the CONGRESSIONAL RECORD, where it can stand as an answer to your statements which I think were unfortunately made.

Sincerely yours,

M. W. THATCHER,
General Manager.

Mr. MURRAY. Mr. President, I have just received a copy of the Farmers Union Herald of July 5, 1954, which contains an editorial discussing at some length the matter just referred to by the Senator from Minnesota [Mr. HUMPHREY]. The editorial goes into the subject in great detail. I ask unanimous consent to have the editorial printed in the body of the RECORD at this point as a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THAR WARN'T NO GOLD TO TARNISH—SENATOR AIKEN AND THE GOLDEN PROMISE

A short, stocky, white-haired New Englander sits as chairman of the United States Senate Committee on Agriculture. He comes from the rocky hills of Vermont where he once presided as governor and, before that, as a banker.

The Senator is GEORGE D. AIKEN.

Twice he has come to St. Paul at the invitation of M. W. Thatcher, general manager

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of the Farmers Union Grain Terminal Association. Twice he has expounded his views on farm price supports, views that were his own and not those of Thatcher, nor of GTA, nor of the majority of farm people who heard every argument he could muster. He spoke these two times to the largest farm audiences he has ever addressed. The audiences were composed of the stockholders, delegates and visitors at the annual dinners of Farmers Union Grain Terminal Association in St. Paul.

All this was before there was an Eisenhower in the Aiken, Farm Bureau downward flexing, farm price-support camp.

Coming from a section of the country where politicians promise farmers cheap feed and city people cheap food, AIKEN never has liked the full parity concept of price supports. He is an author of the 1948 price flexing law which has been held in abeyance ever since then by extensions of mandatory 90-percent supports on wheat, corn and the other basic commodities.

To AIKEN, the golden promise of parity to agriculture made by candidate Eisenhower at Kasson, Minn., and other places here in the Northwest has been a thorn of no mean proportions. The irritation caused by this thorn now has broken out in a rash.

To an astounded Senate, on June 29, Senator AIKEN "exposed" the thorn, named those who had planted it in his flesh, and called for atonement for the alleged heresy.

The inflexible little Senator in his speech turned his verbal guns on his former host, M. W. Thatcher, and fired a vituperative charge that use of the golden promise was a "masterpiece of trickery."

Mr. AIKEN's speech was not spontaneous; it was calculated. The Senator had help, not alone from his flexing associates in high places but also, obviously, from a more remote nest of flexing intrigue in Minnesota. Maybe AIKEN doesn't know it but there are only a small minority of farmers in Minnesota who are taken in by the parity-through-flexing salesmen.

Mr. AIKEN started his speech by saying: "One of the choicest bits of false propaganda going the rounds today is the charge that, during the campaign of 1952, President Eisenhower, at Kasson, Minn., promised the farmers that he was for 90 percent support prices for basic agricultural commodities and, eventually, for 100 percent of parity.

"It is time that this libel on the President's words is brought into the open," he continued.

Then followed a description of what the Democratic Party had claimed that the candidate, Eisenhower, had said at Kasson. Mr. AIKEN wanted it understood that the Democratic Party had claimed Ike hadn't promised anything and that, therefore, he should have been defeated.

Being a good Texas Democrat, Senator DANIEL rose to object to the criticism of his party. But Senator AIKEN gallantly assured the Texan he had meant no slur. The Democrats were fine people. They had not claimed, during the campaign or immediately thereafter, that Ike had promised parity. They had just claimed that he had promised nothing more than flexing.

"It is only the sheerest hypocrisy that prompts opponents of the President's farm program today to charge that he promised high rigid supports during his campaign. The Democrats promised to continue high, rigid supports. The Republicans campaigned for flexible supports." Thus spoke the author of flexing.

A Senator's speech delivered in the Senate becomes part of a permanent public record. It is printed in the CONGRESSIONAL RECORD. People can pick it up and use it. Sometimes speeches are made and printed in the RECORD just for that purpose.

* * * * *

In the December 8, 1952 issue, just a month after the election of Eisenhower, the Farmers Union Herald started publishing what it called the golden promise. The words of that promise are taken from the Kasson speech. Together and without adornment they constitute a firm pledge to agriculture, one that most all farmers expected to be fulfilled by the President.

On December 16, 1953, 1 year later, a tape of the golden promise taken from the original recording of the Eisenhower speech at Kasson was played for stockholders, delegates, and visitors at the annual GTA stockholders' meeting in St. Paul. The tape, as played, was furnished at its request to GTA by WCCO, a CBS radio station in Minneapolis. This is the way the incident was reported in the Herald of December 28, 1953:

"A hushed audience of nearly 3,000 farm folk listened to the golden promise from the lips of the President himself at the annual GTA session in St. Paul.

"The promise was made by General Eisenhower when he was campaigning for President in the fall of 1952. In the course of his speech he promised to continue 90 percent supports on the basic crops through 1954 and ended the statement with his promise to work for full parity for farmers.

"The original radio recording of the Eisenhower promise was played to the GTA audience toward the end of the address by M. W. Thatcher, GTA general manager. Mr. Thatcher had reviewed the price support issue from beginning to end and had finally led to the Eisenhower golden promise. He then said, 'I want all of you to hear it in the President's own words.'

"Many who missed the golden promise, which was buried in a half-hour speech, will never forget it after hearing it all by itself."

Listening also, back in the wings of the theater section of the St. Paul auditorium, was a newspaper writer sent to the GTA session to cover it for the St. Paul Pioneer Press and Dispatch. This writer was Al Stedman, a former employee of the United States Department of Agriculture, and a consistent propagandist for the downward farm price flexing philosophy of the Farm Bureau leadership.

As Thatcher left the platform, Stedman met him backstage. Stedman's face was a livid red. He was infuriated. He berated Thatcher for having played the recording of the golden promise. Though presumably sent by his papers to report what transpired at the GTA session, Stedman now became a fierce partisan. He stomped out of the meeting place with an I'll-fix-you air.

A short time later he wrote an editorial for his paper called The Voice of Ike. This editorial presented the full text of what Ike had said at Kasson about price supports and what had been played at the GTA session as the golden promise. The editorial was a thinly veiled accusation of trickery against Thatcher.

And then, in February 1954, the Minnesota Farm Bureau News, official organ of the FB in that State and generally considered a vicious, scandal mongering, red-smearing foe of Thatcher, GTA, and the Farmers Union, reprinted the whole Stedman editorial and added its own comment.

This Farm Bureau commentary, replete with words such as "hoax," "perpetrate," "doctoring" and "expose," typical of irresponsible yellow journalism, was the forerunner to circulation of the Stedman editorial in sections of Minnesota.

While Stedman obviously was interested chiefly in defending Ike, those who circulated his editorial had another aim. This aim was to discredit GTA and its general manager as they have been trying to do for many years.

Country editors didn't take too well to the Stedman editorial. Too many of them had carefully read or heard what Eisenhower had said at Kasson. Too many were familiar with what the record had been since. So the effort to use Stedman against GTA flopped.

Isn't it a remarkable coincidence that, now, some of the words and phrases used by AIKEN in his June 29 speech are the same as or similar to those used in the February blast in the Farm Bureau News?

The Herald reported all of the references directly related to agriculture made by both Eisenhower and Stevenson at Kasson, Minn., on September 6, in its issue of September 8.

The Herald pointed out editorially that Eisenhower had pledged to continue through 1954 the 90-percent supports on basic commodities. It pointed out also that Ike had pledged himself in these words: "A fair share is not merely 90 percent of parity, but full parity."

In its issue of October 20, 1952, the last issue before the general election, the Herald presented the farm planks and policies of not only the Republican and Democratic Parties, but also the Farmers Union, the Grange, and the Farm Bureau. It published biographical sketches of both Eisenhower and Stevenson. These were prepared, at the invitation of the editor, by people selected by the headquarters of both parties in the Twin Cities. And, further, the Herald presented in the same issue the voting record on farm issues of all Northwest Congressmen.

All these facts were presented for the information of the tens of thousands of farm families who buy their supplies cooperatively through the Farmers Union Central Exchange and who market their grain cooperatively through Farmers Union Grain Terminal Association. There was not the slightest effort on the part of the Herald to influence voting. The Herald said, editorially, regarding the election:

"We are sitting back and letting the Republicans and Democrats tell how they think our readers should vote, and why."

Farmers who had turned thumbs down on the Republicans in 1948, now turned to Ike. The vote tabulation here in the Northwest shows a tremendous switch. Was it because farmers believed that Eisenhower had made a golden promise to agriculture? Or did they help vote Ike in, believing he had promised nothing more than flexible price supports that could turn him into a subsistence farmer instead of the business farmer he had been on the road to achieving?

Let's examine the facts. Let's go right into the record of what was said and what has been done. Let's see what the partisan backers of Eisenhower claimed he said at Kasson and other Northwest places. Let's see what the Senators and Congressmen who helped campaign for Mr. Eisenhower have to say now.

Then those who want facts instead of politics can decide whether AIKEN and his informers are being truthful to farmers and the general public or are engaged in a dishonest drive to fool American agriculture into a disastrous program.

On September 6, 1952, General Eisenhower and Governor Stevenson both came to Kasson, Minn., to deliver their keynote campaign speeches on agriculture. It was an historical event, wherein nearly 100,000 persons saw and heard both candidates for President on the same platform the same day—just a few hours apart.

Eisenhower read his speech. Advance copies were handed out to the press just before the speech.

This is the full text of what Eisenhower said regarding price supports:

"And here and now, without any 'ifs' or 'buts,' I say to you that I stand behind—and the Republican Party stands behind—the price-support laws now on the books. This includes the amendment to the basic Farm Act, passed by votes of both parties in Congress, to continue through 1954 the price supports on basic commodities at 90 percent of parity.

"These price supports are only fair to the farmer to underwrite the exceptional risk he is now taking. They are a moral and legal commitment which must be upheld.

"We have now at least 2 years to plan ahead. We must use this valuable time to develop sound means and methods of maintaining and expanding both security and opportunity in agriculture. We must mobilize all of the brains in agriculture—farmers, your farm organization leaders, your farmwise legislators, your agricultural specialists and research workers—all of them to join us in building and improving our long-range farm policies and programs.

"Our goal will be sound, farmer-run programs that safeguard agriculture, but do not regiment you—do not put the Federal Government in charge of your farms.

"We must, by using good, old-fashioned horsesense, figure out sound methods of maintaining agriculture's freedom to shift patterns or production without losing basic protection to which agriculture is entitled.

"We must realize that no formula developed at any time is infallible; conditions change. What counts is being prepared to do the right thing at the right time. To do this the Republicans will use the wisdom of farmers.

"I firmly believe that agriculture is entitled to a fair, full share of the national income, and it must be a policy of Government to help agriculture achieve this goal in ways that minimize Government control and protect the farmers' independence. All I know of farmers convinces me that they would rather earn their fair share than to have it as a Government handout.

"And a fair share is not merely 90 percent of parity—it is full parity."

Now, that is a statement to which Thatcher and his associates at GTA, as well as other prominent leaders in the Central Exchange and the Farmers Union, fully subscribed. The entire statement, to them, constituted a promise which, if carried out, would stabilize American agriculture, protect farm prices, and preserve farmers' freedom of action.

But the kernel of the statement, as all fair people recognize, is the specific promise to retain 90-percent supports through 1954—the statement that 90 percent was not a fair share and the inference that Ike would seek full parity. That is the underlined portion, known far and wide as the golden promise.

Nowhere in Eisenhower's Kasson speech was there any mention of the free market or even of "in the market place" as contained in the Republican platform.

One month after the Kasson speech, Ike spoke in Brookings, S. Dak. The date was October 4, 1952. This speech, according to AIKEN, was extemporaneous. AIKEN now poo poohs the Brookings speech because of this, inferring that, when Eisenhower spoke extemporaneously, he didn't know what he was saying.

We believe the opposite. We firmly believe that, when Ike spoke extemporaneously, as at Brookings, he was saying exactly what he believed he had said before and intended to say afterwards. And we have no doubt that he firmly intended to carry out the promise he made so positively at Brookings. This is what he said at Brookings, as reported verbatim by the Sioux Falls, S. Dak., Argus Leader, a Republican paper.

"At Kasson, in Minnesota, some weeks back, later in Omaha and in a number of so-called back platform speeches I have tried to make my position clear.

"The Republican party is pledged to the sustaining of the 90-percent parity price support and it is pledged even more than that to helping the farmer obtain his full parity, 100-percent parity, with the guaranty in the price supports of 90 percent."

That is a full and complete statement, just as Ike made it at Brookings, S. Dak., a month after his Kasson speech, and getting closer to the day of election.

Is there any reference to "in the market place" or to flexible support prices for farmers in this statement?

What would an ordinary person of sound mind believe was the promise that was being made to him?

The same day, October 4, Mr. Eisenhower made a speech in Fargo, N. Dak. This also was extemporaneous. But the full text was published in the Fargo Forum, another Republican paper, in its Sunday morning edition, October 5.

Let's take the full statement of Mr. Eisenhower on supports and see what he had to say, just a few hours after he had spoken in South Dakota.

Let's remember these are farm States and that, as Ike had said at Brookings, "quite naturally in a great region such as this there is more of a special interest in agriculture than there is in some of our other economic forms of life."

This is what the candidate told the Fargo audience:

"We are accused of wanting to abolish the farm program and the price supports. Well, some things are so false you don't know the right words to use, at least in polite society, for condemning them. I went to Kasson, Minn., and on behalf of Republican leaders and with the concurrence of the great men of the party, at least all that could be reached in time, I stated exactly what we meant to do, and the present 90-percent parity price in the farm program was sustained and supported completely."

At Kasson, Minn., the candidate for the Presidency was making a major farm address written for him and incorporating his ideas. It was carefully prepared, make no mistake about that.

But at Brookings and at Fargo the candidate was putting his own interpretation on the Kasson speech. Was Eisenhower less qualified then to interpret his own meaning than is AIKEN now?

The Eisenhower press went further than the Farmers Union Herald in its headlines.

The September 8 issue of Farmers Union Herald said: "100,000 cheer as Ike and Adlai plow under farm price flexing."

But the Minneapolis Star proclaimed in an 8-column streamer head across page 1: "Eisenhower Calls for 100-Percent of Parity."

The Sioux Falls Argus Leader told its readers: "General assures crowd he stands for full parity."

Harold S. Milner, Associated Press staff reporter covering the Brookings speech, reported:

"Dwight D. Eisenhower told a South Dakota audience today (October 4) he wanted to make it clear that he promised full acceptance of the present 90 percent of parity program. He said he also wanted it understood that he would work for full parity when the present 90-percent program ends in 1954."

The Associated Press had sent Don Whitehead, one of its top correspondents, to Kasson to report the speech there. This is how Whitehead quoted the President in the dispatch he filed from Kasson to Associated Press newspapers all over the United States:

"I firmly believe that agriculture is entitled to a fair, full share of the national income," Eisenhower said, "and a fair share is not merely 90 percent of parity—but full parity."

Even Stedman, who was at Kasson and heard Eisenhower's speech, filed a dispatch to his paper, commenting:

"The more farmers thought over General Eisenhower's unqualified backing for 2 years of 90 percent of parity farm supports, with full parity as his general aim, the more they were impressed. The great question about General Ike's stand on parity had been answered by him to their general satisfaction."

The Eisenhower administration was installed on January 20, 1953. On February 11, less than a month thereafter, Ike's new Secretary of Agriculture, Ezra Taft Benson, made his maiden address in St. Paul, Minn.

The golden promise, as carried in the Herald, had been commonly accepted as the President's campaign promise to agriculture. It had not been challenged.

But Benson, on February 11, less than a month after the new administration had taken over, made it crystal clear that he held a low estimate of 90 percent price supports, to say nothing of full parity supports.

Benson told farmers they had been robbed of their character, initiative, and independence by the farm program of the last decade. He urged them to set their sights above the dollar mark and return to the free market.

The Benson speech found little backing. Even the St. Paul audience gave it a cool reception. And, in the following days, Republican Senators and Congressmen who had worked hard to elect Eisenhower repudiated the Benson philosophy.

For whatever his reasons, Benson had implied that he intended to return agriculture to the chaos of the 1920's when farmers were at the mercy of big city commodity speculators in human hunger.

Was this what Ike had promised at Kasson?

The late Senator Robert Taft who then was the administration leader in the Senate sharply rebuked Benson. Congress would decide the program, not Benson, he said in a public statement.

Republican Senator MILTON YOUNG, of North Dakota, called for Benson's removal as Secretary. There is no need of going into Senator YOUNG's long fight against Benson's reversal and, eventually, the President's own reversal of the pledge made at Kasson. His record has been spread on the front pages of all Northwest newspapers.

Senator WILLIAM LANGER, North Dakota's senior Republican Senator, has fought tooth and nail to get performance on the pledge made at Kasson.

Senator MUNDT, of South Dakota, a stanch Republican, criticized the switch announced by Benson and called for performance on the pledges made at Kasson and Brookings.

Of all Minnesota's 9 Members of the House, only 1 backs Benson's turnabout and he is from the city of Minneapolis. Congressman H. CARL ANDERSEN, from Minnesota's Seventh District, has denounced Benson.

In a recent editorial the Sioux Falls, S. Dak., Argus Leader, stated:

"Representative ANDERSEN favors a price-support law guaranteeing farmers 90 percent of parity. In this, he is in agreement with the stand taken by Dwight D. Eisenhower at Kasson, Minn., and Brookings, S. Dak., during the 1952 presidential campaign."

In the Northwest no Senator has given more faithful service to Eisenhower during the campaign and afterward, than EDWARD THYE, Minnesota's senior Senator. But THYE, who sat on the platform as Benson spoke in St. Paul a year and a half ago, now has challenged the President and the Republican Party to make the most of it if they think his stand on 90 percent supports is disloyalty.

Recent abusive statements by Vice President Nixon, Benson, and Aiken, directed at all Republican Members of the House and Senate who oppose flexible farm support prices at this time, have angered THYE.

But strong-arm tactics have made THYE more defiant than ever. In a speech prepared for delivery in the Senate and reported in the press last week THYE charged the administration statements "do violence both to truth and to sound public policy."

By the time you read this you very likely will have heard over the GTA radio network a transcribed talk by Senator THYE made expressly for GTA to use. If you have, you will know how strongly THYE feels about preserving farm income and preventing a farm depression. He doesn't sound like a man

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who thought the use of the golden promise was a masterpiece of trickery.

AIKEN, who is chairman of the Senate Committee on Agriculture, the majority of which are Republicans, could not get his own committee to endorse the administration's and his program of flexible supports. His committee voted for extension of 90 per percent supports.

The chairman of the House Committee on Agriculture is CLIFFORD HOPE, of Kansas. A majority of this committee are Republicans. HOPE, one of the foremost authorities on agriculture in Congress, led his committee in an overwhelming vote for extension of 90 percent.

Do the Republicans on these committees believe that Eisenhower was talking about flexible support prices or a free market when he spoke at Kasson, Brookings, Fargo, and other places in this part of the country? Obviously they don't.

Perhaps AIKEN has been led to believe that Eisenhower was promising what he, as President, is now attempting to force through Congress when he spoke at Kasson, Brookings, and Fargo in 1952. If so, he should study the record we have presented. He should take the word of his associates who campaigned for the President in this part of the country. They will tell him that Ike did not promise the Aiken program to the Northwest in 1952. He promised "full parity, with a guaranty in the price supports of 90 percent."

Truly honest men will admit their errors. Will Mr. AIKEN?

The PRESIDENT pro tempore. If there is no further morning business, the Chair lays before the Senate the unfinished business.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. PASTORE. Mr. President, Senate bill 3690 and its companion bill in the House represent the first major revision of the Atomic Energy Act of 1946—the so-called McMahon Act. As such, these bills, if written into law, cannot help but have a major influence upon the future of our atomic energy program, and thereby on the future of our Nation and the world.

In urging the passage of this measure, I do so because I have a deep and solemn conviction that it will increase the contributions which atomic energy can make to the security and well-being of the United States and of the free world.

The Joint Committee on Atomic Energy, which was charged with the responsibility of considering this bill, gave it the most scrupulous kind of study. During the present session of the Congress, the committee has held more than 70 meetings, both in executive and public session, devoted specifically to the question of amending the Atomic Energy Act of 1946. Witnesses from every phase of our society were heard. Many hours were devoted in refining the manifold provisions of the bill. In short, no charge can be made that this bill is the product of hasty action.

I would be the last to claim that the bill now before the Senate is a perfect legislative answer to the ever-changing problems of atomic energy, and surely I would be completely surprised if every Member of this body found himself in agreement with every last word and phrase of the bill which has been commended for your approval.

In fact, I myself have been constrained to enter a dissenting point of view concerning one of the legislative recommendations contained in this bill, and others on the joint committee have also filed their individual views. Yet, the fact that the members of the joint committee have come into accord on the broad features of this proposed legislation is, in my opinion, its greatest compliment.

Throughout the entire deliberations on this bill, the members of the joint committee have demonstrated an exemplary spirit of nonpartisanship—the kind of nonpartisanship for which the committee has striven from its very outset.

The fact, however, that the Senate now has before it a major revision of the McMahon Act should in no sense be taken as reflecting on the wisdom of our original law. Indeed, the Nation owes the late Senator Brien McMahon, one of the greatest statesmen of our time, and sponsor of the organic legislation, a debt of gratitude which it can never fully repay. The legislation which bears his name was superbly adapted to meet the problems of atomic energy which existed at the time when it was written into law, in 1946. That law, however, was written at the very beginning of the atomic age—at a time when it was simply impossible to predict with complete accuracy the subsequent nature of atomic progress, both here and abroad, or the rate at which that progress would take place. It was, therefore, right and prudent that the basic law should point out in its findings and declaration that any legislation will necessarily be subject to revision from time to time.

Eight years ago, our Nation was the sole possessor of atomic weapons. Today, both the British and the Soviet Union have mastered the art of producing fission weapons—so-called ordinary atomic bombs; and the Soviets have also achieved a thermonuclear explosion. When the original law was written, atomic bombs were conceived of as exclusively strategic weapons. Today, we know that atomic bombs can be used tactically, in conjunction with the operations of ground forces.

In fact, today the defense planning of the NATO alliance relies heavily on offsetting the numerical superiority of the Red Army through the tactical weapons now found in our national atomic stockpile.

Eight years ago, the prospect of useful atomic power—power which would be used in lighting cities and turning the wheels of factories—appeared far in the future. There appeared little need for supplementing the atomic power development program of the Commission and its contractors with the resources, manpower, and moneys of private enterprise. Today, however, the goal of useful atomic power is in sight; in all probability, it will be a reality within the next decade. We are now at the point where we can speed up the tempo of peacetime power development by enlisting the help of private industry.

In 1946, we knew of only two nations, besides ourselves, which had large-scale atomic-energy programs—Britain and Canada. Not until the first atomic explosion of 1949 did we truly appreciate the priority which the Kremlin had assigned to atomic energy and the early date at which the Soviet program got underway. Today, almost two dozen nations are vigorously working in the field of atomic energy.

In view of the situation confronting our lawmakers in 1946, it was only prudent to make our atomic-energy program a governmental monopoly, and to subject the control and dissemination of classified atomic information to the strictest possible safeguards. Moreover, prudence still requires that we tread warily in relaxing the provisions of the original law.

The evolution of atomic progress over the last 8 years clearly does not mean, in my opinion, that we should now abandon our controls over sensitive atomic data, or be indiscriminant in the exchange of atomic data or materials with other nations, or permit private participation in atomic development without close governmental supervision. But to my way of thinking, also, changing perspectives in atomic energy now suggest that the time has come to revise our original law, wherever the practical experience of almost a decade has shown that revision would speed desirable developments, both on the peacetime and military sides.

The members of the joint committee have not been alone in believing that a revision of the organic law is now desirable. Earlier in this session, the President submitted to the Congress a series of recommendations for amending the Atomic Energy Act of 1946. Toward the objective of strengthening the defense and economy of the United States and the free world, the President proposed amendments which would permit increased cooperation with our allies in peacetime and military uses of atomic energy, improved procedures for controlling atomic-energy information, and the encouragement of increased private participation in the development of peacetime atomic power here in the United States.

The bill which now is before this body would permit realization of the three objectives outlined in the President's message of February 17 to the Congress. The bill, however, does more than this. It revises the original law in all areas in which 8 years of working and living with the McMahon Act have made the members of the joint committee conclude that revisions would now be desirable.

At this point, let me make one fact plain: Frequently, this measure has been described as an atomic power bill. It has been suggested that the passage or rejection of this bill by the Congress will determine whether useful atomic power—which is not here today, but which will be here some day—will be generated by private utilities or by public-power corporations. In this manner, it has been argued that the fate of this legislation would have a profound bearing on the issue of public power versus private power. I respect the sincerity of those who read the legislation in this fashion. However, I must observe in all honesty

that I believe they misinterpret both the intention and the practical consequence of this bill.

In saying this, I speak as one who believes that the Tennessee Valley Authority, the Rural Electrification Administration, and the great public-power projects in the Pacific Northwest have contributed enormously to the economic well-being of our Nation. If I believed for one moment that the legislation now before the Senate would in any way shut the door on allowing public-power corporations to assume their rightful role in bringing to the American people the future benefits of peacetime atomic power, I would at this very moment be resisting this bill with all the power at my command.

The truth of the matter, however, is that this legislation does not prejudge the question of whether atomic power some day will be generated primarily by privately owned utilities or by public-power corporations. It does not prejudge this question for a simple reason: Useful atomic power, as a commercially attractive proposition, is not here today, nor will it be a reality for another 5 or 10 years. The problem of the here and now is not putting down the ground rules for an atomic power industry. The problem we face today is not that of deciding who will play the primary role in generating and distributing atomic power. Several years from now, we will no doubt face the problem of setting forth an atomic power policy for our Nation—and it will not be a simple problem to decide.

As of 1954, however, the Congress is not confronted with this problem. As of this year, the problem faced by the Congress is entirely different. It is a problem of devising ways and means of encouraging an attack on the scientific and engineering problems which must be solved before power from the atom can be competitive with electricity secured from conventional fuels.

Our problem today consists of deciding what type of legislation will bring about the most efficient, and the most rapid, technological progress over the next several years—so that economic atomic power will become a reality as soon as possible.

Mr. GORE. Mr. President, will the Senator from Rhode Island yield?

Mr. PASTORE. I yield.

Mr. GORE. The able Senator is making a very challenging and provocative address. I find very interesting his statement that the bill does not attempt in any way to prejudge those problems which he says are not now present, but will arise in the future. Some people have thought—I confess I have been one of them—that we should write in preferences now. I appreciate the attention the Senator has given to this subject. I judge from his remarks that he thinks it is not necessary to do so now. Does he think it would be inadvisable to do so now?

Mr. PASTORE. The best way to answer the question of the distinguished Senator from Tennessee is this: We must look at the problem in its entirety. Under the bill there are two distinct phases of licensing procedure. Private industry cannot embark upon this venture until the time comes to apply for a license. One section of the bill provides for research and development. That will be the first phase. We must determine whether or not this venture is to be of practicable use before we reach the second phase, which has to do with the licensing of certain private concerns in the building of reactors once the practicability has been established.

Therefore the Senator will see that we are a long way from deciding who is to distribute this power once we make it competitive with the power which is being generated by conventional fuels. Therefore, all we are concerned with at the present time is not who is to get the power but, Are we to have this power? Unless we take the first step, we shall never get to the second step. The tone of my speech is that we had better take the first step promptly unless we expect to lose the race to the Soviet Union.

Only a short while ago—and I point it out because I think it is most important—we read in the press a release from London to the effect that the Soviet Union has already built a reactor to produce 5,000 kilowatts. Does the Senator realize what this will mean in our relationships with the other peoples of the world, if Soviet Russia can go to those people before we do and say to them, "You have not the oil; you have not the coal; you have not the hydroelectric resources to generate the power you need so desperately to raise the standard of living of your people. We will give it to you. What is that capitalistic nation across the ocean doing for you? We will give you the power."

That is how important it is. This plan dwarfs the Marshall plan. It dwarfs the point 4 program. It is the only living challenge this country has today to prove to the world that we are magnanimous, and that we are willing to help the downtrodden people of the world. It would be the greatest boon to our foreign policy ever imagined by the American people.

Does that answer the Senator's question?

Mr. GORE. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. GORE. I find the Senator's answer eloquent, forceful, and persuasive. I agree with him in his estimate of the importance of this development. I believe he has at least tentatively convinced me that it may not be necessary to write into the act a preference clause, though I should like to explore that question further.

I should like to know the Senator's opinion as to the advisability or inadvisability of doing so. Specifically, would writing into this bill the preferences which permeate the power policy and power laws of the Federal Government in anyway hinder the first step which the Senator says is so necessary? I agree with the Senator's estimate of the necessity and importance of the first step.

Mr. PASTORE. Let me answer the Senator's question in this way. First of all, I do not believe that kind of provision would have the effectiveness the Senator imagines it would. Personally, I would not be opposed to it. However, let me say that I think it would be rather innocuous. We debated it to and fro in committee. Some Members thought it would be a safeguard which would spell out and further the policy, already inaugurated by Congress and the Government as a whole, that certain phases of our economy, because of their very nature, should receive certain preferences. If we were to write such a provision into law, while I believe it would have no real effect, on the other hand, I do not believe it would disturb the act to any considerable extent. Therefore, I have reached the conclusion that if it is to be an element which might drive certain Senators away from this proposed legislation, I would be willing to compromise on that point in order to save the body of the entire bill. If we fail with respect to the body of the bill, I am afraid we will have failed in one of the greatest responsibilities of our time. As I have said before we undertake this program, we must go through the research and development stage.

Of course, some persons envision a stampede. That will not happen. First of all, when we speak about this program, we are speaking in terms of billions of dollars. There will not be too many people, who must answer to their stockholders, who can get into this field by investing large sums of money in the beginning, because it is only a research program, without their running the risk that if it is a losing fight they will lose the money and they will have to answer to their stockholders, because the rates to their customers will have to go up. Have I made myself clear?

In other words, there will be no stampede. Some people seem to be running away with the idea that everyone in the United States will be knocking at our door to participate in the program. It will be an expensive program. It is not possible to produce, in the beginning, atomic energy for power, at a guess, for less than five times what it costs to produce electricity from conventional fuels. Until it is possible to get to the refinement where production is brought down to a competitive level, a great deal of money will have to be invested. It is my opinion that a great many people will want to stand by and wait and see someone else do it before they participate in the program. Everybody likes a sure thing. By no means is this a sure thing.

When I say a sure thing, I mean in terms of time. The time will come when we will be able to get atomic energy from the atom on a competitive basis with electricity being produced from conventional fuels. However, it will not be tomorrow. It will not be next year. It may not be for 5 years. The best estimate I have been able to gather fnom those who have testified before our committee—and by no means were they certain, and gave only a speculation—is at least a dozen years.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. MANSFIELD. I was very much interested in the statement made by the

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distinguished Senator from Rhode Island relative to the announcement in the press a few weeks ago that the Soviet Union had built a 5,000-kilowatt reactor plant. Is it safe to assume that that is a correct statement?

Mr. PASTORE. Does the Senator inquire whether we may assume it is a correct statement?

Mr. MANSFIELD. Yes.

Mr. PASTORE. We have every reason to believe it is a correct statement. As a matter of fact, we have no evidence to prove that it is not a correct statement.

Mr. MANSFIELD. Very well.

Mr. PASTORE. Until such evidence is forthcoming, we must assume that it is correct. Let me add the reason why I say that. If it is true that the Soviet Union has the answer to the atomic bomb—and we know it has—and if it is true that it has had a thermonuclear explosion—and we know it has—then by what stretch of the imagination can we assume that they have not ventured into the field of producing atomic energy for industrial purposes?

Mr. MANSFIELD. The Senator is anticipating my thought.

The point I wanted to make is this: It would be a false assumption on the part of the American people to think that the Soviet Union does not have scientists who are capable of keeping pace with us in the atomic, hydrogen, and other thermonuclear fields, and perhaps, in certain aspects is not ahead of us in such development. Is that correct?

Mr. PASTORE. That is a possibility. As an American I do not want to concede it, and I hope I shall not have to concede it. However, I wish to say to the distinguished Senator from Montana that unless we get underway with this proposed legislation, precisely what the Senator has suggested is very apt to happen, if it has not already happened.

Mr. MANSFIELD. I wish to say further to the Senator from Rhode Island that the possible use of the Russian reactor plant and its future development in winning the minds and hearts of the people living in underdeveloped areas of the world, especially in those areas where the people do not have access to hydroelectric development for industrial and security purposes, is a very important factor. I certainly hope that in that particular line of endeavor we will do everything we possibly can to seek the same objective and to use it for the purpose for which the Senator from Rhode Island has so succinctly pointed out.

Mr. PASTORE. I thank the Senator from Montana. I appreciate his contribution to this discussion. It is a very important matter, and nothing during this session that will come before us will weigh heavier on what our destinies may be than the measure we are discussing today. It is almost a crying shame that while we are discussing this bill only a corporal's guard of Senators are in the Chamber. It is true that most Senators will read in the RECORD what we say, but I dare say that we could take every piece of legislation we have discussed in the Senate since January and put it into one basket, and take this proposed legislation and put it into another basket, and by far this measure would outweigh anything we have considered or done in the Senate this year.

Mr. GORE. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. GORE. I concur completely in the Senator's statement.

If the Senator will yield for that purpose, I shall suggest the absence of a quorum, and insist upon a live quorum before the Senator proceeds.

Mr. President, I ask unanimous consent that the Senator from Rhode Island may yield so that I may suggest the absence of a quorum, without his losing his right to the floor.

Mr. PASTORE. I yield for that purpose, provided I do not lose the floor.

Mr. GORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Is there objection? The Chair hears none, and the Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SCHOEPPEL. Mr. President, will the Senator from Rhode Island yield?

Mr. PASTORE. Without losing my right to the floor, I yield.

Mr. SCHOEPPEL. Mr. President, I have been very much interested in the measure which is before the Senate, and I am interested in the debate and discussion by the distinguished Senator from Rhode Island who is now holding the floor. I know the Senator regrets that at this early hour in the morning this Chamber is not filled, and I, too, regret it, but I am sure the Senator will agree, in view of the fact that many Members of the Senate who are absent are not privileged to serve on this most important committee of which the Senator is a member, that they place reliance, on the judgment and good faith of Senators who serve on the committee. Many Members who are absent from the Senate, are on other committees or are in conferences. I am sure the Senator appreciates that fact and does not mean, by the statement which he made a while ago, that there is not a corporal's guard present, to indicate a complete lack of interest. It is unfortunate that there are not more Senators present. I ask the Senator if it is not true that many Senators are necessarily generally engaged in other activities, but they have trust and confidence in Senators who are serving on the important committee which reported this bill, one of whom is the Senator from Rhode Island?

Mr. PASTORE. The Senator is correct. All I am trying to do is to emphasize in the best way I can the importance of the measure which is before the Senate today. I know there are many justifiable reasons which compel a Senator to be absent from his seat. The only point I desire to make, and I make it as emphatically as I can, is that no measure has come before the Senate which is more important than is the pending bill.

To continue, Mr. President, the question we face today is this: How shall we develop atomic power most expeditiously? By having the Atomic Energy Commission and its contractors made solely responsible for this task, as they are today? Or, on the other hand, will we now achieve greater progress if our governmental development effort is supplemented by efforts on the part of private industry, using private funds?

I would be the first to express my admiration for the job the Atomic Energy Commission and its contractors have already done in the field of power reactors. Of necessity, however, the Commission has been forced to give top priority to military applications of the atom. The day when we can let up in the military field is not yet in sight. As a result, the resources of the Atomic Energy Commission—resources measured not only in money but, more important, in manpower and skills—are now simply inadequate, standing by themselves, to press the development of peacetime power with the priority it deserves.

If we are now to explore every fruitful approach to cheap atomic power, we must have a team effort—an effort involving both governmental and private work on atomic development. This legislation would not end our governmental efforts in this respect. It would simply supplement this effort with such help as can be garnered from the skills, the know-how, and the competitive drives of private industry.

It has been argued—with complete sincerity, I am sure—that permitting private participation in atomic-power development, along the lines envisaged in this bill, might pave the way for an "atomic giveaway." It has been suggested that, if the bill becomes law, private enterprise might be able to capitalize unfairly on the $12 billion investment which the American people have so far made in atomic energy. Were this the case, I would now find myself compelled to urge the Senate to reject the proposed legislation.

The complete facts, however, are quite otherwise. S. 3690 does not invite private industry to share in the development of atomic power in return for windfall profits. Instead, it invites private industry to assume a share of the responsibility for atomic-power development during a period when the chances for large profits are small—during a period when risks are great, a period in which modest returns, or no returns at all, on money invested constitute the most likely prospect.

It is true that our national atomic enterprise represents a $12 billion public investment. However, by far the largest portion of this money has gone toward construction of plants producing atomic weapons and weapons material. Far less than $1 billion has been spent, or is now authorized, for projects related to atomic-power development. In addition, it appears that we will have to spend at least another billion dollars for research and development purposes before we can achieve reactors capable of competing widely with conventionally derived electricity.

Mr. GORE. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. GORE. I wish to dissociate myself from those who have made the extravagant charges to which the able Senator from Rhode Island has referred. I wonder if certain vested interests in the development would not follow. I wonder whether the Senator thinks that research development would in any way be impaired, and whether the development of peacetime uses of atomic energy would in any way be impeded, if certain safeguards in the public interest should be written into the bill.

Mr. PASTORE. The Senator from Tennessee has hit upon the crux of the whole problem. It is necessary to have proper safeguards in the bill in order to avoid monopoly, in order to avoid a violation of the antitrust laws; in order to avoid the possibility of exclusiveness on the part of a few. I shall cover that point in my speech as I proceed.

I rejoiced in being able to make this analogy: This is no more a giveaway on the part of the Government to private industry than there was a giveaway on the part of Benjamin Franklin to Thomas Edison. Benjamin Franklin, in 1752, discovered the relationship between lightning and electricity. But not until 1879 did Thomas Edison put electricity into a glass bottle and say to mankind, "Now you have light." That is the challenge of cur day. There is a long road to travel between the start of the program under the bill and the day when a uranium slug can be put into a machine and it can be said "Now we have power as cheap as it can be made with coal or with oil."

Have I answered the Senator's question?

Mr. GORE. The able Senator from Rhode Island has provided eloquent and provocative answers to the several questions I have propounded to him. I wish to submit one further question, if I may. Will the Senator yield for that purpose?

Mr. PASTORE. I yield.

Mr. GORE. I agree with the answers which the Senator has given, but the answers have not yet removed from my mind the question whether it is necessary or is not necessary, whether it is advisable or inadvisable, to place certain additional safeguards in the bill for the public interest, and to have public bodies recognize, as the able Senator has pointed out, that though the major part of our expenditures in the atomic field have not been upon peacetime developments, yet a very large sum has been expended, and larger sums of public money will be expended, upon basic research and upon development and promotion.

It seems to me that the atom, with the uses of the atom which have been developed almost entirely by public funds, is as much a resource owned by all the people of the country as is the power of the flowing streams.

Mr. PASTORE. The Senator from Tennessee is precisely correct. I do not question the fact that the $12 billion invested by the people of the United States in the revelation of the power of the atom is public property, belonging to every single taxpayer of this great Nation. I do not dispute that for one moment. I do not dispute the fact that the Government itself, for a long time to come, will have to remain in this field. That is a good position. I do not even dispute the fact that it is necessary to have proper safeguards. I think they have been provided in the proposed legislation.

But, as I have already said, this is a voluminous measure. It deals with a very complex, intricate, and delicate problem. If it needs further refinement, this is the place to do it. But to hang onto a weak spot, to destroy the whole virtue of the Atomic Energy Act, would be, to me, foolish and disastrous, so far as the future destiny of this great Nation is concerned.

Mr. GORE. Mr. President, will the Senator further yield?

Mr. PASTORE. I yield.

Mr. GORE. It does not appear that there is any wide gulf between the views of the junior Senator from Rhode Island and those of the junior Senator from Tennessee. We seem to be seeing the matter on a rather parallel basis. But there is yet one element of question in my mind, and it is this, if I may state it perhaps somewhat awkwardly: Over a period of years of development, there comes to be a know-how, which I think the industries who make their own expenditures are entitled to have. But it should be remembered also that, basically, private industry will be using a resource owned and developed by the people of the United States. I would not deny to private industry the opportunity to share in this development; but neither would I deny to the United States of America, to the people of America, the opportunity of utilizing the benefits of the skills, the devotion, and the energy of private industry. I do not wish in any way to exclude; I wish to encourage. I join with the Senator from Rhode Island in that view.

But, realizing the value of the first start, the value of the initiative and the vested interests which develop from such research, I wonder if more safeguards should not be thrown around this natural resource for the benefit of those who do not have vast funds or research organizations, as we enter upon the threshhold of the unknown and glorious future.

Mr. PASTORE. The Senator from Tennessee is precisely correct. Let me remind him that it would be foolish for us to assume that in the beginning small corporations could get into the research and development field, because it is a highly expensive field. True enough, now that the Federal Government will have opened the door to all to participate in the program, legislation now proposed shall be enacted into law, we must be very careful not to allow a handful of people who have been in the program from the beginning to use the liberty, the privilege, and the opportunity afforded them as a license to shut out all others from participating in the program through the medium of exclusiveness. I think the provisions of the bill take care of that particular premise. In that respect, possibly the bill does not go as far as I should like to have it go, but we have heard from many. We have heard from all phases of our society, from persons who understand the problem. Many of them thought we should not go as far as we have gone, because we might destroy initiative on the part of those who had the possibility of participating. But that has not happened. The program as we have submitted it to the Senate, in my humble opinion, is a reasonable one. It embraces adequate safeguards. It promotes the equality of opportunity for participation in the program. Adequate safeguards are provided as against antitrust proceedings and monopoly proceedings. I think there has been made adequate provision for the protection even of patent and licensing rights. I think all those safeguards are contained in the bill.

Now, if in the good judgment of this legislative body it is felt those safeguards should be strengthened, I think there will be found a friendly ear on the part of many of the members of the joint committee, especially the Senator from Rhode Island. I agree with everything the Senator from Tennessee has said to the effect that there would not be the opportunity which exists today if the American people had not invested $12 billion in the project in the beginning. But let us not fool ourselves. The project we are talking about is not like anything that has preceded it; it is a completely new field. It has its fundamental basis and premise in the work the Government has already done, but the field which is before us has to be explored completely. We must consider some of the problems being presented, or we may find ourselves taking a risk, which I may summarize.

Let us assume for a moment that the $12 billion which was invested by the people of the United States belongs to the people, that we should not turn the development over to private enterprise at this time, that the United States Government should remain in the field. So next year the $12 billion becomes $13 billion. In 1956 the $13 billion becomes $14 billion. In 1957 the $14 billion becomes $15 billion. In the meantime we will be producing reactors. Are we going to give the investment away when it has become $16 billion, or allow individuals and firms to come into the field when the investment is only $12 billion? That is the question before the American people. Is the American Government going to maintain a monopoly in this field forever? When is private industry going to come into the field? Are we to permit that now, when the investment of the people is $12 billion, or will we do it when the field is old, and when many more billions of dollars of investment have been made by the American taxpayers? Should the enterprise then be given away? It is an unfortunate choice which we have to make. Are we to follow the argument of those who say that here is a $12 billion investment, that it belongs to the American people, and we cannot give it away? But unless we assume the American Government is going to be engaged in the monopoly forever, the time to make the decision will have to come, and I say the time is now, July 15, 1954.

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Mr. GORE. Mr. President, will the Senator yield?

Mr. PASTORE. I yield to the Senator from Tennessee.

Mr. GORE. I concur in the able Senator's statement that now is the time to act. I do not concede, however, that we are giving away anything. I understood we propose to enact legislation which would authorize the Atomic Energy Commission to license and control the use of this resource which belongs to the American people. I believe the Senator from Rhode Island will agree that is correct.

Mr. PASTORE. That is precisely in the bill.

Mr. GORE. I am heartened by the assurance the Senator gives. In fact, I am always heartened when I find I am on the same side of a question with the Senator from Rhode Island, because I have great faith in and respect for his judgment. I am heartened by his assurance that small business in the United States is given adequate protection in the proposed legislation—small business of the country which does not have the resources necessary to engage in atomic power research, which does not have the financial capacity to build up a vested interest in the use of our nuclear natural resources. I am not sure the safeguards are sufficient in that regard, but if the Senator from Rhode Island thinks they are, that impels me to look again.

I should like to have the Senator from Rhode Island go one step further and indicate to the Senate whether he thinks the safeguards are sufficient to insure that the municipal power systems, the rural electric cooperative systems, and the public power systems, will likewise have the benefits of the future development of the power to be generated from this source.

Mr. PASTORE. I cannot quote the law verbatim, and must rely on my recollection, but the law specifically provides that the field of power development is open to private and public enterprise. In other words, it does not preclude municipalities which are manufacturing electricity. It does not preclude public power projects. It does not preclude anyone. It opens the door to all on an equal basis and says, "Come and get it. Qualify under the standards of this legislation. Give a certification which will afford to the Nation proper protection. If you do all that, then we will license you to get into the field." No one is precluded.

Mr. GORE. I am not sure that leaving the door open to all is adequate protection when the steps to the door are so high and so difficult to negotiate that only a few can climb to the doorway. Proper safeguards may not be provided. Here is a resource owned by all the people. Small private and public institutions and bodies should have more protection than merely that of keeping the door open.

Mr. PASTORE. The only phase of the argument made by the distinguished Senator from Tennessee with which I disagree is that the restriction, if there is any, is not found in the restrictive features of the bill. The only restriction is with regard to the choice of the individual who has to make the choice. In other words, if a company feels that it does not have the money to invest in order to participate in the program, there is nothing we can do about it. We cannot take it by the nape of the neck and make it enter this field. But we have not placed any roadblocks in the bill. We have simplified the procedure as best we can. We have not shown preferences.

On the other hand, there are no prejudices; there are no discriminations; all can participate. The choice will have to be made by the person who expects to participate. The only restrictions are imposed by himself; the restrictions are not in the law. The law encourages participation, but whether or not a person will yield to the encouragement and accept the invitation will depend upon his own resources and his own willingness to take part in the program. Do I make myself plain?

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Rhode Island yield?

Mr. PASTORE. I yield to the Senator from Colorado.

Mr. JOHNSON of Colorado. I have been interested in the statement being made by the Senator from Rhode Island. Like the Senator from Tennessee, I have the utmost confidence in him. I always feel safer, too, when I am on his side.

In reporting the bill, the Senator from Rhode Island will recall that, as one of the members of the joint committee, I held reservations on the power problem. My reservations deal specifically and implicitly with the points raised in the questions which the Senator from Tennessee has asked. We know that a county or a city might build a plant in competition with private enterprise, but is there any reservation in the authority which is given to private power companies that they shall in any way or in any degree give any preference to municipalities, REA's, and other public users of power in the purchase of power from them when they construct a plant?

Mr. PASTORE. No; in the bill it is not reduced to specific terms, for the reason that in the bill what we are dealing with primarly is the fuel by means of which we expect to have heat generated, with the heat to be used to turn the turbines and the generators. Therefore, insofar as the distribution element is concerned, that is already covered in the law and is already controlled.

Mr. JOHNSON of Colorado. In what way?

Mr. PASTORE. Under existing law. If under existing law a preference is to be given—for instance, if the power is to be given first to the REA's or to municipalities—the bill does not make any change. In this case we are dealing with the fuel to generate the power, but once the power is generated, the present policy of the United States Government will still apply. In this respect, the bill is dealing with the heat to turn the generators which will be used to make the electricity.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Rhode Island yield further to me?

Mr. PASTORE. I yield.

Mr. JOHNSON of Colorado. In the field of reclamation, we talk about hydraulic power, and in the reclamation laws we have a reservation which gives preference to public utilities, communities, and REA's, in connection with obtaining power.

But by means of this measure we propose to turn over to private power companies the right and opportunity to build powerplants, and the bill does not contain a reservation of any sort regarding service to the communities or the REA's or any other public users of power.

Mr. PASTORE. Let me say to the distinguished Senator from Colorado that if I thought for a moment that the fear he now entertains might result in causing him to vote against the bill, it would be easy for me to yield by way of compromise, and I would be perfectly willing to have such a provision written into the bill. However, I have been pointing out that I do not think the matter is as important as the distinguished Senator from Colorado regards it, because we are talking about research and development and the perfection of a reactor to the point that, one day, atomic energy can be used as a fuel, to compete with conventional fuels.

If the Senator from Colorado feels that such an added protection can properly be included in the bill, and if he believes that such a change will better carry out the spirit of the law already enacted by Congress, I shall not object; and I feel that the other members of the committee will yield on that point, because—speaking for myself—I think no harm would be done by making such an addition to the bill.

Mr. JOHNSON of Colorado. I feel that such a reservation should be included somewhere in the bill, so as to protect the public users of power. I do not know how the provision can be written, but I retained a reservation on that point in connection with reporting the bill. I admit that I have not done my full duty by way of offering a provision designed to accomplish what I am discussing.

Mr. PASTORE. That is precisely the point. We talked about it in the committee; but it was hard to write such a provision, for the simple reason that the matter was not related to us in the way that the Senator from Colorado has presented it today.

Of course, what we are interested in is getting into the research and development stage, in order to permit licensing for the building of reactors. Let me point out that there are two stages. First of all, we must get into research and development, which is a new field. That work has to be done in order to establish the practicability of the use of atomic energy for the generation of power. That is the first stage. Once that is done, licenses to build reactors must be issued.

If the Senator from Colorado feels the bill should contain a provision that, everything else being equal, the issuance of licenses for the construction of reactors, should they become limited—because that is the only point about which we might have a fear—should be on a basis of giving a preference to the sec-

tions of the country that are subject to the situation which has been explained by the Senator from Colorado, so that they would have a preference over other sections of the country, then I shall be willing to agree that he has made a reasonable suggestion, because we have already written into the law a preference to the effect that, where everything else is equal, the Commission, in the granting of the licenses, shall give consideration to the areas of the country where the costs of electric power are high.

Do I make myself clear?

Mr. JOHNSON of Colorado. Yes; the Senator from Rhode Island makes himself very clear. But I still have a feeling that there should be somewhere in the bill a preference reservation, by means of which the Commission perhaps should be directed to see to it that communities and organizations such as REA's are not foreclosed, but are given preference. I think the bill might be amended by means of providing a direction to the Commission on that point.

I must admit that I am not certain how such a provision should be worded; but I feel very strongly that such a direction should be given.

Mr. PASTORE. In reply, Mr. President, let me say that the Senator from Colorado has a valid point, that has been raised before; he is not alone in that point of view, for there are many others who have argued in the way he has. The committee went all over that subject, and finally decided that the question was not so important as the Senator from Colorado regards it.

However, if the Senator from Colorado feels that the law should be amended in that respect, I state again that, although I see no great advantage to be gained by the inclusion of such a provision in this bill, I still see no harm in placing it in the bill.

In conclusion, Mr. President, let me say that if passage of the bill depends on the inclusion of such a provision, I would concede on that point.

Mr. DOUGLAS. Mr. President, will the Senator from Rhode Island yield to me?

Mr. PASTORE. I yield.

Mr. DOUGLAS. Will the Senator from Rhode Island please turn to page 15 of the report which is now before us? I invite his attention to the last sentence before chapter 6, at the top of the page—which, for the sake of the RECORD, I shall now read, beginning in line 4:

> This section will permit the Commission to dispose of that utilizable energy it produces in the course of its own operations, but does not permit the Commission to enter the power-producing business without further congressional authorization to construct or operate such commercial facilities.

I presume that sentence refers to uranium and plutonium. As I understand from the report and from the text of the bill, under the present act the Commission has the power to produce uranium and plutonium and then to release them to private users. However, this measure does not give the Commission the power to use uranium and plutonium itself, for the direct production of power.

Does the Senator from Rhode Island think that is a wise limitation; or does he believe that in the bill specific authorization should be granted for the Commission to produce uranium and plutonium—recognizing always that Congress, through its power to appropriate, will be able to control the degree to which the Commission actually produces them?

In other words, why should not the bill contain such an authorization, but also provide control, through the appropriative process, over the degree to which the Commission may exercise the power?

I am very frank to say that I do not want to see the Government develop all the power which could be generated from uranium and plutonium. I should like to see the major portion of such power developed by private industry, but I would not want at this time to foreclose the Government from the authority to generate power from uranium and plutonium.

Mr. PASTORE. Let me say to the distinguished Senator, first, that the sentence which he has read has no bearing on our continuation of the TVA.

Mr. DOUGLAS. I recognize that. This is a basic and fundamental question, which has nothing to do with TVA.

Mr. PASTORE. I cannot answer the Senator in two words. If he will allow me an opportunity to answer——

Mr. DOUGLAS. I have never said that it did refer to TVA.

Mr. PASTORE. First, all title to such material, because of its special nature, must remain in the Government. Certain private industries which come in under the licensing phase of the act will be permitted to use the materials for a fee, except, perhaps, in the case of medical research, in which possibly the use will be free. Also, in the case of a university, there might be no fee. That would be discretionary with the Commission. This is a limitation not on the United States Government but on the Commission. I think the Senator will agree with me that we do not want anything in the act to be construed as meaning that we are putting the Commission itself into the electric-light business or the power-generating business. If we had not put this provision into the bill we would not have had the debate on the Dixon-Yates contract which took place yesterday. We are trying to avoid that. We are trying to keep the Federal Government out of the power-producing business.

In certain localities where current is sold under the supervision of State agencies, we want to continue such supervision by those agencies, but we admit that in the manufacture of this special material certain electric power may be generated in Commission establishments. We say that it may sell such power, but we do not desire to create the impression that we want to put the Commission into the business of manufacting power. If we ever come to the time when it may be desirable to allow the United States Government to build a plant to generate current, that question, of course, will have to be decided by Congress.

Mr. DOUGLAS. Mr. President, will the Senator further yield?

Mr. PASTORE. I yield.

Mr. DOUGLAS. Will the Senator from Rhode Island answer this further question: Is it not true that the capital which will be required to utilize these materials in order to develop power will be so great that in practice the leasing authority which is granted by the Atomic Energy Commission will amount to a local monopoly? Therefore, what will happen will be that the Atomic Energy Commission will be farming out to local monopolies the development of power from these materials. Let the record be perfectly clear. I am not opposed to the Federal Government leasing this energy to private groups, but why should the Commission be foreclosed from developing this power itself?

It seems to me that when the Senator from Rhode Island says that the bill merely forecloses the Commission, but does not foreclose the Government, he is indulging in some very able word juggling, because when we close the door to the Commission, in most parts of the country we are closing the door to the Government.

Mr. PASTORE. There is a distinction, and I hope I can make it clear to the Senator. In this bill what we are concerned with is the development and research which are involved, so that one day we can reach the point of building a reactor for the production of current. The bill would not preclude the Government from that activity.

The Senator is talking about the sale of electricity. The bill has nothing to do with the sale of electricity. The bill has nothing to do with electricity, or its distribution. The bill deals with the research and development phase, which will lead one day to the establishment of practicability. Once that is established, then we reach the stage of licensing for the purpose of building a reactor. The Government can do all that. The Government can do everything that industry is given authority to do under the bill. The point which has been raised by the Senator—and I wish to emphasize it because I think it is important—is this: He has gone a step further. He says, "After reactors have been built, after they become conventional, after their use becomes widespread, then what? How about the electricity which will have to be sold to the consuming public?"

When we reach that stage, we shall have to decide the question. That is not the problem at the moment.

Mr. DOUGLAS. Mr. President, will the Senator further yield?

Mr. PASTORE. I yield.

Mr. DOUGLAS. It is extremely important to understand what we are doing now. What I am afraid the bill does, according to the report of the majority, and as I read the text, is to close the door to the Government. Evidently some doubt arose in the mind of the Senator from Mexico [Mr. ANDERSON], judging from the very able speech he delivered yesterday. In the absence of future legislation, the only recourse that will be open to the Atomic Energy Commission will be to lease these materials—I assume

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they are plutonium and uranium—to private industry.

I repeat that I am not opposed to the leasing of such materials to private industry, but I do not want to see the door closed against their use by the Federal Government.

Congress, through its power of appropriation to the Atomic Energy Commission, can at any time either approve or disapprove of a particular project for this purpose. Why should the authorization be shut off in the fundamental legislation? We can control the actual application at a later date, either through appropriation or the failure to appropriate.

Mr. PASTORE. That is exactly so; and the bill is clear in that respect. All we are saying to the Commission in the bill is, "When you are ready to build a powerplant for the production of electric current in competition with private and public utilities, you must come to the Congress and state your case. We must pass upon the question, and when we come to pass upon it we shall decide whether or not you should do it."

But we do not want anything in this program to be construed as a license from the Congress to the Commission to go ahead and build all the powerplants it wishes, all over the country, to the exclusion of such action by others.

Mr. DOUGLAS. Mr. President, will the Senator further yield?

Mr. PASTORE. I yield.

Mr. DOUGLAS. No one is proposing that. No one is proposing that the Commission be given a "hunting license" without any restrictions. As the Senator from Rhode Island knows, there are two hurdles to take. The first is the authorization. The second is the appropriation. The language of the authorization bill is such that, in the opinion of the majority of the joint committee, it would not permit the Commission to enter the power-producing business.

Mr. PASTORE. Except for the power which is necessary for its own operations. That is important.

Mr. DOUGLAS. It would not permit the development of electrical power for industrial or commercial use. This energy must be leased to private holders, or perhaps to one or two regions of the country where there are regional public power authorities. In other portions of the country, the bill would not permit any alternative or any experimentation. Take the region from which the Senator from Rhode Islands comes, the New England States. I believe they have the highest regional power rates in the Nation, rates which have held back the industrial development of that area. Under the terms of the pending bill it would not be possible for the Atomic Energy Commission to establish a pilot plant for the distribution of power in that region.

Mr. PASTORE. A pilot plant in order to prove the effectiveness and practicability of a reactor could be built, but the Commission could not build a power plant anywhere in the country to compete with already established public utility companies. We say, "When you get into that, you get into the basic philosophy of whether the Government will be in the electrical business, or whether private enterprise will conduct it. At that time you will have to come back to Congress."

Mr. DOUGLAS. They must always come back to Congress in conection with appropriation bills. The battle for the TVA was not fought only when the TVA Act was passed. It is being fought every year, when it is a question of whether a dam shall be built or whether a steam plant shall be built. At such times Congress exercises continuing control as to the degree to which TVA shall be permitted to operate. Therefore, there is some advantage in having fundamental language written into the law on that point.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. ANDERSON. I ask the Senator whether he does not agree with me that the bill does not permit the Atomic Energy Commission to generate electric energy as such for even its own operations, except in a pilot plant. Would the Senator not agree that if at Oak Ridge, for example, the Atomic Energy Commission required additional current for its gaseous diffusion plant, it could not take plutonium or uranium, or anything else, and generate current, except as a byproduct? In other words, it cannot set up a plant to generate current as current; it can only produce it as a byproduct. Is that correct?

Mr. PASTORE. That is correct.

Mr. ANDERSON. I do not say that is bad; it does bother me, however.

Mr. PASTORE. We are getting down to the philosophy of the subject. It is natural that people should disagree. I myself am not very steadfast in my views on this point, but I believe that, this field being of such tremendous size, we must somehow encourage the Government to remain in it, in order to help certain phases of our society that cannot be left to depend solely on public utilities. However, the fact still remains that that is not the question before us now.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. DOUGLAS. Let us keep the door open so that the question can be settled in the future without throwing several hurdles in the way.

Mr. PASTORE. I am afraid that if we were to write that kind of provision in the act—and I can see the import and power of the argument made by the distinguished Senator from Illinois—we would not meet the situation. We did not want to create such a situation that the Commissioners could branch off and start getting into the electrical business. We did not want them to do that. If at any time they thought they would like to do it, we wanted them to come back to Congress for permission.

Mr. DOUGLAS. I do not believe the present Commissioners will branch off and get into the power generation field. We can always control them in that regard. The Senator seems to have some doubt in his mind. I wonder whether he would not come a little closer and agree that this language should be changed.

Mr. PASTORE. The Senator from Illinois has a way of twisting words. I have no doubt on the subject. I am merely giving the Senator from Illinois the benefit of the power of the argument he makes. Certainly there is no doubt in my mind. I am saying the Senator is making a good argument, but I am still not convinced by it.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. HICKENLOOPER. I suggest that the Senator from Illinois is approaching the matter from a collateral road. The Department of Agriculture spends millions of dollars in developing new fertilizers and new kinds of materials for the benefit of the farmers of America. By the same token, the fact that it does extend these governmental services does not mean that the Department of Agriculture will go into the sale of commercial fertilizers. The Bureau of Standards every year tests hundreds of electrical and scientific devices, and carries on extensive experimentation in scientific fields. There is nothing in the law which permits the Bureau of Standards or the Government, through the Bureau of Standards, to enter the manufacturing field.

What is confusing here is that which is not quite understood. It is that if it were not for the weapons end of atomic energy, and if it were not for the necessity that this country do as much as it can to safeguard against the use of atomic weapons in the world, or to protect the peace of the world through the weapons end of this undertaking, the whole atomic field would be thrown wide open to the genius and competition of the American people.

It is the weapons end which justifies, at least in my mind, the maintenance of monopolistic control on the part of the Government as to what will be done with the source material and with the generating capacity which comes from atomic energy. There is the point of confusion.

The Government did not go into the field of atomic energy for the purpose of producing power, or anything else. It went into it for the purpose of developing weapons; and in that connection great scientific fields were opened up for exploration.

It was the purpose of the original act, as is stated in it, that atomic energy ultimately should be used to foster competition in the private enterprise system. That is what we are trying to do now.

We are only using the licensing device, for licensing the source materials, and collecting a fee for its use, because we have believed consistently that control over the source materials which are usable in the production of weapons of destruction, and the utility and dissipation of those source materials, must, in the interest of world peace and our own security, be held closely within the Government; and we use the Atomic Energy Commission as the device for holding it. We are trying to find a way to open up that field to free competition. We are trying our best to do that. The only way we know of at the present time, while safeguarding the weapons end, is to use the licensing device; and we have

made it clear repeatedly and consistently that the atomic energy program does not contemplate putting the Federal Government, at least at this time, into the production of competitive commercial power.

We want to give the American system a chance to show what it can do in that regard. If, as, and when Congress ever believes it is desirable for the American Government, through the Commission or otherwise, to enter the field of production of commercially competitive power, Congress should have the right to authorize it.

The Senator from Illinois referred in his opening remarks to this provision in the bill. All it says is that in connection with experimentation and research and development, which is a part of the job of the Commission, in the interest of national safety, if the reactors produce power as an incident to their major purpose, namely, of safeguarding the national security, and if that power is salable, there is no use letting it run down the drain or letting it go up in the air, or wasting it otherwise, and the Commission is authorized to sell such incidental, byproduct power.

However, we make it clear that we do not, by this section, intend to open up atomic energy as a commercial competitor in the field of electricity through this development.

Mr. PASTORE. In addition to what the distinguished Senator from Iowa has stated, it is a fact that by far the largest portion of the source material which we use must be imported from other countries of the world.

Mr. HICKENLOOPER. It is essential as the Senator from Rhode Island knows because we discused it many times, that the Federal Government, in the interest of national security—not in the interest of the production of commercial power—through, its duly authorized agency, the Atomic Energy Commission, shall have control and keep hold of this material at all times, at least for the reasonable foreseeable future, so that it can command it when the national interest dictates. That is the only reason for the licensing device and the only reason for the Government monopoly, namely, national security. Otherwise, I am sure the whole purpose of the act has been to turn this great discovery and development over to American enterprise, to the genius of the competitive system, and to the stimulus afforded by private industry. However, national security is still the overridding and controlling interest.

Mr. ANDERSON and Mr. KEFAUVER addressed the Chair.

Mr. PASTORE. I yield first to the Senator from New Mexico; then I shall yield to the Senator from Tennessee.

Mr. ANDERSON. I appreciate the courtesy of the Senator from Rhode Island. I desire to assure him that I am very much interested in what he is saying, and I should like to say that he has spent a great deal more time on this bill and in the hearings than I was able to spend. I congratulate him upon his fidelity to the work of the committee.

I wish he would permit me to insert in the RECORD at this point, because it has some bearing on the discussion, I believe, a statement by the chairman of the Atomic Energy Commission made in the course of the hearings, which appears on page 596 and goes to the end of the first paragraph on page 597. In that statement Chairman Strauss mentions the very section of the bill which we are discussing, and describes its purpose in terms similar to those expressed by the Senator from Iowa.

Mr. President, I ask unanimous consent to insert in the RECORD at this point, the statement to which I have referred.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

A significant feature of the bill is its assurance that once the practical value of any type of power reactor or related activity has been demonstrated, any qualified person may apply for and receive a license to engage in that use, subject, of course, to the overriding considerations of safety, security, and the availability of fissionable material.

Now I should like to emphasize the fact that under the bill the Commission will not be in the business of selling atomic power, except by product power resulting from its production and research and development activities. This byproduct power will be interruptible power, at least in the early days of any project; it will be high in cost; and it will be comparatively small in amount.

Further, the Commission will not be impinging on the regulatory authority of other agencies over utility company operations. The bill makes it clear that the regulatory authority, including the rate-making authority, of Federal, State, and local agencies over generation, sale, and distribution of electric energy by utility companies is not intended to be affected by the bill or by the fact that the energy may be derived from nuclear rather than conventional sources.

This means as a practical matter that utilities seeking Commission licenses for the construction or operation of reactors will have to assure themselves that their proposals concerning distribution of the power, their financing, and their rate structure meet the requirements and standards of the regulating agencies.

This is as it should be. The Commission has no special competence in the field of electric energy distribution and seeks no responsibility in that field. Its functions should be limited, as the bill contemplates, to those areas in which the Commission does have special competence or responsibility. These areas include the review of design criteria, the supervision of construction, and decisions on the technical qualifications of applicants to operate nuclear plants, on health and safety standards, and on security safeguards.

Finally, as we understand it, the bill makes no distinction between the rights of private groups and the rights of public groups to participate in the development of peacetime industrial applications of atomic energy and to own and operate atomic energy facilities.

Mr. ANDERSON. Finally, I may say to the Senator from Rhode Island that, while I agree that that is the purpose of the bill, and while I said on yesterday I was afraid it barred the development of electric energy as electric energy, I am not quite sure I want to do that completely at this time. For example, the reactor to which reference has been made would generate approximately 60,000 kilowatts. It was announced this morning that the North American Aviation Co. would generate a very small amount of electric energy and would expend approximately $10 million. We shall never have a test as to whether electric energy derived from atomic power is cheap and usable until we spend $200 million in continuing experiments. The private companies cannot do that.

I was very happy to hear the statement made by the able Senator from Iowa yesterday with reference to this point, but I think we ought finally to try to place in the bill a provision that if the Atomic Energy Commission should decide to attempt a large-scale plant which would generate electric energy solely for the purpose of electric energy and not for the purpose of the development of a particular type of weapon, it could do so, because the spending of $200 million, or whatever the sum might be, might then prove the feasibility of certain types of reactors which the Senator from Illinois has said could easily change the whole economic picture in the New England States. The New England section has been faced with severe competition. Electric energy at low rates would be of tremendous importance to the whole eastern seaboard.

Therefore, while I completely agree with what the Senator from Rhode Island has said about what the bill does, it strikes me that it might be well to leave a loophole somewhere in the bill so that at some later date the Atomic Energy Commission could try to build a reactor for the production of current. A reactor which developed as little as 10,000 kilowatts would not be nearly so efficient, because of the very nature of the material used, as would a reactor which could develop from 250,000 to 500,000 kilowatts. I would not want to bar that possibility. The Atomic Energy Commission would probably have to come to the Congress for an appropriation, and that might be a sufficient entering wedge. I hope we will not tie this down in the bill, but that the provision will be so written that, if some day we wanted to make a large scale experiment as to the commercial value of nuclear energy, we could still do it without doing violence to the act.

I thank the Senator from Rhode Island for permitting me to make that statement.

Mr. PASTORE. I am very glad the Senator has made that statement. Whether what he has suggested should be done at this time I am not prepared to say, because what he has suggested, I think, has to do with a stage of development that really comes after the two procedures spelled out in the bill. I agree with him on the point that we should show our good faith in the future prospects of the whole matter by possibly building a powerplant from A to Z to prove to the rest of the world that it can be done. I think we ought to particularize on that. I do not believe it should be made subject to a loophole in the law; but that we should say in very clear terms that that is our intention. However, it does not seem to me to be a pressing problem at this time. As times goes on it can be done by special legislation. I think it deserves serious consideration.

Mr. MONRONEY. Mr. President, will the Senator from Rhode Island yield?

Mr. PASTORE. I yield.

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Mr. MONRONEY. I have been very much interested in the wonderfully informative discussion which the Senator from Rhode Island has given us from the wealth of his experience on the Joint Committee. I wish he would amplify for me the right which he says exists in the Atomic Energy Commission to build reactors of sufficient size to furnish usable power for their own operations at Oak Ridge or Paducah or other plants. Did I correctly understand the Senator to say that if the time comes when they consider it feasible and practicable they can generate power from the by-products of atomic energy or from the other processes which their engineers learn, and they can then generate power to be used in the creation of additional atomic energy?

Mr. PASTORE. I am sorry if I created that impression. The Senator has reference to section 44 of the bill relating to byproduct energy, which I now read:

> If energy which may be utilized is produced in the production of special nuclear material at production or experimental utilization facilities owned by the United States—

In other words, if it is a byproduct—

> such energy may be used by the Commission, or transferred to other Government agencies, or sold to publicly or privately owned utilities or users at reasonable and nondiscriminatory prices. If the energy produced is electric energy, the price shall be subject to regulation by the appropriate agency, State or Federal, having jurisdiction.

In other words, the small byproduct energy which might result from the manufacture of this special nuclear material.

Mr. MONRONEY. I am somewhat disappointed at the misunderstanding I had of the Senator's statement, because it would seem to me that with this process moving as rapidly as it can possibly move, in the direction of the discovery of new techniques for using byproducts, which may be in the plant itself, in refining uranium and plutonium, the energy might be used to supply a substantial part of the power used by the Commission itself in its own plant to manufacture more atomic energy for a more widely diversified use of it throughout the country.

I agree that we certainly do not want to put the Government in business. We do not want the Atomic Energy Commission to establish competitive plants to serve private customers, but we are dealing with an unknown market, and the progress made in discovery may lead us to the time when it would be foolhardy and almost criminal negligence not to utilize such products as may be found in the plant with which to generate electric energy to be used by the same Commission in the same plant to create additional atomic energy.

Mr. PASTORE. I agree with the Senator completely, and that is precisely what section 44 provides. It says that—

> If energy which may be utilized is produced in the production of special nuclear material at production or experimental utilization facilities owned by the United States, such energy may be used by the Commission.

It says so.

Mr. MONRONEY. But I understood the Senator to say that the plants are going to be very small-sized experimental pilot plants where the generation might be insignificant, and that it is more or less dump power from a small operation. What I am talking about is whether the Atomic Energy Commission, in its development, can supply itself with power, if it finds in the subsequent engineering processes the way to do it, and may thus relieve the strain on other power resources.

Mr. PASTORE. The answer is "Yes," if the power which is generated is a by-product in the manufacture of special nuclear material. But there is nothing in this bill that gives the Commission authority tomorrow, let us say, to go to one of its plants and say, "From now on we will do everything here on our own." The bill does not go that far. There is no authorization which allows the Commission to set up its own powerplant tomorrow. But if it generated power in the production of special nuclear material, it could use the byproducts of such electricity in its own plant, sell it to a Government agency, or, under proper restrictions, sell it to public or private utilities.

Mr. MONRONEY. I thank the Senator.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. JOHNSON of Colorado. I assume the Senator from Rhode Island is more or less familiar with the Colorado plateau, which is an important source of uranium in the United States. It is located in the southwest corner of Colorado, the northwest corner of New Mexico, the northeast corner of Arizona, and the southeast part of Utah. It is called the Colorado plateau. In that region there is a movement by the REA's and by the producers of uranium to build a powerplant, using uranium as fuel, because electricity is needed there, and the electricity which it is now necessary to bring into that area costs a large sum of money, since it has to be transported long distances. So it is said that what should be done is to build an atomic powerplant in that immediate area, which would serve the REA's and the mills, and would enable the necessary refinement for the development of uranium. Under the bill, such a powerplant would be prohibited, would it not?

Mr. PASTORE. It is not that it would be prohibited; that preference is not made.

Mr. JOHNSON of Colorado. No. The bill would take the place of the present law. Under the present law, the Atomic Energy Commission has the authority to build such a powerplant. But under the bill, they are denied that authority.

Mr. PASTORE. Under the present law, the Commission, at the present moment, can only experiment in the building of a reactor or the manufacture of special nuclear material for military purposes. Under the present law the Commission cannot enter upon peacetime pursuits in the atomic energy field, except upon an experimental basis. I do not believe there is anything in the law which allows the Commission to build a powerplant anywhere.

Mr. JOHNSON of Colorado. I am sure there is, because the Commission has built one, and has done so legally. There is no reason why it should not. But under the bill, the Commission would be prohibited from doing that very thing.

All of us are familiar with the fact that, so far, the use of uranium has been probably 99.9 percent for military purposes. That is probably true, but the Commission has recognized and realized that there are great power potentials in uranium. Private power companies have recognized that fact and are anxious to get into that field. The mining and processing of uranium, and everything else connected with uranium, require vast amounts of power. Why should not the Atomic Energy Commission have the authority to build on the Colorado Plateau such a powerplant as I have described? The plateau is isolated; it is arid; it is in the wide-open spaces. The area is a desert, and a powerplant is very urgently needed here. Why should the Commission be prohibited from developing such a plant?

Mr. PASTORE. Because it involves the question of whether the Atomic Energy Commission should be allowed to enter into the electricity business or the power business. That is a fundamental question which must be decided.

The Senator from Colorado says that under the present law the Commission could build such a plant. I refer the Senator to page 44 of the committee report, in the lower left-hand corner of the page, under the title "Byproduct Power."

Mr. JOHNSON of Colorado. I am not talking about byproduct power.

Mr. PASTORE. That is the only section which might conceivably apply. Apart from that, I do not see any other authorization.

Mr. JOHNSON of Colorado. I am saying that under the present law the Commission has complete authority to build such a powerplant as I have described; but under the bill it would not have that authority. Somewhere in the bill that authority is denied.

Mr. GORE. Mr. President, will the Senator yield?

Mr. PASTORE. I yield to the Senator from Tennessee.

Mr. GORE. I have greatly profited by the debate between the able Senator from Rhode Island and his colleagues. At this time I wish to express a reservation as to the foreclosing of authority for the Atomic Energy Commission to enter directly into this field. I point out that the Commission may be able to enter, in an indirect way, if certain precedents are allowed to stand.

The senior Senator from Illinois pointed out that if the Commission should be authorized to enter upon a program of building a power-generating plant Congress always would have control of that program by exercising its control over appropriations.

I wish to point out to the senior Senator from Illinois, and also to the junior Senator from Rhode Island and the junior Senator from New Mexico, that this might be done by contract, over

which, under the bill, Congress would not retain control. There is no provision in the bill requiring the Commission to return to the joint committee or to Congress for surveillance and review of contracts into which it may enter.

A statement was made that the Commission was limited to the building of powerplants in connection with experimentation and development. The vice chairman of the committee thought that was a limitation. Let me turn to page 79 of the bill, and read those same words. I do not wish to provoke the Senator from Rhode Island into a discussion of the proposed Dixon-Yates contract; I only cite this as an instance. Unless Congress is careful, the Commission may do by contract that over which Congress would have no control; whereas if Congress permitted the Commission to build directly, Congress could exercise control through appropriations. By stretching the words, "In connection with the construction or operation of the Oak Ridge, Paducah, and Portsmouth installations," the Commission is now proposing to enter into a contract with a plant wholly unrelated to either of these three specified production facilities. Again, I say I do not wish to provoke the Senator from Rhode Island into a discussion of that question. We had a long discussion yesterday, and shall have another. I merely wish to point out the danger of closing the door on direct operations, over which Congress can exercise control annually, but of leaving the door wide open for contractual obligations, by which we could be bound and committed to subsidy contracts over a long period of years.

I believe that argues persuasively for a provision or an amendment to the bill requiring a report to the joint committee and an exercise of some surveillance by that committee before the Commission enters into subsidy contracts. I wish to point out that particular feature and that danger, and also to express a reservation about the foreclosing of authority of the Commission to proceed in this field under the constant annual control of the Congress.

Mr. PASTORE. The distinguished Senator suggested that he was hesitant or reluctant at this time to engage me in a discussion of the Dixon-Yates contract with reference to section 164, which is identical with section 12 (d) of the present law.

Mr. GORE. Yes.

Mr. PASTORE. Let me say to the distinguished Senator that I have always felt that the Dixon-Yates arrangements were outside the purview of the law and what the intent of Congress was when it enacted section 12 (d) of the law, a provision similar to section 164 of the pending bill. Congress enacted that law last year to implement several existing contracts and other contracts which were being negotiated at that time for power at the atomic-energy establishments. Hearings were held. The report clearly showed that all that was sought to be accomplished was the implementation of those contracts, so that the Commission would have the authority, and no question would be raised on the part of persons who might invest in the public utilities concerned. But it was never intended, by the language used at that time, that Congress would allow the Federal Government to set up, by virtue of a 25-year contract, a public utility company which was not then in being, and which would sell to the TVA, through the AEC, current which was not at all necessary or required under the provisions of that section. As a lawyer I say the contract is a violation of the language and the intent of that section, so I have no qualms about that.

Section 164 is identical with section 12 (d) of the McMahon Act. This provision was passed by the Congress on July 17, 1953. It was enacted in order to guarantee adequate electric-power supplies for the AEC plants at Oak Ridge, Paducah, and Portsmouth. The committee report on the bill at that time stated that the provision was needed to permit AEC to enter into contracts with TVA, Electric Energy, Inc., and the Ohio Valley Electric Co.

From AEC testimony before the Joint Committee on April 28, 1953, it is clear that the only intention in enacting this provision was to provide authorization for AEC to enter into those specific contracts. The provision has made it possible for the Government to avoid an investment in additional power-generating facilities of $1 billion. Instead, a guaranty against unreasonable loss was given to the private companies and to TVA.

All of our atomic-plant investment is predicated on a long-term need for atomic-weapon production. No one seriously expected last year—and no one has seriously proposed this year—that there is a foreseeable likelihood that these atomic plants will be shut down for many, many years to come.

But the fact is that section 12 (d) of the present law, and section 164 of the proposed bill, was intended by the Congress to enable the AEC to enter into three specific contracts. All of these contracts are now in effect. AEC has firm electric power commitments to meet all of its principal needs. None of the suppliers, including TVA, can under any circumstances default on its contractual obligation.

AEC will not lose a day of production anywhere if the Dixon-Yates contract is thrown away. This entire debate has absolutely nothing to do with the AEC, nothing to do with our defense program, and is not remotely related to the intent of the Congress in enacting the statutory provision under which it is proposed that the contract be executed.

This entire discussion is a discredit to all involved in it, the Congress included. If anyone wishes to support or to oppose TVA expansion in the Memphis area, it should be done honestly, openly, and without recourse to political subterfuge, distortion of existing law, or plunging into the self-contradictory welter of electric utility statistics by which anything can be proven or disproven at the whim and will of the speaker.

Mr. GORE. Mr. President, will the Senator yield?

Mr. PASTORE. I yield.

Mr. GORE. I confess that had I known that by making an inquiry I could have brought forth such a lucid, logical, unanswerable statement of fact and law as the able Senator from Rhode Island has given, I would have submitted it long ago. My only reluctance in broaching the subject grew out of the fact that I did not want to interrupt the able and fine address which the Senator from Rhode Island is making. Again I wish to say that I agree with every word of the statement which the Senator has made with respect to the proposed Dixon-Yates contract. I realize that I participated in the passage of the bill and in the debate on the passage of the bill; but I shall go into that matter later.

I agree with what the Senator has said, but I come back to the main point for which I brought the question up. By indirection, by an illegal stretching of the meaning of the section of the statute to which the Senator made reference, it is proposed to bind the Government to a 25-year contract, over which Congress would have no control, but, through the appropriation process, would have a large obligation, namely, to appropriate sufficient money to meet the commitments incurred under the contract.

If that precedent is allowed to stand, then I point out to the able senior Senator from Colorado [Mr. JOHNSON] that we may lose control of the development of the atom for power production and that, by indirection, subsidy contracts may be made committing the Government far beyond the expectations or wishes of Congress. I think we need to write into the bill a requirement that contracts shall be referred to the joint committee, on which the Senator serves so ably, for its review and consideration.

Mr. PASTORE. I think possibly the Senator from Tennessee in his enthusiasm is going a little further than he should. After all, we are faced with the necessity of producing special nuclear materials for atomic weapons. In doing so, of course, the Government requires a vast amount of electric power. For that reason, if a plant is not close to the TVA or is in another part of the country, it might be necessary to enter into an arrangement with a public utility, which in all probability, because of the tremendous load, would have to expand.

If we expected the Commission to come to Congress every year to justify such procedure, we could never have the operations, intents, and purposes of the Commission, as spelled out in the law, carried out effectively and in a business-like way.

For that reason, I disagree with the Senator from Tennessee if he maintains that the Commission should not have authority to engage in such contracts for a period of 25 years. I do say that because of the long term of the contracts, possibly Congress should be apprised of the conditions. I think we have copies of the contracts on file; there has been excellent liaison between the Commission and the Joint Committee and the Congress.

But I agree that there will be distortion of the meaning of section 12-b and section 164, by entering into the Dixon-Yates contract, because although it may be argued that the current thus produced will go to the main grid, and then

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to here and to there, yet, fundamentally, under the Dixon-Yates contract the credit of the Federal Government will be used to make possible a profit for the benefit of a private group, not for the benefit of the Atomic Energy Commission. Whether that should be done as a matter of policy is another question. Whether it is permitted under the law or whether it would defeat the intention of Congress in connection with the law is another question. I say there is no legal authority for it, and I have already said that 100 times, at least.

Mr. GORE. Mr. President, will the Senator from Rhode Island yield further to me?

Mr. PASTORE. I yield.

Mr. GORE. I agree with the Senator from Rhode Island. I think we are also very near agreement with respect to having the long-term contracts come to the joint committee. I think there should be an interim period—whether it should be 30, 60, or 90 days, I do not know; but I believe that before a contract, and particularly a long-term contract, became effective, the joint committee, an agent of the Congress, should have an opportunity to review the contract, but not to veto it. There is a constitutional division of powers, and Congress is not given a veto power over an administrative function, except by means of the legislative function.

I do not believe that the chairman of the joint committee should have the power to veto a contract; but I believe that before the contract goes into effect, there should be an interim period during which the joint committee could examine and review the long-term commitments and implications; and if legislation were necessary, Congress then would have time to proceed, before the contract became effective and before the commitments became in fact accomplished.

Mr. PASTORE. Of course, the Senator from Tennessee has had more experience than have I with the legislative function in that connection, because he was on the Appropriations Committee of the House of Representatives. However, I think it is usually true that when there is a long-term contract which obligates the Commission and the Government over a long period of time, an appropriation is requested in that connection.

On the other hand, I regard it as regrettable that the President should have said, in effect, "I urge"—or "order" or "direct"—the Atomic Energy Commission to sign the Dixon-Yates contract, because I want to determine what we are going to do about TVA. I think there they exposed their hand. The President did not say, "I direct the Atomic Energy Commission to sign the Dixon-Yates contract because we need the electric power, and this is the only way by means of which we can obtain it, and a national emergency exists, and we need the additional electric power at once." Neither did the President say, "This is the most effective way to obtain the needed additional power." On the contrary, he said, "I am ordering this and allowing it because I wish to see how far we are going to go with creeping or crawling socialism." He gave the direction for the determination of the philosophy. There I think a serious mistake was made, and I think irreparable harm was done. I regret, more than anything else, that irreparable harm was done to the passage of this most important bill—one of the most important ever to come before the Congress. Yet great harm was done to it when the President allowed that situation to exist.

Mr. MONRONEY. Mr. President, will the Senator from Rhode Island yield to me?

Mr. PASTORE. I yield.

Mr. MONRONEY. I appre[illegible]te the damage that has been done, and I agree completely regarding the damage that has been done to the reputation and standing of the Atomic Energy Commission and to the confidence the country has had in the Commission, particularly when calls from the Bureau of the Budget result in the Commission's becoming a dummy, in connection with a contract to replace electric energy in the TVA system, and with all the other gimmicks that have been written into the bill, which I consider to be a glaring example of special privilege.

But bad as the contract is, and despite all the damage that has been done to the good standing of the Atomic Energy Commission, I should like to know whether Congress could possibly have assurance that today an independent commission means anything. If a call from the White House will destroy the independence of an assumedly independent commission, which I understand the Atomic Energy Commission is, then this matter goes far beyond the Dixon-Yates contract and far beyond the loss of Government funds; it involves the very integrity of the system of independent commissions, as in the case of the Interstate Commerce Commission, the Federal Communications Commission, the Atomic Energy Commission, and other commissions. If this pattern is followed in the future—in short, when a call from the President or a call from the Bureau of the Budget will reverse the views of at least three members of the Atomic Energy Commission, who had been opposed to the contract, and had felt the Commission had no authority to enter into it; if a call from the White House will make what is urged in that call the action of the Atomic Energy Commission—then what confidence can we have that that Commission or any other assumedly independent commission will not be, instead of independent, merely an adjunct to the Bureau of the Budget and the President? Does not the Senator from Rhode Island think that is the great danger that is involved?

Mr. PASTORE. Now the Senator from Oklahoma is dealing with the independence of the minds of individuals and with the integrity and self-expression on the part of an individual who is appointed to a commission. I do not see how we could write into a law any provision which would say to any individual, "Any time you are asked by the President of the United States to do something, do not do it." We could not write such a law.

Mr. MONRONEY. However, will the Senator from Rhode Island, who has been so clear in his explanation of this measure, tell us his idea of the standing of the Atomic Energy Commission—whether it is independent or whether it is merely a puppet on the end of a string, or on the end of a telephone line, leading to the Bureau of the Budget or the President?

Mr. PASTORE. The only answer I can make is that that matter comes right to our own doorstep. When the Senate confirms nominations, let us be sure that the Senate confirms the nominations of men who will stand up and be counted and will express their own minds and consciences and hearts. That is the only answer. Nothing that we can write into this measure will cover that problem. Although I admit there is a problem, as stated by the distinguished Senator from Oklahoma, I do not think any provision we could write into this measure would correct that situation.

Mr. MONRONEY. Perhaps I oversimplify it; but I would expect to have the Commission have independence similar to that which I would expect on the part of the Federal Communications Commission. It would be a very great and very dangerous surrender of power if the Bureau of the Budget or the President could telephone the members of the Federal Communications Commission and could tell them who should be granted licenses for television or radio or who should not be granted such licenses, and could lay down the conditions under which the licenses should be issued. In such circumstances, I think the Committee on Interstate and Foreign Commerce would make an investigation of such dictation by the executive branch, in demanding or ordering an independent agency to do this or do that.

Certainly I think there is a line of demarcation. I may be wrong; but it seems to me that the President has the right to give certain orders to members of the Cabinet and to the agencies of the executive branch of the Government. A clear line of Presidential authority runs through the Cabinet. That is why we have made certain agencies Cabinet offices.

But when Congress creates an independent agency, it does not put it on the end of that chain of command; and when that chain of command is used—whether for good purpose or for bad—in the case of such a commission, I think great violence is done to the proper concept of the structure of government.

Mr. PASTORE. I thank the Senator.

Mr. GORE. Mr. President, will the Senator yield at this point?

Mr. PASTORE. I yield. I hope we shall not get into the Dixon-Yates controversy this afternoon. I have more than 30 pages left of my speech. I have not covered half of it yet.

Mr. GORE. I do not intend to distract the Senator's attention to the Dixon-Yates controversy. The Senator has already made a forceful statement of his opinion with respect to the authority, the probity, and the wisdom of that contract. What I wish to point out to the Senator from Rhode Island, and also to

the junior Senator from Oklahoma, is this:

In the case in which the Commission made the decision to proceed with the crash program in connection with the H-bomb, there was a division of sentiment, a division of opinion, within the Commission. As I recall, the Commission stood 2 to 3 against proceeding with the program.

It was related on the floor of the Senate recently that the then President of the United States ordered the Commission to proceed. What do the hearings show in that regard? The hearings show that in the case of the H-bomb decision the Atomic Energy Commission voted unanimously to submit the question to the President. Of course, under the basic Atomic Energy Act, and also under the terms of the pending bill, the President is granted specific authority to give direction to the Commission with respect to weapons. Each Commissioner who desired to submit his individual views to the President for his guidance and assistance did so, but unanimously the Commission voted to refer the decision to the President of the United States. Those are not the circumstances in this case.

The Senator raised a question as to the integrity, probity, and character of those whose nominations are confirmed by the Senate. Let us realize that we are discussing membership on a commission of persons whose nominations must be confirmed by the Senate. In addition, membership on such a commission requires the lifting of one's hand and the taking of an oath of office.

I have been appalled that members of the Commission should have yielded to direction in the Dixon-Yates case. If such be a precedent, then I agree with the junior Senator from Oklahoma that the integrity and independence of all other so-called independent commissions are at stake.

Of course, there are powers in the executive. Under certain conditions members of the Commission may be removed by the President. Under certain conditions members may be dismissed from other commissions for contumacy, but neither of those circumstances excuses members of the Commission from the performance of their sworn duty, as their consciences dictate, in the public interest.

Mr. PASTORE. I hope we shall not pursue the Dixon-Yates colloquy any further. In conclusion in that connection, lest I be misunderstood, I answer the question only in hypothetical fashion. In my own personal experience I have never found five more patriotic, devoted, able, conscientious individuals than the present 5 members of the Atomic Energy Commission. I do not know enough about the facts to justify my standing here today and indicating any person. I have found the members of the Atomic Energy Commission to be very honorable men. Possibly they have disagreed with others. They have a right to their viewpoint, as I have a right to mine. When we disagree we stand up as honorable men and say so. We state our position and are counted.

I wish to leave the RECORD on this subject with the final statement that, so far as I am concerned, we are indebted to the five men who presently serve on the Atomic Energy Commission. I think they are patriotic, devoted Americans.

Mr. GORE. I concur in that statement.

Mr. PASTORE. I now return to my manuscript.

We, therefore, face this choice: Shall we ask the American taxpayer to assume the entire burden of financing power research and development during the pioneering years ahead, or shall we attempt to create a legislative environment in which private industry will be willing to take up a share of these development costs?

Speaking for myself, I find no difficulty in answering these questions. To me, the equitable solution lies in inviting private industry into atomic-power development today in return for the possibility of fair rewards tomorrow.

Whether or not this bill becomes the law of the land at the present time, I would, myself, regard it as highly unlikely that the task of developing atomic power will remain a governmental monopoly for an indefinite period to come. This being the case, I want free enterprise, under properly controlled conditions, to assume its fair share of atomic developmental costs today. I respectfully suggest that now is the time. I do not wish to deny private participation in this field until such time as profits are assured. In fact, it is precisely because of my solicitude for the taxpayers' dollars, it is precisely because of my determination that there should be no atomic giveaway, that I now urge the Senate to permit private participation in atomic power under the terms outlined in the bill.

It is probably the case that, during the immediate future, relatively few companies would accept the invitation offered by this legislation. Accordingly we face the danger of restrictive patent practices. However, the legislation addresses itself to this possibility, as I shall discuss fully during the course of my remarks.

Having described the broad purpose of the proposed legislation, I should now like to direct attention to certain provisions of the bill which I feel need to be particularized. The bill, in its declaration, states that "the development, use, and control of atomic energy shall be directed so as to promote world peace, improve the general welfare, increase the standard of living, and strengthen free competition in private enterprise."

This declaration, in and of itself, is not enough. Affirmative controls must appear within the purview of the bill. Therefore, section 105 provides that nothing contained in the act, including the provisions which vest title to all special nuclear material in the United States, shall relieve anyone from the operation of the antitrust laws. The Sherman Act, the Clayton Act, and the Federal Trade Commission Act are specifically enumerated. Under this provision any future industry created under the terms of the bill would be subject to these laws on an equal basis with the other industries of the United States.

Indeed this section goes a step further. Since it would be inconsistent and dangerous for the Atomic Energy Commission to grant a license permitting certain atomic industrial activity only to have the Justice Department bring a subsequent action against that industry under the antitrust statutes, it is provided under section 105–b that precedent to the issuance of any industrial license the Atomic Energy Commission must notify the Attorney General of the proposed license and supply the pertinent surrounding facts of the license application and issuance. Before the expiration of 90 days, the Attorney General is required to advise the Atomic Energy Commission if the proposed issuance would create a situation inconsistent with the antitrust laws. Obviously, the mere giving of such advice would not estop or bar a later action by the Attorney General if monopolistic practice or restraint of trade were later to arise.

But in fact, what this provision does do is to lock the barn door before the horse is stolen, and I might add that these procedures are identical with those contained in the Federal Property and Administration Services Act. And for the assurance of the members of this body, I can say that the Justice Department has testified before the Joint Committee on Atomic Energy that arrangements such as these are adequate and workable.

Turning now to the subject of compulsory licensing of patents, as provided in section 152 of the bill: Originally the bill made no exception as to our usual concept of patent rights. But after considerable debate it was deemed advisable by a vast majority of the members of the Committee that a system of compulsory licensing of patents should be inserted in the law in order to avoid the possibility that the purposes of the program might be defeated if any patent holder was determined to exclude others from using his idea. For that reason, we have written into the law a procedure by which we prevent the few from achieving a restrictive patent position in this new field.

There are two compulsory licensing mechanisms relating to patents under the provisions of this section:

First. The Atomic Energy Commission can cause any atomic patent to be declared affected with the public interest and made subject thereafter to compulsory licensing by legitimate users.

Second. Even if the Atomic Energy Commission fails to make such a declaration, any lawful applicant can, on his own initiative, petition the Atomic Energy Commission for a compulsory license to the patent right of another patentee.

This compulsory provision is not designed solely to circumvent the preference of the prior contractor. It was conceived out of the knowledge that this proposed atomic industry is new and the national interest demands its rapid growth. Such growth requires the participation of as many individuals and corporations as possible, and the opportunity for a patent license is added

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incentive to cause a multiplicity of endeavor.

This compulsory licensing provision affects every patent applied for or issued before September 1, 1959, and lasts for the life of that patent.

Now turning to the subject of licensing of private activities in the atomic industry, here again such activities are regulated through two mechanisms:

First. All title to special nuclear material—the industrial fuel—will be vested in the United States Government, and the industrial participant will be licensed to use it.

Second. Through a system of licensing, production and utilization facilities will be permitted to operate.

Sections 53, 63, 103, and 104 provide the adequate safeguards. These sections recite the statutory conditions which must be met before licenses will issue and which must be maintained during the life of the license. Some of these conditions are:

First. Facilities may be used only in the interest of common defense and security;

Second. Facilities must be used so as to protect the health and safety of the public and not damage personal property;

Third. Special nuclear material is available only on such terms that no user or possessor can construct an atomic weapon;

Fourth. No license is alienable except with the express consent of the Commission.

In order to insure compliance with all of the provisions in the act, and for protecting the public and the national interest, the Commission is authorized to require licensees to keep records and to make reports to the Commission. AEC is authorized to make inspection of a licensee's activities. As a matter of fact, a very important statutory program instituted by this bill is the establishment of an Inspection Division within the Commission as an aid in seeing that all obligations of a licensee under this act are fulfilled.

I should now like to turn to the sections of the bill which are of vital importance to our very existence and, indeed, to the continuation of civilization as we know it.

I refer to those portions of the bill that have to do with atomic cooperation with other nations, both in the peacetime and in the military fields.

On February 17 of this year, President Eisenhower sent a message to the Congress outlining cooperation with other nations in the field of atomic energy. The President states, in order of importance, the following: "First, increasing cooperation with our allies in certain atomic energy matters."

I commend the President for his recognition of the fact that this is the day of jets, rapid communication, atomic bombs, and now the devastatingly destructive hydrogen bomb. I commend him also for his recognition of the priority which we must give the matter of cooperation with our friends across the seas.

I shall attempt to outline the problems of the bill, as it concerns international cooperation, in three phases:

First. Does this bill enable our Government to deal cooperatively and bilaterally with other nations in peacetime atomic energy fields?

Second. Does this bill enable our military to exchange with NATO, and regional defense organizations, the information concerning atomic weapons that is needed in our defense plans?

Third. Does this bill implement the President's proposal of December 8, for establishing an international atomic pool?

On the first question, I should like to point out that we are not alone in this world in possessing atomic energy. Neither are we alone in developing peacetime atomic power. Twenty other countries now have aggressive atomic programs in being.

Let us examine what is perhaps the most dramatic appeal of atomic energy to the people of the world. I refer to the possibility of producing power from the nonfossil fuel, uranium. We all know that electrical power is essential to modern industry, both here and abroad. Indeed, I might point out that the Atomic Energy Commisison, in testifying before the Joint Committee, stated that the expansion of power-generating capacity to meet the demands for electric power is mounting rapidly—in fact, even more rapidly in other countries than in the United States.

The Atomic Energy Commission also testified that Italy, Portugal, Greece, Norway, Sweden, Finland, Algeria, and Pakistan, can meet less than one-half their present demand for power from the fuel sources within their own boundaries. Hydroelectric power is also limited in many areas, and so these power-poor nations of the world, faced with the demands of industrilization, can look now only to the field of atomic energy for the power vital to their well-being.

These nations know that our country has spent vast sums on the atom, and that this investment has served to protect all the free nations in their struggle against atheistic communism. But they also recognize that, concurrent with this atomic military strength, the United States has developed technological and scientific information which form the basis for the generation of nuclear power. They, therefore, look to us, the most powerful nation in western civilization, to extend a helping hand.

These considerations entered into the committee's decision to create means whereby the United States could assist its friends in the development of peacetime power, but they were not the only considerations. The United States has for the last 10 years received major portions of its uranium from overseas sources. This country owes a deep and abiding debt of gratitude to these nations, all of whom recognize that uranium was vital to the protection of freedom in the world. We have an obligation to these nations—and particularly, to Belgium—that we should begin now sending back information and techniques which we have developed and which will help them develop nuclear power in their countries.

In the main, the international provisions of the bill, permitting bilateral cooperation with other nations in the peacetime development of atomic energy, are adequate and do permit us to meet our legal and moral obligations. Both the Atomic Energy Commission and the Department of State have testified to this fact, and I endorse these provisions of the bill. In writing the provision that enable this needed cooperation—that is, section 144a—the committee approached the problem with judicious caution but with recognition at the same time that flexibility of action must be afforded those who will implement the cooperation. The section dealing with cooperation on peacetime uses of atomic energy specifically limits the kinds of information that may be communicated to another nation. The section is limited to information concerning—

First. Refining, purification, and subsequent treatment of source material;

Second. Reactor development;

Third. Production of special nuclear material;

Fourth. Health and safety;

Fifth. Industrial and other applications of atomic energy for peaceful purposes; and

Sixth. Research and development relating to the foregoing. But the section adds this provision:

> No such cooperation shall involve communication of restricted data relating to the design or fabrication of atomic weapons.

Further, any information communicated to another nation must be transmitted pursuant to an agreement for cooperation entered into in accordance with section 123 of the bill. The conditions surrounding any agreement for cooperation include:

First. The terms, conditions, duration, nature, and scope of the cooperation;

Second. A guaranty by the cooperating party that security safeguards and standards as set forth in the agreement for cooperation will be maintained;

Third. A guaranty by the cooperating party that any material to be transferred pursuant to any such agreement will not be used for atomic weapons, or for research on or development of atomic weapons, or for any other military purpose; and

Fourth. A guaranty by the cooperating party that any material or any restricted data to be transferred pursuant to the agreement for cooperation will not be transferred to unauthorized persons or beyond the jurisdiction of the cooperating party, except as specified in the agreement.

The procedure that any such agreement for cooperation must take is:

First. It must be approved by the Commission, or, in the case of the transfer of restricted data for the development of military plans pursuant to section 144b., the Department of Defense.

Second. The President must approve the agreement for cooperation. He must also make a determination in writing

that the performance of the agreement for cooperation will promote and will not constitute an unreasonable risk to the common defense and security.

Third. The proposed agreement for cooperation, together with the Presidential approval and determination must lie before the Joint Committee for 30 days while Congress is in session.

Insofar as bilateral agreements with another nation are concerned—and I am limiting this observation to bilateral agreements—the provisions of this section provide adequate safeguards to the security and cooperation in the peacetime fields for the benefit of our allies. Later I shall discuss the subject of dealing with a group of nations.

On the question of the second problem with which this bill deals in the international area. Does it enable our military to exchange with NATO and regional defense organizations to which we are a party information concerning atomic weapons that is needed in our defense plans? My answer is in the affirmative.

The bill before us will permit the Department of Defense, under comprehensive and rigorous security safeguards, to transfer to a regional defense organization of which we are a member, such as NATO, or to another nation, restricted data involved in the tactical use of atomic weapons. The information which is permitted to be exchanged must be necessary to the development of defense plans, the training of personnel in the employment of and defense against atomic weapons, and the evaluation of the capabilities of potential enemies in the employment of atomic weapons against us. I should like briefly to point out why this exchange of information on weapons is necessary. Let me direct attention to the report of the joint committee, on page 2, where it declared:

When the organic law was enacted, atomic bombs were regarded by most as strategic weapons. Tactical applications of the military atom were but dimly perceived. Still less was it recognized that the time would soon come when tactical atomic weapons could profoundly, perhaps even decisively, affect the operations of the ground forces defending Western Europe. With our Nation the sole possessor of atomic weapons, and with these weapons husbanded for a strategic counterblow against an aggressor, there was no need for acquainting friendly nations with information concerning the effects and military employment of tactical atomic weapons. Today, however, we are engaged with our allies in a common endeavor, involving common planning and combined forces, to dam the tide of Red military power and prevent it from engulfing free Europe.

America's preponderance in atomic weapons can offset the numerical superiority of the Communist forces, and serve emphatic notice on the Soviet dictators that any attempt to occupy free Europe or to push further anywhere into the free world, would be foredoomed to failure. Yet, so long as our law prohibits us from giving our partners in these joint efforts for common defense such atomic information as is required for realistic military planning, our own national security suffers.

There, in a nutshell, is the reason why we must cooperate in the field of military application with our allies. The joint committee did not approach this subject with casualness. Much time, both in public and executive hearings, was devoted to the defense of the necessity for such exchange. After hearing the testimony of the Undersecretary of Defense, of the Chairman of the Joint Chiefs of Staff, Admiral Radford, and of other high military officials, the Committee decided that it would be vital to hear firsthand the remarks of General Gruenther. Through his able and distinguished representative and deputy, General Schuyler, the committee was informed fully of the defense planning for Europe which General Gruenther is so ably conducting. Let me quote briefly from the remarks of General Schuyler, and if I ever commended anything of importance to the attention of the Members of the Senate, I recommend and commend the statement made by General Schuyler, from which I now quote:

We consider that, in any future major conflict, nuclear weapons will be used both in the strategic and in the tactical role. The advent of these weapons provides both sides with tremendous destructive power on D-day. Hence, no longer, as has been the case in most wars of the past, can we expect a short breathing space after the initial aggression, while both sides complete their full war mobilization. In fact, the aggressor's opening atomic campaign conceivably might, if not adequately countered, itself prove to be decisive in a matter of days.

The very existence of a large atomic threat against us obliges us to plan, ourselves, on utilizing atomic weapons and requires that we adapt our military machine to these conditions.

During the first 2 years of NATO, our plans for the defense of Western Europe were based largely upon the use of conventional weapons. We made every effort to obtain from the various NATO nations the level of forces which we felt would be requisite to an adequate conventional defense. As you know, existing circumstances have made it impossible for those countries, including the United States, to meet the large force requirements which this approach called for.

General Schuyler clearly pointed out the role of atomic weapons in the defense of the free world.

It must be clear to all of us that nuclear weapons will, and should, be used in the defense of Western Europe in a future major war. The alternatives would be: Either not to defend Western Europe at all, or to accept the great risk of sacrificing a large portion of our admittedly insufficient conventional forces in what might well be a futile attempt to prevent the over-running of our NATO allies and the destruction of Western European civilization.

Since we expect nuclear weapons to be used by both sides in Europe in any future war we need to make additional progress in the matter of closely integrating the strategy, tactics, and techniques of utilizing atomic weapons in close support of conventional air-ground operations.

General Schuyler also pointed out to the committee:

We at SHAPE are giving this matter our earnest attention. As you know, we have had organized for some time under United States auspices, courses of instruction for selected allied personnel who hold key command and staff jobs in the NATO complex. We have also prepared, in draft form, ready for issue within the next few days, a directive covering in some detail the planning and operational responsibilities of all commanders, both ground and air, for the employment of nuclear weapons. But thus far, in our school instruction, in our field training and in our war planning, we are seriously impeded by United States policy restrictions concerning release of atomic information.

I add this rejoinder: How foolish can we get?

These compelling reasons presented by General Schuyler and which represented the views of the Defense Department, National Security Council, Joint Chiefs of Staff, and the President were, to members of the committee, compelling, and we therefore were moved to amend the act, so that the information needed to meet these purposes will be made available to our allies.

Let me turn now to section 144b of the bill, which concerns itself with this matter. This section permits cooperation with a nation or regional defense organization with respect to restricted data that is necessary to, first, the development of defense plants. Who could quarrel with that? Second, the training of personnel in the employment of and defense against atomic weapons. Again, who could quarrel with that? Third, the evaluation of the capabilities of potential enemies in the employment of atomic weapons. Who, in the name of heaven, could quarrel with that? The section, however, provides that no important information concerning the design or fabrication of important parts of atomic weapons can be so communicated. There is the safeguard. It limits such cooperation to the communication of restricted data in the above three categories and states that it shall not include communication of restricted data relating to the design or fabrication of atomic weapons except with regard to the external characteristics, including size, weight, and shape, yields and effects, and systems employed in the delivery or use thereof, but not including—I emphasize this—any data in these categories unless, in the joint judgment of the Atomic Energy Commission and the Department of Defense, such data will not reveal important information concerning the design or fabrication of the nuclear components of an atomic weapon.

Fundamentally, what are we doing? We are merely imparting or communicating the data, which we must do, in order properly to formulate our plans, to train personnel, and to train our allies in the means of protection against aggression against us through the use of atomic weapons by an enemy.

Thus, the bill makes permissive the kind of cooperation which would include the transfer of that information which will permit our allies to participate in planning the defense of the free world in any atomic attack from Russia, and to know the effects of any weapons that will be available for use by the United States in helping those other nations join in defending the free world against any such attack.

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While section 144b permits the communication of this needed information to our allies who are joined with us in this great common defense against the onslaught of the Kremlin, it must, however, be carried out under necessary security safeguards. These are the same safeguards which apply to the communication of information on the nonmilitary application of atomic energy and which I have outlined in detail previously in my remarks.

I should point out for the benefit of my colleagues that the section on the exchange of military atomic information has the full support of the Department of Defense, of the Atomic Energy Commission, of the Joint Chiefs of Staff, of the Supreme Commander in Europe, of the National Security Council, and, indeed, of the President of the United States. How far do we have to go?

I turn now to the third international question involved in this legislation. This, to me, is the crux of the remarks which I am making today, because I think that, by far, it is the most important part, and concerns the most important feature of the bill which is before the Senate for consideration.

Does the bill as it is now written carry out the spirit and the purpose for America's participation in a peacetime international atomic energy pool, as expressed by the President of the United States? My answer, I regret to say, is in the negative. It does not. I repeat: It does not.

I do not mean to take up the time of the Senate now to chide the spokesmen for the administration. But I challenge them to take the baton now held by the President and show some initiative. I want to go on a peace offensive—not with a short spurt or a sprint, not with a barrage of words, not with a burden of trappings and fearsome hesitancy—but an offensive with real direction, staying power, and unconditional support.

I want to tell Senators what I expect S. 3690 to do, and I urge the Senate of the United States to live up to the heritage of this great Nation.

President Eisenhower, when he made that magnificent address before the General Assembly of the United Nations last December, gave the free peoples of the world a taste of that old leadership and encouragement which started with the Boston Tea Party and carried on through the Declaration of Independence, the Bill of Rights, the Monroe Doctrine, the Proclamation of Emancipation, and the Atlantic Charter.

He made the first concrete suggestion since the Baruch plan for a pattern among nations of living with the atom.

The President, out of his vast experience, and obviously from deep and searching thought—and, yes, prayer—came forward with an idea that was both great and realistic. He offered a staging area for an offensive for peace. He proposed, in effect, that since we cannot agree with the Russians on the removal of the atom as a threat to peace, then let us get together with all freedom-minded nations to develop the atom as a building block of peace.

Perhaps he was tired of inaction. Perhaps his military judgment told him to get out of the trenches. Perhaps he was inspired. Whatever his motivation, he has offered us a possible way upward.

In S. 3690, we have the first concrete opportunity to back the President's words with action. We are challenged to prove our mettle. We have a course laid out for us—at least the first leg of the course. Are we going to move?

I say we must move. I say we must respond to the silent pleadings of the rest of the free world showing real evidence that our resources are undiminished in terms of faith, courage, and vision.

The step we must take now, firmly, unfalteringly, with clear and unmistakable confidence in the Nation, our people, their ambitions and aspirations, and their determination, is to see that the bill now before the Senate adequately supports the President's plan for a constructive approach to the problem of the atom.

We must amend Senate bill 3690; and because I was so determined about the most important phase of the proposed legislation, I did not dissent, but went along with the other phases of the bill. But here on the floor of the Senate in good conscience I could not do so, and what I present is the only amendment which I propose to this measure. But I say the bill must be amended.

Without diluting the necessary safeguards in the international cooperation section of the bill, we must make it positive. We cannot sidestep the obligations of leadership. We must show some initiative and mount an offensive for peace.

I have proposed only one amendment to S. 3690. The arguments for my amendment have been placed in the RECORD, as well as being attached to Report No. 1699, starting on page 100. I have urged that the words "group of nations" be inserted in the appropriate international activities sections of the bill. I would also strike the so-called International Atomic Pool provision of section 124, which seems to me to be only "eyewash." My amendment is directed at giving true and realistic implementation to the ideas proposed by the President in his speech to the United Nations last December.

Perhaps the need for my amendment can best be explained by recounting the history of this great idea for an international atomic pool, its history since the President's December speech. That proposal was promptly hailed throughout the world as the first genuine show of atomic leadership in a world grown weary with talk of war and preparation for war. It came as a refreshing breeze on the brows of men throughout the free and neutral world. It restored much of the prestige we had lost as a nation during recent years through our continuous emphasis on weapons and military defenses.

But the most striking result was the Soviet reaction. At first, the Soviet delegate to the United Nations reacted mechanically, pooh-poohed the proposal, and cast aspersions on it. Within 48 hours, this initial attitude was reversed. The Kremlin immediately sensed that this new idea had caught the imagination of peoples everywhere. The Kremlin could not afford to appear to be standing in the way of any constructive step toward peace. The United States had seized the initiative, and the Soviets had to change their tune abruptly or risk a serious loss of face.

Of course the Soviets did not accept the plan; and the fact that they did not accept the plan is all the more reason why we should accept it. Instead, they temporized. They began a campaign to study it to death. Conferences were arranged; notes were exchanged. Mr. Molotov enticed the earnest and well-meaning Mr. Dulles into conversation in Berlin and kept them going at Geneva. Until now, more than 6 months later, the Soviets fervently wring their hands and hope that the idea is approaching its death in dusty file drawers, forgotten for lack of American courage to push it.

And where have the spokesmen and advisers of American foreign policy been all these months? What have they done to keep this idea alive? The Voice of America gave the international atomic pool plan a big buildup at first, but as time passed there was little that could be said in defense of the seeming procrastination, the failure to follow through. And so the idea is now mentioned always in the past tense. Its ultimate death seems to be as much aided by Americans as it is sought and worked for by the Kremlin.

To my colleagues I say most sincerely, the trimmers have been at work. The fearmongers have taken over. They have argued that perhaps the Soviets would join the pool plan if negotiations could go on in secret. Well-meaning men, these are. But what could have played into Russia's hands more surely? Here is an idea which caught fire in men's minds. World pressure was there for the asking. Russia could be forced to join the plan by world public opinion.

The myth of Soviet peace motivation is scarcely believed anywhere more than in Russia and its satellites. What could force the hands of the hypocrites more than to be faced with their own hypocrisy?

The joint committee has spent days considering what it might do to give new fire to the President's international atomic pool proposal. Yet even in our own discussions the fear that we might be getting into something we did not fully understand came to dominate our thinking. Too many comments and observations began with "just suppose." "Just suppose; just suppose; just suppose." Too many can see only the things which might go wrong. I have great sympathy for the majority of the joint committee, as I have for all of those who have been hesitant to advise bold action to implement the President's international atomic pool proposal. But I cannot join them. I plead with the Senate to help us prove to the world that our Nation has the qualities of leadership and the courage necessary to start us up the road to genuine peace.

Fear of what might happen leads to defensive measures. But no defense has ever won against a strong aggressor. My amendment seeks to restore life to the great idea expressed before the United Nations. I am not fearful that

our atomic secrets will flow into enemy hands. Instead, I am hopeful that by this action the hands of those enemies will be constricted in their movements. All too frequently the statements of our public leaders play into the hands of the Kremlin. Let it not be so in this case. All that the President proposed last December was that we make a start—just make a start. That is my plea today to the Senate—that we just make a start. There is no intention here to turn over tons of classified documents or even a single scrap of information vital to the design of weapons or to weapon-material production. That is not involved. But there is a great deal of American know-how which cannot be matched by any other nation in the world. That information is ammunition in our war for peace. Who can imagine harm coming to the United States if we should assist other nations in acquiring atomic devices for medical therapy? Who can imagine evil flowing from American assistance in raising the standards of living, through production of atomic power in remote and backward areas of the world? It is my hope that we win friends, win allies, and defeat our enemies, by taking the offensive in a cooperative venture. We must not expect miracles overnight. But the miracles which men accomplish require that they put their energies into constructive actions.

There is no international atomic agency, there is no existing international atomic pool, to which Congress can indicate it is prepared to subscribe. But there is an idea which we cannot reject without demonstrating, for all the world to see, that we are afraid of our own strength.

Here is an opportunity. The President has taken the lead; he had the courage to make a more bold proposal than anyone had dared to expect. Despite all of the chipping away at his great idea that has been done in the past 6 months by both the Kremlin and the ill-advised counselors here at home, that idea still stands. That standard is still ready for us to grasp and carry forward. The next move is up to the Congress, not the President. Without some positive sign that the representatives of the people are behind him, he cannot do less than heed the advise of those who counsel fear.

As the bill was reported to the Senate, as it now lies on the desks of Senators, without my amendment, it does not go far enough to indicate our willingness, our preparedness, to implement the President's idea.

At the cost of repetition, let me say that the harm it does is stated in the conclusion of my dissenting view, beginning on page 104 of the report, namely:

> The very foundation of our foreign policy has been built on a philosophy of collectiveness. As a result we have seen the free world grow stronger step by step. It would be wiser for us to take no action at all, rather than injure the spirit of unity which now prevails in the free world. Psychologically, I am afraid that we do exactly this if we make it more difficult for us to deal with a group of nations, as against dealing with one nation in this very important field.

In other words, Mr. President, under the provisions and strict requirements of section 123, the Commission is told, in effect, "You can deal with one nation at a time; but if you wish to deal with both Canada and Great Britain at the same time, you must, first, either have the Senate ratify a treaty in that connection, or a joint resolution for that purpose must be passed by both Houses of Congress"—isolationism, Mr. President, in the *n*th degree.

Mr. President, I have discussed at great length—and I apologize for the length of my presentation—the details of this vital piece of proposed legislation. I have taken the time of the Senate, however, because I have a deep belief that, upon an understanding of the issues involved and of the careful study and consideration that have gone into the framing of these legislative proposals, both sides of the aisle will approve them.

The field of atomic energy is too closely interwoven with our national well-being to be subject to narrow, partisan consideration. I am sure this measure will not be so involved.

To me, this bill is more than just a modernization of existing law. It is, rather, a part of the collective armament of the free world in the battle of good against evil. Atomic energy is a God-given force. It can be a force for good. It is for us to choose to use it wisely. With the great power locked in the heart of the atom, we can, if we approach it with humility and wisdom, establish order in this world and, with it, bring to humanity both the material things essential to the well-being of man and an era of peace which recognizes the dignity and nobility of spirit which God in his great love for man has ordained to be ours.

Mr. President, as we here debate this measure, let us not forget that free men everywhere are following the course of our deliberations. Free men everywhere look to us to provide a way to bend the atom to the ways of peace. We must rise to meet the challenge that world circumstances and our leadership have placed before us. We must provide an answer in deeds—not in words—to the vicious competition of evil world-communism in its battle with us of the free world for the minds and souls of men.

With full sincerity, Mr. President, I urge that the Senate adopt my amendment, and then pass the bill as thus amended.

Mr. SPARKMAN. Mr. President, will the Senator from Rhode Island yield to me?

Mr. PASTORE. I yield.

Mr. SPARKMAN. First, I should like to commend the able Senator from Rhode Island for his most able presentation of this entire subject matter. He has done a remarkable job.

If he will permit me to do so, I should like to ask him a few, brief questions regarding the latter part of his remarks, that dealing with the international aspects.

Do I correctly understand that, under the bill, the President is authorized to exchange certain information, under adequate safeguards—as the Senator from Rhode Island so carefully pointed out—with an individual nation, but that if 2 or 3 nations happened to be involved in exactly the same matter and the same interest, the President could not engage in such an exchange with them, without the ratification by the Senate of a treaty or without the taking of appropriate legislative action by both Houses of Congress?

I wonder if the Senator can enlighten those of us who are not members of the joint committee as to just why that distinction is made.

Mr. PASTORE. The distinction is made—and I think the argument is fuzzy and flimsy—on the theory that we can trust 1, but we cannot trust 2. That is it, in essence. We can trust Canada if we deal with her alone, and we can trust Great Britain if we deal with her alone. But if we sit down with both Canada and Great Britain, we cannot trust them. In essence, that is what the bill says.

Mr. SPARKMAN. As I interpret the message of President Eisenhower and other messages on the same subject, going back to the time when atomic energy ceased to be the great secret it once was, including the message President Truman delivered to the United Nations on October 24, 1950, as I recall, and other messages on the same subject, going back to the Baruch plan, they contemplated some kind of international agreement into which all nations would enter. We know that that plan has been held up by reason of the unwillingness of the Kremlin and its satellites to enter into any such arrangement. Can we hope to make much headway in working toward that ultimate goal if the relations are to be only on a single-nation basis?

Mr. PASTORE. The tragedy which inspired the present provision in the bill lies in the fact that those who advocate this provision are assisting Russia in her position of not being allowed into the pool. That is precisely what they are afraid of. They are afraid that Russia might come into the peactime pool. In other words, they are upholding the attitude of Russia. I do not say that they are unpatriotic. They are honorable men. Possibly they are better Americans than I am, but that is the argument that is being made.

To me that is the tragedy of our time. I believe that when the President of the United States spoke before the United Nations on that day in December, he rocked the world. He gave hope to the people of the world. He showed, once and for all, that atomic energy could be put to a useful purpose. He showed that we could use it to build up the hearts and minds of men, and lift them from their poverty and squalor. He showed that we could give them hope and build up their standard of living. That message electrified the entire world.

What are we saying in this bill? Not a single thing in the field of cooperating with a group of nations could be done under the provisions of the bill, if it were enacted, that could not be done under present law. In other words, if we should not enact the pending bill, under the McMahon Act we could negotiate an atomic pool by way of a treaty, because that is a constitutional right. Even the McMahon Act could not affect that right. It is distinctly so stated in the McMahon Act. We can impart information to

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other nations, provided they enter into an agreement sanctioned by both branches of Congress, or by way of a treaty.

Mr. SPARKMAN. Let me ask one further question, and then I shall not detain the able Senator longer.

I have read with great interest the dissent, the minority views—or perhaps a better description would be the supplemental views—expressed by the able Senator in connection with the report, in which he very forcefully sets forth the arguments on this subject.

One thing which caught my attention was his reference to the fact that in the bill as it was being studied by the committee his amendment was included. Apparently somewhere along the way the committee struck from the bill what the able Senator now seeks to restore in it.

Mr. PASTORE. In writing the clean bill that is precisely what was done. There is a new tragedy. In the first place the committee put the amendment into the bill, and then, after some deliberation, took it out. In that way it was accentuated.

Mr. SPARKMAN. That provision was emphasized.

Mr. PASTORE. Yes. Psychologically I think we broke down the morale and the unity which we have been able to achieve over the years. In my opinion, that is very harmful. I feel more strongly about that provision than I do about any other part of the bill. Our action in that connection was a step backward, not forward. Anyone who supports the provision of the pending bill with relation to international cooperation disagrees with the President of the United States. I make that as a categorical statement.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had insisted upon its amendments to the bill (S. 2900) to authorize the sale of certain land in Alaska to the Harding Lake Camp, Inc., of Fairbanks, Alaska, for use as a youth camp, and related purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. SAYLOR, Mr. D'EWART, Mr. DAWSON of Utah, Mr. ENGLE, and Mr. ASPINALL were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 9006) to amend the act of May 22, 1896, as amended, concerning the loan or gift of works of art and other material.

The message also further announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

H. R. 2617. An act for the relief of Guillermo Morales Chacon;

H. R. 6642. An act for the relief of Mrs. Augusta Selmer-Andersen; and

H. R. 8713. An act to amend section 1 (d) of the Helium Act (50 U. S. C. sec. 161 (d)), and to repeal section 3 (13) of the act entitled "An act to amend or repeal certain Government property laws, and for other purposes", approved October 31, 1951 (65 Stat. 701).

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 1276. An act to amend the Bankhead-Jones Farm Tenant Act, as amended, so as to provide for a variable interest rate, second mortgage security for loans under title I, and for other purposes;

S. 3539. An act to further amend title II of the Career Compensation Act of 1949, as amended, to provide for the computation of reenlistment bonuses for members of the uniformed services;

H. R. 1067. An act to authorize the Supreme Court of the United States to make and publish rules for procedure on review of decisions of The Tax Court of the United States;

H. R. 1673. An act for the relief of James I. Smith;

H. R. 5578. An act for the relief of Hatsuko Kuniyoshi Dillon;

H. R. 5731. An act to authorize the Secretary of the Interior to construct facilities to provide water for irrigation, municipal, domestic, military, and other uses from the Santa Margarita River, Calif., and for other purposes; and

H. R. 7664. An act to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, July 15, 1954, he presented to the President of the United States the following enrolled bills:

S 1276. An act to amend the Bankhead-Jones Farm Tenant Act, as amended, so as to provide for a variable interest rate, second mortgage security for loans under title I, and for other purposes; and

S. 3539. An act to further amend title II of the Career Compensation Act of 1949, as amended, to provide for the computation of reenlistment bonuses for members of the uniformed services;

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. BRICKER obtained the floor.

Mr. SPARKMAN. Mr. President, will the Senator from Ohio yield in order that I may suggest the absence of a quorum?

Mr. BRICKER. I am glad to yield provided I do not lose the floor.

Mr. SPARKMAN. Of course.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LENNON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BRICKER. Mr. President, at this time I desire to comment on the minority views of the junior Senator from Rhode Island [Mr. PASTORE] with reference to the international cooperation provisions of S. 3690 to amend the Atomic Energy Act of 1946.

First, let me express my agreement with the junior Senator from Rhode Island to the effect that the bill before the Senate represents a splendid example of bipartisanship on the part of all members of the Joint Committee on Atomic Energy. This highly technical and complex bill is, of course, the product of numerous compromises. Several portions of the bill do not have my unqualified endorsement, but I feel that I can support the measure in substantially its present form without sacrificing what I regard as any matter of strong principle. In particular, I regret that the safeguards surrounding the international exchange of atomic energy information were not made stronger. However, the security safeguards contained in the bill do not appear to me to be so low as to require a negative vote on my part.

The junior Senator from Rhode Island proposes to strike from the bill section 124 reading as follows:

SEC. 124. International atomic pool: The President is authorized to enter into an international arrangement with a group of nations providing for international cooperation in the nonmilitary applications of atomic energy and he may thereafter cooperate with that group of nations pursuant to sections 54, 57, 64, 82, 103, 104, or 144a: *Provided, however*, That the cooperation is undertaken pursuant to an agreement for cooperation entered into in accordance with section 123.

The words "international arrangement" are defined as follows in section 11k of the bill:

k. The term "international arrangement" means any international agreement hereafter approved by the Congress or any treaty during the time such agreement or treaty is in full force and effect, but does not include any agreement for cooperation.

In other words, such cooperation would be outside the control of Congress or of the Senate in the ratification of a treaty.

The junior Senator from Rhode Island also proposes to insert in section 123 of the bill the phrase "group of nations." This would empower the President, without obtaining the approval of the Congress or the Senate, to make multilateral agreements with other nations involving the foreign distribution of special nuclear material and the disclosure of classified atomic energy information.

It was at my suggestion that the Joint Committee on Atomic Energy deleted

the phrase "group of nations" from section 123. As a result of this amendment to the bill in committee, the President cannot, without the approval of the Senate or of the Congress, commit the United States to participation in any international atomic pool. However, the bill—section 144b—does empower the President to convey certain information relating to the military application of atomic weapons to a group of nations, but only if such group of nations is a regional defense organization to which the United States is a party.

It was also at my suggestion that the joint committee added section 124 to the bill authorizing the President to enter into an international agreement involving the creation of an international atomic energy pool. The net effect of the committee's action is to require the President to submit to the Senate for ratification as a treaty, or, where appropriate, to both Houses of Congress for their approval, any international agreement involving the transfer of special nuclear materials or the disclosure of secret atomic-energy information to the United Nations or to any other group of nations.

The junior Senator from Rhode Island and I are in full accord as to the effect of the committee's action, although we do not agree as to the wisdom of that action. The effect of the joint committee's action is accurately explained as follows in the minority views:

> It should be noted that these agreements for cooperation can be entered into only bilaterally; that is to say, the statute does not authorize the President to enter into agreements for cooperation with a group of nations or with an international agency unless, as specified in section 124, an international agreement has previously been entered into with a group of nations. This means that the President must negotiate a treaty (which must receive the approval of two-thirds of the Senate before it can be effective), or an executive agreement (which, under the terms of the law, must be submitted to both Houses of Congress and receive a favorable majority vote before it can become effective), before he can cooperate under the bill with any group of nations.

Why should not the President be required to submit to the Senate or to both Houses of Congress any international agreement implementing his proposal for an international atomic energy pool? It is almost universally conceded that President Eisenhower's address before the United Nations General Assembly on December 8, 1953, contained a bold and somewhat revolutionary suggestion for ending the cold war. The importance of that address has not been exaggerated either in the public press or elsewhere. We are, therefore, by almost universal agreement, concerned with a matter of transcendent importance to the security of the United States and to the peace of the world. To put it bluntly, I am shocked by the suggestion that the Congress should give the President a blank check to implement his revolutionary proposal to end the cold war. I am particularly shocked in view of the fact that President Eisenhower has not requested any such blank check. Referring to the creation of an International Atomic Energy Agency in his speech before the General Assembly, President Eisenhower said:

> I would be prepared to submit to the Congress of the United States, and with every expectation of approval, any such plan.

That can be done under the bill as reported by the committee, and the amendment of the Senator from Rhode Island is not necessary to carry out the plan of the President.

Several months later, on February 17, 1954, to be exact, the President said in his special message to the Congress on atomic energy:

> These recommendations are apart from my proposal to seek a new basis for international cooperation in the field of atomic energy as outlined in my address before the General Assembly of the United Nations last December. Consideration of additional legislation which may be needed to implement that proposal should await the development of areas of agreement as a result of our discussions with other nations. (H. Doc. No. 328, 83d Cong., 2d sess., p. 4.)

The negotiations to which the President referred are still going on. They are being conducted in secret. When Mr. Dulles testified before the joint committee last month the Soviet Union had not finally rejected the idea of joining an international atomic pool, although such participation seems most unlikely. Senators will recall that the President in his United Nations address expressly conditioned his proposal on the willingness of the Soviet Union to join in the pooling arrangement. In view of all these uncertainties, the President was absolutely right, in my judgment, in warning against hasty or premature action by the Congress on his bold, new approach for international cooperation in the atomic-energy field.

I simply cannot understand the reasoning of those who urge that Congress or the Senate abdicate its constitutional prerogatives in this highly fluid and uncertain situation. We can all agree, I think, as to the general desirability of an international atomic-energy pool in a world at peace. Personally, however, I have grave doubts that it is possible to create such a pool in the present international climate without endangering the security of the United States.

That is the reason why I want the Congress or the Senate to attempt a careful survey of any proposal for an international pool which might be submitted by the President. He has never asked anything else than what I propose.

Naturally I have no objection to the negotiations now underway. In fact, I am delighted that the President and his Secretary of State are exploring with such diligence this possible avenue to a more peaceful world. Nevertheless I am unalterably opposed to authorizing in the bill now before the Senate the conclusion of an agreement for an international atomic-energy pool without further reference to the Senate or to the Congress.

The junior Senator from Rhode Island points out in his minority views that section 124 of the bill "does little more than restate the powers he—the President—already has under the Constitution and existing law." That is true. Section 124 could be deleted from the bill without detracting from the President's authority in any way whatsoever, because it is a constitutional power which the President of the United States has.

Although section 124 actually confers no authority on the President to carry out his atomic pool plan in addition to that which he already possesses, I believe that section 124 should be retained in the bill as an expression of Congress' hope that the international atomic pool idea will be thoroughly investigated.

Three reasons are presented in the minority views of the junior Senator from Rhode Island for empowering the President in advance, and without approval of the Senate or the Congress, to make international agreements with a group of nations involving the transfer of special nuclear material and the disclosure of secret atomic energy information. The first reason is stated in these words:

> Consider the effect on the downtrodden of Asia, for example, if the Soviet Union should seize the initiative in bringing to these power-starved nations the great benefits of atomic energy. I say on that day we shall have lost the battle.

If anything is certain in this uncertain world, it is that the Soviet Union is not going to export fissionable materials beyond the Iron Curtain. These materials, it must be remembered, can be used in the making of atomic weapons. They can be used for research on or development of atomic weapons. That sobering fact is recognized in section 123a (3) which requires a guaranty by the nation receiving such material that it will not be used for military purposes. Obviously, the special nuclear material proposed to be transferred in accordance with the terms of agreements for cooperation can be used to make an atom bomb. Otherwise, there would be no reason for the guaranty required by section 123a (3). In my judgment, it is virtually certain that the Soviet Union is not going to transfer the nuclear material with which to make an atom bomb either outside the Iron Curtain or to any of its satellite nations.

The second reason advanced in the minority views for the proposed abdication of senatorial and congressional responsibility is stated in these words:

> I find it very difficult to reconcile this distinction (between bilateral and multilateral agreements for cooperation) and I would further point out that this is not so, for the information with which we are here concerned is of a low degree of sensitivity and is far removed from the area of information on atomic weapons and atomic production that we must carefully circumscribe.

I respectfully submit that this view is not only fallacious but exceedingly dangerous. The material to be transferred under the agreements for cooperation authorized by this bill are intended, of course, solely for the development of peacetime uses of atomic energy within the territory of the recipient nation. The fact is, and all authorities on atomic technology agree, that there is no way in which to separate the peaceful and the military uses of fissionable material. The same material that is used in power development can also be used in bomb development. In addition, dual-purpose

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reactors produce both power and militarily useful byproduct material. To say that little danger is attached to the making of these agreements for cooperation is truly reckless. We need only to visualize a large nuclear reactor in northern India serving simultaneously the power purposes of that neutral nation and the military purposes of Red China.

The bill provides internal evidence to the effect that we are not dealing with materials and information of any low degree of sensitivity. Section 2h of the bill reads as follows:

> 2h. It is essential to the common defense and security that title to all special nuclear material be in the United States while such special nuclear material is within the United States.

If it is not consistent with the common defense and security to give title to special nuclear material to American citizens and corporations, it can hardly be said that yielding such title to a foreign nation is not fraught with danger.

In other words, we deny the ownership of special nuclear material to citizens of the United States or to corporations of this country, even to be used for peaceful purposes; yet we intend, by the order of one man, or the agreement of one man, to transfer title and information to the other nations of the world.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. BRICKER. I yield.

Mr. PASTORE. Does not that indicate very strongly that the Senator is opposed to the bill?

Mr. BRICKER. I am not opposed to the bill; all I ask is that Congress or the Senate of the United States—either one or the other—as well as the President, simply take a look at this to see whether there is any danger involved.

Mr. PASTORE. No matter how one may look at it, the end result is to give away nuclear materials; and the Senator is arguing against that.

Mr. BRICKER. If it is a dangerous arrangement, we ought to understand what it portends. While I am willing to take that risk in dealing with a few of our allies, I cannot support the assumption of that risk in dealings with the United Nations or with any large group of nations.

There is nothing in the bill, if the amendment submitted by the Senator from Rhode Island be adopted, which would prevent the United States from dealing with the United Nations, with the North Atlantic Treaty Organization nations, or with any other group of nations which might be organized, and that without submitting one iota of the contract provisions to the Senate or to Congress.

Mr. PASTORE. Mr. President, will the Senator further yield?

Mr. BRICKER. I yield.

Mr. PASTORE. Is it not a fact that no matter what agreement is made, or with whatever number of nations, under section 123 the conditions, terms, and periods must be set forth to Congress? The President of the United States must make a certificate in writing that our national security is not being jeopardized. All those things have to be done before contracts can be made, all this has to be stated to Congress.

Why does the Senator from Ohio try to create the impression that if we deal with one nation we shall have to tell all these things, but if we deal with two nations we shall not have to tell them. Of course we have to tell them.

Mr. BRICKER. There is a wide difference between dealing with one nation of the world through an individual, and dealing with a number of nations or a multitude of nations.

Mr. PASTORE. Mr. President, will the Senator further yield?

Mr. BRICKER. I yield.

Mr. PASTORE. So the argument made by the Senator from Ohio is that we could trust one nation, but we could not trust two.

Mr. BRICKER. The President could bind one nation, as he could not bind a group of nations?

Mr. PASTORE. Why not?

Mr. BRICKER. The Senator from Rhode Island recognizes, as well as I do, that there is a reason for dealing with one or two other nations of the world, when there is no reason for dealing with a multitude or a group of nations. I submit that the United States might enter into an agreement with England or with Canada, as the Senator has suggested, but that is not the contrast which makes the problem apparent. When we are dealing with a group of nations, one of whom, perhaps, we do not have a right to trust, or whom we should not trust, and another of whom we do trust, while that nation trusts the nation whom we distrust, as we find now in the United Nations, in the Geneva Conference, and in other international affairs, the President of the United States and the State Department would be under great pressure. If there were organized, among Italy, France, Belgium, Great Britain, and Canada, a cooperative movement for pooling with the United States their atomic resources, whatever they might have, and if there were an agreement reached among them, the President would be in a very difficult situation to have to say that Italy could not come in, that Germany could not come in, that Great Britain could not come in, but that some other countries could come in.

Congress could do that without any reflection at all. That is all I am asking.

Mr. PASTORE. The President of the United States is of the opposite political belief to that which I entertain——

Mr. BRICKER. I said in the beginning that there was no partisanship in this matter, and I hope none will come into it, although I think I have detected a good bit of partisanship.

Mr. PASTORE. I do not think the President of the United States would allow himself to be hoodwinked in the sense which the Senator from Ohio has explained. I think the President of the United States, or any other man who rises to that position of dignity, will have the courage and the stamina not to be frightened. I think his first concern will be for the security of the United States of America.

What does the Senator from Ohio mean when he says the President of the United States will be placed in a delicate position to say "No" to a risk? I do not believe that for 1 minute. But I am saying that when the provisions of section 123 of the bill are set forth before Congress, Congress can repudiate. But what the Senator is saying in his amendment is that when we deal with a group of nations, we shall have to have two bites at the cherry: first of all, it will be necessary to negotiate a treaty, which the Senate will have to approve. Then, after a treaty has been approved, it will still be necessary, under section 124, to return to section 123 and to spell out all the conditions. In other words, the same thing will be done twice.

Mr. BRICKER. In response to the statement of the Senator from Rhode Island, the same argument was made in the Constitutional Convention. As a result of the argument, the provision was placed in the Constitution requiring ratification of treaties by the Senate of the United States.

There is no authority to give the President power in advance. I do not believe power should be given in advance to evade the responsibilities under the Constitution to submit a treaty to the Senate of the United States. There have developed since that time international dealings, under which this Nation cooperates with other nations by means of what are known as executive agreements.

The Senator will remember the discussions on the floor a short time ago, in regard to the danger of 1-man rule in this country, as was authorized by the decision of the Supreme Court in the Pink case. As a result, the Senate sought to put a safeguard around international or executive agreements, by requiring their submission to Congress.

This is a most important field with which Congress is dealing at this time, perhaps the most important with which it has dealt during this session. It is a field in which the safety of the world is affected. It is a field in which, possibly, the whole defense of the United States may be affected. The peace of the world may be affected by it.

So I feel that Congress should be guaranteed a second look before there occurs any international pooling, as among many nations of the world, of this most valuable and vital material. We represent the people of the United States. We have a trust which we should not give up.

Mr. PASTORE. Mr. President, will the Senator further yield?

Mr. BRICKER. I yield further.

Mr. PASTORE. I subscribe to everything the Senator from Ohio has just said, but what I fail to recognize is the distinction he tries to make. If the Senator takes the position that in dealing with any nation, we should do so under the process of the Constitution, by way of a treaty which must be ratified by two-thirds of the Senate in all cases, that is perfectly proper. But the only trouble I find with his logic is this: In the case of dealing with 1 nation, it is all right to do so without a treaty; but if we deal with 2 nations, we must have a treaty. Will the Senator please tell me why he makes the distinction?

Mr. BRICKER. I must have been very obscure in what I said, because I have been trying to explain my position for about 10 minutes. What I have been trying to do is to draw a distinction between a bilateral agreement, which binds the two nations exclusively, and entering into an agreement with a group of nations, in which we must deal with the nation that becomes most dangerous, and becomes the weakest link.

As the Senator well knows, there are certain practical situations which we must face, which are obvious to us, which have been discussed back and forth in the Joint Committee on Atomic Energy, as to whether the President or the Commission should have authority to work out deals with one nation. I think that is an obvious necessity. The need is much greater in that case than it is in the case of an international pooling arrangement, and it has nothing to do with the international pooling.

Mr. PASTORE. I do not want to get into a discussion of restricted data any more than does the distinguished Senator from Ohio, but I still contend that in order to be consistent in the principle he is trying to enunciate, the Senator should say that in all cases the arrangements with nations ought to come to the Senate by way of treaty. When he begins to make a distinction between nation No. 1 and nation No. 2, on the ground that nation No. 1 can be trusted, but nation No. 2 cannot be, I say that is a distinction which he will find difficulty in maintaining.

Mr. BRICKER. I have in writing a statement which I think may be clearer than what I have already said, and may help to answer questions raised by the Senator from Rhode Island.

With regard to the last statement made by the Senator, I wish to say there is not involved a matter of trust or confidence; it is a matter of carrying out our constitutional responsibility. I for one do not want to evade the constitutional responsibility which I assumed as a Senator of the United States.

The final reason advanced in support of the minority views is that there is no greater danger in dealing with a large group of nations than there is in dealing with particular nations individually. For example, it is stated in the minority views of the junior Senator from Rhode Island:

> If the President can deal with a single nation in the atomic field under the stringent safeguards prescribed in this bill, then he should be able to deal with a group of nations under the same stringent arrangement.

This contention ignores an international fact of life that has been demonstrated again and again over the past decade; that is, the pressure for ratification of international agreements increases in almost geometric proportion to the number of parties to the agreement. The history of the Genocide Convention is a good example.

Throughout the negotiations on the Genocide Convention, for instance, the representative of our State Department, Mr. John Maktos, took the very sound position that the definition of genocide should contain the words "with the complicity of the Government." I think the Senator will agree with me that the inclusion of those words is essential if we are to effectuate what is desired—to put an end to race killing.

Mr. Maktos felt, as I do, that genocide could not be committed without Government participation, or that without such participation could it be an international crime. In addition, Mr. Maktos proposed on behalf of the United States that "political groups" be included among the groups to be protected by the terms of the Genocide Convention. At the insistence of the Soviet Union, the United States was outvoted and "political groups" excluded from the terms of the Genocide Convention. As is well known, the Soviet Union contends that none of the 10 million people in its slave-labor camps were sent there by reason of belonging to any "national, ethnical, racial, or religious group" within the meaning of the Genocide Convention. All of those slaves, according to the Soviet Union, are political enemies of the state.

It is perfectly obvious that if the United States had been writing a Genocide Convention with Great Britain as the other party, the word "genocide" would have been properly defined. However, in the form in which the Genocide Convention was submitted to the Senate, the word "genocide" is so defined as to make the treaty a fraud and a hoax. Nevertheless, the then President of the United States urged its ratification. In spite of the fact that the Genocide Convention fell far short of embodying the views of the United States, the pressure of world opinion could not be resisted by him. Those same pressures would operate at any international conference attended by scores of nations for the purpose of drawing up an agreement for an international atomic-energy pool. The United States would be under extremely heavy pressure to go along with a majority of the nations represented.

On the other hand, when the United States negotiates with one other nation on a particular international agreement, the pressures for ratification are much less. If the President refuses to sign the agreement, or if the Senate refuses to consent to ratification, it is unlikely that illwill or misunderstanding will result. Examples could be cited endlessly proving the opposite result when the United States refuses to go along with scores of other nations. We have been criticized viciously around the world for our refusal, in many instances.

As I construe the bill reported by the Joint Committee on Atomic Energy, its purpose is not to spread the benefits of atomic energy throughout all of the underdeveloped countries of the world. In the first place, there are relatively few countries that are now in a position to guarantee that classified information and fissionable materials will be properly safeguarded against the Communist threat within their own countries. In supporting the international cooperation provisions of S. 3690, I do see the need for making agreements for cooperation with Great Britain, with Canada, and with several other countries that have in the past made significant contributions to our atomic-energy program.

In my judgment, it would be the height of folly for the Congress to authorize the President to transfer special nuclear material and secret atomic-energy information to the United Nations, or to any of its specialized agencies, or to any group of nations. In the first place, secrets cannot be maintained in the United Nations, and probably not by any large group of nations. If I am wrong in this, however, the President will not be prevented from making such agreements and then asking the Senate or the Congress, whichever is the appropriate body, to give its consent.

To repeat, nothing in the bill as reported by the committee—I wish to emphasize what I have just stated, nothing in the bill as reported by the committee—prevents the President from making agreements for cooperation with the United Nations or with groups of nations, provided, however, that he submits the proposed treaty or agreement to the Senate or to the Congress, respectively. I will not, however, be a party to giving the President a blank check in a field where a single mistake on his part could seriously jeopardize the security of the United States, and, as I pointed out earlier, the President has not asked for any such blank check. On the contrary, in his United Nations address on December 8, 1953, he specifically said that he would submit the plan for an international atomic pool to the Congress.

There is one respect in which I believe that the security standards set forth in section 123b should be tightened. That section, as reported by the committee, contains the following requirement:

> b. The President has approved and authorized the execution of the proposed agreement for cooperation, and has made a determination in writing that the performance of the proposed agreement will promote and will not constitute an unreasonable risk to the common defense and security.

That is a prerequisite to entering into such an arrangement.

I should now like to offer a proposed amendment to that section of the bill striking out, on page 53, lines 5 and 6, the words "the performance of." In its present form, almost any proposed agreement for cooperation would satisfy the security test set forth in section 123b. For example, the President would have no difficulty in finding that "the performance of" a proposed agreement for cooperation with Red China would promote and would not constitute an unreasonable risk to the common defense and security. No such agreement should be made, of course, because it is absolutely certain, at the present time at least, that Red China would not perform the agreement in accordance with its terms. In other words, the President should be required to find that the proposed agreement for cooperation will in fact be performed, and not merely that the agreement, if performed, will not constitute a danger to the security of the United States.

Mr. President, I submit the amendment, and ask that it be printed and lie on the table until consideration of amendments is in order.

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The PRESIDING OFFICER. The amendment will be received and printed and will lie on the table.

Mr. BRICKER. I may state at this time that I have talked to members of the staff of the Joint Committee on Atomic Energy about this matter, and they have a suggestion which may be used as a substitute for the amendment later on, if it is agreeable to the other members of the Joint Committee on Atomic Energy. I am hopeful that can be worked out, but I do not want the bill left with only a prerequisite that "if the President of the United States finds that the carrying out of the provisions of the agreement shall not imperil the United States." I want it to read that the agreement itself if carried out will not imperil the safety of the United States.

Mr. HICKENLOOPER. Mr. President, will the Senator from Ohio yield?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from Ohio yield to the Senator from Iowa?

Mr. BRICKER. I yield.

Mr. HICKENLOOPER. I have been very much interested in the statement of the Senator from Ohio. In the main, I think I find myself in very thorough agreement with him.

The question of whether the President shall be authorized by this bill to go forward with the negotiation of agreements with a group of nations which is as yet nebulous and unknown, was one which came before the Joint Committee for rather exhaustive consideration. I think it safe to say that the Joint Committee, as now constituted, would look with great friendliness upon a proposition—which might be submitted at a later date by the President—to the effect that there were in the offing tentative arrangements whereby a certain group of nations was willing to enter into a cooperative effort for the safeguarding of atomic-energy matters, and yet contributing to the progress, atomicwise, of the world.

However, the committee considered, in its judgment—of course, there was some disagreement among the members, but, in the main, this was the judgment of the committee—that it was not yet time to write into the organic law authority of that kind; that it should be done, as the Senator from Ohio has so ably pointed out, at a time if, as, and when the situation, both in the Senate and in the United States and in the rest of the free world, had developed to a point where such a proposal would seem to have a reasonable chance of success.

Therefore, in accordance with the President's message, we decided that if the President, after thorough investigation and thorough canvassing of the situation, were to decide to submit the matter to Congress to obtain its approval of such a pool or of negotiation leading to the formation of such a pool, that would be wise and prudent.

At this time I say—and I think and hope the Senator from Ohio will agree with me that the sense of the joint committee and, I believe, of Congress as a whole, is that at such a time such an agreement will very possibly be in the interest of progress and of peace; and that not only the joint committee, but the Congress as a whole, would look with at least a cordial eye to the matter, until Congress had a chance to examine it thoroughly. I further believe that if the terms of the proposal were proper, it is probable that Congress would be more than glad to go along with such a promising proposal.

But at this time we limit it to bilateral agreements with one nation, on certain phases of the industrial development. As a matter of fact, we did that in order to show to the rest of the world that the United States is willing to proceed with a nation that wishes to utilize atomic energy for peacetime, developmental purposes. No one in the world can correctly say that in this bill we have not expressed that attitude, and that we are not proceeding now, by great strides, not only toward the goal of cooperation with other nations, but also toward the goal of making whatever possibilities there may be in connection with the use of atomic energy in peacetime available to other nations who may need an opportunity to benefit from such possibilities.

So I compliment the Senator from Ohio on his address. I myself am not opposed to the theory the Senator from Rhode Island [Mr. PASTORE] was advancing, and which he proposes in his amendment; but I question the timeliness of writing such a provision into the basic or the organic law.

Mr. BRICKER. I agree entirely with the Senator from Iowa; and at this time he has expressed my thinking very, very well. I appreciate his contribution to what I have said in support of the bill as it came from the committee.

I may say, further, that we are in thorough compliance with the wishes of the President, insofar as anything he has stated either in his messages to the Congress or in his addresses to the United Nations is concerned.

Mr. HICKENLOOPER. Mr. President, if the Senator from Ohio will yield further, let me say that I know of the great concern of the Senator from Ohio and of other members of the joint committee in connection with the matter of safeguarding vital secrets, the loss of which might endanger our national security. No Member of Congress has been more concerned about that than I have. At all times I have attempted to watch that situation very carefully. I have not changed my position regarding the necessity of safeguarding such secrets, and I know the Senator from Ohio has not changed his position or his zeal regarding their being adequately safeguarded.

But with the unfolding or progressive development of conditions in the world in connection with atomic energy, I believe we can now, under careful safeguards, go forward with friendly nations in aiding them in their development. In my judgment, this bill will not, under the safeguards it provides, subject us to undue or unnecessary risks, especially when we consider the equities of the situation and the value and benefits which we and the other sincerely peaceful nations of the world can receive as a result of proper, honest, and vigorous cooperation along this line.

Mr. BRICKER. I thank the Senator from Iowa. In my opinion, the bill as reported by the committee, if it is enacted into law, will give encouragement to the President of the United States to go ahead with his negotiations.

Mr. HICKENLOOPER. That was one of the intents of the bill.

Mr. BRICKER. Yes; it was one of the intents of the bill, and I think it is thoroughly carried out in the provisions of the bill—and, furthermore, that we encourage the President to come to the Congress. This is a cooperative effort, dealing with various vital matters in which every citizen of the United States is, or ought to be, deeply interested; and every Member of Congress should have a look at such a proposal.

Mr. HICKENLOOPER. Mr. President, if the Senator from Ohio will yield again to me, to permit me to make an observation regarding the statement that the bill encourages the President to come to the Congress, I will say that the bill indicates that the Congress will cordially receive any sound proposal of that sort.

Mr. BRICKER. Yes; and that certainly expresses my view.

Mr. HICKENLOOPER. I should like to make a further observation, namely, that the President, in every utterance of his, either public or private, of which I know in connection with this matter, has stated repeatedly that he believes he should come to the Congress when any measure or substantial alteration in policy of this kind is contemplated, and that not only is he perfectly willing to submit, but will submit, these matters to Congress, as the representatives of the people, to pass on any variations or changes in policy which may affect our security and our interests in the atomic-energy field.

Mr. BRICKER. I wish to say to the Senator from Iowa that I have searched the record, and I find no statement by the President to the contrary of what the Senator from Iowa has just now expressed.

Mr. HICKENLOOPER. Mr. President, I thank the Senator from Ohio for his indulgence.

At this point I should like to quote—unless the Senator from Ohio has already done so—from the last part of the President's address to the United Nations. I refer to the President's address in which the pool theory was developed.

Mr. BRICKER. I quoted a portion of that address, but I shall be glad to have the Senator from Iowa place in the RECORD the part of the address to which he has reference.

Mr. HICKENLOOPER. Almost at the end of his address, the President said:

> I would be prepared to submit to the Congress of the United States, and with every expectation of approval, any such plan that would—
>
> First, encourage worldwide investigation into the most effective peacetime uses of fissionable material, and with the certainty that they had all the material needed for the conduct of all experiments that were appropriate;
>
> Second, begin to diminish the potential destructive power of the world's atomic stockpiles;

Third, allow all peoples of all nations to see that, in this enlightened age, the great powers of the earth, both of the east and of the west, are interested in human aspirations first, rather than in building up the armaments of war;

Fourth, open up a new channel for peaceful discussion, and initiate at least a new approach to the many difficult problems that must be solved in both private and public conversations, if the world is to shake off the inertia imposed by fear, and is to make positive progress toward peace.

I do not believe the committee, the President, or men of good will anywhere in the United States oppose the principles. The opposition of the committee was to writing a group-of-nations authority into the organic law at this time, when even the President had not requested such broad authority for an indefinite time in the future. We will meet that situation when the time comes. We will welcome the opportunity to meet it when the proposal is attractive in the interest of world peace.

Mr. BRICKER. I thank the Senator. I did quote a portion of the President's speech to the United Nations. I am glad to have the remainder of it in the RECORD at this point. But I see no reason for giving the President more power than he asked for. I am quite confident the President never would ask for the power which would be given him were the amendment submitted by the Senator from Rhode Island adopted.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. BRICKER. I yield.

Mr. ANDERSON. I recognize that this is not quite the right place to start asking questions back and forth. I know the Senator from Ohio does not feel that I am doing it in that fashion. However, we have been talking about an atomic pool. My memory goes back to the fact that I tried in committee to raise certain questions on the subject of an atomic pool. I have been trying to think whether it was done in the open hearing or the closed hearing. I did not receive answers to those questions. I wonder if the Senator would mind if I were to ask him if he has ever had satisfactory answers to these questions. If the Senator prefers, I can place the questions in the RECORD later, but I should like to have his views on certain questions.

The first question is:

To what extent will information relevant to the practical production of nuclear power be transmitted to the international agency?

I pointed out that mere possession of nuclear materials by such an agency without information would place the scientists involved in about the same position as the United States was in 10 years ago. Clearly, if the major countries involved pursue vigorous atomic-power programs of their own and independently of the international agency, the practical utility of the work done by the agency will be extremely small. At the hearings I did not receive an answer to the question as to the extent to which information relative to the practical production of nuclear power would be transmitted to the international agency.

Mr. BRICKER. I believe that if the international development for peacetime purposes is to be effective or accomplish anything at all, it will require complete information as to the utilization of fissionable material such as we may have in this country.

Mr. ANDERSON. I think the Senator's answer is absolutely correct. I agree with him thoroughly. I did not get that answer to the question which I put in the committee.

Closely related to that question is a second question——

Mr. HICKENLOOPER. Mr. President, will the Senator yield so that I may inject a thought?

Mr. ANDERSON. Certainly. I am only trying to get the expressions of Senators on this subject, which is very important.

Mr. HICKENLOOPER. I agree with the answer which the Senator from Ohio has given. I suggest that the degree of information which might be made available at a given time in the future would be determined, first, by the terms of the contract which was proposed; secondly, upon the advancement which the respective country or countries had achieved in the atomic art. It might be governed by several considerations, but I think the information under any such arrangement should be adequate. The information we would give should be adequate for the purposes of the progressive and profitable development of the atomic elements which would be placed in the pool for the general utilization of the countries involved.

Mr. BRICKER. I think the Senator and I had both of those conditions in mind when we were discussing the question. It was a theoretical problem we were facing. We do not yet have in this country sufficient information for the practical operation of a reactor for the production of electric energy. We are working on it now.

Mr. ANDERSON. I realize that. I listened to the Senator from Ohio discuss this question in the committee, and I think he has made valuable contributions. That is why I ask these questions at this time.

Mr. President, will the Senator further yield?

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair). Does the Senator from Ohio yield to the Senator from New Mexico?

Mr. BRICKER. I yield.

Mr. ANDERSON. Closely related to the first question is the second question:

"Will individuals who have been involved in nuclear power developments in the United States be permitted or encouraged to work with the international agency?"

If this is permitted, it will be essentially equivalent to a full exchange of information. The other horn of this dilemma is the obvious one that peaceful nuclear power is basically indistinguishable from military nuclear power. Indeed, the first successful developments of nuclear power have been for military use; that is, as a submarine powerplant, and considerable effort has gone into and will continue to go into the undertaking to adapt nuclear power to aircraft use. The fundamental problems involved in these reactors cannot be separated from the problems involved in reactors which produce power for peaceful purposes. To some extent the military devices are even easier, because for military purposes the cost of the power produced is far less important than the form in which it is packaged. Moreover, even peaceful power is a part of the national strength—for war—of any country, since it is fundamental to production levels. It may be extremely dubious that we would care to pass on too much information, for example, regarding our submarine nuclear powerplant. Yet without such information, and without the participation of scientists and engineers who are abreast of our own nuclear-power developments, I fear the international agency will start its work discouragingly far behind.

As I remember, I asked that question of the Chairman of the Commission. I said, "Would individuals involved in nuclear-power developments be permitted or encouraged to work with the international agency?"

Mr. BRICKER. With the prescription which was suggested by the Senator from Iowa to the limitations of the agreements, I think it would be absolutely necessary. We have the only great pool that I know of outside Soviet Russia. Practical men are required to carry out a program of this kind. We have been working on the problem in this country, as the Senator from New Mexico well knows, for a considerable number of years. We are now at the point of beginning the development. I think if any international pooling for peaceful purposes were to be effective it would necessitate personnel from this country to aid. If that were not done, we would not be following our full desires or commitments.

Mr. HICKENLOOPER. Mr. President, to assist in making the record at this point in connection with the questions which the Senator from New Mexico has raised, I invite attention to page 701 of the hearings, part II. The Senator will find that he asked questions similar to these at the time of the hearings. After qualifying his question by explaining what he meant, which was the pool theory, the Senator from New Mexico asked this question of Mr. Dulles, Secretary of State:

Is it your thought that information relevant to the production of nuclear power will be transmitted to this international agency?

Secretary DULLES. Yes, I think it probably would be.

A little later the Senator from New Mexico asked this question:

Senator ANDERSON. Then individuals who have been involved in nuclear work in this country might be available to that sort of pool?

Secretary DULLES. Yes, sir.

That is the attitude expressed by the Department of State.

Mr. ANDERSON. Let me say to the Senator from Iowa that it is my feeling that the Secretary of State is not primarily an expert in the field of atomic energy, and might not have understood

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the problems involved in the transfer of individuals.

Mr. HICKENLOOPER. I suggest that the Secretary of State is the spokesman on policy, programs, or attitudes in connection with international operations, and therefore what he might have to say in that field, as to what would be expected by way of international exchange, would, I think, be very significant.

Mr. ANDERSON. If I may continue with the Senator from Ohio, let me say that I appreciate his taking the time for this exchange. This is a field in which I am greatly interested, and I appreciate his courtesy.

Mr. BRICKER. I remember full well discussing the subject around the table with the Senator from New Mexico.

Mr. ANDERSON. The third question which I asked was as follows:

"What fraction of our own nuclear stockpile, or production, are we willing to give to such an agency?"

It has been stated that if this international pool is developed the result may be to cut down the amount of fissionable materials which individual nations may have left for military purposes. I pointed out that large amounts of fissionable material are not necessary for power reactors of even quite impressive output. Accordingly, unless the amount of material transferred to the international agency is a considerable fraction of any participating country's stockpile, the actual effect of such transfers upon military strength is negligible.

Therefore, I ask the Senator whether he believes we would be willing to transfer a large amount, or is it more likely that we would make a rather small amount available, thereby perhaps not preventing conflict, but making a greater contribution to the peacetime uses of atomic energy.

Mr. BRICKER. I may say to the Senator from New Mexico that that is entirely outside the range of judgment of the Senator from Ohio, because it is a technical question involving how far we may go before we will not imperil our military reserves of strategic material.

However, as the years go by, and as peace becomes more secure and war less imminent, I believe there may be greater emphasis upon peacetime uses than is possible at the present time or was possible in the past.

If the Senator from New Mexico will indulge me, I believe we must rely on the professional opinion of our scientists and military officials to determine how much may be made available.

I may say in passing that we have the same problem in utilizing fissionable material or strategic material in our private and peacetime uses. How far we can go is a matter of judgment, and the emphasis must always be placed upon the national security.

The President of the United States in his message stated:

> I therefore make the following proposals: The governments principally involved, to the extent permitted by elementary prudence, to begin now and to continue to make joint contributions from their stockpiles of normal uranium and fissionable materials to an International Atomic Energy Agency. We would expect that such an agency would be set up under the aegis of the United Nations.
>
> The ratios of contributions, the procedures, and other details would properly be within the scope of the private conversations I have referred to earlier.

Of course, that again emphasizes the need of retaining the bill as it is, without the amendment of the Senator from Rhode Island [Mr. PASTORE]. It is a matter for future determination. First of all, I put the emphasis upon our own military needs in this country for the defense of our own shore; second, the utilization of the material which is deemed necessary for the protection of the world against aggressive forces at this time; third, upon a pool arrangement for peacetime uses. I believe that is the program that has been suggested by the Atomic Energy Commission and by the President.

Mr. ANDERSON. I have one final question to ask of the Senator from Ohio. Does he know of any limit to the range of financial support we may be willing to give to such a program. I point out the fact that there is now being set up a United Nations nuclearphysics laboratory. The laboratory will be located in Switzerland, with the participation of practically all the western European countries. The United States, however, is not a participant in this venture. The total annual support for this laboratory will be about $4 million, which is a little less than one-tenth of the cost of operating the Los Alamos laboratory in my State alone.

I am sure the Senator from Ohio will agree with me that if we are going into this field, we cannot go into it with merely a whisper about what is going on in the field of atomic science. If virtually all the nations of the earth that belong to this venture are to pool their resources into a little laboratory costing about $4 million a year, when the Los Alamos laboratory alone costs $40 million a year, the contribution will not be very significant. Probably the relation of the individual national laboratories to an international pool should be in the other direction. I am merely calling this point to the Senator's attention, and I ask him whether he does not feel that persuading the people of this country, and of other countries as well, to make a contribution that may run to $50 million or $100 million a year to an international laboratory of this nature is going to be difficult in the foreseeable future?

Mr. BRICKER. It is going to be very difficult. I believe the Senator will agree that if such a pool were to be established at this time or in the near future, a great deal of the burden would be cast upon the United States, and the money would come out of our Treasury. That is one other reason why the Senator from Ohio would like to take a second look at any international pooling. If we are to enter a pool with other nations, I believe we ought to look at the situation a second time, from the standpoint of Congress, as well as from the standpoint of utilization of our stockpile.

Mr. ANDERSON. I wish to assure the Senator from Ohio that I fully subscribe to his last statement, and I appreciate very much his courtesy in replying to my questions.

Mr. BRICKER. I thank the Senator for his contribution.

Mr. STENNIS obtained the floor.

Mr. GORE. Mr. President, will the Senator yield, so that I may suggest the absence of a quorum, without his losing the floor?

Mr. STENNIS. I shall be glad to yield, provided I do not thereby lose the floor.

Mr. GORE. Mr. President, with the understanding that the Senator from Mississippi will not lose the floor, I suggest the absence of a quorum.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. STENNIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Without objection, it is so ordered.

Mr. STENNIS. Mr. President, I first wish to voice what I believe to be the sentiment of all of us who have been privileged to hear the debate as presented by four members of the Joint Committee on Atomic Energy, the Senator from Iowa [Mr. HICKENLOOPER], the Vice Chairman, followed by the Senator from New Mexico [Mr. ANDERSON], and the Senator from Rhode Island [Mr. PASTORE], who, in turn, was followed by the Senator from Ohio [Mr. BRICKER]. I wish to express a sense of gratitude on behalf of myself and all other Members who heard the speeches, and I think I can speak for the other Members of the Senate and for the Nation, for the very fine presentation they have made regarding this highly important subject about which so little is known by the average membership and by the people of the Nation.

Mr. President, I further wish to say that I think it is one of the tragedies of the Congressional processes that the membership of this body could not be present and hear the very fine exposition by these Senators who are so well versed in this subject.

In that connection, Mr. President, I wish to point out that the debate this morning started at 10 o'clock. At that time the Senator from Rhode Island was speaking, and at the same time there were going on the following committee meetings:

The Committee on Finance; the Committee on Armed Services; the Committee on Banking and Currency. These were full committee meetings. Those three committees would in themselves involve most of the membership of this body. The Committee on the District of Columbia had 2 subcommittees meeting. At the same time there was a meeting of a subcommittee of the Committee on Interior and Insular Affairs and also a meeting of the full committee at 10 o'clock. The Committee on the Judiciary had 2 subcommittees meeting at the same time, and the Committee on Public Works met at 12:30.

I point that out, Mr. President, to show that in the rush of affairs it is

physically impossible to be carrying on committee work and floor work at the same time. But it is, nevertheless, tragic that the membership of the Senate has not had an opportunity to hear these very fine speeches. They were more than speeches, Mr. President; they were learned expositions of the subject matter presented by the 4 Senators whom I have mentioned.

Mr. President, I shall not speak with reference to the major provisions of the bill. I shall direct my attention to a subject matter which I really wish were not involved in the bill. Those of us who are primarily interested in this question are not responsible for its being in the bill. It concerns the steam-generating plant which is proposed to be built across the river, near Memphis, Tenn. I wish to emphasize that I do not think this subject matter has any proper place in connection with the broad subject matter of atomic-energy legislation. That is one of the main points which I wish to make, that it does not have anything to do with the higher responsibilities of the Atomic Energy Commission, and that it should not be involved in such a subject matter nor in such a controversy.

A further point is that the Commission does not have the authority, it has not been granted the legislative power, to enter into a contract under the circumstances which have been enumerated and considered at the hearings on this bill as outlined by the General Manager of the Atomic Energy Commission. That is why the Anderson amendment, which was proposed yesterday afternoon by the Senator from New Mexico, becomes pertinent and has application to this bill, because it does pin down definitely and make clear and absolutely certain what I respectfully submit was the original intent of the Congress a year ago.

The pertinent part of the Anderson amendment reads as follows:

> The authority of the Commission to enter into contracts for electric utility services shall extend only to contracts with persons who agree to supply the contractual amount of electric utility service directly to the installations of the Commission named herein.

Mr. President, I especially invite the attention of the Members of this body who are lawyers to that language. But there is no special legal learning necessary to give a fair, reasonable, and middle-of-the-road interpretation of the legal authority involved in this section which was amended just a year ago. At that time, in order to meet a practical situation involving the getting of enough electricity to supply certain named plants or installations of the Atomic Energy Commission, the Congress passed the additional legislation, conferring what we might call contractual authority. I now wish to read from the act which was passed last year the pertinent clause which gives authority to the Atomic Energy Commission. The quotation is to be found on page 79 of the pending bill, but it is merely a rescript of the present law. It is as follows:

> The Commission is authorized in connection with the construction or operation of the Oak Ridge, Paducah, and Portsmouth installations of the Commission, without regard to section 3679 of the Revised Statutes, as amended, to enter into new contracts or modify or confirm existing contracts to provide for electric utility services for periods not exceeding 25 years.

Mr. President, that was the act which Congress passed. It named three specific installations: Oak Ridge, Paducah, and Portsmouth. When it named those three, it stopped; it did not name any more. It could have, but that was the limit. Congress set forth the purpose for which the legislative authority was to be used to make contracts for electric current—for what? For the construction or the operation of those three-named plants. That is all that Congress said. That is the terminal point of the legislative authority.

There are two small, thin, vague words in addition to what I have quoted, and I shall come to them in a moment. But considering the provision in all its aspects, looking at it top, side, and bottom, from the angle of a lawyer, the angle of a layman, the angle of a professional man, the only authority it conveys and carries is to do exactly as I have recited. That is the end of the authority. It is a matter of policy as to whether the authority should be extended. That is a question for Congress to decide.

However a Senator may wish to vote on that policy is up to himself to decide. It is a question for his judgment. But my point is that this is the extent of the present authority which the Commission has; and to go beyond that would be a usurpation of power—not a corrupt usurpation, but simply a usurpation.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. HICKENLOOPER. Do I understand the Senator from Mississippi to take the positive position—that is, the firm position—that the Atomic Energy Commission does not have the legal authority to enter into the Dixon-Yates contract?

Mr. STENNIS. Yes; that is the position of the junior Senator from Mississippi.

Mr. HICKENLOOPER. I might suggest that that has been the announced position of, I believe, the Senator from Tennessee [Mr. GORE] and other Senators. Therefore, if they feel strongly that the Commission does not have the legal authority to enter into the contract, then this debate is utterly useless, because the Commission could not enter into the contract, or could be prevented from entering into the contract by proper action in the courts.

If the Senator from Mississippi takes the position that the Commission does have the authority to enter into the contract, but that it is an unwise contract for the Commission to enter into, then I can understand fully the attempts being made by way of amendments, and otherwise, to alter the existing law. But on the theory that the Commission has no authority to enter into the contract, I believe we are speaking to a moot question in all this debate, because the legality of the contract is something which should be settled in the courts.

Mr. STENNIS. If the Senator from Iowa would care to write into the bill clearly that the extent of the authority intended by section 164 is with respect to contracts for current which is to be directly used by the three named plants, then the argument would be ended, so far as I am concerned.

Mr. HICKENLOOPER. In order to dispel any question that might arise, I think the Commission has the legal authority to enter into the contract, so I disagree with the Senator from Mississippi on that point. I do not favor writing into the bill a provision which would take away from the Commission the authority which I believe it legally has.

Mr. STENNIS. Or if the Senator from Iowa would agree to strike out section 164 and not to reenact the section, so as to preclude the claim later that Congress gave it a new lease on life or a new breath of life, that would be satisfactory.

Mr. HICKENLOOPER. So that the RECORD may be clear on this point, it is under section 164 that the Commission annually, I think, or perhaps every 6 months, but at least periodically, must renew the contracts for the acquisition of power in the Portsmouth, Paducah, and Oak Ridge territories, as supplementary to the power to be furnished by other companies. It is necessary for the Commission to approve the purchase of peak power from time to time. If section 164 is repealed, I fear that that authority of the Commission would not exist.

Mr. STENNIS. I would not propose to deprive the Atomic Energy Commission of its power to procure electricity to be directly used for these three plants. There would be no controversy about that.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. ANDERSON. I am in a bad situation because I am arguing with two lawyers about the law. I am a layman, but I know there are very good lawyers who think as does the Senator from Mississippi, apparently, that the reenactment of section 164, with the Dixon-Yates contract pending, would give the contract some standing in court, because the passage of H. R. 4905 as permanent legislation would not be repealed in any way, and would permit the Atomic Energy Commission to make its regular reviews without any question. By the passage of H. R. 4905 everything necessary is done for the three plants, and the only reason, in the opinion of many persons, why section 164 is in the pending bill is so as to breathe some life into the Dixon-Yates contract, if it should be signed subsequently, because it is already being considered, and is involved in an agreement of understanding, even though not formalized into a contract.

If the Senator from Mississippi will permit me to have just another moment, I remind him that if he will look at page 35 of the hearings which were held on H. R. 4905, which the Senator may not have before him, that that bill did

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not specifically deal with the Portsmouth and the other plants, but read:

> The Atomic Energy Commission is authorized, in connection with the construction and operation of installations of the Commission, without regard to the antideficiency statute, to enter into contracts for these plants.

But the committee, after hearing the testimony, wrote into the bill specifically the three installations, and named them somewhat at the suggestion of Representative HINSHAW, of California, who wanted to be certain that an additional contract could not be made. He testified, as I have placed his words in the RECORD, that if that provision were not made, this was the last time the committee would ever review a contract.

I should be happy to show the Senator, if he so desires, the language of the original provision, in which there is no mention of a specific plant. It was thought that when the three plants were specifically named the matter had been tied down so that it could never get away.

But then it was found, because of the little words "in connection with," that anything in connection with it, even though the connection was only a telephone connection, might be sufficient to continue and to extend the authority.

Mr. STENNIS. I thank the Senator from New Mexico for his contribution. It is a real one.

The hearings on H. R. 4905, on April 28 and June 10, 1953, before the Joint Committee on Atomic Energy, at page 35, contain the original wording of section 164, about which we are now speaking. As the Senator from New Mexico has said, the original text shows that the plants were not stated by name; but, by amendment, Oak Ridge, Paducah, and Portsmouth, were specifically written into the bill, so as to convey the grant of authority to these particular plants.

Mr. President, a complete reading of this section shows clearly and unmistakably that that authority was granted directly and solely for the purpose of supplying electricity to those three plants.

This is not a TVA controversy; it involves the integrity of legislation and the integrity and discretion of the Commission, a subject to which I shall refer later.

The undisputed evidence with regard to the proposed plan is that the electricity is not to be used at any one of the three plants, it is not needed at any one of the three plants, and it is not suggested that at any remote or any foreseeable time in the future there will be such a need. I appreciate very much the contribution of the Senator from New Mexico.

Mr. GORE. Mr. President, will the Senator from Mississippi yield?

Mr. STENNIS. I am glad to yield to the Senator from Tennessee.

Mr. GORE. I should like to have the attention of the able Senator from Iowa with regard to the point I am about to make.

I call to the attention of the junior Senator from Mississippi the fact that earlier today the senior Senator from Iowa in debate expressed to the Senate his confidence that the Atomic Energy Commission could not enter into the generation of power by use of fissionable materials unless it was in connection with research and development. Upon two occasions today the able senior Senator from Iowa used the specific words, "in connection with," giving his assurance to the Senate that the words were a limitation on the power of the Commission.

I call to the attention of the Senator from Mississippi the fact that about a year ago the able Senator from Iowa brought this amendment to the floor of the Senate, and that the same words, "in connection with," were incorporated in the amendment. As I recall, in colloquy between the senior Senator from Iowa and the junior Senator from Tennessee he gave to the Senate assurance at that time that the amendment would be limited in its application to the three plants named. Does the Senator recall that debate?

Mr. STENNIS. The Senator from Mississippi does not personally recall that part of the debate, but I have before me the RECORD, to which the the Senator from Tennessee may refer. I was going to read from the RECORD.

Mr. GORE. I am not in any way seeking to be critical of the Senator from Iowa. That was not my intention. What I am seeking to point out is that if in this case the words "in connection with," relating to these 3 specifically named plants, can be so stretched out of proportion; if congressional intent can be distorted out of any logical, sensible meaning, so as to include the making of a contract hundreds of miles away, for an operation unrelated to the atomic-energy program and unrelated to the operation of the 3 plants, then use of the same words "in connection with" with respect to the broader aspect of the program takes on a new and different meaning.

Mr. HICKENLOOPER. Mr. President, will the Senator from Mississippi yield?

Mr. STENNIS. I am glad to yield to the Senator from Iowa.

Mr. HICKENLOOPER. I will say to the Senator from Tennessee that I do not recall the words used in the presentation of the amendment a year or so ago. I have the utmost respect for the word of the Senator from Tennessee, and if he recalls that the words were used, I shall not undertake to dispute his statement. I have not looked up the record.

Mr. GORE. I was not undertaking to quote the Senator from Iowa verbatim as of a year ago. I was quoting the Senator as of today. The Senator repeated the words "in connection with" as they relate to other sections of the bill. But now these words seem to have a different meaning. I do not recall verbatim the report of the debate of a year ago, but I believe the Senator from Mississippi has it before him.

Mr. HICKENLOOPER. Will the Senator from Mississippi yield further for a moment?

Mr. STENNIS. I am glad to yield.

Mr. HICKENLOOPER. We have heard arguments pro and con as to whether the electricity is to be used by or for or in connection with the atomic-energy plant, and much has been made of the idea that the contractual authority on the part of the Commission should be limited to persons or corporations which will furnish electricity directly to the three plants. I suggest that under the proposed Dixon-Yates contract electricity will be furnished for the benefit of the Paducah, Portsmouth, and Oak Ridge plants, even though the Dixon-Yates plant is located near Memphis, and will put its electricity into the TVA system in that area of the country. However, the electricity would be used for the benefit of those plants just the same as a locomotive at the head of a freight train is being used for the benefit of the caboose at the tail of the train. The locomotive is not directly hooked to the caboose, there are many cars in the train; but no one can say that the locomotive is not puffing up at the front end of the train for the benefit of the caboose at the back.

There is an analogy here to the matter under discussion. Electricity will be put into the TVA system, as proposed in the Dixon-Yates contract, at one end of the barrel. It is a completely closed system in the State of Tennessee. Adequate and corresponding amounts of electricity will come out at the north end of the reservoir, which will assure an ample and needed supply to installations involved. The AEC proposes to underwrite a 25-year contract for the purchase of that electricity on that firm basis. It is like the engine on the front of a freight train.

Mr. STENNIS. The Senator more or less admits that the atomic energy plants do not need any more electricity; that no need for electricity is anticipated for the future, and that, therefore, there will be no need of any more electricity for the construction and operation of the plants. Still it is proposed to go to an entirely different geographical site and build a plant and turn it over to the TVA and say to it, "You retail this electricity." Let me read what the Senator from Iowa said a year ago.

Mr. HICKENLOOPER. So as to dispel any misunderstanding which may have resulted from what I said, I did not by any connotation intend to discuss the question of whether the AEC does or does not need more electricity. I do not wish to be misunderstood. The fact is that the Commission does have an immediate need for from 175,000 to 180,000 more kilowatts of electricity. It needs it very urgently at this time, and will probably need more electricity in the future.

Mr. STENNIS. Then why is the Atomic Energy Commission opposed to the proposed contract which is being negotiated? If the Commission needs the electricity, and this is the legal way to get it, why does it oppose the contract?

Mr. HICKENLOOPER. The Atomic Energy Commission is making the contract. The Commission is in favor of it.

Mr. STENNIS. According to the undisputed record made during the hearings on the bill which is now before the Senate, General Nichols, who, as my colleague knows, is the General Manager of the Atomic Energy Commission, testified

on that point, as appears on page 950 of the hearings of the joint committee, as follows:

Subsequent to receiving the proposal—

He was talking about the proposed contract—

the Atomic Energy Commission, after making an analysis to compare it with the rates that we are now paying at Paducah and the total cost, forwarded the proposal with the analysis to the Bureau of the Budget, and in forwarding it, it was made clear to the Bureau of the Budget that the Commission did not agree on the wisdom of the AEC entering into this type of contract.

I have read from the testimony of the General Manager of the Atomic Energy Commission, which he gave to the committee in open hearing. He testified that when the contract was sent to the Bureau of the Budget, the Commission made it clear that it did not agree with the wisdom of the contract.

Mr. HICKENLOOPER. I will say to my friend, the Senator from Mississippi, that there is a precedent for such action. The Senator will recall that at one time in the past a majority of the Atomic Energy Commission vigorously opposed the development of the H-bomb.

Mr. STENNIS. There is no parallel between the two situations.

Mr. HICKENLOOPER. The Commission went ahead with the program, and thank God it did.

Mr. STENNIS. Certainly there is no parallel between the two problems.

Mr. HICKENLOOPER. The problems are different; but the Senator from Mississippi was speaking to the original questioning by a majority of the Commission of the wisdom of the contract; and I say it is not without precedent, because at one time a majority of the Commission vigorously opposed going into the H-bomb program; but when it was determined to be the policy, the Commission went along.

Mr. STENNIS. Even if it is not without precedent, that does not make it right. The question is whether they think it is sound, and also whether they have the authority.

Mr. ANDERSON. Mr. President, I hope the Senator will carefully examine the record and will determine whether he wishes to have the statement he made stand. I do not believe he can find in the record anything to show that the Commission vigorously opposed this. If so, he should do all he can to work toward the removal of the chairman.

Dr. Smyth said the Commission never voted 3 to 2 against it. Of course, this matter has been discussed a great deal, by now; and many of the details are well known. Let me read, from page 790 of the hearings, part of the testimony of Dr. Smyth:

The Commission never voted 3 to 2. The Commission voted unanimously that this decision should be made by the President; that it involved so many different facets of the Government and was of such far-ranging importance that the Commission voted unanimously to send a paper to the President which suggested the various facets of the problem.

So I hope the Senator will examine that language.

Mr. HICKENLOOPER. Mr. President, will the Senator from Mississippi yield again?

Mr. STENNIS. I am glad to yield.

Mr. HICKENLOOPER. At the moment I cannot differ with the statement that the Commission voted 3 to 2 against it. But I feel very positive that the Commission voted 4 to 1 against it, and then 1 member switched and went on the side favoring development of the hydrogen bomb program. And then they submitted it to the President. But, on policy and on their original statement, they were 4 to 1 against entering upon the development of the hydrogen bomb program.

Mr. ANDERSON. Mr. President, it seems to me—and this is all I wish to say on the matter, because a great deal of the testimony was given in executive session, although I think much of it should be made public—that there was an expression of views, and I think when those views were sent to the President, approximately 4 of the members of the Commission had 1 view, and 1 of the members had another. It is greatly to the credit of Admiral Strauss that he was the one who thought they should go ahead. As I recall subsequently he was joined by Gordon Dean, and that the others in their recommendations to the President expressed the point of view that they should go slowly about it.

But I do not believe that it came to an actual vote. On the contrary, I believe it was an expression of opinion. I agree with the Senator as to the numerical division.

Mr. HICKENLOOPER. I do not wish to labor the point regarding the exact vote. I have referred to the fact that it is true that three members of the Commission expressed themselves in opposition to the project. Whether they came to a vote on the question, I do not know.

But I was merely saying there was precedent for such a difference of opinion and a subsequent change to agreement. I referred to their original decision on the development of the hydrogen bomb program. I think the shift of position and the subsequent decision to proceed with the development of the hydrogen bomb program was a wise one, and contributed materially to the safety of the Nation.

Mr. STENNIS. Mr. President, regardless of what the precedent may be, my argument is that the contract is unsound, illegal, and unlawful because the statute upon which it is based is not broad enough or long enough to carry the load, except in the three cases I have enumerated. The statement made by the Senator from Iowa bears out my original point, namely, that this question is one of policy, and should be decided, not by the President, but by the legislative branch of the Government.

Mr. GORE. Mr. President, will the Senator from Mississippi yield to me?

Mr. STENNIS. I yield.

Mr. GORE. Even though all the circumstances related by the able Senator from Iowa existed, that situation would not be parallel to this one, and would not constitute a precedent for it. Under the basic atomic energy law, certain authority and responsibility go to the Atomic Energy Commission. Certain powers are conferred upon the President of the United States. The President is specifically authorized, directed, and empowered to give direction—that is specified in the act—to the Commission with respect to weapons and weapons development. Here, however, even if the circumstances related by the Senator from Iowa actually existed, the situation would be different, because this case involves a matter upon which the members of the Commission seek to find their authority in the section cited by the Senator from Mississippi. I agree with him that the section is not broad enough to stretch all the way to southern Arkansas and to enable the Commission to enter into a contract with a firm not yet created, to build a plant to furnish power to another agency, unrelated to the atomic energy program, and wholly unrelated to the three specific production facilities contemplated in the act.

Before the Senator from Mississippi leaves the point, I hope he will complete his reference to the record of last year when the measure was passed. I believe the legislative intent can clearly be discerned from the statements then made on the floor of the Senate.

Mr. STENNIS. I shall reach that in a few minutes.

Question has been raised about the policy regarding atomic energy. I wish first to discuss that point briefly.

Section 164 begins, on page 79 of the bill, with the following words:

The Commission is authorized in connection with the construction or operation of the Oak Ridge, Paducah, and Portsmouth installations of the Commission—

Mr. President, the proponents of the contract are driven to the necessity of bottoming their case solely on the two slender words "in connection," although those words have no particular legal significance whatsoever, and have no legal meaning, within themselves. In view of all the facts, the rule of reasonable interpretation is the only one which possibly can be applied. It is possible, by straining the imagination considerably, to try to read into those words some fragment or small segment of legal authority; but that attempt is beaten down by a brutal set of facts. When the electricity that is to be generated there is too far away and too remote, there is a bare possibility that there could be some faint, far-fetched relationship of some kind, but not sufficient to bottom a legal authority on an important matter, and not sufficient to bottom $107 million worth of bonds, not sufficient to bottom a 25-year contract upon which the Government, according to the lowest estimates and the most conservative figures, will have to spend more than $90 million, in addition to what the cost normally would be, by means of the other route.

When it is undertaken to substantiate the authority for a matter of this kind, there must be something of substance, not just a reed that would bend in the wind, but something upon which reasonable men can agree, and, which they can find—on the basis of solid, substantial interpretation—to be sufficient to give the Commission that power.

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I respectfully submit that I do not believe any court, after weighing the facts and historical background of the section we are talking about, could, under any judicial construction, read into those flimsy words sufficient authority to say that the Congress of the United States gave approval for this contract. I do not believe it could happen.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. HICKENLOOPER. The Senator made the statement a moment ago that, according to the most conservative estimate, under the so-called Dixon-Yates proposal the cost to the United States would be at least $90 million more than the cost of power from some other source—presumably TVA. Of course, the Senator is aware of the fact that if the TVA were to build this plant, the United States would have to appropriate from $100 million to $107 million of the taxpayers' money to build the plant, so it would have that much money in it and in addition it would pay for the electricity.

Mr. STENNIS. I was speaking in terms of the end of the 25-year period.

Mr. HICKENLOOPER. At the end of the 25-year period that plant would not be worth $5 million.

Mr. STENNIS. The Federal Government would own the plant all that time and have every benefit which accrued from it. At the end of the 25 years, whatever it might have in the plant itself, it would have the $90 million, which would be almost enough money to pay off the $100 million.

Mr. HILL. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. HILL. Ninety million dollars is the figure given by the Atomic Energy Commission as the excess cost, over and above the cost of the TVA construction.

Mr. STENNIS. That is correct.

Mr. HILL. In other words, there would be not only the cost of the TVA building, but, under this contract, the cost would be $90 million in excess of that figure.

Mr. HICKENLOOPER. Mr. President, I submit that is an utterly inaccurate statement.

Mr. HILL. If the Senator will read the record he will see that it is not.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. HICKENLOOPER. We have only two proposals. The first is that the power shall be furnished by a plant to be built by the TVA in that area. That would involve an immediate appropriation of between $100 million and $107 million of the taxpayers' money, which would have to go into the plant.

Under the Dixon-Yates proposal Dixon-Yates would put up the money for the plant. The Government would not put up the money. There is a differential, of course, based upon the taxes Dixon-Yates would have to pay, and the increased cost, which would amount to several million dollars over the period of the contract. In the meantime—and this is perhaps where I misunderstood the Senator from Alabama—I understand the Senator from Aalbama to say that under the Dixon-Yates contract the Government would have the money invested in the plant, and would pay the $90 million too. That would not be the case.

Mr. HILL. That is exactly what I said. The Government would have the plant and would pay some $3,685,000 a year more under the Dixon-Yates proposal than it would pay if it were to build the plant through TVA.

Mr. STENNIS. Those figures are uncontradicted. In 25 years that would amount to the $90 million which I mentioned.

Mr. HILL. The Senator is exactly correct.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. STENNIS. I am very glad to yield, but I hope the Senator will make his question brief.

Mr. KEFAUVER. It does not seem to me that it is the appropriation which is bothering the administration, because another proposal was made, by Mr. Von Tresckow and Mr. Lucius Burch, which would save the Government $90 million or $100 million. Under that proposal they would furnish their own capital and build the plant, which would later become the property of the Government, or the Tennessee Valley Authority. No appropriation by Congress would be required. Apparently that proposal was not given serious consideration by the Atomic Energy Commission, although under it the Government would not have had to appropriate a dollar. Is not that correct?

Mr. STENNIS. The Senator from Tennessee is correct. I am not particularly familiar with that proposal. I have based my argument on a comparison of the two proposals which were more or less compared by the manager of the Atomic Energy Commission. He seemed to know what he was talking about. I have taken his figures, although there is another estimate to the effect that the additional cost to the Government would not be the $3 million-plus mentioned by the Senator from Alabama, but would run $5 million-plus a year for a 25-year period, which would make the difference in cost far more than $100 million.

Mr. KEFAUVER. Mr. President, will the Senator further yield?

Mr. STENNIS. I yield.

Mr. KEFAUVER. That is a fact; and the testimony shows it. If it be true that under the Von Tresckow-Burch proposal the Government could get the power and the plant a great deal cheaper than under the Dixon-Yates proposal, without appropriating any money, would not the logical conclusion be that the Government wants to enter into a contract with a private power utility, through Dixon-Yates, regardless of what the cost is to be?

Mr. STENNIS. The decision is certainly not measured by the cost, because the dollars-and-cents cost is much less to the Government under the other proposal.

A question has been raised as to the Atomic Energy Commission. Whatever I say with reference to the members of that Commission is said with all deference and great respect. One of the things which impressed me when I first came to the Senate a few years ago was the near reverence expressed on this floor for the Joint Committee on Atomic Energy, and I learned that the same attitude was held with respect to the Atomic Energy Commission, and with good cause. One of the first things I remember about the Senator from Iowa [Mr. HICKENLOOPER] was his very fine, impartial presentation on the floor of the Senate of some of the atomic-energy legislation. I learned to appreciate his fine judgment. I heard him make an argument on this subject. The sentiment seems to be unanimous in according members of the Atomic Energy Commission the highest consideration. They operate on the highest possible plane. They must make decisions such as the decision with respect to the hydrogen bomb, and decisions in the realm of high policy with reference to the national defense. Our hats are off to the members of the Atomic Energy Commission. We want to keep them on a high plane.

I think it is most unfortunate that we have now come to the position where, against the will and judgment of all members of the Atomic Energy Commission, the Commission is about to be forced, by Executive order, into what I think is an unlawful contract for the manufacture of electricity. This power will not be a part of the operations of the Oak Ridge, Paducah, or Portsmouth installations. Therefore it is far beyond the law authorizing power contracts by the Commission. The Atomic Energy Commission is being used to carry out a policy of the administration in this case. I regret this, and I believe members of the Atomic Energy Commission regret it. It is my personal belief that the members of the Joint Committee on Atomic Energy regret it. I directly challenge the sponsors of this contract to show any reasonable semblance of legal authority to sustain their position.

I wish to read at this point the section of the bill which is involved:

SEC. 164. The Commission is authorized in connection with the construction or operation of the Oak Ridge, Paducah, and Portsmouth installations of the Commission, without regard to section 3679 of the Revised Statutes, as amended, to enter into new contracts or modify or confirm existing contracts to provide for electric utility services for periods not exceeding 25 years, and such contracts shall be subject to termination by the Commission upon payment of cancellation costs as provided in such contracts, and any appropriation presently or hereafter made available to the Commission shall be available for the payment of such cancellation costs. Any such cancellation payments shall be taken into consideration in determination of the rate to be charged in the event the Commission or any other agency of the Federal Government shall purchase electric utility services from the contractor subsequent to the cancellation and during the life of the original contract.

I understand that confers what we call contract authority. The Commission would not even have to wait for an appropriation. It would be given authority to bind the Government to the full limit. That shows on how high a plane we grant such authority. Now it is dis-

couraging to find what I respectfully submit is usurpation—not a corrupt one, of course—of the power which was granted by unanimous consent only 1 short year ago.

Before going into the history of this section, I wish to say a word further about the rule of interpretation with reference to legislation respecting contracts, and especially legislation which delegates power to another branch of the Government. The only rule that applies is one of reason and of logic. There must be a substantial reason, a substantial logic, applied to the interpretation of such a statute.

A mere possible inference or a possible interpretation by reading it into a statute is not enough, and on this point the thin, meager words "in connection," upon which the proponents necessarily rely, fall far short of their goal.

We must remember that we are dealing with a serious question on a very high plane, and that we are dealing with the serious matter of bonds, involving more than $100 million, being issued, to be sold to the public. The bonds will be taken on the full faith and credit of the United States Government. That is a double reason for moving with caution and having a substantial legal point to stand on. Otherwise, someone may ask for a clear-cut definition of the authority. The clear-cut definition is exactly what the Anderson amendment gives.

I am not trying to defeat the Atomic Energy Commission under the power granted to it by the present law to have the reasonable and necessary power necessary to carry out its highly important and necessary mission. Time is already short on that mission. I am asking for a reasonable interpretation of the authority that is already granted, and a reasonable clarification and expression of the subject matter in the Anderson amendment.

Mr. President, it would be tragic if some court should give any weight to the fact that this section is now to be reenacted, and therefore uphold it on that account. This is a power of government that is needed. This is a bill that needs to be passed. It is important legislation. It has worldwide consequences. The opposition cannot say that we are trying to defeat the bill. There is no suggestion such as that. All we are contending for is a reasonable writing out and spelling out of what I submit was the original intent and the only intent that was described by the legislation when it was passed.

With this interpretation before us and with this plain and simple language before us, let us look to the legislative history as reflected by a part of the record, to determine whether it favors the interpretation I have given or one that is farfetched, inferential, and deals with implied power, which is the interpretation of the proponents of this contract.

This reference to the legislative history is largely repetitious, because yesterday evening the Senator from New Mexico [Mr. ANDERSON] brought out these same points in his speech, in which he cited the witness, Mr. Boyer, who testified in connection with this law when it was originally passed. I refer the Senate to the hearings of April 23 and of June 10, 1953, before the Joint Committee on Atomic Energy. The hearings at which this testimony was given were held in connection with S. 4095. I do not seem to have the page number of the hearings. However, Mr. Boyer testified:

> If you will notice the language we are proposing: "The Atomic Energy Commission is authorized in connection with construction and operation of the Oak Ridge, Paducah, and Portsmouth installations of the Commission, without regard to section 3679 of the Revised Statutes."
>
> In other words, it is limited to the power requirements of those three installations. It is not wide open authority.

I was quoting from what the Senator from New Mexico quoted yesterday, because it is the best word I have on it. It is right on the beam.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. ANDERSON. I believe the Senator said he could not find the page reference of Mr. Boyer's testimony. It is page 22 of the hearings.

Mr. STENNIS. I thank the Senator from New Mexico. That completes the record on that point.

From the same hearings, the Senator from New Mexico read again, from page 43, quoting the same witness:

> The proviso of the Supplemental Appropriations Act of 1953 is the proviso that gives us the authority to make this contract or make these contracts, and it is essentially the same language as this, except that as it will now be written it will limit it to Oak Ridge, Paducah, and Portsmouth.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. ANDERSON. That ties in, if the Senator from Mississippi will permit me to say so, with what he pointed out a little while ago, namely that the language of the act for a while carried no limitation at all on the places to which it might apply. Then it was decided that it would be wiser not to issue what would amount to a blank check, or give permission to approve contracts in blank. The law limited the application to the three places mentioned. That is what Mr. Boyer's testimony refers to. The Senator from Mississippi pointed out, as I had done, that the bill originally did not contain such a limitation, but when the bill was before the committee it was decided to tie that question down, so that the limitation would apply to the three places, and those three places only. There is no mention of Memphis or Fulton or any other place.

Mr. STENNIS. I appreciate the Senator's comment. If I may have the Senator's attention, I should like to ask him whether I am correct in the statement that at the very time this legislation was being passed, contracts were in the negotiation stage for electricity, to be used directly in these three plants. This legislation was expressly passed to cover those contracts, then being proposed or negotiated. The significance of naming those three places became all the more important. Does the Senator agree that that is correct?

Mr. ANDERSON. I know it is correct. The appropriation act carried a limitation of $57 million as the amount that could be paid for termination costs. Private utilities were offered an opportunity to build these plants. They were not able to do it. They were not able to obtain their financing on a billion dollars worth of contracts with only $57 million in damages to be awarded in case of termination.

The able Senator from Mississippi should bear in mind that separate claims have ben made that as soon as electric energy can be developed from nuclear power, power may be so cheap that it will put out of existence some of these same plants. Of course I think that is a long time in the future. However, investors, who would buy the $100 million bonds, to which the Senator has referred, might be frightened by the possibility that development of nuclear power would be as rapid as the development of the hydrogen bomb was rapid, and the results would take effect overnight, and therefore these plants might be put out of existence. Therefore $57 million was not enough.

The Commission was unable to find a contractor who would take on the contracts unless a great deal was added. The contracts were negotiated as of the 1st day of August 1953. The hearings were held in June 1953. The bill did not clear Congress until July 1953. Therefore, it was only a matter of a few weeks until the contracts had been signed. I am glad to say to the Senator from Mississippi that that part of the testimony is important, because this was the legislative enactment designed to handle the situation at three plants, and three plants only, and those plants were well known to everyone, and they were the ones involved in these contracts, and they were the only ones involved.

Mr. STENNIS. I certainly thank the Senator. I think his statement of fact is directly in point and makes it inescapable that the subject matter which he describes is all that Congress could possibly have had in mind, because that was the only thing presented to the Congress in the hearings, in the bill, in the report, and in the debate. The only things seized on to contradict and to overcome all this background of evidence were these two little measly words, "in connection."

Mr. President, can that overwhelm the structure which is fortified from the rock foundation on up to the sides of the walls and the arches overhead? As a lawyer, as a layman, or as one who is responsible under his legislative oath, of course those words cannot overwhelm the background of that structure.

Mr. President, I do not wish to detain the Senate. I have made my major point, but I should like to cover one phase of the subject briefly——

Mr. KEFAUVER. Mr. President, will the Senator from Mississippi yield?

Mr. STENNIS. I yield to the Senator from Tennessee.

Mr. KEFAUVER. The Senator is a jurist with a great deal of experience. I wish to ask him this question: In legal interpretation, whenever specific places

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or conditions are concerned, unless there is a protective clause providing that the language should not exclude others, does not that mean that the section of the particular law is applicable only to the places mentioned in the act?

Mr. STENNIS. I think that is correct.

Mr. KEFAUVER. Is it not even stronger in the legislative history, as pointed out by the distinguished Senator from New Mexico and the distinguished Senator from Mississippi, that the legislative history was, first, in general terms, without pinning it down to particular places, and then, later, particular places were provided for by legislation, without any clause providing that this should not exclude other places? Does not that show a very definite legislative intent, and would not any court interpret such an intent to be a part of the law under those circumstances?

Mr. STENNIS. I agree with the Senator, absolutely, and I appreciate the point being brought out at this moment.

Mr. President, I have two more references to the historical background of the legislation. I am reading now from the hearings of this year, from a letter which Dr. Smyth and Mr. Zuckert sent to Mr. Hughes. It will be found at page 958 of the hearings. I read:

> The present proposal would create a situation whereby the AEC would be contracting for power not 1 kilowatt of which would be used in connection with the Commission production activities.

Not one kilowatt, Mr. President. That is not contradicted. On the other hand, it is substantiated. By whom? By the general manager of the Atomic Energy Commission himself, when he said, at page 959 of the hearings:

> Probably it is technically correct that no ampere ever produced at this plant will technically get into Oak Ridge or Paducah.

Consider those words, Mr. President, in the light of the report on the House bill by the joint committee.

Through that report the joint committee told the Congress—and this is in the Senate committee report on the House bill, at page 2:

> This power—

Speaking of the power for which we gave authority to negotiate—

> This power is to be used for the operation of the gaseous diffusion plants at the three cities specified.

That is what the law says is the extent of their authority. Substantiated by that historical background, Mr. President, how can those flimsy words which were added at the last moment, when no one gave them any attention a year ago—not the draftsmen, not the authors, not the reports, not the debates, but added at the last moment and used as the basis of a policy decision, as the Senator from Iowa agrees—how can they be used now to offset the firm foundation constructed on the Rock of Gibraltar with reference to this section?

Mr. GORE. Mr. President, will the Senator from Mississippi yield?

Mr. STENNNS. I yield.

Mr. GORE. As I have listened to the Senator develop his legal argument, I have been reminded of a famous Tennessee judge who, in making his charge to the jury and in summarizing a case, had a system of logic which was heralded throughout the hill country of Tennessee. I congratulate the Senator from Mississippi.

I have been thrilled at the magnificent way in which he has constructed his argument, brick by brick, and now that he has reached its climax, dispelling, as I see it, the faintest question of the legality of the proposed contract to which he has made specific reference. I should like to inquire of the Senator if he thinks an attempt so to stretch and strain the act, unrelated to the intent of the Congress, adds to the confidence of the people in their Government.

Mr. STENNIS. After the officials are well advised as to the facts, with a full chance to read and to study the authority and the limit of the authority involved here, it seems to me, without imputing any bad motives to anyone, it is a great strain on the confidence of the people to have this matter go on unchecked. I have an abiding confidence, I will say to the Senator from Tennessee and to the Senate, that when the facts are all fully known by everyone, including the President of the United States, something will be done toward stopping this contract. I confidently believe that will be the final outcome of this controversy.

Mr. EASTLAND. Mr. President, will my colleague yield?

Mr. STENNIS. I shall be very happy to yield.

Mr. EASTLAND. The Senator remembers the lease-purchase bill and realizes that it was an administration bill, does he not?

Mr. STENNIS. The Senator is correct.

Mr. EASTLAND. Is it not true that under that bill, where the Government of the United States was the renter, buildings being leased by the Government were constructed by private funds and a rental was charged which would give the constructing parties their cost back, plus a reasonable profit, and at the end of the contract period the property would belong to the United States Government?

Mr. STENNIS. The Senator is correct.

Mr. EASTLAND. That was an administration proposal, was it not?

Mr. STENNIS. Yes.

Mr. EASTLAND. That is not followed in this instance, because here is a contract providing that at the end of the 25-year period the facility will belong to private investors.

Mr. STENNIS. I thank my colleague from Mississippi for the very timely contribution. His analogy is correct and his parallel is correct and sound. It points up one of the great fallacies of this proposal.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. STENNIS. I wish to point out to my colleague, the senior Senator from Mississippi, that when the proposals were made concerning the lease-purchase plan, Congress was approached and was asked for the authority. It was not necessary to try to launch out on two flimsy words which perhaps could have been found in some law, somewhere. The interested persons came to Congress; they acted properly. The question was debated back and forth in the committee and on the floors of Congress for many weeks, and finally there emerged the legislative act which is now the law of the land, and the project has proceeded thereunder accordingly.

Mr. EASTLAND. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. EASTLAND. The only difference is that here is a facility the product of which the Government of the United States will use. At the end of the period the administration is violating its own proposal, because its own proposal, in the Lease-Purchase Act, was that at the end of the lease period, the Government would own the facility. But in this instance the situation is being manipulated to create a tremendous fortune for persons who will own the facility at the end of the lease period.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. KEFAUVER. While I feel very strongly that the TVA should be able to have hydroelectric plants and steamplants to supply its own power, it should be pointed out that the Government, if it does not intend to do that, had an opportunity to enter into a contract analogous to the lease-purchase kind of contract to which the Senator from Mississippi [Mr. EASTLAND] referred, when it was presented with a well worked out proposal by Mr. Von Tresckow and Mr. Burch, which contained facts and figures as to what the cost would be. The Government would have saved a great deal of money in the interim, and at the termination of the lease the Government would have owned a steamplant. I think that information should be made a part of the RECORD.

Mr. STENNIS. I thank the Senator from Tennessee for his excellent contribution to the record.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. HICKENLOOPER. Repeated reference has been made by the Senator from Tennessee to the Von Tresckow contract. Let the RECORD show, because I think it is desirable that the actual fact be shown, that the Von Tresckow proposal never has been made as a firm proposal. It never has been detailed. All it provides is that when a $4,500,000 promotion fee has been guaranteed by the Government, then the Von Tresckow interests will undertake to put together a group to build a plant, and the Government will guarantee every last dollar to build the plant. Von Tresckow will have no responsibility whatsoever.

It is nothing but a financial promotion proposition, for a fee of $4,500,000. They will sell bonds to the public, with no responsibility whatsoever on their part. The Government will hold the sack completely. There will be no limitation whatsoever. The Government will not even receive a report as to who

will comprise the engineering group which will construct the building.

There is no specification, there is no outline of the program, other than that the Government is to hand out $4,500,000, while the Von Tresckow group will sell some bonds, will get someone to build the plant, but will have no responsibility for the construction, and will have no responsibility for the limiting costs.

The Von Tresckow offer is only a brokerage banker's promotional operation for a fee of $4,500,000, which they hope to pick up within the first years of operation. It is vastly different from the businesslike proposition of the Dixon-Yates Co., with guaranties, with a specific outline of what is proposed to be done, and of what the price will be over a 30-year period of time.

Mr. STENNIS. I thank the Senator from Iowa. I am not prepared to comment on that contract.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. STENNIS. I yield.

Mr. KEFAUVER. I appreciate the Senator's yielding to me on this point. I shall later, on my own time, discuss the Von Tresckow proposal, but I think it should be pointed out in the colloquy that Mr. Von Tresckow and Mr. Burch, after their first engineers were pressured out of the business, had other engineers meet with the engineers of the Atomic Energy Commission, who, the testimony shows, were very favorably impressed with their proposal. They asked for permission to meet with the Commissioners and the other top people of the Commission. They had a specific proposal. Apparently the Senator from Iowa has not read the testimony before the Monopoly Subcommittee of the Committee on the Judiciary, which I have in my hand, in which the proposal is set forth in detail as a workable proposal. No one has shown that it is not a sound proposal. The only difficulty was that the top officials of the Atomic Energy Commission refused to sit down and go over the proposal with the Von Tresckow engineers. They would not even give them an opportunity to be considered.

The specifications apparently were written so that only the Southern Co. and the Middle South Utilities, Inc., could bid on the proposal. It is interesting to note that Mr. Yates, attorney for the Southern Co. and the Middle South Utilities Co., Inc., said in his testimony that they had not even seen the Government specifications when they started to negotiate with the Atomic Energy Commission.

So there seems to have been a firm determination on the part of certain officials of the Atomic Energy Commission not to negotiate with the Von Tresckow group, no matter how good their proposal was, and not to negotiate with anyone else except the Southern Co. and the Middle South Utilities, Inc., and the Commission began to negotiate with them before the Dixon-Yates group ever saw the specifications which the Government wanted in connection with the steam plant.

I must take exception to the statement of the Senator from Iowa as to the Von Tresckow proposal not being sound and worked out in detail. A reading of the hearings before the Monopoly Subcommittee of the Committee on the Judiciary will show that the Von Tresckow proposal was well considered and was not objected to by the Atomic Energy Commission or its staff, and that no flaws whatsoever were pointed out in the plan.

Mr. STENNIS. Mr. President, I have only one further point, and I shall be brief as to that.

The proposed contract has been heralded far and near as a private enterprise venture. It does not have the first elements of a genuine private enterprise venture because it is subsidized—top, side, and bottom. There is a guaranty as to its cost, with a margin allowing for error. There is a guaranty for its operation, with a margin allowed for increased cost of labor and increased cost of fuel. That is a Government guaranty as to those items. Does that sound like private enterprise or free enterprise, as those words are ordinarily understood? Does that sound like it has basic fundamentals?

There is a guaranty of income on the invested capital, and, incidentally, at a high rate. There are no competitive bids for its construction. Does that sound like free enterprise? The Government will pay all taxes and fees—State, local, and Federal. The Dixon-Yates group will be called on to invest only $5,500,000 of their own money, and this can hardly be called chance money. But, at the same time, they will be guaranteed a return of 9 percent per annum on the $5,500,000; and when the 9 percent is figured in connection with the profits, the Federal Government then will pay the Federal and State income tax on the 9-percent return on the investment.

Only a few days ago it was the opinion of the majority of the Senate that the Government could not afford to increase the personal exemption of a small income taxpayer, as to his gross income, by as much as $100 a year.

I do not make these points in criticism of private enterprise companies. This is far from my purpose. I make the point to show that the atomic-energy enterprise is so vast that it cannot be handled by private enterprise under the normal business methods, and will have to be guaranteed and underwritten for all practical purposes by the Federal Government. That is why there has been a request for guaranties and what are, in effect, subsidies, and that is why there has been a request for insurance against increases in the cost of fuel and labor. That is why there is desired a virtual guaranty as to the cost of the undertaking. That is why there has been requested a guaranty as to taxes and other similar costs. Such a vast enterprise is involved, and it is so fraught with uncertainties, that it is unreasonable that they be asked to take all the risk, which leads us to the inescapable conclusion on that point that the Government would stand on much firmer ground if it built the plant in the first place, and thereby saved the extra money which letting of the contract would cost.

Awhile ago the Senator from Mississippi mentioned the lease-purchase bill. I was a member of the Committee on Public Works which considered the bill. I was also a member of the Armed Services Committee when it considered a measure relating to contracts for the building of small ships. We learned much about the subject matter during the progress of discussion and debate on the two bills. Incidentally, I supported the bills as an experiment along the lines of that method of doing business.

As the Senator from Mississippi pointed out, however, when the period of leasing was over, the Government would receive the benefit of whatever usefulness there remained in the ships. Under the present proposal, there would be nothing left for the Government. Under the present proposal, there would have to be the guaranties which I mentioned, which shows it is beyond the pale of a reasonable private enterprise measure as it is ordinarily understood, and that it is necessary for the Government to become a party to the arrangements and to carry the risk. I submit the Government might just as well build the plant.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. STENNIS. I yield to the Senator from Nebraska.

Mr. REYNOLDS. Does the Senator mean to infer that an escalator clause having to do with increased costs of labor and fuel is alien to private industry?

Mr. STENNIS. I understand it is now used to some extent in some industries, but it is certainly a long way from the rugged individualism which was involved when a man used to take a risk.

Mr. REYNOLDS. I think the Senator will find that there probably is not a contract of any size having to do with a private powerplant which does not contain such a clause.

I should like to ask another question. Do not consumers pay all the taxes which a powerplant pays? In the last analysis, no one else can pay the taxes except the consumer. The purchaser always pays the taxes.

Mr. STENNIS. It certainly is not customary for the Government to pay the taxes of a manufacturing concern or industry which is selling goods, and that is what we are being called upon to provide for in this case. The Government buys many Buicks from General Motors for the use of officials at the Pentagon, but the Government does not pay the taxes on the automobiles.

Mr. REYNOLDS. The tax is included in the cost of the automobile.

Mr. STENNIS. At least, the manufacturer takes a chance on making a profit on the sale of the automobiles it manufactures; but, as the Senator from Mississippi interprets the situation, no one will be taking a chance so far as the Dixon-Yates contract is concerned.

After all the payments are guaranteed and everything is subsidized, as I have outlined, the Government may have to pay a $40 million cancellation fee if the contract is canceled. That is a considerable amount of money. If the contract is carried out it will cost the Government, at the lowest estimate, more

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than $90 million additional over what it would cost to build and operate the plant itself. In addition, at the end of the 25 years the Government will have nothing left whatsoever, not even a burned-out light fuse. The contractors will own the plant. If the Government builds the plant, of course it will own it all the while, as well as at the end of the 25 years, and indefinitely.

Mr. President, I yield the floor.

Mr. EASTLAND. Mr. President——

The PRESIDING OFFICER (Mr. UPTON in the chair). The Senator from Mississippi is recognized.

Mr. EASTLAND. Mr. President, the Dixon-Yates proposal constitutes a very bad business practice. It is a glaring example of governmental paternalism. It is worse than paternalism, because the Government would reimburse all taxes paid by the group and then leave the United States at the mercy of the Arkansas and other taxing authorities. It is paternalism participated in and for the benefit of those who cry "free enterprise," who profess to abhor any form of governmental help or assistance, and who condemn TVA, REA, and all the power programs which have meant so much to our people as governmental paternalism in its worst form.

The plant in question will cost $107,250,000. The Dixon-Yates group will invest only 5 percent of this amount. The group is guaranteed a 9-percent profit on this investment plus immunity from all taxes—local, State, and Federal. The other 95 percent of this huge sum is to be financed by bonds guaranteed by the Government, which would yield 3½ percent interest. That is an unnecessarily high rate of interest, and is in fact a subsidy which must be paid for in electric-light rates. At the end of the period the group will own the plant. It has a contract that the Government will take 93 percent of the power generated in the plant.

Mr. President, this group would be using Government credit and a Government contract to acquire property worth in excess of $100 million. It would create a tremendous guaranteed fortune for those involved. They would acquire the fortune by Government manipulation and without the chance of loss. It would be a fortune acquired without the necessity of competitive bidding, which I have always understood was necessary in Government to protect the taxpayers and to promote the public welfare. What is the justification for letting a contract such as is proposed without competitive bidding? In times other than when we are engaged in war a Government contract which is not let to the lowest and best bidder should be looked upon with suspicion.

Mr. President, at this session of Congress, not more than 60 days ago, the Senate passed a measure dealing with exactly this type of contract; the Senate passed the lease-purchase bill for the construction of public buildings. Under the provisions of that measure, when the Government negotiates with a private industry or corporation to construct a building in which the Government is to be the sole taker of office space, a contract is entered into with the private corporation or builder to guarantee occupancy of the space at a specific rental which will pay for the cost of the building, plus a reasonable profit to the contractor. But at the expiration of the contract, the building will belong to the Federal Government. Why has this administration ignored its own principles governing contracts whereby the Government is the sole taker of commodities?

Mr. GORE. Mr. President, will the Senator from Mississippi yield to me?

Mr. EASTLAND. I yield.

Mr. GORE. Did not the Senator from Mississippi, along with the junior Senator from Tennessee, support the philosophy of giving a reasonable profit to those who wish to invest in a facility for the Federal Government, but require that after the reasonable profit has been realized and after the cost of the building has been amortized, the building shall become the property of the people who paid for it?

Mr. EASTLAND. Yes; in other words, the building will then belong to, and be the property of, the people of the United States. That was the proposal of the Eisenhower administration.

Mr. GORE. And we supported it.

Mr. EASTLAND. Yes.

Mr. GORE. But the proposal now before us is not of that kind.

Mr. EASTLAND. No; it is not. This proposal is identical in all respects with the other, except that at the expiration of the contract, the private organization will obtain title to all the property.

Mr. HICKENLOOPER. Mr. President, will the Senator from Misisssippi yield for a question?

Mr. EASTLAND. I yield.

Mr. HICKENLOOPER. The Senator from Mississippi referred to the great fortune which will accrue to those who build this plant. Is the Senator from Mississippi suffering under the delusion that the plant will be worth any large amount of money at the end of the 25 years, plus the 5-year extension the Commission can require if it chooses to do so?

Mr. EASTLAND. Of course, it will be worth more than the $5 million the Senator from Iowa mentioned. But I submit that $5 million is a fortune; and by right and justice, that plant—whether worth $5 million or $2 million—should belong to the people of the United States.

Mr. HICKENLOOPER. I suggest to the Senator from Mississippi that at the end of the 25 years, the Dixon-Yates Co. will not have received back its $5 million. That money will still be unpaid; and 25 percent of the cost of the plant will still be unamortized.

Mr. EASTLAND. But they will get 9 percent, and on that small investment, they will get property which will be worth many millions of dollars. It will be worth many times what they invest in it.

Mr. HICKENLOOPER. At this time it is impossible to say what a plant of that kind will be worth in 25 or 30 years. But the probabilities are——

Mr. EASTLAND. Then that is all the more reason why the United States should have title to the property.

Mr. HICKENLOOPER. But the probabilities are that it will be worth practically nothing, except as an occasional standby, peak-power producer on a most inefficient basis.

Mr. EASTLAND. That is the conclusion of the Senator from Iowa. Even if that conclusion is correct, the property should belong to the people of the United States, who will have paid for it.

Mr. HICKENLOOPER. They will not have paid for it, under this proposal; but they will pay for it, to the extent of $107 million or more, if the procedure followed is by way of immediate appropriation to be spent through the TVA. If that procedure is followed, that amount of money will be tied up during the entire time.

Mr. EASTLAND. Let me say that the only dispute I have heard in this case, as I have listened to both sides, is a dispute regarding how much more the cost to the taxpayers of the United States will be under this proposal. Everyone admits the cost will be more. Does not the Senator from Iowa agree that this proposal will cost more?

Mr. HICKENLOOPER. No; I do not think under this contract it will cost a dime more.

Mr. EASTLAND. What was the opinion of the Atomic Energy Commission?

Mr. HICKENLOOPER. The Atomic Energy Commission, after adding or including the taxes and the extra costs of the money, arrived at a figure of approximately $3,500,000 a year.

Mr. EASTLAND. Yes; that much more each year. What did the Bureau of the Budget say?

Mr. HICKENLOOPER. In other words, that it would cost more than to have the TVA furnish the power—but after the Federal Government had furnished the TVA with from $100 million to $120 million of the taxpayers' money, to build the plant.

Mr. EASTLAND. How did the Bureau of the Budget figure it?

Mr. HICKENLOOPER. Roughly the same.

Mr. EASTLAND. Certainly.

Mr. HICKENLOOPER. But let me point out something that has not been included in the calculations. Under the Dixon-Yates proposal, the private-enterprise proposal, the Government will not pay the cost of keeping the plant modernized during the period of 25 years. But the Dixon-Yates people will pay for that.

Mr. EASTLAND. Mr. President, is the Senator from Iowa asking me a question?

Mr. HICKENLOOPER. No; I am trying to get the Senator from Mississippi straight on the facts.

Mr. EASTLAND. The Senator from Iowa needs to be made straight on the facts. I certainly agree with him that this is a case involving private enterprise; in fact, it is very private—so private, that nobody but this group could participate. It was tailormade for them.

Mr. HICKENLOOPER. This is the only group that presented any kind of understandable or reliable proposal.

Mr. EASTLAND. Mr. President, the distinguished Senator from Iowa knows this matter was not thrown open to competitive bidding.

Mr. HICKENLOOPER. The Dixon-Yates group was the only group I know of that made a proposal. Any group

had a right to make a proposal, if it wished to—even the von Tresckow group, which is an investment bankers group.

Mr. KEFAUVER. Mr. President, will the Senator from Mississippi yield to me?

Mr. EASTLAND. I yield.

Mr. KEFAUVER. I think it should be pointed out that on page 65 of the hearings before the Judiciary subcommittee, it is shown that the von Tresckow group presented a proposal and stated who their personnel were. Although the underlings—the engineers—of the Atomic Energy Commission were satisfied, and did not raise any question, the von Tresckow group never could get consideration from the top echelon of the Atomic Energy Commission. The top echelon men were not even willing to sit down with the von Tresckow group and see what their proposal was.

Mr. HICKENLOOPER. Mr. President, if the Senator from Mississippi will yield to me, let me say that the record does not bear out that statement.

Mr. KEFAUVER. The record is here before me.

Mr. HICKENLOOPER. Mr. President, I wish to correct that statement.

The PRESIDING OFFICER. The Senator from Mississippi has the floor. Does he yield; and if so, to whom?

Mr. EASTLAND. At this time I yield to the Senator from Iowa.

Mr. HICKENLOOPER. The record shows that the Von Tresckow group, representatives of brokerage houses, did meet with the proper officials of the Atomic Energy Commission who had charge of the Commission's power organization. The Von Tresckow group did not necessarily meet with the Atomic Energy Commissioners themselves, who are not engineers; but the Von Tresckow group met with the responsible heads of the department of the Atomic Energy Commission whose duty it is to deal with this matter, those who were the technically trained persons in charge of the matter.

If the Von Tresckow group are complaining because they did not see the Commissioners, who are not technically trained and capable in this field, that is just too bad. Perhaps the members of the Von Tresckow group felt that they did not receive the plush, red carpet treatment of the sort they would have liked to receive. But they talked to those in the Atomic Energy Commission who knew about the matter.

Mr. KEFAUVER. Mr. President, according to the testimony, they talked to Mr. Thaxton, who apparently was well satisfied with their proposal. But General Nichols and the Commissioners would not even get information from Mr. Thaxton about what the proposal was. They seemed to be bent on getting along with the Dixon-Yates group. According to the hearings, General Nichols said he did not even know who Mr. Thaxton was. Yet Mr. Thaxton was the one who met with the Von Tresckow group; and, as Mr. von Tresckow and Mr. Burch expressed it, they thought everything was fine, and that the Commission would be willing to negotiate with them. But then the carpet was pulled out from under their feet, whereupon Mr. Burch and Mr. von Tresckow sent the telegram that appears on page 69 of the hearings, setting forth who were their engineers and who all the others connected with the proposal were, and asking only for leave to negotiate with someone who had the power to act. But they were not even accorded the courtesy of a reply to that telegram.

Mr. HICKENLOOPER. They met with the proper officials of the Commission.

Mr. KEFAUVER. The proper officials apparently would not even tell General Nichols about it, because General Nichols did not know anything about it.

Mr. EASTLAND. Mr. President, I should like to make an observation in connection with what the Senator from Tennessee has said. The Senator from Iowa [Mr. HICKENLOOPER] said that the von Tresckow-Burch proposal was a banker promotion scheme. If it was a banker promotion scheme, why were they not given the opportunity of making a bid? If they could save the Government money, why should they not have had an opportunity to bid?

Mr. KEFAUVER. That is something I have not been able to understand. The only explanation given is by Mr. James, the attorney for Dixon-Yates, that his clients did not even have the Government specifications when the Atomic Energy Commission sought them out to negotiate with them. So apparently the Atomic Energy Commission did not want any alternative proposal. It did not want competitive bidding. It would not even sit down and see what the von Tresckow group had, and that in the face of the fact that Mr. von Tresckow and his group had competent engineers and competent financiers, and they had had experience in building steam plants. It seems to me that the Commission should have been interested in considering a proposal which would have saved the Government a great deal of money initially, and under which, after the end of the contract, the property would belong to the Government, and not to the private utility.

Mr. EASTLAND. The point the Senator from Mississippi was making was this: It is the proposal of the Eisenhower administration under the Lease-Purchase Act, which I supported, and which I thought was sound, that when the Government is the taker of all the office space in a building, a rent should be charged which will provide the lessor his investment plus a reasonable profit over a period of years, and that at the end of that period the building shall be owned by the people of the country. If that was a sound principle in the Lease-Purchase Act, it would be a sound provision in this contract. When the Government is the taker of the electricity, a provision in a contract that at the end of the contract period the facility shall be owned by the private utility is inexcusable.

In the instant contract the Government is the sole taker of this electric power. Government credit is building the facility, yet contrary to the principles of the Lease-Purchase Act, after the Government credit builds the plant and pays for it, the plant and facilities still belong to the private corporation. Why was not the principle of the Lease-Purchase Act not followed in this instance, whereby after the Government credit built the plant and it was paid for, the title does not pass to the Government?

Mr. President, why was not this practice followed in this instance? Why were not the doors thrown open and everyone given an opportunity to compete? The principal question is why is it necessary to construct this plant at all? What is the necessity of giving this contract to Dixon-Yates group or to any other private power company? A public utility is essentially a monopoly, it has the responsibility to serve the needs for which it is created in the particular area for which it has a franchise to serve. TVA is obligated by the Congress and by the Government to supply the power needs of the Tennessee Valley and adjacent areas which it now serves. It has a franchise to do this. It is obligated to do it. It has the right and duty to supply the power for this particular area. This is the law. This is the policy of the Government. The construction of this plant will invade this territory and is an invasion of the TVA's franchise. It is obvious that this is the first step, Mr. President, for the private power companies to take over the Tennessee Valley Authority. It has been their purpose to do so. When the Government permits another group to invade TVA territory or to generate electric current which is the Tennessee Valley Authority's obligation to generate, it is obvious that the Government is attempting to this extent to permit private groups to take over the Tennessee Valley Authority.

Mr. President, it is likewise the duty and the obligation of the Government under the law embodied in the TVA Act to see that electric power is furnished by economical means and at as low cost as is possible. The United States Government through its agency, the Tennessee Valley Authority, operates the power business and supplies the power needs of the Tennessee Valley area. There is no question but that this power can be generated and supplied by the Tennessee Valley Authority at a lower cost than is proposed in the Dixon-Yates contract. The only question is the amount of the increase. This is an exceedingly bad business practice.

Mr. GORE. Mr. President, will the Senator yield?

Mr. EASTLAND. I yield.

Mr. GORE. The Budget Bureau, the Federal Power Commission, and the Atomic Energy Commission reached an agreement as to the difference in the cost. The Tennessee Valley Authority thought the difference would be somewhat greater. Was not the figure agreed upon by the Budget Bureau, the Atomic Energy Commission, and the Federal Power Commission in excess of $3 million a year?

Mr. EASTLAND. That is correct.

Mr. GORE. And the TVA estimate was in excess of $5 million a year?

Mr. EASTLAND. Yes; and I think it is the more accurate of the two.

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Mr. President, the Tennessee Valley Authority is a yardstick to measure the cost of producing electric current. It is likewise a yardstick to measure the costs of transmitting electric current.

Mr. LONG. Mr. President, will the Senator yield?

Mr. EASTLAND. I yield.

Mr. LONG. I assure the Senator that I have an open mind on this subject. I have not closed it, and I am following the Senator's argument. When the Senator urges that TVA is a yardstick to measure the cost of producing electric power, does he urge that that yardstick should not include the cost of interest on the money?

Mr. EASTLAND. Of course it should.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. EASTLAND. I yield.

Mr. ANDERSON. In the analyses which have been made of the cost, the cost of money for TVA has been computed, just as in the case of the private company. There is one difference. A Government agency can probably borrow a little more advantageously than can a private company. There is a difference in the cost of money, figured over a period of 25 years.

Mr. EASTLAND. But that is very small.

Mr. ANDERSON. It is not too large.

Mr. LONG. Mr. President, will the Senator yield?

Mr. EASTLAND. I yield.

Mr. LONG. Allowing for the fact that the Government can borrow money more cheaply than can private enterprise, does the Senator feel that tax payments should not be taken into consideration when one attempts to determine, by a yardstick, what the cost of producing electric power should be?

Mr. EASTLAND. Taxes are taken into consideration. The TVA pays taxes, or the equivalent of taxes.

This yardstick has been of great benefit to all the people of every section of the United States. It has demonstrated the low cost of producing electricity and has caused a reduction in electric light rates all over this country. It is responsible for a reduction in the electric light bills in homes and a reduction in the power bills for industry all over the country. It has saved the people of the United States billions of dollars in their electric charges because it has demonstrated how cheaply electricity can be produced and has caused power rates to decline. There is not an electric consumer in this country who has not benefited because of the Tennessee Valley Authority. It has earned for the American people many times the money which the Government has appropriated for this agency. If the Tennessee Valley Authority is taken over by the private companies or if its costs of operation are increased, as this proposal would cause, there is no adequate yardstick to measure the costs of producing electricity and the result would be an increase in the electric power rates all over the country, and this will include approximately a thousand REA associations with over 4 million members. Do not forget that over 80 percent of all REA associations buy their power from the private sources and serve only rural areas.

Mr. President, it is imperative that this amendment be adopted in order to protect the consumers of electricity in every section of this country.

Mr. ANDERSON. Mr. President, one of the members of the Atomic Energy Commission wrote a letter to the Chairman of the Joint Committee on Atomic Energy with reference to section 21 of the bill. The letter refers to the subject of the chairman being the principal officer of the Commission, and there has been quite a bit of discussion about it.

I ask unanimous consent that the letter be printed in the RECORD at this point. It was written by Commissioner Thomas E. Murray, and is dated June 24, 1954. In the letter Mr. Murray expresses his view on that subject. When we come to discuss section 21 reference to the letter may be helpful, and I believe it should be available for that purpose to the Members of the Senate.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JUNE 24, 1954.

Hon. W. STERLING COLE,
Chairman, Joint Committee on Atomic Energy.

DEAR MR. COLE: Section 21 of your proposed new bill still contains language that, in my opinion, may destroy the effectiveness of the Commission form of organization.

On Sunday, June 13, on the television program "Man of the Week," you repeated an interpretation of the proposed revision to section 21 of the Atomic Energy Act which you originally made in the open hearings on June 4, 1954. I refer to your reservation as to equal access to atomic information among the Commissioners.

Your statements leave no doubt that the intention of the present language is to give the majority authority to deny to 1 or 2 Commissioners access to information necessary to carry out their responsibilities. Such powers could be used by the majority to make it impossible for the minority to establish the facts on which to base their position. This situation could have the effect of a suppression of minority views, thus negating one of the fundamental principles of a Commission-type organization.

There are other reasons besides your public statements which give me concern. I refer to the history of certain important policy issues many of which have already been brought to the attention of your committee: The TVA negotiations; the U. N. atomic pool proposal; inability to properly exchange mutual ideas with the military; the "size of weapons" issue; the inaction to reach a decision to continue continental testing; difficulties arising out of the dual relationship of the Chairman with the executive branch.

In view of these considerations, I urge you to add after the sentence ending "or as the Commission may direct" the following sentence:

"Nothing in this section shall be construed in any way to limit the right of access of each Commissioner to the information necessary to carry out his responsibilities under this act."

I respectfully request that this letter, along with my letters to your committee of May 4, 1954, May 20, 1954, and June 1, 1954, be made a part of the record of the hearings on H. R. 8862.

Sincerely yours,

THOMAS E. MURRAY,
Commissioner.

Mr. FERGUSON. Mr. President, I wish to discuss briefly the means which the Atomic Energy Commission, with the approval of the President and the Bureau of the Budget, seeks to use in order to secure the electric power which it needs to carry out its work.

Some of the Members of the Senate have propounded the point of view that the Atomic Energy Commission must secure its additional power from the Tennessee Valley Authority.

TVA is a creature of the United States Government. It was created to serve a number of purposes, as a multipurpose agency, concerned with the control of floods on the Tennessee River, promotion of navigation on the river and in the course of these activities to dispose of the electric power generated through these activities.

In the disposal of this TVA electric power, Congress set up different classes of customers on a priority system. Agencies of the Federal Government have the top priority, and municipal systems and cooperative have next call and so forth.

However, the customer is not obligated to exercise his priority option and a Federal Government agency is not required to secure its power from the TVA. The priority is imposed on TVA, not on the customer agency. An option is a right, not a restriction.

In the present case, the Atomic Energy Commission may or may not exercise its option as it sees fit and as its best interest dictate, consistent with the law.

The TVA through the practice of exclusive supplier contracts now operates as a monopoly wholesaler of electric energy in its entire service area, and because it operates as a monopoly, it maintains that it has an obligation to supply all the necessary power to its customers.

Mr. GORE. Mr. President, will the Senator yield?

Mr. FERGUSON. I shall be glad to yield, with the understanding that the Senator's remarks will appear at the end of my remarks.

Mr. GORE. I should like to ask a question of the Senator and to make a comment on his statement.

Mr. FERGUSON. I should be glad to have the Senator do so at the end of my remarks.

There is no reason why the Atomic Energy Commission must exercise its option, which could create a power deficit for other customers which TVA as a matter of practical reality must serve.

There is nothing unprecedented about the present proposals to supply the needs of AEC. At Paducah, Ky., within the service area of TVA monopoly, the Atomic Energy Commission already has firm contracts for purchase of power from sources other than TVA. TVA itself has a long history of buying electric power from outside, private sources.

Opponents of the private-company-AEC power contract, which incidentally, is not even in existence, have sought to create the impression that such a contract would be unique, unprecedented, and a violation of the unsullied chastity of the Tennessee Valley Authority's

hitherto unsoiled dealings with private enterprise. Nothing could be more false.

Let us keep the following factors in mind:

First. If the Congress forces the Atomic Energy Commission to buy its power from the TVA, as the President's opponents desire, they will bring about two possibilities. Either TVA must further expand its power generating facilities—outside its service area and very likely outside its legal authority—or TVA must fail to meet its existing commitments within its service area.

Second. The use of privately generated power will avoid an outlay of about $100 million of Federal tax revenues for capital investment over the next 3 years, during a period when all of us would like to balance the budget and reduce the taxes.

Third. Action to force AEC to buy its power from TVA sets a strange and, to me, entirely unwarranted precedent for the Atomic Energy Commission. The Commission, in the course of its several billion dollar annual business contracts for and buys a vast number of services and products in both large and small quantities. To me it is dangerous to require AEC to buy its electric power from a single source of supply in the area and further to specify what that source will be.

AEC in the course of its normal operations must deal with and purchase from a large number of agencies, both public and private and there is nothing unholy in permitting them to buy power from a private source in this case.

The proposal now under consideration by AEC for its power requirements is a firm offer. This offer provides a stated maximum capital cost which can be reflected in the rates. The annual costs are reasonable in comparison with every other estimate. The proposed contract provides for cancellation without burdensome complications. It is backed by competent engineering and other technical services. The sponsors assume the major risk if the costs of construction exceed the estimate.

The AEC will benefit by lower rates if the construction costs are below the estimate.

Completion of this proposed contract between AEC and the private source will not destroy TVA, it will not hurt TVA, and the only effect on TVA which I can foresee is a strengthening and a greater ability of TVA to serve its area. The President, in his budget message made it clear that there is no intention or desire to dismember TVA.

I do not believe this amendment is in the public interest for the reasons I have outlined above, and I hope the Senate will defeat it.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. FULBRIGHT. The Senator is a member of the Committee on Appropriations, and a point has arisen in the debate during the last few days about TVA that interests me. It is the statement by the AEC, particularly Mr. Nichols, which I put into the RECORD yesterday, and which has been referred to several times. The statement would indicate that the estimate of the TVA of the cost of production at Fulton—and it is an estimate only—led Mr. Nichols to believe that the AEC was overcharged by TVA by the present rates at Shawnee, and also at Oak Ridge. In other words, under the existing contract there is such a great disparity between the actual rate the AEC pays at Oak Ridge and Shawnee and the estimate of cost TVA has made with regard to the Fulton project. If that be true, does the Senator think it is good governmental practice, and does he think that the Senate is aware of the fact that the TVA, one governmental agency, is charging a much higher rate than it could or should charge to another governmental agency, in this case the Atomic Energy Commission? What does the Senator think of that? Has he ever thought about the question that arises in such a situation?

Mr. FERGUSON. To be frank with the Senator, I did not understand that, as the Senator is now suggesting, the charges were out of reason with the actual cost.

Mr. FULBRIGHT. I did not understand it, either. Did the members of the Appropriations Committee of the Senate understand it when the matter was brought to their attention?

Mr. FERGUSON. I am not familiar with it.

Mr. FULBRIGHT. I submit the evidence from the TVA itself, which shows the agency cannot have it both ways. If the estimate is anywhere near accurate, AEC is definitely overcharged, because it estimates its rate on 600,000 kilowatts would be some $5,500,000 lower. In other words, the estimate of TVA's own engineers is that the cost of production of a similar quantity of power, 600,000 kilowatts, on an annual basis, would be some $5,500,000 less than is proposed by the Dixon-Yates group, which is approximately the same as the amount now carried under the Paducah contract. It is obvious that there is an overcharge of $5,500,000.

Is it not a very unusual scheme by which one Government agency can siphon out of another agency an undue amount of money without its having to be appropriated by the Congress? It would show up in their net profits.

Mr. FERGUSON. We certainly should not allow that. It would show up in their net profits. It would not be a profit at all. It would be money taken out of another agency.

Mr. FULBRIGHT. It would be a transfer from one agency to another. The answer of my distinguished friend from Tennessee [Mr. GORE] was: "What difference does it make? They are all Government agencies, and the Government owns them all."

Mr. GORE. Mr. President, will the Senator from Arkansas yield?

Mr. FULBRIGHT. In a second I shall be glad to yield. In connection with appropriations, about which the Senator from Michigan knows a great deal, it makes a difference whether we are appropriating new money or are permitting the utilization of net profits.

Mr. FERGUSON. That is correct.

Mr. FULBRIGHT. It is a matter of human nature.

One other question, and then I shall be glad to yield to the Senator from Tennessee. Is the Senator from Michigan familiar with how the bookkeeping on the net profits of the TVA is handled?

Mr. FERGUSON. I have been over it at times in the Appropriations Committee, but I would not be able to state it on the floor.

Mr. FULBRIGHT. Since the Senator is a member of the committee, I think it would be a contribution to the RECORD if a member of the staff of the Appropriations Committee would prepare a memorandum on that very point to be inserted in the RECORD tomorrow.

Mr. FERGUSON. Would the Senator tell me what he would like to demonstrate?

Mr. FULBRIGHT. As I understand, the money directly appropriated by the Congress to TVA is to be returned over a 40-year period.

Mr. FERGUSON. That is correct.

Mr. FULBRIGHT. Does that same requirement apply to what they call their net profits?

Mr. FERGUSON. I think they apply their net profits to amortize this fund of the taxpayers.

Mr. FULBRIGHT. That is where I get lost. I do not understand it.

Mr. FERGUSON. What is the Senator's understanding?

Mr. FULBRIGHT. My understanding is that there is a fund of more than $200 million which they call net profit. It is not subject to the requirement of the turnover 40-year period. It is a sort of a floating account which is in an indefinite state and is not subject to the same rules, we will say, that apply to money appropriated directly out of the Treasury. I think it is an important matter.

Mr. FERGUSON. Does the Senator feel that none of the net profit is required to be returned? I want to check it and insert something in the RECORD tomorrow regarding it. I understood they use the net profit to repay the tax money within the 40-year period and do not return the profits as such.

Mr. FULBRIGHT. I would consider it a payment made to amortize the appropriation as a charge, a return on capital, and not a net profit. It is a very complex bookkeeping system, and I do not pretend to understand it. The reason why I asked the question was that if this device of taking it into the net profits is actually used, there is a very strong motive in connection with it. If the net profit is involved in the same manner as is the capital advanced there would not be such a motive.

Mr. FERGUSON. I shall not wait until tomorrow. I shall try to find time today to get the information.

Mr. FULBRIGHT. I think it should be clarified for the record.

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Mr. FERGUSON subsequently said: Mr. President, earlier today the Senator from Arkansas [Mr. FULBRIGHT] and I discussed the use of power revenues from TVA and the results of possible overcharging another government agency for its power.

If the TVA overcharges another government agency, such as AEC, and uses the receipts of those charges to repay the Federal Government for its investment in TVA, it puts us in the position of having the taxpayer reimbursing himself, and he is going to lose on the deal. If TVA uses excess revenues gained from overcharging a government agency in the general operation of its power system, it means that the Government is providing an additional subsidy which would reduce the cost of power to TVA's other consumers, a subsidy which I am sure is not contemplated by Congress in the operation of TVA. The Director of the Bureau of the Budget is reviewing this situation, and I believe corrective action will result.

The Senator also raised a question about the net profit of TVA.

In an effort to answer this question I have gone to a document entitled "Tennessee Valley Authority, Budget Program for the Fiscal Year Ending June 30, 1955." A portion of this book discussed payments to the United States Treasury. This material indicates that TVA carries on its books an item entitled "Balance Reserved for Contingencies," which for the 1954 fiscal year was estimated at $34,478,712, which apparently represents the funds available to TVA from its power receipts after making its payment to the Treasury.

I ask unanimous consent that material entitled "Payments to the United States Treasury" be inserted at this point in the RECORD, together with the accompanying tables, including schedule C–1.

There being no objection, the matters were ordered to be printed in the RECORD, as follows:

Tennessee Valley Authority—Schedule C–1.—Repayment of investment in power program under provisions of the Government Corporations Appropriation Act, 1948

Fiscal year	Minimum repayments required under 1948 law		1/40th of plant investment at end of previous year		Actual and estimated payments [1]	
	Year	Total period	Year	Total period	Year	Total period
1948	$10,500,000	$10,500,000			$10,500,000	$10,500,000
1949	2,500,000	13,000,000	$8,705,981	$8,705,981	5,500,000	16,000,000
1950	2,500,000	15,500,000	8,705,981	17,411,962	5,500,000	21,500,000
1951	2,500,000	18,000,000	9,149,627	26,561,589	9,000,000	30,500,000
1952	2,500,000	20,500,000	9,733,970	36,295,559	12,000,000	42,500,000
1953	2,500,000	23,000,000	12,256,316	48,551,875	15,000,000	57,500,000
1954	2,500,000	25,500,000	17,482,476	66,034,351	[2] 20,000,000	[2] 77,500,000
1955	2,500,000	28,000,000	[2] 22,845,649	[2] 88,880,000	[2] 50,000,000	-127,500,000
1958		87,059,810				
1968		174,119,620				
1978		261,179,430				
1988		348,239,240				
1990		365,985,080				
1991		389,358,811				
1992		490,252,655				
1993		699,299,057				
1994		[2] 913,826,000				
1995		[2] 1,291,264,000				
1996		[2] 1,502,250,000				
1997		[2] 1,510,350,000				
1998		[2] 1,513,500,000				

[1] In addition to repayments under the provisions of the Government Corporations Act, 1948, bond redemptions of $8,572,500 and other repayments of $15,059,019 were made prior to fiscal year 1948.
[2] Estimated.

PAYMENTS TO THE UNITED STATES TREASURY

Payments to the United States Treasury for 1955 are presently estimated at $55,172,000. Of this total, $50 million would be from power revenues and $5,172,000 from nonpower sources. This would bring the total payments in cash from TVA to the United States Treasury general funds to $178,342,665, of which $151,131,519 applies to power investment. This is $38,620,000 more than the scheduled payment requirements as of that date. The estimated power repayment is subject to revision following completion of studies now under way regarding payment of interest on appropriations made for power purposes.

REPAYMENTS FROM POWER REVENUES

The Treasury funds employed in the power program are repayable to the Treasury from net power proceeds under the provisions of the Government Corporations Appropriation Act, 1948. This act requires that not less than $2,500,000 of TVA bonded indebtedness shall be repaid annually; that total repayments (including principal payments on bonds) shall be not less than $87,059,810 by June 30, 1953; and that an equal amount be repaid during each succeeding 10-year period until a total of $348,239,240 has been paid. In addition, new appropriations invested in power facilities must be repaid within 40 years after the year in which the facilities go into operation. The first additional amount, $17,745,840, is repayable by 1990. This and successive amounts repayable for new facilities, including those provided for in TVA's budget program for 1955, are reflected in schedule C–1, page 90.

TVA's rate of return on its investment in power facilities is more than sufficient to meet the repayments required. Since the total net investment in power facilities comprises both appropriation-financed and revenue-financed plant, the average repayments of appropriations required over the years could be met with an annual rate of return of something less than 2½ percent on the total net investment. During the period 1933–53 TVA's power operations have provided an average annual return of more than 4 percent on investment. There are variations in the rate of return from year to year. Favorable streamflows and markets for supplemental power resulted in returns of 5.8 percent, 5.4 percent, and 4.7 percent for 1950, 1951, and 1952, respectively. The rate of return in 1953 was 2.7 percent. It is estimated to be about 3¼ percent in 1954 and about 4½ percent in 1955 if average streamflow conditions prevail.

As provided in section 26 of the TVA Act, power revenues are used to finance the expenses of power operations and the construction of certain power facilities. In determining the amount to be repaid to the Treasury in any 1 year, these requirements and the need for working capital must be considered. These requirements vary substantially from year to year depending on the demand for power, the volume of construction work required to meet this demand, and, most important, variations of streamflow from the average conditions assumed for budget estimates. If low streamflow should occur during the remaining months of 1954 or in a substantial portion of 1955, the net of funds available from power operations could fall below estimates by as much as $30 million—due partly to a reduction in revenues but mostly to increased power production expenses. Another factor to be considered in determining repayments for a particular year is that the full rate of return on large investments in new capacity cannot be expected to be realized immediately upon placing the plant in service. In view of the wide fluctuations in the requirements for power revenues to meet operating expenses, finance capital additions, and provide working capital, year-to-year repayment plans must be reviewed from time to time as the situation unfolds. The need for flexibility in scheduling payments was recognized both in section 26 of the TVA Act and in the repayment provisions of the 1948 Appropriation Act.

In order to assess TVA's performance in repayments actually made through June 30, 1953, and those budgeted for fiscal years 1954 and 1955, these figures are compared on the foregoing schedule C–1 with (1) minimum repayments required under the 1948 law and (2) repayments that would be made under a hypothetical schedule which assumes that each increment of investment would be repaid in equal installments of one-fortieth each, beginning with the year immediately following completion of construction. As seen from schedule C–1, repayments under the 1948 law made and budgeted through June 30, 1955, are about 45 percent more than those which would have been made on the basis of repaying each year one-fortieth of the plant investment at the end of the previous year. Because of the uncertainties in the demands on power revenues from year to year, it may be necessary in some future years to pay less than the calculated one-fortieth figure; in such instances the payments already made ahead of schedule will keep the average high enough to meet the 10- and 40-year requirement.

The Bureau of the Budget, TVA, and other Federal agencies have been asked to develop recommendations relative to payments to the Treasury of interest on appropriations made for power purposes. Such payments as may be subsequently made effective for fiscal year 1955 would require an adjustment in the amount budgeted for repayment in that year.

REPAYMENTS FROM NONPOWER SOURCES

The balance of nonpower proceeds at the end of each fiscal year not required for the purposes enumerated in section 26 of the TVA Act are paid into the Treasury prior to the end of the following calendar year. The 1955 budget is based on repayment during fiscal year 1955 of $5,172,000, which is the estimated balance of nonpower proceeds at June 30, 1954. Payments from nonpower sources during 1953 were $4,229,268 and are estimated at $4,676,977 in 1954; the total of such payments through June 30, 1955, is estimated to be $27,211,146.

Power proceeds

	1953 actual	1954 estimate	1955 estimate
Income for year:			
Power operations	$105,004,030	$134,920,000	$200,312,000
Other income	888,950	18,000	−62,000
Total income for year	105,892,980	134,938,000	200,250,000
Program requirements:			
Expense of power operations	66,963,344	80,062,000	109,305,000
Acquisition of assets	19,720,496	30,987,000	25,694,000
Power portion of expense of multipurpose reservoir operations	1,329,464	1,549,000	1,573,000
Changes in power inventories	4,249,092	5,619,000	8,236,000
Total program requirements	92,262,396	118,217,000	144,808,000
Balance, current year	$13,630,584	$16,721,000	$55,442,000
Balance, previous year	39,127,128	37,757,712	34,478,712
Total available for contingencies and payments to U. S. Treasury	52,757,712	54,478,712	89,920,712
Payments to U. S. Treasury:			
Retirement of bonds	5,000,000	5,000,000	15,000,000
Repayment of investment	10,000,000	15,000,000	35,000,000
Total payments to U. S. Treasury	15,000,000	20,000,000	50,000,000
Balance reserved for contingencies	37,757,712	34,478,712	39,920,712

Nonpower proceeds

	1953 actual	1954 estimate	1955 estimate
Income for year:			
Sales of fertilizer and byproducts	$20,062,333	$21,330,000	$21,498,000
Sale of retired plant	1,166,571	917,000	1,077,000
Other income	98,066	63,000	98,000
Total income for year	21,326,970	22,310,000	22,673,000
Program requirements:			
Cost of experimental fertilizer production	16,383,243	16,975,000	16,407,000
Resource development		631,000	640,000
Change in chemical inventories	−8,192	−514,000	−273,000
Program requirements—Continued			
Bridge construction, H. R. 3182	$274,942	$46,000	$2,000
Total program requirements	16,649,993	17,138,000	16,776,000
Balance, current year	4,676,977	5,172,000	5,897,000
Balance, previous year	4,229,268	4,676,977	5,172,000
Total available for contingencies and payments to U. S. Treasury	8,906,245	9,848,977	11,069,000
Payments to U. S. Treasury	4,229,268	4,676,977	5,172,000
Balance reserved for contingencies	4,676,977	5,172,000	5,897,000

TRANSFER OF HAY AND PASTURE SEEDS

The PRESIDING OFFICER (Mr. UPTON in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 2957) to provide for the transfer of hay and pasture seeds from the Commodity Credit Corporation to Federal land-administering agencies, which was, on page 2, line 11, strike out "1954" and insert "1955."

Mr. AIKEN. Mr. President, the bill was passed unanimously by the Senate on May 4, and provided for the transfer of grass seed from the Commodity Credit Corporation to other Government agencies during the fiscal year 1954. Inasmuch as the House did not pass the bill before July 1, it was necessary to amend the bill so as to make it read "fiscal year 1955."

I move that the Senate concur in the amendment of the House of Representatives.

Let me say this matter has been discussed with the majority leader.

Mr. GORE. Mr. President, I have checked with the minority members of the committee, and they are in agreement on this matter.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Vermont that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

KLYCE MOTORS, INC.—CONFERENCE REPORT

Mr. LANGER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5185) for the relief of Klyce Motors, Inc. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5185) for the relief of Klyce Motors, Inc., having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the Senate amendment numbered 1 and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "$91,000"; and the Senate agree to the same.

WILLIAM LANGER,
HERMAN WELKER,
ESTES KEFAUVER,
Managers on the Part of the Senate.

EDGAR A. JONAS,
USHER BURDICK,
THOMAS J. LANE,
Managers on the Part of the House.

Mr. LANGER. Mr. President, I ask unanimous consent for the immediate consideration of the conference report. Two amendments were made by the Senate, as follows:

The first amendment raised the amount of the claim from $38,960 to $116,982.76.

The second amendment struck out the 10 percent attorneys' fees and provided that no part of the moneys should be paid as attorneys' fees.

At the conference between the House and Senate conferees it was agreed that the House would recede from the disagreement to amendment No. 2 relating to attorneys' fees, and the conferees further agreed that the sum of $91,000 was a fair amount in regard to this claim.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the report?

Mr. HENDRICKSON. Mr. President, reserving the right to object, I should like to inquire what the Senator said the attorneys' fees amount to.

Mr. LANGER. They were eliminated entirely.

Mr. HENDRICKSON. I have no objection.

Mr. KEFAUVER. Mr. President, reserving the right to object, has the report been agreed to by the House conferees?

Mr. LANGER. Oh, yes.

Mr. KEFAUVER. I am one of the conferees, and I am in favor of the conference report.

Mr. LANGER. It has been agreed to unanimously by the conferees on each side.

Mr. President, I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from North Dakota.

The motion was agreed to.

MUTUAL AID

Mr. LANGER. Mr. President, last year when the mutual-aid bill was before the Senate for consideration my minority views were not printed. As a matter of fact, while we were waiting for them to be printed, the bill was passed. This year I intend to bring to the attention of the Senate the mutual-aid bill before it comes to the floor of the Senate, so that every Member of this body may know exactly what the Government is giving away to foreign countries in this giveaway program.

The committee ordered the bill reported 3 days ago by a vote of 11 to 2. The senior Senator from North Dakota was joined by the junior Senator from

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Iowa [Mr. GILLETTE] in opposing the favorable report on the bill.

Mr. President, the mutual-aid bill which will be reported to the Senate very shortly, is not a matter of the $3,100,000,000 which is being given away this year. The $3,100,000,000 is simply in addition to what has not been expended under prior appropriations. We shall be giving away, instead of $3,100,000,000, the sum of $12,850,000,000. I repeat the amount: $12,850,000,000. That is the amount which the taxpayers of the United States are being called upon to give to other countries, because that is the sum involved in the decision we shall be making. In other words, we shall only be adding $3,100,000,000 to the sum which is left from prior appropriations. I cannot make that too clear. Every Senator who votes for the $3,100,000,000 will be simply adding that amount to unappropriated sums, which will total to the grand sum of $12,850,000,000.

Mr. President, the assessed valuation of the State of North Dakota, when I was Governor, was approximately $2 billion, at 100 percent valuation. I might add that 12 States in the Union have a lower assessed valuation than does the State of North Dakota. So we are giving away, in the so-called mutual-aid program, between 6 and 7 times the value of every acre of land and all the real and personal property, including every horse, cow, and sheep, within the boundaries of North Dakota.

Since I have been in the Senate, I have voted against each and every item of the giveaway program. In the Senate, I voted against the ratification by the United States of the United Nations Charter, although I had with me only the vote of Senator Henrik Shipstead, of Minnesota, and the vote of the dying Senator Hiram Johnson, of California, then confined to his death bed in the hospital, and who was paired against ratification.

I have spoken on this matter on the Senate floor time and time again. I shall, in this report, simply reiterate, reassert, reemphasize, and redeclare, as strongly as I can, what I said last year on the same subject.

Mr. President, I am only a small town lawyer from North Dakota. It may be that I am not equipped, by intellect or training, to weigh such mysterious and extraordinary matters. But when I look upon the present policy of the United States, and especially that part which passed under the name of mutual aid, I am tempted to consider that we have been sold a bill of goods by foreign countries.

It seems to me to be a mockery of common sense when 2 and 2 are alleged to be anything other than 4. This may be a piece of oversimplification, but it is a standard rule of thumb that we can all go by. A policy which rests on other and more mysterious considerations may be suspected to be more occult than factual, and to consist, at best, of a pretentious tilting at windmills. At most, it is a fraud. I wish to emphasize that. It is a fraud upon the credulity of the American people, to the degree that they have been hoodwinked by it. It is my considered judgment that the policy of so-called mutual aid constitutes just such a fraud.

It seems to me, further, Mr. President, that there are currents here which run deeper than men perceive, and that when these terrible times are reduced to the dry dust of history, there will appear to be very little difference between the world strategies espoused by former Secretary of State Acheson and those followed by his present successor, Mr. John Foster Dulles.

Now that the sound and fury of campaign declarations have abated, it becomes increasingly evident that the present administration has inherited and accepted the very policies against which the Republican leaders once inveighed so loudly and so clearly. These policies, in simple fact, were made with Republican participation. They are being continued by the Republican administration. I wish to add that the administration under Mr. Dulles is exactly like that of Mr. Acheson's.

One of the chief architects of that policy, John Foster Dulles, has now become the spokesman of the American people to the nations of the world, and he has brought with him to the halls and the meeting chambers of the State Department the entire Truman-Acheson foreign concept, almost without variation.

I do not like to labor the subject, for it is not one which gives me pleasure to dwell upon. But is it not true that the identical bipartisan nature of our policy, under which Senator Vandenberg and other leading Republicans cooperated fully with the Truman-Acheson axis, though they paid lip service to another ideal, continues today in all of its main essentials?

Did we not continue to appease the Communists at Korea, although we sometimes clothed our doubts, vacillations, and retreat from principle in brave words? Do we not still continue to pretend that we were not at war with the Chinese, whose great armies had laid the northern half of the Korean peninsula prostrate? Did we not continue another vain and cynical pretense by affecting to fight under the banner of the United Nations in a war which was being fought by American soldiers and American arms and which was paid for by American tax moneys?

Is it not true that this pathetic fraud against the American people and against ordinary simple honesty continues under conditions in which our so-called European allies have constituted themselves the main suppliers to the Chinese Communist enemy for a commercial profit?

Consider the wholly inadvised jaunt of Secretary Dulles over the Eurasian world some months ago, symbolized by his presentation of a nickel-plated revolver to the Egyptian strong-arm man, General Naguib, in the name of the American President, Dwight Eisenhower. Has not the whole world seen the pictures of this small-time dictator brandishing this absurd weapon? Do not Naguib and his successors represent the type of authoritarian usurpation of government to which we have proclaimed ourselves unalterably opposed? Is his country not the same Egypt which did not lift a hand in its defense when Rommel threw its legions at Cairo and Alexandria? It is the same Egypt which was thrown back on its heels by the untrained regiments of poorly armed little Israel during the latter's war for independence. Does any military man question today that this opera-bouffe country could be reduced to impotence in a matter of days by two good British companies attended by half a dozen airplanes?

Everywhere on Mr. Dulles' itinerary he played the part of a big bluff Santa Claus without whiskers—a few million extra here, accompanied as he was by Mr. Stassen, and more millions in the next place; new M47 tanks to a Yugoslavia—whose devotion to our cause is more than questionable; a thousand jet aircraft of new design to the Turks, who, noble as they may be, could not resist Russian arms for a week. At the same time we are told there is not enough money to equip our own Air Force, which the late General Vandenberg assured the Congress is already below the danger line.

Can any Senator find in these ill-considered, childlike actions any justification for faith in Mr. Dulles and in the future? Where is the realism here, and where is the good sense? Where is that clarity of bold purpose which the present position critically demands?

Is it not true that we continue to follow the identical foolish and unsound policy of "Asia for the Europeans," while Moscow has been allowed to take up unchallenged the slogan of "Asia for the Asiatics"? Has not the Kremlin made the most of this in the tremendous struggle for the conquest of men's minds? And have we not had to answer this challenge with the bodies and lives of our best young men on the bloody battlefields of Korea and elsewhere?

THE PRESIDENT'S FARM PROGRAM

Mr. HUMPHREY. Mr. President, will the Senator from North Dakota yield to me with the understanding that my remarks shall come at the end of his address?

Mr. LANGER. Mr. President, I yield to the Senator with the understanding that I will not lose the floor, and that his remarks will be printed in the RECORD at the end of my remarks.

Mr. HUMPHREY. Mr. President, as of yesterday I noticed an editorial in the New York Times of July 14, 1954, entitled "Where Leadership Counts." The New York Times editor gave his views in reference to the proposed farm legislation which will soon be before the Members of the Senate, and in the latter part of the editorial the editor took the time and the pains to make a particular reference to the junior Senator from Minnesota. The editorial reads in part:

> Or are they going to look to committee members like Senator HUBERT HUMPHREY, who likes to be considered a liberal, but who is responsible for one of the most backward-looking of all the provisions that make this bill thoroughly iniquitous—the creation of a status for four more crops that would put them almost on the same footing as the six existing "basic crops"?

To ask that question is like asking which would have the greater firepower—a machinegun battalion or a battalion armed with flintlock muskets.

I appreciate the courtesy of the editor of the New York Times. I am sure he is an expert in agricultural matters. I can see the fields of waving grain on the roofs of the penthouses of New York City. I am sure he has great knowledge of petunia plants and such other garden variety products. I recognize that the acres of Central Park are a great inspiration for editorial comment on the complex subject of agriculture. With those facts in mind, I appreciate the views of the editor.

I have always had a high regard for the New York Times and its editorial staff, and I still have. The staff has a right to be wrong, as anyone else may be, and I am sure that after the editor reads my letter to the New York Times he will correct the error of his ways.

I have only one comment to make to the editor of the New York Times. When the Times discusses foreign policy, immigration, and economic conditions, it is on familiar ground; but when it gets into the field of agriculture, I think it is short of talented personnel able to make concise and accurate expressions on the subject.

I should now like to read the letter which I wrote to the editor of the New York Times:

JULY 15, 1954.

The EDITOR,
New York Times, New York, N. Y.

DEAR MR. EDITOR: I have read with considerable interest your editorial of July 14, entitled "Where Leadership Counts." In this editorial you have vigorously supported President Eisenhower's farm program. There are certain aspects of that program with which I have expressed sharp disagreement. You have gone out of your way to single me out for editorial criticism, and in your reference to me have said: "Is responsible for one of the most backward-looking of all the provisions that make this bill thoroughly iniquitous—the creation of a status for 4 more crops that would put them almost on the same footing as the 6 existing basic crops."

Now, what are the facts? First of all, it is very apparent that you are supporting the Eisenhower farm program as presented to the Congress. You obviously are not supporting the Eisenhower farm program as presented to the voters in the fall of 1952. You, of course, vigorously supported the candidacy of Mr. Eisenhower in 1952. I would imagine that your support would include not only the man, but what he stood for.

You have always taken pride, I am sure, in the fact that your editorial columns are based upon principle and not upon expediency—facts, and not just personalities. Therefore, let me call to your attention the statement of Mr. Eisenhower at Kasson, Minn., on September 6, 1952, when he said: "As provided in the Republican platform, the nonperishable crops so important to the diversified farmer—crops such as oats, barley, rye, and soybeans—should be given the same protection as available to the major cash crops."

Realizing that a New York City editorial editor may not be fully informed on agricultural matters, permit me to objectively interpret this statement of President Eisenhower. It means what it says, that crops such as oats, barley, rye, and soybeans should be given the same protection as the so-called basic commodities. What Mr. Eisenhower meant was apparently 90 percent of parity for these crops, since he had fully endorsed 90 percent of parity for the basic commodities. What he also meant by the language of his speech was that oats, rye, barley, and soybeans should be included under mandatory price-support provisions, just as the major cash crops. There can be no other interpretation to the statement of the then Republican candidate for the office of President.

Now, what was the proposal of Senator HUMPHREY? It was to do exactly what the President had recommended in his campaign and in his pledge to the farm people at Kasson, Minn., on September 6, 1952. There may be one exception to this. The Humphrey amendment does not require 90 percent of parity for oats, barley, rye, and soybeans. In fact, it does not apply to soybeans at all. My amendment included oats, barley, rye, and grain sorghums, all alternate or substitute feed grains for corn. My amendment required that these grains be included under mandatory price-support provisions as the President had recommended when he was a candidate, but that the parity price support should be based on the feed value ratio equivalent to corn. In other words, the price of these alternate or substitute feed grains should be related to the feed value as compared to the feed value of corn.

Now, what would be the result of this in terms of price. If corn is supported at 90 percent of parity my amendment would provide mandatory price supports for barley at 75 percent, oats at 72 percent, rye at 68 percent, and grain sorghums at 84 percent. Now, while these price-support levels are less than corn, they provide a price balance between corn and the alternate grains that relate directly to the feed equivalent value of the respective crops.

Frankly, Mr. Editor, the Humphrey amendment is a forward-looking, modern, and fair provision. The purpose of my amendment is to maintain a balance between price-support levels of the feed grains so that economic pressures will not be built up that will endanger the programs for these and other crops that compete for land, capital, and labor resources and for the market.

I respectfully suggest to you, sir, that your editorial is inaccurate and misleading. It is but another example of the misrepresentation that has characterized this debate on agricultural policy.

Sincerely yours,

HUBERT H. HUMPHREY.

Mr. President, that is the letter I sent to the New York Times editor.

I wish to say to the New York Times editor that if he is going to join in this farm program debate, I ask him to live up to the principles and purposes of his newspaper. I say to that newspaper that on this issue, it was partisan in 1952 and it is partisan in 1954. In 1952, that newspaper apparently endorsed Mr. Eisenhower; and it sent throughout the land, millions of copies of its newspaper, pledging itself in support of Mr. Eisenhower; and when Mr. Eisenhower was in Minnesota, he pledged himself in support of the Humphrey amendment, because all the Humphrey amendment does is put into action what Mr. Eisenhower, as a candidate, promised.

Mr. President, the trouble with the debate on the farm program is that there are two programs—one, the program which was promised; and the other, the program on which the administration is delivering. I am working on the program the administration promised, not the one the administration sent to Congress.

Again, I wish to say that the editorial is grossly misleading, misrepresents the facts, is inaccurate, and leads to distortion of the truth. I am shocked and amazed that an editorial in the New York Times would stoop to such low levels.

I shall be back again, on another day, to take on editors or anyone else on this issue.

I wish to help the President keep his promises. He may wish to run for office again; and if he does, he should keep his promises.

Mr. President, I thank the Senator from North Dakota for yielding to me.

Mr. LANGER. Mr. President, I ask unanimous consent that the remarks of the distinguished Senator from Minnesota appear in the RECORD at the conclusion of my remarks.

I may say that if the Senator from Minnesota wishes to have me yield him another hour, in order that he may talk further along the same lines, on the same subject, I shall be very glad to yield such time to him.

Mr. HUMPHREY. I may come back to the Senator from North Dakota, because he is a very good friend of the farmer, and he agrees with my point of view.

Mr. WILEY. Mr. President——

Mr. LANGER. I yield to the senior Senator from Wisconsin, if I may obtain unanimous consent to do so without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILEY. Mr. President, as I listened to the statements made by the distinguished junior Senator from Minnesota, there came to my mind a statement that Lincoln is said to have made, to the effect that, "If I were to pay attention to all the misinformation given out about me, I could not do anything else."

I remember that another philosopher said, "If you cannot say something good about me, say something, even if it is not good, but say something."

So, Mr. President, with those two bits of human wisdom, I think we understand how some folks get publicity and others do not. The press plays a great part in keeping some folks before the public.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1945, as amended, and for other purposes.

Mr. COOPER. Mr. President, will the Senator from North Dakota yield to me?

Mr. LANGER. I yield with the understanding that I do not lose the floor.

Mr. COOPER. Mr. President, I have a short speech to make on the pending bill. The distinguished Senator from North Dakota has kindly consented to yield to me for this purpose if I can get unanimous consent that, at the conclusion of my remarks, he may have the floor again. I now ask unanimous consent for that purpose.

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The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. COOPER. Mr. President, the amendment which we are debating was proposed by the junior Senator from New Mexico [Mr. ANDERSON] to S. 3690, to amend the Atomic Energy Act of 1946. I ask unanimous consent to insert in the RECORD at this point the text of the amendment.

There being no objection, the amendment was ordered to be printed in the RECORD, as follows:

On page 80, line 9, insert the following: "The cancellation costs authorized in this section shall be payable only to the extent of any actual loss suffered by the contracting party. The authority of the Commission to enter into contracts for electric utility services shall extend only to contracts with persons who agree to supply the contractual amount of electric utility service directly to the installations of the Commission named herein. Any contract entered into by the Commission pursuant to this section shall be submitted to the joint committee and a period of 30 days shall elapse while Congress is in session (in computing such 30 days, there shall be excluded the days in which either House is not in session because of adjournment for more than 30 days) before the contract of the Commission may become effective: *Provided, however,* That the joint committee, after having received such contract, may by resolution in writing, waive the conditions of or all or any portion of such 30-day period."

Mr. COOPER. The clear purpose of the amendment is to insure that the Atomic Energy Commission shall be limited in its authority to contract and purchase power only for its direct needs. Its immediate purpose is to forbid the AEC to execute a proposed contract with a private-utilities company sponsored by the Middle South Utilities and the Southern Co. for the supply of 600,000 kilowatts of power to the TVA system. This contract has been referred to as the Dixon-Yates contract.

I intend to support and vote for the amendment because I believe that its purpose is sound. I do not believe that the Atomic Energy Commission should be placed in a position of contracting for power that is essentially intended for the civilian and domestic needs of the western portion of the TVA system. Further, I believe that such a contract could set a precedent for similar contracts by the AEC and perhaps other independent agencies for the supply of power to the TVA and that such contracts would unquestionably in time change the character, function, and purpose of the TVA. Congress created the agency and if any basic alterations in its nature are to be made, they should be made directly by the legislative action and not by the direction of executive agencies of the Government.

I have listened to the lengthy statements which have been made on both sides of the issue. I do not subscribe to many of the attacks on the proposal. In many instances it seems to me that they have been extravagent and, in some cases, reckless. But quite apart from them, the proposal raises some extremely substantive questions. There is first the question of whether the AEC has the authority to negotiate such a contract. There is the second question of whether it is the policy of Congress to maintain the TVA as an independent agency. There is finally the very important question as to how the power demand of the Tennessee Valley Authority for the Memphis area can be met if the Dixon-Yates proposal is not adopted.

These issues are not simple ones. Consequently, I have not found them as susceptible of easy solution as has been made to appear in some quarters.

I am sure of one thing. It is that the President of the United States has been motivated by the sincerest purpose, in his effort to assist in meeting a power deficiency in the Memphis area which TVA officials have been insisting must be corrected.

I do not intend to deal with questions of the relative costs of the 600,000 kilowatts as they would be provided by the TVA or by the Dixon-Yates group. Many figures have been put forward, and while this factor is an important one in the issue, I do not feel qualified, like many other Members of this body, to decide which cost estimates have the soundest basis.

My position against the contract is based first on my belief that the AEC does not have the authority to sign a contract to perform a function which has been given to the TVA by Congress. It has been maintained that the purpose of the contract is to supply the requirements of the AEC. There is no question that the AEC has the power to contract with Dixon-Yates or any private power company to supply its plants at Paducah or Oak Ridge, or at any other place. But this is not the case with which we are dealing. The TVA has now under construction at Paducah the Shawnee steam plant, which will have a capacity of 1,350,000 kilowatts, an amount that will be sufficient, according to the AEC, to meet the needs of the gaseous diffusion plant at Paducah in conjunction with the power that is to be provided by the privately owned Electric Energies, Inc.

It is clear that the power shortage in the TVA area is not at Paducah but in the Memphis area. For the past 2 years—and I think before that—TVA officials have asked authority to construct a steam plant at Fulton, 30 miles above Memphis, to alleviate this threatened deficiency. Now the AEC proposes to contract with private utilities for a steam plant, located in Arkansas across the river from Memphis, 300 miles from Oak Ridge, and 160 miles from Paducah, that would have as its basic purpose the ultimate provision of power to Memphis, which has been since 1934 a part of the TVA system. I would like to make it clear that I am not critical of the good will of the AEC in desiring to make return to the TVA of the power which it has drawn from these TVA sources. Neither am I critical of the good intention to make available to the Memphis area power which it has not been able to secure. The question is simply, first, one of the power and authority of the AEC to take these steps.

It is my position that the AEC, as an independent agency of the executive branch of Government created by the Congress, with power fixed by the Congress, does not have the authority to direct a supply of power from private sources or from any sources into the TVA power system. The act which created the TVA in 1933 gave to it the statutory authority to acquire, develop, and make available for distribution its own sources and supply of power. It is a right and function of the TVA and not of the AEC. It is a right which can be limited only by Congress through its legislative power, including the control of appropriations, or by the executive in certain specific cases. If the AEC can exercise a power of the TVA in this instance, we can in logic ask if it can exercise other powers of the TVA, if it can make similar contracts which affect other independent agencies of the United States. We can ask if it can continue to make contracts to supply power to the TVA in the event that it becomes necessary to draw larger supplies of power from the TVA system and should desire to replace that power. I do not ask these questions captiously nor do I assume that the AEC would undertake to exercise the powers of the TVA or any other independent agency unless it felt that the exercise bore some relation to its own functions. But I make these suggestions to point up the real defect in the position of the AEC. That defect is that the AEC cannot exercise any power which has not been granted to it by Congress. Certainly it cannot assume to exercise power granted to the TVA by Congress.

Both the TVA and the AEC are independent agencies exercising functions which are primarily executive and administrative. They are, of course, the creatures of Congress and have only such powers that Congress has seen fit to give them. Both the TVA and the AEC Acts prescribe the powers which these agencies shall have and which shall be exercised by them in the conduct of their affairs. In the case of *Morgan* v. *TVA* (115 Fed. (2d) 990, 6th Circuit, 1940), in which case certiorari was denied by the Supreme Court—312th United States Reports, page 701—we find this statement by Judge Simon:

It requires very little to demonstrate that the TVA exercises predominantly an executive or administrative function. To it has been entrusted the carrying out of the dictates of the statute to construct dams, generate electricity, manage and develop Government property. Many of these activities, prior to the setting up of the TVA, have rested with the several divisions of the executive branch of the Government.

In this case the issue was the power of the President to remove a member of the Board of Directors of TVA and the language which I have quoted was not the deciding factor in the case, but I have quoted Judge Simon's statement to indicate that in its management of power TVA is following the dictates of the Congress.

In a case affecting the AEC, *Carson, Commissioner of Finance and Taxation,* v. *Roane-Anderson Company et al.* (342 U. S. 232), dealing with the question of the immunity of a private contractor of the AEC from local taxation, the issue turned upon whether the Atomic Energy

Act gave the Commission the power to enter into contracts with private persons to produce fissionable materials. In both of these cases the issue was the nature and the powers of these two independent agencies. Certainly, neither agency is given the power to act for the other in any way.

There is a general Federal statute—31st United States Code Annotated, paragraph 686 (a)—which has been referred to in the debate, which gives any executive department or independent agency the right to place orders on another agency for services it can supply under certain conditions. This general statute does not apply in this case. The problem here is not the general supply of power to AEC but the general supply of TVA. The question before us is one of facing squarely the issue of the powers of the AEC and the TVA as fixed by Congress and their right to initiate policy in their own fields.

It may be asked: Where will the TVA be if the contract is not signed? The Budget Bureau's purpose in proposing the arrangement with the private utilities was to alleviate the threats of a power shortage forecast for the fall of 1957 by TVA officials. In the House appropriations hearings this February, Gordon Clapp stated that a 1957 shortage of 17,000 kilowatts would exist even if arrangements should be made with the private utilities to take over 500,000 kilowatts of the TVA commitment to the AEC plant at Paducah. Since then the AEC has made it known that it will require an additional 135,000 to 175,000 kilowatts at Oak Ridge. This could mean, then, on the basis of TVA estimates that the area which obtains its power from the authority would face a deficiency of as much as 692,000 kilowatts by 1957.

The Budget Bureau has not recommended to the Congress the appropriation of funds for steam generating units that would be necessary to meet such a shortage. The Congress, under Democratic as well as Republican leadership—I say that because this request, I believe, was made in the 2 years prior to 1953—has shown an increasing disinclination to go along with the TVA in its budgetary requests. The budgetary recommendations of the past 2 years have been cut further by congressional action. The development of the region in recent years has been such as to harden the sympathy of other areas which made appropriations for the TVA easier to obtain in the years gone by.

But despite this hardening attitude of Congress, the TVA is still the integrated power system for a 70,000 square mile area, and that power system must increase its capacity just as all the utility systems in the country have been increasing their growth at an average rate, I am informed, of 9.6 percent a year for the past 7 years. It has been suggested that the TVA buy the additional power it needs from its neighboring utilities. TVA has bought additional power, but the purchase of such a large block of power, which would involve interim power and long transmission, are costly and clearly out of question for a public system whose purpose is to provide power at the lowest rate possible. It has been suggested that the major cities in the TVA system build their own steamplants and thus alleviate the shortage. This would end the integration which is the finest feature of the TVA system or of any good power system.

How then is the TVA to meet the growing needs of the area which it serves in the face of a stringent budget, the hardened attitude of Congress and of other areas, and the vast cost of electrical generating equipment on the scale that is required?

I had hoped that in this statement I could make some positive and constructive suggestions with respect to the problem. I believe it will be necessary for the new Chairman of the TVA, when he is appointed, to examine the capacity of TVA and the power needs of the area.

If after his examination, he should recommend to the Congress and to the executive branch that appropriations should be made for the construction of steam plants by the TVA to supply power deficiencies of the area, it seems to me that such a recommendation by an appointee of the President would have to command respect.

If, on the other hand budgetary problems, an adamant attitude of the Congress, and the views of the executive branch combine against the construction of steam plants by Government appropriations, then a new alternative to the type of proposal we are considering—that is, the supply of power to TVA by a private power company—must be developed.

I suggest one alternative that could meet the necessities of the situation and at the same time preserve the TVA as an integrated system, in charge of its own affairs.

The alternative is that the new Chairman and the Board examine the possibility of independent financing with a view toward determining the best way by which the authority can obtain its capital investment by the issuance of bonds. I do not know whether the bonds should be issued by the TVA as an independent Government entity, whether they should be issued with a Treasury guaranty, or whether they should be issued by authorization through the Treasury.

It is significant that the Von Tresckow syndicate, which had no actual experience in utility operation and no management organization, was in a position to offer to provide approximately $100 million for the construction of a steam plant at Fulton, Tenn. To accomplish this end the syndicate proposed to sell 3½-percent bonds to the insurance companies and to charge a $4 million fee for its role in the money raising. This plan of using private capital for the financing of a public facility relied completely on the credit of the United States Government. In other words, the bondholders were willing to stake their money on the fact that the Government would last for 32 years and meet its obligations for that long.

If a private syndicate can make such an offer, there should be no reason why the TVA, if it is finally compelled to take this step, cannot itself sell bonds and enlist private funds without paying a $4 million fee. I have just read an article in the New York Times, dated September 9, 1953—an old article—which describes the way in which the Hydroelectric Commission of Ontario, which operates over a larger area and has almost as much capacity as the TVA, has financed all of its development through the issuance of bonds guaranteed by the provincial government. All indebtedness is borne directly by the Hydroelectric Commission, which obtains an approval and a guaranty that are now granted almost perfunctorily by the Government. Under this arrangement, investors have been willing to loan the system all of the money that has been necessary for a vast construction program costing over $1 billion and extending to such projects as the development of the Niagara River and the St. Lawrence River resources.

It may be argued that this alternative would destroy the character of TVA. I point out that in 1939 the TVA was authorized to issue some $65 million of bonds. They were sold by the Treasury, and I am informed that interest and principal payments have been made on this issue, and that the issue has been reduced to a balance outstanding of $29 million.

It may be argued that this would mean saddling the TVA with interest charges. In this connection, I would like to quote from page 2464 of this year's House appropriations hearings when former Chairman Gordon Clapp was asked by Representative JONAS, of North Carolina:

> You do not take into consideration any interest in fixing rates, do you, because you do not pay it?

Clapp replied:

> But we take into account a rate of return higher than the interest cost. I think you are overlooking a very important thing. We have been averaging between 4 and 5 percent as a rate of return on the average investment in these power facilities. Suppose you took 2 or even 2½ percent as an interest cost to the Government. We would still have enough left to make our 40-year return, and the Government would still have the property. The electrical rates that produce that rate of return would not only retire the capital investment and pay interest but would leave a little over. No utility company retires its capital debt that way. It refinances. So it is carrying interest but not amortizing capital. TVA is earning a rate of return that can do more for the owners than private utilities can do, leaving out the income-tax question.

I want to make it clear that I do not want to use this statement of Mr. Clapp out of context, to indicate that he was proposing the payment of interest, to independent financing by the TVA, but, assuming that Mr. Clapp's statement is correct, it would seem to me that as a better alternative than the Dixon-Yates contract, the TVA Act could be amended in such a way as to provide the TVA with the flexibility that it needs to be a power system capable of answering the challenge of its region. Again it could be direct action by the Congress; not indirect action by the AEC or some other independent agency of Government.

It has been said that the power situation is so urgent in the Tennessee

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Valley that action must be taken in this session of Congress to avert an emergency. However, the Tennessee Valley Power Distributors, the men most directly concerned with the power supply in the area, have stated in a letter that was signed by the president of their association, R. V. Taylor, and placed in the RECORD by the senior Senator from Alabama on July 8, that they would rather run the risk of a shortage in 1957 than see the contract between the AEC and the utilities signed.

Further, the figures show that there is no shortage of power for AEC that is not available in the TVA system. If there is any shortage of power, it is in the Memphis area.

That shortage has been existing for some time.

Because of these facts, Mr. President, and in this spirit, I would recommend that the Dixon-Yates contract not be executed, or at least that the matter be put over until early in the next session when it may be hoped that the administration will have a recommendation aimed at economic self-sufficiency on the part of the TVA, developed in the spirit and purpose of the TVA Act. If such a recommendation were enacted by Congress, the Dixon-Yates proposal would cease to be an issue. Further, it would serve to clear away a great many of the continuing problems of TVA in its relationship with the Congress and the executive branch of the Government.

I should like to say that whatever may be the views of individual Members of the Senate, the fact cannot be escaped that TVA exists because of an act of Congress. It exercises functions which have been given it and prescribed for it by the Congress. No other agency has those powers. No other agency can assume or usurp those powers. Over a long period of years, since 1933, Congress has carried into effect the purposes of the act. Congress has confirmed in many ways, by legislation and appropriations, the intent of the act to create an integrated public power unit operated and controlled by the Tennessee Valley Authority for the purposes which are stated in the act. I shall not attempt to detail those purposes, except to say that they have had their effect not only locally, but nationally and internationally. I do not believe it is within the function of any executive branch of the Government to attempt to alter the nature of this authority without legislative action by the Congress.

I shall vote for the Anderson amendment. If it should not be adopted, I urge again that the Dixon-Yates contract should not be consummated. I state again my principal ground, that it is not within the power of the AEC, and that its eventual effect would be to weaken by indirect action the character and purpose of TVA.

If Congress wishes to change TVA and alter its purposes, that is the right of Congress. But Congress itself acts under law. We are as much subject to law as is any private citizen.

Mr. President, I wish to thank my good friend, the distinguished Senator from North Dakota [Mr. LANGER] of his kindness and great courtesy in yielding to me in order that I might make this statement.

Mr. UPTON. Mr. President, will the Senator from North Dakota yield?

Mr. LANGER. I yield.

ADM. FORREST P. SHERMAN

Mr. UPTON. Mr. President, on July 4, 1954, memorial exercises for the war dead were held at the Cathedral of the Pines, Rindge, N. H., in which special tribute was paid to the late Adm. Forrest P. Sherman, a native of New Hampshire. The Cathedral of the Pines, beautifully located in a pine grove on the crest of a hill looking out on Mt. Monadnock, was established by Douglas Sloane as a memorial to his son, Lt. Sanderson Sloane, who gave his life as a member of the Eighth Air Force in a raid on Germany on February 22, 1944. Mr. Sloane conveyed the Cathedral of the Pines to trustees to be held in memory of his son, for religious and other public uses.

Admiral Sherman was born in Merrimack, N. H., on October 30, 1896, and died, after a short illness, on July 22, 1951, at Naples, Italy, where he was a guest of Adm. Robert P. Carney. He was the second of a family of 6 sons and 1 daughter. The family early moved to Massachusetts where Forrest was appointed to the United States Naval Academy from the Eighth Congressional District. He graduated second in his class in 1917 and saw service in the Mediterranean during the First World War. In 1920 he was assigned to the Atlantic Fleet and, as Lieutenant Sherman, held his first command, the U. S. S. *Barry*, in 1921. In 1922, on shore duty at the Naval Air Station in Pensacola, Fla., he received flight training and qualified as a naval aviator. He became one of the Navy's best pilots and much of his career was with the Navy's Air Force. In 1923 he was executive officer of Fighting Plane Squadron 2, attached to the U. S. S. *Aroostook*. From 1924 to 1926 he was in charge of combat training at Pensacola. In 1927 he was assigned to the aircraft carrier *Lexington* and served on that ship and on the aircraft carrier *Saratoga* until 1930. In May 1931 he was reassigned to the *Saratoga* and in 1932 was given command of Fighting Plane Squadron 1, which won the aircraft gunnery trophy in 1932 and 1933. From June 1933 to June 1936 he was on duty at Washington as head of the Navy Ordnance Section. For 3 years, 1937–40, he was aviation officer on the staff of the admiral commanding the United States Fleet. He returned to the Navy Department in February 1932, serving with the War Plans Division in the Office of Chief of Naval Operations until February 1942. On May 31, 1942, as Captain Sherman, he took over the command of the U. S. S. *Wasp*, which in September was sunk by enemy action while covering reinforcements to Guadalcanal. He was the last man to leave his ship and for his extraordinary heroism was awarded the Navy Cross.

In 1943 he served as Chief of Staff and aid to Vice Admiral Towers, commander of the Air Force of the Pacific Fleet, and was promoted to the rank of rear admiral. He later became Deputy Chief of Staff to Adm. Chester W. Nimitz, commander in chief of the Pacific Fleet, and for his service under Admiral Nimitz in the implementation of operational plans, he was awarded the Distinguished Service Medal for contributing to the "successful prosecution of the war in the Pacific." He was present on the U. S. S. *Missouri* on September 1, 1945, at the formal surrender of Japan. After a brief assignment as commander of Carrier Division 1, he was ordered to Washington to serve as Deputy Chief of Naval Operations. For more than a year he represented the Navy in the preparation of plans for the proposed merger of the Armed Forces. In these conferences the differences between the Army and Navy were overcome and in the plan as finally developed, all three services—the Army, Navy, and new Air Department were to be separate branches. In the course of the hearings on the bill authorizing the merger, he drafted clarifying amendments defining the functions of the Naval Air Force and the Marines to assure their future within the Navy Department. When the naval forces were reorganized on June 1, 1948, he took over the command of the Sixth Task Fleet in the Mediterranean. In 1949, to bring to a close a bitter Navy-Air Force dispute, he was made Chief of Naval Operations. In this new position, he said that his chief purpose would be to "keep naval aviation up to its proper proportion in national defense."

Two weeks before his death, Admiral Sherman began his tour of the Atlantic pact defense area for the Joint Chiefs of Staff. In Madrid he opened negotiations with General Franco for United States naval and airbases in Spain. In Paris he reported on the Spanish mission to General Eisenhower and from there went on to Naples, where he died of a heart attack.

Admiral Sherman's brothers all served in the military forces with distinction. Present at the memorial services were Colonel Edward, Commander Kenneth, Colonel Paul, and Comdr. Ernest Sherman, and also his sister, Miss Mary Sherman. The principal speakers were Adm. Robert P. Carney, and Chaplain George L. Markle, United States Navy. I request unanimous consent to have their addresses printed at this point in the RECORD.

There being no objection, the addresses were ordered to be printed in the RECORD, as follows:

EULOGY TO ADM. FORREST SHERMAN, UNITED STATES NAVY, BY ADM. ROBERT B. CARNEY, UNITED STATES NAVY, CHIEF OF NAVAL OPERATIONS, AT THE CATHEDRAL OF THE PINES, RINDGE, N. H., ON SUNDAY, JULY 4, 1954

I am grateful for the opportunity to participate in this service honoring the memory of one of New Hampshire's distinguished sons. It permits me to render the Navy's accolade of "well done" to an officer who, through his service in the United States Navy, rendered a conspicuous and inspired service to his country.

Many years ago, John Paul Jones gave us his definition of those qualities required in a

naval officer. I could not improve upon his timeless language and I therefore quote it:

"It is, by no means, enough that an officer of the Navy should be a capable mariner. He must be that, of course, but also a great deal more. He should be, as well, a gentleman of liberal education, refined manner, punctilious courtesy, and the nicest sense of personal honor."

Even in these days which are far more complex than the era in which John Paul Jones lived, Admiral Sherman measured up to those rigid requirements. As he climbed the ladder of achievement, he performed each of his tasks to perfection, acquiring an ever-increasing background and fundamental technical knowledge, and at the same time, his inquisitive and acquisitive mind was absorbing an understanding of those other governmental functions with which the military is inseparably related.

In the test of World War II, he proved himself to be a fighting captain and a brilliant planner with a great capability for comprehensive strategic understanding.

He saw clearly the advantages which could accrue to the country from the closer integration of the three military services while at the same time never losing sight of the psychological inspiration that can be achieved only in the competitive and dedicated atmosphere of a closely knit unit with its fierce traditions.

He proved himself to be competent in high command at sea as leader of the Sixth Fleet where he showed that he also had the attributes of wisely interpreting national policy and assuming heavy responsibilities—attributes, in addition to those he had already shown as a planner and as an administrator.

As Chief of Naval Operations, he brought to the Navy, to the Department of Defense, and to his country a leadership and an understanding which encompassed fields far beyond the military horizon. He held a clear understanding of the political nuances of our democratic system which reflects the thinking of our people, and his counsels in the field of international relationships were listened to attentively.

In some curious way, even those who did not know him personally, those who had never even seen him or heard him speak, seemed to sense the capacity and judgment of this man, and his passing was genuinely mourned throughout the country as a loss of a valuable national asset.

As the military head of the naval service, he inspired the confidence of his superiors, of the legislative branch of the Government, and of the people of his own service who felt a comfortable confidence that the affairs of their beloved Navy were in capable hands.

Admiral Sherman was my guest in Naples when he died. Perhaps he overestimated the capacity of his physique to support the tireless energy of his mind. At any rate, he never spared himself in his endeavor to accomplish the utmost that could be achieved in any given 24 hours. It would be a rare man indeed that could accomplish more in his allocated span of years than did Adm. Forrest Sherman. New Hampshire does well to honor his memory. Today's ceremony is a beautiful expression of the regard in which this faithful citizen is held by his native State. His accomplishments in behalf of his service are also inscribed in the collective memory of the Navy which he served for so many years.

The enduring spiritual structure of our country is symbolized by this altar, built up, as it is, of ingredients of the land itself. Each stone has its special significance, and the bonding mortar bespeaks the fundamental faith and reverence without which no political organism can truly endure. The stones now offered by Admiral Sherman's family will fittingly strengthen this shrine just as his own contribution in life added to the worth and durability of our country.

I join with the citizens of New Hampshire, and I also speak for my service, in rendering homage to an outstanding sailor and an outstanding American.

A New Sense of Moral Integrity

(Address delivered by Capt. G. L. Markle, Chaplain Corps, United States Navy, district chaplain, First Naval District, at memorial service in memory of Adm. Forrest P. Sherman, United States Navy, on July 4, 1954, at the Cathedral of the Pines, Rindge, N. H.)

Text (Micah 6: 8): "He hath showed thee, O man, what is good; and what doth the Lord require of thee, but to do justly, and to love mercy, and to walk humbly with thy God?"

"America is living on the moral momentum of the past" is the highly disturbing statement of one of our country's eminent theologians.

If this assertion is true, and it probably is, it should cause us to be a little uneasy and to reexamine, if possible, the source of our moral momentum, and to seek out a remedy for this weakness in our moral fiber.

One source of moral momentum, though by no means the only one, is puritanism. The Puritans, whatever else may be said of them, were strong, rugged people. Their moral code was not subject to fluctuations caused by changing conventions of society.

To them, God was very real and very near. He had everything to do with life as a whole. No detail was beyond His concern. As a result, they held themselves responsible to Him in all matters. At the same time, they claimed His promises of protection and daily blessing. Their faith was simple and sturdy. Nothing weak about it.

No doubt, they were stern even to harshness. They probably were neither long suffering nor very patient. Kindliness and other endearing qualities were, as a rule, not predominant characteristics. But their integrity was unassailable, their honesty beyond question. Their respect for the laws of God and man was unswerving. To them, truth was never relative, always eternal, and inviolable.

Because they held the unshakable conviction that God was actively present in all circumstances of life, they could say with confidence, "He only is my rock and my salvation: He is my defense; I shall not be moved." (Psalm 62: 6.) We lack this strength today and are living on the moral and, I may add, spiritual momentum of the past.

A NEW MORAL SENSE NEEDED

The world needs today a fresh understanding of moral integrity. A new moral sense is needed.

A sentence in John Buchan's "Memory, Hold the Door," has power to haunt the mind. "The pillars of civilization," he wrote, "are cracking and tilting." That is more than a vivid phrase. It is the judgment of careful observers of the human situation.

That there is something wrong with civilization is a point that need not be labored. What is it? The economist says one thing, politicians say another, scientists say another, and churchmen say yet another. There is one answer which ought to receive more consideration.

The historians tell us that every age has a blind spot. It fails to see weaknesses in practices and institutions which to later generations are clear as crystal. The drowning of witches in the 17th century, penal laws in the 18th century, slavery in the 19th. What will our successors say about the 20th century? Will it not surprise them that we were so strangely blind to our chief problem—the disparity between scientific development on the one hand and moral development on the other?

Sir Richard Livingstone predicts that our grandchildren will say of us: "They boasted that science had unified the world. They never saw that the only real unity is spiritual."

It is to be hoped that our grandchildren will speak in such fashion, for if they do, they will be much wiser than their grandparents. Only, why can we not learn to think and speak so now?

Man has made nature his servant but he has not rooted out of his soul the instincts of greed, pugnacity and cruelty. That is why we have the current crime wave, the juvenile delinquency, and the sadistic cruelty to prisoners of war such as recently exposed, and chargeable to Red Chinese and North Korean troops.

Will Durant is very emphatic about this when he says: "We are spiritual pygmies in gigantic frames. Utopia has come everywhere except in the soul of man."

Elton Trueblood, the Quaker spokesman from Earlham College, is equally emphatic. He says: "Man has been more successful in making machines than achieving the will and wisdom to use his engines for humane purposes. This is the predicament of western man. He has built up a complex civilization, but he may lose it because in his hour of achievement he has so largely lost or failed to develop the inner resources that are needed to keep a possible boon from becoming a calamity."

There is a woeful abundance of dissension, bitterness, and bad feeling in the world, and it all goes to illustrate the disparity between material and moral achievement.

"What we need most in this country are the things unseen—spiritual development, moral power, and character." (J. Edgar Hoover.)

Now is the time for men of good will to stand up and be counted, and for men who believe in God to render their greatest service. The campaign of the godless is continuously being waged against truth. People must learn that "man cannot live by bread alone."

The Jew and the gentile, the Catholic and the Protestant, who believe in the God of their fathers, must stand together, shoulder to shoulder, against the inroads of communism, which would in the last analysis outlaw God and our way of life.

If our Judaic-Christian civilization is to survive, the God of our fathers must be our leader in spirit and in truth.

MORALS AND RELIGION

Many of the fundamental beliefs which Americans hold are deeply rooted in one or more of the major faith. So that when we speak of them we are actually expounding religious beliefs that are common to many, if not all, of us.

Take, for example, the Declaration of Independence. You will recall how the phrase runs: "That all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness," etc.

One need not be a mastermind to recognize here the theme that runs through many of the great religions of history.

This belief in the equality of man is a fundamental American concept. It must be adhered to by a majority of our people if they are to be found willing to defend our way of life.

Each of us may have his own personal list of essential beliefs or convictions, and they would differ in certain respects or details. But all lists would have a few items in common. Among these would be the dignity of the individual, belief in government by law instead of by the whims of men, respect for the truth, and certainly a fundamental faith in a God that is good, just, and merciful, and One who rules the universe in accordance with a benevolent plan.

Such beliefs as these, if they are widely held and firmly adhered to, would be a great

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boon to our security and a safeguard to our way of life.

There is an urgent need to instill and develop in our people today some of the self-same confidence which led our forefathers to perform such heroic feats of endurance when they conquered the wilderness and laid the foundations here for the strongest and most progressive nation on the earth.

There were doubters and the fainthearted in those days, but there were also giants in the earth in that era. They counted trials, tribulations, and recurrent crises as payments on the future they were building for themselves and their prosperity.

They were down-to-earth, practical individuals, too. They were not bothered with certain things that trouble us today, such as self-analysis, motives, complexes, and neuroses. They were men and women of simple faith and action. They were willing to work hard and cheerfully for what they wanted and if necessary, to fight hard and long for what they had.

It is a revival of this simple but effective faith which is needed today. From this type of simple faith will spring naturally and honestly a new sense of moral integrity.

In the current struggle for freedom and democracy, at home and abroad, our greatest weapon, both a sword and a shield, will be our love of and our faith in God. To open the hearts and minds of men to this truth will require a mighty river of faith and effort. Each one of us is a drop to swell that river and augment its force.

"When we turn a deaf ear to God's commandments, we also cease to hear His promises. We cannot be assured of His care if we reject His claim."

Paul, the apostle, wrote in his letter to the Galatians, saying:

"Stand fast therefore in the liberty wherewith Christ hath made us free." (Galatians 5: 1.)

And the prophet, Micah, cried out to his people, saying: "He hath shown thee, O man, what is good; and what doth the Lord require of thee, but to do justly, and love mercy, and walk humbly with thy God." (Micah 6: 8.)

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

NEVADA'S INTEREST IN COMMERCIAL NUCLEAR POWER

Mr. MALONE. Mr. President, will the Senator from North Dakota yield?

Mr. LANGER. I yield to the Senator from Nevada, provided I do not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

ATOMIC ENERGY COMMISSION'S POWERPLANT

Mr. MALONE. Mr. President, I fully agree with the Atomic Energy Commission in its decision to build a 60,000 kilowatt atomic energy industrial powerplant or commercial plant.

THE ARMY PORTABLE POWERPLANT

I agree with and approve of the Army's consideration being given to the building of a flatcar atomic energy power unit, which might be transported to isolated areas, in the same manner as a diesel powerplant, in order to obviate the necessity of building long-range power lines to isolated areas, where only relatively small amounts of power are necessary.

INTEREST IN NUCLEAR POWER

I became interested in the possibilities of commercial nuclear energy powerplants even before I came to the United States Senate, to which I was elected in 1946.

In the part of the country from which I come, there are large isolated desert and mountain areas, where mining and the pumping of water are very expensive due to the cost of power, but where only relatively small amounts of energy are needed in the individual areas, which are widely separated. Mr. President, it is not economical to build a powerline a distance of 50, 75, or 100 miles for only, let us say, 5,000 or 10,000 kilowatts of energy. Of course, much depends on the particular type of plant and the hazards which must be faced in the construction of such a line. But to transmit 15,000, 20,000, or 25,000 kilowatts a distance of 100 or 150 miles from an operating center is impractical except under extraordinary conditions.

The junior Senator from Nevada discussed the matter many times with Gordon Dean, who was then the head of the Atomic Energy Commission, and later with Admiral Strauss, who is now the head of the Commission.

He discussed the problem with them from the standpoint of feasibility.

Senators may recall Dr. James B. Conant, who for many years was active in the development of the first atomic-energy project, and in atomic warfare plans, and his writings for Sunday newspaper magazines and other methods of propagandizing became a common occurrence; and, generally held that perhaps commercial atomic energy would be available in 25, 30, or 35 years.

DISCUSSION—NO FEASIBILITY CONNECTION

Mr. President, the junior Senator from Nevada has been in the engineering business for 30 years, and he could not understand that kind of a discussion. It made no sense to him, because it was not based upon relative feasibility.

The conversation he had with the director of the Oak Ridge plant in Tennessee, and the Brookhaven plant on Long Island, N. Y., and at the Atomic Energy Commission offices in Washington, was that feasibility is a relative term; that perhaps it would be a long time before nuclear power could be developed to compete with power from Hoover Dam, in southern Nevada and northern Arizona, which comes off the switchboard at a cost of 2 mills per kilowatt-hour, one-fifth of a cent, for firm power.

But if one goes to Eureka, in the east central part of the State of Nevada, he is in a region which is isolated, perhaps 100 miles from a power center, where from 20,000 to 25,000 kilowatts are needed to pump an estimated 12,000 gallons of water 2,400 feet to make available an estimated $100 million to $150 million worth of lead and zinc, according to the United States Geological Survey, Department of the Interior.

TURNED ZINC-LEAD ORE INTO COUNTRY ROCK

Of course, the estimate of $150 million worth of lead and zinc in the Eureka area was made before we financed Great Britain in the building up of a great stockpile of lead and zinc, which England then shipped into our country at an opportune time and sold for 10 to 12 cents per pound and broke our domestic market from 16 cents to 10 cents per pound. At 16 cents per pound there were many millions of dollars' worth of zinc ore in the United States mines, while at 10 cents per pound it turned into country rock. We pay miners $1.75 to $2 per hour, while England pays them 30 to 40 cents per hour and 50 to 75 cents per day in South Africa. Anyway, we gave them the money to buy the zinc and lead so they could not lose by breaking our markets.

LOCATION OF FIRST POWERPLANT

Power was costing the mining men 2½ to 3 cents a kilowatt-hour in the Eureka, Nev., area—not mills, Mr. President, but cents.

Mr. President, I hold in my hand a report on the various high-cost power areas of the United States, which was made at my request to the Atomic Energy Commission, to determine where the first plant should be constructed.

SMALL PLANT FIRST

Following the early discussions between the junior Senator from Nevada and the Atomic Energy Commission the first plant which was contemplated by the Atomic Energy Commission was a small plant with a capacity of perhaps 20 to 25 thousand kilowatts to determine the operating cost and to get the "bugs" out of it.

The Commission would have learned a great deal through the construction of such a plant and through its operation.

HIGH-COST POWER AREA

The next question was where the plant would be constructed. The Commission naturally wanted it constructed in one of the highest cost power areas.

In 1953 the Commission ordered a survey by the Federal Power Commission, Bureau of Power, San Francisco regional office.

Mr. President, I hold in my hand the Nevada section of that study. On page 4 of the study are outlined comparable costs of areas of western Washington, eastern Washington, and so forth, including Idaho, Montana, southern Nevada, western Nevada, and northeastern Nevada. The price per kilowatt-hour ranged from 1.03 cents per kilowatt-hour in western Washington to 4.75 cents per kilowatt-hour in northeastern Nevada, where Eureka is located.

Mr. President, I ask unanimous consent to have the table appearing on page 4 of the study printed in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

1950 average revenues

Area:	*Cents per kilowatt-hour*
Western Washington	1.03
Eastern Washington	0.99
Northwestern Oregon	1.15
Southwestern Oregon	1.40
Eastern Oregon	2.06
Northern California	1.58
Southern California	1.58
Southern Arizona	2.15
Central Arizona	1.31
North central Arizona	2.34

1950 average revenues—Continued

Area:	*Cents per kilowatt-hour*
Idaho	1.19
Montana	1.01
Northern Utah	1.73
Southwestern Utah	2.58
Southeastern Utah	3.65
Southern Nevada	1.01
Western Nevada	2.08
Northeastern Nevada	4.75

CONTINUED WORK WITH THE COMMISSION

Mr. MALONE. Mr. President, I continued my talks with the Commission regarding feasibility, which, as I have described, is a relative term.

Dr. Hafstead, of the Atomic Energy Commission, who is quoted at length in the material I am asking to have printed in the RECORD, listed Eureka, Nev., twice as a possible site for the powerplant. To all intents and purposes, the site was agreed upon.

Then, after enough of the heads of the Commission were interested and began to take it seriously, they decided on the 60,000-kilowatt plant, which was too large for our area.

WE OVERSOLD THE IDEA

As a result we did not secure the plant for our area. However, Mr. President, I approve of the work of the Commission, knowing that as soon as nuclear power is proven feasible in the 60,000-kilowatt plant, with the Army following through with the flatcar units, within a relatively short time we believe the practical feasibility will be apparent.

When the cost of construction, amortization, and fuel is known, then we shall know exactly how to proceed with the installation of comparable units in the higher-cost desert and mountain areas for mining, pumping water, and processing purposes.

Mr. President, perhaps the work done by our Nevada citizens in promoting the Eureka plant has assisted in launching a program which will be of inestimable value to the Nation and ultimately to themselves.

NUCLEAR-POWERED SUBMARINE

Mr. President, early this year I attended the launching of the first nuclear-powered submarine, in Connecticut.

I think that is only a start, and that our entire fleet of submarines will be constructed in the same manner within a reasonable time and in the foreseeable future.

Such a nuclear-powered submarine can stay under water for 6 months, and go around the world without surfacing. As a matter of fact, in a joking vein, someone said such submarines will only have to come to the surface at intervals long enough for the men to reenlist.

INTEREST OF NEVADA CITIZENS

Mr. President, to illustrate the interest which the State of Nevada has had in the commercial nuclear power project from the beginning, and, as a matter of fact, before the beginning, of any serious talk by the Commission, and because we like to think that, working through the junior Senator from Nevada, we had something to do with bringing about the present project, I ask unanimous consent to have printed in the RECORD at this point in my remarks a letter to me from Louis L. Strauss, Chairman of the Atomic Energy Commission, dated November 1953, together with my answer, dated December 2, 1953.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

UNITED STATES
ATOMIC ENERGY COMMISSION,
Washington, D. C.

Hon. GEORGE W. MALONE,
United States Senate,
Washington, D. C.

DEAR SENATOR MALONE: This letter is in response to the telephone call to Mr. E. R. Trapnell, of my staff, on Friday, October 23, 1953, regarding the pressurized water reactor program announced for Westinghouse, and its relationship to package power units which might be applicable to the Eureka, Nev., area.

The pressurized water reactor which Westinghouse is scheduled to build for the Commission is a pilot plant for a large reactor. It is designed to produce 60,000 kilowatts of electricity, and because of its experimental nature a firm power commitment would be undesirable. It is for this reason that a location will probably be selected within one of the Commission's facilities where the presence or absence of a large block of power will not be critical. We would, therefore, not regard the pressurized water reactor program as being applicable to the purposes you have in mind.

At the same time the Commission has been continuing its package power reactor studies. None of these studies have to date indicated a competitive situation between atomic energy and conventional fuels for the market which was described in the report of the Federal Power Commission which was sent to your office on July 16, 1953. We are continuing to keep as one of our objectives the satisfying of the kind of market which that report describes.

Sincerely yours,

LEWIS L. STRAUSS,
Chairman.

DECEMBER 2, 1953.

Mr. LEWIS L. STRAUSS,
Chairman, Atomic Energy
Commission, Washington, D. C.

DEAR MR. STRAUSS: Thank you for your recent letter regarding the pressurized water reactor program announced for Westinghouse.

Since receiving your reply my office has discussed the matter further with Mr. E. R. Trapnell, of your staff.

I fully understand that the reactor you have in mind under the Westinghouse program would not be applicable to the Eureka, Nev., area. What then is the outlook for smaller-type units at isolated, power-short locations such as that afforded at the mining community of Eureka, Nev.?

As you know, there is an acute shortage of power in Nevada. In the Eureka area the shortage is especially critical, and it is there that a vast quantity of ore has been blocked out but has not been taken from a deep shaft because of the inability to provide power cheaply enough.

Your scientists are very familiar with the Eureka area and it is my fervent hope, as well as the hope of a statewide committee created to further atomic energy development in Nevada, that a small reactor can be constructed there—even though it is an experimental model.

I sincerely feel that the time to develop these smaller power-producing reactors is at hand. Certainly the place to build them is in the power-short areas of the Nation, and in that connection I can think of no better place than in Nevada.

We in Nevada are anxious to cooperate with the Atomic Energy Commission in any way—just as the State and its people have cooperated with your agency in the conducting of atomic experiments in southern Nevada.

As members of your staff will tell you, the Nevada location mentioned is an excellent one for the construction of a reactor which could provide power for the area.

We in Nevada have our hopes raised that the AEC will someday build one of these reactors there. I would appreciate your giving me your views in this matter at your earliest convenience.

Kindest personal regards.

Sincerely yours,

GEORGE W. MALONE.

Mr. MALONE. Mr. President, I also ask unanimous consent to have printed in the RECORD at this point in my remarks, in succession, letters from Mr. Louis D. Gordon, addressed to the junior Senator from Nevada, together with my answer, and other correspondence between me and Mr. O'Connor and Dr. Lambert.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

NEVADA MINING ASSOCIATION,
Reno, Nev., July 2, 1953.

Hon. GEORGE W. MALONE,
United States Senator for Nevada,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MALONE: The mining industry of Nevada has noted with much interest your attempts to secure an atomic energy industrial powerplant to be located in the State of Nevada, preferably at Eureka, Nev.

We feel that it would be difficult, if not impossible, to secure an equally suitable location in the United States for the initial installation of such a facility. Eureka is in a sparsely settled area and is so situated geographically as to provide every possible measure of security. It is separated from the Pacific coast by the Sierra Nevada mountains and other mountain barriers, and is surrounded on all sides by airfields which would furnish additional protection against air attack, being within striking distance of our protective airfields on the Pacific coast, Fallon and Las Vegas, Nev. airfields, and airfields in Utah, Idaho, and Montana.

In addition to all of the above, the need for electric energy in the Eureka district is, as we see it, a vital factor in our national defense, as there is an immense quantity of lead-zinc ore available if power at a cost less than that which is presently available can be obtained.

We will follow with much interest your future endeavors to secure such an atomic-energy industrial plant for the Eureka area, at least of a pilot or experimental nature.

With kindest personal regards,

Sincerely,

LOUIS D. GORDON.

JULY 6, 1953.

Mr. LOUIS D. GORDON,
Nevada Mining Association,
Reno, Nev.

DEAR LOUIS: This is to acknowledge your recent letter concerning an atomic reactor for Nevada.

I have been working closely on this project with Dr. Lawrence Hafstad, the man who builds such plants. He is on a vacation at the present time and will not return until next week.

I have forwarded copies of your letters to him and have asked for another progress report. I will keep you advised.

Thank you for your interest, and with kindest personal regards, I am,

Sincerely,

GEORGE W. MALONE.

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CONSOLIDATED COPPERMINES CORP.,
Kimberly, Nev., June 30, 1953.

Hon. GEORGE MALONE,
United States Senate,
Washington, D. C.

DEAR SENATOR: Recently I have received an information bulletin from Alfred Merritt Smith, chairman, Atomic Power Utilization Committee of Reno, Nev., in which he advocates the establishment of a power reactor at Eureka, Nev. I assure you I am very much in favor of the plan as set forth by Mr. Smith and feel that Eureka is probably the best location for such a plant. Unless a plant of this nature is established in the vicinity of Eureka, there are very numerous comparatively small ore bodies in this part of the State that cannot and will not be brought into production because of the excessive cost of bringing power into this area.

Your efforts to further this cause will be appreciated by the entire mining fraternity, particularly those of us in eastern and central Nevada.

With best personal wishes, I remain,

Yours very truly,

A. J. O'CONNOR,
General Manager.

JULY 6, 1953.

Mr. A. J. O'CONNOR,
Consolidated Coppermines Corp.,
Kimberly, Nev.

DEAR AL: This is to acknowledge your recent letter concerning an atomic reactor for Nevada.

I have been working closely on this project with Dr. Lawrence Hafstad, the man who builds such plants. He is on a vacation at the present time and will not return until next week.

I have forwarded copies of your letters to him and have asked for another progress report. I will keep you advised.

Thank you for your interest and with kindest personal regards, I am,

Sincerely,

GEORGE W. MALONE.

NEVADA CHAMBER OF COMMERCE
EXECUTIVES ASSOCIATION,
Ely, Nev., June 29, 1953.

Senator GEORGE W. MALONE,
Senate Office Building,
Washington, D. C.

DEAR SENATOR MALONE: The people of Nevada feel rather strongly that this State should have one of the first atomic powerplants, and it appears that Eureka, Nev., is probably the most suitable site for such a plant in the entire United States.

Eureka is located in the center of a vast area which badly needs economical power for development—while the prospects for securing such power from sources other than atomic are almost nil. Surely our State—which is rocked by the atomic tests—deserves some practical advantage from atomic power development and can make use of such power even in preliminary stages of relatively high cost.

We realize, of course, that such development may actually not be undertaken by the Government alone. Regardless of who does the job, however, we feel that Nevada offers the most feasible location for early generation and use of atomic power.

Anything you can do to help will be appreciated.

Yours,

DARWIN LAMBERT, *President.*

JULY 6, 1953.

Mr. DARWIN LAMBERT,
President, Nevada Chamber of Commerce,
Ely, Nev.

DEAR DARWIN: This is to acknowledge your recent letter concerning an atomic reactor for Nevada.

I have been working closely on this project with Dr. Lawrence Hafstad, the man who builds such plants. He is on a vacation at the present time and will not return until next week.

I have forwarded copies of your letters to him and have asked for another progress report. I will keep you advised.

Thank you for your interest and with kindest personal regards, I am,

Sincerely,

GEORGE W. MALONE.

Mr. MALONE. Mr. President, I hold in my hand the organization proceedings of the Atomic Power Utilization Committee of Nevada, dated July 1, 1952, and I ask unanimous consent that it be printed in the RECORD at this point in my remarks.

There being no objection, the proceedings were ordered to be printed in the RECORD, as follows:

ATOMIC POWER UTILIZATION COMMITTEE OF NEVADA ORGANIZATION PROCEEDINGS

(Mr. Alfred Merritt Smith, chairman, administrative assistant to Senator MALONE.)

The committee was organized at Reno, Nev., on July 1, 1952, upon the suggestion of Dr. Lawrence R. Hafstad, Director of Reactor Development, United States Atomic Energy Commission, who came to Nevada upon the request of Senator GEORGE W. MALONE for a preliminary examination of the Eureka Mining District as a site for the construction of a reactor to supply electric energy to the mining industry while primarily engaged in the production of plutonium for the Government. It is proposed to install a reactor of sufficient capacity to supply the power needs of all the various mines of the Eureka Mining District, and also power for pumping ground water for irrigation in several desert valleys located within economic electric transmission distance.

PURPOSES

1. To prepare a feasibility report on the Eureka project, setting forth comparative costs with those of diesel-electric and hydroelectric power.

2. To disseminate information throughout the State in regard to atomic energy, and its use in various industries. This will be done by lectures to service clubs and other civic groups and by the distribution of unclassified and unrestricted literature supplied by the Atomic Energy Commission and affiliates.

3. To arouse the interest of the mining industry and owners of mines located in areas of difficult and remote accessibility in the use of atomic reactors to solve their power problems.

4. To promote educational programs in high schools in order to spread general information regarding nuclear energy physics, chemistry, and technology, in the belief that such knowledge will do much for the future development and welfare of our citizens.

5. To actively support the program that has been initiated at the University of Nevada for the beneficiation of low-grade uranium ores; to promote the adoption of additional studies covering effects of radioactivity on plant, animal, and human life and in the special fields of medicine, therapeutics, the conditioning and preservation of foods, and of procedures to prevent or neutralize any deleterious effects that may be created.

ORGANIZATION

Present at a dinner meeting in Reno, Nev., on July 1, which had been called by Senator GEORGE W. MALONE, were a number of leading men in engineering, mining, financial, legal, and educational fields. With Senator MALONE acting as moderator, these men organized as a general committee for an investigation of the possibilities of use of atomic energy as a source of power in Nevada.

A chairman and a board of directors were elected, consisting of the following men:

Alfred Merritt Smith, E. M., Nevada State engineer, 1935–51, chairman.

Roy A. Hardy, E. M., Wingfield mining interests, manager, Getchell mine, etc.

George W. Mitchell, E. M., managing director, Eureka Mining Corp., Ltd., Eureka, Nev.

Joseph E. Moose, Ph. D., chief of chemistry department, University of Nevada.

Stanley G. Palmer, D. Sc., dean, College of Engineering, University of Nevada.

Vernon E. Schied, Ph. D., dean and director, Mackay School of Mines, University of Nevada.

The directors were requested by Dr. Hafstad to proceed rapidly with the preparation of a feasibility report concerning the proposed construction of an atomic reactor by AEC at Eureka, Nev., upon or near the property of the Eureka Corp., Ltd., to generate electric power for dewatering the Richmond-Eureka mine in order to permit recovery of large bodies of valuable lead-zinc ores now urgently required in the national economy; and for the operation and development of other mines in the Eureka mining district, and for pumping ground water in the several adjacent arid valleys for irrigation.

Dr. Hafstad stated that a new reactor would definitely be constructed by AEC somewhere in the United States as soon as possible for the manufacture of plutonium; that electric energy would be a byproduct which would be sold as profitably as possible as a credit to the cost of the plutonium.

Each of the directors will be cleared by the Atomic Energy Commission in order to receive restricted information, particularly as to data and costs of reactor construction and operation.

The directors were further instructed to contact operators in all fields of private work and invite them to become members of the Atomic Power Utilization Committee, and participate in discussions.

The membership will be composed of persons who are active in State affairs and in the advancement of industry, including those engaged in professional work, especially in education. Meetings will be held, at which speakers who are specialists will appear. Lectures and panel discussions will be arranged. The more highly technical features of the subject will be avoided. The great advantages of peacetime utilization of this great force in science, industry, and commerce will be described and discussed in the light of present widespread developments. The phenominally rapid and dramatic progress in nuclear energy use has gone ahead of public information and education on the subject. An essential part of the committee program will be the spreading of knowledge regarding atomic energy, destined soon to become of major importance to the welfare of mankind, and vital to the economic development of mining and agriculture in the arid Western States.

Mr. MALONE. Mr. President, I have in my hand an outline addressed to the members of the Atomic Power Utilization Committee of Nevada, by Mr. Alfred Merritt Smith, who is chairman of the committee, and also my administrative assistant. I ask unanimous consent that the outline be printed in the RECORD at this point in my remarks.

There being no objection, the outline was ordered to be printed in the RECORD, as follows:

RENO, NEV., *December —, 1952.*

DEAR MEMBER: Your chairman attended a hearing held by a subcommittee of the Public Works Committee of the United States Senate in Henderson, Nev., on October 10–11, recessed to reconvene in Las Vegas on the 14th and again in Las Vegas on October 20. Problems bearing on power, flood control,

irrigation, and reclamation were considered with Senator MALONE, chairman, conducting the investigations.

Dr. Lawrence R. Hafstad, Director of Reactor Development, United States Atomic Energy Commission, appeared as a witness in this hearing on October 14 on the outlook for atomic power. Dr. Hafstad indicated that the AEC is almost ready to undertake the construction of a reactor designed to generate electric power, but several points must first be decided and agreed upon. Two or three different types of reactors are being considered and the experimental work continues. How long before a certain definite type is selected and also a site among several under consideration is not definitely known, and predictions of the time vary from 1 to 10 years, but there is a predominant feeling among the atomic engineers and scientists that it will be very soon, probably within 1 year.

As to proposed sites, Dr. Hafstad stated that Eureka, Nev., came very near to meeting all of the requirements. He complimented this committee on the reports it has submitted to the AEC. He stated further study and examination of the site are not considered necessary until a certain type of reactor design has been decided upon.

Dr. Hafstad stated that the construction of a reactor at a site distant from hydroelectric power sources, and also distant from fuel for steam-electric power generation, would probably be the first development. The cost of conveying the small quantity of atomic fuel required to operate such a power plant to any remote site would be negligible, and disposal of radioactive waste would be less of a problem than in a populous community.

It must be a major purpose of this committee to closely observe developments in the nuclear reactor power field and keep before the Atomic Energy Commission our urgent need for such power in Nevada to stimulate and activate dormant mining, development of new areas for production of strategic metals, and the irrigation of desert areas by pumping of ground water.

For your further information, I enclose a reprint of an article on reactors sent by Dr. Hafstad for distribution to our members. A copy of the supplemental report made to AEC on the resources and advantages of the Eureka, Nev., site is also enclosed. Most of the data for the report was collected by a committee of citizens in the Eureka district who are alive to the great advantages such an installation could bring to them and the State.

On October 16–17, 1952, a conference on atomic energy education was held at the University of New Mexico, Albuquerque, at which scientists and engineers in the nuclear field made addresses and submitted papers. It was the intention of your chairman to attend, but he was required at the Henderson-Las Vegas hearings. Such meetings are significant of great public interest in nuclear physics. Our progressive State must not lag behind in highly necessary education on this subject.

In a letter to Senator GEORGE W. MALONE dated September 16, 1952, Chairman Gordon Dean, of the AEC, included the following excerpt from a letter he had written to the Honorable HENRY M. JACKSON, of Washington, a member of the Joint Committee on Atomic Energy. Mr. Dean stated that his letter reflected as precisely as possible the views of AEC in response to a question as to "how soon these developments (power from atomic energy) can be expected."

"In addition to the development of power-producing reactors, a great deal of work is being expended for the defense effort on propulsion and materials producing reactors. Fortunately, the early phases of this work are in a large measure directly applicable to the development of power reactors.

"Undoubtedly, atomic power when it first appears in any significant quantity will be at high cost relative to conventional power. The plants will, therefore, be more likely to be located where they will supplement those producing electricity from high-cost fuel rather than in hydrogenerated or other cheap power areas.

"It is also possible that the cost of building and operating reactors will have fallen to the point where power production alone will be competitive in areas where power costs currently are high. It should not be assumed, however, that within 10 years such units can be expected to provide more than a very small fraction of the national power demand.

"* * * a prolonged period of intensive military effort may well retard the appearance of a significantly large amount of atomic power. Other factors such as the depletion of the Nation's conventional fuel resources and a possible resulting increase in their cost might hasten its appearance. Most probably this new energy source would not supplant any of the low-cost power stations but would, to a limited extent, contribute to existing power systems where fuel costs are high or special location problems exist.

"One thing is certain. The atom is the most potent source of energy known. This Nation must not neglect the task of seeking out the methods by which this energy may be harnessed. Ordinary prudence in the conservation of our energy resources demands the continued application of scientific research and development to the problem. It is the intent of the Atomic Energy Commission to continue its own program toward this end and to encourage the exploratory and developmental efforts of private companies in the field."

The foregoing was written some months before the Eureka, Nev., site had been brought to the attention of AEC, and it shows how clearly that site meets requirements for the first power reactor. The interest of AEC in the Nevada site was indicated by the presence of Dr. Hafstad at the Senate Public Works hearing on power at Henderson.

Our latest information is that Harvey L. McPhail, Assistant Commissioner of Reclamation, has been directed by the Bureau of Mines to examine prospective sites in the United States and the AEC awaits his report. Mr. McPhail is a native of Nevada and a graduate of the University of Nevada. Before his promotion he was for several years Director of the Branch of Power Utilization, Bureau of Reclamation.

Very truly yours,

ALFRED MERRITT SMITH,
Chairman.

TWO HUNDRED AND FIFTY MEMBERS OF THE NEVADA ATOMIC POWER UTILIZATION COMMITTEE

Mr. MALONE. Mr. President, there were approximately 250 members of the Atomic Power Utilization Committee of Nevada, made up of prominent persons throughout the State, who were interested not only in establishing a power unit in the State of Nevada, but in establishing for the Nation the knowledge necessary to make such power available to the Nation, but are still looking forward to the time when the contemplated project in Nevada will prove feasible.

The committee will then make another attempt to have a powerplant built there. In the meantime, they are interested in private financing of such a project.

I ask unanimous consent that the message to the members of that committee, signed by Mr. Alfred Merritt Smith, and dated May 7, 1953, be printed in the RECORD at this point in my remarks.

There being no objection, the outline was ordered to be printed in the RECORD, as follows:

ATOMIC POWER UTILIZATION COMMITTEE,
Reno, Nev., May 7, 1953.

DEAR MEMBER: Your interest in this committee is evidence of a desire to see our largely arid State profit by utilization of atomic power as soon as this astounding new scientific resource can be given to the public. It will soon be possible to construct atomic powerplants in arid regions, distant from present sources of fuel and power. We have a number of such areas, and now it seems that a way is opening to develop them for mining and agriculture, and so bring Nevada up toward the industrial level of other Western States. This cannot be done without power at lower costs than are presently possible in such areas.

You have kept abreast of the phenominal scientific investigations for conversion of nuclear energy to electric power, and so can visualize the almost unlimited benefits that the first atomic power reactor would bring to Nevada.

Your committee, engergetically and ably assisted by Senator GEORGE W. MALONE has presented to the United States Atomic Energy Commission the advantages of establishing an atomic powerplant in central Nevada. The project has been kept before AEC through personal contacts, correspondence, and the presentation of additional information from time to time.

A special power market survey of the Eureka area was made by two electrical engineers from the Federal Power Commission on February 17 to 21, inclusive. Your chairman accompanied the engineers to Eureka, Ely, and Elko.

Again, on April 2, two engineers were sent by AEC from the New England Power Co. to doublecheck on power costs and power availability. Upon their arrival, I met these men in Reno. The Nevada State Bureau of Mines provided an automobile and a geologist, and together we went over the area. None of these engineers were at liberty to express opinions or give out figures. Their findings have not yet been released.

It has been indicated to us that other sites where power costs are high, in Maine and Florida are also being studied, but Eureka yet has a high listing. One of our committee members, Col. Dale O. Smith, United States Air Force, while in Washington, D. C. recently, called upon Senator MALONE and also on Dr. Lawrence Hafstad, Director of Reactor Development, AEC, and writes as follows:

"Much that Dr. Hafstad told me I am not authorized to reveal; however, I can say this: Dr. Hafstad is a strong supporter of the Eureka, Nev., project. He thinks that it will be a very valuable activity, and even though there is not much evidence as to what they can build a plant for, how much the power can be sold for, and whether it will be an economic venture, he believes the way to find out is to go ahead at once. There are people in the Commission, however, who are more conservative and would like to wait until more facts are available from experimentation before going ahead on projects such as these. Dr. Hafstad has recommended the project to the Commission and it is up to the Commission to determine whether or not the project should be approved this year."

The change in national administration has caused some changes in the personnel of AEC, also in the Congressional Joint Committee on Atomic Energy. It is not probable that such shifting will greatly affect the gigantic going concern, to which Congress has now altogether allocated a total of $12 billion through the 1953 fiscal year, making it the world's third largest business, out-

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ranked only by Metropolitan Life and American Telephone & Telegraph.

Your directors propose to work continuously to get a reactor built in Nevada and we know we have your valuable support. Senator MALONE and his staff will spare no efforts to bring this about. MALONE has been successful in establishing a project for the study of extraction of uranium from low-grade ores at the University of Nevada, and is also responsible for a contract now being drawn up for another project there to study the effects of atomic blast dust and radiation on all forms of plant life. His engineering knowledge and intimate acquaintance with key members of the joint committee and AEC are indispensable to this project. The Senator has given time and travel to this work. Your chairman has also personally contributed all of his travel and the correspondence expenses of the committee.

We need a little money for stationery, postage, mimeographing, etc. We have the ear of AEC which has given our reports most favorable comment. Please help us carry on by sending in a small contribution of a dollar or two for the cause. What we do now may be the means of eventually bringing millions of dollars to Nevada; first for construction, and then in production. We don't intend to stop plugging whether or not we get any money from our supporters, but it will help.

Your chairman has for 18 years been Nevada's director in the National Reclamation Association, which is designed to promote reclamation and irrigation in the 17 Western States, and therefore clearly visualizes what low-priced power could do for our dry lands. While in Washington, D. C., for a meeting of National Reclamation Association directors in April, I discussed the Eureka project with Drs. McLain and Peterson, AEC technicians, and with Dr. Gordon Dean, the chairman of AEC. They are in favor of reactors for genertaing power, which while still experimental, can be built. Some of the Commissioners think such a reactor should be built now, and any defects could be worked out in actual operation. Others favor more time being spent on the several designs and in experimental work before a plant is undertaken.

Chairman Gordon Dean expressed his intention to visit Nevada this summer, which indicates his interest.

Sincerely yours,

ALFRED MERRITT SMITH,
Chairman.

Mr. MALONE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a letter dated October 1, 1953, from Alfred Merritt Smith to the members of the Atomic Power Utilization Committee of Nevada, together with his message to them of October 1953.

There being no objection, the letter and message were ordered to be printed in the RECORD, as follows:

ATOMIC POWER UTILIZATION COMMITTEE,
Reno, Nev., October 1, 1953.

DEAR MEMBER: Attached hereto is copy of a talk I made on September 10, 1953, to the Lions Club of Elko, Nev., and on September 11 to the Rotary Club of Elko, entitled "Atomic Power for Nevada" which I hope will be of interest.

The Federal Power Commission has just released a report on 4 counties in northeastern Nevada which it states is the area of highest power cost in the 8 most Western States. This fact, coupled with the great natural resources of these counties continues to keep Eureka in the foreground as a site for the construction of a pilot plant power reactor.

The failure of Congress to appropriate money for construction of such a plant by the Government has delayed progress on nuclear power. Private enterprise is very reluctant to build such plants, not because it doubts their efficiency and regards such work as premature, but for the reason that present governmental regulations for security are so restrictive that private companies will not move until they are given more liberty.

Since the Government hampers private development of nuclear power for reasons designed for national security, it should build the first plants and operate them, and then turn them over to private ownership and operation as soon as security regulations can be sufficiently reduced, or entirely abolished.

We are hopeful that the Atomic Energy Commission will soon build such a plant. When it does, Nevada and in particular Eureka, will certainly be given serious consideration as a desirable site.

Sincerely yours,

ALFRED MERRITT SMITH,
Chairman.

ATOMIC POWER FOR NEVADA

(By Alfred Merritt Smith)

The atomic power situation in the United States seems to be in a condition of stalemate. How long this may last depends upon Congress. The AEC a year ago gave 4 study teams from 8 private corporations enough released information to enable them to investigate and study power reactors. Using their own money, but with some help from AEC technicians, each group determined that atomic power is both possible and practical, but none of the companies had any incentive to go ahead. All discoveries and patentable processes in the atomic field must be turned over to Uncle Sam. They could only buy their atomic fuel and sell their byproducts to Uncle Sam, who is not ready to contract to buy the most valuable byproduct, which would be weapon-grade plutonium, although presently AEC is making plutonium at enormous cost and wasting the heat generated by the process which heat could be converted into electric power. At the great Hanford plant in Washington State almost all of the Columbia River is used to carry the reactor heat away. The Government has spent $8.6 billion in its atomic weapons program, but very few dollars on peacetime uses. It is now building new billion dollar plants at Aiken, S. C., Portsmouth, Ohio, and Paducah, Ky., and meanwhile the older great plants at Oak Ridge, Tenn., and Hanford, Wash., are being enlarged, at incredible expense, all for bombs and warfare.

The press and the radio, and many public speakers, fill the air with a clamorous yakity-yak insisting that Russia will bomb our Nation out of existence if we do not constantly maintain and advertise our superiority in atomic weapons and the means of using them. The fear element is exploited to the limit. No expenditure designated as being for national protection, however lavish and heavy on the public taxpayers, is turned down. As the Russians listen to the clamor for more and bigger atomic weapons in this country it is probable that they are as scared as we are. But when our public asks for a conversion of some of this great new energy to peacetime uses, numbers of our technicians and Congressmen again become dollar conscious.

Various members of the AEC would like to have the existing security regulations reduced by amendments to the Atomic Energy Act, which act now keeps their hands tied in atomic power construction, excepting in military fields, and hinders cooperation by private capital. Several major private companies indicate that they would at once build reactors if given liberty of action and freedom of markets.

The necessity for governmental security regulations has greatly diminished, or may have even ceased to exist. Traitors and spies, such as Fuchs and the Rosenbergs have conveyed much knowledge of our secret processes to the Russians.

The cost of a big atomic-power station making byproduct plutonium has been estimated to range between $50 million and $100 million. Charles A. Thomas, president of Monsanto Chemical Co., which last year spent $250,000 of its own money investigating commercial uses of atomic energy, says in a published statement it would cost $60 million to build a 125,000-kilowatt atomic-power plant. This company states that of this sum $44 million would be the cost of the reactor for plutonium production, and could come from the Government. The remainder would be for the steam-electric power portion of the plant, $16 million, which could be supplied by private industry.

Although this is a large plant for a beginning, some AEC men say it is about as small as one can be made to economically manufacture plutonium. A dual-purpose power and plutonium plant must be large, and the experts say only about six of them should be built in the United States.

Mr. Thomas estimates that, basing power price on the $16 million capitalization of the electric power part of the plant, they could generate power for 3 mills per kilowatt-hour, as compared to present 8 mills for coal-steam power. Sale of this power would reduce the cost of the plutonium to much less than it costs the Government to make it now.

At Henderson, Nev., we probably have the best site for a large dual-purpose reactor in the United States. All of you know that five large electrochemical plants now operating there are clamoring for more electric power. Each of these big plants is manufacturing strategic materials or metals urgently needed for the national defense. They have absorbed all of Nevada's share of 18⅔ percent of the power generated at Boulder Dam, and 25 percent of the power from Davis Dam, all that was allocated to this State, a total of 990 million kilowatt-hours or 113,036 continuous kilowatts. Efforts by the Nevada Colorado River Commission and by Senator MALONE to get more firm electric power have so far been unproductive. The operators at Henderson decline to invest the large sum necessary to build an adequate coal-steam plant, for they have comparatively short-term contracts with the Government, and their margin of profit is close. Clearly the Government should help here in supplying power. The market demand at Henderson is very large now, and it is rapidly increasing. We assume that the Government's need for more plutonium will continue in the interest of national security; for the present plutonium plants are running at full capacity. Even if it be assumed that world peace is in the making, and that our national defense need for plutonium and uranium 235 will diminish, there will very soon be an increasing demand for these atomic fuels to keep the wheels of industry turning. Such is the consensus of opinion of the best brains in the atomic-energy field today.

And that isn't all in southern Nevada. We have many thousands of acres of desert land there that can be reclaimed and made wonderfully productive in that semitropic climate. We claim water rights in the Colorado River for 900,000 acre-feet. We have a contract with the Bureau of Reclamation for 300,000 acre-feet in Boulder Dam. We presently use about 10,000 acre-feet. We may eventually lose our right if we don't use the water, and if we continue to allow other States to put all of it to highly beneficial uses. California and Arizona are fighting bitterly over a division. Both belligerent States assume that Nevada's share is only 300,000 acre-feet, but no interstate compact

on division of the water has ever been ratified.

Senator MALONE has introduced 6 bills in the United States Senate for the reclamation of 190,000 acres of land to be irrigated from the Colorado River. The Bureau of Reclamation, the Soil Conservation Service, the Nevada State Agricultural Experiment Station, the State engineer, and the Bureau of Land Management are actively studying the area and will soon make a report. So far, they conservatively estimate 95,000 acres of land that will produce crops if irrigated. Future reclamation and irrigation of presently estimate croplands and other uses will call for about 500,000 acre-feet, and rapidly growing industrial, municipal and suburban developments may eventually double this demand.

All of this water will have to be pumped up to the lands through lifts of from 200 to 1,000 feet. No additional electric power will be obtainable from Bridge Canyon Dam in less than 6 years—perhaps 12 years. Bridge Canyon Dam affords only small water storage and in order to become effective as a power site must be supplemented by a dam and reservoir at Marble Canyon. These projects have not been authorized. Nevada's share of the power may be 250,000 kilowatts, which will be quickly absorbed. Power from other dams farther upstream will probably all go to upstream States. Arizona even now is demanding all future power from Bridge Canyon. Our future supply from the Colorado River is limited, and will come too late. A large atomic power reactor at Henderson, to which more units can be added would apparently solve all future power demands. The reactor power cost might be relatively high at first, but it will rapidly come down as skills and techniques improve. Improvements come slowly but surely for all new processes and inventions. On the other hand, our hydro and steam costs are steadily increasing, hydro sites are fixed and limited in number; coal and oil transportation is expensive, and the total reserves are steadily decreasing. On the other hand, transportation and storage of atomic fuel would be almost nil, the cost will lower, and the estimated supply is practically inexhaustible.

Atomic energy for the weapons program cost our taxpayers $1.8 billion a year. That expense will continue indefinitely unless the Government reduces the cost of its operations and processes, or private industry is allowed enough leeway to induce it to get into the operation with projects that will pay taxes.

Nevada has other large fields for atomic power, and with probably better locations for its application than any other State in the Union. There is a need for power to develop mining in remote locations, and for pumping ground water to reclaim vast areas of desert lands. I will very briefly discuss one area which has a radius of about 100 miles from Eureka in northeastern Nevada.

The Nevada Atomic Power Utilization Committee has made two reports on this area to the Atomic Energy Commission, and it has been the subject of a special power market survey by the Federal Power Commission at the request of AEC. I have had copies of the APUC reports mimeographed and they are available to each of you here, as well as an address on atomic power for western mining development by Senator GEORGE W. MALONE, and copies of the testimony on this subject by Dr. Lawrence Hafstad before a hearing held in Las Vegas, Nev., on October 10, 1952. I will, therefore, touch only a few high points of this project, and will rely upon your reading of the more comprehensive reports.

At the Ruby Hill Mine, one of the numerous mining properties in the Eureka Mining District, the Eureka Corp., Ltd., cooperating with the United States Bureau of Mines has developed by core drilling a tabular ore body conservatively calculated to contain 1 million tons of gold-silver-lead-zinc ore with a gross value of $38,850,000 at present metal prices. Additional core drilling during 1952–53 has revealed extensions of this ore body that more than double the value of the first discovery, and the drilling which is being continued constantly reveals more ore. To get access to and mine this ore will require the continuous pumping of 15,000 gallons of water per minute through a lift of 2,250 feet. Present diesel electric power cost is 2.6 cents per kilowatt-hour, too expensive for pumping and mining. This one operation will immediately require 15,000 kilowatts for pumping. Other mining properties and ground-water pumping in adjacent valleys will require at least 25,000 kilowatts more in a short time. Studies by the United States Geological Survey Division of Water Resources in cooperation with the office of the Nevada State engineer indicate that at least 24,000 acres of first-class land can be reclaimed in adjacent valleys by the available ground water. Therefore, a 50,000-kilowatt plant is indicated for the area. This is within the capacity range of the package-size plant suggested or recommended for development of isolated areas, and would probably cost somewhere around $12 to $15 million. For national land reclamation and mining of strategic metals it should be financed by the Government similar to an agricultural reclamation project. The power could be sold at a figure that would repay the Government within a 50-year period. Such an installation at this location would rapidly bring about the development of the valuable natural resources in minerals and agriculture.

The reactor could also be built as a pilot plant, just as the Government presently builds such plants to determine methods of producing fuel oil from oil shale and coal in an emergency, and plants to study processes for beneficiating manganese, titanium, zirconium, beryllium, and other metals that have suddenly become very important to our national welfare. When it has been demonstrated that such reactors are practical and very necessary, private capital should be encouraged to take over.

President Eisenhower in his message to Congress on July 31 said:

"In the stress of dealing with urgent problems of peace and security and budget appropriations and tax revenues, we sometimes overlook the fundamental importance to our national well-being of constructive, forward-looking policies designed to conserve and improve the Nation's natural renewable resources."

Although he stressed renewable resources, at a later point in his talk he said:

"We must build a balanced program for the use and development of all our natural resources."

It should be apparent that development and conservation of our nonrenewable resources in fuels and minerals is vital to our welfare. In time of war we may be unable to obtain urgently needed metals from foreign sources.

How clear it is that atomic power can increasingly replace oil, gas, and coal, and promote mining of strategic minerals and metals now difficult to obtain because of the deposits being distant and economically inaccessible to present sources of hydroelectric power, and to fuel for steam-electric power.

The Nevada Atomic Power Utilization Committee made examinations and reports on the Eureka area at the request of the Atomic Energy Commission. The Federal Power Commission made an examination during 1952 and 1953. Dr. Lawrence Hafstad, director of reactor development, has visited Eureka district and power reactor sites. We are now urging AEC to continue its studies of the area.

The Federal Power Commission examination in 1952 was made to comply with a request by the Atomic Energy Commission to determine whether it would be possible to market the output of an atomic electric generating plant west of the Continental Divide. This report was released May 1953. Two criteria were used: one, that present power costs were in excess of 10 mills per kilowatt-hour, and two, that loads of from 15,000 to 30,000 kilowatts be available at rates covering costs of between 10 and 17 mills.

After surveying this great western field they selected northeastern Nevada because (a) electric rates there are higher than in any other area of comparable size in the eight Western States; (b) potentialities exist for the development of electric loads of 15,000 to 30,000 kilowatts.

The area centers in Eureka, and also includes the towns of Ely, Elko, Carlin, and Austin. Current production costs were found to range from 17 mills to 35 mills per kilowatt-hour. Federal Power Commission estimated that power might be delivered into the area for about 10 mills if a 30,000-kilowatt load could be assured, but qualified this statement by saying such a load is not presently assured, and the load is quite scattered, so the cost of bringing in outside power might be higher.

Our comment is that since the examination for the FPC report were made continued core drilling has doubled the known quantity of ore given in our first reports. The new ore is of higher grade, and exploration continues with increasing gains in tonnage which insures a longer term mining operation. Pumping tests conducted to accurately determine water volume necessary to remove in order to uncover the ore show that 20,000 gallons per minute should be pumped for about 1 year, after which 12,000 gallons per minute must be continuously pumped. Careful geological studies indicate that little, if any, of this water can be sealed or cemented off to reduce the underground inflow. I quote from a letter by George W. Mitchell to R. E. Gale, of the Idaho Power Co., dated April 23, 1953:

"During January 1953 we carried on a pumping test from which calculations have been made, indicating that the most economical volume to pump in order to attain our objective, recovery of the 2,250 level in the ore zone, is 20,000 gallons per minute and that the mine will make from 10,000 to 12,000 gallons per minute continuously thereafter. It is recommended that we provide not less than 25,000 gallons per minute pumping capacity. This volume will have to be lifted 2,250 feet to the surface.

"In order to accomplish the initial drawdown at 20,000 gallons per minute, the power demand will be some 20,000 kilowatts continuously. The pumping load would diminish to approximately 10,000 kilowatts in about a year but, at that time, an ore-treatment-plant load, also continuous, would replace the drop. A 1,500-ton-per-day plant will require about 3,500 kilowatts, while adequate mining equipment to hoist this tonnage would be another 2,500 to 3,000 kilowatts. The mine plant load (not pumping) would be an intermittent load operating a large hoist and compressors.

"If power were obtainable at a sufficiently low price it is likely that eventually a lead smelter using an electric furnace, possibly of 2,500-kilowatt size, would be installed.

"At the present time, we have invested approximately $8 million. The Eureka project unwatering will cost an additional $7 million to $8 million with another $5 million being required for a treatment plant.

"We would have to assure ourselves, by further drilling, of a life of not less than 10 years in order to justify the above expense. There is every geological reason to expect a life in excess of this. In fact, geologists familiar with this district, particularly Dr. Thomas B. Nolan, assistant of the United

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States Geological Survey, believe the success of our operation will lead the way to the discovery of other large deposits in the 8 by 2 mile mountain range to the south of Eureka Corp., Ltd., the upper 600 feet of which was extensively explored and mined in the late 1800's."

To date, the nearest outside power companies have shown little interest in Eureka. Idaho Power Co. might be a possibility, but a necessary 300-mile transmission line and the initial light load are deterrents, and might require a power rate of around 20 mills. If the possibility for atomic power fails, Eureka Corp. seriously considers installing its own steam-electric plant, providing additional development of ore will require a 10-year mining operation. The FPC estimated cost of conventional steam-electric power for a 30,000-kilowatt plant at Eureka is 14 mills, based on private financing, 60 percent load factor, 30,000 kilowatts, coal-fired, capital cost $191 per kilowatt, with coal at Eureka $15.17 per ton. It is improbable that costs for power from any contiguous area would ever be lower than when such service might be first established in Eureka.

On the other hand, if reactor power is 20 to 25 mills (AEC 30,000-kilowatt plant estimate) the sale of coproduct plutonium might make it possible to market power at 10 mills and break even on the total operation. Furthermore, it is certain that the first costs will come down as the techniques of this new process are improved in operation.

The Federal Power Commission has tabulated figures showing that electric power rates in this area are more than double those of any other area in the Western States, and average 4.75 cents per kilowatt-hour.

Costs of nuclear power for the FPC study were assumed to be between 10 and 17 mills per kilowatt-hour. It is improbable that FPC worked from a purely theoretical rate. The best reactor scientists and power engineers in the country have been estimating reactor power costs for a long time. There seems to be a desire on the part of some technicians in the nuclear field to bypass actual atomic power development at this time as premature, and they express an opinion that further pilot plant experimentation should be carried out adjacent to some presently established nuclear laboratory. This is contrary to the premise we have been working on as a result of various conferences with other personnel of AEC during the past 18 months.

In view of our new developments at Ruby Hill in Eureka, and the increasing public demand for more attention by AEC to possible service in power-starved areas, a continued study of northeastern Nevada is recommended, and should be urged by all of our influential agencies and men.

Mr. MALONE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks a further message from Alfred Merritt Smith to the members of the Atomic Power Utilization Committee of Nevada, dated April 5, 1954.

There being no objection, the message was ordered to be printed in the RECORD, as follows:

ATOMIC POWER
UTILIZATION COMMITTEE,
Reno, Nev., April 5, 1954.

DEAR MEMBER: The United States Atomic Energy Commission sent out a news release on December 7, 1953, inviting private industry to submit proposals for financial and engineering cooperation in the construction of nuclear power reactors that would meet their respective power requirements. The release was as follows:

"The Atomic Energy Commission today renewed its invitation to private industry to submit proposals for the investment of risk capital in the recently announced project to build a full-scale nuclear reactor for generating electric power. The AEC is proceeding as rapidly as possible with necessary decisions on architect-engineering considerations, site selection and operating specifications.

"Since the initial announcement the Commission has discussed with several organizations proposals for building with private funds the steam turbine and electrical generating portions of the project and for operating the entire power plant. The AEC encourages further evidence of industry's interest in private investment for the purpose of obtaining firsthand experience with the new technology involved in building and operating a large-scale reactor designed specifically for power-producing purposes.

"The location for the atomic powerplant has not been chosen. Although the AEC announced in October that sites near the gaseous diffusion plants for the separation of uranium 235 would be considered, the agency added today that the attractiveness of proposals involving private financing for the steam and the electric generating portions of the plant and for operating the plant would considerably influence the decision on plant site.

"Companies or organizations interested in participating may submit proposals prior to February 15, 1954. Detailed information may be obtained from the AEC Reactor Development Division, Washington, D. C."

In response to the general invitation, George W. Mitchell, vice president and managing director of Eureka Corp. Ltd., Eureka, Nev., wrote AEC on January 26, 1954, as follows:

"DEAR SIRS: Eureka, Nev., and Eureka Corp., Ltd. (a lead-zinc mine), have often been mentioned as the possible location and sponsors of the first atomic energy powerplant. Your Director of Reactor Development, Dr. Lawrence R. Hafstad, has received several reports from Nevada's Atomic Power Utilization Committee, of which I am a director, on the feasibility of the project as well as realistic estimates of Eureka Corp.'s and other power requirements in the area, our present production costs, capacity, etc.

"Eureka Corp. is interested in participating in the construction and operation of a nuclear powerplant. We would seriously consider building, with private funds, the steam turbine and electrical generating portions as well as operating the entire powerplant.

"We shall appreciate receiving details as to the size of reactor (in terms of boiler capacity) which might be considered, so we may work up an estimate on the expenditure that we would be required to make for the steam and electrical portion of the plant. This would enable us to make a specific proposal. We presume the boiler in which the steam is made would be part of the reactor section of the plant and thus not a part of our problem."

During February 1954, Dr. Lawrence R. Hafstad, Director of Reactor Development, AEC, wrote to Mr. Mitchell in reply:

"DEAR MR. MITCHELL: Our staff has been studying the material you sent in support of an application for participation in the second round of industrial studies in connection with the use of electric power from nuclear energy.

"This material has been very helpful to us in documenting a very real need for relatively high cost electric power. As a general matter we would expect that one of the early applications of nuclear power would be to supply needs such as yours.

"Since, as we understand, it is not your wish or intent to become involved in the actual design of reactors, it appears that it would not be appropriate for you to enter into an active study agreement with the Commission of the type which power companies and other industrial companies have entered into with the Commission.

"We suggest that you continue to study the problem of utilization of nuclear energy in your industry, keeping us currently informed as to changes in your estimates of future consumer demands.

"We are returning the brochure with confidential information on your company but we would like to retain for our own use the maps and charts indicating the great need for some kind of power in your area."

On February 24, 1954, Lewis L. Strauss, chairman, United States Atomic Energy Commission, wrote the following letter to Senator MALONE:

"DEAR SENATOR: This is in reference to a subject on which you and I have had several conversations, viz., the feasibility of an early introduction into our economy of electrical energy derived from a nuclear source. I have been impressed by your arguments in behalf of locating one of the initial units in areas where power costs are relatively high, as in Nevada. You are aware, of course, that our best estimates to date are not yet at the point where power so produced would be economically competitive in most of our States where hydroelectric power or power from the burning of oil, gas, or coal is more cheaply developed.

"The last time we discussed the subject you were particularly interested in the pressurized water reactor with which the Commission decided to move forward last year and on which design work has made substantial progress. From this reactor we intend to derive important information concerning costs, and for that reason our technical people have strongly contended that those cost experiences cannot be realistic if the unit is designed to produce less than, say, 60,000 kilowatts. As I recollect our last conversation, we both agreed that this amount of power was in excess of the optimum size which you had in mind and which your area could presumably justify.

"In the course of our conversation last week, we also discussed the possibility of the so-called packaged powerplants in which the military are interested in principle and which, as envisaged, will be considerably smaller than the pressurized water reactor above mentioned. In this field there may be something which in a few months we could profitably discuss further. There is nothing to explore at this writing.

"Interest in the civilian use of electric power derived from nuclear sources, and confidence that such use will ultimately be attained, is now fairly widespread. Dr. Hafstad informs me, however, that the Nevada group and particularly the committee headed by Alfred Merritt Smith was especially interested, understanding, and helpful in the early days of great skepticism as to whether nuclear energy could ever be utilized except for military purposes. For this support and encouragement we are deeply appreciative."

These letters show that our sustained emphasis on the desirability of Eureka, Nev., as a site for the first industrial power reactor has been given serious consideration. It seems probable that changed personnel in the Federal nuclear ranks, and also failure to obtain an adequate appropriation for this phase of atomic work has prevented or delayed continued investigation by AEC. This delay may eventually turn out to be beneficial. Our feasibility reports were submitted 2 years ago, since when the Eureka Corp., key power users, has greatly increased its known tonnage of high-grade ore by means of continuous mining explorations. The potentially productive ore-bearing area has been extended a distance of over 1 mile to the northwest of the deep Fad shaft.

A second shaft is now being sunk into the extended ore zone. The new ore exposed by core drilling is very rich and of higher

grade than that of the original discovery. The new ore-bearing horizon is not so deep below the surface, and mining there will not be troubled by excessive water as it is at the original discovery where the Fad shaft is located.

A stronger new feasibility report could now be submitted than was possible 2 years ago. However, it should not be necessary to labor the point by continuously extolling the advantages of Eureka. Results of the recent mining explorations confirm predictions made by mining engineers and geologists who have studied the region. Widespread exploration and development of the entire area would certainly follow the introduction of lower priced electric power, yet such power need not be of low cost compared with rates in less remote areas. Hydroelectric and steam power costs will inevitably be high at Eureka, as we have so often stated, and as is confirmed by the recent report of the Federal Power Commission.

Of course, the AEC cannot publicize all of its plans for power development while they are being formulated, yet recent news shows that the Commission has been very active. The Wall Street Journal, March 10, 1954, states:

"Atomic Energy Commissioner Henry Smyth disclosed four new reactors—all of unusual design—are to be constructed over the next 5 years. The AEC believes, he said, atomic power can be produced cheaply enough to be of general use. The new devices may help to settle the question, he added.

"Smyth gave no estimates of the reactors' cost, nor did he indicate where they would be built."

And again on March 16, 1954, states:

"The first electric plant powered by atomic energy will be built and operated by Duquesne Light Co., in Pittsburgh, the Atomic Energy Commission disclosed. Output will go into the company's power system and be marketed to its customers. Construction of the plant is expected to take about 2 years."

These proposed power reactors seems to be in addition to the 60,000-kilowatt reactor the Commission announced a short time ago that it intends to construct, and for which initial funds had been made available. No estimates of costs or decision as to sites have been made public. So the location of the 60,000-kilowatt job apparently will be limited either to the site of some one of the present vast nuclear installations or to a place selected by some one of the large power or chemical companies which have been cooperating with AEC on reactor studies. It would seem that no small private company, especially one in a remote semidesert area such as the Eureka district, can hope to cooperate effectively in the design of a reactor. Dr. Halstad's letter to the Eureka Corp. indicates that such cooperation may be necessary, and is currently subject to agreement before planning will be undertaken.

Amendments to the atomic-energy law are forthcoming soon and they will give the AEC greater freedom in its operations and permit the offering of more attractive terms to private industry. We hope then that AEC, with its outstanding leadership and technicians, who have done such a phenomenal job in weapons, will soon be able to use its skills to help develop our vast dormant resources in water, land, and minerals.

Very truly yours,

ALFRED MERRITT SMITH,
Chairman.

Mr. MALONE. Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks another message from Alfred Merritt Smith to the members of the Atomic Power Utilization Committee of Nevada, together with attached letters.

There being no objection, the message and letters were ordered to be printed in the RECORD, as follows:

ATOMIC POWER UTILIZATION COMMITTEE,
Reno, Nev., June 21, 1954.

DEAR MEMBER: The Wall Street Journal of May 11, 1951, reports that a new bill now before Congress to license private industry is considered "confusing, vague, and perhaps even unworkable" by expert witnesses. Spokesmen for Dow Chemical—Detroit Edison and Associates atomic-power development project—also said the bill would require Congress to approve any license to a private company, and would give Congress responsibility for approving sale and use of fissionable materials that are the lifeblood of the industry.

Walter Cisler, president of Detroit-Edison, declared "the potential complications are beyond imagination," although he praised the bill for some steps it would take toward encouraging private atomic enterprise. It would, for example, allow normal patent rights to atomic operators. It would permit mining prospectors to benefit from their discoveries. It would make it possible for private industry to own atomic-power plants. However, Paul W. McQuillan, the legal head of Dow-Detroit, said, "The lifeblood of the industry, the special material without which it would be a dead shell, is kept in the ownership of the United States." Any private operator would have to get at least nine licenses from the Government, and the AEC has power "to amend, revise, or revoke and annul any license for almost any reason." Such restrictions and also confusion in the official nuclear development ranks have caused us to drop behind.

A staff reporter for the Wall Street Journal at Harwell, England, quotes an official of Britain's Department of Atomic Energy as saying: "We think we've got the jump on America in building atomic powerplants and exporting radioactive atomic chemicals, and we equal the United States in building sensitive atomic measuring machines."

Bolstering these statements is an atomic-powered generating plant Britain is building at Calder Hall that they expect will be producing electricity a year ahead of the United States. Two thousand men are employed on the job. They point to worldwide sales of radioactive materials and nuclear mechanisms that have exceeded such United States exports for 7 years. Last year Britain exported 4,315 units of radioisotopes, America only 713, states Bill Eastwood, isotope expert, who says fast delivery, absence of redtape, and lower prices are major factors in Britain's supremacy. The British firm of E. K. Cole, Ltd., has just sold $40,000 worth of atomic measuring machines to the Carborundum Co. at Niagara Falls, beating out American competition.

Britain's $8 million electricity station will be Government owned but will sell power to the public. It will have 2 reactors similar in type to the one in the U. S. submarine *Nautilus*, but each will be 5 stories high. It is planned to be in operation in 1956, a year sooner than Duquesne's plant at Pittsburgh.

About 300 miles north of Calder Hall, a second atomic powerplant site is being staked out for a $45 million breeder reactor powerplant. The reactor for this much more costly plant is to be housed in a 200-foot-diameter steel ball to protect surrounding Scottish people. It is expected to go into operation in 1958, 2 years later than the Calder Hall plant. The two are expected to supply heat enough to generate 100,000 kilowatts. If Britain's nationalized electricity industry is able to burn uranium instead of its diminishing coal reserves, a single pound of U–235 will release energy equal to about 2 million pounds of coal. The electricity will cost more than conventional power at first, but with greater efficiency and use the price will come down.

The first power reactor for United States industry will be built not in Nevada, as we had hoped, but near Pittsburgh, Pa. Even with a greater power market in north-central Nevada than we have shown, we could not possibly equal the Duquesne Light Co.'s offer of $5 million on costs, plus payment for the generated steam. Duquesne also agreed to furnish a free site for the entire project and to operate the entire plant and pay all labor costs.

However, we hope AEC and the Government will soon consider such power for use by our underdeveloped areas and mines in remote localities. Just as Uncle Sam has done much public good by building atomic materials, few plants are likely to be built by private enterprise. It seems to me that nothing could be more desirable than to divert for peacetime power for smaller projects a much larger part of the billions of dollars we have poured into the atomic weapons fund. It may be that Duquesne Co. will light the way, but AEC, with its vast public resources, if released by Congress, can create useful reactors for small projects and build them in power-hungry areas.

The following letter to Senator MALONE and an AEC news release dated March 14, should be of interest to our members.

UNITED STATES ATOMIC ENERGY COMMISSION,
Washington, D. C. March 22, 1954.

Hon. GEORGE W. MALONE,
United States Senate.

DEAR SENATOR MALONE: In view of the interest you have expressed in the pressurized water reactor project, I wanted to be sure you were informed of the Commission's action in selecting a participant.

Nine major proposals were received in response to the Commission's invitation for participation in the project. After evaluation of these proposals, the one submitted by the Duquesne Light Co., Pittsburgh, Pa., was selected as the most favorable to the Government. A copy of the Commission's release announcing the selection and summarizing the Duquesne proposal is attached.

We are advising those who submitted the other proposals that, as indicated in the last paragraph of the press release, there will be other opportunities to participate in the Commission's reactor research and development activities.

Your interest in the Commission's program is appreciated.

Sincerely yours,

K. D. NICHOLS,
General Manager.

AEC AND DUQUESNE LIGHT CO. TO NEGOTIATE ON ATOMIC POWERPLANT

Lewis L. Strauss, Chairman of the Atomic Energy Commission, announced today that a proposal submitted for participation by the Duquesne Light Co. of Pittsburgh, Pa., in the construction and operation of the Nation's first full-scale central station nuclear powerplant is the most favorable to the Government and that the AEC is negotiating a formal agreement with the company. The Duquesne Co. submitted 1 of 9 major proposals to the Commission.

Under the Duquesne proposal the company would—

1. Furnish a site for the entire project and build and operate a new electric generating plant at no cost to the Government.

2. Operate the reactor part of the plant and bear the labor costs thus entailed.

3. Assume $5 million of the cost of research, development, and construction of the reactor portion of the plant.

4. Pay the Commission at the rate of 48.3 cents per million British thermal units of steam used in the turbines for the first year; the rate increasing annually until it reaches 60.3 cents in the fifth year.

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5. Waive any reimbursement by the Government of costs incident to termination of the contract.

The chairman estimated that, including revenues from the sale of steam generated by the reactor, the company's proposal would reduce by an estimated $30 million the expenditures the Government would have to make during the period of construction and 5 years of operations if it undertook the full cost of the project.

The proposed plant site is on land presently owned by the company in the greater Pittsburgh area. The reactor design will incorporate safety features developed through 10 years of experience with reactor operation.

The Westinghouse Electric Corp. has a contract with AEC to develop, design, and construct the reactor portion of the plant. The reactor is expected to generate sufficient heat to produce a minimum of 60,000 kilowatts of salable electricity in addition to meeting the electricity requirements of the plant itself. The actual capacity of the reactor may turn out to be somewhat greater than the minimum of 60,000 kilowatts design and foreseeing this possibility the company would design its generating plant with some reserve capacity.

It is not expected that this first plant will produce electric power at costs competitive with power from conventional fuels. The project has been undertaken, in order to gain more design and technological experience than could be obtained otherwise, such as from a smaller plant, and to provide firm cost estimates for the future.

This type of reactor, known as the pressurized water reactor (PWR), will be cooled and moderated by ordinary water under pressure. The fuel will be slightly enriched uranium; that is, it will have a slightly greater concentration of uranium 235 than occurs in nature. This type of reactor was selected because research and development on it was more advanced than on other types. Several early reactors were water cooled, and this technology also was advanced to a very great extent by the work of Westinghouse on the submarine thermal reactor developed to power the submarine *Nautilus* and on the large naval vessel reactor project.

The Duquesne Light Co. supplies electric power to the greater Pittsburgh district, one of the world's largest industrial centers. Since last October the company has engaged in nuclear power reactor studies under the AEC's industrial participation program. Preceding its entry into this study the company arranged to have some 40 of its engineers attend a special course on atomic energy at the Carnegie Institute of Technology.

In announcing the negotitions with Duquesne for participation in the PWR project, Mr. Strauss pointed out that this project represents only one of several approaches to the development of technology and equipment for economical electric power production from atomic reactors. He called attention to the announcement by Dr. Henry D. Smyth, member of the Commission, in an address March 9 to the American Institute of Chemical Engineers, of other approaches which the Commission has concluded should be undertaken, including breeder, boiling water, homogeneous, and sodium-graphite reactor projects.

Mr. MALONE. Mr. President, I ask unanimous consent that there be printed in the RECORD at this point in my remarks pages 1, 2, 3, and 4, down to the middle of the page, but not including the table, which has already been made a part of the RECORD, of the Market Study, High Cost Power Areas, Nevada, Federal Power Commission, Bureau of Power, San Francisco Regional Office, May 1953.

There being no objection, the indicated pages of the study were ordered to be printed in the RECORD, as follows:

MARKET STUDY, HIGH-COST POWER AREAS—NEVADA

A. INTRODUCTION AND SUMMARY

1. Introduction

This report is one of a series of studies which were made at the request of the Atomic Energy Commission. Its purpose is to determine whether it would be possible to market the output of an electric generating plant in the region west of the Continental Divide. Two criteria were used for guidance in selecting the area: One, that the cost of power from present and potential sources is in excess of 10 mills per kilowatt-hour; and two, that potential loads totaling 15,000 to 30,000 kilowatts are available at rates which will be sufficient to pay production costs averaging between 10 and 17 mills.

The procedure followed consisted of reviewing generating costs in the region, and then selecting the area in which power costs and growth would best meet these criteria. The area encompassing northeastern Nevada was selected, for the following reasons:

(a) Electric rates there are higher than in any other area of comparable size in the eight Western States.

(b) Potentialities exist for the development of electric loads of 15,000 to 30,000 kilowatts.

Within the northeastern Nevada area, the specific area centering in Eureka, including the towns of Ely, Elko, Carlin, and Austin was selected for intensive study. The 1955 and 1960 power requirements of each potential customer in this selected area were estimated; the cost of power to these customers from existing or prospective sources was determined; and, based on these power costs the maximum rate at the bus bar of the proposed project was computed for each potential load. The loads that could be served at various assumed bus bar rates were then summarized.

2. Summary of findings

1. The potential 1960 loads of the Ely-Elko-Carlin-Austin area were estimated at 31,108 kilowatts, including 7,930 kilowatts for utilities, 19,300 kilowatts for mining loads, and 3,878 kilowatts for agricultural loads.

2. The foregoing estimates do not include any part of the power requirements of the Kennecott Copper Corporation's large mine and smelter near Ely. This industry operates its own steam-electric plant and its incremental fuel cost is estimated at 3.5 mills per kilowatt-hour—well below the assumed total cost of power from a nuclear-type plant. Should the incremental cost of the nuclear plant prove to be less than 3.5 mills per kilowatt-hour, off-peak energy may be sold to Kennecott as fuel replacement.

3. Current production costs of potential customers for firm power range from about 17 mills to 35 mills per kilowatt-hour. Estimates indicate that, assuming a 30,000-kilowatt load, power at 60 percent load factor could be delivered to Eureka from contiguous areas at a cost of about 10 mills per kilowatt-hour. However, since the total amount of load available in the area at 10 mills is less than 30,000 kilowatts, and is quite scattered, the cost of energy from outside sources will be somewhat higher.

4. Rates at the bus bar of the proposed project were assumed to range from 5 to 20 mills per kilowatt-hour at the system load factor. After adding transmission costs between the project and the potential customer, and comparing the resulting total cost with the cost of an alternative supply, the probable magnitudes of the 1960 potential loads obtainable are estimated to be as follows:

1960 potential loads obtainable at various assumed selling prices

Assumed bus-bar rate (mills per kilowatt-hour)	Load (*Kilowatts*)
5	30,600
10	29,000
15	23,900
17	9,500
19	0

5. Assuming that power were sold in Eureka at 15 mills per kilowatt-hour, the following 1960 loads may be obtained:

Customer groups	1960 estimate	
	Peak	Energy
	Kilowatts	*Million kilowatt-hours*
Utilities	3,215	11.9
Major industries	16,500	114.1
Miscellaneous mines and farms	4,141	9.5
Total	[1] 23,856	135.5

[1] Rounded to 23,900.

6. The estimates shown in finding No. 5 for utilities and miscellaneous mining and farm loads are believed to be reasonably firm, assuming that the transmission system is financed and constructed in accordance with the assumptions made. However, service to the Ely Light & Power Co. would be competitive.

7. The 1960 load of the major industries consists of the Eureka Corp., Ltd., zinc-lead operations (14,500 kilowatts, of which about 75 percent is for pumping), the Simplot Iron Mine (1,000 kilowatts), and the Goldacres Mine and Mill (1,000 kilowatts for mining gold and processing cyanide). The first two are not operating at present. If the Eureka Corp. should succeed in sealing off the flow of water into the mine, its 1960 load may be reduced to between 3,000 and 7,000 kilowatts. If it is not successful, the pumping load requirements may exceed the amount estimated in this report. The composition of the ore from the Simplot mine is such that it appears to be presently unsuitable for use by United States steel industry. Its operation therefore may be dependent on foreign markets.

8. Because of the uncertainties as to cost of power from a nuclear powerplant, and the unresolved problems of the largest potential customer (Eureka Corp.), definite assurance of a 15,000- to 30,000-kilowatt load for the proposed project cannot be given at this time.

B. SELECTION OF MARKET AREA

The purpose of this study was to determine whether a nuclear powerplant could be employed advantageously in any part of the area served by the San Francisco regional office of the Federal Power Commission. The criteria used were: (1) High power costs at present, and (2) a potential 1955 to 1960 load of 15,000 to 30,000 kilowatts.

In the eight western States covered by the San Francisco regional office there are very few areas that are not near either large sources of reasonably priced hydro power, or relatively cheap fuel, or both. For example, all parts of the States of Washington, Oregon, Idaho, and Montana are served by systems which obtain their power primarily from the hydroelectric plants located throughout these States. Rates range from moderately high down to the lowest in the country. California has available large amounts of hydro power and relatively cheap oil and natural gas. Electric rates are moderate. Arizona, except for the sparsely popu-

lated area in the extreme northern part of the State, is served from hydroelectric developments on the Colorado and other rivers of the State and by steam-electric plants fueled primarily with low cost natural gas from Texas and New Mexico. The metropolitan centers of Utah (with reasonable electric rates) are supplied from hydro plants and from fuel-electric plants using as the principal fuel, coal from the vast deposits of that State. The southern part of Nevada is served from the Federal hydro developments on the Colorado River and rates are low. Western Nevada is served from systems which obtain a large part of their supply from California hydro plants, consequently rates are not extremely high.

The following tabulation shows by load areas throughout the eight western States the average revenues, in cents per kilowatt-hour, received by the major electric utilities in 1950 from sales to ultimate consumers.

Mr. MALONE. Mr. President, I close by saying that I am fully aware of debate going on to develop such energy.

The debate also refers to the public power versus private power question. I have not entered into the debate. I think it is relatively unimportant.

The important thing is that the work be carried forward, that the 60,000 kilowatt powerplant be constructed, that it be constructed as now contemplated by a private company in conjunction with the Government, that the work undertaken by the Government in this connection with the atomic-energy plant be carried through until such time as the project is proven to be feasible, and that private interests throughout the country, may then enter into the construction of such projects to the point that the Government need no longer enter into this particular work.

URANIUM POWER—SENATE RESOLUTION 143

Mr. President, at this time I quote from a report which has just been completed, pursuant to Senate Resolution 143, by the Minerals, Materials, and Fuels Economic Subcommittee, of which I am chairman, of the Committee on Interior and Insular Affairs.

The report was submitted to the Senate on July 9, 1954, by order of the Committee on Interior and Insular Affairs.

The report contained 12 recommendations. The eighth recommendation is as follows:

8. We recommend that goals for production of uranium for fuel be made adequate to meet both military and civilian requirements.

Mr. President, that is a positive recommendation. We need not depend on the Belgian Congo or on any other area across a major ocean, from which it will be impossible to secure such supplies in time of war.

I read further from our recommendation No. 8:

Hemisphere self-sufficiency in uranium for fuels can be attained. A liberal long-range market price must be maintained as long as Government control is necessary for security. A tremendous civilian potential use of uranium is assured based on nuclear power for industry.

A GREAT INDUSTRY IN THE OFFING

Mr. President, I believe that one of the greatest industries in America will come from the splitting of the atom. I believe that the civilian use of the resulting commercial power will far surpass, in terms of the quantity or amount of material used, the use of such material for war preparation or even in war.

THIS NATION SELF-SUFFICIENT IN URANIUM

Mr. President, just assume for a moment that we had a civilian industry that was using the amount of this fuel annually that would be necessary to prepare for war.

In that event the material would no longer be on the critical list.

In my considered opinion there is no question, since uranium has now been found in seven of our States, that we are assured an adequate domestic supply. Originally, uranium was known to exist in Utah and Colorado. In 1944, there was published on industrial report prepared by the junior Senator from Nevada, on 11 Western States. In connection with the report, we reported on the unranium area in Colorado and Utah; we devoted several pages of the report to a discussion of the supply of uranium in those two States.

Now uranium has been found in seven of our States, and it will be found in many more States. The question is simply that of keeping it profitable to find uranium.

I foresee a time when we shall have in the United States, Canada, Mexico, and adjacent countries, more uranium fuel than we could possibly use; and the same applies to every one of the 77 critical and strategic materials and minerals on the list with reference to the Western Hemisphere.

Mr. President, I wish to close by saying that I believe that the step the Atomic Energy Commission has recommended, and that our Joint Committee on Atomic Energy is furthering, is a forward step. I am depending upon the committee, in which I have every confidence for the accuracy and completeness of the material submitted with the bill. I will vote for its passage.

THE DROUGHT SITUATION IN TEXAS

Mr. JOHNSON of Texas. Mr. President, will the Senator from North Dakota yield to me at this time, with the understanding that in doing so he will not lose the floor?

Mr. LANGER. Yes, I yield, if I may obtain unanimous consent to do so with that understanding.

The PRESIDING OFFICER Is there objection? Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, Texas farm crops are burning up as a result of the combination of too much sun and not enough rain. In many parts of the State, the temperature has risen above 100 degrees for 10 or more consecutive days. Some areas have not had adequate rainfall within the last several years.

Corn is about gone in large areas of central and east Texas.

Pastures are rapidly passing the point of no return.

Milk production in the dry areas is declining.

Beef cattle producers in some sections are faced with the threat of having to sacrifice their foundation herds—which certainly would represent flagrant economic waste.

The small-grain harvest, almost completed in central Texas, resulted in yields far below normal.

Mr. President, the brutal truth is that the drought has never been broken in some parts of Texas. Conditions are worse today in these areas than they were last year or 2 years ago.

Today is the cutoff date for the national drought-relief protein-feed program, under which farmers and cattlemen have been receiving some assistance. The need for extending this program, or for devising a special aid program, for the stricken areas is great and immediate.

Mr. President, I have today sent messages to the President of the United States and to the Secretary of Agriculture to urge that this need be met without delay. These farmers and cattlemen, struggling against heavy odds to stay in the all-important business of producing food and fibers, deserve to receive a helping hand in their time of need.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD my letters on this very important subject, addressed by me to the President of the United States and to the Secretary of Agriculture.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

JULY 15, 1954.

The PRESIDENT,
The White House,
Washington, D. C.

MY DEAR MR. PRESIDENT: I regret to report that in some sections of Texas drought conditions are the worst they have ever been. Pastures have dried up and small-grain harvest has resulted in yields far below normal. Dairy production in the affected areas—comprising especially some 25 counties in central Texas, but not confined to them—is rapidly declining. Beef-cattle producers are faced with the threat of having to sacrifice their foundation herds.

The national drought-relief protein-feed program, under which farmers and cattlemen have been receiving some assistance, expires as of this date. I respectfully urge the necessity either of extending this program or of devising a special program of assistance for the stricken areas.

Won't you please ask for an early report on this and see if a decision can be reached.

Sincerely,

LYNDON B. JOHNSON.

JULY 15, 1954.

The Honorable EZRA TAFT BENSON,
Secretary of Agriculture,
Washington, D. C.

MY DEAR MR. SECRETARY: As your Department has been informed by the Governor of Texas and the State agriculture commissioner, important areas of Texas are suffering severely from the continuing drought. Dairy production in the affected areas is declining rapidly. Beef cattle producers are faced with the threat of having to sacrifice their foundation herds.

Expiration as of this date of the national drought relief protein feed program leaves the drought-stricken areas without hope of assistance. I urge upon you in the strongest

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terms the wisdom and necessity either of extending the program or of devising a special program of assistance.

Won't you please ask for an early report on this and see if a decision can be reached. You will have my fullest cooperation toward that end.

Sincerely,

LYNDON B. JOHNSON.

Mr. JOHNSON of Texas. Mr. President, I thank the distinguished Senator from North Dakota for his courtesy and graciousness.

Mr. LANGER. Mr. President, it is always a pleasure to yield to the distinguished senior Senator from Texas.

AID TO SOCIAL-SECURITY BENEFICIARIES COMPELLED TO SEEK ASSISTANCE UNDER STATE WELFARE PROGRAMS

Mr. LONG. Mr. President, will the Senator from North Dakota yield to me?

Mr. LANGER. I am glad to yield to the Senator from Louisiana, provided that I may obtain unanimous consent to do so without losing my right to the floor.

The PRESIDING OFFICER. Does the Chair correctly understand that the Senator from North Dakota is requesting unanimous consent to yield approximately 10 minutes to the Senator from Louisiana, provided that in yielding for that purpose, he will not lose the floor?

Mr. LANGER. Yes.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. LONG. Mr. President, on behalf of myself and Senators SMATHERS, MALONE, and KUCHEL, I have submitted an amendment to benefit those persons whose social security protection is so inadequate that they are compelled to seek public assistance under State welfare programs. Briefly stated, the purpose of my amendment is to provide that those aged persons, as well as the blind and totally disabled, who are receiving public welfare assistance, will not have their assistance payments reduced by virtue of the modest increases in social security payments, resulting from the administration's social security bill.

To illustrate the problem, let me describe the situation in the State of Louisiana. There the majority of persons insured by social security have been receiving the minimum amount provided by law for old-age and survivors insurance payments.

Let us assume that a needy retired person 65 years old was receiving the $10 minimum social security payment for years prior to September 1950. During the years 1948 through 1950, that same person was in need of public assistance, although his income from social security made his need $10 less than that of a needy person who had no income whatever.

The public assistance portion of the social security legislation required that any public welfare plan should take into consideration all income of a citizen, from whatever source derived.

For this reason, a needy aged person with $10 income from old age insurance would have had his $50 old age assistance payment reduced by $10. The only difference between his income and that of a person who had no social security insurance was that he received his income in two checks, while the other needy person received his $50 in one check.

From the point of view of a man who had made payments to the social-security fund, this was a cruel paradox. He was exactly as well off as he would have been if he had not contributed to the fund at all.

In 1950, Congress increased the minimum social-security payment for the aged and blind to $20. When the Louisiana Department of Welfare found that the income of a retired worker had been increased by $10 from social-security sources, the department of public welfare immediately reduced the man's public assistance check from $40 to $30.

Again, the aged person who had contributed to the social-security fund found himself in no better position than the needy person who had not contributed at all.

The same result occurred in 1952, when the minimum benefit was raised from $20 to $25. Thus, we find that while the average recipient has had his old-age-insurance payments doubled, the less fortunate of these recipients have had no improvement in their situation. This is an odd situation—where the Federal Government has undertaken to increase payments to those covered by social security, with the result that those who have benefited the least have been those who needed the assistance most.

I am not unmindful of the fact that in 1952 Congress increased the matching for public assistance, in the effort to raise old-age assistance to $55 with Federal matching. Nevertheless, the basic injustice remains, and a needy person who has contributed to social security receives no reward under existing legislation. He will not receive any meaningful recognition of his contribution to the social-security fund, under the administration's proposal as it presently stands.

It is for that reason that I have been joined by one of my Democratic colleagues and two Republicans in a bipartisan effort to eliminate the defect of the law which would prevent needy persons from being benefited as a result of the proposed $6 average increase in social-security payments.

If we are going to increase social-security benefits, why take the portion of benefits which would aid the needy and use it to reduce the burdens of expenses of State governments? If that is the purpose, it would be just as well to increase the matching formula for aid to State welfare plans. I have pending before the committee an amendment to increase Federal matching by $10 on the average pension. Thus far, I have received little support for that amendment, and I have virtually no hope of securing favorable action on it at this session.

I am confident that Secretary Hobby and Assistant Secretary Rockefeller have every desire to make the administration's social-security bill a model of farsighted and sympathetic understanding of the needs of citizens.

There is no doubt in my mind that this situation is an oversight by those conscientious persons, who have had only 2 years' responsibility for public welfare legislation. I say this without partisan feeling. Democrats, too, have made their share of mistakes in groping for the answer to our public welfare and social-security problems. In fact, a Democratic administration twice made the very same error.

The philosophy of my amendment is evidenced elsewhere in the administration's social-security bill. For example, the standards and conditions under which a person can draw old-age assistance payments and continue to work have been liberalized considerably. It will, in fact, be possible for an individual to earn as much as $1,880 a year without losing even 1 month's benefits.

Surely those who have recommended such liberal provisions for the relatively more fortunate would not want to insist upon Scrooge-like penury in dealing with the needy. I feel certain that the adoption of the amendment proposed by me and the three other Senators would be an important improvement in the administration's bill. It would be an accomplishment in which both parties could take considerable pride.

ACTIVITIES OF SENATE SMALL BUSINESS COMMITTEE IN CONNECTION WITH ATOMIC ENERGY QUESTIONS

During Mr. LANGER's speech,

Mr. THYE. Mr. President——

Mr. KEFAUVER. Mr. President, will the Senator from North Dakota yield to me?

Mr. LANGER. I yield first to the Senator from Minnesota [Mr. THYE], with the understanding that I shall not lose the floor.

Mr. THYE. I thank the distinguished Senator from North Dakota for yielding to me. I wish to lay before the Senate a report concerning the activities of the Small Business Committee in connection with the atomic energy question.

As chairman of the Senate Small Business Committee, I have been concerned within the past month with eight telegrams and letters I have received from certain rural electric cooperatives on the subject of amendments to the Atomic Energy Act. These amendments are currently under discussion on the Senate floor in the form of S. 3690.

The communications I have received have been concerned primarily with those provisions in the present bill which deal with the compulsory license provisions as contained in section 152 of S. 3690. It is the contention of the co-ops that the bill does not contain sufficiently stringent provisions which will prevent private utilities from gaining a monopoly in the all-important field of development of nuclear power.

I want to make clear that both as an individual Senator and as chairman of the Senate Small Business Committee, I will continue to fight against any form of monopoly which would serve to weaken

our free enterprise economy. I also feel compelled to add that as one who has spent his entire life fighting for a healthy and strong agricultural economy in this country, I am fully aware of the future potential which the production of nuclear power holds for the rural areas of the Nation.

During the past few weeks I have personally studied carefully all the information I have been able to receive on the subject of atomic energy. The staff of the Small Business Committee has also been working on this matter for the past 3 or 4 weeks. I have kept in constant touch with the staff to keep abreast of their activities. I have read the proposed bill, and I have gone over the report of the Joint Committee on Atomic Energy which was issued on July 12, 1954.

In considering whether the Small Business Committee should hold hearings on the amendments to the atomic energy bill, it had to be determined that such hearings would be in the best interests of all parties concerned.

In the course of our study, we found that section 15 (b) of the atomic energy bill and section 201 of S. 3690 contained the following language:

> All bills, resolutions, and other matters in the Senate or the House of Representatives relating primarily to the Commission or to the development, use, or control of atomic energy shall be referred to the joint committee.

That immediately raised the question of the jurisdiction of our committee. A study of this point reveals that it was the clear thinking of both Houses of Congress that the subject of atomic energy was of such great importance to the American people that it demanded the appointment of a joint congressional committee which would devote all of its time and energies to this subject. There has been no dispute as to the soundness of that decision. The Senate has nine members on the joint committee chosen from both political parties. The nonpartisan character of the work of the joint committee has impressed me on many occasions. The work of the committee and its staff has always been of the highest caliber and has earned the deep respect not only of the Congress but of the American people.

When I read the law quoted above, I immediately instructed the staff of our committee to contact the staff of the joint committee in an effort to accomplish the following:

First. To determine if all parties interested in the amendments to the atomic energy bill had been given an opportunity to appear before the committee to present their views.

Second. To relate to the joint committee the nature of the complaints we had received.

Third. To determine if the same subjects had been discussed in hearings held by the joint committee.

Fourth. To determine whether careful study had been given to these complaints.

The staff of our committee has reported to me as follows in line with my instructions:

First. The parties who have written to this committee were represented before the joint committee and testified on S. 3690.

Second. The Small Business Committee staff did relate to the joint committee the nature of the complaints we had received.

Third. These same complaints were registered with the joint committee.

Fourth. A most careful study was given to these complaints by the joint committee.

In line with point 4 above, I call your attention to the fact that the subject of compulsory licensing was one of the most controversial subjects taken up by the joint committee. That is evidenced by the minority reports presented in the joint committee report, No. 1699. One minority report took the position that there should be no compulsory licensing provisions contained in the bill. Compulsory licensing was attacked as being unconstitutional, unnecessary, dangerous, and in conflict with current patent laws and procedures.

The other minority report stated that the bill did not go far enough in providing for compulsory licensing and that the bill placed too many requirements for obtaining such a license.

It is interesting to note that no Senator of either party wrote a minority report on any subject contained in the bill. In other words, the nine most capable Senators whom we have designated to represent the Senate of the United States on the joint committee are recommending that we adopt the provisions as written in S. 3690. That does not mean that we are obligated in any way to accept these provisions. The floor debate on this bill has already demonstrated that there are certainly many questions which must be explored and debated on the Senate floor. However, the fact that compulsory licensing was a major topic of discussion within the joint committee, the fact that both extremes on this subject are ably set forth in the report, and the fact that none of the Members of the Senate on the joint committee filed a minority report must weigh heavily when you consider whether or not another committee of the Senate should open public hearings on the same subject matter.

The reason I am making this explanation, as chairman of the Committee on Small Business, is that some Members of the Senate have expressed the hope that the Small Business Committee would hold hearings on this question. I am stating why at the present time I, as chairman, do not believe it to be advisable for the Small Business Committee to proceed with hearings. I feel that the Joint Committee on Atomic Energy has gone into the question very fully and very thoroughly.

Should another committee of the Senate hold hearings on these provisions, it is logical to assume that the same parties would appear and the same arguments would be advanced. The question of needless duplication of effort immediately comes to mind.

It would appear that the joint committee in reporting out S. 3690 took into consideration all of the arguments proposed and have come to us with a carefully thought out compromise.

I also feel impelled to add that the staff of the Senate Small Business Committee has also contacted the REA concerning this matter. We have been assured that REA, under the direction of Ancher Nelsen, has already taken measures that will insure that the agency will be kept abreast of all developments in the nuclear power field and will be in a position to work with the Atomic Energy Commission in those matters which will be of future benefit to the rural electric cooperatives of this Nation.

Returning to the subject of compulsory licensing, it must also be realized that there are many businessmen represented by our committee in the Senate who are opposed to such a provision. We have a situation where the same arguments at both extremes of this subject would present themselves just as they did before the joint committee.

I strongly believe that the field of nuclear power development must be closely watched by all Members of the Senate, and every effort must be made by the Congress, by the Department of Justice, by the Atomic Energy Commission, and by the Federal Trade Commission that the small-business concerns and the rural electric cooperatives and other parties in interest are not frozen out by anyone who has monopolistic designs on this development.

In line with that thinking, I can assure you that as long as I am chairman of the Small Business Committee and as long as I am a Member of the United States Senate, I will do all that is in my power to insure to future generations the fullest development of atomic energy for peacetime use, free from the encroachments of monopoly. I have, therefore, instructed the staff of the Senate Small Business Committee to make the subject of atomic energy a continuous part of the work of this committee. We have been assured the fullest cooperation from the joint committee, the Atomic Energy Commission, the REA, the Justice Department, and the Federal Trade Commission.

I thank the distinguished Senator from North Dakota for yielding to me at this time, because I have released my statement to the press, and I was eager to make it on the floor of the Senate.

Mr. LANGER. The distinguished Senator from Minnesota has made an excellent report on the present situation, particularly as it refers to small business.

Mr. KEFAUVER. Mr. President, will the Senator from North Dakota yield to me?

Mr. KNOWLAND. Mr. President, the distinguished Senator from North Dakota has been extremely generous with his time. He has yielded to Members on both sides of the aisle. He has shown great courtesy to Members of the Senate. Certainly I have no desire to object to the request of the Senator from Tennessee, if his request is to make a speech for a limited period of time, perhaps 5 or 10 minutes. However, it

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should be noted that it is contrary to the rules of the Senate, as I am sure the Senator knows, for a Senator to yield to another Senator who must leave the Chamber except for an insertion in the RECORD or a brief statement. Of course, we have not applied the rule strictly in that regard, and I do not wish to object or ask for a strict application of the rule at this time. I think, however, that in fairness to every Senator, unless the request is for a limited period of time, it should not be made. The distinguished Senator from North Dakota has a speech which he would like to complete. I hope there will be some understanding as to the amount of time the Senator from Tennessee desires.

Mr. LANGER. The Senator from Tennessee will be the last Senator to whom I shall yield today until I have finished my speech. Of course, I am willing to yield to him if no objection is made. I understand that he has released his statement to the press.

Mr. KNOWLAND. I have no desire to prevent the Senator from Tennessee speaking at this time, but I should like to have some understanding with regard to the amount of time he desires.

Mr. KEFAUVER. I have not spoken on the pending business at all, and the Senator from North Dakota had promised to yield to me before he yielded to several other Senators, and I have stood by while the Senator from North Dakota has yielded to the other Senators before yielding to me, which of course was agreeable to me. My speech will not be a long one, but I cannot say just how long it will take, because I do not know what colloquy might be involved.

Mr. KNOWLAND. Can the Senator make an estimate? Will it take 10 minutes or 15 minutes or 20 minutes? I should like to have some understanding on that point. If the speech is to take more than that length of time it would seem to me that the orderly procedure would be to let the distinguished Senator from North Dakota complete his address first. It is contrary to the rule of the Senate to surrender, in effect, a prerogative of the Chair to a Senator. I do not believe that normally that is a good parliamentary practice.

I am sure if the Senator from Tennessee would set some limit on the length of time he desires, and if before he completed his speech he required more time, there would be no desire to object if he needed an additional 5 minutes, perhaps. I hope we can maintain the orderly procedures of the Senate.

Mr. LANGER. Mr. President, as I understand, the distinguished Senator from Tennessee has released his statement to the press. Therefore I yield the floor.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. KEFAUVER. Mr. President, I thank the Senator from North Dakota very much for his thoughtfulness and generosity. The Senator has been very generous by yielding without any limitation to other Senators, I believe to five Senators on the other side of the aisle and to three Senators on this side of the aisle. I shall not take long with my remarks, but I do appreciate the Senator's thoughtfulness.

I feel confident that none of the 82 Congresses that have preceded this one was ever called upon to consider and enact a more important piece of legislation than the atomic energy bill now before us.

I am equally confident that no legislation, even remotely comparable to this in its importance, was ever taken up in such an atmosphere of haste.

There seems to be a determination somewhere—I do not know where or in whose bosom—to get this bill through the Congress before we know all there is to know about it.

I appreciate the desire of many persons to wind up the legislative business as rapidly as possible and go home. But I am sure the country feels that this matter is much too important to be decided in a last minute burst of legislative energy.

As time is measured, atomic energy is a new human problem. But it is a problem so vital, so enormous in its consequences, that a flaw in our handling of it could well mean the end of human existence.

Atomic energy is a force about which we must be able to formulate a basic philosophy. Unfortunately, because of its highly technical nature, only a relative handful of people can appreciate the magnitude of the problem before us.

Mr. President, we cannot approach this problem as if it were a resolution proclaiming National Honeysuckle Week, or an amendment to the tax bill. We are dealing here with the basic stuff of the universe.

We are trying to answer a fundamental question of philosophy by formlating rules of administration for a Government agency.

I believe that if we persist in this approach, we shall find ourselves, within a very few years, in a Gordian knot of cultural, scientific, and legal difficulties.

In discussing this measure, I intend to confine myself to but one of its many aspects: The Atomic Energy Commission and its relations with plain, everyday, conventional, steam-generated electricity.

I am sure that certain of my colleagues will, as others have already done, shed a great deal of light on other phases of this vital measure before us.

Mr. President, I do not believe one has to be an expert in nuclear physics to see that the proposed Dixon-Yates contract is a bald perversion of authority Congress intended the Atomic Energy Commission to have.

I do not mean to infer that the Congress in any way mistrusted the Atomic Energy Commission. The record will show it is a most favored agency. For the 1955 fiscal year, for instance, we appropriated more than $1 billion to carry on the work of the Commission. Later Congresses will most probably do likewise.

The fact is that Congress intended the Commission to do certain things under the authority granted it. And there were certain things that the Congress did not intend it to do.

Under section 12 (b) of the Atomic Energy Act, as amended, Congress gave the Commission authority to enter into long-term contracts to purchase power for use in AEC installations.

I think we would all agree that the Commission needs such authority to insure the proper functioning of its various plants and operations.

But I do not believe that even by the most tortured logic can we twist and subvert the authority granted therein to cover the contractual monstrosity presented in the Dixon-Yates proposal.

Mr. President, I was very much interested in the excellent address delivered by the junior Senator from Mississippi [Mr. STENNIS] in which he analyzed the legislative history of section 12 (b), pointing out that when the Atomic Energy Commission first needed additional power at its Paducah plant and also at its Portsmouth, Ohio, plant, it asked Congress for authority to enter into contracts to enable it to obtain power. The Commission was given general authority at that time to make contracts for securing power. The legislative history is that the three places, Oak Ridge, Paducah, and Portsmouth, were written into section 12 (b), which undoubtedly shows that the legislative intent was to enable the Commission to enter into power contracts only at those specific places. It seems to me that is a logical conclusion. It is one which any court in the land would follow. When certain places are named, without a clause providing that other locations are not excluded, it is meant to limit the Atomic Energy Commission to contracts at those specific places. That would be true even in the absence of legislative history. Where the legislative history shows there were 3 specific locations, the inevitable meaning is that the legislation intended that the Commission could enter into contracts only for power which would go directly to those 3 places.

Mr. President, it is not fair to the Congress and it is not fair to the agencies involved to twist the legislative intent of Congress as expressed in section 12 (b) of the Atomic Energy Act.

As has been pointed out on this floor time and time again, nothing in the basic Atomic Energy Act gives AEC the remotest authority to purchase electric power for use of the 400,000 citizens of Memphis, Tenn., and the people in that area.

If the proposal had no other fault—actually, it is riddled stem to stern with the most atrocious shortcomings—I would still be against it.

Let me say that I would be just as firm in my opposition if the AEC proposed to supply electric-power services to the people of San Diego, Calif., or Pleasant Point, Maine.

Mr. President, in 1934—20 long years ago—the people of Memphis voted 16 to 1 to buy their electric power from the Tennessee Valley Authority. They purchased their own distribution system

and entered into an agreement to buy their power wholesale from TVA.

A part of the system was purchased by the city of Memphis for which bonds were issued obligating the city of Memphis and its citizens for the payment of the bonds A part of the facilities of the Commonwealth & Southern were purchased by the Tennessee Valley Authority. The deal was consummated between the cities, the TVA, and cooperatives in the area. In the Congress itself meetings were held, and finally the arrangements were made and the Congress of the United States authorized the issuance of bonds by the Tennessee Valley Authority for the purchase of facilities in that area. It was set forth in the legislation approving the issuance of those bonds that the area should be served by the Tennessee Valley Authority. Since that time it has been so served. There has been a friendly relationship between it and the private power companies operating in the adjacent areas.

There has been no attempt on the part of the TVA to spread out into some other section, and up to this time there has been no open attempt on the part of the private power companies to get into the TVA territory.

Mr. SPARKMAN. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I yield very happily to my distinguished colleague from Alabama, who was a Member of the House Military Affairs Committee at the time this arrangement was negotiated and worked out, and the legislation was passed.

Mr. SPARKMAN. As a matter of fact, I would remind my friend from Tennessee that I was the sponsor of that legislation in the House of Representatives.

Mr. KEFAUVER. That is correct.

Mr. SPARKMAN. However, I rose for the purpose of asking the Senator this question: Is it not true that no further back than last year the officials of the power companies operating in the Southeastern States testified before the Senate Appropriations Committee to the effect that this agreement had been entered into tacitly, and the statement was made that since that time it had been meticulously observed by both sides?

Mr. KEFAUVER. The Senator is correct.

In the testimony before the Senate Appropriations Committee representatives of power companies in Alabama, Mississippi, Arkansas, and elsewhere surrounding the Tennessee Valley area said they had great confidence in the TVA electrical department, that there was a pleasant and cordial relationship in connection with the sale of power back and forth from time to time, and that the arrangement had been lived up to by both sides.

Mr. SPARKMAN. And that it had worked well?

Mr. KEFAUVER. And that it had worked well, and there was no complaint whatsoever about the dealings with the Tennessee Valley Authority.

Mr. SPARKMAN. Mr. President, will the Senator yield for one other question?

Mr. KEFAUVER. I yield.

Mr. SPARKMAN. A few moments ago, the Senator from Tennessee said that the Atomic Energy Commission had no more right to make a contract for the purchase of power with which to supply the needs of the people of Memphis and the area thereabouts than it had to buy power with which to supply the needs of people in other places throughout the United States. He particularly named one city in California, and another in Maine.

As a matter of fact, if the Atomic Energy Commission can be used as an agent to purchase power for the use of private citizens in the Memphis area, cannot the Commission just as well be used for the purchase of power for the citizens of any other city in the United States, having no connection with and no propinquity whatsoever to the operations of the atomic energy installations?

Mr. KEFAUVER. The Senator is entirely correct. If the Atomic Energy Commission can be used as a power broker, something for which it was not designed—and Congress never intended it to be used for the purchase of power to be used in the Tennessee Valley for commercial purposes transmitting power a distance of 200 miles or more from the atomic energy plants—it can be used for the purpose of building a steam plant anywhere to produce electricity which has nothing to do with or is far removed from any atomic energy plant.

To extend the parallel a little further, if the criterion was that the cities should be within 250 miles of some atomic energy work, then cities like Cleveland and most of the other cities of Ohio, cities in Michigan, Illinois, Indiana, Kentucky, Missouri, most of the cities of the Pacific Northwest, and many other large cities, would be as close to atomic energy operations as West Memphis, Ark., is to Paducah, Ky. So the Atomic Energy Commission could build steam plants to furnish any of those cities or communities with power, using the same logic with which they are proposing to build the plant in question. Of course, the people of those communities would have nothing to say about it. The plant would be used by the Atomic Energy Commission, acting as a power broker, apparently because of the influence of certain private power interests.

If the principle were established, it would not make any difference whether the cities were 250 miles or 500 miles away. The principle would be the same.

When the subject is considered carefully, it is an outrageous contortion of the Atomic Energy Act. It is outrageous to use an agency for a purpose it has never intended to serve, and for which it was never formed, merely to force the people in the section affected to purchase from a source from which they never expected to buy.

I thank the Senator from Alabama for his contribution. Let me say, in that connection, that I think any corporation attempting, on such tenuous legal substance, to do what is sought to be done here, would have a very difficult time selling bonds upon its operations and on the constitutionality of its contract.

The situation is bad to start with. Anyone who might try to carry it through will get into trouble. The program ought to be terminated, and another look should be taken at it now. As the distinguished Senator from Kentucky [Mr. COOPER] has stated—and undoubtedly he has given the matter a great deal of consideration from a legal viewpoint, citing the statutes and their construction by the courts—the Dixon-Yates contract will not stand up.

Any alternative—the ones mentioned by the Senator from Kentucky, or any others—in which the integrity of the TVA would be preserved, and in which the Atomic Energy Commission would not be used for something for which it was never formed, in violation of law, would be preferable to the proposed operation.

The operation under which the city of Memphis is now operating is its own, made on its own initiative, and the city of Memphis is satisfied with it. Memphis is operating under a contract, and is getting its power under a contract, made with the approval of Congress. Yet Congress, by the passage of the pending bill, would be doing away with the ability of Memphis to get power from the Tennessee Valley Authority, and would make Memphis accept power from a source from which it had never contracted to get power.

Imagine the surprise of the people of Memphis, Mr. President, when they read in the newspapers that after 1957 they will be getting their electric power, not from the Tennesse Valley Authority, but from Messers. Dixon and Yates.

They were just as surprised to learn that the Atomic Energy Commission—that great, ponderous agency whose mere mention calls up visions of ingenious research, of hushed secrecy, of high-level security operations—is now about to set up shop as an ordinary power broker.

What does the Atomic Energy Commission know about the power business? The Atomic Energy Commission was created for the purpose of splitting the atom. That is a very different problem from running a steamplant, and entering into contracts in connection with steamplants, and trying to make rates for the sale of electricity.

It seems to me that if the Atomic Energy Commission, with its specialists along a certain line, is expected to make headway with its hydrogen program, the American people will not look with very much favor upon a division of responsibility, which will take the minds and attention of the Atomic Energy personnel away from the work for which the Commission was formed, and to put them into the business of an ordinary power broker, which they will be under the bill.

Mr. President, the Atomic Energy Commission has important work to do.

During the presidential campaign of 1952, General Eisenhower himself outlined the future confronting it. "Our frontiers of scientific development," he said, "have not even been tapped. We are just entering the atomic age. The possibilities of nuclear fission to help us

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go forward to new and richer lives are almost unlimited. Our scientists believe we are just tapping a new frontier."

As a member of the Committee on Armed Services, I was impressed with the testimony with regard to the possibilities of atomic energy in the operation of the *Nautilis*, the atomic-powered submarine, which has been developed and is near completion. The idea of taking the minds, brains, and attention of atomic-energy scientists, such as Admiral Rickover, who has devoted many years of his life to the development of the atomic submarine, and putting them in the business of power broker, far removed from any atomic operation, simply because it is desired to grant a favor to a private power group, which apparently is the case in this instance, is unthoughtful, is not right, and certainly is not in the public interest.

Numerous spokesmen for the administration—both the current one and its predecessor—have told us of the tremendous strides that have been made in our atomic-weapons program.

Yet, in this year of 1954, the Atomic Energy Commission is asked to devote a little less attention to tapping this new frontier, a little less attention to our atomic-weapons program, so it can operate a power-brokerage business for the citizens of Memphis, Tenn.

The Commission has a new frontier to tap, all right, but it is not in the marketing of hydro- or steam-generated electricity. I believe the Commission ought to keep tapping, but in the proper direction.

Now, in fairness to the Atomic Energy Commission, I want to say that it is not entirely responsible for the pass we have come to. Testimony before the Joint Committee on Atomic Energy indicates quite clearly that three members—a majority—did not believe in the feasibility of AEC taking on this new responsibility. The orders for the AEC to enter into this Dixon-Yates contract came from a higher authority—from the Executive Office of the President of the United States.

They wanted to stay in the atomic energy field. They realized that they did not have the authority, under section 12b of the Atomic Energy Act, to enter into such a contract. They realized that this was not within their province. They realized that they were in the field of development of atomic energy, and they should not undertake to divide their attention with something entirely foreign and strange, such as operating a power brokerage business for the purpose of supplying electricity to the people of Memphis.

Mr. President, an important principle of orderly Government is involved. Can executive departments be shifted around and used for purposes foreign to those for which they were formed? It has always been the policy of our Government, in the interest of orderly procedure, to require the departments to engage in activities for which they were created. The TVA was created for specific purposes, which it has been following. The Atomic Energy Commission was created for specific purposes. We would have chaos in Government, we would have a breakdown in its functions, there would be a division of responsibility, if one agency were to be allowed to inject itself into the affairs of another and take over its responsibilities.

As pointed out by the distinguished Senator from Kentucky [Mr. COOPER] this afternoon, there is a Federal statute, 13th United States Code, paragraph 6868, which gives an executive department or independent agency the right to place orders on another agency for services it can supply upon certain conditions. But, as the Senator from Kentucky also said, that statute has no application to the question now before the Senate. That was as far as the Congress was willing to go in allowing one agency to infringe upon the powers, rights, and obligations of another.

The problem in question does not involve the general supply of power to the AEC, but the general supply of power to the Tennessee Valley Authority. The question before the Senate is one of facing squarely up to the issue of where the Tennessee Valley Authority is going to be able to get its power for the purpose of supplying its customers. Certainly, the Atomic Energy Commission, which was not established for the purpose of supplying power to the Tennessee Valley Authority, has no authority and no moral or legal right to inject itself into running the business of the Tennessee Valley Authority, and Congress should not permit it to do so.

Mr. SPARKMAN. Mr. President, will the Senator yield before he leaves that point?

Mr. KEFAUVER. I am glad to yield to the Senator from Alabama.

Mr. SPARKMAN. I agree fully with what the distinguished Senator has said, that the Atomic Energy Commission has no power to thrust itself into the operation of affairs of the TVA, any more than the TVA would have a right to run the Atomic Energy Commission. In other words, each agency is independent of the other. It may be that I am anticipating the remarks of the Senator from Tennessee, and perhaps he is going to say something about it, but I wish he would discuss what I consider to be a very serious aspect of these attempts, and that is the effort to destroy the integrity of independent agencies as such. Before he concludes his speech I hope the distinguished Senator from Tennessee will give us his ideas on that question.

Mr. KEFAUVER. I thank the Senator from Alabama. I expect to deal with that question at some length. But at this time, I wish to point out that Congresses of the United States, through their committees and in debate in the Senate and in the House of Representatives, have struggled long and hard to delineate the duties and responsibilities of the various agencies of the Government. Congress requires those agencies—and properly so—to make an accounting of the use of their authority and the performance of their duties, as assigned to them by the Congress.

Mr. President, Congress might as well fold up and quit if the duties prescribed by it for one agency are to be taken away from that agency and assumed by another which never was created for the same purpose. Congress has created both these agencies, and they exist as a result of acts of Congress; and the obligations, duties, and rights of the agencies are defined by law. I do not think any lawyer can argue very persuasively that there is in the Atomic Energy Act any provision giving that agency even the remotest right or obligation to go far from its field of operations, and generate power for the purpose of supplying it to users in the Tennessee Valley; and I do not think there is in the Atomic Energy Act any provision which would make it possible to give the Atomic Energy Commission the right to kick around another agency, interfere with its operations, and impair its ability to meet its obligations to the Government, merely because someone does not like that agency. After all, if the Tennessee Valley Authority is going to be treated badly, it should be treated badly directly by the Congress which created it. The Tennessee Valley Authority has already been badly pushed around and choked off as a result of a lack of appropriations. But the step now proposed would amount to going a long way merely for the purpose of giving the Tennessee Valley Authority a kick.

Mr. President, if it is desired to build a steam plant to supply power for Atomic Energy works, why is not one built at Paducah? Following the enactment of section 12d of the Atomic Energy Act, a large plant was built directly across the river, at Joppa; and that plant is furnishing some power. A very sad experience was had with that plant of Electric Energy, Inc.; and the power developed there will be very costly to the Government. But it is even better to pay a large price, as will have to be paid for the power generated at the Joppa plant of Electric Energy, Inc., than it is to contort and pervert the purpose of the Atomic Energy Commission, solely for the purpose of kicking around the TVA and putting the AEC into an operation in which it never had any business, and in which—mark you, Mr. President—3 of the Atomic Energy Commissioners did not want the Commission to be, inasmuch as 3 of the Commissioners believed that the Commission had no business entering into this contract.

Mr. President, from the financial point of view, there might be some justification for entering into the contract if it would result in saving money. However, even the Bureau of the Budget has stated that the contract will cost the Government a great deal more money; according to the figures of the Bureau of the Budget, the cost to the Government, over the period of the life of the contract, will be approximately $92 million. According to the figures of the Tennessee Valley Authority—and the TVA has been very accurate in its estimates—the cost to the Government, under this contract, will be approximately $137 million.

Mr. President, the proposal is to build the steam plant at an untenable location. The Tennessee Valley Authority proposed to build a steam plant at Fulton, Tenn., approximately 30 miles north of Memphis, on a bluff on the bank of the Mississippi River, where there would be

a good, solid foundation, and at a point on the river where it would be easy to obtain the cold water which is necessary in order to produce steam to be used to turn generators to produce electricity. Furthermore, electricity generated at that site would have to be transmitted only a short distance, in order to be integrated into the TVA system. In addition, coal can be delivered very economically to that point.

Mr. DOUGLAS. Mr. President, will the Senator from Tennessee yield to me?

The PRESIDING OFFICER (Mr. COLDWATER in the chair). Does the Senator from Tennessee yield to the Senator from Illinois?

Mr. KEFAUVER I yield.

Mr. DOUGLAS. The Senator from Tennessee touched on a matter of great interest to the State of Illinois, when he referred to the accessibility of coal, because, as he knows, central Illinois has coal fields of great richness, where coal can be produced at relatively low cost, with the aid of all the mechanical means of cutting and loading. If the powerplant were located near the Paducah area, Illinois coal could be used in the plant at relatively low generating cost, whereas if coal were shipped to West Memphis—either coal coming from Illinois or coal coming from eastern Kentucky—the transportation cost would be extremely high.

So, from the standpoint of location, I would say that a plant located at West Memphis would be placed in just about the worst location that could be found, from the point of view of the economical development of power from coal.

Mr. KEFAUVER. The Senator from Illinois is eminently correct. If the plant were located at Joppa, across the river from Paducah, where the Electric Energy, Inc., has its plant located, the cost of transporting good Illinois coal there—the good Illinois coal in which the Senator from Illinois has always been so much interested; and let me say I well realize how long and how hard he has fought for markets for it—would be much less than the cost of shipping the coal away down the river to West Memphis, Ark.

But I point out to the Senator from Illinois that that site does not have the advantage of making it possible to disturb the operations of the Tennessee Valley Authority; the construction of a plant in Illinois would not have that advantage.

Mr. DOUGLAS. Mr. President, will the Senator from Tennessee yield once more to me?

Mr. KEFAUVER. I yield.

Mr. DOUGLAS. The Senator from Tennessee has used that word in an ironic fashion, I am sure.

Mr. KEFAUVER. Yes.

Mr. DOUGLAS. It is not a real advantage to the Nation to disturb the Tennessee Valley Authority, I am certain, and the Senator from Tennessee, who has been a great defender of the Tennessee Valley Authority, is, I am confident, using that word sardonically.

Mr. KEFAUVER. I hope everyone understands that I was using it in that fashion—either ironically or sardonically, as one may prefer to state it.

Undoubtedly it would be much more economical—if it is desired to have private interests build a steam plant—to have the plant built in the vicinity of the Paducah works, where coal is very accessible and would have to be transported only a relatively short distance. But that would not do what some persons are anxious to do, namely, disturb the operations of the Tennessee Valley Authority, and it would not disturb the TVA's yardstick, and it would not be using the Atomic Energy Commission to push around the TVA. So apparently the location at West Memphis, Ark., was decided upon for that reason.

I was discussing the difference between the Fulton, Tenn., location and the location at West Memphis, Ark. The Fulton, Tenn., location also involves a saving of about 50 miles in the distance coal would have to be shipped. Fulton, Tenn., is up the river. West Memphis is down the river. The foundation at Fulton is solid. The plant would cost a great deal less. The country around West Memphis, Ark., is a fine country, but it is in the lowlands. Former President Hoover once went over this location during a flood, when the land was flooded to a depth of 27 feet, according to the press reports. It would be very much more difficult to obtain solid foundations at West Memphis. The harbor facilities would be entirely inadequate, and would cost a great deal more to construct. It would be difficult to get cool water for the operation of the steam plant.

One thing to which the people of Memphis object is the tremendous amount of fly ash which would settle on that city by reason of the prevailing northwest winds, which blow directly in line from West Memphis over to the city of Memphis.

Mr. HILL. Mr. President, will the Senator yield?

Mr. KEFAUVER. I yield.

Mr. HILL. Is it not true that the Fulton site was selected after most careful study and analysis of the entire situation, and was found to be the best site in all that area for the steam plant?

Mr. KEFAUVER. Yes. That is entirely true, and that is not disputed even by those who want to build the plant at West Memphis, Ark. Even their own figures show that one reason why the Government will have to pay more for electricity is that the site is at West Memphis rather than Fulton. The TVA and its engineers spent a great deal of time in canvassing the situation and selecting the best site. Everyone who has studied or considered the matter knows that Fulton is the best site. But, of course, that site is not proposed here. West Memphis is now proposed, even though the cost will be greater.

In addition, the TVA would be required to build a cable line across the Mississippi in order to get the electricity from Arkansas over into Tennessee. That would be very expensive to build and maintain. I think the proposal is that the TVA build the transmission out to the middle of the Mississippi River, and that the Atomic Energy Commission, acting through Dixon-Yates, build it the rest of the way. All that great expense would be eliminated if the TVA were allowed to have its own source of supply, as Congress intended it should have, and as it always has had.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. KEFAUVER. I yield.

Mr. SPARKMAN. Who would pay the cost of the transmission line which the TVA would have to build?

Mr. KEFAUVER. It is not quite settled yet as to whether that cost is to be immediately passed on to the users of power in the Tennessee Valley. Presumably the cost of that part of the transmission line which the Tennessee Valley Authority would have to build would be immediately passed on to consumers of power in the Tennessee Valley.

As to who would pay the $137 million more over the period of the contract, that is not actually settled. It would either be paid by the taxpayers or by the users of power in the Tennessee Valley region. I think the cost would come immediately from the users of power in the Tennessee Valley area.

Mr. SPARKMAN. Since the discussion at this point relates to some of the hardships imposed upon TVA by reason of this contract, let me ask the able Senator this question:

It has been said rather frequently here by some of those who have been attempting to defend this Executive directive to the Atomic Energy Commission to become a power broker, that the TVA would not be hurt in any way by this proposal. The Senator has just detailed one item which the TVA would be required to build. It would be required to build a part of a transmission line. The cost of such a line, as well as other charges, would be chargeable directly to the TVA.

The able Senator knows that in the 1952 campaign President Eisenhower—then Candidate Eisenhower—made a speech in Memphis, if I recall correctly, in which he pledged his good offices for the welfare and the continued operation of the TVA. The Senator will remember that after he came away, apparently some of his supporters were not satisfied with the statement he had made, and sent him a telegram. In reply to that telegram he went still further and said that they could rest assured that he would do everything he could to maintain and continue the operation of TVA at maximum efficiency.

The able Senator recalls, of course, that because of that pledge given to the people of the Tennessee Valley a good many of the newspapers in that area supported him, including large influential dailies. The State of Tennessee, by a very narrow margin, gave its electoral vote to the Republican ticket.

Let me ask this question, based upon that premise: Is it not true that today those same influential daily newspapers, almost without exception, are editorializing very strongly against this proposal, and are telling the people of the great harm that will be done to TVA, and also reminding the people that this action is not in keeping with the pledge which was made by President Eisenhower when

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he was a candidate for the Presidency of the United States?

Mr. KEFAUVER. The Senator from Alabama is exactly right. Mr. Eisenhower, when he was a candidate, made a speech in Knoxville. He made a speech in Memphis, in which he paid high tribute to the Tennessee Vally Authority for the part it was playing in developing a great region of the United States. He was high in his praise of the way it had been managed, and the contribution it had made. Two of the great newspapers of the State of Tennessee were not quite satisfied with the specific points made by the President as to exactly what he was going to do about the TVA. Some question had been raised to the effect that the President had spoken in general terms, and the newspapers wanted to be able to assure the people of Tennessee in unequivocal terms that the President of the United States—if he were elected President—would be a friend of the Tennessee Valley. So they sent Mr. Eisenhower a telegram and asked him to telegraph back exactly what he had in mind. His telegram, in addition to paying tribute to the Tennessee Valley Authority, contained this significant statement:

The Tennessee Valley Authority will continue to be operated at maximum efficiency.

Many of us have felt that that solemn pledge, which resulted in tens of thousands of voters voting for General Eisenhower when he was a candidate, which enabled him to carry the State of Tennessee, thereby undoubtedly affecting the outcome of the national election so far as the majority he received was concerned, has already been substantially repudiated. If this practice continues, unless the administration backs away from this outrageous deal, which is solely for the purpose of chipping away and destroying the Tennessee Valley Authority little by little, there can be no question in the mind of anyone who will read the record that this unequivocal pledge given to the people of this section and the Nation, as to what his intentions were with respect to the Tennessee Valley, will have been completely and dishonorably repudiated.

I thank the Senator from Alabama for his question. His question was, What are those newspapers saying today? The Knoxville News Sentinel was one of the newspapers that had sent the telegram and printed the reply. The other newspaper is the Memphis Press Scimitar. I have read editorial after editorial condemning this proposal. One of the great conservative newspapers, which also supported the President, a newspaper which has great influence in many States of the mid-South, the Memphis Commercial Appeal, also published an editorial, which was placed in the RECORD day before yesterday. It is a succinct editorial, and I wish to read what that great Memphis newspaper had to say. The editorial, which is entitled "Why We Oppose Powerplant Deal," was published in the Memphis Commercial Appeal of July 11 1954. It reads:

President Eisenhower has undertaken to give a private power combine a $107 million powerplant.

By Executive order he has directed the Atomic Energy Commission to underwrite it with taxpayers' money.

He has ordered acceptance of a proposal from this combine, the Middle South Utilities, Inc., and the Southern Co., which includes a guaranty of 9 percent on earnings.

At the end of 25 years the plant would belong to this combine.

This has been done without any effort at competitive bidding.

The plant would be situated in West Memphis, a part of our community.

Three years of a big construction payroll would ring cash registers—for 3 years.

This 3-year gain will be lost many times in future years by higher prices for electricity because of undermining the Tennessee Valley Authority.

The principal purpose of this plant would be to keep TVA from building a plant.

TVA is being prevented from starting new plants necessary to serve its customers.

This policy has created a power shortage, principally because the Nation's defense is diverting so much TVA power.

The shortage is most severe in Memphis and the tightening shortage ahead will be worse here.

For the Government to give private power a plant at Memphis sets the stage for reducing the TVA power shortage by taking Memphis out of TVA.

That is the real purpose.

We are on the extreme edge of TVA territory.

We see this proposed private powerplant at Memphis as the second step of a policy of which the third step would be forcing TVA out of Memphis.

We see it followed by another step in which northeast Mississippi would have to give up TVA, and another step taking TVA from the westward-sloping portions of west Tennessee.

Private power prices, or a crippled TVA forced to raise its prices, or small, locally owned plants—any of these would take from this community a purchasing power far higher and much longer than the 3-year construction payroll.

While power prices quiver under the assault of this plant, Memphis would be showered with fly ash and sulfur dioxide from boiler stacks.

We know modern combustion engineering can, if it is used, end the visible smoke and reduce fly ash and fumes, but it is only a reduction.

Ash and sulfur continue to come from the stacks, in particles reduced in size by the best engineering and therefore traveling greater distances.

This harmful waste from the boilers would be spread alike over Red Acres, Glenview, Fort Pickering, West Memphis, and all other Memphis communities.

This is a proposal to hand a powerplant, to be paid for from the Nation's taxes, to a specific company.

This is a proposal for powerplant that would be 100 percent subsidy, while even TVA's most bitter critics can claim only a fractional subsidy in TVA powerplants, principally in the matter of freedom from Federal taxes on Federal property.

We consider this proposal would result in years of net harm to this community which would be so apparent in the future that we could be held responsible unless we raised the alarm now. We consider it to be a wasteful, unsound attempt at favoritism with the Nation's funds.

As citizens of Memphis and of the United States we protest because we must.

That is the end of the editorial which was published in a very thoughtful and conservative newspaper. It has been one of the strongest supporters of the President, and the editorial answers the question of the distinguished Senator from Alabama.

If the proposal shall be adopted, if the effort to cut away the TVA and make it rely on high-priced electricity furnished by a private power utility on the perimeter, shall succeed, how can anyone reconcile such action with President Eisenhower's statement, and say that in that way TVA will be operating at maximum efficiency?

The only conclusion we can draw from all the newspapers that condemn the proposal—and editorials have been published all over the United States—is that it would not help TVA operate at maximum efficiency, but it would be a very efficient way of destroying the operation of the TVA.

That apparently is its purpose. I do not think that we ought to let the President repudiate his campaign promises. I believe that the people have a right to expect such promises to be lived up to.

If TVA is going to be destroyed and cut away, and Memphis is to be taken out of the territory of TVA, along with northern Mississippi and the rest of the area, why not amend the act by which the TVA service area was approved by Congress? Why not do it directly? Why try to destroy the arrangement provided for the operations of TVA? Why force another agency, the AEC, to violate the law in order to take a whack at the TVA at the behest of certain big private power interests of the United States?

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. KEFAUVER. I am happy to yield to the Senator from Illinois.

Mr. DOUGLAS. Is it not true that in the early days of TVA one of the vital questions was whether the cities of Tennessee would be willing to buy power from TVA and distribute that power to their citizens, and that probably the crucial decision which really established TVA was the decision of the city of Memphis to buy its power from TVA and distribute it through a municipal utility?

Mr. KEFAUVER. Yes; the Senator is correct about that.

Mr. DOUGLAS. Is it not true that Mr. E. H. Crump, who has not always been particularly friendly to the senior Senator from Tennessee, nevertheless in this case supported the purchase of power from TVA and its local distribution?

Mr. KEFAUVER. The Senator is entirely right. Let me say that while Mr. Crump and I have had differences, his record shows that he has been one of the great friends and supporters of TVA and public power, and one of the leaders in bringing TVA power into Memphis. That has certainly been his position. I believe in giving credit where credit is due. Mr. Crump has done many good things, one of the foremost of which has been that he has fought like a tiger for TVA.

Mr. DOUGLAS. Is it not true that the citizens of Memphis, in a solemn referendum by an overwhelming vote—I think the vote was about 20 or 30 to 1—

agreed to accept TVA power and to distribute it locally?

Mr. KEFAUVER. The Senator is correct. The vote was about 16 or 17 to 1. It was an overwhelming vote. All the officials and leading citizens voted for it and led the fight for it. I may point out to the Senator from Illinois that the vote was based upon an arrangement which had the approval of Congress.

Based upon that arrangement, the people of Memphis obligated themselves for very large amounts of money in buying the distribution system and in enlarging it, with the understanding that they had the right to rely upon what Congress had said, that Memphis was going to be in the TVA area; that the TVA could make a long-term contract for furnishing power, and, of course, the TVA would have its own power supply and be able to furnish power. There was never any understanding that the TVA would be forced to buy high-priced power from a private-power combine that wanted to put it out of business. I do not think it is playing fair with the people who put up their money and bonded their cities now, under the subterfuge of the Dixon-Yates contract, to repudiate the whole thing and go back on the bargain which has been made.

Mr. DOUGLAS. While I am not certain about the precise sequence of events, as to which city came first and which cities followed, is it not a fact that Knoxville, Chattanooga, and, more recently, Nashville, all made similar decisions and all agreed to take TVA power and distribute it locally?

Mr. KEFAUVER. That is correct. I think Chattanooga was the first large city to do so. That is my home city. I remember the referendum and the election, very well. I think Memphis followed, and then Knoxville and Nashville. In places where there are no cities the rural cooperatives purchased the distribution system.

Mr. DOUGLAS. The decisions of the citizens were definitely and thoroughly overwhelming.

Mr. KEFAUVER. The Senator is correct.

Mr. DOUGLAS. If this private plant is constructed at West Memphis, Ark., will it not have the effect of forcing the city distributors at Memphis to buy power from the so-called Dixon-Yates plant?

Mr. KEFAUVER. It will have the purpose of forcing TVA to buy power from the Dixon-Yates plant in order to sell power to the city of Memphis. So it will be forcing the city of Memphis to buy Dixon-Yates power at a price, undoubtedly, on which the TVA would lose a lot of money if it carried out its obligation to the city of Memphis.

That violates everything for which the people voted, with the approval of Congress and with the understanding that was had at that time.

Mr. DOUGLAS. Would it not be possible for the same tactics to be later applied in connection with such cities as Nashville and Chattanooga?

Mr. KEFAUVER. Undoubtedly it would be possible, and I think it is probable that such tactics would be applied. I think the people of the Nation ought to realize that this effort to destroy public power operations wherever they may be is not going to be limited only to the Tennessee Valley area. I think the people must be put on notice and must realize that the same tactics are going to be applied to Southeastern and Southwestern operations, and operations in California, at Bonneville, and wherever there may be any public operation.

I thank the Senator from Illinois very much for his most important contributions.

Mr. DOUGLAS. Mr. President, will the Senator from Tennessee yield further in order that I may pursue the matter a little further?

Mr. KEFAUVER. I yield.

Mr. DOUGLAS. It might set a pattern by which the TVA functions would be confined almost exclusively to the generation of power used by the Atomic Energy Commission in connection with its development of fissionable and thermonuclear materials, and it would be shut out from its original function of supplying cheap power to the farmers and the people of the Tennessee Valley. Is that correct?

Mr. KEFAUVER. That would be one result. Of course, the result would also be to take the TVA out of operation in the overall research development program which it has been carrying out in that part of the country.

Permit me to say to the Senator that one thing that is very, very bad about this proposal—and I wish Senators would consider this when they come to vote upon this measure—is that the TVA personnel have worked diligently, overtime, and hard. They constitute one of the greatest groups of public servants, I am sure, that any nation has ever known. Many of them could get better jobs, but they stay with the TVA because they have their hearts in it. They have worked very hard to make a success of the TVA.

Its success is shown by the cooperation of the States, the counties, and the cities. Everyone supports it, whether they be Democrats or Republicans. Even the old Commonwealth & Southern has spoken very highly of the TVA. They are working hard to make a success of it, in order to meet the commitment which was imposed upon TVA by a law enacted by Congress, the commitment being to pay back in 40 years of every dime invested in the power operations. The purchasers of power must pay back in 40 years, through the TVA, every dime invested.

Mr. President, is it right by legislation to require an agency to meet an obligation which is a difficult one and at the same time to cripple and hamstring it, to cut it up and make it buy electricity at high rates, and refuse to let it carry out its contract, to meet its own obligations, and do what any utility ought to be able to do? Any utility ought to be able to estimate the needs of its customers in the future and have the authority to construct facilities for the purpose of meeting such needs.

Mr. President, it is not an honest thing to do to require the TVA to pay back its investment and then force it to buy power at high rates, to build lines across the river and maintain them, and make it responsible for eventually paying back the investment in a steam plant located at the wrong site, placing it at the mercy of private power companies so that the people who want to use more power can never be sure of their supply. I have never known of a more outrageous performance.

Mr. DOUGLAS. Mr. President, will the Senator from Tennessee yield further?

Mr. KEFAUVER. I yield.

Mr. DOUGLAS. The Senator has touched on a very important matter with reference to a transmission line across the river, involving the extra cost of stretching the transmission line over the water as compared with the cost of construction of a transmission line on land.

Unfortunately, it has not been the privilege of the Senator from Illinois to take a Mississippi River trip, but I have traveled in my mind, because I have read Mark Twain's book entitled "Life on the Mississippi," and other stories about the Mississippi River and its lower reaches. Unfortunately, I have never been able to travel there.

Mr. KEFAUVER. We are very anxious to have the Senator visit that section. He has been such a great friend of ours, we hope that he will come there.

Mr. DOUGLAS. May I ask the Senator from Tennessee, for the purpose of the RECORD, and also for the benefit of the less traveled Members of the Senate, if it is not true that the Mississippi River at Memphis is an extremely broad stream?

Mr. KEFAUVER. Yes; the Mississippi at Memphis is very broad. The number of miles, I would not be able to say; but to get across the swamps into the place where the steam plant would be built would be a very substantial distance, and would involve very expensive construction, operation, and maintenance, in order to build the cables all the way across.

Mr. DOUGLAS. Would piers be required for the placement of high poles, from which the wires could be strung?

Mr. KEFAUVER. Yes, piers would be required; and I think the testimony was that very heavy cable would be required to be constructed between the piers on either side of the river.

Mr. DOUGLAS. Would it be necessary to construct piers in the center of the stream?

Mr. KEFAUVER. Frankly, I may say to the Senator, I do not know if that would be necessary.

Mr. DOUGLAS. But the process would be a very expensive one?

Mr. KEFAUVER. It would be very expensive. When compared with the building of a steam plant where it should be built, and the construction of a very short transmission line on land, and the feeding of the power into the grid system of the TVA, it simply would not be economical or feasible.

Mr. DOUGLAS. Does the Senator from Tennessee remember the two novels by Mark Twain entitled "Huckleberry Finn" and "Tom Sawyer"?

Mr. KEFAUVER. Yes.

Mr. DOUGLAS. Does the Senator remember the indirect way in which

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Tom Sawyer insisted on doing everything. When Jim, the slave, was in the cabin, Tom, instead of directly going to the door and letting Jim out, insisted that a tunnel must be dug in order to get him out, and the tunnel must be dug with tin plates. So instead of the work being done in the most direct and efficient manner, everything had to be done a most indirect and inefficient manner.

Mr. KEFAUVER. I remember that very pleasantly. I am certain that if Mark Twain were alive now, he could find a perfect analogy between those operations and what is sought to have taken place under this proposal.

Mr. DOUGLAS. In other words, the Executive Office of the President—I do not say it is the President who is doing this, because I cannot believe that he has really done it—or whoever it is who has been making the policy for him, has chosen Tom Sawyer's way of doing everything in as clumsy a fashion as possible.

Mr. KEFAUVER. Yes, the Senator is exactly correct. It is proposed to be done in as expensive a fashion as possible.

Mr. DOUGLAS. Is it possible that they have been reading Tom Sawyer and Huckleberry Finn, and have resolved to imitate those two heros of the Mississippi Valley?

Mr. KEFAUVER. That might be possible, although I have no actual means of knowing for certain. But if that is the case, I certainly would like to have the opportunity of explaining to them that Tom Sawyer's ways should not be applied to the Atomic Energy Commission and the steam plant.

Mr. DOUGLAS. In other words, this is a method which is much better for the storybooks than it is in reality? Is that not true?

Mr. KEFAUVER. That is correct. The Senator from Illinois has expressed it better than I could have done, and I thank him.

If the President actually had considered all the aspects of the situation, including what it will do to his administration, which he must conduct, what it will do to two Government agencies, and the precedent it will establish of completely disregarding congressional direction, it is difficult for me to believe that the President, even though there may be some around him whose first consideration is to kick the TVA around, would have countenanced the proposal.

Mr. President, I had been speaking about the two newspapers to which the President made a solemn pledge that he would see to it that the TVA was operated at maximum efficiency. That pledge was made to the Knoxville News Sentinel and the Memphis Press Smimitar. Those newspapers printed his statement. They are newspapers of the Scripps-Howard system, and the Scripps-Howard newspapers, as I understand, supported the President in his campaign.

The Scripps Howard newspapers have been publishing editorials to the effect that this proposal is bad business and will destroy the Atomic Energy Commission, and that the promise which was made is not being lived up to. Not only have these two newspapers been condemning this deal, but all other Scripps Howard newspapers have been doing likewise.

The President's best supporters know that the proposal cannot be rationalized. They know that his pledge of maximum efficiency cannot be put on a parallel with this proposal without destruction of the TVA by this operation. The two cannot be matched, and still stand up.

I have before me, for instance, an editorial which was published in the Washington Daily News, and likewise appeared in all the Scripps Howard newspapers, including those in Tennessee, on July 6. The title is, "Peddling Private Power Is No Job for the AEC."

The editorial reads as follows:

The United States Atomic Energy Commission, whose sole job should be to maintain American atomic superiority for the safety of the free world, has been ordered into a ridiculous, costly sideline for the next 25 years.

It has been directed, over its own protest, to contract with private utility companies for a large amount of electric power to be delivered to the Tennessee Valley Authority—200 miles and more away from the closest AEC facility.

President Eisenhower issued the order. Presumably it was to prove what needs no proving: That this administration looks favorably upon private enterprise.

The President has directed that this unnecessary, dangerous, and expensive gesture of friendliness to the private power industry shall be accomplished by AEC's signing a contract with Middle South Utilities, Inc., and the Southern Co. These two companies would form a third company to build a big new steam-electric generating plant at West Memphis, Ark., just across the Mississippi from Memphis, Tenn.

AEC told the Budget Bureau "the Commission did not agree on the wisdom of AEC entering into this type of contract." Three of the five atomic Commissioners opposed it. Among this majority was the outstanding exponent of private enterprise in the AEC, Commissioner Thomas E. Murray, of New York.

I interpolate, Mr. President, to say that Commissioner Murray's opposition to the proposal has increased as time has gone on. He is the one who originally sponsored having the Atomic Energy Act amended by the inclusion of section 12 (d), so that the Atomic Energy Commission could enter into a contract with Electric Energy, Inc., for the building of the Joppa plant. He wanted to bring private power companies in to furnish power at Paducah and Portsmouth, and that was right. But, Mr. President, Commissioner Murray, who has been the strongest advocate of free enterprise in the Atomic Energy Commission, among all the Commissioners, is opposed to this proposal, because he knows that it was never what Congress intended when the act was amended. He knows that an attempt is being made to use the Atomic Energy Commission in a way in which it should not be used. He knows that such a plan will not work for orderly administration. He knows that it will be expensive. As time has gone on, he has been more and more vocal in opposing this atrocity which Congress is being asked to perpetrate on the American people.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. KEFAUVER. I yield to the distinguished Senator from New Mexico, whose speech yesterday was most persuasive in protest against this proposal being carried out.

Mr. ANDERSON. Would it not be proper to say that Commissioner Murray was the person who went into the area and first attempted to work out these matters in the field, which finally evolved the method of conducting these operations? I ask the question because I am quite sure he was, as the Senator from Tennessee has intimated. He went into the area and offered to the private companies an opportunity to build the facilities for all the current necessary.

Mr. KEFAUVER. Yes, that is my understanding.

Mr. ANDERSON. When they found that they could not do it, he said, "Very well. Divide with the TVA, and work out contracts between yourselves."

It is my impression that Commissioner Murray is strongly against the proposal, because he feels that he came before Congress with a definite request, that certain representations were made, and that the proposal now before the Senate is beyond the scope of the representations he made in getting permission from Congress.

As any honorable man would feel, Commissioner Murray feels obligated to have the understanding carried out as he asked for it.

Mr. KEFAUVER. I thank the Senator from New Mexico. Since he is a member of the Joint Committee on Atomic Energy, he is much more familiar with what Commissioner Murray did than I am, but from reading the newspapers and the hearings I know that Commissioner Murray was one who worked out this arrangement in the first place. First, it was proposed to have TVA furnish all the power at Paducah. Then Commissioner Murray felt that it would be desirable to have private power companies do it. He negotiated with them and found they could not furnish all the power. So the load at Paducah was divided between TVA and Electric Energy, Inc.

He came before Congress, and in all the representations he made he indicated that he wanted to get the act amended so that they could build a plant for the purpose of generating electricity for the atomic energy works. So I believe he thinks what is proposed would not be in keeping with his understanding with Congress. The Senator from New Mexico had here this afternoon the report of last year, which shows unquestionably that was Commissioner Murray's attitude.

Mr. ANDERSON. Mr. President, Commissioner Murray had the background to qualify him to testify, since he has been in public utility work, and he is perfectly familiar with public utility companies, such as the companies with which he contracted in EEI. So he was not "dabbling" in that field, but he had made a reputation as a successful operator.

Mr. KEFAUVER. That is true, and let it be said to the credit of Commissioner Murray that he feels that what is pro-

posed should not be done, that it is not in keeping with the purpose of section 12 (d) of the Atomic Energy Act, that he would not be keeping faith with Congress, that he would be getting the AEC into a field where it had no business, and that he felt that the Atomic Energy Commission should not be used to try to push and destroy another great agency which had been established by the Congress.

Mr. President, I did not quite finish reading the editorial from the Washington Daily News, one of the Scripps-Howard newspapers, of which there are several. This editorial shows the general attitude of great newspapers which have supported the President. The editorial is entitled "Peddling Private Power Is No Job for AEC," and it reads:

> Although called an independent office of the Government, AEC passed the buck on the final decision to the White House. The President, through his Budget Bureau, decided in favor of the contract.

Interpolating, I may say that I wish the President himself would take a look at that, because the statement of the Bureau of the Budget simply does not stand up; it will not hold water.

I read at page 955 from the hearings before the joint committee on June 17. There appears in the record at this point a letter to the Senator from Massachusetts [Mr. SALTONSTALL] from Rowland Hughes, Director of the Bureau of the Budget. It is undoubtedly what the President may have seen, and he may have thought he could accept this statement in the letter of the Bureau of the Budget. The last part of it was:

> The fact that no additional steam-generating capacity is being provided this year does not imply any fundamental change in the program of TVA.

Mr. President, if the Atomic Energy Commission is going to become the supplier of power to the people of Memphis there is involved a fundamental change in TVA. There is also involved a violation of the agreement which the Government authorized TVA to make with the people of Memphis and the other cities of Tennessee. It brings about a fundamental change, and it will force the TVA to sell or buy power at a high rate, making it impossible for it to operate efficiently and pay back the Federal Government in 40 years, as Congress has required it to do. So that this statement does not stand up, and I hope the President will go into this matter more deeply.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. KEFAUVER. I yield to the Senator from Illinois.

Mr. DOUGLAS. My question may not be in line with the point the Senator from Tennessee wishes to develop, and, if so, I hope he will ask that I postpone asking it. But since the Bureau of the Budget has been brought into the matter, may I inquire whether the Bureau of the Budget or any other agency took any pains to obtain competitive bids from different private concerns for the construction of the proposed new plant?

Mr. KEFAUVER. I am glad to talk about that matter, but let me finish the editorial from the Washington News. Then I will answer the Senator's very pertinent question, because I wish to discuss that matter in a few minutes.

I continue reading further from the editorial in the Washington News, which was carried in all the Scripps-Howard papers, including the two in Tennessee which printed the President's telegram of "maximum efficiency operation for the TVA." I read:

> If this were the delegated decision by Mr. Eisenhower, then some subordinate has put him in an absurd position. If he acted with all the facts before his eyes, then he misinterpreted the facts.
>
> He ordered the contract despite the fact that the Budget Bureau and AEC figures showed power from the private concerns would cost the Government at least $3,685,000 more a year than power bought from TVA at Paducah, Ky. The chief difference was in the fact that TVA paid no taxes while the private company did, and TVA got its money at a cheaper interest rate than the private company. So, Mr. Eisenhower ordered AEC to pay all the private company's taxes; and the contract, if signed, would constitute a Government guaranty of the $100 million in 3.5-percent bonds the private company would issue to finance the plant.
>
> The President's decision means that over the minimum period of the contract, the minimum excess cost to the Government of this power from this private source would be $92,125,000.
>
> The basic fault of this proposed contract is that it forces the Atomic Commission into a field where it has no business being. TVA needs more power at Memphis, not the AEC. But AEC is being used as a reluctant power broker.
>
> The next major fault lies in the waste of more than $92 million in Federal funds over the next 25 years. At the end of that time, the private powerplant, completely paid for with United States tax dollars, will remain the property of the private companies.

Interpolating, let me say that this afternoon the distinguished senior Senator from Iowa [Mr. HICKENLOOPER], the vice chairman of the Joint Committee on Atomic Energy, said that the advantage of the pending proposal would be that the Congress would not have to appropriate $100 million to enable the TVA to build the steam plant. I wish to point out that if the Congress appropriated $100 million, and if that amount were given to the TVA to build a steam plant, it would be a capital improvement, which would be repaid within 40 years. The plant would then belong to the Government. In the meantime the Atomic Energy Commission would have gotten much cheaper power, and the Government would not have lost between $92 million and $107 million, which is the additional amount the power of the Dixon-Yates group is going to cost.

Mr. ANDERSON. Mr. President, will the Senator from Tennessee yield at this point to me?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from Tennessee yield to the Senator from New Mexico?

Mr. KEFAUVER. I yield.

Mr. ANDERSON. Has the Senator from Tennessee finished with the editorial?

Mr. KEFAUVER. Mr. President, I yield to the distinguished Senator from New Mexico.

Mr. ANDERSON. I was wondering whether the attention of the Senator from Tennessee had been called to the fact that the Bureau of the Budget possibly gave the President quite a little bit of the type of advice the Senator from Tennessee has mentioned. I am referring particularly to the fact that the figures of the Bureau of the Budget were prepared rather largely by the AEC to prove a point. I think I can best illustrate that by calling attention to the CONGRESSIONAL RECORD of Tuesday of this week. On page 10379, I inserted into the RECORD the original statement prepared by the Bureau of the Budget, outlining the proposal received by the AEC from the sponsors—the Middle South Utilities, Inc., and the Southern Co. This is the outline the Bureau of the Budget subsequently withdrew, whereupon it supplied a different analysis.

But the point to which I should like to call the attention of the Senator from Tennessee is that in the table appearing in the middle of that page, there is a comparison of costs for power supplied under the Dixon-Yates proposal versus the cost to the Atomic Energy Commission of power from TVA, from Paducah. If the Senator from Tennessee will examine the table—and I shall be glad to let him use the copy of the CONGRESSIONAL RECORD for July 13 which I now hold in my hand, if he so desires—he will see that in order to form a basis for comparison, they use 19 cents as the cost of 1 million B. t. u.'s of heat at these plants. In other words, in order to show that there is no great difference in cost, they use 19 cents per million B. t. u.'s at both places; but in the very next paragraph, in order to prove—as the Senator from Arkansas [Mr. FULBRIGHT] was trying to prove this afternoon—that the AEC has been overcharged and robbed by the TVA, they show that the cost of fuel is 15½ cents. That is shown in the very next paragraph.

I am happy to show the table to the very able Senator from Tennessee. It appears on page 10379, and is a very simple one, headed "Comparison of annual cost for power supply from Dixon-Yates proposal"—and so forth; and the last words are "19 cents per million British thermal units fuel cost."

So, in order to show that there is no difference in cost between these two proposals, they use the figure 19 cents per million B. t. u.'s; but in the very next paragraph, in order to show that the TVA is robbing the AEC, they use the figure—under the contract—15½ cents. So, you get it going and coming, so to speak. One arbitrary figure is used in order to prove there is no difference in cost, in order to prove that everything is about alike. But in the very next paragraph—absolutely the very next paragraph, as anyone can see—they use 15½ cents in order to prove there is an overcharge.

Mr. HICKENLOOPER. Mr. President, will the Senator from New Mexico state again the page of the CONGRESSIONAL RECORD?

Mr. ANDERSON. It is on page 10379 of the CONGRESSIONAL RECORD for Tuesday, July 13.

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Mr. HICKENLOOPER. I thank the Senator from New Mexico.

Mr. GORE. Mr. President, does the Senator from New Mexico mean that when it is undertaken to show that the Dixon-Yates proposal is reasonable, a fuel cost of 19 cents is assumed; but when it is undertaken to show that the TVA is charging too much, a different fuel cost is assumed?

Mr. ANDERSON. There is no question that the TVA has a contract for fuel which will permit its cost to come down gradually, and they finally get it down to 15½ cents. The last sentence of the second paragraph in the third column on page 9939 reads:

> For 5.2 billion kilowatt-hours per year, this would result in a charge to AEC over and above TVA costs of approximately $3 million per year.

That is the figure the able Senator from Arkansas [Mr. FULBRIGHT] referred to this afternoon; and then he said these figures, that the TVA introduced into the record, show a difference of $5,500,000; and he said that is proof they are overcharging AEC $5,500,000, because they are charging them the same price.

And actually, as I have said, the 19 cents is used at one point in the table, in order to show that costs are about alike; but in the very next paragraph they say:

> However, a fair comparison of cost to TVA versus charges to AEC at Paducah was calculated using 35-year amortization—

And so forth. And it says:

> Under the TVA-AEC contract at Paducah at a fuel cost of 15½ cents the charge to AEC would be 3.47 mills per kilowatt-hour——

Mr. GORE. Mr. President——

Mr. KEFAUVER. I yield.

Mr. GORE. Does the Senator from New Mexico realize that the distinguished junior Senator from Arkansas [Mr. FULBRIGHT] used still a different fuel cost, in two of his calculations?

Mr. ANDERSON. I would not blame the Senator from Arkansas for that, because when 3 or 4 sets of figures are officially supplied, one naturally comes out with all sorts of rates.

Mr. GORE. I notice that on one page of the speech of the distinguished junior Senator from Arkansas [Mr. FULBRIGHT], as it appears in the CONGRESSIONAL RECORD—and let me say that I do not like to refer to this matter in his absence; but since it is relevant at this point, I hope he will not mind—he made a calculation based on 19 cents per million British thermal units; and on the very next page he used a calculation based upon 17½ cents per million British thermal units. So, we see 19 cents and 17 cents and 15½ cents assumed for purposes of calculations.

Perhaps the Atomic Energy Commission and the Bureau of the Budget and the Federal Power Commission, when they arrived at a conclusion agreed upon by their experts, were using uniform calculations.

Mr. ANDERSON. I do not criticize the Senator from Arkansas, and say that he became mixed up in his figures, because actually the cost at Paducah is not 19 cents. It is possible to find out what the cost is; and at the present time it is 17.6 cents; and it will come down, under the long-term contract, to 15½ cents, eventually.

Mr. GORE. Is it not a fact that the rates the TVA has charged the AEC for power from Shawnee have come down, according to the cost of generating the power?

Mr. ANDERSON. I would think so, because evidence was presented that the cost had gradually come down. That is in the record of the hearings.

Mr. GORE. As I recall, the rate being charged this month was 3.56. In May it was 3.59. In January it was higher. Back at the time when a great deal of interim power was being bought, it was still higher; and as the cost of fuel comes down, so will the cost of power.

Mr. ANDERSON. Mr. President, let me say that I apologize to the Senator from Tennessee for interrupting this long; I did not mean to make so much of an interruption in his remarks.

Mr. KEFAUVER. That is quite all right; I wish to have the Senator from New Mexico take his time.

Mr. ANDERSON. I thank the Senator from Tennessee.

Let me say that the page number I just used is correct. It is page 1036. Mr. Nichols pointed out that in the first 3 months of 1954, TVA's cost was 4.86 mills per kilowatt-hour; and EEI's was 5.08 mills per kilowatt-hour.

So far as I am concerned, that difference does not reflect superior management, and so forth. It just so happens that TVA had been in business for a long time, and had firm supplies of fuel, and had large supplies of coal, and was able to effect economies because of that.

I am saying that comparisons should be based upon similar figures. One set of figures should not be used to prove one thing, and another set of figures to prove something else.

Mr. HICKENLOOPER. Mr. President, will the Senator from Tennessee yield to me?

Mr. KEFAUVER. In a moment.

I appreciate the Senator's observation. I think he has diagnosed the situation exactly correctly. In this connection, it should be pointed out—and I, too, am sorry the Senator from Arkansas [Mr. FULBRIGHT] is not present—that he made some complaint about the TVA selling power for 8 mills which it had purchased for an average of 5 mills. I know that the explanation was made that the AEC must have firm power. An average price of 5 mills for power purchased means that it is dump power, or whatever power might be available, all of which it cannot sell to AEC, because TVA requires a heavy load at night, whereas the AEC must have firm power.

If we wish to compare side-by-side operations, most of the priorities were given to Electric Energies, Inc., at the steam plant. They were expected to beat the TVA in their construction at Paducah. The TVA got its plants going much earlier, and at considerably less cost. The TVA is now furnishing power at Paducah, as my colleague [Mr. GORE] pointed out, for 3.56 mills. As to what the cost is going to be at the Electric Energies Joppa plant when it finally gets going, considering the big load placed upon it, no one can tell, but it has been estimated by the Atomic Energy Commission that the cost will be 4.2 mills a kilowatt.

It should be pointed out that in the atomic energy business, considering the amount of power the atomic energy plants at Oak Ridge, Portsmouth, and Paducah buy, a difference of 1 mill would cost the Government $50 million a year.

So it seems to me that instead of pushing the TVA around, as this contract would do, Members of the Senate and the people of the Nation ought to be eternally thankful to the Tennessee Valley Authority for being able to set a yardstick at a low price for the sale of electric power to the atomic energy operations.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. KEFAUVER. If the yardstick had been higher, the cost would have been very much greater.

I now yield to the Senator from Iowa.

Mr. HICKENLOOPER. Referring to the statement a moment ago, as to the comparison between the fuel cost of 19 cents a million B. t. u.'s at Paducah and the figure of 15½ cents, as shown on page 10379 of the RECORD of July 13, 1954, it seems to me that the table was a comparative table, both for the TVA and the Dixon-Yates proposal, based upon an assumed figure of 19 cents a million B. t. u.'s fuel cost. In the paragraph below it is stated:

> Correcting the 2.90 mills per kilowatt-hour from 18.4 cents per million B. t. u. fuel costs (used in arriving at the 2.96 mills) to the estimated fuel cost of 15½ cents that TVA indicated should prevail in the Paducah area and would be used as a basis for calculating charges to the AEC after January 1, 1956, would result in an estimated cost to TVA of 2.84 mills per kilowatt-hour for power furnished by TVA to AEC at Paducah.

So this is an estimate based upon an assumed fuel cost of 19 cents a million B. t. u.'s. Then the figures are revised, and it is said that if the cost is 15½ cents, the estimate will be accordingly reduced.

I do not follow the assumption of the Senator from New Mexico [Mr. ANDERSON] that in the report referred to in the tables on page 10379 a fuel cost of 19 cents a million B. t. u.'s is necessarily used as a yardstick in one case, and a fuel cost of 15½ cents in the other. It is stated, in effect, that if goods cost 19 cents a yard, the total cost will be so much, but if the cost of the goods is 15½ cents a yard, the total cost will be some other figure. That is why I think various figures representing costs are used to make comparisons.

Mr. KEFAUVER. Fuel never has cost the TVA 19 cents. In order to make it appear that the TVA cost is somewhere near what the Dixon-Yates group will charge, this table is issued for public consumption, showing a difference of $283,000. That is the figure which is used. Then in fine print it is acknowledged that in the comparison above too high a figure has been used, and that

probably what should have been used is the cost which the TVA actually has been paying. It never has paid 19 cents. The TVA has been paying whatever price it could get its fuel for. To show a true picture, the figure of 15½ cents should have been used in the table, which would have made the loss to the taxpayers of America nearer $137 million than $92 million, which even the Atomic Energy Commission and the Bureau of the Budget admit.

I think the Senator from Iowa is correct, in that the situation is explained in paragraph (h), but it seems to me that since the TVA has never paid 19 cents a million B. t. u.'s, the TVA's own figures should have been used, because the TVA figures represent commitments with respect to the prices at which it could get coal.

In that connection I think it is important to say just a word further about the steam plant at Paducah——

Mr. GORE. Before the Senator comes to that subject, will he yield to me?

Mr. KEFAUVER. I am very happy to yield to my colleague.

Mr. GORE. There are two additional figures which I should like to cite. As my colleague from Tennessee knows, it is quite unrealistic and almost meaningless to compare rates for two dissimilar electric loads. If a comparison must be made in this context, perhaps the most relative comparison as between customers would be a large private industrial consumer and a large AEC load at Paducah or Oak Ridge. Some effort has been made to show that the power sold at Memphis, Tenn., was cheaper than the power which the TVA was selling to the AEC plant at Paducah. I made inquiry on that point, and I am advised that according to the contract, if a large demand consumer required power at Memphis, Tenn., today, the rate to such large consumer would be 3.71. Compare that rate with the rate for normal supply from the Shawnee plant to the AEC at Paducah for this month, the figure being 3.56. I believe those two figures will explode the—I was about to say "spurious" charge; perhaps I should not use the word "spurious." Perhaps some people are merely honestly misinformed. However, I think it adds up to a smokescreen.

The real issue here is not the merits of TVA. It has stood the test of time. The President did not make a choice between the Shawnee plant, which is already under construction, and some other plant. The choice was made between the construction of a steam plant by TVA at the Fulton site, just north of Memphis, and the proposal pending here for a contract with a private concern to build a plant across the Mississippi from Memphis in Arkansas. The President did not make a choice among the irrelevant comparisons which are being made in this debate. The estimates submitted to the committee by the AEC, by the Bureau of the Budget, by TVA, and by the Federal Power Commission showed a comparison between two proposals, namely, the Fulton plant of the TVA on the Mississippi north of Memphis, and the new private plant just across the river from Memphis.

If comparisons are insisted upon, then I submit the one I have just given to my able colleague is the most relevant as between individual customers; and if a comparison must be made as between different types of contracts, then we should stick to the comparison submitted to Congress by the agencies studying the program. I may say that no expert from either of those three agencies ever suggested that the comparison showed a smaller differential than $3 million plus a year in favor of TVA. TVA thought that estimate was not large enough.

Mr. KEFAUVER. I thank my colleague. I believe TVA proved that the estimate was not large enough. TVA has been uncannily accurate in living up to its estimates.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. KEFAUVER. I yield.

Mr. GORE. To compare a 24-hour national defense load of an atomic energy plant with an industrial plant which operates a shift at offpeak hours, and to say that they are alike, is about like saying that an egg and a golf ball are alike on three grounds; one, they are both white; two, they are both round in shape; three, they both have a smooth surface. But, Mr. President, if a golfer hits them with a club, he will find there is a slight difference.

Mr. KEFAUVER. That is a very interesting and useful analogy.

Mr. GORE. Will not my colleague say it is profound?

Mr. KEFAUVER. I am very happy to add the word "profound," and I am proud of my colleague for his spirited example.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. KEFAUVER. I yield.

Mr. HICKENLOOPER. Returning to the matter of the so-called 19 cents per million B. t. u.'s and 15½ cents per million B. t. u.'s, and the fact that TVA produced power based on the figure of 15½ cents per million B. t. u.'s, does the Senator from Tennessee know where TVA gets it coal?

Mr. KEFAUVER. Yes; I know that TVA gets it coal by advertising for the lowest bidder, and by competitive bidding after due advertising.

Mr. HICKENLOOPER. Is it not a fact that TVA buys most of its coal from nonunion mines?

Mr. KEFAUVER. I do not believe that is a fact at all. I am sure it is not a fact.

Mr. HICKENLOOPER. I am informed that it has been testified before the Committee on Appropriations that TVA coal is purchased at the lowest price it can get, and that most of it comes from nonunion mines. If that is so it would result in a considerable difference in the cost of production as compared with the cost of production of a private corporation, which is not free from pressures of that kind.

Mr. KEFAUVER. I say to the Senator from Iowa that TVA is very meticulous about following the directions of Congress in connection with its purchases, whatever they may be. Congress requires coal and other materials TVA needs, and this is true of every Federal agency—to be purchased on a competitive-bid basis.

I am sure the Senator would not want TVA to violate the law as enacted by Congress. However, for the information of the Senator, TVA purchases most of its coal from mines in eastern Tennessee and eastern Kentucky, and considerable coal that it purchases comes from southern Illinois, and probably from some other States. My information is—and I believe it is true—that a large number of the mines in eastern Kentucky and eastern Tennessee are unionized.

Mr. HICKENLOOPER. I understand it to be true that a large number of the mines there are unionized. However, that was not my question. My question is, Where does TVA buy its coal? I am asking whether or not TVA buys most of its coal from nonunion mines. I am asking the Senator from Tennessee for information.

Mr. KEFAUVER. I will say frankly that I had hoped that at times TVA might pay a little more for coal in some places, in order to enable some coal mines to operate, particularly coal mines which have had a rather difficult time meeting the low price TVA must pay. However, TVA gets all of its coal as a result of competitive bidding, pursuant to law.

Mr. HICKENLOOPER. I am not objecting to TVA observing the law. I am merely asking whether the Senator can inform the Senate on that point. I am not criticizing TVA. I am seeking information on the subject as to where, in fact, it gets at least the great bulk of its coal. Does it come from union mines or from nonunion mines? My information is that it comes from nonunion mines. I am not criticizing TVA.

Mr. KEFAUVER. My information is that a large part of it comes from union mines. However, whatever the situation is, I do not think we can blame TVA for following the law.

Mr. HICKENLOOPER. I am not blaming TVA.

Mr. KEFAUVER. What was the purpose of the Senator's question if he was not trying to disparage TVA?

Mr. HICKENLOOPER. No, indeed; I am not trying to disparage TVA. I am only trying to test the question of the claimed differential in the production of heat.

Mr. KEFAUVER. What is the purpose of the Senator's criticism?

Mr. HICKENLOOPER. The purpose of my question was that there has been some criticism, I understand, raised by the Senator from Tennessee and the Senator from New Mexico, that there might be some monkey business in the B. t. u. figure of 19 cents and the 15½-cent figure, which was the actual figure that TVA has claimed, and I was merely trying to find out where the difference in the cost for the production of the B. t. u.'s came from. Of course, coal produces the B. t. u.'s.

Mr. KEFAUVER. The 19½-cent rate is not the TVA figure. That is the assumed figure of the Bureau of the Budget or whoever it was that got up this table, and it was obtained out of thin air for the purpose of trying to

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make the private power and TVA cost as near as possible in amount. That is not the TVA figure.

Mr. HICKENLOOPER. The 19-cent B. t. u. rate applied to both theoretical cases, as I understand.

Mr. KEFAUVER. That is not a theory; that is an actuality. They ought not to apply a theory where there is an actual experience.

Mr. HICKENLOOPER. Then they translate that figure in the next paragraph and estimate it at 15½ cents.

Mr. KEFAUVER. That is like making a charge in a headline, and then farther down in the article saying that the headline is not right, and what is meant is actually something else. I am sure that the Senator will agree that if they wanted to get an actual comparison in the table they would have used 15½ cents.

Mr. HICKENLOOPER. They do use that figure.

Mr. KEFAUVER. But only in fine print away down below, not in the comparative table.

At any rate, Mr. President, some criticism is made by the Senator from Arkansas that at present TVA is charging a certain amount for power at Paducah. The fact is that TVA now has only four units in operation at Paducah. The Atomic Energy Commission must have a large excess of firm power. They asked TVA to get firm power at whatever price they had to pay for it, so as to be able to continue their operations. But when the final operation comes, the TVA price has been reduced and will probably be reduced further at Paducah, to 3.56 mills per kilowatt, as my colleague from Tennessee stated. The Atomic Energy Commission hopes that the Joppa plant may be able to sell its power at 4.2 mills per kilowatt. Many persons think it is a rather optimistic hope. The Joppa construction program had high costs; it was slow getting into operation, and the power will cost much more.

Quoting further from the editorial in the Washington News——

Mr. GORE. Mr. President, will the Senator yield further?

Mr. KEFAUVER. I yield.

Mr. GORE. Before the Senator reads the editorial I should like to ask him this question: Is it not correct that within the charges for electricity which the TVA makes to the Atomic Energy Commission there is a sufficient amount for depreciation and also a net return or from 4 to 5 percent, and that out of the net earnings the plant itself will be amortized?

Mr. KEFAUVER. That is correct.

Mr. GORE. So that in this comparison, taking the lowest figures that are submitted to us, the taxpayers of the country would save more than $90 million in the cost of power, but, at the same time, this will permit the complete repayment of the cost of the plant. At the end of the period the taxpayers will have recovered the complete cost of the plant and saved themselves more than $90 million, by the lowest estimate, and still have the plant completely paid for and ready to continue production.

Mr. KEFAUVER. The Senator is entirely correct about that. I think the argument that at the end of 40 years, or whatever the depletion time is, the property will not be worth anything, is not fully correct, because these great steam plants are wonderful structures. Steam plants are now constructed with more modern boilers and burners. The stacks and all the underground operation will still be there, so that a modern steam plant, built with the ability to replace parts from time to time, to keep it modern, according to engineers with whom I have talked, will continue to have a large value even after it has been fully amortized.

Mr. DOUGLAS. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I yield.

Mr. DOUGLAS. Is it not true that in addition to the amortization of the physical investment, TVA has paid into the Public Treasury additional sums which will be more than sufficient to meet the interest charges on long-term borrowings by the Government, and that this is in addition to the amortization?

Mr. KEFAUVER. That is correct. That is what the record shows. It is correct if the TVA is allowed to operate efficiently. Of course, if we are going to hamstring it and force it to buy high-priced power, to build lines across the Mississippi River, and put it into such a position that it cannot continue to serve its customers and is afraid to expand, then I must say that Congress should not blame the TVA if it is unable to meet its obligations.

Mr. DOUGLAS. The critics of TVA sometimes advance the argument that since the TVA is not contractually bound to pay interest in addition to the amortization of the capital investment, therefore TVA is receiving a favor. But, as a matter of fact, does not the record indicate that the surplus earnings turned back into the Public Treasury have been more than equal to the long-time borrowing costs of the Federal Government, so that even though TVA may not be contractually bound, it has nevertheless performed?

Mr. KEFAUVER. The Senator is correct.

Mr. HILL. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I yield.

Mr. HILL. The Senator was referring a little while ago to the table on page 10379 of the RECORD of Tuesday, July 13, which I understand was compiled by the Atomic Energy Commission. Is it not interesting that in a table in which the Atomic Energy Commission is seeking to show what might be called a difference of cost of production between the Dixon-Yates proposal and the TVA Paducah contract, the Commission sets forth a price of 19 cents per million B. t. u.'s for fuel costs? Was that because the Commission was trying to show that there was not much difference between the TVA cost and the Dixon-Yates cost, whereas, in subdivision (h) on the same page the Commission shows 15½ cents as the fuel cost because it is trying to show how much the TVA was charging the Atomic Energy Commission?

Mr. KEFAUVER. Yes.

Mr. HILL. Where the Commission was trying to establish how little difference there was it showed the 19-cent cost for both, and where it was trying to show that the TVA was charging the Atomic Energy Commission too much, it used the lower figure of 15½ cents.

Mr. KEFAUVER. The Senator is entirely correct. That was brought out a little while ago by the distinguished Senator from New Mexico [Mr. ANDERSON].

Mr. GORE. Mr. President, will my colleague yield?

Mr. KEFAUVER. I yield.

Mr. GORE. I asked the Senator to yield because I think we have one real prospect of support seated to my left, and I wish to use this moment to cast another bit of enlightenment upon this unjust proposal. I shall not identify the Senator, but I wish——

Mr. THYE. Mr. President, may I ask in which position the Senator from Tennessee is standing? He refers to the Senator on his left, and I should like to be certain who that Senator is.

Mr. GORE. I am revolving at this moment, but I must say that I have pinned some hopes upon my distinguished colleague from Minnesota as well as upon certain other Senators. With the indulgence of my colleague from Tennessee I have pointed out that the Bureau of the Budget, the Atomic Energy Commission, and the Federal Power Commission compared two proposals. Let us not be confused by extraneous comparisons. One was the proposal for TVA to build a plant on one side of the Mississippi River, 35 miles north of Memphis; the other, the Dixon-Yates proposal of a contract with the Atomic Energy Commission.

I have spoken of the savings. This is not fictitious; this is what was submitted to Congress by the agencies of the Government. Thus they are agreed on the estimates. TVA estimated its savings to the taxpayers at more than $5 million a year, even though during the life of this contract the taxpayers would save more than $90 million, by the lowest estimate, and at the same time the plant would be paid for and owned completely. But there is this important additional fact. Someone will say, "Oh, but it is a private concern that will be paying taxes." Mr. President, this is an unusual proposal. It is remarkable. The directive to the AEC is to negotiate an unusual contract. The Atomic Energy Commission is directed to enter into or to negotiate a contract, by which the Atomic Energy Commission would reimburse the private corporation for all of its taxes, municipal, county, State, Federal, ad valorem, excise, income, and fees.

The PRESIDING OFFICER. Did the Chair understand that the senior Senator from Tennessee had yielded the floor?

Mr. KEFAUVER. No; I yield for a question.

Mr. GORE. Does my colleague agree with me upon those observations?

Mr. KEFAUVER. I agree with my colleague. I agree also that the Federal Government would be stuck, no matter how high the county might raise the ad valorem tax. It could be raised to double or higher. Contractually, the Fed-

eral Government would be stuck with whatever taxes had to be paid.

Mr. GOLDWATER. Mr. President, will the Senator yield for a question?

Mr. KEFAUVER. I yield.

Mr. GOLDWATER. I have an understanding that I will occupy the chair within a few minutes. I was occupying the chair during a part of the Senator's discussion on this subject. I desire to ask one or two questions before I resume that honorable position.

It is true, is it not, that the TVA wanted to build a steam plant above Memphis at one time?

Mr. KEFAUVER. Yes; at a place called Fulton, Tenn.

Mr. GOLDWATER. North of Memphis.

Mr. KEFAUVER. TVA asked authority to build a steam plant at Fulton, Tenn.

Last year the TVA appeared before the Appropriations Committee. At that time it was said that the need for additional electricity would be considered, and a decision would be made this year. This year, again, the TVA asked for authority to construct a steam plant, and that is when this proposal came up.

Mr. GOLDWATER. I wish to ask the Senator if the proposed contract, which I understand has not been entered into yet, does not suggest, in effect, a wheeling agreement?

Mr. KEFAUVER. No, I do not think it is a wheeling agreement at all. It is a proposal which will make it impossible for the TVA to have its own sources of supply for its own power. It is an effort to cut off the TVA power supply. It is not a wheeling agreement.

Mr. GOLDWATER. Is it not true that the agreement, if it should be entered into, would be precisely the same type of wheeling arrangement which, for instance, is in existence in Arizona and, I am certain, in the other States contiguous to Arizona, which use power from Hoover Dam, Davis Dam, and Parker Dam, the power being wheeled out of a pool, with both private and public generating sources contributing to the pool?

Mr. KEFAUVER. This proposal has no similarity to the situation described by the Senator from Arizona, because the testimony is that not one kilowatt from the proposed steam plant would ever reach the AEC.

Mr. GOLDWATER. But, as I understand, power generated from the steam plant would be put into the pool or into the wheel at Memphis. A kilowatt generated at the steam plant might not wind up in Paducah, but a kilowatt generated at the TVA could wind up at Paducah, relieving the kilowatts generated at other places for use throughout the system. Is not that correct?

Mr. KEFAUVER. No. Every kilowatt produced at Paducah comes directly from the TVA steam plant there.

Mr. GOLDWATER. I do not think the Senator quite understands what I am getting at. I want to make certain.

Mr. KEFAUVER. The TVA has its Shawnee plant at Paducah, where every kilowatt produced would go directly to the atomic energy works.

The proposal in the bill is simply an effort to let private power companies become a source of supply for the TVA.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a comment on that particular point?

Mr. KEFAUVER. I yield for a question, or for whatever I may yield.

Mr. HICKENLOOPER. I shall be glad to couch my comment in the form of a question.

I will ask the Senator if the Johnsonville steam plant was not sold to the country and to the Committee on Appropriations on the theory that it was urgently needed for the Atomic Energy Commission; if it is just as far away as the West Memphis plant; and if not a kilowatt of electric energy from the West Memphis plant ever goes into the atomic-energy plant in the northern part of Tennessee, by the same token not one kilowatt of Johnsonville production will ever get into the atomic-energy plant. Yet, that was the theory upon which the Johnsonville steam plant was sold to the Committee on Appropriations, and the TVA has been practicing a replacement power policy for years.

Mr. KEFAUVER. I think the Senator is mistaken about that. I shall have to disagree with him. I was in Congress when the Johnsonville steam plant was built. The facts were that if the TVA was going to be able to have sufficient power to meet its commitments around Knoxville, where the Oak Ridge atomic energy plant is located, and also its growing commitments in middle and west Tennessee, there had to be additional power, there had to be additional facilities. So it was for the general power needs in the area that the new Johnsonville plant was built.

The point about the proposal before the Senate is that the Dixon-Yates contract would not affect one iota the operation of the TVA at Paducah in furnishing power to the atomic energy works there. The TVA will continue to furnish exactly what it has been furnishing there from the Shawnee plant.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. KEFAUVER. I yield.

Mr. GOLDWATER. May I ask where the great need for power is at present in the TVA grid or pool? Is it at Paducah? Is it at Memphis?

Mr. KEFAUVER. The great need is in the Memphis area.

Mr. GOLDWATER. Would it not be more sensible to build a new plant near Memphis than to build another steam plant near Paducah, and have to push that power to Memphis? Would not that be wiser?

Mr. KEFAUVER. That is what the TVA has been proposing. The TVA desires to build a steam plant at Fulton, Tenn., in order to take care of its customers.

In that connection, last year the TVA asked for such authority, and did so again this year. As a matter of right and law, the TVA should be able to operate its organization so as to itself meet the increasing demands of customers in this area, just as any other utility does. The TVA wants to build a steam plant near Memphis.

What is being done in this case is something which has no relation to Paducah, because it does not cut down the amount of energy which would come from the TVA steam plant there. It is simply that private power companies want to get into the power business in west Tennessee.

Mr. GOLDWATER. That leads me to what will be my final 1 or 2 questions, because I am already 1 or 2 minutes beyond the time when I am scheduled to relieve the Senator from Maine as the Presiding Officer.

Is the TVA system operating at any lesser percentage of its total capacity today than it was, say, in the fall of 1952?

Mr. KEFAUVER. The TVA system is operating very near its total capacity. Its officials tried to keep out of operation certain small old steam plants which are very expensive to operate for the generation of power. The TVA, however, is operating very near its capacity.

Mr. GOLDWATER. The Senator from Arizona was presiding over the Senate when he heard the Senator from Tennessee, during a certain colloquy, remark about the promises made by the President of the United States, then Candidate Eisenhower, to the effect that the TVA would maintain its present rate of production, or that TVA would not be interfered with. The Senator from Tennessee said that if the proposed contract were entered into such action would be dishonorable. In view of the fact that present capacities are being utilized, I am at a loss to understand the concern on the part of the Senators from the Tennessee Valley area, over the fact that a private group has come along and said, "Because Congress, in its wisdom, has said there will be no more steam plants for the TVA, we will provide the people of that area with the additional power." I should like to remark that I do not feel it is right to criticize the President of the United States on the floor of the Senate for something which has not happened, and, from all indications, is not about to happen.

Mr. KEFAUVER. I hope it will not happen again that the contract under discussion will be signed. But let me say it is not only those but we from the Tennessee Valley area who are criticizing the President; the President's best friends are criticizing him for the deal that is about to be put over. The great Scripps-Howard newspapers, which are published in Tennessee and throughout other sections of the United States, and which have always supported the President, are criticizing him. The New York Times, the Chattanooga Times, the Washington Post, the Milwaukee Journal, and other newspapers all over the Nation, as well as the President's own Atomic Energy Commission, are criticizing him.

Make no mistake about it, the purpose of the proposed contract is to put the TVA at the mercy of private power companies, who have always wanted to chip it off, raise the rates, and obtain business in some of the territory of west Tennessee. The companies are going a long and expensive way around in order to accomplish those purposes. I say it is outrageous. It is not in keeping with

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the President's promise. It is not in keeping with the solemn pledge which he gave to the people of Tennessee. It is a perversion of the Atomic Energy Act to allow the Commission to be used for something for which it was never formed. The Commission was never supposed to go into the business of furnishing power to the Tennessee Valley area and the people of Tennessee, and any amount of strained construction cannot make it that way.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KEFAUVER. I yield to my colleague from Tennessee for a question.

Mr. GORE. One of my prospects has departed from the Chamber, but as long as I have one, I wish to point out to him, and also to point out to my friend the Senator from Arizona, whom I do not regard as a prospect for support on this issue, that I have approached this question not only as a Senator from the Tennessee Valley area but I have said that the question of TVA in this matter was secondary. I think there is a broader question involved. There is at stake and at issue the question of the independence and integrity of the whole structure of independent agencies of this Government. Here is the most vital single agency in the entire free world, with the power of the atom, and perhaps our defense, in its hands. This vital agency has been prostituted to a purpose unrelated to its program.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. GORE. I shall in just a moment. I want to be courteous to the Senator from Arizona, even though I do not regard him as a prospect. I hope I have one other Senator under conviction.

The Atomic Energy Commission has not requested this additional power. Who has requested it? The TVA did not request this plant. The people of Memphis did not request the plant. Who did request it? I know of no request of record. However, we are told it was proposed by certain individuals to the Atomic Energy Commission. What did that Commission do? Three out of the five commissioners took the position that the proposal was beyond its legal authority and beyond the scope of its program. I am not sure whether they also said it was against the public interest. Three out of the five commissioners took a position against the proposal. Yet they are ordered—they are directed—to undertake something beyond their program, beyond the needs of the Commission, and beyond any responsibility which the Congress has ever assigned to it. If that can be done to the Atomic Energy Commission, what will prevent a similar thing being done to the Federal Communications Commission, the Federal Trade Commission, and other independent or quasi-judicial bodies?

Mr. CAPEHART. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the senior Senator from Tennessee yield the floor, or does he yield for a question?

Mr. KEFAUVER. I yield for a question.

Mr. GORE. I ask unanimous consent that the Senator from Tennessee may yield in order that I may respond to the questions of the distinguished Senator from Indiana.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. GORE. I made a unanimous-consent request.

Mr. GOLDWATER. I am a little overdue in the chair.

Mr. GORE. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from Arizona.

The PRESIDING OFFICER. Does the Senator yield for that purpose?

Mr. KEFAUVER. Yes; I yield for the unanimous-consent request.

Mr. GOLDWATER. When the junior Senator from Tennessee was drawing the parallel between the golf ball and the egg, I got the yolk.

Mr. GORE. I hope the Senator benefited from it.

Mr. GOLDWATER. I do not get the yolk for this particular point because I do not see how AEC is any more involved as a power broker when it is acting in this capacity than is REA when it contracts, under the same conditions, to handle power.

Mr. GORE. I should like to point out that the REA is a power agency. Let me point out, on the contrary, to the Senator how nebulous is the color of authority for doing what is being done. Last year the Atomic Energy Commission asked for an amendment to the Atomic Energy Act. The Commission's reason for asking for an amendment was that the private concerns which had joined together to construct a plant near Paducah, Ky., called the Joppa plant, were having difficulty selling their bonds, because there was no specific provision in the act relating to that particular contract and the cancellation clause. When the proposed amendments were submitted to the joint committee, I am told that it read as follows:

> The Commission is authorized, without regard to section 3679 of the Revised Statutes, as amended, to enter into new contracts.

I shall not read the whole section. The committee wanted to pin the authority down. The committee did not think that the authority granted should be too broad. How did the committee make it read? By specifying the AEC facilities by name.

I believe I am correct in saying the following is the procedure, if my colleagues will look at page 79, line 17 of the bill:

> The Commission is authorized in connection with the construction or operation of the Oak Ridge, Paducah, and Portsmouth installations of the Commission—

And, mind you, those were specified by the amendment of the committee.

When the amendment was reported by the committee, the vice chairman of the joint committee, the distinguished Senator from Iowa [Mr. HICKENLOOPER], told the Senate that one of the purposes of the amendment was to keep the Atomic Energy Commission out of the power business. Now this term "in connection with" is so stretched that they propose to make a contract with a concern that has not even been formed, and to put into business more than 200 miles away from the nearest one of these plants, and give it a guaranteed profit and immunity from all taxes for the purpose of producing power for TVA. I say that is the second largest question involved.

The first, I think, is the integrity and independence of not only this independent agency, but all the others.

The second is the stretching of the meaning of an amendment to a provision of law far beyond the intent of the Congress and beyond any reasonable interpretation.

Mr. GOLDWATER. Mr. President, if the Senator from Tennessee will yield for a moment, let me say that, in statements before congressional committees and in statements in public, officials of the TVA have said in complaining tones that the AEC is using up too much of their power, and that it was at the Government's request that the AEC be furnished power. The plant at Paducah—I keep going back to this point—furnishes power for the AEC. If the AEC needs more electricity, it is more economical, in my opinion, to wheel the power from some place near, where there might be an overage, and build a plant at Memphis, where the power is needed at the present time. That is all this amounts to, and I think, under the amendment the Senator from Tennessee read, the authority is there.

Mr. GORE. I know the Senator from Arizona sincerely believes that, but the testimony before the joint committee does not bear it out at all, nor does the Bureau of the Budget statement, nor does the statement of the experts who appeared. The purpose of this contract, as specified, is to furnish power to the Memphis area.

Mr. GOLDWATER. I understand.

Mr. GORE. None of this power is for the Atomic Energy Commission. There is no wheeling, there is no replacement, there is no question of need at Paducah for this additional power. That plant is supplied with a firm contract.

Mr. GOLDWATER. The Senator says this private power will not be put into the wheel, at all——

Mr. GORE. It is so testified.

Mr. GOLDWATER. Does the Senator say it will not be put into the wheel at all?

Mr. GORE. I am not sure I know what the Senator from Arizona means by "wheel."

Mr. GOLDWATER. I mean the power is taken from the plant producing it, and is put into the general pool. In the West we are forced to do that; and we have worked it out on a two-way-street basis, whereby the power from the Government plants is put into the wheel and the power from the private utility plants is, also.

Mr. GORE. I do not have the exact quotation at hand, but I shall cite it to the able Senator from Arizona. Commissioner Smyth testified that, technically, not one kilowatt of this power will ever be used at an atomic facility.

Mr. GOLDWATER. I think the Senator from Tennessee misunderstands the term "wheel." I shall be glad to explain it to him privately, as I use it.

In conclusion, I wish to thank both the Senators from Tennessee.

In view of the fact that the Senator said the big Tennessee newspapers are against this proposal, I wish to say that we in the West find the bigger the calf gets, the harder it is to wean; and they bawl down there, just like a big calf does when we try to take it away from its mother.

Mr. GORE. Which calf is the Senator from Arizona talking about?

Mr. GOLDWATER. The calf's name is Tennessee Valley Authority—a beautiful, big calf that is growing fatter and fatter—at the expense of the taxpayers.

Mr. GORE. But that is not the question involved here.

Mr. GOLDWATER. I agree with the Senator from Tennessee.

Mr. GORE. I have been trying to indicate that this matter involves questions which, in my opinion, are more important than the TVA—important as I regard it.

Mr. GOLDWATER. I agree with the Senator from Tennessee. I could not agree more with him; and I am sorry to hear the TVA keeps creeping into his matter. The whole debate so far has been on the TVA.

Mr. GORE. I think it is a smokescreen.

Mr. GOLDWATER. The whole debate so far has been on the TVA, not on the proposed amendments to the Atomic Energy Act, or even on the contract—which I agree with the Senator from Tennessee might stand some scrutiny.

Mr. GORE. I assure the Senator from Arizona that, in any statement I have made on this matter, I have approached it from the point of view I have just described.

Yesterday almost all the debate seemed to put the TVA on trial. Well, the TVA was acquitted, though not at issue.

The question here at issue is this improvident contract and the subversion of the Atomic Energy Commission to a purpose unrelated to its program. So I am delighted to join the able Senator from Arizona in putting the matter on that basis, and when I address the Senate tomorrow, I shall attempt to confine my remarks to this level.

Mr. GOLDWATER. I shall be here to hear the Senator from Tennessee.

Mr. CAPEHART. Mr. President, I should like to say to the junior Senator from Tennessee [Mr. GORE]——

The PRESIDING OFFICER. Does the senior Senator from Tennessee [Mr. KEFAUVER] yield for that purpose?

Mr. GORE. Mr. President, I obtained unanimous consent for that.

The PRESIDING OFFICER. The Chair will state that if the present occupant of the chair continues to be in the chair much longer, he will insist upon the regular order, and will insist that a Senator having the floor may yield only for questions.

Mr. CAPEHART. Mr. President, I shall ask a question.

First, I am sure the able Senator realizes that all of us are very, very fond of Tennessee; we love the Senator very much.

Mr. GORE. I thank the Senator.

Mr. CAPEHART. I am sure the Senator from Tennessee is aware of that; is he not?

My second question is, "Why do you in Tennessee and in the Tennessee Valley insist on expanding everywhere? Why are you not satisfied with what you have? Why do you wish to take in the entire United States? We are very happy that you have the Tennessee Valley and TVA. Why do you not confine it to Tennessee? Why, whenever the matter of expansion of the TVA comes up, do you go right into action? Are you afraid we are going to take the TVA away from you? We are not going to do that, but we are going to be opposed to this expansion of TVA. Regardless of what the able Senator may have said a moment ago, my best judgment is that this whole fight is over the fact that private industry wishes to put in a plant near Memphis. If that is not true, I wish the able Senators from Tennessee would so state.

Mr. GORE. I thank the Senator from Indiana, for whom I have a high regard.

Mr. CAPEHART. I thank the Senator from Tennessee, and I know that is true.

Mr. GORE. I think he may be surprised at my reply. I am opposed to expansion of the TVA service area. The task of securing sufficient generating capacity for the present service area of the TVA is a man-size job for the representatives of that area, I assure the Senator from Indiana. There is no disposition on my part, nor do I know of a disposition on the part of any Senator from the area or any Representative from the area to expand the service area of the TVA. Many persons misunderstand and believe that we are attempting to expand the service area of the TVA. The other day, when the President of the United States referred to the expansion of the TVA, I fear that many persons thought his reference was to expansion of the service area. There is another type of expansion. It so happens that the same word is used in both instances. I refer to the expansion of generating facilities within the area to meet the growing needs of the area. It is this latter expansion about which I have been concerned. I do not want to see the service area of TVA expanded. In his press statements the President referred to the fact that the proposed TVA plant on the Mississippi River would be on the periphery of the TVA area, and that therefore there was some indication that TVA wanted to push its service area across the Mississippi River. I have never heard any indication that TVA wants to cross the Mississippi River to expand its service area, and I will resist it if that ever happens.

The proposed private steam plant, subsidized and guaranteed a profit, with reimbursement of taxes, is on the periphery of the service area of the Arkansas Power & Light Co. In this instance the proposal is for the private power combine to cross the Mississippi River into the TVA service area. That is important, but I would list it as third in importance among the questions before the United States Senate. Does that answer the Senator's question?

Mr. CAPEHART. Why is the Senator opposed to the private plant?

Mr. GORE. I shall be very glad to relate the reasons briefly. I shall relate them at considerable length, I hope, tomorrow.

First, the Atomic Energy Commission is being ordered, over its objection, to make a contract by which the AEC will become a power broker. I think we ought to keep the Atomic Energy Commission at the job of controlling the atom. I think it has sufficient functions in that regard.

Mr. CAPEHART. What the Senator really thinks is that it ought to buy all its power from TVA. Is not that what the Senator really thinks?

Mr. GORE. I wish I could talk to the Senator at length.

Mr. CAPEHART. I do, too. I have been here for 10 years, now, and have listened to the Senators from Tennessee. Every time any question arises which affects TVA anywhere, they rush into the fray.

My point is that we are delighted that Tennessee has the TVA. We want Tennessee to keep it. But please allow the rest of us in Arkansas, Indiana, Ohio, and other parts of the country to do things the way we like to do them.

We are happy to help Tennessee, and have helped Tennessee in the past. We appropriated millions of dollars to start TVA. We were happy to do it. There are other TVA's in the United States which we might help to get started. Once TVA is started, why are not the Senators from Tennessee happy and satisfied, and willing to leave the rest of us alone to work out our own problems, instead of trying to enforce public ownership of power on all of us? Some of us do not want it.

Mr. GORE. I appreciate the generous attitude of the Senator from Indiana——

Mr. CAPEHART. If I am mistaken, please tell me.

Mr. GORE. I know that the Senator from Indiana would like to be well informed on the subject. He indicated that my concern was that the Atomic Energy Commission buy all its power from the TVA. It so happened that at the time the Paducah plant was under consideration I was serving as acting chairman of an appropriations subcommittee on the other side of the Capitol. I conducted the hearings on the expansion of the atomic energy program, the construction of the plant at Paducah, and also the H-bomb plant at Savannah.

The question of power supply arose. At first the Atomic Energy Commission asked that the TVA furnish all the power. The junior Senator from Tennessee, then a Representative from Tennessee, did not make that suggestion. Later representatives of the Atomic Energy Commission came before my subcommittee and suggested that it might be able to secure one-half the power from a private power combine at rates equal to those available from TVA. I said, "Good."

Mr. CAPEHART. Congratulations. I am for the Senator.

Mr. GORE. I conducted the hearings. I led the debate--at least, I made the

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first speech, if that is leading the debate on the bill. I helped to pilot the bill through the House of Representatives. It then went to conference with the Senate and eventually became law. Through that action the private power Joppa plant was built to furnish one-half the power at Paducah.

Does that indicate to the Senator from Indiana that he was correct in his attitude that I was burning with a desire that the Atomic Energy Commission buy every kilowatt of its power from the TVA?

Mr. CAPEHART. The Senator stated a moment ago that there was a shortage of power in the TVA area. The Senator from Tennessee stated that power expansion was needed within the TVA area. That may well be true.

Mr. GORE. That is correct.

Mr. CAPEHART. The President of the United States wants to see a private powerplant built west of Memphis.

Mr. GORE. The Senator asked me why I opposed it.

Mr. CAPEHART. Yes.

Mr. GORE. I have given the Senator one answer, briefly. He asked me a further question. I now give him the second reason.

I think the Atomic Energy Commission, by complying with the order, would be breaking faith with the Congress and would be entering into a contract beyond the intent of the Congress when we enacted this law and beyond any reasonable legal interpretation of its authority.

The third reason——

Mr. CAPEHART. Does not the Atomic Energy Commission have to buy electricity somewhere?

Mr. GORE. The Atomic Energy Commission has all the electricity it needs at Paducah. This power is not for the Atomic Energy Commission. It is for Memphis.

I come to the third reason. This is an improvident and unwise contract, without competitive bidding. It is tailor-made, whereby 1 concern, and 1 only, can successfully compete.

Mr. CAPEHART. Would the Senator be in favor of it if the contract were thrown open to competitive bidding and half a dozen firms were permitted to bid.

Mr. GORE. If the Government needed the power——

Mr. CAPEHART. The Government, of course, never needs power, but industries need it.

Mr. GORE. If the Atomic Energy Commission needed power——

Mr. CAPEHART. The Atomic Energy Commission happens to be a governmental agency at the moment. It needs power.

Mr. GORE. If the Atomic Energy Commission needed power for its own program, and entered into a contract with due competition, I would support it. But those elements are not present.

Mr. CAPEHART. If the Atomic Energy Commission buys power from the private plant about which we are talking, and which is proposed to be constructed, that will release power which it is getting from some other source, to go in other directions, will it not?

Mr. GORE. That is not true. It was so testified.

Mr. CAPEHART. Is the Senator sure he understands how these powerplants operate, and the method of interchanging power? Perhaps I do not.

Mr. GORE. The able Senator and I have at least one thing in common. Neither of us would claim to be a power expert.

Mr. CAPEHART. That is correct; but I do know how power is exchanged.

Mr. GORE. The experts who testified tell me that there is no problem of wheeling or replacement. As a matter of fact, the statement of the Bureau of the Budget refutes that implication.

Mr. CAPEHART. I rose principally to say that, fond as I am of the two Senators from Tennessee, and of the State of Tennessee and its people, and happy as I am to see the great development in the Tennessee Valley in power, industries, flood control, and all that, I ask the Senators from Tennessee if they will not allow the rest of us in the United States to run our own business. Cannot the Senators from Tennessee and the people of Tennessee be satisfied with what they have? That is what I rose to say.

Mr. GORE. I appreciate the Senator's attitude. I am delighted with the opportunity to disabuse his mind of a few misapprehensions and some misinformation.

Mr. CAPEHART. I have been a Member of this body for 10 years, and that has been my observation, as a result of merely sitting and listening.

Mr. GORE. Have I not disabused the Senator's mind of certain misconceptions?

Mr. CAPEHART. The Senator has been here only a couple of years. I hope he is the exception to the rule.

Mr. GORE. Have not the answers which I have supplied the Senator been convincing?

Mr. CAPEHART. They have been fairly convincing. But here is a private plant going in west of Memphis. Every time the question of additional steam plants arises, the Senators from Tennessee go into action right there. The impression they leave with me is that they are afraid that we are trying to take TVA away from them.

Mr. GORE. I am afraid of that. I would not minimize the importance of this invasion of the TVA service area. I think this is the first step toward the dismemberment of the TVA service area. I think this private power combine is trying to grab the Memphis service area, but I do not list that as of first importance.

Mr. CAPEHART. It would be impossible to destroy all the power and the physical properties in the TVA area. The worst that could happen, which I think might well be a good thing, would be to have it sold to private industry and have private industry operate it and furnish the power, instead of the Government doing it. The people of that region would still have the physical properties and there would still be as much energy and as many lights available. I am happy and delighted that the Senator's State has all of that. However, my philosophy has always been and always will be that there are times for the Federal Government to step in and help get something started, but that when it is started the Government should get out and take the money and start something somewhere else, instead of expanding something all over the United States.

Mr. GORE. The people of Memphis were served some years ago by the private power combine. They put it to referendum and it was voted out 16 to 1. Now by this proposal the Atomic Energy Commission, which is not an electric power agency, is used as a tool to turn the people of Memphis over to the same outfit they had voted out by a vote of 16 to 1.

Mr. CAPEHART. It is really a fight between public power and private power, then.

Mr. GORE. It is not.

Mr. CAPEHART. Of course it is. Why should we try to fool ourselves?

Mr. GORE. That is a part of it, but let us not overlook the more important issues.

Mr. KEFAUVER. Mr. President, I enjoyed the colloquy between the Senator from Indiana and my distinguished colleague, and I believe my distinguished colleague has given very illuminating answers as to the bad points about the proposed contract. There is little I can add. However, I should like to point out to the Senator from Indiana that at an Appropriation Committee hearing, a number of representatives of private power companies operating around the TVA area testified that their relations with TVA have always been very pleasant, and that never once has TVA tried to expand beyond the service limit which Congress had itself fixed for TVA. The Senator from Indiana should bear in mind that Congress itself in 1939 gave TVA the responsibility of serving power in certain areas.

Mr. CAPEHART. Congress could have been wrong about it, of course.

Mr. KEFAUVER. If it is to be changed, let it be done directly, not by a perversion of AEC. Congress gave TVA a responsibility for a certain area, and TVA has never tried to get out of that area. I join my colleague in saying that if TVA ever attempted to do so, I would fight the attempt. However, if TVA has the responsibility of servicing that area, if TVA is to amortize its investment in 40 years, if it is to operate with the maximum efficiency, as the President of the United States promised it would, then I do not want the Atomic Energy Commission running TVA. Any utility ought to be able—and this is all we ask for the Tennessee Valley Authority—to anticipate the increasing demands of its customers, whether it may be gas or electricity, or whatever it may be, and they ought to be able to fill the demands of those customers. That is all we ask.

I believe the Senator from Indiana will agree with me that it is a matter of integrity in Government not to allow an agency, which never was organized to go into the power business, to build a plant for the purpose of furnishing it to TVA, when not one kilowatt of it would go to atomic-energy work. They have their own plant. They do not need the additional electricity in Paducah.

The main purpose of it is to place TVA at the mercy of private power companies in the purchase of power. That is not keeping the bargain. It is not fair for the agency, upon whom we place the responsibility of amortizing its investment in 40 years.

I should like to say something else. The Government has a great investment in TVA. It is a wonderful property. It is well constructed. It has been constructed cheaply. How anyone in Government now can want to destroy the Government's own property, in order to satisfy a few private power utilities I shall never be able to understand. That it would be destructive of the Government's own property, there can be no doubt. That they are trying to satisfy a private power utility is shown by the fact that no competitive bidding was asked for. The private power utility did not even see the specifications when it entered into the contract. The people of the United States, whether they live in the Tennessee Valley or elsewhere, are proud of TVA, and they certainly do not want it destroyed by some Government agency that is not even in the power business.

I do not ask Senators to take my word for it. Let me read from what some of the Commissioners of the Atomic Energy Commission have to say about it. They do not like this either. They do not want to be used in this fashion. I should like to read what two of the members of the Atomic Energy Commission had to say.

I read from the printed hearings at page 958:

DEAR MR. HUGHES: On April 15, 1954, the Chairman of the Atomic Energy Commission, Mr. Strauss, sent you a letter outlining an analysis of the negotiations for certain power to be furnished by Middle South Utilities, Inc., and the Southern Co.

Under this proposal, the Atomic Energy Commission contracting power would be used as a vehicle for the supply of 600,000 kilowatts of power in the Memphis area.

Interpolating, Mr. President: Not at Paducah, but in the Memphis area. To quote further from the letter:

With the knowledge of the other members of the Commission, we are taking this opportunity to bring to your attention our personal view that the proposed action involves the AEC in a matter remote from its responsibilities. In an awkward and unbusinesslike way, an additional Federal agency would be concerned in the power business.

The proposal under discussion is an outgrowth of the responsibility to the President's budget message under your letter of December 24, 1953, requesting the AEC to explore the possibility of reducing existing commitments of the TVA to the Commission. In the course of that exploration, it was determined to be unwise to disturb the AEC arrangements with TVA upon which our production schedules depend. Since that determination, the explorations have taken a different course.

The present proposal would create a situation whereby the AEC would be contracting for power not one kilowatt of which would be used in connection with the Commission production activities. The creation of such a contractual relationship would place upon the Commission a continuing responsibility during the 25-year life of the contract for stewardship in respect to matters irrelevant to the mission of the Commission.

It has been our observation in Government administration that arrangements which are obviously incongruous at the outset tend to become even less clear-cut because no one can foresee what contingencies may arise over a long term of years. In addition the proposed action certainly seems a reversal of the sound philosophy embodied in the community-disposal legislation recently sent forward to Congress. One motivation for that legislation was the desire to eliminate responsibilities not essentially involved in the Commission's sober and exacting principal mission.

Of course, if the President or the Congress directs the Commission to accept such a responsibility we will endeavor to discharge it fully.

The letter is signed by Henry D. Smyth, a member of the Atomic Energy Commission, and by Eugene M. Zuckert, also a member of the Atomic Energy Commission.

Mr. President, a third member of the Commission, Mr. Murray, testified about it a number of times. He is a distinguished engineer in private life. He is the one who worked out the proposal for the Joppa plant at Paducah. Let us see what Mr. Murray testified concerning it. At page 1004 of the hearings he said:

Since our program is not advanced by these negotiations and the subsequent administration of this 25-year contract, I do not believe that it is desirable for the Atomic Energy Commission to perform a function that another agency of Government could perhaps more logically perform.

Mr. President, we are not asking for expansion. We are asking only for Congress to give the Tennessee Valley Authority a chance. We are asking Congress not to allow some other agency to interfere with the business of TVA.

We are joined in that request by the members of the Atomic Energy Commission itself. It is not merely a case of the people and the newspapers of Tennessee hollering about it. The whole Nation is shocked by this misuse of the executive power. Editorials in newspapers all over the Nation are condemning it. If we cannot place responsibility upon an agency for performing its duty, then we are going to tear up the administration of our Government. How are we going to complain about an administrative agency getting into something for which it was never formed when we ourselves sanction it? We cannot blame the agency, because the majority of its members do not want to do it. I hate to see the atomic energy program handled in this kind of fashion.

I read further from an editorial which is published all over the United States:

This proposed contract might set a precedent that could make the AEC a power broker anywhere in the country.

It already has all the power it needs at Paducah from steam plants there. Now, it is proposed to build a steam plant to take over the business. Is it going to Los Angeles or wherever it wants to do some big favor to a private utility? Are we going to say to the Atomic Energy Commission, "You build a steam plant and let a private utility have the contract"?

Mr. KNOWLAND. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I am happy to yield to the distinguished majority leader.

Mr. KNOWLAND. I should like to ask the distinguished Senator whether he thinks the Atomic Energy Commission, as a public body with the highest type of priority, would have the right, under the preference provision, to require the supplying of power to the Atomic Energy Commission with an A–1 priority?

Mr. KEFAUVER. Yes, indeed. Whatever power the Atomic Energy Commission needs I want it to have. The Atomic Energy Commission has steam plants at Paducah which will soon be in operation and will furnish ample power there.

Mr. KNOWLAND. Is it not a fact that even at the present time the TVA is having to go outside its area to get power at wholesale rates to retail within the TVA area, because it does not have enough production?

Mr. KEFAUVER. At Paducah the atomic energy work has advanced more rapidly than at either of the steam plants. The TVA has made a schedule with Electric Energy, Inc., which has 4 units out of its 8 in operation. When the Atomic Energy Commission needed more power it has ordered the TVA to buy power to supplement the amount needed until the 4 units are in operation.

Mr. KNOWLAND. Is it not a fact that TVA has customers outside the TVA service area?

Mr. KEFAUVER. TVA has no customers outside the TVA service area except an occasional exchange of power back and forth with other power companies.

Mr. KNOWLAND. Is it or is it not a fact that the TVA has required some of its customers to take all their power from TVA under so-called exclusive contracts when it might be actually easier to get power from a nearby power source?

Mr. KEFAUVER. The contracts which have been entered into with the distribution systems in the city provide for the TVA to furnish all the power to that city. That is the way the cities have wanted it.

In connection with the furnishing of electric power in a city, it is very difficult to have two distribution systems. Anyway, that is the way they have wanted it done. In most cities one utility furnishes all the electric power.

Mr. KNOWLAND. I think it is true that distribution systems for obvious reasons are a monopoly, but where there is a public agency, such as a public utility district, which distributes the power locally, I think it is not unusual that they may have more than one source of wholesale power, so to speak, which they in turn distribute at retail.

Mr. KEFAUVER. That may be. It is my understanding that usually one company furnishes the power for a particular city-distribution system. In any event, under arrangements between the Commonwealth & Southern, with bonds issued under authority of the Congress, TVA brought the transmission lines and undertook the responsibility of being the power furnished for areas inside its service area. It has not gone outside its service area. It has good working relations with other companies. The Arkansas Light Co. is the sole supplier of electricity for its cities, as is the Mississippi Power Co. for cities in Mississippi. That is the custom in the area.

Mr. FERGUSON. Mr. President, will the Senator from Tennessee yield?

Mr. KEFAUVER. I yield.

Mr. FERGUSON. Does the Senator contend that the original idea of the Tennessee Valley Authority was to develop the resources of the Tennessee Valley?

Mr. KEFAUVER. Originally the TVA was created to develop the resources of the Tennessee Valley.

Mr. FERGUSON. The resources in the Tennessee Valley watershed?

Mr. KEFAUVER. Yes.

Mr. FERGUSON. Is it not a fact that the Fulton steam plant would be outside the watershed?

Mr. KEFAUVER. That is correct.

Mr. FERGUSON. How many years has the Senator been advocating the building of a steam plant at Fulton?

Mr. KEFAUVER. For 2 years, ever since the TVA recommended it.

Mr. FERGUSON. Up to this time Congress has not seen fit to appropriate Government funds to build that plant.

Mr. KEFAUVER. Last year the same question was raised about the need for the electricity, the number of hundred thousands of kilowatts needed, and there was more or less an understanding with the Committee on Appropriations that, if the need were shown this year, another look would be taken at the situation and provision might be made for the Fulton steam plant.

Mr. FERGUSON. Does the Senator feel that, if the plant which is being discussed tonight were authorized and built as proposed, it would not be necessary to build the plant at Fulton?

Mr. KEFAUVER. I think, frankly, that if the West Memphis plant ever is built, it would be a chip off that area.

Mr. FERGUSON. Yes; but is it not true that, if the west Memphis plant were built, it would not be necessary to build the Fulton plant outside the watershed?

Mr. KEFAUVER. The Fulton plant ought to be built in any event.

Mr. FERGUSON. That is not my question.

Mr. KEFAUVER. I should say that the TVA should have its own source of supply.

Mr. FERGUSON. That is not my question. I did not ask whether TVA should have its own source of supply. My question was this: If the plant at West Memphis were built, across the river from Memphis, it would then not be necessary, and there would be an inability to show the necessity, to build the Fulton plant, which is outside the area. Is not that true?

Mr. KEFAUVER. To my mind there would still be a necessity for building the Fulton plant, because I do not think the TVA should be ordered to enter into a contract with someone who has no lawful right to get into their business. However, I would not have the TVA sign such a contract; I would have them operate their own plant.

Mr. FERGUSON. The question was, It would not be possible to show the necessity for TVA power at Fulton, if there were a plant across the river, and the power were integrated into the TVA system. Is not that true?

Mr. KEFAUVER. Even if building of the West Memphis plant were the right thing to do, even if it were a good thing to do, and if it were entirely acceptable to the TVA to take electricity from it, that would take care of only one-half of the power needs. Another steam plant would still be required, by reason of the undisputed growth of the area. The increase is substantial. Seven hundred thousand kilowatts have been added a year. Six hundred thousand kilowatts from the West Memphis plant, if it were built, would only take care of the need until 1956.

The Fulton steam plant should have been appropriated for and started last year. The testimony was that for 1957, in addition to the 600,000 kilowatts, 750,000 more kilowatts of installed capacity would be needed, to prevent a power shortage in 1957. So the TVA need has actually been somewhere around 1,300,000 kilowatts.

Mr. FERGUSON. How much power is the TVA buying at present, or how much has it bought in the past year, from sources other than TVA powerplants, whether they be hydroelectric or steam plants?

Mr. KEFAUVER. I cannot answer the question. I understand that, because only four units have gone into operation at Shawnee, a large amount of power for the Atomic Energy Commission has been purchased on their orders. Otherwise, I understand there is exchange, back and forth, in the regular system. I simply do not know the amount.

Mr. FERGUSON. That being true, what would be wrong with getting more power from private sources? What is the evil which the Senator sees?

Mr. KEFAUVER. The evil, first, is with respect to the integrity of the agency involved, the Atomic Energy Commission.

The second evil is that the TVA would be placed at the disadvantage, eventually, of getting its power at high prices, thus making it unable to meet its obligations to the United States Government.

The third point is that the agency which has the responsibility, as a utility, of furnishing electricity in the area should be able to have some control over its own sources of supply.

If the TVA is required to buy power at rates which private utilities on the perimeter would charge, then the TVA as a going concern is finished.

Mr. FERGUSON. Does not the Atomic Energy Commission agree to pay to the TVA the price of the power which would be furnished into the lines of the TVA from the West Memphis plant?

Mr. KEFAUVER. It would be much higher than the TVA cost.

Mr. FERGUSON. But my question is, Do they not agree to pay to the TVA that price?

Mr. KEFAUVER. My understanding is that the TVA would be called upon to make substantial additional power available on its own. It would have to build a transmission line across the river and pay a higher price than that for which they could produce the power themselves.

There is a cancellation clause in the contract. If the contract were canceled, the TVA would be a sitting duck.

Mr. FERGUSON. Does the Senator contend that the United States Government has contracted, through legislation, that power must be furnished to everyone inside the Tennessee Valley watershed and outside that watershed at Government expense?

Mr. KEFAUVER. I only contend that in the act of 1939, as the Senator will recall, an attempt was made to work out an agreement between the TVA and Commonwealth & Southern, which would be satisfactory all around. The House Military Affairs Committee, of which the distinguished Senator from Alabama [Mr. SPARKMAN] was then a member, took the lead in trying to work out an arrangement, so that there would not be competing lines, runing over one another. Each would have its own area in which to operate.

Finally an arrangement was worked out whereby the TVA agreed to buy the transmission lines, and the cities agreed to buy the distribution system, thus completely buying out the Commonwealth & Southern properties in this service area.

Congress passed a law—and in the hearings, and in the maps, the area which was to be served by the TVA was described—which authorized the issuance of $65 million in bonds, so that the TVA could buy the transmission lines in west Tennessee all the way around, whether they were in the TVA river shed or not.

Mr. FERGUSON. Is Paducah in that area?

Mr. KEFAUVER. Paducah is in the Tennessee Valley area.

Mr. FERGUSON. Is it in the watershed?

Mr. KEFAUVER. It is in the watershed.

Mr. FERGUSON. Is Fulton in the watershed?

Mr. KEFAUVER. It is not in the watershed.

Mr. FERGUSON. Is Memphis in the watershed?

Mr. KEFAUVER. It is not in the watershed, but it is in the service area as agreed to by Congress.

Mr. FERGUSON. Is it not a fact that, under the proposal which has been made, the Atomic Energy Commission would pay the price which the new plant would charge for the electricity which went into the lines of the Tennessee Valley Authority?

Mr. KEFAUVER. That is not entirely clear, but I am quite certain it would be expected that the TVA should pay a substantial amount of the additional cost over the price for which it could make electricity itself; in other words, the very heavy cost of putting up cables and building a line to Arkansas, where there would be higher costs for coal, I believe, and higher taxes and other charges, which would go into the rate paid for electricity.

So the TVA would immediately have to increase its rates and would have to pay more. Then, of course, there would always be the prospect that the cancellation clause in the contract might be

invoked or the contract terminated, leaving the TVA without a source of supply.

Mr. FERGUSON. Does the Senator now say that the Atomic Energy Commission cannot cancel its option to take the priority of TVA power?

Mr. KEFAUVER. I take it that the Commission can cancel its option, if it wishes to.

Mr. FERGUSON. Would not the Senator say that, under the law, the Commission could exercise its option and take all the power it needed?

Mr. KEFAUVER. If it wanted to take all the power in the Tennessee Valley that it needed, no one would raise any objection.

Mr. FERGUSON. Does the Senator from Tennessee appreciate the fact that the junior Senator from Arkansas [Mr. FULBRIGHT] has indicated that there is evidence to show that the TVA has charged about $6 million a year in excess of the cost of the power it has furnished from Paducah to the atomic-energy plants?

Mr. KEFAUVER. I happen to know that the junior Senator from Arkansas is in error about that, because I have gone into some of the figures myself. The Senator from Arkansas may honestly believe what he has said, but there is a mistake in his information. None of us are experts on technical, intricate rate structures.

Mr. FERGUSON. But if that is the fact——

Mr. KEFAUVER. That is not the fact.

Mr. FERGUSON. If it is a fact.

Mr. KEFAUVER. I do not believe in proceeding on hypotheses.

Mr. FERGUSON. Let me give the Senator a hypothetical case, then.

Mr. KEFAUVER. Very well.

Mr. FERGUSON. Suppose what I have stated is a fact, and the TVA is repaying to the Federal Government money advanced for capital assets. Then, since the money comes from the Atomic Energy Commission, the Government would be paying itself the money it had loaned to the TVA, would it not?

Mr. KEFAUVER. In the first place, the TVA is charging a very reasonable rate, which is of great benefit to the Government, for the electricity which the Atomic Energy Commission buys from it, and we ought to thank God there is a TVA which has pulled down the rate.

Mr. FERGUSON. Can the Senator from Tennessee answer the question?

Mr. KEFAUVER. I am answering the question. The Senator asked a long question, and it takes a long answer. We ought to be thankful that the TVA has brought about low rates for the Atomic Energy Commission.

The answer is that the rates the TVA has worked out are very reasonable and low, much lower than the rates charged by Electric Energy, Inc., which is operating just across the river in Illinois. Upon the instruction of the Atomic Energy Commission, the TVA bought a great deal of power for which it had to pay a higher price. But when its 8 units are in operation at Shawnee, and its 8 units are in operation at Joppa, TVA's costs will be considerably lower, saving the Government many millions of dollars every year, and it will pay a considerably lower price than what Electric Energy, Inc., will be charging at Joppa.

Mr. FERGUSON. Does the Senator from Tennessee think he has answered the hypothetical question of the Senator from Michigan?

Mr. KEFAUVER. I think I have.

Mr. FERGUSON. The Senator thinks he has?

Mr. KEFAUVER. I think I have.

Mr. FERGUSON. Is it not also true that, as indicated in the hypothetical case, if $5 million to $6 million a year more is being charged than would be charged if the plant across the river from Memphis were built, as the cost is being figured there, if this extra amount is being charged, and is being figured in their profits, it amounts to a subsidy to the other users of electricity in the valley, and the taxpayers of the country are paying it because they are paying more than the cost of the electricity to the Atomic Energy Commission?

Mr. KEFAUVER. I simply cannot answer that question, because the premise of the Senator is incorrect, and the facts are incorrect.

Mr. FERGUSON. Let us suppose the facts are correct.

Mr. KEFAUVER. I am not going to answer a question when I know the facts cited in it are fictitious and not correct. The fact is that the Government would pay between $92 million and $137 million more for the power from the West Memphis, Ark., plant over the period of the proposed contract than it would if it got the power from the TVA. In the latter case, at the end of the contract the Government would own the steam plant and it would be in the hands of the TVA. If the proposed contract is put into effect, the private utilities would own the plant, after the Government had paid between $92 million and $137 million more for the electricity. I know that to be a fact according to the record.

Mr. FERGUSON. Does the Senator know whether the TVA, in figuring the cost at which it would be able to furnish the amount of power contemplated by the new plant, has figured in the same way that it figured with regard to its own plant?

Mr. KEFAUVER. I do not know. The figures are in the RECORD. The TVA might give a figure for what it can build the Fulton steam plant for and what the power would cost, which would be between $92 million and $137 million less than the power would cost if the other plant was built.

Mr. FERGUSON. Is it not true that if the TVA's figures are used, it can be ascertained that it is making $6 million profit on the power it is furnishing now?

Mr. KEFAUVER. It does not at all, and I should like to read an editorial which appeared in the Washington Post of today.

Mr. REYNOLDS. Mr. President, will the Senator yield?

Mr. KEFAUVER. Mr. President, first I ask unanimous consent to have printed in the body of the RECORD at this point in my remarks, a very thoughtful editorial published in the Washington Post of July 15, which I believe will give information which might be helpful, and which I believe specifically answers the questions asked by the Senator from Michigan.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

POWER BY SUBTERFUGE

It is distressing to have Senator FULBRIGHT add to the confusion over the administration plan to reintroduce private power into the Tennessee Valley. Mr. FULBRIGHT's interest in the construction of a new $107-million private powerplant at West Memphis in his home State of Arkansas is, of course, understandable. Moreover, there is a tenable philosophical argument, as this newspaper has previously acknowledged, over the merits of private power versus more Tennessee Valley Authority plants which would add to the Federal budgetary deficit. Unfortunately, this philosophical argument has been tardily presented and it does not, in our view, justify either the administration's course in this particular instance or Senator FULBRIGHT's stand.

Granted, as Senator FULBRIGHT complains, that there may have been some exaggerations by proponents of TVA. The Senator's case still seems to us to fall short on three counts:

1. Senator FULBRIGHT asserts that the private power contract would cost only $282,000 more a year than TVA power from a new Fulton, Tenn., steam plant—rather than the $3,685,000 estimated by the Atomic Energy Commission. Apparently Mr. FULBRIGHT arrived at his figure by assuming a 19-cent-per-million-BTU coal cost for both TVA and the prospective private plant. Actually, TVA has been paying 15.5 cents, and there is no assurance that the private combination could hold to a cost of 19 cents. Whatever figure is taken—the $3,685,000 AEC estimate or Mr. FULBRIGHT's $282,000—the private contract would cost more than service by TVA.

2. The private arrangement would make extraordinary use of the Atomic Energy Commission's authority to let 25-year contracts. AEC would be concerned very indirectly, indeed. Only by stretching interpretations to the limit can it be said that the private West Memphis plant, which would rule out the TVA Fulton steam plant, would replace TVA power furnished to the Atomic Energy Commission 250 miles away.

3. Mr. FULBRIGHT denies that the specifications for the new plant were rigged to favor the private Dixon-Yates group. "Rigged" is of course an ugly word. The fact has been brought out in the hearings, however, that the Dixon-Yates group did not even have the specifications at the time it submitted its proposal in April. The specifications later drawn, which had the effect of discouraging other bidders, conformed to the Dixon-Yates proposal. The result of the contract would be that a private company would end by owning a plant built with substantial Government help, with the Government assuming much of the risk, and that the power rate would be materially in excess of the TVA standard.

These seem to this newspaper matters of substance which Senator FULBRIGHT has not explained and which fully warrant the questions being acked on Capitol Hill.

Mr. KEFAUVER. I now yield to the Senator from Nebraska.

Mr. REYNOLDS. The junior Senator from Nebraska would like to ask the learned Senator from Tennessee a question, and in doing so I assure him that I am sincere in my desire to seek correct information.

Mr. KEFAUVER. I know the Senator is always sincere.

Mr. REYNOLDS. The Senator, coming from Tennessee, may be able to give me the information I desire.

Mr. KEFAUVER. We are very grateful to one of the great Senators from Nebraska for the contribution he made to our welfare, and we are also grateful for the support we have received from other Members of Congress from Nebraska.

Mr. REYNOLDS. I have been informed on many occasions, over a period of years, that at the inception of the TVA there was a well-defined understanding, if not an agreement, that the activities of the Tennessee Valley Authority, so far as they pertained to power, would be confined to hydroelectric generation, and that the Authority would not embark upon steam generation. Is that correct?

Mr. KEFAUVER. No, that is not correct. That question was ruled upon here on the floor of the Senate by the late Senator Vandenberg when a point of order was made by the distinguished Senator from Michigan on an appropriation for the New Johnsonvile steam plant which was built in Tennessee. The President pro tempore, the late Senator Vandenberg, ruled that the TVA was not limited to building merely hydroelectric facilities, but that it could build steam plants, and that such activity was within the purview of the TVA Act.

Mr. REYNOLDS. I referred not to the law, but to a well-defined understanding or agreement.

Mr. KEFAUVER. There was never any agreement. The TVA was given the responsibility, which it assumed, of furnishing electric power in the Tennessee Valley area. I will say to the distinguished Senator that all we are asking is that the TVA have its sources of supply for its own customers. That is all any utility ought to have. A utility which is put at the mercy of its competitors is in a bad way. What is being proposed is that the TVA be put at the mercy of private power companies, with regard to what they will want to charge. That would mean that the TVA would be unable to meet its obligation to the Government of paying back the investment in 40 years, and it would be the beginning of the end of the whole Tennessee Valley Authority. I do not think the distinguished Senator from Nebraska would want that to happen. In fact, I know he does not.

Mr. REYNOLDS. I simply asked whether there was such an understanding. I thank the Senator for his reply.

Mr. KEFAUVER. I thank the Senator for asking me. There was no such understanding.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the entire editorial entitled "Peddling Private Power Is No Job for AEC," published in the Washington Daily News of Tuesday, July 6, 1954.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

PEDDLING PRIVATE POWER IS NO JOB FOR AEC

The United States Atomic Energy Commission, whose sole job should be to maintain American atomic superiority for the safety of the free world, has been ordered into a ridiculous, costly sideline for the next 25 years.

It has been directed, over its own protest, to contract with private utility companies for a large amount of electric power to be delivered to the Tennessee Valley Authority—200 miles and more away from the closest AEC facility.

President Eisenhower issued the order. Presumably it was to prove what needs no proving: That this administration looks favorably upon private enterprise.

The President has directed that this unnecessary, dangerous and expensive gesture of friendliness to the private power industry shall be accomplished by AEC's signing a contract with Middle South Utilities, Inc., and the Southern Co. These two companies would form a third company to build a big new steam-electric generating plant at West Memphis, Ark., just across the Mississippi from Memphis, Tenn.

AEC told the Budget Bureau "the Commission did not agree on the wisdom of AEC entering into this type of contract." Three of the five atomic Commissioners opposed it. Among this majority was the outstanding exponent of private enterprise in the AEC, Commissioner Thomas E. Murray, of New York.

Although called an independent office of the Government, AEC passed the buck on the final decision to the White House. The President, through his Budget Bureau, decided in favor of the contract.

If this was a delegated decision by Mr. Eisenhower, then some subordinate has put him in an absurd position. If he acted with all the facts before his eyes, then he misinterpreted the facts.

He ordered the contract despite the fact that Budget Bureau and AEC figures showed power from the private concerns would cost the Government at least $3,685,000 more a year than power bought from TVA at Paducah, Ky. The chief difference was in the fact that TVA paid no taxes while the private company did, and TVA got its money at a cheaper interest rate than the private company. So, Mr. Eisenhower ordered AEC to pay all the private company's taxes; and the contract, if signed, would constitute a Government guaranty of the $100 million in 3.5 percent bonds the private company would issue to finance the plant.

The President's decision means that over the minimum period of the contract, the minimum excess cost to the Government of this power from this private source would be $92,125,000.

The basic fault of this proposed contract is that it forces the Atomic Commission into a field where it has no business being. TVA needs more power at Memphis, not the AEC. But AEC is being used as a reluctant power broker.

The next major fault lies in the waste of more than $92 million in Federal funds over the next 25 years. At the end of that time, the private power plant, completely paid for with United States tax dollars, will remain the property of the private companies.

The proposed contract would set a precedent which might be used in later years to make AEC a power broker anywhere in the country.

It would mean construction of a big power plant on a made-land site that could be flooded by the Mississippi River. And it may loose ashes, smoke, and sulfur on the clean city of Memphis.

It would commit the AEC, not the TVA (although TVA gets the power), to pay all the local, State, and Federal taxes of the company that builds and operates the West Memphis plant. This tax bill would make up the bulk of the $92 million excess cost.

AEC has authority to buy power it needs. It should not be forced to prostitute this authority to buy power for TVA.

If TVA is subsidized by the Government, as some claim, then what better beneficiary of this subsidy than our own atomic plants?

If it is decided that TVA shall get no more appropriations from the Treasury to build additional generating plants, then let AEC and TVA each fulfill its own power needs from private power sources at the cheapest possible rate.

The General Accounting Office has suggested that AEC's power needs be met by a contract let on an advertised low bid.

That sounds reasonable to us.

Mr. KEFAUVER. Mr. President, I wish to inform the majority leader that I have about a page and a half more remaining of my manuscript, which I should like to complete.

Mr. KNOWLAND. I shall wait for the Senator to complete his statement.

Mr. KEFAUVER. Mr. President, we cannot emphasize too strongly the absurdity of AEC's new role. It is a responsible agency. It had the authority to contract for power for its own plants; yet it obviously knuckled under to the tremendous pressure brought to bear on it.

Inasmuch as a majority of the Commission was opposed to this adventure, its position would seem to be something like that of an unconvinced groom at a shotgun wedding.

I do not pose as a utility rate expert, Mr. President, but one does not have to have specialized training to see something wrong in the historical progression of events toward this Dixon-Yates contract.

Let me review for a moment the background of the present situation.

Two years ago, the Tennessee Valley Authority proposed to the Bureau of the Budget that funds be recommended for the construction of a steam plant at Fulton, Tenn. That proposal was made after a survey by TVA engineers indicated that the load growth in the Memphis area would require additional power by 1957.

The Bureau of the Budget declined to forward such a recommendation to Congress, questioning the accuracy of the TVA estimate and suggesting further study of the situation.

A year later the Bureau of the Budget was willing to admit that TVA's original estimate was correct, and that more power was, in fact, needed in the Memphis area. It had corroborated the estimate by bringing in consulting engineers from the private utility companies. The information these engineers turned up, after a year of study, was the same information that could have been obtained in 5 minutes, if it had been asked for. There was an obvious power shortage in prospect for the area involved.

As data for the 1955 budget were being assembled the Tennessee Valley Authority again asked that funds for the Fulton steam plant be requested from Congress.

At that juncture the administration proposed that TVA be relieved of certain of its commitments to supply the Atomic Energy Commission's installation at Paducah, Ky. AEC was told to find another supplier for approximately 600,000 kilowatts of power annually, thus releasing that amount back into the TVA system from the Shawnee steam plant, near Paducah.

Testimony and statements given before various congressional committees reveal that an effort was made to obtain the 600,000 kilowatts from non-TVA sources.

The 600,000 kilowatts that was thus proposed to be restored to TVA was used as grounds for not requesting funds for the Fulton steam plant.

How was this power to be obtained for the AEC at Paducah? The plan was for AEC to contract with Dixon-Yates to build a steam plant in Arkansas, with AEC relying on TVA to bring the power up to Paducah over TVA lines. That would be a wheeling contract. That was the first plan.

An analysis of this plan disclosed that it would cost the Atomic Energy Commission an additional $2.9 million a year. AEC then decided it just could not swallow that extra cost.

Obviously, that should have been the time to ask for funds to start the Fulton steam plant. But the foes of TVA were not through yet.

It was at this point that the Dixon-Yates contract, as we now know it, took form. Dixon-Yates would build their plant in the Mississippi River bottoms at West Memphis, Ark.

The Atomic Energy Commission would then enter into 2 contracts—1 with Dixon-Yates, for 600,000 kilowatts, for which it has no use whatever; and another contract with TVA, to supply 600,000 kilowatts to the Paducah plant. What would be done with the spare 600,000 kilowatts? Why, put it into the TVA system at Memphis, where power is needed.

But what authority is there for such an unprecedented arrangement, Mr. President? Section 12 (b) of the act cannot possibly be stretched to cloak such an arrangement in legality. The immutable fact is that AEC is contracting for 600,000 kilowatts it does not need, and has to go into the brokerage business to get rid of it.

By the testimony of its own General Manager, the Atomic Energy Commission is saying that it will cost $3.6 million more a year to operate in the proposed manner than it would cost the Government to provide funds for TVA to produce power from its own facilities.

I submit that the proposed contract is not only illegal, it is wasteful and extravagant. Over its 25-year life it amounts to pouring $100 million down a rathole of favoritism. More than that, the contract denies local initiative and self-determination to the people of Memphis.

Mr. President, I am one who does not believe that even good things should be done by illegal means. But when the end product is bad, too, then the proposition is immoral from top to bottom. That, I think, is an accurate description of the proposed Dixon-Yates contract.

CONFERENCE OF GOVERNORS ON FEDERAL-STATE ROAD PROGRAM

Mr. FERGUSON. Mr. President, I ask unanimous consent to have printed in the body of the RECORD, an editorial entitled, "Ike Proposes a Road Plan," published in the Detroit Free Press of July 14, 1954. I think it is very appropriate that the editorial should be printed in the RECORD, so that all interested may read it.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

IKE PROPOSES A ROAD PLAN

President Eisenhower's proposal to the Conference of Governors that a joint Federal-State road program be undertaken, involving expenditures of $5 billion a year for 10 years, may sound startling in consideration of the money involved.

Actually it is not. When $50 billion, spread over a 10-year period, is related to the economic importance of adequate national transportation, the President's plan is not only a realistic one, but is almost a necessity.

It is an elementary fact that America today lives on and by its roads. And when we use the term roads, we mean not only transcontinental and interstate highways, but also the intrastate network; the farm-to-market secondary roads; the urban arteries and all the problems associated with them.

In the main, the Nation's highway system is inadequate. With a few notable exceptions, it was developed to meet the needs of a rural society. It grew as the Nation grew, to fit the pattern of a sparse and widely scattered population.

What improvements and changes have been made came early in the auto age. A generation ago the United States embarked on a road-building program which consisted, very largely, of surfacing and otherwise improving existing highways. It was all done without any definite, integrated plan and was intended to provide facilities for the approximately 10 million cars and trucks then in use.

Now the number of trucks and passenger cars has increased to around 50 million. And all that we have actually done to provide highway space for that greater number is to improvise.

Crowded roads, high incidence of traffic fatalities and damage, mounting costs of motor-vehicle operation, show conclusively that improvisation was not enough.

Today the Nation is spending more than $5 billion a year on its highways, but a major portion of that money is going into maintenance. Capital expenditures are far below that figure.

America prospered greatly as a result of the astronomical sums which we spent in building and modernizing our highways at the beginning of the automobile era.

We have failed to recognize that the money spent was not a permanent investment, but something that has to be renewed periodically as the Nation grows.

Industry does not make a capital investment and expect it to serve indefinitely. It keeps renewing it, replacing that which is worn out.

The United States of 1954 cannot permanently exist on the initial investment in its highways, made a generation ago.

Yet that is what we are attempting to do and we are paying a high price for the mistake. And with each passing year, the cost goes higher.

The President's plan is not a giveaway. It involves Federal participation and local self-help. The general planning would be on a high level—the Federal level. Administration would be more or less local.

This creates problems of its own, as the governors were quick to point out. Some of them renewed the demand that the Federal Government relinquish to the States some of its sources of highway revenues, and let the local groups carry more of the burden.

There is merit to this idea, provided that the States can be relied upon to carry their just share of the load.

When the administration's $966 million highway bill was passed in April, the Free Press challenged the distribution formula as failing to reflect need or to take into account local contribution. It was pointed out then that Michigan, for example, would receive less than one-half of what it paid to the Federal Government in highway taxes.

That suggests that some States are not meeting their responsibilities under the present system. There should be absolute assurance that under the President's program, whether the emphasis is placed on Federal grants or local control of revenues, each State will meet its obligations with due regard to national interest and that the pork-barrel principle is entirely eliminated.

Mr. MALONE. Mr. President, will the Senator yield for an insertion in the RECORD?

Mr. KEFAUVER. I yield provided I do not lose the floor, and the Senator's remarks will follow mine.

ACCESSIBILITY OF CRITICAL MATERIALS—MINERALS, MATERIALS, AND FUELS, SENATE RESOLUTION 143

Mr. MALONE. Mr. President, the U. S. News & World Report of July 9, 1954, carries an article of four pages of extracts from the Minerals, Materials, and Fuels Economic Subcommittee of the Senate Committee on Interior and Insular Affairs. The subcommittee report was authorized by Senate Resolution 143, dated July 29, 1953.

The report was submitted to the Senate by the junior Senator from Nevada, chairman of the subcommittee, on July 9, 1954.

I ask unanimous consent that the article appearing in the U. S. News & World Report be printed in the body of the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

WILL LACK OF MINERALS STRANGLE UNITED STATES IN WAR?

(Is the United States becoming a have-not nation? Must this country depend on Africa for uranium, India for manganese, the Middle East for oil? Or can it develop enough of these and other essential materials in its own backyard? What is the origin of United States minerals policies? Why are they considered risky? What was Harry Dexter White's role in this field? Answers to these and other questions are given in the report that follows. This report is the result of extensive investigations by a subcommittee of the Senate Interior and Insular Affairs Committee, whose chairman is Senator GEORGE W. MALONE, Republican, of Nevada. Following are extracts from the official text of the report on accessibility of strategic and critical materials, issued last week by the Minerals Subcommittee of the Senate Committee on Interior and Insular Affairs.)

For the first time in the history of the United States Senate, a Senate subcommittee was directed to conduct an overall investigation of the accessibility of critical materials to the United States in time of war, particularly as to its effect on the security of the Nation.

The testimony before the committee is alarming: To a very dangerous extent, the vital security of this Nation is in serious jeopardy. For many of our essential raw materials we are dependent on sources in far-off lands, many under the control of possible fickle allies or timid neutrals, some

veritably under the guns of our most probable enemy.

And what is perhaps a more devastating conclusion of this committee: None of this vulnerability need exist today; and long-overdue corrective measures should be undertaken at once.

RECOMMENDATIONS

Critical and strategic minerals and materials are vital to military security and expanding domestic economy. National survival in time of war depends on ample and uninterrupted supplies of * * * 77 * * * such minerals and materials. * * * To assure that imperative needs of the United States be met:

1. We recommend the closest cooperation between the nations of the Western Hemisphere, which is the only dependable source of the necessary critical materials in time of war. This area can be defended and can be made self-sufficient in the production of such materials. That the spirit of the 130-year-old Monroe Doctrine prevail in our relations with the nations of the Western Hemisphere.

2. We recommend that Congress insure that the regulation of foreign trade conforms to the principles of the Constitution laid down in article I, section 8 of the Constitution in assuring the American workers and investors equal access to American markets.

3. We recommend removal of our Nation's present dependency upon remote and possibly unfriendly or neutral areas of the world for the critical materials, without which we cannot conduct a war.

The only tin smelter in the Western Hemisphere is located in Texas City, Tex. The continued operation and maintenance of this smelter is essential to our security. The capacity meets our wartime needs.

4. We recommend increased depletion allowances to producers of critical minerals and materials as a further incentive to production.

Further studies should be made of the Canadian method of delayed taxation in connection with such critical mineral and material development.

5. We recommend acceleration of the Federal program of stockpiling critical and strategic minerals and materials to assure ready supplies in the event of war and coordination of this program with going concern production industries in the Western Hemisphere to assure continuation of necessary supplies under stress of war.

6. We recommend studies with a view to improving regulation of petroleum gas and coal resources and development to assure maximum availability of domestic fuels for both the peacetime economy and national security. Such studies should determine whether present regulations are unduly restrictive of our own resource expansion and reserves, and if so, regulations should be adjusted to maintain our self-sufficiency in these vital fuels.

7. We recommend increasing the new wonder metal titanium production goal to 150,000 tons annual minimum without delay. This is a military must. Contracts should be awarded by the Government to qualified concerns prepared to contribute toward this goal. Civilian demands are tremendous for this high strength-weight ratio, noncorrosive, nonmagnetic metal.

8. We recommend that goals for production of uranium fuel be made adequate to meet both military and civilian requirements. Hemispheric self-sufficiency in uranium fuels can be attained. A liberal, long-range market price must be maintained as long as Government control is necessary for security. A tremendous civilian potential use of uranium is assured, including nuclear power in industry.

9. We recommend a review of the work of the Securities and Exchange Commission by the appropriate committees of Congress to clarify its duties and responsibilities. It is recognized that the Commission should assure full and complete information to potential purchasers of securities, and that its responsibility does not include determination of feasibility. Such committee review should consider the advisability of a requirement that a thorough and confidential inquiry should precede any public announcement of an investigation of offered securities.

10. We recommend determination by the Congress through appropriate committees of the precise duties and relationships between the multiple (approximately 38) agencies and branches of our Government responsible for stockpiling operations of critical materials.

11. We recommend appropriations of $50 million annually to establish and operate a comprehensive 5-year program of laboratory, pilot plant and exploratory research into new uses, synthetics, substitutes, and replacements, and improved methods of beneficiation—preparation for smelting—of critical materials.

We approve the research and studies conducted by the Bureau of Mines on the low-temperature carbonization of coal and we recommend that adequate funds be appropriated to conduct extensive studies and investigations of ways and means to revive the coal industry. These funds should be made available to be used independently or in conjunction with responsible privately operated companies and organizations.

It is recommended that research be continued and that a large-scale oil-shale plant be built by industry in cooperation with the Government to advance the production of petroleum fuel on a commercial basis and which would be available in a war emergency.

12. We recommend rejection of international controls of production, prices, and supplies of critical and strategic materials unless by legislative action by the Congress of the United States.

FINDINGS

1. The Western Hemisphere will be the only dependable source of the critical raw materials in the event of an all-out world war.

The delivery of any such critical materials to this Nation across a major ocean during such a conflict will be highly problematical.

2. It is imperative to the security of this Nation and to the nations of the Western Hemisphere that they foster the greatest measure of self-sufficiency in the production of the critical materials.

It is vital to our domestic welfare, economy, and security that maximum economic production be maintained within our borders.

3. The Western Hemisphere can be defended.

4. The Western Hemisphere can be made self-sufficient in the production of the critical materials which are essential in war and in peace.

5. The economic production of many critical materials in this Nation can be materially increased and often doubled, trebled, or quadrupled under a sound, constitutional, legislative policy.

6. During the last two decades established procurement practices have dangerously increased our dependence upon nations across major oceans for the critical materials without which this Nation cannot survive.

7. Evidence is conclusive that we have become dependent upon overseas suppliers across such major oceans for many of such critical materials. We must avoid dependence upon an overseas supplier to the extent that he could suddenly render us impotent by withdrawing supplies of critical materials during a world conflict, or could use such dependence as a political or economic bargaining lever.

8. There is evidence that foreign nations neither keep the spirit nor the letter of the so-called trade agreements. In general they manipulate the value of their money system for trade advantage, utilize quota systems, trade permits, exchange permits, and export and import fees to vitiate any agreements.

9. To comprehend the economic approach to make us dependent upon foreign nations for our critical materials through the have-not philosophy, we must understand that less than 1 percent of the areas of this Nation has been included in geological investigations, only 12.7 percent has been geologically mapped and 31.1 percent topographically mapped by the United States Geological Survey; and that the Service started its mapping work in 1880.

10. The evidence indicates that Federal tax laws definitely retard the production of the critical materials in this Nation.

The 27.5 percent depletion allowance has materially increased the known reserves of petroleum and natural gas and if extended to other critical materials should increase the incentive to discover and develop additional supplies.

11. Testimony is conclusive that our domestic and foreign policies have been based on the false assumption that the United States is a "have-not" Nation insofar as the supply of critical raw materials necessary to this Nation in wartime is concerned. It has led the United States to become dependent upon foreign sources across major oceans for raw materials which could be produced within the continental limits of the United States and within the Western Hemisphere.

It has led to the expenditure of enormous sums of money and has caused the United States to underwrite foreign fiscal systems and world policies of nations whose friendship is deemed of great importance because of their control and possession of raw materials.

12. This misconception that we are a "have-not" nation has found wide acceptance by the public through confusion between the statistical and engineering terms, "proved commercial reserves" and "potential and latent resources," which include developed ore, probable ore, possible or inferred ore to designate supplies of ore in various states of development.

This confusion has led to predictions over the past two decades that we were exhausting our supplies of petroleum, iron ore, copper, lead, zinc, tungsten, mercury, and other critical materials, while it is well known that we have more proven commercial reserves than ever before in the history of this Nation.

In the meantime we have consumed more than the total quantity of the proven commercial reserves of two decades ago.

The potential latent resources or reserves are more than ever susceptible to discovery today by modern techniques and exploration methods, requiring only a financial incentive to be found.

13. The United States cannot possibly exhaust its present and potential fuels supply including petroleum and coal in the foreseeable future. The absolute necessity of going-concern industries cannot be overemphasized and is more than ever essential where materials cannot be stockpiled as with coal and petroleum. Testimony is conclusive that the petroleum industry is a thriving, going-concern business through the effect of continual increased market and of the tax considerations including the depletion allowance, but emergency dependence must be on the going-concern industry which is being severely curtailed by cheap fuel imports.

There are enormous oil reserves found in the shales of Colorado, Wyoming, Utah, Kentucky, Indiana, and Ohio as well as in Canada. It has been estimated these shales contain over 200 billion barrels of oil. Experimental work done by the Union Oil Co. and Bureau of Mines in pilot-plant opera-

tion shows that petroleum from this source is entirely practicable and that vast amounts of oil may be possible in the foreseeable future. The Green River formation in Colorado alone has been described as an area of 1,000 square miles with an underlay of oil shade 500 feet thick averaging a recovery of 15 gallons of oil per ton.

14. Oil is mineral aggregate that can be extracted at a profit. Through the constitutionally regulated foreign trade the incentive for risk capital necessary to develop additional reserves and establish going-concern critical-material industries will be available.

15. Mines once closed down require years of time and tremendous investments to reopen. With experienced workers and technical staff widely scattered, machinery liquidated, mines flooded and caved, much of our once available reserves destroyed, prospecting for new reserves is discouraged.

If the present policy continues our situation could be desperate in the event of an emergency requiring maximum availability of metals for our industrial plants.

16. An International Materials Conference was established in December 1950, by the State Department without the consent of Congress—in lieu of the International Trade Organization which Congress had already refused to accept. Any such International Trade Organization or International Materials Conference setting up an international organization to control distribution of the production and consumption of the world's goods can only serve to inhibit our own going-concern industries. The testimony showed that it depleted and retarded fulfillment of stockpile objectives.

17. Numerous administrative agencies and departments of the Government are involved in the stockpile program, or are set up to increase production of critical materials. They are largely independent of each other and none are charged with the complete operation. Many are not cognizant of the end objectives of the program or responsible for the end result. Instead, their activities are marked by confusion and delay, frequently defeating the intent of Congress.

18. Responsibility for the pattern of dependence upon foreign nations for certain critical materials and the trend from a civilian to a war economy is a matter of record.

The evidence shows that this country was led into the mistaken conclusion that according to the known reserves of critical materials including petroleum, tungsten, manganese, zinc, lead, and other minerals, "we would exhaust our supplies and they would be virtually depleted" within 2 to 12 years.

It was advised that we conserve our minerals and that we purchase such critical materials from foreign countries, principally Russia. This policy played a large part in our subsequent dependence upon farflung foreign nations for materials which are available to us in this Nation and contiguous and neighboring nations in the Western Hemisphere.

19. The Securities and Exchange Commission's purpose is to provide full and fair disclosure of the character of securities sold and to prevent fraud. Complaints were made that the discovery and development of new minerals was retarded by actions of the Securities and Exchange Commission in that it improperly attempted to determine the feasibility of an enterprise and in that public announcements of investigations of securities sales were made prior to confidential inquiries justifying such announcements.

The Chairman of the Securities and Exchange Commission assured the committee that "the Commission does not pass upon the merits of any security or feasibility of an enterprise offering securities for public sale." The Commissioner also stated that there would be no publicity given to any administrative investigations before the Commission authorized a public hearing or announces a public investigation.

20. Titanium production is a "must."

This Nation needs a minimum production of 150,000 tons of titanium annually. The manufacture of the proper type of military planes without this wonder metal is impossible. We are producing approximately 2,000 tons annually.

21. The industrial use of titanium, in addition to the military needs, could amount to from $5 billion to $10 billion annually in the near future. * * *

22. The commercial use of nuclear power could be the greatest potential source of improvement, starting in the desert and mountainous areas where other fuels and hydroelectric potentials are high cost or nonexistent.

23. A stockpile of each critical material must be maintained which, coupled with going-concern production within the Western Hemisphere, will be ample to meet the military and civilian needs. Such a stockpile can be decreased as the going-concern production is increased.

The availability of tin is a matter of deep concern to this Nation. The far eastern resources may well prove unavailable to the United States in any future war. The Western Hemisphere resources contained in Bolivia are more than adequate to meet the United States requirements. At present the United States Government is operating the only tin smelter in the Western Hemisphere. Recently efforts have been made to dismantle this smelter. Testimony received by the committee proves that this would be foolhardy and shortsighted. It is essential that we have a going-concern tin smelter in the United States capable of supplying the United States in the future and to supplement our stockpile requirements.

24. Laboratory research, pilot-plant experimentation, and exploration are important in the interest of national defense and must be implemented for new and improved methods of beneficiating critical materials and for new uses, substitutes, and replacements, and to facilitate the discovery of new reserves.

25. The evidence shows that there have been numerous approaches to fasten international distribution controls upon the production and consumption of the nations of the world, including this country.

The International Trade Organization offered to Congress was the first approach based upon the General Agreement on Trade and Tariffs. Congress did not accept it. The next approach was the International Materials Conference which was not offered to Congress. The last approach was a resolution by the Economic and Social Council of the United Nations on May 26, 1954.

STRATEGIC AND POLITICAL PROBLEMS AFFECTING THE ACCESSIBILITY OF CRITICAL MATERIALS

The military and political problems affect the accessibility of critical materials to the United States both in wartime and peacetime. These problems are further complicated by the striving by nations for trade advantage.

Military strategists heard by the committee on the areas of transportation available in wartime included Charles E. Wilson, Secretary of Defense; Robert B. Anderson, Deputy Secretary of Defense; Charles S. Thomas, Secretary of the Navy; Gen. Alfred H. Johnson; Gen. Albert Wedemeyer, Gen. Bonner Fellers, Gen. Carl A. Spaatz, and Maj. Alexander de Seversky.

Political experts included the Secretary of State, John Foster Dulles, and industrial operators in foreign areas and nations where political and economic unrest might threaten the availability of the critical materials in time of actual or pending war emergency.

Accessibility of critical materials in wartime includes ability to produce and to deliver such goods in the emergency—when the heat is on—when materiel and manpower is needed in other fields.

All substantially agreed that the Western Hemisphere would be the only dependable source for such critical materials in time of war and that deliveries from offshore areas across major oceans would be problematical, to say the least.

PRESENT SOURCES OF OUR STOCKPILE

It is from areas in Africa, Asia, and South America that this Nation has secured some 77 percent of its present stockpile of critical and strategic minerals and materials.

If ever the United States is to be vigilant, now is the time. We must recognize our greatest weakness is the dependency on very distant countries across the major oceans for the needed raw materials, without which we cannot fight a war or live in peace.

HAVE-NOT POLICY

Much of our present national policy is based on the assumption that the United States is definitely a have-not Nation in respect to a considerable number of vital and strategic raw materials, viz: that we have exhausted our minerals and ores.

This assumption is one of the greatest frauds and hoaxes ever perpetrated on the American people. It has had a sinister origin and has been perpetuated by various commissions, principally manned by economists, who, despite the pretense of detailed study, have failed to examine into the fundamentals.

These so-called experts, not experienced in problems of production, have had no actual production or mining experience but have relied on statistical material wrongly interpreted and consequently misleading.

This false assumption has had a direct bearing on the conduct of our foreign policy. It has led us to underwrite the fiscal systems and the cost policies of various foreign states whose friendship is deemed of the greatest importance due to their possession of raw materials which we are believed to lack.

As the matter now stands there is every possibility that our current dependency on foreign sources of supply may be the weak link in our defense that makes it attractive to the Russians to embark on a war on the simple score of a feasible short war. This strategic motivation could invite an effort to cut off the United States from sources of critical raw materials essential to its industrial plant, and hence to our ability to wage war.

TWO APPROACHES TO DEFEAT THE UNITED STATES—POLITICAL AND ECONOMIC

It is the committee's opinion that the Soviet Government has encouraged two approaches to defeat our Nation. One is political (communism), which is being investigated by several committees in the House and the Senate, starting through the recognition of Communist Russia, without any safeguards at all, in 1933. The second is the economic (free trade, based upon the 1934 Trade Agreements Act) approach, starting with the passage of the 1934 Trade Agreements Act.

The committee studied the stockpile program of the Government very carefully, including its historical background, sources, prices paid for the material, and present status.

Security reasons prevent publishing most of the material. It suffices to say that the findings relative to the status of the stockpiles were in the main not satisfactory in many of the critical items.

Eighty and one-tenth percent of the present stockpile was secured from, and depends upon, foreign sources, largely at the expense of domestic producers.

These policies of saving our domestic resources and becoming dependent upon foreign materials evidently emanated from and is carried on through the lower echelons of

the State and other departments who have controlled our foreign-trade policies under the 1934 Trade Agreements Act.

It was found too that generally foreign low-wage-area producers were paid as much and often more per unit for such critical materials than was paid or offered domestic producers paying several times the wages.

HARRY DEXTER WHITE WAS FATHER OF ERRONEOUS AND FALSE HAVE-NOT CONCEPT

Evidence submitted to the committee from the files of one of the libraries of Princeton University indicates that known subversive elements in the Government such as Harry Dexter White, who held high places in the Treasury Department and other agencies, assisted in establishing the false and erroneous theory that the United States is a have-not nation, that our ore bodies are being completely depleted.

It was evidently their plan and project to make the United States dependent upon foreign sources of supply, which in time of war would be unavailable to us and leave us vulnerable and defenseless.

The State Department, to which the responsibility to formulate trade agreements was assigned, has had a life-and-death power over our domestic mining and critical-materials industry for two decades.

This power is exercised by a group of little-known persons of the second and third echelon in the State Department who really formulate our foreign policy and who for the most part have served under three Presidents. Practically none of these persons has had any experience in the mining industry or in the production of strategic raw materials or in fact any business experience. They deal in theory and not in facts.

Through education, environment, and background they are trained to placate foreign powers and try to build up friendship with foreign powers. They hope to accomplish this by entering into trade agreements with foreign powers, giving them benefits and advantages through division of our markets, encouraging these powers to build up their production of strategic and critical raw materials which work to a disadvantage and at the expense and destruction of our domestic industries and thus weaken the security of the Nation. Their equality of sacrifice concept has led to an almost complete closing of hundreds of our small lead, zinc mines, and almost complete closing of our mercury and antimony mines, and is leading rapidly to the closing down of our fluorspar mines, and more recently is seriously affecting the output of our copper mines.

Had it not been for a recent act of Congress under Public Law 206 the exploration and development of several other minerals would have been abandoned, namely, tungsten, manganese, chromite, asbestos, mica, columbite-tantalite and beryl. It seems to be impossible for our theorists to learn that a mine cannot be turned on and off like a spigot. The mines of this country have been turned off after World Wars I and II and reopened when emergencies arose at very great cost to the taxpayers and with loss of valuable time.

It is imperative, in order to create a healthy going concern mining industry in this country, that this power be taken away from these uninformed men in the State Department and placed in the hands of men who have an intimate knowledge of our strategic and critical raw-material needs, resources and ability to produce. Until this is done, this Nation will remain in a state of peril.

WORK OF COMMITTEE CONTINUED

Mr. MALONE. Mr. President, the Committee on Interior and Insular Affairs has requested a continuation of the work of the committee, through Senate Resolution 271.

The resolution has been approved by the Senate Committee on Rules and Administration.

The report of the committee submitted to the Senate on July 9 included 12 recommendations, supported by the findings of the committee, together with a summary or digest of the 10 volumes of testimony, which includes 58 hearings held in Seattle, Wash.; Los Angeles, Calif.; Henderson, Nev.; Salt Lake City, Utah, and Washington, D. C.

The published hearings include:

Part 1, Bureau of Mines.

Part 2, Stockpile.

Part 3, Titanium.

Part 4, International Materials Conference.

Part 5, Commodity Trade Agreements.

Part 6, Fuels.

Part 7, Tariffs and Taxes.

Part 8, Paley Commission, Staff Study.

Part 9, Uranium, Columbium, Cobalt, Rutile, and Strategic Agriculture Products.

Part 10. Industry.

BASIC WORK—WESTERN HEMISPHERE CAN BE DEFENDED

This is a basic work which shows that the Western Hemisphere can be protected in the first go-around of an all-out world war.

It shows that the Western Hemisphere can become self-sufficient in the production of such critical minerals, materials, and fuels necessary for us to live in peace and to conduct an all-out war.

It shows that our only dependable supply of such critical materials in any emergency must come from the Western Hemisphere.

DEFENSE-OFFENSE BASED IN NORTH AMERICA

The study also shows that any offshore areas across major oceans important to us must be protected by long-range sonic-speed bombers, fighter planes, guided missiles, and radar control, based in the Western Hemisphere.

THE NEW WORLD—STILL ROOM FOR GROWTH

The study also shows that the Western Hemisphere is still the New World—with approximately one-third of the world's land area with about one-seventh of the world's population; whereas the Eastern Hemisphere, not including Africa, includes approximately 40 percent of the world's land area and nearly three-fourths of the world's population.

OVERPOPULATION—THE CURSE OF OLD EUROPE AND ASIA

Overpopulation is the real problem of old Europe and of Asia, with a near billion people in China and India alone, while opportunities still abound in the New World, the Western Hemisphere.

Old Europe, with approximately one-half the land area of the United States, contains about twice our population.

OLD EUROPE VERSUS THE UNITED STATES OF AMERICA

David Lawrence said in an editorial in his U. S. News & World Report on July 2, 1954, that: "So the British Secretary comes forth with a speech recommending a nonaggression pact with Soviet Russia such as was adopted at Locarno in 1925 and was torn into shreds later by Hitler, when it suited his purpose."

Britain has no other recourse, no resources and no future—as indicated she will sell herself and the United States to Russia in a worse than useless nonaggression pact with that country to keep Hong Kong and the Malayan States 1 more year—she cannot plan a long-range strategy—she is like a man who slept in the alley—he must find breakfast before he can plan for the afternoon.

Mr. Lawrence further rightly says in his July 2 editorial:

America alone stands unconvinced that surrender and appeasement are necessary. There are, to be sure, even some Americans who call their own Government a warmonger and who exert the pressures of criticism upon those of us who plead for old-fashioned American courage. But, fortunately, their cringing philosophy is not dominant. The true warmongers today are the appeasers who unwittingly encourage the same miscalculation by the enemy as has twice before brought on world wars.

Our allies are privileged, of course, to assume the calculated risks of a policy of pacifism and appeasement. They could be right. But the risks of such a policy being wrong are too great for America to take.

What then should America do? We should firmly stand our ground, even if we are the last citadel in the world—the nation that refuses to be beguiled by the wiles of the Communist aggressor.

Mr. President, Mr. Lawrence is correct in his analysis—it only remains for the military strategists of this Nation to decide how, not if, we are to do it.

COLONIAL EMPIRE NATIONS LOST THEIR TOUCH

The colonial-empire-minded nations of old Europe—England, France, the Netherlands, and Belgium—have lost their colonial areas. Colonialism is dead in the world, therefore they are desperate and are reaching for new markets.

Those markets are in the Western Hemisphere—mostly at the moment in the United States.

We were the first nation—175 years ago—to break the bonds of colonial slavery with a nation of old Europe. We declared our complete independence of England and her colonial system.

One hundred and thirty years ago we declared what has since been known as the Monroe Doctrine.

President Monroe declared, in essence, that any nation that sought to extend its form of government into the Western Hemisphere would be considered an overt act against the United States.

It is time that we clarified and emphasized the Monroe Doctrine principle—call it the Eisenhower doctrine if we choose—and simply name the areas that we consider important to the peace and safety of this Nation and reaffirm the Monroe Doctrine principle that any nation that seeks to extend its political, economic, or military control into that area we will destroy their war-making capacity in the heartland of that nation, with planes, guided missiles, and submarines—not with foot soldiers fighting on the periphery three to ten thousand miles removed from the heartland of this Nation.

No nation need be named.

PROPOSED PRESENTATION OF CERTAIN SCROLLS TO HAILE SELASSIE

Mr. CAPEHART, by unanimous consent, submitted the following concurrent resolution (S. Con. Res. 95), which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring)—

Whereas the title of Protector has been proffered to His Imperial Majesty Haile Selassie I, the Emperor of Ethiopia, by the regents and the president of the Polycultural University of America on May 27, 1954; and

Whereas the Polycultural University of America has enacted a charter of profferment signed by 13 Senators and 29 Representatives of the United States, and presented it to His Imperial Majesty on the same date; and

Whereas the Senate and the House of Representatives consider the courteous act of the Polycultural University of America in the spirit of American democracy, expressing the good will, respect, and admiration of our guest, the Emperor of Ethiopia, by American people; and

Whereas the Polycultural University of America, a nonprofit institution of higher learning incorporated under the laws of the District of Columbia, is rendering a great service to the Nation by (1) educating Americans in the civilizations and languages of other peoples of the world; (2) educating students, scholars, and investigators of other nationalities in the civilization and language of the United States and of other peoples; and (3) educating Americans and other peoples in the art of discovering and realizing their own potentialities and abilities for contributing to the good will and welfare of their respective nations and of the world, and for promoting intercultural and international understanding, justice, decency, friendship, and lasting peace; and

Whereas the present leadership of the United States in world affairs increasingly involves contact between citizens of the United States and citizens of other nations; and

Whereas a fuller knowledge of world civilizations and languages by Americans, and a fuller knowledge of the American civilization and language by the people of other nations, will facilitate the success of American peacetime policy; and

Whereas in the event of hostilities, broader knowledge of cultural patterns and languages on the part of both military and civilian personnel will be of great value to the United States; and

Whereas the efforts of the Polycultural University of America in the field of polycultural and adult education will lead to the establishment of national polycultural institutions in other countries; and

Whereas the assistance and support given by the Congress to the polycultural movement will demonstrate anew to the world the desire of the United States for peaceful cooperation with all nations and peoples; and

Whereas the advancement of this new cultural development originating in the United States, and the propagation of the polycultural idea among other nations and peoples, will counteract the vicious propaganda which contends that the people of the United States seek war: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That the board of regents, the president of the Polycultural University of America, Anatol J. Shneiderov, and the chancellor of the said university, the Reverend John F. B. Carruthers, are hereby commended for their efforts in establishing such university, and for the devoted contributions they have made in maintaining, encouraging, and promoting international and intercultural understanding, justice, decency, friendship, universal good will, and lasting peace among all nations and people by means of polycultural education and adult education.

SEC. 2. The Board of regents of the Polycultural University of America is hereby requested to prepare for His Imperial Majesty Haile Selassie I a farewell gift consisting of scrolls signed by the Senators and Representatives of the Congress of the United States of America, by officials of the judicial and executive branches of the United States Government, by officials in the governments of the States, Territories, and the District of Columbia of the United States of America, and by officials of other agencies, institutions, and organizations which adhere to the principles of the Constitution of the United States of America and which desire to join the regents of the Polycultural University of America in the felicitations expressed in the charter presented by the said university to His Imperial Majesty Haile Selassie I on May 27, 1954.

SEC. 3. It is the sense of the Congress that the appropriate officers in the legislative, judicial, and executive branches of the Government, and in the independent offices, agencies, and establishments of the Government should purchase from the Polycultural University of America appropriate numbers of copies of the scrolls presented to His Imperial Majesty Haile Selassie I by (or in concurrency with) the Polycultural University of America, and to display the said copies of the scrolls at appropriate public places until July 15, 1955, as a farewell salutation to our guest, the Emperor of Ethiopia.

ADDITIONAL BILL INTRODUCED

Mr. KEFAUVER, by unanimous consent, introduced a bill (S. 3760) to amend the Veterans' Preference Act of 1944 in order to give preference in promotions and transfers to preference eligibles under the provisions of such act, which was read twice by its title, and referred to the Committee on Post Office and Civil Service.

FLOYD C. BARBER—ORDER TO INCLUDE BILL IN CALL OF THE CALENDAR

Mr. KNOWLAND. Mr. President, I wish to ask unanimous consent that Calendar 1576, House bill 2815, for the relief of Floyd C. Barber, be included in the next call of the calendar, for the consideration of bills and other measures to which there is no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

PIONEER DAY

Mr. DWORSHAK. Mr. President, on the 24th of July, in Idaho and in the adjoining State of Utah many of our citizens will observe Pioneer Day, a day significant in both States, in that it observes the arrival in 1847 of pioneers of the Church of Jesus Christ of Latter-day Saints. More commonly known as Mormons, the members of this church through industry, integrity, and perseverance have established high spiritual, moral, and ethical standards.

Concerning the long-established program designed to encourage thrift, President J. Reuben Clark, Jr., made to the church membership the following comments which, I believe, reflect the thinking of many Americans:

Let us avoid debt as we would avoid a plague; where we are in debt, let us get out of debt; if not today, then tomorrow.

Let us straightly and strictly live within our incomes, and save a little.

Let every head of every household see to it that he has on hand enough food and clothing and, where possible, fuel also, for at least a year ahead. You of small means put your money in foodstuffs and wearing apparel, not in stocks and bonds; you of large means will think you know how to care for yourselves, but I may venture to suggest that you do not speculate. Let every head of every household aim to own his own home, free from mortgage. Let every man who has a garden spot, garden it; every man who owns a farm, farm it.

Let us again clothe ourselves with these proved and sterling virtues—honesty, truthfulness, chastity, sobriety, temperance, industry, and thrift; let us discard all covetousness and greed.

RECESS TO 10 A. M. TOMORROW

Mr. KNOWLAND. Mr. President, I am about to move that the Senate stand in recess until 10 o'clock tomorrow morning. I ask that all Senators come to the Senate Chamber at 10 o'clock, so we may have a quorum. Even if committee meetings are scheduled at 10 o'clock, Senators will be able to leave the Chamber following the quorum call to attend the necessary committee meetings.

Mr. President, if there is no further business to come before the Senate this evening, I now move that the Senate stand in recess until tomorrow morning, at 10 o'clock.

The motion was agreed to; and (at 10 o'clock and 14 minutes p. m.) the Senate took a recess until tomorrow, Friday, July 16, 1954, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate July 15 (legislative day of July 2), 1954:

IN THE NAVY

The following-named women officers of the Navy for permanent promotion to the grade of lieutenant commander in the line and staff corps indicated, subject to qualification therefor as provided by law:

LINE

Mary T. Baker	Rita Lenihan
Catherine D. Callahan	Jane S. Misenhelter
Eleanor M. Casey	Dorothea Ritchie
Florence L. Erickson	Viola B. Sanders
Dorothy M. Hagen	Beatrice M. Truitt
Mary W. Horton	Geraldine F. Twining
Mary C. Houck	Dorothy J. Williams
Clara A. Kuehn	

The following-named officer of the Navy for temporary promotion to the grade of commander:

Joseph M. Parsons

The following-named line officer for permanent appointment in the Supply Corps of the Navy with the grade of lieutenant (junior grade):

John A. Murphy

The following-named officers of the Navy for permanent promotion to the grade of lieutenant (junior grade) in the line and staff corps indicated, subject to qualification therefor as prescribed by law:

LINE

Robert J. Allen	James M. Austin
Edward M. Armstrong	Thomas R. Averett, Jr.

Gerald P. Barnett	Theodore J. Lange
Donald P. Bartz	Elbert D. Lighter
Thomas Bingham, Jr.	Paul L. Milius
Elizabeth Black	Robert "A" Miller
Felix E. Blum	Charles H. Monroe, Jr.
Robert J. Bova	Larry E. Moore
Robert L. Brown	Ray B. Murphy
Jerald W. Bucklin	Carroll E. Myers
John W. Buffkin, Jr.	William S. Myers
Patricia E. Byrne	Robert F. McBain
Howard L. Carlson	Harold A. McGrath
John G. Cave	Anthony Nesky, Jr.
Durward C. Cecil	Thane N. Olson
James H. Cochrane	Shirley M. O'Neil
William A. Cody	Peter H. Orvis
Charles L. Coffman	Trent R. Powers
Eugene T. Connors	William B. Regan
James W. Cornwell	Donald D. Ritchey
James W. David	Robert W. Ritz
Ralph O. Davis	Charles T. Roberts
Duane D. DeWitt	Robert "E" Roberts
Charles A. Duffy	Donald D. Rzewnicki
Alan R. Cunningham	Eva W. Schekorra
Joseph F. Dunn	Bonnie J. Schuler
Alfred C. Eastman III	Sheldon O. Schwartz
Hugo L. Ecklund, Jr.	Patrick J. Sciarretta
Richard E. Engel	Robert C. Sherar
Edward J. Fagan	James G. Simcox
Claud B. Fallis, Jr.	Edmund A. Smith, Jr.
Donald P. Frei	Stanford A. Smith
Francis C. Gehres	William F. Span
John E. Gilbertson	Robert W. Spencer
Forrest D. Goetschius	Dean Stocklmeir
Robert L. Grappi	Walter W. Stovall
William R. Grayson	Leo A. Thibault
Wilbur E. Greenleaf	Faris A. Tomlinson
William A. Gureck	Billie C. Tyson
Lloyd W. Hodges	Don L. Upton
Neil G. Holt	Dale R. Vandermolen
Robert E. Holt	Max W. Wakeland
Frank J. Horstmann	Carl B. Ward
James R. Hughes	Allan P. Weintraub
Edmund W. Ingley	Robert E. Wickham
Maurice M. Johnston, Jr.	Quentin E. Wilhelmi
	Beverly R. Williford
John E. Jones	Raymond N. Winkel
Willie M. Jones, Jr.	Bobbie D. Williard
James T. Kearns	Gerald J. Witvoet
Allan Kvello	

SUPPLY CORPS

Donald D. Burbank	Richard F. Reynolds
William E. Nast	Frank C. Skiles, Jr.

CIVIL ENGINEER CORPS

Archer E. Church, Jr.

MEDICAL SERVICE CORPS

Milton T. VanMetre

NURSE CORPS

Elizabeth T. McDonald

The following-named line officer for permanent appointment in the Civil Engineer Corps of the Navy with the grade of ensign and for permanent promotion to the grade of lieutenant (junior grade) in the Civil Engineer Corps, subject to qualification therefor provided by law:

Louis Huszar, Jr.

CONFIRMATIONS

Executive nominations received by the Senate July 15 (legislative day of July 2), 1954:

DEPARTMENT OF COMMERCE

James C. Worthy, of Illinois, to be Assistant Secretary of Commerce.

COAST AND GEODETIC SURVEY

The following to be commissioned for permanent appointment to the grade indicated, subject to qualifications provided by law:

To be captain

John C. Bose
Samuel B. Grenell

To be lieutenant commanders

Allen L. Powell
Norman E. Taylor

To be lieutenant

Omar H. Quade, Jr.

To be lieutenants (junior grade)

Donald L. Campbell	Robert M. Borst
Albert J. Ramey	John F. Vance, Jr.

HOUSE OF REPRESENTATIVES

THURSDAY, JULY 15, 1954

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, in the quietness of this moment of worship, may we become more keenly aware of the divine strength which surrounds us and the divine wisdom which Thou hast placed at our disposal.

We penitently acknowledge that we so frequently allow ourselves to become bewildered by things that do not matter, bewildered by problems of our own imagination, and worried by that which does not exist.

Pardon all our fickleness and foolishness, our doubt and distrust. May no willfulness of temper, no rebellion of mind, no perversity of spirit cloud our vision of Thyself, who art our life, our strength, our hope.

Grant that we may be inspired to do Thy will more perfectly, for in the doing of Thy will is our peace.

Show us today what kind of legislation will be most helpful as we seek to minister to the welfare and happiness of the poor, the sick, the aged, the lonely and discouraged, and the needy members of the human family.

Hear us in the name of our beloved Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment a concurrent resolution of the House of the following title:

H. Con. Res. 250. Concurrent resolution authorizing the printing of additional copies of the slip law for the Internal Revenue Code of 1954.

The message also announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 1276. An act to amend the Bankhead-Jones Farm Tenant Act in order to increase the interest rate on loans made under title I of such act.

The message also announced that the Senate insists upon its amendment to the bill (H. J. Res. 534) entitled "Joint resolution to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes," disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BUTLER, Mr. POTTER, and Mr. MAGNUSON to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9242) entitled "An act to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes."

ADJOURNMENT OVER

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at noon on Monday next.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

PERSONAL EXPLANATION

Mrs. FRANCES P. BOLTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentlewoman from Ohio?

There was no objection.

Mrs. FRANCES P. BOLTON. Mr. Speaker, today a resolution is being brought to the floor from the Committee on Foreign Affairs which I am sure every Member of the House will be in accord with and for which we all will want to vote. Unfortunately it will be necessary for me to attend a luncheon at the White House today being given for the Prime Minister and other dignitaries from Libya. I appreciate this opportunity to express my complete agreement with the resolution and to say that I hope I shall be back when the roll is called. But, should I miss it, I want to register the fact that I am in accord with the resolution and would vote for it were I here.

MERCHANT MARINE ACADEMY AT KINGS POINT, N. Y., SHOULD BE ON PERMANENT STATUS

Mr. WAINWRIGHT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to include an editorial.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. WAINWRIGHT. Mr. Speaker, pending before the Merchant Marine Committee at this time is H. R. 9434, introduced by my colleague the gentleman from Wisconsin [Mr. VAN PELT]. This bill should be passed at this session of Congress.

This bill would place the Merchant Marine Academy at Kings Point, N. Y., on a permanent status. Since the Academy's inception, it has had to come, hat in hand, before the Congress each year for funds in which to maintain itself. The time has come for the Congress to recognize the importance of the Academy and its graduates. Outside of the Naval Academy, Kings Point is the only source of trained naval personnel

wherein a 4-year course is devoted to the training of a man for life at sea. The Congress should act now. It should not duck this important issue. I would like to include an editorial from a Long Island daily newpaper, Newsday, emphasizing the gravity of the situation. Those trying to torpedo Kings Point have no conception of the harm they will do to national defense:

PATRONAGE VERSUS THE POINT

Once again the issue of State patronage is taking precedence over the national good in the Senate. Maine's two lawmakers, Senators PAYNE and SMITH, have asked the Senate to postpone action on giving Kings Point Merchant Marine Academy permanent status.

The Maine delegation fears that such status for Kings Point may mean the end of their State academy, which is subsidized by the Federal Government. The bill might also mean the end of State academies in Massachusetts, New York, and California, the four of which cost the United States $787,000 a year.

The fears of the Maine Senators, we hope, are justified. There is no reason why the Government should support State academies when it has the facilities at Kings Point to do the job.

We see no point in holding up the bill. Though funds for the next year are already assured, morale is endangered by maintaining the Academy on what Representative BECKER called a crisis-to-crisis existence. As the Van Pelt subcommittee of the House has decided, and as Senator IRVING IVES asks, the school should be given permanent status and equality with the other service Academies.

SPECIAL ORDER GRANTED

Mr. VURSELL asked and was given permission to address the House for 15 minutes on Tuesday next, after the conclusion of the legislative program and any special orders heretofore entered.

COMMITTEE ON HOUSE ADMINISTRATION

Mr. LECOMPTE. Mr. Speaker, I ask unanimous consent that the Committee on House Administration have until midnight tomorrow night to file a report on H. R. 9413, the Capitol Police Force bill.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

THE FIGHT FOR INDIAN HOSPITALS

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. EDMONDSON. Mr. Speaker, if you are a Member of Congress who is just as concerned about the health and well-being of America's native Indian population as you are about the natives of India, Pakistan, and the Far East—and I believe all United States Representatives have a greater concern about our own people—then I earnestly appeal to you to examine most carefully the conference report on H. R. 303 when it comes before this body.

In the very near future we should have before us the work of our conference committee on this bill, which has been presented as a simple transfer of responsibility for American Indian health—from the Bureau of Indian Affairs to the United States Public Health Service. Some proponents of the measure have told the Indians that this bill is designed to provide better staffed and equipped hospitals for American Indians, and that it would not have the effect of closing any badly needed Indian hospitals in our country.

Those of us who oppose this bill are convinced that it is in reality a master plan for closing all Indian hospitals in this country, and for shifting all responsibility for Indian health to local and State shoulders. Such a purpose would be in violation of many statutory and treaty obligations of our Government in the field of American Indian health, and some advocates of H. R. 303 have denied any such purpose.

The simple fact is that Indian health conditions in our country require additional Indian hospitals, rather than their closing. When we consider that the tuberculosis rate among Oklahoma Indians is 7 times as high as among non-Indians, and the infant mortality rate is 10 times as high, it should be readily apparent that now is not the time to reduce our hospital effort.

H. R. 303 passed the House on the Consent Calendar, in the absence of some of its opponents from Washington, and through the belief of other opponents of the bill that open hearings on the Senate side would be helpful.

As a result of those open hearings—in which practically every Indian who testified gave testimony against the bill—the Senate added an amendment designed to reassure the Indian people and secure their cooperation in any substitute health program.

The Senate amendment provided that no hospital operated for a specific tribe of Indians could be closed without the consent of the tribal council. Since many tribes had invested heavily from tribal funds in these hospitals, and since they had become an integral part of Indian health programs in the States, this did not appear to be an unreasonable requirement. The Senate voted this amendment and returned the bill to the House.

But leading House conferees have announced their opposition to this amendment. One has been quoted as saying that such an amendment would make H. R. 303 unworkable.

If the real object of H. R. 303 is to provide better staffing and equipment for Indian hospitals, and a better health program, it is difficult to see how the protective amendment would harm the bill.

Of course, if the object of H. R. 303 is to close Indian hospitals, I will agree that the Senate amendment will make the bill unworkable.

There are many more reasons why our Indian hospitals should be kept in operation, and under the administration of the Bureau of Indian Affairs, and when the conference report reaches us I hope to have the opportunity to discuss this important question on the floor at greater length.

It could mean life or death for thousands of our first Americans.

I trust the House will give any further action on H. R. 303 its most careful consideration.

UNEMPLOYMENT COMPENSATION INSURANCE LEGISLATION

Mr. ADDONIZIO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. ADDONIZIO. Mr. Speaker, I deeply regret that the Senate in considering the Employment Security Administrative Act of 1954 on July 13 followed the example of the House in rejecting the principles of H. R. 9430 of which I have the honor to be a sponsor. H. R. 9430 was introduced in the House on June 3, 1954, and moves forward on the highest level of business statesmanship the accepted philosophy of the widely approved and entirely workable principle of Federal-State unemployment insurance.

Unemployment compensation insurance legislation is a problem of national policy that I believe to be of the first order of importance to the domestic economy of our country. It directly affects the Nation's business interests in a most sensitive area—the human area. And it reached to the very heart of the stability, the morale, and the character of the American worker. Yet, the legislation on the subject, H. R. 9709, as passed by the House on July 8, fails to achieve the elementary ends to which this type of legislation is directed. It falls short of dealing with the issue with the necessary boldness and completeness.

I submit respectfully that H. R. 9709 is weighed down by its own timidity. It is a cautious half-way attempt to do what needs to be done with a firm hand and a sure hold on the problem. This lack of forthrightness seems to me to be especially avoidable in face of the fact that we are dealing with a principle of Federal law and administration which has through the years demonstrated itself so successful that both H. R. 9430 and H. R. 9709, propose to extend the principle of Federal-State unemployment insurance. It happens that H. R. 9709 was introduced 25 days after the bill I favor. Of one thing I am certain: It is not the intent of this bill to suck the blood and eat the heart out of the unemployment insurance program. I am sure there is sincerity on the side of the opposition. And yet their set of fainthearted amendments in H. R. 9709, it seems to me, vitiates the whole unemployment insurance program, however good the intention. It is for this reason that I cannot help warning the proponents of H. R. 9709 that American labor has both the education and the experience, the tough and hard-earned knowledge that will enable it to see at a glance

that labor's interest, in time of crisis, is not genuinely nor adequately served by H. R. 9709. I commend the good intention but the technique is demonstrably faulty. Against this bill, which I hold to be a mere substitute in flimsy and superficial form for a needed sound measure, I commend the strength and the boldness of H. R. 9430.

Let us examine our problem more closely:

Both bills by their very appearance proclaim that the existing unemployment compensation insurance program has been rendered legislatively obsolete by two decades of change—since 1935. I will not dwell upon the depth and scope of this change except to point out that involved in it is the overwhelming impact of World War II. Thus the proponents of both bills are agreed upon the need for revision and advance. Under the basic or 1935 legislation an employer was required to have eight employees to come within the terms of the act. The States have, within the terms of the Federal law, individually legislated their own definitions of how many employees an employer is required to have in order to come within the meaning of the law. Under H. R. 9709 the employer must have four employees to come within the act. But under H. R. 9430, which I sponsored, it is sufficient that the employer have one or more employees to come within the coverage of the Federal Unemployment Tax Act. Again without condemning the motives of the opposition to the measure for which I stand, I submit that it is just as impractical, just as inherently unsound, to fail to cover the smallest employer of labor and his employee or employees, as the largest. How possibly can this insurance program do itself justice if it leaves out of its protection whole segments of the employer and employee population? Hunger, deprivation, and humiliation hits the employee out of work and his family just as hard if his employer employs only him or a thousand others as well.

If the bill of which I am cosponsor had no further advantage over the inadequate measure than this matter of 1 employee as against 4, this alone would be sufficient to commend it to our sense of fairness and to the overall aims for which all this legislation was enacted in the first place. For it represents the greatest enlightenment in the relations of Government, management, and the toiler since the Nation's evolution to its presently highly industrialized state from the agrarian economy of our early past.

The advocates of both bills seek to have the Government employees included under the benefits of unemployment insurance. But while the advocates of H. R. 9709 include the Government workers in their legislation, my fellow sponsors and I recognizing the complexities of the situation, planned separate legislation for the Government worker. Surely this intelligent separation, tailoring each of two measures to meet specific differences, must win the approval of those who wish to avoid confusion and who look for the highest degree of simplicity and efficiency in the programs enacted by the Congress.

The bill I urged is a scientifically devised measure that has the fullest and the wisest grasp of the technicalities of the problem. It has made itself cognizant of the human weaknesses that, in less thoughtfully designed measures, would lead to a maudlin kind of do-goodism. Thus, for example, it would permit a State to disqualify an individual who has left suitable work or refused to accept suitable work without good cause or who is discharged for misconduct in connection with his work. It would permit a State to disqualify an individual in the case of strikes if he is a participant or has a direct interest in the strike for any week in which his unemployment is due to the strike. Disqualification may be extended to 12 weeks in the event of fraud or willful misrepresentation.

This statesmanlike H. R. 9430 legislation takes into consideration standard of living variations in the several States. It provides that the maximum benefit under the State law be not less than an amount equal to two-thirds of the average weekly wage within that State. And then it requires that the individual subject to this maximum receive unemployment insurance compensation equal to at least one-half of his average weekly wage. And those who are eligible are to receive at least 39 weeks of unemployment benefits a year.

The States under the bill I endorsed have an increased latitude in the matter of determining the methods of reducing employers' taxes under the State law below 2.7 percent. That bill protects the unemployment fund, requiring that all collections under the Federal Unemployment Tax Act in the Federal unemployment account be earmarked to the unemployment trust fund. A State whose accumulated funds for unemployment compensation get precariously low may receive a reinsurance grant from the Federal unemployment account under the bill I hope becomes law. It also imposes a minimum rate of contribution of at least 1.2 percent whenever a State's fund drops below 6 percent.

There are many other improvements in detail and in technique in the bill which I hoped the House would adopt. It stands head and shoulders over the bill passed by the House from whatever avenue of approach you propose to consider the two measures. It is not a radical change in the principle of unemployment insurance, but it is a distinct advance consonant with the change and expansion of the American economy. H. R. 9430 would meet the problem head-on and would solve it, I believe conservatively and soundly for the good of business, for the good of the employee, and eminently for the strengthening and the health of the American people and their economy.

INCREASE IN VETERANS' SERVICE-CONNECTED COMPENSATION

Mr. PRICE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. PRICE. Mr. Speaker, the Radwan discharge petition was placed on the desk yesterday. I am happy to announce that I have signed this petition, designed to bring up H. R. 9020, a bill which provides a 10-percent increase in pensions for service-connected veterans, and smaller increases for non-service-connected cases. I urge my colleagues to put their names to this petition, so that we may act on this moderate legislation.

This House has recognized the need to increase pensions for other persons—social-security beneficiaries, among others. It is just as difficult for a disabled veteran to meet the rising cost of living on a fixed pension as it is for any other citizen, so we are obligated to adjust the compensation of our veterans.

According to the Veterans of Foreign Wars, the Disabled American Veterans, and the American Legion, Department of Illinois, we have in our State alone some 115,000 disabled veterans who are now drawing compensation or pension, and some 40,000 cases to which the Veterans' Administration is paying entirely inadequate benefits to widows, children, and dependent parents.

H. R. 9020 was reported by the Committee on Veterans Affairs after extensive hearings. It has been well established that veterans should be given moderate cost-of-living increases in compensation. The committee, in its unanimous action, also cut the cost of the increase by $58 million in an effort to meet the administration's desire for economy. I believe the committee should be complimented in its effort to provide the veterans with a needed increase, to enable the administration to carry out its pledges, and at the same time to put a minimum burden on the budget.

SENATOR DAVID I. WALSH MEMORIAL

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to insert in the RECORD my remarks in part at the recent dedicatory exercises of the Senator David I. Walsh memorial statue at the Esplanade, Boston, Mass., on June 6, 1954.

The occasion was most impressive. It was attended by members of the clergy, Senator SALTONSTALL, Governor Herter, Members of Congress, and the general court, and other prominent public officials, Judge Connelly and other distinguished members of the judiciary, as well as a large group of distinguished guests, relatives, and friends of one of Massachusetts greatest sons in the public service.

The invocation was given by the Very Reverend Oscar R. O'Gorman, pastor of St. Agnes Church, Arlington, Mass. The

unveiling was conducted by Senator Walsh's dear and loyal friend of almost 40 years, a native of the Philippines, and a member of his immediate household, Isidro Carino.

The memorial, which was authorized by the Massachusetts General Court, upon the petition of Judge Connelly, representing close friends of Senator Walsh and members of the Walsh Memorial Association, was presented in behalf of the Commonwealth by the distinguished commissioner of the metropolitan district commission, the Honorable Charles W. Greenough. It was accepted for the Commonwealth by His Excellency, Gov. Christian A. Herter. Senator SALTONSTALL delivered an eloquent dedicatory address.

The United States Navy Band of the First Naval District was in attendance and rendered touching musical selections. Because of Senator Walsh's great and magnificent contributions to the Navy, as chairman of the Senate Naval Affairs Committee, it was most fitting that the Navy should be represented at the exercises.

My remarks as presiding chairman of the occasion follow in part:

My friends, we proudly and gratefully gather here today to unveil and dedicate this beautiful statue of our beloved friend and benefactor, Senator Walsh.

This magnificent sculpture has been wrought by the hand of a talented and distinguished artist.

For years to come, it will stand here on this lovely spot, within the great historic city of Boston, where American liberty was fostered.

Generations of Americans yet unborn will pass by this spot and observe this impressive memorial, which the vision and loyalty of friends like Judge Connelly, the distinguished leader of the Walsh Memorial Association, and the generosity and consideration of our great general court, have made possible.

His noble countenance lifted to the heavens, just as it was during his long, fruitful life of illustrious service to the cause of the common people, beaming constant inspiration and hope to all those who love and cherish the cause of human liberty, freedom, and democracy, to which our great, honored, and lamented friend, Senator Walsh, so completely and courageously devoted his life.

For his was a career of devoted service to the people and to the Nation he loved so well. His was a lifetime of loyalty and sacrifice to preserve our liberties, to promote social justice, and to keep this Nation strong and impregnable against foreign enemies and the insidious ravages of domestic subversion.

In the ranks of great American patriots and statesmen, the name of David I. Walsh is indelibly emblazoned upon the history of the era in which he lived. His rugged integrity, his indomitable courage, his great eloquence, his unswerving loyalty to God and to country, his unsurpassed vision in charting a safe course for our beloved country, his unyding allegiance to the cause of the common people from whom he sprung, all these marked him with the unforgettable insignia of greatness.

His mortal self has departed from our midst, from the company of those of us who loved him for the warmth and nobility of his friendship, and for his endearing personal qualities, as well as from the people who found in his stalwart, inspiring leadership superiative example of Americanism. But his memory is forever enshrined in our hearts. The memory of his devout life, his exalted principles, his noble deeds, his sympathetic understanding, his vivid patriotism, his profound devotion to God, to country, and to every righteous cause, will live imperishably to inspire hope in the struggling and the oppressed, and to keep the fires of patriotism burning in the hearts and minds of our people. David I. Walsh—great soul, great statesman, great American—we hail your hallowed memory today. In this great crisis, may Almighty God give us the high purpose, the strength, and the wisdom to cling tenaciously to your lofty ideals, your loyalty, and your love of our native land.

SPECIAL ORDERS GRANTED

Mr. JAVITS asked and was given permission to address the House for 20 minutes on Monday next, following the legislative program and any special orders heretofore entered.

Mrs. FRANCES P. BOLTON asked and was given permission to address the House for 20 minutes on Monday next, following any special orders heretofore entered.

RESOLUTION OF GREETING TO PEOPLES AND LEGISLATIVE BODIES OF THE GOLD COAST AND NIGERIA

Mr. JAVITS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Speaker, I am today introducing a resolution extending on behalf of the House of Representatives the most cordial greetings to the legislative bodies of the Gold Coast and Nigeria on the occasion of the first meeting of their legislatures, and in addition authorizing the Secretary of State to appoint a United States delegation at the appropriate time to represent the United States at ceremonies marking the achievement of complete self-government for these territories.

On April 29, 1954, a new constitution was approved for the Gold Coast which brings it to the threshold of sovereign independence. Under it an all-African Government with almost complete responsibility for the country's internal affairs has been established. After an election with universal adult suffrage, Kwame Nkrumah has been chosen Prime Minister. Nkrumah, educated at Lincoln University in Pennsylvania, was the first African ever to hold such office in any British territory. His leadership is, indeed, a great source of hope for the 4 million people of the Gold Coast.

Similarly in Nigeria, the largest of the United Kingdom territories with a population of 31.5 million, a new federal constitution representing the will of the people as expressed through their leaders is expected to be approved next month. The new constitution will give the 3 regions of Nigeria greater autonomy and will carry 2 of the 3 regions a considerable way toward self-government. Supplementing these moves toward independence, the United Kingdom has declared that in 1956 they will be prepared to grant full self-government to any region that may wish it in respect to those subjects that are a regional responsibility. Nnamdi Azikwe, who recently visited the United States, will become Prime Minister of the eastern region. Like his Gold Coast counterpart, he, too, is an alumnus of Lincoln University and a respected leader of nationalist movements throughout western Africa.

Our Nation's policy encourages legitimate efforts toward independence and self-government among those peoples who demonstrate a desire and capacity to establish and protect free institutions. This must be the strength of our position in former colonial and underdeveloped areas. Accordingly, Congress should take official cognizance of the momentous events that are now happening in western Africa. At a time when man's natural will to be free is thwarted in many parts of the world by the subversion practiced by Communists under the leadership of the Soviet Union and the Chinese Communist regime, the significance of recent developments in the Gold Coast and Nigeria looms very large for the free world's success. We should be sure not to repeat the mistakes in Africa which are costing the free world so dearly in southeast Asia.

Since the British acquisition of the territories now comprising the Gold Coast and Nigeria during the 19th century, vast changes have been wrought there. From primitive tribal cultures these territories have now advanced to a degree of social and political maturity that should soon allow them to assume their rightful places among the free nations of the world. We must make it unmistakably clear that it is our purpose to aid the practical efforts of these people to achieve independence and self-government. I therefore urge that Congress extend its most cordial greetings to the first meetings of the Gold Coast and Nigerian Legislatures which are expected to be held in July and September respectively and that the Secretary of State appoint a delegation at the appropriate time to represent the United States at ceremonies marking the achievement of complete independence for these territories. Such acts would be fitting recognition of the democratic ideals shared by the United States and these countries and would be a reaffirmation of the friendship of the United States for the peoples of Africa.

MILITARY AND NAVAL CONSTRUCTION ACT

Mr. ARENDS. Mr. Speaker, I call up the conference report on the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska communications system, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2237)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9242) to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 14, 20, 24, 25, and 28.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 4, 6, 7, 8, 9, 10, 11, 12, 15, 16, 17, 18, 19, 21, 22, 23, 26, 27, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49, 51, 52, 53, 54, 58, 60, 61, 62, 63, and 64, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: ": *Provided*, That the Secretary of the Army, in exercising the authority granted herein, shall, whenever practicable and in the best interests of the United States, provide for the rehabilitation of existing barracks and officer quarters in lieu of new construction"; and the Senate agree to the same.

Amendment numbered 5: That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "$2,787,000"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "$10,994,000"; and the Senate agree to the same.

Amendment numbered 50: That the House recede from its disagreement to the amendment of the Senate numbered 50, and agree to the same with an amendment, as follows: In the matter proposed to be inserted by amendment strike out "$1,007,963,000" and insert in lieu thereof "$1,034,906,000"; and the Senate agree to the same.

Amendment numbered 55: That the House recede from its disagreement to the amendment of the Senate numbered 55, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "$129,096,000"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "$236,060,000"; and the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "$102,042,000"; and the Senate agree to the same.

Amendment numbered 59: That the House recede from its disagreement to the amendment of the Senate numbered 59, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: $201,893,000"; and the Senate agree to the same.

Amendment numbered 65: That the House recede from its disagreement to the amendment of the Senate numbered 65, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 510. All contracts entered into by the United States pursuant to the authorization contained in this Act shall be awarded, so far as practicable, if the interest of the national security shall not be impaired thereby and if such award is consistent with the provisions of the Armed Services Procurement Act of 1947, on a competitive basis to the lowest responsible bidder."

And the Senate agree to the same.

LES ARENDS,
PAUL W. SHAFER,
LEROY JOHNSON,
JAMES VAN ZANDT,
CARL VINSON,
PAUL J. KILDAY,
L. MENDEL RIVERS,
Managers on the Part of the House.

LEVERETT SALTONSTALL,
FRANCIS CASE,
JAS. H. DUFF,
HARRY F. BYRD,
By J. C. S.
JOHN C. STENNIS,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9242) to authorize certain construction at military and naval installations, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

LEGISLATION IN CONFERENCE

On May 26, 1954 the House of Representatives passed H. R. 9242 which was the fiscal year 1955 military construction authorization for the three military departments and the Alaska Communication System. On July 9, 1954 the Senate considered the House bill and amended it in several respects.

The major differences and the action agreed upon by the conferees are as follows:

The amendment requiring that the authorizations for construction provided for in Title I would be administered in accordance with a building program that would expend for rehabilitation at least $5,000,000 of the total $45,000,000 authorized for barracks and bachelor officer quarters in lieu of that amount for new construction, was modified so as to permit a discretionary approach by the Secretary of the Army in such fashion as to utilize the rehabilitation authority where such would be in the best interests of the United States. The Senate amendment with respect to Fort Belvoir was modified by the addition of one barracks over those allowed by the Senate at this installation. The Senate receded with respect to Fort Bliss to the extent that five additional barracks were authorized and all of the bachelor officer quarters re-inserted. The Senate receded entirely with respect to the troop housing and other facilities at Fort Hood, Tex.

In the Navy portion, the Senate receded with respect to the four barracks which had been deferred at the Marine Corps Auxiliary Air Station at Beaufort, S. C. The Senate further receded with respect to the reinsertion of the land item at the Naval Magazine, Port Chicago, Calif. The pipeline at Elk Hills, Calif., which had been stricken by the House and reinserted by the Senate was again stricken by the conferees and the Senate further receded with respect to its reinsertion of the facilities at the Navy Ammunition Depot, Fallbrook, Calif.

The Air Force section remained unchanged with the exception of a remedial amendment to section 302 (b) which was added by the Senate for the purpose of rescinding an unused authorization that would otherwise have remained in that section.

The new section 510, which would have required that all contracts entered into by the United States, pursuant to the authorization contained in H. R. 9242, should be awarded, so far as practicable, and where the interest of the national security would not be impaired, on a competitive basis to the lowest responsible bidder. This new section was modified by the addition of a provision that this limitation would obtain only so far as such would not be in conflict with the Armed Services Procurement Act.

Otherwise the House receded with respect to the Senate amendments.

LES C. ARENDS,
PAUL W. SHAFER,
LEROY JOHNSON,
JAMES VAN ZANDT,
CARL VINSON,
PAUL J. KILDAY,
L. MENDEL RIVERS,
Managers on the Part of the House.

The conference report was agreed to, and a motion to reconsider was laid on the table.

AUSTRALIAN WAR MEMORIAL

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 9006) to amend the act of May 22, 1896, as amended, concerning the loan or gift of works of art and other material, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Strike out all after the enacting clause and insert "That (a) the Secretary of the Army is authorized to transfer to the Australian War Memorial in Canberra, Australia, without compensation, 28 German war paintings depicting Australian troops which are now the property of the United States in the custody of the Secretary of the Army.

"(b) Nothing contained in this act shall authorize the expenditure of any funds of the United States to defray any cost of transportation or handling incident to such transfer."

Amend the title so as to read: "An act to authorize the Secretary of the Army to donate 28 paintings to the Australian War Memorial."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

CONFERENCE REPORT ON HOUSING BILL

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the conferees on H. R. 7839, the so-called housing bill, may have until midnight Sunday to file a conference report.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

HARDING LAKE CAMP, FAIRBANKS, ALASKA

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2900) to authorize the sale of certain land in Alaska to the Harding Lake Camp, Inc., of Fairbanks, Alaska, for use as a youth camp and related purposes, with a House amendment thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. SAYLOR, D'EWART, DAWSON of Utah, ENGLE, and ASPINALL.

COMMITTEE ON RULES

Mr. ALLEN of Illinois. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file reports.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

SEATING OF COMMUNIST REGIME IN CHINA IN THE UNITED NATIONS

Mr. ALLEN of Illinois. Mr. Speaker, I call up the resolution (H. Res. 634) providing for the consideration of House Resolution 627, a resolution reiterating the opposition of the House of Representatives to the seating of the Communist regime in China in the United Nations, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of House Resolution 627, reiterating the opposition of the House of Representatives to the seating of the Communist regime in China in the United Nations. After general debate, which shall be confined to the resolution and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the resolution shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the resolution for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the resolution and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Mississippi [Mr. COLMER], and I now yield myself such time as I may require.

Mr. Speaker, this resolution makes in order the consideration of House Resolution 627.

CALL OF THE HOUSE

Mrs. ROGERS of Massachusetts. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. The Chair will count.

Mr. HOFFMAN of Michigan. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. HOFFMAN of Michigan. Mr. Speaker, I make the point of order that the Member who made the point of order of no quorum is not present on the floor.

The SPEAKER. The gentleman does not state a point of order.

One hundred and forty Members are present, not a quorum.

Mr. HALLECK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 104]

Barden	Heller	Perkins
Barrett	Hillings	Powell
Bonin	Holifield	Regan
Brooks, La.	Horan	Rivers
Buckley	Keating	Roosevelt
Camp	Kersten, Wis.	Scott
Cotton	Long	Shafer
Coudert	Lucas	Shelley
Curtis, Mo.	Lyle	Short
Curtis, Nebr.	McGregor	Sikes
Dingell	Mailliard	Sutton
Dodd	Martin, Iowa	Thompson, La.
Durham	Miller, Calif.	Thompson, Tex.
Fallon	Miller, Kans.	Utt
Feighan	Morrison	Weichel
Fisher	Norblad	Wheeler
Fogarty	O'Brien, Mich.	Willis
Harris	Ostertag	
Harrison, Wyo.	Patman, Tex.	

The SPEAKER. On this rollcall 373 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

HUCKSTERISM

Mr. KELLEY of Pennsylvania. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KELLEY of Pennsylvania. Mr. Speaker, the Congress is tentatively scheduled to adjourn at the end of this month, and there is no doubt that it can do so if the leadership is determined to push through on that timetable. But whether it can do so and still enact into law sizable portions of the legislative program remains to be seen. Many of the top issues are still tied up in Senate committees or in conference committees composed of representatives of both Houses.

As usual, the House is far ahead of the Senate in the passage of important bills. With its privilege of unlimited debate, the Senate can spend days and even weeks on an issue that the House might pass inside of 3 or 4 hours. And when the Senate does complete action on a bill, it frequently does not look anything like the bill the House passed, because any Senator can submit unlimited amendments to it while we in the House are sometimes restricted under our rules from even trying to amend a bill.

Then it is up to conference committees to iron out the differences and agree on a final version of the measure. If the disagreements are deep-seated enough—as they frequently are—the conferees may argue for weeks, and then come through with a compromise bill at the very last minute.

So we face an adjournment rush of conference bills in the next few weeks which will be almost overwhelming. Issues which were fought out once in House debate will come up all over again in perhaps different form, and the Congress—as always—will resemble nothing so much as chaos in the dying days of the session.

Among big issues still hanging and still unresolved are: Housing, foreign aid, the agriculture bill, tax revision, unemployment compensation, the issue of raising the ceiling on the national debt from the present maximum of $275 billion, postal pay, social security, and a controversial atomic energy control bill.

HUCKSTERISM

The word "hucksterism"—overselling some product by extravagant and misleading claims—was coined to describe the excesses of some of the big high-powered advertising agencies. In the past year and a half, it has sometimes been applied to statements put out by the Eisenhower administration, which has a lot of top advertising men in its councils. You might be interested in a recent example of this hucksterism which I came across in reading a new Labor Department publication.

In urging the extension of unemployment compensation to government employees who lose their jobs, Under Secretary of Labor Arthur Larson, formerly of the faculty of the University of Pittsburgh, recently gave the House Ways and Means Committee a graphic picture of the experience of recently laid-off Labor Department employees. He said that 3 to 4 months after losing their jobs:

> Three out of ten were still out of work; more than 3 out of 10 had been jobless for 3 months or more; and 4 out of 10 for 1 to 3 months; most of those finding new jobs had to take a pay cut—a third took a cut of more than $1,000 a year; close to one-half of the reemployed took temporary jobs; women found it more difficult than men, and those 45 years and over found it more difficult than younger employees to locate new jobs; and accrued annual leave was adequate to cover the duration of unemployment of only a third of the separated Federal workers.

That is the way the Under Secretary described the situation to Congress. But a few weeks later, when the Labor Department's monthly magazine came out with a report on the same issue, this is the way it had been huckstered up by one of the administration publicists:

> Nearly two-thirds of the employees involuntarily separated • • • found jobs within 3 months. Salaries for well over two-fifths of those who found new positions were higher than or at least as high as (their Labor Department pay) • • • and more than half of the reemployed regarded their new positions as permanent.

In other words, instead of putting the grim facts in their true perspective as the Undersecretary had done, the administration had to pretty up the disturbing figures to make them look good. A typical example of hucksterism.

COMMITTEE ON BANKING AND CURRENCY

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight Sunday night to file reports on S. 3589, the Export-Import Bank bill; and, if reported out, as we hope it may be, the bill H. R. 9756, to increase the borrowing authority of the Commodity Credit Corporation.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

COMMITTEE ON WAYS AND MEANS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means have until midnight tonight to file reports on H. R. 9666 and H. R. 8932.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

SEATING OF COMMUNIST REGIME IN CHINA IN THE UNITED NATIONS

The SPEAKER. The Chair recognizes the gentleman from Massachusetts [Mr. NICHOLSON].

Mr. NICHOLSON. Mr. Speaker, I rise to urge the adoption of House Resolution 634, which will make in order the consideration of the House Resolution 627, reiterating the opposition of the House of Representatives to the seating of the Communist regime in China in the United Nations.

House Resolution 634 provides for an open rule with 1 hour of general debate on House Resolution 627 itself.

The resolution which has been reported from the Committee on Foreign Affairs is a simple one and one that is entirely consistent with the past action of the Congress of the United States on this point.

Specifically House Resolution 627 states that the House of Representatives reiterates its opposition to the seating of the Communist regime in China as the representative of China in the United Nations or any of its specialized agencies and supports the President in his expressed determination to use all means to prevent such representation.

According to the report on this resolution the fact that Congress will shortly adjourn and that the General Assembly of the United Nations is scheduled to meet in September of 1954 made it desirable that Congress again give voice to its opinion on the subject.

As far as I can see there can be no opposition to the resolution itself. The Congress of the United States by passing this resolution will again go on record before the world as definitely opposed to the admission of Communist China to the United Nations and it seems to me that just the plain defining of our position once more will serve to bolster our case and our cause on this subject with our allies throughout the world.

Mr. Speaker, I call for the adoption of the rule which will make possible the consideration of House Resolution 627.

Mr. SMITH of Virginia. Mr. Speaker, I have no requests for time. I think we are all against sin; and I yield back the balance of my time.

Mr. NICHOLSON. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to.

Mr. JUDD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the resolution (H. Res. 627) reiterating the opposition of the House of Representatives to the seating of the Communist regime in China in the United Nations.

The SPEAKER. The question is on the motion offered by the gentleman from Minnesota.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of House Resolution 627, with Mr. ELLSWORTH in the chair.

The Clerk read the resolution, as follows:

Resolved, That the House of Representatives reiterates its opposition to the seating of the Communist regime in China as the representative of China in the United Nations or any of its specialized agencies and supports the President in his expressed determination to use all means to prevent such representation.

Mr. JUDD. Mr. Chairman, I think the reasons why this resolution has been brought out unanimously by the Committee on Foreign Affairs at this time are well known to everybody.

The House of Representatives took action along the same lines on January 19, 1951, after the Chinese Communists had intervened in the aggression against South Korea and were beginning the push for admission to the United Nations. The House took similar action in May, 1951, and again in July, 1953. But developments in the world today, the renewed aggression of the Communists in the Far East and the apparent disposition of some of the nations that are our allies around the world to reconsider their previous opposition, in view of the increased strength of the Communists, made our committee feel that it is important that nobody in the world have any misunderstanding as to the feeling of the Congress, representing the people of the United States, on this issue. So it was unanimously voted to bring a resolution reiterating our position before the Congress. There were several resolutions on the subject before the committee—the first one introduced more than a year ago by the gentleman from Michigan [Mr. BENTLEY] and others recently by the gentleman from Michigan [Mr. CLARDY] and the gentleman from California [Mr. HOSMER]. Hearings were held on the resolutions last week by the subcommittee on the Far East and the Pacific, of which I am the chairman. The original Bently resolution was amended to take cognizance of the present situation, reintroduced by him as House Resolution 627 and voted out unanimously by the full committee. At this time I yield 5 minutes to the gentleman from Michigan [Mr. BENTLEY].

Mr. BENTLEY. Mr. Chairman, House Resolution 627, as reported unanimously 2 days ago by the House Foreign Affairs Committee, states that the House of Representatives reiterates its opposition to the seating of the Communist regime in China as the representative of China in the United Nations or any of its specialized agencies and supports the President in his expressed determination to use all means to prevent such representation.

Over a year ago I introduced House Joint Resolution 286, which would automatically provide for a reexamination of our policy toward the United Nations if the Red Chinese should be seated therein. The Department of State felt, however, that, while such a reexamination would be axiomatic in this event, it should not be assumed that the admission of Red China was to be expected.

I have recently reviewed all courses of action available to us for the purpose of preventing the seating of Communist China with high officials of the administration. While I do not believe that we should expose all possible tactics at this time, I do think that they are sufficient to keep Communist China out of the United Nations as long as the administration is resolved upon the firm stand in that respect which it has already announced. As proof of this firm stand, I will ask unanimous consent in the House to insert among my remarks at this point excerpts from the texts of the press conferences of President Eisenhower on July 7 and Secretary Dulles on July 8 as reported in the July 16 issue of U. S. News & World Report.

HOW IKE FEELS ABOUT RED CHINA

Here's what the President said about Red China at his press conference on July 7, 1954. The following answers by Mr. Eisenhower were released for direct quotation:

Question: "I wonder if you could give us today, sir, your own feelings on the admission of the present Communist Government of China to the United Nations."

The President: "I would be glad to. As you know, and I have said before this particular group, I am completely and unalterably opposed, under the present situation, to the admission of Red China into the United Nations. I personally think that 95 percent of the population of the United States would take the same stand.

"Now, let's take a look at this thing for a minute, if you will bear with me:

"There is a moral question, first of all, that is involved. The United Nations was not established primarily as a supergovernment, clothed with all of the authority of supergovernment and of great power to do things.

"It was, among other things, an attempt to marshal the moral strength of the world in order to preserve peace, to make certain that quarrels were composed through a decent respect for justice and fairness and right, and to see whether we couldn't avoid resort to force.

"Now, today we have Red China going to Geneva, and instead of taking a conciliatory attitude toward anything, it excoriated the United Nations.

"As a matter of fact, in Geneva, it demanded repudiation of the United Nations position. On top of that, Red China is today

at war with the United Nations. They were declared an aggressor by the United Nations, in the Assembly. That situation has never been changed.

"They are occupying North Korea; they have supported this great effort at further enslavement of the peoples in Indochina; they have held certain of our prisoners unjustifiably, and they have been guilty of the employment of the worst possible diplomatic deportment in the international affairs of the world.

"Now, how can the United States, as a self-respecting nation, doing its best and in conformity with the moral standards as we understand them, how can we possibly say this Government should be admitted to the United Nations?

"That is the way the case stands now, and that is my position."

Question: "Mr. President, to carry that a little bit further, sir, there have been some suggestions on the Hill [Capitol Hill] that if Red China is admitted over our protest, that the United States should then withdraw from the U. N. Would you comment on that, sir?"

The President: "Well, yes, I would.

"We went into the United Nations under treaty forms. Now, I must say, first, if the United States ever reaches the point that it wants to repudiate solemn treaty obligations, it must do so after the most careful deliberation and study of all of the consequences that could be involved.

"Secondly, I repeat, the establishment of the United Nations was an effort to rally the moral forces of the world. I don't see how, in all conscience, the United Nations—I don't see how any state, impartial state, can vote for their acceptance under present conditions—I just don't understand it.

"But if they should, if these people, mistakenly, as we believe, could override us—and I don't know that they can—I would fight to the last minute to prove they can't. But if they should, the question of whether we would accomplish more good in the world, whether we could advance the cause of peace and decency better by going out than by staying in, that is something that would have to be decided.

"My own feeling is this: I never give up a battle until I am licked completely, utterly, and destroyed, and I don't believe in giving up any battle as long as I have got a chance to win."

In what follows, the President's answers are paraphrased, in accordance with White House custom:

Question: "Sir, is it a fair inference from your remarks, then, that you oppose any amendment to the foreign-aid bill, or any current legislation, which would automatically take us out if Red China is admitted?"

The President: Mr. Eisenhower said he didn't believe an amendment was up officially, but he did not think cases should be prejudged. He believes such problems should be taken as they arise, and he doubts that any such amendment will be seriously considered.

Question: "Sir, could you tell us if what you have told us here is approximately what you told Senator KNOWLAND yesterday? [WILLIAM F. KNOWLAND, Republican, of California, had stated earlier that, if Red China were admitted to the United Nations, he would resign his Senate majority leadership and work to end United States membership in the U. N.]

The President: Mr. Eisenhower said that he and Senator KNOWLAND had conversed about many things and were, he thought, in conformity on most of their ideas.

On this one, the President added, Senator KNOWLAND had said he himself would begin the fight for withdrawing the United States from the United Nations.

The President had not reached any such decision, he said.

Question: "Mr. President, can you think of any circumstances under which you would favor admission of Red China into the U. N.?"

The President: Mr. Eisenhower said Red China would have to show a record of deeds that would prove really good faith and a readiness and a capacity on Red China's part to discharge its obligations in the international field properly and decently.

MR. DULLES: RED CHINA IS "DISQUALIFIED" FOR U. N. SEAT

Following in full text are Secretary Dulles' answers to questions dealing with Red China's admission to the United Nations, from his press conference of July 8, 1954. The questions and replies are as released by the State Department:

At his news conference today, Secretary of State John Foster Dulles was asked whether he favored United States withdrawal from the United Nations if Red China is admitted to that organization. Secretary Dulles made the following reply:

"I am so confident that the Communist regime will not be seated in any of the principal organs of the United Nations that I do not care to proceed on the assumption that they will be seated. I think that weakens our case and strikes a note of defeatism which I think is entirely unjustified.

"The United States has a powerful case in this respect and it is a viewpoint which is shared by many other members of the United Nations. The record of the Chinese Communist regime is such that it is, in my opinion, clearly not qualified to be seated in the United Nations.

"Let me, if I may, elaborate that a bit. I recall from the days at San Francisco in 1945, when the charter was drawn, that there was at that time a very considerable argument on whether the United Nations should be a universal body which would represent all the governments of the world, good, bad, or indifferent, or whether membership should be on a selective basis. That was strongly argued at San Francisco and the proponents of selectivity won. That is reflected by the provision in the charter that members should be peace-loving and able and willing to discharge their obligations under the Charter. That is strengthened furthermore by the provision that any nation against which enforcement action was taken should be liable to suspension from membership in the United Nations. In other words, the United Nations was not set up to be a reformatory. It was assumed that you would be good before you got in and not that being in would make you good.

"The United States, basing itself on the principles of the charter, which are clear, takes the position that the Communist regime is disqualified by its consistent record of opposition to the principles of the United Nations. In Korea it carried on war against the United Nations. At the Geneva Conference it continuously denounced the United Nations. It has been the subject of enforcement action recommended by the United Nations. In southeast Asia it promoted aggression. All of these facts combine to make a case such that we do not believe that the requisite vote can be found to admit the Communist regime to represent China in the United Nations. Because we believe that, we do not think that it is wise to proceed on the assumption that we are going to be defeated. I do not believe Communist China in fact is going to be seated.

"So far there are over 150 test cases which have come up in one or the other of the organs of the United Nations and in every one of those cases the position has been taken that the Communist regime should not be seated. In view of the strength of our case, the fact that we know many other countries share it with us, and in view of the past record, I see no reason whatever to assume that we are going to be defeated on this issue at the present time."

Mr. Dulles was asked what he considered the requisite vote to defeat Red China's being seated to be. He replied:

"I believe that as far as the General Assembly is concerned this certainly is an important matter which would require a two-thirds vote. Anybody that says this is not an important matter is certainly not facing up to the realities of the situation. I believe that in the Security Council it is a matter which is properly subject to veto."

Mr. Dulles was asked whether that meant that the United States would use the veto if necessary. He replied:

"It means that we would invoke the veto if necessary, yes."

Mr. Dulles was asked whether that meant that the United States does not consider it a question of credentials. He replied:

"It means that we consider it what the charter calls an important matter. The charter says that important matters shall require a two-thirds vote, and, as I say, anybody that does not think this is an important matter is exercising a curious judgment."

The Secretary was asked whether, in the event that there would have to be a veto to determine whether this was or was not an important matter that would be by majority vote. He replied:

"That would be by a majority vote. The charter contains, in relation to the General Assembly, the basic provision that important matters shall require a two-thirds vote. It then goes on by way of illustration to indicate certain matters which are by definition important matters. Then it goes on to say that the creation of an additional category of important matters should be by a majority vote."

Mr. Dulles was asked who would be hurt the most by American withdrawal from the U. N. He replied:

"I don't think there is going to be any American withdrawal from the U. N. or any occasion for it."

A correspondent raised the point that Mr. Dulles' predecessor (Dean Acheson) took the position that a vote on Chinese Communist membership in the Security Council was not a vetoable question. Mr. Dulles was asked why his thinking differed on this point. The Secretary replied:

"The view is clearly accepted that the admission of a new member is subject to veto. And then the question arises as to whether the admission of a new government is subject to veto.

"In view of the fact that the charter tests as to eligibility obviously relate to governments, or can only be applied in terms of governments, it seems to me that if you look at the substance of the matter rather than the form, the question of the eligibility of a new government should be subject to the same voting tests as the admission of a new state.

"The charter says that a state shall not be eligible for membership unless it is able and willing to carry out its obligations under the charter. Now, the question as to whether a state is able and willing to carry out its obligations under the charter clearly depends upon its government. There is no way in the world of determining ability and willingness to carry out obligations except in terms of what is the attitude of the government, just as in the case of Guatemala, which has been referred to. In that case we are withholding recognition until we are satisfied that the government will be able and willing to carry out its international obligations.

"The test that the charter applies is a test which can only be applied in terms of

governments. You cannot apply the test to an amorphous body, such as a state, without regard to its government. Therefore, as far as the substance of the matter is concerned, it seems to us that it is a substantive and not a procedural matter to determine whether or not the Communist regime shall be seated. That is the reality of the situation.

"The Soviet Union by veto prevents the admission of Japan, of Italy, and of many states who are qualified because of their peace-loving and law-abiding governments to membership. To say that the Soviet Union can exercise that right in that respect, but that in this respect the right cannot be exercised, seems to me to put the letter above the spirit of the charter."

Mr. Dulles was asked how he accounted for the fact that some of the governments whose representatives at Geneva only a few weeks ago signed the 16-power declaration, which, in effect, terminated the Korean talks, can now so materially alter the view that they expressed in that declaration. He replied:

"Well, I was reading that just before I came down here. It says: 'The Communists repudiated and rejected the authority and competence of the United Nations in Korea and have labeled the United Nations itself as a tool of aggression. Were we to accept this position of the Communists, it would mean the death of the principle of collective security and of the United Nations itself.'

"Sixteen nations signed that declaration, and one of the reasons why I am confident that the Communist Chinese regime will not be seated in the United Nations is because of the fact that the principle to which they subscribed at that time leads irrefutably to the conclusion that that regime should not be brought into the United Nations. As, indeed, is said there, the position which Communist China represents, if it were accepted, would mean the death of the principle of collective security and of the United Nations itself."

Mr. Dulles was asked whether his views on the admission of Communist China to the U. N. have been modified since writing his book, War or Peace, in 1950, since, the reporter said, the book stated that the only test should be whether they govern the country or not, and it argued in favor of the universal theme rather than the selectivity theme. The Secretary replied:

"In the first place, I was arguing for an amendment of the Charter of the United Nations which would adopt the principle of universality. The other theory was adopted and is in the charter, and that is what we are bound by at the present time. Furthermore, since that was written, there has been the aggression of the North Koreans in Korea. There has been the condemnation of Communist China as an aggressor. There has been the support by Communist China of aggression in Indochina.

"These are all events which in the winter of 1949 to 1950 were not predictable. We were entitled to believe at that time that there was a general acceptance of the principles of the United Nations. Since that time there has been a very marked change in the situation. There has been a series of actions which indicate that the hopes which were legitimately entertained, I think at that time perhaps cannot be entertained with the same confidence at the present time."

The Secretary was asked whether that is not also true of the Soviet Union. What distinctions, he was asked, do you draw between your argument on the selectivity of the Soviet Union and Red China? Mr. Dulles replied:

"The Soviet Union is at the present time seated in the United Nations. It cannot be put out of the United Nations because it would be able to veto that action. In the case of the Soviet Union the matter is academic even if we assume, which is not necessarily to be assumed, that the record of the Soviet Union if comparable to that of Communist China. The Soviet Union has never been declared an aggressor by the United Nations nor have enforcement measures been taken against it such as would justify suspension under the United Nations Charter."

Mr. Dulles was asked whether the position of Communist China in relation to the principles of the U. N. is a worse record than that of the Soviet Union. He replied:

"Yes, because Communist China has been found by the United Nations to be an aggressor, and the United Nations has called for enforcement measures against Communist China. There is nothing comparable in that respect, as far as the record of the Soviet Union is concerned. Whether that should be the case or not is another question. But the fact is that the Soviet Union has not been found by the United Nations to be an aggressor. Therefore it is not a question of inviting into the United Nations a government which is itself at war with the United Nations and is today subject to sanctions which have been called for by the United Nations."

The Secretary was asked whether we are prepared to have this issue come to a vote in September when the next Assembly meets, or whether we would seek to postpone a vote on the Chinese admission. Mr. Dulles replied:

"I would not want to predict at this time what the particular techniques will be. Last year the matter came up in the form of a resolution, which I think I moved, that the question of the admission of Communist China be postponed for the period of the Eighth Assembly. That resolution prevailed. I remember I handled it myself personally on the floor at the opening day of the General Assembly."

He was asked whether or not he was ruling out the possibility that that move might be made again. Mr. Dulles replied:

"No; that might very well be the procedure that would be followed."

He was asked whether in such a case the vote required would be two-thirds or a majority. Mr. Dulles replied:

"My recollection is that the resolution was adopted by a two-thirds vote so that it became academic."

There have been various expressions here and in the other body which would favor an announced declaration by the Congress as to what our course of action should be in case of Red Chinese seating. I feel it would be unwise to thus commit ourselves in advance. There is no question but that, should the administration be unsuccessful in its opposition which does not appear likely, our entire policy toward the United Nations would undergo a most thorough review by both the administration and the Congress. I am in sympathy with many of the proposed further courses of action that have been expressed, but I would not like to see us committed to any of them at this time.

Mr. Chairman, the overwhelming desire of the Congress at this point should be to lend all possible support to the administration in its efforts to keep Red China out of the United Nations. I can think of no better way to express this support than the meaning of House Resolution 627 which I hope will pass the House by unanimous rollcall.

The Charter of the United Nations was intended to make that organization the focal point for the mobilization of moral force throughout the world. If Red China were admitted to the United Nations that moral force would not only be weakened but would be thoroughly dissipated and torn asunder. It is not a question of whether Red China is legally entitled to a seat, it is a question of whether that regime is morally entitled. Certainly, as long as the United Nations has declared the Chinese Communists to be an aggressor group, there should be no talk or thought of their seating. That is why I say that if the Red Chinese were to be admitted in view of all the circumstances, the question of our future membership in the United Nations or our financial support of that organization would be academic. If such an event came to pass, it would hardly be necessary for this Government to walk out of the United Nations because that organization would be so discredited that it would fall apart through a dissolution of the moral strength which now binds its members together.

Mr. Chairman, it is with conviction as to the obligation of the Congress to express itself in this sense prior to adjournment and before the September meeting of the General Assembly that I offered House Resolution 627. I feel that our members would be derelict in their duty if they did not again place themselves on record in this respect, both for the sake of the people whose representatives we are and also as a warning to the other member nations of the United Nations throughout the world. Given the unequivocal promises of the President and the Secretary to do all in their power to continue to bar Red China, our proper function at this moment is to pledge them our wholehearted and enthusiastic support. I hope the resolution will be adopted unanimously.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. BENTLEY. I yield.

Mr. GROSS. The gentleman has gone into this thoroughly. I am sure the gentleman can tell me whether the veto applies to the seating of a country in the United Nations General Assembly.

Mr. BENTLEY. I understand that the veto does not apply to a seat in the General Assembly, but the seating of Red China would be a so-called important question which would require a two-thirds vote of the General Assembly, and I do not think the Chinese can get a two-thirds vote.

The CHAIRMAN. The time of the gentleman from Michigan has expired.

Mr. CARNAHAN. Mr. Chairman, I yield 2 minutes to the gentleman from Massachusetts [Mr. O'NEILL].

Mr. O'NEILL. Mr. Chairman, I rise to support the resolution opposing the admission of Communist China to the United Nations. I have also presented my own resolution, House Concurrent Resolution 255, which has the same objective.

I realize that the President of the United States has already assured the people that he will advise our United Nations trustees to vote against Red China, and Secretary Dulles has done the same. However, I feel that the American people, who are so bitterly opposed to Red China, want, and should have, an affirmative stand on this matter by their Congress.

When the General Assembly of the United Nations convenes for its ninth

session in September, undoubtedly an attempt will be made to seat a representative of the Chinese Communist regime as the spokesman for China. This is a step which the United States has vigorously opposed in the past. It is a step which Republicans and Democrats alike believe we must continue to oppose as long as that government persists in violating the very principles upon which the United Nations is founded. These principles are international cooperation to develop friendly relations and maintain peace, and respect for and encouragement of human rights.

As the time draws nearer for the showdown on this issue, the question of Communist China in the United Nations will dominate the news and increasingly occupy the attention of our foreign policymakers. For this reason I would like to discuss with you the China which we are talking about when we speak of Communist China. It is the duty of each of us to decide whether that government yet lives up to the principles of the United Nations and make our views known.

As you know, the vast Chinese mainland is no longer the China which has traditionally been our friend. The Chinese people are under the yoke of a Communist dictatorship as harsh and bitter as any in Eastern Europe. We can imagine the full meaning of this when we realize that literally thousands of Chinese prisoners of war in Korea, 75 percent of the total, in fact, refused to return to their native land when given the opportunity, knowing that it meant they might never see their families and homes again. What has the Communist regime done to instill such intense hatred among the Chinese people?

For one thing, under Communist leadership China has become a nation of slave labor. It has been reliably stated that at the end of 1952 the number of slave laborers in Communist China was well over a million. China at that time, placed second only to the Soviet Union in the extensiveness of its slave-labor system. If the regime continues in power, the tragic conclusion must be reached that soon the number of forced laborers in China would even surpass that in the Soviet Union. Already some estimates of the number go as high as 5 or even 15 million.

The Communist regime does not attempt to hide the fact that it uses slave labor. On the contrary, it boasts that forced labor is a vital part of the country's economic and political structure. After a day of hard work, in which the laborer must produce a fixed quota of work of a fixed quality in a fixed amount of time, he is then subjected to political reform, in reality mental torture through which all ideas of opposition are washed away and replaced by the Communist line. That is why slave labor is an important part of the political system.

Forced labor is not the only method the Chinese Communists use to stifle political independence. Millions of Chinese who were thought to oppose the new regime have been murdered. Purges of landlords, anti-Communists, and resistant farmers have been carried out with ruthless efficiency. Mass participation in the executions is demanded so that the crime will appear to be the result of popular demand. Even the school children are forced to attend the mock trials and cruel shootings so that they will learn the penalty of nonconformity.

Those who escape extinction or slavery are by no means free, however. They are closely watched. Their property is likely to be seized at any time. Mass propaganda is conducted continuously, and the response must be enthusiastic, vigorous, and vocal. If one member of the family is silent on the merits of communism, or expresses doubt about the validity of its teachings, another member may inform on him. It is a symbol of the degree to which the Comunists are willing to undermine traditional Chinese society when children are trained to spy and report on their parents even if it means death to the parents. This violates the ties of loyalty on which the Chinese family unit is based.

The purging of the opposition is equaled only by the purging of learning. Thousands of books are forbidden because they are classed as "feudal" or "bourgeois" or "imperialistic." One source estimated that 86 percent of all books published in the 50 years prior to the Communist seizure of power have been burned. Distinguished scholars and educators have been "brainwashed" and forced to parrot the Communist teachings.

The international behavior of the Chinese Communist regime matches the terror of their domestic conduct. The most rudimentary principles of international law have been violated. The duty of protection of aliens has been grossly defied. Some hundred Americans are being held in Communist China against their will. Thirty-two of these are now in jail being held incommunicado, without trial and without knowledge of the reason for their imprisonment. Often they are subjected to physical or mental torture. Missionaries and nuns have been subjected to the same gross treatment. The aim of this shocking conduct is to secure false confessions to be used against us. As in the Soviet Union, every effort is being made to drown in a sea of "hate America" propaganda the respect and good feelings which the Chinese people themselves have had for us for over a century.

This flagrant abuse of international decency extend beyond a nonfulfillment of international obligations. It extends even beyond disgraceful participation in crimes such as promoting the narcotics trade and blackmailing overseas Chinese to gain foreign currency. Chinese Communist activities include support of outright international aggression. This, more than anything else, is likely to ignite a third world war.

As soon as they completed the conquest of the Chinese mainland, Mao Tse-tung and his underlings began an unceasing attempt to expand the scope of their influence throughout Asia. By propaganda, training leaders, and supplying money, advice, and guidance they have contributed to the development of other Asian Communist parties.

In Indochina, as we well know, it has been apparent for some time that Communist China has been giving material assistance to the troops of Ho Chi Minh. A recent United States intelligence report, which has been made public, states that—

> In the Viet Minh itself there are Soviet and Chinese Communist advisers or supervisors in the military organization down at least to the company level in the military and • • • spread throughout the administrative hierarchy.

It was estimated that approximately 20,000 Viet Minh troops were trained and rearmed in China in preparation for the offensive of September 19, 1950. This is only one example of the large amount of sustenance being given by the Communist Chinese to the Viet Minh.

In Korea the Chinese Communists entered a war against the United Nations itself. Here they not only attempted to help an aggressor but they defied the organization they now wish to enter. Later they disregarded accepted rules on the care of prisoners of war. Since the armistice they have repeatedly violated the terms of the armistice agreement, proving they are not yet willing to respect their international obligations. For example, the Swedish and Swiss members of the neutral nations supervisory commission have been prohibited from exercising supervision in North Korea as provided by the armistice. The provisions of the agreement prohibiting the reinforcement of military personnel, combat aircraft, armored vehicles, weapons, and ammunition have been ignored. The Communist leaders have not yet exhibited a willingness to negotiate a peaceful settlement of the Korean question in good faith.

Taken as a whole, therefore, the international conduct of the Chinese Communists no more shows interest in maintaining peace and promoting friendly relations than their domestic conduct shows respect for even elementary human rights. I cannot believe that such a government could possibly represent the Chinese people whom we have always known to be peace loving and deeply respectful of the highest values. To recognize such a regime as the legitimate government of China would, therefore, be a betrayal of the Chinese people themselves. To give it a seat in the United Nations would be a betrayal of the organization which was founded for the purpose of maintaining peace and security. Finally, such action would be a betrayal of ourselves and the principles of democracy, respect for the individual, and liberty on which the United States was founded and from which we must never deviate.

Mr. JUDD. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. CLARDY].

Mr. CLARDY. Mr. Chairman, as one who introduced a resolution that goes somewhat further than that of my colleague from Michigan [Mr. BENTLEY], I want to endorse what he has said and to suggest that while I would much prefer to have a stronger statement of position by this House, I am prepared to go along with the resolution now before us.

I think I should warn the Members who may come back next year that if I am successful in the coming November

election I intend to introduce on the first day of the next session a resolution which will firmly and flatly and unequivocally place this House on record as stating flatly that in the event Red China is brought into the United Nations through one door we will immediately depart by the other.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. CLARDY. I yield.

Mr. O'KONSKI. Does the gentleman from Michigan see any difference in the nature of communism in Red China and communism in any other country?

Mr. CLARDY. I do not.

Mr. O'KONSKI. Does not the gentleman think then that this resolution would have more meaning and more sense if we opposed the entrance of any Communist nation into the United Nations?

Mr. CLARDY. Not only that, but also the ejection from the United Nations of any Communist nation. They are our sworn enemy, they are dedicated to our destruction. It is utter nonsense to call this a peace preserving organization as long as they are in our midst.

Mr. KEARNS. Mr. Chairman, will the gentleman yield?

Mr. CLARDY. I yield.

Mr. KEARNS. Does the gentleman feel we will have proper protection in the interim until the gentleman introduces his resolution?

Mr. CLARDY. I do, or I would not support the resolution as it stands. I think that the voice this House has raised has been heard around the world because of what has transpired up until today and I am saying now that it is my interpretation of this resolution that this House is saying flatly that while we are not announcing our punch in advance, we are going to get out of the United Nations if the unexpected should happen.

Mr. KEARNS. I want to compliment the gentleman for his great conviction.

Mr. CARNAHAN. Mr. Chairman, I yield 3 minutes to the gentleman from Alabama [Mr. BATTLE].

Mr. BATTLE. Mr. Chairman, I rise in support of House Resolution 627 as introduced by the gentleman from Michigan [Mr. BENTLEY].

This resolution is somewhat similar to those we have had previously expressing our determination to prevent the seating of Red China in the United Nations. Last year I had a similar resolution, and last year the Foreign Affairs Committee and the House of Representatives passed a similar resolution setting out our determination to prevent this coming about. Certainly nothing has happened in the meantime to make us alter this course; as a matter of fact, events in the last few months have brought us to a position where we must be even more determined.

I do not want to recognize the Communists who have raped China. I do not condone the gangster tactics they have adopted. I do not want to reward the Communists for their aggression.

A few days ago the House Committee on Foreign Affairs was considering the Bentley resolution. This resolution as first offered suggested in effect that we have an agonizing reappraisal if the Communists are admitted as the representatives of China. It followed the general pattern to some extent of the Knowland amendment in recognizing the fact that Red China might be admitted. We must have an agonizing reappraisal if this does happen; but I do not believe in admitting defeat before we start.

We should use the veto in the Security Council and fight to a successful conclusion in case this question is brought up before the General Assembly.

I shall support this resolution. It is a positive approach in making sure that our goal is achieved, in making sure that the Communists are not seated as representatives of China.

Mr. JUDD. Mr. Chairman, I yield such time as he may desire to the chairman of the Committee on Foreign Affairs, the gentleman from Illinois [Mr. CHIPERFIELD].

Mr. CHIPERFIELD. Mr. Chairman, I approve of this resolution and shall support it.

Mr. JUDD. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. HOSMER].

Mr. HOSMER. Mr. Chairman, this is perhaps one of the greatest issues that this Congress has had an opportunity to consider. It is great for two reasons: It is great because as indicated by the gentleman from Michigan [Mr. CLARDY] already the very fact of its discussion by the United States Congress has prevented the raising of the issue of the admission of Red China to the United Nations this fall. It is great because it forces us to redetermine what kind of an organization the U. N. should be.

The elected Representatives of the people of the United States of America, both in this body and in the other body, have so fully and so firmly expressed decisively their objection to membership of Communist China in the United Nations that it has deterred action on the part of the other nations of the world who were about to take this terrible step.

It is, as indicated by the gentleman from Michigan [Mr. BENTLEY], a step which would have wrecked the United Nations. We who have advised pulling out of the United Nations if Communist China is admitted have been accused of attempting to wreck it; but actually the day the United Nations membership falls to such a low regard for the objectives and the moral character of that organization as to admit a perfidious state like Communist China to membership then the organization is too weak morally to survive anyway.

So by the resolution that is before us today we may have accomplished one other great purpose. We may have accomplished a focusing of the attention of the American people on the question of what kind of an organization should the United Nations be.

Should the United Nations be an organization of like-minded States that have certain minimum standards for admission, or should the United Nations be a common brawling ground with no standards of admission, a place where even the worst type of nation can go and have an arena to stage its brawls with the other countries, an arena that is short of the battlefield?

I prefer to think of the United Nations in the first sense, that it is something more than an arena. But if it is no more than that and if the awareness of the people of the United States can come to understand that it is just an arena and not an organization which is going to save the world, then what the gentleman from Michigan wants to do, reexamine our attitude toward the United Nations, is exactly the thing that should happen. If it is not an altruistic organization but an arena then we most certainly should reexamine our policies and thereafter look at it as an arena and not an altruistic organization. In doing so the United States can certainly make greater and more realistic use of it than it does at the present time.

Mr. MASON. Mr. Chairman, will the gentleman yield?

Mr. HOSMER. I yield to the gentleman from Illinois.

Mr. MASON. Would not the gentleman agree that so far the record of the United Nations has proven that it is nothing but a brawling arena?

Mr. HOSMER. I will admit that the record of the United Nations is a disappointing one, in many respects, but I certainly do not give up all hope that through it we can attain a better world.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. HOSMER. I yield to the gentleman from Minnesota.

Mr. JUDD. I agree with the gentleman that this resolution causes proper discussion of what the United Nations ought to be. But, of course, that is an academic question in reality because the United Nations operates under a charter which determines what it is. That charter says "membership in the United Nations is open to all other peace-loving states." Therefore, to admit to membership organization or nations which are openly at war with the United Nations itself would make a mockery of every single basic principle on which the U. N. is founded and violate the specifications clearly set forth in the charter. I commend the gentleman for the point he is making that to admit China would not strengthen the U. N.; it would destroy its moral foundation and its legal integrity, because it would be an open and blatant violation of the charter. Obviously, that would destroy its effectiveness.

Mr. HOSMER. As the gentleman from Minnesota [Mr. JUDD] so well pointed out at the Foreign Affairs Committee hearings last Friday, admission of the Communist Chinese to the United Nations would accomplish nothing more than immediately to make them subject to expulsion for violation of the rules of that organization.

The basic fact we start out with is the perfidy of the Communist regime which kidnaped the mainland of China by murder, subversion and intrigue and which, as the President has stated:

First. Is still at war with the United Nations over Korea;

Second. Has been condemned by the United Nations as an aggressor for part in the Korean war;

Third. Still occupies parts of North Korea;

Fourth. Is now seeking to enslave the people of Indochina;

Fifth. Holds American war prisoners and American civilians unjutifiably.

If the U. N. is to be an alliance of like-minded states functioning under certain minimum standards of decency, then, obviously, the Red regime in China is far below the minimum. Should the members of the U. N. be so insensitive to the nature of that organization, portrayed by this concept, as to admit Red China we can only reach one conclusion: It is not an alliance of decency, its morals are decadent, or nonexistent, and it is no place for the United States of America to be. The greatest harm that we can do ourselves and the cause of freedom everywhere is to compromise on great moral principles. Therefore, upon such event, we should forthwith withdraw from membership.

If, on the other hand, we conceive the U. N. to be a meeting ground for all nations, irrespective of the base character of governments represented, the situation is different. We then conceive of the U. N. as a common brawling ground, something like the arenas of ancient Rome, where contestants, no matter how crude, indecent, or immoral, can stage their spectacles for all to see.

The latter concept requires a reexamination of our policy toward the United Nations. I believe our policy toward the U. N. up to now has been based on the concept of that organization being something more than a common brawling ground. Certainly, if it is only that, then our policy toward it should be reexamined. If it is no more than a place of conflict for divergent nations of whatever character, then, recognizing it as such, we possibly can obtain much more use of it than we are getting at the present time.

Mr. DOLLINGER. Mr. Chairman, I ask unanimous consent that the gentleman from New York [Mr. ROOSEVELT] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ROOSEVELT. Mr. Chairman, I rise in support of this resolution. As I have frequently stated, I am opposed to any nation shooting its way into the United Nations. Red China by its actions has shown that it cannot conscientiously subscribe to the fundamental purposes of a peaceful world under the United Nations. To my mind, it is an absolute prerequisite to any nation's membership in the family of nations that they demonstrate by their deeds and not just by their words that they subscribe to the basic principles of international morality and that they pursue peaceful purposes. Instead, Red China by all of its actions has shown its devotion not to the fundamental concepts of the United Nations but rather to the concept of aggression engineered and directed by the Kremlin.

Mr. JUDD. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. FULTON].

Mr. FULTON. Mr. Chairman, I rise in support of this legislation to state the position of the Congress against the seating of the Communist regime to represent China in the United Nations. I believe it should be pointed out that the seating of Communist China regime in the United Nations would not only seat them as members of the General Assembly but would likewise seat them in the Security Council as one of the five permanent members. That would mean 2 Communist permanent members of the 11-country Security Council, which I believe could be a danger to this country and to its security.

Secondly, when we are speaking of seating this particular group in charge of the Chinese Communist regime, we would be admitting these representatives into our country through the United Nations and the United Nations buildings in New York City. Thus these Communist Chinese representatives would probably have access to the whole of the United States of America with little or no restriction, and we might have very little chance to restrict the numbers. On the contrary, there would be no American representation or travel permitted in Red China. So, on security grounds likewise I favor this resolution.

I believe this is a resolution in support of the President's position and the President's policy against the seating of the Communist regime to represent China in the United Nations. I believe that on foreign policy matters, where communism and its menace to this country are involved, we are neither Republicans nor Democrats but are acting as good loyal United States citizens in carrying out our United States foreign affairs policy, and in protecting the security of this good country of ours.

Mr. CARNAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. MILLER].

Mr. MILLER of Kansas. Mr. Chairman, I ask unanimous consent to proceed out of order.

The CHAIRMAN. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. MILLER of Kansas. Mr. Chairman, before beginning on the few remarks that I care to make out of order, I do wish to say that I am in full sympathy with the purposes of this resolution. But, as to the remarks that I wish to make out of order, my colleagues, it is on a subject that concerns every Member in every district of the United States.

In the forepart of next week, Monday or Tuesday, there will be introduced in the House an omnibus bill recommending various constructions on the rivers and harbors of the United States. Among these there will be recommended the construction of two dams out in my district in Kansas, the cost of which is $38,792,000 for a dam at Milford, Kans., on the Republican River, and $16,263,000 for a dam at Perry, Kans. Now, these are small rivers but with wonderful river valleys and as fine farmland as there is in the United States. The people who live out there, the people of my district, are absolutely opposed to the construction of these dams. This is a duplication of the situation that brought me here to Congress when it was recommended that Tuttle Creek Dam near Manhattan should be constructed. That was the sole issue in my district in which I was elected as the first Democrat that ever came from that district, so you may know that there was something behind that issue. The issue in regard to these proposed dams at Perry and Milford is identical with that in regard to Tuttle Creek.

Mr. Chairman, I am taking advantage of this opportunity to call this matter to the attention of the House, because when this bill comes before the House next week it is my intention to offer an amendment to delete these two dams from the bill. It is not that the people of my district object to protection for the people living on the Kansas River valley, but that there is a better, more practicable way to do it. Upstream watershed development, already underway in the upper Delaware River area, is proving big dams on the lower river channel to be unnecessary, and, from the standpoint of flood prevention, antiquated.

Mr. JUDD. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. JACKSON].

Mr. JACKSON. Mr. Chairman, I rise in support of House Resolution 627, and wish to take this opportunity to congratulate the gentleman from Michigan [Mr. BENTLEY] upon the foresight he evidenced many months ago when he first introduced this resolution.

I do not consider, as some may, that the resolution before us today constitutes in any way a threat directed at anyone. Tonight and tomorrow morning, throughout the world, the peoples of the earth and the legislative representatives of those people will learn by press and by radio and by every other means of communication that the House of Representatives, representing the collective opinion and the consensus of 160 million Americans, has voiced its unalterable opposition to the recognition of international banditry.

It may be that some others have forgotten the crosses that mark the graves of those who fell in Korea. This resolution will be evidence to the world that the United States has not forgotten the 25,000 or more crosses which mark the price that we paid for our participation in that theater of war. We have not forgotten our men, their hands wired behind their backs and their brains blown out.

International banditry, rape, brutality, violence such as the civilized world has not known for a thousand years have been perpetrated by the Chinese Communist government. That government has no place in the councils of decent and honest men.

It is my very sincere hope that when the rollcall comes upon this resolution, it will represent the unanimous voice of this great forum of opinion.

Mr. CARNAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I am unalterably in favor of this resolution.

I loathe communism and all its works. I do not think China should now be admitted into the United Nations. I believe we are right in our firm conviction to refuse recognition to Red China.

I am very happy to note that this resolution is not a meddlesome interference with the prerogatives of the President. The President, under the Constitution, is the architect of our foreign policy. It is well to recognize that power given to him by the Founding Fathers, and supported by the country and its people for over a hundred and fifty years. However, we have too often members of either body presuming to act as sole shapers of our foreign policy.

However, it is pertinent to ask one or two questions. We do not recognize China; we reject her admission into the United Nations. There must be a reappraisal beyond that. It may be agonizing, it may be difficult, but the reappraisal must be had with reference to Asia, particularly with reference, for example, to Japan. It is well known that a vast quantity of goods was sold to China by Japan before the Second World War. China was Japan's best customer. What shall be our policy with reference to Japan's trade with China or Russia or the satellite countries? We are pouring great wealth into Japan to bolster its economy and bridge the gap between its exports and imports. I now ask, What is to be the policy of the administration concerning Japan? We are on the horns of a dilemma. We either have to keep pouring that wealth into Japan or in the alternative allow Japan to trade. We cannot take all of Japan's surplus goods. Japan presently is bursting at the seams with her manufactured products. What is to happen to those products? The answer must be had and soon.

It is difficult if not improvident to have any entity or any persons shape our foreign policy except the President of the United States, in whom we must have confidence. Foreign policy cannot be formulated in this Chamber. Men who have their eyes on the next election too often may be actuated by sensation rather than by sanity, by passion rather than patience. Getting reelected and pandering to the groundlings prevents too often a statesmanlike approach. For that reason, as I said before, I am happy to note that this resolution supports the President in his present firm and expressed determination to use all means to prevent representation of China in the United Nations. I take it the President could have different views depending upon the shape of world events in the future. If the President at some distant time feels that his plan and his policy vis-a-vis China must be reoriented, I think that the expression of that reorientation or change of view and implementation thereof would be perfectly consistent with this resolution.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from Iowa.

Mr. GROSS. The gentleman has raised a question that is going to pose one of our greatest headaches, that of Japan. I am sure the gentleman will agree with me that this great organization known as the United Nations, so steeped in morality, that the other 59 member nations are going to come to the financial assistance of Japan along with the United States. Will not the gentleman agree that with all their morality they are now going to take the goods of Japan and help us finance that country?

Mr. CELLER. I do indeed hope the gentleman is correct. I do indeed hope the United States will not be alone in helping Japan.

Mr. JUDD. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. JAVITS].

Mr. JAVITS. Mr. Chairman, I am for this resolution precisely because it contains no threat to withdraw from the United Nations. If it contained such a threat, I would be against it on the ground that the threat to leave the U. N. is more inimical to the interests of the United States than the unanimous declaration of the House of Representatives—a declaration already made by the Congress before and by the President and Secretary of State recently—that they are against the admission of the Communist Chinese regime to represent China in the United Nations, a view which I hold very strongly and have held from the beginning. Incidentally, I think we ought to keep to that name of the Chinese Communist regime. It is not the Government of Communist China, it is a regime which has put a yoke of slavery around the neck of China and its people.

It strikes me that the very same people that are found running down the United Nations and saying it is no good and not worth anything are the ones who turn around when something happens like that in Indochina and say, "Where is the United Nations? Why isn't it doing something?" Also, the very same people who say we should not trade with the Communist world are the very people who ask the question, "What do we do now?" and are unwilling to be for greater and more open trade when we run into a question of free world trade, and are also unwilling to help finance the economic dislocation which the free world would suffer if nonstrategic trade with the Communist bloc were entirely cut off. Our responsibility is to the 1,600,000,000 people of the world who remain outside of the orbit of the Communist countries. Instead of subjecting Japan, a great nation, to the blandishments of trade with totalitarian countries like Communist China we should be working hard to integrate economically the trade and development of the free world and to open up vast new markets based on greater development and higher standards of living.

I do not think we ought to have a foreign policy by threat. I think the reason we are here today reiterating our determination in this resolution is that some feel that confidence in American leadership has been momentarily shaken. Confidence in American leadership is based upon the moral power and the moral conviction of the American people. We must have confidence, too, in other free peoples, that they are just as honest and just as moral and just as sincere as we are, and that they, too, will not let the Communist Chinese regime shoot its way into the United Nations—which is all it amounts to—and have the rest of the world undertake a colossal appeasement of them. Because all the Communist Chinese say is, "We want to get in the U. N. and then maybe we will be good boys." But the Communist Chinese regime fails in any way to cease its aggression and barbarous depredations against the whole civilized world. I am for this resolution expressly because it does not contain a threat but relies on the justice of the cause of the free peoples and their moral power backed up by organization, and I think the House ought to support the resolution unanimously.

Mr. CARNAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. YORTY].

Mr. YORTY. Mr. Chairman, I think it is very interesting that the committee report on this resolution, which I, of course, favor along with, I believe, every other Member of the Congress has this to say: "The events of the last 6 months have proved the necessity for giving increased consideration to this matter. The concern of our Government and our people has been heightened by the Geneva Conference, and the carefully planned activities of the Communist Chinese leaders and their cohorts throughout the world to develop support for their efforts to acquire the seat now occupied by the representative of Nationalist China."

Of course, the resolution itself says that the House of Representatives "reiterates" its opposition to the seating of Red China in the United Nations. I believe it is very singular that 6 months is the time set forth in this resolution because I have spent a great deal of time out among the people of California in the last 6 months, and I have rarely seen them so nervous over the foreign policy of any administration or as confused as they are over the policies of the present administration and particularly its activities during the last 6 months.

I remember well my own feeling not too many months ago when I saw a statement by Secretary of Defense Wilson that we were going to withdraw our troops from Europe. That was followed the very next day by a statement by Secretary Dulles that we would not withdraw our troops from Europe, and it was followed a little bit later by a statement by President Eisenhower that our troops would be left there so long as they were needed to defend Western Europe. He made that statement in order to try to encourage the signing of the European Defense Pact.

When you think back over all the great promises of 1952, and think of the great strength that the United States was going to have, if we had a new administration and the great new foreign policy that we were going to have, and when you see the floundering around today and the ineffective attempts the administration is making to carry out the policy that was charted by the Democrats for the European Defense Pact, then you no longer wonder at the confusion of the American people.

The administration, during the campaign of 1952, made a great political issue out of Korea. It was perfectly evident, even then, to every thinking person that Korea and Indochina were two ends of the same battlefront, and if we took the pressure off the Communists in Korea, it was perfectly obvious that they could shift their emphasis and their power to the important area of Indochina. Yet, when that very thing happened, a few months later, this administration acted surprised and the Secretary of State went rushing around to the capitols of the world to try to arrange some kind of an agreement. Our people were not even told at the time what kind of an agreement he was trying to make with our friends. It was suspected that he was trying to get an agreement to intervene in Indochina. Yet, at the same time that this was being done the military power of the United States had been drastically cut back.

The Air Force program was first cut back and then delayed for 2 years when the administration attempted to return to the very program that they scrapped when they first came into office. While they were doing this, it was announced that the Army of the United States was being cut back from 20 divisions to 17 divisions, and at the same time the administration was talking about intervention, and probably ground intervention in Indochina. They did not say with what or how they would intervene. We did not have much help in Korea except from the South Koreans who certainly were valiant in their own defense. Who would have been able to help us in Indochina if our allies had agreed to intervene? We had five divisions tied up in Europe by agreement and 7 stuck on fly paper in the Far East that could not safely move. What was the administration going to use? What were they going to use to intervene in Indochina?

We had only five Army divisions left to defend the United States and keep our farflung commitments which the administration is expanding all over the world. It was nothing but a bluff of this administration that I submit fooled the American people and confused them, but it did not confuse the Communists. Under the weak and confused leadership of this administration the Communists have marched on to greater strength and victories in Berlin and in Geneva, to the point where the Secretary of State is not willing to go to Geneva to face another diplomatic defeat. So growing Communist power, aggressiveness, and strength has been the answer to Republican sloganizing, weakness and confusion. Republican statements, I repeat, have misled our own people but have not fooled the Communists. It is time for this administration to set a clear-cut policy and tell the American people what it is, and then we will not be so nervous about the Communists shooting their way into the United Nations. All of us are against that.

The CHAIRMAN. The time of the gentleman from California has expired.

Mr. JUDD. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. BECKER].

Mr. BECKER. Mr. Chairman, I appreciate the opportunity the gentleman from Minnesota has given me to express without reservation my wholehearted support of the resolution offered by the gentleman from Michigan [Mr. BENTLEY] in excluding Communist China from the United Nations.

I would like to say with reference to the statement made by the gentleman from California [Mr. YORTY], that to date we have gained more by our foreign policy under our great President and our Secretary of State than in many years in the past. In the speech he has made against the administration the gentleman from California is completely missing the truth as to the accomplishments that have been made.

Mr. JUDD. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. RADWAN].

Mr. RADWAN. Mr. Chairman, in April of this year I introduced a resolution similar to the one before us today. It was very gratifying indeed when the House Foreign Affairs Committee, of which I am a member, took up the resolution before us:

Resolved, That the House of Representatives reiterates its opposition to the seating of the Communist regime in China as the representative of China in the United Nations or any of its specialized agencies and supports the President in his expressed determination to use all means to prevent such representation.

I vigorously urge the adoption of this resolution. Certainly the events of the last 6 months have proved the necessity for giving increased consideration to this matter. The concern of our Government and of our people has been heightened by the Geneva Conference and the carefully planned activities of the Chinese Communist leaders and their cohorts throughout the world, who develop support for their efforts to acquire the seat now occupied by the representative of Nationalist China.

Early this year I stated, and today I want to bring to the attention of this great House of Representatives, that there is a growing apprehension among the American people that we could be moving in the direction of another Yalta. I have a strong conviction that Red China should not be admitted into the United Nations. My feelings in this matter are reinforced from time to time by letters I receive from my constituents, vigorously opposing any recognition of the outlaws who now rule close to 500 million Chinese.

Unanimous expression by this body, reflecting the solid view of the American people, will serve notice to the world that the position of the United States is clear and unequivocal, and that our free Government will not compromise a sacred principle. In the cold shadow of America's 32,000 Korean war dead, it seems a little short of sacrilegious to propose that the captive government of Red China be allowed to shoot its way into the United Nations.

Adoption of this resolution will have the effect of assuring the American people that the present administration, as well as the legislative branch of our Government, stands united in support of the principles of the free world.

I am glad that the language contained in the resolution makes reference to President Eisenhower's recent strong statement on this issue, and I am happy to support my President in his expressed desire and determination in this matter.

Mr. CARNAHAN. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Chairman, when President Roosevelt agreed to recognize the Soviet Union, Maxim Litvinoff, Soviet Commissar for Foreign Affairs, agreed on behalf of his government "not to permit the formation or residence on its territory of any organization or group—and to prevent the activity on its territory of any organization or group, of representatives or officials of any organization or group—which has as an aim the overthrow or the preparation for the overthrow of, or the bringing about by force of a change in, the political or social order of the whole or any part of the United States, its territories or possessions." In effect, this was a solemn agreement on the part of President Roosevelt and the Soviet Union to outlaw Communist organizations and activities in the United States.

The duplicity with which Litvinoff entered into this agreement may be judged from his gleeful account of the negotiations as he gave it to his associates, D. H. Dubrowsky, former head of the Russian Red Cross; Boris Skvirsky, attaché of the Soviet Embassy; and Peter A. Bogdanov, chairman of the board of directors of the Amtorg Trading Corporation. When Litvinoff met these men only a few minutes after the conclusion of negotiations for the recognition of the Soviet Government by the Government of the United States, he entered, all smiles, with the remark, "Well, it's all in the bag." He rubbed his hands with satisfaction, as he added: "They wanted us to recognize the debts we owed them and I promised we were going to negotiate. But they did not know we were going to negotiate until doomsday." Litvinoff continued sarcastically: "The next one was a corker; they wanted us to give them freedom of religion in Russia. And I gave it to them. I was very much prompted to offer that I would collect all the Bibles and ship them out to them."

When Dubrowsky testified before the Special Committee on Un-American Activities, he explained:

You see, the general motive is that any promise given to a bourgeois state is not worth the paper it is written on.

The ink had hardly dried upon that agreement when the Soviet Union began to violate it. From that day to the present, their broken pledges litter the path of our relationship with the Kremlin. The Committee on Un-American Activities has accumulated and documented scores of instances of flagrant violations of this solemn agreement, which was the basis of our recognition of the Soviet Union. It is evident from the testimony of Dubrowsky and the subsequent conduct of the Soviet Union that the Kremlin never intended to fulfill or

respect its commitment which induced President Roosevelt to recognize the Soviet Union. As I have been saying for 25 years, you cannot do business with a wicked and criminal regime conceived in iniquity, spawned by deceit, and maintained by terror and the ruthless suppression of human rights.

In spite of the clear and unmistakable purpose of the Kremlin, there are many who continue to hug the delusion that the free world can do business with Red dictatorship. The plain truth is, Mr. Chairman, as the Dies committee pointed out in its first report on January 3, 1939, the fixed and unalterable purpose of the Kremlin is to conquer the world. For reasons of expediency there have been times that the masters of Russia have shifted their tactics, but at no time have they changed their ultimate goal. World conquest remains the heart and core of the Communist creed. There was ample evidence to demonstrate this truth many years ago, but if any doubt existed then there is no room for doubt today. Once we recognize this simple truth, however unpleasant and disagreeable it is, we can shape a realistic policy to halt Communist aggression. The forces of freedom and decency have never gained any victory through appeasement of evil. The free world tried to appease Hitler with the result that he became a menace. Time and again in the history of mankind, motives of expediency have induced governments and rulers to compromise with evil and to subordinate principle to expediency. The results have always been the same. The final payoff was always much higher than would have been the case if principle had been followed and expediency rejected.

As I have previously told this House, the fatal weakness of the Red empire is its scarcity of food and fiber. Through slave labor and terroristic methods the Kremlin has been able to produce military armaments. It has utterly failed to produce food and fiber. The collectivistic farms are being abandoned throughout the Red empire, and agriculture as the basic industry has virtually collapsed. Even the ingenuity of the commissars has failed to devise tortures sufficiently frightening and effective to compel farmers to produce a surplus. Consequently, the great crack in the Soviet armor is its desperate need for the basic essentials of life. This is the Achilles' heel of the Red monster. It is for this reason that the Soviet Union is making a desperate effort to trade with the free world. Through slave labor their gold mines have been worked feverishly and unremittingly to produce the gold with which to buy from the free world. Thus, the free world has been presented with an eleventh hour opportunity to redeem the stupid blunders which led to Soviet aggrandizement. An embargo placed upon the exportation of all goods and commodities to the Red countries would do more to halt Soviet aggression than all the resolutions in the world. I realize, of course, Mr. Chairman, that the free world would have to pay a high price. I know how important it is for the non-Communist countries to trade. I know that it will cost the United States a great deal to support a realistic policy of refusing to trade with the Red bloc. I can assure you, however, that in the end the cost of such a program would be a fraction of what we will have to spend in blood and resources to save the world and ourselves from Communist domination.

I read in the papers a few days ago that the Commission of Governors, which included our own Texas Governor, made a report to the President in favor of trade between Japan and Red China. I am unalterably opposed to this recommendation. If it is adopted, it will mean that the ruthless masters of China will be able to maintain and strengthen their hold upon the unfortunate peoples of that country. It will mean that Communist influences and propaganda will infiltrate Japan to such an extent that Japan may join the Red bloc in the not too distant future. Japan will become dependent upon the Red regime. With the flow of goods would come the flow of propaganda and insidious influences. This recommendation of the governors is contrary to what I have been preaching on the floor of this House for some time. When the bill providing for the disposition of surplus agricultural commodities abroad was under consideration in the House, I offered an amendment to prevent the beneficiaries of our bounty from trading with the Red countries. That amendment was defeated but several of my amendments were adopted to keep the bill from being used to stimulate trade with the Soviet Union and her satellites.

Mr. Chairman, the madmen who rule Russia will stop at nothing to achieve their fanatical determination to conquer the world. They will employ every means at their command to accomplish this goal. A Member of this House recently assured an audience that the Communist dictatorship would not use the A and H bombs in the event of war. Such an assurance is based upon the false premise that the Soviet rulers are normal people and are influenced by normal motives. By this time every Member of this House should have learned differently.

Out of all the mass of detailed evidence which has been presented tc the Committee on Un-American Activities, there has emerged one fact, the importance of which probably exceeds that of all others: The Communist regime is an agency for the planning and perpetration of high crimes. The Communist criminal is not an ordinary criminal even when he is committing ordinary crimes.

The extraordinary thing about a Communist crime is that it rests upon an elaborate philosophy which is summed up in the doctrine that the end justifies the means. If the Communists reached the conclusion that by the unannounced and sudden use of the A- and H-bombs they could destroy the United States, they would not hesitate to use these bombs. If a hot war broke out between the Soviet Union and the free world, these madmen in control of the Red empire would not hesitate to use the A- and H-bombs if in their distorted minds they decided that the use of these bombs would bring them victory.

The non-Communist countries, including our own, say that they want to stop Communist aggression. To date there has been no evidence that the free world is willing to pay the price to contain communism. The non-Communist countries are not willing to give up the temporary profits which they gain from trade with the Red empire. The wily masters of the Kremlin know full well that the free world is not ready or willing to pay the price of a realistic and effective program to halt Communist aggression. Someone quoted Stalin as saying that the non-Communist countries want peace as much as the Red countries, but that they are not as willing to risk war as are the Red countries. In spite of all past blunders, I am convinced, Mr. Chairman, that a firm and unselfish policy on the part of the non-Communist countries moving in unison would roll back the Red tide. It is the supreme tragedy of this age that our real policy toward advancing communism is appeasement.

Mr. Chairman, I see no evidence that the non-Communist countries are prepared to adopt and follow a realistic program to halt the steady advance of Communist dictatorship. I am fearful that within a year all Asia will fall victim to the insatiable appetite of the Kremlin.

For 25 years the Communists have outsmarted and outgeneraled us. They are better poker players than we are. They know every move that we propose to make. They know every card in our hand. They, on the other hand, play with consummate skill. We have one ace left and they want it desperately. They must have food and fiber to keep their sprawling empire from falling apart. Therefore, they dangle before our hungry eyes the glittering prospect of profitable trade. They show us gold which was wrung from the sweat of their slaves. They propose to use the products of our farms and factories to sustain life at a minimum requirement. They propose to stockpile huge quantities to prepare for war. They want us to commit suicide by furnishing them with the one thing they need to destroy us. It is almost unbelievable that we would fall for this obvious bait when the certain result will be our own destruction.

If we could stand for 12 months with courage and resolution and say to them: "You are not going to get anything out of us, neither food nor fiber nor industrial product," the Red empire would collapse.

While I favor this resolution, candor compels me to state that it is only a very small beginning of a realistic policy that ought to be followed by this country. If we want to stop communism, let us call upon the non-Communist world to agree to an all-out embargo upon the exportation of any product to the Red empire. If we want to stop communism, let me urge the subcommittee of the Judiciary Committee, under the able and conscientious leadership of the gentleman from Pennsylvania [Mr. GRAHAM], to bring out my bill to outlaw the Communist Party and its various components of subsidiary, auxiliary, and frontal organizations.

Mr. GRAHAM. Mr. Chairman, will the gentleman yield?

Mr. DIES. I yield.

Mr. GRAHAM. I have just filed that bill.

Mr. DIES. Well, God bless you.

Mr. CARNAHAN. Mr. Chairman, I yield 3 minutes to the gentleman from Arkansas [Mr. HAYS].

Mr. HAYS of Arkansas. Mr. Chairman, one of the hazards of the democratic way of life is that by necessity we have to air our differences out in the open. The Kremlin suffers no such handicap, for while there are dissents, those conflicts that persist are apparently settled by a firing squad.

We accept the hazard partly because of the values that are in the very process of discussion itself, and partly because we have faith in the survival of the system, no matter how severe the conflicts of opinion may be. This applies, of course, not only to our political conflicts here at home but to policy conflicts affecting relations with those allied with us in fighting world communism. The strain resulting from differences with Great Britain and France will not last.

Mr. Chairman, I think we must exert ourselves continuously to make bipartisanship in foreign policy a reality. As I indicated in my comments on the Mutual Security Act a few days ago, the question is delicate and this is not the occasion for more than a fleeting reference. In voicing a dissent when there is an honest disagreement with foreign policy proposals, we on our side must avoid the appearance of divisiveness, and, I believe we have been meeting this standard acceptably. The present perils are too great to indulge in the incriminations that sometimes emerge in an election year. The burdens of world leadership resting upon our country are so great that nothing less than the total moral and intellectual resources of both parties will suffice.

I hope that at the conclusion of this debate, it will be evident that whatever reservations there might be as to phraseology, this resolution represents the unanimous judgment of the House with reference to the efforts of Red China to secure membership in the United Nations.

Of course we oppose those efforts for the reasons that have been enumerated. We have been heartened by the assurances of the President and the Secretary of State that every instrumentality at their command will be used to prevent Communist China from having a seat in the United Nations. At the same time I concur in the President's suggestion that we avoid decisions based on an assumption that we will lose.

There is an affirmative emphasis in this resolution that is wholesome. So, with your permission, let me direct attention to its language:

Resolved, That the House of Representatives reiterates—

And that word "reiterate" is entitled to notice, too, because we have gone on record before—

its opposition to the seating of the Communist regime in China as the representative of China in the United Nations or any of its specialized agencies—

This is the language I wish to call attention to, the concluding words—

and supports the President in his expressed determination to use all means to prevent such representation.

I am happy to support this language, for I have confidence in the President of the United States and want to uphold him as foreign-policy spokesman. I believe that this represent the attitude of those who sit on our side of the aisle and at this critical time we must have a single firm voice in world affairs. We want the world to know he speaks for all of us and that differences in domestic policy are promptly forgotten when grave security questions are considered. The outlook for a united and clearly directed leadership is brighter and the Congress should sustain the Executive in these efforts.

Mr. CARNAHAN. Mr. Chairman, I yield the remaining 2 minutes on this side to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, the other day our former Speaker, the gentleman from Texas, said that he was going to support the mutual security program despite what he described as political attacks on a former administration that made his blood boil. We on this side feel the same way now. It is a little difficult to remain quiet at this particular moment after listening to the tirade and the charges just made by the gentleman from California [Mr. YORTY] against the present administration because of the truce in Korea. I think one word must be said to keep the record straight and before the people. It was not this Republican administration that pulled out MacArthur when victory was within his grasp. It was not a Republican administration which made it impossible for Van Fleet to go forward to smash the Communist forces when he and every general in Korea of whatever nationality wanted to go ahead and the Communists were becoming demoralized. It was not a Republican administration that refused to let him win when he could win, and could thereby have prevented the war in Indochina. It was not a Republican administration that turned over to General Eisenhower an enormously more difficult situation where the Communists had been given 2 years in which to recover and to build up almost impregnable defenses, 30 miles in depth. It was one thing to accept a truce in the spring of 1953 when to resume the offensive and fight to victory would have cost our American forces blood by the gallon and lives by the tens of thousands; it was quite another to have gone ahead to the victory those forces were already winning in the spring of 1951.

I think there is enough credit and enough blame on both sides without adding the sort of unjustified invective which has been hurled here today and I hope will not be indulged in again in the future by either side. But such statements as were made cannot be allowed to go unchallenged without something being said on the other side. We cannot be expected to remain silent when charged with responsibility for the bad results of decisions made by others.

Now, Mr. Chairman, coming back to the pending resolution, some consideration ought to be given in this debate to the arguments that are made in some quarters in favor of seating Communist China in the United Nations. One has been discussed this afternoon by the gentleman from California [Mr. HOSMER], namely, that the United Nations is supposed to be a universal organization and therefore all governments that exist should be admitted. That argument is demolished by the language of the charter itself. It was not intended to be a universal organization. That was settled at San Francisco. Extensive machinery was set up in the charter to determine how nations are to be admitted, what are the credentials and qualifications they must have; also how they are to be expelled if they do not abide by their commitments under the charter.

Maybe there ought to be an international organization in which all existing de facto governments would be eligible for membership. But the United Nations is not such an organization. The purpose of this resolution is to keep the United Nations what it was intended to be or as nearly as possible what it was intended to be—a union of peace-loving states. To admit Communist China would be brazenly to convert it into a league with organized gangsters, murderers, thugs, and racketeers. We have gangsters in our country too, but we do not advocate that, just because we may have to deal with them on occasion they should therefore be brought into the FBI.

I remember last year some public officials in the State of New York were strongly criticized and impeachment demanded because they went up to Sing-Sing to see one gangster; yet it is seriously proposed in some parts of the world that we should bring into the United Nations an outfit made up of the worst gangsters in history, plotting constantly against our security and our survival.

Another argument often heard is that if we will just recognize and accept the Chinese Communists into respectable society, maybe we can detach them from the Soviet Union; maybe we can drive a wedge between Peiping and Moscow; maybe we can make Titos out of Mao Tse-tung and Chou En-lai. That is a more subtle argument, but there is not one thing in Communist theory or Communist history or Communist practice to support it. Besides, why should the Chinese Communists break with the Kremlin if they can have all the advantages of trade and good relations with the free world and with the Communist bloc at the same time? Of all the possibilities, this is the least likely.

Mr. Churchill said here in Washington the other day that we should make "a real good try for peaceful coexistence" with the Communists. I would like to ask what it is we have been doing all these last 10 years if not a real good try. We gave the Reds Poland. It was not ours but we gave it to them anyway.

We gave them Eastern Germany. We gave them control of Manchuria. We gave them North Korea. That is exactly how we got into our present mess in Asia—by making a real good try to get along with the Chinese Reds. We gave Russia the Kurile Islands, overhanging Japan and southern Sakhalin with the only oil wells Japan had. No wonder Japan is in economic difficulties.

What more are we to be asked to do in order to make a "real good try?" Give them western Germany? Give them the Middle East and the Suez Canal? Give them the rest of Japan? Give them India? Give them Alaska? How about California?

It is incredible that anyone should be considering adding to the list of what we have already given in the vain notion that by sacrificing our own principles and those of the United Nations, and by yielding other peoples' territory, other peoples' rights, yes, even their freedom, we will win better relations with Communists or woo them away from Moscow. I should like to pull the Chinese Communists away from the Kremlin; but the way to do it is to keep the heat on and make them lose, not help them win.

There is a further answer to the argument, it seems to me, and that is this: Why would the Kremlin be moving heaven and earth, and for years, to get Communist China into the United Nations, if that would lead or enable Communist China to break with the Soviet Union? Why do you suppose Moscow and all the satellites would be trying so hard to get Communist China into the United Nations, if that would split Communist China from the Kremlin and hereby wreck all it has been doing for 30 years in steadily expanding its world conspiracy? The Soviet leaders may have made a lot of mistakes, but can anyone believe they are so stupid as to work so hard to get Red China into the United Nations in order to have it break with the Kremlin and destroy the whole Communist position in the world?

In addition to the moral reason that admission of Red China would make a cynical mockery of the principles of the U. N. Charter, and the legal reason that the Communist Chinese do not qualify for membership—we are not excluding them out of mere prejudice or arbitrariness; they have excluded themselves by their own lawless behavior—are the practical reasons. What would be the result in Asia of admitting Communist China? All of free Asia is in flux today. It has a dozen or so new governments struggling to maintain their independence. They singly do not have the strength to defend themselves one by one against Communist China. They know the free world, if united, does have the strength; it does not have the will, they know the Communist world has the will; it does not yet have the strength. I suspect the outcome of the world struggle will depend on which side, the Communist or the free world side, gets first both the strength and the will.

These countries in Asia will crumble once they are convinced the Communists are going to win. To admit Communist China to the United Nations would mean to the people of Asia, and it should mean to us, that the Communists have already won. Let Communist China into the United Nations, gentlemen, and that will be the ball game for Asia. That is why the Kremlin wants it so desperately and offers almost any concession in order to get it.

If our relatively strong allies in Europe are willing to embrace Communist China, how can we expect young and relatively weak governments like Laos and Burma and Indonesia and India, yes, and the Philippines, to have the fortitude and the insight and the understanding and the steadfastness to stand up and defy giant Communist China. They cannot be expected to resist successfully that which the rest of the U. N. accepts.

There is one more point I should like to make if I have time. It is said by some outside that to pass such a resolution is an attempt to force other countries to our position. No; it is an attempt to persuade them to abide by the principles of the United Nations and by the commitments all of us have made under its charter.

Mr. Chairman, there is a lot of talk nowadays to the effect that we must negotiate—but how negotiate with a tiger? We must give and take, but what are we to give this time?

We must achieve peaceful coexistence with communism, but how get peaceful coexistence between normal tissue and a malignantly spreading cancer?

Mr. Chairman, what we need most to do is to rediscover and rededicate ourselves to the convictions on which our Nation was founded. The most fundamental of them all is inscribed around the inside of the Jefferson Memorial. What did he say about negotiating with tyrants? He said:

> I have sworn upon the altar of God eternal hostility against every form of tyranny over the mind of man.

That is what we are dealing with, the cruelest tyranny over the mind of man in all history. Whatever other countries may try to do, the United States cannot make peace—and God give us strength not to make peace—with tyranny.

The CHAIRMAN. All time having expired, the Clerk will read the resolution for amendment.

The Clerk read as follows:

> *Resolved*, That the House of Representatives reiterates its opposition to the seating of the Communist regime in China as the representative of China in the United Nations or any of its specialized agencies and supports the President in his expressed determination to use all means to prevent such representation.

Mr. BUSBEY. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, the only reason I am imposing myself on the committee at this time is that I, with some of my colleagues, have recently returned from Europe, after having spent 4 weeks there as a member of the Committee To Investigate Communist Aggression against the Baltic and other satellite countries of Europe. We held hearings in London, Munich, and Berlin. I am sorry it was not possible for every Member of the House to be present, but if the Members will take the time to read those hearings when they are published, I guarantee that they will find them many times more interesting in every respect than the 12 best books that have been written on the subject of Communist aggression.

We listened to witnesses who were the top people of the governments of these countries when the Communists took over. The conclusion of all of the witnesses—some 55 or 60 of them—was that you cannot trust the Communists and you cannot do business with them under any circumstances. Every move the Communists make is aimed toward their ultimate goal of world conquest—world domination by communism.

One could not sit and listen to these witnesses—as our committee did in various cities in the United States during the last 2 years—without coming to definite conclusions.

Incidentally, I intend to ask permission later to insert in the RECORD a sermon given by an Air Force chaplain on Sunday, July 4, in Berlin, to which I listened. It was broadcast over the Armed Forces Network. The title of his sermon was "Communism versus Christianity." As I considered it one of the best I have ever heard on the subject, I secured a copy for insertion in the RECORD.

To sum up this matter, I wish to concur with the remarks of my friend and colleague, the gentleman from Texas [Mr. DIES], under whose chairmanship I had the pleasure of serving on the Committee on Un-American Activities in 1943 and 1944. Having been a student, to some degree, of this subject ever since 1921—when I made my first talk against communism—I have come to one inevitable conclusion.

There is only one way we can handle this problem without going into total war. The only way I know of—and I propose to draft and present a resolution to the House in the very near future concerning this matter—involves two courses. The first is to do everything possible to get all the nations of the free world to join the United States in cutting off diplomatic relations with the gangsters and bandits in the Kremlin. The second and more drastic—and this was touched on by one of the previous speakers today—is to enforce economic sanctions. I sincerely agree with what was said by, I believe, the gentleman from Texas [Mr. DIES], although it may have been someone else: that if we could put on a complete blockade and cease all trade with the Soviet Government and the satellite nations, it would do more to wreck the program of the Kremlin for bringing about a world revolution than anything else we could do at this time.

I will support the resolution that is before us today, but I do not believe it goes far enough.

Mr. GROSS. Mr. Chairman, I move to strike out the last few words, and ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GROSS. Mr. Chairman, I take this time to ask the chairman of the committee a question or two. In formulating this resolution, was any evidence obtained in the hearings that any deal had been made as a part of the Korean truce, that Red China would be recognized?

Mr. JUDD. Deal by whom?

Mr. GROSS. On the part of any of the so-called free world friends.

Mr. JUDD. I can assure the gentleman none has been made by our country. I know nothing as to what any other country may have done. I have no better sources regarding them than the gentleman.

Mr. GROSS. That was not gone into by the Committee on Foreign Affairs? No evidence was obtained by the committee to the effect that any deal had been made that as a price for the Korean truce Red China would be recognized in the United Nations?

Mr. JUDD. That was gone into and we have no evidence whatsoever of any such deal. We have allies, of course, who openly advocate that Communist China be brought into the U. N.

Mr. GROSS. But no evidence that that was obtained as a part of that truce over there?

Mr. JUDD. None whatsoever.

Mr. GROSS. What is proposed to be done if Red China is seated? You must have given study to that.

Mr. JUDD. That is right. But no firm decision should be announced in advance. A good doctor when he prepares to operate has instruments ready for every eventuality, but his job is to see that complications do not occur that will require their use. If we concentrate successfully on preventing the seating of Red China in the U. N., the question of what to do should she be admitted will not come before us. I see no reason to cross a bridge before we come to the bridge.

Mr. GROSS. I think the gentleman's resolution falls far short of the mark. I think we should have gone on in this resolution and moved to get out of the United Nations if Red China is seated.

I should like to ask the gentleman another question. Why is this language in the resolution?

The House of Representatives reiterates its opposition to the seating of the Communist regime in China as the representative of China.

I refer specifically to the words "as the representative of China." Why that window dressing? Why not strike out those words and say that the House of Representatives reiterates its opposition to the seating of the Communist regime in China in the United Nations and continue with the remainder of the language?

Mr. JUDD. Because China already sits in the United Nations. The question is not the admission of China, the question is, Who is to occupy the Chinese seat and represent China in the United Nations?

Mr. GROSS. You are here dealing with the Communist regime, you are not dealing with China.

Mr. JUDD. It is not a question of admission of China, Communist or Nationalist. It is a question of determining who is to occupy the Chinese seat in the United Nations. We are opposed to seating the Communist regime.

Mr. GROSS. Why not say as you start out to say here, "The House of Representatives reiterates its opposition to the seating of the Communist regime in the United Nations, and so forth"? Why not say that? It is simple, effective, and not susceptive of dual meaning.

Mr. JUDD. That is what we do say.

Mr. GROSS. No, you add the words "as the representative of China."

Mr. JUDD. That is what the Communist regime in China would be if it were seated. How else would the gentleman describe it? It is not the Communist regime in Guatemala, it is the Communist regime in China.

Mr. GROSS. Why put in "as the representative of China"?

Mr. JUDD. To be accurate in our description of the situation. China has a seat in the United Nations. It is occupied by the legitimate Nationalist government as the representative of China. We are opposed to the Communist regime being recognized and seated as the representative of China in that seat in the United Nations.

Mr. GROSS. If I could get a good explanation from the gentleman as to why this extraneous language I would not offer an amendment.

Mr. JUDD. This is not extraneous language; it is a straight statement of the situation we face.

Mr. BOW. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. BOW. I call the attention of the gentleman and the House to the fact that we already have a law which is in effect at this time containing this language which was in the State, Commerce, and Justice Departments' appropriation bill. The language is as follows:

It is the sense of the Congress that the Communist Chinese Government should not be admitted to membership in the United Nations as the representative of China.

So what we are doing today is reiterating the language contained in the State, Commerce, and Justice Departments' appropriation bill.

Mr. GROSS. As I say, there is no necessity for this language in the resolution. Why not just say we are not going to accept Communist China in the United Nations—period?

Mr. BOW. That is what this resolution says. And it is already in a law which has been passed by the Congress.

Mr. VORYS. Mr. Chairman, in proposing this form of resolution, our committee felt we should, in the words of the song, "accentuate the positive—eliminate the negative."

It is quite proper and effective for individual Members of either body to announce their own views as to what should be done if the Red Chinese should make their way into the United Nations. We felt, however, that this negative approach was not appropriate for official action by the House, first, because it smacked of defeatism in an issue where we are almost sure to win, and second, because our country should not officially notify our enemies of what we will or will not do in hypothetical future situations.

As to the defeatist attitude; suppose a football coach announced before the season opened that if his team lost a big game during the season he would recommend withdrawing from the conference; that might create a psychological attitude that would cause his team to lose a sure winner.

Only 15 members of the U. N. have even recognized Red China. Every year, time after time, in many different ways, the Reds try to get the Chinese Communists in to represent China, and they are regularly voted down. This happened in 1951 when I was a delegate to the U. N. Assembly; it has happened each year since. It will happen again this year. Why should we talk about losing a contest we always win?

On the other hand, if the whole world changed, if 25 nations changed their vote, and it would take that many more to change the result, if the whole character and purpose of the U. N. changed, we should remember that, whatever else we do, we must first get the U. N. out of the United States before we get the United States out of the U. N. We cannot withdraw from the U. N. while it has its headquarters in the heart of our largest city. It would not be helpful, it is not necessary, to announce now all the actions that might be taken so as to result in the withdrawal of the U. N. from its present headquarters. Suffice it to say that this result could be arranged and must be accomplished before we would ever withdraw from the U. N.

In this resolution, no such negative course is mentioned. We accentuate the positive. We reiterate our stand and uphold the President in keeping the U. N. to its positive, useful, charted course. This resolution gives positive support to the Eisenhower positive foreign policy.

Mr. ELLIOTT. Mr. Chairman, I rise in support of the pending resolution, which has for its purpose reaffirming our hard-spoken opposition to admitting Communist China to the United Nations, or to any of its specialized agencies.

Communist China has repeatedly shown itself to be unfriendly to the United States. It has shown itself to be unfriendly to the concept of world peace—the fundamental purpose of the United Nations is to maintain peace.

Communist China has stirred up trouble in the world and has been the agency through which thousands of American boys lost their lives and through which more thousands of American boys were wounded in Korea. Its aggressive spirit has cost this Nation billions of dollars.

To its guilt as a declared aggressor in Korea has been added Red China's efforts to take over Indochina. In addition, Mao and his government have refused to conclude a peace in Korea—as a result, the country is technically still at war with the United Nations. It is inconceivable to me that, under these circumstances, Communist China could possibly be admitted to the U. N.

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The chief argument advanced in favor of seating Red China in the United Nations seems to be that such a step might bring about a change of heart on the part of these Communists. I say to you, in answer to this flimsy excuse, that the United Nations was fashioned as, and is, an international organization dedicated entirely to world peace—it is not a reform school.

President Eisenhower is the President of the United States, and thus the President of all of our citizens. Though I am a member of another political party, I recognize the responsibility of the President and of his Secretary of State for carrying on the foreign policy of this great Nation.

The President has expressed his determination to use all the means at his disposal to prevent the Communist regime of China from being seated in the United Nations. I agree wholeheartedly with his stand.

He is entitled to a bipartisan support on his stand. I am happy to pledge him my support on this issue. I hope that every Member of the House of Representatives will do likewise.

Mr. RABAUT. Mr. Chairman, we are today discussing a resolution, the substance of which has lately met with treatment on the front pages of practically all of our newspapers and has been the subject of careful appraisal by many thoughtful citizens. The spirit of this measure is that we deny to Communist China the privilege of a seat in the United Nations.

Despite the sweet prompting of pressure groups, and what they might have to say to the contrary, the United Nations was set up as an organization which would be comprised of peace-loving nations, with her councils available only as necessary means to the attainment of that peace, not as forums in which irresponsible and contentious groups of international pirates might hawk their wares of disunity, hate, and dishonesty.

What possible argument could there be in favor of Communist China's admission? Are our memories so short that we forget the atrocities she has perpetrated in Korea and Indochina? Are we unaware of what she stands for and what she has stood for in the past? Are we operating under the delusion that she is just another Peck's Bad Boy who, given a chance and in good time, will begin behaving himself? Are we unmindful of the lessons that the schemers of communism are teaching every hour of every day in the occupied sections of the world, a philosophy of deceit, cruelty, and slavery of men's minds and souls?

A look at the record should be enough to convince us that the Communists are tough, shifty, and undependable.

After looking at the record, it should not be difficult to determine what their plans are for the future.

World domination is the ultimate goal of the Marxist-Lenin-Stalin ideology, whether it is the Russian or the Chinese brand.

The unanimous action today of the House of Representatives is clear indication of how the American people feel about this matter.

We will not be browbeaten into doing something that goes so clearly against the spirit and purpose of the United Nations and against the interests of our own country.

World peace may well depend upon whether we stand firm in the matter of admitting Red China into the U. N. Our own sense of decency and justice requires that we make our position unmistakably clear, for neither economic considerations nor a glittering appeal to questionable security will dissuade us from the moral ideals to which we have dedicated our lives, our fortunes, and our Nation's well-being.

Mr. NEAL. Mr. Chairman, in supporting this resolution I would remind the Chinese people that it is not they, but their unyielding imperialist leaders whose determination to force their way into the United Nations we are unwilling to recognize.

These leaders, misguided by the treacherous and power-seeking men of the Kremlin, have consistently disregarded all the rules of international warfare and openly defied the United Nations as an opponent of aggression and an instrument of peace.

As a member of the United Nations, the United States cannot approve the admission of China to this international institution created for the primary purpose of maintaining peace.

The Chinese people are not imperialist minded. This has been proven by many centuries of recorded history.

Under responsible democratic leaders China will once more assume her rightful place among the leading peace-loving nations of the world.

When shown this is being attempted, America will not only welcome China into the family of nations, but will, as she has traditionally done in years past even with her defeated enemies, extend freely of her material and spiritual resources to restore the Chinese people to self-government and a more abundant life.

Mr. GROSS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 1, line 3, after the word "China", strike out the words "as the representative of China."

Mr. GROSS. Mr. Chairman, I do not want to labor this point, but I simply want to reiterate there is no reason for extraneous language in the resolution. There should be no qualification of any kind. If we are going to adopt this proposal, let us say simply and effectively that we are opposed to the seating of the Communist regime in China in the United Nations. Then, go on with the rest of the language as it is in the resolution.

Mr. FULTON. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. FULTON. If the gentleman's amendment were accepted, would he then vote for the resolution?

Mr. GROSS. I am going to vote for the resolution although I feel that it falls far short of what we ought to say.

Mr. FULTON. I want to accommodate the gentleman. But is it important enough that you would say you would vote against the resolution, if this particular language is in it?

Mr. GROSS. No, I will not vote against it with that language, but I see no reason for it. Let us make it as effective as possible.

Mr. VORYS. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield.

Mr. VORYS. Does the gentleman understand that China, the republic we recognize, the country, the nation of China, is now a member of the United Nations and the whole issue is not whether China shall be a member of the United Nations, but who shall represent China in the United Nations. The gentleman is striking out the important issue here.

Mr. GROSS. No, no, that is not the issue and the gentleman knows it. There is only one Communist regime in China, and the gentleman well knows that. You would not in any way jeopardize the nationalist government of China.

Suppose the United Nations should adopt a motion, as a first step, recognizing Communist China as the representative of China. You would regret ever having put such language in this resolution.

Mr. Chairman, I ask that the amendment be adopted.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. GROSS].

The amendment was rejected.

Mr. McCORMACK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I listened with a great deal of interest to the remarks made by my friend, the gentleman from Minnesota [Mr. JUDD]. I am in complete agreement with everything he said except his preliminary remarks, which I will not refer to on this occasion. The gentleman and I have been very much interested for some years in the situation and the matter which is before the House now. As a matter of fact, we were two of a small group which comprised the sponsors of the committee of 1 million where a million signatures were obtained throughout the entire United States opposing the admission of Red China into the United Nations.

I want to ask the acting chairman of the Committee on Foreign Affairs a question because I think it is important for the record. This resolution states that it "supports the President in his expressed determination to use all means to prevent such a representation." Secretary Dulles within the past week has stated that the United States, if it desired, could use the double veto in the Security Council, that is correct, is it not?

Mr. JUDD. That is correct, so I am informed.

Mr. McCORMACK. Is this resolution to be construed that it is the intention of the committee and of the House upon its adoption that if it is necessary for our country to use the double veto it should be done?

Mr. JUDD. Yes. We discussed in committee whether the resolution should read that we support the expressed determination of "The President and the

Secretary of State," in order to make sure that it includes the statement of the Secretary on the use of the veto in this case. It seems clear that the term "President" is inclusive of the Secretary and other responsible officers and their official statements. Mr. Dulles has said we would use the veto and that means this administration has declared that as its position. That is our understanding, when the resolution speaks of using "all means."

Mr. McCORMACK. I assumed that was so, but I thought the record should show whether my assumption was correct, that if a situation ever arises where the exercise of the double veto on the part of our country is necessary, this resolution contemplates its exercise.

Mr. JUDD. That is our understanding.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ELLSWORTH, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the resolution (H. Res. 627) reiterating the opposition of the House of Representatives to the seating of the Communist regime in China in the United Nations, pursuant to House Resolution 634, he reported the resolution back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the resolution.

Mr. JUDD. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 381, nays 0, not voting 53, as follows:

[Roll No. 105]

YEAS—381

Abbitt	Boykin	Crumpacker
Abernethy	Brambiett	Cunningham
Adair	Bray	Curtis, Mass.
Addonizio	Brooks, Tex.	Dague
Albert	Brown, Ga.	Davis, Ga.
Alexander	Brown, Ohio	Davis, Tenn.
Allen, Calif.	Brownson	Davis, Wis.
Allen, Ill.	Broyhill	Dawson, Utah
Andersen, H. Carl	Buchanan	Deane
	Budge	Delaney
Andresen, August H.	Burdick	Dempsey
	Burleson	Derounian
Andrews	Busbey	Devereux
Angell	Bush	D'Ewart
Arends	Byrd	Dies
Ashmore	Byrne, Pa.	Dingell
Aspinall	Byrnes, Wis.	Dollinger
Auchincloss	Campbell	Dolliver
Ayres	Canfield	Dondero
Bailey	Cannon	Donohue
Baker	Carlyle	Donovan
Bates	Carnahan	Dorn, N. Y.
Battle	Carrigg	Dorn, S. C.
Beamer	Cederberg	Dowdy
Becker	Celler	Doyle
Belcher	Chatham	Eberharter
Bennett, Fla.	Chelf	Edmondson
Bennett, Mich.	Chenoweth	Elliott
Bentley	Chiperfield	Ellsworth
Bentsen	Chudoff	Engle
Berry	Church	Evins
Betts	Clardy	Fenton
Bishop	Clevenger	Fernandez
Blatnik	Cole, Mo.	Fine
Boggs	Cole, N. Y.	Fino
Boland	Colmer	Forand
Bolling	Condon	Ford
Bolton, Oliver P.	Cooley	Forrester
	Coon	Fountain
Bonner	Cooper	Frazier
Bosch	Corbett	Frelinghuysen
Bow	Cretella	Friedel
Bowler	Crosser	Fulton
Gamble	Krueger	Riehlman
Garmatz	Laird	Riley
Gary	Landrum	Roberts
Gathings	Lane	Robeson, Va.
Gavin	Lanham	Robison, Ky.
Gentry	Lantaff	Rodino
George	Latham	Rogers, Colo.
Golden	LeCompte	Rogers, Fla.
Goodwin	Lesinski	Rogers, Mass.
Gordon	Lipscomb	Rogers, Tex.
Graham	Lovre	Rooney
Granahan	McCarthy	Sadlak
Grant	McConnell	St. George
Green	McCormack	Saylor
Gregory	McCulloch	Schenck
Gross	McDonough	Scherer
Gubser	McIntire	Scrivner
Gwinn	McMillan	Scudder
Hagen, Calif.	McVey	Secrest
Hagen, Minn.	Machrowicz	Seely-Brown
Hale	Mack, Ill.	Selden
Haley	Mack, Wash.	Shafer
Halleck	Madden	Sheehan
Hand	Magnuson	Shelley
Harden	Mahon	Sheppard
Hardy	Marshall	Short
Harrison, Nebr.	Mason	Shuford
Harrison, Va.	Matthews	Sieminski
Hart	Meader	Simpson, Ill.
Harvey	Merrill	Simpson, Pa.
Hays, Ark.	Merrow	Small
Hays, Ohio	Metcalf	Smith, Kans.
Hébert	Miller, Calif.	Smith, Miss.
Herlong	Miller, Kans.	Smith, Va.
Heselton	Miller, Md.	Smith, Wis.
Hess	Miller, Nebr.	Spence
Hestand	Mills	Springer
Hill	Mollohan	Staggers
Hillelson	Morano	Stauffer
Hinshaw	Moss	Steed
Hoeven	Moulder	Stringfellow
Hoffman, Ill.	Multer	Sullivan
Hoffman, Mich.	Mumma	Taber
Holifield	Murray	Talle
Holmes	Natcher	Taylor
Holt	Neal	Thomas
Holtzman	Nelson	Thompson, Mich.
Hope	Nicholson	
Horan	Norrell	Thornberry
Hosmer	Oakman	Tollefson
Howell	O'Brien, Ill.	Trimble
Hruska	O'Brien, N. Y.	Tuck
Hunter	O'Hara, Ill.	Van Pelt
Hyde	O'Hara, Minn.	Van Zandt
Ikard	O'Konski	Velde
Jackson	O'Neill	Vinson
James	Osmers	Vorys
Jarman	Passman	Vursell
Javits	Patten	Wainwright
Jenkins	Patterson	Walter
Jensen	Pelly	Wampler
Johnson, Calif.	Pfost	Warburton
Johnson, Wis.	Philbin	Watts
Jonas, Ill.	Phillips	Westland
Jonas, N. C.	Pilcher	Wharton
Jones, Ala.	Pillion	Whitten
Jones, Mo.	Poage	Wickersham
Jones, N. C.	Poff	Widnall
Judd	Polk	Wigglesworth
Karsten, Mo.	Preston	Williams, Miss.
Kean	Price	Williams, N. J.
Kearney	Priest	Williams, N. Y.
Kearns	Prouty	Wilson, Calif.
Keating	Rabaut	Wilson, Ind.
Kee	Radwan	Wilson, Tex.
Kelley, Pa.	Rains	Winstead
Kelly, N. Y.	Ray	Withrow
Keogh	Rayburn	Wolcott
Kilburn	Reams	Wolverton
Kilday	Reece, Tenn.	Yates
King, Calif.	Reed, Ill.	Yorty
King, Pa.	Reed, N. Y.	Young
Kirwan	Rees, Kans.	Younger
Klein	Rhodes, Ariz.	Zablocki
Kluczynski	Rhodes, Pa.	
Knox	Richards	

NOT VOTING—53

Barden	Fisher	Ostertag
Barrett	Fogarty	Patman
Bender	Harris	Perkins
Bolton, Frances P.	Harrison, Wyo.	Powell
	Heller	Regan
Bonin	Hillings	Rivers
Brooks, La.	Kersten, Wis.	Roosevelt
Buckley	Long	Scott
Camp	Lucas	Sikes
Cotton	Lyle	Sutton
Coudert	McGregor	Teague
Curtis, Mo.	Mailliard	Thompson, La.
Curtis, Nebr.	Martin, Iowa	Thompson, Tex.
Dawson, Ill.	Miller, N. Y.	Utt
Dodd	Morgan	Weichel
Durham	Morrison	Wheeler
Fallon	Norblad	Wier
Feighan	O'Brien, Mich.	Willis

So the resolution was agreed to.

The Clerk announced the following pairs:

Mr. Hillings with Mr. Roosevelt.
Mr. Bonin with Mr. Camp.
Mr. Martin of Iowa with Mr. O'Brien of Michigan.
Mr. Norblad with Mr. Barrett.
Mr. Curtis of Missouri with Mr. Fogarty.
Mr. McGregor with Mr. Perkins.
Mr. Kersten of Wisconsin with Mr. Morrison.
Mr. Utt with Mr. Regan.
Mr. Scott with Mr. Rivers.
Mr. Bender with Mr. Lucas.
Mr Mailliard with Mr. Thompson of Louisiana.
Mr. Weichel with Mr. Thompson of Texas.
Mrs. Frances P. Bolton with Mr. Sikes.
Mr. Coudert with Mr. Willis.
Mr. Cotton with Mr. Fisher
Mr. Harrison of Wyoming with Mr. Dodd.
Mr. Ostertag with Mr. Teague.
Mr. Miller of New York with Mr. Brooks of Louisiana.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

COMMITTEE ON FOREIGN AFFAIRS

Mr. VORYS. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may have until midnight Saturday to file a report on H. R. 9910.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

AMENDMENT TO HELIUM ACT

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 8713) to amend section 1 (d) of the Helium Act (50 U. S. C., sec. 161 (d)), and to repeal section 3 (13) of the act entitled "An act to amend or repeal certain Government property laws, and for other purposes," approved October 31, 1951 (65 Stat. 701), with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 8, after "operations", insert "not needed for Government use."

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

GUILLERMO MORALES CHACON

Mr. JONAS of Illinois. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 2617) for the relief of Guillermo Morales Chacon, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 11, strike out "in excess of 10 percent thereof."

UNIVERSITY OF MICHIGAN LIBRARIES

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

MRS. AUGUSTA SELMER-ANDERSEN

Mr. JONAS of Illinois. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 6642) for the relief of Mrs. Augusta Selmer-Andersen, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 2, strike out "in excess of 10 percent thereof."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

COMMITTEE ON RULES

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the Committee on Rules have until Saturday night to file reports on bills.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was not objection.

PROGRAM FOR NEXT WEEK

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. ARENDS. Mr. Speaker, the program for next week will be as follows:

On Monday the Consent Calendar will be called, and following that will be the consideration of a supplemental appropriation bill.

Beginning Tuesday and for the balance of the week—and I will say this is for the balance of the week with no definite dates set for any of these bills—the program will be as follows:

The Private Calendar.

H. R. 9757, the atomic-energy bill.

H. R. 8658, punishment of bail jumpers.

H. R. 7130, forfeiture of citizenship.

H. R. 4979, the immunity bill.

House Joint Resolution 527, to provide for the creation of a Commission on Security in Industry.

H. R. 236, the Fryingpan-Arkansas project.

H. R. 8896, multiple mineral development.

H. R. 9463, military housing.

S. 3589, the Export-Import Bank.

H. R. 9756, the Commodity Credit Corporation.

The Mutual Security Administration appropriation bill.

H. R. 9859, the omnibus rivers and harbors bill.

Of course, conference reports will be in order at any time.

By agreement entered into the other day, Wednesday will be suspension day, and suspensions will be in order on that day.

Mr. WOLVERTON. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from New Jersey.

Mr. WOLVERTON. I should like to inquire as to the present status of H. R. 7840, the bill that has the backing of the 23 railroad brotherhoods, an amendment of the Retirement Act.

Mr. ARENDS. That is not on this list. I will check into it and try to inform the gentleman later.

Mr. WOLVERTON. A great many Members of the House are interested in the bill. It is rather surprising that it should have gone on as long as it has without some action being taken.

Mr. PRIEST. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from Tennessee.

Mr. PRIEST. I realize it is extremely difficult for the gentleman to say when the atomic-energy bill will be considered. He has said it will come up following the Private Calendar on Tuesday. Can the gentleman say rather definitely that we may expect it at that time?

Mr. ARENDS. We have it on the program. We are waiting to see whether the other body completes action on the bill.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. ARENDS. I yield to the gentleman from Texas.

Mr. RAYBURN. Is there any kind of understanding that there will not be a rollcall on Monday next?

Mr. ARENDS. Not to my knowledge.

The SPEAKER. The Chair wishes to state that if there were to be a rollcall on Monday it could well be put over until the next day.

Mr. RAYBURN. Have rules been granted on all these bills?

Mr. ARENDS. No; they have not.

Mr. RAYBURN. How many days do you expect the House to be in session next week?

Mr. ARENDS. I would say that if the rules are granted and we are to complete the program it will take most, if not all of next week.

Mr. RAYBURN. In any event, it will carry us through the week?

Mr. ARENDS. Yes.

Mr. HOFFMAN of Michigan. Are other bills coming up by petition, bills on which the Committee on Rules has not granted a rule?

Mr. ARENDS. I would not have any way of knowing that.

CALENDAR WEDNESDAY

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday next be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

PERSONAL ANNOUNCEMENT

Mr. BENDER. Mr. Speaker, a few moments ago, the House voted on House Resolution 627 by Mr. BENTLEY, opposing the seating of the Communist regime in China as the representative of China in the United Nations. Unfortunately, I missed the vote by a few minutes as I was testifying before the Senate Judiciary Committee in behalf of my good friend, Judge James C. Connell, of Cleveland, Ohio, who was nominated for Federal judgeship in northern Ohio district. Had I been present, of course, I would have voted for the resolutions as I have voted on a number of previous occasions when appropriation bills for the State Department were under consideration.

This same provision was contained in section 110 of Public Law 471. The Bentley resolution reaffirms the position of the American people to the request of Communist China.

Governments achieve their position in the society of nations upon the basis of their conduct. No country merits recognition today unless it demonstrates a desire to live at peace and to cooperate in the establishment of an orderly and peaceful world.

Communist China has demonstrated a complete disregard for these standards. She has instigated and encouraged aggression in Korea and Indochina. There is evidence that her agents are at work in Japan, India, and the Philippines. Her leaders have done nothing to prove an intention to establish durable peace anywhere in Asia.

To admit such a regime to the United Nations is to declare the United Nations bankrupt. No country should be permitted to shoot its way into the family of nations. I know that we speak for the people of every section of America in enacting this resolution, affirming our support of President Eisenhower's stand against the admission of Red China to the United Nations.

The SPEAKER. The gentleman's statement stands in the RECORD.

SPECIAL ORDER GRANTED

Mr. JAVITS asked and was given permission to address the House for 20 minutes on Tuesday next, at the conclusion of the legislative program and any special orders heretofore entered.

UNITED STATES AIR FORCE GUNNERY MEET

The SPEAKER. Under previous order of the House, the gentleman from California [Mr. MILLER] is recognized for 30 minutes.

Mr. MILLER of California. Mr. Speaker, I had the pleasure of visiting Nellis Air Force Base, at Las Vegas, Nev., during the recent United States Air Force gunnery meet. I think my colleagues would like to have a report on that meet, because it revealed so much about the fine state of readiness of our Air Force. I personally want to make such a report, as it gives me the opportunity to pay a tribute to the Air Force, based on the demonstration of proficiency, skill, and high morale I saw at Nellis.

My distinguished colleague, the Honorable LeRoy Johnson, Mr. John R. Blandford, and Mr. Philip W. Kelleher, committee counsels of the House Armed Services Committee, and I had the privilege of visiting Nellis, and witnessing the concluding events of the meet, as the guests of the Secretary of the Air Force. I am sure that I speak for us all when I say that in witnessing competitive firing by crack Air Force pilots we had a rare educational experience.

This was the first all-jet Air Force fighter gunnery and weapons meet in history, and staged not only as a measure of Air Force readiness but to demonstrate in part the most efficient and economic expenditure of budget funds through the commands. The meet was staged to demonstrate where corners can be cut in conjuring more combat potential from fixed resources, and where the edge can be taken off inefficiency in air-to-air combat, skip-and-dive bombing, panel gunnery and rocketry. All of this is important to the Air Force plan to operate the 137-wing Air Force, now 3 years off, with only 20,000 more uniformed personnel than it has in the 115 wings now operational. The meet had been in progress several days when our groups arrived making the 40-mile flight by helicopter from Las Vegas to the gunnery range at Indian Springs, just over the ridge from Yucca Flat, site of historic atomic-bomb explosions. The demonstrations of air-to-ground gunnery and rocketry went off with superb precision, and impressed all of us with the capability of the pilots. Of particular note was a fly-by involving a Spad, an F-41, an F-86, and the F-100, four planes covering almost the history of combat aviation. We were fortunate in having Congressman JOHNSON with us, because he, as a pilot who had flown a Spad during World War I, was able to give us the performance characteristics of that aircraft.

We were not the guests of the Air Force only but of the community of Las Vegas as well. At the meet we were given a demonstration of Air Force training, skill, proficiency, and readiness, and, as guests of the community, we were given an impressive example of the fine community relations prevailing at Nellis. Las Vegas certainly supports the Air Force and furnishes a fine example of the grass-roots aspects of national defense. There is no question about the community attitude toward the Air Force. The people out at Las Vegas know where national defense begins.

During the evening, we were guests at a western-style barbecue staged on the football field of the Las Vegas High School by the Aircraft Industries Association, the Las Vegas Chamber of Commerce, and allied groups. At the conclusion of the meal, we adjourned to the school auditorium and enjoyed an entertainment program consisting of several acts from different hotels. After that program, Gen. T. D. White, Vice Chief of Staff of the Air Force, presented trophies for the portions of the gunnery meet contest which had been completed.

One of the participating teams had been the 191st Fighter Interceptor Squadron of the Air National Guard, based at Salt Lake City, Utah, and flying F-86A's. The 191st is part of the 144th Fighter Bomber Wing, composed of men fram California, Utah, and Nevada, all training to provide a fully trained standby force for the protection of the United States. Team captain of the Air National Guard unit for participation in this meet was Lt. Col. George W. Edmonds, a native of Illinois, a European ace in World War II, and commander of the 144th Fighter Bomber Group since the 1st of March, this year.

The trophy for air-to-ground low-angle skip bombing and strafing went to another team member, Lt. Col. Roland R. Wright, with a score of 295 hits out of 400. Col. Wright, a native of Idaho, but now a resident of Salt Lake City, is presently commander of the 191st Fighter Bomber Squadron. I can tell you that his squadron was proud of their commander's record. General White's presentation of the trophy and his tribute to the Air National Guard team's fine performance evoked a spontaneous round of enthusiastic applause. I understand that sighting targets and shooting same is old stuff to at least two other Air National Guard competitors in the meet besides Colonel Wright. Maj. Milton R. Graham, of Wilder, Idaho, commander of the 194th Fighter Bomber Squadron, and Maj. James W. Edwards, of Reno, Nev., operations officer of the 192d Fighter Bomber Squadron, teamed up to win the Air National Guard gunnery meet at Boise, Idaho, in September 1953, and Lieutenant Colonel Wright was himself a member of the 140th Fighter Bomber Wing team that won the Tactical Air Command's gunnery meet at Eglin Air Force Base, Fla., in 1952.

The crack marksmen of the Air Training Command's team of aces came out on top by a wide margin to win overall meet honors and air-to-air gunnery in the day-fighter bracket. This Nellis-based team tallied 3,153 points, 398 more than their closest competitors. But honors were widely distributed. Second place overall honors went to a globe-girdling quartet from the Strategic Air Command, the 508th Strategic Fighter Wing. This team also took first place in air-to-ground rocketry, bombing, and gunnery events. Third place went to a team from the Far East Air Forces, with a score of 2,386 to 2,755 for second place. First place in the security-cloaked special delivery competition, a new category having to do with special weapons techniques, was won by the 20th Fighter Bomber Wing, a team from the United States Air Forces in Europe. Second place in this special competition went to the team from the 49th Fighter Bomber Wing, based in Korea. There was certainly an international character to the distribution of awards, all of which merely emphasized the farflung responsibilities and overall readiness of the Air Force.

One other matter that should be stressed is that pilot skill and grade-A support from ground crews paid off in more than scoring points during the competition. They resulted in an accident-free meet, the second consecutive all Air Force meet at Nellis to be free of major accidents. Experience and training pay off—and they will pay off in the showdown, if it comes, just as they paid off at Nellis.

A precaution which fortunately was unnecessary during the meet was the crash barrier which was in readiness on a runway. This device, developed by the Air Force in Korea, employs an arresting gear of nylon webbing, steel cable, and 800 feet of anchor chain to decelerate jets in case of power failure on takeoff, or defective brakes, or other difficulties in landing. More than 30 combat planes used the system during a 90-day period in Korea, and since its adoption at Nellis it has saved five pilots from possible injury and prevented major damage to the aircraft. But like the two air-rescue H-19 helicopters on standby during the meet in case of accident, the crash barrier was not needed.

Gen. J. E. Roberts, who was our considerate host and commander at Nellis, made a statement in which he said:

> Aside from providing us the best possible means, short of actual combat, to evaluate our personnel, training methods, and material, the gunnery meet has afforded the Air Force an ideal opportunity to demonstrate the qualities that go to make it such a fine organization.

I might add to what General Roberts said, that the meet afforded the members of your Armed Services Committee an ideal opportunity of evaluating the qualities of the Air Force commanders, and leaders, and crews that produce the Air Force in which we place so much confidence, and with such good reason.

Mr. ELLIOTT. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. ELLIOTT. Mr. Speaker, today marks the end of the second full year since the McConnell coal-mine safety bill became law on July 16, 1952.

I have just been advised by Mr. Harry F. Weaver, Chief, Coal Mine Inspection Branch, Bureau of Mines, that the 2 years since this law was passed have marked the sharpest decline in both fatal and nonfatal injuries in the entire history of coal mining.

As a matter of fact, there has been only 1 major disaster where 5 people were killed. There is a question as to whether or not this disaster should be charged up to the period covered by the new coal-mine safety law, because it occurred while the Federal coal-mine inspectors were under an injunction from the State court preventing them from enforcing provisions of the safety law.

Though the announced intention of the law was to prevent major disasters in the coal mines of America, it is clear that it has had the very desirable result of reducing smaller accidents as well as the major ones. An example is that 31,000 people suffered nonfatal injuries in American coal mines in 1952. In 1953 this number was reduced to 22,000.

Again, in 1952 a total of 548 people were killed in coal mines. Last year this number was reduced to 457, the smallest of any year in the history of coal mining.

This fine record is the direct result of the splendid cooperation between coal miners, their unions, mine owners and operators, State and Federal coal-mine inspectors. It is a record of which all can be proud.

INCREASE OF BENEFITS FOR CERTAIN VETERANS AND THEIR DEPENDENTS

The SPEAKER. Under the previous order of the House, the gentlewoman from Massachusetts [Mrs. ROGERS] is recognized for 2 hours.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include extraneous matter.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I am reminding the membership that there is pending at the desk the Radwan petition to discharge the Rules Committee from further consideration of the bill H. R. 9020, a bill which would provide a 10 percent across-the-board increase for service-connected cases, for widows, orphans, and dependents, and also about a 12 percent increase to veterans of the Spanish-American War, and certain other increases for non-service-connected disability cases.

For a long time, Mr. Speaker, we have been trying to secure action, by way of a rule, suspension, or in some method, to bring this bill up. This is an extremely meritorious bill, it is a very moderate one. As a matter of fact, we cut some $50 million from the bill as originally introduced. We have also had a regard for the Treasury of the United States and the economic conditions of our country. However, we feel that the least we can do is to give help to the veterans of our country. We feel that we should not sit here quietly in our seats and not fight for our veterans.

Mr. Speaker, there are certain other of our bills pending before the Rules Committee. I have heard intimations to the effect that rules would be granted on some of the more modest bills. I am hopeful that that may be true. I also have inferred from conversation that perhaps something might be done in reference to H. R. 9020 if it were modified. However, I am not satisfied and I will not feel satisfied completely until that legislation is passed. I do not personally see how we can cut H. R. 9020 any further.

Mr. Speaker, I was over in the other body the other day and a chairman of one of the committees that handles such legislation said: "Mrs. ROGERS, why do you not send over more bills to us. We are hungry for veterans' legislation over here."

Another committee chairman asked: "When are you going to send your legislation over to us. We would like for you to send it over."

Mr. Speaker, if we were to modify the provisions of H. R. 9020 I believe the Senate would increase them. I do not think we should modify that bill. I think it should be taken as is.

I for one do not feel that I can go back to my veterans who are in the hospitals and say that we have done practically nothing for the veterans this year.

Mr. ALLEN of Illinois. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Illinois.

Mr. ALLEN of Illinois. The gentlewoman says we have not done anything.

Mrs. ROGERS of Massachusetts. I said "practically nothing."

Mr. ALLEN of Illinois. Let me refer the gentlewoman to the CONGRESSIONAL RECORD of July 13, 1954, page 10441 where the gentlewoman herself said that 11 veterans' bills have been enacted into law, as reported by the Committee on Veterans' Affairs during the current session of the Congress. One is now pending before the President. That is 12 all told. I do not know whether they mean much or little, but I presume such a great committee as the Committee on Veterans' Affairs headed by such an excellent chairman as the gentlewoman does not bring in bills that mean nothing. The gentlewoman stated that 12 bills have been passed. I can remember a Congress when I first came here, and another party was in power, reducing the benefits for veterans 15 percent.

Mrs. ROGERS of Massachusetts. That is no reason for saying that we should do anything to cut the veterans now.

Mr. ALLEN of Illinois. The gentlewoman herself said that 12 bills have been passed during the current session of the Congress. I will leave it to the judgment of the able chairman of the Committee on Veterans' Affairs as to whether only minor bills are reported by that committee.

Mrs. ROGERS of Massachusetts. We have brought in a number of bills involving land grants, granting to certain towns and communities land which they permitted the Veterans' Administration to have. Now they want it back and the Veterans' Administration allows them to take it back.

This House passed a direct loan bill which is still pending in the Senate. I understand that the Senator from Alabama the other day moved to add $50 million a quarter as a grant rather than $25 million, which was in the bill as we passed it. They have had more requests for direct loans than ever before. The bill is now a part of H. R. 7839, the so-called Housing Act of 1954, which is in conference. It is true that we passed bills granting the Philippine veterans certain privileges and rights in reference to hospitalization and so forth, and I have never seen a more grateful group.

Personally I am devoted to the chairman of the Committee on Rules; I have great admiration for him, but I realize that the gentleman's hands are often tied. I am sure he would grant rules if he did not have a lot of people trying to prevent their passage. There is a bill now before the committee granting $200 per year increase per patient in the amount the Government pays the States for the veterans in State homes. I understand there is no objection to that, and I understand the Committee on Rules will grant a rule on it.

Mr. ALLEN of Illinois. I cannot say what the Committee on Rules will do, but I favor that bill.

Mrs. ROGERS of Massachusetts. There is another bill to allow the Korean boys in hospitals, and some World War II veterans, even, to have money to purchase automobiles when they are discharged. I know there was no intention to debar them. They had an extension 3 years ago, and that expired, and that must be passed before they can get the $1,600. Now, a great deal of money has been paid back to the Federal Government in the way of taxes by these veterans themselves. That is due to the increased tax that the veterans, who have jobs, pay as the result of having automobiles. On top of that, there is a tax paid on the purchase price of the automobile. If you could hear the men saying "We have a job now because we can go to and from work," I know it would make you happy. It is a great rehabilitation measure, and I think the Congress deserves a great deal of credit for passing it.

Mr. McCORMACK. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. I am glad to associate myself with the gentlewoman from Massachusetts in connection with the veterans legislation that she is so deeply interested in, particularly on this occasion, in reference to H. R. 9020. On 2 or 3 previous occasions I stated in colloquy with the gentlewoman from Massachusetts, when she had the floor, that I hoped the leadership would report out a rule on that bill or even let it come up under suspension; that I was sure it would pass this House practically unanimously, if not unanimously.

Now, I was interested in the remarks made by my good friend, the gentleman from Illinois, [Mr. ALLEN], about some previous Congress and a reduction of 15 percent in veterans' compensation. The gentleman from Illinois is correct. I remember it very, very well, because I was a member of this body. That was back in either 1933 or 1934. It was known as the so-called Economy Act. I remember it very well, because I was one of the few Members of the House then who voted against it. And, I might say, in view of the fact that my friend from Illinois has made reference to another party being in control—of course, he meant the Democratic Party, and that is correct—that there were less than 50 Members of the House who voted against it. That meant that both Democrats and Republicans in that Congress practically overwhelmingly voted for the bill. And, I must make this observation, because I was one of the few Members who voted against the bill. I might also say that whatever harm was done was corrected in succeeding Congresses. I think it is also only fair to say that on veterans' legislation the question of partisanship has played no part, negligible at the most. We do this without regard to our party affilia-

tion. But, in connection with the bill that the gentleman did refer to, I wanted the RECORD to show what the real history was; that both Republicans and Democrats overwhelmingly voted for it, and only a very small percentage of the Members of the House at that time voted against it. And I happened to be one of them, and, frankly, my vote against that is one of the proudest votes I ever cast.

Mrs. ROGERS of Massachusetts. I will say to the gentleman that many of the benefits were restored for the men that were cut under that bill, but a good many were not restored, and they have not received the benefits. The Director of the Budget at the time wrote a letter saying that the economy of the country was going to pieces, and he gave us the information that no service-connected cases would be cut, but they were cut. I will say to the gentleman that this year our committee was asked to pass an omnibus veterans' bill which would mean the raising of some benefits, but the curtailment of others, and our committee took no action on it. Our committee feels that we are not willing to curtail and liquidate the benefits now being given to the veterans.

Mr. JAVITS. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from New York.

Mr. JAVITS. I support the gentlewoman's position on H. R. 9020 and believe we should consider the legislation here and now before we adjourn, and I hope very much that we will. I am not at all willing to believe that we are pulling up hill. On the contrary, I feel that it is a winning, not a losing fight.

Mrs. ROGERS of Massachusetts. I thank the gentleman for his support. Of course, I am personally interested in this matter; not that it affects me, but it affects the veterans. Those of us who see them day in and day out know just what it means for them to have a little money, or a little bit more money. I was at the hospital the other day. There I saw boys with 3 limbs gone, or 4 limbs gone. Those boys say to me, "Mrs. ROGERS, does this mean that we cannot get the automobile money if we are not discharged before the time the bill expires? Does it mean that we are not going to get a slight increase in compensation? We are bedridden. We cannot speak for ourselves. We cannot come in and argue for ourselves." There was one boy who said something about his disability and not being able to get any compensation for it but he said, "I get used to it."

It means so very much to these boys to have something. They read stories about increases in salary for Federal employees, about increases for the men in the services and in benefits; about increases to Members for telegraph money and clerks and they cannot understand why they are not given something.

Next year I think our committee will have to object to the dispensing with the business on Calendar Wednesday every week. We might possibly get a hearing that way, although it would take 18 Wednesdays in order for us to get a hearing on our bills.

It is incredible to me that we have not even been able to get hearings by the Committee on Rules on our measures. When people see us coming, they run in the opposite direction. The only place left to discuss matters is the floor of this forum. Thank heaven for that and thank heaven for the right to petition.

Mr. EVINS. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Tennessee.

Mr. EVINS. I want to commend my chairman, the gentlewoman from Massachusetts [Mrs. ROGERS], for the very gallant fight she has been making during this entire session, as she always has, on behalf of the veterans of this Nation.

As the gentlewoman knows, I have always been pleased to join with her, and I am pleased now to give expression to my support of her position in this matter.

The Subcommittee on Compensation and Pensions of the Committee on Veterans' Affairs held extensive hearings during this session of Congress. It was the principal objective of the veterans' organizations of this Nation during this term of Congress to obtain a reasonable increase in cost-of-living allowances or compensation. This legislation was very carefully considered by the subcommittee. It was favorably reported, unanimously reported by the full committee. Today we are taking action to try to force the matter to the floor so that Members will be given an opportunity to vote on this proposed legislation on which I feel sure the majority of the Members of the House wish to express themselves.

I certainly want to assure the lady from Massachusetts that I am pleased to aline myself with her at this time in this fight.

Mrs. ROGERS of Massachusetts. We are all in this together. The gentleman knows that our committee is a 14–14 committee. We have 14 Republicans and 14 Democrats on our committee. We have worked in a nonpartisan way. At this time I, as chairman of the committee, would like to thank every member of the committee for his great consideration and cooperation. It has meant a great deal to me, because the members have had such constructive views. I am only the chairman; they really run the committee.

Mr. MATTHEWS. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Florida.

Mr. MATTHEWS. I would like to associate myself with the views expressed by the chairman of our committee. I think it should be stressed again that when we come out of our committee with a bill, nearly 95 percent of the time it is by a unanimous vote.

I am very proud of the fact, to which the chairman has already referred, that the Committee on Veterans' Affairs is in the truest sense a bipartisan committee. I appreciate the remarks of the distinguished gentleman from Massachusetts, our minority whip, when he made that point very clear a few moments ago. The gentlewoman from Massachusetts has pointed out that this bill, in which we are vitally interested, H. R. 9020, was considered for weeks by our committee. We made many concessions in the committee. There was much give and take. We tried to have a proper record and studied every angle of this bill. It came out of our committee by a unanimous vote.

What is of particular concern to all of us on the Committee on Veterans' Affairs today is to try to get a rule on H. R. 9020.

I would like to thank my distinguished chairman and associate myself again with her views. I am very proud to point out the fact that there are a number of other members of the House Committee on Veterans' Affairs who are here and who I know are anxious to say some things about this bill, too.

Mrs. ROGERS of Massachusetts. Yes, there are a number of them here. May I thank the gentleman again. There are a great many names on the petition already, although it has been on the desk only since 12 o'clock. If we had another full day, undoubtedly the full quota of names would be on the petition.

I do not know when we are going to adjourn. May I ask the majority whip when he expects the Congress will adjourn.

Mr. ARENDS. Does the gentlewoman mean today, or the end of the session?

Mrs. ROGERS of Massachusetts. I mean the end of the session.

Mr. ARENDS. That is problematical. I would think some time the fore part of August.

Mrs. ROGERS of Massachusetts. Some time in the middle of August?

Mr. ARENDS. That is only one person's guess.

Mrs. ROGERS of Massachusetts. In the middle of August?

Mr. ARENDS. I said the forepart of August. That is merely a guess on my part.

Mrs. ROGERS of Massachusetts. Then we will have ample time to get all of the names on the petition and get the petition out, if we are not granted a suspension. I do not know that they will give us a rule, but if we get a suspension, we do not care by what means we get the legislation out so long as it comes up for action.

Mr. BYRNE of Pennsylvania. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. BYRNE of Pennsylvania. I am glad to associate myself with the chairman of our committee, the Committee on Veterans' Affairs. This is a nonpartisan bill. On every bill that comes up the whole committee votes in a nonpartisan spirit. Therefore, I wish the Committee on Rules would see their way clear to bring out the bill H. R. 9020, because it means so much to the veterans.

Mrs. ROGERS of Massachusetts. The gentleman would not be surprised if we could bring it up under suspension?

Mr. BYRNE of Pennsylvania. Another point is that when these legislative bodies come down here concerning legislation they should invite our chairman to the committee meetings.

Mrs. ROGERS of Massachusetts. I think they would benefit very much if

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they would come and consult the entire committee that was created to handle the veterans' legislation. Many of the members of the committee are expert lawyers and experts on veterans' legislation. We have some of the ablest and smartest Members of the House of Representatives on that committee. People testifying before our committee have stated they thought that by and large it was the ablest Committee on Veterans' Affairs they had ever testified before.

Mr. BYRNE of Pennsylvania. I agree with the gentlewoman. This committee has sat for hours taking testimony. When there is any kind of meeting of the various veterans' organizations I believe our chairman or some member of our committee should be invited. If not, we might just as well fold up as a committee.

Mrs. ROGERS of Massachusetts. There was a unanimous vote of the committee to that effect, I would say to the gentleman. With very great emphasis on the meeting of yesterday, they feel that everything that has to deal with our legislation should be taken up with the Veterans' Committee and not through other groups. I think there are some committees of the House that would be very glad to take over some of the legislation for the veterans; in fact, I know that to be the fact. They think it would be very nice to have the veterans' legislation go through their committees. We have to guard that zealously. There are six great departments that are run by the Administrator of Veterans' Affairs. He has a terrific job.

By the way, just at that point, if I may go on for a moment, in the independent offices appropriation bill which came from the other body, there was $3,500,000 appropriated for the operation of regional offices. Mr. Higley, the Administrator of Veterans' Affairs, had made a mistake in his estimates and he could not consolidate the regional offices so he asked for $8 million more. The other body granted it, but then when the conferees got together, they cut that by over $4 million. The budget told me twice that they did not see how the Veterans' Administration could function with that cut. And the Committee on Appropriations were told, and this is not their fault originally because they allocated all the money that the Bureau of Medicine and Surgery of the Veterans' Administration asked for, but they were cut, and they did not have enough money to pay for the services of the medical section and the hospitals. So they are asking now for $3 million supplemental. There was a million added in the other body for repairs on a hospital in Long Beach, Calif. I think those repairs are necessary. I visited there and I approve of that. But, certainly, the money for that should not have been cut, and certainly there should not have been any cuts for the Veterans' Administration. This year all the appropriations for the veterans have been cut.

Mr. EDMONDSON. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. EDMONDSON. I would like to express the appreciation which, I am sure, many of us on both sides of the aisle feel toward the gentlewoman for her courageous fight in behalf of a just and reasonable cost-of-living increase for the veterans and their dependents and orphans of veterans under H. R. 9020. I think the great number of signatures, which have already been placed on this petition, is evidence of the feeling on the part of a great number of the Members of the House that this is a matter which should be voted upon and voted upon soon. I would like in this connection to ask the gentlewoman from Massachusetts a question: Has any reason been given to the gentlewoman from Massachusetts for the refusal of the Committee on Rules to hold a hearing on this bill?

Mrs. ROGERS of Massachusetts. I have not been given any valid reason, I am forced to admit. Frankly, I do not know whether it is the fault of the chairman of the committee because I think he is guided by the leadership of the House. But, in all fairness, I will say to the gentleman, in the past we have had a great deal of difficulty in securing rules on legislation when the gentleman's party, the Democratic administration, was in power and we have even had to stay in session late and to hold the Congress in session in order to secure the passage of our legislation. Unfortunately, our legislation in the past has always come late.

Mr. EDMONDSON. I understand one reason that has been advanced as an objection to this bill is on the point of economy, and on the ground that the budget cannot stand this kind of increase. Yet, is it not true that this increase represents only about one-fifteenth or one-sixteenth of the foreign aid appropriation which was voted just a week or two ago by the House of Representatives?

Mrs. ROGERS of Massachusetts. That is very true. I voted for that appropriation even though I did not want to vote for it. But, I did vote for it because I thought if there was anything we could do to prevent another great war, and to prevent the spread of communism, I was willing to try it. It has been suggested here on the floor that the appropriations for the veterans be taken out of that appropriation.

Mr. EVINS. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. EVINS. I think it is appropriate to reemphasize and repeat for the record the fact that the total appropriations for all veterans' programs immediately after the war was about $9 billion. They amounted to $8,900,000,000. Each year they have been reduced, and last year it was about $4 billion or about one-half of what it formerly was. The next fiscal year it will be $3,800,000,000. So the appropriations for the veterans of this country, although the veterans have been increasing in number, have been drastically and substantially reduced. The amount of money being appropriated for all veterans' programs is much less than one-half of what it formerly was so this modest cost-of-living increase, I think, is nothing that the Congress should be alarmed about.

Mrs. ROGERS of Massachusetts. That also brings to my mind the fact that the medical section of the Veterans' Administration is short of doctors and the Board of Appeals is short of doctors to rate the cases. That means slowness in the veterans having justice done in that way. Frankly, I do not see how any Administrator of the Veterans' Affairs can function with the investigators he has. I think Mr. Higley recently has been trying to function with the suggestions of a former telephone company man, who is an efficiency expert. That is why he is making some of his reductions. Various investigators go out from the General Accounting Office and from the Budget Office and they tell Mr. Higley to economize, and he tries to economize and he is short of money.

Mr. HAGEN of California. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. HAGEN of California. Does this legislation, H. R. 9020, have the support of all veteran organizations?

Mrs. ROGERS of Massachusetts. Oh, yes. It has the unanimous support of all veteran organizations, very enthusiastically given. They are here all the time talking with us about it. Also, I would remind the gentleman that there are 22 million veterans in the country today and only 5 million belong to any veteran organizations. I think it would be better if more belonged to the organizations, because they would have more strength. At this point I would like to commend National Commander Connell, of the American Legion, and Mr. Miles Kennedy, his legislative director, for their untiring efforts to secure the enactment of this legislation. But we represent not only the organized veterans but the great mass of veterans who do not belong to any organization.

Mr. HAGEN of California. I understand one of the prime planks of the various veteran organizations is the preservation of the integrity of our committee, which is the only committee in Congress which deals exclusively with veterans' matters.

Mrs. ROGERS of Massachusetts. Oh, that is absolutely correct. The Veterans' Committee was first formed in 1924. Before that veterans' legislation came from the various committees. In 1924 the Veterans' Affairs Committee was formed to handle veterans' legislation. I became a member of that committee in 1925, so I have watched the committee for a great many years.

Mr. HAGEN of California. I may say to the gentlewoman from Massachusetts that this legislation is bipartisan; but if it fails in its enactment, the criticism will not necessarily be bipartisan.

Mrs. ROGERS of Massachusetts. No. But may I say this: I think every one of us will be criticized, whether we be Republicans or Democrats. During the 20 years under a Democratic administration I have fought just as hard as I am fighting today to secure the passage of legislation. Many of us here have worked until 3 or 4 or 5 o'clock in the

morning, at night sessions, trying to secure the passage of bills. So while the leadership is Republican now, there is great responsibility on both sides of the aisle on veterans' legislation more than anything else, because without them we would not be free today, and we owe them a duty we can never hope to repay.

I do not know whether the veterans will punish Members for not voting for them, but certainly the feeling will be very bitter against Members who do not vote for them, and, I think, justifiably so. I believe the President would sign H. R. 9020. I have no reason to think he will not. I know he wants economy, but in my heart I feel very sure that the President would sign H. R. 9020. I do not think there is any doubt about that.

Mr. Speaker, today the chairman of the Subcommittee on Hospitals, the gentleman from New York [Mr. KEARNEY], and his subcommittee heard Charles N. Collatos, commander of the department of Massachusetts, of the American Legion, on the necessity for maintaining the Cushing Hospital at Framingham; also Mr. Norman B. Hartnett, one of the select men of Framingham, Mass., appeared with a very fine statement, and Congressmen LANE and PHILBIN and DONOHUE appeared for their bills.

I introduced the bill H. R. 9646, which would authorize the retention of the Cushing General Hospital as a chronic disease hospital and a sort of veterans domiciliary. It is not important which bill goes through except that whatever bill goes through should provide for the treatment of chronic diseases and its use as a veterans domiciliary. It is greatly needed, and I am sure the Members, if they will read the testimony which I will insert in the RECORD, will be thoroughly sure of the necessity for such a hospital in Massachusetts.

We are committed to taking care of the veterans, to see that they are hospitalized rather than that they die in the streets; also that the mentally incompetent must be taken care of. We have had some suicides and murders because men have not been hospitalized in time or because they have been put out of hospitals due to a shortage of beds.

Under permission previously granted, I insert at this point the statement of Mr. Collatos:

STATEMENT BY CHARLES N. COLLATOS, COMMANDER, DEPARTMENT OF MASSACHUSETTS, THE AMERICAN LEGION, BEFORE THE HOUSE COMMITTEE ON VETERANS' AFFAIRS, THURSDAY, JULY 15, 1954

Madam Chairman and members of the House Committee on Veterans' Affairs, as department commander of the American Legion for Massachusetts, I desire to express my thanks for the kind invitation extended me to appear before you on pending veterans legislation as it affects the veterans of Massachusetts and New England. We in Massachusetts are grateful to you members and your outstanding chairman for the fine effort you have put forth in behalf of our war veterans. To you, especially, Mrs. ROGERS, we are grateful for your past efforts in behalf of our New England veterans, and for introducing H. R. 9646, which we believe is very timely.

H. R. 9646 seeks to retain the former Cushing Veterans' Administration hospital as a center for domiciliary and chronic cases. I would like to give you some of the past history of this fine hospital.

Cushing Hospital, which formerly operated as a 1,900-bed Army hospital with a large paraplegic center, was declared surplus and was taken over by the Veterans' Administration on October 1, 1946, with an authorized bed capacity of 1,100 beds. The VA took over the care of the paraplegic Army patients remaining. It operated the hospital with a 1,000-bed authorized capacity, and for years it operated at maximum capacity, having a daily patient census well in excess of 900 patients. It is interesting to note that while many of the former military hospitals taken over by the VA had difficulty in operating at maximum capacity due to staffing problems, Cushing hospital had an outstanding record. In reviewing the record of eight visitations by our national field service, we find that on the first visit, August 30, 1948, shortly after activiation of this hospital, of 31 full-time physicians authorized, there were vacancies of only 2 physicians, but on the subsequent 7 visitations, extending through September 18, 1953, authorized positions for full-time physicians (up to 48) were filled and no vacancies present.

As regards the nursing situation, from the first visitation up to the eighth on September 18, 1953, there was not a single vacancy in the nursing service, with as high an authorization as 244, except that on the last visit, when the hospital was in process of closing, there was only 1 nurse vacancy. I doubt if there is a Veterans' Administration hospital in the country with a better record regarding availability of authorized personnel. Likewise, the hospital had as many as 59 consultants and 73 attending physicians, and ran a large resident physicians program, up to 65. I am mentioning these statistics in view of a complaint that in many areas the Veterans' Administration experienced difficulty in the recruitment of professional and other personnel. Here we have a constructed hospital, where there would be no difficulty in adequately staffing same, to take care of veterans who are unable to obtain needed hospitalization due to lack of adequate facilities.

With Massachusetts now operating 1 TB, 3 NP, and 1 general medical and surgical VA hospital, we find that large waiting lists of certified eligibles still exist in these hospitals. As of March 31, 1954, information from VA form 10–7371, the monthly report of eligible persons not yet admitted for VA hospitalization, shows the following in these Massachusetts VA hospitals:

Bedford, Mass., shows 477 psychotic and 91 other psychiatric, a total of 568.

Northampton, Mass., shows a waiting list of 240 psychiatric cases.

The new VA hospital at Brockton shows a certified waiting list of 67 psychotic, 27 other psychiatric, 8 tuberculosis, 3 medical, and 2 surgical cases, a total of 107.

The new general medical and surgical hospital at Boston shows a waiting list of 115 psychotic, 12 other psychiatric, 14 neurologic, and 2 surgical cases, a total of 143.

Thus, we see that 1,085 veterans with certified applications are awaiting admission to these four veterans' hospitals because beds are not available to them. This does not take into consideration the large numbers of veterans not included in this certified list of 1,085 who did not make formal application for admission after being advised of the difficulty in being hospitalized in the near future, nor does it include those veterans rejected for hospitalization because of chronic conditions with no adequate facilities for the care they need.

It would seem to me that we would be less than mindful of the welfare of our war disabled if the former Cushing VA hospital were released and not utilized by the Veterans' Administration, in the presence of demonstrated needs and in view of past experience that in the Cushing hospital staffing difficulties have not been experienced. Certainly we believe it to be wise economy to utilize this existing hospital rather than to plan for further new construction, if the Congress decides to take care of these needy and sick veterans. I would also desire to stress that Cushing VA hospital can also be utilized to take care of needs in nearby States where adequate facilities for sick veterans do not exist.

I also want to stress the large number of veterans on the certified waiting list with neuropsychiatric disabilities. Their chances of being admitted in the foreseeable future, I am advised, is remote.

I have been advised by competent medical source that many chronic psychiatric cases, now being hospitalized under locked-ward facilities at the other VA hospitals in Massachusetts, could be classified as nonsecurity mental cases and could be adequately cared for even on nonlocked wards in a place like Cushing. The CONGRESSIONAL RECORD (p. 5082, CONGRESSIONAL RECORD, Senate, dated Apr. 14, 1954) shows that Senator KENNEDY, of Massachusetts, brings out in a reproduced letter from a Framingham chapter of the Disabled American Veterans that the Governor of Massachusetts was planning to establish at the former Cushing VA hospital, if the State could obtain same "an institution for elderly mental patients not requiring close confinement." Certainly the VA could free much needed occupied beds in the other active NP services at existing VA mental hospitals for cases of this type and thus make available greatly needed beds for the more active mental cases on the present certified list of eligibles needing locked-ward care and close supervision. Also at Cushing there are adequate locked-ward facilities for the care of such cases found to need close confinement. Cushing at times took care of over 300 NP cases while a VA hospital, and when closed these were transferred to the new GMS hospital at Boston. Our field representative's report of February 19, 1953, shows that on that date the Boston VA hospital was taking care of 460 GMS cases and 235 NP patients. His report contains the following:

"This [Boston VA] hospital opened for patients on July 1, 1952. Since its opening, 6,400 patients have been treated and approximately 2,000 veterans seeking admission have been turned down for various reasons. On the day of dedication, July 27, 1952, there 498 patients, many being NP patients transferred from Cushing VA hospital and others from West Roxbury."

This is mentioned to show that Cushing has facilities even for the more serious mental cases.

I would like to mention that even with the opening of the new GMS hospital at Boston, there has been no actual gain in GMS beds for the Boston area. Cushing with its 1,000 operating beds was essentially a GMS hospital. West Roxbury, which had a 327-bed GMS capacity, in addition to a 55-bed NP unit, was converted as of November 1953 to 151 GMS beds and 153 paraplegic beds. Thus, we in Massachusetts sustained a 176 bed loss in GMS beds in addition to the losses in GMS beds occasioned by the closing of Cushing VA hospital and the opening of the new Boston GMS hospital. Also, this new GMS hospital at Boston has a constructed capacity of 940 beds, and as of February 28, 1954 had 792 of these beds occupied (including the NP unit there). Present VA plans based on budget estimates for fiscal year 1955 call for a 778 average daily bed occupancy as compared to an average daily bed occupancy of 774 from July 1953 to April 1954. Certainly this does not appear to be sufficient for the needs of the war disabled in Massachusetts.

One of the greatest shortages in the Veterans' Administration and the Nation as a whole is in the category of chronic disease.

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The Annual Report of the Administrator of Veterans Affairs for the fiscal year ending June 30, 1952 states on page 9:

"For the most part, veteran patients constitute a closed and aging population, characterized by a greater frequency of multiple disabilities and chronic disorders less amenable to treatment, which require longer care."

Also, on page 17 of this report we find:

"Not less than 86.8 percent of the beds available in VA and non-VA hospitals (for VA care) were therefore required for tuberculosis, psychiatric, and neurological patients and for general medical and surgical patients whose disabilities were either service-connected, permanent and total, or long-term requiring hospitalization of more than 90 days, or whose hospitalization was clearly the responsibility of the Federal Government."

Further, a similar annual report for the fiscal year ending June 30, 1953 states on page 14:

"However, the waiting list for neuropsychiatric cases has been increasing generally since 1945."

The same report on page 19 states:

"The comparison of the most frequent diagnostic conditions among discharged veterans with different periods of war service provides a guide for forecasting the future composition of the VA patient load."

These studies indicate the need of providing sorely needed facilities for certain aged and infirm mental patients as well as for chronic disease of all categories, which could very adequately be cared for if Cushing VA hospital is retained. The needs exist; the facilities do not.

In addition to being able to provide adequate facilities for providing care for chronic cases as described, Cushing hospital could very well serve the domiciliary needs of New England.

Domiciliary care is the provision of a home, with such incidental medical care as is needed, for eligible veterans suffering from a permanent disability who are incapacitated from earning a living and have no adequate means of support.

Prior to 1944 there appeared to be an adequate number of domiciliary beds as there was then in existence an 1,100-bed domiciliary at Togus, Maine. In 1944, due to the great demand for NP beds, this domiciliary unit was discontinued and converted into a neuropsychiatric hospital as it was felt that there was a greater need for the neuropsychiatric beds. Since 1944 New England has been without a VA domiciliary home. As there was need for 1,100 domiciliary beds at Togus, Maine prior to 1944, we are unable to understand why there is no need for domiciliary home beds in the New England area since then. We have been advised that since the closing of the domiciliary at Togus the Veterans Administration has been attempting to meet the domiciliary needs of the New England area by making available four domiciliary centers, namely, at Bath, N. Y. (the closest to New England); Dayton, Ohio; Martinsburg, W. Va.; and Kecoughtan, Va. It is further brought out that these 4 centers report that they are providing domiciliary care for only 244 veterans, listing residence in the New England States, with 154 of these at Bath, N. Y. It is quite evident that this small number of domiciliary residents from the New England area can be accounted for mainly by the distance involved in travel of these sick and needy veterans, and is no true criterion of the existing needs for domiciliary beds in the New England area.

Following the closing of the Togus domiciliary there was an increase in the number of State soldiers homes beds; but even these, we understand, were not adequate to meet the needs of our war disabled in New England. Apparently the Veterans' Administration is cognizant of this fact, that is, that the small number of New England veterans domiciled is due to distance from their residence. We have been advised that the need for accommodations at a point close to place of residence is considered "economically impractical as long as there are existing beds within a reasonable distance." We do not believe that the centers listed as serving the New England area constitute "reasonable distance" for those veterans "sick and broke" and with no one to take care of them. It appears that the Veterans' Administration has desired to take care of the domiciliary needs of the veterans of New England. It is reported that at one time they had under consideration the utilization of the former Cushing hospital for this purpose, but that in view of "lack of authority and funds" to operate it as a domiciliary facility, the VA declared it excess.

Again I want to stress that this action in declaring Cushing excess was not prompted by the lack of need but by lack of authority and funds to operate Cushing. It is our understanding also that the Bureau of the Budget's advice regarding the continuation of Cushing as a domiciliary has been unfavorable, apparently only on a basis of reduction of funds. It is my opinion that the amount of moneys involved here is not very great, and the amount of good derived in taking care of the chronic cases now on the waiting list and the domiciliary needs of the New England area will far outweigh the relatively small funds necessary to continue Cushing as proposed in H. R. 9646.

Again I wish to express my deep appreciation to the chairman and members of this committee for their courtesy in hearing this presentation, and their abiding interest in studying and proposing legislation beneficial to the veterans of this country.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. VURSELL in two instances.

Mr. HYDE and to include a statement of Mr. HYDE, sent to the chairman of the Committee on Public Works, with respect to H. R. 9137.

Mr. RODINO and to include an editorial.

Mr. MILLER of Nebraska.

Mr. WOLVERTON in two instances and to include extraneous matter.

Mr. O'HARA of Illinois in two instances and to include related matter.

Mr. BYRD.

Mr. BENDER.

Mr. CANNON.

ENROLLED BILLS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 1067. An act to authorize the Supreme Court of the United States to make and publish rules for procedure on review of decisions of The Tax Court of the United States;

H. R. 1673. An act for the relief of James I. Smith;

H. R. 5578. An act for the relief of Hatsuko Kuniyoshi Dillon;

H. R. 5731. An act to authorize the Secretary of the Interior to construct facilities to provide water for irrigation, municipal, domestic, military and other uses from the Santa Margarita River, Calif., and for other purposes; and

H. R. 7664. An act to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1276. An act to amend the Bankhead-Jones Farm Tenant Act, as amended, so as to provide for a variable interest rate, second mortgage security for loans under title I, and for other purposes; and

S. 3539. An act to further amend title II of the Career Compensation Act of 1949, as amended, to provide for the computation of reenlistment bonuses for members of the uniformed services.

ADJOURNMENT

Mr. ARENDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 23 minutes p. m.) the House, pursuant to its previous order, adjourned until Monday, July 19, 1954, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1735. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation entitled "A bill to authorize permanent appointments in the United States Navy and in the United States Marine Corps"; to the Committee on Armed Services.

1736. A letter from the Acting Secretary of the Treasury, transmitting a draft of a proposed bill entitled "A bill to amend section 5240 of the Revised Statutes, as amended, relating to the examination of national banks"; to the Committee on Banking and Currency.

1737. A letter from the Assistant Secretary of the Interior, transmitting a proposed award of a concession contract to Arthur F. and Marion J. Lange, doing business as the Trading Post, which will, when executed on behalf of the Government by the regional director, region No. 2, National Park Service, authorize them to operate a general store and gift shop, and soda fountain and lunch counter, in Grand Teton National Park, Wyo., for a period of 5 years from November 1, 1953, pursuant to the act of July 31, 1953 (67 Stat. 271); to the Committee on Interior and Insular Affairs.

1738. A letter from the Secretary of the Army, transmitting a draft of a proposed bill entitled "A bill for the relief of Hans Kuzura"; to the Committee on the Judiciary.

1739. A letter from the Acting Secretary of the Treasury, transmitting a draft of a proposed bill entitled "A bill to amend section 4421 of the Revised Statutes, in order to remove the requirement as to verifying under oath certain certificates of inspection, and for other purposes"; to the Committee on Merchant Marine and Fisheries.

1740. A letter from the Postmaster General, transmitting a draft of proposed legislation entitled "A bill to provide for the purchase of bonds to cover postmasters, officers, and employees of the Post Office Department, contractors with the Post Office Department, mail clerks of the Armed Forces, and for other purposes"; to the Committee on Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. DONDERO: Committee on Public Works. H. R. 9859. A bill authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes; without amendment (Rept. No. 2247). Referred to the Committee of the Whole House on the State of the Union.

Mr. ARENDS: Committee on Armed Services. S. 22. An act to validate certain payments for accrued leave made to members of the Armed Forces who accepted discharges for the purpose of immediate reenlistment for an indefinite period; without amendment (Rept. No. 2249). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. S. 3245. An act to provide emergency credit; with amendment (Rept. No. 2250). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. S. 3697. An act to amend the act of April 6, 1937, as amended, to include cooperation with the Governments of Canada or Mexico or local Canadian or Mexican authorities for the control of incipient or emergency outbreak of insect pests or plant diseases; without amendment (Rept. No. 2251). Referred to the Committee of the Whole House on the State of the Union.

Mr. ALLEN of California: Committee on Merchant Marine and Fisheries. H. R. 7334. A bill to authorize certain property transactions in Cocoli, C. Z., and for other purposes; without amendment (Rept. No. 2252). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 8897. A bill to authorize and direct the Secretary of the Interior to transfer 40 acres of land in the Northern Cheyenne Indian Reservation, Mont., to School District No. 6, Rosebud County, Mont.; with amendment (Rept. No. 2253). Referred to the Committee of the Whole House on the State of the Union.

Mr. ARENDS: Committee on Armed Services. H. R. 9302. A bill to permit retired members of the uniformed services to revoke elections made under the Uniformed Services Contingency Option Act of 1953 in certain cases where the elections were made because of mathematical errors or misinformation; with amendment (Rept. No. 2254). Referred to the Committee of the Whole House on the State of the Union.

Mr. REAMS: Committee on Post Office and Civil Service. H. R. 9825. A bill to authorize the Postmaster General to prohibit or regulate the use of Government property under his custody and control for the parking or storage of vehicles; without amendment (Rept. No. 2255). Referred to the Committee of the Whole House on the State of the Union.

Mr. LeCOMPTE: Committee on House Administration. S. 1654. An act to amend the act entitled "An act to provide for a method of voting in time of war, by members of the land and naval forces absent from the place of their residence," approved September 16, 1942, as amended; with amendment (Rept. No. 2257). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 7813. A bill authorizing the Secretary of the Interior to adjust or cancel certain charges on the Milk River project; with amendment (Rept. No. 2258). Referred to the Committee of the Whole House on the State of the Union.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 639. Resolution for consideration of H. R. 8896, a bill to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes; without amendment (Rept. No. 2263). Referred to the House Calendar.

Mr. REED of New York: Committee on Ways and Means. H. R. 8932. A bill to reclassify dictaphones in the Tariff Act of 1930; with amendment (Rept. No. 2264). Referred to the Committee of the Whole House on the State of the Union.

Mr. REED of New York: Committee on Ways and Means. H. R. 9666. A bill to amend section 1001, paragraph 412, of the Tariff Act of 1930, with respect to hardboard; with amendment (Rept. No. 2265). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. ARENDS: Committee on Armed Services. H. R. 9804. A bill to authorize the appointment in a civilian position in the Department of Justice of Maj. Gen. Frank H. Partridge, United States Army, retired, and for other purposes; without amendment (Rept. No. 2248). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H. R. 4866. A bill for the relief of George S. Ridner; with amendment (Rept. No. 2256). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. House Concurrent Resolution 254. Concurrent resolution favoring the granting of the status of permanent residence to certain aliens; without amendment (Rept. No. 2259). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 3869. A bill for the relief of Gilbert Elkanah Richards, Adelaide Gertrude Richards, and Anthony Gilbert Richards; with amendment (Rept. No. 2260). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 6762. A bill for the relief of Mrs. Irmgard (Chrapko) Broughman; with amendment (Rept. No. 2261). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 9671. A bill for the relief of Mrs. Fa-chi Ling Wang and Eileen Wang; with amendment (Rept. No. 2262). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. VORYS:

H. R. 9910. A bill to amend section 413 (b) of the Foreign Service Act of 1946; to the Committee on Foreign Affairs.

By Mr. ABERNETHY:

H. R. 9911. A bill to amend the United States Cotton Standards Act and for other purposes; to the Committee on Ways and Means.

By Mr. BEAMER:

H. R. 9912. A bill to provide for the issuance of a special postage stamp in commemoration of the 75th anniversary of the first electrically lighted city in the world, Wabash, Ind.; to the Committee on Post Office and Civil Service.

By Mr. BENTSEN:

H. R. 9913. A bill to convey by quitclaim deed certain land to the Brownsville Navigation District of Cameron County, Tex.; to the Committee on Armed Services.

By Mr. BERRY:

H. R. 9914. A bill to declare that the United States holds certain lands in trust for the Rosebud Sioux Tribe of the Rosebud Reservation in the State of South Dakota; to the Committee on Interior and Insular Affairs.

By Mr. GRAHAM:

H. R. 9915. A bill declaring the Communist Party and similar revolutionary organizations illegal; and for other purposes; to the Committee on the Judiciary.

By Mr. HINSHAW:

H. R. 9916. A bill to amend section 5 (a) of the Federal Trade Commission Act with respect to certain unfair methods of competition in connection with the sale of manufactured products; to the Committee on Interstate and Foreign Commerce.

H. R. 9917. A bill to amend section 5 (a) of the Federal Trade Commission Act with respect to certain unfair methods of competition in connection with the sale of motor vehicles; to the Committee on Interstate and Foreign Commerce.

By Mr. LOVRE:

H. R. 9918. A bill to change the name of Gavins Point Reservoir back of Gavins Point Dam to Lewis and Clark Lake; to the Committee on Public Works.

By Mr. MILLS:

H. R. 9919. A bill to release and quitclaim all rights and interests of the United States in certain real property to Newport, Ark.; to the Committee on Government Operations.

H. R. 9920. A bill to release and quitclaim all rights and interests of the United States in certain real property to Walnut Ridge, Ark.; to the Committee on Government Operations.

By Mr. REED of Illinois:

H. R. 9921. A bill to amend section 709 of title 18, United States Code, so as to protect the name of the Federal Bureau of Investigation from commercial exploitation; to the Committee on the Judiciary.

By Mr. REED of New York:

H. R. 9922. A bill to authorize the Secretary of the Treasury to prescribe regulations relating to qualifications of persons who assist taxpayers in the determination of the Federal tax liabilities, and for other purposes; to the Committee on Ways and Means.

By Mr. ROGERS of Texas:

H. R. 9923. A bill to provide that the provisions of the Natural Gas Act shall not apply to the sale of natural gas, as an incident of its production and gathering, by an independent producer not engaged in the interstate transmission of natural gas; to the Committee on Interstate and Foreign Commerce.

By Mr. SHORT:

H. R. 9924. A bill to provide for family quarters for personnel of the military departments of the Department of Defense and their dependents, and for other purposes; to the Committee on Armed Services.

By Mr. TOLLEFSON:

H. R. 9925. A bill to increase the efficiency of the Coast and Geodetic Survey, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. YOUNG:

H. R. 9926. A bill to provide for the stockpiling of surplus agricultural commodities for civil defense purposes; to the Committee on Armed Services.

By Mr. SIMPSON of Illinois:

H. J. Res. 560. Joint resolution to authorize the Commissioners of the District of Co-

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lumbia to promulgate special regulations for the period of the American Legion national convention of 1954, to authorize the granting of certain permits to the American Legion 1954 Convention Corp. on the occasion of such convention, and for other purposes; to the Committee on the District of Columbia.

H. J. Res. 561. Joint resolution to authorize the quartering in public buildings in the District of Columbia of troops participating in activities related to the Amercan Legion national convention of 1954; to the Committee on the District of Columbia.

By Mr. O'NEILL:

H. Con. Res. 255. Concurrent resolution to express the sense of Congress with respect to the admission of Chinese Communists to the United Nations; to the Committee on Foreign Affairs.

By Mr. JAVITS:

H. Res. 635. Resolution for extension of greetings to the Gold Coast and Nigeria; to the Committee on Foreign Affairs.

By Mrs. KELLY of New York:

H. Res. 636. Resolution providing a code of fair procedure for the committees of the House of Representatives; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CRETELLA:

H. R. 9927. A bill for the relief of Luzie Biondo (Luzie M. Schmidt); to the Committee on the Judiciary.

By Mr. JAVITS:

H. R. 9928. A bill for the relief of Dionisios Ravanis; to the Committee on the Judiciary.

By Mr. O'NEILL:

H. R. 9929. A bill for the relief of Vasilios Liakopoulos; to the Committee on the Judiciary.

By Mr. ROONEY:

H. R. 9930. A bill for the relief of Vito Recchia; to the Committee on the Judiciary.

By Mr. SADLAK:

H. R. 9931. A bill for the relief of Dr. and Mrs. Henri Revilliod; to the Committee on the Judiciary.

By Mr. SHUFORD:

H. R. 9932. A bill for the relief of the Dixie Novelty Co.; to the Committee on the Judiciary.

H. R. 9933. A bill for the relief of Gerasimos Athanase Haberis; to the Committee on the Judiciary.

By Mr. SIEMINSKI:

H. R. 9934. A bill for the relief of Rodrigo D. Brito Peres; to the Committee on the Judiciary.

By Mr. WIDNALL:

H R. 9935. A bill for the relief of Mrs. Emma Isabel Butler; to the Committee on the Judiciary.

By Mr. BURDICK:

H. Res. 637. Resolution providing for sending to the United States Court of Claims the bill (H. R. 6242) for the relief of the West Coast Meat Co. of Hayward, Calif.; to the Committee on the Judiciary.

By Mr. LANE:

H. Res. 638. Resolution providing for sending to the United States Court of Claims the bill (H. R. 5813) for the relief of Jacksonville Garment Co.; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1101. By Mr. WOLCOTT: Petition of William Swayze, Lapeer, Mich., and 86 others, relative to H. R. 1227, a bill to prohibit the transportation in interstate commerce of advertisements of alcoholic beverages, and for other purposes; to the Committee on Interstate and Foreign Commerce.

1102. Also, petition of Henry Levasseur, Mount Clemens, Mich., and 15 others requesting that H. R. 4596, a bill to grant a pension of $100 per month to all honorably discharged veterans of World War I who are over 62 years of age, be enacted into law; to the Committee on Veterans' Affairs.

1103. By the SPEAKER: Petition of the chairman, Hawaii Statehood Commission, Honolulu, T. H., relative to a special meeting held June 24, 1954, at Honolulu, that, with the profoundest respect and sorrow for the memory of its lost leader, Joseph R. Farrington, the Commission implore the United States Congress to quicken action on Hawaii's statehood bill; to the Committee on Interior and Insular Affairs.

1104. Also, petition of Daniel B. Maher, State of Maryland, relative to filing a petition for redress of grievance in behalf of Clyde L. Powell, who is a resident of the State of Missouri; to the Committee on the Judiciary.

1105. Also, petition of the president, Public Power and Water Corp., Trenton, N. J., relative to an affidavit in support of motion and petition for impeachment, Public Power and Water Corp. against Hon. Herbert Brownell, Jr., Attorney General of the United States; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Let's Not Deceive Ourselves

EXTENSION OF REMARKS
OF
HON. ROBERT C. BYRD
OF WEST VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 15, 1954

Mr. BYRD. Mr. Speaker, the Red tide sweeps on in Asia while Western diplomacy continues to parry and obviously tries to compromise with the menace of Communist imperialism.

Having secured the rich Red River Delta under their belts, a prize awarded to them by voluntary French withdrawal, the Communists are now sweeping on toward Hanoi. It is not a pleasant thing, Mr. Speaker, to read of Americans and other civilians fleeing with an alacrity that suggests panic at Hanoi, and of course there are increasing signs that a Red fifth column awaits only the signal to spring into action inside the city.

Soon, we are told, the battle for Hanoi will begin. Judging by the resistance that has been offered thus far to the onrushing Reds, this is not a very cheering prospect. The Communist offensive against this important city comes at a time when the French Government at home is at what appears to be a perpetual crisis, and the disposition of Western diplomacy seems to be to make a gift of a large part of Vietnam to the Reds.

We might do well to pause and ponder what the recent French withdrawal from the Red Delta in Tonkin, Vietnam, meant. Without the firing of a shot, the Reds were handed a territory embracing some 1,600 square miles, and given control over some 2½ million of people. This region is a rich agricultural belt, but, more than this, the action handed over free peoples into Bamboo Curtain slavery—that is what it amounts to on a practical basis no matter how anyone tries to sugar-coat the bitter pill.

Furthermore, Mr. Speaker, a deal is being rigged right now at Geneva where "peace" for Indochina is being framed by "statesmen," statesmen who are bent on coexisting with communism and who will endeavor to legitimatize this selling out of millions of souls to Red tyranny. Mr. Dulles has already been importuned to get back to Geneva so that the prestige of the United States may be utilized to give an air of respectability to this newest and latest sellout to communism.

I ask you, Mr. Speaker, does any sensible, right-minded person believe for a second that anyone is going to be fooled by all the high-sounding platitudes that will be used to cover up this latest chapter of appeasement? Does anyone believe for a moment that the actions of Americans fleeing Hanoi will be lost on Asia's teeming millions as the West suffers the loss of face once more? No. When the people of the world see what is going on at Hanoi, they will be wondering when it will be Saigon's turn, and how long it will be before Tokyo becomes the target for an all-out Communist drive.

That is the logical course of events, Mr. Speaker, in view of the West's soft policy toward Communist aggression. All of these objectives I have outlined are but station stops on the Communist drive for world conquest. What a pity it is that, in the face of such brutal evidence, statesmen of the West—men who should know the ways of aggression and especially the wiles of the Communist plunderer—continue to delude themselves that this way of abject appeasement is the road to peace. What monumental folly, Mr. Speaker. What moral blindness. What dangerous policy.

I wonder how many of our so-called Western "statesmen" stop to realize that in a world threatened by an atomic armament race the potentials of Asian resources far outstrip those of the Western World. Let us look to our maps, consult our geography, note the rich natural resources of Asia, and speculate upon the almost unlimited manpower of the East; then let us speculate, grimly, if you please, upon what will be the balance of power if, in our poverty of policy, we allow the Asian Continent to come wholly under Communist rule.

The first point in an intelligent, realistic approach to the global threat presented by Communist imperialism must be the realization that coexistence with communism can only be achieved upon Communist terms, and this represents victory for the Communists by default.

Secondly, no matter what the Communists pretend in the way of coexistence with the West, they do not themselves believe coexistence to be possible, for they are committed to the proposition that it is a matter of historical necessity that Marxism must eventually be triumphant over the West. So, when the Communists talk of coexistence they are merely using it as a pretext for a breather so as to gain time to digest their gains and get prepared for the next forward push.

Thirdly, in our diplomatic approach to the problem, we must realize that a political-moral chain reaction follows each and every single set of appeasement toward communism. An action in any one place in the world of public affairs is followed by political reaction everywhere else throughout the world. Japan, the bastion of the free world's defense in the East, is watching closely every development in Indochina. So, too, are Malaya, Burma, Indonesia, Thailand, and Pakistan and Iran—all of these states feel the political tremors as the Red storm breaks over Asia. Continued appeasement of Russian imperialism can only react to our ultimate sorrow.

Finally, we deceive ourselves at our own peril. We cannot embrace evil and hope to dwell in peace and security with it.

Mr. Speaker, I offer these suggestions for the West, and I commend them to the attention of Western diplomats in the hope that the free world may arouse itself from the torpor of delusion and the sweet gas of appeasement before it is too late. It is even now well beyond the 11th hour.

Tribute to William J. Jernick, Newly Elected Grand Exalted Ruler of the Benevolent and Protective Order of Elks

EXTENSION OF REMARKS
OF
HON. PETER W. RODINO, JR.
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 15, 1954

Mr. RODINO. Mr. Speaker, the Benevolent and Protective Order of Elks of the United States of America is favored in many respects. But our order appears to be especially favored in the unimpeachable character and outstanding qualifications of the men who are willing to devote a year of their lives to serve as Grand Exalted Ruler. We were more than fortunate at the recent Los Angeles grand lodge session in the unanimous choice of William J. Jernick, of Nutley, N. J., as chief executive for the ensuing year.

It is not strange that the Order of Elks was attracted to such a man or that the order appealed to him as offering a wide field for useful endeavor. His election to grand exalted ruler climaxes Jernick's 20-some years of membership in the Elks. He joined Nutley Lodge in 1934, and 5 years later was its exalted ruler. Then in 1940, he became president of the New Jersey State Elks Association. He entered the grand lodge by appointment to the activities committee, of which he became chairman. Further grand lodge service included grand treasurer and grand trustee.

Eighty-six years have passed since a small group of inspired men took the virtues of charity, justice, brotherly love, and fidelity, and bound them into the organization of the Benevolent and Protective Order of Elks. The order has grown from the modest to the magnificent and has increased from a parlor group to 1,122,803 members.

Under Bill Jernick's inspiring guidance we may turn our faces to the future, knowing our splendid traditions will be upheld and that the order will expand its sphere of usefulness to mankind. The guidance we can expect is well illustrated in William Jernick's acceptance speech at Los Angeles. After urging Elks and all Americans to plan their thinking and living toward the preservation of our freedom against the threat of communism, Jernick stated:

If this world had more respect for divine guidance, it might have less need for guided missiles.

A charming wife and daughter—Mrs. Betty Duffy, of Honolulu—constitute the distaff side of the Jernick family. Two sons are Elks, Dr. Robert H. Jernick and William J. Jernick, Jr.

Bill Jernick is a resident and former mayor of Nutley, N. J. As an executive of the Thomas Edison Co. in Belleville, N. J., he is devoted to his work in the battery division as assistant vice president in charge of production. He has found time to give unselfishly to community interests and has established himself in the confidence and esteem of his fellow townsmen, as evidenced by the following editorial from the July 8, 1954, issue of the Nutley Sun:

PRIDE IN A GOOD NEIGHBOR

Nutley can but feel a warm glow of extreme pride in the election this week of former Mayor William J. Jernick to the office of grand exalted ruler of the Benevolent and Protective Order of Elks. His election is one of those one-in-a-million tributes because the Elks' membership now surpasses 1,125,000.

The national fraternal society recognized early in Jernick exactly the same qualities of integrity, honesty, endeavor, and ability which we, here in Nutley, recognized when time after time we elected him as our mayor. His record at the head of our town administration was outstanding and by his temperate leadership, his calm, fair, and fearless guidance of the town commission, he established our municipal government on a high standard of honest efficiency.

For the next year Bill Jernick will travel the land because one of the duties of his office is to visit as many lodges as possible. Wherever he goes, he can but add to the prestige of Nutley. It is with a great deal of pride and happiness that Nutley will join in a "welcome home, Bill" fiesta in the oval on July 24 for his is a personality which makes only friends, no enemies. To all of us he is our good friend, our good neighbor.

R. E. H.

Red China Has No Right to Membership in the United Nations

EXTENSION OF REMARKS
OF
HON. CHARLES A. WOLVERTON
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 15, 1954

Mr. WOLVERTON. Mr. Speaker, there is no basis of right or justice that entitles Red China to membership in the United Nations. On the contrary, there is every reason why it should not be admitted as a member.

The history of Red China has been one of war. Its hands are stained with blood. Its entrance into the Korean war prolonged hostilities and resulted in the unnecessary shedding of the blood of good American boys. Nearly 150,000 casualties in the ranks of our Army in Korea can be charged to it. And today Red China is giving aid and support to the fighting that is raging in Indochina. What a record on which to base a claim of right to admission to the United Nations, the fundamental purpose of which is to promote peace.

Even the most casual reading of the purposes of the United Nations destroys any right of Red China to membership in it. Observe the following taken from the charter of the United Nations:

Article 1 spells out the purposes for which the United Nations has been organized—

To maintain international peace and security, and to that end: to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace, and to bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace;

To develop friendly relations among nations based on respect for the principle of equal rights and self-determination of peoples, and to take other appropriate measures to strengthen universal peace;

To achieve international cooperation in solving international problems of an economic, social, cultural, or humanitarian character, and in promoting and encouraging respect for human rights and for fundamental freedoms for all without distinction as to race, sex, language, or religion; and

To be a center for harmonizing the actions of the nations in the attainment of these common ends.

Article 2 imposes rules of conduct upon the members:

The organization is based on the principle of the sovereign equality of all its members.

All members, in order to insure to all of them the rights and benefits resulting from membership, shall fulfill in good faith the obligations assumed by them in accordance with the present charter.

All members shall settle their international disputes by peaceful means in such a manner that international peace and security, and justice, are not endangered.

All members shall refrain in their international relations from the threat or use of force against the territorial integrity or political independence of any State, or in any other manner inconsistent with the purposes of the United Nations.

All members shall give the United Nations every assistance in any action it takes in accordance with the present charter, and shall refrain from giving assistance to any state against which the United Nations is taking preventive or enforcement action.

Mr. Speaker, measured against the requirements laid down in the charter, the Chinese Communists do not meet the standards prescribed for membership in the United Nations. They have shown a consistent disregard for fundamental human rights, they have degraded the dignity of persons, and they have obliterated the rights of individuals. Freedom has been stifled; intolerance has been substituted for tolerance.

In the international field the Chinese Communists have not only refused to assist the United Nations in its action taken in accordance with the charter against aggression in Korea; they have participated in the aggression. This is not alone the judgment of the United States. It is the considered conclusion reached by an overwhelming majority of the General Assembly. A regime that has been held to have violated the charter cannot plead that it meets the standards necessary to hold a seat in an organization pledged to support that very charter. Indeed to seat the Chinese Communists would only qualify them for expulsion. Article 6 states that—

A member of the United Nations which has persistently violated the principles contained in the present charter may be expelled from the organization.

To accord representation to a regime that is unable or unwilling to discharge its international responsibilities would make a mockery of the very principles that led to the creation of the United Nations. It would violate both the letter and the spirit of the charter.

The moral and legal issues involved in this question are not in conflict with the practical issues. The United States and the United Nations are engaged in hostilities against the Chinese Communists. To give them a permanent seat on the Security Council equal in weight to that of the United States and the other permanent members, would enhance their prestige, give courage to their sympathizers, and weaken those who are resisting Communist aggression from without and Communist subjugation from within. It would imply an acceptance of their permanent conquest of China and give them an air of respectability. All of this is in contradiction to the judgement already expressed by the members.

The consequences of seating the Chinese Communists would be disastrous. It would be a reward to the enemies of the United Nations and of the United States. The prestige of the organization would suffer irreparably no less than that of the members who are fighting to uphold its principles.

The United States has vigorously opposed efforts to seat the Chinese Communists in the United Nations at each of the approximately 150 times that this question has been raised since 1950.

The administration under President Eisenhower has been alert at all times to the danger inherent in admitting Communist China into the United Nations. On July 7, of the present year, President Eisenhower in answer to questions addressed to him at his press conference replied in a manner to leave no doubt of his unqualified opposition. He said:

I am completely and unalterably opposed under the present situation to the admission of Red China into the U. N. I personally think that 95 percent of the population of the United States would take the same stand. Now let's take a look at this thing for a minute, if you will bear with me. There is a moral question, first of all, that is involved. The United Nations was not established primarily as a supergovernment clothed with all of the authority of a supergovernment and of great power to do things. It was, among other things, an attempt to marshal the moral strength of the world in order to preserve peace, to make certain that quarrels were composed through a decent respect for justice and fairness and right, and to see whether we couldn't avoid resort to force. Now, today we have Red China going to Geneva and instead of taking a conciliatory attitude toward anything, it excoriated the United Nations. As a matter of fact, in Geneva it demanded repudiation of the United Nations position. On top of that, Red China is today at war with the United Nations. They were declared an aggressor by the United Nations in the Assembly. That situation has never been changed. They are occupying North Korea; they have supported this great effort at further enslavement of the peoples in Indochina; they have held certain of our prisoners unjustifiably and they have been guilty of the employment of the worst possible diplomatic deportment in the international affairs of the world. Now, how can the United States as a self-respecting nation, doing its best and in conformity with the moral standards as we understand them, how can we possibly say this country should be admitted or this government should be admitted to the U. N.? That is the way the case stands now, and that is my position.

* * * * *

We went into the United Nations under treaty forms. Now, I must say first, if the United States ever reaches the point that it wants to repudiate solemn treaty obligations it must do so after the most careful deliberation and study of all of the consequences that could be involved. Secondly, I repeat, the establishment of the United Nations was an effort to rally the moral forces of the world. I don't see how in all conscience the United Nations—I don't see how any state, impartial state, can vote for their acceptance under present conditions—I don't understand it.

This firm statement by the President as well as others by the Secretary of State and by Members of both Houses of Congress appear to have borne fruit. Within the past few days one of our major allies that seemed to be giving strong support to Communist Chinese representation in the United Nations has advocated a more cautious and realistic approach.

To further substantiate the strong position that has been taken by our Government, I draw attention to the letter of Thruston B. Morton, Assistant Secretary of State, dated July 8, 1954, addressed to Hon. ROBERT B. CHIPERFIELD, chairman of the Committee on Foreign Affairs of the House of Representatives, in which he sets forth the policy of the United States Government. It reads as follows:

DEPARTMENT OF STATE,
Washington, July 8, 1954.

The Honorable ROBERT B. CHIPERFIELD,
Chairman, Committee on Foreign Affairs,
House of Representatives.

DEAR MR. CHIPERFIELD: Pursuant to our telephone conversation of July 7, the Department of State submits the following comments on House Joint Resolution 286 which provides that if the Communist regime of China "should be admitted to the United Nations or any of the specialized agencies referred to in article 57 of the United Nations Charter, the United States Government should reexamine its policy regarding the United Nations or the specialized agency, as the case may be, and its membership therein."

This Government firmly opposes the seating of representatives of the Chinese Communist regime in the United Nations and the specialized agencies. The President reaffirmed this policy as recently as July 7. United States representatives in meetings of the United Nations and the specialized agencies are actively carrying out this policy. They will continue to do so. In addition, the considered and firm policy of this Government has been made clear to other friendly governments beyond the possibility of any misunderstanding, and we will continue to reiterate our views whenever required. We believe that this course of action offers the best prospect for the continued achievement of our basic policy objective.

If representatives of the Chinese Communist regime should be seated in the United Nations or any of the specialized agencies, it is axiomatic that we would reexamine our policy regarding the organization concerned, in the light of the circumstances then existing. However, we would not think that the policy we have in mind would be promoted by any congressional action which seemed to take it for granted that the Chinese Communist regime would in fact be seated in the various organs of the United Nations.

Sincerely yours,

THRUSTON B. MORTON,
Assistant Secretary
(For the Secretary of State).

I am in full accord with the attitude our Government has taken in its opposition to Communist China. I shall vote in favor of the resolution—House Resolution 627—now under consideration by the House and which reads as follows:

Resolved, That the House of Representatives reiterates its opposition to the seating of the Communist regime in China as the representative of China in the United Nations or any of its specialized agencies and supports the President in his expressed determination to use all means to prevent such representation.

Question of the Week

EXTENSION OF REMARKS
OF
HON. GEORGE H. BENDER
OF OHIO
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 15, 1954

Mr. BENDER. Mr. Speaker, can anybody tell us what "peaceful coexistence" means to Moscow?

Public Laws 404 to 423, Inclusive

EXTENSION OF REMARKS
OF

HON. BARRATT O'HARA

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 15, 1954

Mr. O'HARA of Illinois. Mr. Speaker, by unanimous consent, I am extending my remarks to include the reports to my constituents covering Public Laws 404 to 423, inclusive, as follows:

THIRTY-FIRST REPORT ON LEGISLATION OF THE 83D CONGRESS

DEAR FRIEND: As the 83d Congress continues the drive toward an expected adjournment around month-end the number of House Members who have answered all rollcalls (including quorum calls) has been reduced from 9 (of 435) at the close of the first session to 4 at the present time. I am happy that good fortune has permitted your Representative to remain on the list. I thought you would wish it that way.

The number who have answered all calls in the 1953–54 sessions, I am told, is the lowest in the modern history of the Congress, due among other good and valid reasons to the President's congressional luncheons and the trips to Nevada to witness atomic explosions. Important committee assignments at home and abroad necessarily caused others to miss some rollcalls.

Begining where we left off, here are the new laws of the land:

PUBLIC LAW 404

S. 2761, irrigation costs: This is legislation to take care of hardship cases in connection with the Hermiston and West Extension irrigation districts in Oregon. I found the facts interesting; I think you will.

Operation of the Hermiston unit started in 1908. Total repayments on the $2,573,000 cost have been little more than $300,000. The west extension unit was opened in 1917. Cost was $1,137,000; repayments have totaled $86,000. Reason: because of soil conditions, lands reverted to their original condition, covered with sagebrush and greasewood; farmers just could not raise crops to meet required repayments.

Public Law 404, similar to other laws in like situations, adjusts scale of repayments to gear with land productivity. The original act provided for an amortization period of 40 years, later extended to 50 years. Public Law 404 further extends the period to 163 years. At the end of that period slightly less than half a million dollars additional repayments will have been made on both projects, leaving Uncle Sam to hold the bag for close to $3 million. Proving, I would say, that all the millions that go into irrigation do not come out in fertile acres.

The overall record of repayments on irrigation projects in the 17 States where located is reported as good. Some have returned to the Federal Government 100 cents on the dollar, others have gone almost completely sour. This of interest to you since you contribute to the Federal tax dollars that foot the bill when miscalculations and overzeal in the planning result in later busts.

Also you will take local interest and pride that under the direction of Gordon Clapp, M. A. (University of Chicago) in the case of TVA not only has the repayment schedule been met, but payments are far in advance of a schedule requiring complete repayment in 40 years. Furthermore, TVA is returning a 4- to 5-percent yield on the money invested by the Federal Government. That University of Chicago's M. A. in this instance means "money ahead" for Uncle Sam and you, his taxpaying nieces and nephews.

PUBLIC LAW 405

S. 2773, mail distribution from motor vehicles: Envisioned in this law is a future with a post office on motor wheels driving up to your doorstep with your morning mail. At present there are 133 highway post offices distributing mail en route in rural short-haul areas. But existing law prohibited their operation where adequate railroad facilities were available. Public Law 405 leaves it to the discretion of the Postmaster General. Immediate expansion of the motor-vehicle service is in prospect, at first in substitution of branch-line railroads which either have gone out of existence or have greatly reduced train service. If it works, the post office on wheels in big cities like Chicago is among the possibilities.

The railway postal clerks and other postal workers are watching the development with some apprehension. I was present at a meeting of railway postal clerks in Chicago when an accredited representative of the Postmaster General stated it was the thought of his department ultimately to use the railroads only in long-haul operations, otherwise motors and aircraft. The railway postal clerks have rendered a long and honorable service to the Government. It is only fair that in any innovations in the name of progress, economy, and efficiency due respect be shown their right in seniority.

In voting for Public Law 405 it was on the assurance that its administration in the limited area planned would not be permitted to trespass upon the rights of present postal workers.

PUBLIC LAW 406

S. 3090, Falcon Dam on the Rio Grande: Falcon Dam, 75 miles from Laredo, Tex., is a joint multiple-purpose project of the United States and Mexico. It was completed in 1953. This year when devastating floods destroyed 1,500 homes and did vast damage around Laredo the huge reservoir of the dam (storing flood waters for future dry seasons) completely protected the area south of Laredo on both sides of the border.

The project includes one power plant. Two additional plants, one on the American side, one on the Mexican, are near completion. Cost: $47 million, divided equally between the two Governments. The power plants, interconnected, will generate 250 kilowatt-hours annually, subject to equal division.

Public Law 406 provides for the transmission and disposition (under the Secretary of the Interior) of our share of this power. Rate schedules will cover cost of production and amortization of Uncle Sam's investment. Protection against a grab by a private company is in this provision: "Preference in the sale of such power and energy shall be given to public bodies and cooperatives."

Here is a strengthening illustration of how two governments can work together in a joint adventure contributing to the economic development of both countries and in the end realizing the full return of invested capital.

PUBLIC LAW 407

S. 3524, temporary appointments in Navy: During the Korean emergency title III of the Officer Personnel Act of 1947 relating to the advancement of junior naval officers was suspended. Now the Navy plans to go back to that act. Public Law 407 clears the way by classifying some 17,750 naval officers promoted since June 30, 1951, under another act as having been promoted under title III. Passed by consent.

PUBLIC LAW 408

S. 3446, West Point: This authorizes the needed rehabilitation of two barracks at the West Point Academy.

PUBLIC LAW 409

H. R. 107. Fort Buford, N. Dak.: By reason of this legislation the North Dakota State Historical Society will take over part of the site of Fort Buford (trading post in 1774) to restore it to the likeness of old days when troops rode from its enclosure to do battle with hostile redskins. Its proposed restoration follows a popular nationwide trend resulting from auto touring and the love of Americans to visit spots of interest in our national history.

THIRTY-SECOND REPORT ON LEGISLATION OF THE 83D CONGRESS

DEAR FRIEND: Continuing where we left off, here are the new laws of the land:

PUBLIC LAW 410

H. R. 2226, naval civilian employees: This repeals an old law (1902) under which civilian employees of the Navy serving overseas were paid salaries from date of vessel's departure from and arrival at United States ports. Hereafter they will be paid as all other Government overseas employees, from date of leaving their actual homes and arrival at work sites, and vice versa on return. Passed by consent.

PUBLIC LAW 411

H. R. 8487, census of manufactures: This is a good illustration of how the first session of the 83d Congress (1953) made a false showing of economy.

By law a census of manufactures, minerals, and other businesses is required every 5 years after 1949. That made one due in 1954. But the Congress, to make a paper showing of economy, failed to include it in the appropriations for 1953, when the work had to be done.

Public Law 411 authorizes the extension of the time for the census from 1954 to 1955. Result: the money saved one year will be spent the next.

PUBLIC LAW 412

H. R. 6328, Hawaii: Hawaiian Organic Act prohibits any exchange of public lands exceeding 40 acres in area or $5,000 in value. So when the Territory [to encourage citizen farmers and to consolidate its own holdings] wished to swap 288 acres of public lands near Waimea for Citizen Smart's 308 acres, Public Law 412 (authorizing the trade) was necessary.

PUBLIC LAW 413

H. R. 2849, Hawaii: In 1936 the Federal Government gave to the Territorial government of Hawaii some 9 acres at Kahului exclusively for use as a public park. No residences nearby, there is no demand for a park. But business of the port has boomed and there is presently a demand for additional storage and shedded area for increased shipping. Public Law 413 makes the 9 acres available for that purpose by removing the park restriction.

PUBLIC LAW 414

H. R. 5913, second-class mail matter: This simplifies the handling of postage on newspapers and periodicals by repealing an obsolete law (39 U. S. C. 286) requiring the manual affixing of stamps. It will save work and expense for both the postal service and the publishers.

PUBLIC LAW 415

H. R. 5831. Hawaii: Territorial Legislature of Hawaii petitioned the Congress for this legislation authorizing the Hawaiian Homes Commission to exchange lands under its control for other public lands of equal value. The Commission makes homesteads available to native Hawaiians up to 5,000 acres a year.

PUBLIC LAW 416

H. R. 5833, Hawaii: Another law for the Hawaiians. It authorizes the exchange of public lands for private lands needed as the sites for new public schools.

PUBLIC LAW 417

H. R. 6888, Hawaii: Still another Hawaiian measure. This provides for the lease to native Hawaiians of irrigated pastoral lands in lots of from 40 to 100 acres.

UNIVERSITY OF MICHIGAN LIBRARIES

PUBLIC LAW 418

H. R. 6800. Hawaii again: When the Legislature of Hawaii extended an electric light and power franchise on the island of Kauai it had to come to the Congress (under the organic act) for approval.. Public Law 418 O. K.'s the act of the legislature.

PUBLIC LAW 419

H. R. 8092. Philippines: Under Public Law 419 nationals of the Republic of the Philippines coming to the United States as traders and investors will be issued nonimmigrant visas on the basis of a reciprocal agreement granting similar privileges to our nationals.

PUBLIC LAW 420

H. R. 6655, education of the deaf:

Columbia Institution for the Deaf was incorporated by Congress in 1857. It consists of Gallaudet College, the only college in the world exclusively for deaf students, and Kendall School, an elementary and secondary school for the deaf. Although not a Federal instrumentality, it largely is supported by Federal appropriations and by law 1 Member of the Senate, 2 of the House serve on its board of directors.

Public Law 420 changes the name to Gallaudet College (after Rev. Thomas Hopkins Gallaudet, 1787–1851, a clergyman who established the first school for the deaf in America). It also provides a new charter under which the board of directors will have full authority in curriculum and other matters similar to that usually exercised by the boards of private and State universities. The objective is to make Gallaudet College adequate to give the advantages of higher education to applicants from all sections of the country who have no other place to receive college training. With new facilities and improved teaching personnel, as planned, the college is expected to have a standing sufficiently high to become accredited.

This is the character of legislation I especially am happy in supporting with the vote you have delegated me to cast for you.

PUBLIC LAW 421

H. R. 8044, Philippines—hospitalization of veterans: Part of the expense of taking care of hospitalized veterans of the Philippine Army who served with the Armed Forces of the United States in World War II is borne by the United States. A hospital, now under construction, was made possible by a $22,500,000 grant from our Government. Public Law 865 of the 80th Congress (1947–48) authorized an annual appropriation of $3,285,000 to aid the Philippine Government in the care of the veterans. Public Law 421 of this Congress, passed by the House by consent, extends this authorization another 5 years.

PUBLIC LAW 422

S. 1794, care of demented Indians: This authorizes the payment to the South Dakota State Hospital for the Insane of $8,124 for care of demented Indian patients. Through inadvertence authority for hospitalization had not been cleared previously through the Bureau of Indian Affairs, as required, hence the necessity for another law. Passed by consent.

PUBLIC LAW 423

S. 2654, stone quarry in District of Columbia: In 1898 the District of Columbia purchased 17 acres in nearby Maryland for a stone quarry. It has been abandoned for years. Public Law 423 gives the District Commissioners the go-ahead in selling it at public auction to the highest bidder. It required a law of Congress.

Cordially and sincerely,

BARRATT O'HARA,
Member of Congress.

Echo Park Dam—Too Much Heat and Not Enough Light

EXTENSION OF REMARKS
OF
HON. A. L. MILLER
OF NEBRASKA
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 15, 1954

Mr. MILLER of Nebraska. Mr. Speaker, it is often said that a little knowledge is a dangerous thing. I know this is true in the field of medicine—it must be true in other problems facing Congress.

The Interior and Insular Affairs Committee, of which I am chairman, is often bombarded with the pros and cons of arguments on many subjects that seem to carry more heat than light. Emotions are easily aroused whenever you discuss the subject of conservation.

I have always been a firm believer in the fact that if the people know the truth, they seldom make a mistake. I believe knowing the truth will make you free. In that spirit I submit certain questions and answers that have been frequently asked on the subject of the Echo Park Dam in the upper Colorado River Basin. As chairman of the committee which is handling this legislation, I have tried to maintain a constructive and objective view of this problem.

I have been convinced of one thing—water is the lifeblood of many communities. With no water, there can be no development of industry or population. I am also convinced that one of the biggest wastes of the resources in this country is the permitting of water to run to the ocean without first being used over and over for power, irrigation, and domestic or industrial use. Communities live or die, grow or remain the same because they either have plenty of water or not enough water.

Mr. Speaker, I am convinced it is time for Members of Congress to talk about the new wealth coming from irrigation projects and the proper use of water instead of how much the projects cost. Water put upon thirsty land produces new wealth, new industry, and, of course, new taxes to help Uncle Sam meet the needs of a growing, dynamic country.

Very few quarrel over the many billions of dollars which are spent for flood control, river and harbor navigation, and agriculture conservation programs. What does it cost Uncle Sam—nearly $7½ billion. This is more than 4 times the amount spent on irrigation and reclamation during the past 50 years. The total cost of navigation and conservation programs is also a sizable amount.

I might remind my colleagues that not 1 cent of this money is returned to the Federal Treasury. However, Federal money invested in irrigation and reclamation is returned to the Treasury. Federal money invested to generate power as incidental to irrigation is returned to the Treasury with interest.

I do not oppose appropriating money for flood control, conservation, and navigation, for they, like irrigation and reclamation, are a vital program of keeping our country strong and prosperous.

Those who fail to interpret the new jobs, the new homes, and the new wealth which comes from irrigation and reclamation are destitute of imagination. Rather than seeing our country grow and prosper, they would prefer to see it remain the same.

The Upper Colorado River Basin is one of the last major reclamation projects which remains undeveloped. It has been found to be economically feasible and the power and water to be made available by its development is critically needed throughout the entire area.

Now, as to the questions on the Echo Park Dam:

1. Question. Will the Echo Park Dam destroy or flood the Dinosaur National Monument?

Answer. No. The Echo Park Reservoir will occupy only 9 percent of the monument area, and this is confined to the bottoms of the canyons that are 3,000 feet deep. Thus, even at the dam site, inspirational values remain relatively unimpaired. The total effect is not to destroy inspirational values since there are literally hundreds of miles of deep colorful canyons remaining in the Colorado River country.

2. Question. Do the dams "invade" the monument and violate national park rights

Answer. No; the Dinosaur National Monument was enlarged to include the Green and Yampa Rivers in 1938. Two years earlier in 1936, Park Service officials promised residents of the area, both in Utah and Colorado, that the enlargement of the Monument would not interfere with the development of power and water projects in the river canyons. Good faith requires that these promises be kept.

3. Question. Will the construction of proposed dams in Dinosaur National Monument doom wilderness areas in America to extinction?

Answer. In its present State only about 3 percent of Dinosaur National Monument is accessible to the general public. The remaining 97 percent is unseen and unknown to the traveling public as a whole.

Construction of the proposed dams, with their resultant lakes and safe waterways, will make the major features of the monument accessible to the public and still preserve large areas as untouched wilderness.

After construction of both Split Mountain and Echo Park Dams only 11 percent of the monument area will be inundated, leaving 8 percent in its present native state.

In the more than 150 national parks and monument areas of the United States are preserved wilderness regions nearly as large as the State of Maine. Canadian national parks preserve an area larger than Scotland or nearly 30,000 miles. The national forests of the United States preserve nearly 20 million acres of wilderness. State parks preserve additional thousands of acres. Besides all these vast wilderness regions, hundreds of thousands of square miles of untamed nature "run wild" outside these restricted areas.

Pioneers have struggled and died to tame a small percentage of this boundless area in order that the frontiers of civilization might be advanced. A few needed dams should not be looked upon as a national calamity. They are a means of securing hard won frontiers and pave the way for expanding populations. They provide the means for meeting acute human needs of these expanding populations.

4. Question. Is it true that the Dinosaur National Monument belongs to all the people of the United States, and, that, therefore, it cannot be used?

Answer. No. Admittedly, under its status as a national monument, it does belong to

citizens of the United States. However, opponents of Echo Park Dam derive from this the absurd notion that it may not be used by local families thirsting for its waters in a desert area. Use of the monument for water-storage purposes was definitely promised at the time of its enlargement. Faith in and reliance on this promise has been demonstrated by (1) uncontested water filings involving dams near the Split Mountain and Echo Park damsites made in 1939 after the monument enlargement; (2) permission granted to the Bureau of Reclamation engineers to make surveys and core drillings of the damsites within the monument; (3) testimony of local Utah and Colorado citizens before the Secretary of Interior in 1950 and at hearings before Committees of Congress early in 1954; and (4) letters, testimony and expressions of high officials of the Department of Interior of both the previous and present administrations.

This moral commitment to the people must be kept.

5. Question. Will the Echo Park Dam cost the taxpayers money?

Answer. No. Funds used to build the dams are good investments by the Federal Government. All costs of Echo Park Dam are repayable together with interest on the power investment. Power revenues will also aid in paying for irrigation features of participating projects, after which millions of dollars per year will flow into the General Treasury of the United States.

6. Question. Do these dams mean Federal control and violate the principles of private enterprise?

Answer. No. On the contrary, the dams will encourage private enterprise by providing water and power for agriculture, municipal, and industrial use. Representatives of both private and public enterprise heartily support them.

7. Question. Will boating, now enjoyed by the general public, be destroyed?

Answer. No. The risky, rapids-shooting now possible on some stretches of the river is expensive and dangerous, and, is, therefore, not available to the general public. After completion of Echo Park Dam, a beautiful still-water reservoir for safe and economical boating will be enjoyed by great numbers of people instead of by just a select few.

8. Question. Why should Echo Park Dam be constructed?

Answer. Because—

(a) It is so located as to capture the waters of two rivers, the Yampa and the Green.

(b) It is needed to fulfill interstate compact obligations.

(c) It reduces water losses to a minimum.

(d) It is more efficient than any proposed alternatives.

(e) It will open up and stimulate the development of a vast recreational area now virtually closed to the general public.

9. Question. Are alternate damsites outside the monument just as good?

Answer. No. Many years of investigations by competent engineers have shown that there are no alternate sites or combination of sites that will provide the necessary river regulation, low cost power within reach of upper basin load centers, and a minimum of water loss by evaporation. "Alternate sites" being proposed are not substitutes for Echo Park because they, themselves, are integral parts of the overall plan of development of the basin and will be needed in addition to Echo Park in due course.

10. Question. Are increased losses of water by evaporation from proposed alternative reservoirs of little consequence as claimed by opponents to Echo Park Dam?

Answer. Any losses of water that can be prevented are of great consequence in an area which never will have a sufficient supply to adequately develop its natural resources. Even the most rabid opponents of Echo Park Dam admit that their proposed alternatives involve an increased loss of water sufficient to care for the acute domestic water needs of 200,000 people. Are these people of little consequence?

11. Question. Will the lower Colorado Basin States and California be hurt by the building of the Echo Park Dam?

Answer. No. Holding the excess waters back during a rainy season should make more water available instead of less. There is a contract to supply 75 million acre-feet of water over a 10-year period at Parker Dam. Holding back this extra water will make this possible.

In conclusion, Mr. Speaker, I am convinced that the building of this dam will attract many thousands of people instead of a few hundred. Roads will be built to make the place accessible. We, who have visited the Hoover Dam area, realize there would be no attraction now unless the dam had been built to hold the water back and make it more accessible to the millions who may now enjoy this area.

There are hundreds of canyons in the Rocky Mountain region which are unexplored that nature lovers can still enjoy.

Mr. Speaker, I believe it is in the interest of our America of tomorrow to develop such areas as the Echo Park Dam. A growing country must not falter in developing and preserving for future generations the assets that it possesses.

To Assist Local Communities in Building Modern Industrial Plants in Labor-Surplus Areas

EXTENSION OF REMARKS
OF
HON. DeWITT S. HYDE
OF MARYLAND
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 15, 1954

Mr. HYDE. Mr. Speaker, under permission granted, I insert in the CONGRESSIONAL RECORD a statement which I sent to the chairman of the Public Works Committee with respect to H. R. 9137, a bill to authorize Federal loans to assist local communities in building modern industrial plants in labor-surplus areas.

The statement follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D. C., July 2, 1954.

Hon. GEORGE A. DONDERO,
Chairman, Public Works Committee,
House of Representatives,
Washington, D. C.

DEAR MR. CHAIRMAN: May I take this opportunity to request action on H. R. 9137, a bill to authorize Federal loans to assist local communities in building modern industrial plants in labor-surplus areas.

I have a labor-surplus area in my congressional district, namely Allegany County. This community has been listed as a distress area for some time and is urgently in need of new industry. There is a large surplus of highly skilled labor in this community which can and should be utilized by some progressive industry.

It has been my experience that in a community the size of Cumberland, Md., the procurement of sufficient capital to provide the required facilities is a major obstacle in attracting new industries. I believe that this bill offers an excellent solution in overcoming this financial obstacle. We know that when hardship areas such as Cumberland are given a boost, they react to the benefit of other areas; hence, there should be no objection to the bill.

The only change we suggest in the bill is a provision to insure that proper recognition be given the local industrial development groups without any Federal interference of appointment. I think it should also be made clear in the bill that a new industry would not have to be located within the city limits of the city which is recognized as eligible for assistance, but that such a new development could be located at least within a reasonable radius of the city limits.

I shall appreciate it if the Public Works Committee could consider this bill as promptly as possible. With kind regards, I am

Sincerely,

DEWITT S. HYDE.

Notice of Further Consideration by Committee on Interstate and Foreign Commerce of Health Reinsurance Plan of President Eisenhower—It Is Not Dead

EXTENSION OF REMARKS
OF
HON. CHARLES A. WOLVERTON
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 15, 1954

Mr. WOLVERTON. Mr. Speaker, I am convinced from the response that has come from all over the Nation that the people are back of President Eisenhower's demand, that Congress provide a health plan of insurance that will enable the people to obtain adequate insurance, both as to coverage and rates, and that will enable them to meet the high cost of present day medical and hospital care.

The President's plan had a setback in the House on Tuesday of this week. I agree with the President that it was only a temporary delay. The bill is a well considered and carefully worked out plan. It has no element of socialized medicine in it. It is simply a plan to encourage insurance companies to expand the coverage of their present policies by including long-term illnesses, such as cancer, heart disease, tuberculosis, and other diseases as against which there are no available policies issued at this time by any insurance companies. Health insurance of this kind will help families to carry the terrific costs that must be met in these so-called long-term illnesses. The costs are so burdensome today, even as to the ordinary illness as distinct from long-term illness, that it wrecks the financial structure of the average family.

This bill is entirely voluntary in character. There is no element of compulsion, hence in no way socialistic in character. It does not even have within it anything that would tend to, or lead to, socialized medicine.

It is purely and simply an insurance bill. It is drawn along lines of good insurance principles. It has the endorsement of many of the outstanding insurance executives of the Nation who

met in consultation with President Eisenhower, and, likewise, it has the support of the most substantial insurance companies in the country.

The opposition of the American Medical Association to the bill was without any justifiable basis whatsoever. In fact, it had the support of some of the most outstanding and forward looking physicians in the Nation. It in no way was detrimental to the best interests of any practicing physician. In fact it would be of vast help to their profession. The insurance policy would provide funds from which physicians' fees and hospital and other medical charges would be paid. Wherein does this interfere either with rights of the physician or the right of patients to have a free choice of physician? Instead of a detriment it would be a great benefit to the physician. It is for these reasons, namely, absence of any form of compulsion, and an assurance that money would be available to pay fees and carry the usual medical costs, that physicians who have studied the plan are in favor of it. The only physicians who indicated opposition are those who have not read the bill, or who have been willing to follow blindly the unfounded, untruthful, and deceptive propaganda that has been put out by selfish interests who are opposed for other than justifiable reasons.

It is time that the members of the American Medical Association took a look at the proposed legislation which is a part of President Eisenhower's health program—a program that has been and is being worked out with the greatest care by the efficient and capable Secretary of Health, Education, and Welfare, Oveta Culp Hobby.

The American Medical Association that comprises 140,000 out of 220,000 physicians throughout the Nation is a fine and worthwhile organization with ethics of a high order. For this reason it should not permit a few executives at the top to assume to speak for the rank and file of the membership. It has been evident to me many times, and, in many ways by personal conversation with practicing physicians, and otherwise, that the pronouncements and propaganda in the name of AMA did not represent the views of the great body of fine physicians, members of the organization and otherwise, who have in the past and will continue to render in the future noteworthy and beneficial service to our people. The opposition of AMA to anything and everything that has been proposed by way of additional facilities and otherwise, for the health benefits of our people, is not in accord with the progressive spirit that has driven the medical fraternity to greater and greater heights and achievements. It is time that physicians study for themselves the plans and programs of this administration to improve the health and welfare of our people. This administration and each of us who are a part of it are keenly aware of the need that exists today, and, we are determined to prevent socialized medicine even getting a foothold, and, furthermore, we believe we can meet and solve the existing need in a truly American way that recognizes the American principle of free enterprise and freedom of choice—reinsurance health.

The bill which the American Medical Association through its executive officers has opposed does nothing more than recognize and make effective in the field of medicine the same principle that underlies the Federal Deposit Insurance law that guarantees bank deposits, the law that guarantees loans of Federal Housing and the many other similar laws. It is a well recognized and established principle not only in Government, but, also in the everyday transactions in commercial and industrial activities. All such have worked satisfactorily. So would the President's reinsurance bill, designed to encourage the writing of health policies that will cover the ills of mankind and help our people meet the staggering cost incident to illness.

Yesterday, July 14, 1954, President Eisenhower expressed, at his press conference, his views on the subject of his Reinsurance Health Plan. He left no doubt of his conviction that it is a good law and that he will continue his fight for its enactment, notwithstanding the temporary setback that it had in the House of Representatives on last Tuesday.

I include the remarks that President Eisenhower made on the above occasion. They are as follows:

Ladies and gentlemen, in the campaign I made two promises that have to do with the health of the American people. I said, first, that I was opposed to socialized medicine and would use every single attribute and influence of the Presidential office to defeat any move toward socialized medicine.

I also said in talking about the great deficiencies in medical care in this country and particularly for people who can't afford the expensive type of service that is now available to us in our best hospitals, that something must be done.

We were going to study ways and means to bring better medical care to the rural areas and bring good and fine medical care within reach of the average household budget. This is what we have been trying to do.

I am sure that the people that voted against this bill just don't understand what are the facts of American life.

I don't consider that anyone lost yesterday except the American people. There is nothing to be gained, as I see it, by shutting our eyes to the fact that all of our people are not getting the kind of medical care to which they are entitled.

I do not believe there is any use in shutting our eyes to the fact that American people are going to get that medical care in some form or other. As I say, I am the last one to believe that the answer lies in socialized medicine, and I am trying to provide a plan. If they want to amend the plan or to perfect it in some way, to go ahead; but when the opponents of the plan get up in the House and say that this is only an effort of the Republicans to redeem our campaign promise, I plead guilty.

Of course I am trying to redeem my campaign promises, and I will never cease trying.

This is only a temporary defeat. This thing will be carried forward as long as I am in this office.

It is the duty of everyone, Members of Congress, and individual citizens also, to support this noble effort of our President to improve the health of the Nation, and make possible the means that will enable our people to carry the cost of illnes in a less burdensome way than now prevails.

To the end that the bill shall have continued and further attention it is my intention to bring it again before the Committee on Interstate and Foreign Commerce of the House on Tuesday, next, July 20, 1954.

The plan is good. It deserves to live and not die.

The Mexico High School Dixie Grays Band

EXTENSION OF REMARKS
OF
HON. CLARENCE CANNON
OF MISSOURI
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 15, 1954

Mr. CANNON. Mr. Speaker, one of the happy features of the annual convention of the Lions International, meeting this year in New York City, was the invitation extended to high-school bands in various parts of the country to attend and participate in the convention program.

Among the bands which received the coveted invitation was the Dixie Grays Band, the famous high-school band of Mexico, Mo.

The band is under the experienced leadership of Mr. John Willer, band director of the music department of the high school. The trip is sponsored by the Lions Club of Mexico in cooperation with the State Lions organization, and is financed by the Lions with the aid of the Band Mothers Club, the A. P. Green Fire Brick Co., and the Mexico Refractories Co. The trip is under the capable direction of Mr. Robert H. Finley, former mayor of Mexico and vice president and general manager of the Northeastern Missouri Greyhound Lines, Inc., and adheres to a split-second schedule throughout.

The party, accompanied by Director and Mrs. Willer, Mr. and Mrs. R. C. Romdall, and Mr. and Mrs. Richard Kinne as chaperones, left Mexico the morning of July 4 and arrived in New York City July 6, where it played in Madison Square Garden for the opening of the Lions International convention and participated in the huge parade of July 7 down Fifth Avenue.

Most of the States of the Union were represented in the 30-block-long parade which also included bands from Alaska, Australia, Bermuda, the Bahamas, Canada, China, Colombia, Cuba, Ecuador, Hawaii, British Honduras, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, Panama, Bolivia, Chile, Portugal, Puerto Rico, Samoa, Sweden, Switzerland, West Indies, Tangier, and Venezuela.

The vast meeting, so efficiently timed and directed, served as a remarkable example of international cooperation and emphasized the worldwide interest in music and the cultural training of the young people of all lands in student organizations.

The band completed its New York schedule July 8 and is now en route home and is sightseeing in Washington today, where it is being entertained by Senator

SYMINGTON and the Senator's administrative assistant, Mr. Stanley R. Fike.

The personnel of the band and those accompanying it include: Rose Tratchell, Betty Martin, Donna Davis, Marilyn Morris, Linda Crump, Margaret Dickey, Nancy Harper, Judy Cooper, Dorothy Allen, Doris Harelson, Marjorie Farrah, Marjorie Merry, Judy Oiler, Barbara Durham, Jennie Norfleet, Mary Margaret Smith, Patsy Bonnell, Shirley Smith, Pricilla Aird, Donna Sapp, Betty Wray, Betty Payne, Glenda McIntire, Patsy Neal, Nina Harris, Marietta Tinsley, Warren Marinaccio, John Ferris, Hadley Stacey, Russell Sword, Jim Harrison, Gerald Keithley, John Precht, Charles Knox, Ronnie Curtis, James Clark, Jerry Romdall, Charles Inlow, Rogers Adams, John Bollinger, Kenneth Walker, Jim Kennedy, Richard Phillips, Ronnie Henderson, Larry Woodson, Larry Davis, Ned Dermody, Howard Hinze, Larry Niedergerke, Gordon Pitts, Donald Lotton, Ronnie Sapp, Larry Harvey, Donald Bonney, Carl Altrogge, Merril Gates, Larry Kaizer, James Breneman, Jerry Shay, C. J. Phillips, Delbert Clark, Donald Smith, Kit Bond, John Hopkins, Jim Grainge, Olan Tratchell, Gary Singleton, Jim Atkinson, Donald Ayres, Bill Young, Ronald Hampton, Donald Hampton, Mr. and Mrs. John Willer, Mr. and Mrs. R. C. Romdall, and Mr. and Mrs. Richard Kinne.

Farm Surplus Legislation

EXTENSION OF REMARKS
OF
HON. CHARLES W. VURSELL
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 15, 1954

Mr. VURSELL. Mr. Speaker, the farmers of the Nation will be glad to know that we recently passed the surplus-property disposal bill—S. 2475—which will increase the sale of our surplus farm commodities to foreign countries and help to relieve the depressing effect of farm surpluses overhanging the farmers' market.

The bill authorizes the President to use a $1 billion revolving fund over the next 3 years to increase the sale of surplus farm commodities to foreign countries, and, when necessary, to accept local currencies of other nations, and also to barter farm commodities for strategic materials needed for the United States.

This legislation also permits the President to use $300 million in the 3 years to furnish emergency assistance on behalf of the needy people of the United States, and to the free peoples of other nations, in order to meet famine and urgent relief requirements.

Thus, we are trying to dispose of a minimum of $1,300,000,000 or more of surplus farm commodities now owned and stored by the Government.

This legislation should greatly increase sales and exports of agriculture commodities to foreign nations. It will help to remove the roadblock of trade between the United States and other free nations by making it possible to accept their currencies during the period when they are short of American dollars. We, in turn, can use their currency with other nations in payment for import goods to our country or in payment for some of our military operations in foreign countries.

It further provides that these surplus farm products can now be sold on the world market, which is some less than our export prices, and it should greatly help in selling more farm products to the nations of the world.

This practical emergency approach in the interest of the farmers is the most advanced step yet any Congress has made to increase our export and sale of surplus products abroad. It is bound in time to be of great benefit to the farmers, as it will reduce our very large surpluses of farm products that are costing the Government tremendous sums for storage, and are depressing, here at home, farm prices.

Public Laws 424 to 436, Inclusive

EXTENSION OF REMARKS
OF
HON. BARRATT O'HARA
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES
Thursday, July 15, 1954

Mr. O'HARA of Illinois. Mr. Speaker, by unanimous consent, I am extending my remarks to include my report on Public Laws 424 to 436, inclusive, to my constituents in the Second District of Illinois, as follows:

THIRTY-THIRD REPORT ON LEGISLATION OF THE 83D CONGRESS

DEAR FRIEND: Continuing where we left off:

PUBLIC LAW 424

S. 2657; unlicensed practice in District: Another District of Columbia measure, increasing the penalties for the unlicensed practice of the healing art.

PUBLIC LAW 425

S. 3050, tobacco marketing penalty increase: Tobacco growers asked Congress to crack down on cheaters who produce above their quotas while benefiting from price stability maintained by farmers who do cooperate. Public Law 425 increases to 50 percent (of the market price) the penalty on marketing in excess of quotas.

PUBLIC LAW 426

S. 2225, revested public lands in Oregon: This will interest you if I can tell it briefly. In 1866 Congress gave a generous land grant to the Oregon & California Railroad. In 1916 it revested the unsettled portion. This included 472,000 acres, all timberland, part within the boundaries of the national forests, and managed to conform with the perpetual sustained-yield program. Since 1925 there has been a jurisdictional dispute between the Department of Agriculture and the Department of the Interior, now happily terminated by Public Law 426. The lands will continue to be administered by the National Forest Service, but receipts will go into a special fund, 25 percent covering cost of administration, 75 percent going to 18 Oregon counties. The law conforms with a 1954 decision of the United States Court of Appeals (D. C.) directing a payment of $7 million in accumulated funds to the fortunate counties of Oregon.

PUBLIC LAW 427

S. 1004, rehabilitation of ex-convicts: This will permit the Commissioners of the District of Columbia under proper circumstances to employ deserving ex-convicts for whom the Board of Parole with difficulty is seeking employment in its rehabilitation program.

PUBLIC LAW 428

H. R. 8583, appropriations for executive offices: Appropriation measures will be covered in a separate and later report.

PUBLIC LAW 429

H. R. 1005, Fort Union National Monument, New Mexico: Old Fort Union, part of the glory of old of the Santa Fe Trail when the Great Southwest was growing up, is deteriorating rapidly, due to the elements, grazing cattle and other causes. Public Law 429 preserves the ruins of the historic fort by the establishment of a national monument. The Union Land and Grazing Co. will donate the land (1,000 acres) and the State of New Mexico will build and maintain a highway. Touring automobilists, jot down.

Old Fort Union is linked with the names of such heroes as Kit Carson, U. S. Grant, Robert E. Lee, Phil Sheridan, Longstreet. From 1851 to 1891 many young lieutenants fresh from West Point were broken in at Fort Union.

PUBLIC LAW 430

H. R. 3097, study of grape culture: For use exclusively for agricultural research (grape culture) Public Law 430 conveys to the University of California 20 acres of land in Napa County, Calif.

PUBLIC LAW 431

H. R. 2566, termination of Contract Settlement Act: This was signed by the President on June 28, 1954. It provides a cutoff date 180 days thereafter for filing of claims under the Contract Settlement Act of 1944, a measure waiving formal and technical defects in war contracts.

PUBLIC LAW 432

H. R. 3986, International Peace Garden: This increases the authorized appropriation for the International Peace Garden in North Dakota (2,100 acres on the American Canadian international boundary near the geographical center of North America) from $100,000 to $200,000. The peace garden is maintained by the North Dakota State Historical Society as a memorial to the peaceful relations between the peoples and Governments of the two countries. Canada bears its share of the cost.

PUBLIC LAW 433

H. R. 6173, Southern Ute Indian Trail: Southern Ute Tribe of Indians in Colorado, numbering 540 persons, have $5,900,000 on deposit, settlement for tribal lands taken over by the United States. Public Law 433 authorizes, among other things, a $1,000 per capita payment under the jurisdiction of the tribal council to enable the tribal members to improve and make more profitable their small farms.

PUBLIC LAW 434

H. R. 8357, ⅝-bushel basket: Housewives, please note. Public Law 434, urged by some fruitgrowers, legalizes a new size basket, one with a content of three-eighths of a bushel. Previously among the sizes legal under the Standard Container Act of 1928 there was an eighth bushel, a quarter, and a half bushel. Congressman PETER MACK, JR., of Illinois, a member of the Committee on Interstate and Foreign Commerce, made a gallant but unsuccessful fight in committee and on the floor of the House against this measure. I voted with MACK. The difference between a three-eighths bushel basket and one with a half-bushel content would not be readily detected. Advice to the housewives in the Second District: Keep your eyes open; Public Law 434 has legalized a size with which

you have not been familiar. A bad law, I think. I am glad to have the opportunity in these reports of forewarning you; makes the labor entailed seem worth while.

PUBLIC LAW 435

H. R. 8456, Memorial Hospital at Gulfport: This conveys to the city of Gulfport, Miss., for use in the Memorial Hospital the dispensary of the Gulfport Naval Training Station no longer needed by the Armed Forces.

PUBLIC LAW 436

H. R. 8933 Coosa River development: It is said that the Coosa River in Alabama and Georgia is the second greatest undeveloped waterway in America. In 1945 the Rivers and Harbors Act provided a comprehensive plan for the development of the river by the United States Army Engineers. But Congress continued year after year to drag its feet in the way of necessary appropriations, just as it has been doing with Calumet-Sag.

Public Law 436, introduced by all Alabama Members of Congress including Senator SPARKMAN, permits private capital (Alabama Power Co.) to step in and do the job at an expenditure of $100 million under the jurisdiction of the Federal Power Commission and checking by the Corps of Army Engineers.

The company first will build a flood-control dam, then other dams for hydro-electric power. Some, including your Representative were fearful of the measure as a dangerous precedent; finally reluctantly acquiesced because (a) immediate need of power for industrial growth and (b) bill had support of outstanding friends of TVA in both bodies.

Imports of Foreign Oil

EXTENSION OF REMARKS
OF
HON. CHARLES W. VURSELL
OF ILLINOIS
IN THE HOUSE OF REPRESENTATIVES

Thursday, July 15, 1954

Mr. VURSELL. Mr. Speaker, unless action is taken by the Congress or some power is exerted by the executive department of the Government, we will add to the present surplus of farm commodities a supply of oil commodities, and, in fact, have a tremendous surplus of oil commodities on hand now.

Time has proven that we should have passed legislation when it was before the last session of Congress to limit oil imports that are flooding the Nation, causing us to cut back and to continue to cut back our domestic productive capacity, and at the same time crowding our storage capacity, which has brought about a situation where the pipelines are reducing their purchase of oil, in some instances, by 30 percent, which has caused a reduction of crude oil, in some instances, of 12 cents per barrel, and is throwing out of work thousands of men in southern Illinois and the Nation, many of whom will have to revert to unemployment compensation. Their earning power is stopped, and with it the taxes the Government would receive if these men could remain employed.

This condition has been brought about by a few American oil companies bringing in oil from the Middle East and other places, which is working a great hardship on the small independent operators as well as doing great damage to the economy of the various States and the Nation.

In 1949 imports of foreign oil averaged about 784,000 barrels a day. That is as much oil as should be permitted to come into this country daily at the present time, yet, these imports have increased to one million barrels of foreign oil a day.

It is the responsibility of the Congress and the executive department to use whatever means they have to reduce foreign oil imports at the earliest possible date, to a reasonable level.

Mr. Speaker, these excess imports have created a very serious condition in the oil industry in the entire nation. I have in my hand two telegrams recently received which I am including in the RECORD. These will give you some idea of the condition that has been brought about among the independent oil producers in my State of Illinois, and may I say, this same condition is present in Indiana, Kentucky, and generally among the independent producers, and major producers as well, throughout the Nation:

MOUNT CARMEL, ILL., *July 21, 1954.*

Hon. CHARLES W. VURSELL,
House of Representatives,
Washington, D. C.:

The independent oil producers of Illinois met spontaneously this week at Fairfield, Ill., alarmed and much disturbed over the recent cutback or proration and reduction of price by two of the largest purchasers of crude oil in the basin. This gathering represented 50,000 barrels daily oil of the total 180,000 barrels produced in the State of Illinois. A committee of nine, including myself, was appointed to contact our representatives in Washington, including the President, calling to their attention the alarming and serious situation confronting us.

I was likewise appointed chairman of a special committee from our Rotary Club for a mass meeting with other civic clubs and chambers of commerce who are disturbed along with farmers and land owners. The entire business of the State and Nation will be seriously affected unless some means of relief is immediately obtained to help this situation and protect us against import oil and import buyers flooding our market to the detriment of the entire Nation.

We here cannot be compared in many respects with Western States where they primarily have large ranches and leaseholds as compared with our small farms with low oil reserves and an average production of seven barrels per day per well in Illinois, and with the drilling of each well committing us to drill on the small adjacent farms to protect them against drainage, we certainly should not be called upon to stand proration. Under such circumstances, we cannot carry out our commitments and obligations under this proration and the condition can easily become disastrous.

I know that our representatives in Washington with the aid of the good offices of the President should be able to remedy this situation. The oil operators asked for 50 percent reduction in import oil instead of the steady increase which we have been getting, which will greatly relieve our serious situation and the present national economy.

If it would help our cause to show the seriousness of this present situation, you can be furnished with at least 100,000 immediate spontaneous signatures to telegrams, letters, or petitions showing that this entire community is up in arms and at the stage of demanding militant action.

The school boards have just informed me that this reduction will greatly decrease their tax revenue, thereby impairing the present building program to replace the now extremely inadequate school facilities.

J. ROY DEE,
Member of the Committee, of the Combined Organizations of Oil Producers.

CARMI, ILL., *July 23, 1954.*

Congressman CHARLES W. VURSELL,
House Office Building,
Washington, D. C.:

Our local economy is seriously affected by recent curtailment of oil production. Fifty percent of local commerce is dependent upon the oil industry. We are not begging for subsidies of any kind, but are aware of the serious domestic results of imports of foreign oil. As representatives of the commerce, industry, and welfare of White County, we urge congressional action to curb imports of oil.

CARMI CHAMBER OF COMMERCE,
GEORGE H. SCHANZLE, *President.*

SENATE

FRIDAY, JULY 16, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Lord God Almighty, early in the morning our song shall rise to Thee. Only when our vision is cleansed and corrected by far horizons can we see the transient in the light of the everlasting. Without a sense of Thy presence in this world of change and decay, fear of failure and of the unknown future haunts our hearts. Only at the springs of Thy abiding reality we keep alive our faith in values that are permanent and in the kindly light behind all shadows.

Send us forth to the duties of this day with serenity and calm to meet an agitated world with an unruffled kindness that is strength and an inner candor which is the courage of the soul. In the dear redeemer's name we ask it. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, July 15, 1954, was dispensed with.

COMMITTEE MEETING DURING SENATE SESSION

Mr. KNOWLAND. Mr. President, after consultation with the minority leader, I ask that the Subcommittee on Rules of the Committee on Rules and Administration be permitted to meet during the session of the Senate today.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER (Mr. BUTLER in the chair). Without objection, it is so ordered.

Morning business is in order, under the 2-minute limitation.

EXECUTIVE COMMUNICATIONS, ETC.

The PRESIDENT pro tempore laid before the Senate the following letters, which were referred as indicated:

PROPOSED AWARD OF CONCESSION CONTRACT, GRAND TETON NATIONAL PARK, WYO.

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed award of a concession contract to operate a general store in Grand Teton National Park, Wyo. (with accompanying papers); to the Committee on Interior and Insular Affairs.

PURCHASE OF BONDS TO COVER EMPLOYEES OF POST OFFICE DEPARTMENT

A letter from the Postmaster General, transmitting a draft of proposed legislation to provide for the purchase of bonds to cover postmasters, officers, and employees of the Post Office Department, contractors with the Post Office Department, mail clerks of the Armed Forces, and for other purposes (with an accompanying paper); to the Committee on Post Office and Civil Service.

REPORT ON MAINTENANCE OF GOVERNMENT-OWNED RUBBER-PRODUCING FACILITIES

A letter from the Executive Director, Rubber Producing Facilities Disposal Commission, Washington, D. C., transmitting, pursuant to law, a report on repairs, replacements, additions, improvements, or maintenance of the Government-owned rubber-producing facilities, prepared by the Reconstruction Finance Corporation, the operating agency, for the period in the fiscal year 1954 ending May 31, 1954 (with an accompanying report); to the Committee on Banking and Currency.

REPORT ON NUMBER OF AIR FORCE OFFICERS ASSIGNED TO DUTY AT THE SEAT OF GOVERNMENT

A letter from the Director, Legislative Liaison, Department of the Air Force, reporting, pursuant to law, that 2,582 officers of the Air Force were assigned to duty in the executive element at the seat of Government; to the Committee on Armed Services.

REPORT OF PROCEEDINGS OF SPECIAL MEETING OF JUDICIAL CONFERENCE

A letter from the Chief Justice of the United States, transmitting, pursuant to law, a report of the proceedings of a special meeting of the judicial conference of the United States, held at Washington, D. C. April 15–16, 1954 (with an accompanying report); to the Committee on the Judiciary.

AUDIT REPORT ON FISH AND WILDLIFE SERVICE

A letter from the Acting Comptroller General, transmitting, pursuant to law, an audit report on the Fish and Wildlife Service, Department of the Interior, for the fiscal year ended June 30, 1953 (with an accompanying report); to the Committee on Government Operations.

RESOLUTIONS OF NEW ENGLAND REGION OF HADASSAH

Mr. SALTONSTALL. Mr. President, on behalf of myself, and my colleague, the junior Senator from Massachusetts [Mr. KENNEDY], I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, two resolutions adopted at the recent conference of the New England Region of Hadassah, of Boston, Mass., relating to aid to Israel and the shipment of arms to Iraq.

There being no objection, the resolutions were referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

GRANT IN AID

Whereas the United States Government has given grant in aid to Israel for the past few years, which has contributed greatly to the economic stability of that new democracy; and

Whereas the administration has recognized that the Israeli Government has taken extraordinary measures to put its economy on an orderly basis; and

Whereas the economic assistance to the whole Middle East has raised the standard of living and thus strengthened the economies in these countries and demonstrated that this is the best way to fortify the free world and win friendship for America: Therefore, be it

Resolved, That the New England Region of Hadassah in conference assembled at Magnolia, Mass., June 1, 2, and 3, 1954, urges Congress to continue aid to Israel along the same levels which America has given in the past so that Israel's economic independence can be assured.

SHIPMENT OF ARMS TO IRAQ

Whereas the United States Government in agreement with the Government of Iraq has made arrangements to ship arms to that country; and

Whereas Iraq is the only country in the Middle East which does not have an armistice agreement with the state of Israel; and

Whereas the United States Government has not made it a condition that Iraq initiate peace talks with Israel: Therefore be it

Resolved, That the New England Region of Hadassah in conference assembled at Magnolia, Mass., June 1, 2, and 3, 1954, views with alarm and deep concern any shipments of arms to Iraq or any country in the Middle East without the mandatory condition of peace talks with Israel.

LOWERING OF RETIREMENT AGE FOR SOCIAL SECURITY BENEFITS—LETTER

Mr. SALTONSTALL. Mr. President, on behalf of myself, and my colleague, the junior Senator from Massachusetts [Mr. KENNEDY], I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, a letter from Theodore A. Cote, adjutant, Franco-American War Veterans, Inc., Department of Massachusetts, embodying a resolution adopted by that organization assembled in convention at Salisbury Beach, Mass., favoring the enactment of legislation to lower the retirement age from 65 to 60 years for social security benefits.

There being no objection, the letter was referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

DEPARTMENT OF MASSACHUSETTS,
FRANCO-AMERICAN WAR VETERANS, INC.,
New Bedford, Mass., June 14, 1954.

Hon. LEVERETT SALTONSTALL,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: The Franco-American War Veterans, Inc., Department of Massachusetts, in convention assembled at Salisbury Beach, Mass., on June 4, 1954, adopted unanimously the following resolution with a directive that a copy be sent to you:

"Whereas many veterans of World War I are between the ages of 60 and 65; and

"Whereas no national emergency exists requiring more manpower in our defense establishments: Be it

"*Resolved*, That this convention go on record as approving legislation, now, being considered in Washington, D. C., recommending the lowering of the retirement age for social-security benefits from 65 to 60; be it further

"*Resolved*, That copies of this resolution be forwarded to all Senators and Representatives from the Commonwealth of Massachusetts."

It is hoped that you will favor such a change.

THEODORE A. COTE,
Adjutant
(For the Department).

PUBLIC SCHOOL CONSTRUCTION ACT OF 1953—MESSAGE AND TELEGRAM

Mr. WILEY. Mr. President, I have received from the Wisconsin Congress of Parents and Teachers a message with regard to legislation offered by our colleague, the distinguished Senator from Kentucky [Mr. COOPER], entitled "The Public School Construction Act of 1953."

I also have the text of the message in the legislative action program of the National Congress of Parents and Teachers as a whole on this same significant subject.

I send to the desk now the brief reference in that overall action program of the national PTA, as well as the telegram which I received from the legislative chairman of the Wisconsin PTA's.

I ask unanimous consent that they be printed at this point in the RECORD and be thereafter appropriately referred.

There being no objection, the message and telegram were ordered to lie on the table and to be printed in the RECORD, as follows:

ITEM 3A OF NATIONAL PTA LEGISLATIVE ACTION PROGRAM

SCHOOL BUILDING CONSTRUCTION

School enrollments continue to make headlines, and the peak has not been reached. Every State faces building shortages, makeshift classrooms, and unsafe structures. A national emergency is upon us. Emergencies require special consideration. Legislation to help States provide these necessary classrooms is a "must." Children's needs can't wait.

MADISON, WIS., *July 15, 1954.*
Hon. ALEXANDER WILEY,
Senate Office Building:

The Wisconsin Congress of Parents and Teachers most urgently request your support of emergency school construction act of 1954, S. 2601. Educational opportunity for children and youth imperative. Nationwide need for school construction most critical.

Mrs. GLENN F. OLWELL,
Legislative Chairman, Wisconsin Congress of Parents and Teachers.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BUSH, from the Committee on Public Works:

H. R. 3300. A bill to authorize the State of Illinois and the Sanitary District of Chicago, under the direction of the Secretary of the Army, to help control the lake level of Lake Michigan by diverting water from Lake Michigan into the Illinois Waterway; with amendments (Rept. No. 1815).

By Mr. MARTIN, from the Committee on Public Works:

S. 2317. A bill authorizing the modification of the existing project for navigation on the Delaware River, Pa., N. J., and Del.; with amendments (Rept. No. 1817).

By Mr. SALTONSTALL, from the Committee on Armed Services:

H. R. 9678. A bill to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes; without additional amendment (Rept. No. 1816).

CITATION OF ALBERT SHADOWITZ FOR CONTEMPT OF SENATE—REPORT OF A COMMITTEE

Mr. McCARTHY. Mr. President, from the Committee on Government Operations, I report an original resolution, citing Albert Shadowitz for contempt of the Senate, and I submit a report (No. 1812) thereon.

The PRESIDENT pro tempore. The report will be received, and the resolution will be placed on the calendar.

The resolution (S. Res. 280) was placed on the calendar, as follows:

Resolved, That the President of the Senate certify the report of the Committee on Government Operations of the United States Senate as to the refusal of Albert Shadowitz to answer questions before the Senate Permanent Subcommittee on Investigations, said refusal to answer being pertinent to the subject matter under inquiry, together with all the facts in connection therewith, under the seal of the United States Senate to the United States attorney for the southern district of New York, to the end that the said Albert Shadowitz may be proceeded against in the manner and form provided by law.

CITATION OF CORLISS LAMONT FOR CONTEMPT OF THE SENATE—REPORT OF A COMMITTEE

Mr. McCARTHY. Mr. President, from the Committee on Government Operations, I report an original resolution, citing Corliss Lamont for contempt of the Senate, and I submit a report (No. 1813) thereon.

The PRESIDENT pro tempore. The report will be received, and the resolution will be placed on the calendar.

The resolution (S. Res. 281) was placed on the calendar, as follows:

Resolved, That the President of the Senate certify the report of the Committee on Government Operations of the United States Senate as to the refusal of Corliss Lamont to answer questions before the Senate Permanent Subcommittee on Investigations, said refusal to answer being pertinent to the subject matter under inquiry, together with all the facts in connection therewith, under the seal of the United State Senate to the United States attorney for the southern district of the State of New York, to the end that the said Corliss Lamont may be proceeded against in the manner and form provided by law.

CITATION OF ABRAHAM UNGER FOR CONTEMPT OF THE SENATE—REPORT OF A COMMITTEE

Mr. McCARTHY. Mr. President, from the Committee on Government Operations, I report an original resolution citing Abraham Unger for contempt of the Senate, and I submit a report (No. 1814) thereon.

The PRESIDENT pro tempore. The report will be received, and the resolution will be placed on the calendar.

The resolution (S. Res. 282) was placed on the calendar, as follows:

Resolved, That the President of the Senate certify the report of the Committee on Government Operations of the United States Senate as to the refusal of Abraham Unger to answer questions before the Senate Permanent Subcommittee on Investigations, said refusal to answer being pertinent to the subject matter under inquiry, together with all the facts in connection therewith, under the seal of the United States Senate to the United States attorney for the southern district of the State of New York, to the end that the said Abraham Unger may be proceeded against in the manner and form provided by law.

PROHIBITION OF TRANSMISSION OF CERTAIN GAMBLING INFORMATION IN INTERSTATE AND FOREIGN COMMERCE—AMENDMENT

Mr. BRICKER. Mr. President, from the Committee on Interstate and Foreign Commerce, I report an additional amendment to the bill (S. 3542) to prohibit transmission of certain gambling information in interstate and foreign commerce by communication facilities, heretofore reported from that committee.

After the hearings had been concluded, and after the report of the committee had been submitted, conferences were held between the Department of Justice and the industries interested in the bill. The amendment represents an agreement between the Department of Justice, the communications companies, and the Federal Communications Commission. So far as I know, there is no objection to the amendment.

I call the amendment to the attention of the Senator from Connecticut [Mr. PURTELL], so that he may submit it when the bill is considered on the call of the calendar.

Mr. PURTELL. I thank the Senator from Ohio.

The PRESIDENT pro tempore. The amendment will be received and printed.

REPORT OF SENATE OFFICE BUILDING COMMISSION RELATING TO ADDITIONAL SENATE OFFICE BUILDING (S. DOC. NO. 143)

Mr. PURTELL. Mr. President, I submit a report of the Senate Office Building Commission relating to an additional office building for the United States Senate, and request that the report be printed as a Senate document, with illustrations.

The PRESIDENT pro tempore. The report will be received, and without objection, will be printed, as requested by the Senator from Connecticut.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JACKSON:

S. 3761. A bill for the relief of Dominic Gaetano Morin; to the Committee on the Judiciary.

By Mr. BRICKER (by request):

S. 3762. A bill to amend section 4421 of the Revised Statutes, in order to remove the requirement as to verifying under oath certain certificates of inspection, and for other purposes; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. BRICKER when he introduced the above bill, which appear under a separate heading.)

By Mr. ROBERTSON:

S. 3763. A bill for the relief of Marcelina Anderson; to the Committee on the Judiciary.

By Mr. HUMPHREY:

S. 3764. A bill for the relief of Monika Jonitz Jeffries; to the Committee on the Judiciary.

By Mr. KEFAUVER:

S. 3765. A bill for the relief of Katie May Fraser; to the Committee on the Judiciary.

AMENDMENT OF SECTION 4421 OF REVISED STATUTES RELATING TO VERIFICATION UNDER OATH OF CERTAIN CERTIFICATES OF INSPECTION

Mr. BRICKER. Mr. President, by request, I introduce for appropriate reference a bill to amend section 4421 of the Revised Statutes, in order to remove the requirement as to verifying under oath certain certificates of inspection, and for other purposes. I ask unanimous consent that an analysis of the bill be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the analysis will be printed in the RECORD.

The bill (S. 3762) to amend section 4421 of the Revised Statutes, in order to remove the requirement as to verifying under oath certain certificates of inspection, and for other purposes, introduced by Mr. BRICKER, by request, was received, read twice by its title and referred to the Committee on Interstate and Foreign Commerce.

The analysis referred to is as follows:

ANALYSIS

The proposed bill makes only one basic change in present law, the deletion of the requirement of a sworn verification on certificates of inspection, issued after inspection and approval of vessels, as provided in title 52 of the Revised Statutes. In addition, amendatory language is proposed which will reflect, in the basic law, the changes already accomplished by Reorganization Plan No. 26, 1950, which transferred to the Secretary of the Treasury, with certain exceptions, the duties and functions of subordinate Treasury Department officials. Other changes are made merely to clarify the provisions of the section by using transitive rather than intransitive language.

INVESTIGATION OF HEALTH CONDITIONS IN THE COMMERCIAL SLAUGHTERING AND PROCESSING OF POULTRY

Mr. DOUGLAS submitted the following resolution (S. Res. 283), which was referred to the Committee on Agriculture and Forestry:

Resolved, That the Senate Committee on Agriculture and Forestry, or any duly authorized subcommittee thereof, is authorized and directed to conduct a full and complete study and investigation in order to determine whether, in the commercial slaughtering and processing of poultry, any unhealthy or unsanitary conditions exist which might result in the transportation or sale in or affecting interstate commerce of poultry that is in any way unfit for human consumption. The committee shall report its findings, together with such recommendations as it may deem feasible, to the Senate at the earliest practicable date.

SEC. 2. For the purposes of this resolution, the Committee, or any duly authorized subcommittee thereof, is authorized to employ upon a temporary basis such technical, clerical, and other assistance as it deems advisable. The expenses of the committee under this resolution, which shall not exceed $———, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

INVESTIGATION AND STUDY OF TRANSPORTATION PROBLEMS OF NEW ENGLAND

Mr. KENNEDY. Mr. President, on behalf of my colleague, the senior Senator from Massachusetts [Mr. SALTONSTALL], the junior Senator from Maine [Mr. PAYNE], the senior Senator from Maine [Mrs. SMITH], the senior Senator from New Hampshire [Mr. BRIDGES], the junior Senator from New Hampshire [Mr. UPTON], the senior Senator from Vermont [Mr. AIKEN], the junior Senator from Vermont [Mr. FLANDERS], the junior Senator from Rhode Island [Mr. PASTORE], the senior Senator from Rhode Island [Mr. GREEN], the senior Senator from Connecticut [Mr. BUSH], the junior Senator from Connecticut [Mr. PURTELL], and myself, I submit for appropriate reference a resolution authorizing and directing the Committee on Interstate and Foreign Commerce of the Senate to make a full and complete investigation and study of the transportation problems of New England. Such an investigation could well be undertaken during the coming recess.

Mr. President, to those who have studied the problems besetting New England, it has long been apparent that one of the chief causes of New England's economic difficulties is the transportation policy and rate structure under which the New England area has been compelled to operate. New England's primary role of a processor of raw materials which must be transported into the area in raw material form and then transported to the markets of the country for distribution as finished products accentuates any disadvantages borne by the New England area in the transportation rate structure of this country. Moreover, New England's geographical location in the northeastern corner of the country has tended to increase the transportation burden on the area as the industrial centers and the commercial markets of the country have moved westward and to the South.

My colleagues, who have joined me in sponsorship of this resolution, and I have recently had occasion to familiarize ourselves with many specific transportation problems. In so doing it has forcefully come to our attention that the New England area is apparently being discriminated against in almost every phase of transportation policy, including land, air, and water transportation rates. Although the national transportation policy specifically provides that no areas shall be discriminated against, we have reason to believe that the implementation of this national policy has not resulted in fair treatment to every section of this country. The many specific instances which have come to our attention indicate that, through design or otherwise, New England has not been treated fairly in national transportation matters.

Mr. President, the suggestion that New England transportation problems be studied and investigated is not original with us. In 1951, the Council of Economic Advisers in their report to the President on the New England economy suggested that a detailed study of transportation service in New England and of commodity rates under which freight is shipped should be undertaken. The New England governors textile committee in 1952 urged that an investigation be conducted to inquire into the differentials on transportation rates which operated to the detriment of New England interests. Our preliminary inquiry into this subject indicates strongly that a full-scale investigation into the transportation policy's effect upon New England will disclose that there has been continuing discrimination against New England. It is our hope that if the investigation proposed by our resolution discloses evidence of discrimination, appropriate legislative action will be taken to remedy this situation as quickly as possible.

Mr. President, an investigation of this nature by the Interstate and Foreign Commerce Committee of the Senate would not be a new or unusual undertaking. I am advised that that committee has in the past inquired into the activities of the Civil Aeronautics Board to determine whether that agency was acting consistently with the national transportation policy. It may also be recalled that the study of interterritorial freight rates conducted by the Board of Investigation and Research created by the National Transportation Act of 1940 was undertaken as a result of urging by Members of Congress. Rail rates for the South and the West have been the subject of several official studies.

One of the most graphic examples is the plight shared by New England ports which have had any competitive advantage they possess in ocean shipping distances by virtue of their being situated substantially nearer to foreign ports than other Atlantic ports eliminated by equalized ocean transportation rates to all Atlantic coast ports. When these equalized rates are coupled with the inland rail rate structure which is based on the distance the commodity must travel to the port, it is clear that the charge for through traffic moving through New England ports is greater than through other ports from most sections of the country. This squeeze has had a deleterious effect on New England as evidenced by a sharply declining use of those ports. It should be noted, incidentally, that both equalized ocean rates and inland rates based on distances apparently result from the national transportation policy as found in existing statutes and interpretations thereof.

Mr. President, it must be obvious that investigative action is warranted when it is pointed out that in shipping 100 pounds of finished cotton piece goods, one of New England's major exports, the transportation charge to Toronto, Canada, from Augusta, Maine, is $3.23; from Lewiston, Maine, $3.13; from Nashua, N. H., $2.94; from Fall River, Mass., $3.06; but from Charlotte, N. C., the rate is $2.91 for the same 100 pounds. Surely this and many other examples of rate structures which have placed New England producers and shippers in impossible competitive positions which have been brought to our attention by our constituents deserve an explanation. New England does not seek a freight-rate advantage. It simply wants to compete on a fair basis.

Mr. President, I ask unanimous consent that the resolution be printed at this point in my remarks and that a memorandum outlining the many recent examples of discrimination against New England in transportation matters be printed in the RECORD following the resolution.

The PRESIDENT pro tempore. The resolution will be received and appropriately referred; and, without objection, the resolution and memorandum will be printed in the RECORD.

The resolution (S. Res. 284), submitted by Mr. KENNEDY (for himself and other Senators), was received, referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

Resolved, That the Senate Committee on Interstate and Foreign Commerce, or any duly authorized subcommittee thereof, is authorized and directed to make a full and complete investigation and study of the transportation problems (including land, air,

and water transportation rates) of the New England States of Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont.

The committee shall make a full and complete factfinding study and investigation of the New England transportation system and its relationship to the national transportation system, and of such related matters as it may deem proper, with a view toward ascertaining what changes, if any, should be made in the present national transportation policy especially as it relates to New England. The committee shall determine the scope of such study and investigation without limitation thereon.

The committee shall report its findings, together with such recommendations as it may deem advisable, to the Senate not later than January 31, 1955.

SEC. 2. For the purposes of this resolution, the committee or any duly authorized subcommittee thereof is authorized to sit and act at such places and times during the sessions, recesses, and adjourned periods of the 83d Congress, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, to procure such printing and binding, and to make such expenditures as it deems advisable.

SEC. 3. For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to employ upon a temporary basis such experts, consultants, and other employees as it deems necessary in the performance of its duties, and is authorized with the consent of the head of the department or agency concerned, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government of the United States. The expenses of the committee under this resolution, which shall not exceed $———, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

The memorandum presented by Mr. KENNEDY is as follows:

MEMORANDUM IN SUPPORT OF SENATE RESOLUTION 284, REQUESTING AN INVESTIGATION OF THE EFFECT OF THE NATIONAL TRANSPORTATION POLICY UPON NEW ENGLAND

The importance of the transportation policy and rate structure to the Nation as a whole and to each of the principal regions of this country has long been acknowledged. In this connection it is pertinent to note that New England is perhaps more vitally concerned and affected by the national transportation policy than any other region of the United States. New England's geographical position at the northeast corner of the country, although providing some advantage because of its proximity to the great manufacturing centers and markets of the country, has many serious drawbacks. For example, almost all products exported from New England to the other portions of the country must pass through a highly industrialized area which is competitive with New England. The tremendous increase in production centers and markets in the Midwest, South, and far West have tended to aggravate New England's locational disadvantages. In addition, New England's role of manufacturer and producer, taken with its relative lack of raw materials, makes the transportation picture in New England doubly critical, inasmuch as New England must import practically all of its raw materials, process them, and then export the finished products to other markets.

There is current a belief of long standing, held by many transportation observers and experts within and without New England, that New England has been and continues to be discriminated against in transportation matters. In 1951, the Council of Economic Advisers, in their report to the President on the New England Economy, suggested that a detailed study of transportation service in New England and of commodity rates under which freight is shipped is essential to determine the validity of the frequent charge that the national rate structure discriminates against New England. The report on the New England textile industry by the New England Governors Committee (1952) claimed that New England is at a disadvantage with respect to its competitors in other regions of the country in truck transportation rates, pointing out that approximately 70 percent of finished textile products are shipped by truck. The committee urged that differentials be eliminated and asked that the matter be investigated further.

The transportation situation in New England should be thoroughly examined to determine whether the national transportation policy calling for nondiscrimination against any region of the country has, in fact, been implemented in such a manner that the intended results have been accomplished. Congressional committees have frequently investigated the activities of expert regulatory bodies created by Congress to perform highly technical services in order to determine the success or failure of the agency in applying the national policy as enunciated by the Congress. The Interstate and Foreign Commerce Committee of the Senate has inquired into the activities of the Civil Aeronautics Board to determine whether that agency was acting consistently with the national policy. It may also be recalled that the study of interterritorial freight rates conducted by the Board of Investigation and Research created by the National Transportation Act of 1940 was instituted at the urging of Members of Congress. Rail rates for the South and the West have been the subject of several official studies.

The need for such an inquiry concerning the transportation situation in New England, which may well lead the way for similar studies for other regions, is indicated by the preliminary facts already at hand.

1. RAILROAD RATES FOR NEW ENGLAND

Because of the pattern of transportation development in the United States, varied regional rate structures had developed prior to the assumption of jurisdiction in this field by the Federal Government. Thus, prior to the 1900's southern and western rates were considerably higher than that of official territory (the northeastern region of the country). Although the disparity between these rates had been narrowed sharply as a result of the establishment and operations of the Interstate Commerce Commission, the Commission conducted an extended and detailed investigation into the rate structure with a view to establishing a uniform class-rate structure and unified freight classification. As a result of this 12-year study, the Commission at the end of May 1952 put into effect the uniform class-rate structure. It has not yet been possible to determine its effect upon the various regions of the country. It would appear, therefore, that an investigation at this time would be desirable to evaluate the results of this order which incidentally was vigorously opposed by many interests, including New England.

In fact, it is interesting to note that an analysis of rail rates as of May 15, 1952, prior to the effective dates of the unified rate order, discloses significant evidence illustrating that New England was even then discriminated against by the rate structure.

An examination of rates on May 15, 1952, showed that for rail rates on tanned or finished leather New England suffered competitive disadvantages outside the New England area. This is based upon the transportation cost which is a function of rate and distance. For example, the cost of shipping 100 pounds of tanned or finished leather to Harlem River, New York, a major market, was $1.16 from Philadelphia, Pa., the nearest production center. If, however, the purchaser in Harlem River, N. Y., were examining second alternatives, he would find that the rate from Richmond, Va., to the delivery point would be $1.60 for the 100 pounds whereas it would cost $1.64 from the Boston shipper, who is a much shorter distance from the New York point than is the Richmond shipper. In the case of women's shoes, although the New York production center which is nearest to the Pittsburgh market enjoyed the lowest transportation charge, Boston, which is closer to Pittsburgh than St. Louis, had a slightly higher transportation charge than did the St. Louis shipper. Similarly, in shipping 100 pounds of finished cotton-piece goods, one of New England's major exports, the transportation charge to Toronto, Canada, from Augusta, Maine, is $3.23; from Lewiston, Maine, $3.13; from Nashua, N. H., $2.94; and from Fall River, Mass., $3.06; but from Charlotte, N. C., $2.91.

These few examples indicate that there are situations in which even on a straight mileage basis, New England has been discriminated against. The more significant result of this analysis of freight-cost figures in May 1952 is that, although New England generally has a freight-cost advantage in its own markets, competitors of New England shippers enjoy a substantial cost differential not only in their own markets but also in most or all marginal markets. Thus it could not properly be broadly concluded that there was a competitive advantage enjoyed by New England because of discriminatory freight rates prior to May 1952, and it appears, therefore, that the adjustment adopted by the ICC at that time increased New England's competitive disadvantage with its competitors from other regions. Such a disadvantage, accentuating the disadvantages of New England's location in the upper corner of the country, with its competitors located between it and the producing and consuming markets of the country, has been a significant factor in the difficulties experienced by the New England economy.

Another factor which has worsened the competitive position of New England shippers has been the ICC practice of granting percentage rather than dollar-and-cent increases in freight rates. For example, if the rate between point A and point D is $2 and between point B and point D is $3, a flat increase of 50 cents maintains the $1 spread between the 2 rates. If, however, there is a 25-percent increase, the A–D rate becomes $2.50, the B–D rate $3.75, and the spread $1.25. Thus it is pointed out by a New England plant that where it had to absorb a 40-cent per 100 pounds freight differential in competing with Buffalo, N. Y., plants in the Cleveland market in 1946, the spread now is between 80 cents and a dollar due to percentage freight-rate increases. This problem was recently brought to the general freight traffic committee of the eastern railroads by the refractory industry, and as a result maximum increases were applied thereby minimizing the effect of percentage increases and reducing the freight-rate spread between competing regions of the country. There appears to be considerable merit in this handling of the percentage increase problem; the feasibility and desirability of this suggestion should certainly be thoroughly investigated.

New England does not seek a freight-rate advantage; it simply wants discrimination against it to be ended. It wishes to compete on a fair basis.

2. RAIL RATES ON EXPORTS AND IMPORTS

One of the most apparent transportation inequities to which New England is subject is its squeeze between unequal rail rates on exports and imports on the one hand, and

equalized ocean shipping rates on the other. Discrimination against New England ports on inland rail rates on goods for export or which were imported through such ports began in the last century, justified apparently on the belief that New England would be able to offer shippers lower ocean cargo rates because of its location nearer to important world ports. But as discussed below, this intention was defeated by the equalization of ocean shipping rates. Yet the inequality in freight rates on such goods has continued.

Finally, in the case of grain shipped from Buffalo for export through Boston, an ICC order canceling more equitable rate schedules was reversed by the Federal courts, in a case confirmed by the United States Supreme Court. (*New York Central Railroad Company v. United States.*) The opinion of the lower court pointed out that the greater distance between Buffalo and Boston, as compared with the distance from Buffalo to Philadelphia or Baltimore, was not controlling. The Court held that inasmuch as there was no finding that the proposed rates would be noncompensatory, a burden on other traffic, or unduly prejudicial to Baltimore or Philadelphia, the ICC order was not enforceable; for mere distance differential does not carry with it the requirement that a rate differential be maintained. In a subsequent order, June 7, 1954 (I. & S. Docket 5641), resulting from the court decisions in the grain case, the ICC quoted with approval an earlier (1941) statement of principle: "* * * the legislative history of the amendment of section 3 of the act in 1935 * * * clearly indicates that a fair distribution of export traffic through the various ports, so far as that can be effected through lawful rate adjustments, was one of the contemplated purposes of the amendment."

Nevertheless, the ICC has continued to carry out this discrimination in a recent case concerning iron-ore rates frow the Atlantic ports to the Wheeling-Steubenville-Youngstown steel-producing areas. Although an ICC hearing examiner recommended that all new rates proposed be allowed, thus eliminating the differential for Philadelphia, New York, and Boston, Division 2 of the Commission, in a 2-to-1 decision, reversed the examiner with respect to the Boston and New York rates, permitting the Philadelphia proposal to stand. Thus the New England railroads and ports were again denied equality. The matter is presently pending before the full Commission.

3. OCEAN RATES AND POLICY

Prior to the adoption of the conference method of establishing ocean transportation rates (1870 in England—about the turn of the century in the United States), New England ports profited by their favorable location in that lower transit rates prevailed between foreign and New England ports which were considerably closer than other Atlantic coast ports. The conferences, however, established equalized rates to all ports on the east coast—first to those above Virginia and finally to all Atlantic ports. Although jurisdiction over ocean rates rests formally with the Federal Maritime Board, these conferences are conducted by ocean carriers with no governmental control. The policy of equalized rates, however, has the sanction of national maritime policy. Section 205 of the Merchant Marine Act of 1936, which governs the establishment of ocean rates, provides that nothing shall prohibit ocean common carriers from establishing rates to all American ports "at the same rates which it charges to the nearest port already regularly served by it." Under the influence of this section, there have been established blanket rates on shipments to the major ports of the east coast. Thus, although Boston is 1,926 miles closer to Bordeaux, France, for instance than New Orleans and 200 miles closer than the nearest competitive eastern seaport, 1,740 nearer Calcutta and even 500 miles closer to Buenos Aires, and 100 miles nearer Rio de Janeiro than is New Orleans, it is forbidden, the competitive advantage that such a geographical position should afford. This is particularly unfair, as previously mentioned, because of the unequal inland rates on such cargoes by rail.

The effect of this discriminatory practice on the North Atlantic ports is demonstrated by the following table showing the percentage of all foreign-trade cargo handled by major Atlantic and gulf ports between 1935 and 1952. The statistics were compiled by the Chief of Engineers of the United States Army, and 1953 figures will not be available until October:

	New York	Boston	Philadelphia	Baltimore	Norfolk	Mobile	New Orleans
1935	50.2	8.7	10.1	11.3	4.2	2.8	12.7
1936	49.7	7.8	9.8	13.6	4.5	2.8	11.9
1937	46.4	6.4	9.8	16.8	4.9	3.3	12.7
1938	46.9	5.3	8.1	15.5	5.0	4.6	14.6
1939	48.7	5.9	9.0	16.2	5.6	3.4	11.2
1940	45.1	5.3	10.0	18.4	6.5	2.6	12.1
1941	55.1	5.3	9.1	15.8	4.4	2.4	8.0
1942	53.8	3.9	8.5	11.6	4.6	5.6	11.9
1943	61.5	2.2	12.4	7.3	3.5	4.3	8.8
1944	53.6	1.4	21.2	7.2	4.9	2.2	9.5
1945	44.0	3.2	19.6	12.8	5.6	3.8	11.0
1946	33.7	4.8	17.7	23.3	6.0	4.7	9.9
1947	31.7	3.8	14.6	24.5	12.4	3.9	9.1
1948	36.6	3.9	13.7	20.3	11.3	4.1	10.2
1949	35.8	4.7	16.1	20.9	9.0	3.3	10.2
1950	37.0	6.3	24.2	17.1	3.1	3.0	9.4
1951	29.8	4.7	20.1	19.2	14.7	2.8	8.7
1952	30.6	4.4	22.0	13.3	11.9	3.9	9.2

4. INTERCOASTAL SHIPPING

Another recent ICC case (Docket No. W-1019—West Coast Transoceanic Steamship Line Common Carrier Application) involved the application of a steamship line for a certificate from the ICC authorizing regular intercoastal steamship sailings for the transportation of general cargoes and commodities between New England and the west coast. The port of Boston, we are informed, is now served regularly only by one company, which apparently scheduled only one intercoastal sailing per week from Boston to the west coast. The complete inadequacy of this service was testified to by traffic officials from all parts of New England. On September 9, 1953, division 4 of the Commission denied the applicant's request for a certificate of convenience and necessity, intimating in its decision that, although there was probably evidence supporting need for eastbound cargo, there was insufficient need for westbound service, and characterizing the evidence of demand for westbound service as "little more than a temporary need." The decision of Division 4 was ratified by the full Commission on January 19, 1954.

5. MOTOR CARRIER RATES

It is frequently charged that trucking rates on commodities shipped in and out of New England are confused and discriminatory. For example, it is cheaper to ship from Boston to Philadelphia by truck than from Boston to New York. Moreover, a large differential prevails on trucking rates between North and South. In the case of New England textiles, which are in intense competition with the South and ship primarily by truck, this differential amounts to about one-third. For example, to ship a quantity less than a truckload of cotton or cotton and rayon from Lowell, Mass., to Detroit, Mich., costs $2.15 per 100 pounds; but from Greensboro, N. C., to Detroit, approximately the same distance, it costs only $1.60 per 100 pounds, according to one recent study. Trucks are handling great and increasing quantities of general freight between points within the region and between New England and points throughout the country, particularly in the period since World War II. Seventy percent of New England's interregional shipments of finished textile products are by truck. The committee on the textile industry of the New England Governors' Conference recommended:

"An equalization of trucking rates for shipments of raw materials to New England and for finished textiles out of New England with rates equal for equal distances to those rates for shipping to and from the South."

As a result of a petition by 4 traffic bureaus of New England representing a large group of motor carriers, the Commission, in 1949, ordered a 5-percent across-the-board increase in truck rates. A further result was an investigation of the New England-New York motor rates generally. After lengthy hearings the full Commission, in a 7–3 decision issued on January 19, 1954, held that all except some specified commodity rates on less-than-carload or truckload shipments were to be eliminated and that class rates should be reinstated as the minimum reasonable rate. This had the general effect of raising rates substantially, although, as pointed out in the dissenting opinion, no evidence was heard on the amount of the cost to shippers nor was there any indication of what it would amount to. The commodities excepted from the class rates were textiles, tobacco products, brass, bronze, and copper articles. The Commission found that the carriers were not in as precarious a financial situation as they were in 1948 when they first requested relief, but that the destructive rate-cutting practice of New England carriers was bound to result in dire consequences to the group. The Commission authorized petitions seeking further hearings with respect to any of the commodity rates which were not preserved by its opinion. As a result, substantial numbers of shippers and carriers have filed petitions alleging error on the part of the Commission and that serious harm will result from cancellation of the commodity rates. Because of the large number of petitions, the effective date of the order has been moved forward from April 1954 to July 15, 1954. An examination of the petitions filed by various parties indicate that shippers of these commodities are objecting to the decision: Candy and confectionery, phonograph records, sugar, abrasives, bakery goods, wool, packinghouse products, foodstuffs, wool and mohair, scoured wool and mohair, plastic materials and products, paper envelopes, strip steel, cocoa, chocolate milk, chocolate or cocoa compound, locks, screws, groceries, clocks, aluminum articles, iron and steel articles, dairy products, tires and tubes, cast-iron pipefittings and hangers, rubber-coating fabrics, flavoring sirup, athletic goods, games, building materials, paving and roofing materials, boots and shoes, furniture, children's vehicles, electrical distribution equipment, floor covering, typewriter and typewriter parts, gums or resins (synthetic), tools, newspaper supplements, magazines, dental supplies, hospital and surgical supplies, toilet preparations, electric motors and parts, alcoholic liquors, stone, band and strip steel, drugs and drugstore supplies, marine and industrial hardware, vacuum bottles, and cordage. In addition, objections have been raised by numerous shippers and carriers.

6. GRANITE BY TRUCK

Although direct railroad and indirect motor-carrier service is available to New England granite producers for transporting their products to the midwestern using States, primarily Ohio, they have had tremendous difficulties in securing certificates of convenience and necessity authorizing the transportation of less-than-carload lots by motor carrier direct from New England to the States which use their granite. As a result of what appears to be unreasonable delay by the ICC on two specific applications (Dockets No.

M. C. 93529 and M. C. 66906), New England granite producers are seriously threatened by ruinous competition from Georgia, Wisconsin, and South Dakota producers who presently have direct truck authorization of the type sought by New England producers. In response to numerous inquiries, the Commission has advised that the matter is under consideration and will be handled promptly. It does not appear that 2 years is a prompt handling of this particular problem. Part of the reticence of the ICC apparently stems from its belief that the railroads and the indirect trucking facilities now authorized are adequate, although the New England producers point out that the indirect handling facilities referred to involve excessive handling of the product, causing almost irreparable damage.

7. CONCLUSION

These specific examples of discriminatory practices indicate the need for a full-scale investigation into the effects of the national transportation policy and its implementation on the New England States.

PRIVATE FINANCING OF NEW-SHIP CONSTRUCTION—AMENDMENTS

Mr. BUTLER submitted amendments intended to be proposed by him to the bill (S. 3219) to amend certain provisions of title XI of the Merchant Marine Act, 1936, as amended, to facilitate private financing of new-ship construction, and for other purposes, which were ordered to lie on the table and to be printed.

REVISION OF ATOMIC ENERGY ACT OF 1946—AMENDMENTS

Mr. JOHNSON of Colorado (for himself and Mr. GILLETTE) submitted amendments intended to be proposed by them, jointly, to the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. LEHMAN submitted an amendment intended to be proposed by him to Senate bill 3690, supra, which was ordered to lie on the table and to be printed.

NOTICE OF HEARING ON NOMINATION OF NORMAN P. MASON TO BE FEDERAL HOUSING COMMISSIONER

Mr. BEALL. Mr. President, on behalf of the Committee on Banking and Currency, I desire to give notice that a public hearing has been scheduled for Wednesday, July 21, 1954, at 2 p. m., in room P–63 in the Capitol, upon the nomination of Norman P. Mason, of Massachusetts, to be Federal Housing Commissioner. At the time and place all persons interested in the nomination may make such representations as may be pertinent.

NOTICE OF HEARING ON NOMINATION OF ANDREW N. OVERBY TO BE UNITED STATES EXECUTIVE DIRECTOR OF THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Mr. BEALL. Mr. President, on behalf of the Committee on Banking and Currency, I desire to give notice that a public hearing has been scheduled for Wednesday, July 21, 1954, at 2 p. m., in room P–63 in the Capitol, upon the nomination of Andrew N. Overby, in the District of Columbia, to be United States Executive Director of the International Bank for Reconstruction and Development for a term of 2 years—reappointment. At the time and place all persons interested in the nomination may make such representations as may be pertinent.

MEETING OF AMERICAN INSTITUTE OF COOPERATIVES

Mr. WILEY. Mr. President, I was pleased to note in the current issue of News for Dairy Co-ops, published by the National Milk Producers Federation, an announcement of the forthcoming dairy section meeting of the American Institute of Cooperatives at Cornell University. This meeting fits in very well with dairying's self-help program.

I was recently privileged to speak at such a meeting in my own State, in the city of Sheboygan.

I ask unanimous consent that the description of this splendid dairy program shaping up for the summer conference be printed at this point in the body of the RECORD.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

MANY DAIRY SPEAKERS ON INSTITUTE PROGRAM

Seventeen or more dairy co-op spokesmen will be featured on the program of the 26th annual summer conference of the American Institute of Cooperatives to be held August 15 to 19 at Cornell University, Ithaca, N. Y.

A sectional meeting for the dairy groups will devote Monday morning of the session to three topics: What Is the Dairy Picture Today?, by E. M. Norton, secretary of the National Milk Producers Federation; How Dairy Cooperatives Can Better Serve Their Members, by C. W. Pierce, Pennsylvania State University; and Developing a Nationwide Dairy Cooperative Merchandising Program, a panel discussion led by Donald E. Hirsch, chief of the dairy branch of the Farmer Cooperative Service.

Appearing on the panel will be M. L. Totten, director of sales, Land O'Lakes Creameries, Inc., Minneapolis; Russell S. Waltz, president of the National Milk Producers Federation and general manager, United Dairymen's Association, Seattle; Truman Torgeson, general manager, Lake to Lake Dairy Cooperative, Manitowoc, Wis.; and Stanley W. Beal, general manager, United Farmers of New England, Boston. Ken E. Geyer, manager, Connecticut Milk Producers Association, will chairman the sectional meeting.

During the Tuesday general sessions R. H. Cronshey, secretary, Challenge Cream & Butter Association, Los Angeles, will be one of a panel on Farmer Cooperatives and the Public, and Glenn A. Boger, president, Lehigh Valley Cooperative Farmers, Allentown, Pa., will discuss Major Problems and Possibilities Today as Seen by a Manager. Donald Sederstrom, of Litchfield, Minn., president of the federation's National Young Cooperators, will sum up Teaming Up To Do an Educational Job With Youth, on the Thursday general session.

Among speakers on the afternoon sectional program will be James Driscoll, eastern sales manager of Land O'Lakes, on How Land O'Lakes Has Been Made a National Branch. Mrs. Gertrude Corfman, young cooperators service, Dairymen's League Cooperative Association, Inc., New York, will describe the Organization of Our Youth Program. Mr. Cronshey will talk on Better Organization—More Efficiency.

Dairymen's League young cooperators service also will be discussed by Louis R. Bruce, supervisor, at one of the eye-opener morning sessions, chairmaned by Mr. Waltz. Other eye-opener meetings will be headed by Margaret Quick, director of public relations, Miami Valley Milk Producers Association, Dayton, and Genevieve A. Judy, Dairymen's League home department. Stanley H. Benham, treasurer of the league, will be chairman of the Wednesday general session.

SENATOR McCARTHY AND COMMITTEE MEETINGS

Mr. FLANDERS. Mr. President, before the morning hour concludes, I should like to raise a question which properly comes in the morning hour. I had been told—whether authoritatively or not, I do not know—that the junior Senator from Wisconsin [Mr. MCCARTHY] was going to request unanimous consent to hold a committee hearing in Boston during the coming week. I may or may not be present at the time when he makes that request, but I wish to state——

Mr. KNOWLAND. Mr. President, will the Senator from Vermont yield to me at this point? I think I can throw some light on the subject.

Mr. FLANDERS. I yield.

Mr. KNOWLAND. When I read that one of the Senate committees was anticipating the possibility of meeting on Saturday, I called the Senator from Wisconsin—because the Senate will have a meeting on Saturday, beginning at 10 o'clock in the morning, and continuing as late into the night as necessary in order to complete its work—and told him we were planning to hold a meeting of the Senate on Saturday, and that I would request all the committees or any committee which had any intention of meeting outside of Washington not to do so. He agreed to cooperate, and said that no meeting would be held outside of Washington, under the circumstances, with the Senate in session.

So it will not be necessary for the Senator from Vermont to indicate that he would object, because, I will say, the majority leader himself would object to any request for a committee meeting outside of Washington, but it will not be necessary to object, because the Senator from Wisconsin has assured me that no such request will be made.

Mr. FLANDERS. I thank the Senator from California for his statement to that effect, which is the way I would expect him to approach the question.

I wish to bring up, in about 20 words, two other reasons for objecting. One is that I doubt that the subcommittee or the committee of the junior Senator from Wisconsin has jurisdiction over that subject matter, because it is one affecting private industry, not Government operations.

Second, I had supposed the junior Senator from Wisconsin knew he had a date with me here on the floor of the Senate on July 20; and I was sure that if that had been in his mind, he would not have suggested being in Boston at the time.

ADDITIONAL ASSISTANT SECRETARIES OF DEFENSE—ARTICLE BY ROSCOE DRUMMOND

Mr. CASE. Mr. President, recently the Senate approved proposed legislation which will authorize the creation of some additional Assistant Secretaries in the Department of Defense. That is a part of a reorganization of the Department of Defense by which Secretary Wilson is, I believe, going to give us a modern Department of Defense, and particularly a modern Department of the Army, geared to present-day needs.

Roscoe Drummond commented upon that action in a recent article, which I desire to place in the RECORD. He pointed to the fact that General Montgomery, one of the outstanding leaders in World War II, recently said that modern war was four-fifths supplies and logistics, and only one-fifth tactics and strategy. That reminded me that during World War II, General Marshall once told a number of us that he was born either too soon or too late, because the training he had received was training for leading armies, but he found that he had been assigned to the task of logistics.

Therefore, Mr. President, I ask unanimous consent to have printed at this point in the RECORD the article by Roscoe Drummond to which I have referred.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE ARMY REORGANIZATION—CIVILIAN RULE OF SUPPLY TIGHTENED

(By Roscoe Drummond)

It deserves to be put into the record that the United States Army did not stop business during the Stevens-McCarthy hearings.

In fact it carried forward to completion one of the most important pieces of business in Army history—a wide-ranging reorganization of the Pentagon's high command designed to insure effective civilian management and control of its far-flung and complex operations.

Although public announcement of the reorganization will not be made until later this month, it has been formally approved by Army Secretary Stevens and by Defense Secretary Wilson and will be put into operation before the adjournment of Congress.

The reorganization, which will create new assistant secretaries and realine and clarify responsibilities, will primarily affect the massive nonmilitary activities of the Army.

Its significance is best conveyed by a remark made by Field Marshal Montgomery in looking back over his experiences in the war. The one basic lesson he drew was this: "The problems of World War II were four-fifths supply and one-fifth strategy and tactics."

The United States Army's impending reorganization is designed, above all, to give the most experienced, creative, and continuous management to the problems of the design weapons, the procurement of all materiel, its controlled inventory storage and ultimate supply to the fighting forces; that is, to deal better—more efficiently as well as more economically—with four-fifths of the problem of fighting.

The effects of the reorganization will be:

To give the civilian Secretaries fuller participation in and firmer control of this four-fifths of the Army's operations, everything short of combat.

To delineate clearly the responsibilities for civilian leadership at the secretarial level.

To allocate to the Assistant Secretaries of the Army duties comparable to the duties allocated to the Assistant Secretaries of Defense, thus insuring a closely knit executive team.

To develop a professional class of officers who will specialize in logistics (design, procurement, and supply), who will not be drawn from civilian sources but will be regularly produced by the Armed Forces. This will require an adaptation of the rotation system. The logistics officers would not normally be assigned to nonlogistics missions any more than doctors would normally be assigned to nonmedical missions.

In the logistics field, for example, there will be a new Assistant Secretary for Logistics. Under him will be another new post, that of Deputy Chief of Staff for Logistics, in order to bring the civilian and military logistics officials into close and responsive relationship.

Probably because of misinformation, there has been some criticism within the Army on the ground the new setup severed participation in logistics from the Chief of Staff. This is not correct. The Deputy Chief of Staff for Logistics is responsible both to the civilian Assistant Secretary and to the Chief of Staff, and the reorganization specifically provides that "if at any time the Chief of Staff finds himself in conflict with the instructions of any of the Assistant Secretaries in the discharge of their responsibilities for functional control, the Secretary or the Under Secretary will resolve them."

There is no doubt that the reorganization greatly strengthens the civilian direction and authority over the noncombat activities of the Army. It is so intended.

This is the intention of the President. It is the intention of Secretary Wilson. It is also in line with one of the recommendations left with President Truman by Secretary of Defense Robert Lovett when he left office in 1952. It is their view that if civilian control is to have meaning, the Under Secretary and Assistant Secretaries must take a strong, positive hand in the affairs of the Defense Department.

It is their intention to do so, and the soon-to-be-announced reorganization is the means for doing it.

Fully a year and a half of study and discussion by the Rockefeller Committee, by the Davies Committee, and by Defense officials has preceded this decision.

The participants unanimously agreed that there had been a lack of recognition and a lack of preparation for the changes in the character, size, and complexity of the organization needed to produce and support the combat forces—four-fifths of the Army's job. They also reached the conclusion that the Army organization was not adequate to guarantee, through creative development of weapons and materiel, that the best possible arms would be placed in the hands of the Ground Forces in the event of another war.

The imminent Army reorganization is designed to make it adequate to produce and supply the best possible arms efficiently and economically, and to center accountability upon the civilian Secretaries if they fail to do so.

REDUCTION IN BEDS AVAILABLE AT VETERANS' HOSPITALS

Mr. JOHNSTON of South Carolina. Mr. President, during the wars in which this country has been involved, the Congress of the United States and the American people have made commitments to the young men and young women who left their homes and families and traveled to far distant lands in the fight to preserve our freedoms. We promised these men and women certain rights as veterans of our Armed Forces. Among these rights was adequate hospital care in order to heal the wounds sustained in the defense of our Nation. We established Veterans' Administration hospitals, and equipped them with the best of facilities and medical personnel. However, in recent years we have watched these facilities dwindle to such a low ebb that the same men and women to whom all these promises were made are being deprived of medical care. Cases needing hospital attention are being turned down because of a lack of beds. We are short-changing the young men and young women who fought for us on the battlefields.

The situation in my own State is portrayed in a very accurate and impressive manner by an editorial entitled "Hospital Beds Reduced," which appeared in the July 11, 1954, issue of the Columbia State, published in Columbia, S. C..

I ask unanimous consent that the editorial be printed in the body of the CONGRESSIONAL RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

HOSPITAL BEDS REDUCED

As of July 1, available beds at the veterans' hospital in Columbia are 427, yet the capacity is 609.

There is only one veterans' hospital in South Carolina. There has been talk of others; it seemed almost a certainty once that a new facility would be built at Greenville, but the plans didn't materialize.

The State is informed that at the veterans' hospital here the legitimate demand exceeds the supply, and that cases needing hospitalization must be turned down for lack of space. This is bad.

The trouble is not with the management, which can operate only as funds are provided by the Congress. The cause of the reduction is in Washington.

At the recent State convention of the American Legion held in Greenville, a strong resolution was passed protesting the scarcity. Senator JOHNSTON has had the resolution read in the Senate, and referred to the Committee on Labor and Public Welfare. It was also printed in the CONGRESSIONAL RECORD.

The Legion expressed it in part this way:

"Whereas the limited allocation of funds for the operation of the hospital in Columbia for the fiscal year beginning July 1, 1954, makes it necessary to fix the operating bed capacity to 427 beds and thereby rendering it possible for that hospital to provide medical and surgical care for only a segment of those veterans who not only need hospitalization but who are not financially able to pay for it in other hospitals; and

"Whereas as evidence of this deplorable situation there is a constant waiting list of applicants, the daily total running from 150 to 200, thus necessitating a long waiting period, with the prospect that as time passes the number of applicants will increase because of age factors; and

"Whereas even though there are VA general medical and surgical, neuropsychiatric, and TB hospitals located in the adjoining States of North Carolina and Georgia, only a limited number of beds in those hospitals are available for our overflow of applicants, and none for the mental case unless it has been declared to be service connected, thereby making it necessary for the State hospital in Columbia to care for our mental cases: Therefore be it

"*Resolved*, That the American Legion, Department of South Carolina, at its annual convention convened in Greenville this the

22d day of June, 1954, goes on record as deploring the unfortunate situation which faces the sick and disabled veterans in South Carolina who need hospitalization who are not able to pay for same in private hospitals; be it further

"*Resolved*, That the department protests the present practice of limiting funds for the operation of the hospital in Columbia and thereby removing from use approximately 175 beds which were constructed for the benefit of South Carolina veterans, while at the same time opening and staffing new hospitals in other areas of the country."

The veterans' hospital in Columbia was opened in 1932 after a long and hard fight for the establishment of the facility, led by the American Legion. Later it was enlarged to its present capacity, the only potential patients at that time being veterans of the Spanish-American War, who were few in number, and those of World War I. As pointed out, since then World War II has been fought, and the Korean war, increasing greatly the number of men and women to be served. The total veteran population is placed at 235,000. Yet the available beds are cut by 182. It doesn't make sense.

Our entire delegation in Congress should follow through in this matter and see that the situation is corrected.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. BUSH obtained the floor.

Mr. GORE rose.

Mr. BUSH. Mr. President, does the Senator wish me to yield to him?

Mr. GORE. I think we should have a quorum before we proceed with the consideration of the bill. I suggest the absence of a quorum.

Mr. BUSH. I have the floor——

Mr. GORE. Will the Senator yield for that purpose?

Mr. BUSH. I intend to proceed for 15 or 20 minutes on the subject of the pending business. If there is some good reason for a quorum call, I have no objection.

Mr. GORE. It is entirely within the discretion of the Senator.

Mr. BUSH. I see no particular reason for it.

Mr. GORE. I withdraw the suggestion.

Mr. BUSH. Mr. President, I wish to discuss for a few moments some of the questions which have been raised in the debate concerning the proposed contract between the Government and the so-called Dixon-Yates group. The first phase of the question which I wish to discuss is that of the risks which are being assumed by this private group in connection with the proposed contract.

I begin by saying that I think the private power companies which propose this arrangement do accept major risks, and I wish to speak for a few minutes on that particular point.

Attempts have been made to indicate that excessive profits were to be realized by the Dixon-Yates group on a modest capital investment, and that no risks were involved. In a memorandum of July 9, 1954, prepared by the Bureau of the Budget and subsequently inserted in the CONGRESSIONAL RECORD at pages 10381 and following, we find the following on page 10383:

There are several significant considerations in connection with this proposal:

1. By utilizing private utilities, the Federal Government will save a capital outlay of at least $100 million over the next 3 years, the cost estimated by TVA for the construction of equivalent capacity at the Fulton site.

2. The sponsors' proposal is a firm offer with a stated maximum capital cost reflected in the demand charge whereby a ceiling is placed on maximum liability on capital cost to the Government. The sponsors bear one-half of any possible increased cost from an estimated cost of $107,250,000 to $117 million and all the cost above $117 million. In addition, if the plant is built for less than $107,250,000, the Government will share 50 percent of the saving.

The reference here, as I shall point out later, is to additional costs of servicing the additional capital, insurance, and so forth. These additional costs amount to $58,000 per annum for each $1 million by which construction costs vary up or down from the $107,250,000 estimate. Such annual additional costs or savings, within the limits set forth on the up side, and without limit on the down side, are shared equally by the sponsors and by the Government.

I continue to read from the memorandum:

3. There is no guaranty as to the ultimate capital cost of a TVA plant even though that agency has had a favorable construction record in recent years.

Mr. GORE. Mr. President, will the Senator repeat that statement?

Mr. BUSH. The statement is:

3. There is no guaranty as to the ultimate capital cost of a TVA plant even though that agency has had a favorable construction record in recent years.

Mr. GORE. Mr. President, will the Senator yield?

Mr. BUSH. I am glad to yield.

Mr. GORE. I concur in the statement that there is no flat guaranty with respect to construction costs. I am sure the Senator agrees, as he has so generously conceded, that the TVA has had a very successful construction record, and also a very successful record of accuracy as to estimates. I was on the House Appropriations Subcommittee which handled appropriations for this agency, and also other agencies of the Government. I have never known the Tennessee Valley Authority to miss its estimates by more than 3 percent. I have known other Government agencies to miss them by as much as 126 percent. However, this particular agency, as the Senator has said, has a successful record of construction. I can fully agree with that statement. I wished to make this additional observation.

Mr. BUSH. Further in that connection, Mr. President, let me say that once the TVA embarks on the construction of a powerplant it will be completed, no matter what the construction costs turn out to be in actuality, and the Government has that money invested, without recourse from now on.

Reading further from the memorandum:

4. The proposal provides a guaranty and a real incentive on the part of the sponsors to assure that capital costs do not exceed $107,250,000. Thus, if the cost should go to $117 million, the return on $5,500,000 of equity capital would be reduced from 9 percent ($495,000) to 3.8 percent ($210,000). If the capital cost should exceed $117 million, return on equity capital would rapidly reduce to zero. Thus the sponsors have a real risk under the proposal offered and a compelling reason to keep capital costs below the estimated cost of $107,250,000.

5. In addition, the plant is not completely amortized at the end of the 25-year contract. There is 24.6 percent of the debt not retired at the end of 25 years so the rate under the proposal does not provide for completely amortizing the plant over the 25-year period.

Parenthetically, I may say that I do not know why the Budget Bureau failed to point this out, because it is significant. At the end of the 25 years the sponsors will have all their equity tied up in the project. There is no way to withdraw the $5½ million of equity during the life of the 25-year contract, unless it is sold to some other interest.

Reading further from the memorandum:

6. Acceptance of the proposal will help spread the risk in the event of future reduction in the AEC power requirements, which will in 1957 amount to about 30 percent of the TVA power supply.

Mr. GORE. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. GORE. I intended to ask the Senator a question with respect to the previous sentence.

Mr. BUSH. With respect to the equity?

Mr. GORE. Yes. In dealing with the financial structure of utilities, it is not the custom to withdraw the equity capital, but rather to earn a dividend upon the investment. The debentures are sold on the market.

Mr. BUSH. Once the equity capital is put into an enterprise of that kind, it would be pretty difficult to withdraw it. I agree that the normal thing to do is to leave the capital there. The point is that in entering into this arrangement, if permitted to do so, the company will put $5½ million of its own capital into the enterprise on a permanent basis.

Mr. GORE. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. GORE. Recognizing the eminent experience and record and ability of the able Senator from Connecticut, the junior Senator from Tennessee approaches even a brief colloquy on financial matters with him with considerable trepidation. With that qualification, I should like to ask the Senator if it is not true that through the process of depreciation there is in a sense a return of equity capital when related to the tax structure?

Mr. HICKENLOOPER. I should like to interrogate the Senator from Connecticut on that point, unless he wishes to answer the question of the Senator from Tennessee.

Mr. BUSH. I should like to answer the question of the Senator from Tennessee, but I shall be glad to yield to the Senator from Iowa if what he wishes to inquire about is in point.

Mr. HICKENLOOPER. It is in point to the subject under discussion, but I do not want to interfere with the Senator's answer to the Senator from Tennessee. If the Senator from Connecticut will yield at this point, the question I wish to ask him or the interrogation I wish to pursue at this point is whether the Senator does not believe that sufficient clarity has been given to the question of whether a windfall will be paid to the private firm at the end of 25 years. As the Senator has so well pointed out—and I am sure he will develop the point in detail later in his remarks—it is extremely unfortunate to refer to a windfall in that connection. The Senator has clearly shown that 24.6 percent of the bond obligations against the plant will not be paid off at the end of 25 years, and will be in existence, which means that the plant will be obligated for $26 million or $27 million, plus $5½ million of equity capital; so that at the end of 25 years there will still be debts owed by this plant in the amount of $32 million, which is far from having a free and clear plant.

Mr. BUSH. That is correct.

Mr. HICKENLOOPER. It will not be free and clear at the end of 25 years. There will still be a debt of $32 million.

Mr. BUSH. The Senator is correct. The owners of the property will be in possession at the end of 25 years, and they may have to find new markets for their power, because they will have been estopped from marketing power in the area in which they are located, especially to the west, because they will be committed to feed the power into the TVA system. Therefore, they will be faced with that risk at the end of 25 years.

Mr. HICKENLOOPER. The Senator has had considerable experience, undoubtedly more experience than the rest of us have had in such business operations, and perhaps has also had international experience in this field. We are considering a utility plant which, from experience in this country, has a rapid rate of deterioration, and which at the end of 15 or 20 years after it is built will have deteriorated almost to nothing, unless vast amounts of money are spent for new machinery and modern equipment, and so on, none of which the Government will pay for. Therefore, at the end of 25 years, as the Senator knows, the plant will have an approximate worth of $32 million, and will have deteriorated probably even below that point, in all likelihood, considering the new advances which are in the offing now, to say nothing of the atomic-energy development of power.

Mr. BUSH. In all candor, I will say to the Senator that I believe these people will maintain their property. They are very careful managers. They will certainly keep their property in excellent condition.

Mr. HICKENLOOPER. I was attempting to exclude the necessary good housekeeping operations which any good management will undertake, but those housekeeping operations will not come out of the Government's contribution and will not be paid by the Government. They would come out of the company's own good management policies.

Mr. BUSH. That is correct. I may say also to the Senator, who is much more familiar with the subject than I am, that there would be some possibility that the development of atomic energy for use in the generation of power would result perhaps in the plant being completely inadequate in 25 years. That is among the risks the company would be taking.

Mr. HICKENLOOPER. At any rate, at the end of 25 years it would still bear the bond obligation of at least $25 million.

Mr. BUSH. At least $25 million.

Mr. HICKENLOOPER. Plus the $5 million of equity capital. Therefore, the total charge still existing would be——

Mr. BUSH. Upwards of $30 million.

Mr. HICKENLOOPER. Perhaps upwards of $32 million.

Mr. BUSH. There is no question about it, if the cost of the property is approximately $107 million.

Mr. HICKENLOOPER. That is the basis for my figure.

Mr. BUSH. There is no question about it.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. BUSH. The junior Senator from Tennessee asked me a question a moment ago with respect to depreciation. I am sorry, but will the Senator restate his question?

Mr. GORE. I asked the eminent Senator, being the authority that he is in this field, if depreciation of plant facilities, in relation to the tax structure, does not operate eventually to effectuate a return of capital investment.

Mr. BUSH. That question is a little involved. The purpose of depreciation is to set aside out of earnings a sufficient amount each year so that theoretically over the life of the property there will be depreciated the full value of the property, and the owner will then be able to stay in business by rebuilding the property. Theoretically that is the purpose of depreciation. However, it does not work that way, because the owners keep building back the property as they go along, and as things wear out they replace them. One does not have to go very far from here to find utility plants 20, 25, or 30 years old which are still in good shape. They may not be as efficient as newly constructed plants, but I know of hydroelectric plants within a few hundred miles of Washington, along the Susquehanna River, which have been there for many years, and, due to good management and wise depreciation policies those plants have been kept in good condition and they still are efficient plants.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. BUSH. I yield.

Mr. GORE. I agree with the Senator fully. Will he not——

Mr. BUSH. The Senator from Tennessee would not have it otherwise, I am sure.

Mr. GORE. I am not sure that I would not change the theory, but I believe some of the depreciation schedules permitted under the tax laws are too rapid to reflect that theory. It was that particular point to which I desired the able Senator to address his remarks.

Mr. BUSH. All I can say to the Senator is that in connection with the proposed contract I have not had a chance to examine into what the depreciation policies would be or what the allowances would be. Those are pretty closely regulated by the State public utility commissioners and by the Federal Power Commission. Therefore, in this case the owners will not have a free hand in depreciation and will have to depreciate in accordance with the accepted regulations of the utility body to which they will be responsible.

Mr. GORE. The point I was trying to make is that the Senator pointed to some examples of efficient generating plants now 25 or 30 years old. Under the present tax law and its rapid depreciation schedules, the theory of depreciation allowances to which the Senator refers is violated.

In many instances rapid depreciation is justified. But in its relationship to the return on capital investment I think we must recognize that the depreciation schedules allowed under the present tax law, which are to be made more generous if the bill now in conference shall become law, actually operate in the case of a company with large earnings outside the particular plant, to bring aoout return of capital investment.

Mr. BUSH. It is my impression that in almost every State the body which regulates public utilities also regulates depreciation rates. This proposed company would not have a free hand with reference to accelerated depreciation, but would have to take such rates of depreciation as are permitted under the laws of the State in which the plant operates.

Mr. GORE. Mr. President, will the Senator from Connecticut yield further?

Mr. BUSH. I yield.

Mr. GORE. The Senator has just said that the public utility authorities regulate the rates of depreciation. I do not believe that is the case with respect to Federal taxes. Does the Senator think that the Arkansas Public Utilities Commission would be able to control the depreciation schedule for a plant built in Arkansas with respect to Federal taxes, or would not the law which Congress enacts be controlling in that regard?

Mr. BUSH. So far as Federal taxes are concerned, obviously, the State of Arkansas would have no jurisdiction. Those taxes would be developed by the operation of the business in accordance with Federal tax laws, and the State of Arkansas would have nothing to do with Federal taxes.

Mr. GORE. I thought that was the case. Do our Federal laws require that depreciation be taken at a rapid rate or is it not permissive to take depreciation at a rapid rate?

Mr. BUSH. With respect to public utilities, if I correctly understand the situation, where the Federal Power Commission has jurisdiction over utilities which are in interstate commerce—and this one probably would be—the rates are fixed by the Federal Power Commission. The rates have to be approved by the Federal Power Commission.

If the plant operates solely within the State, the Federal Power Commission would not have any jurisdiction. I think the Senator from Tennessee is aware of that. I hope I am not talking unnecessarily. The State has the right to fix the rate of return on the investment, and also the rate of depreciation.

Mr. GORE. The particular plant under discussion, however, is different, in that the Atomic Energy Commission would pay for the electricity, and the Atomic Energy Commission is directed to make its contract in a manner to reimburse the company for its taxes. Just how do depreciation allowances fit into a contract such as that?

Mr. BUSH. They are a prior charge.

Mr. GORE. A prior charge?

Mr. BUSH. The owners of the plant do not know what their taxes are going to be until their earnings are ascertained. Depreciation is a charge against earnings.

Mr. GORE. Would the company have complete discretion as to whether it could claim rapid depreciation or whether it could claim depreciation over an extended period, thereby deferring the claim of depreciation for Federal tax purposes?

Mr. BUSH. I would say to the Senator that, judging by the projections of earnings which have been made, and the comparison of cost of the TVA on the one hand and this operation on the other hand, it would certainly seem impossible that accelerated depreciation was contemplated, even in the minds of the sponsors. It would be my opinion—and I have not seen the proposal in detail—that depreciation rates would be closely prescribed, as they would be in connection with any utility operating in interstate commerce.

Mr. GORE. I presume, as I believe the Senator from Connecticut does, that in this case the normal depreciation rate schedules would apply with respect to the calculation of Federal taxes.

Mr. BUSH. Without knowing any differently, I would assume that to be true.

Mr. GORE. I presume that is the case, though I have raised the question in order to explore it with the Senator, because what we have here is a most unusual situation in which the taxpayer is given immunity from all taxes, whether they go up or whether they go down. Fluctuations in tax rates would not affect the taxpayer at all if this contract is consummated.

Does the Senator expect to discuss that subject later on?

Mr. BUSH. I believe I do; yes.

Mr. GORE. Then, I shall desist for the time being.

Mr. KEFAUVER. Mr. President, will the Senator from Connecticut yield for a question?

Mr. BUSH. I yield.

Mr. KEFAUVER. I wanted to ask a question about the value of the property at the end of the 25-year period of the contract when the plant built by Dixon-Yates is to be owned by them. The Senator, being fair, as he usually is, in his discussion of this matter, has stated that the property, if kept up, would be of considerable value. I wanted to ask the Senator if it is not true in connection with a steam plant of this kind that a substantial part of the money invested is in connection with harbor facilities for handling coal, the actual construction of the building, the erection of very high smokestacks and other structures of that sort, which would be usable for 40 or 50 or many, many years?

Mr. BUSH. I certainly believe that many important perquisites to the plant might be good for 25 years, or even for a longer period than that, if properly maintained. One of the important duties of management, as the Senator knows, is to maintain the property and to keep it in good condition. It is not the duty of the management to wear it out, but, rather, to keep it in good shape.

Mr. KEFAUVER. I agree with the Senator, but what I have particular reference to is that a large part of the plant would consist of heavy structures, such as very high smokestacks, harbor facilities, and the underground tunnels for water which are necessary. Those things do not wear out; they last indefinitely.

Mr. BUSH. They might very well bear different rates of depreciation as compared with the machinery, which does wear out. The Senator realizes that all rates of depreciation are not exactly the same. Under the law the depreciation rate may be greater for certain things than for other things.

Mr. KEFAUVER. I am not, of course, an engineer and am not familiar with amortization, as is the Senator from Connecticut, who has had much experience in business financing, but I have seen a number of large steam plants under construction at various places, and it appeared to me that a large part of the work was in connection with underground water tunnels for the purpose of getting the proper supply of water, mechanisms for unloading coal from barges, harbor facilities, and tremendous smokestacks. I have been advised by engineers that, whereas it is necessary to replace boiler parts and things of that sort in order to keep the operation and the plant efficient, the structures such as smokestacks and water tunnels are permanent and will last many years beyond the amortization time referred to in the contract.

Mr. BUSH. May I ask the Senator what is the point of that observation?

Mr. KEFAUVER. The point is that at the end of 25 years, when the contract has expired, the property, without any contractual obligation against it, will be the property of the Dixon-Yates Co., and still will have great value.

Mr. BUSH. What is the Senator's objection to that? The Senator understands, does he not, that the Government, after the expiration of the 25-year contract, will have an option for another 5 years, and then another 5 years?

Mr. KEFAUVER. My objection to that is that if a steam plant were built by the Tennessee Valley Authority at Fulton, Tenn., or anywhere else, during the period of the 25 years, the Government would save considerable money; and then, at the end of that time, the property would belong to the Government, through the Tennessee Valley Authority.

If the construction cannot be done in that way, then another group, Messrs. Von Tresckow and Burch, has offered, with private funds, to build a steam plant, with the rate for electricity to be less than that which would be charged by the Dixon-Yates Co.; and at the end of a 25-year period the Government would own the plant which would have been built by the Van Tresckow-Burch group.

It seems to me that the first preference, of course, should be for construction by the Tennessee Valley Authority, which is in the power business anyway; but, if that is not to be the plan, then the proposal of the Von Tresckow-Burch group, which would save the Government a great deal of money during the 25-year period, should be accepted.

In the one case, at the end of the 25 years the plant would belong to the Dixon-Yates group; whereas, under the other plan the plant would belong to the United States Government.

Mr. BUSH. The Senator from Tennessee is now referring to one of the essential differences in philosophy between himself and those who agree with him about the entire question of public power, and myself and others who agree with me.

I do not believe there is anything wrong with the view that in order to accommodate the needs of this situation, the Dixon-Yates utility group should build a plant, and after 25 or 30 years, if the Government then ceases to use the energy which the plant supplies, the Dixon-Yates group should have the plant and be able to remain in business and develop a market for power in that region, and perhaps in the State of Arkansas. I see nothing wrong with that, so long as the contract is a contract favorable to the United States during the period of operation.

The Senator from Arkansas [Mr. FULBRIGHT] made a very good argument on that point. The Senator from Tennessee was not here when the Senator from Arkansas spoke. The Senator from Arkansas showed that there would be very little difference in the actual cost or the annual cost of the operation to the Federal Government, as between the proposed TVA plan, if you will, and the proposed Dixon-Yates plan.

Mr. KEFAUVER. I have read the argument and the statement made by the distinguished Senator from Arkansas. However, even the Atomic Energy Commission itself and the Bureau of the Budget admit that there is at least a $92 million difference in what will be the cost to the American taxpayer.

Mr. BUSH. Over a period of how many years?

Mr. KEFAUVER. Over a period of 25 years, to say nothing of who will own the property at the expiration of that time. So, while there is nothing wrong under normal circumstances with private industry building a steam plant, in this particular instance the Atomic Energy Commission is being improperly used for that purpose, by having it enter into a very specific contract. It would be much less burdensome to the tax-

payers of the Nation if either one of two other alternatives were accepted.

Mr. BUSH. I hope the Senator will permit me to proceed, because I shall come to some of the points we have been discussing. However, I am much more impressed with the fact that the Dixon-Yates plant will save the Government immediately an outlay of upward of $100 million, than I am with the Senator's argument that over a period of many years it will cost the Government $80 million. I do not believe it is very impressive to take a period of 20, 25, 30, or 35 years, and to say that over that period the cost will be so many million dollars. Let us look at the plan on an annual basis, as the Senator from Arkansas did. I think he made a very compelling case when he said that the difference in cost is in very modest proportion when the fact is taken into consideration that the Federal Government does not have to put up any money in connection with the Dixon-Yates proposal.

Mr. KEFAUVER. Mr. President, will the Senator yield at that point?

Mr. BUSH. I yield once more for a brief question, but I should like to move ahead with my speech. I am certain the Senator wants to discuss his views in more detail.

Mr. KEFAUVER. Is it not true that, while under the Dixon-Yates proposal the Government will not have to put up any money immediately, nevertheless, over the long run, the Government will have to pay for the total investment, with at least $92 million or $137 million more? Is it not true also that——

Mr. BUSH. No; the Senator is not correct. The Government does not have to pay for the total investment, under the 25-year contract, as the Senator from Iowa [Mr. HICKENLOOPER] pointed out a while ago. The contract provides that at the end of 25 years the operators shall be left with the plant, which still will have 25 percent of the original debt on it, and all of their equity in it.

Mr. KEFAUVER. Then, I will say the larger part of it.

Mr. BUSH. That is very different; but there is a very large part represented by the 25 percent; it is $25 million.

Mr. KEFAUVER. Under the TVA proposal, the Government would have made a capital investment, which by law would have to be repaid within a period of 40 years; and during the interim the Government would save between $92 million and $137 million.

Mr. BUSH. I may say to the Senator from Tennessee that that argument is not at all impressive to me. The Government started the TVA as a flood-control project 20 years ago. Actually it has become one of the great power developers of the United States. Perhaps it is the largest. I do not know whether it is the largest developer of power; the Senator from Tennessee probably knows. But the TVA has gone from one thing to another. It has gone from the building of power dams to the building of steam plants. It has gone out on the fringes of the TVA and has installed steam plant after steam plant. Now the TVA wants to move West, across the Mississippi River, and to build a plant at West Memphis, Ark.

Mr. KEFAUVER. I must interrupt at that point. The TVA has never tried to move and does not want to move out of its service area.

Mr. BUSH. It wants to move up to Fulton.

Mr. KEFAUVER. That is on the TVA side of the Mississippi River.

Mr. BUSH. How far away is West Memphis?

Mr. KEFAUVER. It is about 2 miles across the river in Arkansas.

Mr. BUSH. I accept the Senator's correction on that point.

Mr. KEFAUVER. I am glad the Senator does, because the record is very clear that the TVA has never tried to move out of its area.

Mr. BUSH. My point is that the time has come to stop the constant expansion of the creeping giant which is called the TVA, and to stop the piling of Government capital into its operations. That is the point directly at issue in this discussion, and the Senator knows it. I do not desire to have any misapprehension as to where I stand on that question. I stand squarely behind the President of the United States, who clearly wants to limit the constant investment of Government capital in these operations, in line with his general philosophy that the Government should do for the people only those things which the people cannot do for themselves, or do so well for themselves. That is the issue in this debate.

Mr. KEFAUVER. Mr. President, will the Senator further yield?

Mr. BUSH. I will yield once more to the Senator, but I have a speech I wish to make.

Mr. KEFAUVER. I appreciate the Senator's backing up the philosophy of the President. I hope the Senator will back up the President's philosophy outlined in his statement to the people of Tennessee, when he promised that the TVA would continue to be operated at maximum efficiency. We hope the Senator from Connecticut will help us in that connection, too.

Mr. BUSH. I have no particular observation about that. Will the Senator repeat his statement? I did not quite understand it.

Mr. KEFAUVER. The Senator has said that he will back up the philosophy of President Eisenhower.

Mr. BUSH. That is correct. What was the Senator's other point?

Mr. KEFAUVER. I said I hoped the Senator from Connecticut would back up the philosophy of President Eisenhower, as evidenced by a solemn pledge to the people of Tennessee in a telegram dispatched to two newspapers, and also by statements in speeches, in which the President praised the Tennessee Valley Authority and promised the people of Tennessee that he would continue to see that it was operated at maximum efficiency.

Mr. BUSH. I may say to the Senator that I can hardly think of an individual in the United States whose promise I would rather have, if I wanted to see it kept.

Mr. KEFAUVER. I hope the Senator from Connecticut will help the President keep his promise, by not letting the TVA be chipped away with the monstrosity which is now being proposed.

Mr. BUSH. I may say to the Senator that I do not think the President needs any help in the matter of keeping promises. He is not in the habit of breaking them. I do not know of any Senators on this side of the aisle, or on the other side of the aisle, who are going to try to persuade him to break his promises. That is as far as I shall go in answer to that comment. I do say that so far as expansion of the TVA is concerned, in my judgment the time has come when we should begin to follow a policy of not letting TVA grope its way clear across the United States.

Mr. KEFAUVER. Is the Senator talking about service area, or generating capacity within the area?

Mr. BUSH. I am talking about the constant expansion of TVA, and that includes area. It keeps on reaching out.

Mr. KEFAUVER. I think, in fairness, the Senator from Connecticut ought to yield to me at this point. Does not the Senator know that the service area of the TVA was approved by Congress in 1939, and that the private power utilities admit, and the record shows, that the TVA has never tried to expand beyond that service area?

Mr. BUSH. I presume that is the case. It the Senator from Tennessee says it is, I have no doubt that is correct. But it is perfectly possible for the Congress to change its mind and make new laws, as it does from time to time. The TVA has shown a constant tendency to expand, gain ground, take over other powerplants, build steam plants, and so forth. I simply say the time has come to put a check to that and to stop putting new Government money into this great capital venture, and to use, so far as possible, the private resources of the country. That I think is a very big issue in the debate.

If the Senator will now allow me to proceed, I shall yield later if he has some additional points.

Mr. KEFAUVER. Will the Senator from Connecticut let me make one more observation? Does not the Senator feel, in fairness, that he ought to retract his statement that the TVA has been trying to expand out of its service area? That is not true.

Mr. BUSH. I do not think I said the TVA was trying to expand. I said a check should be put on it so it would not do so. At least, that is the thought I had in mind. I think that is a satisfactory answer to the question the Senator raised.

Mr. President, going back to my prepared remarks, special attention is directed to items 2 and 4. The Senator from New Mexico [Mr. ANDERSON] during his debate on the afternoon of July 14, 1954, made the statement that if construction costs exceeded the estimate of $107,250,000, the Government would put up half of the additional capital costs to a ceiling of $117 million. In other words, on an increase of $9,750,000, he indicated the Government would put up $4,375,000 of capital and the sponsors

would put up a like amount. I refer my colleagues to page 10506 of the CONGRESSIONAL RECORD.

That assertion by the Senator from New Mexico is not correct. I am sure he did not know it was incorrect, but it simply is not so. The Government will not put up one dime of capital funds if the plant costs more than $107,250,000. Its maximum exposure in the event construction costs exceed $107,250,000 is limited to an amount of $285,000 a year, all the way up to a total of $107,250,000, or a potential increase in the power bill of less than 1½ percent.

As indicated in item 4, which I previously mentioned, the so-called profit to the Dixon-Yates group would be 9 percent on the equity capital of $5,500,000, and that would be realized only if construction costs did not exceed $107,250,000. Whereas utilities companies generally are permitted to earn a return of about 6 percent on the total funds invested, this enterprise, if all goes well, will yield the sponsors about 3.78 percent. That is 3.78 percent as against a return in most States, as generally recognized and accepted by the Federal Power Commission, of 6 percent.

The money to be borrowed—about 95 percent of construction costs—will be borrowed on the credit of Middle South Utilities and the Southern Co. as well as on the basis of the Government contract. Since the contract will be cancelable on 3 years' notice, it is obvious that complete reliance cannot be given by the lenders to such contract as sole security for their loan. Furthermore, the total debt will be amortized over a 30-year period after completion of the plant. Twenty-four and six-tenths percent of the debt and all of the equity—5 percent of the capital—will still be outstanding and will be the sole responsibility of the sponsors upon expiration of the contract in 25 years. The Government will have an option to extend its contract for an additional 10 years beyond the 25-year initial contract period. So it is a one-way street whereby the Government has the sole right of cancellation any time and for any reason up to the 25th year, and it alone thereafter will have the option to renew the contract up to 35 years. For the last 5 years, if the Government elects to continue the contract, the price of power will be reduced to reflect the fact that all of the initial debt on the project will have been amortized. The sponsors cannot, by any independent act of their own, regain use of the plant facilities for 600,000 kilowatts at any time earlier than 35 years from the date the plant is completed.

Incidentally, respecting the computation I just mentioned, the 3.78 percent return on the overall investment, that is calculated in the following manner: There is a $5,500,000 equity at 9 percent, and a $101,750,000 debt at 3½ percent, the estimated cost of the financing. The weighted average comes out to a yield of 3.78 percent.

It should be noted from the excerpt from the AEC–TVA Paducah power contract, March 26, 1953, which I shall ask to have printed in the RECORD, that under such contract the AEC is far less free to cancel the contract, and does not have the sole option to extend the contract beyond an initial term of 11½ years. The excerpt from the AEC–TVA contract, dealing with conditions under which the contract may not be renegotiated, is quite illuminating.

Mr. President, I ask unanimous consent to have the excerpt printed in the RECORD at this point in my remarks.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

EXCERPT FROM AEC–TVA PADUCAH POWER CONTRACT, MARCH 26, 1953

1. Term of contract: The provisions of this agreement shall become effective as of July 1, 1954, and said letter contract of August 23, 1951, is hereby terminated as of July 1, 1954. This agreement shall continue in effect for an initial term expiring on January 1, 1966. Unless this agreement is canceled by Commission as provided for below, then on January 1, 1966, and on each January 1 thereafter through January 1, 1977, the term of this agreement shall be extended automatically for an additional year unless either party notifies the other that such extension shall not be effected, such notice to be delivered not less than 5 years prior to the date on which such extension would otherwise be effected. It is the intent of the parties that no such notice shall be delivered for the purpose of seeking a change in rates or other conditions because more attractive markets for power or more attractive sources of power may develop.

This agreement may be terminated by Commission, effective on any date not earlier than September 30, nor later than November 30, of any year during the initial term or its extension, upon not less than 51 months' advance written notice to Authority, accompanied by a statement of Commission's intent to reduce permanently below 1,500 megawatts its total use of power at the Paducah project.

Unless otherwise agreed, the contract demand hereunder shall be reduced to 500 megawatts for the last 12-month period to any termination or expiration of this agreement, and to 800 megawatts for the 12-month period immediately preceding said last 12-month period.

Mr. BUSH. Mr. President, as I said a little earlier, the debate raises the whole question of public power, how far we are going with it, and so forth. I had thought a few days ago I would ask the Senate to adopt a resolution, which would have been considered by the Committee on Public Works—or it surely would have ended up there, at least—providing for a thorough investigation of TVA by an absolutely independent authority, so as to ascertain exactly what is going on in the TVA. I had in mind an organization similar to the Brookings Institution, and that the Senate would supply funds for a careful investigation of the TVA. However, in checking into the question, I learned that the Hoover Commission is now making a study of the whole question of public power in the United States, and I have every reason to believe that its study will include a very careful examination of the TVA, its costs, and its allocation of costs and expenses, which study will probably be in the hands of the Congress by the end of this year. I think a study by the Hoover Commission is a very satisfactory substitute for what I had in mind, so that I shall not offer the resolution which I had discussed with some Members of the Senate a few days ago.

Mr. GORE. Mr. President, will the Senator from Connecticut yield to me?

Mr. BUSH. Yes; I am glad to yield.

Mr. GORE. I take it that the Senator is aware that a task force of the Hoover Commission has been to the Tennessee Valley and has held hearings there.

Mr. BUSH. I understood that was a part of its whole study. I did not know the task force had already been there, and I do not know what the status of the study is. But from what I have heard, I assume it is making a very impartial, factual study of the situation, and that we shall have the result before the year is over. That is all I know about it.

Mr. GORE. Mr. President, will the Senator from Connecticut yield further to me?

Mr. BUSH. I yield.

Mr. GORE. Does the Senator from Connecticut think it is the course of wisdom, in view of the study that is underway, and in view of the further fact that a new chairman of the TVA is soon to be nominated, to take an action which would prejudice the working out of a coordinated plan? Does not the Senator from Connecticut think it would be the better course of wisdom to withhold action on this particular contract until the report is in and until the new chairman has had an opportunity to recommend a program to the next session of Congress?

Mr. BUSH. I do not think so at all. I do not believe there is any reason to withhold the contract because the investigation is being made. I see no logic in such a view. I am sorry to disagree with my friend.

Mr. JOHNSTON of South Carolina. Mr. President, if the Senator from Connecticut will yield to me, I should like to ask a question. A few minutes ago I understood him to say that he did not want the TVA to spread any more. Did I correctly understand his statement?

Mr. BUSH. I said I thought it was a good time to begin to study a policy of containment of the TVA, lest it begin hopping the Mississippi River and expanding the TVA area; yes.

Mr. JOHNSTON of South Carolina. I take it from that statement that the Senator from Connecticut does not want in the New England States anything like the TVA. Is that true?

Mr. BUSH. The Senator certainly knows we do not have anything like it.

Mr. JOHNSTON of South Carolina. Does the Senator from Connecticut know what effect it is having upon the New England States?

Mr. BUSH. Yes, a very deleterious effect.

Mr. JOHNSTON of South Carolina. The Senator from Connecticut will find that the communities and rural electric cooperatives in the immediate vicinity of the Tennessee Valley Authority receive an electric power rate of 4.8 mills; and even in Mississippi, that poor State, the rate is 5.4 mills. In Alabama, the rate is 5.6 mills. In Georgia, the rate is 6.4 mills. In South Carolina, the rate is 6.8 mills.

Now let us consider the situation in the New England States, where everything is progressive: We find that in Maine the cooperatives are paying 15.1 mills; in New Hampshire, 11.4 mills; in Vermont, 12.46 mills; and in New York, 11.2 mills. In Michigan, the rate is 13.6 mills.

Does not the Senator from Connecticut want the New England rural electric cooperatives to have the benefit of a rate similar to the rate that is available in the South?

Mr. BUSH. Mr. President, let me say to the Senator from South Carolina that he does not paint the picture darkly enough; he is telling only half the story. The rates he has mentioned are the rates we are paying for power. The taxes we are paying to subsidize cheap power in the South are another part of the story; and the industries we are losing—industries that are attracted by the cheap power in the South—are still another part of the story. So the Senator from South Carolina is not telling all of the story, by any means.

Mr. JOHNSTON of South Carolina. So the Senator from Connecticut agrees, does he, that many industries are moving into the South because of the low rates available there for electric power?

Mr. BUSH. The Senator must realize that it is not the——

Mr. JOHNSTON of South Carolina. Under those circumstances, someone in New England must be overcharging someone.

Mr. BUSH. I do know just what that means. If there is any overcharge, I would say it is indirectly being done by the Government because it is subsidizing the TVA area at the expense of all the taxpayers of the United States.

Mr. JOHNSTON of South Carolina. I should like to call to the attention of the Senator from Connecticut the fact that the rates in other fields are probably higher. I have been quoting the rates charged to the rural cooperatives.

Mr. BUSH. I do not know whether the Senator from South Carolina is speaking of comparable rates. But, certainly, it is very clear that with the subsidy afforded to power in the TVA area, they should be able to sell it cheaper than the rate at which power can be sold in New York City.

Mr. JOHNSTON of South Carolina. The rates I have been quoting are not subsidized rates. They are the rates the cooperatives have to pay.

Mr. BUSH. I repeat that with the subsidies being given the TVA area, they should be able to provide power much cheaper than power can be provided in the city of New York.

Mr. JOHNSTON of South Carolina. But these rates are not the ones charged in the TVA area. They are the rates charged in the area that probably is affected by it; and the power companies are letting the cooperatives have the power at these rates. These are the rates charged by power companies, not by the TVA, in most of the instances to which I have referred. These rates show what rates will be obtained in a given territory if such a yardstick is applied to it.

Mr. BUSH. Mr. President, with all due respect to the Senator from South Carolina, I am interested in discussing only the TVA this morning.

Mr. JOHNSTON of South Carolina. I am informing the Senator from Connecticut the effect of the TVA—when a yardstick is placed over the power companies, with the result that then the power companies give the people the kind of rates they should be given.

Mr. REYNOLDS. Mr. President, will the Senator from Connecticut yield to me?

The PRESIDING OFFICER (Mr. CRIPPA in the chair). Does the Senator from Connecticut yield to the Senator from Nebraska?

Mr. BUSH. I yield.

Mr. REYNOLDS. I should like to ask the Senator from Connecticut whether the same argument could not be made, in terms of prices, if any other industry were placed on a socialistic basis.

Mr. BUSH. The Senator from Nebraska is undoubtedly correct.

Mr. JOHNSTON of South Carolina. Mr. President, I object to references to "a socialistic basis" in this connection. These rates are given by power companies because they have to do it because they have a yardstick over them.

Mr. REYNOLDS. Mr. President——

Mr. BUSH. Mr. President, I yield to the Senator from Nebraska.

Mr. REYNOLDS. Mr. President, if the Government went into the business of manufacturing clothing, I submit that the suit of clothes the Senator from Connecticut now is wearing would be cheaper; but that would be as a result of pure, unadulterated socialism.

Mr. JOHNSTON of South Carolina. Mr. President, again I call attention to the fact that the rates I have been quoting are given by power companies in the South.

Mr. REYNOLDS. That is correct; and a cheaper price for a suit of clothes, under the circumstances I have mentioned, would be the price charged by a private manufacturer if the Government went into the manufacture of clothing. In fact, if the Government went into the manufacture of clothing, automobiles, or anything else we may mention, the same argument could be made.

Mr. JOHNSTON of South Carolina. Then why do not the power companies in the New England States charge the same rates as those charged in the Southern States?

Mr. BUSH. Because it costs more to produce power there.

Mr. REYNOLDS. The Southern States have fuel, and various other items enter into that situation.

Mr. JOHNSTON of South Carolina. The New England States have streams.

Mr. BUSH. Where are the New England streams from which hydroelectric power could be developed?

Mr. JOHNSTON of South Carolina. Let me inform my friend, the Senator from Connecticut, that the St. Lawrence River is more powerful than almost any stream I know of in the South.

Mr. BUSH. But the St. Lawrence River is largely in Canada.

Mr. JOHNSTON of South Carolina. But it has not been developed, has it?

Mr. BUSH. I repeat that the St. Lawrence River is not in New England.

Mr. JOHNSTON of South Carolina. It is as close to New England as South Carolina is to the TVA.

Mr. REYNOLDS. Mr. President——

Mr. BUSH. I yield to the Senator from Nebraska.

Mr. REYNOLDS. Mr. President, if the Senator from South Carolina does not know it, he could easily determine—as expert engineers will advise him—that, with the exception of one or two places, such as Niagara Falls, there is no stream that can produce power as cheaply as a steam plant can.

Mr. JOHNSTON of South Carolina. The Senator will find that the streams in the Northeast can develop power and can provide it to the people at a much cheaper rate.

Mr. REYNOLDS. The only means by which developments such as the TVA can claim to produce cheap power is when a certain percentage of their capital is allocated to flood control, irrigation, or navigation; and that allocation is made on the simple basis of "think of a number."

Mr. JOHNSTON of South Carolina. I think the engineers will tell the Senator that the trouble arises from the types of dams the companies in the New England States have tried to build.

Mr. BUSH. Mr. President, if the Senator from South Carolina will permit me to do so, I should like to proceed to reach the conclusion of my remarks.

Mr. GORE. Mr. President, will the Senator from Connecticut yield to me?

Mr. BUSH. I yield to the Senator from Tennessee.

Mr. GORE. I do not wish to intrude upon the speech the Senator from Connecticut is making. However, he has made a reference—and I have heard other Senators make similar references; in fact, the President of the United States in a press conference the other day made such a reference—to an expansion of the TVA.

I wish to join the Senator from Connecticut in opposition to an expansion of the TVA service area. I join him in opposition to any effort to have the TVA cross the Mississippi River. That is the dividing line between the Arkansas Power & Light Co. service area and the TVA service area. I know of no intention on the part of the TVA to cross the Mississippi. I will oppose it if such a proposal comes to my attention.

Mr. BUSH. I am very glad to hear the Senator from Tennessee assure us of that.

Mr. GORE. No assurance is needed, because no such effort is being made. But if any assurance is needed, I am delighted to give it.

However, in the pending proposal, the Arkansas Power & Light Co. or the private utility combine in that area is attempting to cross the Mississippi River into the TVA service area.

If the Senator from Connecticut wishes to be fair—and of course I know he wishes to be fair in all things, but he might not interpret fairness in respect to this issue in the way I would—I believe he would say that if the Congress

has set the Mississippi River as the dividing line between the TVA service area and the adjoining private utility service area, neither TVA nor the private utility should try to invade the service area of the other; and I will join the Senator from Connecticut in such a statement, if he will just say it.

Mr. BUSH. No; I will not say it.

I wish to proceed and discuss briefly the cancellation provisions of the proposed contract. An attempt has been made to indicate that a windfall would become available to the so-called Dixon-Yates group upon cancellation. I have attached to this memorandum a copy of a letter which was submitted to the Senator from Arkansas [Mr. FULBRIGHT], dated July 14, 1954, in response to a request which he made concerning this subject. This should dispel any doubts as to the actual cancellation provisions. It shows clearly that the Government, under any foreseeable circumstances, would probably suffer little, if any, cancellation penalty. An attempt has been made to insinuate that somehow the Government would be obligated to pay some penalties on cancellation, even though the electric energy were to be sold to the sponsors to other parties. This is completely untrue. The proposal provides that the seller; namely, the Dixon-Yates group, shall be entitled to and will absorb capacity at least as rapidly as the load growth will permit, but in any event in the amount of at least 100,000 kilowatts in each year, absorbing the associated proportion of the cost. So far as the sponsors having any cancellation windfall is concerned, they have nothing but cancellation risks, and very little protection against them. I am very desirous of having the RECORD show that clearly.

I should like to make one further point, and then I shall yield the floor. Much has been made of the suggestion that there is an estimated difference in annual cost as between the proposed contract and the TVA potential. It has been estimated that the annual difference in cost would be $3,685,000. Of that, approximately $1½ million is in State and local taxes and $1,059,000 difference in the cost of the money. That approximates a little more than $2½ million, or 70 percent of the total difference. Then there is an item of $309,000, which is called extra fuel-transportation cost. I submit that is subject to challenge. I think there is no basis for thinking that it would cost any more for the Dixon-Yates group to transport fuel than it would cost the TVA.

Mr. KEFAUVER. Mr. President, will the Senator yield at that point?

Mr. BUSH. I yield.

Mr. KEFAUVER. The only difference is that the fuel would have to be transported about 50 miles farther.

Mr. BUSH. I understood the difference was about 30 miles.

Mr. KEFAUVER. The Fulton steam plant is about 30 miles north of Memphis. West Memphis, Ark., is across the river and slightly south. So I think the difference in transportation cost is exactly what the barge companies said it would be.

Mr. BUSH. It is an estimate, and I think it is definitely subject to challenge. I do not think the Senator's explanation would account for that much difference in the cost.

The question of operating costs provides a difference of $211,000. I fail to see how the TVA could operate a steam plant any cheaper than could the Dixon-Yates group, or any other well-qualified management group. The TVA cannot make coal burn any better, or make the generators run any faster. I do not see how that kind of charge can be justified.

Mention is made of $600,000 TVA transmission costs necessary in connection with the West Memphis site. I think that figure is also subject to challenge. The figures which are not subject to challenge are approximately $1,499,000 for State and local taxes, and a difference in the cost of the money of $1,059,000. Together, they total approximately $2½ million. I think those figures are not subject to challenge. Those are the differences, as anyone will agree.

This raises the entire question of whether the Government should invest $100 million in an enterprise like this, or whether it should be willing to pay the going cost for power when private power companies are able, willing, ready, and financed to do the job.

That question applies all the way through our economy and all the way through our political philosophy. I submit, as I did earlier in my remarks, that it is the political philosophy of this administration to allow private enterprise to do these things when they can be done by private enterprise. It is very much better to do that than constantly to tax the people for great capital investments. If we carry this theory to its ultimate conclusion, who in the world is to pay State and local taxes? Someone must pay State and local taxes. If these giants are to be created, and to be exempt from State and local taxes, who is to pay them? I submit the time has come to take stock of the entire situation. That, I believe, is the overall challenge in connection with this whole issue.

Mr. President, I yield the floor.

Mr. MONRONEY. Mr. President, will the Senator yield to me before he takes his seat?

Mr. BUSH. I yield.

Mr. MONRONEY. I understood that earlier in the discussion with the Senator from Tennessee [Mr. GORE] the Senator from Connecticut announced that he would discuss at length the tax situation in connection with the proposed contract. The Senator from Tennessee has momentarily left the Chamber. For the purpose of the RECORD, I wonder if the Senator could elaborate a little further on the tax-absorption principles. I noticed that he discussed the payment of taxes to municipalities and subdivisions of government, but dealt rather hastily with tax absorption with relation to the Federal income-tax features.

Mr. BUSH. I am glad the Senator reminded me of that. Federal income taxes must be paid, as I think the Senator will agree. They will be represented either in the rate or in the contract. It seems to me that there is no difference, so far as the economy is concerned, so long as we agree that the Federal income tax must be paid. There it is, sticking out where everyone can see it.

This provision is not uncommon practice. It has been done many times before in connection with contracts.

Mr. MONRONEY. Under private operation this contract would be subject to a 5-year fast write-off, because it is under the guise, at least, of a defense operation. The property would be subject to special fast amortization, would it not?

Mr. BUSH. As I stated earlier—I believe before the Senator entered the Chamber—public utilities are very different from industrial operations. They are under the control of governing authorities, which regulate rates for power, and also regulate depreciation rates and other items. It is inconceivable to me that there would be any possibility of the owners of the plant writing it off in 5 years.

Mr. MONRONEY. The Senator misses my point.

Mr. BUSH. I am sorry.

Mr. MONRONEY. I was trying to find out how the 5-year fast writeoff would apply in this case. It is frequently applied to other companies building similar plants, as well as plants that are far removed from this type of enterprise. The special fast amortization is applied almost automatically to utility companies desiring to increase their power output on the basis that a broad power base for the United States is good insurance of our industrial capability if war should come. I do not quarrel with that philosophy. However, I will say to the distinguished Senator from Connecticut that to my knowledge the vast tax savings which accrue to the private utility companies by reason of the fast writeoff are not being taken into consideration when they fix rates for power. They are ignored. The power base is not figured on the basis of the immense tax savings which private utilities enjoy.

Mr. BUSH. In the first place, I may say to the Senator that I cannot believe that that kind of writeoff is involved in the contract, or there would not be a question of Federal income tax, normal or otherwise, because no different writeoff would be made with regard to Federal income tax, if that were the situation.

Mr. MONRONEY. That is exactly the point I am raising. It is important to that contract. It illustrates, I think, the danger of having only sketchy information before the joint committee and before the Senate. That is the point on which I should like to focus attention. The distinguished Senator from Connecticut has had far more experience in financial matters of this kind, because of his past business experience, than has the junior Senator from Oklahoma. If this plant is built, will the contract provide that the Government, which bears the income tax, will get the advantage of the 5-year special writeoff?

Mr. BUSH. I do not know anything about a special 5-year writeoff. I have grave doubt that there is anything like that contemplated. I do not think it should be contemplated in this kind of contract.

Mr. MONRONEY. If it is given to all the other utilities——

Mr. BUSH. No; it is not.

Mr. MONRONEY. I beg the Senator's pardon, but practically every electrical generating station which has been built has been given this fast writeoff in accordance with a law passed by Congress. I am not saying it is a bad law or that it is a bad policy. The question I am still trying to ask is whether this plant would be entitled to the 5-year writeoff, as other plants are given that advantage. Does the Government get the advantage of that, or will the utility company, with a $107 million capital investment and capital accretion after 25 years, be able then to take its depreciation as a tax advantage at the end of 25 years? In other words, I do not want the utility company to have the Government pay the full taxes, without charging depreciation, either the fast or the regular kind, and then at the end of 25 years have a $107 million investment which has not been depreciated, and thereafter charge off the depreciation on profits, whether the depreciation be 5 years or whether it spreads it over 20 years, or whatever is the customary depreciation.

The point I am making is that that could amount to a windfall, taxwise, of almost 50 percent to the corporation, as the additional depreciation is taken. Can the Senator tell us whether, from the Federal tax standpoint, the Government's tax absorption would be based on the normal depreciation that would be written off after the plant was constructed?

Mr. KNOWLAND. Mr. President, will the Senator yield on that point?

Mr. MONRONEY. Perhaps the distinguished majority leader can enlighten me on that point.

Mr. KNOWLAND. Leaving aside this particular case, does the Senator from Oklahoma understand that in cases where there is an accelerated writeoff, which will permit a depreciation writedown in 5 years, instead of 20 years or 40 years, as the case may be, once having that depreciation written down year by year, at that point any firm can claim a second amount of depreciation? I do not understand that that is even the law or the intent of the law.

Mr. MONRONEY. This deal has so many facets, completely unexplored by Congress, that I am asking whether the Federal income taxes, which are abated or absorbed by the Atomic Energy Commission, represent the normal tax depreciation, and will the Government get the advantage of it; or will the contractor postpone any chargeoff for depreciation, which I think it can do under the tax law, and at the end of 25 years have a $107 million plant and then start on the regular depreciation.

Mr. KNOWLAND. They will not get double depreciation. They will pay the tax. The Bureau of Internal Revenue would not permit a firm to write off a plant, in this field or any other field, under the accelerated plan and then permit a second depreciation under the slower system.

Mr. MONRONEY. I am not referring to that. The point I am trying to make is that someone is going to get an eventual tax deductibility of the depreciation. Does that depreciation charge-off come to the Federal Government through AEC in the first 5 years, and is the tax contribution based on the net taxable charge, less the quick depreciation on the first 5 years; or will that be postponed, to be taken at the end of the contract, when, in fact, the utility will have a $107 million plant, and then can start charging off depreciation for tax purposes? That makes a difference of about 50 percent on the taxes the corporation will have to pay after the expiration of the Government contract.

Mr. BUSH. I may say to the Senator that I have not seen the contract. I assume the Senator has not seen it either.

Mr. MONRONEY. No; that is what makes me worry.

Mr. BUSH. The normal expectancy in such a situation would be that the public utility operators would charge normal depreciation rates. There is nothing in the situation that would justify a 5-year accelerated depreciation.

Mr. MONRONEY. That depends on how the contract is written. As I understand, the Bureau of the Budget——

Mr. BUSH. The Senator is not asking me to give him facts, because I have not seen the contract.

Mr. MONRONEY. We are talking about hypothetical possibilities.

Mr. BUSH. I will say to the Senator it is inconceivable to me that there should be a 5-year accelerated depreciation clause in this contract.

Mr. MONRONEY. Why should it be inconceivable, if every other utility being built today is enjoying such a 5-year write-off, which would inure to the benefit of the Government? If this contract is written, as I believe the Bureau of the Budget says it is written, with tax immunity, then the promoters of the project are certainly going to throw in whatever deferred tax advantage they may have at the end of the expiration of the contract. That is why this situation involves a very distinct, difficult, and troublesome tax pattern, because what is going to one defense contractor eventually is going to be demanded by all. I believe that, according to the Budget Bureau announcement, the company will be able to defer claiming the depreciation until the end of the Government contract, in 25 years, and then, for tax purposes, it will have a $107 million writeoff, which it will be able to take over a certain number of years, and that would save this corporation 50 percent of the taxes on the amount they could defer in charging off their depreciation.

Mr. BUSH. It is inconceivable to me that the Government would enter into any contract that would give any windfall profits to this organization or any other organization with which it will do business. It is absolutely inconceivable to me that that would be done. I shall certainly investigate it, since it is in the Senator's mind and he has put it in my mind.

Mr. MONRONEY. The Senator will agree that that would be possible if the contract is one of tax immunity from the Federal income-tax standpoint.

Mr. BUSH. It is not tax immunity. Perhaps it is a play on words, but it is tax absorption. The Government agrees to pay certain variable expenses, one of which is fuel and the other is taxes. That is all right. I see no objection to that, so long as we know what we are doing. It is not tax immunity. The liability is created, and once the contract has expired, then the tax liability is complete.

Mr. MONRONEY. The Senator will agree with me that whatever is normal or customary depreciation ought to inure to the Government as the taxes are paid in this holding company operation.

Mr. BUSH. To put it in another way: I do not think the Government should be penalized in any way by any special accelerated depreciation charges in a contract of this nature.

Mr. MONRONEY. Whatever taxes the utility operator would pay would pass on to the Atomic Energy Commission.

Mr. BUSH. That is the way it is projected.

Mr. MONRONEY. It is not spelled out in any way. I can see a loophole if there is tax immunity. The company could defer for 25 years writing off depreciation.

Mr. BUSH. Under present tax rates, there is an estimated Federal tax liability of $800,000 which is set up as an annual expected charge. If there is to be accelerated depreciation, we would not have that figure.

Mr. MONRONEY. I am not so sure. I am not so much concerned with accelerated depreciation, because if they take it off in 5 years they soon do not have anything else to write off, so the Government would not share too greatly in a 5-year writeoff. But who gets the advantage of the depreciation, either fast or normal? It is not spelled out, and there will be a great windfall if the Government does not insist that all normal depreciation on the plant taxwise should be used to deduct the Federal tax payments. Otherwise they could postpone until the end of the contract the depreciation charge, and the $107 million could amount to 50 percent of that sum.

Mr. BUSH. I simply do not share the Senator's concern. I think any contract which provides for windfall profits to a utility company entering into such an important obligation with the United States Government is simply unconscionable. Such a provision could not be in the contract. But I intend to look into it and will let the Senator know what I find out about it.

Mr. MONRONEY. I should appreciate being advised about it, because it has concerned me quite a good deal. I can see that unless the contract is carefully drawn to specify that the Government is entitled to every tax advantage, we might wind up by passing on this $107 million worth of deductibility at the expiration of the contract.

Mr. CARLSON. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. CARLSON. I do not think there is any disagreement between the Senator from Oklahoma, the Senator from Connecticut, and myself as to depreciation. Once it is taken, whether it be in 5 years or 25 years—and it is generally to the advantage of corporations and other industries to take long-range depreciation—it is not accelerated depreciation. One may be taking depreciation at a time when tax rates are high. But I cannot conceive that the Internal Revenue Department would operate in that way. It follows the tax returns and depreciation charges very closely. I am confident that in this case it would do the same.

Mr. BUSH. I thank the Senator from Kansas, and I agree fully with him.

Mr. MONRONEY. Mr. President, will the Senator from Connecticut yield further?

Mr. BUSH. I yield.

Mr. MONRONEY. The Bureau of Internal Revenue would have nothing to do with it. It would be the choice of the taxpayer whether he writes off depreciation the first year or the second year or postpones it until he is ready to take it. The Bureau of Internal Revenue does not say, "You have got to take off depreciation." The Bureau is not concerned with it, because it represents a decrease in Government revenue.

Mr. KNOWLAND. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. KNOWLAND. I think the Senator from Connecticut has put his finger on the point. Either the $800,000 estimate of taxes represents the taxes based on the normal writeoff of depreciation or on the accelerated rate. I am inclined to agree, although I cannot say it factually, that it represents the normal rate of depreciation.

Mr. MONRONEY. I do not think that is important, so long as the Government gets the advantage of the fast or regular depreciation and comes out whole at the end of the period.

Mr. KNOWLAND. After getting back depreciation on a 5-year basis the tax item would be reduced, and to that extent the amount in the proposal for taxation would be that much less. Then the utility would be faced with the fact that when they had the plant they would have no depreciation left to carry on, and they would pay a heavier tax. The gamble would be whether at that point the taxes would be a little lower or a little higher. But, knowing the general problem faced by the Government, it would be quite a gamble to assume that the taxes would be much lower at that period of time.

Mr. MONRONEY. The main thing I want to say is that quick depreciation inures to reducing the contribution that AEC will make to absorb the Federal taxes. What worries me is immunity from Federal taxes.

Mr. BUSH. I shall certainly attempt to get the Senator some factual information on that point in 24 hours.

Mr. GORE. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. GORE. The colloquy which has just occurred illustrates the difficulties which may arise from the establishment of a precedent for reimbursement of taxes. I am speaking in all seriousness. Let me read the statement of the General Manager of the Atomic Energy Commission, appearing at page 949 of the hearings—and I should like very much to have the majority leader hear this:

> The proposal provides for reimbursement by the AEC for all taxes, licenses, and fees, State, local, or Federal.

That struck me as being most unusual. In my 16 years in Washington I have never heard of any contract containing such a proposal. I asked the legal section of the Congressional Library to find a precedent. After considerable search I was told they were unable to locate any precedent.

Mr. BUSH. I would make the observation that this is an unusual contract. It is hard to find a precedent for this kind of a contract.

Mr. GORE. I agree with the Senator completely.

Mr. BUSH. We agree on that. I will say to the Senator that I am personally familiar with at least one power contract under which one company, which takes power from another hydroelectric company, agrees to pay the taxes. That is a part of the costs. There are certainly variable costs and no one knows what they are going to be. One would be the cost of the fuel and another would be taxes. In order that there may be a satisfactory agreement, it is not at all a bad idea, in my judgment—in fact, it is a very sound idea—that those variables be taken into account as they are proposed to be taken into account in this contract.

Mr. KNOWLAND. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. KNOWLAND. Let us assume for a moment that the construction is done by the TVA rather than in the way that has been suggested. In effect we would be contributing the taxes because, obviously, there would be no Federal income tax on power charges. We would be in effect paying for the fuel. The TVA, in some instances, because it either had peak loads or otherwise, has actually sold at less than the cost of production. It is subsidized by appropriations from the Federal Government. So, to that extent, the Government, over a long term of years, would have to pay for the increasing fuel costs.

Mr. BUSH. That is correct.

Mr. KNOWLAND. It seems to me—and I think it is very clear—that certainly it is not the policy of the present administration to destroy the TVA, to make the TVA unworkable, to break up the TVA, or to do anything of that sort. But I think it is also true that there should be, as a matter of sound public policy, for the determination of what needs to be done in the future to develop properly the Tennessee Valley, which was the original idea of the Tennessee Valley Act, a precise knowledge of what the costs are, and a proper yardstick for measuring them. I think that applies not only to the Valley of the Tennessee—and I have been in that region, and I understand the great advantages and developments which have taken place, and I am sympathetic to them—but the same kind of honest yardstick in measuring costs should be applied to the Bureau of Reclamation projects and in connection with some of the Army civil engineering projects, so that the public may know precisely what the projects cost; whether there are apparent advantages or real advantages, or whether there are advantages accruing only from the fact that the private utility must pay taxes, and the publicly owned utility may not.

Even if it be demonstrated that there is no advantage, on a comparative cost basis, as a matter of public policy, and in maintaining a yardstick, so that the public may not be gouged, or so that there may not be overcharges by privately owned utilities, it still might be desirable to continue, and very likely there will be continued, a number of yardstick developments. But, at least, we should be able to do it with our eyes open; and both Congress, which is charged with collecting taxes from the American people and appropriating funds, and the American people themselves should be able to look at a balance sheet and know precisely what the charges are, and the extent of the advantages which are accruing from each type of development.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. BUSH. I yield to the Senator from Kansas.

Mr. CARLSON. It is important that the record be kept clear with respect to the taxes. The distinguished Senator from Tennessee read a proposal which provides for reimbursement by the AEC for all taxes, licenses, and fees, State, local, or Federal; paid or payable by the new corporation during the term of the contract, except that taxes arising out of the use of facilities for purposes other than the supply of capacity and energy to the AEC will not be paid by the AEC.

The reason for the last statement is that under the terms of the contract, there may arise situations when the Government would be using all the power which would be produced in its own system. In that case, of course, the Government would not pay taxes. But when the energy was not used by the AEC, but was sold to some other concerns for private use, taxes would have to be paid by the AEC, the same as in the case of a private corporation.

Mr. GORE. I read that statement into the RECORD 2 days, I may say to the Senator from Kansas.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. MANSFIELD. Can the distinguished Senator from Connecticut tell the Senate exactly what the pending bill does that the original McMahon Act cannot do?

Mr. BUSH. Mr. President, no; I am not prepared to go into that.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. BUSH. I yield.

Mr. HICKENLOOPER. There is no change. We are talking about a provision presently in the law. The pending bill does not change the existing law at

all. On the question of the contractual power of the AEC, there is utterly no change.

Mr. MANSFIELD. Except that an amendment was offered last year, which made a change in the original act.

Mr. HICKENLOOPER. I thought the Senator was speaking about the law in existence. The section was amended with respect to contract authorization, in connection with the Paducah, Portsmouth, and Oak Ridge situations, where additional power was needed, and Congress provided authority for the Commission to contract.

But the bill being considered today does not change the existing law with respect to that particular section at all. It merely carries over the existing law into the bill.

Mr. MANSFIELD. Why should there be new consideration of the act at this time, with such wide changes, if the basic tenets of the McMahon Act are still valid?

Mr. HICKENLOOPER. On that score, there is none. It was considered mechanically desirable to begin to rewrite the act. Many, many provisions in the original basic act, as amended, are continued in the bill. But new additions have been made, in order to accomplish an orderly result. A rewriting of the law really was essential. The bill does not open up anything else. The attack being made today is on section 164 of the bill we are considering, which is, verbatim, the law as it exists today. It is merely rewritten in the pending bill, but is a part of the present law.

Mr. MANSFIELD. Was not that portion written into the act last year?

Mr. HICKENLOOPER. Yes; last year. In other words, section 164 as it is proposed to be incorporated in the bill is the present law, and became the present law, as it now appears in section 164, last year.

Mr. MANSFIELD. Under the proposal now before the Senate, what is the status of the preference clause relating to public power aspects?

Mr. HICKENLOOPER. There is no change in that at all.

Mr. MANSFIELD. There is no change?

Mr. HICKENLOOPER. There is no preference clause, because the bill now being considered does not contemplate the Commission going into the commercial, competitive production of power.

Mr. MANSFIELD. That brings us to the Dixon-Yates contract. It is my understanding that when representatives of that concern appeared before, I think, the Power Subcommittee of the Committee on the Judiciary, they stated that they did not know anything about the specifications inherent in the contract which supposedly had been made, or was to be made. Is that correct?

Mr. HICKENLOOPER. The contract has not been made; it is still in the process of negotiation. I do not know what the final terms of the contract will be when they are arrived at, but the contract is in the state of negotiation now. It has not been signed, and sound conclusions have not been arrived at.

Mr. MANSFIELD. But this is the first instance in which a power concern in that area will be obligated, if the contract should be signed, to furnish power to the AEC; is it not?

Mr. HICKENLOOPER. Oh, no; not at all.

Mr. MANSFIELD. Have other private companies supplied power to the AEC?

Mr. HICKENLOOPER. There are two private power companies furnishing power to the Portsmouth plant and the Paducah plant. Last year a combination of power production groups was formed to use the private companies and TVA. Each furnished large amounts of electricity to the atomic-energy plants. There are contracts existing now with the EEI and the OVEC. They are private companies which contract with the AEC and TVA. The three elements or entities have combined to furnish power now to Portsmouth and Paducah, and I presume some to Oak Ridge.

Mr. MANSFIELD. Will those private power companies furnish kilowatts at a rate cheaper than the rate charged by the TVA?

Mr. HICKENLOOPER. I think not. I do not have the figures at hand, and am not prepared to discuss that particular phase at the moment; but the figures are comparable.

Mr. MANSFIELD. Inasmuch as the TVA is a Government operation, would it not be possible to continue to build steam plants in that area, so that cheap power could be generated to supply another Government agency, in this instance the Atomic Energy Commission?

Mr. HICKENLOOPER. It could be done if Congress wanted to do it. That is the question which is now being debated.

Mr. MANSFIELD. Would the vice chairman of the committee recommend such a proposal?

Mr. HICKENLOOPER. No.

Mr. GORE. Mr. President, will the Senator yield?

Mr. BUSH. I yield to the Senator from Tennessee.

Mr. GORE. I should like to return to the question of taxing authority. The Senator from Connecticut has cited a case involving two companies, in which one company was to reimburse the other.

Mr. BUSH. Yes, I pointed that out.

Mr. GORE. That is an entirely different matter from a contract between a corporation and the taxing authority, which in this case is the Federal Government.

Mr. BUSH. The Senator is correct in that there is a difference, but the principle which is established is that there is a variable condition. There is a Federal tax bill for which compensation must be made, or else it will have to be provided for in the rate. There are local and State taxes, and there is the cost of fuel, which is a variable cost. Those items either must be provided for in an adjustable rate, or else they must be set aside from the factors which go into the making of rates. They are not items which can take care of themselves. That is the basis of the proposal. It is out in the open for all to see. It seems to me that is more satisfactory than trying to incorporate it in the rate.

Mr. GORE. What I am trying to distinguish between, for the consideration of the Senate, is the granting of tax immunity by the Government to a corporation, on the one hand, and a contractual relationship between two corporations on the other.

Mr. BUSH. The corporation is not being granted tax immunity.

Mr. GORE. Will the Senator let me proceed for a moment?

Mr. BUSH. The corporation is going to be taxed.

Mr. GORE. Oh, no, it is not.

Mr. BUSH. Oh, yes, it is going to be taxed by the States and the localities, and all that is provided for is that the Government will assume the tax liability. There is not going to be any tax exemption.

Mr. GORE. Including the tax liability imposed by the Federal Government itself?

Mr. BUSH. Exactly.

Mr. GORE. Let us follow that line of reasoning. Suppose that an unfortunate emergency befalls the country and we are forced to increase taxes. I join the Senator in the hope that that will not occur, but if it does, the particular company under discussion would be remarkably unaffected. It would not bear any additional burden.

Mr. BUSH. Let me say to the Senator that nobody in his right mind would make a 25-year contract for power at fixed rates unless he had some variables provided for, in the event there was a variable in the cost of the items. If there is no assumption of the variables by the Federal Government in the contract, then there would have to be a fluctuating power rate. The Senator will agree with that, will he not?

Mr. GORE. Will the Senator yield?

Mr. BUSH. I asked the Senator a question. Will he not answer it?

Mr. GORE. Yes.

Mr. BUSH. That is the point.

Mr. GORE. I agree that the variables need to be known, but income taxes are based upon profits, and I wish to point out to the Senator that the net result of the provision will be twofold: One result will be that it will permit the electric rate structure to appear to be more favorable than it in fact is. The second is that it will operate to guarantee, not a variable profit, but an annual profit.

To illustrate how that would be reflected in the rate structure, if the Senator will make certain assumptions on a simple calculation, let us suppose we want to create a corporation in order to obtain a Government contract, and that we wish to arrange it so that that corporation will have a net return, after taxes, of $1 million. Let us assume the rate of taxation for that particular corporation will be 50 percent. I think the Senator would agree that it would be necessary to have a net earning of $2 million before taxes in order to have $1 million left after taxes. The Senator agrees with that, does he not?

Mr. BUSH. Yes.

Mr. GORE. Very well. Now let us take a case in which the Government reimburses all the Federal income taxes. If the corporation has a net earning before taxes of $1 million, it would pay $500,000 in taxes; and then if the Federal Government reaches down in its

other pocket and hands back that half million dollars, the corporation would still have the $1 million annually throughout the life of the contract, and the taxes would not be reflected in the rate structure. Does the Senator get that point?

Mr. BUSH. No; I am sorry, I do not get it.

Mr. GORE. I am sorry. I tried hard to convey the point to the Senator.

Mr. BUSH. I know the Senator did. The Senator is trying to make the point that the corporation somehow will benefit exceptionally from the arrangement by which the Government will assume the tax liability, and I say to the Senator that the contract is perfectly clear, so that no one is going to be fooled by it, and it provides a perfectly proper way, in a 25-year contract, which is a long-time contract, to take care of variable costs. In fact, I cannot think of a better way, and I suppose that is the reason why the provision was made.

Mr. GORE. The way to take care of variable costs, with regard to fuel, for instance, is by means of an escalator clause, and I understand contracts do so provide.

Mr. BUSH. Yes.

Mr. GORE. But it is unprecedented—I repeat, it is unprecedented—to give to a corporation or a citizen immunity from taxes.

Mr. BUSH. I may say to the Senator again that there is no immunity.

Mr. GORE. The corporation is guaranteed reimbursement for whatever taxes it might pay.

Mr. BUSH. I submit that is a very different thing.

Mr. GORE. I submit it amounts to the same thing. We may use two different words, reimbursement or immunity.

Mr. BUSH. If the contract should be canceled immediately, the company would have assumed all the liability for taxes, fuel, and all other costs.

Mr. GORE. I said immunity throughout the life of the contract.

Mr. BUSH. I prefer to use the other language.

Mr. GORE. I will be glad to use the word "reimbursement." I know of no precedent. I have asked the Congressional Library to find a precedent for such a provision, and they said they were unable to find one. I know of no such precedent.

Mr. BUSH. May I ask the Senator if he asked them to find a precedent for a contract like the one being proposed?

Mr. GORE. I did.

Mr. BUSH. Have they found one?

Mr. GORE. They have not.

Mr. BUSH. No wonder, then; it is a new idea.

Mr. GORE. I think it would be a very unwise precedent to set.

Mr. BUSH. It is a new idea. I think that is the reason why no precedent is found for it at the Library.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. BUSH. Yes.

Mr. HICKENLOOPER. As the Senator pointed out, at no place in the Dixon-Yates proposal to the agency are the words "reimbursement" or "immunity" from taxes used. That is not the language contained in the proposal. That is an expression which has crept into the debate in the Senate quite by accident, through what I think is an ill-advised use of terms by the Bureau of the Budget. It is not a reimbursement or immunity from taxes.

Mr. BUSH. It is an assumption.

Mr. HICKENLOOPER. It is an assumption on a formula for payment, which includes fixed costs, which will go into the cost of the operation of the plant by the Dixon-Yates group. It may well be argued that it is, in effect, reimbursement; but if that is true, then it should be recalled that every time General Motors makes a contract with the Government for tanks the taxes are figured in the cost.

This whole discussion reminds me of the old story about the sheriff who once had a hole shot through his hat when he was arresting a person. The next month he put in a bill to the board of supervisors, in which he included an item of $10 for one hat shot while arresting a person. The board of supervisors sent his bill back to him and stated, "Sorry. We can't allow this item of $10. We do not pay for articles of personal clothing destroyed in the performance of official duty." The sheriff received the refusal, and changed the expense account. The next month he sent in an account for expenses again to the board of supervisors. It was a very properly prepared expense account, with each item specified on each line, and at the bottom he totaled the items; but down at the bottom he wrote, "P. S.—The hat is in here, but you can't find it." [Laughter.]

The item of taxes is included in everything the Government purchases. They are not necessarily corruptly concealed, but are figured in the cost of doing business. So far as the question of taxes and reimbursement is concerned, that is taken care of in the language which TVA puts into its contracts.

Perhaps the Senator from Connecticut pointed it out, but I should like to read the language which TVA demands in its contract with the Atomic Energy Commission. The TVA puts into its contract with the Atomic Energy Commission the following phrase, which I quote from the contract:

> It is understood that the buyer—

That is, the Atomic Energy Commission—

> will pay such additional amounts for capacity and energy as will result—

Oh, I beg pardon; I read the wrong section.

I shall read from the TVA proposal. I began to read the Dixon-Yates proposal, which does not use the term "reimbursement." But here is the TVA requirement of the AEC, and the AEC signed it:

> In the event that Authority—

The Authority is the TVA—

> is required by any law enacted after January 1, 1953, to pay any amounts for or in lieu of taxes which it would not have been required to pay except for the supply of power hereunder, including, without limitation, any payments resulting from Authority's ownership or operation of steam electric-generating or other facilities required for such supply of power, Commission will reimburse Authority for such payment. Authority will confer with Commission before making any payment for which it would be entitled to such reimbursement in whole or in part.

So in its very contract with the Commission the TVA includes the word "reimbursement," in case it later has to pay taxes.

Mr. BUSH. I thank the Senator from Iowa for making that point clear. I think he has made a considerable contribution to this colloquy.

Mr. GORE. Mr. President, will the Senator from Connecticut yield to me?

Mr. BUSH. I yield.

Mr. GORE. Lest the Senator from Iowa think I invented the word "reimbursement" in connection with this matter——

Mr. HICKENLOOPER. I did not say that. I said that word came in through language which I thought was unfortunately used in the Bureau of the Budget statement. I did not say the Senator from Tennessee used that term.

Mr. GORE. I thought it was presented to the Congress on that basis.

I should like to emphasize that in relation to tax matters it is not proper to compare a contract between two private corporations, on the one hand, with a contract between a private corporation and the Government on the other. Neither is it on all fours to compare a relationship between two wholly owned Government corporations, because if the law to which the able Senator from Iowa has referred is changed, Congress will change it. Therefore, in the contract the Tennessee Valley Authority was merely saying that if Congress changes the law with respect to the TVA rate structure, that shall be taken into consideration by the other Government agency, namely, the Atomic Energy Commission. So it is not the same thing at all.

Mr. HICKENLOOPER. Mr. President, will the Senator from Connecticut yield to me?

Mr. BUSH. I yield.

Mr. HICKENLOOPER. I do not wish to get into a discussion of whether we are multiplying apples by eggs, in this case—in other words, the exact perspective of the TVA and the AEC and private contracts. I brought up the point that the principle of accelerated costs by way of increased taxes is one insisted upon by the TVA itself, as a yardstick for measuring its rates; and that the principle which is involved in the tax cost of the Dixon-Yates contract is identically the same as the principle the TVA insists upon in its contracts.

Mr. GORE. I beg pardon, Mr. President——

Mr. BUSH. Mr. President, I should like to make an observation before the Senator gets further away from the initial point. He seems to take issue with my suggestion that in contracts between private companies the principle of tax absorption is embodied and he seems to feel that I am not aware of a difference involved in contracts with the Government. Of course, I am aware of it. I cited it only as an example that in busi-

ness contracts—and this is one—the principle of absorbing variables, including taxes, is nothing new. That is all. The Senator can have his own opinion—and I shall not argue the matter further with him—as to whether it is proper to have that in a contract with the Government. I think it is entirely proper. In fact, I cannot think of any basis of contract more satisfactory than to have the variables out in the open.

Mr. GORE. Mr. President, will the Senator from Connecticut yield?

Mr. BUSH. I yield.

Mr. GORE. I think it is the ultimate of satisfaction to the private corporation, certainly.

Mr. BUSH. I say it is to the satisfaction of both the Government and the corporation. It is the only way of settling the matter clearly—in the open.

Mr. GORE. Mr. President, if the Senator from Connecticut will yield further, let me say, to return to the question raised by the Senator from Iowa, that the provision in the contract between the TVA and the AEC does not relate at all to Federal income taxes. It relates to a payment in lieu of taxes which the TVA might, by Congress, be required to make, not to the Federal Government, but to the localities in which the TVA operates. That is an entirely different matter from Federal income taxes.

Again I point out that under this contract, throughout its life, no matter what emergency might arise, requiring an increase in the corporate tax rate or an increase in the excess-profits tax, this concern would have special treatment—satisfactory to it, I daresay; but no matter how much higher Congress might raise the burden of taxation upon other corporations or other persons, this particular concern would have a bombproof shelter; it would have immunity from taxation.

Mr. BUSH. That is a difference that I simply cannot reconcile with the Senator from Tennessee.

Mr. President, I am about to yield the floor, if there are no further questions.

Mr. GORE. Mr. President, before the Senator from Connecticut yields the floor, let me thank him for his courtesy in yielding. I enjoy discussion with him, both in private, in committee, and on the floor of the Senate. He is a very estimable gentleman.

Mr. BUSH. I thank the Senator from Tennessee for those very kind remarks, and I may say I reciprocate them.

ORDER FOR RECESS TO 10 A. M. TOMORROW

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate completes its labors today it stand in recess until 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

INCLUSION OF SENATE BILL 880 IN NEXT CALL OF THE CALENDAR

Mr. KNOWLAND. Mr. President, I ask unanimous consent that on the next call of the calendar, No. 1794, Senate bill 880, to amend the license law of the District of Columbia, may be included.

The PRESIDING OFFICER. Without objection, it is so ordered.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. HICKENLOOPER obtained the floor.

Mr. CARLSON. Mr. President, will the Senator from Iowa yield to me, to permit me to suggest the absence of a quorum?

Mr. HICKENLOOPER. First, Mr. President, I should like to make a statement by way of explanation.

Mr. President, I am about to suggest the absence of a quorum, because I wish to submit a series of 5 or 6 amendments which I have discussed with the Senator from Tennessee, and which I believe do not go to the fundamentals of the bill. The amendments make some rearrangements and are in the nature of making corrections. However, I think it is proper to have a quorum call, so that the membership of the Senate may know what we are about to take up.

Therefore, Mr. President, I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HICKENLOOPER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HICKENLOOPER. Mr. President, I offer the amendments which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendments offered by the Senator from Iowa will be stated.

The LEGISLATIVE CLERK. On page 101, line 21, before section 251 it is proposed to add as a new section 241 the following:

SEC. 241. Nothing in this act shall be deemed to repeal, modify, amend, or alter the provisions of section 9 (a) of the Atomic Energy Act of 1946, as heretofore amended.

On page 104, line 14, it is proposed to strike all of section 4.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc.

Mr. HICKENLOOPER. Mr. President, I wish to make a brief explanation of the amendments.

These amendments bring over into the organic law the reference in section 4 of the bill which merely kept alive section 9 (a) of the Atomic Energy Act of 1946. Section 9 (a) of the act directed the President to transfer to the Commisson all interests owned by the United States in materials relating to atomic energy. This was a provision which was applicable in 1946 and 1947 when the Commission was formed. It is kept in the act only in order to permit the Commission to acquire those properties which are the subject of the provision in case there are still any such which it has not received. It has no further operation than that.

The last line of the amendment, reading "on page 104, line 14, strike all of section 4," is a matter of mechanics. The amendment would merely transfer the section as it now appears in the bill, from a place near the end of the bill to a place in the bill where it will be a part of the organic law, and will provide better continuity.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. PASTORE. As a matter of fact, all the amendment does is to improve the draftsmanship of the bill. It does not change the substance of it.

Mr. HICKENLOOPER. The Senator is correct.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments offered by the Senator from Iowa.

The amendments were agreed to.

Mr. HICKENLOOPER. Mr. President, I offer the amendments which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendments offered by the Senator from Iowa will be stated.

The LEGISLATIVE CLERK. On page 69, line 13, after the word "material", it is proposed to add "or atomic energy."

On page 63, line 12, it is proposed to delete the word "ADVISORY."

On page 68, lines 13–14, it is proposed to delete the word "Advisory."

On page 70, line 1, it is proposed to delete the word "Advisory."

On page 70, line 25, after "section 151", it is proposed to add "or section 154."

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc.

Mr. HICKENLOOPER. These amendments are minor amendments to the patent sections and provide for a drafting correction to section 156 (b), by adding the phrase "or atomic energy" to the phrase "production or utilization of special nuclear material", making the phrase read "production or utilization of special nuclear material or atomic energy." Furthermore, it returns the title of the Patent Compensation Board to its former title in place of "Patent Compensation Advisory Board" as proposed in the bill.

The elimination of the word "advisory" has been considered a proper correction. It gives a little more flexibility to the Patent Compensation Board.

The PRESIDING OFFICER. The question is on agreeing en bloc to the amendments offered by the Senator from Iowa.

The amendments were agreed to.

Mr. HICKENLOOPER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Iowa will be stated.

The LEGISLATIVE CLERK. On page 91, line 4, it is proposed to amend section 182 to read as follows:

SEC. 189. Hearings and judicial review:

a. In any proceedings under this act, for the granting, suspending, revoking, or

amending of any license or construction permit, or application to transfer control, and in any proceedings for the issuance or modification of rules and regulations dealing with the activities of licensees, and in any proceeding brought under the provisions of section 152, and in any proceeding for the payment of compensation, an award or royalties under section 156, 186 (c) or 188, the Commission shall grant a hearing upon the request of any person whose interest may be affected by the proceeding, and shall admit any such person as a party to such proceeding.

b. Any final order entered in any proceeding of the kind specified in subsection a. above entered in an "agency action" of the Commission shall be subject to judicial review in the manner prescribed in the act of December 29, 1950, as amended (ch. 1189, 64 Stat. 1129), and to the provisions of section 10 of the Administrative Procedure Act, as amended.

Mr. HICKENLOOPER. Mr. President, this section reincorporates the provisions for hearings formerly made part of section 181 but clearly specifies the types of Commission activities in which a hearing is to be required. The purpose of this revision is to specify clearly the circumstances in which hearings are to be held. The section also reincorporates the former provisions of section 189 dealing with judicial review. There is a slight change in wording merely to clarify the intent of Congress with respect to the extent of the applicability of the act of December 29, 1950, and the applicability of the section 10 of the Administrative Procedure Act.

I state that this is a procedural operation, and does not go to the fundamentals of the so-called cross-patenting provision, or any provision of that kind.

Mr. PASTORE. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. PASTORE. As a matter of fact, referring to the bill S. 3690, as reported by the committee, at page 84, under chapter 16, "Judicial Review and Administrative Procedure," and extending to page 85, in line 11, the bill refers to "agency action." That wording was thought to be too broad, broader than it was intended to make it. The amendment limits the provision to hearings on licenses in which a review shall take place.

Mr. HICKENLOOPER. The Senator from Rhode Island is correct. This is a corrective amendment which clarifies the situation.

The PRESIDING OFFICER (Mr. CRIPPA in the chair). The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. HICKENLOOPER].

The amendment was agreed to.

Mr. HICKENLOOPER. Mr. President. I call up my amendment 7–14–54–F.

The PRESIDING OFFICER. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 76, line 11, after the words "source materials", it is proposed to strike out the phrase "which are adequately available within the United States" and insert "which are regularly obtainable from domestic producers within the United States."

Mr. HICKENLOOPER. Mr. President, the amendment on page 76, line 11, changing the words "which are adequately available within the United States" in subsection 161 (l) to "which are regularly obtainable from the domestic producers within the United States" is proposed in order to clarify the intent of the proviso. The subsection permits the Commission to import free of duty certain materials—especially source materials—purchased abroad. The intent of the proviso is to permit the Commission to use this power only when the materials are not regularly obtainable within the United States. It was not thought proper to permit the Commission to import free of duty items which are regularly produced within this country. This would create an unfair competition for American producers as against foreign producers who would no longer be required to add a duty on the price of their goods.

The only exception is source materials, which the Commission can introduce. The language as originally determined by the committee contained the words "adequately available." The committee thought that that term was sufficiently protective, but certain persons who are interested in the mining industry in the United States felt that the word "adequately" might be interpreted to mean materials which are produced in this country, in complete needed quantity, and they suggested that it would be clearer if we said "regularly obtainable." It would mean that the Commission could not willy-nilly and whimsically demand that such minerals as copper, lead, and zinc shall be imported free of duty. We have no intention of doing that. I believe the amendment clarifies the language in that respect. With the exception of source materials, it will apply to materials regularly imported into this country as not being eligible for duty-free admission.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. HICKENLOOPER].

The amendment was agreed to.

Mr. HICKENLOOPER. Mr. President, I call up my amendment 7–14–54–G.

The PRESIDING OFFICER. The Secretary will state the amendment.

Mr. HICKENLOOPER. Mr. President, if there is no objection, I ask that the amendment be not read. I shall give a short explanation of the intent of the amendment.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD at this point.

The amendment offered by Mr. HICKENLOOPER is as follows:

On page 84, amend section 181 to read as follows:

"SEC. 181. General: The provisions of the Administrative Procedure Act (Public Law 404, 79th Cong., approved June 11, 1946) shall apply to all agency action taken under this act, and the terms 'agency' and 'agency action' shall have the meaning specified in the Administrative Procedure Act: *Provided, however,* That in the case of agency proceedings or actions which involve restricted data or defense information, the Commission shall provide by regulation for such parallel procedures as will effectively safeguard and prevent disclosure of restricted data or defense information to unauthorized persons with minimum impairment of the procedural rights which would be available if restricted data or defense information were not involved."

Mr. HICKENLOOPER. Mr. President, the change in section 181 relating to the Administrative Procedure Act is to provide the Commission with a little more flexibility in dealing with procedures than was provided in this section in the bill. This proposal requires the Commission, where restricted data and defense information are concerned, to establish parallel procedures to those regularly employed. But the procedures are such as to protect against the wrongful dissemination of restricted data and defense information while at the same time preserving as many of the normal procedures as is possible. The section in the bill required the Commission to have identical but secret proceedings.

I move the adoption of the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. HICKENLOOPER].

The amendment was agreed to.

Mr. HICKENLOOPER. Mr. President, I call up my amendment 7–14–54–H.

The PRESIDING OFFICER. Does the Senator from Iowa desire the amendment to be read?

Mr. HICKENLOOPER. There is no need to have it read. I shall make a short explanation of it.

The PRESIDING OFFICER. Without objection, the amendment will be printed in the RECORD at this point.

The amendment offered by Mr. HICKENLOOPER is as follows:

On page 103, line 1, amend section 2 to read as follows:

"SEC. 2 a. Section 1 (d) of the act of December 29, 1950 (64 Stat. 1129), is amended by inserting before the period at the end thereof a semicolon and the following: 'when such order was entered by the Atomic Energy Commission, "agency" means that Commission.'

"b. Section 2 of the act of December 29, 1950 (64 Stat. 1129) is amended by inserting before the period at the end of the first paragraph thereof a semicolon and the following: 'and (d) of the Atomic Energy Commission made reviewable by section 189 of the Atomic Energy Act of 1954, as amended.'"

Mr. HICKENLOOPER. Mr. President, section 2 of the bill has been revised in order to amend the definition of "agencies" within the act of December 29, 1950, so that the Atomic Energy Commission is brought within that definition. This section also provides that an appeal from an order of the Atomic Energy Commission shall be subject to the same judicial review provided for other regulatory agencies. There is no change in the substance intended by this modification.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Iowa [Mr. HICKENLOOPER].

The amendment was agreed to.

Mr. HICKENLOOPER. Mr. President, I call up my amendment "I."

The PRESIDING OFFICER. Does the Senator desire the amendment read?

Mr. HICKENLOOPER. I have no objection, if some Senator wishes to have it read. I ask unanimous consent to have it printed in the RECORD, and I shall make a brief explanation of it.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HICKENLOOPER'S amendment is as follows:

On page 48, line 3, amend section 105 c to read as follows:

"c. Whenever the Commission proposes to issue any license to any person under section 103, it shall notify the Attorney General of the proposed license and the proposed terms and conditions thereof, except such classes or types of licenses, as the Commission, with the approval of the Attorney General, may determine would not significantly affect the licensee's activities under the antitrust laws as specified in subsection 105 a. Within a reasonable time, in no event to exceed 90 days after receiving such notification, the Attorney General shall advise the Commission whether, insofar as he can determine, the proposed license would tend to create or maintain a situation inconsistent with the antitrust laws. Upon the request of the Attorney General, the Commission shall furnish or cause to be furnished such information as the Attorney General determines to be appropriate or necessary, to enable him to give the advice called for by this section."

Mr. HICKENLOOPER. Mr. President, because of certain problems suggested by the Attorney General, the antitrust provision of section 105 c is proposed to be modified by this amendment somewhat to accord with provision in the Federal Property and Administrative Services Act. Under the proposed change, the Attorney General would advise the Commission whether a proposed license would create a situation inconsistent with the antitrust laws. There is no provision for hearing, but the information developed by the Commission would be a part of the administrative record. This amendment was specifically suggested by the Attorney General.

Mr. BRICKER. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield.

Mr. BRICKER. Does the amendment remove from the bill as it was reported by the committee the provision in regard to the Federal Trade Commission?

Mr. HICKENLOOPER. Yes, it does.

Mr. BRICKER. This is an amendment adopted by the full committee after I was called into the conference on the housing bill; is that correct?

Mr. HICKENLOOPER. I was not personally present at the time the committee adopted the amendment, but, as I understand, there was no objection. Everyone there agreed to it. I am perfectly willing to vote for it myself.

Mr. BRICKER. I was very anxious that the Federal Trade Commission provision be stricken out.

Mr. HICKENLOOPER. The amendment does that. In effect, it says the Attorney General shall advise the Commission whether a proposed license will, in the opinion of the Attorney General, create a situation inconsistent with the antitrust laws.

Mr. BRICKER. If the Attorney General should advise that there would be no violation of the antitrust laws, and then ultimately be called upon to prosecute, would a dangerous situation be created? In other words, would the advice of the Attorney General be an absolute defense, as against prosecution, to those who were licensed?

Mr. HICKENLOOPER. No; it could be an absolute defense, in my opinion. I do not believe it would create a controlling situation, a situation where the prior act would be controlling in any future prosecution or future litigation which might arise. It is an advisory situation under the conditions obtaining at the time the license is applied for.

Mr. BRICKER. Of course, the Attorney General is the legal adviser to the departments of the Government. I was concerned whether making such a provision officially a part of the act might have some binding effect upon the present or future Attorneys General.

Mr. HICKENLOOPER. I would be bound to say to the Senator that if terms and conditions of a license were set forth in the application and the Attorney General advised the Commission that in his opinion at that time the terms and conditions of the license did not create a situation inconsistent with the antitrust laws, and if the license, without any change or alteration or modification, were granted on that basis, I should think it would have an influence on a later decision.

Mr. BRICKER. Certainly a controlling effect.

Mr. HICKENLOOPER. I would not say "controlling," not necessarily. I do not think the courts would be bound by an opinion of the Attorney General. They could overturn it. But it would have an influence.

Mr. PASTORE. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield.

Mr. PASTORE. Will the Senator admit that it is the clear intention of the joint committee that the provision shall in no way constitute a bar to or estop future action on the part of the Attorney General for violation of any antitrust law?

Mr. HICKENLOOPER. Yes, indeed.

Mr. PASTORE. Will the Senator admit that such a provision is now a part of the Federal Property and Administrative Services Act, and that the Attorney General has approved the procedure proposed by this amendment?

Mr. HICKENLOOPER. I believe the Senator has stated it correctly. There is no intention of setting up a preliminary bar to any future legal action, either by the Government or by a private citizen or group of citizens. They will have their rights. It is a matter of advice in the manner of a pretrail examination so to speak, as used in the courts. I would not say it corresponds to a pretrial examination, because I think a pretrial hearing has certain controlling features.

Mr. BRICKER. Mr. President, will the Senator from Iowa yield further?

Mr. HICKENLOOPER. I yield.

Mr. BRICKER. The doctrine of estoppel does not run against the Government, anyway. It might prove an embarrassing situation to the Attorney General. It may be that this is the only way it can be worked out, but I have always been doubtful that there could logically lie against a licensee of a Government commission such as the Atomic Energy Commission any antitrust suit. The responsibility lies with the Atomic Energy Commission.

Mr. HICKENLOOPER. An antitrust lawsuit would not lie against the Commission.

Mr. BRICKER. No; against the licensee.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. HICKENLOOPER], identified as "I."

The amendment was agreed to.

Mr. HICKENLOOPER. Mr. President, I call up my amendment 7–14–54–J.

The PRESIDING OFFICER. Does the Senator wish to have it stated?

Mr. HICKENLOOPER. No, Mr. President; I ask unanimous consent that it be printed in the RECORD without reading.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HICKENLOOPER'S amendment is as follows:

On page 103, strike out all after line 11, over to and including line 11, on page 104, and insert in lieu thereof the following:

"Beginning at the center quarter corner of section 30, township 10 north, range 4 east, New Mexico principal meridian, Bernalillo County, New Mexico, thence south no degrees twenty-three minutes thirty seconds west one thousand nine hundred forty-seven and twenty-one one-hundredths feet, thence north eighty-nine degrees thirty-six minutes forty-five seconds east two thousand sixty-eight and forty one-hundredths feet, thence north eighty-nine degrees three minutes fifteen seconds east five hundred and forty-six feet, thence north no degrees thirty-nine minutes no seconds east two hundred thirty-two and seventy one-hundredths feet, thence north eighty-nine degrees twenty-one minutes no seconds west eight hundred fifty-two and twenty one-hundredths feet, thence north no degrees thirty-nine minutes no seconds east five hundred and sixty-one one-hundredths feet, thence along the back of the south curb of West Sandia Drive, Sandia Base, Bernalillo County, New Mexico, eight hundred sixty-five and sixty one-hundredths feet; thence north no degrees thirty-nine minutes no seconds east one thousand three hundred thirty-five and three-tenths feet to a point south eighty-nine degrees twenty-seven minutes forty-five seconds west a distance of thirty feet from the quarter corner common to sections 30 and 29, township 10 north, range 4 east, thence south eighty-nine degrees, twenty-seven minutes forty-five seconds west two thousand six hundred twenty-three and forty one-hundredths feet to the point of beginning."

Mr. HICKENLOOPER. Mr. President, this is a section, earlier defined in the metes and bounds, of the residential property of Sandia Base over which exclusive jurisdiction is being returned to the State of New Mexico. It has been redefined because of a technical error found in the original language. Exclusive jurisdiction is being given back to the State of New Mexico because the people who live on the reservation really have no acceptable forum in which to have their property rights settled.

They have questions of divorce action and other questions and cannot have them adjudicated. The Commission believes that jurisdiction over the area should be returned to the State of New Mexico so that the laws of that State

will apply. However, when the description was sent to the committee and we put it into the bill as it now appears, in checking it we found with reference to the exact metes and bounds that the line of demarcation ran right down the middle of one of the avenues, and on the boundary line. So one-half of the street would be under Federal jurisdiction and the other half would be under the jurisdiction of the State of New Mexico. Therefore, we asked to have the property so described redrawn and replotted. We now believe that the action taken is without doubt correct and that it accomplishes the purpose. The effect is that one line of demarcation of the property is moved from the middle of the street to the curb line of the right-of-way.

The amendment merely contains a restatement of the metes and bounds, and a description of the property to be retroceded to the State of New Mexico. That is the occasion for the amendment, and I think it is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. HICKENLOOPER].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

REMOVAL OF TAX EXEMPTION FROM FOUNDATIONS WHICH GIVE FINANCIAL AID TO COMMUNIST AND COMMUNIST-FRONT ORGANIZATIONS AND INDIVIDUALS

Mr. WELKER. Mr. President, on the front page of a New York newspaper of July 14 there appeared a Washington dateline story, with the byline of Edwin L. Dale, Jr., which, in my opinion, is full of misinformation and, in my opinion, is full of propaganda against the McCarran amendment to the tax bill.

Senators will remember this amendment, which passed the Senate without a dissenting vote, and which would remove tax exemption from foundations and other organizations that give money to Communist and Communist-front organizations and individuals.

The headline on this front-page story in the New York newspaper was: "Foundations Imperiled by Sleeper in Tax Bill."

Mr. President, the amendment was no "sleeper." The news story says it was accepted without debate. That is not so. The senior Senator from Nevada explained the amendment fully on the floor of the Senate at the time he offered it, and before it was voted into the bill.

Furthermore, the amendment itself was not new. The Senator from Nevada [Mr. MCCARRAN] first offered this proposal on January 7, 1953, in the form of an original bill, which was referred to the Senate Committee on Finance. The Senator from Colorado [Mr. MILLIKIN] stated on the Senate floor, at the time the McCarran amendment was debated, that this was not a new proposal, but was one which had been before the committee for a considerable time.

Mr. President, it is wholly false to say the bill will put any of the big foundations out of business. But it will, I hope, put them out of the business of giving money to Communists and Communist causes, if any so do.

No foundation has anything to fear from the amendment if it does not and will not aid subversives and subversive organizations.

The New York newspaper story makes some absurd statements. For instance, it says that under the McCarran amendment the Rockefeller Foundation would have to be able to prove that every Egyptian peasant getting DDT was not a Communist.

Mr. President, the McCarran amendment specifically provides that no penalty shall attach in the case of any donation made by an organization to an individual solely for charitable purposes to supply food, clothing, shelter, or other necessities for such individual or for members of his family or household.

Similarly, the amendment provides that no penalty shall attach in the case of any donation made by an organization to an individual solely for the purpose of providing medical or hospital services for such individual or for members of his family or household.

The newspaper story to which I have referred points out that there is in the bill a provision which says a foundation will be safe if it receives from the recipient of a grant a sworn statement that it—or he—is not a subversive organization as defined—herein—unless the donor organization knows or has reason to know that such organization—or individual—is subversive. That is not an accurate quotation from the bill, but in substance, it is a correct statement of what the bill provides. The newspaper story then goes on to say that this means every officer of the foundation would be charged with having opportunity to know that the recipient might be lying. That statement is absolutely false. It is the reverse of what the McCarran amendment in fact provides. What the amendment says is that an organization shall be charged with the knowledge of its officers and agents. In other words, if an officer or agent of a foundation knows that the recipient of a particular donation is a Communist, the foundation itself will be charged with that knowledge. This is a wholly reasonable provision. Foundations are not thinking entities. Foundations are run by people. It is only right that when something is known to the people who are running a foundation, it should be legally chargeable as knowledge by the foundation.

This newspaper article to which I refer, Mr. President, says that the foundations are making a strong effort to have the McCarran amendment stricken from the bill in the conference committee. I cannot believe that statement. I do not know to what extent effort is being fostered or promoted by such organizations as the Institute of Pacific Relations, which was for many years the beneficiary of grants from foundations. The Institute of Pacific Relations, the Senate Internal Security Subcommittee found, "has been considered by the American Communist Party and by Soviet officials as an instrument of Communist policy, propaganda, and military intelligence, and which the committee also found was infiltrated by Communists and was used for pro-Communist and pro-Soviet purposes."

I know, Mr. President, that the amendment was voted into the bill by the Senate of the United States. I am absolutely confident that the House of Representatives, if given an opportunity to vote on the amendment, would not reject it. If the conferees should strike the amendment from the bill, it will be done on their own responsibility. I hope the Senate conferees will not do so, and I do not think they will assent to doing so, for the Senate has voted on the matter and has included the amendment in the bill. The House conferees, I hope, would only vote for striking the amendment from the bill on the theory that the House was opposed to it. But the House has not opposed it. The House has not had an opportunity to vote on it. I hope that if the House conferees are in any doubt at all about this matter, they will take the amendment back to the House in disagreement and get a House vote which will guide them. If the House should vote against the amendment, then, clearly, the House conferees would be justified in opposing it in the conference committee. But unless and until the House has voted against the amendment, if the House conferees seek to eliminate it, the responsibility for doing so will be theirs personally.

Mr. President, I think the people of America are going to watch to see what happens to this amendment. Here is a strong anti-Communist provision which has been written into the tax bill by the Senate of the United States. If it is rejected in the conference committee, I believe the people of the country will want to know why, and who was responsible. The amendment should not be rejected, Mr. President; and I do not believe it will be rejected.

I ask unanimous consent that the news story to which I have referred, together with the text of the McCarran amendment, as adopted by the Senate, may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article and amendment were ordered to be printed in the RECORD, as follows:

FOUNDATIONS IMPERILED BY SLEEPER IN TAX BILL

(By Edwin L. Dale, Jr.)

WASHINGTON, July 13.—A sleeper amendment added to the big tax revision bill on the Senate floor threatens to curtail severely or even put out of business the big foundations such as the Carnegie and Rockefeller Foundations.

The foundations, awakening belatedly to the implications of the amendment, are making a strong effort to have it stricken out of the bill in the House-Senate conference which begins tomorrow.

The amendment has an innocent-sounding purpose—namely to prevent the foundations and charitable organizations generally from making grants to Communist and Communist-front organizations and individuals. It was introduced by Senator PAT MCCARRAN, Democrat, of Nevada, and accepted without debate by the Senate after Senator EUGENE D. MILLIKIN, Republican, of Colorado, chairman of the Finance Committee and floor manager of the bill, agreed to take it to conference.

The threat to the foundations arises from the details of the amendment whose central point is removal of tax exemption from any institution which makes grants to Communists. The same threat holds for churches and tax-exempt charities generally.

The key gimmick is a provision which would abolish tax-exempt status for any institution which makes a grant to a subversive individual, as distinct from an organization. If out of the 3,000 grants made annually by the Rockefeller Foundation, for example, one went to an individual who later proved to be a Communist-sympathizer, the foundation would lose its tax-exempt status for a minimum of 2 years—enough virtually to put it out of business.

Furthermore, the same rules apply to grants made abroad. Under a strict interpretation of the amendment, the Rockefeller Foundation would have to be able to prove that every Egyptian peasant getting DDT was not a Communist.

The loss of tax exemption would have the effect of cutting in half the income of most of the big foundations. That, in turn, would cut in half their grants. Furthermore, the amendment removes the deductibility from taxable income of gifts made by individuals to institutions which lose their tax-exempt status because of grants to subversives.

The requirement of the bill which, perhaps more than any other, worries the foundations is one which says a foundation will be safe if it receives from the recipient of a grant "a sworn statement that it (or he) is not a subversive organization as defined (herein), unless the donor organization knows or has reason to know that such organization (or individual) is subversive."

"OPPORTUNITY TO KNOW"

This means, as the brief of one foundation puts it, that some sort of affidavit would be required with every grant. But worse still, every officer of the foundation would be charged with having "opportunity to know" that recipient might be lying.

The foundation asks: "Would a charge be made in an anonymous letter be held to furnish a 'reasonable opportunity to know?' Would the adverse testimony of a witness before a congressional committee be regarded as placing an organization on notice, even if such testimony was not followed up by a finding of the committee itself? Would a charge by a Senator or Representative that a particular university is subversive endanger the tax exemption of any organization which made a grant to that university?"

This foundation asks: "Would the Congress wish us, before making any grant to the University of Oxford, to demand that its chancellor furnish an affidavit that it neither advises nor teaches the propriety of overthrowing the Government of the United States by force or violence?"

The Treasury has been advised of the fears of the foundations, and the Internal Revenue Service is understood to be opposed to the amendment on the ground that it will cause a tremendous problem of enforcement. The issue, however, now rests with the 5 Senators and 5 Representatives of the conference committee.

The committee comprises Representatives DANIEL A. REED, Republican, New York, chairman of the House Ways and Means Committee; THOMAS A. JENKINS, Republican, Ohio; RICHARD M. SIMPSON, Republican, Pennsylvania; JERE COOPER, Democrat, Tennessee; and JOHN D. DINGELL, Democrat, Michigan; the other ranking majority and minority members of that group, and Senators EUGENE D. MILLIKIN, Republican, Colorado, chairman; EDWARD D. MARTIN, Republican, Pennsylvania; JOHN J. WILLIAMS, Republican, Delaware; WALTER F. GEORGE, Democrat, Georgia; and HARRY F. BYRD, Democrat, Virginia, ranking members of the Senate Finance Committee.

Amendment intended to be proposed by Mr. MCCARRAN to the bill (H. R. 8300) to revise the internal revenue laws of the United States, viz: At the proper place in the bill add the following:

"Chapter 38 of the Internal Revenue Code is amended by adding at the end thereof a new section as follows:

"'SEC. 3815. Denial of exemption under section 101 (6) in the case of organizations making donations to subversive organizations or individuals.

"'(a) Definitions: For the purposes of this section:

"'(1) Subversive organization: The term "subversive organization" means any organization which (A) advocates, abets, advises, or teaches the duty, necessity, desirability, or propriety of overthrowing or destroying the Government of the United States by force or violence, or (B) is on the list of organizations furnished by the Attorney General pursuant to part III, section 3 of Executive Order No. 9835 of March 21, 1947, or (C) is registered (or required by a final order of the Subversive Activities Control Board to register) with the Attorney General under section 7 of the Subversive Activities Control Act of 1950.

"'(2) Subversive individual: The term "subversive individual" means any individual who (A) advocates, abets, advises, or teaches the duty, necessity, desirability, or propriety of overthrowing or destroying the Government of the United States by force or violence, or (B) is a member of any subversive organization as defined in paragraph (1) of this subsection, or (C) is registered or required to be registered with the Attorney General under section 8 of the Subversive Activities Control Act of 1950.

"'(3) Donation: The term "donation" includes (A) any gift, contribution, or grant of money, property, services, or any other thing of value, and (B) any loan of money, property, services, or any other thing of value, other than a loan in the course of a bona fide business transaction.

"'(b) Denial of exemption:

"'(1) General rule: No organization which makes a donation to any subversive organization or to any subversive individual shall be exempt from taxation under section 101 (6).

"'(2) Exceptions: The provisions of paragraph (1) of this subsection shall not apply in the case of any donation made by an organization to—

"'(A) an individual solely for charitable purposes to supply food, clothing, shelter, or other necessities for such individual or for members of his family or household; or

"'(B) an individual solely for the purpose of providing medical or hospital services for such individual or for members of his family or household; or

"'(C) an organization which furnishes to the donor organization in advance of such donation a sworn statement that it is not a subversive organization as defined in subsection (a) (1) of this section, unless the donor organization knows or has reasonable opportunity to know that such organization is a subversive organization; or

"'(D) an individual who furnishes to the donor organization in advance of such donation a sworn statement that he is not a subversive individual as defined in subsection (a) (2) of this section, unless the donor organization knows or has reasonable opportunity to know that such individual is a subversive individual.

For the purposes of this subsection, an organization shall, with respect to the making of any donation, be charged with the knowledge or opportunity to know of any officer, agent, or employee of such organization who actively participates in the making of such donation.

"'(3) Taxable years affected: A denial of exemption under section 101 (6) by reason of this section shall be effective for taxable years commencing with the taxable year during which the Secretary, after notice and opportunity for a hearing, determines that an organization has made a donation to which the provisions of this subsection are applicable.

"'(c) Future status of organization denied exemption: Under regulations prescribed by the Secretary, any organization denied exemption under section 101 (6) by reason of this section may, during any taxable year following the taxable year in which exemption is denied, file claim for exemption, and if the Secretary, pursuant to such regulations, is satisfied that there is no reason for believing that such organization will again make a donation which would be grounds for denial of exemption by reason of this section, such organization shall be exempt under section 101 (6) with respect to taxable years subsequent to the taxable year in which such claim is filed.

"'(d) Disallowance of certain charitable, etc., deductions: No gift or bequest for religious, charitable, scientific, literary, or educational purposes (including the encouragement of art and the prevention of cruelty to children or animals), otherwise allowable as a deduction under section 23 (o) (2), 23 (q) (2), 162 (a), 505 (a) (2), 812 (d), 861 (a) (3), 1004 (a) (2) (B), or 1004 (b) (2) or (3), shall be allowed as a deduction if made to an organization during a taxable year of such organization in which it is not exempt under section 101 (6) by reason of this section, unless such gift or bequest is made prior to the date of the Secretary's determination under subsection (b) (3) that such organization has made a donation to which the provisions of subsection (b) are applicable.'

"SEC. 2. (a) Section 23 (o) (2) of the International Revenue Code is amended by inserting after 'sections 3813' the following: ', 3815.'

"(b) Section 23 (q) of the Internal Revenue Code is amended by inserting after 'section 3813' the following: ', 3815.'

"(c) Section 101 (6) of the Internal Revenue Code is amended by striking out 'sections 3813 and 3814' and inserting in lieu thereof 'sections 3813, 3814, and 3815.'

"(d) Section 162 (a) of the Internal Revenue Code is amended by striking out 'section 23 (ee);' and inserting in lieu thereof the following: 'section 23 (ee). For disallowance of certain charitable, etc., deductions otherwise allowable under this subsection, see section 3815.'

"(e) Section 505 (a) (2) of the Internal Revenue Code is amended by inserting after 'sections 3813' the following: ', 3815.'

"(f) Section 812 (d) of the Internal Revenue Code is amended by inserting after 'sections 3813' the following: ', 3815.'

"(g) Section 861 (a) (3) of the Internal Revenue Code is amended by inserting after 'sections 3813' the folowing: ', 3815.'

"(h) Section 1004 (a) (2) (B) of the Internal Revenue Code is amended by inserting after 'sections 3813' the following: ', 3815.'

"(i) Section 1004 (b) of the Internal Revenue Code is amended by inserting after 'sections 3813' the following: ', 3815.'

"SEC. 3. The amendments to the Internal Revenue Code made by this act shall be applicable only with respect to taxable years ending after the date of enactment of this act. The provisions of section 3815 (b) of the Internal Revenue Code, as added by this act, shall be applicable only with respect to donations (as defined in section 3815 (a) (3)) made after the date of enactment of this act."

RULING BY INTERNATIONAL COURT OF JUSTICE ON AWARDS TO CERTAIN PERSONS DISMISSED FROM EMPLOY OF THE UNITED NATIONS

Mr. JENNER obtained the floor.

Mr. WELKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Without objection, it is so ordered.

Mr. JENNER. Mr. President, the International Court of Justice at The Hague has just handed down a ruling which is of vital concern to every person in the United States. I refer to the decision that the U. N. Assembly is to pay the damages awarded to American employees of the U. N. who were asked to testify before the Internal Security Subcommittee about their membership in the Communist apparatus or about acts of subversion in support of the Soviet Union, and who refused to answer under the fifth amendment protection against self-incrimination.

Upon presentation of the evidence in our hearings, the Secretary-General, Mr. Trygve Lie, dismissed these employees on the ground that refusal to answer questions about matters that might incriminate them was conduct unbecoming to U. N. civil servants. The dismissed employees appealed. The U. N. Administrative Tribunal, set up to hear employee appeals, upheld the arguments of the dismissed employees and their lawyers. It awarded damages totaling $179,420 to 11 of the employees. Their lawyers argued that Communist membership was not political action, but private opinion. Their arguments followed the familiar Communist practice of legal sabotage of established processes, and use of judicial hearings for agitation and propaganda.

The American representative to the U. N., Hon. Henry Cabot Lodge, protested; and the Assembly refused to pay the damages, without having a judicial opinion on the matter. The International Court of Justice has now upheld the Administrative Tribunal. It has ruled in effect that U. N. employees from non-Soviet nations who refuse to deny obedience to the Soviet fifth column are proper civil servants of the U. N.

The fact that damages are to be paid to U. N. civil servants of American nationality, who have a record of pro-Communist acitivity, is important in itself. The people of the United States will have to pay at least one-third of this sum, through appropriations to U. N. The effect on loyal civil servants who have no secret ties with the U. S. S. R. is also obvious.

Far more important, however, is the legal support given by the tribunal and the Court to a fifth column within the U. N. Secretariat, governing the actions of employees who claim to be nationals of non-Communist countries.

The people of the United States and their representatives in Congress view with deep concern the disclosure of a legal network which protects such employees, against the wishes of the Secretary General, and apparently of the U. N. Assembly, in spite of the declared principles of the U. N. that their employees shall not engage in poltical activity, or acts hostile to a member nation.

The question now rests with the U. N. Assembly. It must decide whether it can insure that the U. N. administrative tribunal, in its quasi-judicial functions, will not reverse established U. N. policies, or whether the Assembly is powerless to bring its personnel policies within the commitments made to member states.

I have addressed the following letter to the American representative to the U. N., the Honorable Henry Cabot Lodge, asking him to continue the efforts he has been making so ably, to present the American point of view on this issue, and to cooperate with representatives of other non-Communist nations which object to use of non-Communist nationals in the U. N. Secretariat as a secret fifth column of the Soviet Union:

UNITED STATES SENATE,
Washington, D. C., July 15, 1954.

Hon. HENRY CABOT LODGE,
United States Representative,
The United Nations, New York, N. Y.

DEAR MR. AMBASSADOR: The Internal Security Subcommittee of the Senate is interested in the recent findings of the International Court of Justice, which upheld damage awards to the American employees of the U. N. staff, who had been dismissed by the Secretary-General because they refused to answer the committee's questions about their Communist affiliations on the ground of self-incrimination.

Our subcommittee, pursuing the duty assigned it by Congress, to investigate subversive activities by American citizens, made a thorough inquiry into the Communist connections of Americans on the U. N. staff. You were kind enough to appear at this inquiry and testify about the problems involved.

Our subcommittee found that certain American members of the U. N. Secretariat had close links with the Communist apparatus, directed from Moscow. They had, in many instances, been placed in their positions in the U. N. as part of the interlocking subversion between Government departments, private agencies, members of the U. N. secretariat and the Communist apparatus, obviously for no good purpose. When asked about these links, the U. N. employees invoked the fifth amendment and refused to answer questions, because the answer might incriminate them.

Secretary-General Trygve Lie held that refusal to answer questions on such grounds was conduct unbecoming to international civil servants and dismissed the employees involved. This position is similar to that taken by our National Government and various State governments, which dismiss civil servants who have need to invoke the fifth amendment.

The employees appealed to the U. N. Administrative Tribunal, which reversed the Secretary General in 11 cases, and ordered reinstatement, payment of awards for damages, or both, to American employees of U. N. who would not state that they were not Communists.

As you know, the indignation among our people was widespread. For one thing, approximately one-third of such payments must come from funds voted by Congress and paid by American taxpayers. Even more important, the privileges and immunities we have given to U. N. employees, if abused, constitute a highly dangerous and well-protected opportunity to undermine our Nation's security.

Our subcommittee found, in its report of March 22, 1954, that a Communist fifth column exists within the U. N. staff, and that Soviet agents use U. N. privileges as a cover for espionage and subversion.

This concerns all non-Communist nations, though our concern is greater because most of this activity occurs within our borders. The question now is whether the U. N. Assembly will adjust its personnel policies to conform to the stated U. N. principle that staff members are not to engage in political activities hostile to member states.

The position of counsel for the dismissed employees was, in general, that Communist activities were not political acts but private beliefs. This flies in the face of all the evidence that membership in the Communist apparatus imposes the obligation of continuous political activity favorable to the Soviet Union and dangerous to the existence of the United States and other non-Communist states.

The U. N. Administrative Tribunal upheld the position of the lawyers for the dismissed employees, against the position of the Secretary General. It ruled that the employees had been damaged, not by their connections with communism or subversion, but by being asked to tell of their activities openly.

The International Court has upheld the curious position of the administrative tribunal. The situation now is that the position of the American Government, the U. N. Assembly, and the U. N. Secretary General, has been reversed by a U. N. administrative agency concerned with employee grievances, and that this board, heavily biased in favor of the Soviet position, has been upheld by the International Court.

It may be too late to stop such shocking awards in the case of past services, but the United States Congress must make certain that no such awards to secret pro-Communists shall be paid again. It must also have assurance that the U. N. staff is truly nonpolitical, and does not harbor an unrecognized outpost of the Cominform, working against the interests of our country and all other free nations.

The Senate has voted, but the House has not yet approved, S. 3, which will prevent employment of Americans in the U. N. Secretariat who cannot get clearance that they have not engaged in subversive activities. Passage of this bill should remove from the U. N. Secretariat Americans who have served the fifth column. Perhaps the representatives of other non-Communist nations will wish to cooperate in efforts to remove all members of the Soviet fifth column, claiming to be loyal citizens of any non-Communist nations.

The responsibility falls on the U. N. Assembly to make clear its position on the obligations of U. N. civil servants, and to insure that its stated commitments will be carried out by all parts of the U. N. establishment.

I hope you will be able to press for a final decision by the Assembly on whether employees may remain on the staff of the U. N., if they are secret Communists, working for the ends of the Soviet Union, while asking to be accepted as loyal citizens of non-Communist states.

I trust you will urge the U. N. Assembly to reexamine the U. N. Administrative Tribunal, and decide how its policies may be brought into line with U. N.'s stated objectives.

The U. N. Assembly should make its policies on this critical issue of the integrity of its staff, clear beyond the shadow of a doubt.

If the U. N. Assembly is unable to impose its stated policies on its staff members, and the U. N. staff can be used as a beachhead for the advance of Communist power, then

Congress should know the facts. It can then reexamine its legal ties with, and its financial contribution to, an agency whose staff includes secret collaborators with the Soviet attack on free nations.

Sincerely yours,

WILLIAM E. JENNER.

Mr. WELKER. Mr. President, will the Senator from Indiana yield to me?

Mr. JENNER. I yield.

Mr. WELKER. I should like to ask the Senator from Indiana whether it is a fact that of the original administrative tribunal which made the outlandish decision which resulted in the two of us going to New York to hold further hearings, not one American was a member?

Mr. JENNER. That is correct. But in view of the way the tribunal is composed that could logically follow, because its membership is not static and permanent.

Mr. WELKER. Of course that is true.

Will the Senator from Indiana yield for a further question?

Mr. JENNER. I yield.

Mr. WELKER. In the cross-examination of some of those who have been granted the large indemnities and reinstatement——

Mr. JENNER. Indemnities, primarily.

Mr. WELKER. Yes. I should like to ask whether it is a fact that their appeal was perfected upon unsworn statements, not in the form of affidavits at all.

Mr. JENNER. That is my understanding. Furthermore, the hearing was held in this country, because those who are asking for damages were not allowed to have passports to go to Europe, where the tribunal should sit.

Mr. WELKER. Will the Senator from Indiana state why they were not allowed passports?

Mr. JENNER. I do not know that I can say that. But they were not cleared by the State Department's Immigration Service.

Mr. WELKER. Very well. I thank the Senator from Indiana.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a question?

Mr. JENNER. I yield.

Mr. HICKENLOOPER. Does the Senator feel that this strange and fantastic decision by the members of the International Court of Justice who sat in this case indicates a complete ignorance on the part of those jurists as to the nature of the international Communist conspiracy?

Mr. JENNER. Apparently it does.

Mr. HICKENLOOPER. Does not that indicate an utter naivete on the part of those persons who sat in judgment in this case, and that the international Communist conspiracy is, in fact, a political as well as a military movement for the purpose of the enslavement of all the free peoples of the world?

Mr. JENNER. It certainly does.

Mr. HICKENLOOPER. Is it not fantastic to think that men who are at least presumed to be intelligent and to have some breadth of vision could be so naive as to hold that those persons who probably had been associated with the international Communist conspiracy are only faddists in their own minds, and that they are not participating in any activity directed toward the overthrow of governments of other nations, contrary to the regulations of the United Nations Organization?

Mr. JENNER. It certainly is. That is the reason for this letter calling the subject to the attention of our Ambassador. If the matter cannot be settled within the United Nations Organization, Congress must know about it so that it can act accordingly.

Mr. HICKENLOOPER. I congratulate the Senator for bringing this extraordinary decision and action of the International Court of Justice to the attention of the country. I can only say, to put it mildly, that I am very much disappointed at the failure of the International Court to come to grips with the realities of the issue of international communism. It raises a question in my mind as to the ability of the International Court to approach realistically, judiciously, and judically the very patent facts that anyone who has any knowledge of the international Communist conspiracy knows to exist.

Mr. WELKER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). Does the Senator from Indiana yield to the Senator from Idaho?

Mr. JENNER. I yield.

Mr. WELKER. I know that in the Senator's letter to the Ambassador, he says that perhaps it is too late to correct the past situation. However, I wish to assure the Senator from Indiana that when and if I am called upon to vote for one dollar of indemnity or liability or damage to any individuals who are haled before the committee on which I have the honor of serving with the Senator from Indiana, I shall say, "No; never will I ask the taxpayers of America, some of whom have lost boys in Korea, and others who may lose them in other places, to spend one dime of their hard-earned money for indemnifying that class of people."

Mr. JENNER. I am hopeful that the entire Senate will take the same attitude.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. GORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. HENDRICKSON in the chair). The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Hickenlooper	Millikin
Bush	Holland	Monroney
Carlson	Humphrey	Mundt
Case	Jenner	Murray
Dirksen	Johnson, Tex.	Payne
Dworshak	Kerr	Potter
Fulbright	Knowland	Russell
George	Kuchel	Schoeppel
Gore	Magnuson	Symington
Hayden	Malone	Thye
Hendrickson	Martin	Watkins

Mr. KNOWLAND. I announce that the Senator from Wyoming [Mr. BARRETT], the Senator from Nebraska [Mrs. BOWRING], the Senator from Arizona [Mr. GOLDWATER], and the Senator from New Hampshire [Mr. UPTON] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Louisiana [Mr. ELLENDER], the Senator from Rhode Island [Mr. GREEN], the Senator from Nevada [Mr. MCCARRAN], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from West Virginia [Mr. NEELY] are absent on official business.

The Senator from Missouri [Mr. HENNINGS] is necessarily absent.

The PRESIDING OFFICER. A quorum is not present.

Mr. CARLSON. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay Mr. ANDERSON, Mr. BEALL, Mr. BENNETT, Mr. BRICKER, Mr. BRIDGES, Mr. BURKE, Mr. BUTLER, Mr. BYRD, Mr. CAPEHART, Mr. CHAVEZ, Mr. CLEMENTS, Mr. COOPER, Mr. CORDON, Mr. CRIPPA, Mr. DANIEL, Mr. DOUGLAS, Mr. DUFF, Mr. EASTLAND, Mr. ERVIN, Mr. FERGUSON, Mr. FLANDERS, Mr. FREAR, Mr. GILLETTE, Mr. HILL, Mr. IVES, Mr. JACKSON, Mr. JOHNSON of Colorado, Mr. JOHNSTON of South Carolina, Mr. KEFAUVER, Mr. KENNEDY, Mr. KILGORE, Mr. LANGER, Mr. LEHMAN, Mr. LONG, Mr. MANSFIELD, Mr. MAYBANK, Mr. MCCARTHY, Mr. MORSE, Mr. PASTORE, Mr. PURTELL, Mr. REYNOLDS, Mr. ROBERTSON, Mr. SALTONSTALL, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. SMITH of New Jersey, Mr. SPARKMAN, Mr. STENNIS, Mr. WELKER, Mr. WILEY, Mr. WILLIAMS, and Mr. YOUNG entered the Chamber and answered to their names.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. MONRONEY. Mr. President, in consideration of the bill to modernize and bring up to date the Atomic Energy Act, Congress will be taking a monumental step into a future which may be filled with a new kind of headlines.

If in the years to some the fears which may come from headlines that a new type H-bomb has been devised, either by ourselves or by the Russians, can be replaced with news of new blessings to all mankind from the peaceful release of neuclear and gaseous fusion, we shall have a different kind of world.

If in the bill before us, the blueprint for helping to create a new kind of world filled with the blessings of atomic energy, instead of a world in which the people live in the shadow of fears, is a good one, the 83d Congress will have kept the faith.

That is why the bill is of such tremendous importance as we cross the threshold of peaceful use of the atom on a scale which has not been contemplated in the present era.

The importance of the Atomic Energy Commission in the blueprint will be paramount. The members through their decisions will affect the pattern of our economics and our growth, as well as

the industrial use of this great power. Perhaps the power of the atom will far exceed the power which could be generated by harnessing all of our streams with gigantic hydroelectric projects. I do not pretend to know, and I do not feel that any other Member of the Senate can pretend to know, the future impact of the bill being considered today.

But, Mr. President, I am certainly convinced, after reading the hearings and listening to much of the debate this far on the bill, that the Eisenhower administration is taking a very great gamble in injecting into the blueprint for the future the muddle which it has created in the proposed Dixon-Yates contract.

Up to this time the Atomic Energy Commission has remained above the level of controversy over public against private power, and above partisan politics. It has maintained its dignity and fairness as it has prepared the way to lead us into a new century of atomic defense and atomic usefulness.

Now, for no adequate reason that I can see, the administration has cut loose from its moorings of nonpartisanship, it has ignored the danger signals of special privilege, and has injected the Atomic Energy Commission into a crusade in behalf of a private power monopoly.

I do not intend to discuss the intricacies of the strained thinking and queer reasoning behind this new step which takes the AEC into a political and private-power jungle fight. This is a new and unwise step that the administration forces the Atomic Energy Commission into.

I wish to question the wisdom of placing so vital an agency in this kind of position. I desire to point out the dangers of using the atom as a football in a controversy that the Atomic Energy Commission should never have been forced into.

In the past the Atomic Energy Commission has gone quietly and efficiently about its work, free of the controversies which have delayed, and in many cases stymied, the development of our natural resources.

The Commission has been able to do this because the Congress and the public had confidence in their dedication to their job, which was preserving this Nation's safety. Because of such confidence, the appropriations have been made without discussion or recrimination. No hobbles had to be placed on the Commission in our appropriation bills, and a superjoint committee of Congress was able to forget partisanship in its task of supervising and cooperating with the Atomic Energy Commission.

Certainly there have been some fights on the floors of both Houses over items which the Commission needed for its great work. But, Mr. President, the fights occurred not about the heads of the Commission members, nor about the Commission itself or its decisions; they occurred over appropriations for TVA or other suppliers of materials needed to be purchased by the AEC.

Bad as I feel this ill-conceived contract to be, dangerous as are the precedents it sets, loaded as it has been with special privilege for a giant electrical holding company, all of these dangers are secondary to the fact that the administration has now placed the AEC into the strongest whirlpool of politics.

Some of the great brains that have been brought into this administration may feel that this is only a skirmish, and that, with a few shots fired on the floor of the Senate, all the dangers of this fusion of the atom with the internal politics of the giveaway plan of our natural resources will disappear with the passage of the pending bill.

The men who believe this and those who surround the President little know the great damage they create in stripping the Atomic Energy Commission of the confidence of every Member of the Congress and all of the public which it has heretofore enjoyed.

Mr. President, I should like to read at this time an editorial from the Birmingham Post-Herald entitled "Let Atom Splitters Alone." This is one of the Scripps-Howard newspapers which gave President Eisenhower his strongest support during the last campaign.

I shall now read the editorial:

LET ATOM SPLITTERS ALONE

Last January, the President refused additional funds to the TVA for new electric power generating facilities. He said, "arrangements are being made to reduce, by the fall of 1957, existing commitments of the TVA to the Atomic Energy Commission by 500,000 to 600,000 kilowatts."

This, he went on, "would release the equivalent amount of TVA generating capacity or meet increased load requirements of other consumers in the power system and at the same time eliminate the need for appropriating funds from the Treasury to finance additional generating units."

We weren't exactly enthusiastic about this proposal; but we could see it might be a reasonable way to meet increasing TVA power needs.

Now Mr. Eisenhower has set in motion by a Presidential order, a scheme which some persons are presenting as carrying out the budget message proposal. But, in fact, it does nothing of the sort. What this order does is endanger our greatest national defense enterprise.

Mr. Eisenhower has ordered the Atomic Energy Commission to sign a contract with Middle South Utilities, Inc., and the Southern Co., for purchase of 650,000 kilowatts of power to be pumped into the TVA grid at Memphis. The new plant of the two private utilities is to be built on "made" land in West Memphis, Ark., an area once inundated by a great Mississippi River flood.

Three of the five members of the Atomic Energy Commission oppose the contract. They point out that the AEC has no power needs either at Memphis or West Memphis. The closest AEC facilities are at Paducah, Ky., where the atomic plant is served by both a private power company and the TVA.

Thomas Murray, the AEC Commissioner chiefly responsible for the fact that a private company is serving AEC with power at Paducah, is one of those who opposes the contract the President has ordered. He told the Joint Congressional Atomic Energy Committee that through the contract AEC is being used as a vehicle to supply expanding power needs of the Memphis area. He said he could not see how this contract is in the interest of the atomic program.

There apparently is no present intention on the part of AEC of canceling its power contract with TVA at Paducah. Thus, the new power it is to buy is not intended to reduce TVA's commitments to AEC, as the President promised in January.

In fact, under the Eisenhower order, as shown by Commissioner Murray's testimony, AEC is being used as a power broker for TVA. And this over the opposition of a majority of the AEC Board.

The Atomic Energy Commission was set up for a very simple and important purpose—important to this country and to all the free world. It was created to produce atomic (and now hydrogen) weapons.

Whatever the legal lights may say, we believe the President—as Commander in Chief—has no right to pitch the AEC into the midst of a bitter controversy over extraneous matters, by requiring it to negotiate and sign the contract with the private companies to furnish TVA with electricity.

President Eisenhower, for the good of our national defense, which is rooted in what we hope is our atomic superiority should immediately revoke his order to AEC to buy power at Memphis where it has no need for it.

Let the AEC buy power where it needs it, or not at all.

If other agencies need power, let them get it through some other means than the AEC.

Let the atom splitters go right on splitting atoms; keep them out of controversies where they have no business. (Birmingham Post-Herald.)

I quite agree with this editorial. If the problem of supplying added electric power to TVA is great in the Memphis area—and if the Congress will refuse to meet this need by necessary appropriations for a new plant—let the TVA contract to buy power somewhere to fill this need.

The use of the Atomic Energy Commission as an errand boy either for the TVA or for the private utility interests is a grave misuse of the power and the authority the Congress has vested in this supersensitive agency.

Not only is this misuse of the AEC bad from its political and public relations standpoint, but this step may lead—undoubtedly it will lead in the future—to the kind of controversy and restrictive legislation that would reduce the fast pace of atomic development to a slow crawl.

If, as some of the attorneys for the administration claim, the use of the AEC as an errand boy for other agencies or private power is perfectly legal, such restrictive legislation that will hamper its future development is inevitable.

I can picture the hullabaloo that would be occasioned by my Republican friends if a Democratic President had attempted to stretch the clear meaning of the act, and by devices similar to the Dixon-Yates contract endeavored to assist some municipally owned electric system in acquiring a $107 million property in 25 years with only $5 million of capital.

Mr. GORE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. PURTELL in the chair). Does the Senator from Oklahoma yield to the Senator from Tennessee?

Mr. MONRONEY. I am glad to yield to my distinguished friend.

Mr. GORE. The able and distinguished Senator from Oklahoma has just brought out in the debate a point which I have not heretofore heard expressed. In his next to the last sentence the Senator made the suggestion that if the Atomic Energy Commission is to stretch

the meaning of the words "in connection with" to include the building of a plant hundreds of miles away, unrelated to the purposes for which Congress passed the act, the Congress either might or would inevitably find it necessary to surround other activities, including those of the Atomic Energy Commission, with perhaps unduly restrictive language.

Mr. MONRONEY. I certainly feel that is the likely course which the Congress will pursue every year as the appropriation bill for the Atomic Energy Commission comes before it. If the authority contained in the law to enable the Commission to buy power directly is stretched by virtue of a 25-year contract, the Congress will go through every appropriation bill in succeeding years with a fine tooth comb, in order that it may write legislation which will be restrictive to a greater and greater degree, so it may protect the public interest and prevent the stretching of the intent of laws and authorities, which I feel has been done in this case.

Thus the freedom of movement of the Commission and the confidence the Congress and the general public have had in this vital program, and which have done so much to speed it up, will have been lost as a result of the Commission's violation of the clear intent of the law in this case; and, consequently future appropriation bills for the Atomic Energy Commission will be surrounded with riders and with the innumerable difficulties incident to attempts to incorporate such riders in the appropriation bills for the Atomic Energy Commission. As a result, the Commission, instead of having a clear line of authority, will have greatly restricted authority in connection with the expenditure of its appropriations.

Furthermore, I believe it inevitable that if this contract is signed and carried out, a cloud will hang over 95 percent of the bonds which are expected to be sold to innocent purchasers, because the funds for payment of the interest on the bonds must be appropriated by Congress, and if any Congress were to choose to decide that this action was not authorized by law, and that it was not within the authority of the Atomic Energy Commission to do such a thing, a point of order would lie against any appropriation bill item calling for the appropriation of funds for the payment of the interest on the bonds, and that would apply to the appropriation of funds for the payment of interest in connection with 95 percent of the bonds. For instance, under those circumstances, when the appropriation bill for the Atomic Energy Commission was before the House of Representatives, the Speaker of the House or the House as a whole could rule that such an item in the appropriation bill for the Atomic Energy Commission was without authority of law. Thus, one Member of the House of Representatives would be able to raise the point of order, and the result would be to strike the item from the appropriation bill.

Mr. HILL. Mr. President, will the distinguished Senator from Oklahoma be so kind as to yield to me?

Mr. MONRONEY. Indeed, Mr. President, I am glad to yield.

Mr. HILL. Of course, Mr. President, what the distinguished Senator from Oklahoma has said regarding the situation which would exist in the House of Representatives may be said equally well regarding the situation which would exist in the Senate, too. Any appropriation of that sort has, first, to be authorized by law, if the item for it is to be carried in the appropriation bill. Unless it is authorized by law, any attempt to include such an item in an appropriation bill is subject to a point of order.

I say to the distinguished Senator from Oklahoma that, as a member of the Appropriations Committee, I feel so strongly that any translation of the Dixon-Yates proposal into a contract would be absolutely unauthorized and would be absolutely without any legal basis, that I, as a member of the Appropriations Committee, would feel constrained, when the appropriation bill came before the committee, to challenge and challenge and challenge and to continue to challenge any appropriation proposed for the purpose of carrying out such an illegal contract.

Mr. MONRONEY. I thank the distinguished Senator from Alabama. I have not yet reached a discussion of the situation in the case of proposed appropriations unauthorized by statutory law. However, I know that in the House of Representatives, only one Member of the House could raise such a point of order; and, on the decision of the Chair—and I refer to the decision of the Chairman of the Committee of the Whole, not the decision of the Speaker of the House of Representatives, but the decision of the Chairman of the Committee of the Whole, which position is a revolving one, and can be filled by any Member who happens to be in the chair at the time—the entire appropriation item could be deleted from the appropriation bill.

In the Senate the situation would be approximately as difficult; for if the Vice President or any Senator then occupying the chair were to rule that the appropriation item was made under authority of law, an appeal would immediately be made to the Senate itself; and a mere majority of the Senate could override the decision of the Chair. Thus, the item calling for the appropriation of funds with which to finance the payment of interest on approximately $100 million of bonds would be removed from the appropriation bill, and the money could not be appropriated.

Therefore, I think that illustrates the lack of wisdom and the lack of sound policy in attempting to do, without authority of law, that which the Atomic Energy Commission, or, in this case, the Bureau of the Budget, is seeking to do by law stretching. If it wishes to safeguard the private contracting parties for this $107-million project, the least it could do would be to seek legislative authority for it, so that the right to pay interest on the $100 million of bonds would at least be provided in connection with future appropriations to be made by the Congress.

Mr. SPARKMAN. Mr. President, will the distinguished Senator from Oklahoma yield to me?

Mr. MONRONEY. I am very happy to yield to my distinguished friend the Senator from Alabama.

Mr. SPARKMAN. Since so many questions have been asked about the legality of the proposal, and since its legality has been questioned by the General Accounting Office, and since a majority of the Atomic Energy Commission actually voted against the wisdom of proceeding with the contract, does it not appear to the Senator from Oklahoma, who is making such a magnificent presentation, that the investment houses or investment companies which would be called upon to finance, or would be expected to finance, the undertaking would be rather slow to enter into such an undertaking?

Mr. MONRONEY. I should judge that that would be the case, because even in my own State, a small municipality that proposes to build only a $500,000 addition to its waterworks, for instance, must have the bonds it issues as a municipality approved by the attorney general of the State before the bonds can legally be issued and before the bond buyers would accept them.

Under these circumstances, in view of the very tenuous and questionable right of repayment and the stretching of authority that this operation reveals, it seems to me that the promoters of this "deal" had better check up and find some higher authority than that of an attorney in the President's Bureau of the Budget for the legality of the bonds they intend to issue, or, rather, for the legality of the expenditure of Government funds to pay the interest on the bonds.

Mr. SPARKMAN. Let me ask the Senator from Oklahoma whether, according to his understanding, any effort has been made to obtain any sort of court opinion, decision, or ruling on this matter.

Mr. MONRONEY. To my knowledge, there has been nothing other than the passing on this question by some of the attorneys in the President's Bureau of the Budget.

Mr. SPARKMAN. Does not the Senator from Oklahoma understand that when the matter was submitted to the General Accounting Office—from reading the letter, it is hard to say just what the ruling was or what it might have been—certainly there was sufficient wobbling about to make its legality doubtful?

Mr. MONRONEY. I would certainly think it would be on the basis of determining whether these appropriations were authorized by law or were not authorized by law. No one could settle that point, it seems to me, short of the courts, or, certainly, until the time when there came before Congress the bill for the appropriation of funds for the Atomic Energy Commission, which bill would include an item for the funds with which to pay the interest on this debt.

Mr. SPARKMAN. That leads me to my final question in this series: Does it not then seem to the distinguished Senator from Oklahoma that, certainly, the reasonable thing to do under the circumstances would be to submit the matter to Congress for positive legislation in order

to give the Commission the authority, which I do not believe it now has?

Mr. MONRONEY. The Senator from Alabama has stated my belief more clearly than I myself could possibly do. If this "deal" will stand the light of day and will stand the test of whether it benefits the people, instead of being of benefit to special interests, then what is wrong with asking that the law be changed, so as clearly and concisely to permit the Commission to do that which many Members of the Congress—in fact, which three members of the Atomic Energy Commission itself, I believe; and also many members of the excellent Joint Committee on Atomic Energy, composed of Members of the House and Members of the Senate—flatly and positively say the Commission has no authority to do?

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a question?

Mr. MONRONEY. I am glad to yield.

Mr. HICKENLOOPER. I know of no instance in which any member of the Atomic Energy Commission has declared that there was lack of authority. I think three members expressed themselves to the effect that in their opinion it might not be wise at this time, but they did not question the authority so far as I know.

Mr. MONRONEY. Later in my speech I shall read the record of the hearings. If I correctly recall the hearings, the final legal authority has been bounced up to the Budget Office of the President, and in some cases the Atomic Energy Commission relies upon its own attorneys. I do not recall reading any statement at any place in the hearings by those three members to the effect that they feel that they have the authority. They say they believe the President has the authority to direct them, and that the Congress has such authority. I believe the strongest statement is to the effect that the Congress has authority to direct them to enter into such a contract, which I say is the right path, the clear path, the direct path, which should be followed in this case, namely, to seek congressional direction if this power is to be expanded beyond the framework of power which the Congress intended the Commission to have at the time it enacted the law.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. GORE. In other words, the Senator is not questioning the power of the Congress to confer such authority and responsibility on the Atomic Energy Commission, but he is raising the question of the propriety of the assumption of such power clearly contrary to the intent of the Congress.

Mr. MONRONEY. The Senator is exactly correct. For some 16 years I sat in one House or the other of the Congress and heard constant reiteration of condemnation and public criticism against Democratic Presidents for alleged law stretching, which to my way of thinking did not approach the big stretch which is being applied to the Atomic Energy Act. I can scarcely remember a week in which Democratic Presidents were not pilloried for doing things without submitting them to Congress, and for doing things with respect to which there was no clear legislative authority in the President or his agent.

Mr. GORE. During each of those 16 years it has been the privilege of the junior Senator from Tennessee to serve by the side of the Senator from Oklahoma. I have joined with him and with Members on the other side of the aisle in questioning any stretching of the law beyond the intent of Congress. I shall do so in the future, whether the executive branch be controlled by members of my own party or the opposition party. We must operate with confidence. I appreciate the valid point the Senator has contributed to this discussion.

To illustrate, we have before us in the Senate today a bill of 104 pages. Must we go through every line of every page of this complicated bill to find out if some action which the Congress does not intend can possibly be taken? Such meticulous examination with a fine-toothed comb would require a great legal staff in the Congress, and it would require a great deal more time than we are able to devote to it.

Mr. MONRONEY. Let me say at this point to my distinguished colleague that he might have the greatest legal staff in the world at his side, not only examining the bill with a fine-toothed comb, but examining it with a microscope, yet I still do not believe that any legal authority the Senator might have on his own staff, or any legal authority on the committee staff could pick out phrases which would eliminate or prevent the stretching of the law to the extent that it is being stretched under this strained interpretation.

If the words "in connection with" can be stretched to allow this "double play" from the Budget Bureau to the AEC, to the TVA, and if those words can be stretched so as to bring the contract within the authorization of the Atomic Energy Act, there is no use in our reading the bill, because the English language can be stretched to infinity in the direction of expansion of power if the words "in connection with" can be construed as they have been construed in this case.

Mr. GORE. How is our democratic system to work if we must operate in such an atmosphere of suspicion? Must we not operate on the basis of confidence that the laws will be interpreted and administered within a reasonable interpretation of legislative intent?

Mr. MONRONEY. I certainly agree with the Senator. The tenuous authority which is being claimed by the Budget Bureau for this "double play" illustrates the inability of Congress, as it passes this 104-page bill, to know under what limitations the Atomic Energy Commission will be operating pursuant to congressional authorization, if the English language can be stretched to the extent that it is being stretched in an attempt to justify and allegedly authorize this kind of contract.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. HILL. Is it not true that from the very beginning of our existence as a nation the courts, recognizing the importance of this very question to the preservation and maintenance of our democratic system of government, have always applied what we call the "strict construction" rule? The courts have been unwilling to permit any commission or other governmental body to read into the law authority which is not expressly declared in the language of the act. Is not that true?

Mr. MONRONEY. That is certainly true. I agree entirely with the distinguished Senator from Alabama.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. MANSFIELD. I should like to ask the Senator from Oklahoma if the members of the Joint Committee on Atomic Energy ever have an opportunity to see or pass upon the contracts which the Atomic Energy Commission enters into with private utilities and private corporations.

Mr. MONRONEY. The former distinguished chairman of the Joint Committee on Atomic Energy is in the Chamber at the moment. I wish the answer to this question to be authoritative. I would appreciate it if the Senator from Iowa would answer the question of the junior Senator from Montana. I believe there has been enough confusion in this case by reason of some of the things which have been said in defense of this contract, so I wish the discussion to be as factual as possible.

Mr. HICKENLOOPER. Mr. President, does the Senator desire to ask me a question?

Mr. MONRONEY. The junior Senator from Montana has just asked the present speaker a question which I believe could be more properly answered by the distinguished and able former chairman of the Joint Committee on Atomic Energy.

Mr. MANSFIELD. I should like to ask the senior Senator from Iowa, former chairman of the Joint Committee on Atomic Energy, if the members of the joint committee have an opportunity to look at the contracts drawn up between the Atomic Energy Commission and the companies with which they negotiate.

Mr. HICKENLOOPER. The answer is "Yes."

Mr. MANSFIELD. Does that apply to every contract?

Mr. HICKENLOOPER. Every contract, every action of the Atomic Energy Commission, is subject to the scrutiny, examination, and information of the Joint Committee on Atomic Energy.

Mr. MANSFIELD. Is that true before or after the contract is consummated?

Mr. HICKENLOOPER. So far as I know, without exception, all such matters are reported to the Joint Committee on Atomic Energy prior to final action by the Commission. However, that does not mean that every routine day-by-day housekeeping operation of the Commission must be reported to us by their informing us about it before they pick up a telephone to call up Oak Ridge.

Mr. MANSFIELD. I wish to repeat my question, so that the RECORD will be clear. If I understand the Senator from Iowa correctly, every contract of major significance is brought before the mem-

bership of the joint committee, comprised of Members of the Senate and of the House, so that they may know what is contained in the contracts, and especially may have some idea as to just what the cancellation phases of the contracts are.

Mr. HICKENLOOPER. The technical answer to the Senator's question is "Yes." However, I shall have to qualify my answer by saying that we probably have hundreds of reports and argeements and contracts and proposed actions and similar matters reported to our committee by the Atomic Energy Commission every month. The volume is tremendous.

Mr. MANSFIELD. I can well understand that.

Mr. HICKENLOOPER. The fact is that the Commission reports its actions to us. Any information that we want to ask for, we are entitled to receive. Any explanation or any information we want with respect to any action or proposed action of the Commission, we may receive. For me to say to the Senator that I, as a committee member, look over every piece of paper or every document or every report which comes to the committee from the Atomic Energy Commission would not be correct, and I would have to say, "No; I do not." I do not have the time, in the first place.

Mr. MANSFIELD. But every major contract——

Mr. HICKENLOOPER. Every major contract; yes. To give the Senator an illustration, we know about the contracts at Paducah—that is, both the Oak Ridge and Portsmouth, Ohio, contracts. Those contracts have been before the joint committee.

Some years ago we had before us a contract for a gasline coming into Oak Ridge, costing approximately $10 million. The committee knew about it beforehand. The committee appointed a special subcommittee to look into it. The subcommittee held hearings and unanimously recommended against entering into that contract. It submitted its recommendation to the joint committee. This was about 5 years ago, I will say to the Senator. The subcommittee adversely reported on the contract and recommended that it be not accepted. The joint committee unanimously voted that the Commission should not enter into the contract. In spite of that, however, the Commission did enter into the contract and consummated it. However, we knew all about it. We did not have the power to stop it.

Mr. MANSFIELD. But the committee knew about it in detail.

Mr. HICKENLOOPER. That is correct.

Mr. MANSFIELD. Major contracts, however, must come before the joint committee. Is that correct?

Mr. HICKENLOOPER. I will say to the Senator from Montana that it should not be limited or circumscribed to cases where we request it. It is the duty of the Commission to submit proposed terms of a contract to the committee.

Mr. MANSFIELD. Would the Senator from Iowa, then, favor incorporating such a provision into the law, so that every contract of major importance would have to come before the joint committee for its approval, so that it might be fully understood so far as cancellation, repayment, and items of that sort are concerned, before the execution of the contract?

Mr. HICKENLOOPER. Such a provision is already incorporated in the law. There is no use of putting in the law something which is already in it. It is the duty of the Atomic Energy Commission to keep the joint committee currently and fully informed upon all actions of the Commission. That is an all-inclusive provision. It does not apply only to contracts, but it includes contracts. It includes all actions of the Commission.

Mr. MANSFIELD. Did the joint committee have beforehand any information or advice from the Bureau of the Budget with respect to the Dixon-Yates contract?

Mr. HICKENLOOPER. The contract has not been made yet.

Mr. MANSFIELD. The contract has not been made?

Mr. HICKENLOOPER. The contract has not been made as yet. The contract is in the process of negotiation. We have reams of information about it. We have proposals and counter-proposals. That is true not only with respect to the Dixon-Yates proposal, but with respect to the Von Tresckow proposals also. We have the historic background of the steps that have been taken. We have held a number of hearings. Some of the hearings have lasted for 2 days. They were held some weeks ago. We are very fully informed. If we think the Commission have not given us detailed information, all we have to do is pick up the telephone and say to them, "Will you amplify this a little more for our understanding?"

Mr. MANSFIELD. Did the Bureau of the Budget notify the joint committee before it notified the Commission that such a contract was being considered?

Mr. HICKENLOOPER. No. I do not mean to be categorical in my answer to the Senator's question, and I cannot give the Senator an absolute answer. To my knowledge, no, the Bureau of the Budget did not contact the joint committee. There is no legal obligation on the part of the Bureau of the Budget to notify the joint committee about anything. There is a legal obligation on the part of the Atomic Energy Commission to keep the joint committee fully and currently informed. Once such a matter gets into the hands of the Atomic Energy Commission, the Commission is obligated to notify the Joint Committee on Atomic Energy. In my judgment, that has happened.

Mr. MANSFIELD. It is the duty of the Commission to present a contract to the joint committee in detail for the committee's careful and minute scrutiny. Is that correct?

Mr. HICKENLOOPER. I think it is the complete obligation of the Atomic Energy Commission to present a proposed final contract, or the draft of a proposed final contract to the joint committee for its scrutiny and examination. There is no final contract, as I understand—and I am quite sure I am right—and there is no final draft of the proposed contract. It is in a state of periodic negotiation on various terms. We can, if we wish to do so this afternoon, call up the Atomic Energy Commission and say, "What are your negotiations today? What were they this morning? What were they yesterday?" Under the law, the Commission would be bound to respond.

Mr. MANSFIELD. In detail?

Mr. HICKENLOOPER. We do not follow it quite that closely. As a rule we say to the Commission, "After you get a little further along, tell us what your progress is, and we will see where we go from there."

Mr. MANSFIELD. I should like to tell the distinguished Senator that my main interest in the question we are discussing at the present time is to make sure that congressional supervision is not overthrown by too much secrecy in this particular aspect by the Atomic Energy Commission. Is it safe to assume that if a member of the joint committee or the joint committee itself contacts General Nichols, who is—what is his title?

Mr. HICKENLOOPER. General Manager of the Atomic Energy Commission.

Mr. MANSFIELD. Contacts the General Manager of the Atomic Energy Commission and asks him to present to him or to the committee the full details of a proposed contract, General Nichols, under the law, must do so?

Mr. HICKENLOOPER. Let me clarify my answer. The Senator asked me a double-barreled question, whether either the committee or any member of the committee may do so. I know of no instance in which a member of the committee, acting as an individual member, has asked for proper information and has been refused such information by the Atomic Energy Commission.

I am not prepared to pass on the question of the individual right of an individual member, as such, to exercise the prerogatives which the law gives the joint committee. I do say that the joint committee, acting through its chairman, or through any properly designated representative of the joint committee, has an absolute right to the instantaneous production of any information on any subject which is in the official purview or responsibility of the Atomic Energy Commission. I wish to make my answer as factual as possible. The committee has the unquestioned right under the law. The joint committee is a unique committee. The committee has more power than any other committee I know of that has been created, at least in recent times.

Mr. MANSFIELD. I should hope so.

Mr. HICKENLOOPER. The committee has the right, according to the language of the statute, to the facilities, services, information, and personnel of the departments and agencies of government, and that means all of them. The committee is not set up as a standing committee of the Senate or of the House. It is not a standing committee of either House. It is a committee created by the National Legislature of Congress. It is a committee created and established by law, with its rights defined by law.

Under a strict interpretation of the law which established the Atomic Energy Commission, while I doubt if we would have occasion to go this far, yet if we should say to the Attorney General, "Detail X number of people on the staff of the FBI and have this matter investigated," I think, under the law, he would have to do it. If we determined, for instance, that the Department of Defense should perform certain acts in the interest of the furtherance of the atomic energy program, I think a strict interpretation of the law would require the Department of Defense to take our orders on that score, provided it went to the development of the atomic energy program. The committee has unique power.

Mr. MANSFIELD. The committee does have far-reaching powers, and I should like to have the committee, acting as the representative of the Congress and of the American people, see to it that the necessary powers are retained so that it will have the opportunity, as the Senator has assured me it has, to look over minutely and in detail contracts entered into over a long period of years.

Mr. HICKENLOOPER. We do have that power.

Mr. MANSFIELD. One more question. In the Senator's opinion, do the members of the Atomic Energy Commission also study these contracts in detail and know what they are doing when they make a recommendation?

Mr. HICKENLOOPER. I assume that every member of the Commission does his duty. I make no further assumption. In doing his duty he should study the terms of the contract so he can register his own judgment in voting his approval or disapproval.

Mr. MANSFIELD. If the President sends down a directive, what is the result?

Mr. HICKENLOOPER. I do not know what the result would be, because that is a matter of individual attitude. If I were a member of any commission and the President sent down a directive for me to do something I thought was beyond my conscience or that was improper for me to do, I would respectfully decline to do it, and, probably, if the head of the Government still demanded that I do it, I would say, "Here is my resignation." I would get out of office.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. GORE. I wish at this time to commit the junior Senator from Tennessee to vote for the confirmation of the Senator from Iowa for any position to which he may be nominated.

Mr. HICKENLOOPER. I thank the Senator from Tennessee.

Mr. BUTLER. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield to the Senator from Maryland.

Mr. BUTLER. I have found this colloquy to be very interesting and most instructive. I should like to know whether the statement which the Senator from Iowa made about 10 minutes ago is completely correct, that while his committee is a joint committee of the Senate and the House, and has this vast power, it has no way of bringing that power to bear on the Commission. Is that correct?

Mr. HICKENLOOPER. There are two ways by which it can be brought to bear on the Commission. One is the moral suasion which a strong position which the joint committee has taken would bring to bear upon the attitude of the Atomic Energy Commission. We have no veto power over the action of any administrative agency. Do I make myself clear?

Mr. BUTLER. Yes.

Mr. HICKENLOOPER. The joint committee cannot say to the Atomic Energy Commission, "No; you cannot do this." That gets into the realm of the veto power of legislative committees which every President has protested from time immemorial. We do not have that power, but we do have a presuasive power if our committee takes either a unanimous or a practically unanimous stand against some proposed action of the Commission. I say to the Senator that on a few occasions the joint committee has been quite unanimous in its opinion, which was not controlling over the Commisson, but it had moral suasion over the Commission. On 2 or 3 occasions the joint committee has been quite close to unanimity or has been unanimous in beileving that the Commission should not do a certain thing or should do a certain thing. The Commission has agreed with us in the end. The moral suasion of our committee over the actions of an administrative agency is great. We attempt to maintain mutual respect between the Commission and our committee. We try not to act capriciously or arbitrarily. I think the Commission attempts to keep us informed and works with us.

We have another means of control, providing we can convince the Members of the House and Senate that we are right. If something appeals to us as being definitely wrong, we can propose legislation to the Congress and ask the Congress to enact legislation which will be a legislative curb upon action which we think the Commission should not take?

Mr. MONRONEY. In line with the Senator's thought, the joint committee also has the right, by way of a restriction of the expenditure items in appropriation bills, to exercise further legislative restraint.

Mr. HICKENLOOPER. Our committee does not have anything to do with appropriations.

Mr. MONRONEY. But with the influence, great knowledge, and prestige which the joint committee has, if it chose to take an issue to the floor in connection with a restriction on an appropriation bill, in order to save money, it could certainly exercise not only legislative power but financial power.

Mr. HICKENLOOPER. I wish to pat the joint committee on the back to the extent of saying that I believe if the joint committee went before the Appropriations Committee and said, "We do not think you should appropriate money for this"—some item in the atomic-energy field, the building of a new plant, or something like that—the Committee on Appropriations would do us the very great courtesy of paying some attention to us and consider our representations. Whether they would follow them entirely, I do not know.

Mr. MONRONEY. One of the greatest powers of a legislative body is the power of the purse, which seems to be still intact.

Mr. HICKENLOOPER. That is the Appropriations Committee.

Mr. MONRONEY. I am talking about all congressional committees. The Appropriations Committee and the Joint Committee on Atomic Energy are agents of the Congress.

Mr. MANSFIELD. Mr. President, will the Senator from Oklahoma yield further?

Mr. MONRONEY. I yield.

Mr. MANSFIELD. As the distinguished Senator from Iowa is on the floor, I should like to say that action which was taken a few years ago supports the statement just made by the distinguished Senator from Oklahoma, because I recall on one occasion when the AEC was being cut down too much with reference to some vital project, it was the Senator from Iowa who took the floor and was able to get the necessary amount restored to carry on the work which the joint committee had approved.

Mr. HICKENLOOPER. I thank the Senator from Montana for that pleasant compliment. I recall the occasion, but I am bound to say that there was a great deal of loyal support on the part of other Senators who backed me up at that time, and I could have done nothing without their support. I remember the wee small hours of that particular night ended about 4 o'clock in the morning.

Mr. MANSFIELD. If the Senator had not taken the step he took I think the Atomic Energy Commission would have taken a licking on that occasion.

Mr. HICKENLOOPER. Someone has to take the lead, and I think it is the responsibility of the members of the joint committee to do what is proper in the public interest.

Mr. MONRONEY. I think we can all be extremely grateful for the original act and for the leadership and guidance of men in the Congress who laid aside partisanship and personal ideas regarding private versus public power, thus creating a standing and reputation for the Atomic Energy Commission as one of the great independent agencies, working in step with the Congress. I intend to deal later in my speech with the tragedy confronting us when we see this independent agency now being made a puppet of the Budget Office of the President, dangling on the end of a telephone line in the chain of command, to tell the Atomic Energy Commission to do that which 3 members of the Commission feel it is not within their duty to do.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I am glad to yield.

Mr. GORE. I should like to have the attention of the Vice Chairman of the joint committee. I have listened with great interest to the able senior Senator from Iowa describe the broad powers of the joint committee. If there were stretched over the entire Government

the powers which he describes as being available with respect to the Joint Atomic Energy Committee, the committee would, indeed, be almost over the Congress. I take it that the Senator means to say that the powers of the joint committee, enormous as he has described them, are in connection with the atomic energy program.

Mr. HICKENLOOPER. Indeed. I did not mean any other understanding than that.

Mr. MONRONEY. The three little words, "in connection with," are not among the restrictions on the committee. They stay in their own jurisdiction.

Mr. GORE. I thought I understood the able Senator to use those exact words. If the Senator's committee should so stretch and distort the meaning of "in connection with," as has been resorted to in the instant case, then the power of the joint committee would, indeed, be omnipotent.

Mr. HICKENLOOPER. The Senator makes an assumption with which I cannot agree. I think the words "in connection with" constitute the very phrase which gives the Atomic Energy Commission the right to make the Memphis contract with Dixon-Yates. I do not think there is any question about it. I simply do not hold with those who say the Commission does not have the power to do it. That is merely a matter of disagreement on the interpretation of the law.

Mr. MONRONEY. Will not the Senator admit that other members of the Joint Committee on Atomic Energy have different views, and are almost as strong in their feelings as is the distinguished senior Senator from Iowa in his views?

Mr. HICKENLOOPER. Oh, other Members disagree; yes.

Mr. MONRONEY. Then, since this matter is in disagreement, and since there is a grave question whether the authority of law exists, should there not be written into the bill a provision conferring the authority, or, at least, should not a separate bill be presented to authorize contracts of this nature?

Mr. HICKENLOOPER. No; I think not. I do not think there is any necessity for writing a new law to say that what already is the law, is the law.

Mr. MONRONEY. But other Members also say that what is the law, is the law, and that, therefore, the proposed contract is illegal. There are able and experienced Members on both sides of the question.

Mr. HICKENLOOPER. The joint committee has never undertaken to take the place of the legal departments of the Government. If a question of legality comes before the committee we ask the opinion of the official legal authorities of the Government, whose duty it is to advise, and we accept the legal opinion once it is given. The members of our committee may disagree. The laymen or lawyers who may be on the committee may disagree in their opinions as to the legality of a certain situation; but we eventually rely on the opinion of the experts, the lawyers in the legal departments, with respect to such questions.

In this case there would be no exception. I am a lawyer by profession, but I have not actually practiced law in the courts for a good many years. I do not set myself up as a legal expert in matters of this kind, when there are legal departments of the Government whose business it is to study meticulously the laws involved. I accept their opinions on such questions, and that is what our committee does. We take the opinion of our legal counsel.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. GORE. As the able Senator from Iowa knows, he and I engaged in a colloquy when this amendment was adopted last year. It came up in the form of a bill on the unanimous-consent calendar. I interposed an objection—not an objection to its passage, but an objection for the purpose of asking that the measure lay over for further study.

It was called up later, and the vice chairman of the committee presented it to the Senate. After his explanation, I supported the amendment, as did the Senate. Among other explanations, I read from the CONGRESSIONAL RECORD, volume 99, part 6, page 8339, the statement of the Senator from Iowa [Mr. HICKENLOOPER], as follows:

> It takes the AEC out of the electric sales business and transfers that responsibility to private groups.

At another point, I read——

Mr. HICKENLOOPER. At what page?

Mr. GORE. At page 8338 of the CONGRESSIONAL RECORD, volume 99, part 6, I read from the remarks of the Senator from Iowa, as follows:

> Senate bill 2239 authorizes the Atomic Energy Commission to enter into cancellation-payment contracts with three suppliers of electric power for the Oak Ridge, Paducah, and Portsmouth installations of the Atomic Energy Commission.

I shall not read all the debate. Later I shall refer to it. But this amendment, I respectfully say to the able Senator, was not presented in the light in which he now would justify its being stretched. It was presented as being necessary to permit the financing of the private concerns with which contracts have been made to furnish power. There was never any intimation that in the brilliant mind of the able Senator from Iowa there was any conception that this provision would be so stretched as to include the making of a contract in southeastern Arkansas with a concern not as yet created, and to put it in business with a guaranteed profit and a tax-free bomb shelter, to furnish power through the Atomic Energy Commission to the Memphis area. The able Senator never made such an intimation of that intent when he presented the bill to the Senate.

Mr. HICKENLOOPER. I agree that I never mentioned any possibility or probability of the Memphis contract last year, because, so far as I knew, it was not under consideration. But neither can one anticipate the needs of the Commission in various fields next year or the year after. I have no crystal ball to prophesy for me what contract the Commission will necessarily have to enter into next year or the year afterward.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the distinguished junior Senator from New Mexico.

Mr. ANDERSON. I would only point out that there are 2 or 3 facts which I think are pertinent to the discussion and which might be mentioned. They relate to a matter I brought up in connection with a discussion with the junior Senator from Mississippi [Mr. STENNIS], namely, that the bill referred to only one subject. Its provisions then did not include any specific mention of the three plants to which reference has been made. Largely at the demand of the members of the committee, the specific names of the three plants were written into the bill, in order that Congress might have an opportunity to review contracts. The words of Representative HINSHAW, of California, were that if they were not included, that would be the last time Congress would have a chance to review a contract. We then wrote them in. It seems to me reasonable that if we then put them in, it was expected that Congress would have a chance to review contracts; that it was not expected that action would be taken in the fashion now proposed.

I call the attention of the able Senator from Oklahoma to page 957 of the hearings, where the General Manager of the Atomic Energy Commission, Mr. Nichols, testified. He was discussing the Presidential directive that the Commission proceed with the construction of the plant. He said:

> This directive has not yet been submitted to the Commission. I have checked with my legal people and they feel that having received a directive from the President we have the legal authority under the Atomic Energy Act.

So, I say, it was not enough to have the act on the statute books. It took a special directive from the President of the United States, in turn, to proceed with the contract.

Mr. MONRONEY. May I ask the distinguished Senator from New Mexico, who also is one of the very able members of the Joint Committee on Atomic Energy, if there has been any action taken by the joint committee, which has all of the rightful power which the distinguished vice chairman has described? Has there ever been any action taken by the joint congressional committee on a finding of fact that this action was within the purview of the authority included in the bill which was passed last year?

Mr. ANDERSON. I am sure there has not been. In contrast to that, I would say that one of the long discussions we had in connection with the bill was whether or not specific language should be written into it which would prevent anything like this happening.

If the junior Senator from Oklahoma will indulge me, I should like at this point to put into the RECORD a letter which I received yesterday afternoon from Mr. Nichols, General Manager of the Atomic Energy Commission.

Mr. MONRONEY. I always welcome any contribution from the Senator from New Mexico, because I know that he is

one of the best-informed men in the Congress on this subject.

Mr. ANDERSON. Mr. President, I ask unanimous consent to have the letter from Mr. Nichols printed in the RECORD at this point in my remarks, and then I shall read parts of the letter and comment on them.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES
ATOMIC ENERGY COMMISSION,
Washington, D. C., July 15, 1954.

Hon. CLINTON P. ANDERSON,
United States Senate.

DEAR SENATOR ANDERSON: In response to your telephone call today, I wish to submit to you the following information concerning the questions which you have raised:

1. You asked me to check the record concerning Senator FULBRIGHT's testimony on pages 10491 and 10492 of the CONGRESSIONAL RECORD and referred in particular to his statement in which he stated:

"Mr. FULBRIGHT. The statement I have in my hand was prepared today. It is the latest information I can obtain."

Answer. The information entitled "Explanation of Differences in Estimated Net Cost" was furnished to Senator FULBRIGHT. It was not signed. The statement was introduced into the CONGRESSIONAL RECORD on pages 10491 and 10492. I approved the forwarding of this statement to Senator FULBRIGHT.

2. In regard to the above-referred-to statement, you state that it is in error in that it attributes to you a statement which you never made.

Answer. The particular paragraph in question is as follows:

"In the data introduced by Senator ANDERSON on page 10379, subparagraph h, there is information to show that based on the data TVA presented as their cost to produce power, including 30-year [1] amortization and 2½-percent interest, the AEC will be overcharged by TVA, when the full contract demand at Paducah of 1,205,000 kilowatts is met, by approximately $6 million per year and that a similar analysis of the AEC-TVA contract for Oak Ridge for at least 1,030,000 kilowatts of the total contract demand at Oak Ridge, would undoubtedly reveal a similar picture."

Answer. The above paragraph is not attributed to you as a statement, but represents a summary of data introduced by you as shown on page 10379, subparagraph h, of the CONGRESSIONAL RECORD. If you will refer to page 10378 of the RECORD, second column, you will find your statement, as follows:

"I ask unanimous consent that the statement outlining the proposal may be incorporated in the RECORD at this point.

"There being no objection, the statement was ordered to be printed in the RECORD, as follows."

The statement in its entirety, as covered on pages 10378, 10379, and 10380, was furnished by the AEC to the JCAE, and I assume that you obtained it from the JCAE staff. I believe, therefore, that our conclusion that you introduced the data is a reasonable one.

3. Further, you referred to the statement on page 10492:

"Either the TVA is charging AEC too much or their representation on cost of producing power is in error.

"If the TVA representations on cost are correct, then the AEC is being overcharged. This places TVA in the position, at the expense of AEC, an arm of the Federal Government, of subsidizing other users of the TVA system at the expense of the taxpayers in the balance of the country."

You asked if this information had ever been presented to the JCAE.

Answer. If you will refer to page 1055, part II, of the published record of the "hearings before the Joint Committee on Atomic Energy," I am quoted as follows:

"Representative VAN ZANDT. Does this material relate to the information that was contained in the letter to Senator SALTONSTALL?

"Mr. NICHOLS. Yes, sir.

"We could give you an analysis of how we arrive at these various figures. I think the first one that Mr. Cook has that is pertinent is the analysis that compares our costs in the future with our present costs under the Paducah contract. That is not three million six. That is a lesser figure, because in the course of these discussions with TVA, we found that they were charging us more than costs by their own figures. It is one issue I have raised with the Bureau of the Budget and asked them what do we do about it. I would like Mr. Cook to explain this."

Neither Mr. Cook nor I ever did get back to explaining this fully and it was subsequently furnished, as I have stated above, to the JCAE in the statement which you introduced into the RECORD.

My action subsequent to learning that TVA is overcharging the AEC is that I have informally notified the Bureau of the Budget to this effect and I also prepared the letter to Mr. Strauss, dated June 11, 1954, which was introduced into the RECORD on page 10496 by Senator FULBRIGHT. We are also attempting to secure sufficient data to determine whether or not, in addition to overcharging us for permanent power, TVA has been overcharging us for interim power which they have secured from their own sources and from private utilities pending completion of new facilities under construction to serve the present contract demand at Oak Ridge and Paducah. As soon as this data is available and can be analyzed we will refer the matter to the Bureau of the Budget and also attempt to renegotiate with TVA the proper price and contract adjustments.

4. You asked if the EEI contract or the TVA contract, both signed in the summer of 1953, had ever been forwarded to the JCAE.

Answer. I can find no record of the EEI, OVEC, or TVA power contracts ever having been forwarded to the JCAE. However, the record of the hearings before the JCAE on H. R. 4905 indicates that descriptions of all of these contracts were furnished the JCAE and that they were discussed by the committee.

I hope that the above information meets your needs and, further, I regret very much that there has been a misunderstanding concerning the interpretation of your remarks before the Senate and the data introduced into the RECORD.

Sincerely yours,

K. D. NICHOLS,
General Manager.

Mr. ANDERSON. Mr. President, I had asked Mr. Nichols, general manager of the Atomic Energy Commission, to check page 10491 of the CONGRESSIONAL RECORD where the Senator from Arkansas [Mr. FULBRIGHT] was quoted as saying that the statement he had in his hand was prepared that day and that it was the latest information he could obtain. Since that communication was unsigned, and since it was referred to several times, I thought it might be well to clear up who the author of the anonymous document was. It developed that, while it was not signed, the chairman of the AEC stated in the letter:

It was not signed. The statement was introduced into the CONGRESSIONAL RECORD on pages 10491 and 10492. I approved the forwarding of this statement to Senator FULBRIGHT.

He assured me over the phone that the statement had been prepared in the Office of the Atomic Energy Commission and forwarded to the Senator from Arkansas. There are reasons why I wanted it to be known who the author was.

I had asked about the fact that it attributed to me a statement that I had never made, and I was amazed that it purported to quote me on something I had never said.

Mr. Nichols refers to that in the letter and states:

The particular paragraph in question is as follows:

"In the data introduced by Senator ANDERSON on page 10379, subparagraph (h) there is information to show—"

And so forth. I think it ought to be brought out what the information was that was introduced by me. The able Senator from Arkansas on the previous day had quoted at length from an analysis made by the Bureau of the Budget. That original analysis made by the Bureau of the Budget, supposedly, proved to be so unsound that the Bureau of the Budget withdrew it and substituted another explanation, which I put into the CONGRESSIONAL RECORD. However, in order that Members of Congress might see what had gone on, I acquired the JCAE's file copy of the original document, since I could not get any more copies from the Bureau of the Budget. I had it photostated, and put it into the RECORD at that time to show what the original statements made by the Bureau of the Budget were, and to show what the subsequent statements were as made by the Bureau of the Budget.

Those are the statements to which the letter referred. The term used was, "the data introduced by Senator ANDERSON." I introduced the data only to correct the information which had been given, but the memorandum certainly was not anything I had prepared; it was quite the reverse.

Then there appears a statement in the letter which I think is extremely interesting. I had asked where the statement in the JCAE file had come from, and the part of the reply by the general manager of the Atomic Energy Commission which is pertinent reads:

The statement in its entirety, as covered by pages 10378, 10379, and 10380, was furnished by the AEC to the JCAE—

Which is the Joint Committee on Atomic Energy—

and I assume that you obtained it from the JCAE staff.

I might say that document was designed for the assistance of speakers in Congress, and the copy which is still in the files of the Joint Committee on Atomic Energy shows that was the reason for its preparation. Yet it refers to findings by the Bureau of the Budget. It was not prepared by the Bureau of the Budget at all.

In that very interesting document, the memorandum which the Senator

[1] This figure should be 35 instead of 30. See p. 10379.

from Arkansas introduced, the following is stated:

Either the TVA is charging AEC too much or their representation on cost of purchasing power is in error.

I am very much interested in that statement, because now, in the month of July 1954, the Atomic Energy Commission has discovered that the contract it signed with EEI and with the Tennessee Valley Authority seems to provide for an eventual overcharge, and that overcharge in time could be several million dollars annually. I think that shows why contracts ought to come before committees of Congress for review. If the Atomic Energy Commission, in the first year of the contract, feels that it signed such a bad contract with TVA, and that TVA outbargained it to the extent of an overcharge of several million dollars, then somebody did not do a very good job of bargaining with TVA. That is the only point I wanted to make.

I thought TVA had charged AEC a very fair rate. I think the testimony shows that during the first 3 months of 1954 they were paying 4.86 mills to the TVA and 5.08 mills to the EEI. If TVA was overcharging when it was charging less than the private utility was, what was the private utility doing?

I want the record to show that within a year from the time this brandnew contract has been signed, here comes the general manager of the Atomic Energy Commission and says, "One of two things has happened: Either TVA is charging too much, or their representation on cost of production was in error." Either of those is a bad admission to make. It is regrettable to learn that in bargaining with the TVA the AEC got "soaked" on a contract, if it actually did.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. GORE. But if either alternative has substance with respect to the AEC contract with TVA, then both alternatives would be worse with respect to the Joppa plant contract across the river, would they not?

Mr. ANDERSON. Precisely. Is it not remarkable that here stands the general manager of AEC, criticizing another agency of the Government for overcharging, and never saying a word about the private utility?

Mr. GORE. And becoming a partisan for the making of another contract with another outfit charging $3½ million more a year.

Mr. ANDERSON. Precisely. I think it is too bad when everyone knows that every bolt, every board, every generator, and everything owned in the title of the TVA, is the property of the Government of the United States, that the head of another agency of the Government of the United States should say that agency is overcharging the Government, but he keeps absolutely quiet about the private utility which is charging still more. I think it is too bad, and I do not like it.

Mr. KEFAUVER. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield to the Senator from Tennessee.

Mr. KEFAUVER. I think it should be pointed out, as a matter of fairness, and I do not remember the charges which the Senator from New Mexico mentioned——

Mr. ANDERSON. I am not sure I quoted the charges accurately, since I was depending on my memory. I think the figure was 4.8 mills for the AEC as against 5.08 mills. They appear at page 1036 of the hearings.

Mr. KEFAUVER. The charge of 4.8 mills was during the first part of the Tennessee Valley operations, and during the early years when power was being furnished by the TVA, the cost was higher than it is now, because the TVA, at the request of the Atomic Energy Commission, had to buy a large amount of power from other sources, and that entered into the rate. The point is that the charge is 3.56 mills per kilowatt for what the TVA is furnishing, and the cost of the private power is estimated to be something over 4 mills.

Mr. ANDERSON. On page 1036 of the hearings, in the testimony of Mr. Nichols, it is shown that in the first 3 months of 1954 the rate from TVA was 4.86 mills and the rate for EEI was 5.08 mills, so that the charge of the TVA was substantially below the other figure.

Then a little further on Mr. Nichols said the TVA rate would be approximately 10 percent below the rate of the private utility.

All I ask is, if in the contract TVA succeeded in gouging AEC, what did the private utility do to AEC?

Then, by the same token, if AEC can get such an awful gouging in the negotiation of such a contract, why should it object to bringing the contract before the Joint Committee on Atomic Energy so its members can look at it?

The record shows that I asked whether the EEI contract or the TVA contract, both signed in the summer of 1953, had ever been forwarded to the Joint Committee on Atomic Energy. Mr. Nichols' reply was:

I can find no record of the EEI, OVEC, or TVA power contracts ever having been forwarded to the Joint Committee on Atomic Energy.

In other words, the one body that is supposed to examine these things and to stand as guarantor to the Congress of the United States that everything is going along all right, has never seen either the contract with the EEI or the contract with the OVEC, which amounts to approximately $1 billion, and has never seen the proposed Dixon-Yates contract.

Mr. MONRONEY. Mr. President, after listening to the interesting colloquy regarding the various contracts and arrangements in other than the nuclear-energy field, I wish to say that I am very thankful that the Atomic Energy Commission is not so mixed up, muddled, confused, and divided regarding the making of atomic bombs as it seems to be in regard to the making of power contracts, for the world might be in very great danger if in our atomic program the same lack of precision that seems to have characterized the dealings in regard to the electrical contracts, existed.

Mr. KNOWLAND. Mr. President, at this time will the distinguished Senator from Oklahoma yield to me?

Mr. MONRONEY. I yield.

Mr. KNOWLAND. I wish to suggest the absence of a quorum before I submit a proposed unanimous-consent agreement.

Mr. MONRONEY. I yield for that purpose.

Mr. KNOWLAND. Then, Mr. President, I suggest the absence of a quorum.

Mr. JOHNSON of Texas. Mr. President, it is understood, is it not, that in yielding for this purpose the Senator from Oklahoma does so with the understanding that he will not thereby lose the floor?

Mr. KNOWLAND. Yes, Mr. President. I ask unanimous consent that in yielding for this purpose the Senator from Oklahoma will not lose the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

The absence of a quorum having been suggested, the clerk will call the roll.

The Assistant Parliamentarian proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILL AND JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Tribbe, one of his secretaries, and he announced that on today, July 16, 1954, the President had approved and signed the following act and joint resolution:

S. 3291. An act authorizing the President to present a gold medal to Irving Berlin; and

S. J. Res. 165. Joint resolution to provide for construction by the Secretary of the Interior of the Glendo unit, Wyoming, Missouri River basin project.

EXECUTIVE SESSION

Mr. KNOWLAND. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER laid before the Senate a message from the President of the United States submitting the nomination of Clarence A. Davis, of Nebraska, to be Under Secretary of the Interior, vice Ralph A. Tudor, resigned, which was referred to the Committee on Interior and Insular Affairs.

The PRESIDING OFFICER. If there be no reports of committees, the Clerk will state the nominations on the Executive Calendar.

THE ARMY

The Chief Clerk read the nomination of Lt. Gen. Horace Logan McBride, Army of the United States (major general, U. S. Army) to be lieutenant general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Lt. Gen. Andrew Davis Bruce, Army of the United States (major general, U. S. Army) to be lieutenant general.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

THE AIR FORCE

The Chief Clerk read the nomination of Lt. Gen. Robert Wells Harper (major general, Regular Air Force), United States Air Force, to be placed on the retired list in the grade of lieutenant general, under the provisions of subsection 504 (d) of the Officer Personnel Act of 1947.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Lt. Gen. Charles Trovilla Myers (major general, Regular Air Force), United States Air Force, to be commander, Air Training Command with the rank of lieutenant general, and to be lieutenant general in the United States Air Force.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Maj. Gen. Glenn Oscar Barcus, Regular Air Force, to be commander in chief, United States Northeast Command, with the rank of lieutenant general, and lieutenant general in the United States Air Force.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

APPOINTMENTS IN THE REGULAR AIR FORCE

The Chief Clerk proceeded to read sundry nominations in the Regular Air Force.

Mr. KNOWLAND. I ask that the nominations in the Regular Air Force be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. KNOWLAND. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the postmaster nominations are confirmed en bloc.

Mr. KNOWLAND. I ask that the President be immediately notified of all nominations confirmed this day.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. KNOWLAND. I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. KNOWLAND. Mr. President, I send to the desk a proposed unanimous-consent agreement, and ask that it be read for the information of the Senate.

The proposed order was read as follows:

Ordered, That following the morning business on Saturday, July 17, during the further consideration of S. 3690, to amend the Atomic Energy Act of 1946, as amended, and for other purposes, debate on any amendment or motion (including appeals) shall be limited to not exceeding 2 hours, to be equally divided and controlled, respectively, by the mover of any such amendment or motion and the Senator from Iowa [Mr. HICKENLOOPER] in the event he is opposed to such amendment or motion; otherwise, by the mover and the minority leader or some Senator designated by him: *Provided*, That no amendment that is not germane to the subject matter of the said bill shall be received: *And provided further*, That debate upon the bill itself shall be limited to not exceeding 2 hours, to be equally divided and controlled, respectively, by the Senator from Iowa [Mr. HICKENLOOPER] and the Senator from Texas [Mr. JOHNSON].

Mr. KNOWLAND. Mr. President, I wish to make a brief statement at this point.

The bill has been under debate for a number of days. On at least one of those occasions the majority leader was prepared to ask that the Senate continue in session for an extra hour or two so that any speeches to be made might be made and amendments might be offered.

As a preface to my further remarks, let me say, as I have said publicly on previous occasions, both on the floor of the Senate and elsewhere, that I wish to express great appreciation not only to the minority leader, but also to other Members on the other side of the aisle, for the very fine cooperation they have given in expediting the public business in the common interest of our country.

When the pending bill shall have been finally disposed of, there will remain the foreign-aid authorization bill—and I am merely mentioning the major legislation, without detracting in the slightest from the importance of other bills—which has now been reported from the Foreign Relation Committee, and today was reported from the Armed Services Committee, as has been customary for the past several years.

There is also the social-security legislation to extend the coverage of social security.

In addition to that, there is other very important legislation which, after it is finally acted on by the Senate, must go to conference. Probably all the bills I have mentioned will require action by conference committees. The tax bill is now in conference and I am hopeful that the conferees may agree and submit a report on that bill in time for action on it by the Senate next week.

The bills I have mentioned will have to be followed by the foreign-aid appropriation bill, and action will also be required on a supplemental appropriation bill.

All of those bills are of major importance.

As I say, the Senate will not be limited to taking action on the bills I have mentioned, but also on a great many other bills and conference reports. I call the attention of Senators to the fact that tomorrow will be the 17th of July, and the following Saturday will be the 24th of July, and the next Saturday after that, 2 weeks from tomorrow, will be the 31st of July. Under the La Follette-Monroney Act, Congress is expected to adjourn sine die on the 31st of July. That gives us only 2 full weeks from tomorrow.

I make an earnest plea to Senators on both sides of the aisle to agree to the unanimous-consent request. I am prepared to have the Senate continue in session tonight until 10 o'clock. The Senate has already entered an order to convene tomorrow at 10 a. m. I have given advance notice for several weeks that in the closing 3 weeks of the session it will be necessary to have evening sessions and also Saturday sessions. I hope we can avoid sessions later than 10 o'clock. I do not know whether we can, because in the 9 years I have been in the Senate there always seems to be piling up proposed legislation in the final 2 or 3 days of the session, and it has been necessary to meet until midnight during the last days of a session. In view the very heavy burden that all of us have been carrying, I had hoped that we could avoid sitting later than 9:30 or 10 o'clock at night, at the latest. I do not know whether we can do it. I believe we can if we continue to have the same fine cooperation in the remaining 2 weeks of the session we have had in the past.

Therefore, I have proposed the unanimous-consent agreement because it seemed to me that under all the circumstances and with the very heavy schedule we have ahead of us, such an agreement would be reasonable and would permit us to conduct the public's business and have proposed legislation go to conference, which I am sure will be done with respect to most of it, and be able to complete our very heavy program in time.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. MAGNUSON. Mr. President, I was very much interested in the measures of major importance which the Senator from California thought would be brought up during the remainder of the session. I note that he omitted mentioning the Hawaiian statehood measure. Does the Senator wish to say anything with respect to whether that matter will be brought before the Senate?

Mr. KNOWLAND. I had made it very clear that I was not making the list an

exclusive list. I do not know what may come to us from the House. As yet, the proposed legislation has not cleared the House Rules Committee. Of course we will not have an opportunity to consider it unless a conference report shall be submitted to the Senate, and I do not know how many additional conference reports and how many additional bills will come before the Senate.

Mr. MAGNUSON. If the House Rules Committee should clear it and it should get through the House, the Senator from California will agree, I am sure, that the Hawaii-Alaska measure would be an item of major importance.

Mr. KNOWLAND. That would certainly be a major item that the Senate would have to consider, along with other measures, and the possibility of completing the session within the time limit I have mentioned.

Mr. MORSE. Mr. President, reserving the right to object, in my 9 years in the Senate I do not believe that there has been a single bill of more vital importance to the economic welfare of the American people for the next 100 years than the bill now pending before the Senate.

I shall speak at some length on the bill tomorrow, and explain in detail my reasons why I think the bill, which is of such vital importance to the preservation of the economic freedom of this country, would in its present form, do great damage to, and jeopardize, the preservation of a truly private-enterprise system in America.

In fact, I think it would be much better to pass no bill at all than to adopt this bill in its present form. I can say that it is one of the most undesirable pieces of legislation I have ever studied during the 9 years of my service in the Senate.

The debate now going on in the Senate is having a terrific educational impact throughout the land, and at long last some of the editors across the country are shaking off their individual lethargy on this matter and are beginning to see the dangers of many sections of the bill.

In my judgment this bill requires much more debate than we have had up to the present time, if the American people are to have ample warning of its many inherent dangers.

Therefore, Mr. President, I could not even think of giving consent to closing the debate on a subject which I believe calls for much more debate than the bill has had up to the present hour.

I do not know what is the matter with the month of August as a suitable meeting time for the Senate. Most of the political campaigns really do not start until after Labor Day. I believe there is much of the people's business that needs to be transacted before this session adjourns. Therefore I am not deeply moved by any plea to adjourn on July 31.

I object.

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Objection is heard.

Mr. KNOWLAND. Mr. President, I should like to renew the unanimous-consent request and substitute Monday, the 19th of July, for Saturday, July 17. I make the request on behalf of the minority leader, the Senator from Texas [Mr. JOHNSON], and myself, for the reasons I have previously stated, plus the fact that we shall have all day today until 10 o'clock tonight, and we will have all day tomorrow until 10 o'clock tomorrow night, and we would have Monday, under the unanimous-consent agreement, for further speeches on amendments and on the bill.

The PRESIDING OFFICER. Is there objection to the amended unanimous-consent request?

Mr. MORSE. Mr. President, for the same reasons previously advanced, I object.

Mr. KNOWLAND. Mr. President, I merely wish to say that I believe the Senator from Oregon is not only obstructing the business of the Senate, but is endangering the entire legislative program, including a very important bill which, aside from the one phase which has been a matter of considerable discussion, is important from the standpoint of the international control of atomic energy, and is important from the standpoint of the proposal of the President of the United States with relation to the pooling of atomic-energy information for peacetime purposes.

I believe the Senator's objection tends to jeopardize other portions of the President's program, which are extremely important. Under the circumstances, of course, we are at the mercy of the Senator from Oregon when a unanimous-consent request is made. Under the rules of the Senate, he has the right to be an obstructionist if he cares to be one. I shall proceed with the program. The Senate will sit until 10 o'clock tonight and until 10 o'clock tomorrow night, as scheduled.

Mr. MORSE. Mr. President, the representative of the Independent Party has had applied to him in times gone by the bewhiskered arguments made by the majority leader. I am used to them. I am perfectly willing to assume full responsibility for my course of action in the Senate, and I am perfectly willing to meet the majority leader anywhere in America, at any time, and to let the people be the judge of the course of action the Independent Party has taken in the Senate.

Let me say, Mr. President, that I have observed in 9 years that usually, in the long run, we do not save time by entering into unanimous-consent agreements. It is a pretty sound policy to let the rules of the Senate operate. There is one rule which I think is of vital importance for our preservation, and that is unlimited debate on great major issues which affect the welfare of the American people as much as this bill affects it. I am perfectly willing to stand upon my objection to limiting debate upon a bill which, in my judgment, threatens to monopolize the atomic-energy program of this country for decades to come. I do not intend to be a party to selling the American people into that kind of monopolistic bondage.

Mr. ANDERSON. Mr. President, I wish to say that I think many of us are anxious to vote upon this bill and that I am hopeful we can have an opportunity to vote on it in the very early future.

If I may have the attention of the majority leader for a moment, I should like to say that I called the majority leader and told him I felt we should be voting upon the bill, and, while it is impossible to get a unanimous-consent agreement at this time, I wanted to assure him that I was anxious to vote upon the bill at the earliest possible moment, and I thought we should vote on it on Monday. So far as I am concerned, I hope there will be an opportunity to bring up my amendment on Monday and get a vote on it. Many Members on both sides of the aisle are out of town. I was advised that many Senators who were out of town would like to have a few days' notice of a vote. That is why I thought Monday would be a convenient day.

Mr. KNOWLAND. Mr. President, I am sure the Senator from New Mexico understands that every Senator has been on notice that in the past 3 weeks we have had a heavy program and are holding evening sessions. It is bound to happen that some Members have to be absent; but in these days, with the airplane, they can return from any section of the country overnight. When the Senate is in its closing days, it seems to me that absent Senators, no matter how many may be involved—they come from both sides of the aisle—should not delay the public business and keep 80 other Senators, many of whom also have engagements or desire to go back to their home States, meeting late at night in trying to wind up the Senate's business. I might be called out of town myself, but I certainly would not expect 95 other Senators to kill time for 2 or 3 days waiting for me to return. I believe, under the circumstances, it is extremely important that we be able to conduct the public business as the debate legitimately runs out and amendments come up for consideration.

Mr. THYE. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. If I have the floor, I am glad to yield to the Senator from Minnesota.

Mr. THYE. Mr. President, I should like to comment on what the majority leader has said. I have gone through campaigns since I have been a Member of the Senate, and I certainly did not expect the entire Senate to adjust itself to my absence. I recently took leave for 2 days, and the majority leader said he thought only noncontroversial bills would be considered in my absence. I was gone only 2 days, and during that time there were 5 yea-and-nay votes, and I was listed as being absent on all of them. If we conduct our business at the convenience of 3 or 4 Senators who are conducting campaigns in their States, I do not think the Senate is functioning as it should.

Mr. KNOWLAND. As I have observed closely the operations of the majority and minority leaders with reference to their responsibilities, both when I first came to the Senate, when former Senator Barkley occupied the minority leader's place, and Senator White, of

Maine, occupied the chair which I now occupy, and as I worked with the late Senator Taft and with the distinguished minority leader [Mr. JOHNSON of Texas], until a Senator has served at one of these desks I do not think he can understand the problems and the burdens that are placed upon the majority and minority leaders in trying to maintain orderly procedure, trying to accord every reasonable courtesy, particularly in the early stages of the session when there is considerable more flexibility than is possible in the closing 3 weeks, and in trying to keep Senators who are overworked from working through an entire night in order to complete the legislative program. Many Senators have expressed an earnest desire that they might be able to complete the work, as provided by the La Follette-Monroney Act, by July 31.

What I have said was said more in sorrow than in anger. I wanted to lay the matter on the line, because as we go into the later stages of the session and longer hours are required, if the period must be extended, both the Senate and the country will know where the responsibility rests.

Mr. JOHNSON of Texas. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. JOHNSON of Texas. Mr. President, I am very fearful it will be necessary to extend the date of adjournment instead of extending the hours of the daily sessions. We are now operating on a 12-hour day, and while I have no doubt the majority leader and the minority leader, for that matter, can "take it," I do not know how long we shall be justified in asking the Members and the staff to work more than a 12-hour day.

I rose to ask this question: Is it the purposes of the majority leader to call the calendar tomorrow? I should like to know in order that Members on this side of the aisle may have notice.

Mr. KNOWLAND. I have not changed the plan to have a calendar call sometime tomorrow.

Mr. MORSE. Mr. President, I should like to ask the Senator from New Mexico [Mr. ANDERSON] a question. I think the Senator knows that I have no objection to voting on any amendment on Monday if the debate runs out. But am I to infer that the Senator thinks we should place some restrictions on ordinary debate by entering into a unanimous-consent agreement to vote on Monday?

Mr. ANDERSON. No, indeed. I was only expressing the hope that as to those amendments on which we have finished debate we might vote on them. If this matter is left alone, we might proceed to vote on Monday, and if we should have a call of the calendar on Saturday we would still be making as much headway as if we had had a unanimous-consent agreement.

Mr. MORSE. I am glad to hear that observation of the Senator, although I want to make it perfectly clear that if I stood all alone on this matter I would still object. But I also wish the RECORD to show that this objection represents a substantial body of opinion within the Senate as of this hour. If I did not object, there would be plenty of others who would object, although I do not say that with any idea of detracting one iota from my full responsibility for this objection.

I shall continue to raise objection even if we get to the point where I stand as the only one who opposes an agreement to limit debate on this tremendously important bill.

Mr. ANDERSON. Mr. President, we have not debated all the angles of this bill. For example, the very able Senator from Michigan [Mr. FERGUSON] talked about the Dixon-Yates matter as a firm offer. I talked to him afterward and said I did not believe it was a firm offer, for the proposal of the Dixon-Yates group was made contingent upon three things:

First of all, a United States Treasury ruling on sinking fund depreciation;

Secondly, a ruling from the SEC, which they have not yet given, on the contracts entered into last August with EEI and OVEC; and

Thirdly, the approval of the regulatory bodies having jurisdiction and having charge of it.

If, by any chance, the Senate should fail to adopt the amendment which I have offered, which I think might stop the Dixon-Yates contract, then the Dixon-Yates contract might be permitted under the law, so we should go into what the Dixon-Yates contract really is.

We might want to refer to the cancellation provisions of the Dixon-Yates contract. They are somewhat complicated, but they involve some $40 million, and I should think that in dealing with a $40 million contract, the Senate might want to know how the $40 million obligation came about and how it was applied. Therefore, some of us have taken the time to figure out how it was applied, and to present it to Congress.

The same question applies to the cancellation provisions of the existing contract. We ought to look at them, to decide whether they are satisfactory contracts.

I do not think that a week is too long to devote to a matter of this nature. The wool bill, Senate bill 2911, was made the unfinished business of the Senate on April 15. It finally passed the Senate on April 27, after having been considered for more than a week. Is it seriously contended in the Senate that the wool bill, important as it was to the country, was more important than the atomic energy bill? Are we to hear now that having debated all that time on the wool bill, merely because it happened to be a part of an agricultural program which, I am happy to say, I supported, it was more important than a bill which deals with $12 billion worth of property and the safety of the entire Nation? I think we should bear that in mind.

Not only that, but I know that the Bricker amendment, Senate Joint Resolution 1, an extremely important piece of proposed legislation, was made the unfinished business of the Senate on January 20, 1954. I am not going back into 1953, but merely to January 20, 1954. Senate Joint Resolution 1 was rejected on February 26, 1954, after the Senate had spent 5 solid weeks on the proposed amendment. I think it was important. I know it was of supreme importance to the Nation. But I simply say that I cannot possibly persuade myself that marching our soldiers up the hill, and then marching them down again on that resolution was as important as is the consideration of the atomic energy bill, which offers great possibilities to the people of the earth and the people of this country; a bill which will do something for our economy; which will lift some of the burdens off the backs of humanity.

If the Senate could spend 5 weeks on Senate Joint Resolution 1, I think it can spend more than 5 days on the extremely important bill which, I still maintain, a great majority of the Senate do not yet understand, if I may judge from the questions which are put to me by Members of the Senate.

Finally, I refer to the Hawaiian statehood bill, which was made the unfinished business on February 26. I offered an amendment to that bill, which was agreed to on March 11, but final passage did not come until April 1. So from February 26 to April 1, the Hawaiian statehood bill was before the Senate. The Senator from Washington [Mr. MAGNUSON] has just asked about that bill. It is tied up somewhere in the other body. The Senate spent many weeks on it. Are we to say that that sort of futile effort, of marching our soldiers up the hill, and then marching them down again, is more important than the disposition of the atomic energy bill, which involves $12 billions of our money, and carries with it the hopes, dreams, and aspirations not only of the United States, but also of the whole earth.

While I have indicated that I would like to see voting begin, while I still say I want to see voting begin, and while I am still anxious to have an early vote upon the amendment I have offered, I think there must he time in which to discuss it.

We have talked about the cancellation provisions in the contracts. That raises the question whether the contracts should not be reviewed by some group.

Some Senators have said that there should be a vote upon it. I think the subject requires some discussion. I think the question is, should these very important contracts, involving millions and millions of dollars, be reviewed by the joint committee, where unusual secrecy is required, or should they be reviewed by the Committee on Appropriations or by some other group? I do not know.

But when the General Manager of the Atomic Energy Commission can send a letter, saying that he believes that the TVA is going to overcharge the Atomic Energy Commission by $6 million a year, under a contract entered into only last year, then I say maybe someone had better have a look at the contracts besides the Atomic Energy Commission.

Perhaps it might be all right to let someone else take a peek at them some time. Therefore, I think we had better look at the cancellation provisions.

No one has talked about section 21. The joint committee sat day after day discussing section 21 which at one time

provided that the Chairman of the Commission should be its principal officer. Personally, I think the joint committee, after its deliberations, came out with a good solution of the problem. I am perfectly satisfied with the language, with this exception: I believe that all information should be available to every member of the Commission. Mr. Murray, a member of the Commission, has said he believes he should be entitled to all information, and he has suggested an amendment. I placed the language of that amendment in the RECORD last night.

If no one else does so, I should like to offer it as an amendment. Mr. Murray's language might be included in the bill. It would provide that anyone who has been nominated by the President of the United States to be a member of the AEC, and whose nomination has been confirmed by the Senate of the United States to be a member of that body, should be entitled to receive all the information coming into the body.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. HICKENLOOPER. Is there any question in the Senator's mind that every member of the Commission is not now entitled to all the information, transactions, and business of the Commission?

Mr. ANDERSON. Yes, indeed, because the chairman of the committee himself said he thought there would be circumstances where it would not be wise.

Mr. HICKENLOOPER. It was the chairman of the Joint Committee on Atomic Energy who said that, not the Chairman of the Commission.

Mr. ANDERSON. Very well. I also say "committee."

Mr. HICKENLOOPER. There is nothing before our committee to indicate that any member of the Commission has ever been denied any information having to do with the business of the Commission.

Mr. ANDERSON. I shall not argue that point again. I say merely that we spent several days discussing it. I only want to say to the Senator from Iowa that I agreed fully with what was finally done by the committee. But it was pointed out that item after item had been discussed as a matter of national policy, and that when the President had made certain proposals, the members of the Atomic Energy Commission thought all of them should have known about them. But it was transmitted to only 1 member, because that man wore 2 hats: 1 as Chairman of the Atomic Energy Commission, and another as the President's personal adviser on atomic energy. When he went to the White House he wore one hat; when he was at the Commission he put on the other hat, and need not tell the other members of the Commission what was under the first hat.

Perhaps that is all right, but a member of the Commission—a very valuable member of the Commission, feels that it is not all right. He wants clarification on that point.

We should have a discussion of whether that should be clarified; or whether, as the Senator from Iowa has stated, there is no question about it. This is very good assurance to me that there is no question about it, because I think it is part of the legislative history.

Mr. HICKENLOOPER. The Senator from New Mexico is speaking on borrowed time. The Senator from Oklahoma has yielded, and I shall not transgress on his time nor that of the Senator from New Mexico, except to say that the Senator from New Mexico has raised this question in generalities today. I know he is prepared to discuss it in detail when the matter comes up. But I merely wish to say that I cannot let his ideas, as he has expressed them, stand without a statement in the RECORD that I disagree with the connotation of what he is saying, especially with regard to the two-hats matter.

I want the RECORD to show that there is certainly another and a definitely diametrically opposite side to the side as the Senator from New Mexico has expressed it, as reported to him by some members of the Commission.

Before the discussion is over, I hope we shall have an opportunity to get all the facts before the Senate and to understand the situation as it is. I shall not go into details now because I do not wish to trespass on the Senator's time.

Mr. ANDERSON. I agree with the Senator, and I think that is why there should be debate. That is why I want to have a discussion. I agree with the Senator from Iowa. I think the matter is clear. I think the only inference which can be drawn is that every Member should be entitled to all the information. But here is a member of the Commission addressing a letter in which he says that he does not think that is so, apparently, from what is going on. I have placed the letter in the RECORD.

If the statement by the Senator from Iowa, coupled with other statements will provide a legislative history which will make it certain that no member of the Commission is looked upon as a security risk and is to be prevented from having information, then I shall be satisfied. But I think those questions should be cleared up.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. LEHMAN. I am very grateful to the distinguished Senator from New Mexico for enumerating a number of the issues involved in the bill which need further clarification. I am not certain, however, that the Senator has emphasized one feature of the bill which I think is of very great importance, and that is the giveaway feature. On that subject I, and I believe some of my colleagues, wish to speak tomorrow or Monday.

Mr. MAGNUSON. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from Washington.

Mr. MAGNUSON. As the Senator from New York stated, I do not think the Senator from New Mexico has enumerated all of them, but I know some of us are interested in knowing how the bill changes the power policy of the country. There has been no discussion or consideration at all of that question. If the Government goes into electric power energy development, what will be the position of the Federal Power Commission in the matter? How do the interests of the two agencies conflict?

Referring to the byproduct power, which is discussed on page 118 of the report, if the section in the bill stands as it is, the bill will not only overturn a 50-year power policy, but it will start a new power policy. I think all kinds of questions were ably raised by the two distinguished Members of the House of Representatives, contained in about five pages, in which they indicate that they themselves, as members of the committee, still were not clear after the committee reported the bill. Many of us who have a direct interest in the matter I believe desire to discuss the bill at some length. The report has been available only 3 days. It takes longer than 3 days to ascertain how the bill will affect the power policy of the country.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. HICKENLOOPER. The report has been on the desk of the Senator since early Monday morning.

Mr. MAGNUSON. Tuesday afternoon.

Mr. HICKENLOOPER. At about 10:30 in the morning.

Mr. MAGNUSON. Very well; it has been available for 3½ days, then. The bill comprises 104 pages. We are expected to be able to study the bill in 3½ days, a bill which will do more to change the entire power policy of this country than any other bill which has been passed by Congress in the past 20 years, and it is expected that those of us who have a direct interest in the matter will be able to become familiar with the bill in that time, when even the members of the Joint Committee on Atomic Energy do not understand it. What effect will the provisions of the bill have upon the power policy of the country? Will atomic power be used to create electrical energy?

I pose the question: What is the rush in trying to get the bill through Congress? I can understand the urgency of getting the farm bill, the tax bill, and appropriation bills passed; there is a need for rushing them through. Many of the members of the joint committee posed all kinds of questions which they themselves cannot answer, and I am sure very few Senators even now understand the implications and the ramifications of the bill. We are getting some light from some excellent speeches which have been made, but most of them have been directed to certain phases of the bill. There are all kinds of ramifications involved in the bill.

I do not know that July 31 is the date by which Congress must necessarily adjourn. I am sure the people of the country will not be angry if we sit here a few more weeks, if important measures are going to be thrust at us, and, with only 3 days' notice, we are to be asked to vote and express our judgment.

Mr. ANDERSON. Mr. President, I wish to make it clear that I do not want what I said a moment or two ago to appear as if I am in opposition generally to what the able Senator from Iowa has been saying. He is a former chairman of the joint committee, is an extremely conscientious member of it, and, in my humble judgment, an extremely able member. I was merely saying I did not think we should hurry the matter, because Members of the Senate generally have not had the opportunity to spend time on the bill, as the members of the Joint Committee themselves have done. I believe it takes a while to understand the various ramifications of the bill.

Mr. HILL. Mr. President, will the Senator from Oklahoma yield?

Mr. MAGNUSON. If the Senator will permit me a word, we have enough time. I want the RECORD to show that, as reflected on page 121 of the report, members of the joint committee say they cannot understand what the bill prescribes in relation to how hydroelectric resources may be used. They wonder about the safeguarding of the prior right of Federal development of resources in this particular field. They wonder about the safeguarding of prior rights of public bodies.

There is another aspect of the bill to which I should like to call attention. There is no preference clause in the bill at all. The project could be given away to private interests. We have no idea what it is going to cost, or whether the people are going to get a fair price.

Mr. LEHMAN. There is not a single element of protection in the bill.

Mr. ANDERSON. Mr. President, I desire to add there may be necessity for more discussion, because there may be some protection needed. I think the Senator from Washington should have an opportunity to examine the bill carefully, to ask his questions, and to study the points made by Representative HOLIFIELD and Representative PRICE in their long and, I think, carefully prepared minority views. I did not join them in those minority views, because I do not subscribe to all that is stated in them, but there are many statements to which I do subscribe, and I must congratulate those gentlemen for the manner in which they presented their points with respect to the bill.

Mr. HILL. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from Alabama.

Mr. HILL. In view of what has been brought out in the debate about the cancellation terms of the old AEC and EEI contracts, does not the Senator think that information alone shows the importance of the bill? That is just one signal light, so to speak, showing us how far the bill might lead us, what it might mean, what it might cost the people of the United States, and how far it might lead us away from the basic business principles to which we have always tried to adhere—a shocking revelation which the Senator from New Mexico brought to the attention of the Senate in the matter of the cancellation clause.

Mr. MAGNUSON. There is a tax feature involved in the bill, too, which the junior Senator from Tennessee brought out. I think that feature is something we should consider.

Mr. ANDERSON. I wish to say to the Senator from Washington with reference to the tax feature, that I do not think that was actually a part of the proposal made by the Dixon-Yates group. I think the tax feature came in as a suggestion from the Government agency itself. Therefore we have the situation of the sponsors of this contract being asked to defend something which they themselves did not propose.

Mr. MAGNUSON. That should be looked into also.

Mr. ANDERSON. I agree; it should be looked into.

In that connection I submitted an amendment which has to do with the cancellation provision.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. Does not the Senator from New Mexico agree with me that ever since last Tuesday the tax feature of the bill has been looked into continuously and frequently for 10 or 12 hours a day? That is all Senators have discussed. I do not want to curtail any further examination into the subject, but I say to the Senator from Washington it has been most thoroughly examined on both sides of the aisle, back and forth, up and down, morning and evening, and late into the night; so it has not been neglected. I would not want to curtail further discussion of that feature, but I would say it has not been the subject of inattention, so to speak.

Mr. ANDERSON. I am through, Mr. President. I merely wish to say that when I offer the amendment, I realize that people now holding a contract for the construction of these plants, and that includes persons at Paducah and elsewhere, might wonder if I was trying to set aside their contract. Having issued securities on the basis of a Government contract properly entered into, therefore it might be important to them that I clarify, at least for the purposes of legislative history, what was in the amendment, insofar as I was concerned.

Mr. President, in offering my amendment, I want to make it absolutely clear on the record that my amendment is to be operative only in the future. It is not the intention in any way to reach, affect, or touch the contracts already entered into by the Commission with the TVA, with OVEC, or with EEI, either in their present forms, or as they may be modified in the future. This amendment relates only to new contracts which the Commission may enter into with respect to the furnishing of electric-utility services to Oak Ridge, Paducah, or Portsmouth.

Mr. President, I make that statement because many aspects of the matter may arise, and people will wish to know the history behind the proposal. Furthermore, I make the statement on the assumption that the amendment might be adopted, and thus I wish the RECORD to show what the purpose in submitting the amendment is.

Mr. HILL. Mr. President, will the Senator from New Mexico yield for a question?

Mr. ANDERSON. I yield.

Mr. HILL. Of course, is it not the purpose of the Senator from New Mexico, among other things, to prevent the insertion into future contracts of cancellation provisions similar to the ones that were included in the OVEC and EEI contracts?

Mr. ANDERSON. Yes, I admit that; and I am glad to have the Senator from Alabama say so. But I think it would be extremely improper for the Atomic Energy Commission to contract with an individual or firm to construct a plant—an operation that is hazardous, at best, and involves a great deal of money—and let that individual or firm sell securities to any people of the United States who might wish to buy them, and then have the Congress change the arrangements or basis on which the contract was let and on which the plant was built. In other words, we have to keep our word, too.

Mr. HILL. Of course, the Senator from New Mexico knows that under the Constitution, no State can abrogate a contract. Certainly we should live up to the provisions of a contract.

But, as I have said, the contracts with OVEC and EEI are indeed shocking.

Mr. MONRONEY. Mr. President, before I yielded for this most interesting discussion and also for the announcement of the schedule of the Senate in connection with the further consideration of this important measure, I was discussing the grave danger that might threaten the people of the United States and the Government of the United States as the result of stretching statutory authority beyond the congressional intent.

In this case I think the law-stretching goes not only far beyond the intent of Congress, but also far beyond the legislative history, clearly written in the CONGRESSIONAL RECORD and clearly expressed by the Members of Congress who brought the bill to the floor and who secured its passage. If the law can be stretched to the extreme limits to which it is being stretched by attorneys, we know not whom—apparently they are not representatives of the Atomic Energy Commission, but are anonymous attorneys in the Bureau of the Budget, who say that this is all right, that the three little words "in connection with" can be used to cover the universe—if that much of a stretch is permitted, I believe it will result in grave danger to the public interest and grave danger that the clear lines of statutory authority under which the Atomic Energy Commission should operate will not be followed.

However, grave as that danger is to the public and to the following of the clear line of authority, this stretching of laws is such—and I am reminded that one of the corset companies advertises a two-way stretch—I wish to point out that if the law can be stretched to cover so broad an expanse in relation to the provision of power as the deal with the Dixon-Yates group represents, and if

that can be done within the framework of the Atomic Energy Commission, a future President of the United States, using the same powers of dictation, the same line of command, the same telephone line directly from the White House to the Bureau of the Budget to the Atomic Energy Commission, could stretch the law to cover great favoritism in behalf of public power groups. In that case, the very advocates of the presently proposed stretching of the law to benefit private utilities would find that exactly the same stretch could be used to do things—without authority of law—which the private utility companies would find would do violence to their position.

Mr. BUSH. Mr. President, will the Senator from Oklahoma yield to me?

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Does the Senator from Oklahoma yield to the Senator from Connecticut?

Mr. MONRONEY. I am very glad to yield to my distinguished friend the Senator from Connecticut.

Mr. BUSH. Mr. President, this morning the distinguished Senator from Oklahoma, in the course of the discussion on the floor, raised a question regarding accelerated depreciation.

Mr. MONRONEY. In fact, I referred to the entire question of depreciation.

Mr. BUSH. Yes, to the entire question of depreciation, and to the possibility that accelerated depreciation might be permitted under the contract. I advised the Senator from Oklahoma that I would look into the matter, and would give him whatever assurance I felt was forthcoming that such would not be the case.

I wish to say to the Senator from Oklahoma that I have discussed the question directly with Mr. Dixon, of the so-called Dixon-Yates group. He assures me that in the contract there is nothing regarding accelerated depreciation, that in the contract there is nothing that would permit it, that it is not contemplated, and that it is not even thought to be desirable or wanted or anything of the sort. So it is absolutely out. That is the information I wished to give the Senator from Oklahoma.

Mr. MONRONEY. Mr. President, I appreciate that very much, for my major concern, as I tried to express in my feeble way this morning, was not so much with accelerated depreciation—because, after all, with a 25-year contract, if the Government is allowed to take advantage of the depreciation writeoff, the Government would be in almost as good a position—my major concern was as to who will obtain advantage of the depreciation, and whether the assumption of the Federal income tax is based on the normal deductibility of depreciation in the case of this $107 million plant.

Mr. BUSH. The answer to that is "Yes."

Mr. MONRONEY. That is the important point.

Mr. BUSH. The answer to that question is "Yes."

Mr. MONRONEY. Because if the tax writeoff on this $107 million plant is deferred for 25 years, then at the expiration of the contract—the Government having paid all the taxes, without the deductibility of normal depreciation—the deductibility of $107 million would be passed on, and could be taken in 1 year, and thereby the company would be saved more than $50 million.

Mr. BUSH. Under the circumstances I have just described, and with the contract not permitting accelerated depreciation, it seems to me that the contingency the Senator from Oklahoma suggests is absolutely impossible.

Mr. MONRONEY. No, it does not matter whether the depreciation is accelerated or normal. My insistance is that unless the Government can obtain advantage of the depreciation charges that normally would be used to reduce the Federal income tax the company must pay, then the contract is a bad one and the situation for the Federal Government and for the Atomic Energy Commission would be a bad one. I do not wish to see the Federal Government or the Atomic Energy Commission pay the income taxes in this way, unless the Government and the Commission are to receive advantage of the full tax deductions a private concern would normally take in making its own tax returns. This is a separate question. It is not so important whether the writeoff is for 5 years or for 25 years. I wish to be completely sure that the plant will be written off, for tax purposes, inasmuch as the Government is assuming responsibility for payment of the taxes——

Mr. BUSH. In the normal way?

Mr. MONRONEY. Yes, in the normal way.

Mr. BUSH. Yes, I believe that is certainly the intent of the managers who make this proposal. That is all I can say to the Senator from Oklahoma.

Mr. MONRONEY. I appreciate the work the Senator from Connecticut has done on this matter. This point raised a fear in my mind, because of the language used about tax immunity, for if treated as tax immunity, at the end of 25 years someone could take advantage of a $107 million tax write-off. If the taxes were assessed in the normal way, over the normal depreciated life of the plant, the Government would obtain the same advantage a private concern would obtain in paying a reduced amount of taxes.

Mr. BUSH. I simply say that is my understanding of what would occur under the arrangements proposed by this group.

Mr. MONRONEY. Mr. President, I deeply appreciate the efforts of the distinguished Senator from Connecticut to help me in that regard.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. MONRONEY. I am delighted to yield to the distinguished vice chairman of the joint committee.

Mr. HICKENLOOPER. The Senator from Oklahoma is discussing a slightly different phase of the matter at this moment, in response to the statement of the Senator from Connecticut; but I wish to refer to the question raised by the Senator from Alabama [Mr. HILL] a moment ago he said he was shocked when he learned of the cancellation damage provision of the so-called Dixon-Yates contract. I should like to ask the Senator from Alabama——

Mr. HILL. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. HILL. I am willing to discuss the Dixon-Yates contract, but I was speaking of the cancellation clause in the OVEC and the EEI contracts. I was addressing myself to those cancellation provisions.

Mr. HICKENLOOPER. I had understood the Senator to refer to the Dixon-Yates contract. OVEC and EEI are private companies. They have cancellation damage provisions in their contracts.

I wonder if the Senator has read the cancellation damage provisions which the TVA demands in connection with the Oak Ridge and Paducah operations, where TVA has a contract. I refer the Senator to page 61 of the hearings of 1953 on House bill 4905, where it is shown that TVA demands a total of $131 million damages from AEC for cancellation, and requires notice of from 48 to 51 months, over which the damages of $131 million will be paid if the AEC cancels out on the TVA.

I refer to page 61 of the hearings before the Joint Committee on Atomic Energy on House bill 4905, the hearings having been held between April 28 and June 10, 1953. It is shown there that the TVA contract requires the AEC to pay $131 million in cancellation damages if it cancels the contract for the Paducah and the Oak Ridge installations. I merely call that to the attention of the Senator from Oklahoma to show that there is nothing unique in this cancellation clause with respect to the other companies, and there is nothing unique in the procedure with respect to the cancellation penalties in the Dixon-Yates program. TVA uses the same device, the same yardstick, to protect itself against undue and unusual loss.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. ANDERSON. I should like to make a brief comment. A part of the charge which is always made against TVA officials is that they are not good business people. I am very happy to have it shown that they are excellent business people.

Secondly, I was very happy to hear from the General Manager of the AEC the claim that the AEC was being outtraded, and that it had a contract under which AEC was overcharged.

We have never contended that termination charges are not proper in these contracts. However, there is this difference. If the $131 million in termination charges in the case of TVA were to be paid, the money would be paid into the Treasury of the United States, because the United States owns TVA. But in the case of the OVEC and the EEI contracts—and this is a matter of testimony—if the Government should close its Portsmouth plant and the other

plants and cancel the contracts, in connection with installations which cost $1 billion, then even if the companies sold every kilowatt of the power to private purchasers at a rate higher than the Government was expected to pay, and thereby suffered no financial damage whatever, the companies could collect nearly $400 million in damages from the United States Government. That is not good business.

Mr. MONRONEY. Is the Senator referring to the private utility companies in the Paducah area?

Mr. ANDERSON. Yes. That is not good business. It is not good business when it comes from the TVA. The only difference is that the TVA money goes into the Treasury of the United States.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. HICKENLOOPER. Then why put in the cancellation-damage provision at all, if it is all Government property? Why does the TVA set up $131 million worth of damage payments, if there should be no damage as between brothers, if they share everything?

Mr. ANDERSON. I think the reason is that TVA likes to get its hands on money sometimes and wants to expand its property. That may not be the sole reason. Perhaps they should not have asked for that type of damage, but they did ask for it. They got that provision in the contract properly, in open negotiation with AEC. I say only that the money goes back to the Treasury of the United States or should go back to the Treasury of the United States. I believe sometimes TVA regards some of this money as its own and forgets that TVA is owned by the Government of the United States. That is the only answer I can give the Senator from Iowa.

Mr. MONRONEY. Would it not be true, however, that a sudden cancelation of a TVA contract would work a greater hardship on TVA because of the limited area to which it is confined in its operations, while a private utility, associated with other private-utility companies, has an opportunity to pipe the power into a far greater area for consumption?

Mr. ANDERSON. I wish the Senator from Oklahoma had not asked me that question, because I think I should find myself answering it in the way he would not want it answered. I think probably TVA, with its enormous facilities, has a better opportunity to dispose of surplus power than have these two companies, which were established specifically for that purpose. ECI and OVEC were set up very specifically for that purpose, and it would be a very tragic thing to them if their contracts were canceled and they could not place the current anywhere else. All I have tried to contend is that there should be provision in the contract so that if they sell the current to someone else, the AEC will be relieved of any claim for damages.

Mr. MONRONEY. As I understand, it is a stop-loss provision which the Senator is seeking in connection with cancellation rather than damages.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. HICKENLOOPER. In order that I may make myself perfectly clear, I am not condemning TVA for making a businesslike contract on a businesslike basis. I am not saying that a damage recovery clause for early cancellation or unforeseen cancellation is a wrong or heinous thing. I am saying that it is a perfectly sound and proper area for consideration. If it is too much of a cancellation damage provision it ought to be revised. It ought to be made sound. But the fact that TVA protects itself and its own resources by a cancellation damage clause, I think, is good business. Perhaps I would disagree as to the amount or the yardstick, but the principle is a good business principle. Why condemn Dixon-Yates for doing the same thing, for establishing the same good business practice, the same good business principle, to protect its investors, just as TVA is protecting the investment of the Treasury of the United States and the appropriations of the Congress of the United States?

It is a matter of principle. What is sauce for the goose is sauce for the gander; and if it is good sauce for one it is good sauce for the other, I suppose. I am not assailing the principle that TVA protects itself by a strong cancellation damage contract. I am merely saying that if it is heinous for the EEI and the other private utilities around Paducah, if it is heinous for Dixon-Yates, it is heinous for TVA. I do not think it is heinous for any of them. I think the principle is sound.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. HILL. Is it not true that the cancellation clause for OVEC and EEI runs in terms of $400 million, whereas for TVA, which is supplying an enormous amount of power at Oak Ridge and Paducah—the enormous amount of 2,935,000,000 kilowatts—it is only $131 million?

Mr. MONRONEY. Furthermore, I should like to say that we are talking about 600,000 kilowatts of power. The TVA will gladly build a plant at Fulton to provide 600,000 kilowatts, without any cancellation clause, because the power is needed in that area. The substitute plan being offered in the Dixon-Yates contract at West Memphis, for furnishing 600,000 kilowatts, calls for a $40 million plus cancellation clause.

I do not see how we can compare the West Memphis plant necessarily with the Shawnee plant at Paducah or EEI or OVEC because they are supplying specific plants in specific locations. We are talking about 600,000 kilowatts in the Memphis area, and that is obtained without any cancellation clause. Yet Dixon-Yates would have a $40-million-plus cancellation clause.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. ANDERSON. I should like to say that I must agree fully with what the Senator from Iowa said a moment ago. There is nothing in the world wrong with a cancellation clause as such. It is proper for TVA to have one; it is proper for OVEC to have one; it is proper for EEI to have one. In my opinion, in terms of the risk, the formula used for calculating the maximum amount of damages is proper. Forty million dollars is not too much for these special plants, if their contracts were to be canceled at once, provided that if the current is used somewhere else there is no liability on the part of the Government.

If the Government were to contract with a company for the building of 100 special trucks with special dump bodies on them for a construction job, for example, and before the contract could get actually underway it was discovered that the trucks were not needed, but that a contractor somewhere else wanted them, and wanted them badly, and would pay for them the full amount the Government had agreed to pay for them, then I do not think it would be right for the manufacturer to sell them to the new purchaser and come back and extract the full penalty from the Government.

That is all I have said about the cancellation of contracts. I say it is proper to have a cancellation charge.

It is proper to have the clause in the contract. Furthermore, I think there should also be in the contract a provision that, in case the contract is canceled, the contractor selling the current shall not be entitled to damages or the application of the penalty clause, unless he can prove by clear and unequivocal evidence that he has been financially damaged, and then only to the amount of his provable financial damage.

Mr. MONRONEY. I thank the Senator from New Mexico for clearing up that point. I respectfully suggest that if the law can be stretched far beyond the contemplation of Congress for a private utility holding company, it can be equally stretched the other way as well for public power under other administrations.

It is a poor rule that does not work both ways. Because of the almost unlimited power the AEC should rightfully have in its atomic field to develop to the fullest all of the untold vistas of an atomic-energy age, its misuse once in this case will invite misuse in other fields as well, and perhaps by other interests as well at a later time.

In the proposed contract, if Congress does not act, we will arrive at this strange destination by executive dictation. I should like to cover the four specific points.

First. A new pattern of payment of taxes to municipalities, counties, and States—with the absorption of Federal income taxes—to be paid to Government contractors.

Second. Government-guaranteed contracts as a sort of FHA program for private utilities to underwrite 95 percent of their plant costs with guaranteed 9-percent return on a so-called risk 5-percent capital.

Third. An Evers-to-Tinker-to-Chance double play to furnish TVA with power by using the Atomic Energy Commission as a dummy contracting party for the alleged benefit of a third party, which does not want the deal.

Fourth. A breakdown of the traditional independent status of independent agencies and the surrender of their authority and judgment to the Bureau of the Budget of the President.

I am certain that if a bill were presented to Congress to set the new patterns of taxation payments by Government agencies which this proposed contract sets, far more consideration would be given to the ultimate complications it would lead us into than has been given to the Dixon-Yates pattern of tax absorption.

Make no mistake about it, Mr. President, once this pattern is fixed on the Federal Government to absorb taxes of so-called free enterprise, including not only local taxes, but Federal income taxes as well, it will take us into a jungle without paths or trails.

If this precedent is set—and it will be a precedent that will be certain to attract notice—how many new tax deals will it lead us into?

Already many municipalities and local units of government are crying for relief from large Government holdings of land for defense plants and other governmental installations. How many of them will be coming in, claiming that they have the same right as does the Dixon-Yates combine?

Can we in all good conscience give this tax absorption to a private utility holding company and deny it to the small local units of government who we know are suffering greatly because of large Goverment demands being made upon their local services, but for which the Government is paying absolutely no tax whatsoever to them?

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I am glad to yield to the distinguished Senator from Tennessee.

Mr. GORE. Under the terms of the analysis of the proposed contract, according to the estimates in the records, it is proposed that the Federal Government shall reimburse this corporation to the extent of more than $800,000 a year in Federal income taxes alone. How can Congress justify levying taxes upon small business, operated by people of small income, and make this reimbursement to a concern which has already been favored with a noncompetitive contract, with a guaranteed profit, and with a tax-proof bomb shelter for 25 years to the extent of approximately $800,000 a year in Federal income taxes alone?

Mr. MONRONEY. I am glad the distinguished Senator from Tennessee brought up that point, because we have barely glimpsed through a glass darkly the panorama of the special tax privilege in the Dixon-Yates contract, which will not only be offered to this company, but make no mistake about it, will also be sought by all companies that have defense contracts.

The thing that worries me is that if this 9 percent return on the $5 million of so-called risk capital is 9 percent after taxes—and I presume it is, although it is rather fuzzy, confused, and nebulous—if this 9 percent return is after taxes——

Mr. GORE. It is free of taxes.

Mr. MONRONEY. It is what a great corporation would consider to be gain after taxes. Actually we are providing a terrific return on an investment which is less than 5 percent of the cost of the plant. The plant is amortized on bonds covered by a Government contract with a cancellation guaranty. Therefore it is earning 9 percent after taxes on the risk capital and also providing for a capital accretion or a capital gain of $100 million over the 25-year life of the contract, because that money also is tax exempt. I am a little bit familiar with the rate on nontaxable municipal bonds. I am informed that they sell as low as 2½ or 3 percent because of the advantage of being exempt from Federal tax and thereby sell at a very, very rapid rate on the market today. Take, for instance, the toll-road bonds of the State of New York. They have a rate of around 3 percent because they have the advantage of being exempt from Federal taxation. If the $5 million of risk capital under this contract—and there is no risk attached at all—is able to earn 9 percent after Federal taxes, where on earth will the market price of these highly select, desirable, and juicy securities go after the contract is signed and the work is started? They will probably be the choicest and juiciest investment that has ever been offered in the history of this country—a 9 percent guaranty after taxes.

Mr. GORE. The contract has not yet been drawn, but the unusual procedure has been resorted to that the Director of the Budget has issued a directive to the Atomic Energy Commission to negotiate such a contract, and he has spelled out that it shall provide for complete repayment on the part of the Commission of all taxes of the corporation, local, State, and Federal, of whatever nature.

I inquired if such a thing had ever been done before. The Congressional Library diligently searched, and could not find any precedent. The General Accounting Office could cite no precedent. There were precedents in the case of cost-plus wartime contracts for the absorption of local taxes as an item of cost, as a reimbursable item; but one Government agency after another has held that Federal income tax is not a reimbursable item of expense of contracts of any nature, whether cost-plus, fixed-fee, or what not.

Mr. MONRONEY. I thank the distinguished Senator from Tennessee for that valuable contribution. I am thinking in terms of our $50-billion defense effort. In setting a pattern on something as commonplace as is an electric generating system, whose product is usable by every housewife and every individual in the Nation, with a guaranteed return of 9 percent after taxes, or absorption of taxes, would we be in any position morally or reasonably to deny the same tax-absorption principle to Lockheed Aircraft, or to Republic Aviation, or the United States Steel Corp., shipbuilding companies, the Du Pont Powder Co., and others? I can see no reason why having once widened the field of tax exemption we shall not have to make it universal. Why not permit everyone to get on the gravy train? We shall find that the demands will be irresistible. We can do a little fast bookkeeping and absorb the income tax of all the big defense producers and say we have saved another $10 billion. I do not know where we will stop. How can we refuse a similar advantage to the people living in small communities when we give such an advantage to Dixon-Yates and West Memphis?

Mr. GORE. The Senator is saying that this contract is to furnish power, not to the Atomic Energy Commission for national-defense needs but to the city of Memphis, which should not have priority over a defense plant——

Mr. MONRONEY. If the power is being bought admittedly by the Atomic Energy Commission, not for Paducah and not for Oak Ridge, we will be finding in the long run that we are absorbing Federal and local income tax so the AEC can sell electricity to mom and pop's hamburger stand on the outskirts of Memphis.

Mr. GORE. If it can be done for Memphis, could it not be stretched to include the city of Chicago because certain laboratories are located there?

Mr. MONRONEY. If we set such a pattern there is no telling where it may go. There are some plants in Hanford, Oreg., and in Boulder, Colo., and at other places.

Mr. GORE. What does it do to the private-enterprise theory in which I believe. The private-enterprise capitalistic system is really the goose that lays the golden eggs to keep our tax structure liquid and solvent. If we start paying the taxes of private enterprise in the name of private enterprise, what kind of "socialism" is that?

Mr. ERVIN. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. ERVIN. Does not private enterprise in the United States pass on the tax to the ultimate consumer, whether it be the Federal Government or a group of private individuals?

Mr. MONRONEY. The distinguished Senator is eminently correct in that statement. The tax is passed on to the consumer.

I can see much danger in setting this wild precedent to absorb not only local taxes but Federal income taxes on electric power which will not go into the plants of the Atomic Energy Commission but will be used by commercial subscribers to the TVA system in the Memphis area.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield further?

Mr. MONRONEY. I yield.

Mr. GORE. And in this case it would be a violation of the principle which the distinguished Senator from North Carolina has pointed out, because it is not in this case passed on to the consumer in the area, but to the United States Government.

Mr. MONRONEY. I thank the Senator from Tennessee for that contribution. May I ask the distinguished Senator at this point whether the private plants with which the Atomic Energy Commission has contracts for their Paducah supply, whose lines run direct from the plant to the Atomic Energy Commission's plant at Paducah, enjoy

this strange benefit and freedom from taxation?

Mr. GORE. Not at all.

Mr. MONRONEY. So in the proposed Dixon-Yates contract, which will not reach the defense plant that the two privately owned, privately operated utility concerns serve at Paducah, we shall be passing on to the West Memphis plant, which will not serve defense industries, benefits which we have not given to the two privately owned utility plants which serve the Atomic Energy Commission's plant at Paducah.

Mr. GORE. Nor to any other concern.

Mr. MONRONEY. I thank my distinguished colleague. So it can be seen that the precedent about which I am worrying is present. Why should not the two concerns with which the Government has contracted at Paducah then ask for the same tax deal? It could not be denied to them, if it were given to the West Memphis plant. At least, I have not found in my experience in Government that, once a pattern has been established, it is possible to make fish out of one and fowl out of the other.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. ERVIN. I simply do not quite understand what my friends, the Senator from Oklahoma and the Senator from Tennessee, are worrying about. Does not this illustrate the situation?

Once there was a sea captain, who returned from a voyage and gave his expense account to his employer. In the expense account was included an item for a suit of clothes for the captain.

The employer said, "We are not supposed to pay for suits of clothes for captains," and he eliminated that item from the expense allowance.

When the captain returned from another voyage he turned in his expense allowance.

The employer said, "I do not see anything in here about a suit of clothes for the captain."

The captain said, "No, you do not see any specific item for that. It is scattered around in the items for salt, pepper, and other things."

As I understand the Senator from Oklahoma and the Senator from Tennessee, they agree with me that the taxes have to be passed on by anyone engaged in private enterprise, regardless of whom their consumers may be. Am I to understand that the difference in this instance is that the cost of the suit of clothes for the captain is not being set up as a separate item, but is being scattered around among the salt, pepper, and other articles?

Mr. MONRONEY. We shall be paying the rate which will include taxation that Dixon-Yates will have to pay, for everybody else is on the same system. Every defense plant, ammunition maker, and airplane builder is on the same system. Let us not make this the only company in the country which will ride the gravy train. I think we shall be embarking upon a very, very difficult area of tax exemption which will plague, haunt, confuse, and confound Congress. Let us take that question up in a tax bill or make it uniform, but let us not allow one firm to have it, and another firm not to have it.

Mr. GORE. Our distinguished friend, the junior Senator from North Carolina [Mr. ERVIN], has related the Federal income tax to a reimbursable item of expense. That is the distinction. It has never been so treated, and it would be an extremely dangerous precedent so to treat it. If that be done, then we shall be dealing very inequitably. There is one concern which would be reimbursed, according to this proposal, $800,000 a year in taxes which it rightfully owes under the tax policy which applies alike to every other corporation in America. How can Congress justify the singling out of one corporation and say, "The tax laws of the United States will apply to every other corporation, firm, business, or person in America but you. Everyone else in America must pay a tax but you. You are favored because you have a guaranteed profit to furnish power, not to the Atomic Energy Commission, but to the TVA, and we want your rate to look as low as possible, even though we have to resort to this kind of scheme to reimburse your taxes, in order to give your rate an artificial appearance."

Mr. MONRONEY. May I ask the distinguished Senator from Tennessee, who has studied the problem perhaps far more than I have, whether the tax exemption also rides on the 3½-percent bonds which are proposed to be sold to finance the bulk of the construction? I do not think it would, but we cannot be certain because of the terrible confusion of this jungle, this new tax pattern, of which we do not know the effect.

What I was inquiring about was whether the tax exemption which rides, as I understand, on the 9-percent return guaranteed to the 5-percent investment, on the $5 million invested, also extends to the 3½-percent bonds. They certainly would not be exempt from Federal taxation, would they?

Mr. GORE. I do not think so.

Mr. MONRONEY. I do not think it would be conceivable, but there are so many strange facets, taxwise, in the bill that I think we are only beginning to see some of the difficulty in trying to work out the problem and to understand all the intricacies of the contract which is now about to be signed by the Atomic Energy Commission.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. GORE. I hold in my hand volume 26 of the Code of Federal Regulations. I wish to read from paragraph 16.8, page 189, as follows:

> Among the items which shall not be included as a part of the cost of performing a contract or subcontract, or considered in determining such costs, are the following.

Then there is a listing of certain items. I come now to this language:

> Federal and State income and excess-profits taxes, and surtaxes.

I wish to point out that during the term of the contract, no matter how great the emergency might be, requiring the raising of taxes on other corporations, and perhaps requiring a reassessment of excess profits taxes, this particular corporation would have a tax proof bomb shelter. It would have a guaranteed contract to reimburse it for all taxes, and no additional burdens could be laid upon it.

Mr. MONRONEY. Does the Senator from Tennessee think of any better treatment tax-wise than to put the stock of such a holding company at the topmost peak of the securities, plus the 9 percent guaranty which the Senator has mentioned?

Mr. GORE. I can not believe the United States will endorse or permit this kind of contract to stand.

Mr. MONRONEY. I thank the distinguished Senator.

On the second point, that of establishing again, by Executive order, a system of Government insurance on a private investment in utility construction, on a 5 percent investment basis, the executive opens the door to a new system of subsidizing private enterprise.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. GORE. I apologize to the able Senator from Oklahoma for interrupting him.

Mr. MONRONEY. I am always glad to have the contribution of the distinguished Senator from Tennessee.

Mr. GORE. I am concerned about the innovation in taxes which is now proposed. As a matter of fact, I have listed this particular feature of the proposal as being more important, in my opinion, than the invasion of the TVA service area; and the junior Senator from Oklahoma knows how important I regard the TVA.

Mr. MONRONEY. I am well aware of the distinguished record made throughout the years by the able junior Senator from Tennessee in connection with the building of TVA.

Mr. GORE. I thank the Senator. This is by no means the first time private interests have sought such favored treatment. In fact, such favored treatment has been sought at the hands of the Government over a period of years. But this is the first time that any Government agency has given it endorsement. I shall refer back to the cost-plus contracts of World War I.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a suggestion at that point?

Mr. GORE. I yield.

Mr. HICKENLOOPER. The Senator has said this is the first time a Government agency has given endorsement to such favored treatment. I again call to the attention of the Senator, as I have done repeatedly, that no endorsement has been given to this proposal. The contract has not been consummated. It is in the process of negotiation. How the tax structure would come out with the endorsement of the AEC is purely speculative at this point. The contract has not been signed. The final terms have not been arrived at. It is only a proposal on the part of Dixon-Yates for discussion and negotiation. How it will end when the contract is finally consummated I do not know, but it has not received the official endorsement of any Government agency, so far as I am aware.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I am glad to yield.

Mr. GORE. I am happy to concur in part in the statement of the distinguished Senator from Iowa. The contract has not been signed, and therefore the Atomic Energy Commission has not put its approval upon the contract. The agency to which I referred as having put its endorsement on it is the Bureau of the Budget. The Atomic Energy Commission has been given a directive to negotiate a contract. What kind of contract? The directive tells the Atomic Energy Commission to negotiate a contract which will provide reimbursement for all taxes, local, State, and Federal, of whatever nature. Therefore I can agree in part with the able Senator's statement that the contract has not been signed and the Atomic Energy Commission has not approved it; but it is directed to do so by the Bureau of the Budget, upon the direction of the President of the United States.

Mr. MONRONEY. On that same point before the Senator leaves it, I should like to say that I find in a release from the Bureau of the Budget an expression of its intention to absorb these taxes, so apparently it is a fait accompli. There is no further question about who is going to pick up the tab not only for local taxes but for Federal income taxes. I can find nothing in the release which would indicate there is any doubt at all about that matter in the contract.

Mr. GORE. The Manager of the Atomic Energy Commission testified before the joint committee, of which the distinguished Senator from Iowa is vice chairman, that such provisions were in the proposal, and he also put into the RECORD the letter of direction from the Bureau of the Budget.

A moment ago I started to say that even back as far as World War I certain private interests were seeking a similar special privilege. The builders of naval vessels in World War I, who were constructing the vessels on a cost-plus basis, claimed that they should be reimbursed, as an item of cost, for Federal income taxes they had paid. I hold in my hand a volume entitled, "Decisions in Regard to Cost of Naval Vessels Building Under Cost-Plus Contracts to January 31, 1919." As far back as that time certain individuals and companies were trying to get special tax treatment. I inform the Senate that all the requests were turned down. I should like to read the following ruling:

> Federal income and excess-profits taxes cannot be allowed as part of costs under Navy cost-plus-profit contracts, even when the contracts include "Taxes of all kinds, including munitions taxes," because the statute commands the contractor to pay such taxes from profits.

So the item of income taxes is not treated, has not been treated, and I do not think should be treated, as an excise or a privileged tax. Income taxes are paid as a percentage of the profits, and the courts have so held. So it is an entirely different item from the captain's suit.

Mr. ERVIN. Mr. President, will the Senator yield?

Mr. MONRONEY. I am glad to yield to the Senator from North Carolina.

Mr. ERVIN. For illustration, let us assume that there are two items for which the Government has to pay the private utility if the contract is entered into. Let us say the book I hold in one hand represents the taxes, and the book I hold in the other hand represents the rates. As I understand the Senator from Tennessee, it is perfectly righteous and legitimate to take the rates and the taxes and pay them together as one item, but it is absolutely unrighteous and wrong to pay the rates as one item and the taxes as another. The difficulty I have in comprehending that argument is that in the end, what is the difference, in the final result to the taxpayers of the United States, whether both funds are paid as 1 or as 2 items?

Mr. MONRONEY. I think I can say to the Senator from North Carolina that if the same tax treatment which is sought to be given to Dixon-Yates in the proposed contract were extended to all defense prime contractors, the income of Uncle Sam would be tremendously decreased; that if taxes were absorbed as proposed in the contract, it would permit earnings equivalent to about 9 percent, but if the tax were taken off, the earnings without taxes might be as high as 18 percent.

Mr. ERVIN. If the Senator will yield for another question, I shall not interrupt him further.

Mr. MONRONEY. I am glad to yield to the Senator from North Carolina.

Mr. ERVIN. Then, the Senator no longer agrees with me in the observation that whenever private enterprise deals with either the Government or individuals it necessarily has to pass the tax on to the ultimate consumer?

Mr. MONRONEY. The fixed taxes, such as real estate and other taxes, are passed on, of course. But it is impossible to know what profits are going to be. They are going to vary in good and bad years. I am sure the Senator will agree with me that in the average retail markup the fixed costs are included, and there is an attempt to make a profit after Federal and State income taxes are paid.

Mr. ERVIN. A corporation has to pay 52 percent of its gross income in the form of taxes, and the profits are made after those taxes are paid.

Mr. MONRONEY. I certainly feel that if the junior Senator from North Carolina is advocating that this principle be extended, and he wished to have it extended to Dixon-Yates, he would want everyone else to have the advantage. I am sure he would not want a particular company to be granted a special privilege. I am sure he would then agree with me that the way to extend such a privilege is by legislation, and the way to do that is to let everyone benefit by it under a uniform tax plan, and not let the privilege be granted by executive direction in a double play—Tinker to Evers to Chance—from the Bureau of the Budget to the Atomic Energy Commission to the TVA. Perhaps the Congress may wish to do what the Senator suggests, but it ought to be done by legislation, and it ought not to be done by setting a new pattern by executive direction.

Mr. ERVIN. I am not making a suggestion. I am simply trying to find out why, if the plan is altered, one method is righteous and the other method is unrighteous.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I yield.

Mr. GORE. I wish to say to my distinguished friend, the Senator from North Carolina, for whom I have very high regard, that the results are not the same. The reimbursement of taxes has two effects: First, it permits the private utility to establish an artificial rate for its electricity. Second, it insures a tax-exempt profit.

With the permission of the Senator from Oklahoma, and, I hope, with the attention of the able Senator from North Carolina, I shall indulge myself in a little simple arithmetic: If he and I were offered the opportunity of forming a corporation to be given a contract with the Government, without competition, and we formed the corporation, and set as our goal—and it would be understood by the Government, which would be giving us the contract—that we were to have a net earning of $1 million, free of taxes or after taxes, how would we go about it? If we paid a 50-percent rate on corporate taxes, in order to retain $1 million net and pay taxes our earnings before taxes would have to be $2 million. Is not that correct?

Mr. ERVIN. Yes.

Mr. GORE. Very well. Now let us take it the other way—but first let me say that, in order to earn the $2 million, the rate we would charge the Government would have to be higher than the rate in the case the other route were used.

Now let us consider the other route which is proposed in this case. Let us assume that we earn a net of $1 million. Again applying an assumed 50-percent tax to that earning, our taxes would be $500,000, leaving us a net of $500,000. But when the Federal Government reached into its other pocket and gave us back the $500,000, we would then have a net, take-home pay of $1 million, in which case the rate we could reflect to the Government would appear to be considerably lower; but it would cost the Federal Government. A profit would be guaranteed to us, and during the life of the 25-year contract, no matter whether other taxpayers had to bear a heavy burden, we could still put on our dress coat, so to speak, and not have to put on a raincoat and a slicker hat when the storms came; but we could walk with our dress coat on, because throughout the life of the 25-year contract, no additional burden would be laid upon us.

(At this point Mr. MONRONEY yielded to several other Senators, who addressed the Senate, and whose remarks, on request of Mr. MONRONEY, and by unanimous consent, were ordered to be printed in the RECORD at the conclusion of his speech.)

Mr. MONRONEY. Mr. President, we had completed discussing the very dangerous precedent which this proposal will impose upon our tax system. If all

the members of the Finance Committee were aware of or familiar with the new tax pattern the proposal may establish, I doubt if the contract would be allowed to stand. We know from past experience that the extension of special tax privileges always has a habit of becoming a precedent for general legislation which might be very detrimental to our whole tax structure. Therefore, I again wish to caution the Congress about permitting the Dixon-Yates contract to be an entering wedge for a series of demands for similar tax privileges.

On the second point, that of establishing—again by Executive order—a system of Government insurance on private investment in utility construction, on a 5-percent investment basis, the Executive opens the door to a new system of subsidizing private enterprise. This time we find this subsidy of a Government guaranty—with tax absorption—will pay for a $107 million plant in 25 years or slightly longer, to give the investors of some $5 million a clear title to the plant.

By various devices, all favorable to the private contractors, this proposed contract appears to be copper riveted against any loss to the risk capital of $5 million so invested to own a $107 million plant. The guaranteed 9-percent return, the tax absorption, and the high cancellation rate provisions all appear to me to be heavily in favor of the private contracting parties and against the Government's interest.

All this is being done by Executive direction and without legislative approval of the new system of Government guaranties that this contract sets in motion.

The third point, that of using the AEC as a dummy to the contract, and using the tenuous and doubtful AEC authority that is claimed by smart lawyers of the administration, sets even a more dangerous precedent.

Undoubtedly, wide authority must of necessity be given the AEC if it is to work untrammeled in putting the atom to peacetime work. But to misuse this authority and to stretch legislation providing for 25 years' contracting by the AEC for its own power, into such a double play of power passing—the Budget Bureau to AEC to TVA raises grave dangers ahead. These dangers will rise to haunt the AEC Commissioners of the future. They will not be only dangers to the public on special privilege, but they open up a system where any willful President by Executive direction could command the members of an independent agency to use its funds for any kind of competitive activity he so desired or felt was necessary to carry out his own program. It invites circumvention of our legislature process.

We must develop atomic energy under a system of laws, and not a system of men. Within 10 or 15 years the Atomic Energy Commission will be the most powerful force in the electrical energy field. If no holds are barred, and if the limits to its authority are defined only by the extent of an Executive directive, private enterprise itself will have real cause for worry and genuine concern.

The private utilities themselves, which have been most vocal in the past about law-stretching by Democratic Presidents, make themselves a party to such a process in their adamant support of this new concept. There is nothing in the legislative history of the section relied upon by the administration's attorneys to make lawful this purchase of power through AEC for TVA. But if this sets a pattern for atomic expansion of the clear language of the act, then is there any limit to which this, or even the earlier act, can be stretched?

The bill before us purports to have written into it definite limitations to prevent the AEC from entering the power business in competition with free enterprise or public bodies. They are denied the right to engage in building plants to serve electricity to the public.

But if the clear meaning of the present law can be flouted, have we any guaranty that by Presidential direction and strained legal reasoning these guaranties mean what they appear to say? It would seem to me that this administration should choose to remain within the clear intent of the law. If the law needs to be changed, if the power shortage is so desperate in the TVA area, and if the administration does not choose to let TVA generate this needed power, such changes in the law should be sought as will clearly spell out such contracts made by the TVA—not AEC—and provide whatever guaranties on the bonded indebtedness and on the 5-percent invested capital it is desired to give to private utility holding companies for TVA power. The administration should not try to do by indirection that which it should ask to do by direction of the Congress.

It must be recognized that the tide of power and influence ebbs and flows. While the private power groups are the darlings of this administration, this has not always been so; and unless American political life remains strangely static, it will not always be so again. Excesses beget excesses, and special deals favoring one group over the general public interest surely backfire, as election returns of the past have clearly demonstrated.

The power of the atom is clearly too grave a public responsibility to use the AEC as a dummy to a contract such as this. Its needs for adequate funds must not be crippled by making it carry the suspicion that some of the billions we pour into its appropriations on the faith of its proper use will be used to underwrite investors and to pay out without question their 95 percent bonded debt on their new plants.

Bear in mind that this guaranty is not for products having extra special use, and whose value is confined only to the AEC or to Government. This guaranteed contract is to build a long-lasting electrical generating plant in an area which is constantly outgrowing its generating capacities.

It would be difficult to find a safer investment for either "risk" capital or for the 95 percent bonded indebtedness of this enterprise than the construction of this plant. Certainly none of the members of this great combine of public utilities, with growing demand throughout their own system need any such Government-guaranty crutch. It would seem that at best the very generous writeoffs from fast amortization would serve them well enough without the additional guaranties proposed in their behalf in this contract.

Most defense plants gear to produce a specific item for our defense. Or at best their production lines specialize in the production of parts or end items which have little or no value after the defense needs are past.

Yet electricity, particularly such generation capacity in a rapidly growing industrial section, is about as stable as the gold buried at Fort Knox. Its use is not confined to the few, nor will its product be worthless if the world should suddenly come upon peaceful times again. The electrical needs of America are ever growing, ever expanding, into beneficial uses for our people. It is difficult to picture any product in such universal and continuing demand.

I wish to emphasize the fourth point, that of changing the heretofore "independent" status of an "independent commission." As bad as we may consider the proposed contract, and as one-sided as may be the guaranties, the tax privileges, and the cancellation clauses in behalf of a private utility combine, this is only one phase. It will set troublesome and dangerous precedents.

But the breakdown of the independent status of an independent agency is of far greater and of more dangerous proportions. Future Congresses may be alert enough to prevent such one-sided contracts and such willful misuse of AEC authority by a law-stretching process.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the junior Senator from Alabama.

Mr. SPARKMAN. The Senator from Oklahoma has just mentioned the question of tax treatment. I have been in attendance on a conference committee, and I am sorry I have not heard all of the speech which the distinguished junior Senator from Oklahoma has made. He may have treated the question fully, but I want to ask him this: Is not this proposal, in his opinion, a most unusual arrangement?

Mr. MONRONEY. I am glad the distinguished Senator has asked the question, because I think it certainly deserves repetition, recollection, and reconsideration.

There will be one company serving an alleged defense need, although I do not think they will be serving such a need under this contract to serve the TVA. But there will be one company, out of thousands of companies throughout the United States, which will wear a tax exemption badge, and particularly exemption from Federal income tax. On the big board, or wherever the securities of corporations are sold, there will be one company, and one alone, among all the companies of the United States, which will have a special tax deal.

As I have repeatedly said during the discussion, that one precedent will lead to pressures on the Committee on Finance, and on Congress, to extend to

other defense contractors, who have a more clear-cut tax operation than will the proposed West Memphis plant, the same tax deal.

No one wants to see one person alone ride the gravytrain. So I fear that the precedent which will be set in this case, to help one company, will lead to constant embarrassment and constant demand on the part of other corporations for the abatement of taxes to the Federal Government and to the small municipalities, which are struggling along with added expense because of such installations. Why should not other corporations have the same tax absorption principle apply to them as is written into the bill for the benefit of West Memphis and Dixon-Yates?

Mr. SPARKMAN. In recent months and recent years we have heard much about a contrast between socialism and private enterprise. I wish to ask the distinguished Senator from Oklahoma if it is not true that usually, in discussing private enterprise as against socialism or government control or government subsidy, the two features which are generally brought out are the payment of taxes by private enterprise, and the assumption of risk.

We have heard much about private enterprise in connection with this contract. I will ask the Senator from Oklahoma if either of those two basic elements of private enterprise is present, so far as this company, which is to be, is concerned. It is not yet in existence, but it is to be. Is either of those elements present in the proposed contract?

Mr. MONRONEY. As I read all the evidence I have been able to gather, and as we become aware of additional facts, we find there is a vast amount of new evidence in connection with the whole proposal of which we have not been apprised. I see present neither of the elements to which the Senator from Alabama has referred. An entirely new concept of free enterprise is being created. It is neither free nor enterprise, because there is a Government crutch under both arms, the one being tax exemption and the other being a guaranteed return of 9 percent on the investment.

Mr. SPARKMAN. And the project is not yet in existence.

Mr. MONRONEY. It is a nebulous corporation of the future. We are waiting for its birth. We have had an announcement of what it will be. It will not look too much like the free enterprise we have been raised with, which has been the bone, sinew, and vigor of this great country.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MONRONEY. I am glad to yield to the Senator from Alabama.

Mr. HILL. In other words, instead of there being involved what we call risk profits, which is an essential element in free enterprise, and something which we have had from the very beginning of the history of our country, we have involved profits guaranteed by the Government. Is that not true?

Mr. MONRONEY. I think there is involved a distinctly hybrid corporation, which has the earmarks of a socialistic pattern on the one hand, but has the face of private enterprise on the other, and it is in reality neither free enterprise nor socialism. It is a sort of Government-sponsored, Government-guaranteed, hybrid corporation which is like no other that has ever existed in the history of our great economic system.

Mr. HILL. Would the Senator want to call it socialized profits?

Mr. MONRONEY. It might perhaps be called socialized private industry, or something like that.

Mr. HILL. But certainly the profits are guaranteed by the Government; and instead of private enterprise, what is being proposed, as I said earlier today, is what might be called "private pie." Is that correct?

Mr. MONRONEY. It certainly is a strange concoction which is being proposed by apparently some of the new brains brought into the administration—not in the Atomic Energy Commission, not in TVA, but in the Budget Bureau of the President. The point I am making, however, I think goes far beyond that question, in that in acquiescing in such a proposal we would be breaking down the independence of a heretofore independent commission, and we would have instead a captive commission.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Speaking of pie, is not this another illustration of a giveaway to big business?

Mr. MONRONEY. It certainly has the strange earmarks of a combination of many things which take on close resemblance to special privilege.

Mr. JOHNSTON of South Carolina. Is it not true that in most instances it would be big business that would be helped by the bill?

Mr. MONRONEY. One particular big business, or a new organization which would be the product of several new businesses in a sort of new, hybrid type of quasi-public-private corporate enterprise. We are not completely clear about it, but it certainly is not in the pattern of anything which has heretofore been recognized as either private or public business.

Mr. JOHNSTON of South Carolina. Why is it not proposed merely to amend the present Atomic Energy Act in the respects it needs amendment, without injecting a new proposal which confuses everybody?

Mr. MONRONEY. Actually, the proposal is being brought forward, I think, as do most of those who have studied it, not under clear authority of the law. It is not under the authority of the old law or the proposed law.

Mr. HICKENLOOPER. Will the Senator yield for a correction? This is not something new which is being injected. Section 164, which is being assaulted—and I say that respectfully—and which is being attacked is existing law. Nothing new is being introduced in the proposed amendment. It is existing law. It is merely being carried over into the new amendment of the law. It is a part of the existing law as enacted by Congress last year.

Mr. MONRONEY. The difficulty has been, as stated by the distinguished vice chairman of the joint committee, that the existing law provides that the power shall be used to serve the three plants which were named.

Mr. HICKENLOOPER. From the standpoint of the statement I made, that is utterly beside the point. The Senator from South Carolina asked why a new issue was injected into the bill. This is not a new issue. The present law has the same provisions as section 164. It is not a new issue. The point is that the Atomic Energy Commission is proposing to act under the provisions of existing law, but it happens that the provisions of existing law are carried over into the new proposed law. It is not a novel thing.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the Senator from Alabama.

Mr. HILL. Is it not true that we are making no assault or attack on the provisions of section 164, and that what we are seeking to do is prevent that section from being assaulted, abused, and misused? Is that not true?

Mr. MONRONEY. We merely ask that the Atomic Energy Commission or the Bureau of the Budget live within the law. That is what we are urging. We say that if the law is to be stretched to such an extent as is proposed for the benefit of Dixon-Yates, the time to make amendments to the law is when the bill is before the Senate for consideration. That is my purpose in pointing out the danger which I see in the contract, and in supporting amendments which will be proposed by the distinguished Senator from New Mexico, which are now before the Senate. Unless such safeguards are written into the bill by agreeing to the amendments, then we will not know to what limits there will be a stretching of the use of atomic resources or a gaseous diffusion of the English language by the blowing up of the meaning of the three little words "in connection with." Those are the three little words by which the private interests will get into the power business through the TVA, in selling electricity which will go to mom's and pop's hamburger stand leading into Memphis. That is not a defense proposition at all; it is a civilian use of power, and the AEC is being used to supply authority for that use.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the Senator from Alabama.

Mr. SPARKMAN. The distinguished Senator from Iowa has said there was not a new issue being injected so far as the proposed legislation is concerned; but, as a matter of fact, this is the first attempt to make this kind of contract and to stretch the provisions of the law. That is certainly new; is it not?

Mr. MONRONEY. It is certainly new. This is the first time it has been attempted by any Government agency within my memory. It is a triple play, which goes from the Budget Bureau to the Atomic

Energy Commission to the TVA. It is one of those things.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield to the Senator from Tennessee.

Mr. GORE. As further illustration, evidence, and proof that the proposed use of this particular section of the law is far beyond the legislative intent, I wish to read from the CONGRESSIONAL RECORD, volume 99, part 6, page 8339. After the junior Senator from Tennessee had engaged the senior Senator from Iowa in debate, I asked the senior Senator from Iowa this question:

As I understand the pending bill—

And the pending bill was the amendment to the act now under discussion—

the immediate question has to do with the problem of financing the construction of the huge steam plants.

Referring to the private company steam plants—

Is that not correct?

Mr. HICKENLOOPER. Yes. I may say that in the absence of legislation of the nature of the bill the Senate is now considering, it is impossible, without the cancellation damage contracts, to get the capital financing for these companies, because the hazard in building the plants is so great.

The bill was clearly presented for that purpose, and it was so stated. That is why I have been so positive in my opinions as to the legislative intent. I originally objected to the bill on the call of the consent calendar, because I had not had a chance to study it. During the intervening days I did study it. I read the committee report. I talked to members of the committee personally, and then engaged in debate, as recorded in the RECORD of July 9, 1953. There the intent is spelled out, and no mention is made of an intended purpose unrelated to the three named plants.

Mr. MONRONEY. I thank the distinguished Senator for that elaboration of the clear intent and legislative history of the act.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield?

The PRESIDING OFFICER (Mr. ERVIN in the chair). Does the Senator from Oklahoma yield to the Senator from Tennessee?

Mr. MONRONEY. I am glad to yield.

Mr. GORE. I wish to join the junior Senator from Oklahoma in expressing a word of caution to the financial houses and the prospective purchasers of bonds, in case this contract should, unfortunately, be consummated. I wish to warn them that they will purchase at their own risk, in the light of the fact that in the Senate of the United States there is very strong sentiment that no legal authority exists for the Atomic Energy Commission to execute a contract of this particular type.

Mr. MONRONEY. And that if one Member were to raise a point of order on the floor, during the consideration of the appropriation bill relating to the Commission, he would be able to prevent the appropriation by Congress of funds with which to pay off the bonds or with which the pay the interest on the bonds that were so purchased. Is not that correct?

Mr. GORE. That is correct.

Mr. MONRONEY. Mr. President, although this discussion of tax "gimmicks," and the use of the corporation as a tax dummy, and so forth, is very important, I think after the contract is carefully examined it will be determined to be not a good one in the general interest. However, the worst thing of all about this matter is the destruction of the independent status of the Atomic Energy Commission. We might live the other down; we might say it does not set a precedent with which we shall have to live.

On the other hand, if we break down the independence of such agencies and convert them into mere adjuncts of the President's Bureau of the Budget, we shall face far more serious consequences.

I have studied the hearings, and I am amazed to note from the record of the hearings the numerous times that White House and Bureau of the Budget direction has overridden the clearly expressed opinion of at least three members of the Atomic Energy Commission, in connection with this matter.

Mr. LEHMAN. Mr. President, will the Senator from Oklahoma yield to me?

Mr. MONRONEY. I am glad to yield to my distinguished colleague from New York.

Mr. LEHMAN. I fully subscribe to everything the Senator from Oklahoma has said regarding section 164 and the uncertainty as to whether it is legal under the Constitution or the law.

I am also very deeply impressed with what the Senator from Oklahoma has said regarding the infringement on the statutory duties of the Atomic Energy Commission. I wonder whether the Senator from Oklahoma will agree with me that an equal threat, if not a greater one, is contained in the bill, namely, that despite the fact that $12 billion of the money of the taxpayers of the Nation has been expended in the development of atomic energy and, unfortunately, atomic weapons for the United States—and I emphasize that that money has been provided by all the taxpayers, not by one small group of them—yet nothing contained in the bill will in any way safeguard the preferences and protections that have for so long been a policy of the Nation—during a period of more than 50 years, I believe—in connection with the development of and the use of hydroelectric power. All of us hope very definitely, I believe, that within a relatively few years atomic power will be a tremendous factor in the development of electric energy in the United States. Yet what we propose by means of this bill is a complete reversal of the power policies of the Nation which, as I have said, have been built up over a period of 50 years. So far as I can ascertain—and in remarks which I shall make on tomorrow to the Senate, I shall enlarge upon this point—the bill contains no safeguards which would protect the rights of the Nation, the rights of all the people, to enjoy the benefits from the development of power resources belonging to all the Nation, to all the people.

Mr. MONRONEY. Mr. President, I am very glad to have that comment by the distinguished junior Senator from New York. I shall follow with great interest his remarks on the bill. I know of no one who has provided greater leadership in trying to provide the blessings of electrical energy at the lowest possible rates, and therefore to bring about the greatest possible consumption of it, than has my distinguished colleague, the Senator from New York; and I look forward to hearing him develop more fully that phase of this matter.

Mr. President, in all my reading of the old act and even of the new act, no provision I have read would indicate that the Atomic Energy Commission was intended to be other than an "independent agency," to serve in much the same manner that other independent, regulatory bodies serve. The other Commissions—such as the Federal Communications Commission, the Interstate Commerce Commission, and the Federal Power Commission—in my judgment were intended to be independent from dictation by the Executive.

The members of the Atomic Energy Commission—like the members of other independent commissions — are appointed for a definite term, and are required to have certain qualifications for office. These have been carefully spelled out by the Congress. The members of the Commission must be confirmed by the Senate of the United States, and they cannot be removed at will by the President.

If I correctly read the act, it seems to me that additional safeguards are thrown around the Atomic Energy Commission, so as to make it even more independent in status, as compared with some of the other commissions.

From a careful reading of the act, I find that only when a difference of opinion regarding atomic weapons exists within the Commission, is an appeal to the President provided for. If it were meant that the President would have day-to-day dictation regarding the companies which would obtain power contracts and regarding the kind of arrangements the Atomic Energy Commission was to work out—if it were meant that the President was to have such authority—I believe the act would have specifically placed the President on the Atomic Energy Commission, as an ex-officio member, as in the case of the National Security Council, of which the President is ex-officio Chairman. If the purpose had been to have the Atomic Energy Commission dictated to, controlled by, and subservient to the President and to the orders of the Bureau of the Budget, I think that would have been definitely spelled out in the act. However, in only one place in the act do I find that it spells out that an appeal to the President may be taken, and that is only when the members of the defense panel find themselves in disagreement with the members of the Atomic Energy Commission, or when the members of the Commission are in disagreement among themselves, over the production of nuclear weapons. Then they do have a direct appeal to the President.

This further indicates to me that the Atomic Energy Commission was fully intended to be completely in the nature of an "independent commission," and not in the direct chain of command from the White House.

This is further stressed by the care with which the Joint Committee on Atomic Energy has been set up and its powers carefully defined by statutory law. Surely, if the AEC were to be merely an adjunct of the Budget Bureau or of the White House, there would be no provision in the Atomic Energy Act for the elaborate supervision by the joint committee.

Thus, it seems to me that the violation of the independent nature of the Atomic Energy Commission through Budget Bureau directives in ordering the acceptance of a 25-year contract which relates, not to the provision of power for the Atomic Energy Commission, but to the provision of power to take care of a power shortage in the case of the TVA, constitutes a step toward a breakdown of the independent concept of the Commission.

If any Senators have doubt about that, let me quote briefly from the hearings the testimony showing that the Commission did lose its independent status and was treated as a puppet and was treated as being in the executive chain of command, and subject to that chain of command in the way that a Cabinet officer or an executive department is subject to it. I do not think any study of the law or any study of the concept of independent commissions of Government would lead any reasonable man to believe that the Congress, in creating the Atomic Energy Commission, intended it to be so treated.

I read from a letter from Commissioners Smyth and Zuckert to Roland Hughes, Director of the Budget, dated April 16, 1954, found on page 958 of part II of the hearings:

> The present proposal would create a situation whereby the AEC would be contracting for power not one kilowatt of which would be used in connection with the Commission production activities. The creation of such a contractual relationship would place upon the Commission a continuing responsibility during the 25-year life of the contract for stewardship in respect to matters irrelevant to the mission of the Commission.
>
> It has been our observation in Government administration that arrangements which are obviously incongruous at the outset tend to become even less clearcut because no one can foresee what contingencies may arise over a long term of years. * * *
>
> * * * Of course, if the President or the Congress directs the Commission to accept such a responsibility we will endeavor to discharge it fully.

Does that sound like an independent commission? Does that sound like these two fine members of the Commission in their wisdom entering into a contract because they believe it is proper for the development of atomic energy, or they believe it is in line with their statutory duties? These are two fine members, yet they say:

> Of course, if the President or the Congress directs the Commission to accept such a responsibility we will endeavor—
>
> As good soldiers, I interpolate—
>
> to discharge it fully.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. GORE. I respect the members of the Commission. I have respect, regard, and appreciation for the particular members to whom the Senator has made reference, but I should like to call to their attention the fact that there is a difference between a direction from the President of the United States and a direction from Congress. A direction from Congress takes the form of law, and this is a government of law. If the Commissioners read this debate, I should like to have them search out the remarks of the senior Senator from Iowa [Mr. HICKENLOOPER] today. As I recall, he said that if he were a member of a commission and were ordered to do something contrary to his conscience and conviction, he would not do it. Upon that statement I applauded him.

Mr. MONRONEY. And in that feeling he would have preserved what Congress intended when it established this agency as an independent commission. The same thing should apply to other so-called independent commissions; but in the vital field of atomic energy I think it is of even greater importance.

Mr. GORE. There is an area in the Atomic Energy Act in which the President can properly give directions. That is spelled out in the law. I take it the Senator will make reference to it.

Mr. MONRONEY. I have just made reference to it. I believe the Senator was not present in the Chamber. If it was intended that there could be an appeal to the President, or presidential direction, in other fields than that of weapons development, would not the law so state? We find only one place in the law where such direction or supervision is spelled out; and the President is excluded—at least by absence of language—from being brought into the Atomic Energy Commission's activities either as an ex-officio member, or in any way. Yet we find the Budget Bureau assuming to direct the Atomic Energy Commission not to do something for itself, but to make a contract to help the TVA sell power in the Memphis area, none of which will necessarily go to the atomic energy installations. I have just read the position of the two members as strong proof of dictation by the Budget Bureau that they do this and that—thus the loss of the status of an independent commission.

I read from page 1004, part II of the hearings, from the testimony of Commissioner Murray before the Joint Committee on Atomic Energy on June 17, 1954:

> Since our program is not advanced by these negotiations and the subsequent administration of this 25-year contract, I do not believe that it is desirable for the Atomic Energy Commission to perform a function that another agency of Government could perhaps more logically perform.
>
> Since, however, as I understand here today, there has been a directive from the Bureau of the Budget, approved by the Executive Department, we will of course proceed.

Where is the independence of the so-called independent agency? Where do we find the use of the qualifications, skill, and understanding of these matters which are possessed by three fine members of the Atomic Energy Commission? We find it in a member of the President's official family in the Budget Bureau on the other end of a direct White House wire. This man has not had experience in developing atomic energy. He has not had experience in the public relations problems involved in the mighty force with which the Atomic Energy Commission deals.

Does not this constitute direction?

> Since, however, as I understand here today, there has been a directive from the Bureau of the Budget, approved by the executive department, we will, of course, proceed.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. GORE. Not only is he lacking in experience, but he is also lacking in legal authority or responsibility. The responsibility is vested by law in the members of the Commission, and it is upon the Commission that the Congress relies for the administration of this vast and important program, and for decisions in this vital field.

Mr. MONRONEY. The Commission is under the supervision of the Joint Committee on Atomic Energy. Why was not this question brought by the Atomic Energy Commission to that committee, as these negotiations were started? Why did the supervision and direction originate from the other end of Pennsylvania Avenue, in the Budget Bureau, in a directive saying to the Commission, "Do this, Atomic Energy Commission. Find a way. Here is the order. Salute and obey."

Is that the way we intend our independent agencies of Government to operate? Certainly I recognize the clear and well-defined line of Executive authority throughout the Cabinet and throughout the other Government departments, because the President is clearly the head of the executive department under the law. But when the Congress takes a segment of Government operation and places it in the hands of a quasi-judicial body such as the Federal Communications Commission, the Federal Trade Commission, the Interstate Commerce Commission, or the Federal Power Commission, that is another matter. Those are called independent Commissions. They were not intended to be under the thumb or direction or dictation of the Bureau of the Budget. Many times they exercise quasi-judicial functions of Government.

I read from page 1006, part II, of the hearings, from the testimony of Commissioner Thomas E. Murray:

> Representative PRICE. Now, Mr. Murray, is the authority for the management of the Atomic Energy Commission vested in the Commission or in the Budget Director?
>
> Mr. MURRAY. I think it is vested in the Commission, of course.
>
> Representative PRICE. In this case it looks like it is vested in the Director of the Bureau of the Budget. You would not say that this was an act approved by the Atomic Energy Commission, would you?

Mr. MURRAY. Well, let me answer you a little differently. I would say it is not an act initiated by the Atomic Energy Commission. It was initiated by the administration. We all know that.

Representative PRICE. Would you say that it was in the interests of the atomic-energy program?

Mr. MURRAY. Well, as I see it now, I can't see that there is the advantage. There may be some national overall advantage that I do not at the moment conceive, but as you know, we have a big job to do in the atomic energy business, and I did not or never felt that the administration of long-term contracts for areas such as the Memphis area ever came within our jurisdiction.

That is the third member of the Atomic Energy Commission clearly saying that he did not feel it came within his jurisdiction. His power over this independent agency is assumed by the Bureau of the Budget.

I have before me some excerpts from the testimony of General Nichols before the Joint Committee on Atomic Energy, given on June 17, 1954, at page 957, part II, of the hearings:

This directive has not yet been submitted to the Commission. I have checked with my legal people and they feel that having received a directive from the President we have the legal authority under the Atomic Energy Act and I would therefore in due course submit a recommendation to the Commission that we proceed in accordance with this directive.

That is a new stretch.

I have checked with my legal people—

These are lawyers in the Atomic Energy Commission, and they feel that, having received a directive from the President, they now have legal authority under the act. This is a new statement of the law. This is a new system of passing authority down from the White House. It is made legal regardless of what the statute says. I recommend that before any Members of the Senate vote on the Anderson amendment they read that quotation from page 957 of the hearings of June 17.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. JOHNSTON of South Carolina. Does that not sound like a military order?

Mr. MONRONEY. Martial law.

Mr. JOHNSTON of South Carolina. It sounds like that.

Mr. MONRONEY. This is really the most strange of all the many queer methods of arriving at a destination that I have noted in my study of the subject.

Mr. GORE. Mr. President, will the Senator yield?

Mr. MONRONEY. I am glad to yield to my distinguished friend.

Mr. GORE. I hope what I say will not be regarded as being said in bitterness or particularly in criticism, but it occurred to me, when I heard the remarks of the Senator from South Carolina [Mr. JOHNSTON], that the three people most directly involved in the decision were a general, who is the manager of the AEC, an admiral, who is chairman, and a general who is in the White House. Perhaps to those gentlemen an order seemed appropriate.

Mr. MONRONEY. It is certainly a strange bit of law. I should like to read another excerpt from page 959, part II, of the hearings, continuing the examination of General Nichols by Representative PRICE:

Representative PRICE. General Nichols, was this action initiated by the AEC?

Mr. NICHOLS. No, sir. Not that I know of.

Representative PRICE. Have you given any consideration to a proposal of this type?

Mr. NICHOLS. As I understand, this action was initiated by Mr. Hughes in a conference with Mr. Strauss back around December, a meeting called in the office of Mr. Dodge. It originated in the Bureau of the Budget as an administration policy. That was December 2.

Again here the idea of an independent agency, independent judgment, and independent reaction is gone with the wind, and as a result the careful experience over the years is overridden by the Bureau of the Budget in taking command of the Atomic Energy Commission, an independent agency of Government.

I read another excerpt from General Nichols' testimony before the Joint Committee on Atomic Energy, shown at pages 1054 and 1055 of the hearings:

Representative PRICE. It does not justify the Atomic Energy Commission serving as a broker in the power business for another agency.

Mr. NICHOLS. No. As we stated yesterday, and as I prepared the letter which was passed on by all of the Commission, we forwarded this to the Bureau of the Budget with the assumption that the President could only make that determination or Congress that this is in the best interests of the United States.

Representative PRICE. The Commission is now in the position of attempting to justify an untenable situation.

Mr. NICHOLS. I consider what I am trying to do here, sir, is to give facts that have come out and how the Commission arrived at its opinion, and as to what the opinion of the individual Commissioners are, and what facts we presented to the Bureau of the Budget.

I also had authority yesterday to read certain letters into the RECORD which gave the opinion of the budget.

Representative PRICE. Wouldn't that put the Atomic Energy Commission in the position of supplying power as a broker?

Mr. NICHOLS. As indicated, three of the Commissioners would not prefer to be in such a position. All five have stated that having received a legal order that they say it is the appropriate thing to do to carry it out.

The legal order is based only on the fact that it comes from on high at 1600 Pennsylvania Avenue, blessed by whatever legal talent some legal mind in the Bureau of the Budget has, and, without question, the Commissioners seem to think that they should carry out that directive.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. LEHMAN. It is perfectly clear from what the Senator has stated, that nothing in the statute gives the President of the United States the legal right to issue orders to the Commission. Is that correct?

Mr. MONRONEY. I can find nothing in the statute that would indicate by even a greater stretch of the imagination than the stretch placed on the three little words "in connection with," under which the plant is to be built, that the President is given the power of dictating policy and dictating a contract through the Bureau of the Budget to an independent commission of the Government.

Representative PRICE. I think it has been pretty well established here that is the situation.

Mr. NICHOLS. That is, sir. There is no denying of that. We have received instructions indirectly, but we know that they came from the President of the United States.

In other words, the Commission does not have an opportunity to talk to the President, but the order filters down through layers of bureaucrats, and the Commission is told, "The President has said that you shall do this."

Representative PRICE. In other words, the Commission is being used in this?

Mr. NICHOLS. For the best interests of the United States as expressed by the Bureau of the Budget.

There we have another determination by the Bureau of the Budget.

I quote from the letter of Roland Hughes, Director of the Budget, to Chairman Strauss of the Atomic Energy Commission, dated June 16, 1954, found at page 952, part II, of the hearings:

The President has asked me to instruct the Atomic Energy Commission to proceed with negotiations with the sponsors of the proposal made by Messrs. Dixon and Yates with a view to signing a definitive contract on a basis generally within the terms of the proposal. He has also requested me to instruct the Commission and the Tennessee Valley Authority to work out necessary contractual, operational, and administrative arrangements between the two agencies so that operations under the contract between AEC and the sponsors will be carried on in the most economical and efficient manner from the standpoint of the Government as a whole.

I ask Senators to consider that language:

The President has asked me to instruct the Atomic Energy Commission to proceed—

Is there anything in the law which gives the Bureau of the Budget or the President the right to instruct the Commission to proceed on a line of activity which three Commissioners, by their testimony and by their letters, say they should have nothing to do with?

Here we have an assumption of authority, under an assumed ability to command an independent agency to do exactly what they are bid, regardless of their experience and regardless of their determination, when the word comes on that private line from the White House.

I quote from page 956 of the hearings, from the letter the Director of the Budget, Mr. Hughes, sent to the Senator from Massachusetts [Mr. SALTONSTALL] on June 16, 1954:

I have been asked by the President to instruct the Atomic Energy Commission to proceed with the negotiations of a definitive contract. Such instructions have been given this agency. The Commission and the TVA have also been instructed to work out the necessary interagency arrangements to assure the most favorable operation under the contract from the standpoint of the Government.

Where is the independence of an independent agency? Where is the independent status that Congress thought it was giving to these men?

What good is it for us to enact laws if the Commission is to be under dictation from the other end of Pennsylvania Avenue?

Mr. GORE. Why have a Commission?

Mr. MONRONEY. I think we need a Commission, but when the Commissioners are asked to do something that goes beyond the purview of the law, they should at least be sure that the law is clear in allowing them to proceed on their own volition, instead of relying on the Budget Bureau and the President saying, "Do this." The President does not make the laws.

Mr. HILL. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. HILL. The Senator has made a magnificent presentation of this very serious threat and danger to an independent commission, not only to this most sensitive and vital Commission on Atomic Energy, but to all our independent commissions. I wonder if the Senator has had an opportunity to think about what this proposal means from the standpoint of the Tennessee Valley Authority. The Tennessee Valley Authority is a wholly owned and controlled Government corporation. We are all, of course, interested in having it managed and operated in the most economical and efficient way. What does this proposal do, so far as the Tennessee Valley Authority is concerned?

Does the Senator think the Atomic Energy Commission would have the same incentive, the same interest, or the same stimulation in making the best possible contract for TVA that the TVA would have to make a contract for itself? Would the Atomic Energy Commission have the experts or technical men or the intimate knowledge and experience necessary to make a contract for TVA that TVA has to make a contract for itself?

Mr. MONRONEY. I certainly cannot see that the AEC is qualified to be a contracting agent for the supply of electricity for TVA, which is what the contract would require. It seems to me that under this new line of command we have the AEC acting as mess sergeant and the TVA acting as corporal—or maybe just a buck private.

Mr. HILL. It seems to me that the functions of the TVA are relegated to the AEC.

Mr. MONRONEY. Why have commissions? Why have commissioners confirmed? Why not merely have somebody stay on the other end of the White House line to do the directing? If this is going to be the result, we negate the whole process of our independent commissions.

Mr. HILL. The Senator will agree that the operations of the AEC and its functions, business, and purposes are different from those of the TVA, will he not?

Mr. MONRONEY. They are far different.

Mr. KEFAUVER. Mr. President, will the Senator from Oklahoma yield for a question?

Mr. MONRONEY. I yield.

Mr. KEFAUVER. Does not this mixing up of authority of executive agencies result in a complete distortion of any legislative program, not only as it affects these agencies, but as it affects legislation which has been passed pertaining to them? In the present case is it not a rather unusual situation for Congress by enactment to require the TVA to operate efficiently and amortize its investment over a period of 40 years, and then to place an additional burden upon it and make it subject to the private power companies for its power supply, which might make it impossible to perform the duties which the Congress itself has placed upon TVA?

Mr. MONRONEY. I certainly think TVA is placed in a very bad position. If this pattern is to be followed, the Budget Bureau could direct the Atomic Energy Commission to purchase power in Chicago if it wanted to and direct the TVA, under this salute-and-obey system, to charge anything it wanted to.

Mr. KEFAUVER. If this pattern is going to be extended to other operations, Congress may as well go home and turn the whole thing over to the President of the United States.

Mr. MONRONEY. Not only the Congress, but all independent agencies. Apparently we might as well do away with the Attorney General, because we are getting laws passed down from the White House, according to the letters which I have just read.

Mr. KEFAUVER. We have a personal government, without regard to any rules or regulations or without regard to what Congress may say or without regard to the will of a majority of the Commission.

Mr. MONRONEY. I think it sets a very bad precedent.

The contract, bad though it is, would be minor compared with the destruction of the independence of such an agency. I would grant that if the AEC were of the status of a department of the executive branch, with a Cabinet officer at its head, it would then be under the chain of command of the President. But, lacking this position in our governmental organization, and with clearly spelled out independent authority, together with the statutory authority for its activities, the Joint Committee on Atomic Energy is in fact and in law an independent agency.

I was very pleased this morning when the distinguished vice chairman of the Joint Committee on Atomic Energy went at great length to explain the power which the act gives the joint committee. Yet, in spite of its power, we find someone in the Budget Bureau is far more powerful. He is not only able to express his idea that it is within the law, but he says, "If I say it is within the law, it must be." He can start in motion this chain of events and reduce an independent agency to complete subserviency.

Section 202 of the bill provides:

> The joint committee shall make continuing studies of the activities of the Atomic Energy Commission and of problems relating to the development, use, and control of atomic energy.

This section further spells out the duties of the Atomic Energy Commission with these words:

> During the first 60 days of each session of the Congress, the joint committee shall conduct hearings in either open or executive session for the purpose of receiving information concerning the development, growth, and state of the atomic-energy industry.

Because of this strong language setting up the statutory joint committee it is inconceivable to me, Mr. President, that the act intends that a telephone call from the Budget Bureau should replace the carefully considered position of a majority of the members of the Commission itself or override the statutory authority of supervision and advice given under statutory law to the able members of the joint committee who have devoted years of time and who have been eminently successful in bringing the atomic-energy program this far.

Mr. HICKENLOOPER. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield.

Mr. HICKENLOOPER. I wish to make abundantly clear the fact that the joint committee has no power to direct the Commission what to do. It has no power to veto any act of the Commission which is charged with the responsibility of study and receiving information. It is charged with the responsibility of reporting its actions to the joint committee. The only power the joint committee has, other than the power of moral suasion by argument——

Mr. MONRONEY. Or the power of appropriations.

Mr. HICKENLOOPER. No. We do not have any authority in that respect.

Mr. MONRONEY. Moral suasion on appropriations.

Mr. HICKENLOOPER. The only authority we have is that of reporting proposed legislation to both Houses of Congress on matters affecting atomic energy. We submit our proposals to the Congress, and if Congress sees fit to enact them, they become law. That is our authority, the authority of control. We have vast authority for the acquisition of information. I do not mean to insinuate that the joint committee have control over the Commission by means of a veto or an affirmative order to the Commission to do something.

Mr. MONRONEY. I appreciate that; but the lengths to which the distinguished vice chairman of the committee went to sketch the seriousness, the care, the study, and the time which the joint committee has given to the proposal, to the development of atomic energy, and the success which the committee has had, and the courage which the vice chairman had, to drive through, at the conclusion of the last session of Congress, appropriations for a hydrogen-bomb plant, to save the Government 6 months or more in getting into production on that weapon, all go to show the vital role the joint committee has played, and will continue to play, either by moral suasion or by advice and consent in the field of atomic energy.

I cannot find from my reading of the act that the President is given a like responsibility, except in one case, and that is where the Atomic Energy Commission is directed, in the case of disagreement on nuclear weapons, to take the case to the President of the United States.

It is the violation of the independent status, being mindful of the care with which the joint committee has participated and has walked side by side with the Commission in the great progress which has been made in the atomic-energy program, which affords an example of the value of the independent status of the Commission. So I regret to see its independence becoming lost, and the Commission being placed in a position of subservience, to take whatever dictation someone may wish to give it from the other end of Pennsylvania Avenue, at the White House.

Mr. HILL. Is it not true that the one place where the Executive was brought into the law, with power to make any kind of decision, or anything of that kind, was when a disagreement occurred within the Commission as to nuclear weapons?

Mr. MONRONEY. That is the only place in the act.

Mr. HILL. The very fact that the Executive was brought in there, and does not appear anywhere else in the act, shows how clearly it was the intent and purpose of Congress to leave the Executive out, and to prevent any such occurrence as is now being attempted under his directive.

Mr. MONRONEY. I completely agree with the distinguished Senator from Alabama.

Mr. HILL. Is it not true that there was a very good and special reason for bringing in the Executive when there was a disagreement on the question of nuclear weapons? Not only is the President the Chief Executive of the Nation, but he is the constitutional Commander in Chief of the Armed Forces. Therefore, whenever there was a disagreement as to nuclear weapons, it was thought that the disagreement should be settled perhaps by military advice; and as the constitutional Commander in Chief, the President is the supreme military person, so to speak, with the Chief of Staff and the other military commanders being under him. Is not that correct?

Mr. MONRONEY. I think that is true. One interesting facet of the situation, which the distinguished Senator from Alabama has raised, is that nowhere in the picture can I find that the President assumed the duty to command the AEC to make this contract under the powers of the Commander in Chief. There is quite a difference in law as to which one of the powers is being used.

Mr. HILL. The President can act only in the very limited matter in which there is disagreement within the independent Commission over nuclear weapons—that is, over military weapons. Is not that true?

Mr. MONRONEY. That is my understanding; and I think a clear reading of the act would indicate to any reasonable person that such independence certainly was supposed to be guaranteed by the statute which created the Commission.

Mr. HILL. The distinguished Senator from Oklahoma was a Member of the House of Representatives, as I was a Member of the Senate, at the time the Atomic Energy Act was passed. Is there any question in the Senator's mind, any more than there is in my own mind, that what the Congress was doing was establishing an absolutely independent commission, with full authority to discharge the functions, duties, and responsibilities of the commission; and that if any Member had risen on the floor and had said that the Bureau of the Budget could send a directive to order the Commission, against the judgment of the majority of its members, to do something, it would have seemed simply ridiculous, absurd, and foolish on the face of it? Is not that true?

Mr. MONRONEY. As I understand, it is completely true. If Congress had intended that the President should have the power to direct the Atomic Energy Commission, the Commission would have been made a Presidential agency. Its offices would have been lodged in the Executive Office of the President.

Mr. HILL. In the executive branch of the Government.

Mr. MONRONEY. Exactly. We would have expected a chain of command to exist. But that was not done; the Commission was made an independent agency. Provision was made for a board of five members, and the act provided for their qualifications. Provision was made for the confirmation of their nominations by the United States Senate. It was spelled out in the law that the Commission could be removed only for cause. If they were to have served under the thumb of the President, they would have served at the will of the President, and would not have been subject to being removed only for cause.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. MONRONEY. I yield.

Mr. JOHNSTON of South Carolina. I believe the Senator from Oklahoma has stated that the President did call and tell the Commission what to do in an instance in the past.

Mr. MONRONEY. Apparently the President does not speak over the White House lines to the members of the Atomic Energy Commission or to its manager. That is accomplished by a sort of triple play. The President calls, apparently, someone in the Budget Bureau who has contact with him, and that person passes it through the Budget Bureau. The Budget Bureau then tells the Atomic Energy Commission to do this or do that.

Mr. JOHNSTON of South Carolina. The Atomic Energy Commission then carries out the President's wishes. Is that correct?

Mr. MONRONEY. That is apparently true. Evidently the Atomic Energy Commission, through advice received, perhaps, as a result of the Presidential visits of Admiral Strauss, Chairman of the Atomic Energy Commission, has doubled-checked to make certain that the Bureau was correct in saying, "The Chief Executive wishes you to do this or that."

Mr. JOHNSTON of South Carolina. Following the same line of thought, and applying it to the bill, I believe the bill would make of the AEC a power broker. Is not that true?

Mr. MONRONEY. As I consider it, the Atomic Energy Commission would be in the power brokerage business in a big way.

Mr. JOHNSTON of South Carolina. Then, following in the same channel of thought, the President, by passing his wishes from one person to another, until it reaches the Commission, can tell the Commission what rates should be charged by the TVA. Is not that true?

Mr. MONRONEY. There is some language in the letters which indicate that the chain of command goes through the Bureau of the Budget to the AEC and the TVA. Whatever is ordered by the generals and the admirals, the TVA will have to salute and obey, because the TVA is the "end guy" on the line; it is "low man on the totem pole." It is the one which will have to do the work.

Mr. JOHNSTON of South Carolina. The Senator from Oklahoma knows that that is military practice. The Senator knows, does he not, that when anyone down below does not obey the orders from above, he is court-martialed.

Mr. MONRONEY. There has certainly been strict obedience to the orders from the Budget Bureau, and the chain of command has worked, although it does not seem to be in the pattern of the statutory authority creating the Commission.

Mr. JOHNSTON of South Carolina. It sounds more like the military.

Mr. MONRONEY. It certainly is not in the usual pattern of civilian declarations. It sounds somewhat like a command, and the privates, corporals, and sergeants seem to salute and obey.

Mr. President, I have tried to outline some of the consideration of some of the points which I feel are important, as the Senate considers the bill. I think it is important that we clear away the misunderstanding, the underbrush, the fuzzy thinking, and a lot of other things, which the Dixon-Yates contract has done to the consideration of a bill which has been long worked on by the Atomic Energy Commission. The Dixon-Yates contract is not a part of the bill before the Senate; but in the absence of clear legislative authority in the bill, either one way or the other, the problem is left unsolved. I do not think anything which is so important as atomic energy should be left in a muddle. I think that someone should be straightened out. Either Congress by law should more clearly define the statutory authority of the AEC and give the Commission the right to enter into this kind of contract, if it sees fit to do so; or, if it does not agree to do that, then let Congress provide a kind of law which will tell the Commission that it cannot perform this kind of function.

In the Anderson amendment, which will be presented tomorrow, or on Monday, an amendment carefully drawn and prepared by a distinguished member of the Joint Committee on Atomic Energy, the Senate will have an opportunity to go on record one way or the other, as to

whether we believe the law should be made clear. If we make the law clear, then I certainly feel that Congress has the right to expect and to demand that the independent status of the Atomic Energy Commission will be observed, and that the Commission will follow the intent of Congress as it will be clearly written as a result of the Anderson amendment.

Mr. GORE. Mr. President, will the Senator from Oklahoma yield?

Mr. MONRONEY. I yield to the Senator from Tennessee.

Mr. GORE. I congratulate the junior Senator from Oklahoma for one of the most masterful addresses I have ever heard. He has eloquently and effectively pointed up what I believe to be the major issue in this controversy, namely, the integrity of the independent agencies of the Government. I congratulate him and thank him.

Mr. MONRONEY. I thank the distinguished Senator from Tennessee.

Mr. President, I yield the floor.

BENNETT CHAMP CLARK

During the delivery of Mr. MONRONEY'S speech.

Mr. SYMINGTON. Mr. President——

Mr. MONRONEY. Mr. President, I ask unanimous consent that at this time I may yield to the distinguished Senator from Missouri, without losing my right to the floor, and with the understanding that his remarks will appear in the RECORD following the conclusion of mine.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Senator from Missouri is recognized.

Mr. SYMINGTON. Mr. President, I thank the distinguished Senator from Oklahoma for yielding to me.

Mr. President, all of us were greatly saddened by the news of the death on July 13 of our good friend the former Senator from Missouri, Judge Bennett Champ Clark.

My distinguished colleague and friend the senior Senator from Missouri [Mr. HENNINGS] has said:

> It was with deepest regret that I learned of the unexpected death of Judge Bennett Champ Clark. As a lawyer and as a judge, he was distinguished for his brilliance and independence; as a Senator, he was honored and respected; and as an American, he was great. His passing is a loss to the country, to the Federal judiciary, and to the bar. In history, along with his eminent father, he has made indelible the name of Champ Clark.

Mr. President, I should like to associate myself in every way with those remarks by my distinguished senior colleague.

Bennett Clark was less than 3 years old when his famous father was first elected to the House of Representatives, from Missouri, in 1892. Like so many children of Congressmen, he divided his time between Washington and his hometown, Bowling Green.

Bennett attended the public schools of both places, graduating from Eastern High School, here in Washington, in 1908. He immediately returned to Missouri for 4 years' study at the State university.

While at the university his father was elected Speaker of the United States House of Representatives, so young Bennett came back to Washington and enrolled in George Washington University Law School. He was admitted to the Missouri bar in 1914. He served as Parliamentarian of the House for 4 years, 1913–17, while his father was Speaker.

He saw active service during World War I. He attended the first Officers' Training Camp at Fort Myer, Va., in 1917, and was commissioned as captain. He was elected lieutenant colonel, 6th Regiment, Missouri Infantry, and until September 1918, he served as lieutenant colonel of that regiment, which later became the 140th Regiment, United States Infantry.

He was assistant chief of staff of the 88th Division from September 1918 to March 1919, and of the 35th Division from March 1919 until he was discharged in May 1919. Three months prior to his discharge he had been promoted to colonel of Infantry.

Bennett Champ Clark had a great love and respect for the military tradition of his country. He took great pride in being 1 of the 17 charter members and an incorporator of the American Legion, and he was chairman of the Paris caucus which formally organized The Legion. He became its national commander, as well as commander of the 35th Division Veterans' Association, and president of the National Guard Association.

Upon his discharge from the Army he opened a law office in St. Louis, thus beginning a distinguished legal career that was to establish him as the illustrious son of an illustrious father. His father, Speaker Champ Clark, had been a lawyer, college president, and Speaker of the House from April 8, 1911, to May 19, 1919.

Both the son and father took a lifetime interest in politics. Both were strong Democrats, and were high in the councils of the party. The elder Clark was chairman of the Democratic National Convention in 1904, and in 1912 was the leading candidate for the Presidential nomination on 29 ballots. The son attended every Democratic National Convention held after 1900, and was parliamentarian on numerous occasions.

Bennett Champ Clark was elected to the United States Senate in 1932, and served with distinction in this body until 1945. In 1945, he was appointed Justice of the United States Court of Appeals for the District of Columbia.

His long career of public service has now come to an end. Missouri and America have lost a fine citizen and a capable and distinguished public servant.

Mr. President, I thank my colleague, the distinguished Senator from Oklahoma, for yielding to me.

Mr. MONRONEY. I have been very glad to yield.

Mr. JOHNSON of Texas. Mr. President, will the Senator from Oklahoma yield to me, with the same understanding?

Mr. MONRONEY. Yes; if I may obtain unanimous consent for that purpose.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JOHNSON of Texas. Mr. President, it was with a deep sense of shock that I learned of the death of Judge Bennett Champ Clark.

Bennett Champ Clark was a great Democrat and a great American whose name was intimately attached to the history of Congress. He was the great son of a great father, and his place in the annals of our country is assured.

I was not sufficiently fortunate to have served in the Senate with Bennett Champ Clark. But in the days when I was serving in the House, I did have the good fortune to work with him on a number of occasions.

He had a keen grasp of the basic structure of Congress. His knowledge of history was unsurpassed. His contributions to the welfare of our country were great.

Bennett Champ Clark has gone to his eternal reward, and America is the poorer for his passing.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the Senator from Oklahoma may yield to me, under the same understanding.

Mr. MONRONEY. Mr. President, I ask unanimous consent for that purpose.

The PRESIDING OFFICER. Without objection, it is so ordered; and the Senator from California is recognized.

Mr. KNOWLAND. Mr. President, I wish to join in the tributes that have been paid to Bennett Champ Clark.

Like the distinguished minority leader, I did not have the privilege of serving in the Senate during the time when Bennett Champ Clark was a Member here. But my father served in the House of Representatives with Bennett Clark's father, Speaker Champ Clark. Although they were on opposite sides of the aisle, I think I can say without fear of contradiction that I know of no man in American life for whom my father had a higher regard than he did for Champ Clark.

The distinguished son followed a career of service to the people of his native State and to the people of the Nation, both in a legislative and in a judicial capacity.

Mr. President, speaking on this side of the aisle, I should like to express our deepest sympathy at the loss of a distinguished American.

THE ADMINISTRATION'S FARM PROGRAM

During the delivery of Mr. MONRONEY'S speech.

Mr. BEALL. Mr. President——

Mr. MONRONEY. Mr. President, I have been asked by the distinguished junior Senator from Maryland [Mr. BEALL], who has an important engagement which he must keep, to yield to him for approximately 5 minutes. I now ask unanimous consent, in order to be able to accommodate him, that I may yield to him at this time, with the understanding that I shall not thereby lose the privilege of the floor, and also that his remarks will be printed following my remarks in the RECORD.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The junior Senator from Maryland is recognized.

Mr. BEALL. Mr. President, the administration's farm record of the past 17 months proves that it is a champion of the American farmer. The Department of Agriculture has expanded storage facilities, administered price supports faithfully, provided effective drought relief, presented the beef promotion and purchase program, intensified effort to promote foreign trade, expanded research and education, and reorganized the Department of Agriculture to promote efficiency and reduce costs.

Congress has a tremendous responsibility to give farmers and the Nation improved laws that will permit and encourage more profitable and sound farming. President Eisenhower's farm program recommendations are designed to point our future agriculture program toward better balanced production, increased consumption, and greater freedom of action for farmers in making their own management decisions.

Farmers and the Nation are entitled to a more common sense price-support program. The proposals made by this administration are part of our effort to help agriculture market its production, not stock it away in warehouses at a cost of $5 million a week for storage, alone.

The removal of artificial price barriers would encourage the movement of crops to market, at home and abroad. Over a period of years the results would be higher and more stable income for agriculture, larger and more permanent markets, and more efficient and balanced farming.

Flexible price supports would enable agriculture to recapture some of the markets which we have lost to synthetic and substitutes, both at home and abroad, largely because of unrealistic prices. They would also permit us to compete with other exporting nations, particularly in the world wheat and cotton markets.

The new farm program will bring more prosperity to American farmers. It will generate more business for our merchants, dealers, bankers, and industries. Labor will have more work and higher incomes if the recommended farm program is adopted.

The Eisenhower farm program will encourage better farm management. Good crop rotations will tend to be established when there is more assurance that crop acreages will be less drastically controlled. Many farmers now overplant and distort sound management of their farms, in order to maintain a big historic crop base as protection against the governmental crop controls. Farmers will be more prosperous when induced to make best use of their land over a period of years and to follow sound management programs.

To get more farm profits there must be increasing production—and increasing consumption.

Farmers are greatly dependent upon full employment and a vigorous, productive, and prosperous America.

As Secretary Benson has pointed out on many occasions, a system of flexible price supports, coupled with direct attack upon industrial unemployment, is essential for the maintenance of a healthy agriculture. Fundamentally, a healthy agriculture depends upon maintaining a healthy nonagricultural sector of our economy. In a few words, our agricultural program must be geared into the general economic policies of this country relating to such matters as money and credit, taxation, wages, social security, public works, and many other fiscal and monetary programs. Demand for agricultural commodities—desire plus purchasing power—fluctuates severely with fluctuations in industrial activity. Therefore, national policies such as those mentioned above, which aim at keeping employment stabilized at a high level—and not a system of high fixed supports—offer the best guaranty of a healthy agriculture.

President Eisenhower has recommended to Congress farm legislation that will require less restriction on farm production, and hence less slowing down of the national economy. The road to prosperity for farmers and the Nation is through abundant production, expanded consumption, good living—not through scarcity, unnecessary unemployment, and unnecessary slow-down in the great widespread agricultural industry.

Price supports are needed for farmers, but they must be extended through a sound workable system. We must get rid of the arbitrary and inequitable features in the present laws.

Secretary of Agriculture Ezra Taft Benson in his report at the close of 1953 said:

> The retreat of farm prices and farm incomes has been stopped. Now is the time to reorganize the forces of agriculture—build renewed confidence to go forward in a resolute battle to build a stronger and more stable agriculture for all the American people.

Under the rigid price support plan the agriculture industry is encouraged to produce more commodities than the Nation can use. And now it is reaching the point where the big surpluses are a real danger and threat to the agriculture economy. The very fact that surpluses exist tends to depress the normal market.

High rigid price supports have been the stimulus for overproduction and the people must foot the bill in taxes. If the surpluses were released for use in this country, the amount consumed would soon be replaced by new surpluses. Arbitrary dumping abroad would dislocate foreign markets and production, and lose American friends there rather than make them.

Mr. President, we will soon take up the farm bill as reported by the Committee on Agriculture. Unfortunately, the committee reported out a bill containing high, rigid price supports, contrary to the recommendations of the President, the Secretary of Agriculture, and the action adopted by the House of Representatives.

During the last year and a half I have had many communications and many conversations with Maryland farmers, and representatives of farm organizations. They are overwhelmingly supporting the administration's program. Recently I reported to the Senate that many businessmen, including chambers of commerce whose membership includes many real farmers, are also supporting the Eisenhower-Benson farm program.

The Maryland Farm Bureau has just called to my attention five specific changes they would like to see in the bill as reported by committee, so that it will, in the farm bureau's opinion conform to what is best for agriculture and the Nation.

The farm bureau recommendations are:

First. Strike out rigid 90 percent supports for basic crops and insert a flexible support provision.

Second. Include a mandate from Congress that diverted acres taken out of the price-supported crops be effectively controlled.

Third. Eliminate the section that raises dairy supports and authorizes something like the Brannan plan for dairy products.

Fourth. Eliminate a provision that would require supports for small grains.

Fifth. Eliminate the two-price plan for wheat.

These recommendations represent the best thinking of the Maryland Farm Bureau, and is truly representative of the wishes of Maryland farmers. Last fall the farm bureau held 260 meetings throughout the State, attended by 6,000 farmers, for the purpose of discussing the farm program.

The suggestions which resulted from these meetings were embodied in resolutions and formally adopted by the 220 delegates—1 for each 50 members—at the farm bureau's annual State meeting.

The farmers in Maryland, and I am sure from the great part of this country, are supporting the administration program and I sincerely hope that the bill finally acted on by the Senate will contain the recommendations submitted to me by the Maryland Farm Bureau.

Mr. President, the following article entitled "India Ends Rice Control" is from the New York Times:

> INDIA ENDS RICE CONTROL—ACTION RESTORES FREE ECONOMY IN RESPECT OF FOOD GRAINS
>
> NEW DELHI, INDIA, July 8.—The Ministry of Food and Agriculture announced today the abolition of all controls over price, procurement, and the movement of rice throughout the country.
>
> Wheat having been decontrolled already, the effect of the announcement is the restoration of free economy in respect of food grains.
>
> Controls on most other essential commodities are being gradually relaxed.
>
> Rice production this year is estimated to reach the record level of 27 million tons, representing an increase of 5,500,000 tons over the previous 5-year period. Officials said there was a comfortable carryover of 1,300,000 tons of rice, besides 900,000 tons purchased from Burma this year.
>
> Thus the Government is fully prepared to meet any emergency. The overall food portion has become so satisfactory that statutory rationing has been ended.

PLANT DISPERSAL—THE UPPER COLORADO RIVER STORAGE PROJECT AND NATIONAL DEFENSE

During the delivery of Mr. MONRONEY's speech,

Mr. MONRONEY. Mr. President, I have been asked to yield to my distinguished colleague the Senator from Wyoming [Mr. CRIPPA] for a very important speech he would like to deliver at this time. Under the circumstances under which other similar requests have been heretofore granted, and with the understanding that his remarks will follow mine, and that I will not lose the floor, I should like to yield to him for that purpose.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Wyoming may proceed.

Mr. CRIPPA. Mr. President, there has been a good deal of talk in this Chamber during the past decade on the urgent need for industrial dispersal in the interests of national defense.

During World War II we were given an object lesson on this matter during the strategic bombing of Germany. As you recall, Germany was showered—one could even say "plastered"—with the greatest amount of high explosives ever unleashed upon a modern nation.

This heavy bombing of industrial centers undoubtedly cut deeply into her war-making potential and contributed largely to Germany's ultimate defeat. And yet our invading troops were impressed to find within that shattered country many industrial plants still in operation, some of them established in caves and tunnels that the Allied bombs could never reach. Too late Germany had learned the lesson of industrial dispersal for staying and winning power in a modern war.

An object lesson of a different sort was provided in Japan. Here the dropping of only two atomic bombs hastened the surrender of a nation which had not been invaded by land forces and which still had intact a considerable amount of its war-making potential. In Japan we saw demonstrated what could happen to America if A-bombs were dropped or carried by guided missiles to such strategic industrial centers as Detroit, Pittsburgh, Rochester, Cleveland, Chicago, Seattle, and Los Angeles.

And within recent months this atomic nightmare of our military strategists was heightened by reports of the extended area of destruction from the H-bomb.

Today scarcely anyone will deny that this country is highly vulnerable to atomic attack and that we should accelerate the dispersal of our industrial targets. But industrial dispersion is something like the weather. Everybody talks about it, but does little about it, with one significant exception, which I will discuss later.

Back in 1951, a very fine Senate document was published, entitled "The Need for Industrial Dispersal." It was prepared by the Joint Committee on the Economic Report. This document contains this logical declaration:

Since there is no known defense against the atomic bomb itself except space, dispersion is one of the first considerations for strategic safety of industrial facilities.

It also recommended that this country "establish new or expanded facilities in areas which have greater geographic security from enemy attack" and "in areas which have the potential transport, labor, and other requirements so as to economize by avoiding undue or over-concentration in already congested areas."

That was sound advice, and I am sure that equally sound advice will emanate from agencies now studying this problem for the present administration in the light of new developments. But from observing what happened during the unprecedented industrial plant expansion since 1950, I take a dim view toward publicized programs for industrial dispersion. Our Detroits and our Pittsburghs seem to grow ever larger, while the industrial have-not areas content themselves with a few industrial handouts.

However, I am pleased that the present administration acutely realizes the unique peril in which this country has been placed by atomic and hydrogen bomb developments. As evidence of that, I hereby ask for unanimous consent to introduce as part of my remarks an article which appeared in the New York Times of June 16, 1954.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PLANT DISPERSAL CALLED UNITED STATES MUST—CASUALTIES IN ATOM TEST RISE TO 13 MILLION, PETERSON TELLS CHAMBER PARLEY

(By Elie Abel)

WASHINGTON, June 15.—Civil defense and mobilization officials warned today that the Nation's survival in war demanded a more rapid scattering of its industrial might.

Val Peterson, Federal Civil Defense Administrator, announced that the toll of imaginary casualties in yesterday's countrywide defense rehearsal for an atomic attack was approaching 13 million.

"The awful arithmetic of civilian unpreparedness," he said, "is being compounded day by day."

The increasing urgency of industrial dispersal was emphasized by Arthur S. Flemming, Director of the Office of Defense Mobilization. Mr. Flemming said he had asked the Defense Department, the Atomic Energy Commission, and the Federal Civil Defense Administration to restudy the problem of defense plant dispersal in light of the recent hydrogen bomb tests in the Pacific.

His investigations so far indicate that the current 10-mile radius of immediate danger is adequate, Mr. Flemming told a luncheon of more than 200 businessmen. They are attending an industrial defense conference called by the United States Chamber of Commerce.

Nevertheless, Mr. Flemming said he had asked other Federal agencies to submit reports on whether the radius should be widened.

PRESIDENT SEES "UNIQUE PERIL"

President Eisenhower, in a letter read to the conference this morning, said the subject of how to defend the Nation's industrial complex was one of "grave importance" involving inconvenience and expense.

"These are days of unique peril to civilian populations, to the security of our cities, our industries, and our people," the President said.

A program for effective industrial defense, he added, "may constitute the most valuable investment you can make toward assuring our survival as a free Nation."

Mr. Peterson, addressing the conference, said it would not be too difficult for the United States to lose a short war at a time when a single flight of enemy planes could deliver more destructive power than the total bombload dropped on Britain during World War II.

"To lose a short war, you lose enough productive people and plants, quickly enough, to demoralize the rest of the nation's defense production and destroy the nation's will to resist," Mr. Peterson declared.

GERMAN CAMPAIGNS CITED

He recalled that the effectiveness of such a campaign had been demonstrated by the Germans in Poland and the Netherlands. With the advent of atomic weapons and greatly improved planes, he warned, a potential aggressor today could deal comparably staggering blows on the United States.

Calling on industry to put hard money into protection programs that would guard their plants and employees against such disaster, Mr. Peterson asserted:

"The balance of victory between two military powers may well rest with the nation whose civilian population can best minimize the effects of an atomic attack and get up off the ground organized and ready."

Clem D. Johnston, president of the Chamber of Commerce, urged industry to recognize its responsibility for insuring continuity of production if war came.

"I regret to say that, until quite recently, some segments of industry have been ducking that responsibility," he said.

MEETING HEARS QUARLES

The businessmen received from Donald A. Quarles, Assistant Secretary of Defense for Research and Development, an estimate of Soviet air capabilities.

For the first time since 1812, he said, the continental United States was threatened with direct attack. Mr. Quarles warned that the United States might be "only a few years ahead" of the Soviet Union in jet bomber development.

"The new heavy bomber and the nine medium jet bombers flown over Red Square in Moscow on May Day," he said, portend "a real increase in the Communist capability of attack, especially against targets in the United States."

"Charles F. Honeywell, head of the Commerce Department's Business and Defense Services Administration, and Lt. Gen. Willard S. Paul (retired), Assistant Director for Non-Military Defense in the office of Defense Mobilization, outlined the programs of their agencies for strengthening the defenses of American industry.

"The conference also heard a report from John H. Redmond, assistant production manager of the Koppers Co., Inc., of Pittsburgh, on that concern's disaster plan, one of the first to be developed privately."

Mr. CRIPPA. I mentioned previously that there was one significant exception to this type of industrial concentration in the face of international A-bomb and H-bomb threats. That exception, I am sorry to say, is Russia, a country which is not noted for any extreme fondness for the United States. As far back as October 27, 1952, an article in the New York Times gave this summary of Russian industrial dispersion:

Postwar geographic dispersion of Soviet heavy industry has made the Soviet Union far less vulnerable to land or air attack than ever before in that country's history, analysis of detailed data released at the recent Communist Party Congress in Moscow indicates. * * *

Today, these data indicate, the heart of Soviet heavy industrial production is in the Volga Valley and in the Urals, 1,000 miles

and more farther east than in 1940. At the same time, Soviet heavy industry is now so widely spread over the country that enemy capture of any one major area, or its complete destruction from the air, would not represent nearly the threat now that the loss of the vital Ukrainian coal and metallurgical complex posed in the early months of World War II.

Apparently the masters in the Kremlin have taken to heart the lessons the United States should have learned from World War II.

In academic discussions of industrial dispersion in this country, the statement is often made that the United States, too, should build its own industrial defense bastion behind the protective peaks of our own "Urals," the great Rocky Mountain Range. There is much good sense in this proposal.

The Rocky Mountain West contains the largest and most varied supply of natural resources in the United States. It has a well-developed transportation network of highways, railroads, and airlines. Its strategic location gives it access to the manufacturing and population centers of the west coast, and to Texas and the Midwest. This is evidenced by the establishment in Utah of large military supply installations, which serve a large area of the western half of the United States.

Colorado and New Mexico also have large defense installations extremely important to the welfare of the country.

Furthermore, this area has a great natural advantage that has been virtually ignored in our national defense planning. In addition to its insular position as a protection against attack from the air and from guided missiles, the Mountain West has thousands of feet of solid rock in mountain and canyon walls which can be utilized to protect vital industries and Government installations from atomic attack. We find that to be the fact in reading the history of Hitler and his military campaigns during World War II. These natural bomb shelters can be located in the ribs of the aptly named Rocky Mountains. Tunnels and caves could be developed in these mountains at widely separated locations to give this Nation an impregnable industrial bastion that would be secure even against the awesome weapons of the atomic and hydrogen bombs.

I am not suggesting that we move our defense industry underground at this time. But if such industry is located in dispersed locations, its safety is greatly enhanced. And if these dispersed plants are accessible to planned underground locations, their removal to complete safety in time of national emergency would be greatly expedited.

Another advantage of industrial dispersal would be that less reliance would have to be placed upon long-distance rail hauls in an emergency. It is obvious that key rail centers would be priority targets for atomic bombing. Regional industrial self-sufficiency is the answer.

In this regard, I would like to point out that although Arizona, Utah, New Mexico, Montana, Wyoming, and Nevada produce the great majority of this Nation's copper, the bulk of the copper and brass fabrication industry is concentrated in other areas. Establishment of copper and brass mills in the producing area, within easy access of mine smelters and copper refineries served by the Nation's largest copper mines, would be a major step forward in industrial self-sufficiency for national defense. This is just one example of the need for industrial dispersal.

However, before any of us gets too enthusiastic about the prospects for our own "industrial Urals area" in the shelter of the Rockies, we should heed this fact: Industrial expansion in the Mountain West is limited only by the supply of water for industrial and community consumption, and by available power.

Athough many of the country's great rivers originate on the backbone of the Rocky Mountains' Continental Divide, much of the mountain area is semiaird in nature. Firm water supplies for communities and industry in this area have to be obtained by constructing storage reservoirs to catch and hold the water as it comes from the snow pack in the high mountains. Of course every drop of water that is lost is never returned.

Many such water-producing projects have been built and the easily developed waters of the West have already been appropriated and put to consumptive use.

The waters in the upper Colorado River Basin can be developed and utilized only with great difficulty and at great expense. For this reason the four States of the upper basin of the Colorado River still have nearly two-thirds of their assigned half of the water of the river yet to be developed for future use within those States. This water supply is sufficient to take care of the foreseeable needs in those States—Colorado, New Mexico, Utah, and Wyoming—for many years, including any reasonable requirements for an increased role in the country's industrial economy and national defense. Under the Colorado River compact of 1922, these States were assigned half, or roughly 7,500,000 acre-feet annually of the water produced in the Colorado River drainage basin above Lee Ferry.

Since the 1920's the internationally known engineers of the United States Bureau of Reclamation have been conducting extensive engineering studies to determine how the upper basin States could develop and utilize the water assigned to them. These studies were financed partially from an appropriation out of the revenue derived from Hoover Dam, which is located in the lower basin of the Colorado.

From this intensive 32-year study has come the recommendations for a long-range development of the upper basin, as outlined in the upper Colorado River storage project bill, now under consideration by the Senate Interior and Insular Affairs Committee.

These basin-wide engineering studies have shown that a series of storage dams and reclamation works will provide for the area the following:

First. New or supplemental irrigational water for nearly three-quarters of a million acres of farmland.

Second. Supplemental water supplies for municipalities, totaling approximately 160,000 acre-feet.

Third. Generating capacity for nearly 1¼ million kilowatts of hydroelectric power.

Furthermore, the reports show that for the project units recommended by the Bureau of Reclamation, all but 0.8 percent of the total construction investment would be returned to the Federal Government. That small percentage of the total project costs has been assigned to nonreimbursable public benefits such as flood control. Operation, maintenance, and replacement charges are borne by the project beneficiaries, and after repayment is completed, the project facilities will provide an income to the Government of from $15 to $20 million per year forever after.

People who know the geography of the semiarid country of the upper Colorado River Basin are genuinely pleased that these badly needed water and power supplies can be delivered to that area in such a sound, well-planned program.

Furthermore, the project represents coordinated, long-range planning of the type that should be applied to all our river basins so that water resources can be utilized effectively and economically.

In addition, the project will provide the water and the power required for this country to fully utilize the defense potential of the great Rocky Mountain west to provide needed industrial self-sufficiency in case of atomic attack. This defense feature gives added incentive for prompt favorable action on this project, which is eminently sound and feasible as a long-range project to develop the resources of four Mountain States and to contribute to the economic progress of the West and the Nation as a whole.

This strong case for decentralization emphasizes the absolute necessity for action. Two basic elements are required—water and power. These, plus mountains to decrease the impact and devastating effect of H-bombs dictate that this Nation should immediately authorize the full development of the water and power resources in the Colorado River in the upper basin Mountain States. This project will provide a defensible industrial economy and an area to which people in case of atomic attack could be evacuated from the thickly populated west coast.

Mr. WATKINS. Mr. President, will the Senator from Wyoming yield?

Mr. CRIPPA. I yield.

Mr. WATKINS. Mr. President, I should like to say that in his first speech in the Senate the able Senator from Wyoming has called attention to one of the most important matters before the American people. I invite the Senator's attention to the fact that since the last hydrogen bomb test in the Pacific the planners have come to the conclusion that in the cities and towns where great industries are concentrated or where great populations are concentrated there is no way people can go underground and be safe from the effects of the hydrogen bomb. They have decided that the moving of the population probably will be

necessary rather than trying to protect them in places where they live, and that if it is necessary to protect them at those points other than by the Air Force, the planes delivering hydrogen bombs must be intercepted.

I think the Senator has invited attention to the great possibilities in our own Rocky Mountains, which he designated as our Urals, where we could take care of a great population. Also of importance is the fact that we could produce, with water and power, immense quantities of materials and weapons necessary for the national defense. If we ever do have to go underground, that is an excellent place in which to do it. It is a long way from Russia, whose planes would have to travel across the country where they could be intercepted.

I congratulate the Senator upon his very fine statement. I should like to ask the Senator if the State of Wyoming is greatly interested in this project to which he invites attention?

Mr. CRIPPA. Yes, indeed. Once we get it started it will afford protection. It has been discussed many times with respect to the upper and lower river compacts. I assure the Senator that if we can grow in the State of Wyoming according to our plan, 14 percent of the water will not be sufficient to enable us to develop as we should. If we do not tie up this water, we will lose our rights by 1962.

Mr. WATKINS. The right is supposed to have been guaranteed by compact, but the rule of the West usually is that he who is first in time is first in rights.

Mr. CRIPPA. That is correct.

Mr. WATKINS. Are the people of Wyoming actually interested in this project?

Mr. CRIPPA. I should say the people of Wyoming are 100 percent back of this project.

Mr. WATKINS. I think that is evidenced by letters from the Governor, by the statement of the senior Senator from Wyoming and also, now, by the statement of the junior Senator from Wyoming.

Mr. CRIPPA. That is correct.

FOSTER CREEK DIVISION OF CHIEF JOSEPH DAM PROJECT, WASHINGTON—CONFERENCE REPORT

Mr. WATKINS. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4854) to authorize the Secretary of the Interior to construct, operate, and maintain the irrigation works comprising the Foster Creek division of the Chief Joseph Dam project, Washington. I ask unanimous consent for the immediate consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4854) to authorize the Secretary of the Interior to construct, operate, and maintain the irrigation works comprising the Foster Creek division of the Chief Joseph Dam project, Washington, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate and agree to the same with an amendment, as follows: In lieu of the matter inserted by the Senate, insert the following:

"That, as an initial step in supplementing the Act of July 17, 1952 (Public Law 577, Eighty-second Congress), and in order to provide water for the irrigation of approximately six thousand acres of land along the Columbia and Okanogan Rivers in the vicinity of Chief Joseph Dam, Washington, the Secretary of the Interior is authorized to construct, operate, and maintain the Foster Creek division of the Chief Joseph Dam project substantially in accordance with the report of the Secretary of the Interior dated January 7, 1954, and printed as House Document No. 374, 83d Congress.

"SEC. 2. In the construction, operation and maintenance of the Foster Creek division, the Secretary shall be governed by the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto) except that (a) the period provided in subsection (d), section 9, of the Reclamation Project Act of 1939 (53 Stat. 1187), for repayment of construction costs properly chargeable to any block of lands and assigned to be repaid by the irrigators may be extended to fifty years, exclusive of a development period, from the time water is first delivered to that block or to as near that number of years as is consistent with the adoption and operation of a variable payment formula as hereinafter provided; (b) any repayment contract entered into may provide that the amounts to be paid annually thereunder shall be determined in accordance with a formula, mutually agreeable to the parties, which reflects economic conditions pertinent to the irrigators' payment capacity; and (c) all construction costs which are beyond the ability of the irrigators to repay as hereinbefore provided shall be charged to, and returnable to the reclamation fund from, net revenues derived from the sale of power from the Chief Joseph Dam project which are over and beyond those required to amortize the power investment in said project and to return interest on the unamortized balance thereof. Power and energy required for irrigation pumping for the Foster Creek division authorized shall be made available by the Secretary from the Chief Joseph Dam powerplant and other Federal plants interconnected therewith at rates not to exceed the cost of such power and energy from the Chief Joseph Dam taking into account all costs of the dam, reservoir, and powerplant which are determined by the Secretary under the provisions of the Federal reclamation laws to be properly allocable to such irrigation pumping power and energy.

"SEC. 3. Reports on additional reclamation units in the vicinity of the Chief Joseph Dam project proposed to be constructed as units of the project shall be submitted by the Secretary from time to time in accordance with the provisions of the Act of July 17, 1952, supra.

"SEC. 4. There are hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, $4,798,000 plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in the cost of said type of construction without endangering the economic feasibility of the Foster Creek division of the Chief Joseph Dam project, Washington."

GUY CORDON,
EUGENE D. MILLIKIN,
ARTHUR V. WATKINS,
CLINTON P. ANDERSON,
By H. M. J.
HENRY M. JACKSON,
Managers on the Part of the Senate.
WESLEY A. D'EWART,
JOHN J. RHODES,
CRAIG HOSMER,
CLAIR ENGLE,
WAYNE N. ASPINALL,
Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the report was considered and agreed to.

POST OFFICE DEPARTMENT FINANCES

Mr. JOHNSTON of South Carolina. Mr. President, I address the Senate today on a subject which, in some quarters, would appear to be an inconsequential matter—$100 million.

Now, I well realize that in these days of inflated economics and a generally asteroidal atmosphere, $100 million is not quite the staggering amount it once may have been. However, I cannot but feel that, even today, $100 million should not be treated with disdain. Mr. Summerfield, our esteemed Postmaster General, apparently is one of those who looks upon it as a rather paltry sum, unworthy of mentioning, certainly unworthy of bothering to account for.

I am sure that we have all been made aware that Mr. Summerfield is a man of great and diversified talents. We have all listened to, and watched, with rapt attention, the boasts, the claims, the activities of Mr. Summerfield in his current avocation as Postmaster General.

We know that Mr. Arthur Summerfield is considered one of the Nation's great industrialists. We know that he was the owner and operator of one of the world's largest General Motors' agencies—also that he is a former chairman of the Republican National Committee. And I assume there is pretty much general agreement that both General Motors and the Republican National Committee are financially sound organizations, with assets running well into the billions. So perhaps it is only natural that Mr. Summerfield, with this rich economic background should have a somewhat less awesome regard for $100 million than would the average citizen.

But, Mr. President, I as a taxpayer, and also as a Member of the United States Senate which has the great responsibility of passing on Post Office Department and other departmental expenditures and appropriations, and particularly as a member of the Senate committee having to do with postal affairs, consider $100 million as a very substantial amount of money. The people of my great State of South Carolina, who have selected me to help represent their interests, surely must consider it a most sizable amount of money.

But Mr. Summerfield, our active Postmaster General, though repeatedly he has demanded increased mailing rates, and who right this very moment is pressuring the Congress for legislation that would make the people of this country pay a higher rate of postage on their letters, does not consider a mere $100 million worth mentioning.

Mr. President, I think it is worth mentioning, so much so that I am going to turn this place inside out, if need be, to find out what has become of it.

I have made a personal survey around this country concerning many aspects of the postal service and its operations and I have discovered some highly interesting facts.

As we all know, the postal budget and the department's requests for appropriations are based generally on the anticipated volume of mail to be handled. For example, in the fiscal year 1953 the post office based its requests for funds on the assumption it would be called upon to handle somewhere in the vicinity of 52½ billion pieces of mail. At the end of that fiscal year, 1953, however, the department found it had handled only slightly less than 51 billion pieces. Naturally, this drop in actual mail handling from the anticipated volume was reflected in a decrease in operational costs to the department. This dip in operational charges was achieved mainly because the department was required to pay for fewer hours of temporary and substitute clerk and carrier and mail handler hire.

Perhaps I should explain here that a sizable percentage of the mail handling is done by substitute and temporary workers. These are part-time workers who are paid only by the hour, and whose employment is determined by the volume of mail actually on hand to be serviced. When the volume of mail is down, fewer hours of substitute and temporary labor is required. It is apparent, therefore, that a drop of 1 million pieces in the mail to be processed and delivered will reduce sharply the number of substitute and temporary man-hours that will be needed. And it is easy to see that at an average pay rate of $1.60 an hour the savings will be considerable.

Now, let us take a look at the fiscal year 1954. I am most reliably informed, Mr. President, that the volume of mail handled during that fiscal year, just closed, was almost 2 billion pieces less than that estimated by Mr. Summerfield, and on which he based his appropriations request for 1954. In other words, Postmaster General Summerfield asked for and received from Congress sufficient money to handle over 54 billion pieces of mail during fiscal 1954. Actually, however, the Department handled slightly over 52 billion pieces.

I am not censuring the Postmaster General because the people of this country used the mails nearly 2 billion times less than Mr. Summerfield guessed they would. But I do want to know what became of the additional money Congress approved and appropriated to meet the Department's anticipated needs.

Based on my conservative estimates, Mr. Summerfield should have at least $100,000,000 left from his 1954 appropriations which he has not used.

Where is it?

Why has Mr. Summerfield not come forth in his usual manner and repeated his worn-out claims of saving the taxpayers millions of dollars through efficiencies and economies? It would seem to me that he has dubbed a wonderful opportunity.

Is it because he does not think the time is politically right?

Is it because his high-powered public relations men and speech writers have not yet put together the right words and proper phrases for a claim of savings due to greater economy, efficiency and management under Mr. Summerfield's guidance?

Perhaps it is because even our versatile Postmaster General finds it difficult to reconcile his insistent demands for higher postal rates and at the same time admit that the so-called postal deficit is somewhat less than he has reported it to be?

Perhaps Mr. Summerfield is waiting to see if part of this money will be needed to pay the expenses and travel costs of postmasters brought to Washington to help influence the Members of Congress in fighting discharge petitions on pay bills he is so strongly opposing.

Could it be that this money, at least in part, is scheduled to be allocated to pay the salaries of men to staff the enormous regional and district offices the Department is establishing throughout the country? That point was brought out when representatives of the Department appeared before the committee in connection with the discussion of the very matter of setting up the regional offices, and when it was stated that that would cost an additional $5 million. Incidentally, Mr. President, I understand that there has been much political trading in selecting personnel to staff these regional offices. At a later date I shall have considerably more to say on these two subjects.

Right now, Mr. President, I want to direct to the Postmaster General an inquiry about this $100 million. I want to know whether he has notified the Treasury Department about this unused portion of his 1954 appropriation, and whether the Postmaster General has turned it back or intends to turn it back.

That is a simple question, one that can be answered in one short word—either "Yes" or "No"—assuming, of course, that Mr. Summerfield considers the subject worth mentioning. I believe the Senate will hear from him on this subject.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. KEFAUVER. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment submitted by the Senator from Tennessee will be stated.

The LEGISLATIVE CLERK. On page 23, in line 9, it is proposed to strike out the period and insert a colon and the following: *"Provided, however,* That preference in the sale of such energy shall be given municipalities and public bodies."

THE BUDGET BUREAU EXPLANATION OF JULY 9, 1954

Mr. KEFAUVER. Mr. President, on July 9, the Bureau of the Budget issued its explanation of the proposed Dixon-Yates contract with the Atomic Energy Commission. In all my political career, I have never seen a document so basically unsound as that one. I am sure that other Members of the Senate during their political careers have never seen a document so basically unsound as that one, either. Throughout it, the truth is frequently avoided and, instead, fictitious reasons are given. However, Mr. President, I do not wish to have the Senate merely take my word for it. Let us analyze the contract—a document which I think will become historic for its duplicity.

The contract begins by stating the three things the proposed deal will accomplish. It says that, first, it will provide for national-defense needs, which are paramount. Mr. President, if there is anything at all that is clear in this proposed deal, it is that none of the power will be used for any national-defense needs. At Paducah, where the AEC has the installations for which it claims to be buying this power, the AEC already has firm contracts for the full amount of power it will need. It has a contract with a utility group, the EEI, and it has another contract with the TVA. The AEC does not intend to release either the EEI or the TVA from their commitments to serve the AEC installations at Paducah. The AEC does not need another single kilowatt of power for those installations. What is more, not a single kilowatt from the proposed new plant, hundreds of miles away—at West Memphis, Ark.—will ever be used to serve the Paducah installations.

The President of the United States himself has said, indeed, everyone has said, that the power from the proposed new plant will be used by the TVA to serve its customers in the Memphis area. Yet the Bureau of the Budget has the gall, the unabashed audacity, to tell the Congress and the people of the country that it is doing this to provide for national-defense needs.

Mr. President, I deeply resent this type of duplicity. We, the Congress, and the people of the Nation are entitled at least to receive fair treatment from the members of the executive branch. But we are not getting it. I resent this attempt to mislead us; but I resent even more the shabby method the executive branch is using in trying to win public support and in trying to cut off discussion, by talking about the national-defense needs.

Mr. President, let us make the record straight, once and for all. There is absolutely no connection between the proposed contract and the defense needs of the country. Let us put an end to such an approach and to such a continuous attempt to mislead.

The second result the Bureau of the Budget expects to accomplish by means of this deal is to "promote the best interests, not only of the people of that area, but of all the people."

Mr. President, this is the first time I have heard of promoting a person's interests by cutting his throat. The executive branch is going to promote the interests of the people of the Tennessee Valley area by taking the first long step toward restricting, and finally destroying, the greatest development that has ever taken place in the entire area—a development that has brought a new life and new prosperity to the people of the area, to the betterment of the economy of the entire Nation.

Let it be remembered that when visitors from foreign nations come to the United States anxious to ascertain how they can best develop the resources and build up the economy of their own countries, the first section of the United States they almost invariably visit, in order to observe an example of what people working together can do for the betterment of their country and for the development of its resources, is the area of the Tennessee Valley Authority.

Mr. President, it must be remembered that the welfare of the people outside the Tennessee Valley is not improved by hurting the people in the Tennessee Valley. To the extent that we in the Tennessee are made stronger, the country as a whole is made stronger. We are not a country of separate sections. We cannot maintain our strength as a Nation by isolating one section of the country from another. Our strength is the strength of unity, and the strength of each section strengthens the whole.

The strength of the TVA has also helped the entire country, by furnishing a necessary yardstick with which to measure electric-power costs.

I still believe that the best judges of what is good for the people are the people themselves. I can tell you, Mr. President, that the people of the Tennessee Valley are up in arms over this attempt to destroy their TVA power source and, through that, their economy.

I should like to have those in the executive branch who are responsible for this "deal" appear before the people of the Tennessee Valley and tell them how the proposed arrangement will result in "benefiting" them. I make this open offer to them to go to the Tennessee Valley and explain. I shall be very happy to arrange the meetings, and I can assure the ones in the executive branch who are responsible for this proposal that they will have a very big attendance at those meetings.

Of course, Mr. President, I know that the invitation will not be accepted. Very few people have the nerve to go before those they would destroy and tell them that they are in fact helping them. Besides, members of the executive branch know only too well that this whole deal is easily seen through by anyone who knows the facts; and the people of the Tennessee Valley know the facts. So those in the executive department will not go down there, where they cannot fool anyone.

The only "best interest" this bill would serve would be the best interest of the power trust. It would help only the predatory power trust, which has become impatient in its hunger to defend monopolies and destroy all public installations.

The third and last purpose the Bureau of the Budget says the Dixon-Yates deal would serve is to permit amortization of the cost of the facilities over a 25-year period, and thereby avoid an immediate capital outlay of $100 million, and reduce the pressures against the ceiling on the national debt.

When we reach the point where we cannot enter into a good proposition which will save the people of the Nation $142 million and save the integrity of the Government, which would be destroyed by having a department perverted to some use for which it was not created, in order to finance a $100 million deal, the Government of the United States has come to a bad situation. The Congress is asked to raise the debt ceiling $15 billion. It would certainly seem that $100 million, which would be a good investment, which would be repaid, and which would save the integrity of the Government, would certainly be a justified payment out of the money which the Treasury now has on hand.

The executive branch is trying to tell us that it is good business for the Government to pay higher interest rates on bonds than it has to pay, to pay unnecessary profits to the power monopolies, and assume huge extra costs, amounting at the lowest to $3,800,000 a year, and at the highest to $142 million. This is supposed to be a business administration. Mr. Hughes, Director of the Budget, and before that a vice president of the National City Bank of New York, seems to be spearheading this deal, although he does say that he is acting under orders from the President.

I wonder what Mr. Hughes would say to a customer of his bank who came to him with this type of proposal and said, "Mr. Hughes, I need a new plant. I can build it myself, and I will have no trouble raising the money. I can borrow the money at 2½ or 3 percent, or I can let X company do it for me, and all I have to do is to pay all their costs, taxes, and profits, because they have to pay 3½ percent for the money. Also I will have to pay them 9 percent profit on the little bit of money they put up themselves. There will be many extra charges, too, because the plant will not be located exactly where I want it. In fact, I will have to spend some extra money myself to be able to use the plant, so it might cost me about $150 million extra over a 25-year contract period. But just think, I will not have to build the plant, which would cost me around $100 million."

Cannot Senators imagine a banker's reaction to that type of business deal?

NATURAL GAS PRICES

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. KEFAUVER. I yield.

Mr. HUMPHREY. I ask unanimous consent to make a brief statement without the Senator from Tennessee losing his right to the floor.

Mr. KEFAUVER. If it is agreed that I will not lose the floor, I yield for that purpose.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Minnesota may proceed.

Mr. HUMPHREY. Mr. President, I have just noticed on the Associated Press ticker a statement to the effect that the Federal Power Commission has issued regulations temporarily freezing natural gas prices in all producing areas at the June 7 level. The statement reads as follows:

> The FPC issued regulations temporarily freezing natural gas prices in all producing areas at the June 7 level.
>
> Some 41,000 independent producers and gatherers of natural gas are affected. Those affected were brought under FPC jurisdiction by the Supreme Court decision in the Phillipps Petroleum case.
>
> The court ruled on June 7 that the FPC must price, at the well head, all gas sold in interstate commerce. Both Phillipps and the FPC had argued that production was strictly a State function, regardless of where their gas was consumed.
>
> The regulations apply to transactions and operations conducted on and after June 7, the date of the court's decision. Sales contracts which were in effect as of that date must be filed with the FPC by October 1. No increase in those rates can be made unless first filed with the Commission, which can suspend proposed higher rates pending hearing and decision.
>
> The regulations also require the producers to file applications for certificates authorizing the transportation and sale of natural gas in interstate commerce. The certificate applications must be filed by October 1.

I rise to herald and applaud the action of the Federal Power Commission. First of all, I point out that the Supreme Court ruled, as I believe in the only way it could have ruled under the terms of the legislation which controls the sale of gas and oil. We were all, of course, very much pleased on June 7 that the Supreme Court protected the public interest. We recall very vividly the extremely heated discussion and prolonged debate over the so-called Natural Gas Act. In that case we were saved, so to speak, by the veto of the President, the President then being Mr. Truman.

Now we find the Supreme Court of the United States protecting the interest of consumers and interpreting the public law, namely, the Natural Gas Act, as it should be interpreted.

I have just stated that the Federal Power Commission has required that all the independent producers and all other producers now come under the regulation of the Federal Power Commission, with prices to be fixed at the level of June 7.

I also note that the Commission has made provision for cases involving undue hardship. The release points out:

> The FPC said there may be areas of uncertainty and a few situations where independent producers have, in good faith, endeavored to invoke a price increase provided in a sales contract executed prior to June 7, or in good faith taken other steps since said date without Commission approval.

The Commission pointed out that any action which requires its approval is not effective without it. But the FPC added that it will do all it can to assist in adjusting any such matters, without unnecessary punitive action, to the end that all independent producers will receive like treatment as of June 7 henceforth.

The Power Commission will attempt to make whatever adjustments are possible under the law.

This means savings of literally millions of dollars to the consumers of natural gas throughout the United States. We in the great Midwest who have been deeply concerned about what was apparently the prior ruling of the Federal Power Commission are now relieved to see that the Power Commission will act under the order of the Supreme Court.

Mr. President, I have one other matter to discuss at this time.

The PRESIDING OFFICER. The Senator from Minnesota has the floor, under the unanimous-consent agreement.

THE HOUSING PROGRAM

Mr. HUMPHREY. Mr. President, I hold in my hand a press release with respect to the conference report on the housing bill. I serve warning now that if the conference report comes back to the Senate with the provision in it pertaining to public housing which the conferees have agreed upon, I shall vote against it, and further, I shall do all I can to see that the conference report is sent back to the conference committee.

The features of public housing which were included in the Senate were very limited. As a matter of fact, the distinguished Senator from Illinois [Mr. DOUGLAS] attempted to amend the committee bill by providing for a minimum of 75,000 public housing units a year for 4 years. As we know, that effort was defeated, and finally we had to go back to 35,000 public housing units for each of 4 years. This is not a program at all. At best, it is a pilot plant operation. At best it is merely a facsimile of a program. But even that has been emasculated by the conference committee.

I think it is about time for Congress to start acting in the public interest. It seems that we are having a most difficult time taking care of the needs of the people. We have a bill before us at the moment which ignores the needs of the people and places a great premium upon the special needs of special interest groups.

I say that is a pattern which will lead to defeat and to great political and economic disaster for those who continue to promote it.

I conclude by saying that the Congress had better direct its attention toward the fulfillment of the promise which was made in the Housing Act of 1949—a decent home for every American. We have now, by the action of the conference committee, slammed the door shut upon that promise. We have ignored the mandate of the Congress. As one Member of the Senate, I do not intend to stand idly by and see that happen when I know that there are hundreds of communities in America looking to the Congress for leadership, looking for action in the field of housing, particularly in the field of slum clearance and low-cost or low-rent public housing.

ATTORNEY GENERAL BROWNELL'S STAND ON TEXAS OFFSHORE OIL CLAIMS

Mr. DOUGLAS. Mr. President, I hate to intrude on the good nature of my colleague from Tennessee, but I wonder whether he would be willing to yield to me for a few minutes?

Mr. KEFAUVER. I am very happy to yield to the Senator from Illinois.

Mr. DOUGLAS. With the understanding, of course, that he will not lose the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Illinois may proceed.

Mr. DOUGLAS. Mr. President, while I have not noticed any similar reports in midwestern or eastern papers, I have been much interested in news and editorial comments in Austin and Dallas papers to the effect that Attorney General Herbert Brownell is resisting Gulf State claims to offshore oil lands beyond the historic 3-mile boundary limit.

I hope these reports are correct and that the Attorney General will stand fast in protecting as much as possible of the rights which many of us believe the American people have in the submerged lands.

Such a stand is apparently bringing anguished complaints from Texas partisans of the broadest State claims. I ask unanimous consent to have printed at this point in my remarks two editorials from Texas papers expressing these views.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Austin American of July 13, 1954]

NEW SNATCH

Attorney General John Ben Shepperd's complaint at Federal Government designs on the Texas tidelands suggests that you can't trust anybody any more, no matter how friendly his protestations.

Texas' course in the last presidential race was determined, on the record, by the pledge of the Republican nominee to restore the tidelands to the State. This pledge was based on the grounds the tidelands had been unjustly confiscated by a Democratic administration.

Now, Attorney General Shepperd says that the same national administration which gave Texas back its tidelands, because that was the right thing to do, proposes again to snatch back more than two-thirds of what it said belonged to Texas all the time.

The offshore State boundaries of most other States extend 3 miles out into the water. Texas, admitted into the United States by Federal law, later wrapped in the validation of a treaty, had acquired possession of offshore submerged areas extending 3 marine leagues, or 10½ miles, from the coast.

Texas legitimately and properly owned it all, or none. Florida is in the same situation as to part of its tidelands, restored at the same time the Federal grab of Texas submerged land was rubbed out, or promised to be canceled.

The Texas legal officer said he has no doubt of success in the courts, in defending from Federal Government court attack the full effect of the Federal tidelands law.

If Shepperd has got the right dope, it has exposed a new and glaring instance of bad faith on the part of the United States Government. The proposed course of action naturally projected the tidelands controversy back into State politics.

Texas Democratic Party nominees and leaders balked at the refusal of candidate Adlai Stevenson to support the State demands, and turned support to Eisenhower, who made an unqualified pledge to approve legislation restoring the tidelands. They succeeded in carrying Texas for Eisenhower.

Nothing was said then about trimming Texas of two-thirds of what it had possessed, and what the law said was to be returned.

How the United States Department of Justice, through the leadership of that brilliant but difficult-to-follow Attorney General, Herbert Brownell, now could take the official attitude that the law meant only a third of what it said is beyond the reasoning of any Texan. Why President Eisenhower doesn't promptly slap down any subordinate efforts in his administration to nullify his own pledge to Texas and the other coastal States also is beyond Texas understanding.

[From the Dallas Morning News of July 11, 1954]

TEXAS TIDELANDS STILL IN DANGER

The news that the Department of Justice is refusing to recognize the Texas ownership of the Texas tidelands out to the full limit of 3 marine leagues from the shore may have profound effect upon the Governor's race in the Texas Democratic primary.

Attorney General Shepperd announces that the contention of the Attorney General is that oil leases within the offshore waters of Texas will be recognized only where the well is within the 3-mile zone. The area in the band between the 3-mile zone and the 3-league zone—an area 7.35 miles wide stretching from the mouth of the Sabine to the mouth of the Rio Grande—is United States property, he claims.

The Submerged Lands Act, as passed by Congress and signed by the President, declared: "The United States hereby releases and relinquishes unto said States * * * all right, title, and interest of the United States, if any it has, in and to all such lands."

The lands were declared to be "all lands permanently or periodically covered by tidal waters but not above the line of mean high tide and seaward to a line 3 geographical miles distant from the coastline of each State and to the boundary line of each such State where in any case such boundary line as it existed at the time each State became a member of the Union, or as hitherto approved by Congress, extends seaward (or into the Gulf of Mexico) beyond 3 geographical miles."

If Shivers is nominated, Attorney General Brownell is apt to conclude that Congress meant what it said about tidelands. If Yarborough is nominated, Brownell would be endorsed by the Texas vote.

Mr. DOUGLAS. Mr. President, despite these cries of bad faith against the administration which won Texas' vote on this issue in 1952, I think the reported position of the Attorney General is legally sound and basically just. And we know from the expressed views of Mr. Brownell during the hearings on the submerged lands bill in 1953, that his present stand against any giveaway beyond the 3-mile limit is consistent with the legal doubts he then voiced.

I only wish he would go further and support the offshore oil repealer I have introduced. But let us give him credit for the stand he apparently has taken. I have criticized him on some other

occasions and think it only fair to laud him when he takes such a sound position.

Whatever its effect on the local primaries may be, I am confident there are many who hope the Attorney General's position is correctly reported and that he will maintain it strongly. This will at least reduce the attempted surrender of the rights of all the people in the great oil and mineral resources of the submerged lands.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. Does the Senator from Illinois recall that only within the week—and I believe it was yesterday—one of our distinguished colleagues visited the White House, and later he was reported as stating that the President is of the opinion that the legal boundary of the great State of Texas was 10 miles, or 3 leagues, from shore?

Mr. DOUGLAS. I am certain, if the President expressed that point of view—and I do not know whether he did—that it was due to inadvertence, or perhaps to a lack of opportunity to consult with his chief legal officer, the Attorney General. If he were to study the question in detail, I am sure his conclusion would be that the State of Texas, like the other States of the Union, has the same boundary as the other States.

Mr. HUMPHREY. Mr. President, will the Senator yield further?

Mr. DOUGLAS. I yield.

Mr. HUMPHREY. I want the record to be clear by saying that I do not know that the President said it. I know only that it is what press reports indicated one of our Members quoted the President as having said. I would accept it, of course, as being an honorable and true statement. I am sure that the Attorney General is doing what the record reveals he would do, in view of his testimony.

Mr. DOUGLAS. I, too, am sure we can depend upon the veracity of the Member's report. But I do want to commend the Attorney General and to say to this soldier in the ranks: Stand fast, stand fast.

Mr. HUMPHREY. I fully agree.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. KEFAUVER. Mr. President, can anyone imagine a banker's reaction to the type of business deal represented by the Dixon-Yates contract? Probably, instead of commenting on the proposition, Mr. Hughes would simply pick up his phone and send out an emergency call for a psychiatrist.

There are other points that have to be mentioned to complete the picture, but I shall deal with them later.

At the moment, I simply wish to point out how completely distorted is the explanation which has been given by the Bureau of the Budget. The $100 million that would be required by TVA to build the plant it needs, at the place it is needed, would have no appreciable effect on the national debt ceiling, or the need for raising it. It would certainly reduce the Government's cost over a 25-year period by perhaps $150 million. Certainly any businessman faced with such a problem as the Government is faced with would build the plant himself. He would not make an unnecessary expenditure of 150 percent more than it would cost him to do it himself, just to give the power trust a break.

Mr. President, something which has been overlooked in this discusion to some extent is that if there is a determination on the part of the administration—a mistaken decision, to be sure—not to let TVA build its own steam plant to furnish power for its customers, as any other utility ought to be able to operate, there was still no reason in the record why it was necessary to give the Dixon-Yates company $142 million extra, to give them the plant at the end of the 25-year period, to build it in Arkansas, where it would not be as near to the TVA grid system, and where it would throw ashes all over the city of Memphis and require the building of expensive transmission lines.

I believe the conclusive evidence that it was desired to work out a deal with the Dixon-Yates Co. in order to satisfy the greed of the private power monopoly is shown by the fact that not even passing consideration was given to a really worthwhile proposal, an alternative which was offered. The alternative would have enabled the plant to be built at Fulton, where it should be built, and it would have cost the Government $100 million less. It would have been built by private capital, and it would not have been necessary for the Government to appropriate any money.

It was a proposal under which, after the expiration of the 25-year period, the steam plant would have been owned by TVA. It would not have destroyed or tended to destroy the Tennessee Valley Authority. That was the proposal which was offered by a group that knows its business and has the means to carry out such a contract.

The group could not even get a hearing before the Atomic Energy Commission. The Atomic Energy Commission apparently was so anxious—or some of its members were so anxious—to deal with the Dixon-Yates group, that they did not even wait for Dixon-Yates to get the specification as to what kind of steam plant was wanted.

It is one of the most unusual situations in history that a reliable group which had a real offer, which would have met all the objections that even the bitterest enemies of the TVA have made, could not get any consideration of their proposal.

I want no misunderstanding about it. I believe that TVA ought to build its own steam plant. I think it would be morally wrong not to let it build it. I believe it would be in violation of the congressional intent in giving TVA a certain service area. I think it would be destructive of the Government's own property to shackle and cut up the TVA, as some people propose. Therefore, I think TVA ought to build its own steam plant. If it is not going to be able to do it, an alternative was offered. Of course, that is the proposal made by a private group headed by Mr. Walter von Tresckow, of New York City.

So cursory was the AEC's consideration of the von Tresckow proposal that many of us have been led to suspect that the desired power contract was tailor-made for only one concern: the Dixon-Yates combine.

Mr. President, I should like first to state that the von Tresckow group was represented by one of the outstanding members of the Bar of the State of Tennessee, Mr. Lucius E. Burch, Jr., the senior partner of the firm of Burch, Porter & Johnson, 1006 Exchange Building, Memphis, Tennessee.

The integrity and professional competence of Mr. Burch cannot be questioned by anyone. His firm has an a. v. rating in the Martindale-Hubbel Lawyers Directory, which is the highest rating which is given to a law firm by this authoritative publication.

Mr. Burch is the district attorney for the Illinois Central Railroad System, division counsel for the Esso Standard Oil Co. and represents many other substantial interests in the States of Tennessee.

He is one of the outstanding trial lawyers in the State.

Testimony given by Mr. Burch under oath at the hearings before the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary establishes conclusively the substantiality of the proposal made by the von Tresckow group.

Being jealous of his reputation as a lawyer, Mr. Burch refused to file a bid on behalf of the group until he had satisfied himself as to their ability to make good on any proposal submitted.

Mr. Walter von Tresckow headed the syndicate which made the proposal. For Mr. Von Tresckow's background, Senators are referred to page 297 and the transcript of the hearings of the Subcommittee on Antitrust and Monopoly of the Committee of the Judiciary held July 2, 1954.

To get a picture of the outstanding business careers of the other members of the syndicate, Senators are referred to Mr. Burch's sworn testimony commencing at page 66.

Mr. Von Tresckow has been a financial consultant for the last 20 years. During that period he has also acted as an officer and director of various financial companies, such as vice president and director of Niagara Shares Corp.; president and treasurer of Young & Ottley and is a partner in an engineering company. Also during the last 3 years, he has been a consultant to the city of Burlington, Vt.; has been active in planning and financing the powerplant for that city. The utility company supplying the city was going to increase its wholesale cost of power by 50 percent. As a result of von Tresckow's activities that increase has been avoided.

Prior to becoming a consultant in 1934, for a period of 30 years, Mr. von Tresckow had been first an officer of the Detroit Trust Co., Detroit, Mich. and then of the Central Hanover Bank, New York City.

Other members of the syndicate were Mr. Harvey Weeks, a retired vice president of the Central Hanover Bank in New York City; Robert W. Larrow, the corporation counsel of the city of Burlington, Vt., Mr. John Mitchell, the senior partner of the law firm of Caldwell, Marshall, Trimble & Mitchell, New York City. This firm is one of the leading municipal bond law firms in the United States. Mr. George Schwartz and Mr. Zeliz Nathanson, members of a New York law firm that specializes in corporate finances and reorganization and other matters before the Securities and Exchange Commission; and Solomon Bros. & Hutzel, the largest bond firm of its kind in the world.

In view of the type of individuals who were associated with this proposal and in view of the standing of the bond firm of Solomon Bros. & Hutzler, it is of course fantastic for anyone to question the bonafideness of the proposal which was made.

General Nichols himself made this very significant admission:

My check on those six groups confirms Mr. Burch's statement. They are all very reputable firms. In other words, I have no question whatsoever about any of them (p. 23 of the joint committee transcript).

General Nichols also admitted that he had checked on Mr. Burch and learned of his a. v. rating in Martindale-Hubbel.

What kind of treatment did this group, represented by one of the most reputable lawyers in my State, and composed of the eminent men I have heretofore mentioned, receive from the Atomic Energy Commission?

Mr. Burch's sworn testimony again is very illuminating. As he described it, his group was permitted only to meet with the "Indians" while the Dixon-Yates group dealt with the "Chiefs."

On page 87 of the transcript, Mr. Burch tells how his group was received by Mr. Thaxton, the Chief of the Power Division of AEC.

He said:

The high man that we saw, according to this testimony, Mr. Nichols did not even know.

Now, this developed in the testimony, too: Not only did Mr. Nichols and the Commissioners personally negotiate with the Dixon-Yates group, but the AEC initiated the proposal to the Dixon-Yates group. The negotiations went on for a period of some 6 months. They were carried on in a very friendly fashion, as all negotiations should be and as ours should have been, with cutting and trimming and trying to get a better deal and to smooth out the rough spots and reduce the uncertainties.

Quoting further what Mr. Strauss said:

Incidentally, this meeting was arranged after an original one had been canceled and Mr. Burch had to furnish the AEC the names of all the members of the syndicate as well as its engineers. Contrast this with the fact that AEC initiated the proposal with the Dixon-Yates group. General Nichols personally participated in the negotiations with them. In the hearings of the joint committee, General Nichols admitted he did not even know who Mr. Thaxton was. It was brought out that Mr. Thaxton, who studied the von Tresckow proposal was not asked for an opinion as to which proposal should be accepted and had nothing to do with the Dixon-Yates proposal (pp. 2256 and 2257 of the joint committee report).

The Antitrust and Monopoly Committee Hearings demonstrate that great pressure was placed upon the engineers for the von Tresckow group and as a result of such pressure the engineers withdrew. While the firm in its testimony tried to minimize such pressure the letter which the firm wrote to Mr. von Tresckow made it clear where the pressure had come from.

Mr. von Tresckow testified also under oath that the head of the engineering firm had made it clear to him that he was being pressured to back out of his engineering association group because he feared he might use his utility business (p. 316 of the transcript).

Mr. President, I ask unanimous consent to have printed in the RECORD at this point in my remarks the letter which the engineering firm wrote to Mr. Von Tresckow, which appears at pages 54 and 55 of the transcript.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEAR MR. VON TRESCKOW: In our original discussion we had no knowledge of the fact that any private utilities were interested in the construction and operation of a generating station in the Tennessee Valley area for the Atomic Energy Commission.

It now develops that unauthorized use of our name has been made in connection with a proposal to the Atomic Energy Commission counter to one submitted by Middle South Utilities and the southern companies.

On April 28 we pointed out to you that Gibbs & Hill, Inc., could not afford to have its name linked with any endeavor contrary to the interests of any privately owned public utilities in this country.

The use of our name has come to the attention of Mr. Dixon, president of Middle South Utilities, and through him to Mr. England, president of Atlantic City Electric, one of our clients, and to a number of electrical equipment and boiler manufacturers. One of the subsidiaries of Middle South Utilities is the New Orleans Public Service Co., with whom we have been endeavoring to negotiate an agreement for the design and/or construction supervision of their new station.

In view of the foregoing, it would seem necessary to have statements issued in such newspapers as Gibbs & Hill's name has been mentioned in connection with this project to this effect:

That we will not participate in any activity detrimental to the privately owned public utility industry in the country.

Any personal names or company names used above are confidential and have been mentioned for the sole purpose of adequately presenting Gibbs & Hill's position.

Mr. KEFAUVER. On page 79 of the transcript, Mr. Burch testified with reference to the difficulty the group experienced in carrying on its negotiations after the engineers withdrew as a result of the pressure brought upon them. Here is Mr. Burch's statement:

This was the greatest difficulty.

Gibbs & Hill was a top class outfit and when they publicly put in the paper that they did not know anything about the deal it gave sort of an off-color tinge to the whole proposition. It made it sort of smell, just to be candid about it.

Senator KILGORE. In other words it looks like skulduggery was afoot.

Mr. BURCH. It sure did.

I refer you to pages 89 and 90 of the transcript for the comparison made by Mr. Burch of the Von Tresckow proposal with the Dixon-Yates proposal.

Mr. President, anyone who will read the comparison of the two proposals cannot but feel that there is involved a special favor for a big utility monopoly. Substantially the difference is that under the Von Tresckow proposal over $100 million would be saved, and the Government in the end would own the steam plant. It would be closer to the grid system of the TVA. It would not affect the integrity of the Atomic Energy Commission, which has been asked to act as a power broker. It would not violate the independence of the executive departments. It would not be in a location where it would throw dust and ashes on the city of Memphis. It would not be in a location where a very expensive cable line would have to be built across the Mississippi River.

The interest of the Government is not being served under the Dixon-Yates proposal. It is very strange that an administration which is so anxious to save money would not even give a second examination or fair consideration to a group who had good financiers and engineers of experience and with respect to whom no one had said they could not carry out a contract. Under the Von Tresckow proposal, the plant would be built at Fulton, where TVA needed it to serve its load for which there was a demand.

Mr. Burch testified that under the lowest estimate the Von Tresckow proposal would cost the Government over the life of the contract $90 million less than the Dixon-Yates proposal, and would save more than $150 million under the highest estimate. It would always be integrated into the TVA system. Under the Dixon-Yates proposal, the plant would be located clear across the Mississippi River, and at all times it would belong to private utilities. There would be no profit to the Von Tresckow group other than $4 million for obtaining the money. Any other profit would be returned to the Government.

The Burch testimony made it clear that if the AEC and the Budget Bureau were active in the interest of the taxpayers and the consumers of electricity in the area, a very careful study should have been made of the Von Tresckow proposal. It is possible that such a careful scrutiny might have developed weaknesses in the proposal, but it appears obvious that in any event it was far superior to the proposal made by Dixon-Yates.

While I cannot say that the von Tresckow proposal should have been accepted, I do know that the manner in which it was brushed off by the AEC and the Budget Bureau in order to push through the giveaway of at least $3½ million a year of the taxpayers money to the Dixon-Yates interests, was disgraceful.

Here we have the situation of the executive department straining every effor to work out a deal with Dixon-Yates which could be approved, and at the same time refusing to give any consideration to a counterproposal which was highly preferable from a Government standpoint.

The record is clear that the Von Tresckow group was given a complete

brushoff, while the power companies were received royally, and much time was spent by the Government employees at the taxpayers' expense to work out a plan satisfactory to Dixon-Yates. The latter group was not required to satisfy any specifications prepared by the Government; as a matter of fact, the Dixon-Yates proposal was used by the Government to develop specifications which the von Tresckow group was required to meet. The specifications were so written that no one other than the particular utility in the area could comply with them.

Mr. President, the testimony shows that after Gibson-Hall quit as engineers, apparently as a result of pressure from some private power interests, other good engineers were obtained, as to whose competence no one has any doubt. No objections were made to the soundness of the Von Tresckow proposal, to the engineers, or to the financiers whom they had engaged. As of now, the Von Tresckow group are ready to sit down and work out a plan which will offer competition to the Dixon-Yates group. They are ready to negotiate, and they say that if they cannot give the Government a much better deal, they would be very much surprised.

On page 320 of the hearings before the Committee on the Judiciary, on July 2, 1954, after he had given the name of Burns & McDonald, of Kansas City, as the engineers, and the Long Construction Co. when asked whether they were now ready to consider bidding for the contract. Mr. Von Tresckow said, "They are."

I then asked him: So far as this contract is concerned, if you got the contract, you are in a position to proceed immediately?

Mr. Von Tresckow said: "Yes, sir; we are."

Mr. President, this shows the kind of background; it shows the reason why Congress should not approve the Dixon-Yates contract. This is proof in addition to what has been overwhelmingly shown, that the Dixon-Yates proposal is wholly a perversion of the Atomic Energy Act, simply for the purpose of trying to do a favor for a private power group. Those in authority did not want competition; they did not want to receive bids from anyone else. Congress should not put up with that kind of business. It is not fair; it is not good government. Congress, especially, should not stand for it, when the agency is being illegally and wrongfully used for the purpose of simply benefiting and helping one particular group.

I think it is about time that the good business people in the administration begin administering as business people. Let them treat the Government as the business which they have to administer, and let them remember the business they are supposed to administer is the Government's business, not the business of the Power Trust. The administration is working as representatives of the people. Let them act in the people's interest, in accordance with the best judgment they are supposed to have, not use the people for the benefit of the best interests of the Power Trust. Those are the very things which the Dixon-Yates deal will accomplish. God save us from such accomplishments.

After telling about the great things which will be accomplished, the Bureau of the Budget's statement continues with explanations.

One cannot breathe anything good into a proposal of this kind, which is bad from start to finish. It is simply bad from any angle it is looked at. It is bad for Congress, bad for the executive departments, bad for TVA, bad for the Atomic Energy Commission, and bad for the Nation.

This is one issue upon which there should not be a partisan division. On this issue, the Members of the Senate on both sides of the aisle should be interested in seeing that a great Government property is preserved. They should be interested in seeing to it that there is competition in bidding. They should be interested in seeing to it that an organization set up for dealing with atomic energy is not used simply as a power broker, for the purpose of trying to scuttle the Tennessee Valley Authority.

Mr. President, these are great issues in the controversy, issues which have far greater effect than simply how the proposal will affect the Tennessee Valley Authority. I hope that Members on both sides of the aisle will take a long look at what the eventual effect of this kind of business will have upon orderly Government in the United States.

I am thoroughly convinced that if anyone will consider the proposal with a fair mind, with respect to what is right, what is orderly procedure, and what will protect the prerogatives of Congress and the departments which it creates, he will vote for the amendment of the Senator from New Mexico [Mr. ANDERSON] which would prohibit this kind of contract.

Mr. President, I ask unanimous consent that the remainder of the statement I had prepared in support of my amendment be printed at this point in the RECORD.

There being no objection, the remainder of Mr. KEFAUVER'S statement was ordered to be printed in the RECORD, as follows:

They refer to the President's statement at his press conference on June 30, 1954, that the Dixon-Yates deal will meet immediate needs and allow additional time for the study of the question as to how the future power needs of the area should be met. It seems to me that somebody got a little mixed up here. It looks like the solution is coming before the study.

You don't take a program that has been operating as successfully as TVA has been operating and suddenly change the whole pattern of operation, on the ground that you want to study the program and you are buying time by changing the pattern. There is only one way to buy time for study here, and that is to let TVA continue to operate as it has always operated; and during that period the study can be made. Only when and if the study clearly shows that there should be a change in the pattern, should that change be made.

What the President is saying here is this: If you have a business which has been operating smoothly and extremely successfully over the years, but you nevertheless want to make a study to see whether changes in the operations might improve the business, what you do is make a complete change immediately, before you start your study, and in that way you get time for your study. It would seem to me that what any business of that kind would do would be to continue its successful pattern while it makes the study, and only when the study is completed, and if clearly shows that certain changes might profitably be made, will these changes be made. That's how any businessman would do it. It would be suicide for a businessman to operate in any other fashion. So how can the President and his administration of business people justify this radical change in the method of obtaining power needed in the TVA area on the ground that it will give him time for study? It would make as much sense to deliberately innoculate a healthy patient with some dangerous germ so as to give you more time to study ways to make him healthier.

This in itself shows how preposterous this whole thing is—the complete hypocrisy of an explanation that gives reasons that cannot be true. But we cannot be fooled that easily. It is only too clear that the administration does not want time to study TVA; it wants time to destroy TVA—and this marks the first important step in that direction.

The Bureau of the Budget goes on to say that the President's decision was taken only after the matter had been subjected to the most careful consideration. That, I think, is a correct statement as far as it goes. But I don't think it is a complete statement. They do not tell you who did the considering and what purposes they had in mind. Let me tell you, although it shouldn't be necessary for anyone to have to tell anyone else. The careful consideration was given by the Power Trust and the purpose is clearly to fool the people into accepting this horrible deal by making them think it is something other than what it is. Yes, I agree; a tremendous amount of consideration was given to the Dixon-Yates proposal, but I doubt they had the welfare of the Government or of the people in mind.

As a matter of fact, I can tell you that so much consideration was given to this deal, that the people in the Government agencies wouldn't even write memoranda to their superiors without getting the advice of the Power Trust representatives. Yes; that is exactly what happened. When the Bureau of the Budget employees wanted to write a memorandum to their own boss, to Mr. Hughes, they had to work the actual memoranda out with the Power Trust people. Talk about the Government cooperating with industry. In this case they turned over the Government to industry. They even turned over the Government staff and the Government functions.

This deal is a Power Trust deal and the actions and explanations purporting to come from the executive branch employees and representatives are nothing but the words of the Power Trust, put by them into the mouths of the Government employees and representatives. I repeat: yes; there has been the most careful consideration, but only by and on behalf of the Power Trust.

Then the Bureau of the Budget says that the attempts to distort the purpose and effect of the contemplated arrangement cannot change the essential facts. How true. In fact, a lot of their statements of this nature are true, except not in the way they mean it. I agree, and any fair-minded person would have to agree, that no matter what you call this Dixon-Yates deal, it is still an attempt to force the Atomic Energy Commission to be a power broker against the interests of TVA, and against the welfare of the people in the Tennessee Valley and of the entire country. Those are the essential facts and nothing that the Bureau of the Budget has said, or will say, can change those facts.

Then the Bureau of the Budget talks about shifting from the Government to the private

power interests the risk of AEC suddenly deciding that it did not need all of the power it was now placing under contract. That risk does not seem to be very realistic, but let's assume that there is a risk. How is it assumed by the power trust when the Government has to pay a huge cancellation fee? We are talking about a $107 million plant. The Government would have to pay a cancellation fee up to $40 million and, of course, the power trust would still own the plant. It could have a $107 million plant for $67 million and, remember, we are talking about an electric generating plant in an area where the normal uses of electricity are growing rapidly and are expected to grow as far ahead as we can see. The power trust would be building plants of its own for its own uses anyway. It would be a marvelous deal for it if it could take over this plant and use it for its regular customers without having to build other plants for those customers, at a discount or saving of $40 million.

It is perfectly ridiculous to talk about the risk of the power companies in this case. The risk is all on the Government's part. In other words, the Government is, in effect, telling the power companies "We will either take your power for 25 years and pay you a handsome profit, as well as substantial additional costs, or will make you a gift of $40 million so that you can have this plant for your own operation at bargain rates."

Remember, what we are dealing with here is electric power, one of the most essential elements of modern life. We are dealing with a product whose use has been growing at a rapid pace and whose use must continue to grow at a rapid pace. Throughout the country, the power companies have been adding to their generating facilities, and are constantly planning to install additional facilities. So the risk that the Bureau of the Budget talks about so glibly is more in their imagination than in the facts. There is no risk to Dixon-Yates—and there would be no risk to the Government if TVA built the Fulton plant. Increasing loads remove the risk.

This fiction, which has been introduced as one of the reasons for this deal, is one of the most misleading of a whole series of incorrect statements issued in justification of the deal. Let me repeat, and let me make it as strong as I know how to, there hasn't been and there is not now any plan for TVA to build any powerplants for the purpose of delivering power out of its area. The Fulton steam plant which was proposed for TVA was solely for the purpose of enabling TVA to meet the growing needs of the people and the area that it is now serving, and it is completely dishonest to say that one reason for going ahead with the Dixon-Yates deal, instead of allowing TVA to build the Fulton plant, is so that TVA should not be permitted to deliver power beyond its area. Let us nail this funny business now—and let it not be used again. Let us try to stick to the fact hereafter.

The Bureau of the Budget says that there was ample opportunity for interested parties to come forth with proposals to supply the Government's needs. Now, let us see what that ample opportunity was. They tell us that even before the President submitted the budget message they had been carrying on discussions with representatives of private utilities. It would be interesting if they would tell us the names of those representatives with whom they discussed the matter so far back. It seems to me that it is perfectly apparent that it was the representatives of the Power Trusts that formulated this policy, which has as its immediate goal the curtailment and hamstringing of TVA, and as its ultimate goal the destruction of all public and cooperative power installations.

Now what possible opportunity did they expect to give other interested groups to make proposals, when even the policy that was stated in the budget message was worked out with the power trust before it was made public? And from then on, Budget Bureau people worked closely with these representatives of the Power Trust. These representatives of the Power Trust did not have to guess what the Government was going to do, they were deciding what the Government was going to do. The only thing that was made public was the statement in the budget message that the President hoped to work out some way of relieving TVA of some of its power commitments to AEC so that TVA could better take care of its growing, normal loads.

Do you see the picture? On the one hand we have the representatives of the Power Trust helping to work out the Government's power policy and then continuously working with Government people to come up with some kind of deal like the Dixon-Yates deal. On the other hand, as far as everybody else is concerned, all that they could possibly know was that the President was going to try to work out some way of relieving TVA of some of its commitments to AEC. The Budget Bureau argues that the President's budget message was sufficient notice to the world that they were open to proposals to build a plant hundreds of miles away from the atomic-energy installations. They want us to believe that everyone knew what was going on merely from that one general unexplained statement in the budget message. They claim, therefore, that the suggestion that bidding was restricted is entirely without foundation. Again, their statement is correct, but it just doesn't go far enough. It is true that bidding was not restricted. Instead, bidding was entirely eliminated. No bids were called for. No information was disclosed upon which any bids could be based. In fact, as far as anyone knew, there wasn't a single indication that any offer or discussion with anyone was desired or intended. Everything was done in the utmost secrecy, in the hope that they could prevent opposition and investigation by suddenly coming forward with an accomplished fact.

Now it is customary that when you want the best price, the best offer, the best deal, you make your wishes fully known to everyone who might want to make an offer. You publish your specifications and you make yourself available for discussion in case interested parties want more information. And, of course, you set a time for the submitting of bids. Nothing like this was done. Also, you don't use language which, if interpreted at all, means that you don't want bids, because you are only going to deal with certain parties who are already operating in a given area. Yet the Budget Bureau itself, straining hard at this late date to find some explanation for its unbusinesslike behavior, can only say that it is obvious that the President's message meant that AEC would make a contract with the existing utilities operating in the Paducah area. And this is given as its explanation as to why everyone must have known it was in the market to buy power for TVA in the Memphis area. I defy Rube Goldberg to come up with a stranger explanation than this.

I might note at this point that careful as the Budget Bureau has been to try to make this look like an AEC deal, it is unable to stick closely to that reasoning. Every now and then, despite its care, it shows clearly that the whole transaction is for the purpose of buying power for TVA. For example, in trying to explain why it ends up with a deal for a West Memphis, Ark., plant, it says that "The TVA need is in the Memphis area, rather than at Paducah." But AEC is at Paducah. I suppose the Budget Bureau's reasoning runs something like this: "AEC uses power at Paducah. It has all of the power that it needs there. But TVA needs power at Memphis. So we'll let AEC buy the power for TVA that TVA needs at Memphis, but we'll just say that AEC is buying it to use itself at Paducah and no one can question what we say, regardless of how far it is from the truth." Fortunately, we can and do question it. Fortunately, we still have the right to bring the truth to the people. This we shall continue to do at every opportunity, so that the people will know the truth.

The Budget Bureau then goes on to say that the construction of a plant by the power trust near Memphis would benefit both TVA and AEC. Let us look at these benefits. AEC would benefit by paying a much higher rate for its power. Admittedly, that is a benefit for someone, but not for AEC or the taxpayers of the country. And TVA, I suppose, would benefit by spending $9 million for a transmission line from its system to the middle of the Mississippi River a line that would have absolutely no other use than to carry this power trust power to its system. Nine million dollars down the drain. TVA would also benefit by having to rely upon the antagonistic power trust for its source of power. That is a benefit that I am sure every businessman will appreciate. Just imagine having your worst enemies control the materials you need for your business. To the Budget Bureau this may be a benefit, but not to anyone else. TVA would have further benefits of the same kind. It would have to spend money all the time to maintain this unnecessary transmission line across half the Mississippi; and it would suffer unnecessary transmission line losses in addition. These are the benefits TVA would derive from this deal.

In the name of honesty and decency, let us stop talking this nonsense. There is no benefit in this deal for the Government or for the people. The only benefit is for the Power Trust.

The Budget Bureau then mentions, just in passing, that the first proposal it received from the Power Trust was in February 1954. It very carefully avoids mentioning what that proposal contained. Well, let me tell you what it contained. It was based upon an estimated construction cost of $200 a kilowatt. Now they are talking about an estimate of $165 a kilowatt. That, if you please, would mean a difference of $22,750,000 in the cost of constructing the plant. And even the $165 a kilowatt that they are now talking about is much too high—but more about that later. What I want to stress is that this Power Trust magnanimously offered to build this plant for $200 a kilowatt, even in the face of TVA having constructed its plant at Paducah for about $145 per kilowatt. But I do not suppose you can really blame the Power Trust representatives. After all, they had done all the work here. They had formulated the policy. They had decided where they wanted to put the plant. They had helped write the Budget Bureau's memoranda. Why shouldn't they make a real killing while they were about it? Isn't that always the way monopoly works? You eliminate competition, you take complete control, and then you "take" the Government and the people for all you possibly can.

But this was apparently too much for the Government people to try to get by with. After all, they did have their jobs to think about—and there might be an investigation. No, it would have been too bad to attempt. And the Power Trust boys must have realized this, too. Because it did not take them too long to come in with a revised proposal.

The revised proposal is based upon an estimated cost of $165 a kilowatt. This is a very high estimate. For a plant of the size under discussion a more reasonable and realistic "target" figure would be $150 a kilowatt.

TVA will beat $145 a kilowatt for its Shawnee plant. And examination of TVA's estimate and actual cost record shows that it has consistently beaten its estimates. Also, the cost records of plants built in the Middle South area justifies this statement.

Of course, I realize that the power trust intends to have the plant built by Ebasco, the old Electric Bond & Share Co. crowd. They are the ones who are responsible for the famous "Ebasco fiasco" at the Joppa plant which EEI is building to serve Paducah. Ebasco estimated that it could build the Joppa plant for $145 a kilowatt, and then did such a bad job that it will now cost about $200 a kilowatt. And yet right across the river from Joppa, TVA is building its Shawnee plant to serve AEC at Paducah. TVA estimated it would cost $147 a kilowatt, and its actual cost is going to be less than $145 a kilowatt. No wonder Mr. Murray, of the Atomic Energy Commission, who assumes full responsibility for having initiated the EEI plant, now calls it the Ebasco fiasco. Even in the face of this experience at Joppa, the power trust still wants to use its favorite Ebasco boys to construct the plant in this Dixon-Yates deal. Maybe that is why the estimated costs have been stuck up so high.

But frankly, I think that even Ebasco will have no difficulty beating the $165 per kilowatt estimated cost for the Dixon-Yates plan. That is what makes all this talk about ceiling price on construction sound so ridiculous. It should not be difficult to beat this $165 figure. So let us stop talking about the protection the Government is getting from the ceiling price in the Dixon-Yates proposal. It just doesn't mean a thing.

It is just as though you wanted to build a house that everyone knows can be built for $10,000 or less. Would you want to pay a heavy premium for protection against it costing $13,000 or $14,000. Instead of talking about the ceiling price protection, let us talk about the hidden gravy in the proposal. Remember, if the construction costs are less than $165 a kilowatt, the power trust gets the benefit of half of the savings. Since they should have no difficulty whatsoever beating the estimated cost of $165 a kilowatt, they stand to make a substantial additional profit through this device. There might be an additional profit of as much as $5 million for them.

Let us go back to my house illustration. If the house you want to build can easily be built for $10,000, would you consider it a good deal if the contractor said, "I'll charge you what the house actually costs, but we'll work it this way: We'll put in an estimated cost of $11,000. Then if it goes over $11,000, you and I will split the extra costs up to $12,000 and I will pay all costs over $12,000. On the other hand, if it goes under $11,000, you and I will split the savings." Obviously, that would be a device whereby the contractor would be insuring himself a higher price than the $10,000 he knows he can build the house for. When he built it for $10,000, he'll get $10,500 for it, instead of only $10,000.

That's the way this proposal is set up. This plant should be built for $150 a kilowatt. But by using an estimated figure of $165 a kilowatt for it, the Dixon-Yates group will end up getting $102,000,000 for a $97,500,000 plant. So let us stop talking about fictitious protection through the ceiling price, and let us instead look more closely at the hidden profits for the Power Trust in the high estimated cost price. And, remember, since AEC will pay all Federal income taxes for Dixon-Yates, the Power Trust will get this windfall tax free.

We now come to one of the better pieces of sophistry used by the Budget Bureau. It tries to justify the location of the new plant at West Memphis, Ark., more than 200 miles from Paducah, by saying that TVA has done the same thing itself. It says that this practice is entirely consistent with what TVA itself has done. It even tries to tell us that the location of plants has "only an incidental relationship to the locations at which the power is used." This is plainly misleading.

In the first place, no electric system is planned without determining just where the loads are going to be used, and the plants are always located so that there will be the least possible amount of transmission between the plants and the load centers. The location of the loads is not an incidental factor—it is one of the controlling factors. Secondly, it is the height of unfairness to compare the purchase of power for a single installation with the purchase of power for an integrated system. Certainly, if TVA were to be buying this power, it would buy it for delivery at or near the Memphis area, because that is where it is needed. It is not a question of a system paying no attention to the places where the power is needed. It is just the opposite of that—it is a question of getting the power at the place where it is needed. But we are not talking here of TVA buying power for its system requirements. We are talking of AEC buying power for its installation at Paducah, more than 200 miles from the site of the proposed plant. They insist that AEC has the legal authority to make this deal, and then they proceed to justify it on the basis of what TVA would do if TVA were buying the power. Do we need any clearer illustration of the fictitious nature of this entire deal? Do we need any further proof that it is nothing more than a device for getting around the law and making AEC a power broker to do for TVA what the law does not permit TVA to do for itself?

It is very interesting to note that the Budget Bureau, so anxious here to hurt TVA, must admit, though grudgingly, that TVA cost estimates have been sufficiently accurate to afford a satisfactory basis for comparison. Therefore, they cannot avoid using TVA's estimated costs as a yardstick with which to compare the Dixon-Yates estimates. This intrigues me. TVA has become a yardstick for the rates which the power companies charge their consumers. It has been very successful in that respect. As a result of the yardstick which TVA has furnished, electric rates to consumers for many miles outside the TVA area have been reduced. So this yardstick has saved the electric consumers of other areas countless millions of dollars. I might add at this point that even while saving these millions, for the electric consumers, there has been no damage to the power companies—they have prospered and prospered and are making more money than ever before.

But now we find that TVA is useful not only as a yardstick to measure the rates which power companies charge their consumers, but it is useful as a yardstick for comparing the cost of construction of plants by the power trust. I rather suspect that the real reason that the original outrageous proposal of the power trust in this case was reduced at all was because it could not stand any kind of comparison with that TVA yardstick. Yet this is the yardstick that the Budget Bureau would destroy. By not letting TVA build the plants that it needs, it destroys the TVA construction yardstick. And by compelling TVA to enter into an uneconomical arrangement for its power, it will destroy the TVA yardstick on consumer power cost. This proposal would return us to the days of the Insulls. We cannot allow that to happen.

Then the Budget Bureau enters into a discussion of the higher cost of the Government through the Dixon-Yates proposal as compared with a TVA plant at Fulton. The Budget Bureau consistently uses the figure of $3,685,000 as representing the added annual cost of the Dixon-Yates plan as opposed to the TVA plan. This difference of $3,685,000 a year is a tremendous difference in itself. Over the 25-year contract period, it would amount to more than $92 million. Thus, even on this basis, the Government would be paying extra charges in an amount almost equal to the cost of the plant itself. However, the $3,685,000 figure should not be accepted as any true measure of the difference in cost. The difference is bound to be much higher than that.

I do not want to get too technical in this, so I will not take each of these items that the Budget Bureau agreed was correct in the first instance, but then eliminated completely in their anxious attempt to beautify the Dixon-Yates proposal. Let me just point out that TVA estimates that the difference in cost to the Government between the TVA plant and the Dixon-Yates plant would be $5,667,000 a year, or $141,665,000 over the 25-year contract period. And TVA tells us that its estimates are on the low side. In other words, this $141 million difference is a conservative estimate and will probably run more.

Remember, now, the Budget Bureau itself had to admit that TVA's record in connection with estimates has been excellent, and, grudgingly, felt compelled to use TVA's estimates as a yardstick. Yet when it was found that even TVA's conservative estimate resulted in such a large figure in the difference of cost, the Budget Bureau deliberately changed some items and eliminated others.

Of course, there is another matter that should not be overlooked. Under the Dixon-Yates plan the power trust will own the plant at the end of the contract period. If TVA builds it, the Government will always own it. True, the Dixon-Yates plant will not be fully amortized at the end of the 25-year period, but the plant will have a useful life of at least 10 more years and it will be worth considerably more than the unamortized balance. So here is another windfall for Dixon-Yates and another extra payment by the Government.

The Budget Bureau, in its anxiety to make the Dixon-Yates proposal look good, stresses the fact that part of the extra costs in the Dixon-Yates proposal represents moneys that they will not keep, such as payments for State and local taxes and higher interest rates which Dixon-Yates will pay on their bonds. This is strange reasoning. What difference does it make to the Federal Government and to the Federal taxpayer that Dixon-Yates will not keep all of this extra payment? The Government will still have to pay it, and the Government will still have to raise the money with which to pay it from the taxpayer.

This argument that since Dixon-Yates will have to pay a higher interest rate on their bonds than the Government pays on its bonds, makes everything all right, is most unusual. Following that reasoning, I am waiting for Mr. Hughes, Director of the Budget, out of the wealth of his banking experience as vice president of the National City Bank of New York, to come forward with the proposal that the Government no longer borrow directly from the people, but, instead, it should let the banks take care of the borrowing for it. The fact that it will cost the Government more money that way could then be justified on the basis that it costs the banks more money to borrow money from the public and, therefore, everything is fine.

There is one more item that I want to mention regarding what I must call the completely misleading analysis submitted by the Budget Bureau. And that is they have based their major analysis upon the cost before escalation, rather than after escalation. This is not normal Government practice. It has been my experience that when the Government takes bids on contracts containing escalator provisions, the bids are compared on the basis of the ceiling price, rather than on the estimated price.

In other words, if the bid calls for: (1) an estimated price, and (2) an escalator provision, and (3) a ceiling price, as the Dixon-Yates proposal does, then in figuring out what it will cost and comparing it with other estimates, the ceiling price will be used and not the estimated price. That is what the practice has been, and, to the best of my knowledge, still is. But that is not the practice followed by the Budget Bureau in this case. Because that would mean an extra $285,000 a year in the Government's cost.

There is much more to be said about the Bureau of the Budget's figures. There is, for example, a hidden, windfall profit of hundreds of thousands of dollars a year in the energy charge of 1.86 mills per kilowatt-hour. This energy charge was determined after arbitrarily assuming a very high heat rate. And although this high heat rate was the basis for fixing the kilowatt-hour charge so high, there is no provision for reducing the kilowatt-hour charge if the heat rate is lower—as it is sure to be. This will give the power trust additional hundreds of thousands of dollars of profit each year—and it will be profit that will be free and clear of all income taxes, because AEC will have to pay those taxes for the Power Trust.

This is only a partial analysis of the Budget Bureau's explanation of July 9. There is much more to be said. I will not say it now—perhaps I will say it later. Or others may want to complete the analysis. But I do not want to say this: In all sincerity and in all frankness, I cannot conceive of a more misleading presentation than the Budget Bureau has been guilty of here. It is my earnest hope that an appropriate committee of the Congress will look into this matter closely. We cannot conduct the business of Government if members of the executive branch give us misleading facts and statements. The persons responsible for this outrage must be found—and must be called to account for their actions.

And in the meantime, we must stop this Dixon-Yates deal. The inability of the executive branch to give us any reasonable explanation of its shows in itself how unsavory it is. We must not let AEC do this illegal act. We must not let the Budget Bureau use this illegal act to destroy TVA.

Mr. KEFAUVER. Mr. President, I withdraw the amendment I earlier submitted.

The PRESIDING OFFICER. The Senator from Tennessee withdraws his amendment.

Mr. LENNON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. LENNON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. FERGUSON in the chair). Without objection, it is so ordered.

Mr. HUMPHREY. Mr. President, I submit several amendments intended to be proposed by me to the pending bill, S. 3690, and request that they be printed and lie on the table.

The PRESIDING OFFICER. The amendments will be received and printed, and will lie on the table.

Mr. LEHMAN. Mr. President, I submit several amendments intended to be proposed by me to the pending bill, S. 3690, and request that they be printed and lie on the table.

The PRESIDING OFFICER. The amendments will be received and printed, and will lie on the table.

Mr. SPARKMAN. Mr. President, I have listened to a great deal of the debate which has taken place on the pending measure, and particularly that part dealing with the proposal to have the Atomic Energy Commission enter into a contract with a group of utilities which are proposing to join together for the purchase of power with which to supply the needs of the people of Memphis. I have had some chance to participate in questions and answers, although most of my time during the period of debate has been taken up in conference committees. However, I desire to say something in my own time before the debate comes to an end.

Mr. President, last January, I believe it was, when President Eisenhower delivered his message to Congress, in which he first proposed to relieve the TVA of the obligation to supply to the Atomic Energy Commission about half a million kilowatts of power, I recall that a newspaper reporter asked me what I thought of the proposal.

I said, "Of course, any proposal that promises to assure flexibility of power in the Tennessee Valley, sounds good. But I want to emphasize the point that it sounds good. I think we must wait to see what the actual proposal is, before we can really size it up."

Mr. President, my making of that statement may have been due to my sensing a need for caution. But how well it was that we did wait to see what kind of proposal would be made. I must say in all frankness that I never thought any such proposal as the one that broke forth would ever be sent to Congress in a Presidential message.

Mr. President, this matter has been hashed and rehashed in the course of the debate. Yet I feel that it is of such great importance that it will not hurt to review and re-review it.

I desire to associate myself with those of my colleagues who have said in all sincerity, in their remarks on the floor of the Senate, that this fight is not related primarily to TVA. It has been suggested, during the course of the debate, that this is a matter about which the Senators from the TVA area are objecting, because in some way it relates to the TVA. I wish to say in all sincerity, as did the able junior Senator from Tennessee [Mr. GORE] earlier today and yesterday—he has said it repeatedly in the course of the debate—that whereas the TVA is affected, that is not the primary concern we have regarding this proposal.

Mr. HUMPHREY. Mr. President, will the Senator from Alabama yield to me?

The PRESIDING OFFICER (Mr. FERGUSON in the chair). Does the Senator from Alabama yield to the Senator from Minnesota?

Mr. SPARKMAN. I yield.

Mr. HUMPHREY. I am pleased to hear the Senator from Alabama make the comment that this issue is not one relating only to the future or the well-being of what is known as the TVA. As a matter of fact, many of us who serve in the Senate realize that is not the full issue, although we realize the importance of the TVA aspects of the matter, and particularly the importance of the recent contract which was ordered to be drawn, and which would affect the Tennessee Valley Authority.

However, when the pending bill, comprising approximately 104 pages, is examined, it will be found that it would completely revise or modify the standards the Federal Government has had for years, in regard to the development of electrical energy and other forms of power. It will be found that, by means of the bill, many of the accepted standards pertaining to the development of public power under what we commonly call the hydroelectric or public power facilities of the Nation would be completely eliminated.

So what we are really talking about in this case is protection of the public interest. I think it fair to say that no single development in the Nation is more public in nature than the atomic development, for it has been paid for by all the taxpayers. Therefore, in the Senate there are many, including myself, who intend to cover thoroughly not only the TVA aspects—which already in the debate have been brilliantly covered—but also the provisions regarding instructions to the Atomic Energy Commission in regard to its dealings with private interests. In that connection, we intend to go through the bill page by page.

A few moments ago the Senator from Tennessee submitted and sent to the desk an amendment directed to that specific objective, namely, in this development to protect the public interest and to make sure that the standards developed in the United States over a period of 50 years are not suddenly done away with. His amendment was not at all for the purpose of prohibiting the use of this development by private industry.

I submit that if the bill is examined in the way the Senator from Alabama has examined it so carefully, it will be found, as both he and I know, that the preference clause, for example, which is so traditionally and essentially a part of the entire power policy of the Nation, is not provided in the bill and that protection for competing groups who may wish to be heard in connection with the issuance of licenses is not to be found in the bill. Yet in this measure we are dealing with a matter representing billions of dollars of public investment and untold future developments which no Member of the Senate can possibly appraise and determine. That is my interest in this measure.

So, Mr. President, I shall support the efforts of the distinguished Senator from Alabama [Mr. SPARKMAN] and the efforts of my friend, the distinguished Senator from Tennessee [Mr. GORE] in their struggle and battle against the unconscionable proposed contract relating to the Tennessee Valley Authority and the Atomic Energy Commission. But I am equally interested in the other phases of the pending bill, and I am delighted that the Senator from Alabama has referred to them.

Mr. SPARKMAN. I thank the Senator from Minnesota for his remarks. Of course he is correct; he is entirely correct in pointing out the various fields of activity and the various interests that are affected by the bill.

For instance, let me say that I have had correspondence, as I am sure the Senator from Minnesota and practically all other Members of the Senate have had, with small business people throughout the country who are wondering where they will be in regard to the matter of licensing, when the time comes that electric power will be generated from atomic energy. In view of all the considerations, they wonder where they will find themselves in respect to that situation.

Mr. HICKENLOOPER. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. I yield.

Mr. HICKENLOOPER. Mr. President, in response to the suggestions made by the Senator from Minnesota [Mr. HUMPHREY], I wish to state that, in all my experience during the past 10 years, I have never observed a bill which protects as well as this bill does those who are interested in obtaining licenses. The most profound and exhaustive protection is provided. So the Senator from Minnesota need not have any fear whatsoever that the bill will foreclose the rights of anyone, either in connection with hearings or in any other connection. That subject was treated with meticulous care by the committee. I do not mean to discuss it now; I do not wish to trespass on the time of the Senator from Alabama, who now has the floor.

However, I can not permit the insertion in the RECORD, without contradiction by me, of statements that the bill will foreclose anyone in connection with any rights in respect to licensing or in respect to any other matters dealt with or affected by the various provisions of the bill. Under the bill there will be the fullest rights in connection with the hearings, under the Administrative Procedure Act and under the functioning of the Commission.

So far as the public-power problem is concerned, it is not even touched in the bill; in the bill there is no provision for the development by the Commission of public power. The only place in the bill where that subject is touched is in the section that provides that if, in connection with research and development, the Atomic Energy Commission produces some incidental power—power which is not primary in its operations—and if the Commission has an opportunity to sell the power, it may sell a few kilowatts which otherwise might be wasted.

The question of the direct production of competitive power by the Atomic Energy Commission is not raised in this measure, and it is not authorized. If the Congress ever wishes to authorize it, now or at any time in the future, that question can be taken up at the proper time. There is no basis for concern about the two things which the Senator has mentioned. We shall discuss them later, but I want the RECORD to show that the fears of the Senator from Minnesota are utterly groundless.

Mr. SPARKMAN. Mr. President, let me say in answer to the able Senator from Iowa that the mere fact that we say we are interested in this subject or that subject, or concerned about how it is being treated, does not necessarily mean that we feel that everything in the bill is bad. But certainly there are things which need to be carefully considered.

I remember when the first atomic-energy bill ever came before Congress. I was in the House of Representatives at the time. I was a member of the Military Affairs Committee. It was our committee which handled the bill on that side of the Capitol.

I remember the tremendous fight we had at that time over the question of who should control atomic energy. The question arose to some extent then as to whether or not it should go out to private industry or should remain solely under Government control, also whether it should be controlled by the military or by civilians. It required a long time to devise the original act. It was a pretty good act. It did a pretty good job over the years. By the way, I wish to pay my compliments to the Joint Committee on Atomic Energy. I think it has done a fine job over the years. I do not criticize it for having written this bill, with all its features. I do not understand that the Senator from Minnesota was doing so. He was simply pointing out that there were contained in the bill many things of interest to the people of the country, and not merely the one thing about which we have been talking so much, namely, the proposal to enter into a power contract which involves both the Atomic Energy Commission and the TVA, and one which I believe is without basis of authority either in the act as it now exists or in the bill as it comes before us at this time.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HUMPHREY. I wish to make my position perfectly clear. I am not condemning every feature of the bill. I will be quite candid with the Senator from Alabama. It was only yesterday that I had an opportunity to go through every article and every line of the bill carefully. Later this afternoon I spent more time on it. I have read the RECORD. I have listened to some of the debate. I must say that the RECORD I have read thus far shows that it is one of the finest debates we have had in the Congress for many months.

I do say, however, that the proposal before us, Senate bill 3690, is new. It would basically alter the Atomic Energy Act. It would open up an entirely new area of public policy, as it relates to atomic power and atomic development, and it would enter into a field of contractual relationships or licensing relationships between an agency of the Government and private investors or private corporations, the like of which the Government has never entered before.

If that is the case—and I do not think anyone can dispute it—the bill should certainly have the most careful scrutiny.

Further, I make the point that while it is true, as the Senator from Iowa points out, that theoretically, or in terms of the exact language of the bill, no one is denied the opportunity for participation in the so-called benefits of the measure, the fact is that, because of the cost involved in the development of reactor plants for the production of electrical energy, the licensing would be applicable or practicable only in a certain limited number of instances. I say it becomes a matter of public policy as to whether or not the Atomic Energy Commission itself should be empowered to enter the field of atomic energy development for the purpose of developing electrical energy.

If that be the case, then we come to the matter of the preference clause, or the preference treatment for public bodies, rural electric cooperatives, public power districts, and so forth. That is what we are talking about here. If we are thinking only in terms of what the language of the bill authorizes, in a practical sense we are talking about a handful of huge corporations which have the financial support, the credit, and the resources to enable them to utilize a license for the purpose of creating or developing electrical energy.

I do not recall what the figure was that the Senator from New Mexico [Mr. ANDERSON] used, but to develop an output of 250,000 kilowatts of power might involve costs of hundreds of millions of dollars. How many firms could afford such an investment? Of course, we shall have to discuss the question, and it will be a matter of considerable argument and debate, but it may be desirable or necessary, for example, if there is a necessity for more electrical energy for an atomic energy plant, to have the Atomic Energy Commission itself develop its own electric power as an incident to the development of atomic bombs or weapons, or other atomic materials. It may be that we shall need a pilot plant which may be required to be of considerable size, and which can be best developed by the Atomic Energy Commission in order really to pioneer in the field of low-cost energy output.

I am worried because up in the Duquesne project near Pittsburgh we may have a reactor plant which, because it is small, and because the process being used may not be the best process, will finally develop electrical energy at such a high cost as to make it seem that the use of atomic energy to develop electricity would be too expensive. I do not want that to happen. I wish to see something in the law which would permit the Atomic Energy Commission, either by itself or through a contract, to test every known process for the development of electrical energy, and to test it in large enough proportion or in a large enough installation so that we can get the maximum results with the amount of money we put into the plant.

Those are only ideas. I am not an expert in this field. I do not have to be an expert, however, to be concerned with the public interest. This bill consists of 104 pages. It is as new as the atom bomb itself was when it was discovered. It involves a fundamental departure from the basic Atomic Energy Act. I am not saying that it is not a good departure. I am saying, however, that we are now beginning to talk about the civilian commercial use of atomic energy for peacetime purposes, and we are discussing the field of licensing, into which the Federal Government will be entering

in ever-increasing measure. We are doing it without what I call the ordinary, traditional safeguards which we have developed over 50 years of history and progress under the Federal Power Act. Perhaps the Federal Power Act does not apply all the way. Undoubtedly there are differences, but I say that we ought not to discard the legislative and administrative development which has taken place over half a century when we move over into an area of electrical output such as is proposed in Senate bill 3690.

That is my view. I think I can make a pretty good case for that view, and I intend to do so before the debate is concluded.

Mr. SPARKMAN. Mr. President, I appreciate the remarks of the Senator from Minnesota. I think I am in agreement with what he has said regarding the bill and regarding the subject matter generally.

From the layman's standpoint, up to this point we have more or less discussed atomic energy in the field of weapons. Of course we knew that there were great possibilities with atomic energy, and that atomic energy had a tremendous potential for peacetime uses. Many of us have spoken on the subject on the floor of the Senate. We well remember the very able and distinguished late Senator from Connecticut, Brien McMahon, who time after time took his place on the floor of the Senate to remind the country of the great potential of atomic energy and the great danger which might result from it unless it were handled properly.

We are now moving to the point where the layman is beginning to think how this tremendous power, which man has learned how to use, can be managed in such a way as to provide mankind with all the blessings from the tremendous power potential it is capable of releasing.

Mr. HUMPHREY. Mr. President, will the Senator yield further?

Mr. SPARKMAN. I yield.

Mr. HUMPHREY. The Senator from Alabama may recall that at the time the Senate was debating the appropriation bill for the Rural Electrification Administration, the junior Senator from Minnesota engaged in a colloquy with the distinguished junior Senator from North Dakota [Mr. YOUNG], who was chairman of the subcommittee that had handled that appropriation. At that time I was very much concerned about the possibility of the utilization of atomic energy for private plant development, for purposes of rural electrification.

I want to be sure when we venture off into a licensing procedure which unlocks and unfolds and opens the great research facilities of our Government to the extent of over $12 billion—at least that is the actual expenditure made, all of which is not for research—and when we open this great new area of progress and development, that the REA's will be able to share.

Mr. President, there are areas in this country that have high power costs. I happen to come from one of those areas. Our REA's, in the main, have from the second to third highest cost for electrical energy of any rural electric cooperatives in the United States.

Let us consider our friends in the New England States. They are deeply concerned with this measure, because I believe the one hope our friends of New England have for cheap electrical energy or low-cost electrical energy may be found in the development and use of atomic energy for the creation of electric energy.

We should make it crystal clear in any bill we pass that it includes protection for the public interest, and we should make sure that we do not violate the preference clause. We should also make sure that we do not penalize the rural electric cooperatives. We should make sure that municipalities which have their own municipal power systems can share.

I want to be sure, Mr. President, that the small private utilities can share. I do not want to be a party to driving them out of a legitimate business.

From all that I have been able to understand, that should be made clear, if for no other purpose than for the legislative history, so that we will know exactly how we are proceeding.

The Senator from Alabama mentioned the interest of small business in the pending bill and in the whole atomic energy civilian development program.

I have before me a letter from my distinguished colleague, the senior Senator from Minnesota [Mr. THYE], who is chairman of the Senate Select Committee on Small Business. He has been kind enough to present to me—as I am sure he has to other Members of the Senate—some observations on the measure before us, and as to what he believes to be the responsibilities of the Select Committee on Small Business. No doubt the distinguished Senator from Kansas [Mr. SCHOEPPEL] has received a copy of this letter, because he is a member of the Select Committee on Small Business, as is the Senator from Alabama, who is the ranking Democratic member of that committee.

If the Senator will permit me to do so, I think it might be well to have the letter placed in the RECORD at this point, unless it was printed previously, in which case it may be deleted from the RECORD.

I ask unanimous consent that at this point the exchange of correspondence between the junior Senator from Minnesota and the senior Senator from Minnesota, and the report of the senior Senator from Minnesota, as chairman of the Select Committee on Small Business, be placed in the RECORD.

There being no objection, the correspondence and report were ordered to be printed in the RECORD, as follows:

JULY 8, 1954.

The Honorable EDWARD J. THYE,
Chairman, Senate Select Committee on Small Business,
United States Senate,
Washington, D. C.

DEAR ED: Within the last few days the Joint Committee on Atomic Energy has reported to the Senate S. 3690, designed to make extensive changes in the Atomic Energy Act. These changes appear on their face to have a serious effect on American small business as well as on the rural electrification cooperatives which are so numerous in the Nation, particularly in our State of Minnesota.

It appears to me that this bill ought not to be considered by the Congress until the Senate Select Committee on Small Business has had an opportunity thoroughly to examine the bill and hold hearings on its possible small-business and REA impact. It has been encouraging to me that within the last few days an increasing number of our Minnesota citizens and rural electrification associations in our State and elsewhere have written me urging hearings and the same course of action.

In view of the fact it is likely that the Senate will be asked by the leadership to consider the new atomic energy bill within the next few days, it is my hope that you will announce the intention of our Senate Select Committee on Small Business to hold hearings quickly and thus urge postponement of floor action until we have had an opportunity to consider the bill and carry out our responsibilities to the Senate.

I look forward to hearing from you.

Sincerely,

HUBERT H. HUMPHREY.

UNITED STATES SENATE,
SELECT COMMITTEE ON SMALL BUSINESS,
July 14, 1954.

The Honorable HUBERT H. HUMPHREY,
United States Senate,
Washington, D. C.

DEAR HUBERT: This is in reply to your letter of July 8, 1954, concerning the amendments to the Atomic Energy Act as incorporated in Senate bill 3690 currently being discussed on the floor of the Senate.

You indicated in your letter that you had received communications from citizens of Minnesota and rural electric cooperatives in Minnesota concerning certain amendments which could affect these co-ops in future years.

I have also received a total of eight such communications. The specific part of Senate bill 3690 to which these communications are directed is that part of the bill which deals with compulsory licensing of patents.

Both as a United States Senator from the State of Minnesota and as chairman of the Senate Small Business Committee, I felt it my duty to explore this matter carefully and thoroughly. In view of your interest in this matter, I am attaching herewith a review of my actions and a statement of my thinking on the matter.

I trust that this will be helpful to you in your consideration of Senate bill 3690.

Sincerely yours,

EDWARD J. THYE, *Chairman.*

As chairman of the Senate Small Business Committee, I have been concerned within the past month with eight telegrams and letters I have received from certain rural electric cooperatives on the subject of amendments to the Atomic Energy Act. These amendments are currently under discussion on the Senate floor in the form of S. 3690.

The communications I have received have been concerned primarily with those provisions in the present bill which deal with the compulsory license provisions as contained in section 152 of S. 3690. It is the contention of the co-ops that the bill does not contain sufficiently stringent provisions which will prevent private utilities from gaining a monopoly in the all-important field of development of nuclear power.

I want to make clear that both as an individual Senator and as chairman of the Senate Small Business Committee, I will continue to fight against any form of monopoly which would serve to weaken our free enterprise economy. I also feel compelled to add that as one who has spent his entire life fighting for a healthy and strong agricultural economy in this country, I am fully aware of the future potential which the production of nuclear power holds for the rural areas of the Nation.

During the past few weeks I have personally studied carefully all the information I have been able to receive on the subject of atomic energy. The staff of the Small Business Committee has also been working on this matter for the past 3 or 4 weeks. I have kept in constant touch with the staff to keep abreast of their activities, I have read the proposed bill, and I have gone over the report of the Joint Committee on Atomic Energy which was issued on July 12, 1954.

In considering whether the Small Business Committee should hold hearings on the amendments to the atomic energy bill, it had to be determined that such hearings would be in the best interests of all parties concerned.

In the course of our study, we found that section 15 (b) of the atomic energy bill and section 201 of S. 3690, we found the following language: "All bills, resolutions, and other matters in the Senate or the House of Representatives relating primarily to the Commission or to the development, use, or control of atomic energy shall be referred to the joint committee."

That immediately raised the question of the jurisdiction of our committee. A study of this point reveals that it was the clear thinking of both Houses of Congress that the subject of atomic energy was of such great importance to the American people that it demanded the appointment of a joint congressional committee which would devote all of its time and energies to this subject. There has been no dispute as to the soundness of that decision. The Senate has nine Members on the joint committee chosen from both political parties. The nonpartisan character of the work of the joint committee has impressed me on many occasions. The work of the committee and its staff has always been of the highest caliber and has earned the deep respect not only of the Congress but of the American people.

When I read the law quoted above, I immediately instructed the staff of our committee to contact the staff of the joint committee in an effort to accomplish the following:

1. To determine if all parties interested in the amendments to the atomic energy bill had been given an opportunity to appear before the committee to present their views.

2. To relate to the joint committee the nature of the complaints we had received.

3. To determine if the same subjects had been discussed in hearings held by the joint committee.

4. To determine whether careful study had been given to these complaints.

The staff of our committee has reported to me as follows in line with my instructions:

1. The parties who have written to this committee were represented before the joint committee and testified on S. 2690.

2. The Small Business Committee staff did relate to the joint committee the nature of the complaints we had received.

3. These same complaints were registered with the joint committee.

4. A most careful study was given to these complaints by the joint committee.

In line with point 4 above, I call your attention to the fact that the subject of compulsory licensing was one of the most controversial subjects taken up by the joint committee. That is evidenced by the minority reports presented in the joint committee Report, No. 1699. One minority report took the position that there should be no compulsory licensing provisions contained in the bill. Compulsory licensing was attacked as being unconstitutional, unnecessary, dangerous, and in conflict with current patent laws and procedures.

The other minority report stated that the bill did not go far enough in providing for compulsory licensing and that the bill placed too many requirements for obtaining such a license.

It is interesting to note that no Senator of either party wrote a minority report on any subject contained in the bill. In other words, the nine most capable Senators whom we have designated to represent the Senate of the United States on the joint committee are recommending that we adopt the provisions as written in S. 3690. That does not mean that we are obligated in any way to accept these provisions. The floor debate on this bill has already demonstrated that there are certainly many questions which must be explored and debated on the Senate floor. However, the fact that compulsory licensing was a major topic of discussion within the joint committee, the fact that both extremes on this subject are ably set forth in the report, and the fact that none of the Members of the Senate on the joint committee filed a minority report must weigh heavily when you consider whether or not another committee of the Senate should open public hearings on the same subject matter.

Should another committee of the Senate hold hearings on these provisions, it is logical to assume that the same parties would appear and the same arguments would be advanced. The question of needless duplication of effort immediately comes to mind.

It would appear that the joint committee in reporting out S. 3690 took into consideration all of the arguments proposed and have come to us with a carefully thought-out compromise.

I also feel impelled to add that the staff of the Senate Small Business Committee has also contacted the REA concerning this matter. We have been assured that REA, under the direction of Ancher Nelsen, has already taken measures that will insure that the agency will be kept abreast of all developments in the nuclear power field and will be in a position to work with the Atomic Energy Commission in those matters which will be of future benefit to the Rural Electric Cooperatives of this Nation.

Returning to the subject of compulsory licensing, it must also be realized that there are many businessmen represented by our committee in the Senate who are opposed to such a provision. We have a situation where the same arguments at both extremes of this subject would present themselves just as they did before the joint committee.

I strongly believe that this field of nuclear power development must be closely watched by all Members of the Senate, and every effort must be made by the Congress, by the Department of Justice, by the Atomic Energy Commission, and by the Federal Trade Commission that the small-business concerns and the rural electric cooperatives and other parties in interest are not frozen out by anyone who has monopolistic designs on this development.

In line with that thinking, I can assure you that as long as I am chairman of the Small Business Committee and as long as I am a Member of the United States Senate, I will do all that is in my power to insure to future generations the fullest development of atomic energy for peacetime use, free from the encroachments of monopoly. I have, therefore, instructed the staff of the Senate Small Business Committee to make the subject of atomic energy a continuous part of the work of this committee. We have been assured the fullest cooperation from the joint committee, the Atomic Energy Commission, the REA, the Justice Department, and the Federal Trade Commission.

Mr. SPARKMAN. Again I should like to thank the able Senator from Minnesota for the fine contribution he has made. Since he has brought up the subject of power to be generated by atomic energy, I noticed in the exchange of remarks a little while ago with the distinguished former chairman of the Joint Committee on Atomic Energy and now vice chairman of the joint committee, the Senator from Iowa [Mr. HICKENLOOPER] that he stated there was no provision in the law at present, nor in the bill before us, for the generation of power by atomic energy.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HICKENLOOPER. For the generation of competitive commercial power.

Mr. SPARKMAN. What is that?

Mr. HICKENLOOPER. For the generation of competitive commercial power.

Mr. SPARKMAN. I understood the distinguished Senator to say that there was no provision in the law at the present time, nor in the bill before us, for the Atomic Energy Commission itself to establish powerplants for the generation of power.

Mr. HICKENLOOPER. Commercial power.

Mr. SPARKMAN. For commercial uses.

Mr. HICKENLOOPER. In connection with research and development, occasionally some power is produced.

Mr. SPARKMAN. That is casual power.

Mr. HICKENLOOPER. Yes.

Mr. SPARKMAN. That is true. If I recall correctly, that is in section 44.

I was interested a few days ago when in discussing the bill the Senator from Rhode Island [Mr. PASTORE] said something about section 44, the Senator from Colorado [Mr. JOHNSON] expressed surprise that the Atomic Energy Commission did not have the right, and certainly was not being given the right in the pending bill, to establish and operate its own powerplants.

I may say that I have heard a good many persons express concern over the fact that there was not some kind of work to be carried on by the Atomic Energy Commission, of sufficient size to make certain that a proper conclusion would be arrived at on the question of the cost of generating electric power from atomic energy.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HUMPHREY. Is it not rather strange that we should be considering the passage of legislation which would be so restrictive that it would not permit the Government of the United States to protect its own interests and its own investments in the great field of atomic energy, by being denied the right, let us say, of producing power?

I am not saying that the Government should produce it, but I certainly do not want the Government of the United States denied the right to produce power.

There is a great power shortage today in America. Certain areas of America have dire power shortages.

As I understand, we are going into the field of atomic energy development by private resources, and justly so. We want to share this great development with our private enterprise system. However, I want to say that we have something more than a private enterprise system in this country. We have a private enterprise system and, I hope,

a competitive enterprise system, and a free enterprise system.

Sometimes people stop at just "private enterprise system." A monopoly is private in a sense, but it is not competitive or free. What I am interested in is that if the Government of the United States is to take action in this great commercial field—and that is what we are talking about, we are talking about commerce—we should try to implement what is the avowed policy of the Government, namely, the maintenance of free and competitive enterprise.

We have on the statute books the Sherman Antitrust Act, the Clayton Act, the Federal Trade Commission Act; and we have public bodies after public bodies, and public law after public law, dedicated to one proposition, namely, competitive free enterprise, and to keeping it strong and alive.

If we are to legislate in this area we should make sure of two things; namely, that the Government of the United States itself is not restricted to a point where it cannot protect its investment, or where it cannot perform an adequate and proper service; and second, that in the private area we do not legislate so that only a few private developers can enter that area. Instead, we should make every effort to make participation as broad as it is humanly possible to make it, because it is a great new frontier. Mr. President, this is a great new frontier. It is as great a frontier today as was the first railroad 100 years ago. It marks a great new area of progress. It is greater than the development of the incandescent lamp or the discovery of electricity itself.

Certainly we need to make sure that we do not write into the law language which is so restrictive or in any way so prejudicial to the interests of free enterprise that it denies the widest participation.

So I have two standards. One, Can the Government protect its own interests and the public interest under this proposed legislation? Two, Will the adoption of this proposed law provide the widest participation on the part of the largest number of possible participants? That would include REA's, public bodies, private utilities, private corporations, and so forth.

I think those are fair standards. If we fulfill those standards, we shall have done a great service for our country. We do not wish to keep the secret of the atom locked up or keep it as only a destructive force. The dream of the late Senator McMahon was that we might use this tremendous discovery for the good of all mankind. Let us not use it for the good of only some of mankind. Let us make it available as broadly as is possible.

Mr. SPARKMAN. We must be very careful lest it fall into the hands or into the control of a few who can afford the expensive facilities necessary to develop it and get the full use of it. So I think there is something to the suggestion made a couple of days ago by the distinguished Senator from Colorado, a member of the Joint Committee on Atomic Energy, who expressed surprise that we were not giving the Atomic Energy Commission the right to build powerplants. I got the impression at that time that the Senator might propose an amendment in order to carry out that very purpose. The Senator from Minnesota will remember that the Senator from Colorado made some remarks on the floor regarding the need of that kind of program being written into the law.

Mr. HUMPHREY. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. HUMPHREY. I recall that very vividly, and I recall reading the Senator's remarks. I think the distinguished Senator from Colorado has proposed or is about to propose an amendment which will accomplish the purposes about which he was concerned. I have proceeded forthwith to do the same. Since it has been discussed, it appeared to me that it would be only prudent and wise, conservative and constructive, to protect the public interest in that manner.

Mr. SPARKMAN. Of course, this discussion arose really from the suggestion of the Senator from Minnesota that the bill contains many things which we need to consider. We have mentioned particularly the item of small business, and now we want to make sure that the general public gets the benefit of everything that is done.

On yesterday the distinguished Senator from Rhode Island [Mr. PASTORE] made a very fine presentation of the international problem involved and gave us the recommendations of President Eisenhower when he delivered his famous speech that gave a lift to the entire world on the question of using the great secret of atomic energy for the purpose of bringing about a better standard of living and a better chance in life not only in this country but all over the world.

Mr. President, it was my intention to spend most of my time in discussing something which I think is a dangerous precedent. I know many other Senators feel the same about it as I do. I refer to the directive from the President of the United States through the Budget Bureau to the Atomic Energy Commission, to go into the market and become a powerbroker, to buy power not to be used at any of the Atomic Energy Commission's installations, but, instead, to be used in and around the city of Memphis for the purpose of supplying power to people in the Memphis area.

I have tried to find some legal basis for such an order being given, but I must admit that I have not been able to find it. I have not found a place where anyone else has said with definiteness and certainty that there is such authority granted by the law.

Mr. HICKENLOOPER. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. HICKENLOOPER. I hold in my hand an opinion of the general counsel of the Atomic Energy Commission in which he quotes section 12 (d) of the Atomic Energy Act and states that this gives the Commission the necessary authority to make contracts.

Mr. SPARKMAN. Yes; I have heard that opinion referred to. I heard it in the debate on the Senate floor. I have read that section of the law. While I have not seen the letter which the counsel wrote, I have heard quotations read from it, and I must say it seems to me he went far out of the way in his effort to find legal authority.

Mr. Davis, counsel to the Antimonopoly Subcommittee of the Committee on the Judiciary, requested General Nichols of the Atomic Energy Commission to furnish that committee with all legal opinions of the counsel relating to the legality of the Atomic Energy Commission's entering into such a contract. The answer was a single legal memorandum. I assume it is the same memorandum which has been referred to by the able Senator from Iowa.

That memorandum was from the counsel of the Atomic Energy Commission, and it was dated June 22, if I remember correctly.

According to the record, the Atomic Energy Commission began negotiating for this contract last December, or somewhere about that time. It had been negotiating and working on the contract for 6 months before any legal opinion had been given or reduced to writing. Apparently there was no such legal opinion reduced to writing until the request to the Atomic Energy Commission from the Antimonopoly Subcommittee of the Judiciary Committee of the Senate. Apparently it was not until a few weeks ago that the Atomic Energy Commission did actually look into the question, after the thing was done, after 6 months of negotiations had been carried on.

One thing which has been quite noticeable to me has been the fact that the General Accounting Office, when the question was submitted to that Office, certainly raised a considerable doubt as to the legality of any such proposal or any such contract.

I still say, Mr. President, that from my viewpoint it is illegal, and from my viewpoint it establishes a dangerous precedent in our governmental setup to have an order issued to an independent agency to do something which that agency does not believe ought to be done. Of the 5 Atomic Energy Commissioners, 3 of them testified openly that they did not believe it should be done. As a matter of fact, when the plan began to develop they wrote letters protesting against it and saying it should not be done; that it was carrying the Atomic Energy Commission far afield.

Mr. GORE. The fact that the Commissioners felt sufficiently strong in their views to go to the extent of writing the strongly worded letters indicates that the precedent is of considerable importance. If Congress permits, without protest, without action, an independent agency so important as is the Atomic Energy Commission to be overruled, directed, and ordered, over its objection, to take action unrelated to its program, then does not the Senator from Alabama think that other independent agencies will look to the example and wonder whether, if the test comes to them, Con-

gress will back them up in the exercise of their sworn duty as they interpret it?

Mr. SPARKMAN. I certainly agree with the statement made by the distinguished junior Senator from Tennessee. That is the reason why I consider this proposal to be a dangerous precedent. Congress, from time to time, sets up agencies—administrative agencies, quasi-judicial agencies, and agencies which are independent. We call them independent because they are not a part of one of the departments; they are not presided over by a member of the President's official family; they are not in the direct line of command. They are supposed to be independent. That is exactly what we mean when we call them independent agencies.

Mr. GORE. During the years I have been in Washington and have been observing government, and even before I came to Washington, it has seemed to me that the creation of a so-called independent agency follows the recognition of a particular function. The Atomic Energy Commission is an example of a new independent agency following the recognition of a new field of activity.

The Federal Communications Commission followed the development of radio, a functioning field of activity which no established governmental agency had the facilities and the experience with which to deal.

Great store has been placed upon the independent agencies. Some of them are quasi-judicial in power and character.

Of course, I would not deny to the Chief Executive his rightful powers. The budgetary powers of the President are not challenged by this amendment. They are not challenged at all. I think no power of the President is challenged by this amendment. I think the independence and integrity of the independent agency involved is reasserted by the amendment.

Mr. SPARKMAN. I agree with the Senator from Tennessee, of course. I am not certain, but I believe that the Interstate Commerce Commission certainly was one of the very first independent agencies. It does not decide cases or set policy in accordance with orders from the President. It takes the laws which Congress enacts, and then sets a policy in keeping with those laws. It is not responsive to orders from the President; and the President does not give the Interstate Commerce Commission orders.

I have always felt that when Congress set up the Atomic Energy Commission, it tried to set up, if I may say so, the No. 1 independent agency. Congress wanted it to be independent. It provided that the Commissioners should serve for a definite term of years, and not to be subject to removal except, as I understand, for cause.

Mr. GORE. Specific cause.

Mr. SPARKMAN. On specific charges. Congress made the Atomic Energy Commission independent. But certainly if the Commission knuckles down, or if it is made to knuckle down, to the present directive which is given to it, it will lose its independence. As the Senator from Tennessee has so well said, it will set an example for other independent agencies; and the directive certainly lends temptation to the Executive to handle those independent agencies in the same manner.

Yet the Commissioners thought strongly enough of the directive that they wrote letters voluntarily. No one asked them to write the letters. So far as I know, that was done before anyone else protested. I do not remember the date of the letters, but I assume it was before the matter actually became aired to the public. Because they saw that the directive was an infringement upon the independence of the Atomic Energy Commission, the Commissioners sat down and wrote letters saying, "Do not impose this upon us, because it is not our function to go out into the market and to bargain for power for use by someone else; power not for our use, either in connection with construction or operation."

As I recall the statute, it provides that the Atomic Energy Commission shall have the authority to contract for power to be used in connection with the construction and operation of the atomic energy installations at three places—Oak Ridge, Portsmouth, and Paducah. It is under that provision, I assume, that the legality of the Dixon-Yates contract is attempted to be supported.

Yet to me it seems so farfetched that I simply cannot understand how any legal mind could come to the conclusion that an order from the President of the United States to an independent agency to go into the open market and buy power for the purpose of supplying the needs of private citizens in the Memphis area, not in connection with operations or construction, as laid down in the law, but for an entirely different purpose, was a legal action.

Mr. President, many protests have been raised about this deal since word got out all over the country of just what was involved in it. I have been impressed, and I believe others have been impressed, with the various editorials which have been placed in the RECORD, some of them during the course of the debate, and many of them, by the way, from newspapers published outside the particular area concerned.

Some of our friends continue to try to make it appear that this is a TVA fight, but I think some of the strongest editorials which have been seen anywhere have come from great newspapers entirely removed from the TVA area.

The able Senator from Oklahoma today read into the RECORD an editorial which I placed in the RECORD 2 or 3 days ago, which was published in a Scripps-Howard newspaper.

It happened that the newspaper from which the particular editorial was taken was the Birmingham Post-Herald of Birmingham, Ala. It is part of the Scripps-Howard chain. The same editorial may have been published in other Scripps-Howard papers throughout the country. We know that that often is done.

The able Senator from Oklahoma pointed out that the Scripps-Howard newspapers were among the strongest supporters of President Eisenhower in his campaign for the Presidency in 1952.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HICKENLOOPER. I have not seen such an editorial in any other Scripps-Howard newspaper. I call the attention of the Senator from Alabama to the fact that that particular editorial appeared in a newspaper which is published in the heart of the TVA area.

Mr. SPARKMAN. That was the next point I was about to make. Birmingham is not in the TVA area, and never has been.

Mr. HICKENLOOPER. It is shown in the map of the area as being located there.

Mr. SPARKMAN. As a matter of fact, Birmingham does not use TVA power, it never has, and it never will.

Mr. HICKENLOOPER. It will if TVA has its way.

Mr. SPARKMAN. No; Birmingham is completely removed from the TVA area. That is the point I was about to make. I had started to say that the Birmingham Post-Herald was the first newspaper outside the TVA area to publish such an editorial.

Mr. HILL. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. HILL. Is it not true that a Scripps-Howard publication which carried the strong editorial was the Washington Daily News in the Capital of the Nation, which is not in the TVA area?

Mr. SPARKMAN. That is correct.

As I said in the beginning, while the editorial was published in the Birmingham Post-Herald, I do not know which other Scripps-Howard newspapers may have carried it. I do not believe the Washington News carried that exact editorial, but carried one that probably was even stronger.

Mr. HILL. It carried perhaps as strong an editorial as did any other newspaper in the country.

Mr. SPARKMAN. Yes, it certainly did. The New York Times was one of the strong supporters of President Eisenhower, but it has editorially urged him to reject the unreasonable proposal he has suggested. The same is true of the Washington Post, which supported President Eisenhower.

Mr. HILL. The Denver Post was also one of the strong supporters of President Eisenhower.

Mr. SPARKMAN. Yes, and that newspaper is located in the same State in which the President's summer home is located. I was about to say that the Denver Post is a Scripps-Howard newspaper. I am not sure that is correct.

Mr. HICKENLOOPER. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. Does the Senator know whether the ownership of the Chattanooga Times has any relationship to that of the New York Times? Does it belong to the same group of owners?

Mr. SPARKMAN. Yes. I have not mentioned the Chattanooga Times, because that is published in the TVA area.

The Chattanooga Times is a subsidiary of the New York Times.

Mr. HICKENLOOPER. And it is published in the TVA area?

Mr. SPARKMAN. Yes.

Mr. HICKENLOOPER. So the views of the New York Times on that particular issue are bound to be connected with its commercial interests in that area, are they not?

Mr. SPARKMAN. I do not think so, but if the distinguished Senator from Iowa wants to eliminate the New York Times from consideration, that is satisfactory to me, because, goodness knows, we can find considerable support elsewhere. As a matter of fact, it is remarkable that great newspapers all over the country have pointed out the danger of the President's using the Atomic Energy Commission in the manner contemplated by the Dixon-Yates proposal.

I have stated before, and I want to state again, that a most unusual thing has happened. It was a directive from the President of the United States to an independent agency to make a contract with a company that has not even been organized, for the purchase of power from a plant that has not been built. As a matter of fact, I am not certain the company will ever be organized, because I am of the opinion that when the matter comes to the Securities and Exchange Commission, they are going to look into the proposal very carefully. It is not going to be one of these casual legal opinions after certain action has been taken. Certainly they are going into the question from the beginning. I doubt that the company will ever be organized.

Mr. President, there are many comments I should like to make about the Dixon-Yates proposal. I must say, in all frankness and all earnestness, that I do not know of anything that I could say which has not already been said. Every phase of the proposal has been covered. The debate has been excellent, and, in my opinion, it has been a highly educational one.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Tennessee.

Mr. GORE. Before the Senator closes his remarks, I think it would be worth noting that whereas during the first day of debate a preponderant amount of the discussion was with regard to the TVA, which was thoroughly put to trial, in the debate today the TVA has been mentioned only incidentally. Today's debate has been relative to the big issue presented by this controversy, namely, the independence and integrity of the Atomic Energy Commission——

Mr. SPARKMAN. And, impliedly, every other independent agency of the Government.

Mr. GORE. That is correct; and there have been covered questions of the validity or illegality of the contract, the improvidence of the contract, and the tax immunity proposed to be granted. I believe those three questions have been the center of debate today. I think there has been an improvement in the quality of the debate since the TVA has not been at issue. Today's debate has related to the issues presented by the amendment of the junior Senator from New Mexico.

Mr. SPARKMAN. The Senator from Tennessee is exactly right. I have joined with him from the very beginning in saying that this was not primarily a TVA fight. The primary question, and the most important question, is the preservation of the integrity of independent agencies in this Government of ours.

Mr. GORE. While the majority leader is present, I want to bring up one question. I am not sure he was present on the floor when the question was debated.

Does the Senator from Alabama find any justification or any basis upon which we can justify the approval of a contract which would select one corporation in all of America and provide that it shall have immunity from taxation and, no matter what emergency may arise in the next 25 years, which is the term of the contract, although we may have to raise corporate taxes and may have to reimpose excess profits taxes, we will say to this one company, "You are something special. You will bear no additional burden. You have a taxproof bomb-shelter"?

Mr. SPARKMAN. There is no justification, and the Senator from Tennessee properly pointed that out. Earlier in the day the distinguished Senator from Oklahoma [Mr. MONRONEY] discussed that point, and I brought out, in a colloquy with him, that whereas we have heard a great deal about the contract being one which would help private enterprise, it would actually strip away from the company that is supposed to exemplify private enterprise the two basic elements of private enterprise—payment of taxes and the element of risk.

Mr. GORE. And competition.

Mr. SPARKMAN. Yes. I go back to the statement I made in the beginning: It is a most unusual proposal.

Mr. President, I had intended to say something about the monopoly features of the bill. As we all know, an antimonopoly subcommittee has been holding hearings on the question. The hour is growing late, and I shall not go into that phase. It is my understanding that the majority leader is ready to move a recess. I hope that before the debate concludes, one of our colleagues will discuss the antimonopoly features of the bill, because I think that is an important question and one which should be discussed in the course of the debate. However, Mr. President, I shall not impose upon the Senate any longer, so at this time I yield the floor.

Mr. FERGUSON. Mr. President, I send an amendment to the desk and ask for its present consideration.

The PRESIDING OFFICER (Mr. THYE in the chair.) The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 80, after the period in line 9, it is proposed to insert the following:

The authority of the Commission under this section to enter into new contracts or modify or confirm existing contracts to provide for electric utility services includes, in case such electric utility services are to be furnished to the Commission by the Tennessee Valley Authority, authority to contract with any person to furnish electric utility services to the Tennessee Valley Authority in replacement thereof.

Mr. KNOWLAND. Mr. President, obviously at this hour we do not wish to proceed to debate and vote on the amendment.

Mr. FERGUSON. I have requested the immediate consideration of the amendment.

Mr. KNOWLAND. I understand that the Senator from Michigan wishes to have the amendment made the pending question, and he also wishes to have the amendment printed, so that copies of it will be available to all Members of the Senate.

Mr. FERGUSON. That is correct.

The PRESIDING OFFICER (Mr. THYE in the chair). The question is on agreeing to the amendment of the Senator from Michigan.

Mr. KNOWLAND. Mr. President, the amendment of the Senator from Michigan is now the pending question. I understand that the Senator from Michigan also desires to have the amendment printed, so that copies will be available to all Members of the Senate.

The PRESIDING OFFICER. The amendment of the Senator from Michigan is the pending question; and the amendment will be printed. That is the order of the Senate.

Mr. FERGUSON. Of course, Mr. President, I also wish to have the amendment printed in the RECORD.

The PRESIDING OFFICER. The amendment has been read into the RECORD, and will be printed.

RECESS

Mr. KNOWLAND. Mr. President, in pursuance of the order previously entered, I now move that the Senate stand in recess.

The motion was agreed to; and (at 9 o'clock and 11 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Saturday, July 17, 1954, at 10 o'clock a. m.

NOMINATION

Executive nomination received by the Senate July 16 (legislative day of July 2), 1954:

DEPARTMENT OF THE INTERIOR

Clarence A. Davis, of Nebraska, to be Under Secretary of the Interior, vice Ralph A. Tudor, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 16 (legislative day of July 2), 1954:

IN THE ARMY

The following-named officers to be placed on the retired list in the grade indicated under the provisions of subsection 504 (d) of the Officer Personnel Act of 1947:

To be lieutenant generals

Lt. Gen. Horace Logan McBride, O4430, Army of the United States (major general, U. S. Army).

Lt. Gen. Andrew Davis Bruce, O5857, Army of the United States (major general, U. S. Army).

IN THE AIR FORCE

Lt. Gen. Robert Wells Harper, 53A (major general, Regular Air Force), United States Air Force, to be placed on the retired list in the grade of lieutenant general, under the provisions of subsection 504 (d) of the Officer Personnel Act of 1947.

Appointment to the positions indicated under the provisions of sections 504 and 515, Officer Personnel Act of 1947:

Lt. Gen. Charles Trovilla Myers, 37A (major general, Regular Air Force), United States Air Force, to be commander, Air Training Command, with the rank of lieutenant general, and to be lieutenant general in the United States Air Force.

Maj. Gen. Glenn Oscar Barcus, 87A, Regular Air Force, to be commander in chief, United States Northeast Command, with the rank of lieutenant general, and lieutenant general in the United States Air Force.

APPOINTMENTS IN THE REGULAR AIR FORCE

The nominations of Charles E. Cook, Jr., and 275 other persons, for appointment in the Regular Air Force, in the grades indicated, which were confirmed by the Senate today, were received by the Senate on July 8, 1954, and appear in full in the Senate proceedings of the CONGRESSIONAL RECORD on that date, under the caption "Nominations," beginning with the name of Charles E. Cook, Jr., which is shown on page 10057, and ending with the name of Jean E. Phillips, which appears on page 10058.

POSTMASTERS

ALABAMA

Claud Russel Robison, Odenville.

ARKANSAS

Ivan L. Kleinbeck, New Edinburg.

FLORIDA

Louis Raymond Adair, Davenport.

INDIANA

Lyle J. Fowler, Bloomington.
Earl B. Schwanke, Demotte.
Norman L. Bent, Fort Branch.
Fred L. Scarce, Fountain City.
Chelcie J. Bebout, Freetown.
Gerald K. Carr, Greentown.
Vernon Hockemeyer, Hoagland.
Dean M. Wakeland, Idaville.
Garrett W. Gossard, Kempton.
Earl R. Reid, Lakeville.
Paul E. Frantz, Liberty Center.
Dewayne Hamilton, Morgantown.
Clyde M. Matthews, North Vernon.
Eldora L. Weigle, Otterbein.
Dean O. Neff, Rochester.
Louie C. Neu, Shelbyville.
Arnold O. Hipskind, Urbana.
Herbert B. Harrison, Winchester.

IOWA

Ralph H. Pilgrim, Greeley.
Frederick D. Lursen, Kesley.
Robert F. Graham, University Park.

MAINE

Charles W. Rogers, Old Town.

MASSACHUSETTS

Donald M. Stacey, Marblehead.

MICHIGAN

Edward C. Schmidt, Springport.
Kenneth L. Patten, Tekonsha.

MINNESOTA

Joseph J. Kovach, Ely.

MISSOURI

Donald L. Davis, Adrian.
Elbert P. Petty, Arbyrd.
William E. Richter, Gilman City.
William C. Pevestorff, Higginsville.
Garfield L. Darnell, King City.
Lloyd H. Thomas, Larussell.
Gussie C. Henneke, Leslie.
Roy O. F. Weber, Lohman.
Otis M. Clouser, Marshall.
Clyde M. Temple, Miller.
Hugh M. Lower, Mountain Grove.
Forest R. Leamer, Polo.
Peter A. Baechle, Ste. Genevieve.
Oren B. Peterson, Urbana.
Willard R. Emo, Vandalia.

MONTANA

William A. Parrish, Paradise.

NEW JERSEY

Gerald E. White, Mount Holly.

NORTH CAROLINA

Blanche T. Nelson, Atlantic.
Daniel F. Sawyer, Jr., Blounts Creek.
Richard W. Hannah, Clyde.
Tullie M. Alexander, Cooleemee.
Elmo S. Orr, Mountain Home.
Floyd Graham Hinnant, Pine Level.
Claude Harris, State Road.

OKLAHOMA

George M. Beeby, Marshall.
Bert A. VanBuskirk, Ripley.
Robert L. Nunn, Stuart.

OREGON

Harold G. Prestel, Grants Pass.

PENNSYLVANIA

James C. Kleckner, Audenried.

SOUTH CAROLINA

Chalmers M. Butler, Hartsville.
George F. Dailey, Society Hill.

TEXAS

Mattie R. White, Avoca.
Ernest M. Spence, Bonham.
Clifton B. Duhon, Buna.
Howard A. Hunt, Dodson.
Arba E. Petty, Farmersville.
Bradley O. Burk, Jr., Kress.
Dorothea B. Hice, Midlothian.
Delmas P. Seidel, Orange Grove.
Fred G. Howard, Pearsall.
Kenneth L. Lee, Perrin.
Claude Irvin Wood, Richards.
Fred W. Lunsford, Rusk.
Joe P. Spalding, Sadler.
William H. Castleberry, Telephone.
Harry Reast, Whitesboro.

VERMONT

Warren Lester Barnett, Cabot.
Paul S. Hinman, Wells River.

WISCONSIN

Elmo C. Cooper, Madison.

WYOMING

Burchal I. Kelley, Reliance.

SENATE

SATURDAY, JULY 17, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O Thou whose throne is truth, frail creatures of dust serving out our brief day on the world's troubled stage, we would set our little lives in the midst of Thine eternity and feel Thy greatness and Thy peace: For—

"We fear no foe with Thee at hand to bless,
Ills have no weight and tears no bitterness."

We beseech Thee to keep strong everywhere all souls who strive to maintain the insights of human brotherhood. In this land of liberty may our own lives, freed of pettiness and prejudice and radiant with good will which leaps all barriers, be open channels through which Thy saving grace may flow for the healing of the nations. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Friday, July 16, 1954, was dispensed with.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States submitting nominations were communicated to the Senate by Mr. Tribbe, one of his secretaries.

POSITION OF SENATOR HOLLAND ON CERTAIN AMENDMENTS TO THE EMPLOYMENT SECURITY ADMINISTRATIVE FINANCING ACT OF 1954

Mr. HOLLAND. Mr. President, on July 13, 1954, during the Senate consideration of H. R. 5173, the Employment Security Administrative Financing Act of 1954, certain amendments were offered by the junior Senator from Massachusetts [Mr. KENNEDY], and were considered en bloc, and were rejected by a yea-and-nay vote of 48 to 31, as shown on page 10363 of the RECORD.

On that date, the senior Senator from Florida was absent by leave of the Senate, attending the Sixth Pan-American Highway Congress at Caracas, Venezuela. I note from the RECORD that my position is shown on other amendments that day and on the bill, but not with respect to this particular vote. Had I been present, I would have voted "yea"; and I want the RECORD to so show.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

Routine business is now in order.

FEDERAL UNEMPLOYMENT COMPENSATION STANDARDS — RESOLUTION

Mr. GILLETTE. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in

the RECORD, a resolution adopted by the Black Hawk County CIO Industrial Union Council, Waterloo, Iowa, favoring prompt enactment of House bill 9430, and Senate bill 3553, relating to Federal unemployment compensation standards.

There being no objection, the resolution was referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

RESOLUTION IN SUPPORT OF IMMEDIATE ACTION BY CONGRESS ON THE FORAND-DOUGLAS BILLS, H. R. 9430 AND S. 3553, SPONSORED BY 86 REPRESENTATIVES AND 12 SENATORS FOR FEDERAL UNEMPLOYMENT COMPENSATION STANDARDS

Whereas present unemployment compensation payments to insured unemployed wage and salary earners are woefully inadequate as to weekly amount and number of weeks duration; and

Whereas substantial and prolonged unemployment in Iowa and in Waterloo and inadequate unemployment compensation payments have caused increases in expenditures for relief purposes resulting in increased drain upon revenues depleted by slackening business activity and income in the community; and

Whereas the amounts of such unemployment payments in Iowa range from a minimum of $5 to a maximum of $26 and are limited to 20 weeks, with weekly payments averaging only 40 percent of the State's average weekly wage of $60; and

Whereas this is far below the average of 50 percent and the maximum of 66⅔ percent recommended to the States last February by President Eisenhower, Secretary of Labor Mitchell, the Federal Advisory Council on Employment Security, and the National Conference on Labor Legislation; and

Whereas President Eisenhower, Secretary of Labor Mitchell, and others recommended that the States extend the duration of payments to 26 weeks, but long-term unemployment has resulted in 600,000 insured workers exhausting their rights to payments before being reemployed and such exhaustions continue at the rate of 40,000 a week, making plain the need for an extension to 39 weeks, as proposed in H. R. 9430 and S. 3553, introduced by Representative FORAND, Senator DOUGLAS, 85 other Representatives, and 11 other Senators; and

Whereas these companion bills, if enacted by Congress before adjournment, would implement President Eisenhower's recommendations as to amounts of unemployment compensation payments and would extend the duration beyond his recommended 26 weeks, to 39 weeks, and, at presently anticipated continuing unemployment, would get approximately $2 billion a year of additional purchasing power into the hands of insured unemployed workers and their families for instant high-velocity spending and distribution throughout our entire economy; and

Whereas the House Ways and Means Committee has recently completed hearings on proposed amendments to the Federal unemployment compensation law and has recommended a bill to the House for passage before adjournment; and

Whereas President Eisenhower, at his June 16 press conference, stated that he has no intention of urging Governors to call special sessions of their legislatures to implement his own recommendations, now more than 4 months old; and

Whereas this puts upon the Congress the last hope and full responsibility for action to carry out this vital part of President Eisenhower's legislative program in any way that will mean anything to the unemployed, to our economy and to the budgets of our States, cities, and other political subdivisions: Now, therefore, be it

Resolved, That the Black Hawk County CIO Industrial Union Council, meeting on this 13th day of July 1954, urgently requests our Representative and Senators to use their influence and good offices to persuade the House Ways and Means Committee and the Senate Finance Committee to adopt and recommend the provisions of H. R. 9430 and S. 3553 so that action in both Houses may be completed before the present Congress adjourns; and be it further

Resolved, That we urge President Eisenhower at this session to make congressional action to implement his unemployment compensation recommendations a must item in his immediate legislative program; and be it further

Resolved, That if either committee fails or refuses to report out favorably the provisions of H. R. 9430 and S. 3553, our Representative and Senators support appropriate action such as discharge petitions or the addition of the provisions as a rider to other legislation; and be it finally

Resolved, That copies of this resolution be sent to our Representative, Senators, the President of the United States, the Speaker of the House, and the Vice President as the Presiding Officer of the Senate, with the request that it be treated as a petition under the Constitution and, as such, printed in the CONGRESSIONAL RECORD.

Presented this 7th day of July 1954.

CARL G. DAHL,
Legislative Secretary, Black Hawk County Industrial Union Council.

CONSTRUCTION OF COUGAR DAM AND RESERVOIR ON SOUTH FORK McKENZIE RIVER, OREG. (PT. 2 OF REPT. NO. 1761)

Mr. MORSE. Mr. President, on behalf of myself, and a minority of the members of the Public Works Committee, I submit minority views on the bill (H. R. 7815) to provide for the construction, operation, and maintenance of the Cougar Dam and Reservoir on the South Fork McKenzie River, Oreg., with participation for power by the city of Eugene, Oreg., and request that they be printed.

The VICE PRESIDENT. The minority views will be received, and without objection, will be printed as requested by the Senator from Oregon.

REPORTS OF COMMITTEES ON PERSONNEL AND FUNDS

Pursuant to Senate Resolution 123, 80th Congress, 1st session, the following reports were received by the Secretary of the Senate:

JULY 9, 1954.

COMMITTEE ON AGRICULTURE AND FORESTRY

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Harry R. Varney, to Jan. 31, 1954, chief of staff	$11,646.00	$970.50
Harker T. Stanton, counsel	11,646.00	5,823.00
Edward P. Guinane, investigator	11,646.00	5,823.00
James M. Kendall, chief clerk	8,824.17	4,412.04
C. M. Mouser, assistant chief clerk	8,735.34	4,367.64
Harriet D. Willey, to June 8, 1954, clerical assistant	4,856.61	2,131.47
Therese R. Lepine, from May 12, 1954, secretary to the chairman	$4,091.85	$556.93
Betty M. Mason, clerical assistant	3,996.26	1,998.12
Frances I. Edwards, clerical assistant	4,283.04	2,141.52

Funds authorized or appropriated for committee expenditure, 83d Cong	$10,000.00
Amount expended, 83d Cong	8,501.05
Balance unexpended	1,498.95

GEORGE D. AIKEN,
Chairman.

JULY 9, 1954.

COMMITTEE ON AGRICULTURE AND FORESTRY

(Making investigations under S. Res. 127, agreed to July 10, 1953, and S. Res. 218, agreed to March 10, 1954)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expendcd by it and its subcommittees:

Funds authorized or appropriated for committee expenditure, 83d Congress	$15,000.00
Amount expended, 83d Congress	10,253.80
Balance unexpended	4,746.20

GEORGE D. AIKEN,
Chairman.

JULY 1, 1954.

COMMITTEE ON APPROPRIATIONS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Everard H. Smith, chief clerk	$11,646.00	$5,823.00
Thomas J. Scott, assistant chief clerk	11,646.00	5,823.00
Francis S. Hewitt, assistant clerk	10,732.07	5,365.98
Edmund T. King, assistant clerk	10,732.07	5,365.98
Jarlath M. Slattery, Director, professional staff	11,646.00	5,795.22
Raymond K. Perkins, counsel	11,644.54	5,822.22
Kenneth J. Bousquet, professional staff member	10,649.11	5,324.52
Earl W. Cooper, professional staff member	10,732.07	5,365.98
Herman E. Downey, professional staff member	10,732.07	5,365.98
Richard W. Eddy, professional staff member	10,068.45	5,034.18
John J. Gaines, professional staff member	10,068.45	5,034.18
G. E. Johnson, professional staff member	8,990.07	4,495.02
H. Maurice Joyce, professional staff member	10,068.45	5,034.18
William J. Kennedy, Jr., professional staff member	10,068.45	5,034.18
Cecil C. McDaniel, professional staff member	10,068.45	5,034.18
Joseph T. McDonnell, professional staff member	10,068.45	5,034.18
Harold E. Merrick, professional staff member	10,732.07	5,365.98
Gordon A. Nease, professional staff member	10,068.45	5,034.18
Stanley L. Sommer, professional staff member, from Apr. 1	11,644.54	2,911.11
Ernest R. Underwood, professional staff member	10,068.45	5,034.18
Lawrence H. Wendrich, professional staff member	10,732.07	5,365.98

Name and profession	Rate of gross annual salary	Total salary received
William W. Woodruff, professional staff member	$10,068.45	$5,034.18
Herman M. Zahl, professional staff member, from Feb. 25 to June 15	10,068.45	3,104.40
Gloria S. Butland, clerical assistant	4,569.81	2,284.86
Pauline T. Connell, clerical assistant	4,378.64	2,181.32
Leon DeVille, clerical assistant	4,091.85	2,045.88
Elva Glaser, clerical assistant	4,378.64	2,189.28
Lois A. Glines, clerical assistant	4,378.64	2,189.28
Laura A. Hawley, clerical assistant	4,378.64	2,141.48
Carolyn Macy, clerical assistant	4,378.64	2,189.28
E. Marea Marshall, clerical assistant	4,378.64	2,173.35
Mary T. Savage, clerical assistant	4,378.64	2,189.28

STYLES BRIDGES,
Chairman.

JULY 1, 1954.

COMMITTEE ON APPROPRIATIONS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 301954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
TEMPORARY EMPLOYEES		
Paul E. Kamerick, staff director	$11,646.00	$5,823.00
Eliot U. Wyman, consultant, w. a. e.	(1)	140.00
Gardner C. Turner, counsel (from Mar. 1)	11,646.00	3,882.00
Leonard E. Edwards, agent	10,068.45	5,034.18
Alan J. Kraft, agent (from Feb. 15)	9,073.03	3,427.56
Joseph F. McDonald, Jr., agent (to Jan. 27)	8,644.09	648.30
James E. McVea, agent (to Feb. 15)	9,073.03	1,134.12
Leo C. Nulty	10,068.45	4,965.06
William V. Sinnott, agent	10,732.07	5,365.98
Paul J. Tierney, agent	10,068.45	5,034.18
Paul A. Toussaint, agent	9,073.03	4,434.58
Bernard S. Van Rensselaer, agent	10,068.45	5,034.18
Gabriel R. Vogliotti, staff member (from May 10)	10,068.45	1,426.35
Alice S. Dearborn, clerical assistant	3,996.26	1,998.12
Patricia P. Ferrell, clerical assistant (from Mar. 8)	4,187.45	1,314.38
Angela M. Novello, clerical assistant (to Feb. 28)	4,378.64	729.76
Dorothy L. Sankey, clerical assistant	4,569.81	2,284.86

[1] $35 per day.

STYLES BRIDGES,
Chairman.

JULY 1, 1954.

COMMITTEE ON APPROPRIATIONS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report on miscellaneous expenses for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

MISCELLANEOUS EXPENSES

Unexpended balance of amount authorized by S. Res. 129, June 26, 1947, as of Dec. 31, 1953	$24,151.49
Amount expended Jan. 1 to June 30, 1954	0
Balance unexpended as of June 30, 1954	24,151.49
Unexpended balance of amount authorized by Reorganization Act and S. Res. 121 and 153 as of Dec. 31, 1953	4,833.30
Additional authorization by S. Res. 243	20,000.00
Total available for expenditure	24,833.30
Amount expended, Jan. 1 to June 30, 1954	8,692.00
Balance unexpended as of June 30, 1954	16,141.30

MISCELLANEOUS—Continued

Unexpended balance of amount authorized by Legislative Appropriation Act, 1954	$343,136.41
Amount expended Jan. 1 to June 30, 1954	54,763.80
Balance unexpended as of June 30, 1954	288,372.61

STYLES BRIDGES,
Chairman.

JULY 6, 1954.

COMMITTEE ON ARMED SERVICES

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Allen, Philip K., chief clerk	$11,646.00	$5,428.61
Atkinson, Herbert S., assistant chief clerk	7,819.96	3,909.98
Braswell, T. Edward, Jr., professional staff member	10,897.97	5,241.60
Dantzic, Maurine E., clerical assistant	4,665.41	2,273.43
Darden, William H., professional staff member	11,646.00	5,823.00
Earle, Georgia P., clerical assistant	5,334.57	2,585.91
Mudge, Verne D., professional staff member	11,646.00	5,823.00
Seeliger, R. Sara,[1] clerical assistant	4,378.64	936.00
Schweigert, Esther N.,[2] clerical assistant	4,378.64	1,188.00
Thompson, Helen A.,[3] clerical assistant	4,378.64	696.00
Welker, Mary M.,[4] clerical assistant	4,091.85	1,199.47

[1] Services terminated Mar. 20, 1954.
[2] As of Mar. 24, 1954.
[3] Services terminated Feb. 28, 1954.
[4] As of Mar. 16, 1954.

Funds authorized or appropriated for committee expenditures	$10,000.00
Amount authorized by S. Res. 255	10,000.00
Total authorization	20,000.00
Amount expended Jan. 1, 1953, to Dec. 31, 1953	6,915.44
Balance unexpended	13,084.56
Amount expended Jan. 1, 1954, to June 30, 1954	3,629.13
Balance unexpended	9,455.43

LEVERETT SALTONSTALL,
Chairman.

JULY 7, 1954.

COMMITTEE ON ARMED SERVICES

PREPAREDNESS INVESTIGATING STAFF

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Anton, James, special counsel	$9,073.03	$4,536.48
Cooper, Genevieve, secretary	4,474.23	2,237.10
Engle, Wallace L., investigator	5,716.93	2,858.46
Freese, Mary C., stenographer	4,378.64	2,189.28
Gilleas, Benjamin J., attorney	7,533.19	3,766.56
Johnson, Joanne C., stenographer, to Apr. 30	3,900.68	1,264.34
Linton, Therese W., clerical assistant	4,378.64	2,189.28
McDonald, M. Elithe, clerical assistant from Mar. 2 to Mar. 31	3,906.26	321.92
McGillicuddy, Daniel F., Jr., attorney	7,533.19	3,766.56
Miller, Mary M., clerk-typist	4,187.45	2,093.70
Morse, Frank B., attorney	9,570.74	4,785.36
Olson, Sara L., stenographer, to Jan. 3	$4,187.45	$34.89
Rhodes, Fred B., chief counsel	11,646.00	5,823.00
Sircom, Edith M., stenographer, from Feb. 15	3,900.68	1,473.56
Waldron, Glenn S., investigator	6,386.08	3,193.02

Funds authorized under S. Res. 86 agreed to Mar. 18, 1953	$167,000.00
Balance unexpended as of Dec. 31, 1953	80,639.72
Amount expended	5,164.34
Balance unexpended Jan. 31, 1954	75,475.38
Funds authorized or appropriated for committee expenditure under S. Res. 185, agreed to Jan. 26, 1954	150,000.00
Amount expended to June 30, 1954	37,801.30
Balance unexpended as of June 30, 1954	112,198.70

LEVERETT SALTONSTALL,
Chairman.

JULY 15, 1954.

COMMITTEE ON BANKING AND CURRENCY

(S. Res. 229, investigation of federal housing programs)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from April 23, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
William Simon, from June 11, general counsel	$11,646.00	$647.00
Thomas T. Kenney, from June 28, assistant counsel	11,646.00	97.05
Harry K. Cuthbertson, Jr., from June 1, staff assistant	8,644.09	720.34
John R. Hancock, from June 1, staff assistant	8,644.09	720.34
Joseph B. Kyle, from May 24, investigator	8,644.09	888.41
Edward F. Lyons, from June 14, investigator	7,150.81	337.67
James H. Walter, from June 16, staff assistant	6,003.71	250.15
Helen M. Naylon, from June 7, clerical assistant	4,283.04	285.53
Idell S. Courtaway, from June 8, clerical assistant	4,283.04	273.63
Lenore V. Beckington, from June 1, clerical assistant	4,283.04	356.92
Margaret McCormack, from June 15, clerical assistant	4,283.04	190.35
Carole S. Keyser, from June 21, clerical assistant	4,283.04	118.97
Marilyn Willmore, from June 15, clerical assistant	3,613.89	160.61
Clarence M. Dinkins, from June 30, assistant counsel	8,644.09	24.01
William H. Cook, from June 29, staff assistant	5,143.38	28.57
Anthony Zabiegalski, Jr., from June 29, staff assistant	6,003.71	33.35

Funds authorized or appropriated for committee expenditure 83d Cong	$150,000.00
Amount expended through June 30, 1954	8,591.89
Balance unexpended	141,408.11

HOMER E. CAPEHART,
Chairman.

JULY 15, 1954.

COMMITTEE ON BANKING AND CURRENCY

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June

30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Ira Dixon, chief clerk	$11,646.00	$5,823.00
Ray S. Donaldson, staff director	11,646.00	5,823.00
A. Lee Parsons, assistant clerk	11,646.00	5,823.00
Joseph P. McMurray, economic consultant	11,646.00	5,823.00
William F. McKenna, counsel	11,646.00	5,823.00
Norman W. Stevenson, counsel	11,646.00	5,823.00
Florence Barr, clerical assistant	5,908.12	2,954.06
Pauline C. Beam, clerical assistant	5,334.57	2,667.28
Henrietta S. Chase, clerical assistant	5,908.12	2,954.06
Caro M. Pugh, clerical assistant	5,334.57	2,667.28

Funds authorized or appropriated for committee expenditure, 83d Cong	$20,000.00
Amount expended through June 30, 1954	15,270.39
Balance unexpended	4,729.61

HOMER E. CAPEHART,
Chairman.

JULY 15, 1954.

COMMITTEE ON BANKING AND CURRENCY

(S. Res. 42 and S. Res. 182, investigating problems relating to economic stabilization and mobilization)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from ——, 195—, to ——, 195—, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
John L. Douglas, staff assistant	$8,644.09	$4,322.04
Pauline Chaternuck, through Apr. 30, clerical assistant	5,047.77	1,682.56
Carl H. Wilken, through Feb. 28, staff assistant	8,644.09	1,440.68
Sigmund Timberg, from Feb. 5–9, counsel	11,646.00	161.75
Lucye L. Summers, from Feb. 6 to May 31, clerical assistant	5,047.77	1,612.45
John R. Hancock, Feb. 26 to May 31, staff assistant	8,005.36	2,112.51
Walter H. Moorman, per diem, counsel	32.35	1,488.10

Funds authorized or appropriated for committee expenditure, 83d Cong	$66,540.29
Amount expended through June 30, 1954	27,641.41
Balance unexpended	38,898.88

HOMER E. CAPEHART,
Chairman.

JULY 15, 1954.

COMMITTEE ON BANKING AND CURRENCY

(S. Res. 25 and S. Res. 183, study of Export-Import Bank and International Bank)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Raymonde A. Clarke,[1] staff assistant	$7,533.19	$2,471.21
Dorothy H. Devine, clerical assistant	4,856.61	2,308.77
Marjorie M. Fults,[2] clerical assistant	3,613.80	602.30
Donald L. Rogers, staff assistant	$7,246.41	$3,025.70
Dorothy C. Valeo,[3] clerical assistant	5,238.97	174.63
Dorothy L. McCaffrey, clerical assistant	4,665.41	2,039.48
Harry K. Cuthbertson, Jr.,[4] staff assistant	8,552.84	2,138.19
Henry F. Holthusen,[5] general counsel	32.35	4,852.50

[1] Leave of absence Apr. 1 through May 31.
[2] Through Feb. 28.
[3] Jan. 4–15.
[4] From Feb. 1, 1954.
[5] Mar. 1 through May 31.
[6] Per diem.

Funds authorized or appropriated for committee expenditure, 83d Cong	$150,000.00
Amount expended through June 30, 1954	50,558.84
Balance unexpended	99,441.16

HOMER E. CAPEHART,
Chairman.

JULY 12, 1954.

COMMITTEE ON THE DISTRICT OF COLUMBIA

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Robert C. Albrook, chief clerk	$11,646.00	$5,823.00
Jesse D. Coon, professional staff member	11,646.00	5,823.00
William P. Gulledge, professional staff member	11,395.68	5,649.45
Arlene B. Williams, clerical assistant	6,099.30	3,049.62
Ruth W. Bryant, clerical assistant	6,003.71	3,001.80

Funds authorized or appropriated for committee expenditure	$10,000.00
Amount expended, 83d Cong	5,613.35
Balance unexpended	4,386.65

FRANCIS CASE,
Chairman.

JULY 12, 1954.

COMMITTEE ON THE DISTRICT OF COLUMBIA

SUBCOMMITTEE TO INVESTIGATE TRANSPORTATION SERVING THE DISTRICT OF COLUMBIA

(Pursuant to S. Res. 140 and S. Res. 192)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees.

Contract entered into with firm of Ernst & Ernst, accountants and auditors, which was authorized to conduct the investigation.

Funds authorized or appropriated for subcommittee expenditure, 83d Congress	$35,000.00
Amount expended, 83d Congress	34,787.74
Balance unexpended	212.26

FRANCIS CASE,
Chairman.

JULY 15, 1954.

COMMITTEE ON FINANCE

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Elizabeth B. Springer, chief clerk	$10,649.11	$5,324.52
Betty Mae Tapy, clerical assistant	6,003.71	3,001.80
Rosemary Voigt, clerical assistant (to Apr. 25)	4,569.81	1,459.77
Evelyn R. Thompson, clerical assistant (from Mar. 10)	4,952.20	1,472.74
Helen Morrow, clerical assistant (from Apr. 5 to June 15)	3,805.08	750.43
Helen Sheflett, clerical assistant (from June 18)	3,805.08	137.40
Janice E. Graybeal, clerical assistant (from Apr. 26)	4,952.20	888.82
Jesse R. Nichols, clerical assistant	4,856.61	2,256.78
Serge N. Benson, professional staff	11,646.00	5,823.00
Fedele F. Fauri, professional staff (from June 14)	11,646.00	549.95

Funds authorized or appropriated for committee expenditure, 83d Cong	$10,000.00
Amount expended	4,107.57
Balance unexpended	5,892.43

E. D. MILLIKIN,
Chairman.

JULY 14, 1954.

COMMITTEE ON FOREIGN RELATIONS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Francis O. Wilcox, professional staff member	$11,646.00	$5,823.00
Carl M. Marcy, professional staff member	11,656.00	5,823.00
Julius N. Cahn, professional staff member	11,646.00	5,823.00
Alwyn V. Freeman, professional staff member	11,646.00	5,823.00
C. C. O'Day, chief clerk	11,646.00	5,823.00
Pat M. Holt, assistant chief clerk	11,646.00	5,823.00
Emmett M. O'Grady, clerical assistant	5,908.12	2,954.04
Morella R. Hansen, clerical assistant	6,194.89	3,097.44
Nancy L. Hanschman, clerical assistant (to Apr. 23, 1954)	5,430.16	1,704.45
June C. Pitts, clerical assistant	5,525.75	2,640.68
Mary A. Sames, clerical assistant	4,761.00	2,380.50
Doris B. Covington, clerical assistant (from May 5, 1954)	[1] 5,047.77	785.19
Robert C. Dolan, clerical assistant (from Apr. 6, 1954)	[1] 4,856.61	1,146.68

[1] Under authority of S. Res. 179 agreed to Jan. 26, 1954.

Funds authorized or appropriated for committee expenditure, 83d Cong	$59,000.00
Amount expended, 83d Cong	15,040.55
Balance unexpended	43,959.45

ALEXANDER WILEY,
Chairman.

JULY 11, 1954.

COMMITTEE ON FOREIGN RELATIONS

SUBCOMMITTEE ON REVIEW OF THE UNITED NATIONS CHARTER

(Under authority of S. Res. 126, agreed to July 28, 1953, and S. Res. 193, agreed to January 26, 1954)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each

person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Russell D. L. Wirth, Jr., assistant clerk (from June 21, 1954)	$5,525.75	$153.49

Funds authorized or appropriated for committee expenditure, 83d Cong	$75,000.00
Amount expended, 83d Cong	34,263.64
Balance unexpended	40,736.36

NOTE.—The detail of certain personnel of the Library of Congress to the subcommittee on a reimbursable basis was authorized by the Committee on Rules and Administration, for services rendered.

ALEXANDER WILEY,
Chairman.

JULY 14, 1954.

COMMITTEE ON FOREIGN RELATIONS

SUBCOMMITTEE STUDYING FOREIGN INFORMATION PROGRAMS

(Under S. Res. 74, agreed to June 30, 1952; S. Res. 44, agreed to February 20, 1953; and S. Res. 117, agreed to June 11, 1953)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Henry F. Holthusen,[1] special consultant (from Oct. 12, 1953, to Nov. 30, 1953)	[1] $32.35	$1,488.10
Lenore S. Dowell, clerk (from Oct. 12, 1953, to Nov. 30, 1953)	9,238.93	1,257.51

[1] Per day when actually employed.

Funds authorized or appropriated for committee expenditure from June 30, 1952 (S. Res. 74, S. Res. 44, and S. Res. 117)	$75,000.00
Amount expended from June 30, 1952	53,251.20
Balance unexpended	21,748.80

ALEXANDER WILEY,
Chairman.

B. B. HICKENLOOPER,
Subcommittee Chairman.

JULY 1, 1954.

COMMITTEE ON GOVERNMENT OPERATIONS

SUBCOMMITTEE ON REORGANIZATIONS

(S. Res. 184)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from February 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

No funds expended for subcommittee personnel, and no expenses incurred. Work performed by staff of Committee on Government Operations.

Funds authorized or appropriated for subcommittee expenditure under S. Res. 184	$9,837.84
Amount expended	
Balance unexpended	9,837.84

MARGARET CHASE SMITH,
Subcommittee Chairman.

Approved:

JOE MCCARTHY,
Chairman.

JULY 1, 1954.

COMMITTEE ON GOVERNMENT OPERATIONS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Walter L. Reynolds, chief clerk	$11,646.00	$5,823.00
Donald F. O'Donnell, assistant chief clerk (to Jan. 31, 1954)	9,073.03	756.08
Ann M. Grickis, assistant chief clerk (from Feb. 1, 1954)	6,864.04	2,860.00
Richard J. O'Melia, general counsel	11,646.00	5,823.00
Francis D. Flanagan, chief counsel (to Jan. 20, 1954)	11,646.00	647.00
Glenn K. Shriver, professional staff member	11,312.73	5,656.32
Eli E. Nobleman, professional staff member	11,646.60	5,791.83
Emily I. Tennyson (Mrs.), clerical assistant	5,047.77	2,523.84
Ray Barnett, clerical assistant	4,952.20	2,476.08
Katharine M. Ellis (Mrs.), clerical assistant (to Feb. 15, 1954)	4,952.20	619.02

Funds authorized or appropriated for committee expenditure, 83d Cong	$10,000.00
Amount expended to date	5,473.92
Balance unexpended	4,526.08

JOE MCCARTHY,
Chairman.

JULY 15, 1954.

SENATE PERMANENT SUBCOMMITTEE ON INVESTIGATIONS OF THE COMMITTEE ON GOVERNMENT OPERATIONS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
C. George Anastos, assistant counsel	$8,005.36	$3,908.02
Edith H. Anderson, assistant clerk	5,334.57	2,619.44
Karl H. W. Baarslag, research director	10,068.45	5,034.18
John W. Beck, messenger from Feb. 10	2,432.13	952.55
Daniel G. Buckley, assistant counsel	7,342.00	3,591.32
Maxine B. Buffalohide, assistant clerk	4,378.64	2,157.42
Francis P. Carr, Jr., executive director	11,646.00	5,823.00
Roy M. Cohn, chief counsel	11,646.00	5,823.00
Robert A. Collier, investigator from Apr. 14 to May 23	11,646.00	1,326.35
Margaret W. Duckett, assistant clerk	4,091.85	1,998.10
LaVern Duffy, investigator from Mar. 19	6,099.30	1,728.12
Rosemary Engel, assistant clerk	4,187.45	2,093.70
Ann M. Grickis, chief assistant clerk, to Jan. 31	6,864.04	572.00
Herbert S. Hawkins, investigator	8,279.10	4,093.90
Solis Horowitz, assistant counsel, from Apr. 14 to June 30	11,646.00	2,490.95
Ray H. Jenkins, special chief counsel from Apr. 14	11,646.00	2,490.95
James N. Juliana, investigator	10,151.40	4,626.35
Robert F. Kennedy, chief counsel to minority from Feb. 23	11,646.00	4,140.80
Thomas W. LaVenia, assistant counsel	10,151.40	5,006.55
Pauline S. Larrimore, assistant clerk	4,283.04	2,141.52
Charles A. Maner, secretary from Apr. 14	11,646.00	2,490.95
Robert J. McElroy, investigator	6,290.49	3,005.80
Frances P. Mims, assistant clerk	5,047.77	2,523.84
Mary E. Morrill, assistant clerk, from Feb. 1	4,474.23	2,205.24
Donald F. O'Donnell, assistant counsel, from Apr. 14 to June 30	$10,151.40	$3,870.27
Thomas R. Prewitt, assistant counsel	11,646.00	2,490.95
Donald A. Surine, assistant counsel	11,646.00	5,746.83
Nina W. Sutton, assistant clerk, from Mar. 1	5,334.57	2,667.24
Charles E. Tracy, investigator	6,003.71	2,001.20
Ruth Young Watt, chief clerk	5,812.53	2,906.22

Funds authorized or appropriated for committee expenditure	$231,286.49
Amount expended	126,983.80
Balance unexpended	104,302.69

JOE MCCARTHY,
Chairman.

JULY 15, 1954.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Kirkley S. Coulter, chief clerk	$11,646.00	$5,823.00
Nellie D. McSherry, assistant chief clerk	9,238.93	4,619.47
Albert A. Grorud, professional staff member	11,646.00	3,882.00
Elmer K. Nelson, professional staff member	11,646.00	3,882.00
Stewart French, professional staff member	11,646.00	5,823.00
George B. Holderer, professional staff member	9,902.55	4,951.28
Marie Mathew, clerical assistant	5,238.97	2,619.49
Rosemary Donnelley, clerical assistant	5,047.77	2,523.84
Thelma C. Leach, clerical assistant	5,047.77	2,523.84
Dorothy A. Davis, clerical assistant	5,047.77	2,523.84

Funds authorized or appropriated during 83d Cong. for committee expenditure	$30,000.00
Amount expended Jan. 1, 1953, to June 30, 1954	20,712.95
Balance unexpended	9,287.05

GUY CORDON,
Chairman.

JULY 15, 1954.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

SUBCOMMITTEE INVESTIGATING THE AVAILABILITY AND ACCESSIBILITY OF CRITICAL RAW MATERIALS

(Under authority of S. Res. 235, agreed to April 28, 1954)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Jerome S. Adlerman, professional staff (assistant counsel)	$9,902.55	$4,451.28
Cecelia A. Hoban, clerical assistant	4,761.00	1,983.75
Adele R. O'Connor, clerical assistant	3,805.08	1,902.54
Jerry B. House [1] professional staff member	7,533.19	2,239.01

[1] Terminated May 2, 1954.

Funds authorized or appropriated for committee expenditure	$50,000.00
Amount expended	37,488.28
Balance unexpended	12,511.72

GUY CORDON,
Chairman.

JULY 15, 1954.

COMMITTEE ON INTERIOR AND INSULAR AFFAIRS

SUBCOMMITTEE INVESTIGATING THE FUEL RESERVES OF THE UNITED STATES

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Cecelia A. Hoban, clerical assistant	$4,761	$335

Funds authorized or appropriated for committee expenditure from prior authority	$9,123.12
Amount expended	5,241.65
Balance unexpended	3,881.47

GUY CORDON,
Chairman.

JULY 7, 1954.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Pursuant to S. Res. 135, to investigate certain problems relating to interstate and foreign commerce, agreed to July 28, 1953, continued from S. Res. 41, agreed to January 30, 1953)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to January 31, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Butz, John R., clerical assistant	$6,003.71	$500.30
Drewry, John M., special counsel	11,646.00	970.50
Woodruff, Franklin, professional staff member	9,238.93	769.91

Funds authorized or appropriated for committee expenditure (balance January 1, 1954)	$32,722.83
Amount expended	4,627.98
Balance unexpended	28,094.85

JOHN W. BRICKER,
Chairman.

JULY 7, 1954.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Subcommittee pursuant to S. Res. 173, agreed to January 26, 1954, to investigate certain problems relating to interstate and foreign commerce)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from February 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Bourbon, August J., staff member, from Feb. 15	$9,238.93	$3,079.64
Butz, John R., clerical assistant, from Feb. 2	6,003.71	2,484.83
Drewry, John M., special counsel, Feb. 1 to Mar. 15	1,646.00	1,455.75
Fadely, Catherine E., clerical assistant, began Mar. 1	4,569.81	1,523.24
Lawbosky, Barbara, clerical assistant, Feb. 16, 17	4,474.23	24.85
Murphy, Margaret Mary, clerical assistant, from Apr. 12	4,187.45	918.90
Rogers, Kathryn B., clerical assistant, from June 1	4,474.23	372.85
Thompson, Helen A., clerical assistant, from Mar. 1	5,334.57	1,778.16
Webster, Donald D., special counsel, from Feb. 20	11,646.00	4,237.85
Woodruff, Franklin, professional staff member, Feb. 1 to Mar. 3	9,238.93	846.90

Funds authorized or appropriated for committee expenditure	$115,000.00
Amount expended	19,625.29
Balance unexpended	95,374.71

JOHN W. BRICKER,
Chairman.

JULY 7, 1954.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Cecelia M. Cook, clerical assistant	$5,716.93	$2,858.46
Harriet S. Gray, clerical assistant	5,716.93	2,858.46
Edward S. Jarrett, assistant chief clerk	11,646.00	5,823.00
Edward R. Jelsma, professional staff member	11,646.00	5,823.00
Robert D. L'Heureux, chief counsel	11,646.00	5,823.00
Vera B. Rudolph, clerical assistant	6,290.49	3,145.24
Martha P. Shaffer, clerical assistant	5,716.93	2,858.46
Edward C. Sweeney, professional staff member	11,646.00	5,823.00
Bertram O. Wissman, chief clerk	11,646.00	5,823.00
Nicholas Zapple, professional staff member	11,646.00	5,823.00

Funds authorized or appropriated for committee expenditure, balance, Jan. 1, 1954	$4,929.33
Amount expended	4,711.65
Balance unexpended	217.68

JOHN W. BRICKER,
Chairman.

JULY 12, 1954.

COMMITTEE ON THE JUDICIARY

SUBCOMMITTEE TO INVESTIGATE PROBLEMS CONNECTED WITH EMIGRATION OF REFUGEES AND ESCAPEES

(S. Res. 326, 82d Cong., and S. Res. 68, 83d Cong., agreed to April 22, 1953; and S. Res. 188, agreed to January 26, 1954)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Eleanor C. Guthridge, research assistant and attorney	$10,068.45	$5,034.18
Adele V. Beaton, clerical assistant from Mar. 22, 1954	4,856.61	1,335.54

Funds authorized or appropriated for committee expenditure	$46,903.22
Amount expended	13,548.37
Balance unexpended	33,354.85

WILLIAM LANGER,
Chairman.

JULY 14, 1954.

COMMITTEE ON THE JUDICIARY

SUBCOMMITTEE TO INVESTIGATE NATIONAL PENITENTIARIES

(Under S. Res. 187, agreed to Jan. 26, 1954)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Funds authorized or appropriated for committee expenditure	$5,000.00
Amount expended	260.78
Balance unexpended	4,739.22

WILLIAM LANGER,
Chairman.

JULY 12, 1954.

COMMITTEE ON THE JUDICIARY

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Joseph A. Davis, chief clerk	$11,646.00	$5,823.00
J. G. Sourwine, professional staff member	11,646.00	5,823.00
J. Carlisle Ruddy, professional staff member	11,646.00	5,823.00
Wayne H. Smithey, professional staff member	11,646.00	5,823.00
George S. Green, professional staff member	11,646.00	5,823.00
Thomas B. Collins, professional staff member	11,646.00	5,823.00
James L. Miller, professional staff member	11,646.00	5,823.00
Mary I. Rogers, assistant chief clerk	7,533.19	3,766.56
Mildred E. Canon, clerical assistant	6,481.67	3,240.78
Miriam O. Fox, clerical assistant	6,481.67	3,240.78
Carrie Lee Connor, clerical assistant	6,481.67	3,240.78
Naomi Hankins, clerical assistant	6,003.71	3,001.80
Richard F. Wambach, clerical assistant	5,430.16	2,667.26
Costas D. Chrissos, clerical assistant	6,481.67	3,240.78
H. Joan Sheaff, clerical assistant, to Jan. 31	6,481.67	540.13
Katharine M. Ellis, clerical assistant, from Feb. 16	6,481.67	2,430.58

Funds authorized or appropriated for committee expenditure	$18,987.49
Amount expended	9,923.71
Balance unexpended	9,063.78

WILLIAM LANGER,
Chairman.

JULY 12, 1954.

COMMITTEE ON THE JUDICIARY

SUBCOMMITTEE ON TRADING WITH THE ENEMY ACT

(Under authority of S. Res. 227, 83d Cong.)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
William A. Stevens, clerk, to Jan. 31, 1954, and from May 16, 1954	$5,238.97	$1,027.72
Nannette H. Day, clerk-secretary, from May 16, 1954	2,674.68	334.33
Ina W. McArthur, secretary, to Jan. 31, 1954	4,665.41	388.78

Funds authorized or appropriated for committee expenditure	$42,285.41
Amount expended	5,891.94
Balance unexpended	36,393.47

WILLIAM LANGER,
Chairman.
EVERETT M. DIRKSEN,
Subcommittee Chairman.

JULY 9, 1954.

COMMITTEE ON THE JUDICIARY

SUBCOMMITTEE TO INVESTIGATE THE ADMINISTRATION, OPERATION, AND ENFORCEMENT OF THE INTERNAL SECURITY ACT OF 1950

(Under authority of S. Res. 172, agreed to January 27, 1954)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Baker, Dorothy C., clerk	$6,481.67	$3,240.78
Beaird, Peggy S., clerk (from Mar. 1)	4,091.85	1,363.92
Brown, James M., consultant (from Mar. 11)	8,644.09	2,641.24
Cardiello, James A., legal investigator	3,709.49	1,854.72
Carpenter, Alva C., counsel (from June 1)	11,646.00	970.50
Duffy, Edward R., investigator	8,907.12	4,453.56
Fisher, Herman E., clerk (part time)	3,422.72	1,711.32
Fluegel, Edna R., staff member (part time)	4,761.00	2,380.50
Franks, George W., clerk (part time)	3,709.49	1,854.72
Grimes, Charles P., chief counsel (from Jan. 18)	11,646.00	5,273.05
Haaser, Stephen G., research assistant	8,279.10	4,139.52
Humphreys, Marilyn H., clerk	4,856.61	2,428.26
Humphreys, Robert C., Jr., clerk (from June 1)	2,515.29	209.60
Latimer, J. Austin, consultant (from Jan. 28 to Feb. 28)	9,073.03	831.68
Lowell, William E., editorial director	11,646.00	5,823.00
MacDevitt, Mary J., clerk	5,525.75	2,762.82
Maher, Maree R., typist (to June 7)	4,856.61	2,117.98
Malaney, Elinor L., clerk	5,525.75	2,762.82
Mandel, Benjamin, research director	11,646.00	5,823.00
McDonnell, Vyonne G., clerk	5,525.75	2,762.82
McManus, Robert C., staff member	11,395.68	5,697.84
Mercer, Doris L., clerk	5,525.75	2,523.84
Somes, Naomi W., clerk	5,334.57	2,667.24
Stravopolos, Mary, secretary (from June 1)	4,856.61	404.71

Funds authorized or appropriated for committee expenditure	$235,879.55
Amount expended	86,356.43
Balance unexpended	149,523.12

WILLIAM LANGER,
Chairman.
WILLIAM E. JENNER,
Subcommittee Chairman.

JULY 9, 1954.

COMMITTEE ON THE JUDICIARY

SUBCOMMITTEE TO INVESTIGATE JUVENILE DELINQUENCY IN THE UNITED STATES

(Under S. Res. 89, agreed to June 1, 1953, and S. Res. 190, agreed to January 27, 1954)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Hannoch, Herbert J., chie. counsel (to May 1)	$11,646.00	$3,914.35
Beaser, Herbert W., chief counsel	11,646.00	5,231.38
Bobo, James H., assistant counsel	10,566.16	4,723.12
Christiansen, Jane-Barrie, typist (to Mar. 15)	3,805.08	711.22
Chumbris, Peter N., assistant counsel-investigator (from Apr. 12)	8,552.84	1,139.95
Clendenen, Richard, executive director (from Mar. 1)	11,646.00	3,882.00
Gibbons, Richard M., file clerk-liaison (from Feb. 22)	4,187.45	1,500.48
Goff, Donald H., consultant	2,515.29	1,010.23
Hart, Edward, consultant (to Mar. 15, 1954, and from Mar. 23, 1954)	4,856.61	2,333.82
Holloway, Mary F., clerical assistant	5,143.38	2,356.55
Jensen, Floyd A., investigator (from May 15)	6,864.04	877.06
Lankler, Celeste S., typist (to Jan. 15)	3,063.95	127.66
McArthur, Ina W., clerical assistant (from Feb. 1)	4,665.41	1,832.39
Miniclier, Louis M., social services consultant (from Mar. 15 to May 31)	8,990.07	1,897.89
Morris, Charles V., administrative assistant (from Apr. 12)	6,003.71	1,317.46
Mowery, Edward J., public relations consultant (from Apr. 9)	10,566.16	2,406.72
Perian, Carl L., investigator	2,903.37	1,068.09
Schonberger, Claude M., investigator	5,430.16	2,672.47
Sears, Lillian F., clerical assistant	4,856.61	2,141.47
Shawn, E. Luise, administrative secretary	6,864.04	3,288.58
Sullins, Gary W., investigator (from Feb. 22)	5,238.97	1,877.29
Sullivan, Thomas S., investigator (from May 24)	6,003.71	617.03
Tompson, Mary E., clerical assistant	4,665.41	2,117.58
Fredericksen, Walter A., investigator [1]	5,430.16	482.67
Henry, Verner V., investigator [1]	3,613.89	160.61
Klein, Alfred M., consultant [1]	3,613.89	110.41
Lacaire, Anthony S., investigator [1]	5,430.16	648.58
Leonard, Charles W., investigator [1]	6,194.89	843.18
Langlois, Harold V., chief investigator [1]	3,613.89	562.14
McDivitt, C. Boyd, investigator [1]	3,613.89	150.56
Veney, Lawson J., consultant [1]	3,613.89	441.68

[1] Per diem when actually employed.

Funds authorized or appropriated for committee expenditure, 83d Cong	$189,613.47
Amount expended, 83d Cong	77,383.48
Balance unexpended	112,229.99

WILLIAM LANGER,
Chairman.
ROBERT C. HENDRICKSON,
Subcommittee Chairman.

JULY 10, 1954.

COMMITTEE ON THE JUDICIARY

IMMIGRATION AND NATURALIZATION

(S. Res. 48, agreed to January 30, 1953, and S. Res. 181, agreed to January 26, 1954)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Arens, Richard, staff director	$11,646.00	$5,823.00
Arens, William H., staff member	8,990.07	4,495.02
Ashcraft, Ann, clerk (from Jan. 26, 1954)	3,805.08	1,638.29
Barley, Carole B., clerk (to June 30, 1954)	4,569.81	2,284.86
Blair, Drury H., staff member	9,570.74	4,785.36
Burton, Robert R., staff member	9,902.55	4,160.76
Cameron, Betty C., clerk	4,569.81	2,284.86
DeGooyer, Franzetta R., clerk (from June 1, 1954)	4,569.81	312.00
McCloskey, Mary J., clerk	5,525.75	4,702.38
Mesmer, Fred M., staff member	9,404.83	4,702.38
Schroeder, Frank W., investigator	9,902.55	4,951.26
Theurer, Gary L., clerk	2,827.14	1,413.54

Funds authorized or appropriated for committee expenditure	$93,370.41
Amount expended	39,751.56
Balance unexpended	53,618.85

WILLIAM LANGER,
Chairman.
A. V. WATKINS,
Subcommittee Chairman.

JULY 8, 1954.

COMMITTEE ON LABOR AND PUBLIC WELFARE

SUBCOMMITTEE TO INVESTIGATE WELFARE FUNDS AND PENSION PLANS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from June 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Leece, William A., chief counsel and staff director (from June 16)	$11,646.00	$970.50
Coburn, William H., assistant chief counsel (from June 1)	11,646.00	970.50
Cordes, S. Whitman, chief investigator (from May 16)	11,646.00	1,455.75
Sornson, Louis W., investigator (from June 7)	9,073.03	604.86
MacIntyre, Duncan M., investigator (from June 10)	9,073.03	529.25
Kuhl, Arthur M., chief clerk (from June 1)	5,430.16	452.51
Montier, Gladys E., secretary (from June 1)	4,952.20	412.68
Gilmore, Scally, clerk-stenographer (from June 1)	4,856.61	404.71
Christofferson, Alice R., stenographer (from June 21)	4,091.85	113.66

Funds authorized or appropriated for committee expenditure, 83d Cong	$75,000.00
Amount expended, 83d Cong	11,203.21
Balance unexpended	63,796.79

H. ALEXANDER SMITH,
Chairman.

JULY 17, 1954.

COMMITTEE ON LABOR AND PUBLIC WELFARE

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June

30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Roy E. James, chief clerk	$11,646.00	$5,823.00
William H. Coburn,[1] assistant chief clerk (to May 31, 1954)	11,646.00	4,852.50
Richard L. Callaghan, assistant chief clerk (from June 1, 1954)	11,646.00	970.50
Crawford C. Heerlein, clerical assistant	6,290.49	3,145.20
Thelma W. Blankenship, clerical assista[illegible]	5,812.53	2,906.22
Paul Sa[illegible]ple, clerical assistant	5,812.53	2,906.22
Barbara J. Anderson,[2] clerical assistant (to Mar. 31, 1954)	4,952.20	1,238.04
Loretta A. Hogan, clerical assistant	4,952.20	2,476.08
Alice H. Price, clerical assistant	4,952.20	2,380.47
Helyn Eagle, clerical assistant (from Apr. 1, 1954)	4,569.81	1,142.43
Helen H. Papps, clerical assistant	4,952.20	2,476.08
Marjorie M. Whittaker, clerical assistant	4,952.20	2,476.08
Melvin W. Sneed, professional staff member	11,646.00	5,823.00
Michael J. Bernstein, professional staff member	11,646.00	5,823.00
John D. Stringer, professional staff member (from Jan. 25, 1954)	8,552.84	3,706.19
William G. Reidy, professional staff member	11,646.00	5,823.00

[1] Transferred to Welfare Fund Subcommittee, June 1, 1954.
[2] Resigned.

Funds authorized or appropriated for committee expenditure, 83d Cong	$15,000.00
Amount expended, 83d Cong	9,431.48
Balance unexpended	5,568.52

H. ALEXANDER SMITH,
Chairman.

JULY 7, 1954.

COMMITTEE ON POST OFFICE AND CIVIL SERVICE

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 3, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Paschal, Frank A., chief clerk and staff director	$11,646.00	$5,823.00
Johnson, R. W., counsel	11,646.00	5,823.00
Brawley, H. W., professional staff member	11,646.00	5,823.00
Irwin, Mary, professional staff member	11,646.00	5,823.00
Bobo, Virginia, clerical assistant	5,716.93	2,858.46
Homan, Colette E., clerical assistant	6,481.67	3,240.78
McElroy, Marty, clerical assistant	5,143.38	2,571.66
Paramore, Mary Anne, clerical assistant	5,334.57	2,667.24
Sutherland, Mary H., clerical assistant	4,856.61	2,428.26
Yutenkas, Alice,[1] clerical assistant (from Apr. 12)	4,846.61	1,065.73

[1] Under authority S. Res. 221 agreed to Apr. 7, 1954.

Funds authorized or appropriated for committee expenditure	$10,000.00
Amount expended	4,132.66
Balance unexpended as of June 30, 1954	5,867.34

FRANK CARLSON,
Chairman.

JULY 7, 1954.

COMMITTEE ON POST OFFICE AND CIVIL SERVICE
INVESTIGATING THE POSTAL SERVICE

(Under S. Res. 49, agreed to March 6, 1953, and S. Res. 197, agreed to February 1, 1954)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 3, 1954, to March 31, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Compton, Glenn C., investigator-analyst (to Jan. 31)	$11,646.00	$970.50
Fadely, Catherine E., clerical assistant (to Feb. 28)	4,856.61	809.42
Healey, Frank G., investigator-analyst (to Mar. 31)	6,003.71	1,500.90
Kitchen, Annelle, clerical assistant (to Mar. 15)	4,856.61	1,011.77

Funds authorized or appropriated for committee expenditure	$100,000.00
Amount expended	76,377.58
Balance unexpended as of Mar. 31, 1954	23,622.42

FRANK CARLSON,
Chairman.

JULY 1, 1954.

COMMITTEE ON PUBLIC WORKS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to July 1, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Bassett, Ellsworth W., professional staff	$11,646.00	$5,823.00
Fox, Thomas F., clerical staff	6,003.71	2,928.61
Kapnic, Charles N., chief clerk	11,646.00	5,823.00
Luschyk, Mary, clerical staff	4,569.81	2,284.90
Martinez, John L. (minority), clerical staff	6,481.67	3,240.83
Ortiz, Frances (minority), professional staff	11,646.00	5,823.00
Porter, Eloise, assistant clerk	7,437.59	3,718.79
Sneed, Theo W., professional staff	11,646.00	5,823.00

Funds authorized or appropriated for committee expenditure	$35,000.00
Amount expended	6,104.78
Balance unexpended	28,895.22

EDWARD MARTIN,
Chairman.

JULY 1954.

COMMITTEE ON RULES AND ADMINISTRATION

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Bookwalter, William F., chief clerk	$11,646.00	$5,823.00
St. Clair, Darrell, professional staff member	11,646.00	5,823.00
McLachlen, Ann E., clerical assistant	6,003.71	2,954.01
Jackson, Elaine H., clerical assistant	6,003.71	2,691.15
Gavin, B. Floy, clerical assistant	6,003.71	3,001.80
Greene, Eleanor L., clerical assistant	4,474.23	2,141.49
Ware, Wellford H., professional staff member (to May 19)	11,646.00	4,496.65
Hill, Burton S., professional staff member (to Mar. 31)	10,815.02	2,703.75
Kemp, L. Stanley, professional staff member (to May 15)	$8,990.07	$3,371.26
Berkovitch, Boris S., professional staff member (from June 15)	11,646.00	517.60
Strain, Mary L., assistant chief clerk (to May 15)	5,716.93	2,143.84
Troiano, Thelma M., assistant chief clerk (from June 16)	4,665.41	194.39

Funds authorized or appropriated for committee expenditure, 83d Cong	$10,000.00
Amount expended, 83d Cong	2,146.54
Balance unexpended	7,853.46

WILLIAM E. JENNER,
Chairman.

JULY 1954.

COMMITTEE ON RULES AND ADMINISTRATION
SUBCOMMITTEE ON PRIVILEGES AND ELECTIONS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Benson, John W., investigator (to Apr. 4, 1954)	$7,819.96	$2,041.86
Cervantes, Hector H., investigator (from Jan. 11 to Feb. 22)	5,430.16	633.51
Garcia, Raymond B., investigator (from Jan. 11 to Feb. 17)	5,430.16	558.09
Gustafson, Howard S., investigator (from Jan. 11, to Feb. 17)	5,430.16	558.09
Kemp, L. Stanley, chief investigator (from May 16)	8,990.07	1,123.75
Majeski, Emma M., clerical assistant (to Apr. 4)	4,665.41	1,218.17
Philbin, Richard E., investigator (to Apr. 4)	8,005.36	2,090.27
Sanders, Evelyn P., clerical assistant (from Feb. 10 to Mar. 31)	3,613.89	511.95
Scott, Marilyn E., clerical assistant (to Apr. 4)	4,091.85	1,008.40
Smalley, Patricia N., clerical assistant (from Feb. 10 to Mar. 31)	3,613.89	511.95
Strain, Mary L., clerk (from May 16)	5,716.93	714.61
Troiano, Thelma M., clerical assistant (to June 15)	4,665.41	2,138.29
Webner, Ruth M., clerical assistant (to Jan. 3)	4,091.85	34.09

Funds authorized or appropriated for committee expenditure (S. Res. 137, Aug. 3, 1953, $37,500; S. Res. 234, May 21, 1954, $50,000)	$87,500.00
Amount expended	40,161.07
Balance unexpended	47,338.93

WILLIAM E. JENNER,
Chairman.

JULY 1, 1954.

SELECT COMMITTEE ON SMALL BUSINESS

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Byrne, Elizabeth A., assistant chief clerk	$5,621.34	$2,810.64
Forsythe, Robert A., professional staff member:		
Jan. 1–15	10,897.97	5,791.89
From Jan. 16	11,646.00	

Name and profession	Rate of gross annual salary	Total salary received
Henderson, Laurance G., professional staff member (to Apr. 6)	$11,646.00	$3,105.60
Harvey, Matthew J., clerical assistant (from Mar. 12)	5,525.75	1,673.04
Humphrey, Katherine J., clerical assistant	4,665.41	2,332.68
Jehle, Philip F., professional staff member	8,552.84	4,276.38
Laskey, Sara Betty, clerical assistant	4,378.64	2,189.28
Novak, Gertrude C., clerical assistant	4,474.23	2,237.10
O'Connor, Blake, professional staff member (from Apr. 7)	10,068.45	2,349.28
Ruppert, Minna L., chief clerk	9,653.69	4,826.82
Stults, Walter B., professional staff member:		
Jan. 1-Feb. 15	10,815.02	5,719.12
From Feb. 16	11,646.00	
Tucker, Margaret W., clerical assistant (to Mar. 11)	4,474.23	882.41

Funds authorized or appropriated for committee expenditure, 83d Cong	$10,000.00
Amount expended	None
Balance unexpended	10,000.00

EDWARD J. THYE,
Chairman.

JULY 1, 1954.

SELECT COMMITTEE ON SMALL BUSINESS

(Pursuant to S. Res. 115, agreed to July 8, 1953)

To the SECRETARY OF THE SENATE:

The above-mentioned committee, pursuant to Senate Resolution 123, 80th Congress, 1st session, submits the following report showing the name, profession, and total salary of each person employed by it and its subcommittees for the period from January 1, 1954, to June 30, 1954, together with the funds available to and expended by it and its subcommittees:

Name and profession	Rate of gross annual salary	Total salary received
Alfriend, Kate W. B., professional staff member	$5,047.77	$2,523.84
Amis, William D., investigator	9,321.88	4,660.92
Harvey, Matthew, professional staff member (to Mar. 11)	5,525.75	1,089.78
O'Connor, Blake, professional staff member (to Apr. 7)	10,068.45	2,684.89
Woodruff, Franklin, professional staff member (from Mar. 14)	9,321.88	3,029.60

Funds authorized or appropriated from June 12, 1952, to June 30, 1954, for committee expenditure (S. Res. 329 and 115)	$92,000.00
Amount expended	78,335.24
Balance unexpended	13,664.76

EDWARD J. THYE,
Chairman.

BILL AND JOINT RESOLUTION INTRODUCED

A bill and a joint resolution were introduced, read the first time and, by unanimous consent, the second time, and referred as follows:

By Mr. MURRAY (for himself and Mr. HUMPHREY):

S. 3766. A bill to provide that the referendum with respect to the national marketing quota for the 1955 crop of wheat shall be held not earlier than August 14, 1954, nor later than August 28, 1954; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. MURRAY when he introduced the above bill, which appear under a separate heading.)

By Mr. CASE:

S. J. Res. 178. Joint resolution to establish a Federal Highways Commission to make recommendations with respect to transcontinental and midcontinental highways; to the Committee on Public Works.

REFERENDUM RELATING TO NATIONAL MARKETING QUOTA FOR 1955 WHEAT CROP

Mr. MURRAY. Mr. President, the Agricultural Adjustment Act, as amended, requires that a referendum be held to determine whether our farmers favor marketing quotas on wheat. To qualify for price supports, a farmer must comply with the wheat acreage allotments established by the Secretary of Agriculture.

This year's referendum is scheduled for July 23, and, as yet, the American wheat farmer does not know at what level wheat price supports will be established. I feel that our farmers are entitled to know what they will be offered in the form of price supports if they choose to accept marketing controls. Such information should be available before the farmer votes on the referendum.

Several days ago I requested Secretary Benson to postpone the referendum until the Congress has completed action on the farm bill. The Secretary advises me that he has no authority under the law to extend the referendum date.

Therefore, on behalf of the Senator from Minnesota [Mr. HUMPHREY], and myself, I introduce for appropriate reference a bill which will serve to delay the holding of the referendum until Congress acts on the question of price support levels.

It is our hope that the Committee on Agriculture and Forestry will consider this proposed legislation without delay.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3766) to provide that the referendum with respect to the national marketing quota for the 1955 crop of wheat shall be held not earlier than August 14, 1954, nor later than August 28, 1954, introduced by Mr. MURRAY (for himself and Mr. HUMPHREY), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

REVISION OF ATOMIC ENERGY ACT OF 1946, AS AMENDED—AMENDMENT

Mr. GILLETTE (for himself, Mr. MAGNUSON, Mr. MORSE, Mr. MANSFIELD, Mr. MURRAY, Mr. HUMPHREY, Mr. LANGER, Mr. YOUNG, Mr. KEFAUVER, Mr. HENNINGS, Mr. LEHMAN, and Mr. JOHNSON of Colorado) submitted an amendment intended to be proposed by them, jointly, to the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes, which was ordered to lie on the table and to be printed.

GRANT OF RETROCESSION TO A STATE OF CONCURRENT JURISDICTION OVER CERTAIN LAND—CHANGE OF REFERENCE

Mr. MARTIN. Mr. President, I ask unanimous consent that the Committee on Public Works be discharged from the further consideration of the bill (H. R. 7111) to authorize the grant or retrocession to a State of concurrent jurisdiction over certain land, and that the bill be referred to the Committee on the Judiciary. I make this request for the reason that after initial study by the Committee on Public Works, it was believed that the bill deals with a matter which should properly come before the Committee on the Judiciary.

The VICE PRESIDENT. Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, and it is so ordered.

EXECUTIVE MESSAGE REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the Committee on Armed Services.

(For nominations this day received, see the end of Senate proceedings.)

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE RECORD

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the RECORD as follows:

By Mr. KEFAUVER:

Statement prepared by him containing extracts from a report and appraisal entitled "Anti-Semitic Activity in the United States," the report prepared and issued recently by the American Jewish Committee.

NEED FOR REINSTITUTION OF BEEF PURCHASING PROGRAM

Mr. CARLSON. Mr. President, the recent extreme heat and lack of rainfall in Kansas are causing the forced marketing of cattle and for this reason the market on these cattle is being forced to ruinously low prices.

Last year our section of the country went through a very disastrous period as far as the livestock producers were concerned and for the very same reason, and I sincerely hope we will not have to go through it again.

So far as the purchase of livestock is concerned, during the past few days I have received many telegrams, letters, and calls from people in our State urging that the Federal Government immediately reinstitute the beef purchase program.

I have discussed this subject with the Secretary of Agriculture, and am advised that the Department is greatly concerned about the situation and that it is sincerely hoped that we may expect some action in the very near future.

In my opinion, the beef purchase program, in order to be effective, should start at once. It would do much to sustain the price of cattle at our livestock markets. I am urging the Secretary to take immediate action.

Mr. President, I wish to include in the RECORD as a part of these remarks a copy of a recent telegram from Mr. M. J. Flynn, president of the Kansas City Livestock Exchange, and a copy of a

letter from Mr. A. G. Pickett, secretary of the Kansas Livestock Association.

There being no objection, the letters and telegram were ordered to be printed in the RECORD, as follows:

KANSAS CITY, MO.

The Honorable FRANK CARLSON,
Senate Office Building:

Recent high temperatures and low rainfall resulting in large number cows and calves coming to our market. Water shortage contributing to forced movement of livestock. Some 5,500 cows received at our market this week as large number as any week in June or July 1953. Values on cows and other young cattle in canner and cutter flesh approaching the lows of last year. This can rapidly develop into a very bad situation on this class of cattle. It would seem some plans for emergency action should be under consideration.

M. J. FLYNN,
President, Kansas City Livestock Exchange.

TOPEKA, KANS., *July 13, 1954.*

Senator FRANK CARLSON,
Senate Office Building,
Washington, D. C.

DEAR SENATOR CARLSON: The following night letter was sent to Secretary of Agriculture Ezra T. Benson, July 13:

"Record heat 114° common yesterday. No rain past 2 weeks in most of Kansas. Crops and grass are burning. Stock-water situation becoming critical. Forced cattle marketing started. Some truckers report bookings 2 weeks ahead. Beef purchase program, to be effective, should start at once. Price paid for beef should warrant stronger cattle prices. Contracts should be for delivery dates requiring immediate purchase by processors."

KANSAS LIVESTOCK ASSOCIATION,
A. G. PICKETT, *Secretary.*

The VICE PRESIDENT. Is there further morning business? If not, morning business is closed.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Michigan [Mr. FERGUSON].

THE ATOMIC GIVEAWAY

Mr. LEHMAN. Mr. President, the remarks I am about to make are based on such study of the bill as I have been able to make since the report on the bill was submitted on Tuesday afternoon.

The bill is a highly complex and highly technical one. I believe its provisions and implications are not understood by the great majority of the Members of the Senate. I believe the bill is so far-reaching in effect, and will so greatly control the destiny of the utilization of atomic energy in the United States for so long a period, that it should be studied most carefully by the Senate, not during a period of 2, 3, or 4 days, but for many times that period. During the short length of time that has been available or will be made available to us for study of the bill, there has not been, and will not be any means by which anyone could acquaint himself, even reasonably well, with all the highly technical provisions of the bill, or could evaluate with any degree of usefulness the widespread and long-term implications of this measure.

Mr. President, I am afraid that the American people have little conception of the far-reaching issues and the long-range impact of the proposed amendments to the Atomic Energy Act.

This bill before us, Mr. President, completely rewrites the McMahon Atomic Energy Act of 1946. It contains scores of provisions which will affect our lives and our children's lives and the lives of generations yet to come. It will set an entirely new pattern of atomic energy control and development, radically different from that set forth in the McMahon Act.

This is in spite of the fact that in his special message of February 17 to Congress, President Eisenhower stated that, in general, the McMahon Act "is still adequate to the Nation's needs."

President Eisenhower recommended two separate sets of amendments, one providing for a broader exchange of atomic information with our allies, and another to provide for greater participation by private industry in the atomic-energy-development field.

I have no quarrel with either of these two objectives, although obviously the most urgent question is that of permitting a freer flow of essential atomic information between ourselves and our allies. This is essential to our national security. This is essential to the maintenance of our precious unity with our allies. This is necessary in order to build up atomic military strength within the free world.

I agree that legislation accomplishing this purpose should and must be enacted at this session; it cannot wait; nor is the proposed legislation to accomplish this purpose so complicated that it cannot be carefully considered, debated, and enacted without delay. In this respect, the pending bill, in its present form, does not satisfy me; nor does it satisfy the Senator from Rhode Island [Mr. PASTORE], as is brought out by that distinguished member of the joint committee in his statement of separate views. The provisions dealing with exchange of atomic information with our allies should be appropriately amended and passed.

But, Mr. President, the other aspect dealt with by President Eisenhower in his message of February 17, and dealt with in the sweeping proposed legislation before us, namely, the peacetime development of atomic energy, is far more complex. It also has a far wider range of implications for the welfare, prosperity, and economic development of our country. It can, and may very well, determine the complete direction of our economic institutions.

This, Mr. President, is not a matter to be considered lightly, briefly, or superficially. This is a matter in which each Member of the Senate bears a heavy responsibility, of which he cannot divest himself, and which he cannot pass on, in the last analysis, to any committee or group of Senators.

This affects my State so powerfully that I cannot let this proposed legislation go by without the most searching analysis, without the most comprehensive study on my part, without demanding and insisting upon the most comprehensive debate on each jot and title of this aspect of the legislation.

Mr. President, the whole economic form and structure of the Nation, the foundation of the American economic way of life, the assembly line, mass production, mass transportation, mass communications—all depend on the availability, in vast amounts, of low-cost sources of energy. To meet this need we have been using wood, coal, petroleum, natural gas, and falling water.

For most purposes these sources of energy are converted into electric power, and, by and large, electric power is the driving force of our entire economy and is the basis of the comforts and conveniences we enjoy in our home lives as well.

Now we have this new source of energy, of still unplumbed potentialities, beyond the scheme and dream of any of us even today—atomic energy.

In 10 short years, atomic energy has been translated from a theoretical concept, a mathematic equation, to a pressing reality, the most overriding fact of our present age.

The legislation before us deals with atomic energy, and the development of its peacetime uses, in a definitive, a patternmaking manner. The provisions of the McMahon Act dealing with this subject were rudimentary. In the pending bill these aspects are given such concrete form and substance as to control and determine the management and uses of atomic energy for many years in the future, perhaps for all time. The pattern we set today may and probably will, control what we can practicably do in the future.

The technological and industrial developments in the atomic energy field may come so fast—just as they have come in the past few years—that even the next Congress may be unable to unmake and reverse or radically modify the pattern that is being laid down so specifically—and so mistakenly in my judgment—in the pending bill.

Mr. President, we are dealing with a matter so vast in importance that I feel it requires, as I have already said, not a hasty 3 or 4 or 5 day debate, following within 24 hours of the submission of the bill, itself, and the majority report thereon, but rather a debate of weeks, following an opportunity of several months, if possible, of study, not only by us, but by all the experts in this field in the country, and by all those who are or might be affected—and by that I mean the whole American people.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a statement?

Mr. LEHMAN. Yes.

Mr. HICKENLOOPER. I hope the Senator will not misunderstand me. I think this bill should be the subject of satisfactory and full debate, but I wish to invite the attention of the Senator to a fact which, undoubtedly, he knows, namely, that the bill and all its provisions are, in effect, the cumulative effort of approximately 8 years of intensive and continuous study by the Joint Committee on Atomic Energy, and that the verbiage of the bill is the result of intensive hearings devoted specifically to these revisions. The hearings began in the

early part of last year and have continued up to this time.

I am not in any way saying that the Senate should not debate the bill fully and understandingly, but I wish to give assurance that the legislation now proposed is not the result of any hasty or precipitate action on the part of the Joint Committee on Atomic Energy.

Mr. LEHMAN. Let me say to the distinguished Senator from Iowa that I have the highest respect for and confidence in the members of the Atomic Energy Commission, as well as the members of the Joint Committee on Atomic Energy. I know how conscientious they are. But, after all, even in the report, a very considerable difference of opinion is expressed with regard to many of the most important issues involved. Every Member of the Senate has a very heavy responsibility. The report on the bill was submitted to the Senate on Tuesday afternoon, I believe, and the debate began the following day. I cannot help but emphasize again the complexity and importance of this proposed legislation.

Mr. HICKENLOOPER. I do not mean to minimize that attitude at all. As I say, the bill should be thoroughly understood and debated by Members of the Senate. The only point I am speaking to is that I want the assurance to appear in the RECORD that, so far as the joint committee is concerned, this subject has not been approached lightly. The action of the joint committee has not been precipitate. It is the result of a cumulative study of 8 years of constant observation; and the verbiage of the bill is the result of hearings which began last year and have continued to this time.

By no stretch of the imagination would I want to be considered as urging that the Senate not give ample time and discussion to one of the most vital problems in the world today. So I am not objecting to discussion. I merely wish to reassure the Senate and the Senator that the bill itself is not the result of precipitate action.

There are some fundamental disagreements. I say "fundamental." They are not really fundamental. They are disagreements on the question of the present expediency of taking or not taking certain action. The subject has been given considerable thought by the committee, and I earnestly hope the Senate will give it adequate thought.

Mr. LEHMAN. The remarks made by the Senator from Iowa are exactly what I would expect him to say. I know of his very great consideration for his colleagues in the Senate and his desire to see that every question of importance is debated for such length of time as may be necessary in order that a wise resolution of the problem may be made. I mention that fact merely to show that even though I have the highest respect for members of the Atomic Energy Commission and members of the Joint Committee on Atomic Energy, there are differences of opinion, as outlined in the report.

Essentially, we are debating a question of what the basic energy and power policy of the United States is to be for decades to come. It is a fact that in the unleashed energy of the atom there is more power potential than that contained in all the unmined coal in the United States, more than that contained in all of the developed and reserve oil pools in the United States, more than that produced by all the hydroelectric plants now in existence.

Yes, Mr. President, the policies and programs which we are asked to establish through the passage of this bill will directly affect every man, woman, and child in our Nation as long as they may live—and certainly our actions will be judged by unborn generations when they consider whether we, in 1954, fulfilled our obligations in this field or avoided them because of the complexity of the subject and the pressure to pass something before adjourning.

In my opinion one of the fundamental questions before us is whether the Congress of the United States, in setting the policy for the unleashing of electric power from the atom, is planning for the welfare of all of our people, or for only a privileged few.

I am afraid, Mr. President, that the bill now before us contains one of the greatest giveaways of the people's investments and rights in a fundamental power source that has ever been proposed in the Congress.

This bill, in its fullest implications, far transcends the infamous giveaway of the offshore oil bill. The power potential of the atomic-power giveaway transcends a million times the threatened giveaway of the water-power resources of the Niagara Falls development—a giveaway against which I have been fighting for many years.

Mr. President, this is not a million-dollar giveaway, or a billion-dollar giveaway. This is a giveaway of such proportions as to dwarf the imagination, and to beggar any numbers which are used to describe it.

I say, Mr. President, on the basis of what study I have been able to give this bill in the limited time at my disposal, that we are giving away the public's right in a source of energy which was discovered and developed by the accumulated brains and resources not only of all the people of the United States, but of other nations, too.

To refer to the financial investment in atomic energy, the American people have invested $12 billion in this development. It has been officially estimated that when the Atomic Energy Commission completes its present expansion program, it will have a gross capital investment, in property and equipment, value at $8 billion. This is more than the combined investments of Du Pont, General Motors, and United States Steel.

Yet it is here proposed that the Congress surrender and give away the public's rights in the peacetime development of atomic energy to a few private monopolies.

Oh, Mr. President, how will we answer to the American people, and to the generations still to come, for the action that is here proposed, for this vast surrender, for this act of unconscionable divestment of the rights of the American people.

Mr. President, I am not opposed—far from it—to private participation in the development of atomic energy for industrial uses. I am strongly in favor of it. I believe in private enterprise, in its genius, and in its unlimited horizons. But I am opposed to unjustified public subsidy of private enterprise. I am opposed to abdication of the public interest in favor of private profit.

The public has original and prior rights in atomic energy. The rights to its development are the property of all the people. It is perfectly proper to share those rights with private enterprise, but the Government must at all times protect the public interest and reserve those powers over atomic energy, in any of its aspects, which are necessary to protect the public interest.

In this bill, Mr. President, it is proposed to grant licenses to private companies—to a very few very large and monopolistic private companies—to develop industrial atomic power, from what is, by its nature, a public domain—atomic energy, made possible—and I emphasize this—by public investment and national genius mobilized in the public service.

It is proposed to grant these licenses, Mr. President, without even a recapture clause, without the right to recapture from private enterprise that which fundamentally belongs to the public. In every license granted to a private company for the development of hydroelectric power, there is such a recapture clause. In every license granted to a radio or TV station for the use of the ether, there is a renewal and cancellation clause.

Yet in this bill, there is no provision for recapture, by the Government, of the rights granted by the license for the development of atomic energy.

This bill provides further, Mr. President, for compulsory patents on developments in the atomic-energy field, to remain, to some extent, under public control. But there is in this bill a 5-year limitation on the public control of such patents. That is an utterly inadequate protection of the public interest.

Mr. DOUGLAS. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. I am glad to yield.

Mr. DOUGLAS. Is the understanding of the Senator from Illinois correct that with respect to private patents there is a normal 16-year limitation?

Mr. LEHMAN. That is correct.

Mr. DOUGLAS. Therefore, the 5-year limitation is approximately a third of the length of time which is granted on private patents.

Mr. LEHMAN. Yes; and the hands of the Government are completely tied at the expiration of 5 years. I thank the Senator from Illinois. We have only scratched the surface in the atomic-energy development field. The reservation of the public interest should be of indefinite duration, pending a further review and determination by Congress. I would accept, although with mental qualms on my part, a 10-year or somewhat longer limitation, as proposed in the minority views. Beyond that I would not go. I desire to say, however, that my very definite preference would be to have no limitation on the reservation on patents.

Mr. President, these provisions in the bill, in themselves, constitute a giveaway which is intolerable and unjustifiable. This is a giveaway in the grand manner, in comparison with which any other giveaway this Congress has enacted pales in magnitude.

And this is just a beginning of the evils, the unjustifiable shortcomings in this bill.

The bill practically prohibits the Atomic Energy Commission from developing power even for its own uses, as well as for commercial uses.

Mr. DOUGLAS. Mr. President, will the Senator yield further?

Mr. LEHMAN. I am glad to yield.

Mr. DOUGLAS. I ask the Senator whether his statement is borne out by section 44 of the committee report, issued by the majority, which on page 15, line 5, provides:

> This section * * * does not permit the Commission to enter the power-producing business without further congressional authorization to construct or operate such commercial facilities.

Mr. LEHMAN. I thank the Senator from Illinois for his contribution. I shall refer to that point later in my speech. That is what would tie the hands of the Atomic Energy Commission in connection with the use of power resources without further congressional action, and would set a pattern which would be controlling, undoubtedly, for years, if not decades and generations to come.

Mr. DOUGLAS. Mr. President, will the Senator from New York further yield?

Mr. LEHMAN. Gladly.

Mr. DOUGLAS. I should like to have a comment from the Senator from New York on the argument which is made, that since this material, presumably uranium, will be leased to private power-producing facilities, such leasing will lead to competition, and that the competition will be self-regulating and will serve to keep prices to consumers down.

Mr. LEHMAN. There is no provision with respect to a competitive basis in this bill. So long as the Government is prevented from producing atomic power for the use of all the people of the Nation, there cannot be any yardstick or any actual competition with private industry.

Mr. DOUGLAS. Mr. President, will the Senator from New York further yield?

Mr. LEHMAN. I am glad to yield.

Mr. DOUGLAS. I wonder if the Senator from New York would check my understanding as to the cost of installing atomic power facilities. Does he understand, as does the Senator from Illinois, that the probable cost of an efficient reactor to produce power is somewhere around $900 to $1,000 per kilowatt, and that probably a plant which would produce power most efficiently would have to have a capacity of somewhere around 200,000 kilowatts or 250,000 kilowatts? Therefore, the minimum investment required to produce electric power from atomic materials would be in the neighborhood of from $180 million to $250 million. Does the Senator from New York believe that the figures cited by the Senator from Illinois are approximately correct?

Mr. LEHMAN. I have no knowledge of the exact figures. However, the figures given by the Senator from Illinois have been repeated time and time again by others, many of whom are experts in this field. Therefore, there is no doubt in my mind that, generally speaking, the figures given by the Senator from Illinois are accurate. There is also no doubt in my mind that the cost of installing a reactor would be very great.

Mr. DOUGLAS. Under those conditions can we picture great numbers of people in large cities, such as in New York City, rushing forward with $180 million or $250 million in their pockets and saying, "We want to get a license to lease fissionable materials with which to produce electricity"?

Mr. LEHMAN. No; I certainly cannot imagine that. My experience would teach me that I would be unreasonably optimistic if I believed anything like that. There is another reason why there would be no benefit to the people of the State of New York, because there is no provision in the bill for preference, or any safeguards, which are so necessary in order to obtain power at a reasonable price.

Mr. DOUGLAS. Is it not a fact that the leasing provisions of section 44 would, therefore, result in the Atomic Energy Commission's leasing this material, presumably uranium, to a series of regional monopolies and that there would not be competition within any one of the regions?

Mr. LEHMAN. The Senator from Illinois is completely correct in that premise. I wish to point out another thing, namely, that as I interpret this bill, the Government guarantees to sell uranium at fair rates to private customers and to buy plutonium at reasonable rates in return. That, in my opinion, constitutes a built-in subsidy for the large companies who might avail themselves of this privilege.

Mr. DOUGLAS. It is sometimes said, I believe, by the senior Republican member of the Joint Committee on Atomic Energy that the leasing provisions of the bill provide for free competition under the private-enterprise system. Would they not have the effect of providing monopolistic private enterprise?

Mr. LEHMAN. There is no doubt about that. They would inevitably, in my opinion, ultimately tend to foster the development of monopolistic enterprise.

Mr. DOUGLAS. From a sentence which the Senator from New York dropped, in which he spoke of the value of a public plant as a yardstick, I take it that what the Senator from New York is arguing is that the Atomic Energy Commission should at least have the authority to produce power if, in the opinion of the Commission and the Congress, that seemed to be desirable, so that the cost could be compared with the price charged by private utilities and a greater degree of competition could be introduced into the manufacture of power and its distribution.

Mr. LEHMAN. I fully agree with the Senator from Illinois.

Mr. DOUGLAS. What the Senator from New York is advocating is a competitive system of enterprise rather than a monopolistic system of enterprise.

Mr. LEHMAN. I am; and in order to consummate that objective and make it a reality I have an amendment, which is on the desks of Senators, and which I intend to call up, providing for exactly the considerations which have been outlined by the Senator from Illinois.

Mr. DOUGLAS. A similar amendment has been drafted by the Senator from Colorado [Mr. JOHNSON], which I hold in my hand, identified as 7-16-54-C. The amendment of the Senator from New York is, I believe, identified as 7-15-54-D. So the same idea seems to be occurring to a number of Senators.

Mr. LEHMAN. Yes. The amendments are all very similar, and any one of them, I believe, would further the purposes outlined by the Senator from Illinois.

Mr. DOUGLAS. I take it that the Senator from New York is not opposing the leasing of this material, presumably uranium, to private industry. He is merely saying that when it is done it should be under proper conditions, and that should not be the only way in which this material should necessarily be used.

Mr. LEHMAN. I have already said that I am not opposed to private enterprise. I should like to see private enterprise share in this development, but under the proper safeguards. What I particularly object to is any surrender on the part of the United States Government of the interests of the people of the country whose sacrifices have alone made this development possible.

Mr. DOUGLAS. Is it not true that if Congress did not wish to have the AEC sponsor an electric powerplant it could always prevent such action by refusing to appropriate?

Mr. LEHMAN. To go further than that, I think it would require congressional approval for any change in policy, but certainly, under any circumstances, Congress could control it through appropriations.

Mr. DOUGLAS. So we should not put a legislative prohibition in the bill which would tie the hands of the Atomic Energy Commission for all time or until such time as the present act could be amended or repealed.

Mr. LEHMAN. Exactly. There is no question about that. The Senator from Illinois has stated the problem very clearly. I thank the Senator for his very useful contribution to this debate.

Mr. President, the only power the AEC is permitted to develop is that which is developed incidental to its research activities. Yet the AEC is the greatest consumer of power in the world.

Here the AEC has developed the potentialities of atomic power. But this bill prohibits the AEC from utilizing its own discoveries to develop atomic power to help meet its own power needs. This is an unconscionable provision, Mr. President, another giveaway provision.

The AEC should have the right, and should even be directed to develop power to help meet its own power needs. This

would be a healthy check on private power development. I shall dwell more on this aspect, in relation to commercial power development, in a moment.

The accomplishments of the Atomic Energy Commission to date have been most impressive. We know the great strides in the development of strategic and tactical atomic weapons—a development which surely has helped preserve the safety of the free world, and which act as a powerful deterrent to would-be aggressors. We have learned of the wonderful application of atomic byproducts in the treatment of disease and in medical research.

Only recently we have been told of the development of an atomic engine which has operated for a time equivalent to powering a submarine around the world without refueling. These and many more inventions and products are the public's dividends resulting from the great public investment in atomic research and development.

Not the least of these developments is the potential development of atomic power reactors which will be able to produce electric power in commercially usable quantities, and at rates which will permit sale of this power to the public.

How does the present bill plan to open this new electric power source for the benefit of the American public? What guaranties are there that the great investments which the public has already made will be for the public interest?

What is to be the true nature of the economic relationships between those companies and groups which will be licensed to produce electric power from atomic energy and the Atomic Energy Commission which will act on behalf of the Government and the people in licensing these companies?

These are questions which must be answered—and, in my opinion, must be answered in legislation which will clearly protect the long-range interests of the American people.

Mr. DOUGLAS. Mr. President, will the Senator from New York yield further?

Mr. LEHMAN. I yield.

Mr. DOUGLAS. I congratulate the Senator from New York for having put his finger on what I consider to be the essential point at issue in the pending bill. The discussion during the past few days has concentrated itself almost exclusively upon the so-called Dixon-Yates contract. With criticisms of the contract I have found myself in agreement, but it seems to me to be unfortunate that so much attention has been concentrated on that and so little attention has been fastened on the important question of how atomic energy is to be used and the consequences of such use. I wish to congratulate the Senator from New York for bringing the debate of the Senate at last to the crucial issue presented by this bill.

Mr. LEHMAN. I thank the distinguished Senator from Illinois. I have felt that although the Dixon-Yates contract was important as an administrative matter, its importance is small as compared with the vital considerations which I have described and which the Senator has been good enough to emphasize, because these considerations go to the heart of the subject, and we must realize that they will affect the American people for generations to come.

I thank the Senator for his great contribution.

Mr. President, we have a detailed and workable precedent available to us in measuring the standards set by this bill against a sound public policy in the utilization of sources of electric power which belong to the public. I speak of the precedents found in the Federal Power Act which prescribes how hydroelectric resources may be developed and utilized. In my opinion, this act—and the historical developments behind its adoption—provide the clearest parallel with the problem we are now faced with in legislating for power produced from atomic energy. We should look to the Federal Power Act as a partial standard against which we can measure the proposed atomic-energy bill.

We know that the Federal Power Act was designed to protect and safeguard the public's interest in the energy resulting from falling water on the rivers and streams of our Nation. The safeguards established in that act and in the Flood Control Act of 1944 were based on the fundamental assumption that the water resources of this Nation are a public resource and must be conserved and developed for the best possible use for all the people.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LEHMAN. I am glad to yield.

Mr. DOUGLAS. Is it not true that the late Senator George W. Norris, who, I think, with the passage of time, is coming more and more to be regarded as perhaps the greatest Senator of the last generation, if not of the whole history of the United States, always referred to the question of the Federal control of falling water in streams in this way: First, that the water came as rain from heaven; that it was the gift of God, not the property of any individual. Second, that the water moved in streams which had been adjudged navigable and, therefore, fell under the control of the Federal Government.

Mr. LEHMAN. I share the very high opinion of Senator Norris which has been expressed by the Senator from Illinois. I may say that one of the things in which I take the greatest pride in my service in the Senate is that I am one member of a group of Senators, of whom the distinguished Senator from Illinois, the distinguished Senator from Montana [Mr. MURRAY], and the great Senator from Oregon [Mr. MORSE] are members, who are fighting, day and night, to conserve the natural resources of the United States, than which there is nothing more important, and without which this country will not continue to go forward.

On page 121 of the separate views on S. 3690 filed by Representatives HOLIFIELD and PRICE, we find a listing of the safeguards set forth in the Federal Power Act which prescribe how hydroelectric resources may be used. They are worth repeating here:

First. Safeguard for the prior right of Federal development of the resource in any specific case where this will best serve the public interest.

Second. Safeguard for the prior right of public bodies and cooperatives, as against a private applicant for a license for any specific development of the resource.

Third. Safeguards for the right to public hearing in connection with any application, with specific provision for admission of interested States, State commissions, municipalities, representatives of interested consumers, or competitors as parties. That is covered in an amendment which is now on the desks of Senators.

Fourth. Safeguards for the right of Federal or other public recapture of any development by a private licensee at the end of the license period on payment of no more than the licensee's net investment in the project. I wish to point out again that the bill which we are now considering is completely lacking in any such provision.

Fifth. Safeguards for reasonable rates to consumers by provision requiring licensees as a condition of any license to agree to Federal regulation where States have provided no regulation of electric rates, with further provision that in any rate proceeding the licensee can claim no more than net investment in the development for rate base purposes.

Sixth. Safeguards for the preferred position of public and cooperative electric systems to obtain power supply from Federal development of the resource.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LEHMAN. I yield.

Mr. DOUGLAS. In order that my position may be made clear, I wonder if the Senator from New York would permit me to make a brief statement at this point?

Mr. LEHMAN. I should be very glad to do so.

Mr. DOUGLAS. I do not go so far as Representative HOLIFIELD and Representative PRICE in saying that the Federal Government must have a prior and preferred position in the use of fissionable material which is used for electrical energy, but I say that the Federal Government should have an equal position. As a matter of fact, I look forward to the development of electrical energy from atomic power primarily by private companies, since approximately four-fifths of the electrical energy now produced in the United States is generated and distributed by private companies. But I would not foreclose the field to the Federal Government to develop it. It would seem to me that the amount of Government development would be a minor share of the total development, but it would be a very valuable yardstick by which the actual costs of private companies could be checked.

I mention this because words are tricky things, and failure to demur at this point might be regarded as acceptance.

Mr. LEHMAN. I thank the Senator from Illinois. I am in agreement with

what he has said. I certainly do not wish to see private enterprise eliminated from this field. What I have been trying to emphasize—and I am very glad indeed the distinguished Senator from Illinois is in full agreement with me—is that the Federal Government must not surrender its rights or yield its rights beyond recovery.

Mr. DOUGLAS. That is correct.

Mr. LEHMAN. As stated by Representatives HOLIFIELD and PRICE, the amendments to the Atomic Energy Act which we are now debating in this bill are wholly lacking in any of the above-listed safeguards.

To me this fact alone is sufficient reason to vote to send ths bill back to the joint committee for further study and revision.

I would hope, Mr. President, that my State of New York—the power authority of New York State—as well as the many publicly owned municipal electric utility companies throughout the State of New York—would be given a preference in the consideration of a license for the construction of nuclear power reactors to be built in New York State.

I would hope that there would be placed in the bill a provision for due notice to the power authority of the State of New York, and other State, municipal, and nonprofit groups, prior to the issuance of any license to produce commercial power from atomic energy. There are no such requirements in the bill as it is now written.

I believe that where the interests of any State, municipality, or cooperative come in conflict with a private interest wishing to develop a nuclear power plant, preferred consideration should be given to the public body.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. LEHMAN. I yield.

Mr. DOUGLAS. I demur slightly at this point and emphasize that what I desire is not preferred consideration, but equal consideration to be given to public bodies.

Mr. LEHMAN. I can see that that question is very fully open to argument. I feel that in the development of a public resource some preference, at least, should be given to public bodies, and that safeguards should be thrown around the issuance of licenses.

It is inconceivable to me that the public, having invested over $12 billion in the great undertaking which has now provided the opportunity for nuclear energy to be transformed into usable electric energy, is now going to be placed in the position of having to take second place to private utility companies in the granting of licenses for atomic power plants. Certainly the State and local agencies which are presently established to produce electric power—agencies owned by all the people—should be the primary benefactors of these new discoveries.

I understand the Senator from Illinois is objecting, as I am, to the elimination or surrender of the Government's rights.

Mr. DOUGLAS. Mr. President, will the Senator yield for a further question?

Mr. LEHMAN. Yes.

Mr. DOUGLAS. The Senator from New York has referred to the enormous public investment of $12 billion in the great undertaking of the development of atomic energy, which was originally designed, of course, to produce weapons. But the development may have, as a by-product, the utilization of atomic and thermonuclear energy for industrial purposes. Is it not true that it would have been impossible for private industry to have made any such investment as this?

Mr. LEHMAN. Oh, quite impossible, of course.

Mr. DOUGLAS. Since sometimes Government officials are censured for the mistakes they make, is not great credit due to President Roosevelt, who authorized, I believe, the expenditure of more than a billion dollars, almost $2 billion, for experimental purposes in order to determine whether the development of atomic energy would be a success.

Mr. LEHMAN. I cannot emphasize too strongly my full agreement with the comments of the distinguished Senator from Illinois. I have often said that, in my opinion, among the most heroic, among the most courageous acts in all history was the personal direction given by President Roosevelt to the development of the atom bomb. If it had failed—and there was a great possibility of its failure—President Roosevelt would have been damned from one end of the country to the other. It would have been said that he had acted beyond his authority, and that he was responsible for the waste of almost $2 billion. But that did not deter him. I have never known a more courageous man than Franklin Delano Roosevelt. He went ahead, almost on his own initiative, of course, taking advice from a certain number of experts, and authorized the expenditure for and the development of this powerful weapon. I am very grateful to the Senator from Illinois for bringing that fact out in the debate.

Mr. DOUGLAS. Is it not true that many persons would have probably demanded impeachment of the President if the experiment had failed? Since the experiment succeeded, have we noticed that much praise has been given to former President Roosevelt for that contribution to our national welfare?

Mr. LEHMAN. No, I have not noticed that much praise has been given to him for that and for many other actions which took great courage.

Mr. DOUGLAS. May the Senator from Illinois inject a local note into this general theme?

Mr. LEHMAN. Yes.

Mr. DOUGLAS. As the Senator from New York probably knows, experiments were carried on at the university to which I was formerly attached, the University of Chicago. The first successful atomic reaction was developed at that university. If that experiment had failed, the university would have been blown completely to pieces, and a large portion of the south side of Chicago would have been destroyed. So I should like to point out that my university took a great deal of risk in that experiment also and hazarded its very physical existence upon the success of the experiment.

Mr. LEHMAN. I am very much interested in that bit of history. I had not heard it before, and I was not acquainted with that fact. I congratulate the university and my distinguished colleague for the part both of them took in that development, which has been a great asset to the country.

Mr. DOUGLAS. I took no part in that experiment.

Mr. LEHMAN. Mr. President, it is important that this need for preferences to public agencies be established for another reason. At present there is no yardstick by which the cost of developing and producing electric power from nuclear energy, and the charges made for that power, can be measured. The bill prohibits the AEC or any other Federal agency from entering the field of powerplant reactors and commercially selling the electric power. I think this is wholly wrong. I think it is a dangerous prohibition. If we do not make provision for some publicly developed electric power from the atom, there will be no yardstick against which the privately owned systems can be measured. Thus, we may be retarding and hampering the ultimate development and utilization of atomic electricity for many, many years.

Mr. GORE. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. CRIPPA in the chair). Does the Senator from New York yield to the Senator from Tennessee?

Mr. LEHMAN. I am glad to yield to the Senator from Tennessee.

Mr. GORE. I share the able Senator's concern regarding the prohibition against the Commission. I am not sure that it would not be the better part of wisdom to create another agency with the specific assignment of the task of developing experimentally the generation of power from atomic energy in commercial quantities. I have not given that possibility sufficient thought to reach a final conclusion. I share the concern of the able Senator over the prohibition of the Commission's entering this field unless at the same time there is established some agency, instrumentality, or means for doing so. The question I raise with the able Senator is whether it would be the better part of wisdom for the Commission itself to enter into such activity, or to create another agency and give it that specific assignment.

Mr. LEHMAN. I have not explored that possibility at all. It seems to me that such an arrangement might have great merit; I do not know. What I am trying to emphasize in my speech is my great distress and fear that, under the bill, if it should be enacted, the United States Government would, to a great extent, yield whatever rights it may have now or at some future time to develop atomic energy for industrial and other purposes. If it were proved or shown to be in the interest of the public, there might be another agency than the Atomic Energy Commission which might enter into that activity. Perhaps the

TVA would be competent to do so. Certainly the matter should be explored.

Mr. GORE. I did not mean in any way to suggest that the TVA would be the proper agency to enter into that activity, and I think the able Senator from New York was using that agency only as an example by way of reference. I share fully the concern of the distinguished Senator from New York that at the time this resource, which has cost us such vast amounts of money, is to be made available to those concerns that have sufficiently large financial resources to enable them to enter the field, we may at the same time refuse the Commission authority to do so and fail to create any other agency to enter into this activity. It seems to me when those two possibilities are coupled together, we are not providing sufficient protection for small business concerns that cannot invest $250 million in a plant such as is contemplated, and at the same time we are not giving protection to the municipal power systems and the rural-electrification systems of the country.

Mr. LEHMAN. I am in entire agreement with the Senator from Tennessee. Those are matters which have disturbed me ever since I started to study the report, which was only a few days ago. Members of the Senate, except members of the committee, have not had a chance to study the report. However, I think the danger which has been mentioned should be uppermost in the minds of the American people, because it is very real. It is being proposed, by reason of conditions which exist, to give a virtually monopolistic control to a few powerful interests, and at the same time to shut off the possibility of any governmental action if it should prove to be necessary.

I thank the Senator for his contribution.

In conclusion, Mr. President, it is my hope that the Congress will withhold its action on this all-important legislation until the Congress and the people of the Nation have had an opportunity fully to comprehend and understand the issues and problems involved in this far-reaching legislation, only a few aspects of which I have touched in my remarks today.

I have not discussed such vital aspects of the pending bill as the special authority proposed to be vested in the Chairman of the Commission, thus tending to break down the present pattern of organization.

I have not discussed the patent provisions, the antimonopoly aspects, the military control provisions, and many, many others.

This is a bill of almost numberless issues, each one of which should and must be carefully considered.

I agree that the provisions of the bill dealing with the pooling of international information on atomic energy should be passed at this session. I have not dealt with this aspect, but I subscribe to many of the views expressed in this matter by the Senator from Rhode Island [Mr. PASTORE]. These provisions should be debated. They should be amended. They should be passed.

Mr. HILL. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. I yield.

Mr. HILL. I wish to commend the Senator from New York for the very able and strong speech he has made. He has emphasized and made most clear that the pending bill is, first and foremost, a power bill. Of course the international arrangements and features of the bill are most important; but the bill is primarily a power bill, and many of its provisions indicate that it is in line with the policy of the administration to break down, impair, chip off, and, in the end, destroy the great power policy we have had, and which we have been building and strengthening through the years since the days of Theodore Roosevelt and Gifford Pinchot. Is not that true?

Mr. LEHMAN. That is absolutely true.

Mr. HILL. The Senator from New York, in the course of his very timely and eloquent speech this morning has raised a warning signal. Certainly we should beware, and should stop, look, and listen, before we enter into this great, new, vast, almost undreamed of field of power, to make sure that we do not tear down the great power policy which had its beginning 50 years ago, and which we have sought to carry through, build upon, and strengthen through the years.

So, Mr. President, I wish to heartily congratulate the Senator from New York.

Mr. LEHMAN. Mr. President, I express my sincere thanks to the Senator from Alabama.

Mr. President, let me say a final word. The other aspects of the bill, aside from those dealing with the pooling of international information, are too pregnant with danger to be approved with so little study, consideration, and debate. Too much is at stake. We dare not trifle so superficially with the public interest in this most fundamental aspect of the problem of atomic energy. It is for this reason that I shall feel compelled to vote against this bill, or at least to vote to recommit it, hoping, however, that we shall have an opportunity to vote separately on the provisions dealing with the international pooling of atomic information, as recommended by President Eisenhower.

Mr. President, let me say that I have been very glad to be able to participate in the debate. I hope to have at least stimulated some thinking. What has been done and what is being done on the floor of the Senate, under the leadership of such Members as the junior Senator from Tennessee [Mr. GORE], the senior Senator from Alabama [Mr. HILL], and the junior Senator from New Mexico [Mr. ANDERSON], among others, have been of tremendous service to the thinking of the people of the United States and, what is just as important, if I may say so, to the thinking and education of the Members of Congress, for I believe that on last Wednesday morning, at the beginning of this debate, which these Members have largely carried on, only a handful of the Members of the Senate really knew the implications of the bill and its dangers and ramifications, and how it would affect the lives of hundreds of millions of persons in the United States over the next several generations.

As a result of the debate, I believe that today a very substantial number of the Members of this body have at least a reasonably good appreciation of what is contained in the bill and its implications. So I desire to express my very great appreciation for the manner in which the debate has been conducted.

Mr. GORE. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. I am very glad to yield.

Mr. GORE. At the moment, the junior Senator from Tennessee happens to be the only one of the three members to whom the able Senator from New York has made such generous reference, who is on the floor. So, upon my own behalf, and I presume upon behalf of the senior Senator from Alabama [Mr. HILL] and the junior Senator from New Mexico [Mr. ANDERSON], I wish to thank the able Senator from New York for his generous remarks. Although I fear they are undeserved, particularly on the part of the junior Senator from Tennessee, nevertheless they are very much appreciated.

I, in turn, wish to thank the senior Senator from New York for his able and valuable contribution to the debate.

Mr. LEHMAN. I thank the Senator from Tennessee.

Mr. MARTIN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Ervin	Lehman
Anderson	Ferguson	Lennon
Bennett	Flanders	Martin
Burke	Goldwater	Morse
Bush	Gore	Mundt
Capehart	Hayden	Murray
Carlson	Hendrickson	Payne
Case	Hickenlooper	Robertson
Clements	Hill	Schoeppel
Cooper	Holland	Smith, Maine
Cordon	Ives	Smith, N. J.
Crippa	Johnson, Colo.	Sparkman
Dirksen	Johnson, Tex.	Stennis
Douglas	Johnston, S. C.	Thye
Duff	Knowland	Watkins
Dworshak	Kuchel	Williams

Mr. KNOWLAND. I announce that the Senator from Wisconsin [Mr. WILEY] is absent on official business.

The Senator from Wyoming [Mr. BARRETT], the Senator from Nebraska [Mrs. BOWRING], the Senator from Ohio [Mr. BRICKER], the Senator from New Hampshire [Mr. BRIDGES], the Senator from Michigan [Mr. POTTER], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from New Hampshire [Mr. UPTON] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Virginia [Mr. BYRD], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Delaware [Mr. FREAR], the Senators from Rhode Island [Mr. GREEN and Mr. PASTORE], the Senator from Washington [Mr. JACKSON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr.

KENNEDY], the Senator from Montana [Mr. MANSFIELD], the Senator from South Carolina [Mr. MAYBANK], the Senator from Nevada [Mr. MCCARRAN], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from West Virginia [Mr. NEELY] are absent on official business.

The Senator from Missouri [Mr. HENNINGS] is necessarily absent.

The PRESIDING OFFICER. A quorum is not present.

Mr. KNOWLAND. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. BEALL, Mr. BUTLER, Mr. CHAVEZ, Mr. DANIEL, Mr. FULBRIGHT, Mr. GEORGE, Mr. GILLETTE, Mr. HUMPHREY, Mr. JENNER, Mr. KERR, Mr. KILGORE, Mr. LANGER, Mr. LONG, Mr. MAGNUSON, Mr. MALONE, Mr. MCCARTHY, Mr. MILLIKIN, Mr. MONRONEY, Mr. PURTELL, Mr. REYNOLDS, Mr. RUSSELL, Mr. SMATHERS, Mr. SYMINGTON, Mr. WELKER, and Mr. YOUNG entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

LONG-TERM CHARTER OF TANKERS

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 3458) to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes, which were to strike out all after the enacting clause and insert:

That the President is hereby authorized to undertake the construction of not to exceed 20 tankers. The tankers shall be of approximately 25,000 deadweight tons each, shall have a speed of not less than 18 knots, and shall be constructed in private shipyards within the continental United States. The construction of the tankers shall be, so far as practicable, of materials and equipment produced or manufactured in the United States.

SEC. 2. There is hereby authorized to be appropriated not to exceed $150 million for the construction of the foregoing vessels.

And to amend the title so as to read: "An act to authorize the construction of tankers."

Mr. HENDRICKSON. Mr. President, at the request of the chairman of the Committee on Armed Services, who is absent on official business, I move that the Senate disagree to the amendments of the House to the bill (S. 3458) to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes, request a conference with the House of Representatives thereon, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. SALTONSTALL, Mr. BRIDGES, and Mr. RUSSELL conferees on the part of the Senate.

CALL OF THE CALENDAR

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the Senate proceed, as previously announced, to a call of the calendar of bills to which there is no objection, beginning where the last call ended, which was Calendar No. 1797, Senate bill 2601, and that we now begin with Calendar No. 1798, H. R. 6882, in addition to two bills which have been added to this week's calendar call.

The PRESIDING OFFICER. Without objection, it is so ordered. The first bill which is in order will be stated.

FLOYD C. BARBER—BILL PASSED OVER

The bill (H. R. 2815) for the relief of Floyd C. Barber was announced as first in order.

Mr. HENDRICKSON. Mr. President, I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

LIMIT ON TAXICAB LICENSES IN DISTRICT OF COLUMBIA—BILL PASSED OVER

The bill (S. 880) to amend the license law of the District of Columbia was announced as next in order.

Mr. ERVIN. Mr. President, I desire to speak for about 3 or 4 minutes in opposition to the passage of the bill.

The PRESIDING OFFICER. The Senator has 5 minutes.

Mr. ERVIN. The bill provides, in proper legal language, that the Public Utilities Commission of the District of Columbia shall be vested with power to restrict the number of taxicabs which may be operated in the city of Washington.

One object of the bill is to create a monopoly in favor of those who are now engaged in the taxicab business, as against those who may hereafter wish to engage in the business.

This is the fifth time I have been a member of a legislative body, and the same arguments have been made on this occasion in support of the bill as I have heard on all other occasions. Whenever a group of persons is already engaged in a business, attempts are made to create a monopoly by excluding other persons from the business.

The first argument is that if the number of taxicabs in Washington is limited, those already operating taxicabs will make more profits. I believe that is not a valid argument. If I and 99 other persons were given the exclusive privilege of practicing law in North Carolina, I agree that I and the other 99 would be much better off.

The next argument is that if the number of cabs is limited, the character and ability of those who operate the cabs will be of a higher standard. I do not object to the desire to promote better character and ability, but I do not believe Congress has a right to deprive a person of his right to earn a livelihood. Everyone has the right to his choice of occupation in order to make a living.

The third argument is that taxicab operators are engaged in operating a public utility. I do not think they are engaged in the operation of a public utility in the real sense of the term. I admit that the operation of a taxicab is an occupation clothed with a public interest, and the public has a right to have the industry regulated to the extent to which it is necessary in order to protect the public.

In the city of Washington, so far as taxicab operation is concerned, I think the public is sufficiently protected by the existing laws which require the carrying of liability insurance, which prescribe the fares to be charged, and which provide for the examination of drivers. I do not think it is necessary, in the public interest, to go any further.

In closing, I say that if a Senator believes that Congress should create a monopoly for those already engaged in a business, by excluding from that business, which is one of the ordinary avocations of life, those who may hereafter desire to enter into the business, then such Senator should vote for the bill.

But if a Senator shares the view which I hold, that Congress should not bar from one of the ordinary occupations of life those who may hereafter desire to enter into that occupation, he should vote against the bill.

Mr. GORE. Mr. President, will the Senator yield?

Mr. ERVIN. I yield.

Mr. GORE. The Senator from North Carolina is speaking in behalf of free enterprise. As I understand the able Senator, he says that somewhere, somehow, some avenue of activity should be left open into which the ordinary citizen can enter.

Mr. ERVIN. That is correct.

Mr. GORE. I share the Senator's feelings in that regard.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. PAYNE. Mr. President, I merely wish to say that, contrary to any opinion which may have been expressed, the committee held extensive hearings in connection with the measure. The committee heard witnesses from almost every field of activity. The bill received the support of the Public Utilities Commission and, if my memory serves me correctly, of the representatives of the governing bodies of the District generally.

The committee was exceptionally careful to make certain that amendments were written into the bill to the extent that the full protection would be provided to the individual operators—the independent operators—and that those who chose to continue in the business would not, in any way, shape, or manner, be deprived of that right.

The committee, through its staff, also wrote into the bill protective features, so that the larger companies operating in the District would never be able to develop a monopoly in the taxicab business, because it was the feeling of members of the committee that such a situation definitely should not obtain under any conditions.

The text of the bill does protect the rights of the independent operator, and does maintain the same relationships and ratios between the number of so-called large operators and so-called independent operators within the District of Columbia. I do not have available to me at this moment the figures, but the

number of taxicabs available per capita in the District of Columbia, as compared with other communities throughout the country, is greatly out of proportion. If my memory serves me correctly, under the present licensing system, in the District of Columbia the ratio is 1 taxicab for every 94 persons, whereas, generally speaking, in cities of comparable size throughout the Nation the ratio is 1 taxicab for as many as 900, 1,000, or 1,200 persons.

So the bill does not in any way, shape, or manner provide for a monopoly for the large operators. It protects definitely the relationship and existing ratio between the large operators and the independent operators who are presently licensed.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, by request I object.

Mr. KNOWLAND. Mr. President, will the Senator from Tennessee withhold his objection?

Mr. GORE. I withhold my objection.

Mr. KNOWLAND. For the information of the Senate, this is one of the bills which has been cleared by the majority policy committee. So at an early date, when the unfinished business has been disposed of, it is my intention to move the consideration of the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. I object.

The PRESIDING OFFICER. The bill will be passed over.

CONSTRUCTION OF VERMEJO RECLAMATION PROJECT

The bill (H. R. 6882) to amend the act of September 27, 1950, relating to construction of the Vermejo reclamation project was announced as next in order.

Mr. HENDRICKSON. Mr. President, reserving the right to object, and I shall not object, may we have an explanation of the bill for the purpose of the record?

Mr. ANDERSON. Mr. President, this bill would permit a reclamation district, newly organized, to take bonds which it had heretofore pledged to the RFC and transfer that indebtedness to the regular reclamation fund, and make payments in regular fashion, the same as any other reclamation district. This would comply with the usual reclamation law.

This district was a specially organized district.

This is in accord with the usual, customary practice, and it has been endorsed by the Secretary of the Interior and other agencies.

Mr. HENDRICKSON. Am I correct in understanding that the effect is to waive interest?

Mr. ANDERSON. Yes. The reclamation fund law provides for 40 years without interest, whereas the bonds held by the RFC bear interest, but that is a very small amount compared with the total indebtedness.

Mr. HENDRICKSON. I thank the distinguished Senator.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

HELIUM-BEARING GAS LANDS, NAVAHO RESERVATION, N. MEX.

The bill (H. R. 130) to amend section 1 of the act approved June 27, 1947 (61 Stat. 189), was announced as next in order.

Mr. GORE. Reserving the right to object, may we have an explanation of the bill?

Mr. ANDERSON. The purpose of the bill is to resolve a controversy between the Navaho Indians and the Federal Government as to the rights of the Indians under a helium lease. At the time the original helium lease was granted, very little was known about the commercial possibilities of helium. The United States was interested in certain types of aircraft. There was no other source of helium in a satisfactory amount. The Government asked the Navaho Indians to let its agents go upon the reservation and extract the helium. The Government paid the Indians $40,000 in cash and $30,000 or $40,000 in advance rentals and proceeded to operate from that time on.

A part of the lease was assigned to one of the oil companies for the purposes of development. When the lease expired the oil company surrendered the lease to the Government instead of to the Navaho Tribe, and a controversy followed which resulted in a loss of some money to the Navahos. They want to go into the Court of Claims and assert their rights. The Department of the Interior agrees the procedure is proper. Section 3 of the bill provides for a special privilege, and was written exactly as the Department of the Interior and the Department of Justice wanted it written, so the Navaho Tribe will have an opportunity to assert their rights. However, the rights of the Federal Government are fully protected.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, will the junior Senator from New Mexico indicate to what extent, in his opinion, the United States Government may have either violated or trespassed upon its proper fiduciary responsibilities back in 1942?

Mr. ANDERSON. That is a little difficult to answer, but I shall try to respond by saying that the Navaho Indians at that time did not have as good legal services as they now have. They have become wealthier from uranium leases, oil leases, and from various other sources, and they now have several million dollars on deposit in the Treasury of the United States. They now have enough business to enable them to maintain a business advisory council composed of persons outside the tribe.

At the time the lease was made in 1942, the advisory council was not checking the lease, and when the Continental Oil Co. surrendered it, it surrendered the lease to the United States Government. If the Indians had had proper legal advice from the Government, they would have been advised that the lease should have been surrendered to the Navaho Indians and not to the trustee. It was because of that conflict, the surrendering of the lease to the Government when it should have been surrendered to the Navaho Indians, that the controversy arose. The Government admits it made a mistake, and that it should have advised that the lease should have been surrendered to the Navaho Indians; but, somehow, no one noticed it.

The Department of the Interior is willing to concede the case should be handled in the way provided in the bill. The provision will permit the Navaho Indians to go into the Court of Claims and assert the rights which they would have had if the Federal Government had properly protected their rights and seen to it that the lease was properly surrendered.

Mr. GORE. The Senator from New Mexico is seeking to justify the waiver of the statute of limitations on the ground that the Government of the United States in 1942 was delinquent in its fiduciary responsibility to the Navaho tribe?

Mr. ANDERSON. Exactly. I may say that the law of 1947 was relied on as being sufficient. It was not until the Navahos proceeded under the law of 1947 that the council discovered the surrender had been improper. Then it was too late to proceed under the law of 1942. Had it been known at the time the 1947 law was being considered that an improper transfer had been made in 1942, that mistake would have been taken care of in the 1947 legislation.

Mr. GORE. As I understand, no attempt is being made to waive the statute of limitations in other respects, but the bill would merely permit the Navaho Indians to go into the Court of Claims because of the deficiency in advice on the part of the Government at the time the lease was surrendered?

Mr. ANDERSON. The Senator is absolutely correct.

Mr. GORE. Mr. President, I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 130), to amend section 1 of the act approved June 27, 1947 (61 Stat. 189), which had been reported from the Committee on Interior and Insular Affairs with an amendment, on page 3, after line 23, to insert:

SEC. 2. Said act approved June 27, 1947 (61 Stat. 189), is hereby further amended by adding at the end thereof a new section to be designated section 3 and to read as follows:

"SEC. 3. Jurisdiction is hereby conferred on the Court of Claims to determine, notwithstanding any statute of limitations or laches, in any suit instituted pursuant to section 1 of this act, (1) whether the assignment dated December 1, 1942, accepted and approved December 17, 1942, of oil and gas lease 149-ind-5337, covering the land denominated '1942 lands' in section 4 of said

agreement dated December 1, 1945, as amended, should in law or in equity, taking into consideration such fiduciary relationship as may exist between the United States and the Navaho Tribe, have been accepted by the United States for the account of the Navaho Tribe instead of for its own account, and, if such assignment should have been so accepted, whether the property interest or any part thereof covered by such assignment was taken by the United States from the said tribe at any time prior to the effective date of said agreement; (2) whether, and in what amount, if any, the Navaho Tribe is entitled on the basis of such determination to compensation for the acquisition or taking, by the United States, of the property interest or any part thereof covered by such assignment; and (3) whether, and in what amount, if any, the United States is entitled to credit against such compensation for rentals on such lease or for other expenditures, borne by the United States, for the benefit of such lease prior to any such acquisition or taking by the United States; and to enter judgment in accordance with such determinations. No offsets shall be deducted by the court from any net sum, and the interest thereon, if any, that the court awards under this section. The provisions of the last two sentences of section 1 of this act shall be applicable to any judgment entered pursuant to this section."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "An act to amend the act approved June 27, 1947 (61 Stat. 189)."

CONVEYANCE OF CERTAIN LANDS TO THE SISKIYOU JOINT UNION HIGH SCHOOL DISTRICT, CALIFORNIA

The bill (H. R. 6975) authorizing the Secretary of the Interior to convey certain lands to the Siskiyou Joint Union High School District, Siskiyou County, Calif., was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, may we have an explanation of the bill?

Mr. KUCHEL. Mr. President, this bill would authorize the transfer, without compensation, of about 27.58 acres to Siskiyou Joint Union High School District, California, which land would be used only for public school purposes, with the provision that the land shall revert to the United States if used for any other purpose.

The land in question is a portion of a tract uncovered by the lowering of Tule Lake in connection with a Federal reclamation project. All such land was ceded by the State of California to the United States without compensation.

Favorable reports have been made by the Department of the Interior to the House committee and by the Bureau of the Budget to the Senate committee.

Mr. MORSE. Mr. President, I shall not object to the bill, but for the record, I wish to say that it does not conflict with the Morse formula. This was land owned by the State of California, and it is land which is going back to the State of California. There has been no investment whatsoever on the part of the Federal Government. In my judgment, the bill meets the Morse formula.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the bill (H. R. 6975) was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED TO NEXT CALL OF THE CALENDAR

The bill (H. R. 2235) to authorize the Secretary of the Interior to construct the Santa Maria project, Southern Pacific Basin, Calif., was announced as next in order.

Mr. MORSE. Mr. President, I should like to have the bill go over until the next call of the calendar.

The PRESIDING OFFICER. The bill will go over to the next call of the calendar.

BILLS PASSED OVER

The bill (H. R. 4213) to authorize works for developing and furnishing of water supplies for waterfowl management, Central Valley project, California, was announced as next in order.

Mr. MORSE. Mr. President, this is another bill I desire to study between now and the next call of the calendar, and I ask that it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 620) to provide authorization for certain uses of public lands, which had been reported from the Committee on Interior and Insular Affairs with amendments, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MORSE. Mr. President, I should like to study this bill also. I object.

The PRESIDING OFFICER. The bill will go over.

LANDS IN THE OWL CREEK UNIT OF THE MISSOURI BASIN PROJECT—BILL PASSED OVER

The bill (H. R. 4721) to provide that the excess-land provisions of the Federal reclamation laws shall not apply to lands in the Owl Creek unit of the Missouri Basin project was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. MORSE. Mr. President, this is another bill I should like to study between now and the next call of the calendar. I give the Senators from California assurance I shall study the bill over the week end, and will be ready at the next call of the calendar.

Mr. HENDRICKSON. Mr. President, I wonder if the distinguished Senator from Oregon thinks we ought to have a unanimous-consent agreement that the bills to which he has objected be included in the next call of the calendar.

Mr. MORSE. I have no objection to a unanimous-consent request that they be included in the next call of the calendar.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. Objection being heard, the bill (H. R. 4721) will be passed over.

TRANSFER OF TITLE TO MOVABLE PROPERTY TO IRRIGATION DISTRICTS

The bill (H. R. 8026) to provide for transfer of title to movable property to irrigation districts or water users' organizations under the Federal reclamation laws was announced as next in order.

THE TENNESSEE VALLEY AUTHORITY

Mr. JENNER. Mr. President, when Mussolini came into power in Italy, he started vast public-works projects for draining the Pontine marshes and other unhealthy areas of land. The only difficulty was that constitutional Italian governments which preceded him had also been carrying on great drainage projects, except that they chose to drain the land which it was important to reclaim for farmland, while Mussolini chose to reclaim the marshes which were closest to the main highways where everyone could see them.

When Lenin became the ruler of Russia, members of the inland Asian tribes came to Moscow and worked out in tribal dances the coming of the "Lenin light" to their dark cabins. The only difficulty was that the "Lenin light" was the familiar electric light which had been developed not by a man named Nikolai Lenin, but by a man named Thomas Edison.

When the New Dealers came into office in 1933, they set up a vast project for control of the floods in the Tennessee River Valley, and manufacture of power as a sort of a side line. The only trouble was that the United States was far ahead of all the nations of the world in its development of what Europe called "white coal." All of that progress, from the kerosene lamp and the gas light, had been achieved by private citizens, working under American conditions of political and economic liberty, without any help from Government.

The TVA started with some modesty to build a few dams on one river system, but the limitations were soon lifted, and the original chairman of the board was summarily released to make room for Board Member David Lilienthal as Chairman.

I do not believe anybody really knows what are the ramifications of the original today, and what powers they exercise, beyond the sight of Congress, through the use of war funds and other unchecked funds appropriated to the President but spent by the bureaucracy.

President Eisenhower has attempted to reverse the colossal growth of TVA, and to increase the role of the private enterprises, working without tax funds or Government direction of their employees.

Naturally, the supporters of socialism have protested bitterly against this interference with unlimited growth of their favorite showpiece of what Govern-

ment spending can do. Every foreign student, foreign journalist, and visiting potentate who comes to this country as a guest of the United States is taken sooner or later to TVA, to see how completely the United States is committed to Lenin's doctrine that the Government must control the commanding heights of the Nation's economy, or free enterprise will quickly grow stronger than Government enterprise.

My people in the State of Indiana are not fooled by the propaganda and stage management of the welfare state. They know that TVA is a great showpiece of the Socialist economy because the people of 44 States have been taxed to make a monument to Government management of the economy.

The Socialists believe the people are too dumb to be bothered with state industrialization, if the story can be all mixed up in balance sheets, hidden costs, technical terms, and general undesignated appropriations. They do not guess how wrong they are. My people in Indiana, and the people in most of our States, have learned that a dollar taken in taxes from our people and sent to Washington shrinks on the way. The benefits we receive add up to only a very small part of what we pay.

President Eisenhower's proposal to bring private industry into the TVA picture means that private citizens in my State and the other States can keep their own earnings, invest them as they please, and build industrial enterprise which may have economic power but do not have the police power. Such enterprises can never be assembled, when the crisis comes, by ambitious men who have made the legal and financial network of TVA into potentially very dangerous forms of unseen governmental power

The people of my State, and the American people generally, I believe, are unreservedly behind President Eisenhower in his efforts to dismantle part of the colossus on the Potomac, and restore to the American people the right to control their own economic activities.

TRANSFER OF TITLE TO MOVABLE PROPERTY TO IRRIGATION DISTRICTS

The PRESIDING OFFICER (Mr. PAYNE in the chair). Is there objection to the present consideration of House bill 8026, to provide for transfer of title to movable property to irrigation districts or water users' organizations under the Federal reclamation laws?

Mr. GORE. Mr. President, reserving the right to object, let me say that if I felt the Tennessee Valley Authority needed defense from an attack such as the one we have just heard, I would be delighted to supply such a defense. Not entertaining such a feeling, I now request an explanation of House bill 8026.

Mr. WATKINS. Mr. President, the purpose of this bill is to clarify the authority of the Department of the Interior to transfer title to movable equipment and similar property to water users' organizations at the time these organizations take over the operation and maintenance of works constructed under Federal reclamation laws.

The Bureau of Reclamation normally operates a project or distribution system for a few years after construction is completed, prior to turning it over to the water users; and the equipment and property referred to in this bill is that which has been acquired by the Government during the time it operates the project works. Although arrangements can be made to transfer use of the equipment to the organization, it would be to the advantage of the Government to transfer title, as by so doing, the maintenance of property and accounting records could be dispensed with. With respect to the financial arrangements relating to title transfers under this bill, the value of the property would be repaid to the Federal Government under a contract with the organization except in those cases where the property was purchased by funds originally advanced by the water users.

Under this arrangement, provision is made that title to the property shall always remain in the United States, even though the entire cost of the project is repaid.

In connection with the construction and operation of these projects, the Government has on hand certain movable property which has been paid for or will be paid for by the water users' associations. Title to this movable property also remains in the name of the United States. Being in the nature of personal property, it is, of course, very difficult to have it repaired and taken care of, even though it is turned over for the use of these associations and districts. Such property involves a great deal of bookkeeping.

It is to avoid the bookkeeping and to permit the water users who have title to the property to use it, that the bill has been introduced. It has been reported favorably by the Committee on Interior and Insular Affairs, and favorable reports on the bill have also been received from the Bureau of the Budget and the Department of the Interior.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 8026) was considered, ordered to a third reading, read the third time, and passed.

CONVEYANCE OF CERTAIN PROPERTY TO THE ARMORY BOARD, STATE OF UTAH

The bill (S. 3561) authorizing the Administrator of Veterans' Affairs to convey certain property to the Armory Board, State of Utah, was announced as next in order.

The PRESIDING OFFICLR. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, may we have an explanation of the bill?

Mr. BENNETT. Mr. President, in the year 1867 the Federal Government set aside in Salt Lake Valley a tract of land, which was known as Fort Douglas. After the end of World War II the Federal Government decided that that fort, one of the old Indian war forts, no longer would be maintained by it; and in 1946, the Federal Government transferred 260 acres of the reservation to the Veterans' Administration. On the 260 acres, the Veterans' Administration has constructed a very large neuropsychiatric hospital; but, obviously, 260 acres are not required in order to provide space for a hospital.

The National Guard of Utah has asked for 35 of the 260 acres, to be set aside as a site upon which it can build an armory and drill hall, supply warehouses, four motor vehicle storage buildings, and a maintenance shop. The purpose of the bill is, with proper provisions and restrictions, to transfer the 35 acres to the Utah State Armory Board, for the purpose of the construction of an armory.

Mr. GORE. Mr. President, will the Senator from Utah yield?

Mr. BENNETT. I yield.

Mr. GORE. I am in sympathy with the purpose of the bill, particularly so since last year I introduced a similar bill regarding a veterans' facility in my own State.

However, the bill I introduced contained—and I believe such a provision is customary in the case of such bills—a reservation of the mineral rights to the Federal Government. I should like to have the Senator from Utah state his reaction to that suggestion.

Mr. BENNETT. I have no objection to having such a reservation included in the bill. Certainly it was not my intention to try to alienate the mineral rights of the United States Government.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with an amendment on page 1, line 9, after the word "reservation" to insert "Fort Douglas Station."

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. GORE. Mr. President, I offer the amendment which I sent to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, in line 21, before the word "contain", it is proposed to insert "shall reserve all mineral rights, including gas and oil, to the United States, and."

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Tennessee [Mr. GORE].

The amendment was agreed to.

Mr. MORSE. Mr. President, I wish to say that I took up the bill with the office of the Senator from Utah; and the bill is in line with the so-called Morse formula, because—as I have said in the past, in the case of similar bills—in my judgment the Federal Government derives a great benefit in the field of national defense from the development of State guard activity of the type involved in this bill.

The PRESIDING OFFICER. The bill is open to further amendment.

If there be no further amendment to be proposed, the question is on the

engrossment and third reading of the bill.

The bill (S. 3561) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is authorized and directed to convey, without monetary consideration and subject to the conditions in section 2 of this act, to the Armory Board, State of Utah, all right, title, and interest of the United States in and to a tract of 35 acres of land, more or less, situated in the western end of the Veterans' Administration hospital reservation, Fort Douglas Station, Salt Lake City, Utah, the exact legal description of which shall be determined by the Administrator of Veterans' Affairs.

SEC. 2. The deed of conveyance authorized under the provisions of this act shall—

(a) provide that such tract shall not be alienated in whole or in part by the Armory Board and shall be used only for training, civic, and related purposes;

(b) provide that, if such tract is so used in any manner that, in the judgment of the Administrator of Veterans' Affairs or his designate, interferes with the care and treatment of patients in the Veterans' Administration hospital located on land contiguous to such tract, such interference shall cease immediately upon notice thereof to the Armory Board by the Administrator or his designate;

(c) provide that, if either of the conditions prescribed in clauses (a) and (b) of this section are violated, title to such tract shall revert to the United States; and

(d) shall reserve all mineral rights, including gas and oil, to the United States, and contain such additional terms, conditions, reservations, and restrictions as may be determined by the Administrator of Veterans' Affairs to be necessary to protect the interests of the United States.

CONVEYANCE OF CERTAIN LANDS TO THE CITY OF MUSKOGEE, OKLA.—BILL ORDERED TO FOOT OF CALENDAR

The bill (H. R. 8983) to provide for the conveyance of certain lands by the United States to the city of Muskogee, Okla., was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, I request an explanation.

The PRESIDING OFFICER. An explanation is requested of Calendar 1807, House bill 8983.

Mr. GORE. Mr. President, I ask that the bill go to the foot of the calendar, to be called at the conclusion of the call today.

The PRESIDING OFFICER. Without objection, it is so ordered.

BILL PASSED OVER

The bill (H. R. 9709) to extend and improve the unemployment compensation program, was announced as next in order.

Mr. HENDRICKSON. Mr. President, this bill obviously is not calendar business. So I ask that the bill go over.

The PRESIDING OFFICER. Objection being heard, the bill will be passed over.

NICOLE GOLDMAN

Mr. GORE. Mr. President, at this point, while the majority leader is on the floor—and let me say I have spoken to him regarding the measure to which I shall now refer—I ask unanimous consent that Calendar 1698, House bill 7012, for the relief of Nicole Goldman, a bill to the consideration of which I objected at the last call of the calendar, be considered at this time.

The PRESIDING OFFICER. Is there objection to the present consideration of House bill 7012?

Mr. KNOWLAND. Mr. President, reserving the right to object, though I shall not object to the consideration of the bill, I want it to be understood—and I am sure the Senator fully agrees with me—that my action is not based on the merits of the bill. I have not had an opportunity to study it. I made no commitment on behalf of our Calendar Committee or anyone else, but I merely wish to extend to the Senator from Tennessee the courtesy of having called today a bill to which he objected at the previous call of the calendar.

Mr. GORE. I thank the Senator. I have also discussed the matter with the majority Calendar Committee, and have related to them the humane element involved in this case.

Mr. HENDRICKSON. Mr. President, in the light of all the circumstances involved in this case, I think the bill should be considered at this time.

Mr. GORE. Mr. President, I should like to state the reasons for my objection when the calendar was last called.

Perhaps in the eyes of some, the junior Senator from Tennessee has been arbitrary, but in the consideration of measures on the calendar it is necessary to have some broad rules. I have been objecting to the passage of bills which admit to this country female immigrants of fertile age who are feebleminded. I believe that is a proper protection for the United States. In this particular case there are unusual circumstances involved. As the case has been described to me, this young lady is not feebleminded in the usual sense of the word. She is not feebleminded by inheritance, but rather because of internment during the war in a camp in Germany. A head infection ensued, and the result is her present mental condition. It is the result of an infection, rather than an inherited feebleminded condition.

Her family is now here. They vouch for her care. Without her admission to this country her care would not be vouched for.

Because of the unusual circumstances, and because the case calls for humane treatment, I withdraw my objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 7012) for the relief of Nicole Goldman was considered, ordered to a third reading, read the third time, and passed.

EXECUTION OF AMENDATORY REPAYMENT CONTRACT WITH THE PINE RIVER IRRIGATION DISTRICT, COLORADO

The bill (H. R. 7466) to authorize the Secretary of the Interior to execute an amendatory repayment contract with the Pine River Irrigation District, Colorado, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, may we have an explanation of the bill?

Mr. CORDON. Mr. President, Calendar 1809, House bill 7466, represents one of a series of actions taken by the Department of the Interior in amending contracts for repayment of construction charges. Over the years, since the enactment of the Reclamation Act of 1902, there have been a number of such instances. They were more frequent in the earlier years. As experience has been gained, such cases have become less frequent.

Congress has recognized the condition, and has provided authority for the Secretary of the Interior, when a contract made with a district for repayment of charges has been found to have been based upon erroneous information as to the character of the land, the kind of crops a particular land will produce, the capital invested, or the ability of the water user to repay, to amend the contract. Whenever errors are made, the present law permits the Secretary of the Interior to amend the contract on the basis of an offer to the district, which may or may not be accepted. In this instance, such an offer was made to the Pine River Irrigation District in Colorado, and by an election, the offer was accepted.

In this case there is more at issue than merely an error with respect to the type and characteristics of the soil. There was a misunderstanding between the district and the Government with respect to what should be reimbursable and what was nonreimbursable. The question has been before the Congress on a number of occasions. The present contract determines that question, because an election has been held and an amount has been agreed upon. The present contract provides for the payment of the reimbursable portion so agreed upon, except for one-sixth of it, and as to that, it applies to portions of the reclamation project which are located within an Indian reservation, and are therefore nonreimbursable under general reclamation law.

Mr. GORE. As I understand the bill, it reduces the obligation of repayment by $250,000. Do I correctly understand?

Mr. CORDON. It reduces the amount that was contended for by that sum.

Mr. GORE. What does the Senator mean by "contended for"?

Mr. CORDON. I refer to that portion of my explanation with respect to the contention between the district and the Interior Department as to the reimbursable figure.

Mr. GORE. The Senator means that there was a disagreement between the reclamation district and the Government?

Mr. CORDON. That is correct.

Mr. GORE. As I read the report, the Department acknowledges that the contention of the reclamation district is not without merit, though it does not concede its correctness.

Mr. CORDON. One might place that interpretation upon it. The Department agrees that, under the circumstances, and for the purpose of obtaining a settlement which will avoid the necessity of litigation, this particular figure, in the opinion of the Department, represents a sound basis for reimbursement.

Mr. GORE. Even so, the Department does not recommend against the bill.

Mr. CORDON. No. The Department is in favor of the bill.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 7466) was considered, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (H. R. 8027) to amend the act of March 6, 1952, to extend the time during which the Secretary of the Interior may enter into amendatory repayment contracts under the Federal reclamation laws was announced as next in order.

Mr. LANGER. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 3114) to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. HENDRICKSON. This is obviously not a calendar bill, although I agree that it is a very fine piece of legislation. It should be brought up on motion and debated. I ask that the bill go over.

The PRESIDING OFFICER. The bill will go over.

PURCHASE OF OR PAYMENT FOR REMOVAL OF IMPROVEMENTS ON PUBLIC LANDS IN THE PALISADES PROJECT AREA, IDAHO

The bill (H. R. 6786) authorizing the Secretary of the Interior to purchase improvements or pay damages for removal of improvements located on public lands of the United States in the Palisades project area, Palisades reclamation project, Idaho, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, reserving the right to object, I notice on the floor the distinguished Senator from Idaho [Mr. DWORSHAK]. I wonder whether he will explain the bill.

Mr. DWORSHAK. The report of the committee explains the purpose of the bill, which is to authorize the Secretary of the interior to make payment in two specific cases to persons who in good faith placed improvements on Government lands which will be inundated by the Palisades Reservoir, now under construction by the Bureau of Reclamation. As introduced, the bill was general in nature. Upon advice from the Department that there were only two cases involved, the bill was amended to so limit it. In involves a payment of $400 to one person, and a payment of $3,000 to another person. The Department of the Interior makes no objection to the enactment of the bill and the Bureau of the Budget has no objection.

Mr. GORE. Mr. President, will the Senator yield?

Mr. DWORSHAK. I yield.

Mr. GORE. From the Senator's explanation it seems clear that these citizens for whose benefit the bill is sought to be passed suffered injury either through misrepresentation on the part of an agent of the Federal Government or because of an erroneous survey. Is that correct?

Mr. DWORSHAK. That is correct. The report states that in the second case an inaccurate survey was made by a Forest Service ranger at the time the house was built. The Senator is entirely correct.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. HENDRICKSON. Mr. President, will the Senator from Idaho yield?

Mr. DWORSHAK. I yield.

Mr. HENDRICKSON. Would the Senator from Idaho object to an amendment to place a prohibition on attorneys' fees?

Mr. DWORSHAK. I would not.

Mr. HENDRICKSON. Mr. President, I send an amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The Secretary will state the amendment.

The LEGISLATIVE CLERK. On page 2, immediately before the period in line 2, it is proposed to insert a colon and the following:

Provided, That no part of any payment provided for herein shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection therewith, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The PRESIDING OFFICER (Mr. BENNETT in the chair). The question is on agreeing to the amendment offered by the Senator from New Jersey [Mr. HENDRICKSON].

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 6786) was read the third time and passed.

INTERSTATE COMPACT BETWEEN KENTUCKY AND VIRGINIA RELATING TO THE BREAKS INTERSTATE PARK

The bill (S. 3168) granting the consent and approval of Congress to an interstate compact relating to the creation, development, and operation by the States of Kentucky and Virginia of a park to be known as The Breaks Interstate Park was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, reserving the right to object, I notice on the floor the able senior Senator from Kentucky [Mr. CLEMENTS]. He is one of the coauthors of the bill. I wonder whether he will be kind enough to explain the bill and the necessity for it.

Mr. CLEMENTS. Mr. President, the bill proposes to grant the consent and approval of Congress to an interstate compact relating to the creation, development, and operation by the States of Kentucky and Virginia of a park to be known as The Breaks Interstate Park. This compact has been accomplished pursuant to authority granted by an act of the 83d Congress, Public Law 275, approved August 14, 1953, wherein the 2 States were authorized to negotiate and enter into a compact. The interstate compact now before the Senate is the result of that authorization, and has been approved by the Legislatures of Virginia and Kentucky.

The Department of the Interior, in commenting on this proposed legislation, states that such a compact should lead to the development and operation in the public interest of a desirable interstate park. The proposed park area possesses high scenic qualities and has considerable tourist appeal. The Department further comments that every encouragement should be given to the States of Kentucky and Virginia to develop this park area so as to serve that particular region.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 3168) granting the consent and approval of Congress to an interstate compact relating to the creation, development, and operation by the States of Kentucky and Virginia of a park to be known as The Breaks Interstate Park which had been reported from the Committee on the Judiciary with an amendment, to strike out all after the enacting clause and insert:

That the consent of the Congress is hereby given to The Breaks Interstate Park Compact between the Commonwealth of Kentucky and the Commonwealth of Virginia. Such compact reads as follows:

"BREAKS INTERSTATE PARK COMPACT

"Pursuant to authority granted by an act of the 83d Congress of the United States, being Public Law 275, approved August 14, 1953, the Commonwealth of Kentucky and the Commonwealth of Virginia do hereby covenant and agree as follows:

"Article I

"The Commonwealth of Kentucky and the Commonwealth of Virginia agree to create, develop and operate an interstate park to be known as The Breaks Interstate Park, which shall be located along the Russell Fork of the Levisa Fork of the Big Sandy River and on adjacent areas in Pike County, Ky., and Dickenson and Buchanan Counties, Va. Said park shall be of such area and of such character as may be determined by the Commission created by this compact.

"Article II

"There is hereby created The Breaks Interstate Park Commission, which shall be a body corporate with the powers and duties set forth herein and such additional powers as may be conferred upon it by subsequent action of the appropriate authorities of Kentucky and Virginia. The Commission shall consist of 3 commissioners from each of the 2 States, each of whom shall be a citizen of the State he shall represent. Members of the Commission shall be appointed by the Governor. Vacancies shall be filled by the Governor for the unexpired term. The term of one of the first commissioners appointed shall be for 2 years, the term of another for 3 years, and the term of the third for 4 years. Their successors shall be appointed for terms of 4 years each. Each Commissioner shall hold office until his successor is appointed and qualified. An officer or employee of the State, a political subdivision or the United States Government may be appointed a Commissioner under this act.

"Article III

"The Commission created herein shall be a joint corporate instrumentality of both the Commonwealth of Kentucky and the Commonwealth of Virginia for the purpose of effecting the objects of this compact, and shall be deemed to be performing governmental functions of the two States in the performance of its duties hereunder. The Commission shall have power to sue and be sued, to contract and be contracted with, to use a common seal and to make and adopt suitable bylaws, rules, and regulations. The Commission shall have the authority to acquire by gift, purchase or otherwise real estate and other property, and to dispose of such real estate and other property. Each Commonwealth agrees that it will exercise the right of eminent domain to acquire property located within each Commonwealth required by the Commission to effectuate the purposes of this compact.

"Article IV

"The Commission shall select from among its members a chairman and a vice chairman, and may select from among its members a secretary and treasurer or may designate other persons to fill these positions. It may appoint, and at its pleasure remove or discharge, such officers and legal, clerical, expert and other assistants and employees as may be required to carry the provisions of this compact into effect, and shall fix and determine their duties, qualifications and compensation. It may establish and maintain one or more offices for the transaction of its business, and may meet at any time or place. A majority of the commissioners present shall constitute a quorum for the transaction of business. The commissioners shall serve without compensation, but shall be paid their expenses incurred in and incident to the performance of their duties. They shall take the oath of office required of officers of their respective States.

"Article V

"Each Commonwealth agrees that the officers and departments of each will be authorized to do all things falling within their respective jurisdictions necessary or incidental to the carrying out of the compact in every particular. The Commission shall be entitled to the services of any State officer or agency in the same manner as any other department or agency of this State. The Commission shall keep accurate records, showing in full its receipts and disbursements, and said records shall be open at any reasonable time to the inspection of such representatives of the two Commonwealths as may be duly constituted for that purpose. The Commission shall submit annually and at other times as required such reports as may be required by the laws of each Commonwealth or by the Governor thereof.

"Article VI

"The cost of acquiring land and other property required in the development and operation of The Breaks Interstate Park and constructing, maintaining, and operating improvements and facilities therein and equipping same may be defrayed by funds received from appropriations, gifts, the use of money received as fees or charges for the use of said park and facilities, or by the issuance of revenue bonds, or by a combination of such sources of funds. The Commission may charge for admission to said park, or make other charges deemed appropriate by it and shall have the use of funds so received for park purposes. The Commission is authorized to issue revenue bonds, which shall not be obligations of either State, pursuant to procedures which shall be in substantial compliance with the provisions of laws of either or both States governing the issuance of revenue bonds by governmental agencies.

"Article VII

"All money, securities and other property, real and personal, received by way of gift or otherwise or revenue received from its operations may be retained by the Commission and used for the development, maintenance, and operation of the park or for other park purposes.

"The Commission shall not pledge the credit of either Commonwealth except by and with the authority of the general assembly thereof.

"Article VIII

"This compact may be amended from time to time by the concurrent action of the two Commonwealth parties hereto."

SEC. 2. The right to alter, amend, or repeal this act is expressly reserved.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill granting the consent of Congress to The Breaks Interstate Park compact."

Mr. CLEMENTS. Mr. President, there is a companion House bill to the bill just passed by the Senate.

The companion bill is H. R. 8549, granting the consent of the Congress to The Breaks Interstate Park compact. I ask unanimous consent that the Committee on Interior and Insular Affairs be discharged from the further consideration of H. R. 8549, and that the Senate proceed to its consideration at this time.

The PRESIDING OFFICER (Mr. BENNETT in the chair). Without objection, the Committee on Interior and Insular Affairs is discharged from the further consideration of House bill 8549. Is there objection to the present consideration of the House bill?

Mr. CLEMENTS. Mr. President, the procedure suggested is agreeable to the chairman of the Committee on Interior and Insular Affairs and to the ranking minority member of the committee.

Mr. COOPER. Mr. President, I wish to take this opportunity to commend my distinguished colleague and good friend, the senior Senator from Kentucky [Mr. CLEMENTS], for his initiation of this proposal, which is very important to the State of Kentucky and to Virginia.

The PRESIDING OFFICER. Is there objection to the present consideration of the House bill?

There being no objection, the bill (H. R. 8549) granting the consent of Congress to The Breaks Interstate Park compact was considered, ordered to a third heading, read the third time, and passed.

Mr. CLEMENTS. Mr. President, in view of the passage of H. R. 8549, which is a companion bill to S. 3168, I ask unanimous consent that the vote by which S. 3168, granting the consent and approval of Congress to an interstate compact relating to the creation, development, and operation by the States of Kentucky and Virginia of a park to be known as The Breaks Interstate Park, was passed be reconsidered.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CLEMENTS. Mr. President, I ask that S. 3168 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

INVESTIGATION OF CRITICAL RAW MATERIALS

The resolution (S. Res. 271) providing for an investigation of critical raw materials by the Committee on Interior and Insular Affairs was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution, which had been reported from the Committee on Interior and Insular Affairs without amendment, and subsequently had been reported from the Committee on Rules and Administration with amendments, on page 3, line 5, after the numerals "1953", to insert "and Senate Resolution 171, agreed to January 26, 1954", and in line 9, after the word "committee", to insert "for obligations incurred during the period July 1, 1954, to January 31, 1955, inclusive", so as to make the resolution read:

Resolved, That the Senate Committee on Interior and Insular Affairs, or any duly authorized subcommittee thereof, is authorized and directed (1) to (continue) investigate and study the accessibility of critical raw materials to the United States in time of war and for the expanding economy in time of peace; (2) to make a full and complete investigation and study of new developments and discovery of matetrials including synthetics which may be used as substitutes and replacements of critical materials, and further to study the progress of research programs, pilot-plant operations, processing and beneficiating methods of critical materials and minerals including fuels; (3) to make a full and complete investigation and study of the best means, methods, and devices to foster the greatest measure of self-sufficiency of critical materials that can be produced within the United States and the Western Hemisphere and to expand and develop the strategic minerals industry; (4) to make a full and complete investigation, and study the status of the stockpile program, its goals, methods, and amounts of acquisition, storage, warehousing, and rotation programs; (5) to make a full and complete investigation and study the available fuel reserves of the United States and the

Government regulations affecting such resources and to formulate and recommend a national fuel policy to assure maximum availability to meet the needs of the peacetime economy and for the national security in time of war; and (6) to report to the Senate at the earliest possible date, not later than January 31, 1955, the results of its investigation and study, together with its recommendations.

SEC. 2. For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to employ upon a temporary basis such technical, clerical, and other assistants as it deems advisable, and is authorized, with the consent of the head of the department or agency concerned, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government, or of qualified private organizations and individuals. The expenses of the committee under this resolution, which shall not exceed $34,000, together with any unexpended balances remaining from the authority of Senate Resolution 143, agreed to July 20, 1953, and Senate Resolution 171, agreed to January 26, 1954, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee for obligations incurred during the period July 1, 1954, to January 31, 1955, inclusive.

The amendments were agreed to.

Mr. MALONE. Mr. President, my attention has been called to the fact that there is a misprint in the resolution on page 2, line 7. The word "minerals" should read "materials."

The PRESIDING OFFICER. Does the Senator from Nevada offer that as an amendment?

Mr. MALONE. I ask that the resolution be amended on page 2, line 7, by striking out the word "minerals" and substituting in lieu thereof the word "materials."

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

The resolution, as amended, was agreed to.

INVESTIGATION OF EMPLOYEE WELFARE AND PENSION FUNDS

The Senate proceeded to consider the resolution (S. Res. 270) to amend Senate Resolution 225 of the 83d Congress relative to investigation of employee welfare and pension funds under collective bargaining agreements, by increasing funds therefor, which had been reported from the Committee on Labor and Public Welfare without amendment, and subsequently had been reported from the Committee on Rules and Administration with an amendment, in line 8, after the word "thereof", to strike out "$201,100" and insert "$125,150", so as to make the resolution read:

Resolved, That Senate Resolution 225, 83d Congress, agreed to April 28, 1954 (authorizing an investigation of employee welfare and pension funds), is amended (1) by deleting "funds under collective-bargaining agreements" in the first sentence of the first section and inserting in lieu thereof "plans and funds subject to collective-bargaining", and (2) by deleting "$75,000" in section 2 and inserting in lieu thereof "$125,150."

The amendment was agreed to.

The resolution, as amended, was agreed to.

STANDARDIZATION OF RATES ON HOUSEHOLD GOODS SHIPPED BY THE GOVERNMENT—BILL PASSED OVER TO NEXT CALENDAR CALL

The bill (S. 904) to standardize rates on household goods shipped by the United States Government for its employees was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. HENDRICKSON. Mr. President, I wonder if we could have an explanation of the bill?

Mr. SCHOEPPEL. The purpose of the bill is to standardize rates on household goods shipped by the United States Government for its employees.

Section 22 of the Interstate Commerce Act provides special shipping privileges of many varieties to the Federal Government. Among them is the privilege of having household goods moved by the lowest bidder irrespective of the published rates of common carriers. This amendment would not eliminate bidding, but it would prohibit rates lower than published rates.

Mr. GORE. Mr. President, will the Senator yield?

Mr. SCHOEPPEL. Gladly.

Mr. GORE. Why should rates lower than the published rates be denied the Government if the Government is able to contract for the shipment of household goods at such rates? I do not quite understand the necessity for the bill, or why the Government should be prohibited from contracting for the shipment of household goods in the most economical manner. Was the Senator going to explain why that is the case?

Mr. SCHOEPPEL. I was going to continue with the explanation of the bill. However, I may say to the distinguished Senator from Tennessee that, while the bill was considered by the subcommittee of which I am chairman, the distinguished Senator from Colorado [Mr. JOHNSON], who is on the floor, is the author of the measure. When I finish my remarks I shall be very happy to have the Senator from Colorado join in a further explanation of the one feature of the bill to which the Senator from Tennessee has referred.

In the Transportation Act of 1940, section 321, the Congress stated in substance that it was no longer necessary to secure bids from lawfully operating motor carriers; however, this left a purely permissive situation under section 22 for the obtaining of bids.

In 1946 the 79th Congress adopted Public Law 600. The net effect of such law was to remove the Federal Government as shipper of household goods for its employees of civilian departments and substituted therefor an allowance for such expense. Public Law 600 has proven successfully but only in its limited application to civilian departments of government.

This same Congress adopted Public Law 604 providing that household goods shipments may be made for members of the armed services by rail, water, or van without regard to comparative costs. Public Law 604 was adopted at the request of the armed services which apparently was seeking a lawful method for transporting household goods of its personnel without the requirement of bids or section 22 quotations. However, and again because of the remaining privilege under section 22, conflict, confusion and destructive competition have continued to the detriment of the members of the armed services whose prized household goods and effects are being offered for transportation to the lowest bidder without any responsibility for safe carriage by the Government to the owner. I would paraphrase that by saying, without due consideration for the safety and the manner in which such goods have been and are being handled.

The amendment to section 22, among other things, will have the effect of accomplishing the purpose of Public Law 604 and will eliminate the confusion caused by the conflict between section 22 and Public Laws 600 and 604.

The amendment will not deprive the Government of using the several levels of rates lawfully on file with the Interstate Commerce Commission applying to moving services, nor will it deprive the Government of its right of appeal to the ICC as to the reasonableness of any such rate structures.

It was thought, Mr. President, that when the Interstate Commerce Commission established the rate schedules on the various and sundry classes of goods, after due notice and full hearings, then, in order to insure proper and orderly transportation methods, even under competition, we should have this type of an amendment to the act. It was the consensus of opinion of those who heard the matter in the subcommittee that this change should be made.

I would say candidly to the distinguished Senator from Tennessee that some questions were raised as to the propriety of not giving the Government the right to have reduced rates without the benefit of following the schedule of rates published by the Interstate Commerce Commission, but it was also shown fairly definitely that complaints have been increasing by the thousand with respect to damages which have been incurred by the present type of handling. The claims in 1952 developed to a point where they amounted to half a million dollars, to say nothing of the thousands and thousands of claims because of the redtape involved in going through the proper legal channels to recover.

Mr. GORE. Mr. President, will the Senator from Kansas yield?

Mr. SCHOEPPEL. I shall be glad to yield.

Mr. GORE. Are the carriers not insured? It seems that the Government could recover damages from the insurers of the carriers.

Mr. BUTLER. Mr. President, will the Senator from Kansas yield?

Mr. SCHOEPPEL. I yield.

Mr. BUTLER. I think they are insured for a very nominal amount of money. If they want additional insurance they have to furnish it. It is a nominal insurance, as it is with reference to any public carrier.

Mr. GORE. I had not understood that public carriers could get by with only nominal insurance. I thought it was more substantial than that.

Mr. BUTLER. If the Senator will look at the published rates of the Interstate Commerce Commission, I think he will understand what I have in mind. The ordinary passenger declares a value of approximately $100, or less. If he declares a higher value he pays a higher price. Sometimes, even by contract, recovery is limited to 5 percent of the value. The fact is that the Government is paying these claims, and a bureaucracy has been built up within the Pentagon solely for the purpose of handling the claims. It is a very expensive operation.

Mr. GORE. To illustrate the magnitude of this problem and to illustrate, also, to what extent the Government is moving employees about the country and transporting their household goods, one-sixth of the huge transportation involved is transportation paid for by the United States Government.

Mr. BUTLER. I am certain that the Senator does not want to advocate on the floor of the Senate that the large users should have a cut rate.

The PRESIDING OFFICER. The time of the Senator from Kansas has expired.

Mr. BUTLER. Mr. President, I have some time left of my 5 minutes.

The PRESIDING OFFICER. The Chair recognizes the Senator from Maryland.

Mr. BUTLER. The Senator from Tennessee would not advocate on the floor of the Senate that because a person is a large user he should have a cut rate.

Mr. GORE. Mr. President, I am not at the moment advocating anything. I am trying, first, to find a justification for the bill and, second, to try to determine whether it is of a sufficiently controversial character that it should not be passed on the call of the consent calendar.

Mr. BUTLER. The bill involves little expense. I do not believe the cost would be more than a million dollars a year, and we would get rid of a much greater expense in the form of payrolls in connection with claims which are piling up and becoming more numerous all the time. The bill would require the Government of the United States to pay what an ordinary individual pays when it comes to moving household goods.

Mr. GORE. What does the Senator mean by an ordinary individual? An individual may have a very small shipment, and the Government may have going from the city of Washington to the city of Philadelphia a rather large shipment of household goods.

Mr. BUTLER. A householder could not in any sense have a large shipment. Those affected by the bill are individual persons; they are householders; they are Government employees.

Mr. GORE. What I am trying to say is that there may be a shipment of household goods belonging to several householders going at one time from Washington to Philadelphia.

Mr. BUTLER. That is perfectly true.

Mr. GORE. Should we deny the Government the right to make the best bargain possible, so long as it contracts with a certified and licensed public carrier with the necessary insurance?

Mr. BUTLER. I do not think the Government should pay less than the published rate simply because it has a large number of shipments. I do not think the Government should pay a lesser rate than that which is paid by other persons using the same service. Furthermore, as it has been pointed out by the Senator from Kansas, the contract is made with persons who are irresponsible in the sense that they have to take the shipments at such a low price that the goods arrive damaged and large claims arise out of the shipments.

Mr. GORE. The Senator has said the bill would save a million dollars a year in damage claims——

Mr. BUTLER. No; I said it would cost probably a million dollars, but, on the other side, we could deduct the cost of handling the numerous claims.

Mr. GORE. The report says the Defense Department has estimated it would cost that Department alone $11,600,000.

Mr. BUTLER. I refer that question back to the Senator from Kansas. I think those figures have been shown to be entirely erroneous and that they have been picked out of the air.

Mr. SCHOEPPEL. I may say, in answer to the inquiry of the Senator from Tennessee that at one phase of the hearings officials of the armed services testified that it would cost approximately $11 million. A year previously, they had testified that the cost would be approximately $1 million. I might say very candidly to the Senator that when the hearing on the bill was conducted, and the matter was checked into, they could not substantiate in any degree the $11 million figure, which led the committee to believe that the $1 million figure was somewhere nearly in line.

The PRESIDING OFFICER. Does the Senator from Tennessee object?

Mr. JOHNSON of Colorado. Mr. President, as the author of the bill, I feel strongly that it proposes good legislation. It is similar to a bill which passed the Senate previously, in 1952, but did not reach the House in time for passage by the House and final enactment.

There are these facts with respect to the matter which appeal strongly to me: First, I do not know why the Government should have any better rate than an individual has. Congress has created the Interstate Commerce Commission to determine rates, and the Commission determines rates by holding hearings in a public way, to ascertain what the rates shall be. The rates are then established for everybody, small shippers and large shippers. Also, there are carload rates and less-than-carload rates. They are established by the Interstate Commerce Commission.

Mr. BUTLER. Mr. President, will the Senator yield for a moment on that point?

Mr. JOHNSON of Colorado. I yield.

Mr. BUTLER. The bill would also help the small trucker. Is it not true that the large trucker can take these shipments at a loss? He can simply advertise that he handles Government business, and that will cut the small trucker out completely, because he cannot compete and do business at a cut rate.

Mr. JOHNSON of Colorado. That, of course, is true, but I cannot see the fairness in having one rate for the Government and another rate for a private citizen. The rates should be the same for everyone. It is said that there should be a differential in favor of the Government because of the volume of Government shipments. The shipments of household goods are made individually. The Government does not hold shipments of household goods until there is a sufficient amount for a carload; it proceeds to ship household goods on an individual-shipment basis. So I cannot see any force to the argument that the Government should receive a lower rate because the Government does more business.

Another point which should be emphasized is the injustice which is done to the Government employee. He has nothing to say about his shipment. Someone advertises that he can do the work, and then he is cut down to the very lowest contract price which the Government can get. As a result, the carrier does not give the proper protection to the shipper, and the employee of the Government suffers because of the inferior service.

The committee has been advised that there are claims amounting to $400,000 or $500,000 as the result of bad condition of or injury to household goods, caused by damage which has been done to them in shipment. As has been stated by other Senators, there is in the Pentagon a very large group of employees who are busy handling claims of this character and making contracts.

If the truth actually were known, I think it would be found that the Government is losing money through this operation. The victim is the person who owns the household goods, because his goods are being destroyed by inferior service. These shipments do not receive the same kind of attention which the regular carriers of household goods give to shipments for which they are responsible.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. BUTLER. It used to be said in the old days that three moves were equal to a fire. In this case, one move is equal to a fire.

Mr. JOHNSON of Colorado. That is true. Three moves were the equivalent of a fire. If an employee has the Government arrange for moving his household goods under the cheap rates which are now paid, of course, one move, as the Senator says, probably would be equal to a fire.

I think the bill is perfectly reasonable. If the rates on household goods are too high, the matter should be taken care of through the regular channels in the ICC, and the Commission should determine the rates. The Commission has determined rates in the past, and has found what reasonable rates are.

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. GORE. Mr. President, I am not prepared to object to the passage of the bill, but serious questions are involved. Senators have said that they do not understand why the Government should enjoy one rate, and the citizen another. That argument has appeal, but it can be carried too far. For instance, the Government has one rate of interest on the borrowing of money, while a citizen cannot borrow money at that rate.

In view of the fact that the general counsel of the Army, Mr. John G. Adams, has registered objection to the bill, I ask unanimous consent that the bill be passed over at this time, but to be called at the next call of the calendar. That will afford time for a study of the bill.

The PRESIDING OFFICER. The bill will be passed over until the next call of the calendar.

PRIVATE FINANCING OF NEW SHIP CONSTRUCTION—BILL PASSED OVER

The bill (S. 3219) to amend certain provisions of title XI of the Merchant Marine Act of 1936 to facilitate private financing of new ship construction was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. BUTLER. The purpose of the bill is to facilitate private financing in new ship construction. The calendar indicates that a report, Report No. 1804, accompanies the bill. As a matter of fact, the report has not yet been printed.

I ask unanimous consent that the bill be passed over, but that it be considered on the next call of the calendar, not as having been passed over, but as a new item on the calendar.

The PRESIDING OFFICER. Is it the request of the Senator from Maryland that the bill be included in the next call of the calendar?

Mr. BUTLER. That is correct.

The PRESIDING OFFICER. The bill will be passed over, and without objection will be included in the next call of the calendar.

INTERNATIONAL CONVENTION FOR THE HIGH SEAS FISHERIES OF THE NORTH PACIFIC OCEAN

The bill (S. 3713) to give effect to the International Convention for the High Seas Fisheries of the North Pacific Ocean, signed at Tokyo, May 9, 1952, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. I ask for an explanation.

Mr. DUFF. The purpose of the bill is to give effect to the International Convention for the High Seas Fisheries of the North Pacific Ocean, signed at Tokyo, May 9, 1952.

The convention provides for the preservation of the fisheries of the North Pacific Ocean through the cooperation of the three great fishing nations of the area—the United States, Canada, and Japan. As with our other fishery conventions, the treaty calls for joint study by the three nations of fisheries of common concern in order to determine the conservation measures required to maintain such fisheries at their maximum sustained level of productivity. It provides further for the recommendation of such measures for adoption by the signatory governments. The North Pacific Convention goes further, however, than our other fishery conventions. Concerning itself with some of the most strictly regulated fisheries in the world, it introduces the new principle of abstention into international conservation practice. This principle is, in very brief terms, that a nation ought to abstain from newly entering a fishery if the stock of fish concerned is already fully fished and is regulated and conserved by another nation or nations. Under this principle, it was agreed that Japan should abstain from fishing salmon, halibut, and herring in certain waters off the coasts of North America, and that Canada should abstain from fishing salmon in certain waters off the Bering Sea. In return, the United States and Canada, with reference to the Japanese abstention, agreed to continue necessary conservation regimes with respect to the stocks of fish concerned.

The convention contemplated the establishment of an international commission composed of 3 national sections, each of not more than 4 persons, to be appointed by the respective governments. Each national section has one vote, and all decisions of the Commission must be unanimous. The four United States Commissioners already have been appointed as is also true of the Commissioners from Canada and Japan. It is understood that implementing legislation, also, already has been enacted by Canada, and that Japan is prepared to carry out, and is carrying out, its obligations under the terms of the convention.

The implementing legislation is similar in almost all respects to the Northwest Atlantic Fisheries Act of 1950 which implemented the International Convention for the Northwest Atlantic Fisheries, and with other legislation to implement similar fisheries conventions.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 3713) to give effect to the International Convention for the High Seas Fisheries of the North Pacific Ocean, signed at Tokyo, May 9, 1952, which has been reported from the Committee on Interstate and Foreign Commerce with amendments, on page 2, line 22, after the word "five", to strike out "or" and insert "nor"; on page 3, line 19, after the word "individual", to insert "appointed from private life"; on page 4, line 9, after the word "Commission", to strike out "to amend the Annex"; on page 9, line 12, after "haec verba", to strike out "as long as Alaska shall remain a Territory", and at the beginning of line 14 to insert "of the Northwest Atlantic Fisheries Act."

The amendments were agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. GORE. Mr. President, I send 2 amendments to the desk and ask to have them stated.

The PRESIDING OFFICER. The clerk will state the amendments of the Senator from Tennessee.

The LEGISLATIVE CLERK. On page 3, in line 20, after the word "Commissioner", it is proposed to strike out the word "appointed."

The amendment was agreed to.

The LEGISLATIVE CLERK. On page 3, in line 21, after the figure "3", it is proposed to strike out "(a)."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That this act may be cited as the "North Pacific Fisheries Act of 1954."

SEC. 2. As used in this act, the term—

(a) "Convention" means the International Convention for the High Seas Fisheries of the North Pacific Ocean with a protocol relating thereto signed at Tokyo, May 9, 1952;

(b) "Commission" means the International North Pacific Fisheries Commission provided for by article II of the Convention;

(c) "United States section" means the United States Commissioners to the Commission;

(d) "Convention area" means all waters, other than Territorial waters, of the North Pacific Ocean which for the purposes of this act shall include the adjacent seas;

(e) "Fishing vessel" means any vessel engaged in catching fish or processing or transporting fish loaded on the high seas, or any vessel outfitted for such activities.

SEC. 3. The United States shall be represented on the Commission by not more than four Commissioners to be appointed by the President, to serve as such during his pleasure, and to receive no compensation for their services as Commissioners. Of such Commissioners—

(a) one shall be an official of the United States Government; and

(b) each of the others shall be a person residing in a State or Territory, the residents of which maintain a substantial fishery in the convention area.

SEC. 4. (a) The United States section shall appoint an advisory committee composed of not less than 5 nor more than 20 members and shall fix the terms of office thereof, such members to be selected both from the various groups participating in the fisheries covered by the convention and from the fishery agencies of the States or Territories, the residents of which maintain a substantial fishery in the convention area.

(b) Any or all members of the advisory committee may attend all sessions of the Commission except executive sessions.

(c) The advisory committee shall be invited to all nonexecutive meetings of the United States section and at such meetings shall be granted opportunity to examine and to be heard on all proposed programs of study and investigation, reports, and recommendations of the United States section.

(d) The members of the advisory committee shall receive no compensation for their services as such members. On approval by the United States section, not more than three members of the committee, designated by the committee, may be paid for transportation expenses and per diem incident to attendance at meetings of the Commission or of the United States section.

SEC. 5. Service of any individual appointed from private life as a United States Commissioner pursuant to section 3, or as a member of the advisory committee appointed pursuant to section 4 (a), shall not be considered

as service or employment bringing such individual within the provisions of sections 281, 283, 284, and 434 of title 18 of the United States Code, and section 190 of the Revised Statutes (5 U. S. C. 99), except insofar as such provisions of law may prohibit any such individual from acting or receiving compensation in respect to matters directly relating to the convention, this act, or regulations issued pursuant to this act.

SEC. 6. The President is authorized to (a) accept or reject, on behalf of the United States, recommendations made by the Commission in accordance with the provisions of article III, section 1, of the convention, and recommendations made by the Commission in pursuance of the provisions of the protocol to the convention; and (b) act for the United States in the selection of persons by the contracting parties to compose the special committee provided by the protocol to the convention.

SEC. 7. Any agency of the of the Federal Government is authorized, upon request of the Commission, to cooperate in the conduct of scientific and other programs, and to furnish, on a reimbursable basis, facilities and personnel for the purpose of assisting the Commission in carrying out its duties under the convention. Such agency may accept reimbursement from the Commission.

SEC. 8. (a) The provisions of the convention and this act relating to abstention from fishing in certain areas by the nationals and vessels of one or more of the contracting parties shall be enforced by the Coast Guard in cooperation with the Fish and Wildlife Service and the Bureau of Customs.

(b) For such purposes any Coast Guard officer, any officer of the Fish and Wildlife Service, or any other person authorized to enforce the provisions of the convention and this act referred to in subsection (a) of this section may go on board any fishing vessel of Canada or Japan found in waters in which Canada or Japan has agreed by or under the convention to abstain from exploitation of one or more stocks of fish, and, when he has reasonable cause to believe that such vessel is engaging in operations in violation of the provisions of the convention, may, without warrant or other process, inspect the equipment, books, documents, and other articles on such vessel and question the persons on board, and for these purposes may hail and stop such vessel, and use all necessary force to compel compliance.

(c) Whenever any such officer has reasonable cause to believe that any person on any fishing vessel of Canada or Japan is violating, or immediately prior to the boarding of such vessel was violating, the provisions of the convention referred to in subsection (a) of this section, such person, and any such vessel employed in such violation shall be detained and shall be delivered as promptly as practicable to an authorized official of the nation to which they belong in accordance with the provisions of the convention.

(d) Any officer of the Coast Guard, any officer of the Fish and Wildlife Service, or any other person authorized to enforce the provisions of the convention and this act referred to in subsection (a) of this section, may be directed to attend as witnesses and to produce such available records and files or duly certified copies thereof as may be necessary to the prosecution in Canada or Japan of any violation of the provisions of the convention or any Canadian or Japanese law for the enforcement thereof when requested by the appropriate authorities of Canada or Japan respectively.

SEC. 9. The Secretary of the Interior may designate officers of the States and Territories of the United States to enforce the provisions of the convention and this act insofar as they pertain to fishing vessels of the United States and the persons on board such vessels.

SEC. 10. (a) It shall be unlawful for any person or fishing vessel subject to the jurisdiction of the United States to engage in the catching of any stock of fish from which the United States may agree to abstain in the waters specified for such abstention as set forth in the annex to the convention, or to load, process, possess, or transport any such fish or fish products processed therefrom in the said waters, or to land in a port of the United States any fish so caught, loaded, possessed, or transported or any fish products processed therefrom.

(b) It shall be unlawful for any person or fishing vessel subject to the jurisdiction of the United States knowingly to load, process, possess, or transport any fish specified in subsection (a) of this section or any fish products processed therefrom in the territorial waters of the United States or in any waters of the convention area in addition to those specified in subsection (a) of this section, or to land in a port of the United States any such fish or fish products.

(c) It shall be unlawful for any person or fishing vessel subject to the jurisdiction of the United States knowingly to load, process, possess, or transport in the convention area or in the territorial waters of the United States any fish taken by a national of Canada or Japan from a stock of fish from which Canada or Japan respectively has agreed to abstain as set forth in the annex to the convention or any fish products processed therefrom, or to land such fish or fish products in a port of the United States.

(d) It shall be unlawful for any person subject to the jurisdiction of the United States to aid or abet in the taking of fish by a national or fishing vessel of Canada or of Japan from a stock of fish from which Canada or Japan has respectively agreed to abstain as set forth in the annex of the convention.

(e) It shall be unlawful for the master or owner or any person in charge of any fishing vessel of the United States to refuse to permit the duly authorized officials of the United States, Canada, or Japan to board such vessel or inspect its equipment, books, documents, or other articles or question the persons on board in accordance with the provision of the convention, or to obstruct such officials in the execution of such duties.

SEC. 11. (a) Any person violating subsection (a), (b), or (c) of section 10 of this act shall upon conviction be fined not more than $10,000, and for such offense the court may order forfeited, in whole or in part, the first concerned in the offense, or the fishing gear involved in such fishing, or both, or the monetary value thereof. Such forfeited fish or fishing gear shall be disposed of in accordance with the direction of the court.

(b) Any person violating subsection (d) of section 10 of this act shall upon conviction be fined not more than $10,000.

(c) Any person violating subsection (e) of section 10 of this act shall upon conviction be fined not more than $10,000 and be imprisoned for not more than 1 year or both, and for such offense the court may order forfeited, in whole or in part the fish and fishing gear on board the vessel, or both, or the monetary value thereof. Such fish and fishing gear shall be disposed of in accordance with the direction of the court.

(d) Section 10 of the Northwest Atlantic Fisheries Act of 1950 (64 Stat. 1067; 16 U. S. C. 989) shall not apply to violations for which penalties are provided in this section.

SEC. 12. For the effective execution of this act, sections 7 (a) and (b), 9, 10, and 11 of the Northwest Atlantic Fisheries Act of 1950 (64 Stat. 1067; 16 U. S. C. 986, 988, 989, 990) shall be deemed to be incorporated herein in haec verba as long as Alaska shall remain a Territory provided that regulations authorized by section 7 (a) of the Northwest Atlantic Fisheries Act shall be adopted by the Secretary of the Interior on consultation with the United States Section and shall apply only to stocks of fish in the convention area contiguous to the territorial water of Alaska.

SEC. 13. (a) There is hereby authorized to be appropriated from time to time such sums as may be necessary for carrying out the purposes and provisions of the convention and this act, including—

(1) necessary travel expenses of the United States Commissioners without regard to the Standardized Government Travel Regulations, as amended, the Travel Expense Act of 1949, or section 10 of the Act of March 3, 1933 (U. S. C., title 5, sec. 73b); and

(2) the United States share of the joint expenses of the Commission; provided that the Commissioners shall not, with respect to commitments concerning the United States share of the joint expenses of the Commission, be subject to the provisions of section 262 (b) of title 22 of the United States Code insofar as they limit the authority of United States representatives to international organizations with respect to such commitments.

(b) Such funds as shall be made available to the Secretary of the Interior for research and related activities shall be expended to carry out the program of the Commission in accordance with recommendations of the United States Section.

SEC. 14. If any provision of this act or the application of such provision to any circumstances or persons shall be held invalid, the validity of the remainder of the act and the applicability of such provision to other circumstances or persons shall not be affected thereby.

DEVELOPMENT OF THE HOG ISLAND TRACT BY THE CITY OF PHILADELPHIA

The bill (S. 3630) to permit the city of Philadelphia to further develop the Hog Island tract as an air, rail, and marine terminal by directing the Secretary of Commerce to release the city of Philadelphia from the fulfillment of certain conditions contained in the existing deed which restrict further development was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, I ask for an explanation.

Mr. DUFF. The purpose of the bill is to relieve the city of Philadelphia from certain obligations, including payment of an annual ground rent, contained in the deed of July 23, 1930, whereby the United States transferred to Philadelphia title to a tract of approximately 950 acres of land, known as Hog Island.

Hog Island was bought from the United States for a total price fixed at $3 million. A downpayment of $450,000 was made, and the balance secured by an annual ground rent of $76,500 for 10 years and $153,000 per year thereafter. This ground rent must be paid until the balance of $2,550,000 is extinguished. Since 1930, the United States has received a total of about $3 million, including the downpayment and annual ground rents, from the city of Philadelphia for Hog Island.

If the city had not purchased Hog Island and paid the ground rent continuously, or if the city had occupied the land pursuant to a lease or permit, it would probably have obtained this land without any payment at all as authorized by section 16 of the Federal Airport Act (60 Stat. 179, May 13, 1946). However,

in section 16 of the Federal Airport Act, Congress made no provision for transfer of interests such as the United States has retained in this instance, and the proposed legislation is necessary to authorize the release sought by the city of Philadelphia.

Mr. GORE. Mr. President, will the Senator yield?

Mr. DUFF. I yield to the Senator from Tennessee.

Mr. GORE. The General Accounting Office has entered an objection because it does not look favorably upon the surrender of property or rights of the United States without appropriate benefit accruing to the United States therefrom. Can the Senator give an explanation of what rights, and if there are rights, if they are sufficient, which will accrue to the United States Government?

Mr. DUFF. The answer to that question was given by Mr. Robert B. Murray, Jr., Under Secretary of Commerce, for Transportation, who testified before our committee and said that they disagree with the General Accounting Office, not on principle, but on the facts. The facts are that an immense benefit would accrue to the Government by virtue of further improvements of an airport which is so necessary to the national defense as is the airport in Philadelphia. Already the city of Philadelphia has expended, in the development of the present airport, in excess of $30 million, and it is desirous of making further large improvements to the airport. It is not only one of the most important airports in the eastern part of the United States, but one of the largest.

In order to raise funds for various further improvements, including lengthening the runways, it is necessary that the city of Philadelphia raise further funds. Under the laws of Pennsylvania, there exists what is known as an authority act, whereby a municipal subdivision of the State, under certain conditions, and based on the value of the property borrowed upon, can increase its indebtedness for the purpose of making improvements. With the present outstanding claim of the Federal Government, it is impossible for the city to borrow the money in that manner in order to make the improvements.

It was also testified that if the bill were passed, the city, pursuant to the method I have explained would be prepared immediately to make further improvements to the extent of $10 million, in addition to the $30 million already expended, which improvements would accrue to the benefit of the Government.

The PRESIDING OFFICER (Mr. PAYNE in the chair). Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 3630) to permit the city of Philadelphia to further develop the Hog Island tract as an air, rail, and marine terminal by directing the Secretary of Commerce to release the city of Philadelphia from the fulfillment of certain conditions contained in the existing deed which restrict further development, which has been reported from the Committee on Interstate and Foreign Commerce, with amendments, on page 1, line 5, after the word "conditions", to strike out "of" and insert "for the benefit of the United States set forth in", and on page 2, line 9, after the word "trusts", to insert "for the benefit of the United States", so as to make the bill read:

Be it enacted, etc., That the Secretary of Commerce is authorized and directed to release the city of Philadelphia from the fulfillment of any and all conditions for the benefit of the United States set forth in a deed of the United States, acting through the United States Shipping Board, dated the 23d day of July 1930, relating to a tract of land, known as Hog Island, situated partly in the township of Tinicum in the county of Delaware and State of Pennsylvania and partly in the 40th ward of the city of Philadelphia, comprising 951 acres more or less; and to execute in proper form a full and complete release and discharge of the yearly ground rent reserved to the United States under and pursuant to said deed, and relieving the city of Philadelphia from the fulfillment of any and all covenants, conditions, and trusts for the benefit of the United States set forth in said deed.

SEC. 2. The execution of the aforesaid release shall be made without consideration therefor and upon condition that the aforesaid tract shall be held, used, and developed as and for an air, rail, and marine terminal for the promotion and furtherance of the interstate and foreign commerce of the United States, and for industrial purposes related thereto: *Provided*, That the premises shall not be disposed of by the city of Philadelphia by conveyance or sale, except in furtherance of the public purposes herein set forth. The release shall contain a further provision that whenever the Congress of the United States shall declare a state of war or other national emergency the United States shall have the right to enter upon the premises and use the same or any part thereof owned by the city of Philadelphia for a period not to exceed the duration of such state of war or national emergency plus 6 months, and upon cessation of such use said premises shall revert to the city of Philadelphia: *Provided however*, That the United States shall be responsible during the period of such use for the maintenance of all of the property so used, and shall pay a fair rental for the use of any structures or other improvements which have been added thereto, said rental to include all debt service charges or other obligations arising out of the financing of all structures or improvements on the aforesaid premises.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LOANS BY THE FARM CREDIT ADMINISTRATION

The bill (S. 3339) to authorize the Farm Credit Administration to make loans of the type formerly made by the Land Bank Commissioner was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, I request an explanation of the bill.

Mr. SCHOEPPEL. Mr. President, as the record discloses, the senior Senator from Kansas is a cosponsor of this measure, together with the distinguished junior Senator from New Mexico [Mr. ANDERSON].

The bill authorizes the Farm Credit Administration to make until June 30, 1959, loans of the type formerly made by the Land Bank Commissioner. The authority for such loans expired on July 1, 1947. In addition, the bill would make the maximum amount of the loans $15,000, instead of $7,500.

Second, the bill would liberalize the provision for deferring the principal installments.

Third, the bill would permit the interest rate on the extension of loans to be continued at the same rate applicable to the loans.

Mr. GORE. Mr. President, will the Senator from Kansas yield?

Mr. SCHOEPPEL. I am glad to yield.

Mr. GORE. As I have listened to the explanation being made by the able Senator from Kansas, I wonder why it is necessary to revive secondary mortgage availability to the farmers during this period. The program expired, as I believe the Senator from Kansas said, in 1947. Why is it necessary in 1954 to revive that program?

Mr. SCHOEPPEL. Mr. President, I may say, for the benefit of the Senator from New Mexico [Mr. ANDERSON], who has just arrived on the floor, that the Senator from Tennessee has requested a statement of the reason for the necessity of this proposed legislation, when, as a matter of fact, the authority to make loans of this type expired on July 1, 1947.

Mr. GORE. I may say that I was struck by the dates involved and by the fact that, heretofore, farmers have not been in particular need of secondary mortgages. However, now they seem to be found necessary. I was requesting an explanation.

Mr. ANDERSON. Mr. President, let me say to the Senator from Tennessee that at the time when trouble arose in connection with the livestock industry, a year or so ago, livestock prices dropped very drastically. Feed prices did not drop. As a result, many cattlemen and others were caught in difficulty.

It is anticipated that if the drought continues in southern Colorado, central Texas, all of eastern New Mexico, parts of the western section of Kansas, and the panhandle of Oklahoma, stockmen and farmers who have exhausted their present credit facilities will have a great deal of trouble arranging for loans. The authority provided by this measure will not necessarily have to be exercised; but many years ago the Land Bank Commissioner type of loan was found to be extremely useful.

At the present time there is no need for the enactment of this measure. It happens to be my opinion, however, that if the drought continues in the areas where there now has been drought for 4 years, the farmers and stockmen will be in need of additional types of financial aid and credit.

Mr. GORE. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. GORE. I understood we had special programs for drought relief. I shall not oppose the bill if the farmers are in such distressed condition, whether because of prices or the inadequacy of the farm program or because of the drought.

I am willing to extend a helping hand. However, I was struck by the necessity of providing now for this program.

Mr. ANDERSON. I wish to say to the Senator from Tennessee that enactment of this measure is not now required. However, I anticipate it will be required this fall. It was because of my belief that enactment of the bill will be required that I originally suggested that the Senator from Kansas [Mr. SCHOEPPEL] and I cooperate on this measure. He and I drove through five of the Western States—not viewing those areas from the air, but going by automobile directly to the places of extreme drought. There are areas of the United States where drought relief has terminated at the present time; as of July 15 the supplying of protein meal was stopped. It will be resumed in the States where the governors have decided to have a hay program.

However, this is the fifth straight season of drought. In the first year the farmers arranged for small loans from their banks. About the second year they went to the Farm Credit Administration. After a while they obtained some help from the Farm Home Administration. But after about 5 years the stockmen and farmers are in real trouble.

So my feeling is that with 10 million surplus cattle on the ranges, if the drought continues, there will be a rush to the market, and in that event there will be a collapse of prices, and at that time this provision will be needed.

Mr. GORE. Mr. President, I wish to congratulate the Senator from New Mexico on his record, not only in this case but as a great Secretary of Agriculture and an outstanding farmer before he became one of the outstanding Members of the United States Senate. I congratulate him upon foreseeing the needs of the farmers and trying to alleviate their difficulties under such circumstances.

I feel that the difficulties of the farmers may be more severe than is anticipated. Because of that, I shall withhold objection.

Mr. MORSE. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I yield.

Mr. MORSE. I think the bill is a sound one and is much needed. I merely wish to express doubt as to whether the Senator from New Mexico is completely correct when he says the bill is not needed now. It is my understanding that even a year ago a considerable amount of loans of this particular type, under the provision now proposed, could have been made and would have been made in the drought areas, for the reason that when the emergency program is ended stockmen may be supplied with hay and grain, and the assistance needed for immediate relief may be given, but that will not put the stockmen back on a profit-making and going-business basis, because the damage the drought does to the herds and facilities is so great that it is impossible even to begin to take care of that damage simply by supplying the stockmen with hay for starving cattle, or with grain to help fatten a few of the cattle the farmers or stockmen may wish to get on the way to market.

In this case we are dealing with the problem of supplying these particular stockmen and farmers with the loans they need in order to get back to a profitable basis of operation. In some instances they must buy new stock. The emergency relief is of no assistance to them, for example, in buying new breeding stock, if as a result of the drought they find it necessary really to get rid of stock that no longer is fit for breeding purposes.

Mr. ANDERSON. Mr. President, I could not agree more fully with the Senator from Oregon.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 339) to authorize the Farm Credit Administration to make loans of the type formerly made by the Land Bank Commissioner, which had been reported from the Committee on Agriculture and Forestry with an amendment, to strike out all after the enacting clause and insert:

That the Farm Credit Administration is authorized to exercise the authority conferred upon the Land Bank Commissioner by part 3 of the Emergency Farm Mortgage Act of 1933 (12 U. S. C. 1016–1019).

SEC. 2. Section 32 of the Emergency Farm Mortgage Act of 1933, as amended (12 U. S. C. 1016), is amended—

(a) By amending the first sentence thereof (12 U. S. C., 1946 edition, 1016 (a)), as partially repealed by section 206 (h) of the act of June 30, 1947 (61 Stat. 208), to read as follows: "Loans to any farmer as hereinafter provided shall be secured by a first or second mortgage upon the whole or any part of the farm property, real or personal, including crops, of the farmer.";

(b) By substituting "$15,000" for "$7,500" in the second sentence thereof (12 U. S. C. 1016 (b), first sentence);

(c) By amending the proviso at the end of the fourth sentence thereof (12 U. S. C. 1016 (c), first sentence), to read as follows: "*Provided*, That any borrower under this section may be permitted to defer payment of the principal portions of installments on his loan for a period not exceeding 5 years under regulations prescribed by the Farm Credit Administration"; and

(d) By amending the 11th sentence thereof (12 U. S. C. 1016 (g), first sentence), to read as follows: "The Farm Credit Administration shall make loans under this section on behalf of and in the name of the Federal Farm Mortgage Corporation, but no such loans shall be made after June 30, 1959, except for the purpose of refinancing loans previously made under this section."

SEC. 3. The second sentence of section 4 (b) of the Federal Farm Mortgage Corporation Act, as amended (12 U. S. C. 1020d, second sentence), is amended by striking out "at a rate not exceeding 5 percent per annum" and inserting in lieu thereof "at a rate not exceeding the rate of interest on the loan."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CONVEYANCE OF CERTAIN LANDS IN ALASKA TO THE ROTARY CLUB OF KETCHIKAN, ALASKA

The bill (H. R. 6263) to authorize the Secretary of Agriculture to convey certain lands in Alaska to the Rotary Club of Ketchikan, Alaska, was announced as next in order.

Mr. MORSE. Mr. President, may we have an explanation of the bill?

The PRESIDING OFFICER. An explanation is requested.

Mr. AIKEN. Mr. President, this is a House bill. The information given to the Senate committee is to the effect that these 4 acres of land were developed by the Ketchikan, Alaska, Rotary Club sometime during the 1930's; and during the war they were turned over to the Forest Service, inasmuch as at that time the land was included within the area of the Tongass National Forest. These 4 acres were used as a recreational ground.

Since that time the boundaries of the forest have been drawn back several miles, leaving the 4-acre recreational tract where it is rather difficult for the Forest Service to handle it. The Rotary Club says it will take it back and operate it. The bill would turn the 4 acres, with the exception of 7 feet, which is desired for a right-of-way, back to the Rotary Club to be owned by them so long as the property is operated for the public benefit. That is all I know about it.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. AIKEN. I yield.

Mr. MORSE. Does the Senator from Vermont think I am correct in my understanding that this land was transferred to the Federal Government in the first instance for a specific use, to be held by the Federal Government so long as it was able to use it for that purpose, but that it no longer has any use for it for that purpose, and therefore the land should go back to the people who originally made it available to the Federal Government?

Mr. AIKEN. That is my understanding.

Mr. MORSE. That is my understanding. However, for the record, in order that this case will never be cited as a precedent against me, that explanation makes it clear that the bill does not violate the Morse formula.

Mr. ANDERSON. Mr. President, I am quite sure that the purpose of the bill is such that it does not in any way violate the Morse formula.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 6263) was considered, ordered to a third reading, read the third time, and passed.

CONVEYANCE OF CERTAIN LAND TO THE CITY OF CLIFTON, N. J.

The bill (H. R. 4928) to authorize the Secretary of Agriculture to convey a certain parcel of land to the city of Clifton, N. J., was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, may we have an explanation? The report indicates that this is a very valuable piece of land. I have no objection to its conveyance, but the RECORD ought to show the conditions under which it is con-

veyed, and whether or not the Government is receiving proper reimbursement.

Mr. ANDERSON. Mr. President, I think it should be said that this bill is exactly in accordance with the Morse formula, which has heretofore been cited.

Mr. MORSE. It is better than the Morse formula.

Mr. HENDRICKSON. It is better than the Morse formula.

Mr. MORSE. Mr. President, I am delighted to find a bill coming before the Senate that is better than the Morse formula. I congratulate the Senator from New Jersey. This bill provides for the payment of 75 percent of the appraised fair market value.

Mr. HENDRICKSON. Mr. President, I should like to observe that many good things come from New Jersey.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 4928) was considered, ordered to a third reading, read the third time, and passed.

ADDITIONAL FUNDS FOR THE COMMITTEE ON APPROPRIATIONS—RESOLUTION REFERRED TO COMMITTEE ON RULES AND ADMINISTRATION

The resolution (S. Res. 279) to provide additional funds for the Committee on Appropriations was announced as next in order.

Mr. KNOWLAND. Mr. President, I believe, under our customary procedure, this resolution and the following one should be referred to the Committee on Rules and Administration.

The PRESIDING OFFICER. Without objection, the resolution will be referred to the Committee on Rules and Administration.

ADDITIONAL FUNDS FOR THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

The resolution (S. Res. 276) providing additional funds for the Committee on Interstate and Foreign Commerce was announced as next in order.

Mr. KNOWLAND. Mr. President, I ask that this resolution also be referred to the Committee on Rules and Administration.

The PRESIDING OFFICER. Without objection, it is so ordered.

AGRICULTURAL ACT OF 1954—BILL PASSED OVER

The bill (S. 3052) to encourage a stable, prosperous, and free agriculture, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. HENDRICKSON. Mr. President, obviously this bill is not calendar business, and should be passed over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. GORE. Mr. President, I do not wish unduly to trespass upon the time of the Senate, but it strikes me as an amusing comparison that we have just passed a bill providing for secondary mortgage loans for farmers, whereas this bill is entitled "A bill to encourage a stable, prosperous, and free agriculture, and for other purposes."

Mr. AIKEN. Mr. President, the Senator from Tennessee will note that the bill providing for emergency loans to farmers has an expiration date, about 4 years in advance. I believe that by the time of the expiration date of the emergency loan bill the other bill which has just been referred to, the bill to encourage a stable, prosperous, and free agriculture, and for other purposes, will no longer be necessary. [Laughter.]

Mr. HENDRICKSON. Mr. President, let me say to the distinguished Senator from Tennessee that, contrary to some of the arguments which I have heard from my good friends on the other side of the aisle, the United States Senate still cannot control drought.

The PRESIDING OFFICER. The bill will be passed over.

BILL PASSED OVER

The bill (S. 3744) to change the name of Gavins Point Reservoir back of Gavins Point Dam to Lewis and Clark Lake was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, at the request of the distinguished junior Senator from Iowa [Mr. GILLETTE], I object.

The PRESIDING OFFICER. The bill will be passed over.

RESOLUTIONS PASSED OVER

The resolution (S. Res. 280) to cite Albert Shadowitz for contempt of the Senate was announced as next in order.

Mr. COOPER. Mr. President, may we have an explanation of the resolution?

The PRESIDING OFFICER. An explanation is requested. The resolution was reported from the Committee on Government Operations.

Mr. COOPER. I have just been informed that there is a request that the resolution be passed over.

The PRESIDING OFFICER. The resolution will be passed over.

The resolution (S. Res. 282) to cite Abraham Unger for contempt of the Senate was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the resolution?

Mr. COOPER. Mr. President, I make the same request with respect to this resolution. I ask that it be passed over.

The PRESIDING OFFICER. The resolution will be passed over.

The resolution (S. Res. 281) to cite Corliss Lamont for contempt of the Senate was announced as next in order.

Mr. COOPER. Mr. President, I make the same request with respect to this resolution. I ask that it be passed over.

The PRESIDING OFFICER. The resolution will be passed over.

BILLS PASSED OVER

The bill (H. R. 3300) to authorize the State of Illinois and the Sanitary District of Chicago under the direction of the Secretary of the Army to help control the lake level of Lake Michigan by diverting water from Lake Michigan into the Illinois waterway was announced as next in order.

Mr. HENDRICKSON. Mr. President, reserving the right to object—and I do not intend to object—this might be an important bill. I think it should be explained.

The PRESIDING OFFICER. An explanation is requested.

Mr. GORE. By request, I object.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. Mr. President, here again we have proposed legislation which is clearly of such a nature that it should be brought up on motion. I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

NAVIGATION ON THE DELAWARE RIVER—BILL PASSED OVER

The bill (S. 2317) authorizing the modification of the existing project for navigation on the Delaware River, Pa., N. J., and Del., was announced as next in order.

Mr. GORE. Mr. President, I have discussed the bill with the distinguished senior Senator from Pennsylvania [Mr. MARTIN]. It seems to be an entirely meritorious bill, but it does involve an increase in cost of $18 million. We have followed, more or less, a rule of thumb, that no bill involving more than $1 million should pass on the call of the calendar. For that reason, rather than because of any objection to the principle, or the bill itself, I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. HENDRICKSON. Mr. President, in view of the request that the bill be passed over, I hope the distinguished majority leader will bring the bill before the Senate for consideration by a motion at an early date.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, let me say for the information of the Senator from New Jersey [Mr. HENDRICKSON] and other Senators that, in conformity with the notice heretofore given, when the pending bill shall have been disposed of there will be a number of bills of first priority, and other bills which may be of lesser importance, to be considered. They are not necessarily stated in the order in which they will be taken up on completion of consideration of the unfinished business. The pending measure will be disposed of before any other bills are taken up. The list is as follows:

Calendar No. 1808, House bill 9709, a bill to extend and improve the unemployment-compensation program.

Calendar No. 1831, House bill 9678, a bill to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes.

Calendar No. 1825, Senate bill 3052, a bill to encourage a stable, prosperous, and free agriculture, and for other purposes.

Calendar No. 1794, Senate bill 880, a bill to amend the license law of the District of Columbia.

Calendar No. 1774, House bill 7815, a bill to provide for the construction, operation, and maintenance of the Cougar Dam and Reservoir on the South Fork McKenzie River, Oreg., with participation for power by the city of Eugene, Oreg.

Calendar No. 1315, Senate bill 2910, a bill providing for the creation of certain United States judgeships, and for other purposes.

Calendar No. 644, House bill 6287, a bill to extend and amend the Renegotiation Act of 1951.

Calendar No. 1720, Senate bill 3706, a bill to amend the Subversive Activities Control Act of 1950.

Calendar No. 1832, Senate bill 2317, a bill authorizing the modification of the existing project for navigation on the Delaware River, Pa., N. J., and Del.

There will be additional announcements to the Senate later with respect to other bills which will be called up on motion.

CONVEYANCE OF CERTAIN LANDS TO MUSKOGEE, OKLA.

The PRESIDING OFFICER. There still remains at the foot of the calendar Calendar No. 1807, House bill 8983, which will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H. R. 8983) to provide for the conveyance of certain lands by the United States to the city of Muskogee, Okla.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. GORE. Mr. President, may we have an explanation of the bill?

Mr. MONRONEY. Mr. President, the purpose of the bill is simply to reconvey to the city of Muskogee, Okla., title to 5.4 acres of land for the purpose of providing a place for the historical display of the original Indian Agency of Oklahoma Territory.

This land was a part of a tract of more than 13 acres which was donated to the Federal Government without cost to the Federal Government, for the Veterans' Administration Hospital when it was constructed. The land is being reconveyed. The additional land which was obtained for the hospital did not cost the United States Government anything. The Veterans' Administration has found that this particular parcel of land, which is of historical significance in connection with the old Indian agency, is not needed or required by the Veterans' Administration Hospital at Muskogee, and therefore it has agreed and consented to this transfer to the city of Muskogee.

Mr. MORSE. Mr. President, my understanding of the bill is that we are dealing again with a situation in which land was conveyed to the Federal Government for a specific purpose, to be used only for that purpose, and with the understanding that if it was not used for that purpose it would revert. It is a piece of land which was deeded for the use of a veterans' hospital. More land was deeded than was necessary, and the Veterans' Administration wishes to relinquish these five and a fraction acres. The bill does not violate the Morse formula, and therefore I have no objection.

The PRESIDING OFFICER. The question is on the third reading of the bill.

The bill (H. R. 8983) was ordered to a third reading, read the third time, and passed.

EXERCISE OF CERTAIN POWERS BY THE PRESIDENT RELATING TO PROPERTY CEDED TO THE UNITED STATES BY THE REPUBLIC OF HAWAII

Mr. CORDON. Mr. President, I ask that a message from the House of Representatives on House bill 2846 be laid before the Senate.

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H. R. 2846) authorizing the President to exercise certain powers conferred upon him by the Hawaiian Organic Act in respect to certain property ceded to the United States by the Republic of Hawaii, notwithstanding the acts of August 5, 1939, and June 16, 1949, or other acts of Congress, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. CORDON. Mr. President, the Senate, in considering this bill, had before it correspondence from the Interior Department indicating that certain technical amendments should be made in the bill because of an error on the part of the House in considering the legal effect of applicable law. The Senate committee adopted the recommendations, and the amendments were inserted by the Senate, and the bill then went back to the House. The House objected, and asked for a conference.

Since that time the Senate committee has been advised that the first information given the Senate committee was in error, and that the House language was the correct and necessary language.

At this time, in order to meet that peculiar situation, I move that the Senate recede from its amendments, so that the bill may be enacted as it passed the House.

Mr. GORE. Mr. President, I know of no objection, but I have had no notice from the minority leader that this matter would be considered. Can the Senator give us assurance that the minority leader has been notified?

Mr. CORDON. I am happy to advise my colleague from Tennessee that the matter has been discussed both with the majority and minority leaders, and the second ranking member of the minority of the Committee on Interior and Insular Affairs, who handled the bill, the Senator from New Mexico [Mr. ANDERSON].

Mr. GORE. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon.

The motion was agreed to.

ORDER FOR RECESS TO MONDAY AT 10 A. M.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate completes its labors this evening it stand in recess until Monday next, at 10 a. m.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE MEETING DURING SENATE SESSION ON MONDAY

On request of Mr. LANGER, and by unanimous consent, the Committee on the Judiciary was authorized to meet on Monday afternoon next, during the session of the Senate.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. GORE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Flanders	Knowland
Anderson	Gore	Long
Beall	Hayden	Murray
Bennett	Hendrickson	Payne
Carlson	Hickenlooper	Purtell
Case	Holland	Robertson
Cooper	Ives	Russell
Cordon	Jenner	Schoeppel
Crippa	Johnson, Colo.	Sparkman
Daniel	Johnson, Tex.	Williams
Ervin	Kerr	

The PRESIDING OFFICER (Mr. PAYNE in the chair). A quorum is not present.

Mr. KNOWLAND. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. BURKE, Mr. BUSH, Mr. BUTLER, Mr. CAPEHART, Mr. CHAVEZ, Mr. CLEMENTS, Mr. DIRKSEN, Mr. DOUGLAS, Mr. DUFF, Mr. DWORSHAK, Mr. FERGUSON, Mr. FULBRIGHT, Mr. GEORGE, Mr. GILLETTE, Mr. GOLDWATER, Mr. HILL, Mr. HUMPHREY, Mr. JOHNSTON of South Carolina, Mr. KILGORE, Mr. KUCHEL, Mr. LANGER, Mr. LEHMAN, Mr. LENNON, Mr. MAGNUSON, Mr. MALONE, Mr. MARTIN, Mr. MILLIKIN, Mr. MONRONEY, Mr. MORSE, Mr. MUNDT, Mr. REYNOLDS, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. SMITH of

New Jersey, Mr. STENNIS, Mr. SYMINGTON, Mr. THYE, Mr. WATKINS, Mr. WELKER, and Mr. YOUNG entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment of the Senator from Michigan [Mr. FERGUSON].

Mr. MURRAY obtained the floor.

Mr. ANDERSON. Mr. President, will the Senator from Montana yield to me?

Mr. MURRAY. I yield.

Mr. ANDERSON. I appreciate the courtesy of the Senator from Montana in yielding.

Mr. President, I merely wish to make a brief statement for the record regarding a statement made to the Senate on yesterday by the able Senator from Connecticut [Mr. BUSH].

I have discussed this matter with the able Senator from Connecticut, and he recognizes that I am not trying to get into a controversy with him about words. I merely wanted the two of us to be speaking the same language, so to speak.

At this time I wish to read from the third column on page 10677 of the CONGRESSIONAL RECORD for yesterday, July 16. At that point in yesterday's debate, the Senator from Connecticut [Mr. BUSH] made the following statement:

Mr. President, going back to my prepared remarks, special attention is directed to items 2 and 4. The Senator from New Mexico [Mr. ANDERSON] during his debate on the afternoon of July 14, 1954, made the statement that if construction costs—

Meaning the construction costs of the Dixon-Yates plant—

exceeded the estimate of $107,250,000, the Government would put up half of the additional capital costs to a ceiling of $117 million. In other words, on an increase of $9,750,000, he indicated the Government would put $4,375,000 of capital and the sponsors would put up a like amount. I refer my colleagues to page 10506 of the CONGRESSIONAL RECORD.

That assertion by the Senator from New Mexico is not correct. I am sure he did not know it was incorrect, but it simply is not so.

In the first place, Mr. President, $9,750,000, divided into 2, does not amount to $4,375,000, but to $4,875,000.

However, the essential point is that I was trying my very best to stay within the facts.

Let me read from page 10506 of the CONGRESSIONAL RECORD for July 14, 1954, where my statement is recorded in part as follows:

If the cost goes up from our $107 million to just under $117 million, the Government of the United States will put up $4½ million of the extra $9 million, and the operators, Dixon-Yates, will put up $4½ million.

I never used the term "capital," so far as I know.

Now let me read what the Bureau of the Budget said about this matter; I read now from page 955 of the hearings:

The Middle South-Southern proposal is predicated upon a base capital requirement of $107,250,000 for the production and transmission plant with provision that the new corporation and AEC share on a 50-50 basis any decrease or increase in this figure up to $117 million.

In addition, by referring to page 948 of the hearings, we find that the General Manager said:

In other words, if there is any increase over the $107 million estimate in construction, we—

Meaning the Government—

would pay half of that increase as reflected in the capacity charge, up to 9 percent, and the company, of course, would pay the other half or lose the other half.

Mr. President, I am merely trying to point out that I think both of us meant the same thing. I did not mean "to put up capital." I realize how it is done. It is done by paying $285,000 a year—that is, up to a maximum of that amount—instead of making an actual lump-sum payment.

I wished to state this matter for the record, because I do not think the Senator from Connecticut [Mr. BUSH] and I are apart. I simply used the words "put up," whereas the Government uses the word "pay." I think they amount to the same thing.

I thank the Senator from Montana for yielding to me.

Mr. MURRAY. Mr. President, I rise to express some views on the pending bill.

Earlier today I listened with close attention to the able and distinguished Senator from New York [Mr. LEHMAN], who pointed to some of the dangerous consequences which may flow from this measure if we fail to discover the real effect of its technical provisions and fail to take proper steps in that connection, I agree completely with the views of the Senator from New York, as so eloquently expressed by him.

Mr. President, on numerous occasions during the consideration of the pending bill, it has been stated that this measure is one of the most important pieces of proposed legislation ever to come before the Senate of the United States.

The distinguished Senator from Rhode Island [Mr. PASTORE], in his able analysis of the bill on the day before yesterday, said:

Nothing during this session that will come before us will weigh heavier on what our destinies may be than the measure we are discussing today.

Continuing, the Senator said:

I daresay that we could take every piece of legislation we have discussed in the Senate since January and put it into one basket, and take this proposed legislation and put it into another basket, and by far this measure would outweigh anything we have considered or done in the Senate this year.

Of course, a small group of Senators serving on the Joint Committee on Atomic Energy have had the benefit of extensive hearings and study of the proposed amendments of the act. The majority of Senators, however, will be compelled during the period of this debate to make a complete study of the record and the report of the joint committee, in order to get a correct understanding of the effect this measure is going to have on the future of our country. During this debate we shall have the benefit of the views and recommendations of some of the Members who have served on the Joint Committee on Atomic Energy. Unfortunately, there is a conflict of opinion in the joint committee.

We are told that this measure will be of great and lasting influence on the growth and strength of our country. In fact, it will create a new era and will determine our whole future history. It must, therefore, be free from any provisions or conditions that might be construed to make it work to the detriment of the whole people. In other words, it must not be used as a vehicle to give advantage to any special interests or special groups, to the disadvantage of the country as a whole. This is the great fear which pervades the Senate in connection with this measure.

Thomas L. Stokes well expressed this fear in his article appearing in the Washington Star of July 16, 1954. In his article he reminded us of our failure in the past to guard the public interest. He said:

We start fresh now with atomic energy, with all that experience behind us. We will, indeed, be negligent—as well as fools—if again we let powerful and selfish private interests get a monopoly grip not only on atomic power but also in utilization in other fields that radiate from the atom—medical science, agriculture, processing of food, and so on.

Mr. President, I ask unanimous consent that Mr. Stokes' article be printed in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

DEVELOPMENT OF ATOMIC ENERGY—FEAR EXPRESSED THAT PRIVATE INTERESTS WILL GET AN UPPER HAND IN UTILIZING NUCLEAR RESOURCES

(By Thomas L. Stokes)

It may sound somewhat melodramatic to say that Congress is on the eve of one of the great legislative decisions of its long history.

But that hardly seems an exaggeration as to what it does about the bill to revise the Atomic Energy Act that is now before the Senate.

Unless the bill as it was presented to the Senate from the Joint Committee on Atomic Energy is amended to protect the public against the monopoly that some experts believe is inherent in its patent and other provisions, then future generations may be in for a lot of headaches.

There is a background of experience to warn us. That is the way we permitted our earlier source of energy—electricity developed from waterpower and steam power—to be exploited by private combines that got bigger and bigger and more and more powerful, took higher and higher tolls from the consuming public, and finally invaded and polluted our politics until the Government, moving under the impulse of public wrath, finally stepped in to straighten it all out. That wasn't so long ago—in fact, it is still clear in the memory of many of us.

Out of that we developed regulatory laws that offer a pattern to guide us in the development of atomic power.

We start fresh now with atomic energy, with all that experience behind us. We will indeed be negligent—as well as fools—if again we let powerful and selfish private interests get a monopoly grip not only on atomic power, but also in utilization in other fields that radiate from the atom—medical science, agriculture, processing of food, and so on.

We, the taxpayers, already have invested $11 billion in atomic development, mostly

for military purposes. We have, therefore, quite a stake. It belongs to us. The terms by which we permit private interests to develop atomic power for peacetime uses become consequently the overriding consideration before Congress—and with us.

There will likely be more noise and clamor about other issues in the atomic act revision bill.

One of these issues concerns how much we shall tell our allies about military use of atomic power. Another has to do with the recent order by President Eisenhower to the Atomic Energy Commission to purchase power from a plant to be built by a private syndicate, instead of having TVA, which has been the supplier of power for AEC, build a steam plant and add to its own capacity. Supporters of TVA in Congress see this arrangement as not only bad business for the Government and costly to it and the consumer, but also as an entering wedge to hamstring TVA's usefulness as a yardstick. They are seeking to stop execution of the contract by amending the atomic-energy bill.

These two matters are extremely important in themselves, and of considerable public import and interest. But the public should be cautioned not to let these controversies hide what is done about cutting in private interests on development of atomic power.

This last involves two changes in present law. One affects patent rights which heretofore have been controlled tightly by the AEC. Under the bill before the Senate patent rights are to be opened to private interests and under terms which are criticized as not properly protective against monopoly. Because of criticism, some alterations were made. One of these extends for 5 years the AEC's power to require the holders of private patents to make them available to others if such patents are important in production or utilization of nuclear fuels or atomic energy. But some familiar with the operation of patent law in such a field still believe that the public is not adequately protected.

Aside from patents, the bill also authorizes the AEC to issue licenses to private interests for construction, ownership, and operation of facilities to produce and utilize nuclear fuel and atomic energy. Ownership of nuclear fuel still would be retained in the Government.

It is here that production of power is involved. Yet the bill does not provide for preferences to public bodies or cooperatives in distribution of power, either from private plants that are licensed or from public atomic powerplants that might be constructed by the Government. Such preferences long have been in our laws dealing with hydroelectric power. It is true that the utilities are now engaged in a campaign to break these preferences down and, in fact, are on the point of success in various areas—at Niagara Falls, at Clarke's Hill along the Savannah River in Georgia and South Carolina, and in some projects being planned for the Pacific Northwest, among others.

If the utilities could prevent preferences for public bodies and co-ops in the atomic energy law, it would be quite a victory at the very outset. They may get away with it, of course. They have their highly paid lobbyists right here, at the ear of your representatives, and you, the public, are always a long ways off.

Mr. MURRAY. J. M. Roberts, Jr., Associated Press News analyst, has recognized the vital importance of this issue. In his column on May 23, 1954, he has written:

> One of the great problems now will be to determine, as contracts are being drawn and precedents set, how the interest of the people can be protected. Industry has been insisting that, if it develops any new processes, it should be permitted normal patent rights. The great question is, where do new processes begin and the influence of original development work end? * * * Development of this type simply would not begin at this time without Government subsidization in one form or another. * * * The precedents set now will have an important effect on the whole relationship between the people, their Government, and private business management.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MURRAY. I yield.

Mr. HILL. The distinguished Senator from Montana was formerly chairman of the Senate Small Business Committee. In that position, as we know, he rendered great and lasting service, not only to small business, but to the entire economy and to all the people of the Nation. I wonder if he will not corroborate the statement that patents constitute one of the most important features of our economy, particularly if we are to preserve the free-enterprise system and keep the economy from getting too much under the control and domination of a few great concerns. In other words, small business must have the greatest possible concern in the subject of patents, because the question of whether or not small business is to survive may depend upon patent rights. Is not that true?

Mr. MURRAY. The Senator from Alabama is exactly correct in his observation. There is no question that the preservation of small-business enterprise is vital to the continuation of our free-enterprise system. I am sure everyone realizes that.

Mr. President, the present administration has been in control of our Government for more than a year and a half. In order to determine the trend we are following, it might be well to consider what has befallen us during the past year and a half.

Early in the first year of the present administration we were confronted with a hard-money crusade, dictated by eastern bankers who had been placed in high positions of our Government by the administration. Dangerous consequences soon began to flow from that policy. We soon began to witness a slowdown in industry, an increase in small-business bankruptcies, and rising unemployment in many sections of the country. As a result, the administration was compelled to reverse that policy after it had caused considerable damage to our economy.

Now a deliberate attempt is on foot in the Congress to deflate the farmers of America and emasculate the laws and the policies that made it possible for the farmers and workers of the country to improve their status and increase their purchasing power, and thus become an asset to the Nation instead of a liability.

During the present administration we have also witnessed an effort to change the public-power policies and programs which have brought great wealth and prosperity to the Nation. The present administration has laid down a policy that there must be no new multiple-purpose dams started by the Government unless the electric power developed in connection with such dams is turned over to private-power utilities. This change of policy has already resulted in serious consequences to the Nation.

Mr. President, I should also call attention to the national tax program, through which the administration has sought to reward the wealthy, with the resulting danger of bringing on economic stagnation and depression.

Mr. President, we should not overlook the fact that the big utility companies and other special interests are spending enormous amounts of money lobbying the Congress, seeking special legislation and special favors.

These new administration policies to which I have referred are already having a serious effect upon our economy, and will result in serious consequences if not corrected.

In order to foretell the future we must understand what has happened in the past. Over a period of 50 years or more we have evolved a Federal power policy and built it into our economy so as to fit the needs of the Nation. We have tried regulation of the private utilities. We found that it was inadequate. We found that in the absence of some sort of real competition—if not within each community in the Nation, then by the example of a competitive type of development or yardstick in a few of the areas of the Nation—regulation alone was ineffective. Under regulation, utility management would settle down to sell a scarcity of power at a high profit and ignore the need for abundant low-cost power for the Nation's economic growth and development.

We have found that water power can be developed as the paying partner in great regional development projects and thereby stimulate, not only larger supplies of electricity, but in addition, soil conservation, new industries, expansion of employment and expansion of the whole economy.

Electric energy is not a commodity that we can take or leave alone without irreparable damage. The choice is not between an electric light and a kerosene lamp, or between a steam boiler and electric motors.

The expansion of the great electrochemical and light metal industries requires ever-increasing quantities of low-cost energy; and they are essential not only to a healthy economy, but to our national defense. As the President's Materials Policy Commission pointed out 3 years ago, abundant low-cost electricity is a national necessity.

One aspect of the present administration's shift from the highly satisfactory partnership between Federal generation and local distribution which is extremely disturbing to me is what becomes of irrigation. For a good many years we have permitted the use of the interest component—interest on Federal funds invested in the power facilities of a multiple-purpose project—to pay excess irrigation costs. There was a Columbia Basin account established to permit the use of the interest component to promote irrigation development in the Northwest. But if all the proposed giveaways of power sites in the Northwest proceed—if there is to be piecemeal development of the remainder of the hydroelectric sites in the Columbia Basin by

a variety of sponsors with no responsibility for irrigation—then irrigation development in the Columbia Basin appears to be finished.

The great Hells Canyon Dam, as planned by the Federal Government, was to provide interest component funds to permit irrigation of a considerable area in the Mountain Home project. Should the Federal Power Commission license construction at that site by the Idaho Power Co., at least $300 million of prospective interest component funds will be lost—as well as the possibility of a great new low-cost power source. The possibility of going ahead with irrigation development under the present financing formula will thereby be reduced.

I am quite fully aware that the use of the interest component is a form of financial aid to irrigation. In my judgment, it is a wise arrangement. Our country properly makes a great many investments which are not, of themselves, self-liquidating, but which stimulate tremendous returns indirectly. Irrigation can be such an investment. The farmers who take up the irrigated lands in some instances cannot afford to pay the full costs of the irrigation works. But the creation of the new farming units creates new businesses. It stimulates demand upon existing industry. It creates jobs. It develops new tax sources. And, in the end, the Federal Treasury as well as the whole economy are beneficiaries.

From the beginning of the Federal reclamation program more than 50 years ago, under President Theodore Roosevelt's leadership, subsidy for irrigation has been recognized as sound public policy for regional development purposes.

The planned extension of the irrigation subsidy principle in the case of Hells Canyon Dam would be to the Payette unit of the Mountain Home irrigation project. This consists of 192,000 acres on which 750 new farm units could be located. Investment in the farms would run $50 million. With the expansion of business and population that would result, studies indicate that Federal taxes, at present rates, of approximately $7,250,000 per annum could be anticipated.

It is argued that in view of our present tremendous agricultural production and supply, there is no justification for such irrigation projects. This is a very short-term viewpoint. By 1975 we will have 25 percent more mouths to feed than in 1950. We will need the production of an additional 100 million acres of land at present yields to feed our population, even if we give no consideration to improvement of the diet of people not now well nourished. The long-term answer is that this country should continue with the orderly development of irrigable lands, as well as scientific research in the improvement of yields from lands already under cultivation. Our steady population growth requires it. We do not have 100 million acres of new land to bring into cultivation. We are going to get our increasing food requirements through a few reclamation additions to acreage and improved yields.

Irrigation subsidy can be provided by other means. We can throw out the use of interest component and substitute direct, appropriated subsidies if that is the desire of the people of this country and the Congress. But before the interest component is discarded as the means of continuing reclamation, we should have some concept of the alternative plan which is to be used. We should face the problem and not discard present development procedures without a clear understanding of what the substitute is to be. We are demolishing a useful and needed policy structure without even a blueprint of a new policy.

Over a period of more than 50 years we have developed a Federal power policy. It is contained in a dozen legislative enactments.

In 1890, the importance of our great hydroelectric resources began to become apparent to the Congress and it enacted provisions in two measures to protect the public interest in them.

One bill forbade the construction of any dam or other structure in the navigable streams of the Nation without first getting the approval of the Chief of Engineers and the Secretary of War. The Rivers and Harbors Act which was passed that year—64 years ago—indicated congressional determination to limit the time of occupancy of any power site. A special bill, which authorized the Secretary of War to grant leases for power sites on the Green and Barren Rivers, specifically provided that the leases were not to run for more than 20 years.

That was the beginning of our Nation's awakening to the value of public energy resources; the first notice that it would be the policy of Congress to control those public energy resources in the general public interest.

Positive legislation to protect the public power sites was enacted on February 15, 1901. The act of 1901 gave authority to the Secretary of the Interior to license use of the public lands for "electrical plants, poles, and lines for the generation and distribution of electrical power" leaving the lease conditions to the Cabinet officer with the provision, however, that any such licenses or rights would be subject to revocation in the discretion of the Cabinet officer.

A report of the Committee of the House on Public Lands—House Report No. 16, 64th Congress, 1st session, 1916—later commented:

> Prior to the act of February 15, 1901, there was no legislation on the subject at all; waterpower sites were patented unmolested, either as parts of homesteads or by purchase, and were given no Federal attention whatever. Under this procedure, a large number of power sites on the public domain were frittered away and have passed into private ownership beyond regulation, beyond control.
>
> As we look back on this procedure it seems like criminal neglect. Many of the valuable waterpower sites of the country passed as fast as eager private concerns and persons could grab them under the several laws then in existence. These are now forever, in part, to be enjoyed by the few who at will may practice extortion and monopoly upon the consuming public subject only to inadequate State regulation when the business is intrastate and with little or no regulation when the concern is doing an interstate business.

The next legislative action in the development of Federal power policy came in the Reclamation Act of 1906, an act which was sponsored by Republican President Theodore Roosevelt and for which he has been acclaimed, until recently, by most Republicans as a great and far-seeing President.

The Reclamation Act of 1906 recognized that water stored for irrigation could also be used to produce power, and it therefore authorized the Secretary of the Interior to lease any surplus power or power privilege. The bill provided that the Secretary should give preference to municipal purposes, thus evidencing an intention that the power benefits should be widespread, rather than monopolized by a private corporation. The act provided a 10-year limit on such leases.

Such a time limitation would undoubtedly be considered extremely drastic at the present time. Federal Power Commission licenses are for 50 years. The new administration's concept of a partnership—so far as I can determine—contemplated long licenses, if not perpetual rights, to power facilities at a dam site. It is my understanding that it is planned to let the power companies build and own the electric generating facilities in connection with a multiple-purpose dam. There has been no suggestion of a termination or recapture provision in such arrangements, although no such arrangements have yet been made so we can inspect them.

It is therefore significant to observe that other Republicans, as early as 1906, opposed the granting of perpetual rights. Acts were passed in the 1906 period granting perpetual rights to private companies for hydroelectric developments on the Tennessee, Rainey, James, White, and Coosa Rivers. But those acts were vetoed by two illustrious Republican Presidents, Presidents Theodore Roosevelt and William Howard Taft.

The President's Water Policy Commission, at page 221 of its report, issued in 1950, reviewed these vetoes and commented:

> Three veto messages by President Theodore Roosevelt and two by President Taft, dealing with bills to permit private construction of power dams on the Tennessee, Rainey, James, White, and Coosa Rivers, played an important part in the development of Federal water power policy. In general they noted, among other observations, that natural resources should not be granted and held in an undeveloped condition; that a definite time limit should be fixed in grants, permitting the public to retain control; that charges for the privilege should be imposed; and that, in approving plans, maximum development of navigation and power should be assured.

By 1910 the problem of use of the public hydroelectric sites was so pressing that Congress adopted the General Dam Act, designed to protect the people's rights in the public resources. Grants to develop power on rivers subject to Federal jurisdiction were limited to 50 years, but with the right reserved for the Government to revoke such grants at any time for public use upon payment of a reasonable value for the works, exclusive of any value for the Federal grants.

Next came the Federal Power Act of 1920—the basic legislation in our modern day power policy.

This bill has sometimes been described as a compromise between the private and the public power interests. The report of the Senate Committee on Commerce, submitting the act, said that there should be Government development, or private development, and that in order to encourage some sort of action this bill proceeds on the theory of private development with ultimate public ownership possible.

The bill then provided that the Government had first preference to any water-power sites, and that then the State and municipalities should be accorded a preference over any private applicant if their proposed projects could be made to equal the other.

There were other important aspects of that bill. It required that water-power development be undertaken as a part of comprehensive, multiple-purpose plans for development and use of waterways and watersheds. It contained a series of provisions to assure the public low rates, even under private development. It limited license periods to 50 years. It provided public recapture at the end of license periods.

The provision for recapture was an extremely significant provision and reflected the skepticism of the legislators of that early day over the adequacy of regulation alone to assure the American people abundant power at reasonable rates. The Congress, by inclusion of the recapture provision, in effect protected the right of the people through Federal, State, municipal or other nonprofit agencies, to take back the resources and provide themselves with electric power. It was a reservation against the possibility that regulated private utilities would not meet the public's requirements.

The intent of the Federal Power Act of 1920 was to stimulate development of power to supply—to give private utilities access to hydroelectric sites under regularized terms which would protect their investments but safeguard the public—to encourage them to develop a more abundant supply of power for America.

The effort to stimulate development did not work—and we should mark that fact in this period when private utilities are asking to be given the atom. By 1925, the Federal Power Commission had issued only 5 licenses for construction of dams. So Congress again took a hand and directed the Federal Power Commission and the Chief of Engineers to report to it on the cost of surveys to formulate plans for the improvement of the navigable waters of the United States. The Commission and the Chief of Engineers did report in a document known to all of us—House Document 308, 69th Congress, 1st session.

After this report was submitted, Congress, in the Rivers and Harbors Act of 1927, authorized surveys in accordance with House Document 308. Since then, we have had about 200 of the 308 reports made to this Congress, all made at considerable expense and all in accordance with a policy of undertaking Federal development of our watersheds for their multiple values and purposes.

Congress has authorized many multiple-purpose projects, invariably including a clause giving preference in the sale of electric power from a public development to public and cooperative agencies.

The Hoover Dam Act of 1928 provided that contracts for the use of energy should be let in conformity with the policy expressed in the Federal act as to conflicting applications—which meant that State, city, county, irrigation district, drainage district or other division or agency of the State should have preference.

Inasmuch as the Hoover Dam Act has been cited recently as a model law, I think it is very important to note that it contained the preference clause. That fact is being overlooked by those who are using it as an example of how power resources should be farmed out to local interests today. The act providing for the construction of Hoover Dam definitely included the preference principle.

In the sale of power from Tennessee Valley Authority projects, the Congress prescribed a preference to States, counties, municipalities, and cooperative organizations of citizens or farmers not doing business for profit but organized primarily for the purpose of supplying power to their members. That act passed May 18, 1933.

The Rural Electrification Act of May 20, 1936, provided that in making loans that agency should give preference to "States, Territories and subdivisions and agencies thereof, municipalities, peoples utility districts, and cooperatives, nonprofit, or limited dividend associations."

In 1937, the Bonneville Project Act provided a priority in sale of energy to public bodies and cooperatives. A similar provision was in the Fort Peck law passed May 18, 1938.

A preference was prescribed in the sale of power in the Water Conservation and Utilization Act of 1940.

In 1944, in the Flood Control Act of that year, Congress prescribed generally that, in the marketing of power generated at reservoir projects under control of the Secretary of the Army, preference shall be given to public bodies and cooperatives.

That act was passed December 22, 1944.

The policy of protecting public power resources for public and cooperative agencies—for the great mass of the people—has not only pervaded the laws of the last half century, but in that period the Congress has seen to it that the right of the people, who compose the Government, to the benefits of the power which the Government develops has been given real meaning; that the power is transported from the public projects to within reach of the public and cooperative, nonprofit distributors.

In the case of Hoover Dam, the large and wealthy city of Los Angeles, requiring both power and water, was able to go out nearly 300 miles and exercise its priorities there, transporting both its own power and its own water to the city. It became obvious that there are few cities, possibly none, which could finance such great transmission projects alone; and that the rural electric cooperatives could not, since they must devote their earnings to retirement of their Government loans. So the Congress for years has consistently followed the policy of authorizing, appropriating for, and having built public transmission lines which will get public power to the public and cooperative priority customers.

In the great Northwest area, Bonneville Power Administration has done it, and brought about a tremendous economic expansion in that area.

In the Tennessee Valley, the TVA has, at Congress' direction, built a great grid system reaching priority customers.

In the Southwest, in the Missouri Basin, in the Central Valley of California—wherever public power is available—it has been the policy to give meaning to the priority provision by getting the power within reach of the customer.

The Congress has provided the rural electrics with so-called G & T loan funds—generating and transmission loans—to permit them to build not only generating plants, but also necessary transmission lines. A transmission cooperative in South Dakota is entirely engaged in transmitting Bureau of Reclamation power to local REA's.

In some instances, arrangements have been made for private companies to "wheel" power over their lines for the Government to the public preference customers. I do not object to such arrangements where they are freely made by both parties—where the Government agency or the REA can go to a company and say: "We will contract with you to wheel power at a reasonable rate; but we will build our own transmission line if you are not reasonable."

But I certainly favor making it at all times possible for the public agency or REA to have the alternatives of building its own lines if the private companies are unreasonable.

I do not favor yielding to what I understand is now the private company demand that all power be sold to them at the bus bar—for them to resell to priority customers at their own rates.

Neither do I favor returning to the 19th century—ignoring all the developments of the last 50 years—and enacting atomic energy legislation which will give the private power companies exclusive, unregulated and unconditional right to use the public nuclear materials as fuel for generating plants without recapture provisions, without assent to regulation, without priority to public and cooperative power distributors—without any of the safeguards of the public interest to assure developments in abundance at the lowest possible costs which our predecessors in the national legislature—the Congress—have found necessary.

Mr. HILL. Mr. President, will the Senator from Montana yield?

Mr. MURRAY. I yield.

Mr. HILL. Is it not true that in spite of the opposition from power companies, when we passed the Flood Control Act of 1944 we wrote into it the preference clause applying to all Government-built projects, whether they were constructed for flood-control purposes, for navigation purposes, or for whatever purpose they were constructed, and this preference

for the purchase of the power was given, as the Senator has said, to municipalities, nonprofit public bodies, and REA cooperatives? If there was ever any question about the public-power policy it was made general and as broad as the encasing air, so to speak, so far as Government-constructed power projects are concerned. Is not that correct?

Mr. MURRAY. That is absolutely correct. It has become the established policy of our Nation. Everyone in the West who knows what has been accomplished there under that policy certainly approves it.

Mr. HILL. Of course, the policy had its genesis in the great fight for conservation which was made some 45 or more years ago, led by Theodore Roosevelt and Gifford Pinchot, when they were waging the battle to preserve our forests, our lands, and our water and mineral resources as the heritage of the people of the United States, the gift of God Almighty to the people of the United States. This preference provision about which the Senator has been speaking is the child of that great struggle to save for the people the benefits of these great God-given natural resources.

Mr. MURRAY. I thank the Senator for his contribution.

Mr. HILL. They should be used to benefit the people rather than for exploitation for profit by the power interests.

Mr. MURRAY. That is absolutely correct. I think it has become generally recognized in the United States, even in sections of the country far removed from where the policy has had such a beneficial effect.

Mr. HILL. There is a very excellent editorial on the subject published in this morning's Washington Post and Times Herald. I wonder if the Senator would permit me to ask unanimous consent to have it printed in the RECORD.

Mr. MURRAY. I shall be glad to have it printed in the RECORD.

Mr. HILL. Mr. President, I ask unanimous consent that an editorial entitled "Power on the Spot," published in today's Washington Post and Times Herald, be printed in the RECORD following the very able address of the distinguished Senator from Montana.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. MURRAY. Mr. President, in the present state of world affairs, when for the foreseeable future we must remain strong, we must have a constantly expanding economy. We must have a constantly expanding supply of energy at low cost, if we are to be sure that we can meet any crisis, as well as to assure improvement of the standard of living of all of our people.

The President's Materials Policy Commission, in what is known commonly as the Paley report because the Commission was chaired by a businessman, William Paley, were cautioned in 1952 that we must have at least 260 percent expansion in electrical output to meet the foreseeable energy requirements of 1975. And we must keep down the cost of that development so the electrochemical and other electroprocess industries, including light metals essential to our aviation projects, will remain economically feasible. The Materials Policy Report told us:

To assist the economy to expand normally and to assure the national security, the United States by 1975 must have a supply of fuels and electricity, roughly, twice as large as it used in 1950. The requirements of other free nations can be expected to increase on about the same scale.

Four questions briefly point up the energy problem which policy must attempt to solve:

Does the United States have the natural resources, the petroleum and gas, the coal and waterpower—to provide enough energy for the future?

Will the real costs of energy be forced upward, and will any resultant rise retard economic growth?

In the event of all-out war at any time in the next 25 years, will the United States and its allies have enough fuels and other forms of energy to support full economic mobilization and fighting strength?

What opportunities are there for strengthening the long-term energy position of the United States and other free nations and what will it take to develop these opportunities?

The Commission did not at that time speculate on the possibility of atomic energy becoming available in the 1950–75 period, as is apparently developing. But the principles it enunciated about energy sources and supply, apply across the board. It said in effect that the Federal Government must assume responsibility for seeing that energy sources sufficient to meet our growing requirements are developed, that private participation and cooperation is needed, but that the Government must keep a hand on the throttle.

Two imperatives, the Commission reported, are keeping the real costs of power low, and being prepared to meet the demands of a possible war. It summarized:

If these opportunities to strengthen the United States energy position are vigorously pursued, it should be possible with the resources at its command, supplemented by imports of petroleum and perhaps some natural gas, to keep supply in step with expanding demand from now to 1975, and to keep the average costs of energy from rising significantly if at all above today's level. Many large tasks, obstacles, and problems in the path of this accomplishment present a major challenge to industry and Government alike. The task of policy is made greater by the risks of war and by the energy problems of other free nations whose future is linked closely with the prosperity and security of the United States.

In its more detailed examination of the electricity problem, the Commission said:

The central problem of electric energy is how to increase the Nation's supply 2½ times during the next 25 years without running into considerably higher costs per unit.

The supply of electricity has had to double every 10 years since 1920 and will continue to expand at a very rapid rate in order to support a doubling, by 1975, of the Nation's total output of goods and services. The Commission's studies estimate that the demand for electricity will increase by 260 percent before 1975—from 389 billion kilowatt-hours in 1950 to something like 1,400,000,000,000 in 1975.

Shortages of electricity and rising real cost could impede economic growth: They could throttle national effort in event of war.

In its conclusion, the Commission said:

The national interest in greater production at lower costs will be promoted by mutual recognition, between the Federal power agencies and private systems, of the needs of each for expansion to meet market requirements, for close integration between public and private facilities within the established Federal power policy, and for strengthening joint public and private utility planning for future expansion.

The Federal Government will have to continue work on economic hydro sites especially where multipurpose development of a river basin represents the best approach.

The Commission recommends: That the Nation's hydroelectric potential be developed as fully and as rapidly as is economically feasible.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MURRAY. I yield.

Mr. HILL. The Senator from Montana is absolutely correct in what he says about the way in which the demand for electricity has grown. The Senator will well recall that when the TVA and some of the other great projects, like Bonneville, were under consideration, a great hue and cry arose from representatives of the power companies that the Government would be wasting money.

Mr. MURRAY. Yes; I have a vivid recollection of that situation.

Mr. HILL. It was said that the Government would be making a tremendous investment to generate power, when there would be no demand for the power. But the result has been what? For the past 20 years, ever since the Government began to build the great projects, there has been constantly a tight power supply. There simply is not sufficient electrical energy to meet the demands of America. Is not that correct?

Mr. MURRAY. That is correct. I recall that when the Bonneville project was being planned, the experts in the field of electric power said, "Where will all this power be sold? To the jackrabbits in the plains of the West, we suppose."

Of course, when the dam was completed they were surprised at the rapidity with which the demand continued to grow, which has made it necessary to build other dams on the Columbia River.

Mr. HILL. They did not foresee at all that the Nation was then just entering the electrochemical age. As the Senator from Montana knows, there is nothing so vital to the growth and development of the electrochemical industry as is power.

With respect to all these wonderful things, whether they be in terms of new products made through the electrical process, or new machinery, or new materials—new things of all kinds—power has been absolutely essential for the marvelous development which we have witnessed. Is not that correct?

Mr. MURRAY. The Senator is correct.

Mr. HILL. In that connection, I read not long ago some testimony, given by Dr. Waterman, Director of the National Science Foundation, who, I am certain,

the Senator from Montana knows well. In his statement Dr. Waterman said that by next year the United States would be graduating 17,000 engineers, whereas Russia would be graduating 50,000 engineers. This shows how conscious Russia is, not only of the fact that the world is in the electrical age, but also of the tremendous possibilities of this age. She is conscious of it not only from the standpoint of the welfare, economic growth, and progress of the people of her nation, but also from the standpoint of the defense of her nation.

Once the United States falls behind in its onward march in the field of electrochemistry, we shall then have lost the titanic struggle in which we are engaged with the brutal, ruthless forces of Communist aggression. Is not that correct?

Mr. MURRAY. The Senator is absolutely correct. I recall the terrific battle we had in our effort to bring about the construction of the Hungry Horse Dam in Montana, which, since its completion, has been found to be of extremely great value.

Mr. HILL. But for the indefatigable, tireless, and valiant efforts of the distinguished senior Senator from Montana, that dam would not exist today.

Mr. MURRAY. If the Senator from Alabama will include the valiant efforts which he himself made to help in that struggle, I will agree with the Senator.

In view of the Nation's great power needs—needs that involve our national survival—I am disturbed by two developments.

One is the theory that no Federal developments should go ahead until some local interest agrees to take over the power phase, and the other is the dumping of atomic-electric generation over to private interests.

The hearings of the Joint Committee on Atomic Energy make it clear, and it has been made clear in other ways through other media, that Chairman Strauss and his collaborators at the Atomic Energy Commission do not want to become a power agency, they do not want to develop atomic generators. They want to dump the whole problem.

One wonders at the concept of public service of such atomic energy commissioners.

It would be nice if Members of the United States Senate could pick and choose among the policies they want to pass upon; if we could reject onerous committee responsibilities. It would be nice if we could say that we do not want to fiddle with appropriations, or with foreign policy, or with some other type of legislation. But when a legislative job has to be done, Congress has to do it.

When there are agricultural problems, the Secretary of Agriculture has to face up to them, and usually the Congress also.

The production of atomic energy needs an abundance of low-cost electric power. The Atomic Energy Commission has a fuel—a basic resource—which can supply such power. And neither the Commission nor the Federal Government totally can escape the responsibility for bringing that resource to a state of technical development, and of practical development, by simply shrugging it away to someone else.

In the case of atomic power, the Commission is proposing that we turn atomic materials over, uncontrolled, to the private utilities which, in the past, have repeatedly failed to meet America's energy needs.

They did not develop an abundance of hydroelectric power when it was made available to them under the Federal Power Act of 1920. As a matter of fact, the private power companies have repeatedly used applications to the Federal Power Commission—pre-empting hydroelectric sites—as a means of delaying development of power supply. The East Tennessee Development Co. rushed in and made application for a string of dams along the length of the Tennessee River when sentiment for public development of that river started to grow. But they did not press those applications; they did not follow up; and development by private utilities was just as remote when TVA was created as it was on the day the private utilities filed their applications to blockade development rather than to achieve it.

In the case of Hells Canyon Dam, the same tactic is in use.

The first application conflicting with the high Hells Canyon project was for a little, low dam that would throw away most of the potential at the site. One application after another has proved so ridiculous that there has been a series of modifications of applications, 1 for 5 dams, and now 1 for 3 dams, which have revealed the real game.

As I have previously indicated, it was the failure of the private utilities to take advantage of the Federal Power Act of 1920 which led to congressional determination to go ahead with river development, to get an estimate of the cost of such development, to obtain the 308 report of the Power Commission and Chief of Engineers, and to proceed with the developments which are the backbone of our present public power resources.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MURRAY. I yield.

Mr. HILL. The Senator well recalls the investigation which was carried on by one of his great predecessors, the late Senator Thomas J. Walsh, of Montana. That investigation showed to the country in a clear, yet reprehensible light, the abuses and excesses of the private power companies.

Mr. MURRAY. That is absolutely correct. I remember that the late Senator Walsh took a very active part in the TVA.

Mr. HILL. Not only in the TVA, but in bringing to light the abuses or excesses on the part of private power companies. He demonstrated that the private power companies had sought to place, and in some cases had been successful in placing their propaganda, even in textbooks in the American school system.

Mr. MURRAY. I thank the Senator from Alabama. The people of Montana—and, indeed, of the Nation—owe a debt of gratitude to the late Senator Walsh, of Montana, for his work on these problems.

Today it is the policy of the new administration to ignore the lessons of the past, to forget the power scarcities, to forget the failure of the private-utility industry to service rural America, to forget its consistent record of maintaining a scarcity of electricity but a superabundance of propaganda, and turn the entire initiative for the development of electric energy back to advocates of scarcity.

In the case of hydroelectric power, it is to be done by a ban on all future single-purpose electric projects by the Federal Government, and by a ban on starting any multiple-purpose projects until a local interest has been found which will take on the construction of the power phase.

These are the first items in the Federal power policy enunciated by Herbert Hoover at Case Institute on April 11, 1953, preceding his appointment by the President as head of the Hoover Commission.

In his address at Case, outlining steps to get the Federal Government "out of the business of generating and distributing power as soon as possible," Mr. Hoover's first and second points were these:

1. The Congress should cease to make appropriations for any steam plants or hydroelectric plants solely for power.

2. The Congress should follow the precedent of the Colorado project and make no more appropriations for new multiple-purpose projects unless the electric power is first leased on terms, the standards of which I shall describe in a moment.

Mr. Hoover later explained that a Commission—the very Commission that he heads today—should be established to work out the precise standards.

This policy of completely surrendering, even in these critical times, the initiative on energy supply to private interests with a scarcity record was carried into the report of the House Interior Appropriations subcommittee last year. In the report on the Interior appropriation bill, the committee said:

With respect to construction activities, essential and completely justified projects in the construction stage should be carried to completion to avoid waste of Federal funds, but wherever possible, private enterprise shall be taken into partnership to build, own, and operate that part of each project that can be handled by private ownership under conditions that protect the interests of all the people. In all future projects or new starts which include transmission lines, private enterprise shall be urged to take the initiative in constructing, owning, and operating such works before money is made available for Federal construction.

This committee recognizes that this policy cannot be fully put into operation in the fiscal year 1954, but all interested parties are urged to keep this policy in mind and to plan accordingly.

In the case of atomic power, we have been submitted a bill which includes none of the safeguards found essential, through years of experience with the private utilities, in the Federal Water Power Act of 1920. Licensing is provided only if the applicant agrees to handle nuclear materials to protect the public health and safety, and agrees to certain defense conditions. There are no recapture pro-

visions, no requirement of use as against inadequate use or nonuse, no submission to Federal regulation, or a half dozen other essential things.

Mr. HILL. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. PURTELL in the chair). Does the Senator from Montana yield to the Senator from Alabama?

Mr. MURRAY. I yield.

Mr. HILL. The requirements to which the Senator has been referring are all written into the Federal Water Power Act with reference to private development on navigable streams, are they not?

Mr. MURRAY. They are written into that act in unequivocal language and their legality has been upheld in many court decisions.

Mr. HILL. But none of those safeguards have been written into the pending bill, have they?

Mr. MURRAY. None of them appear in the provisions of the present atomic-energy bill.

Chairman Strauss and his fellow Commissioners do not want to be bothered with electric-power development. They want to be the most independent agency ever created—able to toss off all responsibility of guarding against monopoly, or to assure the Nation abundant energy to meet any emergency, or to pursue other than military development of the atom—at their pleasure.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MURRAY. I yield to the Senator from Alabama.

Mr. HILL. The Senator will no doubt recall that the bill as originally drafted gave to the Chairman of the Commission powers, authority, and jurisdiction not given to the other members of the Commission. Is that not correct?

Mr. MURRAY. That is true. That fact has been mentioned several times during the course of the debate.

Someone has said that the administration wants to substitute the golf stick for the yardstick. That puts it only partially appropriately. It is an apt expression as far as it goes. But unfortunately, more than just destroying Government power-rate yardsticks is involved.

The adequacy of power for economic growth, for national defense, and for national security is involved directly in the development of electric energy supply, and consequently even our national existence as a free and democratic Nation.

It is difficult to believe that the men who are today saying that the initiation of power projects must depend on so-called local interests entirely if the projects are wholly for power, or upon their willingness to go along with the power phase in the case of any multiple-purpose project, are familiar with the history of the power industry.

They have not taken a look at the probability that the private power industry will not provide an abundance—even the necessities—in power generation. They have not carefully studied the record.

Electroprocess aluminum production in quantity was not made possible by private electric power. The Aluminum Company of America had to go down to Tennessee and develop its own power supply to make it economically feasible. The aluminum industry is confronted with the necessity of finding power supply of its own again in these critical days as a result of the administration power policy—sometimes called the "Eisenhoover" power policy.

Rural America was not electrified by the private power industry. It was provided electricity by a Federal program after the power industry failed to meet rural need.

I have heard easterners talk about Tennessee hill-billies as a sort of backward people. The fact is the homes in the State of Tennessee today make seven times as much use of electricity as do home in New York city. The archaic people of today are not the Tennessee hill-billies but the New York City cavemen, who have never escaped the shackling scarcity of private power rates and escaped into the modern era of abundant electricity.

Since the Federal Power Act of 1920, and the development of an aggressive Federal power policy, America's use of electricity has grown 820 percent, and is still skyrocketing.

Mr. HILL. Mr. President, will the Senator yield?

Mr. MURRAY. I yield to the Senator from Alabama.

Mr. HILL. Is it not true—and we are glad it is true—that the private power companies have made large profits?

Mr. MURRAY. Certainly.

Mr. HILL. In an area where a Government project has been located, we have found the rates of the private power companies to be lower than they are in areas where there is no Government project. Yet such private power companies, even with lower rates in effect, have prospered more, and have made greater profits, on the whole, than power companies which did not have the competition, so to speak, of Government projects within the area they were serving. Is that not correct?

Mr. MURRAY. That is correct.

Mr. HILL. Does not this demonstrate what Henry Ford proved by his inauguration of mass production methods, that when there is mass consumption, there are lower rates, but so much more power is sold that in the end the profits are much greater? Is that not true?

Mr. MURRAY. That is absolutely true. Rural America was not furnished electrical power by private companies. That is now a well-recognized fact. Rural America was furnished electric power as a result of a long, hard struggle in Congress to provide Americans who lived in rural areas with a rural electrification program. That made it possible to electrify farms. Today in Montana 95 percent of the farms are electrified. That program had had a profound effect in increasing production and the prosperity of the farmers.

Mr. President, I ask unanimous consent to have printed in the RECORD at the close of my remarks a table which shows United States electrical output by years since 1920, with unofficial estimates from the Federal Power Commission of requirements in 1955 and 1960.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 2.)

Mr. MURRAY. Mr. President, back in 1920 our electrical output was 55.6 billion kilowatt-hours. In 1952, the last year for which I have been supplied figures, electrical output reached 463 billion kilowatt-hours. The 1950 estimate is for a growth to 600 billion kilowatt-hours, and in 1960 a growth to 790 billion kilowatt-hours.

This growth in power use never would have occurred had not our predecessors—Republicans and Democrats alike—seen the necessity of the Federal Government breaking the private utility bottleneck. The great growth in industry in the United States, the great growth in our productive capacity, could not have occurred if the initiative in power matters had been shirked by the Federal Government and left entirely in the hands of men more concerned with brainwashing the American people with private power slogans than in providing them with electric energy at low cost.

Part of the reluctance of private power companies to stay ahead with power development is generally regarded as good business—the practice of keeping supply somewhat behind demand. They want customers on the line before they build generating capacity. And they have always been skeptical about America's expansion and growth.

It was recounted on the floor of the Senate last year, by the junior Senator from Oregon [Mr. MORSE], that when the Tennessee Valley Authority was proposed, the private companies said that it would be a century before the power of the Tennessee River could all be used—that it was folly to be talking about speedy development of the river. One of our great research foundations made a study which backed up this contention. A tremendous point was made of it.

Now—20 years later—we know that not only was all of the power of the river needed, but that it would prove insufficient to meet the needs in that area when economic expansion got underway. The point of attack today—the effort to stifle growth—is against steam plants to supplement TVA power. Now the minions of scarcity want to prevent the TVA from developing needed power over and above all that can be generated from the river.

The Senator from Oregon also recalled, when he spoke, that out in the Bonneville area the propaganda was that there will be only jackrabbits for customers for the power from the great Bonneville and Grand Coulee Dams.

But the dams were built. Other dams have been built. And the problem today, as in the Tennessee Valley area, is getting enough power to meet future requirements. The jackrabbits are still without electricity.

The private utilities have, year in and year out, denied the need for rural-electrification funds.

In 1935 Mr. Grover C. Neff, spokesman for the private utilities on rural-power matters, wrote to REA Administrator Morris Llewellyn Cooke that—

> There are very few farms requiring electricity for major farm operations that are not now served.

The census that year showed that 10.9 percent of the farms were electrified.

Mr. Neff continued to see no need for further REA work down through the thirties and the forties, as REA gradually pushed out to 50, 60, 70, 80, and 85 percent of the farms. I have a series of Mr. Neff's statements that become very interesting today, in view of the effort to turn all initiative back to the private companies. All of them are by Grover C. Neff, president of the Wisconsin Power & Light Co., and president, 1946–47, of the Edison Electric Institute.

July 24, 1935: "There are very few farms requiring electricity for major farm operations that are not now served." (Letter to Morris L. Cooke, REA Administrator, written by committee of utility executives, including Mr. Neff.)

August 11, 1945: "There seems to be no necessity for additional allotments (to REA) at this time." (Memorandum presented to committee on electric service for farmers.)

October 17, 1945: "The job of extending lines to farms and nonfarms will be practically over in 1948." (Before a subcommittee of the House Committee on Interstate and Foreign Commerce.)

December 20, 1945: "The end of the big task of taking electric service to the great bulk of farms is now in sight." (Article, Public Utilities Fortnightly.)

June 5, 1946: "The big job of extending electric lines to the farms of this country will be about completed on December 31, 1948. REA has plenty of money to carry on the above outlined construction program for the years 1946, 1947, and 1948, even if the Senate does not grant them the $250 million included in the 1947 appropriation bill." (Inaugural address.)

April 24, 1947: "It is our opinion that REA does not need any additional loan authorizations by Congress to complete its job." (Before subcommittee of the House Committee on Appropriations.)

The percentage of the United States farms with central station electric service grew steadily as Mr. Neff talked on. The record shows the following growth:

1935	10.9
1940	30.4
1945	44.7
1946	52.9
1947	57.4

The job is not yet completed. There are more farms to be reached with lines; distribution lines must be made heavier to meet growing farm demand; and generating and transmission facilities must be built to provide power to meet that demand.

The extent of growth in the use of the new "electrical hired hand" on farms is indicated by a sample survey conducted by the Rural Electrification Administration.

In 1938 the average use per farm was 32 kilowatt-hours per month. In 1951 the average use per farm was 129 kilowatt-hours per month. In the 13-year period use had increased four times over. In the period 1945 to 1951 it doubled.

Studies by State colleges indicate that average farm use is headed toward 300 to 400 kilowatt-hours per month, on the basis of present available appliances, and that it may go even higher as other applications of the "electrical hired hand" become available.

Totally, Mr. President, the demand for electrical energy by REA borrowers has climbed from 153 million kilowatt-hours, in 1939, to 11.2 billion kilowatt-hours, in 1952. It is expected to be 19 billion kilowatt-hours in 1955.

I ask consent to have printed in the RECORD at the conclusion of my remarks a table of power requirements of REA borrowers by year, 1936 to 1963, the latter years being estimates by the National Rural Electric Cooperative Association. Other years are based on REA annual reports.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 3.)

Mr. MURRAY. Mr. President, I have gone back into the record of the attitude of the private utilities toward speeding up power developments, to illustrate the record of the past, which convinced our predecessors in 1920, 1925, and subsequent years, that the Federal Government could not look to the private groups for needed, speedy development.

The effort today to restore the initiative entirely to private interests—with possibly a few local public agencies carried along—is being undertaken without any evidence or even a contention that there has been a reform in attitude.

The reason for encouragement of the bills to permit development of 1 or 2 hydroelectric projects in the Northwest by public utility districts is quite apparent to all of us. It is a strategy to open the door to such developments for private interests. It is very doubtful if the public districts can get the amounts of money necessary to go ahead. The Senator from Oregon [Mr. MORSE] pointed out that one of the public agencies has assurances of financing from a company which fell down on financing an Iowa project, after it had made similar commitment.

The strategy is to get the door open. Let us get the policy established. The public agencies can be controlled by pressure on the purse strings in New York and the few other centers where the large sums necessary for big hydroelectric developments are available.

The little public agencies will never get beyond the anteroom; but the main door will be open for the private utilities to move in and take over.

The unregulated licensing of the use of public nuclear materials to private concerns for commercial energy use is not just a result of Chairman Strauss' antipathy to getting involved in power production, I have no doubt that he wants to avoid having the AEC become a power-producing agency. I accept his word for that. But I suspect that it puts Chairman Strauss in the position of unfairly avoiding the rendering of a public service; or appearing to want to avoid a responsibility for other than the real, basic policy reasons.

The proposed new Atomic Energy Act not only permits licensing of the limited few who have the know-how to handle atoms to produce electricity; it gives them an opportunity to patent processes by which the publicly owned nuclear material can be used as fuel in generators.

Because of secrecy, none of us can speak with authority about what processes are held by the Atomic Energy Commission. But we are told that practical use of nuclear material for commercial power is a few years off. We are told not to worry about regulations now—that can be done after the processes are developed.

Obviously, there are steps, procedures, and techniques still to be developed. There are points remaining which will be patentable. By the time regulation of the use of Uncle Sam's nuclear materials are brought before the Congress, the slate may not be a clean one, but one crisscrossed with private claims supported by patents.

This parallels what is being done in the other area of power development—the hydroelectric field.

There is a growing unanimity about integrated regional development.

I am aware that there is opposition to valley authorities. I have become aware of it after 9 years of advocacy of a Missouri Valley Authority, not futilely, by any means, but not successfully. I continue to advocate this type of administration of regional programs. In my mind, nothing which will be more effective, or assure the results of such an agency, has yet been offered as an alternative.

But our real disagreement in the case of the MVA, as in the case of the old Hoover Commission proposal of a Public Works Division at the Department of Interior, has not been over integrated regional development. It has been over method.

If we step back and take a historical view, it is clearly evident how the theory of starting at the heads of streams to control water, to stop erosion by soil conservation practices, by small dams and reforestation, has been accepted; how we have all come to look upon these problems—flood control, irrigation, domestic water supply, electrical production, economic stimulation, and a dozen other problems—as common problems in regional development programs.

The governmental agencies which once battled the overall regional approach have to a considerable degree ceased their blind insistence on single-purpose developments; the original "shotgun wedding" of the Army engineers and the Bureau of Reclamation in the Missouri Basin, which occurred under the threat of an MVA, has been repeated in other basins more or less voluntarily. The security of wedded bliss and of dwelling together with common, more comprehensive aims, appears to have appealed to the participants.

Even the Chicago Tribune has ceased to cartoon advocates of regional development as impractical young scholars with cap, gown, diploma, and huge horn-rimmed spectacles.

The integrated regional development concept is now widely accepted, like social security and the basic idea of some

sort of farm price supports. Historians will report this period—or I hope that they will report it—as a period of debate over methods, rather than over the concept.

And they will record, if I am correct, that one of the most serious threats to the regional development concept was the current proposal to pass out the great key dam sites, the hydroelectric projects, on an unintegrated, piecemeal basis, robbing many regional developments of the immediately lucrative asset which makes possible economic justification of the whole development.

I hope this will be recorded as the last futile effort to throw a road block in the way of regional developments, whether thoughtless or deliberate.

I have a great deal of sympathy for those public power agencies caught between growing demand and their desire for full regional development, who have been driven to make applications for dam sites and be a party to the dismemberment of regional development opportunities, or even, in one case, to the turning over of key sites on a stream to private development.

This is a policy matter which seriously involves the future of the Nation and the question of whether we shall have abundant power for an expanding economy or whether we shall have scarcity and hard times. I shall cast my vote on the individual bills against piecemeal development, as I shall vote against the biggest giveaway of them all: the atomic-energy giveaway.

I am confident that after the November elections this year, we are not going to be confronted with such choices; that we can then again move ahead with power development and with making up for the 2 years we are now losing while the predatory power interests—momentarily befriended by a shortsighted administration—try to liquidate the power program and power policy which dates back to William Howard Taft, Theodore Roosevelt, and even earlier.

Mr. President, the power of the atom has been harnessed through the expenditure of between $10 billion and $12 billion of American taxpayers' money. It is as much a part of the public domain as waterpower sites. It is an asset belonging to the people.

The Atomic Energy Commission has authorized today five nuclear reactors to produce heat to run electric generators. They are experimental plants, designed to develop the art of producing electricity in plants fueled with Federal nuclear material. It is hoped that out of these experimental plants will come the answer, and that with experience gained from them we can eventually produce electricity at costs which will be competitive with hydropower and fuels.

On the very eve of revealing the practical use of nuclear materials to generate electricity, on the very eve of a great peacetime benefit flowing from the taxpayers' tremendous investment, it is proposed to pass a measure which will let companies with know-how move into the energy field, take out patents, and reap a potentially enormous profit from the taxpayers' investment.

I am not opposed to the private electric companies being licensed to build nuclear-fueled electric plants. I hope that areas without hydroelectric power or a nearby coal supply, and which now have high rates, will be able to get abundant power at low rates from atomic materials through their private companies. Let those companies have it, under regulations that will assure reasonable rates.

But I am not in favor of the Government permitting the companies to patent some final step in the process of generating electric power with nuclear energy, and thereby gain control of the whole process. I am not in favor of them having a tollgate between the people's raw material and the end product, whether it be a patent or an exclusive license.

We should provide that the Government continue the development of processes for using nuclear materials to make electricity, and further provide that, when such processes are feasible, an appropriate Government agency will build generators and supply Government customers—the rural electric cooperatives, municipalities, the industries located on public lines, and others—with the power they need.

The Federal Government should produce power from this great new energy resource just as it produces power from the Columbia River, the Tennessee, the Missouri, and other great streams.

I shall support amendments to provide for regulation of the private use of nuclear materials for producing electricity in the same way we regulate the use of waterpower sites. I will support an amendment to provide for the production of electricity from nuclear materials by the Government when such production is feasible. Doubtless there will be many amendments offered, and I will support those which safeguard this resource for the people who own it—all the people of the United States.

I very strongly feel, however, that this measure should be recommitted for at least another full year of study.

The McMahon Act—the original Atomic Energy Act of 1946—provided at section 7–B that when commercial use of the atom appeared feasible, then the Atomic Energy Commission should submit to the President and Congress a report on what the social, political, and economic consequences of the development would be. That would give the President and the Congress some understanding of the problem of regulating the new development, and seeing that there were proper safeguards and controls.

No such report has ever been made. Most of the Members of Congress are in the dark about what effect atomic power is going to have on our economy and our social conditions 5 years from now; 10 years from now; or 20 or 25 years ahead. The Members of this body are supposed to have better than average information about such things—at least enough information on which to base our judgments.

If we lack adequate information, then what of the people of the Nation generally? How can they petition their Government in relation to atomic legislation if they are uninformed?

There needs to be at least another year of broad general education about this subject before we begin to legislate. And then any bill ought to have the most careful study.

The debate on the atomic energy bill now occurring is valuable. It is bringing out conflicting viewpoints. It will help to guide the joint committee as it reconsiders the measure. It will aid the Atomic Energy Commission in preparing a report on social, economic, and political effects of commercial development. It is time well spent. But when we are through, this whole measure should be set aside for further study and refinement. We want to be sure that there are no mistakes. We want to be sure that there is not "criminal neglect" of the people's interests. We want to be sure that unrestricted licensing does not place beyond recapture property which belongs to all the people. We want to be sure that this program is not used to exploit and plunder electricity users, but will contribute to a growing economy, a stronger and healthier Nation, and a more abundant life.

EXHIBIT 1

[From Washington Post and Times Herald of July 17, 1954]

POWER ON THE SPOT

Senator COOPER's significant differences with the administration position on electric power in the Tennessee Valley ought to give some pause to promoters of the private contract. Mr. COOPER has made what is probably the clearest and simplest explanation of the issues. He has pegged his opposition to the administration plan on the most fundamental discrepancy: An abuse of the authority of the Atomic Energy Commission. Actually, under the administration plan the AEC would be used to contract for private power, not directly for its own needs, but for Tennessee Valley Authority customers in the Memphis area. Furthermore, there has been no competitive bidding on the contract which the President has directed the AEC to enter into with the private Dixon-Yates group.

Both Senators COOPER and PASTORE noted that this contract would have the effect of rewriting by Executive action the basic functions of TVA as determined by Congress. Mr. COOPER's proposal for an alternative means of financing TVA's needs for additional powerplants through the sale of bonds seems to us to have much merit. But any change in the scope of TVA operations ought to be made openly by Congress. There is special reason to hold up any precipitate action, as Senator COOPER suggested, in order to give the new TVA Administrator, when he is oppointed, a chance to survey the situation.

An amendment by Senator ANDERSON would block the Dixon-Yates contract unless it were rewritten to eliminate reimbursement for Federal income taxes and to provide that power be furnished directly to the Atomic Energy Commission. The administration will be very foolish, indeed, if it permits this amendment to come to a vote. For either the administration will lose, or it will hand the Democrats a potent campaign issue, not only in the Tennessee Valley, but elsewhere in the country where public power is in question. From the standpoint of the administration's prestige it would be far better for the President to compromise by accepting Senator COOPER's suggestion that the whole matter be shelved pending study by the new head of TVA.

EXHIBIT 2

Total United States electrical output by years, 1920–60

[Billions of kilowatt-hours]

1920	55.6
1921	53.1
1922	61.2
1923	71.4
1924	75.9
1925	84.7
1926	94.2
1927	101.4
1928	108.1
1929	116.7
1930	114.6
1931	109.4
1932	99.4
1933	102.7
1934	110.4
1935	118.9
1936	136.0
1937	146.5
1938	142.0
1939	161.3
1940	179.9
1941	208.3
1942	233.1
1943	267.5
1944	279.5
1945	271.3
1946	269.6
1947	307.4
1948	336.8
1949	345.1
1950	388.7
1951	433.3
1952	[1] 462.9
1953	-----
1954	-----
1955	[2] 600.0
1956	-----
1957	-----
1958	-----
1959	-----
1960	[2] 790.0

[1] 1952: Federal Power Commission estimate based on 11-month reports.

[2] 1955–60 Federal Power Commission unofficial estimates based on power marketing reports for class 1 utilities.

Source: Federal Power Commission. Includes industrial and utility output.

EXHIBIT 3

Power requirements of REA borrowers by years, 1936–63

	Demand in kilowatt-hours (billions)	Percentage increase over preceding year
1936	-----	-----
1937	-----	-----
1938	-----	-----
1939	0.153	-----
1940	.406	165
1941	.735	81
1942	1.086	48
1943	1.680	55
1944	1.988	18
1945	2.237	13
1946	2.368	6
1947	3.082	30
1948	4.151	35
1949	5.536	33
1950	7.138	29
1951	8.975	28
1952	11.162	[1] 24
1953	14.5	30
1954	17.0	17
1955	19.0	12
1956	-----	10.5
1957	-----	9.5
1958	-----	6.5
1959	-----	6.1
1960	-----	3.8
1961	-----	3.7
1962	-----	3.6
1963	30.0	[2] 3.4

[1] Percentage increase of 1952 over 1943 was 564 percent. Percentage increase of 1952 over 1948 was 269 percent.

[2] Percentages from 1954 through 1963 are estimated on assumption of a 76-percent increase in 9-year period.

Source: 1939–51, REA annual reports, Energy Purchased by REA Borrowers; 1952–55 REA estimates; 1963, NRECA estimates.

Data for chart VII.

NEED FOR DEVELOPMENT OF UPPER COLORADO RIVER BASIN

Mr. WATKINS. Mr. President, there have been many hours of debate in this Chamber recently on the TVA-AEC power contract controversy.

While this matter has not yet been settled, I believe that the strenuous argument has adequately demonstrated that there has been extensive industrial and economic development in the great Tennessee Valley in the last 2 decades. I, for one, certainly will countenance nothing in the way of legislation which, in my opinion, would circumscribe or limit the growth and development of that river valley region. I may disagree with the methods used, but cerainly I favor a far-reaching development of that area.

However, I think it germane for me to spend a few minutes on the problems of another great river valley region which, unlike the Tennessee Valley, is today largely undeveloped. Not a single power or water storage dam has been built on the main stem of the river in this area, even though the basin extends over a geographic area the size of New York, New Jersey, and Pennsylvania combined. This area is one of the most arid sections of the country and desperately needs water for its agriculture, industry, and growing communities, and yet the river is currently carrying into the sea more than two-thirds of the water to which the four States in this area are entitled.

I am referring, of course, to the upper basin of the Colorado River, which lies within the States of Colorado, New Mexico, Utah, and Wyoming.

People who have watched the impressive development of power and reclamation facilities, under Federal-State-local sponsorship, on the Columbia, the Missouri, and other great rivers of the country undoubtedly appreciate the importance of these large, multiple-purpose projects, both to the area served and to the Nation as a whole. And I am sure that few reasonable people would deny to our semiarid area the opportunity to develop its limited water resources, in the manner which we are now proposing through a long-range, self-liquidating reclamation project outlined in the Colorado River storage project bill, now before the Congress. I should like to stress, too, that this plan for developing the water makes possible the concurrent development of strategic minerals and a large number of other resources where they are more extensive than in any other river basin in America.

In spite of these obvious advantages of the Colorado River storage project, the facts are that a vicious, concentrated campaign has been and is being carried on to defeat, in its infancy, this highly meritorious project which is so vital to the people of these States and undoubtedly to the entire West and the Nation.

We do not have the power, we do not have the fresh-water recreation areas, we do not have a controlled river, and we do not have adequate water for current municipal, agricultural, and industrial needs and future growth. We do not have these assets of the Tennessee Valley and other river basins, and yet this "have not" river-basin area is the object of a deliberate campaign of propaganda, pressure tactics, and legal obstructions to delay or stifle a project to develop the water so desperately needed for the growth and expansion of a strategically situated defense area, rich in natural resources, in the heart land of the West.

New broadsides were hurled against this incipient project this week, indicating that the opponents are getting desperate now that they see possibilities for congressional approval of the Colorado River storage project this session.

The stepup in the campaign to defeat this project is reflected in the artificially inspired flow of letters into the offices of Members of the Congress, most of it bearing the easily recognizable stamp of the propaganda line adopted by pressure groups, well-paid propagandists and writers opposing the project. That same stereotyped line was injected into a recent column of the widow of the late United States President, who signed legislation authorizing the long-range, detailed Government investigations which formed the technical basis for the proposed Colorado River project.

In California, also, according to an editorial in a Salt Lake newspaper, the Colorado River Association, with headquarters in Los Angeles, mailed letters to editors, suggesting editorials deliberately designed to stir up and scare the residents of that great State through misstatements of the objectives of the pending legislation.

At this point, I ask unanimous consent to have printed in the RECORD as part of my remarks a nationally syndicated column written by Mrs. Eleanor Roosevelt and published July 13 in the Washington Daily News and other newspapers.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

SIERRA CLUB IS WORRIED ABOUT OUR NATIONAL PARKS

(By Mrs. Roosevelt)

HYDE PARK.—I have a letter from the president of the Sierra Club in San Francisco, Richard M. Leonard, about our national parks.

I quote from it here because our national parks and our natural resources belong to the people of this country as a whole, no matter in what part of the country they may be found.

The whole national park system and State park system, our nationally owned and State-owned forests, and all of our natural resources, mean the future of our country. If they are wasted or wrongly used, our children and grandchildren may inherit bare mountains and a land no longer able to support them. Therefore, anything that happens in any of these areas is of interest to all of us.

Part of Mr. Leonard's letter reads:

"From time to time our National Park System has been threatened with schemes for dams and other inappropriate developments within the boundaries of areas dedicated for the enjoyment of all Americans. Today the Bureau of Reclamation has plans, big plans, to drown Dinosaur National Monument with two dams that would inundate its mighty canyons for a hundred miles.

"This plan is the most serious and determined effort we have ever seen by a Government agency to appropriate unnecessarily a unit of the National Park System to make it a part of a huge irrigation, power and flood control project.

"We think that you will be interested to know of this threat to Dinosaur, for these treasured acres are yours and you will want to help preserve them for another generation to explore and admire. Under an avalanche of letters and prodding from conservationists, some Congressmen have looked into the facts more closely and not liked what they found—inadequate engineering data, incorrect arithmetic on evaporation, huge tax subsidies, and a needless sacrifice of Dinosaur National Monument.

"Does your Congressman know that these dams could be built at other locations outside the monument without sacrificing their effectiveness? You should tell him that his vote can save an outstanding unit of our national park system from destruction."

Those of you who care about preserving our national park system will look into this, I feel sure, and write your Congressmen. I have written to mine because the Sierra Club sent me two pamphlets. One put the question—"A geat national park or two wasteful dams?" I decided I would prefer the national park. The other pamphlet is headed, "Don't dam the national park system," and that is important, for it tells you the wrong ideas which have been circulated among the people of Utah, where this park exists.

I urge you to get these pamphlets from the Sierra Club, 1050 Mills Tower, San Francisco 4, Calif. On these facts you may decide to write your Congressman as I have done.

Mr. WATKINS. Mr. President, I am surprised that a person of Mrs. Roosevelt's intelligence and integrity should be taken in by propaganda arguments which have been baked up and warmed over, and discredited time after time in the past 4 years. She did this in reprinting the letter from a San Francisco club man whose writing bears all the earmarks of the propaganda machine that has been grinding out anti-Colorado River project material since the project was proposed in 1950.

It is not my intention to dignify this propaganda effort by repeating the denials that have been made, time after time, to the ridiculous charges made in the Leonard letters. That letter, I presume, was mailed from the propaganda center to every newspaper columnist in the country, few of whom, I am glad to report, have been similarly taken in by the obvious propaganda appeal, presumably containing more expensive printed brochures, obviously beyond the means of an outdoor club to produce without generous outside financial assistance.

Reporters and editors can check that biased outpouring against the objective record built up in 10 days of hearings last January before the House Irrigation Subcommittee on Irrigation and Reclamation. Included in the 909-page hearing report is a 28-page memorandum prepared by the committee counsel which clearly demonstrates that the proposed storage dam construction at Echo Park is, in no way, an invasion of, nor does it constitute a precendent for invasion of a national park or monument. This record which I am briefing in an accompanying statement, shows that this conclusion was recognized by President Roosevelt in his proclamation of July 14, 1938, enlarging the boundaries of the 80-acre Dinosaur Monument to include 203,885 acres of river canyons which, for years, have been recognized as potential power and reclamation sites.

That Roosevelt proclamation specifically provided that the enlargement reservation "shall not affect the operation of the Federal Water Power Act of June 10, 1920," which applied to long-standing powersite withdrawals in the Echo Park area. Furthermore, the proclamation exempted from monument administration a reclamation withdrawal on the Green River, within the monument boundary.

In spite of this indisputable recognition of area plans to develop the water and power resources of the river in the expanded monument area—a position supported by two Secretaries of the Interior—the opponents to a vital regional water-development program have expanded this feature into a great propaganda "crusade" that has taken in many honest conservationists.

At this time, I ask unanimous consent to reproduce in the RECORD as a part of my remarks another newspaper article that has come to my attention this week. This is an editorial which appeared in the Deseret News and Salt Lake Telegram of July 13.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WATER STEALERS—WHO, US?

A copy of a release sent out to California newspapers has just been sent to this newspaper from a former Utahan living in Los Angeles. Its contents strip away any pretense that may be left about California's motives on the upper Colorado storage project.

The release, sent out by Don J. Kinsey, general manager of the Colorado River Association with headquarters in Los Angeles, is a suggested editorial and carries the heading "Protect Our Life's Source." It starts out:

"There are bills pending in Congress for reclamation projects in Colorado, New Mexico, Utah, and Wyoming, that threaten southern California's rightful share of Colorado River water."

Mr. Kinsey's propaganda broadcast makes it clear, as have a few other recent statements, that the reclamation projects he is attacking are actually the upper Colorado storage project. But just how the project could threaten southern California's rightful share of Colorado River water is difficult to see—unless southern California is scheming to take more water than she is entitled to under the Colorado River compact of 1922.

The 1922 compact divided the water between upper and lower basin States. The upper basin States are required to let pass to the lower basin 75 million acre-feet of water each 10 years, and then may themselves use up to 7,500,000 acre-feet a year. The upper Colorado storage project is not itself a reclamation project, but a storage project to provide a means of delivering the required amount of water to the lower basin—mainly southern California.

The project, far from being a threat to southern California's rightful share of water under the 1922 compact, actually represents a guaranty of delivery to southern California.

The conclusion that southern California does plan to grab more than her legal share of water seems rather obvious. And this is interesting in light of some past protestations. For example:

"California is not reaching for any more water than provided under the 1922 Colorado River compact and will fight the attempt of any other State to do so." (Arvin B. Shaw, assistant attorney general of California, before the Colorado River Water Users Association at Las Vegas, Nev., January 1949.)

And—

"California recognizes and will conform to the Colorado River compact and the California Limitations Act * * * and seeks no water which would interfere with full use in the upper basin of water apportioned to the upper basin." (Joseph Jensen, chairman of the board of directors of the Metropolitan Water District of Southern California, in a talk before the Salt Lake Junior Chamber of Commerce, March 23, 1951.)

And especially—

"California does not seek to scuttle the Colorado River compact of 1922 nor to change its terms." (Don B. Kinsey, general manager of the Colorado River Association, in a statement prepared for the Daily Sentinel of Grand Junction, Colo., and published January 29, 1954.)

Mr. Kinsey would do well to reread his own statement of only 6 months ago. And the Nation at large should become acquainted with his more recent one.

As for Utah—we still have the same stand we have always taken:

We want no water to which we are not legally entitled. But we do want the water which is rightfully ours—and which we must have for future life and growth.

Mr. WATKINS. Mr. President, the editorial adequately answers Mr. Kinsey and his associates who have been publicly exposed in their efforts to insert propaganda of questionable veracity into the newspapers of California. I only hope that the editors of California newspapers will look into the facts before they, too, give editorial dignity to such propaganda.

I also wish to call to the attention of the Members of this body the fact that the California defendants in the case of Arizona against California, now before the Supreme Court, have moved to join as necessary and indispensable parties the States of Colorado, New Mexico, Utah, and Wyoming. This is a suit brought against California interests by Arizona, in 1952, and concerns the use of Colorado River water in the lower basin.

I wish to assure the residents of the upper basin States and the Members of this body that this Court action should have no effect whatsoever upon the authorization of the Colorado River storage project.

This was pointed out by the Honorable Jean S. Breitenstein, distinguished lawyer-judge of Colorado, in his testimony before the recent Senate hearings on this project. He stated:

All parties to that case assert and rely upon the 1922 compact, the Boulder Canyon Project Act, the Mexican Water Treaty, and the other laws and instruments which constitute the recognized and admitted law of the river. Similarly the authorization of the Colorado River storage project is predicated upon the validity and integrity of the law of the river.

While it is true that in the lower basin there has been a prolonged controversy over the application and construction of certain specific terms and provision, these controversies do not affect the upper States or the availability of water for the Colorado River storage project. Any insinuation that the authorization of the Colorado River storage project should be delayed until the *Arizona* v. *California* case is decided is an attempt to defeat upper-basin development. Litigation, both threatened and actual, has been

long utilized to delay Colorado River development. There is no legitimate reason for any delay in this project because of the lower-basin controversy.

I may say that the filing of the motion with the Supreme Court on July 15 of this year is an indication on the part of the State of California, which is the principal defendant in that case, that it will do all it can to defeat the project to put to beneficial consumptive use of the waters of the upper Colorado River. If it had been planned deliberately, it could not have come at a more timely occasion to help defeat the project authorization by the present Congress. If the State of California is not opposed to the project and is not seeking to defeat it, it could have waited at least until Congress adjourned before filing its motion with the Supreme Court to include these particular upper-basin States. I can well understand the theory on which the motion was filed, namely, for the purpose of indicating to Congress that title to the waters of the Colorado, which would be the basis of this project, are in dispute, and need to be litigated; and for that reason the project, it will be argued, should not be built now.

I am sorry that that is the objective. I do not believe that that represents the views of literally millions of people of California, who want to be fair. California already has numerous reclamation projects to develop the lower basin of the Colorado River, which have been supported by the people of Utah and by the people of all the other upper Colorado River Basin States. The filing of the motion comes rather as a blow to us, and it is somewhat unfair to attempt to defeat us by bringing us into litigation.

I agree wholeheartedly with Judge Breitenstein's statement regarding the case into which the recent motion attempts to inject the four upper-basin States. It is purely a controversy of long standing as to the rights of the lower-basin States to the use of Colorado River water. The States of Colorado, New Mexico, Utah, and Wyoming are not involved in the matter in dispute, and it is my belief that this litigation should in no way impede the authorization or construction of the Colorado River storage project which, after all, was designed with a view to guaranteeing delivery of the water allocated by compact to the lower basin.

Mr. President, I invite attention to another matter connected with the building of the Echo Park part unit of the upper Colorado storage project. The question of whether the President of the United States actually increase the area of the monument to take in Echo Park is, of course, in dispute, that is, whether or not he authorized it without making it subject to power projects and also the reclamation project in the upper part of it. The record is clear that the people of Utah were told at the time when it was proposed to enlarge this monument, which consisted of 80 acres, that the enlargement would be subject to the right of the people to build this reclamation project and to develop power sites in Echo Park Monument.

A brief has been prepared by a distinguished young lawyer who represents the House Committee on Interior and Insular Affairs, in which he covers all the various materials, documents, and what not connected with the question of whether President Roosevelt, in issuing his proclamation, actually made the enlargement subject to all these other developments.

I ask unanimous consent, Mr. President, that a summary of the brief prepared by Mr. Abbott, of the House committee, be printed in the RECORD at this point in my remarks.

There being no objection, the summary was ordered to be printed in the RECORD, as follows:

SETTING THE RECORD STRAIGHT ON THE DINOSAUR NATIONAL MONUMENT

Much has been said recently relative to the development of the upper Colorado River Basin through the construction of the Colorado River storage project and its participating projects. Everyone recognizes the need for water and power in the arid West. The development of water and power in the wild unruly Colorado River requires large dams, one of which is proposed in what is now the Dinosaur National Monument. The heat of the discussion relative to the contract of the Echo Park Dam in the Dinosaur National Monument has put in the public press much confusing, misleading and often deliberate untruths relative to this matter. An invasion of the National Monument system has been charged.

In order to bring some light out of the darkness and confusion, I submit a brief of a memorandum, submitted by George W. Abbott, Committee Counsel to the Committee on Interior and Insular Affairs of the House of Representatives, and printed as a part of the hearings on H. R. 4449, 83d Congress 2d session, on pages 719–747.

Before submitting this brief, however, I wish to point out that the father of the national park and monument system, Stephen Mather, laid down three simple criteria to guide the selection of national monuments, as follows:

1. The area must be in the nature of a shrine.

2. The area must be unique, nothing like it anywhere else.

3. The area must not contain material resources likely to be needed later in the development of the Nation's national economy and its supply of food and fiber.

The expansion of the Dinosaur National Monument from 80 to 204,000 acres violated all 3 of these criteria. The expanded area is not in the nature of a shrine; it is not unique (there are many other areas like it); and it contains tremendous water and power resources, the development of which are absolutely essential to the development of the upper Colorado River Basin.

A summary of the statutory provisions, executive actions, and correspondence relating to the establishment and expansion of Dinosaur Monument follows:

1. June 8, 1906: Congress passed an act giving the President authority to establish national monuments.

2. October 4, 1915: A proclamation was issued establishing the Dinosaur National Monument:

"SEC. 2. That the President of the United States is hereby authorized in his discretion, to declare by public proclamation historic landmarks, historic and prehistoric structures, and other objects of historic or scientific interest that are situated upon lands owned or controlled by the Government of the United States to be national monuments, and may reserve as a part thereof parcels of land, the limits of which in all cases shall be confined to the smallest area compatible with the proper care and management of the objects to be protected."

NOTE.—The original area of the Dinosaur National Monument was 80 acres; it was expanded to 204,000 acres in 1938.

3. August 25, 1916: Act was passed creating the National Parks Service to regulate and promote the use of national monuments, parks, and reservations.

4. June 10, 1920: The Federal Power Act was passed, giving the FPC (sec. 4) authority to issue a license for the erection of a dam within a national monument.

5. March 3, 1921: Federal Water Power Act was amended as follows:

"That hereafter no permit, license, lease or authorization for dams, conduits, reservoirs, powerhouses, transmission lines or other works for storage or carriage of water or for the development, transmission, or utilization of power within the limits, as now constituted, of any national park or national monument shall be granted or made without the specific authority of Congress."

NOTE.—The phrase "as now constituted" was an amendment to the bill to prevent a possible tying up of the country's water and power resources by creating national parks and monuments.

6. August 9, 1945: Letter from National Park Service to Federal Power Commission re power withdrawals in the Echo Park-Blue Canyon areas.

The Utah Power & Light Co. on January 30, 1932, made application to FPC for a preliminary permit to develop power in the Echo Park-Blue Canyon areas.

It was pointed out by A. E. Demoray, Acting Director, National Park Service, that such dams would be in a proposed national monument in northwestern Colorado and if a national monument were established it would be subject to said power withdrawals, quoting:

"Such an area would be established by Presidential proclamation which would exempt all existing rights, and a power withdrawal is, of course, an existing right."

This same letter suggests that the FPC release these power withdrawals so that a monument could be established without interference.

7. December 13, 1934: Letter from Federal Power Commission to the National Park Service.

Refers to letter of August 9, 1934, relating to the proposed establishment of a national monument along the Green and Yampa Rivers in northwestern Colorado which would cover lands withdrawn for the Echo Park and Blue Mountain power developments.

Quote: "Assurance was given in the letter that the Presidential proclamation establishing such a monument would exempt all existing rights, including power withdrawals, but a statement was added that if it were possible to release the power withdrawals the monument would be placed in much better position from the standpoint of administration."

After giving careful consideration to the request for a vacation of the power withdrawals, the Federal Power Commission says further:

"It is generally recognized that the Green and Yampa Rivers present one of the most attractive fields remaining open for comprehensive and economical power development on a large scale. * * *

"The sites we are considering are important links in any general plan of development of those streams." * * *

"The Commission believes that the public interest in this major power resource is too great to permit its impairment by voluntary relinquishment of two units in the center of the scheme. The Commission will not object, however, to the creation of the monument if the proclamation contains a specific provision that power development under the provisions of the Federal Water Power Act will be permitted."

Reference is made in the letter to extensive reports, plans and profiles relating to the

potential water and power resources of the river.

8. August 26, 1935: Federal Power Act amended further. It appears that this amendment did not change the conditions set forth in the Federal Water Power Act of June 10, 1920, as amended, which is referred to in the President's proclamation of 1938 and which expressly reserves the right to develop the water and power in the expanded Dinosaur National Monument.

9. November 6, 1945: Letter from Secretary of the Interior to the Federal Power Commission.

Mr. Harold L. Ickes specifically asks the FPC to release the power withdrawals that exist in the Green and Yampa River areas so that a monument could be created.

10. January 9, 1936: Reply of Federal Power Commission to the Secretary of the Interior.

In this letter the Federal Power Commission reiterates its position set forth in its letter to the National Park Service on December 13, 1934, as follows:

"Regardless of the disposition which may be made of the Utah Power & Light Co.'s application, and giving due consideration to the project some time may elapse before this power is needed, the Commission believes that the public interest in this major power resource is too great to permit its impairment by relinquishment of two units in the center of the scheme. The Commission will not object, however, to the creation of the monument if the proclamation contains a specific provision that power development under the provisions of the Federal Water Power Act will be permitted."

11. Utah Colorado Park Service meetings: Public meetings were held in Vernal, Utah, June 11, 1936 and in Craig, Colo., June 13, 1936.

The following is an affidavit signed March 27, 1950, made by David H. Madsen, Superintendent of the Dinosaur National Monument, representative of the National Park Service at their meetings.

"Among other things discussed was the question of grazing and the question of power and of irrigation development which migh be deemed essential to the proper development of the area at some future date. I was authorized to state, and did state as a representative of the National Park Service, that grazing on the area would not be discontinued and that in the event it became necessary to construct a project or projects for power or irrigation in order to develop that part of the States of Colorado and Utah, that the establishment of the Monument would not interfere with such developments."

12. Enlargement of Dinosaur National Monument by Presidential proclamation: On July 14, 1938, Dinosaur National Monument, by a proclamation of the President, was enlarged to include an additional 203,885 acres. (The original area was 80 acres.)

The proclamation provides that the reservation of such lands "shall not affect the operation of the Federal Power Act of June 10, 1920 (41 Stat. 1063), as amended"; further, that administration of the monument would be subject to the Brown's Park Reservoir reclamation withdrawal of October 17, 1904, in connection with the Green River project.

This proclamation, including the specific reservations, is a pledge to the people of Utah and Colorado that the expansion of the monument would not interfere with the development of their water and power resources. The construction of the Echo Park Dam in the Dinosaur National Monument, therefore, cannot be an invasion of the National Monument principle.

Subsequent to the proclamation enlarging the Dinosaur National Monument, investigations were continued by the Bureau of Reclamation, directed toward the development of the water and power resources of the Green and Yampa Rivers. These investigations were made with the full knowledge and consent of the National Park Service which had jurisdiction over the area and with the full understanding of all concerned that water and power development would take place within the monument under the reservations set forth in the President's proclamation. Such knowledge and consent is clearly set forth in the following documents:

13. May 14, 1943: Ad interim report, survey of recreational resources of the Colorado River Basin.

14. December 1, 1943: Memorandum from Park Service to Bureau of Reclamation.

15. June 27, 1944: Report of position of the National Park Service on Dinosaur development.

16. May 2, 1946: Letter of Park Service Director to Dr. J. E. Broaddus, signed by Newton B. Drury, Director. Quote: "Dinosaur is one of the few areas in the system established subject to a reclamation withdrawal and this may have some bearing on the proposed Echo Park project."

17. June 1946: A survey of the recreational resources of the Colorado River Basin, report by the National Park Service.

18. December 20, 1949: Memorandum from the Bureau of Reclamation to the Department of the Interior signed by Michael Strauss.

19. December 30, 1949: Memorandum of National Park Director sent to the Secretary of the Interior.

20. February 28, 1950: Memorandum from National Park Service to the Secretary of the Interior.

21. March 3, 1950: Memorandum from the National Park Service Director to the Secretary of the Interior.

22. June 27, 1950: Memorandum from the Secretary of the Interior to the Bureau of Reclamation and the National Park Service, signed by Secretary Oscar L. Chapman.

Quote: "I am impressed with the fact that the waters of the Colorado constitute a resource of paramount importance to the region and that in view of the arid nature of the area, my approved plan for the development of the upper basin must make every practicable provision for the conservation and multiple use of these waters in the interest of the people of the West and the whole Nation.

"Weighing all the evidence in thoughtful consideration, I am impelled in the interest of the greatest public good to approve the the completion of the upper Colorado River basin report, including the dams in question because: (1) I am convinced that the plan is most economical of water in a desert river basin and therefore in the highest public interest; and (2) the order establishing the extension of the monument in the canyons in which the dams would be placed contemplated use of the monment for a water project, and my action, therefore, would not provide a precedent dangerous to other reserved areas."

23. December 10, 1953, Report of the Secretary of Interior on the Colorado River Storage Project and Participating Projects, signed by Secretary Douglas McKay.

The report again approved the project including the construction of the Echo Park Dam.

All of this evidence clearly demonstrates that after more than 40 years of investigation, numerous reports, much correspondence, and a Presidential proclamation, that the intent to develop the water and power resources of the Green and Yampa Rivers originated long before the Dinosaur National Monument was expanded and that the construction of the Echo Park Dam in the Monument will not create a precedent for nor constitute an invasion of a National Monument. On the contrary, the provision for the proposed water storage dam at Echo Park represents the fulfillment of a pledge of the President and the Federal Government to the people of Utah and Colorado, and will prove to be a recognized benefit to the Nation as a whole.

Mr. WATKINS. Mr. President, for the information of the Members of Congress, and particularly the Members of the Senate, I ask unanimous consent that the memorandum prepared at the request of the House committee be printed in the RECORD at this point.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

1. AUTHORITY OF THE PRESIDENT TO ESTABLISH NATIONAL MONUMENTS

The authority of the President to establish national monuments by proclamation is contained in the act of June 8, 1906, sometimes referred to as the "Antiquities Act." [Emphasis supplied.]

"Act of June 8, 1906, 59th Congress, 1st session (34 Stat. 225)

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That any person who shall appropriate, excavate, injure, or destroy any historic or prehistoric ruin or monument, or any object of antiquity, situated on lands owned or controlled by the Government of the United States, without the permission of the Secretary of the Department of the Government having jurisdiction over the lands on which said antiquities are situated, shall upon conviction, be fined in a sum of not more than five hundred dollars or be imprisoned for a period of not more than ninety days, or shall suffer both fine and imprisonment, in the discretion of the court.

"SEC. 2. That the *President* of the United States is hereby *authorized,* in his discretion, *to declare by* public *proclamation historic landmarks, historic and prehistoric structures, and other objects of historic or scientific interest that are situated upon the lands owned* or controlled *by the* Government of the *United States to be national monuments, and may reserve* as a part thereof *parcels of land, the limits of which in all cases shall be confined to the smallest area compatible with the proper care and management of the objects to be protected: Provided,* That when such objects are situated upon a tract covered by a bona fide unperfected claim or held in private ownership, the tract, or so much thereof as may be necessary for the proper care and management of the object, may be relinquished to the Government, and the Secretary of the Interior is hereby authorized to accept the relinquishment of such tracts in behalf of the Government of the United States.

"SEC. 3. That permits for the examination of ruins, the excavation of archaeological sites, and the gathering of objects of antiquity upon the lands under their respective jurisdictions may be granted by the Secretaries of the Interior, Agriculture, and War to institutions which they may deem properly qualified to conduct such examination, excavation, or gathering, subject to such rules and regulations as they may prescribe: *Provided,* That the examinations, excavations, and gatherings are undertaken for the benefit of reputable museums, universities, colleges, or other recognized scientific or educational institutions, with a view to increasing the knowledge of such objects, and that the gatherings shall be made for permanent preservation in public museums.

"SEC. 4. That the Secretaries of the Departments aforesaid shall make and publish from time to time uniform rules and regulations for the purpose of carrying out the provisions of this Act."

2. ESTABLISHMENT OF DINOSAUR NATIONAL MONUMENT

Dinosaur National Monument was established by Presidential proclamation, pursuant to the 1906 act, in 1915, and as originally established covered an area of 80 acres. [Emphasis supplied.]

"Proclamation of October 4, 1915 (39 Stat. 1752)

"By the President of the United States of America

"A proclamation

"Whereas, in section twenty-six, township four south, range twenty-three east of the Salt Lake meridian, Utah, *there is located an extraordinary deposit of Dinosaurian and other gigantic reptilian remains* of the Juratrias period, *which are of great scientific interest and value, and it appears that the public interest would be promoted by reserving these deposits as a National Monument, together with as much land as may be needed for the protection thereof.*

"Now, therefore, I, Woodrow Wilson, President of the United States of America, by virtue of the power in me vested by Section two of the act of Congress entitled, "An Act for the Preservation of American Antiquities", approved June 8, 1906, do hereby set aside as the Dinosaur National Monument, the unsurveyed northwest quarter of the southeast quarter and the northeast quarter of the southwest quarter of section twenty-six, township four south, range twenty-three east, Salt Lake meridian, Utah, as shown upon the diagram hereto attached and made a part of this proclamation.

"While it appears that the lands embraced within this proposed reserve have heretofore been withdrawn as coal and phosphate lands, the creation of this monument will prevent the use of the lands for the purposes for which said withdrawals were made. Warning is hereby expressly given to all unauthorized persons not to appropriate, excavate, injure or destroy any of the fossil remains contained within the deposits hereby reserved and declared to be a National Monument or to locate or settle upon any of the lands reserved and made a part of this monument by this proclamation.

"In WITNESS WHEREOF, I have hereunto set my hand and caused the seal of the United States to be affixed.

"Done at the city of Washington, this
"[SEAL] fourth day of October, in the year of our Lord one thousand nine hundred and fifteen and the Independence of the United States the one hundred and fortieth.

"WOODROW WILSON.

"By the President:
"ROBERT LANSING,
"Secretary of State."

3. ACT CREATING THE NATIONAL PARK SERVICE

"Act of August 25, 1916 (39 Stat. 535) 64th Congress 1st session

"Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That there is hereby created in the Department of the Interior a service to be called the National Park Service, * * * The service thus established shall promote and regulate the use of the Federal areas known as national parks, monuments, and reservations hereinafter specified by such means and measures as conform to the fundamental purpose of the said parks, monuments, and reservations, which purpose is to conserve the scenery and the natural and historic objects and the wildlife therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations. * * *

"SEC. 3. That the Secretary of the Interior shall make and publish such rules and regulations as he may deem necessary or proper for the use and management of the parks, monuments, and reservations under the jurisdiction of the National Park Service * * *."

4. THE FEDERAL WATER POWER ACT OF 1920

The act of June 10, 1920 (41 Stat. 1063), known as the Federal Water Power Act, provided for creation of the Federal Power Commission, to make possible orderly development of water power. (Emphasis supplied.)

Section 3, contained these definitions:

" *'Public lands'* means such lands and interest in lands owned by the United States as are subject to private appropriation and disposal under public-land laws. It shall *not include 'reservations'* as hereinafter defined.

" *'Reservations'* means *national monuments* * * * and other lands and interests in lands owned by the United States * * *"

Section 4 authorized the Federal Power Commission

"* * * (d) *To issue licenses* * * * *for* the purpose of constructing * * * *dams* * * * and for the development, transmission and utilization of power across, along, from or in any of the navigable waters of the United States, or *upon any part of the public lands and reservations of the United States* (including the Territories), or for the purpose of utilizing the surplus water or water power from any Government dam, except as herein provided: *Provided,* That *licenses shall be issued within any reservation only after a finding by the commission that the license will not interfere or be inconsistent with the purpose for which such reservation was created or acquired,* and shall be subject to and contain such conditions as the Secretary of the Department under whose supervision such reservation falls shall deem necessary for the adequate protection and utilization of such reservation. * * *"

Therefore, under the 1920 act, it is apparent that the FPC had authority to issue a license for the erection of a dam within a national monument.

5. 1921 AMENDMENTS TO THE 1920 FEDERAL POWER ACT

(A) Provisions of the 1921 act

The act of March 3, 1921 (41 Stat. 1353) amended the act of June 10, 1920, by providing (emphasis supplied):

"That *hereafter no* permit, license, lease, or *authorization for dams,* conduits, reservoirs, power houses, transmission lines, or other works for storage or carriage of water, or for the development, transmission, or utilization of power, *within the limits [as now constituted] of any national park or national monument shall be granted* or made *without specific authority of Congress,* and so much of the Act of Congress approved June 10, 1920 * * * as authorizes licensing such uses of *[existing]* national parks and national monuments by the Federal Power Commission is hereby repealed."

It will be noted that the words "as now constituted" and "existing" were amendments to the original bill. Two excerpts from the CONGRESSIONAL RECORD, 66th Congress, 3d session, help background these amendments.

(B) Action in the Senate

On January 25, 1921, in the Senate (60 CONGRESSIONAL RECORD, 2001 et seq.), the following comments were recorded:

"Waterpower Projects Within National Parks

"The bill (S. 4554) to amend an act entitled 'An act to create a Federal Power Commission; to provide for the improvement of navigation; the development of waterpower; the use of the public lands in relation thereto; and to repeal section 18 of the River and Harbor Appropriation Act, approved August 8, 1917, and for other purposes,' approved June 10, 1920, was announced as next in order.

"Mr. KING. Let that bill go over.

"Mr. WALSH of Montana. Mr. President, I wish to inquire if objection was made to the present consideration of Senate bill 4554?

"Mr. KING. May I inquire of the Senator from Washington [Mr. Jones] if this is the measure to which he referred?

"Mr. JONES of Washington. Yes.

"Mr. KING. Then I have no objection to the consideration of the bill, Mr. President.

"The VICE PRESIDENT. The Secretary will read the bill.

"The Assistant Secretary read the bill, as follows:

" *'Be it enacted, etc.,* That hereafter no permit, license, lease, or authorization for dams, conduits, reservoirs, powerhouses, transmission lines, or other work for storage or carriage of water, or for the development, transmission, or utilization of power, within the limits of any national park or national monument shall be granted or made without specific authority of Congress, and so much of the act of Congress approved June 10, 1920, entitled "An act to create a Federal Power Commission; to provide for the improvement of navigation; the development of water power the use of the public lands in relation thereto; and to repeal section 18 of the river and harbor appropriation act, approved August 8, 1917, and for other purposes," approved June 10, 1920, as authorized licensing such uses of national parks and national monuments by the Federal Power Commission is hereby repealed.'

"Mr. BORAH. That bill cannot be disposed of this morning.

"The VICE PRESIDENT. Then the Senator from Idaho may object to its consideration.

"Mr. BORAH. I object to its consideration.

"Mr. WALSH of Montana. Mr. President, I desire to say a few words in connection with the bill which has just been read. I was not able distinctly to hear the reading of the bill, but I understand that it was introduced by the Senator from Washington [Mr. Jones] for the purpose of eliminating national parks from the jurisdiction of the waterpower commission.

"Mr. JONES of Washington. That is correct.

"Mr. WALSH of Montana. I think, perhaps, it would be appropriate to say in this connection that the Senator from Washington, as well as myself, is under obligation to bring this matter to the consideration of the Senate with all speed, and unless there is some special reason I hope the measure will have consideration.

"When the waterpower bill was transmitted to the Senate for consideration an objection was made——

"Mr. BORAH. Mr. President, I do not desire to object to the remarks of the Senator from Montana, but I understand the bill is not under consideration. There was objection to the bill.

"Mr. WALSH of Montana. I so understand, but I will take occasion at this time to say what I desire to say, with the permission of the Senate.

"An objection was made to the bill by the Secretary of the Interior, Mr. Payne, upon the ground that it granted the waterpower commission created by that act the authority to authorize the construction of dams for power purposes within the national parks, and it seemed not unlikely that the bill would be vetoed by the President in consequence of the objection to it thus pointed out by the Secretary of the Interior. In that connection the Senator from Washington and myself, both being very deeply interested in the speedy enactment of the measure, called upon the Secretary of the Interior and stated to him that if he would withdraw his objection to the bill we would at the ensuing session of Congress charge ourselves with the duty of introducing a bill to relieve the waterpower measure of the objection and urge its passage upon the Senate. Accordingly, I feel obligated to do what I can to remove any objection that might be made against the bill. I feel that both of us stand

pledged to do everything we can to expedite the passage of the bill.

"In this connection I also desire to say, Mr. President, that in all of the long discussion of and consideration given to the waterpower bill I do not recall that anybody ever called attention to the feature of that bill to which reference is now made. It was embodied in the bill as it was originally prepared by the Secretary of War, the Secretary of the Interior, and the Secretary of Agriculture. It was not the subject of discussion upon the floor. Apparently it passed without any attention whatever being given to it. No one was particularly interested in it, so far as I can understand; yet, notwithstanding this condition of affairs, and the pledge given by the Senator from Washington as well as myself, a very active, energetic campaign is being waged, and the country is being deluged with appeals from civic associations of all kinds charging something in the nature of intrigue or indirection in getting this provision into the waterpower bill and calling on all the friends of the national parks throughout the country to assist in sweeping away all possible objection to the legislation now proposed and speedily accomplishing its enactment, reminding one of some of the adventures of Don Quixote and his celebrated mount. I do not believe that there is any serious objection to the enactment of this measure. I hope that we shall have it speedily considered. I say this in explanation of my own attitude with respect to it.

"Mr. BORAH. Mr. President, I am not going to stand in the way of the consideration of the bill if it comes up on a proper occasion when we can consider it for a reasonable length of time, but I do object to it at the present time. It is a matter of some importance, and we could not possibly dispose of it under the rules with the time which we have this morning.

"Mr. FLETCHER. Mr. President, I will simply say that this is the first time I ever heard of any objection to the bill. It has been reported unanimously by the Committee on Commerce, I believe, and I never knew heretofore there were any objections to it.

"Mr. BORAH. There are some objections to it, Mr. President, which have been presented to me. What my final attitude upon the bill will be I do not know, but it is a matter of a great deal of importance to some people. I therefore do not desire that the Senate shall undertake to dispose of it this morning.

"Mr. JONES of Washington. Mr. President, I have been seeking to get this bill up for some time. I knew that the Senator from Idaho was interested in it, and possibly might have some objection to it. I have delayed asking for its consideration in order that the Senator from Idaho might procure some information concerning the bill which he desired to obtain. As I have said before, at the very first opportunity I expect to call the bill up. As the Senator from Montana [Mr. Walsh] has stated, I feel under obligation to do whatever may be possible to secure action upon the measure by the Senate, and I expect to secure such action.

"The VICE PRESIDENT. The bill will be passed over.

"* * * * *"

The Senate passed the bill, with amendments, on February 24, 1921 (60 CONGRESSIONAL RECORD, 3789, et seq.), with the following debate:

"Amendment of Federal Power Commission Act

"Mr. JONES of Washington. Mr. President, I want to make another attempt to make good my promise to the Secretary of the Interior. The Senator from Missouri [Mr. Spencer] a moment ago told me that this was not the bill he had in mind. Therefore, I ask unanimous consent for the present consideration of Senate bill 4554, intending to offer two amendments if that consent is given. It is the bill that takes from the jurisdiction of the Water Power Commission the granting of permits in national parks and leaves it with Congress.

"The VICE PRESIDENT. Is there any objection to the present consideration of the bill?

"There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 4554) to amend an act entiled 'An act to create a Federal Power Commission; to provide for the improvement of navigation; the development of waterpower; the use of the public lands in relation thereto; and to repeal section 18 of the river and harbor appropriation act, approved August 8, 1917, and for other purposes,' approved June 10, 1920, which was read, as follows:

"'*Be it enacted, etc.*, That hereafter no permit, license, lease, or authorization for dams, conduits, reservoirs, powerhouses, transmission lines, or other works for storage or carriage of water, or for the development, transmission, or utilization of power, within the limits of any national park or national monument shall be granted or made without specific authority of Congress, and so much of the act of Congress approved June 10, 1920, entitled "An act to create a Federal Power Commission; to provide for the improvement of navigation; the development of water power; the use of the public lands in relation thereto; and to repeal section 18 of the river and harbor appropriation act, approved August 8, 1917, and for other purposes," approved June 10, 1920, as authorizes licensing such uses of national parks and national monuments by the Federal Power Commission is hereby repealed.'

"Mr. JONES of Washington. After the word 'limits,' on page 1, line 7, I move to amend by inserting the words 'as now constituted.'

"The amendment was agreed to.

"Mr. JONES of Washington. Then, on page 2, line 6, after the words 'uses of,' I move to insert the word 'existing.'

"The amendment was agreed to.

"Mr. BORAH. Mr. President, I did not feel that I was in a position to object to the consideration of this bill, as the Senator from Washington has been for a long time trying to get it before the Senate for consideration, and he was under an obligation, by reason of a promise which he made to the President and the Secretary of the Interior, to bring it up for consideration if possible. I did not desire to interfere with his bringing it before the Senate, neither have I time at this hour to discuss the bill; but I desire to record my objection to it, and I want an opportunity to vote against it. That is all I shall ever get out of it anyhow, I presume, so we might just as well consider it this afternoon.

"I have understood that the bill is very generally favored by the Senate, but it seems to me to be an unwise measure, even from the standpoint of those who are advocating it, taking into consideration the reasons for it which they assign. But I cannot undertake at this late hour, Mr. President, to discuss it. However, I ask for an opportunity to vote upon it.

"Mr. UNDERWOOD. Mr. President, I only want to say that I happen to know something about the situation. The waterpower bill, which many Members of Congress were interested in securing the passage of, was in very grave danger of a Presidential veto in the closing hours of the last Congress, and finally the Secretary of the Interior expressed as his main objection the fact that the power in that bill extended over the national parks, and he did not want any bill to develop power in the national parks and destroy their beauty. Finally, the Secretary agreed that he would recommend to the President to sign the bill and let it go through, if the Senator from Washington (Mr. Jones), who was acting chairman of the committee in charge of the bill, would bring before the Congress a bill to amend the waterpower act so as to leave out the national parks. I think in good faith we ought to pass the bill.

"Mr. BORAH. Mr. President, I do not think that good faith requires us to pass it. I think that good faith does require that an opportunity shall be given for the Senate to vote upon it. Therefore I have not opposed a veto.

"As I understand the bill, it all resolves itself into a simple proposition whether the parks would be better protected by the Congress of the United States or by the Commission which was created by the Power Act.

"I had some experience here in trying to protect the parks through the Congress of the United States, when we had up the famous Hetch-Hetchy proposition, and I observed that the Congress did all it could do, in that instance, to destroy that park. I think those who are advocating this bill will find in a very short time that they are not securing the protection which they think they are securing. I am just as much in favor of protecting the parks, I think, as those who are advocating this bill, but I wholly disagree with them as to how they can be best protected. Therefore I am opposed to the bill.

"The bill was reported to the Senate as amended, and the amendments were concurred in.

"The bill was ordered to be engrossed for a third reading, read the third time, and passed."

* * * * *

(C) Action in the House

House action on the Senate version of the bill is set out in proceedings of March 1, 1921 (60 Congressional Record, 4204, et seq.):

"Amending Federal Power Commission Act

"Mr. ESCH. Mr. Speaker, I ask to take from the Speaker's table the bill S. 4554, a bill to eliminate from the Water Power Act national parks and monuments.

"The Clerk read the bill, as follows:

"'S. 4554. An act to amend an act entitled "An act to create a Federal Power Commission; to provide for the improvement of navigation; the development of water power; the use of the public lands in relation thereto; and to repeal section 18 of the River and Harbor Appropriation Act, approved August 8, 1917, and for other purposes," approved June 10, 1920.

"'*Be it enacted, etc.*, That hereafter no permit, license, lease, or authorization for dams, conduits, reservoirs, powerhouses, transmission lines, or other works for storage or carriage of water, or for the development, transmission, or utilization of power, within the limits as now constituted of any national park or national monument shall be granted or made without specific authority of Congress, and so much of the act of Congress approved June 10, 1920, entitled "An act to create a Federal Power Commission; to provide for the improvement of navigation; the development of water power; the use of the Public Harbor Appropriation Act, approved August 8, 1917, and for other purposes," approved June 10, 1920, as authorizes licensing such uses of existing national parks and national monuments by the Federal Power Commission is hereby repealed.'

"Mr. ESCH. Mr. Speaker, the object of the bill is to modify the Federal Water Power Act so as to eliminate from its provisions national parks and monuments. When the act was originally passed we supposed we had sufficiently safeguarded national parks and monuments so that there would not be constructed therein any water power or reclamation projects. However, the President was in doubt as to whether he would sign the bill which was presented to him on the 4th day of June, the day before we adjourned. He referred the bill to the Secretaries of the Interior, War, and Agriculture. The Secretary of the Interior had great doubt as to the policy of giving to a commission control over

national parks and monuments in the matter of water-power development. Senator Jones, chairman of the Committee on Commerce, and Senator Walsh of Montana called upon the Secretary and conferred with him regarding the signing of the bill. The Secretary conferred with Senator Underwood and the majority leader [Mr. Mondell], and an understanding was reached whereby the bill was to be introduced at this session eliminating the parks and monuments from the operation of the Federal Power Act, and this bill carries out that understanding.

"Mr. BARKLEY. Will the gentleman yield?

"Mr. ESCH. Yes.

"Mr. BARKLEY. What is the difference between the bill as it passed the Senate and as it was reported from the Interstate Commerce Committee of the House?

"Mr. ESCH. They are identical.

"Mr. BARKLEY. Would you gentlemen consider an amendment to the bill as it passed, striking out the word 'existing'?

"Mr. ESCH. That is in the bill.

"Mr. BARKLEY. The word 'existing,' which limits it to national parks and monuments now in existence, is in the bill as it passed the Senate?

"Mr. ESCH. Yes; and as reported by the Select Committee on Water Power.

"Mr. BARKLEY. I would like to ask whether the gentleman would be willing to consider an amendment to the bill striking out the word 'existing'?

"Mr. ESCH. I fear, Mr. Speaker, that with such an amendment the bill would fail in this Congress.

"The SPEAKER. The question is on the third reading of the bill.

"The bill was ordered to be read a third time; was read the third time.

"Mr. BLANTON. Will the gentleman yield for a question? This does not create any commission?

"Mr. ESCH. Not at all.

"Mr. BLANTON. It is only an amendment perfecting the act, and it does not increase any salaries, or anything of that kind?

"Mr. ESCH. No.

"Mr. BARKLEY. Mr. Speaker, is it in order to offer an amendment to the bill?

"The SPEAKER. The Chair thinks it is.

"Mr. ESCH. Mr. Speaker, I did not yield the floor for that purpose.

"Mr. MANN of Illinois. Will the gentleman yield?

"Mr. ESCH. Yes.

"Mr. MANN of Illinois. I hope that the gentleman from Kentucky will not do that. I am in full sympathy with what the gentleman wants.

"Mr. BARKLEY. If the gentleman from Wisconsin will yield to me for a moment?

"Mr. ESCH. I do.

"Mr. BARKLEY. When the bill was under consideration the question arose whether a limitation should be made applying to national parks now in existence or also to future parks that might be created.

"As the bill passed the Senate and as it was reported to the House, it limited its effect to existing national parks only, so that hereafter, if more national parks shall be created, or those already in existence shall be enlarged, we must fight out on every individual bill creating a new national park or enlarging one already in existence the question whether the water power in the national park shall be used. It was my thought that we ought to make this provision apply to all parks that exist now as well as those that may be created in the future; but if the House feels that such an amendment would endanger the passage of this bill and thinks it is better to get what we can under this bill than to try to get more, I have no disposition to offer an amendment. I do desire, however, to register my objection to the provision that limits it to existing national parks instead of including all that may hereafter be created.

"Mr. ESCH. Mr. Speaker, the thought as presented to the committee by Secretary Meredith and Secretary Payne was that this would safeguard existing parks and monuments, and hereafter, if any project was presented to Congress for the creation of a new park or monument or the extension of existing parks or monuments, it would be within the power of Congress to determine whether or not the water power act should apply to them.

"The SPEAKER. The question is on the passage of the bill.

"The question was taken, and the bill was passed.

"On motion of Mr. ESCH, a motion to reconsider the vote by which the bill was passed was laid on the table.

"On motion of Mr. Esch, the bill, H. R. 14469, an identical House bill, was ordered to lie on the table.

"* * * * *."

It is here pointed out that Dinosaur National Monument as it "existed" or was then "constituted"—in 1921—was comprised of a total of 80 acres of land.

6. AUGUST 9, 1934: LETTER OF PARK SERVICE TO FEDERAL POWER COMMISSION

In August 1934 the Acting Director of the National Park Service addressed a letter to the Federal Power Commission on the subject of power withdrawals in the Echo Park-Blue Canyon areas. [Emphasis supplied.]

WASHINGTON, D. C., *August 9, 1934.*

FEDERAL POWER COMMISSION,
Washington, D. C.

GENTLEMEN: We are studying the possibility of setting aside certain lands in northwestern Colorado as a national monument. The area considered is within the watershed shown on the map marked "Exhibit H (a)," which accompanied an application of January 30, 1932, of the Utah Power & Light Co. for a preliminary permit, and which is on file in the Denver office of the Reclamation Bureau. The proposed monument would be affected by the Echo Park Dam site and the Blue Canyon Dam site, as indicated on the enclosed map of the proposed monument.

Such an area would be established by Presidential proclamation which would exempt all existing rights, and a power withdrawal is, of course, an existing right.

However, we feel that we should call this to your attention. If it is possible to release the power withdrawals that you now have in the area, our monument will be placed in a much better position from the standpoint of administration.

If you have any data or reports on this area, we would appreciate very much receiving copies.

Very truly yours,

A. E. DEMARAY,
Acting Director.

7. DECEMBER 13, 1934: REPLY OF FEDERAL POWER COMMISSION TO LETTER OF PARK SERVICE

The response of the FPC to the Park Service letter of August 9, 1934, was as follows (emphasis supplied):

FEDERAL POWER COMMISSION,
Washington, December 13, 1934.

EP–279–Utah,

Re Utah Power & Light Co.

DEAR DIRECTOR CAEMMERER: Reference is made to Acting Director Demaray's letter of August 9, 1934, in which the Commission was advised that you were studying the possibility of establishing a national monument along the Green and Yampa Rivers, in northwestern Colorado, which would embrace lands withdrawn for the proposed Echo Park and Blue Mountain power developments included in the application for preliminary permit of the Utah Power & Light Co., designated as project No. 279.

Assurance was given in the letter that the Presidential proclamation establishing such a monument would exempt all existing rights, including power withdrawals, but a statement was added that if it were possible to release the power withdrawals the "monument would be placed in a much better position from the standpoint of administration." This implied request for a vacation of the power withdrawal has called for careful consideration because of the magnitude of the power resources involved and the fact that the permit application is still in suspended status pending conclusion of the comprehensive investigation of irrigation and power possibilities on the upper Colorado River and its tributaries by the Bureau of Reclamation, and a more definite determination of water allocations between the States of the upper basin. The power resources in this area are also covered by Power Site Reserves Nos. 121 and 721 and Power Site Classifications Nos. 87 and 93 of the Interior Department.

In the application of the Utah Power & Light Co. the primary power capacity of the Echo Park site is estimated at 130,000 horsepower. This is based on the development of a head of 310 feet at the dam and a regulated flow of 5,000 cubic feet per second obtained by storage in the proposed Flaming Gorge Reservoir on Green River and Juniper Mountain Reservoir on Yampa River. At Blue Mountain the primary capacity is estimated at 19,000 horsepower based on the development of 210 feet of head and a regulated flow of 1,100 cubic feet per second.

Ralf R. Woolley in his report on Green River and its Utilization (Water Supply Paper No. 618, United States Geological Survey), proposes the development of 114,800 horsepower, primary capacity, at the Echo Park site, based on an average head of 290 feet and a streamflow of 4,950 cubic feet per second. At Johnson's Draw, which is his designation for the Blue Mountain site, Mr. Woolley proposes a primary capacity of 43,200 horsepower based on a regulated flow of 1,800 cubic feet per second and a head of 300 feet. Either of these estimates would justify installations of something like 300,000 horsepower at Echo Park and at least 50,000 horsepower at Blue Mountain.

It is generally recognized that the Green and Yampa Rivers present one of the most attractive fields remaining open for comprehensive and economical power development on a large scale. Power possibilities on Green River between the proposed Flaming Gorge Reservoir and Green River, Utah, and on the Yampa River below the proposed Juniper Mountain Reservoir are estimated at more than 700,000 primary horsepower, which would normally correspond to 1,500,000 to 2 million horsepower installed capacity. Excellent dam sites are available, and as the great part of the lands remain in the public domain, a very small outlay would be required for flowage rights. *The sites we are considering are import links in any general plan of development of these streams.*

Regardless of the disposition which may be made of the Utah Power & Light Co.'s application, and giving due consideration to the prospect that some time may elapse before this power is needed, *the Commission believes that the public interest in this major power resource is too great to permit its impairment by voluntary relinquishment of two units in the center of the scheme. The Commission will not object, however, to the creation of the monument if the proclamation contains a specific provision that power development under the provisions of the Federal Water Power Act will be permitted.*

I enclose a copy of the portion of the application of the Utah Power & Light Co. which describes the proposed development, and blue prints of exhibits H (a), H (b), and H (c) showing the location of the various units of the plan, river profiles, and cross sections of the dam sites. The Commission has no special reports on the area under consideration, but if you are not already familiar with them, it is suggested that you

obtain the following publications of the Geological Survey:

Water Supply Paper No. 618 (previously referred to).

Plan and Profile of Yampa River, Colo., from Green River to Morgan Gulch (5 sheets showing river profile and topography and 1 sheet of special dam site surveys).

Plan and Profile of Green River, Green River, Utah, to Green River, Wyo. (16 sheets, 10 plans, and 6 profiles).

Yours very cordially,

FRANK R. MCNINCH,
Chairman.

8. 1935 AMENDMENT OF THE FEDERAL WATER POWER ACT

The 74th Congress, 1st session, in the act of August 26, 1935 (49 Stat. 838), again amended the Federal Water Power Act—in two respects germane to the legislative history herein set out.

First: Section 3 of the act, which had included "national parks and monuments" in the definition of "reservations," was amended so as to exclude national parks and national monuments; offered as a committee amendment, and agreed to without discussion (79 CONGRESSIONAL RECORD 10569), the amendment—and thus, the present language of the act—reads:

"'*Reservations*' means national forests, tribal lands embraced within Indian reservations, military reservations, and other lands and interests in lands owned by the United States, and withdrawn, reserved, or withheld from private appropriation and disposal under the public land laws; also lands and interests in lands acquired and held for any public purposes; *but shall not include national monuments or national parks.*" [Emphasis supplied.]

It will be noted that the conference report, submitted on August 24, 1935 (79 CONGRESSIONAL RECORD 14621), on the disagreeing vote of the two Houses on the overall 1935 act, contains this explanation:

"The Senate bill included national monuments and national parks in the definition of 'reservations' * * * amending section 3 of the Federal Water Power Act, *but the House amendment excluded national monuments and national parks in conformity with the act of 1921* * * *." [Emphasis supplied.]

The Committee on Interstate and Foreign Commerce, in Report No. 1318 (74th Cong., 1st sess.), accompanying the bill S. 2796, at p. 22 states:

"The definition of the former term ('reservations') has been amended to exclude national parks and national monuments. *Under an amendment to the act passed in 1921, the Commission has no authority to issue licenses in national parks or national monuments.* The purpose of this change in the definition of 'reservations' is to remove from the act all suggestion of authority for the granting of such licenses." [Emphasis supplied.]

Second: Section 212 of title II of the 1935 act (49 Stat. 803, 847)—still dealing with the Federal Water Power Act—provides:

"SEC. 212. Sections 1 to 29, inclusive, of the Federal Water Power Act, as amended, shall constitute part I of that act, and sections 25 and 30 of such act, as amended, are repealed: *Provided*, That *nothing* in that act, as amended, *shall be construed to repeal or amend the provisions of the amendment to the Federal Water Power Act approved March 3, 1921 (41 Stat. 1353)*, or the provisions of any other act relating to national parks and national monuments." [Emphasis supplied.]

The record (79 CONGRESSIONAL RECORD 10575) for July 1, 1935, discloses the coming into being of the foregoing amendment:

"* * * * * *

"Mr. CROSSER of Ohio. Mr. Chairman, I ask unanimous consent to return to page 253, line 10, for the purpose of offering an amendment.

"The Clerk read as follows:

"'Amendment offered by Mr. Crosser of Ohio: Page 253, line 10, after the word "repealed" change the period to a colon and add the following: *"Provided*, That nothing in that act, as amended, shall be construed to repeal or amend the provisions of the amendment in the Federal Water Power Act approved March 3, 1921 (41 Stat. 1353), or the provisions of any other act relating to national parks and national monuments".'

"Mr. WOLFENDEN. Mr. Chairman, I object.

"Mr. CROSSER of Ohio. Will not the gentleman withhold his objections?

"Mr. WOLFENDEN. Mr. Chairman, I reserve my objection to permit the gentleman to make an explanation.

"Mr. CROSSER of Ohio. The purpose of this amendment is to clarify the language of the bill; and *this is the law now. The national parks organization wants to make sure that the bill does not infringe upon their preserve*, so to speak. We are offering this at their request. *This is not anything at all technical.* The national parks organization thinks it would be helpful to have a provision in the bill distinguishing between the national parks and the Federal Power Commissions. [Emphasis supplied.]

"Mr. WOLFENDEN. Mr. Chairman, I withdraw my objection.

"The CHAIRMAN. The question is on the amendment offered by the gentleman from Ohio.

"The amendment was agreed to.

* * * * * *"

In view of these two amendments—which appear on first examination to be somewhat inconsistent—what construction should be placed on the operation of the Federal Water Power Act of 1920, as amended in 1921 and 1935, with respect to national parks and monuments?

The conclusion indicated is that the 1935 act did not amend or repeal the act of March 3, 1921, requiring specific authorization by Congress before construction of any dam or related works within any national park or monument "constituted" or "existing" on that date. Summarized, successive legislative and executive action provided:

(*a*) Authorization for President to establish national monuments in the act of June 8, 1906 (34 Stat. 225).

(*b*) Establishment of Dinosaur National Monument, comprising 80 acres, on October 4, 1915 (proclamation, 39 Stat. 1752).

(*c*) Authorization for Federal Power Commission to issue licenses for construction of dams upon any part of the public lands and reservations (defined to include "national monuments") in the Federal Water Power Act of June 10, 1920 (41 Stat. 1063).

(*d*) Modification of authority of Federal Power Commission to require specific authority of Congress before issuance of license for construction of dams within any existing national monument, or national monument as constituted on March 3, 1921 (41 Stat. 1353).

(*e*) Redefinition, in the act of August 26, 1935 (49 Stat. 803, 838) of "reservations" to exclude national parks and monuments; but with qualification in same act that such redefinition did not amend or repeal (49 Stat. 803, 847) the provisions of the 1921 act—the latter act limiting authority of FPC in monuments as "constituted" in 1921.

No attempt will be made here to summarize or set out the conclusions reached in memorandum briefs on related questions by the Office of the Solicitor, Department of the Interior, or briefs submitted for committee consideration during the hearings on H. R. 4449, and companion bills.

The several pertinent portions of legislative history detailed above:

1921 act floor amendment inserting "existing" and "as now constituted";

Conference report on the 1935 amendment referred to as "in conformity with the act of 1921";

Committee Report No. 1318 on the 1935 act reference to "an amendment in the act passed in 1921";

Floor statements of Mr. CROSSER, i. e., "* * * and this is the law now" and "* * * This is not anything technical"; and

Section 212 of the 1935 act's clear statement that "nothing * * * shall be construed to repeal or amend (the March 3, 1921 act)"; all

suggest a conclusion that the 1935 redefinition of "reservations" can be construed only as a restatement of the 1920 Federal Water Power Act, as amended in 1921; therefore, that the 1935 act did nothing to either enlarge or reduce the inside and outside limits of authority of the Federal Power Commission spelled out in the earlier legislation.

If so interpreted, it follows that the enlarged Dinosaur National Monument (that portion not "existing" in 1921) has at no time been within the restrictions of the 1921 act, as redefined in 1935. Such a conclusion becomes significant upon examination of that portion of the 1938 proclamation (set out post, as Document 12) which declares that the enlarged reservation therein created "* * * shall not affect the operation of the Federal Water Power Act of June 10, 1920 * * * as amended."

9. NOVEMBER 6, 1935: LETTER FROM SECRETARY OF THE INTERIOR TO THE FEDERAL POWER COMMISSION

THE SECRETARY OF THE INTERIOR,
Washington, November 6, 1935.

Hon. FRANK R. MCNINCH,
Chairman, Federal Power Commission,
Washington, D. C.

MY DEAR MR. MCNINCH: For some time the National Park Service of this Department has been studying the possibility of setting aside, as a national monument, certain lands in northwestern Colorado and northeastern Utah along the Yampa and Green Rivers. Enclosed is a map of the area.

The Utah Power & Light Co. filed an application in January 1932 for a preliminary permit for a power site reservation in the Yampa and Green Rivers section. This application was on file in the Denver office of the Reclamation Bureau. Recently, however, the Utah Power & Light Co. voluntarily withdrew their application. This suggests that the power resources of the section may not be as important as originally believed.

I shall appreciate receiving your opinion as to the possibility of releasing the power withdrawals that exist in the area. By such action the proposed monument would be placed in a much better position from the standpoint of administration.

Sincerely yours,

HAROLD L. ICKES,
Secretary of the Interior.

Enclosure 686264.

10. JANUARY 9, 1936: REPLY OF FEDERAL POWER COMMISSION TO THE SECRETARY OF THE INTERIOR

FEDERAL POWER COMMISSION,
Washington, January 9, 1936.

EP-279-Colorado, Utah
Utah Power & Light Co.

Hon. HAROLD L. ICKES,
Secretary of the Interior,
Washington, D. C.

MY DEAR MR. SECRETARY: Reference is made to your letter of November 6, 1935, in which you inquire as to the possibility of releasing the power withdrawals existing in the area along Yampa and Green Rivers, in Colorado and Utah, in which the National Park Service desires to establish a national monument.

The Utah Power & Light Co. did, as you state, withdraw its application for preliminary permit covering the power sites in this area in March 1935, but this withdrawal was not based on any reduced appraisal of the

power resources. The action was taken because the Commission was unwilling to carry the application any longer in suspended status, and the growth of the company's power market did not justify the construction of any of the plants within the comparatively brief period which could have been allowed under the Power Act after the issuance of a permit. Nothing has occurred to change the status of the Power Commission withdrawal, or power site reserves Nos. 121 and 721, and power site classifications Nos. 87 and 93, which are also involved.

In reply to a similar request made by the National Park Service, a letter was sent to the Director on December 13, 1934, in which the power value of Green and Yampa Rivers was discussed in some detail and the position of the Commission was summed up as follows:

"Regardless of the disposition which may be made of the Utah Power & Light Co.'s application, and giving due consideration to the prospect that some time may elapse before this power is needed, the Commission believes that the public interest in this major power resource is too great to permit its impairment by voluntary relinquishment of two units in the center of the scheme. The Commission will not object, however, to the creation of the monument if the proclamation contains a specific provision that power development under the provisions of the Federal Water Power Act will be permitted."

Since receipt of your letter this whole subject has been given further study but no information has been developed to change the views of the Commission as expressed in the above quotation. For your further understanding of the Commission's position I enclose copies of my letter of December 13, 1934.

Yours very cordially,

FRANK R. MCNINCH,
Chairman.

11. JUNE 11–13, 1936: UTAH-COLORADO PARK SERVICE MEETINGS

On March 27, 1950, David H. Madsen, former manager of Dinosaur National Monument, signed a sworn affidavit setting out certain statements with respect to meetings held at Vernal, Utah, June 11, 1936, and Craig, Colo., June 13, 1936.

"Affidavit

"STATE OF UTAH,
"County of Utah, ss:

"David H. Madsen, being first duly sworn on oath, deposes and says: That he is over the age of 21 and a citizen of the United States, and a resident of Utah County, Utah. That at the time the area of the Dinosaur National Monument was enlarged to include the canyon unit I was employed by the National Park Service under the title of supervisor of wildlife resources for the national parks. Among my other duties I was acting superintendent of the Dinosaur National Monument and in that capacity *was ordered by the National Park Service* to arrange for hearings at Vernal, Utah, and Craig, Colo., for the purpose of securing the approval of the citizens of that area for the expansion of the Dinosaur National Monument to include the canyon unit. Meetings were accordingly held at Vernal, Utah, June 11, 1936, and Craig, Colo., June 13, 1936. A large representation of the citizens of the area were present at these meetings.

"Among other things discussed was the question of grazing and the question of power and of irrigation development which might be deemed essential to the proper development of the area at some future date. *I was authorized to state*, and *did state as a representative of the National Park Service*, that grazing on the area would not be discontinued and that in the event it became necessary to construct a project or projects for power or irrigation in order to develop that part of the States of Colorado and Utah, that the establishment of the Monument *would not interfere with such development.*

"The first part of this agreement with reference to grazing has been carried out and the residents of the area involved are entitled to the same consideration with reference to the development of power or irrigation at the Echo Park and Split Mountain Dam sites, and any other development that may not duly interfere for the purpose of the establishment of the monument and which is necessary for the development of the area.

"DAVID H. MADSEN.

"Subscribed and sworn to before me this 27th day of March A. D. 1950.

"KARL H. BENNETT.

"Residing at American Fork, Utah.

"My commission expires: December 25, 1950."

This affidavit was made part of the record of the 1950 hearings, as were supporting affidavits of J. A. Cheney, Vernal; Joseph Haslem, Jensen, Utah; Leo Calder, Vernal; H. E. Seeley, Vernal; and B. H. Stringham, Vernal.

Each deposed substantially as follows:

"That during the course of this meeting the National Park Service representative assured the residents of these areas that if the Dinosaur National Monument were enlarged, that the National Park Service would not prevent or stand in the way of the future reclamation projects or water development projects on the Green River or the Yampa River within the boundaries of the Dinosaur National Monument, for irrigation or power purposes."

12. ENLARGEMENT OF DINOSAUR NATIONAL MONUMENT BY PRESIDENTIAL PROCLAMATION

On July 14, 1938, Dinosaur National Monument, by proclamation of the President, was enlarged to include additional lands aggregating 203,885 acres. As indicated by the emphasis supplied, basis for the extension of the monument's exterior boundaries was to include lands containing "various objects of *historic* and *scientific* interest"; the proclamation provides that the reservation of such lands "* * * shall not affect the operation of the Federal Water Power Act of June 10, 1920 (41 Stat. 1063), as amended * * *"; further, that administration of the monument would be subject to the Brown's Park Reservoir reclamation withdrawal of October 17, 1904.

"Proclamation—July 14, 1938 (53 Stat. 2454)

"Enlarging the Dinosaur National Monument, Colorado and Utah

"By the President of the United States of America

"A proclamation

"Whereas certain public lands contiguous to the Dinosaur National Monument, established by proclamation of October 4, 1915, *have situated thereon various objects of historic and scientific interest;* and

"Whereas it appears that it would be in the public interest to reserve such lands as an addition to the said Dinosaur National Monument:

"Now, therefore, I, Franklin D. Roosevelt, President of the United States of America, under and by virtue of the authority vested in me by section 2 of the act of June 8, 1906, chapter 3060, 34 Stat. 225 (U. S. C., title 16, sec. 431), do proclaim that, subject to all valid existing rights, the following-described lands in Colorado and Utah are hereby reserved from all forms of appropriation under the public-land laws and added to and made a part of the Dinosaur National Monument:

* * * * *

aggregating 203,885 acres.

"Warning is hereby expressly given to any unauthorized persons not to appropriate, injure, destroy, or remove any feature of this monument and not to locate or settle upon any of the lands thereof.

"The reservation made by this proclamation supersedes as to any of the above-described lands affected thereby, the temporary withdrawal for classification and for other purposes made by Executive Order No. 5684 of August 12, 1931, and the Executive order of April 17, 1926, and the Executive order of September 8, 1933, creating Water Reserves No. 107 and No. 152.

"The Director of the National Park Service, under the direction of the Secretary of the Interior, shall have the supervision, management, and control of this monument as provided in the act of Congress entitled 'An act to establish a National Park Service, and for other purposes,' approved August 25, 1916, 39 Stat. 535 (U. S. C., title 16, secs. 1 and 2), and acts supplementary thereto or amendatory thereof, *except that this reservation shall not affect the operation of the Federal Water Power Act of June 10, 1920 (41 Stat. 1063), as amended, and the administration of the monument shall be subject to the Reclamation Withdrawal of October 17, 1904, for the Brown's Park Reservoir Site in connection with the Green River project.*

"In witness whereof, I have hereunto set my hand and caused the seal of the United States to be affixed.

"Done at the city of Washington this 14th day of July, in the year of our Lord nineteen hundred and thirty-eight, and of the independence of the United States of America the one hundred and sixty-third.

[SEAL] "FRANKLIN D. ROOSEVELT.

"By the President:

"CORDELL HULL,
"The Secretary of State."

13. MAY 14, 1943: AD INTERIM REPORT, SURVEY OF RECREATIONAL RESOURCES OF THE COLORADO RIVER BASIN

The Bureau of Reclamation, in November 1940, under authority of the Boulder Canyon Project Adjustment Act of July 19, 1940 (sec. 2 (d) provides authority for financing conservation investigations and studies in connection with the work of the Bureau within the Colorado River Basin), requested the National Park Service to identify the scenic, scientific, and recreational resources of the Colorado Basin, as a part of a comprehensive plan for the utilization of the water resources of the region.

On January 27, 1941, the Secretary of the Interior approved the inclusion of a basin-wide recreational survey as a part of the studies and investigations to be continued and extended under his direction for the formulation of a comprehensive plan of utilization of the waters of the entire Colorado River system. The Secretary also appointed Frederick Law Olmsted, distinguished landscape architect, with wide experience in regional and site planning, as consultant for the survey.

By letter of transmittal of May 14, 1943, Mr. Olmsted submitted the following:

"Survey of recreation resources of Colorado River Basin

"Dinosaur National Monument Region.—Report of Progress, May 13, 1943

"(By Frederick Law Olmsted)

"To the DIRECTOR: This ad interim report is to record certain problems and certain tentative conclusions in regard to the Dinosaur National Monument area, as developed to date by unfinished investigations by Mr. George F. Ingalls and myself and others, in relation to plans now in process of development by the Bureau of Reclamation for water-control projects in and near the monument."

* * * * *

"Apart from its effect on road planning for the area, reservoir construction as contemplated by the Bureau would submerge a number of sites, geologic formations, and wildlife habitats, and would alter the character of the landscape by substitution of still water for flowing streams, and by re-

ducing the visible height of canyon walls. The latter effect would be most disastrous scenically at and near Pats Hole, where the extraordinary feature of Steamboat Rock would be submerged up to more than half its height, and in the inner canyon of the Yampa for some miles upstream well beyond Harding Hole.

"Nevertheless, the canyon unit would still have scenic and recreational values of notable importance and of nationwide interest. I venture to cite a very few examples.

"The canyon of Lodore, in general roughly V-shaped in section, is so deep that raising of the water in its bottom by 100 to 500 feet or thereabouts would hardly diminish its great impressiveness to a perceptible degree. Its rapids and low waterfalls now visibly continuing the process of erosion which cut all these canyons in the uplifting mountain mass as it rose athwart the rivers that once meandered across an ancient peneplain, would be changed to a fiordlike lake. Such an artificial change would not be justified in a national monument administered to preserve notable features of nature for enjoyment of mankind as nearly as possible in their natural condition; but it cannot be denied that if the area is deliberately made a multiple-use area, for power developments plus any recreational values compatible therewith, a great many more people can and will derive pleasure and inspiration of a high order from traversing the canyon of Lodore in boats on a fiordlike lake than would even be able to see it all in a more perfectly natural state by shooting its dangerous rapids in boats or by following the 25 miles or more of narrow trail that might with difficulty be contrived to traverse it without much scarring of natural conditions. The upstream portions of the meandering narrow inner canyon of the Yampa, incised into the "bench" in many places to a depth of about a thousand feet with almost vertical walls, would appear much as at present seen from above. One of the most impressive and geologically illuminating features of the entire area would remain, at the eastern end of the monument, wholly unaffected by the damming. It is where the high, bare, sandstone escarpment of the upfolded strata has so obviously been sawn through, on the axis of an anticline, by the river; which there quietly flows from a broad flood plain into the dark deep canyon it has cut in the slowly rising rock. The notable outlooks from many places on the rim of the upper plateau south of the rivers, especially on and near Harpers Corner—some very beautiful, all interesting geologically or otherwise—would in most cases remain substantially unchanged in appearance (unless transmission lines, as yet not definitely planned, should be so located as to impair one or more of them seriously).

"To sum up my chief considered impressions and opinions to date in regard to the scenic and recreational values of the canyon unit:

"1. It is without doubt sufficiently notable and distinctive and good of its kind, from a national standpoint, to justify in the absence of very strong special reasons to the contrary, retaining it as a national monument, administering it as such, and in due course of time expending a considerable amount of Federal taxpayers' money to make certain parts of it conveniently accessible by road and to provide simple conveniences for visitors and for its operation.

"2. It is not so unique and precious for such purposes (in the sense that Zion National Park is, for example), and the scenic, recreational, and related values which it would have if so administered would not be so largely sacrificed by the introduction of the waterpower developments contemplated by the Bureau of Reclamation as to give very strong grounds for opposing those economic developments if and when it becomes clearly evident that the installation of some or all of those waterpower developments would produce economic values of social importance largely and certainly in excess of the economic cost of producing them. Under those conditions it would be reasonable for the Park Service to approve changing the legal status of the unit from that of a national monument to that of a multiple-use area devoted to the storage and regulations of water and production of waterpower and also (to the full extent compatible with the reasonably efficient performance of that function) to conserving and utilizing the potentially great scenic, recreational, and related values of the area.

"When the several road-locations studies now in progress in the field shall have been carried far enough to determine with confidence which of them are most practicable and advantageous, the next step will be to prepare a comprehensive general plan and report for guiding the development and administration of the area—including some desirable readjustments of the present boundaries, which were fixed in the absence of accurate topographic information now available from the special USGS survey. That general plan must embody a program that can be adapted to meeting either of the two major contingencies: (a) Use of the canyon unit for hydroelectric developments and also for recreational and related values consistent therewith; or (b) indefinite postponement of final decision about building the power dams without also indefinitely postponing progressive development and use of the area in a manner appropriate to a national monument, and in such a way as to reduce to a minimum the risk of avoidable waste of natural resources or of investments in construction that may have to be made before final decision is reached about the dams."

DECEMBER 1, 1943: MEMORANDUM FROM PARK SERVICE TO BUREAU OF RECLAMATION

After the Reclamation withdrawal of June 17, 1943, the Director of the National Park Service addressed the following memorandum to the Commissioner of Reclamation:

UNITED STATES
DEPARTMENT OF THE INTERIOR,
NATIONAL PARK SERVICE,
Chicago, Ill., December 1, 1943.

Memorandum for the Commissioner, Bureau of Reclamation

On pages 13070–13071 of the July 24 issue of the Federal Register there is published the notice of the reclamation withdrawal of June 17, approved July 13, for the Colorado River storage project. This withdrawal covers most of the area of the Dinosaur National Monument in Utah and Colorado.

Since this notice in the Federal Register constituted the first information that we had received concerning the withdrawal, and since there might be some question as to the necessity for the withdrawal, as well as to the legality thereof, the lands already having been withdrawn from all forms of appropriation under the public-land laws, it occurred to us that your office might not have realized that the withdrawal covered national monument lands.

You will recall that the proclamation of July 14, 1938, enlarging the Dinosaur National Monument, including the lands now under discussion, contained a provision at the request of the Federal Power Commission, "that this reservation shall not affect the operation of the Federal Water Power Act of June 10, 1920 (41 Stat. 1063), as amended," and a further provision inserted in the proclamation at the request of your Bureau, that "the administration of the monument shall be subject to the reclamation withdrawal of October 17, 1904, for the Brown's Park Reservoir site in connection with the Green River project." While there is no question as to the validity of the provision protecting the Brown's Park reclamation withdrawal, it has been our opinion that the provision relating to the operation of the Federal Water Power Act was ineffectual, since Congress specifically excluded national parks and monuments from the purview of that act. The reclamation withdrawal of June 17, of course, does not come under either one of the above-quoted provisions in the proclamation of July 14, 1938.

As you know, our two Bureaus are collaborating in the study of the Echo Park project and other reservoir projects affecting the Dinosaur National Monument, in an attempt to work out the best possible plan of development and use of the area in the event that any one or several of the proposed water-storage projects should prove feasible and should be authorized for construction. It has been the understanding between our two Bureaus, in which the Secretary has concurred, that, in event of reservoir construction within the monument, some suitable change in the designation of the area would be sought. It is our understanding, from discussions held with representatives of your Denver office that you have not made final determinations yet as to the feasibility of the projects in Dinosaur National Monument and that, in any event, it may be many years before any of them are approved for construction.

I have cited the foregoing facts to make it clear that, insofar as I am aware, there is no misunderstanding between us as to the possible future of Dinosaur National Monument.

We are concerned, however, about the promulgation of a reclamation withdrawal within an existing national monument, which has not been done heretofore, and the possible detrimental effect of such action upon the future interpretation of the laws under which the national monuments are established and administered. Because of these considerations, it is suggested that we might profitably discuss this matter further when next I am in Washington. Perhaps it would be possible to amend the June 17 withdrawal so as to exclude from it any lands within Dinosaur National Monument.

NEWTON B. DRURY,
Director.

15. JUNE 27, 1944: REPORT OF POSITION OF THE NATIONAL PARK SERVICE ON DINOSAUR DEVELOPMENT

On June 27, 1944, the position of the National Park Service was stated in a report:

* * * * *

"4. If and when it is shown that it would certainly be in the greater national interest to develop the water resources of the canyon unit than to retain the unit for national monument purposes and it then becomes evident that authorization for such development will be given the status of the unit should be changed to that of a multiple-purpose area in which water control for the generation of power would be the principal use, and recreation the secondary but also important use."

* * * * *

16. MAY 2, 1946: LETTER OF PARK SERVICE DIRECTOR TO DR. J. E. BROADDUS

Because of its apparent bearing on intradepartmental understanding as to the effect of previous power withdrawals, the following letter is included herein (emphasis supplied):

UNITED STATES DEPARTMENT OF THE
INTERIOR, NATIONAL PARK SERVICE,
Chicago, Ill., May 2, 1946.

Dr. J. E. BROADDUS,
Salt Lake City, Utah.

DEAR DR. BROADDUS: I appreciate your courtesy in writing me as you did about your continued interest in preserving the park and monument areas in Utah, and giving me an evaluation of the scenic qualities of the canyon country within Dinosaur National Monument. Through my long association with conservation organizations, including this Service, I am well acquainted

with your work and with the contribution you have made toward bringing the outstanding scenic areas of Utah to the public attention which led to their protection and preservation.

I am intensely interested in your statement about the possible beneficial effect of the proposed Echo Park Reservoir in Dinosaur National Monument as a means of access for visitors to see the Green and Yampa Canyons.

The extensive river basin surveys now being conducted by the several agencies of Government are of concern to us, as some proposals may adversely affect areas of the National Park System. *Dinosaur is one of the few areas in the System established subject to a reclamation withdrawal and this may have some bearing on the proposed Echo Park project.* While we would regret to see this nonconforming use in the national monument, we are pleased to have your expression as to the possible beneficial effects.

As I have never had an opportunity to visit Dinosaur, I have not formulated any personal opinion of its scenic qualities. I know that it is regarded highly by Regional Director Merriam, of region 2, and others in the Service. It is hoped that there will be an opportunity for me to visit the area sometime this summer and to get in touch with you in Salt Lake City at the same time.

Sincerely yours,

NEWTON B. DRURY,
Director.

17. JUNE 1946: A SURVEY OF THE RECREATIONAL RESOURCES OF THE COLORADO RIVER BASIN

During June 1946, there was compiled the report of the National Park Service on its survey of the recreational resources of the Colorado River Basin; this report was printed in 1950.

At page 199, there is set out the following:

"Conclusions

"The policy of the National Park Service, as the administrative agency now primarily responsible for the national monument, has been, and is, to make the protection of the natural and archeological values of the area the controlling factors in administering it. The question of whether this policy is to be changed to permit water uses will require for its solution a review of all probable advantages and disadvantages arising from such use.

"Dinosaur National Monument is eminently qualified, in the absence of very strong special reasons to the contrary, to justify its retention as a unit of the National Park System. Certain parts of it should be made reasonably accessible by road and accommodations provided for visitors just as soon as funds become available. Before authorization is given to develop its water resources and to recognize water use as the principal consideration in the administration of the canyon unit, it should be clearly shown (1) that economic and social values deriving from such development and use would largely and certainly exceed the economic costs of producing them; (2) that it would be more economical to develop the water resources of the monument rather than other resources available for the same purpose within practicable reach; and (3) that it would be of greater benefit to the whole Nation to develop the area for water storage and power than to retain it in a natural state for its geological, wilderness, and associated values for public enjoyment. * * *"

18. DECEMBER 20, 1949: MEMORANDUM FROM RECLAMATION TO THE SECRETARY OF THE INTERIOR

It appears that on December 20, 1949, by memorandum addressed to the Secretary of the Interior, the Commissioner of Reclamation first urged formal concurrence by the Secretary in the Bureau's plans providing for construction of Echo Park. The memorandum follows:

DEPARTMENT OF THE INTERIOR,
BUREAU OF RECLAMATION,
Washington, D. C., December 20, 1949.

Memorandum.

To: Secretary of the Interior.

From: Commissioner.

Subject: Development of the Echo Park and Split Mountain Reservoirs in the upper Colorado River Basin, and their relationship to the Dinosaur National Monument.

Reference is made to memorandum of November 4 to you for approval from Director Newton B. Drury of the National Park Service on the subject, Clearance of Bureau of Reclamation Colorado River Basin Project Investigations. In concurring in Director Drury's memorandum, I informed you that the Bureau of Reclamation was studying alternative proposals to the Echo Park and Split Mountain Reservoirs, which would be located within the Dinosaur National Monument, and that we would present our findings to you as soon as current studies were completed. This memorandum summarizes the situation in the upper Colorado River Basin and the results of our studies of alternative reservoir sites.

Many years of effort in the development of coordinated plans for the best possible use of the waters of the upper Colorado River have recently culminated in the ratification and approval of the upper Colorado River Basin compact and in a recommendation by representatives of the States of the upper basin for immediate construction of certain regulating reservoirs necessary to aid in meeting requirements of the 1922 compact and for water-use projects on the streams of the upper basin.

By January 1, 1950, the regional director, Bureau of Reclamation, region 4, will complete a report entitled "Colorado River Storage Project and Participating Projects" to the point where it is ready for informal submittal to the States and interested Federal agencies for preliminary comments. Following this, it is hoped that the report soon can be submitted to this office for formal approval and adoption as your proposed report, and that formal release of the report can be made to the States and Federal agencies for review and comments in accordance with the provisions of section 1 of the Flood Control Act of 1944 and in accordance with the interagency agreements for review and coordination of reports. Members of the Senate Interior and Insular Affairs Committee were pressing the Bureau last spring for immediate submission of a report on this project.

In accordance with the 1922 compact, the States of the upper division are required not to deplete the flow at Lee Ferry below an aggregate of 75 million acre-feet for any period of 10 consecutive years. This necessitates provision of holdover storage reservoirs in the upper basin with a total capacity in excess of 48 million acre-feet. Many reservoirs have been studied by the Bureau of Reclamation in order to find the best plan for development of the necessary storage. Over a period of several years, it has become increasingly evident that any plan that would meet the upper basin's obligation in an efficient manner must include the Echo Park Dam and Reservoir on the Green River. In addition to providing efficient storage, at a location which will control the Green and Yampa Rivers with a minimum of loss or evaporation, the Echo Park project is probably the best power site in the upper Colorado River Basin and would provide a much-needed block of hydroelectric power, the returns from which are essential to the payout plan for the upper Colorado storage project. Any deferment of the Echo Park project would be only temporary, as it is a key unit in a plan requiring development of all proposed sites in the ultimate stage of the Colorado River Basin.

The Echo Park Reservoir and its afterbay, the Split Mountain Reservoir, are both in the area of the Dinosaur National Monument. Fortunately, those reservoirs will not affect the original monument area containing the Dinosaur remains, and will afford an opportunity for providing access to the undeveloped canyon areas of the Green and Yampa Rivers.

In view of the imminent release of the Colorado River storage project report, it is considered desirable that there be concurrence by the Secretary at this time in that portion of the Bureau's plan which provide for construction of the Echo Park Dam and Reservoir and the Split Mountain Dam and Reservoir on the Green and Yampa Rivers in the area previously set aside under the Secretary's jurisdiction and that of the National Park Service as the Dinosaur National Monument.

The Dinosaur National Monument as originally established by Proclamation No. 1313 of October 4, 1915, was an area not affected by the waters of the Green and Yampa Rivers and set aside as a national monument to preserve certain gigantic reptilian remains. A large additional area, known as the canyon unit, which contains very interesting geologic formations and magnificent scenery, and which was far greater in extent than the original monument, was declared as a part of the monument by Proclamation No. 2290 of July 14, 1938.

At the time of the creation of the canyon unit of the Dinosaur National Monument in July 1938, it was fully recognized within the Department and by other Federal agencies that the streams of the upper Colorado River Basin afforded vital possibilities for the development of power and consumptive water-use projects. The Federal Power Commission as early as 1935 and 1936, relative to the proposed creation of the canyon unit of the Dinosaur National Monument, had advised the Secretary of the Interior: "The Commission will not object, however, to the creation of the monument if the proclamation contains a specific provision that power development under the provision of the Federal Water Power Act will be permitted."

The position of the Bureau of Reclamation was also well known to the Secretary and the National Park Service when the proclamation was issued in July 1938, and recognition was given to the acknowledged alternate water use potentialities of the Green and Yampa Rivers in this area by the inclusion of an exception in the proclamation providing that "establishment of this monument shall not affect the operation of the Federal Power Act of June 10, 1920, as amended."

The position of the agencies of the Department in regard to the potential developments of the Green and Yampa Rivers was further expressed in the continued joint planning efforts of the National Park Service and the Bureau of Reclamation for the best possible development of the water resources lying within the Dinosaur National Monument. In a report of June 27, 1944, the position of the National Park Service was stated:

"4. If and when it is shown that it would certainly be in the greater national interest to develop the water resources of the canyon unit than to retain the unit for national monument purposes and it then becomes evident that authorization for such development will be given, the status of the unit should be changed to that of a multiple-purpose area in which water-control for the generation of power would be the principal use, and recreation the secondary but also important use."

Engineering studies now completed by the regional director, region 4, and thoroughly reviewed by the Chief Engineer of the Bureau of Reclamation, establish without a doubt the superior advantages of the pro-

posed Echo Park Dam and Reservoir with the Split Mountain afterbay dam and powerplant to any other potential developments in the upper basin. As a keystone in the plan for the upper basin, it will be required for the fullest development of this area. In view of the needs for many additional storage sites in the upper Colorado River storage project, and because of evaporation rates and reduction in storage capacities which will be caused by sedimentation over the life of the upper Colorado River storage project, there are no acceptable alternative possibilities for development which will adequately meet the needs of the basin over the life of the project. Deferring construction of the Echo Park project at this time would result in economic loss of great magnitude, and, in all probability, would serve only to delay the eventual construction of these reservoirs. The benefits to be obtained from the Echo Park projects are compared with the best alternative possibilities in the attached report by the regional director of the Bureau of Reclamation, entitled "Brief Report on the Importance of the Echo Park and Split Mountain Units, Colorado River Storage Project and Their Relation to the Existing Dinosaur National Monument, Colorado and Utah," dated December 1949. This report shows that the development of the best alternative reservoirs, namely Lodore and New Moab, would result in a loss of about 100,000 acre-feet of water annually more than from the Echo Park and Split Mountain Reservoirs, and would result in a loss of 800 million kilowatt-hours of electric energy annually under initial conditions and 431 million kilowatt-hours under ultimate conditions of stream depletion. This is equivalent to an annual loss to the Nation of about $8 million annually under present conditions, decreasing to about $5 million under ultimate conditions.

In the joint studies made by the National Park Service and the Bureau of Reclamation, it has been fully recognized that proper planning of the Echo Park development with regard to the construction of access roads and public facilities will make available to the public of the United States the beauties of the canyon unit of the Dinosaur National Monument. Access to the entire Lodore Canyon of the Green River by boat on the surface of the reservoir will open to many people the beauties of this region which can otherwise only be approached by a few on extremely difficult and hazardous trails through the existing canyon.

In view of the outstanding superiority of the Echo Park Dam and Reservoir, its required place in any event in the ultimate development of the upper Colorado River, the benefits to be gained by the public from the appropriate development of a recreational area contiguous to the Echo Park project, and the strong desire expressed by the States and local interests for prompt development of this project, inclusion of the Echo Park project and the afterbay Split Mountain Dam in the regional director's report on the Colorado River storage project should be contemplated, said report to provide for the construction of the Echo Park and Split Mountain projects and joint planning of roads and other facilities in the area now encompassed by the canyon unit of the Dinosaur National Monument. Thus, it will be possible to accommodate the fullest and most sound water resource developments, preserve the historic area of the original Dinosaur National Monument area, and enhance the recreational possibilities of the canyon area of the present monument. No formal change in the designation of any part of the Dinosaur National Monument would be required until such time as the report has been issued as a part of the Secretary's proposed report and until the States and interested agencies have commented thereon, the report submitted to Congress, and the Echo Park Dam and Reservoir authorized by the Congress and approved by the President. Before the regional director's report recommending construction of Echo Park and Split Mountain Reservoirs is released at field level, I would like to bring this matter to your attention and secure your permission at this time for the Bureau of Reclamation to recommend the construction of the Echo Park and Split Mountain Reservoirs within the boundaries of the Dinosaur National Monument.

I recommend that you approve this memorandum which will permit the Bureau of Reclamation to move forward with the Colorado River storage project report and to recommend authorization of the Echo Park and Split Mountain Reservoirs.

MICHAEL W. STRAUS.

Approved:

———— ————,

Secretary of the Interior.

19. DECEMBER 30, 1949: MEMORANDUM OF NATIONAL PARK SERVICE DIRECTOR TO THE SECRETARY OF THE INTERIOR

On December 30, 1949, the National Park Service Director expressed his views of the December 20, 1949, reclamation memorandum:

UNITED STATES DEPARTMENT
OF THE INTERIOR,
NATIONAL PARK SERVICE,
Washington, December 30, 1949.

Memorandum.

To: Secretary of the Interior.

From: Director, National Park Service.

Subject: Effect of Reclamation's Echo Park and Split Mountain Reservoir proposals on Dinosaur National Monument.

Commissioner Straus' attached memorandum of December 20, which has been routed to this Service for review, requests your permission and approval for his Bureau to recommend construction of these two reservoirs in Dinosaur National Monument and to submit by January 1, or shortly thereafter, to the States concerned and otherwise the regional director's report Colorado River storage project and participating projects in accordance with established review and approval procedures.

For the following reasons, I recommend that his memorandum be not approved:

The review and clearance procedures which Reclamation now wants rushed through will comply only with the letter of the law. The spirit has already been violated through the irregular, advance submission by the Bureau to the upper Colorado River Basin States concerned of its preliminary draft report of the same title, dated March 1949. It is a little difficult to reconcile the admonition stamped in red on its cover Preliminary Draft of Proposed Report, for Review Only, Not for Public Release, with the series of public hearings, engendered by the report proposals, held in the West this autumn by the State agencies with full participation of Bureau officials. It is regrettable that the Department should now be embarrassed by the resulting local "demand" for the Echo Park and Split Mountain proposals in advance of secretarial determination of the Department's position.

During our so far unsuccessful efforts to reach with Reclamation a compromise solution of our conflicting responsibilities to be submitted for your possible approval, the National Park Service has refrained from informing the conservation organizations and others having an interest in this specific problem. I believe that you will want to have their views before reaching a conclusion on this controversial issue. However, I do not propose to seek those views without first having your approval to do so. I recommend that such approval be given.

The National Park Service has constantly been at a disadvantage in connection with dam-building projects in that almost always the knowledge of these projects is given out locally prior to any nationwide information being given to those who are interested in conservation of all natural resources.

In November representatives of this Service went to Salt Lake City in an effort to work out possible alternate reservoir proposals that might at least save the heart of Dinosaur National Monument by eliminating Echo Park Dam. Although Reclamation promised, in order to speed our analysis of the situation, to provide directly to this Service comparative data on alternates to Echo Park, the promise has not yet been kept. The first we have heard of this is the mimeographed Brief Report on the Importance of the Echo Park and Split Mountain Units, Colorado River Storage Project, and Their Relation to the Existing Dinosaur National Monument, December 1949, attached to the original and the National Park Service copies of Commissioner Straus' memorandum. This report appears to be far from an exhaustive study of alternate possibilities. Even so, certain deductions from Reclamation's conclusions based on the report are possible.

Commissioner Straus concludes that annual losses ranging from $8 million under present conditions to about $5 million under ultimate conditions would result from the substitution of Lodore and New Moab Reservoirs for Echo Park-Split Mountain. Incidentally, while he admits that the alternate proposal would provide ultimate storage capacity equal to Echo Park and Split Mountain, at smaller capital costs, he fails to point out that the saving in construction cost amounts to $33,700,000.

Moreover, as to the $5 million to $8 million annual loss that Reclamation claims would result from substituting Lodore-New Moab, we are convinced that the "loss" would not be a real one. First, it is evident that the estimates for power generation are based on the maximum potential of the reservoirs, whereas unknowable future conditions of precipitation and runoff (and, for that matter, the demand for power itself which nearby river basins appear to be able and anxious to produce) may well be such that they will not permit or justify practical operation at the projected scale; second, it is our considered judgment that the tangible economic benefits to the surrounding States from an unimpaired and fully developed Dinosaur National Monument would amount to from $10 million to $12 million a year; and this places no dollar sign whatever on the many recognized but intangible values of recreation and wilderness conservation, let alone the saving of Dinosaur National Monument itself for future generations. Furthermore, the economic values of the area as a national monument will increase in future years, whereas Reclamation's anticipated values necessarily decline with the years.

With respect to our estimate of annual economic value of Dinosaur National Monument, attention is directed to an impartial survey and analysis of the expenditures in Montana by out-of-State visitors to Glacier National Park (to which Dinosaur, when developed, may logically be compared), made by the bureau of business and economic research, Montana State University, during the current year. The Montana survey, final results of which are to be published in February 1950, disclosed an expenditure in Montana by out-of-State visitors to Glacier National Park of approximately $10 million per annum. Indications are that final tabulations by the university will result in a higher figure. In any event, it is our opinion that the potential economic value of Dinosaur National Monument compares favorably as an offset to the estimated "loss" that Commissioner Straus speaks of.

Our experience does not permit us to agree with Reclamation's view that greater economic benefits from recreation will accrue if the Echo Park and Split Mountain Dams are built. We believe that the opposite would be true.

Commissioner Straus appears to be misinformed as to the effect of the proviso in the proclamation of July 14, 1938, that "establishment of this monument shall not affect the operation of the Federal Power Act of June 10, 1920, as amended," which he cites. The Federal Power Commission is by statute expressly prohibited from granting licenses for power works in national parks and monuments (sec. 3 of the Federal Water Power Act as amended by sec. 201 of the Federal Power Act). Accordingly, it would appear that the exception in the proclamation is ineffective to accomplish Reclamation's purposes, since the authority of the Commission has been prescribed by Congress and cannot be extended by provisions in an Executive proclamation of this character. (See Solicitor's Opinion M. 30471 of December 5, 1930.)

Commissioner Straus quotes the following statement of National Park Service's position from a 1944 report we made:

"(d) If and when it is shown that it would certainly be in the greater national interest to develop the water resources of the canyon unit than to retain the unit for national monument purposes and it then becomes evident that authorization for such development will be given, the status of the unit should be changed to that of a multiple-purpose area in which water control for the generation of power would be the principal use, and recreation the secondary but also important use."

This statement was made as a part of the series of investigations and reports made by this Service in connection with the recreational resources survey of the Colorado River Basin. It was not intended to be and is not a commitment that the monument should be sacrificed to facilitate Reclamation's dam proposals. It is our contention that there has been no showing "that it would certainly be in the greater national interest to develop the water resources of the canyon unit than to retain the unit for national monument purposes." Boiled down to its essentials, that is the question that Commissioner Straus and I now find it necessary to place before you for decision.

In any case, I believe you will agree that there are considerations involved which cannot be resolved by January 1, 1950.

In summary, I recommend:

1. That Commissioner Straus' memorandum of December 20 be not approved.

2. That the Bureau of Reclamation be specifically directed, by your approval of this memorandum or otherwise, not to release the regional director's report on January 1 or until you have indicated what your position is to be.

3. That you authorize me to ascertain in your behalf the views of the conservation agencies.

NEWTON B. DRURY,
Director.

20. FEBRUARY 28, 1950: MEMORANDUM FROM NATIONAL PARK SERVICE TO THE SECRETARY OF THE INTERIOR

From the correspondence files of the Department of the Interior, it appears that a meeting was held in the Secretary's office on February 23, 1950; one of the results was this memorandum:

DEPARTMENT OF THE INTERIOR,
NATIONAL PARK SERVICE,
Washington, D. C., February 28, 1950.

Memorandum.

To: Secretary of the Interior.

From: Director, National Park Service.

Subject: Echo Park and Split Mountain Dams.

In accordance with the request made of me at the meeting in your office on February 23, I have had prepared a statement of facts and events leading up to the opinion of the Department's Solicitor (M. 30471), dated December 5, 1939.

The proclamation which increased the Dinosaur National Monument to its present size was issued on July 14, 1938 (53 Stat. 2454). It provided that "this reservation shall not affect the operation of the Federal Water Power Act of July 10, 1920 (41 Stat. 1063), as amended," and that "the administration of the monument shall be subject to the reclamation withdrawal of October 17, 1904, for the Brown's Park Reservoir site in connection with the Green River project."

When the Federal Water Power Act (now called the Federal Power Act) was amended in 1935 (16 U. S. C., 1946 ed., sec. 796), national monuments and national parks in specific language were excluded from the term "reservations" as defined and used in the act, thus removing these areas from the authority of the Federal Power Commission with respect to the issuance of power licenses. The legislative history of this particular amendment indicates that it was the intention of Congress, by excluding national monuments and national parks from the term "reservations," to remove all suggestion of authority for the granting of such licenses in these areas and that the purpose of the amendment was to implement the policy established in a previous amendment (act of March 3, 1921, 41 Stat. 1352), which prohibited the granting of such licenses within the limits as then constituted of any national park or national monument without specific authority of Congress. (See Solicitor's opinion of Aug. 19, 1938 (53 I. D. 372).)

At the time the proclamation enlarging Dinosaur National Monument was signed (July 14, 1938), there had been no opinion of the Solicitor construing the effect of the 1935 amendment of the Federal Power Act upon the administration of the national parks and national monuments. A little more than a month later, on August 14, 1938, the Solicitor rendered the above-mentioned opinion, holding that the Federal Power Commission does not have authority to grant licenses for power works within national parks or national monuments, whether or not there are navigable waters within such reservations, and that, therefore, it is unnecessary to include in proposed legislation for establishing or extending national parks or national monuments a provision designed to limit the jurisdiction of the Federal Power Commission.

This opinion did not, however, discuss the question whether or not the authority of the Commission could be preserved by an appropriate provision in a proclamation reserving lands for national monument purposes. This question was not raised until 1939 when, on December 5 of that year, the Solicitor rendered an opinion (M. 30471) on the questions (1) whether a national monument (proposed Sawtooth National Monument) could be created subject to reclamation withdrawals and power site classifications; and (2) if so, whether the Federal Power Commission would thereafter be authorized to grant licenses affecting the classified lands. In this opinion, it was held that while, in the light of long and persistent practice, there can be no reasonable doubt as to the legal propriety of establishing a national monument subject to prior reservations for other purposes, it is clear that the Federal Power Commission is, by the 1935 amendment to the Federal Power Act, expressly prohibited from granting licenses for power works within national monuments. On the question whether this authority could be preserved in the monument proclamation, the opinion stated: "Any attempt to preserve this authority in the Commission by specific provision in the national monument proclamation would be ineffective since the authority of the Commission has been prescribed by Congress and cannot be extended by provisions in an Executive proclamation of this character."

NEWTON B. DREWRY,
Director.

21. MARCH 3, 1950: MEMORANDUM FROM NATIONAL PARK SERVICE DIRECTOR TO THE SECRETARY OF THE INTERIOR

UNITED STATES DEPARTMENT
OF THE INTERIOR,
NATIONAL PARK SERVICE,
Washington, D. C., March 3, 1950.

Memorandum.

To: Secretary of the Interior.

From: Director, National Park Service.

Subject: A brief on the Echo Park and Split Mountain Dams versus Dinosaur National Monument.

I have submitted, in a separate memorandum dated February 28, an answer to your specific question regarding the right of the Federal Power Commission to reserve sites in Dinosaur National Monument.

In this present memorandum I should like to summarize the main issues relating particularly to Echo Park Dam and Split Mountain Dam in order to clarify what we believe to be the position that the Department finds itself in. These issues are presented in an effort to be of assistance to you in reaching a final decision on our recommendation that Echo Park Dam and Split Mountain Dam be not built.

The problem breaks itself down into four main items, and I shall treat each item separately. They are as follows:

(1) Dinosaur National Monument and its value to the Nation;

(2) Power reservations;

(3) Past agreements and studies made for and with the Bureau of Reclamation;

(4) Secretary Warne's committee recommendations and the effect.

1. Dinosaur National Monument and its value to the Nation: Collectively, the present geologic, wilderness, and scenic qualities of the canyons of the Green and Yampa Rivers and their adjacent benches and plateaus within Dinosaur National Monument are of national significance. Their combination in natural state, together with associated geological features constitute an inspirational and recreational resource of utmost value to the people of the Nation. The topography of Dinosaur National Monument portrays a living geological story which challenges the imagination. The recent geologic history records the work of the rivers and tributary streams in abrading their channels even deeper as tremendous internal forces elevated the land. The monument formations also present in an outstanding manner the dynamic story of mountain uplift and subsidence, accompanied by faulting and folding, erosion, deposition, and stream piracy.

There have been two main charges against the Service's stand that Dinosaur National Monument should not be sacrificed for dams. One is that the proposed Echo Park and Split Mountain Dams will not touch the dinosaur remains and, second, that nobody is using the area at the present time. Both of these statements are correct. As to the dinosaur remains, the misunderstandings arise from the misnomer, Dinosaur National Monument. It probably seemed logical, at the time the original 90-acre monument was enlarged to 209,744 acres in order to include the Green and Yampa Canyons, that the original name be used. Few will now disagree that a more appropriate name should have been chosen to reflect the main purpose of the enlargement, which is to protect the scenic grandeur and the scientific values of the Green and Yampa River Canyons, originally proposed for establishment as a national park. This area fully measures up to the standards for a national monument.

Relative to the second charge, that the area is not developed and people cannot enjoy it; that is also true, but it is only a temporary condition. It is impossible to develop fully an area for public use within a few years after it has been established. Particularly has this been true in view of inadequate

appropriations for the past several years. In any event, I believe that you subscribe to our position that it is a sound policy to develop gradually and protect our natural resources for the use and enjoyment of generations to come.

2. Power reservations: While the facts pertaining to the reservation of power in the monument are covered by a separate memorandum, I do want to recall in this general résumé some of the thinking that went on at the time that the proclamation was in the process of being drawn up. On August 9, 1934, Acting Director Demaray wrote the Federal Power Commission informing them of the Department's interest in the establishment of a national monument in the Green River and Yampa Canyon area, and informed them that, while national monuments are established subject to valid existing rights, it would be preferable from an administrative standpoint if the existing power withdrawals could be released. On December 13, 1934, the Power Commission replied that they would have no objection to the extension of the monument provided that there would be no interference with any issuance of power permits within the monument boundaries. Following this correspondence, in 1935 (16 U. S. C. 1946 ed., sec. 796), the Federal Water Power Act, now called the Federal Power Act, was amended so as to preclude any power development in any park or monument then established or to be established in the future. On November 6, 1935, Secretary Ickes, who was much concerned about the preservation of this area, wrote the Federal Power Commission referring to the National Park Service letter of 1934, stating that he had heard that the Utah Power & Light Co.'s preliminary permit within the monument had been voluntarily withdrawn by them, and asking whether the Federal Power Commission would be willing to go along with the proclamation. On January 9, 1936, the Federal Power Commission replied that the permit had been relinquished, but advised that their stand was similar to that taken in their letter to the Service on December 13, 1934. The files indicate quite clearly that there was a general understanding by the affected bureaus and the Federal Power Commission of the Department's desire and effort to free the proposed monument from power withdrawls and a realization that failing this, the monument was being established subject to a desire by power interests for developments at Echo Park and Split Mountain, and subject to the plans of the Bureau of Reclamation eventually to construct a dam at the Brown's Park site (the monument proclamation was made subject only to this withdrawal) in the northernmost part of the monument as enlarged. When it was concluded that Dinosaur National Monument nevertheless should be enlarged, as it was in 1938, there was the further realization that future requirements might require that the power issue be more squarely met. That time has now come. However, the record is clear as to whether, regardless of their opinions in the matter, the Federal Power Commission has any right to issue power permits or grant applications for developments within the monument. The answer is definitely "No." The only way that such action can be accomplished is by a specific act of Congress. The Solicitor's opinion (M. 30471) of December 5, 1939, subsequent to monument enlargement, contains this sentence: "Any attempt to preserve this authority in the Commission by a specific provision in the national monument proclamation would be ineffective, since the authority of the Commission has been prescribed by Congress and cannot be extended by provision of an executive proclamation of this character."

Another occurrence, which has in no way served to clarify matters, was Reclamation's success, in 1943, in having the Department issue without our knowledge or consent, reclamation withdrawals covering the Echo Park and Split Mountain areas in the monument. This action we have always considered as of questionable propriety if indeed there is any authority for having taken the action. We have never received from Reclamation any answer to our requests for an explanation, but have made no issue of it because of possible embarrassment to the Department and with the realization that before any dam could be built it would require approval of the Secretary.

3. Past agreements and studies made for and with the Bureau of Reclamation: It is true that the National Park Service has cooperated with the Bureau of Reclamation in making a recreational study of the Colorado River. It is also true that during the process of these studies we considered what the possible effect would be upon Dinosaur National Monument if the Echo Park and Split Mountain Reservoirs were built. Personally, I feel that no reservoir studies should be undertaken in national park or monument areas. I think your decision to this effect in connection with the Kings Canyon National Park was the proper one to make; however, I realize that in the case of the Dinosaur National Monument the questions of future power and reclamation developments were definitely in mind in some quarters at the time of its establishment, and a final solution to the problem of the area's best public use was left open for future consideration. The results of subsequent studies have convinced us that the Echo Park and Split Mountain Dams should not be built unless there is an absolute national necessity as distinguished from purely local power benefits and reclamation subsidies to be derived from the sale of that power. The overall national interest in this matter appears to us to be clear.

Unavoidably, in frank discussions of Reclamation's proposals with their officials and perhaps otherwise, some of our people may have expressed thoughts, ideas, or personal opinions as to extent, caliber, worth, and kind of recreational developments that might be appropriate in the area if the dams are built. Some preliminary studies, but no final ones, have ever been made in this respect, nor do we believe that they should be unless it is concluded that the monument is to be abandoned.

The Park Service has always agreed with the Bureau of Reclamation that the entire matter should be carefully studied and analyzed, and nothing that I have ever signed or agreed to with the Bureau has had an objective other than to get all of the facts in the open so that a decision could be made by the Department as to whether congressional authorization should be sought to build power dams, or any kind of a reservoir or reservoirs, within the area that is now Dinosaur National Monument. I do not feel it fair for anyone to consider these agreements and studies except as an effort to cooperate. They should not be used against us in reaching a final decision.

Our efforts have involved many studies over the years, including a study of the entire Colorado River Basin. Our agreement and understanding with Reclamation is that they would undertake a complete study of the alternate reservoir possibilities, and certainly our understanding was that Echo Park Dam would be considered only the last resort; and only after review of the issue by the Secretary. While a token effort has been made by Reclamation in this respect, all that we have had is one copy of a mimeographed pamphlet (which we had to detach from copies of correspondence to you in order to see it at all) which lists a few alternate possibilities for project combinations in lieu of Echo Park-Split Mountain. It appears to be slanted to show why the alternates, notably New Moab-Lodore, are less desirable. In any case, the conclusion is inescapable that the search for acceptable alternates outside the monument has not been pursued with the enthusiasm, vigor, and thoroughness that have governed Reclamation's Echo Park-Split Mountain investigations within the monument.

Even if the Echo Park project is the best in the United States, we are not convinced that there are no alternates or combination of alternates capable of supplying most if not all of what is claimed for it. Certainly the national monument and its values, economic and otherwise, should count for something in totaling the score and concluding what is really in the national interest.

Surely it is not convincing to cite tentative agreements with the affected States favoring these dams within the monument. We believe that no such agreements should have been attempted before the Secretary had passed upon the desirability of building Echo Park and Split Mountain Dams.

4. Secretary Warne's committee recommendation and its effect: The recommendation of Assistant Secretary Warne's committee does not, in my opinion, disapprove or approve the Echo Park Dam. It merely authorizes the construction of certain dams already on the Bureau of Reclamation's program and approved by the State committees and the five States in the upper Colorado River Basin before any work is done on Echo Park Dam. It also provides that further studies be made as to possible alternates to the Echo Park between now and the beginning of the second phase of the upper Colorado River program, which would be January 1, 1955. In the discussions of the committee in Secretary Warne's office, at no time was it recalled by Service representatives that the Bureau of Reclamation came out and stated definitely that there was no alternate whatsoever for the Echo Park project in the upper Colorado Basin overall program.

These are the facts in the case as we know them. I know in addition that you must take into consideration other matters of national importance, such as the expediency of the situation. There is one thing that this episode brings forward emphatically. It is the need for improved technique in the Department's public relations with the people in the immediate vicinity of this type of undertaking and with the Nation as a whole. The principle here involved extends far beyond this specific case. I most sincerely hope that some arrangement can be made for future handling of projects such as this one, or any reservoir project, whether or not it affects national park lands, whereby all interested parties, Federal, State, and individual, including the many conservation societies, can be simultaneously advised and brought in for a general discussion at one time, especially before approval of any one particular interested group is obtained. I urge that the proper procedure to accomplish this be discussed with your Advisory Committee on Conservation.

Even in view of the fact that the four States have already gotten together according to the compact and approved a definite program, I still believe that this matter can be aired in a general meeting with a representative of each State and other groups interested in the Nation's welfare, and a decision reached along the line of the Warne committee program. I most sincerely hope that this can be done.

I agree most heartily with the statement made by Assistant Secretary Warne, that in whatever way you decide the issue it will require the full support of both bureaus in order to carry out your decision and to obtain the maximum benefit from the decision reached. I am sure that you can depend on both the Bureau of Reclamation and the

National Park Service to support your decision wholeheartedly, whether in their opinion they "win, lose, or draw."

NEWTON B. DRURY,
Director.

22. JUNE 27, 1950: MEMORANDUM FROM THE SECRETARY OF THE INTERIOR TO THE BUREAU OF RECLAMATION AND NATIONAL PARK SERVICE

On April 3, 1950, the Secretary of the Interior held a hearing on the proposed construction of Echo Park and Split Mountain Dams as a part of the overall development of the upper Colorado River Basin.

The conclusions reached by the Secretary in this memorandum were in turn incorporated by the Park Service in that agency's comments on the proposed report of the Secretary on the Colorado River storage project and participating projects. The memorandum follows:

THE SECRETARY OF THE INTERIOR,
Washington, June 27, 1950.

Memorandum.

To: Commissioner, Bureau of Reclamation.
Director, National Park Service.

From: The Secretary.

Subject: Construction of dams in the Dinosaur National Monument.

The preparation of a comprehensive report for the development of the upper Colorado River Basin has posed the question of whether Echo Park (immediately) and Split Mountain (eventually) Dams should be built in the canyon sections of Dinosaur National Monument. I will not have the final say, but I must determine whether, as Secretary of the Interior, I shall approve and recommend to the Congress a plan that includes these dams.

The history of the issue is well known to you and is well documented in the transcript of proceedings of the hearings I held on April 3, 1950. I shall not review it here.

I am impressed with the fact that the waters of the Colorado River constitute a resource of paramount importance to the region and that in view of the arid nature of the area, my approved plan for the development of the upper basin must make every practicable provision for the conservation and multiple use of these waters in the interest of the people of the West and of the whole Nation.

I am not unmindful of the public interest in the inviolability of our national parks, and in the status, only a little less austere, of the national monuments. By no precedent of mine would I wish to endanger these places.

Weighing all the evidence in thoughtful consideration, I am impelled in the interest of the greatest public good to approve the completion of the upper Colorado River Basin report, including the construction of the dams in question, because:

(a) I am convinced that the plan is the most economical of water in a desert river basin and therefore is in the highest public interest; and

(b) The order establishing the extension of the monument in the canyons in which the dams would be placed contemplated use of the monument for a water project, and my action, therefore, will not provide a precedent dangerous to other reserved areas.

I note that the fossils are not in the areas of the monument proposed to be flooded and that the creation of the lakes will aid the public in gaining access to scenic sections of the Green and Yampa River Canyons. Much superb wilderness within the monument will not be affected, excepting through increased accessibility.

The importance to the growth and development of the West of a sound upper Colorado River Basin program can scarcely be overemphasized. I hope that this decision on my part will promote quick solution of all other problems connected with this matter so that we may proceed with such a program.

I ask the National Park Service and the Bureau of Reclamation to cooperate fully in making plans that will insure the most appropriate recreational use of the Dinosaur National Monument, under the circumstances.

OSCAR L. CHAPMAN,
Secretary of the Interior.

ORDER OF BUSINESS

Mr. STENNIS. Mr. President, I understand that the distinguished majority leader desires to address the Senate. He does not seem to be present at this time. I think the proper thing to do is to suggest the absence of a quorum. If he enters the Chamber in the meantime, I will request that the order for the quorum call be rescinded.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. STENNIS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Chair recognizes the Senator from California [Mr. KNOWLAND].

THE FARM PROBLEM

Mr. KNOWLAND. Mr. President, within a short time the Senate will face a decision on one of the Nation's most pressing domestic problems. This problem was laid before us early in January by the President of the United States. At that time he warned immediate action was necessary to assure the stability of our agricultural economy and to avoid the danger of a complete breakdown of our farm program brought on by large surplus stocks.

Now—more than 6 months later—the problem of these surpluses is much more serious than it was in January. It is so serious that not only is the welfare of our farmers at stake but also the welfare of our entire Nation.

At the present time the Government has about $6½ billion committed to price supports. Early this session the administration was forced to request an increase in the borrowing authority of the Commodity Credit Corporation amounting to $1¾ billion. In the past couple of weeks the administration has been forced to request another billion and a half making a staggering total of $10 billion.

Our responsibility is to meet this problem fairly and objectively. We must look at the facts and from these facts form an agricultural program that will be fair to farmers, consumers, and taxpayers. These proposals, developed by the best agricultural minds in the country, charted the course to a sound and permanent agricultural policy.

The basic feature of the proposals was a shift from an emergency wartime program of high and rigid price supports encouraging all-out production to a peacetime program of flexible supports adjusting production to our needs.

This, then, is the decision we must make.

I would be less than frank if I did not state that it is unfortunate that the decision must be made at a time of declining agricultural income, of huge price-depressing surpluses, and of reduced foreign markets. But further delay in facing the facts will not solve the problem. These conditions are all part of the penalty we pay for pursuing an emergency program after the emergency has ended. They are to a great extent the direct result of that program. They will get heavier rather than lighter the longer the day of decision is postponed. This is why we must act now.

There is a weakness on the part of some individuals that the decision should now be put off for another year. The very nature of this proposal indicates a conviction by its supporters that a continuation of the program is not sound policy. They know the program will not work. But they want just one more year of it.

Mr. President, the "one more" theory applied to something inherently wrong is very dangerous. Two, three, or four evils do not solve a problem. They only create more evil. In like manner, a farm program that helped create a serious problem will not help solve it if it is continued.

We face the task of enacting agricultural policy. We should judge each provision of the legislation on the basis of whether it is a sound and workable policy. We should not make a decision which favors one farmer over another or which favors one part of the country over another. But, most important of all, under a guise of helping our farmers, we must not do anything which our very conscience dictates will do irreparable damage to agriculture.

I do not intend to make a detailed examination of farm policy, but let us consider a few of the major points involved and see whether they constitute sound policy.

One of the most certain results of high and rigid price supports is the creation of surpluses.

Our present farm program on basic commodities was designed to assure farmers a profit and spur production under emergency conditions. We got that production and are still getting it after the need has ended.

We now have a year's supply of wheat on hand, with a new crop coming up. This fall we will have enough wheat to last us 2 years. In the face of this, is it sound policy to use taxpayers' money to encourage the production of more wheat only to be stored rather than used?

We have enough cotton to meet our domestic demands for about a year. Is it sound policy to encourage the production of cotton through incentive prices under such a condition?

We have millions of pounds of dairy products in storage—products that have been sold to the Government rather than to consumers. Government purchases are still large—but through the courageous action of Secretary of Agriculture Benson, in reducing supports last April, the dairy industry is already moving toward a healthier condition. Production is beginning to taper off. Consumption is picking up. Would it be

sound policy now to deliberately increase the support prices so that Government purchases would increase and consumption of these products again slip backward?

Mr. President, the inevitable result of excessive surpluses is waste. Our soil is needlessly depleted and we face the ever present danger of spoilage.

Artificially high prices also lead to loss of markets. Foreign countries no longer offer us the seemingly unquenchable markets of a few years ago. Competition has returned. If we are to share in world markets we must do so at competitive prices.

Domestically, many of our markets are largely a matter of price. We have seen the butter market cut in half—not because our citizens do not like butter, but because of price. We have lost some of our cotton markets because of price. We have seen our feed market for wheat dwindle away because of price. To a considerable extent these commodities have been priced right out of the world market.

Every lost market, domestic or foreign, simply aggravates the surplus problem. Our job is to develop an agricultural program which will expand markets, not reduce them.

Another inevitable result of high and rigid supports is production control. The higher the support level, the stronger must be the controls. The Nation's farmers want less, not more controls, and they do not believe that an ever-tightening system of production control is sound policy.

Rigid Government controls are resented by most Americans. The greatest thing this country has to offer the world is freedom, and we should do everything we can to see that every American enjoys a full measure of it.

The sad truth of controls is that they take away from farmers, through reduced volume, about as much as they give through higher prices. They also work a hardship on many farmers—particularly small farmers who have just enough acres to make a living.

These three great disadvantages—surpluses, loss of markets, and production controls—go hand in hand with high and rigid price supports. Every year we pursue such a program, we get further away from our goal of a free and balanced agriculture.

This, then, is the decision which will soon face the Senate of the United States. The welfare of the Nation demands that we direct our agricultural program toward a prosperous future for our farmers. We can do this with the flexible support program. We can adjust production by lowering supports in time of surpluses and raising them in time of shortage. We can build new markets through more competitive prices. We can move toward a relaxation of Government controls once we begin to restore balanced production.

Mr. President, we will undoubtedly hear attempts to justify continuation of high rigid supports on the ground that they are necessary to prevent a further decline in farm income. Let me give assurance that there is no Member of the Senate more interested in seeing farm income raised than I am. California is one of our leading agricultural States. Neither is there any one more concerned with the present decline than President Eisenhower.

Farm income has declined in 5 of the past 6 years. It is still declining. This alone should be convincing evidence that high price supports will not and cannot maintain agricultural income. This decline has taken place during a period when we have invested more money in price supports than at any other time in our history.

In this connection, I commend for the reading of my colleagues a recently issued pamphlet entitled "Farm Price Supports—Rigid or Flexible?" It was written by Dr. Karl Brandt, of Stanford University. Dr. Brandt declares:

> Rigid 90-percent price supports were not what lifted farm income during the decade from 1940 through 1949 to a level of high prosperity. Only the exceptional, almost unlimited, demand during the war and the reconstruction period, and our farmers' full utilization of this opportunity boosted the average annual net farm income from $3.9 billion in 1930–39 to $11.5 billion in 1940–49, with an all-time record of $16.8 billion in 1947. That price supports had nothing to do with it is evident in the fact that in 1940–49 farm prices stood at an average of 111 percent of parity, or high above the floors. Many of them for years pressed hard against price ceilings.
>
> The net income of farmers depends more on the volume that can be sold at a price and the costs involved in producing it than it does on the support the Government puts under prices.

In our discussion of farm income, we forget at times that price alone does not produce income. Income is price multiplied by volume. Our farmers can never be prosperous on price alone. They must have volume—large volume. When we maintain artificially high prices that shut off normal markets and invite the development of substitutes, we are damaging farm income just as surely as through a decline in price.

Let us beware of sacrificing our farmers on the altar of parity. That is a gage of price, not of income. That parity is insufficient as a sole objective of our farm program is shown by the fact that while in the past 40 years farm prices have fallen 8 percent in relation to nonfarm prices, per capita net farm income has increased 11 percent relative to per capita income of nonfarmers. Thus, since the 1910–14 period, farmers have improved their net income position relative to nonfarmers. They did this by turning out greater volume and by increasing their efficiency.

Mr. President, all the discussion which has taken place during the past year and a half cannot erase the fact that farm income is dropping under rigid supports. In addition, all the economics we know tell us that income is bound to be higher under a program that avoids a build-up of surpluses, that builds both domestic and foreign markets, that places a premium on sound management rather than one that does exactly the opposite.

There is another vitally important factor. The administration's program is designed to hold price changes to a minimum. With the setaside of large amounts of our surpluses, price supports under the new program will be considerably higher than under provisions of the present law that will become effective unless we reach agreement on an acceptable program. There is also a limitation of 5 percent a year on changes resulting from a shift from old to modernized parity.

Contrast this with what will happen if we continue the present program until it collapses under its own weight. It is this catastrophe, Mr. President, that Congress seeks to avoid; that the administration seeks to avoid.

We know there is a limit to the amount of taxpayers' money we can channel into a farm program. We do not want our entire farm program to go down the drain, as our potato program did a few years ago, because of excessive costs.

The losses on the investment we have already put into the Commodity Credit Corporation will be substantial. Just how much, no one can say. Actual losses last year, however, were more than a quarter of a billion dollars, and the Commodity Credit Corporation's reserve for losses is now near the billion-dollar mark.

Since cost figures will be a major consideration in our determination of the new program, I believe it should be pointed out that from 1932 to 1953 our price- and income-support programs on basic commodities cost more than $4½ billion. This may seem large, but it could actually be small compared with losses that will be incurred if we continue under our present program.

There are those who assert that our price supports have cost only about $1 million a year. Mr. President, that is just not the truth. We spend nearly three-quarters of that amount each day just to store our surpluses—to say nothing of the cost of acquiring them.

I firmly believe, and this administration believes, that the Government must help farmers over economic rough spots. But I believe that funds so spent should actually help our farmers—not drive them and the country deeper into an economic morass.

These basic reasons, then, demand a change in our agricultural program now—not a year from now or 2 years from now.

This is not a partisan issue. Flexible price supports were overwhelmingly supported by both parties when enacted in 1948 and 1949. I appeal to my Democratic and Republican colleagues not to make the farm program a political issue now, at the expense of a sound agricultural economic policy. The flexible program was developed on a bipartisan basis. I hope it can be voted on in the same manner.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point, as a part of my remarks, a table showing the total cost of the price- and income-support program on basic commodities from 1932 to 1953.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Total cost of price and income support program, 1932–53 on basic commodities

	Millions
(a) Price support (loans), 1933–53	$20.7
(b) International Wheat Agreement (export subsidy), 1950–53	546.5
(c) Surplus removal, 1933–53	552.0
(d) Acreage allotment payments under the ACP, 1936–43	1,666.3
(e) Acreage allotment and marketing quota programs administration, 1933–53	40.2
(f) Parity payments, 1938–43	967.1
(g) Retirement of cotton pool trust certificates, 1939–40	1.3
(h) Acreage contract payments, AAA of 1933, 1933–36	505.6
(i) Agricultural Marketing Act revaluing fund, and payments to stabilization corporation for losses incurred, 1932–34	288.3
Total	4,588.0

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. STENNIS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER (Mr. COOPER in the chair). Without objection, it is so ordered.

THE NEW GIVEAWAY: ATOMIC ENERGY

Mr. MORSE. Mr. President, this will be the first of a series of speeches I contemplate giving on this subject matter, because in my judgment this bill is of such vital importance to the economic welfare of the American people for a century to come, that I propose to discuss the subject matter at this time, under the amendment now pending, and then, within my parliamentary rights, at a later time in connection with a discussion of other features of the bill.

Mr. President, since the explosion of the first atomic bomb at Hiroshima, on August 6, 1945, mankind has been aware of the existence of a great new energy source which can reshape human society. In the few years since that date, atomic technology in the United States has reached a stage where the use of atomic energy for industrial purposes can reasonably be foreseen. Of the various uses of atomic energy which in time will be made, one of the closest to practical realization is the utilization of atomic energy in the generation of electric power.

Until now the sources of economical power have been coal, oil, gas, and falling water. Power prices in our country have been lowest where these natural resources have abounded. The development of atomic energy as a new source of power means that within a period of about 10 years, high-cost power areas may have made available to them at reasonable prices power produced from fissionable materials. Within 20 years, power from atomic energy may be as economical in any area as power now produced from conventional fuels.

PEOPLE HAVE INVESTED BILLIONS IN ATOMIC PROGRAM

The people of the United States, through their Government, have to date invested about $12 billion in the development of atomic energy. Many millions more will be spent by the Government before a return from this investment in the form of peacetime benefits will be realized. Atomic energy, while not technically a natural resource, is a great national resource which must be considered to be a part of the public domain and public wealth.

Atomic-energy development in the United States has proceeded under a program which up to now has considered the production, distribution, and use of fissionable material to be too important to the national security to be left in private hands. This program has been governed by the Atomic Energy Act of 1946, known as the McMahon Act.

BILL REWRITES M'MAHON ACT

On February 17, 1954, the President submitted to the Congress a special message on atomic energy. He asked the Congress to approve "a number of amendments to the Atomic Energy Act." Accompanying his message were drafts of two separate bills prepared by the Atomic Energy Commission. One of the bills proposed to amend the McMahon Act so as to allow for widened cooperation with our allies in certain atomic-energy matters and to improve procedures for the control and dissemination of atomic-energy information. The other bill proposed to amend the act so as to encourage broader industrial participation in the development of peacetime uses of atomic energy in the United States.

On June 30, there appeared in the calendar of the Senate a bill—S. 3690—prepared by the Joint Committee on Atomic Energy, purporting to make certain amendments to the Atomic Energy Act of 1946. Actually, the bill is a complete rewrite of the McMahon Act, carrying over some provisions of the existing law intact, modifying others, and adding a number of entirely new sections. The bill is exceedingly complicated; and the inclusion of many new definitions, together with cross-referencing and interrelation of sections, make it virtually impossible for the Congress to separate matters so as to take action at this time on only the more urgent sections.

Within a few days it was announced that S. 3690 would be taken up for consideration on the floor of the Senate. At the time of the announcement, a committee report on the bill had not yet been authorized, and committee hearings had not been printed. Transcripts of the hearings, 1157 pages in length, were made available to Senators on July 9. The report of the joint committee became available on the afternoon of July 13, the same day that the bill was made the business of the Senate.

BILL NOT SUBMITTED IN CONFORMITY WITH M'MAHON ACT

The framers of the Atomic Energy Act of 1946 knew that at some future date, atomic energy would be made available for industrial use. They wisely anticipated that a future Congress deliberating on such an important change in the law would need a comprehensive report from the Atomic Energy Commission on the advisability and significance of the proposed change to guide them in their deliberations. Section 7 (b) of the McMahon Act reads, in part, as follows:

> Report to Congress: Whenever in its opinion any industrial, commercial, or other nonmilitary use of fissionable material or atomic energy has been sufficiently developed to be of practical value, the Commission shall prepare a report to the President stating all the facts with respect to such use, the Commission's estimate of the social, political, economic, and international effects of such use and the Commission's recommendations for necessary or desirable supplemental legislation. The President shall then transmit this report to the Congress, together with his recommendations.

That is what the law provides; that is what the law Congress passed in 1946 laid down as a requirement for Presidential action. That is a provision of the law, binding upon the Atomic Energy Commission as well as upon the President of the United States.

Now let us see whether it was followed.

The Atomic Energy Commission has not yet prepared and presented the report required by section 7 (b) of the McMahon Act. Mr. President, I wish to say that, in my judgment, this bill should not have been allowed to reach the floor of the Senate until the Atomic Energy Commission and the President of the United States had carried out their obligations under the 1946 act. One year ago the Commission informed the Joint Committee on Atomic Energy that such a report at that time would be premature. The President's message of February 17, submitting drafts of proposed legislation prepared by the Commission, and providing for industrial participation in the atomic energy program, made no mention of the required section 7 (b) report. The testimony of AEC Chairman Lewis Strauss before the joint committee, during its June 1954 hearings, cannot be taken as substantial compliance by the Commission with the requirement of law.

If a section 7 (b) report is premature, as the Commission indicated last year and still appears to believe, judged by its election not to present the required report, then Congress at this time should not be undertaking consideration of S. 3690.

The failure of the Commission to submit its report raises the serious question of whether its apparent support of the administration atomic energy bill is the result of its independent judgment or compliance with another Presidential directive.

The lack of a report on the social, economic, political, and international

effects of a change in the present law to allow private use of atomic energy and materials is not a matter to be taken lightly, either by the Congress or by the people of the United States. The Congress is entitled, before legislating, to have available to it the expert analysis and advice of the Commission it created and charged with administration of the atomic energy program. In failing to furnish this required information or to explain its failure to do so, the Atomic Energy Commission in my judgment has been willfully and seriously negligent in its duty, not only to the Congress, but also to the American people, or it is being bypassed.

This section of the law is being bypassed by the Atomic Energy Commission; and in my judgment the Commission is deserving of severe censure from the Congress. That is what we ought to be acting up, rather than a bill which apparently has the support of the Atomic Energy Commission without the Atomic Energy Commission ever carrying out its clear duties and obligations under the act of 1946.

In the closing days of this session—with only a few hours in which to study a 104-page bill and 1,157 pages of hearings and testimony and to listen to debate on the bill on the floor of the Senate, and without the benefit of expert advice—the Members of the Senate are being rushed into a vote on S. 3690 which might well change the course of history, and which is certain to have profound effects on the future economy of our Nation and the economic well-being of our people.

I should like to make it very clear that I have no objection to the participation of private industry in the atomic energy program. A number of industrial firms are already sharing in research and development projects with the Atomic Energy Commission, and I am sure we all look forward to the day when private industry will be able to maintain its own plants in the atomic energy field. My concern is with the apparent rush to enact this proposed legislation long before it appears to be required.

At the present time the Commission is conducting a program involving five different types of atomic reactors. The Commission has stated that the probability of producing electricity from nuclear fuel at a cost competitive with electricity from coal, oil, or gas is good. It has also stated that this does not mean that such low-cost nuclear power will be obtained from the very first plants which might be built, but that it may well come from succeeding plants which, as a result of the experience with the first, it should be possible to construct and operate more economically.

Testifying before the joint committee on June 2, 1954, Thomas E. Murray, a member of the Atomic Energy Commission, made the following statement:

> We are only now in the development stage. We have not yet reached the phase of competitive, commercial application. This is some years ahead. As I mentioned earlier, the 5-year reactor program submitted to the committee is aimed at making competitive nuclear power a reality. If the goal is accomplished, our feeling is that only a small number of full-scale privately owned and operated power reactors are likely to be on the line before 1965—in other words over 10 years from now.

Mr. President, I am confident that private capital will not be risked until the results of Government experiments with different types of reactor plants are known, and that it will be at least 5 years before an application is made by a private concern for a license to operate an atomic powerplant. No new legislative authority is required for private participation in experiment work at Government test plants. This being the case, what is the need for wholesale amendment of the McMahon Act at this time?

BILL PRIMARILY AFFECTS ELECTRIC POWER PRODUCTION

S. 3690 involves questions of Federal power policy more than atomic energy policy. When the safeguards for security, safety, and health have been taken care of, provisions for development of electric power come entirely within the field of power policy—not atomic policy. Make no mistake about it, S. 3690 is definitely and primarily a power bill, but it is a bill designed to turn over the power features of the atomic energy program to private industry rather than to guard the public interest in its $12 billion investment in atomic energy production.

Since President Theodore Roosevelt, Federal power policy has been recognized as an antimonopoly policy. It may be recalled that in his James River veto message President Theodore Roosevelt said it was his duty "to use every endeavor to prevent this growing power monopoly, the most threatening which has ever appeared, from being fastened upon the American people." Gifford Pinchot and George W. Norris have echoed these words. Our first objective in legislating on the matter of atomic energy power should be to implement this policy.

Here once again the Senate of the United States has an opportunity to learn from the lessons taught by liberals who preceded us in the Senate in decades gone by—liberals such as Norris and the La Follettes, Johnson, McNary, and Dill, liberals who have written a record for the protection of the public interest in a sound Federal power policy necessary to check the development of a private utility monopoly.

I ask the simple question, Are we to make use of the lessons taught by those great liberals who have gone before us, who in their day, too, were attacked and abused as dangerous, creeping Socialists, who were charged with an attempt to set up some kind of State economy, when all they were trying to do was to write into the law checks which would protect the public interest of the people of the United States against a private utility monopolistic combine.

They were successful; but here and now, under President Eisenhower, we are confronted once again with a reactionary administration which seeks to sell the economic freedom of the American people into a monopolistic economic bondage. Here is one liberal in the Senate who is going to call attention again to the great lessons taught by liberals before the little fighting band of liberals now in the Senate ever trod the carpets of this historic floor.

It is just as though we were to turn back the curtain and take a look at the scene when men such as La Follette, Norris, and Dill were fighting on the floor of the Senate and warning the American people as to what would happen if Congress did not adopt the kind of Federal power policy which great liberal Presidents of the United States, such as Theodore Roosevelt, urged be adopted. Theodore Roosevelt, in his great veto message on the James River bill, laid down basic principles for the protection of the public interest in a public power program which are as applicable today as they were on that day, before the ink on that veto message was dry.

Federal Power Commissioner Dale E. Doty in testimony before the joint committee on June 29, 1953, stated that legislation for grants or licenses by the AEC of the privilege of developing atomic energy should provide standards guiding the AEC's issuance of such grants or licenses to protect and promote the public interest in the development and utilization of the electric energy to be produced from atomic energy, as well as to protect those public interests in national defense and security which are particularly associated with the development of atomic weapons. The grant of the privilege should depend not solely on the negative consideration that national defense will not be harmed, but on the affirmative ground of benefit to the public interest in electric power and other products of the operation of nuclear reactors as well.

ATOMIC POWER DEVELOPMENT PARALLELS WATERPOWER LEGISLATION 50 YEARS AGO

A statement prepared by the Federal Power Commission for the Joint Committee on Atomic Energy last year stated in part:

> Current proposals to develop peacetime uses of atomic energy may involve some of the same problems faced in 1908 when Federal waterpower legislation was first proposed and resolved in 1920 when the Federal Water Power Act was enacted (now pt. I of the Federal Power Act). For by 1908 the Nation had in waterpower, as it now has in atomic energy, a great energy resource, largely undeveloped, but believed to be potentially very valuable. * * * Similarly, today, the energy resource which the United States has, as a result of its expenditures of billions of dollars in atomic weapons research, cannot be developed without congressional approval because of Federal proprietary interests. * * * Thus it becomes pertinent to test any legislative proposals with respect to non-Federal development of atomic energy to see whether the public interest in atomic energy is protected and benefited as adequately as the Congress of an earlier generation sought to do for the Nation's interest in waterpower.

FAILURE TO PROVIDE FOR FEDERAL ROLE IN ATOMIC POWER GENERATION

In the 104 pages of S. 3690 the matter of power production from atomic energy is mentioned only once, and then under the heading of "byproduct energy." The historic safeguards applied for 35 years during Republican and Democratic administrations alike, to protect the public interest in power resources, are completely bypassed and neglected in this administration's atomic energy bill.

In my judgment, that was not an oversight, either; it was by design. This administration does not say anything except what I have mentioned, namely, a very brief provision, because a part of the program of this administration is obviously to turn the power potential of this country over to a private utility monopoly, and do it under the misnomer of trying to develop private power and private enterprise.

I say again what I have said before, that the trouble with this administration is that it does not know the difference between private monopoly and private enterprise.

The Federal Power Act assumes that in some instances the public interest will best be served by Federal development of a power source. Section 7 (b) of the act provides that—

> Whenever, in the judgment of the Commission, the development of any water resource for public purposes should be undertaken by the United States itself, the Commission shall not approve any application for any project affecting such development.

But instead the Commission is directed to submit its findings to the Congress with appropriate recommendations for the development of the natural resource.

Public development of power resources and marketing of power at reasonable prices is the best way to discourage monopoly prices in the power field. Public competition keeps prices in line by furnishing a "yardstick" for the determination of what is a reasonable price. A yardstick of this kind will be sorely needed in the early days of atomic energy power development and marketing. I wish to stress this point perhaps above all others in my speech this afternoon. I believe that once again a historic issue has reappeared on the floor of the Senate. It is the issue represented by the question: Is the Senate of the United States going to protect the heritage of all the people of this country in the power potential of America by writing into this bill a public power yardstick guaranty; or are we going to walk out on these great statesmen of the past? When this issue on a previous occasion was before the Senate, in connection with the development of electric power generated by falling water, they had the foresight to write such a guaranty into the power laws of the United States. Yet we have a bill before us into which those guaranties are not written.

That is why a group of us in the Senate have submitted and will offer amendments designed to keep faith with the great leaders of the Senate in the years gone by, when they wrote such guaranties into the power acts enacted by Congress.

YARDSTICK OR GOLF STICK

There is no public power yardstick in the pending bill. In fact, sometimes I wonder what kind of stick is in this bill. I read with some interest an article in Look magazine entitled "Ike's Cronies," and I noticed some discussion of a very distinguished American, of whom I am very fond as a golfer, Bobby Jones. I am not blind to the fact, however, that he is also a director of one of the great power companies, the Southern Co., and I also know that it is a major member of the Dixon-Yates combine, with which the President has directed the Atomic Energy Commission to enter into a contract in regard to not atomic energy, but electric power.

It raises a question in my mind if what we are doing is substituting the golf stick for the public power yardstick. The golf stick does not supply the public with any protection.

In submitting the bill to us without section 7 (b) of the act of 1946 being complied with, the President of the United States opens himself up to exactly just such surmises. He opens himself up to the question: What influences are being brought to bear, and by whom, upon the President of the United States, that he would urge such a contract and that he would urge such a bill, without the provisions of section 7 (b) of the 1946 act being complied with, either by the Atomic Energy Commission or by the President himself?

PEOPLE AND PRESS BECOMING AROUSED

Mr. President, in my judgment, as a result of the debate which has taken place on the floor of the Senate on this issue, an increasing number of people all over the country, as my mail and my telephone calls give evidence, are beginning to become greatly concerned and alarmed as to what the President of the United States is up to, and are becoming very much concerned as to what the proponents of the bill are trying "to get by with." The people are beginning to recognize, Mr. President, as they did years ago when they found, with regard to the development of power by falling water, that they must look to their representatives in the Congress of the United States to protect their interests from a piece of legislation that is obviously bad. It is rather heartening and reassuring to see the response which this debate has elicited from the newspapers of America. It is rather encouraging that more and more editors and increasing numbers of columnists are raising some signal flags of warning to the American people that this bill is not one of those run-of-the-mill bills in the Senate of the United States. It is a bill which will have a terrific historical impact upon the economic welfare of the American people for generations to come.

That is why I think it should be thoroughly debated. That is why the Senator from Oregon is going to cooperate with other Members of the Senate who are bound and determined to see to it that a thorough and full record is made on the many features of this bill before the debate comes to a conclusion.

TRIBUTE TO THOMAS L. STOKES

One of the newspaper columnists to whom I wish to pay a very deserved tribute and sincere compliment at this time is Thomas L. Stokes, who, in the July 16 issue of the Washington Star, wrote a column under the heading "Development of Atomic Energy—Fear Expressed That Private Interests Will Get an Upper Hand in Utilizing Nuclear Resources."

In my opinion, Tom Stokes is one of the great journalists of America. He is one of the journalists who, in my opinion, personifies what I consider to be the primary ethical obligation of free journalists, namely, to write the truth on the basis of the facts as he finds them or honestly believes them to be. He recognizes that favorite old motto, biblical in origin, of such progressives as the senior La Follette, who, for many years, on the masthead of his Progressive magazine in the State of Wisconsin carried the motto "Ye shall know the truth and the truth shall make ye free."

Tom Stokes, Mr. President, has written time and time again, on issue after issue, and, while on a goodly number of issues I have found myself in disagreement, on the merits, nevertheless, his writings on those issues have made me recheck and think through points of view and conclusions previously formed. Tom Stokes, in my judgment, always pushes his pen in keeping with the great journalistic ethic which I have just mentioned. As a result, I think he is one of the great educators of America, and that he has done much to enlighten the American people and give them a better understanding of the facts involved in controversial political issues. In this particular column, Mr. President, he has written in keeping with that high standard of journalistic ethics. He says:

> DEVELOPMENT OF ATOMIC ENERGY—FEAR EXPRESSED THAT PRIVATE INTERESTS WILL GET AN UPPER HAND IN UTILIZING NUCLEAR RESOURCES
>
> (By Thomas L. Stokes)
>
> It may sound somewhat melodramatic to say that Congress is on the eve of one of the great legislative decisions of its long history.
>
> But that hardly seems an exaggeration as to what it does about the bill to revise the Atomic Energy Act that is now before the Senate.
>
> Unless the bill as it was presented to the Senate from the Joint Committee on Atomic Energy is amended to protect the public against the monopoly that some experts believe is inherent in its patent and other provisions, then future generations may be in for a lot of headaches.
>
> There is a background of experience to warn us. That is the way we permitted our earlier source of energy—electricity developed from water power and steam power—to be exploited by private combines that got bigger and bigger and more and more powerful, took higher and higher tolls from the consuming public, and finally invaded and polluted our politics until the Government, moving under the impulse of public wrath, finally stepped in to straighten it all out. That wasn't so long ago, in fact is still clear in the memory of many of us.
>
> Out of that we developed regulatory laws that offer a pattern to guide us in development of atomic power.
>
> We start fresh now with atomic energy, with all that experience behind us. We will indeed be negligent—as well as fools—if again we let powerful and selfish private interests get a monopoly grip not only on atomic power, but also in utilization in other fields that radiate from the atom—medical science, agriculture, processing of food, and so on.
>
> We, the taxpayers, already have invested $11 billion in atomic development, mostly for military purposes. We have, therefore, quite a stake. It belongs to us. The terms by which we permit private interests to develop atomic power for peacetime uses become consequently the overriding consideration before Congress and with us.

There will likely be more noise and clamor about other issues in the Atomic Act revision bill.

One of these issues concerns how much we shall tell our allies about military use of atomic power. Another has to do with the recent order by President Eisenhower to the Atomic Energy Commission to purchase power from a plant to be built by a private syndicate, instead of having TVA, which has been the supplier of power for AEC, build a steam plant and add to its own capacity. Supporters of TVA in Congress see this arrangement as not only bad business for the Government and costly to it and the consumer but also as an entering wedge to hamstring TVA's usefulness as a yardstick. They are seeking to stop execution of the contract by amending the atomic energy bill.

These two matters are extremely important in themselves, and of considerable public import and interest. But the public should be cautioned not to let these controversies hide what is done about cutting in private interests on development of atomic power.

This last involves two changes in present law. One affects patent rights which heretofore have been controlled tightly by the AEC. Under the bill before the Senate, patent rights are to be opened to private interests and under terms which are criticized as not properly protective against monopoly. Because of criticism, some alterations were made. One of these extends for 5 years the AEC's power to require the holders of private patents to make them available to others if such patents are important in production or utilization of nuclear fuels or atomic energy. But some familiar with the operation of patent law in such a field still believe that the public is not adequately protected.

Aside from patents, the bill also authorizes the AEC to issue licenses to private interests for construction, ownership, and operation of facilities to produce and utilize nuclear fuel and atomic energy. Ownership of nuclear fuel still would be retained in the Government.

It is here that production of power is involved. Yet the bill does not provide for preferences to public bodies or cooperatives in distribution of power, either from private plants that are licensed or from public atomic powerplants that might be constructed by the Government. Such preferences long have been in our laws dealing with hydroelectric power. It is true that the utilities are now engaged in a campaign to break these preferences down and, in fact, are on the point of success in various areas—at Niagara Falls, at Clarke's Hill along the Savannah River in Georgia and South Carolina, and in some projects being planned for the Pacific Northwest, among others.

If the utilities could prevent preferences for public bodies and co-ops in the atomic energy law, it would be quite a victory at the very outset. They may get away with it, of course. They have their highly paid lobbyists right here, at the ear of your Representatives, and you, the public, are always a long ways off.

I have read the entire Stokes article into the RECORD, because I think it is such an excellent one; and contains such sound warnings as to the dangers of the bill, that there should be in the RECORD reference to a voice other than the voices of Senators. Here we have the voice of a great mind in the journalistic profession, which, in my judgment, in a brief column, has really gone to the heart of some of the major dangers of the bill.

I wish to commend Tom Stokes for the brilliance and the insight he discloses in his analysis of the bill. I urge my colleagues in the Senate to heed his warning, because something tells me that as the American people come to understand that warning, they are going to heed it, and if Members of the Senate do not follow a course of action in amending the bill consonant with the warnings which Tom Stokes has set forth in his column they will ask a good many questions, one of them being, "Why didn't you heed it?"

THE BILL MAKES NO PROVISION FOR HISTORIC POWER SAFEGUARDS

Experts from the Atomic Energy Commission have testified before the Joint Committee that atomic reactors which 10 years from now can be expected to produce power at 7 mills per kilowatthour or less are likely to be plants of 100,000 kilowatts of electrical generating capacity or larger, costing many millions of dollars. Only the Federal Government or large corporations or investment trusts will be able to finance projects of this magnitude. For at least 20 years the people of the United States will have to depend upon giant private power combinations or the Federal Government for their supplies of power produced from atomic energy.

Section 44 of S. 3690, the administration's proposed new Atomic Energy Act, is the "power section" of the bill. It provides:

Byproduct energy: If energy which may be utilized is produced in the production of special nuclear material at production or experimental utilization facilities owned by the United States, such energy may be used by the Commission, or transferred to other Government agencies, or sold to publicly or privately owned utilities or users at reasonable and nondiscriminatory prices. If the energy produced is electric energy, the price shall be subject to regulation by the appropriate agency, State or Federal, having jurisdiction.

Section 44 is one of the sections which was carried over intact from the 1946 McMahon Act. It was written when the atomic energy program was centered primarily upon the development and production of atomic weapons. As stated in the minority report of the Joint Committee on S. 3690, this section was written when atomic power was still a remote possibility and the section pertaining to its production was embryonic. Now that we stand on the threshold of the atomic power era and consider legislation designed to usher it in, singular, indeed, is the fact that the new legislation does not enlarge upon the embryo, so far as AEC production of atomic power is concerned.

Despite the fact that the Atomic Energy Commission has assumed the role of power broker with regard to the Dixon-Yates long-term contract which it is entering into in compliance with a Presidential directive, if not stopped, the AEC has steadily maintained that it wants to stay out of the atomic power business. Chairman Strauss describes the AEC's planned power reactor program for the next few years as a minimum program by choice. This role seems to have Presidential approval. President Eisenhower said in his message of February 17:

The creation of opportunities for broadened industrial participation may permit the Government to reduce its own reactor research and development after private industrial activity is well-established.

A draft of the proposed legislation accompanying the President's message contains this interesting language:

Nothing in this act shall be construed to authorize the Commission to engage in the sale or distribution of electrical energy for commercial use except such energy as may be produced by the Commission incident to the operation of research and development facilities or facilities for the production of fissionable material.

The majority report of the joint committee on S. 3690 apparently construes this restriction to apply to section 44. It states in this regard:

This section will permit the Commission to dispose of that utilizable energy it produces in the course of its own operations, but does not permit the Commission to enter into the power-producing business without further congressional authorization to construct or operate such commercial facilities.

ADVERSE EFFECT UPON PUBLIC BODIES AND RURAL ELECTRIC CO-OPS

Rural electric power systems and other small producers and distributors of power today generate only a small percentage of the power they use. About half of their power is obtained from commercial power companies, and about 30 percent from the Federal Government. The great number of these systems represents a tremendous financial investment by American small businessmen and farmers.

In the not too distant future, power produced from nuclear sources will be lower in cost than power from conventional sources, if the atomic powerplant is large enough. If the smaller systems are unable to obtain the cheaper power from the Federal Government the utility giants will be in a position to victimize them or to put them out of business by refusing to furnish them with cheap power and underselling them on the customer market. The history of monopoly big business in America shows that the giants of industry have not hestitated to resort to such practices when the opportunity has been afforded them.

Not only have they not hesitated, but that has been their policy; not only have they not hesitated, but that is the chief device they use for squeezing the small operator out of business. Yet we have the administration coming forward with a bill having in it not a word which will protect the interests of the rural electric cooperatives of the United States, once the private utilities begin to produce power generated from atomic energy. To the contrary, we have in the report filed with the bill, and in the pronouncements of the President of the United States contained therein, clear proof and evidence that the President does not intend that the cooperatives and the small-business men shall be protected by public-preference clause from this kind of squeeze play, which has characterized the development of monopoly in the United States throughout our history.

That is why, with some emphasis, I raise this warning today. That is why I want to be certain that the RECORD is clear because, Mr. President, the record must be made on this point, so that no Member of the United States Senate can

ever go back to his constituents and say, "I did not understand that. That was not called to our attention. It was a very long bill and the report was extensive. It came up in the dying days of the 83d Congress. I never knew that that matter was involved in the bill. I am sorry, but, you know, I am so busy in Washington, I have so many things to do, and the strain, stress, and work of the job is so terrific that sometimes these details just slip by me."

Mr. President, this is one detail I do not intend to let slip by the knowledge of any Member of the United States Senate, if my warning them can call their attention to it. I am putting it into the RECORD now, and next week, on various occasions, I shall repeat it, so that the warning flag will be up.

There is no provision in the bill to protect the cooperatives and the small-business men and the electric-power consumers from being transgressed upon by the private monopolies which will come to dominate the atomic-energy field if the bill in its present form becomes law.

Those who can read know of the warning, and those who can understand the English language can see for themselves that there is no protection in this bill for the little people of America. Senators will have a chance next week to vote on some amendments that will correct this glaring deficiency in the bill, because Senator GILLETTE and other Senators of whom I am proud to be one, has introduced an amendment which will incorporate in the bill a public preference clause. This, in conjunction with section 44 and a new section 45 proposed by the Senator from Colorado [Mr. JOHNSON], would provide a public power yardstick. The Johnson amendment would make it possible for the Atomic Energy Commission and Federal power agencies to proceed to generate power in Government plants for Government use and to be marketed to co-ops, PUD's, industry, and private utilities. That does not mean the Government will not also buy power from private utilities.

Many who are discussing this subject are dealing in nonsense and hogwash. Advocates of the bill talk about protecting the public, but at the same time deny the jurisdiction, authority, and power of the Atomic Energy Commission, or some other agency of the Government, to proceed to build atomic energy plants capable of producing power on a commercial basis and making such power available as a public power yardstick.

Mr. President, I was somewhat amused earlier this afternoon when I heard a speech on the Republican side of the aisle comparing TVA to some sort of a communistic enterprise in the United States. I thought it was a very funny speech. But it is a speech the American people are going to hear about between now and November 1954, because, in my judgment, it lays down one of the cardinal principles of the economic philosophy of the Eisenhower administration in respect to TVA. I shall await with interest the repudiation of that principle from the White House any time between now and election day in November 1954.

Mr. President, when Republican Senators rise on the floor of the United States Senate and make that kind of speech and preach that kind of political dogma, I intend to be one who will hold them politically responsible for that kind of attitude. There it is now, as an historical fact, for all to read in the CONGRESSIONAL RECORD—a speech which leaves no room for doubt that there are those who think that TVA apparently has some kind of a communistic pattern connected with it; whereas the Senator from Oregon asserts here today that TVA is one of the mighty pillars—yes, it is one of the keystones—in the great temple of American private enterprise, because it is one of the fine cooperative ventures between Government and private industry that makes possible a strong private enterprise system in the Tennessee Valley.

The suggestion, Mr. President, that the people of the United States had been subjected to some kind of a communistic pattern by one of the greatest Presidents and one of the greatest liberals, in my judgment, who ever lived in the history of the United States, Franklin Roosevelt, demonstrates itself for the nonsense that it is.

The Republican Party is going to find, before it gets through with the TVA issue, Mr. President, that once the American people come to have their memories refreshed as to the sound economic and political principles upon which the TVA was founded, they will not be ready to destroy TVA.

I was highly amused when it was suggested, in the Republican speech made this afternoon to which I have referred, that the American people in other areas of the country are weary of paying tax dollars for the benefit of people of the Tennessee Valley. The fact is that in the Tennessee Valley we are dealing with great self-liquidating projects which have created, and are creating, tax dollars which are going into the Treasury amounting to many times the cost of such projects.

The tax dollars, coming from new industries, that flow into the Treasury because of the impetus produced by the TVA and the powerful shot in the arm it has given to private enterprise in the Tennessee Valley, are so many times greater than the small amount private utilities in that area would ever pay into the United States Treasury, if they were allowed to keep their stranglehold over the economic life of the Tennessee Valley, that all it takes is a pencil and a pad of paper and a knowledge of second-grade arithmetic to convince anyone that the Tennessee Valley Authority is one of the soundest economic projects in which the American people ever invested their money.

I wish to summarize that point, Mr. President, because it is vital to those of us who live in the Pacific Northwest. We hear the same phony argument in the Northwest about our multipurpose dams. We are accustomed to the argument that those of us who are advocating great multipurpose dams are creeping Socialists. Well, at least that is a kinder description than used to be sometimes applied to Norris. That is a kinder description than used to be applied to the elder La Follette, Dill, Couzens, Borah, Ladd, Johnson, and the other liberals who preceded us in the Senate, and who fought for the development of a sound power policy. But even if harsher words were used, I do not intend to let the critics get away from the economic fact that the self-liquidating—which means self-paying—multipurpose dams which have been built in the Pacific Northwest have resulted in the development in that area of private enterprise that would be almost nonexistent if the Government had not, through those dams, made cheap power available in the Pacific Northwest.

Our economic future depends upon cheap power. One reason the Senator from Oregon fights so vigorously on the floor of the Senate against the development of the so-called partnership scheme of the President of the United States is that he knows it for what it is. It is but a clever smokescreen in an attempt to hide the effort to undermine the multiple-purpose-dam program of the Pacific Northwest and to turn these great public resources over to a private-utility-monopoly combination. So I raise my voice against it when I see it showing its ugly head in connection with this atomic-energy program, because it is identical to, and represents again, at but another point, the undermining and undercutting attack by the President of the United States upon the people's heritage in the natural-resource potential of America.

Mr. President, we have to fight on this point. We have to fight on it here in the Senate, and we must fight on it on the hustings. We must take it to the political platforms of the country. We must fight on it wherever this issue is raised for consideration by free men and women, because I believe that it is no mere phrase or figure of speech or matter of language, but it is a statement, a verbal symbolism, that presents a profound truth, when I say, as I said yesterday afternoon on the floor of the Senate, and as I have said again today, and as I now repeat, that the great danger of this bill, in its present form, is that if enacted in the form in which it is now written, the Congress, including the Senate, will sell the American people for generations to come into a monopolistic economic bondage until such time—if the bill is enacted—that it is erased from the statute books.

So my plea is not to enact the bill in the first instance. My plea is that this is the time to prevent the kind of economic slavery this particular bill represents; this is the time to strike a blow for economic freedom for the private-enterprise system in the United States, because there is no connection between private monopoly and private enterprise. Private monopoly is equivalent to economic fascism and communism. Mr. President, it makes no difference whether the welfare of the people is subject to dictation by economic fascism or by economic communism. The fact is that if a segment of the economy is turned over to a monopolistic combine, that combine, not the people or their Government, rules the economic life of the people.

I know that in the haste and the stress of the many issues that today are bom-

barding the thinking of the American people, it is necessary to be on guard against intellectual fatigue on the part of the public. I think some symptoms of such fatigue are to be found today in the Nation. The people are so perplexed and confused, that they are saying "What are we to believe? We hear one thing, and then we hear another. We are simply exhausted over the conflicting points of view."

As a result of such intellectual fatigue, Mr. President, many persons are yielding to the self-satisfying and self-comforting psychological reaction of wishful thinking. They want to believe what they want to believe. They simply do not want to believe that an administration would permit the development of the kind of danger about which I am warning today, and so they have a tendency to take comfort in the old rationalization, "Why, it just cannot be so; that just cannot happen."

But, Mr. President, again I point out that it is happening. Again I warn the American people to remember that the tremendous power of the big business forces in the United States, that is represented by this administration, are taking over the people's rights in the field of natural resources, on issue after issue. We have been fighting, and we have fought, at this session of Congress. We have lost some battles; but when we have been turned back we have remained grouped in orderly fashion, awaiting another day when we will go forward.

I am pleading that we do not turn this contest into another defeat for the principles of power policy developed over 50 years. I am pleading that a majority of the Members of the Senate recognize, before it is too late, that with this bill we find a line on which to make the fight for the preservation of the public's interest and the public's rights in the development of atomic energy for the benefit of future generations of Americans, not for the selfish benefit of the profiteering dollars of the tribute takers, the private utility would-be monopolists.

WE NEED A POSITIVE PROGRAM OF FEDERAL POWER DEVELOPMENT

If the people of the United States are to realize the maximum power benefits from their $12 billion investment in the atomic energy program—if they are not to become the victims of monopoly power practices in the atomic power field—a positive program of atomic power production by the Federal Government is essential.

TRADITIONAL SAFEGUARDS FOR UTILITY CONTROL OMITTED

Section 7 (a) of the Federal Power Act provides that in issuing preliminary permits or licenses for the development of any waterpower resource, "the Commission shall give preference to applications therefor by States and municipalities" provided the plans of such public agencies are equally well adapted to meeting the requirements of the act for full use of water resources. "Municipality" is defined to mean "any city, county, irrigation district, drainage district, or other political subdivision or agency of a State competent under the laws thereof to carry on the business of developing, transmitting, utilizing, or distributing power."

Public preference clauses in power laws give the people who own the natural resources the first chance at developing those resources. A local body is limited as to power sites, while a private utility company may have many opportunities to invest its capital in other locations. In the event that a public body some day is able to finance its own atomic power plant, it should have a preference over an outsider who desires to sell power in its area when it comes to getting a license for a power plant from the Atomic Energy Commission. The administration's atomic energy bill contains no such public preference clause in the licensing section.

On May 10, 1954, Walker L. Cisler, president of the Detroit Edison Co., representing a group of privately owned electric power, industrial, and engineering firms associated in the Dow Chemical-Detroit Edison & Associates atomic power development project, testified before the Joint Committee on Atomic Energy. Mr. Cisler submitted a written statement which read in part:

> The power companies engaged in this project are seeking the opportunity to utilize this new source of heat energy from atomic reaction, in common with all others at any time engaged in electric power production, without favoritism or preference for any public or private body. * * *We do not believe that private industry should have any preference as against the Federal Government or units of local government. Similarly, the Federal Government should not create a preference giving to itself or local units of government a preference against private industry.

What could be clearer? That spokesman for the private monopolies said, in the course of his testimony, they are seeking this asset without having any public preference provision written into the law.

PRIVATE UTILITIES HAVE INSIDE TRACK

Private power companies are already engaged in the atomic energy development program. As was shown in the joint committee hearings, public bodies other than the Federal Government have been unable to participate in the power development program. Present participation by the private companies assures that they will be the first to apply for and obtain licenses for atomic power production. Lack of knowledge in the field and financial limitations make it extremely unlikely that for many years the States or municipal groups will be able to enter the area of atomic power production.

Representatives of the giant utilities who demanded that the new Atomic Energy Act be written without public preference clauses obviously had two things in mind, one, they wanted a bill which contained none of the usual safeguards of the public interest contained in the Federal Power Act, and two, they were looking ahead to the time, 2 or 3 decades from now, when some of the larger public bodies might consider building their own atomic powerplants. The representatives of the people in the Senate should be equally farsighted and act now to protect the public interest.

Every law governing federally generated power in the last 50 years has contained a provision according preference to municipal, cooperative or other public bodies in the purchase of power from Government projects. It would avail these bodies little if the Federal Government were allowed to produce and market power but they were unable to buy it. Section 44 of the administration atomic energy bill, covering the marketing by the Atomic Energy Commission of byproduct electric energy, contains no such preference provision. The section should be amended in line with the established Federal power policy and program; and we intend to offer such an amendment next week.

A BLANK CHECK FOR THE PRIVATE UTILITIES

Safeguards to protect the public interest have been formulated by Congress over the years and incorporated in the licensing provisions of the Federal Power Act. Aside from section 271, providing that nothing in the act shall affect the authority or regulations of Federal, State, and local regulatory agencies, S. 3690 contains no recognition of the public interest in securing electric energy from this new source at the lowest possible rates consistent with sound business practices and the right of the atomic power licensee to obtain a reasonable profit on his investment.

The bill does not contain a provision requiring agreement by the applicant for a license, where the end is generation of electric power for sale, to claim no more than its net investment in such facilities for ratemaking purposes.

There is no provision for the right of the United States, after reasonable notices, to take over, maintain, and operate a facility at the end of the license period on payment to the licensee of its net investment.

There are no provisions in the bill setting up specific hearing and notice procedures in connection with license applications to assure full protection of the rights of interested parties.

The bill lacks provisions for Federal accounting control of licensees where such licensees are not also engaged in the transmission of electricity or sale of electricity in interstate commerce for resale.

These and other safeguards of the public interest in power production and marketing are conditions attached to all licenses for hydroelectric power developments under the Federal Power Act.

Why not have them in this bill? The reason, I think, is obvious, because through this bill the private utilities are making a concerted drive to obtain monopolistic control over the production of electric power from atomic energy, and they are receiving the complete, wholehearted cooperation of the Eisenhower administration. If they did not have it, the administration would have written into the bill some of the safeguards I have just enumerated. They are safeguards that are found in or govern every single hydroelectric power bill enacted by Congress in pursuance of what has been our Federal power program.

As indicated by the Federal Power Commission statement previously quoted, they should be applied to licensing for atomic-power production in order to assure that the public interest in this great new resource is protected. The administration's atomic-energy bill would allow the Atomic Energy Commission to turn over to favored utility companies a resource in which the people have already invested $12 billion, and which has a value many times that amount, under licenses unconditioned except for the requirements of national security and public health and safety.

The attitude of the President and his party with respect to the benefits expected by the people from the atomic-power program apparently coincides with that of the National Association of Manufacturers, which quoted in its booklet, Free the Atom, the following statement made by Mr. Alfred Iddles, president of the Babcock & Wilcox Co., one of the companies now participating in the atomic program, at a hearing of the joint committee last year:

> The argument has been made that the United States taxpayers, who have paid the bill to the extent of some $10 billion to date in the development of atomic energy, will not receive any return on their investment if the law is modified to permit private industry to utilize the accumulated knowledge, and that only a relatively few industrial companies will benefit. We believe that the taxpayers' expenditures have been primarily a military investment and, as such, we have already received the benefit in terms of national security at a critical period when equal security was unobtainable by other than atomic weapons.

Is not that interesting? I do not know how dumb he thinks we can be. But let us analyze that statement for a moment. What Mr. Iddles is trying to say, and trying to get by with, is that because in the first instance we spent the money in order to develop an atomic energy program for the production of atomic weapons, the American people have received all the benefit that should accrue from the expenditure of $12 billion of their own money, and therefore any other benefits which may accrue from this expenditure ought to go to private monopoly.

I have heard a great deal of non sequitur reasoning in my life. I have listened to a great many fallacies audaciously advanced. As a lawyer I have observed much special pleading. But I do not know that I have ever seen a clearer example of an affront to the intelligence of the American voter than that statement by the representative of monopoly. Of course we developed the atomic energy program as a defense measure for the production of atomic weapons which would help us win the war against the enemies who confronted us in World War II. But it does not follow that when the war is over we should then give any investment we made in the development of a great project that can produce tremendous quantities of power for the benefit of all the people through a private enterprise system, to a group of private monopolists. It does not follow because such projects helped win the war, that out of a feeling of charity engendered by the good fortune we had in winning the war, we ought to give all the economic benefits flowing from such projects to private monopoly.

I do not know whether Mr. Iddles knows it or not, but if he does not I will let him on a big secret. The American people would laugh at him if he should try seriously to get them to accept his argument that now, out of a sense of deep gratitude because the atomic energy program produced atomic bombs which helped to win the war, they should turn over to private monopoly the peacetime benefits of the program.

If there remains any doubt of the intention of big business to take over the people's atomic power resource and exploit it without regard for the public interest, it should be dispelled by that statement of the spokesman of the National Association of Manufacturers.

PATENT PROVISIONS INVITE MONOPOLY

The huge expense involved in atomic power plants will limit the amount of competition which will exist in the atomic-energy power field. If the administration has its way, there will be little or no competition for the giant utility companies from the Federal Government. Conditions are ripe for the giants to establish a monopoly in the atomic power business.

One of the things that can assure that there will be a monopoly operation in the field of atomic power is the possibility that the few companies now engaged in atomic research and development in the Government program may, by virtue of their experience and their position of being "on the spot" where inventions and discoveries occur, get patent equities and so preclude prospective competitors from entering the field and availing themselves of the atomic technology which has been paid for with the tax money of the people of the United States.

Mr. Iddles, the president of a company which has been in on the ground floor of the atomic-development program, who testified at a May 10, 1954, hearing of the joint committee was asked the following question:

> Do you feel that it would be reasonable if some device could be worked out so that no undue advantage in the patent field either by past experience or equipment or anything of that kind might accrue to certain so-called favored companies for a period of time?

Again Mr. Iddles revealed the attitude of big business in the atomic-energy program when he answered:

> I will remark that whereas this is not a generality applying to all manufacturers, it happens that all of my competitors are already in the business, and if I can beat them out in doing the next job in competition better, and get a patent on it, I ought to be able to do so. They have all supplied the equipment.

That is generous of him, is it not? The generosity of the big business "boys" is remarkable. However, it is a generosity that is directed only at selfish aggrandizement. They seek to be generous only in connection with a Government program that enhances their interests. That is exactly what Mr. Iddles' testimony means. What he is really saying is, "I am going to get it if I can. To heck with the public interest."

That is why in the Senate we have the watchdog job resting on our shoulders. That is why we sit here as the guardians of the public interest. That is why we must make certain that legislation does not go through the Senate which would promote the kind of selfish interest and selfish economic philosophy demonstrated by Mr. Iddles in his testimony last year before the joint committee.

The Atomic Energy Act of 1946 bans patents for inventions or discoveries which concerned the production of fissionable materials or the utilization of such material in atomic weapons. Patents could be granted in the nonmilitary field, but they were subject to a "public interest" declaration under stated conditions, in which case the Atomic Energy Commission and its licensees automatically were entitled to their use, with reasonable compensation to the owner.

S. 3690 provides in section 152 that whenever a patent has been declared affected with the public interest, the Commission automatically is licensed to use the invention or discovery covered by the patent, but another person desiring to use the patented invention or discovery must apply to the Commission for a patent license, which the Commission has the discretion to grant under certain conditions.

Under the McMahon Act the declaration of a patent to be "affected with the public interest" was mandatory, provided that (a) the invention or discovery covered by the patent utilizes or is essential to the utilization of fissionable material or atomic energy, and (b) the licensing of such invention or discovery is necessary to effectuate the policies and purposes of the act.

Under the new administration bill an applicant for a patent license must prove to the satisfaction of the Commission that the use of the invention or discovery is of primary importance to the use of fissionable material or atomic energy, and of primary importance to the effectuation of the policies and purposes of the act.

Section 105 (a) of S. 3690 applies the stringently limited test of primary importance in contrast with broader conditions under which patents are now deemed to be affected with the public interest under the McMahon Act.

The patent owner is entitled to a hearing on the matter of whether or not the discovery or invention is affected with the public interest, and it is a possibility that if he were overruled in his argument that the patent should be withheld from the public interest sphere, he could appeal the Commission's decision to the courts and delay the issuance of licenses, perhaps for years.

After the Commission has declared the invention or discovery to be affected with the public interest, the applicant could then file his license application under section 152 (b) of the bill. The Commission, under the bill, would be empowered to grant the license if it finds that the use of the invention or discovery is of primary importance to the conduct of the activity in which the applicant

proposes to engage, which in the usual case would be the production of power.

An additional condition to be met by the applicant after satisfying all of the primary importance tests is contained in section 152 (e) of the bill. The applicant would have to prove that he could not otherwise obtain a patent license from the owner of the patent on terms which the Commission deemed to be reasonable for the intended use of the patent to be made by the applicant.

It can readily be seen that it would be a difficult thing for a newcomer into the field of atomic-energy power production to obtain licenses for the use of patented discoveries or inventions which would be necessary to engage in the manufacturing of atomic-energy power. As stated in the minority report of the joint committee on S. 3690:

> The application that can survive this procedure will be an impressive one indeed. The patent attorneys may derive more satisfaction from section 152 than the would-be user of the invention.

SO-CALLED COMPULSORY LICENSING WOULD BE SHORT LIVED

The administration bill provides finally with regard to the patenting of inventions and discoveries that the provisions for the so-called compulsory licensing of patents shall expire on September 1, 1959. I have previously quoted testimony to show that the reactor-development program will take at least 5 years, and that it will be more than 10 years before more than a few companies will enter the field of atomic power production and marketing. Provisions for licensing the use of patented discoveries and inventions which are limited to 5 years will, in my judgment, accomplish little in the way of preventing the establishment of a patent monopoly by the favored companies now participating in the atomic-energy development program.

Section 151 (c) of the bill would require persons who have made or hereafter make any discoveries or inventions useful in the production or utilization of special nuclear material or atomic energy to file a report with the Commission, containing a complete description of the discovery or invention unless such description is contained in an application for a patent filed with the Commissioner of Patents.

Although drastic penalties are provided for violations of certain provisions in the bill, no penalty is provided for failing to report inventions or discoveries under section 151 (c).

At the present time Government contracts with private participants in the atomic-energy development program contain so-called type A, B, and C patent clauses, which require those who make discoveries or inventions while engaged in the program to turn them over to the Government.

In his testimony before the joint committee on May 10, 1954, Mr. Albert Iddles was asked about the possibility of companies now participating in the program using their favored position to advantage in the matter of patents. I should like to quote from pages 97 and 98 of the joint committee hearings an exchange of questions and answers between Representative CHET HOLIFIELD and Mr. Iddles:

Representative HOLIFIELD. You want to place your company in the position that because of this long experience it can step in and get patent equity advantages, and at the same time preclude others not having had that experience and not being fortunate enough to obtain some of the future limited contracts from obtaining the advantage of this technology which has been paid for by the people's money, is that not true? That is your position?

Mr. IDDLES. It happens that the Atomic Energy Commission has been extremely successful in preventing our monopoly, and our competitors have been equally well-provided with opportunities.

Representative HOLIFIELD. That is true, but that is because the McMahon Act had provisions in it and because the contracts had clauses in them. I notice as part of your testimony that you advocate that the Atomic Energy Commission—on page 2 of your testimony:

It is expected that this change will lead to a corresponding modification in the patent clauses used in research and development contracts issued by the Commission and its prime contractors. So what you are in effect asking is that if no patent provisions are put in the bill, that the Commission also refrain from using type A, B, and C patent clauses, which it now puts in its different contracts, and which has given to the Government that protection which you mentioned. Is that not true?

Mr. IDDLES. I hope that the new law does eliminate those clauses because I know of several instances in which companies have had bright ideas that they have not divulged to anybody because they would not give them out.

Representative HOLIFIELD. That is a very interesting statement on your part. We have been contracting with these companies and we have been paying them the taxpayers' money, and they have come across as a result of those contracts certain bright discoveries, and they have refrained from bringing them out in the open because they wanted to hold it for their own special interests.

Mr. IDDLES. No, sir.

Representative HOLIFIELD. Is this acting in good faith with the Government?

Mr. IDDLES. Yes, sir. Those ideas did not emanate from anything that was learned from the Atomic Energy Commission or any Government information. They are bright ideas concerning how to put something together for a particular circumstance.

Representative HOLIFIELD. We were talking about contracts for the research and development in the atomic energy projects, sir, when you made your statement.

Mr. IDDLES. Anything that comes up under a research and development program from information that is obtained from Government sources is presumably sent back to the Government, which is O. K.

Later on in the testimony there was the following exchange of questions and answers:

Representative HOLIFIELD. So during this period of time when we are developing these reactors which you say will possibly be from 5 to 10 years, there will be no protection to the Government against favored participants patenting these processes or mechanical inventions, even though the 5-year compulsory licensing provision is put into the act.

Mr. IDDLES. Would you have it otherwise?

Representative HOLIFIELD. So if we have to have protection for the Government, we would have to have it at least 10 years according to your statement.

Mr. IDDLES. Would you have it otherwise?

Representative HOLIFIELD. I am asking you the question, sir. I am seeking information on this subject.

Mr. IDDLES. The more incentive that is provided, the faster you will have inventions and development work carried on. I do not honestly think that the Government or the people of the United States are going to suffer from letting industry have those patent rights.

Representative HOLIFIELD. But you would preclude all industry from having those rights.

Mr. IDDLES. No.

Representative HOLIFIELD. You would want those rights to accrue to the favored few who participate on Government contracts.

Mr. IDDLES. No; I did not say that.

Representative HOLIFIELD. That is the natural result of your statement, sir.

Mr. IDDLES. No; because there are all kinds of competitors in all parts of this field that are being engaged in this work. Some of them might come along 10 years from now and try to get into the field and be handicapped. So it is now with the design of the steam turbine. A man that now wants to build a 100,000-kilowatt turbine is terribly handicapped because of the patents owned by General Electric, Allis-Chalmers, and the others.

Representative HOLIFIELD. They got those patents as a result of the expenditure of their own money, and not the expenditure of the tax money of the people. The tax money did not build that technology.

Mr. IDDLES. The taxpayers' money is not determining these new inventions, either.

On May 19, 1954, Mr. Iddles addressed a letter to the joint committee asking that his answers to Representative HOLIFIELD be withdrawn from his testimony. Apparently Mr. Iddles realized some time after his May 10 appearance before the committee that he had, to us a colloquialism, "let the cat out of the bag," insofar as the attitudes of the industrial giants who are in on the ground floor of the atomic energy program were concerned.

In my judgment the statements of Mr. Iddles before the joint committee demonstrate the truth of the charge that big business first-comers in the atomic energy program see the opportunity to control and monopolize the production and marketing of atomic power through ownership of basic patents.

Mr. Iddles testimony also goes to show that the 5-year so-called compulsory licensing provisions of S. 3690 would have little or no effect in warding off a patent monopoly.

TRIBUTE TO REPRESENTATIVE HOLIFIELD

Mr. President, having mentioned the name of that great Representative from California, CHET HOLIFIELD, who is a member of the Joint Committee on Atomic Energy, I wish to say this about him for the RECORD at this time. I think the statesmanship he has demonstrated as a member of the Joint Committee on Atomic Energy should commend him to the people of his district and to the people of the United States. I believe every man and woman in the United States owes a great debt of gratitude to CHET HOLIFIELD, of California, for the diligence he has exercised in calling the attention of the American people, through the hearings which have been conducted on this bill, to the shortcomings and dangers of the bill. That represents, I think, statesmanship of the highest order; and

I wish particularly to congratulate him on the magnificent job he has done in the preparation of the minority views of the Joint Committee on this bill.

In my judgment, American history will reflect great credit on the work of CHET HOLIFIELD in connection with the atomic-energy program. I think the voice of warning he has raised throughout the hearings and in the minority views, and is presently raising on the floor of the House of Representatives as this matter is under discussion, is a voice which should be heeded by the entire Congress before the bill is passed. It is a voice which should be heeded by way of writing into the bill the major amendments proposed by CHET HOLIFIELD, of California.

As the representative of the Independent Party in the Senate, Mr. President, I wish to take advantage of this opportunity to pay my high respects to CHET HOLIFIELD and to express my very deep regard for his statesmanship.

HOW MUCH FINANCIAL RISK IN ATOMIC POWER PRODUCTION?

Spokesmen for industry are loud in their claims that private industry is now investing large sums of money in the atomic-energy program and that such investment involves considerable financial risk. Listening to these claims, one might be talked into believing that corporations participating in the development program and even those entering the atomic power business, stand a chance to lose great amounts of money. There is evidence that the costs of industry's present participation in the program are paid for by the American people and that investment in the power business will be underwritten—if S. 3690 is enacted into law—by the Federal Government in the form of a substantial subsidy.

In fact, Mr. President, one of my objections to the bill is that it is, as I view it, a complete giveaway to the private utilities of the total cost of a power program which they would own and control and monopolize. If we study this bill I think we shall find in it one sleeper clause after another which would have the effect of giving away to private monopoly the people's heritage in the atomic energy program.

We see some evidence of this in the testimony, on May 10, 1954, of Mr. Walker Cisler, president of the Detroit Edison Co., who stated that money now being spent in the atomic energy research and development program by his company is absorbed in the operating costs of the company, and that it is a factor in the establishment of the company's rate structure by the Michigan Utility Commission. In other words, the people of the State of Michigan are paying for Detroit Edison's participation in the program by paying higher prices for power hearings, part I, page 85.

The testimony of Mr. Cisler makes it very clear that the policy of his company has been to figure into the costs of the operation of the company, the rate base, the expenditures which have been put into the operation of atomic energy development, and the rate payers, the consumers of the company in Michigan, have paid the bill. Of course, that is a typical device of the private utilities. That is why the consumers of electric power across the country are paying, in their electric bills, the high cost of the national advertising program of the power combines of the United States, which are propagandizing the American people with fallacious stuff to the effect that the public power yardstick is some form of creeping socialism. This advertising, by way of political propaganda, is being paid for by the rate payers of the private utilities throughout the country.

I have been heard to say before that what Congress needs to do is to pass a law which will deny to the private utilities any right to incorporate in their accounting systems the cost of that kind of political advertising.

There is no reason in the world why the electricity users of Michigan, Illinois, Ohio, California, Oregon, or any other State in the Union, should have to pay, in their electric power bills, the cost of the political advertising propaganda of the private utilities.

Here we get in the record of the case further testimony, which contains the admission, in this instance, of Mr. Cisler, that what the private power companies are doing, so far as their atomic energy development costs are concerned, is including it in their determination of the rates to be paid by their electric users. They are the ones who pay the bill.

We can be quite certain, Mr. President, that when the deal is consummated the people will pay for this giveaway to the private monopolies.

EARLIER AEC-WHITE HOUSE PROPOSED BILLS REQUESTED FOR THE RECORD

Mr. President, I have asked the distinguished senior Senator from Iowa [Mr. HICKENLOOPER] to be on the floor while I present my next argument. In keeping with the courtesy he always extends to the junior Senator from Oregon, the Senator from Iowa is present, and I desire to present the argument now, because it is really based upon a desire on the part of the Senator from Oregon for information, if the assumption I make is correct.

Mr. President, on the basis of what I have been led to believe, the bill should not be voted upon for several days, so that Members of the Senate may have an opportunity to study and compare it with the bills which President Eisenhower is reported to have recommended to the committee.

I do not know what he asked. I have been advised that early in 1954, before the hearings, that the Atomic Energy Commission sent over to the joint committee, with Budget Bureau approval, two separate bills.

One was an amendment to the bill providing for the exchange of information on uses of atomic materials with certain foreign countries.

The second dealt with encouraging the peacetime use of atomic power.

I have examined the committee hearings carefully, but I find no trace of the proposals which were cleared by the White House. Apparently they were not even dignified by publication and public consideration.

Instead, a Cole-Hickenlooper draft was the subject of hearings; then there was a clean draft of the Cole-Hickenlooper bill, and finally the bill now being considered was developed by the committee. And even after it was introduced by the cochairmen, the committee developed further amendments.

I would like to inquire of the Senator from Iowa if copies of the two-package proposals of the AEC, cleared by the White House, are available so I can introduce them into the RECORD, thus making them available to all Members at least by the first thing on Monday morning.

Certainly the Congress should clearly understand any differences between what the President wanted and the present bill.

I am disturbed that the two bills were not made public, so that the witnesses who appeared before the joint committee could comment on them, and could give Congress the benefit of the public view.

It may be suggested that members of the Atomic Energy Commission testified in favor of the Cole-Hickenlooper bill. Their testimony did not have Budget Bureau clearance. I have not had the time to determine—as I should like to determine before I vote on this measure—what changes they proposed in the draft, and whether the changes were made.

This is particularly important because some of my colleagues on the Democratic side of the aisle may want to use the President's bills in drafting amendments to the bill, so as to make it conform to his views, and then help put down the Republican opposition to the things he wants.

It would be amazing if President Eisenhower asked for the international provisions contained in the Cole-Hickenlooper bill now before the Senate. If that is what he wanted, then he has backed away from the bold approach to the matter which he made before the United Nations.

Mr. President, I ask unanimous consent that the two administration drafts may be printed in the RECORD, if my assumption is correct, and if the members of the Joint Committee, or the committee staff, can supply me with them if, in fact, they ever existed.

Mr. HICKENLOOPER. Mr. President, I shall have the two drafts in perhaps 5 minutes. I am happy to place them in the RECORD verbatim.

There has been no concealment or attempt to conceal. The drafts were sent to the committee as tentative recommendations for approaches to these two phases of the problem by the Atomic Energy Commission.

One draft, in the nature of a separate bill, had to do with the international exchange of information. The other draft had to do with the development of power and the opening of the present law to experimentation, research, and development by industry, private and public.

Some substantial revisions of the Atomic Energy Act have been indicated for some time. The Joint Committee considered that it was the part of wisdom to approach a comprehensive review and

correction of the Atomic Energy Act, and approached its work from that standpoint.

The general provisions and the general policy and theory contained in the two drafts sent to the Joint Committee by the Atomic Energy Commission have effectively been placed into the bill which we are considering now. As I have said, I shall, for the benefit of the Senator, as quickly as the one I sent there can get back from the office of the Joint Committee on Atomic Energy, make available a copy of each draft, which can be placed in the RECORD at this point, following the Senator's remarks, or at any other point desired.

I may inform the Senator from Oregon that I now have a copy of each of the recommended acts as they came from the Atomic Energy Commission. So far as one of the mimeographed copies of the proposed acts is concerned, it is a clean copy. That is the one contemplating the opportunity for peacetime research of power by private industry. The other draft, which has to do with the general subject matter of exchange of information internationally, is the shorter of the two proposed acts. It has been used by the committee staff, and there are some marks through it, but I shall ask the staff to work with the clerk so that the bill may be printed in the RECORD as it was originally drawn, and without making any deletions of any kind, because that is the actual bill. Therefore, I make available those two copies to the Senator from Oregon.

Mr. MORSE. I thank the Senator very much for his cooperation. I ask unanimous consent that the two drafts be printed in the RECORD at this point in my remarks.

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). Without objection, the two documents will be printed in the RECORD at this point.

The documents are as follows:

An act to encourage the development of peacetime uses of atomic energy

Be it enacted, etc.—

PREAMBLE

Research and experimentation have progressed to the stage that the large-scale utilization of atomic energy for peacetime purposes appears possible within the foreseeable future. The development of a new source of economic electric power and of other industrial applications will contribute significantly to the material well-being of mankind. Widespread participation and investment will speed the Nation's progress toward this objective. However, the continuing significance of atomic weapons for military purposes and the unique safety problems associated with the utilization of fissionable material require public regulation of such participation.

In enacting the Atomic Energy Act of 1946 the Congress foresaw the necessity of future revision of the act. Such revision is now necessary to encourage the development of the peacetime uses of atomic energy. However, until peacetime applications of atomic energy have been further developed, and until experience has been gained in the licensing and regulation of peacetime uses of atomic energy, the act will necessarily remain subject to further revision from time to time.

SEC. 2. Section 4 of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"PRODUCTION AND UTILIZATION OF FISSIONABLE MATERIALS

"SEC. 4. (a) Definitions: As used in this act, the term "process," when used in relation to fissionable material, means to process, fabricate, or refine fissionable material or to separate fissionable material by means other than isotopic separation from other substances in which such material may be contained; and the term "produce," when used in relation to fissionable material, means to process fissionable material, to separ te fissionable material by isotopic separation from other substances in which such material may be contained, and to produce new fissionable material.

"(b) Prohibition: It shall be unlawful for any person: (1) to produce fissionable material, except as provided in subsections (c) or (f), or (2) to utilize fissionable material, except as provided in subsections (c) or (f), or in sections 5 (a) (4) (A) or (B) or 6 (a), except under and in accordance with a license issued by the Commission pursuant to section 7.

"(c) Operation of the Commission's production facilities: The Commission is authorized and directed to produce or to provide for the production of fissionable material in its own facilities. To the extent deemed necessary, the Commission is authorized to make, or to continue in effect, contracts with persons obligating them to produce fissionable material in facilities owned by the Commission. The Commission is also authorized to enter into research and development contracts authorizing the contractor to produce or utilize fissionable material in facilities owned by the Commission to the extent that the production or utilization of such fissionable material may be incident to the conduct of research and development activities under such contracts. Any contract entered into under this section shall contain provisions (1) prohibiting the contractor with the Commission from subcontracting any part of the work he is obligated to perform under the contract, except as authorized by the Commission, and (2) obligating the contractor to make such reports to the Commission as it may deem appropriate with respect to his activities under the contract, to submit to frequent inspection by employees of the Commission of all such activities, and to comply with all safety and security regulations which may be prescribed by the Commission. Any contract made under the provisions of this paragraph may be made without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) upon certification by the Commission that such action is necessary in the interest of the common defense and security, or upon a showing that advertising is not reasonably practicable and partial and advance payments may be made under such contracts. The President shall determine at least once each year the quantities of fissionable material to be produced under this subsection.

"(d) Irradiation of materials: The Commission and persons lawfully producing or utilizing fissionable material are authorized, subject to the provisions of section 7 with respect to activities licensed thereunder, to expose materials of any kind to the radiation incident to the processes of producing or utilizing fissionable material.

"(e) Manufacture of facilities: Unless authorized by a license issued by the Commission, no person may manufacture, produce, export, transfer, or acquire any facilities for the production or utilization of fissionable material. Licenses shall be issued on a nonexclusive basis for such periods of time, not to exceed the period which in the opinion of the Commission is necessary to accomplish the purposes of the license, as the Commission may specify and in accordance with such procedures and upon such conditions as the Commission may by regulation establish to effectuate the policies and purposes of this act. Such licenses shall specify the activities in which the licensee is authorized to engage and shall be nontransferable. The Commission shall, prior to the issuance of any license, notify the Attorney General and the Federal Trade Commission of the proposed license and the proposed terms and conditions thereof, except such classes or types of licenses as the Commission with the approval of the Attorney General may in advance determine would not significantly affect the consistency of the licensee's activities with the antitrust laws. Thereupon the Attorney General after consultation with the Federal Trade Commission shall, within 90 days after receiving such notification, advise the Commission whether, insofar as he can determine, the proposesd license would tend to create or maintain a situation inconsistent with the antitrust laws. Upon the request of the Attorney General the Commission shall furnish or cause to be furnished such information as it may possess which the Attorney General determines to be appropriate or necessary to enable him to give the advice called for by this section. The Commission shall advise the Attorney General whenever in its opinion any activities licensed pursuant to this subsection involve or threaten to involve a violation of the antitrust laws. Nothing in this act shall impair, amend, or modify the antitrust laws or limit and prevent their application to persons licensed pursuant to this section. Licenses issued under this section shall contain a condition requiring the licensee to reimburse the Government for the cost of personnel security clearances required pursuant to section 10 (b) (5) (B) (i). The Commission may revoke any license issued pursuant to this subsection from any licensee who willfully violates any condition of such license or any applicable provision of this act or of any applicable regulation or order issued pursuant to this act, or from any licensee who fails, upon notice from the Commission of any such violation, to take within a reasonable time such action as the Commission may require to correct or prevent the recurrence of such violation. Any such revocation shall be determined on the record after opportunity for a hearing in accordance with the requirements of the Administrative Procedure Act, subject to such regulations as the Commission may find necessary to safeguard restricted data: *Provided*, That the Commission shall have the authority to suspend any such license prior to a hearing whenever it deems such action to be necessary in the interest of the common defense and security.

"(f) Exemption for research and medical therapy and processing contracts: Nothing in this section shall be deemed to prohibit or to require a license for (1) the manufacture, production, acquisition, or transfer within the United States of facilities which are useful for medical therapy or in the conduct of research and development activities specified in section 3 and which do not, in the opinion of the Commission, have a potential production rate adequate to enable the operation of such facilities to produce within a reasonable period of time a sufficient quantity of fissionable material to produce an atomic bomb or any other atomic weapon; (2) the production or utilization of fissionable material incident to the use of such facilities for medical therapy or to the conduct of research and development activities in any such facilities; or (3) the processing of fissionable material under contract with and for the account of the Commission.

"(g) Exemption for agencies of Department of Defense: Nothing in this section

shall be deemed to prohibit, or to require a license for, (1) the manufacture, production, acquisition or operation by any agency or contractor of the Department of Defense of facilities utilizing fissionable material for research and development activities or for the application of atomic energy to military uses, or (2) the production of fissionable material incident to such utilization.

"(h) Security regulations: The Commission is authorized to issue or prescribe such regulations or orders as it may deem necessary to control the dissemination of restricted data by any person licensed pursuant to section 4 (e) or exempted pursuant to section 4 (f) in such a manner as to assure the common defense and security and to prevent access to such data by unauthorized persons.

"(i) Byproduct power: To the extent that energy which may be utilized is produced by the Commission incident to the operation of research and development facilities or facilities for the production of fissionable material, such energy may be used by the Commission, transferred to other Government agencies, or sold under contract to public or private utilities or persons. Such contracts shall be for such periods of time as the Commission may deem necessary and shall provide for payment of not less than the fair market value of the energy sold. The Commission shall obtain the advice of the Federal Power Commission concerning the proposed terms of sale prior to entering into any contract for the sale of energy under this subsection. Nothing in this act shall be construed to authorize the Commission to engage in the sale or distribution of electric energy for commercial use except such energy as may be produced by the Commission incident to the operation of research and development facilities or facilities for the production of fissionable material."

SEC. 3. Section 5 (a) (2) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"(2) Ownership of fissionable material: All right, title, and interest within or under the jurisdiction of the United States, in or to any fissionable material, now or hereafter produced, except fissionable material acquired by any person pursuant to paragraph (4) below or which is lawfully produced by any person in accordance with sections 4 (f) or 7, shall be the property of the Commission, and shall be deemed to be vested in the Commission by virtue of this act. Any person owning any interest in any fissionable material at the time of the enactment of this act, or owning any interest in any material at the time when such material is hereafter determined to be a fissionable material, shall be paid just compensation for any material ownership of which is vested in the Commission by virtue of this act."

SEC. 4. Section 5 (a) (4) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"(4) Distribution of fissionable material: The Commission may sell, lease, loan, or otherwise make available fissionable material owned by it, and may authorize the sale or transfer of fissionable material by persons owning such material, to applicants requesting such material (A) for the conduct of research or development activities either independently or under contract or other arrangement with the Commission, (B) for use in medical therapy, or (C) for use pursuant to a license issued under the authority of section 7. The Commission is directed to distribute sufficient fissionable material to permit the conduct of widespread independent research and development activity, to the maximum extent practicable. In determining the quantities of fissionable material to be distributed, the Commission shall make provision for national military requirements as determined by the President and such provisions for its own needs and the conservation of fissionable material as it may determine to be necessary in the national interest. The Commission shall not distribute or authorize the transfer of any fissionable material to any applicant who is not equipped to observe such security standards to guard against loss or diversion of such material and such safety standards to protect health and to minimize danger from explosion or other hazard to life or property as may be established by the Commission."

SEC. 5. Section 5 (a) of the Atomic Energy Act of 1946, as amended, is amended by adding the following subsections 5 (a) (6) and 5 (a) (7):

"(6) Recall and confiscation of fissionable material: The Commission may recall or confiscate any fissionable material, including material acquired pursuant to section 5 (a) (4) or produced in connection with an activity licensed pursuant to section 7 or exempted pursuant to section 4 (f), from any person who is not authorized to possess such material or who wilfully uses such material in violation of any applicable provision of this act or of any applicable regulation or order issued pursuant to this act or in a manner other than authorized under or pursuant to this act, or who fails, upon notice from the Commission of such violation, to take within a reasonable time such action as the Commission may require to correct or prevent the recurrence of such violation. Any such recall or confiscation shall be determined on the record after opportunity for a hearing in accordance with the requirements of the Administrative Procedure Act, subject to such regulations as the Commission may find necessary to safeguard restricted data; provided, that the Commission shall have the authority to take immediate possession of such material prior to a hearing and pending final determination whenever it deems such action to be necessary to the public health or safety or in the interest of the common defense and security.

"(7) Safeguarding of fissionable material: The Commission is authorized to issue or prescribe such regulations or orders as it may deem necessary to guard against the loss or diversion of any fissionable material acquired by any person pursuant to section 5 (a) (4), or produced by any person in connection with any activity licensed pursuant to subsection 7 or exempted pursuant to section 4 (f), and to prevent any use or disposition thereof which the Commission may determine to be inimical to the common defense and security."

SEC. 6. Section 7 of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"LICENSES

"SEC. 7. (a) Authority: In order to encourage the development and to insure the exploitation of atomic energy for peacetime purposes, the Commission may issue licenses authorizing persons to utilize, process or produce fissionable material within or under the jurisdiction of the United States for the production of energy, scientific research and development, medical therapy, the production of byproduct materials or other similarly constructive purposes in accordance with the provisions of this section.

"(b) Issuance of licenses: The Commission is authorized to issue and renew licenses, on a nonexclusive basis, to applicants (1) whose proposed activities will advance or strengthen the utilization of atomic energy for peacetime purposes and will serve a clearly constructive purpose proportionate to the quantities of source or fissionable material to be utilized or consumed and (2) who are equipped to observe such security standards to guard against the loss or diversion of such material and such safety standards to protect health and to minimize danger from explosion or other hazard to life or property as the Commission may establish. The Commission shall issue such licenses for such periods of time, not to exceed the period which in the opinion of the Commission is necessary to accomplish the purposes of the license, as it may specify and in accordance with such procedures and subject to such conditions as it may by regulation establish to effectuate the policies and purposes of this act. Such licenses shall specify the activities in which the licensee is authorized to engage and shall be nontransferable. Prior to the issuance of any license or the denial of any application therefor, the Commission shall publish in the Federal Register, to the extent consistent with the safeguarding of restricted data, notice of the principal terms and conditions of the proposed license or of the reasons for which the Commission proposes to deny the application, including a description of any arrangement or contract proposed to be made with the applicant pursuant to section 7 (d) or (e). The Commission shall afford a reasonable opportunity for any person who would be materially affected by the issuance or denial of a license or by any such proposed arrangement or contract to submit to the Commission any relevant facts or arguments in support of or in opposition to the proposed license or the proposed denial of the application. Licenses issued under this section shall contain a condition requiring the licensee to reimburse the Government for the cost of personnel security clearances required pursuant to section 10 (b) (5) (B) (1). The Commission shall, prior to the issuance of any license, notify the Attorney General and the Federal Trade Commission of the proposed license and the proposed terms and conditions thereof, except such classes or types of licenses as the Commission with the approval of the Attorney General may in advance determine would not significantly affect the consistency of the licensee's activities with the antitrust laws. Thereupon the Attorney General after consultation with the Federal Trade Commission shall, within 90 days after receiving such notification, advise the Commission whether, insofar as he can determine, the proposed license would tend to create or maintain a situation inconsistent with the antitrust laws. Upon the request of the Attorney General the Commission shall furnish or cause to be furnished such information as it may possess which the Attorney General determines to be appropriate or necessary to enable him to give the advice called for by this section. The Commission shall advise the Attorney General whenever in its opinion any activities licensed pursuant to this section involve or threaten to involve a violation of the antitrust laws. Nothing in this act shall impair, amend, or modify the antitrust laws or limit and prevent their application to persons licensed pursuant to this section. No license may be given to any person if, in the opinion of the Commission, the issuance of a license to such person would be inimical to the common defense and security.

"(c) Regulation of licensed activities: The Commission is authorized and directed to issue or prescribe such regulations or orders as it may deem necessary:

"(1) to control the dissemination of restricted data by any person licensed pursuant to this section in such a manner as to assure the common defense and security and to prevent access to such data by unauthorized persons;

"(2) to prohibit or control the production, possession, use, transfer or export of any byproduct material produced or capable of being produced incident to any activity licensed pursuant to this section, to the extent the Commission deems the control of such material to be necessary in the interest of the common defense and security; and

"(3) to establish such standards and instructions governing activities licensed pursuant to this section, including standards and instructions governing the design, location and operation of facilities used by the

licensee in the conduct of such activities, as the Commission may deem necessary to protect health and to minimize danger from explosion or other hazard to life or property.

"(d) Arrangements with licensees: The Commission is authorized to enter into contracts and arrangements with persons licensed under this section for such periods of time as the Commission may deem necessary or desirable:

"(1) after making provision for national military requirements, for the Commission's own use and for the conservation of such materials, as provided in section 5 (a) (4), to sell, lease, or otherwise make available to such licensees such quantities of source, fissionable or other special materials as may be necessary for the conduct of activities licensed pursuant to this section; and

"(2) to provide for the processing in facilities owned by the Commission of source, fissionable, byproduct or other special materials owned by or made available to such licensees which is utilized or produced in the conduct of activities licensed pursuant to this section.

The Commission shall establish prices to be paid by licensees for material or services furnished by the Commission pursuant to this subsection. The Commission shall, insofar as practicable, establish prices on a nondiscriminatory basis, which in the opinion of the Commission will provide reasonable compensation to the Government for such materials and services and which will not discourage the development of sources of supply independent of the Commission. In the event that requests by licensees to the Commission for materials or services exceed the materials or services available, preference shall be given by the Commission to those licensees whose activities are most likely, in the opinion of the Commission, to contribute to the development of peacetime uses of atomic energy and to the economic and military strength of the Nation. Any contract or arrangement made pursuant to this subsection may be made without regard to the provisions of section 3709 of the Revised Statutes (U. S. C. title 41, sec. 5). Nothing in this subsection shall be deemed to limit the Commission's authority to loan fissionable material with or without charge to licensees or other persons for the conduct of research and development activities.

"(e) Purchase by the Commission of Fissionable or byproduct materials:

"(1) The Commission is authorized to purchase or otherwise acquire such quantities of fissionable or byproduct materials owned or produced by any person licensed under this section as the President may determine to be required in the interests of the common defense and security. Prices paid by the Commission shall not exceed either (a) the estimated cost to the Government of producing similar material in facilities owned by the Commission, or (b) such amount as will, in the judgment of the Commission, provide reasonable compensation to the licensee taking into account the estimated costs to be incurred and the estimated revenues to be derived by the licensee in the conduct of his licensed activities. Any contract or agreement made pursuant to this subsection may be made without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5). The Commission may requisition any fissionable material or any interest in such material upon a determination by the President that such action is necessary in the interest of the common defense and security. Just compensation shall be made for any such material requisitioned under this subsection.

"(2) Any license issued pursuant to this section shall contain a provision requiring the licensee, upon the request of the Commission, to produce, for delivery to the Commission, such fissionable or byproduct material in such quantities and of such types as the licensee's facilities may be capable of producing and as the Commission, with the approval of the President, may determine to be required in the interests of the common defense and security. The licensee shall be entitled to just compensation for any material produced and delivered to the Commission pursuant to this subsection.

"(3) In the event of failure by the licensee to comply with the provisions of his license in accordance with paragraph (2), the Commission may take immediate possession of and operate the licensee's facilities for the production of such fissionable or byproduct materials as the Commission may require. Just compensation shall be paid as rental for the use of such facilities.

"(f) Revocation of licenses: The Commission may revoke any license issued pursuant to this section from any licensee who willfully violates any condition of such license or any applicable provision of this act or of any applicable regulation or order issued pursuant to this act, or from any licensee who fails, upon notice from the Commission of any such violation, to take within a reasonable time such action as the Commission may require to correct or prevent the recurrence of such violation. Any such revocation shall be determined on the record after opportunity for a hearing in accordance with the requirements of the Administrative Procedure Act, subject to such regulations as the Commission may find necessary to safeguard restricted data; provided, that the Commission shall have the authority to suspend any such license prior to a hearing whenever it deems such action to be necessary to the public health or safety or in the interest of the common defense and security.

"(g) Regulation of utilities: Nothing in this act shall be construed to affect the authority or regulations of any Federal, State, or local agency with respect to the generation, sale, or transmission of electric power.

"(h) Reporting of technical information:

"(1) Any person licensed pursuant to sections 4 (e) or 7 of this act shall make available to the Commission such technical information and data concerning his activities pursuant to such license as the Commission shall request. The Commission is authorized to utilize such information or data in the performance of its activities under this act.

"(2) The Commission is further authorized and directed to make such information and data available to other licensees or potential licensee whenever it determines (A) that the use of such information or data is essential in the production or utilization of fissionable material and (B) that the disclosure of such information or data to such other licensees or potential licensees, in each instance, is necessary to carry out the purposes and policies of this act. The provisions of this paragraph shall not apply, however, to any information or data developed after [insert date approximately 5 years after expected date of enactment of this amendment].

"(3) Nothing in this subsection shall be construed to limit the right of any licensee to an award or to the payment of just compensation pursuant to section 11 in respect to the use of any invention or discovery based upon or incorporating any such information or data.

"(i) Report to Congress: Whenever in its opinion the utilization of fissionable material for any industrial, commercial, or other nonmilitary purpose has been sufficiently developed to be of practical value, the Commission shall prepare a report to the President stating all the facts with respect to such use, the Commission's estimate of the social, political, economic, and international effects of such use and the Commission's recommendations for necessary or desirable supplemental legislation. The President shall then transmit this report to the Congress together with his recommendation."

SEC. 7. Section 8 of the Atomic Energy Act of 1946, as amended, is amended by adding the following subsection:

"(d) Requisition by President: The President may requisition any fissionable material or facilities for the production of fissionable material authorized or licensed to be owned by any person pursuant to this act when such action is necessary to effectuate the provisions of any such international arrangement. Just compensation shall be made for any material or facilities so requisitioned."

SEC. 8. Sections 11 (a) (1), 11 (a) (2), and 11 (e) (2) (C) of the Atomic Energy Act of 1946, as amended, are amended by deleting therefrom the words "in the production of fissionable material or."

SEC. 9. Section 11 (c) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"(c) Nonmilitary utilization:

"(1) It shall be the duty of the Commission to declare any patent to be affected with the public interest if (A) the invention or discovery covered by the patent utilizes or is essential in the production or utilization of fissionable material or atomic energy; and (B) the licensing of such invention or discovery under this subsection is necessary to effectuate the policies and purposes of this act.

"(2) Whenever any patent has been declared, pursuant to paragraph (1), to be affected with the public interest—

"(A) the Commission is hereby licensed to use the invention or discovery covered by such patent in performing any of its powers under this act; and

"(B) Any person may apply to the Commission for a license to use the invention or discovery covered by such patent, and the Commission shall grant such license to the extent that it finds that the use of the invention or discovery is necessary to the conduct of an activity authorized under this act.

"The owner of the patent shall be entitled to a reasonable royalty fee for any use of an invention or discovery licensed by this subsection. Such royalty fee may be agreed upon by such owner and the licensee, or in the absence of such agreement shall be determined by the Commission. The provisions of this subsection shall not apply to any invention or discovery made or conceived after [insert date approximately 5 years from expected date of enactment of this amendment]."

SEC. 10. Section 13 (a) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"SEC. 13. (a) The United States shall make just compensation for any property or interests therein taken or requisitioned pursuant to sections 5 and 11, or for any material requisitioned by or required to be produced and delivered to the Commission or for facilities of which the Commission may take possession pursuant to section 7 (e). The Commission shall determine such compensation. If the compensation so determined is unsatisfactory to the person entitled thereto, such person shall be paid 50 percent of the amount so determined, and shall be entitled to sue the United States in the Court of Claims or in any district court of the United States in the manner provided by sections 24 (20) and 145 of the Judicial Code to recover such further sum as added to said 50 percent will make up such amount as will be just compensation."

SEC. 11. Section 16(b) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"(b) Whoever wilfully violates, attempts to violate, or conspires to violate, any provision of this act other than those specified in subsection (a) and other than section 10 (b), or of any regulation or order prescribed or issued under sections 4 (h), 5 (a) (7), 5 (b) (4), 7 (c), 10 (c), or 12 (a) (2)

shall, upon conviction thereof, be punished by a fine of not more than $5,000 or by imprisonment for not more than 2 years, or both, except that whoever commits such an offense with intent to injure the United States or with intent to secure an advantage to any foreign nation shall, upon conviction thereof, be punished by a fine of not more than $20,000 or by imprisonment for not more than 20 years, or both."

SEC. 12. Section 18 of the Atomic Energy Act of 1946, as amended, is amended by deleting paragraph (g) and substituting therefor the following paragraphs (g) and (h):

"(g) The term 'facilities for the production of fissionable material' shall be construed to mean any equipment or device capable of such production and any important component part especially designed for such equipment or devices, as determined by the Commission, but includes equipment or devices capable of processing fissionable material only to the extent that such equipment or devices are in the opinion of the Commission peculiarly adapted for such purposes.

"(h) The term 'facilities for the utilization of fissionable material' shall be construed to mean any equipment or device capable of utilizing fissionable material and any important component part especially designed for such equipment or devices, as determined by the Commission, but includes equipment or devices capable of utilizing energy released in the course of nuclear chain reaction of such material only to the extent that such equipment or devices are, in the opinion of the Commission, peculiarly adapted for such use."

An act to amend the Atomic Energy Act of 1946, as amended

Be it enacted, etc., That section 5 (a) (3) (C) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"(3) Prohibition: It shall be unlawful for any person to * * *

* * * * *

"(C) directly or indirectly engage in the production of any fissionable material outside of the United States, except that the President may authorize the Commission, in accordance with such conditions as he may prescribe for the protection of the common defense and security of the United States to grant exceptions to this clause (C)."

SEC. 2. Section 5 (d) (1) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"(d) General provisions: The Commission shall not—

"(1) distribute any fissionable material to

"(A) any person for a use which is not under or within the jurisdiction of the United States;

"(B) any foreign government, except that notwithstanding any limitation of any provision of this section the President may authorize the Commission, in accordance with such conditions as he may prescribe for the protection of the common defense and security of the United States, to enter into direct arrangements with the governments of other nations involving the distribution of fissionable material to such governments for research or industrial use: *Provided,* That no fissionable material shall be distributed to any foreign government except upon receipt of assurances from the recipient government that such material will be used only for research or industrial purposes and will not be used for weapons or other military purposes; or

"(C) any person within the United States if, in the opinion of the Commission, the distribution of such fissionable material to such person would be inimical to the common defense and security."

SEC. 3. Section 10 (a) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"(a) Policy: It shall be the policy of the Commission to control the dissemination of restricted data in such a manner as to assure the common defense and security. Consistent with such policy, the Commission shall be guided by the following principles:

"(1) That until Congress declares by joint resolution that effective and enforceable international safeguards against the use of atomic energy for destructive purposes have been established, there shall be no exchange of restricted data with other nations, except that the President may authorize the Commission, in accordance with such conditions as he may prescribe for the protection of the common defense and security of the United States, to enter into arrangements involving the communication to other nations of:

"(A) restricted data necessary to assist other nations in the development of industrial applications of atomic energy for peaceful purposes;

"(B) restricted data necessary to assist nations which are participating with the United States in the defense of the free world, including regional defense organizations such as the North Atlantic Treaty Organization, in the development of defense plans, the training of personnel in the employment of and defense against atomic weapons, and the evaluation of the capabilities of potential enemies in the employment of atomic weapons; and

"(C) restricted data on refining, purification, and subsequent treatment of source materials; reactor development; production of fissionable materials; health and safety; and research and development relating to the foregoing.

"(2) That the dissemination of scientific and technical information relating to atomic energy should be permitted and encouraged so as to provide that free interchange of ideas and criticisms which is essential to scientific progress."

SEC. 4. Section 10 (b) (1) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"(1) The term 'restricted data' as used in this section means all data concerning the theory, design, and manufacture of atomic weapons, the production of fissionable material, or the use of fissionable material in the production of power, but shall not include any data which the Commission from time to time determines may be published without adversely affecting the common defense and security: *Provided,* That in the case of data which the Commission and the Department of Defense jointly determine to relate primarily to the military utilization of atomic weapons the determination that the data may be published without adversely affecting the common defense and security shall be made by the Commission and the Department of Defense jointly: *Provided further,* That the Commission shall remove from the restricted data category such data as the Commission and the Department of Defense jointly determine to relate primarily to the military utilization of atomic weapons and which the Commission and the Department of Defense jointly determine can be adequately safeguarded, as classified defense information, under other applicable statutes. Action by the Commission pursuant to the preceding proviso shall not be regarded as excluding the applicability of any other laws, including sections 793 and 794 of title 18 of the United States Code."

SEC. 5. Section 10 (b) (5) (B) of the Atomic Energy Act of 1946, as amended, is amended by adding the following subsection:

"(viii) The Commission shall determine the scope and extent of personnel security investigations to be made for the Commission by the Federal Bureau of Investigation or the Civil Service Commission on the basis of the nature and significance of the access to restricted data which will be permitted: *Provided,* That nothing in this act shall be construed as limiting the authority of the Commission to authorize any contractor, prospective contractor, licensee or prospective licensee of the Commission to permit any employee of an agency of the Department of Defense or of its contractors or any member of the Armed Forces to have access to restricted data required in the performance of his duties where the head of the appropriate agency of the Department of Defense or his designee has determined, in accordance with the established personnel security procedures and standards of such agency, that permitting the member or employee to have access to such restricted data will not endanger the common defense and security."

Mr. MORSE. The Senator from Iowa has demonstrated again the same spirit of cooperation which he has extended to the Senator from Oregon in the 9 years I have been a Member of the Senate. I should like to say that, so far as I am concerned, I know the spirit has been mutual, because I have sought to cooperate on the same basis with the Senator from Iowa.

I do not know anything about the two drafts. I simply wanted to have them in the RECORD, if they existed, so that they could speak for themselves, and we could draw our own inferences and conclusions in regard to them. I thank the Senator from Iowa very much for his cooperation.

BUILT-IN SUBSIDY FOR BIG BUSINESS

Discovering the subsidy offered private industry in S. 3690 involves only a basic understanding of the atomic energy utilization process and a study of the provisions of the bill with regard to the use of special nuclear material by private commercial operators.

Generation of electric power from nuclear material follows the basic process used in manufacturing atomic weapons, and both operations utilize the same nuclear fuel. In the manufacture of weapons, piles of nuclear material are burned in an atomic reactor to get plutonium ash. Great heat is generated in the reaction process. Electric power is to be generated by using that heat in steam plants. In the military use of atomic energy, the end product is plutonium ash, and by the byproduct is electric energy created by utilization of heat. Commercial use of atomic energy looks to power as the end product and plutonium ash as the byproduct. Both operations create the precious plutonium ash which is so valuable for use in our national defense program.

Section 2 (h) of the atomic energy bill makes the finding that "it is essential to the common defense and security of the United States that title to all special nuclear material be in the United States while such material is in the United States."

The bill proposes that the Federal Government shall relinquish its exclusive ownership rights in facilities for production or use of special nuclear material, but retain ownership of the material itself.

It necessarily follows that the Federal Government, which owns any nuclear material produced in privately owned plants, cannot refuse to take and pay for what is produced. I now quote from the

minority report of the joint committee on S. 3690:

As a consequence, the incidents of private and public ownership are intermingled in such a way that not only may vexatious problems of administration and accounting control arise, but the private companies licensed for a maximum period of 40 years to own and operate production facilities (atomic reactors) legally can depend on the Government to compensate them adequately for whatever they produce during the lifetime of the license. This constitutes a built-in subsidy for licensed atomic enterprise until about the year A. D. 2000.

NO LOSS OF MATERIAL IN POWER PROCESS

Admiral Lewis Strauss, AEC Chairman, has stated that fissionable material is not perishable. An AEC report to the joint committee on June 2, 1954, describes an atomic reactor now being operated by the Commission which "will also breed new fissionable material, that is, produce as much as it consumes or more."

The administration atomic energy bill provides that the Government shall purchase at a fair price any special nuclear material that is produced, and that it shall make a reasonable charge for any special material which it distributes to licensees—Sections 52 and 53.

In determining a fair price to be paid by the Government, the Commission is directed, in section 56 of the bill, to "take into consideration the value of the special material for its intended use by the United States." The section also provides that the Commission "may give such weight to the actual cost of producing that material as the Commission finds to be equitable."

Section 53 of the bill lists the factors to be taken into consideration by the Commission in determining a reasonable charge to be collected by the Government for nuclear material. With respect to commercial licensees, the Commission is directed to make uniform, nondiscriminatory charges for the use of the material.

FEDERAL POWER COMMISSION CRITICIZES BILL

A Federal Power Commission analysis of the proposed legislation at the request of the joint committee pointed out the lack of legislative standards in the bill and the bill's subsidy implications. Commenting upon the fair price provision, the analysis stated:

There is not and probably never will be a free market to provide a standard of what a fair price would be * * * there is little, if anything, in the legally established concepts of utility regulation that can be deemed to provide meaning for the term "fair price." (Hearings, pt. II, p. 1131.)

As a lawyer, I would say that a fair price, in my judgment, would be much less, if there were no restrictions contained in the bill to prevent the Government as such from developing a Government atomic-energy power plant program; in other words, if there were not given to the private utilities a monopoly which, in my judgment, the bill gives to them. Then, of course, the uranium product, or fissionable product, which would go to the private utilities under some lease arrangement, would not bring, in my judgment, nearly as much in value as it would if there were provided a public competitive yardstick under a program in which the Government would also develop electric power from this process.

When we consider what the Government would pay in return for the plutonium ash, we realize we are dealing with a piece of property which is bound to be of tremendous value because of its importance to the defense program. And again, if there is given to the private utilities the monopoly of the manufacturing of that process, we would have a hard time, in my judgment, even if the decision were left to the court, on the basis of judicial standards of determining value. It is worse in this case because it is being left to the Atomic Energy Commission. We cannot disregard the fact that we would pay an extremely high price for the plutonium ash in comparison with the lease price which would be charged the utilities for the leasing of the uranium, in the first instance, out of which, in the long run, would be developed the plutonium ash.

I think that is a sleeper in the bill, a catch we must watch out for, and we must attack from two angles: first, from the angle of seeing to it that the bill is amended in such a way that the Government will be able to do its own power generating, particularly for Government use and the use of public bodies; and, second, in my judgment we must write into the bill what the Federal Power Commission says are some very much needed standards of valuation, rather than the very general terms in the bill which are not even identical when they come to deal with fixing the value of the uranium, as compared with fixing the value of the plutonium ash.

Mr. HICKENLOOPER. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. HICKENLOOPER. Lest a misconception arise, I wish to call the attention of the Senator from Oregon to the fact that the bill does not give a monopoly to private industry. Any public or quasi-public body, utility district, municipality, REA, the TVA, and of such organizations, will have just as much right to participate in this program and to apply for, and receive, licenses as will any private utility. The bill so provides.

Mr. MORSE. Let me say that my good friend, the Senator from Iowa, was not here earlier this afternoon when I discussed this phase of the bill. I shall stand on the record I have made. I think the language of the bill to which the Senator from Iowa refers is very empty, because of certain physical facts which will confront us for the next 10 years. No REA's or cooperatives or municipalities will, in the present stage of the development of atomic power, build a reactor.

What we must take pains to remember, Mr. President, is that in the building of the reactors, only so many of them can be built in the country, and the number is relatively small, because if they are built large enough, and if they are not large enough to begin with, they will not be economically feasible, either for the benefit of the Government or for a private utility, and if only a certain number of them are built across the country, there will automatically be a monopoly. Furthermore, the electric cooperatives and municipalities do not now have the funds that will be needed to build reactors; and if licenses are given to a private utility combine spotted throughout the country by building reactors in certain critical areas, we might just as well forget about the cooperatives or the municipalities ever building a reactor 15 or 20 years from now.

Mr. HICKENLOOPER. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. HICKENLOOPER. I do not follow the Senator's line of reasoning, because certainly the public or semi-public groups and cooperatives are as capable of going into this field in the same way private capital is willing to go into it and invest in it. The opportunity is provided in the bill.

Mr. MORSE. There are scores of reasons why they will not do it now, at the present stage of development of atomic energy. Let us not forget that a select group of private utilities have been working on the development of atomic energy from the beginning. They have been engaged in the development and acquiring the know-how, and they are aware what the hidden potentialities of atomic energy are; and in view of the hidden subsidies provided by this bill, they will be in a fine position to grab off, right now, the desirable locations for the construction of reactors, and in that way they will obtain the subsidies. They will have the advantages of a virtual monopoly of patents.

Furthermore, the bill does not contain provision for having any Federal Government units develop power on a commercial basis. In the bill Government units are limited to the development of power as a byproduct; and when we come to the byproduct-power section, we see some very interesting restrictions on what they shall be able to do with the byproduct power.

A part of the objection I am presenting this afternoon to the bill is that the bill, as drafted, does not give effective preference to public bodies. That is why I believe it so essential to write into the bill a provision giving the Atomic Energy Commission and Federal power agencies the authority and the right to build some plants, so as to generate some power for the people, and so as to sell some power under preference provisions in line with general power policy. That should be done in order to have cheap power generated for the benefit of the people.

It is important to have included in the bill a provision setting forth clearly a public-power yardstick which will have some meaning to it, by way of a public-power program, through the construction of atomic-energy reactors owned by the people, as represented by their Federal Government.

Mr. HICKENLOOPER. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. HICKENLOOPER. No doubt the Senator from Oregon is aware of what I am about to say, but I should like to call it to his attention again, at this

point, namely, that so far as public and semipublic bodies and cooperative bodies are concerned, in respect to the power field, the TVA has an extensive study and experimental program in connection with this matter; and the REA's are studying the matter, and have a program in regard to the possibilities of atomic-power development, through their connection with Fairbanks-Morse. So the cooperative groups and the REA's are interested in it and are exploring it, just as the privately owned utilities are; and the TVA has its segment investigating and looking into and canvassing the possibilities of atomic-power development.

So I believe it is not exclusively—even at the present time—in the hands of the private utilities, insofar as examination and exploration of this field are concerned.

Again I assure the Senate that I have no fear that the bill will exclude the other bodies and groups in the field of atomic energy, from proper exploitation of it.

Mr. MORSE. Mr. President, I offer a very simple test to settle the disagreement between the Senator from Iowa and myself. The very simple language we shall vote upon, possibly next week, contained in the Johnson and Gillette amendments to the bill, will, if incorporated in the bill, remove any doubt as to whether the power will be developed, in part, for the benefit of all the people, through guaranteeing a public-power yardstick. Let us write into the bill provisions which will authorize the Atomic Energy Commission and Federal power agencies to develop some Government-owned plants for the generation of power, as such, to be made available to the people, as such. That will constitute a check on monopoly, and will make it possible for the Atomic Energy Commission and other Federal agencies, through that kind of a Government plant, really to breathe life and meaning into any public preference.

If we really wish to check private monopoly and if we really wish to have a public-power yardstick of control against them, then, first, the Senate should adopt our amendments, providing that the Atomic Energy Commission and Federal power agencies shall have authority and jurisdiction to build some of these plants, too, and market their power under the preference clause.

Mr. President, at this time I wish to say a few words about the Federal Power Commission's criticisms of the bill. A Federal Power Commission analysis of the proposed legislation at the request of the Joint Committee pointed out the lack of legislative standards in the bill and the bill's subsidy implications. Commenting upon the "fair price" provision, the analysis stated:

> There is not and probably never will be a free market to provide a standard of what a "fair price" would be * * * there is little, if anything, in the legally established concepts of utility regulation that can be deemed to provide meaning for the term "fair price." (Hearings, pt. II, p. 1131.)

The FPC also asked this question:

> If persons are to be permitted to use the energy resource resulting from the Government's expenditure of billions of dollars on atomic research and production, are they to pay anything for that privilege?

Although licensees for development of hydroelectric resources under the Federal Power Act are required to pay an annual license fee, S. 3690 makes no provision requiring that private persons making use of the atomic energy resource pay for such use.

The FPC concluded:

> For all the bill now provides, the AEC may pay more for the ashes than it charges for the fuel. If the Government is thus to subsidize the electric utilities and other persons developing atomic energy by paying operating costs in addition to giving them the license privilege without charge, it would seem that Congress should fix that policy—not attempt to pass the responsibility to the AEC, the Review Board, the courts, or anyone else.

I completely agree with that point of view of the Federal Power Commission. If there are those who say, "It is not a sound position for the Federal Power Commission to take. It is misinterpreting the act and misjudging its implication," I say it raises at least a doubt. It raises at least a charge of ambiguity in the bill, and it calls for clarification.

TOO MUCH DISCRETION IN AEC

In my judgment the Atomic Energy Commission is allowed an amazing amount of discretion in the administration bill with regard to receipts and disbursements of the taxpayers' money. The provisions of the bill leave wide open the possibility that the Government may buy back nuclear material for a higher price than it charges when it distributes it, especially in view of the provision which allows the private producer's operating costs to be considered in making up the fair price to be paid. The Commission may very well set a low price to the licensees for unprocessed material and pay a high price for plutonium ash. This would be a windfall for the utility companies operating the plants who would already be making huge profits from the sale of power. Even if the fair price and the reasonable charge were the same, the private operator would be making his profits on the nuclear material if he had a breeder reactor which produced more material than it burned.

The built-in subsidy feature in S. 3690 would give to the private operator who had already been given the right to exploit a $12-billion investment of the people without even the payment of a license fee, the assurance that his operation would be without expense and that he could probably make a profit from the operation even if he never sold a kilowatt of power. It is no wonder that the giants of industry are eager to get in on the atomic energy program.

The social implications of adoption of this kind of legislative proposal were discussed by Edward R. Murrow in his broadcast of June 7, 1954. I quote from the text of the Murrow broadcast:

> But more interesting—and surely more significant—is another issue raised by the Commission in its report to Congress. This has to do with the development of atomic energy for peaceful purposes. The Commission recommends that private industry take this over from the Government. This is what the report says: "Obtaining full participation of the Nation's electrical energy producers and equipment manufacturers in the development and production of nuclear power is, in our judgment, the best way of securing the maximum return on the public investment in this phase of our atomic energy program."
>
> Previously in the report the Commission had said, in effect, that we are a society of private enterprise and should remain so. Nuclear power, it said "should be produced and distributed by the private and public power systems and not by the Commission." And that, it argued, would let nuclear power "confirm and strengthen, rather than change, our way of life." But what the Commission proposes may itself be a change in our way of life. It is not easy to find a name for the kind of society it would produce. Obviously it would not be socialism, for though the people put up the money for atomic development and now own the process and the plant, the profits under socialism, (if there are profits) would go directly or indirectly to the people. But just because something isn't socialism it isn't automatically free or private enterprise. In free enterprise the capital is put up by private persons—at a risk—and that is what entitles them to the profits they make. Obviously it wouldn't be free or private enterprise to collect the equivalent of $75 from every person in the United States for nuclear development, which is what the Government has done. This is public money and the discovery and the industry now belong to the public. Of course, if private industry "buys its way in," and the public is reimbursed for its capital outlay, that could end up as private enterprise. But the AEC doesn't suggest this should happen. And nothing is being said about it so far in Congress. It just isn't explained how the public property is to become private property. I should mention that giving public property to private persons, or selling it at nominal cost, is not necessarily reprehensible. It was worthily done by Abraham Lincoln in the Homestead Act, for example. But it is not the same to give away a whole range of new knowledge and a vast equipment that have cost the public an outlay of $12 billion. This is not said to object to atomic energy for peaceful purposes becoming a function of private enterprise. Most Americans will agree that this is a valid objective. But one is entitled to know just how this public property is to become private property. And we may need a new name for the kind of society we might become.

Murrow went on to say, in this excellent broadcast:

> As I said, it isn't socialism, but it also isn't pure private enterprise. If one assumes that neither the administration nor Congress wants to arrange simply a gigantic handout of the public property, what do they have in mind? It is not a mixed economy, even though the proposal is that the Government stop making nuclear energy for peaceful purposes and go on making it for defense. For it is not characteristic of a mixed economy to turn over publicly financed and operated functions to private persons. Another name for the proposal may be subsidy. Letting private industry benefit from the nearly four billions it cost simply to develop nuclear energy and use part of the public's plant and equipment, would be one of the most sensational subsidies of all time. Must we learn to call our form of society in the atomic era "subsidized free enterprise?" One should hope not. It sounds like doubletalk. To quote again from the AEC report, the aim is "securing the maximum return on the public investment." But the maximum return to whom? Is it to the public which put up the capital? Or is it to private corporations? These questions are worth thinking about.

Earlier this afternoon in this speech I expressed my high regard for Tom Stokes and the great job he is doing in helping to awaken the American public to the serious dangers in this bill. I now wish to pay my compliments to Ed Murrow. We have heard about that broadcast from a great many sources. The broadcast had about as terrific an impact on the American people, I think, as Murrow's telecast on Senator McCARTHY. The American people have great confidence in the keen intellect of Ed Murrow, and I wish to commend him for the job of public education he did in this broadcast. When he closed it with the sentence, "These questions are worth thinking about," in my judgment, he described the issue which is now before us in the Senate. The questions he raised are questions about which the Senate had better do some thinking before we come to vote on the pending bill.

I think Murrow is quite right. We cannot call this private enterprise. We cannot call this free enterprise. I would suggest, instead of Murrow's phrase "subsidized free enterprise," that what it is is "subsidized private monopoly." This bill is a subsidy bill for private monopoly. This bill is a bill which will result in the American people giving free to the private utilities a monopolistic stranglehold over the development of an atomic energy program for the purpose of generating power and selling it back to the American people at the rates that private monopolies usually charge, which are invariably higher than the rates charged when they have to compete against the public power yardstick. The bill contains no public power yardstick provisions for the development of electric power through an atomic energy program.

THE EISENHOWER PROGRAM OF GIVING AWAY THE PEOPLE'S NATURAL RESOURCES

In 1953 the Eisenhower administration gave away to the oil companies of the Nation the valuable resources of the people of the United States in the offshore oil lands, resources worth hundreds of billions of dollars. That giveaway was heralded with great publicity and delivered with pious pronouncements.

In 1954 the same Eisenhower administration proposes to give away to the utility giants of the Nation a new resource in which the people of the United States have invested $12 billion and which has a potential value greater than that of all the oil, gas, coal, and water resources of the country combined.

This giveaway is being attempted in the form of a number of amendments to the McMahon Act, by a bill which is being rushed through the Congress in the closing days of the session without adequate consideration, unless a few of us insist on standing on the floor of the Senate for the next few days and forcing a full public discussion of what we consider to be the very serious defects of this bill.

NO NEED FOR CHANGE IN THE PRESENT LAW

There is no need for legislation at this time to enable private industry to participate in the development of the atomic-energy program. Industry is already involved and taking a full part in the atomic-energy research and development program. Legislation to allow the possession and use by private operators of nuclear material and atomic energy production facilities will not be needed until the program has reached the phase of practical application of processes developed under the present program.

In fact, I may say that private industry has not lost a dollar, but has prospered in the atomic energy development.

I attended a little luncheon yesterday with a group of Senators, where there was some discussion of this bill. In the course of the discussion one of the Senators said that during the war private industry got behind the Government and helped to develop the atomic energy program.

That struck me as a rather amusing statement, because what happened was that the Government got behind private industry and Government and industry, working together cooperatively, as they should, in the interest of national security, developed the atomic energy program. However, industry did not lose anything by it.

To listen to some, one would think that industry's economic neck was not in the wringer during World War II, as well as the economic neck of all the rest of us. One would think that the very survival of industry, as well as the very survival of all the people, was not at stake in World War II, to hear some of those argue about what industry did during World War II. Industry did no more than its patriotic duty, no more than the boys who fought in uniform, and no more than the civilians on the home front did on the industrial line of America, no more than the farmers making possible the development of the materials and food which were needed in order to back up the boys in uniform.

Therefore, Mr. President, I am never very much impressed by the argument that we owe industry some giveaway in regard to the atomic energy program because during World War II industry cooperated with the Government in developing the atomic energy program. It was industry's patriotic duty to do so, and it did not lose a dollar by doing it.

In fact, the Government backed up industry in the development of that program to the profit, in dollars and cents, of industry and it was still a profit long after industry got through paying any excess profit taxes.

Therefore, I do not bleed for industry because of any argument what industry did during the war now places upon us some obligation to give away the people's heritage in the atomic energy program. I do not weep for industry with crocodile tears or any other kind of tears. In my judgment, under the amendments some of us are urging industry would still prosper. Under the amendments offered by the Senator from Colorado [Mr. JOHNSON], the Senator from Iowa [Mr. GILLETTE], the Senator from Tennessee, by the Senator from New Mexico [Mr. ANDERSON], by the Senator from Alabama [Mr. HILL], by the Senator from Oregon, and by other Senators, industry would prosper under the Atomic energy program; but the people would be protected in the several respects I have argued for this afternoon.

PROPOSED JOHNSON AND GILLETTE AMENDMENTS

First, we would be provided the right of the Federal Government, through its appropriate agencies, to develop its own power plants, if it should decide that in the public interest such a program should be followed in some sections of the country, just as we have done in the development of electric power through falling water in the TVA project.

Second, there would be established a public power yardstick by the marketing of that and byproduct power under the public body preference clause.

They are amendments which will be in keeping with the spirit and intent of a strong private enterprise system, in contrast with the dangers of a private monopoly system. It is the latter system, I respectfully submit, which this bill develops, not the private enterprise system, and the lease and purchase provisions should be revised to remove the subsidy element now imbedded in the bill.

I should now like to quote from the report of the Atomic Energy Commission, made by the Member Murray to the Joint Committee on Atomic Energy on June 2, 1954: He said:

> We are only now in the development stage. We have not yet reached the phase of competitive, commercial application. This is some years ahead. As I mentioned earlier, the 5-year reactor program submitted to the committee is aimed at making competitive nuclear power a reality. If the goal is accomplished, our feeling is that only a small number of full-scale privately owned and operated power reactors are likely to be on the line before 1965—in other words over 10 years from now.

I respectfully say to my friend, the Senator from Iowa [Mr. HICKENLOOPER] that is the answer of a member of the Atomic Energy Commission. That is why, Mr. President, the cooperatives and the municipalities are not going to rush in at this time and ask for licenses to develop reactors which will cost hundreds of millions of dollars. The figures vary as one reads the record on the bill, as I have, but it appears that there will not be any commercially feasible reactor that will cost less than $200 million.

In my judgment, Mr. President, it is stretching the imagination pretty far and violating the rules of credulity to argue on the floor of the Senate, as my good friend from Iowa has done, that there is nothing to stop some little cooperative or a municipality from getting in on the ground floor. From a financial standpoint, it happens to be impossible for them to do so. Where is there a little rural electric cooperative with $200 million to spare to build one of these reactors? Where is the municipality that can do it? The catch is what I cited a few minutes ago. The language is empty; it does not mean anything, because the private utility combines see the chance for an economic "killing." They can get a license now to spot check this country with a few reactors needed to supply all the power that could possibly be sold by way of atomic-energy generation. If they have the license now, they have the monopoly now.

I shall not be fooled by these sleeper clauses in the bill. I shall not be fooled by meaningless language in the bill. If the proponents of the bill really mean it when they say the bill will provide for better development and better generation, all they have to do is to support the amendment of the Senator from Colorado [Mr. JOHNSON] which would give to the Federal Government the jurisdiction, the authority, and the right to build some of these reactors and to market the power under the public preference clause to co-ops, PUD's, municipalities, industry and private utilities.

I have quoted the utility witnesses. That is not what Iddles wants. That is not what Cisler wants. That is not what those who are now on the ground floor of development want. They have a bill here which would put the Government out of it. We shall try to put language in the bill that will put the Government into it, because the Government must be put into the development of electric power from atomic energy if we are going to protect the public interest from the kind of monopolistic control that will flow from this bill if we do not put the proper language into it.

It is just that simple, Mr. President, but we must say it over and over again. We have got to pound away on it. We have got to get the American people, by the old process of repetition of the truth, to recognize it. By repeating the truth we may finally get them to discard the point of view which has been developed by repetition of a lot of falsehoods. By repetition of the truth we may be able to get the American people to see through the false propaganda of private utilities which has been flooding the country for sometime past, and by a repetition of the truth that this bill has not a single effective safeguard of the public interest in it from the standpoint of a public power yardstick, we may in the days ahead—and I think we will—cause the American people sufficiently to understand the situation so that they will demand that the Senate adopt the simple amendment to which I have been referring, namely, an amendment which will clearly give to the Federal Government the authority, jurisdiction, and right to build some of these reactors for the benefit of the people.

President Eisenhower himself stated to the Congress in his message on February 17, 1954, "the act in the main is still adequate to the Nation's needs." When he urged some revisions in the Atomic Energy Act at that time he indicated that they were needed only to allow cooperation with our military allies in the atomic-energy field. I am satisfied from what I have been told by members of the Joint Committee on Atomic Energy that this can be accomplished without changes in the present law, at least without the changes proposed by the majority of the committee in the present bill.

WE MUST BE SURE OF WHAT WE ARE DOING

America and the world are entering into a new era. Utilization of nuclear energy for industrial and power purposes can greatly improve the living conditions of millions of people whose chances for a better life have been restricted by their inability to get power at reasonable prices. Before we consider the adoption of legislation which proposes to provide what is done with this great new power resource we should be very sure that we know what we are doing.

Fifty years of development of another great power resource—the falling water of our Nation's rivers and streams—have established guides for the development of atomic-energy power. In my judgment, the Congress of the United States would be acting in a completely irresponsible manner if, in legislating on atomic power, it did not make use of knowledge gained in the hydroelectric power program. This experience has been incorporated into law during Republican and Democratic administrations; yet the proposed legislation in S. 3690 makes no reference to the established power policy of our country and sets up no positive standards in its place.

We must not enact a proposal which would allow America's greatest potential source of power to be turned over to the private utility monopoly without safeguards to protect the interest of the American public in its $12 billion investment in atomic energy.

We must not pass a bill, Mr. President, such as this bill in its present form, which would help to sell the American people into a monopolistic economic bondage for decades to come.

OWNERSHIP BY TEXAS OF SUBMERGED LANDS EXTENDING THREE LEAGUES INTO THE GULF OF MEXICO

Mr. DANIEL. Mr. President, on yesterday the Senator from Illinois [Mr. DOUGLAS] inserted in the RECORD editorials from newspapers concerning the boundary of Texas in the Gulf of Mexico, and the Senator from Minnesota [Mr. HUMPHREY] referred to a visit which the junior Senator from Texas had at the White House with reference to the same subject.

I ask unanimous consent that a statement which I released yesterday concerning the meeting and the general subject of the three-league boundary of Texas with reference to submerged lands be printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT OF SENATOR PRICE DANIEL, JULY 15, 1954, ON TEXAS THREE-LEAGUE BOUNDARY IN THE GULF OF MEXICO

In a visit with President Eisenhower at the White House today, he assured me that there was no change whatever in his position that Texas owns the submerged lands extending 3 leagues, rather than 3 miles, into the Gulf of Mexico.

There is no question but that the Submerged Lands Act passed by the Congress and signed by the President in 1953 restored to Texas all submerged lands within its historic 3-league (10.5-mile) boundary in the Gulf of Mexico. However, I had heard a report from the recent State bar meeting in San Antonio that Attorney General Shepperd was under the impression that the Eisenhower administration might not recognize the 3-league boundary, and that Attorney General Brownell might try to push us back to 3 miles. That is why I brought up the question with President Eisenhower today.

I planned to do this immediately after hearing of the report last week, and my inquiry certainly has no reference to subsequent involvement of the question in the Governor's race. I am sure the people of Texas know that my long interest in the tidelands fight and my conference with the President today have no connection with any present political campaign.

I reviewed with the President his letter written to Senator ANDERSON, of New Mexico, last year, which was placed in the CONGRESSIONAL RECORD on April 25, 1953, in which he referred to this Houston, Tex., speech of October 14, 1952, as follows:

"The next day, October 14, I made specific reference to the State of Texas:

"'Just a 107 years ago the United States Senate decided that the public lands of Texas were not worth $10 million. * * * So the United States said Texas, "Keep your debts—and keep your lands. We don't want either." And so the State of Texas paid off the $10-million debt of the Republic. It kept its 400 million acres of lands, including the submerged area extending 3 marine leagues seaward into the Gulf of Mexico.'

"My position is the same today. It was further amplified by the administration representatives in the hearings before the Senate and your committees considering the legislation.

"DWIGHT D. EISENHOWER."

President Eisenhower authorizes me to say there is "no change in his position whatever." He seemed surprised that the question has been raised again, and I feel sure that our full 3-league (10-mile) boundary will not be challenged by this administration.

Even if challenged by some future administration, it would have no chance of success, because the Submerged Lands Act covers all lands out to the boundaries which existed at the time any State entered the Union. That phrase was written into the law especially for Texas, and the entire legislative history shows this to be true. In fact, both in the House and in the Senate, amendments were offered to limit all States to 3 miles, but these amendments were overwhelmingly defeated after the Texas boundary situation was explained.

Attorney General Brownell recognized the Texas 3-league boundary in his testimony before the Senate Interior and Insular Affairs Committee in 1953. He said:

"In order that there may be no misunderstanding, generally speaking what we have in mind is the 3-mile line, except for the coasts of Texas and the west coast of Florida, where 3 leagues would generally prevail."

Secretary of Interior McKay testified to the same effect with regard to Texas in his appearance before the Senate Interior and Insular Affairs Committee as follows:

"Senator DANIEL. May he complete that statement. I thought maybe he would say something about his understanding of the Texas 3-league boundary.

"Secretary MCKAY. That is what I wanted to say. I am with Texas on that, 3 leagues to sea."

Mr. DANIEL. Mr. President, I ask unanimous consent that a newspaper article concerning the same subject be inserted in the RECORD at this point in my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

NO DISPUTE ON TEXAS BOUNDARY

WASHINGTON.—Senator DANIEL said today he has no knowledge of any differences between President Eisenhower and Attorney

General Brownell over interpretation of the extent of Texas' title to offshore lands in the Gulf of Mexico.

He told a reporter he sent word to Brownell yesterday that he would like to discuss the question with him, but in replying through an intermediary Brownell said it looked to him as though the President had sufficiently covered the matter during DANIEL'S visit to the White House Thursday.

After that visit DANIEL told reporters Eisenhower had authorized him to say that he had not changed the position he has always held—that Texas is entitled to offshore lands and their oil resources reaching 3 leagues, rather than 3 miles, into the gulf.

Confirming this yesterday, White House Press Secretary James C. Hagerty said Eisenhower always believed and still believes that the historical boundaries of Texas extend 3 leagues—about 10½ miles—off its coast.

After DANIEL'S statement Thursday John Ben Shepperd, the Texas attorney general, said that J. Lee Rankin, the United States Assistant Attorney General, has challenged Texas' claim to the lands beyond the 3-mile limit. Neither Rankin nor Brownell would comment yesterday.

Asked today about this reported conflict between the White House and Justice Department, DANIEL said he knew of no disagreement between the two. He said he hadn't talked to Brownell about the matter because it seemed to him the President's position as outlined to him personally left no doubt that "this whole matter has been completely decided in favor of Texas."

Mr. DANIEL. Mr. President, I simply wish to add that so far as any dispute having arisen concerning the boundaries at this late date, at least a hundred times during the argument on the submerged lands bill last year it was stated by both proponents and opponents of the measure that the gulfward boundary of Texas is 3 leagues instead of 3 miles.

I should like to invite attention to the fact that the report on the bill by the Senate Interior and Insular Affairs Committee, in stating the boundaries and the acreage covered by the bill clearly shows in appendix F, on page 76 of the report, that the Texas boundary is figured as 3 leagues rather than as 3 miles, and the acreage is specifically stated so that there can be no doubt as to what boundaries were involved insofar as the State of Texas is concerned.

I do not believe there is any real conflict in the administration over this matter, and I wish to point out that so far as Congress is concerned, the issue was settled, because an attempt was made on the floor of the House and of the Senate to add an amendment which would specifically limit all States to 3 miles.

As the Presiding Officer will remember, that attempt was made twice in the Senate. The amendment was overwhelmingly defeated after the senior Senator from Texas [Mr. JOHNSON] and I had explained the Texas 3-league boundary. The proposal likewise was defeated in the House. The Senator from Florida [Mr. HOLLAND] showed that Florida had the same situation on its gulfward boundary.

After the defeat of the amendments which attempted to limit us to 3 miles instead of 3 leagues, the Senate will remember that an amendment was added which specifically provided that the effect of the act, in the Atlantic Ocean and the Pacific Ocean would be limited to 3 miles, and in the Gulf of Mexico to 3 leagues, rather than 3 miles.

Mr. President, on April 29, 1953—CONGRESSIONAL RECORD, volume 99, part 3, pages 4171 to 4176—during consideration of the Submerged Lands Act, I gave the history of Texas 3-league boundary and cited the many times it had been recognized by the Congress. The Senate defeated the pending amendment which would have limited Texas to 3 miles instead of 3 leagues, just as the House had done previously.

AWARDS FOR DISTINGUISHED SERVICE TO CONSERVATION

Mr. MURRAY. Mr. President, on Thursday, July 15, 1954, at a dinner held in the Statler Hotel, and sponsored by a group of organizations interested in the conservation of natural resources, a national award was presented to Representative LEE METCALF, of Montana, for distinguished service to conservation. The same action was taken with reference to Representative LEON H. GAVIN, of Pennsylvania.

The organizations which sponsored the dinner and which presented the awards are the Izaak Walton League of America, the National Parks Association, the National Wildlife Federation, the Wilderness Society, and the Wildlife Management Institute.

The chairman of the meeting was Bernard DeVoto, who delivered an address reviewing the work of those interested in conservation.

Mr. President, I ask unanimous consent to have printed in the RECORD at this point the statements made by these organizations in connection with the presentation of the awards to Representative METCALF and Representative GAVIN.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

NINETEEN HUNDRED AND FIFTY-FOUR NATIONAL AWARD TO LEE METCALF FOR DISTINGUISHED SERVICE TO CONSERVATION

LEE METCALF'S alert and continuing work in the Nation's Capital has won him widespread respect and admiration. By virtue of his profound interest and comprehensive understanding of conservation and its objectives and problems, the recipient has, during his first term of office as a Member of the House of Representatives of the United States, emerged as a defender of the principles of better management and wise use of natural resources for the benefit of all the people. Among his many achievements in attaining an enviable record in the 83d Congress, he was a foremost leader in successful actions that turned aside attempts by those who chose to overlook the fundamental privileges of all Americans in the national forest lands in order to obtain special concessions for minority groups; he sponsored legislation that would make possible improved management of public domain lands; and he directed the attention of Congress to the diversion of duck stamp funds while appealing for adequate appropriations with which to fulfill the duties and responsibilities of the United States Fish and Wildlife Service. It is in gratitude for this outstanding public service and in appreciation of his accomplishments that this national award and bronze plaque are presented to Representative LEE METCALF, of Montana, by the undersigned national conservation organizations.

IZAAK WALTON LEAGUE OF AMERICA.
NATIONAL PARKS ASSOCIATION.
NATIONAL WILDLIFE FEDERATION.
WILDERNESS SOCIETY.
WILDLIFE MANAGEMENT INSTITUTE.

NINETEEN HUNDRED AND FIFTY-FOUR NATIONAL AWARD TO LEON H. GAVIN FOR DISTINGUISHED SERVICE TO CONSERVATION

Since the 78th Congress, LEON H. GAVIN'S continuing interest has been the promoting of better management of the vast treasures of natural resources held in public trust by the Federal Government and in assuring equal privileges for all who would benefit from these resources. During his long and active career in the House of Representatives of the United States, he has become known as a fearless champion of the national forest system. His trade-marks are his firm convictions that, consistent with sound management policies, the privileges of all users of the national forests be recognized, and his unyielding stand in opposition to those who would obtain special privileges at the expense of others. He has been a forceful advocate of the appropriation by Congress of adequate funds with which to carry out the study and management of fish and game resources on these public lands. In recognition of his outstanding service and untiring efforts to secure the best management and wise use of the country's natural resources in the public interest, the undersigned national conservation organizations are privileged to present this national award and a bronze plaque to Representative LEON H. GAVIN, of Pennsylvania.

IZAAK WALTON LEAGUE OF AMERICA.
NATIONAL PARKS ASSOCIATION.
NATIONAL WILDLIFE FEDERATION.
WILDERNESS SOCIETY.
WILDLIFE MANAGEMENT INSTITUTE.

RECESS TO 10 A. M. ON MONDAY

Mr. KNOWLAND. Mr. President, pursuant to the order previously entered, I move that the Senate now stand in recess until Monday next at 10 o'clock a. m.

The motion was agreed to; and (at 6 o'clock and 47 minutes p. m.) the Senate took a recess, the recess being under the order previously entered, until Monday, July 19, 1954, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate July 17 (legislative day of July 2), 1954:

IN THE ARMY

The following-named officers for temporary appointment in the Army of the United States to the grades indicated under the provisions of subsection 515 (c) of the Officer Personnel Act of 1947:

To be major general

Brig. Gen. Charles Ernest Loucks, O6949, United States Army.

To be brigadier generals

Col. Mack Macon Green, O16539, Medical Corps, United States Army.

Col. Arthur Letcher Irons, O16526, Dental Corps, United States Army.

Col. James Glore, O28758, United States Army.

Col. John Robert Burns, O16509, United States Army.

Col. Robert Vernon Lee, O28882, United States Army.

Col. Marshall Stubbs, O17706, United States Army.

IN THE REGULAR ARMY

The following-named officers for promotion in the Regular Army of the United States, under the provisions of sections 502 and 509 of the Officer Personnel Act of 1947. All officers are subject to physical examination required by law:

To be captains

Abbott, Donald I., O60517.
Abelson, Albert N., O57434.
Aboe, Kenneth R., O69577.
Abt, Alan B. O60323.
Achee, Sidney W., O60583.
Acker, Ivan B., O60474.
Acuff, Earl C., O60178.
Adams, Alfred M., O65721.
Adams, Billy J., O59933.
Adams, Dexter W., O62247.
Adams, Howard E., O57244.
Adams, Marvin L., O60612.
Adams, Thomas E., Jr., O59949.
Adcock, Robert L., O60565.
Adkins, Aaron C., O60512.
Adkins, Alvin E., O65940.
Adoue, Eugene L., O58805.
Affleck, David W., O58806.
Ahearn, John R., O59918.
Ahearn, Neal J., O65591.
Akin, Karl E., O59900.
Albertson, James J., O62197.
Aldridge, Thomas C., O58807.
Alexander, David B., O59956.
Alfonso, Albert F., O57240.
Allard, Henry G., O58808.
Allbee, Howard G., O68069.
Allbright, Marion C., O63678.
Allen, Herbert B., O60349.
Allen, Philip J., Jr., O60585.
Allen, Warren P., O62825.
Allen, William E., O60661.
Allis, John D., O60616.
Allison, Charles C., O65729.
Allison, William A., O60176.
Allred, William M., O58809.
Allyn, John O., O65941.
Ambrose, Don C., O62179.
Amity, Richard F., O60407.
Anderson, Allen R., O62116.
Anderson, Kenneth S., Jr., O62252.
Anderson, Melvin C., O60805.
Anderson, Reuben L., Jr., O57129.
Anderson, Richard C., O58810.
Anderson, Richard L., O60567.
Anderton, Edward C., O61094.
Andreasen, Eugene K., O57431.
Andres, Charles, 3d, O58811.
Andrews, James L., O58812.
Andrews, William J., O58162.
Anthony, Thomas J., O58813.
Antrim, Ralph C., Jr., O65170.
Applegate, William H., O65007.
Applin, Paul L., Jr., O57968.
Apt, Robert, O58814.
Arendt, Morton, Jr., O65942.
Armstrong, George E., O65598.
Armstrong, John R., O65159.
Armstrong, Nemesio A., O59898.
Arnett, Vern R., O60369.
Arnold, Emmett R., O60396.
Arnold, Richard D., O58815.
Arnold, Richard J., O58816.
Aron, Joel D., O57076.
Ashley, Lewis J., O62231.
Astarita, Edward F., O60821.
Atchison, Frank E., O58817.
Athanason, Frank A., O58818.
Atkinson, Donald E., O65071.
Avery, Albert M., Jr., O59894.
Avery, William H., Jr., O58819.
Awalt, Thomas Y., Jr., O57496.
Axelson, Rudolph A., O59838.
Bache, Claude V., O61100.
Backhaus, Gus, 3d, O60714.
Baeuchle, Alfred A. O59901.
Bailey, Jack S., O62209.
Bailey, Paul O., O60515.
Bailey, Richard A., O60622.
Bailey, Walter D., O65945.
Baird, Andrew W., O57499.
Baker, Dallas O., O58820.
Baker, James O., O60316.
Baker, Joe, Jr., O63359.
Baker, John E., O65151.
Baker, John W., O63380.
Baldwin, Cecil C., O60226.
Baldy Paul A., O59773.
Balitis, John J., O60414.
Ball, Doric W. J., O62258.
Ballard, Donald S., O58821.
Ballinger, Eldon L., O61202.
Ballou, William R., O60701.
Bandeen, William R., O57193.
Bang, John D., O63056.
Bangert, Robert L., O60217.
Baran, Stanley, Jr., O60519.
Barber, John W., O65009.
Barbero, Eugene C., O61994.
Barbero, Richard J., O60717.
Barker, Edmund J., O60330.
Barnes, Alfred, O63099.
Barnes, Harry C., O58822.
Barnett, James W., Jr., O57087.
Barnett, Robert B., O58823.
Barnitz, Gerald W., O60669.
Barr, William H., O59470.
Barrett, Ernest F., O65114.
Barrett, George B., O62265.
Barrett, George B., Jr., O60601.
Barrett, Ross P., O58824.
Barrick, Thomas McC., O60493.
Barrow, George R., O59480
Barth, Sam L., O57511.
Bartholdt, William E., O60630.
Barwick, William R., Jr., O61089.
Bass, Marshall B., O62204.
Baswell, Carl F., O58826.
Bates, William E., Jr., O59939.
Batiste, John O., O58827.
Batts, John T., O59774.
Bauer, Eugene R., O69586.
Baxley, John B., O59919.
Baxter, James O., O60478.
Beard, Daryl A., O60506.
Beard, Kenneth R., O61095.
Beard, Rutland D., Jr., O57813.
Bearden, William A., O60491.
Beasley, Thomas A., O65074.
Becicka, Leonard, O58828.
Beck, William J., O58829.
Beckett, James E., O59839.
Becton, Julius W., Jr., O65716.
Beer, Warren G., O59966.
Behenna, Douglas L., O65034.
Bein, Robert K., O60379.
Beinke, Walter, Jr., O57357.
Beirne, Daniel R., O57366.
Bellinger, John B., Jr., O57136.
Belnap, Glen D., O63088.
Belser, Adolph L., O59913.
Benedict, William G., O65117.
Beninate, Nicholas A., O59464.
Bennett, Peter B., O62830.
Bentley, Richard S., O59490.
Bentley, Robert D., O65044.
Benton, Lucien C., O60549.
Berger, Alvin C., O65948.
Bernard, Robert J., O58830.
Berner, Bent E., O60611.
Berres, John P., O62276.
Berry, Charles, O60490.
Berry, Milton M., O59886.
Berry, Sidney B., Jr., O57233.
Bertholf, Russell W., Jr., O63083.
Bertram, Edward H., Jr., O57327.
Best, Charles E., O58831.
Betz, John J., Jr., O58832.
Biere, Emerson T., O58834.
Bierer, Eugene S., O57311.
Big, Bernard, O58835.
Biggs, Thomas R., O63104.
Bilharz, Dwight L., O65952.
Billinghurst, Edward P., O63069.
Bjostad, Louis B., Jr., O65138.
Black, Gorham L., Jr., O65111.
Blackburn, William A., O60625.
Blackford, James C., O58836.
Blair, Robert C., O59840.
Blair, Thomas G., O60678.
Blake, Leslie M., O62183.
Blakeslee, James A., O57272.
Blalock, Bill R., O63348.
Blankenship, Frank J., O60389.
Blodgett, Rexford J., O60657.
Blunck, Stanley R., O58837.
Boehm, William C., O63051.
Boggan, Edgar W., O59928.
Boggs, James R., O65954.
Boisvert, Joseph R., O65018.
Bolton, Virgil W., O69595.
Boone, George M., Jr., O60335.
Booth, James R., O65052.
Booth, Merritt B., Jr., O65698.
Borcheller, Karl H., O57038.
Borg, Charles A., Jr., O57078.
Borland, Frederick H., O65162.
Boss, Keith A., O57308.
Bott, Frank M., O65481.
Bourquardez, Charles C., O60337.
Boutelle, Maurice H., O62126.
Bowen, Thomas W., O57090.
Bowen, William C., Jr., O61201.
Boy, Edmund G., O63073.
Boyd, Donn T., O62181.
Boyle, Peter J., Jr., O59839.
Boylston, William L., O59775.
Bradford, Robert K., O62173.
Bradley, Jerry F., O65489.
Brandewie, Robert A., O60373.
Brannock, Robert C., O64995.
Brash, William W., O65042.
Bratton, Joseph K., O57077.
Bratton, William DuB., O60190.
Braun, Walter R., O60509.
Brazier, Vincent M., O60653.
Breen, Patrick J., O62129.
Brennan, John W., O57124.
Brettell, James A., Jr., O69600.
Briggs, John L., O58840.
Bringham, William N., O60665.
Britt, Colon R., Jr., O57806.
Brizius, Charles A., Sr., O58841.
Brockett, Charles K., O60199.
Brockmeier, William E., O57651.
Broida, Donald, O60641.
Brooks, Glenn P., O60694.
Brooks, Roland St. J., Jr., O60336.
Brooks, William A., O69601.
Brouillette, Frederick, O65057.
Brown, Albert J., O60321.
Brown, George K., Jr., O58842.
Brown, Haldon D., O62136.
Brown, Hugh M., Jr., O58843.
Brown, Lorence F., O60223.
Brown, Richard P., O59841.
Brown, William A., O60815.
Brown, William D., O60426.
Browne, Mark L., Jr., O58844.
Bruger, Edward J., O60516.
Bryant, Jackson M., O62151.
Bryant, James B., O65490.
Bryant, John T., Jr., O58845.
Bryant, Robert L., O58164.
Bryant, Vernon W., O58127.
Buchanan, Crawford, O69605.
Buchanan, Everts R., O59842.
Buchanan, Thomas W., O60835.
Buckley, Harry A., Jr., O57335.
Budney, Clifford J., Jr., O59776.
Buie, David M., O59777.
Bulawsky, Lawrence H., Jr., O69606.
Bullard, William P., O58847.
Bullock, Frank E., O60319.
Bundy, Robert E., O60633.
Burch, Charles T., O63060.
Burch, Gerald C., O63283.
Burget, Frank R. O62120.
Burke, Martin J., Jr., O61098.
Burke, Thomas P., O62803.
Burnett, Bruce, O63096.
Burns, Richard F., O58121.
Burns, Robert T., O62820.
Burns, William C., O57092.
Burpo, Frank W., O65026.
Burrer, John D., O61208.
Burt, Robert E., O63053.
Busey, Matthew W., 3d, O60845.
Bush, Francis J., O64997.
Bush, Harry L., O59843.
Butler, Jerome J., Jr., O65146.
Byers, Lex J., O63366.
Byers, William E., O57200.
Byrd, Billy W., O58848.
Byrne, Daniel K., O58849.
Cadman, Walvin M., O60554.

Caid, Larry A., O69612.
Cain, Lloyd R., O58850.
Caldwell, Elmer I., O59778.
Caldwell, William B., 3d, O57280.
Call, Raymond L., O60518.
Callagy, Thomas A., O61093.
Callahan, Robert F., O53851.
Callahan, Vincent J., O60325.
Callanan, Edward F., O57215.
Callero, Milton F., O65064.
Campbell, Robert E., O69614.
Cancelliere, Francis P. 2d, O57287.
Candal, Miguel A., O61096.
Cannon, J. Parry, O58852.
Cantlebary, Leland R., O60350.
Cantor, David L., O60539.
Caponegro, Michael A., O60206.
Capps, Jack L., O57322.
Capuano, Joseph, O58853.
Caraccia, Marco J., O57694.
Carlson, Robert E., O57646.
Carney, Charles V., O60783.
Carpenter, Dalton O., Jr., O62188.
Carper, William C., 3d, O58854.
Carr, John E., 3d, O66141.
Carr, William D., O60420.
Carraway, William R., O59844.
Carrell, Robert F., O58855.
Carrigan, Kevin F., O62159.
Carrigo, Edward A., Jr., O58856.
Carroll, James H., Jr., O65000.
Carroll, Murray L., O57442.
Carroll, Robert M., O63355.
Carter, Cloud G., O58857.
Carter, Ircel L., O60836.
Carter, James T., O60358.
Carter, Leslie D., Jr., O57270.
Carter, Sherman F., O60550.
Cartwright, Roscoe C., O63039.
Casey, Herbert T., Jr., O59891.
Castellow, Eugene M., O58858.
Cathey, Eual A., O65137.
Catlin, Rupert W., O58859.
Catullo, Albert, O65144.
Caulder, LeRoy W., O65122.
Cerow, Donald A., O57315.
Cerrone, Michael, O62254.
Chandler, Norman P., O60817.
Chandler, William W., O57493.
Chapman, Lorin P., O58860.
Chase, Floyd A., Jr., O60360.
Chateau, Louis A., O60236.
Chesnut, James W., O65046.
Chester, Sigmund R., O58861.
Childress, Herbert J., Jr., O63301.
Chisholm, James H., O60343.
Chism, John W., O57676.
Chitty, John H., Jr., O57254.
Christ, Ernest W., O59936.
Christianson, George H., O60500.
Church, Edward H., O59940.
Churchill, Lake G., Jr., O57312.
Ciley, Colin D., Jr., O65484.
Ciardy, Ray A., O65488.
Clark, Alphus R., O63059.
Clark, Chester M., 2d, O69620.
Clark, Egbert G., 3d, O62267.
Clark, Harlow G., Jr., O60339.
Clark, Harry E., O60357.
Clark, James L., O58743.
Clark, Julius E., Jr., O60841.
Clark, Richard W., O62242.
Clark, Thomas R., O57148.
Clark, William R., O60521.
Clarke, Carter W., Jr., O57314.
Clarkson, Richard L., O60792.
Clayton, Frank W., O60617.
Clement, Coleman C., Jr., O63111.
Clement, William J., Jr., O65039.
Clendenin, Thomas F., O60605.
Cleveland, John H., O59468.
Cloninger, Adrian S., O65726.
Clouser, Maurice L., O60232.
Coates, John M., O59814.
Cockerham, Sam G., O57340.
Cody, Henry L., O60443.
Coffey, Ray W., O57457.
Coffey, William D., Jr., O60341.
Cole, Earl F., O64999.
Cole, Jack H., O60456.
Cole, Richard A., O65080.
Cole, William M., O58148.
Coleman, Bruce S., O58862.
Coleman, James F., O58863.
Coleman, John D., Jr., O60785.
Coles, Clarence J., O60432.
Coller, Robert R., O28228.
Collier, William H., O58864.
Collins, John W., O63332.
Collins, Michael G., O65485.
Collins, Robert S., Jr., O63383.
Collins, Thomas H., O59895.
Compton, William I., O57447.
Condrill, Donald R., O63309.
Confer, Rodney R., O58865.
Conn, Archie E., Jr., O63307.
Connaway, Charles E., O65130.
Connelly, John R., O65135.
Conner, Donald A., O58866.
Conner, Ollie D., Jr., O65606.
Connolly, Richard J., O65139.
Connor, George C., O60557.
Conover, Roger F., O57105.
Conrad, Charles E., O58867.
Conrad, Clifton H., O63071.
Consolvo, John W., O60215.
Converse, Stanley P., O62262.
Cook, Carroll M., Jr., O60638.
Cook, Charles W., O65968.
Cook, DeWitt, O60510.
Cook, Robert J., O59922.
Cook, Sidney H., Jr., O58133.
Coon, John E., O59847.
Cooper, Paul A., O65133.
Cooper, Richmond J., O57155.
Cope, Edward H., O65037.
Cordero, Virgil N., Jr., O60181.
Corey, Jim, O57464.
Corkan, Lloyd A., Jr., O59811.
Cormack, Thomas B., O57125.
Cormier, Robert A., O65970.
Correll, David R., O60440.
Corrington, Roger A., O60621.
Cosby, Warren G., O65710.
Coughlin, John T., 2d, O58013.
Coveny, Robert F., O62167.
Cowan, Kenneth L., O60607.
Craft, Floyd G., O60627.
Craig, John S., O58868.
Cramer, Harry G., O28409.
Crandall, Walter M., Jr., O58869.
Crane, William H., O62222.
Crenshaw, Leon, O59457.
Cribb, William J., Jr., O60695.
Crockett, Creston W., O60462.
Crockett, John J., O59848.
Cronin, Morgan J., O58870.
Cronk, Robert A., O58871.
Crosby, Paul M., O60837.
Crouch, Charles L., O57269.
Crough, James A., O58872.
Crowder, Thomas H., Jr., O62178.
Crowell, Steven S., O65156.
Cruikshank, Ralph H., O60803.
Cubbison, Gordon R., O60234.
Culbertson, Paul V., O59849.
Cummings, Floyd M., O62835.
Cummings, Kenneth M., O60526.
Cummings, William J., O57807.
Cunningham, John D., O62223.
Cunningham, Robert F., O58873.
Curles, Cecil McK., O63298.
Currey, Wallace H., O62212.
Curry, Galen L., O61136.
Curtis, Walter R., O65005.
Cushing, Robert H., Jr., O57147.
Custis, Harry N., O65027.
Dahlquist, Frederick C., Jr., O60221.
Daily, William D., O59915.
Dale, Thomas W., O58874.
Dalton, David N., O63289.
Dalzell, Robert C., O60183.
Daniel, George McC., O60551.
Darby, Charles R., O58072.
Darden, Jack M., O60595.
Daum, William B., O58875.
Davidson, William C., O65125.
Davis, Charles E., O60726.
Davis, David L., O60365.
Davis, Glenn A., O63295.
Davis, Gordon R., Jr., O58876.
Davis, Ralph E., O59813.
Davis, Ralph J., O60619.
Dawson, Albert F., O59850.
Dawson, William J., Jr., O60801.
Day, Philip S., Jr., O57349.
DeBord, Norman D., O65720.
Decker, Charles de F., Jr., O58878.
Deehan, Donald E., O57181.
DeFranco, Theodore J., O60417.
deHaas, George D., O65978.
DeHaven, Oren E., O63382.
DeLaMare, Wendell F., O69628.
Dellinger, Lawrence M., O65011
De Marcus, John B., O59851.
deMarsche, Joseph M., O65723.
Demory, Richard S., O65079.
Dempsey, Albert P. Jr., O57443.
Dempsey, Frederick G., O63097.
Dempsey, James E., O63101.
Denison, Paul S., Jr., O58880.
Denney, Darel D., O60408.
Dennington, John F., O65083.
De Santis, Joseph A., O60362.
Devan, Vernon C., O62194.
Dibella, Alfred L., O59489.
Dickerson, Harvey G., Jr., O68094.
Dileanis, Leonard P., O60614.
Dill, Harold E., O65143.
Dillard, Oliver W., O60564.
Dillard, Robert J., O58881.
Dille, Richard T., O58882.
Dillion, William H., O58883.
Dingeman, James W., O57260.
Dixon, Albert V., O69630.
Dixon, Roland M., Jr., O65128.
Dobson, William C., Jr., O65982.
Doerflein, Donald P., O60547.
Dohleman, Kenneth E., O69632.
Dolan, Bernard J., Jr., O63321.
Domenech, John, O60487.
Donahue, Richard E., O60620.
Donnelly, James D., O60205.
Donnelly, Paul E., O59852.
Donoho, Louie W., O61135.
Donovan, Thomas W., O58884.
Doody, John J., O57360.
Dorsey, Clifford R., O69634.
Doty, Mercer McC., O57221.
Doty, Otis J., O62269.
Dougherty, Jack D., O65476.
Dougherty, John E., O60314.
Douglas, Leslie M., O58885.
Downes, Marlboro R., O59910.
Doyle, Lee T., O57115.
Dragotta, Harry A., O63336.
Drake, William T., O60429.
Drane, Elbert E., O60449.
Drury, Clinton A., Jr., O57517.
Ducote, Warren S., O60826.
Dufresne, George R., O62812.
Duggins, George J., O58886.
Duke, James O., O60502.
Dukes, Lonzie J., O58887.
Duncan, James R., O62221.
Duncan, Samuel K., O60393.
Dunhan, William H., 3d, O60419.
Dunn, Clyde, Jr., O60654.
Dunn, Wellington J., O63287.
Durham, Howard W., O59902.
Durr, Richard H., O58888.
Durst, Harold E., O66148.
Duruz, Paul B., O58889.
Dutchak, Eugene M., O57458.
Dyer, Joseph A., O60376.
Eagan, Warren C., O69638.
Earle, Frank H., O60831.
Earles, Carl T., O58890.
Early, Charles C., O65601.
Eaton, Richard J., O62227.
Ebbs, Joseph M., O68339.
Echols, James E., Jr., O63334.
Edmunds, Jimmie W., O65160.
Edmunds, Joseph A., O60390.
Edwards, Ralph, O62827.
Edwards, Robert B., O60562.
Egan, Frank J., O58891.
Egbert, John S., O57103.
Egg, Eugene C., O60609.
Eggers, George D., Jr., O60555.
Eickhoff, Albert P., O59853.
Elam, John K., Jr., O65986.
Ellard, Uell W., Jr., O58892.
Ellingsworth, James R., O63371.

Elliott, Harold N., O58138.
Ellis, August V., O58893.
Ellis, Ernest W., Jr., O65596.
Ellis, Thomas G., Jr., O65106.
Ellis, William R., O62814.
Elmer, Bryce L., O58894.
Ely, Robert L., Jr., O60211.
Embley, William H., O58895.
Emerson, Duane L., O57106.
Emerson, Earl E., Jr., O57642.
Emery, Jean R., O60544.
Emmons, Harris, O59854.
Enderle, Wallace O., O57196.
Endres, Edward P., O60571.
Engberg, Robert W., O65104.
Epps, Jones N., O60328.
Ertischweiger, Herman, O58896.
Escola, Albert R., O60569.
Escue, Hodges S., O63375.
Estes, Clifford H., O65987.
Etchemendy, William W., O62152.
Etkin, Max, O60793.
Eubanks, Frank C., Jr., O62838.
Evans, Harry E., O62150.
Evans, Lloyd R., O59942.
Everett, George W., O60685.
Eyer, Arvine J., O62824.
Ezell, Bert P., O59818.
Fairfield, Ronald J., Jr., O62135.
Fairlamb, John C., O60681.
Falk, Byron A., Jr., O65171.
Fallon, Rudolph A., O62225.
Faris, Charles A., Jr., O69643.
Farmer, William K., O60486.
Farnum, Lawrence B., O61211.
Farrington, Thomas H., O60796.
Farwell, Faris T., O65063.
Fazakerley, Richard G., O58898.
Felix, Russell E., O60475.
Fenstemacher, Edgar R., O59780.
Ferrer, Ferdinand, O62831.
Fink, Donald P., O62236.
Finnegan, Robert R., O57329.
Fisher, Alex E., O65126.
Fisher, Bruce C., O60329.
Fisher, Charles H., O58142.
Fix, Joseph E., 3d, O60527.
Flaggert, James J., Jr., O63345.
Fleeson, George S., O59486.
Fleischman, Gordon K., O59477.
Fleming, Eugene C., Jr., O57372.
Fletcher, Paul M., O60189.
Fogel, William H., O58899.
Follett, Charles V., Jr., O62003.
Font, Joe A., O57454.
Fontana, Joseph A., O60439.
Foote, Ashby M., Jr., O57229.
Forbes, William A., O58900.
Ford, John O., O60891.
Foreman, William G., O63106.
Forrester, Eugene P., O57250.
Forsthoff, Charles W., O59485.
Fort, Alvin E., O62163.
Foshee, Jack N., O65602.
Foss, Romaine S., O59947.
Foster, James E., O58901.
Fox, Charles C., O65730.
Fox, Donald C., O65154.
Francis, Robert, O62122.
Frank, Alva B., O65991.
Franzen, Walter C., O63082.
Freed, Cleo S., O59463.
Freeland, Robert L., O65051.
Freeman, George L., O59781.
Freiman, William D., O65993.
French, Daniel L., O63850.
French, Seward F., Jr., O65994.
Freund, Benedict L., O60631.
Fry, Louis C., O65608.
Fulsang, Ejner, J., Jr., O60452.
Gabardy, Robert L., O58902.
Gaffke, Frank M., O65997.
Gaines, James S., O60655.
Galing, Bernard W., O60574.
Galloway, James V., O59782.
Galloway, Robert M., O62166.
Gambrell, John C., O58904.
Garcia, Orlando, O62138.
Gard, John D., O59820.
Garner, Hugh M., O60218.
Garrett, Edward J., O58905.
Garrett, Felix R., O60436.
Garrett, Franklin T., O59783.
Garrett, John K., O60684.
Garrett, Shirley D., O60687.
Garrison, David D., O57363.
Garvey, Daniel J., O58906.
Garwood, Charles E., O60552.
Gaver, Pierce H., Jr., O57202.
Gay, Joseph M., Jr., O62214.
Gaziano, Sam F., O59807.
Geiger, Robert A., O58907.
Gelinicht, Donald L., O58908.
Genebach, Lowell B., Jr., O57156.
Genero, Peter P., O63063.
George, Jack M., O69653.
Geraci, John P., O65127.
Gerardy, William L., O60667.
Gerecke, Henry H., O62160.
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Gerrity, John F., O58910.
Gershater, Ephraim M., O59959.
Gibbons, Benjamin F., Jr., O60816.
Giboney, Thomas B., Jr., O60708.
Gibson, Floyd S., O60844.
Giggey, Frederick W., O60532.
Gillis, John P., O60313.
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Giuffrida, Louis O., O59903.
Glasser, Anthony P., O59810.
Glikes, Richard J., O60197.
Glinski, Douglass E., O65020.
Goad, Lewis H., O60450.
Goche, Leo N., O59937.
Godsey, Dale R., O63284.
Goldbranson, Carl E., O60451.
Golden, Alonzo J., O61210.
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Gordon, George W., O57643.
Gordon, James H., O60784.
Gore, William E., O58911.
Gorlinsky, Victor W., O65709.
Grabove, Maxwell, O59771.
Graeser, Herbert O., O62002.
Graf, Robert E., O57083.
Graham, Douglas M., O57510.
Gramling, Freddie W., O62115.
Grant, Robert T., Jr., O60346.
Graves, Harold K., O59855.
Graves, Robert P., O58912.
Gray, Columbus E., Jr., O59460.
Gray, Harvey W., Jr., O60582.
Green, Charles E., O58125.
Greene, Maurice C., O60435.
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Griffith, Stephen M., O57165.
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Grogan, Owen R., Jr., O63052.
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Grout, Gilbert J., O65588.
Gunn, Raymond McC., O65116.
Gunsel, Robert C., O66157.
Gunter, Benjamin L., Jr., O62202.
Guthrie, Sidney C., O57451.
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Hahn, Eric L., O65075.
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Hall, Charles E., O60578.
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Hall, Turner P., Jr., O60238.
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Harger, Clyde J., O66006.
Harlan, Lowell B., O69668.
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Harper, Adam W., O60399.
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Harrelson, Joseph S., Jr., O62119.
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Harsh, Richard S., O57303.
Harstad, LeRoy O., O60453.
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Hartman, Carl W., O62171.
Hartnell, George W., O57302.
Harwood, Richard, O65113.
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Hassell, John N., O63368.
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Haszard, Sidney S., O60457.
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Hawkins, William S., O60808.
Hawthorne, Victor J., O69671.
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Hayden, Ray R., O65131.
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Haynes, Return C., O63102.
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Heath, Ralph M., O66013.
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Heekin, David P., O60888.
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Helton, Carl J., O65095.
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Hendren, Allen T., O60406.
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Hess, Lewis, E., O59815.
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Hibbard, Walter, Jr., O59858.
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Hicks, Joseph E., O65727.
Hiestand, Harry H., O65012.
Hill, Alfred G., O58924.
Hill, Glen A., O66018.
Hill, Herbert R., O65073.
Hill, Lucius G., Jr., O58925.
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Hinges, Norman P., O60652.
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Hitchcock, James M., O60198.
Hoddinott, George R., O59479.
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Hoffman, Albert R., O63234.
Hoffman, Hugh F. T., Jr., O57259
Hoffman, John H., O62140.
Hoffman, John J., Jr., O62255.
Hogan, John D. A., Jr., O60720.
Holden, Needham C., Jr., O63105.
Holliday, Sam C., O57336.
Honour, Charles M., Jr., O65060.
Hooker, James F., Jr., O57138.
Horn, Charles S, O57205.
Horn, Maurice R., O59472.
Horne, Willard V., O60800.
Hotaling, Robert P., O62177.
Hougen, John H., O63107.
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Houtz, John W., O63326.
Howard, Charles W., O59785.
Howard, Harmon, O62180.
Hoyt, Lawrence V., O57218.
Hubbard, Wallace H., O57172.
Huck, Frederick R., O60421.
Huetter, John J., O63316.
Huff, Douglas A., O65062.
Huff, John S., O59859.
Huff, Richard A., O58928.
Huff, Tom, O58929.
Hughes, Irving C., O69690.
Hughes, John A., Jr. O61995.
Hughes, John B., Jr., O57160.
Hughes, John C, O58930.
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Hunt, Alexander H., O66164.
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Hussey, Stanley J., O63323.
Hutcherson, Harold, O57516.
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Insani, John L., O69693.
Irby, Chester P., Jr., O60366.
Irick, Edward F., Jr. O60791.
Irvin, I. J., Jr., O62131.
Isaacs, Thomas R, O58934.
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Jessup, Maurice E., O59821.
Johns, Carol N, O63061.
Johnson, Albert C., O66028.
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Johnson, Clayton E., O62244.
Johnson, Jasper R., O62170.
Johnson, Marshall D., O58937.
Johnson, Raymond E., O63281.
Johnston, Walter F., O63302.
Johnstonbaugh, Merle A., O60590.
Johnstone, James D., 3d, O58938.
Jones, Gilbert C., O64998.
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Joosten, William J., O61206.
Jordan, Jesse L., Jr., O63362.
Jordan, William F., O60704.
Jorgensen, Julius J., Jr., O65112.
Junge, Edwin B., O59964.
Junk, William P., Jr., O63358.
Jurden, Delbert A., O62241.
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Kaczmarowski, Jerome H., O60454.
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Kampe, Raymond L., O60430.
Kanelis, Tom, O58940.
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Kast, Kenneth F., Jr., O62239.
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Katz, Phillip P., O59957.
Kaufman, Phillip, O63092.
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Kay, Paul J., O60126.
Kayner, Howard W., O67704.
Kean, John P., O57345.
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Kellam, Lawrence M., O61099.
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Kelley, Thomas W., O61240.
Kelsey, Jesse T., O57274.
Kendrick, Robert C., O68021.
Kern, Bernard S., O62201.
Kerr, Richard LaR., O59458.
Kershaw, Charles G., 2d, O58942.
Kerwin, Edward F., O58943.
Kiefe, Joseph C., Jr., O60850.
Kiernan, Joseph M., Jr., O57075.
Killiam, Howard W., O62268.
Killpack, Paul E., O58944.
Kimmick, Leonard, Jr., O60558.
King, Edward L., O65175.
King, Monroe D., O60322.
King, William P., O58945.
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Kirchenstein, John J., O68123.
Kirchman, William W., O62185.
Kirk, Henry C., O60422.
Kirkpatrick, Monroe, O59926.
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Kirwan, Robert L., O57252.
Kiser, John F., O58946.
Klein, John H., Jr., O58176.
Knapp, Albert C., O59920.
Kneisl, Jerry A., O60499.
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Koch, Kenneth W., O62190.
Koenig, James R., O59475.
Kogan, Rudolph W., O65098.
Komp, John S., O58947.
Kone, Kenneth M., O63330.
Konopnicki, Emil L., O67711.
Korems, Kendall W., O62246.
Kortum, Zane V., O69717.
Koseki, Reginald W., O65094.
Kranyak, Louis W., O63296.
Krause, Frederick C., O60702.
Kravitz, Seymour, O59492.
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Kuhlman, Arthur H., Jr., O59963.
Kunkel, Charles E., O58949.
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La Bounta, Gerald C., Jr., O66033.
Laird, Wheeler E., O58153.
La Londe, Wilfred G., O62195.
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Lamar, Howard H., Jr., O59504.
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Lambert, John E., O57450.
Lambourne, Robert D., O57851.
Lamison, Kenneth R., O58951.
Lamothe, Frank E., Jr., O65711.
Landau, Calvin J., O66034.
Landers, Joseph F., O65023.
Landry, Edward L., O69719.
Landry, Wilson A., Jr., O63378.
Lane, Albert G., O65003.
Lang, Jack B., O63381.
Lang, Vincent W., O62841.
Lanier, Donald H., O60559.
Latham, Willard, O65141.
Lawler, Thomas M., Jr., O65136.
Lawlor, Thomas A., O69723.
Lawrence, James R., O58952.
Lawrence, Renn M., O57696.
Lawson, James E., O62260.
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Lawton, William S., Jr., O60505.
Lay, James R., O63110.
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Le Clair, John H., O58954.
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Lee, Harold H., O63324.
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Leist, William C., O60220.
LePage, Julien H., O59476.
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Le Vier, Earl R., O59925.
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Litschgi, Albert W., 3d, O59863.
Littlejohn, John C., O57886.
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Locke, Theodore F., Jr., O59951.
Lockhart, Leon H., O62117.
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Long, Herlihy T., O60715.
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Longbottom, John H., O59916.
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Lowry, Phillip E., O60721.
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Lynes, Donald LeC., O63080.
Lynn, Otis C., O65066.
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MacLane, Robert C., O59865.
MacLean, Angus B., O60530.

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Madden, Everett I., O65070.
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Malone, Michael J., O58963.
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Marx, George H., O58967.
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McAuliffe, John F., O60354.
McBride, Richard M., O58071.
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McCann, Samuel E., O61200.
McCarthy, Leo C., O62123.
McCartney, Nevin L., O60508.
McCaslin, James K., O65031.
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McClellan, Stan L., O58969.
McClelland, Don S., O57247.
McConkey, Kernon M., O63384.
McCormick, William F., Jr., O63076.
McCowen, George A., O65480.
McCoy, Eugene B., O63089.
McCoy, Paul G., O59501.
McCracken, Walter S., O58970.
McCravey, James L., O60649.
McCray, James G., O57277.
McCreary, John McC., O66180.
McCuen, John J., O57185.
McCullar, Francis M., O60174.
McCurley, Henry H., O60802.
McDonnell, Patrick J., O63849.
McEnery, John W., O57184.
McEntee, Francis A., O69737.
McFadden, Charles A., O60175.
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McFall, Kenneth T., O60586.
McFarland, Richard DeL., O58971.
McFarland, Robert R., O60479.
McGahee, Horace S., O60690.
McGiffert, John R., 2d, O58972.
McGough, Gordon H., O65041.
McGraw, Donald C., O57207.
McGuire, Robert D., O69740.
McKee, Charles F., O66050.
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McKeever, Joseph V., O58974.
McKelvey, Vincent T., O66181.
McKenna, Edward C., O66051.
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McKinsey, Ray A., O60797.
McLendon, Eric L., O63340.
McMath, Robert P., O60603.
McMillan, Jenis C., O65036.
McMurray, Houston M., O57371.
McNamara, Homer C., Jr., O57432.
McNeal, John L., O65174.
McNeely, David W., O57364.
McNeese, Frank J., O60577.
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McNicol, Wallace N., O60820.
McNitt, Robert N., O65068.
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McSpadden, Garland R., O57139.
McSwain, Richard G., O63098.
Meadow, Sam, O62142.
Meakin, John L., O59907.
Medding, Walter S., O58975.
Meek, John W., Jr., O63095.
Mehosky, Edward S., O60688.
Meinzen, Walter E., O57242.
Meiss, Jack M., O62146.
Mello, Ralph T., O58976.
Merck, Carl J., O57801.
Meredith, Francis, Jr., O57498.
Merigold, Frank A., O63050.
Meritt, John F., O69743.
Merrell, George D., Jr., O60812.
Merrill, Samuel J., O65145.
Messer, Elmer J., O58977.
Metcalf, Donald J., O60712.
Metzdorf, Jack R., O62139.
Metzner, Warren H., O62191.
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Meyer, Joseph H., O57153.
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Miescher, Walter H., Jr., O65017.
Mihoch, John P., O69748.
Millard, Alfred J., O60489.
Millard, Richard C., O63356.
Miller, Darwin C., O60538.
Miller, Jack R., O57296.
Miller, Kurtz J., O65024.
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Miller, Russell J., O63388.
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Milton, Wilburn E., O59943.
Mitchell, Richard F., O63338.
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Mitchem, Winfred E., O60596.
Mitman, Henry D., O59911.
Mize, Clifford E., O60838.
Moffet, Charles W., Jr., O60807.
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Mollison, Douglas A., O62213.
Monk, Eugene E., O59467.
Monroe, Keith La V., O62182.
Montgomery, George M., O66057.
Montgomery, Hunter M., O59495.
Montgomery, John J., O59868.
Montgomery, Raymond J., O60391.
Moore, Albert E., O63364.
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Moore, Fred S., O62257.
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Morath, Eugene E., Jr., O58980.
More, Berkeley D., O58981.
Morehead, Thomas G., O59869.
Morgan, John T., Jr., O60814.
Morrison, John H., Jr., O65121.
Morrisroe, William J., O62186.
Morrow, Charles, Jr., O58983.
Morrow, Jack G., O67730.
Morse, Harry W., O63294.
Morse, Herbert E., O60498.
Morton, Langdon L., Jr., O65603.
Morton, Paul A., O62127.
Morton, Robert E., O60483.
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Mulligan, James R., O60191.
Mulvany, Floyd R., O60459.
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Murphy, Meredith E., O65176.
Murphy, Powell D., O62842.
Murray, Charles M., O60680.
Myers, Allen L., Jr., O59968.
Nagata, George M., O60799.
Nance, Marvin L., O62161.
Nash, Vernon L., Jr. O59921.
Neff, Orrin D., O62189.
Nelson, Edwin B., O57167.
Nelson, Loyal E., O65714
Nelson, Raymond N., Jr., O59802.
Nemeth, Stephen A., O59870.
Netherton, Thomas H., O65552.
New, William R., O59961.
Newell, Roscius C., O58985.
Newman, Gilbert H., O59790.
Nicholas, Billy B., O65116.
Nichols, Glen L., O58986.
Nichols, William L., O58987.
Nicholson, Hubert M., Jr., O58241.
Nickel, William F., O63293.
Nisbet, Andrew, Jr., O58988.
Noble, Thomas P., O60334.
Noble, William E., O63363.
Nocita, John W., O65045.
Noice, Charles G., Jr., O63303.
Nolan, John M., O57452.
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Noll, Robert J., O58989.
Norby, Allen R., O65696.
Noreen, Albert T., Jr., O60438.
Norrie, George, Jr., O65025.
North Louis J., O62199.
Norton, Doyt P., O65149.
Norwood, Leonard L., Jr., O58990.
Norwood, Wayne D., O60693.
Notbohm, William R., O60643.
Novick, Jehiel, O61993.
Nunn, Clifford C., Jr., O60465.
Oba, Juneus T., O66187.
Oberley, Thomas E., O58161.
Obradovich, Francis S., Jr., O63055.
O'Connor, Richard C., O62187.
O'Donnell, Edward H., O57683.
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Ogilvy, Hubert W., O65134.
O'Kelley, William C., O59871.
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O'Neill, Brian B., O59896.
Orfalea, George A., O60455.
Ortega, George A., O66062.
Osborne, John R., O60537.
O'Shaughnessy, John P., Jr., O63317.
Osiecki, Frank S., O60425.
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Osterhout, Fred A., Jr., O66189.
Oswald, Donald C., O69762.
Overstreet, Gerald L., O65050.
Oxford, William B., O65065.
Pabst, Alfred A., O57169.
Packard, Donald F., O57162.
Packett, Wilbern L., O65004.
Padgett, Wade H., Jr., O62145.
Page, Alexander C., O60556.
Paradis, Joseph F., O63305.
Parker, John F., O65015.
Parker, John M., O58992.
Parker, Joseph L., O65172.
Parker, Orville Lee R., O66065.
Parker, Robert L., O58993.
Parks, Robert H., O59872.
Passell, David W., O62211.

Patch, William A., O57281.
Patrick, Wayne A., O66067.
Patterson, Clyde H., Jr., O58173.
Patterson, Edwin D., O57110.
Patterson, Robert W., O58994.
Patterson, William H., Jr., O58995.
Patton, Thomas J., O65155.
Paulmann, Edwin, O65010.
Payne, Charles G., Jr., O60637.
Payne, Robert B., O58996.
Peabody, Richard R., O63354.
Peale, Eugene L., O60520.
Pease, Quentin, O59934.
Peck, George E., O58126.
Pecoraro, Anthony, O59873.
Pendergrass, Alva W., Jr., O58169.
Penfield, Walter A., O65707.
Penick, Jack G., O62218.
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Penrod, William G., O60441.
Perkins, Richard A., Jr., O59890.
Perry, Gerald L., Jr., O60184.
Perry, Harrison, O57096.
Perry, Hugh W., O57288.
Petersen, Robert J., O57334.
Peterson, Hartwin R., O60713.
Petrelli, John, O60413.
Petruzzi, Anthony B., O65105.
Petty, Edgar L., Jr., O62249.
Phillips, Charles L., O66191.
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Piburn, Edwin W., Jr., O60380.
Piccirilli, Albert A., O60342.
Picou, Lloyd J., O58998.
Pierce, John W., O59874.
Pierce, Leon A., O58999.
Piercy, James E., O59000.
Pierson, Howard W., O60494.
Pike, Galen W., O57444.
Piper, Harvey D., O57449.
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Pitts, Martin L., Jr., O57920.
Pizzi, Joseph E., O60216.
Plowman, Harry B., O60324.
Plumb, John F., O59001.
Plummer, Frank S., Jr., O63093.
Plummer, Walter W., Jr., O57182.
Poe, James E., O60700.
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Polichnowski, Henry J., O67741.
Polifka, Donald K., O60522.
Ponder, Lewington S., O59823.
Ponder, William A., O69589.
Porta, James R., O60431.
Porter, Hobert H., O63311.
Post, Alton G., O60317.
Post, Charles M., O59002.
Powell, David D., O57662.
Powell, George B., O65043.
Power, Joseph L., O62818.
Powers, George McL., O59003.
Presson, David R., O60195.
Preston, Leonard L., O57430.
Preuit, James V., O63360.
Pritchard, Charles E., O63041.
Procter, Gilbert, Jr., O62155.
Proctor, Frank D., O61097.
Psaki, Nicholas G., Jr., O62121.
Pulliam, George W., Jr., O62208.
Pumphrey, Richard T., O60703.
Putnam, William T., O59004.
Quackenbush, Harold G., O65110.
Quinnelly, James L., O60177.
Radcliff, Edward C., O60533.
Rafferty, John H., Jr., O60804.
Rahmann, John C., O66078.
Ramos, Rene, O59005.
Randolph, Jacob A., Jr., O63081.
Raney, Thompson L., O63054.
Ransier, John G., O63376.
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Rathlev, Arnold, O59944.
Raum, Mark, O59006.
Rawlins, Claude H., O60594.
Rawls, Lucian R., Jr., O65713.
Rawn, William A., O60461.
Ray, William B., O60568.
Reade, Robert A., O60514.
Reagan, Paul F., O59008.
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Redd, Walter W., O57441.
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Reed, Clyde E., Jr., O59927.
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Reilly, Francis W., O59009.
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Resnick, Saul M., O57190.
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Rhine, Malcolm K., O63306.
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Rhodes, Richard G., O59876.
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Rhodes, William H., O58154.
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Richmond, Melvin E., O60388.
Richters, Robert L., O65109.
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Riley, Evan F., O60370.
Rinaldi, Eugene, O59015.
Ring, Alfred C., O65153.
Ring, Kenneth G., O59016.
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Root, Charles W., O59950.
Roper, George M., Jr., O60359.
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Rudd, Edwin A., O57211.
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Ruthe, Hans G., O62164.
Ryan, James W., O63070.
Ryan, Wendell J., O66088.
Sabota, Eugene G., O63066.
Sachs, William H., O60464.
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Sanders, Paul, O59953.
Sandkaut, Louis G., O57922.
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Sandrock, George W., O59905.
Sanelli, Alfred A., O60212.
Sapp, Bernard B., O62143.
Sarazen, John J., Jr., O57582.
Sargeant, Arnold M., Jr., O57313.
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Shuster, William A., 2d, O57179.
Siegrist, Raymond E., O65120.
Sikes, Arthur E., O60531.
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Simpson, Paul W., O65706.
Sinclair, Edgar M., O59031.
Sittner, Homer H., O60492.
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Skogsberg, Paul L., O62134.

Sleeper, Earl S., O63045.
Sliger, Ira T., Jr., O59032.
Slominski, Martin J., O59892.
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Smolenski, Felix S., O63037.
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Sneller, William A., Jr., O65728.
Snow, Frank G., O59879.
Snow, James A., O60385.
Snow, Marvin H., O63043.
Sollitto, Basil J., O59796.
Solt, Lowell K., O60200.
Southerland, John T., O60659.
Spahr, Delbert D., O60789.
Spector, Sam, O59037.
Spettel, Frank J., Jr., O59038.
Spigarelli, Americo W., O60822.
Spinelli, Joseph D., O63488.
Spitzmiller, Bob F., O60188.
Spruill, Victor F., O69799.
Stacy, James E., O63285.
Staigers, James MacC., O69800.
Staley, J. Wayne, Jr., O60842.
Stamey, Roderick A., Jr., O59804.
Staples, James T., O60444.
Starkey, Posie L., Jr., O63373.
Starr, Comfort K., O63292.
Starr, Robert N., O60351.
Starry, Donn A., O57249.
Stedham, Dan D., O66204.
Steele, Warren B., O63377.
Stein, Harold, O60540.
Steinke, John E., O57885.
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Stendeback, William, Jr., O63327.
Sternburg, Harry J., O57209.
Stevens, Carlton E., Jr., O65033.
Stevens, Richard R., O59039.
Stevenson, Charles B., O60639.
Steward, Cleveland R., Jr., O59040.
Stewart, Donald E., O69803.
Stewart, Loren P., O59462.
Stickney, Louis S., Jr., O69804.
Stigall, Arthur D., O69805.
Stinson, Gerald C., O61997.
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Story, Robert P., O57654.
Strawn, Louis F., O59041.
Street, Robert W., O59042.
Stringer, James K., O62184.
Strohm, Robert H., O65152.
Stryker, Emil J., Jr., O59043.
Stump, Robert M., O58134.
Sudnick, Norman E., O57587.
Suglia, Anthony S., O65108.
Sullivan, James J., O59044.
Summers, Archie W., O60237.
Sunder, Charles H., O57337.
Sunski, Chester F., O65087.
Swafford, Fred G., Jr., O63087.
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Swann, Ralph J., O59046.
Swanson, Paul A., O59047.
Swearengen, George A., O57321.
Sweeney, Harvey E., O59048.
Swinehart, Lewis S., Jr., O59880.
Swomley, Neely M., O59881.
Swope, Leslie J., O62216.
Sylvester, Loren H., O62243.
Tackaberry, Thomas H., Jr., O60504.
Taibbi, Raymond V., O63044.
Tate, John K., O60210.
Taylor, Charles E., O60231.
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Teagle, Charles R., O65053.
Teague, Phillip E., O70155.
Tedick, Eugene, O59481.
Teel, Joseph F., O65164.
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Thatcher, David C., O59051.
Thaxton, Halbert C., O59052.
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Thompson, Paul A., O65604.
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Tucker, William H., Jr., O63322.
Tudder, Elwin B., O60541.
Tugman, Robert F., O66110.
Tumlinson, Jack M., O60572.
Tupper, Fred A., O65032.
Tussing, Austin F., O69820.
Tuthill, Jack K., O60833.
Tutwiler, Guy I., O60698.
Twitty, William M., O59808.
Tye, Hiram S., O60692.
Tyree, Thomas B., O57111.
Tyson, Charles M., O63047.
Uffmann, Milton F., O60383.
Ulatoski, Joseph R., O62224.
Urrutia-Colon, Carlos E., O66112.
Utley, Jack C., O57519.
Vail, William H., O59954.
VanBuskirk, William D., O62147.
Van Eaton, John H., O60497.
VanHorn, Robert O., O60173.
Van Laethem, Fernand R., O63350
Vaughan, Miles C., Jr., O62259.
Vaughan, Robert D., O69822.
Vaught, James B., O60570.
Vessey, John W., Jr., O65047.
Vincent, Clifton F., O57440.
Vogelgesang, Ernest J., O60507.
Vogt, Brady L., Jr., O60647.
Vogt, Robert L., O60691.
Voseipka, John R., O63365.
Vranish, Robert L., O60386.
Waddell, Edward S., O63068.
Wadsworth, John B., Jr., O57297.
Waggener, John G., O57084.
Wagner, George I., O60185.
Wagoner, Fred E., Jr., O57253.
Wagonhurst, Arland H., O65715.
Walden, John E., 2d., O57684.
Waldrop, Andrew J., O57808.
Wales, Perry W., O60608.
Walk, James F., O57300.
Walker, Fred M., Jr., O63333.
Walker, Homer L., O62220.
Walker, William L., O65022.
Wallace, Jerry G., O59812.
Wallis, Vernon V., O63072.
Walsh, John J., Jr., O59055.
Walta, Herbert H., O63343.
Walter, Lyle E., O57178.
Walters, Allie L., O59056.
Walters, Vernon J., O63074.
Wampler, Norman H., O60398.
Ward, David E., O60403.
Ward, Richard H., O62130.
Ward, Robert M., O57158.
Ware, Thomas A., Jr., O57219.
Ware, William B., O62114.
Warren, Hancel L. E., O65722.
Waters, Ace L., Jr., O65019.
Watson, Billy H., O59932.
Watson, Edwin A., O59469.
Watson, William R., Jr., O66118.
Wayman, Duane LeR., O60472.
Wayne, Norbert J., O65090.
Weaver, Charles L., O59935.
Weaver, Robert N., O69826.
Weaver, Wilburn C., O63407.
Webb, Lloyd E., O60575.
Webb, Ralph J., O65014.
Webb, Robert W., O57804.
Webber, Kenneth E., Jr., O57220.
Webel, Herman, Jr., O59899.
Weber, Richard G., O57192.
Webster, Dobson L., O59816.
Weddle, Charles E., O65695.
Weeks, Milton D., O62128.
Weggeland, Henry N., Jr., O59882.
Weisinger, Sherman, O59057.
Weisser, Seymour T., O62148.
Welch, John M., O57799.
Wellde, Raymond L., O60423.
Wells, Donal C., O60828.
Wendling, Donald E., O65150.
Wentzel, Donald B., O59800.
Wenz, Albert L., O65148.
Wesley, Craig T., O60193.
West, Oliver I., O65597.
Westermann, Thomas R., O62275.
Wheeler, Ernest E., O60418.
Wheeler, Harold L., O60696.
White, Charles I., Jr., O59059.
White, Charles R., O66210.
White, Joseph F., O63048.
White, Nevin C., O63286.
White, Richard V., O58172.
White, Wolfred K., O59883.
Whitehead, Ennis C., Jr., O57093.
Whitesel, William M., O59806.
Whiteside, David D., O62149.
Whitfield, Robert A., O57317.
Whitledge, Charles H., O62198.
Whitley, Arthur L., O57099.
Whitney, Philip McI., Jr., O57318.
Whitson, William W., O57097.
Whittemore, Kenneth S., Jr., O62999.
Whittington, Charles W., O59884.
Wickham, Robert E., O66121.
Wienecke, Herman E., O60673.
Wigner, Charles C., O59061.
Wilcox, George L., O65731.
Wild, Charles B., Jr., O63065.
Wilhide, Glenn C., Jr., O57189.
Wilkinson, Harry W., O69831.
Wilkinson, Richard F., O59062.
Willard, LeRoy L., O63313.
Williams, Dudley A., O60445.
Williams, Harry E., O61091.
Williams, John D., O60446.
Williams, Robert W., O60839.
Williams, Theodore C., Jr., O57462.
Williams, Tinker, O59063.
Williams, Vernon C., O63062.
Williams, Virgil H., O59064.
Williams, Walworth F., O57310.
Williamson, Leo C., O59065.
Wilson, Calvin O., O63094.
Wilson, Clifford C., O59066.

Wilson, Edwin C., O60650.
Wilson, Jode R., O68177.
Wilson, Kermit J., O60172.
Wilson, Leo L., O62836.
Wilson, Raymond C., O63723.
Winget, Kingston M., O62206.
Winslow, Francis J., O69836.
Winston, Sanford H., O62154.
Wintersteen, Joseph O., Jr., O58151.
Witko, Andrew B., 057170.
Wittlinger, Frederick J., O59069.
Wolf, Richard D., Jr., O59070.
Wolfe, Hiram M., 3d, O61090.
Wolman, Gus A., Jr., O57583.
Woltmon, Jack W., O60686.
Wood, Edwin, O60525.
Wood, John F., Jr., O63372.
Wood, Roy L., O59071.
Wood, Samuel C., O60598.
Wood, William S., O59072.
Woods, Altus L., Jr., O59885.
Woods, Wallace H., O69837.
Woodside, William W., O63315.
Woodward, Dean R., O62237.
Woodward, Samuel M., O59801.
Woolard, Reginald W., O59073.
Worth, William J., O62844.
Worthen, Robert D., O62207.
Wright, Charles D., O60662.
Wright, Lloyd G., O65103.
Wyatt, Willard S., O65166.
Wyckoff, Theodore, O63312.
Wymer, Harold W., O65587.
Wyrick, William E., O65072.
Yaggi, Albert S., Jr., O69839.
Yarbrough, John D., O62238.
Yerkes, Walter E., O57455.
Yost, DeVerne R., O60381.
Young, David R., O63091.
Young, James W., O60410.
Young, Raymond E., O60484.
Young, William V., O60604.
Youngblood, Lewis H., Jr., O59967.
Youngs, Evert C., O59074.
Zarnowski, Walter J., O65605.
Zeitz, Gordon F., O60352.
Zigmund, Frank J., O59075.
Zobrist, Paul S., O59076.
Zohn, Jerome, O60229.
Zuppann, Charles W., O60534.

The following-named officers for promotion in the Regular Army of the United States under the provisions of sections 502 and 509 of the Officer Personnel Act of 1947. All officers are subject to physical examination required by law:

To be lieutenant colonels, Women's Army Corps

Bianchi, Elizabeth W., L42.
McGrath, Luta C., L226.
Sievers, Vera A., L20.
St. Clair, Laura M., L22.

To be majors, Women's Army Corps

Aiken, Andrea M., L328.
Cadell, Hedwig J., L136.
Coupe, Laura C., L266.
Ellis, Joan, L331.
Frank, Leta M., L329.
Gardner, Annie V., L125.
Irwin, Dorothy M., L262.
Lane, Mary C., L124.
Long, Margaret A., L127.
Rajski, Laures B., L267.
Reece, Ruth S., L134.
Reilly, Veronica A., L135.
Rice, Frances W., L129.
Roberts, Eleanor M., L270.
Sanders, Sarah L., L269.
Seawell, Sarah C., L128.
Sicks, Mary E., L330.
Stout, Ariel E., L126.
Thompson, Ruth D., L121.

The following-named officers for promotion in the Regular Army of the United States, under the provisions of sections 502 and 508 of the Officer Personnel Act of 1947. Those officers whose names are preceded by the symbol (×) are subject to physical examination required by law. All others have been examined and found physically qualified for promotion:

To be first lieutenants

×Adams, William A., O65939.
Albert, Benjamin B., Jr., O70246.
Albrecht, Jack R., O67892.
Albright, William L., O70247.
×Allen, William MacD., O67547.
×Ambrose, Homer, Jr., O65647.
×Arnaud, John F., Jr., O65645.
Aubright, Harry P., 3d, O65671.
Aycock, Herbert L., O70252.
Bachinski, Stephen W., O70253.
Backhurst, George F., O70254.
Bailey, Harry R., O70257.
Bannister, Bob C., O70261.
Barger, Ferdinand O., Jr., O70262.
Bass, Sampson H., Jr., O70265.
Bennett, Risden T., Jr., O70272.
Bernard, George L., O70273.
Bettis, Henry H., Jr., O70275.
Biglione, Normand J., O70276.
Blake, James F., O70278.
Boyd, Donald E., O70280.
×Brandenburg, Joe T., Jr., O65800.
Brogden, Wyndell E., O70286.
Brons, Russell L., O70287.
×Browder, John M., O67898.
Brown, John C., O70288.
×Brownlee, Robert W., O66138.
Callahan, Joseph J., O70295.
×Carey, Milton G., O68333.
Carpinteri, Paul S., O70170.
×Carter, Robert O., O65794.
×Cash, William G., O65771.
×Cassels, Kenneth G., O65657.
Cassens, Rudolph D., O65659.
Cavaleri, Edwin F., Jr., O70172.
Champion, Alfred N., O70300.
Clemens, Glen, O70175.
Coleman, William E., O70305.
×Cook, James M., Jr., O65969.
Cowan, Kenneth D., O70311.
×Crosby, John W., Jr., O65812.
Crutchley, Donald O., O70177.
Cummings, Eldon L., O70318.
×Davidson, Jay A., O65669.
Davis, Alvah B., Jr., O67914.
×Davis, Donald D., O65776.
×Davis, Ken A., O67563.
×DeVille, David A., O65790.
Dennis, Ralston K., O70324.
DesRoches, Bernard H., O65658.
×Dinkins, William H., O65653.
Donahoe, German D., O70327.
Dorchak, Steven, Jr., O65984.
Dufresne, Ernest J., Jr., O70181.
Fairey, John M., O70333.
×Fitzsimons, John F., O67570.
×Fleming, Jack R., O65661.
×Forsythe, David A., O69486.
×Francisco, Allan J., O68346.
×Fuqua, Harold E., O65795.
Garrison, Frank L., O70341.
×Gary, Robert P., O65650.
George, Raymond L., O70342.
×Gillin, Jerome M., O65772.
Gingrich, Robert B., O65774.
Gooler, Darrel L., O70345.
×Graham, William L., O66002.
Graziolo, Albert J., O70346.
Grimm, Philip D., O70351.
Haid, Donald J., O69496.
Hamilton, Donald M., O70359.
Harrington, George C., O70362.
×Harris, Richard L., O65806.
Harris, Harold D., Jr., O67576.
×Hathaway, Worten M., O65652.
×Haun, Philip D., O65769.
×Hayes, Daniel P., O66011.
×Helms, Howard F., O65789.
×Hendrix, Jamie R., O65666.
Hockett, Donald F., O70378.
Holden, Joseph B. J., O65663.
Holloman, Robert A., 3d, O70379.
Holwick, William B., O70381.
Hooper, Everett E., O65654.
×Hudson, James L., O66163.
×Hunzeker, William K., O67584.
×Jacob, Earl P., Jr., O65775.
×Johns, John H., O65861.
×Johnson, George R. H., O69511.
Jordan, Marcus C., O70396.
×Jordan, Pendleton A., 3d, O65664.
×Kern, John H., O65781.
×Kimball, Albert L., O65784.
×Kingery, Thomas E., O66032.
Kitchens, Ernest, Jr., O70203.
×Knight, Herbert E., O69518.
Knotts, Noel D., O70402.
Krafski, Richard S., O70404.
×Lamas, Albert A., O65793.
×Lembrich, Derald L., O65755.
Locke, Bert B., O70411.
×Locke, Donald K., O65816.
×Lodge, Warren J., O67595.
Luxemburger, John J., Jr., O70414.
Mantooth, William H., O70208.
Mapp, James H., O70420.
×Mason, James R., O69526.
×McGlone, John E., O67844.
×McKinley, John McK., O66182.
×McLean, Thomas S., Sr., O70110.
McMurry, Donald R., O70429.
McNulty, Edward S., O70213.
×Mercer, Robert B., O65651.
×Messier, Raymond E., O68201.
×Miles, Mark A., O65777.
Miller, Ward W., O70434.
×Monoriti, Elidio J., O66183.
×Morgan, James E., O65796.
×Morgan, Robert S., O65785.
Mulcahy, George J., O70440.
Murphy, James F., O70444.
Murray, Lynn O., O70446.
×Neale, James W., O65792.
Newburg, Robert LeR., O70450.
Newton, Robert D., O70452.
Norell, Dennis L., O70216.
Ochis, Ronald F., O70459.
×Osborn, Donald J., O66063.
Patterson, Bruce E., O70467.
Pawson, Wilbur A., O70220.
×Pete, John, Jr., O65786.
×Phillips, Harold B., O65778.
Pundt, Willie, O70478.
Quigley, Edwards M., Jr., O70223.
Quinnett, Robert L., O70481.
×Rackley, Everett W., O66077.
×Rankin, Fain M., Jr., O65655.
×Rathbone, William A., O66193.
Reason, Raymond, Jr., O70485.
Reish, Richard D., O70488.
Rife, William T., Jr., O70490.
×Riggs, Theodore S., Jr., O66195.
Rowe, James W., O70228.
×Russell, Donald N., O65791.
Schaub, Warren M., O69554.
Schroeder, Donald B., O70498.
Shaha, James H., O70232.
Shankle, Wade L., Jr., O70499.
Shelton, Henry R., O70234.
×Shelton, Mason R., O65788.
Shirley, Edward L., O70501.
×Shorr, Paul S., O65779.
Socky, Frank J., O70508.
Sola, Gerald C., Jr., O69560.
Speer, Robert M., O65804.
Stevenson, Robert D., O70515.
Stewart, Wilmer D., O70516.
Sutton, Harry L., Jr., O70522.
×Swarts, Sidney M., O67621.
×Tait, James, Jr., O65807.
Taylor, William W., Jr., O70524.
Thomas, Robert F., O70528.
×Tripp, Elmer B., O70052.
Tyler, William H., O65780.
Van Netta, Ernest A., O70544.
Vaughn, Edward J., Jr., O70545.
×Viterna, Robert O., O69569.
×Warden, James R., O65803.
Waters, William W., O69825.
×Watt, Gus H., O69571.
×Wayman, Wilbur St. C., Jr., O66119.
Weaver, Gene A., O70552.
×Weaver, Robert McT., O67633.
×West, Clayton E., O65783.
Wharton, Lonnie V., O65814.
Whitmore, James P., O70562.
Willard, Charles G., O70564.
×Willett, Paul J., O69832.
Willey, Donald E., O66124.

Williams, Fred D., O70565.
Windish, John E., O70567.
× Wise, Dennie P., Jr., O66126.
× Wong, Edwin S. N., O66211.
Woodrow, Ralph T., O70570.
Wooldridge, William D., O70571.
Wootten, Angus E., O70572.
Zabrosky, William C., O70576.

To be first lieutenants, Medical Service Corps

Anistranski, Charles, O70251.
Becknell, George P., Jr., O70268.
Caskey, John T., Jr., O70298.
Hall, Ellis F., Jr., O70357.
Henderson, Arnold C., O70372.
× Kneessy, Alfred D., O65665.
McFarland, Cowan J., O70427.
Moody, Robert W., O70435.
Moore, Lynn B., O70436.
Peterson, Merrill C., Jr., O70471.
Prince, Roy C., O70476.
Rogers, John E., Jr., O70493.
Ryan, Aaron, O70495.
Shea, George M., O70500.
Tuggle, Joseph M., Jr., O70534.
× Warnes, Allan T., O66645.

To be first lieutenants, Women's Army Corps

× Clark, Mary J., L421.
Grimes, Mary J., L416.
× Heinze, Shirley R., L417.
× Hopfenspirger, Nancy M., L418.
Hutchins, Eleanor P., L420.
× Jebb, Margaret M., L422.
× Johnson, Miriam J., L424.
× Keith, Doris A., L412.
Lambeth, Maida E., L425.
× Lerche, Mary E., L426.
× Meacham, Martha R., L428.
× Polk, Doris D., L430.
× Rawlinson, Pollie L., L431.
× Stearns, Dorcas A., L437.
× Surratt, Clauda M., L439.
× Waters, Mary E., L441.
× Wilde, Elizabeth J., L442.

The following-named officers for promotion in the Regular Army of the United States, under the provisions of section 107 of the Army-Navy Nurses Act of 1947, as amended by section 3, Public Law 514, 81st Congress, approved May 16, 1950. Those officers whose names are preceded by the symbol (×) are subject to physical examination required by law. All others have been examined and found physically qualified for promotion.

To be first lieutenants, Army Nurse Corps

× Dean, Martha, N2541.
Drnek, Kathleen L., N2615.
× Eckhoff, Genevieve E., N2548.
× Medina, Dolores, N2546.
× Smith, Elsie L., N2543.

To be first lieutenant, Women's Medical Specialist Corps

Cruickshank, Helen E., M10151.

The following-named persons for appointment in the Regular Army of the United States in the grades and corps specified, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), title II of the act of August 5, 1947 (Public Law 365, 80th Cong.), Public Law 408, 82d Congress; Public Law 759, 80th Congress; Public Law 36, 80th Congress as amended by Public Law 37, 83d Congress; and Public Law 625, 80th Congress:

To be major

Mixon, Basel M., Jr., MC, O493567.

To be captains

Aiken, Robert E., MC, O996208.
Bancroft, John E., MC, O990994.
Greenberg, Jerome H., MC, O982583.

To be first lieutenants

Fred, Ann C., MC, K2264636.
Garties, Richard G., JAGC, O955121.
Hubbard, Jack A., JAGC, O1102305.
Jones, Mary A., ANC, N792746.
Maher, John R., MSC, O989629.
Ramirez, Rosa J., ANC, N792840.
Tyson, William P., Jr., JAGC, O947341.
Vincilione, Ramona E., WAC, L1010216.
Workinger, George S., JAGC, O2268965.

To be second lieutenant

Hille, Robert A., MSC.

The following-named officers for appointment, by transfer, in the Judge Advocate General's Corps, Regular Army of the United States in the grade specified:

To be captains

Arnold, Robert E., O28313.
Van Cleve, Joseph C., Jr., O27431.

The following-named persons for appointment in the Medical Corps, Regular Army of the United States, in the grade of first lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.), subject to completion of internship:

Buchanan, Richard S.
Hotchkiss, John E., Jr., O4020386.
Ludwig, James M., Jr., O4020684.

The following-named persons for appointment in the Regular Army of the United States, in the grades specified, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.):

To be first lieutenant

DeSilva, Rudolph H., O1329102.

To be second lieutenants

DiSimone, Frank B., O1936838.
Merritt, Jack N., O4009054.

The following-named distinguished military students for appointment in the Regular Army of the United States, in the grade of second lieutenant, under the provisions of section 506 of the Officer Personnel Act of 1947 (Public Law 381, 80th Cong.):

Alves, Herbert A. Jr.
Ansted, Genoa W.
Aubry, Robert F.
Baierl, Donald P.
Benson, Joseph E., O1881087
Bickston, Walter J.
Boaz, Charles A.
Bossert, Paul W.
Boynton, Marshall E.
Broman, Ralph W.
Brown, John W.
Campbell, Donald R.
Campbell, George E. Jr.
Canja, Safron S., O4002605
Cate, Hugh C., Jr.
Chambers, John A., O4018380
Chandler, Edwin W.
Chenevert, Ronnie L.
Coggins, James E.
Cooksey, Jesse L.
Cone, Eugene B., O4020510
Cronin, Daniel W.
Croswhite, James L.
Daniel, John S., Jr.
Daniel, Robert N.
Davis, Roger K.
Dean, Bobby J.
Dirmeyer, Robert P.
Dunkelberger, William F.
Easley, Edwin S., O4014085
Eudy, Jay L.
Fetzer, Homer D.
Geasland, Floyd E.
Gerich, Robert A., O4014941
Gruene, Ernest K.
Guettler, Gerald C.
Gunter, Arlie L.
Hall, David R.
Harrington, Robert E.
Harrison, Ted
Hawkins, Laurence R., Jr.
Hendon, William A.
Hertzberg, Hugo H., Jr., O4020172
Hicks, Conrad O.
Hill, Elbert B.
Hines, Jere D.
Hobson, Charles, O1940525
Hogue, Gale W.
Holmes, Alan K.
Holt, Xavia M., Jr.
Honor, Edward
Hudson, Terrence W.
Jauch, Raymond M., Jr., O1915880
Jennings, Robert H., Jr.
Keller, Donald P.
Kennedy, Victor R., Jr., O4024391
Kramer, John K.
Kuntz, Philip L.
Lacey, David W.
Lamb, David O.
Larcade, Herbert C., Jr.
Laverty, Wayne B.
Leisy, Henry J.
Lord, William P., Jr.
Maloney, James P., O1940307
Mauerhan, Karl E.
McCarthy, Walter R., Jr.
McGee, Carl D., Jr.
McKenney, Hubert F., Jr.
McKeon, Joseph M., Jr.
McKinley, David J.
McKinnon, Wayne T., Jr.
McQuarrie, Robert W.
Menetrey, Louis C., O4019322
Metcalf, James L.
Miller, Henry T.
Mitchell, Robert D.
Moore, James M.
Moran, William J.
Moyer, Wilber R.
Murphy, Philip J.
Nagorski, Walter J., O4004111
Niland, James J., Jr., O4004112
Owen, Ernest J.
Owen, Johnny O.
Pate, Robert I.
Petros, William J., O4014090
Rasmussen, Ronald R.
Redmond, Robert S.
Reid, Frederick L., Jr., O4000355
Reynolds, Brian F.
Rose, Charles E., O4020773
Ross, Ralph R., O4011887
Roudabush, Donald R.
Semisch, Philip W.
Shelby, Jerry L.
Sonneborn, Charles L., III
Sutherland, James C.
Towers, Luther
Walter, John S.
Ward, Gayle G.
Weckerling, John H.
Williams, Louis F., Jr.
Wilmes, John J.
Wong, Johnson H.
Woodbeck, Jay W.

EXTENSIONS OF REMARKS

Anti-Semitic Activity in the United States

EXTENSION OF REMARKS
OF
HON. ESTES KEFAUVER
OF TENNESSEE
IN THE SENATE OF THE UNITED STATES
Saturday, July 17, 1954

Mr. KEFAUVER. Mr. President, I ask unanimous consent to have printed in the RECORD, a statement I have prepared containing certain extracts from a report and appraisal entitled "Anti-Semitic Activity in the United States."

The report was prepared and issued recently by the American Jewish Committee.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR KEFAUVER

These unfortunately are troubled times in which certain subversive and dissident influences unhappily are able to continue their work of spreading discord and weakening the fabric of our constitutionally prescribed form of government. The American Jewish Committee's report is most timely in this respect. It provides the tools that are needed for the constant vigilance that is required by our people if they are to protect their liberties.

As the president of the American Jewish Committee, Irving M. Engel, Esq., of New York, states in the foreword to the report:

"Organized bigotry, like all other social ills, is best counteracted when its nature and symptoms are known to the public. To gather and disseminate such knowledge, the American Jewish Committee has engaged in continuing research and analysis of anti-Semitic activity and has rendered reports of its findings from time to time.

"Today, as the American people cope with the worldwide threat of communism and bend their energies to resolve many other crucial problems, it is more than ever necessary to guard against malicious movements striving to foment racial and religious discord. Many of these movements have now abandoned their former overt appeals to bigotry in favor of more subtle tactics to which the public must be alerted. It is this circumstance that has occasioned the present report.

"Founded nearly half a century ago, the American Jewish Committee is dedicated to the great common task of all loyal Americans—the strengthening of unity among our citizens of all races and creeds to the end that this Nation and its free institutions may remain secure."

The report is keynoted by an extract from the annual report of the House Committee on Un-American Activities, dated February 6, 1954, where, on page 5, the following statement appears:

"There are presently at work within the United States various and sundry hate groups, the leaders of which, while masking their activities under the guise of patriotism and devotion to the republican form of government, are in fact spreading dissension, discord, bigotry, and intolerance. In many instances, these organizations select ultrapatriotic names and devices to conceal their true and dangerous purposes. The subjects of the hate attacks are individuals or groups of religious and racial minorities among American citizens. The committee is by no means unaware of these activities, and investigation and documentation will proceed to the end that the individuals concerned may be disclosed for what they are. In the opinion of the committee, there are no degrees to subversion. It is not sufficient to be simply anti-Communist if one is anti-American at the same time."

It is true indeed that there are no degrees to subversion. Power mad zealots have too long been able to single out individuals or groups of religious and racial minorities among American citizens and subject them to hate attacks or casually snide implications that they should not enjoy the full exercise of the rights of citizenship which the Constitution provides for them. I regret to say that there have been such evidences even in my own State, but it always has and will be my privilege and my duty to the people of my State and the Nation to take a stand in opposition to them and expose them to the light of day.

The American Jewish Committee is a pioneer organization in the fight against bigotry and intolerance. It has chapters throughout our country and its members are leaders in their own communities. Its report is a sober and factual statement. The following extracts emphasize its principal points:

"In this time of worldwide tensions, it is more than ever important that we correctly appraise the force and scope of organized anti-Semitism—as distinguished from individual expressions of social and economic discrimination—in the United States.

"Until about 20 years ago, our country was comparatively free of this evil which had plagued the Old World for centuries. But with Hitler's rise in Germany, the anti-Semitic movement was forged into an exportable weapon which found its way into the hands of democracy's foes throughout the world.

"In the United States, this weapon has been wielded with varying effect over the years. Organized anti-Semitism has waxed and waned, but never has it vanished completely from the American scene; never has it ceased to be a threat, actual or potential, to our national unity and our free institutions.

* * * * *

"To achieve a proper perspective, it is necessary to understand that many anti-Semites have abandoned their former brash and obvious tactics. The more skillful hatemongers and cunning publicists have now developed a sense of public relations. They exploit current legitimate issues, toning down, if not eliminating, open anti-Semitism. They aim to win the support of respectable elements, rather than the lunatic fringe following which they so highly prized in Christian Front days.

"Thus, in the Presidential elections of 1952, when several thousand citizens in the States of California, Texas, Missouri, Arkansas, North Dakota, and Washington voted for Gen. Douglas MacArthur on the Christian Nationalist Party ticket, these voters were expressing their confidence in an American hero. They were unaware that the general had not accepted the nomination, and that the party was actually a front for one of the most vicious and implacable anti-Semites in the country.

"Similarly, when many people in Los Angeles protested against the schools teaching about UNESCO (United Nations Educational, Scientific, and Cultural Organization), they had at heart what they sincerely, albeit mistakenly, believed to be the best interest of our country. They did not know that many of the alarming rumors they had heard about UNESCO came from the propaganda of a man who makes his living stirring up hatred, and who once headed an organization which the Attorney General of the United States listed as Fascist.

"Such are the maneuvers whereby anti-Semites currently seek to influence public opinion. Thus far, their success has not been impressive; but the support and alliances they have gained by their deceptive tactics nevertheless constitute a potential danger.

"HOW THE CHANGE CAME ABOUT

"Overt anti-Semitism reached its high-water mark in the United States in 1939, when several hundred anti-Jewish groups, launched with Nazi money, tried to convince Americans that Hitler was right. Mainly composed of crackpots and presided over by petty fuehrers, these organizations held storm-troop meetings; they picketed; they published reams of abusive literature, but such blatant demagogery was offensive to the overwhelming majority of Americans; mostly the so-called lunatic fringe rallied to their banners.

"On Pearl Harbor Day most of the rabble-rousers scurried for cover, remaining there for the duration of the war. By 1947, organized anti-Semitism had reached its lowest ebb.

"The advent of the cold war brought many of these agitators back into the open. Some resumed their rabid fulminations against the Jews. Others, having learned from experience that racist appeals violated a basic American ethic, now courted public approval by exploiting the controversial issues of the day. The glibness of their arguments and the vigor of their attacks appeal especially to ultranationalist groups.

"Ultranationalist groups have been a factor in American life since the First World War. They have opposed all progressive moves to meet the needs of Government and society in these complex, industrialized, modern times. After almost a generation of collective bargaining, social-security measures, and Government welfare programs, ultranationalists still seek a return to the 19th century. Their view of States' rights would even preclude SEC regulation of security markers.

"Although three wars have proven their thesis fallacious, the ultranationalists are still vehemently isolationists. They oppose foreign aid, bitterly resent United States participation in the United Nations, and favor amending the Constitution to curtail the treatymaking power of the Federal Government. Suspicious of foreigners, they have consistently resisted immigration into this country except by persons of certain approved racial and national origins, and have fought all efforts to improve our immigration laws.

* * * * *

"Though often led and financed by reputable individuals, and spending millions of dollars to advertise their views via press, platform, radio, and other media, ultranationalists made little headway with the average American until the cold war brought about the present tense atmosphere of our national life.

"While some of the ultranationalist groups espouse retrogressive economic reforms, and others have political aims, all favor extremist techniques in combating communism—free-swinging, wild-accusation tactics which indiscriminately charge liberals with being communistic. Ultranationalists are now appealing to the American people on this basis, equating everything they oppose with communism, subversion, and a newly invented phenomenon—creeping socialism.

"During the past decade, ultranationalist organizations have increased measurably, and they now offer tempting opportunities for infiltration by anti-Semitic elements. In setting out to cultivate these groups, the professional bigot plays his hand adroitly, exploiting the particular political issues which are currently the focus of concern in ultranationalist circles.

* * * * *

"SOCIO-ECONOMIC MEASURES

"It is expected that ultranationalist groups will soon launch their strongest attack upon such long-accepted features of our national way of life as unionism, social security, Government welfare assistance, and similar social reforms of the past generation. Tied in will be appeals to 'save America from creeping socialism' and return to 'constitutionalism,' 'economic freedom,' and 'freedom of choice.' Anti-Semites add the 'Jewish angle' to these lines, alleging prominent Americans of Jewish background to be Machiavellian agents of a super-government.

"THIRD PARTY ISSUE

"The third party is not a new feature in American politics. Theodore Roosevelt's Bull Moose Party, La Follette's Progressives, and the more recent political venture of Henry Wallace, bearing the same title, come readily to mind. Adapting this idea to their own objectives, ultranationalists contend that the present Republican administration is little more than a carbon copy of the Democratic administrations which preceded it. Many anti-Semites have seduiously taken up the third party cry; in so doing, their propaganda generally charges that both major political parties are controlled by Jews.

"A notorious instance of this dovetailing occurred during the 1952 Republican primary fights when both the ultranationalists and the anti-Semites opposed the nomination of General Eisenhower. The former proclaimed what they considered his failings, and the latter blamed these shortcomings on Jewish influence. In some localities, leaflets penned by as many as 10 agitators in different parts of the country were assembled into kits and distributed on main thoroughfares. A typical piece showed a Streicher-like caricature of the Jew pointing to Eisenhower and saying, 'Ike vill keep us boys in power.' This broadside was produced by Independent Republicans for MacArthur, a front organization established by Gerald L. K. Smith—without MacArthur's approval.

* * * * *

"PARTISANSHIP OF THE M'CARRAN-WALTER IMMIGRATION ACT

"The McCarran-Walter Act has been severely criticized by Christian organizations—Protestants and Catholic—as well as by Jewish and many other reputable groups. Much

ultranationalist and anti-Semitic propaganda, aimed at stirring anti-alien sentiment, has attacked critics of the act, while minimizing or ignoring the opposition of Christian church groups. Played up instead is a portrayal of the Jews as seeking the law's repeal because they wish to get millions of their coreligionists into this country. Hints of Jewish power are frequently woven into this argument.

"EXPLOITING LOCAL ISSUES

"The onslaught of ultranationalists against modern education has gravely harassed the school systems of many towns during the past several years. In some instances, so-called education groups, dominated or influenced by anti-Semites, have smeared modern educational methods as communistic and atheistic. Such features as intercultural education, especially, have come under vicious attack; leading educators have been vilified as Communists and their textbooks investigated. UNESCO teaching materials and the display of the U. N. flag have been frequently used as starting points for these attacks. The momentum produced by the earlier organizational and propaganda efforts of ultranationalists promises to keep the issue of modern educational methods alive for some time to come.

"In the grotesque effort to exploit the fears and phobias of the public, the anti-Semites have seized upon proposals in some sections of the country to fluoridate drinking water as a community health measure. Demagogic interpretations range from outright scares of mass poisoning and mass suicide to innuendoes that fluorine saps the individual's willpower—an end, it is charged, desired by the Government. Also suggested, if not openly asserted, is that a supersecret world government backs the project. Fantastic? Yet huge quantities of such propaganda were distributed in Cincinnati. They may well have influenced the negative vote which this proposition received in November 1953.

* * * * *

"CONCLUSION

"Organized anti-Semitic activity today bears little resemblance to the noisy, unruly assemblages of pre-Pearl Harbor days with their spewing of unvarnished racial hatred easily recognizable as Nazi inspired. Using as a point of reference the year 1947, when the anti-Semitic movement reached its lowest ebb, several changing trends in dynamics and tactics are discernible:

"First, more emphasis is laid on disseminating literature, rather than staging meetings, picket lines, rallies, and other demonstrations.

"Second, more subtle approaches are made to public opinion by exploiting such issues as communism, United Nations, and national economic policies.

"Third, there is a pronounced tendency among prominent ultranationalist organizations and leaders to accept—or at least tolerate—hatemongers and their propaganda products. In many cases this amenability is the result of unwariness; many would be more discerning, were it not for their own extremist viewpoints.

"And finally, professional fomenters of discord are in positions where they can cause much trouble, for they have learned how to salt public debate with hate propaganda, and have discovered the usefulness of general mailing lists, instead of relying on the private rosters of crackpot following in years gone by.

"The threat of bigotry polluting the American atmosphere can best be averted by an alert American public. Hatemongers and their machinations must be exposed. Vitally important is the responsibility of ultranationalists and ultraconservatives to recognize, and rid themselves of, the racists who seek to exploit and dominate them. Equally vital is the obligation of respectable leaders and supporters of these movements to dissociate themselves from groups which cannot dislodge the anti-Semites, and to persuade other men of goodwill to do likewise.

"There is much room in the market-place of ideas for opposing viewpoints on a multitude of issues—national and international, political, social, and economic. That is the glory of American democracy. But the public must be shown how to recognize and reject the ideological counterfeiters who would pass on as legal tender their hollow coins of bigotry."

SENATE

MONDAY, JULY 19, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Our Father God, who hath taught us that in quietness and confidence shall be our strength, standing at the threshold of another week of test and toil, by the might of Thy spirit lift us, we pray Thee, to Thy presence that we may be still and know that Thou art God.

We thank Thee for friendships that enrich our lives, for duties that challenge our powers, for rainbows of radiant hope which are our skies. In paths beyond our human ken to discover, lead us to that concord which is the fruit of righteousness. Grant us reason and insight to apply our hearts unto wisdom and to bring every thought and effort into captivity to the high endeavor of peace on earth to men of good will. We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. SCHOEPPEL, and by unanimous consent, the reading of the Journal of the proceedings of Saturday, July 17, 1954, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Tribbe, one of his secretaries, and he announced that on July 16, 1954, the President had approved and signed the act (S. 3539) to further amend title II of the Career Compensation Act of 1949, as amended, to provide for the computation of reenlistment bonuses for members of the uniformed services.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 2987. An act to provide for the transfer of hay and pasture seeds from the Commodity Credit Corporation to the Federal land-administering agencies;

H. R. 2617. An act for the relief of Guillermo Morales Chacon;

H. R. 2846. An act authorizing the President to exercise certain powers conferred upon him by the Hawaiian Organic Act in respect of certain property ceded to the United States by the Republic of Hawaii, notwithstanding the acts of August 5, 1939, and June 16, 1940, or other acts of Congress;

H. R. 4928. An act to authorize the Secretary of Agriculture to convey a certain parcel of land to the city of Clifton, N. J.;

H. R. 6263. An act to authorize the Secretary of Agriculture to convey certain lands in Alaska to the Rotary Club of Ketchikan, Alaska;

H. R. 6642. An act for the relief of Mrs. Augusta Selmer-Andersen;

H. R. 6882. An act to amend the act of September 27, 1950, relating to construction of the Vermejo reclamation project;

H. R. 6975. An act authorizing the Secretary of the Interior to convey certain lands to the Siskiyou Joint Union High School District, Siskiyou County, Calif.;

H. R. 7012. An act for the relief of Nicole Goldman;

H. R. 8549. An act granting the consent of Congress to The Breaks Interstate Park Compact;

H. R. 8713. An act to amend section 1 (d) of the Helium Act (50 U. S. C. sec. 161 (d)), and to repeal section 3 (13) of the act entitled "An act to amend or repeal certain Government property laws, and for other purposes," approved October 31, 1951 (65 Stat. 701);

H. R. 9006. An act to authorize the Secretary of the Army to donate 28 paintings to the Australian War Memorial; and

H. R. 9242. An act to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. SCHOEPPEL. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. SCHOEPPEL. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Barrett	Ferguson	Murray
Bennett	Gillette	Saltonstall
Bowring	Gore	Schoeppel
Bridges	Hayden	Smith, Maine
Burke	Hickenlooper	Smith, N. J.
Butler	Hill	Thye
Chavez	Holland	Williams
Crippa	Johnson, Tex.	Young
Dirksen	Knowland	
Ervin	Lehman	

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr.

ELLENDER], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Massachusetts [Mr. KENNEDY], the Senator from South Carolina [Mr. MAYBANK], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Rhode Island [Mr. PASTORE] are absent on official business.

The Senator from Missouri [Mr. HENNINGS] is necessarily absent.

The VICE PRESIDENT. A quorum is not present.

Mr. KNOWLAND. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to.

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. AIKEN, Mr. ANDERSON, Mr. BEALL, Mr. BRICKER, Mr. BUSH, Mr. BYRD, Mr. CAPEHART, Mr. CARLSON, Mr. CASE, Mr. CLEMENTS, Mr. COOPER, Mr. CORDON, Mr. DANIEL, Mr. DOUGLAS, Mr. DUFF, Mr. DWORSHAK, Mr. FLANDERS, Mr. FREAR, Mr. FULBRIGHT, Mr. GEORGE, Mr. GOLDWATER, Mr. GREEN, Mr. HENDRICKSON, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JENNER, Mr. JOHNSON of Colorado, Mr. JOHNSTON of South Carolina, Mr. KERR, Mr. KILGORE, Mr. KUCHEL, Mr. LANGER, Mr. LENNON, Mr. LONG, Mr. MAGNUSON, Mr. MALONE, Mr. MANSFIELD, Mr. MARTIN, Mr. MCCARRAN, Mr. MCCARTHY, Mr. MILLIKIN, Mr. MONRONEY, Mr. MORSE, Mr. MUNDT, Mr. NEELY, Mr. PAYNE, Mr. POTTER, Mr. PURTELL, Mr. REYNOLDS, Mr. ROBERTSON, Mr. RUSSELL, Mr. SMATHERS, Mr. SPARKMAN, Mr. STENNIS, Mr. SYMINGTON, Mr. UPTON, Mr. WATKINS, Mr. WELKER, and Mr. WILEY entered the Chamber and answered to their names.

The VICE PRESIDENT. A quorum is present. Routine business is now in order.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following communications and letters, which were referred as indicated:

PROPOSED SUPPLEMENTAL APPROPRIATIONS, DISTRICT OF COLUMBIA (S. DOC. NO. 145)

A communication from the President of the United States, transmitting proposed supplemental appropriations in the amount of $73,721.48 for the District of Columbia for the fiscal year 1955 and prior fiscal years (with an accompanying paper); to the Committee on Appropriations and ordered to be printed.

PROPOSED SUPPLEMENTAL APPROPRIATION FOR PAYMENT OF CLAIMS, ETC. (S. DOC. NO. 144)

A communication from the President of the United States, transmitting a proposed supplemental appropriation to pay claims for damages, audited claims, and judgments rendered against the United States, as provided by various laws, in the amount of $2,097,539, together with such amounts as may be necessary to pay indefinite interest and costs and to cover increases in rates of exchange as may be necessary to pay claims in foreign currency (with accompanying papers); to the Committee on Appropriations and ordered to be printed.

PAYMENT OF MONEY ORDERS

A letter from the Postmaster General, transmitting a draft of proposed legislation relating to the payment of money orders (with an accompanying paper); to the Committee on Post Office and Civil Service.

PROPOSED AWARD OF CONCESSION PERMIT, OLYMPIC NATIONAL PARK, WASH.

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed award of a concession permit, Olympic National Park, Wash., for the period June 15 to September 15, 1954 (with an accompanying paper); to the Committee on Interior and Insular Affairs.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

Three letters from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders suspending deportation of certain aliens, together with a statement of the facts and pertinent provisions of law as to each alien, and the reasons for ordering such suspension (with accompanying papers); to the Committee on the Judiciary.

GRANTING OF APPLICATIONS FOR PERMANENT RESIDENCE FILED BY CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders granting the applications for permanent residence filed by certain aliens, together with a statement of the facts and pertinent provisions of law as to each alien, and the reasons for granting such applications (with accompanying papers); to the Committee on the Judiciary.

GRANTING ADMISSION INTO THE UNITED STATES OF A CERTAIN ALIEN

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copy of an order granting admission into the United States of Fintan Patrick Walsh (with an accompanying paper); to the Committee on the Judiciary.

TEMPORARY ADMISSION INTO THE UNITED STATES OF CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered granting temporary admission into the United States of certain aliens (with accompanying papers); to the Committee on the Judiciary.

D. A. SULLIVAN AND SONS, INC., AND THOMAS F. HARNEY, JR., DOING BUSINESS AS HARNEY ENGINEERING CO. *v.* THE UNITED STATES

A letter from the Clerk, United States Court of Claims, transmitting, pursuant to Senate resolutions 152 and 165 of the 81st Congress, 1st session, and sections 1492 and 2509, of title 28, United States Code, copies of the Court's opinion and findings of fact, together with conclusions therein, entered in the case of D. A. Sullivan and Sons, Inc., and Thomas F. Harney, Jr., doing business as Harney Engineering Co., v. The United States (with an accompanying document); to the Committee on the Judiciary.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Archivist of the United States, transmitting, pursuant to law, a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. CARLSON and Mr. JOHNSTON of South Carolina members of the committee on the part of the Senate.

PETITION

The VICE PRESIDENT laid before the Senate a resolution adopted by the National Federation of Business and Professional Women's Clubs, Inc., at St. Louis, Mo., favoring the enactment of legislation granting Statehood for Alaska and Hawaii, which was ordered to lie on the table.

RECOGNITION OF SOVIET RUSSIA AND HER SATELLITE NATIONS—RESOLUTION OF AMERICAN LEGION, DEPARTMENT OF WISCONSIN

Mr. JENNER. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, a resolution adopted by the Wisconsin Department of the American Legion, at Madison, Wis., favoring the adoption of Senate Resolution 247, to withdraw recognition of Russia and her satellite nations.

There being no objection, the resolution was referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

RECOGNITION OF SOVIET RUSSIA AND ITS SATELLITE NATIONS BE WITHDRAWN AS PROVIDED IN SENATE RESOLUTION 247

Whereas there has been introduced into the United States Senate a resolution, Senate Resolution 247, by Senators MCCARRAN and JENNER to the end that recognition be withdrawn from the Union of Soviet Socialist Republics together with the satellite nations of the Soviet Union; and

Whereas recognition was granted to this nation over the protests of the American Legion in the year 1933; and

Whereas the Soviet Union has violated many of the provisions of the pact wherein that nation was granted recognition by our beloved Republic; and

Whereas the Soviet Union has been responsible for a continued network of espionage within the United States of America; Now, therefore, be it

Resolved by the American Legion, Department of Wisconsin, in convention assembled, this 17th day of July 1954, at Madison, Wis., as follows: That the Members of the Congress from the State of Wisconsin be petitioned to collectively work to the end of the adoption and enforcement of the provisions of Senate Resolution 247, as offered by the Honorable PAT MCCARRAN and the Honorable WILLIAM E. JENNER.

PERMANENT MERCHANT MARINE ACADEMY—TELEGRAM

Mr. WILEY. Mr. President, earlier this year in this session of Congress, I introduced S. 3610, to amend section 216 (b) of the Merchant Marine Act, 1936, as amended, to provide for the maintenance of the Merchant Marine Academy, as a companion measure to H. R. 9434, which had been introduced by my associate, Representative WILLIAM VAN PELT, to accord permanent status to the Kings Point Merchant Marine Academy. This proposed legislation has the widest backing among friends of the United States merchant marine.

It has been distressing, however, to note that this proposed legislation, so

vital to our civilian economy, so indispensable to our military needs in the event of war emergency, has become stalled. A combination of adverse factors is apparently at work, both within and outside the executive branch of Government. It includes the adverse position of certain few folks in the legislative branch as well.

I earnestly hope that the executive branch will reconsider and will give a definitive green light to the Senate and House to pass this proposed legislation. And I hope that those of my associates in the Congress who oppose it will take a second look, and will revise their opinion.

I present a telegram which I received this morning from an officer of the Association of Parents and Friends of the Kings Point Academy. I ask unanimous consent that it be printed at this point in the RECORD and be thereafter appropriately referred.

There being no objection, the telegram was referred to the Committee on Interstate and Foreign Commerce, and ordered to be printed in the RECORD, as follows:

GREAT NECK, N. Y., *July 16, 1954.*

ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.:

Association of Parents and Friends of Kings Point and its hundreds of members from coast to coast join your many constituents in expressing disappointments over House inactivity today on Kings Point bill. Our surveys show majorities in both Houses favor bill passage. Time runs short. Can you request White House clarification of discrepancies between attitudes of Commerce and Navy Departments toward? Such clarification offered by you for committee meetings next may prove turning point. Your tireless and effective efforts today merits full gratitude of America but only further personal and drastic action by you exerted now can assure success this session.

JOHN W. SCHERGER,
First Vice President, Association of Parents and Friends, Kings Point, N. Y.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LANGER, from the Committee on the Judiciary, without amendment:

S. 979. A bill for the relief of Dr. James C. S. Lee (Rept. No. 1820);

S. 1123. A bill for the relief of Kosmas Vasilios Fournarakis (Rept. No. 1821);

S. 1201. A bill for the relief of Martin P. Pavlov (Rept. No. 1822);

S. 1259. A bill for the relief of Anastasia Knodylis (Rept. No. 1823);

S. 1325. A bill for the relief of Szjena Peison and David Peison (Rept. No. 1824);

S. 1558. A bill for the relief of Sultana Coka Pavlovitch (Rept. No. 1825);

S. 1888. A bill for the relief of Rica, Lucy, and Salomon Breger (Rept. No. 1826);

S. 1909. A bill for the relief of Jacob Grynberg (Rept. No. 1827);

S. 2105. A bill for the relief of Donald Hector Taylor (Rept. No. 1828);

S. 2259. A bill for the relief of Rev. Charles V. Rossini (Rept. No. 1829);

S. 2337. A bill for the relief of Jose Alvarez (Rept. No. 1830);

S. 2345. A bill for the relief of Yun Tai Miao and his wife, Chao Pei Tsang Miao (Rept. No. 1831);

S. 2433. A bill for the relief of Dr. Sylvia Siu Fan Cheng Chu and Dr. Johnson Chinsheng Chu (Rept. No. 1832);

S. 2520. A bill for the relief of Julius Maar (Rept. No. 1833);

S. 2580. A bill for the relief of Anni Marjatta Makela (nee Kirvesmaki) and her son, Markku Paivio Makela (Rept. No. 1834);

S. 2586. A bill for the relief of Leon J. de Szethofer and Blanche Hrdinova de Szethofer (Rept. No. 1835);

S. 2639. A bill for the relief of Etsuko Tamaki (Shimizu) (Rept. No. 1836);

S. 2644. A bill for the relief of Maria Louise Andreis (Rept. No. 1837);

S. 2666. A bill for the relief of Anastasia Alexiadou (Rept. No. 1838);

S. 2710. A bill for the relief of Chokichi Iraha (Rept. No. 1839);

S. 2771. A bill for the relief of Guiseppe Minardi (Rept. No. 1840);

S. 2842. A bill for the relief of Dr. Felix de Pinies (Rept. No. 1841);

S. 2893. A bill for the relief of Seraphina Papgeorgiou (Rept. No. 1842);

S. 2894. A bill for the relief of Mrs. Azniv Y. Hasserdjian (Rept. No. 1843);

S. 2967. A bill for the relief of James Ji-Tsung Woo, Margie Wanching Woo, Daniel Du-Ning Woo, and Robert Du-An Woo (Rept. No. 1844);

S. 3319. A bill for the relief of Suzanne L'Heureux (Rept. No. 1845);

H. R. 686. A bill for the relief of Mrs. Erna Gronowski (Rept. No. 1846);

H. R. 692. A bill for the relief of Nina Makeef, also known as Nina Berberova (Rept. No. 1847);

H. R. 795. A bill for the relief of Jean Hollis Vock (Rept. No. 1848);

H. R. 1337. A bill for the relief of Mrs. Franca Gatti Ohta (Rept. No. 1849);

H. R. 1462. A bill for the relief of Fotini X. Parisis (Rept. No. 1850);

H. R. 1768. A bill for the relief of Claire Louise Carey and Vincent F. Carey (Rept. No. 1851);

H. R. 1788. A bill for the relief of Wanda Luceri, also known as Sister Cecilia; Maria De Padova, also known as Sister Rosanna; Anna Santoro, also known as Sister Natalina; Valentina Ruffoni, also known as Sister Severina; Cosima Russo, also known as Sister Carmelina (Rept. No. 1852);

H. R. 2028. A bill for the relief of Mrs. Antonietta Palmieri (Rept. No. 1853);

H. R. 2188. A bill for the relief of Karoline Diekmeyer (Rept. No. 1854);

H. R. 2371. A bill for the relief of Mrs. Maria M. Broix (Rept. No. 1855);

H. R. 2403. A bill for the relief of Laszlo Varga and Nike Varga (Rept. No. 1856);

H. R. 2440. A bill for the relief of Lidija Cimze (Rept. No. 1857);

H. R. 2499. A bill for the relief of Adolfo L. Kalb, and his wife, Mrs. Eugenia G. Kalb (Rept. No. 1858);

H. R. 2619. A bill for the relief of Sister Aurelia Yanguas Teres and Sister Matilde Cuevas San Martin (Rept. No. 1859);

H. R. 2627. A bill for the relief of Cecilia Lucy Boyack (Rept. No. 1860);

H. R. 2650. A bill for the relief of Sister Anna Etti (Rept. No. 1861);

H. R. 3017. A bill for the relief of Felix Petrover (Rept. No. 1862);

H. R. 3675. A bill for the relief of Herre van der Veen, Mrs. Marie van der Veen, Helen Winifred van der Veen, and Jan Herre van der Veen (Rept. No. 1863);

H. R. 3743. A bill for the relief of Chaim Szemaja Segal and Icek Hersz Segal (Rept. No. 1864);

H. R. 4248. A bill for the relief of Albertas Bauras (Rept. No. 1865);

H. R. 4330. A bill for the relief of Dr. Orlando Artuso and family (Rept. No. 1866);

H. R. 4813. A bill for the relief of Radu Florescu and Nicole Elizabeth Michel Florescu (Rept. No. 1867);

H. R. 5340. A bill for the relief of Tibor, Szuzsa (Suzanne), and Judith Sauer (Rept. No. 1868);

H. R. 5354. A bill for the relief of Liborio Guido Rutilio (Rept. No. 1869);

H. R. 5816. A bill for the relief of Mrs. Caridad Rosa Avila Leyva de Ernest (Rept. No. 1870);

H. R. 6026. A bill for the relief of Gertrud O. Heinz (Rept. No. 1871);

H. R. 6553. A bill for the relief of Esterina Pella Bellucci (Rept. No. 1872);

H. R. 6855. A bill for the relief of Mrs. Elisabeth Metzing Rink (Rept. No. 1873);

H. R. 6982. A bill for the relief of Maria Elizabeth Sanchez Y Moreno (Rept. No. 1874);

H. R. 7041. A bill for the relief of Waltruade Elsa Solleder (Rept. No. 1875);

H. R. 7145. A bill for the relief of Anneliese Catalino (Rept. No. 1876);

H. R. 7150. A bill for the relief of Thora June Grumbles (Rept. No. 1877);

H. R. 7152. A bill for the relief of Jozef Van den broeck (Rept. No. 1878);

H. R. 7221. A bill for the relief of Anders Taranger (Rept. No. 1879);

H. R. 7761. A bill for the relief of John Lewis Pyles, Jr. (Rept. No. 1880); and

H. R. 8239. A bill for the relief of Fung Ping Wah (also known as Reginald Ping Wah Fung) and his wife, Fung Wai-Yin Li (also known as Doris Fung) (Rept. No. 1881).

By Mr. LANGER, from the Committee on the Judiciary, with an amendment:

S. 377. A bill for the relief of the State of Oklahoma (Rept. No. 1882);

S. 547. A bill for the relief of Hava Shpak, A. A. Shpak, and Sympeha Shpak (Rept. No. 1883);

S. 1601. A bill for the relief of Jeremy Allen Clore (Rept. No. 1884);

S. 1978. A bill for the relief of Dr. Chang Ho Cho (Rept. No. 1885);

S. 2064. A bill for the relief of Aniceto Sparagna (Rept. No. 1886);

S. 2536. A bill for the relief of Ellen Henriette Buch (Rept. No. 1887);

S. 2649. A bill for the relief of Chaya Frangies (Rept. No. 1888);

S. 2709. A bill for the relief of Peter Haberl (Rept. No. 1889);

S. 2789. A bill for the relief of Gianni Bernardis (Rept. No. 1890);

S. 2791. A bill for the relief of Ernesto DeLeon (Rept. No. 1891);

S. 2885. A bill for the relief of Sandra Lea MacMullin (Rept. No. 1892);

S. 3065. A bill for the relief of Ernest Ludwig Bamford and Mrs. Nadine Bamford (Rept. No. 1893);

S. 3160. A bill for the relief of Irene Julienne Givens (Rept. No. 1894);

S. 3221. A bill for the relief of Ingeborg Otto (Rept. No. 1895);

S. 3322. A bill for the relief of Ali Hassan Waffa (Rept. No. 1896);

S. 3343. A bill for the relief of Babette Bayer Trisler (Rept. No. 1897);

S. 3424. A bill for the relief of Anneliese Hofmann (Rept. No. 1898); and

H. R. 1514. A bill for the relief of Clint Lewis (Rept. No. 1899).

By Mr. LANGER, from the Committee on the Judiciary, with amendments:

S. 1852. A bill for the relief of Juan Antonio Gorrono Lajarzabulo and Jesus Maria Ojenola Guernica (Rept. No. 1900);

S. 1873. A bill for the relief of Ursula Wilke (Rept. No. 1901);

S. 2841. A bill for the relief of Vittoria Alberghetti, Daniele Alberghetti, and Anna Maria Alberghetti (Rept. No. 1902);

S. 2925. A bill for the relief of Evantiyi Yorgiadis (Rept. No. 1903);

H. R. 5461. A bill for the relief of Wah Chang Corp. (Rept. No. 1904); and

H. R. 7886. A bill for the relief of Mrs. Cecil Norton Broy (Rept. No. 1905).

By Mr. JENNER, from the Committee on the Judiciary, without amendment:

S. 3428. A bill to authorize the Federal Government to guard strategic defense facilities against individuals believed to be disposed to commit acts of sabotage, espionage, or other subversion (Rept. No. 1818).

By Mr. JENNER, from the Committee on the Judiciary, with amendments:

H. R. 9580. A bill to revise and extend the laws relating to espionage and sabotage, and for other purposes (Rept. No. 1819).

By Mr. MILLIKIN, from the Committee on Finance, without amendment:

H. R. 8155. A bill to continue until the close of June 30, 1955, the suspension of duties and import taxes on metal scrap, and for other purposes (Rept. No. 1907); and

H. R. 8628. A bill to amend the Tariff Act of 1930 to insure that crude silicon carbide imported into the United States will continue to be exempt from duty (Rept. No. 1908).

By Mr. MILLIKIN, from the Committee on Finance, with an amendment:

H. R. 9248. A bill to amend section 308 (5) of the Tariff Act of 1930, as amended (Rept. No. 1909).

By Mr. MILLIKIN, from the Committee on Finance, with amendments:

H. R. 8041. A bill to provide benefits under the laws administered by the Veterans' Administration based upon service in the Women's Army Auxiliary Corps under certain conditions (Rept. No. 1910).

By Mr. CAPEHART, from the Committee on Banking and Currency, with an amendment:

H. R. 8152. A bill to extend to June 30, 1955, the direct home and farmhouse loan authority of the Administrator of Veterans' Affairs under title III of the Servicemen's Readjustment Act of 1944, as amended, to make additional funds available therefor, and for other purposes (Rept. No. 1911).

By Mr. GOLDWATER, from the Committee on Labor and Public Welfare, without amendment:

S. 1871. A bill for the relief of Antonio Fopp (Rept. No. 1912).

GEO. D. EMERY CO.—REFERENCE OF BILL TO COURT OF CLAIMS—REPORT OF A COMMITTEE

Mr. LANGER. Mr. President, from the Committee on the Judiciary, I report an original resolution, to refer the bill (S. 3730) for the relief of the Geo. D. Emery Co., a private bill, to the Court of Claims for a report, and I submit a report (No. 1906) thereon.

The VICE PRESIDENT. The report will be received, and the resolution will be placed on the calendar.

The resolution (S. Res. 285), was placed on the calendar, as follows:

Resolved, That the bill (S. 3730) entitled "A bill for the relief of the Geo. D. Emery Co.," now pending in the Senate, together with all accompanying papers, is hereby referred to the United States Court of Claims pursuant to sections 1492 and 2509 of title 28, United States Code; and said court shall proceed expeditiously with the same, in accordance with the provisions of said sections, and report to the Senate, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand, as a claim legal or equitable, against the United States, and the amount, if any, legally or equitably due from the United States to the claimant.

HEALTH SERVICE PREPAYMENT PLAN REINSURANCE ACT—SEPARATE VIEWS (PT. 2 OF S. REPT. NO. 1798)

Mr. MURRAY. Mr. President, in accordance with the unanimous consent agreement entered into on Tuesday, July 13, 1954, I submit separate views on the bill (S. 3114) to improve the public health by encouraging more extensive use of the voluntary prepayment method in the provision of personal health services, and request that they be printed.

The VICE PRESIDENT. The separate views of the Senator from Montana will be received, and, without objection, will be printed.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, July 19, 1954, he presented to the President of the United States the enrolled bill (S. 2987) to provide for the transfer of hay and pasture seeds from the Commodity Credit Corporation to Federal land-administering agencies.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and by unanimous consent, the second time, and referred as follows:

By Mr. COOPER:

S. 3767. A bill to authorize the issuance of a special series of stamps commemorative of the 100th anniversary of the founding of Berea College, Berea, Ky.; to the Committee on Post Office and Civil Service.

(See the remarks of Mr. COOPER when he introduced the above bill, which appear under a separate heading.)

By Mr. YOUNG:

S. 3768. A bill authorizing the construction of flood control works on the lower Heart River in the vicinity of Mandan, N. Dak.; to the Committee on Public Works.

By Mr. McCARRAN:

S. 3769. A bill to amend section 709 of title 18, United States Code, so as to protect the name of the Federal Bureau of Investigation from commercial exploitation; to the Committee on the Judiciary.

By Mr. MARTIN:

S. 3770. A bill for the relief of Gertrud Mattigkeit; to the Committee on the Judiciary.

By Mr. JOHNSON of Texas (for himself and Mr. DANIEL):

S. 3771. A bill to convey by quitclaim deed certain land to the Brownsville Navigation District of Cameron County, Tex.; to the Committee on Armed Services.

(See the remarks of Mr. JOHNSON of Texas when he introduced the above bill, which appear under a separate heading.)

By Mr. McCARTHY (by request):

S. 3772. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to provide for the payment of appraisers', auctioneers' and brokers' fees from the proceeds of disposal of Government surplus real property, and for other purposes; and

S. 3773. A bill to authorize reciprocal fire protection agreements between departments and agencies of the United States and public or private organizations engaged in fire-fighting activities, and for other purposes; to the Committee on Government Operations.

By Mr. AIKEN:

S. 3774. A bill to extend the benefits of the Watershed and Flood Prevention Act to Alaska, Hawaii, and Puerto Rico; to the Committee on Agriculture and Forestry.

By Mr. KENNEDY:

S. 3775. A bill to amend the Federal Regulation of Lobbying Act; to the Committee on the Judiciary.

(See the remarks of Mr. KENNEDY when he introduced the above bill, which appear under a separate heading.)

By Mr. YOUNG (for himself and Mr. MUNDT):

S. J. Res. 179. Joint resolution to authorize the Secretary of Agriculture to postpone the referendum on marketing quotas for the 1955 crop of wheat; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. YOUNG when he introduced the above joint resolution, which appear under a separate heading.)

ISSUANCE OF COMMEMORATIVE STAMP IN HONOR OF CENTENARY OF BEREA COLLEGE, BEREA, KY.

Mr. COOPER. Mr. President, I introduce for appropriate reference a bill to authorize the issuance of a commemorative stamp in honor of the centenary of Berea College, Berea, Ky.

Berea is an unusual and outstanding educational institution. It was first founded to provide the opportunity for an education to young men and women living in the mountains of Kentucky and adjacent States. In this endeavor it has succeeded admirably.

The present enrollment of Berea is approximately 1,500 students. Its students today number many from other States and foreign countries. The college charges no tuition. The only fee is that for food, lodging, and incidental expenses, running $337 per year.

A program of work is provided for students to help them finance their education. To accomplish this, Berea manages a number of flourishing business enterprises which give opportunities for employment, including a hotel, a farm, and a print shop. Each student is guaranteed a minimum of 10 hours of work per week.

Berea was conceived in the reform movements prior to the Civil War. The founder was John G. Fee, a preacher who opposed the evils of slavery. His own father denounced him for his convictions. He went to Madison County, Ky., where, in 1853, he was able to establish a church. Two years later a school was founded.

School and Society for April 21, 1951, describes Berea as "a unique example of a school which has been achieving the fundamental aims of education in our democratic society. From its very beginning, Berea was linked to the cause of freedom and to people who were of great faith and courage."

Mr. President, I would like to pay special tribute to the men of great faith and courage who have headed Berea College. During its existence, Berea has had 6 great presidents, as follows: John A Rogers, principal, 1858–69; Edward H. Fairchild, 1869–89; William B. Stewart, 1890–92; William G. Frost, 1892–1920; William J. Hutchins, 1920–39; Francis S. Hutchins, 1939 to the present.

These men, a long roster of dedicated and able teachers, and the support of devoted friends in Kentucky and throughout the Nation have made Berea College one of the great educational institutions of our country.

I ask unanimous consent to have published in the RECORD a brief chronology of Berea College, which will give to the Members of the Senate the significant events in the history of this great institution.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the chronology will be printed in the RECORD.

The bill (S. 3767) to authorize the issuance of a special series of stamps commemorative of the 100th anniversary of the founding of Berea College, Berea, Ky., introduced by Mr. COOPER was received, read twice by its title, and referred to the Committee on Post Office and Civil Service.

The chronology presented by Mr. COOPER is as follows:

LANDMARKS IN THE HISTORY OF BEREA COLLEGE

1855: Berea College founded by Rev. John G. Fee, a Kentucky abolitionist, aided by Rev. J. A. R. Rogers, John Hanson, Hon. Cassius M. Clay, and other antislavery men.

1858: Constitution written for the new school. Land for campus secured on faith.

1859: Antislavery families of Berea ordered to leave the State, owing to panicky fear arising from John Brown's raid in Virginia.

1859–65: The young college closed because of exile of its leaders.

1866: Berea College reopened with both young men and young women in attendance, both colored and white.

1873: First college class graduated, three receiving bachelor of arts degrees, one a B. B. degree.

1898: Berea College General Hospital founded. First hospital on a college campus in America.

1904: Day law passed by the Kentucky Legislature forbidding the coeducation of Negroes and whites in the same private institution. Contested by Berea College. Law upheld by the United States Supreme Court in 1908.

1906–9: Berea College raised adjustment fund of $400,000 to establish Lincoln Institute for education of Negroes.

1906: Seven hours a week of work (later 10 hours) required of each student to maintain a democratic social tone among those who did not need to earn their way through college.

1914: First dean of labor appointed to cope with the work problem created by increased enrollments.

1915: First out-of-territory rule passed: That no nonmountain student be admitted to Berea if his presence would crowd out a worthy mountain student.

1919: Second dean of labor appointed with responsibility of developing new incentives and new industries to meet increased pressure for student labor, a successful policy which resulted in worldwide recognition of the trade name Berea College Student Industries as quality product.

1950: Controversial Day law was revised by the Kentucky Legislature permitting private institutions to regulate themselves regarding coeducation of Negroes and whites.

1954: In January the first Negro student was graduated from Berea College since the Day law became effective in 1904—50 years later.

1955: Berea College celebrates its 100th anniversary.

That Berea College has kept pace with educational advances is shown by the recognitions received and the accredited status granted by such agencies as are qualified to pass judgment.

1920: Three-year diploma course in nursing approved by the State board of nurse examiners.

1924: Berea Academy accredited by the Southern Association of Colleges and Secondary Schools.

1926: Berea College accredited by the Southern Association of Colleges and Secondary Schools.

1927: Berea College accepted into membership in the Association of American Colleges.

1928: Berea College placed on the approved list of the Association of American Universities.

1930: Accepted into full membership in the American Association of University Women.

1952: The School of Nursing was temporarily accredited by the National League of Nursing Education.

CONVEYANCE OF CERTAIN LAND TO BROWNSVILLE NAVIGATION DISTRICT OF CAMERON COUNTY, TEX.

Mr. JOHNSON of Texas. Mr. President, on behalf of myself and my colleague, the junior Senator from Texas [Mr. DANIEL], I introduce for appropriate reference a bill authorizing the Secretary of the Army to reconvey, by quitclaim deed, to the Brownsville Navigation District of Cameron County, Tex., certain lands in that county.

In October, 1932, the Brownsville Navigation District conveyed to the United States Government the south tip of Padre Island and the north tip of Brazos Island. No monetary consideration was involved. Subsequently, the United States leased to Cameron County the south tip of Padre Island. This was a 5-year lease, which has been once renewed. The renewed lease expires in August of this year.

Cameron County has declared this tract of land a park area, and voted $850,000 in bonds for its development. Recreational facilities have been erected in the area. The county also has built a causeway from the mainland to the tip of Padre Island, at a cost of $2,750,000. Plans have been made to establish a number of parks on the island.

Officials of Cameron County and of Brownsville Navigation District recently were informed by the Army Engineers that the United States Government no longer needs the land deeded to it in 1932, and that the land should be declared surplus.

This bill would simply authorize the Army to deed back to the Navigation District the land which it received without cost, instead of having the land declared surplus and placed on the market.

The bill provides that if the property is not used for public park and recreational purposes in any two successive years, title to it shall revert to the United States.

The proposed action is fair and equitable. It protects the interests of all concerned. I hope that early and favorable action will be taken upon this bill.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 3771) to convey by quitclaim deed certain land to the Brownsville Navigation District of Cameron County, Tex., introduced by Mr. JOHNSON of Texas (for himself and Mr. DANIEL), was received, read twice by its title and referred to the Committee on Armed Services.

EXTENSION OF COVERAGE UNDER OLD-AGE AND SURVIVORS INSURANCE PROGRAM—AMENDMENT

Mr. MARTIN (for himself and Mr. LONG) submitted an amendment intended to be proposed by them, jointly, to the bill (H. R. 9366) to amend the Social Security Act and the Internal Revenue Code so as to extend coverage under the old-age and survivors insurance program, increase the benefits payable thereunder, preserve the insurance rights of disabled individuals, and increase the amount of earnings permitted without loss of benefits, and for other purposes, which was referred to the Committee on Finance, and ordered to be printed.

AGRICULTURAL ACT OF 1954—AMENDMENTS

Mr. AIKEN (for himself, Mr. HICKENLOOPER, Mr. WILLIAMS, Mr. SCHOEPPEL, Mr. WELKER, Mr. HOLLAND, and Mr. ANDERSON) submitted amendments intended to be proposed by them, jointly, to the bill (S. 3052) to encourage a stable, prosperous, and free agriculture, and for other purposes, which were ordered to lie on the table and to be printed.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting several nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

By Mr. WELKER, from the Committee on the Judiciary:

Fred M. Taylor, of Idaho, to be United States district judge for the district of Idaho.

By Mr. LANGER, from the Committee on the Judiciary:

Herbert S. Boreman, of West Virginia, to be United States district judge for the northern district of West Virginia, vice William Ell Baker, retired;

Emett C. Choate, of Florida, to be United States district judge for the southern district of Florida; and

Joseph E. Hines, of South Carolina, to be United States attorney for the western district of South Carolina, vice John C. Williams, resigned.

NOTICE OF HEARING ON NOMINATION OF LAWRENCE QUINCY MUMFORD, TO BE LIBRARIAN OF CONGRESS

Mr. JENNER. Mr. President, on behalf of the Committee on Rules and Administration, I desire to give notice that a public hearing has been scheduled for Monday, July 26, 1954, at 2 p. m., in room

457, of the Senate Office Building, upon the nomination of Lawrence Quincy Mumford, of Ohio, to be Librarian of Congress.

All persons interested in the nomination are invited to be present at the hearing.

WATER IN THE ARID WEST

Mr. BENNETT. Mr. President, even in the Senate, it pays to pause sometimes and talk of simple things.

What could be more simple—or more vital than water? As the Ancient Mariner said, "Water, water everywhere." It is always with us in the Senate. It fails to rain in one or many States, and we have a withering drought. It rains too hard in one locality in Texas, and we have a lethal flood. It rains too much over too wide an area in the northern plain States, and in Louisiana, they start "workin' on the levee."

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. BENNETT. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. I do not mean to be facetious about a very disastrous catastrophe, and while I admit that perhaps Texas has everything larger than any other State, and that it has had some terrible floods, I wish to call attention to the fact that Iowa also has had some disastrous floods which have destroyed a great deal of property.

Mr. BENNETT. I will include Iowa and every other State in which flood damage has been lethal.

I believe all of us can agree that nature can use water to create a crisis.

But our arid West suffers an unending thirst.

The challenge of this truth is always with us. It must be met and mastered, or we cannot grow, either in numbers or in productivity. "More people" means more food, more jobs, and bigger cities—and all these mean "more water."

At first, when we were few, the little mountain streams supplied our need. But by the century's turn, we had stretched to their full limit both these local water sources and our limited financial power to develop them. Then came the Federal reclamation law, and under it we have brought the waters of larger streams from greater distances, and thus sustained a second 50 years of growth.

Now we need to raise our eyes again—this time to our last resource—the highest and remotest reaches of the Rockies. The streams that drain those melting snows become the mighty Colorado, most of whose irreplaceable potential is wasted in the ocean because to harness it for use is understandably difficult and costly. But we have exhausted all the easier resources, and we have no other choice.

Fortunately, we are prepared for it. Already we have an interstate agreement and a plan with which it can be implemented. Because this plan, embodied in S. 1555, will soon be before the Senate for approval, I shall present each day another chapter of this vital story of water in the arid West.

OPPOSITION TO DIVERSION OF WATER FROM LAKE MICHIGAN

Mr. FERGUSON. Mr. President, the senior Senator from Wisconsin [Mr. WILEY] has been compelled to leave the Chamber. He had in mind offering a telegram for the RECORD, and I now ask unanimous consent that a statement by him in connection with the telegram of Vernon W. Thompson, attorney general of Wisconsin, in opposition to diversion of water from Lake Michigan, be printed in the body of the RECORD, together with the telegram referred to.

There being no objection, the statement and telegram were ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR WILEY

OPPOSITION TO GREAT LAKES WATER STEAL

For three decades the State of Wisconsin has been in the vanguard of the fight against what is generally known as "Chicago water steal legislation."

This legislation, which is now coming up again as H. R. 3300 from the Senate Public Works Committee, would be a blow to the Great Lakes States; a blow to good relations between the United States and Canada.

I have received a great many messages from within and outside my State expressing vigorous opposition to H. R. 3300. One such representative message is from the attorney general of Wisconsin, and I append it to this statement. It is as follows:

MADISON, WIS., *July 16, 1954.*

Hon. ALEXANDER WILEY,
Senate Office Building:

Respectfully request that you exert all possible effort to defeat H. R. 3300 which would authorize a diversion of water from Lake Michigan by the Chicago Sanitary District. For 30 years Wisconsin has led the fight to halt such unlawful diversion and has obtained a United States Supreme Court decree which protects the rights of the citizens of Wisconsin. While the diversion proposed by the pending bill is minor, it is only the camel's nose which could lead to a major and unwarranted interference with the navigable capacity of the Great Lakes. A lowering of the water level 1 inch will remove 2 million tons of shipping annually from the carrying capacity of the lake and will increase the expenditure for dredging in all lake harbors. The waters which belong to all the Great Lakes States are improperly taken when used to flush Chicago sewage down the drainage canal and to generate electric power at Lockport for the profit of the Chicago Sanitary District.

VERNON W. THOMPSON,
Attorney General of Wisconsin.

THE DROUGHT IN MISSOURI

Mr. SYMINGTON. Mr. President, reports received today from Missouri emphasize that it is time for action. Thousands of the small farmers of my State now face financial ruin as the result of the searing heat of the last month and rainfall far below normal.

Temperatures in Missouri yesterday exceeded 110, and again today are at or near 110 in many sections of the State. Pastures are burned up, and water supply for many farmers is near the vanishing point. The intensity of the heat in the last 10 days has burned the tassels and silk right out of the corn, so that there will be little or no grain.

A report from Missouri this morning, by a man who knows, sets the 1954 corn crop at 25 percent or less, pastures worse than last year, and the grasshopper plague the worst it has ever been.

Record shipments of drought-distressed cattle are being received by the stockyards in my State.

Fifteen thousand head of cattle were received at Kansas City this morning, of which 25 percent or more are cows. Some of this stock brings as little as 4 cents a pound.

With burnt out pastures and dried up water supply, the little farmer has no choice but to sell his 10 or 15 brood cows. When those cows bring as little as 4 to 6 cents a pound, or at best an average of $60 per head, this little farmer will not even have the money to pay the loan on his herd.

Mr. President, now is the time that the small farmers need help, and need it badly.

A resumption of the Government's beef-buying program for school lunches, by raising the prices on canners and cutters to 9 or 10 cents, would stabilize the entire cattle market. Such buying now would aid both the farmers who cannot hold their stock any longer, and those who will be able to wait for the fall rains.

This morning, Gov. Phil M. Donnelly held an emergency meeting of the Missouri State Drought Committee. The report from that meeting will be forwarded to President Eisenhower.

In this connection, let me point out that in the drought program in the last year, the State of Missouri invested in excess of $9 million in getting hay to the farmers of our State—a degree of State participation unequalled by any other State.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD telegrams I have received from Missouri and two which I have sent to the Secretary of Agriculture.

There being no objection, the telegrams were ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., *July 17, 1954.*

Hon. EZRA TAFT BENSON,
Secretary of Agriculture,
Department of Agriculture,
Washington, D. C.:

Severity of drought in Missouri justifies immediate action.

In most of Missouri drought is now as serious as at any time last year. In some sections it is much worse.

As previously reported to you, cows are selling for as low as $4 per hundredweight on Kansas City market and generally are bringing $2 less than at same time last year. Prices are as low as early September last year when market hit bottom.

Water supply dangerously low as result of searing heat of past 2 weeks. Pastures badly burned. Corn crop in some parts of State completely lost; in other areas will make only one-third. Grasshopper plague aggravating situation.

Immediate reactivation of beef buying and feed distribution programs in distressed areas vitally important if brood herds are to be saved. In beef-buying program every care should be exercised so that benefit goes to farmer in distress. Hope defects in 1953 programs on feed distribution can be corrected.

If additional authority necessary, respectfully urge request be submitted now in time for congressional action.

STUART SYMINGTON.

KANSAS CITY, MO., *July 15, 1954.*

STUART SYMINGTON,
United States Senator:

Copy of wire sending Secretary of Agriculture today: "Near 30 percent present cattle run consists cows which is high percentage, canner and cutter cows at $6 to $8.50 with shelled down to $4, and utility grades $8 to $10 represent some 90 percent of all cow sales here. Few commercial cows $10.50 to $12. All cow prices $1.0059; $2 lower than 1 year ago and as low as the lowest period last year which was early September. Many low-grade canner and cutter steers and heifers selling same range of price as cows. Desertlike temperatures up to 117° with most recent days 100° to 112° have parched pastures and causing water shortages. Rainfall here past 30 days one-seventh inch. Return from cows and other low grades of cattle about 50 percent of normal values. Area affected by severe conditions, growing rapidly, and could easily result larger run lower price. Lower-grade cows are now at lower level of prices than when Government initiated emergency cattle-buying program last year. This condition affecting entire market structure. We recommend emergency measures be taken at once."

M. J. FLYNN,
President, Kansas City Livestock Exchange.

MEXICO, MO., *July 14, 1954.*

Hon. STUART SYMINGTON,
Senate Office Building:

At an emergency meeting of the board of directors of the Mexico Chamber of Commerce held this morning, I was instructed to inform you as follows:

Within the past week soil and crop conditions have become such that drastic and prompt relief measures must be initiated to prevent an indicated economic disaster to our people.

Investigation shows that as of this date in Audrain County, there is more crop damage than at any time during the 1953 drought.

Pastures are burnt brown. There is no grass for livestock. Their water supply is being depleted. Most corn appears to be damaged beyond the state of grain production, soybeans are stunted and "fired." Local agricultural officials and experts call the condition critical.

A personal survey of the movement of cattle to the major stockyards shows that great numbers of animals are being sent to slaughter in gaunt flesh. Especially is this true of cows and their calves. Consequently, prices are being depressed to such an extent as to be ruinous to our farmers.

It is recommended that action be initiated to immediately provide at reasonable costs to local farmers such surplus feeds in Federal control as will enable the maintenance on the farms of our production of livestock and the orderly marketing of cattle in sufficient flesh for slaughter. We believe this to be in the national interest.

It is our considered opinion that unless rain in abundant quantities is immediately forthcoming, this county at least will suffer damage as greatly as in the agricultural disaster of 1934. The Weather Bureau offers no encouragement for relief.

It is hoped that action will be prompt.

Hungry livestock will not be tolerant of delay.

Sincerely,

MEXICO CHAMBER OF COMMERCE,
JACK BAKER, *President.*

JULY 9, 1954.

Hon. EZRA T. BENSON,
Secretary of Agriculture, Department of Agriculture, Washington, D. C.:

Am advised water shortage and high temperatures are resulting in unusual forced movement of livestock into Kansas City market, particularly cows, calves, and light cattle. Situation approaching serious proportions of last year. Would appreciate your consideration of emergency action.

STUART SYMINGTON,
United States Senator.

KANSAS CITY, MO., *July 8, 1954.*

STUART SYMINGTON,
United States Senator:

Recent high temperatures and low rainfall resulting large numbers cows, calves, and light cattle coming to market. Water shortage contributing to forced movement of livestock. Some fifty-five hundred cows received our market this week, about as large number as any week in June or July 1953; values on cows and other young cattle in canner and cutter flesh approaching the lows of last year. This situation can rapidly develop demoralized prices on these classes of cattle. It would seem some plans for emergency action should be under consideration.

M. J. FLYNN,
President, Kansas City Livestock Exchange.

PICKETING IN FRONT OF THE WHITE HOUSE

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point an article entitled "Picketing Is O. K.," written by Fred Othman, and published in the Washington Daily News of July 14, 1954.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

PICKETING IS O. K.

(By Fred Othman)

If you want to walk in front of the White House with a sign demanding that President Eisenhower pass out free ice cream on hot days, it's all right. Picketing the President is still legal.

Just keep moving, is all, and get in no arguments with the cops.

Maybe this isn't important. And maybe it reaches to the very fundamentals of being an American. In any event there was Representative BRADY GENTRY, Democrat, of Texas, arriving in town about 18 months ago and running smack dab into the Rosenberg pickets at 1600 Pennsylvania Avenue.

All those signs demanding that the President pardon the atom spies and all those people pounding the pavements 24 hours a day struck him as a disgrace. Disgusting and also revolting, he said.

So the gentleman from Texas wrote a bill to prohibit pickets from performing on any streets adjacent to the Executive Mansion. This the House passed unanimously June 14.

Eventually the bill reached the Senate District Subcommittee, with Nebraska's new Senator, SAM REYNOLDS, in the chair, and Senator WAYNE MORSE, the Oregon Independent, sitting beside him. Representative GENTRY, a large party in horn-rimmed eyeglasses, read an eloquent statement saying pickets should not be allowed to sully the majestic symbol of a great democracy.

Came then a municipal attorney to point out that Statesman GENTRY had got the names of one of the streets wrong. Came also Chief of Police Robert V. Murray to say he was neutral. He said he could handle pickets and never had any trouble with 'em. Well, hardly ever.

Once, he said, there was this President Trujillo, of the Dominican Republic, in town and his enemies began to picket the Mayflower Hotel. Then came his friends to picket them. It kept the Chief busy for a while keeping the pros separated from the cons.

Chairman REYNOLDS said, well, sir, he once saw a mob in action in Omaha and it was a frightening experience. End of the hearings, but not of story:

Senator MORSE, the one-time law professor, delivered a little lecture. "The right of picketing is an essential part of the freedom of speech and the right of petition," he said. "There's always a risk of living in a democracy; there's always a risk in being free. And I cannot imagine a President who would deny the right of Americans to walk in an orderly fashion in front of the White House.

"The man who sits in the White House is the servant of the people. He is not our master. We have the right to petition him."

Representative GENTRY had pointed out that Congress long ago outlawed pickets at its own front door.

"We did a very cowardly thing," Senator MORSE said. "We ought to be ashamed of ourselves. That law should be repealed."

Senator REYNOLDS said he still didn't believe mobs should be allowed to form in front of the White House. Without police, he said, they might get into the grounds, upon the front porch, and into the mansion itself. "This is akin to anarchy," he said. "It is just a step from rebellion."

The professor turned Senator then recalled for the chairman's benefit a little history about people gathering with signs in colonial days, petitioning against adopting the Constitution itself. The right to picket, he said, is even older than the United States.

Senator REYNOLDS said let's have a vote. Senator MORSE said (and this was important) that he had in his pocket the proxy of Senator MATTHEW M. NEELY, Democrat, of West Virginia. The bill to end picketing of the White House lost 2 to 1—or at least was postponed indefinitely—and somehow I figure ours will be a better Nation because of it.

AMITY SPEAKS

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD an article published in the Amity (Oreg.) Standard of Thursday, June 10, 1954. The article is entitled "Amity Speaks," and was written by Mr. R. L. Walker.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

AMITY SPEAKS

(By R. L. Walker)

As late as the end of the year 1929, economically, we the people of the United States, were getting along pretty good; of course for about 15 years prior to that time, we had either been fighting World War I, or feeding a devastated Europe. However, by the end of 1929, we had caught up with our agricultural production to the extent that we all had enough to eat and some surplus.

Now what happened? The trade found themselves with a lot of commodities on hand, and a lot more than the consuming public would consume and another crop ready to harvest. So what happened? Everybody was stuck. No one could buy any commodity, for there was no place to sell it. There was no established price. The bottom fell out of everything. By that time very few people had a job, and those that did were in the same boat because their pay had been cut until there was no buying power by January 1932. Notwithstanding the fact that agriculture had cut production, what production they had was produced by the farm owners themselves without hiring any help. So what happened? They burned the corn for fuel and fed some to the hogs, which they sold when fat, as low as $1 per 100 pounds. So what about all this?

Now good folks for your information, all of that condition was brought about by that

old natural law of supply and demand, that some of you people think is all we need. Oh, yes, that was private enterprise, too. You know there is one other thing I might mention. When the farmer goes down everyone else goes down with him. As an example, I think every logging camp and lumber mill in the State was closed up, except one, and it was not doing much.

The fact that I wish to call to your attention at this time is the fact that we have a larger surplus of every kind of commodity now than we have ever had before. Therefore the only thing that is keeping us out of even a worse predicament than we were in during 1930 and 1931, is our agricultural program and support prices. But the present administration through our Department of Agriculture, and under the leadership of Secretary of Agriculture, Mr. Benson, is trying to tear down what little soundness there is left in our price-support system.

As I see this matter, unless the legislative branches of our Government do something to stabilize the agriculture of this country, we can find ourselves in bad shape. Another way to put it is like this: If the laboring or salary man is going to keep his job, buying power and well-being, likewise the business and professional man, they are not only going to be willing to pay agriculture a just price for his labor and production, but will have to find a way to do it.

I do not think it makes a lot of difference how this is done, just so it is done; and done before it is too late. I do think that agriculture should cut production on the things that we now have too much surplus of, and I do think it should be by quota, and I think that the farmer should be paid as well as the farmer pays everyone else. It takes just this to constitute a sound economy.

This is all my own opinion, and I do not think that I am wrong.

INROADS ON CIVIL LIBERTIES—LETTER TO THE EDITOR

Mr. MORSE. Mr. President, I ask unanimous consent to have printed in the body of the RECORD a very fine article which appeared in the Toledo Blade of Sunday, June 13, 1954. It is in the form of a letter to the editor of the Blade by Mr. Dan H. McCullough, and was published in the Sunday forum column of the Blade.

There being no objection, the letter to the editor was ordered to be printed in the RECORD, as follows:

SUNDAY FORUM—LAWYER TRACES INROADS ON CIVIL LIBERTIES; SEES SOME BASIC FREEDOMS LOST, IMPAIRED

To the EDITOR OF THE BLADE:

Under the impact of two world wars, the prohibition amendment, the cold war, politically ambitious prosecutors, some cowardly judges and a few demagogs who have taken advantage of the cold war to scare hell out of everybody, the liberties of which we boast have been or are being taken away from us. Scholarly Asiatics and Europeans, as well as a substantial segment of our own population, know that the facts belie our proud boast of being a free people.

We are not concerned unless it is our ox that is gored, and so one group is unconcerned when another loses the right of free speech, or a free press. So we sanction the denial of bail to persons of whom we disapprove, or illegal search and seizure when it does not affect us.

"Send not to know for whom the bell tolls; it tolls for thee."

The verity of these words is not understood nor their applicability to the denial of civil rights. In a healthy society the protection of the civil rights of all groups is the concern of all groups, but particularly of the educated and well informed. In our country, those with the greatest stakes in the preservation of our system view with approval the denial of civil rights to those at the lower levels of our economic life. The degree of freedom of the rich and the well placed is decided each day in police courts across the land. The tap on the door at night can climb the social ladder in our country as it has in others.

Years ago Finley Peter Dunne had his Mister Dooley say "The Supreme Court follows the election returns." I didn't believe that statement until I learned what happened to the first amendment during World War I. The first amendment to the Federal Constitution spells out that—

"Congress shall make no law * * * abridging freedom of speech, or the press * * *" And section II of article I of the Ohio bill of rights says the same thing.

That was the law in 1914, but in 1919 the United States Supreme Court placed its interpretation upon the words of the first amendment when it decided the Schenk, Frohwerk, and Debs cases. Then the war scare and the Communist scare died out and by 1927 we had free speech again under the doctrine in the Whitney case. Then freedom of speech vanished again when the Federal Supreme Court upheld the conviction in the Dennis case in 1951. Maybe we will have free speech again some day, but I doubt it.

Right now the Attorney General is trying to get a wiretapping bill through the Congress, and some politicians are trying to stir people up against the fifth amendment. Without the fifth amendment you would soon have a police state, but that doesn't bother the average guy who has never had the opportunity to think things out. All he knows is that some politicians have been claiming that a few guys may escape punishment for something that they are supposed to have done. Some transparent fraud of a politician gets him stirred up and the guy wants the Constitution and the Bill of Rights repealed.

This is what the fourth amendment to the Federal Constitution says:

"The rights of the people to be secure in their persons' houses, papers, and effects, against unreasonable searches and seizures, shall not be violated, and no warrants shall issue, but upon probable cause, supported by oath or affirmation, and particularly describing the place to be searched, and the person or things to be seized."

Section 14 of article I of the Ohio bill of rights says just about the same thing. To a layman it must be quite clear that when the police officers raid a card game in a private home on the word of some informer and without a search warrant, they violate the homeowner's constitutional rights.

That was the law of Ohio a long time ago, if you are arrested by a Federal officer for a Federal offense it is still the law. In Federal court your lawyer would file a motion to suppress the evidence and it would be granted and you would go free. That is today known as the Federal rule. In only 16 of the States is that rule followed. The other States, including Ohio, follow what is known as the State rule on search and seizure.

Back in 1922 the Ohio Supreme Court decided the bootlegging cases of *Houck* v. *State* and *Rosanski* v. *State*, and these decisions led inevitably to the decision in the famous *State* v. *Lindway* case in 1946.

Lindway was suspected of complicity in some bombings which took place in Cleveland and his home was searched without a search warrant.

Lindway was a bad boy and the trial judge was anxious to convict him. He denied Lindway's motion to suppress the evidence and the Supreme Court of Ohio said:

"The immunities from compulsory self-incrimination and unreasonable searches and seizures given by Ohio constitution, article I, sections 10, 14, are not violated by the denial of application to suppress or exclude evidence obtained by unlawful search and the admission of such evidence."

Then the court went on and piously called the officer a trespasser and suggested that Lindway sue the officer when he got out of jail. The hard fact was that the evidence obtained in an illegal search was used against Lindway with the approval of the Ohio Supreme Court, and the United States Supreme Court refused to review the case.

On and after the decision in the Lindway case a home was no longer a man's castle in Ohio.

Apparently the Ohio judges did not subscribe to the words of Mr. Justice Frankfurter in his dissent in *United States* v. *Rabinowitz* in which the judge said:

"It is a fair summary of history to say that the safeguards of liberty have frequently been forged in controversies involving not very nice people. And so, while we are concerned here with a shabby defrauder, we must deal with his case in the context of what are really the great themes expressed by the fourth amendment."

This is, of course, what people will never learn. First, that the degree of freedom that an innocent man has is exactly the degree of freedom that a guilty man has; and, second, that the law of civil liberties is hammered out in cases involving such not nice people.

People also tend to forget what Tom Paine wrote:

"He that would make his own liberty secure must guard even his enemy from oppression, for if he violates this duty he establishes a precedent that will reach to himself."

Since the decision in the Lindway case in 1936 the question of search and seizure has been before our Supreme Court and the various district courts of appeals on many occasions. The ruling has always been the same: The illegal search and seizure has been approved.

The State of Colorado has the same rule as Ohio, and in *Wolf* v. *Colorado*, in 1949, the United States Supreme Court refused to reverse Wolf's conviction, although the search and seizure was illegal.

In 1952 the United States Supreme Court had this question before it in *Casey* v. *United States*. This was a Federal case and so the court ruled in favor of Casey on the question of the illegal search and seizure. The evidence having been obtained illegally, it was thrown out and Casey went free.

In *Casey* v. *United States*, which was a Federal case, the United States Supreme Court followed the Federal rule. In the Wolf case, which was a State case, the United States Supreme Court followed the State rule.

Not only can the police prosecute you in the city courts for the violation of an ordinance, but you can be prosecuted again in the common pleas court for the felony. I know that is double jeopardy, but here again the Constitution says one thing and the law another.

The fifth amendment to the United States Constitution says:

"Nor shall any person be subject for the same offense to be twice put in jeopardy of life of limb."

Section 10 of article I of the Ohio bill of rights reads in this wise:

"No person shall be twice put in jeopardy for the same offense."

This may seem pretty plain to you, and that was the law until the Supreme Court of Ohio went haywire back in 1914 in *State* v. *Rose*. The court said:

"The words 'same offense' mean same offense, not same transaction, not the same

acts, not the same circumstances or same situation."

The famous case of *Duval* v. *State* went up from Lucas County in 1924 and the supreme court affirmed the conviction of Duvall on a robbery charge, although he had previously been acquitted of a murder charge growing out of the same transaction.

The last time this question was before the Ohio Supreme Court was in 1951 in the case of *State* v. *Martin*, and the court spelled out the law:

"One act may constitute several offenses, for example under a municipal ordinance, State statute or Federal statute."

Is it fair to say that freedom of speech is no more? The moment you qualify or limit this right, it ceases to exist. It is also fair to say that not only have the express terms of the first amendment been evaded by judicial legerdemain, but that presently the prohibitions against search and seizure and double jeopardy as contained in the fourth and fifth amendments to the United States Bill of Rights as well as in sections 14 and 10 of article 1 of the Ohio bill of rights are but words and of no effect at the trial level.

DAN H. MCCULLOUGH.

PRINTING OF ADDITIONAL COPIES OF SENATE DOCUMENT 87, REVIEW OF THE UNITED NATIONS CHARTER—A COLLECTION OF DOCUMENTS

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 80) to print additional copies of Senate Document 87, Review of the United Nations Charter—a Collection of Documents, which were in lines 2 and 3 strike out "for the use of the Committee on Foreign Relations one" and insert "three", and in line 6, after "Documents" insert "; one thousand copies for the use of the Committee on Foreign Relations and 2,000 copies for the Members of the House of Representatives."

Mr. JENNER. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

CONVEYANCE OF CERTAIN LANDS TO CITY OF MUSKOGEE, OKLA.—RECONSIDERATION AND PASSAGE OF BILL

Mr. BUSH. Mr. President, on July 2, 1954, the Senate passed the bill (H. R. 8983) to provide for the conveyance of certain lands by the United States to the city of Muskogee, Okla. There was a mistake in the bill on page 2, line 19, where the word "bill" was used instead of the word "act." I ask unanimous consent that the vote by which the bill was ordered to a third reading, read the third time, and passed, be reconsidered. This matter has been cleared with the minority leader.

The VICE PRESIDENT. Is there objection to the request of the Senator from Connecticut?

There being no objection, the Senate proceeded to reconsider the bill.

Mr. BUSH. I now offer an amendment, on page 2, line 19, to strike out the word "bill" and insert "act."

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Connecticut.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

REFERENDUM ON MARKETING QUOTAS FOR 1955 WHEAT CROP

Mr. YOUNG. Mr. President, on behalf of myself, and the Senator from South Dakota [Mr. MUNDT], I introduce for appropriate reference a joint resolution to authorize the Secretary of Agriculture to postpone the referendum on marketing quotas for the 1955 crop of wheat.

The PRESIDING OFFICER (Mrs. BOWRING in the chair). The joint resolution will be received and appropriately referred.

The joint resolution (S. J. Res. 179) to authorize the Secretary of Agriculture to postpone the referendum on marketing quotas for the 1955 crop of wheat, introduced by Mr. YOUNG (for himself and Mr. MUNDT), was received, read twice by its title, and referred to the Committee on Agriculture and Forestry.

Mr. YOUNG. Mr. President, the joint resolution would permit the Secretary of Agriculture to postpone for 1 month the wheat referendum scheduled for Friday of this week, July 23. I shall state the reason for the postponement. The wheat farmers are now required to vote on one choice, namely, whether they shall have quotas, which would mean a reduction in acreage of 34 percent and the effective price-support program, or no quotas and 50 percent of price supports. It is very uncertain at the present time what the price-support level for wheat will be next year. If no legislation is passed—and I believe in view of the delay in Congress, there is a possibility that no such legislation will be passed—in that event the Anderson act will go into effect, providing for price supports of from 75 percent to 90 percent of parity; whereas if the House version of price supports on pending legislation were adopted, wheat farmers would have 82½ percent of parity. We do not know yet what the Senate action will be.

However, since there is a delay in the Senate, and the farmers do not know what the position of the Senate will be, or what the position of the Secretary of Agriculture will be on price-support levels for wheat if no legislation is passed, I believe it is appropriate that the referendum be postponed. If there were an adverse vote, and wheat supports went to 50 percent of parity, I could think of no greater tragedy that could happen to our farm economy.

Mr. MUNDT. Mr. President, will the Senator yield?

Mr. YOUNG. I shall be happy to yield in a moment. If no legislation were passed, the Secretary of Agriculture would have discretion to set the level of supports at from 75 to 95 percent of parity.

President Eisenhower has indicated, I believe, that he does not favor having wheat supports go all the way down to 75 percent, if the Anderson Act should go into effect. I have telegraphed the Secretary of Agriculture, Mr. Benson, asking him for his opinion on the joint resolution we are introducing, and urging him to state to the farmers, if no action should be taken in Congress on farm legislation, what price-support level they could expect under the Anderson Act, whether the price-support level would be 75 percent, 80 percent, 85 percent, or 90 percent. I think it would be very proper for the Secretary of Agriculture at this time to state what his position will be if nothing is done by Congress, and if the Anderson Act goes into effect.

I now yield to my good friend from South Dakota.

Mr. MUNDT. Mr. President, I congratulate my colleague from North Dakota on introducing the joint resolution with which I have associated myself. It seems to me that it is not right to ask the farmer to vote on something that is more or less in the category of a cat in the bag, when the farmer can not tell on what basis he should vote in the referendum. The restrictions by way of acreage allotments are becoming rather severe, and before a wheat farmer can vote intelligently in his own interest or in the national interest he must know something about the support level. He must have that information, so that he can do the necessary arithmetic in order to determine whether it is in his interest or not to vote for allotments. It is rather difficult for the farmer to cast his ballot when the situation is vague as it is, and something should be done.

I do not think that a delay of 10 days or even 2 or 3 weeks in taking the referendum will in any way work an injury on the program. By that time I believe Congress will have been able to express its desires in connection with an agricultural bill, and the farmer will then be able to vote on a definite and precise set of circumstances.

Mr. YOUNG. I thank the Senator from South Dakota whose judgment I greatly value, and especially on agricultural matters. I think the wheat farmers are perfectly willing to vote for wheat quotas, even though they are severe, but they ought to know what the alternative will be and what he will receive by way of price support if he votes approval.

I believe few people realize how severe the impact will be on the wheat farmers. If he votes approval—and I think he should—he will have to cut his acreage 34 percent. He will not be able to produce anything else on the acres which will have been withdrawn. Thus he will lose one-third of his income because of acreage reduction. On top of that, if the Secretary fixes price supports at 75 percent, which he will be privileged to do if the Anderson act goes into effect, the farmer will lose another 15 percent in income. If the modernized formula were to go into effect, which would start in 1957, he would lose another 15 percent or more of income. That is a very severe blow. No business establishment that I know of could stand such a jolt and remain solvent.

VOCATIONAL REHABILITATION AMENDMENTS OF 1954—CONFERENCE REPORT

Mr. PURTELL. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2759) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see pp. 10386–10390 of House proceedings for today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. PURTELL. Mr. President, despite the numerous differences which existed between the Senate and House versions of the bill, the conferees succeeded in reconciling their differences so that, in my opinion, the resultant legislation should very admirably accomplish the objective of improving the Federal-State services for the physically handicapped.

I shall explain the principal provisions resulting from the action of the conferees. First, Mr. President, as the Senate well knows, there was considerable debate in the Chamber concerning the so-called pivot point or average Federal share. The bill, as it passed the Senate, provided a pivot point of 55 percent with a range of 45 percent to 65 percent for the Federal share. The bill, as amended by the House, included a pivot point of 62 percent with a range of 52 percent to 72 percent. The House conferees were very insistent on their amendment, but I am happy to state that our differences were reconciled by agreement on a 60 percent pivot point with a range of 50 percent to 70 percent for the Federal share. There is no doubt in my mind, Mr. President, that this provision will result in an improvement over the old haphazard method of allotting Federal funds, and that the provision will make it possible for the States not only to hold their base levels of support, but also to step up their programs in order to achieve the overall objectives set forth by the President.

The Senate and House versions of the bill also differed to some extent in the transition provisions for getting the program under operation of the formula provided in the bill. As the Senate will recall, that formula was patterned after the formula used in the Hospital Survey and Construction Act—the so-called Hill-Burton formula. The conferees accepted the House version in this respect. Accordingly, the bill provides that the first $23 million, which is the amount appropriated in the fiscal year 1954 for grants under the present law, of each year's appropriations for grants, shall be available exclusively for basic grants. It further provides that in case the allotment of any State for any year, as computed under the Hill-Burton formula, is less than the State's base allotment—which is an amount slightly in excess of the amount it received in Federal grants for its 1954 expenditures—the State's allotment shall be increased to the amount of its base allotment. The Senate version contained a similar provision. The Senate version also contained certain transition provisions for allocation of new money over the base allotment, namely, 100 percent Federal funds for fiscal year 1955, 80 percent for fiscal year 1956, 65 percent for 1957, 55 percent or the Hill-Burton ratio for 1958, and Hill-Burton matching for 1959 and thereafter. In the House version, upon which the conferees agreed, the new money goes out under the Hill-Burton allotment provisions. The amounts required to increase the allotments of some States to the amount of their base allotments are derived by placing a ceiling on the allotments of other States which, under the Hill-Burton allotment formula, would receive a disproportionate increase in Federal grants as compared with the percentage increase in basic grant appropriations for the allotment year over the $23 million appropriated in 1954. The maximum increase permitted is one and one-half times the percentage increase in appropriations for the year involved. In any year in which the basic grant appropriation is higher than $23 million, application of this one and one-half ceiling will always result in enough funds to bring all low-allotment States up to their base allotments and, in addition, provide funds to increase by a uniform percentage their allotments, as well as the allotments of all other States not affected by the ceiling.

This, Mr. President, is an improvement over the Senate version, since it will assure all States receiving new money over and above the base allotments that they had been receiving in the past. Under the Senate revision, particularly in the first 2 or 3 years of the transition period, some States would not have received new money over and above the base allotment. The provisions upon which the conferees agreed contain a permanent guaranty of the amount of the base allotment so long as Congress appropriates the money.

Both versions of the bill provided for extension and improvement grants. The Senate version would have made available such grants with 75 percent Federal funds the first 2 years, 50 percent the second 2 years, and 25 percent for a third 2-year period. The House version provided only for 75 percent Federal grants for 2 years on any project. The House conferees insisted on their version but finally agreed to extend such grants for a 3-year period with 75 percent Federal funds.

Both the Senate and House versions contained provisions for special project grants. It is under these grants, Mr. President, that the Secretary would be authorized to support special projects for training and for providing scholarships for individuals to be trained in the skills necessary for carrying on the rehabilitation process. As the Senate well knows, this is one of the most important provisions in the bill. We all know that there is a great shortage of trained personnel necessary for rehabilitation work. The Senate version had no restrictions within which the Secretary would have to operate in this important regard. The House, however, restricted projects for training and traineeships to the fiscal years 1955 and 1956 only, and to 12 months in the case of any individual trainee. This provision would have so seriously handicapped the Secretary that it is questionable whether anything substantial could have been accomplished in the way of training the personnel so greatly needed, if we are to achieve the President's goal of rehabilitating at least 200,000 individuals annually. I am happy to say that the House receded on its restriction of this authority to the fiscal years 1955 and 1956. The House conferees also agreed to extend the time limit to 2 years in the case of any individual pursuing any one course of study. The conferees were advised that this provision would, in no way, handicap the Secretary in carrying out the intent of these training provisions. Also, in regard to the special project grant authority, the House conferees agreed to the Senate amendment which authorized the Secretary to cooperate in assisting with the financing of a pilot demonstration rehabilitation center in the Washington metropolitan area.

Another important provision agreed to by the conferees, Mr. President, is the adoption of amendments to the Randolph-Sheppard Vending Stand Act. As the Senate will recall, an amendment was adopted on the floor to make certain that this subject would be before the conference. I am happy to say that the conferees agreed to the provision regarding the Randolph-Sheppard Act essentially as passed by the House. The present act authorizes the operation of vending stands by the blind in Federal buildings. The measure adopted by the conferees extends this authority to include Federal property, thereby opening up additional sites to this program.

Also, one of the important provisions in the Randolph-Sheppard Act amendment is one which is designed to insure that a preference is given to blind persons in the granting of permission to operate vending stands on Federal property. It provides that, first, so far as feasible, preference will be given to blind operators licensed under this program; and, second, the head of each Federal department or agency concerned shall consult with the Secretary of Health, Education, and Welfare and prescribe regulations to insure special preference. Such regulations will be subject to approval by the President. The conferees were thoroughly convinced that the property of the Federal Government should be more fully and freely utilized in expanding the vending-stand program for the blind, and that no department or agency should be permitted to refuse suitable stand locations to this blind program except where such stand would clearly conflict with the proper functioning of the department or agency.

Another important amendment to the Randolph-Sheppard Act, Mr. President, is one providing that where the State wishes to do so, it may permit the operators of the vending stands to own their equipment. Various spokesmen for the blind have been very much interested in this provision and I am happy to say that the conferees agreed to it. This privilege is, of course, provided with appropriate safeguards which will insure that if the blind operator ceases to operate his stand, the use of the location and the equipment will not be lost to the use of the blind.

I am also pleased to advise the Senate that the conferees adopted the Senate provision which establishes a special advisory council to make recommendations to the Secretary concerning special project grants. This is an important provision, Mr. President, since it will assure the Secretary of the assistant of a continuing advisory group of experts and other outstanding persons in the field of rehabilitation.

Finally, Mr. President, the conferees also agreed to a House provision which would amend the Wagner-Peyser Act to require States to provide employment counseling and placement services for handicapped persons, and provide that each State or Federal employment service office must designate at least one person to promote employment opportunities for the handicapped and provide them with counseling and placement service.

The conferees also adopted a House provision increasing the annual appropriation authorization for the President's Committee on Employment of the Physically Handicapped from $75,000 to $225,000.

These provisions which I have discussed were the major points in the agreement reached by the conferees. It is the opinion of the conferees, Mr. President, that we now have a highly workable piece of legislation and one in which both the House and the Senate may take pride in their accomplishment.

I ask for the adoption of the conference report.

Mr. HILL. Mr. President, I was a member of the committee of conference, but because I was engaged on the floor, I was unable to attend many meetings of the conference committee, although I signed the report.

The distinguished junior Senator from New York [Mr. LEHMAN] also was a member of the committee of conference, and, as I understand, signed the report.

Mr. PURTELL. That is correct.

Mr. HILL. Did the Senator from Connecticut indicate to the Senator from New York that it was his intention to have the report considered at this time? I do not know whether the Senator from Connecticut has talked to the Senator from New York about the report.

Mr. PURTELL. I did not talk with the Senator from New York, although I understand he was quite satisfied with the outcome of the conference.

As I understand, the distinguished Senator from New Jersey [Mr. SMITH] was in conversation with the Senator from New York. I believe he would state that the Senator from New York was quite satisfied with the result of the committee of conference. Perhaps he would wish to inform the Senate of his own knowledge.

Mr. SMITH of New Jersey. I urged all Senate members of the committee of conference to be present. The Senator from New York [Mr. LEHMAN] apologized for his inability to be present. I advised him in a general way of what the committee had done, and I think he was entirely in accord with the action taken.

As I think the Senator from Connecticut [Mr. PURTELL] will remember, the Senator from New York was present at the end of the conference and signed the report.

Mr. PURTELL. He was present for the final session, and he agreed to the compromise which was made at the very end. I feel confident that the Senator from New York would have no objection to the report.

Mr. HILL. As I understand, the Senator from New York was present at the final conference.

Mr. PURTELL. He was present at the final conference, and he agreed with the conclusions reached by the conferees of the Senate and the House. That is my recollection.

Mr. HILL. As I understand, the Senator from New York signed the conference report.

Mr. PURTELL. That is correct.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. PURTELL. I am happy to yield.

Mr. SPARKMAN. May I ask if the statement on the part of the managers of the House has been printed in the RECORD?

Mr. PURTELL. It has not. It will be printed today.

Mr. SPARKMAN. May I ask the Senator from Connecticut what action was taken with reference to two amendments which I offered, and which the Senator agreed to take to conference?

Mr. PURTELL. I shall be happy to report on the amendments suggested by the Senator from Alabama.

An important provision agreed to by the conferees, Mr. President, is the adoption of amendments to the Randolph-Sheppard Vending Stand Act, in which the Senator from Alabama was particularly interested.

As the Senate will recall, an amendment was adopted on the floor of the Senate to make certain that this subject would be before the conference. I am happy to say that the conferees agreed to the provision regarding the Randolph-Sheppard Act essentially as it was passed by the House. The present act authorizes the operation of vending stands by the blind in Federal buildings. The measure adopted by the conferees extends this authority to include Federal property, thereby opening additional sites to the program.

Also, one of the important provisions in the Randolph-Sheppard Act amendment is one which is designed to insure that a preference shall be given to blind persons in the granting of permits to operate vending stands on Federal property.

I believe that is the amendment in which the Senator from Alabama was interested.

Mr. SPARKMAN. I was interested in that amendment, although I did not offer it; another Senator offered it while the bill was before the Senate.

One of my amendments related to the membership of the Advisory Council and another related to increasing the authorization for the President's Committee on Employment of the Physically Handicapped.

Mr. PURTELL. I am happy to report to the Senate, and especially to the distinguished Senator from Alabama, that the conferees adopted a House provision increasing the annual appropriation authorization for the President's Committee on Employment of the Physically Handicapped from $75,000 to $225,000.

Mr. SPARKMAN. I appreciate that action very much.

Mr. SMITH of New Jersey. With regard to the composition of the Advisory Council, the Senator from Connecticut will recall that the actual provision which had been suggested by the Senator from Alabama, with regard to having the three blind persons, if practicable, made members of the Advisory Council, was agreed to.

Mr. PURTELL. The Senator from New Jersey is correct. That provision was agreed to by the conference.

Mr. SPARKMAN. I thank the Senator.

Mr. GORE. Mr. President, will the Senator from Connecticut yield?

Mr. PURTELL. I yield to the Senator from Tennessee.

Mr. GORE. Will the distinguished Senator from Connecticut inform the Senate as to the provisions agreed to with respect to the vending stand program for the blind?

Mr. PURTELL. I tried to cover that subject before. I will attempt to elaborate on it now.

Another important provision agreed to by the conferees was the amendment relating to the Randolph-Sheppard Vending Stand Act. As the Senator may recall, an amendment was adopted on the floor of the Senate to make certain that the subject would be before the conference. I am happy to say that the conferees agreed to the provision regarding the Randolph-Sheppard Act essentially as passed by the House.

The present act authorizes the operation of vending stands by the blind in Federal buildings. The measure adopted by the conferees extends this authority to include Federal property, thereby opening up additional sites to this program. Also, one of the important provisions in the Randolph-Sheppard Act amendment is one which is designed to insure that a preference is given to blind persons in the granting of permission to operate vending stands on Federal property.

Mr. GORE. Mr. President, will the Senator yield?

Mr. PURTELL. I yield to the Senator from Tennessee.

Mr. GORE. I congratulate, commend, and express my appreciation to the able

Senator for this accomplishment. I should like to make a further inquiry. Does the Senator think the provisions contained in the conference report are sufficient to give a preference to the blind operators of vending stands in a Federal building or a particular piece of Federal property over the objection of such stands by Federal employees within such building or Federal property?

Mr. PURTELL. It is the understanding of the Senator from Connecticut that it does give such preference regardless of the feelings of employees in those facilities.

Mr. GORE. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

WATERSHED PROTECTION ACT—CONFERENCE REPORT

Mr. AIKEN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6788) to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation, and for other purposes. I ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The report was read by the legislative clerk, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6788) to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That erosion, floodwater, and sediment damages in the watersheds of the rivers and streams of the United States, causing loss of life and damage to property, constitute a menace to the national welfare; and that it is the sense of Congress that the Federal Government should cooperate with States and their political subdivisions, soil or water conservation districts, flood prevention or control districts, and other local public agencies for the purpose of preventing such damages and of furthering the conservation, development, utilization, and disposal of water and thereby of preserving and protecting the Nation's land and water resources.

"SEC. 2. For the purposes of this Act, the following terms shall mean:

"The 'Secretary'—the Secretary of Agriculture of the United States.

"'Works of improvement'—any undertaking for—

"(1) flood prevention (including structural and land-treatment measures) or

"(2) agricultural phases of the conservation, development, utilization, and disposal of water

in watershed or subwatershed areas not exceeding two hundred and fifty thousand acres and not including any single structure which provides more than five thousand acre-feet of total capacity. No appropriation shall be made for any plan for works of improvement which includes any structure which provides more than twenty-five hundred acre-feet of total capacity unless such plan has been approved by resolutions adopted by the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives, respectively. A number of such subwatersheds when they are component parts of a larger watershed may be planned together when the local sponsoring organizations so desire.

"'Local organization'—any State, political subdivision thereof, soil or water conservation district, flood prevention or control district, or combinations thereof, or any other agency having authority under State law to carry out, maintain and operate the works of improvement.

"SEC. 3. In order to assist local organizations in preparing and carrying out plans for works of improvement, the Secretary is authorized, upon application of local organizations if such application has been submitted to, and not disapproved within 45 days by, the State agency having supervisory responsibility over programs provided for in this Act, or by the Governor if there is no State agency having such responsibility—

"(1) to conduct such investigations and surveys as may be necessary to prepare plans for works of improvement;

"(2) to make such studies as may be necessary for determining the physical and economic soundness of plans for works of improvement, including a determination as to whether benefits exceed costs;

"(3) to cooperate and enter into agreements with and to furnish financial and other assistance to local organizations: *Provided*, That, for the land-treatment measures, the Federal assistance shall not exceed the rate of assistance for similar practices under existing national programs;

"(4) to obtain the cooperation and assistance of other Federal agencies in carrying out the purposes of this section.

"SEC. 4. The Secretary shall require as a condition to providing Federal assistance for the installation of works of improvement that local organizations shall—

"(1) acquire without cost to the Federal Government such land, easements, or rights-of-way as will be needed in connection with works of improvement installed with Federal assistance;

"(2) assume such proportionate share of the cost of installing any works of improvement involving Federal assistance as may be determined by the Secretary to be equitable in consideration of anticipated benefits from such improvements: *Provided*, That no part of the construction cost for providing any capacity in structures for purposes other than flood prevention and features related thereto shall be borne by the Federal Government under the provisions of this Act;

"(3) make arrangements satisfactory to the Secretary for defraying costs of operating and maintaining such works of improvement, in accordance with regulations presented by the Secretary of Agriculture;

"(4) acquire, or provide assurance that landowners have acquired, such water rights, pursuant to State law, as may be needed in the installation and operation of the work of improvement; and

"(5) obtain agreements to carry out recommended soil conservation measures and proper farm plans from owners of not less than 50 per centum of the lands situated in the drainage area above each retention reservoir to be installed with Federal assistance.

"SEC. 5. At such time as the Secretary and the interested local organization have agreed on a plan for works of improvement, and the Secretary has determined that the benefits exceed the costs, and the local organization has met the requirements for participation in carrying out the works of improvement as set forth in section 4, the Secretary is authorized to assist such local organizations in developing specifications, in preparing contracts for construction, and to participate in the installation of such works of improvement in accordance with the plan: *Provided*, That, except as to the installation of works of improvement on Federal lands, the Secretary shall not construct or enter into any contract for the construction of any structure unless there is no local organization authorized by State law to undertake such construction or to enter into such contract, and in no event after July 1, 1956: *Provided further*, That in participating in the installation of such works of improvement the Secretary, as far as practicable and consistent with his responsibilities for administering the overall national agricultural program, shall utilize the authority conferred upon him by the provisions of this Act: *Provided further*, That, at least forty-five days (counting only days occurring during any regular or special sessions of the Congress) before such installation involving Federal assistance is commenced, the Secretary shall transmit a copy of the plan and the justification therefor to the Congress through the President: *Provided further*, That any such plan (a) which includes reclamation or irrigation works or which affects public or other lands under the jurisdiction of the Secretary of the Interior, or (b) which includes Federal assistance for floodwater detention structures, shall be submitted to the Secretary of the Interior or the Secretary of the Army, respectively, for his views and recommendations at least sixty days prior to transmission of the plan to the Congress through the President. The views and recommendations of the Secretary of the Interior, and the Secretary of the Army, if received by the Secretary of Agriculture prior to the expiration of the above sixty-day period, shall accompany the plan transmitted by the Secretary of Agriculture to the Congress through the President: *Provided further*, That, prior to any Federal participation in the works of improvement under this Act, the President shall issue such rules and regulations as he deems necessary or desirable to carry out the purposes of this Act, and to assure the coordination of the work authorized under this Act and related work of other agencies including the Department of the Interior and the Department of the Army.

"SEC. 6. The Secretary is authorized in cooperation with other Federal and with States and local agencies to make investigations and surveys of the watersheds of rivers and other waterways as a basis for the development of coordinated programs. In areas where the programs of the Secretary of Agriculture may affect public or other lands under the jurisdiction of the Secretary of the Interior, the Secretary of the Interior is authorized to cooperate with the Secretary of Agriculture in the planning and development of works or programs for such lands.

"SEC. 7. The provisions of the Act of June 22, 1936 (49 Stat. 1570), as amended and supplemented, conferring authority upon the Department of Agriculture under the direction of the Secretary of Agriculture to make preliminary examinations and surveys and to prosecute works of improvement for runoff and waterflow retardation and soil erosion prevention on the watersheds of rivers and other waterways are hereby repealed: *Provided*, That (a) the authority of the Department of Agriculture, under the direction of the Secretary, to prosecute the works of improvement for runoff and waterflow retardation and soil erosion prevention authorized to be carried out by that Department by the Act of December 22, 1944 (58 Stat. 887), as amended, and (b) the authority of the Secretary of Agriculture to undertake emergency measures for runoff retardation and

soil erosion prevention authorized to be carried out by section 7 of the Act of June 28, 1938 (52 Stat. 1215), as amended by section 216 of the Act of May 17, 1950 (64 Stat. 163), shall not be affected by the provisions of this section.

"SEC. 8. There are hereby authorized to be appropriated such sums as may be necessary to carry out the purposes of this Act, such sums to remain available until expended.

"SEC. 9. This Act may be cited as the 'Watershed Protection and Flood Prevention Act'."

And the Senate agree to the same.

GEORGE D. AIKEN,
MILTON R. YOUNG,
EDWARD J. THYE,
B. B. HICKENLOOPER,
ALLEN J. ELLENDER,
OLIN D. JOHNSTON,
SPESSARD L. HOLLAND,
Managers on the Part of the Senate.

CLIFFORD R. HOPE,
AUG. H. ANDRESEN,
WM. S. HILL,
HAROLD D. COOLEY,
Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the request for the immediate consideration of the report?

Mr. GORE. Mr. President, reserving the right to object, let me say that a member of the minority——

The PRESIDING OFFICER. The question of the consideration of a conference report is not debatable. The report itself would be debatable.

The question now is whether there is objection to the request of the Senator from Vermont for the present consideration of the conference report.

Mr. GORE. I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. KUCHEL in the chair). The clerk will call the roll.

Mr. AIKEN. Mr. President, let me say to the Senator from Tennessee that this question has been discussed with both the majority leader and the minority leader, as well as with other interested Members on his side of the aisle.

The PRESIDING OFFICER. The absence of a quorum has been suggested. The clerk will call the roll.

Mr. HOLLAND. Mr. President, if the Senator will withhold his suggestion of the absence of a quorum for a moment, I should like to make a brief statement.

Mr. GORE. I withhold it.

Mr. HOLLAND. Mr. President——

The PRESIDING OFFICER. The Chair is informed by the Parliamentarian, that under the rules the question of immediate consideration of the conference report is not debatable. Is there objection to the immediate consideration of the conference report?

Mr. HOLLAND. Mr. President, I wish to say for the information of Senators on this side of the aisle that the distinguished minority leader, the Senator from Texas [Mr. JOHNSON] questioned me about the report and asked me if it would be agreeable to bring it up at the first opportunity. He stated that he wished to have it brought up at the earliest opportunity. I suppose, therefore, that there is no reason why it should not be immediately considered.

The PRESIDING OFFICER. Is there objection to the present consideration of the conference report?

There being no objection, the Senate proceeded to consider the report.

Mr. AIKEN. Mr. President, I shall explain briefly the various points which were discussed in conference.

Mr. GORE. Mr. President, will the Senator yield?

Mr. AIKEN. I yield.

Mr. GORE. My purpose in suggesting the absence of a quorum, which suggestion I later withdrew at the request of the Senator from Florida [Mr. HOLLAND], was to give Senators interested in the report an opportunity to reach the floor of the Senate. It was not for the purpose of registering any objection to the conference report. I think before the Senator's explanation is finished, Senators who are interested will have an opportunity to reach the floor.

Mr. THYE. Mr. President, I understand that a certain Senator would like to be present during the consideration of the conference report. I have a 2-minute statement to make. If the Senator from Vermont will yield to me for 2 minutes, that will permit the Senator in question to reach the floor.

The PRESIDING OFFICER. The Chair will state that, no objection having been interposed to the immediate consideration of the conference report, it is now the pending question before the Senate, and it is debatable. The Chair has recognized the Senator from Vermont. He now understands that the Senator from Minnesota desires to have the Senator from Vermont yield to him.

Mr. AIKEN. I have no objection to yielding to the Senator from Minnesota for a couple of minutes. I have no objection to the Senator from Tennessee suggesting the absence of a quorum, if he so desires, although I think many Senators who are interested in this particular conference report have already examined it.

I yield to the Senator from Minnesota with the understanding that I shall not lose the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. AIKEN. Mr. President——

Mr. GORE. Mr. President, if the Senator from Vermont is willing, I feel that I should suggest the absence of a quorum, in order to give Senators an opportunity to be present during the consideration of the report.

Mr. AIKEN. I have no objection to more Members of the Senate being present. I will yield to the Senator from Tennessee for the purpose of suggesting the absence of a quorum.

Mr. GORE. I thank the Senator.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ANDERSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. AIKEN. Mr. President, I shall explain as briefly as I can the points which were in conference on House bill 6788, the so-called watershed bill.

First. The conference agreed to the change made in form and punctuation by the Senate in the definition of "works of improvement," as well as to the use of "and" instead of "or" to make it clear that the definition includes drainage projects.

Second. The House bill provided that the Secretary of Agriculture must come into agreement with the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives on all watershed projects. The Senate amendment struck out this provision and provided that any dam providing a capacity of from 2,000 to 5,000 acre-feet must be approved by the Congress. The conference agreement substitutes for these provisions a requirement that before appropriations can be made for any project containing any structure providing a capacity of from 2,500 to 5,000 acre-feet, the project must be approved by resolutions adopted by the Senate and House Agriculture Committees.

Third. The House defined "local organization", as including any agency having authority under State law to "carry out flood prevention and related activities." The Senate approved a definition, which was agreed upon by the conference, changing the quoted phrase to "carry out, maintain and operate the works of improvement."

Fourth. The Senate amendment added a provision to the House bill requiring approval of the application of the local organization by the appropriate State agency, or if there were no such State agency, by the Governor. The conference agreed to a substitute provision authorizing the Secretary of Agriculture to proceed on such application unless it had been disapproved by the State agency or the Governor in the absence of any authorized agency, within 45 days after submission of the application.

Fifth. Two technical amendments of the Senate were adopted making it clear that local organizations, first, would not be required to meet all of the requirements of section 4 before assistance in planning could be given; and, second, would not necessarily be required to defray "all" operating and maintenance costs.

Sixth. The House provided that, among other conditions, local organizations would have to "furnish" without cost to the Federal Government such land, easements, or rights-of-way as would be needed in connection with installation of works of improvement before the Secretary could assist with such works of improvement. The Senate amended this provision by changing "furnish" to "acquire", and the conference agreed to the Senate amendment.

Seventh. The conference agreed to provisions of the Senate amendment requiring that, first, State water-rights laws be complied with; and, second, agreements to carry out recommended soil-conservation measures and proper farm plans be obtained from owners of not less than 50 percent of the lands in the drainage area above each retention reservoir.

Eighth. The House authorized the Secretary to construct or contract for the

construction of structures included in works of improvement and the Senate deleted such authority. The conference agreed to permit the Secretary to perform such construction or enter such contracts only in those States where local organizations do not have authority to perform such construction or enter into such contracts, and then only until July 1, 1956. The conference further authorized the Secretary to contract for installation of that part of any work which it is necessary to perform on Federal lands.

Ninth. The conference adopted a Senate provision requiring the submission of the plan to Congress to be made at least 45 session days before installation is commenced.

Tenth. The Senate provision that the President shall issue regulations to assure coordination of the work authorized by the act with the related work of other agencies was adopted.

Eleventh. The conference agreed to the 60-day period provided by the House bill—rather than the 90-day period provided by the Senate amendment—for submission of views of the Secretary of the Interior or the Secretary of the Army.

Twelfth. The Senate provision authorizing cooperation by the Secretary of the Interior in the development of works on lands under his jurisdiction was adopted.

Thirteenth. The Senate provision preserving the authority of the Secretary of Agriculture to undertake emergency measures for runoff retardation and soil-erosion prevention under the Flood Control Act of 1938 was retained.

Fourteenth. The conference changed the short title added by the Senate amendment to "Watershed Protection and Flood Prevention Act."

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. HOLLAND. Mr. President, I listened with interest and approval to the able statement made by the distinguished chairman of the Committee on Agriculture and Forestry, the Senator from Vermont [Mr. AIKEN], in reporting the conference agreement on H. R. 6788, the watershed bill. It is probably unnecessary to make further comment, but there are four features of the conference report that I wish to mention briefly.

The Senate will remember that the Senate bill differentiated between two sizes of projects which would be constructed under this program. The Senate passed its committee bill in a form providing that projects for 2,000 acre-feet or less might be initiated by the local districts and the Secretary of Agriculture without further reference to Congress, but that projects between 2,000 acre-feet and 5,000 acre-feet, because of their possible implications upon flood control, navigation, or reclamation projects which were downstream, must come before the Congress for authorization.

In the conference, the figures were changed slightly. In the first instance, instead of having 2,000 acre-feet as the upper limit of the structures which could be constructed without further reference to Congress, that upper limit was restated to be 2,500 acre-feet. In other words, projects up to 2,500 acre-feet do not have to be approved further or considered further by the Congress.

As to projects between 2,500 acre-feet and 5,000 acre-feet, the conference report differs from the provisions of both the Senate and House bills in that we have adopted the same machinery which the Congress adopted in the so-called lease-purchase bill. In an effort to relieve the full Congress of further details in this matter, it was decided, instead, to provide machinery under which the Senate and House committees alone would be given the power to authorize, which power would have to be affirmatively exercised before any appropriations could be made for projects coming within those sizes.

Senators will remember that in the lease-purchase bill we were so advised by the parliamentarians of the House and the Senate that it is clear that under such a provision a point of order can be made if an appropriation is proposed for a project between the 2,500 acre-feet size and the 5,000 acre-feet size, without its having first been submitted to and authorized by the appropriate committees.

Mr. MUNDT. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield.

Mr. MUNDT. On another phase of the report I should like to interrogate the able Senator from Florida. He will recall that at the instance of the senior Senator from South Dakota there was written into the bill in various forms and at various stages an amendment which had the objective of making certain for the record that the conservation board of each State would have something to say about the construction of watershed projects, either in a negative way or in an affirmative way, to make sure that the Federal Government did not come into the matter without the interests of the States being protected. Will the Senator dilate, for the benefit of our colleagues, on what has been done to give assurance that the State interests will be protected?

Mr. HOLLAND. I appreciate the question, and I am glad to assure the Senator that the conference report does completely safeguard the point the Senator has made. He will remember that as passed by the Senate there was a requirment in the bill that either the appropriate State agency, if one existed, or the governor, would have to take affirmative action on a project as requested by, let us say, a local soil conservation district, before Federal aid could be given. The conference committee changed this provision so that it now provides for submission to the appropriate State agency, if one exists, and if one does not exist, for submission to the governor. Forty-five days time is given to the appropriate State agency or to the governor to act. If they act negatively, the project must not be further proceeded with, but if they act affirmatively, or do not act at all, the project can proceed and Federal aid be given. So that, as written into the conference report, the provision is that in the absence of timely negative action by the appropriate State agency, if one exists having jurisdiction over such conservation matters, or by the governor, if no such agency exists, the program may move ahead.

Mr. MUNDT. And the appropriate agency will receive official notice. It will have 45 days within which to go forward.

Mr. HOLLAND. If they desire to have 45 days they may have that long a time. It is compulsory that the program be submitted to the appropriate State agency, if one exists, and if none exists, to the governor, before the program can move ahead.

Mr. MUNDT. I believe that will meet the situation, because by the very nature of things, since this provision is in the law, every State will be watching these applications and following carefully the development of the plans and programs and areas. So it appears that 45 days should be ample time for a State to disapprove such a project if for reasons best known to itself it should so decide.

Mr. HOLLAND. I completely agree with the Senator's conclusion in that regard.

Mr. MONRONEY. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield.

Mr. MONRONEY. Mr. President, as one of the coauthors of the bill, and having been interested in the matter for a number of years, I should like to congratulate the chairman of the committee and all the conferees upon arriving at what I consider to be the best possible compromise between the two Houses. Obviously, we are only on the threshold of this great opportunity to prevent floods in the upstream reaches of streams which cause 50 percent of the damage. There will be changes, undoubtedly, as we proceed with the program, but I think that by the fair way the conferees have approached the differences between the two Houses they have given us an initial blueprint which should be effective. I am particularly gratified that the State regulatory bodies will have a 45-day notice which will enable them to take action rather than to face the possibility that such projects will be killed by inaction, which might have been possible had this wise provision not been placed in the bill.

I am also glad that provision is made to take care of water retention dams and for their approval by the two committees having charge of the matter, because there will undoubtedly be topographic areas where larger retention dams above and beyond the established points will be required, and a survey of the parent committees of the Congress is certainly needed.

May I at this time express my deep appreciation for the promptness and the efforts which have gone into this bill to make it operative ahead of the time it would have been if the committee had not acted so promptly.

Mr. HOLLAND. Mr. President, I appreciate the remarks of the Senator from Oklahoma, who has been such an ardent advocate of this measure, and I am glad to say that, in my opinion, the conference report provides a good tool with which to work toward the solution of the problem.

Another recognition of State rights in this program is the fact that the conferees approved the two Senate amendments, one requiring that State water right laws be complied with, and the second requiring that for any program, as to not less than 50 percent of the land in the area affected, the property owners of the local area would have to be sold on the project and cooperating with it contractually before the project could move ahead. In both instances the Senate amendments were accepted by the House conferees, and they appear in the conference bill.

The fourth point I should like to make is that the philosophies of the two Houses, which differed as to the proper function of the Federal Government, were in some degree compromised for the immediate future. The Senate will recall that in the House bill the construction work was to be done by the Department of Agriculture, or might all have been done by the Department of Agriculture, whereas, in the Senate bill the program was purely an assistance program and the construction work had to be done by or contracted by the local agency, meaning either the district or some State agency which was clothed with the necessary power.

Having in mind the fact that in some States no appropriate State agency and no appropriate districts now exist which have adequate authority in this field, the conference report allows until June 1, 1956, to States which do not have such a setup, to create such a setup.

As soon as the law becomes operative, the philosophy of the Senate will be applicable in those States where State agency or local districts now have the authority to enter into contracts for the construction of dams. But in a case where no such authority exists, the State in question is given as long as it may need to come within the requirements of the bill, up to July 1, 1956. It may not have longer than that time.

It is hoped that States will proceed speedily to allow their districts or their State agencies to operate as quickly as possible under the spirit of the conference report, which requires the control and the initiative and the contractual power to remain in local hands, in all cases after July 1, 1956, and at once in all cases where that result is now possible.

Mr. AIKEN. Mr. President, this is one of the most important bills which will be acted on at this session of Congress. As the Senator from Oklahoma has stated, the work which it authorizes is still in the pioneer stage, but it is work which is very vital to the generations to come. It may mean the difference between being able to produce enough to sustain ourselves, and not being able to do so.

The bill does not go quite so far as some would have had it go at this time; nevertheless, it will permit the work to go forward. I do not believe there are any handicaps at all now which cannot be very easily overcome.

I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

REVISION OF THE ATOMIC ENERGY ACT OF 1945

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1945, as amended, and for other purposes.

Mr. GORE. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. FERGUSON].

Mr. FERGUSON. Mr. President, my amendment is as follows:

On page 80, after the period in line 9, insert the following: "The authority of the Commission under this section to enter into new contracts or modify or confirm existing contracts to provide for electric utility services includes, in case such electric utility services are to be furnished to the Commission by the Tennessee Valley Authority, authority to contract with any person to furnish electric utility services to the Tennessee Valley Authority in replacement thereof."

Mr. President, in order to make this amendment clear, I think it would be well that I read the entire section to which the amendment applies. It is section 164 of the pending bill on page 79, which reads as follows:

SEC. 164. The Commission is authorized in connection with the construction or operation of the Oak Ridge, Paducah, and Portsmouth installations of the Commission, without regard to section 3679 of the Revised Statutes, as amended, to enter into new contracts or modify or confirm existing contracts to provide for electric utility services for periods not exceeding 25 years, and such contracts shall be subject to termination by the Commission upon payment of cancellation costs as provided in such contracts, and any appropriation presently or hereafter made available to the Commission shall be available for the payment of such cancellation costs. Any such cancellation payments shall be taken into consideration in determination of the rate to be charged in the event the Commission or any other agency of the Federal Government shall purchase electric utility services from the contractor subsequent to the cancellation and during the life of the original contract.

Mr. President, it has been stated by some Senators on the floor that this section does not clearly and specifically authorize the Atomic Energy Commission to make a contract with private concerns, or capitalistic concerns, as they may be called by some, for furnishing power not directly used by the Atomic Energy Commission.

In other words, the contract which has been discussed, the contract which is the concern of the amendment about which the distinguished Senator from New Mexico has spoken, is a contract by the Atomic Energy Commission with a private enterprise concern to furnish power, not directly to the Commission for use, but to be used in the TVA network of power. So some have said on the floor that this section did not authorize the making of a contract by the Atomic Energy Commission with a concern which would furnish power into the lines of the TVA.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. FERGUSON. I yield.

Mr. ANDERSON. Does not the Senator think it would be useful to clear up the question as to which contract we are going to discuss? The Senator is not, as I understand, discussing the contracts with EEI, OVEC, or TVA, which were entered into under section 12 (d).

Mr. FERGUSON. No, not at the present moment.

Mr. ANDERSON. Is the Senator discussing the language of section 164, in the proposed bill, rather than the language of 12 (d) of the existing act?

Mr. FERGUSON. That is correct. I am discussing one section.

Mr. ANDERSON. The Senator from Michigan recognizes, I am certain, that the contract now being suggested with Dixon-Yates for which a tentative proposal has been made, is supposedly under section 12 (d), because there is no other language in the law which could cover it except 12 (d).

Mr. FERGUSON. Yes, but I propose to include in the bill language which would authorize the Dixon-Yates contract.

Mr. ANDERSON. Is the Senator proposing an amendment to section 164 which would clearly authorize the Dixon-Yates controversy?

Mr. FERGUSON. That is correct.

Mr. ANDERSON. I am certain the Senator recognizes, as many others among us do, that there is some question as to whether that can be done under the language of section 12 (d), or under the language of section 164.

Mr. FERGUSON. Yes, the question has been raised on the floor as to whether that can be done under either of these sections.

Mr. ANDERSON. The question was raised in the Atomic Energy Commission?

Mr. FERGUSON. That is correct.

Mr. ANDERSON. But the members of the Commission and of the Bureau of the Budget stated that, in their opinion, such action could not be taken without a Presidential directive.

Mr. FERGUSON. All I desired to do was to submit a clear provision, to be included in section 164, authorizing the Dixon-Yates contract.

Mr. ANDERSON. Would the Senator from Michigan feel that that would be preferable to amending the law now on the statute books? After all, it is still a question whether or not the atomic energy bill will pass both Houses of Congress. Does not the Senator think that if the contract is to be authorized, that might be done by a specific resolution to amend section 12 (d), which is now the law of the land?

Mr. FERGUSON. No; I think it should be included in this particular section.

Mr. ANDERSON. Then, if the bill should not pass, the Senator would recognize that the Dixon-Yates contract would be dead, because it would not be authorized by 12 (d).

Mr. FERGUSON. No; I do not say that. I merely say that, in my opinion, to allay the fear of any Member of the Senate that there is doubt about the right to enter into the contract, it should be made crystal clear, in words that can be understood by everyone, and interpreted in only one way, that the Dixon-Yates contract is authorized.

We do not always agree that there is a doubt when we desire to make something clear. We simply want to eliminate the possibility of a doubt in the mind of anyone. That is all I seek to do by my amendment. I am not saying now that I believe there is a doubt; in fact, I do not believe there is at the present moment. But I want to take the side of those who think there is a doubt.

Mr. ANDERSON. Then, I do not understand why we need to take all this time, if there is no doubt.

Mr. FERGUSON. I read the speech by the Senator from Kentucky [Mr. COOPER]——

Mr. ANDERSON. The Senator from Kentucky made one of the finest contributions which could have been made, because he has a doubt. The interesting point is that not only does the able Senator from Kentucky have a doubt, and I am happy to know that he has—in fact, both Senators from Kentucky have doubts, though at the moment I am referring to the speech by the junior Senator from Kentucky—but the members of the Commission themselves have a doubt.

Mr. FERGUSON. I want to resolve that doubt, so that there will be no question in their minds.

Mr. ANDERSON. Why not remove the doubt by amending the law under which it is contemplated the contract will be made, and not try to amend the pending bill? If the bill does not pass, there will still exist a doubt.

Mr. FERGUSON. The Senator from New Mexico realizes that to do that it would be necessary to throw the whole matter back into committee. We are debating a bill now before the Senate to which this amendment is relevant. Therefore, we should act on the matter which is before the Senate.

Mr. ANDERSON. But the Senator will recognize that in the committee an attempt was made to clarify the question. Language was offered in the committee which attempted to straighten out the matter one way or the other and resolve the doubt. The proposed language was rejected by a vote of 5 to 4, so far as the 9 Senate members of the joint committee were concerned, and by a similar vote on the part of the House members of the joint committee.

But there would be no objection, I feel certain, on the part of the Joint Committee on Atomic Energy to report a measure which would try to make valid that which, in the opinion of many of us, is invalid. The Congress could vote that up or down. When people appear before a legislative committee and say, "If the bill becomes law, we will use it in this fashion, and no other," and then, after the bill becomes law, they decide to use it in a quite different way, probably their actions are going to land in court.

Mr. FERGUSON. When a proposal is before a committee and the committee does not include it in the bill which it reports to the Senate, it is not an unusual procedure that a Senator should try to clarify the bill by a perfecting amendment so as to grant the authority which was challenged in the committee.

Mr. ANDERSON. I wish to assure the Senator from Michigan that I am not trying to say this is an unusual procedure. I think it is a perfectly proper procedure. I think the Senator from Michigan is right in saying there should be language in the law which provides that the contract either can or cannot be made.

Mr. FERGUSON. That is correct.

Mr. ANDERSON. My amendment would provide that the contract could not be entered into.

Mr. FERGUSON. Mine would provide that it could be entered into.

Mr. ANDERSON. I merely wanted to establish the fact clearly that what is sought to be done is to include a provision one way or the other so that there could be no misunderstanding as to whether the Dixon-Yates contract could or could not be made.

Mr. FERGUSON. I think the Senator from New Mexico has stated the issue on the amendment. My amendment would authorize the contract; the amendment offered by the Senator from New Mexico would forbid it.

I think there is no need for further debate on the amendment. Either the contract is to be authorized, or it is not to be authorized.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. ANDERSON. Mr. President, will the Senator from Michigan yield to me, so that the Senator from Vermont may propound a question?

Mr. FERGUSON. I yield the floor.

Mr. AIKEN. I wish to ask a question of the distinguished Senator from New Mexico. I realize that the bill has been debated for several days; and from what I have heard, there is promise that it might even be debated until well into the fall. It is difficult to follow a debate of such length, so would the Senator from New Mexico save the time of the Senator from Vermont by pointing out exactly which section of the bill is responsible for creating the long, drawn-out discussion of the subject? Perhaps the Senator could do it in a few well-chosen words.

Mr. ANDERSON. There are many sections about which there is concern, but I think most of the time in recent days has been spent upon section 44, page 23 of the bill, entitled "byproduct energy."

I feel that Congress should definitely authorize the Commission to build a plant so that it may generate electric energy as electric energy, and not only as a byproduct of other operations. I feel that there is a necessity to have someone build a reactor of the size which needs to be built, and that it is too great a risk for private enterprise to undertake.

Mr. AIKEN. What is the proposal? I notice that the section provides that surplus energy may be transferred to other Government agencies, or sold to publicly or privately owned utilities or users at reasonable and nondiscriminatory prices.

Is it proposed that the so-called preference clause be inserted at this point? What is the proposal?

Mr. ANDERSON. There is a proposal to do that; but personally I have not suggested at any time the addition of a preference clause. I have grave doubt whether that is proper in this type of proposed legislation. I do not foreclose that possibility, but what I have said is that I should like to see the Government construct a plant and a larger reactor which would develop electric energy for the sake of electric energy, and not solely as a byproduct. I do not understand that this section, which we discussed in the committee, dealing with byproducts only, was a complete bar to the Government's building the type of plant I have in mind. It was only after the bill came to the floor that it became apparent to me that this was a complete bar to the Government's building its own plant.

A 200,000-kilowatt plant probably would cost a quarter of a billion dollars. It should be a type which would permit very economic results. We cannot expect to go to private electric energy group even though there are many of them and say to them, "pool your efforts, build this type of reactor, and risk your $250 million, and if it fails, you will have lost your money."

Mr. AIKEN. If the surplus power which is developed is transferred to other Government agencies, are there any other Government agencies to which authority is given to resell that power?

Mr. FERGUSON. TVA would have such authority.

Mr. AIKEN. Suppose the Government developed the power and, as suggested by the Senator from New Mexico, it had a right to sell it, would not some agency of Government have to have the specific authorization to sell the power? There could not merely be a general authority that the Government could sell it.

Mr. ANDERSON. Yes; I think the Senator from Colorado [Mr. JOHNSON] suggested the Department of the Interior should handle it. Personally, I do not subscribe to that. I believe it ought to be sold directly by the group which generated it, namely, the Atomic Energy Commission.

Mr. AIKEN. The Senator means that the Atomic Energy Commission would sell it directly to private or public bodies?

Mr. ANDERSON. In my contemplation it would be purely a test plant which

would have to be built to a sufficiently large size, and once the validity of the theory was proven by the construction of the pilot plant, then the Atomic Energy Commission should proceed to grant a license to use it. It should not operate it in my opinion, but it would have taken the risk and found out how to construct and operate it in proper fashion.

Mr. AIKEN. The Senator would not preclude the Federal Government from building a plant larger than one which would naturally be classed as an experimental plant?

Mr. ANDERSON. I am simply saying to the Senator from Vermont that there are only about two contracts that embody any possibility of developing a 60,000 kilowatt reactor, or perhaps there is only one, the contract with the Duquesne Power & Light Co. Most of those with whom I have talked say that there is no possibility that the reactor will be of any real use in determining whether the plant can be built for the development of current. It is of a size which will not permit of current being low in cost.

The Senator from Rhode Island [Mr. PASTORE], who is not present on the floor of the Senate at this time, was very anxious that in the New England States, where power even at 8 or 9 mills would be quite a blessing, there might be a chance of getting the type of reactor which would do that, rather one which would produce power at a cost of 15 or 20 mills, and then have the persons concerned say, "We are sorry, but nuclear energy is no possible commercial source of electric energy." We do not think that is true; at least, I do not. I think that if a plant with a capacity of 250,000 kilowatts or more were constructed in one of the projects organized for developing low-cost energy, the Atomic Energy Commission should perhaps take that risk, which means, of course, that the Government would be taking the risk. If it should then develop that electric current at 5, 6, 7, or 8 mills could be produced from that plant, it could proceed to license the construction of such plants in New England, or in any other part of the country where the cost of electric power is high, but not at first in those areas where hydroelectric power is available at low cost.

Mr. AIKEN. Can the Senator tell me where the Tennessee Valley Authority would come into that picture?

Mr. ANDERSON. It would not come into the picture at all. I have not been one of those who have been interested in this matter because of devotion to protecting the rights of TVA, whatever they may be. I have not been contending it is wrong to make a contract with a private company. I believe it is extremely desirable. I approved the granting of contracts to EEI and OVEC in order to be sure that we were not trying to push the Government into the electric-energy business.

Mr. AIKEN. Then does the opposition of the Senator from New Mexico to the section under discussion arise from the fact that he does not believe the Federal Government should be permanently precluded from developing atomic-energy power on a large scale?

Mr. ANDERSON. That is exactly my position.

Mr. HICKENLOOPER rose.

Mr. ANDERSON. I would appreciate any remarks the Senator from Iowa may make. I was about to say what I thought the Senator from Iowa indicated by his remarks last week, but I shall not do so, because he is well able to speak for himself. But my interest is not merely in the sale of byproduct energy. I think the time may come, and probably will come, and the possibility should not be barred by law, when the Federal Government, perhaps through the Atomic Energy Commission, may wane to see if it cannot go into the atomic-energy field for the purpose of developing electric energy, and not as a byproduct, and can do it at a cost sufficiently low so that it will be available for marketing all over the country.

Mr. AIKEN. I thank the Senator from New Mexico for setting forth his position so clearly. I should like to hear the other side of the picture from the Senator from Iowa. I freely admit that frequently the Senator from Vermont finds it possible to learn more in 20 minutes from a discussion of this kind than in a different kind of study which may last 2 weeks.

Mr. ANDERSON. I do hope the Senator from Iowa will take part in the discussion. I do not think the Senator from Iowa and I are too far apart. The bill does bar the development of electric energy as electric energy. I think the Senator from Iowa will agree with me that that is true.

Mr. AIKEN. Does the Senator from New Mexico believe it would be possible so to word the bill as to accomplish the purpose he seeks without doing violence to the probable purpose of the authors of the amendment?

Mr. ANDERSON. I think it would be possible, yes.

Mr. AIKEN. I will hope so, anyway.

Mr. HICKENLOOPER. Mr. President, will the Senator from New Mexico yield?

Mr. ANDERSON. I think the Senator from Vermont had the floor.

Mr. AIKEN. Mr. President, by unanimous consent, I should like to yield to the Senator from Iowa to explain the reasons why the proposal of the Senator from New Mexico is not acceptable to other Members of the Senate.

Mr. HICKENLOOPER. Let me say to the Senator from Vermont first that the discussion now revolves around section 44 of the proposed legislation before the Senate. As I said the other day, section 44 is not in any way involved in the commercial competitive production of power by the AEC. At that time I said, as is also stated in the report, that section 44 refers only to whatever possible incidental power might be developed in connection with the major operation of the Commission in its research and development program. I made the positive statement, and it is also made in the report, that section 44 in and of itself does not permit or authorize the Commission to engage in the commercial production of power. It was not intended for that purpose. It was only a matter of prudence, minor as it may be, which led us to provide that if in the operation of the research and development operation in the field, any such incidental power might be produced if there was any commercial value in it, the Commission could sell such power rather than let it go into the atmosphere or be destroyed. It is similar to an agency selling scrap iron when a building is being torn down. They ought to be able to sell it rather than throw it in the river. Scrap iron is an incidental result of their operations and experimentation.

There is no provision in the proposed act which affirmatively bars the Commission from building a reactor for the sole and only purpose of producing power. Section 44 does not permit it, it does not authorize it, but it is silent. What I meant to say the other day, and what I think I did say, and what I want to say at this time, is that section 44 should not be interpreted as an affirmative authorization to the Commission to build reactors for the production of power. The section refers only to the incidental byproduct which may result from its other operations.

I wish to call to the attention of the Senator from Vermont and my other colleagues to the program which the Commission is now proposing to put into effect during the next 5 years or so, which is a very substantial program looking to experimentation in the field of power.

I have here a report of the Subcommittee on Research and Development, of the Joint Committee on Atomic Energy, published in March 1954. I cannot give the exact date of publication, for it is identified only as March 1954. But the exact date could easily be ascertained.

On the first page of the report a so-called 5-year plan is shown. It indicates that $8,500,000 a year is expected to be expended on research and development on this matter, and that over a period of 5 years, 5 different types of experimental reactors are proposed to be constructed in one way or another.

One is the pressurized water reactor, which should be completed sometime in 1957, at a total cost of $85 million. Some of that money is to be supplied by the Atomic Energy Commission; and I believe it is the Duquesne Power & Light Co. that has taken on a contract to put up a substantial number of millions of dollars, in cooperation. That reactor will produce power; I think 60,000 kilowatts will be the capacity.

Manifestly, that is still in the nature of an experimental reactor, because, theoretically, atomic reactors, in order to produce, let us say, competitive power at the lowest possible cost, must have substantially above a 60,000-kilowatt capacity.

A second type of reactor, which will involve an expenditure of approximately $17 million.

Mr. ANDERSON. Madam President, will the Senator from Iowa yield at this point?

The PRESIDING OFFICER (Mrs. BOWRING in the chair). Does the Sena-

tor from Iowa yield to the Senator from New Mexico?

Mr. HICKENLOOPER. I yield.

Mr. ANDERSON. With everything the Senator from Iowa has said thus far, I find myself in agreement.

I have been saying that that Duquesne Power & Light reactor of 60,000 kilowatts was not sufficiently large to make a firm test, but would be a very satisfactory experimental plant.

What I want to ascertain is what language of the bill would, if that test is satisfactory, permit the Commission to build a reactor with a capacity of from 500,000 to 600,000 kilowatts, at a cost of from $200 million to $500 million in order to ascertain whether it is commercially feasible to do this sort of thing.

Mr. HICKENLOOPER. I am not certain there is in the bill affirmative language to permit the Commission to experiment with the production of power for sale.

Mr. BUSH. Madam President, will the Senator from Iowa yield for a question?

Mr. HICKENLOOPER. I yield.

Mr. BUSH. If such a large undertaking as the one the Senator from New Mexico suggests were in prospect, would not it be necessary to have that matter handled by way of special legislation and a special appropriation for that purpose? Such a plant would be a gigantic one. The Senator from New Mexico suggested that several hundred million dollars should be spent. It does not seem to me that blanket approval for an undertaking of that nature could very well be included in the bill, and I do not think the Senator so intended.

Mr. HICKENLOOPER. Let me call attention to section 31 of the pending bill, in chapter 4, the research chapter. Section 31 is entitled "Research Assistance," and in it the Senator will find that—

a. The Commission is directed to exercise its powers in such manner as to insure the continued conduct of research and development activities in the fields specified below, by private or public institutions or persons, and to assist in the acquisition of an ever-expanding fund of theoretical and practical knowledge in such fields. To this end the Commission is authorized and directed to make arrangements (including contracts, agreements, and loans) for the conduct of research and development activities relating to—

(1) nuclear processes;

(2) the theory and production of atomic energy, including processes, materials, and devices related to such production;

(3) utilization of special nuclear material and radioactive material for medical, biological, agricultural, health, or military purposes;

(4)—

And this is the important item—

utilization of special nuclear material and radioactive material and processes entailed in the production of such material for all other purposes, including industrial uses.

Mr. ANDERSON. That is, again, with reference to the byproduct use.

Mr. HICKENLOOPER. I do not so interpret it.

Mr. ANDERSON. The language of paragraph (4) is, in part, "entailed in the production of such material"—that is, nuclear-energy material—"for all other purposes."

Mr. HICKENLOOPER. Yes; "for all other purposes, including industrial uses."

Mr. ANDERSON. But it has to be tied to the production of this material. It has to be a byproduct use, or at least the language might be so read.

Mr. HICKENLOOPER. I would refer the Senator from New Mexico to the word "utilization," the first word of paragraph (4) of section 31. The reference is to the utilization of these materials, including industrial uses—that is to say, as I view the matter, the Commission is authorized to join in and cooperate for industrial uses.

Mr. AIKEN. Does the Senator interpret the provision for "the production of such materials for all other purposes, including industrial uses" to mean that it might be necessary to produce on a large scale? Otherwise, it would hardly be possible to ascertain the real value of atomic energy for industrial uses."

Mr. HICKENLOOPER. Will the Senator from Vermont repeat the question, please?

Mr. AIKEN. Would the Senator from Iowa interpret paragraph (4), which relates to the "utilization of special nuclear material and radioactive material and processes entailed in the production of such material for all other purposes, including industrial uses" to mean that it might be necessary to produce on a large scale, in order to determine the possibilities for industrial uses?

Mr. HICKENLOOPER. It might well be interpreted that way.

Mr. AIKEN. With the explanation given by the Senator from Iowa, who is in charge of the bill on the floor, I should think that we might be building up a record which would, partly at least, meet the objections which have been raised by the Senator from Mexico.

Mr. HICKENLOOPER. I wish to call attention to section 32, which I believe we should discuss in connection with this matter, because it is a part of it.

Mr. ANDERSON. First, Madam President, let me interrupt for a second, if I may, to say to the Senator from Vermont that is the reason why I have not submitted an amendment to section 44. I had hoped the discussion which the able Senator from Iowa and I had the first time I spoke on the bill would be a starting point, and that we might subsequently develop it sufficiently far to constitute a legislative history and to make it possible for the Commission to do what I think it should do.

Again I say to the Senator from Iowa that the suggestion of the Senator from Connecticut [Mr. BUSH] is along the line of my thinking. I would not wish to see the Commission rush blindly into spending $300 million or $400 million on a large plant without coming to Congress again. But I should like to have it looking in that direction.

Mr. HICKENLOOPER. I think the discussion is helpful and will bring out some desirable ideas. The Senator from New Mexico is as familiar with this phase of the subject as I am. But it is the general theory—expressed in section 31, as well as in section 32 and other experimental and development sections of the bill—which lays the basis for the 5-year reactor development program. At this point in the RECORD I should like to read the five different types of activity which are encompassed in the 5-year program.

The first was the pressurized water reactor which I mentioned a moment ago, and which eventually will cost approximately $85 million, and is estimated to be completed in 1957. That is the one into which the Duquesne Light and Power Co. is putting about $35 million of its own money.

The Government will be putting up about $50 million eventually. Manifestly, that will produce very high-cost power. We know that it will not necessarily be in the competitive field.

I assume that a part of the justification for it is that it will produce a comparatively small amount—about 60,000 kilowatts, and that for experimental purposes it can be fed into a larger system, and that the high cost of that small amount of power can be leveled out or diluted in a much lower cost system.

The second type of reactor is the boiling-water reactor. That is estimated to cost somewhere around $17 million. It is an experimental reactor, not designed to produce power to be fed into powerlines, necessarily, but to show what can be done with this type of reactor. It is estimated that this will be completed in 1956.

Then there is the sodium-graphite reactor, upon which approximately $10 million is to be spent.

Mr. ANDERSON. Madam President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. ANDERSON. The Commission has a contract with North American Aviation for the sodium-graphite type of reactor, and that program is underway.

Mr. HICKENLOOPER. Yes.

Mr. ANDERSON. Again, the production of power will be extremely small. We know in advance that the cost of that electricity will be so high that it will have no practical value whatever, except to prove or disprove the theory behind it.

Mr. HICKENLOOPER. The Senator is correct. These reactors, with the exception of the pressurized water reactor, on which the Duquesne Power Co. is cooperating, are really in the nature of experimental tools in the reactor field, using various types and kinds of moderators. The sodium-graphite reactor, it is estimated, will be finished in 1955.

Then there is the homogeneous reactor, which, it is estimated, will be finished sometime between 1956 and 1958, at a cost of approximately $47 million. There is also the fast-breeder reactor, which, it is estimated, will cost approximately $40 million, and will be finished in 1958.

That is the general 5-year program, but these are in the nature of experimental reactors. I take the position—and I think the Congress contemplates—that if the Atomic Energy Commission elects eventually to construct a large-scale producing reactor which would cost $250 million, the Commission ought to lay the program before the joint committee and ought to be authorized by the

Congress to enter upon such a very substantial program of commercial production. If the Congress authorizes that kind of policy, that is all right.

However, the main job of the Atomic Energy Commission is still to look after the security of the United States and the production of weapons. That is no more important, perhaps, than humanitarian or industrial activities, but still the national security is very important, and at this moment the mission of the Atomic Energy Commission is to take care of the national security. But almost of equal importance, so far as the urgency of the situation is concerned, is the industrial and humanitarian aspect. Nevertheless, I do not think there is any more reason for the Atomic Energy Commission to go into the commercial production of power at this time than there is for the Department of Agriculture to go into the commercial production of fertilizer.

Mr. ANDERSON. Madam President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. ANDERSON. I wish to say here, in order that it may be in the RECORD, that in my judgment perhaps the best way to promote the security of the United States may be by the rapid development of peacetime uses of atomic energy, so that we can offer something to the people of the world other than the ability to blow them to pieces. The British seem to be pushing ahead of us in this field. Very likely the Russians are ahead of us in this field. Does our country want to go into southeast Asia, where we are now having trouble, and say, "We Americans would like to bring you a bomb that will shatter you tomorrow, whereas some other Nation may bring you a new source of power, the peaceful utilization of atomic energy, which will bring you peace and happiness." I believe we can accomplish more good by bringing them an instrument of peace and happiness rather than an instrument of destruction.

Mr. AIKEN. Madam President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. AIKEN. I assume from the remarks of the Senator from Iowa that the wording of this bill would not permit the Atomic Energy Commission to construct a plant at a cost, we will say, of a quarter of a billion dollars in order to determine what the benefit to our heavy industries might be from the wholesale generation of electric energy from atomic energy, even though the Commission might justify the proposal before the Appropriations Committee, which it certainly would have to do. If such a proposal were brought up, it might involve weeks of debate in both Houses of Congress. The other day we passed the so-called lease-purchase bill, which contains a provision that no appropriation may be made for the particular purpose involved in that bill without authorization from the Public Works Committee, I believe. Then the proposal for a particular project could go to the Appropriations Committee for an appropriation.

If the Senator from Iowa feels that the Joint Committee on Atomic Energy should still keep its fingers tightly on this program—and I presume it should—could we not write into the pending bill a provision which would permit the appropriation to be made after clearance had been received from the Joint Committee on Atomic Energy, so as to avoid becoming involved in 2 or 3 months' debate upon the subject, if it were decided that such a program were desirable?

Mr. HICKENLOOPER. There is no question in my mind that the bill would permit the Atomic Energy Commission to build a half-billion-dollar plant if it could get the money from the Appropriations Committee. The authorization is in section 261.

Mr. AIKEN. That is the subject on which I wish the Senator's opinion.

Mr. HICKENLOOPER. I read section 261:

SEC. 261. There are hereby authorized to be appropriated such sums as may be necessary and appropriate to carry out the provisions and purposes of this act except such as may be necessary for acquisition or condemnation of real property or for plant construction or expansion. The acts appropriating such sums may appropriate specified portions thereof to be accounted for upon the certification of the Commission only. Funds appropriated to the Commission shall, if obligated by contract during the fiscal year for which appropriated, remain available for expenditure for 4 years following the expiration of the fiscal year for which appropriated.

Mr. ANDERSON. Madam President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. ANDERSON. I think the Senator from Iowa has served the purpose which the Senator from Vermont had in mind, and he certainly has served the purpose I had in mind when he stated that he believed it would be possible, under the language of the bill, to do what was suggested. I have been afraid that a point of order could be raised in connection with an appropriation item of that kind, on the ground that it was not authorized by law, and that Congress had never authorized the Atomic Energy Commission to go into the business of generating power.

Mr. HICKENLOOPER. I should like to clarify my statement.

Mr. ANDERSON. That is what I want.

Mr. HICKENLOOPER. If the Atomic Energy Commission were to say, "We are going into the commercial production of power for sale for profit," that would be quite a different thing from saying, "It is necessary, in the expansion of this program, for us to determine certain things. Theoretically a plant producing 200,000 kilowatts would be very efficient, and would fit into our industrial system. Therefore, we believe it is the duty of the Atomic Energy Commission to construct a 200,000-kilowatt plant for experimental purposes and for the determination of certain questions by a process which private capital and private groups simply cannot finance under our system."

I believe the bill would authorize such an activity, and that the Commission could proceed with such a program if it could obtain an appropriation.

Perhaps I am trying to draw a fine line. I do not believe it is the connotation of the bill as a whole that the Atomic Energy Commission shall go into the commercial competitive power field. It could go into the experimental field, the development field, as a public service, if it could obtain the money from the Congress by an appropriation. I do not know what the limit would be. I suppose there is no practical limit, except the good sense and judgment of the Appropriations Committees, plus that of the Joint Committee on Atomic Energy.

Mr. ANDERSON. I do not disagree with the Senator in his last interpretation. I do not desire to have the Atomic Energy Commission authorized to engage in the production of commercial power in order that it may sell it in the competitive field for a profit. That is not in my heart or mind at all, because I think that might be bad. However, I do want the Commission to have enough money to build whatever plants may be necessary to demonstrate practicability and cost.

Mr. HICKENLOOPER. That would be up to the Appropriations Committees.

Mr. ANDERSON. Yes. Let me say that throughout the entire atomic energy program we have been playing by ear. We have been improvising as we have been going along. The recent tests illustrated that as fully as anything could. The fact is that we authorized $2 billion for atomic research before we even knew whether the atom bomb would explode. The Congress that did it was extremely wise. Of course, if the bomb had failed to explode, every Member who had been concerned with it would have been criticized for throwing money away on a foolish venture.

We are building a plant in Ohio which will cost considerably more than a billion dollars, probably more than a billion and a half dollars. I am not so sure that we will need everything which will be in the plant when we get through building it, because it may well be that by the time it is completed a new process will have been developed, which will make it more or less unimportant. However, it was wise to start to build it, even if it should develop that a subsequent process may prove it to have been unneeded. We were in such a situation that we had to have it.

We are building a plant on the Savannah River, which was intended for one purpose, although perhaps it will be used for another purpose eventually because of changing techniques. In other words, its purpose may change after we shall have spent the money for it.

We threw away millions by rushing the work. However, the public would not have been satisfied if the work had not been rushed. Therefore I believe the Commission went ahead with it very properly.

All I want to be able to be sure of is that the Commission, if it decides to do so, can take a little bigger chance than the chances it is now taking.

The Duquesne Power & Light contract has helped so far as it goes. However, the very able Senator from Iowa, who is very familiar with the subject, has stated that it will be a high-priced oper-

ation, because of its limited size. He and I know that the answer we will get will not be the final answer. The question will be tentatively answered for us if through the experimental processes there will be subsequently developed power at a lower price. As was brought out in the recent hearings, the Atomic Energy Commission had to reactivate an old plant which it had to throw into operation, although its production cost was 20 mills, whereas another plant was producing current at 2 mills.

When we get to the point where we are pressed for power, even if the AEC has to build a reactor which will produce power at a cost of 20 mills, it would not be a great violation to put it into operation, if the erection of a substantially larger plant will make possible very cheap current all over the country.

Mr. HICKENLOOPER. I think it is essential that I read into the RECORD section 32 of the bill, which I started to read a short time ago. It clarifies the matter. It should be borne in mind that section 31 under paragraph (4) refers to industrial uses. I did not read section 31 into the RECORD. Section 32, the subsequent section, says:

> The Commission is authorized to conduct, through its own facilities, activities and studies of the types specified in section 31.

Section 31 refers to the industrial uses and activities.

Mr. ANDERSON. Section 31 authorizes the Commission to deal with private institutions and foundations, but section 32, dealing with research, says that if the Commission does not make that kind of deal, it can do the work itself. I am afraid that paragraph (4) may be a little limited in permitting the Commission to go ahead in building the type of plant I am talking about. What I am trying to say is that if the bill does carry language to let the Commission do it, why not, as the Senator from Michigan [Mr. FERGUSON] suggested, write into it language which clearly provides that the Atomic Energy Commission can build a plant to develop electric energy for that purpose and for no other purpose.

Mr. CASE. Madam President, will the Senator yield?

Mr. HICKENLOOPER. The Senator from Vermont has the floor.

Mr. AIKEN. I shall be glad to yield if I can still hold the floor. I want to say to the Senator from Iowa that I do not want the United States Government to go into the wholesale production of power from atomic energy, to be sold in the competitive field. I believe that we ought to give the Atomic Energy Commission authority to construct a plant on such a scale that the benefit of power derived from atomic energy to heavy industry can be definitely determined.

Mr. ANDERSON. That is all I want.

Mr. AIKEN. As I understand, the Senator from Iowa believes that after the Atomic Energy Commission has made justification before the Appropriations Committees, it could get the funds for that purpose. I believe the colloquy between the Senator from Iowa and the Senator from New Mexico has gone very far in clarifying the situation in one mind at least, and that is my mind, and of course, that is quite important to me.

Mr. HICKENLOOPER. I wish to make further clarification, because I think it is probably very important that the legislative history of the matter should be as complete as possible.

Section 261 of the bill reads as follows:

> There are hereby authorized to be appropriated such funds as may be necessary and appropriate to carry out the provisions and purposes of this act, except such as may be necessary for acquisition and condemnation of real property or for plant construction or expansion.

That is not necessarily directed at anything except the general attitude of the Appropriations Committees and the other committees, that the agencies of Government should not be given authority to go and condemn property and buy real estate without coming to Congress with their programs.

The language is not directed necessarily at the Atomic Energy Commission. It indicates the general policy Congress has adopted and which is applicable to all Government agencies—I should not say "all," because there may be some exceptions—that departments and agencies cannot condemn land and undertake massive major construction without submitting the matter to Congress.

Mr. AIKEN. Section 261 would not prohibit the Atomic Energy Commission from acquiring or condemning real property to an extent adequate for the construction of one experimental plant of sufficient size to determine the value of atomic-energy power to industry, would it?

Mr. HICKENLOOPER. The proposal for the acquision of additional real estate probably would have to come before the joint committee for authorization. This section was not inserted for any special reason of singling out the Atomic Energy Commission. It is an attempt to follow the general purposes expressed repeatedly by Congress so far as agencies of the Government are concerned; namely, that such matters as the substantial condemnation of land or a building program should, from time to time, be considered by Congress.

Mr. AIKEN. If the Atomic Energy Commission could not acquire or condemn any real property, how could it do anything on its own except through contract with industry?

Mr. HICKENLOOPER. As a matter of fact, at the present time the Atomic Energy Commission, I believe, owns ample property so that it could build one of those plants on its own property without any difficulty. If they want to go into some other area of the United States and construct property of this kind there——

Mr. ANDERSON. Madam President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield.

Mr. ANDERSON. The Senator from Iowa said he thought the Atomic Energy Commission had plenty of property. I think I would agree with him that probably the first plant ought to be built in connection with some other plant, so that the energy might be utilized by the other plant, and then, thereafter the Commission might acquire other property, because, obviously, they might desire to operate at some other place.

Mr. HICKENLOOPER. I think the Senator will agree with me that we are very much interested in the 5-year program. I do not think the Commission will program a $250-million plant until it can get some answers from the program under which they are proceeding and until the Appropriations Committee gives them the necessary money. Of course, the answers will be those resulting from the experimental development.

Mr. CASE. Madam President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield.

CONSTRUCTIVE USES OF ATOMIC ENERGY

Mr. CASE. I had not wanted to interrupt the continuity of the debate, which I consider to be very important in connection with the legislative history of the bill. But I am a little disturbed by the implications which I think might follow this discussion as the record now stands. I do not want this bill to forbid actual production of atomic power or to limit its production to pure research. I want it to embrace and authorize a practical demonstration production. I recall there was considerable debate on that point in connection with the authority given the Tennessee Valley Authority to engage in the production of phosphate fertilizers.

So, I wish to second what the Senator from New Mexico [Mr. ANDERSON] has said about the importance of our doing something clearly, definitely, and purposefully in developing atomic power for constructive purposes rather than for destructive purposes.

Mr. HICKENLOOPER. We are doing a vast amount of that, more than is all the rest of the world.

Mr. CASE. The Senator has proved by his eagerness to interrupt, the point I wished to make. I dare say that the Senator from Iowa does not make a speech in the State of Iowa on the subject of atomic energy without stressing that point and without saying that what the development of radioactive isotopes means for medicine or for human happiness surpasses in importance what the development of atomic energy has meant in a destructive way. The President himself, recently, in making some comment upon our atomic program, stressed the beneficial results. It is extremely important that before the bar of world public opinion it be clearly shown that what we seek is a constructive application in this field. It is a rather paradoxical thing that we want to prove the very antithesis of what we seem to have been doing. We are at a disadvantage in the cold war in the Far East today as a result of some of the unfortunate experiences in experiments with the H-bomb. We must correct that and make clear our constructive and beneficial aims.

Mr. HICKENLOOPER. The Senator is speaking now about what is probably the most overwhelming purpose of the bill. The great burden of this bill is to open atomic energy for peacetime and humanitarian purposes. That is probably the major segment of the bill. That

is the purpose for which the revision is written.

Mr. CASE. That is fine, but I do not want that purpose negatived or nullified by any provisions in the bill.

Mr. HICKENLOOPER. I do not think it is, at any place in the bill.

Mr. CASE. So, Mr. President, I raise the specific question as to whether by the language of section 261, section 32, and section 44, we have limited the development of atomic energy for constructive purposes or not.

Section 261, to which the Senator has referred, authorizes such appropriations as may be necessary appropriately to carry out the provisions and purposes of the act.

Then when we go back to section 44 we find that what is permitted by the act is the sale of by-product energy, not its production as an original or primary purpose.

Mr. HICKENLOOPER. That section refers only to energy which is produced, possibly, as an incident to certain research and development activities of the Commission. It is not intended to go to the question of mass production of energy at all. It simply provides that if in the course of the Commission's activities some energy is produced which could be used, there is no use in wasting it. In the construction of a building frequently material is left which may be sold for whatever amount of money can be obtained.

DEMONSTRATION AS WELL AS RESEARCH

Mr. CASE. That strengthens my fear that in the development of electric energy, the Commission is limited to research. Section 32 says that the Commission is authorized to conduct, through its own facilities, activities of the type provided by section 31. Section 31 in paragraph (4), provides for research and development. The question is what is covered or included by those words.

During the hearings of the joint committee on phosphate resources, held in the summer of 1938, I recall that at Knoxville, Tenn., the committee found itself in the midst of a considerable debate as to whether the phosphate fertilizer sold by the TVA was that which was produced in the course of research or whether its production was a commercial operation. There was some contention that the TVA was getting into commercial business. It was the contention of Senator Norris and the TVA authorities at the time, however that the TVA Act authorized the production of fertilizer for demonstration purposes. As a part of that demonstration program, fertilizer was distributed to a number of counties in Tennessee and other States where it could be appropriately distributed, with reasonable freight rates, to show that it could be produced and delivered at a price which farmers could afford to pay. What I fear here—and I hope I am wrong—is that the language which the Senator has been citing limits the Atomic Energy Commission to a research program or a development program in the nature of a laboratory proposition, with not even a pilot plant, much less commercial development.

Mr. HICKENLOOPER. I should like to read the language of section 11, subparagraph (2). The Senator will find it on page 8 of the act, beginning with line 18:

q. The term "research and development" means (1) theoretical analysis, exploration, or experimentation; or (2) the extension of investigative findings and theories of a scientific or technical nature into practical application for experimental and demonstration purposes, including the experimental production and testing of models, devices, equipment, materials, and processes.

That is the technical definition of "research and development."

Mr. CASE. Would the Senator from Iowa interpret that definition to mean that the Atomic Energy Commission could build a plant of sufficient size to determine whether or not the electrical energy could be developed through the application of atomic energy or fissionable materials, in such a way as to be commercially practicable?

Mr. HICKENLOOPER. A moment ago I answered the same question, when propounded by the Senator from New Mexico [Mr. ANDERSON] and the Senator from Vermont [Mr. AIKEN]. The answer is: Yes, if the Atomic Energy Commission could obtain the money.

Mr. ANDERSON. Will the Senator from Iowa permit me to ask if the part of the report at the top of page 15 bothers him in any way. It refers to section 44, and reads:

This section will permit the Commission to dispose of that utilizable energy it produces in the course of its own operations, but does not permit the Commission to enter the power-producing business without further congressional authorization to construct or operate such commercial facilities.

I wonder if that language means that the energy must be sold to someone else, or does it prevent the Commission from constructing a powerplant, as such, for the development of power?

Mr. HICKENLOOPER. I think certainly there was no intent, so far as I know, to have section 44 apply to any commercial activities at all. It does not refer to that subject. The report merely points out that section 44 is not intended to authorize or permit such action. The construction of large scale plants for experimentation and determination purposes, even though they might cost hundreds of millions of dollars, is authorized in other sections of the bill.

The Commission must obtain the money for such construction; it must prove its case in order to get the money. It cannot go out, willy-nilly, and build the plants.

Mr. President, I wish to say to the Senator from South Dakota that the term "research and development" does not go to the question of the size of the plant; it goes to the question of the purpose. Size is immaterial. Other things being equal, a billion kilowatt plant could be built if the Commission could get the money and if the plant were for the establishment of a certain purpose within the authority of the Atomic Energy Commission. The question of size is not involved; the question involved is that of purpose.

Mr. CASE. I thank the distinguished Senator from Iowa. Referring again to the definitions contained on page 8 of the bill, I note that clause (2) of subparagraph q. reads:

The term "research and development" means (1) theoretical analysis, exploration, or experimentation—

That would not cover the point in which I am interested; but clause (2) might. The definition of "research and development" continues:

or (2) the extension of investigative findings and theories of a scientific or technical nature into practical application for experimental and demonstration purposes—

I have emphasized "and demonstration purposes"—

including the experimental production and testing of models, devices, equipment, materials, and processes.

I pose this question: Does the Senator from Iowa, who is in charge of the bill, feel that the use of the words "and demonstration purposes," taken in connection with what he has previously said, means that, whatever be the size required to provide the practical application for demonstration purposes, the Commission can engage in whatever experiments are necessary in order to demonstrate the practical application?

Mr. HICKENLOOPER. I think the answer is "Yes," if the Commission could get the money from Congress with which to do it.

POSSIBLE UTILIZATION OF PICKSTOWN

Mr. CASE. Then, I should like to ask a more specific question. In my State there is a great deal of interest in the possible development of atomic energy and in the development of standby electricity from fissionable materials to firm up the so-called secondary or dump power which will be generated on the Missouri River. I call the Senator's attention to the fact that a large part of the hydroelectric power available in that area represents so-called secondary power. The Oahe Dam, which is the largest of the dams and manifestly the largest of the reservoirs, has been estimated by the Hoover Commission to produce 52 percent of its energy in the form of secondary rather than firm power.

There has been considerable interest in the State as to how that secondary power might be firmed up. The suggestion has been repeatedly made that the firming up might well be provided by an atomic energy plant. Does the bill authorize the Commission to consider that as a possibility and to provide a plant which would firm up the secondary power of this hydroelectric project?

Mr. HICKENLOOPER. I would say no, that there is no authority to build a plant for the sole purpose of firming up power. I do not think that is a purpose of the act. If the Congress authorized the Commission to acquire property in that area, that would be a different question. As I pointed out before, the Commission can not condemn property without authorization of Congress.

Mr. CASE. Could the Commission receive property transferred by another agency of the Government?

Mr. HICKENLOOPER. Probably it could, if the Commission did not have to pay anything for it. I would not want to be too positive or dogmatic about that statement.

I am informed by the Senator from Vermont [Mr. AIKEN], who is very well versed in such questions, that it would take an act of Congress to enable one agency to acquire the property of another.

Mr. CASE. Under the provisions of the general act for the disposal of surplus property, I suggest that another agency might acquire such property. I think that before the General Services Administration sells property which is considered to be in excess of the needs of a particular agency, it can dispose of it to another agency.

Mr. HICKENLOOPER. Perhaps such property could be disposed of in that manner; I am not sure. The point I wish to make is that if the production of atomic energy is demonstrated to be within reasonable economic soundness on the basis of cost—and that is what is being attempted to be demonstrated by the 5-year program—and if the Congress is convinced that the building of a substantial atomic energy plant in a certain area to firm up the power is desirable, and if Congress authorizes the Commission to go ahead with such a project, the Commission could do so. However, the Atomic Energy Commission is not primarily an operating agency; it is a research and development agency. It is not a commercially operating agency any more than is the Department of Agriculture.

Mr. CASE. The final question which the junior Senator from South Dakota is seeking to determine is whether or not the Atomic Energy Commission would have the authority, under the provisions of the proposed act, to receive from the Corps of Army Engineers and to utilize a certain installation known as Pickstown, a body of real estate on which there are buildings ranging all the way from houses to hospitals and administrative office facilities, which were built by the Army engineers to house the engineers and the workers engaged in the construction of the Randall Dam. It happens that their work is practically completed. I have been told by the Chief of Army Engineers, General Sturgis, that he has discussed with representatives of the Atomic Energy Commission the matter of transferring such buildings and facilities to the Atomic Energy Commission when such property is declared excess to the needs of the Army engineers. It has been my thought that if those facilities were transferred, without cost, to the Atomic Energy Commission, under the general law for the disposition of surplus real estate or real property, the Atomic Energy Commission might receive them and then, possessing them, could there establish a practical demonstration project, utilizing the abundant water and hydroeelctric energy which the Government itself owns.

The Government has built the Randall Dam. That has created a reservoir which is now storing water and which is now producing hydroelectric power. The Government is in the process of building a large backbone transmission system which will link together the hydroelectric power produced by the dams at Gavin's Point, Randall Dam and Oahe Dam in South Dakota, and at Garrison Dam, in North Dakota. On that line there will be in excess of 1 billion kilowatts of generative capacity, but a large part of the production will be secondary power.

The question I seek to have answered is, Can the Atomic Energy Commission, under the provisions of this measure, receive that property at Pickstown, land and buildings, when it is excess to the needs of the Army engineers, and use it as a basis of operations for a practical demonstration plant?

Mr. HICKENLOOPER. In answer to the Senator's question I may say that I do not know. So far as this measure is concerned, I know nothing in it that will either prohibit or permit it. I do not know—because I have not looked into the question—what the rights of the interrelated agencies, including the Atomic Energy Commission, may be. I shall undertake to have that matter looked into immediately, so that I can get the answer for the Senator from South Dakota, if possible. But I would hesitate to answer his question now.

Mr. CASE. Would it be fair to assume—on the basis of the Senator's answer to the earlier question—that if other law permits a transfer to the Atomic Energy Commission of the real property I have mentioned when it is excess to the needs of the Army engineers, once it is in the possession of the Atomic Energy Commission, it would be possible for the Commission to engage in a demonstration project there, under the conditions heretofore recited?

Mr. HICKENLOOPER. The Senator from South Dakota has asked a hypothetical question, based upon certain premises. I do not have the answer to the question; but if the Atomic Energy Commission is authorized to accept that land or other convenient land in that area and if the Commission determines that it is essential or proper, in the research and development field of the Commission, to erect such a plant, and if the Atomic Energy Commission determines that that is a proper place at which to conduct research and development, and that a plant of X kilowatts—several hundred thousand kilowatts, or any figure the Senator from South Dakota might wish to use—would be required for that purpose, then I would say that if the Commission could obtain the funds from the Appropriations Committees, the Commission could build the plant.

Mr. CASE. Mr. President, I wish to express appreciation to the Senator from Iowa for the answer he has given and for his offer to obtain a further answer to the hypothetical part of the question.

I wish to say for the RECORD that here is a situation in which the Government has a tremendous amount of electrical energy which it owns and a tremendous volume of water which it owns, both of which, as I understand, are essential elements in the development of a practical plant.

Mr. HICKENLOOPER. The Senator from South Dakota understands, does he not, that the Atomic Energy Commission does practically nothing on its own, except supervision and the conducting of certain research and development activities of a minor nature?

Mr. CASE. Yes, I understand that.

Mr. HICKENLOOPER. The Commission does almost all its activity through contractors.

Mr. CASE. Yes; by contract.

Mr. HICKENLOOPER. Yes; the Commission does most of its work through contractors, and most of the operation is through contractors.

Again, I wish to say that I do not believe either the original act or this bill contemplates that the Atomic Energy Commission will go into the commercial production of atomic energy, as such. It will go into the production of large amounts of electricity only if it is essential, in the demonstration in connection with research and development, to prove certain points or to demonstrate the practicality of certain things.

Mr. CASE. In review, may I make clear that in addition to the water and the power, the Government owns about a $7 million plant there, in the form of a town, with all kinds of administrative facilities—housing, shops, schools, chapel, and hospital. The Government owns both the land and the buildings.

Mr. HICKENLOOPER. I understand that.

Mr. CASE. I wanted to add that for emphasis as I suspect that this colloquy will be studied in connection with answering that question.

Mr. THYE. Mr. President, if the Senator from Vermont will yield to me, I should like to comment on the colloquy which has taken place between the Senator from South Dakota and the Senator from Iowa.

I would say that, in the first instance, property referred to by the Senator from South Dakota would go to General Services Administration. I think the Senator from South Dakota has raised a question which needs to be explored, because here is physical property which possibly could lend itself to research in the atomic energy field. Therefore, inasmuch as I represent in part an adjoining State which would be one of the beneficiaries if such a pilot plant or research plant were developed in connection with atomic energy, to firm up the hydroelectric energy that is going into that area, I would say that a bill should be introduced in order to begin the necessary study and discussion of the matter. By means of the introduction of such a bill, we would have the necessary discussion and study of the question, so that the properties would not either be disposed of as surplus property to be sold to the highest bidder, or razed, for the purpose of clearing the land and returning it to the State in which it was located when it was acquired, before the buildings were installed.

So I am going to instruct the staff of the Small Business Committee—which already is making a study of a

possible research activity on the part of the Atomic Energy Commission in that field—to look into that matter. I would be very happy to join the Senator from South Dakota in the introduction of such a bill, in order to get the question before the appropriate congressional committees.

Mr. CASE. I certainly appreciate the statement the Senator from Minnesota [Mr. THYE] has made. As usual, he has a constructive suggestion to make in connection with the discussion.

I may say I think possibly I should obtain the answer the Senator from Iowa suggested he would get, because it is my understanding that if property is declared to be excess to the needs of any Federal agency it goes to the General Services Administration and then it can be transferred to other Federal agencies; and that the ones with a national-defense interest have first priority in claiming excess property.

So it might be that the real property in this case—meaning both the land and the building—could be so transferred. If so transferred, I seek to determine whether this bill permits the Atomic Energy Commission to go ahead with a plant there.

The PRESIDING OFFICER. The question is on agreement to the amendment offered by the Senator from Michigan [Mr. FERGUSON].

Mr. GORE. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Green	Mundt
Anderson	Hayden	Reynolds
Barrett	Hickenlooper	Schoeppel
Bricker	Hill	Smith, Maine
Butler	Holland	Smith, N. J.
Case	Jenner	Sparkman
Cooper	Johnson, Tex.	Stennis
Daniel	Knowland	Thye
Dworshak	Kuchel	Upton
Ervin	Mansfield	Welker
Fulbright	Martin	Wiley
Gore	Monroney	

The PRESIDING OFFICER. A quorum is not present.

Mr. BARRETT. Mr. President, I move that the Sergeant at Arms be instructed to request the attendance of the absent Senators.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Wyoming.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. BEALL, Mr. BENNETT, Mrs. BOWRING, Mr. BRIDGES, Mr. BURKE, Mr. BUSH, Mr. BYRD, Mr. CAPEHART, Mr. CARLSON, Mr. CHAVEZ, Mr. CLEMENTS, Mr. CORDON, Mr. CRIPPA, Mr. DIRKSEN, Mr. DOUGLAS, Mr. DUFF, Mr. FERGUSON, Mr. FLANDERS, Mr. FREAR, Mr. GEORGE, Mr. GILLETTE, Mr. GOLDWATER, Mr. HENDRICKSON, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JOHNSON of Colorado, Mr. JOHNSTON of South Carolina, Mr. KERR, Mr. KILGORE, Mr. LANGER, Mr. LEHMAN, Mr. LENNON, Mr. LONG, Mr. MAGNUSON, Mr. MALONE, Mr. MCCARRAN, Mr. MCCARTHY, Mr. MILLIKIN, Mr. MORSE, Mr. MURRAY, Mr. NEELY, Mr. PAYNE, Mr. POTTER, Mr. PURTELL, Mr. ROBERTSON, Mr. RUSSELL, Mr. SALTONSTALL, Mr. SMATHERS, Mr. SYMINGTON, Mr. WATKINS, Mr. WILLIAMS, and Mr. YOUNG entered the Chamber and answered to their names.

The PRESIDING OFFICER (Mr. PAYNE in the chair). A quorum is present.

Mr. GORE obtained the floor.

WHITE HOUSE CONFERENCE ON EDUCATION—CONFERENCE REPORT

Mr. COOPER. Mr. President, will the Senator from Tennessee yield, to permit me to submit a conference report?

Mr. GORE. Mr. President, I ask unanimous consent that I may yield for that purpose, without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. COOPER. Mr. President, I submit a report of the commmittee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7601) to provide for a White House Conference on Education; and I request the immediate consideration of the report.

Mr. GORE. Mr. President, will the Senator from Kentucky yield?

Mr. COOPER. I yield.

Mr. GORE. Has the presentation of the report been cleared with the minority leader, as well as with the minority members of the committee of conference?

Mr. COOPER. It has not, although the report is a unanimous one. If the Senator from Tennessee prefers, I shall postpone my request for consideration of the report until there has been an opportunity to confer with the minority leader.

Mr. GORE. I believe that would be best. I hesitate to take the responsibility of agreeing to the request for consideration of the report at this time, in view of the fact that I have not heard from the minority leader about it.

Mr. COOPER. If the Senator from Tennessee prefers, I shall wait.

Mr. President, at this time I withdraw the report.

The PRESIDING OFFICER. The report is withdrawn.

MESSAGE FROM THE HOUSE

A message from the House of Representatives by Mr. Maurer, its reading clerk, announced that the House had passed, without amendment, the following bills and joint resolution of the Senate:

S. 1381. An act to amend the Agricultural Act of 1949;

S. 2367. An act to amend the act of June 29, 1935 (the Bankhead-Jones Act), as amended, to strengthen the conduct of research of the Department of Agriculture;

S. 2583. An act to indemnify against loss all persons whose swine were destroyed in July 1952 as a result of having been infected with or exposed to the contagious disease vesicular exanthema;

S. 2766. An act to amend section 7 (d) of the Internal Security Act of 1950, as amended;

S. 2786. An act granting the consent and approval of Congress to the Southeastern Interstate Forest Fire Protection Compact;

S. 3561. An act authorizing the Administrator of Veterans' Affairs to convey certain property to the Armory Board, State of Utah;

S. 3630. An act to permit the city of Philadelphia to further develop the Hog Island tract as an air, rail, and marine terminal by directing the Secretary of Commerce to release the city of Philadelphia from the fulfillment of certain conditions contained in the existing deed which restrict further development; and

S. J. Res. 96. Joint resolution to strengthen the foreign relations of the United States by establishing a Commission on Governmental Use of International Telecommunications.

The message also announced that the House had insisted upon its amendments to the bill (S. 3458) to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ARENDS, Mr. COLE of New York, Mr. SHAFER, Mr. CUNNINGHAM, Mr. VINSON, Mr. KILDAY, and Mr. RIVERS were appointed managers on the part of the House at the conference.

The message further announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

H. R. 6786. An act authorizing the Secretary of the Interior to purchase improvements or pay damages for removal of improvements located on public lands of the United States in the Palisades project area, Palisades reclamation project, Idaho;

H. R. 8983. An act to provide for the conveyance of certain lands by the United States to the city of Muskogee, Okla.; and

H. R. 9005. An act to continue the effectiveness of the act of July 17, 1953 (67 Stat. 177).

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 130) to amend section 1 of the act approved June 27, 1947 (61 Stat. 189).

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. GORE. Mr. President, I rise in opposition to the amendment submitted by the senior Senator from Michigan [Mr. FERGUSON].

The amendment proposes to legitimatize or legalize a proposed contract which many of us in this body hold to be without legal authority. In my opinion, the submission of the amendment is a concession of the doubtful legality of the proposed Dixon-Yates contract.

However, Mr. President, this question has come to have far broader implications. The attempted perversion of functions of the Atomic Energy Commission in this instance has triggered an explosion of suspicion, mistrust, and doubt which now cast their shadows over the entire atomic energy bill and the atomic energy program.

If, for the purpose of serving this particular private interest group, a provision in the Atomic Energy Law enacted for a specific purpose is stretched beyond its intent, and beyond any reasonable interpretation of its meaning, what confidence can the Senate have to justify the further vesting in the administration of such very great authority and discretionary power as is contained in the pending far-reaching bill?

I should like to make a preliminary statement regarding the amendment, and then give a detailed analysis. Throughout the debate the controversy has raged over this proposal of the administration, acting through the Atomic Energy Commission, to execute a contract with the Dixon-Yates group for the construction and operation of a steam electric generating plant for purposes unrelated to the atomic energy program. Much of the debate has consisted of charges and countercharges involving the operation of the TVA. The RECORD will show that on the first day of debate an effort was made to make the TVA an issue. On that first day the Tennessee Valley Authority, was tried, and I think, judging from the record, acquitted.

Since then the debate has been more relevant, more upon the advisability of the contract, the legality of the proposal, and the improvident characteristics of the proposal.

I believe another significant circumstance has been engendered by this attempted perversion of functions of the Atomic Energy Commission and of the law. Because of this attempt doubts have been expressed on the floor of the Senate about the licensing provision, the patent provision, and other provisions of the bill.

Mr. HILL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HILL. No doubt the Senator from Tennessee will address himself to this question, but does he not believe that one of the most important aspects is the failure to permit the Atomic Energy Commission itself to go forward with the construction of some of the powerplants which are needed?

Mr. GORE. I thank the Senator for his question and his contribution. I find it paradoxical that the Ferguson amendment would authorize the Atomic Energy Commission to go into the power business not only to the extent of the Dixon-Yates contract, but to the extent of 3 million kilowatts of electricity. Were the Ferguson amendment to become law the Atomic Energy Commission could make a contract with private utilities to furnish electricity to the Atomic Energy Commission to the extent of the full amount of TVA electricity now going to the Atomic Energy Commission.

I point out to the able Senator from Alabama that by 1957 the schedule calls for the TVA to furnish to the Atomic Energy Commission more electrical energy than was used in the year 1952 by any 1 of the 48 States with the exception of the State of New York. The TVA is scheduled to furnish more electric power than was used in the year 1952 by all the industry of Illinois, all the industry of Pennsylvania, or the vast industrial development of California. The Ferguson amendment would authorize the Atomic Energy Commission to go into the power business to that extent. Why? It specifically prohibits the Atomic Energy Commission from engaging in the generation of power in commercial quantities from atomic energy. In other words, let me say to my brilliant and distinguished friend from Alabama, the amendment would state that it is all right for the Atomic Energy Commission to go into the power business so long as it is invading the TVA's territory, but if it proposes to use nuclear fission to develop commercial power, that must be prohibited. I point out that the Senator from Michigan is chairman of the Republican policy committee, and I suppose can be properly regarded as a spokesman not only for the majority party here, but for the administration.

Mr. HILL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HILL. The 3 million kilowatts to which the Senator has referred represents five times the amount of power contemplated in the Dixon-Yates proposal.

Mr. GORE. The Ferguson amendment is five times as bad as the Dixon-Yates proposal.

Mr. HILL. The Senator is absolutely correct.

Mr. GORE. It has been insisted by the proponents of the Dixon-Yates contract that the TVA is seeking to expand its service area, and even that TVA has unconscionably overcharged the Atomic Energy Commission for electricity supplied for the operation of the Atomic Energy Commission's vital production facilities. A welter of confusing statistics, involving ratemaking procedures, has been introduced, and the RECORD is replete with information and misinformation about the operation of TVA. I refer to this only in a summary way. I believe, as I have said, that TVA has been completely exonerated of those charges by the RECORD of this debate. I do not wish to spend any further time at this moment in defense of TVA. Frankly, I do not think it particularly needs defense.

Mr. HILL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HILL. Is it not true that the RECORD shows that the charges against TVA are absolutely unfounded and untrue?

Mr. GORE. I believe that the RECORD is clear on that point now.

I wish to say to the Senator from Alabama that I believe the genesis of the Dixon-Yates proposal was a desire on the part of the private Power Trust to attack TVA and to invade TVA's territory. I believe it is the first step toward the dismemberment of the TVA service area.

I inquire of my distinguished friend from Alabama whether he knows who made the request for this contract. The RECORD does not show that the Atomic Energy Commission made any such proposal. The RECORD does not show that the people of Memphis made such a proposal, or that the citizens of Arkansas made such a proposal. It does not show who sought the contract. Does the Senator know the genesis of it?

Mr. HILL. Not only do I not know the genesis of it, but, in the light of the fact that 3 of the 5 members of the Commission are opposed to the proposal, it seems to me entirely reasonable to conclude that the Atomic Energy Commission did not make it.

Mr. GORE. That is a reasonable presumption. Furthermore, the fact is that the Atomic Energy Commission does not want any more power at its Paducah facility. It has a contract for ample power there.

Mr. HILL. Is it not true that one of the strongest statements against the proposal is the letter which Commissioners Smyth and Zuckert wrote to the Bureau of the Budget against the proposal?

Mr. GORE. I think that is true.

Mr. HILL. I am not sure whether that letter has been read into the RECORD, but it is printed at page 958 of the printed hearings. It might be well to incorporate the letter in the RECORD at this point, if the Senator from Tennessee deems it wise to do so.

Mr. GORE. I think it might be well to read the letter. I have before me the letter which Commissioners Smyth and Zuckert wrote to the Director of the Budget. It reads:

> DEAR MR. HUGHES: On April 15, 1954, the chairman of the Atomic Energy Commission, Mr. Strauss, sent you a letter outlining an analysis of the negotiations for certain power to be furnished by Middle South Utilities, Inc., and the Southern Co.
>
> Under this proposal the Atomic Energy Commission contracting power would be used as a vehicle—

Does the Senator catch the significance of that statement?—

> The Atomic Energy Commission contracting power would be used as a vehicle—

The able Senator from Alabama was a Member of the Senate and I was a Member of the House of Representatives at the time the original act was passed and at the time the amendment was adopted on which the administration seeks to pin authority to engage in this disgraceful and scandalous contract. Did the Senator realize or suspect that the original legislation or the amendment would permit the Atomic Energy Commission to be used as a vehicle for something unrelated to the atomic energy program?

Mr. HILL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HILL. I am confident there was never such a thought, and that it was never contemplated, indeed, not even dreamed of that the Atomic Energy Commission would be used as a vehicle for such a proposal as that of the Dixon-Yates group, a proposal which is made much worse by the Ferguson amendment.

Mr. GORE. I agree fully with the Senator from Alabama. There was never the slightest intimation to that effect.

Returning to the letter:

Under this proposal the Atomic Energy Commission contracting power would be used as a vehicle for the supply—

Vehicle, that is—

for the supply of 600,000 kilowatts of power in the Memphis area.

With the knowledge of the other members of the Commission, we are taking this opportunity to bring to your attention our personal view——

Mr. HILL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HILL. As the Senator from Tennessee has brought out, is it not true that what the Ferguson amendment would do would be to enlarge and extend this vehicle fivefold?

Mr. GORE. The Ferguson amendment would make the Atomic Energy Commission a vehicle to go into the power business to the extent of 3 million kilowatts, provided it invaded the TVA territory.

Continuing with the letter:

With the knowledge of the other members of the Commission, we are taking this opportunity to bring to your attention our personal view that the proposed action involves the AEC in a matter remote from its responsibilities.

I digress to say that I do not believe Congress invested the Atomic Energy Commission with any responsibility whatever to furnish the city of Memphis, Tenn., with electric energy.

Mr. HILL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HILL. Does not a reasonable interpretation of the word "remote" suggest that not only is it not within the realm of the jurisdiction and responsibility of the AEC, but is far removed from its responsibility?

Mr. GORE. And far removed from any reasonable interpretation of law.

In an awkward and unbusinesslike way an additional Federal agency would be concerned in the power business.

What do the Commissioners mean by "in an awkward way"? How would the Senator from Alabama interpret "awkward" in this regard? The two Commissioners say "in an awkward and unbusinesslike way."

Mr. HILL. Does the Senator believe that what they had in mind was that it was embarrassing to the Commission to be put in this kind of position? Does not the Senator believe that the Commission is being put in a position that cannot be defended or justified in any way?

Mr. GORE. I think I can agree with the Senator.

Mr. HILL. Was not that the reason for the use of the word "awkward"?

Mr. GORE. I believe the Commissions might have had that in mind.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. GORE. I yield to the junior Senator from Alabama.

Mr. SPARKMAN. I think that is correct. When the Senator reads a little farther down in the letter he will note a particularly pertinent statement made by both Dr. Smyth and Mr. Zuckert. But to digress for a moment, there was a letter written by Mr. Murray, one of the other Commissioners.

Mr. GORE. He appeared before the joint committee and testified.

Mr. SPARKMAN. I know I have read a statement by him.

Mr. GORE. It is a very strong statement.

Mr. SPARKMAN. I do not want to anticipate, but because of the discussion which has arisen at this time with reference to the "awkward" situation, I should like to suggest that the best way I know of defining what the Commissioners meant by an "awkward" situation is to try to define the arrangement, so that the ordinary person may understand from all its ramifications what was gone through in order to arrive at this tortured position and conclusion. I believe that is what they refer to.

A little later in the letter they say:

The present proposal would create a situation whereby the AEC would be contracting for power not one kilowatt of which would be used in connection with the Commission's production activities.

I believe that does create an awkward situation.

Mr. GORE. The Senator will notice the words "in connection with."

Mr. SPARKMAN. That same phrase is used in the law. In other words, the law that gives them the right to buy power limits it to use in connection with construction or operation of their installations at those three different places. Here the two Commissioners point out the fact that not one single kilowatt of the power the AEC is ordered to go into the market and buy from a nonexistent corporation, from a nonexistent power plant, for which not even the specifications have been drawn, and in connection with which there has been no competition, would be used in accordance with what the law directed, that is, in connection with the work of the Atomic Energy Commission. Does not that really create an awkward situation?

Mr. GORE. It appears to me that it does. Does the junior Senator from Alabama, whose legal opinion and abilities are highly regarded, agree with the interpretation of the Ferguson amendment which the junior Senator from Tennessee placed upon it, namely, that it concedes the doubtful legality, if not the illegality, of the proposal?

Mr. SPARKMAN. When I heard the amendment read on the floor, when it was first offered, naturally, the first impression I had was that it was an admission that what it has been attempted to do is not legal. I simply do not see how any other interpretation could be given to it.

Mr. GORE. With reference to the Commissioners, they foresaw when they learned of the proposal that it would put the Commission in an awkward position, and it seems to me that the predicament of the Atomic Energy Commission, the predicament of the administration, and the predicament of the pending bill illustrate the fact that the Commissioners were speaking prophetically. This attempt to pervert the functions of the Atomic Energy Commission to a wrongful purpose, unrelated to its program, this stretching of a phrase far beyond any reasonable interpretation, has engendered so much doubt, so much suspicion, so much mistrust, that one Senator after another rises on the floor and asks penetrating questions about this or that provision of the bill. It illustrates the fact that if we must comb every single word of every single bill which comes to the Congress with a view of forestalling the administration from doing anything with respect to that specific item, then the consideration of a 104-page bill will require more than a few days.

Mr. SPARKMAN. If the Senator from Tennessee will yield further, I might suggest that, whereas in the beginning it was an awkward situation for the Atomic Energy Commission, it has developed into an awkward situation, it seems to me, for the administration, for the Senate in considering the bill, and for everyone connected with the proposal.

Mr. GORE. It even includes the Ways and Means Committee of the House, the Senate Finance Committee, and the conference on the tax bill. We are expecting to vote upon the conference report on the tax bill. Yet, this contract proposes to violate the tax bill which we expect to pass, because that bill will levy a tax upon every other business, upon every other corporation, upon every other man and woman with sufficient income in the United States, but not upon Dixon-Yates, who, under the terms of the contract which the Commission is directed to negotiate, would be provided with complete tax immunity. It is all right to raise taxes on the men and women working in the textile plants in the State of South Carolina at $30 or $35 a week. Lay the heavy hand of the Government on their paychecks, take some of that money; but as to Dixon-Yates; no, no. They are something special. We say to them, "We will put you in business with a Government contract, a 25-year contract, and you can make a profit, and we will reimburse you to the extent of $800,000 a year for taxes which you would rightfully owe on the profit you make."

I wonder how the Senator from South Carolina is going to react to that? Is the Senator willing to reimburse a corporation $800,000 a year for taxes, while he votes for the conference report which would lay the heavy hand of the tax collector on the men and women working in the textile plants of his State?

Mr. JOHNSTON of South Carolina. Mr. President, I think the Senator from Tennessee realizes how the Senator from South Carolina feels in regard to this matter. I could tell from the way he asked the question that he knew I would not consent to the textile workers of my State being taxed while the big boys slip out of it. It is another instance of people who have millions of dollars being able to get a few million dollars more out of this administration. That is the way it looks to me. I feel just as the Senator from Tennessee feels in regard to it, and I shall take my turn a little bit later and express to the Senate my sentiments concerning the subject.

Mr. GORE. I thank the Senator from South Carolina.

Mr. President, the able Senator from South Carolina illustrates my point. When we started this debate a few days ago we could almost count on the fingers of one hand the Members of this body who thought this an unjustifiable, inadvisable—and I will go further, and say disgraceful—contract. The junior Senator from South Carolina has now become interested in it, and he has announced to the Senate that he will speak on the subject. I hope I may include the Senator from North Carolina also.

Does not the Senator from Alabama agree that this has become an awkward situation and that the Commissioners were prophetic beyond their realization when they used that term?

Mr. SPARKMAN. I certainly do. I think it is significant that the three Commissioners, a majority of the Commission, protested strongly against it just as quickly as the idea was put before them. They did not wait until there was a debate, but just as soon as the suggestion was made, they wrote letters protesting against the contract and saying that it would place them in an awkward position, and calling attention to the fact that it was not in keeping with the law.

May I ask the Senator from Tennessee whether Dixon-Yates is a corporation yet? Has it been organized as a corporation?

Mr. GORE. That is not my understanding.

Mr. SPARKMAN. Sometime in the future they hope to organize. But, of course, the proposal has always been made. The Senator has pointed out that they will be the only private-enterprise corporation in the United States exempt from income taxes and all other Federal taxes. What does the Senator have to say about another little item which guarantees to them a 9 percent return on the equity investment? That is one of the items, is it not?

Mr. GORE. I understand that it is.

Mr. SPARKMAN. They are not only exempted from taxation, but are guaranteed a 9-percent return on the equity investment. Does not the Senator think that is a pretty generous way to deal with the taxpayers' dollars?

Mr. GORE. I will say to the Senator that if one Harry Truman, while President, had ordered an independent agency, over its objections, to sign such a contract as this, the top would have been blown off the Capitol and impeachment proceedings probably would have been filed. The scandal would have been in every headline. I think it no less scandalous because it is proposed under different circumstances.

Mr. SPARKMAN. I agree with the Senator.

Mr. GORE. It is a crooked deal.

Mr. SPARKMAN. Permit me to ask another question, and then I shall not bother the Senator further. I see the able Senator from Minnesota [Mr. HUMPHREY] is on his feet and wishes to ask a question, and I know he has given close study to this bill and that he has been troubled in mind and in spirit regarding many of the provisions found in the bill.

But, since the Senator from Tennessee during his remarks is going to discuss the Ferguson amendment, I wish to point out another thing and ask the Senator to be certain to include in his remarks some discussion of the three words "in replacement thereof."

Mr. GORE. I expect to.

Mr. SPARKMAN. He is talking about power which the TVA has furnished the Atomic Energy Commission. In the letter from two of the Commissioners of the Atomic Energy Commission, from which the Senator was reading, it is pointed out that not one single kilowatt of the Dixon-Yates power will be used in connection with the operations of the atomic energy installations; and it is my understanding that the TVA will not be relieved of one single kilowatt of the power which it is obligated to furnish the Atomic Energy Commission. If that be true, I should like to ask, How can it be in replacement thereof?

Mr. GORE. I do not believe it is in replacement. It is not related to the needs of the Atomic Energy Commission. That seems to be made perfectly plain by the letter which I shall now continue to read:

> In an awkward and unbusinesslike way an additional Federal agency would be concerned in the power business.
>
> The proposal under discussion is an outgrowth of the responsibility to the President's budget message under your letter of December 24, 1953, requesting the AEC to explore the possibility of reducing existing commitments of the TVA to the Commission.

I digress to express some wonderment about the genesis of the provision in the President's budget message. I wonder who suggested that? I do not know the answer to that question, but I notice that the letter from Mr. Hughes, as the Commissioners refer to it, bears date of December 24, 1953. I resume reading the letter of the Commissioners:

> In the course of that exploration it was determined to be unwise to disturb the AEC arrangements with TVA upon which our production schedules depend.

I might digress again to say that the Atomic Energy Commission has been able to depend and rely upon the supplying of electricity by TVA in order to meet its production schedules. I continue to read:

> Since that determination, the explorations have taken a different course.

In other words, the matter has now taken a different course from that which was recommended in the President's budget message.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. SPARKMAN. Before the Senator leaves that point, it is stated in the letter, as a matter of fact, that a different course has been taken. Anyone remembering the President's budget message can very well recall that the recommendation was entirely different from what it here proposed, and mention is made of it in the letter:

> The proposal under discussion is an outgrowth of the responsibility to the President's budget message under your letter of December 24, 1953, requesting the AEC to explore the possibility of reducing existing commitments of the TVA to the Commission.

Does the Dixon-Yates proposal reduce the existing commitments of the TVA to the Atomic Energy Commission by one single kilowatt?

Mr. GORE. Not at all. As a matter of fact, Commissioners Smyth and Zuckert say in the very next sentence:

> In the course of that exploration it was determined to be unwise to disturb the AEC arrangements with TVA upon which our production schedules depend.

So the contractual arrangements between the AEC and TVA have not been terminated. As a matter of fact, the representatives of the Atomic Energy Commission testified that the arrangements had been very satisfactory. It was only later that some effort was made to smear the record of the TVA. I continue to read:

> The present proposal would create a situation whereby the AEC would be contracting for power not one kilowatt of which would be used in connection with the Commission production activities. The creation of such a contractual relationship would place upon the Commission a continuing responsibility during the 25-year life of the contract for stewardship in respect to matters irrelevent to the mission of the Commission.

I digress from a reading of the letter to say that the Ferguson amendment would authorize the Commission to go into the power business for 25 years, to the extent of five times the Dixon-Yates contract. According to the Ferguson amendment, there could be another such contract at Chattanooga, another such contract at Tupelo, another such contract at Knoxville, one at Oak Ridge, another in upper East Tennessee, and one in Kentucky. I continue to read:

> It has been our observation in Government administration that arrangements which are obviously incongruous at the outset tend to become even less clear-cut because no one can foresee what contingencies may arise over a long term of years.

The Commmissioners were looking far into the future. I am not certain that they looked immediately to the floor of the United States Senate, but again they were prophetic. I continue to read:

> It has been our observation in Government administration that arrangements which are obviously incongruous at the outset tend to become even less clear-cut because no one can foresee what contingencies may arise over a long term of years. In addition, the proposed action certainly seems a reversal of the sound philosophy embodied in the community-disposal legislation recently set forward to Congress. One motivation for that legislation was the desire to eliminate responsibilities not essentially involved in the Commission's sober and exacting principal mission.

The principal mission of the Atomic Energy Commission is the development of atomic energy, not only for the purposes of national defense, but also for peacetime uses. The Atomic Energy Commission has the atom in its hands, and I think it has its hands full with the atom. Yet the Ferguson amendment would put the Commission into the power business five times in excess of the

extent proposed by the Dixon-Yates contract. The letter ends as follows:

> Of course, if the President or the Congress directs the Commission to accept such a responsibility we will endeavor to discharge it fully.

I have already expressed my opinion with regard to the last sentence. I respect the members of the Atomic Energy Commission. I understand that neither of the Commissioners who signed the letter is a lawyer. That does not detract from their patriotism, but that fact may shed some light upon their interpretation of their duty.

I wish to point out to the Commission that there is a difference in the directives which the Congress and the President can give to the Commission. A directive from Congress would take the form of law—the law of the land—and this is a government of laws. A directive from the President must take its authority from delegated powers, either in the act or in the Constitution. The act gives certain specified delegated power, and thereby excludes others. In no place in the bill is the President given authority to direct the Atomic Energy Commission to take action which is of clearly doubtful legality, an action which the majority of the members of the Commission have held to be unrelated to its program and contrary to its best interests.

I should prefer to have seen the majority of the Commission either resist this usurpation of its authority, or else hand in their resignations under protest. That, however, was not a decision which I was in a position to make.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GORE. I yield to the junior Senator from Minnesota.

Mr. HUMPHREY. First of all, let me commend the Senator from Tennessee for his very illuminating and informative discussion of the contractual arrangements between the Atomic Energy Commission, the Tennessee Valley Authority, and the private utility under the so-called Dixon-Yates contract. The Senator has referred to the testimony of the three members of the Atomic Energy Commission who opposed the contract. He has referred to the letter of Mr. Zuckert and Mr. Smyth. Mr. Murray, a third member of the Atomic Energy Commission, expressed his disapproval in testimony before the Joint Committee on Atomic Energy. I have in mind the hearings of that committee on the particular bill now before the Senate. I call the Senator's attention to page 1004, where the distinguished Representative from California [Mr. HOLIFIELD], who, by the way, has demonstrated a clear insight into the problems, and a dedication to the public interest——

Mr. GORE. I wish to interrupt the Senator's preface to his question by joining with him in a commendation of Representative HOLIFIELD. He has done a stupendous amount of work in probing many features of the bill and program, including the proposed Dixon-Yates contract.

Mr. HUMPHREY. I feel that Representative HOLIFIELD has done an outstanding job.

In the hearings he asked Mr. Murray a question, which I shall paraphrase. He asked Mr. Murray to state his position on the pending Dixon-Yates contract. Mr. Murray replied:

> Mr. HOLIFIELD, as I review these negotiations, they amount to this: That if the Atomic Energy Commission enters into a contract with the Dixon-Yates group, we would not cancel, at least at the moment—and I just heard General Nichols says so—any TVA contracts, but would be negotiating for a bulk of power that is not needed by our present or projected production facilities. In other words, the Atomic Energy Commission would be used as a vehicle to supply the expanding needs of the Memphis area.

So, as I interpret the Commissioner's statement, the Dixon-Yates contract is not one directed toward the immediate atomic energy needs or the known projected needs of the AEC, but, rather, to fulfill estimated or projected needs of the private economy in the Memphis area.

Mr. GORE. I would be glad to supply an answer to the question of the able Senator, but I believe Commissioner Murray answers it in the very next sentence of his testimony, which I shall now read:

> Since our program is not advanced by these negotiations and the subsequent administration of this 25-year contract, I do not believe that it is desirable for the Atomic Energy Commission to perform a function that another agency of the Government could perhaps more logically perform.

It would be an additional burden upon the Atomic Energy Commission, whose hands, as I have said, are already full with the atom. The proposal, according to Commissioner Murray, will not advance the program of the Atomic Energy Commission.

Does that answer the Senator's question?

Mr. HUMPHREY. That answers my question. I thank the Senator.

Mr. GORE. If what the Commissioner said was accurate, will the Senator from Minnesota not concede that it would impede the progress of the Atomic Energy Commission to place the Commission in the power business, to burden it with the administration of a 25-year contract, and, if the amendment of the senior Senator from Michigan is agreed to, several more such contracts?

Mr. HUMPHREY. The junior Senator from Minnesota surely does think so.

Mr. GORE. Has it not already done so?

Mr. HUMPHREY. Undoubtedly, as illustrated by the fact of this very extended debate, the long hearings before the committee, and the confusion and division within the AEC.

Mr. GORE. And by the doubts, suspicion, and mistrust which have been aroused because of it?

Mr. HUMPHREY. It appears from what we can see that the AEC is being made an electrical brokerage outfit.

Mr. GORE. For whose benefit?

Mr. HUMPHREY. Apparently for the benefit of a handful of people who will be the recipients of a most unusual contract. We have heard many complaints in Congress about TVA, and have heard it called socialism. If I interpret the contract correctly, here we see the Government of the United States permitting a group of investors to put into a project approximately 5 percent of its cost, $5 million out of a total estimated cost of $107 million, which investment will repay to them a guaranteed profit of 9 percent upon their equity capital during the life of a 25-year contract, which will make it possible for them to finance this great investment——

Mr. GORE. With a Government guaranty.

Mr. HUMPHREY. With a Government guaranty—either to use the power or to make what might be called reparation payments in case the power is not used. I am somewhat shocked by that arrangement. I have been reading in the newspapers, and hearing speech after speech, about the tremendous cost of Government and waste in Government. I have witnessed crocodile tears being shed over the cost of the farm program and the cost of many other programs. But here we see a project which does not have a bit of the element of risk capital in it. There is in the contract more of a guaranty than death, and I was going to say more of a guaranty than taxes, but the Government even pays the taxes in this case. We are setting up a new special breed of economic "cats" the like of which we have never before seen.

I think it ill behooves an administration which has said that it cannot afford to see that the dairy farmer gets a decent price for his commodities to sponsor a project which the Government will guarantee, so to speak, for 25 years, in which the Government will pay all the taxes, in which the Government will see to it that all the investors get a return of 9 percent on their equity capital, and in which the Government will follow up the whole arangement by getting into the AEC's and the TVA's business. I will admit that the Democrats occasionally had confusion in their affairs, but ours was not organized and planned. This is the most organized and planned confusion that ever existed.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. GORE. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. The 9 percent return on investment which the Senator is referring to is the least the investors can get.

Mr. HUMPHREY. That is the minimum.

Mr. JOHNSTON of South Carolina. That is the floor which would be put under the investors to maintain for them a 9-percent return, but they could make as much above that as they could.

Mr. GORE. I may say to my distinguished colleague from South Carolina, that is price support for Dixon-Yates.

Mr. HUMPHREY. The farmers were guaranteed that they could not lose more than 10 percent. That is what 90 percent of parity means. In the Dixon-Yates proposal, the Government is telling them. "We are going to guarantee that

you make at least 9 percent, and the sky is the limit from there on."

Mr. GORE. And the Government will also pay the taxes.

Mr. HUMPHREY. It will pay the taxes. What a bonanza. First we gave away the submerged oil lands. Then there were a few raids on public lands. Now apparently we are going to start giving away plain money by guaranteeing the investors a certain amount.

It is absolutely unconscionable to think that a businesslike administration would enter into such an unbusinesslike procedure, to bring the AEC into such an activity, a commission which was created for the security of the country, and to make a political and economic vehicle out of it. The AEC has no interest whatsoever in the development of private utilities; their hand is literally being forced into this arrangement.

Mr. JOHNSTON of South Carolina. Mr. President, I should like to ask a further question: Is it not true that they have brought in the Atomic Energy Commission because they know, since it is a defense agency, that it is very popular with the people, and they believe that when they bring in the Atomic Energy Commission, no Member of Congress will dare attack the bill, but will let the bill pass because it is connected with the national defense? They have picked up, so to speak, this agency, which really is not fitted for this job. But that is done because they think no Member of Congress will dare attack the bill, inasmuch as it is connected with the national defense.

Mr. GORE. In other words, not only are they using the President of the United States, but they are wrapping the American flag around the bill.

Mr. JOHNSTON of South Carolina. Yes.

Mr. HUMPHREY. Mr. President, will the Senator from Tennessee yield to me?

Mr. GORE. I yield.

Mr. HUMPHREY. It is very interesting that in the same bill, which would deny the Atomic Energy Commission the right to establish a pilot plant of proper proportions to carry on the kind of research which should be conducted in terms of low-cost electrical energy, they now are trying to attach a provision which will more or less put the Commission, by proxy, into the electrical generating business. There is a strange paradox here, and we might say it is a bit "duplicitious," because, on the one hand, the statement is made that the Atomic Energy Commission cannot engage in the production of electricity from atomic energy; but, on the other hand, the Atomic Energy Commission is, by contract, put into the production of electrical energy.

Mr. GORE. An additional paradox is that the very section of the bill upon which they seek, tenuously, to base authority for this crooked deal, was advanced on the floor of the Senate as being for the purpose of taking the Atomic Energy Commission out of the power business.

Mr. HUMPHREY. Mr. President, will the Senator from Tennessee yield again to me?

Mr. GORE. I yield.

Mr. HUMPHREY. I believe we should pursue further the question of the authority or lack of authority in the pending bill regarding the right or ability of the Atomic Energy Commission to develop the electric-energy power resource. As I recall, several days ago the distinguished senior Senator from Colorado was somewhat shocked when he learned, after discussion of the bill on the floor of the Senate, that the language of the bill denies the Atomic Energy Commission the right to produce power, through a main reactor plant, even for its own uses. Does the Senator from Tennessee recall that?

Mr. GORE. Yes, I do.

Mr. HUMPHREY. Yet in the same bill, by means of which we are contemplating a system of licensing to give almost exclusive or monopolistic rights to certain corporations or utilities, we deny the Atomic Energy Commission the authority even to carry on the kind of experimentation it ought to carry on in a powerplant of sufficient size to produce substantial quantities of electrical energy; and then we proceed, according to what the Senator from Tennessee has been developing, to have a contract, such as the Dixon-Yates contract, which makes the Atomic Energy Commission a participant in the production of electrical energy, without ever once having the Atomic Energy Commission directly itself produce power. Is not that correct?

Mr. GORE. In other words, according to the amendment of the Senator from Michigan, it will be fine and good for the Atomic Energy Commission to go into the power business to five times the extent of the Dixon-Yates proposals, provided it invades the TVA territory. But the bill says, in effect, "The Atomic Energy Commission shall be forbidden to develop electricity in commercial quanties from the fission or fusion of the atom."

Mr. HUMPHREY. Let me ask another question: Why is there need for the Ferguson amendment, if authority to make the Dixon-Yates contract already exists?

Mr. GORE. I believe the submission of the amendment by the distinguished senior Senator from Michigan—who, let me point out, is chairman of the Republican policy committee—amounts to a confession that the proposed contract is illegal; I place that interpretation upon it, for the RECORD.

Mr. HUMPHREY. So we see the Senator from Michigan proposing an amendment—as of last Friday, I believe—to legalize, by formal language, a contract which has been ordered by the President, through the Bureau of the Budget; and apparently contractual relationships are under way already; is that correct?

Mr. GORE. I do not believe contractual relationships have been consummated. The directive was unusual. It not only directed the Commission, over the opposition of a majority of its members, to negotiate this contract, but specified certain provisions of the contract, the first being that it must provide reimbursement for all taxes. Does not the Senator think that is most unusual?

Mr. HUMPHREY. It is not only unusual; this form of contractual arrangement seems to me to be an innovation in public policy.

Mr. GORE. A little later I shall discuss in detail the legislative intent of the section of the law upon which it is sought to pin this authority, and which now seems to be conceded to be inadequate.

Mr. HUMPHREY. Mr. President, will the Senator yield for one further observation?

Mr. GORE. I yield.

Mr. HUMPHREY. Does the Senator recall the occasion when former President Truman, in what he deemed to be the public interest in the matter of protecting the national security, seized the steel mills during the prolonged steel strike 2 or 3 years ago?

Mr. GORE. I do recall it.

Mr. HUMPHREY. Does the Senator recall that the Congress made its views very clear, as did the Supreme Court, and expressed, by resolution and by act, denial to the President of any such authority?

Mr. GORE. I do; and I was one of those who took such a position.

Mr. HUMPHREY. Does the Senator not believe, therefore, that since the precedent has been established of the Congress of the United States protecting the rights of the people and insisting that the Executive live by the Constitution and the statutory law of the land, in this instance it may be the duty of the Congress again to restrain the hand of the executive and of his departments in connection with the Dixon-Yates contract?

Mr. GORE. I thought that was the case until the submission of the Ferguson amendment. I am not so sure now but that the onus of affirmative legislation is on the proponents of the contract. I expect to discuss that question a little later. I believe that the offering of the Ferguson amendment, conceding as it does, I believe, the doubtful legality if not the admitted illegality of the proposal, constitutes a part of the legislative history which will be looked to by the courts. There are some indications that the courts will have an opportunity to look at this contract if it is consummated—which I now doubt. Therefore the offering of this amendment may have significantly changed the legislative situation. But if action on the part of the Congress is needed to stop the contract that action must be taken. I believe there is something more important involved, which I expect to discuss at some considerable length at a later date. I refer to the precedent of overriding an independent agency. This will be but a brief reference. A more exhaustive study will be necessary, but I should like to read from the case of *Humphrey's Executor* v. *United States* (295 U. S. 602). This is not prophetic.

Mr. HUMPHREY. I recall the case.

Mr. GORE. I read paragraph 4 from the syllabus

Mr. HUMPHREY. This Humphrey is neither George nor Hubert. This is another Humphrey; is it not? Was he not a member of the Federal Trade Commission?

Mr. GORE. I believe so. Reading from the syllabus:

> The authority of Congress, in creating quasi-legislative or quasi-judicial agencies, to require them to act in discharge of their duties independently of executive control cannot well be doubted; and that authority includes, as an appropriate incident, power to fix the period during which they shall continue in office, and to forbid their removal except for cause in the meantime.

This is more fully spelled out on page 629. I read the following paragraph:

> The fundamental necessity of maintaining each of the three general departments of Government entirely free from the control or coercive influence, direct or indirect, of either of the others, has often been stressed, and is hardly open to serious question. So much is implied in the very fact of the separation of the powers of these departments by the Constitution and in the rule which recognizes their essential coequality.
>
> Whether the power of the President to remove an officer shall prevail over the authority of Congress to condition the power by fixing a definite term and precluding a removal except for cause, will depend upon the character of the office.

This case should be studied by all those who are interested in preserving the truly independent character of our independent agencies. I expect to address the Senate at a later date upon that subject also. I regard it as the most important single question involved in this particular issue.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. GOLDWATER. I ask unanimous consent to make a brief statement.

Mr. GORE. Mr. President, I ask unanimous consent that I may yield to the distinguished junior Senator from Arizona without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Arizona may proceed.

Mr. GOLDWATER. I shall occupy not to exceed 2 or 3 minutes.

(At this point Mr. GORE yielded to Mr. GOLDWATER, who then addressed the Senate. Mr. GOLDWATER's remarks were ordered to be transposed in the RECORD, to follow those of Mr. GORE.)

Mr. GORE. Mr. President, while the senior Senator from Delaware is on the floor, I wish to digress from the course of my remarks to call to his enlightened attention some of the peculiar features regarding the tax laws as they relate to this proposed contract.

The distinguished Senator from Delaware is one of the able and conscientious members of the Committee on Finance. He has opposed on the floor of the Senate drastic reductions in our revenue on the ground that we must borrow the money to reduce taxes.

The junior Senator from Tennessee voted for the amendment of the able Senator from Delaware. In fact, since being a Member of the Senate, the junior Senator from Tennessee has on several important occasions found his views to coincide with those of the senior Senator from Delaware.

I wish to point out to the Senator that this contract provides for complete reimbursement of this private corporation of all its taxes—local, State, and Federal. We would have to borrow to give this concern tax immunity. We would have to borrow the $800,000 a year to reimburse this corporation for what it rightfully owes in taxes under the tax laws.

Some people have sought to justify that proposal on the basis that the Government would be exempt.

Let us see where that argument leads us. If one corporation with a Government contract is entitled to reimbursement of its taxes, how can we deny reimbursement to the others, particularly if the others are national-defense contractors? The corporation under consideration would be formed for the purpose of obtaining a Government contract. After the corporation had come into existence for the purpose of obtaining a Government contract and for the purpose of being favored with a Government contract, and after it has been guaranteed an annual profit, it would be provided, at the President's direction, complete reimbursement of all the taxes that the corporation would owe.

This is not a national defense contract. It is a contract made for the purpose of furnishing electricity to the Memphis area, a normal civilian need. If a contractor unrelated to the national defense program can be so favored, then it would seem to me that a contractor contributing directly to the Nation's defense should have at least an equal if not a superior claim to such preferred treatment.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. WILLIAMS. I may say to the Senator from Tennessee that I agree with him to a certain extent. I do not like the idea of giving tax exemption to any group. On the other hand, I think we must be realistic on this point. The basis on which this formula was originated was that this private corporation will be competing with tax-exempt Government-owned powerplants. I think that points out the inherent danger of having a part of our economy Government operated and a part of it privately operated. A privately owned company that must pay taxes cannot compete with a Government corporation on which no taxes are levied.

Our country cannot operate half socialistic and half private enterprise.

The proper answer would be to let the TVA and all other Government-owned businesses compute tax obligations in their reports. Then we can get a real picture of whether or not they are earning money. I think the TVA or any other publicly operated organization should have to render their annual reports as if they were paying taxes. As one who believes that we should operate as much as possible through private industry, we must add on to the prices being paid by the Government an amount sufficient to enable the corporation to pay its corporation taxes. I think we would get the same end result. At the same time I want it understood that I am not necessarily endorsing this particular proposal. I would approach the solution from the other angle.

Mr. GORE. I thank the able Senator from Delaware. Again, I find myself in agreement with him in several respects. First, the distinguished Senator has said that the purpose of this tax reimbursement is to give this private corporation, for the purpose of obtaining a Government contract, the opportunity of presenting a rate structure which, in the opinion of some persons, would be comparable to the TVA rates. I would say that the basic purpose of the tax-reimbursement proposal is to make it possible for this concern to give an artificial presentation of its rates.

The Senator goes one step farther and says that the TVA should be taxed, or possibly he said it should calculate the tax in its rate. I think that is a more accurate statement. The TVA is a wholly Government-owned corporation. Therefore to tax the TVA would be for the Government to tax itself. As a matter of fact, the operations of TVA are taxed to the extent of all its net earnings. A private corporation, except Dixon-Yates, is required to pay a portion of its net profits to the Government in the form of taxes. Our taxes, as the able Senator knows, are on a graduated basis: the more a person or a corporation makes, the more tax he or it pays. In the case of TVA, all the profits, all the net earnings from its operation, belong to the Treasury of the United States.

Mr. WILLIAMS. Mr. President, will the Senator from Tennessee yield further?

Mr. GORE. I yield.

Mr. WILLIAMS. That is true, and if there is a loss, the loss belongs to the United States. Mathematically, there would be no difference to the taxpayers whether TVA paid taxes or whether it did not. But it would make a more realistic picture if the taxes were computed, because we cannot say TVA is paying taxes. There has been a great deal said throughout the country to the effect that public power is much cheaper to the consumers than is private power. That is only true because taxes are waived. If we extend it further, automobiles could be manufactured more cheaply; many other things could be manufactured more cheaply if taxes were waived. But because the taxes are not waived, we have to pay private corporations correspondingly higher prices. It takes a great amount of money to operate the United States Government, and the money comes from only one source—the American people. Whether they pay taxes in the form of corporation taxes, personal taxes, or in some other form makes very little difference. Every dime comes from the American people.

Likewise, as a part of our economy goes off the tax rolls, either as public power or in some other form, the remaining taxpayers must pick up the extra check. That is unfair.

Mr. GORE. Of course, it is idle to say that a Government agency and a private corporation are the same. They are not the same. They are not so designed. In this country we have the principle of levying a tax on corporations and persons according to their ability to pay. Whether TVA should have been created

is not the question involved here. The Tennessee Valley Authority is an accomplished fact. So, incidentally, are other Government corporations.

Lest the importance of Government agencies and Government business operations be minimized, I wish to call to the attention of the Senate the fact that the Treasury of the United States receives substantial income every year from the operations of Government enterprises. The TVA is not the only source of that income. TVA's net earnings amount to many millions of dollars every year, and the net earnings of the Government enterprises together amount to several billions of dollars a year.

So, if we eliminate the income of the Government from the enterprise in which the Government engages, we, indeed, knock a big hole in the income of the Treasury. But if we start exempting private corporations from the payment of taxes, we shall knock an even larger hole in the income of the Treasury.

I should like to inquire of the Senator from Delaware whether he would agree with the junior Senator from Tennessee that if we provide tax exemption, or if one does not like that word, if we establish the precedent of reimbursing Federal income taxes for one corporation, that might be a dangerous precedent which would lead to claims of other contractors, particularly national-defense contractors, for similar preferential treatment?

Mr. WILLIAMS. I certainly was not endorsing that principle when I was speaking.

Mr. GORE. I understand.

Mr. WILLIAMS. But I did say that we must be realistic in our approach to this problem when we speak of whether required power is to be furnished through private operations or public operations. We have got to take into consideration the fact that private-power producers have to pay taxes, and we cannot expect to get a cheaper rate from a company which is paying taxes than from a Government-owned company which does not pay taxes. I think that has to be taken into consideration.

This whole question settles down to one basic question.

Do we believe in Government ownership of our utility system or do we believe in the private-enterprise system upon which this country was established? I do not like the other approach.

Mr. GORE. I beg the Senator's pardon. They are not exactly the same. I do not wish to draw the Senator into a discussion of the contract. That was not my purpose. I wish to discuss and examine with him the principle of reimbursement of taxes. I should like to disagree with the Senator that it amounts to the same thing, because the difference in the cost of power in this case between the TVA plant and the Dixon-Yates proposal is $3,600,000 a year. If from that amount there is subtracted $800,000 of tax reimbursement, there is still $2,800,000 a year, which is more than this contract would cost the taxpayers of the Nation.

However, if the Senator from Delaware thinks I am trying to draw him into a discussion of the proposal, I assure him that I am not. I merely wished to examine with him the dangerous precedential character of tax reimbursement.

Mr. WILLIAMS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. WILLIAMS. I certainly am not defending the principle of tax reimbursement. I want that understood. However, I am not sure that I could go along with the figures the Senator has mentioned because there are other factors which must be taken into consideration. Whether they have been taken into consideration, I am not in a position to say at this time.

The Senator speaks of the public power feature of the TVA system. My criticism of the operation of TVA for many years has been on the basis that there is not a complete separation of the different functions of TVA.

For instance, the law provides that the TVA shall allocate so much of its operations to flood control and various other projects which are paid for with appropriations by Congress, but the TVA can reduce or raise these allocations at will and almost make their earnings statements, with regard to public power, either increase or diminish, at their discretion. I do not say that that has been done. I simply say that if a public power project or any other kind of public business is to be operated by the Government, there must be a complete separation within the organization of all public business, and regular Government business must be kept strictly out of the public power business. Let them operate on exactly the same basis as private industry.

I am one who believes that in the United States private industry can operate more efficiently than can the Federal Government, but I realize there is a different school of thinking. There are those who think the Government can operate business more efficiently than can private industry, but I must say that the Government has yet to demonstrate its ability to do so.

Mr. GORE. I would not at this moment wish to engage in a discussion of the relative merits of Government enterprise and private enterprise, except to say that, in general, I agree with the Senator's statement. In the case of TVA, I think that as between the Shawnee plant and the Joppa plant, both being of equal size, and both serving the atomic energy plant at Paducah, the TVA, in this instance, at least, has demonstrated its superiority.

I would not ask the Senator from Delaware to confirm this interpretation of his remarks; but if I may take the liberty to do so, as I paraphrase his position, it is that he does not like tax immunity, and he does not like public power either. So my friend is in quite a dilemma with respect to this contract.

Mr. WILLIAMS. The same dilemma as some of those who like public power and lower taxes for other taxpayers all at the same time.

Mr. GORE. I wish to point out to the Senator that if this precedent should be followed, then why should Senators place a tax upon their own salary? The Government pays our salaries. Why not simply give us tax reimbursement, instead of a salary increase, which some are advocating?

What about all the Government employees? Instead of granting a raise to the postal employees, why not merely give them complete immunity from taxation?

How far can we go with this? It is dangerous in its precedential character.

I am delighted to know that the senior Senator from Delaware does not endorse such a principle or such a plan.

As I started to say earlier, I am convinced that the Dixon-Yates proposal has, for its primary purpose, the dismemberment of the TVA service area, and that if such a contract is actually executed, in pursuance of the Ferguson amendment, it will constitute the opening wedge calculated to alter and destroy the concept of the TVA program as it has been developed pursuant to laws enacted by Congress.

There are those of us, however, who have from the outset of the debate, insisted that despite the importance of the proposal as an attack upon the operating efficiency of TVA, other issues are raised by the proposal which are of more far-reaching importance and which vitally affect certain well-defined principles of government as we know it today.

In the first place, we have raised the issue of the wisdom and the propriety of action on the part of the administration in directing the Atomic Energy Commission, an independent agency of Government, to enter into a contract which a majority of the Commission has publicly stated to be unwise and foreign to the purposes for which the Commission was created by the Congress.

In the second place, we have questioned the wisdom of certain of the provisions that are to be incorporated in the contract under consideration. It has been clearly established that the contract, if executed, will be without precedent in the annals of this Government, in that a number of its terms clearly constitute departures from accepted contractual procedures heretofore employed by the Government.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HICKENLOOPER. The Senator from Tennessee, of course, is aware of the fact that the TVA puts the same kind of tax immunity and tax reimbursement in its contracts with AEC; so the situation would not be without precedent, because the existing TVA contracts contain the same tax-immunity provisions when they deal with the AEC.

Mr. GORE. I most respectfully disagree with my able friend, the senior Senator from Iowa. The TVA contract does not provide for similar tax reimbursement. The TVA contract has such a provision as this: It provides that in case Congress should, by law, require the TVA to increase its payments in lieu of taxes, which it makes by law to local and State communities in which it operates, then the AEC would, by operation of the same act of Congress, reimburse the TVA to that extent.

That, however, is an entirely different matter from the reimbursement of income taxes. I wish to read to the Senator a summary of decisions following World War I in which various companies with cost-plus contracts to build naval vessels and naval installations undertook to obtain reimbursement of their Federal income-tax payments. I could read a detailed analysis of a number of such cases, because there are a great many of them, but this is a summary:

Federal income and excess private taxes cannot be allowed as part of costs under Navy cost-plus contracts, even when the contracts included "taxes of all kinds, including munitions taxes," because the statute commands the contractor to pay such taxes from profits.

That is the distinction. It has been resorted to in contracts heretofore, particularly on cost-plus contracts, as to which the Government has reimbursed the Government contractor for the payment of local taxes or for the payment of excise taxes.

But this is the first instance I can find, or that the Library of Congress can find, in the history of the United States when a Government agency has put its stamp of approval upon reimbursement of income taxes. That is precedential.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HICKENLOOPER. Does the Senator take the position that it is illegal to reimburse for income taxes?

Mr. GORE. I believe it is.

Mr. HICKENLOOPER. I understood that was the purport of the decision.

Mr. GORE. If the Senator will permit me to read from the Code of Federal Regulations, volume XXVI, promulgated by the Armed Forces, in compliance with and in pursuance of the laws of the United States, I read from page 189:

Among the items which shall not be included as a part of the cost of performing a contract or subcontract or considered in determining such cost are the following: * * * Federal and State income and excess-profits taxes and surtaxes.

Mr. HICKENLOOPER. Is that a regulation, or does the Senator take it that that is the law as upheld by the courts?

Mr. GORE. This is a regulation promulgated in pursuance of Federal law.

Mr. HICKENLOOPER. I was trying to draw a distinction between a term contained in a contract as a matter of agreement, on the one hand, and a condition or term in a contract which was prohibited by law, on the other. Contracts often contain a provision that no illegal action will be done or performed, or agreed to be done or performed.

Mr. GORE. I have been advised by those whom I regard as competent authorities that such a contract would be illegal, although, of course, if such a contract should be entered into, unfortunately, by the Government, the courts would finally have to decide whether it was illegal.

Mr. HICKENLOOPER. It seems to me to make the argument somewhat moot, in that if reimbursement of income taxes is in fact illegal, and it has been so established by the courts a contract could not contain such a provision. So why are we worrying about the question of reimbursement for income taxes if such a provision is illegal? Such a provision would not be contained in a contract, because I do not think the legal authorities of the Commission would permit the insertion in a contract of terms which are manifestly under the law held to be illegal. So I think we need not worry about income tax reimbursements, or having them calculated, as a matter of cost. The question of whether income taxes are reimbursable does not enter into the question. If they are illegal, such a provision will not be made part of the contract. We will not have to worry about the contract on that score.

Mr. GORE. I appreciate the contribution of the able Senator from Iowa. He is an eminent attorney from Iowa, and I recognize him as such. I was heartened during the debate day before yesterday when I heard the able Senator say—though I am not undertaking to quote him verbatim—that if he were a member of an independent commission that was ordered to perform what to him appeared to be an illegal or unconscionable act he would not do it. I applauded him. I think we must preserve that independence, and that is an attribute of character I would like to see manifested in a candidate for membership on an independent commission for whose confirmation I had to vote.

Mr. HICKENLOOPER rose.

Mr. GORE. Let me complete my answer, then I shall yield again.

Mr. HICKENLOOPER. I merely want to clear up the particular point the Senator mentioned. Then I shall be delighted to have the Senator's answer.

Mr. GORE. I hope I did not misquote the Senator or put him in a false light.

Mr. HICKENLOOPER. I merely wanted to say that if I were a member of a board I would not presume that a President of the United States would order me to do a manifestly illegal act. I would not presume that any President would do that. A President might attempt to order an individual on an independent commission to do an act which that member thought was unwise or was not a proper step in carrying out his responsibilities. I am leaving out the question of an act being illegal. I am not assuming a President would order a person to do an illegal act. But under the circumstances I have cited, if an order violated my conscience and I seriously opposed it within my own mind as being against public policy, I would not only refuse to obey it, of course, but I probably would resign the job. I think that is what should be done. As I have said, I wish to leave out of consideration the presumption that any President would order a person to do an illegal act. I will not make such a presumption.

Mr. GORE. I wish to correct my statement to the extent that it went beyond the presumption made by the Senator from Iowa.

Mr. HICKENLOOPER. The Senator was in substance correct. I am not taking him to task for quoting me incorrectly.

Mr. GORE. I thank the Senator, and I again wish to compliment him. He needs no further demonstration of my respect for him. I must disagree with the statement that this is a moot question. It is a very live question. Here is the direction of the President of the United States, as set forth in the letter of the Director of the Budget, as it appears on page 952 of the hearings:

In working out the arrangements between AEC and TVA, it is contemplated (1) that the Atomic Energy Commission will bear all local, State, and Federal taxes payable by the Government under terms of the contract.

Now let me read to my colleague the testimony of Mr. Nichols, General Manager of the AEC, as it appears on page 949 of the hearings before the joint committee, of which the distinguished Senator from Iowa is the able vice chairman. I read from Mr. Nichols' testimony:

The proposal provides for reimbursement by the AEC for all taxes, licenses, and fees—State, local, or Federal.

So it is not a moot question; it is as live as a question can ever become, and I say it is a question which is precedential in character.

Let me read from one other decision, made back in 1919. As I said earlier, vested interests have been seeking for a long time to get the privilege they are after in this case. Greed is not new.

Let me read a decision of the Government:

Tax accruals during the period of the contract shall be included in overhead, except that Federal income, Federal excess, or war-profit taxes, and Federal taxes of the same economic character shall not be included in cost.

The line is clearly drawn between a tax upon the property and a tax upon doing business—in other words, a tax upon a transaction, a tax on a percentage of the profit. That line is as clear as the aisle in this Chamber. This is the first time, so far as I have been able to determine, or so far as the agencies serving the Congress can ascertain, that an agency of the Federal Government has put its stamp of approval upon any such precedent-setting action.

Mr. HICKENLOOPER. Mr. President, if the Senator from Tennessee will yield to me—although I do not wish to labor the point—let me say that he has cited decisions which he believes to be applicable. However, I say again that if the inclusion of the provision regarding Federal income taxes is found to be illegal, under a holding of the courts, then the question is, indeed, moot because, if such a provision is illegal, it cannot then go into the contract, and therefore the provision is out.

Mr. GORE. But that is not the only feature of the proposed contract which I believe to be illegal. I think the Commission is without authority to make the contract, in the first place, but it was directed to do so by no less an authority than the President of the United States of America. So I say it is not a moot question. It is a live question, and I shall insist that the Senate take a position on it.

Mr. HICKENLOOPER. I understand there is a difference of opinion as to

whether section 164 authorizes the Commission to make such a contract. I happen to disagree with the Senator from Tennessee; I happen to believe that section 164 gives authority to the Commission to make the contract. Those of us who entertain that belief are supported by the legal division of the Atomic Energy Commission, which has given an official written opinion that the Commission has legal authority under section 164 to do so, and I accept that opinion.

Mr. GORE. I think the fact that the chairman of the Republican policy committee has submitted the pending amendment is certainly an indication of a recognition that there is a great deal of doubt about it.

Mr. ANDERSON. Mr. President, if the Senator from Tennessee will yield to me, let me say that I wonder whether the attorney gave the opinion under section 164 or whether he gave the opinion that the Commission could do so when directed to do it by the President of the United States. I think the latter is what the opinion was.

Mr. GORE. Under the circumstances, with a Presidential directive having been issued, and with the Chairman of the Commission riding herd for the contract, and with the general manager being a partisan of the contract, it seems to me that to ask the general counsel whether the Commission had such authority would be about like asking me if I have been a good boy. The answer is, "Yes."

Mr. JOHNSON of Texas. Or, if I may intervene, to ask whether Tennessee is a good State.

Mr. GORE. In response I would also say "Yes." [Laughter.]

Mr. ANDERSON. Mr. President, will the Senator from Tennessee yield to me?

Mr. GORE I yield.

Mr. ANDERSON. I was interested in what was said about income taxes. Suppose $100 million worth of securities were marketed in contemplation of the contract, which permits full payment by the Government of Federal income taxes; and suppose thereafter the courts knocked out the provision regarding income taxes, as was suggested by the Senator from Iowa. Certainly the innocent purchasers of the securities, who when purchasing them felt the income taxes would be paid by the Federal Government, would then be placed in a sad situation, at that late date.

If there is a possibility that the courts can knock out that provision, surely the Atomic Energy Commission should remove the provision from the contract, rather than permit the provision to be in the contract at the time when the securities are offered to the public.

Mr. GORE. I would not be at all surprised to find that, before the debate is over, someone from the Commission will make such a statement.

Mr. President, let me point out that during the debate there have been some remarkable guests in the gallery. We have been favored by visits from some of the utilities tycoons and a whole battery of attorneys. I have an idea that after the distinguished Senator from Mississippi made his typical, irrefutable, hard-driving, country-judge analysis of the contract and the lack of authority for it, they got their heads together and said, "We have to get some Member of the Senate to submit an amendment to make this legal." So—well, Mr. President, perhaps I should not use the word "so"; it might indicate that the Senator was acting as their agent—but I will say that finally the Senator from Michigan submitted an amendment to make legal what was clearly an illegal contract.

Mr. HICKENLOOPER. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I shall yield in a moment.

Mr. President, let me say I should not be surprised to find that, before the debate is over, they back away from this part of the contract, which I believe to be illegal. The result will be that the taxpayers of the United States will see clearly that the difference between the two proposals will not be $3,600,000 a year. Instead, then we shall be able to see clearly that we shall have to pay to this outfit a subsidy and tribute of more than $5 million a year for this electricity. That would render the contract all the more unjustifiable; and that is the purpose of this unusual and bizarre proposal, in connection with which the Bureau of the Budget—for the first time in the history of the Nation, so far as any agency of the Federal Government is concerned—has placed its stamp of approval upon the proposal for reimbursement of income taxes. The very purpose of that was to permit this combine to present an artificial rate structure, in comparison with the TVA yardstick, which has worried them no end.

Mr. STENNIS. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. STENNIS. Something has been said about the opinion of the attorney for the Atomic Energy Commission, in which he held that the Commission has authority to enter into this contract, either under the terms of the present law or by force of a directive from the President of the United States. I seek information. Does the Senator from Tennessee have a written opinion, or has he seen a written opinion, from the attorney for the Atomic Energy Commission in regard to that subject matter?

Mr. GORE. I heard him testify before the joint committee that, in his opinion, section 12 (d) does give authority for this contract.

Mr. HICKENLOOPER. Mr. President, I have the opinion in my hand; I have been wating to place it in the RECORD.

Mr. STENNIS. That is the answer to my question, Mr. President. If there is a written opinion, I think we should have the benefit of it.

Mr. GORE. I shall be glad to have it printed at the conclusion of my remarks, or else to have it read into the RECORD at this point.

Mr. HICKENLOOPER. I do not wish to trespass on the time of the Senator from Tennessee by reading the entire opinion into the RECORD at this time, although I shall be glad to have the entire opinion placed in the RECORD, and I should like to read the significant sections.

Mr. GORE. Mr. President, I ask unanimous consent that I may yield to the Senator from Iowa, in order to permit him to read into the RECORD whatever portions of the opinion he wishes to read.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HICKENLOOPER. Mr. President, this is a written memorandum from William Mitchell, General Counsel of the Atomic Energy Commission, to Mr. K. D. Nichols, General Manager. It recites certain preliminary circumstances, and then it quotes section 12 (d) of the Atomic Energy Act, which is section 164 of the pending bill.

Section 12 (d) of the Atomic Energy Act, which is identical with section 164 of the bill, reads as follows:

> The Commission is authorized in connection with the construction or operation of the Oak Ridge, Paducah, and Portsmouth installations of the Commission, without regard to section 3679 of the Revised Statutes, as amended, to enter into new contracts or modify or confirm existing contracts to provide for electric utility services for periods not exceeding 25 years, and such contracts shall be subject to termination by the Commission upon payment of cancellation costs as provided in such contracts, and any appropriation presently or hereafter made available to the Commission shall be available for the payment of such cancelation costs. Any such cancellation payments shall be taken into consideration in determination of the rate to be charged in the event the Commission or any other agency of the Federal Government shall purchase electric utility services from the contractor subsequent to the cancellation and during the life of the original contract.

After quoting the statute, Mr. Mitchell says:

> This statute gives the Commission the necessary authority to make the contract in question.

Mr. ANDERSON. Does it not say "when directed by the President"?

Mr. HICKENLOOPER. No. I read it to the Senator. I shall place the entire opinion in the RECORD. The only place in the opinion where reference is made to a contract "when directed by the President" is in the next to the last paragraph:

> The increased cost to the Government of the Dixon-Yates proposal as against the Commission's present contract with TVA would be approximately $3,685,000 annually. However, if the President directs the Commission and TVA to modify their existing arrangements so as to release to TVA 600,000 kilowatts under the present contract (and we do not question the President's authority to do this), then the Commission has authority to make the best contract it can for replacement of the power thus released.

His flat statement, immediately after quoting the statute, is:

> This statute gives the Commisssion the necessary authority to make the contract in question.

The Senator may read it if he wishes. I offer the entire opinion for the RECORD.

Mr. STENNIS. I hope the entire opinion may be printed in the RECORD.

Mr. HICKENLOOPER. With the consent of the Senator from Tennessee, I ask unanimous consent to have it printed in the RECORD at this point as a part of my remarks.

Mr. GORE. I shall be glad to have it printed at this point as a part of my remarks.

There being no objection, the opinion was ordered to be printed in the RECORD, as follows:

JUNE 22, 1954.

Memorandum.
To K. D. Nichols, General Manager.
From William Mitchell, General Counsel.
Subject: Commission's authority to enter into a 25-year contract with the Dixon-Yates group to provide electrical energy.

You have asked my opinion on the question of whether or not the Commission has legal authority to enter into a 25-year contract with the Dixon-Yates group to provide electric-utility services for the Commission's plants at Paducah and Oak Ridge.

The Commission presently has a contract with TVA to supply the requirements for electric power at the AEC plant at Paducah. In December 1953, the Bureau of the Budget requested the Commission to explore the possibility of releasing 600,000 kilowatts annually to TVA under this contract and making arrangements with privately owned utilities for replacement of the electric power which would be thus released. After considering the engineering and economic factors, the Commission decided that the best arrangement would be to contract for construction of a new generating plant in the Memphis area which would tie in with the TVA system. Two offers were received, one from the Dixon-Yates group and another from Von Tresckow. Both offers were carefully analyzed and the results of these analyses were transmitted to the Bureau of the Budget. The Commission took no position on the advisability of this arrangement for replacement of the Paducah requirements, stating to the Bureau of the Budget that the question was one for higher authority to decide. However, the Commission stated to the Bureau of the Budget, that if this plan were to be adopted, the Dixon-Yates proposal appeared to be much more favorable to the Government.

The Bureau of the Budget, upon direction of the President, has now directed the Commission to make appropriate arrangements with TVA and with the Dixon-Yates group for release of 600,000 kilowatts under the present TVA contract, and construction by the Dixon-Yates group of a new generating plant at West Memphis, Ark., with a capacity of 600,000 to 650,000 kilowatts, tied into the TVA system, to meet the Commission's requirements for power at Paducah and additional requirements which have recently developed at Oak Ridge.

The question is whether, under these circumstances, the Commission has authority to make a 25-year contract with the Dixon-Yates group for this purpose.

Section 12 (d) of the Atomic Energy Act reads as follows:

"12. (d) The Atomic Energy Commission is authorized in connection with the construction or operation of the Oak Ridge, Paducah, and Portsmouth installations of the Commission, without regard to section 3679 of the Revised Statutes, as amended, to enter into new contracts or modify or confirm existing contracts to provide for electric-utility services for periods not exceeding 25 years, and such contracts shall be subject to termination by the Commission upon payment of cancellation costs as provided in such contracts, and any appropriation presently or hereafter made available to the Commission shall be available for the payment of such cancellation costs. Any such cancellation payments shall be taken into consideration in determination of the rate to be charged in the event the Commission or any other agency of the Federal Government shall purchase electric-utility services from the contractor subsequent to the cancellation and during the life of the original contract."

This statute gives the Commission the necessary authority to make the contract in question. The TVA system is an integrated unit, supplied from various plants owned by TVA, and, on occasion, by delivery from privately owned generating plants. Once electric power has been delivered to the system, it is impossible to identify the source of power which is supplied out of the system for end use. If additional generating capacity is constructed at West Memphis and fed into the TVA grid in an amount which is necessary to supply the Commission's requirements at Paducah and Oak Ridge, this can properly be said to be a contract for electric-utility services in connection with the operation of the Oak Ridge and Paducah installations of the Commission.

The increased cost to the Government of the Dixon-Yates proposal as against the Commission's present contract with TVA would be approximately $3,685,000 annually. However, if the President directs the Commission and TVA to modify their existing arrangements so as to release to TVA 600,000 kilowatts under the present contract (and we do not question the President's authority to do this), then the Commission has authority to make the best contract it can for replacement of the power thus released.

My conclusion, on the assumptions set forth above, is that the Commission would have authority under section 12 (d) of the Atomic Energy Act to make a 25-year contract with the Dixon-Yates group for the purposes indicated.

WILLIAM MITCHELL.

Mr. HICKENLOOPER. Mr. President, I should like to comment on the statement made by the Senator from New Mexico [Mr. ANDERSON], if the Senator from Tennessee will further yield.

Mr. GORE. I yield.

Mr. HICKENLOOPER. A few moments ago the Senator from New Mexico made a statement with which I thoroughly agree. He said exactly what I was attempting to say a while ago, namely, that if it is illegal to include Federal income taxes as a reimbursable item, then, of course, they will not be included in this contract, because it is against the law. A moment ago I said that I think the question of Federal income taxes is a moot question. If, in fact, the Senator from Tennessee is correct in the statement that the inclusion of Federal income taxes as a reimbursable item is illegal, it will not be in the contract.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. STENNIS. I should like to ask the Senator from Iowa a question.

Mr. GORE. I yield for that purpose.

Mr. STENNIS. Will the Senator from Iowa give us the date of this opinion?

Mr. HICKENLOOPER. It is dated June 22, 1954.

Mr. STENNIS. If the Senator from Tennessee will further yield, I should like to ask the Senator from Iowa a further question.

Mr. GORE. I yield for that purpose, provided I do not lose the floor.

Mr. STENNIS. The Senator from Mississippi did not exactly understand the condition stated in the concluding paragraph, to the effect—as it was understood on this side of the aisle—that if the President ordered certain power released——

Mr. HICKENLOOPER. I did not wish to take the time to read the entire opinion, on the time of the Senator from Tennessee.

Mr. GORE. I yield for that purpose, if I may do so without affecting my right to the floor.

Mr. HICKENLOOPER. The memorandum is addressed to K. D. Nichols, general manager, from William Mitchell, general counsel. The subject matter is stated as follows:

Commission's authority to enter into a 25-year contract with the Dixon-Yates group to provide electrical energy.

You have asked my opinion on the question of whether or not the Commission has legal authority to enter into a 25-year contract with the Dixon-Yates group to provide electric-utility services for the Commission's plants at Paducah and Oak Ridge.

Then he recites the general understanding about the area of the Dixon-Yates proposal. He then quotes the statute, which is section 12 (d) of the existing law, and section 164 is the bill before us. They are both identical. After quoting that statute, which says that the contract may be made in connection with the Paducah, Portsmouth, and Oak Ridge installations, he makes this statement:

This statute gives the Commission the necessary authority to make the contract in question.

He goes on with a discussion of some other matters——

Mr. GORE. Mr. President, will the Senator read the other matters?

Mr. HICKENLOOPER. Yes; I will read the rest of the memorandum. I did not wish to take the time to read it in full. I did not believe that what followed had an important bearing on the question which has been raised.

As I have stated, immediately following the quotation of the statute, Mr. Mitchell says:

This statute gives the Commission the necessary authority to make the contract in question. The TVA system is an integrated unit, supplied from various plants owned by TVA, and, on occasion, by delivery from privately owned generating plants. Once electric power has been delivered to the system, it is impossible to identify the source of power which is supplied out of the system for end use. If additional generating capacity is constructed at West Memphis and fed into the TVA grid in an amount which is necessary to supply the Commission's requirements at Paducah and Oak Ridge, this can properly be said to be a contract for electric-utility services in connection with the operation of the Oak Ridge and Paducah installations of the Commission.

The increased cost to the Government of the Dixon-Yates proposal as against the Commission's present contract with TVA would be approximately $3,685,000 annually. However, if the President directs the Commission and TVA to modify their existing arrangements so as to release to TVA 600,000 kilowatts under the present contract (and we do not question the President's authority to do this), then the Commission has authority to make the best contract it can for replacement of the power thus released.

My conclusion, on the assumptions set forth above, is that the Commission would have authority under section 12 (d) of the

Atomic Energy Act to make a 25-year contract with the Dixon-Yates group for the purposes indicated.

Mr. STENNIS. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. STENNIS. If I correctly understand the opinion, it says that if the President releases 600,000 kilowatts of electricity, that will create a vacancy and make the contract legal.

Mr. HICKENLOOPER. I do not so understand it at all.

Mr. STENNIS. There had to be a shift or alteration in the situation in order to justify the legal basis for the contract.

Mr. HICKENLOOPER. I simply cannot agree with the Senator on that premise at all. The opinion is a flat statement that the statute gives the Atomic Energy Commission the authority to make this contract. Then Mr. Mitchell discusses the surrounding circumstances of the contract, but he again comes to the conclusion, at the end of the opinion, that the Commission would have authority to make the contract. He does not say anything about any "ifs," "ands," "buts," or "maybes." This is the last paragraph in the letter:

My conclusion, on the assumption set forth above, is that the Commission would have authority under section 12 (d) of the Atomic Energy Act to make a 25-year contract with the Dixon-Yates group for the purposes indicated.

Mr. STENNIS. Of course, the memorandum will speak for itself, but as I understand the statement of facts, there had to be a change in the situation with reference to existing conditions in connection with this power before the attorney could justify the legal basis for the contract. It seems the contract is dated after the order had already been made on June 16, 1954, for the consummation of this contract. It is very interesting to have the opinion in the RECORD, even at this late date, so that it may be further studied.

I thank the Senator.

Mr. COOPER. Mr. President, will the Senator yield so that I may address a question to the Senator from Iowa?

Mr. GORE. Mr. President, I ask unanimous consent that I may yield to the Senator from Kentucky for the purpose of addressing a question to the Senator from Iowa [Mr. HICKENLOOPER].

The PRESIDING OFFICER. Is there objection?

Mr. FULBRIGHT. I object.

The PRESIDING OFFICER. Objection is heard.

Mr. GORE. I yield to the Senator from Kentucky for a question.

Mr. COOPER. It would appear from a hasty reading of the memorandum that the Atomic Energy Commission could enter into the contract in question; but I should like to ask the distinguished Senator from Tennessee if there is not another step which would have to be taken in this proceeding. Even if the Atomic Energy Commission should enter this into contract with the Dixon-Yates group to produce power, would not the Senator say that before it could become effective it would require the assent of the Tennessee Valley Authority, which is just as much an independent agency as is the Atomic Energy Commission?

Mr. GORE. That independent agency is also under orders. That board was not consulted, but was ordered. I do not believe the President can legally order the Tennessee Valley Authority board of directors to relinquish their legal responsibility for the management functions of the TVA. I have not brought out that point in the debate, but I certainly think the order trespasses upon legal authority.

Mr. COOPER. Mr. President, I should like to propose a hypothetical case to the Senator from Tennessee. Suppose in this instance the TVA were not involved, but that it was a question of the Atomic Energy Commission replacing in a private power company the electrical energy it was receiving from that private power utility. Does the Senator believe that the private power company would accept the replacement unless the replacement fitted into its own plans?

Mr. GORE. And at a comparable price? No, I do not. That company would have an improvident management, if it did so.

Mr. COOPER. Does the Senator believe that a private company that would be a prime supplier of the Atomic Energy Commission would have power forced upon it?

Mr. GORE. I know of no company of which I would have that opinion.

Mr. COOPER. I ask the Senator also what view he holds as to whether there is any power in the executive branch of the Government to make this determination, and whether the executive branch has any power other than the power granted in the acts themselves?

Mr. GORE. I know of no power the Atomic Energy Commission has except delegated power. I know of no power the President of the United States has except delegated power, other than his constitutional power as Commander in Chief. This is not a national defense contract. This is a contract for furnishing power for the civilian needs of the city of Memphis. Therefore, I believe we must look to the act itself for the powers of the President. The act sets forth certain powers which the President is authorized to exercise.

By the very specification of those powers, I think other powers are necessarily excluded. I believe we must look to the act for those powers, and in looking to the act, we need to look at the legislative intent. I should like now to review for the Senate the legislation on which the general counsel seeks to pin his authority.

Mr. HILL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HILL. Is not the key word in the opinion of Mr. Mitchell the word "release"? In other words, is it not true that if the Atomic Energy Commission released to the TVA an amount of power the TVA is now committed to supply to the Atomic Energy Commission, then of course the Atomic Energy Commission could make a contract for an amount of power equal to what it would use for itself in its own installations? Is that not true?

Mr. GORE. I believe that is true.

Mr. HILL. In other words, if the power were given to the TVA, then of course the Atomic Energy Commission could make a contract with Dixon-Yates, or with any other group or company, or with any other supplier of power, and get the power itself for its own installations?

Mr. GORE. I believe that is very true, and I thank the Senator from Alabama for his contribution.

Mr. HILL. If the Senator had time to examine the letter carefully I believe he would find that that is the basis of Mr. Mitchell's opinion.

Mr. GORE. It is an "iffy" opinion.

Mr. HILL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HILL. Is it not true that the President, in his budget message in January, made that very suggestion, and that that was the whole idea, namely, the idea of turning back, so to speak, to TVA, certain power that TVA was obligated to furnish the Atomic Energy Commission, until the disclosure on June 17 before the joint committee?

Mr. GORE. That is correct.

Mr. HILL. It was not until the 17th of June that anyone had any idea at all that the administration was thinking in terms of directing the Atomic Energy Commission to act as broker to buy power for TVA.

Mr. GORE. I read into the RECORD a letter in which Commissioners Smyth and Zuckert commented upon the fact that that was the original explorations they made, but that it took a different turn, and that they determined they would not cancel the contracts with TVA and that TVA would not be released from any of its obligations to furnish power, because, the Commissioners said, they depended upon this power for their production schedule, and therefore the explorations took a different turn. Therefore this bizarre arrangement was finally conjured up.

Perhaps because of my experience in the other body before being honored with membership in this body, I have been more directly connected with this particular development than any other Member of the Senate.

As acting chairman of the Subcommittee on Appropriations of the House of Representatives, I conducted hearings on the request for appropriations to expand the atomic energy program to build the Paducah facility and the Savannah facility. The Atomic Energy Commission, in pursuance of that expansion, came before the committee and requested the committee to recommend appropriations for the TVA to build the Shawnee steam plant.

TVA did not come except that they were requested to do so. The initiative was out of the Atomic Energy Commission. We held hearings. The committee really had no serious reservations

about supplying the necessary appropriations. The national defense required its approval.

Subsequent to that, the Commission came back for an additional hearing, and represented to us that certain negotiations had been under way and that it had found that it could secure one-half of the power from a private concern at a rate comparable to the TVA rate. The committee approved it. The committee thought it was a fine idea.

The deal did not turn out that way, unfortunately. Commissioner Murray, who was the chief negotiator in that field—and I think he has taken responsibility therefor—testified recently how disillusioned he had been. However, the House Committee on Appropriations took it on face value and approved the request.

The request passed the Senate, and the program became law. The program was under way. Then last year the Commission came before the joint committee and said the private group was having great difficulty selling its bonds—in fact it could not sell them because there was not, in the opinion of the investors, a sufficient guarantee for cancellation damages and reimbursements. Therefore the Commission asked that the Atomic Energy law be amended. I appreciate the attention of the Members of the Senate who are here. I should like to read the proposed draft of the bill as it came to the committee from the Commission.

The Atomic Energy Commission is authorized in connection with the construction or operation of installations of the Commission, without regard to section 3679 of the Revised Statutes, as amended, to enter into new contracts or modify or confirm existing contracts to provide for electric utility service for a period not exceeding 25 years.

And then they spelled out the cancellation provision. What did the committee do? First, it held a hearing, and I wish to read a portion of the proceedings of that hearing:

Representative VAN ZANDT. Mr. Chairman, could we insert language in this bill that would make this particular type of contract subject to review by this committee?

Dr. SMYTH. Mr. VAN ZANDT, you have written in Oak Ridge, Paducah, and Portsmouth.

Who did that, Mr. President? The committee. I read the proposed draft which came to the committee. The committee did not want to grant more power than was necessary. The problem related to these particular production facilities. So the committee wrote in that the Commission was authorized to enter into these contract in connection with its production facilities at Portsmouth, Ohio, Paducah, Ky., and Oak Ridge, Tenn.

Continuing reading the testimony of Dr. Smyth:

Any further extension of those plants would certainly presumably come to this committee for general discussion and approval. It does not appear to me to be necessary or desirable to try to get specific contracts into the bill. * * * As I understand it, the way the bill is now modified, Oak Ridge, Paducah, and Portsmouth are to be inserted. Is that right?

Chairman COLE. Yes.

Representative VAN ZANDT. Then the bill as written will restrict it to Paducah, Oak Ridge, and Portsmouth?

Dr. SMYTH. That was Mr. Hinshaw's suggestion.

That was written into the law.

Let me read a portion of the draft which came from the Joint Committee on Atomic Energy:

The Atomic Energy Commission is authorized, in connection with the construction or operation of the Oak Ridge, Paducah, and Portsmouth installations of the Commission—

There it is. That is how it came to the Senate, and it came with a report accompanying it. I am setting out in detail, Mr. President, the legislative history of this proposal. It has been set out, in part, before, but I think the questions raised here, as I have indicated, have been heard by the utility tycoons who have honored us with their presence in the gallery, and by their attorneys. They, too, perchance, have come to have doubts.

Let me read a portion of the report:

The bill permits the Atomic Energy Commission to enter into contracts for periods not exceeding 25 years to purchase electrical power for the operation of these plants without regard to section 3679 of the Revised Statutes, as amended. It also would permit the AEC to provide in such contracts for cancellation charges in the event the Commission should find it necessary or desirable to terminate the contracts before the expiration of their original terms.

Reading further from the report:

This power is to be used for the operation of gaseous diffusion plants at the three sites specified.

Could anything be plainer? I doubt if we could construct or fabricate a set of circumstances more clearly establishing the manner in which the functions of this Government agency are attempted to be subverted. Let me read that sentence again:

This power is to be used for the operation of the gaseous diffusion plants at the three sites specified. The utilities cannot enter into power contracts with this limit on cancellation charges—

Why can they not enter into contracts?

since they cannot arrange financing with such a small cancellation charge guaranteed.

I continue to read:

By the arrangements which have been negotiated with the three utility companies the Commission is kept out of the utility business.

The committee report tells us that if we had adopted this amendment last year the Atomic Energy Commission would have been kept out of the utility business, and yet, with this "iffy" opinion and this bizarre directive in this unusual contract proposal, this very section of the law is to be stretched and distorted and misused so as to put the Atomic Energy Commission into the utility business.

Mr. HUMPHREY. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. HUMPHREY. The Senator has been reviewing legislation which pertains to the contracts of the AEC with the three mentioned utilities in that particular authorization. It is clear, is it not, therefore, from the bill, H. R. 4905, that the purpose of the contract of the AEC with a utility was for the express purpose of getting electrical energy for the plant operations of the Atomic Energy Commission? That was the sole base and the sole purpose for the contract.

Mr. GORE. That is what the report says.

Mr. HUMPHREY. And it goes further and says that the purpose of these contracts was to make sure that the Atomic Energy Commission would not get into the utility business.

Mr. GORE. And that is what the bill provided.

Mr. HUMPHREY. That is what the bill which we acted on last year provided.

Mr. GORE. And that is what those who testified in favor of it said, and what those who advocated its passage on the floor of the House and of the Senate said.

Mr. HUMPHREY. Yet today we are faced with the situation that the proposed contract with the Dixon-Yates group is based upon—at least, there must be some basis for it—the House bill about which we have been talking, and yet that House bill, which became public law, states that the only purpose of the contract with the utility is to provide electrical energy for the AEC. Yet in the Dixon-Yates contract there is not one kilowatt which goes to the AEC for the purposes of the Atomic Energy Commission program.

Mr. GORE. That is what Dr. Smythe said.

Mr. HUMPHREY. Nor is it even a replacement of the normal use of electric energy. Is not that correct?

Mr. GORE. That is correct. I wish to cite the statement of the Bureau of the Budget, which was handed out to the public recently in an effort to justify the contract This is from the public release of the Bureau of the Budget on July 9, 1954. I read:

The President's decision to provide for the 1957 expansion of power consumption in the Tennessee Valley area through facilities to be constructed by private enterprise—

And so forth. It does not refer to any power for the Atomic Energy Commission. Not even the Bureau of the Budget refers to it.

Mr. HUMPHREY. In other words, what we really see here is the deep concern—in quotation marks—over the TVA. Apparently the administration decided that it would be wise or prudent, or would be good politics, to work through the AEC as a sort of middle man, or, as has been said before, a broker, so that the AEC would be a sort of "fall guy" for making a contract with the Dixon-Yates group to supply power back into the TVA—which the TVA did not even say it needed, nor had it requested it—in order to furnish power to the city of Memphis, Tenn. Is that correct?

Mr. GORE. The AEC did not request this plant. The TVA did not request this plant. The people of Tennessee did not request this contract. The people of Arkansas did not request the contract—that is, I know of no citizens' movement in Arkansas for it. There

may be a fellow down there, who is a right important tycoon in Arkansas, who requested it. We do not know who thought this up.

Mr. HUMPHREY. In other words, it did not come from the grass roots of Tennessee or Arkansas. It may have come from the bulrushes of the Potomac. Would the Senator from Tennessee feel that that might be somewhat true?

Mr. GORE. I think the able Senator would have to give some further identification of the bulrushes.

Mr. HUMPHREY. I shall let that statement stand on its own merits. If there was any voice of the people in the matter—any great demand or great outcry for more power—it did not come from around the Mississippi.

I am looking at the map in the rear of the Chamber, which shows where the Mississippi River divides Tennessee from Arkansas. The voice did not come from that area. It must have come from close to our beautiful Potomac River.

Mr. GORE. Some of these times perhaps we shall know. It will be a very interesting story as to who first thought up the idea. I doubt if the President of the United States first conceived the idea. I doubt if the Atomic Energy Commission did. I am certain the TVA did not. I think those who wanted a little free profits thought it up. Those who wanted to invade TVA territory thought it up. They devised a very clever scheme. But they have tripped their toes; they have stubbed their toes.

Mr. HUMPHREY. Would the Senator say that this is a new kind of Trojan horse, a gift which was not asked for, if this can be called a gift? Its delivery was not made under the most friendly auspices to the people of the area; nevertheless, there it is. What the Senator from Tennessee is concerned about, I assume, is, What is going to come out of the horse?

Mr. GORE. I hope it will not be this contract.

Mr. ANDERSON. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. ANDERSON. The Senator from Tennessee had asked earlier today about an opinion, and the opinion was produced and was finally read into the RECORD. It was dated June 22, 1954.

Some days ago I placed in the RECORD the proposal of Dixon-Yates for the construction of these facilities. That proposal was dated April 10, 1954. It refers to the proposal they made on February 25, 1954.

Does the Senator from Tennessee not think it strange that the Atomic Energy Commission had consultations with the Dixon-Yates group from sometime last fall, and certainly since February 25, and it took until June 22 for anyone to try to find out whether what they were talking about was legal or illegal?

Mr. GORE. It is a remarkable circumstance.

I wish to say to the junior Senator from Minnesota that I would have to qualify any agreement with him that this suggestion arose on the Potomac. If this device was designed or had its genesis in the bulrushes of the Potomac, then it was conceived by those who have been transplanted there from Wall Street. This is a clever design by shrewd financiers. I would not like to identify, I could not identify, the author of the plan. Maybe a great many persons got together and contributed to it. Perhaps it began with a real suggestion that the TVA be relieved. I refer to the suggestion in the budget. Perhaps someone made a suggestion earlier than the suggestion in the budget, because we have the letter of the Commissioners, referring to a letter from Mr. Hughes, the Budget Director. Maybe that is an indication. What was his background?

Mr. HUMPHREY. Would the Senator from Tennessee mind telling us about this? This is one of the most interesting mystery stories of this decade. It used to be "Button, button, who's got the button?" Now it is "Kilowatt, kilowatt, who's got the kilowatt?" Or should we say, "Contract, contract, who's got the contract?"

Mr. GORE. Should it not be "Profit, profit, who's got the profit?"

Mr. HUMPHREY. It could be.

Mr. GORE. Free profit.

Mr. HUMPHREY. At 9 percent.

Mr. GORE. A guaranteed percentage.

Mr. HUMPHREY. For 25 years.

Mr. GORE. And tax exempt.

Mr. HUMPHREY. With all taxes paid.

Mr. GORE. Is it not wonderful?

I should like to proceed with the relation of the legislative history of the proposal, which has been so badly distorted.

Mr. HUMPHREY. Before the Senator does that, let us refer back to the Ferguson amendment. Does not this appear to be somewhat of a postdated birth certificate? We are trying to ascertain when the baby arrived on the scene. There seems to be some doubt as to its legality, speaking, of course, of the contract.

Mr. GORE. I should say it is an effort to legitimatize something about which there is some question.

Mr. HUMPHREY. We are even having trouble determining its parentage. Now we are in doubt as to the date of its birth. But we can be grateful to the Senator from Michigan for having given us one point around which we can rally.

We know that as of last Friday there was an area of doubtful legality. The Senator has offered an amendment, which is a little late in arriving, it having come in on a slow freight.

Mr. GORE. The amendment of the Senator from Michigan has far-reaching effects. It not only seeks to legalize the Dixon-Yates deal, but also to authorize the Commission to make five times as many such deals.

Mr. HUMPHREY. It is a large family for which the Senator from Michigan provides. The problem we have is to find out who are the parents, and the date of arrival of the first born.

But I say that we owe the Senator from Michigan a debt of gratitude, because he has provided a kind of postdated birth certificate for the first arrival. If we can ascertain the genesis of this new development, this first born, we shall have made some progress. I am only trying to help the Senator from Tennessee, in view of this great mystery.

Mr. GORE. The Senator is providing wonderful assistance.

Mr. HUMPHREY. I am grateful to the Senator. I am merely trying to learn how all this got started. One would think that if the atom could be split, we should, at least, be able to learn who let the contract.

Mr. GORE. The TVA yardstick has been worrying some people. It has been worrying them no end. They have been hoping for the time to come when they could have in high places those who would help them destroy the TVA yardstick. They have been hoping for the time to come when they could invade the TVA territory, when they could obliterate the yardstick which has been used by persons from the Atlantic to the Pacific, from Canada to the Gulf of Mexico, to force down the exorbitant, unconscionable electric rates which the power trust would force upon the people.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. SCHOEPPEL in the chair). Does the Senator from Tennessee yield to the Senator from Arkansas?

Mr. GORE. I am delighted to yield.

Mr. FULBRIGHT. The Senator from Tennessee has said much about the yardstick. It was my impression that the private companies were attempting to measure up to that yardstick for the first time, and now Senators representing the TVA object to it. This is the first instance of which I am aware in which private companies have made a contract and offer, having in view the existing contract for power at Paducah, and have sought to equal, and have come very close to equaling, the yardstick. It seems to me that if a yardstick were established, then it should serve the purpose of being a goal to shoot at. If that be so, the Dixon-Yates group have hit in the bull's eye, within $282,000. Of what good is a yardstick if no use is to be made of it?

Mr. GORE. The comments of my distinguished and able colleague from Arkansas illustrate once more how badly he has misunderstood the whole proposal. His attitude has been an enigma to me.

The Senator now says that this is an instance of the private power trusts seeking to measure up to or matching the TVA yardstick. This is an instance in which they seek to destroy the TVA yardstick. They are resorting to this bizarre contract, which provides for a guaranteed profit and complete tax reimbursement, and which permits them to present an artificial rate structure. That is not meeting the TVA yardstick; that is subverting the yardstick.

Mr. ANDERSON. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield to the Senator from New Mexico.

Mr. ANDERSON. The Senator from Arkansas has referred to the figure $282,000, which I thought had finally been eliminated from the discussion. I think the Senator from Tennessee ought to read again from the official records of

the AEC that portion of the attorney's opinion in which the attorney said again the difference in cost will be $3,685,000.

Mr. FULBRIGHT. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. Not just yet. The experts of the Budget Bureau testified the minimum difference would be $3,600,000. The experts of the Atomic Energy Commission said the minimum difference in rate would be $3,600,000 a year. The experts of the Federal Power Commission said the minimum difference would be $3,600,000 a year. And the only expert who disagrees with all those experts is the junior expert from Arkansas. [Laughter.]

Mr. FULBRIGHT. Mr. President, will the Senator yield further?

Mr. GORE. I yield.

Mr. FULBRIGHT. I hesitated to ask a question of the Senator from Tennessee for fear I might be accused of joining in the delay of action on the bill, so I withdraw my question, because I would not want to cause a further reiteration of the inaccurate statements which have been made relative to the amount the contract will cost the country. With the Senator's permission, I shall withdraw the question, and I hope he can then proceed to the second page of his prepared statement.

Mr. GORE. I fear it would not be quite parliamentary to have a withdrawal of the statement of the Senator, which I have already answered. If the Senator would not mind, I should like to have the statement remain in the RECORD, in order that the RECORD may show that I answered the question once again. I would not want to encourage the Senator unduly to participate in the colloquy. I know he does not care to delay the Senate in the consideration of the pending measure. Neither do I. It is my desire to promote the full and adequate consideration which this problem deserves. I say to the Senator if what is proposed is an example of how the Atomic Energy Commission is to be misused in an attempt to violate the clear intent of the Congress, then we had better pause before we grant to it all these vast powers over licensing of atomic energy development, and giving patent rights to persons many of whom have some knowledge of the subject already tucked away in their safes and secret vaults.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. GORE. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. I wonder if the Senator will explain why the board of directors of the chamber of commerce of the city of Memphis, Tenn., in the State which the Senator in part represents, are in favor of proceeding with the Dixon-Yates contract, and want no further delay in the construction of the powerplant. Could the Senator explain that? He is familiar with that fact, is he not?

Mr. GORE. I had heard that such action had occurred. I am unable to explain it. Perhaps the able Senator from Arkansas is in better position to explain it than I am. I have not been having close communion with the persons who are connected with the power trusts and those who are generally identified with the leadership of the United States Chamber of Commerce.

Mr. FULBRIGHT. Oh, no; I said the Memphis Chamber of Commerce. The Senator misunderstood me. He is familiar with the city of Memphis, on the Mississippi River, is he not?

Mr. GORE. I have had some slight acquaintance with it.

Mr. FULBRIGHT. The Senator knows where the city is, and he knows it has a chamber of commerce, does he not?

Mr. GORE. I know that.

Mr. FULBRIGHT. The members of the Memphis Chamber of Commerce are interested in the industrial development and in the social, moral, economic, and political welfare of Memphis, are they not?

Mr. GORE. I am sure they are.

Mr. FULBRIGHT. They are not Communists, Socialists, or Fascists, are they?

Mr. GORE. Oh, no; I would not say that. Is the Senator suggesting guilt by association?

Mr. FULBRIGHT. No; I said they are not. They are good, loyal American citizens, are they not?

Mr. GORE. Far be it for me to say that any of my constituents are not good, loyal citizens.

Mr. FULBRIGHT. Does the Senator say I am better able to explain the actions of his own constituents than he is?

Mr. GORE. The Senator may be better able to explain the actions of that particular group of constituents.

Mr. FULBRIGHT. Are they not reputable constituents?

Mr. GORE. I am sure they are.

Mr. FULBRIGHT. I cannot understand the Senator's inability to explain their action.

Mr. GORE. I have not been talking with the persons who are interested in the contract. I have been talking with the people in the city of Memphis who are interested in keeping themselves free from the clutches of those whom they voted out of Memphis several years ago by a ratio of 16 to 1.

Mr. FULBRIGHT. That is a mystery to me. I do not know about whom the Senator from Tennessee is talking. I know so little about the internal political situation in Memphis, that I did not follow the last remark of the Senator. I do not know about whom he is talking. Who was voted out of Memphis by a ratio of 16 to 1?

Mr. GORE. The very private power trust combine which seeks now to regrab the power service area of Memphis, Tenn.

Mr. FULBRIGHT. I did not know that.

Mr. GORE. The question was submitted to referendum.

Mr. FULBRIGHT. Is that Wendell Willkie's company?

Mr. GORE. The people voted that out 16 to 1. Yet by this contract, by this misuse of the Atomic Energy Commission, by this stretching of a statute beyond any reasonable interpretation or any legislative intent, the same group seeks to use the President of the United States and the atomic energy program to return, with facilities to produce 600,000 kilowatts of electricity, at a guaranteed profit for 25 years, with complete tax immunity.

Mr. FULBRIGHT. I understand the Senator is saying, in a rather roundabout way——

Mr. GORE. I did not think my reply was in a roundabout way; I thought I was answering the Senator directly.

Mr. FULBRIGHT. He is saying that the Chamber of Commerce of the city of Memphis, Tenn., does not understand or is not interested in the industrial development of the city of Memphis.

Mr. GORE. No, the able Senator incorrectly understands me, if he so understood.

Mr. FULBRIGHT. Does the Senator from Tennessee say I did not understand him correctly?

Mr. GORE. Yes, I say so.

Mr. FULBRIGHT. Then I am mystified.

Mr. GORE. I do not impugn the motives of the Memphis Chamber of Commerce. I do not know from what office the resolution may have originated. I do not know what interests may be involved. I have not been advised as to who offered the resolution, how many were present, how large the group was. I simply am not informed on the subject about which the Senator from Arkansas seeks to catechize me.

Mr. FULBRIGHT. Mr. President, will the Senator from Tennessee yield for a question?

Mr. GORE. I yield.

Mr. FULBRIGHT. Then, I think that, for two reasons, we had better not pursue this matter: First, if the Senator from Tennessee is not acquainted with the action of the chamber of commerce of a large city in his State; and, second, if he and I do not speak the same language—because if the Senator from Tennessee was not condemning the action of that chamber of commerce, I do not speak the English language at all.

Mr. GORE. Mr. President, far be it from me to suggest that the distinguished junior Senator from Arkansas, perhaps the most highly educated Member of this body, misunderstands the English language. I was undertaking to say that I was not acquainted with the author of the resolution or the source of the resolution——

Mr. FULBRIGHT. I did not say who the author of the resolution was.

Mr. GORE. And I am not acquainted with the one who presented the resolution, how many were there, who voted for it, or what were the particular interests of those who were involved. I do not know. I only had a report that such a resolution had been passed. That is the extent of my knowledge of the matter.

I was saying that the same interests who were voted out of Memphis, by a margin of 16 to 1, were seeking to use the President of the United States and the Atomic Energy Commission in the effort to return and again grab that service area.

The Mississippi River is the dividing line between the TVA service area and the service area of the Arkansas Power

& Light Co. I have not sought to have the TVA invade the service area of the Arkansas Power & Light Co. I shall resist it, if such an effort is made. But the river can be crossed in two ways. This is an attempt of the power combine of that area to cross in the other direction, and to invade the TVA service area; and they are using the Atomic Energy Commission in that effort; and the President of the United States, I am sorry to say, is their agent in this regard.

Mr. FULBRIGHT. Mr. President, will the Senator from Tennessee yield, to permit me to make a comment?

Mr. GORE. I yield.

Mr. FULBRIGHT. Is it not a fact that for many, many years the TVA has been purchasing power from the Arkansas Power & Light Co? Is there not a crossing now, right below the site of the proposed plant, where the Arkansas Power & Light Co. sells large quantities of power to the TVA, every year?

Mr. GORE. There is an exchange of power.

Mr. FULBRIGHT. Certainly.

Mr. GORE. The relationships are very satisfactory.

Mr. FULBRIGHT. Certainly.

Mr. GORE. The TVA has satisfactory interconnections and relationships with the private utilities throughout the periphery of its service area. But that question is not the one before us.

Mr. HUMPHREY. Mr. President, will the Senator from Tennessee yield to me?

Mr. GORE. I yield.

Mr. HUMPHREY. I was delighted to hear the Senator from Tennessee respond as he did to the Senator from Arkansas. It appears that the Senator from Arkansas would like to lead some of us down a primrose path into a wonderful, fantastic fairyland, because what he is talking about has no relevancy whatever to the question before us.

Is it not true that a majority of the Commission did not want the contract? Is it not true that the TVA did not request the contract? Is it not true that the electrical energy supplied by the Dixon-Yates group will not be furnished to the Atomic Energy Commission for its normal functions and activities? In other words, is it not true that the so-called yardstick our good friend, the Senator from Arkansas, was talking about was being used to measure a project which has no relevancy whatsoever to either the TVA or the Atomic Energy Commission?

Mr. GORE. I believe the answer is "yes" to all those questions.

Mr. HUMPHREY. In other words, we are hearing about how nicely the TVA and the Arkansas Power & Light Co. get along. That is good, and we are delighted.

But what really has happened is that a contract has been ordered, not to buttress the TVA, not to serve the needs of the Atomic Energy Commission; but the contract has been ordered in the name of the Atomic Energy Commission, although for none of the purposes of the Commission, and without the request of the Tennessee Valley Authority, and not for the purpose of serving the people of Memphis. How the contract can be tied up with atomic energy, I should like to know—a 25-year contract, with $5 million of equity capital, and a $107 million firm, with a 9-percent profit guaranteed on the equity capital, and with all taxes to be paid by the Federal Government. Let the RECORD show that no other utility in the United States can enjoy such a position. The Dixon-Yates group will, under the terms of the contract, be the first utility company in America to obtain such a golden bonanza. Once this Pandora's box of special privilege is opened, let me say to my friend, the Senator from Arkansas, there will be no end to it. This is a culmination of all we have ever heard regarding special privilege in the public utilities field. It makes the holding companies look like paupers.

Mr. MONRONEY. Mr. President, will the Senator from Tennessee yield to me?

Mr. GORE. I yield.

Mr. MONRONEY. Will not this contract constitute a new kind of yardstick for private utilities; and as a result, will not all private utilities expect practically the same treatment?

Mr. GORE. Yes; once one private corporation is able to enjoy the benefits of a tax-proof position, we may be very sure that all corporations will want the same treatment.

Mr. MONRONEY. Certainly; and that desire will not be confined to the utilities, but, certainly, similar requests will be received from the manufacturers of aircraft and tanks and from all other firms engaged in defense industries.

Mr. HUMPHREY. And probably also from peanut vendors.

Mr. MONRONEY. If this contract can be stretched so far and if it can be applied, in the extreme, to the absorption of income taxes—although the Dixon-Yates group is not by any stretch of the imagination serving a distinct national-defense industry, but merely is serving the commercial needs of the Memphis area—then I do not know what bulwark Congress can erect, by means of which it can say "no" to genuine national-defense contractors who then will say, "We want the same 'deal,' and we are entitled to it; we think it is the best deal that has ever been given, in all the history of the United States, to those engaged in defense activities. So we want the same arrangement."

In short, what the President of the United States has said, by way of the Dixon-Yates contract, might as well be shown in brilliant neon lights from the dome of the Capitol, so as to enable all other industries in the Nation to say to the Congress, "Give us the Dixon-Yates deal, too, because it is the best ever offered, and we want it extended to companies that have properly and well served the country."

Mr. GORE. If it is used for defense purposes, then the development the Senator from Oklahoma foresees certainly will come to pass. On the other hand, if it does not become a precedent, but if this is the only concern to whom we grant this special privilege, then consider the inequity. In that event, no matter how the storms may rage during the next 25 years, no matter how high we may raise the taxes on the average citizen or on other corporations, no matter whether we may have to reimpose the excess-profits tax, we still will say to the Dixon-Yates group, "But not on you, my dear brother. You are something very special. No taxes will be raised on you. In fact, you will not pay any taxes in the next 25 years, no matter how high may be the taxes paid by all other persons in the country."

Oh, Mr. President, the senior Senator from Iowa [Mr. HICKENLOOPER] questioned me as to the legality of it. I say that I believe it would be illegal. But I am not asking the United States Senate to declare whether it is legal or illegal. I am asking the Senate to say whether it is right or wrong, whether or not it is in the interest of the United States to establish such a precedent, by which others may receive such benefits; whether it is right or wrong to establish a special benefit for this special corporation, which was brought into existence particularly for the purpose of receiving a fat Government contract with a guaranteed, built-in profit of 9 percent and tax immunity for 25 years. I am asking the Senate to declare whether it is right or wrong.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LEHMAN. Is it not a fact, also, that if we pass the bill in its present form it will be used as an entering wedge to continue to prevent the Atomic Energy Commission from producing energy derived from nuclear fission in its own facilities or in the facilities of other governmental agencies? And if that is a fact, does not that constitute a complete giveaway of this tremendous asset which has been built up and made possible only through the investment of $12 billion of the taxpayers' money?

Mr. GORE. I listened to the very able and provocative address of the Senator from New York on Saturday. He made a fine contribution to the debate.

I must say that the Dixon-Yates proposal has so shocked the junior Senator from Tennessee and other Members of this body that he and others are looking carefully into the broad discretionary powers proposed to be vested in the Atomic Energy Commission by this bill, and looking also with the greatest of doubt upon the fact that it is proposed to prohibit this agency of the Government from developing power in commercial quantities through fusion of fission. Nevertheless, the proposal by the senior Senator from Michigan is that if it develops power by orthodox means, and invades the TVA territory, that is all right. Tax immunity is all right in that case.

Mr. LEHMAN. But under the bill as it stands today, and as it has been urged for passage upon the floor of the Senate, the Atomic Energy Commission is prohibited from developing energy derived from nuclear fission.

Mr. GORE. In commercial quantities. Let me say that that is a very important qualification. The junior Senator from Tennessee does not pretend to be an expert in this field. I did gain some limited knowledge through 5 years' service on the particular subcommittee in the

House which handled the appropriation bill for the atomic-energy program.

A pilot plant to produce a small amount of energy is very useful, but it may not be very useful from a research standpoint, in developing, at an economical rate, electricity that can be competitive with or cheaper than electricity produced by present methods. Unless the Government has some agency to develop such power, I think the operation does take on the characteristics of a giveaway. If we prohibit the Government from doing it and prohibit the agencies of Government—the people's agencies—from having control of this natural resource which belongs to the people, and at the same time make it available to those who have the vast funds necessary to develop the resource, then it seems to me that it becomes exclusively available to those with huge financial resources. As I said to the junior Senator from Rhode Island [Mr. PASTORE] a few days ago, merely to say that the door is open for all to come in is not sufficient protection, either for small business or public enterprise, if the steps to that door are so high and so difficult that only a few can climb thereto.

I am not sure that we ought to direct the Atomic Energy Commission to do this work. I should like to suggest, as I did Saturday, for the consideration of the Senator from New York and other Senators, that it might be advisable to establish another governmental agency, free from some of the responsibilities and some of the leanings of certain present members of the Atomic Energy Commission, to engage in research and development of electricity by atomic means, in commercial quantities. I think it is unwise, however, to deny to the Atomic Energy Commission or any other agency of the Government the privilege of such research and development.

Does that answer the Senator's question?

Mr. LEHMAN. Yes. Mr. President, will the Senator further yield?

Mr. GORE. I yield.

Mr. LEHMAN. Assuming that the Atomic Energy Commission is not to be the exclusive governmental agency to develop energy from nuclear fission, the prohibition which is now sought to be placed on the Atomic Energy Commission, and which would prevent it from developing such power, certainly would give exclusive rights to private enterprise for private development to be conducted by extremely large or monopolistic organizations. They are the only ones which could possibly provide the capital for such development, unless the Government itself should make use of its facilities, its research work, its know-how, its experience, and its investment of $12 billion, which has been made over the past 10 or 12 years.

Mr. GORE. I think I am in substantial agreement with the Senator from New York.

In addition, this misuse of the power of the Atomic Energy Commission, and the wrongful use of the Atomic Energy Commission itself, raise serious doubts in my mind as to the wisdom of vesting of the patenting power under the proposed act. I do not wish to change any wrongful act on the part of anyone. However, we must recognize a few facts. Certain very large, very wealthy corporations have had contracts to operate the Oak Ridge facilities, the Hanford facilities, the Paducah facilities, and the Savannah facilities. In fact, the atomic-energy program is operated almost entirely under contracts with private corporations, most of them large ones.

Is it not reasonable to presume that in the conduct of this program those companies have developed an unusual amount of know-how? They have almost a monopoly upon the know-how of atomic energy. If we grant patenting privileges without proper safeguards, are we not paving the way for a huge giveaway? Are we not paving the way for the corporations on the inside to fasten their hands on the bottlenecks and thereby block the use by the people of this great natural resource?

I say again and again that if the Atomic Energy Commission is to misuse its power, or if the administration is to misuse the Atomic Energy Commission against its majority opinion, then we must pause a long time before we vest in that Commission the vast powers contained in the proposed bill.

Mr. HILL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HILL. The Senator from Tennessee was a member of the House Committee on Appropriations and acting chairman of the Subcommittee on Appropriations which handled the appropriations for the Atomic Energy Commission. He knows that the people of the United States, through their Government, have in the field of atomic-energy production and research an investment of approximately $12 billion. That investment is already there.

Mr. GORE. That investment has been made by the people of the United States.

Mr. HILL. I do not criticize the private corporations for receiving their rewards or compensations or profits for whatever they may have done in connection with production and research.

Mr. GORE. The know-how they have developed has not been considered as a part of their reward, although I say that under this bill it may turn out to be their greatest reward.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LEHMAN. The Senator has referred to certain facilities which are now being operated by private corporations, from which they receive compensation. Is it not a fact that those great facilities were constructed from money provided by the taxpayers of the United States?

Mr. GORE. Entirely so.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HUMPHREY. If we strip this issue down to its bare facts, or expose it for what it is, I ask the Senator whether it is not fair to say that it has little or no relevancy to national defense or atomic energy, but that it is an effort to get the public utility camel under the TVA tent. In other words, this is the first opportunity the administration has had, backed up by many private utilities, to break in point blank upon the TVA and to start the process of weakening the Tennessee Valley Authority structure.

Mr. GORE. There is no question but that this is the first attempt at dismemberment of the TVA service area. The city of Memphis is the largest power market in the TVA area. As the Senator from Minnesota knows, most of the profit in the electric utility business is made through distribution of electricity in concentrated areas, and 400,000 or 500,000 people live in the city of Memphis. We have before us a proposal to reinvade the TVA territory.

There has been relative peace in that area since 1939 between the Tennessee Valley Authority and the facilities serving in the Southeast. The boundaries have been relatively stable. The TVA has not crossed the Mississippi River in one direction, and the private utilities have not crossed in the other direction. The TVA has made no major expansion of its area. In fact, it has steadily resisted expansion. I will say to the distinguished junior Senator from Minnesota that I have resisted any expansion of its area. I do not want it to expand its area. It has enough to do to take care of the service area it now has. What I have pleaded for is an expansion of its generating facilities sufficient to serve the people in the area who must depend upon the TVA, and upon TVA alone.

Since 1939, when Congress passed the act establishing this service area, there has been stability in the service area. There has been relative peace between the TVA and the surrounding utilities. There has been an interchange between TVA and the Duke Power Co. There has been a satisfactory relationship. I have heard the head of that company so testify. The Arkansas Power & Light feels the same way, as do the people in Kentucky, and in Virginia, and in Alabama, and along the Mississippi. Of course, the Senator knows that the entire gridwork of the utilities of the country has interconnections. One utility will need more power at one hour and less power at another, and there is a constant exchange back and forth.

However, under these circumstances the private utilities are seeking to declare war again—in fact, they have declared war, and this is the first major invasion. The beachhead is at Memphis.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HUMPHREY. I am sure the Senator is familiar with the article written by Mr. Joseph C. Harsch, special correspondent of the Christian Science Monitor, and published in the Christian Science Monitor of July 15, 1954. If the Senator will permit me to do so, I should like to read a few lines from the article, because they fit very well into the thoughts he has just expressed.

Mr. Harsch says:

The real issue is whether the frontiers of public power should be allowed to expand, should be stabilized, or should be broken and forced back. Private power interests have been on the defensive for more than 20 years. The areas in which they were allowed to earn profits were being contracted

by other Federal projects throughout the West.

Mr. GORE. I think the author is slightly in error. Since 1939, at any rate.

Mr. HUMPHREY. I continue to read:

Now the private power interests are attempting to go over to the offensive and regain some of their lost provinces. It is a natural and inevitable historical phenomenon. Their hope is to drive a salient back into the Tennessee Valley. The President is on their side, helping them, in effect ordering the TVA to open its frontier and permit a regiment from the opponent's camp to take up a position inside the TVA lines.

Mr. GORE. Would the Senator reread the last sentence? I want the distinguished senior Senator from Alabama to hear it.

Mr. HUMPHREY. The article states:

The President is on their side, helping them, in effect ordering the TVA to open its frontier and permit a regiment from the opponent's camp to take up a position inside the TVA lines.

The next sentence goes a little further.

The chosen method is, however, under heavy criticism in Congress (a) because competitive bidding was not employed and (b) because the Atomic Energy Commission was an obviously reluctant vehicle for bringing private power back into the Tennessee Valley.

Mr. HILL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HILL. Is it not true that the testimony of Commissioner Murray of the Atomic Energy Commission, to be found on page 1006 of the hearings before the Joint Committee on Atomic Energy, absolutely confirms what the writer of the article says? In testifying before the joint committee Mr. Murray said, at page 1006:

Mr. MURRAY. Well, let me answer you a little differently. I would say it is not an act initiated by the Atomic Energy Commission.

He is referring to the Dixon-Yates proposal.

I would say it is not an act initiated by the Atomic Energy Commission. It was initiated by the administration. We all know that.

There is the testimony of a member of the Commission, confirming what the writer of the article has spelled out in more detail.

Mr. GORE. There is no question that that is the case. I should like to read from another article in the Christian Science Monitor, written by Josephine Ripley. She, too, may have been a bit prophetic in this article. She says:

It is building up with great force toward a showdown.

The article proceeds to show that the administration has, without reference to Congress, altered the Federal power policy which had been built up over a long period of years in the West, in the South, and in the East. This is the boldest attempt. This is a reinvasion of the TVA territory, which had been stabilized by an act of Congress. All this fight, the Christian Science Monitor says, is building up with great force toward a showdown.

Mr. HUMPHREY. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. HUMPHREY. I should like to ask the Senator if he would be willing to yield to me for the purpose of making a brief statement with reference to a situation which has developed in my home State of Minnesota.

Mr. GORE. Mr. President, I ask unanimous consent that I may yield to the junior Senator from Minnesota for a brief statement such as he has described, without prejudicing my rights to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator from Minnesota may proceed.

CROP DAMAGE IN MINNESOTA

Mr. HUMPHREY. Mr. President, I wish to thank the able Senator from Tennessee and also the acting majority leader [Mr. BUTLER] for permitting me to make this statement.

I hold in my hand a press dispatch, dated today, from St. Paul, Minn., stating that Gov. C. Elmer Anderson declared an emergency as west central Minnesota battled great masses of army worms which have destroyed 10 percent of the area's crops. United States Air Force and National Guard planes flew emergency supplies of insect poison into the area.

T. L. Aamodt, State entymologist, said the crop damage was estimated at 10 percent and will run into millions of dollars. However, "many millions" more were saved by fast action during the weekend, he said. "Crop loss could have been 50 percent," he said.

Governor Anderson declared the emergency in order to facilitate the movement into the area of such worm-destroying chemicals as toxaphene, DDT, and parathyon. The worms damaged small grains and flax and started moving into corn, Aamodt said.

This matter was brought to my attention as of last Saturday. I immediately got in touch with the Department of Agriculture and followed up that contact this morning to see what could be done in terms of aiding the people in the western part of the State of Minnesota who are suffering from very heavy crop losses. I am happy to report that, through the cooperation of the National Association of Chemical Manufacturers, as well as the Air Force and the National Guard, along with technicians of the Department of Agriculture, a full-scale offensive is being waged against the invasion of the army worms.

I merely wish to make this comment. I have been reading in recent weeks about the favorable crop estimates which have been made by the Department of Agriculture, and I have been reading that those crop estimates indicate that there will be an ever-growing surplus of agricultural commodities.

Mr. President, I think it is time to reevaluate the crop estimates and quit using them as a propaganda vehicle and as a propaganda technique to fight an agricultural legislative battle.

A terrible heat wave has engulfed the entire Midwest and Southwest. I should like to have the Senate know that the price of corn has sharply increased. Why? Because the ticker-tape and news dispatches over the weekend inform us that the corn crop is suffering severe damage.

I make the prediction on the floor of the Senate today—and I make it in the presence of the distinguished majority leader [Mr. KNOWLAND], who commented last Saturday on the proposed agricultural legislation—that we will be thanking God Almighty that we have a surplus of corn come next fall. The corn crop in Minnesota, in Illinois, and in other areas is already severely damaged. There is about a 4-month surplus of corn. That surplus will not be enough to tide us over. The market would not be going up today as it has been if the people in the corn market did not know we are going to be faced with a shortage.

I remind my friends that we have had 90-percent price supports on corn since 1941, and we have now only a 4-month surplus of corn. Without the price supports we might not have had that much. We are going to need the corn, Mr. President.

Egg prices jumped from 2 to 6 cents a dozen from 17 cents last week. Why? It is attributable in part to the hot weather. There is one thing that neither the Secretary of Agriculture nor the Congress nor the President can take care of, and that is the weather. When we talk about agricultural legislation I suggest that, rather than look at the political barometer, we look at the real difficulty—the weather.

In this instance I point out that the price-support program we have had is going to stand us well. I repeat, we are going to find ourselves in some areas short of small grains.

Last week I received reports from my State of an attack of rust now hitting many of our small grains. There has been higher humidity in the Midwest than there has been for years. The small grains, instead of being firm, hard, and filled with nutrition, are like a cellophane capsule, without the moisture content, the stock, and the substance which should be there.

We have no great surplus of oats or barley or rye or grain sorghums. We are going to have little or no problem of surplus in connection with those grains in those areas. If the dry weather continues, there will be a shortage of pasture. That, in turn, will take its toll upon dairy herds and dairy production.

I suggest, Mr. President, that rather than to tamper with an agriculture program which has done fairly well throughout the years, we proceed to improve it and not weaken it. I cannot help but take this opportunity to say to my distinguished friends on the other side of the aisle that, from my reading of the weekend blasts as they appeared in the Sunday morning newspapers, rather than start propaganda with regard to farm legislation, they had better talk about the Dixon-Yates contract.

I listened to the distinguished Senator from Kentucky [Mr. COOPER], who pointed out the weaknesses in the atomic energy bill. I have been reading in the newspapers that he has gone as high as the White House, at least, to one

of the President's assistants, Mr. Sherman Adams, and to the Bureau of the Budget. I wish to suggest to my good friend, the majority leader, that he join with the Senator from Kentucky in proceeding forthwith to the President's office, not to talk about scuttling the farmers, but about scuttling the Dixon-Yates contract; not to talk about lowering farm income, but about protecting the public interest in the great field of atomic energy. I am of the opinion that if he will take these steps one at a time, we will do better and will proceed with more prudent judgment.

I have noticed again and again that the continuous barrage of propaganda which this Senator feels must be met head on.

I ask unanimous consent, Mr. President, that the clipping to which I have referred, pertaining to the very serious crisis in my State, be incorporated in my remarks at this point.

There being no objection, the clipping was ordered to be printed in the RECORD, as follows:

ST. PAUL, MINN.—Gov. C. Elmer Anderson declared an emergency as west central Minnesota battled great masses of army worms that have destroyed 10 percent of the area's crops.

United States Air Force and National Guard planes flew emergency supplies of insect poison into the area.

T. L. Aamodt, State entomologist, said crop damage was estimated at 10 percent and will run into millions of dollars.

"However, many millions more were saved by fast action during the weekend, he said.

"Crop loss could have been 50 percent," he said.

Anderson declared the emergency to facilitate movement into the area of such worm-destroying chemicals as toxaphene, DDT, and parathyon.

The worms damaged small grains and flax and started moving into corn, Aamodt said.

Mr. HUMPHREY. Mr. President, I wish to make note of the fact that the Secretary of Agriculture has just indicated that he expects the price supports on the 1955 wheat crop not to drop below 80 percent. This Secretary of Agriculture is the most expensive speechmaker in the Nation's history. By the Secretary's comment, he has injected much speculation into the corn market. As every Member of this body knows, when we start talking about price supports being down to 80 percent next year, we immediately throw the market out of balance. Before any more statements like those coming from the Secretary are made, which cost the farmers millions of dollars, I suggest that the Secretary commune with the weatherman. If he will do that, it may help.

Mr. GORE. Some moments ago, I had undertaken to show that by the history of section 12 (d), Congress had not intended to grant authority for the Atomic Energy Commission to go generally into the power business. I shall read from a letter which is contained in the report of the Joint Committee on Atomic Energy which accompanied the bill (H. R. 4905). The letter was written by Representative STERLING COLE, Chairman of the Joint Committee on Atomic Energy, and was addressed to Mr. Jerome K. Kuykendall, Chairman of the Federal Power Commission. I read as follows:

I enclose a proposed revision of H. R. 4905. This bill provides authority for the Atomic Energy Commission to enter into long-term power contracts for the gaseous diffusion plants at Oak Ridge, Tenn., Paducah, Ky., and Portsmouth, Ohio, and to pay cancellation charges under these contracts from currently available funds and future appropriations.

Mr. President, that is a description of the bill by the chairman of the committee. The Chairman of the Federal Power Commission replied, in part, as follows:

DEAR CONGRESSMAN COLE: Your letter of June 11, 1953, states that it would be most helpful to the Joint Committee on Atomic Energy if the Federal Power Commission could give its assurance that the cancellation provisions in the Atomic Energy Commission's long-term contracts for the production of electricity for the gaseous diffusion plants at Oak Ridge, Tenn., Paducah, Ky., and Portsmouth, Ohio, are fair to both the Government and to the power companies. Pursuant to this request, the Commission has carefully reviewed the cancellation provisions in the contracts of the Atomic Energy Commission with Ohio Valley Electric Corp., Electrical Energy, Inc., and Tennessee Valley Authority.

Thus it will be seen that in every instance the committee report refers to the grant of authority as relating specifically to the three facilities.

The bill came to the Senate. On July 6 it was called on the consent calendar.

I should appreciate the attention of the distinguished and able majority leader, for whom I have high respect and fond and friendly regard.

I am trying to show that this section of the act, the amendment which was adopted last year, has been stretched beyond the intent of Congress and beyond any reasonable interpretation. Prior to the time when the majority leader came into the Chamber, I had cited the testimony of the Atomic Energy Commission before the joint committee.

The fact is that when their draft was brought to the committee, it did not specify those three production plants, but the committee had them specify the places and the facilities where this authority was to be used.

I have just read from the report. I had already read from other parts of the report.

The attention of the Senator from California is so valuable that I wish to read briefly from the report:

This power is to be used for the operation of the gaseous diffusion plants at the three sites specified.

I read further the purpose of the provision:

The utilities cannot enter into power contracts with this limit on cancellation charges, since they cannot arrange financing with such a small cancellation charge.

That was the purpose of the bill. It came up on the consent calendar. As the Senate knows, I serve as a member of the minority calendar committee. The bill was called up on July 6, 1953. I was interested in it, because it involved a contract with the TVA. I had been instrumental in the House in the passage of an appropriation making it available. I had some doubts about the bill, and I asked that it go over for another week. In other words, I entered an objection.

At the same time, the junior Senator from Oregon [Mr. MORSE] entered certain objections and asked certain questions. Action on the bill was postponed.

I obtained the committee reports and made a study. The bill came up again on July 9, but on July 8, the previous day, the senior Senator from Iowa [Mr. HICKENLOOPER] inserted in the RECORD certain answers to the questions which the junior Senator from Oregon had asked. Those answers may be found on page 8464 of the unbound CONGRESSIONAL RECORD of July 9. Again the purpose of the amendment was made plain.

On July 9, 1953, the bill was called up. I wish to refer each of my colleagues to the colloquy which took place on the Senate floor in connection with the passage of the bill.

It is interesting to note that two of the questions which had been propounded by the junior Senator from Oregon were as follows:

First. Do the contemplated contracts with the private utilities provide for a recapture of the facility? If not, why not?

Second. Why is it that the contracts do not provide for an option on the part of the Government to resale of the power canceled?

In propounding these questions, the junior Senator from Oregon sought to inquire why, in the event of cancellation of the contracts by the AEC, the Commission should not be allowed to mitigate the canceled power by offering to find an alternate market for it, or, in the alternative, to take over control of the plants at their then unamortized cost.

In the answer provided for these two questions, the proponents of the legislation tried to make it clear that any such eventualities as proposed by the Senator from Oregon would have the effect of placing the Atomic Energy Commission in the power business. The senior Senator from Iowa, in discussing these questions during the colloquy on July 9, stated specifically that the purpose of providing for a cancellation payment in lieu of a recapture clause or resale authority was to take the Atomic Energy Commission out of the electric sales business.

I submit, Mr. President, that if Public Law 137 was enacted so as to authorize the AEC to enter into contracts for procurement of its power needs "without going into the power business," that purpose is most certainly being subverted when it is now insisted that the very same act constitutes authority for the AEC to go into the power business.

I believe that the junior Senator from Oregon [Mr. MORSE] performed a distinct public service when he propounded certain questions about that pending legislation. The Senator from Oregon had no desire to impede the progress of the AEC program. He promptly withdrew his objection to the bill as did the

junior Senator from Tennessee, as a result of the legislative record made on passage of the bill, a record which we felt clearly limited the authority contained in the bill to those contracts essential to fulfill the power requirements of the Atomic Energy commission.

In his closing remarks in connection with the passage of that bill the junior Senator from Oregon made his position clear. I should like to quote from his remarks for the information of the Senate. He stated:

I raised the questions I did last Monday, resulting in this bill's being brought up by motion rather than on a call of the Consent Calendar, because we now have in the RECORD a legislative history which I think is very much needed in connection with legislation of this kind.

Here is a piece of legislation—Mr. President, mark you well what I say—which will be used for precedental purposes in the future. I was aware of that last Monday, and I wanted the record to be clear as the Senator from Iowa has made it, so that in the future, principles which were followed in this case will be clearly understood.

When the Senator from Oregon stated that the enactment of that legislation, in the absence of a clear legislative record, might be used for purposes not intended by the Congress, he was surely being even more prophetic than he realized. Despite the efforts of the junior Senator from Oregon and others to establish a clear legislative record limiting the authority contained in the act, it is now asserted that this same authority may be used as a vehicle for the purpose of imposing the power philosophy of the President, or of others, on the people of the Tennessee Valley.

I submit, Mr. President, that if the intent of the Congress in the passage of an act, as reflected by the legislative history of subsection 12 (d) can be clearly ignored by the Executive, the Congress has no alternative other than to specify in the terms of the legislation itself the exact limitations of the authority conferred.

I thought we had done so. I hold in my hand the CONGRESSIONAL RECORD, volume 99, part 6, and I read from page 8339 a statement by the vice chairman of the Joint Committee on Atomic Energy, the senior Senator from Iowa [Mr. HICKENLOOPER], as follows:

Mr. HICKENLOOPER. * * * It is a matter of protecting the original capital investment, and also of protecting the Atomic Energy Commission. The advantage in the main, as I see it, is that it obviates the necessity of the AEC from assuming the risk, first, of either having to use all the power that is produced, or of having to go out on its own to find customers for it. It takes the AEC out of the electric sales business and transfers that responsibility to private groups.

I have discussed this matter with the Senator from Oregon. He is present and, of course, he can speak for himself. I am sure he told me that he feels satisfied at the moment with the explanations which have been given, and has withdrawn his objection to consideration of the bill at this time, as did the Senator from Tennessee.

Mr. BRICKER. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield to the Senator from Ohio.

Mr. BRICKER. It also saves an investment by the Federal Government of approximately a billion dollars in plant construction, does it not?

Mr. HICKENLOOPER. It transfers the plant investment of $1 billion from the Government to two private enterprises and TVA. The three outfits jointly have assumed the capital investment risk. The survey showed that there would probably be a balance of some amount involved; but the Atomic Energy Commission would be relieved of the responsibility of making a large capital investment and the responsibility of disposing of the power. If they use the power for 10 years, as they probably will, they can at the end of the 10 years cancel the contracts, with no liability under any circumstances.

Mr. BRICKER. Mr. President, will the Senator yield further?

Mr. HICKENLOOPER. I yield.

Mr. BRICKER. Merely for the purpose of the record, after the study by the Joint Committee on Atomic Energy, the Senate members of that committee concurred in the recommendation for approval of the contract and joined in the introduction of the bill. Is that correct?

Mr. HICKENLOOPER. Yes. I am quite certain the statement I am making is factually correct, although it is late and the staff of the committee did not know this bill was to come up tonight, and so they are not here with all the statistical data we should have, but I am certain there was no vote against the bill on the part of any member who was present; and, while there might have been 2 or 3 absentees and the Joint Committee on Atomic Energy may not have been polled, I can give the Senate the assurance that after full consideration by that committee there was no objection and there was universal approval.

Mr. BRICKER. I thank the Senator.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. ANDERSON. I fully agree with the statement just now made by the Senator.

Mr. HICKENLOOPER. I thank the Senator, who is very much interested, and who I may say is a very attentive member of the Joint Committee on Atomic Energy.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield to the Senator from Tennessee.

Mr. GORE. At the time the AEC expansion program was inaugurated it was my privilege to conduct the hearings of the House Appropriations Committee. At that time we went into the contract very thoroughly. A number of people asked, "Why does not the Atomic Energy Commission build its own powerplants?" Other people asked, "Why must they contract with TVA for powerplants? Why do they not contract entirely with a private utility? Others asked, "Why not contract with TVA entirely?"

The Atomic Energy Commission, as the able Senator has so well said, employed outside experts to make a thorough study. They came in with a recommendation that the power load be supplied by a combination of TVA and the private concerns already named. The Atomic Energy Commission alleged, properly, that it was not a power-producing agency, that a utility system would be better equipped to construct and to operate, and in the event of a termination of the program, which is the subject of the pending legislation, those utility systems would be in a better position to use and dispose of the power. As I understand the pending bill, the immediate question has to do with the problem of financing the construction of the huge steam plants. Is that not correct?

Mr. HICKENLOOPER. Yes.

Mr. President, I wish to reread the last portion, for the purpose of emphasis:

Mr. GORE. * * * As I understand the pending bill, the immediate question has to do with the problem of financing the construction of the huge steam plants. Is that not correct?

Mr. HICKENLOOPER. Yes. I may say that in the absence of legislation of the nature of the bill the Senate is now considering, it is impossible, without the cancellation-damage contracts, to get the capital financing for these companies, because the hazard in building the plants is so great. The AEC might elect to cancel, let us say, immediately upon completion of the plant, but before any electricity is developed. At that time the AEC would have a right to say, "We have changed our minds; we do not want it." So, without cancellation-damage contracts, which at that point are substantial, but which diminish year by year for the next 10 years until they completely exhaust themselves, private companies will not undertake the work because the hazard then becomes too great. There is no sale for such an amount of electricity at the present time in that area, and they are not going to take a chance on a market being developed for it.

Mr. GORE. So I understood from studies that have been made since the bill was called on the Consent Calendar on Monday. I am now fully prepared to withdraw my objection and, moreover, to join in support of the bill.

Mr. HICKENLOOPER. The Senator from Tennessee has been very cooperative and very helpful, and I certainly appreciate his attitude. Under no circumstances do I want this bill to be passed with any substantial doubt in the mind of any Senator.

I digress, Mr. President, to say that, after all the legislative history I have cited, there was no room for doubt in the mind of anyone. Seldom have I seen an instance in which we have exercised such meticulous care, both in the committee and on the floor of the Senate, to fix definitely and specifically the meaning of the amendment as it proceeded through the legislative process.

I read further from the debate:

I want all Senators to be assured that good business practices have been followed by the AEC, and that the Commission has had only one thing in mind; namely, to get the best bill for the atomic energy program. They would ask for money to construct their own powerplants, if they were convinced that that course was better for the program, but they believe that the plan now proposed is better than one which would require them to furnish the capital investment. They consider that they are coming out with really an advantage. I want everyone to be satisfied of that.

Mr. ELLENDER. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield to the Senator from Louisiana.

Mr. ELLENDER. Could we not conclude that the enactment of the pending bill would be an inducement to private enterprise to furnish the electricity needed, rather than have the Congress vote for the construction of steam plants, as has been done in the past for TVA?

Mr. HICKENLOOPER. Yes, that is correct.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield to the Senator from Oregon.

Mr. MORSE. I desire to say, as I said yesterday on the floor of the Senate, that I appreciate the cooperation the Senator from Iowa has extended to me.

Mr. HICKENLOOPER. The Senator from Oregon is fully entitled to it.

Mr. MORSE. The Senator from Iowa has been very kind about this matter. I do not always get that kind of cooperation from my colleagues, but the Senator from Iowa always accords it to me.

I raised the questions I did last Monday, resulting in this bill's being brought up by motion rather than on a call of the Consent Calendar, because we now have in the RECORD a legislative history which I think is very much needed in connection with legislation of this kind.

Mr. President, as I said a moment ago, I know of no other instance in which such great care was taken to determine the meaning and to specify the meaning of an amendment.

Let me also observe that I know no instance, in my 16 years of experience in the Congress, in which the intent of Congress has been so violated and the clear meaning of a statute so misconstrued as in the instant case.

Mr. HILL. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. HILL. The Senator from Tennessee has given us the history of this particular provision. Does he find anywhere, any place—in the hearings, in the committee report, or in the CONGRESSIONAL RECORD—one iota of evidence to indicate that any contract such as the Dixon-Yates proposal would be attempted?

Mr. GORE. The answer is "No"; but the case is worse than that. It is specifically set out in instance after instance—in the committee hearings, in the committee report, in the debate on the floor of the House of Representatives, in the debate on the floor of the Senate—that the authority is limited to these specified installations. Mr. President, in the construction of a statute, it is obvious that consideration must be given to what is excluded, when specification is resorted to. So I say not only is authority to do this lacking, but in instance after instance there is a specific delegation of the authority for these three facilities.

Mr. HILL. Mr. President, will the Senator from Tennessee yield again?

Mr. GORE. I yield.

Mr. HILL. In other words, as we say, this authority is nailed down and absolutely fixed to electrical energy for those three installations, and not for any other purpose; is not that correct?

Mr. GORE. Let me reread from page 2 of the report:

> The power is to be used for the operation of the gaseous diffusion plants at the three sites specified.

On every page except the last one—I see no particular reference on it—but on 4 of its 5 pages, the report spells out and specifies the limited nature of the authority granted by the amendment.

Mr. MONRONEY. Mr. President, will the Senator from Tennessee yield again to me?

Mr. GORE. I yield.

Mr. MONRONEY. Is it not a fact that the powerful three little words, "in connection with," constitute the small thread of alleged legal logic that must be twisted and distorted in order to find even a figment by which to justify using the Atomic Energy Commission as a dummy in this TVA power deal, this making of the TVA a captive customer of the Dixon-Yates group, through using to that end the dummy corporate setup or dummy corporate authority of the Atomic Energy Commission?

Mr. GORE. I agree with the Senator. I believe I used a partially incorrect analogy earlier in the day. I compared the general counsel of the Atomic Energy Commission to myself. I think I should have turned the comparison around. After the President of the United States had issued an order, after the Chairman of the Commission had become a partisan to this deal, and the general manager was obviously working hand in glove with the interests which desired it, to ask the general counsel of the Atomic Energy Commission to give a ruling as to whether this contract was legal under the Atomic Energy Act would be about like asking my 6-year-old son if he had a good daddy, when I was standing very near by. I had said it would be like asking me if I had a good boy. I think the coercion shows up more clearly when the illustration is turned around.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. MONRONEY. The junior Senator from Tennessee is extremely well informed, and is ably expressing himself in this case. Does he not think it is a bit strange that after the General Manager of the Atomic Energy Commission, the Budget Bureau, and all concerned had apparently accepted the order, had saluted and determined to obey the command, then they cast about to find a legal way to make this contract to supply TVA commercial users in the Memphis area? As shown in the testimony before the Joint Committee on Atomic Energy, on the 16th of June, the legal opinion, which was read today on the floor of the Senate, and which is supposed to contain legal justification for the contract, was dated June 22, if I heard correctly. So the contract was put in line, the details were arranged, the Atomic Energy Commission was directed by the Budget Bureau, and the TVA was directed by the Budget Bureau, some 6 days before the legal authority seemed important enough to be put down in black and white.

Mr. GORE. Then they asked the General Counsel, after they had done this, "Can you find authority to do it?" He wrote an "iffy" opinion even then.

Mr. MONRONEY. That is correct. Apparently he relied on the three little words "in connection with." They seem to cover the universe.

Mr. GORE. Perhaps there was a telephone connection between the points.

Mr. MONRONEY. Perhaps that is what the "connection" means.

Mr. GORE. The point I have been laboring to make tonight, however, is that if the Atomic Energy Commission is so to misuse its power, or if the Commission is to be so misused, against its will in this collateral matter, then the Congress must give deliberate consideration to every word and every line in a 104-page bill.

By this bill we are asked to grant vast powers, vast discretionary authority; yet we are seeing right before our eyes a disgraceful misuse of that power.

Mr. MONRONEY. Can the junior Senator from Tennessee tell the junior Senator from Oklahoma how we can protect and assure the people of this great country that the language in any legislation we write will not be stretched and the telephone on the desk at the Atomic Energy Commission, geared to the Executive Office of the President, allowed to supersede the law, or that the law will not be used in the manner which is not consistent with its concise language and the clear and concise history of the section of the act on which reliance is placed? I can think of nothing in the English language clearer than that portion of the committee report, and the debate on the floor of the Senate which the junior Senator from Tennessee has just read, interpreting the section on which the general counsel for the Atomic Energy Commission relies for his authority. If the general counsel had read the report and the debate, I do not believe he could have found a single figment of justification for arriving at the strained conclusion which he reached, namely, that the authority now exists.

Mr. GORE. Even in finding that the authority now exists, he predicates the opinion upon a circumstance which is nonexistent.

Let me say to my able friend, the distinguished junior Senator from Oklahoma, that democracy cannot function well in an aura of doubt and suspicion. So we are faced with the misuse of power, the distortion of power, and the granting of special privilege beyond the intent of Congress. It raises doubts and suspicions which make the working of democracy difficult indeed. I say that unless there is confidence on the part of the Congress in the executive branch of the Government, the job of legislating, as the Senator pointed out in his able address, becomes minutely burdensome indeed. Also, we must resort to restrictions upon executive agencies which would hamper their efficiency.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. MONRONEY. May I conclude with one further thought?

Mr. GORE. I yield.

Mr. MONRONEY. Strained and difficult to understand, because of language stretching, as I find the alleged authority to be, even stranger is the new principle of tax absorption in connection with the Federal income tax. The opinion from the distinguished general counsel of the Atomic Energy Commission—at least, the portions I heard read by the distinguished Vice Chairman of the Joint Committee on Atomic Energy—still did not spell out in any way where that authority stems from. I wonder whether, in that process of stretching of language, we have now found a way by which Government departments can relieve persons with whom they contract of the burden of the Federal income tax. Such authority has not heretofore existed, to my knowledge, in the Defense Department or any other department of the Govern-

ment. I did not know it existed even in the Atomic Energy Commission.

Mr. GORE. I had an exchange with the able senior Senator from Iowa over the question of whether such a contract would be legal or illegal. In the opinion of the junior Senator from Tennessee it would be an illegal provision in the contract, and therefore would render the entire contract invalid. But whether it is legal or illegal is not the question. I submit that the question is whether it is right or wrong. Is it right to tax every business in the State of Oklahoma, every corporation, and even the little people who make incomes as low as $30 a week, and then reimburse Dixon-Yates $800,000 a year in taxes which it rightfully owes, under the operation of this contract?

Mr. MONRONEY. I certainly agree with the distinguished junior Senator from Tennessee that this is special treatment for one corporation out of thousands, and is certainly not in keeping with the intent of Congress. I also wonder whether any agency of Government, independent or otherwise, has the authority clearly to circumvent the right of Congress to levy taxes, a right which must remain solely in the Congress.

Mr. GORE. I think a constitutional question is raised as well as a statutory question.

Mr. MONRONEY. That is what I was thinking. I was wondering where we would finally land if runaway agencies had the right to say who is to be taxed, and who does not have to pay taxes.

Mr. GORE. If the President of the United States can pick up the telephone and call an independent agency of Government and say, "This particular corporation is my friend," or "This corporation is not my friend," or for some reason or other, say, "I want you to make a contract to reimburse this corporation for all its taxes," I say that is a deplorable precedent, if it serves for precedential purposes, because it will lead to vast and undesired consequences. If it is not followed by extension of the same privilege to other business corporations and persons, then it is preferential treatment which should not be endorsed by the Senate.

Mr. President, the question of overriding the decision of an independent agency and dictating a course of action contrary to its will has been raised. This is a most important issue in the controversy, as I see it. Despite the contentions of a majority of the Commission that the proposed contract is improvident, the Commissioners apparently feel they are compelled to proceed with negotiations in view of the fact that the President, through the Bureau of the Budget, has directed them so to do. I submit that the independence and integrity of this vital independent agency of the Government are at stake. I propose to discuss briefly the character and the status of the so-called independent agencies of our Government.

One has but to examine a chart of the organization of our Government to realize that these independent agencies have, over the years, come to occupy a most important position in the execution of the accepted functions of the Federal Government. Generally speaking, under the Constitution, Congress is charged with the responsibility of enacting laws and the Executive is charged with the execution of them. Cabinet posts have been created for the purpose of carrying out the detailed execution of the laws, under the direct supervision and subject to the will of the Chief Executive. But it was found advisable at an early date to create these independent agencies whose exact technical and legal status is somewhat difficult of specific description.

Mr. HILL. Mr. President, will the Senator from Tennessee yield for a question?

Mr. GORE. I yield.

Mr. HILL. A little while ago the Senator referred to capital investment. I wonder if he has any idea who are the financiers behind the Dixon-Yates proposal, what bank, or what group of banks, what investment bankers, are proposing to finance the proposal? Does the Senator have any idea as to that?

Mr. GORE. I do not. I had understood that when the von Tresckow group came forward to submit a proposal, it was required to detail its financial sponsors and supporters, to submit the names of its engineers, and to establish its competency. But all such questions regarding Dixon-Yates seem to have been taken for granted. I cannot answer the Senator's question.

Mr. HILL. Is it true that so far as the von Tresckow group is concerned, it not only appeared before the Joint Committee on Atomic Energy, but also before a subcommittee of the Judiciary Committee, and there gave all relevant and detailed facts as to how their proposal would be financed, who their bankers would be, who were the financiers, who were the attorneys who would pass on the question of bonds? They gave the whole story of their financial set-up. Does not the Senator think the Senate is entitled to know who is financially behind the Dixon-Yates proposal? Who are the underwriters of it; who are going to handle the bonds? Is it some big financial house in New York, or some group of investment bankers, or a single investment house? Who is behind the proposal?

Mr. GORE. Many questions can be asked, and many have been asked, but few have been answered.

Since the Senator has brought about a digression from my discussion of independent agencies and their importance, I should like to comment upon the exclusive character of the contract.

The Bureau of the Budget issued a statement in which it attempted to minimize the charge which the junior Senator from Tennessee and other Senators have made, that the proposal is not a competitive proposition; that the contract is tailor-made; that one concern and one only could meet specifications. I think that is true, despite the explanation of the Bureau of the Budget. I should be glad to supply the reasons why I consider it to be true.

The data sheet supplied by the Atomic Energy Commission to concerns desiring to submit proposals in this regard can be found on page 7004 of the CONGRESSIONAL RECORD of June 1, 1954.

I learned a few days prior to that date that the Atomic Energy Commission had prepared and furnished this data sheet to the von Tresckow group. I did not learn that through the von Tresckow group; I learned it independently. I telephoned Mr. Cook, in the Atomic Energy Commission, and asked if a data sheet and specifications for the proposal had been prepared. He said the data sheet had been prepared and was in mimeograph form. I asked him to send me a copy of it, which he did. I have it before me.

I have also before me the statement of the Bureau of the Budget, which reads, in part, as follows:

> There was ample opportunity for interested parties to come forth with proposals to supply the Government's needs.

Obviously, I could have made a proposal. The senior Senator from Alabama could have made a proposal. So there was ample opportunity for all interested parties to come forth with proposals to supply the Government's needs.

I read further:

> Prior to the transmission of the budget message—

Listen to this. Maybe this sheds a little light on the genesis of the proposal—

> Prior to the transmission of the budget message discussions had been held with private utility groups presently supplying power to the Atomic Energy Commission and with representatives of other private utilities.

Ah, Mr. President, that may give us a little clue. The first time I learned of this proposal was when I read that part of the President's budget message which made reference to relieving TVA of a part of its responsibility to AEC, but we see from the Budget Bureau that it had been discussed long before the budget message. With whom had it been discussed?

With private utility groups presently supplying power to the Atomic Energy Commission and with representatives of other private utilities.

I read further:

> Although the Government issued no formal invitations for bids for these additional power needs, the statement in the President's budget message received wide publicity in the general press and trade publications and was a matter of public record, particularly in the Tennessee Valley area.
>
> The question that bidding was restricted is entirely without foundation.

I wish to point out that that which is now proposed, as the senior Senator from Alabama knows, is not that which was contained in the President's budget message. The Dixon-Yates contract is something else.

Coming back to the sentence in the statement of the Budget Director, I read:

> There was ample opportunity for interested parties to come forth with proposals to supply the Government's needs.

The question is not whether there was ample opportunity for them to come forth with proposals. The question is whether they could come forth on an equal competitive basis. To that question, the answer is: "No." The data sheet and specifications are all that are

needed to prove that. Let me read from page 7416 of the RECORD of June 1, 1954. We find that the data sheet, in paragraph 2 (f), calls for—

> Delivery to TVA for the account of AEC at points near or at Memphis, Tenn., for use in the Memphis area by TVA as a replacement of energy being delivered by TVA to the Paducah gaseous diffusion plant.

So it is to be delivered at Memphis. Whoever comes forth with a proposal to meet the Government's needs must come forth with a proposal to supply power at Memphis, for use at Memphis, or in the Memphis area.

What other qualifications must the bidder have, or must be submitted? We find this requirement:

> 2. (d) Dependable backup to permit year-round operation at 600,000 kilowatts to provide for a shutdown for normal maintenance operations.

Who has that backup?

Mr. HILL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HILL. As the power business is a monopoly business, only one concern could have that backup, and that would be the concern operating in that particular territory. Is not that true?

Mr. GORE. Of course it is true. So, in the light of that qualification, let me read this statement of the Director of the Bureau of the Budget, a statement which is noteworthy subterfuge:

> There was ample opportunity for interested parties to come forth with proposals to supply the Government's needs.

Ample opportunity. Everybody come. Come on, boys, and submit your proposals.

But what did they have to have? What did they have to bring with them? Not merely a proposal. They had to bring with them the capacity to back up 600,000 kilowatts of electricity for the Memphis area. Who could qualify? One, and only one.

Mr. President, this deal is tailormade for one concern, and one concern only. I referred to this data sheet on the floor of the Senate on April 22, and I stated then that if the deal were consummated on this basis, it would be an exclusive contract, tailormade for one concern, and one concern only.

I warned the administration then that if it went through with this deal it would be an oft-told story. It is being told a few times now. If the administration persists in its action, I shall personally be responsible for telling the story in every State of the Union, in all its gory details.

Let me specify another provision. This is section 2 (e):

> Excess generating capacity may be used by supplier for sale to others or for own use when not needed by AEC provided reasonable credit accrues to AEC.

Who has the capacity for using energy in that area? I could come forward with a proposal, but how could I use the excess power? I have no franchise to sell power in the State of Arkansas or in the State of Mississippi. Who has it? Only the combines operating in that area.

Oh, yes, the Director of the Budget says to the American people, in a deliberate attempt to mislead them, in a deliberate attempt to cover up this deal, that there was ample opportunity for interested parties to come forth with proposals to supply the Government's needs; but the Government required them to come forth with that which was possessed by one outfit, and one alone.

I repeat: This statement is unworthy of a man holding the high position of Director of the Bureau of the Budget of the United States of America.

It is exclusive and tailormade for one, and one only.

I never took the trouble to examine in detail the proposals of the Von Tresckow group. I said from the beginning that neither that group nor any other group could successfully compete, according to these specifications. They did not have the requirements. Only one concern had them. Whom was this deal discussed with? The answer to that question may shed some light on why this is exclusive, and why it is tailormade. It may reveal the genesis of the proposition.

Many Members have inquired on the floor of the Senate, and a number of Senators have inquired of me personally and privately, where this deal came from. Let me read:

> Prior to the transmission of the budget message, discussion had been held with the private utility groups presently supplying power to the Atomic Energy Commission, and with representatives of other private utilities.

Did they discuss it with all those who were free to come forth with proposals? Who drafted this data sheet? Who drew up these specifications? I suppose the group who were in the discussion.

Mr. HILL. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. HILL. Does not the Senator believe that if we could ascertain who is to finance this proposal, who the underwriters are, who the financers are, what banks are behind it, what investment house or houses are behind it, that might throw light upon the genesis of the proposal?

Mr. GORE. I think that would shed much light, but not all the light. I think it will be necessary to start with a certain bank in New York City, and then go to a certain power lobbyist's office. Then we shall have to move to the Budget Bureau.

There are a number of places which might furnish us some interesting information; and if after next November there is a turnover in the control of this body, which the junior Senator from Tennessee anticipates, I shall submit for the consideration of the Senate an inquiry into the genesis of the proposal and of those who are involved in it.

Mr. HILL. Mr. President, will the Senator yield?

Mr. GORE. I yield to the Senator from Alabama.

Mr. HILL. The Senator does not think that the office of that power lobby would be far from the Capitol, does he?

Mr. GORE. Oh, I think representatives of the power lobby have been infesting the Capital for quite a while.

(At this point Mr. GORE yielded to Mr. SALTONSTALL to present a conference report, which appears elsewhere in the RECORD under the appropriate headline.)

Mr. GORE. Mr. President, a few moments ago I started to discuss the implication of the overriding of the judgment of an independent agency. Under the Constitution, the Congress is charged with the responsibility of enacting the laws, and the Executive with their execution. Cabinet posts have been created for the purpose of carrying out the detailed execution of the law, under the direct supervision of and subject to the will of the Chief Executive. But it was found advisable at an early date to create independent agencies, whose exact technical and legal status is somewhat difficult of specific definition.

They are generally of two types. We have what may be classified as our regulatory commissions, which perform quasi-judicial functions. Included in this category are such agencies as the Federal Communications Commission, Securities and Exchange Commission, Federal Trade Commission, and the Interstate Commerce Commission.

A second type of independent agency includes those that are specifically created by the Congress for the administration of a specific Government program, in accordance with the directives set forth by the Congress in the act creating each of the individual agencies. In this category we find such important agencies as the Veterans' Administration, the Tennessee Valley Authority, the Atomic Energy Commission, the Housing and Home Finance Agency, and the Small Business Administration.

It is interesting to note that none of these independent agencies are made specifically subordinate to any of the Executive departments of the Government which are headed by a Cabinet officer.

I do not say that these independent agencies are completely independent of supervision by the Executive. It is true, however, that the degree of detailed supervision by the Executive varies as among the individual agencies. Their directors, or the members of the Executive Board or Commission, as the case may be, are appointed by the President, with the advice and consent of the Senate.

The courts have generally held that in seeking to ascertain the extent of the Executive's authority to direct the activities of a particular agency, resort must be had to the specific terms of the act creating the agency, and especially to those provisions of the act which deal with the authority of the President to remove the principal officials charged with administration of the agency's functions.

Under this criterion, it is perhaps appropriate to examine the provisions of the Atomic Energy Act of 1946 with specific emphasis on those provisions dealing with the appointment of members of the Commission and the authority of the President to remove them.

The Atomic Energy Act of 1946 provides for the appointment of the members of the Atomic Energy Commission by the President, with the advice and consent of the Senate. But the members do not serve merely at the will of the Executive. Their tenure is fixed by law. The act specifically provides that the President can remove a member of the Commission only for "inefficiency, neglect of duty or malfeasance of office."

The act does provide that the President shall direct the Commission with respect to certain of its activities. Largely, these provisions deal with the military aspects of the atomic energy program. The law instructs the President to direct the Commission to deliver atomic weapons to the Armed Forces to the extent and for such uses as he deems necessary for national security. But I find no provision in the act, Mr. President, which authorizes the President to substitute his judgment for that of the Commission in a matter involving the administrative management of the agency; nor do I find any provision in the act which authorizes the President to direct the Commission to engage in transactions which are foreign to the atomic energy program, or to use the authority conferred on the Commission as a vehicle for the accomplishment of some so-called desirable objective.

Mr. MONRONEY. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield.

Mr. MONRONEY. I appreciate especially the point the junior Senator from Tennessee is making, in that the act is specific in stating that in case of disagreement within the Atomic Energy Commission or between the Commission and the military advisory group dealing with atomic weapons, an appeal can be taken to the President, to obtain his advice.

Under the rule of law which I have often heard stated in both Houses of Congress, in spelling out this specific power is it not clearly indicated that it is the only power in this field which Congress had in mind giving the President, in respect to obtaining his advice and consent?

Mr. GORE. Yes, for the general rule of construction, as I understand it, is that by enumerating certain powers, all others are excluded.

Mr. MONRONEY. Exactly. Therefore, if Congress had intended that, in addition to the power to settle disagreements between members of the Commission or between the Commission and the military, the President, or his Bureau of the Budget, acting for him, could direct the Atomic Energy Commission in regard to such extraneous matters as the purchase of power, as a broker for a private utility company, in the interest of TVA, would not the act then have specified that the President was to advise the Atomic Energy Commission on matters affecting the procurement of electricity or that the President would have the right to advise the Commission that it could acquire electricity for other agencies of the Government, if the President so advised?

Mr. GORE. I believe the answer must be in the affirmative.

Mr. MONRONEY. So, under the old rule of exclusion, by specifically referring to the President's right in that case, as a matter of law the act indicates that Congress did not expect the President to have other rights in connection with interfering with this independent agency; is not that correct?

Mr. GORE. Yes. The junior Senator from Oklahoma made a very eloquent speech on this point, last week. It is not within my capacity to discuss this question as ably as he did. However, I assure him that my feeling about it is just as strong as his.

Mr. MONRONEY. Let me say to my distinguished friend that, bad as this contract may be, and even with all the favoritism it may involve, and dangerous as is the precedent it might set in the matter of absorption of Federal income taxes, the principle of destruction of the independence of independent Government agencies, as exemplified by this ill-conceived and ill-advised contract, seems to me to be paramount in connection with this issue. In other words, if the Atomic Energy Commission can be directed for these purposes, although the act contains language delimiting its powers in almost every way, then, once violation of the independent status of the Atomic Energy Commission has been established by this precedent, any President in the future may wilfully direct or order the Atomic Energy Commission to do this or to do that. Thus, instead of having an independent Commission, which Congress provided for, and instead of having the outstanding advice, consideration, and judgment of Commissioners of experience in atomic-energy matters, we may have employees of the Bureau of the Budget, with little or no experience in this important field, assuming to direct the Atomic Energy Commission to do things which a majority of the Commission would not like to have done.

Mr. GORE. I remember the debate on the passage of the original Atomic Energy Act. Congress realized that a very great responsibility was being placed upon the Commission. For that reason, Congress created an independent Commission. Congress did not choose to place this vast responsibility in the hands of one man. The debate included many suggestions, including one from the Director for a commission of larger membership. Finally, it was concluded that a commission of five would be established.

I remember that during the debate it was suggested that 1 member might come from the industrial field; 1 from the scientific field; another member might have a very different background or interest—with the result that, in the overall view, the Commission would be better safeguarded by having a membership of 5 rather than to have only 1 person in charge.

On the other hand, if the Commission can be overruled, if the majority decisions of the Commission are to be rendered meaningless, will not the very purpose of the act have been defeated?

Mr. MONRONEY. It certainly would seem to me to be true that it has been defeated, and that this measure will restore one-man rule in a manner which is indirect and is unreachable by Congress itself—under the pattern for which the contract establishes a precedent.

Let me say I have read the history of the act. Congress expected the Commission to be independent and to use its power to grant licenses and to develop the new atomic-energy age. The history of the act does not lead me to believe that Congress meant to have the Atomic Energy Commission be a captive agency. From reading the very carefully prepared provisions of the original act and also from reading the various provisions of the pending bill, and in view of the fact that the Joint Committee on Atomic Energy is given the power to command the services of any agency of the Government, including the FBI, in doing the work with which the joint committee is charged—and it is charged to do that, not by the Senate's rules or by the rules of the House of Representatives, but by statutory law—in determining whether the provisions of the act are being faithfully carried out by the Atomic Energy Commission, it seems to me to be obvious that Congress intended the Commission to be entirely independent, and not to be a captive agency in any way, shape, or form.

Mr. GORE. Furthermore, the powers conferred upon the joint committee are only in connection with the atomic-energy program.

Mr. MONRONEY. That is correct.

However, if the Commission is to leave its moorings and is to engage in acts of largess to other Government agencies—regardless of whether they wish such treatment—or if the Commission can proceed on a contractual basis, using for authority, in that connection, the famous three little words "in connection with," then the power of the Congress or the power of the joint committee to delimit the activities of the Commission will no longer exist.

In my opinion, the important point is that the Atomic Energy Commission is either an independent commission, per se, or it is a part of the President's official family. If it had been intended to make it a part of the regular executive establishment, I think it would have been placed under a Cabinet officer. It would have been made a subsidiary of a previously existing Government department. If it were not intended to be independent, but were intended to be subservient to the executive department, and incorporated as a branch under some Cabinet office, would it not be very strange for the Congress to surround its activities and the activities of the executive with the unusual powers of the Joint Committee on Atomic Energy, as described last week by the distinguished vice chairman of the Joint Committee on Atomic Energy?

In other words, a Government agency cannot be both fish and fowl. If it is an independent agency, the inspection, investigation, and surveillance of an independent agency is quite in line with the theory of an independent agency acting largely as an arm of the Congress. Certainly we are not writing into our relations with the normal branches of Government, under Cabinet positions,

the same kind of surveillance we exercise with respect to the Atomic Energy Commission under the Atomic Energy Act.

Mr. GORE. I believe that Congress can be presumed to have intended to do what it did. We did not vest in the Department of Commerce authority and management functions with respect to the atomic-energy program. The Congress created by law an Atomic Energy Commission, and vested in that Commission management functions, the determination of policy, and responsibility for the execution of the law and the administration of the program, with certain specific responsibilities delegated to the President. I have previously made reference to them.

Now, however, we find that the law is being disregarded, and that the integrity and independence of this most vital agency in the free world are being subverted. As I have said—and I say again—that is the most important issue involved in this unfortunate directive to the Commission to negotiate the Dixon-Yates contract.

Mr. MONRONEY. Mr. President, will the Senator further yield?

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Does the Senator from Tennessee yield to the Senator from Oklahoma?

Mr. GORE. I yield.

Mr. MONRONEY. I quite agree with the distinguished Senator that anything which would raise suspicion, doubt, and fear on the part of the public that this agency was not following the clearly defined channel of legislative authority would tend to weaken America in the atomic-energy race. It would tend to create doubt as to the wisdom of the activities of the Atomic Energy Commission, and of all the other agencies of the Government. Because of its super-secret nature, which is necessary in order that it may operate in such a manner as to conceal from prying eyes our innermost atomic secrets, when there is doubt as to whether the law is being followed to the letter, page, chapter, and verse, or whether the authority is being exercised with scrupulous care, we are saddling the Atomic Energy Commission, in the world race for atomic supremacy, with added burdens which will far outweigh any value in a direction given to it by the Budget Bureau or the President, in an indirect and roundabout effort to invade the territory of the TVA. I think the invasion of the TVA area, important though it be, is one of the very minor aspects of this whole question. I agree that such a directive sacrifices the concept of an independent agency. The doubt and suspicion which must run against the Atomic Energy Commission as a result of the law stretching in connection with this bill are of far greater importance than the contract itself or the invasion of the TVA territory.

Mr. GORE. First, the impediment to the progress of the atomic-energy program, to which the distinguished Senator made reference, is indeed important.

The Commissioners have testified that the proposed contract would not be helpful to the Atomic Energy Commission, but rather that the making of the contract and the administration of the contract for the next 25 years would be an impediment. In view of the vast importance of the atomic-energy program, both for national defense and for civilian use, does the Senator think the United States Congress should approve the dumping of this contract upon the Commission against its will, thereby impeding the development of the program?

The Commission, after due deliberation, concluded that the Dixon-Yates proposal was completely foreign to the mission and responsibility of the Commission, and that it was of doubtful legality and contrary to the public interest. In effect, the Commission has been overruled, as I have said, by a letter signed by the Director of the Bureau of the Budget directing it, at the instigation of the President, to proceed with negotiations notwithstanding reservations by its members as to the propriety and legality of the transaction.

There are those who contend that the President has every right—and indeed the duty—to overrule the members of the Atomic Energy Commission when he differs with their views. On Friday of last week the junior Senator from Arkansas [Mr. FULBRIGHT] referred to what he considered a parallel situation, in which it is alleged that the President did, in fact, exercise such authority, without question from the Congress. He referred to the instance in which the President of the United States directed the Commission to proceed with the development of the hydrogen bomb despite certain reservations about the wisdom of the project on the part of some individual members of the Commission. The RECORD conclusively shows, however, that the President did not overrule the Commission in this matter, and did not instruct the Commission against its will. I read from page 790 of the hearings:

Representative HOLIFIELD. I will also suggest an occasion in the determination of whether the H-bomb program should be pursued when the Commission voted 3 to 2 against pursuing it, and the President made the decision that you might go ahead and make it—that you should go ahead and make it; is that true?

Dr. SMYTH. May I correct that, Mr. HOLIFIELD?

Representative HOLIFIELD. Yes, please do.

Dr. SMYTH. The Commission never voted 3 to 2. The Commission voted unanimously that this decision should be made by the President; that it involved so many different facets of the Government and was of such far-ranging importance that the Commission voted unanimously to send a paper to the President which suggested the various facets of the problem.

There were appended to that paper suggestions from the various Commissioners as to what might be the appropriate answer to this general question, but the Commission always recognized that the President should make the decision as to whether or not the H-bomb work should go forward.

I submit, Mr. President, that even though the President did, upon reference by members of the Commission, direct the Commission to pursue a certain course of action in this instance, it should be kept in mind that in so doing he was directing it to engage in a program of vital importance to our national security and which involves the military aspects of the atomic energy program, in which the President is instructed to direct the Commission by the Atomic Energy Act.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. LEHMAN. The reference to the President of this very important issue, the hydrogen bomb, by the Atomic Energy Commission was made, as I understand, on the initiative of the Atomic Energy Commission, and was a voluntary action, not in any way a decision which was imposed upon them against their will by the President of the United States.

Mr. GORE. That is true, with this additional important fact, namely, that it was in a field in which the act specifically delegates authority to the President of the United States.

Mr. LEHMAN. Because it is a weapon.

Mr. GORE. That is correct.

Mr. LEHMAN. As I understand—and I wish the Senator would correct me if I am not correct in my understanding—the law has given the President the right to make decisions with regard to weapons which are constructed or planned by the Atomic Energy Commission.

Mr. GORE. The law confers upon the President powers to direct the Commission in certain phases regarding the military features of the atomic energy program.

Mr. LEHMAN. That is specifically set forth in the statute.

Mr. GORE. That is correct. According to the rule of interpretation, the specified parts have the effect of excluding the parts not specified.

Mr. LEHMAN. I thank the Senator.

Mr. GORE. I appreciate the contribution made by the able Senator from New York.

That is a far different situation from that in which we find the President of the United States directing the members of the Commission to enter into a contract for the purchase of electric power, not for its own use, but for the use of some other agency of the United States Government, for an entirely different purpose.

If such a condition is allowed to go unchallenged by Congress, and if such an act remains unchallenged, then grave consequences may result. If the decision of an independent agency can be overruled on a question involving details of the management of a program which it has been directed to promote and empowered and made responsible to promote, as in this instance, it may be argued that the Executive has the same authority with respect to all the other agencies of Government. If Congress should have allowed this to go unchallenged—and of course it is being challenged on the floor of the Senate—we may be sure that other independent agencies would have been aware of the failure of Congress to defend and to protect against this invasion of the autonomy and integrity and independence of the Atomic Energy Commission.

I do not believe that anyone would seriously contend that the decisions of one of our regulatory agencies could or should be superseded by a telephone call from a member of the White House staff. I hope no such assertion will ever be made. However, unless this be challenged, then it might well be made. If the pending bill is enacted, the Atomic Energy Commission will itself take on many of the aspects of our regulatory commissions, such as the FPC. It will sit in judgment on applications for licenses and, in general, will be charged with supervision of the development by private enterprise of the atomic energy potential.

I say, Mr. President, that this Commission is vital, not only to our national security, but that it will play an increasingly important role in the development of an atomic economy. The Congress has a responsibility to make it clear beyond all doubt that in exercising their judgment on matters placed before them, the members of this Commission shall be free and independent so that they may reach their decisions on the basis of the facts as they may be developed.

I must insist, then, that section 164 is not sufficiently broad to authorize the execution of the proposed contract; nor is it sufficiently broad to give to the President the power to order the Commission, contrary to its will, to enter into a contract unrelated to its program, of doubtful illegality, and improvident in character.

If such power is asserted, then the Congress must meet that challenge.

During the course of this debate a number of things have been pointed out. Many more will need to be discussed.

Among other things, it has been pointed out that under this contract the Government would undertake to reimburse the contractor for all taxes incurred—State, local, and Federal—including income tax assessed on the profits of the contractor. Such a provision cannot be justified in any contract, whether it involves the generation of electricity or any other subject. Such a principle, if established, would be clearly contrary to the basic premise of private enterprise, which has been so vigorously defended on the floor of the Senate. Thirdly, those of us who oppose this proposal have insisted that the Atomic Energy Commission lacks statutory authority under the provisions of the Atomic Energy Act of 1946, as carried forward in section 164 of the pending bill, to execute the contract in question.

With introduction of the issue of legality of the contract, the debate has now taken a somewhat surprising turn. Subsection 12 (d) of the Atomic Energy Act of 1946 was added to the act during the first session of this Congress for the specific purpose of authorizing the Atomic Energy Commission to execute three contracts for the procurement of electric power to be used in its facilities at Oak Ridge, Tenn., Paducah, Ky., and Portsmouth, Ohio.

I have referred to the legislative history of this provision, and I have shown that the legislative intent was clear, namely, to limit the authority granted to the three specified plants.

Now the senior Senator from Michigan [Mr. FERGUSON] has offered an amendment, and with the offering of that amendment the question of legality, in the opinion of the junior Senator from Tennessee, has taken on a new meaning, and has taken a surprising turn. It appeared clear to me, as I have stated today, and to many of my colleagues, that this provision of the law could not reasonably be interpreted as authorizing the execution of the proposed contract without doing violence to the intent of Congress as reflected by the legislative history of the act, to which I have referred in detail.

On the other hand, proponents of the Dixon-Yates contract insisted vigorously that existing legislation provided ample statutory authority for the execution of the contract In so doing, they have argued that the power to be produced from the Dixon-Yates plant would be in connection with the operation of AEC's installation at Paducah, Ky., and perhaps at Oak Ridge, Tenn. Such a position was clearly untenable in the light of the record established during the hearings before the Joint Committee on Atomic Energy and during the debate on the floor of the Senate. Stripped of all camouflage, such a contention is reduced to nothing more than an assertion that procurement of power for use by TVA amounts to one and the same thing, as the procurement of power for use by AEC.

I am constrained to believe, Mr. President, that some of our colleagues who initially held a contrary view, are now convinced of the force and logic of our arguments and have recognized the inescapable fact that section 164 of the pending bill, in the form in which it was reported by the committee, is insufficient for the purposes for which the administration sought to use it—insufficient, in other words, to give legal authority to the contract.

On July 16, the senior Senator from Michigan introduced an amendment which has been made the pending business before the Senate. The Ferguson amendment clearly can have no purpose other than to provide statutory authority for the action which the administration has already directed. I do not concede that enactment of the Ferguson amendment would fully authorize consummation of the Dixon-Yates proposal which purports to authorize AEC to enter into contracts for something called "replacement power." I am not sure I understand just what that is. Certainly, the phrase is ambiguous, and I presume that the proponents of the amendment will clarify it during the course of the debate.

Nevertheless, I think it a valid assumption that the amendment has, for its purpose, a statutory authorization for the execution of the contract. In view of this fact, the Senate might well, in my opinion, pause to consider the implications of its introduction.

As I have previously indicated, the introduction of the Ferguson amendment constitutes an admission on the part of those sponsoring it that reenactment of section 164, in its present form, would fall short of the required authorization. I think it reasonable to presume that the decision to introduce such an amendment was made pursuant to discussion by the majority policy committee, though, of course, I have no direct knowledge of any position formally taken by that group or by the Senators who participated in any discussion which may have taken place.

Mr. MONRONEY. Mr. President, will the Senator from Tennesse yield?

Mr. GORE. I yield.

Mr. MONRONEY. Is the amendment to which the Senator has referred the one which is numbered 7–16–54–E?

Mr. GORE. I believe that is correct.

Mr. MONRONEY. It reads as follows:

On page 80, after the period in line 9, insert the following:

"The authority of the Commission under this section to enter into new contracts or modify or confirm existing contracts to provide for electric utility services includes, in case such electric utility services are to be furnished to the Commission by the Tennessee Valley Authority, authority to contract with any person to furnish electric utility services to the Tennessee Valley Authority in replacement thereof."

Mr. GORE. That is correct.

Mr. MONRONEY. Would not this amendment, which proposes to legalize the Dixon-Yates contract, apply, then, entirely around the perimeter of the Tennessee Valley area? The exclusive and lucrative contract and the precedent proposed to be set for the West Memphis bonanza would allow a complete group of little bonanzas completely to surround the TVA, because anyone who supplies electric ultility services to the TVA could receive this replacement advantage with no taxes? So it is entirely a new concept.

I grant it would give legal authority, but it seems to me to be as wide open as all outdoors. Can the Senator give me any idea of how much replacement authority this amendment, if agreed to, would open up? We are talking about 600,000 kilowatts which will cost $107 million on a 5-percent capital investment. Is it capable of being expanded? Can the Senator give us any idea of what the Ferguson amendment will do in the way of helping promoters of other companies? Surely, they are not going to lock the door and throw away the key on such an investment opportunity as this. Others will want to get in on the operation as well.

Mr. GORE. Others already plan to get in on the operation. In fact, as I have previously stated, this is the first move to dismember the TVA service area and to destroy it as an integrated operating utility.

The Senator inquires as to what extent the Ferguson amendment would authorize the Atomic Energy Commission to get into the power business. The TVA is now furnishing to the Atomic Energy Commission approximately 3 million kilowatts of electricity. The proposed Dixon-Yates contract is for 600,000 kilowatts. So the Senator will see that he was slightly in error in referring to the possibility of a few more small bonanzas. They could make four more such Dixon-Yates contracts. Incidentally, one concern has already selected its site. It proposes to move into East Tennessee and build a plant on the Holston

River, near Kingsport, to partake of another contract with the Atomic Energy Commission. If this example is followed—and the amendment of the senior Senator from Michigan would authorize it and approve it—then the TVA could be invaded with a plant the size of the Dixon-Yates plant from five different directions.

Mr. MONRONEY. While I respect the TVA and feel that its operation has been a great success and has served our defense needs well, I am not as conscious of the vast importance of the TVA maintaining its territorial integrity as are the good citizens of Tennessee. Of necessity I must approach it, as I know the distinguished junior Senator from Tennessee, who is so familiar with the entire operation of TVA, approaches it, not only from the standpoint of the danger of disintegration of the operation, but also the grave danger to the body politic, to the taxpayers. If the pending bill is bad, then, if I correctly understand the junior Senator from Tennessee, the energy replacement might run as high as 3 million kilowatts, if the plan should be developed as full blossom, and instead of having an annual loss of some $3,600,000, with four other such projects it could pyramid the losses to $12 million or $15 million a year.

Mr. GORE. Yes; and if there is tax reimbursement of $800,000 a year for Dixon-Yates, there could be tax reimbursement or tax immunity, if the 5 plants are included, which would be so great that we would have to borrow the money to give them tax reimbursement.

Mr. MONRONEY. I appreciate having the Senator's views on that point. I wonder if the Senator can tell me about the tax privileges of the companies which have contracted with the Atomic Energy Commission and have done such a spectacular job in developing the atomic energy idea from the very beginning—companies which took hold of it when it was merely in a nebulous stage in the brains of scientists and developed the atomic bomb to the proportions to which it has been developed and improved, and the hydrogen bomb, and the gaseous diffusions which have been referred to. Have these companies which have done such a spectacular job in nurturing and developing this energy until we are thinking about applying it to civilian uses, had a tax exemption on their contracts with the Atomic Energy Commission?

Mr. GORE. I know of no one—no corporation, business, or person—with sufficient income to meet the tax schedules, thereby incurring liability, who is given tax immunity. This is an innovation.

Mr. MONRONEY. So no tax privileges were given to the corporations which have served so well in this field, and have taken certain risks in building up personnel and operating organizations, have achieved some gains through technical know-how, which I am sure will serve them well in the years to come. But, after all, they were dealing in prime defense projects, and were working on one thing, and one thing alone. On the other hand, this contract provides for an extraordinary tax concession, plus a guaranty in case of cancellation. Incidentally, do the companies operating the atomic-energy plants have guaranties in case of cancellation? I do not mean the utility companies which supply the power; I am speaking about the big corporations, which have operated the plants for the Atomic Energy Commission.

Mr. GORE. I am not acquainted with the details of the cancellation provisions of the contract. I think it is reasonable to presume, though, that they have safeguarded their interests with proper provisions in the contracts.

Mr. MONRONEY. They perhaps did, but I rather doubt that the cancellation privileges are so lucrative as they are in this case, which makes me wonder how liberal we can become with the taxpayers' money in underwriting a 9-percent return on a 5-percent capital stock investment, together with guaranteed cancellation rights, and the like.

I can see more hazard in the investment of time and energy in the manufacture of atomic energy by the private contractors who have gone into the business, in fact, I can see more hazard in loss of investment to tank manufacturers or aircraft manufacturers, than I can see danger of loss to the Dixon-Yates group.

After all, electrical energy is like sugar in a grocery store. There is always a demand for it. Particularly, it is being used more and more in the Memphis area. The industrial load there is growing; the commercial load is growing. Yet, despite all the benefits which will be bound to accrue from a generating plant going into that area, one would think that this was something useful for only a specific, narrow field of our defense. If there is a power shortage in the area, the Dixon-Yates group actually will take very little loss, because they will receive so much in the way of tax absorption and protection against Federal income tax, and also the big cancellation fee which is provided.

Mr. GORE. Does the Senator know of any instance in which there is less risk involved than in a contract such as this?

Mr. MONRONEY. I cannot figure it out, because the power can be carried in any direction. It can be carried north, south, east, and west, to markets in the West Memphis area. If the company wants to install a 600,000-kilowatt power generator, I think it should have the right to do so. I would not be critical even if they wanted to write it off in 5 years, as is done by defense plants or aircraft plants, and others. But I do not believe the Atomic Energy Commission would be their sole customer. In fact, the Atomic Energy Commission would not be a customer at all; it would be only a dummy. The customer would be the TVA, which is a captive customer in this matter.

If we are going to say to the Dixon-Yates group, "You can get all this for building such a commonplace facility as a 600,000-kilowatt generating plant," are we going to say "No" to those who are really doing something unusual, exceptional, of a limited, narrow range in our defense activities?

Mr. GORE. I wanted to show the Senator from Oklahoma how the Budget Bureau meets itself coming back. In its statement to the press, on page 1, it refers to the possible difficulty of marketing surplus power in the Memphis area; but on another page it says that the load is growing, and there will be no difficulty in marketing surplus power in that area.

Mr. MONRONEY. I am glad the Senator from Tennessee has mentioned that, because it seemed incongruous to me that in one place in the letter of the Budget Bureau it spoke about the inadvisability of putting up more generating plants around the Paducah area. I can readily see that too much capacity might be built there. But the people who put up the plant there did not get tax exemptions, or benefits of that kind, as they undertook to oversupply that particular area.

Then when the Dixon-Yates group are allowed to select their own area and build their own plant, which would have the greatest possible utilization in the future for their own needs to supply power to their own companies, the Arkansas Power & Light Co. and associated companies, which have rapidly growing loads, and which wire up to the REA's, and other facilities, the group can pick an economy-sized package—economy sized to the Dixon-Yates people—and locate their plant where I think they want it.

Can the Senator from Tennessee tell me: Did the Atomic Energy Commission locate the plant at West Memphis? Is there any strategic reason of national defense why someone should have put the pin in the West Memphis area and have said, "This bit of made land"—which is washed over by the floods of the Mississippi—"is the best place for our defense needs," and for strategic reasons the plant should be located here?

Mr. GORE. I should be glad to read the statement of Mr. Nichols, General Manager of the Atomic Energy Commission, in this regard, which appears on page 971 of the hearings.

In regard to the President's message at the time we were then considering actually building a plant.

The Atomic Energy Commission actually was considering building a plant at Paducah.

In other words, we were dealing with EEI, and Mr. McAfee, and the suggestion at that time was that a plant be built right at or near the site of the Paducah plant.

The EEI is Electric Energy, Inc., the combine which built the plant at Paducah.

In that case it would have been releasing TVA from a commitment.

Subsequent study from an engineering point of view, and cost point of view, indicated that the best deal for the Government would be to locate the plant in a sound engineering area.

Exactly why it would cost less to build a plant on the alluvial soil in West Memphis than to build a plant at Paducah, I do not know. From what engineering point of view he was discussing or considering, I do not know. It could have been from the standpoint of value costs. It could not have been from the stand-

point of the site where the Atomic Energy Commission needed power. The Atomic Energy Commission has no plant at Memphis. It could not have been because there were engineering advantages—physical engineering advantages—at West Memphis which were not present at the Paducah site. I think we will have to go further to find the reasons. In other words, we would take the engineering solution which was in the best interests of the Government. What was the engineering problem he was discussing? I do not believe he was talking about an engineering problem, as I understand engineering.

The power combine wanted to get a corner on the Memphis service area. Why did they want to lay claim to the Memphis service area if the TVA service area is to be dismembered? Because, as the Senator knows, the most profitable power market is the concentrated power market. Memphis is a very large city. It is a very prosperous city, and a very fast-growing one. There was a very profitable, prosperous service area, and they wanted to lay claim to it. Then the growth in the TVA service area is enormous. The growing demand for electricity in the TVA service area has now reached approximately 750,000 kilowatts a year, 150,000 more a year than the plant under discussion would provide.

The Budget Bureau has stated it would be very bad for the TVA to build the plant near Memphis, because the TVA may have a surplus of power which it will not be able to market; therefore, it would be a dangerous investment for the Government. But, on another page, the Budget Bureau states that the reason for locating the Dixon-Yates plant near Memphis is that there is a growing demand for electric power in that area, that it will be an easy market, and there will be no danger of having surplus power.

What does the Senator think of that kind of reasoning? The Bureau of the Budget has been guilty of gross subterfuge and reprehensible attempts to mislead the American people in order to cloak this disgraceful deal with respectability. It is unworthy of the Bureau of the Budget.

I desire now to call to the attention of the senior Senator from Alabama a provision in the proposed contract to which I do not believe attention has been directed thus far in the debate. I refer to the testimony of General Nichols, and also to the provision in the directive by which it is made possible, if the proposal goes through, to dump the surplus power onto the TVA at higher rates still. Is the able Senator from Alabama aware of that? Let me read to him from page 949 of the testimony of General Nichols:

> Any capacity not absorbed by the sponsors after the 3-year notice period may be assigned by the Government to another governmental agency at a price to be approved by the Federal Power Commission.

Does not the able Senator see the implications of that? This contract, improvident as it is, may not by any means be a ceiling on what this outfit may get. Suppose the Atomic Energy Commission does conclude it does not need this power—as in fact it does not need it—and thereby the contract between the private outfit and the AEC is terminated. Then—and listen to this—

> Any capacity not absorbed by the sponsors—

That is, if there was power they did not want, power they could not sell within their own service area, what do they do with it?—

> may be assigned by the Government to another governmental agency—

Now, what other governmental agency is there to take electric power? The TVA—

> at a price to be approved by the Federal Power Commission.

And if this precedent for the action of the President of the United States stands, who will be used as an agent of the power trust in this instance? The Federal Power Commission, by giving to it the power to fix a different rate than that which was charged by the TVA. Does the Senator from Alabama see the implications there?

Mr. HILL. And at this time no one could know what the cost to the TVA might be.

Mr. GORE. That is punctuated by the fact that General Nichols testified, as appears on the same page, that this outfit has already said that they did not want to sell to TVA at the rates for which they propose to sell to AEC. So we are put on notice. I do not believe that particular point has been brought out in the debate before.

Mr. HILL. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield to the Senator from Alabama.

Mr. HILL. I am quite certain that this is the first time that provision in the contract has been analyzed and explored on the floor of the Senate.

Mr. GORE. I acknowledge it would be a devious procedure for the Atomic Energy Commission to make the contract which it is directed to make, for power which it does not need, and then sometime later—3 years, 1 year, or whatever number of years later—decide to cancel the contract because it no longer needed the power. It did not need it in the first place. I concede it would be a devious procedure to cancel the contract and then have the power assigned to the TVA at a rate fixed by some other agency. But I submit to the senior Senator from Alabama that this whole transaction is devious. That would be no more devious than the genesis and the consummation of the proposed contract.

(At this point Mr. GORE yielded to Mr. KUCHEL, who addressed the Senate on the subject of the Colorado River storage project. On request of Mr. KUCHEL, and by unanimous consent, his remarks were ordered to be printed in the RECORD following Mr. GORE's speech, where they appear under the appropriate heading.)

Mr. GORE. At any rate, it now becomes obvious, in the light of the offering of the Ferguson amendment, that in the absence of affirmative action by the Congress, the authority to proceed further with the Dixon-Yates contract will be even more doubtful. Indeed, I think it is clear that the proposal would be illegal. In other words, unless the Ferguson amendment is adopted, and unless the pending bill, modified to include the Ferguson amendment, is finally passed by the Congress, I do not believe there can be such a contract with the Dixon-Yates group.

Heretofore during the debate we have sought to convince our colleagues that the course of action advocated by the administration lacked congressional authorization. The admissions incident to the offering of the Ferguson amendment have operated to shift the burden of proof and the burden of action. On the proponents of this contract now rests the responsibility of demonstrating affirmatively to the Congress that the proposal is in the best interests of the United States, and that authority for the execution of this contract is essential to enable the Atomic Energy Commission to discharge the heavy responsibilities placed upon it by the pending bill. Thus the issue is now before the Congress in proper form.

In enacting the Atomic Energy Act of 1946 the Congress sought to vest in the Atomic Energy Commission such statutory authority as might be required by it to implement the atomic-energy program. Thereafter, in 1953, the Commission reported to the Congress that its contracting authority as contained in the act was not sufficiently broad to authorize the execution of contracts which were essential for the efficient operation of the Commission's production facilities. Upon the presentation of its case by the Commission, Congress speedily gave its consent. I am confident that Congress will always so respond upon presentation of facts justifying any proposal.

We are dealing here with a vital program, and with one of the most sensitive independent agencies of our Government. The Commission should be granted such authority as may be necessary to carry out its program—no more and no less.

For my part I eagerly await the affirmative presentation by the sponsors of the Ferguson amendment of the facts and purposes which justify this request for a further expansion of the Commission's authority to execute contracts. I am eager to receive factual information as to how the execution of the Dixon-Yates contract will facilitate the progress of the atomic-energy program in the quest for a successful formula by which the enormous potential of the atom may be made more readily available for our defense and to promote our economic prosperity. I shall be a most interested listener to such explanation as may be offered as to how a new philosophy of contracting authority embracing guaranteed profits, with little or no risk, and reimbursement of taxes, will enhance the traditional concept of private enterprise.

Thus the issue is before the United States Senate.

Mr. MONRONEY. Mr. President, will the Senator yield at that point?

Mr. GORE. I yield.

Mr. MONRONEY. If the Ferguson amendment should be adopted—and I believe the distinguished Senator has a

copy of it before him—the operation of the "double-play technique," from the Budget Bureau to the Atomic Energy Commission to the TVA, could, of course, be expanded to the west coast as well, could it not?

Mr. GORE. I see no reason why it could not.

Mr. MONRONEY. Do not projects in the Grand Coulee area supply vast quantities of electrical energy to the Atomic Energy Commission—or some quantity?

Mr. GORE. That is true.

Mr. MONRONEY. This opens a new field, because obviously if we act on the theory of replacement of power, almost anywhere in that area, if some energetic and ambitious utility holding company wished to have a new generating plant underwritten on the same terms, the Ferguson amendment would open the door by legitimatizing the transaction without any test of need or use by the Atomic Energy Commission for the power, but merely on the theory of the replacement of power which is being used.

Mr. GORE. I think I would have to disagree with the Senator's interpretation of the Ferguson amendment. The Ferguson amendment specifies so-called replacement of power. I still do not quite understand what is meant by that term, but the Ferguson amendment calls for replacement of power furnished by the TVA.

If the precedents of the Dixon-Yates contract were to stand without the Ferguson amendment, if it should finally be proved to be a legal contract under section 12 (d) of the law, then I believe that what the Senator envisions would be possible. The Ferguson amendment reads as follows:

> The authority of the Commission under this section to enter into new contracts or modify or confirm existing contracts to provide for electric utility services includes, in case such electric utility services are to be furnished to the Commission by the Tennessee Valley Authority, authority to contract with any person to furnish electric utility services to the Tennessee Valley Authority in replacement thereof.

Mr. MONRONEY. Mr. President, I understand what the Senator means. I had given my copy of the amendment to the junior Senator from Tennessee and did not have it before me. I understand that it would be limited by the Ferguson amendment. However, a precedent would be set which could be expanded, and undoubtedly would be expanded if the principle were legitimatized by the adoption of the Ferguson amendment, so that other areas could find this questionable connection between the Atomic Energy Commission and a dummy contracting party, and it could be used in the Far West as well.

Mr. GORE. I believe that is correct. However, the Ferguson amendment, as is plain from a reading of it, specifies that the Commission has the authority to contract with private utilities so long and only so long as they pipe power into the TVA area. Thus again we observe the discrimination. Under the Ferguson amendment it is not permitted in other areas, but it is all right for a private utility to invade the TVA area. The Commission is denied authority to generate electricity in commercial quantities by use of atomic energy, but it is all right if it wants to make contracts such as the Dixon-Yates contract with private utilities to invade TVA areas. Thus we see the philosophy and the effect of the proposed amendment. I do not believe that the amendment should be adopted.

I welcome its being offered, however, because I contend that its mere offering concedes the doubtful legality of the proposed contract. It concedes that there is not sufficient authority or at least that it is doubtful that there is sufficient authority in section 12 (d) for this proposed contract. For that reason I welcome the amendment.

If we must fight the issue on whether or not the private companies are going to dismember the TVA, we might as well fight them on the basis of 5 Dixon-Yates contracts instead of only 1 because then the Nation can see the broad outline of this attack to destroy the integrated quality of the TVA.

Of course, no proposal is yet made to sell the production facilities of the TVA—and that may never come—but when it is destroyed as an integrated operating utility with a sufficient grid network, then it is destroyed as an instrument which we have known all these years to be so successful.

Mr. President, I wish to read, not for the purpose of taking time, but because I believe it to be pertinent, an article which appeared in the Christian Science Monitor of July 15, 1954, to which some reference has already been made.

The article was written by Mr. Joseph C. Harsch and reads as follows:

> WASHINGTON.—President Eisenhower is having trouble, and is likely to have a great deal more before he is finished, with TVA.
>
> But it probably is not much easier for him than for the layman in such matters to understand all the fast and complex ramifications of an issue which cuts across not only partisan political lines in Congress but also across ideological and doctrinal lines as well, and is now building up in Washington into the most warmly fought domestic issue of the Eisenhower administration.
>
> The immediate question is whether the President is within his authority in ordering the Atomic Energy Commission to become the instrument for reviving private electrical power activity in what might be called the existing domain of the Tennessee Valley Authority.
>
> The President grasped the issue on June 17 when he instructed the Bureau of the Budget to instruct the AEC to conclude as rapidly as possible a contract with a chosen private power group to build a steam powerplant to feed electric power into TVA's grid of powerlines.
>
> The official purpose of the move is budget economy. More electric power is needed in the TVA area. Everyone seems to be agreed on that. TVA wanted to provide it by building more TVA owned and operated plants. But this would have put a charge on the budget for the capital costs. The President's alternative solution to the problem is to have AEC sign a contract under which a private power company will build a plant by borrowing most of the capital needed, using the contract as security for the loans.
>
> To call the problem a dilemma within a paradox is probably to be guilty of attempted oversimplification.
>
> The President himself has referred to TVA both as "creeping socialism" and as a "historical fact." He has promised to restrain TVA, but also to preserve it.
>
> Opponents on the specific issue of the contract have tended to state their arguments in doctrinal or ideological terms. However, there are many inconsistencies. For example, Senator J. W. FULBRIGHT, Democrat of Arkansas, usually has been regarded as one of the liberal or even New Deal members of the Democratic Party. But Senator FULBRIGHT is standing stanchly behind the President on this issue. His position is not unrelated to the fact that the private power plant contemplated by the President will be located in the State of Arkansas. Geography as well as doctrine is involved.
>
> New Englanders, whatever their doctrinal views, tend to side with the President, because the construction of the private plant is expected to raise the price of electric power in the TVA area and thus narrow the present gap between TVA and New England power rates. Cheap TVA power undoubtedly has been a magnet attracting industries to the TVA area.
>
> Conversely, many a private industrial interest is lined up with TVA because TVA does provide cheaper electric power.
>
> The selection of the Dixon-Yates group of private power interests to build the proposed new plant is defended on the ground of private enterprise. However, private enterprise normally implies the free operation of the competitive system. The Dixon-Yates group was selected without competitive bidding. It was picked as a "chosen instrument." The General Accounting Office has raised questions about the wisdom and propriety of this form of selection.
>
> The administration's attitude toward TVA is surrounded by paradox. When seeking a solution of Arab-Israel troubles in Palestine TVA was held up as a mighty example of what might be done, and the United States Government prepared a TVA-type plan for the development of the Jordan River. TVA may be creeping socialism at home, but it is considered an excellent export commodity for Arabs and Israel.
>
> Behind all this is, of course, one basic politico-economic fact. TVA has built a public electric power doman in the Tennessee Valley and the opportunity for making private profit out of electric energy has largely been excluded from that domain.
>
> The real issue is whether the frontiers of public power should be allowed to expand, should be stabilized, or should be broken and forced back. Private-power interests have been on the defensive for more than 20 years. The areas in which they were allowed to earn profits were being contracted by TVA and by other Federal projects throughout the West.
>
> Now the private-power interests are attempting to go over to the offensive and regain some of their lost provinces. It is a natural and inevitable historical phenomenon. Their hope is to drive a salient back into the Tennessee Valley.

Mr. SPARKMAN. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I shall be very glad to yield to the distinguished Senator from Alabama.

Mr. SPARKMAN. I note with interest the statement that the private-power interests want to regain some of their lost provinces—as if that territory had been taken away from the private-power interests.

Mr. GORE. And could be properly regarded as a province.

Mr. SPARKMAN. Yes; and that they, and they alone, have a right to serve it. But let me ask the Senator if this is not true: The Senator from Tennessee was a Member of the House of Representatives in 1939 when the bill was con-

sidered which divided the territory between TVA and the private-power companies in the TVA area generally.

Mr. GORE. That was my first year in Congress, and I voted for the bill.

Mr. SPARKMAN. As a matter of fact, I sponsored the bill in the House. The then Senator from Nebraska, Mr. Norris, sponsored it in the Senate. Long and thorough hearings were held. I am sure the Senator from Tennessee well recalls what happened. A witness for the bill and the principal proponents of the proposed legislation was none other than Mr. Wendell Willkie, who was president of the Commonwealth & Southern Co., the holding company for the power companies in that area. Does the Senator recall that.

Mr. GORE. I do, indeed.

Mr. SPARKMAN. It was the representative of the private power companies who urged that this division be made in order, as Mr. Willkie put it, that there might be peace in the valley. Prior to that time there were in some places—not in a great many, because the problem had been worked out peacefully—in some areas and municipalities competing distribution systems. It was thought advisable by all concerned, and certainly by Mr. Willkie himself, that there should be worked out a plan to insure against those competing distribution systems in the respective areas.

So it was that he proposed this plan which was written into law, and, under the law, an understanding was had as to what territory the private companies would serve thereafter and what territory the TVA would serve.

I am sure the Senator from Tennessee remembers that only last year in the hearings before the Senate Appropriations Committee a spokesman for the Southern Co. referred to the agreement under the act of 1939 and to the fact that since that date the agreement had been meticulously observed by both sides. The Senator from Tennessee was present when that statement was made.

Mr. GORE. I recall it.

Mr. SPARKMAN. I am certain he remembers it quite well.

Mr. GORE. Then why is there the charge that TVA, like an octopus, is trying to spread its vicious tentacles all over the Nation?

Mr. SPARKMAN. I am glad the Senator is bringing out that point, because it seems to me there is a great misunderstanding. Many expressions have been heard on the floor of the Senate about the TVA trying to expand. As a matter of fact, for the past 15 years the TVA has not expanded its province, if one may use that term. It has not expanded its territory one single mile.

Many areas in the general area, in my own State of Alabama, for instance, back in the early days, wanted to get TVA service, but they could not, because the act of 1939 drew the line. If the Senator will go back to that act, he will find that, so far as Alabama is concerned, every county which is served by the TVA is named in the act. There are only 12 counties and two additional municipalities in my State.

There is a limited number of counties in Mississippi, perhaps 15 or 20; something like that. All of the State of Tennessee is included, with the exception of the litle corner up in the northeastern part of the State.

All of that territory was embodied in the transfer of properties made at that time, and was provided for in the division of territory between the two different forces.

In view of that fact, does the Senator think it is a fair and reasonable statement to imply that provinces were taken away from the private power companies, and that they have a right to try to recover those provinces?

Mr. GORE. I do not. I do not believe the area can properly be regarded as a province of any group, either previously or in the future. I know that many demands are made upon TVA to extend its lines into additional territory. The TVA has resisted those demands. I have resisted them. I know of not a single instance in which I have urged the TVA to expand its territory. Upon many occasions, on the contrary, I have indicated to the TVA that I did not wish to see the territory of its service area expanded.

So the use of the words "expansion of TVA," when they take on the meaning of a geographical expansion of the service area, is entirely erroneous. This expansion which TVA has sought, and which I have advocated, is the same kind of expansion as has taken place in the case of Duke Power Co., Georgia Power Co., Alabama Power Co., Mississippi Power Co., Arkansas Power Co., Virginia Power Co., Niagara Power Co., and every utility in the United States. What is that expansion? It is growth—the addition of generating capacity within its own service area to meet the needs of its service area.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. GORE. I yield.

Mr. SPARKMAN. What the Senator from Tennessee says is absolutely correct. The growth calls for expansion of service. That takes place not only as the population may grow or as industry may grow, but even as additional appliances are put into the individual homes, greater use is made of electricity.

As a matter of fact, is it not true that whereas many persons have thought of the yardstick as being something simply to measure the cost of power—what the cost should be as it is generated—Mr. Lilienthal has said, in his book regarding the TVA, that the real purpose of the yardstick is to get the people to use more electricity, and by the additional use of the electricity, to drive down the cost per unit of manufacture of the power, and that therein lay the real purpose of the yardstick?

Mr. GORE. That brings up the subject of the power policy of the TVA, which was written into the basic act, namely, a mass use; and a low rate makes for mass use.

Mr. SPARKMAN. A low rate made possible by mass use.

Mr. GORE. Or a mass use made possible by low rates.

Mr. SPARKMAN. The two go together.

Mr. GORE. The same principle is applied successfully in the automobile industry.

Mr. SPARKMAN. I know it is true in Alabama, and I am certain it is true in the other areas, that the very principle as advanced by the TVA has been followed by some small private-power companies, who have followed a similar policy, and therefore, we have seen, I dare say, in the Southeast, in the area around TVA, a greater stepup in the use of electricity, perhaps, than in any other section of the United States.

Mr. GORE. Has not that principle benefited particularly all the surrounding area, and generally all of the United States, also?

Mr. SPARKMAN. Certainly, it has; and in our own areas we have seen the rates of private companies come down as the use of power went up.

Mr. GORE. And the power companies have made more money.

Mr. SPARKMAN. They have made more money. I referred a few moments ago to the act of 1939, which was advocated by Mr. Willkie. I recall quite well those hearings, which were held before the House Committee on Military Affairs, of which I was a member, that committee having had jurisdiction, as the Senator may recall, of legislation pertaining to the TVA, because of its defense aspects.

I recall what happened to the value of stock in the Alabama Power Co. at that time. The Alabama Power Co. was a good company, doing a good job throughout the State of Alabama as a whole, but still operating under the more or less restrictive practices under which every private power company operated prior to the demonstration of the true yardstick of TVA.

Mr. GORE. In other words, one could get power if he was not more than four blocks from the nearest consumer.

Mr. SPARKMAN. Yes, and under similar conditions. But at that time stock in the Alabama Power Co. was being sold for about 50 cents on the dollar. After peace came to the valley, as Mr. Willkie expressed it, the value of the stock rose steadily until within, I should say, a year's time it was selling for 100 cents on the dollar, and even more.

I have mentioned that as an illustration of the point which the able Senator from Tennessee has just made. As a matter of fact, the private power companies themselves profited, as did the people living in that area.

Mr. GORE. The Senator from Alabama certainly challenges me in his reference to Mr. Willkie's statement that peace had come to the valley. Certainly peace between the TVA and the surrounding utilities has prevailed since the passage of the act of 1939 until now, when the private utilities are attempting to establish a beachhead in the TVA service area.

Mr. KNOWLAND. Mr. President, will the Senator from Tennessee yield at that point, without the Senator's losing his right to the floor?

Mr. GORE. I yield.

Mr. KNOWLAND. I am not constrained to make a point of order, but normally the Senator would be governed by the rules; and the Senator who has the floor can yield only for a question.

I could quite understand the delaying tactics last week, because there were absent certain Senators whom it was desired to have present to vote, but I think it is very apparent that there is in progress, whether it be called a filibuster or merely delaying tactics, an effort to prevent the Senate from voting on this amendment.

I had hoped that the liberal wing of the Democratic Party would not engage in a filibuster to prevent the Senate of the United States from functioning, but I must say, in all fairness, that I intend to ask that the rules be strictly enforced hereafter, and that Senators who have the floor may yield only for a question.

Mr. GORE. Mr. President, the observation by the distinguished majority leader requires some limited comment. The junior Senator from Tennessee was present in the Chamber at 3 minutes past 10 this morning, ready to address the Senate on the subject of the Ferguson amendment. I sat here until 1:20 this afternoon, while colloquy and debate occurred on the other side of the aisle. Finally, at 1:20, I obtained the floor and proceeded to make my first speech on the pending bill in opposition to the Ferguson amendment. I have not yet completed my first address on this amendment, because it is a very far-reaching provision. It is broader than the Dixon-Yates contract. It proposes to put the Atomic Energy Commission into the power business to the extent of five times the amount of power contplated in the Dixon-Yates contract. I should like to inform the Senator that if this misuse of power, this distortion of the authority granted to the Atomic Energy Commission, in a collateral matter, this misusing of the Atomic Energy Commission for a wrong purpose, a purpose unrelated to its program, is an example of what we can expect in the administration of the atomic-energy program, then there are many provisions in the bill which will require extended consideration.

I have not addressed myself to the licensing provisions, which I think are very important. I have not yet discussed the provisions in the bill by which patents for profits can be handed out to the companies that have been, by contract, on the inside of the operation of this program.

It is not my purpose to conduct a filibuster. That is beyond my capacity to manage singlehandedly. I do expect to seek, in a parliamentary way, an opportunity to discuss the very far-reaching provisions of the bill, and the fact that the administration has sought to misuse the Atomic Energy Commission as a vehicle to drive the private power trust back into the TVA service area. I think that requires additional discussion and additional examination, because the proposal has triggered an explosion of mistrust and of suspicion that clouds the whole program.

Mr. KNOWLAND. Mr. President, will the Senator yield for a question?

Mr. GORE. I yield to the Senator from California for a question.

Mr. KNOWLAND. Does the Senator not know that there is also a great deal of additional important proposed legislation which will not be taken up, obviously, until the pending bill is disposed of? Does the Senator not also know that the consideration of the bill will be continued until the Senate has had an opportunity to vote it up or down? I am sure the Senator from Tennessee thoroughly understands that the bill is not going to be laid aside for any other proposed legislation.

Mr. GORE. The junior Senator from Tennessee is quite well aware of the important legislation which is pending. The junior Senator from Tennessee is not aware of any pending legislation, or any legislation with which this Congress has dealt, which approaches the pending bill in importance. Here is the most important bill with which this Congress will deal, and the majority leader seems bent upon haste.

Why was there not some haste when we spent 5 weeks on the Bricker amendment? Why was there not some haste when we were meeting 3 days a week? Why was there not some haste when we were adjourning at 3:30 in the afternoon, with practically nothing to do? Why must there be haste now, when the Dixon-Yates deal is under examination? I shall yield for a further question if the Senator desires to comment in the form of a question.

Mr. KNOWLAND. The Senator knows, does he not, that, as compared with any other session of the Congress in recent years, the Senate has met practically daily throughout the session? The workload had been spread throughout the entire session. The distinguished Senator himself, when he indicated last week that some of the Senators were necessarily absent from the city and wanted to be present to vote, gave what the majority leader thought was a very clear indication that he would be prepared to vote come Monday of this week. I may have misunderstood the distinguished Senator, but I certainly had no reason to believe that the liberal wing of the Democratic Party would engage in a filibuster which would prevent the Senate of the United States from coming to a vote on any of the amendments.

Mr. GORE. The able majority leader for the second time has identified the junior Senator from Tennessee with the liberal wing of the minority party. I think I might be called a switch-hitter. I will hit from the right side of the plate when I like that position, and from the other side of the plate when I like that position. I do not wish to be typed as a liberal or a conservative, or as belonging to any wing. I am a Member of the United States Senate, and I take my position as I see it. I swing at the ball as I see it.

I am not advised as to the plans of the majority leader with respect to this bill or other bills, but I must say I do not see that any great harm is going to be done if the Congress adjourns on August 15 instead of July 31. The American people are not too concerned about 2 weeks' time. Our constituents may be glad to see us, but they will be just as glad to see us on August 15 as they will be to see us on August 1. So far as I am concerned, I expect to seek whatever time is necessary adequately to discuss the provisions of the bill; and the deal that is sought to be consummated requires a more careful examination of the bill than would otherwise be the case.

Mr. SPARKMAN. Mr. President, will the Senator from Tennessee yield for a question?

Mr. GORE. I yield to the Senator from Alabama for a question.

Mr. SPARKMAN. A short time ago the Senator from Tennessee was discussing the matter of expansion of power within the TVA area. The Senator has already explained that the expansion was necessary to meet the normal growth of the community, but is it not true that the greater part of the required expansion came as a result of power being requisitioned by the Atomic Energy Commission, until, within another year, 2 years, or 3 years, about 55 to 60 percent of all the power generated by the TVA will be used by the Atomic Energy Commission?

Mr. GORE. That is true. That is particularly true also of other national defense establishments. Much has been made by critics of the fact that, whereas once the power produced in the valley was predominantly hydroelectric, and a minority steam, now we are tending toward a majority of the power being produced by means of steam plant generation. The specific reason for the production of that kind of generation has been the demands at Oak Ridge and Paducah, and the other national defense establishments in that area.

Mr. KNOWLAND. Mr. President, will the Senator from Tennessee yield for a question?

Mr. GORE. I yield to the Senator from California.

Mr. KNOWLAND. If I am not mistaken, and the Senator may correct me if I am, did I not understand him to say, when I suggested that a filibuster was in operation, that the time spent on the bill was not particularly great, and that we had had, during other and earlier days of the session, perhaps a light workload? Would the Senator be interested in my placing in the RECORD a comparison between this session and prior sessions of the Congress, and the amount of time consumed by both sides of the aisle during debate on the bill, and up to the time of the obvious filibuster which is in operation to prevent the Senate voting on even a single amendment?

Mr. GORE. Mr. President, I ask unanimous consent that I may yield to the distinguished senior Senator from California [Mr. KNOWLAND], for the purpose of enabling him to request unanimous consent for the insertion in the RECORD of whatever material he desires to have inserted, and to have that done without prejudicing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. KNOWLAND. Mr. President, I ask unanimous consent to have printed in the RECORD, at the conclusion of this colloquy, data on the legislative activity from the start of the session through June 30, and also a memorandum on the number of pages and the number of lines of the CONGRESSIONAL RECORD used to date by the debate on the proposed revision of the Atomic Energy Act of 1946.

There being no objection, the data and memorandum were ordered to be printed in the RECORD, as follows:

Data on legislative activity from start of session through June 30—Senate

	83d Cong. 2d sess.	83d Cong. 1st sess.	82d Cong. 2d sess.	82d Cong. 1st sess.	81st Cong. 2d sess.	81st Cong. 1st sess.
Date session began	Jan. 6, 1954	Jan. 3, 1953	Jan. 8, 1952	Jan. 3, 1951	Jan. 3, 1950	Jan. 3, 1949
Days in session	114	80	86	80	101	88
Time in session:						
Hours	630	424	444	431	591	523
Minutes	39	9	19	26	6	34
CONGRESSIONAL RECORD:						
Pages of proceedings	5,354	3,795	3,479	3,679	4,569	4,173
Appendix						
Public bills enacted into law	53	19	44	10	38	34
Private bills enacted into law	105	23	136	20	67	21
Bills in conference	3	1				
Bills through conference	5					
Measures passed, total	839	296	479	331	352	406
Senate bills	365	139	199	125	136	169
House bills	332	61	180	91	121	129
Senate joint resolutions	14	6	5	6	7	15
House joint resolutions	12	4	17	7	7	14
Senate concurrent resolutions	19	9	14	13	11	18
House concurrent resolutions	19	8	4	8	11	7
Simple resolutions	78	69	60	81	59	54
Measures reported, total	[1] 927	[1] 366	[1] 615	[1] 418	[1] 599	[1] 475
Senate bills	423	172	249	175	245	209
House bills	347	68	240	121	245	152
Senate joint resolutions	20	10	14	9	8	17
House joint resolutions	8	5	13	9	9	15
Senate concurrent resolutions	17	11	15	13	15	20
House concurrent resolutions	12	8	3	9	8	7
Simple resolutions	100	92	81	82	69	55
Special reports	13	13	16	16	19	16
Conference reports						
Reported measures not acted on	[2] 124	[2] 48	[2] 160	[2] 75	[2] 313	[2] 55
Measures introduced, total	1,292	2,247	1,087	1,833	1,088	2,236
Bills	1,089	2,020	918	1,579	917	1,974
Joint resolutions	59	81	47	74	47	98
Concurrent resolutions	39	30	26	32	26	42
Simple resolutions	105	116	96	148	98	122
Quorum calls	132	94	81	108	203	194
Yea-and-nay votes	82	29	53	48	115	103
Bills vetoed	4		2	1		
Vetoes overridden						

[1] These figures on measures reported include all placed on calendar or acted on by Senate even if there was no accompanying report. A total of 641 reports has been filed in the Senate; a total of 602 has been filed in the House.
[2] This figure does not agree with the total difference between bills reported and bills passed, because resolutions and bills placed on the House Calendar without having been formally reported were not included in figures of measures reported to the House; the difference in the case of Senate figures is due to uncounted bills "laid on the table" or "indefinitely postponed." Reported measures not acted on include measures reported during 1st session.

Revision of Atomic Energy Act of 1946, pages in Congressional Record (lines)

	Republicans	Democrats
Tuesday, July 13:		
Time in session: 11 to 8:38 p. m.		
10		
—		
38 pages	*Lines* 1,832	*Lines* 1,128
Wednesday, July 14:		
Time in session: 12 to 7:50 p. m.		
26		
—		
85 pages	238	4,986
Thursday, July 15:		
Time in session: 10 to 10:14 p. m.		
55		
—		
112 pages	3,686	9,393
Friday, July 16:		
Time in session: 10 to 9:11 p. m.		
39		
—		
70 pages	3,760	8,047
Saturday, July 17:		
Time in session: 10 to 6:47 p. m.		
21		
—		
80 pages	58	3,363
Total	9,594	26,917

Mr. KNOWLAND. Mr. President, I wish to thank the Senator from Tennessee.

Mr. GORE. Mr. President, I thank the Senator from California.

Mr. SPARKMAN. Mr. President, will the Senator from Tennessee yield for a question?

Mr. GORE. Yes, as soon as I make this brief statement:

Mr. President, I have certainly been glad to yield to the majority leader, to enable him to insert in the RECORD whatever material he desires to have inserted. I hope it will show the 5 weeks spent on the Bricker amendment. I am not sure it will show the number of days on which we did nothing, and the number of days when we had practically nothing but the Consent Calendar. I know, as the majority leader has said, that that is rather typical of every session, not only of the Senate, but also of the House of Representatives. We persist in acting like schoolboys—loafing during the first part of the session, and then cramming for the final examination.

But here is the most important piece of proposed legislation to come before this session, and it involves issues of national and of international importance. I do not think it should be unduly rushed.

Mr. President, I yield now to the Senator from Alabama, for a question.

Mr. SPARKMAN. Mr. President, I wonder whether the Senator from Tennessee can distinguish between the debate on the so-called Bricker amendment—which, according to the Senator's statement, required 5 weeks—and the debate on the pending bill, which now has been going on for 1 week, has it not? It began last Monday, did it not?

Mr. GORE. No; I believe it began last Tuesday.

Mr. SPARKMAN. Perhaps it did begin on last Tuesday. So the discussion has been going on for 1 week; and we who wish to speak on the bill are charged with conducting a filibuster. However, the Bricker amendment debate lasted for 5 weeks, when the majority leader very ably was trying to kill it or stop it. Yet did the Senator from Tennessee ever hear the majority leader refer to the 5 weeks of debate of the Bricker amendment as a filibuster?

Mr. GORE. I do not recall that he did.

I should like to point out that, as I recall, the only debate we had on the pending bill on Tuesday—and the majority leader can correct me if I am in error—was a statement of about 15 or 20 minutes duration, late in the evening on Tuesday. So we really have not had a week's debate on this bill; we are yet 1 day short of a week, I believe. Late on Tuesday evening, the junior Senator from New Mexico [Mr. ANDERSON] made a short statement, in order to place certain material in the RECORD; that is my recollection.

But be that as it may, the debate on this bill has not been extended—not as extended as I think it should be.

As a matter of fact, when the distinguished majority leader asked me to yield, I had about concluded the speech I had expected to make today against the amendment of the senior Senator from Michigan. If there is no objection on the part of any Senator, I shall now proceed to summarize that speech; and then I shall suggest the absence of a quorum.

Mr. President, the amendment submitted by the senior Senator from Michigan [Mr. FERGUSON] is a concession to the doubtful legality of the Dixon-Yates contract. The amendment concedes, I believe, that section 12 (d) of the act does not contain sufficient authority for the contract.

Mr. President, why does the senior Senator from Michigan think the amendment is necessary? I would rather have him explain it himself. In a speech earlier in the day he gave his reasons, which the RECORD will show; and he listed specifically that the reason why he was submitting the amendment was the doubt that had been raised as to the legality, as to the authority contained in this section of the act. However, his amendment would do far more than quiet the doubt as to the extent of the authority of this section, for his amendment would authorize the Atomic Energy Commission to go into the power business to the extent of 3 million kilowatts a year. Let all Senators read his amendment, Mr. President. So, not only would one Dixon-Yates contract be authorized by the amendment, but 5 times that much would be authorized, if the amendment were adopted.

Mr. President, why do I object to the proposed procedure? First, because the order of the President overrides a majority decision of the Atomic Energy Commission to the contrary; and that overriding requires the making of an improvident contract of at least doubtful legality, for a purpose unrelated to the Atomic Energy Commission's program, and for a purpose which would serve to profit unduly a specially privileged group.

Second, it shocks and does violence to the confidence of Congress and the intent of Congress—by stretching a statute far beyond its intended meaning and far beyond the reasonable interpretation of the legal language.

Third, it proposes an unprecedented contract which would give complete reimbursement of all taxes. If that were used as a precedent, it would lead to disastrous consequences to the Treasury, and to favoritism to corporations. If it were not followed as a precedent, it would result in inequitable treatment and unfair privilege to this one corporation, selected from all corporations.

Fourth, it would violate the "peace in the valley" to which the junior Senator from Alabama [Mr. SPARKMAN] has referred, abrogating agreements reached between the Tennessee Valley Authority and the utilities in the area by establishing, with Government subsidy, a beachhead of the private power trust in the Tennessee Valley. I say that this example has triggered an explosion of distrust, doubt, and suspicion which requires meticulous examination of the other vast power proposed to be conferred by the bill.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

During the delivery of Mr. GORE'S speech,

Mr. GOLDWATER. Mr. President, on July 17, in discussing this controversial subject, the junior Senator from Oregon [Mr. MORSE], during the course of his remarks, made the statement:

> There is no public power yardstick in the pending bill. In fact, sometimes I wonder what kind of stick is in this bill.

He was referring to the yardstick which we hear discussed so much in the course of this debate. He further stated that he was an admirer of Bobby Jones as a golfer, but he said also:

> I am not blind to the fact, however, that he is also a director of one of the great power companies, the Southern Co., and I also know that it is a major member of the Dixon-Yates combine.

The Senator from Oregon went on to say that he wondered "if what we are doing is substituting the golf stick for the public power yardstick."

Mr. President, being a devotee of golf myself, I had occasion yesterday to measure a golf stick, a putter. It is 36 inches long. It is a true yardstick. It contains all the inches that are prescribed by the Bureau of Standards. However, the power yardstick we have been hearing about is a phony yardstick. It is only 18 inches long. I am sure that any golfer in the country would like to use a TVA yardstick, because his drives would measure twice as long.

I do not know what the junior Senator from Oregon was driving at in that particular statement. I think it might be one of three things. However, I seriously doubt, in fact, I refuse to believe, that he would impugn the character of one of the greatest sportsmen of this era, Bobby Jones, by inferring that possibly Bobby Jones' association with the President might have resulted in the situation of this contract.

I likewise refuse to believe that the Senator from Oregon would impugn the character of the President of the United States by suggesting that the President would take advantage of the friendship of such a great sportsman as Bobby Jones.

Third—and this is the one that I should like to think the Senator from Oregon was driving at—is the fact that the President plays golf.

That is not unusual. We have had Presidents in our time who have hunted, we have had Presidents who have been yachtsmen, and we have had Presidents who have played some poker. We have likewise had some Senators who have engaged in some extracurricular activities when they have had the time for them.

Some of us play golf, some like boating or yachting, some enjoy hunting, and some enjoy raising show horses or black angus cattle.

If the remarks of the junior Senator from Oregon were directed to the fact that the President plays golf for recreation, he is echoing a criticism of the CIO, and I would just like to suggest that those who live in glass houses should not cast stones. Very few Senators and very few Representatives—and certainly it is true of the occupant of the White House—find it possible to complete their daily chores in 8 hours. We do not get overtime pay for working 12 hours or 18 hours, and sometimes 24 hours a day. We get the stipend that is outlined by law, but no overtime. The members of the CIO collect overtime after 8 hours of work. They play golf, too. I am glad they do, because millions of Americans play golf and enjoy it.

If that is what the junior Senator from Oregon was directing his remarks at, he was in error, because the President certainly is entitled to some spare time to spend with his family and in pursuit of the recreation he enjoys.

Mr. President, I am not surprised that the suggestion of a phony yardstick should come from the members of the New Deal. In the past 20 years they have given us a phony peace; they have given us a phony dollar, which is worth a little more than 50 cents; they have given us a phony farm plan that does not work, and they have certainly given us a lot of phony characters around the city of Washington. Now they want to substitute a phony 18-inch yardstick for the real thing, and are trying to show that its use has resulted in lower power costs to the people of America. That is not true.

Mr. President, I ask unanimous consent to have included, as a part of my remarks, a statement which I have prepared showing, among other things, a bigger reduction in the cost of electricity before the development of TVA and Bonneville.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

STATEMENT BY SENATOR GOLDWATER

Back in 1892 when the electric-power industry was in its infancy, the average selling price was 22 cents per kilowatt-hour. By 1912 this average price had been reduced to 9.1 cents per kilowatt-hour, a reduction of 60 percent in this 20-year period.

In 1912 the average rate per kilowatt-hour for 100 kilowatt-hours per month was 8 cents. In 1932 the average rate for 100 kilowatt-hours per month was 4.6 cents per kilowatt-hour, a reduction of 42½ percent. In 1952 the average rate was 3.7 cents for 100 kilowatt-hours per month, or a reduction in the 20-year period of 19.6 percent. For 250 kilowatt-hours per month the average rate in 1912 was 7.8 cents per kilowatt-hour and in 1932 it was 3.8 cents per kilowatt-hour, a reduction of 51.3 percent. In 1952 the average rate was 2.8 cents per kilowatt-hour, a reduction of 26.3 percent.

In 1953 the average domestic customer in the United States used 2,350 kilowatt-hours, so his average requirements would lie between the 100 kilowatt-hours per month and the 250 kilowatt-hours per month. In other words, for the 20-year period prior to the advent of TVA and the great public power expansion, the decrease in rates for those using 100 kilowatt-hours per month was 42½ percent, and the following 20-year period, in which public power has shown its greatest growth, the decrease was 19.6 percent. For the domestic customer using 250 kilowatt-hours per month, in the 20-year period prior to the public power expansion, the decrease in rate was 51.3 percent as against 26.3 percent for the 20-year period in which public power showed most rapid expansion.

In 1932 the Federal tax against the utility companies amounted to 3 percent of their gross revenue. In 1952 the Federal tax amounted to 14 percent of the gross revenue. In other words, in this latter 20-year period the taxes against the privately financed electric industry have increased 11 cents out of each gross dollar of revenue, or 367 percent, a tax which governmentally owned and operated electric utilities avoid.

In addition to this, labor, fuel, and a good many other costs have approximately doubled in the last few years. And still the electric companies continue to reduce their rates for electric service.

The expansion of governmentally owned electric facilities has not been responsible for the reduction in rates. Technological development, which has been accomplished entirely by free enterprise, has resulted in the rate reductions. On this the governmentally developed electric systems have taken a free ride. At a matter of fact, Government activity in the electric power field has no doubt held up the average rate for electricity over the country rather than contributing to the reduction. There is no doubt but that Federal developments in this

field have materially increased taxes and the electric industry is one of the heaviest taxed of all industries. A Federal development, and other segments of Government in the electric power industry, dodge taxes on initial development and operating revenues, and shift the tax burden to taxpaying free enterprise operations.

When it is considered that every $1 increase in taxes requires more than $2 of additional revenue, it can readily be seen that the tremendous increase in Federal taxes has had a material influence on the rates that must be charged by private enterprise undertakings. The privately financed utility companies could have done a better job than they have done in reducing rates if they had not had to face the tremendous tax increase which the public power boys succeed in dodging.

The technological advancement has resulted in reducing generation, transmission, and distribution costs and has provided new devices, inventions, etc., which have materially increased the use of power which in turn contributes to the reduction in rates. As an example, when Edison first started his plant, it took approximately 10 pounds of coal to produce 1 kilowatt-hour. Modern plants today use about three-fourths of a pound. In the beginning power could only be transmitted from 2 to 3 miles, which required construction of numerous small generating plants. Today it can be transmitted at high voltage for hundreds of miles. This permits the construction of great central station plants. The tremendous number of new devices which have been developed permit the increase in use of electric power. The refrigerators, the ranges, television, radios, air conditioners, and any number of devices used around the home have contributed to the increase in use. No one could have used very much electricity just for lighting, even in a large residence. The research and manufacture of these items and improvements in generation and transmission have been accomplished by the manufacturers and by the private electric industry. They are the ones who have contributed, not the Government, and therefore they are the ones who have been responsible for the tremendous increase in the use of electricity and for the reduction in rates.

One reason that governmentally operated facilities may distribute power at a lesser cost is because they dodge taxes, and because they have available cheaper interest—and at times no interest, such as TVA—on money required to develop the facilities.

I keep hearing the public power advocates refer to utility companies as monopolies. They are not monopolies, as those making such references well know. They cannot restrain trade and they cannot raise or lower prices at will. They are natural single suppliers. The only true monopolies are the unregulated Government power operations, of which TVA is the largest. Since these public power advocates know that the privately financed utility is highly regulated and therefore not a monopoly, the only reason I can see for them referring to private industry as a monopoly is because of public prejudice against monopolies, and by making such references they hope to prejudice the public against the privately financed operations.

Mr. GOLDWATER. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a table entitled "Residential Electricity and Cost of Living," published in the Statistical Bulletin for 1952, published by the Edison Electric Institute.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

TABLE 47.—*Cost trends of electric light and power construction* [1] *by geographic divisions*

[1911 equals 100]

Date	North Atlantic	South Atlantic	North Central	South Central	Plateau	Pacific	Date	North Atlantic	South Atlantic	North Central	South Central	Plateau	Pacific
1912	104	104	104	104	104	104	Jan. 1, 1937	213	220	209	208	206	204
1913	102	105	102	102	102	102	July 1, 1937	230	235	224	224	225	221
1914	102	103	100	100	100	100	Jan. 1, 1938	226	232	222	221	221	218
1915	106	106	105	107	103	103	July 1, 1938	222	228	216	216	216	214
1916	132	130	129	130	128	127	Jan. 1, 1939	224	232	219	218	218	216
1917	160	159	154	157	155	156	July 1, 1939	225	233	218	218	219	215
1918	192	184	178	183	183	178	Jan. 1, 1940	232	237	222	223	223	219
Jan. 1, 1919	202	197	184	188	187	182	July 1, 1940	231	236	221	224	222	218
Jan. 1, 1920	208	206	189	193	189	194	Jan. 1, 1941	233	243	222	227	223	219
Jan. 1, 1921	221	221	210	216	209	214	July 1, 1941	242	256	232	239	232	231
Jan. 1, 1923	189	191	179	182	179	178	Jan. 1, 1942	248	262	235	245	234	235
Jan. 1, 1924	201	204	193	193	192	187	July 1, 1942	248	267	238	246	236	242
Jan. 1, 1925	201	202	194	189	191	185	Jan. 1, 1943	250	267	238	247	236	242
Jan. 1, 1926	197	201	190	184	190	180	July 1, 1943	252	268	239	247	236	243
Jan. 1, 1927	193	200	187	182	186	181	Jan. 1, 1944	251	268	239	248	235	245
Jan. 1, 1928	192	199	186	183	185	180	July 1, 1944	249	267	237	247	233	241
July 1, 1928	192	198	186	186	185	179	Jan. 1, 1945	251	268	238	248	238	242
Jan. 1, 1929	195	203	189	189	188	182	July 1, 1945	259	273	243	251	241	244
July 1, 1929	206	216	199	199	198	192	Jan. 1, 1946	266	275	245	251	244	244
Jan. 1, 1930	204	215	199	197	197	191	July 1, 1946	303	314	280	288	282	283
July 1, 1930	188	201	184	185	181	176	Jan. 1, 1947	327	336	299	310	300	300
Jan. 1, 1931	191	200	188	186	183	178	July 1, 1947	351	362	324	336	329	332
July 1, 1931	188	195	187	183	181	175	Jan. 1, 1948	357	375	333	344	334	339
Jan. 1, 1932	182	188	186	179	177	172	July 1, 1948	377	401	351	365	355	359
July 1, 1932	176	180	174	171	171	163	Jan. 1, 1949	401	430	375	391	378	383
Jan. 1, 1933	170	177	172	169	169	161	July 1, 1949	400	422	374	390	378	380
July 1, 1933	177	187	179	179	179	170	Jan. 1, 1950	399	422	374	390	376	379
Jan. 1, 1934	186	197	187	187	188	178	July 1, 1950	409	430	382	398	386	389
July 1, 1934	200	206	195	195	196	189	Jan. 1, 1951	462	482	436	448	436	440
Jan. 1, 1935	200	206	195	198	196	189	July 1, 1951	468	490	443	454	443	450
July 1, 1935	199	206	194	193	195	192	Jan. 1, 1952	472	494	446	458	447	454
Jan. 1, 1936	204	211	199	199	198	196	July 1, 1952	480	504	456	465	454	451
July 1, 1936	205	212	199	201	198	197	Jan. 1, 1953	481	506	458	468	460	469

[1] Index numbers shown are a composite of over 50 material and labor items included in the Handy Index service of construction cost indexes.

Source: Handy-Whitman Index of Public Utility Construction Costs. Published by courtesy of Whitman, Requardt & Associates, Baltimore 2, Md.

TABLE 48.—*Cost of living* [1] *in large cities—now and prewar*

[Index numbers: 1935-39=100]

Date	All items	Electricity	Gas and electricity	Electricity, fuel and refrigeration	Food	Apparel
December 1952 (interim adjustment)	190.7	93.1	99.6	149.9	229.9	201.1
December 1951 (interim adjustment)	189.1	91.3	97.5	144.9	232.2	206.8
December 1950 (interim adjustment)	178.8	90.4	96.8	142.8	216.3	195.5
December 1949	167.5	90.3	97.2	139.7	----	----
December 1948	171.4	90.0	95.3	137.8	----	----
December 1947	167.0	89.0	92.6	127.8	----	----
December 1946	153.3	88.9	92.0	115.5	----	----
August 1945 (V-J Day)	129.3	93.3	95.2	111.4	----	----
August 1939 (month before war)	98.6	96.0	99.0	97.5	93.5	100.3

[1] Now titled "Consumers Price Index for Moderate-Income Families for Large Cities Combined."

Source: U. S. Bureau of Labor Statistics.

TABLE 49.—*Residential electricity and cost of living, 1906–52*

Year	Average revenue for all residential kilowatt-hour used	Average rate per kilowatt-hour based on average of typical bills in cities,[1] price per kilowatt-hour for monthly use of—			U. S. Bureau of Labor Statistics index numbers based on 1935–39=100 [2]			
					Electricity		Cost of living [3]	
		25 kilowatt-hour	100 kilowatt-hour	250 kilowatt-hour	On Dec. 15	Year's average	On Dec. 15	Year's average
	Cents	*Cents*	*Cents*	*Cents*				
1952	2.77	5.0	3.6	2.7	93.1	92.0	190.7	189.8
1951	2.81	5.0	3.6	2.7	91.3	91.2	189.1	185.6
1950	2.88	5.0	3.6	2.7	90.4	90.4	178.8	171.9
1949	2.95	5.0	3.6	2.7	90.3	90.1	167.5	169.1
1948	3.01	5.0	3.7	2.8	90.0	89.4	171.4	171.2
1947	3.09	5.0	3.6	2.7	89.0	88.7	167.0	159.2
1946	3.22	4.9	3.6	2.7	88.9	89.4	153.3	139.2
1945	3.41	5.1	3.7	2.7	92.0	93.1	129.9	128.4
1944	3.51	5.3	3.8	2.8	93.7	93.6	127.0	125.5
1943	3.60	5.3	3.8	2.8	93.8	93.9	124.4	123.6
1942	3.67	5.3	3.8	2.8	94.0	94.0	120.4	116.5
1941	3.73	5.4	3.8	2.8	94.0	94.5	110.5	105.2
1940	3.84	5.4	3.8	2.8	94.9	95.2	100.7	100.2
1939	4.00	5.4	3.9	2.8	95.8	96.2	99.6	99.4
1938	4.14	5.6	4.0	2.9	97.3	97.7	100.2	100.8
1937	4.30	5.7	4.0	2.9	98.4	99.1	103.0	102.7
1936	4.67	5.8	4.1	3.0	101.0	101.3	99.8	99.1
1935	5.01	6.0	4.2	3.2	102.3	104.2		98.1
1934	5.33	6.2	4.4	3.7				95.7
1933	5.52	6.3	4.5	3.8				92.4
1932	5.60	6.6	4.6	3.8				97.6
1931	5.78	6.7	4.6	3.8				108.7
1930	6.03	6.7	5.0	4.3				119.4
1929	6.33	6.7	5.0	4.3				122.5
1928	6.63	6.8	5.2	4.5				122.6
1927	6.82	7.0	5.4	4.9				124.0
1926	7.00	7.2	5.4	5.0				126.4
1925	7.30	7.3	5.6	5.1				125.4
1924	7.20	7.4	5.7	5.2				122.2
1923	7.20	7.5	5.8	5.4				121.9
1922	7.38	7.6	6.1	5.7				119.7
1921	7.39	7.8	6.1	5.7				127.7
1920	7.45	8.0	6.3	5.8				143.3
1919	7.70	7.7	6.0	5.6				123.8
1918	8.27	7.6	6.1	5.6				107.5
1917	7.52	7.5	6.0	5.7				91.6
1916	7.60	7.6	6.2	5.9				77.9
1915	8.00	8.3	6.9	6.5				72.5
1914	8.30	8.8	7.6	7.3				81.8
1913	8.70	8.9	7.7	7.4				70.7
1912	9.10	9.1	8.0	7.8				
1911	9.43	9.5	8.5	8.3				
1910	9.62	9.7	8.7	8.5				
1909	9.84	10.1	9.2	8.8				
1908	10.1	10.1	9.4	9.0				
1907	10.5	10.5	9.7	9.3				
1906	11.2	10.6	9.9	9.5				

[1] As determined by the Federal Power Commission in its electric rate surveys since 1936 and according to the study of W. G. Vincent, vice president and executive engineer, Pacific Gas & Electric Co. for earlier years. (See EEI Bulletin, June 1936, p. 224.)

The Federal Power Commission's figures cover rate schedules as of Dec. 31 in all cities with populations of 50,000 or more. Mr. Vincent's figures represent the weighted (by population) average bills for domestic electric service in the 51 cities represented in the U. S. Bureau of Labor Statistics cost of living data.

[2] "Index numbers" are percentages of the average of the 5 years 1935 to 1939, inclusive. A new series has been prepared by the U. S. Bureau of Labor Statistics based on the average of the 3 years 1947 to 1949, inclusive. For a description of the components and characteristics of this index, see the February 1953, Monthly Labor Review of the Bureau of Labor Statistics. The "Consumers' Price Index for Moderate-Income Families" is sometimes called the "cost of living index."

[3] The Consumers' Price Index measures the changes in prices of a standard budget of commonly purchased goods and services. Electricity is one of these components. Thus, the index does not reflect the overall effect of the increased use of electricity by residential customers—for which see "Average revenue for all residential kilowatt-hours used," col. 2 of this table; also, see tables 32, 33, and 48 of this bulletin.

Mr. GORE. Mr. President, I ask unanimous consent that the speech of the Senator from Arizona be printed at the end of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

SERIOUS ISSUES INVOLVED IN COLORADO RIVER STORAGE PROJECT

During the delivery of Mr. GORE's speech,

Mr. KUCHEL. Mr. President, will the Senator from Tennessee yield?

Mr. GORE. I yield to the Senator from California for a question.

Mr. KUCHEL. I wonder whether the Senator will yield with the understanding that he will not lose the floor, so that I may make a very short statement, with the understanding that my comments will appear at the conclusion of his speech.

Mr. GORE. In order to accommodate the junior Senator from California, I ask unanimous consent that I may yield to him for the purpose of his making a brief statement, without prejudicing the right of the junior Senator from Tennessee to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. KUCHEL. Mr. President, on Saturday, last, my friend the senior Senator from Utah [Mr. WATKINS], made some comments directed to the measures introduced in the House and the Senate, providing for the development of the upper Colorado River Basin.

Mr. President, some 2 weeks ago a series of hearings was concluded in a Subcommittee of the Senate Committee on Interior and Insular Affairs, on S. 1555 authorizing the Colorado River storage project and participating projects. As a member of the committee, but not as a member of the subcommittee conducting the hearing, I attended the subcommittee sessions and participated in the various discussions.

I may say that the bill which contemplates the development of that area by the construction of various reservoirs—running in number, I believe, from 13 to a considerably higher potential group, still would need to run the gamut of the full Senate committee, before any such measure would come to the Senate and before the Senate could act upon it. So I make the point that it is impossible for me, or indeed, any Senator to state accurately and exactly what the Colorado River storage project bill actually is until final action on it by the full Senate Committee on Interior and Insular Affairs.

However, in discussing the proposed legislation, which my friend, the senior Senator from Utah [Mr. WATKINS], supports generally, he has suggested that the Sierra Club in California is guilty of sending out "vicious" propaganda against any type of development in that area by the Federal Government.

I wish very respectfully to say that the Senator is mistaken. I deny that that is the true situation; and I wish affirmatively to state, Mr. President, that in my judgment those in my State and elsewhere who are raising serious questions and objections with respect to the Upper Colorado River Basin bill in all its ramifications deserve to have their questions and their recommendations given careful study.

The Sierra Club is located in San Francisco. It is an honorable and unselfish organization. Its position with respect to this entire controversy is reflected, in part, in the remarks of the senior Senator from Utah [Mr. WATKINS], as they appear in the CONGRESSIONAL RECORD for Saturday, July 17, 1954:

> From time to time our national park system has been threatened with schemes for dams and other inappropriate developments within the boundaries of areas dedicated for the enjoyment of all Americans. Today the Bureau of Reclamation has plans, big plans, to drown Dinosaur National Monument with two dams that would inundate its mighty canyons for a hundred miles.
>
> This plan is the most serious and determined effort we have ever seen by a Government agency to appropriate unnecessarily a unit of the national parks system to make it a part of a huge irrigation, power, and flood-control project.

Here are serious charges which deserve the serious attention of the Congress and, indeed, of the country. They deserve more, Mr. President, than being discussed as vicious. They are either correct or incorrect, but for the purposes of these remarks of mine today, I urge only that they were made in good faith. They need to be answered in the same fashion.

Mr. President, on Wednesday, July 7, there was published in the San Francisco Chronicle an editorial which voices some objections along the same lines as those of the Sierra Club. I ask unani-

mous consent that the editorial from that estimable newspaper be printed at this point in the RECORD as a part of my remarks.

The PRESIDING OFFICER (Mr. GOLDWATER in the chair). Is there objection?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE CASE AGAINST ECHO PARK DAM

It is the conviction of this newspaper's David Perlman, based on a firsthand study of the terrain as well as the points at issue, that Dinosaur National Monument ought to be preserved in its present scenic splendor.

He reports that it represents "a magnificent and irreplaceable heritage of the earth's primeval splendor," and pleads against its destruction or alteration in any way. Thus, he agrees with the Sierra Club and with numerous other conservationist groups that are vigorously opposing the Interior Department's proposal to put a $175 million dam on the Echo Park site—where the resulting reservoir would drown many of the natural wonders of this unique area.

It has been argued with considerable force that the purpose of the Echo Park Dam could be better and more cheaply served by dams and powerplants erected elsewhere in the upper Colorado Basin. Spokesmen for the Interior Department have waved aside all such arguments as unsound, but their offhand blanket rejections appear to need examination.

They have asserted, for instance, that alternate dam sites would entail losses of water by evaporation "sufficient to supply a city the size of Denver." Then, by degrees, they receded from this estimate—from 200,000 acre-feet, to 100,000, to 75,000 to 25,000.

Such findings serve to confirm us in the belief we expressed some months ago in opposing the project: It needs careful, thorough reexamination.

Our concern is not only that the Interior Department, in its headlong rush to build a dam at Echo Park, may be perpetrating a colossal blunder in which national wealth and natural beauty may alike be squandered.

There is also the fear that the Echo Park Dam may set a dangerous precedent, pointing the way for storage reservoirs and hydroelectric plants in such hitherto untouchable national beauty spots as Yosemite or Glacier or Grand Canyon National Parks.

The reclamation bill that embraces the Echo Park project is currently under consideration by both Houses of the Congress. Public opposition to the project, to be effective, must make itself known to Members of the Congress at once.

Mr. KUCHEL. Mr. President, it so happens that some time ago the State of Arizona, whose able junior Senator is presently presiding over the Senate, filed a lawsuit against the State of California. The basic issues raised in Arizona against California relate to water and the rights to water as between those two great commonwealths. On Saturday, when my friend, the senior Senator from Utah [Mr. WATKINS] was discussing this matter, he said, in part:

The California defendants in the case of Arizona against California, now before the Supreme Court, have moved to join as necessary and indispensable parties the States of Colorado, New Mexico, Utah, and Wyoming. This is a suit brought against California interests by Arizona, in 1952, and concerns the use of Colorado River water in the lower basin.

And, further, my friend, the able senior Senator from Utah, said:

I may say that the filing of the motion with the Supreme Court on July 15 of this year is an indication on the part of the State of California, which is the principal defendant in that case, that it will do all it can to defeat the project to put to beneficial consumptive use of the waters of the upper Colorado River. If it had been planned deliberately, it could not have come at a more timely occasion to help defeat the project authorization by the present Congress. If the State of California is not opposed to the project and is not seeking to defeat it, it could have waited at least until Congress adjourned before filing its motion with the Supreme Court to include these particular upper-basin States.

Mr. President, it is true that the Attorney General of California on July 15 made a motion in the United States Supreme Court to have included as parties defendant the States of the upper Colorado River Basin. It is also true, as you, Mr. President, will recall, that after Arizona filed the action against California, the United States Government intervened and made its position known in the lawsuit. The sovereign commonwealth of Nevada then asked and received permission to become a party to the controversy. Now the State of California has, Mr. President, requested, by appropriate motion, that the upper Colorado Basin States likewise be made parties to the action.

It is also true, Mr. President, that representatives of the State government and of political subdivisions of California are fearful and genuinely apprehensive of much that is involved in the proposed legislation. They have raised questions of the utmost seriousness respecting California's rights to water of the Colorado River. They have a right in this country of ours to raise those questions. Indeed, Mr. President, they have a duty to raise them.

Mr. President, is it my view, here on the floor of the Senate, to urge that that position of the government of California is in entire good faith. I want this RECORD to indicate clearly the reasons which prompted the State of California to ask the Supreme Court to bring in as parties defendant these additional States. Therefore, I now ask unanimous consent to have included at this point in the RECORD, as part of my remarks, portions of the motion on the part of California to join, as parties defendant, the States of Colorado, New Mexico, Utah, and Wyoming; and to include the portion of the same motion entitled "Exhibit A—Summary of the Controversy," which applies directly to the motion made by the State of California.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

IN THE SUPREME COURT OF THE UNITED STATES—OCTOBER TERM, 1953

State of Arizona, complainant, *v.* State of California, Palo Verde Irrigation District, Imperial Irrigation District, Coachella Valley County Water District, Metropolitan Water District of Southern California, City of Los Angeles, Calif., City of San Diego, Calif., and County of San Diego, Calif., defendants; United States of America, intervener; State of Nevada, intervener.

MOTION TO JOIN, AS PARTIES, THE STATES OF COLORADO, NEW MEXICO, UTAH AND WYOMING

To the Honorable, the Chief Justice, and the Associate Justices of the Supreme Court of the United States:

Defendants State of California, Palo Verde Irrigation District, Imperial District, Coachella Valley County Water District, the Metropolitan Water District of Southern California, the city of Los Angeles, the city of San Diego and county of San Diego, by their duly authorized attorneys, respectfully move this court to order the joinder of the States of Colorado, New Mexico, Utah, and Wyoming as additional parties to this action, and that, in furtherance of said order, a summons be issued to said States through their respective governors and attorneys general, directing them to appear as parties to this action at a time to be fixed in said summons, and that the court direct that all pleadings filed herein be served on said officials.

This motion is made upon the grounds that each of said States is a necessary and indispensable party to this action, for the following reasons:

I

The four absent States of Colorado, New Mexico, Utah, and Wyoming are parties to the Colorado River compact. Nevada sought leave to intervene in this case as a party to the compact, and her motion was granted. The meaning and effect of the Colorado River compact are in controversy in the present case. No decree determining the meaning and effect of that compact, considered as a contract, can be fully effective in the absence of the other four parties to it. The principal issues of interpretation of the Colorado River compact affecting the four absent States are stated in defendants' exhibit A, summary of the controversy, appended hereto and incorporated by reference as a part of this allegation as though here fully set out.

II

Two of the absent States, New Mexico and Utah, have a dual interest with respect to the rights and obligations of parties to the Colorado River compact, being States of the upper division (a status which they share with Colorado and Wyoming), as well as States which are in part within the lower basin (in common with Arizona, California, and Nevada). Nevada sought leave to intervene not only as a party to the compact but as an indispensable party to this action in her capacity as a lower basin State, and her motion was granted. The absent States of New Mexico and Utah, similarly to Nevada, are indispensable parties to the full resolution of the controversy among the States of the lower basin. As States lying in part within the lower basin, Utah and New Mexico participate in undetermined amounts in the right to beneficial consumptive use of a common fund of water available for use in the lower basin under the Colorado River compact. No decree determining the rights of the present parties to this proceeding can be fully effective without the presence, as parties, of the other States having the right to participate in the use of said common fund of water.

III

The four absent States, in like manner as Nevada and Arizona, are named as third party beneficiaries of the statutory compact between the United States and California evidenced by the Boulder Canyon Project Act and the California Limitation Act. The meaning and effect of that statutory compact are in controversy in the present cause. No decree determining the rights and obligations of the United States and California as principals, and of Nevada and Arizona as 2 of the third-party beneficiaries of said statutory compact, can be fully

effective in the absence of the other 4 beneficiaries. The principal issues of interpretation of that statutory compact which affect the four absent States are stated in defendants' exhibit A, Summary of the Controversy, appended hereto and incorporated by reference as a part of this allegation as though here fully set out.

IV

The United States asserts claims "as against the parties to this cause," which are independent of, and adverse to, rights derived from or controlled by the Colorado River compact. These claims of the United States affect all States in the Colorado River Basin, not merely the States of Arizona, California, and Nevada. The absent States of Colorado, New Mexico, Utah, and Wyoming are necessary and indispensable to the determination of these claims of the United States and of the effect thereof upon each of the seven States. The principal issues which arise from the claims of the United States and require the presence of all seven States are stated in exhibit A, Summary of the Controversy, appended hereto and incorporated by reference as a part hereof as though here fully set out.

V

This motion is based upon the records, files, and pleadings herein.

EXHIBIT A

SUMMARY OF THE CONTROVERSY

I. THE QUANTITIES OF WATER IN CONTROVERSY

The United States seeks to quiet title to rights to the use of water, consumptive and otherwise, "as against the parties to this cause," for Federal purposes, in unstated amounts.

Arizona seeks to quiet title to the beneficial consumptive use of 3,800,000 acre-feet per annum of the waters of the Colorado River System (measured by "man-made depletion of the virgin flow of the main stream") and to enjoin California's right to permanently use any water in excess of approximately 3,800,000 acre-feet per annum (measured by diversions less returns to the river), that being the effect of (1) reducing 4,400,000 acre-feet of III (a) water by reservoir losses, and (2) denying California any permanent right to use excess or surplus waters.

California asserts a right to the beneficial consumptive use in California of 5,362,000 acre-feet per annum of the waters of the Colorado River system (measured by diversions less returns to the river) under contracts with the United States, comprising 4,400,000 acre-feet of the waters apportioned by article III (a) of the Colorado River compact and 962,000 acre-feet per annum of the excess or surplus waters unapportioned by the compact, including in such excess or surplus the increase of use permitted to the Lower Basin by article III (b) of the compact.

Nevada seeks to quiet title to 539,100 acre-feet per annum (measured in part by both methods) of the beneficial consumptive uses apportioned by article III (a) of the Colorado River compact, and to not less than a total of 900,000 acre-feet from all classes of water.

As the States differ in their definition of beneficial consumptive use, their claims require restatement in terms of a common denominator in order to evaluate their effects. Thus:

The quantity to which Arizona seeks to quiet title, 3,800,000 acre-feet per annum, measured by the method she urges, "depletion of the virgin flow of the main stream occasioned by the activities of man," is equivalent to more than 5,000,000 acre-feet measured by consumption at the site of use, or "diversions less returns to the river," the standard established by the Boulder Canyon Project Act and asserted by California. The difference is due primarily to the fact that under Arizona's interpretation, the compact deals with the virgin flow in the main stream only and that the use of water salvaged by man is not charged as a beneficial consumptive use, whereas under California's interpretation the Compact deals with the waters of the entire river system and such salvage is so charged.

Conversely, the aggregate of the California contracts, 5,362,000 acre-feet per annum, measured by diversions less returns to the river, is equivalent to only about 4,500,000 acre-feet measured by man-made depletion (without charge for salvage water). If Arizona's prayer should be granted, California's rights would be reduced to about 3,800,000 acre-feet per annum, measured by "diversions less returns to the river," or to about 3,000,000 acre-feet measured in terms of "depletion of the virgin flow of the main stream."

The impact of Nevada's claims on those of the other States is not readily evaluated.

II. ULTIMATE ISSUES

The ultimate issues, in the sense of the results sought by each party, may be grouped as follows:

The United States

Does the United States have rights, "as against the parties to this cause, to the use of water in the Colorado River and its tributaries" in the following categories?

1. For consumptive use of all projects in the lower basin, which it asserts independently of any rights claimed by the States in which such projects are located;

2. To fulfill its obligations arising from international treaties and conventions; but this involves, with respect to the burden of the Mexican Water Treaty, the obligations as between the States of the upper division and the States of the lower division under articles III (c) and III (d) of the Colorado River Compact, and involves also the effect of the so-called escape clause of article 10 of that treaty, which allows reduction in the guaranteed deliveries to Mexico, in the event of extraordinary drought, in the same proportion as consumptive uses in the United States are reduced, "consumptive uses" being defined in article 1 of the treaty;

3. To fulfill all its contracts for the delivery of water and electric power, 1 .e., with or in Arizona, California, and Nevada; but it alleges that the water available is not sufficient to satisfy all these obligations;

4. To fulfill the Government's obligations to Indians and Indian tribes; but this involves not only the questions of the magnitude and priorities of these claims but the questions of whether or not they are chargeable under the Colorado River Compact to the basin and State in which such uses are made, what the obligation of the upper division States may be to release water for use by Indians in the lower basin, and what rights the United States may have to withhold water in reservoirs in the upper basin for use by Indians in both basins;

5. To protect its interests in fish and wildlife, flood control and navigation; but such rights as it may have for these purposes may require the impounding and release of water from reservoirs in both basins, and not merely reservoirs bordering or within Arizona and California, and again involves the question of accounting under the compact; and

6. For use of the National Park Service, Bureau of Land Management, and Forest Service; but if the United States has claims "as against the parties to this cause" for these functions, such claims apply to all the waters of the Colorado River System in both basins.

The adjudication of these claims of the United States requires consideration and resolution of: Questions of fact, referred to later; the power of the United States to impound and dispose of water independently of rights derived from the States; the extent of its obligations under treaties and contracts; the impact and effect of its treaties upon rights of domestic water users; how its claims to the use of water shall be measured; the location, magnitude and priorities of Indian claims, and claims for other alleged Federal purposes; the extent to which its rights and obligations are controlled by the Colorado River Compact; and the extent to which its claims may be exercised in futuro in derogation of intervening rights and uses.

Arizona

Is Arizona entitled to a decree:

(1) Quieting title to 2,800,000 acre-feet per annum of the beneficial consumptive uses apportioned to the lower basin by article III (a) of the Colorado River Compact, substantially all to be taken from the main stream, and measured in terms of manmade depletion of the virgin flow of the main stream?

(2) Quieting title to all of the 1 million acre-feet per annum by which the lower basin is permitted to "increase its use" by article III (b) of the Colorado River Compact (notwithstanding the decision of this Court in *Arizona* v. *California et al.*, 292 U. S. 341 (1934)), to the exclusion of the other States of the lower basin, all to be taken from the waters flowing in the Gila River, and to be measured in terms of manmade depletion of the virgin flow of the main stream?

(3) Reducing California's right to the uses apportioned by article III (a) of the Colorado River Compact to approximately 3,800,000 acre-feet per annum, in consequence of reservoir losses?

(4) Enjoining California's right to receive and permanently use under its Government contracts 962,000 acre-feet per annum, or any part thereof, in excess of 4,400,000 acre-feet ber annum?

The determination of Arizona's claims involves: The questions of fact, later referred to; the standing of Arizona to seek a declaratory decree quieting title to a "block" of water for projects not yet constructed or authorized (about 1,600,000 acre-feet per annum of the 2,800,000 claimed from the main stream); the source of title to Arizona's claims to 2,800,000 acre-feet of III (a) water and 1 million acre-feet of III (b) water; the status of the uses on the Gila; the measurement of uses thereof and of the main stream; whether Arizona's status is that of a party to the Colorado River Compact or that of a third party beneficiary of the statutory compact between the United States and California, and if so, whether Arizona is bound by the interpretations placed thereon by the principal parties thereto in its formulation and administration; and the validity and effect of Arizona's water delivery contract with the United States.

Most of the questions posed by Arizona's claims revolve around the issue of whether the Gila River shall be treated as a part of the Colorado River system for all purposes, or shall receive special treatment in respect of (1) the identification of uses thereon with the waters referred to in artice III (b); (2) the corollary exemption of "rights which may now exist" on the Gila from any charge under article III (a); and (3) the devaluation of the charge for beneficial consumptive uses from the quantity which is in fact consumed on the Gila (alleged by California to be about 2 million acre-feet per annum) to the lesser quantity represented by the resulting depletion in the virgin flow of the main stream (alleged by Arizona to be about 1 million acre-feet per annum).

California

Are the contracts between the United States and the defendant public agencies of California for the storage and delivery of water valid and enforceable? Inasmuch as these contracts are, in terms, for permanent

service, but subject to the Colorado River compact, the Boulder Canyon Project Act and the California Limitation Act, the issue is whether these enactments, considered together as a statutory compact established by reciprocal legislation, authorize and permit the Secretary of the Interior to presently contract for the storage and delivery for permanent beneficial consumptive use in California of 4,400,000 acre-feet per annum of the waters apportioned by article III (a) of the Colorado River compact plus one-half of the excess or surplus waters unapportioned by the compact, including in such excess or surplus the "increase of use" permitted to the lower basin by article III (b) of the compact. The aggregate of these contracted quantities, subject to physical availability of the amounts of excess or surplus waters, which vary from year to year, is 5,362,000 acre-feet per annum.

The determination of California's claims involves the questions of fact, later referred to; the extent to which rights have vested in both the United States and California under the statutory compact; whether Arizona is estopped by her previous conduct from asserting her present position; whether the limitation is net of reservoir losses; how California's uses shall be measured; whether California is chargeable with the use of salvaged water; the effect of California's appropriations, in their relation to the expressions "rights which may now exist" and "present perfected rights" in the compact and Project Act; the definition of the Project Act term "excess or surplus waters unapportioned by" the Colorado River compact; the availability of such waters for permanent service; the intent of Congress with respect to the waters referred to in article III (b); and the relation between California's contracts and the later agreements which the Secretary of the Interior has entered into with others.

Nevada

Is Nevada entitled to a decree:

1. Quieting title to 539,100 acre-feet per annum of the beneficial consumptive uses apportioned to the lower basin by article III (a) of the Colorado River compact?

2. Reserving for a future agreement the disposition of the use of the 1 million acre-feet referred to in article III (b) of the Colorado River compact, and preserving to Nevada an equitable share thereof?

3. Assuring Nevada the ultimate beneficial consumptive use of not less than 900,000 acre-feet per annum, from all classes of water?

The determination of Nevada's claims requires the consideration and resolution of the questions of fact later referred to; the questions of interpretation previously mentioned; the question of whether Nevada's share of III (a) waters has been determined or limited to 300,000 acre-feet per annum; whether, as to stored waters, Nevada may claim any quantity in excess of her contracts with the United States; and the source of title to her claims to 539,100 acre-feet per annum of III (a) water and not less than 900,000 acre-feet per annum from all sources.

Interests of other States

There remains the question whether the the claims of the United States, Arizona, California, and Nevada can be effectively determined without concurrently determining the rights and obligations of Utah and New Mexico with respect to the waters of the lower basin, and the rights and obligations of those States and Colorado and Wyoming with respect to other waters of the Colorado River system, to the extent that they are affected by the issues in controversy here.

In more detail, these ultimate issues depend upon the resolution of the following questions of fact and of the interpretation of the Colorado River compact, the Boulder Canyon Project Act, the statutory compact between the United States and California, and the Mexican Water Treaty.

III. FACTUAL ISSUES

There are substantial issues of fact, raised by the pleadings to date. These include, but are not limited to, determination of:

1. The investments and obligations undertaken by the parties in the construction of works and in the performance of their contracts with the United States, and the investments and obligations undertaken by the United States in reliance upon such contracts;

2. The location, magnitude, and priorities of the water rights necessary to enable the United States to perform its obligations to Indians and Indian tribes pursuant to article VII of the compact;

3. The requirements of the United States for (a) flood control, (b) navigation, (c) fish and wildlife, and (d) the other claims which it makes;

4. The quantities of water physically available for beneficial consumptive use in the lower basin, assuming full use by the upper basin of its compact apportionment, full regulation of the supply available to the lower basin, and full performance of the Mexican Water Treaty;

5. The uses, present and potential, on the main stream and on each tributary, determined as of the place of use, as California contends is the proper method, and the effect of those uses in terms of man-made depletion of the virgin flow of the main steam, as Arizona contends is the proper method;

6. The quantities of water salvaged by the activities of man, on the main stream and on the tributaries;

7. Reservoir losses, present and potential, gross and net;

8. Appropriative rights, priorities, and uses thereunder, on the main stream and tributaries;

9. The extent and place of use of "rights which may now exist" and which under article III (a) of the compact, are to be charged as uses of water apportioned by article III (a), and of "rights which may now exist" in California, within the meaning of section 4 (a) of the project act; and

10. The extent and place of use of "present perfected rights" protected by article VIII of the compact and directed by the Boulder Canyon Project Act to be satisfied in the operation and management of the project.

IV. THE ISSUES OF INTERPRETATION OF THE COLORADO RIVER COMPACT, THE BOULDER CANYON PROJECT ACT, THE STATUTORY COMPACT, AND THE MEXICAN WATER TREATY

Questions relating primarily to article III (a) of the Colorado River compact include the following: Whether the Colorado River compact deals only with the main stream or treats with Colorado River system waters wherever they may be found; whether the uses apportioned by article III (a) to the lower basin are to be taken only from "water present in the main stream and flowing at Lee Ferry," as Arizona contends, or from the tributaries as well, as California and Nevada contend; whether the 7,500,000 acre-feet referred to in article III (a) is related to the 75 million acre-feet referred to in article III (d), as Arizona contends, or whether the latter figure includes excess or surplus waters unapportioned by the compact, as California contends; by what process Arizona claims to have acquired an apportionment of 2,800,000 acre-feet of III (a) water, to be taken from the main stream; whether the apportionment of 7,500,000 acre-feet per annum is a statement of a maximum, or of an average, and, if the latter, over what period of years; the definition and measurement of "beneficial consumptive use"; the accounting for water added to and withdrawn from storage on the main stream and tributaries; whether the use of water salvaged by man on the main stream and tributaries is to be charged under the compact; the definition of "rights which may now exist," which are to be included in charges to water apportioned by article III (a) and their magnitude on the main stream and tributaries; the date to which this last expression refers; whether, in the absence of a compact among the lower basin States, the division of water among them is to be affected by appropriative rights, i. e., rights which may now exist; whether Indian rights, and other Federal claims to consumptive use, are included within that expression and are to be charged under the compact; whether reservoir losses are chargeable as beneficial consumptive uses, and if so, their classification under the compact and their relation to other uses.

Questions relating primarily to article III (b) of the Colorado River compact include the following: The questions relating to the definition of "beneficial consumptive use" and "per annum" previously stated in connection with article III (a); whether the "increase of use" permitted to the lower basin by article III (b) is an apportionment in perpetuity as in article III (a), as Arizona contends, or a license to acquire rights by appropriation and contracts under the Project Act in excess or surplus waters unapportioned by the compact, as California contends; whether this right to increased use is identified solely with the water found flowing in the Gila River, as Arizona contends, or is identified with the first 1 million acre-feet of increased use (above 7,500,000) per annum throughout the lower basin, as California and Nevada contend; whether this right is available to all five States of the lower basin, or to Arizona alone, as she contends (notwithstanding the decision of this Court in *Arizona* v. *California et al.* (292 U. S. 341 (1934))); the status of uses in New Mexico on the Gila; the status of uses on other tributaries; and to what degree reservoir losses are chargeable to this increase of use. Reference to the relation of the Mexican Treaty burden to the uses under article III (b) appears below in connection with article III (c).

Questions relating primarily to article III (c) of the Colorado River compact include the following: Whether the waters to be supplied Mexico are "apportioned" thereby (this bears upon the determination of the meaning of the expression "excess or surplus waters unapportioned by" the Colorado River compact, appearing in the Boulder Canyon Project Act, infra); whether, if the quantities in excess of those specified in articles III (a) and III (b) are insufficient to supply the deliveries to Mexico, the burden, with respect to the lower basin, falls first upon the uses referred to in article III (b), as California contends, or upon those referred to in article III (a), as Arizona contends; and the relation of the escape clause in article 10 of the treaty, which permits reduction in deliveries to Mexico in case of extraordinary drought in proportion to the reduction in consumptive uses in the United States. The relation of article III (c) to articles III (d) and III (a), with respect to the obligations of the upper division States, is referred to below in connection with article III (d).

Questions relating primarily to article III (d) of the Colorado River compact include the following: As a corollary to one of the questions stated with reference to article III (a), whether the 75 million acre-feet referred to in article III (d) is related to the 7,500,000 acre-feet apportioned by article III (a) to the lower basin, or whether the 75 million acre-feet include excess or surplus waters available for delivery to Mexico or use in the lower basin; the resulting effect on the obligation of the States of the upper division stated in article III (c) to furnish additional water to meet the deficiency if surplus above the quantities specified in

articles III (a) and III (b) is insufficient to supply Mexico; and whether the lower basin is entitled to demand release of this 75 million acre-feet notwithstanding the consequent inability of the upper basin to make beneficial consumptive use of 7,500,000 acre-feet per annum.

Questions relating primarily to article III (e) of the Colorado River compact include the following: Whether, if excess or surplus waters are appropriated (or contracted for) in the lower basin, their release from storage in the upper basin may be required; whether, if Indian uses are not subject to the Colorado River compact, the United States may require release of water from reservoirs in the upper basin to satisfy them, in addition to the water which the States of the upper division are required to release in performance of articles III (c) and III (d) of the compact; so also with respect to the other Federal claims asserted by the United States "as against the parties to this cause," for use of water in the lower basin.

Questions relating primarily to articles III (f) and III (g) of the Colorado River compact include the following: Whether the provisions in these articles with reference to a compact to be made after October 1, 1963, are permissive or mandatory; whether, in the light of the statutory compact, these provisions preclude the acquisition of rights in excess or surplus waters by appropriation and by contract with the United States in the interim, subject only to further apportionment as between basins by such a future compact; and whether, in the event of competing interstate claims to such excess or surplus waters, in the absence of a compact apportioning them, priority of appropriation, including contracts with the United States, controls.

Questions relating to article VII of the Colorado River compact include the following: Whether uses by Indians are subject to the Colorado River compact; whether Indian uses are chargeable under the compact to the basin and the State in which they are situate; if not, whether they are prior and superior to the apportionments made by the compact, or are in competition with appropriations of others which are subject to the compact; the location, magnitude, and asserted priority of Indian claims; their effect upon the quantities available to non-Indian users under articles III (a), III (b), etc., their effect on the distribution of the Mexican Treaty burden; and their effect on the obligations of the States of the upper division under articles III (c) and III (d).

Questions relating primarily to article VIII of the Colorado River compact include the following: The date to which the expression "present perfected rights" relates, i. e., 1922, 1929, or some other date; the definition of said terms; whether such definition is to be determined under the law of the State under which the right arose; whether the assurance against impairment extends to quality as well as quantity; the extent of these rights in each State; their relation to the expression "rights which may now exist," as used in article III (a) of the compact and section 4 (a) of the Project Act; and the impact of reservoir losses when present "perfected rights" attach to, and are satisfied from stored waters, pursuant to the direction in article VIII.

Questions relating primarily to the Boulder Canyon Project Act and the resulting statutory compact between the United States and California include the following: Whether the alternative consent given in the Project Act to a 7-State or 6-State compact became final on June 25, 1929, in establishing the latter; whether Arizona could, or did, effectively ratify a 7-State compact thereafter; if so, whether the statutory compact authorized by the Project Act as a corollary to a 6-State compact remains in effect; if it does, whether Arizona can claim the benefits of both; whether the statutory compact authorized contracts to be made with the California defendants for the permanent service (in addition to 4,400,000 acre-feet of III (a) waters) of one-half of the excess or surplus waters unapportioned by the compact for use in California; whether it included therein the waters referred to in article III (b), or precluded California from use of such waters; whether the "excess or surplus," of which California may use one-half, is to be reckoned before or after deduction of the quantity required to be delivered to Mexico; the effect on California's right to "excess or surplus" of a future compact apportioning such waters; whether the limitation "for use in California" is net of reservoir losses, or is subject to further reduction in consequence of such losses; whether the definition of consumptive uses applicable to California is applicable to Arizona, and vice versa; whether California is free to make use of salvaged waters without charge under the compact or the Limitation Act; the effect of California's appropriations; the meaning and effect of the reference to "rights which may now exist" in section 4 (a) of the Project Act; the extent of California's "present perfected rights" as referred to in section 6 of the Project Act; whether by the Project Act, or otherwise, the shares of Nevada or Arizona in the waters of the Colorado River system have been determined; and the construction and effect of the water delivery contracts held by those States.

Mr. KUCHEL. Mr. President, some who appeared at the hearings before the subcommittee endeavored to indicate their apprehension as to to the economic feasibility of the project. Because I want Senators to have in mind the argument which has been made by some witnesses who appeared before the committee. I ask unanimous consent to have printed at this point in the RECORD, also as a part of my remarks, a news story entitled "Colorado River Project Subsidy Dangers Told," which was published in the Los Angeles Times of July 15, 1954, being this is in great part, a reference to a statement by Mr. Samuel B. Morris, general manager and chief engineer of the Los Angeles Department of Water and Power.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

COLORADO RIVER PROJECT SUBSIDY DANGERS TOLD

Federal handouts amounting to $7,520 an acre for farmlands in the upper Colorado River storage project have been pointed out to the Senate committee holding hearings on the controversial reclamation plan, it was announced here yesterday by the Colorado River Association.

The new figure on the magnitude of concealed subsidies involved in the project bill was included in a statement presented to the Senate Interior and Insular Affairs Committee by Samuel B. Morris, general manager and chief engineer of the Los Angeles Department of Water and Power, the association said.

Morris is one of the southern California public utility authorities who are opposing the bill because it presents a serious threat to the Colorado River water and power supplies of this area.

"Taxpayers of the United States will have to pay $782,393,000 for interest charges alone on just one of the so-called participating projects included in Senate bill 1555," Morris' report showed. He referred specifically to the proposed Shiprock irrigation project, in New Mexico, as a glaring example of the sin of concealed subsidies.

The United States Reclamation Bureau plans to spend $178,825,000 of Federal funds to build an irrigation system to serve the project area which contains only 104,000 acres. By putting off until the year 2020 the start of any substantial repayments of the construction cost, the compound interest charges at 2½ percent over the long period of years add up to the $782,393,000 figures cited, Morris said.

Morris said the process of filling proposed reservoirs in the upper portions of the Colorado River with 37 million acre-feet of water would take possibly 15 years. In that time the power output at Hoover Dam and other downstream plants might be reduced to 60 percent of normal. This would have a direct effect on power supplies for southern California and would also be reflected in impaired financial operations of Hoover Dam, now the outstanding example of a soundly financed Federal powerplant, Morris added.

Another objection, Morris said, is the refusal to take into account the probable effect of atomic energy on future power costs. Under the terms of the bill, power rates at Glen Canyon powerplant are set artificially high and its earnings are counted on to subsidize irrigation.

"This planned continuance of high power charges for 80 years in spite of the probable reduction in cost of power through atomic energy or other inventions seems indefensible because there may be no market for power at those rates," Morris said.

Mr. KUCHEL. I make no prepared argument today against any specific piece of legislation on this subject; none is before us. I make this statement merely by way of respectful reply to the comments on Saturday of my colleague from Utah.

Mr. President, I have conceived my responsibilities, during the time I have been a Member of the Senate, to be both to the people of the United States and to the people of the State of California.

It seems to me I have a right to say, speaking for the people of California, that that which is theirs by law or by agreement ought to remain theirs under the law or the agreement and it is my duty to see that their rights are respected. By the same token, speaking as a Member of the United States Senate, I want every State in the American Union to receive that to which it is justly entitled; and I wish to participate, along with my fellow Senators, in building up the economy and the resources of the United States, and in approving—in those instances where they can be found to be feasible and fair and in the public interest—projects which the Government of the United States can approve, and in the building of which it can participate. That is the basis upon which I ask Senators to listen to the arguments pro and con with respect to the legislation upon which my friend from Utah [Mr. WATKINS] commented Saturday, and upon which I wish briefly to comment today.

I wish to make no argument on this occasion against the legislation to which my friend from Utah has previously adverted, but I do wish to keep the record straight. It was not upon the basis of any "vicious" desire to defeat any legislation in the present session of the Congress that the State of California asked the Supreme Court, by way of a motion, to bring in other parties to a law-

suit. I hope that in any future discussions we may have on the floor or in committee regarding this particular legislation, those of us from all the States which are involved in this controversy may be given credit among ourselves and by other Members of the Senate for acting in good faith, not alone in the best interests of our respective States, but also in the best interests of our country.

Mr. President, I appreciate the courtesy of the Senator from Tennessee in yielding to me, and I now yield back the floor.

NATIONAL ADVISORY COMMITTEE ON EDUCATION — CONFERENCE REPORT

Mr. COOPER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7434) to establish a National Advisory Committee on Education. I ask unanimous consent to the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. GORE. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. GORE. I take it that the Senator has not discussed this matter with the minority leader.

Mr. COOPER. I have been informed by the distinguished senior Senator from Alabama [Mr. HILL], who was one of the conferees, that he consulted with the minority leader and that it is perfectly in order to consider the conference report at this time.

Mr. HILL. As the Senator from Kentucky has stated, I was one of the members of the conference committee which agreed on the report the Senator from Kentucky is asking the Senate to consider at this time. The Senator from Montana [Mr. MURRAY] was the other minority member of the conferees appointed on the part of the Senate. We both signed the report. We also advised distinguished minority leader, the Senator from Texas [Mr. JOHNSON] of the report. He has no objection to them. Certainly we have no objection to them.

Mr. COOPER. I thank the Senator from Alabama.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

WHITE HOUSE CONFERENCE ON EDUCATION — CONFERENCE REPORT

Mr. COOPER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7601) to provide for a White House Conference on Education. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. HILL. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. HILL. I believe the Senator from Kentucky will agree that the Senate conferees came out pretty well on these conference reports. I wonder whether the Senator would make a very brief statement relating to what was done in conference and how well the Senate conferees fared.

Mr. COOPER. On the conference report now before the Senate, the purpose of which is to provide for a White House Conference on Education, the conference agreed upon an authorization of a million dollars for that purpose. Previously the House had refused to make such an authorization. I believe the authorization adds a great deal to the bill.

Mr. HILL. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. HILL. It was the Senate that added the authorization. Is that correct?

Mr. COOPER. That is correct.

Mr. HILL. It was thought by the Senate that for the Conference to be successful it would be necessary to make such an authorization. Is that correct?

Mr. COOPER. We thought so. Without it, we thought the Conference would not be held, and that the bill would have very little meaning. Now we believe that the States will hold conferences and that they will present their findings to the White House in a national conference.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

COOPERATIVE RESEARCH IN EDUCATION—CONFERENCE REPORT

Mr. COOPER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9040) to authorize cooperative research in education. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of today.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. HILL. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. HILL. Will the Senator make a brief statement about this conference report, and indicate how well the conferees on the part of the Senate fared in connection with this conference report?

Mr. COOPER. Although I do not consider these three bills to be major bills, I should state that in each instance after the conference the result was a much better bill. The conference report now under consideration authorizes cooperative research in education. It would establish a group consisting of nine persons to advise with the Secretary of Health, Education, and Welfare on national programs affecting education. The conference report bill would authorize the Department of Health, Education, and Welfare to enter into agreements with various bodies for research on technical problems, which is something that has not been done thus far. I believe the three measures will enable the Department of Health, Education, and Welfare to establish a much broader program in the field of education. I cannot say what the immediate results will be, but at least it is the beginning of a program which should have results of consequence in this field.

Mr. SMITH of New Jersey. Mr. President, will the Senator yield for a brief remark from me, as chairman of the Committee on Labor and Public Welfare?

Mr. COOPER. I yield.

Mr. SMITH of New Jersey. As chairman of the Committee on Labor and Public Welfare, I wish to express my appreciation for the work of the entire committee in connection with these bills, particularly the work done by the subcommittee under the chairmanship of the distinguished Senator from Kentucky [Mr. COOPER].

We went into the studies very carefully, and they were worked on with the Department of Health, Education, and Welfare. All the bills were recommended unanimously by our committee. Then when they were passed by the Senate and went to conference with the House, the conferees quickly arrived at an agreement on these bills. So I express my compliments to the chairman of the committee and my appreciation of the fact that the bills are being passed this year.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

CONSTRUCTION OF NAVAL VESSELS—CONFERENCE REPORT

Mr. SALTONSTALL. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8571) to authorize the construction of naval vessels, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The Chief Clerk read the report.

(For conference report, see House proceedings of today.)

The PRESIDING OFFICER (Mr. BARRETT in the chair). Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. SALTONSTALL. Mr. President, Members of the Senate may recall that H. R. 8571 authorized the construction of approximately 14,000 tons of naval vessels in the mine warfare and patrol categories. It also increased the appropriation authorization provided for in the basic Naval Construction Act of 1950 from $350 million to $500 million.

The Senate amended the bill by reducing the appropriation increase from $500 million to $450 million. The House agreed to Senate changes.

The Senate also amended the bill by inserting the following language:

To the extent that any ships authorized under this act are constructed in private shipyards, such contracts shall be awarded to the lowest competitive bidder insofar as national security requirements will permit and such award is practical.

The House conferees strongly held to the position that such language, by implication, set aside or amended the Armed Forces Procurement Act of 1947 and the so-called Vinson-Trammell Act.

The Senate conferees felt that it was quite clearly not the intent of the Senate language to amend or set aside existing law, and for that reason added to the Senate amendment language which specified that contracts authorized under the act should not be inconsistent with either the Armed Services Procurement Act of 1947 or the Vinson-Trammell Act.

In effect, therefore, the Senate language remains as it was with the following phrase added at the end of the sentence: "and is not inconsistent with the provisions of the Armed Services Procurement Act of 1947 or the Act of March 27, 1934 (ch. 95, 48 Stat. 503), as amended."

With that amendment added, the House accepted the Senate language, and the conference report was unanimously adopted.

Mr. HILL. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. HILL. What is the effect of the admendment dealing with the Procurement Act?

Mr. SALTONSTALL. The Senator from Delaware [Mr. WILLIAMS] offered and there was agreed to an amendment providing for the acceptance of the lowest competitive bid, which we agreed to take to conference and insist upon if it was practical. The amendment which the conferees agreed upon provides that bidding shall be consistent with the Vinson-Trammell Act, which, as we know, is the Naval Procurement Act.

Mr. HILL. Does that mean there does not have to be competitive bidding?

Mr. SALTONSTALL. There is competitive bidding, but the Vinson-Trammell Act allows 16 exceptions to the provision for letting the contract to the lowest competitive bidder, after certain decisions are made that a straight competitive bid would be impracticable.

Mr. HILL. When the Senator states that 16 exceptions are made, does he mean there are 16 different phases of a contract?

Mr. SALTONSTALL. No; there are 16 different situations, any one of which might arise to make it difficult to have straight competive bidding. The original law was the act of 1935, which was prepared with a great deal of care by Representative Vinson, who was at that time Chairman of the Committee on Naval Affairs of the House.

Mr. HILL. Will the Senator advise us as to one of the 16 exceptions, merely as an illustration?

Mr. SALTONSTALL. The clearest example would be a contract involving the construction of a new type ship which had never been built before, or a new naval airplane of a type never built before.

Mr. HILL. The new ship might have certain features which had never been embodied in other ships, such as different engines, or new armament, or a difference in the construction of the deck. In other words, the construction might be in the nature of a somewhat new enterprise. Is that correct?

Mr. SALTONSTALL. That is correct.

Mr. HILL. I thank the Senator.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

AMENDMENT OF FEDERAL REGULATION OF LOBBYING ACT

Mr. KENNEDY. Mr. President, I ask unanimous consent to introduce for appropriate reference a bill to revise and strengthen the present Federal regulation of the Lobbying Act.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

The bill (S. 3775) to amend the Federal Regulation of Lobbying Act, introduced by Mr. KENNEDY, was received, read twice by its title, and referred to the Committee on the Judiciary.

Mr. KENNEDY. Mr. President, on June 7, 1954, the United States Supreme Court in a split decision upheld the constitutionality of the present Lobbying Act. But it did so only with some difficulty, requiring a majority opinion which narrowly interpreted or "rewrote" many provisions of the act, and a minority opinion which strongly criticized the language or constitutionality of other provisions. Upon the announcement of this decision, as they had done many times previously, the Nation's press and other expert observers insisted that the present Regulation of Lobbying Act be drastically revised. It is, of course, impossible to give this problem the attention it deserves in the closing hectic days of Congress; but I am introducing this bill at this time in the hope that it will receive thorough analysis and criticism from experts and all concerned before the 84th Congress convenes.

The bill which I have introduced today represents the work of many committee, governmental, and private specialists over a period of time prior to the Court decision, and in addition has attempted to meet the objections raised by the opinion of the Supreme Court. Recommendations of the House Select Committee on Lobbying were also helpful.

This bill contains the following major improvements:

First. Enforcement: A copy of all registration and reporting documents would go to the Attorney General, who is charged with the responsibility for the enforcement of the act. The use of more precise terms, the expansion of such definitions as "legislative agent" and extension of the terms of the act to make certain that it is not evaded by those at whom it is aimed, will, I hope, facilitate its enforcement and thereby augment its significance on the national legislative scene.

Second. Constitutionality: Items of dubious constitutionality, including those which had to be stretched by the Supreme Court in order to prevent infringement of free speech, and those which the Supreme Court had to "rewrite," according to some, in order to make sufficiently clear to meet the standards of certainty, have been eliminated or rewritten under this bill. The coverage of "indirect" lobbying is omitted; the prohibition of any lobbying either after a conviction or prior to registration is omitted; radio and TV stations are added to newspapers and regularly published periodicals under the exemption clause; and other provisions seek to remove constitutional objections to the law and thus facilitate its administration.

Third. Contingent fees: This bill seeks for the first time to prohibit contingent fee lobbying contracts, whereby the compensation of lobbyists is dependent upon their "success" in securing the passage or defeat of particular measures. This practice, which is a serious reflection upon the legislative process and those who seek to influence it, is already outlawed under the lobby control laws of many States; and such a provision was recommended by the Buchanan committee and others.

Fourth. Draftsmanship: This bill attempts to meet criticisms of the language of the old law by rewriting it in what, in my opinion, is clear, more comprehensive, more consistent, better integrated, more practical and more up-to-date terminology. Those definitions which have been termed "loose" are made clearer and more concise, and other definitions have been added in order to clarify the intent of the law. Reporting or coverage requirements concerning the amount of contributions or expenditures under the act are set at levels which balance practicality with adequacy of coverage. The word "regulation" is removed from the title, to reemphasize the point that no stigma should be attached to those registering under the act. Internal conflicts and confusion have been eliminated.

I have introduced this bill at this time in the hope that before Congress meets again it will receive the careful consideration and constructive criticism of other Members of Congress and the public. Certainly if we are to be worthy of the

trust confided in us, we must make certain that we neither impair the right of petition nor permit abuses and undisclosed pressures to interfere with the legislative process.

I am glad that the Senator from Oklahoma is on the floor, because he played a major part in writing the provisions of this act into the Reorganization Act of 1946.

Mr. MONRONEY. I wish to compliment the junior Senator from Massachusetts for his diligence and effort to place the proposed act before the country for study. In writing the Reorganization Act we recognized the difficulty of defining lobbying activities and activities associated with lobbying, particularly when it is necessary to connect up efforts for hire, so to speak, to influence legislation in Congress with a penalty clause which would carry an enforcement provision under which a jail term could be imposed for failure to register or to file reports. Therefore, I am delighted to note the thoroughness and energy with which the junior Senator from Massachusetts has endeavored to meet and correct this need.

It will certainly be very helpful to have the bill before the country to permit ample discussion and to project hearings when the 84th session of Congress opens.

One of the defects of the Lobbying Act was due to the fact that it was made a part of the Reorganization Act, which embodied approximately 34 reforms of a somewhat major nature, and to have complete and exhaustive testimony on that one phase was not possible within the limited time which was available, and therefore Congress passed it largely in the hope that it would be refined.

The act has been on the books since 1946. Certainly in that period of time, and now with the decision of the Supreme Court as a guidepost as to what provisions might be incorporated in it to make such a law effective, the introduction of the bill by the junior Senator from Massachusetts will prove to be a very distinct advantage. Particularly is it necessary, in connection with big lobbying activities, not to prevent the activities themselves, but to identify the sources and pressures, and the sources of the amounts of money which are spent in influencing proposed legislation. The public should have the truth. We have a right to expect the truth to be forthcoming. In that way I believe we can have a successful identification and a placing of certain limits on excessive lobbying or excessive pressures on Congress.

Mr. KENNEDY. I am grateful to the Senator from Oklahoma particularly because he was a coauthor of the Reorganization Act. I am aware what a difficult problem Congress was confronted with in 1946. The 8 years of experience we have had with the act and the recent Supreme Court decision may well assert their influence on the Subcommittee on Reorganization of the Committee on Government Operations when it considers this entire problem.

As the Senator has suggested, the problem of coordinating lobbying regulations with a desire to preserve the right of citizens to petition Congress is a very difficult and delicate operation. I believe that the 8 years of experience we have had under that section of the Reorganization Act since 1946 should prove beneficial in considering it at the beginning of the next Congress.

ADDITIONAL REPORTS OF A COMMITTEE

The following additional reports of a committee were submitted:

By Mr. LANGER, from the Committee on the Judiciary, without amendment:

S. 1061. A bill for the relief of Norman F George (Rept. No. 1914);

S. 3305. A bill to authorize payment of certain war claims, including payment of certain claims arising out of the sequestration by the Imperial Japanese Government of credits of members of the military and naval forces of the United States and other United States nationals in the Philippines (Rept. No. 1915);

H. R. 1975. A bill to amend section 2201 of title 28, United States Code, to extend the Federal Declaratory Judgments Act to the Territory of Alaska (Rept. No. 1916);

H. R. 1976. A bill to amend title 28, United States Code, to permit the registration of judgments in or from the District Court for the Territory of Alaska (Rept. No. 1917);

H. R. 3557. A bill for the relief of Capt. Walter C. Wolf (Rept. No. 1918);

H. R. 3757. A bill for the relief of Dorothy Kilmer Nickerson (Rept. No. 1919);

H. R. 7140. A bill for the relief of Robert A. Duval (Rept. No. 1920); and

H. R. 7411. A bill for the relief of Mrs. Esterlee Hutzler Weinhoeppel (Rept. No. 1921).

By Mr. LANGER, from the Committee on the Judiciary, with an amendment:

S. 417. A bill conferring jurisdiction upon the United States District Court for the District of New Mexico to hear, determine, and render judgment upon certain claims arising as a result of the construction by the United States of Elephant Butte Dam on the Rio Grande (Rept. No. 1922);

S. 1737. A bill for the relief of certain former employees of the Inland Waterways Corporation (Rept. No. 1923);

S. 3166. A bill for the relief of the city of Sandpoint, Idaho (Rept. No. 1924);

S. 3214. A bill for the relief of Mrs. Marie Monchen (Rept. No. 1925);

S. 3293. A bill for the relief of Lt. P. B. Sampson (Rept. No. 1926);

H. R. 1370. A bill for the relief of Guy H. Davant (Rept. No. 1927);

H. R. 2032. A bill for the relief of Clarence D. Newland (Rept. No. 1928);

H. R. 3222. A bill for the relief of Martin Luther Johnson (Rept. No. 1929);

H. R. 4474. A bill for the relief of Frederick Joseph Buttaccio and others (Rept. No. 1930); and

H. R. 4638. A bill for the relief of David W. Wallace (Rept. No. 1931).

By Mr. LANGER, from the Committee on the Judiciary, with amendments:

S. 2496. A bill for the relief of Harvey Schwartz (Rept. No. 1932);

S. 3436. A bill for the relief of Laurie Dea Holley (Rept. No. 1913);

H. R. 1665. A bill for the relief of Carl Piowaty and W. J. Piowaty (Rept. No. 1933); and

H. R. 7413. A bill for the relief of Harold J. Davis (Rept. No. 1934).

By Mr. WILEY, from the Committee on the Judiciary, without amendment:

S. 2559. A bill to amend title 17, United States Code, entitled "Copyrights" (Rept. No. 1936);

H. R. 5420. A bill to amend section 161, title 35, United States Code, relating to the patenting of plants (Rept. No. 1937); and

H. R. 6280. A bill to extend temporarily the rights of priority of nationals of Japan and certain nationals of Germany with respect to applications for patents (Rept. No. 1938).

TOM HELLANDER CO., SUPERIOR, NEBR.—REFERENCE OF SENATE BILL 1613 TO COURT OF CLAIMS—ADDITIONAL REPORT OF A COMMITTEE

Mr. LANGER. Mr. President, from the Committee on the Judiciary, I report an original resolution to refer the bill (S. 1613) for the relief of Tom Hellander Co., Superior Nebr., to the Court of Claims, and I submit a report (No. 1935) thereon.

The PRESIDING OFFICER. The report will be received, and the resolution will be placed on the calendar.

The resolution (S. Res. 286) was placed on the calendar, as follows:

Resolved, That the bill (S. 1613) entitled "A bill for the relief of the Tom Hellander Co., Superior, Nebr.", now pending in the Senate, together with all accompanying papers, is hereby referred to the United States Court of Claims pursuant to sections 1492 and 2509 of title 28, United States Code; and said court shall proceed expeditiously with the same, in accordance with the provisions of said sections, and report to the Senate, at the earliest practicable date, giving such findings of fact and conclusions thereon as shall be sufficient to inform the Congress of the nature and character of the demand, as a claim legal or equitable, against the United States, and the amount, if any, legally or equitably due from the United States to the claimant.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. SPARKMAN. Mr. President, a few days ago I had the privilege of speaking briefly on the bill, but when the majority leader was ready to recess the Senate I stated that I had not been able to cover all the subjects I wanted to cover. There are in the bill many things which require very careful consideration by the Senate. I think it is unfortunate that early in the consideration of the bill the misconception gained some headway that the only subject concerned in the bill was the Dixon-Yates contract. There are many other subjects. There is the patent section, the one with respect to licenses, the one relating to international agreements, the question of monopoly, and other questions. All of them ought to be explored. I hope before consideration of the bill is concluded they will be explored.

Mr. President, I have said in the discussion so far, and I know the able Senator from Tennessee has said many times in the course of his discussion, that whereas the TVA was involved, it was not involved in the primary question. In fact, in setting forth the different matters of concern, the Senator from Tennessee listed TVA as the third consideration.

I believe all of us who have been discussing the bill have been in agreement

that the first consideration is the manner in which an independent agency of the Government of the United States has been dealt with by being ordered directly by the President of the United States to enter into a contract which a majority of the Commissioners of that independent agency did not want to enter into. They expressed themselves as not wanting to enter into the purchase of power which was not to be used by the Atomic Energy Commission and not to be used as is provided in the law in connection with the construction or operation of the installations of the Atomic Energy Commission at either of the three places designated.

I wish to emphasize the importance of that attitude. The question of the TVA has been brought in. Of course, TVA is involved because it is made more or less the innocent bystander in the matter.

The order of the President directed that power be bought from a company, not yet incorporated, not yet organized, but one that it is anticipated will be organized. After it is organized, it is to build a powerplant, and AEC would buy power from that powerplant and TVA would distribute that power, not to the TVA, not to the Atomic Energy Commission, but to the people of Tennessee.

Even the Ferguson amendment, which is the pending question, provides that the power contract may be entered into for the purpose of buying power to replace power supplied by the TVA to the Atomic Energy Commission. However, there is something in the Dixon-Yates contract to which I wish to call attention; that is, it does not replace 1 single kilowatt of power supplied by the TVA to the Atomic Energy Commission.

Three Commissioners—a majority of the Commission—two of them in a letter to the Director of the Budget and the third in testimony before the joint committee, stated that the contract did not change the status, and that the power to be generated was not to be used in connection with the operation of the Atomic Energy Commission, although the only authority given by law is for the use of such power in connection with the AEC. All three Commissioners stated that it would not be used in connection with the operations of the Atomic Energy Commission, and they said that the President was directing the Commission to go far afield of its functions and to do things that Congress never intended it should do.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. SPARKMAN. I will yield only for a question.

Mr. MONRONEY. Could the Senator advise the Senate as to who located the plant in West Memphis? What I am concerned about is whether there was open bidding and whether it was a well-advertised negotiated bid, whether those who were to supply this power from private sources were under any limitation as to where the plant would be built, what the terms of the proposed deal were, whether there was any kind of competitive bidding, and whether the Government had the right to determine in these negotiations where the plant was to be located. Did the Atomic Energy Commission, as the prime mover in this contract, have anything to say as to where the plant was to be located?

Mr. SPARKMAN. I am glad the Senator from Oklahoma asked me that question. In my opinion, not only was there no open bidding or competition, but there was not even any open information. The first notice, so far as I know, that Congress had that anything such as this was pending was when the President delivered his message to Congress—I believe it was his budget message—in which he said that in dealing with the problems of TVA it was hoped that some plan could be devised whereby TVA would be relieved of supplying—I think his message said—some half million kilowatts of power to the Atomic Energy Commission.

When that statement was made in the budget message, I remember a newspaperman asked me what I thought about it. I said, "Naturally it sounds good to hear the President talk about relieving the TVA of having to serve so much power to the Atomic Energy Commission, because if that is what they are actually to do it will give us relief. However," I said, "I would rather wait and see the plan that is submitted."

When the plan was submitted, it apparently not only was a surprise to a great many people, but it was a surprise apparently to the Atomic Energy Commission.

I call attention to the fact that two of the Commissioners addressed a letter to the Director of the Budget. They are Dr. Smyth and Mr. Zuckert. As I recall, the letter was written in April 1954. In that letter they made reference to a letter of December 24, 1953, which the Director of the Budget had written, in which he had requested the Atomic Energy Commission to explore the possibility of reducing existing commitments of the TVA to the Commission. They explored that possibility. It was on April 16, 1954, that the two Commissioners wrote to the Director of the Budget, and they made a very strong objection to the proposal. First of all, they stated, in substance, that they had not been able to find another plan which was better than the plan they had with TVA; therefore, it was their recommendation that they continue the arrangement they had with the TVA. In a later letter a new proposal was made, and that was that the Atomic Energy Commission contract for power. Apparently, that is the letter in which it was first proposed that the Commission enter into the contract with Dixon-Yates, the company to be, for power, because they make a very significant statement. I shall quote from the letter, and I should like the Senator from Oklahoma to listen to it, because it is a very significant statement. Let me first, read the sentence bearing out my former statement. They say they had made the exploration which was requested. I read:

> In the course of the exploration, it was determined to be unwise to disturb the arrangements on which our production schedules depend. Since that determination the explorations have taken a different course.

Listen to this:

> The present proposal would create a situation whereby the Atomic Energy Commission would be contracting for power not 1 kilowatt of which would be used in connection with the Commission's production activities.

It is significant, I think, that they use the phrase "in connection with," because that same phrase is used in the law which gives the Atomic Energy Commission the authority to buy power to be used in connection with the construction and operation of its installations in the three areas named. The Commissioners point out that not 1 kilowatt of this power would be so used. They might have gone further and pointed out that not 1 single kilowatt would have been taken under the commitments which the TVA had to supply power to the Atomic Energy Commission. Therefore, any statement to the effect that this carries out the President's promise in his budget message to reduce the amount of the commitment of the TVA to supply power to the Atomic Energy Commission simply does not comport with the facts, because the TVA's commitment to deliver power to the Atomic Energy Commission remains undiminished by a single kilowatt.

I desire to say a further word with reference to the power arrangements in the TVA area. I live in that area, and I wish to emphasize again that the TVA is not the primary consideration in this matter at all, but is brought in more or less as an innocent bystander. Many persons have referred from time to time to the expansion of power in the TVA. I believe very few persons understand that of all the power generated in the TVA some 55 percent, in another year or so, will be going to the Atomic Energy Commission, and a great part of the remainder will go to defense installations and defense-related installations.

At the beginning of World War II, practically all the aluminum manufactured in the United States was manufactured in the Tennessee Valley by the Aluminum Co. of America. It was not until shortly before our entry into World War II that we began to expand our aluminum production. If I remember correctly, in 1940 the production of aluminum in this country was 300 million pounds a year. The first company that went into the manufacture of aluminum, besides the Aluminum Co. of America, was the Reynolds Metals Co. That company expanded, and production went up to 600 million pounds, then 1.2 billion pounds, and then on beyond that. Aluminum is now manufactured in a good many sections of the country, but still a great part of the aluminum industry is centered in the Tennessee Valley.

Mr. ANDERSON. Mr. President, will the Senator from Alabama yield for a question?

Mr. SPARKMAN. I yield for a question.

Mr. ANDERSON. Many persons have expressed the thought that TVA may draw industry away from other areas. Did it draw industry away from any other area?

Mr. SPARKMAN. Not at all. As a matter of fact, Alcoa was already there. It was there before the TVA was ever established. It simply expanded as the demand for aluminum expanded.

The Reynolds Metals Co. went there because power was available at that particular time. That was before we entered into the war. Later on the industry expanded in the Pacific Northwest, and still later in Arkansas, and later in Texas, and in numerous other places where power was available. It expanded as the demand for aluminum became greater.

But, certainly, there is no other industry, or, certainly, there are few, if any, other industries more closely connected with the national defense and national security than is the aluminum industry. In addition to that is the tremendous engineering development in Tennessee. I do not know what prompted industries to locate there. The Government owned a great reservation where a military camp had been established, and industries require an enormous amount of power. There is located at my home town the guided missile research center of the Army, and there are other installations closely associated with the national security which use a great amount of that power.

So, Mr. President, when we speak of the great expansion of development, it has come about very largely because of the demands of our defense set-up for the additional supply of power.

When we speak of expansion on a geographic basis, I believe everyone should be aware of the fact that since the act of 1939 TVA has not expanded a single mile.

I remember the TVA legislation quite well. I was the sponsor of it. I was a Member of the House of Representatives at that time. I was on the Military Affairs Committee which had jurisdiction over all legislation pertaining to TVA, and I sponsored the measure.

The principal witness and proponent of the measure was Mr. Wendell Willkie, who was president of the Commonwealth & Southern Co., which owned the Tennessee Power Co., the Mississippi Power Co., and other companies. He argued for the proposed legislation, and it was passed very much as he asked for it, to allow the sale of TVA power to all the State of Tennessee except a small corner in the northeastern part, and to a certain section in northern Alabama. There were 12 counties, plus two cities near Birmingham, which had built their own transmission lines which could get TVA power. Those counties and the cities of Tarrant and Bessemer were named in the law. The same is true of certain counties in Mississippi.

We voted $5½ million worth of bonds with which to purchase the necessary properties.

From that time until this, the TVA has not expanded a single mile, nor have any of the private power companies serving in the area which it was decided by the act should be served by the TVA.

Only last year, in testifying before the Committee on Appropriations, a representative of the utilities in that area made a rather significant statement when referring to the agreement under the act of 1939. He said that since that date both sides have meticulously observed the agreement. That is true.

Our area grows. I do not know that it grows any faster than any other area in the United States. Every area in the United States develops. It is entitled to have normal development. As normal development occurs, naturally the power demand grows with it. Certainly we are entitled in our area to have a sufficient amount of power to meet the normal growth. The growth has been normal. It has not been as a result of the siphoning of any industry from other parts of the country. Even the President of the United States has been quoted as saying something to the effect that industry has been siphoned from New England into the Tennessee Valley area.

But the facts will show that not a single New England industry has moved into the TVA area since the establishment of the TVA about 20 years ago. The development simply has not worked out in that way. The development which has taken place has not been something unusual. It is a development which has occurred in every other area of the United States where power was available. Such development may be expected in the future in every section of the United States where those things which are necessary to promote industrial development may be found.

Mr. President, I wish to speak a little about some of the features of the Dixon-Yates contract. The able Senator from Oklahoma a while ago asked me if there was any open competition. I stated that not only was there no open competition, but that there was not even any open knowledge or information. As we go further and further into the question, I think we learn more and more that certainly will not stand the light of day.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield for a question only.

Mr. FULBRIGHT. I certainly hope the Senator will discuss the Dixon-Yates contract, because we are all very curious to hear about it. Nothing has been said about it so far.

Mr. SPARKMAN. If the Senator's statement is in the form of a question, I will say to the able Senator from Arkansas that I certainly think the Dixon-Yates contract ought to be discussed over and over, until the people of the country see it in the light of day and understand the great—I should like to use the word "fraud," but I will not say "fraud," but the terrible mistake which was about to be perpetrated upon the people of the Nation.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield for a question.

Mr. FULBRIGHT. Which version is the Senator going to discuss? The TVA estimate, the AEC estimate——

Mr. SPARKMAN. I do not care.

Mr. FULBRIGHT. The Senator yielded for a question. I wanted to ask him a question. Which version does the Senator intend to discuss? The TVA version, the AEC version, or the facts as presented by Mr. Nichols in the committee hearing, which I presented the other day?

Mr. SPARKMAN. Is the Senator's question whether I accept the TVA version, the AEC version, or the Fulbright version?

Mr. FULBRIGHT. That is the question.

Mr. SPARKMAN. It does not matter to me which version we accept. Each is as bad as the other. As a matter of fact, I am willing to take the version of the Budget Bureau. I believe a figure was given by the Budget Bureau, certainly by the Atomic Energy Commission itself. The Atomic Energy Commission made an estimate.

I doubt seriously that anyone could question the version made by the Atomic Energy Commission. But even if we took the Fulbright version, which, in my opinion, leaves out of consideration many very important factors, I do not think the contract could stand when the light of day was turned upon it, so far as the interests of the American taxpayers are concerned.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. FULBRIGHT. Does the Senator mean that the $282,000 is too big a price to pay for the contract, if that is the price?

Mr. SPARKMAN. I do not admit that that is the price, but I should say that even that, coupled with many of the other provisions, would be too big a price. For instance, the Senator from Arkansas has not even mentioned many of the other factors, such as the guaranty against loss, the guaranty of a net return on the earnings, exemption from taxation, and a cancellation indemnity, which may run, according to the very able and distinguished Senator from New Mexico, who certainly has given great study to the question—more than I have, and I imagine more than has the Senator from Arkansas—as high as $40 million. If I correctly recall, the Senator from New Mexico said that the indemnity on cancellation might run as high as $40 million.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. FULBRIGHT. In fact, the last statement, about the cancellation, is the only point the Senator from New Mexico made in which there is much or in which there is any truth. The other statement was quite in error. There is no guaranty of 90 percent.

Mr. SPARKMAN. I did not say 90 percent.

Mr. FULBRIGHT. Nine percent. There is no guaranty of 9 percent at all.

Mr. SPARKMAN. On the equity.

Mr. FULBRIGHT. Certainly not. It is only in ideal conditions that it would be 9 percent.

Mr. SPARKMAN. Oh, I realize there is an "if" in the provision that if the cost runs above the estimate. But if the cost comes out in accordance with the estimate which has been made, then there is a return of 9 percent on the equity investment. That is all I mean.

Mr. FULBRIGHT. If the Senator will yield further, that is very different from saying there is a guaranty in any event. The only "if" with respect to large dividends depends upon large earnings. If there are no earnings, there are no dividends. If there are earnings, there will be. That is different from a guaranty.

How the Senator can say, if there is a guaranty, that I intended to say if it was earned on this basis, it will be 9 percent, I cannot imagine. Those are two conflicting diametrically opposed concepts.

Mr. SPARKMAN. I certainly do not want the Senator from Arkansas to put words in my mouth. I did not say it in just that way. I said that if the cost comes out according to the estimate that has been made——

Mr. FULBRIGHT. Correct.

Mr. SPARKMAN. My understanding is that the cost as agreed to in the contract is——

Mr. FULBRIGHT. It is an estimate.

Mr. SPARKMAN. I cannot say it is agreed to by Dixon-Yates, because there is no Dixon-Yates, but by representatives of the company which hopes to be. My understanding is that that is the figure they would use in going before the Securities and Exchange Commission to be allowed to market the securities. If those estimates are correct, then they would be given a return of 9 percent on the equity.

Mr. FULBRIGHT. Did not the Senator say just prior to that that there was a guaranty of 9 percent?

Mr. SPARKMAN. I said that, and then I said that would be the return, provided the estimates which they have submitted are adhered to and are not exceeded.

Mr. FULBRIGHT. I have just one other point. I do not want to reiterate——

Mr. SPARKMAN. I yield for a question, please.

Mr. FULBRIGHT. I desire to ask a question, Mr. President.

Has not the Senator also misled the Senate with regard to the $40 million? That also is a maximum penalty in case the market for electricity in this area collapses, and nobody wants the power. Then the maximum would be $40 million, which no person really anticipates. That is the extreme case of complete collapse; is it not?

Mr. SPARKMAN. Yes.

Mr. FULBRIGHT. Is not that true?

Mr. SPARKMAN. Yes; I suppose it would be fair to say that it might run up to that figure.

Mr. FULBRIGHT. That is correct.

Mr. SPARKMAN. I was quoting the Senator from New Mexico.

Mr. FULBRIGHT. If the Senator will yield, I wanted to make that point, because the Senator from New Mexico previously made the flat statement——

Mr. SPARKMAN. I certainly did not intend to say that there would be $40 million. I said in the event of cancellation there might be indemnity of as much as $40 million.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. FULBRIGHT. The Senator is doing a great service in clarfying the misinformation left in the RECORD by the Senator from New Mexico on that point.

Mr. SPARKMAN. I am glad the Senator from Arkansas is in such a friendly, give-and-take frame of mind tonight and admits that the Dixon-Yates contract has at least one weakness, and that is the $40 million contingent——

Mr. FULBRIGHT. Oh, no.

Mr. SPARKMAN. Questions only. Questions only.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield for a question.

Mr. FULBRIGHT. The Senator does not really think I admitted that was a weakness, does he?

Mr. SPARKMAN. I thought that is what the Senator from Arkansas said a few moments ago.

Mr. FULBRIGHT. No; it is a fact.

Mr. SPARKMAN. It is a fact.

Mr. FULBRIGHT. It is not a weakness. I did not say it was a weakness.

Mr. SPARKMAN. I hope the Senator will read in the RECORD his remarks of a little while ago.

Mr. FULBRIGHT. If I said "weakness," I was mistaken. I certainly did not intend to say it was a weakness.

Mr. SPARKMAN. What the Senator said amounted to a statement on his part that that was the one point I had made that had substance to it.

Mr. FULBRIGHT. Oh, no; that had any accuracy or truth in it at all.

Mr. ANDERSON. Mr. President, will the Senator from Arkansas yield for a question?

Mr. FULBRIGHT. Yes.

Mr. SPARKMAN. Mr. President, I have the floor. I yield for a question only.

Mr. ANDERSON. Does the Senator realize that if we could produce the prepared copy and it indicated that there might be termination costs running as high as $40 million, it would not actually be too bad a misstatement, would it?

Mr. SPARKMAN. As a matter of fact, I must have been terribly in error a while ago, because I understood the Senator from Arkansas clearly to say that was one bad part of this contract, one criticism that had substance. That is certainly the way I understood the Senator's remarks.

Mr. ANDERSON. Mr. President, will the Senator from Alabama yield to me for a question?

Mr. SPARKMAN. Yes.

Mr. ANDERSON. If the Senator will direct his attention to page 949 of the hearings, he will read:

> The total maximum cost of cancellation to the Government, assuming the plant is idle—in other words, you don't use it at all—anybody—from the date of notice of cancellation is estimated at $40 million, plus fair and reasonable expenses payable to third parties.

Mr. SPARKMAN Yes; that appears at the bottom of page 949. I should like to suggest to the Senator from Arkansas that he read that part of the hearings. I had read that statement.

Mr. FULBRIGHT. Mr. President, will the Senator from Alabama yied for a question?

Mr. SPARKMAN. In a moment. I had heard the very able discussion by the Senator from New Mexico a couple of days ago. By the way, in that connection, I should like to say for the RECORD that many people seem to think this debate has been running a long time. Do my colleagues realize that this is only the fifth day of the debate? The debate on the Bricker amendment ran for 5 weeks, and during that time I never heard the charge of filibuster made. Yet this debate has been going on for less than 5 days, with many other matters disposed of during that time. For instance, today the Senate met at 10 o'clock a. m. Yet it was not until nearly 1:30 p. m. that any Senator had a chance to say a single word on the bill, which is of such tremendous importance to the United States.

Mr. FULBRIGHT. Will the Senator yield?

Mr. SPARKMAN. I yield for a question.

Mr. FULBRIGHT. I have two questions. The first question is on the last point the Senator made. Does not the Senator realize that whether or not a discussion is called a filibuster sometimes depends on how much reiteration there is in a discussion? The Senator has noticed that, has he not?

Mr. SPARKMAN. No; I do not think that is the gage of whether a debate is a filibuster at all. For instance, I have spoken for about an hour on the bill prior to this occasion. A couple of days ago I was speaking—I believe it was Friday evening—when the majority leader came to me and asked me if I would mind letting him make a motion to recess. I told him I would not mind, but I stated at that time that there were some other matters in the proposed legislation I wanted very badly to discuss. No; I think the question of whether debate is a filibuster depends very largely on whether individual Senators discuss the measure before them in the manner in which each one feels for himself it ought to be discussed. I happen to know that several Senators have prepared addresses they desire to make and have been waiting for several days to discuss the bill. No doubt one or two other Senators could have completed their statements today had it not been for the fact that from 10 o'clock to about 1:30, a period of almost 3½ hours, the time was taken up with extraneous matters.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. SPARKMAN. Yes, for a question.

Mr. FULBRIGHT. The Senator knows I am not criticizing the debate as a filibuster, does he not?

Mr. SPARKMAN. I know that. I was not directing my remarks to the Senator from Arkansas. Before the Senator from Arkansas came on the floor this evening—I suppose it was while he was at dinner—our very genial, able, and forceful majority leader made the suggestion that a filibuster was in progress.

I may say to the Senator from Arkansas that one reason why I was so guarded when he asked me to yield, and stated I would yield for a question only, was that the majority leader had suggested that if Senators did not observe the rules he might call them to order, and I wanted to be certain I am protected.

Mr. President, I may say, in that connection, that every time I yield I shall yield only for a question. I want to be protected in that. The Senator to whom I yield will be held to asking a question, so that I shall not have the floor taken away from me.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield for a question.

Mr. FULBRIGHT. Does the Senator recognize any difference between a statement which alleges or states that the cancellation clause in the proposed contract provides for a maximum or no more than $40 million, under the most adverse conditions, and a statement that it provides for a $40 million payment in case of cancellation? Does the Senator see any difference in the two statements?

Mr. SPARKMAN. I do not know from what the Senator draws his contrast, because I do not know where the two statements were made. I said the proposal provided for as much as $40 million indemnity. That is the term I used; and it does.

Mr. FULBRIGHT. Does not the Senator know that the Senator from New Mexico stated in his original speech, and in his colloquy with me, that the contract provides for a $40 million payment in case of cancellation, and he referred to an analogous provision which he said was in a contract with the EEI at Paducah, which contract he said provided for a $40 million penalty payment in case of cancellation.

Mr. SPARKMAN. I am not going to pass judgment on the statement of the Senator from New Mexico.

Mr. FULBRIGHT. The Senator was here, was he not?

Mr. SPARKMAN. I was here when the Senator from New Mexico made his statement and I understood fully what he was saying. I am certain that if the Senator from Arkansas will check the RECORD, he will find that the Senator from New Mexico used the term "a maximum." Of course, we all know, when we speak of an indemnity being provided, that that does not mean the full amount. For instance, a man might carry $50,000 insurance on his automobile against bodily injury to someone else. We do not always take pains to say that is the maximum the insurance company will pay; we simply say he has $50,000 insurance. The company may not be called upon to pay all of that at all.

Mr. FULBRIGHT. The Senator from Alabama is trying to say that in that discussion he and the Senator from New Mexico were not very precise in the way they discussed the question.

Mr. SPARKMAN. I certainly do not intend to say that.

Mr. FULBRIGHT. Is that not what he did say?

Mr. SPARKMAN. I had no difficulty in understanding what the Senator from New Mexico was saying. I certainly feel that all 94 of the other Senators understood. If the Senator from Arkansas failed to understand, I am sorry. I would suggest that hereafter the Senator from New Mexico spell it out down to the last comma, dot, and crossing of the "t," so the Senator from Arkansas will be able to understand correctly.

Mr. FULBRIGHT. Do the Senator from New Mexico and the Senator from Alabama have some special language they use?

Mr. SPARKMAN. Not at all. Even though the Senator from Arkansas may not have understood the remarks when the Senator from New Mexico was speaking, I think if he went back to the RECORD, he would understand.

Mr. ANDERSON. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield for a question.

Mr. ANDERSON. Does the Senator from Alabama recognize that under the proposal of Dixon-Yates, which is not formalized into a contract, for the first 3 years the total charge could be $8,775,000?

Mr. SPARKMAN. I am willing to accept those figures as accurate. I do not have the exact figures before me, but I have seen some statement to that effect, although I do not remember the exact amount at the present time.

Mr. ANDERSON. Does the Senator from Alabama have any reason to doubt that the termination provision, which was set forth as item 7, reads:

7. Termination:

(a) After commencement of full-scale operation, termination will be allowed on 3 years' notice, during which period assignment may be made to another governmental agency, at contract rates, including all taxes and other adjustments.

Does the Senator from Alabama recognize that that provision states it can be assigned only to another governmental agency?

Mr. SPARKMAN. Yes. In fact, I was about to discuss some of the provisions of the contract, when the Senator from Arkansas started quizzing me.

Mr. ANDERSON. Did not the Senator from Arkansas suggest that we should be specific?

Mr. SPARKMAN. Yes; very specific.

Mr. ANDERSON. Does not the Senator from Alabama think that, under the challenge of the able Senator from Arkansas, this would be a good time to be specific?

Mr. SPARKMAN. I think that now, when the Senator from Arkansas is sitting here, we should be quite specific.

Mr. ANDERSON. Then does the Senator from Alabama realize that if the cancellation notice is confined to 3 years, the maximum cost per annum will be $8,775,000; and does not the Senator from Alabama believe we should also include the figure for the cost in the fourth year, which would be $7,314,000? Does not the Senator from Alabama think that should be added to it?

Mr. SPARKMAN. Yes; it would have to be added to it.

Mr. ANDERSON. Under the termination provisions, does the Senator from Alabama recognize that clause (b) of the proposed contract says that "In any event" the seller will absorb capacity in the amount of at least 100,000 kilowatts in each year, "absorbing associated proportions of costs"? Does not the Senator from Alabama think that should be taken into consideration, and also that specific figures for that should be given?

Mr. SPARKMAN. I certainly do; and I have prepared a statement dealing with those very costs, and I had just started to give them when the Senator from Arkansas stated that he wanted additional information.

Mr. ANDERSON. Does the Senator from Alabama feel that, having calculated the cancellation cost for a period of 4 years, we should also state for the RECORD the maximum cancellation cost in the fifth year, when the annual charge would be $5,853,000? Does he believe that figure has been carefully calculated on the basis discussed by the Atomic Energy Commission; and does he further believe that, being a proper figure, it should be taken into consideration?

Mr. SPARKMAN. I certainly do. I think we must do so if we are to understand the contract and the contingencies.

Mr. ANDERSON. Mr. President, will the Senator from Alabama yield further?

Mr. SPARKMAN. I yield for a question only.

Mr. ANDERSON. Does the Senator from Alabama believe that then we should pass to the cost for the 6th year and, in the interest of being specific, we should note the amount, namely, $4,392,000 for that year?

Mr. SPARKMAN. If that is the figure that has been estimated for the Atomic Energy Commission, I think we certainly should state it.

Mr. ANDERSON. And does the Senator from Alabama think we should omit stating the figure for the following year, which is $2,931,000?

Mr. SPARKMAN. We cannot afford to leave out the figure for any year of the life of the contract.

Mr. ANDERSON. Then am I correct in assuming that we should also state the figure for the eighth year, which is $1,470,000?

Mr. SPARKMAN. By all means it should be stated.

Mr. ANDERSON. Then, as the Senator from Alabama figures these amounts, as I have stated them, do I correctly understand that the total comes to $48,285,000?

Mr. SPARKMAN. That is precisely correct.

Mr. ANDERSON. And, inasmuch as the Senator from Alabama agrees that I have figured correctly thus far, does the Senator from Alabama think we should state for the RECORD that, under provision 7 (d), we find that—

In event buyer relinquishes right to capacity after termination, base capacity charge (including adjustments) will be thereafter reduced $1,500,000; proportionally in case of partial reductions.

And does the Senator think we should also state that it could apply to 5 years; and does not the Senator from Alabama feel it would be only fair to deduct the $7,500,000, for 5 years, from the $48,285,000, so we would come out with a figure slightly in excess of $40,000,000?

Mr. SPARKMAN. Yes, and that would bring it down to the figure originally given by the Senator from New Mexico.

Mr. ANDERSON. Would not the Senator from Alabama think that would be definitely specific, for the purposes of the Senator from Arkansas?

Mr. SPARKMAN. It seems to me to be a perfectly accurate mathematical calculation.

Mr. ANDERSON. I thank the Senator from Alabama.

Mr. ERVIN. Mr. President, will the Senator from Alabama yield to me?

Mr. SPARKMAN. I am glad to yield to the distinguished Senator from North Carolina, formerly my colleague in the House of Representatives.

Mr. ERVIN. While we are talking about figures, let me inquire whether I correctly assume that the taxpayers of the United States have already advanced $1,800,000,000 to the TVA?

Mr. SPARKMAN. Let me say to the Senator from North Carolina that I will not vouch for the exact figure, but I assume that is approximately correct for the overall development of the TVA.

Of course, if the Senator from North Carolina wishes to go into a discussion of that, we might compare the cost of TVA with the cost of some of the reclamation projects. Furthermore, we might go into the fact that the TVA has been making a return of approximately $4,500,000 a year to the Treasury of the United States, on the part of the TVA that was put to power use.

Furthermore, under the TVA's own amortization rate, as set by Congress, in 40 years' time, the TVA will repay all the money invested in power.

Mr. ERVIN. I am interested only in the figures.

Mr. SPARKMAN. Yes.

Mr. ERVIN. As I understand, the TVA has repaid, out of the $1,800,000,000, the sum of approximately $111 million.

Mr. SPARKMAN. That may be correct; yes. It has been running at about 4½ percent a year, as I understand; and in 40 years' time the TVA will repay all the money that has been put in it for the purpose of developing power. That is true.

Mr. FULBRIGHT. Mr. President, will the Senator from Alabama yield at this point?

Mr. SPARKMAN. I yield.

Mr. FULBRIGHT. Will the TVA also repay all the money it milks out of the Atomic Energy Commission, through overcharges?

Mr. SPARKMAN. Mr. President, if there is any charge that has been made on this floor during the debate that is completely without foundation in fact, it is the charge or suggestion or insinuation that the TVA has overcharged the Atomic Energy Commission. The facts we have put into the RECORD, as submitted at the hearings, completely negate such an insinuation.

Furthermore, when this charge was first made, four of the Commissioners protested, and said they had investigated the situation ever since December 1953—I believe that was the date; and they had come up with the proposal—let me say to the Senator from Arkansas, for I am afraid he has not been here all the time, and he may have missed that information——

Mr. FULBRIGHT. Mr. President, while the Senator is looking for the figure, will he yield again to me?

Mr. SPARKMAN. I yield for a question, only.

Mr. FULBRIGHT. Has not Mr. Nichols, the General Manager of the Atomic Energy Commission, stated, according to the memorandum I placed in the RECORD, that according to his calculations the Atomic Energy Commission is being overcharged $3 million a year?

Mr. SPARKMAN. I do not know what Mr. Nichols may have stated——

Mr. ANDERSON. Mr. President, at this point will the Senator from Alabama yield to me?

Mr. SPARKMAN. I yield for a question.

Mr. ANDERSON. Does not the Senator from Alabama recall that the statement by Mr. Nichols, the General Manager of the Atomic Energy Commission, was that if the charge continued at the present rate, which is now based upon coal at about 18 cents, and if coal finally dropped to 15½ cents, and if TVA did not reduce its rates, it would then be overcharging at a certain rate—far in the future, but it was not a statement that TVA was currently overcharging at the rate of $3 million a year, was it?

Mr. SPARKMAN. I think the Senator from New Mexico is correct. However, I shall not discuss these details.

I do recall that in connection with one statement he made, the Senator from Arkansas placed in the RECORD two different tables, one showing a price for coal of 19 cents per million B. t. u.'s, and another showing a price of 15 or 15½ cents.

Mr. ANDERSON. It was 15½ cents; was it not?

Mr. SPARKMAN. Yes.

Of course, if the cost figures are shifted—if 19 cents is used as the basis for one table, and if 15½ cents is used as the basis for another table—different figures will be obtained. I have noted that discrepancy. Whether it was included in the statement of Mr. Nichols, I do not know.

But I do know that when a majority of the Atomic Energy Commission—an agency that Congress said should be an independent agency, but an agency which, as a result of the Presidential order, becomes simply a vehicle, according to its own statement, and an instrument by which to do something the President wants done, that has no connection whatsoever with the operations of the Commission, and the Commissioners said so—that when the Commission was asked to do that, a majority of the Commissioners said that was asking them to do something they had no business doing.

In answer to the insinuation made by the Senator from Arkansas, namely, that TVA was overcharging the Atomic Energy Commission for its power, I wish to say that two of the Commissioners, Dr. Smith and Mr. Zuckert, in their letter said that following the receipt of the letter of December 24, 1953, requesting the AEC to explore the possibility of reducing the existing commitments of TVA to the Commission, they made that exploration, but it was determined to be unwise to disturb the AEC's arrangements with TVA, upon which the Commission's production schedules depend. I am not willing to say that a majority of the Atomic Energy Commission would sit there, being overcharged by TVA, and decide, after the President had asked them to explore the possibility of getting power somewhere else, that, "We ought to continue to buy power from TVA under the arrangement we have." I do not believe those men are so indifferent to the oath of office they took as to allow the Atomic Energy Commission to be overcharged, and yet say, "We have decided that it would be unwise to change."

Mr. ANDERSON and Mr. FULBRIGHT addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Alabama yield; and if so, to whom?

Mr. SPARKMAN. I yield first to the Senator from New Mexico, and then I shall be glad to yield to the Senator from Arkansas.

Mr. ANDERSON. Does the Senator remember, in connections with the question of overcharge, that while he was in the Chamber I read into the RECORD the testimony from page 1036, where it was pointed out that for the first 3 months of this year TVA was charging at a rate such that the Atomic Energy Commission could say, "We bought this power at 4.86;" and does not the Senator recall that Mr. Nichols, who has just been quoted, testified that power was bought from the private companies at 5.08?

Mr. SPARKMAN. Yes; I remember that quite well.

Mr. ANDERSON. Does the Senator feel that if 4.86 is an overcharge, 5.08 is robbery?

Mr. SPARKMAN. Frankly, I do not think either one was an overcharge.

Mr. ANDERSON. Neither do I. Let me ask the Senator if he remembers that further on Mr. Nichols testified that when everything was running according to their contracts—not guesswork—the price would favor TVA by a margin of about 10 percent?

Mr. SPARKMAN. Yes.

Mr. ANDERSON. Does that sound like overcharging?

Mr. SPARKMAN. I cannot see how anybody could say that was overcharging. I believe, if I recall correctly, that the Senator from New Mexico stated that that was the statement of Mr. Nichols himself.

Mr. ANDERSON. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. ANDERSON. Does not the Senator recognize that that page, page 1036 of the hearings, shows Mr. Nichols as giving the testimony? So it had to be testimony from Mr. Nichols himself.

Mr. SPARKMAN. Yes. Mr. Nichols testified that the power from TVA was cheaper.

There is one thing that many persons overlook. I will not say that this is really not a proper part of the discussion, because I think everything that bears upon the subject is a proper part. However, after all, it does not have any great bearing upon this particular contract, except that the Senator from Arkansas [Mr. FULBRIGHT] injected it into the debate; and since it has been injected, one thing that should be remembered is that when the Atomic Energy Commission asked the TVA for a certain amount of power at Paducah the TVA was not able immediately to furnish all that power. It must be understood that the Atomic Energy Commission has virtually the power of requisition. It is not actually that, but there is a responsibility on the TVA to give priority in supplying power to Federal agencies, as there ought to be. In fact, the act of Congress so specified. I think it ought to be that way. So the Atomic Energy Commission virtually has the right to requisition power from TVA, and when it notified TVA that it wanted a certain quantity of power at Paducah, the TVA was not able immediately to furnish all that power, even when coupled with the production of power at Joppa and Shawnee—the EEI group. What TVA had to do was to go out and buy power wherever it could get it. It bought power from the Arkansas Light & Power Co., probably from the private utility operating in Kentucky, and from other private utilities. It bought power in blocks, wherever it could get it, but that power was sold to the Atomic Energy Commission, or transmitted to the Atomic Energy Commission, at exactly the price which TVA had to pay for it.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. SPARKMAN. In a moment. Let me finish this thought.

With respect to the power which TVA is under a firm contract to supply to the Atomic Energy Commission, the TVA has supplied it at the price specified at all times. When it went out to buy power, it told the Atomic Energy Commission the arrangements under which it would have to be done. That is the reason why the price varies from quarter to quarter, because there is thrown into the stream the power which the TVA must buy on the fringes, at whatever price it has to pay for the power. If only the power which the TVA had contracted to sell were involved, the charge would be uniform, if I correctly understand.

I now yield to the Senator from Arkansas for a question.

Mr. FULBRIGHT. Does not the Senator know that for many years—I think since TVA began—it has bought power from outside the TVA?

Mr. SPARKMAN. Yes. There has been an interchange.

Mr. FULBRIGHT. Does not the Senator also know that the figures which I introduced into the RECORD the other day, which were taken from the Federal Power Commission records, show that the TVA charged approximately 70 percent more for the interim power it sold to the Atomic Energy Commission at Paducah than the average it paid for all the bought power from outside its system? The Senator does not challenge the accuracy of those figures, does he?

Mr. SPARKMAN. The figures stated by the Senator from Arkansas mean nothing. It is like trying to compare a dozen oranges with one hundred sheep. They do not compare.

Mr. FULBRIGHT. Does not the Senator——

Mr. SPARKMAN. Just a moment.

Mr. FULBRIGHT. I cannot follow the Senator unless he will yield for a question.

Mr. SPARKMAN. It depends upon the type of power that is obtained. Some of the power bought by the TVA is dumped power. Some of it is firm power. The Senator talks about the average paid for all that power. The TVA might buy from a private company a great block of dumped power which it would transmit to the Reynolds Metals Co., which could use it on a dumped-power basis. Certainly it is not fair to run that in as a part of the average price paid for all power, and compare it with the price of firm power, which it had to supply to the Atomic Energy Commission. The two cannot be compared in any such manner.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. SPARKMAN. That is the unfortunate——

Mr. FULBRIGHT. Will the Senator yield for a question?

Mr. SPARKMAN. I shall be glad to yield in just a moment.

That is the unfortunate part about the tables used by the Senator from Arkansas and placed in the RECORD by him. I am surprised that he was taken in by them, if he really was. I am surprised that he should put them into the RECORD expecting other Members of the Senate to be taken in by them. Anyone who knows anything about power, anyone who knows the difference between firm power and dumped power, and who knows the difference in power demands by various industries and various lines of activity, would know from looking at those tables that they represent no showing at all.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. FULBRIGHT. Is the Senator trying to leave the impression—perhaps I am wrong—that there is a difference between a kilowatt which is produced in Kentucky and one which is produced in Alabama, or that one cannot compare a kilowatt from one source with a kilowatt from another, any more than he could compare an orange with an apple? Is that what the Senator is trying to say?

Mr. SPARKMAN. No.

Mr. FULBRIGHT. Do kilowatts differ in degree or character?

Mr. SPARKMAN. No.

Mr. FULBRIGHT. Do they differ in any respect?

Mr. SPARKMAN. Yes.

Mr. FULBRIGHT. Will the Senator describe the difference between a kilowatt manufactured in a Kentucky plant and one manufactured in a plant in Florida or Alabama?

Mr. SPARKMAN. There, again, the Senator is trying to impose limitations which do not exist. The great difference is between firm power and secondary power.

Mr. FULBRIGHT. I did not ask the Senator that.

Mr. SPARKMAN. The great difference is between firm power and secondary power, both with respect to the quantities in which they are bought and the quantities in which they are produced.

Mr. FULBRIGHT. I did not ask the Senator about firm power and secondary power.

Mr. SPARKMAN. I know the Senator did not. That is the reason I tried to get him back on the track.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield for a question.

Mr. ANDERSON. Does not the Senator from Alabama recognize that the TVA has made available to anyone who is curious for the truth the circumstances of delivery of power under its contract, which brought about the rates quoted by the Senator from Arkansas?

Mr. SPARKMAN. There has been some discussion about it. I am not sure whether the entire statement has been placed in the RECORD or not.

Mr. ANDERSON. I do not think it has. Would the Senator from Alabama believe me if I said that included in those figures are the figures for power from the old Wilson Dam, which was forced back into operation because of the requirements of the Government for this power for its purposes, and that the rate, therefore, jumped to more than 20 mills?

Mr. SPARKMAN. Let me correct the Senator. I do not believe he means Wilson Dam. I think he means the steam plant at Wilson Dam. Yes, that is true. The Senator will remember that back in 1939 and 1940, when the TVA bought out the power companies of the Tennessee Electric Power Co., that company had quite a number of steam plants. So they went into the TVA system. Practically every one of those steam plants is antiquated. However, they are being maintained, because there comes a time when it is necessary to pour that power into the stream. When that is done, the cost of generating power goes up sharply That is what happens when it becomes necessary to meet the unusual demands of the Atomic Energy Commission.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield for a question.

Mr. FULBRIGHT. That power has special application for the AEC, I take it. However, before I sit down——

Mr. SPARKMAN. Not necessarily. It depends on whether or not——

Mr. FULBRIGHT. They have first call on high-priced power, in other words.

Mr. SPARKMAN. Not at all. It depends on whether or not that is over and above the contract the TVA had to meet the supply of power. In other words, it is whether it is extra power. Even in that case they have said, "We must put

into operation the steam plant, for instance, at Wilson Dam." That would mean high-priced power.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question? Then I shall desist. I shall desist from further questioning because I know the Senator from New Mexico is much more agreeable to the Senator from Alabama. However, before I sit down——

Mr. SPARKMAN. No, no. Let me disabuse the Senator's mind, before he goes any further, because I know of no one on the floor who is more pleasant or agreeable than the able Senator from Arkansas.

Mr. FULBRIGHT. I mean the questions of the Senator from New Mexico are more agreeable to the Senator from Alabama.

Mr. SPARKMAN. Oh, no. I am glad to have the Senator from Arkansas propound his questions. I am glad to set him straight on many things about which he has been apparently laboring under a false impression.

Mr. FULBRIGHT. I would appreciate it if the Senator would let me propound one more question.

I am sure that there is a great deal of confusion about the difference between watts, and I want to get the RECORD clear. Will the Senator describe—I know he is a great authority on electricity—what is meant by a watt, and how it comes into being and how it gets around. What is a watt? How fast does it move. How long does it take a watt to go from Paducah to Memphis, Tenn.? What is an ampere, for example?

Mr. SPARKMAN. Back in high school and in college I studied those things in physics. I am sure the Senator from Arkansas did likewise. He probably remembers just as well as I do what is meant by those terms. I do not believe it is necessary to answer those questions. They are elementary questions, which I do not believe the average Senator or the average person needs to have defined. I know, although I am not an authority on power, that there is a great difference between what we call dump power and what we call firm power. I know that there is a great deal of difference in the cost of power generated at a modern, up-to-date steam plant like the one at New Johnsonville, for instance, which was built only 3 or 4 years ago——

Mr. FULBRIGHT. I know; I voted for it.

Mr. SPARKMAN. For which the Senator from Arkansas voted.

Mr. FULBRIGHT. That is correct.

Mr. SPARKMAN. There is a great deal of difference between that power and the power generated at an old, inefficient plant, like the one at Muscle Shoals, which was built in 1918. I think the Senator from Arkansas will admit that he believes there is a difference in the cost of power generated at the two plants.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. For a question; yes.

Mr. FULBRIGHT. To introduce the question, let me say that I did not ask the Senator about the cost. I asked him about the difference between——

Mr. SPARKMAN. The Senator from Arkansas asked me an elementary question.

Mr. FULBRIGHT. The Senator said a moment ago that there was no comparison between the kilowatts bought in one place and the kilowatts bought in another place; that they were different; that it was impossible to compare them. Is it not a fact that they are exactly identical in character? Is it not true that the difference goes to the cost of production, but otherwise they are all the same?

Mr. SPARKMAN. It is the same power, and it goes with the same surge, and it travels at the same rate over the same distance.

Mr. FULBRIGHT. That is what I wanted the Senator to admit.

Mr. SPARKMAN. The characteristics are exactly the same.

Mr FULBRIGHT. That is what I wanted the Senator from Alabama to admit.

Mr. SPARKMAN. But one costs more than the other.

Mr. FULBRIGHT. That is correct.

Mr. SPARKMAN. Or one may be more valuable because much comes at one time when the demand is not so great. It depends upon whether the power is necessary to meet the demand and whether it is ready at all times, 24 hours a day.

Mr. FULBRIGHT. Does not the Senator believe it is very interesting that for some reason or other these kilowatts or watts or amperes or volts, which are all the same——

Mr. SPARKMAN. I believe it is necessary to multiply one by the other.

Mr. FULBRIGHT. It always happens that the Atomic Energy Commission is charged a higher rate than is charged to Memphis, Tenn., for the identical watt. Is that not a matter of interest to the Senator from Alabama?

Mr. SPARKMAN. It is a matter of interest that the Senator from Arkansas should try to draw any such comparison, because many factors enter into the charge for power. There is the efficiency of generation, for instance. There is the question of whether it comes at a time when there is a surplus of power, or whether it is firm or demand power that is available at all times. Certainly there is a difference. I am sure the Senator from Arkansas recognizes that there is a difference between the power that is furnished to me to light my home and the power that is furnished to the machine shop down the street to run machines.

Mr. ANDERSON. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield for a question.

Mr. ANDERSON. Does not the Senator recall that we have in our Government a General Accounting Office?

Mr. SPARKMAN. Yes.

Mr. ANDERSON. Does the Senator from Alabama know that every bill the TVA renders to the Atomic Energy Commission is audited by the General Accounting Office?

Mr. SPARKMAN. I assume that is the case because the General Accounting Office audits the accounts of the Atomic Energy Commission.

Mr. ANDERSON. If the Senator from Arkansas has evidence of an overcharge, does not the Senator from Alabama believe that the place to suggest that there is an overcharge is the General Accounting Office?

Mr. SPARKMAN. Of course, it is hard for me to believe that the Senator from Arkansas could really be sincere in his statement that there have been overcharges. The Senator from Arkansas knows that if there was a real overcharge he would immediately go to the General Accounting Office. He is so much concerned about the welfare of the people of the country that he would go there immediately.

Mr. FULBRIGHT. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield.

Mr. FULBRIGHT. Does not the Senator from Alabama know that the very day I received my information I brought it to the floor of the Senate?

Mr. SPARKMAN. I am talking about going to the General Accounting Office.

Mr. FULBRIGHT. But I announced on the floor that I had received the information only within the last hour, and the very industrious Senator from New Mexico [Mr. ANDERSON] immediately submitted it to the Atomic Energy Commission and asked the Commission, "Is what the Senator from Arkansas said true?" I do not know why he should doubt my word. It only illustrates the deterioration in our relations, that he should immediately submit a formal questionnaire to the Atomic Energy Commission, which he put into the RECORD, and in reply to which the Atomic Energy Commission confirmed what I had said, that that was the latest information; and in their statement they said that either the Atomic Energy Commisson is being overcharged or the estimate for the Fulton plant was in error, and that TVA could not be charging the Atomic Energy Commission what they are charging and producing power at Fulton at the very low price that was estimated. Somewhere something is wrong. There is no question about it.

Mr. SPARKMAN. It is rather difficult for me to understand it when Congress has twice refused to appropriate funds for a Fulton plant. There is no Fulton plant.

Mr. FULBRIGHT. I refer to the estimates submitted by the TVA.

Mr. SPARKMAN. In the event power was supplied from that plant?

Mr. FULBRIGHT. I am sure the Senator from Alabama has been following the discussion on the floor. He knows that TVA has made an estimate that they could save $5½ million as compared to the cost of Dixon-Yates power.

Mr. SPARKMAN. Yes; the Atomic Energy Commission figured out that it would be about $2 million.

Mr. FULBRIGHT. $282,000.

Mr. SPARKMAN. I believe the Senator from Arkansas made that calculation.

Mr. FULBRIGHT. The Bureau of the Budget and the Atomic Energy Com-

mission made the calculation, and the Senator from Arkansas agreed with them.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield for a question.

Mr. ANDERSON. Does the Senator from Alabama recognize that in the material which I put into the RECORD on this direct question the Atomic Energy Commission admitted that it was not the Bureau of the Budget figures that had been used, but material that they had supplied to the Bureau of the Budget and which the Bureau of the Budget had taken blindly, and that all of it was taken by the AEC to prove the case?

Mr. SPARKMAN. I am glad the Senator from New Mexico has recalled the point.

Mr. ANDERSON. Does not the Senator recognize the fact that the question of costs was argued time after time, and after it had been exposed and the $282,000 figure had been challenged, the AEC withdrew the first report and submitted the second report, which showed a wholly different figure of approximately $3 million?

Mr. SPARKMAN. I am glad the Senator recalls those figures, because I stated a few minutes ago that my understanding was that the figure finally given by the Atomic Energy Commission was something like $3 million a year.

Mr. KNOWLAND. Mr. President, will the Senator from Alabama yield for a unanimous-consent request?

Mr. SPARKMAN. I yield for that purpose.

ORDER FOR RECESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate complete its labors this evening it stand in recess until 10 o'clock tomorrow morning.

The PRESIDING OFFICER. Without objection, it is so ordered.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. SPARKMAN. Mr. President, a while ago, I had started to discuss some of the items of the Dixon-Yates contract. I had written out my remarks for the sake of saving time. Some of the matters have already been covered in the questioning by the able and distinguished Senator from New Mexico, but I wish to invite the Senate's attention to some of the points involved.

Among the many boobytraps in the proposed Atomic Energy Commission-Dixon-Yates contract is one possible development which has not as yet been discussed. A letter under date of April 10, 1954, signed by Mr. E. H. Dixon, president of the Middle South Utilities, and Mr. J. M. Barry, chairman of the executive committee of the Southern Co., was sent to the Atomic Energy Commission, attention of Gen. K. D. Nichols, General Manager. The concluding paragraph of the letter reads as follows:

> The attached appendix sets forth an outline of additional matters in our proposal, including the more important provisions which will be embodied in a contract growing out of it. We are ready to negotiate a definitive contract at your early convenience.

On page 5 of the appendix referred to, under paragraph (7), entitled, "Termination," subparagraphs (a) and (b), the following language occurs:

> (a) After commencement on full-scale operation, termination will be allowed on 3 years' notice, during which period assignment may be made to another governmental agency, at contract rates, including all taxes and other adjustments.
>
> (b) Upon termination, seller shall be entitled to and will absorb capacity at least as rapidly as load growth will permit, but in any event in the amount of at least 100,000 kilowatts in each year, absorbing associated proportions of costs. Buyer may assign any balance to another governmental agency at an increase price to be approved by FPC, such price to include recognition of any increased costs then encountered or foreseen by seller. To extent such capacity is not used by buyer or assignee, buyer will reimburse seller for pro rata proportion of base capacity charge, as adjusted, and taxes.

Note that in subparagraph (a), after the new plant starts full-scale operation, the Dixon-Yates group grants to the Atomic Energy Commission: first, the right to give a 3-year termination notice; and second, the Atomic Energy Commission is given the right during the 3-year termination notice period to assign to "another Government agency, at contract rates, including all taxes and other adjustments."

Now we turn to subparagraph (b). After the 3-year notice period has expired, several privileges and obligations are in order.

First. Dixon-Yates shall be entitled to and will absorb capacity as rapidly as load growth will permit. This could allow Dixon-Yates to absorb, for its own use, the complete capacity of its plant, 600,000 kilowatts, in the fourth year of its full-scale operation, with Atomic Energy Commission concurrence.

Second. But, in any event, it will absorb 100,000 kilowatts in the fourth year and 100,000 kilowatts a year for 5 successive years. This formula permits legally complete recapture of plant capacity in one fell swoop, immediately after the end of the 3-year notice period—or gradual absorption of capacity from the fourth to the ninth year by Dixon-Yates.

Third. During this absorption period, of from 1 to 6 years, the Atomic Energy Commission is permitted to assign the unabsorbed capacity to another Government agency, obviously the TVA, as no other Government agency could use such residue, but not at contract prices, "at an increased price to be approved by the FPC."

Mr. ANDERSON. Mr. President, will the Senator from Alabama yield for a question?

Mr. SPARKMAN. I yield for a question.

Mr. ANDERSON. Does the Senator see any reason why the Government should be guaranteeing this contract? If there were to be a tranfer, it would be done at an increased price to be settled by another Government agency.

Mr. SPARKMAN. I fail to see any reason for it whatsoever.

Mr. ANDERSON. Are not the lots all alike?

Mr. SPARKMAN. Yes. The Senator from Arkansas did not hear that. It would give them the right to transfer to another Government agency at an increased price to be approved by the Federal Power Commission, and in setting the increased price it must "include recognition of any increased costs then encountered or 'foreseen'" by Dixon-Yates. This is an amazing provision, in view of the fact that the "other conditions" clause on page 3 of the appendix would allow additional increases authorized by the Arkansas Public Utilities Commission, as well as any increase coming under the vague clause "other conditions."

The increased costs encountered are foreseen by whom? By Dixon-Yates.

It is hard for me to believe that the distinguished Senator from Arkansas could possibly have read that provision and not have found some cause to object to it.

This means, in effect, that TVA can be put in the position of building a $9 million transmission line from the Dixon-Yates terminal to its distributive area, use the 600,000 kilowatt capacity for 3 years, and then have a gun placed to its head through legal right to withdraw the 600,000 kilowatts unless TVA agrees to pay the increased rates allowed under the wide-open clauses noted heretofore in the contract.

Surrender to the threat would force the costs of the TVA and its customers upward, and would destroy the TVA yardstick on rates.

Once the TVA yardstick is padded upward and destroyed, the private utilities throughout the South would reap millions of dollars out of the pockets of electric energy users.

It may be argued that such a development is unlikely, and that it would involve another collusive agreement on the part of the Atomic Energy Commission and Dixon-Yates.

The answer to that is that the contract makes it possible legally. The policy of the administration is anti-TVA, and I believe the independence of the Atomic Energy Commissioners is no longer to be relied on—when they are directed by the President to carry out his policy. This is evident from the testimony given before the Joint Committee on Atomic Energy, which, in my opinion, shows a lack of courage to object to a clear violation of the language and legislative history pertaining to section 12 (d) of the Atomic Energy Act of 1946, as amended.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the distinguished vice chairman for a question only.

Mr. HICKENLOOPER. I wish to ask the Senator from Alabama about the distinction between the watts which will

flow through the line from either Dixon-Yates or from TVA. I wish to ask the Senator whether there is not a distinction in the Senator's mind and in the minds of those who support his contention between the watts which would flow from TVA and those which would flow from Dixon-Yates under the proposed contract.

I wonder if the Senator does not agree with me that the watts which flow from TVA will be a white power, because of the Government's subsidy which surrounds them, and that those from Dixon-Yates, because they are generated by private enterprise, under the American private enterprise system, may be tinged with color and odium. So perhaps the watts can be distinguished when they flow through the system.

I am simply wondering about the purity of the watts, on one side of the argument, and the coloration of the watts, on the other side, one being generated with a Government subsidy, and the other being generated by the free private enterprise system, which has made this country great.

Mr. SPARKMAN. There had been a discussion of the difference between the watts a little earlier in the evening, but it was not drawn quite on this basis. It is hard for me to believe that the distinguished Senator from Iowa can say that one watt is subsidized, and the other is not; or that he can say that any of the watts which would be produced under the proposal of the nonexistent Dixon-Yates Co., for the purchase of power from a nonexistent plant, would not be subsidized, or that it would represent private enterprise in the manner which we usually understand.

I think of private enterprise as being something which competes on an equal basis with other concerns engaged in the same type of business.

Here is a proposal made by a so-called private company; and, of course, the company would be organized as a private company, but that is about as far as it would get. There is no risk involved. The Government would underwrite the whole proposal. The Government would guarantee it.

The Senator from Arkansas [Mr. FULBRIGHT] differed with me a while ago in the use of the term "guarantee," so I shall not use it. But the proposal includes in it a suggestion or a provision that the return on the equity shall be 9 percent.

There is an exemption, or a virtual exemption, if not an actual exemption, from the payment of taxes. How in the world anyone can say that that represents private enterprise, I do not understand.

Furthermore, Dixon-Yates did not compete for this contract; someone merely reached out and gave it to them, with no competition whatsoever. I cannot follow the able Senator from Iowa when he refers to that as being private enterprise. Certainly, if it is Government help, if it is a Federal subsidy that changes the complex of the watt as it goes through the distribution system, I certainly think there would be no difference in the color as between the two.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield for a question.

Mr. HICKENLOOPER. I do not wish to prejudice the Senator's right to the floor. The Senator says there is no competition. Yes, there has been competition. There have been at least two offers in this matter. Only one of them is practical or sound or privately competitive. The other is purely a brokerage proposition, in which the Government assumes all the risk.

I am now laying the premise for my question, in order to protect the Senator in his right to the floor.

The Dixon-Yates proposition is not entirely protected by the Government. The facts do not so show. At the end of 25 years, there still will be $31 million worth of obligations against an obsolete plant—and it will be obsolete at the end of 25 years. The Senator himself acknowledged only a moment ago in his argument that the TVA still, occasionally, in an emergency, uses old, obsolete plants. But in this discussion it has been admitted, time and again, that the obsolete plants are very high-cost plants, only emergency plants, plants to be used only in time of exceptional need.

At the end of 25 years, the so-called windfall plant will have $31 million worth of obligations against it, and it will be obsolete. It will not be a plant completely protected or completely guaranteed by the Government.

The connotation with respect to that matter, which has crept through this debate, is utterly wrong. I think it is wrong to give to the people of the United States the impression that this windfall plant is guaranteed by the Government. The facts do not bear that out.

My question is, Does not the Senator think so?

Mr. SPARKMAN. I am glad the Senator has brought that point out, and I am also glad that he has expressed it in the form of a question.

Mr. HICKENLOOPER. I thought I was obligated to.

Mr. SPARKMAN. I think the Senator has amply protected me, because he said in the beginning that he was laying the predicate for a question with which he would end his statement.

Certainly I would not wish to leave the impression that the plant would be fully paid for at the end of 25 years. The Senator is correct. There would be an unpaid balance of about $31 million, to give a figure offhand.

Mr. HICKENLOOPER. If I may ask the Senator another question, does he not realize that at the end of 25 years there will remain approximately $25 million of bonds on the plant still unpaid, plus $5½ million equity capital invested, which will not be recouped or returned to the investor? That amounts to between $30½ million and $31 million still obligated against the plant, which cost, in its original building, $107 million. It would be an obsolete plant, with 20 years of service——

Mr. SPARKMAN. Twenty-five years.

Mr. HICKENLOOPER. Twenty-five years. By any yardstick of obsolescence in the public utility business, it is very doubtful whether it would be worth anywhere near $31 million, unless a great deal more money had been put into it by the company, without Government reimbursement, to keep the plant in any reasonable state of modern production.

Mr. SPARKMAN. I go along with most of what the Senator from Iowa has said. I certainly would not have wanted to create the impression that the plant would be fully paid for in 25 years. It will not be. But in 25 years it would have enjoyed a tax exemption status, which, if I understand the figures correctly, would amount to more than the $31 million unfinished payment on the plant.

Mr. HICKENLOOPER. Will the Senator kindly repeat that statement?

Mr. SPARKMAN. It would have enjoyed a tax benefit or tax exemption status which would have amounted to more than $1,500,000 a year for 25 years, if I understand the figures correctly.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for another question?

Mr. SPARKMAN. I yield.

Mr. HICKENLOOPER. I wish to ask the Senator if the measurement does not include more than taxes. It measures the so-called $3 million to $3½ million more a year which the AEC would pay for electricity under the Dixon-Yates proposal than on the estimated cost—not the proposal to furnish, but the estimated cost which TVA sets up.

But under the TVA plan, the Government would have to put up $107 million right now in investment, and would be in possession all the time.

Under the Dixon-Yates contract, the excess cost over the 25-year period would be $90 million. So the cost would be approximately $20 million less under the Dixon-Yates proposal over a 25-year period than under the TVA proposal.

Mr. SPARKMAN. Of course, one thing which should be remembered is that in the first place, at the end of 25 years the plant would belong to the Government. In this case the Dixon-Yates Co. will continue to own it.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. SPARKMAN. No. If the Senator will permit me, I do not want him to think I am overlooking a very important fact which he brought out in his statement. That is, if, of course, in 25 years the plant will have run down greatly. I would not be willing to say it would be obsolete.

Mr. HICKENLOOPER. Still, there would be $31 million worth of obligations against it. The property would not be free and clear.

Mr. SPARKMAN. I have accepted the statement of the able Senator from Iowa, but the Senator from New Mexico seems to be somewhat in doubt as to the derivation of the figure of $31 million. I can understand the figure of $5 million equity capital. Of course, that equity capital would still be there, but it would be earning a 9-percent dividend.

Mr. HICKENLOOPER. Will the Senator yield for another question?

Mr. SPARKMAN. Yes.

Mr. HICKENLOOPER. The way we arrived at the figure of $31 million is that at the end of 25 years, under the proposal, there will still be 24.6 percent of the bond issue unpaid. Only 75.4 percent of the outstanding bond issue will have been amortized and paid at the end of 25 years, leaving 24.6 percent unpaid, which is a charge against the property, and leaving the $5½ million worth of the original invested equity capital in there, and that makes somewhere in the neighborhood of $31 million, roughly, which is a charge against the capital assets of the plant.

Mr. SPARKMAN. I wonder if the Senator from Iowa can tell me where the 24.6-percent figure appears in the hearings. May I ask the Senator from Iowa if that appears in the hearings?

Mr. HICKENLOOPER. It is contained in the general proposal. It is the plan for the funding and the financing.

Mr. SPARKMAN. I was wondering if that was brought out in the hearings.

Mr. HICKENLOOPER. I shall try to locate it.

Mr. SPARKMAN. I have before me a copy of the general proposal which the Senator from New Mexico handed me, and if the figure is in that proposal, I should like to have it pointed out.

While that is being looked up, let me say, with reference to the question of having an obsolete plant, that the plant at Muscle Shoals to which I referred was built in 1918. It is 36 years old. Yet the TVA uses it, when it has to. Production in that plant is high priced; the Senator from Iowa is correct in that statement. But, remember, remarkable changes have taken place since 1918. The Alabama Power Co. has a great steam plant at Gorgas, Ala. I do not remember when the plant was built, but it must have been about 25 years ago. However, it has some of the most modern equipment available today. That plant has been kept up to date; it is one of our best plants, and is running full time as a part of the generating equipment of the Alabama Power Co. The mere fact that a plant is 25 years old does not mean it is not worth anything. I certainly would not like to leave that impression tonight. My guess is the plant would be worth $31 million, considering that there was an equity investment of $5½ million.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. SPARKMAN. I will if I may get that information from the Senator from Iowa.

Mr. HICKENLOOPER. I should like to ask the Senator if he is aware of the fact that in the Bureau of the Budget analysis and finding on the proposal of the Dixon-Yates group, on page 5 of that analysis, under paragraph 5, the Bureau of the Budget stated:

> In addition, the plant is not completely amortized at the end of the 25-year contract. There is 24.6 percent of the debt not retired at the end of 25 years.

So the rate under the proposal does not provide for completely amortizing the plant over the 25-year period. That is the governmental source for the analysis of the figures which I quoted the Senator. In addition, there is no question about the $5½ million equity capital being still in there.

Mr. SPARKMAN. I understand that. As I understand, that is comprised of stock. While he is giving that information, I wonder if the Senator will help me further by telling me where in the hearings that question is discussed.

Mr. HICKENLOOPER. I have asked the staff to look it up. I am not sure that this part of the Budget Bureau's finding was inserted in the hearings. It is, however, the authentic report of the Budget Bureau. It may appear in the hearings, but I cannot assure the Senator at this moment that it does.

Mr. SPARKMAN. I thank the Senator from Iowa for giving us that information. It seems to me that somewhere in the hearings those facts would have been discussed, whether that very memorandum was inserted or not. It seems to me that facts relating to that phase of the question would have been included in the record, and if the Senator or his staff find later in the evening or tomorrow that it was discussed in the hearings, I hope he will let us know. Of course, the Senator from Iowa realizes that I have not had access to that information, and I assume that is true of the average Member of the Senate.

Mr. HICKENLOOPER. I do not know about the Senator from Alabama, but Representative JONAS of North Carolina released the report to the press, and the Senator from New Mexico [Mr. ANDERSON] saw fit to use the report in quotations and discussion with the Senator from Arkansas. I am quite sure it is an authentic release by the Bureau of the Budget.

Mr. ANDERSON. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield for a question.

Mr. ANDERSON. Does the Senator recognize that the first set of figures, supposedly Budget Bureau figures, ended up not being Budget Bureau figures? Therefore, some of us wonder whether these are Budget Bureau figures. They came from the Atomic Energy Commission. Nobody is sure who is back of them, who analyzed them, or where they came from.

Mr. SPARKMAN. I am glad to have that suggestion. I was about to say that Representative JONAS sent us a copy, but that is not correct. However, I remember briefly seeing a copy of it.

I may say first to the distinguished Senator from Iowa that I think there is something in what the Senator from New Mexico has said, not only about these figures, but about so much pertaining to the proposal. It is hard to find where each part of the information originated, and who it is that has been pushing this part or that part of the proposal. The whole proposal to me seems unusual, and it seems to misuse an independent agency, and particularly the most sensitive of all independent agencies, the Atomic Energy Commission, as an errand boy to buy power for somebody else to use, not a single kilowatt of which will ever be used in connection with the operations of the Atomic Energy Commission. That is what the Commissioners themselves say. The proposal seems to me very unusual. Then, too, as we try to explore the matter and try to find out where different parts of the information come from, we cannot find out.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a question?

Mr. SPARKMAN. I yield for a question.

Mr. HICKENLOOPER. With reference to the document from which I just read, and which was introduced by Representative JONAS, is the Senator from Alabama aware that authenticity has been officially given to it on the floor of the Senate by the Senator from New Mexico? I should like to read the preliminary statement by the Senator from New Mexico when he authenticated this document and introduced the whole document into the RECORD at page 10381 on July 13, 1954. In his authentication and introduction of this document into the RECORD, he said:

> I hold in my hand a copy of the report, originating from the Bureau of the Budget, which Representative JONAS released. On page 3 of the section of this report entitled "Detailed Analysis of the Middle South-Southern Proposal" I am struck by the similarity of the figures presented which show identically the same breakdown, as I mentioned a few minutes ago, as was given by Mr. Nichols, General Manager of the Atomic Energy Commission, before the joint committee fully 3½ weeks ago. From a very detailed analysis, it gives a difference in cost of $3,685,000 more to the Government if it accepts the Dixon-Yates proposal than the cost estimated by TVA for doing the same job at the Fulton steam-plant site.
>
> I ask unanimous consent that this document be inserted in the RECORD at this point.

It was so included. It is the document I quoted; and it has, I believe, at least a stamp of accepted authenticity. So I was not quoting anything that had not been introduced in the RECORD by the Senator from New Mexico; and from his statement I assumed that he assumed it to be an actual release from the Bureau of the Budget, as originally made public by Representative JONAS.

Mr. SPARKMAN. Let me say to the Senator from Iowa that I do not make a great to-do about the $25 million or $24.6 million or whatever it may be, because I am quite certain that some of the bonds will not have been retired. But the point is that the firm will own a going concern, a fine powerplant, which, with the use of ordinary maintenance and upkeep, I am certain will be fairly well up to date at the end of that time, and not obsolete, as some would have us believe.

Mr. MONRONEY. Mr. President, will the Senator from Alabama yield?

The PRESIDING OFFICER (Mr. BEALL in the chair). Does the Senator from Alabama yield to the Senator from Oklahoma?

Mr. SPARKMAN. I yield for a question.

Mr. MONRONEY. Does the Senator also believe that some of the $5,500,000 of equity capital, enjoying the strangest and most unusual tax advantages of any securities in the United States, might

not pass on to other buyers, in connection with the sale and exchange of securities? In other words, there would be a guaranteed profit of 9 percent, and no income tax would have to be paid by the corporation. So perhaps the owners of the original equity stock might find it advantageous to sell it at a distinct gain, so that whatever of the $5,500,000 equity capital was outstanding at the end of 25 years would probably have changed hands several times.

Mr. SPARKMAN. That is possible; but I am of the opinion that if I held any of that stock, I would hold on to it, because it will be most unusual stock, occupying a favored position on the part of the taxpayers, and having a 9 percent return guaranteed. Perhaps I should not use the term "guarantee," for the Senator from Arkansas objected to it, earlier in the evening—but, at least, a projected return of 9 percent, let us say, and one almost certain to be realized. If I bought such stock, I would wish to keep it.

Of course, it will be remembered that a year or so ago, the Government engaged in the fiasco of issuing 3¼ percent bonds, which hit the market with a thud. Someone told me a few years ago, they were selling at 109. I do not know how many times those bonds may have been transferred since their issuance, but certainly someone made plenty of money on them. Again, I feel that if I had any of those bonds, I would hold on to them, because since that time the administration has eased the money market. The other day I read that the Government is borrowing more money, on tax-anticipation certificates, I believe; of course they are short-term loans. But the Government is finally talking about reducing the interest rate.

So it is rather hard to speculate as to what would happen to good stock like that, just as it is hard to speculate as to what would happen to the 3¼ percent Government bonds that were issued a year ago.

Mr. ANDERSON. Mr. President, will the Senator from Alabama yield for a question?

Mr. SPARKMAN. I yield for a question only.

Mr. ANDERSON. Does not the Senator from Alabama think that after the statements made here about watts, amperes, and volts, a simple statement made by members of the staff would be helpful to an understanding; and, if so, would the Senator from Alabama object to my reading it now, so as to have in the RECORD a "watts what," insofar as we are concerned, namely, that watts are not flow, but amperes are flow; and that volts times amperes equal watts.

Mr. SPARKMAN. That is correct. A watt is a measure of quantity, a volt is a measure of power, and an ampere is a measure of flow.

Mr. ANDERSON. Amperage is current; voltage is pressure; and amperage times voltage equals wattage, which is work done.

Mr. SPARKMAN. That is correct. In fact, I think I could pass a test on the physics lesson the Senator from Arkansas tried to give me a little while ago.

Mr. ANDERSON. Mr. President, will the Senator from Alabama yield for another question?

Mr. SPARKMAN. I yield for a question.

Mr. ANDERSON. Does the Senator from Alabama think I could have passed it?

Mr. SPARKMAN. Certainly. In fact, I think the Senator from New Mexico has passed it now.

Mr. President, I never did finish reading about some of the provisions of the Dixon-Yates contract we were talking about.

Surrender to the threat would force the costs of the TVA and its customers upward, and would destroy the TVA yardstick on rates.

Once the TVA yardstick is padded upward and destroyed, the private utilities throughout the South would reap millions of dollars out of the pockets of electric energy users.

It may be argued that such a development is unlikely, and that is would involve another collusive agreement on the part of the Atomic Energy Commission and Dixon-Yates.

The answer to that is that the contract makes it possible legally. The policy of the administration is anti-TVA, and I believe the independence of the Atomic Energy Commissioners is no longer to be relied upon—when they are directed by the President to carry out his policy. This is evident by the testimony given before the Joint Committee on Atomic Energy, which, in my opinion, shows a lack of courage to object to a clear violation of the language and legislative history pertaining to section 12 (d) of the Atomic Energy Act of 1946, as amended.

Mr. President, let me remind the Senate again that three of the Commissioners did object. It is true that in the final sentence of their letter they said that of course if the President insisted on this, they would go through with it. The able Senator from Tennessee touched on that point earlier, when he pointed out that neither one of the Commissioners, insofar as he knew, was a lawyer, and that probably they did not understand just what the implication was or what the conflict was as between such a statement and their oath to carry out the objective and purpose for which the Commission—an independent agency—had been created.

Mr. MONRONEY. Mr. President, will the distinguished Senator from Alabama yield to me for a question?

Mr. SPARKMAN. I yield for a question.

Mr. MONRONEY. Does the distinguished Senator from Alabama know of any place in the act under which the Atomic Energy Commission is operating where there is any provision for such dictation to the Commissioners or an admonition that the Commissioners are to follow such direction on the part of the Executive?

Mr. SPARKMAN. No; not at all. As a matter of fact, it was the intent of Congress—and the Senator from Oklahoma knows it; he was in Congress at the time when the Atomic Energy Act was passed; at that time he was a Member of the House. I was a Member of Congress at that time, too; I was a member of the committee that had this measure under its jurisdiction. The Senator from Oklahoma and I recall that the congressional intent was that the Atomic Energy Commission should be an independent agency, free from direction from anyone, except insofar as the Commission was required by law to carry out certain functions and certain duties.

Mr. MONRONEY. Mr. President, will the Senator yield for a further question?

Mr. SPARKMAN. I yield.

Mr. MONRONEY. If it had been even remotely the intention of the Congress that this program should be directed by the President, as the holding of the general counsel for the Atomic Energy Commission seems to imply, or the statement that the Atomic Energy Commissioners would salute and obey if directed by the President to do this or that, would not the Congress, careful of its duty in this new field, have specifically spelled out Presidential powers? Would it not have provided that the President should be an ex officio member of the Atomic Energy Commission, or would not Congress have put it under the National Security Council, or one of the many other agencies over which the President exercises power?

Mr. SPARKMAN. Or one of the regular executive departments.

Mr. MONRONEY. But when it is placed in an independent agency, and placed under such close supervision and surveillance as was described by the distinguished vice chairman of the Joint Committee on Atomic Energy the other day, that is certainly indicative of the intention of Congress. It was not meant to be a puppet on the end of a telephone line.

Mr. SPARKMAN. I agree with what the able Senator from Oklahoma has said. For example, if the President of the United States were to direct an order to the Interstate Commerce Commission that it must decide a certain issue in a certain way, everyone would condemn such action. We would immediately say it was silly to think of such a thing. Of course it is. The President would not do it. Yet the Atomic Energy Commission was intended to be the same type of agency, so far as independence is concerned, as is the Interstate Commerce Commission.

The President would never say to the Commissioners of the Interstate Commerce Commission, "You shall do thus and so, even though it is not in your field of operations." To issue a directive of this sort to the Atomic Commission is just as far afield, so far as legal right or logic of governmental operations is concerned, as would be an order to the Interstate Commerce Commission to decide a certain issue in a certain way.

Mr. MONRONEY. Mr. President, will the Senator yield for a further question?

Mr. SPARKMAN. I yield for a question.

Mr. MONRONEY. Is it not a fact that one of the few cases in the courts dealing with the power of independent commissions involves the effort of the late President Franklin D. Roosevelt to re-

move from office a member of the Federal Trade Commission?

Mr. SPARKMAN. Yes.

Mr. MONRONEY. After hearing all the evidence the court said that it was not within the power of the President to remove at will, or to enforce in any way his control over the Federal Trade Commission. The Senator is no doubt familiar with that case.

Mr. SPARKMAN. I am.

Let me point out another case which holds to the same effect, although it involved something else. I refer to the case of the TVA, when President Franklin D. Roosevelt tried to remove the Chairman of the TVA. There was one ground on which he could remove him, and that was contumacy. There had to be specific grounds for removal. The President could not remove him at will. That was the holding of the Supreme Court.

I am sure the Senator from Oklahoma and other Senators in the Chamber will recall the one time when President Truman made a decision in the case of atomic weapons. His action is often referred to as having overriden the board of the Atomic Energy Commission. That decision related to the production of the hydrogen bomb. We have seen reference to it in the newspapers many times. It is said that a majority of the Commission were opposed to producing the hydrogen bomb, but that President Truman overrode the Commission. I am sure the Senator from Oklahoma will recall that in that case members of the Commission voted unanimously to ask the President to step in and decide the question for them. That was not a case of the President handing down an order and saying, "Regardless of what you think, I say that you are to do thus and so." Instead the members of the Commission asked the President to come in and decide the question for them. However, in this case the President said to the Commission, "Even though a majority of you are opposed to it, you will do this," which is clearly outside the field for which the Atomic Energy Commission was established.

Mr. MONRONEY. Mr. President, will the Senator yield for one further question?

Mr. SPARKMAN. I yield.

Mr. MONRONEY. Is it not a fact that in the case in which the President was asked to make the decision by request of members of the Atomic Energy Commission, the decision was made in accordance with a specific provision in the Atomic Energy Act? In case of disputes over atomic weapons, the decision can go to the President.

Mr. SPARKMAN. Yes. In that case the Commissioners voted unanimously to refer the decision to the President, so his intervention was requested.

This procedure is indicated, not only by a legal provision, but by Commission intent; and as proof of my charge I invite attention to a letter dated April 15, 1954, addressed to Joseph M. Dodge, Director, Bureau of the Budget, and signed by Lewis Strauss, Chairman of the Atomic Energy Commission. On page 2, paragraph 4, under the heading, "Cancellation Is Provided as Follows:", subparagraph (a) reads:

(a) For TVA to continue to receive and AEC to pay for power at the contract rates during a 3-year notice period. This period should be sufficient to permit TVA to make other arrangements for the meeting of the requirements of the Memphis area.

It is obvious that when the 3-year notice period is announced, TVA is put on notice "to make other arrangements for meeting the requirements of the Memphis area."

What other arrangements could TVA make? Could it come to Congress, during this anti-public-power administration, and obtain an authorization for the originally contemplated Fulton steam plant? Would TVA not be told that it had better negotiate a definitive contract with Dixon-Yates?

This is the boobytrap designed for TVA by cunning legal minds. Afraid to come out in the open and make a frontal attack, they have resorted to devious and tricky methods to accomplish their end.

Their end is to prevent TVA from building the Fulton plant; use the credit and administrative devices of the Government to subsidize a favorite private utility; pad upward the TVA yardstick rate; and thereby extort from the pockets of the American people many hundreds of millions of dollars annually for the benefit of private utility groups operating under monopoly franchises.

Mr. GOLDWATER. Mr. President, will the Senator yield?

Mr. SPARKMAN. Let me say this, first: There has been a great deal of interrogation and interpolation during the time I have been reading this statement. I therefore ask unanimous consent that there be printed at this point in the RECORD the statement in its entirety.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

DIXON-YATES CONTRACT CONTAINS A "BOOBY TRAP" FOR TVA

Among the many booby traps in the proposed Atomic Energy Commission-Dixon-Yates contract, is one possible development which has not as yet been discussed.

A letter under date of April 10, 1954, signed by Mr. E. H. Dixon, president of the Middle South Utilities and Mr. J. M. Barry, chairman of the executive committee of the Southern Co., was sent to the Atomic Energy Commision, attention: Gen. K. D. Nichols, general manager. The concluding paragraph of the letter reads as follows:

"The attached appendix sets forth an outline of additional matters in our proposal, including the more important provisions which will be embodied in a contract growing out of it. We are ready to negotiate a definitive contract at your early convenience."

On page 5 of the appendix referred to, under paragraph (7), entitled "Termination," subparagraphs (a) and (b), the following language occurs:

"(a) After commencement of full-scale operation, termination will be allowed on 3 years' notice, during which period assignment may be made to another Government agency, at contract rates, including all taxes and other adjustments.

"(b) Upon termination seller shall be entitled to and will absorb capacity at least as rapidly as load growth will permit, but in any event in the amount of at least 100,000 kilowatts in each year, absorbing associated proportions of costs. Buyer may assign any balance to another governmental agency at an increased price to be approved by FPC, such price to include recognition of any increased costs then encountered or foreseen by seller. To extent such capacity is not used by buyer or assignee, buyer will reimburse seller for pro rata proportion of base capacity charge, as adjusted, and taxes."

Note that in subparagraph (a), that after the new plant starts full-scale operation, the Dixon-Yates group grants to the Atomic Energy Commission (1) the right to give a 3-year termination notice; and (2) the Atomic Energy Commission is given the right during the 3-year-termination-notice period to assign to "another Government agency, at contract rates, including all taxes and other adjustments."

Now, we turn to subparagraph (b). After the 3-year-termination-notice period has expired, several privileges and obligations are in order.

1. Dixon-Yates "shall be entitled to and will absorb capacity as rapidly as load growth will permit"; this could allow Dixon-Yates to absorb, for its own use, the complete capacity of its plant (600,000 kilowatts) in the fourth year of its full-scale operation, with Atomic Energy Commission concurrence.

2. "But in any event," it will absorb 100,000 kilowatts in the fourth year and 100,000 kilowatts per year for 5 successive years. This formula permits legally, complete recapture of plant capacity in one fell swoop, immediately after the end of the 3-year notice period—or gradual absorption of capacity from the fourth to the ninth year by Dixon-Yates.

3. During this absorption period, of from 1 to 6 years, the Atomic Energy Commission is permitted to assign the unabsorbed capacity to another Government agency (obviously the TVA, as no other Government agency could use such residue), but not at contract prices—"at an increased price to be approved by the FPC." The FPC, in setting this increased price, must "include recognition of any increased costs then encountered or 'foreseen'" by Dixon-Yates. This is an amazing provision, in view of the fact that "other conditions" clause on page No. 3 of the appendix would allow additional increases, authorized by the Arkansas Public Utilities Commission, as well as any increase coming under the vague clause "other conditions."

This means, in effect, TVA can be put in the position of building a nine-million-dollar-transmission line from the Dixon-Yates terminal to its distributive area; use the 600,000 kilowatts capacity for 3 years, and then have a gun placed to its head through legal right to withdraw the 600,000 kilowatts, unless TVA would agree to pay the increased rates allowed under the wide open clauses noted heretofore in the contract.

Surrender to the threat would force the costs of the TVA and its customers upward, and would destroy the TVA yardstick on rates.

Once the TVA yardstick is padded upward and destroyed, the private utilities throughout the South would reap millions of dollars out of the pockets of electric-energy users.

It may be argued that such a development is unlikely, and that it would involve another collusive agreement on the part of the Atomic Energy Commission and Dixon-Yates.

The answer to that is that the contract makes it possible legally. The policy of the administration is anti-TVA, and I believe the independence of the Atomic Energy Commissioners is no longer to be relied on—when they are directed by the President to carry out his policy. This is evident by the testimony given before the Joint Committee on Atomic Energy, which, in my opinion, shows

a lack of courage to object to a clear violation of the language and legislative history pertaining to section 12 (d) of the Atomic Energy Act of 1946, as amended.

This procedure is indicated not only by legal provision but by Commission intent; and as proof of my charge I call your attention to a letter dated April 15, 1954, addressed to Joseph M. Dodge, Director, Bureau of the Budget, and signed by Lewis L. Strauss, Chairman of the Atomic Energy Commission. On page 2, paragraph (4), under the heading "Cancellation is provided as follows:", subparagraph (a):

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Mr. SPARKMAN. I am glad now to yield to the Senator from Arizona for a question only.

Mr. GOLDWATER. For how many years has the TVA been asking for the Fulton steam plant?

Mr. SPARKMAN. I believe this is the second year.

Mr. GOLDWATER. This is the third year, is it not?

Mr. SPARKMAN. My recollection is that last year was the first year the request was rejected. Last year and this year the request was rejected.

Mr. GOLDWATER. Congress, in its wisdom, has seen fit to turn it down.

Mr. SPARKMAN. Congress has turned it down twice.

Mr. GOLDWATER. Does the Senator doubt the wisdom of that action?

Mr. SPARKMAN. I certainly do.

Mr. GOLDWATER. Is there anything that would give the Senator from Alabama confidence that the Congress might agree to this or other steam plants in the TVA area?

Mr. SPARKMAN. Yes; I have great confidence that, after the November elections, next year a new Democratic Congress will provide for meeting the needs which President Eisenhower promised to meet when he was campaigning, and on the basis of which he obtained very strong support from much of the TVA area.

Mr. GOLDWATER. Did the President specifically promise that there would be additional steam plants in TVA?

Mr. SPARKMAN. Oh, no.

Mr. GOLDWATER. Did not the President in effect say that nothing would be done to impair the efficiency of TVA?

Mr. SPARKMAN. And its maintenance and operation at maximum efficiency.

Let me add that in the mind of every person in that great TVA area those words are fixed. He said that he would do everything to maintain TVA at its maximum efficiency. They remember those words.

Mr. GOLDWATER. Every kilowatt of electricity that is being developed by TVA today is being utilized, is it not?

Mr. SPARKMAN. Yes; I am quite sure that is correct.

Mr. GOLDWATER. Therefore the President, in effect, has not gone back on what the Senator assumes to be his word.

Mr. SPARKMAN. The Senator is talking about today. It is necessary to plan a program 3 years ahead of time. The one that was asked of Congress last year was to meet the need in 1956. The program asked for this year is to meet the need in 1957.

Mr. GOLDWATER. But if the TVA is now producing to full capacity and it is being utilized, is it not natural to believe that, consonant with the expected growth of the TVA area, TVA's output will continue to be 100 percent utilized?

Mr. SPARKMAN. Yes; I feel quite certain that TVA's output will continue to be 100 percent utilized. However, I wish to say to the Senator from Arizona that I hope Arizona will not stand still; I hope it will grow year by year, and that, as it grows, it will need more power. I believe that is true of every area in the United States. Certainly it is true of the Tennessee Valley. The only thing we have ever asked for in the Tennessee Valley—we who were set aside by an act of Congress at the request of Mr. Wendell Wilkie, representing private utilities, and given the right to look to the TVA for the power we need—is the power that we need to meet normal growth and development, which is the same kind of growth and development which I hope the Senator's great State of Arizona enjoys.

Mr. GOLDWATER. I should like to ask the Senator a question. In connection with that point, does the Senator feel that the area in which he lives should be treated any different from my State of Arizona in connection with its power needs?

Mr. SPARKMAN. I do not believe so.

Mr. GOLDWATER. The Senator must, because he is continually asking the Federal Government to do it.

Mr. SPARKMAN. The fact is that there is a great river in the Tennessee Valley, and Congress 21 years ago decided that the best way to develop that river was to develop it under the plan of the TVA. Fifteen years ago Congress decided, by passing a law, that this certain area should be served by TVA; that TVA should not move out into the other territory served by private utilities, and the private utilities should not move into the TVA area. We have looked to TVA for power ever since.

It is about the same as the development of some of the great rivers in the Senator's area, and the great reclamation projects. I never did object to building Boulder Dam and the manner in which power is generated there, and the manner in which the water is made useful to the people at most favorable rates. I think that is fine. I have always gone along with those projects, because I believe they are good for the sections of the country in which they operate, and therefore they are good for the Nation as a whole.

I believe in growth and development in every part of the United States, and I have always tried to support programs to that end.

All we ask for in the Tennessee Valley area is that we be allowed to continue to get power sufficient to meet the demand of normal growth and development, the same kind that every other area in the United States expects to have.

I remind the Senator from Arizona again that by 1956, 55 percent of the power generated by the TVA will be taken up by the Atomic Energy Commission, and another big block—I do not know what percentage, but it would be interesting to know—will be taken up by the defense installations in that area.

Those institutions have priority. We cannot get sufficient power for industries and for the expansion of the industries already located there, if we are to stand still and be content with the formula the Senator from Arizona seems to have in mind; that is, of continuing to operate the present maximum capacity and using the present maximum capacity.

Mr. GOLDWATER. The Senator from Alabama is a little confused.

Mr. SPARKMAN. Mr. President, I yield for a question only.

Mr. GOLDWATER. I may have to develop a little prolog to the question.

Mr. SPARKMAN. Mr. President, I ask the Chair to protect me. I yield only for a question.

Mr. GOLDWATER. The Senator from Alabama will admit, will he not, that the original intent of TVA was navigation and flood control.

Mr. SPARKMAN. Oh, no, no, no.

Mr. GOLDWATER. That was not the original intent of TVA?

Mr. SPARKMAN. No; TVA started at Wilson Dam. It was a defense undertaking. It was created for the purpose of generating power for use in our defense back in World War I. That was the derivation of it. I explained it earlier in the evening, when the Senator from Arizona may not have been in the Chamber. When I spoke about the 1939 act, I made mention of the fact that TVA legislation on the House side was always handled by the Military Affairs Committee, because of its origin as a defense measure. I was a member of that committee for 10 years, while I served in the House of Representatives.

Mr. GOLDWATER. I shall put this in the form of a question, Mr. President. Is it not true that a majority of the power in the TVA area is developed by steam plants, and that the additional need, if there is additional need, can be met substantially only by steam plants?

Mr. SPARKMAN. I am not sure that of the present generating capacity a

majority is steam generated, but it is fast moving in that direction. Undoubtedly when the present program is finished—I will not say undoubtedly—it is possible that the majority will be steam power. The Senator is right. The main stream and its tributaries have been developed, I assume, to their practical capacity. Therefore, if we are to get additional electric energy in the Tennessee Valley, it must come from steam plants. I believe that is a fair statement.

Mr. GOLDWATER. Does the Senator from Alabama understand what occurs in most of the other States when that situation exists? To broaden the question, I will refer to Hoover Dam. First, I should like to ask the Senator if he does not recall that the 80th Congress corrected an earlier mistake by naming the dam Hoover Dam, as it properly should be named?

Mr. SPARKMAN. I voted for the measure naming it Hoover Dam.

Mr. GOLDWATER. I am sure the Senator did.

Mr. SPARKMAN. I thought it was perfectly appropriate.

Mr. GOLDWATER. To get back to my question, is the Senator aware of the fact that in the other States of the Union, when additional power is needed, private enterprise develops the power, and private enterprise works with federally developed power, and it becomes a team, a two-way street and both operate together. All the other States, I might add to my question, with the exception of 1 or 2 States, depend on private enterprise. Is the Senator from Alabama aware of that fact?

Mr. SPARKMAN. I have never measured it, but I assume that in the United States as a whole by far the greater part of the Nation is served by private utilities. The greater part of my State is served by private utilities. The Alabama Power Co. serves, I believe, 80 percent of my State. Perhaps it is more than that. I do not know. It has done a great job. A short time ago my senior colleague and I supported a measure to deauthorize a Federal project there.

Mr. GOLDWATER. The Coosa River project.

Mr. SPARKMAN. Yes; the Coosa River project. The Alabama Power Co. had stated back in 1945, when it was authorized, "We cannot develop the Coosa River with our own money." It was one of those that asked the Federal Government to develop it. Oh, yes; we have had a fine working cooperation there.

The Alabama Power Co. was not able to finance the development, but they knew the need for power. The Alabama Power Co. joined in asking the Federal Government to undertake the project. Almost 10 years later, times have improved, and they have now decided that they want to finance it. They have come to the members of the Alabama delegation and have said, "Back in 1945 we all worked to get this project federally authorized. We were not able to develop it then, but we are able now, and if we can get the chance to develop it we are ready to go ahead and develop it." It operates in only one State. So our delegation, after very carefully considering it, and spending many hours on it, worked out legislation to make certain that the interests of the public would be protected.

When an agreement as between the power company and our delegation representing the people of Alabama, was reached, a bill was introduced on the House side and a similar one in the Senate. It went through quickly, and the project was authorized. They are getting ready to go before the Power Commission to ask for a permit with the promise that probably within 12 months they will actually be pouring concrete.

I have never been a public-power advocate to the exclusion of private power. As a matter of fact, I have always said that there is ample room in this country for both public and private power. We need all the power we can get, both public and private power. It so happens that the Coosa River is in an area served exclusively by the Alabama Power Co. I assume that even had the Government built the dam and sales would have been primarily by the Alabama Power Co. Some rural cooperatives might have bought at the bus bar, but I think most of the power would have been sold by the Alabama Power Co. A few municipalities may own their own distribution systems, but I do not have in mind a single one at this time. There are many rural cooperatives there, but even they are served by the Alabama Power Co.

So it was an ideal arrangement for private-power generation, and I was glad to help get the plan in operation.

Under the act of Congress of 1939 in the TVA area—and the line is well drawn—TVA would supply the power and the private power companies would stay out.

Only last year Mr. J. M. Barry, who, by the way, used to be president of the Alabama Power Co.—he is now, if I remember correctly, president of the Southern Co.—testified before the Appropriations Committee and said, "You will remember that in 1939 the territory was divided, and from that day until this the agreement has been meticulously kept by both sides."

That is true. There was an agreement between the private utilities and the TVA, ratified by Congress, that all this area should be served in future by TVA. If TVA did not have to furnish an immense amount of power to the Atomic Energy Commission, we would not have any trouble in getting sufficient power.

Mr. GOLDWATER. Mr. President, will the Senator yield for a further question?

Mr. SPARKMAN. I yield for a question.

Mr. GOLDWATER. I agree with what the Senator has said, but I should like to ask this question: In view of the fact that TVA has been more or less prescribed by the Congress, and it has been quite apparent in at least one Congress that the Government has no intention of providing further steam-plant development, does not the Senator from Alabama feel that free enterprise should now be given a chance to go into the area and assist the Government by the development of additional power?

Mr. SPARKMAN. In answer to the able Senator from Arizona I wish to say, in all frankness, that I have been concerned as to what would happen in the future, certainly until we get to the point of production of power by atomic energy. But rather than for me to discuss that, I should like to suggest to the Senator from Arizona that he read a very able presentation which deals with that very subject. It was made on the floor of the Senate a few days ago by the distinguished and learned Senator from Kentucky [Mr. COOPER]. He discussed the various alternatives with which the TVA might be confronted. I should like to recommend a most careful reading of his statement. There are some problems involved. It is not easy to answer yes or to answer no. It does raise a rather complicated problem. I might have my opinion and someone else might have his opinion. But we would not have any trouble if a tremendous amount of power were not requisitioned from the TVA by the Atomic Energy Commission.

I have stated for a long time—I never offered an amendment to the bill when it was pending, either in the House or in the Senate—that I rather felt that our atomic-energy installations should have powerplants along with the installations. I know there is a powerplant at Oak Ridge, but I believe it supplies only a very small part of the power which is required. I know, too, that we run into practical questions when we figure on the source of power for the Atomic Energy Commission. But there is one thing that must be remembered, namely, that if the TVA area is to be fairly treated within the law which Congress has passed, the first claimant for the power is the Government to the extent of well over half the power generated.

Mr. GOLDWATER. The hour is getting late, and I have only a few more questions, because I want to draw from the Senator his true feelings regarding free enterprise.

Is the Senator aware that all over the country, regardless of whether the area may be one of federally developed power or one of private enterprise or private power, the cost of power, the finished product, is less than 1 percent, regardless of whether it is TVA, Bonneville, the Arkansas Public Service Co., or the Southern California Edison Co.?

Mr. SPARKMAN. Is the Senator referring to the production cost?

Mr. GOLDWATER. Yes.

Mr. SPARKMAN. If the Senator says that is correct, I am willing to go along with him. It varies according to the industry. It may very well be that that would be true in the textile industry, but I would assume it is not true in the reduction of bauxite into aluminum.

Mr. GOLDWATER. I would agree that in the case of aluminum and magnesium it is a very small amount.

I should like to ask another question relating to home use of electricity, because we hear so much about protecting the little man. Regardless of whether it is the little man, the big man, or the middle man, does the Senator realize that the total cost of utilities in the home today runs approximately from 3

to 3.2 percent, which includes water, gas, coal, oil, electricity, and all the other utilities?

Mr. SPARKMAN. I have not seen the figure. If the Senator says that is correct, I am willing to accept his word. It sounds reasonable to me.

Mr. GOLDWATER. In both industry and in the home we are talking about a very, very small part of the budget. Is not that correct?

Mr. SPARKMAN. Yes, that is true; if we average it. But let me say that in some lines of industry it certainly is a large enough factor to cause plants to go to certain sections. For instance, even though we think of TVA power as being low in price, I can tell the Senator of an industry which I tried very hard to get for my State. It went to Texas, where it could use natural gas as its energy or its fuel. That was an aluminum company plant, and it has a big plant. Its first plant was in the district which I formerly represented in Congress. It is near my home. I have been told that when the plant was first built, it was one of the most completely integrated aluminum plants in all the world.

When the time came for a rather large expansion, naturally I hoped it would be at that location. As an alternative, I suggested that the plant might be located in Walker County, a great coal-mining county. They could buy their own coal lands and build a plant at the mouth of the mine, so that coal could be immediately available. For a while I thought that was what they were going to do, but they finally said to me, "We have studied all the figures, but we can save money by building the plant in East Texas and using natural gas."

Mr. GOLDWATER. I would agree with the Senator about that. I might go further and state that plants which need large amounts of electricity which they can develop themselves would be better off by going to States like Oklahoma, Texas, New Mexico, and California, where there are large supplies of natural gas.

Mr. SPARKMAN. If that were the principal factor.

Mr. GOLDWATER. If that were the principal factor, yes. But it is not the principal factor, and it has never been proved so.

The Senator in his earlier remarks referred to the dangers of private enterprise becoming a giant monopoly and charging the people exorbitant prices for power. Does not the State of Alabama regulate the prices charged by the public utilities, and then regulate the profits?

Mr. SPARKMAN. Yes.

Mr. GOLDWATER. Is the Senator afraid that the State of Alabama in the future might weaken and become dominated by a monopoly, so that the monopoly could make so-called exorbitant profits?

Mr. SPARKMAN. Experience, it is said, is the best teacher. However, when TVA came into existence, we had a new experience.

My home town, by the way, let me say to the Senator from Arizona, in order that he may understand fully, was the location of the north Alabama headquarters of the Alabama Power Co. My law firm, I may say, represented the Alabama Power Co. when I was first elected to Congress. Nevertheless, I was a strong advocate of the TVA, and I have been ever since it has come into being.

Sometime after I came to Congress, following the passage of the 1939 act, question arose about the purchase of the distribution system in my home town. The TVA proposed to purchase all of it and to provide for the cities, towns, and rural cooperatives to purchase in turn. I helped with the negotiations for the purchase of the properties in my home town. A good price was paid for them. They were bought as a going property, a going concern, and the price was a good one.

The city, after it had obtained its distribution system, reduced the rates charged to the users of power by about 40 percent. Yet the city was able, from the profits derived from the distribution system, to retire the entire cost of the system in less than one-half the time originally agreed upon. I believe it was about one-third of the time that was proposed when the property was bought. My recollection is that the city proposed to retire the whole cost in 20 years, but it was retired in about 6 or 7 years. The profits have been piling up, and payments in lieu of taxes have been made to the city and the school districts, just as was the case formerly.

In addition, they not only took over what we might call the gravy part of the distribution system, but they took over the whole county. That is pretty thin pickings when one gets out into the rural sections.

In addition to all that has been saved, the lines have been extended out over the county until today the county is nearly 100 percent electrified as the area can be.

Let me go a step further. Not only did my city, with my hometown's distribution system, reduce its rates about 40 percent, but gradually, over a period of a few years, the Alabama Power Co., throughout the State, reduced its rates probably not as much, but there is not such a great variation, I believe, between the rates charged by the power company in the rest of the State, and by TVA.

What actually happened? The yardstick, as defined by David Lilienthal, worked. The TVA idea was to make power available to the people in such a way as to encourage them to use it; and the more they used, the cheaper their rate could be.

I wish to illustrate that point, and the difference between TVA attitude and the attitude of the Alabama Power Co. A good many of the people in the Alabama Power Co. are my personal friends. One day I was speaking with the manager of the Huntsville office of the Alabama Power Co. He is now the vice president of the company, and has been for a good many years.

We first began to talk about the sale of appliances. I asked him why the company insisted on adding a profit to the appliances it sold. I said, "It seems to me that you should be glad to sell them at a discount, because they use more power."

His reply to me was, "Do you know how many electric ranges and how many electric power heaters are on the line that goes out your street? If we had 3 or 4 more, it would be necessary for us to build a new line."

In other words, his attitude was not to encourage the purchase of additional appliances, because it would mean that the company would have to put in new and stronger lines.

The TVA came along with just the opposite idea. Their plan was to put the lines and the power there, and the people would buy appliances and use the power. The Alabama Power Co. adopted the same policy. No wonder they were able to reduce their rates. In the course of doing so, as I mentioned earlier this evening, the value of their stock went from about 50 cents on the dollar to full par value, and even above par.

Mr. GOLDWATER. I have one more question to ask, but before I do so I wish to invite the attention of the Senator from Alabama to the CONGRESSIONAL RECORD which will be available tomorrow, in which today I inserted a comparison of rates, going back, I believe, to 1896, which shows that the greatest reduction in power rates occurred before 1932. It makes very interesting reading, because the percentage of reduction since that time has been relatively small.

In view of the fact that the Senator from Alabama has agreed that there is not much difference between private utility rates and TVA rates, is there any condition which the Senator from Alabama can imagine under which he would agree that free enterprise power should come into the TVA in competition with the TVA?

Mr. SPARKMAN. As I said earlier, Congress is the entity which divided the area. Congress must reach the final solution.

There have been set up, we might say, to take the State of Alabama as an example, two power monopolies. One of them is the TVA, serving 12 counties and 2 municipalities, together with certain other rural cooperatives. The other is the Alabama Power Co., which serves the rest of the State.

Congress has said that the people living in the TVA area would be supplied power by the TVA. The TVA operations would have been ample to supply that power had it not been for the requisition which the Government made for its agencies in the valley. I have not quarreled with the idea of relieving the TVA of some of the commitment it is under to the Atomic Energy Commission. That is what the President, in his budget message, said he was going to do. The letter of December 24, 1953, to the Atomic Energy Commission directed the Commission to explore the possibility of relieving the TVA of some of its commitments to the Atomic Energy Commission.

But the Commissioners wrote back and said, "We have explored that possibility, and we have decided that it is best to retain the arrangements we have with TVA at the present time."

As they so well point out in their letter, a new tack was taken, a new course was set, and they were directed to buy power

from a private concern for the purpose of supplying the people of Memphis, Tenn.; not for the purpose of relieving TVA in any of its commitments to furnish power to the Atomic Energy Commission.

The TVA is not relieved of the commitment of a single kilowatt of power to the AEC. As the Commissioners point out, the power which they obtain has no connection with their operations. I may say that it is not even in replacement of power served by the TVA to the Atomic Energy Commission. It replaces no part whatsoever of that power. Even the amendment offered by the Senator from Michigan would seek to give authority to the Atomic Energy Commission to purchase power in replacement of power served by TVA, but the proposal replaces not 1 single kilowatt. Therefore, even if the amendment offered by the Senator from Michigan were enacted into law today, it would not authorize this proposal legally.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield to the Senator from Michigan.

Mr. FERGUSON. When the building of the new Johnsonville plant was being discussed, did not the Senator from Alabama argue that the plant was required to fill in all the lines so that the Atomic Energy Commission could get additional power, even though there was no direct connection? Did not the Senator argue that?

Mr. SPARKMAN. My recollection is that the new Johnsonville steam plant was needed to firm up the power for the whole TVA system.

Mr. FERGUSON. That is correct.

Mr. SPARKMAN. So that a great quantity could go to the Atomic Energy Commission. The Senator is correct.

Mr. FERGUSON. Yes.

Mr. SPARKMAN. However, at that time a great deal of the TVA power was secondary power, and with a steam plant pouring into the system power that could be regulated as it was needed in the area, we could firm up that power for the whole system, and thereby the AEC would be able to get a greater amount of power.

Mr. FERGUSON. But did not the Senator argue that when the system was inaugurated it was to firm up all the power, and even though none of the power would get to a particular plant, for instance a military plant, yet it was essential for the whole program?

Mr. SPARKMAN. To firm up the power, that is correct.

Mr. FERGUSON. Would not the same situation obtain if the plant were built in Arkansas, and power put into the whole system? Would it not take care of Memphis as well as other areas, because other power would not have to be fed into Memphis?

Mr. SPARKMAN. What it amounts to is taking Memphis out of the TVA system, but the proposal will not relieve the TVA of one single kilowatt of its obligation to supply power to the Atomic Energy Commission. Furthermore, in case of cancellation, the Government would carry the load. Furthermore, the proposal gives such unusual benefits as to make it a most extraordinary contract. As I have stated many, many times, the TVA part of the proposal, as I view it, is incidental. The important feature is the subjection of an independent agency, and the most sensitive of all independent agencies, to direct order of the Executive. Congress never intended that should be done, and I do not believe Congress ought to sit by and see it done.

There are several unexplained factors to this Dixon-Yates situation which cast a dark shadow over the innocent protestations of its proponents.

First, I have yet to hear a satisfactory explanation of why the Tennessee Valley Authority was not instructed by the President to enter into this contract, rather than the Atomic Energy Commission. I pose that question not because I would have approved that action, because, again, the TVA is an independent agency; but the question I am putting is, Why this roundabout method? No wonder the Commission said the proposal created for it an awkward situation. Of course it was awkward. The whole thing is awkward. It is awkward when one tries to explain it, and, naturally, it must have been awkward and embarrassing to those conscientious members of the Atomic Energy Commission who were asked to do something which they said was completely outside the functions for which the agency was intended.

After all, no one can dispute that the Atomic Energy Commission performs no real function here. The private utilities will construct a plant and generate power. The power will go into the TVA transmission lines and, indeed, will be contracted for by TVA. What function, then, does the Atomic Energy Commission have? It is simply a middleman. It is a broker. It has no real function in this setup. Can it be that this complicated arrangement has been set up to confuse the situation and to take the focus away from the fear of the administration that TVA really has no legal right to enter into arrangements with private utilities?

Secondly, although there has been much talk about statistics and figures, we do not know how the construction of the plant at West Memphis is to be financed. We only know that it will cost approximately $107 million, unless the cost estimates are wrong; that the Dixon-Yates group will put up only approximately $5 million equity financing; that the cost to the Government of power over the life of the contract may be half a billion dollars greater than it would be if TVA furnished the power. But no one has told us how the Dixon-Yates group is going to finance the project and raise the rest of the money necessary for its completion. So far as we know, neither the Director of the Bureau of the Budget, Mr. Hughes, nor the Atomic Energy Commission have inquired into this. This is a startling fact, indeed.

Surely one would think that the Government, embarking on a project of such vast dimensions, would want to know who was going to put up the money, and where it was going to come from. If the money is going to come from the sale of bonds and stocks, the Government ought to know what investment banking firms would underwrite this issue, what terms they have procured, on what basis such an issue would be offered to the public, and generally whether or not the Dixon-Yates group have substantial and definitive agreements with underwriting houses to assure the Government that they really will raise the necessary capital. I cannot recall a single instance during the many years I have spent in the Government of a large contract being made by the Government without its finding out in advance who is going to put up the money and on what terms.

This mystery is a deep one. Can it be that the Government has not asked those questions? Or if the Government has asked about this, why do they not make this information public? Is something being concealed from us? And if so, what is being concealed and why?

These are serious questions, and we have had no answer to them. That fact alone should preclude any Senator from lending his voice to hasty and ill-considered approval of this proposition.

Of course, Mr. President, one thing I have pointed out, from time to time, has been the fact that this whole proposal is shrouded in—I started to say in mystery. I do not know that it is shrouded in mystery, but it is certainly shrouded in a lack of information. A company is proposed to be set up; and in order to set it up, its representatives have to go before the Public Utilities Division of the Securities and Exchange Commission, in order to show that the company will not be in violation of the various provisions of the securities law. Representatives of the company must show that its stock, that will be issued, will meet the requirements of the Securities and Exchange Commission. Also, the proposal is that the company do its job without anyone's being given a chance to compete, and without even making known the specifications. Even those representing the company itself have said they have never to this day seen any specifications. It seems to me that for some reason, I know not what, little information has been given regarding this whole proposal.

Mr. President, let me say that I am prepared to continue to speak if the majority leader wishes that to be done. I have several other subjects which I think some Senators should cover during the debate on this subject. I have finished with the subject I have been discussing, but there are other subjects I wish to discuss, and I am prepared to do so if the majority leader wishes me to continue. If not, I shall be prepared to continue at another time.

Mr. KNOWLAND. Mr. President, I have been interested in the remarks of the Senator from Alabama. If he is about to complete them at this point, I shall expect to have the Senate take a recess. But I do not wish to hurry the Senator from Alabama; and if he is prepared to speak further——

Mr. SPARKMAN. Of course, I assume there will be plenty of time for me to present my views, because other amendments will be pending, and each of them will be subject to debate.

I have not wanted to prolong the discussion, although one subject in which I am greatly interested is that of patents licensing. Another subject in which I have been greatly interested, and on which I have had material prepared for some time, ready for the discussion, is the monopoly aspects of this matter.

As the Senator from California will recall, the other evening I made a very brief statement; and at that time I said I hoped that in the course of the debate, some Senator would discuss those particular features. I hope that will be done.

If it is done by other Senators, then of course I shall not feel that it is necessary for me to discuss them. But I certainly hope something will be said on those particular subjects before the debate ends on this most important piece of proposed legislation.

Mr. President, I could let these remarks end my first speech, and suggest the absence of a quorum.

Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. THYE in the chair). The Senator from Alabama will state it.

Mr. SPARKMAN. If I should cease at this time, and should suggest the absence of a quorum, I would be entitled, would I not, upon the ascertainment of the presence of a quorum, to begin my second speech on the pending amendment?

The PRESIDING OFFICER. That is correct.

Mr. SPARKMAN. Then, Mr. President, I shall stop at this point, and I now suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE NATIONAL HIGHWAY PROGRAM

Mr. FERGUSON. Mr. President, I ask unanimous consent to have printed at this point in the RECORD, as a part of my remarks, an editorial entitled "Good United States Roads Program at Last." The editorial was published in the Detroit Times of July 15. The Detroit Times has been a pioneer in the fight for good roads; and its views on the subject are well worth-while, both for the Senate and for others who read the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

GOOD UNITED STATES ROADS PROGRAM AT LAST

The news that President Eisenhower wants to spend an additional $5 billion a year on roads for the next 10 years is as surprising as it is welcome.

It is welcome because the sums mentioned demonstrate a realistic understanding of the job that must be done if our highways are to be adequate and a determination to get on with the job.

The program comes as somewhat of a surprise because the administration supported a Federal highway bill in this session of Congress that was obviously inadequate and which could have been substantially increased if the administration so desired.

The Hearst newspapers, almost daily, pointed out the serious flaws in the bill and tried until the day the President signed it to have it improved.

Now that the viewpoint of the administration has changed, the past can be forgiven and forgotten.

The governors' conference, to which President Eisenhower's remarks were made through Vice President NIXON, promptly reiterated its somewhat moldy stand that the Federal Government get out of the highway business and let 48 governors take over.

They are beating a busted drum in a parade in which they are the only marchers.

The highway situation requires national supervision and coordination. The supervision comes with the power to tax and to make Federal grants.

Do away with one and you have done away with the other. The result would be something to make even the governors shudder.

We will be watching with great interest now to see how the President intends to implement his program and when he intends to do it.

There would not normally be a Federal highway bill again until 1956, but, we feel certain the President does not intend to wait until then.

We believe that the President now comprehends the scope and urgency of the highway program and that he will act with speed and enthusiasm.

AMENDMENT OF RULE RELATING TO PROCEDURE FOR STANDING COMMITTEES

Mr. FERGUSON. Mr. President, I send to the desk, for appropriate reference, a resolution; and I wish to have it considered as a notice under rule XL of the Senate Rules.

The resolution (S. Res. 287) was received and referred to the Committee on Rules and Administration, as follows:

Resolved, that rule XXV of the Standing Rules of the Senate is amended by deleting the title "Standing Committees" and inserting in lieu thereof "Senate Committees."

SEC. 2. Subsection 3 of such rule XXV is amended to read as follows:

"3. Except as provided in paragraph (d) of subsection 5, each standing committee, and each subcommittee of any such committee, is authorized to fix the number of its members (but not less than one-third of its entire membership) who shall constitute a quorum thereof for the transaction of such business as may be considered by said committee, subject to the provisions of section 133 (d) of the Legislative Reorganization Act of 1946."

SEC. 3. Such rule is further amended by inserting at the end thereof the following:

"5. The following shall be rules of the standing, select, and special committees of the Senate (except the Majority and Minority Policy Committees) and subcommittees thereof, and the term 'committee' as used in this subsection (except in paragraph (b)) means any such committee or subcommittee:

"(a) A subcommittee of any committee may be authorized only by a majority vote of the committee.

"(b) No investigation shall be initiated unless specifically authorized by the Senate or by majority vote of a standing, select, or special committee having jurisdiction.

"(c) Unless otherwise provided by a majority vote of the committee taken at a meeting called for such purpose, subpenas shall be issued only by authority of the committee.

"(d) No committee shall hear subpenaed witnesses or take sworn testimony unless a quorum is present or such lesser number of members as the committee provides by majority vote to constitute a quorum for the purpose of this paragraph, except that any such lesser number shall include at least one majority and one minority member.

"(e) Committee interrogation of witnesses shall be conducted only by members and authorized staff personnel of the committee.

"(f) A witness subpenaed to appear before a committee may be accompanied by counsel of his own choosing and may be advised of his legal rights by such counsel while testifying.

"(g) If a committee is unable to meet because of the failure or inability of its chairman to call a meeting, or for any other reason, the committee's next senior majority member able to act shall call a meeting of the committee within 10 days after the receipt by the Secretary of the Senate of a written request for a meeting of such committee which request shall state the purpose for such meeting and shall be signed by a majority of the members of the committee.

"(h) No confidential testimony taken or confidential material presented in an executive hearing of a committee, and no report of the proceedings of such a hearing, shall be made public either in whole or in part or by way of summary unless authorized by a majority vote of the committee.

"(i) No committee hearing shall be scheduled in any place outside of the District of Columbia except by a majority vote of the committee."

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, I wish to make an observation or two before I move that the Senate take a recess, under the prior order, until 10 o'clock tomorrow morning.

I call the attention of Members of the Senate to section 132, which appears on page 59 of the Senate Rules, taken from the Congressional Reorganization Act. Section 132 reads:

Except in time of war or during a national emergency proclaimed by the President, the two Houses shall adjourn sine die not later than the last day (Sundays excepted) in the month of July of each year unless otherwise provided by the Congress.

While I recognize that both in this body and in the other body, points of order have been raised as to whether that language is mandatory or is permissive, and although I realize that the rulings of the presiding officers of the respective Houses in those several instances have been that Congress has to act by resolution, nevertheless the language at least appears to be mandatory. I do not know whether this matter has ever been tested in the courts. So far as I know, the other body will be prepared to conclude its labors by the end of July, and the 435 Members of that body will perhaps have some desire to return home, even though Senators may desire, for various reasons, to remain in Washington.

I point out that we have a very heavy legislative schedule. We not only have the atomic energy bill, which is now the unfinished business before the Senate, and which is an important piece of legislation which ties in with President Eisenhower's proposal for a world pool of atomic power for peaceful purposes; but we have immediately following that the very important farm legislation, which

is of great importance to almost every State of the Union in one way or another. We have the foreign aid authorization bill, and the unemployment compensation extension. We have, also, the foreign aid appropriation bill, and the supplemental appropriation bill, which includes a great many items of great national importance, as well as of some local interest. By naming only those few measures I do not mean to exclude many other bills which are either now on the calendar or may soon be on the calendar.

In addition, we have for consideration a number of highly important conference reports, including the conference report on the tax bill, the conference report on the housing bill, and many others which must be acted upon.

In the list of bills on the calendar, and the list of those which are in process of coming out of committee are many bills of regional importance, or of great importance to a particular State of the Union. I should like to have the Senate able to handle as many of those bills as possible during the session before Congress adjourns sine die. But I must say in all candor that as each day passes it means that more of those bills of necessity will be left on the calendar when we complete the session. Each day that passes probably means that a number of bills of great importance to individual Members, and which the very mechanics of our legislation session will not permit us to handle, will be left on the calendar.

Personally, I have never objected, and no person should object, to an ample discussion of any piece of legislation before the Senate. But I wish respectfully to say that last week when the discussion started there was some hope that perhaps we could obtain a unanimous-consent agreement to vote on the bill either last Saturday, on Monday, or possibly on Tuesday. That request was objected to, and indications were made that there would be objection if any further such requests were made.

So far as the date in the Reorganization Act is concerned, we are in the concluding 2 weeks of the session. One day of that 2-week period has passed. Normally we do not meet on Sunday, so that means that we have only 12 days left in which to operate.

I respectfully request that the Senate be not denied the opportunity to vote on the amendments to this bill. There are quite a number pending. I believe that there has been rather full and adequate discussion. I hope that we are not witnessing a filibuster. Others might call it a delaying tactic. Whatever it may be called, I hope we shall not have, day after day, a situation in which 96 Members of the Senate are prevented from casting their votes upon various policy matters covered by the bill.

We may honestly differ as to the proper course which should be taken in connection with this and other proposed legislation, but I hope we shall not be denied, as representatives of our respective States and of the people of the United States, the opportunity to cast our votes and get on with the people's business.

I do not like these late night sessions. The minority leader and I have on many occasions discussed the heavy burdens Senators are carrying, particularly at the end of a long session, which has lasted for 7 months. Senators have worked very hard. We have had excellent cooperation from the Democratic side of the aisle. Without the cooperation we have had from Members on the other side of the aisle as well as from the minority leader, it would not have been possible to accomplish the legislative program which has been accomplished.

I make the special plea to some Senators who have been engaged in this delaying tactic that they permit the Senate to begin voting tomorrow. I feel that is not asking too much in view of the heavy program of legislation ahead of us, in fairness to Senators who are interested in that program, as well as in fairness to numerous Senators on both sides of the aisle who have spoken to me about individual bills which have no national significance, but are vital to particular Senators in particular States, to see if I could not find some way of having those bills considered before final adjournment.

It may well be that we shall not adjourn, no matter how long it takes, until we dispose of the top priority legislation. No one should be under any illusions about holding 96 Senators here to consider what some may call secondary legislation. Therefore the longer we delay in taking care of the high priority legislation the less opportunity there will be to take care of other bills which should, as a matter of equity, be acted upon.

I make a special plea that, starting tomorrow, the delaying tactics be concluded. Of course, there should be some additional debate on each of the amendments, but when it has been concluded let us vote and pass on to the next amendment, and get a vote on that. I think we owe it to the country, to ourselves, and to the other House, the Members of which should not be asked to remain here while we are delaying the legislative function of the Government.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. HICKENLOOPER. What I wish to say is with the most complete respect for those Members of the Senate who have participated in this debate and who have been in attendance consistently during the sessions of the Senate. I respect them. I do not criticize them, but I think it is very significant that those who are the most vociferous in their objection to bringing this bill or the amendments to the bill to a vote are the most noted for their continuous and almost complete absence from sessions of the Senate while this bill has been under consideration.

I think that is a tragedy. Senators who are so eager to block a vote on the bill should be here participating in the debates and taking part in the consideration of the bill.

I honor the distinguished Senator from Alabama [Mr. SPARKMAN], who has carefully discussed the bill today from his viewpoint. I may disagree with him, but the discussion is beneficial. The majority leader has been in constant attendance. I notice the presence of the Senator from Oklahoma [Mr. MONRONEY]. The Senator from Michigan [Mr. FERGUSON] is present, as are the Senator from California [Mr. KNOWLAND], the Senator from Arizona [Mr. GOLDWATER], and the Senator from Delaware. I have noted the presence of other Senators who have been in quite constant attendance during the debates, including the distinguished occupant of the chair, the Senator from Minnesota [Mr. THYE].

However, I notice that Senators who rise and speak so readily about defending the rights of the people in a free forum are the most consistently absent from these deliberations. It is noted throughout almost every situation of that kind which occurs. The most vociferous objectors to getting on with the business of the Senate and voting are the most consistent absentees. Apparently they have other activities, curricular or extracurricular, which take their time and occupy their attention in other places.

I wished to make that statement tonight in deference and honor, not only to Senators who are present this evening at this late hour, but to other Members of the Senate who have participated today in the debates all the way through. I respect them. I do not criticize them for their differences of opinion with me. I hope they respect my own sincere opinions to the same degree; and I am sure they do.

I thank the Senator from California. I could not refrain from calling this subject to the attention of the Senate and of the people of the United States.

Mr. BEALL. Mr. President, will the Senator yield?

Mr. HICKENLOOPER. I yield.

Mr. BEALL. I wish to make one correction. I am very fond of the State of Delaware, but Delaware is only a part of the eastern shore of Maryland. [Laughter.]

Mr. HICKENLOOPER. I abjectly apologize to my beloved friend, the Senator from Maryland.

Mr. JOHNSON of Texas. Mr. President, like the able majority leader, I should like to give every Member of the Senate an opportunity to say all he has to say on this extremely important subject, and get on with other business.

I appreciate the problem that confronts the majority leader. I am aware of the burdens he bears, and bears so well, and I should like to lighten them in any way I can, but I believe it might be wise at this time not to call on any absent Senators to return to the Chamber, as has been indicated by the Senator from Iowa [Mr. HICKENLOOPER], because it seems to me that we have had about all the speeches today we should have, and when he confuses——

Mr. HICKENLOOPER. Mr. President——

Mr. JOHNSON of Texas. When it gets to the point that the Senator from Iowa confuses the Senator from Maryland with the Senator from Delaware, it

is time for us to go home. We can come back in the morning and start all over. I hope that any Members of the Senate who have remarks to make on the bill will come to the Chamber and say their piece as long and as loud and as persuasively as they may be able to do so, whether they be on this side of the aisle or on the other side of the aisle, and in that way ultimately we will get to a vote.

I know of no Senator who is trying to delay the bill. Certainly I am not trying to delay it. As the majority leader knows, the other day the minority leader and Members on this side of the aisle agreed to a unanimous-consent request, and proposed one.

I know that some Members on this side of the aisle feel very deeply about the bill, and believe a tragic mistake is being made in attempting to pass the bill in its present form.

We need have no illusions about Congress adjourning by July 31. We will have to consider conference reports on the tax bill and the housing bill. We will also discuss at some length, I believe, the very important farm bill, and the social-security bill. We will be here until after July 31 without any reference whatever to the important subject the Senator from Vermont [Mr. FLANDERS] will bring to our attention tomorrow, and a little later.

However, I want to cooperate with the majority leader, and I believe most Members on this side of the aisle want to do so.

We have a staff to consider. A Senator can take 2, or 3, or 4 hours off a day, as I have been doing in the last few days, but the staff must stay here every hour. It is now 25 minutes to midnight. By the time the staff members get home it will probably be 1 o'clock for many of them. In order to meet in the morning it will be necessary for the members of the staff to leave their homes very early, to make preparation for their work tomorrow morning.

I do not see how the Senate can stay in session much longer than it has been doing. If we have a chance to vote and pass the bill, I have no objection to staying an extra hour or two. However, when we work from 10 to 10 I believe we are doing all we can.

I hope that every Senator will be prepared to come to the Chamber tomorrow and say what he has to say, and that we can continue until the bill is finished, and then get along with the other business of the Senate.

I do not believe we will meet the July 31 deadline. It is a worthy objective to have, and a good goal to seek, but we will have to lay aside a part of the President's program or extend the time. We might as well be realists. If we are to pass the legislation on the program between now and July 31, it will not be very well considered.

Like the majority leader, I appeal to all Senators to keep in good humor to say what they have to say and what needs to be said, and no more, to try to get all the necessary legislation passed at the earliest possible date, and to stay here until it is all passed.

Mr. KNOWLAND. I thank the distinguished minority leader. I certainly have made it amply clear, both in my statement tonight and on prior occasions, that I have a very great appreciation and high regard for the cooperation which he has rendered in endeavoring to expedite the public's business; and nothing in any way, directly or indirectly, in my remarks was meant to be inferred differently. I believe on both sides of the aisle there has been a desire to cooperate. I fully agree with the remarks of the Senator from Iowa [Mr. HICKENLOOPER] in regard to the very able presentation, from his point of view, made by the Senator from Alabama [Mr. SPARKMAN]. Although he is not present at the moment, the Senator from New Mexico [Mr. ANDERSON] has been in the Chamber in almost regular attendance, and I believe he has contributed a great deal to the discussion that has taken place.

I will say that the distinguished Senator from New Mexico told me either last Friday or Saturday that he had no desire to have any undue delay in voting on amendments.

I hope that the Senators who seek enlightenment—and there have been some very able speeches made on both sides of the question—will be here promptly, and in that way all of us could save some time.

We lose considerable time in calling a quorum; perhaps over the course of a week we lose several hours in the calling of quorums. I hope that Senators will attend promptly and at least in that way save some time, so that we can complete as soon as possible after July 31 the legislative program which we have undertaken.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. HICKENLOOPER. I wish to keep the record straight, Mr. President, by saying that the Senator from Iowa is no more confused in confusing the Senator from Maryland with the Senator from Delaware than the Senator from Texas is confused when he says the Senator from Iowa suggested that any Senator be requested to return tonight or be brought back tonight.

Mr. KNOWLAND. Mr. President, I should like to say, in conclusion, that we do have a heavy program. It is absolutely necessary to meet for the long hours until we can finish the program, unless we can get some votes on the pending bill.

The PRESIDING OFFICER (Mr. THYE in the chair). What is the pleasure of the Senate?

RECESS TO 10 A. M. TOMORROW

Mr. KNOWLAND. Mr. President, in accordance with the order previously entered, I move that the Senate stand in recess until 10 o'clock a. m. tomorrow.

The motion was agreed to; and (at 11 o'clock and 37 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until tomorrow, Tuesday, July 20, 1954, at 10 o'clock a. m.

NOMINATIONS

Executive nominations received by the Senate July 19 (legislative day of July 2), 1954:

COMMISSIONER OF SOCIAL SECURITY

Charles Irwin Schottland, of California, to be Commissioner of Social Security of the Department of Health, Education, and Welfare.

UNITED STATES MARSHAL

Charles Swann Prescott, of Alabama, to be United States marshal for the middle district of Alabama, vice Benjamin Franklin Ellis, removed.

HOUSE OF REPRESENTATIVES

MONDAY, JULY 19, 1954

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Most merciful and gracious God, who art closer than breathing, nearer than hands and feet, we desire to begin, and to continue and to end this new week with Thee.

May our thoughts and activities always be permeated and controlled by a noble and magnanimous spirit, and may we be loyally joined in mind and heart with all who are earnestly striving to establish peace on earth.

Grant that there may be nothing in the work of any day of which we shall be ashamed when the sun has set or at the eventide of life when Thou dost call us to Thyself.

Inspire us with obedience and fidelity to the divine commandment to do justly, to love mercy, and to walk humbly with the Lord, our God.

Hear us in Christ's name. Amen.

The Journal of the proceedings of Thursday, July 15, 1954, was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate had passed without amendment bills of the House of the following titles:

H. R. 4928. An act to authorize the Secretary of Agriculture to convey a certain parcel of land to the city of Clifton, N. J.;

H. R. 6263. An act to authorize the Secretary of Agriculture to convey certain lands in Alaska to the Rotary Club of Ketchikan, Alaska;

H. R. 6882. An act to amend the act of September 27, 1950, relating to construction of the Vermejo reclamation project;

H. R. 6975. An act authorizing the Secretary of the Interior to convey certain lands to the Siskiyou Joint Union High School District, Siskiyou County, Calif.;

H. R. 7012. An act for the relief of Nicole Goldman;

H. R. 7466. An act to authorize the Secretary of the Interior to execute an amendatory repayment contract with the Pine River Irrigation District, Colorado, and for other purposes;

H. R. 8026. An act to provide for transfer of title to movable property to irrigation districts or water users' organizations under the Federal reclamation laws; and

H. R. 8549. An act granting the consent of Congress to the Breaks Interstate Park Compact.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, bills of the House of the following titles:

H. R. 130. An act to amend section 1 of the act approved June 27, 1947 (61 Stat. 189);

H. R. 6786. An act authorizing the Secretary of the Interior to purchase improvements or pay damages for removal of improvements located on public lands of the United States in the Palisades project area, Palisades reclamation project, Idaho; and

H. R. 8983. An act to provide for the conveyance of certain lands by the United States to the city of Muskogee, Okla.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 3339. An act to authorize the Farm Credit Administration to make loans of the type formerly made by the Land Bank Commissioner;

S. 3561. An act authorizing the Administrator of Veterans' Affairs to convey certain property to the Armory Board, State of Utah;

S. 3630. An act to permit the city of Philadelphia to further develop the Hog Island tract as an air, rail, and marine terminal by directing the Secretary of Commerce to release the city of Philadelphia from the fulfillment of certain conditions contained in the existing deed which restrict further development; and

S. 3713. An act to give effect to the International Convention for the High Seas Fisheries of the North Pacific Ocean, signed at Tokyo, May 9, 1952, and for other purposes.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 2987. An act to provide for the transfer of hay and pasture seeds from the Commodity Credit Corporation to Federal land-administering agencies.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 3458) entitled "An act to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes"; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. SALTONSTALL, Mr. BRIDGES, and Mr. RUSSELL to be the conferees on the part of the Senate.

The message also announced that the Senate recedes from its amendments Nos. 1, 2, and 3 to the bill H. R. 2846, an act authorizing the President to exercise certain powers conferred upon him by the Hawaiian Organic Act in respect of certain property ceded to the United States by the Republic of Hawaii, notwithstanding the acts of August 5, 1939, and June 16, 1949, or other acts of Congress.

Resolved, That the Senate recedes from its amendment to the title to the above-entitled bill.

The message also announced that the Senate agrees to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bills of the House of the following titles:

H. R. 4854. An act to authorize the Secretary of the Interior to construct, operate, and maintain the irrigation works comprising the Foster Creek division of the Chief Joseph Dam project, Washington; and

H. R. 5185. An act for the relief of Klyce Motors, Inc.

SPECIAL ORDERS GRANTED

Mr PELLY asked and was given permission to address the House for 15 minutes on tomorrow, following the legislative program and any special orders heretofore entered.

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 5 minutes on tomorrow, following the legislative program and any special orders heretofore entered.

Mr. YOUNGER asked and was given permission to address the House for 30 minutes on tomorrow, following the legislative program and any special orders heretofore entered.

KLYCE MOTORS, INC.

Mr. BURDICK submitted a conference report and statement on the bill (H. R. 5185) for the relief of Klyce Motors, Inc.

COMPENSATION OF CERTAIN PERSONS DAMAGED BY REASON OF FLUCTUATIONS IN WATER LEVEL OF LAKE OF THE WOODS

Mr. BURDICK submitted a conference report and statement on the bill (H. R. 2089) to provide for the compensation of certain persons whose lands have been flooded and damaged by reason of fluctuations in the water level of the Lake of the Woods.

SPECIAL ORDER GRANTED

Mr. BAILEY asked and was given permission to address the House for 40 minutes on Wednesday next, following any special orders heretofore entered.

CHIEF JOSEPH DAM PROJECT

Mr. MILLER of Nebraska submitted a conference report and statement on the bill (H. R. 4854) to authorize the Secretary of the Interior to construct, operate, and maintain the irrigation works comprising the Foster Creek division of the Chief Joseph Dam project, Washington.

PALISADES PROJECT AREA, IDAHO

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 6786) authorizing the Secretary of the Interior to purchase improvements or pay damages for removal of improvements located on public lands of the United States in the Palisades project area, Palisades reclamation project, Idaho, with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 3, after "him", insert ": *Provided*, That no part of any payment provided for herein shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection therewith, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

AMENDING SECTION 1 OF THE ACT APPROVED JUNE 27, 1947

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 130) to amend section 1 of the act approved June 27, 1947 (61 Stat. 189), with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 4, after line 2, insert:

"SEC. 2. Said act approved June 27, 1947 (61 Stat. 189), is hereby further amended by adding at the end thereof a new section to be designated section 3 and to read as follows:

" 'SEC. 3. Jurisdiction is hereby conferred on the Court of Claims to determine, notwithstanding any statute of limitations or laches, in any suit instituted pursuant to section 1 of this act, (1) whether the assignment dated December 1, 1942, accepted and approved December 17, 1942, of oil and gas lease 149-ind-5337, covering the lands denominated "1942 lands" in section 4 of said agreement dated December 1, 1945, as amended, should in law or in equity, taking into consideration such fiduciary relationship as may exist between the United States and the Navaho Tribe, have been accepted by the United States for the account of the Navaho Tribe instead of for its own account, and, if such assignment should have been so accepted, whether the property interest or any part thereof covered by such assignment was taken by the United States from the said tribe at any time prior to the effective date of said agreement; (2) whether, and in what amount, if any, the Navaho Tribe is entitled on the basis of such determination to compensation for the acquisition or taking, by the United States, of the property interest or any part thereof covered by such assignment; and (3) whether, and in what amount, if any, the United States is entitled to credit against such compensation for rentals on such lease or for other expenditures, borne by the United States, for the benefit of such lease prior to any such acquisition or taking by the United States; and to enter judgment in accordance with such determination. No offsets shall be deducted by the court from any net sum, and the interest thereon, if any, that the court awards under this section. The provisions of the last two sentences of section 1 of this act shall be applicable to any judgment entered pursuant to this section'."

Amend the title so as to read: "An act to amend the act approved June 27, 1947 (61 Stat. 189)."

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

COMMITTEE ON RULES

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent that the Rules Committee have until midnight tonight to file rules, if granted, on H. R. 9936, H. R. 9859, Senate 3589, and H. R. 9756.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

QUESTION OF PRIVILEGE OF THE HOUSE

Mr. HALEY. Mr. Speaker, I rise to a question of the privilege of the House.

The SPEAKER. The gentleman is recognized.

Mr. HALEY. Mr. Speaker, I have been subpenaed to appear before the Circuit Court for the County of Sarasota, State of Florida, to give testimony on August 3, 1954, at 10 o'clock a. m., in a matter before said court wherein the County of Sarasota, State of Florida, is plaintiff and the State of Florida and the taxpayers, and so forth, is defendant. I am unable to comply with this summons without the consent of the House, the privileges of the House being involved. I, therefore, submit the matter for the consideration of this body.

Mr. Speaker, I send to the desk the subpena.

The Clerk read the subpena, as follows:

THE STATE OF FLORIDA.

To All and Singular the Sheriffs of the State of Florida—Greeting:

You are hereby commanded to subpena Hon. JAMES A. HALEY, to be and appear before the judge of our circuit court for the County of Sarasota, State of Florida, at the court house in Sarasota, on August 3, 1954, at 10 o'clock a. m., to testify and the truth to speak in behalf of the plaintiff in a certain matter before said court pending and undetermined, wherein County of Sarasota, Fla., is plaintiff, and State of Florida and the taxpayers, etc., is defendant. And this you shall in no wise omit.

Witness, W. A. Wynne, clerk of our said court, and the seal of our said court, at the clerk's office at Sarasota aforesaid this 17th day of July A. D. 1954.

W. A. WYNNE,
Clerk, Circuit Court.
By PRESTON KNAPP,
Deputy Clerk.

Mr. ARENDS. Mr. Speaker, I offer a resolution (H. Res. 640).

The Clerk read the resolution, as follows:

Whereas JAMES A. HALEY, a Representative in the Congress of the United States, has been served with a subpena to appear as a witness before the circuit court of the State of Florida for Sarasota County to testify at 10 o'clock a. m., on the 3d day of August 1954, in the case of the *County of Sarasota, Florida,* v. *State of Florida and the Taxpayers, Etc.;* and

Whereas by the privileges of the House of Representatives no Member is authorized to appear and testify but by the order of the House: Therefore be it

Resolved, That Representative JAMES A. HALEY is authorized to appear in response to the subpena of the Circuit Court of the State of Florida for Sarasota County on Tuesday, August 3, 1954, in the case of the *County of Sarasota, Florida,* v. *State of Florida and the Taxpayers, Etc.;* and be it further

Resolved, That a copy of these resolutions be transmitted to the said court as a respectful answer to the subpena of the said court.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to, and a motion to reconsider was laid on the table.

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the Consent Calendar.

TAX REFUNDS ON CIGARETTES LOST IN THE FLOODS OF 1951

The Clerk called the bill (H. R. 4319) to authorize tax refunds on cigarettes lost in the floods of 1951.

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

Mr. SCRIVNER. Reserving the right to object, Mr. Speaker, this is a meritorious bill. It merely provides authority for the Treasury Department to set up procedure under which cigarette dealers who lost their entire stocks of merchandise in the flood of 1951 in Kansas City and other communities on the Kansas River who can prove their loss to the satisfaction of the Treasury Department can be reimbursed taxes which they had paid. The bill was reported favorably by the Committee on the Judiciary. There seems to be some conflict with the Committee on Ways and Means, although this is not a revenue matter.

This is the last opportunity for any such legislation to be adopted, and I had hoped that objection would not be made at this time or that it would not be passed over.

Mr. BYRNES of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. SCRIVNER. I yield.

Mr. BYRNES of Wisconsin. I am certainly in sympathy with the general objectives of the gentleman. However, the Committee on Ways and Means itself has hoped to be able to get into this whole subject of refunds on excise taxes where the tax has been paid and then the item has been destroyed for some reason prior to the retail sale. However, as the gentleman knows, the committee has not gotten to that subject. In asking that the bill be passed over I am acting here on the general request of that committee.

Mr. SCRIVNER. Is there any information we can have at this time as to whether or not the Committee on Ways and Means will act on this type of legislation before the end of the session?

Mr. BYRNES of Wisconsin. I could not say definitely to the gentleman, but I think he could sort of suspect from the time that we expect to have left before adjournment that the likelihood is not very good.

Mr. SCRIVNER. I withdraw my reservation of objection, Mr. Speaker.

Mr. McCORMACK. Reserving the right to object, Mr. Speaker, and of course I cannot object, I know about this bill and I have studied it. It seems to me to be very meritorious legislation. It would be most unfortunate if it did not pass at this session. It is simply giving to certain businesses consideration to which they are entitled. The situation arose through no fault of the beneficiaries of this bill. They are asking only what seems to me to be not only justice, but from the angle of morality, what they are entitled to.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

STATUTORY AWARD FOR CERTAIN SERVICE - CONNECTED DISABILITIES

The Clerk called the bill (H. R. 7712) to amend the veterans' regulations to provide an increased statutory rate of compensation for veterans suffering the loss or loss of use of an eye in combination with the loss or loss of use of a limb.

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

ADDITIONAL COMPENSATION FOR CERTAIN VETERANS

The Clerk called the bill (H. R. 7851) to amend the veterans' regulation to provide additional compensation for veterans having the service-incurred disability of loss or loss of use of both buttocks.

Mr. FORD. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

INCREASED PENSIONS FOR MEDAL OF HONOR HOLDERS

The Clerk called the bill (H. R. 8900) to increase the rate of special pension payable to certain persons awarded the Medal of Honor.

Mr. FORD. I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

RETIRED PAY OF CERTAIN MEMBERS OF FORMER LIGHTHOUSE SERVICE

The Clerk called the bill (H. R. 1843) to increase the retired pay of certain members of the former Lighthouse Service.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the annual rate of retired pay received by any person who was retired on or before June 30, 1950, under section 6 of the act of June 20, 1918, as amended and supplemented (33 U. S. C., secs. 763–765), shall be increased by $288, effective on the first day of the calendar month following enactment of this act.

With the following committee amendments:

Page 1, line 4, strike out "1950" and in lieu thereof, insert "1953."

Page 1, line 6, strike out the words "by $288" and in lieu thereof, insert a comma.

Page 1, line 8, before the period at the end of the sentence, insert a comma and the following: "by 15 percent or $264, whichever is the lesser: *Provided*, That no retired pay shall be increased to an amount in excess of $2,160 by reason of this act: *And provided further*, That the increases provided herein shall terminate, without subsequent resumption, on June 30, 1955."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENDING TIME FOR INITIATING TRAINING UNDER PUBLIC LAW 550

The Clerk called the bill (H. R. 9395) to amend the laws granting education and training benefits to certain veterans to extend the period during which such benefits may be offered.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice. We are getting closer to agreement on this matter, in which many Members of the House have expressed a very keen interest, and I think it will be worked out.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

TERMINATION OF FEDERAL SUPERVISION OVER CERTAIN INDIANS IN UTAH

The Clerk called the bill (S. 2670) to provide for the termination of Federal supervision over the property of certain tribes, bands, and colonies of Indians in the State of Utah and the individual members thereof, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. METCALF. Mr. Speaker, reserving the right to object, I would like to ask the chairman of the committee, or some of the other members of the committee, some questions about this bill. Inasmuch as it is indicated that this bill will serve as a pattern for other bills designed, as the committee says in its report on page 2, "to terminate trust relationships with tribes, groups and individual Indians as rapidly as the circumstances of each tribe, group or individual will permit," and since I am very much concerned over the impact and effect of this bill on the Flathead Reservation of the Kootenai and Salish tribes, I would like to know if, when the committee says that they will take into consideration as one of the criteria the attitude of the tribe toward termination, that means that they will get the consent of the tribe before they adopt a termination bill.

Mr. BERRY. The 4 groups who are in the bill now have consented, and the 2 groups that were taken out were taken out because they asked to be taken out. We are speaking only as to this bill.

Mr. METCALF. That is correct. I feel that the groups that were taken out because they did not want to come under this termination legislation should have been taken out. But, I wonder if in the future such action is going to be taken with other Indian tribes?

Mr. BERRY. This has been applicable in every bill that has been reported. What will be done in the future, of course, is impossible to say.

Mr. METCALF. I would also like to have the committee's attitude toward consultation and consent of the Governor and administrative officers of the State as well as the local agencies.

Mr. BERRY. In every instance, on any of these withdrawals, the State and local governments and organizations have been brought in. They have all testified. They have all either given their assent or have told why they did not wish that this legislation should pass. As a matter of fact, the California withdrawal bill has not gone forward because there was some objection from the State.

Mr. METCALF. I thank the gentleman.

Mr. Speaker, I have two more questions which are specifically directed to section 4, which section provides that rights in the tribal assets of those persons on the tribal rolls shall constitute a vested personal property interest. Section 3 declares that the decision of the Secretary of the Interior on the inclusion or exclusion of any persons from the rolls shall be final. Inasmuch as property rights are created by membership on the roll, a question arises as to whether an appeal to the courts by the tribe or aggrieved individual should not be allowed as, for instance, in the Menominee bill, which was recently passed.

Mr. BERRY. My recollection is that the decision of the Secretary is final as this bill has been written.

Mr. METCALF. That is right. It is final, and I question the proposition of due process in this bill, if an administrative official is given the final right to adjudicate personal property rights. I feel there should be a provision here for an appeal to the court from the decision of the Secretary.

Mr. BERRY. I think you will find in most of these tribal matters that the final appeal has been to the administrative officer, the Secretary of the Interior. In all other matter, or rather almost all other matters, his decision is final. This is just following a pattern that has been used for many, many years.

Mr. METCALF. However, there is a vested property right involved here.

Mr. BERRY. There is in all trust property.

Mr. METCALF. That is right.

Mr. BERRY. And there is no provision for an appeal to a court from trust property.

Mr. D'EWART. Mr. Speaker, will the gentleman yield?

Mr. METCALF. I yield.

Mr. D'EWART. Section 3 deals with who shall be put on the rolls, and the determination of the rolls, and it is the permission of the Secretary in certain instances to determine. That is necessary in order to ever get a final roll, and to know who is interested in the private property. Under the present law title does not rest in the individual, but title cannot be bequeathed nor can it be inherited. If we recognize that when these withdrawal acts were in force we have to realize that the Indian himself does have a property right in the tribal assets, which he does not have before the determination takes effect. It is to take care of that situation, to recognize that property right which did not heretofore exist.

Mr. MILLER of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. METCALF. I yield.

Mr. MILLER of Nebraska. On page 6 some of the trust agreements are taken care of, beginning in line 2, for instance, "*Provided*, That the trust agreement shall provide for the termination of the trust not more than 3 years from the day last prescribed, unless the term of the trust is extended by order of a judge of the court of record designated in the trust agreement." So the court does have some supervision.

Mr. METCALF. That is right, if the trust agreement is adopted, but the point I am making is, as my colleague from Montana [Mr. D'EWART], has said, heretofore there has not been a vested personal property right. This bill gives to the individual Indian a vested personal property right by virtue of inclusion in the roll. Now, if the Secretary refuses to include a person in the tribal roll, then such person is deprived of his interest in the tribal property, and it seems to me due process should require an appeal to the court.

Mr. MILLER of Nebraska. I think that is true, but this applies to only about 200 Indians and most of them do not live on the reservation.

Mr. METCALF. That is right, but I bring this out at this time in order to inform the House that when subsequent termination bills come up, which affect hundreds of Indians over a large area, I will be constrained to object unless there is a court appeal.

I would like to point out one thing more. Section 5 limits the organization of the tribe to individual entities. Indian tribes are a unique organization in our society. I do not know what the State law of Utah is, but the various organizations under the law of Montana that would affect a tribe are not adaptable to the requirements of the Indian organizations. The question arises as to whether there should not be some Federal organization continued in order to carry on this unique organization of the tribal communal system.

Mr. D'EWART. The committee recognizes that it should consider each tribe or group of tribes as an individual case, and also the law and the State officials and the taxing body. We tried to do that. Recently we dealt with the Klamath case. There is great difficulty with carefully working out with the tribal attorney, when that bill was agreed to, and we had a complete agreement with the tribe and the tribal attorney as

to the steps taken. The committee is going very slowly in these determination bills, trying to work out each individual case, as we did in the Klamath case, to fit the State law and the wishes of the tribe, and to do it so that we will retain the value of these assets to the Indians.

Mr. METCALF. I am grateful for the assurance of my colleague from Montana.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the purpose of this act is to provide for the termination of Federal supervision over the trust and restricted property of certain tribes and bands of Indians located in the State of Utah and the individual members thereof, for the disposition of federally owned property acquired or withdrawn for the administration of the affairs of such Indians, and for a termination of Federal services furnished such Indians because of their status as Indians.

SEC. 2. For the purposes of this act—

(a) "Tribe" means any of the following tribes or bands of Indians located in the State of Utah: Shivwits, Kanosh, Koosharem, and Indian Peaks Bands of the Paiute Indian Tribe, Skull Valley Band of the Shoshone Indian Tribe, and the Washakie Band of the Northwestern Band of Shoshone Indians.

(b) "Secretary" means the Secretary of the Interior.

(c) "Lands" mean real property, interests therein, or improvements thereon, and include water rights.

(d) "Individual Indian" means any individual Indian whose name appears on the final roll prepared pursuant to section 3 of this act.

(e) "Tribal property" means any real or personal property, including water rights, or any interest in real or personal property, that belongs to the tribe and either is held by the United States in trust for the tribe or is subject to a restriction against alienation imposed by the United States.

SEC. 3. Each tribe shall have a period of 6 months from the date of this act in which to prepare and submit to the Secretary a proposed roll of the members of the tribe living on the date of this act, which shall be published in the Federal Register. If a tribe fails to submit such roll within the time specified in this section, the Secretary shall prepare a proposed role for the tribe, which shall be published in the Federal Register. Any person claiming membership rights in the tribe or an interest in its assets, or a representative of the Secretary on behalf of any such person, may, within 60 days from the date of publication of the proposed roll, file an appeal with the Secretary contesting the inclusion or omission of the name of any person on or from such roll. The Secretary shall review such appeals and his decisions thereon shall be final and conclusive. After disposition of all such appeals by the Secretary, the roll of the tribe shall be published in the Federal Register, and such roll shall be final for the purposes of this act.

SEC. 4. Upon publication in the Federal Register of the final roll as provided in section 3 of this act, the rights or beneficial interests in tribal property of each person whose name appears on the roll shall constitute personal property which may be inherited or bequeathed, but shall not otherwise be subject to alienation or encumbrance before the transfer of title to such tribal property as provided in section 5 of this act without the approval of the Secretary. Any contract made in violation of this section shall be null and void.

SEC. 5. (a) The Secretary shall, within 6 months after the publication of each final membership roll, notify the tribe of the period of time during which the tribe may study means of disposition of tribal property, real and personal, under supervision of the United States. Such period shall not be less than 3 months and not more than 2 years, including any authorized extension of the original periods. The Secretary is authorized to provide such reasonable assistance as may be requested by the tribe in the formulation of a plan for the disposition or future control and management of the property, including necessary consultations with representatives of Federal departments and agencies, officials of the State of Utah and political subdivisions thereof, and members of the tribe. During such period, the tribe may elect—

(1) to apply to the Secretary for the transfer to a corporation or other legal entity organized by the tribe in a form satisfactory to the Secretary of title to all or any part of the tribal property, and the Secretary is authorized to make such transfer: *Provided,* That the Secretary of the Interior shall not approve any form of organization that provides for the transfer of stock or an undivided share in corporate assets as compensation for services of agents or attorneys unless such transfer is based upon an appraisal of tribal assets that is satisfactory to the Secretary;

(2) to apply to the Secretary for the transfer to one or more trustees designated by the tribe of title to all or any part of the tribal property, real and personal, the title to be held by such trustee for management or liquidation purposes under terms and conditions prescribed by the tribe, and the Secretary is authorized to make such transfer if he approves the trustees and the terms and conditions of the trust;

(3) to apply to the Secretary for the sale of all or any part of the tribal property, and for the pro rata distribution among the members of the tribe of all or any part of the proceeds of sale or of any other tribal funds, and the Secretary is authorized and directed to sell such property upon such terms and conditions as he deems proper and to make such distribution among the members of the tribe after deducting, in his discretion, reasonable costs of sale and distribution; and

(4) to apply to the Secretary for a division of all or any part of the tribal land into parcels for members and for public purposes, together with a general plan for the subdivision showing the approximate size, location, and number of parcels, and the Secretary is authorized to issue patents for that purpose.

(b) Title to any tribal property that is not transferred in accordance with the provisions of subsection (a) of this section shall be transferred by the Secretary either to all members of the tribe as tenants in common or to one or more trustees designated by him for the liquidation and distribution of assets among the members of the tribe under such terms and conditions as the Secretary may prescribe: *Provided,* That the trust agreement shall provide for the termination of the trust not more than 3 years from the date of such transfer unless the term of the trust is extended by order of a judge of a court of record designated in the trust agreement.

(c) When approving or disapproving the selection of trustees in accordance with the provisions of subsection (a) of this section, and when designating trustees pursuant to subsection (b) of this section, the Secretary shall give due regard to the laws of the State of Utah that relate to the selection of trustees: *Provided further,* That the trust agreement shall provide that at any time before the sale of tribal property by the trustees the tribe may notify the trustees that it elects to retain such property and to transfer title thereto to a corporation, other legal entity, or trustee in accordance with the provisions of paragraphs (1) and (2) of subsection (a) of this section, and that the trustees shall transfer title to such property in accordance with the notice from the tribe if it is approved by the Secretary.

(d) Notwithstanding any other provision of this section, the Secretary is directed to reserve subsurface rights in tribal property from any sale or division of such property, and to require any trustee or trustees to whom title to tribal property is transferred to retain title to the subsurface rights in such property for not less than 10 years.

SEC. 6. (a) The Secretary is authorized and directed to transfer within 2 years after the date of this act to each member of each tribe unrestricted control of funds or other personal property held in trust for such member by the United States.

(b) All restrictions on the sale or encumbrance of trust or restricted land owned by members of the tribe (including allottees, heirs, and devisees, either adult or minor) are hereby removed 2 years after the date of this act, and the patents or deeds under which titles are then held shall pass the titles in fee simple, subject to any valid encumbrance: *Provided,* That the provisions of this subsection shall not apply to subsurface rights in such lands, and the Secretary is directed to transfer such subsurface rights to one or more trustees designated by him for management for a period not less than 10 years. The title to all interests in trust or restricted land acquired by members of the tribe by devise or inheritance 2 years or more after the date of this act shall vest in such members in fee simple, subject to any valid encumbrance.

(c) Prior to the time provided in subsection (b) of this section for the removal of restrictions on land owned by more than one member of a tribe, the Secretary may—

(1) upon request of any of the owners, partition the land and issue to each owner a patent or deed for his individual share that shall become unrestricted 2 years from the date of this act;

(2) upon request of any of the owners and a finding by the Secretary that partition of all or any part of the land is not practicable, cause all or any part of the land to be sold at not less than the appraised value thereof and distribute the proceeds of sale to the owners: *Provided,* That any one or more of the owners may elect before a sale to purchase the other interests in the land at not less than the appraised value thereof, and the purchaser shall receive an unrestricted patent or deed to the land; and

(3) if the whereabouts of none of the owners can be ascertained, cause such lands to be sold and deposit the proceeds of sale in the Treasury of the United States for safekeeping.

SEC. 7. (a) The act of June 25, 1910 (36 Stat. 855), the act of February 14, 1913 (37 Stat. 678), and other acts amendatory thereto shall not apply to the probate of the trust and restricted property of the members of a tribe who die 6 months or more after the date of this act.

(b) The laws of the several States, Territories, possessions, and the District of Columbia with respect to the probate of wills, the determination of heirs, and the administration of decedents' estates shall apply to the individual property of members of the tribe who die 6 months after the date of this act.

SEC. 8. The Secretary is authorized, in his discretion, to transfer to a tribe or any member or group of members thereof any federally owned property acquired, withdrawn, or used for the administration of the affairs of the tribe which he deems necessary for Indian use, or to transfer to a public or nonprofit body any such property which he deems necessary to public use

and from which members of the tribes will derive benefit.

SEC. 9. No property distributed under the provisions of this act shall at the time of distribution be subject to Federal or State income tax. Following any distribution of property made under the provisions of this act, such property and any income derived therefrom by the individual, corporation, or other legal entity shall be subject to the same taxes, State and Federal, as in the case of non-Indians: *Provided*, That for the purpose of capital gains or losses the base value of the property shall be the value of the property when distributed to the individual, corporation, or other legal entity.

SEC. 10. Nothing contained in this act shall deprive any Indian tribe, band, or other identifiable group of American Indians of any right, privilege, or benefit granted by the Indian Claims Commission Act of August 13, 1946 (ch. 959, 60 Stat. 1049), including the right to pursue claims against the United States as authorized by said act.

SEC. 11. Nothing in this act shall abrogate any valid lease, permit, license, right-of-way lien, or other contract heretofore approved. Whenever any such instrument places in or reserves to the Secretary any powers, duties, or other functions with respect to the property subject thereto, the Secretary may transfer such functions, in whole or in part, to any Federal agency with the consent of such angency and may transfer such function, in whole or in part, to a State agency with the consent of such agency and the other party or parties to such instrument.

SEC. 12. Nothing in this act shall abrogate any water rights of a tribe or its members.

SEC. 13. Prior to the transfer of title to, or the removal of restrictions from, property in accordance with the provisions of this act, the Secretary shall protect the rights of members of a tribe who are minors, non compos mentis, or in the opinion of the Secretary in need of assistance in conducting their affairs by causing the appointment of guardians in courts of competent jurisdiction, or by such other means as he may deem adequate.

SEC. 14. Pending the completion of the property dispositions provided for in this act, the funds now on deposit, or hereafter deposited, in the United States Treasury to the credit of the tribe shall be available for advance to the tribe, or for expenditure, for such purposes as may be designated by the governing body of the tribe and approved by the Secretary.

SEC. 15. The Secretary shall have authority to execute such patents, deeds, assignments, releases, certificates, contracts, and other instruments as may be necessary or appropriate to carry out the provisions of this act, or to establish a marketable and recordable title to any property disposed of pursuant to this act.

SEC. 16. The Secretary is authorized and directed to cancel any indebtedness payable to the United States by the tribe arising out of any loan made by the United States to such tribe, and any indebtedness, whether payable to the United States or to the tribe, arising out of a loan made from the proceeds thereof to an individual Indian.

SEC. 17 (a) Upon removal of Federal restrictions on the property of each tribe and individual members thereof, the Secretary shall publish in the Federal Register a proclamation declaring that the Federal trust relationship to the affairs of the tribe and its members has terminated. Thereafter individual members of the tribe shall not be entitled to any of the services performed by the United States for Indians because of their status as Indians, all statutes of the United States which affect Indians because of their status as Indians shall no longer be applicable to the members of the tribe, and the laws of the several States shall apply to the tribe and its members in the same manner as they apply to other citizens or persons within their jurisdiction.

(b) Nothing in this act shall affect the status of the members of the tribe as citizens of the United States, or shall affect their rights, privileges, immunities, and obligations as such citizens.

SEC. 18. (a) Effective on the date of the proclamation provided for in section 17 of this act, the corporate charter issued pursuant to the act of June 18, 1934 (48 Stat. 984), as amended, to the Kanosh Band of Paiute Indians of the Kanosh Reservation, Utah, and ratified by the band on August 15, 1943, and to the Shivwits Band of Paiute Indians of the Shivwits Reservation, Utah, and ratified by the band on August 30, 1941, are hereby revoked.

(b) Effective on the date of the proclamation provided for in section 17 of this act, all powers of the Secretary or other officer of the United States to take, review, or approve any action under the constitution and bylaws of the tribe are hereby terminated. Any powers conferred upon the tribe by such constitution which are inconsistent with the provisions of this act are hereby terminated. Such termination shall not affect the power of the tribe to take any action under its constitution and bylaws that is consistent with this act without the participation of the Secretary or other officer of the United States.

SEC. 19. The Secretary is authorized to issue rules and regulations necessary to effectuate the purposes of this act, and may in his discretion provide for tribal referenda on matters pertaining to management or disposition of tribal assets.

SEC. 20. All acts or parts of acts inconsistent with this act are hereby repealed insofar as they affect the tribe or its members. The act of June 18, 1934 (48 Stat. 984), as amended by the act of June 15, 1935 (49 Stat. 378), shall not apply to the tribe and its members after the date of the proclamation provided for in section 17 of this act.

SEC. 21. If any provision of this act, or the application thereof, to any person or circumstance is held invalid, the remainder of the act and the application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 22. (a) Not later than 2 years after the date of this act, the management and operation of irrigation works for Indian lands of the tribe by the Bureau of Indian Affairs shall be discontinued. Upon such discontinuance, the Secretary shall cancel the unpaid irrigation operation and maintenance assessments and reimbursable irrigation construction charges against such lands.

(b) The Secretary may transfer the title to such irrigation works to water users, water user's associations organized for such purpose, or to corporations organized, or trustees designated, as provided in section 5.

SEC. 23. Prior to the issuance of a proclamation in accordance with the provisions of section 17 of this act, the Secretary is authorized to undertake, within the limits of available appropriations, a special program of education and training designed to help the members of the tribe to earn a livelihood, to conduct their own affairs, and to assume their responsibilities as citizens without special services because of their status as Indians. Such program may include language training, orientation in non-Indian community customs and living standards, vocational training and related subjects, transportation to the place of training or instruction, and subsistence during the course of training or instruction. For the purposes of such program the Secretary is authorized to enter into contracts or agreements with any Federal, State, or local governmental agency, corporation, association, or person. Nothing in this section shall preclude any Federal agency from undertaking any other program for the education and training of Indians with funds appropriated to it.

With the following committee amendment:

Page 2, strike all of lines 5, 6, and 7, and insert in lieu thereof the word "Tribe."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVEYANCE OF CERTAIN HOUSING UNITS

The Clerk called the bill (H. R. 8783) to provide for the conveyance of certain housing units owned by the United States to the Housing Authority of St. Louis County, Mo.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Housing and Home Finance Administrator is authorized and directed to convey, to the Housing Authority of St. Louis County, Mo., all of the right, title, and interest of the United States in and to the 156 housing units in Public Housing Project No. MO-V-23153.

With the following committee amendments:

After the word "That" insert a comma and the following: "notwithstanding the provisions of subdivision (2) of subsection 601 (b) of the act entitled 'An act to expedite the provision of housing in connection with national defense, and for other purposes,' approved October 14, 1940, as amended."

After the word "convey", insert the following: ", without monetary consideration."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ACCEPTANCE OF CONDITIONAL GIFTS TO FURTHER THE DEFENSE EFFORT

The Clerk called the bill (S. 3197) to authorize the acceptance of conditional gifts to further the defense effort.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That to further the defense effort of the United States—

(a) the Secretary of the Treasury is authorized to accept or reject on behalf of the United States any gift of money or other intangible personal property made on condition that it be used for a particular defense purpose; and

(b) the Administrator of General Services is authorized to accept or reject on behalf of the United States any gift of other property, real or personal, made on condition that it be used for a partciular defense purpose.

SEC. 2. The Secretary of the Treasury may convert into money, at the best terms available, any such gift of intangible property other than money; and the Administrator of General Services may convert into money, at the best terms available, any such gift of tangible property, or transfer to any other Federal agency without reimbursement such property as he may determine usable for the particular purpose for which it was donated.

SEC. 3. There shall be established on the books of the Treasury a special account into

which shall be deposited all money received as a result of such gifts.

SEC. 4. The Secretary of the Treasury, in order to effectuate the purposes for which gifts accepted under this act are made, shall from time to time pay the money in such special account to such of the various appropriation accounts as in his judgment will best effectuate the intent of the donors, and such money is hereby appropriated and shall be available for expenditure for the purposes of the appropriations to which paid.

SEC. 5. The Secretary of the Treasury and the Administrator of General Services shall consult with interested Federal agencies in carrying out the provisions of this act.

SEC. 6. Nothing in this act shall be construed to modify or repeal the authority to accept conditional gifts under any other provision of law.

With the following committee amendment:

Correct the spelling of the word "particular" as it appears on page 2, line 1.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PREPARATION OF ROLLS OF PERSONS OF INDIAN BLOOD, ETC.

The Clerk called the bill (H. R. 4118) to authorize the preparation of rolls of persons of Indian blood whose ancestors were members of certain tribes or bands in the State of Oregon, and to provide for per capita distribution of funds arising from certain judgments in favor of such tribes or bands.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior, hereafter referred to as the "Secretary," is hereby authorized and directed to prepare separate rolls of the Indians of the blood of the Confederated Bands of Umpqua and Calapooias of the Umpqua Valley, and of the Tillamook, Coquille, Tootootoney, Chetco, and Mollallas or Molel Tribes of Oregon, living on the date of this act. Applications for enrollment shall be filed within such times as may be prescribed by the Secretary, and his determination of eligibility for enrollment shall be final and conclusive. No person shall be entitled to be enrolled on more than one roll.

SEC. 2. The Secretary is authorized and directed to withdraw the funds on deposit in the Treasury of the United States to the credit of the respective tribes or bands, including those funds appropriated by Public Law 253 (82d Cong.) approved November 1, 1951, in satisfaction of judgments obtained by the tribes or bands in the cases of *Alcea Band of Tillamook, et al.*, v. *United States* (115 Ct. Cl. 463), and *Rogue River Tribes of Indians et al.*, v. *United States* (116 Ct. Cl. 454), and to make appropriate and equitable per capita payments therefrom to each person whose name appears on said approved rolls.

SEC. 3. (a) The share of a deceased enrollee shall be distributed to his heirs or devisees determined by the laws of the domicile of said decedent, and each share shall be treated for the purpose of distribution as personal property owned by the decedent at the time of his death. Payment to the heirs or devisees of any deceased enrollee shall be made upon proof of death and of heirship satisfactory to the Secretary, and his findings upon such proof shall be final and conclusive.

(b) Payment shall be made directly to the enrollee or his heirs or devisees, except that payments due persons under 21 years of age or persons under legal disability shall be made under such rules and regulations as the Secretary may prescribe. No part of any payment shall be subject to any debt or debts created prior to the date of this act by a beneficiary of Indian blood. Payment to enrollees, heirs, or devisees shall be completed within 1 year after establishment of the tribal rolls.

SEC. 4. All costs incurred by the Secretary in the preparation of such rolls and the payment of such per capita shares shall be paid by appropriate withdrawals out of the fund or funds on deposit in the Treasury of the United States arising out of such judgments.

SEC. 5. The Secretary is authorized to prescribe the necessary rules and regulations to carry out the purposes of this act.

With the following committee amendments:

Page 2, lines 1 through 4, delete the sentence beginning with the word "Applications" and ending with the word "conclusive" and insert in lieu thereof the following language: "Applications for enrollment shall be filed within 1 year of the date of approval of this act. The determination of the Secretary of the eligibility of an applicant for enrollment shall be final and conclusive."

Page 2, line 17, change the period to a colon and add the following language: *"Provided*, That any amounts paid to or for individual members, or distributed to or for the legatees or next of kin of any enrollee, as provided in this act, shall not be subject to Federal tax."

Page 2, line 18, strike all of section 3 through page 3, line 9, and insert in lieu thereof the following new language:

"SEC. 3. (a) The Secretary shall make payments directly to a living enrollee. The Secretary shall distribute the share of a person determined to be eligible for enrollment, but who dies subsequent to the date of approval of this act and on whose behalf an application is filed and approved, and the share of a deceased enrollee, directly to his next of kin or legatees as determined by the laws of the domicile of the decedent, upon proof of death and inheritance satisfactory to the Secretary, whose findings upon such proof shall be final and conclusive.

"(b) Payments due persons under 21 years of age or persons under legal disability shall be made in accordance with laws applicable to such persons in the State of domicile of the payee. The Secretary may apply to any court of competent jurisdiction for the appointment of a guardian to receive and administer payments due a person under 21 years of age or under legal disability, and may take such other action as he deems appropriate for the protection of the interests of any such person in connection with payments hereunder.

"(c) No part of any payment hereunder shall be subject to any debt or debts created prior to the date of this act by a beneficiary of Indian blood. Payment to living enrollees, unless under 21 years of age or under legal disability, shall be completed within 1 year after approval of the tribal rolls. Payment to next of kin and legatees, and payment for the account of persons under 21 years of age or under legal disability shall be completed within the same period of time to the maximum extent possible."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DESIGNATING NATIONAL NURSE WEEK

The Clerk called the resolution (H. J. Res. 359) designating the first full week in October 1954 as National Nurse Week and providing for the establishment of a Central Council to coordinate the observance of such week.

There being no objection, the Clerk read the resolution, as follows:

Whereas the nursing profession plays a vital role in the health care of the Nation; and

Whereas a continued renewal and extension of its ranks through the attraction of young people to the profession is of the first importance to the Nation's future health and welfare; and

Whereas there are many problems facing the nursing profession which can only be solved through the aid of an informed and sympathetic public; and

Whereas it is proper and fitting that national attention and recognition should be focused on the great contributions, past and present, that the nursing profession in all its branches has made to the national welfare and security: Therefore be it

Resolved, etc., That the period begining October 4, 1954, and ending October 9, 1954, is hereby designated as National Nurse Week, in honor of the professional nurses of America and in recognition of the vitally important service they have faithfully rendered in the promotion of the national health and welfare. The President is authorized and requested to issue a proclamation calling upon all the people of the United States to cooperate in the observance of such week, under the guidance of the Central Council created pursuant to section 2, with appropriate proceedings and ceremonies designed to emphasize the significant role of professional nurses in the advancement of human welfare and to encourage increasing support of the nursing profession.

SEC. 2. (a) The Secretary of Health, Education, and Welfare shall appoint and serve as the Chairman of a Central Council, whose duty it shall be to coordinate and supervise the nationwide observance of National Nurse Week. The Central Council shall—

(1) develop a plan of action for the observance of such week, providing in the case of each participating group for appropriate activities at the national, regional, and local levels;

(2) prepare a program for the promotion and publicizing of such week through national newspaper, magazine, radio, and television coverage, and make all necessary arrangements with respect to the timing and substance of the material to be presented in connection with such program; and

(3) prepare outlines of suggested local activities for the celebration of such week, designed to stimulate and facilitate local planning.

(b) The persons appointed as members of the Central Council shall be selected so as to provide adequate representation for the Executive Office of the President, the Congress of the United States, the surgeons general of the Armed Forces, the Advertising Council, the American Medical Association, the American Hospital Association, and the various national nursing organizations.

(c) In carrying out its functions under this section, the Central Council shall utilize clerical personnel, facilities, information, and other necessary assistance made available to it by the groups and organizations represented on the Council.

With the following committee amendments:

On page 2, lines 3 and 4, strike out "October 4, 1954, and ending October 9, 1954,"

and insert in lieu thereof "October 11, 1954, and ending October 16, 1954."

On page 2, line 10, substitute a period for the comma following the word "week" and strike out all of the joint resolution thereafter beginning with the word "under" in line 10, page 2, and ending with the word "Council", line 19, page 3.

The committee amendments were agreed to.

The resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "Joint resolution designating the period from October 11 to October 16, inclusive, of 1954, as National Nurse Week."

A motion to reconsider was laid on the table.

PERMITTING CITY OF PHILADELPHIA TO FURTHER DEVELOP HOG ISLAND TRACT

The Clerk called the bill (H. R. 9577) to permit the city of Philadelphia to further develop the Hog Island tract as an air, rail, and marine terminal by directing the Secretary of Commerce to release the city of Philadelphia from the fulfillment of certain conditions contained in the existing deed which restrict further development.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Commerce is authorized and directed to release the city of Philadelphia from the fulfillment of any and all conditions of a deed of the United States, acting through the United States Shipping Board, dated the 23d day of July 1930, relating to a tract of land, known as Hog Island, situate partly in the township of Tinicum in the county of Delaware and State of Pennsylvania and partly in the 40th ward of the city of Philadelphia, comprising 951 acres more or less; and to execute in proper form a full and complete release and discharge of the yearly ground rent reserved to the United States under and pursuant to said deed, and relieving the city of Philadelphia from the fulfillment of any and all covenants, conditions, and trusts set forth in said deed.

SEC. 2. The execution of the aforesaid release shall be made without consideration therefor and upon condition that the aforesaid tract shall be held, used, and developed as and for an air, rail, and marine terminal for the promotion and furtherance of the interstate and foreign commerce of the United States, and for industrial purposes related thereto: *Provided further*, That the premises shall not be disposed of by the city of Philadelphia by conveyance or sale except in furtherance of the public purposes herein set forth. The release shall contain a further provision that whenever the Congress of the United States shall declare a state of war or other national emergency the United States shall have the right to enter upon the premises and use the same or any part thereof owned by the city of Philadelphia for a period not to exceed the duration of such state of war or national emergency plus 6 months, and upon cessation of such use said premises shall revert to the city of Philadelphia: *Provided, however*, That the United States shall be responsible during the period of such use for the maintenance of all of the property so used, and shall pay a fair rental for the use of any structures or other improvements which have been added thereto, said rental to include all debt service charges or other obligations arising out of the financing of all structures or improvements on the aforesaid premises.

With the following committee amendments:

Page 1, line 5, strike out "of" where it first appears, and insert in lieu thereof "for the benefit of the United States set forth in."

Page 2, line 8, after "trusts" insert "for the benefit of the United States."

Mr. CUNNINGHAM. Mr. Speaker, the bill S. 3630 is an identical bill which passed the Senate on July 17. I therefore ask unanimous consent to substitute the Senate bill in lieu of the House bill.

Mr. WALTER. Mr. Speaker, reserving the right to object, and I shall not, is it not a fact that the city of Philadelphia has paid the entire amount agreed upon for this tract of land by way of payments and interest throughout the years?

Mr. SCOTT. Mr. Speaker, if the gentleman will yield, I can say that as for the city of Philadelphia, it has more than paid the sum agreed on. The city finds itself unable to expand its harbor facilities either in Pennsylvania, Delaware, or south Jersey, until this ground rent is extinguished.

Mr. WALTER. This is part of the program of the mayor of the city of Philadelphia for the expansion of the port of Philadelphia and the Delaware Valley.

Mr. SCOTT. It is part of the program of the chamber of commerce, the mayor, and the legislative delegation here in Congress. I know of no objection to it. I may say also that the Secretary of Commerce has approved it.

Mr. WALTER. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the Senate bill?

There was no objection.

The Senate bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider, and a similar House bill, H. R. 9577, were laid on the table.

AMENDING SECTION 87 OF NATIONAL DEFENSE ACT OF 1916

The Clerk called the bill (H. R. 6223) to amend section 87 of the National Defense Act of June 3, 1916, as amended (32 U. S. C. 47), to relieve the States from pecuniary liability for property lost, damaged, or destroyed through unavoidable causes and to authorize the States to be relieved from accountability in any case except where it shall appear that the loss, damage, or destruction of the property was due to carelessness or negligence or could have been avoided by the exercise of reasonable care.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 87 of the National Defense Act of June 3, 1916, as amended (32 U. S. C. 47), is amended to read as follows:

"DISPOSITION AND REPLACEMENT OF DAMAGED PROPERTY, AND SO FORTH

"SEC. 87. All military property issued to the National Guard and Air National Guard as herein provided shall remain the property of the United States. Whenever any such property issued to the National Guard or Air National Guard in any State or Territory, or the District of Columbia shall have been lost, damaged, or destroyed, or become unserviceable or unsuitable by use in service or from any other cause, it shall be examined by a disinterested surveying officer of the Army of the United States, Air Force of the United States, or the National Guard or Air National Guard detailed by the appropriate Secretary, and the report of such surveying officer shall be forwarded to the appropriate Secretary or to such officer as he shall designate to receive such reports. The appropriate Secretary is hereby authorized to relieve the State, or Territory, or the District of Columbia from further accountability for such property in any case except where it shall appear that the loss, damage, or destruction of property was due to carelessness or neglect, or that its loss, damage, or destruction could have been avoided by the exercise of reasonable care, in which case the money value of such property shall be charged to the accountable State, Territory, or District of Columbia to be paid from State, Territory, or District funds, or any funds other than Federal. If the articles so surveyed are found to be unserviceable or unsuitable, the appropriate Secretary shall direct what dispositon by sale or otherwise shall be made of them; and, if sold, the proceeds of such sale, as well as stoppages against officers and enlisted men, and the net proceeds of collections made from any person or from any State, Territory, or District to reimburse the Government for the loss, damage, or destruction of any property, shall be deposited in the Treasury of the United States: *Provided*, That if any State, Territory, or the District of Columbia shall neglect or refuse to pay, or to cause to be paid, the money equivalent of any loss, damage, or destruction of property charged against such State, Territory, or the District of Columbia by the appropriate Secretary after survey by a disinterested officer appointed as hereinbefore provided, the appropriate Secretary is hereby authorized to debar such State, Territory, or the District of Columbia from further participation in any and all appropriations for the National Guard or Air National Guard, as appropriate, until such payment shall have been made: *Provided further*, That property issued to the National Guard and Air National Guard and which has become unserviceable through fair wear and tear in service, may, after inspection thereof and finding to that effect made by an officer of the Army of the United States, Air Force of the United States, or the National Guard or Air National Guard detailed by the appropriate Secretary, be sold or otherwise disposed of, and the State, Territory, or the District of Columbia accountable shall be relieved from further accountability therefor; such inspection, and sale or other disposition, to be made under regulations prescribed by the appropriate Secretary, and to constitute as to such property a discretional substitute for the examination, report, and disposition provided for elsewhere in this section."

With the following committee amendments:

Page 2, line 7, insert a comma after the word "State", delete the first "or", and immediately following the word "Territory", insert the following: ", the Commonwealth of Puerto Rico."

Page 2, lines 11 and 12, delete "Army of the United States, Air Force of the United States" and insert in lieu thereof "United States Army, United States Air Force."

Page 2, line 16, following the word "Secretary", insert "or his designated representative."

Page 2, line 17, insert a comma after the word "State", delete the word "or", and immediately following the word, "Territory" insert the following: ", Commonwealth of Puerto Rico."

Page 2, line 18, following the word "accountability", add "and pecuniary liability."

Page 2, line 24, following "Territory," add "Commonwealth of Puerto Rico."

Page 2, line 25, following "Territory," add "Commonwealth."

Page 3, line 2, following "Secretary", add "or his designated representative."

Page 3, line 7, following "Territory," add "the Commonwealth of Puerto Rico", following "or" add the word "the", and following "District" add the words "of Columbia."

Page 3, line 10, following "Territory," add "the Commonwealth of Puerto Rico."

Page 3, line 13, following "Territory," add "the Commonwealth of Puerto Rico."

Page 3, line 17, following "Territory," add "the Commonwealth of Puerto Rico."

Page 4, line 3, following "Territory," add "Commonwealth of Puerto Rico,."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to amend section 87 of the National Defense Act of June 3, 1916, as amended (32 U. S. C. 47), to relieve the States from accountability and pecuniary liability for property lost, damaged, or destroyed except in cases where it shall appear that the loss, damage, or destruction of the property was due to carelessness or negligence or could have been avoided by the exercise of reasonable care."

A motion to reconsider was laid on the table.

AMEND THE NATIONAL DEFENSE ACT

The Clerk called the bill (H. R. 7734) to amend section 47 of the National Defense Act to relieve State-operated educational institutions, under stated conditions, from giving bond for certain property issued by the United States for use by Reserve Officers' Training Corps units maintained at such institutions.

There being no objection, the Clerk read the bill, as follows:

Be it enacted etc., That section 47 of the National Defense Act, as amended (10 U. S. C. 389), is amended by adding at the end thereof the following new sentence: "No such bond shall be required of any institution operated by any State so long as that institution provides such measures for the care and safekeeping of nonexpendable property as the Secretary of the Army, or the Secretary of the Air Force in the case of property issued by the Department of the Air Force, shall determine as a result of periodic inspection to be adequate to protect the interest of the United States therein."

With the following committee amendment:

Strike all after the enacting clause and insert the following: "That section 47 of the National Defense Act, as amended (10 U. S. C. 389), is further amended by deleting the last sentence thereof and substituting in lieu thereof the following:

" 'The Secretary of the Army, or the Secretary of the Air Force in the case of property of the Department of the Air Force, shall require a bond or other indemnity in such amount as he considers appropriate for the care and safekeeping of all such Government property issued to an educational institution, except uniforms, expendable articles, and supplies expended in operation, maintenance, and instruction.' "

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to amend section 47 of the National Defense Act concerning the requirement for bond covering certain property issued by the United States for use by Reserve Officers' Training Corps units maintained at educational institutions."

A motion to reconsider was laid on the table.

TRANSFER OF LAND IN SALT LAKE CITY

The Clerk called the bill (H. R. 9482) authorizing the Administrator of Veterans' Affairs to convey certain property to the Armory Board, State of Utah.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. CUNNINGHAM. Mr. Speaker, the bill, S. 3561, is an identical bill to the House bill and I ask unanimous consent that it be considered in lieu of the House bill.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is authorized and directed to convey, without monetary consideration and subject to the conditions in section 2 of this act, to the Armory Board, State of Utah, all right, title, and interest of the United States in and to a tract of 35 acres of land, more or less, situated in the western end of the Veterans' Administration hospital reservation, Fort Douglas Station, Salt Lake City, Utah, the exact legal description of which shall be determined by the Administrator of Veterans' Affairs.

SEC. 2. The deed of conveyance authorized under the provisions of this act shall—

(a) provide that such tract shall not be alienated in the whole or in part by the Armory Board and shall be used only for training, civic, and related purposes;

(b) provide that, if such tract is so used in any manner that, in the judgment of the Administrator of Veterans' Affairs or his designate, interferes with the care and treatment of patients in the Veterans' Administration hospital located on land contiguous to such tract, such interference shall cease immediately upon notice thereof to the Armory Board by the Administrator or his designate;

(c) provide that, if either of the conditions prescribed in clauses (a) and (b) of this section are violated, title to such tract shall revert to the United States; and

(d) shall reserve all mineral rights, including gas and oil, to the United States, and contain such additional terms, conditions, reservations, and restrictions as may be determined by the Administrator of Veterans' Affairs to be necessary to protect the interests of the United States.

The bill was ordered to be read a third time, was read the third time, and passed.

A similar bill (H. R. 9482) was laid on the table.

A motion to reconsider was laid on the table.

SOUTHEASTERN INTERSTATE FOREST FIRE PROTECTION COMPACT

The Clerk called the bill (H. R. 9345) granting the consent and approval of Congress to the Southeastern Interstate Forest Fire Protection Compact.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. CUNNINGHAM. Mr. Speaker, the bill, S. 2786, is an identical bill and I ask unanimous consent that it be considered in lieu of the House bill.

The Clerk read the title of the Senate bill.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the consent and approval of Congress is hereby given to the Southeastern Interstate Forest Fire Protection Compact, as hereinafter set out. Such compact reads as follows:

SOUTHEASTERN INTERSTATE FOREST FIRE PROTECTION COMPACT

Article I

The purpose of this compact is to promote effective prevention and control of forest fires in the Southeastern region of the United States by the development of integrated forest fire plans, by the maintenance of adequate forest fire fighting services by the member States, by providing for mutual aid in fighting forest fires among the compacting States of the region and with States which are party to other regional forest fire protection compacts or agreements, and for more adequate forest protection.

Article II

This compact shall become operative immediately as to those States ratifying it whenever any two or more of the States of Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia, which are contiguous have ratified it and Congress has given consent thereto. Any State not mentioned in this article which is contiguous with any member State may become a party to this compact, subject to approval by the legislature of each of the member States.

Article III

In each State, the State forester or officer holding the equivalent position who is responsible for forest fire control shall act as compact administrator for that State and shall consult with like officials of the other member States and shall implement cooperation between such States in forest fire prevention and control.

The compact administrators of the member States shall coordinate the services of the member States and provide administrative integration in carrying out the purposes of this compact.

There shall be established an advisory committee of legislators, forestry commission representatives, and forestry or forest products industries representatives which shall meet from time to time with the compact administrators. Each member State shall name 1 Member of the Senate and 1 Member of the House of Representatives who shall be designated by that State's commission on interstate cooperation, or if said commission cannot constitutionally designate the said members, they shall be designated in accordance with laws of that State; and the governor of each member State shall appoint 2 representatives, 1 of whom shall be associated with forestry or forest products industries to comprise the membership of the advisory committee. Ac-

tion shall be taken by a majority of the compacting States, and each State shall be entitled to one vote.

The compact administrators shall formulate and, in accordance with need, from time to time, revise a regional forest fire plan for the member States.

It shall be the duty of each member State to formulate and put in effect a forest fire plan for that State and take such measures as may be necessary to integrate such forest fire plan with the regional forest fire plan formulated by the compact administrators.

Article IV

Whenever the State forest fire control agency of a member State requests aid from the State forest fire control agency of any other member State in combating, controlling, or preventing forest fires, it shall be the duty of the State forest fire control agency of that State to render all possible aid to the requesting agency which is consonant with the maintenance of protection at home.

Article V

Whenever the forces of any member State are rendering outside aid pursuant to the request of another member State under this compact, the employees of such State shall, under the direction of the officers of the State to which they are rendering aid, have the same powers (except the power of arrest), duties, rights, privileges, and immunities as comparable employees of the State to which they are rendering aid.

No member State or its officers or employees rendering outside aid pursuant to this compact shall be liable on account of any act or omission on the part of such forces while so engaged, or on account of the maintenance, or use of any equipment or supplies in connection therewith; *Provided*, that nothing herein shall be construed as relieving any person from liability for his own negligent act or omission, or as imposing liability for such negligent act or omission upon any State.

All liability, except as otherwise provided hereinafter, that may arise either under the laws of the requesting State or under the laws of the aiding State or under the laws of a third State on account of or in connection with a request for aid, shall be assumed and borne by the requesting State.

Any member State rendering outside aid pursuant to this compact shall be reimbursed by the member State receiving such aid for any loss or damage to, or expense incurred in the operation of any equipment answering a request for aid, and for the cost of all materials, transportation, wages, salaries, and subsistence of employees and maintenance of equipment incurred in connection with such request: Provided, that nothing herein contained shall prevent any assisting member State from assuming such loss, damage, expense or other cost or from loaning such equipment or from donating such service to the receiving member State without charge or cost.

Each member State shall provide for the payment of compensation and death benefits to injured employees and the representatives of deceased employees in case employees sustain injuries or are killed while rendering outside aid pursuant to this compact, in the same manner and on the same terms as if the injury or death were sustained within such State.

For the purposes of this compact the term employee shall include any volunteer or auxiliary legally included within the forest fire-fighting forces of the aiding State under the laws thereof.

The compact administrators shall formulate procedures for claims and reimbursement under the provisions of this article, in accordance with the laws of the member States.

Article VI

Ratification of this compact shall not be construed to affect any existing statute so as to authorize or permit curtailment or diminution of the forest fire-fighting forces, equipment, services or facilities of any member State.

Nothing in this compact shall be construed to limit or restrict the powers of any State ratifying the same to provide for the prevention, control and extinguishment of forest fires, or to prohibit the enactment or enforcement of State laws, rules or regulations intended to aid in such prevention, control and extinguishment in such State.

Nothing in this compact shall be construed to affect any existing or future cooperative relationship or arrangement between any Federal agency and a member State or States.

Article VII

The compact administrators may request the United States Forest Service to act as a research and coordinating agency of the Southeastern Interstate Forest Fire Protection Compact in cooperation with the appropriate agencies in each State, and the United States Forest Service may accept responsibility for preparing and presenting to the compact administrators its recommendations with respect to the regional fire plan. Representatives of any Federal agency engaged in forest fire prevention and control may attend meetings of the compact administrators.

Article VIII

The provisions of articles IV and V of this compact which relate to mutual aid in combating, controlling or preventing forest fires shall be operative as between any State party to this compact and any other State which is party to a regional forest fire protection compact in another region: Provided, that the legislature of such other State shall have given its assent to such mutual aid provisions of this compact.

Article IX

This compact shall continue in force and remain binding on each State ratifying it until the legislature or the Governor of such State, as the laws of such State shall provide, takes action to withdraw therefrom. Such action shall not be effective until 6 months after notice thereof has been sent by the chief executive of the State desiring to withdraw to the chief executives of all States then parties to the compact.

SEC. 2. Without further submission of the compact, the consent of Congress is given to any State to become a party to it is accordance with its terms.

SEC. 3. The right to alter, amend, or repeal this act is expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed.

A similar bill (H. R. 9345) was laid on the table.

A motion to reconsider was laid on the table.

CONTRACT RESEARCH

The Clerk called the bill (S. 2367) to amend the act of June 29, 1935 (the Bankhead-Jones Act), as amended, to strengthen the conduct of research of the Department of Agriculture.

There being no objection, the Clerk read the Senate bill, as follows:

Be it enacted, etc., That the act of June 29, 1935 (the Bankhead-Jones Act), as amended (7. U. S. C. 427–427j), is amended by adding at the end of section 10 thereof the following:

"(e) Appropriations for research work in the Department of Agriculture shall be available for accomplishing such purposes by contract through the means provided in subsection (a) hereof."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING BANKS FOR COOPERATIVES TO ISSUE CONSOLIDATED DEBENTURES

The Clerk called the bill (S. 3487) to authorize the Central Bank for Cooperatives and the regional banks for cooperatives to issue consolidated debentures, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. McCORMACK. Mr. Speaker, reserving the right to object, this seems to be a rather broad bill, if not a rather far-reaching bill, and I would like to have a member of the committee state why it should be passed by unanimous consent. It seems to me this is a bill that should come up under the regular rules of the House or under suspension of the rules.

Mr. HOPE. Mr. Speaker, I shall be very glad to explain the bill.

Mr. McCORMACK. I know what the bill is. I have read it, but it seems to me this is not a bill that should be passed without some debate. I have no objection to the bill myself; however, some bills should come up under conditions where there is opportunity for Members to debate the matter. Will the gentleman state why he thinks this is not one of those bills?

Mr. HOPE. I am not going to argue with the gentleman over the question of whether this is or is not an important bill. It is a bill of some importance as far as financing the banks for cooperatives is concerned. It is a bill which I understand has no opposition, at least I know of none and in the closing days of the session our committee felt it was important to get the bill passed as expeditiously as possible. For that reason we had it put on the Consent Calendar.

Mr. JOHNSON of Wisconsin. I have spoken to the chairman of the committee, the gentleman from Kansas [Mr. HOPE], and I am sure that this bill is satisfactory.

Mr. McCORMACK. I have no objection to the bill myself. Is it not of such importance that it should come up under the rules of the House which afford Members some opportunity of debate rather than to be passed on the Consent Calendar?

Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

ROTATION OF COMMODITY CREDIT CORPORATION STOCKS

The Clerk called the bill (S. 1381) to amend the Agricultural Act of 1949.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 407 of the Agricultural Act of 1949, as amended, is amended by adding at the end thereof the following: "Nor shall the foregoing restrictions apply to sales of commodities the disposition of which is desirable in the interest of the effective and efficient conduct of the Corporation's operations because of the small quantities involved, or because of age, location, or questionable continued storability, but such sales shall be offset by such purchases of commodities as the Corporation determines are necessary to prevent such sales from substantially impairing any price-support program, but in no event shall the purchase price exceed the then current support price for such commodities."

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INDEMNITIES FOR SWINE DESTROYED IN 1952

The Clerk called the bill (S. 2583) to indemnify against loss all persons whose swine were destroyed in July 1952 as a result of having been infected with or exposed to the contagious disease vesicular exanthema.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of Agriculture is authorized and directed to indemnify in an amount equal to 50 percent of their loss, but not exceeding the indemnity paid by the State, all persons whose swine were destroyed under authority of law in July 1952 as a result of having been infected with or exposed to the contagious disease vesicular exanthema.

SEC. 2. The payment of indemnities under the provisions of this act shall be limited, in the absence of Federal appraisal, to those losses where required proof of such losses has been made to the State and 50 percent of said loss has been paid by such State.

SEC. 3. Payments made pursuant to the provisions of this act shall be made from funds currently available to the Department of Agriculture.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SOUTH CENTRAL INTERSTATE FOREST FIRE PROTECTION COMPACT

The Clerk called the bill (H. R. 6393) granting the consent and approval of Congress to an interstate forest fire protection compact.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent and approval of Congress is hereby given to any two or more of the States of Arkansas, Louisiana, Mississippi, Oklahoma, and Texas to enter into the following compact relating to the prevention and control of forest fires in the south central region of the United States.

The compact reads as follows:

"SOUTH CENTRAL INTERSTATE FOREST FIRE PROTECTION COMPACT

"Article I

"The purpose of this compact is to promote effective prevention and control of forest fires in the south central region of the United States by the development of integrated forest fire plans, by the maintenance of adequate forest fire fighting services by the member States, by providing for mutual aid in fighting forest fires among the compacting States of the region and with States which are party to other regional forest fire protection compacts or agreements, and for more adequate forest development.

"Article II

"This compact shall become operative immediately as to those States ratifying it whenever any two or more of the States of Arkansas, Louisiana, Mississippi, Oklahoma, and Texas which are contiguous have ratified it and Congress has given consent thereto. Any State not mentioned in this article which is contiguous with any member State may become a party to this compact, subject to approval by the legislature of each of the member States.

"Article III

"In each State, the State forester or officer holding the equivalent position who is responsible for forest fire control shall act as compact administrator for that State and shall consult with like officials of the other member States and shall implement cooperation between such States in forest fire prevention and control.

"The compact administrators of the member States shall organize to coordinate the services of the member States and provide administrative integration in carrying out the purposes of this compact.

"There shall be established an advisory committee of legislators, forestry commission representatives, and forestry or forest products industries representatives which shall meet from time to time with the compact administrators. Each member State shall name one Member of the Senate and one Member of the House of Representatives, and the Governor of each member State shall appoint one representative who shall be the chairman of the State forestry commission or comparable official and one representative who shall be associated with forestry or forest products industries to comprise the membership of the advisory committee. Action shall be taken by a majority of the compacting States, and each State shall be entitled to one vote.

"The compact administrators shall formulate and, in accordance with need, from time to time, revise a regional forest fire plan for the member States.

"It shall be the duty of each member State to formulate and put in effect a forest fire plan for that State and take such measures as may be necessary to integrate such forest fire plan with the regional forest fire plan formulated by the compact administrators.

"Article IV

"Whenever the State forest fire control agency of a member State requests aid from the State forest fire control agency of any other member State in combating, controlling, or preventing forest fires, it shall be the duty of the State forest fire control agency of that State to render all possible aid to the requesting agency which is consonant with the maintenance of protection at home.

"Article V

"Whenever the forces of any member State are rendering outside aid pursuant to the request of another member State under this compact, the employees of such State shall, under the direction of the officers of the State to which they are rendering aid, have the same powers (except the power of arrest), duties, rights, privileges, and immunities as comparable employees of the State to which they are rendering aid.

"No member State or its officers or employees rendering outside aid pursuant to this compact shall be liable on account of any act or omission on the part of such forces while so engaged, or on account of the maintenance or use of any equipment or supplies in connection therewith: *Provided*, That nothing herein shall be construed as relieving any person from liability for his own negligent act or omission, or as imposing liability for such negligent act or omission upon any State.

"All liability, except as otherwise provided hereinafter, that may arise either under the laws of the requesting State or under the laws of the aiding state or under the laws of a third State on account of or in connection with a request for aid, shall be assumed and borne by the requesting State.

"Any member State rendering outside aid pursuant to this compact shall be reimbursed by the member State receiving such aid for any loss or damage to, or expense incurred in the operation of any equipment answering a request for aid, and for the cost of all materials, transportation, wages, salaries, and maintenance of employees and equipment incurred in connection with such request: *Provided*, That nothing herein contained shall prevent any assisting member State from assuming such loss, damage, expense, or other cost or from loaning such equipment or from donating such service to the receiving member State without charge or cost.

"Each member State shall provide for the payment of compensation and death benefits to injured employees and the representatives of deceased employees in case employees sustain injuries or are killed while rendering outside aid pursuant to this compact, in the same manner and on the same terms as if the injury or death were sustained within such state.

"For the purposes of this compact the term employee shall include any volunteer or auxiliary legally included within the forest-fire-fighting forces of the aiding State under the laws thereof.

"The compact administrators shall formulate procedures for claims and reimbursement under the provisions of this article, in accordance with the laws of the member States.

"Article VI

"Ratification of this compact shall not be construed to affect any existing statute so as to authorize or permit curtailment or diminution of the forest-fire-fighting forces, equipment, services, or facilities of any member State.

"Nothing in this compact shall be construed to limit or restrict the powers of any State ratifying the same to provide for the prevention, control, and extinguishment of forest fires, or to prohibit the enactment or enforcement of State laws, rules, or regulations intended to aid in such prevention, control, and extinguishment in such State.

"Nothing in this compact shall be construed to affect any existing or future cooperative relationship or arrangement between the United States Forest Service and a member State or States.

"Article VII

"The compact administrators may request the United States Forest Service to act as the primary research and coordinating agency of the South Central Interstate Forest Fire Protection Compact in cooperation with the appropriate agencies in each State, and the United States Forest Service may accept the initial responsibility in preparing and presenting to the compact administrators its recommendations with respect to the regional fire plan. Representatives of the United States Forest Service may attend meetings of the compact administrators.

"Article VIII

"The provisions of article IV and V of this compact which relate to mutual aid in combating, controlling, or preventing forest fires shall be operative as between any State

party to this compact and any other State which is party to a regional forest-fire protection compact in another region: *Provided*, That the legislature of such other State shall have given its assent to such mutual-aid provisions of this compact.

"Article IX

"This compact shall continue in force and remain binding on each State ratifying it until the legislature or the Governor of such State takes action to withdraw therefrom. Such action shall not be effective until 6 months after notice thereof has been sent by the chief executive of the State desiring to withdraw to the chief executives of all States then parties to the compact."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GOVERNMENTAL USE OF INTERNATIONAL TELECOMMUNICATIONS

The Clerk called the resolution (S. J. Res. 96) to strengthen the foreign relations of the United States by establishing a Commission on Governmental Use of International Telecommunications.

There being no objection, the Clerk read the resolution, as follows:

Whereas the overseas information program as carried on through the media of telecommunications is of continuing and increasing importance in carrying out and supporting the foreign policies of the United States; and

Whereas in his state of the Union message February 2, 1953, the President asserted the necessity "to make more effective all activities related to international information": Therefore be it,

Resolved, etc., That there is hereby established a commission to be known as the Commission on Governmental Use of International Telecommunications (in this act referred to as the "Commission").

MEMBERSHIP OF THE COMMISSION

SEC. 2. Number and appointment: The Commission shall be composed of nine members as follows:

(1) Five appointed by the President of the United States, of whom at least 1 shall be appointed from the telecommunications industry and at least 1 from the field of education and of whom not more than 3 shall be from the same political party;

(2) Two appointed from the Senate by the President of the Senate of whom not more than one shall be from the same political party; and

(3) Two appointed from the House of Representatives by the Speaker of the House of Representatives of whom not more than one shall be from the same political party.

ORGANIZATION OF THE COMMISSION

SEC. 3. The Commission shall choose its Chairman and Vice Chairman from among its members and shall establish its own procedure.

QUORUM

SEC. 4. Five members of the Commission shall constitute a quorum.

COMPENSATION OF MEMBERS OF THE COMMISSION

SEC. 5. (a) Members of Congress: Members of Congress who are members of the Commission shall serve without compensation in addition to that received for their services as Members of Congress; but without regard to any other provision of law they shall be reimbursed for travel, subsistence, and other necessary expenses incurred by them in the performance of the duties vested in the Commission and reasonable advances may be made to them for such purposes.

(b) Members of the executive branch: Any members of the Commission who may be in the executive branch of the Government shall receive the compensation which he would receive if he were not a member of the Commission, but without regard to any other provision of law they shall be reimbursed for travel, subsistence and other necessary expenses incurred by them in the performance of the duties vested in the Commission and reasonable advances may be made to them for such purposes.

(c) Members from private life: The members from private life shall receive not to exceed $75 per diem when engaged in the performance of duties vested in the Commission, plus reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of such duties.

STAFF OF THE COMMISSION

SEC. 6. The Commission shall have power to appoint a Secretary General at a salary of not to exceed $15,000 per annum, and an Assistant Secretary General at a salary of not to exceed $12,500 per annum, and such other personnel in accordance with the Classification Act of 1949, as amended, or to obtain assistance from Government agencies on a reimbursable basis. The Commission is further authorized to employ experts and consultants for temporary and intermittent personal services, but at rates not to exceed $75 per diem for each individual. The Commission is authorized without regard to any other provision of law to reimburse employees, experts, and consultants for travel, subsistence, and other necessary expenses incurred by them in the performance of their official duties and to make reasonable advances to such persons for such purposes.

EXPENSES OF THE COMMISSION

SEC. 7. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, not to exceed $250,000 to carry out the provisions of this act.

REPORT—EXPIRATION OF THE COMMISSION

SEC. 8. (a) Report: On or before December 31, 1954, the Commission shall make a reports of its findings and recommendations to the Congress. It may submit such interim reports as it deems desirable.

(b) Expiration of the Commission: Ninety days after the submission to the Congress of the report provided for in subsection (a) of this section 8, the Commission shall cease to exist.

DUTIES OF THE COMMISSION

SEC. 9. The Commission is directed to examine, study, and report on the objectives, operations, and effectiveness of our information programs, with respect to the prompt development of techniques, methods, and programs for greatly expanded and far more effective operations in this vital area of foreign policy through the use of foreign telecommunications.

POWERS OF THE COMMISSION

SEC. 10. (a) The Commission or, on the authorization of the Commission, any subcommittee or member thereof, shall have power to hold hearings and sit and act at such times and places in the United States and abroad, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, and to take such testimony, as the Commission or such subcommittee or member may deem advisable. Subpenas shall be issued under the signature of the Chairman of the Commission and shall be served by any person designated by him.

(b) The Commission may authorize the Chairman or the Vice Chairman to make the expenditures herein authorized and such other expenditures as the Commission may deem advisable: *Provided, however*, That when the Commission ceases its activities it shall submit to the Appropriations Committee of the Senate and the House of Representatives a statement of its fiscal transactions properly audited by the Comptroller General of the United States.

(c) The Commission is authorized to secure from any department, agency, or independent instrumentality of the Government any information it deems necessary to carry out its functions under this act; and each such department, agency, and instrumentality is authorized and directed to furnish such information to the Commission, upon request made by the Chairman or by the Vice Chairman when acting as Chairman.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXTENSION WORK AMONG INDIAN TRIBES AND MEMBERS THEREOF

The Clerk called the bill (S. 3385) to provide for more effective extension work among Indian tribes and members thereof, and for other purposes.

Mr. MARSHALL. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

AMEND SECTION 73 OF HAWAIIAN ORGANIC ACT

The Clerk called the bill (H. R. 5832) to amend section 73 of the Hawaiian Organic Act.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 73 (1) of the Hawaiian Organic Act, as amended, be further amended by adding a new proviso to the second sentence thereof to read as follows: *"Provided, however*, That the commissioner shall give to every lessee, sublessee, or permittee under a revocable permit of public lands, being a citizen of the United States, or to any such person who has legally declared his intention to become a citizen of the United States and herefater becomes such, who has, or whose predecessors in interest have, or the combination thereof, occupied said lands for an aggregate period of not less than 10 years, a right to purchase so much of said lands as shall be used for a house lot or for agricultural or business purposes, but not to exceed one-half acre and such adjoining lands as may reasonably be required for a right-of-way to a government road, upon the payment of a fair and reasonable price, which price shall be determined by one or more but not more than three disinterested appraisers to be appointed by the Governor. The term 'predecessors in interest' as applied to a permittee under revocable permit shall be construed to include such permittee, his assignor or his devisor occupying said lands under a lease or a sublease immediately prior to the issuance of the revocable permit. In the determination of such purchase price, the improvements thereon shall be valued at $1, if such improvements were made or purchased by the lessee, sublessee, or permittee. If the commissioner shall deem it to be of public interest, he may substitute in place of such parcel selected by the purchaser public lands of similar character, value and area situated on the lands occupied under said lease or

revocable permit and such purchaser shall pay for the relocation of any improvements thereto. No person shall be entitled to this right of purchase of public lands who has exercised said option under any other lease, sublease, or revocable permit or the combination of both."

SEC. 2. This act shall take effect on and after the date of its approval.

With the following committee amendment:

Strike out all after the enacting clause and insert "That any provision of section 73 of the Hawaiian Organic Act, as amended, or of the Land Laws of Hawaii, as amended, to the contrary notwithstanding, the Commissioner of Public Lands of the Territory of Hawaii, with the approval of the Governor and two-thirds of the members of the Board of Public Lands, in his discretion, may transfer and convey to any applicant who is a citizen of the United States, or who has heretofore legally declared his intentions to become a citizen of the United States, upon his becoming such,

"(1) who upon the date of approval of this act held public lands in the Territory of Hawaii, by lease or revocable permit,

"(2) who on the said date, had, or whose predecessors in interest, or the combination of both, had occupied such land for an aggregate period of not less thn 5 continuous years,

"(3) who while still holding such land by lease or revocable permit, applies for a transfer and conveyance of such public land to himself, and

"(4) who complies with all rules and regulations duly promulgated with regard to such public land,

not more than one-half acre of such land as was in use by the applicant for a house lot or for business purposes, or both, as the case may be, and such adjoining land as may be reasonably required for a right-of-way to a government road, upon the payment of a fair and reasonable price, which price shall be determined by disinterested appraiser or appraisers, but not more than three, to be appointed by the Governor of Hawaii, all improvements thereon made or purchased by the applicant or his predecessors in interest to be valued at $1.

"SEC. 2. Not more than 3 acres of public lands immediately adjacent to any cemetery now in existence may, with the consent of such person or persons, if any, as could qualify under section 1 for the purchase of said land, be sold to the owner or owners of said cemetery. This act, with the exception of paragraphs (1), (2), and (3) of section 1, shall apply to any such sale made to the owner or owners of a cemetery.

"SEC. 3. In the case of an applicant giving his consent to a sale to a cemetery pursuant to section 2, or when the Commissioner of Public Lands shall deem it to be in the public interest, he may substitute in place of the lands used by the applicant, or in place of the portion thereof requested by him, as the case may be, other appropriate public lands of no greater area or value, the applicant to bear the cost of the relocation on the substituted land of any improvements.

"SEC. 4. No sale shall be made hereunder to any applicant who has already acquired public land pursuant to the provisions of this act, or to any applicant whose application is not filed within 2 years from the date of approval of this act, or such shorter period as shall be specified by rule or regulation.

"SEC. 5. The term 'predecessor in interest' includes any individual or individuals, partnership, corporation, or other legal entity, and in the case of an applicant who is a permittee under a revocable permit shall include such applicant occupying under a lease or a sublease immediately prior to the issuance of the revocable permit and the person from whom the applicant acquired such lease or sublease."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to authorize the Commissioner of Public Lands of the Territory of Hawaii to sell public lands to certain lessees, permittees, and others."

A motion to reconsider was laid on the table.

ACQUISITION OF LAND WITHIN NATIONAL PARK SYSTEM

The Clerk called the bill (H. R. 6814) to facilitate the acquisition of non-Federal land within areas of the national park system, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. WILLIAMS of Mississippi. Mr. Speaker, reserving the right to object, I would like to have a brief explanation of this bill.

Mr. D'EWART. Mr. Speaker, if the gentleman will yield, this is a bill made necessary for the Park Service to match certain funds that have been given or offered it to acquire land inside of existing parks. They oftentimes have donations of funds to acquire these lands on condition that the Federal Government matches those funds. This legislation is necessary so that the Committee on Appropriations can appropriate the funds necessary to match those that have been donated.

Mr. WILLIAMS of Mississippi. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, in order to consolidate Federal land ownership within the areas of the national park system and to encourage the donation of funds for that purpose, the Secretary of the Interior is authorized to enter into contractual obligations on behalf of the United States for the acquisition of lands and interests in lands within such areas providing for the expenditure of Federal funds in an amount equal to the funds that may be donated for such purposes: *Provided*, That the obligation of Federal funds hereunder shall not exceed $500,000 annually: *Provided further*, That the contractual authorization for each year provided for herein shall remain effective following the end of that year until actually exercised, to the extent that donated funds have been received for that year.

With the following committee amendment:

Page 1, line 6, after "to", strike out down to and including the word "year" on page 2 and insert "accept and to use in his discretion funds which may be donated subject to the condition that such donated funds are to be expended for purposes of this act by the Secretary only if Federal funds in an amount equal to the amount of such donated funds are appropriated for the purposes of this act. There are authorized to be appropriated such funds as may be necessary to match funds that may be donated for such purposes: *Provided*, That the amount which may be appropriated annually for purposes of this act shall be limited to $500,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

OLD KASAAN NATIONAL MONUMENT, ALASKA

The Clerk called the bill (H. R. 7912) to abolish the Old Kasaan National Monument, Alaska, and for other purposes.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Old Kasaan National Monument, in Alaska, is hereby abolished, and the lands thereof shall hereafter be administered as a part of the Tongass National Forest.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

EXCHANGE RIGHT-OF-WAY FOR 6 ACRES ADJOINING PARK

The Clerk called the bill (H. R. 8205) to authorize the conveyance by the Secretary of the Interior to Virginia Electric & Power Co. of a perpetual easement of right-of-way for electric transmission-line purposes across lands of the Richmond National Battlefield Park, Va., such easement to be granted in exchange for, and in consideration of, the donation for park purposes of approximately 6 acres of land adjoining the park.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized to grant and convey to Virginia Electric & Power Co. a perpetual easement of right-of-way for electric transmission-line purposes over, upon, and across fifty-five one-hundredths of an acre of land on the western side of Parker's battery site in the Richmond National Battlefield Park, Va., subject to such terms and conditions as the Secretary may deem desirable, and to accept in exchange therefor the donation of six and fifty-seven one-hundredths acres of land adjoining the Parker's battery area, Richmond National Battlefield Park.

With the following committee amendment:

Page 2, line 4, strike out "donation" and insert "conveyance."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to authorize the conveyance by the Secretary of the Interior to Virginia Electric & Power Co. of a perpetual easement of right-of-way for electric transmission-line purposes across lands of the Richmond National Battlefield Park, Va., such easement to be granted in exchange for, and in consideration of, the conveyance for park purposes of approximately 6 acres of land adjoining the park."

A motion to reconsider was laid on the table.

HAWAIIAN FARM LOAN BOARD

The Clerk called the bill (H. R. 7568) to authorize and direct the Farm Loan Board of Hawaii to convey certain land and to ratify and confirm certain acts of said Farm Loan Board.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That any limitations imposed by section 73 of the Hawaiian Organic Act, as amended (31 Stat. 141), to the contrary notwithstanding, the Farm Loan Board of Hawaii is authorized and directed to convey by quitclaim deed to Martha Kelilkuli, whose residence and post office address is in care of Kahuku Ranch, Kahuku, city and county of Honolulu, T. H., the following described parcel of land, together with buildings and other improvements thereon, subject to the provisos hereinafter set forth:

Lot 14, Puuepa-Kokoiki homesteads, North Kohala, Hawaii, being all of grant 7582 to Ernest K. Kanehailua, Registered Map Numbered 2495, Second Land District. Beginning at a post at the northeast corner of this lot and the southeast corner of lot 18 and on the west side of Ilikini Road, said point being two thousand five hundred twenty-one and three-tenths feet south and three thousand one hundred eighty and five-tenths feet east of Government Survey Trig. Station "Kehoni", as shown on Government Survey Registered Map Numbered 2495, and running by true azimuths:

(1) Three hundred forty-six degrees thirty minutes, six hundred thirty-seven and four-tenths feet along Ilikini Road and lot 13 to a post; (2) seventy-six degrees thirty minutes, three hundred and seventy-eight feet along lot 13 to a post; (3) one hundred forty degrees thirteen minutes thirty seconds, seven hundred nine and eight-tenths feet along the land of Upolu to a post; (4) two hundred fifty-six degrees twenty-six minutes, six hundred ninety-three and seven-tenths feet along lots 21, 20, 19, and 18, to the point of beginning; area seven and one-half acres: *Provided, however,* That said land or any part thereof or interest therein or control thereof shall not, without the written consent of the Commissioner of Public Lands and Governor, be, or be contracted to be in any way, directly or indirectly, by process of law or otherwise, conveyed, mortgaged, leased or otherwise transferred to or acquired or held by or for the benefit of any alien or corporation, or, to or by or for the benefit of any person who owns, holds, or controls, directly or indirectly, other lands or the use thereof, the combined area of which and the land in question exceeds eighty acres: *Provided further,* That these prohibitions shall not apply to transfers or acquisitions by inheritance or between tenants in common. In the event of violation of the foregoing provisions, said land shall forthwith be forfeited and resume the status of public land and may be recovered by the Territory or its successors in an action of ejectment or other appropriate proceedings.

SEC. 2. Sales of land heretofore made by the Farm Loan Board of Hawaii, and deeds covering such sales heretofore executed by any two members of the Farm Loan Board of Hawaii as provided in section 11 of Act 225, Session Laws of Hawaii 1919, and like sections contained in the Revised Laws of Hawaii, for and on behalf of said board shall not be held invalid or void for or on account of want of power to make such sale or deed, and the same are hereby ratified and confirmed to he extent set forth.

SEC. 3. This act shall take effect upon its approval.

With the following committee amendments:

Page 4, line 1, strike out "power" and insert "authority of any such members of said Board."

Page 4, strike out line 5.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REGISTRATION OF COMMUNIST PRINTING PRESSES

The Clerk called the bill (H. R. 9690) to amend section 7 (d) of the Internal Security Act of 1950, as amended.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

Mr. VELDE. Mr. Speaker, I ask unanimous consent that a similar Senate bill, S. 2766, be considered in lieu of the House bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 7 (d) of the Internal Security Act of 1950, as amended (50 U. S. C. 786 (d)), is amended by adding after paragraph (5) the following:

"(6) A listing, in such form and detail as the Attorney General shall by regulation prescribe, of all printing presses and machines including but not limited to rotary presses, flatbed cylinder presses, platen presses, lithographs, offsets, photo-offsets, mimeograph machines, multigraph machines, multilith machines, duplicating machines, ditto machines, linotype machines, intertype machines, monotype machines, and all other types of printing presses, typesetting machines or any mechanical devices used or intended to be used, or capable of being used to produce or publish printed matter or material, which are in the possession, custody, ownership, or control of the Communist-action or Communist-front organization or its officers, members, affiliates, associates, group, or groups in which the Communist-action or Communist-front organization, its officers or members have an interest."

Mr. McCORMACK. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I just want to make a few observations. I was chairman of the special committee that investigated communism, nazism, fascism, and bigotry in 1934. My committee recommended what is now known as the Smith Act. I introduced legislation to carry out the recommendations of the committee, and for 3 or 4 years I could not get a hearing before the then Committee on the Judiciary on the ground that the recommendation of my special committee violated State rights. I was very happy when it was incorporated in the Smith bill.

My committee also recommended the Foreign Agents Registration Act which became law, and recommended other legislation. I think the time has arrived when we should meet the issue head on and outlaw the Communist Party. We have a bill in here, the effect of which would be to outlaw the infiltration of organizations, and yet we permit the Communist Party to continue to exist. I think the time has arrived when we ought to meet the issue head on and pass a bill outlawing the Communist Party.

Mr. WALTER. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. WALTER. Mr. Speaker, I am very happy to be able to report to the distinguished gentleman from Massachusetts [Mr. McCORMACK] that the subcommittee having under consideration the proposal the gentleman has mentioned will, in all probability, report the Graham bill today.

Mr. McCORMACK. Fine. I am very glad to hear that.

Also, I want to compliment the gentleman from Pennsylvania [Mr. WALTER] because he introduced a bill to outlaw the Communist Party, and also the gentleman from Texas [Mr. DIES]. I also want to compliment my friend, the distinguished gentleman from Pennsylvania, Judge GRAHAM, the chairman of the subcommittee, who in cooperation with the gentleman from Pennsylvania [Mr. WALTER] is taking the leadership in committee and elsewhere of this matter. I hope the bill will be brought out of the committee and be brought before the House before this session is over.

Mr. DONDERO. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman.

Mr. DONDERO. I am very happy to join my friend from Massachusetts [Mr. McCORMACK] in what he has said. I want to report to him that my State of Michigan has already taken the Communist Party off the ballot, which is a step in the direction which the gentleman seeks to follow.

Mr. McCORMACK. May I say that every special committee from the time of my special committee and prior thereto, the Fish special committee down to the Velde committee has found the Communist Party to be an international conspiracy; that it is not a political party in the sense that we think of America political parties, but, as I say, a part of an international conspiracy to conquer the world and enslave all the peoples of the world.

Mr. VELDE. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield.

Mr. VELDE. Mr. Speaker, I want to say to my distinguished friend that I am sympathetic toward his request. I realize this, too, that the Communist Party was declared a conspiracy during the time that the gentleman was majority leader and the Democratic Party was in power. I asked the gentleman why it was that the bill to outlaw the Communist Party was not considered at that time.

Mr. McCORMACK. Is the gentleman asking me why it was not considered then?

Mr. VELDE. Yes.

Mr. McCORMACK. That is water over the dam. We were at war then. The conditions now are entirely different. At least they were somewhat different then. Most people had the hope

then that we could live with the Soviet Union, after the war was over. I was not one of those. I was not one who thought that; but most Americans did. We now know, as a result of our experiences subsequent to the war, that they have not changed one iota.

The gentleman's question is a fair one. It is a difficult one to answer, I realize; but I think the circumstances in 1954 are entirely different from what they were during the war, or immediately following the war. There were some people who thought and hoped that we could live in a world with the Soviet Union, but they now know that we cannot. I never thought we could.

Mr. VELDE. Mr. Speaker, I thank the gentleman for his very frank answer. I have not introduced a bill outlawing the Communist Party because I felt that we ought to give the McCarran-Wood bill a chance to operate, to see whether the situation could be handled under that bill without it being necessary to make it a crime to belong to the Communist Party. But it appears as time goes on that the McCarran-Wood bill does not handle the situation as we Americans would like to have it handled. More and more I am becoming impressed with the necessity of passing a bill to outlaw the Communist Party, as the gentleman has suggested.

Mr. McCORMACK. I think the sentiments expressed by the gentleman from Illinois [Mr. VELDE] represent my own state of mind and my own growing feelings and convictions. I appeared a few months ago before the Subcommittee on the Judiciary in support of such legislation. My feeling and the journey of my mind is pretty much as the gentleman from Illinois [Mr. VELDE] has stated is the journey of his mind. I think the time has now arrived, as the gentleman does, for us to meet the issue head on.

Mr. PRICE. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman from Illinois.

Mr. PRICE. Commenting on the statement of the gentleman from Michigan that the State of Michigan has removed the Communist Party from the ballot there, may I point out that back in 1942 there were over 40,000 Communist votes cast on the ballot in Illinois. In 1944 the Communist Party was removed from the ballot of the State of Illinois by action taken under the administration of Gov. Henry Horner.

Mr. McCORMACK. I am glad to get that information. I hope the bill will be reported out and that the House and Senate will act on it before this session of Congress is over.

Mr. RABAUT. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. RABAUT. Mr. Speaker, there is no question but that the subject of communism is and should be an object of universal concern, not only to Members of both Houses of the Congress, but also down to the humblest citizen of our Nation. Both our foreign and our domestic policy is geared to the all-encompassing conflict against communism. Our minds and our senses are alerted to the nature of its cancerous growth. In short, we cannot do enough to check its advance and to stifle its growth. But, despite present moves here to checkmate the spread of communism, it is well to remember that we began, in this House, over a dozen years ago, to curb the advancement of alien concepts and practices, which included communism, as well as other "isms," some of which took a bloody war finally to eradicate.

I speak of the clause, found in every appropriations bill which has emanated from the committee since 1941, in one or another amended forms, which provides that none of the funds available for expenditures under the particular act, shall be used to pay the salary of any person who advocates, or is a member of an organization that advocates the overthrow of the Government of the United States by force or violence. There are other pertinent provisions in this clause, which establish other protective procedures—and none of them are new. Nor is fighting communism something that is relatively new to Members of this House, especially to long-time Members of the Committee on Appropriations.

We ought to continue this fight against communism with an increased vigor and application and with a diminished hysteria.

The section, which has been in every appropriations bill since 1942, follows:

No part of any appropriation contained in this act, or of the funds available for expenditure by any corporation included in this act, shall be used to pay the salary or wages of any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided*, That for the purposes hereof an affidavit shall be considered prima facie evidence that the person making the affidavit has not contrary to the provisions of this section engaged in a strike against the Government of the United States, is not a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or that such person does not advocate, and is not a member of an organization that advocates, the overthrow of the Government of the United States by force or violence: *Provided further*, That any person who engages in a strike against the Government of the United States or who is a member of an organization of Government employees that asserts the right to strike against the Government of the United States, or who advocates, or who is a member of an organization that advocates, the overthrow of the Government of the United States by force or violence and accepts employment the salary or wages for which are paid from any appropriation or fund contained in this or any other act shall be guilty of a felony and, upon conviction, shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both: *Provided further*, That the above penalty clause shall be in addition to, and not in substitution for, any other provision of existing law.

The SPEAKER. The question is on the passage of the bill.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

A similar House bill (H. R. 9690) was laid on the table.

AMENDMENT OF CIVIL AERONAUTICS ACT

The Clerk called the bill (H. R. 8898) to amend section 401 (e) (2) of the Civil Aeronautics Act, as amended.

Mr. TRIMBLE. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

Mr. ASPINALL. Mr. Speaker, I am constrained to object to the request of the gentleman from Arkansas. I feel that this legislation is deserving of consideration at this time.

The SPEAKER. The gentleman from Colorado objects.

Is there objection to the present consideration of the bill?

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 401 (e) (2) of the act of June 23, 1938, as amended (49 U. S. C. 487 (e) (2); 52 Stat. 987), is amended by adding the following:

"(3) If any applicant who makes application for a certificate within 120 days after the enactment of this section shall show that, from the date of enactment of this section until the date of its application, it or its predecessor in interest, was an air carrier furnishing, within the continental limits of the United States, local or feeder service consisting of the carriage of persons, property and mail, under a temporary certificate of public convenience and necessity issued by the Civil Aeronautics Board, continuously operating as such (except as to interruptions of service over which the applicant or its predecessors in interest have no control) the Board, upon proof of such fact only, shall, unless the service rendered by such applicant for such period was inadequate and inefficient, issue a certificate or certificates of unlimited duration, authorizing such applicant to engage in air transportation between the terminal and intermediate points within the continental limits of the United States between which it, or its predecessor, so continously operated between the date of enactment of this section and the date of its application."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF BANKRUPTCY ACT

The Clerk called the bill (H. R. 5796) to amend the Bankruptcy Act to make tax liens of States and their subdivisions valid against trustees in bankruptcy.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That clause (2) of subdivision c of section 67 of the Bankruptcy Act, as amended, is amended to read as follows: "(2) the provisions of subdivision b of this section to the contrary notwithstanding, statutory liens, other than liens for taxes, created or recognized by the laws of any State for debts owing to any person, including any State or any subdivision thereof, on personal property not accompanied by possession of, or by levy upon or by sequestra-

tion or distraint of, such property, shall not be valid against the trustee:".

SEC. 2. (a) The provisions of this amendatory act shall govern proceedings, so far as practicable and applicable, in cases pending when it takes effect; but proceedings in cases then pending to which the provisions of this amendatory act are not applicable shall be disposed of conformably to the provisions of clause (2) of subdivision c of section 67 of the Bankruptcy Act as it existed just prior to the effective date of this act.

(b) This amendatory act shall take effect and be in force on and after 3 months from the date of its approval.

With the following committee amendments:

Page 1, line 6, after "statutory", strike out "liens, other than liens for taxes," and insert "liens."

Page 1, line 8, after "debt", insert "(as distinguished from statutory liens for taxes)."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The SPEAKER. This completes the call of bills eligible for consideration on the Consent Calendar today.

PRODUCTION FOR THE ARMED FORCES

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 9005) to continue the effectiveness of the act of July 17, 1953 (67 Stat. 177), with a Senate amendment thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 1, line 8, after "Congress", insert "or until July 1, 1955."

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

RETIRED MEMBERS OF THE UNIFORMED SERVICES

Mr. ARENDS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 9302) to permit retired members of the uniformed services to revoke elections made under the Uniformed Services Contingency Option Act of 1953 in certain cases where the elections were made because of mathematical errors or misinformation. I may say this was a unanimous report from our committee, and has been cleared on both sides of the aisle.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. GROSS. Reserving the right to object, will the gentleman explain very briefly what the bill is?

Mr. ARENDS. I will be very glad to explain this to the gentleman.

This is a unanimous report from our committee. The purpose of the proposed legislation as amended is to provide a 60-day period, after its enactment, in which retired members of the uniformed services who were on the retired list when the Uniformed Services Contingency Option Act of 1953 was enacted, may revoke elections made under that act. Under the proposed legislation, revocations would be limited to cases in which it can be shown to the satisfaction of the Secretary concerned that the election was based on misinformation or mathematical error on the part of the retired member in the computation of the cost of benefits he would receive when such misinformation or mathematical error has resulted in undue hardship. I may say that this will affect only 30 or 40 individuals.

Mr. GROSS. I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That retired members of the uniformed services who have elected under section 3 (b) of the Uniformed Services Contingency Option Act of 1953 (Public Law 239, 83d Cong.) to receive a reduced amount of retired pay in order to provide an annuity under such public law may, within 60 days after the date of enactment of this act, revoke such elections. A retired member may not revoke an election under this act if any individual has died who would have been eligible to receive, upon the death of the member, an annuity payable under the election made by him, or if he cannot establish to the satisfaction of the Secretary concerned that he made such election because he was misinformed as to his rights under such public law or because he made a mathematical error in computing the benefits which he would derive under such public law. No retired member who revokes an election under this act shall be entitled to have refunded to him any amounts withheld from his retired pay under such public law prior to such revocation, and he shall not thereafter be permitted to be covered in any way by such public law.

SEC. 2. Terms used in this act shall have the meaning assigned to them by the Uniformed Services Contingency Option Act of 1953.

With the following committee amendment:

Page 1, strike out all after the enacting clause and insert in lieu thereof the following:

"That retired members of the uniformed services who have elected under section 3 (b) of the Uniformed Services Contingency Option Act of 1953 (Public Law 239, 83d Cong.) to receive a reduced amount of retired pay in order to provide an annuity under such public law may, within 60 days after the date of enactment of this act, revoke such elections. A retired member may revoke an election under this act only if he can establish to the satisfaction of the Secretary concerned that he made such election because he was misinformed as to his rights under the Uniformed Services Contingency Option Act of 1953 or because he made a substantial mathematical error in computing the cost of the benefits which he would derive under that act and that such information or error has resulted in undue hardship. The Secretary concerned may revoke an election made by him on behalf of a mentally incompetent member when it is established to his satisfaction that such election has resulted in undue hardship. A retired member whose election is revoked under this act shall have refunded to him a sum which represents the difference between the amount by which his retired pay has been reduced in accordance with his election and the cost of an amount of term insurance which is equal to the protection provided his dependents during the period his election was in effect. A retired member whose election is revoked under this act shall not thereafter be permitted to be covered in any way under the Uniformed Services Contingency Option Act of 1953.

"SEC. 2. Terms used in this act shall have the meaning assigned to them by the Uniformed Services Contingency Option Act of 1953.

"SEC. 3. Payments of the refunds authorized by this act may be made from appropriate current appropriations."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PROVIDING FOR THE CONVEYANCE OF CERTAIN LANDS TO THE CITY OF MUSKOGEE, OKLA.

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (H. R. 8983) to provide for the conveyance of certain lands by the United States to the city of Muskogee, Okla., with an amendment of the Senate thereto, and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 2, line 18, strike out "bill" and insert "act."

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

AUTHORIZING CENTRAL BANK FOR COOPERATIVES TO ISSUE CONSOLIDATED DEBENTURES

Mr. HOPE. Mr. Speaker, I ask unanimous consent to return for immediate consideration to Consent Calendar No. 467, the bill (S. 3487) to authorize the Central Bank for Cooperatives and the regional banks for cooperatives to issue consolidated debentures, and for other purposes.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. McCORMACK. Mr. Speaker, reserving the right to object, and I shall not object, the distinguished chairman of the House Committee on Agriculture conferred with me after I had asked that the bill be passed over without prejudice, and also the distinguished gentleman from Wisconsin [Mr. JOHNSON]. I am for the bill, but I felt, as I said in my colloquy earlier, that because of its importance it should be considered under the regular rules of the House and not by unanimous consent. But I realize we are getting to the close of the session, and if that happens, I realize there is a reasonable probability that it might get tied up in the last minute legislative rush, and not be passed.

Due to the persuasiveness of the distinguished chairman of the House Committee on Agriculture and the gentleman from Wisconsin [Mr. JOHNSON], and recognizing the practical situation myself as a result of my years of experience in this legislative body, I will be glad to see the House take such action on the bill that it will be passed today.

Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 37 of the Farm Credit Act of 1933, as amended (title 12, U. S. C. 1134m), is hereby amended by substituting the word "paragraph" for the word "section" in the next to the last sentence thereof and by adding thereto the following new paragraph:

"When the Central Bank for Cooperatives and the regional banks for cooperatives shall by resolutions consent thereto, consolidated debentures of the 13 banks for cooperatives may be issued in the manner and form and on terms and conditions approved by the Farm Credit Administration. There shall be a debenture committee comprised of the presidents of the 12 regional banks for cooperatives and the chief executive officer of the Central Bank for Cooperatives which shall exercise with respect to such consolidated debentures powers and functions equivalent to the powers and functions of the Bond Committee of the Federal Land Banks as authorized by the Federal Farm Loan Act, as amended, and shall operate in accordance with the provisions of law applicable to such Bond Committee (title 12, U. S. C., 883-886). Such debentures shall be made payable at any of the banks for cooperatives and may be made payable at any Federal Reserve bank or banks designated on the fact of the debentures. Such debentures shall be the joint and several obligations of the Central Bank for Cooperatives and of the regional banks for cooperatives, and each of such banks is hereby authorized and directed to take such action as is necessary to become obligated for such debentures. The debentures shall be secured by collateral which shall be at least equal in value to the amount of debentures outstanding and which shall consist of cash, direct obligations of the United States, or notes or other obligations discounted or purchased or representing loans made under sections 34 and 41, as amended (title 12, U. S. C., 1134j, 1134c). The Farm Credit Administration shall appoint a custodian or custodians of such collateral who shall have power subject to such rules and regulations as the administration may prescribe to approve and accept substitutions of collateral. The total amount of such consolidated debentures plus any outstanding individual debentures of the Central Bank which may be issued and outstanding at any time shall not exceed 8 times the capital and surplus of the central and regional banks for cooperatives. The provisions of law made applicable by the preceeding paragraph to the preparation and issue of debentures by the Central Bank for Cooperatives shall govern the preparation and issue of debentures under this paragraph and they shall be signed by the Governor of the Farm Credit Administration and attested by any deputy governor. Insofar as applicable, the provisions of the Federal Farm Loan Act, as amended, relative to the call for additional security and failure of any bank to pay its proportion of interest or principal shall apply to the consolidated debentures of the banks for cooperatives. Debentures issued under the provisions of this act by banks for cooperatives shall be a lawful investment for all fiduciary and trust funds, and may be accepted as security for all public deposits."

SEC. 2. The last sentence of paragraph 7 of section 5136 of the Revised Statutes, as amended (title 12, U. S. C., 24), is hereby amended by striking the words "Central Bank for Cooperatives" and inserting in lieu thereof the following: "thirteen banks for cooperatives organized under the Farm Credit Act of 1933, or any of them."

SEC. 3. Section 41 of the Farm Credit Act of 1933 (12 U. S. C. 1134c) is amended by adding at the end thereof the following: "Notwithstanding the foregoing or the provisions of section 34 or 38, no loan shall be made by any bank for cooperatives or by the Central Bank for Cooperatives for the purpose of financing the construction of broiler-growing facilities, the purchase of chicks, or the purchase of feed to be used primarily in the production of broilers. The said banks shall take reasonable precautions to avoid making loans which are likely to result in increased broiler production."

With the following committee amendments.

Page 3, line 9, change the word "central" to "Central."

Page 4, lines 5 to 15 inclusive, strike out all of section 3.

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUTHORIZING CONSTRUCTION OF NAVAL VESSELS

Mr. ARENDS submitted a conference report and statement on the bill (H. R. 8571) to authorize the construction of naval vessels, and for other purposes.

HOUR OF MEETING TOMORROW

Mr. ARENDS. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 11 o'clock tomorrow morning.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

COMMITTEE ON THE JUDICIARY

Mr. REED of Illinois. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight tonight to file sundry reports.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

ALLOWING SUITS FOR RECOVERY OF TAXES IN DISTRICT COURTS

Mr. KEATING submitted a conference report and statement on the bill (S. 252) to permit all civil actions against the United States for recovery of taxes erroneously or illegally assessed or collected to be brought in the district courts with right of trial by jury.

OUR PRIMARY NATIONAL INTEREST IS LATIN AMERICA

Mr. SMITH of Wisconsin. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. SMITH of Wisconsin. Mr. Speaker, the revolution that broke out in Guatemala a few weeks ago served to move Latin America from the travel section to the front page of our newspapers. This conflict has long been brewing; it was not unexpected by those who have been following events south of the border. Even so, we were surprised to awake one June morning to discover that Guatemala, in our hemisphere and just a few hours flying time from the Panama Canal and the United States, had become a grave danger to the Nation's security against aggressive international communism.

Do the Communists really have a plan for war in the Americas? And if so, what are we doing to stop their attempt to disturb the peace and cooperation of this hemisphere?

There are some who argue that Latin America can never be a major danger to us. They reason that the area is too near to us and too remote from Communist power to be vulnerable to a Korean-type aggression. Yet Communist influences, while they may not burst upon us in open military conflict as in Korea, can seep in and be just as dangerous as outright military action.

One pattern of infiltration of this type can readily be traced in Guatemala. In 1944 the Guatemalan people revolted against a dictator. When it came time to organize a government of their own, however, the leaders of the revolt were divided by old rivalries and differences of approach to basic problems. None had ready a program of action. Into this situation came the Communists, highly organized and strictly disciplined. They arrived armed with a plan and a detailed procedure for carrying it out. The new president turned to them, for his other support was hopelessly divided. Before long, Communists held key posts in labor unions, the agrarian reform program, the government-controlled radio station and newspaper.

We all remember the flurry of editorial warnings resulting from the spotlight thrown on the Guatemalan situation at the Caracas Conference in March of this year. More recently there was a great commotion as a result of the armament shipment to Guatemala from Red Poland. Once again the headlines reverted to the small Central American republic as revolt flared up in the country.

This widespread publicity might lead some to believe that Guatemala is the only source of danger to the hemisphere. Certainly the situation in Guatemala was and perhaps still is a serious one. But Communist efforts to penetrate Latin America extend far beyond Guatemala and they go on day and night.

Throughout Latin America, Communist Party membership is estimated at around 200,000. It has been on the decline since 1947. Nevertheless, in the latest elections in Latin America, the Communist Parties polled about 1 million votes, indicating that many who do

not belong to the parties still support the Communists. This is an extraordinary figure when it is recalled that the highest vote ever polled by the Communist Party in the United States, in 1932, was only about 103,000.

We can ill afford to ignore the dangers of Communist infiltration in Latin America. The loss of this region or any part of it to freedom is unthinkable. We share with these republics to the south too many common ideals, needs, and interests. So many, in fact, that it is not an exaggeration to say that the Western Hemisphere has a common destiny.

As a former member of the Subcommittee on Latin America of the Foreign Affairs Committee of the House, I have traveled throughout Latin America and continue to maintain my interest in the area. I firmly believe that while we differ in language and customs, our ideals and aspirations are similar. The same belief in freedom and national independence that inspired Jefferson and Washington also motivated such great Latin American liberators at San Martin and Bolivar. Our political systems vary, but freedom is a goal which binds us all.

It was this goal which kept the nations of the hemisphere intact during World War II. How important the tie is to us was dramatized by the economic and strategic interdependence, that was evident during the conflict. At that time the Latin American nations filled unstintingly a desperate need in this country for raw materials needed for the war. And they joined with us in the military defense of the hemisphere. Some of their forces fought side by side with ours on battlefields across the seas. Bases in their countries proved to be vital jumping-off places and guard stations against enemy invasion.

Prior to the Guatemalan difficulties, it was easy to overlook the fact that this military interdependence continues in time of cold war as well as hot war. But now is a good time to remember that the Panama Canal, America's lifeline between the Atlantic and Pacific Oceans, lies in the midst of the 20 American Republics, and that more than one-half of our Latin American neighbors are geographically situated in the Caribbean or Gulf of Mexico area, a zone whose defense is indispensable to our security.

A situation such as existed in Guatemala presents a grave threat to the cooperation on this hemisphere. Fortunately that situation has improved. But it was a menace to the security and well-being of this Nation and the other Republics as well. What can we do to prevent a repetition or an extension of the Guatemalan situation? What can we do to bolster the common resistance of the Americas to the evil which is present? The events that have transpired in Guatemala emphasize the need to give constant attention to the relationships which we share with the republics to the south.

Some steps have already been taken. We have established a continuing mutual defense system with eight Latin American countries, and negotiations are going forward with others. Under this program, we furnish equipment to their armed forces and train military personnel in the methods of modern warfare. This program puts teeth into certain treaties which bind all the American republics to cooperate to end war in the hemisphere and to act jointly to stop aggression from entering it. These are encouraging evidences of the development of sound inter-American mechanisms for the defense of the hemisphere.

But military preparation alone will not halt the spread of communism. The fact is that communism feeds on certain conditions which exist in the Americas. And if we would eradicate communism, we must work together to eliminate those conditions. A look at the health and literacy statistics for Latin America is shocking. Life expectancy in that region averages less than 45 years. Whereas adult illiteracy in the United States is about 3 percent, we find such figures as 70 percent for Nicaragua, 44 percent for Colombia, 72 percent for Bolivia, and 45 percent for our nearest neighbor, Mexico.

The economic and social ills which rack many of our sister republics can no longer be ignored. The glowing promises presented by Communists could seem appealing and they are to those who are offered no alternative.

Let us, then, keep our military alliances in readiness. But at the same time, let us attack the problem at its roots.

Milton Eisenhower, on his return from Latin America, where he traveled as the President's personal representative, reported to the President:

> Economic improvement is the greatest single desire of the leaders and peoples of Latin America. And economic cooperation is without question the key to better relations between the United States and the nations to the south.

This opinion was substantiated at the Caracas Conference in March. At that meeting, the Latin Americans pointed out the immense obstacles in the way of their economic development. They wanted a hemispheric consideration of means for overcoming those obstacles.

I believe that there are ways in which we can be of help—not with new giveaways, not with irritating charity, but ways which will not only help the Latin Americans but ourselves as well. The day of the fantastic theory that friendship could be bought with handouts is over and not a moment too soon. We have come close to alienating the goodwill of the world by prolonging economic aid long beyond the time of its absolute necessity.

There are sound ways in which we can help Latin America and be helped in return. And these possibilities ought to be explored without delay.

The health of the economies of most Latin American countries is largely linked with the export of a single, or perhaps two, commodities. In Cuba it is sugar, in Bolivia tin, in Venezuela petroleum. Any sudden change in the world price of these commodities is in itself enough to cause a panic within the producing countries.

The Latin Americans are trying to get away from this single-commodity setup. But to do so, they must undertake broad programs of economic development. They need roads and railroads and improved water transportation to stretch to still untapped resources. They need powerplants as a base for industries so that they may diversify their production. These things take capital. Until now, capital accumulation has been dependent upon surpluses from the sale of their export commodities in the world markets as well as on loans from abroad, particularly from this country. Private investment of United States capital in our neighboring countries has been substantial. At the beginning of 1953, about $7 billion was invested in that region, more than in any other region of the world.

Only the most rabid nationalists and Communist - inspired Yankee haters would deny that these investments have greatly aided the development of the Latin American economies. Many fair-minded Latin American economists, however, point out that private capital from abroad has tended to gravitate to industries producing commodities readily salable abroad for dollars so that a return can be realized on the investment. Private foreign investment, in short, has gone heavily into raw-material production and mining development. These have been on the whole very beneficial investments and a continuation and expansion of them is highly necessary and desirable, both for ourselves and for the Latin Americans. But if such risk taking is to be stimulated to the advantage of both lender and borrower, it must be supplemented by other types of investment, particularly in roads, hydroelectric plants, port facilities, and similar undertakings. The problem is, From whence is capital to come for these investments since they are of a kind that are not generally financed by private capital?

Much of it, of course, will be provided by credit facilities in the Latin-American countries themselves. At the present rate of development, however, these countries are unable to satisfy the need for capital of this kind. One possible supplementary source—and one to which many Latin American leaders look—is the Export-Import Bank of the United States. Since 1934 the bank has authorized credits amounting to more than $2 billion to practically all of the southern Republics. These are not gifts. They are long-term loans, which are paid back with interest, and on which the default rate has been infinitesimal. They enable the receiving country to undertake major projects of development, the payment for which can be spread over a long period of time. The procedure involved is much like a private citizen's purchase of a house or an automobile.

In their desire to raise their standards of living, the Latin Americans are counting on our continuing and facilitating the flow of capital from this source. The value of these loans to them as well as to us goes without saying. They help to establish the basic facilities without which industry and trade cannot flourish. They serve to stimulate the flow of private foreign capital, thus encouraging

private enterprise, both in Latin America and the United States.

In this respect it is well to remember that we have a very flourishing trade with Latin America and that it is very much a two-way street. In 1953 they purchased more than 50 percent of imports from us and these purchases amounted to $6.4 billion. That is an enormous volume of sales and it means jobs and profit for thousands of Americans. I have examined what this trade means to my own State of Wisconsin, and found the facts very revealing.

Wisconsin, as the Members of the House know, has more dairy cattle than any other State, and leads the country in the production of dairy products. According to the Department of Agriculture, Latin America last year purchased more than 48 percent of the almost 6 million pounds of cheese the United States exported. Of the total United States export of milk products, like condensed and evaporated milk, Latin America took about one-third. Latin America also bought approximately two-thirds of all the butter sent abroad.

Latin America's purchasing power affects Wisconsin in still another way. My State manufactures many commodities which are used in the production of export goods: farm machinery, road machinery, automobiles and accessories, machine parts, bolts, rivets, batteries, electric motors. The list is too long to be itemized here. Each of these items that finds a customer in Latin America, increases the prosperity of the citizens of Wisconsin. In a similar manner, other States feel the benefits of their trade and the entire economy of the Nation is stimulated by this enormous annual sale of over $6 billion worth of products in Latin America. Furthermore, Latin America's rate of population growth, 2.5 percent annually, one of the largest in the world, promises to make that region an expanding market for consumer goods. The total population of Latin America is already greater than that of the United States.

In the fall, Latin American delegates are scheduled to meet with delegates from the United States to discuss our economic problems. I hope that we will recognize the need to stabilize our trade policies toward Latin America and to facilitate the granting of loans so vital to the development of our sister republics. The citizens south of our border are not content to live on 20 cents a day as they did in the past. In our own self-interest, both political and economic, as well as in the interest of the hemisphere, we must take cognizance of the real grievances of these people and cooperate with them through their governments in finding a solution to the problems which confront them. A poverty-stricken, illiterate populace is not a fertile basis on which democracy and private enterprise can flourish.

In this hemisphere, we still have a chance to demonstrate the power of free economies and free societies to serve the needs of their citizens far better than any other system. But we will be able to do so only if we work cooperatively, continuously and cordially with the other republics of the Americas.

In all of our relationships with our friends in Latin America it must be understood that the United States seeks no particular advantages, social or economic. We are sister republics on the same level, each a sovereign nation dedicated to the cause of human freedom in the Western Hemisphere and throughout the world.

On that basis we can all move forward together with the high expectation of better standards of living for all of our people and for continued hemispheric solidarity.

WEST VIRGINIA DISASTER

Mr. BAILEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. BAILEY. Mr. Speaker, I have asked for this time in order to tell my colleagues that the Office of the United States Army Engineers has notified me that the State of West Virginia has been visited by another disastrous flash flood. This morning at 6 o'clock the city of Ridgeway, a city with a population of approximately 6,000, was practically devastated. Fourteen bodies have been recovered and 20 people are still missing. A number of houses have been destroyed. The extent of loss of life and property cannot be determined at this time because all communications have been cut off. The city is without water. I am calling the attention of my colleagues of the House to the fact that the White House has been alerted and the Army engineers and the Red Cross are on the job. I remind my colleagues of the need for prosecuting the program started recently by the chairman of the Committee on Agriculture on upstream development. This is one of those cases which could have been prevented by the kind of work provided for in that program.

MEMORIAL TO THE LATE HONORABLE ROY O. WOODRUFF

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, on Sunday, June 27, 1954, in the First Presbyterian Church, Bay City, Mich., there was formally presented by Mrs. Roy O. Woodruff, a memorial to her husband, the late Congressman from the 10th Congressional District of Michigan. The ceremony, though brief, was beautiful. Mr. Woodruff and his wife were residents of Bay City, in the 10th Congressional District, throughout their married life, and for many years were faithful members of the church. Mr. Woodruff's congressional service, during the 34 years of his tenure, was of a most outstanding and distinguished character. He was also a veteran of the Spanish-American War.

The memorial has been placed in the chapel entrance of the church and is an artistically designed bulletin board, with bronze plaques, at top and bottom of the board, appropriately inscribed.

The top inscription—surmounted by the cross—reads as follows:

Let your light so shine before men that they may see your good works and give glory to your Father who is in heaven. (Matthew 5: 16.)

The bottom inscription reads thus:

Given in memory of Hon. Roy Orchard Woodruff, March 14, 1876–February 12, 1953, by his wife, Daisy Fish Woodruff.

The presentation of the memorial was made by Mr. Carl H. Smith, prominent attorney of Bay City, and lifelong friend of the late Congressman. His remarks were of an intimate and moving character.

The formal acceptance of the memorial was made by the Reverend Frederick A. Roblee, pastor of the church, and concluded by the following beautiful prayer delivered by him:

Almighty God, who dost enlighten the minds of Thy servants with the knowledge of Thy truth, strengthen now Thy church we pray Thee. May all who pass this place be inspired by the words of the Lord Jesus which are here inscribed, "Let your light so shine before men, that they may see your good works and give glory to your Father who is in heaven," and by the memory of this statesman who served his country so long and faithfully.

O Thou who art the Creater and lover of all men, by whom all souls do live: We bless and praise Thee for all that was pure and true, noble and strong, in the life commemorated this day; for the example of faith in God and in men which he has left; and for the assurance we have, through Christ, that he has entered into eternal glory.

Now unto Him that is able to do exceedingly abundantly above all that we ask or think, according to the power that worketh in us; unto Him be glory in the Church by Jesus Christ, throughout all ages, world without end. Amen.

Thereupon, Mrs. Woodruff, briefly but fervently, expressed the deepest appreciation, speaking as follows:

I am very much pleased with this lovely memorial for my husband.

I trust it will prove as useful and helpful to the church as Mr. Woodruff was to Bay City and the rest of the 10th district, which he represented in Congress so many years.

Thank you all for your kind cooperation, and especially Dr. Roblee, who was helpful in making my dream a reality in the selection of something that would be useful and appropriate for the church.

This memorial, artistically conceived and wrought, constitutes a distinctive adornment for the church, and a constant and fitting reminder of the eminent virtues of him in whose honor it stands.

I know that the Members of this body who served with Mr. Woodruff, and who are fully cognizant of his sterling worth and patriotic and highly useful public service—as well as the newer Members who have come to understand all this—will be very glad to learn of the memorial and the ceremonial attendant upon its presentation and acceptance.

NINETEEN HUNDRED AND FIFTY-FOUR NATIONAL AWARD TO LEE METCALF

Mr. JOHNSON of Wisconsin. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. JOHNSON of Wisconsin. Mr. Speaker, as a conservationist, I am proud to call the attention of my colleagues to the honor just bestowed upon my colleague from the First District of Montana [Mr. METCALF]. As you know, five great national conservation organizations have cited Mr. METCALF for distinguished service to conservation.

Eighty conservation leaders applauded as Bernard DeVoto, Pulitzer prize-winning author, presented the bronze plaque on behalf of the Wildlife Management Institute, National Wildlife Federation, Izaak Walton League of America, National Parks Association, and the Wilderness Society.

Mr. METCALF was cited as a man whose alert and continuing work in the Nation's Capital has won him widespread respect and admiration. By virtue of his profound interest and comprehensive understanding of conservation and its objectives and problems, he has during his first term in office as a Member of the House of Representatives emerged as a defender of the principles of better management and wise use of natural resources for the benefit of all of the people.

The organizations also noted that Mr. METCALF was a foremost leader in what they termed "successful actions that turned aside attempts by those who chose to overlook the fundamental privileges of all Americans in the national forest lands in order to obtain special concessions for minority groups."

Although I have only been in Congress since January, I am proud to have been present and voted with him in this fight.

I append to my remarks the citation which accompanied the plaque awarded to our distinguished colleague:

NINETEEN HUNDRED AND FIFTY-FOUR NATIONAL AWARD TO LEE METCALF FOR DISTINGUISHED SERVICE TO CONSERVATION

LEE METCALF'S alert and continuing work in the Nation's Capital has won him widespread respect and admiration. By virtue of his profound interest and comprehensive understanding of conservation and its objectives and problems, the recipient has, during his first term of office as a Member of the House of Representatives of the United States, emerged as a defender of the principles of better management and wise use of natural resources for the benefit of all the people. Among his many achievements in attaining an enviable record in the 83d Congress, he was a foremost leader in successful actions that turned aside attempts by those who chose to overlook the fundamental privileges of all Americans in the national forest lands in order to obtain special concessions for minority groups; he sponsored legislation that would make possible improved management of public-domain lands; and he directed the attention of Congress to the diversion of duck stamp funds while appealing for adequate appropriations with which to fulfill the duties and responsibilities of the United States Fish and Wildlife Service. It is in gratitude for this outstanding public service and in appreciation of his accomplishments that this national award and bronze plaque is presented to Representative LEE METCALF, of Montana, by the undersigned national conservation organizations.

IZAAK WALTON LEAGUE OF AMERICA.
NATIONAL PARKS ASSOCIATION.
NATIONAL WILDLIFE FEDERATION.
WILDERNESS SOCIETY.
WILDLIFE MANAGEMENT INSTITUTE.

Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. BROOKS] may extend his remarks in the RECORD following my remarks.

The SPEAKER. Is there objection?

There was no objection.

Mr. BROOKS of Texas. Mr. Speaker, I too was very pleased to note that five national conservation organizations cited the gentleman from Montana [Mr. METCALF], for the distinguished service he has rendered in behalf of conservation during this 83d Congress.

Mr. METCALF has advocated a sound program of public-land management, a program of multiple use not only for this generation but for the future. He has maintained that full consideration should be given to all uses of public lands—including watershed conservation, timber production, mining, recreation, wildlife and grazing—instead of to just one or a few.

He feels, as I do, that only through maximum utilization of our great natural resources can we guarantee for future generations in this country the public benefits of bountiful natural resources.

To implement this program of full utilization of our natural resources, he has introduced H. R. 6081, amending the Taylor Grazing Act, and establishing multiple-use advisory boards on which each important use of public lands would be represented. Conservationists have hailed this bill as a step toward maximum use of our natural resources—a Federal policy since the days of Grover Cleveland and Theodore Roosevelt.

COLORADO RIVER UPPER BASIN PROJECTS

Mr. HOSMER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HOSMER. Mr. Speaker, a solid front of unanimous opposition to pending congressional bills, S. 1555, H. R. 236, and H. R. 4449, for the Colorado River Upper Basin projects is being registered by those affected.

An avalanche of resolutions from many county, city, and community administrative bodies have been received by our California congressional delegation.

The statewide opposition to the proposed billion dollar nonliquidation tax subsidy, threatening our rightful share of Colorado River water, has been supplemented by telegrams and letters from recognized agricultural, labor, financial, property and taxpayers organizations.

The list recorded to date includes:

City Councils of Anaheim, Beverly Hills, Burbank, Calexico, Calipatria, Chino, Compton, Fontana, Fullerton, Glendale, Hemet, Holtville, Long Beach, Los Angeles, Ontario, Pasadena, Perris, San Diego, San Jacinto, San Marino, Santa Ana, Santa Monica, Torrance, and Upland.

The Los Angeles and Orange County Board of Supervisors, and the County Supervisors Association of California Board of Directors; Southern California Council of the California State Chamber of Commerce, California State Grange, Los Angeles Central Labor Council, California Industrial Union Council, CIO, Coachella Valley Water District, Colorado River Board of California, Imperial Irrigation District, Brawley Chamber of Commerce, Los Angeles Department of Water and Power, Metropolitan Water District of Southern California, California Taxpayers Association, Property Owners Association of California, Railroad Brotherhoods' Joint Legislative Council of California, Rainbow Municipal Water District in San Diego County, and San Diego County Water Authority.

The action by the County Supervisors Association of California Board of Directors, with every county in the State officially represented by the board's action, presents a united defense against the proposed bills which threaten California's rightful share of Colorado River water.

California's agricultural, industrial, and population growth is rooted in water and we must protect its source to meet our present and future expansion and employment—

Said Roger Jessop, president of the association, after passage of the resolution.

The resolution was introduced by Supervisor Willard Smith, of Orange County, and seconded by Supervisor David W. Bird, of San Diego County. It reads as follows:

Whereas the County Supervisors Association of California has consistently opposed legislation injurious to the welfare of the citizens of this State and the Nation; and

Whereas the Colorado River upper basin billion-dollar tax-subsidy project bills (S. 1555, H. R. 236, and H. R. 4449), now pending before the Congress, would inflict on all American taxpayers an unjustifiable new burden; and

Whereas, for California as a whole, it would add $93,200,000 to the State's $25,443,600,000 share of the present $273 billion national debt; and

Whereas the economy of the Nation, the State of California, and every county therein would be seriously impaired by these costly and highly controversial proposals; and

Whereas this pending legislation calls for drastic changes in existing Federal water policy with the construction of an Echo Park Dam, which would flood a considerable portion of the Dinosaur National Monument in Utah; and

Whereas 80 years of a sound conservation policy would be broken and there would be created a dangerous precedent of like-invasion of all our great National and State parks; and

Whereas the County Supervisors Association of California is familiar with the organization, functions, activities, and program of the Colorado River Board of California

in its representation of California in connection with matters relating to the Colorado River system; and

Whereas the State of California has a vital interest in the waters of the Colorado River system and said Colorado River Board was authorized and created and provided for by the legislature of the State of California as an agency to protect the interests of the State of California in and to the waters of the Colorado River system: Now, therefore, be it

Resolved, That the board of directors of the County Supervisors Association of California do hereby express our confidence in the Colorado River Board of California and supports said board's expressed opposition to this proposed legislation and authorizes the secretary of this association to mail copies of this resolution to all California Members of Congress.

But the opposition to these bills is national as well as local. Nationally these bills are opposed by the Advisory Board on National Parks, Historic Sites, Buildings and Monuments, National Parks Association, Wilderness Society, Izaak Walton League of America, Sierra Club, National Wildlife Federation, National Parks Magazine, National Council of State Garden Clubs, and Wildlife Management Institute. Also the Engineers Joint Council representing among others the American Society of Civil Engineers, American Institute of Mining and Metallurgical Engineers, American Society of Mechanical Engineers, and the American Water Works Association.

These pump-priming measures would inflict on all American taxpayers an unjustifiable new burden, and for California as a whole it would add $93,200,000 to the State's $25,443,600,000 share of the present $273 billion national debt.

This legislation calls for drastic changes in the existing Federal water policy with the construction of an Echo Park Dam.

As a result 80 years of a sound conservation policy would be broken and there would be created a precedent of like invasion of all our great National and State parks.

TRIBUTE TO GEN. CARLOS P. ROMULO

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to include as a part of my remarks an editorial appearing recently in the New York Times.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McCORMACK. Mr. Speaker, the events in southeast Asia are leading to a climax. Whatever arrangements may be made in Geneva they will only serve to help lead to that climax. It is of utmost importanct to us to see to it that we strengthen our friendship with the peoples of that region and convince them of our sincerity as their friends and allies.

That is what we are doing in the Philippines. This session of Congress has so far approved a number of measures designed to show the Filipino people that we are grateful to them for the loyalty that they showed democracy in the last war and for their determination to stand up and be counted whenever democracy is threatened as they did when they sent their troops to Korea. They have a new President, Ramon Magsaysay, whose record as a guerrilla leader during the last war has won our admiration. His 6-month administration as President has served to enhance our respect and regard for him.

That he should have had the wisdom to send to Washington as his special and personal envoy our former colleague, Gen. Carlos P. Romulo, to work for the measures that we have approved shows that President Magsaysay knows how to choose the man who can get things for the Philippines in the United States. We have an abiding affectionate regard for General Romulo in this country. We not only respect him, but have a real affection for him. His war record is a record of loyalty and courage. His work in the United Nations for democracy has stamped him as one of the world's leading statesmen. Whenever we see him on the floor of the House we see in him not only a former colleague but a true soldier of democracy who in war as well as in peace can be counted upon to uphold and defend the democratic ideals of freedom and human dignity.

With the unanimous consent of the House, I insert an editorial of the New York Times of July 16 entitled "Gains for the Philippines" and which pays a well-deserved tribute to General Romulo:

GAINS FOR THE PHILIPPINES

President Eisenhower has signed a proclamation making effective, as of July 4, an 18-month extension of our reciprocal free trade with the Philippines. Congress had authorized this step and a similar measure has been approved by the Philippine Legislature. The purpose of the extension is to provide a period in which further study can be made of Philippine-American trade relationships, looking to possible revision of the basic trade act. The American members of a panel to make this study have already been named and they are distinguished economists and technicians. It is now to be hoped that Manila can quickly name men of equal caliber and that the study can begin at an early date.

The free-trade extension is the final step in a series of legislative and administrative moves over the past 5 months that have been designed to strengthen Philippine economy and to cement Philippine-American bonds. These include the Philippine Traders Act, which is a matter of simple fair play for businessmen, the extension of the Rogers Act, which provides medical benefits for Filipino veterans of our joint military campaigns, the extension of the War Prisoners Claims Act, which will benefit some 70,000 Filipinos who were prisoners, and the vitally important implementation of the United States-Philippines Mutual Defense Pact.

These things have been done without fanfare and without any great controversy precisely because there is a mutality of interest between ourselves and the Filipinos and much good will on both sides. Part of this stems from the personality of Ambassador Romulo, who came to this country as the personal representative of President Magsaysay to work for the adoption of these measures. He is a good and hard-working representative of a good and hard-working President, and the combination has paid dividends that can accrue both to his country and to ours.

SPECIAL ORDER GRANTED

Mr. MEADER asked and was given permission to address the House for 10 minutes today, following the special orders heretofore entered.

BAD DROUGHT CONDITIONS IN SOUTHWEST

Mr. EDMONDSON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. EDMONDSON. Mr. Speaker, although it has not received the publicity of last year's drought condition throughout the Nation, there are many indications that the drought situation in the Southwest is already worse in many areas than it was in 1953.

I have here a letter received this week from Cherokee County, Okla., in which the county agent reports the situation critical at present and he feels it will become progressively worse if drought continues.

I have a telegram just received this morning from Muskogee County stating:

Disastrous drought condition. Need immediate drought relief. Pastures and all feed dried up. Farmers selling foundation herds.

These conditions, I believe, are prevalent in many States of the Southwest.

Just Saturday the Senate passed the bill S. 3339, designed to provide immediate additional loan funds to meet this situation. Similar bills have already been introduced on the House side by the gentleman from New Mexico [Mr. DEMPSEY] and the gentleman from New Mexico [Mr. FERNANDEZ] and I am today introducing a similar bill. I hope the House will take action to meet this problem as quickly as possible.

SUPPLEMENTAL APPROPRIATION BILL, 1955

Mr. TABER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the immediate consideration of the bill (H. R. 9936) making supplemental appropriations for the fiscal year ending June 30, 1955, and for other purposes; and pending that motion I ask unanimous consent that general debate continue for 2 hours, to be equally divided between the gentleman from Missouri [Mr. CANNON] and myself.

Mr. CANNON. Mr. Speaker, reserving the right to object, will the gentleman modify his request to make it not to exceed 2 hours.

Mr. TABER. Yes, I will. Mr. Speaker, I so modify my request.

Mr. CANNON. In that event if debate is sooner concluded we can proceed to a reading of the bill.

Mr. TABER. Yes, but I wish to state at this time that we have been unable to obtain the rule that we must have today

for the consideration of certain items in the bill, and the Rules Committee does not meet this afternoon. Because of this we will not read too far in the bill today.

Mr. CANNON. But you will conclude general debate?

Mr. TABER. Yes.

Mr. CANNON. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. The gentleman from New York [Mr. TABER] asks unanimous consent that general debate continue not to exceed 2 hours, to be equally divided between himself and the gentleman from Missouri [Mr. CANNON].

Is there objection?

There was no objection.

The SPEAKER. The question is on the motion.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9936, with Mr. ALLEN of Illinois in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the consent request just granted, the gentleman from New York [Mr. TABER] will be recognized for so much of 1 hour as he may use and the gentleman from Missouri [Mr. CANNON] for so much of 1 hour as he may use.

Mr. TABER. Mr. Chairman, I yield myself 8 minutes.

Mr. Chairman, this bill involves a total of recommendations from the budget of $1,959,000,000. The committee bill as reported calls for the appropriation of $1,194,188,079. There are some routine items for the legislative and the judiciary and there are a few items for State, Commerce, and Justice, and some for Treasury.

The Department of Labor, and Health, Education, and Welfare, has been provided with $95 million; Agriculture, $6½ million; Interior $17,496,000; independent offices $388,471,000; military construction, $571,600,000; and emergency program activities $69,295,000.

When the bill is read for amendment an opportunity will be afforded for discussion insofar as amendments that may be offered are concerned. The committee has worked very hard upon these items, and I believe it has done a good job. It is one of the most difficult things in the world to handle a supplemental bill in the last days of a session.

I hope when the reading of the bill for amendment has been concluded it will receive the approval of the Congress.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from West Virginia.

Mr. BAILEY. Are there any provisions made for supplemental money to implement a change in public laws having to do with impacted school districts by dropping the absorption provision?

Mr. TABER. There is nothing in here that relates to that particular item, if I remember the situation correctly. I would rather yield to the gentleman from Idaho [Mr. BUDGE] to answer that question.

Mr. BUDGE. May I ask what the question was?

Mr. TABER. The question is whether there are any provisions in the bill that would remove some restrictions upon impacted school districts. I understood there were no provisions relating to school districts in here. There was nothing submitted, if I remember correctly.

Mr. BUDGE. There was nothing to my knowledge. I know of nothing in the bill that relates to impacted school districts.

Mr. TABER. That would be legislation, in any event.

Mr. BUDGE. I would think so, but there was nothing considered in the committee, and we had no submission from the Department, to the best of my knowledge.

Mr. BAILEY. The question grew out of the activities of the Senate in proposing to change the public law dealing with construction, maintenance, and operation on account of restrictions in the present law requiring percentage construction requirements. I take it that that legislation has not cleared the Senate and no request was made for including it here.

Mr. TABER. There was a provision in the Departments of Health, Education, and Labor bill before the House earlier. There was a provision that the Senate inserted relating to the elimination of a requirement that there be a certain percentage of children involved as a result of an impacted area before the district would be entitled to receive any aid. But the conference report did not provide for that.

Mr. BAILEY. As the result of that, was there not an understanding that money would be made available in this supplemental appropriation bill for that purpose?

Mr. TABER. No.

Mr. BAILEY. There was no agreement of that kind?

Mr. TABER. No; no agreement.

Mr. BAILEY. I thank the gentleman from New York.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield to the gentleman from Iowa.

Mr. GROSS. I notice an item of $500,000 for the building of an embassy in Pakistan, with the labor for the building of this structure to be donated. How much do these embassies cost, I would like to ask the gentleman?

Mr. TABER. Well, frankly, that Embassy, as I understand, is being built by what they call counterpart funds, and is being erected as an incident of good will to those people. So that it may be clear, as I understand, counterpart funds consist of moneys that have been received, or a percentage of the currency of the nations involved that has been received out of the sale of things that we have contributed to them in the days gone by. That is what I understand will be used for that purpose, so that the only thing that would come out of the Treasury would be the local currency that would be involved.

Mr. GROSS. I thought this bill provided for $500,000 in cash.

Mr. TABER. Well, the $500,000 in cash would be paid into the Treasury by the State Department for the purchase of that amount of counterpart foreign currency that was held by the Treasury. There is no other way that we could get anything out of them.

Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. GUBSER].

Mr. GUBSER. Mr. Chairman, I would like to take the time allotted me to express my regret that the committee has not seen fit to include the $8,430,000 rquested for the taking of a census of business, manufactures, and mineral industries. I prepared an amendment which, if introduced and adopted, would restore these funds, but I have elected to request the Senate to restore them instead of offering that amendment.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. GUBSER. I yield to the gentleman from New York.

Mr. ROONEY. I want to assure the gentleman that I, as well as a number of others on this side of the aisle, would be pleased to support the gentleman's proposed amendment. I have protested the denial of these necessary funds for the purpose of the legally required census of business, manufactures, and mineral industries. I know, and I say now, that this item is going to be restored to this bill in the Senate if it is not restored here in the House.

Mr. GUBSER. I thank the gentleman.

Mr. Chairman, I am particularly interested in this appropriation since I introduced the bill authorizing such census to be taken. The bill was approved by a subcommittee of the House Committee on Post Office and Civil Service of which I was chairman, and it was passed without objection or amendment by the Congress and was signed into law by the President. By authorizing the census, this Congress fulfilled the intent of the 80th Congress which passed legislation for a quinquennial census of manufactures, mineral industries, and business. It also followed the recommendations of the intensive review committee, appointed by the Secretary of Commerce.

But far above my interest in the appropriation which stems from my sponsorship of the authorization bill, is my concern for the taxpayer of this country. To refuse this money would be to throw away $1,590,000 of the taxpayers' money which is already invested in this census.

In deleting this appropriation from the bill, the House Committee on Appropriations held that there would be no loss of investment by the Federal Government if the special census were not conducted. The fact is that $200,000 was spent in fiscal 1952 and $1,390,000 in fiscal 1953 by the Bureau of the Census in preparation for the census that still has not been conducted. The appropriations subcommittee did not appropriate the needed funds for the census for fiscal 1954, giving the Census Bureau

$1,500,000 instead for the purpose of conducting spot checks. If the census is not made, $1,590,000 already invested would disappear down the drain.

The committee further contends that spot checks will be sufficient for the purposes of the business census. This is contrary to the informed opinion of the American Marketing Association, which states that periodic benchmarks are needed in a dynamic economy if we are to know what the actual facts of the economy are, and thereby correct errors that lie in sample studies. The testimony is overwhelming that sampling is worthless without the check points and benchmarks of an occasional complete census. The local map means nothing to the navigator except as it pertains to the entire globe. The charts of San Francisco Bay would be worthless to the pilot were it not for the larger chart which brought the vessel to the harbor entrance—such is the case with censuses.

The committee further contends that spot checks can be conducted from the normal operating funds of the Bureau of the Census. May I point out that the appropriation for fiscal 1954 was $6,870,000 for normal work, with $1,500,000 added for spot checks. The appropriation in this bill is $670,000 less than the normal operating budget of last year, with nothing appropriated for spot checks. Manifestly it is impossible to carry on even the spot-check program with this appropriation.

Mr. Chairman, there is no known opposition to this census outside the House Committee on Appropriations. A long list of witnesses testified before my subcommittee during hearings on the authorization bill, a list which, indeed, reads like a who's who in American business and industry. The National Cotton Council urges the census. So does the American Retail Federation, the National Association of Wholesalers, the United States Chamber of Commerce, the National Distribution Council, and the National Association of Manufacturers. Labor has given its approval, with both the American Federation of Labor and the CIO speaking for the census in recognition of the aid it gives the creation of employment. The National Bureau of Economic Research, the American Statistical Association, the American Marketing Association, and many other professional and educational groups also are for it.

Thus, we find that the legislative branch of the Government has authorized and directed that these censuses be taken, and that the executive branch, notably the Council of Economic Advisers, the Department of Agriculture, the Office of Defense Mobilization, the Board of Governors of the Federal Reserve System, and others, have gone on record in favor of it. We find a solid backing by business and industry, labor, and professional groups. In addition, the taking of these censuses has been given highest urgency by the Intensive Review Committee of the outside experts appointed by the Secretary of Commerce to reevaluate the entire Census Bureau program.

Censuses are traditional in the United States, having been taken at regular intervals since 1810. Similar censuses are taken in all other parts of the industrialized and civilized world.

I might also point out that the estimates for 1954 are below those of the past preceding censuses, and I wish to reiterate here that there is no known opposition to the taking of these censuses outside of the House Committee on Appropriations.

Mr. Chairman, I urge that the $8,430,000, requested by the Bureau of the Census and deleted by the House Committee on Appropriations, be reinserted so that this important work may be carried on during the current fiscal year for the benefit of the Nation as a whole. This is no partisan issue. Business and labor alike want these censuses taken. The 80th Congress, in its wisdom, decreed their taking every 5 years. Let us not now allow $1,590,000 already spent to go down the drain.

Mr. CANNON. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. PRESTON].

Mr. PRESTON. Mr. Chairman, it shall be my purpose either this afternoon or tomorrow, depending on the action the Committee takes on this bill as to whether we rise or remain in session, to offer an amendment to restore to this bill the budget request of $22 million for Federal aid to airports.

May I point out that in 1946 the Congress passed a bill authorizing $520 million to be spent on Federal aid to airports. From that time on until fiscal 1954 the Congress appropriated varying sums for this purpose. Last year under this new administration the Secretary of Commerce advised our committee that he wished to make a study of this program to determine whether it was really feasible, whether it was really working properly.

Mr. PATTEN. Mr. Chairman, I make the point of order that a quorum is not present.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and twelve Members are present, a quorum.

The gentleman from Georgia will proceed.

Mr. PRESTON. Such a study was made by a commission appointed by the administration, and I may say a very careful study. That study has been further reviewed by the Department of Commerce. It was found unanimously that this program should be continued as it had in the past since 1946.

A budget request was accordingly sent over for this supplemental bill now before the Committee. Despite the urgings of the President, the Secretary of Commerce, the Civil Aeronautics Administrator, and the Deputy Under Secretary of Commerce for Transportation, the Committee on Appropriations has disallowed this request. So I shall offer the amendment. I am informed by the distinguished chairman of the Committee on Appropriations that the Committee will rise this afternoon rather early. I shall offer the amendment tomorrow. It will be the first amendment to be offered to the bill, so I want to caution those Members who are interested in restoring these funds that you should be on the floor tomorrow early, for this amendment will be one of the first items of business for consideration by the committee.

Mr. POLK. Mr. Chairman, will the gentleman yield?

Mr. PRESTON. I yield to the gentleman from Ohio.

Mr. POLK. I want to compliment and commend the gentleman from Georgia for his untiring efforts in endeavoring to secure funds for Federal aid to airports. I believe this is one of the most important problems we have in this country at this time.

In the district I have the honor to represent there is a proposed project. A situation exists where the people of Scioto County, Ohio, have $400,000 in the bank as the result of a sale of bonds for the purpose of building an airport in Scioto County, Ohio, near the great atomic energy plant. They have already purchased the land for this airport. Because of the change in policy during the past 2 years funds have not been available for them to proceed further. The gentleman's amendment will, if approved by the House, as I hope it will be, enable these people to go ahead and complete this project which is, as I said, partially complete. They had the land ready to proceed. All of the requirements have been met as far as the Civil Aeronautics Administration is concerned. All they need are the Federal funds to which they have always felt they were entitled. They have sold bonds with the understanding that the funds would be made available for that purpose. Therefore, I want to commend and compliment the gentleman and associate myself with him in his efforts in this regard.

Mr. PRESTON. I thank the gentleman.

Mr. EVINS. Mr. Chairman, will the gentleman yield?

Mr. PRESTON. I yield.

Mr. EVINS. I commend my distinguished colleague on the position that he has taken, and I certainly associate myself with him. I recall last year a similar fight was made on the need and the necessity for this fund. At that time it was stated that they were going to strike out the money this year, and then going to make a study of the need for it, and after the study, if we find it necessary next year, we will restore the money. So that study has been made and certainly there is a continuing and demonstrated need for this fund. I certainly hope the gentleman's amendment will be adopted, and that the necessary money will be restored.

Mr. PRESTON. I thank the gentleman.

Mr. SCOTT. Mr. Chairman, will the gentleman yield?

Mr. PRESTON. I yield.

Mr. SCOTT. I am glad the gentleman has made this statement at this time. I also want to associate myself with what he has said. The Federal Government makes continuous and important, and will in the future make, I would assume, even more important use

of these airports. Particularly referring to the international airport, it would seem to me that the restoration of this fund is desirable in the national interests.

Mr. PRESTON. I thank the gentleman.

Mr. BENDER. Mr. Chairman, will the gentleman yield?

Mr. PRESTON. I yield.

Mr. BENDER. I commend the gentleman for his statement. I, too, want to associate myself with my friend in this matter, and I can assure him that we will be here tomorrow to support his amendment.

Mr. PRESTON. I thank the gentleman.

Mr. NICHOLSON. Mr. Chairman, will the gentleman yield?

Mr. PRESTON. I yield.

Mr. NICHOLSON. I thank the distinguished gentleman from Georgia for bringing this matter to the forefront of our attention. I hope he will be successful in restoring some of the money needed for this purpose in this budget.

Mr. PRESTON. I thank the gentleman.

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. PRESTON. I yield.

Mr. GREEN. I compliment the gentleman on his amendment. I want to state that I will support the amendment. All Members from the city of Philadelphia are very much interested in this matter.

Mr. PRESTON. I thank the gentleman.

Mr. Chairman, in conclusion I would like to emphasize one point. There is such a matter as good faith in our Government when we are dealing with the people. If we do not intend to keep the faith, we should repeal the law authorizing the fund. It is just that simple. It does not take much effort to repeal a law. If the overwhelming majority of this body is in favor of repealing that law, then we should repeal it and stop the impression from going out to the municipalities and airport authorities that Federal funds are going to be available. As we know, there are some $78 million worth of bonds which have been sold in this country in the belief that the funds would be made available to match the money that they have put up, and upon which interest is being paid to the bondholders.

Mr. DAVIS of Georgia. Mr. Chairman, will the gentleman yield?

Mr. PRESTON. I yield.

Mr. DAVIS of Georgia. I am very glad that the distinguished gentleman from Georgia is going to offer this amendment. I am wholeheartedly in favor of it, and will support it.

Mr. PRESTON. I thank the gentleman.

Mr. BYRNE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. PRESTON. I yield.

Mr. BYRNE of Pennsylvania. I wish to compliment the gentleman from Georgia on his amendment and associate myself with the gentleman's remarks. I know that all Members of the Philadelphia delegation are likewise very much in support of the gentleman's amendment.

Mr. PRESTON. I thank the gentleman.

Mr. Chairman, tomorrow we will discuss the matter further. I am sure there are others who are interested and I want to say before I take my seat that I claim no credit for having worked on this amendment. There are two Members of the House who have been more concerned, I think, than anyone else, namely, the gentleman from Ohio [Mr. POLK] and the gentleman from Ohio [Mr. JENKINS], because they have found themselves in a very embarrassing position at home where their community, having issued bonds as other communities have done, has been unable to use the funds because of the lapse of one fiscal year in providing the moneys under this program. They have worked untiringly and have plead with our committee to supply these funds. I was very much disappointed when their pleas went unheeded. I hope tomorrow the House of Representatives will keep faith with the people of America and provide the funds to continue this program which has been so unanimously endorsed by all segments of the aviation industry as well as by the present administration.

Mr. BARRETT. Mr. Chairman, will the gentleman yield?

Mr. PRESTON. I yield to the gentleman from Pennsylvania.

Mr. BARRETT. I want to associate myself with the gentleman's amendment and tell him that Philadelphia has been allotted $6,334,000. I am sure all the Philadelphia delegation will go along with the gentleman's amendment.

Mr. JENKINS. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. JENKINS. Mr. Chairman, I agree most heartily with the gentleman from Georgia [Mr. PRESTON]. I have prepared an amendment identical with the amendment that the gentleman will introduce.

The gentleman and I have for a long time worked together on this matter of getting a number of much-needed airports finished. I am particularly interested in the proposed airport at Portsmouth. This airport will be located within about 25 miles of where I was born and about 30 miles from where I live.

There are two things that recommend this airport most positively. The first reason is that the airport is needed—There is no airport within 100 miles of this proposed airport. There are about 750,000 people living within 60 miles of this airport. The second reason is that the people of Scioto County, in which this airport is to be located, were given to understand by the Government authorities that if the people of that county would furnish $400,000, which would be one-half of the expense of constructing the airport, that the Government authorities would match this amount.

The people of Scioto County voted for the issuance of this amount of bonds and the bonds were issued about 2 years ago. These bonds have been sold and are now drawing interest. If the Government fails to do its part, it will do these people a great disservice and will fail to keep its promise. The Government cannot break its promise any more than an individual can. I feel sure that when this House has given consideration to Mr. PRESTON's amendment and to my amendment the House will support these amendments. To fail to do so would be little short of dishonest conduct. I know the House will keep its promise.

Mr. BARRETT. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BARRETT. Mr. Chairman, the amendment being offered to include $22 million for the Federal-aid airport program amounts to a reinstatement of the program authorized by the Federal Airport Act of 1946. It is merely giving the Civil Aeronautics Administration the funds with which to carry out the intent and purpose of that act. This act authorized a Federal contribution of $1 billion for the airport program. However, to date the Congress has appropriated and contract authority has been given in a total amount of only $214,221,154.

Apparently in its haste to trim the budget, last year the administration more or less indiscriminately decided not to include in its budget a request for funds to aid the States in developing and improving their airports. At that time it was decided that an airport panel of the Transportation Council under the chairmanship of Jennings Randolph should investigate the need for any future participation by the Federal Government in such a program. After a thorough investigation and study of the airports throughout the country, the airport panel reported that it was most imperative to the needs of civil aviation and national defense for the Government to reinstate grants-in-aid to the States for airport development. The panel recommended reinstatement of this program. The administration is now in favor of it.

This money is not being requested for any special interests or particular areas of the United States. The recommendations of the Civil Aeronautics Administration includes apportionment to every State in the country, as well as the District of Columbia, Puerto Rico, Virgin Islands, and Territory of Hawaii. In the past, 1,181 airports have been developed under 2,476 projects authorized under the Airport Act of 1946.

The apportionment for the Commonwealth of Pennsylvania for fiscal year 1955 is listed by the Civil Aeronautics Administration as $634,043. The city of Philadelphia is one of the largest concentrations of industry, commerce, and international trade in the country. In the city of Philadelphia are located large plants of the Gulf and Atlantic Refining Companies, the Philadelphia Naval Base, Army Quartermaster Depot, Marine Corps Depot of Supplies, Frankford Arsenal, and Signal Corps. It is listed as

one of the most vulnerable cities in the country in the event of enemy attack. I am sure that any Member here today who has given the slightest thought to the significance of the airways to national defense will vote in favor of this amendment. Unfortunately, Philadelphia is in the critical surplus-labor market category and an airport-improvement program could do much to help stimulate trade for the area. It was difficult to understand the reason for discontinuing the grants-in-aid for airport projects for even 1 year. Now that the airport panel and Department of Commerce have recommended reinstating the project on the basis of a thorough study of the situation, it would be foolhardy not to accept this amendment to include the $22 million for implementing the Federal Airport Act of 1946. I believe the Members of the House are wholly justified in approving this amendment to reactivate the airport program, and I hope that there will be unanimous consent to Mr. PRESTON's amendment.

Mr. BENNETT of Florida. Mr. Chairman, I rise to support the proposed amendment of the gentleman from Georgia [Mr. PRESTON] to provide adequate, or at least minimum, funds for the program of Federal assistance to airports.

The Federal Airport Act, adopted in 1946, established the policy of this Government to encourage the development of a nationwide system of public airports adequate to the need of civil aeronautics. That act provided for grants to States and municipalities on a matching basis and imposed various obligations on the recipients of the grants in that it provided that airports receiving the grants should at all times be available for use by military and naval aircraft and that space was to be made available for Federal air-traffic-control activities and weather reporting at rental rates substantially lower than would be made to other users.

I believe that a study of the larger and more important airports throughout our country will reveal that a small investment of Federal funds has resulted in tremendous benefits to our country not only in the field of making possible a nationwide network of commercial air transportation facilities, but also in the field of strengthening our national defense by making available a substantial number of facilities adequate for material assistance in our national defense. I give my wholehearted support to the efforts to insert at least $22 million in this bill for this purpose, the amount which has been recommended by the Bureau of the Budget.

I sincerely hope that the amendment will pass.

Mr. WIGGLESWORTH. Mr. Chairman, I yield myself 3 minutes, and I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. WIGGLESWORTH. Mr. Chairman, I take this time merely to call attention to the fact that the funds requested by the President of the United States, through the Bureau of the Budget, for the purpose of new ship construction, have been completely eliminated from the bill by committee action; and to state that at the proper time I propose to offer an amendment reinstating these funds.

The request is one of several which the administration has made with a view to meeting deficiencies in our merchant marine, and to alleviating the desperate situation which today confronts our ship-construction industry.

The funds are important from the standpoint of modernizing our merchant marine. They are vital from the standpoint of the maintenance of an essential mobilization base for national defense.

About a year ago the Department of Defense went on record as to what it termed a deficiency in merchant-type vessels, a deficiency numbering 214 vessels, 43 of them large tankers, 6 of them large passenger-cargo ships, and 165 of them other ships.

The funds requested here would supply not 214 ships but 14 ships, including 10 new large tankers, and 4 new large passenger-cargo ships.

They will, of course, be built in American yards.

This House has recently recognized the acute situation by which we are confronted at this time by passing two pieces of authorizing legislation designed to help meet the situation.

This request may be said to be a companion request to those two pieces of legislation.

I trust, Mr. Chairman, that tomorrow the House will agree to accept the amendment I shall offer in order that funds requested by the President may be made available for ship construction which is so vital at this time.

Mr. ALLEN of California. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to my good friend from California, who always has the merchant marine close at heart.

Mr. ALLEN of California. With regard to one of the bills concerning the building of tankers, the bill has passed this House and the other body, and the conference has met and a conference report has been agreed to although not yet submitted.

Mr. WIGGLESWORTH. To deny the funds here in effect would be to reverse our action with respect to that bill, would it not?

Mr. ALLEN of California. That is quite correct.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. ROONEY. Mr. Chairman, I yield myself 8 minutes.

Mr. Chairman, I rise at this time principally to comment with regard to the devastating action of the majority of the subcommittee as well as the full committee in two instances in this bill. The first, the request in the amount of $8,430,000 for the Bureau of the Census, Department of Commerce, for a census of business, manufactures, and mineral industries.

I deplore the committee's action in entirely denying funds for such a census. Most of us must realize from the number of telegrams received from chambers of commerce all over the United States that this is a very important item and that some provision, even if not the full amount, should have been included in this bill in order to carry on such a vitally necessary census.

It was very appropriately pointed out a while ago by the gentleman from California [Mr. GUBSER] that the taxpayer has $1,590,000 already invested in this census, and that this money will be lost unless provision is made at this time to go forward with it.

I have always been one who has tried to realize the realities of life. Now, the same thing is going to happen here as happened with regard to the census of agriculture. In the early part of this year the President and his Bureau of the Budget and the Bureau of the Census requested $3,500,000 for a sample census of agriculture. It was denied wholly by this committee last February. The House concurred. I pointed out at the time on the floor of this House that it was senseless to deny funds for a census of agriculture as required by law, by a law enacted by this very House of Representatives and the other body and signed by the President. But you did not rectify the mistake at that time, and subsequently when the regular State, Justice, Commerce appropriation bill for 1955 fiscal year was considered by the other body there was inserted not $3,500,000 for a sample census of agriculture, but $16 million for a full census. The House conferees accepted it and the bill has already been signed by the President and is now law. I predict that the same thing will happen with regard to this request for a census of business, manufactures, and mineral industries. There will be one.

Mr. RABAUT. Mr. Chairman, will the gentleman yield?

Mr. ROONEY. I yield.

Mr. RABAUT. The gentleman is absolutely right. I had a telegram from the Detroit Board of Commerce asking me to see what could be done about this census of business, manufactures, and metals.

Mr. ROONEY. I likewise have had telegrams, I may say to my distinguished friend, the gentleman from Michigan, from chambers of commerce all over the United States, insisting that this is a very worthwhile census and vitally necessary to the Nation's business.

My second comment is with regard to the unusually drastic denial of funds for ship construction programs under maritime activities. The Department of Commerce, as you will learn from the committee report, requested $82,600,000 for this purpose. It was comprised, first, of $44,500,000 for construction-differential subsidy and national defense allowances on four passenger-cargo ships to be built by private operators as replacements for ships which have since become outmoded. This was entirely eliminated. Eleven million, one hundred thousand dollars of the eighty-two million, six hundred thousand dollars was allowed by the

committee for experimental modernization of four reserve fleet Liberty ships. But $26 million for a trade-in-and-build tanker program which would result in 10 new tankers and 20 trade-ins was wholly denied as well as $1 million requested for administrative expenses of the Maritime Administration.

I have prepared an amendment which would restore all of the funds for this vital program. I am reliably informed that this morning at the White House it was stated in unequivocal terms that this proposed majoriy action of the Committee on Appropriations would actually decimate the American merchant marine, and that this money should be restored to this bill.

I am going to be so bold and so reckless as to stand up here and support the President of the United States, President Eisenhower, in this matter, and I hope that there may be sufficient numbers of our friends on that side of the aisle who will be so bold and so reckless as to support the President and vote to prevent the decimation of the American merchant marine.

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. ROONEY. I yield to the gentleman from Washington.

Mr. PELLY. I want to assure the gentleman that I am going to support that amendment.

Mr. ROONEY. I would fully expect the support of the gentleman from Washington. I know of his professed interest in the American merchant marine. He and I have generally been in agreement with regard to the highly important matter of unemployment in our American shipyards as well as with regard to the carrying on of our merchant marine, and I commend the gentleman.

Mr. PELLY. I think I can assure the gentleman there are many more on this side of the aisle who will support the American merchant marine.

Mr. ROONEY. I hope the gentleman from Washington is correct in that regard when we get down to counting hands and heads. If we are unsuccessful in restoring these vitally needed funds to the bill I shall offer a motion to recommit, if I am recognized for that purpose, which would include the amendment which the gentleman from Massachusetts [Mr. WIGGLESWORTH] and I have prepared.

Mr. BENNETT of Florida. Mr. Chairman, I understand that the gentleman from Massachusetts [Mr. WIGGLESWORTH] will offer an amendment to restore to this bill the amount approved by the Bureau of the Budget for subsidization of new ship construction. It seems to me to be highly important that these funds be restored to this bill. It is my understanding that the money will be well spent when viewed from the aspect of national defense. It would also seem to be well spent from the standpoint of assisting our shipbuilding industry and keeping it in a going condition.

Our vital shipbuilding and ship repairing industry is faced with an emergency. Under Secretary of Commerce Robert B. Murray, Jr., has presented some telling figures concerning this emergency. He points out that World War II taught us that about 36,000 workers should be employed during peacetime in merchant ship construction, if we are to have an adequate base upon which to expand in wartime. How are we meeting the need for a 36,000-worker shipbuilding industry? Under Secretary Murray estimated that we had an average of 22,300 workers during 1952 and 23,000 during 1953. He estimates that the average employment will drop to approximately 10,800 workers this year and to about 1,200 workers in 1955 if nothing is done to halt the decline. He ascribes the precipitous drop in 1954 and 1955 to the completion of merchant ships now under contract. We here in Congress do not want to be responsible for there being a weak link in our chain of defense.

It seems clear to me that providing these funds would be of great assistance to the health of the shipbuilding industry at this time. This objective is in itself in the interest of national defense. Furthermore, the ships when constructed will be an asset in the national defense because they can be readily converted to military purposes. For these reasons, I sincerely hope that the House will approve this amendment.

Mr. TABER. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. DAVIS].

Mr. DAVIS of Wisconsin. Mr. Chairman, I shall confine my remarks to chapter 8 of the bill which is the largest single item in this supplemental appropriation. That is the annual appropriation for military construction.

If you will refer to page 30 of the committee report you will see that the amount of money requested for military construction in the fiscal year 1955 has been very substantially reduced; but that does not mean that the program itself has been reduced by anything approaching that amount. What it does mean is that the committee has made provision for a draining off or a using up of very substantial unobligated balances now in the hands of the armed services which are available for the military construction program. The amount which is being made available will permit the armed services to go forwarded in developing the physical facilities here and abroad that are necessary as the basis for operation of our Armed Forces. The individual detailed actions of our subcommittee are set forth quite clearly and quite fully in the report which is available to you.

I may mention, however, that with respect to overseas facilities—I think every Member will understand the necessity for handling it in that manner—we have sent a classified letter to the Secretary of Defense which explains the detailed actions that we have taken with respect to various facilities outside continental United States. So you will not find that detailed breakdown of information included in the report which is available to you. If there are questions which you have with respect to any of those installations overseas and you will ask some member of the subcommittee about them he will be happy to furnish you, as an individual, with that information.

The result of the subcommittee's work has been to attempt to continue the austerity program that has been initiated in the Armed Forces construction program. This group of items that you have before you does not represent austerity of facilities that are to be available to Armed Forces personnel. It does, however, attempt to continue the rule of austerity with respect to the type of construction; in other words, we want the men in the armed services to have all of the physical facilities they need, but we do not want them to have anything fancy or ornamental because those frills cost a great deal more money than is necessary in order to provide reasonable facilities.

In accordance with the stated policy of the President, this year's program includes a great many personnel and welfare items, which is something of a departure from the programs of past years when the emphasis has been placed on operational, rather than upon personnel, facilities. We have had some difficulty in attempting to hold the armed services to reasonable standards in a number of these personnel and welfare facilities. Perhaps it is because this modern program is rather new and fresh to them; they have not had the experience in construction in recent years that they have had with the operational facilities.

For example, I cite the gymnasium down at the Naval Academy at Annapolis. They requested one at a cost which was almost $30 a square foot, but out here at Georgetown University in the District of Columbia, there was recently completed a gymnasium at a cost of about $15 a square foot. So, we denied that particular item in an attempt to get them to come in with a more reasonable pattern of construction. The same with fire stations for the Navy and some of the other things that appeared to be out of line and out of keeping with the necessity for austerity.

The effect of the subcommittee's action is to require the Armed Forces to use about $665 million of previously appropriated but unobligated funds in furtherance of this year's program. That is divided about $192 million for the Army, $350 million for the Air Force, and about $122.5 million for the Navy.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Wisconsin. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. Was it the intention of the committee to make appropriations for those items contained in the recent military construction authorization?

Mr. DAVIS of Wisconsin. We had those items before us, but the request before us was not confined only to those that were recently authorized. There were some older authorizations included in the program as well.

Mr. JONES of Alabama. So there is no intention on the part of the committee to say that appropriations will not be forthcoming for those that have been omitted from this list?

Mr. DAVIS of Wisconsin. It is possible, if they are authorized now, they may be submitted to our committee at a later date for funding; that is correct.

Mr. JONES of Alabama. So there is no intention on the part of the committee to hold in prejudice those authorized projects that were not included in this bill?

Mr. DAVIS of Wisconsin. Before I would answer that, I would have to know whether that particular project was submitted to our committee for consideration this year.

Mr. JONES of Alabama. I understand. But the indication of this report is that none of the other projects, or the ones omitted from this list, were held in prejudice by the committee.

Mr. DAVIS of Wisconsin. If the denial was with prejudice, you will find explanation for it set forth in detail in the report.

Mr. JONES of Alabama. I thank the gentleman.

Mr. DAVIS of Wisconsin. Since this is the last handiwork of our subcommittee that will be brought to the floor in the 83d Congress, I would not want this day to pass without expressing my very real appreciation to those members of the subcommittee who have served so conscientiously and so cooperatively during the two sessions of the 83d Congress. What I say applies to every one of them: to the gentleman from New Jersey, [Mr. HAND], to the gentleman from Michigan [Mr. CEDERBERG], to the gentleman from Michigan [Mr. RABAUT], and to the gentleman from South Carolina [Mr. RILEY], every one of whom has been most helpful, has contributed a great deal of time and work to the efforts of the subcommittee, and has made working with them not a chore but a real pleasure. Then, too, we have had the assistance and the advice of those two elder statesmen of the committee, the chairman of the full committee, the gentleman from New York [Mr. TABER], and the ranking minority member, the gentleman from Missouri [Mr. CANNON].

If there are further questions regarding this military construction program, I will be happy to attempt to answer them at this time.

Mr. BENNETT of Florida. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Wisconsin. I yield to the gentleman from Florida.

Mr. BENNETT of Florida. On page 35 of the report it says that—

> At naval air station, Civil Field, Fla., the parachute building and ordnance facilities have been denied.

My question is this: As I understand in the preceding part of that paragraph you are asking for a research and a review to be made to see whether those things are really needed or whether they may be dispensed with. So I desire to ask the gentleman this question. This is not a final determination that they are not needed but rather a determination that the gentleman and his committee wish to have a review before they are approved; is that correct?

Mr. DAVIS of Wisconsin. That is right. The estimates submitted before us appeared to be too high. We have asked them to review that matter and come in again.

Mr. BENNETT of Florida. I thank the gentleman.

Mr. JONES of Alabama. Mr. Chairman, will the gentleman yield for another question?

Mr. DAVIS of Wisconsin. I am happy to.

Mr. JONES of Alabama. I understand that there were several projects authorized in the last authorization act but that there have not been prepared budget estimates or recommendations that were submitted in time to be included in this bill; is that correct?

Mr. DAVIS of Wisconsin. I think it is correct that there were a number of items authorized in this Congress that were not submitted to our committee for funding at this time. We would have to assume that those projects are considered necessary or they would not have sought authorization and therefore I would think that they will come in perhaps in the next session with a request for funding at that time.

Mr. JONES of Alabama. I thank the gentleman.

Mr. CANNON. Mr. Chairman, I yield the gentleman from Florida [Mr. BENNETT] such time as he may require.

Mr. BENNETT of Florida. Mr. Chairman, I ask unanimous consent to revise and extend my remarks with regard to maritime matters following the remarks of the gentleman from New York [Mr. ROONEY]; and I make a similar request with regard to the subject of airport activities following the remarks of the gentleman from Georgia [Mr. PRESTON].

The CHAIRMAN. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. CANNON. Mr. Chairman, we have no further requests for time on this side.

Mr. TABER. Mr. Chairman, there have been many questions asked me, and there have been requests that that report be printed in the RECORD because it would answer many questions which would take considerable time to answer on the floor.

I therefore ask unanimous consent that the report of the committee, with the exception of the tables, be printed in the RECORD, notwithstanding the rule of the House requiring a special report and a special consent from the House with reference to the printing because of its extent.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

(The matter referred to follows:)

SUPPLEMENTAL APPROPRIATION BILL, 1955

Mr. TABER, from the Committee on Appropriations, submitted the following report to accompany H. R. 9936:

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations to supply certain regular and supplemental appropriations for the fiscal year ending June 30, 1955, and for other purposes.

The estimates upon which the bill is based are contained in House Documents Nos. 264, 361, 385, 408, 422, 428, 438, 439, 440, 441, 442, 443, 444, 454, 455, 456, 459, 460, 461, 467, 468, 469, and 471. The bill is divided into chapters corresponding to the subcommittees considering the estimates. The recommendations contained in the bill are as a result of deliberations of the several subcommittees as approved by the full committee.

SUMMARY OF BILL

Budget estimates considered by the committee total $1,959,958,267. Appropriations recommended total $1,194,188,079, a reduction of $765,770,188. These amounts are distributed by chapters of the bill as indicated in the following table (not printed).

CHAPTER I

Subcommittee: WALT HORAN, Washington, chairman; FRED E. BUSBEY, Illinois; FRANK T. BOW, Ohio; SAM COON, Oregon, temporarily assigned; MICHAEL J. KIRWAN, Ohio; GEORGE W. ANDREWS, Alabama; J. VAUGHN GARY, Virginia, temporarily assigned.

Legislative branch

This portion of the bill provides an additional $254,785 for fiscal year 1955 to strengthen the Capitol Police force as provided by legislation now before the House. An additional $175,000 is approved for the employment of 43 new men for the force, and an increase of $79,785 is allowed to purchase new uniforms, firearms, and miscellaneous equipment, together with 1 additional scout car.

The committee has also included two items of language under this heading of the bill. The first makes it possible for the Folger Shakespeare Library to obtain steam from the Capitol Power Plant on a reimbursable basis. The second authorizes the use of the unexpended balance of 1943 funds of the Government Printing Office to pay a claim certified by the General Accounting Office against the 1942 appropriation in which there is no balance available to meet the payment.

Judiciary branch

The committee has approved the full supplemental estimate of $222,000 carried in House Document No. 444 for fees of jurors and Commissioners for 1954. The large increase in the number of jury trials during the fiscal year, which are over 8 percent higher than the previous year, makes it necessary to provide additional funds to meet increased jury costs.

The balance of the items for the judiciary included in House Document No. 428 have not been allowed. It is believed that the penalty mail cost of $5,500 for 1954 can be absorbed within the amount now available for expenses of referees. Further, the committee feels that the supplemental requests to cover expected increases in salaries and expenses of referees in 1955 should not be allowed in advance of approval by the Judicial Conference.

CHAPTER II

Subcommittee: CLIFF CLEVENGER, Ohio, chairman; FREDERIC R. COUDERT, JR., New York; FRANK T. BOW, Ohio; SAM COON, Oregon; JOHN J. ROONEY, New York; PRINCE H. PRESTON, JR., Georgia; ROBERT L. F. SIKES, Florida.

Department of State

Acquisition of buildings abroad: The committee recommends $500,000 for this item, a reduction of $462,000 in the budget estimate. The $500,000 allowed is for materials and plans for the construction of an embassy office building in Karachi, Pakistan. The committee was advised that the Government of Pakistan has offered to supply, free of all cost to the United States in appreciation of our wheat loan, the labor costs involved in the construction of the building. The committee expects the Department to complete the building with the funds allowed.

The request for funds for the acquisition of permanent facilities for information centers in Germany is disallowed.

International Claims Commission: The bill includes the language requested to continue available during fiscal year 1955 the unobligated funds appropriated in the Supplemental Appropriation Act, 1954, for this Commission. The amount of the unobligated funds is estimated at $34,000. The commit-

tee has been assured that this work is to be completed without cost to the American taxpayer as requested by this committee.

Department of Justice

Legal Activities and General Administration

Salaries and expenses, general legal activities: The bill includes $275,000, a reduction of $75,000 in the budget estimate, for additional funds for the newly created Internal Security Division. It is expected that with the additional funds provided herein the necessary action on the part of this Division will be taken.

Salaries and expenses, United States attorneys and marshals: There is included in the bill $400,000 additional for United States attorneys and marshals to provide for additional staff to meet anticipated increase in workload in the 27 districts where new judgeships have been created and also to meet the unanticipated increases in internal security matters. The amount allowed is $125,000 below the budget estimates.

Fees and expenses of witnesses: The authority requested to transfer $135,000 from "Salaries and expenses, Antitrust Division," fiscal year 1954, to "Fees and expenses of witnesses" is included in the bill. The committee was advised that this additional amount would be required to pay the fees and expenses of witnesses.

Immigration and Naturalization Service

Salaries and expenses: The bill includes $3 million, the budget estimate, to permit the Immigration and Naturalization Service to enlarge its border patrol in order to apprehend illegal Mexican aliens and alien smugglers and to provide for their deportation to Mexico. The committee is recommending this increase with the understanding that the results obtained will determine the future action of the committee with regard to this item.

Federal Prison System

Salaries and expenses, Bureau of Prisons: The committee recommends an additional $750,000 for this item to take care of the increase in prison population beyond that anticipated at the time the budget was prepared and for the activation and operation of the Terminal Island facility.

Department of Commerce

Bureau of the Census

Censuses of business, manufactures, and mineral industries: The request for $8,430,000 to provide for the first year's cost of the censuses of business, manufactures, and mineral industries during fiscal year 1955 is not approved.

Civil Aeronautics Administration

Salaries and expenses: A request for $860,000 to provide for operation of aeronautical service by the Civil Aeronautics Administration at Cold Bay, Alaska, and Balboa, Panama Canal Zone, was submitted in House Document No. 454. The committee favors the operation of these services by the Civil Aeronautics Administration but recommends that the amount required for such operation be absorbed from the $97,650,000 appropriation they now have for salaries and expenses.

Establishment of air-navigation facilities: The committee recommends language which will permit the use of not to exceed $600,000 of funds previously appropriated for establishment of air-navigation facilities, for necessary construction and rehabilitation of facilities at Cold Bay, Alaska.

Federal aid airport program, Federal Airport Act: The request for $22 million contained in House Document No. 428 to provide funds for reinstitution of the Federal aid airport program is denied.

Claims, Federal Airport Act: The request for $69,449 for this item as contained in House Document No. 428 is denied.

Washington National Airport Corp.: Inasmuch as the legislation has not yet been enacted the committee has denied this request.

Land acquisition, additional Washington airport: The amount of the estimate, $16,297, is included in the bill to provide funds necessary for payment of the remaining claims.

Business and Defense Services Administration

Salaries and expenses: The supplemental request for $1 million to expand and augment the collection and analysis of information concerning construction activity is not allowed.

Maritime Activities

Ship construction: Of the $82,600,000 requested in House Document No. 428 for this item, the committee has allowed $11,100,000. The amount recommended by the committee is for the experimental modernization of four Reserve Fleet Liberty ships as a basis for developing plans to modernize the remaining ships in the reserve fleet in the event of emergency.

Ship mortgage-foreclosure of forfeiture contingencies: The bill includes $2,500,000 to enable the United States Government to protect its interest in forfeiture or mortgage-foreclosure cases. It is expected that maximum use will be made of non-Government funds before this appropriation is used.

Bureau of Public Roads

Inter-American Highway: The bill includes $4,750,000 for the improving and extending of the Inter-American Highway in three important Central American Republics—Nicaragua, Costa Rica, and Panama.

Weather Bureau

Salaries and expenses: A supplemental of $175,000 was requested in House Document No. 454 to provide for meteorological observations and services by the Weather Bureau at Cold Bay, Alaska. The committee approves the operation of this activity and suggests that the costs therefore be absorbed from the regular appropriation of $24,750,000.

CHAPTER III

Subcommittee: GORDON CANFIELD, New Jersey, chairman; EARL WILSON, Indiana; BENJAMIN F. JAMES, Pennsylvania; CHARLES W. VURSELL, Illinois; J. J. VAUGHAN GARY, Virginia; OTTO E. PASSMAN, Louisiana; ALFRED D. SIEMINSKI, New Jersey.

Treasury Department

Internal Revenue Service

Salaries and expenses: The supplemental request for $9,750,000 contemplates the employment of additional revenue producing employees including some 800 revenue agents, 455 special agents, and 675 supporting personnel.

The regular appropriation act for this Service contemplated a reduction in the overall number of positions but provided funds for an increase of approximately 1,500 revenue producing personnel. During the past several months through reorganization and new planning the number of personnel in certain categories has been greatly reduced while the number of revenue agents has been increased by more than 3,000. (See the table on p. 472 of the hearings.) Since each agent produces in revenue many times his cost to the Service this is an excellent showing. Long-range plans contemplate the addition of approximately 1,000 new agents per year for the next several years until the force reaches a level where most of the more productive erroneous returns can be audited. The committee is pleased with the progress that has been made and compliments the Commissioner and the administrative officials of the Service for the forward-looking planning.

The committee recommends for appropriation $8,750,000, which is a reduction of $1 million from the amount requested. In suggesting this reduction the committee feels that the additional revenue agents provided for in the regular bill, plus the number to be recruited with the funds herein recommended, will enable the Service to move forward as rapidly as it reasonably should in recruiting and training additional agents and will enable it to tie the present program into the contemplated future program of increasing the number of new agents by some 1,000 per year. The funds provided in the Appropriation Act for 1955 plus the funds herein recommended should permit the employment of approximately 1,400 new agents during fiscal year 1955.

United States Secret Service

Salaries and expenses: The purpose of the supplemental request for $229,000, to be derived by transfer, is to provide increased protection of the President, the Vice President, and their families, and to provide additional agents and clerks to process and keep more current the steadily increasing number of bond and forgery and other cases under the jurisdiction of the Secret Service.

Of the 39 agents proposed to be recruited if the requested authorization is granted 11 will be utilized to augment the White House detail of agents to strengthen the security of the President, the Vice President, and their families, and to provide additional personnel for the Protective Research Section. In order that the Protective Research Section may render a desirable and effective service its work with respect to threatening, abusive, obscene, and other categories of communications must be examined immediately upon receipt of the communications and properly evaluated and processed. Testimony before the committee indicates that with the available personnel a thorough and complete processing of these cases has not been possible. As of May 1, 1954, a backlog of 1,000 cases was on hand.

The remaining 28 of the 39 agents requested are to be used in the investigation of claims arising as the result of forgery and alteration of Government checks and bonds. Testimony indicates that the backlog of cases in almost every category is increasing monthly and that if the request for the 28 additional agents for this work is granted there will still remain at the close of fiscal year 1955 an average backlog of 78 cases for each agent, whereas it is the opinion of the Service that the average backlog per agent should not be more than 15 cases.

The supplemental contains a request also for funds for 12 clerk-stenographers to increase the operating efficiency of field offices, and also some $77,500 for necessary incidental expenses of additional personnel including $48,400 for travel, $1,350 for other contractual services, $3,750 for supplies and materials, $14,000 for equipment, and $10,000 for the purchase of information and to pay informants for services looking toward the apprehension of criminals.

The committee in its report on the annual "Treasury Department Appropriation Act, 1955," Public Law 374, 83d Congress, approved May 28, 1954, in recommending the amount requested in the budget commented upon conditions within the Service and suggested that consideration be given such matters as above referred to before presenting budget requests for fiscal year 1956. The present request is in response to that suggestion.

In recommending the amount herein requested, which is to be derived by transfer, the committee again reiterates its purpose of providing every security and protection for the President, the Vice President and their families, and wishes to encourage the Secret Service in the performance of its other very important functions.

Salaries and Expenses, White House Police

The supplemental request for $62,000 for this appropriation, to be derived by transfer, would permit the reestablishment of essential posts which were discontinued as

the result of reductions in appropriations for fiscal year 1954. The committee recommends that the request, which contains an amount sufficient to employ 18 class 3 police privates for 9 months plus holiday pay, and $1,800 for uniforms, be approved in order that every precaution can be taken for adequate protection of the White House.

United States Coast Guard

Acquisition, construction, and improvements: The supplemental request to the Coast Guard in the amount of $4 million contains two specific requests, as follows:

1. $3,750,000 for the construction of eight 95-foot boats to patrol the entrances at 3 ports; and

2. $250,000 for the replacement of a portion of the wharf at the Coast Guard base at Ketchikan, Alaska.

The item for $3,750,000 concerns the port security program which was initiated in October 1950, for the purpose of preventing the introduction into the country of persons or things inimical to the welfare of the United States and to protect vital port facilities.

Ten ports around the perimeter of the United States are now patrolled, and under an executive plan it is proposed to extend such patrol to 6 additional ports. Craft for patrol functions at 3 of the 6 ports are being provided by redeployment of boats presently being used in the port security program, leaving a requirement for the 8 boats herein requested for the remaining 3 ports. There are no funds presently available in Coast Guard appropriations for this construction. Therefore if the Executive plan is to be augmented the additional patrol boats are necessary.

Recent construction costs of 95-foot patrol boats indicate that the funds requested plus some materials left over from recent construction, and anticipated savings, will provide the eight patrol boats necessary to complete the program. The committee was impressed by testimony indicating a careful husbanding of resources and efforts to secure the patrol boats at the least possible outlay of funds.

The second item of the request in the amount of $250,000 to replace a section of the Coast Guard wharf at Ketchikan, Alaska, is in support of the only repair and supply facility of the Coast Guard District that covers Alaska. It is the only facility in the district with the capability for servicing all aids to navigation. The district supply depot, the Captain of the Port office, the electronic repair shop, and the maintenance and repair detachment are consolidated on this base for economy of operation. The section of the wharf that has so badly deteriorated was built in 1942 during wartime when creosoted pressure-treated timber was unavailable. This resulted in the use of salts treated and untreated timber and pilings which has permitted deterioration to a point that it is unsafe and prohibits the transfer of heavy equipment from ship to shore and seriously reduces the capacity of the base to service heavy buoys for the Alaskan area. Members of the committee who have visited the base concur in the report that the wharf was in bad condition as far back as 1950.

In view of the circumstances the committee recommends the appropriation of the $4 million requested for the purposes above discusseed.

Retired pay: The request for an additional amount of $80,000 (to be derived by transfer) for retired pay for Coast Guard warrant officers results from the enactment of Public Law 379, 83d Congress, approved May 29, 1954, which provides, in effect, that an increased number of warrant officers be placed on the retired list during fiscal year 1955. The language recommended permits absorption of the cost by transfer of the necessary amount from the appropriation to the Coast Guard for "Operating expenses, 1955."

CHAPTER IV

Subcommittee: FRED E. BUSBEY, Illinois, chairman; HAMER H. BUDGE, Idaho, acting chairman; BEN F. JENSEN, Iowa; ERRETT P. SCRIVNER, Kansas; temporarily assigned; JOHN E. FOGARTY, Rhode Island; ANTONIO M. FERNANDEZ, New Mexico.

Department of Labor

Bureau of Veterans' Reemployment Rights

Salaries and expenses: The committee denied the request for an additional $119,000. During the recent hearings on the regular budget request for this Bureau's funds for fiscal year 1955, the committee was told of the Bureau's gradually increasing backlog of work. In view of the facts presented at that time the committee and subsequently the Congress allowed the full amount of the budget request. Basically, the same justification was presented for the supplemental. The committee was not able to determine that any new factors have arisen that would indicate that the appropriation just made should be revised.

Bureau of Employment Security

Salaries and expenses: The committee denied the request for an additional $90,000. Most of the workloads upon which this request was based were foreseeable and considered at the time of action on the regular appropriation for 1955. The committee believes that any part not so considered can be absorbed within the appropriation of $4,705,000 already made.

Grants to States for unemployment compensation and employment service administration: The bill includes $4,600,000 of the $43 million requested and provides that this amount be available for workload increases and for increases in State salaries resulting from overall changes in State salary schedules. Payments for salary increases shall be limited to those increases which affect generally all employees of the State. This is in line with the recommendation of the Department. For the most part, the request was based on increased workload. The committee therefore sought a reconciliation of the workload and administrative costs for 1950, the postwar year of highest unemployment, with the workload and cost estimates for 1955. It was determined that the average actual insured unemployment during 1950 was 2,033,100 and the revised estimate for 1955 is for an average of 1,680,000. The appropriation for 1950 was $174 million and the request for 1955 totals $259,400,000, including the supplemental request for $43 million. Thus, with insured unemployment estimated to be 17 percent less, the request for administrative funds is 49 percent more. Considerable time was spent in attempting to determine why there should be this discrepancy. The witnesses steadfastly maintained that it was due to increased salary rates and increases in nonpersonnel costs such as rents. However, a more detailed breakdown, requested to be submitted for the record, revealed that the 1955 estimates would also provide for 3,400 more employees than were used for this work in 1950.

The action of the committee coupled with the appropriation already made for 1955 will provide a base appropriation of $200 million, which is the same as the amount expended during 1954, and a contingency fund of $21 million for workload increases in 1955 over those experienced in 1954. The committee is confident that the amount will be sufficient to adequately provide for any increases that can logically be anticipated in fiscal year 1955. In the unlikely event that the contingency fund is depleted before the end of the fiscal year the committee will expect to give favorable consideration to a supplemental request.

The language in this paragraph of the bill changes the restrictions on the use of the contingency fund, provided in the 1955 Department of Labor Appropriation Act, to allow the use of these funds for State salary increases resulting from changes in overall State compensation plans.

Unemployment compensation for veterans: The committee has allowed the full amount of $88,400,000 requested for this purpose. The expenditure of these funds is almost entirely beyond administrative control and the committee has, as it has in the past, accepted the estimates of those in the best position to estimate the extent of the need. The committee regrets that this is apparently the best alternative, for it has proven a very poor one. The request that was justified in March was for $55,600,000 for the full 1955 fiscal year. This amount was allowed in full. In July the estimate was revised to a total of $144 million. It is obvious that the original submission was grossly in error.

Salaries and expenses, Mexican farm-labor program: The committee denied the request for an additional $350,000 to recruit additional Mexican farm laborers estimated to be required because of intensified activities of the Immigration and Naturalization Service to deport Mexicans illegally in the United States. The committee was somewhat surprised to find that the major portion of the request was not for recruiting but for other activities such as compliance work, and that the request included funds to increase the Washington staff by 25 percent. The Congress was rather generous in allowing $60,000 more than the original 1955 budget request, for nonreimbursable activities. Any increase in workload that may occur can be provided for by adjustments within the $1,581,000 already appropriated.

Bureau of Labor Statistics

Salaries and expenses: The committee denied the request for $110,000 for increased emphasis on building statistics. No factors were presented to indicate any greater need for increasing this activity that did not exist at the time the original 1955 budget was considered. That budget contained $301,881 for this activity, which is the same amount that is available under the 1955 appropriation already made to the Bureau.

Department of Health, Education, and Welfare

Office of Education

Three separate items falling in the field of research into the problems of education were submitted. The largest was $1,750,000 for a White House Conference on Education, another (which technically would come under the Secretary's office) was $175,000 for the establishment of a National Advisory Committee on Education, and the third was $100,000 for cooperative research in education. No funds are included in the bill for any of these. The Office of Education has, for many years, been justifying the requests for appropriations to cover its own salaries and expenses on the basis that it does essentially the same research and fact-and-opinion gathering in the education field that is envisioned by the three activities for which $2,025,000 additional was requested. The fact that the committee recommends some $3 million per year to be appropriated to the Office of Education is evidence that it believes that a reasonable amount of such activity is needed.

It is worthy of note that 75 percent of the supplemental funds requested were for grants to States to enable them "* * * to hold conferences of educators and lay citizens to discuss educational problems and make recommendations for appropriate action to be taken at local, State, and Federal levels." This method of financing activities purely within State boundaries appears questionable, to say the least.

Public Health Service

Grants for hospital construction, and surveys, and planning for hospital construction: The committee has not allowed the $35 million requested for construction under the new provisions of this program which have been provided by legislation enacted only a few days ago. The hearings revealed that plans for the expenditure of these funds, the ability or willingness of the States to approve projects on the basis of the tentative program presented to the committee, and the availability of sponsors for the program presented, were all very vague. The importance of a survey and preparation of a plan for each State was emphasized in the testimony. The committee agrees completely that this is very important to the successful carrying out of a program involving the expenditure of over $100 million of the Federal funds and has approved in full the request for $2 million for grants to States for this work.

The committee's action does not indicate lack of sympathy with the new program but rather a belief that it might easily be done more harm than good by proceeding before any but the most sketchy plans are available.

Salaries and expenses, hospital construction service: None of the requested increase of $400,000 has been allowed. The committee believes that the $850,000 appropriated in the 1955 appropriation act provides sufficient funds to enable this division to administer the established program and prepare for the new features that were recently added by the amendments to the Hospital Survey and Construction Act.

Social Security Administration

Salaries and expenses, Bureau of Old-Age and Survivors Insurance: The committee expressly denies the requested authority to use funds from the OASI Trust Fund to pay per diem to the 450 employees proposed to be moved to Washington from Baltimore and seriously questions the advisability of such a move.

Construction, Bureau of Old-Age and Survivors Insurance: The Bureau requested $24,890,000 for the construction of a building to house its activities now located in several different buildings in Baltimore and Pennsylvania. The committee has not provided funds since it was testified that final plans and specifications will not be completed until June 1955 and the bids will not likely be opened until August 1, 1955. More than ample funds have already been provided to do all necessary work up to the point of awarding the construction contract. The committee recognizes the need for this building and will expect the 1956 budget to include provision for an authorization to cover the costs of construction. The committee approves of plans for the conventional, fireproof facility described during the hearings and estimated to cost not to exceed $25,370,000 in total. The committee specifically disapproves of the additional special design and construction features aimed at providing bomb protection, estimated to cost $2,600,000; and directs that the plans not provide the same.

Salaries and expenses, Children's Bureau: The committe has not allowed the request for $165,000 for additional activities in the field of juvenile delinquency. The Children's Bureau has for many years had ample authority to proceed in this field, and the committee notes that of the 1954 appropriation to the Bureau of $1,525,000, providing for 214 man-years of employment, the Bureau saw fit to utilize only 5½ man-years in the field of juvenile delinquency. The personnel now utilized in this activity could be quadrupled within the appropriation already made and still require only about 10 percent of the total Bureau funds. It is apparent from budget submissions that the executive branch has not decided whether increased activity in this field should be assigned to this Bureau or to other bureaus in other offices of the same Department.

Office of the Secretary

Salaries and expenses, Office of the Secretary: Since there were no new factors introduced in support of this request that were not known at the time the regular 1955 budget was presented to the committee, the request for $124,500 is denied. The committee believes that there may be certain functions not now carried on in the Secretary's Office which should be carried on at the departmental level and requests that this be given careful study for possible inclusion in the 1956 budget.

CHAPTER V

Subcommittee: H. CARL ANDERSEN, Minnesota, chairman; WALT HORAN, Washington; OAKLEY HUNTER, California; MELVIN R. LAIRD, Wisconsin; JAMIE L. WHITTEN, Mississippi; CLARENCE CANNON, Missouri; FRED MARSHALL, Minnesota.

Department of Agriculture

Forest Service

Forest roads and trails: The bill includes $6,500,000 for "Forest Roads and Trails" which, together with the amount carried in the regular bill, will provide the full authorization of $22½ million for this purpose for 1955. The committee is approving the full 1955 authorization with the understanding that all unused prior year authorizations will be considered canceled.

The additional funds are recommended to meet (1) the urgent need for access roads in southern Idaho, where epidemic insect infestations make necessary an immediate salvage program, and (2) the need for additional roads in California and other areas where overmature timber needs harvesting as soon as possible to protect its commercial value.

CHAPTER VI

Subcommittee: BEN F. JENSEN, Iowa, chairman; IVOR D. FENTON, Pennsylvania; HAMER H. BUDGE, Idaho; MICHAEL KIRWAN, Ohio; W. F. NORRELL, Arkansas.

Department of the Interior

Bureau of Indian Affairs

Health, education, and welfare services: The budget estimate of $1,180,000 has been allowed to provide 400 additional hospital beds in Washington State sanatoriums for Alaskan native tuberculosis patients. None of the funds allowed in this appropriation are to be used for hospitalization in Alaska.

Resources management: An appropriation of $100,000 is recommended for expediting probate work on Indian estates. While this is a reduction of $50,000 in the estimate of $150,000, it should permit a considerable reduction in the present backlog of probate cases.

Construction: The budget estimate of $6,900,000 has been reduced to $3,900,000 which is allowed for construction, repair, and maintenance of roads in Indian reservations. This amount together with the funds in the regular appropriation bill for 1955 will provide a total of $6,797,000 to meet contract earnings and other expenses on the approved program totaling $7,730,000. The amount appropriated herein and the amount appropriated in the regular bill are both applicable to the total authorization in the Federal-Aid Highway Act of 1954 under the provisions of section 6 of that act.

The $3 million which has been disallowed was for grants to public-school districts for the construction and equipping of public school facilities for Navaho Indian children from reservation areas not included in such districts. While the committee is most anxious to support all efforts to put as many Indian children into school as possible, it is of the opinion that there is no law under which such a program as that proposed can be undertaken.

Bureau of Reclamation

Construction and rehabilitation: The committee recommends an appropriation of $1,707,000, a reduction of $118,000 in the budget estimate of $1,825,000. The funds provided are for four small irrigation projects as follows:

Hanover-Bluff unit, Wyoming	$157,000
Heart Butte unit, North Dakota	300,000
Helena Valley unit, Montana	250,000
Sargent unit, Nebraska	1,000,000
Total	1,707,000

Rehabilitation work on the Humbolt project in Nevada, estimated at $118,000, was provided for in the regular bill for 1955.

The funds provided for the Hanover-Bluff unit were proposed in the estimate for use only on the Bluff portion of the unit. Both portions of the unit are to be served by a common diversion canal and if they are undertaken simultaneously economic feasibility is improved. Therefore, the funds provided are to be used for plans and construction of the complete unit.

The committee approves an expenditure of not to exceed $15,000 of available funds to complete investigations on the N-Bar-N development as a separate unit of the Missouri River Basin project in view of the fact that an irrigation district has been formed by the water users.

Bureau of Mines

Construction: The recommended appropriation of $5 million represents a reduction of $1 million in the budget estimate. These funds are to be used for the construction of helium production facilities at either Excell, Tex., or in the Keyes gas field of Cimarron County, Okla., depending upon which location provides greatest benefits to the Government. The committee fails to see the need for the large number of additional employees proposed in connection with this construction which is to be contracted.

The prices charged for helium sold by the Federal Government are calculated to recover capital charges, including interest.

Language has been included in the bill to rescind $19,000 of unobligated funds appropriated in previous years for the Leadville Tunnel drainage project in Colorado.

National Park Service

Construction: An appropriation of $5,562,101 is recommended. Of this amount $500,000 is for acquiring privately owned lands within the boundaries of areas administered by the Park Service, and $5,602,101 is for construction of parkways, roads, and trails. This later amount together with funds allowed in the regular bill for 1955 for the same purposes will provide a total of $9,500,000, the full amount of cash requested to meet 1955 contract earnings and other expenses on the authorized and approved program of $20 million. The amount appropriated herein and the amount appropriated in the regular bill are both applicable to the total authorization in the Federal-Aid Highway Act of 1954 under the provisions of section 6 of that act.

With this appropriation, there will be a considerable increase in the general level of the Park Service construction program. The committee expects the Department to take this into account in preparation of the 1956 budget. It is the committee's desire also that the need for reconstruction of the south approach road, Route 9, into Yellowstone Park, be given careful consideration in connection with the 1956 construction program.

In connection with both appropriated and donated funds available for acquisition of lands within the boundaries of areas administered by the Park Service, no land is to be taken through the condemnation procedure

when the use of such procedure is objected to by the owner.

Office of Territories

Administration of Territories: The estimate of $47,000 is recommended. These funds are required for the payment of a 25 percent cost of living allowance to classified employees in the Virgin Islands in accordance with regulations established by the Civil Service Commission on April 3, 1954.

CHAPTER VII

Subcommittee: JOHN PHILLIPS, California, chairman; NORRIS COTTON, New Hampshire; CHARLES R. JONAS, North Carolina; OTTO KRUEGER, North Dakota; ALBERT THOMAS, Texas; GEORGE W. ANDREWS, Alabama; SIDNEY R. YATES, Illinois.

Independent Offices

Commission on Intergovernmental Relations

The bill includes $414,000 for salaries and expenses of this Commission, which is $46,000 below the estimate, and together with the unobligated balance of $96,250 will provide a total of $510,250 during the remaining 8 months the Commission will be in existence.

The Commission was established by Public Law 109, approved July 10, 1953, and the original date for making its final report was March 1, 1954. When it became evident that it would not be possible to complete the studies in this broad field on schedule the date for filing the final report and liquidating the Commission was extended to March 1, 1955, in Public Law 302, approved March 1, 1954.

Because of the extension of time for making its report, the original appropriation of $500,000 will not be sufficient and the committee therefore recommends a supplemental appropriation of $414,000. The coordination of effort already contemplated between this agency and other commissions and congressional committees should make it possible to save the amount indicated.

Commission on Organization of the Executive Branch of the Government

The bill contains an additional $497,835 to complete the activities of the Commission, which is a reduction of $55,315 in the estimate. There has been appropriated previously $1,931,909, making the total for the present Commission $2,429,744. The first Hoover Commission was able to complete its work with a total appropriation of $1,938,600, and the committee is of the opinion maximum results can be obtained by this Commission within the amount provided. The committee is aware of the popularity of this program and is in complete accord with its purposes, but believes that economies can be accomplished and efforts made to coordinate the studies of this Commission and other agencies and committees to the extent of the reduction indicated.

General Services Administration

Additional court facilities: The committee considered a budget estimate of $4,800,000 for additional court facilities for the new judges recently authorized by law to be appointed to the Federal bench, and has approved $3 million for such purposes, or a reduction of $1,800,000 in the estimate.

The committee has the utmost regard for the needs of the other separate and equal branch of the Government, but it cannot approve the present estimates of cost which are clearly high and has reduced the total to what it considers is actually needed. The committee believes that justice will be dispensed in this Nation as well from a chair costing the Government $100 as from one costing $174, and as well from behind a $200 desk as one for $341. A wastepaper basket at a lesser cost than $15 will serve just as well.

It is suggested that prior to starting this program for additional court facilities an effort be made to determine the actual desires of the judges and make the costs more reasonable than those just considered.

Operating expenses, Federal Supply Service: The committee has allowed the budget estimate of $60,000 to enable the General Services Administration to establish interagency motor pools at 5 locations during the fiscal year 1955 if legislation contained in H. R. 8753 or S. 3155 authorizing such pools is enacted into law. It was testified that if such pools are created approximately 20 percent of the present number of vehicles will no longer be required and the savings resulting from reductions in maintenance, administration and other costs are expected to be $1,500,000 per year after the first 3 years of operation.

Expenses, general supply fund: The bill contains language authorizing the General Services Administration to lease warehouse space temporarily in excess of operating requirements to commercial organizations, and that proceeds from such rentals shall be covered into the Treasury as miscellaneous receipts.

Strategic and critical materials: The bill contains the budget estimate of $380 million for this item and the same limitation as contained in the regular bill that no part of the amount shall be used for construction of warehouse or tank storage facilities. Approximately $292 million of the supplemental request is, in effect, a bookkeeping transaction to purchase inventory from the Defense Production Act borrowing authority program which was started in 1950, and such transfers have no effect on net expenditures of the Government. The value of the stockpile on hand or on order on June 30, 1954, is estimated at $5,452.3 million, under the revised estimates the Government will add materials valued at $579.2 million this fiscal year, and a balance of $1,313.6 million will remain to be financed after 1955.

National Science Foundation

International Geophysical Year: The bill contains $1,500,000 to assist in financing the United States program for the International Geophysical Year, which is a reduction of $1 million below the amount contained in the supplemental estimate. The committee is of the opinion the amount recommended is adequate, but in the event the National Science Foundation considers this program of such importance that it may desire to provide an additional grant of not to exceed $1 million from its regular funds, the committee is of the opinion the Foundation has sufficient funds to do so and that the language of its basic act is of sufficient scope as to permit such a grant.

The International Geophysical Year is a worldwide scientific undertaking involving concurrent research in geophysics by some 30 nations, beginning in 1957. It involves studies of the entire earth including the arctic regions, the oceans and the upper atmosphere. The appropriation at this time will enable orders to be placed for specialized equipment, and an additional sum will be needed for the fiscal year 1956 to cover the remaining costs of the program.

St. Lawrence Seaway Development Corporation

The bill contains language authorizing the Corporation to initiate operations under the provisions of Public Law 358, approved May 13, 1954. The Corporation has authority to issue not to exceed $10,500,000 worth of revenue bonds to the Secretary of the Treasury during its first year, and thereafter up to a total of $105 million. In view of the fact that the Budget language contained no limitation on the amount of money that could be spent for administrative expenses of the Corporation, the Committee has limited the amount that can be spent for this purpose to $250,000. It has been proposed that authority be included for the employment of a total of four persons in grades GS–16 to 18 to enable employment of the best qualified personnel in key positions of the Corporation, and such language has been included.

Veterans' Administration

Inpatient care: The committee has included in the bill the Budget estimate of $3 million for this item which is in addition to $598,127,000 included in the regular bill. Congress relies on the agency to indicate the number of beds that can be staffed and operated and has always provided the full amount required.

Recently it has developed that the Veterans' Administration has staffed hospitals in 1954 over the level authorized by the appropriations and it would be necessary to make some reductions in such personnel and delay staffing of neuropsychiatric beds in 1955 which are badly needed unless the additional $3 million is made available. This information was not given to the committee during the regular hearings and to do everything within its power to correct the situation the committee has included the entire amount of the supplemental estimate.

It is disturbing to note that there are neuropsychiatric hospitals where according to testimony the cost is running in the neighborhood of $34 per patient day, which no private hospital administrator would tolerate. A neuropsychiatric hospital usually operates 25 percent cheaper than a general medical and surgical hospital and it is recommended that a thorough investigation be made by the Veterans' Administration to correct such conditions and to bring about more efficient operations.

No part of the present estimate is needed to provide care for any service-connected disability, but is exclusively for non-service-connected treatment.

War Claims Commission

In order to complete adjudication of all war claims on schedule an additional $400,000 is requested for administrative expenses, and the bill includes the full amount. The Commission has remaining a backlog of the most difficult claims, and at least an additional 47,000 claims are expected to be filed under authority of Public Law 359, approved May 13, 1954, which extended the date for filing claims to August 1, 1954.

Under the provisions of Reorganization Plan No. 1 of 1954 functions and funds available or to be made available to the War Claims Commission were transferred to a new agency on July 1, the Foreign Claims Settlement Commission of the United States. Since the committee is allowing the full budget estimate for this item, and regardless of the transfer of activities to the new agency, the committee is expecting all work on war claims to be completed on schedule on March 31, 1955, and no further request for funds should be made.

CHAPTER VIII

Subcommittee: GLENN R. DAVIS, chairman; T. MILLET HAND, New Jersey; ELFORD A. CEDERBERG, Michigan; JOHN TABER, New York; CLARENCE CANNON, Missouri; LOUIS C. RABAUT, Michigan; JOHN J. RILEY, South Carolina.

Military construction

The Department of Defense requested approval of a military public works program of $1,427,622,000 for fiscal year 1955 and new appropriations of $1,100 million. The committee recommends a program of $1,235,958,000, a reduction of $191,664,000. New appropriations of $571,600,000 are recommended, a reduction of $528,400,000. These funds when coupled with existing unobligated balances from prior years public works programs, which the committee has made available, will be sufficient to meet the needs of the military construction program for the current fiscal year. The action of

the committee on the specific requests will be found in subsequent paragraphs and in the table at the end of this chapter.

Military Public Works Program

The committee was gratified to note the progress made in the proper utilization of advance planning funds, particularly in the Department of the Air Force, which resulted in the estimates submitted for the 1955 program being firmer than any received in prior years. There are, however, several deficiencies existing in this field which warrant the immediate attention of the Department of Defense and the Assistant Secretary of Defense for Properties and Installations. There has always been a need for review of the cost and scope of those facilities which have functions common to more than one service. That this review has not been properly carried out in the past is obvious when one seeks to explain why a fire station should cost approximately $12 per square foot for the Air Force and be budgeted for an amount in excess of $18 per square foot by the Navy. The committee is also at a loss to understand why parachute shops can be constructed for approximately $16 per square foot by the Air Force while the Navy requests in excess of $21 per square foot for these shops. Similar cost differentials appear to exist in the construction of certain fuel storage facilities and ammunition and ordnance magazines. The attention of the Department is called to the situation existing with reference to the construction of barracks at Ladd Air Force Base in Alaska. The Department of the Air Force has under contract at the present time barracks with mess facilities at these locations at costs varying between $2,876 per man to $3,016 per man. The Department of the Army submitted budget requests for barracks for this installation at a cost of $3,900 per man. The committee desires that the Department of Defense thoroughly study this problem of common type facilities and file a report thereon with the committee not later than January 3, 1955.

There is also a need for a continuing review by the Department of Defense and the three services as to the design of repetitive type structures. A recent experience of the Department of the Navy in this respect points out the need for such a constant review. The so-called Miramar hangar was adopted by the Navy as the standard type of overhaul hangar for naval air stations. Continuing reviews of the design and construction of this hangar have resulted in modifications which have reduced the unit cost in excess of $4 per square foot. The committee will expect the services to maintain a continuing inspection of the design of their facilities so that maximum utilization is made of funds appropriated for military construction.

The estimates for fiscal year 1955 represent the initiation of two features of the military construction program which have not been present to any extent in recent years. The first of these has to do with the construction of welfare and recreational facilities. The committee was not satisfied that the estimates presented to it in support of these requests were based on adequate advance planning. On the contrary, it appeared that in most instances the facilities were too costly for the proposed utilization of the structures. The unit costs of gymnasiums contained in the program were particularly high. Past experiences in both Government and private construction lead the committee to believe that permanent gymnasiums can be constructed for approximately $16 per square foot, while semipermanent gynasiums can be properly built for $14 per square foot. In allocating funds for gym facilities at the various installations the committee has used these cost factors and expects that the Department of Defense will have these limitations in mind in designing standard gymnasiums. It will be expected that the Departments will adhere to the same austere standards of construction on welfare and recreational facilities which have been typical of the construction program in the past. In this respect, the committee points out to the Department of Defense the desirability of standard facilities of this type for the three services.

The 1955 program also contains the initiation of a program for providing vehicle parking areas at many of the large installations. Generally the committee has approved these requests. It desires, however, that the departments carefully monitor this feature of the construction program, and it will be expected that requests for parking areas, for other than military vehicles, will be held to the minimum.

The necessary expansion of industrial and aviation facilities of the Department of Defense is creating a problem which requires immediate and continuing attention. Necessary expansion of most of the other installations can be made only at great expense, in many instances necessitated by the purchase of valuable commercial and residential land from private interests. The only alternatives to these expansions are the construction of similar facilities elsewhere or a reduction of the functions of the particular installations. While these alternatives appear to be costly and undesirable they must be considered in connection with any future plans for our military forces.

The conversion of the Air Force to the use of jet-type planes has created another problem, especially as to the use of municipal airports in close proximity to populated areas. At present the use of such fields is vital to the proper air defense of the Nation. If their use is to jeopardize either Air Force personnel or the surrounding communities or is to prohibit the expansion of commercial flying activities, consideration should be given to the establishment of new facilities in the same general area. The need for a review of the continued utilization of such fields is most apparent when one realizes the projected increase of flying activities in the future. It is desired that the Department of Defense, together with the three services, thoroughly study these problems, filing the results of such a study with the proper committees of Congress early in the next Congress and prior to the consideration of the military construction program for fiscal year 1956.

The action of the committee is generally predicated on several criteria: First, maximum use should be made of existing unobligated and unexpended balances prior to the appropriation of additional funds; second, construction on defense installations should continue to be on austerity standards; third, the limitations on the construction of barracks, bachelor officer quarters, warehousing facilities, and cold-storage plants should be continued at the same unit cost as have been used in the past.

Department of the Navy

The budget estimates received by the committee requested approval of a Navy public-works program in the amount of $221,470,000 and appropriations of $140 million. The committee recommends a program of $196,013,000, a reduction of $25,457,000. Appropriations of $73,517,000 are recommended, a reduction of $66,483,000. The unobligated balance of funds previously appropriated for public works, Navy, was estimated to be $300 million of June 30, 1954. These funds, when coupled with the appropriations contained in this bill, will be sufficient to meet the needs of the construction program of the Navy in fiscal year 1955 and will provide a satisfactory carryover of funds into the following fiscal year.

Committee Recommendations

The funds approved for the Department of the Navy have been allocated in the following manner:

CONTINENTAL

Shipyard facilities:	
Naval Shipyard, Boston, Mass.	$3,400,000
Naval Shipyard, Charleston, S. C.	555,000
Minecraft Station, Panama City, Fla.	1,254,000
Naval Shipyard, San Francisco, Calif.	1,091,000
Fleet facilities:	
Morehead City, N. C.	710,000
Submarine Base, New London, Conn.	476,000
Minecraft Base, Charleston, S. C.	158,000
Aviation facilities:	
Naval Air Station, Alameda, Calif.	4,463,000
Naval Auxiliary Landing Field, Alice, Tex.	151,000
Naval Air Station, Atlantic City, N. J.	779,000
Marine Corps Auxiliary Air Station, Beaufort, S. C.	10,776,000
Naval Air Station, Brunswick, Maine	527,000
Naval Air Station, Cecil Field, Fla.	863,000
Naval Auxiliary Air Station, Chase Field, Tex.	241,000
Marine Corps Air Station, Cherry Point, N. C.	1,609,000
Naval Air Station, Corpus Christi, Tex.	342,000
Naval Auxiliary Air Station, Corry Field, Fla.	2,153,000
Marine Corps Air Station, El Toro, Calif.	1,675,000
Naval Auxiliary Air Station, Fallon, Nev.	468,000
Naval Air Station, Glenview, Ill.	70,000
Naval Auxiliary Air Station, Glynco, Ga.	6,185,000
Naval Auxiliary Air Station, Kingsville, Tex.	601,000
Naval Air Facility, Litchfield, Park, Ariz.	1,654,000
Naval Air Landing Field, Mayport, Fla.	75,000
Naval Air Station, Miramar, Calif.	3,331,000
Naval Air Station, Moffett Field, Calif.	1,336,000
Marine Corps Auxiliary Air Station, Mojave, Calif.	160,000
Marine Corps Air Facility, New River, N. C.	972,000
Naval Air Station, Norfolk, Va.	628,000
Naval Air Station, Oceana, Va.	4,106,000
Naval Air Station, Pensacola, Fla.	1,533,000
Naval Air Missile Test Center, Point Mugu, Calif.	1,030,000
Naval Air Station, Quonset Point, R. I.	579,000
Naval Air Station, San Diego, Calif.	1,157,000
Padre Island, Tex.	80,000
Naval Air Turbine Test Station, Trenton, N. J.	5,209,000
Naval Air Station, Whidbey Island, Wash.	4,197,000
Classified locations	2,666,000
Supply facilities:	
Naval Supply Center, Norfolk, Va.	653,000
Naval Supply Center, Oakland, Calif.	3,051,000
Marine Corps facilities:	
Depot of Supplies, Albany, Ga.	452,000
Camp Lejeune, N. C.	749,000
Recruit Depot, Parris Island, S. C.	737,000

CONTINENTAL—continued

Marine Corps facilities—Con.	
Marine Corps School, Quantico, Va	$585,000
Recruit Depot, San Diego, Calif	82,000
Ordnance facilities:	
Naval Ammunition Depot, Charleston, S. C	671,000
Naval Proving Ground, Dahlgren, Va	212,000
Naval Ammunition Depot, Earle, N. J	73,000
Naval Ammunition Depot, Hawthorne, Nev	308,000
Naval Ordnance Plant, Indianapolis, Ind	1,183,000
Naval Powder Factory, Indian Head, Md	345,000
Naval Depot, Melville, R. I	380,000
Naval Magazine, Port Chicago, Calif	519,000
Naval Ordnance Laboratory, White Oaks, Md	361,000
Naval Mine Depot, Yorktown, Va	480,000
Classified location	2,345,000
Service school facilities:	
Naval Amphibious, Coronado, Calif	1,444,000
Naval Postgraduate School, Monterey, Calif	332,000
Fleet Air Defenses and CIC Training Center, Point Loma, Calif	340,000
Medical facilities:	
Naval Hospital, Norfolk area, Virginia	12,582,000
Naval Hospital, St. Albans, Long Island, N. Y	245,000
Naval Hospital, San Diego, Calif	756,000
Office of Naval Research facilities:	
Naval Research Laboratory, Washington, D. C	996,000
Yards and Docks facilities:	
Construction Battalion Center, Port Hueneme, Calif	3,384,000
San Bruno, Calif	750,000
Marine Corps Training Center, Twentynine Palms, Calif	14,000
Advance planning	2,500,000
Correction of deficiencies, continental	1,500,000
Total, continental	105,289,000

OVERSEAS

Fleet facilities:	
Naval Station, Subic Bay, Philippine Islands	$6,550,000
Classified location	4,639,000
Aviation facilities:	
Naval Air Facility, Cubi Point, Philippine Islands	4,992,000
Naval Air Station, Guantanamo Bay, Cuba	230,000
Naval Air Station, Iwakuni, Japan	1,670,000
Naval Air Station, Kodiak, Alaska	719,000
Naval Station, Kwajalein, Marshall Islands	990,000
Classified locations	6,225,000
Classified location	21,431,000
Supply facilities:	
Naval Station, Subic Bay, Philippine Islands	5,956,000
Classified location	17,200,000
Classified locations	8,452,000
Ordnance facilities: Classified location	400,000
Communications facilities: Naval Communication Facility, Philippine Islands	6,520,000
Yards and docks facilities:	
Correction of deficiencies, overseas	750,000

OVERSEAS—continued

Yards and docks facilities—Con.	
Replacement of temporary housing	$4,000,000
Total, overseas	90,724,000
Total, Navy	196,013,000

Generally these allocations are based upon application of previously mentioned criteria to the budget requests. The committee desires, however, to point out the necessity for reductions at several of the installations.

The committee has denied the request of $225,000 for the acquisition of the San Francisco and Napa Valley Railroad serving the Naval Shipyard, Mare Island, Calif. It would appear from the testimony that the Navy desires the requested funds to increase their bargaining position with reference to the rail transportation problem at this installation rather than for the immediate acquisition of the railroad. The committee disapproves the use of funds for this purpose.

The request for a pipefitter shop at the Naval Shipyard, San Francisco, Calif., has been denied. The shop contemplated by the estimates is considerably in excess of any similar facilities which have existed or are now in use at this base. It is desired that the Navy restudy the need for this shop, both as to size and unit cost.

The allocation of $452,000 at the Marine Corps Depot of Supplies, Albany, Ga., is sufficient to provide the requested second increment of the maintenance shops at this installation and the necessary security facilities.

The Department of the Navy requested $288,000 for the construction of temporary classroom buildings at the Marine Corps Recruit Depot, Parris Island, S. C. The committee questions the economy of constructing temporary classrooms at this permanent installation, and desires that the Department restudy this item with a view toward providing permanent classrooms if they are needed to carry on the mission of this depot.

The need for additional physical training facilities at the Naval Academy, Annapolis, Md., is recognized by the committee. The additional gymnasium facility requested in the amount of $5,680,000, however, appears to be excessive in both scope and cost. It is desired that the Department more thoroughly examine the needs of the Academy in this respect and present the results thereof to the committee for its consideration in the next Congress.

The committee has denied the request for funds for certain housing and subsistence facilities at the Naval Training Center, Great Lakes, Ill. In this connection it is noted that the Senate denied the request for authorization of $3,900,000 for barracks and subsistence buildings. All pending requests for construction at Great Lakes are based on the centralization of certain training facilities at that location. It would appear that the Senate questions the desirability of this program, therefore, this committee has deleted all related facilities. It is apparent that the Navy has not adequately justified its plan for consolidation of presently existing facilities at Great Lakes.

The allocations for advance planning and correction of deficiencies, both in the continental United States and overseas, when coupled with unobligated balances remaining in these funds will provide for the continuation of orderly programs similar to those carried on in past years.

The committee has previously stated its desire for a review of facilities which are common both to the Department of the Navy and the other services. This is particularly true with reference to aviation facilities. The cost estimates presented to the committee by the Department on these type facilities were in any instances considerably higher than similar costs in the Air Force. With this restudy in mind the committee has deleted requests for certain common type facilities. At Naval Air Station, Cecil Field, Fla., the parachute building and ordnance facilities have been denied. Fuel storage facilities at the Naval Auxiliary Air Station, Glynco, Ga., at the Naval Auxiliary Air Station, Kingsville, Tex., and the Marine Corps Auxiliary Air Station, Beaufort, S. C., have also been deleted. Fire and crash stations at the Naval Air Station, Brunswick, Maine, Naval Auxiliary Landing Field, Crows Landing, Calif., the Naval Auxiliary Air Station, Fallon, Nev., Naval Air Facility, Cubi Point, Philippine Islands, and the Naval Air Missile Test Center, Point Mugu, Calif., have been denied. The ammunition storage facilities at the Naval Air Facility, Cubi Point, Philippine Islands, and the Naval Auxiliary Air Station, El Centro., Calif., have been denied for the same reason.

Department of the Air Force

The committee recommends a program of $834,080,000 for the Department of the Air Force, a reduction of $111,917,000, and new appropriations $484,080,000, a reduction of $461,917,000 in the request for new funds. In addition, the committee recommends the application of unobligated balances from prior years of $350 million to the construction program set forth in this report. On June 30, 1954, the unobligated balance of construction funds previously appropriated to the Air Force was approximately $1.2 billion. These balances together with the new appropriation will be sufficient to meet the needs of the military construction program in fiscal year 1955 and will provide a satisfactory carryover of funds into the next fiscal year.

Committee Recommendations

Listed below is a table showing the amounts allocated to the installations in the continental United States and the various overseas commands.

CONTINENTAL

Air Defense Command:	
Atlantic City, N. J	$72,000
Minot AFB, N. Dak	6,436,000
Burlington MAP, Vt	1,010,000
Duluth MAP, Minn	2,113,000
Ent AFB, Colo	124,000
Grand Forks AFB, N. Dak	6,280,000
Geiger Field, Wash	150,000
Glasgow APT, Mont	8,038,000
Grandview AFB, Mo	1,489,000
Greater Pittsburgh APT, Pa	232,000
Hamilton AFB, Calif	1,000,000
K. I. Sawyer MAP, Mich	8,496,000
Kinross AFB, Mich	926,000
Klamath Falls MAP, Oreg	4,127,000
McChord AFB, Wash	1,561,000
McGhee-Tyson MAP, Tenn	130,000
Minneapolis-St. Paul MAP, Minn	2,129,000
Nantucket, Mass	107,000
New Castle County MAP, Del	677,000
Niagara Falls MAP, N. Y	262,000
O'Hare/Chicago MAP, Ill	228,000
Otis AFB, Mass	2,413,000
Oxnard AFB, Calif	490,000
Paine AFB, Wash	482,000
Pescadero, Calif	107,000
Point Conception, Calif	72,000
Presque Isle AFB, Maine	152,000
Selfridge AFB, Mich	718,000
Sioux City MAP, Iowa	4,000
Stewart AFB, N. Y	2,647,000
Suffolk County AFB, N. Y	1,348,000
Traverse City AFB, Mich	8,136,000
Truax/Madison FLD, Wisc	1,242,000
Wurtsmith AFB, Mich	2,383,000
Youngstown MAP, Ohio	687,000
Yuma County APT, Ariz	2,127,000
Air Materiel Command:	
Birmingham AFB, Ala	78,000
Brookley AFB, Ala	3,814,000
Gentile AF Depot, Ohio	489,000
Hill AFB, Utah	10,125,000

CONTINENTAL—continued

Air Materiel Command—Con.	
Kelly AFB, Tex	$12,193,000
Mallory AF Depot, Tenn	268,000
McClellan AFB, Calif	2,816,000
Norton AFB, Calif	4,303,000
USAF Petroleum Storage Depot No. 1, Calif	156,000
USAF Petroleum Storage Depot No. 2, Calif	737,000
Olmsted AFB, Pa	1,970,000
Robins AFB, Ga	14,645,000
Tinker AFB, Okla	6,159,000
Topeka AF Depot, Kans	86,000
Wright-Patterson AFB, Ohio	5,786,000
Air proving grounds: Eglin AFB, Fla	6,149,000
Air Training Command:	
Amarilla AFB, Tex	365,000
Bryan AFB, Tex	28,000
Chanute AFB, Ill	46,000
Craig AFB, Ala	138,000
Ellington AFB, Tex	1,073,000
Francis E. Warren AFB, Wyo	26,000
Gila Bend AF AUX, Ariz	791,000
Goodfellow AFB, Tex	15,000
Greenville AFB, Miss	813,000
Harlingen AFB, Tex	1,304,000
James Connally AFB, Tex	3,853,000
Keesler AFB, Miss	207,000
Laredo AFB, Tex	458,000
Laughlin AFB, Tex	255,000
Luke AFB, Ariz	861,000
Mather AFB, Calif	1,530,000
Moody AFB, Ga	339,000
Nellis AFB, Nev	1,930,000
Perrin AFB, Tex	1,940,000
Reese AFB, Tex	112,000
Scott AFB, Ill	934,000
Selma MAP, Ala	176,000
Sheppard AFB, Tex	32,000
Tyndall AFB, Fla	1,466,000
Vance AFB, Okla	138,000
Webb AFB, Tex	100,000
Wichita AFB, Kans	2,190,000
Williams AFB, Ariz	22,000
Air University: Maxwell AFB, Ala	1,347,000
CONAC/Regular:	
Beale AFB, Calif	192,000
Brooks AFB, Tex	757,000
Dobbins AFB, Ga	576,000
Mitchel AFB, N. Y	676,000
Wolters AFB, Tex	845,000
Conac/Reserve: Cleveland area, AFR, Ohio	4,000,000
Headquarters Command: Bolling AF, D. C	236,000
Military Air Transport:	
Andrews AFB, Md	1,890,000
Charleston AFB, S. C	7,250,000
McGuire AFB, N. J	4,638,000
Palm Beach International Airport, Fla	2,357,000
Research and Development:	
Arnold Engineering Development Center, Tenn	48,757,000
Edwards AFB, Calif	26,773,000
Griffiss AFB, N. Y	1,480,000
Griffiss Aux 2, N. Y	1,272,000
Griffiss Aux 3, N. Y	64,000
Hartford Research Facility, Conn	5,750,000
Holloman AFB, N. Mex	7,096,000
Kirtland AFB, N. Mex	3,249,000
Kirtland Subbase 1, Nev	243,000
Laur G. Hanscom AFB, Mass	6,553,000
Laur G. Hanscom Aux 1, Mass	61,000
Laur G. Hanscom Aux 2, N. Mex	114,000
Mount Washington Proj. Lab, N. Y	596,000
Patrick AFB, Fla	27,000
Patrick Aux 1	446,000
Patrick Aux 3	121,000
Patrick Aux 4	10,000
Patrick Aux 5	40,000
Patrick Aux 6	143,000
Patrick Aux 7	34,000
Patrick Aux 8	10,000
Patrick Aux 9	324,000

CONTINENTAL—continued

Strategic Air Command:	
Abilene AFB, Tex	$17,394,000
Altus AFB, Okla	15,761,000
Barksdale AFB, La	3,905,000
Bergstrom AFB, Tex	1,338,000
Biggs AFB, Tex	2,050,000
Campbell AFB, Ky	1,451,000
Carswell AFB, Tex	2,000,000
Castle AFB, Calif	9,581,000
Clinton-Sherman Airport, Okla	11,393,000
Columbus AFB, Miss	3,558,000
Davis-Monthan AFB, Ariz	2,881,000
Ellsworth AFB, S. Dak	6,991,000
Fairchild AFB, Wash	6,787,000
Forbes AFB, Kans	9,919,000
Gray AFB, Tex	465,000
Great Falls AFB, Mont	6,586,000
Homstead AFB, Fla	13,247,000
Hunter AFB, Ga	8,900,000
Lake Charles AFB, La	9,082,000
Limestone AFB, Maine	13,563,000
Lincoln AFB, Nebr	4,353,000
Little Rock AFB, Ark	11,917,000
Lockbourne AFB, Ohio	10,644,000
MacGill AFB, Fla	1,974,000
March AFB, Calif	8,734,000
Matagorda Island, Tex	607,000
Mountain Home AFB, Idaho	526,000
Offutt AFB, Nebr	1,628,000
Pinecastle AFB, Fla	4,176,000
Plattsburgh AFB, N. Y	16,784,000
Portsmouth AFB, N. H	13,653,000
Sedalia AFB, Mo	2,360,000
Smoky Hill AFB, Kans	7,540,000
Stead AFB, Nev	570,000
Travis AFB, Calif	7,772,000
Turner AFB, Ga	5,661,000
Walker AFB, N. Mex	4,087,000
Westover AFB, Mass	1,146,000
Tactical Air Command:	
Alexandria AFB, La	5,823,000
Ardmore AFB, Okla	486,000
Blytheville AFB, Ark	2,697,000
Bunker Hill AFB, Ind	2,679,000
Clovis AFB, N. Mex	2,748,000
Donaldson AFB, S. C	3,213,000
Eglin Auxiliary 9, Fla	1,462,000
Foster AFB, Tex	1,341,000
George AFB, Calif	5,102,000
Langley AFB, Va	2,534,000
Larson AFB, Wash	1,890,000
Myrtle Beach MAP, S. C	11,611,000
Pope AFB, N. C	1,950,000
Stewart AFB, Tenn	872,000
Seymour Johnson AFB, N. C	13,444,000
Shaw AFB, S. C	2,997,000
Air Academy, Colo	15,338,000
Various, Zone of Interior	1,040,000
Aircraft Control and Warning, continental	54,324,000
Total, continental	669,973,000

OVERSEAS

Alaskan Air Command	$12,870,000
Far Eastern Air Command	27,353,000
Military Air Transport	10,090,000
Northeastern Air Command	19,114,000
Strategic Air Command	2,386,000
USAFE, Middle East	31,578,000
USAFE, Spain	48,145,000
USAFE, United Kingdom	12,571,000
AC and W, overseas	5,000,000
Less reimbursement from sale French Morocco surplus materials	—5,000,000
Total, overseas	164,107,000
Total, Air Force	834,080,000

These allocations are generally based upon application of previously mentioned criteria to the budget estimates. The committee desires, however, to comment on reductions at several of the installations.

The committee is not convinced of the need for a gymnasium at Ent Air Force Base, Colorado Springs, Colo. It would appear that sufficient recreational facilities are presently available in the area to meet the needs of the base personnel.

At Kinross Air Force Base, Mich., it would seem to be proper to provide a multipurpose recreational building, with theater facilities, rather than the large expensive theater contemplated in the budget estimates.

Recent experiences have demonstrated that the costs of storage igloos at Truax/Madison Field, Wis., can be reduced below those presented to the committee.

The Air Force requested $1,495,000 for the relocation of certain buildings at Kelly Field, Tex. As a result of a survey requested by the committee it now appears that the necessary relocations can be accomplished for approximately $975,000. The committee is quite desirous that the Air Force carefully screen the buildings to be relocated at this base both as to their present condition and the actual need for them in the accomplishment of the permanent mission of this installation.

The request of $132,000 for railroad trackage at Topeka Air Force Depot, Kans., has been denied. Estimated savings resulting from this item are not sufficient to warrant its construction at the present time.

It is desired that the Air Force restudy the plans for housing and messing facilities at Gila Bend Auxiliary Field, Ariz., with a view toward providing only for the needs of the personnel stationed at the base. Sufficient funds have been included in the allocation to provide for such reduced facilities. The committee calls to the attention of the Air Force the desirability of providing both housing and messing facilities in one building at small installations of this type.

The committee has reduced the request for personnel facilities at Wichita Air Force Base, Kans., in the belief that a restudy of the present estimates for these structures, both as to size and cost, should result in considerable savings.

Funds were requested for construction of a joint Air Force-Navy Reserve facility in the vicinity of Cleveland, Ohio. Experience has shown that it is folly to appropriate large sums for construction until the site of the installation has been firmly established and proper advance planning accomplished on the individual line items. Since this has not been accomplished at this base, the $4 million allocated by the committee will be sufficient to provide for the necessary land acquisitions as well as to allow the award of contracts for portions of the airfield pavement requirements.

The committee fails to see the need for the replacement of dormitory and messing facilities at Kirtland Air Force Base, N. Mex., the hospital addition at Sedalia Air Force Base, Mo., or the gymnasium at Stead Air Force Base, Nev.

The funds requested for Auxiliary Field 11 of Patrick Air Force Base, Fla. have been denied. The committee will entertain requests for this installation when the site has been firmly established and the need more clearly demonstrated.

The personnel facilities requested at Pope Air Force Base, N. C. have been deleted. It is the committee's opinion that facilities of this type exist, either at this installation or at adjacent Fort Bragg, to meet the needs of the personnel.

The committee desires that the Air Force review the warehouse requested for the Mount Washington climatic project, New Hampshire. The need for the structure and the unit cost of $30 per square foot are both questionable.

At Plattsburg Air Force Base, N. Y., the committee has denied funds for a post exchange sales store and a hospital. Sufficient facilities exist to meet the needs of the base for a sales store. The hospital should be reviewed as to design, size, and cost with a

view toward providing the most economical structure cognizant with the needs of the installation.

The amount of $15,338,000 is made available for the initiation of construction of the Air Force Academy and for construction of the interim Academy at Lowry Air Force Base, Colo., with the specific limitation that the funds made available to the Air Force by the State of Colorado are to be used only for the purchase of land. The committee has reduced the request for land-acquisition funds by the $1 million presently contemplated to be received from the State for this purpose. Under no circumstances is the Department of the Air Force to acquire more than the presently contemplated 15,000 acres for this installation without prior clearance by this committee.

At Hickam Air Force Base, T. H., it appears that the cost of the contemplated restoration of certain barracks space is excessive and should be more thoroughly studied prior to the appropriation of funds.

The committee has denied requests in their entirety for bases on which construction has not been initiated or has been seriously retarded due to the inability of the Air Force to fulfill necessary land requirements. These bases are Portland International Airport, Oreg., Dover Air Force Base, Del., Dow Air Force Base, Maine, and Lawson Air Force Base, Ga.

Reductions have been made in the land acquisition costs at certain bases due to the donation of lands by local interests. These bases are North Dakota, Glasgow Air Force Base, Mont.; Traverse City Air Force Base, Mich.; and Myrtle Beach Municipal Airport, S. C. Additional reductions have been made in the costs at Glasgow due to the overpricing of the land in the estimates submitted to the committee.

Application of the present cost limitation on warehousing and cold-storage facilities has resulted in reductions in the funds requested for these facilities at Minot Air Force Base; Glasgow Air Force Base; Grand Forks Air Force Base; K. I. Sawyer Municipal Airport, Mich.; Klamath Falls Municipal Airport, Oreg; Traverse City Air Force Base, Mich.; Great Falls Air Force Base, Mont.; and Altus Air Force Base, Okla.

The committee has reduced the cost of gymnasiums requested for bases at Grandview, Mo.; Amarillo Air Force Base, Tex.; Laughlin Air Force Base, Tex.; Wichita Air Force Base, Kans.; Kirtland Air Force Base, N. Mex.; Hanscom Air Force Base, Mass.; Hunter Air Force Base, Ga.; Lake Charles Air Force Base, La.; Lincoln Air Force Base, Nebr.; Portsmouth Air Force Base, N. H.; Ardmore Air Force Base, Okla.; Blytheville Air Force Base, Ark.; Foster Air Force Base, Tex.; and George Air Force Base, Calif.

Department of the Army

The budget estimates received by the committee for the Department of the Army contemplated a funding program from available unobligated balances in the amount of $245,611,000. The committee recommends a program of $191,321,000, a reduction of $54,290,000 in the budget request.

Committee Recommendations

The funds approved by the committee for the Department of the Army are allocated in the following manner:

Department of the Army	
Ordnance:	
Aberdeen Proving Ground, Md	$1,579,000
Atchison Storage Facility, Kans	1,155,000
Benicia Arsenal, Calif	352,000
Frankford Arsenal, Pa	1,626,000
Jet Propulsion Laboratory, Calif	247,000
Letterkenny Ordnance Depot, Pa	$2,190,000
Lima Ordnance Depot, Ohio	33,000
Navaho Ordnance Depot, Ariz	85,000
Redstone Arsenal, Ala	580,000
Savanna Ordnance Depot, Ill	360,000
Quartermaster:	
Atlanta General Depot, Ga	100,000
Fort Lee, Va	983,000
New Cumberland General Depot (including United States Disciplinary Barracks), Pa	492,000
Richmond Quartermaster Depot, Va	97,000
Chemical:	
Army Chemical Center, Md	673,000
Deseret Chemical Depot, Utah	181,000
Dugway Proving Ground, Utah	78,000
Signal:	
Transmitting Station, Va	2,360,000
Fort Huachuca, Ariz	77,000
Lexington Signal Depot, Ky	492,000
Fort Monmouth, N. J	330,000
Sacramento Signal Depot, Calif	492,000
Corps of Engineers: Fort Belvoir, Va	3,050,000
Transportation:	
Brooklyn Army Base, N. Y	1,264,000
Charleston Transportation Depot, S. C	370,000
Fort Eustis, Va	3,463,000
Oakland Army Base, Calif	785,000
Point Aux Pins Ammunition Terminal, Ala	6,152,000
Army Security Agency: Vint Hill Farms Station, Va	98,000
Army Medical Service:	
Wm. Beaumont Army Hospital, Tex	391,000
Brooke Army Medical Center, Tex	1,129,000
First Army:	
Boston Army Base, Mass	9,900,000
Fort Devens, Mass	1,314,000
Fort Dix, N. J	330,000
Fort Hamilton, N. Y	450,000
Second Army:	
Fort Knox, Ky	1,285,000
Fort George G. Meade, Md	303,000
Third Army:	
Fort Benning, Ga	4,264,000
Fort Bragg, N. C	3,470,000
Fort Campbell, Ky	3,623,000
Fourth Army:	
Fort Bliss, Tex	11,178,000
Fort Hood, Tex	9,904,000
Fort Sill, Okla	1,314,000
Fifth Army:	
Camp Carson, Colo	3,582,000
Fort Riley, Kans	3,871,000
Sixth Army:	
Fort Lewis, Wash	6,268,000
Presidio of Monterey, Calif	330,000
Fort Ord, Calif	774,000
U. S. Disciplinary Barracks, Calif	923,000
Yuma Test Station, Ariz	75,000
Armed Forces special weapons projects	2,080,000
General, continental United States:	
Tactical facilities	65,000,000
Classified project	2,700,000
Overseas areas:	
Alaska:	
Eielson Air Force Base (Army)	533,000
Kenai	1,954,000
Ladd Air Force Base (Army)	839,000
Fort Richardson	992,000
Whittier	541,000
Okinawa	11,049,000
Pacific: Waiawa Radio Transmitting Station, T. H	$221,000
Iceland	5,490,000
Tactical facilities, overseas	500,000
General, continental United States and overseas: Advance design	5,000,000
Total, Army	191,321,000

Generally, the reductions recommended by the committee are based on previously mentioned criteria. The committee desires, however, to comment on reductions at several specific installations.

Adequate swimming facilities exist at Aberdeen Proving Ground, Md., therefore, the committee has denied the request for an additional swimming pool at this installation.

The committee believes that the gymnasium at White Sands Proving Ground, N. Mex., is excessive to the needs of this installation and desires that the Army restudy the need for a facility of the size contemplated at this station.

The request for an addition to the officers' open mess at Fort Belvoir, Va., has been denied, as have funds requested for the post exchange at Walter Reed Medical Center, D. C.; the bowling alleys and officers club at Fort Bragg, N. C.; and the fieldhouse and post exchange at Fort Dix, N. J., in the belief that adequate facilities exist on these installations to meet the needs of the personnel stationed there.

The committee fails to see the need for a post exchange sales store at the Sacramento Signal Depot, Calif.

Funds were requested in the amount of $8,450,000 for conversion of the riding hall at the United States Military Academy, N. Y., to classroom spaces. While the committee recognizes the possible need for additional classroom spaces at the Academy, it desires that the Department restudy this proposal with consideration being given both to the erection of a less costly structure and to the amount of classroom space actually needed in view of present and anticipated future enrollments at the Academy.

Funds requested for post exchanges at Fort Campbell, Ky., and Camp Carson, Colo., have been denied. The requested facilities appear to be excessive in scope to the needs of these installations, particularly with reference to the inclusion of cafeteria facilities.

The request for barracks at Ladd Air Force Base, Alaska, has been denied by the committee. As is stated elsewhere in their report, a careful study should be made of the costs of these barracks in view of the actual construction experiences of the Air Force at this same installation.

The funds allocated for advance design when coupled with unobligated balances remaining in this item will provide for the continuation of an orderly advance planning program.

The committee has allocated funds for construction of the Point Aux Pins Ammunition Terminal, Alabama, in the amount requested by the Department of the Army. These funds are to be used only for land acquisition and for dredging of a channel leading directly to the sea in the manner presented to the committee in the recent hearings in support of this project.

Funds in the amount of $9,900,000 for the Boston Army Base, Mass., were requested by the Department of the Army. This project is authorized in H. R. 9242 and has been concurred in by both the House of Representatives and the Senate. It also involves the utilization of approximately $1,100,000 from the Commonwealth of Massachusetts and authorizes the Secretary of the Army to lease such portions of the Boston Army Base as

he may deem advisable to the Commonwealth of Massachusetts with the retention of recapture rights in any national emergency upon a determination by the Secretary of the Army that the property is needed for military purposes. The committee insists that such a lease contain terms that in the event of reentry into these facilities by the United States the return given to the Commonwealth of Massachusetts as a result of such action shall only be the proper proration of the capitalization of the $1,100,000 contributed by the Commonwealth and shall not include any expenses of protection, repair, and maintenance of the leased premises which the Commonwealth would assume under the terms of H. R. 9242.

CHAPTER IX

Subcommittee: JOHN TABER, New York, chairman; RICHARD B. WIGGLESWORTH, Massachusetts; H. CARL ANDERSEN, Minnesota; IVOR D. FENTON, Pennsylvania; NORRIS COTTON, New Hampshire; GLENN R. DAVIS, Wisconsin; GERALD R. FORD, Jr., Michigan; J. VAUGHAN GARY, Virginia; JOHN J. ROONEY, New York; OTTO E. PASSMAN, Louisiana; CLARENCE CANNON, Missouri.

Emergency programs and activities

Department of State

Government in occupied areas: The bill includes $14 million for carrying out the United States occupation, contractual, diplomatic, and educational exchange functions in Germany and Austria. This amount is $1,500,000 below the amount of the budget estimate and is $5,836,101 below the comparable appropriation for fiscal year 1954.

In addition, the $1 million requested in House Document Numbered 428 to provide for the construction of staff housing in Austria is approved. This amount is to be used exclusively for purchase of foreign credits owed to or owned by the United States.

Funds Appropriated to the President

Refugee relief: There is included in the bill $7 million to carry out the provisions of the Refugee Relief Act of 1953, in which six of the major departments of Government are involved. The amount allowed is $2,025,000 below the budget estimate and $3,750,000 above the appropriation for fiscal year 1954. The request as contained in House Document Numbered 422 for language permitting the apportionment of the entire amount in the first 9 months of the fiscal year, if found necessary by the Bureau of the Budget, is not approved.

Department of the Army, Civil Functions

Government and relief in occupied areas: The committee recommends $3,100,000 for expenses necessary to meet the responsibilities and obligations of the United States in connection with the government or occupation of the Ryukyu Islands, the most important of which is Okinawa. The amount provided is the same as appropriated for fiscal year 1954 and is $950,000 below the budget estimate. It should be noted that $600,000 of the 1954 fiscal year's appropriation was withheld by administrative action and was recently released for procurement of supplies, the economic effect of which will be realized in the present fiscal year. The Department therefore volunteered a reduction of $600,000 in their request for the 1955 fiscal year.

Federal Civil Defense Administration

The bill includes a total of $44,025,000 in new appropriations plus the sum of $1,300,000 of previously appropriated funds which is continued available. The amount allowed provides appproximately the same amount as was obligated during fiscal year 1954. The action with respect to each item is set forth below.

Operations: The committee recommends $8,525,000 for this item which provides for civil defense planning, education services, operations control services, technical advisory services, field representation, executive direction, and general administration. The amount allowed is the same as was appropriated for fiscal year 1954.

Federal contributions: There is included in the bill $10,500,000 for financial contributions to the States, pursuant to subsection (1) of section 201 of the Federal Civil Defense Act of 1950, as amended to be equally matched with State funds. The amount allowed is $4,250,000 below the budget estimate, but is the same as the sum appropriated for fiscal year 1954. In addition, language as requested in House Document No. 385, continuing available $1,300,000 of the unobligated balance for fiscal year 1954, is included in the bill.

Emergency supplies and equipment: The bill includes $25 million for procurement of reserve stocks of emergency civil-defense materials as authorized by subsection (h) of section 201 of the Federal Civil Defense Act of 1950, as amended. The amount allowed is $2,500,000 below the amount appropriated for the current fiscal year and is $35 million below the budget estimate. The entire amount allowed is to be used for medical supplies and equipment.

Jamestown-Williamsburg-Yorktown Celebration Commission

The sum of $170,000, the budget estimate, is included in the bill for the operation of this Commission which was established pursuant to Public Law 263, approved August 13, 1953.

General Services Administration

Administrative expenses, Abaca fiber program: Language as requested in House Document No. 456 is included in the bill. The administrative expense limitation has been reduced from $148,000 to $135,000.

Treasury Department

Federal Facilities Corporation: Language as requested in House Document No. 456 with the administrative expense limitation of $1,954,000 is included in the bill.

CHAPTER X

Claims, audited claims, and judgments

The committee recommends the full amount of $9,296,561 contained in House Document No. 461 to cover claims for damages, audited claims, and judgments rendered against the United States. Of this amount, $8,031,303 represents judgments of the Court of Claims and the United States districts courts. The amount provided for claims is $1,265,258.

CHAPTER XI

General provisions

Subcommittee: JOHN TABER, New York, chairman; RICHARD B. WIGGLESWORTH, Massachusetts; H. CARL ANDERSEN, Minnesota; IVOR D. FENTON, Pennsylvania; NORRIS COTTON, New Hampshire; GLENN R. DAVIS, Wisconsin; GERALD R. FORD, Jr., Michigan; J. VAUGHAN GARY, Virginia; JOHN J. ROONEY, New York; OTTO E. PASSMAN, Louisiana; CLARENCE CANNON, Missouri.

The general provision included in the accompanying bill are applicable to all departments, agencies, and corporations of the Federal Government.

Section 1101 continues, at $1,400 each, the amount that may be spent for purchase of passenger motor vehicles, and adds a new limitation of $3,000 on any one passenger vehicle irrespective of any limitation carried in the 1955 appropriations acts.

Section 1102 continues language which has been carried for some years concerning the employment of aliens.

Section 1103 continues language previously carried relating to living quarters allowances.

Section 1104 continues language previously carried prohibiting the filling of positions by anyone whose nomination has been disapproved by the Senate.

Section 1105 continues language previously carried limiting the amount that may be paid for copies of the United States Code Annotated and the Lifetime Federal Digest.

Section 1106 continues language previously carried relating to the use of funds by Government corporations.

Section 1107 contains language similar to that previously carried prohibiting the use of funds of corporations for purchase or construction of office buildings.

Section 1108 continues language previously carried to authorize the transfer of personnel and appropriations to defense activities of various departments and agencies of the Government in pursuance to law.

Section 1109 continues language concerning rental of Government-owned living quarters.

Section 1110 contains language similar to that carried previously authorizing the use of appropriated funds to purchase foreign credits owed to or owned by the United States, as required by section 1415 of Public Law 547, 82d Congress.

Section 1111, definition of obligations: Over a period of years numerous loose practices in handling appropriated funds have grown up in various agencies of the Government. The most difficult problem in this area arises from the recording of various types of transactions as obligations of the Government when, in fact, no real obligation exists. This situation has become so acute as to make it next to impossible for the Committee on Appropriations to determine with any degree of accuracy the amount which has been obligated against outstanding appropriations as a basis for determining future requirements. It has become necessary to set forth definitely in the law the types of transactions which will be recognized as true obligations and secure accurate reporting thereon in order that it may be possible for the Committee on Appropriations to have a sound basis for its operations. Section 1111 therefore has been included in the bill to accomplish this purpose. A clean-cut definition of the obligations will also greatly simplify the work of the General Accounting Office in auditing and settling the accounts of the various agencies. The Acting Comptroller General was consulted and has concurred in the proposal as a necessary step to clear up the existing chaotic situation. The proposal has also been discussed with the Director of the Bureau of the Budget and he agrees that legislation of this type is needed.

Section 1112 continues language previously carried commonly known as the antistrike provision.

Limitations and legislative provisions

The following limitations and legislative provisions not heretofore carried in connection with any appropriation bill are recommended:

On page 2, line 20, in connection with the appropriation for the Architect of the Capitol:

"The Architect of the Capitol, under the direction of the House Office Building Commission, is authorized hereafter to furnish steam from the Capitol Power Plant to the Folger Shakespeare Library: *Provided*, That the person or persons authorized to make contracts with respect to such building to which such steam is to be furnished agrees (a) to pay for such steam at rates not less than cost, determined by the Architect of the Capitol with the approval of the House Office Building Commission, and (b) to connect such building with the Capitol Power Plant steam lines without expense to the United States and in a manner satisfactory to the Architect of the Capitol and the House Office Building Commission: *Provided further*, That amounts received in payment for steam

so furnished shall be covered into the Treasury of the United States as miscellaneous receipts."

On page 10, line 19, in connection with "Construction and rehabilitation, Bureau of Reclamation": *"Provided,* That no part of this appropriation shall be used to initiate construction of the Helena Valley unit, Montana, until a repayment contract has been executed."

On page 13, line 7, in connection with "Expenses, General Supply Fund":

"Leased warehouse space temporarily in excess of operating requirements may be subleased to commercial organizations and the proceeds shall be covered into the Treasury as miscellaneous receipts."

On page 37, line 22, "General Provisions":

"SEC. 1111. (a) After the date of enactment hereof no amount shall be recorded as an obligation of the Government of the United States unless it is supported by documentary evidence of—

"(1) a binding agreement in writing between the parties thereto, in a manner and form and for a purpose authorized by law, executed before the expiration of the period of availability for obligation of the appropriation or fund concerned for specific goods to be delivered, real property to be purchased or leased, or work or services to be performed; or

"(2) a valid loan agreement, showing the amount of the loan to be made and the terms of repayment thereof; or

"(3) an order required by law to be placed with a Government agency; or

"(4) an order issued pursuant to a law authorizing purchases without advertising when necessitated by public exigency or for perishable subsistence supplies or within specific monetary limitations; or

"(5) a grant or subsidy payable (i) from appropriations made for payment of or contributions toward, sums required to be paid in specific amounts fixed by law or in accord with formulae prescribed in law, or (ii) pursuant to agreement authorized by, or plans approved in accord with and authorized by, law; or

"(6) a liability which may result from pending litigation brought under authority of law; or

"(7) employment or services of persons or expenses of travel in accord with law, and services performed by public utilities; or

"(8) any other legal liability of the United States against an appropriation or fund legally available therefor.

"(b) Not later than September 30 of each year, the head of each Federal agency shall certify, as to each appropriation or fund under the control of such agency, the amount thereof remaining obligated but unexpended and the amount thereof remaining unobligated on June 30 of such year and copies of such certification shall be forwarded by him to the chairmen of the Committees on Appropriations of the Senate and the House of Representatives, to the Comptroller General of the United States, and to the Director of the Bureau of the Budget. Notwithstanding any other provision of law, the duty of making certifications as required by this subsection shall not be delegated: *Provided,* That such certification for the fiscal year ending June 30, 1954, shall be made not later than October 31, 1954, and shall include only such obligations as could have been recorded under the provisions of subsection (a) hereof.

"(c) Each certification made pursuant to subsection (b) shall be supported by records evidencing the amounts which are certified therein as having been obligated and such records shall be retained in the agency in such form as to facilitate audit and reconciliation for such period as may be necessary for such purposes.

"(d) No appropriation or fund which is limited for obligation purposes to a definite period of time shall be available for expenditure after the expiration of such period except for liquidation of amounts obligated in accord with subsection (a) hereof; but no such appropriation or fund shall remain available for expenditure for any period beyond that otherwise authorized by law."

Mr. TABER. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read the bill down to and including line 16, page 5.

Mr. TABER. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ALLEN of Illinois, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 9936) making supplemental appropriations for the fiscal year ending June 30, 1955, and for other purposes, had come to no resolution thereon.

CHARTER OF TANKERS BY THE SECRETARY OF THE NAVY

Mr. ARENDS. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill (S. 3458) to authorize the long-term time charter of tankers by the Secretary of the Navy, and for other purposes, with a House amendment thereto, insist on the House amendment, and agree to the conference requested by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Illinois? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. ARENDS, COLE of New York, SHAFER, CUNNINGHAM, VINSON, KILDAY, and RIVERS.

SPECIAL ORDERS GRANTED

Mr. HOLIFIELD asked and was given permission to address the House for 1 hour today and 1 hour on Wednesday next, following the legislative program and any special orders heretofore entered.

FURTHER MESSAGE FROM THE SENATE

A further message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 6788) entitled "An act to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation, and for other purposes."

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2759) entitled "An act to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes."

PROVIDING MULTIPLE MINERAL DEVELOPMENT OF PUBLIC LANDS

Mr. ALLEN of Illinois. Mr. Speaker, I call up the resolution (H. Res. 639) providing for the consideration of H. R. 8896, a bill to amend the mineral-leasing laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8896) to amend the mineral-leasing laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Interior and Insular Affairs, the bill shall be read for amendment under the 5-minute rule. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Interior and Insular Affairs now in the bill, and such substitute for the purpose of amendment shall be considered under the 5-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. ALLEN of Illinois. Mr. Speaker, I yield such time as he may require to the gentleman from Montana [Mr. D'EWART].

Mr. D'EWART. Mr. Speaker, this bill has to do with the mineral leasing and mining laws. These laws provide only for the exclusive development of minerals, under the mining laws and the exclusive search and development of oil and certain other minerals under the leasing laws. This bill is necessary because of the discovery of fissionable materials on these claims and leases thereby making multiple use necessary. This bill proposes to permit multiple use of those areas. The committee held extended hearings on the matter. We went into it a year ago. The Congress passed a law permitting development for 1 year on existing uranium claims. However, that bill was only for 1 year and this new bill provides for future development of fissionable materials. The bill is necessary if we are to have this multiple use of these oil lease lands and mining lands. Therefore, I hope the rule is adopted.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Colorado [Mr. ASPINALL] to explain this bill. I think it would be well for the House to know something about the bill, and the gentleman from Colorado is very well informed on it.

Mr. ASPINALL. Mr. Speaker, while it is unfortunate, it sometimes appears that if we wish to achieve some simple end by legislation, we must use language so complicated that the simple purpose is obscured. This is particularly true if the situation which is to be handled has developed over a long term of years.

The consideration of H. R. 8896, which has for its purpose the multiple use of our mineral resources present in our public lands, falls into this category. Yet, I believe that a careful explanation will show the close relationship between the simple end to be achieved and the method of achievement.

The basic problem is that we have two general statutory procedures and two general systems for the development and production of the mineral resources of this Nation. The first of these grew out of the necessities of the early mining operations of the West and centered around the rights to follow the initial discovery of a valuable mineral or metal. The locator was given exclusive possession to otherwise unclaimed public land upon which he had discovered a lode or vein or placer deposit. It follows that certain specifications and procedures must be followed and adhered to but the important point is that the locator is entitled to prosecute his claim to full title by patent to a limited area of ground directly related to his discovery. This system received statutory approval by the passage of the mining law of 1872.

A second type of development came into play in 1920 with the passage of the Mineral Leasing Act which reserved to the Government such minerals as coal, phosphate, oil shale, gas and oil, sodium and later sulfur. Under the provisions of this act, development was on a limited basis by permit or lease with title to the land and also to the mineral involved, until it was actually in the physical possession of the lessee or permittee, remaining in the Government. The developer was thus a permittee or lessee and not a fee owner as in the case of a general mining operator.

Beyond this, these two mining acts provide for systems which are mutually exclusive. Public land withdrawn or valuable or potentially valuable for Leasing Act minerals, or land actually covered by a permit or lease for one of these listed minerals is closed to location and development under the mining laws. Likewise, public land under location for mining claims makes impossible development of leasing mineral potentials unless carried on by the locator himself.

For a long period of time—in fact from 1920 until the late 1940's—this mutually exclusive pattern, while undesirable, did not cause any major hardship or controversy. Then came the demand for uranium in this country and a special and dramatic emphasis was placed upon this general subject. This came about because it was found that the major area where most of the early uranium deposits were located and opened was largely blanketed by prior oil and gas leases or on lands likely to be valuable for oil and gas.

Mr DURHAM. Mr. Speaker, will the gentleman yield?

Mr. ASPINALL. I yield.

Mr. DURHAM. I think legislation probably should have been adopted earlier in the development of these uranium mines in the western part of the United States, but since this does put them under the mining law, it would also give each individual, it does not make any difference how small he is, if he is just a one-shovel prospector, it will put him in the same position as the man with any other amount of money?

Mr. ASPINALL. That has been the history of the mining law development in this country.

Mr. DURHAM. What effect will this have on the sale of securities since under the mining and leasing law they will be able to sell stock; is that correct?

Mr. ASPINALL. That is right.

Mr. DURHAM. Will these leases and the regulations governing the sale of securities be under the State law or under the general Federal law?

Mr. ASPINALL. They will be under both; they will be under Federal law with reference to the sale of securities, and also they will certainly come under the various State laws.

Mr. DURHAM. Since there is a great deal of confusion at the present time as to this whole field of operation, does the gentleman feel that this bill will protect the Federal Government in respect to the sale of securities?

Mr. ASPINALL. I feel that it will protect the Federal Government and the people working with the Federal Government and the State commissions; and the Atomic Energy Commission, as the gentleman from North Carolina knows, has been asked for its approval of this proposed legislation.

Mr. DURHAM. And does the gentleman feel that the individual investor will be fully protected? I mean by that, he will know whether or not his stock is worth anything, or whether it is the kind of stock that is given away with each $5 purchase of groceries. The gentleman knows what I mean.

Mr. ASPINALL. I know exactly; and I feel that the protection afforded will be as great as it is possible to give. In my opinion, it will be just as substantial as any protection in such procedures, or for that matter, when any securities are legally issued and offered for sale. The gentleman asks if it will be possible to sell stock. As long as we have people who want to buy such stocks—and we always have them—I suppose they will be able to buy them, I do not see any difficulty because of this bill.

Mr. DURHAM. The stocks are usually regulated by State agencies.

Mr. ASPINALL. And this stock will be regulated as well.

Mr. SHEPPARD. Mr. Speaker, will the gentleman yield?

Mr. ASPINALL. I yield.

Mr. SHEPPARD. I would like to ask this question out of precaution and more or less as a matter of formula: Does this have anything to do with water rights?

Mr. ASPINALL. It has nothing whatsoever to do with water rights. It deals simply with multiple rights to the use of minerals in our public lands.

Mr. SHEPPARD. I thank the gentleman.

Mr. ASPINALL. Mr. Speaker, when this conflict became known, some solution was made mandatory and there began a great effort on the part of the affected parties, mining interests, leasing interests, the Atomic Energy Commission, and the Department of Interior to find some means to sustain the worthy principles of both the mining and the leasing laws and still provide for the rapid development of vitally needed uranium. This is not to indicate that uranium is the only value involved for there are other mineral values which can be more readily developed if some multiple-use legislation can be passed. Uranium just dramatized this need.

This need for solution and the effort given to it resulted in measures to meet the most pressing immediate needs and also to demonstrate the process by which a permanent solution could be had. First, something had to be done about the mining claims filed in unknowing trespass on oil and gas lands during the period between August 1, 1939 and December 31, 1952, the date when the technical trespass was recognized as a known factor. These claims, filed in good faith, were in production but the cloud on the location or right forced the Atomic Energy Commission to withhold certain payments to the producers. This uncertainty with regard to going mines put a damper on any new operations and many feared that they would lose what investment they had put into their claim or mine.

This pressing need was met by special legislation in August of 1953. Public Law 250, passed during the first session of the 83d Congress, validated the claims filed in unknowing trespass between August 1, 1939, and the end of December 1952, most of which were located on the Colorado Plateau. Beyond that, this temporary legislation laid the foundation upon which a permanent solution could be built.

The cutoff date of December 31, 1952, still left a great many claims and a great many potential claims in doubt as to validity. The Atomic Energy Commission, in order to sustain the impetus of uranium development while some solution was being worked out, finally came out with certain lease procedures under its Circular No. 7, which it issued late in January of 1954. This again was only a stopgap proposition. Something permanent was required because of confusion stemming from the reservation to the Government and its agent, the Atomic Energy Commission, of all fissionable source materials as specified in the Atomic Energy Act of 1946.

We have now come to the time when permanence must be given to past procedures and where some lasting procedures can be established to carry through the years.

It became apparent during the involved discussions on this general subject that the reservation to the Government of all fissionable source materials has, in effect, put their development under procedures similar to those provided in the Mineral Leasing Act rather than the general mining laws, while it had been understood from official releases that prospecting and developing procedures under the general mining law would be respected. The general mining law did not apply for even though a discovery was made by a mining locator, he could not acquire title or right to a material reserved to the Government and his location could be as easily filed upon by another. If this had been seriously pursued, the confusion would have passed all bounds.

Any claim located under the mining laws and filed prior to an oil and gas lease or permit or an application for such and/or prior to the Atomic Energy Act is quite valid, only no one was filing any claims for uranium any earlier for there was no market. However, on that same Colorado plateau where the oil and gas lease overlap was so important, there were many old claims containing uranium which had been initially located for either radium or vanadium. There was no way the Government could abrogate these old valid claims, yet no apparent way by which new ones could be located.

The actual demonstrated results of the operation of the program under the mining system, before it developed that it might be clouded by the Mineral Leasing Act, made it clear beyond doubt that the wisest and most efficient method of finding and developing uranium deposits was under the mining laws. This allowed, and indeed inspired, a vast number of individuals to go out into the hills and run down workable deposits of uranium. The only apparent alternative would have been a lease system under which the small operator is at a material disadvantage, and under which the possibility of monopoly is much greater. Under the prospecting system the individual enterpriser can do, and in fact always has done, about as well as anyone else. The enterprise system has been proved a wise system many times in the prospecting and developing of mineral resources throughout the history of our Nation.

So it was then that the interested parties came to a preliminary agreement in 1953 which resulted in the passage of Public Law 250. This act validated the claims made which would have been abrogated under the Mineral Leasing Act if any suit had been pursued. In the full realization that the effort for a permanent solution was going forward, the method of operation was not materially altered. That is to say that enterprising people still went out into the hills with their jeep—and that little machine has displaced the burro in this field—and found and staked out claims for uranium even though many of them were on lands where the Leasing Act prohibition still might cut them off. In that this effort was allowed by mutual, if unwritten, agreement, we should not now abrogate the well-established pattern for it is based upon our traditional method of locating new ore bodies. It has been partially validated by the limited effect of Public Law 250 and the operations under the regulations of the Atomic Energy Commission—Circular No. 7—and by the general assumption that the interested groups would come to some common agreement on a permanent solution.

This desirable end has been achieved and has been reduced to legal language. The bill containing this language has been unanimously approved by the Senate and is now before the House for final consideration.

It is not my purpose to go into a section-by-section analysis of this bill at this time while considering the resolution for a rule. However, I do wish to point up the fact that the bill to be considered has four distinct purposes, all of which are closely connected. The first of these is to validate claims made in good faith under the mining laws on lands where they would otherwise be blocked by the leasing law. This requires certain stipulations on priority of past claims which, even though presently without validity, do represent at least a prior equitable right.

The second purpose is to make possible the development of other than the leasable minerals—coal, phosphate, oil and gas, oil shale, sodium, and sulfur—on public lands covered by mineral leases or permits or applications for such leases or permits. And, at the same time providing that from the effective date of said act that claims filed and patents issued hereafter shall in most cases carry a reservation to the Federal Government of the leasable minerals present in lands described in such claims or patents. This part of the legislation makes possible the multiple-mineral use of the public lands. The third purpose of the bill is to provide a procedure whereby an applicant for or holder of a permit or lease under the Mineral Leasing Act may request the Department of the Interior to publish a notice requiring any claimant under an unpatented mining claim to come forward and make his claim known where the claim extends to Leasing Act minerals. This part of the bill is largely for the protection of the dormant claim owner and at the same time provides for the multiple-mineral use of such lands. This has been the most difficult part of the legislation. The members of the committee considering the bill feel that the best possible protection for all concerned has been provided. Time alone will tell just how well we have done. The fourth objective in H. R. 8896 is the amending of the Atomic Energy Act in accordance with the expressed approval of the Commission itself and providing for the deletion from said act of the reservation of all fissionable-source materials. This provision does not disturb the exclusive right of the Government to the purchase and control of the use of all fissionable-material ore. On the other hand, it does clarify the statutory procedure by which the prospecting for and the taking from the earth of such ore shall be accomplished.

The legislation has been considered most extensively by the Committee on Interior and Insular Affairs. The bill was reported to the House with but minor objection. Since the committee action an amendment has been agreed upon by its sponsors and our colleague, Congressman ENGLE, of California, which agreement has removed his objection. This amendment will be offered under the 5-minute rule.

The legislation is badly needed and I sincerely hope that the rule and the bill will each have the support of the Members.

I should like to close with a commendation of those interested individuals and groups who have worked so diligently for a solution acceptable to all. I can recall no other time when I have seen such determination to work in harmony to find an agreement on the principles without weakening compromises. We have had here, in my opinion, a demonstration of the best process of democracy—the working together of freemen to find a common solution to an existing problem. Lastly, may I say that if this bill becomes law, it will be another effective link in our ecomonic system which has been so well built on private initiative and free enterprise.

Mr. ALLEN of Illinois. Mr. Speaker, I rise to urge the adoption of House Resolution 639 which will make in order the consideration of the bill (H. R. 8896) to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes.

House Resolution 639 provides for an open rule, waiving points of order with 1 hour of general debate on the bill. The rule would also allow for the consideration of the committee substitute amendment as an original bill for the purposes of amendment.

H. R. 8896 proposes to solve the difficult problem arising out of the conflict and coexistence of two distinct systems under which a person may acquire rights to develop and exploit the mineral resources of the Federal domain.

The first method by which these rights may be acquired dates back to 1872 when it was decided that the person who located and patented a mining claim received full title to this location.

In 1920, however, the leasing system was inaugurated under the Mining Leasing Act, which provided for the licensing or leasing system of lands on which oil and gas, oil shale, coal, phosphate, sodium and potash have been discovered.

The conflict arises from the fact that under the laws of the United States, lands on which mineral locations have been made under the mining laws have not been open to leasing under the Mineral Leasing Act. On the other hand, lands which have been leased or licensed to individuals under an oil or gas lease provided for in the Mineral Leasing Act, or if they are known to be valuable for leasing act minerals, have not been open to mineral entry under the mining laws.

The report on this bill brought out the fact that the need for the discovery and exploitation of uranium in the United States has brought this situation to a head. The uranium deposits thus far have been discovered in the area around the Colorado Plateau. However, this particular section has a great many oil

and gas filings on it, and consequently precludes to a large extent the possibilities of development for uranium and other hard minerals.

It works the other way too, Mr. Speaker, for in sections where oil and gas applications have not yet been made, and where there are mining locations and claims, the oil and gas prospectors are reluctant to lease and drill in view of the already existing mining claims.

It is obvious that a way has to be found to permit both interests to work in harmony together for the better development of all our resources.

H. R. 8896 would provide for legal compatibility for the coexistence of a mining claim and of a permit or lease under the Leasing Act on the same land. The bill also seeks to resolve the uncertainty which now exists because of the scope of the Atomic Energy Act, as to the validity of any mining claim located after August 1, 1946, the date of enactment of the Atomic Energy Commission Act, for fissionable source materials. This bill would eliminate that uncertainty.

The final change which this bill seeks to make would be to provide a procedure under which claimants of unpatented mining claims, which may conflict with Leasing Act filings, may be required to make known and establish the basis of their assertions if these assertions extend to Leasing Act minerals.

H. R. 8896 would also clarify the legal situation caused by the limited scope of Public Law 250 and complications introduced by the Atomic Energy Commission's domestic uranium program circular 7 which had been issued by the Atomic Energy Commission to permit development of fissionable source material on lands closed to mining location because of Mineral Leasing Act filings.

Mr. Speaker, I think that we will all agree that it is very important to our national security that the mineral and mining laws be so drawn as to provide for the maximum harmonious development of these important national assets. It seems to me that this bill is comprehensive enough to protect the rights of both groups involved and still allows for the full development of our resources. I hope that the rule will be adopted and that the House will pass the bill.

Mr. SMITH of Virginia. Mr. Speaker, I have no further requests for time.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. D'EWART. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8896) to amend the mineral-leasing laws to provide for multiple-mineral development of the same tracts of the public lands, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 8896, with Mr. KEATING in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule the gentleman from Montana [Mr. D'EWART] will be recognized for 30 minutes, and the gentleman from California [Mr. ENGLE] for 30 minutes.

The gentleman from Montana is recognized.

Mr. D'EWART. Mr. Chairman, I yield 10 minutes to the gentleman from Utah [Mr. DAWSON], author of the pending bill.

Mr. DAWSON of Utah. Mr. Chairman, this is a rather complicated measure but I trust that in a few words I may be able to give you a better picture of what we are attempting to achieve. This measure applies principally to the Colorado plateau area, which is now producing the bulk of the uranium in this country.

Under existing laws we have a conflict between what is known as the general mining law, which was adopted back in 1872, and the Mineral Leasing Act, which was adopted in 1920.

Under the mining law a prospector can go on the public domain and search for hard minerals and if he makes a discovery he can perfect his claim and eventually pursue that to patent and acquire patent to a small tract on which the minerals are located. Under the General Leasing Act, which was passed in 1920, the Government leases to operators who are prospecting for what is known as leasable minerals, such as oil, gas, and potassium, et cetera, acreage for the purpose of removing these minerals under lease, but they can never acquire title.

The difficulty we have had is that if an oil and gas lease operator wants to go ahead and explore for oil and gas, and there is a mining claim located on this land, he is subject to the mining claim. We find thousands of old dormant mining claims located on these oil and gas lease lands and in the event that the oil operator locates oil or gas on his lease, then these old mining claimants might come forward and in effect blackmail him for a certain payment to buy him out in order to acquire the right to the area that he covers. That has been blocking the oil and gas lease operators.

On the other hand, if there is an oil and gas lease existing on the public domain, a mining claimant could not go on and explore for the so-called hard minerals, which has meant that today in the State of Utah where 72 percent of the land is now owned by the Federal Government a big portion of these lands are now under oil and gas leases which means that these people who want to go out and explore for uranium have in effect been thwarted by the fact that these leases are outstanding.

The purpose of this measure is to make these two mineral laws compatible so as to permit the oil and gas lease operator to go on and search for oil and gas without interfering with the mining claimant, and, by the same token, the mining claimant can go on and search for uranium without interfering with the oil and gas claimant, which results in the so-called multiple use and help everyone concerned.

The Nation as a whole is vitally concerned with this measure because under conditions as they now exist we have this conflict. Those who are searching for uranium are finding they do not have a valid claim when they go on oil and gas leased lands. As a result, the Atomic Energy Commission has urgently requested that this legislation be passed to assist them to bring forth these fissionable materials.

There are a great many features to the bill that are rather technical in nature, but the committee has spent a considerable length of time hearing testimony on the bill. The oil and gas people and the mining people have worked for months on it and have come up in pretty much of a general agreement on these proposals. We feel that for the good of the Nation and also for the good of those who are out there seeking to remove these fissionable materials this bill should be passed.

Mr. D'EWART. Mr. Chairman, will the gentleman yield?

Mr. DAWSON of Utah. I yield to the gentleman from Montana.

Mr. D'EWART. As a matter of fact, this legislation is the result of years of work on the part of representatives of the mining industry, the representatives of the oil and gas industry and the Atomic Energy Commission in trying to resolve differences so that the development of these fissionable materials may be speeded up.

Mr. DAWSON of Utah. That is perfectly true. Furthermore, you must understand that under existing law the Atomic Energy Commission is required to go out and give leases on these acreages for the reason that under the Atomic Energy Commission Act all of the uranium must be sold to the Government and it is all under their jurisdiction. So, they are vitally concerned with this measure.

Mr. SAYLOR. Mr. Chairman, will the gentleman yield?

Mr. DAWSON of Utah. I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. I would like to congratulate the author of this bill for taking some steps which I think have been long needed in correcting many of the evils which have existed in the mining industry. I think the aims which he has directed in a portion of this bill to allow multiple use of public lands is highly commendable and highly desirable. The only question I would like to ask him is in regard to the first section of the bill which attempts to validate leases or claims which have already been made. Would the gentleman explain those provisions? That is the only part of the bill which I have any objection to, and I would like the record to show why the gentleman proposes to validate leases made subsequent to July 31, 1939, and prior to February 10, 1954.

Mr. DAWSON of Utah. I will be happy to explain. As the gentleman from Colorado told us a few moments ago, we passed a bill last year known as Public Law 250, which validated these uranium claims from 1939 up until January 1,

1953, based upon the very same reasons that I have presented to you here today.

Now, the first section of the bill to which the gentleman refers would also validate claims from January 1, 1953, up until the effective date of this act. The reason for that is this: The Atomic Energy Commission has, by reason of Circular 7, granted leases on much of this land and the people have gone on there in good faith and located claims. The first section of the bill attempts to set up a series of priorities for claimants, and the reason for giving priority to those claims which were filed subsequent to January 1, 1953, and the date this act becomes effective would be to give those claimants who went in there in good faith the results of their endeavors. Now, of course, there have been other claimants who have come in and filed on top of these claims, and there has been some dispute out there where the priority shall lie. But the industry, the mining people, and the oil and gas people have pretty well agreed on the system of priorities set up in this measure. Of course, there is something to what the gentleman says, that it does attempt to legalize so-called technical trespassers. We admit that these people are in technical trespass because of this overlapping of interest, but the purpose of the bill is to try to iron out these differences, and until these differences are ironed out, we are going to have some serious trouble out there. Out in our State we had a shooting take place; a man was shot because of so-called claim jumping, and if something is not done to straighten out these claims, we will have a lot more of it.

Mr. SAYLOR. I have opposed up until this time this provision, but if the gentleman will offer an amendment which will make the effective date for these leases not February 10, 1954, the date when Circular 7 was first published, but the effective date of this act, so that next year we will not be faced with coming back here and asking to validate claims between February 10, 1954, and the effective date of the act, I think the bill will accomplish a much broader purpose.

Mr. DAWSON of Utah. I wish I could offer such an amendment as the gentleman proposes, and I think you are probably right that it is the effective date of Circular 7 we were referring to rather than the effective date of the act. But in my opinion, that would be a mistake, because we would simply be stirring up a lot more controversy out there than exists at the present time, and as far as I know, there have been very few who would proposed to change the date as the gentleman suggests. We have to draw the line somewhere, and the people who have been spending so much time trying to work out these differences have agreed on these times. Inasmuch as it does involve such technical phases of the mining law I think it would be a mistake for us to attempt to change it at this date.

Mr. ENGLE. Mr. Chairman, I have no requests for time on this side.

Mr. D'EWART. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. The Clerk will now read the substitute committee amendment printed in the bill as an original bill for the purpose of amendment.

The Clerk read as follows:

Be it enacted, etc., That, (a) subject to the conditions and provisions of this act and to any valid intervening rights acquired under the laws of the United States, any mining claim located under the mining laws of the United States subsequent to July 31, 1939, and prior to February 10, 1954, on lands of the United States, which at the time of location were—

(1) included in a permit or lease issued under the mineral leasing laws; or

(2) covered by an application or offer for a permit or lease which had been filed under the mineral leasing laws; or

(3) known to be valuable for minerals subject to disposition under the mineral leasing laws;

shall be effective to the same extent in all respects as if such lands at the time of location, and at all times thereafter, had not been so included or covered or known: *Provided, however*, That, in order to be entitled to the benefits of this act, the owner of any such mining claim located prior to January 1, 1953, must have posted and filed for record, within the time allowed by the provisions of the act of August 12, 1953 (67 Stat. 539), an amended notice of location as to such mining claim, stating that such notice was filed pursuant to the provisions of said act of August 12, 1953, and for the purpose of obtaining the benefits thereof: *And provided further*, That in order to obtain the benefits of this act, the owner of any such mining claim located subsequent to December 31, 1952, and prior to February 10, 1954, not later than 120 days after the enactment of this act, must post on such claim in the manner required for posting notice of location of mining claims and file for record in the office where the notice or certificate of location of such claim is of record an amended notice of location for such claim, stating that such notice is filed pursuant to the provisions of this act and for the purpose of obtaining the benefits thereof and, within said 120 days period, if such owner shall have filed a uranium lease application as to the tract covered by such mining claim, must file with the Atomic Energy Commission a withdrawal of such uranium lease application or, if a uranium lease shall have issued pursuant thereto, a release of such lease, and must record a notice of the filing of such withdrawal or release in the county office wherein such notice or certificate of location shall have been filed for record.

(b) Labor performed or improvements made after the original location of and upon or for the benefit of any mining claim which shall be entitled to the benefits of this act under the provisions of subsection (a) of this section 1, shall be recognized as applicable to such mining claim for all purposes to the same extent as if the validity of such mining claim were in no respect dependent upon the provisions of this act.

(c) As to any land covered by any mining claim which is entitled to the benefits of this act under the provisions of subsection (a) of this section 1, any withdrawal or reservation of lands made after the original location of such mining claim is hereby modified and amended so that the effect thereof upon such mining claim shall be the same as if such mining claim had been located upon lands of the United States which, subsequent to July 31, 1939, and prior to the date of such withdrawal or reservation, were subject to location under the mining laws of the United States.

SEC. 2. (a) If any mining claim which shall have been located subsequent to December 31, 1952, and prior to December 11, 1953, and which shall be entitled to the benefits of this act, shall cover any lands embraced within any mining claim which shall have been located prior to January 1, 1953, and which shall be entitled to the benefits of this act, then as to such area of conflict said mining claim so located subsequent to December 31, 1952, shall be deemed to have been located December 11, 1953.

(b) If any mining claim hereafter located shall cover any lands embraced within any mining claim which shall have been located prior to February 10, 1954, and which shall be entitled to the benefits of this act, then as to such area of conflict said mining claim hereafter located shall be deemed to have been located 121 days after the date of the enactment of this act.

SEC. 3. (a) Subject to the conditions and provisions of this act and to any valid prior rights acquired under the laws of the United States, the owner of any pending uranium lease application or of any uranium lease shall have, for a period of 120 days after the date of enactment of this act, as limited in subsection (b) of this section 3, the right to locate mining claims upon the lands covered by said application or lease.

(b) Any rights under any such mining claim so hereafter located pursuant to the provisions of subsection (a) of this section 3 shall be subject to any rights of the owner of any mining claim which was located prior to February 10, 1954, and which was valid at the date of the enactment of this act or which may acquire validity under the provisions of this act. As to any lands covered by a uranium lease and also by a pending uranium lease application, the right of mining location under this section 3, as between the owner of said lease and the owner of said application, shall be deemed as to such conflict area to be vested in the owner of said lease. As to any lands embraced in more than one such pending uranium lease application, such right of mining location, as between the owners of such conflicting applications, shall be deemed to be vested in the owner of the prior application. Priority of such an application shall be determined by the time of posting on a tract then available for such leasing of a notice of lease application in accordance with paragraph (c) of the Atomic Energy Commission's Domestic Uranium Program Circular 7 (10 C. F. R. 60.7 (c)), provided there shall have been timely compliance with the other provisions of said paragraph (c), or, if there shall not have been such timely compliance, then by the time of the filing of the uranium lease application with the Atomic Energy Commission. Any rights under any mining claim located under the provisions of this section 3 shall terminate at the expiration of 30 days after the filing for record of the notice or certificate of location of such mining claim unless, within said 30-day period, the owner of the uranium lease application or uranium lease upon which the location of such mining claim was predicated shall have filed with the Atomic Energy Commission a withdrawal of said application or a release of said lease and shall have recorded a notice of the filing of such withdrawal or release in the county office wherein such notice or certificate of location shall be of record.

(c) Except as otherwise provided in subsections (a) and (b) of this section 3, no mining claim hereafter located shall be valid as to any lands which at the time of such location were covered by a uranium lease application or a uranium lease. Any tract upon which a notice of lease application has been posted in accordance with said paragraph (c) of said Circular 7 shall be deemed to have been included in a uranium lease application from and after the time of the posting of such notice of lease application: *Provided*, That there shall have been timely compliance with the other provisions of said paragraph (c) or, if there shall not have

been such timely compliance, then from and after the time of the filing of a uranium lease application with the Atomic Energy Commission.

SEC. 4. Every mining claim or millsite hereafter located under the mining laws of the United States and every mining claim or millsite heretofore so located which shall be entitled to benefits under the first three sections of this act shall be subject to a reservation to the United States of all Leasing Act minerals and of the right (as limited in section 6 hereof) of the United States, its lessees, permittees, and licensees to enter upon the land covered by such mining claim or millsite and to prospect for, drill for, mine, treat, store, transport, and remove Leasing Act minerals and to use so much of the surface and subsurface of such mining claim or millsite as may be necessary for such purposes, and whenever reasonably necessary, for the purpose of prospecting for, drilling for, mining, treating, storing, transporting, and removing Leasing Act minerals on and from other lands; and any patent issued for any such mining claim or millsite and contain such reservation.

SEC. 5. Subject to the conditions and provisions of this act, mining claims and millsites may hereafter be located under the mining laws of the United States on lands of the United States which at the time of location are—

(a) included in a permit or lease issued under the mineral leasing laws; or

(b) covered by an application or offer for a permit or lease filed under the mineral leasing laws; or

(c) known to be valuable for minerals subject to disposition under the mineral leasing laws;

to the same extent in all respects as if such lands were not so included or covered or known.

SEC. 6. (a) Where the same lands are being utilized for mining operations and Leasing Act operations, each of such operations shall be conducted, so far as reasonably practicable, in a manner compatible with such multiple use.

(b) Any mining operations pursuant to rights under any unpatented or patented mining claim or millsite which shall be subject to a reservation to the United States of Leasing Act minerals as provided in this act shall be conducted, so far as reasonably practicable, in a manner which will avoid damage to any known deposit of any Leasing Act mineral. Subject to the provisions of subsection (d) of this section 6, mining operations shall be so conducted as not to endanger or materially interfere with any existing surface or underground improvements, workings, or facilities which may have been made for the purpose of Leasing Act operations, or with the utilization of such improvements, workings, or facilities.

(c) Any Leasing Act operations on lands covered by an unpatented or patented mining claim or millsite which shall be subject to a reservation to the United States of Leasing Act minerals as provided in this act shall be conducted, so far as reasonably practicable, in a manner which will avoid damage to any known deposit of any mineral not so reserved from such mining claim or millsite. Subject to the provisions of subsection (d) of this section 6, Leasing Act operations shall be so conducted as not to endanger or materially interfere with any existing surface or underground improvements, workings, or facilities which may have been made for the purpose of mining operations, or with the utilization of such improvements, workings, or facilities.

(d) If, upon petition of either the mining operator or the Leasing Act operator, any court of competent jurisdiction shall find that a particular use in connection with one of such operations cannot be reasonably and properly conducted without endangering or materially interfering with the then existing improvements, workings, or facilities of the other of such operations or with the utilization thereof, and shall find that under the conditions and circumstances, as they then appear, the injury or damage which would result from denial of such particular use would outweigh the injury or damage which would result to such then existing improvements, workings, or facilities or from interference with the utilization thereof if that particular use were allowed, then in such event such court may permit such use upon payment (or upon furnishing of security determined by the court to be adequate to secure payment) to the party or parties who would be thus injured or damaged, of an amount to be fixed by the court as constituting fair compensation for the then reasonably contemplated injury or damage which would result to such then existing improvements, workings, or facilities or from interference with the utilization thereof by reason of the allowance of such particular use.

(e) Where the same lands are being utilized for mining operations and Leasing Act operations, then upon request of the party conducting either of said operations, the party conducting the other of said operations shall furnish to and at the expense of such requesting party copies of any information which said other party may have, as to the situs of any improvements, workings, or facilities theretofore made upon such lands, and upon like request, shall permit such requesting party, at the risk of such requesting party, to have access at reasonable times to any such improvements, workings, or facilities for the purpose of surveying and checking or determining the situs thereof. If damage to or material interference with a party's improvements, workings, facilities, or with the utilization thereof shall result from such party's failure, after request, to so furnish to the requesting party such information or from denial of such access, such failure or denial shall relieve the requesting party of any liability for the damage or interference resulting by reason of such failure or denial. Failure of a party to furnish requested information or access shall not impose upon such party any liability to the requesting party other than for such costs of court and attorney's fees as may be allowed to the requesting party in enforcing by court action the obligations of this section as to the furnishing of information and access. The obligation hereunder of any party to furnish requested information shall be limited to map and survey information then available to such party with respect to the situs of improvements, workings, and facilities and the furnishing thereof shall not be deemed to constitute any representation as to the accuracy of such information.

SEC. 7. (a) Any applicant, offeror, permittee, or lessee under the mineral-leasing laws may file in the office of the Secretary of the Interior, or in such office as the Secretary may designate, a request for publication of notice of such application, offer, permit, or lease, provided, expressly, that not less than 90 days prior to the filing of such request for publication there shall have been filed for record in the county office of record for the county in which the lands covered thereby are situate a notice of the filing of such application or offer or of the issuance of such permit or lease which notice shall set forth the date of such filing or issuance, the name and address of the applicant, offeror, permittee or lessee and the description of the lands covered by such application, offer, permit or lease, showing section or sections of land surveyed, or, if such lands are unsurveyed, the section or sections of land which would probably be involved when the public lands surveyed are extended to such lands, or a tie by courses and distances to an approved United States Mineral Monument. The filing of such request for publication shall be accompanied by a certified copy of such recorded notice and an affidavit or affidavits of a person or persons over 21 years of age setting forth that the affiant or affiants have examined the lands involved in a reasonable effort to ascertain whether any person or persons were in possession of or engaged in the working of such lands or any part thereof, and, if no person or persons were found to be in possession of or engaged in the working of said lands or any part thereof on the date of such examination, setting forth such fact, or, if any person or persons were so found to be in possession or engaged in such working on the date of such examination, setting forth the name and address of each such person, unless affiant shall have been unable through reasonable inquiry to obtain information as to the name and address of any such person, in which event the affidavit shall set forth fully the nature and results of such inquiry.

Thereupon the Secretary of the Interior, or his designated representative, at the expense of the requesting person (who, prior to the commencement of publication, must furnish the agreement of the publisher to hold such requesting person alone responsible for charges of publication), shall cause notice of such application, offer, permit, or lease to be published in a newspaper having general circulation in the county in which the lands involved are situate.

Such notice shall describe the lands covered by such application, offer, permit, or lease, as provided heretofore in the notice to be filed in the office of record of the county in which the lands covered are situate, and shall notify whomever it may concern that if any person claiming or asserting under, or by virtue of, any unpatented mining claim, any right or interest in Leasing Act minerals as to such lands or any part thereof, shall fail to file in the office where such request for publication was filed (which office shall be specified in such notice) and within 150 days from the date of the first publication of such notice (which date shall be specified in such notice), a verified statement which shall set forth, as to such unpatented mining claim:

(1) The date of location;

(2) The book and page of recordation of the notice or certificate of location;

(3) The section or sections of the public land surveys which embrace such mining claim; or if such lands are unsurveyed, either the section or sections which would probably embrace such mining claim when the public land surveys are extended to such lands or a tie by courses and distances to an approved United States mineral monument;

(4) Whether such claimant is a locator or purchaser under such location; and

(5) The name and address of such claimant and names and addresses so far as known to the claimant of any other person or persons claiming any interest or interests in or under such unpatented mining claim;

such failure shall be conclusively deemed (i) to constitute a waiver and relinquishment by such mining claimant of any and all right, title, and interest under such mining claim as to, but only as to, Leasing Act minerals, and (ii) to constitute a consent by such mining claimant that such mining claim and any patent issued therefor, shall be subject to the reservation specified in section 4 of this act, and (iii) to preclude thereafter any assertion by such mining claimant of any right or title to or interest in any Leasing Act mineral by reason of such mining claim.

If such notice is published in a daily paper, it shall be published in the Wednesday issue for 9 consecutive weeks, or, if in a weekly paper, in 9 consecutive issues, or,

if in a semiweekly or triweekly paper, in the issue of the same day of each week for 9 consecutive weeks.

Within 15 days after the date of first publication of such notice, the person requesting such publication (1) shall cause a copy of such notice to be personally delivered to or to be sent by registered mail addressed to each person in possession or engaged in the working of the land whose name and address is shown by an affidavit filed as aforesaid, and to each person who may have filed, as to any lands described in said notice, a request for notices, as provided in subsection (d) of this section 7, and (2) shall file in the office where said request for publication was filed an affidavit showing that copies have been so delivered or mailed.

(b) If any claimant under any unpatented mining claim which embraces any of the lands described in any notice published in accordance with the provisions of subsection (a) of this section 7 shall fail to file a verified statement, as above provided, within 150 days from the date of the first publication of such notice, such failure shall be conclusively deemed, except as otherwise provided in subsection (e) of this section 7, (i) to constitute a waiver and relinquishment by such mining claimant of any and all right, title, and interest under such mining claim as to, but only as to, Leasing Act minerals, and (ii) to constitute a consent by such mining claimant that such mining claim and any patent issued therefor, shall be subject to the reservation specified in section 4 of this act, and (iii) to preclude thereafter any assertion by such mining claimant of any right or title to or interest in any Leasing Act mineral by reason of such mining claim.

(c) If any verified statement shall be filed by a mining claimant as provided in subsection (a) of this section 7, then the Secretary of the Interior or his designated representative shall fix a time and place for a hearing to determine the validity and effectiveness of the mining claimant's asserted right or interest in Leasing Act minerals, which place of hearing shall be in the county where said interest or part of it is located, unless the mining claimant agrees otherwise. The procedures with respect to notice of such a hearing and the conduct thereof, and in respect to appeals shall follow the then established general procedures and rules of practice of the Department of the Interior in respect to contests or protests affecting public lands of the United States. If, pursuant to such a hearing the final decision rendered shall affirm the validity and effectiveness of any mining claim as to Leasing Act minerals then no subsequent proceeding under section 7 of this act shall have any force or effect upon any rights or interests under the said so affirmed mining claim. If at any time prior to a hearing the person requesting publication of notice and any person filing a verified statement pursuant to such notice shall so stipulate, then to the extent so stipulated, but only to such extent, no hearing shall be held with respect to rights asserted under that verified statement, and to the extent defined by the stipulation the rights asserted under that verified statement shall be deemed to be unaffected by that particular published notice.

(d) Any person claiming any right in Leasing Act minerals under or by virtue of any unpatented mining claim and desiring to receive a copy of any notice of any application, offer, permit, or lease which may be published as above provided in subsection (a) of this section 7 and which may affect lands embraced in such mining claim, may cause to be filed for record in the county office of record where the notice or certificate of location of such mining claim shall have been recorded, a duly acknowledged request for a copy of any such notice. Such request for copies shall set forth the name and address of the person requesting copies and shall also set forth, as to each mining claim under which such person asserts rights in Leasing Act minerals:

(1) the date of location;

(2) the book and page of the recordation of the notice or certificate of location; and

(3) the section or sections of the public land surveys which embrace such mining claim; or if such lands are unsurveyed, either the section or sections which would probably embrace such mining claim when the public land surveys are extended to such lands or a tie by courses and distances to an approved United States mineral monument.

Other than in respect to the requirements of subsection (a) of this section 7 as to personal delivery or mailing of copies of notices and in respect to the provisions of subsection (e) of this section 7, no such request for copies of published notices and no statement or allegation in such request and no recordation thereof shall affect title to any mining claim or to any land, or be deemed to constitute constructive notice to any person, that the person requesting copies has, or claims, any right, title, or interest in or under any mining claim referred to in such request.

(e) If any applicant, offeror, permittee, or lessee shall fail to comply with the requirements of subsection (a) of this section 7 as to the personal delivery or mailing of a copy of notice to any person, the publication of such notice shall be deemed wholly ineffectual as to that person or as to the rights asserted by that person and the failure of that person to file a verified statement, as provided in such notice, shall in no manner affect, diminish, prejudice or bar any rights of that person.

SEC. 8. The owner or owners of any mining claim heretofore located may, at any time prior to issuance of patent therefor, waive and relinquish all rights thereunder to Leasing Act minerals. The execution and acknowledgment of such a waiver and relinquishment by such owner or owners and the recordation thereof in the office where the notice or certificate of location of such mining claim is of record shall render such mining claim thereafter subject to the reservation referred to in section 4 of this act and any patent issued therefor shall contain such a reservation, but no such waiver or relinquishment shall be deemed in any manner to constitute any concession as to the date of priority of rights under said mining claim or as to the validity thereof.

SEC. 9. The Atomic Energy Act is hereby amended as follows:

(a) Section 5 (b) (5) is revised to read:

(5) Acquisition.—The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to purchase, take, requisition, condemn, or otherwise acquire—

(A) supplies of source materials or any interest in real property containing deposits of source materials, and

(B) rights to enter upon any real property deemed by it to have possibilities of containing deposits of source materials and to conduct prospecting and exploratory operations for such deposits.

Any purchase made under this paragraph may be made without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) upon certification by the Commission that such action is necessary in the interest of the common defense and security, or upon a showing that advertising is not reasonably practicable, and partial and advance payments may be made thereunder. The Commission may establish guaranteed prices for all source materials delivered to it within a specified time. Just compensation shall be made for any property or interest in property purchased, taken, requisitioned, condemned, or otherwise acquired under this paragraph.

(b) Section 5 (b) (6) is revised to read:

(6) Operations on lands belonging to the United States: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to issue leases or permits for prospecting for, exploration for, mining, or removal of deposits of source materials (or for any or all of these purposes) in lands belonging to the United States.

(c) Section 5 (b) (7) is revised to read:

"(7) Public lands: No individual, corporation, partnership, or association, which had any part, directly or indirectly, in the development of the atomic bomb project, may benefit by any location, entry, or settlement upon the public domain made after such individual corporation, partnership, or association took part in such project, if such individual, corporation, partnership, or association, by reason of having had such part in the development of the atomic bomb project, acquired confidential official information as to the existence of deposits of such uranium, thorium, or other materials in the specific lands upon which such location, entry, or settlement is made, and subsequent to the date of the enactment of this act made such location, entry, or settlement or caused the same to be made for his, or its, or their benefit. In cases where any patent, conveyance, lease, permit, or other authorization has been issued, which reserved to the United States source materials and the right to enter upon the land and prospect for, mine, and remove the same, the head of the department or agency which issued the patent, conveyance, lease, permit, or other authorization shall, on application of the holder thereof, issue a new or supplemental patent, conveyance, lease, permit, or other authorization without such reservation."

(d) Notwithstanding the provisions of the Atomic Energy Act, and particularly section 5 (b) 7 thereof, prior to its amendment hereby, or the provisions of the act of August 12, 1953 (67 Stat. 539), and particularly section 3 thereof, any mining claim, heretofore located under the mining laws of the United States, for, or based upon a discovery of a mineral deposit which is a fissionable source material and which, except for the possible contrary construction of said Atomic Energy Act, would have been locatable under such mining laws, shall, insofar as adversely affected by such possible contrary construction, be valid and effective, in all respects to the same extent as if said mineral deposit were a locatable mineral deposit other than a fissionable source material.

SEC. 10. As used in this act "mineral leasing laws" shall mean the act of October 20, 1914 (38 Stat. 741); the act of February 25, 1920 (41 Stat. 437); the act of April 17, 1926 (44 Stat. 301); the act of February 7, 1927 (44 Stat. 1057); and all acts heretofore or hereafter enacted which are amendatory of or supplementary to any of the foregoing acts; "Leasing Act minerals" shall mean all minerals which, upon the effective date of this act, are provided in the mineral leasing laws to be disposed of thereunder; "Leasing Act operations" shall mean operations conducted under a lease, permit, or license issued under the mineral leasing laws in or incidental to prospecting for, drilling for, mining, treating, storing, transporting, or removing Leasing Act minerals; "mining operations" shall mean operations under any unpatented or patented mining claim or millsite in or incidental to prospecting for, mining, treating, storing, transporting, or removing minerals other than Leasing Act minerals and any other use under any claim of right or title based upon such mining claim or millsite; "Leasing Act operator" shall mean any party who shall conduct Leasing Act operations; "mining operator" shall mean any party who shall conduct mining operations; "Atomic Energy Act" shall mean the act of August 1, 1946 (60 Stat. 755), as amended; "Atomic Energy Commission" shall mean the United States Atomic Energy Commission established under the Atomic Energy Act or any amendments thereof; "fissionable source material" shall mean uranium, thorium, and all other materials referred to in

section 5 (b) (1) of the Atomic Energy Act as reserved or to be reserved to the United States; "uranium lease application" shall mean an application for a uranium lease filed with said Commission with respect to lands which would be open for entry under the mining laws except for their being lands embraced within an offer, application, permit, or lease under the mineral leasing laws or lands known to be valuable for minerals leasable under those laws; "uranium lease" shall mean a uranium mining lease issued by said Commission with respect to any such lands; and "person" shall mean any individual, corporation, partnership, or other legal entity.

SEC. 11. If any provision of this act, or the application of such provision to any person or circumstances, is held unconstitutional, invalid, or unenforcible, the remainder of this act or the application of such provision to persons or circumstances other than those as to which it is held unconstitutional, invalid, or unenforcible, shall not be affected thereby.

Mr. D'EWART (interrupting the reading of the bill). Mr. Chairman, I ask unanimous consent that the bill be considered as read and open to amendment at any point.

The CHAIRMAN. Is there objection to the request of the gentleman from Montana?

There was no objection.

Mr. ASPINALL. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. ASPINALL: Page 28, line 4, strike period and insert comma in lieu thereof and add the following: "provided, however, that such reservation contained in the patent shall apply only to the lands included in said mining claim which, at the time of the issuance of such patent are—

"(a) included in a permit or lease under the mineral leasing laws; or

"(b) covered by an application or offer for a permit or lease filed under the mineral leasing laws; or

"(c) known to be valuable for minerals subject to disposition under the mineral leasing laws."

Mr. ASPINALL. Mr. Chairman, when the bill was considered in committee there was some objection to the possibility that owners of present mining claims which had not ripened into patents might be denied the right to a fee-simple title without a reservation in the patent expressly reserving the leasable minerals to the Government; also that mining claims located hereafter which would not likely have any leasable mineral development might also be denied the right to have a fee-simple title without an expressed reservation in the patent reserving the leasable minerals to the Federal Government. So it was concluded in a conference between the sponsor of this bill and the gentleman from California [Mr. ENGLE], and myself who sponsors a similar bill that an amendment taking care of that situation might very well be in order.

The amendment which is proposed provides that a patent issued hereafter on lands covered by a mining claim shall not carry the reservation if at the time of the issuance of said patent, there is no mineral leasing lease or permit or an application or offer for a lease or permit covering the lands to be described in the patent. Also, that unless the area is a known area to be valuable for minerals subject to disposition under the mineral leasing laws. Keep in mind that this act provides that the same individual may be both a lessee of the Government, and a claimant under the mining laws of the Government if he so desires; and this simply provides that the claimant receiving a patent shall under certain circumstances proceed as he has heretofore in the past and receive a fee-simple title without any reservation of the leasable minerals. My point is that this will have very little effective use because it will not be needed, but if it is needed in any particular instance, in my opinion it does not harm the legislation at all. I therefore ask your support.

Mr. ENGLE. Mr. Chairman, will the gentleman yield?

Mr. ASPINALL. I yield to the gentleman from California.

Mr. ENGLE. It is true, is it not, that in the absence of this amendment section 4 would provide a hidden reservation, so to speak, in all mineral claims and in all patents coming from mineral claims.

Mr. ASPINALL. It might be so interpreted.

Mr. ENGLE. May I say to the gentleman that I concur in his amendment; in fact, I helped work it out. I have no objection to reservations of minerals when they are known to exist, but it would be patently unfair, in my opinion, to have mining claims go to patent and then 20 years later the Government exercise a hidden reservation in regard to something that was wholly unknown at the time the claim was filed and the patent was matured.

Mr. D'EWART. Mr. Chairman, will the gentleman yield?

Mr. ASPINALL. I yield to the gentleman from Montana.

Mr. D'EWART. The members of the committee on this side have discussed the amendment and are agreeable to it and think it will improve the bill. We hope it will be adopted.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. SAYLOR. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

On page 22, line 4, after the words "prior to", strike out "February 10, 1954," and insert "the effective date of this act."

Mr. SAYLOR. Mr. Chairman, as was explained by the gentleman from Utah [Mr. DAWSON], the author of this bill, at the last session of Congress a similar situation arose and Congress validated those claims made by discoverers of uranium up until the 1st day of January 1951. This bill would extend the period for validation of claims until the 10th day of February 1954. From the 10th day of February 1954, the date when the Atomic Energy Commission issued Circular Number 7, down until the effective date of this act there will be a hiatus; there will be a question as to whether or not any claims filed in that period of time are valid. All this amendment does is to say that the provisions of this bill shall extend not just from 1939 down until the 10th day of February 1954, but down until the effective date of the act. I believe this is an improvement to the bill and will prevent anyone's having to come back next year and correct any claims filed between the 10th of February 1954 and the effective date of the act.

Mr. DAWSON of Utah. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as I stated before, the people concerned with these matters, the industry, the oil and gas people, the mining people, have spent a considerable length of time trying to work out a period of time when they feel this would be most equitable to those who have located their claims.

Far be it from me to attempt to go back and try to iron out those differences. There are some conflicts. However, as I stated before, I feel that this change should be opposed because the big majority of the people out there who have gone out in good faith and located their claims have received the protection they are entitled to under the present wording of the bill. Therefore, I hope the Committee will oppose this amendment and vote it down.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. SAYLOR].

The question was taken; and the Chair being in doubt, the Committee divided, and there were—ayes 6, noes 16.

So the amendment was rejected.

The CHAIRMAN. The question is on the committee amendment, as amended.

The amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. KEATING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 8896) to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes, pursuant to House Resolution 639, he reported the bill back to the House with an amendment adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The bill was passed, and a motion to reconsider was laid on the table.

Mr. D'EWART. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3344) to amend the mineral leasing laws and the mining laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Montana?

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That, (a) subject to the conditions and provisions of this act and to any valid intervening rights acquired under the laws of the United States, any mining claim located under the mining laws of the United States subsequent to July 31, 1939, and prior to February 10, 1954, on lands of the United States, which at the time of location were—

(1) included in a permit or lease issued under the mineral leasing laws; or

(2) covered by an application or offer for a permit or lease which had been filed under the mineral leasing laws; or

(3) known to be valuable for minerals subject to disposition under the mineral leasing laws;

shall be effective to the same extent in all respects as if such lands at the time of location, and at all times thereafter, had not been so included or covered or known: *Provided, however*, That, in order to be entitled to the benefits of this act, the owner of any such mining claim located prior to January 1, 1953, must have posted and filed for record, within the time allowed by the provisions of the act of August 12, 1953 (67 Stat. 539), an amended notice of location as to such mining claim, stating that such notice was filed pursuant to the provisions of said act of August 12, 1953, and for the purpose of obtaining the benefits thereof: *And provided further*, That, in order to obtain the benefits of this act, the owner of any such mining claim located subsequent to December 31, 1952, and prior to February 10, 1954, not later than 120 days after the date of enactment of this act, must post on such claim in the manner required for posting notice of location of mining claims and file for record in the office where the notice or certificate of location of such claim is of record an amended notice of location for such claim, stating that such notice is filed pursuant to the provisions of this act and for the purpose of obtaining the benefits thereof and, within said 120-day period, if such owner shall have filed a uranium lease application as to the tract covered by such mining claim, must file with the Atomic Energy Commission a withdrawal of such uranium lease application or, if a uranium lease shall have issued pursuant thereto, a release of such lease, and must record a notice of the filing of such withdrawal or release in the county office wherein such notice or certificate of location shall have been filed for record.

(b) Labor performed or improvements made after the original location of and upon or for the benefit of any mining claim which shall be entitled to the benefits of this act under the provisions of subsection (a) of this section 1, shall be recognized as applicable to such mining claim for all purposes to the same extent as if the validity of such mining claim were in no respect dependent upon the provisions of this act.

(c) As to any land covered by any mining claim which is entitled to the benefits of this act under the provisions of subsection (a) of this section 1, any withdrawal or reservation of lands made after the original location of such mining claim is hereby modified and amended so that the effect thereof upon such mining claim shall be the same as if such mining claim had been located upon lands of the United States which, subsequent to July 31, 1939, and prior to the date of such withdrawal or reservation, were subject to location under the mining laws of the United States.

SEC. 2. (a) If any mining claim which shall have been located subsequent to December 31, 1952, and prior to December 11, 1953, and which shall be entitled to the benefits of this act, shall cover any lands embraced within any mining claim which shall have been located prior to January 1, 1953, and which shall be entitled to the benefits of this act, then as to such area of conflict said mining claim so located subsequent to December 31, 1952, shall be deemed to have been located December 11, 1953.

(b) If any mining claim hereafter located shall cover any lands embraced within any mining claim which shall have been located prior to February 10, 1954, and which shall be entitled to the benefits of this act, then as to such area of conflict said mining claim hereafter located shall be deemed to have been located 121 days after the date of the enactment of this act.

SEC. 3. (a) Subject to the conditions and provisions of this act and to any valid prior rights acquired under the laws of the United States, the owner of any pending uranium lease application or of any uranium lease shall have, for a period of 120 days after the date of enactment of this act, as limited in subsection (b) of this section 3, the right to locate mining claims upon the lands covered by said application or lease.

(b) Any rights under any such mining claim so hereafter located pursuant to the provisions of subsection (a) of this section 3 shall be subject to any rights of the owner of any mining claim which was located prior to February 10, 1954, and which was valid at the date of the enactment of this act or which may acquire validity under the provisions of this act. As to any lands covered by a uranium lease and also by a pending uranium lease application, the right of mining location under this section 3 as between the owner of said lease and the owner of said application, shall be deemed as to such conflict area to be vested in the owner of said lease. As to any lands embraced in more than one such pending uranium lease application, such right of mining location, as between the owners of such conflicting applications, shall be deemed to be vested in the owner of the prior application. Priority of such an application shall be determined by the time of posting on a tract then available for such leasing of a notice of lease application in accordance with paragraph (c) of the Atomic Energy Commission's Domestic Program Circular 7 (10 C. F. R. 60.7 (c)) provided there shall have been timely compliance with the other provisions of said paragraph (c) or, if there shall not have been such timely compliance, then by the time of the filing of the uranium lease application with the Atomic Energy Commission. Any rights under any mining claim located under the provisions of this section 3 shall terminate at the expiration of 30 days after the filing for record of the notice or certificate of location of such mining claim unless, within said 30-day period, the owner of the uranium lease application or uranium lease upon which the location of such mining claim was predicated shall have filed with the Atomic Energy Commission a withdrawal of said application or a release of said lease and shall have recorded a notice of the filing of such withdrawal or release in the county office wherein such notice or certificate of location shall be of record.

(c) Except as otherwise provided in subsections (a) and (b) of this section 3, no mining claim hereafter located shall be valid as to any lands which at the time of such location were covered by a uranium lease application or a uranium lease. Any tract upon which a notice of lease application has been posted in accordance with said paragraph (c) of said Circular 7 shall be deemed to have been included in a uranium lease application from and after the time of the posting of such notice of lease application: *Provided*, That there shall have been timely compliance with the other provisions of said paragraph (c) or, if there shall not have been such timely compliance, then from and after the time of the filing of a uranium lease application with the Atomic Energy Commission.

SEC. 4. Every mining claim or millsite hereafter located under the mining laws of the United States and every mining claim or millsite heretofore so located which shall be entitled to benefits under the first three sections of this act shall be subject to a reservation to the United States of all Leasing Act minerals and of the right (as limited in sec. 6 hereof) of the United States, its lessees, permittees, and licensees to enter upon the land covered by such mining claim or millsite and to prospect for, drill for, mine, treat, store, transport, and remove Leasing Act minerals and to use so much of the surface and subsurface of such mining claim or millsite as may be necessary for such purposes, and whenever reasonably necessary, for the purpose of prospecting for, drilling for, mining, treating, storing, transporting, and removing Leasing Act minerals on and from other lands; and any patent issued for any such mining claim or millsite shall contain such reservation.

SEC. 5. Subject to the conditions and provisions of this act, mining claims and millsites may hereafter be located under the mining laws of the United States on lands of the United States which at the time of location are—

(a) included in a permit or lease issued under the mineral leasing laws; or

(b) covered by an application or offer for a permit or lease filed under the mineral leasing laws; or

(c) known to be valuable for minerals subject to disposition under the mineral leasing laws;

to the same extent in all respects as if such lands were not so included or covered or known.

SEC. 6. (a) Where the same lands are being utilized for mining operations and Leasing Act operations, each of such operations shall be conducted, so far as reasonably practicable, in a manner compatible with such multiple use.

(b) Any mining operations pursuant to rights under any unpatented or patented mining claim or millsite which shall be subject to a reservation to the United States of Leasing Act minerals as provided in this act, shall be conducted, so far as reasonably practicable, in a manner which will avoid damage to any known deposit of any Leasing Act mineral. Subject to the provisions of subsection (d) of this section 6, mining operations shall be so conducted as not to endanger or materially interfere with any existing surface or underground improvements, workings, or facilities which may have been made for the purpose of Leasing Act operations, or with the utilization of such improvements, workings, or facilities.

(c) Any Leasing Act operations on lands covered by an unpatented or patented mining claim or millsite which shall be subject to a reservation to the United States of Leasing Act minerals as provided in this act, shall be conducted, so far as reasonably practicable, in a manner which will avoid damage to any known deposit of any mineral not so reserved from such mining claim or millsite. Subject to the provisions of subsection (d) of this section 6, Leasing Act operations shall be so conducted as not to endanger or materially interfere with any existing surface or underground improvements, workings, or facilities which may have been made for the purpose of mining operations, or with the utilization of such improvements, workings, or facilities.

(d) If, upon petition of either the mining operator or the Leasing Act operator, any court of competent jurisdiction shall find that a particular use in connection with one of such operations cannot be reasonably and properly conducted without endangering or materially interfering with the then existing improvements, workings, or facilities of the other of such operations or with the

utilization thereof, and shall find that under the conditions and circumstances, as they then appear, the injury or damage which would result from denial of such particular use would outweigh the injury or damage which would result to such then existing improvements, workings, or facilities or from interference with the utilization thereof if that particular use were allowed, then and in such event such court may permit such use upon payment (or upon furnishing of security determined by the court to be adequate to secure payment) to the party or parties who would be thus injured or damaged, of an amount to be fixed by the court as constituting fair compensation for the then reasonably contemplated injury or damage which would result to such then existing improvements, workings, or facilities or from interference with the utilization thereof by reason of the allowance of such particular use.

(e) Where the same lands are being utilized for mining operations and Leasing Act operations, then upon request of the party conducting either of said operations, the party conducting the other of said operations shall furnish to and at the expense of such requesting party copies of any information which said other party may have, as to the situs of any improvements, workings, or facilities theretofore made upon such lands, and upon like request, shall permit such requesting party, at the risk of such requesting party, to have access at reasonable times to any such improvemetns, workings, or facilities for the purpose of surveying and checking or determining the situs thereof. If damage to or material interference with a party's improvements, workings, facilities, or with the utilization thereof shall result from such party's failure, after request, to so furnish to the requesting party such information or from denial of such access, such failure or denial shall relieve the requesting party of any liability for the damage or interference resulting by reason of such failure or denial. Failure of a party to furnish requested information or access shall not impose upon such party any liability to the requesting party other than for such costs of court and attorney's fees as may be allowed to the requesting party in enforcing by court action the obligations of this section as to the furnishing of information and access. The obligation hereunder of any party to furnish requested information shall be limited to map and survey information then available to such party with respect to the situs of improvements, workings, and facilities and the furnishing thereof shall not be deemed to constitute any representation as to the accuracy of such information.

SEC. 7. (a) Any applicant, offeror, permittee, or lessee under the mineral leasing laws may file in the office of the Secretary of the Interior, or in such office as the Secretary may designate, a request for publication of notice of such application, offer, permit, or lease, provided expressly, that not less than 90 days prior to the filing of such request for publication there shall have been filed for record in the county office of record for the county in which the lands covered thereby are situate a notice of the filing of such application or offer or of the issuance of such permit or lease which notice shall set forth the date of such filing or issuance, the name and address of the applicant, offeror, permittee or lessee and the description of the lands covered by such application, offer, permit or lease. The filing of such request for publication shall be accompanied by a certified copy of such recorded notice and an affidavit or affidavits of a person or persons over 21 years of age setting forth that the affiant or affiants have examined the lands involved in a reasonable effort to ascertain whether any person or persons were in actual possession of or engaged in the working of such lands or any part thereof, and, if no person or persons were found to be in actual possession of or engaged in the working of said lands or any part thereof on the date of such examination, setting forth such fact, or, if any person or persons were so found to be in actual possession or engaged in such working on the date of such examination, setting forth the name and address of each such person, unless affiant shall have been unable through reasonable inquiry to obtain information as to the name and address of any such person, in which event the affidavit shall set forth fully the nature and results of such inquiry.

The filing of such request for publication shall also be accompanied by the certificate of a title or abstract company, or of a title abstractor, or of an attorney, based upon such company's, abstractor's, or attorney's examination of the instruments affecting the lands involved, of record in the public records of the county in which said lands are situate as shown by the indices of the public records in the county office of record for said county, setting forth the name of any person disclosed by said instruments to have an interest in said lands under any unpatented mining claim heretofore located, together with the address of such person if disclosed by such instruments of record.

Thereupon the Secretary of the Interior, or his designated representative, at the expense of the requesting person (who, prior to the commencement of publication, must furnish the agreement of the publisher to hold such requesting person alone responsible for charges of publication), shall cause notice of such application, offer permit, or lease to be published in a newspaper having general circulation in the county in which the lands involved are situate.

Such notice shall describe the lands covered by such application, offer, permit, or lease and shall notify whomever it may concern that if any person claiming or asserting under, or by virtue of, any unpatented mining claim heretofore located, any right or interest in Leasing Act minerals as to such lands or any part thereof, shall fail to file in the office where such request for publication was filed (which office shall be specified in such notice) and within 150 days from the date of the first publication of such notice, a verified statement which shall set forth, as to such unpatented mining claim:

(1) The date of location;

(2) The book and page of recordation of the notice or certificate of location;

(3) The section or sections of the public land surveys which embrace such mining claim; or if such lands are unsurveyed, either the section or sections which would probably embrace such mining claim when the public land surveys are extended to such lands or a tie by courses and distances to an approved United States mineral monument;

(4) Whether such claimant is a locator or purchaser under such location; and

(5) The name and address of such claimant and names and addresses so far as known to the claimant of any other person or persons claiming any interest or interests in or under such unpatened mining claim;

such failure shall be conclusively deemed (i) to constitute a waiver and relinquishment by such mining claimant of any and all right, title, and interest under such mining claim as to, but only as to, Leasing Act minerals, and (ii) to constitute a consent by such mining claimant that such mining claim and any patent issued therefor, shall be subject to the reservation specified in section 4 of this act, and (iii) to preclude thereafter any assertion by such mining claimant of any right or title to or interest in any Leasing Act mineral by reason of such mining claim.

If such notice is published in a daily paper, it shall be published in the Wednesday issue for 9 consecutive weeks, or, if in a weekly paper in 9 consecutive issues, or, if in a semiweekly or triweekly paper, in the issue of the same day of each week for 9 consecutive weeks.

Within 15 days after the date of first publication of such notice the person requesting such publication (1) shall cause a copy of such notice to be personally delivered to or to be mailed by registered mail addressed to each person in possession or engaged in the working of the land whose name and address is shown by an affidavit filed as aforesaid, and to each person who may have filed, to any lands described in said notice, a request for notices, as provided in subsection (d) of this section 7, and shall cause a copy of such notice to be mailed by registered mail to each person whose name and address is set forth in the title or abstract company's or title abstrator's or attorney's certificate filed as aforesaid, as having an interest in the lands described in said notice under any unpatented mining claim heretofore located, such notice to be directed to such person's address as set forth in such certificate; and (2) shall file in the office where said request for publication was filed an affidavit showing that copies have been so delivered or mailed.

(b) If any claimant under any unpatented mining claim heretofore located which embraces any of the lands described in any notice published in accordance with the provisions of subsection (a) of this section 7 shall fail to file a verified statement, as above provided, within 150 days from the date of the first publication of such notice, such failure shall be conclusively deemed, except as otherwise provided in subsection (e) of this section 7, (i) to constitute a waiver and relinquishment of such mining claimant of any and all right, title, and interest under such mining claim as to, but only as to, Leasing Act minerals, and (ii) to constitute a consent by such mining claimant that such mining claim and any patent issued therefor, shall be subject to the reservation specified in section 4 of this act, and (iii) to preclude thereafter any assertion by such mining claimant of any right or title to or title to or interest in any Leasing Act mineral by reason of such mining claim.

(c) If any verified statement shall be filed by a mining claimant as provided in subsection (a) of this section 7, then the Secretary of the Interior or his designated representative shall fix a time and place for a hearing to determine the validity and effectiveness of the mining claimant's asserted right or interest in Leasing Act minerals. The procedures with respect to notice of such a hearing and the conduct thereof, and in respect to appeals shall follow the then established general procedures and rules of practice of the Department of the Interior in respect to contests or protests affecting public lands of the United States. If at any time prior to a hearing the person requesting publication of notice and any person filing a verified statement pursuant to such notice shall so stipulate, then to the extent so stipulated, but only to such extent, no hearing shall be held with respect to rights asserted under that verified statement, and to the extent defined by the stipulation the rights asserted under that verified statement shall be deemed unaffected by that particular published notice.

(d) Any person claiming any right in Leasing Act minerals under or by virtue of any unpatented mining claim heretofore located and desiring to receive a copy of any notice of any application, offer, permit, or lease which may be published as above provided in subsection (a) of this section 7, and which may affect lands embraced in such mining claim, may cause to be filed for record in the court office of record where the notice or certificate of location of such mining claim shall have been recorded, a duly acknowledged request for a copy of any such notice. Such request for copies shall set forth the name and address of the person requesting copies and shall also set forth, as to each

mining claim under which such person asserts rights in Leasing Act minerals:

(1) the date of location;

(2) the book and page of the recordation of the notice or certificate of location; and

(3) the section or sections of the public land surveys which embrace such mining claim; or if such lands are unsurveyed, either the section or sections which would probably embrace such mining claim when the public land surveys are extended to such lands or a tie by courses and distances to an approved United States mineral monument.

Other than in respect to the requirements of subsection (a) of this section 7 as to personal delivery or mailing of copies of notices and in respect to the provisions of subsection (e) of this section 7, no such request for copies of published notices and no statement or allegation in such request and no recordation thereof shall affect title to any mining claim or to any land, or be deemed to constitute constructive notice to any person that the person requesting copies has, or claims, any right, title, or interest in or under any mining claim referred to in such request.

(e) If any applicant, offeror, permittee, or lessee shall fail to comply with the requirements of subsection (a) of this section 7 as to the personal delivery or mailing of a copy of notice to any person, the publication of such notice shall be deemed wholly ineffectual as to that person or as to the rights asserted by that person and the failure of that person to file a verified statement, as provided in such notice, shall in no manner affect, diminish, prejudice or bar any rights of that person.

SEC. 8. The owner or owners of any mining claim heretofore located may, at any time prior to issuance of patent therefor, waive and relinquish all rights thereunder to Leasing Act minerals. The execution and acknowledgment of such a waiver and relinquishment by such owner or owners and the recordation thereof in the office where the notice or certificate of location of such mining claim is of record shall render such mining claim thereafter subject to the reservation referred to in section 4 of this act and any patent issued therefor shall contain such a reservation, but no such waiver or relinquishment shall be deemed in any manner to constitute any concession as to the date of priority of rights under said mining claim or as to the validity thereof.

SEC. 9. Notwithstanding any previous act, regulation, or decision, the reservation of minerals in lands withdrawn from the public domain for mineral purposes by Executive order, proclamation, or other administrative procedure shall be applicable only to those minerals and for the purposes expressed in said Executive order, proclamation, or other administrative procedure. The Secretary of the Interior shall retain the power and authority to dispose of other leasable minerals in said lands by leasing procedures applicable to the public domain. This section shall become effective April 1, 1955.

SEC. 10. The Atomic Energy Act is hereby amended as follows:

(a) Section 5 (b) (5) is revised to read:

"(5) Acquisition: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this Act, to purchase, take, requisition, condemn, or otherwise acquire—

"(A) supplies of source materials or any interest in real property containing deposits of source materials; and

"(B) rights to enter upon any real property deemed by it to have possibilities of containing deposits of source materials and to conduct prospecting and exploratory operations for such deposits.

Any purchase made under this paragraph may be made without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) upon certification by the Commission that such action is necessary in the interest of the common defense and security, or upon a showing that advertising is not reasonably practicable, and partial and advance payments may be made thereunder. The Commission may establish guaranteed prices for all source materials delivered to it within a specified time. Just compensation shall be made for any property or interest in property taken, requisitioned, or condemned under this paragraph."

(b) Section 5 (b) (6) is revised to read:

"(6) Operations on lands belonging to the United States: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to issue leases or permits for prospecting for, exploration for, mining, or removal of deposits of source materials (or for any or all of these purposes) in lands belonging to the United States."

(c) Section 5 (b) (7) is revised to read:

"(7) Public lands: No individual, corporation, partnership, or association, which had any part, directly or indirectly, in the development of the atomic bomb project, may benefit by any location, entry, or settlement upon the public domain made after such individual, corporation, partnership, or association took part in such project, if such individual, corporation, partnership, or association, by reason of having had such part in the development of the atomic bomb project, acquired confidential official information as to the existence of deposits of such uranium, thorium, or other materials, in the specific lands upon which such location, entry, or settlement is made, and subsequent to the date of the enactment of this act made such location, entry, or settlement or cause the same to be made for his, or its, or their benefit. In cases where any patent, conveyance, lease, permit, or other authorization has been issued, which reserved to the United States source materials and the right to enter upon the land and prospect for, mine, and remove the same, the head of the department or agency which issued the patent, conveyance, lease, permit, or other authorization shall, on application of the holder thereof, issue a new or supplemental patent, conveyance, lease, permit, or other authorization without such reservation."

(d) Notwithstanding the provisions of the Atomic Energy Act, and particularly section 5 (b) (7) thereof, prior to its amendment hereby, or the provisions of the act of August 12, 1953 (67 Stat. 539), and particularly section 3 thereof, any mining claim, heretofore located under the mining laws of the United States, for, or based upon a discovery of a mineral deposit which is a fissionable source material and which, except for the possible contrary construction of said Atomic Energy Act, would have been locatable under such mining laws, shall, insofar as adversely affected by such possible contrary construction, be valid and effective, in all respects to the same extent as if said mineral deposit were a locatable mineral deposit other than a fissionable source material.

SEC. 11. As used in this act "mineral leasing laws" shall mean the act of October 20, 1914 (38 Stat. 741); the act of February 25, 1920 (41 Stat. 437); the act of April 17, 1926 (44 Stat. 301); the act of February 7, 1927 (44 Stat. 1057); and all acts heretofore or hereafter enacted which are amendatory of or supplementary to any of the foregoing acts; "Leasing Act minerals" shall mean all minerals which, upon the effective date of this act, are provided in the mineral leasing laws to be disposed of thereunder, "Leasing Act operations" shall mean operations conducted under a lease, permit, or license issued under the mineral leasing laws in or incidental to prospecting for, drilling for, mining, treating, storing, transporting, or removing Leasing Act minerals; "mining operations" shall mean operations under any unpatented or patented mining claim or millsite in or incidental to prospecting for, mining, treating, storing, transporting, or removing minerals other than Leasing Act minerals and any other use under any claim of right or title based upon such mining claim or millsite; "Leasing Act operator" shall mean any party who shall conduct Leasing Act operations; "mining operator" shall mean any party who shall conduct mining operations; "Atomic Energy Act" shall mean the act of August 1, 1946 (60 Stat. 755), as amended; "Atomic Energy Commission" shall mean the United States Atomic Energy Commission established under the Atomic Energy Act or any amendments thereof; "fissionable source material" shall mean uranium, thorium, and all other materials referred to in section 5 (b) (1) of the Atomic Energy Act as reserved or to be reserved to the United States; "uranium lease application" shall mean an application for a uranium lease filed with said Commission with respect to lands which would be open for entry under the mining laws except for their being lands embraced within an offer, application, permit, or lease under the mineral leasing laws or lands known to be valuable for minerals leasable under those laws; "uranium lease" shall mean a uranium mining lease issued by said Commission with respect to any such lands; and "person" shall mean any individual, corporation, partnership, or other legal entity.

SEC. 12. If any provision of this act, or the application of such provision to any person or circumstances, is held unconstitutional, invalid, or unenforcible, the remainder of this act or the application of such provision to persons or circumstances other than those as to which it is held unconstitutional, invalid, or unenforcible, shall not be affected thereby.

Mr. D'EWART. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by D'EWART: Strike out all after the enacting clause and insert the langauge of H. R. 8896 as passed:

"That, (a) subject to the conditions and provisions of this act and to any valid intervening rights acquired under the laws of the United States, any mining claim located under the mining laws of the United States subsequent to July 31, 1939, and prior to February 10, 1954, on lands of the United States, which at the time of location were—

"(1) included in a permit or lease issued under the mineral leasing laws; or

"(2) covered by an application or offer for a permit or lease which had been filed under the mineral leasing laws; or

"(3) known to be valuable for minerals subject to disposition under the mineral leasing laws.

shall be effective to the same extent in all respects as if such lands at the time of location, and at all times thereafter, had not been so included or covered or known: *Provided, however,* That, in order to be entitled to the benefits of this act, the owner of any such mining claim located prior to January 1, 1953, must have posted and filed for record, within the time allowed by the provisions of the act of August 12, 1953 (67 Stat. 539), an amended notice of location as to such mining claim, stating that such notice was filed pursuant to the provisions of said act of August 12, 1953, and for the purpose of obtaining the benefits thereof: *And provided further,* That in order to obtain the benefits of this act, the owner of any such mining claim located subsequent to December 31, 1952, and prior to February 10, 1954, not later than 120 days after the date of enactment of this act, must post on such claim in the manner required for posting notice of location of mining claims and file for record in the office where the notice or certificate of location of such claim is of record

an amended notice of location for such claim, stating that such notice is filed pursuant to the provisions of this act and for the purpose of obtaining the benefits thereof and, within said 120-day period, if such owner shall have filed a uranium-lease application as to the tract covered by such mining claim, must file with the Atomic Energy Commission a withdrawal of such uranium-lease application or, if a uranium lease shall have issued pursuant thereto, a release of such lease, and must record a notice of the filing of such withdrawal or release in the county office wherein such notice or certificate of location shall have been filed for record.

"(b) Labor performed or improvements made after the original location of and upon or for the benefit of any mining claim which shall be entitled to the benefits of this act under the provisions of subsection (a) of this section 1, shall be recognized as applicable to such mining claim for all purposes to the same extent as if the validity of such mining claim were in no respect dependent upon the provisions of this act.

"(c) As to any land covered by any mining claim which is entitled to the benefits of this act under the provisions of subsection (a) of this section 1, any withdrawal or reservation of lands made after the original location of such mining claim is hereby modified and amended so that the effect thereof upon such mining claim shall be the same as if such mining claim had been located upon lands of the United States which, subsequent to July 31, 1939, and prior to the date of such withdrawal or reservation, were subject to location under the mining laws of the United States.

"SEC. 2. (a) If any mining claim which shall have been located subsequent to December 31, 1952, and prior to December 11, 1953, and which shall be entitled to the benefits of this act, shall cover any lands embraced within any mining claim which shall have been located prior to January 1, 1953, and which shall be entitled to the benefits of this act, then as to such area of conflict said mining claim so located subsequent to December 31, 1952, shall be deemed to have been located December 11, 1953.

"(b) If any mining claim hereafter located shall cover any lands embraced within any mining claim which shall have been located prior to February 10, 1954, and which shall be entitled to the benefits of this act, then as to such area of conflict said mining claim hereafter located shall be deemed to have been located 121 days after the date of the enactment of this act.

"SEC. 3. (a) Subject to the conditions and provisions of this act and to any valid prior rights acquired under the laws of the United States, the owner of any pending uranium lease application or of any uranium lease shall have, for a period of 120 days after the date of enactment of this act, as limited in subsection (b) of this section 3, the right to locate mining claims upon the lands covered by said application or lease.

"(b) Any rights under any such mining claim so hereafter located pursuant to the provisions of subsection (a) of this section 3 shall be subject to any rights of the owner of any mining claim which was located prior to February 10, 1954, and which was valid at the date of the enactment of this act or which may acquire validity under the provisions of this act. As to any lands covered by a uranium lease and also by a pending uranium lease application, the right of mining location under this section 3, as between the owner of said lease and the owner of said application, shall be deemed as to such conflict area to be vested in the owner of said lease. As to any lands embraced in more than one such pending uranium lease application, such right of mining location, as between the owners of such conflicting applications, shall be deemed to be vested in the owner of the prior application. Priority of such an application shall be determined by the time of posting on a tract then available for such leasing of a notice of lease application in accordance with paragraph (c) of the Atomic Energy Commission's Domestic Uranium Program Circular 7 (10 C. F. R. 60.7 (c)) provided there shall have been timely compliance with the other provisions of said paragraph (c) or, if there shall not have been such timely compliance, then by the time of the filing of the uranium lease application with the Atomic Energy Commission. Any rights under any mining claim located under the provisions of this section 3 shall terminate at the expiration of 30 days after filing for record of the notice or certificate of location of such mining claim unless, within said 30-day period, the owner of the uranium lease application or uranium lease upon which the location of such mining claim was predicated shall have filed with the Atomic Energy Commission a withdrawal of said application or a release of said lease and shall have recorded a notice of the filing of such withdrawal or release in the county office wherein such notice or certificate of location shall be of record.

"(c) Except as otherwise provided in subsections (a) and (b) of this section 3, no mining claim hereafter located shall be valid as to any lands which at the time of such location were covered by a uranium lease application or a uranium lease. Any tract upon which a notice of lease application has been posted in accordance with said paragraph (c) of said Circular 7 shall be deemed to have been included in a uranium lease application from and after the time of the posting of such notice of lease application: *Provided*, That there shall have been timely compliance with the other provisions of said paragraph (c) or, if there shall not have been such timely compliance, then from and after the time of the filing of a uranium lease application with the Atomic Energy Commission.

"SEC. 4. Every mining claim or millsite hereafter located under the mining laws of the United States and every mining claim or millsite heretofore so located which shall be entitled to benefits under the first three sections of this act shall be subject to a reservation to the United States of all Leasing Act minerals and of the right (as limited in sec. 6 hereof) of the United States, its lessees, permittees, and licensees to enter upon the land covered by such mining claim or millsite and to prospect for, drill for, mine, treat, store, transport, and remove Leasing Act minerals and to use so much of the surface and subsurface of such mining claim or millsite as may be necessary for such purposes, and whenever reasonably necessary, for the purpose of prospecting for, drilling for, mining, treating, storing, transporting, and removing Leasing Act minerals on and from other lands; and any patent issued for any such mining claim or millsite and contain such reservation: *Provided, however*, That such reservation contained in the patent shall apply only to the lands included in said mining claim which, at the time of the issuance of such patent are—

"(a) included in a permit or lease under the mineral leasing laws; or

"(b) covered by an application or offer for a permit or lease filed under the mineral leasing laws; or

"(c) known to be valuable for minerals subject to disposition under the mineral leasing laws.

"SEC. 5. Subject to the conditions and provisions of this act, mining claims and millsites may hereafter be located under the mining laws of the United States on lands of the United States which at the time of location are—

"(a) included in a permit or lease issued under the mineral leasing laws; or

"(b) covered by an application or offer for a permit or lease filed under the mineral leasing laws; or

"(c) known to be valuable for minerals subject to disposition under the mineral leasing laws;

to the same extent in all respects as if such lands were not so included or covered or known.

"SEC. 6. (a) Where the same lands are being utilized for mining operations and Leasing Act operations, each of such operations shall be conducted, so far as reasonably practicable, in a manner compatible with such multiple use.

"(b) Any mining operations pursuant to rights under any unpatented or patented mining claim or millsite which shall be subject to a reservation to the United States of Leasing Act minerals as provided in this act, shall be conducted, so far as reasonably practicable, in a manner which will avoid damage to any known deposit of any Leasing Act mineral. Subject to the provisions of subsection (d) of this section 6, mining operations shall be so conducted as not to endanger or materially interfere with any existing surface or underground improvements, workings, or facilities which may have been made for the purpose of Leasing Act operations, or with the utilization of such improvements, workings, or facilities.

"(c) Any Leasing Act operations on lands covered by an unpatented or patented mining claim or millsite which shall be subject to a reservation to the United States of Leasing Act minerals as provided in this act, shall be conducted, so far as reasonably practicable, in a manner which will avoid damage to any known deposit of any mineral not so reserved from such mining claim or millsite. Subject to the provisions of subsection (d) of this section 6, Leasing Act operations shall be so conducted as not to endanger or materially interfere with any existing surface or underground improvements, workings, or facilities which may have been made for the purpose of mining operations, or with the utilization of such improvements, workings, or facilities.

"(d) If, upon petition of either the mining operator or the Leasing Act operator, any court of competent jurisdiction shall find that a particular use in connection with one of such operations cannot be reasonably and properly conducted without endangering or materially interfering with the then existing improvements, workings, or facilities of the other of such operations or with the utilization thereof, and shall find that under the conditions and circumstances, as they then appear, the injury or damage which would result from denial of such particular use would outweigh the injury or damage which would result to such then existing improvements, workings, or facilities or from interference with the utilization thereof if that particular use were allowed, then in such event such court may permit such use upon payment (or upon furnishing of security determined by the court to be adequate to secure payment) to the party or parties who would be thus injured or damaged, of an amount to be fixed by the court as constituting fair compensation for the then reasonably contemplated injury or damage which would result to such then existing improvements, workings, or facilities or from interference with the utilization thereof by reason of the allowance of such particular use.

"(e) Where the same lands are being utilized for mining operations and Leasing Act operations, then upon request of the party conducting either of said operations, the party conducting the other of said operations shall furnish to and at the expense of such requesting party copies of any information which said other party may have, as to the situs of any improvements, workings, or facilities theretofore made upon such lands,

and upon like request, shall permit such requesting party, at the risk of such requesting party, to have access at reasonable times to any such improvements, workings, or facilities for the purpose of surveying and checking or determining the situs thereof. If damage to or material interference with a party's improvements, workings, facilities, or with the utilization thereof shall result from such party's failure, after request, to so furnish to the requesting party such information or from denial of such access, such failure or denial shall relieve the requesting party of any liability for the damage or interference resulting by reason of such failure or denial. Failure of a party to furnish requested information or access shall not impose upon such party any liability to the requesting party other than for such costs of court and attorney's fees as may be allowed to the requesting party in enforcing by court action the obligations of this section as to the furnishing of information and access. The obligation hereunder of any party to furnish requested information shall be limited to map and survey information then available to such party with respect to the situs of improvements, workings, and facilities and the furnishing thereof shall not be deemed to constitute any representation as to the accuracy of such information.

"SEC. 7. (a) Any applicant, offeror, permittee, or lessee under the mineral leasing laws may file in the office of the Secretary of the Interior, or in such office as the Secretary may designate, a request for publication of notice of such application, offer, permit, or lease, provided, expressly, that not less than 90 days prior to the filing of such request for publication there shall have been filed for record in the county Office of Record for the county in which the lands covered thereby are situate a notice of the filing of such application or offer or of the issuance of such permit or lease which notice shall set forth the date of such filing or issuance, the name and address of the applicant, offeror, permittee, or lessee and the description of the lands covered by such application, offer, permit or lease, showing section or sections of land surveyed, or, if such lands are unsurveyed, the section or sections of land which would probably be involved when the public lands surveyed are extended to such lands, or a tie by courses and distances to an approved United States Mineral Monument. The filing of such request for publication shall be accompanied by a certified copy of such recorded notice and an affidavit or affidavits of a person or persons over 21 years of age setting forth that the affiant or affiants have examined the lands involved in a reasonable effort to ascertain whether any person or persons were in possession of or engaged in the working of such lands or any part thereof, and, if no person or persons were found to be in possession of or engaged in the working of said lands or any part thereof on the date of such examination, setting forth such fact, or, if any person or persons were so found to be in possession or engaged in such working on the date of such examination, setting forth the name and address of each such person, unless affiant shall have been unable through reasonable inquiry to obtain information as to the name and address of any such person, in which event the affidavit shall set forth fully the nature and results of such inquiry.

"Thereupon the Secretary of the Interior, or his designated representative, at the expense of the requesting person (who, prior to the commencement of publication, must furnish the agreement of the publisher to hold such requesting person alone responsible for charges of publication), shall cause notice of such application, offer, permit, or lease to be published in a newspaper having general circulation in the county in which the lands involved are situate.

"Such notice shall describe the lands covered by such application, offer, permit, or lease, as provided heretofore in the notice to be filed in the office of record of the county in which the lands covered are situate, and shall notify whomever it may concern that if any person claiming or asserting under, or by virtue of, any unpatented mining claim, any right or interest in Leasing Act minerals as to such lands or any part thereof, shall fail to file in the office where such request for publication was filed (which office shall be specified in such notice) and within 150 days from the date of the first publication of such notice (which date shall be specified in such notice), a verified statement which shall set forth, as to such unpatented mining claim:

"(1) The date of location;

"(2) The book and page of recordation of the notice or certificate of location;

"(3) The section or sections of the public land surveys which embrace such mining claim; or if such lands are unsurveyed, either the section or sections which would probably embrace such mining claim when the public land surveys are extended to such lands or a tie by courses and distances to an approved United States mineral monument;

"(4) Whether such claimant is a locator or purchaser under such location; and

"(5) The name and address of such claimant and names and addresses so far as known to the claimant of any other person or persons claiming any interest or interests in or under such unpatented mining claim;

such failure shall be conclusively deemed (i) to constitute a waiver and relinquishment by such mining claimant of any and all right, title, and interest under such mining claim as to, but only as to, Leasing Act minerals, and (ii) to constitute a consent by such mining claimant that such mining claim and any patent issued therefor, shall be subject to the reservation specified in section 4 of this act, and (iii) to preclude thereafter any assertion by such mining claimant of any right or title to or interest in any Leasing Act mineral by reason of such mining claim.

"If such notice is published in a daily paper, it shall be published in the Wednesday issue for 9 consecutive weeks, or, if in a weekly paper, in 9 consecutive issues, or, if in a semiweekly or triweekly paper, in the issue of the same day of each week for 9 consecutive weeks.

"Within 15 days after the date of first publication of such notice, the person requesting such publication (1) shall cause a copy of such notice to be personally delivered to or to be sent by registered mail addressed to each person in possession or engaged in the working of the land whose name and address is shown by an affidavit file as aforesaid, and to each person who may have filed, as to any lands described in said notice, a request for notices, as provided in subsection (d) of this section 7, and (2) shall file in the office where said request for publication was filed an affidavit showing that copies have been so delivered or mailed.

"(b) If any claimant under any unpatented mining claim which embraces any of the lands described in any notice published in accordance with the provisions of subsection (a) of this section 7 shall fail to file a verified statement, as above provided, within 150 days from the date of the first publication of such notice, such failure shall be conclusively deemed, except as otherwise provided in subsection (e) of this section 7, (i) to constitute a waiver and relinquishment by such mining claimant of any and all right, title, and interest under such mining claim as to, but only as to, Leasing Act minerals, and (ii) to constitute a consent by such mining claimant that such mining claim and any patent issued therefore, shall be subject to the reservation specified in section 4 of this act, and (iii) to preclude thereafter any assertion by such mining claimant of any right or title to or interest in any Leasing Act mineral by reason of such mining claim.

"(c) If any verified statement shall be filed by a mining claimant as provided in subsection (a) of this section 7, then the Secretary of the Interior or his designated representative shall fix a time and place for a hearing to determine the validity and effectiveness of the mining claimant's asserted right or interest in Leasing Act minerals, which place of hearing shall be in the county where said interest or part of it is located, unless the mining claimant agrees otherwise. The procedures with respect to notice of such a hearing and the conduct thereof, and in respect to appeals shall follow the then established general procedures and rules of practice of the Department of the Interior in respect to contests or protests affecting public lands of the United States. If, pursuant to such a hearing the final decision rendered shall affirm the validity and effectiveness of any mining claim as to Leasing Act minerals then no subsequent proceeding under section 7 of this act shall have any force or effect upon any rights or interests under the said so affirmed mining claim. If at any time prior to a hearing the person requesting publication of notice and any person filing a verified statement pursuant to such notice shall so stipulate, then to the extent so stipulated, but only to such extent, no hearing shall be held with respect to rights asserted under that verified statement, and to the extent defined by the stipulation the rights asserted under that verified statement shall be deemed to be unaffected by that particular published notice.

"(d) Any person claiming any right in Leasing Act minerals under or by virtue of any unpatented mining claim and desiring to receive a copy of any notice of any application, offer, permit, or lease which may be published as above provided in subsection (a) of this section 7 and which may affect lands embraced in such mining claim, may cause to be filed for record in the county office of record where the notice or certificate of location of such mining claim shall have been recorded, a duly acknowledged request for a copy of any such notice. Such request for copies shall set forth the name and address of the person requesting copies and shall also set forth, as to each mining claim under which such person asserts rights in Leasing Act minerals:

"(1) the date of location;

"(2) the book and page of the recordation of the notice or certificate of location; and

"(3) the section or sections of the public land surveys which embrace such mining claim; or if such lands are unsurveyed, either the section or sections which would probably embrace such mining claim when the public land surveys are extended to such lands or a tie by courses and distances to an approved United States mineral monument.

Other than in respect to the requirements of subsection (a) of this section 7 as to personal delivery or mailing of copies of notices and in respect to the provisions of subsection (e) of this section 7, no such request for copies of published notices and no statement or allegation in such request and no recordation thereof shall affect title to any mining claim or to any land, or be deemed to constitute constructive notice to any person that the person requesting copies has, or claims, any right, title, or interest in or under any mining claim referred to in such request.

"(e) If any applicant, offeror, permittee, or lessee shall fail to comply with the requirements of subsection (a) of this section 7 as to the personal delivery or mailing of a copy of notice to any person, the

publication of such notice shall be deemed wholly ineffectual as to that person or as to the rights asserted by that person and the failure of that person to file a verified statement, as provided in such notice, shall in no manner affect, diminish, prejudice or bar any rights of that person.

"SEC. 8. The owner or owners of any mining claim heretofore located may, at any time prior to issuance of patent therefor, waive and relinquish all rights thereunder to Leasing Act minerals. The execution and acknowledgment of such a waiver and relinquishment by such owner or owners and the recordation thereof in the office where the notice or certificate of location of such mining claim is of record shall render such mining claim thereafter subject to the reservation referred to in section 4 of this act and any patent issued therefor shall contain such a reservation, but no such waiver or relinquishment shall be deemed in any manner to constitute any concession as to the date of priority of rights under said mining claim or as to the validity thereof.

"SEC. 9. The Atomic Energy Act is hereby amended as follows:

"(a) Section 5 (b) (5) is revised to read:

"(5) Acquisition: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to purchase, take, requisition, condemn, or otherwise acquire—

"(A) supplies of source materials or any interest in real property containing deposits of source materials, and

"(B) rights to enter upon any real property deemed by it to have possibilities of containing deposits of source materials and to conduct prospecting and exploratory operations for such deposits.

Any purchase made under this paragraph may be made without regard to the provisions of section 3709 of the Revised Statutes (U. S. C., title 41, sec. 5) upon certification by the Commission that such action is necessary in the interest of the common defense and security, or upon a showing that advertising is not reasonably practicable, and partial and advance payments may be made thereunder. The Commission may establish guaranteed prices for all source materials delivered to it within a specified time. Just compensation shall be made for any property or interest in property purchased, taken, requisitioned, condemned, or otherwise acquired under this paragraph.

"(b) Section 5 (b) (6) is revised to read:

"(6) Operations on lands belonging to the United States: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to issue leases or permits for prospecting for, exploration for, mining, or removal of deposits of source materials (or for any or all of these purposes) in lands belonging to the United States.

"(c) Section 5 (b) (7) is revised to read:

"'(7) Public lands: No individual, corporation, partnership, or association, which had any part, directly or indirectly, in the development of the atomic bomb project, may benefit by any location, entry, or settlement upon the public domain made after such individual, corporation, partnership, or association took part in such project, if such individual, coropration, partnership, or association, by reason of having had such part in the development of the atomic bomb project, acquired confidential official information as to the existence of deposits of such uranium, thorium, or other materials in the specific lands upon which such location, entry, or settlement is made, and subsequent to the date of the enactment of this act made such location, entry, or settlement or caused the same to be made for his, or its, or their benefit. In cases where any patent, conveyance, lease, permit, or other authorization has been issued, which reserved to the United States source materials and the right to enter upon the land and prospect for, mine, and remove the same, the head of the department or agency which issued the patent, conveyance, lease, permit, or other authorization shall, on application of the holder thereof, issue a new or supplemental patent, conveyance, lease, permit, or other authorization without such reservation.'

"(d) Notwithstanding the provisions of the Atomic Energy Act, and particularly section 5 (b) 7 thereof, prior to its amendment hereby, or the provisions of the act of August 12, 1953 (67 Stat. 539), and particularly section 3 thereof, any mining claim, heretofore located under the mining laws of the United States, for, or based upon a discovery of a mineral deposit which is a fissionable source material and which, except for the possible contrary construction of said Atomic Energy Act, would have been locatable under such mining laws, shall, insofar as adversely affected by such possible contrary construction, be valid and effective, in all respects to the same extent as if said mineral deposit were a locatable mineral deposit other than a fissionable source material.

"SEC. 10. As used in this act 'mineral leasing laws' shall mean the act of October 20, 1914 (38 Stat. 741); the act of February 25, 1920 (41 Stat. 437); the act of April 17, 1926 (44 Stat. 301); the act of February 7, 1927 (44 Stat. 1057); and all acts heretofore or hereafter enacted which are amendatory of or supplementary to any of the foregoing acts; 'Leasing Act minerals' shall mean all minerals which, upon the effective date of this act, are provided in the mineral leasing laws to be disposed of thereunder, 'Leasing Act operations' shall mean operations conducted under a lease, permit, or license issued under the mineral leasing laws in or incidental to prospecting for, drilling for, mining, treating, storing, transporting, or removing Leasing Act minerals; 'mining operations' shall mean operations under any unpatented or patented mining claim or millsite in or incidental to prospecting for, mining, treating, storing, transporting, or removing minerals other than Leasing Act minerals and any other use under any claim of right or title based upon such mining claim or millsite; 'Leasing Act operator' shall mean any party who shall conduct Leasing Act operations; 'mining operator' shall mean any party who shall conduct mining operations; 'Atomic Energy Act' shall mean the Act of August 1, 1946 (60 Stat. 755), as amended; 'Atomic Energy Commission' shall mean the United States Atomic Energy Commission established under the Atomic Energy Act or any amendments thereof; 'fissionable source material' shall mean uranium, thorium, and all other materials referred to in section 5 (b) (1) of the Atomic Energy Act as reserved or to be reserved to the United States; 'uranium lease application' shall mean an application for a uranium lease filed with said Commission with respect to lands which would be open for entry under the mining laws except for their being lands embraced within an offer, application, permit, or lease under the mineral leasing laws or lands known to be valuable for minerals leasable under those laws; 'uranium lease' shall mean a uranium mining lease issued by said Commission with respect to any such lands; and 'person' shall mean any individual, corporation, partnership, or other legal entity.

"SEC. 11. If any provision of this act, or the application of such provision to any person or circumstances, is held unconstitutional, invalid, or unenforcible, the remainder of this act or the application of such provision to persons or circumstances other than those as to which it is held unconstitutional, invalid, or unenforcible, shall not be affected thereby."

The SPEAKER. The question is on the amendment offered by the gentleman from Montana [Mr. D'EWART].

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

The proceedings whereby the bill H. R. 8896, was passed were vacated, and that bill was laid on the table.

HOUSING ACT OF 1954

Mr. WOLCOTT submitted a conference report and statement on the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

SPECIAL ORDER GRANTED

Mr. HAND asked and was given permission to address the House on Thursday and Friday of this week for 30 minutes each, following the legislative business of the day and any special orders heretofore entered.

SPECIAL ORDER VACATED

The SPEAKER. Under previous order of the House the gentleman from California [Mr. PHILLIPS] is recognized for 45 minutes.

Mr. PHILLIPS. Mr. Speaker, I ask unanimous consent that the special order allotted to me be vacated.

The SPEAKER. Is there objection?

There was no objection.

A DISCUSSION OF THE CONCEPT OF EQUAL PAY FOR EQUAL WORK

The SPEAKER. Under previous order of the House, the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON] is recognized for 20 minutes.

Mrs. FRANCES P. BOLTON. Mr. Speaker, on January 14 of this year I introduced H. R. 7172 after considerable research and contact with people of many groups which have expressed interest in the principle of equal pay for equal work. Included in these groups were leaders of American labor, business, finance, education, and women's affairs.

It has seemed wise not to press the matter until I have more significant information. So today I want to discuss the general concept of equal pay for equal work. To do so, let me set forth briefly the provisions of my bill the overall purpose of which was to prohibit discrimination on account of sex in the payment of wages by employers. Briefly, this bill—

First. Directs the Secretary of Labor to set up standards to determine which jobs involve work of comparable character or skills.

Second. Permits an employee to sue for wages he was deprived of because his employer violated the act.

Third. Permits the Secretary of Labor to bring court action if the employee prefers that method.

The administration, the Labor Department, and the Women's Bureau pledged strong support of the bill. So did many other important groups in labor and industry, in women's organizations and education.

Many organizations have expressed their support of the principle of equal pay: the Amalgamated Clothing Workers of America, the American Association of University Women, General Federation of Women's Clubs, National Council of Catholic Women, National Council of Jewish Women, National Council of Negro Women, the National Education Association, National Federation of Business and Professional Women's Clubs, National League of Women Voters, National Women's Trade Union League, National Association of Women Lawyers, Young Women's Christian Association, United Church Women.

The Chamber of Commerce of the United States, in a policy declaration, stated it believed in the equal-pay principle but did not believe in Federal legislation.

The National Association of Manufacturers says:

> The principle of equal pay for equal work performance within the wage structure of a local business establishment is sound and should be observed. Rates of pay should be based on the nature and requirements of each job, irrespective of age, sex, or other personal factors of the worker.

Among individual industrialists who have recently been queried on the matter of equal pay for equal work, there appear to be divergent opinions regarding the validity of the proposed legislation. Most industrialists believe in the principle but look with a certain amount of foreboding on national legislation. They prefer an evolutionary program of education rather than legislation. They are concerned about inspectors, penalties, difficulties of enforcement. However, I recognize that many people in this country, including Members of this Congress, leaders in industrial management, leaders in labor organizations, educators, women's organizations are not fully aware of the advantages and difficulties in the passage and enforcement of such a bill. I think it is important to bring all arguments, pro and con, before you so that you may have all the facts as to the benefits which this bill will bring to all the people.

I think it is wise to take a new look at the woman worker who is so important in our economy.

The typical woman at work today is in her late thirties, and she is married. She works because she and her family need the money she earns. Her job is probably a clerical or factory job, full-time. She may work less than a full year in any one place.

Her income runs between $1,500 and $2,000. This amount combined with her husband's salary gives the family an income of less than $5,000. The Women's Bureau of the Department of Labor figures—1952—show almost 19 million women holding jobs—one-third of this Nation's labor force.

These figures do more than suggest that this woman deserves our attention as "United States citizen, first-class."

It is true also that women generally own two-thirds of all privately owned war bonds, either alone or as co-owner; they hold 40 percent of the titles of 30 million homes in this country; they pay 40 percent of all property taxes; 80 percent of all inheritance taxes. They spend 80 percent of the national income.

Women made up 52 percent of the voters in the 1952 election. There are some 2 million more women than men today in our country. With the necessary withdrawal of men for the Armed Services, these figures may continue to increase. This will mean an even greater necessity for women to earn a decent wage. Should national emergencies arise, her services may again be desperately needed by industry.

The present spiritual and economic climate makes this a peculiarly propitious time for consideration of the whole question of equal pay.

Many experts believe that such a bill will stimulate our economy by increasing consumer purchasing power. If we have learned anything from the disturbed business cycles of the past two or three decades, it is that a high living standard and prosperous business conditions cannot exist if the worker cannot buy the products of his or her labor. Yet, if large numbers of women can be hired at less than the prevailing rates for men, their competition is likely to result either in the displacement of the men or in men's acceptance of lower rates. The eventual result is reduced purchasing power and lower standards of living for all workers.

The payment of lower rates to women for work comparable with men's has adverse effect on the best use of workers. By creating so-called men's jobs and women's jobs, it cuts down free choice of work opportunities for all. Men will not take women's jobs because of their lower rates of pay, and men resent the hiring of women for men's jobs for fear that the rates will be cut if women are brought in. This creates what might be called a frozen labor market, and industry itself suffers because of it.

It is to industry's advantage that workers be able to move freely, as the situation demands, from one job to another, but the artificial barrier set up by unequal wage rates prevents industry from employing workers on the most efficient basis. The widespread establishment of a rate for the job, irrespective of sex, would make a genuine contribution toward creating labor mobility and increased industrial efficiency.

I recognize, of course, that there are many different opinions on the question. Before any bill is passed, these viewpoints have to be adjusted and reconciled. There are the points of view of industrial management, of organized labor, of women's organizations, of educators, of the women who work.

I hope that the discussions which may arise from presentation of available facts will give the American people as a whole an opportunity to express their wishes.

DEFINITION

The increasing number of women in industry has made the question of equal pay for comparable work of growing importance. In two world wars the Federal Government supported the principle of equal pay for women. Various States adopted such legislation.

Equal pay for comparable work by definition is the application of a rate or rate range for the job without regard to the sex of the worker. There are sound methods of job evaluation by which it is possible to weigh the duties, responsibilities, and working conditions and fix the rate of pay for each job. Job evaluation has almost eliminated the difficulty of setting up criteria.

HISTORICAL BACKGROUND

Demands for Government action for equal pay arose as early as 1868, when the National Labor Union Convention passed a resolution urging Federal and State Governments "to pass laws securing equal salaries for equal work to all women employed under the various departments of Government."

The Classification Act of 1923 established for Federal workers the rate for the job, irrespective of sex. Just last week the House Committee on Post Office and Civil Service approved an amendment to the new Federal pay bill—H. R. 8093—permitting appeal to the Civil Service Commission where persons are passed over on job eligibility lists because of their sex. For many years, women's organizations, labor unions, and many others both inside and outside the Government have urged that the Federal Government should enact an equal-pay law.

Many unions, however, have long pressed for equal-pay provisions in their contracts and in legislation.

It is difficult to obtain information as to the extent of wage discrimination against women throughout the United States. Many instances of unequal pay in individual plants or establishments have come to my attention. The dual wage structure in contracts is one method by which employers and unions avoid paying women the man's rate for the job.

In some arbitration awards interpreting union contracts the arbitrator has held that although women perform the same work as men and receive a lower pay rate, they are not entitled to the same pay since the differential has been in existence for a number of years and the union has implicitly condoned it, making no protestation.

A number of States have passed legislation of one sort or another, but State action cannot of itself reach the national goal. It might be interesting to take up at this point just what the States have done. This recapitulation may serve as background for recommendations looking to Federal legislation.

Achievement by women in the First World War resulted in the passage of equal-pay laws in two States, Montana and Michigan.

Wartime developments and the War Labor Board action have helped collective-bargaining agreements and have helped the establishment of job evaluation systems under which pay differentials based on sex have been abolished.

The demand for legislative action during the Second World War resulted in the passage by a number of States of equal-pay laws. In one decade 12 States passed equal-pay laws.

Today, in addition to Michigan and Montana, there are equal pay laws in Illinois, Washington, New York, Massa-

chusetts, Rhode Island, Pennsylvania, New Hampshire, California, Connecticut, Maine, New Jersey, and the Territory of Alaska.

However, among these 14 equal-pay laws, very few are free of loopholes. In Illinois, the Department of Labor has no responsibility to enforce the law. In Illinois and Michigan, the law covers only workers in manufacturing industries. In California, Illinois, Maine, Pennsylvania, and Rhode Island, wage discrimination is permitted if sanctioned by a collective-bargaining agreement. In California, Illinois, Maine, Pennsylvania, and Rhode Island, laws enumerate many factors upon which wage differentials can be based. In New York and Washington, wage differentials are permitted if based on "factors other than sex." The New Jersey law permits "a reasonable factor or factors other than sex" on which to base wage differentials. Such terminology has, in many cases, been used to evade the intent of the laws. In many States the labor commissioner does not have the power to take wage assignments and sue in behalf of the employee. In most States inadequate appropriations make administration of the equal pay laws difficult. No State's laws attempt to eliminate inequalities between rates paid for so-called men's and women's jobs.

Some States require equal pay for teachers and for State employees. Sixteen States and the District of Columbia have equal pay laws for teachers. About one-half the States have civil-service systems in which equal pay for men and women is generally required in all branches of the State government.

However, experience has shown that the limited orbit of State laws cannot cure an evil which is nationwide in its extent. Today, practically all American business and industry touches on interstate commerce. Very few businesses or industries operate on a strictly intrastate basis. For this reason, broad, uniform, countrywide Federal legislation would seem to be needed. Such Federal legislation could: First, eliminate many labor disputes caused by discriminatory wage practices; second, lessen unfair competition among employers; third, raise living standards of all workers and their dependents; fourth, contribute to maximum labor force efficiency and flexibility; fifth, increase the prestige of the United States among the nations of the world; and, above all else, sixth, grant justice to women workers.

Let me touch briefly on each of these points:

LABOR DISPUTES CAUSED BY DISCRIMINATION

Unrest, and even strikes, result from employers' resistance to granting equal pay. Walter P. Reuther testified at a congressional hearing that the fight for equalization of women's rates had prolonged strikes in some plants of General Motors. Joseph A. Beirne, president, Communications Workers of America, has testified that the question of equal pay was always one of the stumbling blocks in contract negotiations.

UNFAIR COMPETITION

The Senate report on the Women's Equal Pay Act of 1950 points out that employers in the States with equal-pay laws are now at a competitive disadvantage in interstate transactions. Furthermore, it states that Federal legislation would benefit employers now voluntarily applying the equal-pay principle by eliminating unfair competition from those areas paying lower wages to women.

LIVING STANDARDS

Labor unions have presented many examples of how unequal pay for women results in lower wages for men and in lower living standards for many American families. Says Mr. T. R. Owens, of the United Rubber Workers, CIO:

> Wherever there are two sets of rates in a plant, there is a continual attempt to bring all rates down to the lower level. Thus industries with a labor force having large proportions of women have lower wage rates than industries employing chiefly men. This is true, for instance, of the cotton textile industry, where the majority of workers are women.

Wage differentials occur in industries where studies have been made, for instance, in the meat-cutting industry.

In 1953, women's hourly rate was 5 cents less than men's. Before collective bargaining, it was as much as 10½ cents an hour less. This is true of other industries, as shown by studies made by the Labor Department.

It is important, for instance, to remedy such a situation as occurred in an arbitration award in Pittsburgh. In absence of a contract clause requiring equal pay for equal work, it was ruled that an employer need not pay female employees the high rate paid male employees for the same work.

A number of important problems still remain in regard to equal pay and collective bargaining. Unequal pay is still the rule where no strong union or no union exists. Unequal pay practices are justified by various devices. For instance, names of the same job vary; first, when performed by men; second, when performed by women. Or a man's job is changed slightly or renamed for performance by a woman, at a lower rate of pay. A number of such devices are used to get around the problem.

Regrettably, we have no comprehensive plant-by-plant job-by-job wage data of the extent to which equal pay for comparable work for women and men is practiced in the United States. Weekly earnings of production workers in certain manufacturing industries in several States are striking examples of the lower level of women's earnings.

The United Automobile Workers, CIO, gives an example of how unequal pay for women can force men to accept lower wage rates. In the Delco-Remy plant in Anderson, Ind., a 16-cent differential existed between male and female rates for the same or comparable work. After V-J Day, management hired more women, while at the same time refusing to hire males, a large percentage of whom were veterans. When management refused to eliminate the differential, the union accepted a compromise. Women were placed on the day shift and new male employees were put on the afternoon shift where the rates were higher.

In other countries the matter has had attention of the government. The British Government announced that it would start applying, in all departments, the principle of equal pay for women. By March 1955, the old practice of paying women less than men for the same work would have been completely eliminated. This should affect all British industry.

On August 15, 1945, Pope Pius XII told the Congress of the Italian Catholic Women Workers, "the Church has always held that women should receive the same pay as men for equal work and output."

JUSTICE TO WOMEN WORKERS

Statistics show that American women work in order to support or help support themselves and their families.

In 1950, the median income of husband-wife families in which the wife was working was $4,003. According to the Bureau of Labor Statistics, a minimum family budget for a city worker's family of four was $3,727 in October 1950. In many families, the wife's entire earnings are essential if the family is to maintain any kind of a standard of living. As Miss Elizabeth Christman pointed out when she represented the National Women's Trade Union League at congressional hearings, a loaf of bread has the same price no matter who purchases it.

It is interesting that both the political parties have had equal pay planks in their platforms.

Republican:

> We favor legislation assuring equal pay for equal work regardless of sex.

Democratic:

> We believe in equal pay for equal work regardless of sex, and we urge legislation to make that principle effective.

So far they have but gathered dust.

CONCLUSIONS

Economic, social, moral, and political reasons all seem to point to the need for adequate equal pay legislation.

The problem we face as a free Nation dedicated to justice and opportunity for the individual spreads itself out before us as the exigencies of living continue to force women into the labor market. What is the way to meet it? A century has passed since women first were openly accepted as part of the labor force. Now women actually form a third of that force. What is the best way to bring about the result? How can we best insure her receiving the same pay as a man whose work is the same as her own?

It seems to me that is a question with which this Congress must deal in the very near future.

The bill I introduced in the 83d Congress dies at the adjournment hour. While I do not feel that the failure of this attempt was caused by any apparent flaws in H. R. 7172, neither does this preclude the possibility that I may take a different approach at a future session of Congress. What should be in the bill which the 84th Congress considers?

I shall greatly appreciate your thoughtful consideration of the whole matter and shall hope you will let me have your thoughts and your suggestions as a guide for possible future legislation.

WHAT THE 83D CONGRESS HAS DONE FOR SEATTLE

The SPEAKER pro tempore (Mr. CANFIELD). Under the previous order of the House, the gentleman from Washington [Mr. PELLY] is recognized for 15 minutes.

Mr. PELLY. Mr. Speaker, as the House of Representatives concludes the regular order of another day's business, I rise to speak in a rather personal way. This session of the 83d Congress will soon adjourn, and from now on our sessions may be longer and our patience shorter. So, while the Members are still in a friendly and receptive mood, I want to take advantage of the situation.

My one purpose in addressing the House today is to discharge the deep sense of obligation I feel to the Members of this body for the unfailing courtesy, help, and cooperation given me since the 83d Congress convened in January 1953.

When I have called on you, Mr. Speaker, or upon the individual Members of this House, for information or sympathetic consideration of a problem, you have invariably earned my gratitude, and the results have been of real importance to the people of Seattle and Kitsap County. We of the First Congressional District owe a great debt to those in the legislative and executive branches of the Government.

Mr. ARENDS. Mr. Speaker, will the gentleman yield?

Mr. PELLY. I yield.

Mr. ARENDS. I would like to say to the gentleman from Washington that in like manner we would express ourselves on this side of the aisle by saying that we have enjoyed not only the fellowship but the complete cooperation of the gentleman from Washington [Mr. PELLY], in the legislative programs that we have had up since he has been a so-called new Member. He has been tireless in his efforts and worked continuously for the best interests of the people of his district. It is Members like the gentleman from Washington [Mr. PELLY], who have made possible this fine constructive program we are trying to put through in this Congress.

Mr. PELLY. I thank the gentleman.

Mr. Speaker, let me cite a few examples:

(a) After a quarter of a century of waiting, the Public Works Committee finally recommended authorization of the Ballard breakwater and small-boat basin in Shilshole Bay outside the Government locks.

(b) After years of waiting, Seattle is getting a new terminal post office.

(c) Enough modernization and conversion work has been allocated to the Puget Sound Naval Shipyard in Bremerton to keep the yard in its present position as the top public shipyard in the Nation from the standpoint of workload. I might say that this is as it should be, because the performance of the Puget Sound yard has been outstanding with regard to economy of operation, meeting time schedules, and quality of workmanship. This fine record fully justified the Navy's decision to give the yard the first $40 million modernization of a *Midway* class carrier.

(d) Utilization of the merchant-marine reserve fleet at Olympia for storage of surplus wheat.

(e) A congressional fact-finding hearing on the transportation problems which have plagued the Seattle waterfront for so long. It is perhaps significant that there has been no major waterfront shutdown since those hearings; untold benefit to the city has followed.

(f) Favorable consideration of several pieces of legislation, including two resolutions authorizing free import of goods for the third and fourth international trade fairs in Seattle, and a bill which will save the shipping industry thousands of operation dollars annually by allowing quarantine inspections during overtime hours.

(g) The transfer of several MSTS vessels to Seattle from San Francisco as their home port, with a resulting boost for Seattle's most important interest, the maritime industry.

(h) Reconsideration at my request of a holdover Defense Department procurement policy, which means that $100 million formerly designated for expenditure each year in foreign shipyards now goes to domestic shipyards.

(i) Successful conclusion of a temporary agreement, through the intercession of the State Department with the Government of Canada, to allow flooding across the Canadian boundary on the Skagit River. This will allow Seattle City Light to meet its power demands without difficulty for at least another year.

For these actions and many, many more my constituents deeply appreciate the assistance of this Congress and this administration. On their behalf and for myself I extend to this body my sincere gratitude.

Mr. Speaker, since early 1953 we of this House of Representatives have considered and debated, pro and con, many issues important to the American people. A good part of President Eisenhower's recommended program has passed the House. By and large, it has been a series of measures designed to be liberal in relation to the needs of the people, but conservative in the spending of their money. All partisanship aside, it is a good program, and if the President is given congressional support during the 84th Congress, the Eisenhower era will go down as one of the great periods in the history of the Republic.

It has been a great satisfaction to have had a part in liberalizing the social-security system.

It has been even more gratifying to be able to give the hard-pressed wage earners and taxpayers of the Nation tax reductions approximating $7 billion.

The achievements of the 83d Congress in the elimination of waste, duplication, and unnecessary expenditures, in doing away with wage and price controls, and in holding the line against the inflation that was destroying our buying power, have all made me proud to be a Member of the legislative branch of the Government. But what has given me the most satisfaction is that I have been part of an administration that terminated the bloodshed and killing of American boys in Korea.

Right now, fortunately, my district is in good sound economic condition, even considering that the war boom is over. The transition has been far easier than one might have expected.

Since I have represented the First Congressional District of the State of Washington many problems have come to me. Some of these have been successfully concluded, some are now in the process of solution and, of course, there were many which had no solution.

Mr. Speaker, during the two sessions of the 83d Congress I have worked on over 100 matters of major importance to my district. Week by week and day by day they have claimed my attention. Many of these projects, some of them already mentioned, appear to be successfully accomplished. Others, such as keeping passenger ships running to Alaska, obtaining cargoes for American merchant ships—of vital importance to the port of Seattle—and keeping the shipbuilding industry alive, are continuing problems which obviously cannot be solved at any one time by any single action.

Finally, Mr. Speaker, I want to say this. I feel that the 83d Congress has accomplished a great deal. Personally, after reviewing the legislation we have passed, I have a sense of real satisfaction. Couple this with the record of the administration in such important respects as the great progress in achieving racial equality, in removing poor security risks from sensitive Government positions, in the elimination of waste of taxpayers' money and increasing the efficiency of Government, gives me a sense of pride and of having kept faith with preelection promises.

I will go back to my district with a feeling of achievement. Meanwhile, again, I thank all Members of the House for their cooperation and the great privilege of association with such a fine group of legislators.

VOCATIONAL REHABILITATION ACT

Mr. McCONNELL submitted a conference report and statement on the bill (S. 2759) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes.

COOPERATIVE RESEARCH IN EDUCATION

Mr. McCONNELL submitted a conference report and statement on the bill (H. R. 9040) to authorize cooperative research in education.

WHITE HOUSE CONFERENCE ON EDUCATION

Mr. McCONNELL submitted a conference report and statement on the bill (H. R. 7601) to provide for a White House conference on education.

NATIONAL ADVISORY COMMITTEE ON EDUCATION

Mr. McCONNELL submitted a conference report and statement on the bill (H. R. 7434) to establish a National Advisory Committee on Education.

TELECASTING AND BROADCASTING OF CONGRESSIONAL HEARINGS

The SPEAKER pro tempore (Mr. CANFIELD). Under the previous order of the House, the gentleman from Michigan [Mr. MEADER] is recognized for 10 minutes.

Mr. MEADER. Mr. Speaker, I desire to call the attention of the House to the very controversial question of whether or not committee hearings should be broadcast and telecast.

Members will recall that in the last Congress the present Speaker of the House [Mr. MARTIN] propounded a parliamentary inquiry and the former Speaker of the House [Mr. RAYBURN] ruled that, in his opinion, committees did not have the power to authorize the broadcasting or telecasting of their proceedings.

My understanding of that statement by former Speaker RAYBURN was that it was not a precedent binding upon the House but merely the expression of an opinion in response to a parliamentary inquiry.

I also understand that the present Speaker of the House has indicated informally that, were the question presented to him for ruling, his ruling would be that the committees in their own discretion could decide what media of communication could be permitted to report the public proceedings of committees.

Mr. Speaker, in the 82d Congress I introduced a resolution to amend the rules of the House to make it clear that committees had the discretion to decide what media of communication could report their hearings.

The Committee on Government Operations, of which I am a member, has taken action in this connection. It adopted a rule which, in my judgment, was unwise. On February 4 of this year on motion of the gentleman from California [Mr. CONDON], the Government Operations Committee adopted a rule, or an amendment to an existing rule, rule 13 (a) and (b). The effect of the amendment is to prohibit regular or special subcommittees from telecasting or broadcasting their hearings except by unanimous consent. With respect to the full committee the rule provides that there must be an affirmative vote of a constitutional majority, in other words, more than one-half of the authorized membership of the committee, before the full committee proceedings could be broadcast or telecast. I voted against that amendment. My colleague, the gentleman from Michigan [Mr. HOFFMAN], chairman of the Committee on Government Operations, and I, were the only members of the committee to vote against the adoption of that rule.

The committee is now reconsidering that action. A special subcommittee was appointed under the chairmanship of the gentleman from New York [Mr. RIEHLMAN] to consider the matter of telecasting and broadcasting our committee proceedings. The gentleman from New York [Mr. RIEHLMAN] asked me if I cared to make any comments on revision of this rule with respect to telecasting. I did so. I addressed a letter to him under date of July 16 setting forth my comments on the proposed reconsideration of telecasting committee hearings. Briefly, Mr. Speaker, I said that I believe telecasting and broadcasting should be permitted within the sound discretion of the committee upon the same type of vote by which the committee takes all action, namely, the vote of a majority of those present and voting, a quorum being present.

Mr. Speaker, to require unanimous consent on a matter such as broadcasting and telecasting, in my judgment, goes too far in the direction of minority rule. I am impressed by the passage in the introduction of the Rules of the House by our parliamentarian, Mr. Deschler, to the effect that the rules of the House are very finely adjusted and so developed that a majority can work its will at all times, even in the face of the most vigorous opposition of a minority.

As I view it, last February the majority of the Government Operations Committee abdicated its power to take action not just to the minority but to one single member. Regardless of the desires of the rest of the membership, one member can block the telecasting of subcommittee hearings.

I think persons who regard those new devices for transmission of news as something to be feared are perhaps a little bit behind the times. I think those new mediums of bringing the Government closer to the people are in the public interest. Eventually I believe the public will insist upon using this instrument for knowing about the public business. Therefore, it is my hope that when the Government Operations Committee considers this problem—and I understand they will do so day after tomorrow—they will unhesitatingly repeal the rule ill advisedly adopted last February.

Mr. Speaker, at this point I ask unanimous consent to incorporate in my remarks a letter I wrote to the gentleman from New York [Mr. RIEHLMAN], on July 16, setting forth my views on this subject.

The SPEAKER pro tempore (Mr. CANFIELD). Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. MEADER. The letter is as follows:

JULY 16, 1954.

Hon. R. WALTER RIEHLMAN,
Chairman, Subcommittee on Military Operations, Government Operations Committee, House of Representatives, Washington, D. C.

DEAR WALTER: You have invited my comment on modification of Rule 13 (a) and (b) of the Rules of the Committee on Government Operations adopted February 4, 1954.

You may recall I opposed the adoption of this rule. I believe it should be repealed.

Rule 13 reads as follows:

"Hearings—the taking of testimony—are to be conducted in an orderly, dignified manner, the committee keeping in mind the power of the Congress, the authority of the committee, the attainment of the objective sought and the rights and privileges of the witness.

"Rule 13 (a): • • • None of the hearings of the regular subcommittees, or any of the special subcommittees which may be appointed, shall be telecast or broadcast, whether directly or through such devices as wire recordings, wire tapes, motion pictures, or other mechanical means, unless approved by unanimous consent of the member of such regular subcommittee or of any special subcommittees. Such consent shall be expressed by ballot and the vote on such ballot shall not be released to the public unless the vote is unanimous: *Provided*, That if any member of any regular subcommittee, or any special subcommittee shall be ill or otherwise unavailable for such vote on such ballot, his consent shall not be necessary, if at least a quorum of such regular subcommittee or special subcommittee unanimously approves such telecast or broadcast.

"Rule 13 (b): • • • None of the hearings of the full committee shall be telecast or broadcast by any of the means set forth in rule 13 (a) unless approved by ballot, by a majority of the members of the full committee (not merely a majority of the members present and voting)."

In effect, those rules prohibit telecasting or broadcasting of subcommittee hearings except by unanimous consent evidenced by secret ballot, and of hearings of the full committee except by approval by ballot of a majority of the membership of the full committee (a "constitutional majority").

I oppose that rule on both procedural and substantive grounds.

The general rule in the House of Representatives, and its committees, is that valid decisions are made by vote of a simple majority, that is the majority of those present and voting, a quorum being present (rule XV, 4). The rules of the House are expressly made the rules of its standing committees (rule XI, 25 (a)).

A simple majority can take action on all legislative and procedural questions except those regarded for special reasons as being of exceptional gravity or lasting consequence.

A simple majority vote can declare war, levy taxes, appropriate public funds, raise the limitation on the public debt, impose criminal penalties and decide on all kinds of matters of far-reaching national policy.

Examples of questions requiring more than a simple majority vote are amendments to the Constitution, overriding a veto, expulsion of a Member, rejecting a presidential reorganization plan and conviction on impeachment.

No question, procedural or legislative, is regarded as sufficiently important to require a unanimous vote.

A committee may not adopt rules inconsistent with the rules of the House. It is my opinion that rule 13 (a) and (b) is therefore wholly void as an attempted exercise of the rule-making power by a committee which it does not possess. When an attempt is made to enforce rule 13 (a) and (b) I believe a point of order against it would be well taken.

Whether valid or void as a matter of legality, rule 13 (a) and (b) is unwise and unsound. In effect, it deprives the majority of the right to run a committee. Not only does it place control in a minority, but in the hands of any one member of a subcommittee who, by a single objection, can prevent the broadcasting and telecasting of committee hearings regardless of the wishes of all the other members. This is essentially unparliamentary as the comment of the House Parliamentarian, Lewis Deschler, indicates in this very well expressed passage from the introduction to the Rules of the House:

"From the beginning of the First Congress the House has formulated rules for its

procedure. Some of them have since gone out of existence. More of them have been amplified and broadened to meet the exigencies that have arisen from time to time. Today they are perhaps the most finely adjusted, scientifically balanced, and highly technical rules of any parliamentary body in the world. Under them a majority may work its will at all times in the face of the most determined and vigorous opposition of a minority."

As I appraise the importance of telecasting and broadcasting committee hearings it does not justify requiring action to be taken by a degree of voting more difficult to obtain than that by which all other action of a committee is taken. Certainly the decision on what media of communication shall be permitted to report committee proceedings is simply one of the housekeeping matters which ought to be in the discretion of the majority at all times. It, in my judgment, cannot rise to the dignity and importance of recommending favorable action on bills or resolutions or the filing of committee reports with the House, all of which action is taken by simple majority vote.

Leaving the procedural question, I am unable to agree with the philosophy of rule 13 (a) and (b) on the merits. Public hearings of committees are a legitimate matter of public interest. Any means of communicating the work of a public agency such as a congressional committee to the people of the United States, subject to the control of the committee in its sound discretion, should be effectively utilized to the end that there may be an informed electorate. I have difficulty in distinguishing between agencies or channels of communication where they bear upon reporting of public activities on any basis of principle. The official record of the committee, the transcript of testimony, and the accounts of news reporters, columnists, or commentators are essentially the same, as I view it, as the actual verbatim tape recording, live or transcribed newsreel cameras, and live or transcribed telecasting. If there is a distinction between those media of communication, it would appear that there was less opportunity for distortion, slanting, or editing in the telecasting and broadcasting of proceedings than in other media of reporting committee proceedings which, of necessity, must be hearsay in their character.

Those who would stop or attempt to stop this new and powerful method of bringing Government closer to the people, I predict, will be unsuccessful in the long run. Telecasting and broadcasting are here to stay, and the public will eventually insist upon these new channels for observing the conduct of the public business. I for one have no fear of the public scrutiny of public proceedings. If an individual citizen has the right to be present and observe the proceedings of a committee in person, I see no reason why he should not have the privilege of using the instrumentality of television or of radio broadcasting to observe the conduct of the Nation's business.

I can foresee that it may be necessary in the future to prevent editing and slanting or exploitation of public proceedings for commercial purposes, but in my judgment these possible abuses cannot be anticipated completely in advance and detailed, rigid rules adopted in a vacuum. These matters should be left within the sound discretion of the committee to be acted upon when the issue arises.

In conclusion, I might say that I do not share the apparent distrust of the sound judgment of my colleagues which the adoption of these rules implies. I am not oblivious to weaknesses in human character and freely recognize that there have been abuses in the past and that there will be abuses in the future, but, by and large, my experience in the House of Representatives has led me to respect my colleagues and to regard them as mature, sober citizens who can be trusted to exercise good judgment at least as frequently as persons in any other walk of life.

The work of the Congress is important. The complicated problems we face today can best be handled through the committee system where a smaller group of men can give detailed study to a subject. Committees are the point of contact between the elected legislator, the administrative official, and the private citizen. It is the forum where views, opinions, arguments, and facts are expressed and considered. The factfinding process and the interchange of views are necessary as a basis for sound legislation. If thorough consideration is to be given to public problems within the limited time a committee can devote to it, there must be flexibility and freedom in the committee to manage its business. Rigid, straight-jacketing rules which obstruct and delay the committee's work are therefore not in the public interest.

Sincerely,

GEORGE MEADER,
Member of Congress.

Mr. HOFFMAN of Michigan. Mr. Speaker, will the gentleman yield?

Mr. MEADER. I yield to the gentleman from Michigan.

Mr. HOFFMAN of Michigan. Is it not true, speaking generally, that heretofore the public has been dependent for its information as to the business transacted by congressional committees upon what the reporters and, perhaps, editorial writers and radio commentators and columnists have had to say and write and that the people generally did not hear and see the actual proceedings?

Mr. MEADER. The gentleman is correct, and being an excellent trial lawyer in his home State of Michigan, I know that he is fully aware of the reliability of primary evidence as compared with hearsay evidence, and I think he has very well pointed out that news reports and comments by radio commentators are hearsay; they are secondhand and never can be quite as good as the original article.

Mr. HOFFMAN of Michigan. And the accuracy of what the people get depends, perhaps, in the first instance, upon what the reporter hears and understands as to what the witness said. Then again, following that, upon the degree of accuracy with which the reporter transmits his views to maybe the city editor or whoever it is in the newspaper office who writes it. Then you have the rewrite man, while if you had radio and telecast, the people themselves hear and they see what happens and they are able to judge for themselves as to the intent to be conveyed by the witnesses.

Mr. MEADER. I think the gentleman is absolutely correct. I would like to ask the gentleman if he does not agree with me that since a member of the public, any citizen, has the right to be present in person at a public hearing of a committee, he should also have the right to be there, not in person, but through the instrument of telecasting and radio broadcasting devices.

Mr. HOFFMAN of Michigan. Yes, I agree with the gentleman in that, and I think that while television may in the beginning have had an attraction for some of us to get in front of the camera and put on a show, most of us have discovered that if you are a ham, television will expose you just as quickly as it will promote your good qualities, if you have any, so that in the end what people get through the radio, through the broadcast, and through the telecast, is an accurate picture of just exactly what is going on.

PENDING ATOMIC ENERGY LEGISLATION

The SPEAKER pro tempore (Mr. CANFIELD). Under previous order of the House, the gentleman from California [Mr. HOLIFIELD] is recognized for 60 minutes.

Mr. HOLIFIELD. Mr. Speaker, the majority leadership has indicated that the atomic energy bill, H. R. 9757, may be brought up this week. This bill, consisting of 104 pages, and almost as many sections, is an exceedingly complicated piece of legislation. It deals with matters of the utmost importance to America's future. As the Members may be aware from the debate going on in the other body with regard to the companion bill, S. 3690, many serious questions have been raised about the inadequacies of the bill and its failure to protect the public interest at crucial points.

I am greatly concerned, myself, at the numerous shortcomings in H. R. 9757. Later in these remarks I shall set forth the views that the gentleman from Illinois [Mr. PRICE] and I, as members of the Joint Committee on Atomic Energy, share with regard to what we believe are errors of omission and commission in the atomic energy bill.

Various Members have signified to me their desire to introduce amendments to particular provisions of H. R. 9757. For the convenience of these and other Members who may wish to prepare themselves for the debate on the atomic energy legislation I have assembled 33 relatively brief amendments.

The amendments are numbered consecutively as they would appear in successive sections or pages of the bill, H. R. 9757. However, they are grouped for convenience in discussion. I ask unanimous consent to have them printed at this point in connection with these remarks.

The SPEAKER pro tempore. Without objection, it is so ordered.

(The matter referred to follows:)

Amendment No. 1: On page 3, at the bottom, add the following new subsection:

"i. In achieving the maximum contribution of atomic energy to the general welfare it is essential that the United States, through its own agencies and through other agencies, public and private, undertake a comprehensive program for the production and distribution of electrical power utilizing atomic energy."

Amendment No. 2: On page 4, after line 20, add the following new subsection e and renumber sections e and f as f and g, respectively.

"e. A program for Government and non-Government production and distribution of electrical power utilizing atomic energy so directed as to achieve the maximum public benefits of atomic energy development and make the maximum contribution to the national welfare."

Amendment No. 3: On page 10, line 24, after the word "actions", place a comma and insert the following: "equal access to all

information pertaining to atomic energy matters, whether originating within the Commission or elsewhere in the Government."

Amendment No. 4: On page 11, strike the sentence beginning on line 1, and insert in lieu thereof the following sentence: "The Chairman (or acting Chairman in the absence of the Chairman) shall discharge such of the executive and administrative functions of the Commission as may be delegated by the Commission and as are not in conflict with functions delegated by the Commission to the General Manager or other officers pursuant to section 161o."

Amendment No. 5: On page 13, line 3, after the word "of", insert the following: "Civilian Power Application, a Division of."

Amendment No. 6: On page 15, beginning at line 4, add the following new section, and renumber sections 27 and 28 as sections 29 and 30, respectively (this assumes that the amendment adding an Electric Power Liaison Committee will be sec. 28):

"SEC. 27. Labor-Management Advisory Committee: There shall be a Labor-Management Advisory Committee to advise the Commission on all matters relating to labor-management relations in atomic energy plants and facilities owned or licensed by the Commission, including measures to promote collective bargaining and alleviate industrial strife, health, and safety standards and workmen's compensation provisions and other terms and conditions to be observed by contractors or licensees of the Commission, the application of Federal statutes governing employment and labor standards, personnel security procedures, and the effects of atomic energy enterprises on established industries and occupations. The Committee shall be composed of 9 members who shall be appointed by the President, 4 each representing labor and management and a Chairman representing the public. Each member shall hold office for a term of 6 years, except that (a) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed, shall be appointed for the remainder of such term; and (b) the terms of office of the labor and management representatives first taking office after the effective date of this act, shall expire, as designated by the President at the time of appointment, 1 each at the end of 2 years, 2 each at the end of 4 years, and 1 each at the end of 6 years. The Committee shall meet at least 4 times in every calendar year. The members of the Committee shall receive a per diem compensation for each day spent in the work of the Committee and all members shall receive the necessary traveling or other expenses while engaged in the work of the Committee."

Amendment No. 7: On page 15, beginning line 4, add the following new section 28, and renumber present sections 27 and 28 as 29 and 30, respectively (this numbering assumes a new sec. 27 will be added, establishing a Labor-Management Advisory Committee):

"SEC. 28. Electric Power Liaison Committee: There is hereby established an Electric Power Liaison Committee consisting of—

"a. A Chairman, who shall be the head thereof and who shall be appointed by the President, by and with the advice and consent of the Senate, and who shall receive compensation at the rate prescribed for the Chairman of the Military Liaison Committee; and

"b. A representative of the Federal Power Commission, the Securities and Exchange Commission, the Rural Electrification Administration, the Tennessee Valley Authority, the Bureau of Reclamation, the Bonneville Power Administration, the Southwest Power Administration, the Southeast Power Administration, the Corps of Engineers, and such other Government agencies as the President may from time to time determine. The Chairman of the Committee may designate one of the members of the Committee as Acting Chairman to act during his absence. The Commission shall advise and consult with other Government agencies, through the Committee, on all atomic energy matters which relate to electric power applications of atomic energy, including the development, manufacture, and use of atomic reactors for power purposes, the allocation of special nuclear material for such purposes, the technical, economic, and accounting relationships between production of special nuclear material and atomic energy for electric power and for atomic weapons, appropriate policies to govern the production and distribution of electric power from atomic energy in order that the benefits of such power shall be widely distributed and maximum revenues shall be returned to the Federal treasury, and the integration of atomic power policies and administration with other power activities of the Federal Government; and shall keep other Government agencies, through the Committee, fully and currently informed of all such matters before the Commission. Other Government agencies, through the Committee, shall have the authority to make written recommendations to the Commission from time to time on matters relating to civilian applications of atomic energy as they deem appropriate."

Amendment No. 8: On page 19, line 14, after the word "authorized", insert the following: "and directed."

Amendment No. 9: On page 23, in line 8, after the word "publicly", place a comma and insert the word "cooperatively."

Amendment No. 10: On page 23, strike the sentence beginning in line 9 and insert in lieu thereof the following new sentence: "The Commission shall at all times, in disposing of such energy, give preference and priority to public bodies and cooperatives."

Amendment No. 11: On page 23, after line 12, add the following new section:

"SEC. 45. Electric power production: a. The Commission is empowered to produce or provide for the production of electric power and other useful forms of energy derived from nuclear fission in its own facilities or in the facilities of other Federal agencies. In the case of energy other than electric power produced by the Commission, such energy may be used by the Commission, or transferred to other Government agencies, or sold to other users at reasonable and nondiscriminatory prices. Electric power not used in the Commission's own operations shall be delivered to the Secretary of the Interior, who shall transmit and dispose of such power in accord with the provisions of section 5 of the Flood Control Act of 1944 (58 Stat. 890).

"b. The Commission may undertake any or all of the functions provided in subsection 45a, through other Federal agencies authorized by law to engage in the production, marketing, or distribution of electric energy for use by the public, and such agencies are hereby empowered to undertake the design, construction, and operation of nuclear power facilities and the disposition of electric energy produced in such facilities when funds therefor have been appropriated by Congress. Nothing in this act shall preclude any Federal agency now or hereafter authorized by law to engage in the production, marketing, or distribution of electric energy from obtaining a license under section 103 of this act for the construction and operation of facilities for the production and utilization of special nuclear material or atomic energy for the primary purpose of producing electric energy for disposition for ultimate public consumption."

Amendment No. 12: On page 42, beginning line 16, strike section 102 and insert in lieu thereof the following:

SEC. 102. Finding of practical value: Whenever in its opinion any industrial, commercial, or other nonmilitary use of special nuclear material or atomic energy has been sufficiently developed to be of practical value, the Commission shall prepare a report to the President stating all the facts with respect to such use, the Commission's estimate of the social, political, economic, and international effects of such use, and the Commission's recommendations for necessary or desirable supplemental legislation. The President shall then transmit this report to the Congress together with his recommendations. No license for any utilization or production facility shall be issued by the Commission pursuant to section 103 until after (1) the Commission has made a finding in writing that the facility is of a type sufficiently developed to be of practical value for industrial or commercial purposes; (2) a report of the finding has been filed with the Congress; and (3) a period of 90 days in which the Congress was in session has elapsed after the report has been so filed. In computing such period of 90 days, there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days."

Amendment No. 13: On page 42, in line 23, after the word "Commission", insert the following: "and report to the Congress."

Amendment No. 14: On page 43, in line 16, after the semicolon, insert the following new item (3) and renumber the present (3) as (4): "(3) who agree, if the license is for facilities for the utilization of special nuclear material for the generation of electric energy for sale, to claim no value for such facilities for ratemaking purposes in excess of the net investment in such facilities as defined in the Federal Power Act."

Amendment No. 15: On page 44, in line 3, change the period to a colon and add the following proviso: *"Provided, however,* That upon not less than 2 years' notice in writing from the Commission the United States shall have the right upon and after the expiration of any license to take over and thereafter to maintain and operate any facility or facilities for the utilization of special nuclear material for the generation of electric energy on payment of the net investment of the licensee in such facilities, with severance damages, if any, in general accordance with the terms of section 14 of the Federal Power Act: *And provided further,* That, if the United States does not exercise its right to take over the facility or facilities on the expiration of any license, States, municipalities, and cooperatives shall have a prior right of acquisition on the same terms in connection with the issuance of a new license for such facility or facilities."

Amendment No. 16: On page 47, beginning in line 21, after the letter "b", insert the following new sentence: "Where activities under any license might serve to maintain or to foster the growth of monopoly, restraint of trade, unlawful competition, or other trade position inimical to the entry of new, freely competitive enterprises in the field, the Commission is authorized and directed to refuse to issue such license or to establish such conditions to prevent these results as the Commission, in consultation with the Attorney General, may determine."

Amendment No. 17: On page 52, in line 12, strike the word "approved" and insert in lieu thereof the following: "submitted to the President."

Amendment No. 18: On page 52, in line 22, after the word "purpose" and before the semicolon insert the following: "except where the President determines that such uses will bring reciprocal benefits and be otherwise advantageous to the United States."

Amendment No. 19: On page 53, in line 16, before the period, insert the following: "after which period of time the agreement shall take effect."

Amendment No. 20: On page 53, beginning at line 17, strike the wording of section 124 and insert the following in lieu thereof:

SEC. 124. International atomic pool: The President is authorized to enter into an international arrangement with any nation

or number of nations or with an organization representing any or all of such nations providing for international cooperation in the nonmilitary applications of atomic energy. The President is further authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs, its specialized agencies, or other international organizations in carrying out the purposes of this section. Any agreements made by the United States under the authority of this section with other governments and with international organizations shall be registered with the Secretariat of the United Nations in accordance with the provisions of article 102 of the United Nations Charter. In the event further legislation is necessary to implement an international arrangement authorized by this section, the President shall transmit recommendations therefor to the Congress."

Amendment No. 21: On page 58, in line 18, after the word "That", insert the following: "unless the President determines that the common defense and security will be endangered thereby."

Amendment No. 22: On page 61, in line 21, after the word "the", insert the following: "production or."

Amendment No. 23: On page 62, in line 3, after the word "the", insert the following: "production or."

Amendment No. 24: On page 63, after line 4, add the following new subsection:

"e. No patent hereafter granted shall confer any rights with respect to any invention or discovery to the extent that such invention or discovery is used in the conduct of research or development activities in the fields specified in section 31. Any rights conferred by any patent heretofore granted for any invention or discovery are hereby revoked to the extent that such invention or discovery is so used, and just compensation shall be made therefor."

Amendment No. 25: On page 63, beginning line 6, strike the wording of section 152 and insert in lieu thereof the following new language:

"SEC. 152. Nonmilitary utilization:

"a. It shall be the duty of the Commission to declare any patent to be affected with the public interest if: (1) the invention or discovery covered by the patent utilizes or is essential in the utilization of special nuclear material or atomic energy; and (2) the licensing of such invention or discovery under this section will effectuate the policies and purposes of this act.

"b. Whenever any patent has been declared affected with the public interest, pursuant to subsection 152a—

"(1) the Commission is hereby licensed to use the invention or discovery covered by such patent in performing any of its powers under this act; and

"(2) any person to whom a license has been issued under sections 53, 62, 63, 81, 103, or 104, or to whom a permit or lease has been issued under section 67, or who is engaged in activities otherwise authorized by this act, is hereby licensed to use the invention or discovery covered by such patent to the extent such invention or discovery is used by him in carrying on the activities authorized by his license, permit, lease or otherwise.

"c. In the event the Commission fails to declare any patent to be affected with the public interest or finds any patent not to be so affected, under subsection 152a, any person conducting activities authorized under this act may at any time make application to the Commission for a patent license for the use of an invention or discovery useful in the production or utilization of special nuclear material or atomic energy covered by a patent. Each such application shall set forth the nature and purpose of the use which the applicant intends to make of the patent license, the steps taken by the applicant to obtain a patent license from the owner of the patent, and a statement of the effects, as estimated by the applicant, on the authorized activities which will result from failure to obtain such patent license and which will result from the granting of such patent license.

"d. Whenever any person has made an application to the Commission for a patent license pursuant to subsection 152c—

"(1) the Commission, within 30 days after the filing of such application, shall make available to the owner of the patent all of the information contained in such application, and shall notify the owner of the patent of the time and place at which a hearing will be held by the Commission;

"(2) the Commission shall hold a hearing within 60 days after the filing of such application at a time and place designated by the Commission; and

"(3) in the event an applicant applies for two or more patent licenses, the Commission may, in its discretion, order the consolidation of such applications, and if the patents are owned by more than one owner, such owners may be made parties to one hearing.

"e. If, after any hearing conducted pursuant to subsection 152d, the Commission finds that—

"(1) the invention or discovery is to be used in the conduct of activities authorized under this act;

"(2) the licensing of such invention or discovery is of primary importance to the conduct of the activities of the applicant; and

"(3) such applicant cannot otherwise obtain a patent license from the owner of the patent on terms which the Commission deems to be reasonable for the intended use of the patent to be made by such applicant, the Commission shall license the applicant to use the invention or discovery covered by the patent for the purposes stated in such application.

"f. The Commission shall not grant any patent license pursuant to subsection 152e for any other purpose than that stated in the application. Nor shall the Commission grant any patent license to any other applicant for a patent license on the same patent without an application being made by such applicant pursuant to subsection 152c, and without separate notification and hearing as provided in subsection 152d, and without a separate finding as provided in subsection 152e.

"g. The owner of the patent affected by a declaration or a finding made by the Commission pursuant to subsection 152b or 152e shall be entitled to a reasonable royalty fee from the licensee for any use of an invention or discovery licensed by this section. Such royalty fee may be agreed upon by such owner and the patent licensee, or in the absence of such agreement shall be determined for each patent license by the Commission pursuant to subsection 156c.

"h. The provisions of this section shall apply to any patent the application for which shall have been filed before September 1, 1964."

Amendment No. 26: On page 68, in lines 12, 13, and 14, strike the word "Advisory."

Amendment No. 27 (in the event the amendment establishing a Labor-Management Advisory Committee is accepted, conforming language should be written to give the members thereof the same privileges as other advisory committees in sec. 163.): On page 79, in line 10, after the words "section 26", place a comma and add the following: "the members of the Labor-Management Advisory Committee established pursuant to section 27."

Amendment No. 28: On page 80, in line 9, add the following new sentence: "Nothing in this section shall be deemed to authorize the Commission to contract for electric utility services which are not delivered by the contractor directly to the installations named herein."

Amendment No. 29: On page 86, in line 18, after the comma insert the following: "to municipalities, public bodies, and cooperatives within transmission distance authorized to engage in the distribution of electric energy to the public."

Amendment No. 30: On page 86, in line 21, add the following new sentences: "In case of protests or conflicting applications or requests for the establishment of special conditions in prospective licenses, the Commission shall, prior to issuance of any license, hold public hearings on such application or applications in general accordance with the procedures established in connection with consideration of applications for licenses under the Federal Power Act and interested parties shall have the same rights of intervention in such proceedings, application for rehearing, and appeal from decisions of the Commission as are provided in that act and in the Administrative Procedure Act. In any proceeding before it the Commission, in accordance with such rules and regulations as it may prescribe, may admit as a party any interested State, State commission, municipality, public or cooperative electric system, or any competitor of a party to such proceeding, or any other person whose participation may be in the public interest."

Amendment No. 31: On page 87, in line 3, add the following new sentence: "Where conflicting applications include those submitted by public or cooperative bodies, such applications shall receive preferred consideration over any submitted by privately owned utility systems."

Amendment No. 32: On page 87, following line 20, add the following new subsection e:

"e. Every licensee under this act, holding a license from the Commission for a utilization or production facility for the generation of commercial power under section 103, shall be subject to the regulatory provisions of the Federal Power Act applicable to licensees under that act as established by sections 301, 302, 304, and 306 thereof and to such other provisions of the Federal Power Act as provide for the enforcement of the regulatory authority of the Federal Power Commission with respect to licensees for development of waterpower."

Amendment No. 33: On page 89, in line 9, change the period to a comma and add the following: "and no construction permit shall be issued by the Commission until after the completion of the procedures established by section 182 for the consideration of applications for licenses under this act."

Mr. HOLIFIELD. Mr. Speaker, the following are my comments on the amendments:

POWER AMENDMENTS

One group of amendments deals with the production of electrical power from atomic energy. These I refer to as the power amendments. They comprise amendments numbered 1, 2, 5, 7, 9, 10, 11, 14, 15, 29, 30, 31, 32, and 33. A brief description of each of the power amendments follows:

Amendment No. 1 adds to the congressional findings in section 2 of the bill the finding that a comprehensive program for the production and distribution of electrical power utilizing atomic energy is essential in achieving the maximum contribution of atomic energy to the general welfare. The finding states that such a program should be carried out by Federal agencies and by other agencies, public and private. There should be no

objection whatever to a congressional finding of this nature. After all, the key to the peacetime benefits of atomic energy is electrical power. If those benefits are to be realized, as this bill intends, then the Congress should be willing to so state at the outset.

Amendment No. 2 is in line with amendment No. 1 and clarifies the purpose of the bill that a program of Government and non-Government production and distribution of electrical power utilizing atomic energy should be undertaken and so directed as to achieve the maximum public benefits of atomic energy development and make the maximum contribution to the national welfare.

Amendment No. 5 provides an organizational base for the atomic power program by providing for a Division of Civilian Power Application in section 25. That section already provides for a Division of Military Application. Since this bill is intended to emphasize the peacetime development of atomic energy certainly civilian applications should have equal recognition in the organizational setup of the Atomic Energy Commission with military applications.

Amendment No. 7 follows through on amendment No. 5 and provides for an Electric-Power Liaison Committee commensurate with the Military Liaison Committee now provided in section 27. The effort here again is to put the civilian peacetime benefits of atomic-energy development on a par with the military aspects. The Electric-Power Liaison Committee would bring in other agencies of the Federal Government concerned with electric-power activities and would serve to keep these agencies and the Atomic Energy Commission in step on the atomic phases of national power politics.

Amendments Nos. 9 and 10 provide that preference and priority shall be given to public bodies and cooperatives in the disposal of byproduct electrical energy produced by the Atomic Energy Commission in connection with the production of special nuclear—fissionable—material in facilities owned by the United States. These amendments bring the Federal marketing of electrical energy from atomic sources in line with the Federal marketing of energy produced at water-power sites. They eliminate the provision in section 44 that the price shall be subject to appropriate regulatory agencies, for no appropriate State or Federal agency has regulatory jurisdiction over the price at which the United States sells the energy it produces.

Amendment No. 11 adds a new section 45 to the bill empowering the Atomic Energy Commission in its own facilities or through the facilities of other Government agencies to engage in the production of electrical power and other useful forms of energy derived from nuclear fission. This amendment makes it clear that the Federal Government as well as other agencies, public and private, can produce and distribute atomic power. In this way a yardstick will be provided to measure the reasonableness of atomic power prices charged by privately owned utilities in the application of this great new source of energy.

Amendment No. 14 provides that licenses of the Atomic Energy Commission producing commercial electrical power from nuclear material must agree as a condition of receiving their licenses that the net investment in atomic facilities, is the limit of the value they can claim for rate-making purposes. This amendment applies the standards in the Federal Power Act to atomic facilities for the production of electrical power.

Amendment No. 15 provides that upon 2 years' notice the United States will have the right to take over, maintain, and operate any atomic power facility for which the license has expired, upon payment of the net investment of the licensee plus severance damages, if any. If the Government does not exercise such right, States, municipalities, and cooperatives will have a prior right of acquisition on the same terms in connection with the issuance of a new license. These provisions are similar to those in the Federal Power Act relating to the licensing of waterpower sites.

Amendment No. 29 provides that before issuing licenses for the operation of atomic-power facilities, the Atomic Energy Commission must give notice in writing to municipalities, public bodies and cooperatives within transmission distance of the proposed power activity. By receiving adequate notices, such public agencies will be enabled to make an appearance before the Commission or present pertinent information affecting the application for a license.

Amendment No. 30 follows through on amendment No. 29 and provides that the Atomic Energy Commission shall hold public hearings in case of protests or conflicting applications or requests for special conditions in prospective licenses. Interested parties are to have the same rights of intervention, application for rehearing and appeal from Commission decisions as are provided in the Federal Power Act and the Administrative Procedure Act. State, municipal, and other public agencies, cooperatives, competitors of the applicant, and so forth, are to be admitted as interested parties at such proceedings.

Amendment No. 31 provides that in case of conflicting license applications for atomic-power facilities, public bodies and cooperatives shall receive preferred consideration over privately owned utilities. This amendment follows the policy laid down in the Federal Power Act for license applications for waterpower sites.

Amendment No. 32 provides generally that licensees of the Atomic Energy Commission engaged in producing atomic power shall be subject to the regulatory provisions of the Federal Power Act applicable to licensees under the act.

Amendment No. 33 follows through on amendments Nos. 29, 30, and 31 and makes the procedures of section 182 applicable to construction permits as well as licenses. Since a permit to construct an atomic-power facility would in all likelihood be followed by a license, it is important that the same procedural safeguards in the case of licenses be applied to construction permits.

DIXON-YATES AMENDMENT

Amendment No. 28 deals with a collateral but important issue in the power field. It is concerned not with atomic-power production as such but with the authority of the Atomic Energy Commission to make long-term contracts for conventional utility services. This amendment adds a sentence to section 164 of the bill affirming the intent of Congress that AEC can make long-term utility contracts for servicing its own installations but not in the capacity of power broker for other agencies or outside parties.

AMENDMENTS ON COMMISSIONERS' STATUS

Amendment No. 3 makes it clear that each member of the Atomic Energy Commission has equal access to all information pertaining to atomic energy matters, whether originating inside or outside the Commission. This amendment is necessary because the AEC Chairman has kept important information on atomic energy matters to himself, claiming a special status as adviser to the President on atomic energy affairs.

Amendment No. 4 eliminates the ambiguous designation of the Chairman as "official spokesman" of the Atomic Energy Commission and makes it clear that any authority he exercises in an executive capacity is by delegation from the Commission as a whole. Without this amendment, the executive and administrative responsibilities of the Chairman and the General Manager would be conflicting or would overlap.

LABOR-MANAGEMENT ADVISORY COMMITTEE AMENDMENTS

Amendment No. 6 sets up a Labor-Management Advisory Committee in the Atomic Energy Commission. In view of the difficult labor-management relations in the atomic energy field, with its tight security requirements and the many new problems of health, safety, and other applications of labor standards that would arise, a Labor-Management Advisory Committee can perform many useful functions in helping to make orderly adjustments as private enterprise comes into the field.

Amendment No. 27 is related to amendment No. 6 and provides that the proposed new Labor-Management Advisory Committee shall have the same status under the law as the General Advisory Committee and other advisory committees.

COMMISSION RESEARCH AMENDMENT

Amendment No. 8 directs the AEC to carry on research and development activities in the atomic field. In section 32 of the bill, the Commission is only authorized to carry on such activities. The amendment makes it clear that the Congress does not want the AEC to slacken its momentum in atomic research.

AMENDMENTS FOR REPORT TO CONGRESS

Amendment No. 12 reinstates the requirement in the present atomic energy law that the Atomic Energy Commission shall make a comprehensive report to

Congress on the social, political, economic, and international effects of atomic energy whenever it finds that development in the civilian field has reached the stage of "practical value." The AEC to date has evaded making such a report which the Congress should have before enacting further legislation in this important field. The amendment also requires that proposed licenses shall be submitted to the Congress for a 90-day period before being issued by the Commission.

Amendment No. 13 is a minor language change to conform to amendment No. 12.

MONOPOLY PREVENTION AMENDMENT

Amendment No. 16 reinstates in section 145b the requirement in the present atomic energy law that the Atomic Energy Commission shall have an affirmative responsibility to prevent monopoly or restraint of trade in the exercise of its licensing function. The pending bill relieves the Commission of this responsibility and "passes the buck" to the Department of Justice or Federal Trade Commission. Many agencies of Government have affirmative responsibilities to prevent monopoly or encourage free competitive business, and the amendment is in line with established practices.

PATENT AMENDMENTS

Amendments Nos. 22 through 26 deal with the patent sections of the bill.

Amendment No. 22 reinstates in section 151 a requirement in the present atomic energy law that inventions used solely in the "production" of special nuclear material or atomic energy are outside the patent area. The purpose of this amendment is to prevent patent bottlenecks on basic production processes for atomic weapons. The pending bill limits the patent ban to "utilization" of inventions in atomic weapons.

Amendment No. 23 is conforming language with amendment No. 22 and provides that no patent rights shall be conferred for inventions to the extent used in production of special nuclear material or atomic energy in atomic weapons.

Amendment No. 24 reinstates a provision in the present atomic energy law that no patent rights will be granted for any invention to the extent used in the conduct of atomic research and development activities. This amendment is necessary to insure that research will not be hampered by patent restrictions.

Amendment No. 25 simplifies the procedure for declaring patents "affected with a public interest" so that the Atomic Energy Commission and other authorized users can have access to the patented inventions. The amendment also simplifies the procedures whereby authorized persons may have access to important patents even though not formally declared "affected with a public interest." Both procedures are provided in the pending bill but are so cumbersome and restrictive that access to important patents will be extremely limited unless the amendment is adopted. The period of accessibility to patents is extended by the amendment from 5 years to 10 years, because the next 10 years are the crucial period in the advancement of atomic technology, and during that period new firms will be able to enter the field if patent monopolies do not stand in their way.

Amendment No. 26 eliminates the word "Advisory" from the Patent Compensation Advisory Board in section 156a, to make it clear that the Board can be delegated authority to make final decisions in patent compensation, awards, and royalties in the event the Atomic Energy Commission finds this work too time-consuming to the detriment of major duties.

AMENDMENTS ON INTERNATIONAL ACTIVITIES

Amendments Nos. 17 through 21 deal with the international aspects of atomic energy.

Amendment No. 17 requires that proposed agreements for cooperation with other nations in authorized atomic energy activities "be submitted" to the President by the Atomic Energy Commission or the Department of Defense. In section 123 of the pending bill, those agencies have to "approve" agreements, thereby ostensibly having authority to override a decision of the President in the international field.

Amendment No. 18 provides that the proposed limitation on other nations using our material for atomic weapons, or research and development on atomic weapons, can we waived by the President when he determines the United States will get reciprocal benefits. In this way, we can gain the benefits of atomic discoveries in other nations such as Great Britain.

Amendment No. 19 clarifies the time when a proposed agreement for cooperation can take effect. Since the proposal must be submitted to the joint committee for a 30-day period, the amendment allows the President to make adjustments in proposed agreements to meet congressional objections before the end of the 30-day period, at which time, according to the amendment, the agreement comes into effect.

Amendment No. 20 rewrites section 124 providing for an international atomic pool. The President's authority to make international arrangements for an international pool for nonmilitary applications of atomic energy should not be hampered by the limiting provisions of section 123. The Congress has a sufficient check in this field because concurrence of both Houses of Congress is required for an international arrangement, as defined in section 11k of the bill. The amendment also authorizes the President to call upon the United Nations and its specialized agencies in working out an atomic pool arrangement.

Amendment No. 21 provides that the restrictions on communicating atomic weapons information can be lifted by the President if he determines that otherwise the defense and security of the United States will be endangered. The purpose of this amendment is to allow for those contingencies when it may be to the best interests of our own defense and security to let our allies have certain information relating to atomic weapons.

Because the time to be allotted for debate on the atomic energy bill is so relatively brief, I believe the members will be greatly aided in their study of the legislation by the following analysis in which Congressman PRICE concurs with me.

INTRODUCTION

Mr. Speaker, the atomic energy bill is one of the most important bills before the Congress. It proposes to chart the future course of peacetime atomic energy development. So deep and far-reaching is its potential impact on the American economy and upon our position in world affairs that we consider it necessary to set forth our own views and reservations concerning the bill.

As members of the Joint Committee on Atomic Energy we have endeavored always to act in a spirit of nonpartisanship. The duties and responsibilities committed to the jurisdiction of our committee are too directly concerned with the Nation's security and welfare to allow the play of partisan politics. In the same objective way we have tried to approach this legislation.

During the course of the committee hearings and conferences, we have presented what we believe were constructive proposals for improving the bill. Some were accepted in whole or in part and others rejected. Among the committee members there were, and presumably still are, many differences of opinion and interpretation regarding particular provisions of the bill. We respect those differences, and although we were willing to have the bill reported out for floor debate, the public importance of this measure compels us to recount here what some of us consider still its major defects.

The discussion proceeds under the following headings: First, "The Legislative Setting"; second, "Questionable Form and Timing"; third, "Evasion of 7–B Report"; fourth, "Placing AEC Chairman on Pedestal"; fifth, "Withholding Information From Commissioners"; sixth, "Overriding the Commission's Will"; seventh, "Limiting AEC Power Production"; eighth, "Inadequate Power Licensing Provisions"; ninth, "Need for Division of Civilian Power Application"; tenth, " 'Passing the Buck' on Monopoly Prevention"; eleventh, "Limiting Access to Patents"; twelfth, "Built-In Subsidy Feature"; thirteenth, "Omission of Labor-Management Provision"; fourteenth, "Complicating International Arrangements"; and fifteenth, "Increasing Military Posture."

1. THE LEGISLATIVE SETTING

The atomic energy program of the United States is governed by the Atomic Energy Act of 1946, known as the McMahon Act. The basic legislation, enacted in 1946, has been amended from time to time in certain respects, but the original pattern of Government control has not been substantially altered.

The monumental contributions of the atomic energy program under the McMahon Act to the common defense and security and to the protection of the free world need not be recited here. They testify to the basic worth of the legislation and to the wisdom of those who conceived it. President Eisenhower affirmed this testimony when he said in a special message to the Congress on February 17, 1954 that "the act in the main is still adequate to the Nation's needs."

The question that now confronts the Congress is what changes are necessary and desirable in the McMahon Act. Unquestionably, some changes are in order. The swift pace of atomic technology, the development of new atomic weapons, the ending of the American monopoly in atomic bombs, all provide—as the President observed in his message—a new setting for the legislative problem.

The broad objectives to be sought by new legislation are not in dispute. Changing requirements of mutual defense demand a freer exchange of atomic information with our allies. Beyond atomic armament for mutual defense, there is the mutual benefit of working together with friendly countries to develop the peacetime uses of atomic energy. At home as well as abroad, this great source of energy holds forth the exciting promise of industrial progress and higher standards of living.

Whether the bill now before us would enhance the achievement of these objectives is an exceedingly complex question. The answers, we believe, are both "Yes" and "No." The negative side weighs so heavily that we cannot support the bill without further amendment.

2. QUESTIONABLE FORM AND TIMING

The method of presentation and the timing of the proposed legislation, in our opinion, are most unfortunate. It represents a complete rewriting of the McMahon Act, carrying over some provisions of the existing law intact, modifying others and adding entirely new sections. Thus the Congress is confronted, in the closing days of this session, with a single-package bill comprehending a bewildering array of technical matters. Some are timely; others could well be postponed. The form and wording of the bill, with its many new definitions, cross-referenced and inter-related sections, make it virtually impossible for the Congress to select the more urgent matters for action at this time. It is an "all or none" proposition.

Before this bill was drafted, we took the position, and I stated publicly, that the Congress should put first things first and enact those amendments which might be necessary to implement the President's proposal, made before the United Nations General Assembly, for an atomic pool of resources to encourage peacetime development of atomic energy among nations and to prepare the way for international accord on atomic armaments. We see no compelling reason why the legislative requirements to facilitate an exchange of atomic information with friendly nations, whether for purposes of mutual defense or peacetime endeavor, have to be coupled with the granting of private ownership and patent rights in atomic energy to domestic corporations. Defense of the free nations and world peace demand more urgent attention than the desire of a few industrial and utility companies to own and operate atomic reactors.

Furthermore, international obligations and domestic aims in atomic-energy development may conflict if simultaneously pursued now. We advert to this matter below.

When President Eisenhower submitted his special message of February 17 on atomic energy, he asked the Congress to approve a number of amendments to the Atomic Energy Act. His recommendations did not contemplate a complete rewriting of the McMahon Act. Accompanying his message were drafts of two separate bills, prepared by the Atomic Energy Commission, proposing to amend the McMahon Act in order to, first, widen cooperation with our allies in certain atomic-energy matters and improve procedures for the control and dissemination of atomic-energy information; and second, encourage broader industrial participation in the development of peacetime uses of atomic energy here at home.

The President's two-package presentation, whether we agree with his particular recommendations or not, at least would have afforded the Congress an opportunity to act on atomic-energy matters of more immediate concern without having to consider, as it does now, the whole range of controversial matters embodied in H. R. 9757. Joint committee members have every right to prepare their own legislation, and indeed are to be commended for their initiative. However the sponsors of the pending bill would have been well advised to take a two-package approach and act first upon the President's suggestions relating to cooperation with our allies, rather than ask the Congress to swallow the whole mass of complicated legislation in one gulp.

Defense and peace requirements in atomic energy which involve our allies should have been first on the agenda. Then the Congress could have taken a long, hard look at the pending proposals to confer private ownership and patent rights in the atomic field.

3. EVASION OF 7–B REPORT

The framers of the McMahon Act, preoccupied as they were with the awesome implications of the atomic bomb, nevertheless registered their desire "to promote the use of atomic energy in all possible fields for peacetime purposes"—79th Congress, 2d session, Senate Report No. 1211, page 20. In anticipation of such peacetime uses, they decided that the Congress should have the benefit of a comprehensive report from the Atomic Energy Commission whenever atomic energy developments appeared to be of "practical value." Section 7 (b) of the McMahon Act reads in part as follows:

> Report to Congress: Whenever in its opinion any industrial, commercial, or other nonmilitary use of fissionable material or atomic energy has been sufficiently developed to be of practical value, the Commission shall prepare a report to the President stating all the facts with respect to such use, the Commission's estimate of the social, political, economic, and international effects of such use and the Commission's recommendations for necessary or desirable supplemental legislation. The President shall then transmit this report to the Congress together with his recommendations.

The Atomic Energy Commission has never seen fit to prepare and present the report required by section 7 (b) of the McMahon Act. One year ago the Commission submitted to the joint committee informally a draft of legislation intended to promote wider industrial participation in the atomic energy program, asserting at the same time that atomic energy developments had not reached the stage of "practical value" and that therefore a report under section 7 (b) would be premature.

The President's message of February 17, transmitting new drafts of legislation from the Commission, states hopefully that peacetime use of atomic energy "can soon become a reality" but makes no mention whatever of a 7 (b) report. A joint committee request in writing to the Commission dated July 31, 1953, for the required report, elicited a promise to file an interim report before 1954. The final gesture as a substitute for actual compliance was an extended speculative essay on the prospects for future industrial development of atomic energy which comprised the major portion of the testimony presented by AEC Chairman Lewis Strauss in his appearance before the joint committee during the June 1954 hearings.

If a 7 (b) report is premature, as the Commission held last year and still appears to hold by its failure to produce the report, then legislation such as the pending bill, which would lay down a blueprint for industrial activities in the atomic energy field, also is premature. If, on the other hand, the stage of "practical value" is at hand, the Atomic Energy Commission has evaded the clear intent of Congress set forth in section 7 (b) of the McMahon Act.

The sponsors of H. R. 9757 propose to escape from this dilemma by the simple expedient of eliminating the requirement for a 7 (b) report to Congress. The Congress now is asked to legislate for the peacetime uses of atomic energy without the benefit of the careful and comprehensive report from the Commission contemplated by the framers of the McMahon Act. We do not agree with the contention in the majority report—page 19—that the Commission's general obligation to keep the committee informed, and the proposed new obligation of the committee to investigate the development of the atomic energy industry during the first 60 days of each session of Congress, justify discontinuance of the requirement for the report.

This omission is not a mere matter of form or one to be taken lightly. The "social, economic, political, and international effects" of using this new source of energy are certain to be profound and wideranging, even if we discount the more exaggerated and optimistic claims. Surely the Congress is entitled, before legislating, to have the expert analysis and advice of the independent Commission it created to administer the atomic energy program.

The sponsors of H. R. 9757 have retained a watered-down version of the 7 (b) report in connection with licensing activities, minus the essential feature of presentation to the Congress. In section 102 of the pending bill, the Atomic Energy Commission would have to make a finding in writing as to the practical value of "any type of utilization or production facility" before issuing a license in a given case. This is a modification

of the McMahon Act provision which tied the 7 (b) report to a specific requirement that before any license could be issued by the Commission for the manufacture, production, export, or use of atomic energy equipment or devices, a report had to be filed with the Congress concerning the activity sought to be licensed, which report was to lie before the Congress for 90 days before issuance of the license. The framers of the McMahon Act evidently regarded industrial licensing in this field so important as to justify a congressional review of specific licensing actions.

4. PLACING AEC CHAIRMAN ON PEDESTAL

In considering legislation which proposes a complete overhaul of the McMahon Act, our joint committee might well have undertaken a systematic review of all phases of the Atomic Energy Commission's organization and management. This it did not do. The committee's interest in the management of the atomic energy program was directed mainly to a proposal to make the chairman of the Commission its principal officer. Seemingly innocuous and trivial at first, this proposal has opened up issues of such gravity and importance that it merits extended discussion.

Why the sponsors of the pending bill desired to elevate by statutory prescription the Chairman of the Atomic Energy Commission, it is difficult to say. Under the McMahon Act, basic authority to administer the atomic-energy program was vested in a five-man Commission responsible for important policy decisions. The act also provided for a General Manager to whom the Commission could delegate executive and administrative functions. The General Manager is the Commission's director of operations, responsible for day-to-day administration.

This organizational arrangement, which brings to bear the collective judgment of the 5-man Commission on crucial matters in the atomic-energy program, while centering in 1 officer the responsibility for directing its far-flung operational activities, appears to be well-conceived and conducive to good administration. Three of the five Commissioners testified as to its efficacy. The General Manager gave a clear and explicit statement of his duties and relationship to the Commission. No important evidence had ever been brought before the joint committee to indicate that the organizational arrangement was unsatisfactory and should be altered by law.

Nevertheless, Chairman Strauss appeared before the joint committee to ask for additional authority in the Chairman's office. He disavowed any responsibility for originating the principal-officer proposal, suggesting that the Chairman's role should be defined more precisely than by the simple designation "principal officer." Mr. Strauss rested his argument on the recommendations of the first Hoover Commission that the chairmen of certain regulatory commissions be made responsible for carrying on the executive and administrative tasks of these commissions.

Since Mr. Strauss relied so heavily on the Hoover Commission report, it is well to emphasize that the Atomic Energy Commission—hardly more than a year old when the Hoover Commission started to work—specifically was excluded from the Hoover Commission studies on independent regulatory commissions.

The Task Force Report on Regulatory Commissions, Appendix N, upon which the Hoover Commission based its report, states at page 3:

> Although the Atomic Energy Commission has certain regulatory powers and is an independent commission, it has been excluded partly because so large a part of its work is operational, and partly because so many of its problems appear to be unique.

Again the task-force report states at page 29:

> To avoid misunderstanding, we emphasize that our examination has been limited to the regulatory commissions; we have not made any study of primarily operating commissions such as the Atomic Energy Commission and the Tennessee Valley Authority, both of which combine a governing board with an executive official to manage the operations of the agency. Consequently we do not intend to imply any judgment on such an organization for these purposes.

The statements we have quoted make it clear and certain that the first Hoover Commission's recommendations concerning regulatory commissions in general were not intended to apply to the Atomic Energy Commission in particular. Mr. Hoover has expressed his personal opinion in a telegram to Chairman COLE that the general recommendations are applicable to the Atomic Energy Commission, but there is no warrant for that opinion in the reports of the Hoover Commission. Whether the decision of that group not to study the organization of the Atomic Energy Commission was based on security reasons, as Mr. Hoover asserts, or on the unique and largely operational character of the agency, as the task force reported, the fact remains that the Atomic Energy Commission was not studied.

In an effort to bring the Atomic Energy Commission within the organization pattern which the Hoover Commission recommended for regulatory commissions generally, Mr. Strauss maintained in his testimony that the relationship of Chairman and General Manager in the Atomic Energy Commission is analogous to that of Chairman and executive officer in the recommended organization of regulatory commissions. This analogy is inaccurate and misleading.

The Hoover Commission Task Force regarded the executive officer as the designee of the chairman, working under the chairman's active direction, speaking in his name, reporting to him exclusively, taking from him the burden of routine administrative detail but keeping away from policy matters which are the business of the Commission itself—see Task Force Report on Regulatory Commissions, Appendix N, pages 47–48. In other words, the executive officer is the Chairman's helper in discharging day-to-day administrative duties which the task force proposed to be vested in the Chairman of the regulatory commission.

Under the law governing the Atomic Energy Commission, the General Manager enjoys a much more important position than that of Chairman's helper. He receives a salary of $20,000 per annum, equal to that of the Chairman and exceeding by $2,000 that of each other Commissioner. He performs executive or administrative duties delegated by the whole Commission, whereas the executive officer, in Mr. Strauss' analogy, would be merely carrying out such duties vested in the Chairman.

The anomalous situation that would be created by increasing the Chairman's statutory authority is highlighted by Mr. Hoover's suggestion that the phrase principal officer be clarified by substituting administrative and executive authority. Precisely this authority now is vested by law in the General Manager by delegation from the Commission as a whole.

Commissioner Smyth, in his testimony before the joint committee, pointed out cogently that to give the Chairman greater administrative authority implied that he should assume the functions of the General Manager who has been responsible, since the establishment of the Commission, for day-to-day administration of the Commission's business and staff.

> If the Chairman were to become the senior administrative officer of the Commission, with the General Manager as his deputy—
>
> Commissioner Smyth observed—
>
> the essential purpose of our commission form of organization would be defeated.

It was his judgment that in such a case "the other Commissioners would be left uninformed and essentially without function"—hearings, part II, page 785.

To accept Mr. Strauss' analogy for the Atomic Energy Commission could only mean that 1 of 2 alternative developments would ensue: Either the General Manager would be reduced in status and authority to a mere executive assistant of the Chairman, or else a straight line of authority or chain of command would be created, running from the Chairman as principal officer to the General Manager in his present position as directing officers of operations, with the four other Commissioners being shunted aside. Under any such arrangement, to use the expression of Commissioner Zuckert, "you would have a Chairman and four junior-grade Commissioners. The Commission would be maintained in form, but there would be a one-man administration in substance.

Although Mr. Strauss said he retained a preference for the commission form of organization in the atomic-energy field, his conviction was a halfhearted one; a substantial portion of his testimony on this matter was given over to the argument that "you can't operate a large business by committee." In this approach he had the backing of one Commissioner, Joseph Campbell, the newest appointee. Mr. Campbell, it appeared, was not quite sure what his duties were as AEC Commissioner or whether a commission even was necessary; he was "not sold" on the commission form of organization and wanted a "more coherent chain of command." Adding up the testimony of Messrs. Strauss and Campbell leaves the net impression that

they have little use for the commission form of organization, but that they are not quite ready to say so.

A year ago, when President Eisenhower designated Mr. Strauss to be Chairman of the Atomic Energy Commission, the New York Times in an editorial warmly applauded the choice and made this observation about the agency Mr. Strauss was to head:

> The Atomic Energy Commission is probably the most important technical body in the world today. It commands intellectual, financial, and industrial resources of unprecedented magnitude. Its power is immense; its decisions have an influence which is far-reaching. For those reasons, it has responsibilities that far transcend those of other Government agencies, except those that are concerned with national defense and with foreign affairs.

That editorial statement is enough to suggest why the Congress placed the management and direction of the atomic energy program in a five-man commission. The undertaking is vast, the responsibilities great, and there is still much pioneering work to do, as Commissioners Smyth and Zuckert emphasized before the joint committee. A commission, the latter said, would make surer progress in charting the tasks ahead "than a line organization of the kind that builds bridges, fights wars, or sells tooth paste."

Similarly, the joint committee reported after its extended investigation of the atomic energy program in 1949:

> The framers of the McMahon Act deliberately established a five-man directorate, rather than a single administrator, to control our atomic enterprise for the very purpose of assuring that diverse viewpoints would be brought to bear upon issues so far-reaching as those here involved (81st Cong. 1st sess., S. Rept. No. 1169, p. 81).

Therefore we are deeply disturbed at the indications that the Atomic Energy Commission is disintegrating as a commission under the chairmanship of Mr. Strauss. Three of five Commissioners, Mr. Smyth, an eminent scientist; Mr. Murray, an experienced businessman; and Mr. Zuckert, an able public administrator, registered their concern with the joint committee over the increasing centralization of authority in the Chairman. They urged the Congress to resist this tendency, and expressed the fear that the designation of the Chairman as "principal officer" would only accelerate it. We agree with them, and we will not support any statutory provision which reinforces the dominance of the Chairman to the detriment of the Commission as a whole.

The committee decided to strike "principal officer" from section 21 of the bill, and the phrase does not appear in the final version, H. R. 9757. The committee also wrote language into that section specifying that each commissioner "shall have equal authority and responsibility." However the Chairman's position was singled out by the following language:

> The Chairman (or the Acting Chairman in the absence of the Chairman) shall be the official spokesman of the Commission in its relations with the Congress, Government agencies, persons or the public, and, on behalf of the Commission, shall see to the faithful execution of the policies and decisions of the Commission, and shall report thereon to the Commission from time to time or as the Commission may direct.

This particular phraseology apparently represents an attempt to write into law part of an informal description of the Chairman's role which Commissioner Smyth presented to the committee. So far as we know, this is the first time a Federal statute proposes to give the chairman of a commission formal status as "official spokesman." Whatever the legal effect of this phrase, we believe it would be a mistake to pin down by law the chairman's accepted position as chief spokesman of the agency.

Designating the Chairman as "official spokesman" and obliging him "to see to the faithful execution of the policies and decisions of the Commission," are either redundant or a roundabout way of granting him the additional authority he seeks. If redundant, as Commissioner Smyth pointed out in connection with the "principal officer" proposal, the wording had best be eliminated. It does not appear in the McMahon Act and its inclusion now would be construed as meaningful since the Congress cannot be assumed to legislate for idle or trivial reasons. If the language is not redundant, this is a grant of new authority which, uncertain though its dimensions, conflicts with the "equal authority and responsibility" of the other Commissioners and overlaps or replaces the authority and responsibility of the General Manager.

5. WITHHOLDING INFORMATION FROM COMMISSIONERS

It was generally acknowledged in the testimony of the other Commissioners that Mr. Strauss is a strong and vigorous chairman, and this, in itself, is a matter for commendation and not criticism. But Mr. Strauss emerges in a dual role; he is not only Chairman of the Atomic Energy Commission, but also special adviser on atomic-energy affairs to the President. He admits he "wears two hats," as they say in Washington. By putting on the hat of special adviser, he can plead the confidence of the Chief Executive and keep his fellow Commissioners in the dark about atomic affairs of the greatest significance.

Three of the five Commissioners, with a combined record of nearly 12 years of service on the Commission, have testified in substance before the joint committee that the present Chairman has not taken them fully into his confidence; that they were not informed about certain important actions affecting the atomic energy field; that their access to the President has been virtually cut off; and that there is an increasing tendency to one-man rule in the Commission.

These Commissioners first read in the newspapers the President's speech before the United Nations General Assembly, calling for an international atomic pool of resources to promote peaceful development of atomic energy. Commissioner Smyth, the only scientist on the Commission and senior in length of service, was not even consulted when the Chairman called for an international conference of scientists. A press conference announcement by the President to the effect that atomic weapons have reached optimum size, came as a surprise to the other Commissioners. Since Mr. Strauss became Chairman, none of the others, with the exception of Mr. Campbell, has had an opportunity to visit the White House or to discuss atomic matters with the President.

There was a noticeable and understandable reluctance among these three Commissioners to place on the public record instances of disaffection and discord in the Commission. And there are those who argue that the Chairman was fully within his rights in withholding information from his fellow Commissioners because of his separate and privileged status as special adviser to the President on atomic-energy matters. Nevertheless, there is enough in the testimony, taken together with evidence from other sources, to warrant the conclusion that the Atomic Energy Commission has fallen to a low point in harmony and effectiveness.

In trying to treat generously of the strong-man propensities in their Chairman, several Commissioners pointed out that atomic energy is becoming a subject of increasing interest to military men, diplomats, and industrialists; that the difficulties and disturbances in the Atomic Energy Commission reflect the changing role of the agency in relation to other agencies of Government and the public; and that in keeping with these changes, the Chairman necessarily is called upon to take an active part in affairs not directly related to the internal business of the Commission.

There is an important element of truth in these assertions. But the larger truth is that the Congress intended the Atomic Energy Commission to administer the atomic-energy program. There is every reason to suppose that a commission, well organized, with a normal amount of self-discipline and good sense in each commissioner, with a chairman possessed of tact and understanding and a degree of administrative ability, can keep the President fully informed and well advised on all atomic-energy matters without distorting the Commission pattern of organization.

It goes without saying that the President can select whomever he pleases to advise him on atomic energy. It does not go, in our judgment, that the President and the Chairman of the Commission can utilize the device of special adviser to thwart the objectives of the Atomic Energy Act and disrupt the performance of the Commission by putting a blank wall between the Chairman and the other Commissioners.

One of the Commissioners took pains to prepare and submit to Chairman Strauss a detailed memorandum on the latter's dual status as Chairman and special adviser, in an effort to determine where the Commission stood. Mr. Strauss himself acknowledged that a psychological conflict had been created by his two-hat role. He offered to lay aside the hat of special adviser if the other Commissioners so desired. The suggestion ought to be accepted. Maintenance of the integrity of the Commission, of full and equal access by the

Commissioners to the information necessary to the proper performance of their duties, will contribute more lasting benefit to the Nation than setting the Chairman on a pedestal closer to the President's ear.

In this context, we are constrained to note that the committee majority, though willing to acknowledge in the bill the equal authority and responsibility of the five Commissioners, were unwilling to write in a guaranty that these Commissioners would have full and equal access to atomic information. The committee report states, page 10:

> The right of the members to have access to all information within the Commisssion flows from this responsibility and authority.

Undoubtedly this is the case, but explicit statutory affirmation is in order, considering the committee majority's insistence on writing new language with regard to the Chairman's position.

Whether the committee report is intended to mean that atomic information outside the Commission does not come within the purview of the Commissioner's authority and responsibility is uncertain. In any event, we consider the omission of the information guaranty in the bill a sad commentary on the extent to which distrust and suspicion condition the affairs of government.

Our committee chairman has stated publicly his view that a majority of the Commission at some future time might want to vote to withhold from 1 or 2 Commissioners information on a particular subject. With great affection and respect for our committee chairman, we must say that this suggestion astounds us. It throws doubt upon the ability of a President of the United States to select Commissioners deserving of trust and respect. It throws doubt on the competence of our investigative agencies in checking the background of such appointees; and it throws doubt on the judgment and wisdom of the Senate in confirming them.

When and where do doubt and suspicion come to rest if they are carried into the highest levels of government? They will eat like a cancer at the vital organs of free government in a democracy.

6. OVERRIDING THE COMMISSION'S WILL

The independence and integrity of the Atomic Energy Commission as a commission are seriously threatened not only from within, by the position of dominance assumed by the Chairman, but from without by overriding orders of the President.

The Nation is treated with the unpleasant spectacle of the Commisssion being ordered, against its better judgment, to enter into a 25-year contract with a private utility syndicate. This contract is not for the purpose of providing utility services to the atomic-energy program. It has all the earmarks of a smart play, figured out in the White House and the Budget Bureau, to have the Atomic Energy Commission run interference for the private utilities in their contest with the Tennessee Valley Authority.

The committee's immediate interest in this activity stems from the fact that the contract is being negotiated under color of the authority granted in section 12 (d) of the McMahon Act, as amended, which section is carried over intact as section 164 of H. R. 9757.

When the Atomic Energy Commission sought and received this authority from the Congress to make long-term contracts, and to pay cancellation charges to the utility groups involved in the event the contracts were terminated, the authority was specifically limited to utility services for the Oak Ridge, Paducah, and Portsmouth installations of the Commission. As the former General Manager, Marion W. Boyer, testified in answer to a question from me at the time the authorizing legislation was being considered by the committee:

> In other words, it is limited to the power requirements for those three installations. It is not a wide-open authority.

Although many Members of Congress had misgivings about this particular grant of authority, which really served no other purpose than the convenience of the private utilities in financing construction of their new plants, the Members understandably were unwilling to overturn arrangements already made for supplying electricity to the atomic-energy projects. The proposed new contract, however, has nothing to do with the power needs of the atomic-energy program. In the words of Commissioners Smyth and Zuckert:

> The present proposal would create a situation whereby the AEC would be contracting for power not 1 kilowatt of which would be used in connection with the Commission production activities (hearings, pt. II, p. 958).

The scheme is for the Commission to maintain its present firm contract for TVA power to run the Paducah plant while contracting for some 600,000 kilowatts of additional power to be delivered by the private-utility group to the TVA for service in the Memphis area, several hundred miles away from any atomic-energy installation. In other words, the AEC would become a power broker, purchasing power it does not need for an area far removed from its activities. The TVA would be forced into buying the power from the private group through AEC instead of building its own plant to serve the Memphis area.

Over the life of the contract, the taxpayers would foot a bill of at least $90 million over and above the cost of power that TVA could produce itself. The $90 million figure is the AEC's own estimate; the TVA estimate is that this new proposal would result in $140 million added cost to the taxpayers.

The members of the Commission and their General Manager struck us as rather shamefaced about the whole business when they came before the committee. They said in effect: "This proposal did not originate with us. We don't like it but higher authority has decreed it, and we will be good soldiers and carry out orders."

The General Manager testified that the proposal "originated in the Bureau of the Budget as an administrative policy." He cited instructions received from the Bureau of the Budget to proceed with negotiations looking toward a definitive contract, despite his advice to the Bureau "that the Commission did not agree on the wisdom of AEC entering into this type of contract"—hearings, part II pages 946 and following.

Chairman Strauss and Commissioner Campbell were the only Commission members who did not object; in fact, Mr. Strauss had been apprised of the Bureau's intentions at least a month before the matter was brought up at a Commission meeting. The meeting in question was held January 19, 1954, 2 days before the budget message of the President was presented to the Congress, stating that "arrangements are being made to reduce, by the fall of 1957, existing commitments of the Tennessee Valley Authority to the Atomic Energy Commission by 500,000 to 600,000 kilowatts." The arrangements involving discussions with the interested utility group, had been going on at least since early December of 1953, and when finally revealed, did not propose to reduce existing TVA commitments to AEC but to compel the TVA purchase of new and additional power from private sources.

Commissioners Smyth and Zuckert, in a joint letter to the Director of the Bureau of the Budget, undertook to express their personal views that the proposed action was awkward and unbusinesslike and involves the AEC in a matter remote from its responsibilities. Commissioner Murray took substantially the same position in testimony before the committee. It is noteworthy that Mr. Murray, as the Commissioner responsible for initiating the first long-term contract between the Commission and a private utility group, frankly acknowledged the unsatisfactory performance of that group in comparison with the TVA, and strongly objected to the proposed new contract—hearings, part II, page 1001.

A great deal more is involved here than a simple controversy between private and public power. Is the Atomic Energy Commission, created by the Congress as an independent agency of Government to administer the vast atomic energy program, which now represents a public investment of $12 billion, to lay aside its collective judgment in deference—nay, subservience—to unrelated budgetary and power policies of the current administration?

Who, one may well ask, is in charge of the Atomic Energy Commission? Are there not five Commissioners duly appointed and confirmed under the law, sworn to administer it faithfully, and answerable to the Congress as well as the President for their performance? Or does higher authority take over whenever the Budget Bureau or the White House has a pet scheme to promote?

As Members of Congress and of this committee, we are interested in the efficient performance of Government agencies. We have supported constructive proposals to improve the organization and management of the executive branch. Certainly the President as the Chief Executive and the appointed heads of the departments and agencies should have the requisite authority to organize their administrative units in a manner conducive to efficient execution of the laws passed by the Congress.

But there is a line to be drawn between Presidential direction of the executive branch for good administration and Presidential usurpation of the authority of independent commissions. The members of the Atomic Energy Commission do not serve at the pleasure of the President. They are appointed by him, of course, but the Senate confirms the appointments, and the period of tenure is fixed by law. The President can remove a Commissioner only for "inefficiency, neglect of duty, or malfeasance in office."

The administration of the atomic energy program is vested by law in the Commission, not in the President. True enough, the President is charged with certain responsibilities of the highest importance, such as directing the Commission to deliver atomic weapons to the Armed Forces for such use as he deems necessary in the national defense; and the President is given extraordinary authority to exempt the Commission from Federal statutes relating to contracts when he determines such action necessary to the common defense and security. But the President is not authorized to substitute his judgment for that of the Commission members in matters committed to their administration, and certainly he is not authorized to direct the Commission to engage in matters foreign to their duties.

For the benefit of the members of the Atomic Energy Commission we say this: The Commission will forfeit the respect of the public and insult the dignity of its high office if it allows itself to become a puppet agency for the execution of purposes alien to the Atomic Energy Act.

Our own committee, too, has a responsibility in connection with this matter. It is proposed to reenact authority which, in our view, provides no legal justification whatever for the contract under negotiation. None of the three installations named in section 164 of the bill is involved in the proposed new electrical power arrangements, and only by the most violent stretching of an incidental phrase can the general counsel for the Atomic Energy Commission wrap the cloak of legality around this action.

This latest move of the AEC at the behest of the Budget Bureau illustrates the danger of legislating quickly without laying down adequate standards. As the Federal Power Commission observed in connection with section 164:

> Here again the grant of power is without any definition of governing standards, any policy guide, or any limitation of any kind. Apparently this may ratify or authorize ratification of existing contracts. The Federal Power Commission has not indicated any position as to the terms of the contracts heretofore entered into. (Hearings, pt. II, p. 1133.)

We should take the opportunity now to make clear the intent of Congress in originally enacting this section if the plain wording and legislative history of the amendment leave any doubt on that score. We regret that the committee majority has voted down clarifying language and has refused to adopt a motion disapproving the transaction in question. Our responsibility and obligation in this regard are all the greater, since we are asking the Congress to add prerogatives in this bill to the Committee's already important jurisdiction and status.

7. LIMITING AEC POWER PRODUCTION

A remarkable series of incongruities show up with regard to the power position of the Atomic Energy Commission.

The determination to cast the Commission in the role of "power broker" under the proposed new contract would commit that agency to continuing responsibilities for a 25-year period in a field which is external to the Commission's own concerns and power needs.

This contractual arrangement would bring the AEC into the conventional power business as an additional Government agency and tie it to TVA's future power activities despite the professed intention of that agency and the present administration to limit the role of Government in business.

The AEC already has entered into two long-term contracts, and is about to become involved in a third, for the supply of electrical energy from conventional private sources for the next quarter century, even while freely predicting that electrical energy from atomic sources will be available in the next decade.

Most incongruous of all, the AEC wants to stay out of the atomic-power business, a field in which it might be expected to have a legitimate and continuing function.

The Atomic Energy Commission is the largest single consumer of electricity in the world. When presently authorized facilities are completed, the Commission will be utilizing capacity on the order of 5 million kilowatts, exceeding the combined capacity of the New England States. Its consumption of electrical energy in the near future may reach 8 or 10 percent of the Nation's total.

In view of its enormous power needs, which will come to represent an outlay of $150 million to $200 million a year, one would expect the AEC to show initiative and enterprise in adapting its own facilities to supply a substantial portion of these needs rather than to waste the heat energy created by nuclear fission. The framers of the McMahon Act contemplated use of atomic power by AEC as well as the transfer or sale of such power to others when they provided in section 7 (d) of the act:

> Byproduct power: If energy which may be utilized is produced in the production of fissionable material, such energy may be used by the Commission, transferred to other Government agencies, or sold to public or private utilities under contracts providing for reasonable resale prices.

Back in 1946, when this section was written, the atomic-energy program was centered primarily upon the development and production of atomic weapons. Atomic power was still a remote possibility and the section pertaining to its production was embryonic. Now that we stand on the threshold of the atomic-power era and consider legislation designed to usher it in, singular, indeed, is the fact that the new legislation does not enlarge upon the embryo, so far as AEC production of atomic power is concerned.

Section 7 (d) of the McMahon Act is now section 44 of H. R. 9757, dignified only by having a whole section number to itself, and containing a few minor word changes, but still an incidental item tucked away in a corner of the bill instead of becoming a full-fledged set of provisions to launch a positive program of Federal development in the atomic-power field. If anything, the language in the new bill is more restrictive than in the existing act.

The Federal Power Commission, in an extended analysis of the proposed atomic energy legislation, criticizes, among other things, the paucity of legislative standards with respect to section 44. It points out that the sale of byproduct power is not a new problem and calls attention to the series of acts in which the Congress has provided detailed and explicit standards governing the disposition of electric power from projects involving the development of irrigation, water conservation, flood control, and navigation improvement projects. The Federal Power Commission then remarks:

> Corresponding enunciation of policy in the sale of byproduct power from Government atomic energy installations may present some new or different problems, but the precedents cited are sufficient to suggest that the Congress has been jealous to enunciate the policy to be effectuated by the agency marketing the power and has not been willing to leave the responsibility for policy to the agency. (Hearings, pt. II, p. 1132.)

One of the long-established Federal policies to which the Federal Power Commission adverted is the according of preference to municipal, cooperative, or other public bodies in the sale of federally generated power. Section 44, covering the marketing by the Atomic Energy Commission of surplus energy from its own nuclear operations, contains no such preference. This is in conflict with the policy established by every law governing the marketing of federally generated power within the last 50 years. The section should be amended to accord with established Federal power policy.

The Atomic Energy Commission, whether for lack of a positive congressional mandate or because of preoccupation with atomic weapons, has never been a power-minded agency. It has steadily backed away from any concept of Government responsibility for the production of atomic power. It regards the atomic power authorization in section 7 (d) of the McMahon Act as incidental and unlikely to be productive of any important achievements. Chairman Strauss describes the AEC's planned power reactor program for the next few years as a minimum program by choice. The future power role conceived for this agency by the present administration is a narrow and declining one. President Eisenhower said in his message to the Congress on February 17, 1954:

> The creation of opportunities for broadened industrial participation may permit the Government to reduce its own reactor research and development after private industrial activity is well established. For the

present, in addition to contributing toward the advancement of power-reactor technology, the Government will continue to speed progress in the related technology of military propulsion reactors.

A draft of proposed legislation accompanying the President's message contains this language:

> Nothing in this act shall be construed to authorize the Commission to engage in the sale or distribution of electrical energy for commercial use except such energy as may be produced by the Commission incident to the operation or research and development facilities or facilities for the production of fissionable material.

That proposed restriction was incorporated in an earlier version of H. R. 9757, but the sponsors were persuaded finally to strike it out. The majority report on the bill, however, construes the restriction to be still applicable to section 44. It states in this regard—page 15:

> This section will permit the Commission to dispose of that utilizable energy it produces in the course of its own operations, but does not permit the Commission to enter into the power producing business without further congressional authorization to construct or operate such commercial facilities.

We fail to see why the Commission should be enjoined from producing atomic power for commercial use when it would be given broad authority to license others for such production. If the Nation is to realize the maximum power benefits from its investment in this new resource, a positive program of atomic power production by the Federal Government is essential. The history of electrical power development in this country affords ample evidence that a reasonable balance between public and private power serves as the most important check on monopoly control in the vital field of energy resources. The very magnitude of economically feasible nuclear powerplants persuades us to believe that the balance will be thrown heavily in favor of private monopoly unless provision is made for Federal development of atomic power, particularly where supply is desired by public or cooperative systems.

The committee members are convinced, for security and perhaps other reasons, and have affirmed in the pending bill, that the special material which produces nuclear energy should remain the property of the United States. Another finding in section 2 of the bill is that "In permitting the property of the United States to be used by others, such use must be regulated in the national interest." It is judicially established beyond question in our constitutional system that what the United States owns and permits others to use, it may use itself and dispose in any manner the Congress sees fit, including the transformation of owned resources into electrical energy and the transmission of such energy to market. Private companies engaged in similar and competing enterprises have no vested right to be free from Federal Government competition—*Ashwander v. Tennessee Valley Authority* (297 U. S. 288); *Tennessee Power Co. v. Tennessee Valley Authority* (306 U. S. 118).

8. INADEQUATE POWER-LICENSING PROVISIONS

H. R. 9757 not only fails to mark out a clear and constructive program for Federal production of atomic power; it is altogether deficient in the matter of safeguards to protect the public interest in the licensing of non-Federal agencies to produce and sell atomic power.

As noted above, the nuclear-energy resource itself will remain the property of the Federal Government. Thus, in terms of the public interest, the use of nuclear energy and the use of the energy in the falling water of streams should be subject to the same safeguards established by law.

These safeguards involve far more than the bare assurance that the electricity generated from the resource shall be subject to the ordinary processes of utility regulation. They are based on the principles that a public resource must be conserved and developed for the best possible use, that it must be always kept open for public use if the people so decide, and that whatever States may do or fail to do about it, the use must always be directed at providing electricity at the lowest possible rates through preventing private capitalization of the value inherent in the right to use a public resource.

The very fact that there are still six States which have set up no State agency to regulate the rates charged by privately owned electric utilities reveals the extraordinary importance of these public resource safeguards, and the necessity for their incorporation in any legislation designed to facilitate the use of atomic energy as a source of commercial power. These safeguards for the right of the people to get the full value out of their resources, without any toll being taken above what is necessary to assure the funds required for development, have already been formulated in detail by Congress in the Federal Power Act which prescribes how hydroelectric resources may be used. They include:

First. Safeguard for the prior right of Federal development of the resource in any specific case where this will best serve the public interest.

Second. Safeguard for the prior right of public bodies and cooperatives, as against a private applicant for a license for any specific development of the resource.

Third. Safeguards for the right to public hearing in connection with any application, with specific provision for admission of interested States, State commissions, municipalities, representatives of interested consumers or competitors as parties.

Fourth. Safeguards for the right of Federal or other public recapture of any development by a private licensee at the end of the license period on payment of no more than the licensee's net investment in the project.

Fifth. Safeguards for reasonable rates to consumers by provision requiring licensees as a condition of any license to agree to Federal regulation where States have provided no regulation of electric rates, with further provision that in any rate proceeding the licensee can claim no more than net investment in the development for rate base purposes.

Sixth. Safeguards for the preferred position of public and cooperative electric systems to obtain power supply from Federal development of the resource.

The bill, as reported, is wholly lacking in such safeguards. It would enable the Atomic Energy Commission to turn this greatest energy resource over to private power monopoly under licenses unconditioned except for the requirements of national security and public health and safety. Aside from section 271, providing that nothing in this act shall affect the authority or regulations of Federal, State, and local regulatory agencies, it is barren of any recognition of the public interest in securing electric energy from this new resource at the lowest possible rates. Experience has shown clearly that such regulatory authority is entirely inadequate to protect the public interest in electric power developed from public resources, unless supplemented by specific standards governing licenses and the availability of public or cooperative competition in the distribution of electric energy.

The bill includes no provision to encourage public or cooperative distribution of nuclear power. Furthermore, it includes no provisions assuring that privately owned electric utilities producing nuclear electric energy under license from the Commission shall sell the power at the lowest possible rates consonant with sound business practices.

The following comments on specific licensing features of the bill indicate what we consider essential requirements for protection of the public interest in the use of this new public resource for the generation of commercial electric power.

Section 103 (b), establishing the minimum qualifications for applicants for commercial licenses to construct, own, and operate facilities for the utilization and production of special nuclear material or atomic energy, contains no provisions requiring agreement by the applicant, where the end result is generation of electric energy for sale, to claim no more than net investment in such facilities for rate-making purposes. Such a limitation is placed upon all licensees for use of the people's waterpower resources under the Federal Power Act. This section of the bill should be amended to bring it in line with established Federal power policy.

Section 103 (c), providing for a limitation on the term of commercial licenses issued by the Commission for the ownership and operation of facilities for the utilization and production of special nuclear material or atomic energy, contains no provision for the right of the United States, after reasonable notice, to take over, maintain, and operate such facilities at the end of the license period on payment to the licensee of its net investment, plus severance damages, if any. All private hydroelectric power developments, licensed under the Federal Power Act, are subject to such a provision. This section should be amended to bring it in line with established Federal power policy.

Section 182 (b), providing for due notice to the public before the issuance of any license for utilization or production facilities which generate commercial power is lacking as to both breadth of notice required and provision of specific procedures in connection with license applications to assure full protection of the rights of interested parties. It also lacks specific recognition of those interests whose rights may be affected by Commission action or whose participation may be in the public interest.

To cure these deficiencies, where generation of nuclear-electric power is the primary purpose involved, we believe the section should be amended to provide that notice of applications shall also be sent to municipalities, and to public and cooperative electric systems within transmission distance; that, in case of protests, conflicting applications, or proposals for special conditions, interested parties shall be accorded opportunity for intervention, hearing, petition for rehearing, and appeal, in general accord with the procedures now prevailing under Federal power legislation; and that the Commission may admit as parties interested States, State commissions, municipalities, public and cooperative electric systems, or representatives of interested consumers or security holders, or any competitor of a party to such proceedings, or any other person whose participation may be in the public interest.

Section 182 (c), providing for preferred consideration to applications for facilities which will be located in high-cost power areas in the United States, lacks a similar provision which has been the policy of the Government since the Federal Power Act became law in 1920, according preferred consideration to public bodies where their applications conflict with those of privately owned systems. We believe this lack should be overcome to bring the section into line with established Federal power policy.

Section 183, providing specific terms which must be included in licenses for the ownership and operation of facilities for the utilization or production of special nuclear material or atomic energy, is completely lacking in provision for Federal accounting control of licensees where such licenses are not also engaged in the transmission of electricity or sale of electricity in interstate commerce for resale. Such accounting control should be vested in the Federal Power Commission which is responsible for such regulation over licensees for hydroelectric power developments, and is provided for, with enforcement authority, in sections 301, 302, 304, and 306 of the Federal Power Act. We believe that the bill should be amended to make these sections applicable to licensees for atomic power development.

Section 185, providing for the issuance of construction permits to applicants whose applications are otherwise satisfactory to the Commission, should be specifically subject to the same procedural safeguards, assuring interested parties full opportunity for notice, hearing, and appeal before issuance, as are provided in connection with the issuance of licenses under section 182. We believe that the section should be amended to make the same procedure specified in section 182 mandatory before construction permits are issued.

The parallels between electrical energy from nuclear and hydropower sources were called to the attention of the committee in earlier hearings during the summer of 1953 by a member of the Federal Power Commission and again during the present hearings by Chairman Kuykendall of the Federal Power Commission, who supplied a detailed analysis of pending atomic energy legislation. This material will be found in part II of the committee's recent hearings at pages 1124 through 1133.

In view of the Federal proprietary interest and congressional authority in the field of atomic energy, the Federal Power Commission observes:

> It becomes pertinent to test any legislative proposals with respect to non-Federal development of atomic energy to see whether the public interest in atomic energy is protected and benefited as adequately as the Congress of an earlier generation sought to do for the Nation's interest in waterpower (p. 1128).

The Federal Power Commission observes further that:

> * * * The grant of the (license) privilege should depend not solely on the negative consideration that national defense will not be harmed, but on the affirmative ground of benefit to the public interest in electric power and other products of the operation of nuclear reactors as well (ibid.).

Unfortunately, the present bill, reflects nothing of this advice from the Nation's outstanding independent power agency, but relies mainly on negative considerations in licensing. The analysis of the Federal Power Commission is sufficient to indicate that the bill is still complete, so far as it comes within the scope of power policy.

9. NEED FOR A DIVISION OF CIVILIAN POWER APPLICATION

Our concern goes not alone to the omission of public interest safeguards in power licensing. If the use of nuclear energy as a source of commercial electric power is to be accorded the consideration which its importance warrants, this should be reflected in the statutory organization of the Commission. It cannot be left wholly to the discretion of the Commission which may be at any given time, and is now, weighted in favor of playing down the Government responsibilities in this field.

Specifically, we believe there should be a statutory Division of Civilian Power Application, counterbalancing the statutory Division of Military Application, with positive responsibility for the commercial development of nuclear electric power by Federal or non-Federal public and private agencies.

There should also be an Electric Power Liaison Committee, corresponding with the Military Liaison Committee, with provision for full cooperation between the Atomic Energy Commission and those Federal agencies responsibile for carrying out other phases of Federal power policy. This would provide a basis, now lacking in the bill, for Federal construction and operation of nuclear powerplants where required in connection with Federal regional programs.

The Electric Power Liaison Committee might well be composed of one representative each of the Federal Power Commission, the Securities and Exchange Commission, the Rural Electrification Administration, the Tennessee Valley Authority, The Bureau of Reclamation, the Bonneville Power Administration, the Southwest Power Administration, the Southeast Power Administration, and the Corps of Engineers, with an independent chairman appointed by the President, by and with the consent of the Senate, serving at the pleasure of the President.

This committee would advise with the Atomic Energy Commission in connection with all activities directed at the development of power from nuclear energy with a view to assuring its maximum contribution to the general welfare. Such advice would include assistance in the formulation of standards as specific problems arise. But dependence on ad hoc decisions alone for the determination of standards affecting the economics of atomic power development and use would be unsatisfactory in the extreme. It is for this reason that we favor amendments which would authorize and direct the Division of Civilian Power Application and the Federal Power Commission, in their respective spheres, to apply substantially the same public interest safeguards in connection with the licensing of atomic powerplants as are applied in licensing hydroelectric developments under the Federal Power Act.

The Nation's interest in ample supplies of low-cost electric power to meet the requirements of an expanding economy is great. It reaches into every farm home and commercial or industrial establishment. It makes the difference between vigorous and retarded regional development. It is a vital factor in the economical operation of farms. It contributes to continually rising living standards. All this has been emphasized in many official reports, including that of the President's Materials Policy Commission, which made an exhaustive analysis of the future requirements of our civilization.

The quality of the legislation which opens the atomic-energy resource to development as a part of the country's total energy economy will have a profound effect on the attainment of these goals. We are convinced that enactment of the present bill without mature consideration of the changes which we propose would be a disservice to the people of the United States. No delay required to perfect the bill to meet the requirements of the general welfare could result in a minute fraction of the losses that would inevitably follow an ill-considered transfer of atomic-power development to private monopoly.

10. PASSING THE BUCK ON MONOPOLY PREVENTION

The fact that electrical utilities are more or less natural monopolies in the areas they serve makes it unlikely that

the antitrust provisions in section 105 of the bill will have any important bearing on the licensing of utilities for atomic power production and distribution. Indeed that section empowers the Atomic Energy Commission, with the approval of the Attorney General, to exempt such classes or types of licenses as it may determine would not significantly affect the licensee's activities under the antitrust laws.

With regard to the provisions of section 105 generally, we believe it is a mistake to relieve the Commission of the affirmative responsibility contained in the McMahon Act, and deleted in this bill, to exercise its licensing authority in a manner to prevent the growth of monopoly or restraint of trade. Section 7 (c) of the McMahon Act reads in part:

> Where activities under any license might serve to maintain or to foster the growth of monopoly, restraint of trade, unlawful competition, or other trade position inimical to the entry of new, freely competitive enterprises in the field, the Commission is authorized and directed to refuse to issue such license or to establish such conditions to prevent these results as the Commission, in consultation with the Attorney General, may determine. The Commission shall report promptly to the Attorney General any information it may have with respect to any utilization of fissionable material or atomic energy which appears to have these results.

Section 105a of H. R. 9757 would permit the Commission to suspend or revoke a license only after a court of competent jurisdiction has found a licensee to be guilty of violating the antitrust laws. It seems to us that here the Commission locks the barn after the horse is stolen. In a new, developing field of industrial endeavor, resort to the cumbersome and protracted procedures, sometimes extending over many years, which eventuate in final adjudication of antitrust violations, can have little effect in assuring the maintenance of free competitive enterprise.

Section 105c of the bill does add a procedure whereby some preventive action can be taken against monopoly or restraint of trade. It is left to the Attorney General or the Federal Trade Commission to determine whether "the proposed license would tend to create or maintain a situation inconsistent with the antitrust laws." In the event of such a determination, the applicant is permitted to file a petition with the Federal Trade Commission for a hearing, and if the Commission finds adversely, the applicant would have recourse to the courts.

We are uncertain as to the legal effect of a court finding which would put an applicant in a position "inconsistent with the antitrust laws" without necessarily being guilty of violating the antitrust laws. In any event, we see little validity in the arguments which led the sponsors of the bill to relieve the Atomic Energy Commission of the affirmative responsibility cited above.

A review of Federal statutes demonstrates rather convincingly that many departments and agencies of the Federal Government are charged by law with such positive responsibility and authority to prevent or discourage monopoly or other restraints of trade, or to actively promote competition and participation by small business, in various fields of endeavor. It is specious reasoning, in our opinion, to say that the Atomic Energy Commission, as the agency charged with the administration of the atomic energy program, should pass wholly on to others the responsibility for taking steps to insure equality of opportunity by all businesses, large and small, to participate in that program and to share the privileges and benefits arising from it.

11. LIMITING ACCESS TO PATENTS

Intimately tied up with the crucial issues of monopoly or competition in the atomic-energy field is the extent to which private patents are authorized and others have access to the patented inventions or discoveries.

The patent question is one of the most controversial in the atomic-energy field. It arose in the very beginning, when the drafters of the McMahon Act decided to make an outright ban on patents for inventions or discoveries which concerned the production of fissionable material or the utilization of such material in atomic weapons. In the nonmilitary field patents could be granted, but were subject to a public-interest declaration under stated conditions, in which case the Atomic Energy Commission and its licensees automatically were entitled to their use, with reasonable compensation to the owner. This constituted a form of compulsory patent licensing.

Since the licensing provisions of the McMahon Act were never utilized, and the Commission acquired practically all of its patents through arrangements with its contractors, who were operating with public funds, the public-interest provision remained a dead letter. It is this feature which H. R. 9757 adopts with modifications, broadening the permissible area of private patenting and authorizing others to have access to the patented inventions or discoveries under certain conditions.

An earlier version of the pending bill proposed to remove the ban on patents in the production of special—fissionable—material, whether for industrial or weapons uses, leaving only the patent ban on utilization of special material in an atomic weapon. The provision for public-interest declarations also was eliminated, in effect opening up the whole nonmilitary atomic-energy field—and part of the military—for private patenting without any obligation to license others in the use of the patented inventions or discoveries.

We commend the committee majority for withdrawing those earlier provisions and for recognizing in the report—page 9—that the dangers of restrictive patent practices are present because few firms may be involved in the atomic-energy program for the immediate future. The fact that a few large industrial corporations, as contractors to the Atomic Energy Commission, have acquired an overwhelming head start on would-be competitors by virtue of technical know-how acquired on the inside is enough to warrant the utmost care on the part of the Congress in legislating patent privileges.

The committee has reverted substantially to the position taken by President Eisenhower when he said in his message of February 17, 1954, to Congress:

> Until industrial participation in the utilization of atomic energy acquires a broader base, considerations of fairness require some mechanism to assure that the limited number of companies, which as Government contractors now have access to the program, cannot build a patent monopoly which would exclude others desiring to enter the field. I hope that participation in the development of atomic power will have broadened sufficiently in the next 5 years to remove the need for such provisions.

While we believe that the President's proposal for compulsory patent licensing is necessary until such time as interested industrial concerns are on a more equal footing in their acquisition of skills and experience in atomic technology, we believe both the President and the sponsors of this bill are unduly optimistic in the hope that a period of 5 years will suffice to reach that stage. It will take at least 5 years to construct a sufficient number of reactors for making comparative evaluations of performance, and it will take at least 5 years more to accumulate the economic and engineering data for these evaluations.

The Congress would be better advised, as an able patent attorney and former deputy general counsel of the Atomic Energy Commission testified before the committee, to strike the September 1, 1959, termination date and leave open the time for legislative removal of compulsory licensing. The Congress could then enact the necessary legislation at such time as a broadened industrial base for atomic energy became evident. At the very minimum the period of compulsory patent licensing should extend for 10 years.

The question next arises whether the language of the bill is designed to make effective the compulsory licensing of patents or whether it is designed to make this process difficult and unusual. Although it is not easy to judge the effect of the prolix and unduly cumbersome provisions in this regard, we are inclined to the conclusion that the compulsory licensing provision is an extremely limited guaranty of accessibility to patented inventions.

Perhaps the simplest way to establish compulsory licensing would have been to carry over the provision in section 11 (c) (2) of the McMahon Act which provides that whenever any patent is declared by the Atomic Energy Commission to be affected with the public interest, not only is the Commission automatically licensed to use the invention or discovery covered by the patent—a provision retained in the present bill—but any person licensed by the Commission automatically is licensed to use the invention or discovery covered by the patent.

Under section 152 of the pending bill, whenever a patent has been declared affected with the public interest, the Commission automatically is licensed to use the invention or discovery covered by such patent, but another person desiring to use the patented invention

or discovery must apply to the Commission for a patent license, which shall be granted to the extent that the Commission finds that the invention or discovery is of primary importance to the conduct of an activity by such person authorized under the act.

In other words, the initiative and the burden of proof now would lie with the applicant who must demonstrate to the satisfaction of the Commission that the use of the invention or discovery is of primary importance to his business. The limiting aspect of this requirement was brought to the attention of the committee in earlier hearings by Caspar Ooms, a patent attorney, formerly United States Patent Commisioner and chairman of the AEC Patent Compensation Board. Mr. Ooms, who suggested patent revisions in the McMahon Act very similar to those now embodied in H. R. 9757, testified before the committee last July; pages 458–459, that by eliminating the automatic licensing feature of the McMahon Act even though a patent is declared affected with a public interest:

> Each applicant for a license must demonstrate separately that the license is necessary to effectuate the policies and purposes of the act. This restriction is maintained to make the invocation of this licensing power an exception and an infrequently used device. It is intended to guard against the fear that the inventor who is willing to devote his resources to making developments in this field would be compelled to share his contributions with his competitors and to insure that he will be required to give licenses only in the extreme and infrequent situation where that is necessary to accomplish the designs of this legislation.

Before a patent reaches the stage of being declared affected with the public interest, several other conditions are interposed by H. R. 9757. In the first place the patent owner is entitled to a hearing before such declaration. Presumably he could present arguments why the patent should be withheld from the public interest sphere, and if overruled, could appeal to the courts under the Administrative Procedure Act, as provided in section 181. Court action, conceivably, could consume a goodly portion of the 5-year period in which the compulsory licensing requirement obtains.

Secondly, declaring a patent "to be affected with the public interest" would be optional or discretionary with the Atomic Energy Commission, whereas under the McMahon Act the declaration is mandatory provided two conditions are met. The pertinent provision of the McMahon Act follows:

> (1) It shall be the duty of the Commission to declare any patent to be affected with the public interest if (A) the invention or discovery covered by the patent utilizes or is essential in the utilization of fissionable material or atomic energy; and (B) the licensing of such invention or discovery under this subsection is necessary to effectuate the policies and purposes of this act.

In contrast, section 152a of the pending bill provides:

> The Commission may, after giving the patent owner an opportunity for a hearing, declare any patent to be affected with the public interest if: (1) the invention or discovery covered by the patent is of primary importance in the production or utilization of special nuclear material or atomic energy; and (2) the licensing of such invention or discovery under this section is of primary importance to effectuate the policies and purposes of this act.

It will be noted that under the present bill the concept of "primary importance" applies to two conditions, whereas in the McMahon Act the mere fact of utilizing fissionable material or atomic energy satisfies one of the conditions. Under the present bill, conceivably, the Atomic Energy Commission could decide that an invention or discovery is of primary importance in the atomic-energy field but is not of primary importance to effectuate the purposes of the act. "Primary importance" is a strong phrase, and its strength is doubled in section 152a of the bill. We can conceive that many inventions or discoveries would not meet the double-strength criterion and yet be important.

Furthermore, it must be borne in mind that what may be of primary importance to the small business may not be of primary importance to the Atomic Energy Commission or to the atomic-energy field generally.

If the "public interest" feature of the patent survives the objection of the owner and the hearing procedure, and meets the double test of primary importance under section 152a, then a person may apply for a license under 152b, which requires still a third test of primary importance.

In the event the Commission fails to make a "public interest" declaration, prospective or actual licensees or persons otherwise authorized may apply to the Commission under section 152c for a patent license for the use of a patented invention or discovery. The Commission then undertakes to hold a hearing within 60 days—section 152d—and must issue the license—section 152e—if it finds that the invention or discovery meets three tests of "primary importance" and an additional condition.

The application that can survive this procedure will be an impressive one indeed. The patent attorneys may derive more satisfaction from section 152 than the would-be user of the invention.

In issuing a patent license under section 152e, the "primary importance" of which is triple-tested, still the Commission itself would not be automatically licensed to use the invention or discovery. We believe the same privilege of automatic licensing for Commission use should apply here as in the case of "public interest" patents under section 152b.

In the event the Commission turns down a patent license application for failing to meet the three primary importance criteria under sections 152a and 152b, it is unlikely that a license application for the same invention or discovery under section 152c would ever come within reach of meeting the three primary importance criteria of section 152e. The unlikelihood is the more apparent in case two or more applicants desire the use of the same patented invention, for the Commission would then be faced with the dubious proposition under section 152e (3) that the use by each is "of primary importance to the furtherance of policies and purposes of this act."

In connection with research, we note a serious omission in the patent sections of H. R. 9757. The provision contained in section 11 (b) of the McMahon Act and carried over to an earlier version of the pending bill, which prohibited any patent rights with respect to any invention or discovery to the extent used in research and development activities in the atomic-energy program, has been deleted.

Failure to enact this provision undoubtedly would be a deterrent to research. It would appear that those desiring to utilize patented inventions or discoveries in research would have to go through the cumbersome procedures of applying for a patent license under section 152 c, d, e, f, and g. The elimination of this patent ban in research, for reasons which are not clear to us, is contrary to the recommendations of the Atomic Energy Commission. We believe the provisions should be reinstated.

Other questionable features in the patent sections we note as follows:

While patents are banned in the case of inventions or discoveries useful solely in the utilization of special nuclear material or atomic energy in an atomic weapon, they are not banned in the production of such material. Since special nuclear material can be utilized both for weapons and nonweapons, apparently a producer of such material could get a patent on basic production processes whether the material is used for weapons or not. We do not believe that the area of patentability should extend to inventions or discoveries that affect the weapons field.

Although drastic penalties are provided for violations of certain provisions in the bill, no penalty is provided for failing to report inventions or discoveries under section 151c, which could involve matters of strategic significance to the atomic-energy program.

The Patent Compensation Advisory Board, created under section 156a, being advisory only, apparently could not be delegated authority to make final decisions, as under the McMahon Act, in the event the Commission found itself bogged down with matters of compensation, awards, and royalties to the detriment of major responsibilities.

12. BUILT-IN SUBSIDY FEATURE

Section 2h of the bill makes this finding:

> It is essential to the common defense and security of the United States that title to all special nuclear material be in the United States while such special nuclear material is within the United States.

Accepting as fundamental to the legislation this finding, which is implemented in section 52 and other sections of the bill, nevertheless we wish to point out some of its implications for the development of atomic-energy enterprise.

What this bill proposes in effect is to relinquish the Federal Government's exclusive ownership rights in the facilities which produce or use nuclear material but to retain its exclusive ownership rights in the material itself. As a consequence, the incidents of private and

public ownership are intermingled in such a way that not only may vexatious problems of administration and accounting control arise, but the private companies licensed for a maximum period of 40 years to own and operate production facilities—atomic reactors—legally can depend on the Government to compensate them adequately for whatever they produce during the life of the license. This constitutes a built-in subsidy for licensed atomic enterprise until about the year 2000 A. D. The subsidy implications have been recognized and objected to by industrial spokesmen appearing before our joint committee.

Since the Government, under the bill, owns any nuclear material which now or may hereafter be produced in privately owned plants, it cannot refuse to take and pay for what is produced. If the Government pays less than the cost of production in a given plant, the action would, in effect, be confiscatory. Therefore, the provision in section 56 of the bill that the Atomic Energy Commission shall pay the same fair price to all licensed producers of the same material means that the highest cost and least efficient producer will set the pace on price schedules.

The fact that the Commission is obligated by the same section to consider the value of the material for official Government use in determining a fair price, constitutes no ground for paying less than it costs to produce the material. Conceivably, by some happy turn of international events, the Government's requirements of material for atomic weapons could be drastically reduced; and new dicoveries of source materials or greatly improved processes of production in the Government's own plants could yield a surplusage of material, reducing its value to the Government to virtually nothing. Still the Government would have to take the material it owns off the hands of private producers at a price fair to them for the 40 years during which they may be licensed to do business.

Even though the Commission can establish guaranteed fair prices for only 7 years at a time, as provided in section 56, the Commission is not thereby relieved of the obligation to pay fair prices throughout the life of the license.

If the Commission, to forestall the possibility that it may be saddled in the future with huge amounts of nuclear material it does not need or want, insists on writing into licenses under section 53e or section 183 a cancellation provision against such contingencies, or issues licenses for a much shorter period than 40 years, it is obvious that few firms would be persuaded to enter the field under such uncertainties.

Again, to forestall such conditions, the Commission might easily persuade itself to grant licenses to only a handful of the largest or most efficient producers, thereby denying wide access to competing industrial firms or other interested sectors of industry.

The intertwined complexities implicit in the obligation to compensate producers for the material automatically owned by the Government and to charge licensed users for such material, create further subsidy possibilities.

Section 53 deals with the Commission as a distributor of special nuclear material to qualified applicants, including licensees under section 103; while sections 52 and 56 deal with the Commission as a purchaser of special nuclear material from licensed producers who produce such material in the burning of the nuclear fuel secured from the Commission. In the first instance, the Commission is authorized to make a reasonable charge; in the second, to pay a fair price. But the vague generalities set up in lieu of standards to guide the Commission in determining both these critical figures leaves a degree of discretion in the administrative body that would enable it to pay considerably more for the production than it charged for the original supply of special nuclear material, thus affording private utilities, let us say, subsidies of undetermined magnitude for their participation in the development of nuclear power. Such subsidies resulting from dual transactions might well escape the public eye.

The Federal Power Commission analysis submitted by Chairman Kuykendall, in pointing out the lack of legislative standards and the subsidy possibilities for electric utilities in the sections discussed immediately above, added this note:

> If subsidies are to be permitted, consideration should be given to the question of the desirability of provisions for passing the benefits of such subsidies on to the public. (Hearings, pt. II, p. 1131.)

The legal ramifications of the intermingled incidents of public and private ownership in nuclear-producing facilities have not been explored by the committee. We venture to suggest that private firms, including utilities, may very well find themselves subject to a variety of Federal statutes affecting Government business in private plants, including the Walsh-Healey Act and other labor standards laws, inasmuch as the nuclear material used in their operations will be Government property.

13. OMISSION OF LABOR-MANAGEMENT PROVISIONS

Labor strikes at the Oak Ridge and Paducah plants of the Atomic Energy Commission at the very time when comprehensive legislation to revise the Atomic Energy Act is before the Congress, serves to highlight an area of legislative concern which the sponsors of H. R. 9757 have completely ignored.

Chronic discontent and frequent strife are attributes of employment in atomic occupations. The labor unions in these occupations believe they are unduly handicapped by the use of secrecy and security as a weapon of management to bludgeon their members into submission and to distort or nullify the procedures of collective bargaining. Many union representatives believe, too, that the Atomic Energy Commission has been completely oriented to the management side in labor disputes.

Whether or not legislative provisions can be written to alleviate the persistent sore spots in atomic labor-management relations, certainly the legislation can at least provide for more effective labor-management representation in the councils of the Atomic Energy Commission. The American Federation of Labor representative who testified before our committee on two separate occasions, has voiced the federation's belief that steps toward this end would have a salutary effect. He also observed—hearings, part I, page 278:

> It is worth noting that the membership of the Atomic Energy Commission and other top jobs in that agency have been filled by individuals drawn from the legal profession, Government, business, and finance. Corporation lawyers, investment bankers, Government bureaucrats would seem to be blessed in some mysterious manner with a genius for administering atomic-energy affairs that has been denied to trade-union leaders and officials. We believe that in the ranks of organized labor there are many able and public-spirited administrators who could bring a fresh view to the Atomic Energy Commission and its work and perform a very useful service.

Although the legislation cannot dictate whom the President should appoint to the Commission, at least it can provide for a labor-management advisory committee, coordinate with other advisory committees provided in the bill. Such a committee might well be composed of equal numbers of management and labor representatives, with a public chairman appointed by the President, by and with the consent of the Senate, and serving at the pleasure of the President.

The fields of interest and attention on the part of the labor-management advisory committee would encompass more than assistance in promoting healthier attitudes toward collective bargaining problems in an area hedged in by difficult security requirements.

The whole difficult area of personnel security, which would involve, under this bill, investigations by the Civil Service Commission and the FBI of the character, associations, and loyalty of privately employed persons having access to restricted data, might well come under the continued scrutiny of the labor-management advisory committee.

Assistance could be provided in the application of safety standards, adequate workman's compensation provisions, and other protective measures in licenses for new and hazardous atomic occupations.

Studies and preparatory steps could be undertaken to minimize the impact of atomic enterprises in industries or areas whose populations depend on competing activities for a livelihood. The economic distress of the coal-mining industry, for example, might become even worse by the substitution of atomic fuel for coal in generating electrical power.

The framers of the McMahon Act had such eventualities in mind when they wrote a requirement for the 7 (b) report discussed above. The special Senate Committee on Atomic Energy reported in 1946—79th Congress, 2d session, Senate Report No. 1211, page 20:

> The committee is aware, nonetheless, that the sudden introduction of certain devices utilizing the power released by nuclear fission might precipitate profound economic

disorganization. Great industrial installations representing nationwide investments, employing many thousands of workers, might be rendered obsolete.

14. COMPLICATING INTERNATIONAL ARRANGEMENTS

We stated at the outset our conviction that international matters relating to atomic energy would be better treated in legislation separate from that which seeks to open the atomic field to domestic private enterprise and profit-making opportunities. Our dependence on foreign sources of uranium, our mutual defense requirements, our moral and economic obligations to assist less privileged nations, our never-ending search for world peace—all these would seem to pose problems of an order and magnitude that press more urgently for solution than how to make a profit from the atom.

Some years ago our Government outlined a plan for the international control of atomic weapons. The plan embraced procedures, carefully drawn, to provide for the gradual transfer of our atomic facilities to international control without endangering national security. It was conceived that the international atomic authority would maintain an inspection system to make sure that no nation would deviate from the control arrangements for aggressive ends.

The Soviets would have no part of this plan. In those days, especially before they had atomic weapons, they insisted that such weapons be banned outright by treaty rather than put under the control of an international authority. Nor did they take kindly to the idea of inspectors coming behind the Iron Curtain. In the face of persistent and stubborn refusal by Soviet Russia to consider a control agency, our plan became dormant.

But the United States has never abandoned as a stated policy its willingness to participate in a really effective program of atomic armament control. The goal may be too remote for achievement in our time, but certainly we should do nothing to throw obstacles in the way of that achievement. Whether the creation of vested ownership rights in atomic facilities by private persons will narrow our opportunities to negotiate in matters which may determine the life or death of civilized society is a question deserving of our most earnest consideration.

When President Eisenhower proposed in an address to the United Nations General Assembly the creation of an international agency to develop peacetime uses of atomic energy, new hope was kindled among peoples everywhere that somehow this might be a vehicle for promoting world peace. Even the Soviets did not dare to ignore the compelling force of this appeal for cooperative peaceful endeavor.

Reportedly, our Secretary of State entered into preliminary discussions with the Soviets on the President's proposal. So far as we know, nothing productive resulted from those meetings. Although the dismal record of Soviet intransigeance leaves little to hope for, we see nothing to be gained by clothing the door entirely to possible participation by Soviet Russia in an atomic pool plan for peaceful uses.

Section 124 of the bill would seem to close that door. Whereas the President would be authorized to enter into an international arrangement with a group of nations providing for international cooperation in the nonmilitary applications of atomic energy, and to cooperate with that group in specific atomic endeavor, the proviso is entered that the cooperation must accord with the conditions presented in section 123.

Section 123 requires that agreements for cooperation cannot be undertaken until a series of conditions are fulfilled by the other nation or nations involved, including acceptable security safeguards and standards. It would be utterly unrealistic to suppose that Soviet Russia could ever comply with the security and other requirements laid down in section 123, even though the atomic pool is intended for nonmilitary uses.

The international atomic pool provision comprising section 124 seems to be a last-minute insertion to suggest that the bill is intended to implement President Eisenhower's proposal. Actually, the legislative requirements, if any, of the atomic pool proposal never have been communicated to us. President Eisenhower in his February 17 message to the Congress making recommendations for legislation to facilitate cooperation in atomic affairs with other nations, stated as follows:

> These recommendations are apart from my proposal to seek a new basis for international cooperation in the field of atomic energy as outlined in my address before the General Assembly of the United Nations last December. Consideration of additional legislation which may be needed to implement that proposal should await the development of areas of agreement as a result of our discussions with other nations. (83d Cong., 2d sess., House Doc. No. 328, p. 4.)

Not only would section 124 preclude the "new basis for international cooperation" which the President seeks; the wording of the section is confusing and self-contradictory. It would authorize the President to enter an international arrangement, which by definition in section 11k excludes any agreement for cooperation; and yet section 124 requires that an agreement for cooperation is necessary if the desired cooperation is to be exercised.

The United States might very well find itself in the position under section 124 of consummating agreements with other nations without being able to exercise the cooperation promised by the agreement unless such cooperation conformed rigidly to the formula contained in section 123.

If the contention is that the President could further the atomic pool idea by the conventional treaty route, or by an international agreement—which requires approval by both Houses of Congress under the bill—independent of section 124, then it is difficult to see what purpose the section serves, except a restrictive one.

The President has broad authority now to negotiate treaties under the Constitution. Section 124 attempts to prescribe a rigid and more restrictive formula of negotiation upon the President and his Secretary of State. The authority to negotiate treaties in our opinion should be left unfettered, subject always, of course, to Senate debate and final ratification.

No additional authority is conferred upon the President by the second method embodied in the term "international arrangement," i. e., "international agreement." The President already has the right to send to Congress any international agreement for legislative approval.

Section 124 on its face seems to authorize the President to "enter into an international arrangement with a group of nations," but the proviso requires compliance with the provisions of section 123, which provides for bilateral agreement only between the United States and an individual nation on all peacetime exchange of nuclear material or nuclear information. The reference therefore to a "group of nations" is misleading because of the proviso. Again it is restrictive and inflexible rather than helpful. It could prove to be embarrassing.

While President Eisenhower's original proposal evidently contemplated a single international atomic pool for peacetime purposes under one universal agreement, our country may be obliged, or may wish, to proceed by smaller group or regional stages, particularly in view of the Soviet Union's negative response. If the negotiations must be undertaken through a bilateral approach, then the language of section 124 which on its face indicates a multilateral agreement, again becomes ambiguous and restrictive on the President.

Section 124 appears to us a premature attempt to legislate in a delicate field where international diplomatic negotiations are pending, and it conflicts with the President's admonition in his message to the Congress that legislation to implement the atomic pool proposal "should await the development of areas of agreement as a result of our discussions with other nations."

Section 123, which sets forth a method of cooperation other than treaties or international agreements, is the principal section of the bill dealing with the authority of the President to make executive agreements on the international plane. The President cannot make any such agreement unless it is approved by the Atomic Energy Commission or in case of agreements relating to defense and military matters, by the Department of Defense. Note that the Atomic Energy Commission is an independent agency whose members serve, not at the pleasure of the President, but for a fixed statutory term.

We seriously question the subordination of the President's authority in the conduct of foreign affairs to the judgment of officials who may not be in a position to weigh the importance of countervailing risks, as is the President. In the present juncture of world affairs it cannot be assumed in case of doubt that no agreement is preferable to the only obtainable agreement, even though the obtainable agreement has not all the provisions which those charged with the technical judgments would like it to

have. In place of requiring the consent of the Atomic Energy Commission or the Department of Defense, we would prefer merely that the President, before making an agreement, be required to obtain a statement from the Commission or the Department of Defense as to the desirability and sufficiency of the agreement in respect to the matters referred to in section 123a.

Many of the provisions in section 123 as well as some of the provisions in section 144 to which we will refer seem in part to be based on the obsolete and false assumption that we have a monopoly of atomic materials and weapons, that our allies will have only what we give them and will have nothing to give in return. We know that Great Britain, for instance, has manufactured and exploded atomic bombs.

Section 144a and section 144b both carry a proviso that international cooperation shall not involve the communication of restricted data relating to the design and fabrication of atomic weapons except as to limited external characteristics. Taken in conjunction with the broad definition of "design" in section 11i, which includes drawings, blueprints, and so forth, and the development data behind the design, these restrictions ultimately may work to our own disadvantage. They hark back to the time when we had or thought we had a monopoly in this field.

While it is not suggested that there should be a free interchange of restricted data, we fear that any blanket refusal to exchange restricted data under any and all circumstances in the future might debar us from cooperation in particular projects where we might have much more to gain than to lose. Great Britain, for example, might come up with some discovery comparable in this field to the jet engine in aviation and might be debarred from working with us on it because of our own shortsighted and nonreciprocal policies.

Having in mind that a 1951 amendment which comprises section 10 (a) (3) of the McMahon Act set forth similar restrictions on communicating design and fabrication data, nevertheless we believe that new legislation must consider the changing role of atomic armament in mutual defense. An understanding of this part of the bill is important and we offer this explanation of its meaning so that each member may judge as to whether it goes too far or not far enough.

The exchange of information on weapons is limited to "external characteristics, including size, weight, and shape, yields, and effects, and systems employed in the delivery or use thereof." These areas of disclosure in the main would permit our military personnel to show our allies an atomic or thermonuclear weapon and describe these external characteristics, also the explosive power in terms of equivalent tons of TNT, the blast effect in terms of square miles destroyed, and the degree of radioactive poisoning of land, water, and air in the vicinity. It would allow disclosure of methods of bomb delivery, whether by plane, artillery device, guided missile, and so forth.

Apparently American military personnel would be permitted to train allied personnel in attaching or installing such weapons in delivery vehicles or devices—section 144b (2). But they would not be allowed to instruct our allies as to how the weapons are constructed internally, how they are assembled or disassembled, or how they are triggered for explosion.

It is obvious that we do not intend to deliver any of these weapons to any military ally for their own use, as complete knowledge of the internal working would be necessary for such use or adjustment in case the weapon failed to work just prior to release.

Therefore we must acknowledge that the bill does not implement the use of our atomic or hydrogen weapons by our allies on behalf of the defense of the free world. It does not make it possible to include such armament in the common arsenal of the North Atlantic Treaty Organization forces, except as they are retained in our sole custody.

Therefore we raise the following questions.

For what purpose do we contemplate training allied military personnel under such limitations?

Will such training be considered seriously by those who receive it?

Will the imparted knowledge of "effect" of atomic-hydrogen weapons be considered as inadequate and be used as propaganda by the enemies of America to deride our lack of faith in our allies?

The language of this bill relating to the highly important subject of foreign relations, with immediate reference to sections 123, 124, 141 and 144 is complicated, ambiguous, restrictive and potentially embarrassing to the President. It adds nothing to the President's treaty powers or the right of Congress to pass specific legislation.

In the lowest strata of "agreement for cooperation" with foreign nations, the restrictive procedures imposed would seem to be of limited assistance in the exchange or use of nuclear materials and information with our allies. Those who fear vital disclosure of security information need have but little fear. Those who hope for wider dissemination of nuclear information have but little grounds for their hope.

15. INCREASING MILITARY POSTURE

Although we do not believe H. R. 9757 departs in any fundamental way from the accepted principle of civilian control and management of the atomic energy program, we wish to take this opportunity to alert the Congress and the public to the possibilities that lie ahead.

It is generally acknowledged that atomic weapons are rapidly achieving a conventional status in military planning for national and allied defenses. Accordingly, we may expect that the military will steadily seek increasing control over the weapons phases of the atomic energy program. This is not said in criticism but only as a reminder that there are bounds which the military must not transgress if the principle of civilian control is to be maintained.

Military influence in the Atomic Energy Commission is by no means lacking and, we believe, it is more pervasive than heretofore.

Apart from the exercise of military influence within the Commission, formal organizational arrangements and procedures have been established under the McMahon Act, slightly modified in the pending bill, to administer the military application of atomic energy and to effect the proper liaison between the Commission and the Department of Defense. We believe the joint committee should have inquired into the efficacy of these arrangements in connection with the proposed revisions of the McMahon Act.

The pending bill gives new authority and responsibility to the Department of Defense in various atomic affairs.

The Department of Defense would be permitted to produce nuclear material in connection with atomic facilities operated for power and other purposes within the military programs—section 91b (2).

The Department of Defense would be authorized to manufacture, produce, or acquire atomic utilization facilities, and its contractors would be likewise authorized, without the need for a license from the Atomic Energy Commission—section 110b.

The Department of Defense would have to approve agreements for cooperation undertaken by the President, or by the Department itself at the President's direction, with other nations with respect to specified atomic matters according to the language in sections 123 and 144b. In effect, an attempt has been made to give power to the Department of Defense to check Presidential action. The grant of power is questionable on constitutional grounds, in our opinion, as the President is Commander in Chief and therefore can direct the Department of Defense in matters pertaining to national defense.

The Department of Defense would have joint authority with the Atomic Energy Commission to decide whether certain atomic data could be communicated to other nations—section 144b.

The Department of Defense has joint authority with the Commission to determine when data relating to atomic weapons may be published and what information may be removed from the restricted category in the weapons field—section 142 c and d.

Employees of the Department of Defense, members of the Armed Forces, and contractors of the Department would be authorized to have access to restricted data in certain circumstances determined by the Department of Defense—section 143.

We cite these provisions to indicate the increasing military posture of the atomic energy program.

INCREASED DISABILITY COMPENSATION FOR EX-SERVICEMEN

The SPEAKER pro tempore (Mr. CANFIELD). Under previous order of the House, the gentlewoman from Massachu-

setts [Mrs. ROGERS] is recognized for 5 minutes.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I rise at this time to state that there seems to have been a great deal of propaganda going on regarding the bill H. R. 9020. There was a petition to discharge the Rules Committee from its consideration, filed by the gentleman from New York [Mr. RADWAN]. I do not know the number of signatures on it now, but there were 164 on Friday, which I think is a record for a petition that had been on the desk for only 3 hours.

The propaganda is that there will be a compromise. No compromise has been agreed to. I do not know that any will be agreed to. There has been propaganda to the effect that this bill is a bonus bill. It is not a bonus bill.

The bill provides for 10 percent across the board for service-connected cases, about that for widows, orphans, and dependents, and then in the non-service-connected and the pension class there was an increase of a certain amount for certain veterans' pensions, Spanish American War widows, other widows, and other cases.

It is in no wise a bonus bill, Mr. Speaker. I emphasize that over and over again because there is a curious propaganda that has been going on against the bill, a curious propaganda that there was a compromise. I understand there were 20 Members who on Friday did not sign the petition because they thought an agreement had been reached.

It has been stated that if there is not a compromise the Congress will adjourn before there is time to bring the petition up for action the necessary number of days after it has been signed and been on the Legislative Calendar. If Congress plans to adjourn on the 31st of July, I can see no reason why the Members who are interested in seeing H. R. 9020 pass should not sign the petition. I do not believe for one minute the Congress will adjourn without seeing that the veterans are cared for. They have been the forgotten men all through this legislative year. In spite of repeated requests for rules on our bills, scarcely a rule has been granted. I for one do not know what I can say when I talk to the veterans of the country. I have to tell them we have not passed much legislation. Certainly the veterans of all the people in the United States today should be considered and should have their legislation voted upon. I cannot believe that this Congress will close its doors for the season to veterans' legislation. You cannot say to the veteran when you go home, "You are forgotten, you have been forgotten," because we would not be in Congress today if the veterans had not sent us.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. SCRIVNER on the subject Sport Car Racing on Strategic Air Command Bases and to include a GAO report.

Mr. BURDICK and to include extraneous matter.

Mr. POFF (at the request of Mr. YOUNGER) and to include extraneous matter.

Mr. FORRESTER.

Mr. REAMS.

Mr. DIES.

Mr. ZABLOCKI (at the request of Mr. JOHNSON of Wisconsin).

Mr. ROONEY to revise and extend his remarks made in Committee of the Whole today and to include extraneous matter.

Mr. KNOX.

Mr. SIEMINSKI in two instances and to include extraneous matter.

Mrs. HARDEN.

Mr. BERRY (at the request of Mr. ARENDS).

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 3339. An act to authorize the Farm Credit Administration to make loans of the type formerly made by the Land Bank Commissioner; to the Committee on Agriculture.

S. 3713. An act to give effect to the International Convention for the High Seas Fisheries of the North Pacific Ocean, signed at Tokyo, May 9, 1952, and for other purposes; to the Committee on Merchant Marine and Fisheries.

ENROLLED BILLS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 2617. An act for the relief of Guillermo Morales Chacon;

H. R. 2846. An act authorizing the President to exercise certain powers conferred upon him by the Hawaiian Organic Act in respect of certain property ceded to the United States by the Republic of Hawaii, notwithstanding the acts of August 5, 1939, and June 16, 1940, or other acts of Congress;

H. R. 4928. An act to authorize the Secretary of Agriculture to convey a certain parcel of land to the city of Clifton, N. J.;

H. R. 6263. An act to authorize the Secretary of Agriculture to convey certain lands in Alaska to the Rotary Club of Ketchikan, Alaska;

H. R. 6642. An act for the relief of Mrs. Augusta Selmer-Andersen;

H. R. 6882. An act to amend the act of September 27, 1950, relating to construction of the Vermejo reclamation project;

H. R. 6975. An act authorizing the Secretary of the Interior to convey certain lands to the Siskiyou Joint Union High School District, Siskiyou County, Calif.;

H. R. 7012. An act for the relief of Nicole Goldman;

H. R. 8549. An act granting the consent of Congress to The Breaks Interstate Park compact;

H. R. 8713. An act to amend section 1 (d) of the Helium Act (50 U. S. C. sec. 161 (d)), and to repeal section 3 (13) of the act entitled "An act to amend or repeal certain Government property laws, and for other purposes," approved October 31, 1951 (65 Stat. 701).

H. R. 9006. An act to authorize the Secretary of the Army to donate 28 paintings to the Australian War Memorial; and

H. R. 9242. An act to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 2987. An act to provide for the transfer of hay and pasture seeds from the Commodity Credit Corporation to the Federal land-administering agencies.

BILLS PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on July 16, 1954, present to the President, for his approval, bills of the House of the following titles:

H. R. 1067. An act to authorize the Supreme Court of the United States to make and publish rules for procedure on review of decisions of the Tax Court of the United States;

H. R. 1673. An act for the relief of James I. Smith;

H. R. 5578. An act for the relief of Hatsuko Kuniyoshi Dillon;

H. R. 5731. An act to authorize the Secretary of the Interior to construct facilities to provide water for irrigation, municipal, domestic, military, and other uses from the Santa Margarita River, Calif., and for other purposes; and

H. R. 7664. An act to provide for the development of the Priest Rapids site on the Columbia River, Wash., under a license issued pursuant to the Federal Power Act.

ADJOURNMENT

Mr. ARENDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock and 13 minutes p. m.), under its previous order, the House adjourned until tomorrow, Tuesday, July 20, 1954, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1741. A letter from the Executive Director, Rubber Producing Facilities Disposal Commission, transmitting a report prepared by the Reconstruction Finance Corporation, the operating agency, with respect to its expenditures for repairs, replacements, additions, improvements, or maintenance of the Government-owned rubber-producing facilities during the 11-month period in fiscal year 1954, ending May 31, 1954, pursuant to section 15 of the Rubber Producing Facilities Disposal Act of 1953 (67 Stat. 408); to the Committee on Armed Services.

1742. A letter from the Director, Legislative Liaison, Department of the Air Force, transmitting the quarterly report of the number of officers assigned or detailed to permanent duty in the executive element of the Air Force at the seat of the Government as of the end of the fourth quarter of fiscal year 1954, pursuant to section 201 (c) of the Air Force Organization Act of 1951 (Public Law 150, 82d Cong.); to the Committee on Armed Services.

1743. A letter from the Director, Office of Defense Mobilization, Executive Office of the President, transmitting the quarterly report for the quarter ending March 31, 1954, pursuant to section 304 (b) of the Defense Production Act; to the Committee on Banking and Currency.

1744. A letter from the Acting Comptroller General of the United States, transmitting a report on the audit of Fish and Wildlife

Service, an agency in the Department of the Interior, for the fiscal year ended June 30, 1953, pursuant to the Budget and Accounting Act, 1921 (31 U. S. C. 53), and the Accounting and Auditing Act of 1950 (31 U. S. C. 67); to the Committee on Government Operations.

1745. A letter from the Assistant Secretary of the Interior, transmitting a proposed award of a concession permit to National Park Concessions, Inc., which will, when approved by the regional director, region No. 4, National Park Service, authorize a limited concession operation in the Hurricane Ridge Public Service Building, Olympic National Park, Wash., for the period June 15 to September 15, 1954, pursuant to the act of July 31, 1953 (67 Stat. 271); to the Committee on Interior and Insular Affairs.

1746. A letter from the Postmaster General, transmitting a draft of proposed legislation entitled "A bill relating to the payment of money orders"; to the Committee on Post Office and Civil Service.

1747. A letter from the Chief Justice, Supreme Court of the United States, transmitting the report of the proceedings of a special meeting of the Judicial Conference of the United States, held at Washington, D. C., April 15 and 16, 1954, pursuant to title 28, United States Code, section 331. (H. Doc. No. 475); to the Committee on the Judiciary and ordered to be printed.

1748. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting a copy of an order entered in the case of Fintan Patrick Walsh, file 56339/840, who has been found admissible into the United States, pursuant to section 212 (a) (28) (I) (ii) of the Immigration and Nationality Act; to the Committee on the Judiciary.

1749. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders entered in cases where the authority contained in section 212 (d) (3) of the Immigration and Nationality Act was exercised in behalf of such aliens, pursuant to section 212 (d) (6) of the Immigration and Nationality Act; to the Committee on the Judiciary.

1750. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders suspending deportation as well as a list of the persons involved, pursuant to Public Law 863, 80th Congress, amending subsection (c) of section 19 of the Immigration Act of February 5, 1917, as amended (8 U. S. C. 155 (c)); to the Committee on the Judiciary.

1751. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders suspending deportation as well as a list of the persons involved, pursuant to section 244 (a) (5) of the Immigration and Nationality Act of 1952 (8 U. S. C. 1254 (a) (5)); to the Committee on the Judiciary.

1752. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders granting the applications for permanent residence filed by the subjects, pursuant to section 4 of the Displaced Persons Act of 1948, as amended; to the Committee on the Judiciary.

1753. A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting copies of orders suspending deportation as well as a list of the persons involved, pursuant to section 244 (a) (1) of the Immigration and Nationality Act of 1952 (8 U. S. C. 1254 (a) (1)); to the Committee on the Judiciary.

1754. A letter from the Assistant Secretary of the Navy for Air, transmitting the annual report of all claims paid for the fiscal year beginning July 1, 1953, and ending June 30, 1954, pursuant to section 2673 of title 28, United States Code; to the Committee on the Judiciary.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, pursuant to the order of the House of July 14, 1954, the following bill was reported on July 16, 1954:

Mr. TABER: Committee on Appropriations. H. R. 9936. A bill making supplemental appropriations for the fiscal year ending June 30, 1955, and for other purposes; without amendment (Rept. No. 2266). Referred to the Committee of the Whole House on the State of the Union.

Under clause 2 of rule XIII, pursuant to the order of the House of July 15, 1954, the following bill was reported on July 16, 1954:

Mr. LECOMPTE: Committee on House Administration. H. R. 9413. A bill to reorganize the Capitol Police force in order to increase its efficiency in the performance of its duties; without amendment (Rept. No. 2267). Referred to the Committee of the Whole House on the State of the Union.

Under clause 2 of rule XIII, pursuant to the order of the House of July 15, 1954, the following bills were reported on July 17, 1954:

Mr. VORYS: Committee on Foreign Affairs. H. R. 9910. A bill to amend section 413 (b) of the Foreign Service Act of 1946; without amendment (Rept. No. 2268). Referred to the Committee of the Whole House on the State of the Union.

Mr. WOLCOTT: Committee on Banking and Currency. H. R. 9756. A bill to increase the borrowing power of Commodity Credit Corporation; without amendment (Rept. No. 2269). Referred to the Committee of the Whole House on the State of the Union.

Mr. WOLCOTT: Committee on Banking and Currency. S. 3589. An act to provide for the independent management of the Export-Import Bank of Washington under a board of directors, to provide for the representation of the bank on the National Advisory Council on International Monetary and Financial Problems and to increase the bank's lending authority; without amendment (Rept. No. 2270). Referred to the Committee of the Whole House on the State of the Union.

Under clause 2 of rule XIII, pursuant to the order of the House of July 15, 1954, the following conference report was filed on July 17, 1954:

Mr. WOLCOTT: Committee of conference. H. R. 7839. A bill to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities (Rept. No. 2271). Ordered to be printed.

[*Submitted July 19, 1954*]

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BURDICK: Committee of conference. H. R. 5185. A bill for the relief of Klyce Motors, Inc. (Rept. No. 2272). Ordered to be printed.

Mr. BURDICK: Committee of conference. H. R. 2098. A bill to provide for determining the compensation of certain persons whose lands have been flooded and damaged by reason of fluctuations in the water level of the Lake of the Woods, Minn. (Rept. No. 2273). Ordered to be printed.

Mr. D'EWART: Committee of conference. H. R. 4854. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the irrigation works comprising the Foster Creek division of the Chief Joseph Dam project, Washington (Rept. No. 2274). Ordered to be printed.

Mr. ARENDS: Committee of conference. H. R. 8571. A bill to authorize the construction of naval vessels, and for other purposes (Rept. No. 2275). Ordered to be printed.

Mr. KEATING: Committee of Conference. S. 252. An act to permit all civil actions against the United States for recovery of taxes erroneously or illegally assessed or collected to be brought in the district courts with right of trial by jury (Rept. No. 2276). Ordered to be printed.

Mr. REES of Kansas: Committee on Post Office and Civil Service. Report on performance rating plans in the Federal Government; without amendment (Rept. No. 2277). Referred to the Committee of the Whole House on the State of the Union.

Mr. REES of Kansas: Committee on Post Office and Civil Service. Second intermediate report pertaining to a survey and study of postal transportation; without amendment (Rept. No. 2278). Referred to the Committee of the Whole House on the State of the Union.

Mrs. ROGERS of Massachusetts: Committee on Veterans' Affairs. H. R. 9888. A bill to amend the laws granting education and training benefits to certain veterans to extend the period during which such benefits may be offered; with amendment (Rept. No. 2279). Referred to the Committee of the Whole House on the State of the Union

Mr. GRAHAM: Committee on the Judiciary. House Joint Resolution 527. Joint resolution to provide for the protection of defense facilities; with amendment (Rept. No. 2280). Referred to the Committee of the Whole House on the State of the Union.

Mr. YOUNGER: Committee on Interstate and Foreign Commerce. H. R. 6310. A bill to amend the Civil Aeronautics Act of 1938 to exempt operations in the transportation of livestock, fish, and agricultural, floricultural, and horticultural commodities from the act and from regulation by the Civil Aeronautics Board thereunder; without amendment (Rept. No. 2281). Referred to the Committee of the Whole House on the State of the Union.

Mr. SHORT: Committee on Armed Services. H. R. 9924. A bill to provide for family quarters for personnel of the military departments of the Department of Defense and their dependents, and for other purposes; without amendment (Rept. No. 2282). Referred to the Committee of the Whole House on the State of the Union.

Mr. ROBSION of Kentucky: Committee on the Judiciary. H. R. 8034. A bill for the incorporation of the Sons of Union Veterans of the Civil War; with amendment (Rept. No. 2283). Referred to the House Calendar.

Mr. PELLY: Committee on Interstate and Foreign Commerce. S. 3464. An act to amend the Communications Act of 1934 in order to make certain provision for the carrying out of the Agreement for the Promotion of Safety on the Great Lakes by Means of Radio; with amendment (Rept. No. 2284). Referred to the Committee of the Whole House on the State of the Union.

Mr. PELLY: Committee on Interstate and Foreign Commerce. S. 2453. An act to amend the Communications Act of 1934, as amended, with respect to implementing the International Convention for the Safety of Life at Sea relating to radio equipment and radio operators on board ship; with amendment (Rept. No. 2285). Referred to the Committee of the Whole House on the State of the Union.

Mr. McCONNELL: Committee of conference. S. 2759. An act to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes (Rept. No. 2286). Ordered to be printed.

Mr. McCONNELL: Committee of conference. H. R. 9040. A bill to authorize cooperative research in education (Rept. No. 2287). Ordered to be printed.

Mr. McCONNELL: Committee of conference. H. R. 7601. A bill to provide for a White House Conference on Education (Rept. No. 2288). Ordered to be printed.

Mr. McCONNELL: Committee of conference. H. R. 7434. A bill to establish a National Advisory Committee on Education (Rept. No. 2289). Ordered to be printed.

Mr. HOPE: Committee on Agriculture. S. 3137. An act to make the provisions of the act of August 28, 1937, relating to the conservation of water resources in the arid and semiarid areas of the United States, applicable to the entire United States, and to increase and revise the limitation on aid available under the provisions of the said act, and for other purposes; with amendment (Rept. No. 2290). Referred to the Committee of the Whole House on the State of the Union.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7130. A bill to provide for the forfeiture of the citizenship of persons convicted of advocating or conspiring to advocate the overthrow of the Government by force or violence; with amendment (Rept. No. 2291). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 642. Resolution for the consideration of H. R. 6004, a bill to amend part II of title III of the Communications Act of 1934, so as to require the installation of an automatic radio call selector on cargo ships of the United States carrying less than two radio operators, and for other purposes; without amendment (Rept. No. 2292). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 643. Resolution for consideration of H. R. 9859, a bill authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes; without amendment (Rept. No. 2293). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 644. Resolution for consideration of H. R. 9756, a bill to increase the borrowing power of Commodity Credit Corporation; without amendment (Rept. No. 2294). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 645. Resolution for consideration of S. 3589, an act to provide for the independent management of the Export-Import Bank of Washington under a Board of Directors, to provide for the representation of the bank on the National Advisory Council on International Monetary and Financial Problems and to increase the bank's lending authority; without amendment (Rept. No. 2295). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 646. Resolution waiving all points of order against H. R. 9936, a bill making supplemental appropriations for the fiscal year ending June 30, 1955, and for other purposes; without amendment (Rept. No. 2296). Referred to the House Calendar.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, pursuant to the order of the House of July 14, 1954, the following bill was introduced on July 16, 1954:

By Mr. TABER:

H. R. 9936. A bill making supplemental appropriations for the fiscal year ending June 30, 1955, and for other purposes; to the Committee on Appropriations.

[*Introduced and referred July 19, 1954*]

Under clause 4 of rule XXII public bills and resolutions were introduced and severally referred as follows:

By Mr. EDMONDSON:

H. R. 9937. A bill to authorize the Farm Credit Administration to make loans of the type formerly made by the Land Bank Commissioner; to the Committee on Agriculture.

By Mr. HARRISON of Wyoming:

H. R. 9938. A bill to amend the Internal Revenue Code of 1954 to provide emergency tax relief to livestock growers who are forced to dispose of their herds because of drought or other natural causes beyond their control; to the Committee on Ways and Means.

By Mr JENSEN:

H. R. 9939. A bill making an appropriation for the Little Sioux River, Iowa, flood control project for the year ending June 30, 1955; to the Committee on Appropriations.

By Mr. JONES of Alabama:

H. R. 9940. A bill to authorize the Farm Credit Administration to make loans of the type formerly made by the Land Bank Commissioner; to the Committee on Agriculture.

By Mr. KNOX:

H. R. 9941. A bill to amend the Internal Revenue Code of 1939 with respect to definition of a Western Hemisphere trade corporation; to the Committee on Ways and Means.

By Mr. O'NEILL:

H. R. 9942. A bill to amend paragraph 717 of title I of the Tariff Act of 1930, with respect to duties applicable in the case of fish sticks; to the Committee on Ways and Means.

By Mr. PHILBIN (by request):

H. R. 9943. A bill to amend the Mustering-Out Payment Act of 1944, and for other purposes; to the Committee on Armed Services.

By Mr. RAY:

H. R. 9944. A bill to provide for intensified research into the causes, hazards, and effects of air pollution, and the methods for its prevention and control, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. REES of Kansas:

H. R. 9945. A bill to provide for the purchase of bonds to cover postmasters, officers, and employees of the Post Office Department, contractors with the Post Office Department, mail clerks of the Armed Forces, and for other purposes; to the Committee on Post Office and Civil Service.

By Mrs. ROGERS of Massachusetts (by request):

H. R. 9946. A bill to amend the Mustering-Out Payment Act of 1944, and for other purposes; to the Committee on Armed Services.

By Mr. SIMPSON of Pennsylvania:

H. R. 9947. A bill to amend section 208 (b) of the Technical Changes Act of 1953 (Public Law 287, 83d Cong.); to the Committee on Ways and Means.

By Mr. YORTY:

H. R. 9948. A bill to provide for the construction of the San Luis Reservoir, the San Luis West Side Canal, the Avenal Gap Reservoir, and the Avenal Canal, Central Valley project, Calif.; to the Committee on Interior and Insular Affairs.

By Mr. DIES:

H. Res. 641. Resolution proposing a special committee to investigate public property; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GWINN:

H. R. 9949. A bill for the relief of Uldric Thompson, Jr.; to the Committee on the Judiciary.

By Mr. KERSTEN of Wisconsin:

H. R. 9950. A bill for the relief of certain Polish orphans; to the Committee on the Judiciary.

By Mr. MASON:

H. R. 9951. A bill for the relief of Margareth Berg Kiessling; to the Committee on the Judiciary.

By Mr. RABAUT:

H. R. 9952. A bill for the relief of Nurhan Akarakcian; to the Committee on the Judiciary.

By Mr. SCHERER:

H. R. 9953. A bill for the relief of Mr. Fu-Ho Chan and Mrs. Fu-Ho Chan; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1106. By the SPEAKER: Petition of the president, National Federation of Business and Professional Women's Clubs, Inc., New York, N. Y., urging favorable consideration of statehood for Hawaii and Alaska; to the Committee on Interior and Insular Affairs.

1107. Also, petition of the city clerk, Ottumwa, Iowa, urging action without further delay by the Federal Government in the matter of the construction of dams on the Des Moines River; to the Committee on Public Works.

EXTENSIONS OF REMARKS

Western Hemisphere Trade Corporation

EXTENSION OF REMARKS

OF

HON. VICTOR A. KNOX

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Monday, July 19, 1954

Mr. KNOX. Mr. Speaker, under leave to extend my remarks, I wish to include herein a statement pertaining to a measure which I have introduced today to amend the Internal Revenue Code of 1939 with respect to the definition of a Western Hemisphere trade corporation.

In 1942 Congress added section 109 to the Internal Revenue Code, as follows:

SEC. 109. Western Hemisphere trade corporations.

For the purposes of this chapter, the term "Western Hemisphere trade corporation" means a domestic corporation all of whose business is done in any country or countries in North, Central, or South America, or in the West Indies, or in Newfoundland and which satisfies the following conditions:

(a) If 95 percent or more of the gross income of such domestic corporation for the 3-year period immediately preceding the close of the taxable year (or for such part of such period during which the corporation was in existence) was derived from sources other than sources within the United States; and

(b) If 90 percent or more of its gross income for such period or such part thereof was derived from the active conduct of a trade or business.

In explanation of the definition of a Western Hemisphere trade corporation, the Senate Finance Committee report on the 1942 bill contained the following:

SEC. 142. Western Hemisphere trade corporation.

This section, which did not appear in the House bill, exempts from surtax certain corporations deriving their income principally from sources outside the United States and within the Western Hemisphere.

To be entitled, however, to such exemption, it is required that not less than 95 percent of the gross income of such corporations must be derived from sources without the United States, while 90 percent of such gross income must be derived from the active conduct of a trade or business. In addition, the entire trade or business of such corporations must be carried on in the Americas or adjacent areas. However, merely incidental economic contact with other countries outside such geographical sphere will not place such corporations outside the exempt classification. For example, the A corporation is engaged in mining activities in South America and in shipping its products to foreign countries outside the United States, including Great Britain. The mere fact that the A corporation ships its goods to England, retaining title to such goods until acceptance of the bill of lading and draft in order to insure collection of the price, will not be considered as carrying on business outside the Western Hemisphere. (S. Rept. 1631, 77th Cong., 2d sess., p. 111; 1942-2 Cum. Bull. 587-588.)

The 1942 report of the Senate Finance Committee thus clearly stated that a corporation did not lose its Western Hemisphere trade corporation status merely because of "incidental economic contact" with a non-Western Hemisphere area, and illustrated the principle by the example of a sale by a South American mining company which shipped the products to England. It would, therefore, seem to follow obviously that if a transaction involving a sale with shipment to England was not intended to constitute "doing business" outside the Western Hemisphere, then a mere purchase from outside the Western Hemisphere, likewise, is not to be considered "doing business" outside the Western Hemisphere. In line with this congressional intent, the statute was so interpreted by taxpayers and their counsel generally. Moreover, such view was in accordance with all the cases which have ever considered "purchases" in relation to "doing business." The judicial decisions are, and always have been, uniform in the view that mere purchase of goods does not constitute "doing business."

Despite the above, and much to the surprise of everyone, the Bureau of Internal Revenue some 10 years later, in May 1952, issued a ruling to the effect that mere purchase, even insignificant purchase, outside the Western Hemisphere of goods by an otherwise qualified corporation constituted "doing business" outside the Western Hemisphere and resulted in the forfeiture of Western Hemisphere trade status by such corporation.

This surprising ruling brought protests from the American Bar Association, the National Foreign Trade Council, Inc., the United States Chamber of Commerce, and the Machinery and Allied Products Institute, among others.

In its action on H. R. 8300, the Ways and Means Committee, to remedy this situation, modified section 109—section 921 in the new code—as follows:

SEC. 921. Definition of Western Hemisphere trade corporations.

For purposes of this subtitle, the term "Western Hemisphere trade corporation" means a domestic corporation all of whose business (other than incidental purchases) is done in any country or countries in North, Central, or South America, or in the West Indies, or in Newfoundland, and which satisfies the following conditions—

And so forth. In the report on H. R. 8300—page 78—the committee said:

To correct an obvious inequity which has arisen in the administration of this provision, it has provided that incidental purchases made outside of the Western Hemisphere, will not disqualify a corporation from the Western Hemisphere trade corporation credit if it is otherwise eligible for it.

The Senate Finance Committee in its deliberations on H. R. 8300 accepted the House amendment. Because of the policy of both committees that H. R. 8300 would contain no retroactive provisions, such amendment could not be made retroactive in H. R. 8300 and, therefore, to avoid any prejudicial inference which might be drawn from this situation, the Senate added a new sentence to section 921, as follows:

For any taxable year beginning prior to January 1, 1954, the determination as to whether any corporation meets the requirements of section 109 of the Internal Revenue Code of 1939 shall be made as if this section had not been enacted and without inferences drawn from the fact that this section is not expressly made applicable with respect to taxable years beginning prior to January 1, 1954.

Since the inequitable ruling mentioned in the Ways and Means report is being applied back to 1942, it is necessary that the amendment which the Senate and House committees, because of policy considerations, could not make retroactive in H. R. 8300 be made retroactive by a separate bill. Therefore, I have today introduced a bill to correct this situation with regard to taxable years ending prior to January 1, 1954. This bill is noncontroversial in that it makes the identical change to section 109 of the Internal Revenue Code of 1939 as was made by the House and Senate committees in H. R. 8300, namely, the addition of the parenthetical phrase "other than incidental purchases."

The Lesson of Chestertown

EXTENSION OF REMARKS
OF
HON. ALFRED D. SIEMINSKI
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Monday, July 19, 1954

Mr. SIEMINSKI. Mr. Speaker, the question is, Have we learned anything from Chestertown?

On July 16 the press reported 11 dead and some thirty-odd injured as a result of an explosion that rocked the little city of Chestertown, Md., a community of 3,140 people.

The press further reported:

Mass evacuation chokes roads and bridges from Eastern Shore town.

Remember Chestertown, 3,140 people, explosion in plant employing 275 persons, roads and bridges choked, wild confusion, people helpless because transportation system is inadequate; what would happen if a more extensive explosion occurred in a large population center?

Same thing. "Mass evacuation, roads and bridges choked, people panicked, exits blocked, dead-end death."

Our present means of evacuation is totally inadequate. What can we do?

One helicopter for every 100 people, strategically located and maintained in each community, like fire engines, ready for immediate use, might well be the answer.

The Supplemental Appropriation Bill

EXTENSION OF REMARKS
OF
HON. E. Y. BERRY
OF SOUTH DAKOTA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 19, 1954

Mr. BERRY. Mr. Speaker, I was very much disturbed when I learned that two items were not included in the supplemental appropriations bill as reported by the Appropriations Committee.

One of these items was $22 million for reinstitution of the Federal-aid airport program. In my State of South Dakota, for example, a number of cities and towns and at least one country are extremely desirous of securing Federal assistance for airport construction to keep pace with requirements placed upon them by the growing tendency of our citizens to take to the air for business and agriculture. As you know, general aviation and scheduled airline travel are both increasing.

The $22 million appropriation is considerably less than was originally recommended. Further, the local governments have gone a full year without needed construction.

As evidence of the need for Federal aid for nonairline airports, I would like to point out that there are more than 52,000 private civil aircraft in the United States as compared with approximately 1,300 airline aircraft. The private or general aviation category airplanes are needed to fly to points that the airlines do not serve. Nonscheduled civil aircraft flew more than 8 million hours during 1953 for an estimated 1¼ billion miles and over 3½ billion passenger miles. In view of these facts, I feel general aviation should be given every consideration that is placed on the scheduled airlines. Federal assistance in airport construction is one of the most important considerations due general aviation, and I hope, therefore, that this $22 million item will be appropriated.

The other item in which there is considerable interest in South Dakota and

which was eliminated by the committee was $35 million for aid to States in building hospitals and clinics.

One of the services in which our rural communities are most deficient is adequate hospital facilities. Many of our small South Dakota towns have had difficulty interesting doctors in establishing practices because of the lack of needed hospitals.

As you know, the authorization for this program was just signed by the President last week. It was one of the important parts of his health program. To fail to implement this authorization now with the necessary funds would defeat the purpose for which this legislation was enacted.

I sincerely hope that the two items—$22 million for Federal-aid airports, and $35 million for hospital construction—will be restored.

The Charter of the United Nations Endangers Our Liberties

EXTENSION OF REMARKS
OF
HON. USHER L. BURDICK
OF NORTH DAKOTA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 19, 1954

Mr. BURDICK. Mr. Speaker, in the late fall and early spring of 1952–53, a subcommittee of the Judiciary Committee investigated American citizens who were in the employ of the United Nations. Twenty-five of these persons who were summoned to testify refused to do so, claiming their privilege under the provisions of the fifth amendment.

When this fact was communicated to Trygve Lie, Secretary-General of the United Nations, all were removed from their service with that organization.

Twenty-one of these people took an appeal to the Administrative Tribunal of the United Nations, sitting at Geneva, Switzerland. This Tribunal consisted of four foreign lawyers. They handed down a decision upholding the Secretary-General in 9 cases, ordered a rehearing on 1 case, and ordered reinstatement of 11, with monetary awards amounting to $170 thousand, and the United Nations was ordered to pay the money, which has been or will be done.

The Administrative Tribunal paid no attention to the laws or the Constitution of this country, and found that the action in dismissing them conflicts with the provisions of regulations 1 and 4 of the Universal Declaration of Human Rights.

I have pointed out time and time again that all the people of the United States have to do if they want to get out of this mess, is to pass a resolution rescinding the approval of the Charter of the United Nations. If that act is passed by the Congress and approved by the President we are out of it. We do not need a Bricker constitutional amendment. We can act directly, and I have cited decision after decision of the Supreme Court of the United States pointing out that a statute passed subsequent to the approval of a treaty controls. If no action is taken a treaty becomes the supreme law of the land, but the way is open, and always has been, for direct legislative action to annul such treaty.

What will those do who are in control of the Government? Will they assert the sovereign rights of the United States, or will they, because of the groundless fear of Russian bombs, meekly pay this outrageous bill and continue right on being controlled by this United Nations organization?

We need intelligence and understanding in everything we do, but on this matter we need something more—we need courage and the unswerving will to protect the United States against all enemies, foreign and domestic. Will we do it? We finally will do it, but it will be when we have no appeasers handling our affairs.

The Declaration of Human Rights has not been approved by the Senate and this universal declaration was approved by no one save the United Nations itself.

Here is a case where a foreign court, without counsel for the United States, and without considering the Constitution of the United States, made its decision, which deeply affects all the people of the United States. Since we pay almost 40 percent of the upkeep of the other 64 nations who are members of the United Nations, it is obvious that a foreign court has assessed damages against the United States on the theory that the laws of the United Nations govern the United States. That is just what the one-worlders want. They want to override the provisions of the Constitution of the United States and set up a supreme organization which will take away the sovereign rights of this great Republic.

The summary action of a foreign court indicates clearly the danger we are in through being a member of an organization like the United Nations. Probably, and very probably, if we do not make appropriations big enough for the United Nations to satisfy foreigners, that organization will directly assess the amount they want against the United States, and if that is done, will the United States abjectly surrender and squander more money for the taxpayers to dig up?

The Administrative Tribunal of the United Nations is composed of Madam Paul Bastid, president; the Lord Crook, vice president; Mr. Sture Pe ren, vice president; Mr. Omar Loutfi, alternate member.

THE AWARDS

Ruth E. Crawford, staff of International Childrens Emergency Fund; award, full salary to date of reinstatement; reinstatement in position; $300 as costs.

Alexander Svenchansky, Radio Division, Department of Public Information; award, full salary to date of reinstatement and $300 costs.

Hope Tisdale Eldridge, Statistical Office, Department of Economic Affairs, award, full salary to date of reinstatement and $300 costs.

Edna Glaser, Secretariat Library Staff member; award, reinstatement with full pay and $300 costs.

AWARDS IN OTHER SEVEN CASES

Jack S. Harris, $40,000 in lieu of reinstatement and $300 costs.

Julia Older, $27,500 in lieu of reinstatement and $300 costs.

Frank C. Bancroft, $12,000 in lieu of reinstatement and $300 costs.

Jane Reed, $10,000 plus retirement pension and $300 costs.

Leon Elveson, $7,000 and costs of $300.

Sidney Glassman, $20,000 in lieu of reinstatement and $300 costs.

Joel Gordon, $6,000 in lieu of reinstatement and $300 costs.

Eugene Wallach, $300 and case remanded for reconsideration.

The dismissals were upheld in the cases of Irving Kaplan, Mary A. Middleton, Martin H. Rubin, Helen-Kagen-Posner, Sonya J. Sokolow, Celia Saperstein, Alfred J. Vam Tassel, and Marjorie and Herman Zap.

Sport Car Races on SAC Bases

EXTENSION OF REMARKS
OF
HON. ERRETT P. SCRIVNER
OF KANSAS
IN THE HOUSE OF REPRESENTATIVES
Monday, July 19, 1954

Mr. SCRIVNER. Mr. Speaker, during the debate on the military appropriations bill, I discussed the matter of sports car races on Strategic Air Command bases.

This matter had been looked into from various angles by investigators for the Appropriations Committee and by the General Accounting Office.

The GAO report was not available until after the bill had been presented to the House.

Inasmuch as these races have been the subject of magazine and news articles, and editorial comment, parts of the GAO report should be made available to Congress and to the public, although the question is now moot, inasmuch as the Air Force has ordered all but 3 or 4 future races to be canceled.

In view of that cancellation the GAO investigators' work was cut short but even so was sufficiently complete to justify the criticism made and to support the action taken by the Air Force.

The introduction and summary of the GAO follows:

BASIS FOR INVESTIGATION

This investigation was initiated as a result of information received from responsible sources to the effect that sports car races being held from time to time at Air Force cases, particularly bases of the Strategic Air Command, were a serious disruption to normal Air Force business, and provided little, if any, benefit from a financial or morale standpoint. The program has also been the subject of complaint letters from private citizens and comment in congressional quarters.

SCOPE OF INVESTIGATION

Investigation included a visit by investigators to MacDill Air Force Base, Florida, in January 1954 while races were being held, development of information from the records at several bases where races previously had been held, and a fairly comprehensive

examination of the records and files on the sports car racing program at Headquarters, Strategic Air Command. Investigation at SAC Headquarters also included interviews with Gen. Curtis E. LeMay, Commanding General of SAC, and other Air Force officers connected with the program.

SUMMARY OF FINDINGS

The SAC racing program has taken on the proportions of a major activity. Approximately 100,000 man-hours are expended on each race, of which approximately 20,000 represent regularly scheduled duty time.

SAC regulations provide for reimbursement to the Government for the labor costs of Government-employed civilians, for services furnished, and for Government-owned supplies and materials issued which are not returned to base supply in usable condition. The SAC regulations are at variance with regulations applicable to the Air Force generally in that Air Force regulations also require reimbursement for labor costs of military personnel used on this type of activity. The average labor costs per race for military personnel is estimated at $23,000 for regularly scheduled duty time, and $115,000 overall.

In addition to the cost of military labor, one of the major items of cost for which no reimbursement is made is the use of military equipment, including aircraft. Upwards of 40 trips by airplane have been made between Air Force bases by observer groups in connection with the sports car racing program.

There appears to be a strong undercurrent of opposition to the racing program among Air Force personnel, who feel that regular Air Force business operations are seriously disrupted by the general preoccupation of personnel with sports-car racing. No substantial evidence was found that military operations are disrupted.

Information developed in the investigation points up a number of legal problems, such as the basic legal authority for using military installations for sports-car racing, and the legal capacity of the custodian of the Strategic Air Command airmen's living improvement fund to enter into binding agreements with the Sports Car Club of America.

Since the program brings a net return of hardly more than $5 or $6 per enlisted man per year, it does not appear to be an effective means of improving the living conditions of airmen, particularly in relation to the personal sacrifices and disruptions to business entailed.

By orders of USAF headquarters dated April 28, 1954, the scheduling of future sports-car races on Air Force bases was prohibited, and races already scheduled, other than those for which binding contracts existed or for which substantial amounts of funds had been expended, were ordered canceled. As of the time this report is written, 3 races had been canceled, 8 races were allowed to remain on schedule, and the fate of 4 races was still under consideration.

Mr. Speaker, the report which supports the above findings sets out some very interesting points.

RACES BECOME MAJOR ACTIVITY

It points out the fact that the SAC races have become a major activity calling for a 72-page manual of information on how to plan and conduct them. The manual covers layout of course, erection of concession stands, latrines, bleachers, crowd and traffic control, communications, fire fighting, insurance, publicity, and so forth.

Preparations begin three or more months in advance, by military personnel at the base, during duty hours, for the most part; in one or more instances requiring 5 officers and 6 enlisted men. Surrounding towns are visited—via military transportation—for publicity stories and ticket sales.

Let the report speak for itself:

Work details of enlisted men are used to construct ticket booths, latrines, and food and beverage stands, to erect bleachers and snow fences (for crowd control), and to clean up the base before and after the race. At the Offutt race 5 ticket booths were constructed, 16,000 feet of snow fence were erected, 14 outdoor latrines were built, 9 concessionaire stands were constructed, and borrowed bleacher seats for 25,000 persons were secured, erected, dismantled, stacked, and returned.

Base communications personnel install temporary telephones in race committee headquarters, and provide race day telephone service to the judges' stand, to positions around the track, and to the press box. At Offutt these services include the installation of switchboard facilities at the judges stand which were connected with telephones in the pits, at the starter's position, and at various points around the track. Approximately 11 miles of wire were used in making this installation.

Starting several months before the race day with a nucleus of key race committee personnel working on a spare-time basis, prerace activity increases as the date of the race draws near. Three weeks prior to the race 10 or 15 persons are devoting almost all their duty time to it, with perhaps several hundred working part time. On the day before the race, the day of the race, and the day following, several hundred officers and enlisted men are working full time on the project. One commanding officer estimated that over 1,100 enlisted men and 72 officers were actively utilized in putting on the race at his base.

The racing event calls for the use of airfield runways, the erection of barricades and markers requiring the fields to be closed for 2 or 3 days prior to the run, and, of course, the day of the race. Frequently this calls for the transfer of activities to other nearby bases, such as it did at MacDill where operations had to be transferred to Tampa Municipal Airport—contact being kept by shuttle bus.

MILITARY MANPOWER REQUIRED

Crowd control requires many airmen. At Offutt it is reported that this phase of the race alone called for 10,000 airman hours.

The report states:

No records have been maintained of military man-hours spent on sports car racing.

However, estimates have been made which show that at Turner Air Force Base 18,962 duty hours were expended. The comptroller at Offutt, 1953, estimated 117,239 man-hours were used—duty and nonduty. The average man-hours is in the neighborhood of 100,000 at a conservative estimate of $1.15 per hour—or $115,000 per race which far exceeds even the gross sales.

The GAO report shows that there is a great direct and indirect cost to the taxpayers, little of which is accounted for.

Although Air Force regulations required reimbursement to the Government for the cost of duty hour activities in events like this; here is what the GAO report says:

COST TO TAXPAYER

The original SAC regulation on reimbursement to the Government for costs incurred in connection with sports car racing provided that reimbursements would be made "for any military labor utilized during regularly scheduled duty hours, and for any material furnished by the Government."

The regulations went on to say that material used during the event and returned in undamaged condition would not require reimbursement.

It soon became apparent that reimbursement for military labor would probably turn a race profit into a deficit, and this part of the regulation was never enforced. On April 28, 1953, after three SAC races had been run, the regulation was changed to provide for reimbursement to the Government "for labor utilized on work projects during regularly scheduled duty hours." The effect of this change was to limit reimbursement for military labor to that used on normal base maintenance type construction and repair work. This type of labor has been handled by the services as a "costed" item for many years.

On June 24, 1953, shortly before the first Offutt race, and while the local Air Force auditor was pressing for some sort of recordkeeping on military labor being utilized in the forthcoming Offutt race, the regulation was again changed to provide that reimbursement should be made to the Government "for civilian employee labor utilized on work projects." The revised regulation went on to say that "neither reimbursement to the Government for military labor utilized nor the keeping of records thereof is required." The effect of this change was to exempt military labor from reimbursement and to set up a new category of reimbursement, namely, civilian labor, which had not been mentioned in the prior regulations and which is not used to any considerable extent on the sports car races.

HOW LOSS TURNED TO PROFIT

Particular attention is called to the GAO statement:

It soon became apparent that reimbursement for military labor would probably turn a race profit into a loss, and this part of the regulation was never enforced.

The report also shows that, although regulations require reimbursement to the Government for civilian labor used, in all except three, there is no record of reimbursement, although it is quite obvious that civilian employees were engaged in these activities—in administration, supervisory, and secretarial work.

Although the Air Force claimed that the duty time was made up by overtime, GAO could not find evidence of that, even though it is a known fact that many who were assigned to race duty were given leaves or passes with pay.

LITTLE REIMBURSEMENT

Very little reimbursement was made for material, such as lumber, canvas, wire, film, oil and gas, and so forth, and countless other items, which, although small in themselves, eventually run into surprising figures.

No reimbursement is made for use of military vehicles, including planes or the fuel and oil used therein. Neither is there for communication equipment such as telephones and radio, nor office equipment, tools, and the like.

At Offutt, for instance, reported cost of Government transportation furnished

shows that 5-ton tractors were driven 1,886 miles, buses 1,487 miles, and passenger sedans 2,618 miles. The reimbursement? It was $86.90 for gasoline and $1.70 for oil.

However, the GAO reports point out the largest equipment item for which there has been no reimbursement is that of plane used by "observer group" who travel under "temporary duty travel orders." No per diem was authorized, but all other pay and allowances were received.

OPPOSITION IN AIR FORCE

As to the attitude of Air Force personnel, the report shows:

There appears to be a strong undercurrent of opposition to this racing program among Air Force personnel.

Phone calls which I have received and letters sent to me are convincing proof that this is an understatement.

But let us proceed with the report:

This undercurrent has reached such proportions that many officers have gone out of their way to voluntarily express their feelings to GAO representatives during the course of personal and official conversations. The consensus of the feelings of these officers seems to be that regular Air Force business is seriously disrupted by the general preoccupation of personnel at administrative and supervisory echelons with the additional responsibilities placed upon them incident to the sports car races. Two officers told the investigators that they had successfully objected to having military personnel under their jurisdiction detailed to racing duties on the grounds that their official workloads would not permit the diversion. The inference seemed to be that they had taken this stand at some risk to their Air Force careers because it would be interpreted as a failure to support command policy.

MILITARY ACTIVITIES INTERFERED WITH

GAO representatives making an inspection of supply operations at MacDill Air Force Base at the time of the January 1954 race found supply office records in a chaotic condition and the supply division in the process of extensive overhaul. Labor crews, working on special detail from the Warner-Robins air materiel area, were at work packing and crating hundreds of thousands of dollars' worth of excess property that had been generated at the base, apparently due to failure to maintain the necessary paperwork controls over inventories. Nevertheless, on the day following the MacDill races, 22 airmen assigned to the base supply office were away from their jobs working on a cleanup detail.

In another incident, a representative of the GAO, making arrangements to visit an Air Force base to observe supply operations, was requested by the base command to defer the visit until the following week because the base was engrossed in getting ready for a sports-car race.

The foregoing incidents are typical of the hundreds of disruptions, large and small, that necessarily entail from an operation as extensive as the sports-car races. The cost or damage resulting from these disruptions would probably bear no relationship to the value of the man-hours involved. A few hours of neglect in maintaining supply records can result in hundreds of thousands of dollars lost to the Government.

SERVICES VOLUNTEERED?

The Air Force has stated that most, if not all, of the services rendered were voluntary. My mail reflects an entirely opposite view.

The GAO did not go into this phase of the races. However, their report does show that at MacDill orders were actually cut detailing officers and men to specific duties in connection with the race. This, according to General LeMay, was a deviation from Air Force policy, yet the Air Force holds that any injury received by military personnel during any of these events will be considered in line of duty.

Although the Air Force also claimed that, contrary to information given me, leaves and passes were not canceled for a period of time before and after the races, I have in my file a cut order which did cancel leaves and passes for several days before and after the races.

The report goes into some detail as to the purpose for which expenditures are made, but quite naturally does not raise the question of the attitude of the other military personnel who are on duty on the bases where funds cannot be so raised and so used.

REPEAT PERFORMANCE

The report does show that "repeat performances are not financially successful" and concludes that the races are not financial successes. The report states:

	First race	*Second race*
Turner Air Force Base	$47,764	$3,964
MacDill Air Force Base	30,746	23,393
Bergstrom Air Force Base	24,337	8,315

Even if the level of return, which has averaged about $28,000 per race up to the present time, could be sustained, it is doubtful that the racing program can be regarded as a financial success. This return probably represents not more than $5 or $6 per enlisted man a year, a small sum indeed in relation to the effort and personal sacrifice involved on the part of the officers and men in putting on a race, and a drop in the bucket in relation to the overall annual cost to the Government of providing for the housing and welfare of the personnel at any given base.

EFFECT ON MORALE

While effect on morale was not within the specific orbit of their investigation, the GAO report says:

Also for consideration, of course, is the effectiveness of the program from the standpoint of morale. SAC Headquarters has taken the position that apart from the material benefits derived from the program, a direct morale benefit accrues from airman participation in this type of program. Against this intangible benefit there would have to be offset the equally intangible adverse effect on morale of those personnel who do not find the races interesting and whose participation is on something less than a voluntary basis.

Mr. Speaker, as I have previously stated, I have no objection to sports car races, as such. However, the use of Government property at the expense of the taxpayer is something to which I do object. I would be derelict in my duty if I did not. It is my purpose to get the greatest amount of defense possible for the lowest possible number of dollars. Dollars spent for these races are not available for defense.

Personally, I feel that the decision of the Air Force was a proper decision—made upon full consideration of all facts, and that such decision, leaving out some rather complex legal questions, is fully justified by the report of the GAO and that of our committee investigators.

Foreign Service Academy—Part III

EXTENSION OF REMARKS

OF

HON. CLEMENT J. ZABLOCKI

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, July 19, 1954

Mr. ZABLOCKI. Mr. Speaker, a short time ago, in presenting its recommendations on the subject of reforming the personnel structure of the State Department, the Wriston Public Committee on Personnel made this statement:

Diplomacy has become serious, urgent, and arduous business. Precisely because diplomacy is so serious, urgent, and arduous, a high state of morale is essential to an effective Foreign Service. The morale of that Service today stands in need of repair.

Similar observations were made in the past, and suggestions were advanced with view toward remedying the situation. For that reason, some short-sighted persons may take the Wriston Report very lightly. But the fact remains that—if we are truly interested in having an effective foreign policy—we cannot afford to adopt such a narrow-minded and unrealistic view. The effectiveness of our foreign policy depends largely on the capabilities and the morale of the men who are entrusted with the job of executing it. For that reason, these matters ought to be of deep concern to each and every one of us.

Under permissions granted on June 23 and July 8, I discussed certain aspects of the personnel problem in our Department of State. I reviewed my proposal for the establishment of a Foreign Service Academy of the United States, and commented on the Wriston Report.

In further reference to those remarks, I wish to include in the RECORD an editorial from the Milwaukee Journal of July 6, 1954, entitled "State Department Morale Is Low, Must Be Restored." It is my hope that this outspoken and informative editorial will receive careful consideration of my colleagues:

STATE DEPARTMENT MORALE IS LOW, MUST BE RESTORED

Administrative reform within the State Department, as recommended by the Wriston committee and ordered by Secretary Dulles, will no doubt improve efficiency and effectiveness. It will not, however, remedy the major malady in the Department—low morale.

The situation is well expressed in these words of the Wriston report:

"Diplomacy has become serious, urgent, and arduous business. Precisely because diplomacy is so serious, urgent, and arduous, a high state of morale is essential to an effective Foreign Service. The morale of that Service today stands in need of repair."

Why is morale so low? There are many reasons.

One is the reduction in force of more than 22 percent under the Eisenhower administration. Another is appropriation cuts which, along with the reduction in force, have resulted in 80 percent of the personnel shifting jobs. Another is poor administration over a long period of time, with no consistent program of promotions or pay raises.

Two more reasons—major ones—remain.

One is the incessant political attacks upon the integrity and morality of State Department personnel, largely from congressional sources. This has driven many good men out of the Service in disgust. It has kept many good young men from entering the Service. It has frightened many men still in Service into becoming little more than reporters of events. They fear that to analyze conditions or express opinions or suggest policies will bring attacks on them, now or in the future, from partisans in Washington.

The other major reason is the administration of the security program within the Department. Here is what the Wriston report says of this:

"The program has been drastic and thorough * * * the task has inevitably occasioned uncertainties, doubts, and fears * * * investigations of such sensitive character should be conducted with the professional impartiality associated in the public mind with the FBI.

"Only as these investigations are carried out with the most scrupulous objectivity will the apprehensions of Government servants be abated * * * if the security program is to achieve its true purpose of protecting the Government and the American way of life, it must be so administered that it does not impair the things it is designed to preserve."

Other critics have not been so unspecific, and so kindly, toward the security program administration and its chief, R. W. Scott McLeod.

Charges have been made that McLeod conceives it his responsibility to clear all Democrats and all liberal Republicans out of the State Department, that he has established a private spy system inside the organization, that people are forced to resign without hearing or trial, or, in some cases, without knowing the charges against them. It is claimed people are plagued into retirement by threats or by repeated investigations. A Washington correspondent recently related that stenographers in the planning division had been directed to make weekly reports of the reading matter of their bosses.

The Wriston committee expressed hope that with the reduction in force about completed and the security review scheduled to end this summer, there would be a quick recovery of morale.

For its part, it reports, it has been impressed by the "high standards of devotion and loyalty" animating our State Department people and "does not hesitate to urge the American people to reinvest their confidence, without reservaton, in the character and steadfastness of both the Department and its diplomatic arm."

We wish we could be as optimistic as the members of the committee. We cannot, however, see how there can be a revival of morale until the inquisitors and informers are gone, until demagogs stop using the Department as a punching bag, until an individual knows that his job is to report facts as he sees them, and until the Secretary of State stands up and fights for his employees.

More Power for Peace

EXTENSION OF REMARKS
OF
HON. ALFRED D. SIEMINSKI
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES
Monday, July 19, 1954

Mr. SIEMINSKI. Mr. Speaker, I was surprised to learn that there is available to each person in Asia an average of less than 1 horsepower, while in the United States the average is around 30 horsepower.

I am caused to wonder if this ratio of horsepower might not well be related to the difference in standards of living. I also wonder if these great variations in power and living standards might, in a large degree, account for the difficulty in harmony and understanding between these great areas of the earth.

Railroad Retirement

EXTENSION OF REMARKS
OF
HON. RICHARD H. POFF
OF VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 19, 1954

Mr. POFF. Mr. Speaker, I understand that the House Committee on Interstate and Foreign Commerce has favorably reported H. R. 7840, pertaining to the Railroad Retirement Act. The bill is now before the Rules Committee awaiting a rule for floor debate.

It happens that approximately 1 out of every 10 people in the Sixth Congressional District of Virginia, which I have the honor to represent, depends directly upon railroad wages for his livelihood. Naturally, all of these people are interested in obtaining as many benefits as possible under the railroad-retirement plan. At the same time, they are also concerned that this plan should be and remain financially sound and strong. They feel, as I feel, that the benefits they now receive are little enough in comparison with the high premium they and their employer pay. That rate is 6¼ cents on each dollar earned, up to $300 a month. A like amount is paid by the railroad company. H. R. 7840 proposes to raise the taxable wage to $350 a month. This will mean an additional cost to each worker of $3.12½ per month. It will also mean a similar increase in the amount to be contributed by the railroad company. On the other hand, the additional benefits proposed by the measure are extremely meager.

I wish to call to the attention of the Honorable CHARLES A. WOLVERTON, chairman of the House Interstate and Foreign Commerce Committee and the Honorable LEO ALLEN, chairman of the House Rules Committee, that I have on my desk a petition, signed by 208 Norfolk & Western railroad workers in Roanoke, Va., in the following language:

DEAR CHAIRMAN WOLVERTON: We, the undersigned, are opposed to H. R. 7840 recently reported out of your committee for the following reasons:

1. To increase the taxable base from $300 to $350 would cost the worker and the railroad an additional tax of $3.12½ each per month and would increase the pension only 5 cents per month. That looks like a fine investment, but for whom?

2. This base change would only benefit the labor union leaders who draw their pay from the unions and the employees of the Railroad Retirement Board.

3. More than 90 percent of the rail workers earn less than $350.

4. Most of the major railroads have a supplemental pension plan which takes care of all earnings over the present base of $300 and which cost less and pay more than the Railroad Retirement Act.

5. Should the taxable base be increased, the railroads would start their supplemental plan at $350, thereby cancelling the plan with respect to those earning between $300 and $350. For example, an employee with 50 years' service who averaged $350 per month for the last 10 years would receive a $25 pension.

6. If the railroads can pay this kind of pension for 4½ percent, it is high time the Congress finds out what is the matter with the Railroad Retirement Act.

7. As for the balance of this bill, the so-called benefits are worthless, meaningless, and impracticable of application.

I favor H. R. 5269, sponsored by the Rail Pension Forum, which is composed of 80 percent of the railroad workers, and which will give direct benefits to those who pay the bill.

Respectfully yours.

I also have in my files a photostatic copy of a petition bearing 270 names addressed to Senator H. ALEXANDER SMITH, chairman of the Senate Committee on Labor and Public Welfare, urging that committee to hold hearings on S. 1911. This is the companion bill to H. R. 5269 on which I testified before the House committee on June 2.

In view of these petitions and as a result of my personal conversations with many of my railroad friends, I am persuaded that a poll of the individual railroad workers would disclose almost universal support for H. R. 5269 and S. 1911 and opposition to an increase in the taxable base.

If the railroad workers thought that they were now receiving all of the benefits they are paying for, I believe that all of them would be willing to pay a little more for reasonable additional benefits. But as long as they can compare their premiums and their benefits with the premiums and benefits available under a commercial insurance policy and find that they are paying for more than they are getting, they are going to resist any effort to increase the taxable base. They realize, of course, that they cannot get something for nothing and they do not want something for nothing. All they want is a dollar's worth of benefits for a dollar's worth of premium. Since the railroad retirement fund belongs not to the Federal Government but to the railroadmen themselves, it seems to me that we, as the trustees of the fund, should lend a sympathetic ear to its owners.

Big Housing Project for Negroes Fails

EXTENSION OF REMARKS
OF
HON. E. L. FORRESTER
OF GEORGIA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 19, 1954

Mr. FORRESTER. Mr. Speaker, the Washington Evening Star of Saturday, July 17, 1954, carried on its front page a news item captioned "Big Housing Project for Negroes Fails."

Reading of that news item identifies that project as the swank Rhode Island Plaza, 413-unit interracial apartment at 1300 Rhode Island Avenue NE., in the District of Columbia. The article states that the FHA from the start regarded the project as an important experiment, and that the project received wide publicity as one of the first and biggest of its type to have Federal backing. The FHA guaranteed a mortgage loan which was made by the New York Life Insurance Co. to finance this great experiment in interracial living to the amount of $3,594,000.

Now, Mr. Speaker, according to the above news item, the great experiment has failed, and the New York Life Insurance Co. has notified the FHA that mortgage payments have not been met and that sufficient occupancy has not been obtained to make the project a successful project, and that said life insurance company is calling upon the FHA to pay the mortgage as it guaranteed it would do.

In other words, Mr. Speaker, when the radicals and wild-eyed leftwingers and mongrelizers are given an opportunity to join in these socialized experiments they refuse to do so. The taxpayers of the United States will have to pay for this blunder, unless the advocates of interracial mixing will come to their rescue, as they certainly ought to do. Maybe the members of the ADA will do their duty and move into this apartment project with their families and encourage others to do so. Maybe the officials in the FHA who thought this was a wonderful idea, to such an extent that they gambled taxpayers' money therein, will also move into this project with their families. Maybe those who endorse the recent United States Supreme Court decision will practice what was advocated in that psychological decision abolishing segregated schools and the United States Constitution, and save this experiment. That decision said "separate educational facilities are inherently unequal." If that is true, then separate living quarters are inherently unequal.

I understand that public schools are maintained by taxpayers' money, but this project was also guaranteed by taxpayers' money. A wonderful opportunity is presented to all these people to at last prove that they are honest in what they have advocated, and it is now time for them to move into this project, taking care that the interracial idea is scrupulously and uniformly maintained. If that project was good enough for others, certainly it is good enough for them and by moving into that project they can help salvage something for the taxpayers that they bound to pay this mortgage.

It is time now for these so-called leaders who are always crying "discrimination" to practice what they preach, for up to now that crowd has been living in the most exclusive sections of Washington, and it is high time they come out of hiding and prove they believe what they would put on less fortunate people.

Certainly it does not go unnoticed that the advocates for abolishing segregated schools are sending their children to private schools—notably the United States Attorney General, who filed a brief asking that segregated schools be abolished although the law and the Constitution was against it.

Mr. Speaker, I am wondering if the failure of this project does not teach us a great lesson? Evidently, decent white people and decent Negroes simply do not care to mix. I suggest, Mr. Speaker, that the next time a project like this is undertaken that it will be at the expense of those who advocate these experiments, instead of the taxpayers of this country who are not permitted to say yes or no to these wild and unjustified ventures.

It Would Not Have Happened Had Dies Committee Been Heeded

EXTENSION OF REMARKS
OF
HON. MARTIN DIES
OF TEXAS
IN THE HOUSE OF REPRESENTATIVES
Monday, July 19, 1954

Mr. DIES. Mr. Speaker, since World War II communism has cost the United States thousands of lives and billions of dollars, and the end is not in sight. No one can predict the outcome. There may be another world war far more destructive and devastating than any war in history.

This situation was caused by the failure of the United States to grasp the fixed purpose of the Kremlin to conquer the world and to understand the tactics employed for the accomplishment of this purpose. On January 3, 1939, the Dies committee unanimously submitted its first report to the Congress and the executive department. Among other things, the committee found:

We have shown that communism is a worldwide revolutionary movement aiming ultimately at the setting up of a world union of Soviet Socialist Republics. This is a proposition which is beyond dispute. It is substantiated by voluminous literature of the Communists themselves.

In this plan for world revolution the Communists have omitted no country or people as too small or insignificant to command their attention. They have, on the other hand, taken the logical position of concentrating their attention upon the richest and most populous countries of the earth. Among these the Communists recognize the United States of America as the foremost. The Communist's conquest of the earth will be far less than complete until it has conquered America and destroyed our free institutions.

It follows logically from the Communist International's plan of world conquest that every possible tactic, device, maneuver, and intrigue would be employed to gain such an end as the communization of America. These tactics, devices, maneuvers, and intrigues are both boldly open and patently subtle, both violent and insidious. The tactics and maneuvers for revolutionary ends are the meat and drink of a Communist. They are the very air he breathes.

If our Government had heeded this finding of the Dies committee, it would not have made enormous concessions to Russia at Yalta and Potsdam. It was these postwar concessions which enabled the Soviet Union to emerge from a third-rate power to the status of a world menace.

Another cause of the Communist menace was the theft by Communists inside our Government of our military, diplomatic, and scientific secrets and the influence which these same Communists exerted upon our foreign policy. If we could have retained these secrets, such as the A-bomb and the H-bomb, as well as many others, it would have been a long time before Russia could have acquired them and thereby neutralized the tremendous advantage which the exclusive possession of these secrets gave us. Long before these secrets were stolen, the Dies committee named the Communists on the Federal payroll and urged their discharge. In its report filed on January 3, 1939, the Dies committee found:

The Communist Party has penetrated the Government itself, with the result that some Communists hold key positions in Federal agencies and projects.

In the report of the Dies committee dated January 2, 1943, are the following findings:

Since the committee's creation in 1938, there has come to its attention from time to time the presence in the Federal Government of high salaried employees who were prominently and definitely identified with communism and its front organizations. Many of these cases were promptly called to the attention of the President, the Congress, and the departmental head concerned by either the committee or its members. At this point, the committee would like to cite a number of examples where this procedure has been followed.

On October 25, 1939, the committee made public the names, positions, and salaries of some 563 Government employees located in Washington, D. C., who were members of the American League for Peace and Democracy. In three reports which this committee has made to the House, it has found the American League for Peace and Democracy to be a Communist-front organization. * * *

Pursuant to this request, the committee on October 17, 1941, sent to the Attorney General the names of 1,124 Federal Government employees who were members of organizations which this committee had found to be subversive. These membership lists had been obtained largely by subpena and have been identified and authenticated by the officials of the organization involved. All of the committee's files were immediately made available to the Attorney General and his investigators, who were charged with carrying out the mandate of Congress as contained in this act.

Thus, it will be seen that before World War II the Dies committee had furnished the executive department with the names of several thousand Government officials and employees who belonged to organizations which the committee and the Attorney General had found to be Communist controlled and subversive. Included in this list were the names of Alger Hiss, Harry Dexter White, and Harold Glasser. These people were kept on the Government payroll for at least 10 years after they were exposed, and the theft of our military, diplomatic, and scientific secrets was made possible because of their presence on the Federal payroll. Furthermore,

these Government officials greatly influenced our foreign policy in favor of Russia.

Another cause which contributed to Communist successes was the failure of our Government to deport and exclude Communist aliens. In 1932, my bill to deport and exclude Communist aliens passed the House of Representatives but was stymied in the Senate by the liberal bloc headed by Senator La Follette. At that time, there were only 20,000 Communists in the United States and 90 percent of them were aliens. If my bill had become a law, these Communists would have been deported and the thousands who came after 1932 would have been excluded. The Communist conspiracy would have been nipped in the bud.

In the committee's report filed on January 3, 1939, is the following finding:

The committee received considerable evidence of the activities of Communist, Nazi, and Fascist aliens in the United States. It does not seem that these aliens experience any difficulty in entering the United States or remaining here after entrance. A large part of un-American activities is inspired and carried on by these aliens. * * *

The committee believes that it will be difficult to ever cope with un-American activities and propaganda in this country so long as the Department of Labor follows its present policy with reference to deportation. The laxity with which the Department of Labor deals with alien agitators would be unbelievable if we did not have before us the most convincing proof. * * *

We further believe that greater care shou'd be exercised in permitting aliens to enter the United States to the end that aliens who believe in or advocate communism, fascism, and nazism will be excluded.

In the committee's report filed January 3, 1940, we recommended:

The mandatory deportation of aliens who advocate any basic change in the form of our government; the enactment of legislation to stop all immigration from foreign countries that refuse to accept the return of their nationals found under American law to be deportable from this country.

Needless to say, this recommendation was more or less ignored. Belatedly, however, 335 deportation orders were issued for alien Communists. A majority of the 335 names appear in the records of the Dies committee. There have been 99 indictments and, in most cases, convictions under the so-called Smith Act, and all but 22 of these persons were named by the Dies committee as Communists.

Another cause of Communist strength and success in the United States was the infiltration of labor unions and seizure of control. Through these labor unions Russia was able to wield great political influence. These unions had the balance of power in some areas. In its report filed January 3, 1939, the committee found:

The Communist Party is boring from within labor unions on a wide scale, seeking to dominate or wreck the unions for purposes that are alien to the interest of organized wage earners. It deliberately projects violence in labor disputes for the purpose of training a revolutionary group in the tactics of civil war. It seeks to sabotage and cripple our economy on every possible front, with the view to its profiting by the resulting economic crisis.

The Dies committee cited the following unions as Communist-dominated:

The United Electrical and Radio and Machine Workers; the United Office and Professional Workers; the United Farm Equipment Workers; the International Union of Mine, Metal, and Smelter Workers; the United Public Workers; the Food, Tobacco, and Agricultural Workers; the American Communications Association; the International Fur and Leather Workers Union; the International Longshoremen's and Warehousemen's Union; the Marine Cooks and Stewards; and the International Fishermen and Allied Workers.

The Dies committee was bitterly assailed by the CIO because it named these unions as Communist-dominated. In my own district where we had strong CIO unions, I was denounced by CIO leaders and publications as a labor baiter and a reactionary. Years later, however—in many instances 10 years later—all of these unions were expelled from the CIO for being Communist-dominated. If they had been expelled promptly after the Dies committee exposed them, as we recommended, the influence of communism in the United States upon our domestic and foreign policies would have been considerably lessened.

Another cause for Communist success in the United States was the infiltration of educational institutions. In its report filed January 3, 1939, the Dies committee found:

The Communist Party is unusually active in our schools, both openly and subtly insinuating its propaganda into the minds of students.

In its report dated January 3, 1941, the Dies committee recommended as follows:

Withhold all Federal financial support from any educational institution which permits members of its faculty to advocate communism, fascism, or nazism as a substitute for our form of government to the student body of these educational institutions.

If this recommendation had been adopted, educational institutions would have been compelled to expel Nazis, Fascists, and Communists from their faculty. This would have struck a telling blow at the Communist conspiracy.

After my bill to deport and exclude Communist aliens was stymied in the Senate, instructions went forth to all Communist aliens to become naturalized. Therefore, in the committee's report dated January 3, 1941, we recommended as follows:

We recommend that the statutory period during which citizenship papers can be revoked under existing law be extended to at least 10 years.

If this recommendation had been followed, our Government could have revoked the citizenship papers of Nazis, Fascists, and Communists and deported at least 90 percent of them.

A contributing cause to the growth of the Communist conspiracy in the United States was the ease with which Communist agents were able to travel to and from the United States. In its report dated January 3, 1945, the committee recommended:

Due to the fact that the committee has discovered that many members of foreign-controlled organizations have traveled on American passports which have been fraudulently obtained, the committee feels that the statute of limitations should be extended from 3 to 7 years. This is made necessary because of the unusual difficulty in apprehending those who resort to the use of fraudulent passports within the period of 3 years.

The most important recommendation made by the Dies committee during the 7 years of its existence was the recommendation contained in the report of 1941, that foreign-controlled political organizations be outlawed. It reads as follows:

The enactment of legislation to outlaw every political organization which is shown to be under the control of a foreign government. As long as these organizations have a legal status in the United States, it will be difficult for any agency of the Government to deal with them. We now know that they furnish the legal apparatus for the operations of saboteurs and the window dressing for espionage. The committee believes that legislation can be worked out to outlaw such organizations, and that this will in no sense constitute a violation of the Bill of Rights since such legislation would only affect organizations controlled or directed by foreign countries.

Mr. Speaker, had this recommendation been adopted in 1941, the Communist conspiracy would have been dealt a death blow. In its 1939 report, the committee found:

The Government, by use of the provisions of the wartime legislation, drove the Communist Party underground, where it remained in an illegal status until 1924, when the repeal of the war measures and the consequent halting of Government activities by the agents of the Department of Justice permitted it to reappear. The Communists came more and more into the open until today they flaunt their revolutionary activities throughout the country. Since 1925 the Department of Justice has had no power, no authority, or no funds from the Congress to investigate Communist propaganda or activities. During the period that the Department of Justice had actual authority, the Communist Party was driven underground where it could not function successfully. Just as long as the agents of the Department of Justice were active, the movement remained comparatively stationary and innocuous. At the present time the Communist Party of the United States is thoroughly and highly organized, nationally and locally, and is extremely active.

Eventually Congress must pass my bill to outlaw the Communist Party and its subsidiary, auxiliary, and frontal organizations, because there is no other way to crush this criminal and treasonable conspiracy.

Mr. Speaker, before concluding this speech I would like to read a few excerpts from my book, The Trojan Horse in America, which was published in the early part of 1940 by Dodd, Mead, & Co. On page 354 I said:

It should, however, be stressed that the Government itself has played an important role in the growth of communism by providing Commnists with jobs and opportunities for recruiting members and fellow travelers. There are few subversive organizations in America which cannot produce letters of endorsement and encouragement from prominent Government officials.

On page 362, I said:

These leftwingers are scattered throughout the Government service and occupy key posi-

tions which enable them to oppose any efforts to combat the fifth column. * * * Until they are removed from their positions, we may expect at best only halfhearted and ineffectual action.

On page 363, I said:

The issue is before the President. He must take the initiative in performing this necessary task in the interest of adequate preparedness.

The President cannot supply the leadership on which our national security rests until he inaugurates a thorough and genuine housecleaning in Government service. This is the plain truth, and to deny or avoid it may prove fatal in the end.

The President must surely realize by this time that his left-wing followers in the Government are the fountainhead of subversive activities.

Whether or not we can develop courageous leadership in this country remains to be seen. It depends upon an awakening of the people. The totalitarian psychology of communism and fascism has taken root in the minds of many of our people. It must be eradicated before the Nation is prepared to defend itself against the assault of totalitarianism.

Government Competition With Business and Industry

EXTENSION OF REMARKS
OF
HON. CECIL M. HARDEN
OF INDIANA
IN THE HOUSE OF REPRESENTATIVES
Monday, July 19, 1954

Mrs. HARDEN. Mr. Speaker, under leave to extend my remarks, I wish to refer to a subject of interest to all taxpayers.

I am sure that few taxpayers are aware that they are supporting oxygen and nitrogen manufacturing in the Department of Defense and the manufacture of argon, freon, and a great many other things, large and small. The truth is that the Federal Government is engaged in a great many classes of commercial-type activities of which one includes items such as those listed above.

At the beginning of this session of Congress the Subcommittee on Intergovernmental Relations of the House Committee on Government Operations began a program to identify Government commercial-type activities which use but do not pay taxes. The subcommittee thought that the elimination of any unnecessary commercial activities would be a long step toward reducing Federal expenditures and increasing the tax base needed to sustain legitimate functions of the Federal, State, and local governments.

The Department of Defense has joined in the efforts of the subcommittee and has issued a directive calling for a review of its numerous business activities on the installment plan. On March 8, 1954, the Department of Defense called for a listing of individual plants in the following increment of activities: Aluminum smelting or sweating facilities, clothing factory and cloth sponging plants, motion-picture studios, rope walk, bakeries, furniture repair shops, laundries and/or dry cleaning plants, scrap metal baling, coffee roasting plants, paint factories, sawmills, clothing reclamation shops, and ice cream manufacturing plants.

A listing by the Department of Defense of plants indicated that the Army, Navy, and Air Force have 239 facilities in this grouping.

It is hoped and expected that action will be taken to discontinue many of these facilities within the near future.

On June 28, 1954, the Department of Defense issued a call for a listing of facilities in increment No. 2, as follows: Chain manufacturing, automotive repair shops, caustic soda manufacturing, chlorine manufacturing, ice plants, oxygen and nitrogen manufacturing, powerplants, tree and garden nurseries, argon manufacturing, acetylene manufacturing, cafes and restaurants, cement mixing plants, cobbler shops, office equipment repair shops, power line construction, tire retreading activities, wood preservation, and freon manufacturing.

The taxpayers of the Nation should take heart in this program of the Department of Defense though it has just begun. There are many, many more activities in the manufacturing, service, transportation, banking, insurance, and other classes which need to be identified, analyzed, and justified or discontinued. The subcommittee has been hopeful that every agency of the Government would institute the same sort of a program now begun by the Department of Defense. While the Department of Defense is undoubtedly the largest operator in the commercial field, it by no means has a monopoly with respect to other departments.

The subcommittee has also been heartened by the fact that the new Hoover Commission is organizing to make a thorough study of private enterprises in the Federal Establishment. A recent letter from the Executive Director of the Hoover Commission indicates that all agencies of Government have been asked to list their facilities in these classes: Laundries; ice cream plants; coffee roasting plants; clothing manufacture and repair; commissary stores, canteens, civilian cafeterias; dry cleaning plants; meat cutting plants; bakeries; shoe manufacture and repair; and post exchanges.

Who is responsible for this enormous unnecessary growth on our economic system? All of us—the citizen who encourages unneeded Federal activities in his city, the agency which creates the activity and annually justifies it, the Budget Bureau which annually sifts them through a large meshed budgetary process and of course the Congress which appropriates for their continuance.

The effort we are now making through the Subcommittee in Intergovernmental Relations will, upon its conclusion, provide us with the facts we need if we are to meet the problem posed by governmental competition with taxpaying businesses and industries.

I am extremely heartened by the progress which has been made to date.

Trade Has Been Used by the Communists Strictly As a Political Weapon

EXTENSION OF REMARKS
OF
HON. FRAZIER REAMS
OF OHIO
IN THE HOUSE OF REPRESENTATIVES
Monday, July 19, 1954

Mr. REAMS. Mr. Speaker, the Reciprocal Trade Agreements Act has been extended for 1 year by this Congress. While the President was disappointed that his request for a 3-year extension was not granted, he has signed the compromise bill.

The reason for cutting the extension from 3 to 1 years is that the House Committee may have an opportunity to study the Randall Commission report on foreign policy. This report came too late to be carefully considered before the Reciprocal Trade Agreements Act was to expire.

This law was largely devised and sponsored by Cordell Hull when he was a Member of the United States Senate. Under its provisions, the United States foreign trade expanded and strong commercial ties were built up between our country and those nations who signed these agreements and chose to trade with the United States on a selective basis. Under this law agreements have been made with these nations setting forth the conditions and the goods which will be traded between the nations. Under this plan those products which each member nation under the agreements can export the most favorably are chosen.

In recent years the agreements have carried the "peril point" provision which provides that we may withdraw specific items from an agreement whenever the continuation of importation into our country of these competitive products has reached a point that imperils an industry here in the United States. The President himself is the final judge of when the peril point is reached on a particular product.

Today I want to discuss with you the very large and important question of United States foreign trade. Particularly, do I want to speak of the controversial question of whether or not we should trade with the Soviet Union and Communist China.

First of all, I believe we can agree that foreign trade is essential to a healthy economy here at home. Since 1940 the productive capacity of our factories and farms has been very greatly increased. We have trained and skilled manpower which must either operate these factories and farms or we face a serious condition of unemployment. Before World War I, 6 percent of unemployment of the workers of our country was not considered a serious matter. Today 6 percent has become the danger point in unemployment. Above this percentage it is a matter of concern to the Government. Therefore, foreign trade is a matter which neither the President, nor the Congress, nor the people can afford to ignore.

The problem of foreign trade in our future is going to be increasingly a matter of competition with the Communist countries dominated and controlled from the Kremlin. Stalin made it very clear before his death that communism sought not only political control of the world but economic control as well. He referred to the fact that World War II had left the economic world divided into two world markets. He said that the sphere of world trade between capitalistic countries would not expand but would contract; that capitalistic opportunities for sales in the world market would deteriorate; that the industries of the capitalistic countries would operate more and more below capacity as the Communists drew a greater part of the world trade. On this premise Stalin drew the conclusion that "wars between capitalistic countries" are inevitable, as each struggles to gain a larger share of the world market, which would be receding for the capitalist nations.

There is much in the history of the world even in the short time since Stalin's death to support his prediction. It should be clear even now to the United States and other free capitalistic nations that we cannot do business with Communists and Communist-dominated nations and expect to win in this battle for world trade. As bait, the Communists may hold out, for the present, short-term gains. They did this in the 1920's when trained engineers from the United States were building the great electrical powerplants and factories in Russia, and our heavy machinery manufacturers were equipping them with dynamos and helping German and English contractors and engineers to develop the basic industry for Russia. It seemed like good business then, just as it apparently seemed like good business in the 1930's and 1940's to accept the peaceful approach of Russia on the political side.

Today marks the era when the Russians are offering the very tempting East-West trade not in order to develop a permanent trade with us but to get equipment they cannot yet obtain within the Communist bloc. It must seem clear by now that this is done only in order that they may become self-sufficient within the Iron Curtain. Then they will not need to trade with us at all. In this manner they expect to make the prophecy of Stalin come true. It was to divide the capitalistic powers in this competition for the Soviet's temporary trade and, eventually, cause discord and war among the free nations that in reality have so much in common with each other and so little with the Communist world.

The United States is going to be tempted greatly to trade with the Soviet nations because the free world market has been contracted by Communist victories at the very time when our productive capacity has been expanded in excess of what we at home can consume in peacetime. It comes at a time, also, when we are especially sensitive to unemployment. We are already hearing in business circles and in the Congress the cry, "Why not trade with Russia and Communist China?"

To answer this question of why we should not trade with Russia or even with Red China, we should look at the basic principles which underlie world trade. When we refer to world trade we must realize that there are both in the political realm and in the field of trade, two worlds: the Communist world ruled from Moscow and the free world of trade made up of many nations each eager to promote its own interests and thereby activated by the spirit of free enterprise and competition.

We must realize that trade must be a reciprocal proposition before it can be on a permanent basis. Each country must have goods to exchange or money with which to buy. Each of the traders must have products which complement rather than compete with the other. To have a permanent trade with a nation there must be political security and stability. American as well as British business has had experience with trade with customers under unstable governments. It is difficult to trade with a country if its government is not going to protect the rules of trade and guarantee a reasonably stable currency or other media of exchange. These required conditions cannot be expected with any reasonable degree of certainty in trading with the Soviet nations. Even with the jealousy and competition which exist among the free nations there has been a code of honor among them going back through the centuries.

The law of merchant developed among the trading nations of Europe and adopted by this country has produced fair trade in the ports of the free world. But this is not true of the Communist world. The representatives in trade of the Soviet Union are not businessmen as is the case of the traders in the free world. They try to appear that way, but they are not. They are political representatives of Soviet governments strictly controlled by the men in the Kremlin. The ultimate end they seek is political not commercial. It is not private enterprise. Time and time again these minions of the Communist rulers come posing as merchants and making attractive offers and promises but have been unable as well as unwilling to carry them out.

The record is clear that in the entire history of the Russian communism there has never been any effort at a continuous, reciprocal trade with any free country. Trade has been used by Communists strictly as a political weapon. It has been on the basis of building a self-sufficiency for the Communist countries and to give a little trade alternately to one country or another as the political advantage indicated.

Chinese Communists follow the same pattern. The dictator Mao has announced on numerous occasions that his plan is self-sufficiency for China through nationalization of industry, collective farming, and all the other Marxian practices which exist in Russia. Sweden is an example of a country which has made a sincere effort to develop East-West trade but has found that even with Czechoslovakia, a country with which it did a satisfactory business as a free nation, that it was necessary to discontinue trade because of unfair practices and unsatisfactory payments.

There is an insistent demand among some of our business people that the United States trade with Communists. This is either because our people do not know the facts, or because it is hard to resist the attraction to trade with China and other Communist countries at a time when a potential market anywhere is attractive to a nation which has overproduced.

Now we come to the question of what is the alternative? The United States must have foreign trade if we are to keep the standards of living which we have come to appreciate and expect. I am greatly indebted in this study of the question of whether or not we should trade with the Soviet Union and Red China to Congressman WALTER JUDD. He made an excellent speech in the House of Representatives on May 28. I have drawn on that speech for some of the facts in this presentation. I have done this because having studied the situation myself, I find the clearest expression of my own beliefs and feelings in some of his words.

With reference to the difficulty of trading with China Dr. JUDD says:

> Some good Americans believe that by increasing trade with Communist China we can detach the Chinese from the Russian Communists, or can drive a wedge between Peiping and Moscow.
>
> But why should Mao move away from the Kremlin if he can have all the advantages of trade with the Western World as long as he needs it and, in addition to this, the closest relations with the Soviet bloc. Does anyone believe that the hard-headed men in the Kremlin would be moving heaven and earth to get Communist China accepted in the United Nations if that would lead or enable Red China to break with Moscow and thereby wreck the Communist world government?

Since Dr. JUDD lived in China for years and understands not only the facts but the philosophy and personality of the Chinese, his words cannot be overlooked. It is my belief that we have already gone as far as we dare go with Communist trade. The free world must build a free, reciprocal trade among the nations that are and expect to remain free from the yoke of Communist domination. We must not let the Communists win any more political victories or trade victories. We must develop our foreign trade first in this Western Hemisphere.

If we continue building a genuine friendship and understanding with the countries in the American continents, we can have a reciprocal trade that will take care of most of the output of our factories and absorb the surpluses from our farms. Sound trade is based on the fact that different products traded in are complementary, not competitive. East-West trade implies by its very name that we are trading with those products that can be raised or produced under about equal circumstances in the same latitude. But from Alaska to the tip of South

America there is every degree of temperature; every type of soil and probably every mineral product needed in industry. If through a better prepared and instructed exchange of tourists; through an expanded student exchange program; through a more effective diplomatic exchange and an effective governmental policy, we approach the problem of a free foreign trade, not exclusively but predominately in the Western Hemisphere, we will not need be tempted by the siren of trade with Russia and Red China.

We should continue through the United Nations to fight Communists on the diplomatic level but build a sound trade with free countries.

SENATE

TUESDAY, JULY 20, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Eternal Father, once more we enter the stream of life with its rush and pressure of public affairs. We pray for the quickening awareness of Thy constant presence. May we face all the duties which the day may bring in the firm confidence that Thou art our sufficient shield and defense. With that assurance may we know that neither disappointment nor weariness, nor any temporary defeat, can separate us from Thy love.

Thou hast kindled a divine light on the altar of our souls. Always may we remember that we are guardians of that sacred flame. Guide us to find the burning bush that glows in the drab valley of daily duty. In all our dealings with distressed humanity, yearning for a more abundant life, keep us faithful to the spirit of the Master who came not to be ministered unto, but to minister. We ask it in His name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Monday, July 19, 1954, was dispensed with.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed the following bills of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 2670. An act to provide for the termination of Federal supervision over the property of certain tribes, bands, and colonies of Indians in the State of Utah and the individual members thereof, and for other purposes;

S. 3197. An act to authorize the acceptance of c nditional gifts to further the defense effort; and

S. 3344. An act to amend the mineral-leasing laws and the mining laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes.

The message also announced that the House had passed the bill (S. 3487) to authorize the Central Bank for Cooperatives and the regional banks for cooperatives to issue consolidated debentures, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 1843. An act to increase the retired pay of certain members of the former Lighthouse Service;

H. R. 4118. An act to authorize the preparation of rolls of persons of Indian blood whose ancestors were members of certain tribes or bands in the State of Oregon, and to provide for per capita distribution of funds arising from certain judgments in favor of such tribes or bands;

H. R. 5796. An act to amend the Bankruptcy Act to make tax liens of States and their subdivisions valid against trustees in bankruptcy;

H. R. 5832. An act to authorize the Commissioner of Public Lands of the Territory of Hawaii to sell public lands to certain lessees, permittees, and others;

H. R. 6223. An act to amend section 87 of the National Defense Act of June 3, 1916, as amended (32 U. S. C. 47), to relieve the States from accountability and pecuniary liability for property lost, damaged, or destroyed except in cases where it shall appear that the loss, damage, or destruction of the property was due to carelessness or negligence or could have been avoided by the exercise of reasonable care;

H. R. 6399. An act granting the consent and approval of Congress to an interstate forest fire protection compact;

H. R. 6814. An act to facilitate the acquisition of non-Federal land within areas of the National Park System, and for other purposes;

H. R. 7568. An act to authorize and direct the Farm Loan Board of Hawaii to convey certain land and to ratify and confirm certain acts of said Farm Loan Board;

H. R. 7734. An act to amend section 47 of the National Defense Act concerning the requirement for bond covering certain property issued by the United States for use by Reserve Officers' Training Corps units maintained at educational institutions;

H. R. 7912. An act to abolish the Old Kasaan National Monument, Alaska, and for other purposes;

H. R. 8205. An act to authorize the conveyance by the Secretary of the Interior to Virginia Electric & Power Co. of a perpetual easement of right-of-way for electric transmission line purposes across lands of the Richmond National Battlefield Park, Va., such easement to be granted in exchange for, and in consideration of, the conveyance for park purposes of approximately 6 acres of land adjoining the park;

H. R. 8783. An act to provide for the conveyance of certain housing units owned by the United States to the Housing Authority of St. Louis County, Mo.;

H. R. 8898. An act to amend section 401 (e) (2) of the Civil Aeronautics Act, as amended;

H. R. 9302. An act to permit retired members of the uniformed services to revoke elections made under the Uniformed Services Contingency Option Act of 1953 in certain cases where the elections were made because of mathematical errors or misinformation; and

H. J. Res. 359. Joint resolution designating the period from October 11 to October 16, inclusive, 1954, as National Nurse Week.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 7466. An act to authorize the Secretary of the Interior to execute an amendatory repayment contract with the Pine River irrigation district, Colorado, and for other purposes; and

H. R. 8026. An act to provide for transfer of title to movable property to irrigation or water users' organizations under the Federal reclamation laws.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. KNOWLAND, and by unanimous consent, the Committee on Interior and Insular Affairs, the Committee on Finance, the Committee on Government Operations, and the Subcommittee on Rules of the Committee on Rules and Administration were authorized to meet during the session of the Senate today.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following the quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

CALL OF THE ROLL

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gore	Mansfield
Bennett	Hayden	Murray
Bricker	Hill	Payne
Burke	Holland	Robertson
Butler	Johnson, Tex.	Saltonstall
Clements	Kerr	Smith, Maine
Dirksen	Kilgore	Thye
Dworshak	Knowland	Welker
Flanders	Langer	Wiley
Gillette	Lehman	Williams

Mr. CLEMENTS. I announce that the Senator from Missouri [Mr. HENNINGS] is necessarily absent.

The Senator from Tennessee [Mr. KEFAUVER] and the Senator from Arkansas [Mr. MCCLELLAN] are absent on official business.

The VICE PRESIDENT. A quorum is not present.

Mr. KNOWLAND. Mr. President, I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to

The VICE PRESIDENT. The Sergeant at Arms will execute the order of the Senate.

After a little delay, Mr. ANDERSON, Mr. BARRETT, Mr. BEALL, Mrs. BOWRING, Mr. ERIDGES, Mr. BUSH, Mr. BYRD, Mr. CAPEHART, Mr. CARLSON, Mr. CASE, Mr. CHAVEZ, Mr. COOPER, Mr. CORDON, Mr. CRIPPA, Mr. DANIEL, Mr. DOUGLAS, Mr. DUFF, Mr. EASTLAND, Mr. ELLENDER, Mr. ERVIN, Mr. FERGUSON, Mr. FREAR, Mr. FULBRIGHT, Mr. GEORGE, Mr. GOLDWATER, Mr. GREEN, Mr. HENDRICKSON, Mr. HICKENLOOPER, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JENNER, Mr. JOHNSON of Colorado, Mr. JOHNSTON of South Carolina, Mr. KENNEDY, Mr. KUCHEL, Mr. LENNON, Mr. LONG, Mr. MAGNUSON, Mr. MALONE, Mr. MARTIN, Mr. MAYBANK, Mr. MCCARRAN, Mr. MCCARTHY, Mr. MILLIKIN, Mr. MONRONEY, Mr. MORSE, Mr. MUNDT, Mr. NEELY, Mr. PASTORE, Mr. POTTER, Mr. PURTELL, Mr. REYNOLDS, Mr. RUSSELL, Mr. SCHOEPPEL, Mr. SMATHERS, Mr. SMITH of New Jersey, Mr. SPARKMAN, Mr. STENNIS, Mr. SYMINGTON, Mr. UPTON, Mr. WATKINS, and Mr. YOUNG entered the Chamber and answered to their names.

The VICE PRESIDENT. A quorum is present.

Routine business is now in order.

EXECUTIVE COMMUNICATIONS, ETC.

The VICE PRESIDENT laid before the Senate the following letters, which were referred as indicated:

PAUL A. SMITH

A letter from the Secretary of Commerce, transmitting a draft of proposed legislation to authorize the President to place Paul A. Smith, a commissioned officer of the Coast and Geodetic Survey, on the retired list, in the grade of rear admiral (lower half) in the Coast and Geodetic Survey, at the time of his retirement, with entitlement to all benefits pertaining to any officer retired in such grade (with an accompanying paper); to the Committee on Interstate and Foreign Commerce.

REPORT ON TORT CLAIMS PAID BY DEPARTMENT OF AGRICULTURE

A letter from the Administrative Assistant Secretary, Department of Agriculture, transmitting, pursuant to law, a report on tort claims paid by that Department for the period July 1, 1953, to June 30, 1954 (with an accompanying report); to the Committee on the Judiciary.

The VICE PRESIDENT appointed Mr. CARLSON and Mr. JOHNSTON of South Carolina members of the committee on the part of the Senate.

EXPRESSION OF THANKS FOR ASSISTANCE GIVEN MEXICAN CITIZENS DURING RECENT FLOODS

The VICE PRESIDENT laid before the Senate a letter from the Assistant Secretary of State, transmitting a translation of a note from the Ambassador of Mexico, expressing the appreciation of the Government and people of Mexico for the assistance given to Mexican citizens in the border area during the recent floods along the Rio Grande, which, with the accompanying paper, was referred to the Committee on Foreign Relations.

RECLAMATION—TELEGRAM FROM EXECUTIVE HEAD OF RURAL ELECTRIC COOPERATIVES, BISMARCK, N. DAK.

Mr. LANGER. Mr. President, I am in receipt of a telegram from R. G. Harens, executive head of the Rural Electric Cooperatives, Bismarck, N. Dak., embodying a resolution adopted by that organization at Bismarck, N. Dak., relating to the problem of reclamation. I ask unanimous consent that the telegram be appropriately referred and printed in the RECORD.

There being no objection, the telegram was referred to the Committee on Appropriations, and ordered to be printed in the RECORD, as follows:

BISMARCK, N. DAK., *July 19, 1954.*

Senator WILLIAM LANGER,
Washington, D. C.:

May we present for your interest the following resolution:

"Whereas recent experience has forcibly demonstrated to us the urgent necessity of having adequate spare transformers in order to restore service within the shortest possible time; and

"Whereas it would seem of utmost importance that the Bureau of Reclamation should have adequate mobile spare transformers located in our region that could readily be moved to any Bureau substation in our region where an emergency developed: Now, therefore, be it

"*Resolved*, That we, the North Dakota Association of Rural Electric Cooperatives, in annual meeting assembled in Bismarck, N. Dak., this 15th day of July 1954, hereby urgently recommend that the Bureau of Reclamation forthwith obtain and henceforth maintain in our region such readily movable spare mobile transformers which may be transported over our State highways."

We urge Congress to appropriate such funds as may be necessary to accomplish this in the pending supplemental appropriation bill for the Bureau of Reclamation.

Your help on this matter will be appreciated.

R. G. HARENS.

FULL PARITY FOR FARMERS—LETTER AND PETITION

Mr. LANGER. Mr. President, I am in receipt of a letter from Theodore Carlson, of Dunn Center, N. Dak., transmitting a petition signed by businessmen of Halliday, N. Dak., favoring the enactment of legislation providing full parity for farmers. I ask unanimous consent that the letter and petition be appropriately referred and printed in the RECORD, together with the names of businessmen of Halliday who signed the petition.

There being no objection, the letter and petition were referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, together with all the signatures thereto, as follows:

DUNN CENTER, N. DAK., *July 16, 1954.*

Hon. Senator WILLIAM LANGER,
Washington, D. C.

MY DEAR SENATOR LANGER: Am sending you a petition signed by businessmen of Halliday, N. Dak., backing farmers for full parity. I thank you for your strong efforts on your part backing up the farmers program.

I am the chairman of the Dunn County A. S. C. in North Dakota. What can be done, to retain the old committees, Benson's plan to change all committees is not advisable as far as I can see it. What can be done to stop Mr. Benson with his devastating program? Are farmers going to be the victims of another period of depression?

With sincere wishes to you and your staff.

Sincerely,

THEODORE CARLSON.

"PARITY FOR THE FARMER" SAY TOWN BUSINESSMEN

Since the State of North Dakota is a major agricultural State, the businessmen of this city feel that it is most imperative that we work side by side with all those who are attempting to maintain a farm program which will enrich and develop the agricultural activities wherever they are a major industry or source of livelihood. In view of the above conclusion, the Halliday merchants have adopted the following resolution:

"*Resolved*, That we go on record condemning any effort on the part of any Congressman, the Department of Agriculture, or any agency for attempting to disrupt the present farm stabilization program, affecting all basic farm commodities.

"We further resolve that Congress shall not only maintain 90 percent of parity, but shall endeavor to establish 100 percent of parity for basic farm commodities. We do not favor any tendency toward flexibility of price support, but urge Congress to maintain a production control program which is essential in order to have stabilized price support.

"We further resolve to condemn any form of prosperity based on war and bloodshed, but favor a genuinely sane and sound economic program, particularly for the producer, which shall be based on industry, security, and individual initiative.

"We further urge all business groups in other cities of this State as well as those of other agricultural States to go on record favoring similar resolutions."

Maurice Wasem, L. La Pierre, A. L. Gerhart, Wm. H. Klend, Walter Weisinburger, Edwin Rewisgaard, M. C. Porter, Frank Hoffort, Fred Keller, Oswald Koehler, Martin L. Bergstadt, Margaret Goetz, Gordin Perkins, Edward Messmer, Pauline Wolf, H. Ainderson, Adam Reichert, Lambert Gerhart, Elsie C. Swenson, Richard Weisenburger, Gertrude Robers, Mrs. Daniel Mann, Frankie Fiegal, O. D. Weydante, Irene Waith, M. J. Howard, Frank Martin, Jr., V. L. Smith, Lloyd Scelle, Geo. Boeckel, Simon W. Bouch, Irwin Cuhau, all of Halliday, N. Dak.

PRICE SUPPORTS, ETC.—RESOLUTIONS OF NORTH DAKOTA STOCKMEN'S ASSOCIATION, DICKINSON, N. DAK.

Mr. LANGER. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, resolutions adopted by the North Dakota Stockmen's Association, at Dickinson, N. Dak., relating to price supports, and so forth.

There being no objection, the resolutions were referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

RESOLUTIONS ADOPTED AT THE 25TH ANNUAL CONVENTION OF THE NORTH DAKOTA STOCKMEN'S ASSOCIATION, DICKINSON, N. DAK., JUNE 7–8–9, 1954

RESOLUTION 1

Price supports

Whereas in the present depressed market conditions, occasional suggestions have come forth that the cattlemen should have price supports on their cattle; and

Whereas the North Dakota Stockmen's Association has traditionally opposed government handouts and favored a free market without support or ceiling controls on cattle: Now, therefore, be it

Resolved, That we oppose any form of direct Government support for our product.

RESOLUTION 2

Government beef buying

Government beef buying program, which has recently come to a close after purchases of about 250 million pounds of beef, representing about 865,000 of the lower grade beef animals, has been of great value to the cattle industry in bolstering sagging cattle prices.

This program, suggested early in 1953 by the American National Cattlemen's Association, is not at the expense of the taxpayer because purchases were made (1) with section 32 funds derived from import duties on cattle, beef, and beef products, and (2) with a small percentage of foreign aid funds already voted.

Most of the purchases under this program have been for school lunches and the remainder for foreign aid. We believe the public benefits by the school lunch program and that it is better to send beef than dollars to needy foreign nations.

In conducting the program this year, the Department of Agriculture should plan purchases to coincide with anticipated major runs of cows and grass beef to market, and should avoid contracting for future delivery at a date so distant as to encourage speculation on the markets. Also the Department of Agriculture should arrange any future beef buying program to begin if the necessity presents itself, and to buy a larger volume over a longer period and utilize available mutual aid funds.

RESOLUTION 3

Economy in government

We have seen government spending reach such astronomical heights that we have felt it our duty early to call attention to the need for economy. We feel we should reiterate our stand in this regard even though some economics have been effected. There is need for further retrenchment in spending. As an example of less government and more efficient government, we cite and commend the action of Secretary of Agriculture Benson in reorganizing his Department. We urge Congress to scrutinize closely each appropriation for our Federal agencies. We urge Congress also to eliminate needless agencies and duplicating services.

RESOLUTION 4

Beef education

Whereas there is a well-recognized need for more intensive advertising of beef and a broader public relations campaign for more intensive research in the field of marketing and for the development of new uses for beef and its byproduct, we do therefore endorse the beef promotion campaign which has been instituted and do commend for their active work in this campaign the American National Cattlemen's Association, the National Livestock & Meat Board, the packing industries, restaurants and cafes, the Cow-Belles, both national and local, and most especially our own Don Short and his committee.

RESOLUTION 5

Constitutional amendment

Whereas we believe that the proposed graduated land tax opens the door to discriminatory legislation: Now, therefore, be it

Resolved, That we oppose this initiated measure as being un-American in principle.

RESOLUTION 6

Calfhood vaccination

Resolved, That we continue our support of a calfhood vaccination program on a voluntary basis for the control and eradication of brucellosis.

RESOLUTION 7

World trade

Resolved, That we oppose any favorable action on the part of Congress relative to the report of the Randall Committee.

RESOLUTION 8

Vic Christensen

Our beloved president, Vic Christensen, passed away last fall. We cannot fully realize the enormity of the loss that Mrs. Christensen and the family have suffered, but we as members of this association, which he helped form and so ably guided through its 25 years of existence express to his wife and family our sincere sorrow at this time.

RESOLUTION 9

Departed members

Since we last met we have lost through death a number of our other members. We miss the friendship and council of these men, and we as members of the North Dakota Stockmen's Association wish hereby to express our heartfelt sorrow and our deepest sympathy to their families in the loss of these our friends.

RESOLUTION 10

Thanks

The city of Dickinson has afforded us a fine and successful convention. Therefore we wish sincerely to thank those organizations and individuals who have provided us with facilities, refreshments, and entertainment.

We wish also to thank our convention speakers, the several committees, our president, our officers, generally our secretary and his staff for their work in our behalf.

USE OF SURPLUS FOOD FOR OVERSEAS AID—TELEGRAM

Mr. WILEY. Mr. President, I present a telegram which I was glad to receive from Mrs. M. B. Hodge, on behalf of the National Council of American Baptist Women, Green Lake, Wis., who vigorously endorses our sound program for overseas relief aid through encouraging the work of voluntary agencies.

I ask unanimous consent that the telegram be printed in the RECORD, and appropriately referred.

There being no objection, the telegram was referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

GREEN LAKE, WIS., *July 16, 1954.*

Hon. ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.:

National Council American Baptist Women in session Green Lake, Wis., wholeheartedly endorses action to release surplus food to voluntary agencies for shipment overseas. We pledge effort to increase funds for distribution abroad. Urge you to continue to use every device to make United States food resources available to fight world hunger.

Mrs. M. B. HODGE,
President.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CORDON, from the Committee on Interior and Insular Affairs, without amendment:

H. R. 8038. A bill to authorize the conveyance to the Hot Springs School District and to Garland County, Ark., for school and for other public purposes, of certain land originally donated to the United States and situated in Hot Springs National Park, Ark., and for other purposes (Rept. No. 1939).

By Mr. LANGER, from the Committee on the Judiciary, without amendment:

S. 3104. A bill for the relief of Theodore J. Harris (Rept. No. 1948);

S. 3105. A bill for the relief of Stanley Rydzon and Alexander P. Anderson (Rept. No. 1949);

S. 3326. A bill for the relief of P. H. McConnell (Rept. No. 1950);

H. R. 3516. A bill for the relief of Anna K. McQuilkin (Rept. No. 1951); and

H. R. 5986. A bill for the relief of Harold E. Wahlberg (Rept. No. 1952).

By Mr. LANGER, from the Committee on the Judiciary, with an amendment:

S. 17. A bill to provide general rules of practice and procedure before Federal agencies (Rept. No. 1953);

S. 1692. A bill for the relief of Francis C. Pollard (Rept. No. 1954);

S. 3076. A bill to provide for the reimbursement of Meadow School District No. 29, Upham, N. Dak., for loss of revenue resulting from the acquisition of certain lands within such school district by the Department of the Interior (Rept. No. 1955);

S. 3517. A bill to amend section 144 of title 28 of the United States Code (Rept. No. 1956);

H. R. 2024. A bill for the relief of Frank L. Peyton (Rept. No. 1957);

H. R. 3008. A bill for the relief of Esther Smith (Rept. No. 1958);

H. R. 3951. A bill for the relief of Frank G. Koch (Rept. No. 1959); and

H. R. 5093. A bill for the relief of Mrs. Dorothy J. Williams, widow of Melvin Edward Williams (Rept. No. 1960).

By Mr. LANGER, from the Committee on the Judiciary, with amendments:

S. 47. A bill for the relief of Joseph Andrew Wright (Rept. No. 1961);

S. 1022. A bill for the relief of L. R. Swarthout and the legal guardian of Harold Swarthout (Rept. No. 1962);

S. 3304. A bill conferring jurisdiction upon the Court of Claims of the United States to consider and render judgment on the claim of the Cuban-American Sugar Co., against the United States (Rept. No. 1963);

H. R. 4175. A bill for the relief of Charles R. Logan (Rept. No. 1964); and

H. R. 5460. A bill for the relief of Chancy C. Newsom (Rept. No. 1965).

By Mr. WELKER, from the Committee on the Judiciary, with amendments:

H. R. 2163. A bill for the relief of Lillian Schlossberg (Rept. No. 1940).

By Mr. McCARTHY, from the Committee on Government Operations, without amendment:

H. R. 179. A bill to amend section 7 of the Administrative Expenses Act of 1946, as amended (Rept. No. 1944); and

H. R. 8501. A bill to provide for the conveyance of certain land in Sumter County, Ga., to the Americus and Sumter County Chamber of Commerce (Rept. No. 1945).

By Mr. McCARTHY, from the Committee on Government Operations, with an amendment:

H. R. 8020. A bill authorizing the transfer of certain property of the United States Government (in Klamath County, Oreg.) to the State of Oregon (Rept. No. 1946).

By Mr. MUNDT, from the Committee on Government Operations, with amendments:

H. R. 8753. A bill to amend the Federal Property and Administrative Services Act of 1949, as amended, to authorize the Administrator of General Services to establish and operate motor vehicle pools and systems and to provide office furniture and furnishings when agencies are moved to new locations, to direct the administrator to report the unauthorized use of Government motor vehicles, and to authorize the United States Civil Service Commission to regulate operators of Government-owned motor vehicles, and for other purposes (Rept. No. 1941).

By Mr. ERVIN, from the Committee on Government Operations, without amendment:

S. 3709. A bill to provide for the conveyance of certain real property to the town of Beaufort, N. C. (Rept. No. 1942); and

H. R. 6658. A bill to provide for the conveyance of certain lands by the United States to the county of Cumberland, State of North Carolina, without remuneration (Rept. No. 1943).

AMENDMENT OF SECTION 413 OF THE FOREIGN SERVICE ACT OF 1946—REPORT OF A COMMITTEE

Mr. WILEY. Mr. President, from the Committee on Foreign Relations, I report an original bill amending section 413 of the Foreign Service Act of 1946, and I submit a report (No. 1947) thereon.

The VICE PRESIDENT. The report will be received, and the bill will be placed on the calendar.

The bill (S. 3778) amending section 413 of the Foreign Service Act of 1946, reported by Mr. WILEY from the Committee on Foreign Relations, was read twice by its title and placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. POTTER:

S. 3776. A bill to extend the authority of the American Battle Monuments Commission to all areas in which the Armed Forces of the United States have conducted operations since April 6, 1917, and for other purposes; to the Committee on Armed Services.

By Mr. CARLSON:

S. 3777. A bill to provide for the purchase of bonds to cover postmasters, officers, and employees of the Post Office Department, contractors with the Post Office Department, mail clerks of the Armed Forces, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. WILEY:

S. 3778. A bill amending section 413 of the Foreign Service Act of 1946; placed on the calendar.

(See the remarks of Mr. WILEY when he reported the above bill from the Committee on Foreign Relations, which appear under a separate heading.)

By Mr. LEHMAN:

S. 3779. A bill for the relief of Moosa Ebrahimian; to the Committee on the Judiciary.

By Mr. SALTONSTALL (by request):

S. 3780. A bill to amend the National Service Life Insurance Act of 1940, as amended, to assure payment of the full face value of national service life insurance policies on which payments were commenced prior to September 30, 1944; to the Committee on Finance.

AVAILABILITY OF CERTAIN FUNDS TO COMMITTEE ON GOVERNMENT OPERATIONS

Mr. MUNDT submitted the following resolution (S. Res. 288), which was referred to the Committee on Government Operations:

Whereas the Senate Permanent Subcommittee on Investigations of the Committee on Government Operations has incurred extraordinary expenses as a result of the recent inquiry conducted by a special subcommittee of such permanent subcommittee with respect to certain charges made by the Secretary of the Army suggesting improper influence on the part of the chairman of such permanent subcommittee, and certain members of the staff of such subcommittee, and certain countercharges made by said chairman suggesting coercion on the part of said Secretary, and certain other personnel of the Department of the Army, to halt the work of such permanent subcommittee; and

Whereas such extraordinary expenses as a result of such hearing make necessary additional funds in order that the Senate Permanent Subcommittee on Investigations will be able to carry out its functions; and

Whereas it was unanimously agreed by such special subcommittee, headed by Senator MUNDT, that it would ask the Senate to reimburse the Committee on Government Operations for the exact amount of the expenditures necessitated by its special investigation growing out of such charges and countercharges rather than to request in advance a separate fund to meet the estimated costs of the investigation: Now, therefore, be it

Resolved, That the Committee on Government Operations, or any duly authorized subcommittee thereof, is hereby authorized to expend from the contingent fund of the Senate $24,605.67, in addition to the amount, and for the same purposes and during the same period, specified in Senate Resolution 189, 83d Congress, agreed to February 2, 1954.

AGRICULTURAL ACT OF 1954—AMENDMENT

Mr. ANDERSON submitted an amendment intended to be proposed by him to the bill (S. 3052) to encourage a stable, prosperous, and free agriculture and for other purposes, which was ordered to lie on the table and to be printed.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read twice by their titles, and referred as indicated:

H. R. 1843. An act to increase the retired pay of certain members of the former Lighthouse Service; and

H. R. 8898. An act to amend section 401 (e) (2) of the Civil Aeronautics Act, as amended; to the Committee on Interstate and Foreign Commerce.

H. R. 4118. An act to authorize the preparation of rolls of persons of Indian blood whose ancestors were members of certain tribes or bands in the State of Oregon, and to provide for per capita distribution of funds arising from certain judgments in favor of such tribes or bands;

H. R. 5832. An act to authorize the Commissioner of Public Lands of the Territory of Hawaii to sell public lands to certain lessees, permittees, and others;

H. R. 6814. An act to facilitate the acquisition of non-Federal land within areas of the National Park System, and for other purposes;

H. R. 7568. An act to authorize and direct the Farm Loan Board of Hawaii to convey certain land and to ratify and confirm certain acts of said Farm Loan Board;

H. R. 7912. An act to abolish the Old Kasaan National Monument, Alaska, and for other purposes; and

H. R. 8205. An act to authorize the conveyance by the Secretary of the Interior to Virginia Electric & Power Co., of a perpetual easement of right-of-way for electric transmission line purposes across lands of the Richmond National Battlefield Park, Va., such easement to be granted in exchange for, and in consideration of, the conveyance for park purposes of approximately 6 acres of land adjoining the park; to the Committee on Interior and Insular Affairs.

H. R. 5796. An act to amend the Bankruptcy Act to make tax liens of States and their subdivisions valid against trustees in bankruptcy; and

H. J. Res. 359. Joint resolution designating the period from October 11 to October 16, inclusive, 1954, as National Nurse Week; to the Committee on the Judiciary.

H. R. 6223. An act to amend section 87 of the National Defense Act of June 3, 1916, as amended (32 U. S. C. 47), to relieve the States from accountability and pecuniary liability for property lost, damaged, or destroyed except in cases where it shall appear that the loss, damage, or destruction of the property was due to carelessness or negligence or could have been avoided by the exercise of reasonable care;

H. R. 7734. An act to amend section 47 of the National Defense Act concerning the requirement for bond covering certain property issued by the United States for use by Reserve Officers' Training Corps units maintained at educational institutions; and

H. R. 9302. An act to permit retired members of the uniformed services to revoke elections made under the Uniformed Services Contingency Option Act of 1953 in certain cases where the elections were made because of mathematical errors or misinformation; to the Committee on Armed Services.

H. R. 6393. An act granting the consent and approval of Congress to an interstate forest fire protection compact; to the Committee on Agriculture and Forestry.

NOTICE OF HEARING ON OMNIBUS FLOOD CONTROL-RIVERS AND HARBORS BILL, H. R. 9859

Mr. BUSH. Mr. President, on behalf of the Subcommittee on Flood Control-Rivers and Harbors of the Committee on Public Works, I desire to give notice that public hearings have been scheduled for Thursday, July 22, 1954, at 9:30 a. m. in room 412, Senate Office Building, on the omnibus flood control-rivers and harbors bill, H. R. 9859. We expect to take up those additional projects which have been submitted to Congress subsequent to the conclusion of the hearings by the House Committee on Public Works.

"WRIT IN WATER"

Mr. BENNETT. Mr. President, the history of the arid West has been, and always will be, literally "writ in water."

The first Mormon pioneers learned this the morning after their arrival in the valley of the Great Salt Lake—107 years ago this week. Only when they had softened the sun-baked soil with the waters of a little mountain creek could they plow and plant their precious seeds, and only by repeating this process could they mature their crop.

This was the first of many lessons in the vital value of water, from which our whole pattern of irrigation has developed. They not only learned to control and share the precious water in the fertile valleys, but how to catch and save it on the mountainsides, to which nature delivered it as snow.

In my State of Utah the availability of water is everywhere controlling. It dictated the location of our early settlements and still controls their size. It sets the pattern of our economy in industry as well as agriculture. It influences our social structure and our education, and will do for all time.

We in the intermountain West want to share in the new growth and gains that are envisioned for America. We think we have great still-dormant values to contribute to it. But the key to this is still more water, which we can no longer get without Federal help. We did not need help in the beginning. The men of each community joined to make best use of the local water sources. We have appreciated the Federal help we have had with the intermediate streams, but we have come to the end of these now, and the time has arrived when we must draw on the water bank of last recourse—the Colorado River.

This is our 107th anniversary, and, looking back to the empty desert, we are proud. Looking forward to another century, we see a population doubled. The key then and tomorrow was and will be water. It will take most of the next century to develop the full potential of our agreed-to share of the Colorado.

We hope that Congress by its authorization of the upper Colorado development will write in water an assurance that our next century will be a prosperous one.

APOLOGIES TO SENATORS BRIDGES AND WELKER FOR PEARSON TELECAST

Mr. GOLDWATER. Mr. President, on June 20, over television station WTOP-TV, Drew Pearson made an unwarranted, uncalled-for, and cowardly attack, filled with untruths, against two outstanding Members of the United States Senate, the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Idaho [Mr. WELKER].

The sponsors of the Pearson telecast, the Capital Transit Co., recognizing the gross errors in the telecast, have written letters to the Senator from New Hampshire [Mr. BRIDGES] and the Senator from Idaho [Mr. WELKER] apologizing for the telecast.

I ask unanimous consent that both letters be incorporated in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

CAPITAL TRANSIT CO.,
Washington, D. C., July 12, 1954.

Hon. STYLES BRIDGES,
Senate Office Building,
Washington, D. C.

DEAR SENATOR BRIDGES: On behalf of Capital Transit Co., I want you to know how much we regret any embarrassment that may have been caused you by the statements which were made about you in the telecast by Mr. Drew Pearson over station WTOP-TV, Washington, D. C., on June 20, 1954.

As you know, Capital Transit Co. sponsored a series of weekly telecasts by Mr. Pearson. However, I am sure you realize that Capital Transit Co. had no control over what Mr. Pearson said in his telecasts. In fact, at the conclusion of each telecast a statement was made that, "The views expressed were those of Mr. Pearson and not necessarily those of Capital Transit or this station."

Being fully aware of your long and distinguished record of public service both in the United States Senate and in your own State, we do not believe that you would be a party to a plan to intentionally injure one of your colleagues. If we had had an opportunity to review Mr. Pearson's script before he went on the air, we would have demanded that the references to you be deleted.

We do not intend to renew our contract with Mr. Pearson.

Again, we want you to know that we regret exceedingly that Mr. Pearson referred to you in his telecast of June 20, and to assure you unequivocally that Mr. Pearson's statements in the aforementioned telecast in no way reflected the views of Capital Transit Co.

With kindest personal regards, I am,

Yours sincerely,

J. A. B. BROADWATER,
President.

CAPITAL TRANSIT CO.,
Washington, D. C., July 12, 1954.

Hon. HERMAN WELKER,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WELKER: On behalf of Capital Transit Co., I want you to know how much we regret any embarrassment that may have been caused you by the statements which were made about you in the telecast by Mr. Drew Pearson over Station WTOP–TV, Washington, D. C., on June 20, 1954.

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With kindest personal regards, I am,

Yours sincerely,

J. A. B. BROADWATER,
President.

REHABILITATION OF THE HANDICAPPED—A MAJOR ACHIEVEMENT OF 83D CONGRESS

Mr. WILEY. Mr. President, one of the great achievements of the 83d Congress is the adoption of the conference report on the bill which provides for a greatly expanded program of rehabilitation for the physically handicapped.

I believe that all officials at Federal, State, and local levels who contributed to the success of this legislation, and the American Federation of the Physically Handicapped, which helped spearhead the public drive for it, as well as other sources, are to be congratulated on this outstanding accomplishment.

I send to the desk the text of an article which had been written by Dr. Howard A. Rusk, as carried in the New York Times of July 11, following the passage of the Senate version. Dr. Rusk pointed up the welcome degree of unanimity which had been recorded on this legislation.

I ask unanimous consent that the article be printed in the body of the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

BILL TO AID THE HANDICAPPED STIRS ONLY POSITIVE DISSENT—CRITICISM OF SENATE MEASURE AS NOT GIVING ENOUGH HELP PRECEDES UNANIMOUS VOTE

(By Howard A. Rusk, M. D.)

A long cherished dream of those concerned with rehabilitation services for the handicapped approached fruition last week when both the Senate and the House unanimously passed legislation greatly increasing the scope of the Nation's program in this field.

This action represents the second of two major steps requested by President Eisenhower in his message to Congress in January.

The first, which was passed by the Congress and is now awaiting the President's signature, was a section of the Hill-Burton hospital-construction legislation. This authorized an expenditure of $10 million a year for the next 5 years for grants to States, counties, municipalities, and nonprofit agencies for facilities for rehabilitation services.

Although a number of amendments adopted by both the House and the Senate must now be resolved in conference, the major provisions of the legislation passed last week are:

Broadening the scope of the current Federal-State vocational rehabilitation program under which 60,000 disabled persons are rehabilitated each year, under the new act, this number will be expanded to 70,000 next year and 100,000 in 1956, and increased subsequently until a goal of 200,000 is reached in 1959.

Authorizing the Department of Health, Education, and Welfare to conduct a program of grants, stipends, and fellowships to increase the supply of critically needed physicians, physical therapists, occupational therapists, counselors, and other specialized personnel required for rehabilitation and for research.

ONLY AREA OF DISAGREEMENT

This was the only phase of the legislation on which there was disagreement, and even this was on the positive side. Senator HERBERT H. LEHMAN, Democrat, of New York, and others declared emphatically that in view of the critical personnel needs the appropriation of $1 million for this year for training was unrealistically small.

Increasing State and local responsibility for administering the Federal-State vocational rehabilitation program by making possible greater flexibility, less Federal control, and more responsiveness to the specific needs of the States in meeting the problems of their disabled citizens.

This will be accomplished by removing certain limitations and by requiring the States to establish their own standards rather than adhere to those set up by the Federal Government.

Providing an improved system of Federal participation in the financing of the Federal-State vocational rehabilitation program

under which the States may ultimately assume a larger proportional share of the financial costs. Both the House and Senate versions, however, insure that there will be no reduction of any kind of Federal support below the present level of operation in any State.

The bills, introduced in the upper Chamber by Senator H. ALEXANDER SMITH, Republican, of New Jersey, and in the House by Representative SAMUEL K. MCCONNELL, Jr., Republican, of Pennsylvania, will increase the Federal investment in rehabilitation in the next year from the current $23 million to $30 million.

As Senator WILLIAM A. PURTELL, Republican, of Connecticut, told the Senate: "The committee believes this bill would accomplish two things that are essential in an expansion of vocational rehabilitation services for the disabled. First, the bill provides State agencies with a maximum of responsibility and operational freedom to carry out that responsibility. Second, it provides express authority to the Department of Health, Education, and Welfare to perform the Federal functions which are clearly necessary for the success of any major undertaking in this Federal-State partnership."

INVESTIGATIONS ALSO PROVIDED

Other major features of the new legislation are provisions that:

The Department shall make studies, investigations, demonstrations, and reports on various aspects of the problems of disabled people and their needs.

The Secretary is authorized to render technical assistance to the States in the conduct of their rehabilitation programs.

The Federal Government shall participate in the establishment of sheltered workshops under public and nonprofit auspices where severely disabled persons are able to work for pay.

The Senate version also provides for the establishment of a National Advisory Council on Vocational Rehabilitation to review applications for special project grants of importance in rehabilitation and to make recommendations to the Secretary on such projects.

Both the social and economic wisdom of this new legislation expanding rehabilitation services for the handicapped has been repeatedly demonstrated. It is estimated, for example, that from savings in public welfare relief costs and from increased tax revenues by the rehabilitation of increased numbers of currently nonproductive persons into taxpaying citizens, the Federal and State Governments will receive back $4 for each dollar invested in this new program. The social values which will accrue are immeasurable.

ADMINISTRATORS CONFIDENT

To increase the number of handicapped persons rehabilitated under the Federal-State vocational rehabilitation program from the current 60,000 a year to 200,000 will not be an easy job even under the new legislation. It will require the development of new rehabilitation centers and services and a greatly accelerated program of training professional rehabilitation personnel. Those responsible for the administration of the program, however, believe that this can be done.

There are two factors of great significance in the unanimous action of the House and the Senate last week. The first is that for the first time in our Nation's history we are approaching the problem of disability boldly by planning by 1959 to rehabilitate each year 200,000 of the 250,000 persons who are permanently disabled annually.

The second is that rather than approaching the problem in a piecemeal fashion, Congress, at the urgent request of the President, has provided a balanced program aimed at increasing rehabilitation facilities, training more personnel, discovering new knowledge and techniques through research and demonstration projects, and establishing adequate and sound financing.

With these tools there is reason to be confident that the goal will be achieved and the words "new hope for the handicapped" will become a reality.

PURE MILK ASSOCIATION RECOMMENDS 90 PERCENT PARITY

Mr. WILEY. Mr. President, I was pleased to receive from the distinguished president of the Pure Milk Producers Cooperative, representing 18,000 dairy families in America's dairyland, a message endorsing the Senate Agriculture Committee's version of farm parity maintenance. The telegram came from Bill Groves, one of the great dairy leaders of my State and of the Nation, a personal friend, and a fine American.

I ask unanimous consent that it be printed at this point in the body of the RECORD as a sound indication of grassroots thinking in the heart of America.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

FOND DU LAC, WIS., *July 16, 1954.*

Hon. ALEXANDER WILEY,
Member of Congress,
Senate Office Building:

The State Board of Pure Milk Products Cooperative has adopted a resolution strongly endorsing Senate bill No. 3052. This bill supports dairy prices at 85 percent of parity. The board which represents 18,000 dairy families urges you to support this measure.

WM. F. GROVES,
President, Pure Milk Products Cooperative.

USE OF SURPLUS FOODS TO HELP EUROPEAN FLOOD VICTIMS

Mr. HUMPHREY. Mr. President, I rise to urge the administration to act speedily and hastily in order to alleviate the suffering now taking place in central Europe, particularly in Bavaria and Austria, as a result of the severe floods that have hit that area. Hundreds of thousands of Europeans—men, women, and children—are today suffering from hunger, poverty, and dislocation as a result of these floods. Newspaper reports indicate that the wheat crop is lost, cattle have been destroyed, and homes are gone.

This presents us with a challenge. Large stocks of surplus crops are now in storage in this country. I suggest that we share our surplus with these underprivileged peoples. Congress has already expressed by legislation its desire that the Government of the United States do just this with our surplus food and fiber. This is written into law—it remains only for the administration to act. I call, therefore, upon the administration to act immediately to ship butter, dried milk, wheat, beans, and other essentials of living to help those who suffer.

It is my conviction that it is our religious duty to do this, and it is also in our national self-interest.

I again say that, as a matter of justice and common friendship, and as an expression of generosity on the part of the American people, the shipment of surplus supplies, particularly into the areas of Austria, where the people have demonstrated their desire for freedom, and into the areas of Bavaria, where floodwaters have demolished many communities, would be a most worthy project. Certainly it deserves the immediate attention of the responsible officials of the administration.

CIVIL SERVICE, PATRONAGE AND THE EISENHOWER ADMINISTRATION

Mr. NEELY. Mr. President, the Washington Post and Times Herald, under the ownership of the eminent Mr. Eugene Meyer, and the management of his distinguished son-in-law, Mr. Philip Graham, is one of the few great, influential and praiseworthy newspapers of the Nation. To my regret, it vigorously and effectually supported General Eisenhower's candidacy for President of the United States. Until it made that unfortunate error, it could have justifiably sung after the manner of the Sheriff of Nottingham in Robin Hood—

> I never yet have made one mistake,
> I'd like to—for variety's sake.

But, alas, that degree of absolute perfection has been irretrievably lost. However, the Post, which recently became the Post and Times Herald, still is and will, in my opinion, long continue to be one of the country's outstanding dailies.

Yesterday it carried a timely and important article by Mr. Jerry Kluttz entitled "Drive for Patronage Seeks Added Jobs," which should be brought to the attention of all patriotic men and women who believe in decency and integrity in government. As a service to the public in general and to the Federal employees in particular, I purpose to read this article to the Senate, from beginning to end, in order that it may appear in the body of the CONGRESSIONAL RECORD, and thus obtain wider publicity. It is as follows:

The Eisenhower administration is making a determined effort to assume partisan political control over many thousands of Federal jobs both in and out of the civil-service system.

The drive for patronage is being directed from the White House.

The Republican National Committee set up an elaborate system here to "clear" people down to the precinct level for both Federal appointments and promotions.

Army, Navy, Air Force, Foreign Operations and bipartisan agencies that have been more or less insulated from political patronage demands in the past are not excluded from the present drive for jobs.

It is routine—and expected—for the administration in power to exercise political control over many jobs outside the civil service and other merit systems such as those operated by TVA, FBI, etc.

But the current drive also includes some jobs under the civil-service system, jobs which are supposed to be free from partisan political considerations and to be filled on the basis of merit.

Outside the Post Office Department, where politics has been considered for years in appointments and promotions to many of its jobs, civil service and otherwise, the civil-service system in general has been relatively free of partisan political influences.

A high-ranking official says the present Civil Service Commission "seems to have closed its eyes" to the growing influence of partisan political considerations on appoint-

ments to some of the jobs under its merit system.

The patronage drive, now well under way, has helped to silence demands on the Eisenhower administration for jobs from GOP Members of Congress and from the Republican National Committee.

Soon after the Eisenhower administration was swept into power, the Republican National Committee, as was expected, attempted to dictate appointments to many Federal jobs.

At first, the committee had very little success. Its officials were told repeatedly that this or that job in question was under civil service or the person in it had either permanent civil-service status or veterans' preference rights.

Gradually, however, a few of the agencies began to clear appointments, including those for some civil-service jobs, with the committee. This was done through a top-level appointee in the agency whose job is to check the political angle on appointments and promotions.

A notable example of political operation along this line is Harold Stassen's Foreign Operations Agency, where even stenographers and clerks have been required to produce the proper political clearance. No appointment or promotion can be finally approved in the agency unless it has the approval of the lady there who is Stassen's liaison with the administration's political arm.

Other agencies, however, continued to make appointments and promotions within the civil-service process and they did not clear them in advance with the Republican National Committee.

Somewhere along the line came a recent showdown at the White House and the decision there was apparently cast with the patronage forces.

In recent weeks, agency heads have received "Confidential: Not for publication" letters on White House stationery, in which they were directed to clear certain of their jobs with the committee before making appointments to them.

Strangely, the letters were not signed. Only a small supply was printed. Reportedly, they were delivered by hand to some agency heads for their information only. Precautions were taken to keep copies from the public eye.

However, it is reported on excellent authority that many agency heads have been instructed either by letter or orally to clear appointments to these jobs with the Republican National Committee.

Jobs in grade 14 ($9,600 starting salary) and upward irrespective of whether they are in or out of the civil-service system;

So-called 303-jobs, positions under civil service but which the CSC cannot fill with sufficient qualified eligibles. In such cases CSC authorizes the agencies to hire people on the open market for them. The agencies, however, are supposed to require appointees to meet minimum CS standards for the jobs, to follow veterans' preference, etc.

Jobs, such as attorneys and others, outside the civil service system.

Even though the White House directive on jobs was unsigned, officials assume it came from the office of Sherman Adams, the assistant to the President. Adams' assistant on patronage matters is Charles F. Willis, Jr., and he is the contact man with the National Committee and most agency officials.

Despite the directive, several agency heads whose jobs are under civil service are said not to have cooperated to the point desired by the patronage forces.

One top-rank official, an Eisenhower appointee, is said to have threatened to resign with a blast at the patronage drive.

Meantime CSC, the agency charged with strengthening the merit system, is compiling details on many thousands of non-civil-service jobs which will be turned over to the patronage forces.

Mr. President, the foregoing supplies highly convincing but wholly unnecessary, additional evidence that the great Eisenhower crusade for political purity, which began as a fraudulent farce, has become a notorious fizzle. The great crusader, as he boarded the train in Denver for the Chicago convention which nominated him, said:

I'm going to roar clear across the country for a clean, decent operation. The American people deserve it.

Mr. President, please let me appeal to you to roar across the country, or at least from the White House to the nearest golf course, for "a clean, decent operation" for all the Government's meritorious civil service employees. They deserve it. Please protect these faithful public servants against the devastating White House-directed patronage drive to which the foregoing article from the Washington Post and Times Herald refers, and thus restore some of the former confidence in your administration which long since vanished away.

EXECUTIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE REPORT OF A COMMITTEE

The following favorable report of a nomination was submitted:

By Mr. CORDON, from the Committee on Interior and Insular Affairs:

Clarence A. Davis, of Nebraska, to be Under Secretary of the Interior, vice Ralph A. Tudor, resigned.

The VICE PRESIDENT. If there be no further reports of committees, the secretary will state the nominations on the Executive Calendar.

UNITED STATES DISTRICT JUDGES

The Chief Clerk read the nomination of Emett C. Choate to be United States district judge for the southern district of Florida.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Fred M. Taylor to be United States district judge for the district of Idaho.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

NOMINATIONS PASSED OVER

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent that the next two nominations on the Executive Calendar, that of Herbert S. Boreman, to be United States district judge for the northern district of West Virginia, and that of Joseph E. Hines to be United States attorney for the western district of South Carolina be passed over.

Mr. KNOWLAND. Mr. President, I have no objection to passing those nominations over today. I hope we may consider them at a very early date.

Mr. JOHNSON of Texas. I may say that I know of no specific objection to either of these nominees. However, this is the first time their names have appeared on the Executive Calendar, and we have been unable to make the required clearance. As soon as I am able to do it, I shall notify the distinguished majority leader. I am sure we will be able to take prompt action.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the President be immediately notified of the nominations confirmed today.

The VICE PRESIDENT. Without objection, the President will be notified forthwith of the nominations confirmed today.

LEGISLATIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

ADDITIONAL OFFICIALS IN TREASURY DEPARTMENT

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 3605) to abolish the offices of Assistant Treasurer and Assistant Register of the Treasury and to provide for an Under Secretary for Monetary Affairs and an additional Assistant Secretary in the Treasury Department, which were, on page 1, line 4, strike out "(39" and insert "(31", and on page 3, line 3, strike out "234." and insert "SEC. 234."

Mr. KNOWLAND. Mr. President, the bill, S. 3605, passed the Senate some time ago. Amendments were made to it in the House, which are purely technical in character. The matter has been cleared with the minority, and, at the request of the chairman of the Senate Finance Committee [Mr. MILLIKIN], I move that the Senate concur in the House amendments.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from California.

The motion was agreed to.

SALE OF CERTAIN WAR-BUILT PASSENGER-CARGO VESSELS — CONFERENCE REPORT

Mr. BUTLER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes. I ask unanimous consent for the present consideration of the report.

Mr. KNOWLAND. Mr. President, I wonder if the Senator from Maryland will withhold his motion. I think we can make progress with the conference report if the minority and majority leaders have an opportunity to clear the matter. I think we can do it in a fairly short period of time.

Mr. BUTLER. I will say to the majority leader that I have already conferred with Members on the minority side, and the report is a unanimous report.

Mr. KNOWLAND. I understand that, but the acting minority leader has not been informed——

The VICE PRESIDENT. Does the Senator from Maryland withdraw the report at this time?

Mr. BUTLER. Yes, Mr. President.

Mr. MUNDT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. BUTLER. I object.

Mr. GORE. I do so at the request of the Senator from Delaware [Mr. WILLIAMS].

Mr. BUTLER. I withdraw the objection.

The VICE PRESIDENT. Is there objection to the request of the Senator from Tennessee. The Chair hears none, and it is so ordered.

THE PROBLEM OF THE JUNIOR SENATOR FROM WISCONSIN

Mr. FLANDERS. Mr. President, the objective of the junior Senator from Vermont in recent speeches and motions has been to end the harmful influence of the junior Senator from Wisconsin in the affairs of the Senate, the Nation, and the world. His activities have not always been harmful. He has done some useful work in his chosen field of hunting out Communists but this has been greatly overadvertised and overestimated. For evidence of this I would call the attention of the Senate to the series of articles which appeared last week in the Scripps-Howard newspapers under the byline of Frederick Woltman. The material which Mr. Woltman presents is factual and is taken from the record.

While my purpose is to end the harmful influence referred to, it is conceivable that the Senator might do this on his own account by promptly announcing a complete change of method and policy. That opportunity has been offered in a spirit of Christian charity. In the absence of such a public statement we must proceed to whatever means may best be devised for keeping him from continuing in the future the damage which he has done in the past.

Many times the junior Senator from Vermont has been asked, "Why do you raise these matters now? Why did you not raise them long ago instead of at the end of a crowded session of Congress?" The answer to that is that I have long been uneasy with regard to this matter, and it was the accumulation of uneasiness which led me to make my first speech on this subject on the floor of the Senate on March 9, as reported on page 2886 of the CONGRESSIONAL RECORD. From that time on, however, events and evidences have accumulated and particularly have been falling into patterns of a most disturbing sort. Perhaps a better way of explaining it is to say that the figure of the Senator has been fitting into a series of frames which I will now proceed to describe.

The first frame is that of the history of civilizations, and of our own civilization in particular, and leads to the reasonable speculation that ours has passed through its maturity and is approaching its end. Let me say at once that this is a personal opinion. I do not expect others to join in this thought with me unless they, too, have been studying the life history of civilizations in the works of such historians as Flinders Petrie, Oswald Spengler, and Arnold Toynbee.

These authors arrange the facts of history in different ways and give it different interpretations. All three, however, agree that civilizations are born, go through a period of youth, come to maturity, and then decline into an old age which ends in death or continuing decay.

In particular Arnold Toynbee expressed the conviction that all civilizations end in a time of troubles through which none has successfully passed. We seem to be in our time of troubles now. One of the aspects of the time of troubles of our country is that, willy nilly, our country exercises the leadership of the world during this period of crisis. It should so act that the world looks to it with confidence and support for leadership, which will, for the first time in human history, bring our civilization safely through. This is the frame. What picture shall we put within it?

We put within it a picture of confusion in leadership to which the Senator from Wisconsin has made a major contribution. The picture is that of the Senator's two assistants—Messrs. Cohn and Schine—in their fantastic and riotous gallimaufry through the capitals of the Western World. This picture is not a still; it can only be shown as a slapstick movie. One reputable American correspondent reported a slapping of one by the other in a Frankfort hotel corridor. His paper did not publish the dispatch but a German paper did. Another event was reported to be the jumping of their hotel bill in Paris, leaving the Embassy to pick up the check.

No one who has not been in contact with responsible citizens of Europe can imagine the disgust and dismay which the incidents of this expedition brought to our reputation and influence. This is the contribution of our Senator to world leadership.

The next frame to which I would direct the attention of the Senate is that which has been constructed out of my experience of repeated visits to Germany in the period between the two World Wars. In those visits I saw the growing power of communism which formed the basis of Hitler's rise to power. I saw the German people at various periods during that rise. Since my visits were business visits, I had an opportunity to talk to Germans on more intimate terms than would be the case of the casual traveler. Furthermore, since these visits were spaced at intervals of two or more years apart, they enabled me to see the social, political, and moral alteration of the nation and its people far more clearly than would have been the case had I lived there continuously during the period and been conscious only of day-to-day events.

In the first place the excuse for Hitler's intervention was far greater than for that of our Senator. In Berlin in 1926 the Communists were rioting in the streets and were being dispersed by streams of water from the hoses of the fire departments. On a railroad journey from Düsseldorf to Berlin, as the train climbed out of the Ruhr Valley onto the plateau, we passed a prison which, as we passed, blossomed forth with hands clenched in the Communist salute. Germany was in infinitely more danger than we are, although our dangers are real.

Hitler exploited the issue of communism, and on it he rose to power. When it became convenient, he allied himself with it. But ultimately he went far afield from communism. He set his nation against the Jews and brought them to unimaginable cruelties. He destroyed the free labor union. He set up his private police force and spy system. He worked toward, and ultimately achieved for himself, the sole authority in government, in business, and in society in general. Curiously enough, his financial support came from wealthy businessmen, some of whom lived to regret the contributions they had made—while others did not live at all.

Each of these features finds its parallel, though it must be admitted to a weaker degree, in the career of the junior Senator from Wisconsin. The most disturbing resemblance comes in his now little-remembered crashing the gate in Senator Baldwin's investigation of the Malmedy massacres. It will be remembered that at Malmedy, armed Nazi ruffians slew unarmed American prisoners. The junior Senator from Wisconsin seemed determined to prove that the unarmed American soldiers were the aggressors, and that the Nazi ruffians had been tortured by the buddies of these American soldiers into making a false confession. This is one of the most peculiar passages in all the history of congressional investigations. It does, however, fit in neatly with the other parallels between the amateurish Senator from Wisconsin and the accomplished and successful dictator of Germany.

The principal result of that investigation in the Senate was to play its part in driving from the Senate floor into the obscurity of a judicial post one of the most honorable and fine-spirited men who has ever graced this body. Ray Baldwin was too sensitive a soul to withstand the "Indian Charlie" tactics of the Wisconsin Senator.

The parallelism with Hitler is strengthened by an analysis of my correspondence. It contains many thousands of letters supporting my efforts, and signed by people from all walks of life and from every religious faith. On the other hand, there are a significant number of letters which are unsigned, supporting the junior Senator from Wisconsin, and fanatically anti-Semitic in content.

Let us therefore place within this second frame a picture of the Senator as fuehrer, and that perhaps without con-

scious intention on his part. He is just naturally going that way.

The third frame is one which I would bring to the particular attention of my Republican friends on this floor. Our party is 100 years old this year. Though it has had its ups and downs, we can look back on that 100 years with enthusiasm and inspiration. Whose picture shall we place in that frame?

Let my Republican associates go in search of that picture. Let us in imagination set forth from the west front of the Capitol down through the Mall to where we can gaze at that splendid monument which commemorates the character and the services of our first President. As we pass that let us glance to the left across the lagoon toward the dome of Vermont marble under which stands the upright figure of the great Virginian, defender of freedom and the rights of man. Still continuing, we come to the white marble memorial and stand in reverence before the patient, noble figure of our first and greatest Republican President. Surely this picture must be set within this third frame.

But there was, and appropriately was, another picture there as well. That picture was the Eisenhower whom we nominated and elected to the Presidency of the United States 2 years ago. It, too, was a noble picture, and it aroused the rightful enthusiasm of millions of young voters and of independents. This is a picture on which my party can look with pride and which would continue to draw the support of the young and of the independent, whose votes are absolutely necessary to continue a Republican Congress and administration.

But what do we see? We see the bright lights of the television blot out that fair picture. It superimposes another figure and obliterates all else. The obliterating picture, known to millions of those who have followed the hearings in the caucus room, is that of the junior Senator from Wisconsin sitting at the table with his assistant, whose lips are glued to his ear, whispering, whispering, whispering.

May I say to my fellow Republicans that we have been on the way for 100 years. We have come at the end of this century to a parting of the ways. On the one hand, we move in the path and under the influence of the great Lincoln. If we turn the other way, we choose the leadership of the junior Senator from Wisconsin. In the words of Joshua, who led the children of Israel into the Promised Land, "Choose you this day whom you will serve."

What I have just said is political. It is impossible to avoid politics in this matter, and we might as well face that fact. But the root and essence of the problem far transcend its political aspects. It is at bottom and in its far reaches a matter of national ideals and of international influence and reputation.

The junior Senator from Wisconsin has rendered a not inconsiderable service to his country in alerting his fellow citizens to one part of the Communist danger—that of internal subversion. But his greatest service is in giving us the opportunity to appraise our national political morality in this year of our Lord 1954. For this opportunity we must ever be grateful.

The question raised is, indeed, greater than the personal issue. It concerns the spirit in which we approach our serious domestic problems. It concerns the national character which we display to the world in carrying out our fateful responsibilities in the world at large. We face them, in the words of Lincoln, "in the spirit which prized liberty as the heritage of all men, in all lands everywhere."

To put the appraisal of our moral assets into effect, I shall offer for the consideration of the Senate a resolution, which I have decided on as being preferable to a motion to discharge the Rules Committee from considering my earlier one, Senate Resolution 261. I shall now read the new resolution:

Resolved, That the conduct of the Senator from Wisconsin, Mr. McCARTHY, as chairman of the Senate Permanent Subcommittee on Investigations, is unbecoming a Member of the United States Senate, is contrary to senatorial traditions, and tends to bring the Senate into disrepute, and such conduct is hereby condemned.

In accordance with my public statement of yesterday, I shall send the resolution to the desk on July 30 as a privileged matter and move its adoption at that time without reference to committee.

Mr. President, at this point I ask unanimous consent to have printed in the body of the RECORD as a part of my remarks the series of articles by Frederick Woltman to which I referred in the first paragraph of my statement.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Washington Daily News of July 12, 1954]

WHO IS FRED WOLTMAN?

Fred Woltman, author of the story which starts on page 1 today, is often called Freddy the Fink by the Daily Worker, Communist newspaper—but he doesn't mind.

He is what soft-brained liberals call a "Red baiter." Matter of fact, he is the premier "Red baiter" among American newspaper reporters.

Frederick Woltman joined the staff of the New York Telegram (now the World-Telegram and Sun) in 1929. For most of those years since, his articles also have been published in the Washington Daily News and in other Scripps-Howard newspapers.

HE ANTEDATES JOE

He started exposing Communists and Communist fronts 16 years ago—in 1938—when young JOE MCCARTHY was practicing law in Shawano County, Wis., years before unmasking Reds became his prime political pursuit.

Fred wrote news articles exposing the twisting Communist Party line, the "Letterhead" organizations the Communists used as fronts, their dupes and fellow travelers, the Communist infiltration into trade unions, schools, politics, religious, and social groups.

In 1944, Earl Browder, then head of the Communist Party of America, wrote: "The journalistic unmentionable, Frederick Woltman, issues public orders to some of the most powerful men and women in America—and they jump to obey him with an alacrity they would never display to an order from the President of the United States."

PULITZER PRIZE

Of course, that wasn't true either. But it was true that even then Fred Woltman was recognized as the American reporter who knew most about the Communists. FBI agents, Army and Navy intelligence officers, investigators of the Civil Service Commission came regularly to his office to check Fred's mammoth files on American Communists.

In 1945, Fred broke the story of Communist involvement in the infamous Amerasia case, in which "top secret," "secret," and "confidential" documents were stolen from Government files.

CONGRATS FROM HOOVER

For his work in 1946—the year JOE MCCARTHY was elected to the Senate—Fred won the Pulitzer prize in journalism for distinguished national reporting exposing Communist infiltration. Among his many exclusive stories that year was one fingering Gerhart Eisler, alias Hans Berger, as the top secret Kremlin agent in the United States. The FBI picked up Eisler the next day. He was later convicted, jumped bail and escaped to Communist Germany.

Regarding that award, J. Edgar Hoover wrote that Fred's work earned "great credit and distinction to himself and the paper he serves."

Gov. Thomas E. Dewey sent his congratulations; so did James A. Farley.

Bishop Fulton Sheen described his work as "journalism at its best, not in reporting of an event, but in the fearless crusade for the highest ideals."

The Silurians, organization of veteran New York newsmen, and the Catholic War Veterans have also given Fred awards for his work exposing Communists.

In 1949 he again attracted national attention by being the first to report the Kremlin's anti-Semitism crusade in Russia.

Fred Woltman became acquainted with Senator MCCARTHY in 1950, shortly after the Wisconsin Senator took his plunge into the issue of communism. Because of his work, Fred necessarily has followed Senator MCCARTHY'S activities closely, adding several thousand clips to the famous Woltman files.

Three months ago, with MCCARTHY controversies monopolizing the headlines, the editors of Scripps-Howard newspapers asked Fred Woltman to draw up a balance sheet on Senator MCCARTHY'S contribution to the struggle against communism.

Fred was chosen for the assignment because his vast knowledge of the Communist movement in America qualified him to give an informed appraisal. He has written these articles without wraps or guidance. He says they constitute another "agonizing reappraisal."

[From the Washington Daily News of July 12, 1954]

SENATOR MCCARTHY

In 1946, a Scripps-Howard reporter called the House Committee on Un-American Activities to check on the alleged Communist affiliations of an individual then figuring in the news in Ohio.

He was given such information as the committee had in its files but was advised to call Frederick Woltman at the New York World-Telegram if more details were desired.

"Woltman has more information on these characters than we have," the committee clerk remarked.

Thus, among the experts in that field, Fred Woltman had established a reputation for his research on Communist activities.

So when Mr. Woltman writes about Senator MCCARTHY and communism, as he is doing in this series beginning in this newspaper today, he is on familiar ground. He pioneered in exposing communism through the News and other Scripps-Howard newspapers long before JOE MCCARTHY was elected to the Senate from Wisconsin, and he has followed the Senator's activities from day to day from the beginning.

Mr. Woltman's conclusion that the Senator from Wisconsin has become a liability to the cause he so loudly pretends to serve may provoke angry indignation in some quarters, but the thoughtful reader who reviews the case Mr. Woltman has presented is likely to subscribe to that finding.

HOW JOE MCCARTHY HAS PLAYED INTO THE HANDS OF THE REDS

(By Frederick Woltman)

Senator JOSEPH R. MCCARTHY has become a major liability to the cause of anticommunism.

That is the conclusion of this writer after 3 months of rechecking the Senator's record since he first embarked on the Red hunt on February 9, 1950—soon after which we got to be friends.

From the start, the record shows, Senator MCCARTHY played into the hands of the Communists. And he has made the going tougher for the many others who long before had been fighting to stop the spread of communism at home and abroad.

He has distorted the present-day picture of communism out of all semblance to reality. And, thereby, he has spread a blanket of confusion over an area where clear thinking is imperative.

He has introduced a slam-bang, rabble-rousing, hit-and-run technique into the serious business of exposing the Communist conspiracy. And in so doing he has jeopardized an even graver Government function which requires exceptional professional skills—the detection of penetration and espionage by a foreign power.

With Asia and West Europe threatened, he has distracted public opinion from the world's critical danger spots. And he has thereby weakened America's leadership against Soviet aggression.

He has brought to public life a special brand of reckless, knee-to-the-groin tactics which violate our tradition of fair play. Justifying these tactics as essential to exposing communism, he uses them indiscriminately—against political foes and other non-Communists, as well as Communists.

In his recent brawl with the Army, Senator MCCARTHY immeasurably lowered Senate prestige by forcing a subcommittee to investigate itself, then making a shambles of the hearings.

He has widened the split in his own Republican Party; and demonstrated that, unless he has his way, he's willing to destroy the Eisenhower administration at a time when it's grappling with a world crisis.

Now, after 18 months of Republican rule, Senator MCCARTHY still is hammering out accusations of treason and espionage in Government without producing evidence. There may be Soviet spy rings still at work, but Senator MCCARTHY has come up with no proof.

On the credit side, the Senator without question helped make the man in the street more security conscious. But the debit side, in the opinion of this writer, far overbalances the credit on the McCarthy balance sheet.

It was in April 1950, that I first met Senator MCCARTHY. He invited me to dinner. Scripps-Howard had assigned me to try to reopen the whitewashed Amerasia case of stolen secret wartime records. The Senator was embroiled with the Tydings Senate subcommittee which was making a pass at investigating his charges of Reds in the State Department.

Two or three or more nights a week with mutual friends he'd drop into my apartment at the Hotel Congressional. I got to know the man.

He was intensely restless, forever on the go. He had a grim singleness of purpose with no particular interest in national affairs which failed to touch him directly. He had a brash courage and contempt for redtape or stuffiness. His superb sense of press agentry made him a natural headline-getter.

At times he appeared to be playing a game.

One night the Senator arrived with the draft of a speech to be delivered next day in the Senate.

In it, Senator MCCARTHY announced excitedly that he was accusing Secretary of State Dean Acheson of treason.

Those present were aghast.

Treason, they pointed out, was a high crime punishable by death. He couldn't possibly sustain the accusation and he would only discredit himself. Mr. MCCARTHY toned down the charge.

But not for long. A few days later he took the Senate floor and accused Secretary Acheson of treason. Naturally he hit the headlines. The FBI evidently never bothered to investigate.

Some weeks later the Senator came by again in high spirits. For the first time, in a Capitol elevator, he said gleefully, he'd run into Secretary Acheson. There were no handshakes. But news photographers snapped the two together.

There was Senator MCCARTHY beaming into the camera, standing beside the Nation's foreign policy chief he'd been calling a traitor. The Senator obviously was getting a kick out of it.

Four years later his face looked grimmer when he gazed into the TV cameras at the Army hearings. The pattern hadn't changed, however.

Now he was accusing Secretary of the Army Robert T. Stevens of protecting "Communist coddlers" in the Army. In effect, the Army, with the backing of President Eisenhower, was protecting traitors in the Armed Forces.

At one point Senator MCCARTHY spoke of "the evidence of treason that has been growing up over the past 20 * * *" he paused, and he added, with deliberation, "21 years." He was extending the treason charge to the Republican regime.

The clear imputation, which he was to make many times afterward, was that the Eisenhower administration was "soft" on Communists. Yet 2,100 employees had been weeded out of the Government under the President's strict security program.

(NOTE.—Latest official Civil Service Commission figures show that 2,486 persons have left the Government during this administration, with major security charges pending. Of these 1,400 resigned, some on request and some without knowing of the charges, and the rest were fired. The Commission said 429 of the 2,486 had information relating to possible subversive activity in their files, 207 information relating to sexual perversion, and the rest information on criminal records, drunkenness, loose talk, or other factors considered in the security program.—Editor.)

And, although held completely loyal, J. Robert Oppenheimer, who made the first atom bomb, had been denied further access to atomic secrets because of past associations and failure to observe security rules.

That's not enough for JOE MCCARTHY.

President Eisenhower, obviously pointing to the Senator, has warned against inflating the current Communist danger on the domestic front. So has Vice President RICHARD NIXON, who recognized and did something about the Communist peril years before Senator MCCARTHY.

The fact is there's nothing today like the Red climate in America of 10 years ago. The public is alert to the Communist conspiracy. Mr. MCCARTHY's contribution to that alertness was a definite one, though later. The party liner, who operated openly—and brazenly—in official circles in the 1930's has disappeared. Communism has lost most of the intellectuals.

The fellow traveler, who joined fronts, lending his prestige indirectly to a cause he dared not join directly, is virtually an extinct animal.

No one knows this better than the Congressional committees seriously charged with the task of investigating communism. So far as the overt Communist movement is concerned, the field is growing fallow.

Yet Senator MCCARTHY continues to use the blunderbuss, firing in all directions at once.

The Reverend John F. Cronin, S. S., one of the Catholic Church's leading experts on communism, has criticized the Senator on this score. Father Cronin, assistant director of the National Catholic Welfare Conference, favors the sharpshooter approach, firing only at vulnerable targets.

"You don't need an atom bomb to kill a rat," he says.

Moreover, Senator MCCARTHY is handing the public a false picture of communism today.

During one of his diversionary tactics at the recent hearings, he charged he was prevented from uncovering 130 Reds in defense plants. Perhaps he does have 130 names of fifth-amendment witnesses.

But it was pure McCarthy fantasy for the Senator, grabbing for a headline, to add that the 130 are "poised with a razor blade over the jugular vein of this Nation."

The Communist movement here might be laughed off were it not for the immense power behind it of the Soviet Union and international communism. While that power exists, domestic communism remains a great potential danger. The mortal peril, though, comes from without.

To this Senator MCCARTHY resolutely closes his eyes; otherwise he loses his headlines. Therefore, he takes wild fliers into foreign affairs, at the expense of allied unity, and to the embarrassment of the Eisenhower foreign policy.

While the Korean war was on last year, Senator MCCARTHY carried on a running battle with Harold E. Stassen, the administration's foreign-aid chief. Five years before he had supported Mr. Stassen in the Wisconsin Republican presidential primaries. The name of Gen. Douglas MacArthur was entered.

On a Senate letterhead to the voters, Senator MCCARTHY helped torpedo the 71-year-old general's candidacy by stressing his age and his divorce.

In the foreign-aid hassle, the Senator accused the British of shipping arms to Red China.

This the British denied. Mr. Stassen called the charge "fantastic, unbelievable, and untrue."

The Senator retorted by reading Britain out of the Korean war. "Let them withdraw and be damned," he declared. "Let us sink any accursed ship which is carrying arms to the Communists killing American boys."

Senator MCCARTHY's go-it-alone threat was promptly slapped down by his senior Senator from Wisconsin, ALEXANDER WILEY, chairman of the Foreign Relations Committee. Another Republican, Senator H. ALEXANDER SMITH, of New Jersey, said:

"I can imagine nothing more pleasing to the Kremlin than the present battle between Westminster and Washington, for the major aim of Communist strategy is to isolate America and turn our allies against us."

Senator MCCARTHY's wild twisting of facts and near facts repel authorities in the field. They simply don't want to get mixed up with him.

By crying "wolf" so often, he has only helped convince one segment of the American people that the dangers of communism are mythical.

He has long boasted of employing Red methods to fight Reds. But he went far afield when he began to equate McCarthyism with true Americanism, thus claiming to be the final arbiter of loyalty.

So, in his blowup with the Army, he could accuse the Pentagon of covering for Communists, and threaten Secretary Stevens: "Robert, I am going to kick the brains out of anyone who protects Communists. If that is the policy of you, just go ahead and do it. I will guarantee that you will live to regret it."

His strategy of calling those who disagree with him Reds or protectors of Reds gets a sharp rebuke from the Senator's own biographers. They are William F. Buckley, Jr., and L. Brent Bozell, authors of the recent defense of the Senator, "McCarthy and His Enemies." Senator McCarthy opened his records to the writers and gave the book his blessing by appearing at a publication cocktail party in New York.

A basic McCarthy "assumption," say his biographers, is that "one cannot at one and the same time vigorously oppose communism and McCarthy."

"McCarthy's sporadic reliance on these assumptions," they go on, "this aspect of his 'method,' not only weakens his claim to responsible conduct but seriously undermines his effectiveness."

Although disapproving, the authors pass lightly over this McCarthy sin, this compulsion by the Senator to wrap himself up in the American flag.

The McCarthy strategy of "you're either for me or a friend of the Communists," is, in this writer's opinion, a boon to the Communists.

On the one hand, it enables his pro-Red or confused opponents to belittle such solid anti-Communist achievements as the monumental Jenner subcommittee reports on the Institute of Pacific Relations and interlocking subversion, prepared by its counsel, Robert Morris, now a New York judge. And it gives them an argument to bolster their nonsensical claim that a "reign of terror and thought control" stalk the land.

On the other hand, it has this net effect: It separates people into extremes—the McCarthy backers at one pole and the Communists at the other. There can be no temperate, middle course. Each extreme prospers by inflating the menace of the other. The Communists feed on it. For them Joe McCarthy's a made-to-order adversary.

The McCarthy "assumption" leads up some weird alleys.

One of the Senator's staunch friends and close advisers nowadays is George Sokolsky, a columnist. As the McCarthy-Stevens embroilment cooked up, Mr. Sokolsky castigated the Army for what he held to be discrimination against Pvt. G. David Schine, Senator McCarthy's former unpaid aide.

The columnist's indignation soared until he demanded:

"What does one have to do to be protected these days, join the Communist Party?"

It sounded like the old Truman days. But it happened 14 months after the Republicans—and Senator McCarthy—came to power.

[From the Washington Daily News of July 13, 1954]

McCarthy Myths: They Don't Stand Up in the Cold Light of Facts

(Second article by Frederick Woltman)

The war on communism today is hamstrung by a succession of McCarthy myths. They are:

That Senator Joseph R. McCarthy stopped communism in America.

That he exposed and routed a Red spy nest in the State Department.

That he is an able, dedicated anti-Communist investigator—in fact, the best qualified in the country, therefore indispensable.

That he stands as the Nation's bulwark against the Kremlin conspiracy.

The record will expose these myths.

It will show that by his excesses, his scarehead accusations that eventually evaporate, his thumb-in-the-eye tactics and his inevitable injection of partisan politics, whether aimed at the Democrats or at critics within his own party, Senator McCarthy has completely befogged a major issue of the day.

That was brought graphically to the American people by the recent unhappy McCarthy-Army hearings. But the story goes back to February 9, 1950.

On that evening Senator McCarthy stumbled onto communism.

He made an obscure Lincoln Day speech to the Women's Republican Club of Wheeling, W. Va. "In my hand," the Senator dramatically told the ladies, he had a list of 205 Communists, known to Secretary of State Dean Acheson, "who nevertheless are still working and shaping the policy of the State Department."

At the moment, Senator McCarthy hadn't the slightest notion of the impact his talk would make. He spoke only from a few notes. But he set off a slow-fused atom bomb. There was launched one of history's most controversial political figures; and a new word—McCarthyism—which was to be supercharged with emotion the world over.

Until then, the 41-year-old Joe McCarthy had attracted slight attention in the Capital. A Wisconsin Democrat, he had turned Republican. During his first 3 years in Washington, he dipped into the 5-percenter scandals, fought to end sugar rationing for industry, opposed the Truman housing program and got to be known as a friend of the real-estate lobby.

At one stage, he was an anti-isolationist, cosponsoring the Kefauver resolution to explore an Atlantic union.

He'd embarked on one venture which might have wrecked any other Senator. A forerunner of his later attacks on the Army, it concerned the infamous Malmedy massacres in which Nazi troopers slaughtered hundreds of American prisoners during the Battle of the Bulge.

A Senate subcommittee in 1949 investigated reports of brutality by American officers in exacting war-crime confessions from these Nazis. Not a member, Senator McCarthy interjected himself into the hearings, an advocate of the brutality charges. He tried to paint a picture of atrocities—by the Americans, not the Nazis—that were "worse than anything we have accused the Russians of doing."

Getting nowhere, he accused the committee of a "deliberate" whitewash; its chairman, Connecticut Republican Raymond Baldwin, of "criminally wrong" conduct; the Army of "condoning a brand of brutalitarianism worse than any practiced by the morally degenerate in either Hitler's or Stalin's camp."

Infuriated, Senator Baldwin charged that Mr. McCarthy had accepted the word of Hitler's war criminals over the sworn testimony of American military personnel. Typical of subsequent tactics, the Wisconsin Senator finally walked out in high dudgeon when the committee rejected his demand to use lie detectors on the American officers.

The committee unanimously decided there had been no such physical torture; but that agitation in America and Germany for the convicted Nazis seemed to be part of a concerted move to discredit Americans abroad.

Senator McCarthy survived this bizarre episode in his career.

Four years and four months after the Wheeling speech, the Senator at the McCarthy-Army hearings delivered a lecture on communism before a TV audience of millions. He exhibited a huge chart to illustrate the progress of the march on communism in America.

Across the top he had printed: "Communist Party Organization, U. S. A., February 9, 1950."

Before February 9, 1950, Senator McCarthy had displayed virtually no practical interest in combating communism. Red-baiting, as it was derisively termed, had been an unpopular cause in which the News and all other Scripps-Howard newspapers, and this writer, took a leading role for over a decade.

By 1950, however, with Russian truculence growing, it had become almost fashionable to expose the Communist conspiracy.

Before February 9, 1950, nearly all the important counteroffensive measures launched against communism in the United States were well under way. In most of the celebrated cases of individuals, there had been exposures, dismissals and/or convictions.

Senator McCarthy, although he often took credit, had no hand in them.

Those vast global projects, the Truman doctrine, Marshall plan and Atlantic Union, had been launched to contain Soviet aggression and bolster the weaker nations. The loyalty program had started 3 years before, although it still badly needed stiffening.

Twelve of the top Communist Party leaders had been convicted under the Smith Act 4 months earlier. Gerhart Eisler, the secret Kremlin agent, operating here under the alias of Hans Berger, was first publicly exposed by this writer in the News and other Scripps-Howard newspapers on October 17, 1946. The next day he was due to embark for Europe. On that day, the FBI, which had had him under surveillance, picked up Eisler though previously they had been under orders to let him sail. He was subsequently convicted of passport fraud. On May 6, 1949, Eisler skipped bail and fled to Soviet Germany.

By 1950, Carl Marzani, George Shaw Wheeler, William Remington had either been discharged from the Government or convicted. Harry Dexter White, former Assistant Secretary of the Treasury, died of a heart attack in 1948 after he was charged with spying for the Russians.

Louis Budenz, editor of the Daily Worker, Communist official organ, had broken with the party 5 years before 1950 and laid bare the Communist conspiracy. Elizabeth Bentley had testified about a spy ring which led to the White House through Lauchlin Currie, administrative assistant to President Roosevelt. Mr. Currie denied the charges under oath.

Whittaker Chambers had told his fantastic story about Soviet spy rings in Washington—and nailed it down. So, 19 days before Joe McCarthy's emergence into the Communist scene, Alger Hiss was convicted of perjury. The case shook the Nation.

Six days before February 9, 1950, the British arrested Klaus Fuchs for passing atomic secrets to the Russians. From British tips, the FBI broke the atom espionage ring in America. And the Rosenberg couple eventually were executed.

Senator McCarthy played no part in any of this.

Indeed, at the time of his Wheeling speech, Senator McCarthy's knowledge and understanding of communism were sparse.

The following April, over highballs at his apartment, this writer heard a somewhat querulous young woman ask the Senator point blank:

"Tell me, Senator, just how long ago did you discover communism?"

"Two and a half months!" Mr. McCarthy readily responded.

The nightmare of confusion, charges, and countercharges and fancy footwork loosed by his Wheeling talk eventually corroborated the Senator's honest reply.

On February 9, he had a list of 205 "Communists" in the State Department. Next day, at Salt Lake City, it was a list of "57 card-carrying members." The Senator telegraphed President Truman: "I have in my possession the name of 57 Communists who are in the State Department at present." Failure to reveal their loyalty records, he

added, injecting politics with a vengeance, "will label the Democratic Party as a bedfellow of international communism."

The State Department asked for the names, promising dismissal. They were not forthcoming.

For a week Washington went through a bad case of jitters.

On February 20, Senator McCarthy took the Senate floor. He represented that he had not used the "205" figure in Wheeling. This time he came up with a list of "81 Communists or fellow travelers." And he toned down some of the original charges, conceding some might get a clean bill of health.

His main accusation—that the State Department knowingly harbored Reds—eventually fell flat. His lists, it turned out, were 3 and 4 years old. Someone else had done the spade work. Subsequently, he admitted using the "205" figure. It came from a 1946 letter, signed by former Secretary of State James F. Byrnes. The "81" figure came from a 1947 House Appropriations Committee report.

How many or how few of any list were still in the State Department and how many of these had been given loyalty clearance remained a puzzle. Only one was ever indicted. The Justice Department under the Eisenhower administration had the indictment dismissed, as obtained by misrepresentation. The assistant in charge of the case was suspended.

For 4 months in 1950, a Senate Foreign Relations subcommittee stewed over the McCarthy charges. The circus atmosphere of the hearings almost matched that of the recent McCarthy-Army spectacle. The chairman, Senator Millard E. Tydings, seemed determined to go down the line for the State Department and the Truman administration. An orderly productive inquiry was doomed.

Senator Tydings failed to call some key witnesses. His handling of others friendly to the administration was amiable; of some of its accusers, fierce. The flagrant partisanship of the Democratic majority produced a whitewash.

Then, as now, Senator McCarthy's raucous antics, wild exaggerations and readiness to turn the Communist issue into a political football compounded the confusion. The Democrats happily joined in making Senator McCarthy the issue.

During the hearings, Mr. McCarthy demonstrated his talents for twisting a minor irrelevant fact into headline news that could be punctured by a pin prick.

The Scripps-Howard Newspapers had been attempting to reopen the whitewashed Amerasia case of the stolen wartime secrets. In the midst of the Tydings inquiry, Mr. McCarthy made the sensational charge that the case involved the theft and transmission of atomic secrets to Russia 6 months before the first bomb dropped on Hiroshima.

There was no substance at all to the charge. It was based solely on the vague recollection of an investigator that, 5 years earlier, he had seen the notation, "A-bomb," on an unopened envelope in the Amerasia office. That would have been 6 months before the bomb fell and newspaper copyreaders invented "A-bomb" for headline use. Senator McCarthy beat a hasty retreat.

In a very real sense, he was the creature of his adversaries. The Senator can thank President Truman, as much as anyone, for his phenomenal rise. For the President ignored his wire about the "57 Communists." Had he turned it over to the FBI for investigation, Mr. Truman would have taken the play away from Mr. McCarthy. Instead, he assailed the Senator as a "pathological character assassin," and put him in further headlines.

JOE HAS HIS OWN FORMULA

[From the Washington Daily News of July 14, 1954]

(Third article by Frederick Woltman)

Senator JOSEPH R. McCARTHY has brought a sinister concept into the American scene which can do incalculable harm to our free political system. It might be called the McCarthy formula of treason.

It consists of imputing treason, treasonable motives, plots and conspiracies to one's opponents. It's a convenient political weapon with JOE McCARTHY.

For instance, he said that Dean Acheson was guilty of treason when he was Secretary of State, and that the Democratic Party chalked up "20 years of treason." He said Gen. George C. Marshall, who masterminded the Nation's World War II military strategy, was part of "a conspiracy so immense, an infamy so black, as to dwarf any of the previous history of man."

Those with whose decisions Senator McCARTHY disagrees are, in his book, in league with traitors.

The Army, by its own admission, dragged its feet on one security case. To Senator McCARTHY, therefore, the Army was guilty of deliberately "protecting, promoting, covering up * * * known Communists." Because the White House backs the Army against his charges of "Communist coddling," he now reads treason into the Eisenhower administration. (See accompanying date tabulation on the headlines Senator McCARTHY has managed to whip up against the Republican administration appearing at the end of a series of articles).

The treason formula has grown to be almost as strong an obsession with Senator McCARTHY as the "Marxist-Jewish-Communist conspiracy" myth was with Hitler.

Like the latter, it falsifies history. It splits down the middle, between traitors and the fellow travelers and dupes and the exponents of true Americanism, for which the Senator says "McCarthyism" stands.

It inevitably churns up hatred and misunderstanding among people, racially, religiously and politically.

Furthermore, the McCarthy treason pattern makes it all the harder for the average man to tell the difference between criminal acts and bad judgment, between disloyalty and unpopular ideas. It stretches the definition to include people Senator McCARTHY doesn't like.

At best, this creates an atmosphere that rules out strict political accountability for past errors. The Senator's flair for exaggeration takes care of that. And the Senator himself is by no means oblivious to the dangers inherent in making political capital out of treason and communism.

In late 1952, he did say:

"If the fight against communism is made a fight between America's two great political parties, the American people know that one of those parties will be destroyed and the Republic cannot endure very long as a one-party system."

But, on February 4, 1954, he found it in his heart to say:

"The issue between the Republicans and Democrats is clearly drawn. It has been deliberately drawn by those who have been in charge of 20 years of treason. The hard fact is that those who wear the label Democrat wear it with the stain of a historic betrayal."

He thus pinned the label of treason on 26,898,281 American citizens who voted the Democratic ticket in 1952.

Senator McCARTHY arrived at this epic conclusion by a series of frauds.

Whatever the faults of the Truman administration, no responsible political figure could charge to it, as did Senator McCARTHY, "a planned betrayal" in the Korean war. Or that the Truman State Department "signed the death warrant of every American boy who died in Korea." Or that the American Government—the executive as well as the military—was headed by "dupes and traitors" who "tried to make sure we did not win the battle" and led us to defeat in Korea. Thus, the McCarthy treason formula.

The Senator's attack on Gen. George Marshall June 14, 1951, will probably go down as one of the most disgraceful orations in congressional history.

It was a 60,000-word speech, to be "fully documented," Senator McCARTHY had announced, exposing "a great conspiracy" that "shall be forever deserving of the maledictions of all honest men."

As Chief of Staff, General Marshall had favored a channel invasion as the most direct route to the heart of Germany and the least costly in lives. Prime Minister Churchill pushed for a Mediterranean invasion, with the idea of assuring the Western nations a power balance in postwar Europe.

The Marshall strategy prevailed. Years later Senator McCARTHY called it an intentional surrender to Stalin. He pictured Gen. Dwight D. Eisenhower, Allied European commander, as "invariably" siding with his chief, General Marshall.

As the Senator droned on for 3 hours, shocked colleagues began to fade away. When the floor had almost emptied, Senator McCARTHY abruptly cut off the reading. But the sensational conspiracy charges against a five-star general, whom many regarded as a military hero, hit headlines.

Then, eager to forget the farce, the Senator passed on to new headlines. He succeeded, however, in silencing for the time being honest critics of General Marshall's Far Eastern and other foreign policies which had been under fire.

Last year, while chairman of the powerful Senate Permanent Investigations subcommittee, he made two more irresponsible headline bids. These ended in the ashcan.

In one, Senator McCARTHY charged the Truman administration with a treasonable shortage of ammunition in Korea—"one of the most inexcusable scandals that has ever been brought to light."

Republican Senator LEVERETT SALTONSTALL of Massachusetts, chairman of the Armed Services Committee, put out a quick denial.

Despite the denial, Senator McCARTHY renewed the charges 2 months later. This time, with the Republicans in office 8 months, he asked publicly how many traitors were still left in Washington.

In another bid for headlines, he implied that President Truman had concealed from the FBI a list of 150 Soviet atom spy suspects which had been turned over by the Canadian authorities.

The Canadian spy-list charges had been kicking around for 3 years. If true, the FBI must have been sitting on its hands. Attorney General Herbert Brownell announced 2 weeks later there was no such list. Again, JOE McCARTHY beat a hasty retreat.

In his "indictment" of the Democratic Party for "treason on 20 counts," he demanded that Adlai Stevenson, defeated candidate for President, plead guilty or not guilty "before the greatest of all juries, the American people."

The press gravely reported the McCARTHY "indictment."

The "counts" dealt with past foreign and military policy decisions, many of them generally approved at the time, others opposed.

In one "count," Senator McCARTHY accused President Truman, when the Korean war broke out, of ordering the 7th Fleet to halt attacks on Chiang Kai-shek's forces on the Red mainland of China. He failed to mention the rest of the directive: that the 7th Fleet was to protect Formosa against Red attacks.

Another "treason count" was based on American recognition of Russia in 1933. If that was treason, the McCarthy "indictment" should have included such outstanding Americans as Senator William E. Borah and Alfred E. Smith, who worked for recognition. The Scripps-Howard newspapers played a leading role in behalf of recognition.

By last May, the reckless McCarthy accusations had so disrupted the Capitol that Senator William F. Knowland, Republican floor leader, repudiated them from the floor.

President Eisenhower followed up 24 hours later. He said:

"If we allow ourselves to be persuaded that every individual—or party—that takes issue with our own convictions is necessarily wicked or treasonous, then indeed we are approaching the end of freedom's road."

With the return to power of the Republicans after 20 years, Senator McCarthy was expected to ease off his role of Communist hunter. By rank he was slated to head the Government Operations Committee of the Senate. This watchdog committee and its investigative subcommittee heretofore had left communism to the properly designated committees.

Reached in Phoenix, Ariz., November 8, 1952, the day after election, Senator McCarthy told this writer he planned "an entirely different role." His emphasis, he said, would be on graft and corruption.

"The picture has so definitely changed," he said then. "Now it will be unnecessary for me to conduct a one-man campaign to expose Communists in Government. We have a new President who doesn't want party-line thinkers or fellow travelers. He will conduct the fight."

But the lush headline potential was too attractive. By December 10, 6 weeks before the inauguration, he told an audience there'd be "no slackening" of his campaign against communism. "We have only scratched the surface," said the Senator.

The Senator didn't give his own party a chance to make good its campaign pledge to toughen up on the Reds.

[From the Washington Daily News of July 15, 1954]

JOE McCARTHY'S FORMULA: ANYTHING FOR A HEADLINE—HOW HE THREATENED TO WRECK FUNCTIONS OF UNITED STATES INTELLIGENCE SYSTEM

(Fourth article by Frederick Woltman)

In his grab for headlines, Senator Joseph R. McCarthy was ready to give Central Intelligence Agency, America's supersensitive $1 billion-a-year watchdog against communism abroad, the same treatment he handed the Army.

With CIA, a McCarthy workout could be disastrous.

The Army, its banners tattered and soiled, was able to survive.

But CIA depends on the strictest secrecy for all its operations. By disrupting its cooperation with intelligence arms of allied governments, the McCarthy treatment would dry up foreign sources.

The Wisconsin Senator months ago started a hatchet job on the agency and its director, Allen W. Dulles, brother of Secretary of State John Foster Dulles.

UNSUPPORTED

During the McCarthy-Army hearings, he casually tossed out grave—but totally unsupported—charges against CIA as though they were accepted facts.

The agency harbors "traitors," he said. It "is more heavily infiltrated by Communists than any agency of the Government." It presents "a worse situation than the Army."

Even before that, last year, he told the press that a Communist Party member, according to "evidence," had access to CIA secrets.

"An extremely bad situation," the Senator solemnly added.

Evidently it wasn't bad enough for Mr. McCarthy to do anything about it, but he did cash in on headlines at the time.

At the Army hearings he found himself in a tight spot. So he unexpectedly revived the CIA accusations, with the clear implication that the Eisenhower administration was covering up.

This time, the Senator indicated, he was really going to town.

President Eisenhower, however, resolved in no circumstances to expose CIA to Mr. McCarthy. He was ready for a showdown and moved fast. On July 5, it was announced the Hoover Commission would make a study of the agency and that Gen. Mark W. Clark would head the job.

This gave Senator McCarthy, whose case against CIA was ephemeral to begin with, a chance to get himself off the hook. He grabbed it fast and zigzagged away from the CIA issue. He was glad to see the study and would postpone his own investigation.

NO INVESTIGATOR

Whether or not Senator McCarthy abandons for good plans for his own CIA inquiry, it must be borne in mind that essentially he's no investigator. He's a headline maker.

His "press briefings," held often after closed one-man committee hearings, get him the headlines. There, he's accountable to no one. He can feed out at will exaggerated versions of secret testimony and unproved hearsay.

Reporters who cover Mr. McCarthy are only too familiar with this phase of his methods. It so often leaves them or their newspapers holding the bag.

In his Government Printing Office inquiry, the Senator did succeed in flushing out a bookbinder who was a fifth-amendment security risk. The GPO, he brought out, had been lax and inept in handling the case.

But this wasn't enough for Senator McCarthy. Earlier he made sensational headlines by telling the press of secret testimony. It showed, he said, that the employee had access to atom- and hydrogen-bomb secrets. He was "trying to establish," he said, whether Red spies slipped nuclear secrets to Russia, thereby speeding development of the Russian H-bomb.

The headlines never stood up. The testimony turned out to be that of a woman who had reported her suspicions long before to the FBI, and nothing happened. This did not, however, restrain the Senator from cashing in on them years afterward.

The Senator kept the espionage at Fort Monmouth boiling for months this way and caused the first break between himself and the Army. Secretary of the Army Robert T. Stevens concluded Mr. McCarthy was misrepresenting the facts and injuring Army morale.

Senator McCarthy, Mr. Stevens testified later, was "very mad and felt I had double-crossed him by denying 'current espionage'."

But when the time came to make good on the charges, the Senator ducked out.

He had "no real hope" of proving espionage, Senator McCarthy told the subcommittee. He went further: "It is not our function to develop cases of espionage."

Despite the unproved charges and countercharges, the unending flow of contradictory testimony and the irrelevancies, the Army-McCarthy hearings seemed to bear out an earlier remark by Defense Secretary Charles E. Wilson. Namely, that while one Communist in the Army was too many, the McCarthy holocaust was fiddling while Rome burns compared with the momentous defense problems of meeting the threat of global war.

PERESS CASE: WHAT REALLY HAPPENED?

Take the case of Maj. Irving Peress. Although he failed to fill out his loyalty questionnaire, the dentist had been commissioned, promoted, then, after pleading the fifth amendment, honorably discharged.

This started Senator McCarthy on his allegation of "Communist coddling" by higher-ups in the Army.

Yet, 6 months before Mr. McCarthy called the major to a closed hearing, the Army had recommended the dentist be separated from the service.

And a year before that the Army had issued a directive which should have prevented such slip-ups in the future.

Secretary Stevens frankly admitted the Army's screening process had broken down in the Peress case. He took immediate steps to prevent a recurrence. The faults were obviously administrative.

Senator McCarthy insisted, nevertheless, on reading a sinister plot into the affair. He magnified it to ridiculous proportions.

Or take the case of the "35" (actually 36) Monmouth civilian employees used by Mr. McCarthy as a limb on which to hang his recurrent cries of "Communists" and "espionage." The 36 had been suspended on a security recheck. The Senator took credit for forcing the suspensions.

But the Army had been investigating months before Senator McCarthy crashed the act.

Mr. McCarthy kept referring to the "35 Communists" during the hearings. Occasionally he made oblique references to "traitors." Yet—

All 35 (36) denied the Communist charges.

Not one invoked the fifth amendment.

Of the 36, not 1 has been finally dismissed.

Fourteen have since been reinstated, four with full clearances.

Monmouth illustrates the unique McCarthy distortion technique: stating as facts a set of nonexisting circumstances; then repeating them as facts when challenged.

Completely lost to the public in the McCarthy-Army polemic is the Senator's principal target—the unknown higher-ups in the Pentagon who have been "coddling the Communists."

These are the real culprits, according to Mr. McCarthy.

DISBANDED PANEL

This sinister aggregation turns out to be the Army's Loyalty-Security Appeals Board, a panel of 20 men named under the Truman loyalty program. When the Eisenhower security program took over in April 1953 the panel was disbanded. Its members returned to their regular jobs.

The panel consisted of regular Army colonels and lieutenant colonels along with high-level Army career employees in the salary grades of $9,600 up. The civilians came from the Judge Advocate General's office, from G–2, finance, Army education and other branches.

They decided appeals according to the then existing loyalty standards, under which current loyalty alone was the test. They had no alternative but to follow those standards.

But under the Eisenhower security program, security risks, based on past associations, takes precedent over present loyalty.

Senator McCarthy refuses to recognize the different official standards.

So he wants to subpena the 20 and interrogate them on their reasons for reversing some dismissal recommendations by the hearing boards.

President Eisenhower made up his mind not to subject these Army officers and career men to the Senator. The President could hardly forget the "abuse" Mr. McCarthy heaped on Brig. Gen. Ralph W. Zwicker, the decorated World War II combat officer, at a private hearing. The Senator said the general was unfit to wear his uniform. That blew the lid off.

NO BLACK AND NO WHITE

Moreover, the executive branch, present and past, holds that any loyalty program would be destroyed if Congress could sit as a superjury to review cases. Most Members of Congress agree. Cases on appeal are never black or white.

They are in the gray area, requiring decisions of judgment on which reasonable men may disagree.

Appeals board members, confronted with the prospect of having to explain themselves later to a congressional committee—or to Senator McCARTHY—are apt to render political decisions.

That's the crux of the controversy between Mr. McCARTHY and the White House which shaped up at the hearings.

Should Mr. McCARTHY open up again on our foreign intelligence service, CIA Director Dulles will have some lessons to guide him from the Army-McCarthy clash.

For one thing, the Senator's fancy footwork.

First he accused the Army of using his former unpaid aid, Pvt. G. David Schine, as a "hostage" to "blackmail" him into dropping the Monmouth inquiry. Two days before the hearings opened, he shifted strategy, and contended that Assistant Defense Secretary H. Struve Hensel masterminded Army charges that the Senator demanded special treatment for Schine. Why? So Senator McCARTHY would be shunted off from an inquiry into "serious charges of misconduct and possible law violations" by Mr. Hensel in a wartime Navy deal—according to the McCarthy version.

But there the plot enlarged, and the instigators had become Attorney General Herbert Brownell, Jr., his chief deputy, William P. Rogers, and Sherman Adams, Assistant to the President.

Further along, the Senator saw a chance to pin it all on the Democrats.

It was the Democrats who "shoved" Secretary Stevens into the battle, but by the time Mr. McCARTHY took the witness stand, Secretary Stevens had become "essentially" an honest man, "mouse-trapped" by the Democrats, bewildered by "the rough and tumble of Washington politics."

So Senator McCARTHY had backed away completely from his original charges.

The Hensel charges, meantime, evaporated. Mr. McCARTHY at an executive session admitted he based them on an assumption, arrived at when he "added 2 and 2 together." According to Mr. Hensel, he'd even offered to withdraw them if possible without seeming a "damn fool."

OLD INDIAN CHARLIE

In an affidavit to the committee, Mr. Hensel swore the Senator had explained the origin of the charge: An Indian he once knew named "Charlie" advised young Joe that in a scrap one should start kicking below the belt as fast as possible until one's opponent was rendered helpless.

The "Charlie" explanation rings true to the oft-repeated McCARTHY boast that he uses such tactics on Communists. Except, of course, the Assistant Defense Secretary could, by no stretch, be called a Communist.

CIA Director Dulles has another lesson before him: The humiliating spectacle of the Army truckling to the Senator and his ambitious, uncurbed chief counsel, Roy M. Cohn.

Altogether, the testimony shows there were some 70 phone calls, conversation, or other contacts between the Army and the McCarthy staff on the question of favored treatment for Schine.

Mr. Stevens fraternized with the 27-year-old private as an intimate. Three times the Army Secretary went over the question of a Schine commission with the Defense Secretary. Once he met CIA Director Dulles at 8:15 in the morning to propose an intelligence assignment for Schine.

THE CIRCUMSPECT MR. SCHINE

Though unable to control his own chief counsel, Mr. McCARTHY could make an errand boy out of Army Department Counselor John G. Adams. At one point, Mr. Adams reported happily to the McCarthy staff that Schine was "behaving in a circumspect manner" at Camp Gordon.

Why, Private Schine was such a good boy he's sold his Cadillac, gone into Augusta and, Mr. Adams reported, got himself a "second-hand Chevvie."

A high point of silliness was struck at a McCarthy-Adams conference on January 22 when the Senator presented the Army counseler with a cheese and some sausage.

It was at this conference, Mr. McCARTHY testified, that Mr. Adams tried to blackmail him.

A GIFT CHEESE FOR THE SECRETARY

Secretary Stevens, who also got a gift cheese, and the Senator had a monitored phone talk afterward. The transcript goes as follows:

"Secretary of the Army. I want to thank you first of all for the marvelous cheese you and Jeannie sent me—we are most grateful to you, Joe. It would be in or out of order to buy you a cocktail that you might name?

"Senator McCARTHY. Why don't you drop over here about 5 and we can go across the street and have a drink."

It was some time later the Army decided you can't do business with JOE McCARTHY.

[From the Washington Daily News of July 16, 1954]

HOW McCARTHY DEMORALIZED THE VOICE—A VICTORY FOR THE KREMLIN—HERE'S AN EXAMPLE OF HOW NOT TO RUN AN INVESTIGATION

(Fifth article by Frederick Woltman)

Senator JOSEPH R. McCARTHY is bringing into disrepute one of the most vital functions of Congress. It is the power to investigate—an invaluable weapon in America's arsenal against communism.

Senator McCARTHY's methods menace in particular the future of the two committees created to deal with the Communist conspiracy. They are the Velde Un-American Activities Committee in the House of Representatives and the Jenner Internal Security Subcommittee in the Senate.

Both have developed sound, fair, and judicial procedures. Yet they increasingly are tarred with the McCarthy brush.

For the Wisconsin Senator has given a powerful shot in the arm to those who would take Congress altogether out of the business of exposing communism. The Communists and the anti-anti-Communists are delighted.

THIS WAS HIS WORST

His supreme disservice to date to the investigative role of Congress was the degrading spectacle of the McCarthy-Army hearings. No one understands this better than his own Republican colleagues most concerned with communism.

To save what was left from the wreckage and to restore public confidence, the Senate Republican policy committee on July 1 offered a new code of conduct for committees. One objective was to "assure the rights of witnesses" and guard against "smears."

Senator McCARTHY'S position up to now has been: "To hell with everybody. I'll make my own rules."

As a case history of his methods, this writer made a special study of the Senator's first venture after inheriting chairmanship of the powerful Senate Government Operations Committee in January 1953. It was his melodramatic inquiry into the Voice of America and our overseas information program. Then in the State Department, this $88 million-a-year agency has been waging the Government's propaganda counter-offensive against Soviet communism.

HIS JOB ON THE VOICE

The committee and its permanent investigations subcommittee, before Senator McCARTHY took over, had achieved a creditable reputation for uncovering waste and corruption. It had scrupulously steered clear of communism, leaving that to the two other committees. At the same time, President Eisenhower took office pledged to make subversion in Government the responsibility of the executive branch.

Hardly before the new President was sworn Senator McCARTHY moved in.

The two central figures in the recent Army-McCarthy wrangle, Roy M. Cohn, his counsel, and G. David Schine, his unpaid aide, carried the ball on the Voice inquiry.

For months running they generated blazing headlines of "Mess," "Scandals," "Sabotage," and "Subversion."

In the judgment of this writer, it will go down as one of the most disgraceful, scatterbrained, inept, misleading, and unfair investigations in congressional annals.

The public hearings (770 pages of transcript) and the final reports, as well as the Senator's day-to-day press feedouts, gave a totally distorted picture of what, by 1953, had become a potent force in the psychological war against communism.

As a result, the work of the agency was disrupted for months; its staff was demoralized; America's influence abroad was damaged; the Red press of the world had a field day; it was a mighty victory for the Kremlin.

The record of the McCarthy Voice inquiry offers a revealing lesson on how not to run a congressional investigation. It could serve as a useful guide to the current hearings on committee methods, conducted by the Senate Rules Subcommittee and its counsel, Robert Morris.

The McCarthy-Cohn-Schine trio set out to show sabotage and subversion. Evidence to the contrary was brushed aside.

UNCHECKED SUSPICIONS

The few Voice employees who fancied "plots"—on the flimsiest pretexts—were rushed into public hearings.

Responsible anti-Communist employees, who did not, were never called.

Unchecked suspicions and grievances of witnesses with an ax to grind were presented on TV as believable evidence. Second-hand testimony was used which first-hand evidence would have exploded.

Salient documentary evidence was not brought to the attention of the committee members.

In some instances Senator McCARTHY picked as a target solidly anti-Communist Voice officials. One was Edwin M. J. Kretzmann, the VOA policy adviser, who had always backed an aggressive anti-Communist policy in the broadcasts. On second-hand hearsay, later refuted, Senator McCARTHY tried to make an atheist out of VOA's religious editor. This got headlines.

Their cops-and-robbers, 18-day whirlwind tour of 7 European countries made a laughing stock of Messrs. Cohn and Schine and of their Government.

Ostensibly there to find Red-authored books in American libraries, they sailed through with a blaze of press interviews that would have brought instant dismissal had they been, for instance, FBI agents.

It was a performance inconceivable under any other congressional committee chairman.

For calling them "junketeering racketeers," Theodore Kaghan, acting public affairs director for the United States High Commissioner in Germany, was brought back, grilled mercilessly by Senator McCARTHY, mostly on irrelevancies, and cashiered.

The McCarthy staff ignored Mr. Kaghan's outstanding record in directing the anti-Soviet propaganda war in Austria and Germany, attested to by leading German anti-Reds.

Nor did it matter that High Commissioner James B. Conant, appointed by President Eisenhower, defended Mr. Kaghan as "an effective" fighter against communism.

Secretary of State John Foster Dulles had to plead for 6 months "to correct errors," but said he would not be "dictated to."

Panicked at one point, Mr. Dulles ordered that henceforth no Communists could be quoted in Voice broadcasts behind the Iron Curtain.

Quoting Stalin's words to make him eat them had been a useful psychological tool against the Kremlin. Later Mr. Dulles reversed the order.

Senator McCARTHY put on a full-dress show over his charge of Communist books in overseas libraries.

The number turned out to a tiny fraction of the 2 million volumes.

The Senator disregarded the fact that the Government was acutely aware of the problem and already was weeding out the books. A Government spokesman testified that the book charges were exaggerated "out of all proportion."

Senator McCARTHY's final Voice reports were 1-man documents signed by the Senator. Compared with those of the Velde and Jenner groups, they were, to say the least, half-baked.

In some instances, blistering conclusions were reached which flatly contradicted the evidence; in others, out-of-context excerpts were used which the full text would have refuted.

BAKER EAST AND BAKER WEST

Possibly the Senator's most shocking exhibition concerned Baker East and Baker West.

Here he tried to pin a fantastic sabotage plot on Voice engineers and their superiors. What was involved was nothing more than a problem of radio transmission. Had he bared the full story, Senator McCARTHY's "plot" would have had to include such institutions as the Radio Corporation of America and Massachusetts Institute of Technology.

Yet the Senator kept throwing out innuendos of treason which guaranteed him headlines.

In the midst of this, the Voice engineer who had done the spade work on the Baker projects, Raymond Kaplan threw himself in front of a truck in Boston. Quickly after the suicide, Senator McCARTHY announced there was no evidence of "any wrongdoing of any kind" against Mr. Kaplan.

In a suicide note to his wife and son, Mr. Kaplan wrote he was being made "the patsy." He added: "You see, once the dogs are set on you, everything you have done from the beginning of time is suspect."

Bakers East and West were part of an enormous top-level project for piercing the Iron Curtain. The idea, known as the Ring plan, was to build a necklace of superpower radio transmitters around the Soviet-dominated countries to break Russian jamming. Bakers East and West were to be the two shortwave stations on American soil.

The State Department retained MIT's Research Laboratory of Electronics to recommend locations. After exhaustive research and based on reports from RCA's Central Propagation Laboratory, the Bureau of Standards and the Army Signal Corps, MIT proposed one site in North Carolina, and another near Seattle.

A technical disagreement later came up over the locations. Here Senator McCARTHY entered the picture. An unhappy ex-assistant engineer had opposed the Seattle site.

On the basis of his testimony, Senator McCARTHY and his staff created a false issue over the sites. From it, they tried to spell out a subversive plot to mislocate the stations for the Soviet Union.

At first they played down the role of MIT and RCA. They failed to bring out official correspondence that would have showed the sites were recommended and re-recommended by the outside agencies.

They failed to call a single one of the prominent electronics engineers and scientists who made the recommendations and would have backed the sites.

Senator McCARTHY, to show great waste, kept repeating that the MIT study cost $600,000.

Actually it cost $6,000.

The issue narrowed down to one man, Dr. J. B. Wiesner, director of the MIT electronics laboratory, who signed the report favoring Seattle. Senator KARL MUNDT, Republican, of South Dakota, and other Senators pressed Senator McCARTHY and Roy Cohn to produce the MIT scientists in order to get the facts straight.

Mr. Cohn finally told them he had talked with Dr. Wiesner, with "three of us on the line."

"Dr. Wiesner," he assured the Senators, stated "that it was his conclusion that Baker West, from a standpoint of efficiency and reliability, should be moved south and away from Seattle, and that he would just as soon not come here and testify, as that was his conclusion."

That satisfied the Senators.

Dr. Wiesner was never called.

In his final report to the Senate, Senator McCARTHY slightly watered down his original accusations of "deliberate sabotage" which got him the headlines. But he was still able to boast that he "uncovered waste and mismanagement of such a magnitude to suggest deliberate sabotage as a possible alternative to hopeless incompetence."

This writer recently visited Dr. Wiesner at MIT in Cambridge, Mass. There he directs a staff of 350 which is doing basic scientific research on radar communications under Government contract.

Dr. Wiesner told me that Mr. Cohn had misrepresented him.

Virtually all of the engineers still favor Seattle, he said.

"I told Cohn my technical judgment was still to put Baker West in Seattle," said Dr. Wiesner.

"We had a long, heated discussion in which he tried hard to get me to agree that the Seattle site was inferior. I refused. He misrepresented my position.

"Also, at the end of our final discussion, Cohn said: 'I don't intend to subpena you, but you are free to come down and make any statement you want to.' He did not ask me to come.

"Since I had no idea he was going to misrepresent me, I thought I had no need of coming.".

Mr. Cohn had also suggested sabotage.

"I told Cohn I saw no evidence of sabotage," Dr. Wiesner asserted. "I felt at the time and still do that the sabotage charge was completely unfounded and ridiculous."

By failure to present Dr. Wiesner's vital testimony, Senator McCARTHY could report mismanagement approaching sabotage. And he could boast of having "effected a saving of over $18 million" in the Baker projects alone.

At the McCarthy-Schine hearings the Senator gave much of the credit for the $18 million savings to Schine, now an Army private.

The figure turns out to be not quite so.

On the heels of his sabotage charges, the Baker projects were scrapped. But $8,434,000 had already been spent.

And the world's two largest radio transmitters now lie useless in Government warehouses, declared surplus property.

It's these free-wheeling McCarthy tactics that put the Velde and Jenner committees at a murderous disadvantage. The Senator can out-talk and out-shout them. His exaggeration and distortions assure headlines. Their quiet, orderly methods do not.

What is needed in America today is continued vigilance by the FBI and other police agencies; plus a joint congressional watchdog committee, under a responsible chairman, with fair and sound rules of procedure.

Last February the Republicans got worried over the effect of Senator McCARTHY's committee methods on public opinion. Senator HOMER FERGUSON (Republican, of Michigan), chairman of the Senate Republican Policy Committee, announced a unanimous decision to push for certain committee procedural reforms. They were endorsed specifically by President Eisenhower and Vice President NIXON.

The Senator's reply was defiance.

He didn't "give a tinker's damn," Senator McCARTHY asserted, about "how high or how low" were his critics in either party. To emphasize he meant the President and Senate Republican leaders, he repeated slowly and deliberately: "How high or how low."

[From the Washington Daily News of July 14, 1954]

BLASTS FROM A STUCK WHISTLE—McCARTHY VERSUS THE GOP

With the election of Dwight D. Eisenhower and the return of the Republicans to power, Senator McCARTHY lost little time in harassing the new regime.

As under the Democrats, the McCarthy stuck-whistle charges continued—of Communists, subversion, treason, in Government. Here is a calendar tabulation of the headlines the Senator was able to make for himself under the Republican administration:

November 8, 1952 (day after election): Tells reporter his "emphasis will not be on communism, but on graft and corruption. * * * We have a new President who doesn't want party-line thinkers or fellow travelers. He will conduct the fight."

December 10: Says in Washington there would be no slackening of his campaign against communism. "We have only scratched the surface."

December 12: Demands the President-elect give him the Executive files on crooks or Communists in Government.

January 1953: Launches attack on the Eisenhower nomination of James B. Conant, president of Harvard, as High Commissioner to Germany. A few weeks before, announced he was going to investigate Communist thinkers in Nation's colleges.

February 13: Announces, after one closed hearing, he has found evidence of sabotage in the Voice of America, under the new Secretary of State, John Foster Dulles.

February 14: Promises sensational disclosures of "waste, incompetence, and subversion," in the Voice of America.

February 28: Mr. Dulles pleads for 6 months to correct the accumulated errors in the past 20 years. Senator McCARTHY steps up his attacks, turning them on the United States information program abroad.

March 21: Launches drive to scuttle President's nomination of Charles E. Bohlen, Russian expert, as Ambassador to the Soviet Union. Asserts latter is security risk. Accuses Mr. Dulles of double talk and untrue statements in defending Mr. Bohlen and demands lie-detector test of Mr. Bohlen. Mr. Bohlen confirmed after Republican Senator Robert A. Taft contemptuously answers McCarthy charges. And after Republican policy chairman, Senator WILLIAM F. KNOWLAND, assails them.

March 29: Begins bitter, drawn-out controversy with Eisenhower Foreign Aid Chief, Harold E. Stassen, over Greek ship trade with Reds in Orient. Mr. Dulles warns of dangers in congressional committees entering field of foreign relations.

April: McCarthy aides Roy M. Cohn and G. David Schine make 18-day whirlwind

sweep through West Europe to ferret out subversion in United States overseas information program.

May 4: Delivers go-it-alone speech to Senate, daring our allies to pull out of Korean war. Republican colleagues reply nothing could be more pleasing to the Kremlin.

June 14: President assails "book burners," term generally directed at Senator McCarthy for his campaign on State Department's libraries abroad.

July 9: Turns guns on Central Intelligence Agency and its Director, Allen W. Dulles, brother of Secretary of State.

August 4: Accuses CIA Director Dulles of "coverup."

August 5: Claims Reds "still" in Department of Agriculture.

August 10: Tells press Communist Party member has access to secrets of CIA, Military Establishment, and Atomic Energy Commission through Government Printing Office. Hints Red spies stole nuclear secrets which helped Russia develop H-bomb. "An extremely bad situation."

October 11: Claims evidence that has "all the earmarks of extremely dangerous" and "extremely recent" espionage in Army Signal Corps radar laboratories at Fort Monmouth.

November 21: Announces "We've got to take a lot more positive stand against Communists . . . We haven't even scratched the surface yet."

December 1: Attacks Government for soft treatment of Allies over trade to China. "Are we going to send perfumed notes, following the style of the Truman-Acheson regime?" Secretary Dulles replies, with approval of President, that Senator McCarthy "attacks the very heart of United States foreign policy."

December 2: Without mentioning his name, President takes sharp issue with Senator McCarthy's tactics for dealing with Communists at home and abroad.

December 15: Announces he will demand names of Navy personnel who "cleared Communists."

January 13, 1954: Announces investigation of possible Red influence in Hawaii.

February 2: Insists again he uncovers "very, very current espionage" at Fort Monmouth.

May 30: At Army-McCarthy hearings, finally extends "20 years of treason under the Democrats" to "21 years of treason," bringing it into the Eisenhower administration.

Mr. LEHMAN. Mr. President, will the Senator from Vermont yield?

Mr. FLANDERS. I yield.

Mr. LEHMAN. Mr. President, I wish to compliment the distinguished Senator from Vermont on his eloquent and convincing remarks. At a later date I shall speak at considerable length on the resolution he has just read and on the evils and dangers of "McCarthyism," on which I have spoken so frequently in the past 3 or 4 years, both on the floor of the Senate and elsewhere.

However, in the meantime, let me assure the distinguished Senator from Vermont of my wholehearted support of the resolution he will call up. I express the deep hope and the expectation that the deadline for the presentation of the resolution will be not later than July 30; otherwise, I greatly fear that in the press of the business of the Senate, the resolution may be sidetracked, and Members of the Senate may be deprived of an opportunity to express their views on this all-important subject, which so closely affects the dignity, the duties, and the responsibilities of the Senate, in which the distinguished Senator from Vermont and I have the honor of serving.

Mr. FLANDERS. I heartily thank the Senator from New York.

SECRET ARMY INFORMATION AND ARMY CONTRACTS TO UNDERWORLD ASSOCIATES

Mr. WILLIAMS. Mr. President, in 1951 a charge was presented to the Senator from Kansas [Mr. Schoeppel] and myself that associates of the underworld had been given clearance to secret contracts and information by the Department of the Army, and that a company controlled by this group was being awarded Government contracts at prices higher than other responsible bids.

Also the charge was made that this company, controlled by a man who definitely was connected with the underworld, had placed a representative in a key position as assistant to the Director of War Mobilization Board, and that this representative had been given this high position without any FBI check.

Mr. BUTLER. Mr. President, will the Senator from Delaware yield?

The PRESIDING OFFICER (Mr. Kuchel in the chair). Does the Senator from Delaware yield to the Senator from Maryland?

Mr. KNOWLAND. Mr. President, I ask that the Senator from Delaware yield only for questions. I expect to insist that the rules be rather rigidly enforced until we dispose of the unfinished business.

Mr. BUTLER. Mr. President, will the Senator from Delaware yield for a question?

Mr. WILLIAMS. I yield.

Mr. BUTLER. Did I correctly hear the Senator from Delaware? Did he say that a man with definite connections with the underworld had placed in a high position in our Defense Establishment another man without FBI clearance?

Mr. WILLIAMS. That is correct. I think the documents I shall place in the Record today will substantiate that statement. In fact, I shall quote at this time from a letter signed by Mr. Charles E. Wilson, Director of the War Mobilization Board—and I may say this Mr. Wilson is not the Charles Wilson who is the Secretary of Defense. The letter is dated March 31, 1952:

> The fact is that he was not investigated by the FBI prior to being sworn in as an employee of the Office of Defense Mobilization.
>
> In a preceding letter by Mr. Wilson I was advised that the customary rule requiring persons appointed to such positions be cleared was not followed. This case is the only exception of which I know.

Mr. BUTLER. Mr. President, will the Senator from Delaware yield for another question?

Mr. WILLIAMS. I yield.

Mr. BUTLER. Does the Senator from Delaware know how this was accomplished?

Mr. WILLIAMS. I put the same question to Mr. Wilson. In a letter dated February 28, 1952, I was advised—and I now quote from the letter:

> Mr. Lamb was recommended for the position by Gen. Harry Vaughan.

Mr. BUTLER. Is that the General Vaughan who was the personal aide to Harry S. Truman, former President of the United States?

Mr. WILLIAMS. That is correct.

Mr. BUTLER. Do I correctly understand that the personal aide to the then President of the United States placed a man who had connections with the underworld in one of our defense establishments, with a top secret rating?

Mr. WILLIAMS. No; that man was given a "secret" rating; however, another individual who controlled the company that sent him to Washington and who did have a direct connection with the Costello gang, did get top secret clearance. It should be said, as to the background of this man who got secret clearance that I know nothing other than the fact that he was a representative of a company in New York which was definitely organized with money from members of the underworld and that clearance was given to him without an FBI check, and apparently solely upon the recommendation of General Vaughan.

Mr. President, recognizing the seriousness of these charges, we immediately reported the charge to the agencies affected and began to check. Today we are in a position to render a report.

First, I wish to discuss how top-secret clearance was given by the United States Army to an individual who not only has an unsavory record of his own, but also was definitely established as having financial connections with prominent members of the Frank Costello gang. The name is Louis I. Pokrass, 115 Central Park West, New York City.

Mr. BUTLER. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Mr. BUTLER. I know the reputation for accuracy of the Senator from Delaware, and I know he has never made a statement on this floor that he could not back up and document. Is it the statement of the Senator from Delaware at this time that this man did have top-secret clearance?

Mr. WILLIAMS. The man I am discussing now, Mr. Pokrass, did get top-secret clearance, and I can definitely establish here, today, the fact that he was financially connected with members of the underworld, including Frank Costello, Meyer Lansky, and Bugsy Siegel, and so forth.

Louis I. Pokrass was born in Korsun, Russia, July 17, 1898. He came to the United States in either 1913 or 1914; enlisted in the United States Navy in 1918; was naturalized in New York City on September 5, 1918; received an honorable discharge from the Navy in 1919; and has resided in New York since that time.

During the prohibition era Mr. Pokrass was arrested four times for violations of the National Prohibition Act, with the charges being dismissed in each instance.

After the repeal of the Prohibition Act, Mr. Pokrass joined other individuals, most of whom had questionable backgrounds, in organizing numerous wholesale and retail liquor establishments.

During the succeeding years the records show that at periodic intervals Mr. Pokrass or his companies were involved in numerous conflicts of the law. One particular case involved a serious charge of floor-stock-tax evasion on the part of the Capitol Wine & Spirits Corp., under which name they were at that time operating, and resulted in recommendations for criminal prosecution, as well as civil liability. On July 3, 1942, he successfully negotiated a compromise settlement with the Department of Justice, wherein he paid $95,000 in lieu of further civil liabilities; and an additional $5,000 was paid to the Department of Justice in lieu of criminal prosecution.

Mr. BUTLER. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Mr. BUTLER. Does the Senator from Delaware know who investigated those charges and who made that settlement?

Mr. WILLIAMS. I am going to incorporate in the RECORD a letter from the Department of Justice outlining the complete details.

Mr. BUTLER. Does the Senator from Delaware feel that any further investigation should be made of that phase of the matter?

Mr. WILLIAMS. I shall place this case in the RECORD; and I think it would be well for every Member of Congress to review the case and also to have it reviewed by the congressional committees that are responsible.

In the public hearings held by the Kean subcommittee last year the record showing how Mr. Pokrass made various payments and gifts, including two $1,000 checks, a new car, and a fur coat to Carroll Mealey, Deputy Commissioner of Internal Revenue, who was then serving as Chief of the Alcohol Tax Unit, was fully documented and exposed. These payments were made during a period when Mr. Pokrass had an application pending before Mr. Mealey's department.

Mr. BUTLER. Mr. President, will the Senator yield at that point?

Mr. WILLIAMS. I yield.

Mr. BUTLER. Did Mr. Mealey have anything to do with the settlement of the floor-tax case?

Mr. WILLIAMS. No, not the floor-tax case.

Mr. BUTLER. The Senator is now referring to another case?

Mr. WILLIAMS. This is another case, in which the Kean subcommittee developed that Mr. Pokrass had made various payments of the nature described to Mr. Mealey, who was then chief of the Alcohol Tax Unit.

We also developed later from our record that Mr. Mealey intervened in this case in what might be considered a rather irregular manner and obtained a favorable decision for Mr. Pokrass.

Mr. BUTLER. The floor-tax case would have been handled through Mr. Mealey's tax unit, would it not?

Mr. WILLIAMS. Yes, but Mr. Mealey was not connected with it at that time. I do not think Mr. Mealey had anything to do with the other case.

In 1952 Mr. Pokrass successfully dodged the subpena issued by the King subcommittee, which at that time was attempting to check this same transaction.

In addition to an unsavory record of his own including numerous conflicts with the law and the bribery of a public official the record also shows that Mr. Pokrass had been directly connected with some of the country's most notorious underworld characters.

In 1946 Mr. Pokrass joined Benjamin (Bugsy) Siegel in building the Flamingo Hotel in Nevada. Mr. Pokras put up $250,000 in this venture.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield to the Senator from Maryland.

Mr. BUTLER. Did not Mr. Siegel meet a very untimely death at that very hotel?

Mr. WILLIAMS. That is correct.

Mr. BUTLER. And he was one of the partners with Frank Costello, Pokrass and others interested in this defense plant?

Mr. WILLIAMS. Mr. Siegel was not interested in the defense plant, but Pokrass was connected with Mr. Siegel in the Flamingo Hotel. I cited that solely to show the connection of that individual with these prominent members of the underworld and that they did have financial connections through the years.

Mr. BUTLER. Can the Senator show that they had a financial interest in this company?

Mr. WILLIAMS. Frank Costello and others had a financial interest in this company when it was established. That can be definitely shown, although there is the claim that prior to taking the defense contracts Pokrass had purchased their interest.

Mr. BUTLER. In any event, at some time during the history of the company persons financially interested, including Bugsy Siegel——

Mr. WILLIAMS. No; they did not include Bugsy Siegel in this company which got the defense contract. They included Frank Costello, Meyer Lansky, and it was reported Joe Adonis—and Mr. Pokrass.

Mr. BUTLER. We do know that the company itself, or Mr. Pokrass, the head of the company, had a top secret clearance for our defense secrets, and we know that Mr. Lamb had a secret clearance for our defense secrets.

Mr. WILLIAMS. That is correct.

Mr. BUTLER. Not only that, but he had a key position in our Defense Establishment, at the appointment, apparently, of General Vaughan, who was the aide to the President of the United States.

Mr. WILLIAMS. That is correct, although there is a claim that these individuals had separated from this company prior to the time of these latter happenings. Nevertheless, that claim does not remove the fact that an associate of these men, a man who had an unsavory record of his own, was given a top secret clearance and he was represented in the Office of Defense Mobilization. That was a dangerous situation.

In 1947 Mr. Pokrass became interested in television and organized the Consolidated Television Corp. On November 10, 1948, the name of this company was changed to the Tele-King Corp. Mr. Pokrass was a top official and principal figure in both companies.

On October 11, 1951, Mr. George Goldstein, certified public accountant, Newark, N. J., testified before the Kefauver crime committee to the effect that Frank Costello, under the name of his attorney George Wolf, was a stockholder with this same Mr. Pokrass in the Consolidated Television Co., the predecessor company for Tele-King.

On March 21, 1951, Frank Costello, under oath before the Kefauver crime committee, confirmed that both he and Meyer Lansky had joined Louis I. Pokrass in financing this television company, and, according to his testimony, he later sold his interest to Louis Pokrass.

On February 14, 1951, Meyer Lansky, another notorious racketeer and member of the Costello gang, when testifying under oath before the Kefauver crime committee in New York City, likewise confirmed that both he and Costello had invested in this television company, of which Louis Pokrass was the principal figure. Mr. Lansky in his testimony on that same date stated that Joe Adonis was also a partner in the company, although I should say at that point that this is the only information I have with reference to Joe Adonis.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. BUTLER. A moment ago the Senator mentioned an address in New York. Is that the address of another notorious underworld character, other than the man to whom the Senator is now referring?

Mr. WILLIAMS. I was about to make the statement that during this period the listed address of Louis I. Pokrass was 115 Central Park West, New York City, which address was exactly the same as that of Frank Costello.

On February 13, 1952, an FBI report containing practically all this information regarding the background of this group was submitted to the White House. However, it was not until December 9, 1952, that any action was taken to revoke a "top secret" clearance which had been granted to Mr. Pokrass.

I may say that since I prepared this speech, and just before I started speaking, Lieutenant Colonel Walker, from the Defense Establishment, called my office. While at first the Defense Department was unable to establish the fact that there was a top secret clearance for Mr. Pokrass, and while I am incorporating in the RECORD today a letter in which the Defense Establishment officials said that this individual received no more than secret clearance, I was advised just a few minutes ago that they had reexamined their files since I insisted that he had been given top secret clearance, and they now find that I am correct in my statement.

Later today I will incorporate in the RECORD their letter confirming this one remaining question.

Mr. BUTLER. Mr. President, will the Senator yield before reading the memorandum?

Mr. WILLIAMS. I yield.

Mr. BUTLER. The Senator said this information had been sent to the White House. Tell us again when it was sent.

Mr. WILLIAMS. February 13, 1952.

Mr. BUTLER. When was action taken upon it?

Mr. WILLIAMS. The clearance was not revoked until December 9, 1952.

Mr. BUTLER. Almost a year after the information was sent to the White House?

Mr. WILLIAMS. That is correct.

Mr. BUTLER. As a member of the Internal Security Subcommittee I have heard of instances similar to that. Indeed, several cases in which information was sent to the White House during the last administration and nothing was done about it. Does not that point up the need for a Senate committee or committees to keep track of some of these things, to see that the executive departments do not fall down in instances of this kind?

Mr. WILLIAMS. Unquestionably there is weakness or laxity somewhere. I fail to find any reasonable excuse for what happened. Remember that at the time this took place we were in the midst of the Korean war.

Mr. BUTLER. It is almost inconceivable that it could have happened in the first instance; but when it was brought to the attention of the White House, it is completely inexcusable, in my opinion, that the situation was permitted to continue for almost a year without being remedied.

Mr. WILLIAMS. The memorandum which was dictated to my secretary this morning was to the effect that on March 20, 1951, Louis I. Pokrass was given "top secret" clearance, and that on May 26, 1951, that clearance was changed to secret clearance. However, he retained his "secret" clearance until December 9, 1952.

Mr. BUTLER. If the Senator can do it, will he please define, for the benefit of the American public, what "top secret" means?

Mr. WILLIAMS. It is my understanding that it is the highest clearance that can be given any civilian.

Mr. BUTLER. It is the very highest classification; and a man with top-secret clearance can see secret documents, no matter how vital they may be to the defense of this great country. Is not that true?

Mr. WILLIAMS. That is my understanding—even including documents which are not available to Members of Congress.

Mr. CASE. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. CASE. Was the party in question cleared for receiving all top-secret information or for receiving contract specifications of a top-secret character?

Mr. WILLIAMS. Contract specifications, which makes a difference, as the Senator knows.

Mr. CASE. Yes; there is a difference. To be wholly accurate, it is possible that this man was given the right to examine contract specifications of a top-secret character, and it does not necessarily mean that he had access to all top-secret information.

Mr. WILLIAMS. That is correct. However, the Senator from South Dakota knows that top-secret clearance, even to that extent, does give an individual the right, as a prospective contractor, to examine the top-secret work which this country is considering. That can include radar or work in the atomic field.

Mr. CASE. Yes; I would agree to that. It points up a very disturbing situation, when a man of such character, unreliable, or at least undesirable, should have access to that type of information.

Now I should like to ask the Senator, reverting to the question asked by the Senator from Maryland [Mr. BUTLER] some time ago, whether I understand correctly that Mr. Pokrass was given this position and this access to top-secret contractual specifications on the recommendation of General Harry Vaughan.

Mr. WILLIAMS. No; I do not know how Mr. Pokrass got it; however, his representative who was employed in the Office of Defense Mobilization was endorsed by General Vaughan.

Mr. CASE. How did Vaughan get into the picture?

Mr. WILLIAMS. There are two different individuals about whom we are speaking. Mr. Pokrass is the only one who received top-secret clearance. As to whether his clearance was as a result of an FBI check I do not know.

Mr. CASE. How did Vaughan get into it?

Mr. WILLIAMS. The other individual, Mr. Franklin Lamb, was a representative of the company which was owned by Mr. Pokrass, which company was operating on a defense contract. He got a position as an assistant to Mr. Charles E. Wilson, of the Defense Mobilization Office. He received that clearance without any FBI check, based on the recommendation of Gen. Harry Vaughan.

Mr. CASE. Is it suggested that Harry Vaughan was taking the place of the FBI in providing clearance for that man?

Mr. WILLIAMS. I read the statement of facts as I found them.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. BUTLER. While that individual was holding the position with the ODM he was also drawing a salary from the company, was he not?

Mr. WILLIAMS. That is correct to the extent that he was on a per diem basis.

Mr. BUTLER. In other words, he was drawing a Federal salary and at the same time was drawing a salary from his company.

Mr. WILLIAMS. That is correct.

Mr. CASE. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. CASE. In view of the facts and circumstances which the Senator from Delaware has related, would he say that some of us were justified in objecting to the confirmation of the appointment of Gen. Harry Vaughan to the permanent rank of major general, when that promotion came before the Senate last year?

Mr. WILLIAMS. As one who objected at that time, I certainly have found nothing since then to change my opinion about him.

Mr. CASE. As a member of the Committee on Armed Services I objected to the consideration of the nomination.

Mr. WILLIAMS. I shall now read an excerpt from a letter addressed to me by Mr. Charles E. Wilson, of the Office of Defense Mobilization, dated February 28, 1954, in which he outlines the procedure which was customarily followed in selecting personnel. He says:

> All employees of the Office of Defense Mobilization are subjected to complete background investigations conducted either by the Federal Bureau of Investigation or the Civil Service Commission. Mr. Lamb's full field investigation failed to disclose any derogatory information whatsoever concerning him or his past activities.

Now I should like to read from another letter, also written by Mr. Charles E. Wilson, of the Office of Defense Mobilization. It is dated March 31, 1952, and reads in part as follows:

> With respect to your second question as to whether or not he was cleared—

That is, Mr. Lamb—

> by the FBI prior to employment, the fact is that he was not investigated by the FBI prior to being sworn in as an employee of the Office of Defense Mobilization.

It was also pointed out in this correspondence that Mr. Lamb was recommended to the Office of Defense Mobilization by Gen. Harry Vaughan.

A short review of Mr. Pokrass' record shows that he entered this country as an immigrant from Russia at the approximate age of 15. Throughout his entire life he has been in numerous conflicts with the law—first as a four-time alleged violator of the National Prohibition Act and later as he attempted to operate various liquor companies after the repeal of the act. With this unsavory record of Mr. Pokrass as outlined above—most of all which has been public information—and the fact that under dates of February 14, 1951, and March 13, 1951, such notorious racketeers as Frank Costello and Meyer Lansky had publicly testified before the Kefauver Crime Committee of their business association with Mr. Pokrass, I was amazed to find that just a few weeks later, on March 20, 1951, this same Louis I. Pokrass, as chairman of the board of directors of the Tele-King Corp., was granted clearance for employment on or access to top-secret contracts and information by the Department of the Army.

In a letter dated June 26, 1954, signed by Lt. Col. L. H. Walker, Chief, Staff Operations Branch, Department of the Army, he confirmed that Mr. Pokrass on March 20, 1951, had been cleared for secret contracts and information. However, I have good reason to repeat my statement that the original clearance of Mr. Pokrass on that date was not just secret clearance but top-secret clear-

ance. I do not think the accuracy of that statement will be challenged.

Just a few minutes before I began to make my speech, as I related before, I received a telephone call from Lieutenant Colonel Walker, in which he said that a reexamination of the records confirmed the fact that he was in error in his letter when he said Mr. Pokrass had received only secret clearance, and that he found that the original clearance which Mr. Pokrass had was top secret. I will later today incorporate that letter in the RECORD.

I shall now incorporate in the RECORD the basis of my charge that Mr. Pokrass originally financed his entrance in the television business with the assistance of some of the country's most notorious racketeers. I shall also incorporate in the RECORD reports of how this company during the Korean war was awarded approximately $7 million in Government contracts at prices averaging nearly 20 percent higher than other responsible bids.

More complete information regarding Mr. Pokrass' background can be substantiated from the records of the hearings of the Kean subcommittee held in early 1953.

Mr. BUTLER. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. BUTLER. As a member of the Committee on Interstate and Foreign Commerce, which has jurisdiction of matters affecting the dissemination of information on television and other means of communication, I would be interested in knowing whether or not this man is now engaged in the television business and whether he now operates a television station.

Mr. WILLIAMS. The company is now in bankruptcy. Whether or not they went out of the television business or continued after getting the Government contracts, I do not know. I shall incorporate in the RECORD a series of reports which will show that this company, after getting the first Government contract, in the amount of approximately $3½ million, and at a price approximately 20 percent higher than the price at which another contractor was making the same product for the Defense Department, applied for a $2 million loan from the Federal Reserve Board. This was rejected on the basis of a weak financial position and, as the Board said, for "other unsatisfactory features." The Board did not describe those features.

Later, the Defense Establishment, to help out this company, adopted a procedure whereby, through the advance-payment plan, money was furnished to the company. It was, in effect, the lending of money without a note.

Mr. BUTLER. Was that through the Small Defense Plant Administration?

Mr. WILLIAMS. I assume so. At any rate, it was through one of the Government establishments, and I believe that was the one.

Mr. BUTLER. Does the Senator's investigation show that the company actually had a license to make television or radio broadcasts?

Mr. WILLIAMS. Not to my knowledge.

Mr. BUTLER. It never had?

Mr. WILLIAMS. No.

Mr. BUTLER. It would be amazing to me if the Federal Communications Commission should issue a license to it.

Mr. WILLIAMS. No; this was a manufacturing concern only. It later went into bankruptcy. A few weeks ago I was advised that about a half million dollars' worth of work on the original $7 million worth of contracts remains to be delivered, against which we have advanced payments of about $200,000 outstanding.

It should be remembered also that this company was originally awarded these $7 million in defense contracts at a price which cost the taxpayers over $1 million over that which they could have been bought from more responsible sources.

Mr. President, I ask unanimous consent to have incorporated in the RECORD a letter dated June 26, 1954, signed by Lt. Col. L. H. Walker, in which is confirmed the fact that on March 20, 1951, Mr. Pokrass received clearance for access to secret information. I also ask unanimous consent to have incorporated in the RECORD a photostatic copy of the alleged original clearance which shows that Mr. Pokrass received clearance for access to secret contracts. However, as I said before, it has been confirmed this morning that this is not the original, that it is a changed copy. Top-secret clearance was given on that date rather than just secret as indicated in this report.

I ask unanimous consent that both these communications be incorporated in the RECORD at this point.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF OF STAFF,
Washington, D. C., June 26, 1954.

Hon. JOHN J. WILLIAMS,
United States Senate.

DEAR SENATOR WILLIAMS: With respect to your oral request concerning the current clearance status of the Tele King Corp. and some of its officers, the following information is submitted:

a. The Tele King Corp. was granted a secret clearance by the Office of the Provost Marshal General on February 26, 1951. Consent for employment on or access to secret contracts and information was also granted to Calvin E. Bell, Scott W. Donaldson, Franklin Lamb, Warren J. Oestreicher, Harvey L. Pokrass, and Louis I. Pokrass on the same date (inclosure 1).

b. On March 20, 1951, Headquarters, First Army, also issued a letter of consent for access to secret information and material to Louis I. Pokrass (enclosure 2).

c. On the basis of information subsequently developed relating to the suitability of Louis I. Pokrass for access to classified information, his clearances and that of the Tele King Corp. were revoked on December 9, 1952. No formal revocation action was necessary on the other five individuals as their clearances as officers of the Tele King Corp. automatically become invalid when the facility's clearance was revoked.

d. No appeal action is now pending and the revocation of the clearances of Louis I. Pokrass and the Tele King Corp. remains in effect.

The foregoing embodies all information that I have been authorized to make available at this time regarding security determinations involving this firm.

Sincerely,

L. H. WALKER,
Lieutenant Colonel, GS, Chief, Staff Operations Branch Office Chief Legislative Liaison.

HEADQUARTERS, FIRST ARMY,
Governors Island, N. Y., March 20, 1951.

TELE KING CORP.,
New York, N. Y.
(Attention: Personnel manager.)

GENTLEMEN: Reference is made to the personnel security questionnaire recently submitted by your company in the case of the citizen whose name appears hereon.

In conformance with SR 380-405-1, consent is hereby granted for employment on or access to secret contracts and information of the Department of the Army in the case of the following citizen. This grant of consent is subject to the conditions and requirements set forth on the reverse side hereof.

Porkass, Louis I., chairman, board of directors, SSN: 109-03-8223.

By authority of the Secretary of the Army:

E. P. PARKER,
Major General, USA,
The Provost Marshal General.

(Not valid unless authenticated by the appropriate continental army commander.)

For the Army commander:

KENNETH J. WHITE,
Major, AGC, Adjutant General.

CONDITIONS AND REQUIREMENTS

1. Consent granted for the employment of an individual is your authorization to utilize the service of the individual on aeronautical and classified (secret, confidential, or restricted as indicated in each consent letter), Army contracts being performed by you within the geographical limits or under the jurisdiction of the continental army from which you received the consent.

2. Before you may employ an individual on contracts of the type described above, within the geographical limits or under the jurisdiction of another command, consent must be obtained by request submitted to the command in which, or under the jurisdiction of which, the individual is to be employed. The request must be accompanied by a photostatic or certified copy of the original letter of consent and a new alien questionnaire (NME form 49) or personal security questionnaire (NME form 48), whichever is applicable.

3. If information comes to your attention which indicates that your employment of the individual is, or may be, inimical to the interests of the United States, you are required promptly to make complete report to the office from which you received the consent letter, in order that appropriate action may be taken.

4. All correspondence or inquiries in connection with this matter should be directed to the office from which you received the consent letter.

E. P. PARKER,
Major General, USA,
The Provost Marshal General.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have incorporated in the RECORD excerpts from the testimony of Meyer Lansky as given before the Kefauver crime committee under date of February 14, 1951, in which he confirms his partnership with Mr. Pokrass.

There being no objection, the excerpts from testimony of Meyer Lansky

were ordered to be printed in the RECORD, as follows:

Mr. HALLEY. Were you ever in any business with Zwilliman? Were you in this television outfit, Consolidated Television?

Mr. LANSKY. Yes; I was.

Mr. HALLEY. Will you tell the committee the story of Consolidated Television, what was that all about?

Mr. LANSKY. Well, to the best of my knowledge, because we had the knowledge of distribution of juke boxes, I think Ed Smith was approached to form a—what do you call it—he claimed he had two good mechanics for television, and they formed a company, and we took an interest in it.

Mr. POLAKOFF (his attorney from New York City). You bought stock?

Mr. LANSKY. Yes; we bought stock.

The CHAIRMAN. I think for the benefit of the reporter this is very difficult for him to get. Please speak up.

Mr. LANSKY. I am sorry. We started to build television sets and I think that we went in at the wrong end of it. We thought that the commercial end was the best part. We should have gone into the home-set end, and maybe I would have been a very rich man today.

Mr. HALLEY. What were you making them for, bars and restaurants?

Mr. LANSKY. At that time they were mostly for bars. You did not have—what do you call it—those reel cabinets, you just bought the set.

Mr. HALLEY. Who was this that approached Ed Smith?

Mr. LANSKY. Pokrass.

Mr. HALLEY. Pokrass had the Air King Co., too, did he not?

Mr. POLAKOFF. The Tele-King; is it not?

Mr. HALLEY. Tele-King?

Mr. LANSKY. I do not know if he changed the name, but I think that we opened it up as Tele-King. What it is today, I could not say.

Mr. HALLEY. That was with Pokrass, too?

Mr. LANSKY. He approached them on the assumption that we were acquainted in the field and we knew all the distribution points. We knew every place that had a juke box, and that would be a good place to have television.

Mr. HALLEY. Now, getting back to television, who else was in Consolidated?

Mr. LANSKY. There was Pokrass, there was Ed, there was Bill Bye, there was myself, and there was Costello in there. He bought a piece, but he did not buy it from my doings.

Mr. POLAKOFF. When you say that, you mean he bought stock?

The CHAIRMAN. Let's all talk a little louder. I can tell that the reporter just cannot hear you.

Mr. HALLEY. Costello was in it?

Mr. LANSKY. Yes; he bought stock.

Mr. HALLEY. And Joe Adonis was in it, was he not?

Mr. LANSKY. He bought some stock.

Mr. HALLEY. How much money did you invest in it?

Mr. LANSKY. I think about $15,000 or $16,000.

Mr. HALLEY. Did you get any back?

Mr. LANSKY. Nothing.

Mr. HALLEY. The whole thing was a flop?

Mr. LANSKY. That part of it was, but I understand it is successful now.

Mr. HALLEY. You mean Tele-King is now successful?

Mr. LANSKY. That is what I understand.

Mr. HALLEY. And you no longer have any connection with it?

Mr. LANSKY. No.

Mr. HALLEY. Do you know whether Adonis or Costello have any present connection with it?

Mr. LANSKY. No; the whole company busted up, and he went ahead with it on his own, as I understand it, at the time, because nobody else cared to invest any money in it, and Bill Bye and Smith and I, we did not want to go any further, and we quit.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have incorporated in the RECORD excerpts from the testimony of Frank Costello as given before the Kefauver committee on March 13, 1951, in which he too confirms the fact that he was in investor in this company with Mr. Pokrass.

There being no objection, the excerpts were ordered to be printed in the RECORD, as follows:

Mr. HALLEY. Now, what other legitimate businesses do you have?

Mr. COSTELLO. None at present.

Mr. HALLEY. Well, you did have a television company; is that right?

Mr. COSTELLO. Yes.

Mr. HALLEY. What was that?

Mr. COSTELLO. I didn't have a television company. I bought an interest. I bought some stock.

Mr. HALLEY. In what company?

Mr. COSTELLO. I believe it's the Tele King.

Mr. HALLEY. And who were your partners there?

Mr. COSTELLO. Louis Pokrass.

Mr. HALLEY. And who else?

Mr. COSTELLO. I made an investment in there. I happened to know the gentleman. I invested around $20,000. Then later I found out—which was later—that Meyer Lansky had also an interest.

Mr. HALLEY. And did you also find out that Joe Adonis had an interest?

Mr. COSTELLO. No.

Mr. HALLEY. You still don't know that he had an interest?

Mr. COSTELLO. I still don't know if he had an interest.

Mr. HALLEY. And if the testimony is that he had an interest, you wouldn't doubt it, though, would you?

Mr. COSTELLO. Well, not coming from me——

The CHAIRMAN. Mr. Costello, either sit a little nearer the mike, or bring it a little closer to you.

Mr. HALLEY. How did you find out that Meyer Lansky had an interest?

Mr. COSTELLO. I believe I met him one day, and I told him, and he says, "Well, the funny part is I made an investment also," in that particular company .

Mr. HALLEY. You know Joe Adonis pretty well, too, don't you?

Mr. COSTELLO. Yes, sure.

Mr. HALLEY. Didn't he ever happen to mention to you that he made an investment there?

Mr. COSTELLO. Never.

Mr. HALLEY. What came of that investment, the $20,000?

Mr. COSTELLO. I believe they wanted be to invest a little more money there, or loan the company some money; which I wouldn't; I didn't have much confidence in this.

They told me, would I relinquish part of my stock which I did. And they returned me part of my money back.

Then, later, I turned my stock in and they paid me back in full.

Mr. HALLEY. You got your $20,000 back?

Mr. COSTELLO. Yes.

Mr. HALLEY. From Mr. Pokrass?

Mr. COSTELLO. Yes.

Mr. HALLEY. Where was that company located?

Mr. COSTELLO. It is located on Ninth Avenue. I have never been up there.

Mr. WILLIAMS. It is interesting to note that Mr. Costello's testimony was given on March 13, 1951, and that 7 days later, on March 20, 1951, Mr. Pokrass was given his "top secret" clearance by the Army.

Mr. President, I now ask unanimous consent to have incorporated in the RECORD a letter from the Department of Justice, under date of February 16, 1953, outlining the settlement of a case by Mr. Pokrass, wherein he paid $95,000 in lieu of forfeiture and $5,000 in lieu of criminal prosecution.

Mr. LANGER. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS. I yield.

Mr. LANGER. May I have the name of the writer of the letter?

Mr. WILLIAMS. It was the attorney general who confirmed this setlement.

Mr. LANGER. I want only the name of the man who signed the letter for the Department of Justice.

Mr. WILLIAMS. Mr. Brownell; however, he refers to about 12 individuals involved, and in the absence of knowing the exact individual who was responsible for the settlement, I would rather the Senator would read the letter. I know what the Senator has in mind, and I think the responsibility should be placed at some particular point; however, I do not have the information.

Mr. President, I ask unanimous consent that the letter of February 16, 1953, from the Department of Justice to which I have just referred be printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF JUSTICE,
Washington, D. C., February 16, 1953.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

MY DEAR SENATOR: Reply is made to your letter of January 26, 1953, making inquiry regarding the acceptance on July 8, 1942, of a $100,000 compromise offer from the Capitol Wine & Liquor Corp., of New York, respecting certain liability allegedly incurred through violations of the floor-stocks tax laws. It is assumed that you refer to offers totaling that amount accepted from the Capitol Wine & Spirit Corp., of New York, on July 3, 1942.

The following concerns that settlement which related to the alleged law violations in connection with the floor-stocks tax of 75 cents per proof-gallon on certain distilled spirits allegedly held for sale by the Capitol Wine & Spirit Corp. on July 1, 1940. This tax was imposed by the Revenue Act of 1940, approved June 25, 1940, as an amendment to section 2800, Internal Revenue Code. Under that act this tax was made payable on or before August 1, 1940. Although the act was silent in respect to making of an inventory, the Secretary of the Treasury by regulations (TD–4976) issued June 26, 1940, required all persons so holding liquor to make an inventory thereof before commencing business on July 1, just 5 days later.

As the result of an investigation at the premises of the Capitol Wine & Spirit Corp. on July 1, 1940, agents of the Alcohol Tax Unit ascertained that 20,577.90 proof-gallons of distilled spirits discovered that morning on a number of trucks, some in garages and others parked on the streets of New York, were not included on an inventory of the liquor held by this corporation, a large-scale wholesale liquor dealer. Seizure of this liquor and the trucks was made by the Alcohol Tax Unit as having been used with intent to defraud the revenue of the floor-stocks tax amounting to $15,433.42. However, declaration of this liquor was made to the appropriate revenue office on or before August 1, 1940, and the tax on this liquor was paid within the time prescribed

by the law. Thereafter, on December 14, 1940, the case was reported to the United States attorney for the southern district of New York by the New York office of the Alcohol Tax Unit with a recommendation for prosecution and a statement that the investigation was continuing. A libel was filed against the seized property, but no indictment was returned.

Complying with the specific requests in your letter, you are informed that—

1. There was no tax due at the time the offer was accepted, the $15,433.42 having been paid timely. Consequently there was no assessment of taxes or tax penalties.

2. The accepted compromise offer embraced forfeiture liability of liquor valued at between $100,000 and $130,000 and 5 trucks having a value of about $2,500 and criminal liability. This liquor, if forfeited, could not have been sold in view of section 2805, Internal Revenue Code. Previous offers ranging from $9,855.60 to $60,000 were rejected by the Attorney General.

3. The total of the offers accepted was $100,000—$95,000 being in lieu of forfeiture and $5,000 in lieu of criminal prosecution. The proponent also paid storage charges of over $700.

4. The following names or initials of attorneys or officials appear in the Department's file as having recommended or approved the acceptance of these offers:

(a) Initials E. N. B., believed to be those of Earl N. Bishopp, assistant United States attorney, southern district of New York.

(b) Mathias F. Correa, then United States attorney, southern district of New York.

(c) S. S. Haggerty, then attorney, Bond and Spirits Division.

(d) Julian D. Simpson, then Chief, Compromise Section, Bond and Spirits Division.

(e) Harry B. DeAtley, then Assistant to the Director, Bond and Spirits Division.

(f) Joseph Lawrence, then Director, Bond and Spirits Division.

(g) Initials M. D. K., believed to be those of Mahlon D. Kiefer, then attorney, Criminal Division.

(h) Initials H. A. F., believed to be those of Hugh A. Fisher, then attorney, Criminal Division.

(i) Wendell Berge, then Assistant Attorney General, Criminal Division.

(j) J. R. Benney, then attorney, Assistant Solicitor General's office.

(k) Initials N. A. T., believed to be those of N. A. Townsend, then attorney, Assistant Solictor General's office.

(l) Oscar Cox, then Assistant Solicitor General.

The offers were accepted July 3, 1942, initials F. B., assumed to be those of Francis Biddle, then Attorney General.

It is trusted that the above sets forth the information sought. Should further data respecting basis for this settlement as revealed by the Department files be desired, it will be made available at your request.

Sincerely,

———— ————,
Attorney General.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have incorporated in the RECORD the secret clearance which was given to the Tele-King Corp., and the officials connected with the company.

There being no objection, the clearance was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE ARMY,
OFFICE OF THE PROVOST
MARSHALL GENERAL,
Washington, D. C., February 26, 1951.

TELE-KING CORP.,
New York, N. Y.

GENTLEMEN: Reference is made to the personnel security questionnaires recently submitted by your company in the case of the citizens whose names appear herein.

In conformance with SR 380-405-1, consent is hereby granted for employment on or access to secret contracts and information of the Department of the Army in the case of the following citizens. This grant of consent is subject to the conditions and requirements set forth on the attached page.

Bell, Calvin E.
Donaldson, Scott W.
Lamb, Franklin.
Oestreicher, Warren J.
Pokrass, Harvey L.
Pokrass, Louis I.

By authority of the Secretary of the Army:

E. P. PARKER,
Major General, USA,
the Provost Marshal General.

Authenticated by:

M. J. FITZGERALD,
Colonel, MPC, Executive Officer.

Mr. WILLIAMS. Mr. President, under date of March 13, 1953, I addressed a letter to Maj. Gen. George I. Back, Chief Signal Officer, Department of the Army, making inquiry with reference to a list of all Government contracts during the past 5 years which the Defense Department had given the Tele-King Corp. Under date of April 2, 1953, I received a reply thereto giving a breakdown of six contracts totaling, in the aggregate, $6,926,874.78, and spreading over a period from April 30, 1951, to August 6, 1952. In that breakdown it is shown that the first contract of approximately $3¼ million was given to the Tele-King Corp. on the basis of a per unit charge of $1,578.49. They purchased the same product from the Lewyt Corp., in New York, for $1,256.39. There were three other intermediate bids all of which were lower than the bid of the Tele-King Corp. In addition, in the year 1952, this company received a little more than $2¼ million worth of contracts. This contract was awarded to the Tele-King Corp. at a price basis of $1,593.82 per unit, while the Lewyt Corp. on exactly the same date was given another contract at a unit price of $1,407.49.

Mr. President, I ask unanimous consent that my letter to Major General Back, of March 13, 1954, and the reply thereto, outlining all these contracts and the manner of payments as they were made by the Government, be incorporated at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

MARCH 13, 1953.

Maj. Gen. George I. Back,
Chief Signal Officer,
Department of the Army,
Washington, D. C.

DEAR GENERAL BACK: Will you please furnish me with a complete list of all Government contracts during the past 5 years with the Tele-King Co.,[1] of New York.

With the information I want the dollar volume, a description of the material purchased, the date of the contract, a record of deliveries, and a record of the payments made either as advancements or upon delivery. Also, please advise the amount of pending contracts with this company and the amount of advancements which might have been made against future deliveries.

This company to which I have referred is the one represented by Louis I. Pokrass, Franklin Lamb, and others.

Should your particular procurement division not have any record of purchases with this company, would you advise me what other agency of the Government might have been doing business with them. Likewise, in the event you do have some purchases and know of any other agency of the Government which has also utilized their services, please advise.

Yours sincerely,

JOHN J. WILLIAMS.

P. S.—To assist in expediting this report I list what I understand might be some of the contract numbers: DA-36-039-SC-9384; No. 3142-PH-51-01.

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF SIGNAL OFFICER,
Washington, D. C., April 2, 1953.

Hon. JOHN J. WILLIAMS,
United States Senate.

DEAR SENATOR WILLIAMS: Reference is made to your letter of March 13, 1953, relative to Signal Corps contracts awarded the Tele-King Corp. of New York and to our interim reply of March 16, 1953.

The enclosed chart lists all the Signal Corps contracts awarded to the Tele-King Corp., and the information you requested. It should be noted that the outstanding balances for the first two contracts appearing on the chart represent spare parts not yet delivered, and accounts receivable for goods already shipped. The end items on these contracts were delivered on schedule.

Reference is also made to your telephone conversation on March 27, 1953, with Mr. John E. Pernice of this office in which you asked for the additional information set forth below.

The contracts awarded to Tele-King Corp. were entered into as a result of negotiation without formal advertising. The contract prices of the producers of the AN/ORC-9 for the years 1951 and 1952 are indicated by the following table:

1951 CONTRACTS

Contractor	Date of contract	Unit price
Lewyt Corp., New York	June 18, 1951	$1,256.39
Crosley Division, AVCO Manufacturing Corp., Ohio	June 30, 1951	1,403.69
Hoffman Radio Corp., California	——do——	1,550.00
Crosley Division, AVCO Manufacturing Corp., Ohio	June 16, 1951	1,574.50
Tele-King Corp., New York	Apr. 30, 1951	1,578.49

1952 CONTRACTS

Lewyt Corp., New York	Jan. 31, 1952	$1,407.49
Do	Apr. 4, 1952	1,447.71
Tele-King Corp., New York	Jan. 31, 1952	1,593.82
Crosley Division, AVCO Manufacturing Corp., Ohio	Feb. 8, 1952	1,605.87

Sources in addition to Lewyt Corp., the low bidder, were required under a policy directive from the Secretary of Defense, dated December 18, 1950, which stated, "It is essential, in complying with those instructions, that contracts be spread across industry as widely as possible in order to broaden the industrial base of our procurement program." The directive also stated, "Whenever time permits, and in order to broaden the mobilization base, additional contractors should be utilized in lieu of multishift or overtime operation."

It is the understanding of this office that the Munitions Board is handling your inquiry as to the contracts the other services may have awarded the Tele-King Corp.

If you desire any further information, please do not hesitate to write.

Sincerely yours,

ROBERT B. TOMLINSON,
Lieutenant Colonel,
Signal Corps Executive.

[1] May be listed as the Tale King Corp.

Contract information Tele-King Corp., Mar. 20, 1953

Contract No.	Dollar value	Item	Date of contract	Delivery—Scheduled for completion	Payments made to date	Pending delivery or accounts receivable
DA-36-039-SC-9384 (order No. 3142-PH-51)	$3,540,333.36	Radio set (AN/GRC-9), with spare parts.	Apr. 30, 1951	August 1952	$3,151,742.42	$388,590.94.
DA-36-039-SC-30754 (order No. 15174-PH-52)	2,730,532.00	do	Jan. 31, 1952	March 1953	[1] 292,520.88 2,249,868.22 [2] 100,992.73	$480,663.78.
DA-36-039-SC-40319 (order No. 20888-PH-52)	26,933.85	Facilities contract	June 30, 1952	August 1952	21,866.34	$5,067.51.
DA-36-039-SC-38188 (order No. 29177-PH-52)	712.50	Drive assembly	Feb. 2, 1952	February 1952	712.50	Completed Feb. 29, 1952.
DA-36-039-SC-28421 (order No. 41617 PH-52)	627,973.07	Generator (DY-88)	June 26, 1952	March 1953	74,715.00	$553,258.07.
DA-36-039-SC-44554 (order No. 1248-PH-53)	390.00	Tube shields	Aug. 6, 1952	October 1952	390.00	Completed Oct. 15, 1952.

[1] This figure represents the unliquidated balance of partial payments totaling $1,695,404.58. This balance will be recouped by completion of the contract. The partial payments were made prior to delivery of completed items on work in progress pursuant to the contract clause prescribed by sec. 7-150.1 of the Army procurement procedure. Under this clause, title to such property chargeable to the contract vests in the Government.

[2] This figure represents the unliquidated balance of partial payments totaling $1,001,097.92. This balance will be recouped by completion of the contract. The payments were made under the conditions described above.

[3] 2,996 units of 5070 shipped as of Mar. 20, 1953.

NOTE.—Total dollar value as of Mar. 1, 1953: $6,926,874.78. Total undelivered dollar value as of Mar. 1, 1953: $1,427,580.30.

Mr. WILLIAMS. Mr. President, I have a letter signed by Mr. William McC. Martin, Jr., Director of the Board of Governors of the Federal Reserve System, dated April 27, 1953, in which he points out that the Federal Reserve Board had recommended that the application of this company for a loan be declined. Quoting from the letter, "The primary reason given was the weakness in the corporation's financial structure, and there were other unsatisfactory features."

I ask unanimous consent that the letter be incorporated in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

BOARD OF GOVERNORS OF THE
FEDERAL RESERVE SYSTEM,
Washington, April 27, 1953.

The Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR WILLIAMS: Reference is made to your letter of April 21 wherein you ask whether or not the Federal Reserve Bank of New York filed an unfavorable report in 1951 on an application involving a proposed V-loan to the Tele-King Corp., in the amount of $2 million.

As you know, the Federal Reserve banks act only as fiscal agents of the United States in connection with these V-loans and in that capacity make confidential credit investigations and reports to the procurement agencies of the Government participating in the defense program and suggest terms and conditions to be incorporated in the loan documents which, in the opinion of the Federal Reserve banks, are necessary to adequately protect the interests of the Government. Neither the Federal Reserve banks nor the Federal Reserve Board have any authority to decline or approve these loan guaranty applications.

In the case of the Tele-King application the Federal Reserve Bank of New York in its credit report to the Department of the Army recommended that the application be declined. The primary reason given was the weakness in the corporation's financial structure, and there were other unsatisfactory features. However, the Federal Reserve bank did suggest terms and conditions to the Department of the Army for use in the event that Department felt that the prospective borrower's production was essential to the defense effort.

As I advised you in my letter of April 7, this application with the Federal Reserve bank's unfavorable report was presented to the Department of the Army for consideration on November 10, 1951, but before action was taken by the Department, the application was withdrawn and the V-loan never consummated. In this instance the financing institution which filed and later withdrew the application was the Public National Bank & Trust Co. of New York City.

If there is any further information which you want in this case or any other case, please call on us.

With kindest regards,

Sincerely yours,

WM. MCC. MARTIN, JR.

Mr. WILLIAMS. Mr. President, under date of April 22, 1953, I inquired as to the list of officers, directors, and principal stockholders of the corporation, and I received a reply dated May 15, 1953, from Lt. Col. Robert B. Tomlinson, giving a list of the officers, directors, and principal stockholders. I ask unanimous consent that the letter be incorporated in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MAY 15, 1953.

Hon. JOHN J. WILLIAMS,
United States Senate.

DEAR SENATOR WILLIAMS: Reference is made to your letter of April 22, 1953 requesting the names of all officers, directors, and principal stockholders of the Tele-King Corp., and to our interim reply of April 28, 1953.

Our records show the following officers, directors, and stockholders of the Tele-King Corp. in September 1950:

Chairman of the board of directors: Louis I. Pokrass. One of two stockholders. He and his family own 300,000 shares.

Vice chairman of the board of directors: Franklin Lamb. He owns 20,000 shares.

President and treasurer: Harvey L. Pokrass.

Vice president and secretary: Calvin E. Bell.

Vice president in charge of Government contracts: Scott W. Donaldson.

Vice president in charge of engineering: M. J. Morris.

Our records list Gen. George MacDonald as vice president in charge of Government contracts in October 1952.

If you desire any further information, please do not hesitate to write.

Sincerely,

ROBERT B. TOMLINSON,
Lieutenant Colonel, Signal Corps,
Executive.

Mr. WILLIAMS. Mr. President, under date of June 2, 1954, a further letter was directed to Lieutenant Colonel Tomlinson, and on June 12, 1954, I received a reply thereto, in which he said that the company was in bankruptcy and that there was an outstanding balance to be delivered on the contracts representing a little more than half a million dollars. Quoting from the letter, "The outstanding balance of such progress payments is $203,188.51."

Mr. President, I ask unanimous consent that the letter be incorporated in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF SIGNAL OFFICER,
Washington, D. C., June 10, 1954.

Hon. JOHN J. WILLIAMS,
United States Senate.

DEAR SENATOR WILLIAMS: Reference is made to your letter of June 2, 1954, containing queries relative to Signal Corps contracts awarded the Tele-King Corp., of New York, and referencing our previous correspondence under dates of March 13, 1953, and April 2, 1953.

The present status of outstanding Signal Corps contracts with Tele-King is as follows:

Contracts	Dates	Amount of contract as of last amendment	Balance to be delivered
DA-36-039-SC-9384	Apr. 30, 1951	$3,504,119.86	$128,236.34
DA-36-039-SC-30754	June 31, 1952	2,742,551.60	355,354.88
DA-36-039-SC-28421	June 26, 1952	619,523.79	11,320.05
DA-36-039-SC-40319	June 30, 1952	26,933.85	5,112.06
Total			500,023.33

The items remaining to be delivered consist of spare parts and literature. It is anticipated that these contracts will be completed by the end of December 1954. The Signal Corps has made progress payments to the company for material to be delivered to the Government. The outstanding balance of such progress payments is $203,188.51.

No additional contracts have been awarded Tele King Corp. The Tele King Corp. is now operating under a Chapter XI Bankruptcy Act arrangement.

This office is taking action to ascertain the status of the appeal which you referred to with respect to the revocation of clearance. This information will be transmitted to you without delay.

Sincerely yours,

FRED J. JOHNSTON,
Major, Signal Corps,
Assistant Executive.

(For Robert B. Tomlinson, lieutenant colonel, Signal Corps executive.)

Mr. WILLIAMS. Mr. President, under date of June 24, 1954, certain additional information was furnished by the Signal Corps regarding these contracts, which I ask unanimous consent to have incorporated in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE ARMY,
OFFICE OF THE CHIEF SIGNAL OFFICER,
Washington, D. C., June 24, 1954.

Hon. JOHN J. WILLIAMS,
United States Senate.

DEAR SENATOR WILLIAMS: This is in answer to your letter of June 18, 1954, containing further questions regarding the Tele King Corp. The information relative to the status of the appeal with reference to the revocation of clearance for this company has not yet been received.

The Tele King Corp. filed a petition for an arrangement under chapter XI of the Bankruptcy Act on February 4, 1954, in the United States District Court for the Southern District of New York.

No receiver has been appointed. Tele King is operating as "debtor in possession" pursuant to an order of the district court dated February 5, 1954. The present management of the Tele King Corp. is as follows:

Franklin Lamb, chairman of the board of directors.

Harvey L. Pokrass, president.

Calvin E. Bell, executive vice president.

Sol Predeger, vice president.

The Signal Corps has advanced no money to the Tele King Corp. since February 4, 1954. The present balance of outstanding progress payments is $43,981.96.

Tele-King has made deliveries in the amount of $106,687.05 on its Signal Corps contracts since February 5, 1954.

Your understanding of our letter of June 10, 1954, expressed in the fifth paragraph of your letter is correct; however, the figures mentioned in the two preceding paragraphs should also be kept in mind.

Sincerely yours,

ROBERT B. TOMLINSON,
Lieutenant Colonel, Signal Corps,
Executive.

Mr. WILLIAMS. However, Mr. President, there is another chapter in this story, and it is this last chapter which gave both the Senator from Kansas [Mr. SCHOEPPEL] and myself the most concern. Also it was this phase of their operations which was really responsible for our entry into the case.

In the latter part of 1951 information was presented to the Senator from Kansas [Mr. SCHOEPPEL] and myself to the effect that members of the underworld had planted a representative in a key position in the Office of the Director of Defense Mobilization. It was pointed out how with a representative in this key position the group would automatically have had access to advance information on all allocations of critical materials, the inauguration of rationing or price controls, or such other important actions which would have a major effect on prices of key commodities in this country during the war.

Recognizing the seriousness of this charge, Senator SCHOEPPEL and I began our inquiry—an inquiry which has extended over a period of nearly 3 years.

The records which have been incorporated and those which follow will establish that Mr. Franklin Lamb was employed as an assistant to Mr. Charles E. Wilson, Director of Defense Mobilization, and that Mr. Lamb's resignation from that position was accepted about the time we began our inquiry.

Our report will also establish that during the period in which Mr. Lamb was employed by the Government as an assistant to the Director of the Office of Defense Mobilization, he did not draw any Government salary but only a per diem allowance; but at that time he was also on the payroll of and a stockholder in the New York company—Tele-King—which was referred to above as being owned by Louis Pokrass and his associates.

Furthermore, our records will show that Mr. Lamb was assigned to this important position without an FBI check but solely upon the recommendation of Gen. Harry Vaughan. His clearance to secret contracts and secret information was included in the blanket clearance given to the Tele-King Corp. and all its officials under date of February 26, 1951.

The report on Franklin Lamb follows.

Mr. President, I ask unanimous consent to have incorporated in the RECORD a letter signed by Robert Ramspeck, chairman, United States Civil Service Commission, under date of January 23, 1952, in which Mr. Ramspeck points out the Government employment record of Franklin Lamb and confirms the fact that he was employed as an assistant to Mr. Wilson from September 4, 1951, to October 24, 1951.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

UNITED STATES CIVIL SERVICE COMMISSION,
Washington, D. C., January 23, 1952.

Hon. JOHN J. WILLIAMS,
United States Senate.

DEAR SENATOR WILLIAMS: Due to the fact that we did not have the given name of Mr. Lamb about whom you wrote me under date of January 14, we were unable to locate any record of him in this office, but it was ascertained from the Office of Defense Mobilization that a Mr. Franklin Lamb had been employed as an assistant to Mr. Wilson from September 4, 1951, to October 24, 1951, on which date he was separated.

Our records do show that Mr. Lamb was employed under a war service appointment as consulting expert at the rate of $22.22 per diem when actually employed on the War Savings Staff, Office of the Secretary of the Treasury, from June 10, 1942, until his services were terminated on August 11, 1942. The records further show that he was appointed as a small-business analyst on July 1, 1944, in the Bureau of Foreign and Domestic Commerce, Department of Commerce, and was terminated March 30, 1946. His rate of pay at the time of his appointment was $5,600 per annum when actually employed.

I might add there is no information in the Commission's files detrimental to Mr. Lamb.

Sincerely yours,

ROBERT S. RAMSPECK, *Chairman.*

Mr. WILLIAMS. Mr. President, under date of January 29, 1952, I addressed a letter to Charles E. Wilson, Director of the Office of Defense Mobilization, making certain inquiries as to the appointment of Mr. Lamb, and his background. Since the letter is very brief, I wish to read it for the benefit of the Senate:

JANUARY 29, 1952.

Mr. CHARLES E. WILSON,
Director, Office of Defense Mobilization,
Washington, D. C.

DEAR MR. WILSON: It has been reported to me that a Mr. Franklin Lamb was employed as an assistant in your office from September 4, 1951, to October 24, 1951, on which date he was separated after it had been called to your attention that Mr. Lamb was connected with either Frank Costello or certain other undesirable characters in New York.

Will you please advise me if this report is correct; and if so, furnish me with a report of whatever information you have regarding Mr. Lamb's background or outside connections. Is it true that Mr. Lamb was recommended to his position by General Vaughan?

Yours sincerely,

JOHN J. WILLIAMS.

Under date of February 28, 1952, a reply was received from Mr. Wilson, in which he said:

With reference to your statement concerning Mr. Lamb's possible connection with Frank Costello or certain other undesirable characters, I can only say that to the best of my knowledge, such statements are pure rumor.

Mr. Wilson also confirmed the fact that Mr. Lamb was recommended for his position by Gen. Harry Vaughan. He also emphasized the policy that all employees of the Office of Defense Mobilization were cleared either by the FBI or the Civil Service Commission prior to their appointment.

Mr. KNOWLAND. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield.

Mr. KNOWLAND. I wish to ask the question merely as a matter of information, since there are two Charles E. Wilsons. As I understand, the Charles E. Wilson to whom the Senator refers was the Director of Defense Mobilization, and not the Secretary of Defense?

Mr. WILLIAMS. That is correct. I have no reason to believe that Mr. Wilson did not write the letter in all sincerity and that the reason for the misinformation was the fact that someone was feeding him a lot of false information. I may not be accurate, but that is my opinion.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield to the Senator from New Mexico.

Mr. ANDERSON. Does not the Senator believe that both of the Charles E. Wilsons are men of high character, and unquestioned integrity?

Mr. WILLIAMS. Certainly I think they are. While I am incorporating this correspondence as a matter of record, as I said before, I can understand how a man in his position would take reports which were handed to him by men who were working with him. I cannot help but think that this report or this letter was written by Mr. Wilson without his having all the facts.

However that does not excuse individuals like General Vaughan or others who certainly must have known the

background of these individuals. They should be held responsible. Mr. Wilson should assist in placing that responsibility.

I understand that 15 days prior to Mr. Wilson's letter of February 28, 1952, or on February 13, 1952, to be exact, the FBI report outlining substantially this same information was presented to the White House. I do not believe Mr. Wilson had access to that information.

Mr. ANDERSON. I recognize the feeling which the majority leader has with respect to Senators making statements and not asking questions, but I wish to commend the Senator from Delaware for checking into the matter, and to say to him that I think both the Secretary of Defense and the former head of the Office of Defense Mobilization are men of the highest character. While I have had a great deal more dealings with Mr. Charles E. Wilson, who was the head of the Office of Defense Mobilization, it is to be deplored that these men who came into the Government from private industry and assumed the tasks which they did, should have had some subordinates occasionally mislead them about individuals. It was just as regrettable to have had it happen to the former head of the General Electric Co. as if it had happened to the former head of General Motors Corp.

Mr. WILLIAMS. That is correct.

Mr. ANDERSON. Both the former Director of Defense Mobilization and the present Secretary of Defense are high-minded men of sterling character.

Mr. WILLIAMS. The Senator is correct. I have not changed my high opinion of Mr. Charles E. Wilson, former Director of Defense Mobilization. Surely had he seen the report he would not deliberately have given out wrong information. I am confident of that. However, I do not believe that excuses those who prepared for him the wrong information in answer to our questions. I am certain the Senator agrees with me as to that.

Mr. ANDERSON. I certainly agree with the Senator from Delaware.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. WILLIAMS. I yield for a question.

Mr. JOHNSTON of South Carolina. I merely wished to inquire if Senate bill 3690, relating to the revision of the Atomic Energy Act, is now under consideration?

Mr. WILLIAMS. No, I am not discussing the atomic energy bill. I am making a report on certain other matters. I shall finish in a few minutes.

Mr. JOHNSTON of South Carolina. There has been talk about a filibuster being in progress. The Senator from Delaware is not participating in a filibuster, is he?

Mr. WILLIAMS. I may say to the Senator from South Carolina if it is, it is a filibuster which Members on his side of the aisle, who were in control of the administration at the time these events happened, should have been conducting. I am certain that had the Senator had, during that period, the information which I am presenting to the Senate today, he would have presented it then. I hope the Senator will not criticize me for making this report, even though it is at this belated date.

Mr. JOHNSTON of South Carolina. I am not criticizing the Senator from Delaware for making any report whatsoever. I merely wished to make it clear that he was bringing up another matter while the Senate has under discussion the atomic energy bill.

Mr. WILLIAMS. I am certain that if he will sit down and patiently wait, I shall conclude my remarks in 5 minutes, and there can be a vote by 12 o'clock unless he again starts talking.

Mr. JOHNSTON of South Carolina. I simply wanted to say——

Mr. WILLIAMS. I do not yield to the Senator from South Carolina to turn my statement into a filibuster, and I hope he will not defend these racketeers.

Under date of March 5, 1952, I wrote another letter to Mr. Charles E. Wilson, Director of the Office of Defense Mobilization, making certain inquiries regarding his question and on March 31, 1952, I received a reply.

I ask unanimous consent that both letters may be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

MARCH 5, 1952.

Mr. CHARLES E. WILSON,
Director, Office of Defense Mobilization, Executive Office of the President, Washington, D. C.

DEAR MR. WILSON: I acknowledge receipt of your letter of February 28, 1952, in reference to the employment of Mr. Franklin Lamb in your office.

Will you please furnish me with the following additional information:

1. The date of Mr. Lamb's employment in your office and the title of his position.

2. Was he cleared by the FBI prior to his employment?

3. Is it not customary to clear men employed in your department with the FBI prior to their employment?

4. Was Mr. Lamb checked by the FBI subsequent to his employment? If so, give the date on which his case was referred to the Bureau, the date upon which the report was received, and the substance of that report.

Yours sincerely,

JOHN J. WILLIAMS.

EXECUTIVE OFFICE OF THE PRESIDENT,
OFFICE OF DEFENSE MOBILIZATION,
Washington, D. C., March 31, 1952.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR WILLIAMS: Your letter of March 5, 1952, requested additional information regarding the employment of Mr. Franklin Lamb by this Office.

In response to your first question, Mr. Lamb was employed by this Office for a period of 6 weeks from September 4, 1951, to October 24, 1951, as an Assistant to the Director.

With respect to your second question as to whether or not he was cleared by the FBI prior to employment, the fact is that he was not investigated by the FBI prior to being sworn in as an employee of the Office of Defense Mobilization.

This Office received on August 28, 1951, a photostat of a clearance issued by the Department of the Army, Office of Provost Marshal General, clearing Mr. Lamb for access to documents up to and including those classified "secret." Accordingly, on September 4, 1951, Mr. Lamb was employed under the conditions outlined above. On September 10, there was made available to this Office a complete background investigation which had been conducted on July 9, 1942, by the Internal Revenue Bureau covering Mr. Lamb and which was entirely favorable. On September 7, 1951, request was made by this Office to institute a complete background investigation by the FBI, which was completed on December 29, 1951, as previously stated. This full field investigation failed to disclose any derogatory information whatsoever concerning Mr. Lamb or his past activities.

Your third question asked if it is not customary to clear an employee with the FBI prior to his employment. The ODM regulations permit an employee to be engaged prior to the completion of a full field background investigation by either the FBI or the Civil Service Commission if preemployment checks have been made and have failed to reveal any derogatory information. The reasoning behind this ruling is that under the best possible conditions, the complete background investigation normally requires from 60 to 120 days. Experience has indicated that if a hard and fast rule were promulgated requiring a prospective candidate to wait that long for complete security clearance after it was decided that he was otherwise qualified, it would be a major deterrent in securing staff members for this Office.

Accordingly, a preliminary preemployment investigation is secured from all or anyone of a number of agencies on each prospective employee and if the check fails to reveal any derogatory information, the individual is given an appointment conditioned upon subsequent clearance based on a complete background investigation. Until such time as the clearance is received the individual is not permitted access to any "top secret" or higher classified material.

The above information has also answered question No. 4, with one exception, and that is your request for the substance of the FBI report covering Mr. Lamb. In accordance with the President's directive of March 15, 1948, this request must be respectfully declined.

Sincerely,

CHARLES E. WILSON.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a letter under date of April 23, 1953, signed by Arthur S. Flemming, Director of the Office of Defense Mobilization.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

EXECUTIVE OFFICE
OF THE PRESIDENT,
OFFICE OF DEFENSE MOBILIZATION,
Washington, D. C., April 23, 1953.

Hon. JOHN J. WILLIAMS,
United States Senate,
Washington, D. C.

DEAR SENATOR WILLIAMS: Your letter of April 13, 1953, asked that you be advised of the annual leave accruing to a former employee of the Office of Defense Mobilization, Mr. Franklin Lamb, and also the date and amount of any lump sum paid to him.

Mr. Lamb was appointed on a WOC basis on September 4, 1951, and terminated October 24, 1951. Consultants serving without compensation in an advisory capacity do not accumulate leave or receive lump-sum payments when leaving the agency. Accordingly, Mr. Lamb received no payment for services rendered the Government other than the per diem in lieu of subsistence to which all WOC's are entitled under the terms of the Defense Production Act.

If you wish additional information, please do not hesitate to call.

Sincerely yours,

ARTHUR S. FLEMMING, *Director.*

Mr. WILLIAMS. Mr. President, under date of April 24, 1953, I received a letter from Maj. Gen. W. H. Maglin, the Provost Marshal General, containing certain additional information with regard to Mr. Lamb and others having been given their clearance. I ask unanimous consent to have that letter printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE ARMY,
OFFICE OF THE PROVOST MARSHAL GENERAL,
Washington D. C., April 24, 1953.

Hon. JOHN J. WILLIAMS,
United States Senate.

DEAR SENATOR WILLIAMS: Reference is made to your letter of April 21, 1953, concerning Tele King Corp.

Tele-King Corp. and the following individuals were cleared by the Office of the Provost Marshal General on February 26, 1951: Calvin E. Bell, Scott W. Donaldson, Franklin Lamb, Warren J. Oestreicher, Harvey L. Pokrass, Louis I. Pokrass.

I have looked into this matter and find that the Army-Navy-Air Force Personnel Security Board, which acted for the Secretaries of the Army, Navy, and Air Force, revoked the clearances of Tele-King Corp., and Mr. Louis Pokrass on December 9, 1952. They appealed this decision to the Industrial Employment Review Board and their entire case files were forwarded to that Board on December 22, 1952.

On March 27, 1953, these Boards were abolished by order of the Secretary of Defense who also directed that regional boards be established. These boards are in the process of being organized. Pending their formation I have been advised that all files on cases being processed by the Industrial Employment Review Board are now held by the Assistant Chief of Staff, G–2, Department of the Army.

The records of my office do not contain any additional information on Tele-King Corp.

I trust the above information will be of assistance to you in this matter.

Sincerely yours,

W. H. MAGLIN,
Major General, USA, the Provost Marshal General.

Mr. WILLIAMS. Mr. President, I ask unanimous consent to have printed in the RECORD a copy of the clearance which was given to Mr. Lamb.

There being no objection, the clearance was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF THE ARMY,
OFFICE OF THE PROVOST MARSHAL GENERAL,
Washington, D. C., February 26, 1951.

TELE KING CORP.,
New York, N. Y.
(Attention Mr. S. W. Donaldson.)

GENTLEMEN: Reference is made to the personnel security questionnaires recently submitted by your company in the case of the citizens whose names appear herein.

In conformance with SR 380–405–1, consent is hereby granted for employment on or access to secret contracts and information of the Department of the Army in the case of the following citizens. This grant of consent is subject to the conditions and requirements set forth on the attached page.

Bell, Calvin E.
Donaldson, Scott W.
Lamb, Franklin.
Oestreicher, Warren J.
Pokrass, Harvey L.
Pokrass, Louis I.

By authority of the Secretary of the Army:

F. P. PARKER,
Major General, United States Army, the Provost Marshal General.

Authenticated by:

M. J. FITZGERALD,
Colonel, MPO Executive Officer.

Mr. WILLIAMS. Mr. President, on April 20, 1953, I addressed a letter to Mr. Gordon E. Dean, Chairman of the Atomic Energy Commission, asking whether or not Mr. Lamb had been cleared for employment in the atomic-energy field.

I ask unanimous consent that both my letter and his reply be printed at this point in the RECORD.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

APRIL 20, 1953.

Mr. GORDON E. DEAN,
Chairman, United States Atomic Energy Commission, Washington, D. C.

DEAR MR. DEAN: It is my understanding that on or about September 26, 1951, your agency requested clearance on a Franklin Lamb, who at the time was being considered for employment and that this report was delivered on or about November 13.

Please advise whether or not such a report was requested, and if so, the results.

Was Mr. Lamb subsequently employed? If so, furnish a record of his employment along with a notation as to whether or not he was cleared for top secrets.

Yours sincerely,

JOHN J. WILLIAMS.

MAY 1, 1953.

Hon. JOHN J. WILLIAMS,
United States Senate.

DEAR SENATOR WILLIAMS: Reference is made to your letter dated April 20, 1953, wherein you made inquiry concerning possible employment and security actions taken by the Atomic Energy Commission with respect to Mr. Franklin Lamb.

We have no record in our central clearance index of Mr. Lamb ever having been employed or granted security clearance by this Commission. However, our records do reflect that a request for security clearance for him was received during September 1951 from the Office of Defense Mobilization. We were advised that Mr. Lamb's duties as a consultant with that agency would require his being afforded access to atomic energy restricted data.

On September 21, 1951, we requested the Federal Bureau of Investigation to conduct an investigation relative to Mr. Lamb's character, associations, and loyalty in order that we might determine his eligibility for security clearance. His eligibility, however, was not resolved, for by letter dated November 21, 1951, the Office of Defense Mobilization advised that Mr. Lamb's services had recently terminated with ODM and, as a consequence, it would not be necessary to process his case for AEC security clearance. Accordingly, we closed our file on Mr. Lamb without further action.

I hope this information will be of assistance to you.

Sincerely yours,

H. D. SMYTH,
Acting Chairman.

Mr. WILLIAMS. Mr. President, after developing the case to this point, I called and personally talked with Mr. Franklin Lamb, feeling that, in all fairness, I should obtain his side of the question.

Under date of May 22, 1953, I received a letter from Mr. Franklin Lamb, giving his own explanation as to his part in the matter.

I ask unanimous consent to have the letter of May 22, 1953, printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TELE KING CORP.,
New York, N. Y., May 22, 1953.

Senator WILLIAMS,
Senator from Delaware,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILLIAMS: With respect to your telephone conversation with me, you suggested that I give you certain information, which of course, I am glad to furnish.

I joined Tele King Corp. in September 1949. I was recommended to Mr. Pokrass and Tele King Corp. by Mr. Lawrence Thees, sales manager of the parts division of Radio Corporation of America.

At that time, I had been negotiating with RCA to go with them and had been offered a position by the late vice president, Joseph Wilson at Camden, whom I had met through my old business friend, Frank Folsom, president of RCA.

When I joined Tele King it was entirely owned by Mr. Louis I. Fokrass and his immediate family, however, I did not purchase stock in the company until the middle of 1950.

When I was assistant to Mr. Charles E. Wilson in the ODM, I was appointed on a WOC basis and my company gave me a leave of absence with pay during the time I was with the ODM. While I was with them, other than attending the meetings of the Board of Directors, which I was permitted to do by law and received such a ruling from the legal department of the ODM, I entered into no part of the business activities of Tele King.

You have indicated that you wish to ask me additional questions. I do not know the purpose of these questions and although I am willing to answer any questions you wish to ask in full detail, I prefer you to write them to me so that I can gather the information and data and give you the full facts.

Because of the fact that my company has been very badly persecuted with adverse publicity, most of which has been distorted and is untrue, I prefer to give you my answers in writing in detail so that you will have any answer to any question that is in your mind in full detail.

I am suggesting this method for dealing with your questions so that neither of us will be misquoted.

Very truly yours,

FRANKLIN LAMB.

Mr. WILLIAMS. Mr. President, in the letter Mr. Lamb confirms the fact that he did have leave with pay from the Tele King Corp. during the time of his employment by the Government.

In the letter which I have just incorporated in the RECORD Mr. Lamb suggested that rather than come to Washington, as had at first been suggested, he would rather I drafted my questions in the form of a letter, following which he could put the answers in writing.

Therefore, on May 28, 1953, I directed a letter to Mr. Lamb, outlining a series of nine questions, including questions regarding the connections of Frank Costello and some of the other racketeers

in the Tele King Corp., or in business with Mr. Pokrass.

I ask unanimous consent that the letter be printed at this point in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

MAY 28, 1953.

Mr. FRANKLIN LAMB,
Vice Chairman of the Board,
Tele King Corp., New York, N. Y.

DEAR MR. LAMB: I acknowledge your letter of May 22, 1953. I had hoped that you would find it convenient to be in Washington, at which time you could explain certain questions which have arisen in connection with your employment by the Government and your relationship with the Tele King Corp. However, in the meantime, pending such an interview, I would appreciate the following information:

1. The date the Tele King Corp. was organized, its capitalization, and a list of the stockholders at that time.

2. Did the Tele King Corp. succeed, or take over the assets and liabilities of the Consolidated Television Co.?

a. What was the capitalization of the Consolidated Television Co. at the time it was merged with the Tele King Corp., and who were its officers and stockholders?

3. The present capitalization of the Tele King Corp., and a list of its stockholders.

4. Is Frank Costello now, or has he ever been a stockholder, either directly or indirectly, in the Tele King Corp.?

a. If his interests have been sold, the date of the sale, to whom they were sold, and the number of shares involved.

5. Was Frank Costello a stockholder, either directly or indirectly, in the predecessor company, Consolidated Television?

a. If so, give full details including the amount of stock owned, the date sold, and the purchaser.

6. If Meyer Lansky was a stockholder in either the Tele King Corp. or the Consolidated Television Co., please furnish complete information regarding the date he entered the company, the date he left, the number of shares involved, and from whom the stock was purchased as well as to whom it was sold and the amounts involved.

7. If Joe Adonis was at any time a stockholder in either of these companies, please furnish complete information regarding the date he entered the company, the date he left, the number of shares involved, from whom the stock was purchased, to whom it was sold, and the amount involved.

8. Who recommended that you apply for the position as assistant to the Director of Defense Mobilization?

9. Has Gen. Harry Vaughan ever been connected with the Tele King Corp., either as a stockholder or as an employee?

Yours sincerely,

JOHN J. WILLIAMS.

Mr. WILLIAMS. Mr. President, on June 5, 1953, I received a partial reply from Mr. Lamb, who stated at that time that questions numbered 2, 4, 5, 6, and 7, of my letter were being referred to the general counsel, Jerome Handler, Esq., from whom I would hear in the early future with reference to the questions.

I might say that those questions related to the connection of those racketeers with Mr. Pokrass or his company, as can be noted from the preceding letter.

Mr. President, I ask unanimous consent that the letter be printed in the RECORD at this point in my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

TELE KING CORP.,
New York, N. Y., June 5, 1953.

Senator JOHN J. WILLIAMS,
Senator from Delaware, United States Senate, Washington, D. C.

DEAR SENATOR WILLIAMS: Re your letter of May 28, inasmuch as I joined Tele King Corp. in September of 1949, having resigned the month previous as president of Rex Manufacturing Corp., 302 Fifth Avenue, New York, I had no prior contact, either directly or indirectly with Tele King and therefore, questions No. 2, 4, 5, 6, and 7, are being referred to our general counsel, Jerome Handler, Esq., from whom you will hear in the early future.

No. 1: Tele King Corp. was organized November 10, 1948 with a capitalization of 500 shares of no par value, and the stockholders were Louis I. Pokrass and H. Roy Penzell holding 30 shares each.

No. 3: The present capitalization of Tele King Corp. is 500,000 shares, par value of $1 each. The stockholders are:

	Shares
Louis I. Pokrass	164,660
Harvey L. Pokrass	67,670
Ina Pokrass Bell	67,670
Franklin Lamb	20,000
	320,000

Balance of the stock is in the treasury.

No. 8: No one recommended that I apply for the position as assistant to the Director of Defense Mobilization. This was my own idea.

No. 9: Gen. Harry Vaughan has certainly never been connected with Tele King either as a stockholder or an employee or on any other basis.

Very truly yours,

FRANKLIN LAMB.

Mr. WILLIAMS. Mr. President, under date of July 7, 1953, I received the letter from the attorneys, as promised by Mr. Lamb, and signed by Jerome Handler. I read the first paragraph from that letter:

DEAR SENATOR WILLIAMS: Based upon the corporate records and personal knowledge of certain of the facts, we will answer as best we can the questions set forth in your letter of May 28, 1953, sent to Mr. Franklin Lamb of the Tele King Corp. We will follow the numbers used by you in your letter. The data set forth in this letter is confidential, and for your information only, and is not to be published or otherwise disseminated by you without the written consent of ourselves or our client.

* * * * *

Very truly yours,

SCHUR, HANDLER & JAFFIN,
By JEROME HANDLER.

In the absence of the permission of the attorneys, I shall not incorporate the full letter in the RECORD at this point. Because the correspondence was received without any official status on my part, I do not feel at liberty to incorporate the entire letter in the RECORD. However, I close my remarks with the statement that if Mr. Lamb or his attorneys feel that the incorporation of the complete letter into the RECORD would in any way change the picture as it now stands I will upon their request ask that the full letter be placed in the RECORD.

SALE OF CERTAIN WAR-BUILT PASSENGER-CARGO VESSELS—CONFERENCE REPORT

Mr. BUTLER. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes. I ask unanimous consent for the immediate consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: That the Senate recede from its amendment.

JOHN M. BUTLER,
CHARLES E. POTTER,
WARREN G. MAGNUSON,
Managers on the Part of the Senate.
THOR C. TOLLEFSON,
JOHN J. ALLEN, JR.,
JOHN H. RAY,
HEBERT C. BONNER,
JOHN F. SHELLEY,
Managers on the Part of the House.

Mr. KNOWLAND. Mr. President, will the Senator yield for a question?

Mr. BUTLER. I yield.

Mr. KNOWLAND. Is this the conference report we had up earlier, which the Senator has since discussed with the minority leader and the majority leader?

Mr. BUTLER. It is.

Mr. KNOWLAND. I have no objection.

Mr. BUTLER. Mr. President, I move that the Senate proceed to the consideration of the conference report.

The motion was agreed to; and the Senate proceeded to consider the conference report.

Mr. BUTLER. The Senate Conferees on House Joint Resolution 534 to authorize the sale of two war-built passenger-cargo vessels to the American President Lines, Ltd., have agreed unanimously to recede from the amendment proposed by the Senator from Delaware [Mr. WILLIAMS] during floor consideration of the bill, and acquiesced in by me as Chairman of the Water Transportation Subcommittee.

Following approval by the Senate of the amendment, there were submitted to our subcommittee by the General Accounting Office and the Maritime Administration statements not previously presented to us, to the effect that the point raised by the Senator from Delaware in his amendment had been considered thoroughly by those two responsible Government agencies in their negotiations preceding the drafting of the companion bills.

I ask unanimous consent that the letters from the General Accounting Office

and the Maritime Administration be made a part of the legislative record and be printed in the RECORD at the conclusion of my remarks.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

COMPTROLLER GENERAL
OF THE UNITED STATES,
Washington.

Hon. JOHN MARSHALL BUTLER,
Chairman, Subcommittee on Water Transportation, Interstate and Foreign Commerce Committee, United States Senate.

DEAR MR. CHAIRMAN: Pursuant to your request, I have had examined in this Office the amendment to House Joint Resolution 534, a bill to authorize the sale of the vessels *President Cleveland* and *President Wilson* which was proposed on the floor of the Senate on July 8, 1954, by Senator WILLIAMS and later adopted by the Senate.

If the sale of the vessels were to take place as of April 1, 1954, at a sales price of $6,500,000, it would seem that a necessary incident of such a sale would be a refund of the charter hire paid by American President Lines from April 1, 1954, to the date of enactment of House Joint Resolution 534. Since this charter hire represents 8½ percent per annum of the vessels' valuation of approximately $7,900,000, the Government would stand to lose more under such an arrangement than under the bill as it stood prior to amendment. The 8½ percent charter hire includes interest of 3½ percent on the Government's money right up to the date House Joint Resolution 534 is enacted.

It is believed that some confusion exists by reason of the fact that April 1, 1954, was used as a target date from which to compute depreciation in order to arrive at the final sales price. However, the deal, as contemplated by House Joint Resolution 534 in its original form, was for the sale of the vessels at a fixed price. The depreciation rate was used only to reduce the agreed figure of $6,500,000 on April 1, 1954, for the short period during which the bill was passing through the legislative process. It is not to be treated in the same way as the 5-percent portion of the charter hire representing depreciation which has been and is now being paid by American President Lines for the use of the vessels.

Accordingly, it is the view of this Office that the effect of the amendment is to charge twice for interest on the Government's investment in the ships from April 1, 1954, to the date of enactment of House Joint Resolution 534.

Sincerely yours,

———— ————,
Acting Comptroller General of the United States.

COMPTROLLER GENERAL OF
THE UNITED STATES,
Washington, D. C.

Hon. JOHN MARSHALL BUTLER,
Chairman, Subcommittee on Water Transportation, Interstate and Foreign Commerce Committee, United States Senate.

DEAR MR. CHAIRMAN: Pursuant to your request, I have had examined in this office the amendment to H. J. Res. 534, a bill to authorize the sale of the vessels *President Cleveland* and *President Wilson* which was proposed on the floor of the Senate on July 8, 1954, by Senator WILLIAMS and later adopted by the Senate.

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Accordingly, it is the view of this office that the effect of the amendment is to charge twice for interest on the Government's investment in the ships from April 1, 1954, to the date of enactment of House Joint Resolution 534.

Sincerely yours,

———— ————,
Acting Comptroller General of the United States.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. LANGER. Mr. President——

The PRESIDING OFFICER (Mr. BARRETT in the chair). The Senator from North Dakota is recognized.

Mr. LANGER. I have a special interest in the controversy which is being debated today. During all of the years I have been a Member of the Senate, I have devoted a large part of my time and energy to the battle of securing low-cost electric power and energy for the farmers of my State, North Dakota. This has been no easy job. On all fronts the power monopolies have battled constantly to prevent the necessary appropriations to finance the construction of the dams on the Missouri River and the generating facilities which were necessary to make electric energy available at a cheap enough rate to enable the rural electric cooperatives to develop economically feasible projects.

It is so easy to forget today that when I started my battle in the Senate for the farmers of North Dakota, less than 1 farm in 16 enjoyed the blessing of electricity. The private electric power companies simply refused to extend service to the farms under terms which the farmer could afford to pay. If one had traveled up and down the roads of the farm communities of North Dakota as I have, he would have realized the drudgery and rigors which the farm wife had to endure before the rural electric cooperatives, financed by the Federal Government, made the use of electricity on the farms possible.

With the advent of the REA, the situation underwent a complete change. Today almost all of the farms are served with electricity. It is an enduring satisfaction to me to receive letters from farm families thanking me for my help in making life so much easier and more enjoyable for them. Likewise, the income of the farmers of North Dakota has been greatly increased by the use of this new hired hand, which can do so much faster and more efficiently, the multitude of laborious jobs which must be done every day on the farm.

Only after we succeeded in getting the appropriations for the dams on the Missouri River could we go ahead on a wide front with the REA program in my State. The farms are so apart, and the number of farms which can be served by one mile of line is so small—the density is only a little greater than one farm per mile—that the farmers found it impossible even to develop a non-profit cooperative distribution system on an economically feasible basis, at the wholesale rates for electricity which they were forced to pay the private electric utility companies. The Bureau of Reclamation now sells power to those cooperatives at considerably less than one-half the price they were forced to pay the private companies.

In my fight for the farmers of North Dakota, I soon learned that the farmers of the rest of the country were faced with the same problems which confronted my constituents in North Dakota. I was impressed by the fact that in the Tennessee Valley for years the REA cooperatives had been able to purchase electricity from the TVA at only a fraction of the cost our North Dakota farmers had to pay to the private companies.

Now the TVA is being threatened by the President's directive to the Atomic Energy Commission to enter into a deal with private utilities, the Dixon-Yates group, to take over a part of the public power load in Memphis, and on terms which may cost the Government from $90 million to $150 million more than if TVA carried the load. But, as I see it, the most harmful effect of the Dixon-Yates deal will be its ultimate effect on the REA cooperatives and, through them, on the farmers of the valley. Of course, the disastrous consequences will not be limited to the farmers of the Tennessee Valley. I call that fact to the attention of every Senator on the floor, no matter from what State the Senator may come. It is not merely a fight for the Tennessee Valley Authority, for once the TVA yardstick is destroyed, the rates of the cooperatives in States surrounding the Tennessee Valley will also be raised. Already in my State, in Bowman County, where an REA has been hampered by the Department of the Interior, the rates have been doubled, and farmers in that area who used to pay $24 a month for electricity suddenly found their bills had increased to almost $48 a month. They

were unable to pay such high rates, and, of course, had to disconnect their electricity and go back to the kerosene lamp.

Eventually most of the country, if not all, will be harmed by the loss of the yardstick. Not only does the Dixon-Yates deal contain possibilities of real harm to the farmers, but we were greatly upset because the new proposed Atomic Energy Act failed to protect the farmers and the rest of the consuming public. It appears to the senior Senator from North Dakota that the new bill turns all the benefits of this new source of power over to the monopolistic power trust, with no safeguards whatsoever for the farmers, the REA cooperatives, or the general public welfare; yet eventually the benefits of this source of power will enable it to dwarf the hydroelectric power capacity of the country.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from North Dakota yield to me?

Mr. LANGER. I yield.

Mr. JOHNSTON of South Carolina. I wish to compliment the Senator from North Dakota for the statement he is making. At this time I should like to read into the record a few figures showing how the States benefit when the TVA yardstick can be used.

Mr. LANGER. I gladly yield for that purpose.

Mr. JOHNSTON of South Carolina. These are the average charges for hydroelectric power purchased by rural-electric cooperatives; 4.8 mills in Tennessee, where the Tennessee Valley Authority is the only source of supply; 5.3 mills in Mississippi, close by, where the TVA yardstick is being used; 5.8 mills in Alabama; 6.4 mills in Georgia; 7.1 mills in South Carolina.

Across the Mississippi River, in the neighboring States of the Southwest, we find that the average charges for electricity sold to rural-electric cooperatives amount to 5.5 mills in Louisiana; 6 mills in Arkansas, 5.8 mills in Texas; and 6 mills in Oklahoma.

Moving to the North, which is said to be so far advanced, we find that, on the average, the cooperatives are paying 15.4 mills in Maine; 12.3 mills in New Hampshire; 12.3 mills in Vermont; 11.2 mills in the great State of New York; 10.5 mills in Pennsylvania, or twice as much as the rate in the vicinity of the TVA, where the power companies are furnishing the power; 12.8 mills in Michigan; 13.7 mills in Wisconsin; 12.6 mills in Iowa; 14 mills in Minnesota; 11.2 mills in North Dakota; and 11.7 mills in South Dakota. All those States are far away from the TVA yardstick.

Let me say that I am glad the Senator from North Dakota is making his speech at this time, in the effort to keep the TVA from being done away with in an underhanded manner. So I thank the Senator from North Dakota for yielding to me at this time. I am vitally interested in this matter, for I do not want the rates in my State to be doubled.

Mr. LANGER. Mr. President, it is always a pleasure to yield to the junior Senator from South Carolina, whose entire record in the Senate has been one in behalf of the small consumers, the laboring men, and the small farmers. His record here is very natural in view of his experience, for when he was 11 years old he supported an entire family by working in a mill. His record in the Senate is proof that the efforts he made in his youth have had their effect and have gained for him the confidence of the people of South Carolina, and, I may add, the confidence of the entire Nation. The people of South Carolina recognized his great ability and made him their Governor. So I am always glad to yield to the distinguished Senator from South Carolina.

Mr. President, let me say that the pending bill should be most carefully considered by every Senator; and I care not whether it takes 5 days, 10 days, or 5 months to give the bill the adequate consideration it requires. The people of the United States should be aware of what this crowd is trying to put over on the floor of the Senate.

Mr. President, as I began to say a moment ago, it appears to me that the pending bill turns all the benefits of this new source of power over to the monopolistic Power Trust, with no safeguards whatsoever for the farmers, the REA cooperatives, or the general public, including labor, the small municipalities, and the rank and file of people everywhere in the Nation.

I am very glad the distinguished Senator from South Carolina submitted the figures on the rates in various States, thus showing what is taken out of the pockets of the poor people, because, being in the majority, in the last analysis they are the ones who pay. I do not care whether one refers to taxes or to rates; in any event, every Senator knows that, in the last analysis, the poor people are the ones who pay.

Mr. President, this new development should be a great blessing for mankind. It was made at a cost of billions of dollars of the taxpayers' money, but it is being shamefully handed over to a greedy few. This is the biggest giveaway yet. I plead with my colleagues to support the necessary amendments to give some degree of protection to the public, and to the REA cooperatives, in particular.

Another reason for my special interest in this matter arises from my being chairman of the Subcommittee on Antitrust and Monopoly, of the Committee on the Judiciary. We have held some hearings on the monopoly features of the Dixon-Yates proposal. We plan to hold more hearings to go to the bottom of this matter. Although, of course, we shall not be in a position to decide whether the anti-monopoly laws of the country have been violated, until after all the evidence is in, we have heard enough to cause us great concern. The engineering firm which was employed by a syndicate which attempted to submit a bid withdrew as engineer, after the bid was publicized. The head of the syndicate, Mr. Von Tresckow, testified before my committee that the president of the engineering firm told him the firm withdrew because of the pressure brought to bear upon it by its utility clients.

Of course, Mr. President, when a project is built for the Government, the customary procedure is to advertise for bids, and to accept the lowest responsible bid. That applies whether the project is to be constructed in a city, in a town, or in a village. After all, in handling the taxpayers' money, the general rule is to award the contract to the lowest responsible bidder who will do the work well. However, in this case, when a syndicate tried to bid to help do the job, the engineering firm which was employed by the syndicate, which attempted to submit a bid, withdrew after the bid was publicized. Incidentally, this was not a case in which a fly-by-night engineer was employed. On the contrary, one of the outstanding engineering firms in America was used.

The president of the engineering firm wrote a most interesting letter which was entered in the record of our hearings. I should like to read the letter to the Senate:

DEAR MR. VON TRESCKOW: In our original discussion we had no knowledge of the fact that any private utilities were interested in the construction and operation of a generating station in the Tennessee Valley area for the Atomic Energy Commission.

It now develops that unauthorized use of our name has been made in connection with a proposal to the Atomic Energy Commission counter to one submitted by Middle South Utilities and the southern companies.

On April 28 we pointed out to you that Gibbs & Hill, Inc., could not afford to have its name linked with any endeavor contrary to the interests of any privately owned public utilities in this country.

The use of our name has come to the attention of Mr. Dixon—

Of Dixon-Yates—

president of Middle South Utilities, and through him to Mr. England, president of Atlantic City Electric, one of our clients, and to a number of electrical equipment and boiler manufacturers. One of the subsidiaries of Middle South Utilities is the New Orleans Public Service Co., with whom we have been endeavoring to negotiate an agreement for the design and/or construction supervision of their new station.

In view of the foregoing, it would seem necessary to have statements issued in such newspapers, as Gibbs & Hill's name has been mentioned in connection with this project, to this effect: That we will not participate in any activity detrimental to the privately owned public-utility industry in the country.

Any personal names or company names used above are confidential and have been mentioned for the sole purpose of adequately presenting Gibbs & Hill's position.

Yours very truly,

DAVID B. SLOAN.

I may say that I had the great satisfaction, as chairman of the subcommittee, to have Mr. Sloan under oath before the subcommittee to find out why he wrote that letter. The testimony is most interesting. Undoubtedly it has already been placed in the RECORD, or will be placed in the RECORD.

The testimony of the representatives of the Von Tresckow group before our committee also indicated they had received a brushoff from the AEC, although the Dixon-Yates people always received a royal welcome and assistance from AEC, the Budget Bureau, and the Federal Power Commission representatives.

It is interesting to note that only this morning I received a telegram, which I

wish to read in full. I ask Senators to remember this telegram as I continue with my remarks, when I deal with finances. The telegram is dated July 19, 1954, and reads as follows:

NEW YORK, N. Y., *July 19, 1954.*

Senator WILLIAM LANGER,
Senate Office Building,
Washington, D. C.:

We, the undersigned, have made an offer to finance, design, build, and operate a steam generating station at Fulton, Tenn., to supply the power needs of the TVA in the Memphis area. The cost of this power is to be 3½ mills per kilowatt-hour or less. This is practically at the same rate as power produced by the TVA. Our offer will cost the Government between $90 million and $150 million less than any alternative proposal you have for consideration. We are repeating this offer, made to TVA and other governmental agencies concerned, to you and to every other Senator and Representative. We are now adding to this offer as follows:

"We will build steam generating stations on the same basis wherever they are needed in the TVA area. Power from these generating stations will also be available to the private utility companies in the adjacent territory at the same rates as TVA."

We repectfully ask that you interest yourself in the consideration of this offer by the proper Government agency, for the following reasons:

It is best for the Government, because: It saves $90 to $150 millions. It eliminates the need for the AEC to make a power contract to supply the needs of TVA it takes the AEC out of the power business. It eliminates need for further Government appropriations for the construction of TVA generating stations.

It is best for TVA, because the Authority can continue to make its own power contracts for its own needs. It enables the TVA to supply all the power the AEC needs at the cheapest price. The Authority retains its ability to meet the growing needs of its own customers. The cost of power remains the same to its present customers. The great benefits, brought by TVA to the area it serves in seven States, are maintained through private money and private initiative.

It is best for the private utility companies in the territory adjacent to TVA, because it enables them for the first time to obtain power at TVA rates and to compete with TVA on a price basis.

It is best for the consumer, because his monthly bill for electricity in the TVA area remains the same and will be substantially less than he is paying now in the adjacent territory.

It is best for the country, because it spreads the benefits of low-cost power over a vastly greater territory to a larger number of people.

Respectfully yours,

Walter von Tresckow, for Walter von Tresckow, New York City; Burns & McDonnell Engineering Co., Kansas City, Mo.; Salomon Bros. & Hutzler Investment Bankers, New York City; Long Construction Co., Kansas City, Mo.; Robert W. Larrow, Burlington, Vt.; Harvey Weeks, New York City; George H. Schwartz, Zelig R. Nathanson, Schwartz, Nathanson, I. Cohen, New York City; John N. Mitchell, Caldwell, Marshall, Trimble & Mitchell, New York City.

Mr. President, those who signed the telegram are outstanding financiers, lawyers, brokers, and engineers. They renewed the offer they had previously made. They testified before our committee. How in the name of heaven any Senator can possibly vote to have the Dixon-Yates proposal go through, at an additional cost to the Government of between $90 million and $150 million is beyond the comprehension of the senior Senator from North Dakota.

The following intraoffice memorandum, written by a member of the engineering firm's staff which was entered into the record of our hearings is most illuminating:

Yesterday Mr. Waite, of the Federal Power Commission office in New York, called to inquire whether the publicity released in Memphis by the law firm of Burch, Porter, and Johnson had been retracted. Not knowing the situation I told him I was under the impression that a retraction was in process and suggested that you, E. H. A. or J. B. S. would give him the details. In the meantime, however, I found in the file a clipping from the Memphis paper, the Commercial Appeal of May 7, as well as a copy of your letter to the McGraw Hill Publishing Co. on the same subject which I told Mr. Waite about in a subsequent phone call. He seemed to be obviously pleased and relieved that the retraction was an accomplished fact, and stated that he had been requested to ascertain exactly this by the main office of the Commission in Washington.

B. D. J.

Why should the Federal Power Commission be obviously pleased and relieved that the engineering firm had withdrawn from representation of a possible competitor of Dixon-Yates? What has been the true role the FPC has played in this?

Mr. GORE. Mr. President, will the Senator from North Dakota yield?

Mr. LANGER. I am delighted to yield to the Senator from Tennessee.

Mr. GORE. The able Senator referred to the Von Tresckow group as a possible competitor. I wish to point out to the Senator that under the data sheet and specifications submitted and prepared by the Atomic Energy Commission for those who wanted to submit so-called competing proposals, only one group could qualify as a genuine competitor. I never at any time could understand how the Von Tresckow group could compete on the basis of the requirements of the Atomic Energy Commission. The power requirements which the Von Tresckow group could not meet was that the party submitting a proposal must have a dependable back-up of power. Who had a dependable back-up of 600,000 kilowatts of power except the utility operating in that area?

Another requirement was that it could use the extra electricity, if not needed by AEC, for their own use. Who could meet that requirement except the operating utility in the area?

That is why I have said repeatedly that there was no room for competition. There was only one concern that could meet the requirements. This deal was tailor made for one concern, and one concern only. Not only was it given an exclusive contract, but it was guaranteed profits and given tax immunity.

Mr. LANGER. The Senator is stating the exact truth as it appears from the sworn testimony given before our committee. That is exactly the situation.

Mr. GORE. Mr. President, will the Senator yield further?

Mr. LANGER. I yield further.

Mr. GORE. I have never thought the Von Tresckow group or any other private group should build this plant to supply this need unless it could do so as economically as TVA could. Not even the Von Tresckow group believes it can do that. However, from the additional offer which the Senator has read, surely if the TVA is to be denied the privilege of building a plant to supply its own needs, and if private enterprise is to be depended upon to supply the power, we ought to have genuine competition. What is wrong with the competitive system? Why do those who plead against the TVA in the name of private enterprise want no part of it, but instead want an exclusive contract on which no one except a particular group can bid successfully?

Mr. LANGER. That is exactly right.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. LANGER. I yield.

Mr. CARLSON. As I heard the telegram read by the distinguished Senator from North Dakota, it seemed to me that the offer was to furnish electricity cheaper than TVA could furnish it.

Mr. LANGER. At the same rate.

Mr. CARLSON. At the same rate. In other words, if private industry can compete with TVA, it should be given the opportunity to do so.

Mr. LANGER. That is right.

Mr. GORE. Mr. President, will the Senator yield?

Mr. LANGER. I yield to the Senator from Tennessee.

Mr. GORE. I took that position with respect to the supplying of power to the Atomic Energy Commission plant at Paducah. If private enterprise can supply the Atomic Energy Commission's needs at Paducah as reasonably as can the TVA, my position is already taken, and that is how I voted.

Mr. LANGER. The telegram refers to furnishing power at 3½ mills to the private companies, and they can use it where they want to.

Mr. GORE. Mr. President, I should like to point out to my distinguished friend from Kansas [Mr. CARLSON] that the Atomic Energy Commission has been ordered not to consider the proposal to which reference has been made, not to consider contracts which other people may submit, but it is ordered to negotiate a contract with one concern only, and it is ordered to see that certain provisions shall be in the contract, one of which is complete reimbursement of all taxes.

Mr. CARLSON. Mr. President, will the Senator from North Dakota yield?

Mr. LANGER. I yield.

Mr. CARLSON. If I understand correctly, the taxpayers of the United States have poured $1,800,000,000 into the Tennessee Valley Authority. We now have a private corporation saying it will furnish electricity at the same rate. We do not have any Federal money to expend there at this time. We have to borrow every dollar we use.

Mr. GORE. Mr. President, will the Senator from North Dakota yield?

Mr. LANGER. I yield.

Mr. GORE. The order precludes consideration of the Von Tresckow offer.

The order is to negotiate a contract with Dixon-Yates. The AEC is told to negotiate what kind of a contract, Mr. President? A contract guaranteeing a profit with complete tax reimbursement. It is a "sugar" deal.

Mr. LANGER. Mr. President, there are several unexplained features in the Dixon-Yates situation which cast a very dark shadow over the protestations of innocence of its proponents. First, I have yet to hear a satisfactory explanation of why the Tennessee Valley Authority was not instructed by the President to enter into this contract, rather than the Atomic Energy Commission. Why, Mr. President? The people of the United States are going to ask why a thousand times. Was it Bobby Jones? After all, Mr. President, no one can dispute the fact that the Atomic Energy Commission performs no real function along this line. Private utilities will construct the plant and generate power. The power will go into the TVA transmission lines and, indeed, will be contracted for by TVA. What function, in the name of heaven, what possible function, does the Atomic Energy Commission have in connection with this matter? Will some Senator answer that, if he can? I will yield to him to permit him to answer, if he can.

Mr. President, the Atomic Energy Commission is simply a middleman, a broker. It has no real function in this set-up. Can it be that this complicated arrangement has been established to confuse the situation and to take the focus away from the fear of the administration that TVA itself really has no legal right to enter into arrangements with private utilities? Certainly, Mr. President, although there has been much talk about it, we do not know how the construction of the plant at West Memphis is to be financed. We only know that it will cost approximately $100 million. Unless the Government estimates are incorrect, the Dixon-Yates group will put up only approximately $5 million. They are going to finance it at great cost to the Government. Over the life of the contract the cost may be $3½ million a year greater than it would be if TVA furnished the power. No Senator upon this floor—I challenge him to tell us—has told us how the Dixon-Yates group plan to finance this project and raise the rest of the money necessary for its completion.

So far as we know, neither the Director of the Bureau of the Budget, Mr. Hughes, nor the Atomic Energy Commission, has inquired into this. It is a startling fact indeed. Surely, one would think that the Government, embarking on a project of such vast dimensions, would want to know who was going to put up the money and from where the money would come. If the money is to come from the sale of bonds or of stocks, the Government ought to know what investment banking firms will underwrite the issue, what terms they have procured, on what basis such an issue will be offered to the public, and, generally, whether or not the Dixon-Yates group have substantial and definitive agreements with underwriting houses to assure the Government that they really will raise the necessary capital.

Mr. President, I say, solemnly, that I cannot recall a single instance during the many years I have spent in the Government service, of a large contract being made by the Government without its finding out in advance who is going to put up the money and on what terms.

The mystery is a deep one. Can it be that the Government has not asked about this? Or, if the Government has asked about it, why does it not make the information public? Is something being concealed from us? If so, what is being concealed, and why?

Mr. President, these are serious questions, and we have had no answer to them. That fact alone should preclude any Senator from lending his voice to hasty and ill-considered approval of this proposition.

Mr. President, the Subcommittee on Anti-Monopoly wrote a letter to the Atomic Energy Commission and asked them to hold up this contract until the hearings were concluded. So far, we have not received a response, except an acknowledgment of the letter.

Mr. President, the action of the executive department in this case smacks so much of other actions on its part in two other areas of the country which have been investigated by my committee, that it seems obvious it is a part of a general pattern which seems to exist in the administration's relations with power companies and REA cooperatives.

The first such matter involved the Missouri Basin criteria issued by the Department of the Interior. The second related to the treatment of REA cooperatives in the Southwest by the same Department of the Interior. I shall not take up the time of the Senate to go into those details, but I ask my colleagues to read the records of the hearings to see what this administration is doing to REA cooperatives in other parts of the country.

Mr. President, the administration is acting in violation of the promises made by Dwight Eisenhower, when he was a candidate, speaking at Kasson, Minn.; in South Dakota; and, on October 4, 1952, at Fargo, N. Dak. It was at Fargo that he specifically pledged that, if he was elected President, he would do all he possibly could do to extend the REA, and to help the REA. The farmers were led to believe that he was a friend of the REA and a friend of the housewife.

Today there are 3 million farmers in the Southwest who are trying to get REA, but who must get along with kerosene lamps, while the Department of the Interior is doing all it can to harass those people.

While, as I have said, I have not prejudged the monopoly features of this transaction, let me say what I think of the proposed Dixon-Yates deal. It follows the same pattern of trying to destroy the public power and cooperative power institutions of the country which I have just been talking about. The administration does not even have the honesty to say that is what they are trying to do.

I do not mind having a man disagree with me. I have had many disagreements with good friends. I am willing to go before the public at any time, on any issue, and to let the people decide. But I have no use for a man who does one thing, and tries to tell the people that he is doing something else—and that is exactly what this administration has been doing in the power field ever since it came into office. If any Senator wishes to debate that question upon the floor, I will debate it with him.

Mr. MORSE. Mr. President, will the Senator yield?

Mr. LANGER. I yield to the Senator from Oregon.

Mr. MORSE. I do not wish to debate it; I merely wish to associate myself with the Senator's remarks, and to say that he has spoken the absolute truth with respect to the sorry record of this administration.

Mr. LANGER. I thank the Senator from Oregon.

Here is a quotation from a statement made by Secretary of the Interior McKay this week in Portland, Oreg. Speaking about the Dixon-Yates deal, the Secretary said:

> The power needed by the Atomic Energy Commission can be obtained more cheaply from private utilities than by TVA construction of steam plants—and the private utilities pay taxes, too.

Mr. President, what do you think of a Secretary of the Interior who can issue statements to the press which contain such misinformation, such plain misstatements of fact? Everyone knows that it will cost the AEC a considerably greater sum of money under the Dixon-Yates deal than if TVA were allowed to construct the Fulton plant. That is the sworn testimony, and the Secretary of the Interior knows it. And it will cost a lot more money without taxes. The only question is, Will it cost $3,500,000 more a year, $5,500,000 more a year, or even more than that? Everybody knows it will cost more; everybody admits it; everybody, that is, except Secretary of the Interior McKay. He tells the people that the Dixon-Yates deal is a good one because it means cheap power.

Listen to what he says about taxes:

> And the private utilities pay taxes, too.

Remember, he is discussing the Dixon-Yates deal, and in that deal the Government will have to pay all of the taxes for Dixon-Yates, in addition to giving them their profit. I am becoming sick and tired of governmental officials, such as this man McKay, who continuously tries to mislead the public. I am becoming sick and tired of officials who draw pay from the people, and then use their talents and energy to mislead and deceive the people. I say, here on the floor, that we shall have an opportunity to help put a stop to it.

But, Mr. President, I do not want to be too hard on the Secretary of the Interior, Mr. McKay. After all, he is only a hired man. After all, he has to take his orders from the boss—the President. That is where the responsibility lies. It is with the President.

It was the President who was looking for votes, as I said a few minutes ago, throughout the western area. It was the President, not Mr. McKay, who promised

the people that the integrity of the TVA would be respected, and that he would do what he could to help in the expansion of REA. It was Dwight Eisenhower, not Douglas McKay, who made those promises.

It was the President who promised honesty in Government. It was the President who promised a businesslike administration.

Mr. President, what has happened to the integrity of the TVA? What has happened to the businesslike administration of our Government?

Here is a deal which eventually will destroy the TVA, if we do not stop it. Here is a case in which a member of the President's Cabinet, chosen by the President, and responsible to him, deliberately tries to mislead the people as to the facts. Here is a case in which an attempt is being made to give away—yes, I mean exactly that—to give away millions of dollars of the taxpayers' money for the benefit of the power monopolies. It is an attempt to take money out of the pockets of poor people, or of rich people—of the taxpayers—and to turn it over into the pockets of private monopoly.

What about the power monopoly in this case? What about the Public Utility Holding Company Act? Has that been repealed? Is this administration now going to try to extend the power monopoly of the Power Trust, instead of restricting it and keeping it within its proper bounds, as provided for in the Public Utility Holding Company Act? Is the Government going to try to expand the established territory of the Dixon-Yates monopoly power group into Tennessee?

Mr. President, this is not a case of turning the clock back; it is a case of throwing the clock out the window.

I think that it is about time that Congress paid more attention to what the monopolies, especially the power monopoly, are doing. As I see it, they are trying as quickly as possible to take over all the power facilities of the Government. They do not want any more yardsticks like TVA, because even though they are making more money under that yardstick than they ever made before, they are not satisfied. They want to destroy the TVA yardstick and every other public power yardstick, so that they can make even greater profits at the expense of the people. I do not think that Congress will let them do that. I intend to do everything I can to keep the power monopoly within its proper bounds and not let it gobble up the entire power supply of the country.

Mr. President, I want to remind my colleagues that when we are dealing with the power trust, we are dealing with a monopoly, a monopolistic group, and not a free enterprise group. Every once in a while some of the defenders of private monopoly talk about free enterprise—oh, free enterprise. It is almost as sacred to some as the Bible. In this case we are dealing with a power trust, with a monopoly group, not with a free enterprise group.

Mr. MORSE. Mr. President, will the Senator yield for a few questions?

Mr. LANGER. I yield to the Senator from Oregon.

Mr. MORSE. Am I correct in my understanding that one of the points of criticism of the Senator from North Dakota against the bill is that there is nothing in the bill that protects the public in regard to the sale and distribution of power once this monopolistic power group is allowed to get an economic stranglehold on the atomic energy program?

Mr. LANGER. There is not a word, not a syllable, not a sentence, not a paragraph in the entire bill which protects the common man or the common people, as the Senator from Oregon very well knows. He is a very able lawyer and has read the bill.

Mr. MORSE. Will the Senator yield further?

Mr. LANGER. I yield.

Mr. MORSE. What does the Senator from North Dakota think would have been the position of the great George Norris, of the great senior La Follette, or, for that matter, the junior La Follette, or of Ladd, Couzens, or Johnson of California, the statesmen in the history of the Senate of the United States who, along with others, fought for the passage of a Federal power policy which would guarantee to all the people the protection of a preference clause?

Mr. LANGER. The distinguished Senator from Oregon knows as well as I that if the pending bill is enacted into law there will be no provision made for the preference clause, and that the men referred to, who are now in their graves, would be betrayed, but not by those of us in the Senate who are trying to carry the torch, headed by such men as the distinguished Senator from Oregon himself. It is our sacred duty to carry on that fight, regardless of the odds, regardless of who may be Secretary of the Interior, regardless of who may be President. Under our oaths, we owe that duty to the people of the country.

Mr. MORSE. Will the Senator yield further?

Mr. LANGER. I yield.

Mr. MORSE. I wish my record in the Senate in the field of fighting for the public interest and public power could begin to approach the great record the Senator from North Dakota has made during his many years of service in the Senate. He stood steadfast in the Senate when some of the great men to whom I referred really fought the battle in regard to the public-power yardstick.

My next question is this: Is the Senator aware of the fact that one of the gimmicks, one of the sleepers, and one of the betrayals of the public interest in the bill is that it provides that the Federal Government shall lease to the private utilities the uranium process, and buy back the plutonium ash, with the result that, in all probability, the private utilities will get the whole thing for nothing, in that the Government will pay more for the plutonium ash and for the so-called defense plant than the private utilities will pay for the leasehold interest? In addition, there is no reservation of the right of the Federal Government to build a reactor for the purpose of selling and distributing the electric power accumulated by the process. Is the Senator from North Dakota aware of that fact?

Mr. LANGER. Of course the Senator from North Dakota is aware of that fact. He has listened to various addresses on the subject, among them that of the Senator from Oregon, and has read the report on the bill. What the Senator states is all the more reason why we should try to get the matter squarely before the people of the country so that they, too, may understand. They do not get from the press all the information they should have, as the distinguished Senator from Oregon very well knows. If this fight is kept up, regardless of consequences, sooner or later the people will get to know the issue involved and understand it, and they will get to know and understand the issue through the leadership of such distinguished statesmen as the junior Senator from Oregon.

Mr. MORSE. Will the Senator yield further to me?

Mr. LANGER. I yield.

Mr. MORSE. Does the Senator from North Dakota agree with me that it is of great importance to emphasize in the debate that, under the provisions of the bill, the Government will turn over to a private-utility monopoly the complete authority and the complete power to build necessary reactors for the development of electric power, and that the bill seeks to prevent the Federal Government from building reactors for the purpose of selling electric power?

Mr. LANGER. The Senator from North Dakota agrees, and I should like to call particular attention to the fact that the proposal is for a 25-year contract. What difference will it possibly make whom we elect to be President 2 years from now, or 6 or 10 years from now? If a 25-year contract is signed, it will last for 25 years, if the contract proves to be legal, and if it is sustained by the Supreme Court. In the meantime, the people will be absolutely hamstrung.

Mr. MORSE. Will the Senator yield further?

Mr. LANGER. I yield.

Mr. MORSE. Does the Senator agree with me that if heretofore there had been followed the same principle the bill enunciates, there would not have been passed the power policy act which authorized the Federal Government to build great multipurpose dams, self-paying, self-liquidating in nature, from which could be generated power which now serves millions of consumers in the Tennessee Valley and the Pacific Northwest, but that the people of those areas would have had to pay tribute to the private utilities for obtaining power which they now get at cheap rates as a result of the exercise of the public power yardstick? Does the Senator agree with that statement?

Mr. LANGER. Certainly I agree. If the present administration had its way, it would do away with all public-power projects.

Mr. MORSE. A few days ago we heard a Republican spokesman suggest that TVA is a communistic plot in America, and it has been stated that we ought to turn TVA over to the private utility monopolies. That is one reason why it

is well for us to hold the floor of the Senate these days long enough to awaken the American people from their lethargy and inform them of what this administration is doing by way of giving away the heritage of future generations of American boys and girls in the natural resources of the country.

Mr. LANGER. I agree fully with the distinguished Senator from Oregon.

Mr. MORSE. Does the Senator agree with me that it is very important that we warn the American people, before a vote is taken on the bill, of the tax giveaway in the bill, and let them know how cleverly it is worded and that the result will be that the private utilities which will build the reactors will, to all intents and purposes, stand tax-exempt, because the Government will take over the tax burden under the kind of terms the President of the United States proposes in the contract with the private monopoly combine?

Mr. LANGER. Certainly that states the situation as simply as it can be stated.

Mr. MORSE. Will the Senator yield further?

Mr. LANGER. I yield.

Mr. MORSE. Does the Senator agree with me that probably as adequate a phrase as any to describe what the administration is up to in the bill is that it is proposing to sell the American people into monopolistic economic bondage, forcing them to pay tribute to monopoly for years to come for the electric power which will be produced by atomic energy plants?

Mr. LANGER. That is correct; except I would say the administration is selling the consumer down the river.

Mr. MORSE. Let me say good naturedly that I am glad to hear another Republican dare stand on the floor of the Senate and forewarn the American people what this ex-Republican forewarned them about a good many months past, because it was as clear as the nose on one's face what would happen if we did not stop the administration's giveaway program.

Does the Senator from North Dakota agree with me that we must eliminate the monopolistic features of the bill and we must insist that there be written into it amendments to provide for the following, as a minimum, to wit: First, a public-preference clause; second, jurisdiction on the part of the Federal Government to build its own reactors, so power can be sold to the American people from the Government's own reactors in competition—by way of a public-power yardstick—with private monopoly; third, elimination of any tax-benefit features which will accrue to private monopolies if the bill in its present form is enacted; and, fourth, that the so-called private-utility reactors be so distributed in the United States that no monopoly for power development can be obtained by a monopolistic combine over the economy of any large segment of the country? Does the Senator from North Dakota agree with me that unless those safeguards and guaranties are written into the bill, it would be better that no bill at all be passed?

Mr. LANGER. That is entirely correct; and I am going to support every one of those amendments, if they are submitted on this floor.

Mr. MORSE. They will be submitted, as the Senator from North Dakota knows, plus many more.

Mr. LANGER. They are most vital.

Mr. MORSE. In referring to those amendments, we outline some of the great dangers and some of the most vicious principles that are incorporated in the bill. In order to eliminate them, we must adopt amendments along the line of the four principles I have just suggested.

Last of all, let me ask the Senator from North Dakota whether he agrees with me that we really are discussing on the floor of the Senate, insofar as domestic legislation in the field of natural resources is concerned, one of the issues that must be taken to the platforms of the country between now and election day in November, in order to make clear to the American people why some of us insist that at the election boxes we must place a check upon the Eisenhower administration in the field of natural resources, as well as in other fields?

Mr. LANGER. I concur fully and completely in that statement. I sincerely hope the distinguished Senator from Oregon may be given good health, so that he can be in the very forefront of that fight. It would be a terrific loss to the people of the United States if, during the coming months, something should happen to the distinguished Senator from Oregon, either by illness or some other untoward event, so that he would be unable to keep up his fight for the rank and file of the people of the country.

Mr. MORSE. I appreciate the interest of the Senator from North Dakota, but let me say to him that in all my life I was never in better fighting shape than I am in now; and in the campaign we will take the fight to President Eisenhower, because in a recent press conference he laid down the issue, when he said he was willing to take his legislative record to the people in the coming campaign. I am ready to meet him on that issue, because on that issue he does not deserve a Republican majority in the Congress, as a result of the November 1954 election.

Mr. LANGER. Mr. President, I wish to continue with my remarks. Once more I desire to remind every Member of the Senate that when we are dealing with the power trusts, we are dealing with a monopoly group, not a free enterprise group. It has been pointed out over and over again that private electric utilities are not part of the free-enterprise system. They are protected monopolies. They are kept free of competition; and anyone in their area who wants electricity must buy it from them, and must pay their rates. If their costs go up, legally or otherwise, they get an increase in their rates. Why, Mr. President, even the salaries of the various lobbyists they hire to do their work in Washington are included in the costs which are paid by the taxpayers. One of those lobbyists is paid $65,000; and all those costs are added to the rates for electricity, and are paid by the people who use it. All those costs are placed upon the backs of the taxpayers.

Protected as they are, and with electricity as important to modern life as it is, these monopolies have practically a guaranteed profit. They are not free enterprise, and they are not entitled to use the arguments of free enterprise in their favor. Let us remember, and never forget, that they are protected monopolies completely outside of our system of free enterprise.

Mr. President, this is not the case of a farmer who takes his chances with drought, heat, chinch bugs, and all the other problems the farmer has to meet. This is not the case of a miner who, because of a drop in the price of zinc or lead, may lose his job. This is not the case of a small-business man who takes his chance of surviving in the struggle for existence. These monopolies are protected, and they are guaranteed a profit. They are not a part of the free enterprise system we hear so much about. Let us never forget that they are a protected monopoly, completely outside our system of free enterprise.

I wonder how many of us have given really serious thought to what the President has done in this case, quite aside from the power issue, as such. He has put probably the most important agency in the Government, the Atomic Energy Commission, right in the middle of the most controversial of all matters, namely the power issue. He has made the Commission an instrument in the fight of the power trust against the public power and cooperative power institutions of this country. This is one of the rottenest aspects of this whole proposition. The Atomic Energy Commission should never be made a controversial agency. It has too much important work to do. It must not be put in a position where it is bound to lose the respect and trust of a large percentage of the people. Let it stick solely to matters of atomic energy, and keep out of the attempt to scuttle public power.

Mr. President, can you not see the harm that will be done if this deal goes through? In that event, can we expect the people in the Tennessee valley to have any faith in the Atomic Energy Commission? Can we expect them to believe that the Atomic Energy Commission has the people's interests at heart, and will administer atomic energy for the greatest good of the people? Outside of the Tennessee Valley, the countless millions of our citizens need these public power installations, need these rural electric cooperatives, and believe that power is a natural resource, and should, wherever possible, be used for the greatest benefit of the people, instead of for the greatest profit for the power trust. Can these people any longer have faith or trust in the Atomic Energy Commission? I tell you, Mr. President, if this deal goes through, the President will have destroyed the Atomic Energy Commission as an effective instrument for administering the atomic energy problems of the country. At

some future date—and not too far in the future—he will have to scrap the AEC and establish a new body, because the people will have lost their faith in the AEC.

Do we dare permit this to happen in this critical moment of the world's history? Can we let the President destroy the effectiveness and integrity of one of the most important agencies in our Government?

Where will this process stop? If we let the President destroy the statutory powers of AEC, if we let him remove all of their discretion and substitute his own orders in place of their considered opinions, how can we object if he later tells the Federal Power Commission how to decide the big disputes before it? Or the Federal Communications Commission, or the Federal Trade Commission or the Interstate Commerce Commission, or any other independent agency of the Government? If we let this disgraceful deal go through, we shall have set a precedent which can destroy the entire structure of our executive branch.

This is one of the most disgraceful deals I have yet encountered in all my service in government. What makes it even more disgraceful is the fact that it comes straight from the White House. The President himself has ordered this deal. I say that it is high time that this body stepped in to stop the President from making this deal.

The bill before us today would make possible more Dixon-Yates deals in the future. It will take us further along the road to the destruction of public power in this country. As was stated so eloquently a few moments ago by the distinguished Senator from Oregon [Mr. MORSE], it would make possible the ultimate and complete sellout of the power resources of this Nation to private interests so that public power can be exploited for selfish and swollen profits.

I am against this bill. I am against it because it contains no preference provisions for cooperative and public power groups. I am against it because it contains no antimonopoly provisions. I am against it because it favors large corporations at the expense of small business. I am against it because it surrenders the public interest, and the rights of farmers, laborers, and consumers to the selfish interests of big business. I am against it because it violates the right of the people to control the natural resources of this county; and that includes power and electrical energy.

Mr. President, this is bad, rotten legislation; and for the reasons I have stated, I shall vote against the bill, and I urge my colleagues to do likewise.

I expect within a short time to deliver another speech on this floor on this subject, before we are called upon to vote on perhaps the most important piece of domestic legislation we shall be called upon to consider at this session.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	Gore	Martin
Barrett	Green	Murray
Bricker	Hayden	Neely
Burke	Hendrickson	Payne
Bush	Hickenlooper	Russell
Butler	Hill	Saltonstall
Carlson	Holland	Schoeppel
Cordon	Jenner	Stennis
Crippa	Johnson, Tex.	Thye
Dworshak	Johnston, S. C.	Upton
Ervin	Knowland	Welker
Ferguson	Kuchel	Wiley
Flanders	Langer	Williams
Fulbright	Lennon	Young
Goldwater	Mansfield	

The PRESIDING OFFICER (Mr. PAYNE in the chair). A quorum is not present.

Mr. MARTIN. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDING OFFICER. The Sergeant at Arms will execute the order of the Senate.

After a little delay Mr. ANDERSON, Mr. BEALL, Mr. BENNETT, Mrs. BOWRING, Mr. BRIDGES, Mr. BYRD, Mr. CAPEHART, Mr. CASE, Mr. CHAVEZ, Mr. CLEMENTS, Mr. COOPER, Mr. DANIEL, Mr. DIRKSEN, Mr. DOUGLAS, Mr. DUFF, Mr. EASTLAND, Mr. ELLENDER, Mr. FREAR, Mr. GEORGE, Mr. GILLETTE, Mr. HUMPHREY, Mr. IVES, Mr. JACKSON, Mr. JOHNSON of Colorado, Mr. KENNEDY, Mr. KERR, Mr. KILGORE, Mr. LEHMAN, Mr. LONG, Mr. MAGNUSON, Mr. MALONE, Mr. MAYBANK, Mr. MCCARRAN, Mr. MCCARTHY, Mr. MILLIKIN, Mr. MONRONEY, Mr. MORSE, Mr. MUNDT, Mr. PASTORE, Mr. POTTER, Mr. PURTELL, Mr. REYNOLDS, Mr. ROBERTSON, Mr. SMATHERS, Mrs. SMITH of Maine, Mr. SMITH of New Jersey, Mr. SPARKMAN, Mr. SYMINGTON, and Mr. WATKINS entered the Chamber and answered to their names.

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. FERGUSON].

Mr. ERVIN. Mr. President, in rising for the purpose of offering a substitute for the amendment proposed by the distinguished senior Senator from Michigan [Mr. FERGUSON], and for the purpose of explaining my substitute, I am ignoring the rule that a new Senator, like a child, should be seen, rather than heard.

After all, I have the honor of aiding my colleague, the distinguished Senator from North Carolina, in representing in this body the 4 million people of our State.

Within the past few years, death has entered the Senate Chamber 3 times to still the throbbing hearts of 3 great North Carolina Senators. As a consequence, if the voice of North Carolina is to be heard in the Senate, it is necessary that it be through the voice, so far as I myself am concerned, of a Senator who is a neophyte.

The people of olden times did not use some of the terms which we use in discussing the problems which arise in connection with section 164 of the proposed bill. They did not speak about amperes, volts, or watts. They talked about horsepower. In rising, I hope I may be able to contribute just a little horsesense to the discussion about horsepower.

The TVA has done a wonderful task in the Tennessee Valley in harnessing the streams of the valley, in promoting flood control, and in preventing soil erosion. The taxpayers of the United States have been very generous to the TVA, because they have contributed altogether, according to my understanding, $1,800,000,000 to the development of the Tennessee Valley. The magnitude of that sum is more readily understood by me when I realize it is the equivalent of a contribution of $450 from every man, woman, and child in North Carolina.

I think the situation can be clarified if we remember that we are not concerned with the harnessing of the waters in the rivers of the Tennessee Valley; that we are not concerned with the promotion of flood control in the Tennesee Valley; that we are not concerned with the prevention of soil erosion in the Tennessee Valley; that we are not even concerned with the erection or the operation of an auxiliary steam plant to supplement hydroelectric power generated from the streams of the Tennessee Valley in times of low water.

So far as section 164 of the bill is concerned, we are fundamentally and solely concerned with a determination of who shall operate a steam plant to furnish the electric power necessary for the operation of the atomic energy installation at Paducah, Ky. According to my way of thinking, the questions of who shall erect a steam plant and who shall shovel coal into the furnaces of such a steam plant, in order to generate electric power, are fundamentally commercial questions.

According to my way of thinking, the Federal Government, either itself, or through any of its agencies, ought not to furnish a commercial service, if a private industry is able and willing to furnish such service at reasonable rates.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ERVIN. First, I wish to finish my statement; then I shall yield to the Senator. I trust I shall not be too long in my statement.

The substitute which I propose for the amendment to section 164, offered by the distinguished senior Senator from Michigan, is twofold in nature. In the first place, it incorporates, in exact terms, the proposal made by the distinguished senior Senator from Michigan. As he explained in presenting his amendment, some question has been raised concerning the legal capacity of the Atomic Energy Commission to enter into the proposed contract, or any other contract of that nature, and he has offered his amendment simply to clarify the situation.

I have incorporated his amendment in my proposed substitute, so that any doubt may be removed as to the legal capacity of the Atomic Energy Commission to make a contract either with a private utility or with any governmental agency, or with anyone else on the face of the earth, to obtain replacement power necessary for the atomic energy

installation at Paducah. So I think that if we adopt the substitute containing that clarification, all we shall be doing is to follow in the footsteps of the good Lord, when He confronted His disciples and found that 1 of the 11 was somewhat doubtful about whether He had actually risen from the dead. He merely clarified the situation for doubting Thomas.

The first part of my proposed substitute does nothing whatsoever except to clarify the question of the legal right and the legal power of the Atomic Energy Commission to enter into a contract with any person, whether it be a private utility or a governmental agency, to obtain replacement power of the nature required for its operations. I do not see how anyone could object to that part of the substitute amendment.

Before coming to the second part of my amendment in the nature of a substitute, I should like to tell a story. It may be an old one, but it points a moral. I live in the foothills of the Blue Ridge Mountains of North Carolina. One of my mountain constituents came down to my home town to pay his grocery bill. When he was informed by the storekeeper as to the amount of the grocery bill, he thought the amount was a little higher than it should have been, so he began to grumble.

The storekeeper got his account books, laid them on the counter in front of my mountaineer friend, and said, "Here are the figures. You know, figures do not lie."

My mountain friend scratched his head and said to the storekeeper, "I know that figures do not lie. But liars surely do figure."

Not only do liars figure, but honest and honorable men, like Members of the Senate, disagree as to the interpretation and meaning of figures. I have listened to Senators who have taken one side or the other in connection with the proposal allegedly made to the Government by the Dixon-Yates group and about the negotiations heretofore had with that group. Some Senators, in whom I have implicit confidence, say that the figures which have been mentioned in the negotiations thus far indicate that the Government is about to be ravished. Other Senators who have spoken on the same subject, and in whom also I have implicit confidence, have stood on the floor and said that all the figures mentioned in the negotiations are fair and just to the Government.

I should like to believe Senators who have taken positions on both sides of the proposal, but I simply do not know which Senators are right. I do not think the floor of the Senate is the place for us to determine that question; nor do I think a contract can be written on the floor of the Senate.

Therefore, I have included in my amendment in the nature of a substitute a proposal which I have borrowed from the distinguished junior Senator from New Mexico [Mr. ANDERSON]. I have lifted it bodily from his proposed amendments, or from some which he has announced he intends to propose. After the provision giving the Atomic Energy Commission undoubted legal power to make a contract with any private utility or any governmental agency to furnish the replacement power which is necessary, my amendment provides that the contract must be submitted to the Senate and House Joint Committee on Atomic Energy, and shall lie before the joint committee for 30 days while Congress is in session, unless that requirement is waived by the committee, in writing.

I do not propose to favor any particular contract, and I do not propose, as a Senator, to say which group is right in its interpretation of the figures. Therefore, I offer the second part of my substitute for the amendment proposed by the senior Senator from Michigan, in order to provide, in the first place, that the members of the Atomic Energy Commission, in whom I have implicit confidence, shall have the legal right to enter into a contract with whichever private utility or Government agency may be able and willing to make power available.

As an additional safeguard, I propose that after the members of the Atomic Energy Commission have made such a contract, they shall file it with the Joint Committee on Atomic Energy of Congress, which is composed of some of the ablest Members of the Senate and the House of Representatives. On that committee is a Representative from my State, CARL DURHAM, whom I have known ever since he and I were college mates at Chapel Hill. I would be willing at any time to place the welfare of the United States in the hands of CARL DURHAM, because I know he is intellectually honest, and courageous to the highest degree.

I am willing to trust the integrity, the intelligence, and the patriotism of the members of the Atomic Energy Commission to make a contract with any private utility or any public body which will furnish needed electric power for the use, indirectly, of the Atomic Energy Commission, at reasonable rates. If it is felt the Commission cannot be trusted, Senators may still vote for this provision with good grace, because the additional protection is provided that the contract will be scrutinized by the members of the Joint Committee on Atomic Energy before the contract can become effective.

I am willing to put implicit confidence in the integrity, the intelligence, the patriotism, and the good business judgment of the distinguished members of this body and of the House who are members of the joint committee.

I have briefly stated the purpose of my amendment in the nature of a substitute for the amendment of the Senator from Michigan.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. ERVIN. I yield to the Senator from Arkansas.

Mr. FULBRIGHT. First, I should like to compliment the Senator on his very good judgment and discrimination in regard to this matter, as evidenced by his remarks. I think he understands the situation quite well. I should like to inquire whether it is the Senator's intention to make approval by the Joint Committee on Atomic Energy a condition precedent to the effectiveness of the contract.

Mr. ERVIN. That is not my intention, because I believe the question of writing a contract is executive in nature, rather than legislative. Under my proposal if the members of the joint committee of the Senate and the House do not approve the contract, it will then lie before them for 30 days while Congress is in session. If Congress thinks the contract as proposed is improper or unfair to the Government, it can take such action as it sees fit.

Mr. FULBRIGHT. Suppose a Member of Congress did object to it, made a speech on the floor of Congress condemning it, and then the 30 days elapsed, would the contract then be legally effective?

Mr. ERVIN. If the contract were lodged with the joint committee for 30 days while Congress was in session, then the contract would become effective unless Congress took affirmative action to the contrary. That is my understanding. But nothing can be done without the consent of the joint committee until the contract has been in a sense on the table before the committee for 30 days, while Congress is in session.

Mr. FULBRIGHT. So far as I can see at the moment, I think the proposal is a worth-while contribution; I should like to consider it a little longer, but it strikes me as having much merit. However, if it is to be adopted, I deem it important that it should be very clear, because it might be objectionable from the standpoint of assuming to interfere with the executive function. It is not the Senator's intention, is it, that the provision should operate as a veto or should give the power of veto to the Joint Committee on Atomic Energy, or should actually affect the validity of the contract other than result in a delay of 30 days?

Mr. ERVIN. I think the making of a contract is a matter for the executive branch of the Government, in a sense, and that the legislative branch ought not to interfere with that function of the Executive. The provision would merely guarantee that if the joint committee did not approve a contract, it would have to lie before it for a certain period, so that the legislative branch of the Government might consider whether the contract was so outrageous in character that it should review the power to make such a contract.

Mr. FULBRIGHT. What the proposal of the Senator is guaranteeing is consultation rather than approval of a veto power, is it not?

Mr. ERVIN. That is right.

Mr. FULBRIGHT. I thank the Senator.

Mr. ERVIN. Mr. President, I offer my amendment as a substitute for the amendment of the Senator from Michigan [Mr. FERGUSON]. I send my amendment to the desk, and request its immediate consideration.

The PRESIDING OFFICER (Mr. BUSH in the chair). The amendment will be stated.

The LEGISLATIVE CLERK. In lieu of the amendment submitted by Mr. FERGUSON,

it is proposed to insert the following on page 80, in line 9:

The authority of the Commission under this section to enter into new contracts or modify or confirm existing contracts to provide for electric utility services includes, in case such electric utility services are to be furnished to the Commission by the Tennessee Valley Authority, authority to contract with any person to furnish electric utility services to the Tennessee Valley Authority in replacement thereof. Any contract hereafter entered into by the Commission pursuant to this section shall be submitted to the joint committee and a period of 30 days shall elapse while Congress is in session (in computing such 30 days, there shall be excluded the days in which either House is not in session because of adjournment for more than 3 days) before the contract of the Commission shall become effective: *Provided further,* That the joint committee, after having received the proposed contract, may by resolution in writing, waive the conditions of or all or any portion of such 30-day period.

Mr. LENNON. Mr. President, will my colleague yield to me?

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). Does the junior Senator from North Carolina yield to his colleague?

Mr. ERVIN. I am glad to yield to the senior Senator from North Carolina.

Mr. LENNON. Mr. President, I should like to express my appreciation to my distinguished colleague for the submission of the substitute amendment, which I think will go a long way toward clarifying the understanding and the feeling of the Members of the Senate regarding this measure.

I wish to ask my colleague a question. He has heard the debate and the colloquy on the bill during the last number of days. From what he has heard, is he of the opinion that the Dixon-Yates proposal can actually and truthfully be considered an assault on the TVA system, as such?

Mr. ERVIN. I do not so consider it, because in my opinion the TVA system fundamentally is for the generation of hydroelectric power, for soil conservation, and for flood control, rather than to engage in a commercial business.

Mr. FERGUSON. Mr. President, will the Senator from North Carolina please speak louder, so that we on this side of the aisle can hear him?

Mr. ERVIN. I shall be glad to. I was giving an explanation, in answer to a question put to me by my senior colleague. I said that I do not consider that the action of the Atomic Energy Commission in obtaining needed replacement power from a private industry could properly be considered an attack on the TVA system, because I consider the TVA fundamentally to be dedicated to the harnessing of water power and to developing hydroelectric power, soil conservation, and flood control, and not to be for the purpose of engaging in commercial business.

Mr. LENNON. Mr. President, will the Senator yield for one further question?

Mr. ERVIN. I yield.

Mr. LENNON. Much has been said in recent days in the debate on the pending bill to the effect that one of the most objectionable features of the proposed contract was that there were no bids to furnish power from private utilities. I wonder if the Senator can tell us whether or not it would have been practicable for the Government, in its effort to obtain electricity for the plant at Paducah, to have obtained bids.

Mr. ERVIN. All generators of power necessarily have to obtain certificates from their State regulatory bodies authorizing them to engage in the production and sale of power, since they are necessarily public utilities. It is quite natural to ask for bids from the power companies which are now authorized to do business in the area where the power is to be generated. I do not know whether that is a sufficient answer.

Mr. LENNON. Then, judging from what the Senator says, it would have been impracticable to obtain bids from those industries or power companies which would have been able to provide power for this particular plant.

Mr. ERVIN. Yes. However, if this substitute were adopted, the Atomic Energy Commission would be at liberty to obtain the necessary replacement power under contract from any source which might be able to make such power available.

Mr. LENNON. I wonder if the Senator finds anything unconscionable about the proposal to obtain power from private industry for the use of the Atomic Energy Commission plant at Paducah.

Mr. ERVIN. I do not, because I think the mere operation of a steam plant, the shoveling of coal into a steam plant and the generation thereby of electric power, is fundamentally a commercial enterprise. I think all commercial enterprises ought to be conducted by private enterprise if private enterprise is able and willing to conduct the operation at reasonable rates.

Mr. LENNON. Has the Senator any views with respect to the discussion which has been had on the floor of the Senate, to the effect that this particular private enterprise should have a refund of Federal taxes?

Mr. ERVIN. I have a conviction that anyone who is engaged in business must pass his taxes on to his consumers, and that when his consumer happens to be the Federal Government, he must pass them on to the Federal Government. I do not think anyone in the present age could stay in any kind of business and not pass on his Federal income taxes, whoever his consumer may be.

Mr. LENNON. Does the Senator believe that there would have been any other manner in which the AEC power could have been obtained except through private negotiations such as have been suggested?

Mr. ERVIN. I think the power would have to be derived from a private source by negotiations between the governmental agency concerned and the private source, because there is no way to write a contract on any other basis. All contracts are give-and-take propositions.

Mr. LENNON. I understand that the Senator is not opposed in any manner to the policy which has been followed by the Congress over a period of years, of providing help in the development of hydroelectric power.

Mr. ERVIN. I am not. I am strongly in favor of any proposal for the Federal Government to assist in the conservation of the natural resources of the country; and wherever it is necessary for the Federal Government to step in and aid with those problems I will be in favor of it as long as I am here.

Mr. LENNON. I thank the Senator for his explanation.

Mr. BUSH. Mr. President, will the Senator yield?

Mr. ERVIN. I yield.

Mr. BUSH. I do not quite see why the Senator wants to have the contract stalled in the joint committee for any period of time. Let us assume that the amendment becomes law. There is a proposal before the Atomic Energy Commission for an organization to spend $105 million or $107 million, all based upon present rates for money, present costs of construction, and all that. I believe, of course, that the joint committee should be advised, and have complete details with respect to any contract of this nature. I should like to see the amendment provide that any such contract be filed with the joint committee, so that the committee may examine it; but the possibility of holding up the transaction for a period of months seems to me not to have very much point to it, the idea being, as the Senator has said, that when the Congress comes back into session some Member of either House may make a speech about the contract if he does not like it. If he knows what is in the contract, and if he does not like it, he can make a speech about it later. I have the feeling—perhaps the Senator can correct me—that this is somewhat an invasion of the rights of the executive branch, and puts the legislative branch in a contract-making position, which is not quite what is intended by the Constitution.

Mr. ERVIN. I will say to the distinguished Senator from Connecticut that up until the 11th day of June I had some responsibility in connection with interpreting laws, and I could speak with some authority. However, I relinquished the position in which I could speak with authority on the question of interpreting laws.

The proposed substitute contains the following proviso:

Provided, however, That the Joint Committee, after having received the proposed contract, may, by resolution in writing, waive the conditions of or all or any portion of such 30-day period.

My interpretation may be wrong. It is my individual interpretation that under that provision the Joint Committee on Atomic Energy could act, even in the absence of a session of Congress, but it would not act if it did not think the contract was a proper contract; and in that event the 30-day provision would come into effect.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. ERVIN. I yield.

Mr. FERGUSON. Let me present one or two hypothetical questions.

Suppose the Congress was in adjournment sine die on September 1, and there was delivered to the Joint Committee on

Atomic Energy a contract. The first hypothetical case is one in which nothing is done by the Joint Committee. As I understand, the Senator's interpretation would be that, 30 days after the Congress met, the Executive could enter into a contract. Is that correct?

Mr. ERVIN. Yes. When the 30 days expired and Congress had not done anything about it, it would become operative.

Mr. FERGUSON. The second hypothetical case is this: On September 1, when Congress is not in session, a contract is delivered to the Joint Committee on Atomic Energy. The joint committee holds a meeting, and at a regularly constituted meeting—which is authorized under the statute whether Congress is in session or not, because it is a statutory committee, a continuing committee—the joint committee waives both the question of the Congress not being in session, which is covered by the language "waive the conditions of," and also waives the time limit. Therefore, the contract could go into effect at the date of the waiver under a resolution of the joint committee?

Mr. ERVIN. That is my personal interpretation.

Mr. FERGUSON. The Senator is offering this amendment as a substitute for the amendment of the Senator from Michigan.

Mr. ERVIN. Yes.

Mr. FERGUSON. The first part of the Senator's proposed substitute is identical with the amendment which the Senator from Michigan has offered.

Mr. ERVIN. As the Senator from Michigan knows, of course, the personal interpretation of any one person may be different from that of a court which decides a case. This is my personal interpretation.

Mr. FERGUSON. Both the Senator and I have served on the bench. It is true, is it not, that if the interpretation of those presenting the proposal, or of the committee, as shown by the RECORD, is ambiguous, the interpretation by the court is based upon what is considered to have been the intention in the legislative process.

Mr. ERVIN. Yes. As the Senator from Michigan has pointed out, the joint committee would have the right to waive both the conditions and the time. One of the conditions relates to the question of whether or not the Congress is in session; and the time is 30 days. If the joint committee is satisfied with the fairness of the contract, and if it meets in the absence of a session of Congress, it may waive the conditions. If it does not waive them, then the 30 days do not begin to run until Congress is in session. In that way protection is afforded against any improper contract being entered into, and the procedure is expedited if the joint committee thinks the contract is fair.

Mr. BUSH. Mr. President, will the Senator yield for an observation?

Mr. ERVIN. I yield to the Senator from Connecticut. Then I shall yield to my distinguished senior colleague.

Mr. BUSH. I believe I understand the purpose of the Senator's amendment, and I believe it has some merit in providing that certainly the joint committee should be fully advised in connection with any important contract of this kind. However, I do not like the possibility, as presented in the theoretical case of the Senator from Michigan [Mr. FERGUSON], of a possible delay in the execution of a contract by as much as 6 or 7 months, which could result from this kind of amendment.

Contracts of this kind are based on conditions approximately current. The money market is a very important consideration in the financing of a $100 million contract. The same situation applies to the cost of machinery, and everything else that goes into a steam plant. In other words, the costs must be considered, and they are an important element in a large contract. The machinery and other things that go into the kind of plant we are considering amounts to another $100 million of cost.

I believe such an amendment would place a restraint on the Executive if it were necessary for the joint committee to have a look at the contract before it could become effective, and it would cause a delay of perhaps as long as 6 or 7 months and the delay could be longer, if Congress adjourned earlier.

I beg the Senator to give that point a little more consideration before we come to a vote on the amendment. I do not wish to ignore the Joint Committee on Atomic Energy in its proper place in this procedure. I believe it has a proper place, but I do not think it should have contract-making authority.

Mr. ERVIN. I do not believe it would have contract-making authority under my amendment. I am not interfering with the joint committee. I am not giving it veto power over any action of the Atomic Energy Commission in connection with any contract the Atomic Energy Commission might make. I merely provide in the amendment that unless the joint committee is satisfied that the contract is fair, there will be an opportunity for Congress at the next session to withdraw the legislative authority to make the contract.

I can appreciate the Senator's position, but my answer is a fundamental answer. I believe private enterprise can do this job in 1954. I believe private enterprise can do it in 1955. Therefore, I am not worried too much about the difficulty private enterprise might have in 1955 over what it might have in 1954.

Mr. BUSH. Mr. President, will the Senator yield further?

Mr. ERVIN. I yield.

Mr. BUSH. If the Senator from North Carolina insists on giving the joint committee an opportunity to look at a contract before it becomes effective, I wish he would give some further consideration to an alternative which would provide that a contract once signed should be submitted immediately to the joint committee, and that the joint committee should have an opportunity for a period of, say, 30 days to study the contract. If the Atomic Energy Commission did not hear further from the joint committee, the contract would become effective. If the joint committee had some serious reservations, it would have an opportunity to take the matter up with the executive. It could even ask for an extension of 30 days, if it had some serious objections. However, I do not believe we should run the risk of having a contract stalled for as long as 6 or 7 months.

Mr. ERVIN. The distinguished Senator from Connecticut may come up with a proposition that I may like better than my own. If I do, I shall be glad to accept it.

Mr. BUSH. I thank the Senator.

Mr. ERVIN. I now yield to my distinguished senior colleague.

Mr. LENNON. With respect to all that has been said about the Dixon-Yates proposal, and it being considered by many as somewhat of an innovation, does not the Senator believe that to give the Joint Committee on Atomic Energy an opportunity to look at the contract would have a very salutary effect by assuring the people of the Nation that the contract would be in the public interest?

Mr. ERVIN. It would assure the people of the Nation that we are more concerned with getting the needed electric power from private enterprise at reasonable rates than we are in providing that any particular private utility shall furnish the power.

Mr. LENNON. The Senator believes, does he not, that by his amendment, which assures the American people that their representatives in Congress, through the Joint Committee on Atomic Energy, shall have a "look see" at these contracts, that the American people will have confidence that the contracts are in the public interest and not in the interest of a so-called private monopoly, as the reference has been made on the floor.

Mr. ERVIN. The Senator is absolutely correct.

Mr. LENNON. I share the Senator's views on his amendment.

Mr. COOPER. Mr. President, will the Senator yield?

Mr. ERVIN. I yield.

Mr. COOPER. May I ask the distinguished Senator from North Carolina if I am correct in understanding that the prime purpose of his amendment is to make it clear that AEC could enter into a contract with a power company to replace power in the Tennessee Valley Authority system?

Mr. ERVIN. That is correct.

Mr. COOPER. Is that the essential purpose of the amendment?

Mr. ERVIN. That is one of the essential purposes of the amendment. The other is that after a contract is made it shall be scrutinized by the joint committee.

Mr. COOPER. I shall take the first essential purpose. In offering the amendment, has the Senator done so because he has doubts that section 164 on page 79 of the bill authorizes the replacement of power to the TVA?

Mr. ERVIN. I do not personally have any grave doubts on that score. However, some Members of the Senate, for whose judgment I have a very high respect, do have such doubts. Therefore I am willing to extend to them what I believe we should extend to them, namely, the same consideration that the good

Lord extended to Doubting Thomas, by removing their doubts.

Mr. COOPER. Of course, the amendment speaks about the making of a contract. Does the Senator imply that to make the contract effective the TVA must also assent to the introduction of power into its system?

Mr. ERVIN. No, I do not; because I concede that the Tennessee Valley Authority is a servant of all the people of the United States, and that the Tennessee Valley Authority is willing to obey any direction given to them by Congress.

Mr. COOPER. Is it not true that both the Tennessee Valley Authority and the AEC are independent agencies created by Congress? I know that the distinguished Senator is an experienced lawyer. Does he think that either has any power other than the power defined in the acts which created them and granted to them by Congress?

Mr. ERVIN. In reply I should like to say that I believe the powers of any agency are those which are given expressly by law or those which are necessarily implied by law. I do not know whether I misconstrue the Senator's question.

Mr. COOPER. I should like to propound a hypothetical question to the Senator. Let us suppose we are not dealing with the TVA at all, and that the area of the TVA was being served by a private power company. Would the Senator say that if AEC wanted to contract with X company or with the Dixon-Yates Co. to replace power furnished by a private power company, that it could be done unless the private power company wanted or needed the power itself?

Mr. ERVIN. I do not know whether I understand the question. If I do, my answer is that the Tennessee Valley Authority is an agency of the United States, and the Tennessee Valley Authority ought to be willing to do anything which Congress directs it to do, even though it might not satisfy the notions of some of those in charge of the TVA.

Mr. COOPER. The amendment does not require the Tennessee Valley Authority to accept power. The Senator says the AEC can make the decision as to the amount of power the Tennessee Valley Authority might need in replacement and could force the introduction of that power into its system.

Mr. ERVIN. I have a high respect for the TVA and what it has accomplished. If this substitute should be adopted the TVA should not be willing to obey the law of Congress. I think we have created a Frankenstein. I cannot imagine TVA not obeying. I believe it is implied that it will comply with whatever is done under this substitute, if the substitute shall become law.

Mr. COOPER. I am not talking about what the effect would be if there should be a voluntary agreement. I am speaking of the power given the authority. Does the Senator consider that AEC has the power and authority to make a decision affecting a primary function of the Tennessee Valley Authority made so by statute enacted by Congress?

Mr. ERVIN. If the substitute shall become law, and it authorizes the AEC to make a contract it supersedes, as matter of law, every provision of law to the contrary, because the last word of Congress is the law of the land. The other provisions of law would be modified to that extent.

Mr. COOPER. Does the Senator believe that his amendment would require the Tennessee Valley Authority to accept replacement power even if, in its own opinion and determination, it would not be best for the operation of the system?

Mr. ERVIN. I do, because I do not think the servant ever becomes greater than the master. If the Tennessee Valley Authority insisted on its way, when its way conflicted with the will of Congress, I think we would have a very bad situation. I think it would yield; I think it would accept power furnished under the contract authorized by this substitute, whether the head of TVA thought it was justified or not.

Mr. COOPER. What the Senator is saying is that the AEC would make policy determinations.

Mr. ERVIN. No. I am saying that the AEC would have the legal right to obtain the power and could require the TVA to accept that power to be fed into its distribution system, which was not built at the expense of the TVA, but at the expense of all the taxpayers of the United States.

Mr. COOPER. Then the purpose of the Senator's amendment is to give the AEC power to determine policy for the TVA.

TRANSFER OF HEALTH FACILITIES FOR INDIANS TO PUBLIC HEALTH SERVICE—CONFERENCE REPORT

Mr. WATKINS. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 303) to transfer the maintenance and operation of hospital and health facilities for Indians to the Public Health Service, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 303) to transfer the maintenance and operation of hospital and health facilities for Indians to the Public Health Service, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede its disagreement to the amendments of the Senate Nos. 1 and 3 and agree to the same.

That the House recede from its disagreement to the amendment of Senate No. 2, and agree to the same with an amendment, as follows: In lieu of the matter inserted by the Senate, insert the following: Page 2, line 2, after "Welfare" insert ": *Provided*, That hospitals now in operation for a specific tribe or tribes of Indians shall not be closed prior to July 1, 1956, without the consent of the governing body of the tribe or its organized council."

And the Senate agree to the same.

ARTHUR V. WATKINS,
HENRY C. DWORSHAK,
THOMAS H. KUCHEL,
CLINTON P. ANDERSON,
ALTON LENNON,
Managers on the Part of the Senate.
WESLEY A. D'EWART,
E. Y. BERRY,
JACK WESTLAND,
WAYNE N. ASPINALL,
JAMES A. HALEY,
Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

Mr. GORE. Mr. President, in the absence of a Member of the Senate who is interested in this report, I suggest the absence of a quorum. I shall withdraw my request as soon as that Senator returns to the chamber.

The PRESIDING OFFICER. The Clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BUSH in the chair). Without objection, it is so ordered.

Is there objection to the present consideration of the conference report.

Mr. KNOWLAND. Mr. President, I understand that it is agreeable to the distinguished Senator from Utah [Mr. WATKINS] that action on the conference report be deferred at present, until the Senator from Oklahoma [Mr. MONRONEY] can be in the Chamber. I ask unanimous consent, therefore, that the report be temporarily laid aside.

The PRESIDING OFFICER. Without objection, the report will be temporarily laid aside.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. REYNOLDS. Mr. President, on a number of occasions during the course of the debate the word "socialism" has been used in connection with the activities of the Tennessee Valley Authority. The proponents of that philosophy have challenged such an application of the word. In the prairie country, whence the junior Senator from Nebraska hails, we have a rather quaint custom of referring to a volume known as Webster's Dictionary when we have any doubt as to the meaning or the application of a word. I have followed that custom in this connection and have referred to the Senate's own copy of Webster's Dictionary, which I take it is the last authority on the floor of this body as to the meaning of words. Webster's definition of "socialism" is as follows:

A political and economic theory of social organization based on collective or government ownership and democratic management of the essential means for the production and distribution of goods.

I submit that if that is not an accurate definition of the activities of the TVA, then the late Noah Webster should perhaps be recalled to write a new one.

While the eminent and learned Noah is universally known as a leading authority on lexicology, few people have referred to him as a prophet. But what marvelous foresight, what amazing foresight he had when he wrote into his definition of the word "socialism" the two words "democratic management," although the printer failed to print "democratic" with a capital "D."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from North Carolina [Mr. ERVIN], in the nature of a substitute, to the amendment of the Senator from Michigan [Mr. FERGUSON].

Mr. HILL obtained the floor.

Mr. HICKENLOOPER. Mr. President, will the Senator from Alabama yield to permit me to insert a statement relative to a colloquy on the floor yesterday about the ability of the Atomic Energy Commission to construct powerplants?

Mr. HILL. Mr. President, with the understanding that I shall not lose my right to the floor, I shall be glad to yield to the Senator from Iowa.

Mr. HICKENLOOPER. I shall not take the Senator's time to read the statement; I shall merely ask to have it printed in the RECORD.

Mr. HILL. With the understanding that I do not lose my right to the floor, I shall be glad to yield to the distinguished vice chairman of the Joint Committee, so that he may make an insertion in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HICKENLOOPER. I thank the Senator from Alabama.

Mr. President, yesterday a question arose as to whether the Atomic Energy Commission has authority under the bill to construct substantial atomic powerplants. In general, the idea was discussed that under the research and development provisions of the bill the Commission did have such authority. I agreed to place in the RECORD a more formal statement, pointing out that authority. Therefore, I ask unanimous consent to have the statement printed at this point in the RECORD.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

A problem has been raised several times in our discussions on S. 3690 which I feel must be clarified. It has been asked whether or not the Atomic Energy Commission is authorized by this bill to construct large experimental or demonstration atomic powerplants capable of producing economically competitive and commercially usable electricity. The answer to this question is clearly in the affirmative.

Section 31 (a) (4) on page 18, line 12, of the bill authorizes the Commission to make arrangements for the conduct of research and development activities relating to the utilization of special nuclear material for industrial uses. Section 32, on page 19, line 13, also authorizes the Commission to conduct these same activities in its own facilities.

The term "research and development" is defined in section 11 (q), on page 8, line 18, to include the extension of investigative findings into practical application for demonstration purposes, including the experimental production and testing of models, devices, equipment, materials, and processing.

I have intentionally omitted certain intervening language in each of these citations in order to clarify my reading of them.

One of the purposes of the act in section 3-a on page 4, line 3, is for the conduct of a program of research and development in order to encourage maximum scientific and industrial progress. I believe the Commission clearly has the authority under section 31 and section 32 to carry out this purpose.

The Atomic Energy Commission now has underway a 5-year program directed at solving some of the basic problems involved in the development of economic atomic power. It is unlikely that any of the plants built under this 5-year program will in fact produce competitive economic power, but it is also a fact that the Government and the Commission are committed to the continuation of the construction of whatever plants prove to be advisable in order to provide the necessary demonstration of economic practicability. Research and development in the atomic energy business does not mean laboratory work alone in the normal sense. I would like to call the attention of my colleagues to the very expensive and complicated experiments which have been conducted in the Pacific in order to prove the practicality of certain atomic and thermonuclear weapon ideas. Many of the advances in the atomic art which are essential to our progress cannot be proved except on a major scale. I do not believe that either nuclear scientists or engineers would dispute the contention that proof of economically practical atomic power will have to be demonstrated and that that demonstration will constitute an experiment.

It is not probable that any atomic powerplant can be constructed in the next decade which will not be essentially experimental. Any electric power produced by such plants built by the Commission will in fact be byproduct energy as defined under section 44. That energy is byproduct in the sense that it is incidental to the experiment. The experiment in these cases will be designed to contribute to the success and economic operation of large plants capable of direct adaptation for industrial and commercial use. The energy itself is closely interwoven with the nature of the experiment, but the emphasis throughout this program is on the development aspect of the effort.

The Atomic Energy Commission is basically a development and regulatory agency. The only production that it does is in connection with weapons. There are other Federal agencies which historically have been producers of electric power and distributors of electric power on a commercial scale. If these agencies under authority of the Congress should find it desirable to produce electricity from atomic energy, there is nothing in this bill, which prohibits them from doing so. Whenever commercial feasibility has been demonstrated, these Federal and other public agencies are certainly not barred by the bill from seeking and obtaining licenses to construct and operate atomic powerplants.

It has been suggested that the limitation on authority contained in section 261, on page 102 of the bill, in some way deprives the Commission of authority to build such experimental and demonstration atomic powerplants. This is not the intention of this section. This limitation has become almost standard practice to prevent large Government agencies from starting major construction projects without the specific authority of the Congress. The authorizing procedure as a preliminary to appropriations is one with which we are all familiar.

The authority contained in S. 3690 permitting the Commission to build and operate atomic powerplants arises from the research and development provisions of the bill.

Any projects for atomic powerplant construction and operation by the Commission, either singly or jointly in participation arrangements with others, must be primarily for research and development purposes.

Varying amounts of energy may be generated by such projects. Section 44 authorizes the Commission to dispose of this byproduct power which would be, in fact, incidental to the research and development objective, but it is not the intention of the framers of this legislation to turn the Commission into a federally sponsored, commercial electric power generating agency.

This is not a power bill. This is a bill to advance research and development in aid of the art of making atomic machines—or of using atomic fuel—for the generation of power.

Mr. HICKENLOOPER. Mr. President, the Senator from South Dakota [Mr. CASE] yesterday raised a question as to whether the Atomic Energy Commission could, in fact, accept without payment—that is, accept as a gift or a transfer, without having to purchase—certain property located in South Dakota, near some of the hydroelectric operations which the Government has installed. I advised the Senator that I would attempt to get an answer.

I have learned that the answer is that if the Atomic Energy Commission does not have to pay for the installations which it receives from another branch of the Government, it can accept them as a donation or a gift or a transfer.

I ask unanimous consent to have printed at this point in my remarks, a memorandum I have received from Mr. George Norris, Jr., counsel to the Joint Committee on Atomic Energy.

There being no objection, the memorandum was ordered to be printed in the RECORD, as follows:

JULY 19, 1954.

Memorandum from George Norris, Jr.

Mr. Hal Price, AEC, called this afternoon to tell me that under section 12 a. (7) the Commission has the authority to acquire any real property. Under section 202 of the Federal Property and Administrative Services Act, another Government agency can transfer to the Commission through the General Services Administration excess property that it owns, including real property.

This is the method of transfer that has been commonly used by the Commission in acquiring lands from other agencies.

The Commission would have to receive congressional approval, under section 261 of the bill, for such transfer if appropriations are needed for the land and when appropriations are needed to build the special buildings which would be needed for any new facility.

Mr. CASE. Mr. President, will the Senator yield?

The PRESIDING OFFICER. The Senator from Alabama has the floor.

Mr. HILL. With the understanding that I do not lose the floor, I shall be glad to yield to the Senator from South Dakota, to permit him to ask a question of the Senator from Iowa.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. CASE. I wish to ask the distinguished Senator from Iowa if this information does not largely confirm our colloquy of yesterday, to the effect that if the Army engineers declare property

to be excess to their needs, and make it available to the General Services Administration, the property can be transferred to the Atomic Energy Commission, and the Commission can receive it if no cost is involved in the transfer.

Mr. HICKENLOOPER. The answer, as I have been advised by counsel to the committee, is, Yes, that could be done.

Mr. CASE. I appreciate the Senator's statement.

Mr. HICKENLOOPER. I thank the Senator from Alabama.

Mr. HILL. It has been a pleasure to yield to the distinguished Senator from Iowa.

Mr. President, I understand that the distinguished Senator from Utah is now ready to proceed with the conference report which he presented to the Senate a short time ago, but which was temporarily laid aside. I ask unanimous consent that I may yield to the distinguished Senator from Utah for the purpose of proceeding with the conference report, without losing my right to the floor.

The PRESIDING OFFICER. With that understanding, it is so ordered.

TRANSFER OF HEALTH FACILITIES FOR INDIANS TO PUBLIC HEALTH SERVICE—CONFERENCE REPORT

Mr. WATKINS. Mr. President, what is the parliamentary situation with regard to the conference report on the bill (H. R. 303) to transfer the maintenance and operation of hospital and health facilities for Indians to the Public Health Service, and for other purposes?

The PRESIDING OFFICER. The question is on the request of the Senator from Utah to proceed to the consideration of the conference report. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. KERR. Mr. President, I rise to object to the acceptance of the conference report. As amended by the Senate, H. R. 303 had become less objectionable than it was in the form in which it was passed by the House. However, in conference substantial deletions and impairments of the provisions of the bill as passed by the Senate were made, with the result that in its present form the bill is but little better than as passed by the House.

Mr. President, H. R. 303 has been presented by its sponsors as legislation which will save money. I do not agree with that suggestion, and the Director of the Bureau of the Budget does not agree with it. Therefore, the Budget Bureau opposed the passage of the bill.

H. R. 303 was presented as a measure to improve the health services provided to the people affected, to wit, the American Indians. Yet the bill is strenuously opposed by the Department of Health, Education, and Welfare. It is the opinion of the senior Senator from Oklahoma that it will result in impaired service rather than in improved service.

H. R. 303 was presented as a measure for the benefit of Indians. Yet in Oklahoma, where one-third of all American Indians reside, the opposition to the bill is practically unanimous by the people for whom it was purportedly introduced and in whose interest it was sought to be passed. The bill is opposed not only by those who would be served by it, but by those who would render service under it.

As I interpret H. R. 303, it is the result of the desire of a limited minority to impose their will upon the great majority.

Therefore, Mr. President, on any basis of consideration, the conference report should not be approved, and the Senate should stand firm in its purpose not to accept it unless the House accepts the amendment adopted by the Senate when it passed H. R. 303.

Mr. MONRONEY. Mr. President, I am greatly disappointed in learning that one protective feature which was written into the bill when it was before the Senate, namely, the amendment by the Senator from Mississippi [Mr. STENNIS], has been largely nullified in the conference.

The bill, which purports to turn over the administration of the Indian hospitals of the Nation to the Public Health Service, will be used, we fear, mainly for the purpose of liquidating the Indian hospital service as we have known it through the years.

Granted that the Indian hospital service has not been of the high character we would have liked to see, granted that it was not so complete or so well staffed with competent physicians as was to be desired, the fault did not rest on the Indian Service, but in the halls of Congress. Congress consistently failed to vote funds to bring the hospitals up to date and to staff them with proper medical officers.

In the amendment to the bill offered in the Senate by the Senator from Mississippi, a safeguard was provided against the unwise and wholesale liquidation of the Indian hospitals. Such hospitals are located in the backwoods of the country, where most of the Indians, particularly those of Oklahoma and of the Midwest, were driven as the white settlers came into the Territories and took over the lands which the Indians once owned in fee.

We are fearful that the present Indian hospitals, which have been looked upon as insufficient, as too small, and as not meeting modern hospital standards, will be looked upon with disfavor, and that we will see in a short time, under the Public Health Service, the discontinuance of the hospitals located where the Indians reside, far away from metropolitan areas. We are fearful that the Indians will be told that they can no longer have the 10-, 20-, or 50-bed hospitals which serve a tribe or a number of tribes at distances far removed from metropolitan areas, and that they must go to a metropolitan center, and be served in a teaching hospital which is more modern and proficient from a medical standpoint.

Those who urge that course may be correct in their analysis of the problem, and the medical service that would be provided in the metropolitan centers may be far better than that available in the small, remote hospitals, where the Indians have been receiving their hospitalization. It has been a difficult task through the years to get the Indians to forget their local tribal medicine man, or to abandon the primitive medication that old-time chiefs and others have devised, and to seek the medical service which has been offered in the Indian hospitals. The Indians will not go into metropolitan centers. They are afraid of them. They like to go to a place near home. They like to go where other members of the tribe have been, who can tell them they have been there and that the white man's medicine was genuinely healing medicine and they could safely trust the doctor in the small hospital located near their home.

We fear that the brand new fight with public health medicine will cut loose the advisory capacity of the Office of Indian Affairs, which has been consistently maintained up until very recent weeks. The bill does split off the medical service and turn it over to another agency, and leaves the Office of Indian Affairs with nothing whatever to say about the medical service, which is perhaps 50 percent of the task of maintaining the welfare of the Indians.

We find that all the tribes in Oklahoma vigorously oppose the bill. They are opposed to it because one by one they have seen the pledges and the promises made by the white man, as he has taken over their land for various purposes—pledges and promises to the Indians to be kept as long as fire burns and water runs—disappear, and the Indians are fearful that under the bill being passed today they will have none of the medical care that is provided now in the far off reaches of the States where Indians reside.

We have been having conferences with the medical authorities regarding this measure. We have received some verbal assurance that, in so far as possible within the limitations of appropriations and administrative difficulties, they will try to maintain in the local areas the same degree of medical service, and will not try to consolidate in one metropolitan location the services now being rendered in the far-off reaches where the Indians live. However, this measure does not contain any provision to carry out that assurance.

In the amendment submitted by the Senator from Mississippi there was a provision that such a change could not be made without tribal authority. However, that provision regarding the consent of the Indians has now been watered down; and once the bill becomes operative in 1955, the Indians' pleas or advice will not be considered, and they will be cast adrift, on the good mercy of the Public Health Service, for it to decide whether their traditional hospitals will be kept open or will be closed. If they are closed, the Indians will then have to seek such service elsewhere.

I agree with my distinguished colleague that the change will not save money. In fact, it will cost more money than the present plan costs. I fear the change will result in less medical service than the Indians are receiving today, and I believe that fewer and fewer Indians will avail themselves of the promises traditionally made to them in treaties,

namely, that the white people will protect the best interests of the Indians.

Mr. President, for these reasons I still feel this measure is a bad one for the Indians and is a bad one for the taxpayers. I do not believe this measure will achieve the end results the sponsors of the bill urged as a reason for its passage.

I wish the Senate would send the bill to a further conference, and would insist upon the inclusion, verbatim, in the form in which the Senate passed it, of the amendment of the distinguished junior Senator from Mississippi [Mr. STENNIS]. That would at least give the Indians some protection from the loss of their present hospital facilities.

Mr. CASE. Mr. President, will the Senator from Utah yield for a question?

Mr. WATKINS. I yield.

Mr. CASE. I should like to ask the distinguished Senator from Utah, the chairman of the committee having charge of this measure, about a tubercular sanatorium known as the Sioux Sanatorium, at Rapid City, S. Dak. That sanatorium serves a number of tribes, and provides facilities for the treatment of tuberculosis. Obviously, no individual tribe could be consulted regarding the continuation of that hospital; no particular tribe would be able to express the sentiment of all the other tribes.

In the opinion of the able Senator from Utah, would such a hospital be closed, under the operation of this measure?

Mr. WATKINS. I cannot say what the Public Health Service may do after the bill goes into effect, and beyond July 1, 1956. But my judgment is that the sanatorium would not be closed, provided, of course, it is serving a large number of persons and is really accomplishing the objectives for which it was instituted.

Mr. CASE. This hospital provides facilities for the treatment of tubercular patients among the Indians of 8 different reservations, with a population in excess of 30,000. So I trust that the assurance of the Senator from Utah will be effective, and will insure the maintenance and operation of the hospital as long as there are any patients who need it.

Mr. WATKINS. That is my judgment. Of course, I cannot speak for the Public Health Service.

Mr. STENNIS. Mr. President, will the Senator from Utah yield briefly to me?

Mr. WATKINS. I yield for a question.

Mr. STENNIS. First, Mr. President, I wish to thank the chairman of the committee for his consideration of the problem which was presented by the amendment I offered to the Senate, although the conference committee has left in the bill only a remnant of the amendment. Nevertheless, I know the chairman of the committee had some personal interest in the problem which was presented by means of the amendment, and again I wish to say that I regret that the final form of the amendment will not offer protection to the Choctaw Indians that the amendment as submitted would have offered.

I realize that this measure probably will become law; and again I wish to express the very strong hope that the group of Choctaw Indians at Philadelphia, Miss., and in the surrounding area, to which this hospital has meant so much, will continue to have the benefit of its very fine medical services, because unless those Indians do have access to a facility of this kind, they will not be inclined to go to other hospitals. They like to keep to themselves. A great number of them cannot speak English.

If this measure becomes law, I hope those charged with the responsibility will look with great favor and great generosity upon preserving the fine little hospital there, for the 3,000, 3,500, or 4,000 Choctaw Indians.

I thank the Senator from Utah.

Mr. WATKINS. Mr. President, I should like to observe that this measure was endorsed by practically all the medical associations of the United States interested in this problem; and the conferees were unanimous in their approval of the report.

Mr. President, I do not care to repeat the argument that previously was made at considerable length. I now submit the matter.

The PRESIDING OFFICER. The question is on agreeing to the report.

The report was agreed to.

Mr. MONRONEY. Mr. President, I should like to have the RECORD show that both the senior Senator from Oklahoma [Mr. KERR] and the junior Senator from Oklahoma [Mr. MONRONEY] voted in opposition to approval of the conference report.

The PRESIDING OFFICER. The RECORD will so show.

ACCEPTANCE OF CONDITIONAL GIFTS TO FURTHER DEFENSE EFFORT

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3197) to authorize the acceptance of conditional gifts to further the defense effort, which was, on page 1, line 11, strike out "partciular" and insert "particular."

Mr. KNOWLAND. Mr. President, I have taken up this matter with the acting minority leader. The Senate passed Senate bill 3197, to authorize the acceptance of conditional gifts to further the defense effort; but in the bill as passed by the Senate, there was a misspelling of the word "particular." The amendment of the House is only for the purpose of correcting the spelling of that one word.

Mr. President, I move that the Senate concur in the amendment of the House of Representatives.

The motion was agreed to.

AMENDMENT OF MINERAL LEASING LAWS AND MINING LAWS RELATING TO MULTIPLE-MINERAL DEVELOPMENT

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 3344) to amend the mineral leasing laws and the mining laws to provide for multiple-mineral development of the same tracts of the public lands, and for other purposes, which was, to strike out all after the enacting clause and insert:

That, (a) subject to the conditions and provisions of this act and to any valid intervening rights acquired under the laws of the United States, any mining claim located under the mining laws of the United States subsequent to July 31, 1939, and prior to February 10, 1954, on lands of the United States, which at the time of location were—

(1) included in a permit or lease issued under the mineral leasing laws; or

(2) covered by an application or offer for a permit or lease which had been filed under the mineral leasing laws; or

(3) known to be valuable for minerals subject to disposition under the mineral leasing laws,

shall be effective to the same extent in all respects as if such lands at the time of location, and at all times thereafter, had not been so included or covered or known: *Provided, however,* That, in order to be entitled to the benefits of this act, the owner of any such mining claim located prior to January 1, 1953, must have posted and filed for record, within the time allowed by the provisions of the act of August 12, 1953 (67 Stat. 539), an amended notice of location as to such mining claim, stating that such notice was filed pursuant to the provisions of said act of August 12, 1953, and for the purpose of obtaining the benefits thereof: *And provided further,* That in order to obtain the benefits of this act, the owner of any such mining claim located subsequent to December 31, 1952, and prior to February 10, 1954, not later than 120 days after the date of enactment of this act, must post on such claim in the manner required for posting notice of location of mining claims and file for record in the office where the notice or certificate of location of such claim is of record an amended notice of location for such claim, stating that such notice is filed pursuant to the provisions of this Act and for the purpose of obtaining the benefits thereof and, within said 120-day period, if such owner shall have filed a uranium lease application as to the tract covered by such mining claim, must file with the Atomic Energy Commission a withdrawal of such uranium lease application or, if a uranium lease shall have issued pursuant thereto, a release of such lease, and must record a notice of the filing of such withdrawal or release in the county office wherein such notice or certificate of location shall have been filed for record.

(b) Labor performed or improvements made after the original location of and upon or for the benefit of any mining claim which shall be entitled to the benefits of this act under the provisions of subsection (a) of this section 1, shall be recognized as applicable to such mining claim for all purposes to the same extent as if the validity of such mining claim were in no respect dependent upon the provisions of this act.

(c) As to any land covered by any mining claim which is entitled to the benefits of this act under the provisions of subsection (a) of this section 1, any withdrawal or reservation of lands made after the original location of such mining claim is hereby modified and amended so that the effect thereof upon such mining claim shall be the same as if such mining claim had been located upon lands of the United States which, subsequent to July 31, 1939, and prior to the date of such withdrawal or reservation, were subject to location under the mining laws of the United States.

SEC. 2. (a) If any mining claim which shall have been located subsequent to December 31, 1952, and prior to December 11, 1953, and which shall be entitled to the benefits of this act, shall cover any lands embraced within any mining claim which

shall have been located prior to January 1, 1953, and which shall be entitled to the benefits of this act, then as to such area of conflict said mining claim so located subsequent to December 31, 1952, shall be deemed to have been located December 11, 1953.

(b) If any mining claim hereafter located shall cover any lands embraced within any mining claim which shall have been located prior to February 10, 1954, and which shall be entitled to the benefits of this act, then as to such area of conflict said mining claim hereafter located shall be deemed to have been located 121 days after the enactment of this act.

SEC. 3. (a) Subject to the conditions and provisions of this act and to any valid prior rights acquired under the laws of the United States, the owner of any pending uranium lease application or of any uranium lease shall have, for a period of 120 days after the date of enactment of this act, as limited in subsection (b) of this section 3, the right to locate mining claims upon the lands covered by said application or lease.

(b) Any rights under any such mining claim so hereafter located pursuant to the provisions of subsection (a) of this section 3 shall be subject to any rights of the owner of any mining claim which was located prior to February 10, 1954, and which was valid at the date of the enactment of this act or which may acquire validity under the provisions of this act. As to any lands covered by a uranium lease and also by a pending uranium lease application, the right of mining location under this section 3, as between the owner of said lease and the owner of said application, shall be deemed as to such conflict area to be vested in the owner of said lease. As to any lands embraced in more than one such pending uranium lease application, such right of mining location, as between the owners of such conflicting applications, shall be deemed to be vested in the owner of the prior application. Priority of such an application shall be determined by the time of posting on a tract then available for such leasing of a notice of lease application in accordance with paragraph (c) of the Atomic Energy Commission's Domestic Uranium Program Circular 7 (10 C. F. R. 60.7 (c)) provided there shall have been timely compliance with the other provisions of said paragraph (c) or, if there shall not have been such timely compliance, then by the time of the filing of the uranium lease application with the Atomic Energy Commission. Any rights under any mining claim located under the provisions of this section 3 shall terminate at the expiration of 30 days after the filing for record of the notice or certificate of location of such mining claim unless, within said 30-day period, the owner of the uranium lease application or uranium lease upon which the location of such mining claim was predicated shall have filed with the Atomic Energy Commission a withdrawal of said application or a release of said lease and shall have recorded a notice of the filing of such withdrawal or release in the county office wherein such notice or certificate of location shall be of record.

(c) Except as otherwise provided in subsections (a) and (b) of this section 3, no mining claim hereafter located shall be valid as to any lands which at the time of such location were covered by a uranium lease application or a uranium lease. Any tract upon which a notice of lease application has been posted in accordance with said paragraph (c) of said Circular 7 shall be deemed to have been included in a uranium lease application from and after the time of the posting of such notice of lease application: *Provided*, That there shall have been timely compliance with the other provisions of said paragraph (c) or, if there shall not have been such timely compliance, then from and after the time of the filing of a uranium lease application with the Atomic Energy Commission.

SEC. 4. Every mining claim or millsite hereafter located under the mining laws of the United States and every mining claim or millsite heretofore so located which shall be entitled to benefits under the first three sections of this act shall be subject to a reservation to the United States of all Leasing Act minerals and of the right (as limited in sec. 6 hereof) of the United States, its lessees, permittees, and licensees to enter upon the land covered by such mining claim or millsite and to prospect for, drill for, mine, treat, store, transport, and remove Leasing Act minerals and to use so much of the surface and subsurface of such mining claim or millsite as may be necessary for such purposes, and whenever reasonably necessary, for the purpose of prospecting for, drilling for, mining, treating, storing, transporting, and removing Leasing Act minerals on and from other lands; and any patent issued for any such mining claim or millsite and contain such reservation: *Provided, however*, That such reservation contained in the patent shall apply only to the lands included in said mining claim which, at the time of the issuance of such patent are—

(a) included in a permit or lease under the mineral leasing laws; or

(b) covered by an applicaiton or offer for a permit or lease filed under the mineral leasing laws; or

(c) known to be valuable for minerals subject to disposition under the mineral leasing laws.

SEC. 5. Subject to the conditions and provisions of this act, mining claims and millsites may hereafter be located under the mining laws of the United States which at the time of location are—

(a) included in a permit or lease issued under the mineral leasing laws; or

(b) covered by an application or offer for a permit or lease filed under the mineral leasing laws; or

(c) known to be valuable for minerals subject to disposition under the mineral leasing laws;

to the same extent in all respects as if such lands were not so included or covered or known.

SEC. 6. (a) Where the same lands are being utilized for mining operations and Leasing Act operations, each of such operations shall be conducted, so far as reasonably practicable, in a manner compatible with such multiple use.

(b) Any mining operations pursuant to rights under any unpatented or patented mining claim or millsite which shall be subject to a reservation to the United States of Leasing Act minerals as provided in this act, shall be conducted, so far as reasonably practicable, in a manner which will avoid damage to any known deposit of any Leasing Act mineral. Subject to the provisions of subsection (d) of this section 6, mining operations shall be so conducted as not to endanger or materially interfere with any existing surface or underground improvements, workings, or facilities which may have been made for the purpose of Leasing Act operations, or with the utilization of such improvements, workings, or facilities.

(c) Any Leasing Act operations on lands covered by an unpatented or patented mining claim or millsite which shall be subject to a reservation to the United States of Leasing Act minerals as provided in this act, shall be conducted, so far as reasonably practicable, in a manner which will avoid damage to any known deposit of any mineral not so reserved from such mining claim or millsite. Subject to the provisions of subsection (d) of this section 6, Leasing Act operations shall be so conducted as not to endanger or materially interfere with any existing surface or underground improvements, workings, or facilities which may have been made for the purpose of mining operations, or with the utilization of such improvements, workings, or facilities.

(d) If, upon petition of either the mining operator or the Leasing Act operator, any court of competent jurisdiction shall find that a particular use in connection with one of such operations cannot be reasonably and properly conducted without endangering or materially interfering with the then existing improvements, workings, or facilities of the other of such operations or with the utilization thereof, and shall find that under the conditions and circumstances, as they then appear, the injury or damage which would result from denial of such particular use would outweigh the injury or damage which would result to such then existing improvements, workings, or facilities or from interference with the utilization thereof if that particular use were allowed, then in such event such court may permit such use upon payment (or upon furnishing of security determined by the court to be adequate to secure payment) to the party or parties who would be thus injured or damaged, of an amount to be fixed by the court as constituting fair compensation for the then reasonably contemplated injury or damage which would result to such then existing improvements, workings, or facilities or from interference with the utilization thereof by reason of the allowance of such particular use.

(e) Where the same lands are being utilized for mining operations and Leasing Act operations, then upon request of the party conducting either of said operations, the party conducting the other of said operations shall furnish to and at the expense of such requesting party copies of any information which said other party may have, as to the situs of any improvements, workings, or facilities theretofore made upon such lands, and upon like request, shall permit such requesting party, at the risk of such requesting party, to have access at reasonable times to any such improvements, workings, or facilities for the purpose of surveying and checking or determining the situs thereof. If damage to or material interference with a party's improvements, workings, facilities, or with the utilization thereof shall result from such party's failure, after request, to so furnish to the requesting party such information or from denial of such access, such failure or denial shall relieve the requesting party of any liability for the damage or interference resulting by reason of such failure or denial. Failure of a party to furnish requested information or access shall not impose upon such party any liability to the requesting party other than for such costs of court and attorney's fees as may be allowed to the requesting party in enforcing by court action the obligations of this section as to the furnishing of information and access. The obligation hereunder of any party to furnish requested information shall be limited to map and survey information then available to such party with respect to the situs of improvements, workings, and facilities and the furnishing thereof shall not be deemed to constitute any representation as to the accuracy of such information.

SEC. 7. (a) Any applicant, offeror, permittee, or lessee under the mineral leasing laws may file in the office of the Secretary of the Interior, or in such office as the Secretary may designate, a request for publication of notice of such application, offer, permit, or lease, provided, expressly, that not less than 90 days prior to the filing of such request for publication there shall have been filed for record in the county Office of Record for the county in which the lands covered thereby are situate a notice of the

filing of such application or offer or of the issuance of such permit or lease which notice shall set forth the date of such filing or issuance, the name and address of the applicant, offeror, permittee, or lessee and the description of the lands covered by such application, offer, permit, or lease, showing section or sections of land surveyed, or, if such lands are unsurveyed, the section or sections of land which would probably be involved when the public lands surveyed are extended to such lands, or a tie by courses and distances to an approved United States Mineral Monument. The filing of such request for publication shall be accompanied by a certified copy of such recorded notice and an affidavit or affidavits of a person or persons over 21 years of age setting forth that the affiant or affiants have examined the lands involved in a reasonable effort to ascertain whether any person or persons were in possession of or engaged in the working of such lands or any part thereof, and, if no person or persons were found to be in possession of or engaged in the working of said lands or any part thereof on the date of such examination, setting forth such fact, or, if any person or persons were so found to be in possession or engaged in such working on the date of such examination, setting forth the name and address of each such person, unless affiant shall have been unable through reasonable inquiry to obtain information as to the name and address of any such person, in which event the affidavit shall set forth fully the nature and results of such inquiry.

Thereupon the Secretary of the Interior, or his designated representative, at the expense of the requesting person (who, prior to the commencement of publication, must furnish the agreement of the publisher to hold such requesting person alone responsible for charges of publication), shall cause notice of such application, offer, permit, or lease to be published in a newspaper having general circulation in the county in which the lands involved are situate.

Such notice shall describe the lands covered by such application, offer, permit, or lease, as provided heretofore in the notice to be filed in the office of record of the county in which the lands covered are situate, and shall notify whomever it may concern that if any person claiming or asserting under, or by virtue of, any unpatented mining claim, any right or interest in Leasing Act minerals as to such lands or any part thereof, shall fail to file in the office where such request for publication was filed (which office shall be specified in such notice) and within 150 days from the date of the first publication of such notice (which date shall be specified in such notice), a verified statement which shall set forth, as to such unpatented mining claim:

(1) The date of location;

(2) The book and page of recordation of the notice or certificate of location;

(3) The section or sections of the public-land surveys which embrace such mining claim; or if such lands are unsurveyed, either the section or sections which would probably embrace such mining claim when the public land surveys are extended to such lands or a tie by courses and distances to an approved United States mineral monument;

(4) Whether such claimant is a locator or purchaser under such location; and

(5) The name and address of such claimant and names and addresses so far as known to the claimant of any other person or persons claiming any interest or interests in or under such unpatented mining claim;

such failure shall be conclusively deemed (i) to constitute a waiver and relinquishment by such mining claimant of any and all right, title, and interest under such mining claim as to, but only as to, Leasing Act minerals, and (ii) to constitute a consent by such mining claimant that such mining claim and any patent issued therefor, shall be subject to the reservation specified in section 4 of this act, and (iii) to preclude thereafter any assertion by such mining claimant of any right or title to or interest in any Leasing Act mineral by reason of such mining claim.

If such notice is published in a daily paper, it shall be published in the Wednesday issue for nine consecutive weeks, or, if in a weekly paper, in nine consecutive issues, or, if in a semiweekly or triweekly paper, in the issue of the same day of each week for nine consecutive weeks.

Within 15 days after the date of first publication of such notice, the person requesting such publication (1) shall cause a copy of such notice to be personally delivered to or to be sent by registered mail addressed to each person in possession or engaged in the working of the land whose name and address is shown by an affidavit filed as aforesaid, and to each person who may have filed, as to any lands described in said notice, a request for notices, as provided in subsection (d) of this section 7, and (2) shall file in the office where said request for publication was filed an affidavit showing that copies have been so delivered or mailed.

(b) If any claimant under any unpatented mining claim which embraces any of the lands described in any notice published in accordance with the provisions of subsection (a) of this section 7 shall fail to file a verified statement, as above provided, within 150 days from the date of the first publication of such notice, such failure shall be conclusively deemed, except as otherwise provided in subsection (e) of this section 7, (i) to constitute a waiver and relinquishment by such mining claimant of any and all right, title, and interest under such mining claim as to, but only as to, Leasing Act minerals, and (ii) to constitute a consent by such mining claimant that such mining claim and any patent issued therefor, shall be subject to the reservation specified in section 4 of this act, and (iii) to preclude thereafter any assertion by such mining claimant of any right or title to or interest in any Leasing Act mineral by reason of such mining claim.

(c) If any verified statement shall be filed by a mining claimant as provided in subsection (a) of this section 7, then the Secretary of the Interior or his designated representative shall fix a time and place for a hearing to determine the validity and effectiveness of the mining claimant's asserted right or interest in Leasing Act minerals, which place of hearing shall be in the county where said interest or part of it is located, unless the mining claimant agrees otherwise. The procedures with respect to notice of such a hearing and the conduct thereof, and in respect to appeals shall follow the then established general procedures and rules of practice of the Department of the Interior in respect to contests or protests affecting public lands of the United States. If, pursuant to such a hearing the final decision rendered shall affirm the validity and effectiveness of any mining claim as to Leasing Act minerals then no subsequent proceeding under section 7 of this act shall have any force or effect upon any rights or interests under the said so affirmed mining claim. If at any time prior to a hearing the person requesting publication of notice and any person filing a verified statement pursuant to such notice shall so stipulate, then to the extent so stipulated, but only to such extent, no hearing shall be held with respect to rights asserted under that verified statement, and to the extent defined by the stipulation the rights asserted under that verified statement shall be deemed to be unaffected by that particular published notice.

(d) Any person claiming any right in Leasing Act minerals under or by virtue of any unpatented mining claim and desiring to receive a copy of any notice of any application, offer, permit, or lease which may be published as above provided in subsection (a) of this section 7 and which may affect lands embraced in such mining claim, may cause to be filed for record in the county office of record where the notice or certificate of location of such mining claim shall have been recorded, a duly acknowledged request for a copy of any such notice. Such request for copies shall set forth the name and address of the person requesting copies and shall also set forth, as to each mining claim under which such person asserts rights in Leasing Act minerals:

(1) the date of location;

(2) the book and page of the recordation of the notice or certificate of location; and

(3) the section or sections of the public land surveys which embrace such mining claim; or if such lands are unsurveyed, either the section or sections which would probably embrace such mining claim when the public land surveys are extended to such lands or a tie by courses and distances to an approved United States mineral monument.

Other than in respect to the requirements of subsection (a) of this section 7 as to personal delivery or mailing of copies of notices and in respect to the provisions of subsection (e) of this section 7, no such request for copies of published notices and no statement or allegation in such request and no recordation thereof shall affect title to any mining claim or to any land, or be deemed to constitute constructive notice to any person that the person requesting copies has, or claims, any right, title, or interest in or under mining claim referred to in such request.

(e) If any applicant, offeror, permittee, or lessee shall fail to comply with the requirements of subsection (a) of this section 7 as to the personal delivery or mailing of a copy of notice to any person, the publication of such notice shall be deemed wholly ineffectual as to that person or as to the rights asserted by that person and the failure of that person to file a verified statement, as provided in such notice, shall in no manner affect, diminish, prejudice, or bar any rights of that person.

SEC. 8. The owner or owners of any mining claim heretofore located may, at any time prior to issuance of patent therefor, waive and relinquish all rights thereunder to Leasing Act minerals. The execution and acknowledgment of such a waiver and relinquishment by such owner or owners and the recordation thereof in the office where the notice or certificate of location of such mining claim is of record shall render such mining claim thereafter subject to the reservation referred to in section 4 of this act and any patent issued therefor shall contain such a reservation, but no such waiver or relinquishment shall be deemed in any manner to constitute any concession as to the date of priority of rights under said mining claim or as to the validity thereof.

SEC. 9. The Atomic Energy Act is hereby amended as follows:

(a) Section 5 (b) (5) is revised to read:

(5) Acquisition: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to purchase, take, requisition, condemn, or otherwise acquire—

(A) supplies of source materials or any interest in real property containing deposits of source materials, and

(B) rights to enter upon any real property deemed by it to have possibilities of containing deposits of source materials and to conduct prospecting and exploratory operations for such deposits.

Any purchase made under this paragraph may be made without regard to the provisions of section 3709 of the Revised Statutes

(U. S. C., title 41, sec. 5) upon certification by the Commission that such action is necessary in the interest of the common defense and security, or upon a showing that advertising is not reasonably practicable, and partial and advance payments may be made thereunder. The Commission may establish guaranteed prices for all source materials delivered to it within a specified time. Just compensation shall be made for any property or interest in property purchased, taken, requisitioned, condemned, or otherwise acquired under this paragraph.

(b) Section 5 (b) (6) is revised to read:

(6) Operations on lands belonging to the United States: The Commission is authorized, to the extent it deems necessary to effectuate the provisions of this act, to issue leases or permits for prospecting for, exploration for, mining, or removal of deposits of source materials (or for any or all of these purposes) in lands belonging to the United States.

(c) Section 5 (b) (7) is revised to read:

"(7) Public lands: No individual, corporation, partnership, or association, which had any part, directly or indirectly, in the development of the atomic bomb project, may benefit by any location, entry, or settlement upon the public domain made after such individual, corporation, partnership, or association took part in such project, if such individual, corporation, partnership, or association, by reason of having had such part in the development of the atomic bomb project, acquired confidential official information as to the existence of deposits of such as uranium, thorium, or other materials in the specific lands upon which such location, entry, or settlement is made, and subsequent to the date of the enactment of this act made such location, entry, or settlement or caused the same to be made for his, or its, or their benefit. In cases where any patent, conveyance, lease, permit, or other authorization has been issued, which reserved to the United States source materials and the right to enter upon the land and prospect for, mine, and remove the same, the head of the department or agency which issued the patent, conveyance, lease, permit, or other authorization shall, on application of the holder thereof, issue a new or supplemental patent, conveyance, lease, permit, or other authorization without such reservation."

(d) Notwithstanding the provisions of the Atomic Energy Act, and particularly section 5 (b) 7 thereof, prior to its amendment hereby, or the provisions of the act of August 12, 1953 (67 Stat. 539), and particularly section 3 thereof, any mining claim, heretofore located under the mining laws of the United States, for, or based upon a discovery of a mineral deposit which is a fissionable source material and which, except for the possible contrary construction of said Atomic Energy Act, would have been locatable under such mining laws, shall, insofar as adversely affected by such possible contrary construction, be valid and effective, in all respects to the same extent as if said mineral deposit were a locatable mineral deposit other than a fissionable source material.

SEC. 10. As used in this act "mineral-leasing laws" shall mean the act of October 20, 1914 (38 Stat. 741); the act of February 25, 1920 (41 Stat. 437); the act of April 17, 1926 (44 Stat. 301); the act of February 7, 1927 (44 Stat. 1057); and all acts heretofore or hereafter enacted which are amendatory of or supplementary to any of the foregoing acts; leasing act minerals shall mean all minerals which, upon the effective date of this act, are provided in the mineral-leasing laws to be disposed of thereunder; leasing act operations shall mean operations conducted under a lease, permit, or license issued under the mineral-leasing laws in or incidental to prospecting for, drilling for, mining, treating, storing, transporting, or removing leasing-act minerals; mining operations shall mean operations under any unpatented or patented mining claim or millsite in or incidental to prospecting for, mining, treating, storing, transporting, or removing minerals other than leasing-act minerals and any other use under any claim of right or title based upon such mining claim or millsite; leasing-act operator shall mean any party who shall conduct leasing-act operations; mining operator shall mean any party who shall conduct mining operations; Atomic Energy Act shall mean the act of August 1, 1946 (60 Stat. 755), as amended: Atomic Energy Commission shall mean the United States Atomic Energy Commission established under the Atomic Energy Act or any amendments thereof; fissionable source material shall mean uranium, thorium, and all other materials referred to in section 5 (b) (1) of the Atomic Energy Act as reserved or to be reserved to the United States; uranium lease application shall mean an application for a uranium lease filed with said Commission with respect to lands which would be open for entry under the mining laws except for their being lands embraced within an offer, application, permit, or lease under the mineral-leasing laws or lands known to be valuable for minerals leasable under those laws; uranium lease shall mean a uranium-mining lease issued by said Commission with respect to any such lands; and person shall mean any individual, corporation, partnership, or other legal entity.

SEC. 11. If any provision of this act, or the application of such provision to any person or circumstances, is held unconstitutional, invalid, or unenforcible, the remainder of this act or the application of such provision to persons or circumstances other than laws to which it is held unconstitutional, invalid, or unenforcible, shall not be affected thereby.

Mr. CORDON. I move that the Senate disagree to the amendment of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the presiding officer appointed Mr. MILLIKIN, Mr. WATKINS, Mr. BARRETT, Mr. MURRAY, and Mr. ANDERSON conferees on the part of the Senate.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed, without amendment, the following bills of the Senate:

S. 95. An act for the relief of Mrs. Donka Kourteva Dikova (Dikoff) and her son Nicola Marin Dikoff;

S. 98. An act for the relief of (Mrs.) Betty Thornton or Jozsefne Toth;

S. 102. An act for the relief of Francesco Cracchiolo;

S. 110. An act for the relief of Christopher F. Jako;

S. 203. An act for the relief of Yvonne Linnea Colcord;

S. 222. An act for the relief of Mrs. Dean S. Roberts (nee Braun);

S. 246. An act for the relief of Gerrit Been;

S. 267. An act for the relief of Pantelis Morfessis;

S. 278. An act for the relief of Szyga (Saul) Morgenstern;

S. 308. An act for the relief of Filolaos Tsolakis and his wife, Vassiliki Tsolakis;

S. 496. An act for the relief of Doctor Samson Sol Flores and his wife, the former Cecilia T. Tolentino;

S. 552. An act for the relief of Anna Urwicz;

S. 587. An act for the relief of Carlos Fortich, Jr.;

S. 661. An act for the relief of Nino Sabino Di Michele;

S. 790. An act for the relief of Irene J. Halkis;

S. 794. An act for the relief of Paulus Youhanna Benjamen;

S. 795. An act for the relief of Josef Radziwill;

S. 830. An act for the relief of Samuel, Agnes, and Sonya Lieberman;

S. 841. An act for the relief of Dionysio Antypas;

S. 843. An act for the relief of Rabbi Eugene Feigelstock;

S. 855. An act for the relief of Kirill Mihailovich Alexeev, Antonina Ivanovna Alexeev, and minor children Victoria and Vladimir Alexeev;

S. 891. An act for the relief of Albina Sicas;

S. 912. An act for the relief of Bruno Ewald Paul and Margit Paul;

S. 915. An act for the relief of Augusta Bleys (also known as Augustina Bleys);

S. 917. An act for the relief of Stefan Burda, Anna Burda, and Nikolai Burda;

S. 937. An act for the relief of Virginia Grande;

S. 945. An act for the relief of Moshe Gips;

S. 986. An act for the relief of Mrs. Ishi Washburn;

S. 1129. An act for the relief of Jozo Mandic;

S. 1267. An act for the relief of Irene Kramer and Otto Kramer;

S. 1313. An act for the relief of Olga Balabanov and Nicola Balabanov;

S. 1362. An act for the relief of Rev. Ishai Ben Asher;

S. 1477. An act for the relief of Gerhard Nicklaus;

S. 1490. An act for the relief of David Maisel (David Majzel) and Bertha Maisel (Berta Pieschansky Majzel);

S. 1841. An act for the relief of Carlo (Adiutore) D'Amico;

S. 1850. An act for the relief of Dr. John D. MacLennan;

S. 1860. An act for the relief of Amalia Sandrovic;

S. 1954. An act for the relief of Anthony N. Goraieb;

S. 2009. An act for the relief of Mrs. Edward E. Jex;

S. 2036. An act for the relief of Joseph Robin Groninger;

S. 2065. An act for the relief of Mr. and Mrs. Hendrik Van der Tuin;

S. 2677. An act for the relief of Michio Yamamoto;

S. 2820. An act for the relief of Mrs. Erika Gisela Osteraa; and

S. 2960. An act for the relief of Barbara Herta Geschwandtner.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5185) for the relief of Klyce Motors, Inc.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the President pro tempore:

S. 1381. An act to amend the Agricultural Act of 1949;

S. 2367. An act to amend the act of June 29, 1935 (the Bankhead-Jones Act), as amended, to strengthen the conduct of research of the Department of Agriculture;

S. 2583. An act to indemnify against loss all persons whose swine were destroyed in July 1952 as a result of having been infected with or exposed to the contagious disease vesicular exanthema;

S. 2766. An act to amend section 7 (d) of the Internal Security Act of 1950, as amended;

S. 2786. An act granting the consent and approval of Congress to the southeastern interstate forest fire protection compact;

S. 3561. An act authorizing the Administrator of Veterans' Affairs to convey certain property to the Armory Board, State of Utah;

S. 3630. An act to permit the city of Philadelphia to further develop the Hog Island tract as an air, rail, and marine terminal by directing the Secretary of Commerce to release the city of Philadelphia from the fulfillment of certain conditions contained in the existing deed which restrict further development;

H. R. 130. An act to amend section 1 of the act approved June 27, 1947 (61 Stat. 189);

H. R. 5185. An act for the relief of Klyce Motors, Inc.;

H. R. 6786. An act authorizing the Secretary of the Interior to purchase improvements or pay damages for removal of improvements located on public lands of the United States in the Palisades project area, Palisades reclamation project, Idaho;

H. R. 8983. An act to provide for the conveyance of certain lands by the United States to the city of Muskogee, Okla.;

H. R. 9005. An act to continue the effectiveness of the act of July 17, 1953 (67 Stat. 177); and

S. J. Res. 96. Joint resolution to strengthen the foreign relations of the United States by establishing a Commission on Governmental Use of International Telecommunications.

ENROLLED BILLS AND JOINT RESOLUTION PRESENTED

The Secretary of the Senate reported that on today, July 20, 1954, he presented to the President of the United States the following enrolled bills and joint resolution:

S. 1381. An act to amend the Agricultural Act of 1949;

S. 2367. An act to amend the act of June 29, 1935 (the Bankhead-Jones Act), as amended, to strengthen the conduct of research of the Department of Agriculture;

S. 2583. An act to indemnify against loss all persons whose swine were destroyed in July 1952 as a result of having been infected with or exposed to the contagious disease vesicular exanthema;

S. 2766. An act to amend section 7 (d) of the Internal Security Act of 1950, as amended;

S. 2786. An act granting the consent and approval of Congress to the southeastern interstate forest fire protection compact;

S. 3561. An act authorizing the Administrator of Veterans' Affairs to convey certain property to the Armory Board, State of Utah;

S. 3630. An act to permit the city of Philadelphia to further develop the Hog Island tract as an air, rail, and marine terminal by directing the Secretary of Commerce to release the city of Philadelphia from the fulfillment of certain conditions contained in the existing deed which restrict further development; and

S. J. Res. 96. Joint resolution to strengthen the foreign relations of the United States by establishing a Commission on Governmental Use of International Telecommunications.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. HILL. Mr. President, those of us who were privileged to hear the speech of the distinguished Senator from Mississippi [Mr. STENNIS] know how powerfully he presented the argument that under existing law or under section 164 as written into the bill reported by the Joint Committee on Atomic Energy the Atomic Energy Commission would not have authority to enter into the Dixon-Yates proposed contract. The speech of the Senator from Mississippi was one of the most powerful and able I have heard since I first became a Member of this body. We know that other Senators, including the Senator from Kentucky [Mr. COOPER] in his very fine and challenging address, the Senator from Oklahoma [Mr. MONRONEY], in his very strong and able address, and the distinguished junior Senator from Tennessee [Mr. GORE], in his brilliant and devastating speech yesterday, drove home again and again the proposition that there was and is no authority in the Atomic Energy Commission to enter into the proposed Dixon-Yates contract. That fact has become so crystal clear that the distinguished Senator from Michigan [Mr. FERGUSON] has offered his amendment in order to try to put into the law the authority for the Atomic Energy Commission to enter into the Dixon-Yates contract.

However, the amendment of the distinguished Senator from Michigan goes much further than the Dixon-Yates proposal. It will be recalled that the Dixon-Yates proposal is to make a contract for some 600,000 kilowatts of power, whereas the Ferguson amendment seeks to authorize the Atomic Energy Commission to enter into a contract or contracts for power in the amount the Atomic Energy Commission is now receiving, or has a contract to receive, from the Tennessee Valley Authority. That amount of power is not 600,000 kilowatts, but some 3 million kilowatts of power.

So the Ferguson amendment is five times as bad as the Dixon-Yates proposal. It would open the door wide for the Atomic Energy Commission to become a broker for the Tennessee Valley Authority, for the purchase of power again and again and again, up to what would now be some 3 million kilowatts of power.

And, of course, if in the future the Atomic Energy Commission should purchase additional power from the Tennessee Valley Authority, then under the Ferguson amendment, the Atomic Energy Commission would be authorized to make a contract along the lines of the Dixon-Yates proposal, for an amount equal to the additional amount of power which the Atomic Energy Commission might purchase from the Tennessee Valley Authority.

No one can tell just how wide the Ferguson amendment would open the door for the prostitution of this most delicate, vital agency of the Government, the Atomic Energy Commission.

The substitute amendment offered by the distinguished junior Senator from North Carolina [Mr. ERVIN] adopts in toto the provisions of the Ferguson amendment and then goes a step further, as I understand the amendment. There has been no opportunity to analyze the amendment of the Senator from North Carolina carefully, or to give it serious consideration. However, as I understand the amendment, in addition to adopting all the evils of the Ferguson amendment, it provides that a contract entered into for power under the Ferguson amendment shall be sent to the Joint Committee on Atomic Energy for a period not to exceed 30 days. It makes no provision for any check on a contract by the Joint Committee on Atomic Energy. It makes no provision for veto power in the Joint Committee on Atomic Energy, so far as any contract is concerned. The contract would lie there for 30 days, unless the Joint Committee on Atomic Energy should advise the Atomic Energy Commission that it did not desire to have it lie there for 30 days. At the end of the 30-day period the contract would become effective.

So there is no check; there is no power of veto; there is no authority under this amendment for the Joint Committee on Atomic Energy to say, "That contract cannot be entered into," or "That contract must be modified, changed, or amended." In fact, so far as the Dixon-Yates proposal is concerned, although that contract has never been presented in all its details, the proposal itself has been before the Joint Committee on Atomic Energy. The fact is that the Joint Committee on Atomic Energy had 2 days of hearings on the proposal. The committee devoted June 17 and 18 to the hearing of witnesses and the taking of testimony on the Dixon-Yates proposal. The proposal that the Joint Committee on Atomic Energy shall have these contracts presented to it, means nothing; and, so far as the Dixon-Yates proposal is concerned, it is nothing more nor less than a moot question. The Joint Committee on Atomic Energy has had that proposal before it. The joint committee did not see fit to take any action in any way or to advise the Atomic Energy Commission that it thought the contract ought not to be made, or that it should be modified, amended, or changed in some respects. The fact that the Joint Committee on Atomic Energy reported the pending legislation and that it carries section 164 might well be construed as being, on the part of the majority of that committee, a green light for the Atomic Energy Commission to proceed with the making of this contract.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HILL. I yield to my friend from Tennessee.

Mr. GORE. I have before me the amendment offered by the junior Senator from North Carolina. I must say that as I interpret it, it does not comport with the explanation given to the Senate by the junior Senator from North Carolina. I should like to read to the Senator one sentence, exclusive of the parenthetical sentence contained therein:

> Any contract hereafter entered into by the Commission pursuant to this section shall be submitted to the joint committee, and a period of 30 days shall elapse while Congress is in session, before the contract of the Commission shall become effective.

There is a parenthetical sentence injected within that sentence, which reads as follows:

> (In computing such 30 days, there shall be excluded the days in which either House is not in session because of adjournment for more than 30 days.)

Mr. President, the question which I should like to raise with the senior Senator from Alabama is just how the Atomic Energy Commission would act when Congress was in sine die adjournment.

Mr. HILL. I will say to my distinguished friend from Tennessee, as I said in the beginning, that the amendment has just been offered. There has been no opportunity afforded to examine it or to carefully consider it. I suppose, although I do not know, that the provision about waiving the time refers to any time when the joint committee may wish to waive the time when Congress is not in session. I do not know, but I think it may be implied, that perhaps that provision was put in the amendment with the thought in mind that Congress may not always be in session—which of course is true—and if Congress should not be in session, the committee could waive the time.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HILL. I yield to my distinguished friend from Tennessee.

Mr. GORE. As I interpret the language—and I wish to suggest to the Senator from Alabama that I, too, have only now had an opportunity to see the text—it means that in the event the Commission entered into a contract after Congress had adjourned, no action could be taken on the contract until Congress met in January, and then the 30-day period spelled out herein would begin to operate.

Mr. HILL. From what the distinguished junior Senator from North Carolina [Mr. ERVIN] said about his amendment, I think the construction of the Senator from Tennessee is correct. There is a further modification which I wish the Senator from Tennessee would read. It relates to the waiving of the time. That might throw some light on the subject. From what the distinguished junior Senator from North Carolina said about the amendment, I made the interpretation that the distinguished Senator from Tennessee has made. However, there is a further provision about waiving the time. The question is whether the provision with reference to waiving the time could be operative if Congress were not in session, after it had adjourned sine die.

Mr. GORE. I shall read that proviso. It reads:

> *Provided, however,* That the joint committee, after having received the proposed contract, may by resolution in writing, waive the conditions of or all or any portion of such 30-day period.

Mr. HILL. Does the Senator believe there would have to be a formal meeting of the joint committee?

Mr. GORE. If the committee had a meeting for that purpose.

Mr. HILL. It would have to have a formal meeting. I notice the words "in writing."

Mr. GORE. It says "by resolution."

Mr. HILL. By resolution. Would the Senator construe that to mean that there would have to be a resolution in writing, and that there would have to be a formal meeting of the committee, in which case the chances would be that that provision would not affect the situation, perhaps, if Congress were in adjournment?

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. HILL. I yield to my friend from Florida.

Mr. HOLLAND. Mr. President, I do not pretend to speak with the authority the author of the proposed amendment, the distinguished junior Senator from North Carolina [Mr. ERVIN] can speak, since he is the sponsor and author of it. However, I have discussed the amendment with him, and I heard his explanation of it on the floor earlier in the afternoon.

My understanding is that the distinguished junior Senator from North Carolina is trying to get entirely away from any thought that Congress was seeking to exercise, through its Joint Committee on Atomic Energy, a veto power, and he thereby was trying to avoid any constitutional question. He was seeking to create a situation by this amendment under which, if the joint committee required it, 30 full days, as stated in the amendment, while Congress was in session, would be allowed to the joint committee to offer and have passed legislation preventing a contract taking effect in the event the joint committee felt the contract was unwise and unfortunate, or should be opposed.

It was my understanding that the provision with reference to the waiver was to allow the joint committee, if it was in full approval of a contract as proposed, to meet even out of session and to adopt a resolution in writing waiving its right to have the contract held up for 30 days of consideration, during a session of Congress.

That was my understanding of the amendment. Upon a rereading of it, after having a copy handed to me by the distinguished Senator from Tennessee [Mr. GORE], I feel reasonably sure that that is the proper interpretation.

Mr. HILL. Of course, it would take a formal meeting of the joint committee when Congress was in session——

Mr. GORE. Yes.

Mr. HILL. Just as it would take a formal meeting to act when Congress was not in session. In other words, it would require a formal meeting of the committee to act on the matter.

If Congress were in session, and the committee did not act within 30 days, then the contract would be effective. If Congress were not in session, the contract could not become effective until Congress reconvened and 30 days had expired, unless during the adjournment of Congress there was a formal, official meeting of the joint committee, with a resolution in writing passed by a majority of the committee, with a quorum present, I would say.

Mr. HOLLAND. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. HOLLAND. The Senator from Alabama has correctly stated the contents of the amendment, at least insofar as they are understood by the Senator from Florida.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. GORE. I concur in the interpretation of the amendment which the senior Senator from Florida has given and which the senior Senator from Alabama has given. However, it is difficult of interpretation and far reaching in its effect. Obviously, it needs to be printed and made available to each Senator for study before the Senate shall be called upon to act.

Mr. HILL. That is correct. Surely my distinguished and brilliant friend from Tennessee, who has given so much time and thought to this matter, will agree that, in respect to the Dixon-Yates proposal, it is more or less a moot question so far as the joint committee is concerned. It held hearings on the proposal on June 17 and 18. The joint committee did not see fit to take any action to advise the Atomic Energy Commission that it did not think the contract should be made or, if such contract were made, that certain amendments or modifications should be made in the contract.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. HILL. I yield to my distinguished friend, the vice chairman of the Joint Committee on Atomic Energy.

Mr. HICKENLOOPER. I thought perhaps, as a member of the joint committee, I might throw some light on the matter which the Senator is discussing.

Mr. HILL. I should be delighted to have the vice chairman make comment on the situation.

Mr. HICKENLOOPER. I call attention to two places in the bill before the Senate. I call attention to section 51, on page 23, and to section 61, on page 31, in which provisions for the submission of certain proposed actions of the Commission to the joint committee are set forth.

The reason why I invite the Senator's attention to that is that those provisions, which are, I believe, identical, or substantially the same as in the proposed amendment which the Senator is discussing, were given considerable study and thought by the joint committee, and

the interpretation of the meaning of the provision with regard to reference to the joint committee and the waiver of the time is as stated by the Senator from Alabama, and as confirmed in his opinion and understanding by the Senator from Florida. I merely wanted to confirm the fact that that was the approach of the joint committee. As to other sections which contain similar provisions, the interpretation of the meaning of the provisions is as stated a moment ago. The joint committee has considered the verbiage of the proposed amendment. I merely wish to confirm the interpretation.

Mr. HILL. I thank the distinguished Senator from Iowa for the information he has given us and for the contribution he has made.

I see no objection to the provision about contracts being referred to the joint committee, but so far as the Dixon-Yates proposal is concerned, the provision is meaningless, because it has been before the Joint Committee on Atomic Energy, which committee held hearings on it for 2 days, June 17 and June 18. If anyone is taking consolation from the fact that this amendment, if it becomes a part of the law, may in any way be effective in stopping what so many of us consider to be an outrageous contract, there is no basis for such consolation. The damage is done, the door is opened, and the basis for the Dixon-Yates proposal, of course, is laid in the first part of the amendment of the Senator from North Carolina, which, as I understand, is a duplication of the amendment of the Senator from Michigan. It seeks to give authority to the Atomic Energy Commission to enter into the Dixon-Yates proposed contract, and then to go even further than that, as I have said, and enter into a contract, or many contracts, for an amount of power five times as large as that which would be provided for under the Dixon-Yates proposed contract.

On yesterday, the distinguished Senator from Tennessee [Mr. GORE], in what I have referred to as a brilliant and devastating attack on the proposed contract, one of the most brilliant and devastating attacks I have heard since I have been a Member of the Senate, some 18 years, laid bare the Dixon-Yates proposal with all its iniquities and all its outrageous provisions.

Mr. GORE. Mr. President, will the Senator from Alabama yield?

Mr. HILL. I yield to my good friend from Tennessee.

Mr. GORE. Perhaps it would be better if I were absent when such complimentary remarks are made, but since I am present I wish to thank the Senator from Alabama, but I feel that his generous remarks are undeserved.

Mr. HILL. As the distinguished Senator from Tennessee knows, it was my privilege to be on the floor and to hear practically every word of his very great and powerful address on yesterday. I reiterate that I have heard no more brilliant and devastating attack than that made yesterday by the Senator from Tennessee in exposing the iniquities and outrages embodied in the Dixon-Yates proposal.

Mr. President, I shall not at this time carry coals to Newcastle by going over that which the Senator from Tennessee covered in such masterly fashion on yesterday. I wish to say, however, that since the debate started, the management of the Tennessee Valley Authority has been accused of overcharges or unwarranted and exceptionally high rates in contracts it has made with the Atomic Energy Commission. The reason for such accusation is clear. The Tennessee Valley Authority refused to bear false witness. Its experts, members of its staff, testified before the Joint Committee on Atomic Energy on June 17 and June 18. There, in response to questions of members of the committee they gave their judgment as to the costs the Government would assume if the so-called Dixon-Yates proposal were accepted as a substitute for TVA's proposal to add generating capacity in its region by the construction of a plant at Fulton, Tenn., and the addition of units to the existing plant. Having given that testimony, they are now subject to attack.

We have had presented here memorandums and statements prepared by the AEC, alleging that TVA has overcharged the AEC for power it delivers to their installation. The charge, Mr. President, is not true. A little later in my remarks I shall refer to the charge in greater detail.

We find, also, that the Bureau of the Budget has entered into this campaign against TVA. A document is circulated among Members of the Senate. One charge, particularly, against TVA attracts my personal attention. The Bureau of the Budget suggests that TVA is making power available in areas beyond its statutory limitations, beyond the jurisdiction prescribed in the Tennessee Valley Act by the Congress of the United States. That charge, Mr. President, is also untrue, and in my remarks I shall deal with it a little later and in more detail.

All these charges, I may say, are a part of a smokescreen—a smokescreen to protect the AEC from detection as it prepares to enter into a contract which it has no authority whatsoever to execute. As I have said, the introduction of the Ferguson amendment confirms the fact that the AEC has no such authority to enter into a contract which is entirely outside the field of the AEC's legitimate responsibilities, a contract which is ordered to be consummated for the single purpose of dismembering TVA, a first step to TVA's destruction.

All these charges, Mr. President, I shall discuss in more detail, but before I do so let me recite a little history, as dispassionately as I can, to explain how this amazing Dixon-Yates proposal happens to be the subject of discussion on the Senate floor at this time.

Before Senators who are not closely in touch with the condition reach their conclusions on the basis of misinformation, let me describe the origin of the present controversy.

In the autumn of 1952, the Board of TVA presented to the Budget Bureau an estimate of its appropriation requirements for fiscal 1954. Thirty million dollars of the total was requested in order that TVA might begin construction of a steam generating plant in fiscal 1954, the year just ended. That is the plant which has been referred to a good many times on the floor as the Fulton plant, which derived its name from the fact that it was to be built at or near Fulton, Tenn.

The request, I may say, was supported by a thorough analysis of the growth of the load expected in Memphis, and the location, as I have said, was selected at Fulton, Tenn., some 30 miles north of Memphis.

The Bureau of the Budget recommended the appropriation to Congress. In January, after the new administration had taken office, a reexamination of the budget previously submitted was undertaken. In the revision, the new administration decided to drop from the budget the item for the Fulton plant. The reason given, as I recall, was that time was desired in which to study the load growth estimates submitted by TVA.

There was an effort then, mild compared with the current operation, to discredit the load growth estimates of TVA in the past. But another year's study has confirmed TVA's estimates and their correctness, and has convinced the new administration that the load growth estimated by TVA must be met.

In the fall of 1953—last fall—the TVA Board again appeared before the Bureau of the Budget, and the construction of the Fulton plant was recommended once more. Once more it was rejected. The rejection was the same, but the reason advanced for the rejection was different. The reason advanced was presented in the President's budget message, which came to the Senate in January of this year. There was no effort this year to dispute the fact that the load growth in Memphis and the surrounding area was certain. The President suggested, however, that as an alternative to recommending an appropriation to begin construction of the Fulton plant, the possibility of meeting the situation in another way should be explored.

The AEC would be directed to discover whether other sources of power might be found for its operations—the AEC operations—at Paducah, Ky., so that TVA might be relieved of from 500,000 to 600,000 kilowatts of its total commitment of 1,205,000 kilowatts to AEC. Then TVA would be able to recapture—to take back—that much of its capacity at the Shawnee plant, a TVA plant at Paducah, Ky., which had been built by TVA at the request of the Atomic Energy Commission, to supply power to the Atomic Energy Commission's Paducah plant. Since TVA would be able to recapture that much of its capacity at Shawnee, and to use that energy to meet the growing loads of its system, the construction of the Fulton plant need not begin.

Apparently the Atomic Energy Commission made an effort to do what the President suggested in his budget message. That is, the Atomic Energy Commission evidently endeavored to find another supply of power for the Paducah atomic-energy plant, in order to relieve the TVA of 600,000 kilowatts being pro-

duced at the TVA Shawnee plant, which, as I have explained, was the plant which TVA built at the request of AEC to supply power for the AEC at the AEC's Paducah plant.

The Dixon-Yates combine made an offer to provide that power—power not to the TVA; power to the AEC.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HILL. I yield to my friend, the distinguished Senator from Tennessee.

Mr. GORE. Is it not reasonable to say, then, that the only relevant comparison of proposals is a comparison of the TVA proposal to build a steam plant at the Fulton site, near Memphis, and the Dixon-Yates proposal to build a steam plant in Arkansas, near Memphis? It is not relevant to compare the Dixon-Yates proposal with Shawnee, or with anything else, except the proposal at Fulton.

Mr. HILL. Exactly, because the proposed Dixon-Yates plant at West Memphis, Ark., and the Fulton, Tenn., plant, proposed to be built by TVA, would be similar plants, built, perhaps, under approximately similar conditions, to serve similar loads, or similar types of loads, and similar customers.

Mr. GORE. As a matter of fact, to serve an identical load.

Mr. HILL. To serve an identical load; exactly.

Mr. GORE. Therefore, will not the Senator agree that all the other irrelevant comparisons submitted to Congress serve only to confuse, rather than to clarify, and to becloud the choice which the Bureau of the Budget and the President made between the two?

Mr. HILL. The Senator is exactly correct. Any comparison other than the comparison suggested by the Senator from Tennessee, which is a comparison between the Dixon-Yates proposed plant at West Memphis, Ark., on the one hand, and the proposed Fulton TVA plant on the other hand, would be entirely out of line, because it would deal with different facts, with different situations, with different conditions, with different customers, and with different needs for power.

To illustrate what I mean by needs for power, a plant serving the Atomic Energy Commission at Paducah, Ky., must have power on the line not 23 hours out of 24, but 24 hours out of 24. There must be a full power load 24 hours out of 24.

A plant serving, let us say, the city of Memphis, or perhaps producing private power for REA—merely general consumers—would have what are called peak hours, when the demand would be great, and then off-peak hours, when there would not be so much demand for the power.

So, as the Senator from Tennessee has so well said, there can be but one really true, honest comparison, and that is between the proposed Fulton plant and the proposed Dixon-Yates West Memphis plant.

Mr. GORE. Will not the Senator go further and say that the only comparison which was submitted to the joint committee, the comparison upon which the Bureau of the Budget submitted its estimates, upon which the Federal Power Commission submitted its estimates, and upon which the Atomic Energy Commission and the TVA submitted their estimates, all related to these two alternatives?

Mr. HILL. The Senator is exactly correct. The estimates were submitted relating to those two alternatives because there was no other alternative. It was a question of one of those two alternatives. There were no other alternatives, any more than if an attempt had been made to relate one of those alternatives to, perhaps, a powerplant in Elmira, N. Y., or somewhere else.

As I have said, the Dixon-Yates combine made an offer to provide the power which would have made it possible, had it been supplied, to let TVA recapture about 600,000 kilowatts of power which TVA is under contractual obligation to supply the Atomic Energy Commission at its Paducah plant.

The Dixon-Yates group offered to build a plant at West Memphis, Ark., about 200 miles from the Paducah facilities of the AEC, and enter into a contract with AEC to supply power for AEC. TVA, under the Dixon-Yates proposal, would simply transmit the energy over its lines to the Atomic Energy Commission's installations.

According to the document now circulated by the Bureau of the Budget, the first offer—that is, the offer I have been speaking of—presented by the Dixon-Yates combine was rejected because, quoting the exact language of the Bureau of the Budget, "it was believed to involve excessive costs to the Government." A revised proposal from Dixon-Yates was obtained in an effort to more nearly equal what TVA could do. The revised proposal was analyzed. The analysis proved that an extra annual cost of $2,923,000—nearly $3 million—every year would be involved to AEC if the proposal were accepted and a contract were made with Dixon-Yates to replace a portion of the existing contract with TVA for TVA's Shawnee power.

The AEC must have thought the cost excessive, because it did not want to accept the proposal. I may say to the Senate all that was brought out in the hearings before the joint committee. All one has to do is read the testimony and the letter from Commissioner Smyth, which the distinguished Senator from Tennessee read on yesterday, to see exactly why the proposal was not accepted—namely, because it meant $3 million of extra cost to the Atomic Energy Commission.

The fact is that whereas the AEC representative estimated an extra cost of $3 million, the TVA arrived at an estimate of more than $4 million a year in extra cost to the Government. I think it fair to assume that the AEC, though presently engaged in an attack on the TVA, recognized in fact that TVA's estimates were more likely to be correct than the estimates of the AEC or of the Bureau of the Budget. At any rate, the comparison was made, a table, dated April 21, was prepared, and the proposal was not accepted.

That was the point at which the Atomic Energy Commission should have bowed out of the picture. It should have advised the President of the United States that it was not feasible and not economical for AEC to relieve TVA of any portion of its contractual commitment at Shawnee; and the Bureau of the Budget should then, with Presidential approval, have submitted an estimate of the amount required to add capacity to the TVA power system.

If the AEC had chosen to accept the proposal as a means of providing power for its operations, we know the AEC could have been, and no doubt would have been, subject to criticism for extravagance. The business judgment of its managers would have been in question. But at least the Congress of the United States would have been spared the picture now before it of a proposal which would prostitute the powers and pervert the purposes for which the Atomic Energy Commission was established.

The Dixon-Yates proposal now pending is not designed to provide power which the Atomic Energy Commission proposes to substitute for Shawnee power at Paducah. AEC does not propose to relieve TVA of a single kilowatt of its commitment to provide power from the TVA Shawnee plant.

AEC is now proposing to have 2 contracts for the same block of power, 1 a contract with TVA, which it now has, to deliver power to its Paducah plant; another contract with Dixon-Yates for 600,000 kilowatts, which is completely surplus to the needs of AEC—not 1 kilowatt of which does the AEC need, and not 1 kilowatt of which does the AEC propose to take.

Mr. MURRAY. Mr. President, will the Senator yield?

Mr. HILL. I yield to the Senator from Montana.

Mr. MURRAY. Will the power which is to be provided by Dixon-Yates be transmitted over the transmission lines of the TVA?

Mr. HILL. It will go over the transmission lines of the TVA, but not to the Atomic Energy Commission. It will simply go to the customers of TVA within the Memphis area of the TVA territory. Not one kilowatt will go to the AEC.

Mr. MURRAY. Will the TVA receive any compensation for transmitting the power, as do the private utilities? The private utilities sometimes charge very high rates for transmission of power over their lines. I was wondering if the TVA would be given any credit for the transmission of power.

Mr. HILL. No. The TVA will not be transmitting any power for AEC. TVA will simply be receiving this power for its customers within the Memphis area of the Tennessee Valley.

On page 1004 of part II of the hearings before the Joint Committee on Atomic Energy, held on June 17 and 18, 1954, to which I adverted earlier, we find the following statement was made by Mr. Thomas Murray:

Mr. HOLIFIELD—

As we know, he was referring to Representative HOLIFIELD, of California, a member of the joint committee—

as I view these negotiations, they amount to this: That if the Atomic Energy Commission enters into a contract with the Dixon-Yates group, we would not cancel, at least

at the moment—and I just heard General Nichols say so—

General Nichols, manager of the Atomic Energy Commission, had just previously testified—

any TVA contracts, but would be negotiating for a bulk of power that is not needed by our—

That means the AEC—

present or projected production facilities. In other words, the Atomic Energy Commission would be used as a vehicle to supply the expanding needs of the Memphis area.

As I said, and as has been stated on the floor of the Senate many times, the Atomic Energy Commission would be used as a power broker to buy power, not one kilowatt of which the Atomic Energy Commission will need. It will merely buy the power for TVA and its consumers in the Memphis area of the Tennessee Valley Authority territory.

Mr. MURRAY. Does the Senator from Alabama understand that the Memphis area has greatly expanded as a result of the TVA?

Mr. HILL. The Memphis area has experienced a very fine growth. As we know, Memphis is a great city on the Mississippi River, and is the largest city in Tennessee, and the largest city in that particular area. It has experienced a fine, dynamic growth.

Mr. MURRAY. I recall that, because of its development, it was able to have located within it a plant which had been intended to be located in Montana.

Mr. HILL. Let me say to the Senator from Montana that, because of his valiant efforts in behalf of the Hungry Horse Dam, and because of the construction of all the other great dams in the Northwest, the people of Montana enjoy relatively low-cost power. Of course, in the Tennessee Valley area, as in all other parts of the Nation, there has been a persistent load growth and an increasing demand for power. That has been wonderful for the economy of the country. That has been the experience both in the Northwest and in all other sections of the Nation. I may say that the TVA's load growth has been at the rate of 750,000 kilowatts a year.

Mr. President, as I have said, if the Dixon-Yates contract is consummated, the Atomic Energy Commission will be nothing but a power broker; it will purchase the power from Dixon-Yates, for sale to the TVA, which in turn will sell the power to consumers in the Memphis area.

I have previously referred to the statement by Mr. Murray, and I shall refer to it again, and in greater detail. As we know, the proposed Dixon-Yates contract was opposed by 3 of the 5 members of the Atomic Energy Commission; in short, the contract was opposed by a majority of the Commission.

We also know that for its authority to enter into this fantastic arrangement, the Atomic Energy Commission relied upon, or pretended to rely upon, a new subsection (d), which in 1953 was added to section 12 of the Atomic Energy Act of 1946. That subsection authorizes the Commission, in connection with the construction and operation of its Oak Ridge, Paducah, and Portsmouth installations, to "enter into new contracts or modify or confirm existing contracts to provide for electric-utility services for periods not exceeding 25 years," and so forth.

The same language is now to be found in section 164, on page 79 of the pending bill.

Mr. President, I must say that if the President's directive to enter into the proposed Dixon-Yates contract contemplated a source of additional power for the needs of the Atomic Energy Commission itself, the provision I have just cited would seem to provide adequate statutory authority. However, the letters of June 16 which were sent directly by the Bureau of the Budget to the President; to Chairman Lewis L. Strauss, of the Atomic Energy Commission; to Vice Chairman Harry Curtis, of the Tennessee Valley Authority; and to the senior Senator from Massachusetts [Mr. SALTONSTALL], chairman of the Independent Offices Subcommittee of the Senate Appropriations Committee, make it clear that what I have said is true, namely, that that is not what the Atomic Energy Commission is being told to do, for, as I have said, the Commission not only will continue in full force and effect its contract for the 600,000 kilowatts of power—an amount equal to that involved in the Dixon-Yates proposal—but also will continue in full force and effect the entire contractual obligation of the TVA to supply the AEC with approximately 1,205,000 kilowatts of power at the AEC's Paducah installation.

As the distinguished Senator from Tennessee brought out so clearly in the debate on yesterday, although the AEC would not receive any of the additional power from the Dixon-Yates installation, the Atomic Energy Commission would be obligated to reimburse Dixon-Yates in the amount of State and local taxes on the new powerplant to be built in Arkansas, such taxes being estimated today at $1,499,000. Of course, no one can tell what they may amount to in the future, although taxes usually rise, and seldom, if ever, decline. In addition, the Atomic Energy Commission would be obligated to reimburse Dixon-Yates for all its Federal income taxes; including not only the normal income taxes, but also the surtaxes; and if an emergency situation were to develop, with the result that Congress would feel constrained to levy excess-profits taxes, the Atomic Energy Commission would have to pay all the excess-profits taxes for which the Dixon-Yates combine would be liable.

Mr. President, if our country should again find itself in an emergency situation, if we should again be at war—although all of us devoutly pray that such a catastrophe will not come to pass—if American boys should again have to be sent to foreign battlefields, to fight and to suffer, and some of them to die; if many of them should be sent into armed conflict and their bodies be broken, blasted, and burned on the field of battle; and if those at home were forced to stagger under an excruciatingly heavy burden of taxation, with many of them perhaps being crushed by that great burden; if all that should come to pass, nevertheless Dixon-Yates would stand off by itself, without $1 of taxes to pay, without $1 of taxes to go from it into the Treasury. Dixon-Yates would not have to carry even one part of that excruciatingly heavy, staggering burden. On the contrary, the Government of the United States would, as the guarantor, pay every dollar of taxes that might be levied on Dixon-Yates, which would stand in that special, favored, preferred position. No matter what might be the suffering or the sacrifices or the heavy burdens carried by the American people, not so with Dixon-Yates. They would stand off—alone, apart, favored, preferred, excused—I might say—or exempted—I might add—from carrying any part of their rightful burden for the defense of our country and its institutions.

Mr. SPARKMAN. Mr. President, will the Senator from Alabama yield to me?

The PRESIDING OFFICER (Mr. BARRETT in the chair). Does the Senator from Alabama yield to his colleague?

Mr. HILL. I yield.

Mr. SPARKMAN. My senior colleague has well depicted how Dixon-Yates will stand alone, exempt from taxes. Is it not also true that they will likewise be exempt from risk?

Mr. HILL. In reply, let me say to my distinguished colleague that although there is much talk about free enterprise yet we know that nothing enters more into free enterprise than competition. There is none of that here. This is a tailor-made proposal, as the distinguished Senator from Tennessee [Mr. GORE] said, for this one concern, the Dixon-Yates combine. There is absolutely no risk. I am sure that if this outrageous contract should ever go into effect it would go down in history as the guaranteed-profits contract, because no risk is involved. There is no venture. There is no chance taken by the Dixon-Yates combine. If there be any risk, if there be any chance, if there be any venture, it is all on the part of the Government of the United States.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. HILL. I yield to my friend for a question.

Mr. LEHMAN. Is it not a fact that not only do they assume no burden of risk, but they are actually guaranteed a profit on the amount of capital which they provide?

Mr. HILL. The Senator from New York is exactly correct. As I say, this contract will go down in history not as an example of private enterprise, but as the guaranteed-profits contract. I do not know what brand of socialism this may be, but certainly I can find no private enterprise in it.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. HILL. I yield to my distinguished colleague from Alabama.

Mr. SPARKMAN. I wonder if the Senator may find some area of agreement with someone who has described the proposed contract not as creeping socialism but galloping favoritism.

Mr. HILL. It will go down in history as galloping favoritism. We speak about the Missouri Compromise, and the Wilmot proviso. This contract, if it goes

into effect, will be known, perhaps, as the galloping guaranty. It will be recorded in history as the galloping guaranty. Surely, as the Senator says, it is galloping favoritism at its rankest and worst.

Mr. SPARKMAN. Mr. President, will the Senator yield once more for a question?

Mr. HILL. I am glad to yield to my colleague from Alabama for a question.

Mr. SPARKMAN. Is it not true that the elements which we so often think of as being fundamental to private enterprise, that is, first of all, competition; second, risk; and third, payment of taxes, are totally lacking in this most unusual proposal? Are not all three of them lacking?

Mr. HILL. As the Senator suggests by his question, all the elements which constitute free enterprise, as we have known free enterprise in this country from its very beginning, are lacking. What we have is a brand of socialism under which the Government of the United States takes all risks, all venture, all hazard, and gives to the Dixon-Yates combine an absolute guaranty of its profits. The one thing which we have here which might even suggest the idea of private enterprise is the element of profit. But in this instance that is not an element of private enterprise, because profit is guaranteed by the Government of the United States. I hope Senators will think about this contract and what it means.

As I said before, we fervently pray that we shall not again find our country at war. However, we know that in the past 35 years the United States has been in 3 wars. In each of them we have been forced to send American boys across the seas to foreign battlefields to fight, suffer, and die. The earth may again run red with the blood of American boys. The seas may be incarnadined with their rich red blood. Yet here, sheltered, protected, freed from any obligation or any burden whatsoever, to enjoy this special favor, this special privilege of guaranteed profits, with no risk, and with all taxes paid, stands the Dixon-Yates combine.

I have long thought that this administration looked with particular favor upon private power utilities. But it would never have entered my mind that any administration would go to the extent of proposing so outrageous, so shocking a contract as is embodied in the Dixon-Yates proposal.

Mr. MURRAY. Mr. President, will the Senator yield?

Mr. HILL. I yield to the distinguished Senator from Montana.

Mr. MURRAY. I dislike to interrupt the Senator, but I did not serve on the committee which worked up this contract. I was wondering if the Senator was not overlooking some of the new ideas which have developed in connection with free enterprise.

Yesterday, I read in the newspaper that Mr. Wolfson, of Florida, stated that it is now easier to make $1 million than to make $1,000. So there must be some new ideas which have developed in recent times, which we may be overlooking.

Mr. HILL. The Senator may be correct, but surely there are no new ideas about private enterprise involved in the Dixon-Yates proposal. I know my distinguished friend from Montana will agree with me that there is no private enterprise in the Dixon-Yates proposal. It is socialism in its rankest, most revolting form. If the Government of the United States is to take all the risk, guarantee all the profits, and pay all the taxes, no matter what the conditions in this country may be, no matter what taxes others may be paying, no matter what sacrifices others may be undergoing to save our country—surely if the Government is to do all those things, socialism, as we have known it in the past, is to be preferred.

Mr. President, the Ferguson amendment, in its effort to give authority to this proposed contract, and to remove some of the stench from it, uses the word "replacement."

Mr. GORE. Mr. President, will the Senator yield?

Mr. HILL. I yield to the distinguished Senator from Tennessee for a question.

Mr. GORE. If the Atomic Energy Commission should be authorized to make a contract with a private concern to replace power which it is buying for its use, does not the Senator from Alabama think that preference should be given to the replacement of the highest cost power? If the Government of the United States is to make a contract to relieve itself of a contract which it has, if the Atomic Energy Commission is to be authorized to make a contract to replace power which it is buying for its own use, would it not be better to replace the high-cost power rather than the most economical power?

Mr. HILL. Of course every dictate of business reason would tell us that. I do not doubt that the Senator has in mind the EEI contract and the OVEC contract. As the Senator knows, EEI ran some $50 million above its estimates in the construction of the Joppa plant, which was directly across the river from Paducah, Ky., and which supplies half of the power for the AEC Paducah plant. Half of the power is supplied by TVA from its Shawnee plant, and the other half by EEI, a combination of private electrical companies, from its Joppa plant.

I could tell a story of excess costs piling up on the Government of the United States that would be almost unbelievable, but the Senator knows well that the EEI went some $58 million over its estimates. He also knows that the AEC contract with EEI was a cost-plus contract. Whereas the cost at the TVA Shawnee plant ran approximately $145 a kilowatt, the cost at the Joppa EEI plant is running $190. Senators can figure out the difference, with the profits and the interest and the many other costs, and they will see what that means in the way of extra costs the Government will pay over the period of years these contracts are in force.

On page 1003 of the record there appears a letter signed by Lewis L. Strauss, Chairman of the Atomic Energy Commission, under date of May 19 last, addessed to Representative SIDNEY R. YATES, of the House of of Representatives, in which the Chairman of the Atomic Energy Commission says that the Joppa estimates ran $58 million higher than was expected when the estimates were made, and that the OVEC estimates ran $32 million over the estimates.

It shows that the estimated increase in annual power charges to the Government, because of the additional cost of the facilities at Joppa, will be $2,800,000 a year, and that the extra cost at the OVEC plant will be $1,600,000 a year. The total extra cost is $4,400,000. If we multiply that sum of money by 25 years, it will give some idea of the extra cost. It should be remembered also that any business concern, of course, would add interest on that money. So it might well be asked how many hundreds of millions of dollars these excess costs to the Government will aggregate.

Mr. GORE. The Senator has about convinced the junior Senator from Tennessee that if the Senate is to relieve the Atomic Energy Commission of some contracts, the particular ones we need to get off its back are the OVEC and Joppa contracts.

Mr. HILL. The Senator is exactly right. The excess burdens placed on the backs of the taxpayers of the United States are in the EEI contract and in the OVEC contract. Therefore, as the Senator says, every dictate of sound business, of economy, and of wise management would say, "Let us replace the excessive costs of EEI and OVEC power." Surely every Senator has heard about the Ebasco fiasco in the building of the EEI plant—the fiasco that has contributed so much to these excess costs. So it is interesting to note in this connection that the Ebasco Co., according to the record, is to be employed by the Dixon-Yates combine to build the West Memphis plant if this outrageous contract is signed.

Mr. SPARKMAN. Mr. President, will the Senator yield?

Mr. HILL. I am delighted to yield to my distinguished colleague from Alabama.

Mr. SPARKMAN. I should like to ask my senior colleague, in connection with the statement made by the Senator from Tennessee a moment ago, to the effect that if there are any contracts of which we ought to relieve the Atomic Energy Commission, they are the contracts made in connection with the Paducah plant, with the EEI group, whether it is not a fact that under those contracts the Atomic Energy Commission is pretty well tied down with an indemnity clause which would make it extremely expensive to the United States Government in the event there was a cancellation of the contract?

Mr. HILL. The Bureau of the Budget, in speaking about that clause, stated that the liabilities under the clause to which the distinguished junior Senator from Alabama has referred, would be $40-million-plus.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HILL. I yield to the distinguished Senator from Tennessee.

Mr. GORE. I should like to inform the junior Senator from Alabama that I did not mean to suggest a cancellation that would be outrageously expensive. The Ferguson amendment does not envision cancellation of the AEC contract with TVA. It seeks to authorize the AEC to make contracts with so-called private enterprise to furnish to the TVA, by way of "replacement," electricity in that amount.

What I am suggesting is if the AEC can make a good enough deal, and it is profitable to the Government and it is in the interest of economy and efficiency and good government to replace, through such contracts, power which the TVA is furnishing to the AEC, then we ought to broaden the Ferguson amendment, if it is such a good thing, to include the replacement of power furnished under these expensive contracts with OVEC and EEI.

Mr. HILL. The distinguished Senator from Tennessee, as we often express it, has taken the words out of my mouth. I was going to say exactly what he has so well and eloquently said. Therefore, certainly, if we are going to have the Ferguson amendment, we ought to take the next step and seize the opportunity to get out of the excessively high-cost and burdensome contracts with EEI and OVEC.

Mr. GORE. I am suggesting that that ought to be the first step, not the next step.

Mr. HILL. Certainly; because these contracts are putting excessive burdens on the taxpayers; and, as the Senator says, the Government should be relieved of them now.

Of course, as Senators know, Dixon-Yates power, as I have said, is power that AEC does not need and will not use—not one kilowatt of it. Yet the Ferguson amendment speaks of replacement as if AEC was going to use some of the Dixon-Yates combine power.

The Dixon-Yates power, as I have said before, is for the city of Memphis and surrounding areas. Indefensible as is the memorandum of the Bureau of the Budget, and confusing and unworthy as I believe it to be, it did hit the truth in one or two places. Here is one place where it says the Dixon-Yates contract is the result of "the President's decision to provide for the 1957 expansion of power consumption in the Tennessee Valley area through facilities to be constructed by private enterprise."

In a desperate effort to meet the objections challenging the right of AEC to enter into this contract, we find the Bureau of the Budget making this statement:

> Under the Dixon-Yates proposal, the Atomic Energy Commission would procure power to meet its needs from a privately owned plant which would be located at a considerable distance from the AEC plant for which the power would be purchased.

Of course, as I have said time and time again, there is no basis in truth or in fact for that statement. Then it makes this statement:

> The Dixon-Yates proposal to supply 600,000 kilowatts to the TVA system at Memphis, as replacement for TVA power furnished AEC at Paducah, is similar to the several previous arrangements under which TVA has supplied additional AEC loads by building new generating facilities at points distant from Oak Ridge and Paducah.

Both those statements are quotations from the memorandum of the Bureau of the Budget.

The Bureau of the Budget makes this third statement which I now quote:

> By providing for additional generating capacity at West Memphis to be fed back into the TVA grid in an amount which is necessary to assure delivery of the Commission's requirement at Paducah, this contract can properly be considered as a contract for electric utility service to installations of the Commission.

Mr. President, each and every one of these statements is without any basis of fact and is absolutely untrue.

As to the first point, that AEC would procure power with which to meet its needs, the Dixon-Yates proposal does not provide a way for the Atomic Energy Commission to procure power to meet its needs from a privately owned plant or from any other kind of plant. It already has at Paducah contracts for all the power required to meet its needs. More than 60 percent of this power, amounting to 1,205,000 kilowatts is to come from TVA, and the remainder from Electric Energy, Inc. The AEC does not propose to modify its existing contract with TVA for 1,205,000 kilowatts of power in any respect. Rather, AEC would contract with Dixon-Yates for 600,000 kilowatts of additional power, not for itself, but to be fed into the TVA system for general TVA system purposes. Except for taxes, the AEC does not even propose to pay for Dixon-Yates power. With the exception of the payment for taxes to be made by AEC, all the other costs, all the payments for power, under the Dixon-Yates proposal, are to be met by the TVA.

As for the Dixon-Yates proposal being a replacement arrangement similar to previous arrangements under which TVA is supplied out of AEC power requirements by building new plants at points distant from Oak Ridge and Paducah, there is no similarity at all. On the contrary, the proposal differs from those arrangements in two important respects. In the present case AEC is not expanding its Paducah plant and does not require any additional power at the Paducah plant. The fact is, Mr. President, that earlier I read the testimony of Commissioner Murray in which he said they did not need it in any of their projected or future plants.

Mr. STENNIS. Mr. President, will the Senator from Alabama yield?

Mr. HILL. I yield to my distinguished friend from Mississippi.

Mr. STENNIS. As I have understood, they have all the power they need for the operation of the Atomic Energy plant at Paducah.

Mr. HILL. That is exactly right. If the AEC signs this contract with the Dixon-Yates combine it will be signing a contract for 600,000 kilowatts of power which it does not need, which it will not use, which it has contracted for only for TVA, and which will go into the normal TVA operating system in and around Memphis, Tenn.

Mr. STENNIS. On yesterday, when the question arose concerning the attorney for the Atomic Energy Commission having rendered an opinion that the proposed contract is legal, the Senator from Iowa put the letter into the RECORD for the benefit of Members of the Senate, and I have had an opportunity to read the last paragraph of it. With reference to the point the Senator has made, in order to hold this contract valid, it had to create a shortage of electricity in the operation of the Atomic Energy Commission plants. That is the way they seek to justify the legal authorization. This is what the attorney said:

> The increased cost to the Government of the Dixon-Yates proposal as against the Commission's present contract with TVA would be approximately $3,685,000 annually. However, if the President directs the Commission and TVA to modify their existing arrangement so as to release to TVA 600,000 kilowatts under the present contract, and we do not question the President's authority to do this, then the Commission has authority to make the best contract it can for the replacement of power thus released.

In other words, if they take 600,000 kilowatts of electricity they now have and put it into another channel, there is created a shortage of 600,000 kilowatts, and the statute then applies, because the electricity is needed for the operation of the plant.

I think that is the most circuitous route of legal reasoning I have ever seen.

Mr. HILL. The Senator is absolutely sound and correct. But, of course, when a lawyer is ordered to submit an opinion, he often zigs and zags, and then zags and zigs. That is what this counsel did. He was circuitous. He used the most circuitous and zig-zagged way because he could not go directly to reach the conclusion he had been ordered to reach.

Mr. STENNIS. I note that this memorandum was dated June 22, 1954. That was long after the hearings were held, long after the agreement was tentatively reached. In fact, that is the day after the beginning of this debate.

Mr. HILL. The Senator is correct, and I thank him for the contribution he has made.

I do not know whether the Senator from Mississippi was on the floor when, in the opening of my remarks, I paid my tribute to the magnificent speech he made on the question involved as to the authority of the Atomic Energy Commission to enter into the Dixon-Yates contract. I said then, and I now repeat in the Senator's presence, that I have never heard a more powerful and more compelling presentation than that which he made.

Mr. STENNIS. I thank the Senator.

Mr. HILL. It was the sledge-hammer blows of the Senator from Mississippi which contributed so much to bringing into being the Ferguson amendment.

No one could have heard the speech of the distinguished Senator from Mississippi without knowing that the Senator was absolutely correct, and that he had presented his case with such logic, appeal, and force that any court in the world would be forced to agree

with him that the Atomic Energy Commission did not have any authority or power to proceed under the Dixon-Yates proposal. I think one of the greatest contributions to the debate has been the speech by the distinguished Senator from Mississippi.

Mr. STENNIS. I thank the Senator from Alabama very kindly.

Mr. HILL. As I was saying, the other arrangements to which I referred, under which TVA was supplying power to the Atomic Energy Commission plants at Oak Ridge and Paducah, were different. They had nothing whatsoever to do with and in no way had any of the characteristics of the proposed Dixon-Yates contract.

As I have said, in all these cases the Atomic Energy Commission was expanding its Oak Ridge and Paducah plants, and accordingly additional power was required. In the present case the Atomic Energy Commission is not expanding its Paducah plant beyond the size heretofore planned, and does not require any additional power at the Paducah plant.

The additional power requirements which the Dixon-Yates proposal is intended to meet are the expanding requirements of the TVA system generally. In fact, as I have said before, and as has been said by other Senators on the floor, the Dixon-Yates proposal simply represents a substitute for construction of the Fulton plant by the TVA, the TVA having proposed the Fulton plant to obtain power to meet the normal growth in its general system loads.

In all cases where TVA built new generating capacity to serve AEC loads, but at points distant from Oak Ridge and Paducah, the particular sites were selected because generating units could be installed and operated at the points selected faster and more cheaply than at alternative sites. In this case, power under the Dixon-Yates proposal would not be available any faster than from a plant at Fulton; and instead of being cheaper, it would admittedly be much more expensive.

There is no need of my going back over the proposition that the additional generating capacity of West Memphis, Ark., is not necessary to assure delivery of the Commission's requirements at Paducah, and that it provides not 1 kilowatt of power for the Atomic Energy Commission. The Dixon-Yates proposal, therefore, cannot be properly considered as a proposal for electric utility service to installations of the Commission. The Atomic Energy Commission needs 1,205,000 kilowatts of power from the TVA system at Paducah, and it already has a binding contract with TVA for that power, which acceptance of the Dixon-Yates proposal would in no way affect. What is in question is TVA's ability to supply increasing power demands on its system generally. The Dixon-Yates proposal is simply a device, and a very poor device, for providing TVA with 600,000 kilowatts of power for that purpose. That is the only purpose which the proposal would serve.

So, Mr. President, this is the situation which confronts us. Let us not forget that 3 of the 5 Atomic Energy Commissioners—a majority of the Commission—felt that the matter of providing power for the TVA area was far removed from any responsibility of the Commission, and was not an appropriate venture for the Commission.

Let us remember also that the General Accounting Office did not approve of the venture.

If we are now to find that the Commission is to sign this contract, under some kind of directive, although three members of the Commission say the contract should not be signed, and that they are opposed to any such signing, how can the Members of the Senate, the Members of the House, or the American people have confidence in the Atomic Energy Commission? If there is any single commission in which there should be confidence, it is the Atomic Energy Commission, not only because of its very delicate and vital functions—yes, vital to the defense of our country, and more and more vital in days to come to the economy of our country—but also because the Commission operates so much in a field of what is called classified information.

I sit as a member of the Subcommittee on Independent Offices of the Committee on Appropriations. That is the subcommittee which handles appropriations for the Atomic Energy Commission. I can say to the Senate that much of what the Commission is doing, many of the functions of the Commission, many of its responsibilities and activities, are of a classified nature. Much of it falls within the most secret category. Much of the work carried on by the Commission is not disclosed, and perhaps cannot be disclosed. Much of it is not disclosed even to Congress or the committees of Congress, and surely much of it is not disclosed to the public.

If the Commission will knuckle under, shall we say, and become puppets or automatons in the signing of a contract, which in its best judgment should not be signed, which in the best judgment of the Commission should never have been entered into, how can we have confidence in a Commission of that kind? How can we trust such a Commission, with its great variety of functions, activities, duties, and responsibilities, into which we cannot and do not inquire at all?

Surely nothing could be more destructive of the Atomic Energy Commission, of its integrity, of its position, and of the confidence which it commands, than to be ordered to enter into a contract so outrageous as the proposed Dixon-Yates contract, and then to knuckle under and sign the contract.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HILL. I yield.

Mr. GORE. I concur in the statement which the able Senator from Alabama has just made. I think the situation he has described is most unfortunate for the Atomic Energy Commission, for the country, for the program, and for the consideration of the pending legislation. I see no fortunate features of this proposal, or of what will follow, except exposure of the deal.

A Commission charged with such enormous and frightfully important duties is now to have heaped upon it, by this proposal, the unpleasant duty of carrying out an order, if it knuckles under, and to have the burden of making and administering, not only this contract but, according to the Ferguson amendment, possibly other contracts of a similar kind.

Does the able Senator from Alabama think that would help in the development of the Atomic Energy Commission for either national defense or peacetime purposes?

Mr. HILL. It could not in any conceivable way make any contribution to the development of atomic energy either for wartime purposes or for peacetime purposes; but, on the contrary, it could do much to undermine, impair, and destroy the effectiveness of the work, the activity, and the results of the Atomic Energy Commission.

It is hard to think of anything that could be more unfortunate in the field of the production and advancement of atomic energy than such a proposal as is before the Senate today, a proposal for the undermining, impairment, and destruction of the integrity, independence, and the sound operation of the Atomic Energy Commission.

I have referred, not once, but several times, to what the different commissioners have said. There could not be a stronger letter found than that which Commissioners Smyth and Zuckert wrote and signed, which was sent to the Bureau of the Budget, protesting this prostitution and illegal use of the Atomic Energy Commission.

Senators will recall that in that letter Commissioner Smyth and Commissioner Zuckert declared, among other things:

> The present proposal—

That is the Dixon-Yates combine proposal—

> would create a situation whereby the AEC would be contracting for power not one kilowatt of which would be used in connection with the Commission production activities. The creation of such a contractual relationship would place upon the Commission a continuing responsibility during the 25-year life of the contract for stewardship in respect to matters irrelevant to the mission of the Commission.

That is stating the matter in as diplomatic and as temperate language as possible, I should say.

Feeling deeply, feeling strongly, about this matter, impelled by their consciences to protest, the Commissioners wrote that letter to the Bureau of the Budget.

Mr. Murray, a third member of the Commission, in testifying before the Joint Committee on Atomic Energy, among other things, said:

> Since our program is not advanced by these negotiations—

And whose imagination could conjure for 1 minute any advancement that could come out of the negotiations with the Commission?—

> and the subsequent administration of this 25-year contract, I do not believe that it is desirable for the Atomic Energy Commission to perform a function that another agency

of Government could perhaps more logically perform.

Remember, Commissioner Murray has been most outspoken in his advocacy of the use of private companies. He was the advocate, and so proclaimed himself to be, and I give him all credit for his candor and frankness, the negotiator, really, who worked out the EEI and the OVEC contracts, because, as he said, he was actuated by the desire and the motivation to use to the greatest possible extent private companies rather than to use a Government agency.

Yet, Mr. President, in spite of those protests of the three Commissioners, in spite of all that we now know about the inequities of the contract, and the fact that it is an outrageous proposal, the administration seems determined to force the contract on the Atomic Energy Commission, and, I might add, on the people of Tennessee. And because TVA dared to question its wisdom, TVA has been under attack.

I might say, Mr. President, I have visited the Shawnee plant at TVA. I looked at other installations. I have been at installations which were supplying power to the great Oak Ridge plant of the AEC. I know something of the "blood, sweat, and tears," if I may use that term, which TVA has invested in its efforts to keep the power supply abreast of AEC's expanding load. I know something of the relationship between the two agencies, and I think it unworthy of AEC to be a party to this attack to undermine and discredit the TVA.

Mr. MURRAY. Mr. President, will the Senator yield for a question?

Mr. HILL. I yield to my distinguished friend, the Senator from Montana, for a question.

Mr. MURRAY. I have been wondering what the attitude of the businessmen and the business organizations of the Tennessee Valley is with reference to this matter. I remember visiting there a year ago, and I found at that time that the people of that area were unanimous in their approval of the TVA. Small-business men, and big-business men as well, expressed their appreciation of the work of the TVA. I am wondering now how those businessmen there——

Mr. LANGER. Mr. President, may we have order? We cannot hear the distinguished Senator ask the questions. Senators are talking with each other on the floor of the Senate. It seems to me they ought to be told to go to the cloakroom if they want to talk, instead of doing so on the floor. We cannot hear the distinguished Senator because of conversations all around us.

The PRESIDING OFFICER. The Senate will be in order.

Mr. MURRAY. I was wondering what the attitude of the businessmen and the chambers of commerce and the different business institutions in the Tennessee Valley is on this matter.

Mr. HILL. I may say to my distinguished friend from Montana that a few days ago I placed in the body of the RECORD a resolution passed by an association representing large-business men, what we might call medium-sized-business men and small-business men, as well as farmers, laboring men, professional workers, and people generally. That resolution, together with a letter, was sent to the President of the United States, protesting the signing of the contract, and urging that the contract not be signed, saying very frankly that they, the power consumers of the Tennessee Valley, who need this power so much, whose future economy and future growth and prosperity depend in such large measure upon obtaining the power, would rather face a shortage of power and be denied the power they need and should have than to have the contract signed.

Mr. MURRAY. Has no action been taken on that petition?

Mr. HILL. That protest letter, or petition, was addressed to the President of the United States. If any action has been taken I have not heard of it. I think if there had been any action taken of any consequence, the Senator from Montana and the Senator from Alabama would have been advised of such action.

Mr. President, earlier I have referred to the charge that the TVA has been overcharging the Atomic Energy Commission. I am sorry that my distinguished friend, the Senator from Arkansas [Mr. FULBRIGHT], is not on the floor at this time, for I had advised him that I was going to address the Senate. He was among others who evidently were misled and misinformed about this matter, and have made the charge that the TVA overcharged the Atomic Energy Commission. I am sure the Senator from Arkansas never would have made that charge if he had had the correct information. There is nothing I deplore more than the misleading and indefensible statements by both the Bureau of the Budget and the Atomic Energy Commission, thus giving Senators such erroneous and false information.

Mr. President, in the debate it was said by the Senator from Arkansas that—

> One must conclude that what the TVA has been doing is billing the AEC high charges and giving the benefit of profits therefrom to the city of Memphis and other purchasers in the local area. I see no other explanation for it (p. 9643, col. 3, and p. 9644, col. 1).

He bolstered his charge by endeavoring to compare the cost of power sold by TVA at wholesale to the city of Memphis with the charges of the power sold to AEC by TVA.

Mr. President, I know the Senator from Arkansas is no expert on rates. I am no expert on rates, either, although I have endeavored to be a close student of matters affecting TVA since that agency was created. However, I know enough to know that rate schedules are complicated matters; that power to industry is sold under different rates than the rates for power sold for resale to farms and domestic consumers. I know a little about the load factor; and it seemed to me that the proper comparison was between loads of like characteristics; that the costs of energy supplied by TVA from its Shawnee plant should be compared with the costs of energy supplied to the same AEC facilities by the Joppa plant, across the river, owned by EEI. It would make sense to me to compare the cost of TVA power delivered to Paducah from Shawnee with the cost of the power that OVEC, for example, will deliver to AEC's facilities at Portsmouth. It made sense to me that the cost of power to AEC from Shawnee should be compared with the cost of power to AEC from Dixon-Yates. Such a comparison had been made. It was made by the AEC and representatives of the Bureau of the Budget. It showed that the excess annual cost to AEC would be at least $2,923,000 a year. Those comparisons are valid.

I felt, too, that I would not shed any crocodile tears over possible overcharges for Shawnee power, when AEC refused to give up its contract with TVA, to accept the substitute proposal of Dixon-Yates. If TVA was charging so much, why would AEC be so anxious to hang on to the contract?

I knew the charge that TVA was giving the benefit of the profits from its AEC contract to the city of Memphis was not true, for TVA had with the city of Memphis a contract for more than a decade before there were any AEC facilities at Paducah. During more than 20 years of operation, TVA has earned a net return for the Government, averaging about 4 percent every year on the investment in the TVA power system. Such a return was earned in the years before there were atomic energy plants, and in the years when the purchases of TVA power by AEC were relatively small. The vast increase in TVA's power commitments to AEC has not materially affected the return on investment figure, stabilized before AEC was an important factor among TVA's power consumers. The return has varied from year to year with weather conditions, but there is no indication that it has varied with sales to AEC.

I knew that was the general situation; but, just to be sure, I checked with TVA. I checked the peculiar comparison with Memphis. I was told that the figures were in error; that this month, for example, power is being delivered to Paducah from Shawnee at a cost of 3.56 mills per kilowatt-hour. That is less, not more, than the per kilowatt-hour cost of 3.88 mills quoted as the cost of power sold at wholesale by TVA to Memphis. I was warned by TVA, however, that such a comparison was meaningless as a measure of the equity of entirely different rate schedules. I was reminded that the wholesale rates established in TVA's contract with Memphis and with all its other distributors were fixed to achieve the objectives of the TVA statute—namely, to encourage the widespread use of electricity, "particularly by the domestic and rural consumers."

Mr. President, I had something to do with the writing of that act, for I introduced the bill in the House of Representatives, and I sat on the conference committee, and I was one of those who urged that Congress write into the bill the very requirement to encourage the widespread use of electricity, particularly the use of electricity by the domestic and rural consumers. It was our aim and the aim of all the Congress, when that measure was enacted to try to get power distributed for the benefit of the

farmers and the domestic consumers, to get the power into the homes of the people of the Tennessee Valley, rather than to have all the power purchased by perhaps a few large industrial concerns.

The rates, established long before AEC was a customer of TVA, were at the same time intended to be adequate to cover all the costs of supplying power to TVA's customers, and, in addition, to earn a return to the Government on its investment—a "profit," according to the terminology adopted by the Senator from Arkansas [Mr. FULBRIGHT]. Cities and cooperatives do not use large blocks of power around the clock, as the AEC does at its installations. The facilities at Paducah are served by a giant modern steam plant, constructed by TVA for the purpose. If Memphis and TVA's other distributors had loads of the same characteristics as the AEC load, TVA's whole rate structure would be different. Its system would not be the same.

TVA suggested that if it were important to make comparisons involving the city of Memphis, it might be worthwhile to show what TVA would charge Memphis at wholesale if the city were to purchase power to serve a customer having the characteristics of AEC's Paducah installation. For power purchased for such a customer Memphis would pay TVA at wholesale 3.71 mills per kilowatt-hour. This can be compared with 3.56 mills per kilowatt-hour at which power is moving from Shawnee to Paducah this month.

When the CONGRESSIONAL RECORD was available, I studied the table which my friend the Senator from Arkansas [Mr. FULBRIGHT] had inserted to support his charge that TVA was overcharging AEC, because, according to him, AEC was paying more than the city of Memphis would pay if the city of Memphis were served under a contract like the TVA-Paducah contract. Frankly, the comparison makes no sense to me. I do not think the Senator from Arkansas understood it either. I found that in the middle column of page 10146 of the RECORD, near the top the Senator from Arkansas says plaintively, referring to the differences between 3.88 mills Memphis actually paid and the 4.25 mills he thinks they should have paid, "The difference between these figures is hard for me to explain." It occurred to me that it might be easier for the Senator to explain his very peculiar formula if it were applied to Arkansas and to the proposed Dixon-Yates contract. I am glad to report the results of this odd calculation.

In the House hearings on the TVA appropriation—pages 2909–2910—Mr. Moses, chairman of the board of the Arkansas Power & Light Co., testified that he sold power wholesale to REA cooperatives in Arkansas at a rate of 4.94 mills per kilowatt-hour. Now I am prepared to advise the Senator from Arkansas that if those same cooperatives purchased power under the Dixon-Yates contract they would pay more than 6 mills a kilowatt-hour, in contrast to the 4.94 mills Mr. Moses says they pay.

Therefore, according to the theory advanced by the Senator from Arkansas, the AEC is being overcharged by 20 percent in the Dixon-Yates contract. Under the same formula and the same reasoning Senator FULBRIGHT accused TVA of overcharging AEC only 9.6 percent, as shown in the middle column, page 10146. The whole comparison is nonsense. Rate schedules are complicated, and dissimilar loads cannot be compared. But what is sauce for the goose is sauce for the gander. The only difference is that my table deals with a wholesale customer in Arkansas, and with Dixon-Yates.

To me the fact that power from Shawnee is cheaper power for AEC to buy than power from Joppa, from OVEC, or from Dixon-Yates, is reasonably convincing. The fact that the AEC did not choose to drop its Shawnee contract is further evidence that the accusation of "overcharge" is not true, but just to get the record clear, it may be worthwhile for me to describe, as best as I can, how the rates for Shawnee power at Paducah were established.

TVA estimated its construction and operation as a basis for negotiating a contract with AEC. To those estimated costs it added an amount which it expected would provide a rate of return of 4 percent on the Government capital invested in the plan. At the time the contract was being negotiated, representatives of AEC suggested that TVA should not include in the rates any amount of earnings above the actual costs, including the cost of money to the Government. TVA representatives explained that in order to make the repayments to the Treasury which the law requires, and in order to avoid distorting its financial performance record by having a different level of earnings on its AEC business than its other business, it would be necessary to establish rates estimated to provide the 4 percent return. AEC representatives knew that the rates were intended to include this amount above actual power production costs. They knew why it was essential.

The Congress requires the TVA to make certain returns—returns to cover the cost of interest to the Government, returns which will pay off or amortize the cost of TVA power systems within 40 years. The law requires this amortization. TVA could not escape, whether it was making a contract with the Atomic Energy Commission or a contract with some other Government agency or some other party.

At the time, AEC's disappointment that TVA insisted upon fixing the rates to include a rate of return was somewhat alleviated by the fact that TVA was offering a firm rate as distinguished from the EEI contract being negotiated for power to be produced at Joppa for the same AEC project at Paducah. EEI's was a cost-plus contract. By quoting a firm rate, TVA took a risk. If its costs had run higher than estimated, if operation should prove less efficient than anticipated, its net earnings would have run below the hoped for 4 percent. As a matter of fact, TVA has been able to construct and operate with sufficient efficiency so that the firm rates are providing a little larger net income than originally estimated. Whatever profits TVA makes are the property of the Government and go into the Federal Treasury, as the distinguished Senator from Tennessee [Mr. GORE], who served for so long in the House Committee on Appropriations, so well knows. Such profits go directly into the Federal Treasury. TVA's performance at Shawnee should be applauded, and not criticized by the Atomic Energy Commission or anyone else.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HILL. I yield to my distinguished friend from Tennessee.

Mr. GORE. Does not the Senator think it should be recognized that included in the rates which TVA has proposed to charge is not only depreciation, but also a sufficient amount to amortize the plant within 40 years, plus an additional net earning?

Mr. HILL. The Senator is exactly correct. TVA not only must take care of operating and maintenance costs and depreciation costs, but it has been seeking to take care of the cost to the Government for interest on any money the Government may have borrowed. As the Senator knows, the law itself requires TVA to pay into the Treasury an amount of money which, over a period of 40 years, will amortize every dollar of cost of the TVA power system, and TVA has done this. The Senator knows that there have been sharpshooters up and down the highways and byways seeking to take a potshot at TVA. There are those who have wished to criticize and condemn TVA, but its record of management, its record of administration, its record of payments into the Treasury, has been such that it has largely disarmed its critics and enemies.

Mr. GORE. Mr. President, will the Senator further yield?

Mr. HILL. I yield to my friend.

Mr. GORE. I think there has been some confusion—and it seems to me the confusion has been purposely injected into the RECORD—as to what is involved in the additional $3,685,000 a year which the Dixon-Yates proposal would cost the taxpayers, over and above the TVA rates. Some persons have undertaken to suggest that there were some hidden costs or figures. If the Government were to buy the power from the Dixon-Yates combine, and if the Government were to go through with the proposed Dixon-Yates contract, what would those payments involve in addition to the power?

Mr. HILL. I would say to the distinguished Senator from Tennessee that those payments would involve paying for the operating expenses of the TVA installations, the maintenance of the installations, the depreciation charges on the installations, an amount of money that would reimburse the Government for the interest charges on any loans made for funds for the TVA, and, in addition to that, such an amount of money as at the end of 40 years would pay back to the Treasury—or amortize—all of the Government's capital invested in the TVA power installations.

Mr. GORE. At which time the Government would have recaptured all of the cost of the plant, and in the meantime it would have obtained electricity for its own use at $3,685,000 less a year

than it would cost under the Dixon-Yates proposal.

Mr. HILL. Three million six hundred and eighty-five thousand dollars less a year, according to the estimates of the AEC and the Bureau of the Budget, but some $5½ million less a year according to the estimates of the TVA.

Mr. GORE. I thank the Senator from Alabama.

Mr. HILL. I am glad the distinguished Senator from Tennessee asked that question. I cannot emphasize too strongly that the cost of $3,685,000 is the excess cost, the cost each year over and above what the cost would be if the power were supplied by the TVA, and it is the cost estimated by the AEC and the Bureau of the Budget as submitted to the Joint Committee at the hearings before the Joint Committee, which cost, as I say, high as it is, $3,685,000, is not so high as are the estimates of the TVA, which carry the cost to $5½ million in excess costs each year to the Government of the United States.

Mr. GORE. However, for the purposes of this debate, those of us who oppose this outrageous contract, have taken the figures submitted by the Federal Power Commission, the Atomic Energy Commission, and the Bureau of the Budget, on which they have agreed. We do not acknowledge that the figures are sufficiently high, but for the purposes of this debate we accept those figures.

Mr. HILL. The Senator is exactly right. For the purposes of this debate, we accept those figures, which run to a total of approximately $92 million over a 25-year period. Of course, that does not include the interest which a good businessman would count in, too, because he would have an investment of $3,635,000, and for the remaining 24 years he would be entitled to a certain income in the form of interest. The exact figure, according to the estimates of the AEC and the Bureau of the Budget, is $92,125,000.

As I say, any good businessman, or any banker, considering this matter, would not think only of $92 million, but of the interest the $3,635,000 would draw for the period of this contract, that is, the first $3,685,000 drawing interest for 24 years, the next $3,675,000 drawing interest for 23 years, and so on down the line.

Mr. GORE. That is how I have figured it.

Mr. HILL. Looking back on the performance of TVA and EEI, the Atomic Energy Commission might well wish that it had insisted on a firm price from EEI, as well as from TVA. Had such a firm price been obtained, and had EEI built the Joppa plant for less than its estimates, I am sure AEC would not be whining about an overcharge. Instead, possibly in part because EEI was not bound by a firm price, but had a cost-plus contract, AEC is having to pay a great deal more for the EEI power than had been estimated and than TVA power is costing.

I am sorry that the Senator from Arkansas [Mr. FULBRIGHT] is not on the floor. I advised him that I was going to speak. He even sat by me, and I told him that I was going to address the Senate. After he made his speech making the charge that the TVA was overcharging AEC, he later made another statement. He evidently realized that his first charge was not borne out by the record and that he had been very much misinformed. He repeated the statement about an overcharge, but this time he was not discussing the power from Shawnee. This time AEC had evidently provided him with figures which based the accusation of an overcharge on the costs paid by AEC for interim power purchased for their use by TVA in fiscal 1953.

The allegation of an overcharge is a serious accusation. It impugns the integrity of the TVA power program and goes to the very question of the honesty of its management. AEC should not make such a charge or accusation without full and meticulous documentation. Yet, as I understand the evidence presented, the only basis for the charge is the fact that TVA charged the AEC an average of more than 8 mills per kilowatt-hour for nearly 1 billion kilowatt hours, which it had delivered to the Paducah AEC plant during fiscal 1953.

I emphasize the fact that it is interim power that I am talking about. During the same period, AEC calculates that TVA paid an average of about 5 mills per kilowatt-hour for 2⅔ billion kilowatt-hours purchased and received by interchange from other systems.

The arrangements under which power systems purchase interim power from other systems, under special contracts or interchange agreements, are highly technical. The Senate is hardly a body of power supply engineers or rate analysts. Surely I claim no such encomium. Neither, for that matter, does the general manager of AEC appear to qualify as an expert in these subjects. If he were an expert he would not draw the conclusions he appears to draw from the meager evidence available to him.

These are the facts, as I now get them and know them. During the fiscal year 1953, nearly all of the power delivered by TVA to Paducah—the AEC plant—must have been brought in from some distance, for the first unit in the Shawnee steam plant began operating in April, and the second in June, just before the end of the fiscal year. Mr. Nichols was talking about the total amount of energy delivered by TVA to Paducah during the entire year. A little of it came from Shawnee, but most of it came from other sources.

I do not know from what source it came. The general manager of the Atomic Energy Commission does not know.

AEC fails to realize that TVA bought and sold power in day-to-day transactions with its neighbors long before the Paducah plant was started. They read TVA's 1953 annual report and assume that all the power delivered at Paducah was purchased by TVA from other systems. They assume that all the power delivered to Paducah was not only purchased, but purchased at the average rate TVA paid for all power brought in from other systems. TVA bought nearly three times as many kilowatt-hours during the year as it delivered to Paducah. Most of the energy was probably obtained, as it was before AEC's Paducah plant was built, to help firm up TVA's hydropower in the normal course of operations.

I wonder if the AEC is certain that the power delivered to Paducah was purchased from other systems. Are they certain that none of it came from TVA's old Nashville steam plant which was operated in fiscal 1953 at a cost of nearly 11 mills per kilowatt-hour?

This interim power may not have been available to TVA. As we know, interim power is power bought overnight, so to speak, on a temporary basis. If such power were not available, the only thing TVA could do to meet the power requirements of the AEC would be to operate, for the time being, its high-cost Nashville steam plant.

Does AEC know that no power delivered at Paducah came from the old World War I steam plant at Wilson Dam, operated at a cost of more than 8 mills per kilowatt-hour in 1953? Does the General Manager of AEC know whether the Paducah operation received any power from TVA's Hales Bar steam plant? It cost TVA nearly 8 mills per kilowatt-hour to operate that plant. The 1953 annual report, which shows these costs—page 25 of the appendix—also shows that the kilowatt-hours produced by these three old steam plants equaled half the kilowatt-hours TVA delivered to Paducah. Certainly TVA would never have operated such old plants and incurred these high costs unless some special circumstances required it.

TVA was to supply this power to AEC. AEC needed the power and had to have it, and, if necessary, TVA had to use the old high-cost steam plants to provide the power.

To document the serious accusation one would need to know the source of energy for every kilowatt-hour delivered by TVA. He would need to know how much it cost TVA to generate the energy or to purchase it. He would need to know what transmission losses had been and what transmission costs were.

He would need to know how much power TVA lost in transmitting it; how long a distance the power had to be transmitted.

If one knew all these things and discovered that the cost to AEC had been unreasonably above the cost to TVA, one would have a case. But there is no case. TVA's rate of return in 1953 went down, not up.

Mr. President, as we know, averages are tricky in a good many kinds of computations. It all depends upon where we start and how we start, how we travel, and how much parallel there is between the subjects being compared. Without any reflection upon anyone, I never indulge in figures without thinking of what Disraeli, the great Prime Minister of Great Britain, said when he declared, "There are statistics and statistics and statistics, and then there are ordinary liars." So it all depends, as we say in logic, upon the premise from whence we start.

Far as I am from being an expert, I would know better than to make charges

relating to utility costs and prices on the basis of average costs of large quantities of power obtained from a variety of sources at various times and under different contracts.

My distinguished friend from Mississippi [Mr. STENNIS] knows that a severe drought is afflicting our section today. Not only is our corn burning up, not only are many of our other crops burning up, not only are our fields dry, but many of our rivers and streams are low in water. What does that mean? When we have rain and have plenty of water, our reservoirs are filled.

No, Mr. President, we cannot make comparisons with average costs of large quantities of power obtained from a variety of sources at various times and under different contracts.

I have said before, and I repeat, that the TVA makes payments equivalent to tax payments, 5 percent of the gross revenue on all power sold except on power sold to the Government or to some agency of the Government. How can we compare a rate which does not have to pay 5 percent out of gross revenues with a rate on power going to some private industry or domestic consumer on which a tax of 5 percent or its equivalent is paid?

Mr. President, the fiscal year 1953 ended more than 13 months ago. The fiscal year 1954 ended about a month ago. Yet the first comment relating to any suggestion of overcharges by TVA was made when General Nichols was testifying in favor of the Dixon-Yates proposal before the Joint Committee on Atomic Energy last month. It would seem that to discredit TVA has now become the line for those who advocate that the combine headed by Mr. Dixon and Mr. Yates should supplant TVA as a power supplier for Memphis and the surrounding area. But there again the TVA's distinguished and fine record cannot be discredited by such tactics.

Mr. President, I spoke earlier of the document circulated by the Bureau of the Budget.

I find as an argument against the Fulton plant proposed by TVA, in lieu of the Dixon-Yates West Memphis, Ark., plant, this remarkable statement on page 3 of a document circulated by the Bureau of the Budget:

> Further, the Fulton steam plant would be on the periphery of the TVA area, 80 miles outside the Tennessee River Basin. As the President indicated at his press conference, the question whether the Government should continue to construct plants on the periphery of the basin, contemplating delivery of power far beyond the TVA area, involves a major question of public policy which was and is under study by the administration. A feasible alternative to immediate construction of the Fulton plant by TVA would provide time for completing the study of this question.

In my judgment, this quotation from the document of the Budget Bureau goes to the heart of the problem. All the rest is smokescreen. The AEC knows perfectly well that it has not been overcharged. The AEC knows perfectly well that no question of power replacement is proposed. Those contentions are parts of the smokescreen to protect AEC, so that they can undertake their attempted illegal action of signing this outrageous contract, concealing the real purpose, which is to dismember the TVA power service area, and to destroy TVA.

Mr. President, I had been speaking of the unusual, preposterous, misleading document of the Bureau of the Budget. I call attention to one more paragraph of the document, together with other comments made by persons close to the administration, indicating that the Bureau of the Budget and the President of the United States are under the impression that the public policy established in the act creating TVA contemplated that all the power produced by TVA should be used in the watershed of the Tennessee Valley. That is a very serious mistake, I may say, as one of those who participated in the writing of the act, who introduced the bill in the House, and was a member of the committee of conference.

The boundaries of the TVA power service area are not now and never have been intended to be identical with the boundaries of the watershed. Every Senator knows that a watershed varies. At one point it may be very broad or very wide; at another place it may be very narrow. Particularly is that true in a State which has mountains and high hills, as do many of the States in the Tennessee Valley area. The Allegheny Mountains really come down and finally slope off through North Carolina, north Georgia, Tennessee, and into north Alabama. In north Alabama there are mountains and hills.

Many communities, farmers' cooperatives, and REA's outside the watershed are served by power from TVA. Many communities inside the watershed—and mark this—are served, not by TVA, but by private companies.

TVA's power service area was determined, within the limits prescribed in the law, by the location of the municipalities and cooperatives which qualified under the requirements laid down in the law to receive service. If communities in the watershed did not wish service, it was not forced upon them. It was not forced upon them in the beginning, and it is not forced upon them now.

It is true, insofar as the construction of multipurpose dams is concerned, that TVA is confined to the Tennessee River and its tributaries. It could not, without a change in its basic law, undertake to construct and operate dams on the Cumberland, the Ohio, the Mississippi, or any other river. The Cumberland is another river in Tennessee. The Tennessee and the Cumberland are so close together, so nearly parallel each other in Tennessee, that they are known in that State as the Twin Rivers.

Congress never intended that the benefits of the Tennessee River system should be confined solely to the people living in the Tennessee Valley or watershed. In the basic act Congress clearly directed that power should be made available to people within transmission distance of a hydroelectric dam. That might mean some people in the valleys some distance from the dam, while other people, on the other side of the valley, might be much closer to the dam, as we know.

Tupelo, the first customer to get TVA power, was outside the Tennessee Valley watershed, but within transmission distance of Wilson Dam, on the Tennessee River.

By the way, Wilson Dam was not built by the Tennessee Valley Authority; it was built under section 124 of the National Defense Act of 1916. Construction was started during World War I and was finished after World War I by the Corps of Engineers, not by the Tennessee Valley Authority.

The fact that the Fulton steam plant is proposed to be located outside the Tennessee River Basin does not mean, as the Budget pretends to believe, that TVA is "contemplating delivery of power far beyond the TVA area." The Budget knows better than that. The Fulton plant is proposed, as the Budget knows, to meet the growing needs of the TVA's existing power service area, but only to meet the needs of the existing power service area. The Fulton plant is proposed to meet an expansion in load, not an expansion in territory.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HILL. I yield to the distinguished Senator from Tennessee.

Mr. GORE. The only effort involved, then, to invade the territory of an established service area is by means of the proposed Dixon-Yates contract to invade the TVA service area. Is not that correct?

Mr. HILL. The Senator is exactly right. There is but one proposal for invasion, and that is the proposal of the Dixon-Yates private power monopoly combine to invade TVA area, an area which TVA had almost from the very beginning, which it has served year after year after year.

The Senator from Tennessee knows, as well as I do, that the TVA has been scrupulous, not only in carrying out the law, but in being careful not in any way to invade or impinge upon territory beyond its existing boundaries. As the Senator has said, there is a proposed invasion, surely, but that proposed invasion is not on the part of the TVA. It is a proposal by the private power monopoly combine to invade the TVA territory.

Mr. GORE. Then the peace in the valley, to which the late Wendell Willkie referred with respect to the 1939 act, which stabilized the service areas in that territory, is being disturbed, not by the TVA, but by the private power trust?

Mr. HILL. The Senator from Tennessee is exactly correct. As he so well knows, and as he has suggested by his question, Mr. Wendell Willkie, at that time head of the Commonwealth & Southern, which was then the holding company for the power companies in the southeast, worked out with the Government an arrangement whereby TVA would be left its existing service territory. The Commonwealth & Southern, the holding company, was well paid for the interest it had anywhere in that territory. That was the arrangement which was worked out at that time to compensate the private power company, in order that the TVA might carry on within that service territory.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator from Alabama yield?

Mr. HILL. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Does the Senator from Alabama think that the Dixon-Yates contract will in any way interfere with the TVA?

Mr. HILL. I think it is the first step looking toward the dismemberment and the destruction of the TVA. As I have often said, there has been only one trouble with the TVA—it has done its job too well. It has given to us a yardstick that has worked, a yardstick that has been fair and honest, and a yardstick that has brought down the power rates of the power companies.

Above everything else on earth, what the private-power monopoly seeks to do is destroy the TVA and the TVA yardstick, and the private-power monopoly knows that to be so. If the monopoly can ever put the TVA in such a position that it will be dependent on the private-power monopoly for the power the TVA must have for its consumers, then and there the yardstick will be destroyed and the TVA will be destroyed.

Mr. JOHNSTON of South Carolina. Mr. President, will the Senator yield?

Mr. HILL. I yield to the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. I understand President Eisenhower is advocating this proposal.

Mr. HILL. He is not only advocating it; he sent a directive, over the opposition and the protest of 3 of the 5 members of the Commission, ordering the members of the Commission to sign the proposed Dixon-Yates contract.

Mr. JOHNSTON of South Carolina. Is that not in direct contradiction to what President Eisenhower advocated when he was campaigning for the Presidency of the United States?

Mr. HILL. There is no question about that. The proposal is absolutely in contradiction.

Mr. JOHNSTON of South Carolina. Did he not make a statement in regard to the TVA at that time?

Mr. HILL. Yes. This is what the President, who was then a candidate, said:

> If I am elected President, TVA will be operated and maintained at maximum efficiency. I have taken a keen appreciation of what it has done and what it will be able to continue to do in the future. Under the new administration TVA will continue to serve and to promote the prosperity of this great section of the United States.

I inform my friend, the Senator from South Carolina, that that is the wording in a telegram sent by the President, then the candidate, to the editors of the Knoxville News-Sentinel and the Memphis Press-Scimitar 2 days before election day in 1952.

Mr. JOHNSTON of South Carolina. He was talking out of the left side of his mouth then. Now he is talking out of the right side. Right or left, he certainly changed the sides of his mouth from which he was talking.

Mr. HILL. I will say to my distinguished friend from South Carolina that the President's actions have not in any way squared with the promise he made the people of Tennessee on the eve of his election in November of 1952. The Senator from South Carolina will recall that, unlike what happened in his State of South Carolina and in my State of Alabama, the people of Tennessee voted for President Eisenhower, and I think it would be difficult to overestimate the tremendous persuasion and the overriding influence of this promise the President made the people of Tennessee 48 hours before they marched to the polls and voted for him.

Mr. President, as I have said, the Fulton plant is proposed to meet expansion in load, not expansion in territory. As a matter of fact, there has been no particular expansion of the TVA territory in latter years. The Senator referred to 1939. That is the year when we hoped and sought to bring peace in the valley, and when we paid a handsome sum to the remaining interest of the private power companies in the State of Tennessee.

As we all know, TVA has built a number of steam plants, and not one of them has resulted in any expansion of TVA territory, and not one of them was built with any thought or contemplation that there would be an expansion of TVA territory. Apparently, however, this is the question the President and the Bureau of the Budget propose to study. A study of the applicable provisions of the statute and TVA's performance under the statute would take only a few hours of time.

Oh, if I could only get the President and the Bureau of the Budget to read the TVA statute. If I could only get the General Manager of the Atomic Energy Commission to read the TVA statute. It would not take long to read that statute. It would take just a few minutes to read it, and it would give them a chance to try to understand something about TVA, about its territory, about its duties, about its responsibilities.

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. HILL. I yield to the distinguished Senator from Oregon for a question.

Mr. MORSE. Am I correct in supposing that the expressed desire of the Senator to have the President read the statute is based on the assumption that the Senator thinks there might be on the part of the President openmindedness and the possibility of changing his opinion with regard to the giveaway proposed in the contract?

Mr. HILL. I am not optimistic about the giveaway. The Senator from Oregon must not charge me with undue optimism. But surely, if we could get the President to read the statute, we might at least have a faint ray of hope that he would remember the promise he made to the people of Tennessee 48 hours before they voted for him for President, and at least accord a little more enlightened consideration to TVA.

Mr. GORE. Mr. President, will the Senator yield?

Mr. HILL. I yield to the Senator from Tennessee.

Mr. GORE. According to the press, the President said he had ordered the signing of the 25-year contract in order that he might have time to study it. Perhaps the President is going to study it a long time.

Mr. HILL. Is the Senator implying that perhaps he is going to study it for 25 years?

Mr. GORE. No.

Mr. HILL. The Senator from Tennessee knows that after a 25-year contract is signed, even though one might study it for 25 years, he could not do anything about it.

Mr. GORE. The time to study it is before the contract is signed.

Mr. HILL. Yes; before the contract is signed.

Mr. MORSE. Mr. President, will the Senator from Alabama yield?

Mr. HILL. I yield to the Senator from Oregon.

Mr. MORSE. Mr. President, am I to understand from the observations of the Senator from Alabama with respect to his hope that the President might change his present position regarding the contract, because of a promise he made during the campaign to the people of Tennessee, that if there is some hope that the President might do that in respect to the people of Tennessee, then there is hope that he might change his position on the farm question, in view of the promises he made during the campaign not only once but many times with respect to parity?

Mr. HILL. No; I say to my distinguished friend, the Senator from Oregon, that with all my love and loyalty to the people of Tennessee, I do not indulge myself in any such optimism—even in my fondest hopes—as to believe that the people of Tennessee will enjoy such a preferred status.

Mr. President, consumers of TVA power have a right to fear that the study proposed would not be a study of the facts, but would be a study of how a series of arrangements like the Dixon-Yates proposal can be contrived to deny TVA power to all consumers living outside the watershed itself. A policy of shrinking TVA's service area and confining it to the customers living within the watershed and presently receiving service would not carry out the public policy established by the Congress in the TVA Act. The adoption of this new policy would mean dismemberment of the TVA system. It would be a prelude to destruction.

The President and the Bureau of the Budget may underestimate the dimensions of the problem they have assumed. Nashville is not in the Tennessee watershed, although it is a customer of TVA. Memphis is not in the Tennessee Valley itself. In Kentucky, only 10,000 of a total of 85,000 TVA power consumers live in the Tennessee Valley. In Mississippi, only 5,000 of the 138,000 consumers of TVA power live in the watershed; the rest—133,000—reside outside the area the Bureau of the Budget thinks Congress intended to favor. Alabama would be less drastically affected if such a revision of the TVA power service area were attempted by action of the Executive. 150,000 consumers in Alabama use power from the TVA system, and 125,000 live in the watershed; only 25,000, outside; but

in Tennessee, the State having the largest number of consumers—a total of 920,000—445,000 live in the watershed, and 475,000 live outside it. More than half of Tennessee's consumers are menaced by the study of the President and the Bureau of the Budget, if the implications of this memorandum are understood. In Georgia, where there are about 25,000 consumers of TVA power, half of them live out of the valley. As a matter of fact, it is only in North Carolina and Virginia, where very small areas are served, that the TVA power service area falls within the boundaries of the watershed.

The intent of the act creating TVA was clear. Power was to be made available to the communities which wanted to be served by TVA and were within transmission distance of a dam on the Tennessee River or one of its tributaries.

Mr. President, we hear much, these days, about partnership arrangement. The people of this area have a partnership arrangement with their Government. On the basis of that partnership and on the basis of their faith in the good faith of their Government, they have invested approximately $400 million of their own funds in distribution systems and lines to make this partnership effective. They are asking the Government to keep faith with them in this partnership.

The preoccupation of the Bureau of the Budget with the watershed, as distinguished from the power service area, raises an interesting question. Indifferent apparently to the right of self-determination of the communities which voted to receive power from TVA, is the Bureau of the Budget likewise to be indifferent to the wishes of the communities in the watershed which did not vote to take power from TVA, and which are now customers of private utility companies? Most of the Tennessee watershed in Virginia and North Carolina is in the service area of private power companies. Are they threatened by the accident that their service area lies within the watershed, as municipalities and rural cooperatives receiving power from TVA, but located outside the watershed, are menaced by the novel "public policy" now suggested by the Bureau of the Budget?

One hundred and forty-eight publicly owned systems, having a total investment today of about $400 million, have entered into long-term contracts with TVA for power service. There is nothing obscure about the history and the record. But the Bureau of the Budget, pooling its lack of knowledge with misinformation current in high places, now assumes that the TVA power system never was intended to go beyond the river basin, and that they must study ways to get it back within the boundaries they consider proper. They are saying to 475,000 customers who live in Tennessee, to 133,000 customers who live in Mississippi, to 25,000 in Alabama, and 75,000 in Kentucky. "You are not to be considered eligible to receive power from TVA in the future. You qualified under the TVA Act; you made your investments; you entered into a contract with your Government in good faith; but your wishes are to be ignored. You must become a customer of someone like Mr. Dixon and Mr. Yates, and AEC will take over the responsibility for arranging the contracts."

Mr. President, let us carefully consider this contract, and the admission that the Atomic Energy Commission was proceeding without authority, without power, to what would have been an illegal and unlawful contract. Let us contemplate that now the amendment of the Senator from Michigan would open wide the door—or, to use the expression used the other day by the Senator from Oregon [Mr. MORSE], would in fact, remove the entire side of the house, to permit more and more and more such Dixon-Yates contracts, up to an extent of power 5 times as great as the amount involved in the Dixon-Yates proposal. Let us contemplate that prostitution of this most delicate and vital agency, this agency of the very greatest importance to the defense of the country and also to its peacetime economy. Let us contemplate the proposition not only of destruction of the integrity and independence of this agency, but also the invitation and the opening wide the door for the destruction of the independence and integrity of all other independent agencies. Let us also contemplate all the conditions of the contract, as brought out so brilliantly, as I have said, by the distinguished junior Senator from Tennessee [Mr. GORE]—that is to say, that—among other defects—there would be no competition; and, Mr. President, let me say that if there is anything the Senate and the House of Representatives have insisted upon, it is that wherever possible there shall be competition. However, in this case there is not only to be no competition, but the contract is proposed, and the proposal is written, for only one combine, namely, the Dixon-Yates private monopoly combine.

Mr. MORSE. Mr. President, will the Senator from Alabama yield at this point for a question?

The PRESIDING OFFICER (Mr. SALTONSTALL in the chair). Does the Senator from Alabama yield to the Senator from Oregon?

Mr. HILL. I yield to my friend, the Senator from Oregon.

Mr. MORSE. Does the Senator from Alabama agree with me that in using descriptive language for the bill and the contract that is encompassed by it, it probably would be more accurate to describe it as a stick of legislative dynamite destroying the people's interest in a sound public power program for the Nation, rather than to use the old figure of speech that was used the other day, when reference was made to closing the barn door after all the horses were stolen?

Mr. HILL. The Senator from Oregon is entirely correct; he could not be more correct. Let me say that no one has given more study and more thought to this subject, or has spoken with greater eloquence or more compellingly on the whole matter of our power policy, than has the Senator from Oregon.

Mr. President, when we consider all these things—the unusual situation and the unprecedented preference and favoritism—almost scandalous favoritism, in fact—provided in the tax portions of the Dixon-Yates proposal; when we think about the increased burden placed upon the taxpayers by means of the excess cost to them if the Dixon-Yates proposal is signed into a contract, then I say, Mr. President that not only can there be no justification, but there cannot be even the barest excuse for signing the contract, unless it is shown to be absolutely necessary in order to advance the atomic energy program. But I challenge the proponents of the Dixon-Yates proposal—either here in the Senate or otherwise—to show one iota of necessity or the slimest, barest excuse for the Dixon-Yates proposal as being necessary to the atomic energy program. In view of all these facts and the inequitous provisions of the contract, I challenge them to show that such a contract could, in any way, shape, fashion, or form, be to the best interests of the United States or of the people of the United States.

Mr. LEHMAN. Mr. President, first I wish to compliment my distinguished colleague from Alabama for his masterly presentation of this highly important subject. He has rendered a distinct service to the Nation and to the world.

Mr. HILL. I thank the Senator.

Mr. LEHMAN. Mr. President, I send to the desk and ask to have printed and lie on the table an amendment in the form of a complete substitute for S. 3690, the pending omnibus revision of the Atomic Energy Act.

The PRESIDING OFFICER. The amendment will be received, printed, and will lie on the table.

Mr. LEHMAN. My proposal, Mr. President, is not an omnibus substitute. It does not undertake to strike down and completely rewrite present law. My bill gives full credit to the assurance of President Eisenhower in his message of February 17 of this year, that the present law, the McMahon Act, is still adequate to the Nation's needs.

My proposed substitute follows the recommendations of President Eisenhower in giving priority to certain revisions in present law designed to facilitate the exchange of atomic information, both on the military and on the peacetime uses of atomic energy, with foreign countries—chiefly our allies and friends. It also authorizes freer access to atomic information for our own citizens, private organizations, institutions, and enterprises.

My bill is primarily designed to meet the urgent need for fuller cooperation with our allies in the military sphere, and fuller cooperation with all friendly nations in the use of atomic energy for industrial, technological, and nonmilitary purposes.

This is an immediate need, attested to by President Eisenhower and by the Atomic Energy Commission. This is a need which should be met by legislation enacted at this session of Congress.

To meet this need, I propose a substitute which was drafted by the Atomic Energy Commission, approved by President Eisenhower, and submitted by him to the Congress in support of his special

message of February 17. I feel that President Eisenhower's recommendations were sound, and that the amendment he submitted should be enacted. The text of that amendment is to be found on page 10804 of the CONGRESSIONAL RECORD of July 17, 1954.

I have ascertained from members of the Joint Committee on Atomic Energy that President Eisenhower's suggestions were not incorporated in the bill reported by the committee. On the contrary, the majority of the committee saw fit to approve provisions which, as far as I can see, go in exactly the opposite direction from that urged by the President.

We have had some debate, Mr. President, on provisions of the pending bill, the committee bill, tending to indicate that there is grave doubt—certainly many of us have such doubts—as to the wisdom of some of the complex and even obscure provisions of the bill dealing with the peacetime development of atomic energy in our own country. Many of these provisions have been described—I have so described them—as among the most radical, the most dangerous, the most repugnant to the public interest—of any provisions of any bill to come before us at this session.

In my judgment, Mr. President, the pending bill is a thinly disguised giveaway bill, which will have the effect of forfeiting and giving away the public rights in a priceless public resource—atomic energy. The Government has spent $12 billion to unlock the innermost secrets of the atom, and to harness the vast power which nature has placed in the atom.

The monetary value of these secrets cannot be estimated. They are worth billions and billions and billions of dollars. They belong to the whole American people. Indeed they should be shared with private enterprise. Indeed, the great private industrial genius of America should be invited to participate in the development of the undreamt potentialities of atomic energy. I cannot urge that too strongly.

But the Government of the United States has an inescapable obligation to safeguard the legitimate interest of the people in atomic energy—in its peacetime uses. The sharing with private enterprise must be undertaken with every essential safeguard of the public's rights. We cannot be too cautious in this regard. The Government must retain full control and full sovereignty over the peacetime use of atomic energy, just as the Government must retain full control and full sovereignty over our great systems of navigable waters, over the ether, and over the airspace above us. These belong to all the people. So does atomic energy belong to all the people.

I knew this is a complicated subject—far too complicated for me fully to comprehend in the time that has thus far been available for the study of the legislation before us. I am continuing to study it. Every day I am learning new things about it. I have scores of questions, and before I am through, I may have ten times that number—questions which must be answered before I dare to give my assent to the legislation before us, or to any legislation dealing with this vast epoch-making subject.

I want all the expert advice and counsel I can get on this matter. I have every trust and confidence in the members of the Joint Committee, but it cannot yield my responsibility, as the representative of the Senate of the 15 million people of New York State, to any committee of the Congress. This bill may effect a revolution in the economic life of my State, and of many other States. This bill may result in the development of a monopoly over the source of atomic power that will dwarf any other monopoly in the concept of the mind.

I want to study the licensing provisions of this bill and the patent provisions. I will say, frankly, that I do not as of today even begin to understand all their implications.

So, Mr. President, I am not ready to vote on this bill. I will not be ready for some time to come, and I will not consent to it, if my consent is required.

But I do understand the international provisions of this bill, at least in part. What I understand I do not like, and what I do not understand I suspect.

This bill, in its international provisions, does not do what the President recommended. It does the contrary. It makes practically impossible, in my judgment, what the President recommended as urgently necessary. It places new restrictions on the exchange of atomic information with our allies. Its provisions dealing with the establishment of an international atomic pool, as recommended by President Eisenhower, are mere widow dressing, and are directly frustrated by other provisions in this measure.

The bill seems to give authority with one hand while it takes away with another.

The bill does nothing more or less than apply the principle of the Bricker amendment to the negotiation of agreements and the making of arrangements on atomic energy.

The requirement is written into the bill for the submission of any agreement on this subject, no matter how detailed or how insignificant to the Congress. Here in this bill is plainly written and expressed a mistrust of the President of the United States. In the bill it is proposed to tie the hands of the President in the conduct of the foreign relations of our country in regard to atomic energy.

In the bill we go to the length of requiring the President to obtain the approval—not the advice or counsel, but the approval—of the Department of Defense in some instances and of the Atomic Energy Commission in others for the negotiation of international arrangements and agreements in the atomic-energy field.

Is not the President the head of the Defense Department? Is he not the Commander in Chief of the Armed Forces? Is he not the Chief Officer of the United States with regard to the conduct of our foreign relations? Then why do we give to the Defense Department and to the Atomic Energy Commission statutory veto power over his acts?

Mr. President, if the President of the United States negotiates a treaty in the atomic energy field, he will have to submit that treaty to the Senate. If he negotiates an executive agreement of substance, he will have to come to Congress to have it implemented. There is no need, in connection with this bill, to debate the Bricker amendment all over again. We disposed of that, or so I thought.

What did President Eisenhower himself have to say on this subject in his special message of February 17? He said:

> Our own security will increase as our allies gain information concerning the use of and the defense against atomic weapons.

He was referring, of course, to the proposal embodied in the substitute which I have just sent to the desk, for the grant of authority to exchange certain military information in the atomic field with our allies.

Mr. President, I wish to prick a little balloon which has been floating around in the public press for the last several weeks. I am referring to the allegation that the bill is designed to carry out the President's dramatic proposal before the United Nations last year for the creation of an international pool of atomic material and atomic information, for peaceful, industrial, and technological uses.

The committee bill does no such thing. Nor, Mr. President—and I hope my colleagues will listen carefully to what I have to say, because there is apparently a widely prevalent misapprehension on this point—did President Eisenhower desire, recommend, or expect that this bill would implement his proposal for the establishment of an atomic pool.

The President said in his message of February 17:

> These recommendations are apart from my proposal to seek a new basis for international cooperation in the field of atomic energy as outlined in my address before the General Assembly of the United Nations last December. Consideration of additional legislation which may be needed to implement that proposal should await the development of areas of agreement as a result of our discussions with other nations.

I am deeply perturbed over the allegation that the pending bill implements the President's proposals for an international atomic pool for peacetime uses. I am firmly convince that the proposed bill would do just the opposite.

I believe that the bill now pending would seriously hamper the President and the Secretary of State in their current negotiations looking toward the creation of any international pool, and I believe that the stringent requirements for working out international agreements, especially the requirements contained in sections 123 and 124, would make such a concept as an international pool in which the Soviet Union would participate utterly impossible.

The President clearly indicated to the Congress in his message of February 17, that congressional consideration of legislation which might be needed to implement his atomic-pool proposal should "await the development of areas of agreement as a result of our discussion with other nations."

As far as I know he has made no further recommendations on this subject, and still is of the opinion that any legislative action on this front should await the conclusion of exploratory talks between this Government and governments of other nations.

The Senator from Rhode Island [Mr. PASTORE], in his statement of separate views attached to the report on S. 3690, has indicated serious question over the bill's provisions covering international cooperation. Representatives HOLIFIELD and PRICE have indicated further reservations.

Representatives HOLIFIELD and PRICE state that "section 124 appears to us a premature attempt to legislate in a delicate field where international diplomatic negotiations are pending." I agree with that view.

Mr. President, I believe—and I am sure many of my colleagues will agree—that it is essential that we pass some legislation on the subject of international cooperation in the atomic field.

Here is a bill everybody can support. It is the one recommended by the President, and drafted by the Atomic Energy Commission. Let us approve it.

As for the other provisions of the pending bill, dealing with licenses, patents, and many other complex phases of the unexplored field of commercial development of atomic energy, let us have time to study the provisions of this bill. Let the experts in this field study it. Let the public interest groups study it. Then let us take time, early in the next session, for such extensive debates as will be required, and move on now to the other essential legislation which must and should be enacted before we adjourn.

We must not be stampeded into hasty action. We must not let the desire to adjourn betray us into approving that which is best left for calm, sober, and careful evaluation. I ask unanimous consent that the text of my substitute amendment be printed in the RECORD at this point in my remarks.

The PRESIDING OFFICER (Mr. SALTONSTALL in the chair). Without objection it is so ordered, and the amendment will be received and printed, and will lie on the table.

The amendment submitted by Mr. LEHMAN is as follows:

On page 1 strike all after the enactment clause and insert the following:

"SEC. 2. Section 5 (a) (3) (C) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"'(3) Prohibition: It shall be unlawful for any person to * * *.

* * * * *

"'(C) directly or indirectly engage in the production of any fissionable material outside of the United States, except that the President may authorize the Commission, in accordance with such conditions as he may prescribe for the protection of the common defense and security of the United States to grant exceptions to this clause (C).'

"SEC. 3. Section 5 (d) (1) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"'(d) General provisions: The Commission shall not—

"'(1) distribute any fissionable material to—

"'(A) any person for a use which is not under or within the jurisdiction of the United States;

"'(B) any foreign government, except that notwithstanding any limitation of any provision of this section the President may authorize the Commission, in accordance with such conditions as he may prescribe for the protection of the common defense and security of the United States, to enter into direct arrangements with the governments of other nations involving the distribution of fissionable material to such governments for research or industrial use: *Provided*, That no fissionable material shall be distributed to any foreign government except upon receipt of assurances from the recipient government that such material will be used only for research or industrial purposes and will not be used for weapons or other military purposes; or

"'(C) any person within the United States if, in the opinion of the Commission, the distribution of such fissionable material to such person would be inimical to the common defense and security.'

"SEC. 4. Section 10 (a) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"'(a) Policy: It shall be the policy of the Commission to control the dissemination of restricted data in such a manner as to assure the common defense and security. Consistent with such policy, the Commission shall be guided by the following principles:

"'(1) That until Congress declares by joint resolution that effective and enforceable international safeguards against the use of atomic energy for destructive purposes have been established, there shall be no exchange of restricted data with other nations, except that the President may authorize the Commission, in accordance with such conditions as he may prescribe for the protection of the common defense and security of the United States, to enter into arrangements involving the communication to other nations of—

"'(A) restricted data necessary to assist other nations in the development of industrial applications of atomic energy for peaceful purposes;

"'(B) restricted data necessary to assist nations which are participating with the United States in the defense of the free world, including regional defense organizations such as the North Atlantic Treaty Organization, in the development of defense plans, the training of personnel in the employment of and defense against atomic weapons, and the evaluation of the capabilities of potential enemies in the employment of atomic weapons; and

"'(C) restricted data on refining, purification, and subsequent treatment of source materials; reactor development; production of fissionable materials; health and safety; and research and development relating to the foregoing.

"'(2) That the dissemination of scientific and technical information relating to atomic energy should be permitted and encouraged so as to provide that free interchange of ideas and criticisms which is essential to scientific progress.'

"SEC. 5. Section 10 (b) (1) of the Atomic Energy Act of 1946, as amended, is amended to read as follows:

"'(1) The term "restricted data" as used in this section means all data concerning the theory, design, and manufacture of atomic weapons, the production of fissionable material, or the use of fissionable material in the production of power, but shall not include any data which the Commission from time to time determines may be published without adversely affecting the common defense and security: *Provided*, That in the case of data which the Commission and the Department of Defense jointly determine to relate primarily to the military utilization of atomic weapons the determination that the data may be published without adversely affecting the common defense and security shall be made by the Commission and the Department of Defense jointly: *Provided further*, That the Commission shall remove from the restricted data category such data as the Commission and the Department of Defense jointly determine to relate primarily to the military utilization of atomic weapons and which the Commission and the Department of Defense jointly determine can be adequately safeguarded, as classified defense information, under other applicable statutes. Action by the Commission pursuant to the preceding proviso shall not be regarded as excluding the applicability of any other laws, including sections 793 and 794 of title 18 of the United States Code.'

"SEC. 6. Section 10 (b) (5) (B) of the Atomic Energy Act of 1946, as amended, is amended by adding the following subsection:

"'(viii) The Commission shall determine the scope and extent of personnel security investigations to be made for the Commission by the Federal Bureau of Investigation or the Civil Service Commission on the basis of the nature and significance of the access to restricted data which will be permitted: *Provided*, That nothing in this act shall be construed as limiting the authority of the Commission to authorize any contractor, prospective contractor, licensee, or prospective licensee of the Commission to permit any employee of an agency of the Department of Defense or of its contractors or any member of the Armed Forces to have access to restricted data required in the performance of his duties where the head of the appropriate agency of the Department of Defense or his designee has determined, in accordance with the established personnel security procedures and standards of such agency, that permitting the member or employee to have access to such restricted data will not endanger the common defense and security.'"

Mr. LEHMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SALTONSTALL in the chair). The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LEHMAN. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

APPOINTMENT OF OFFICERS OF THE REGULAR NAVY AND MARINE CORPS—CONFERENCE REPORT

Mr. SALTONSTALL. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6725) to reenact the authority for the appointment of certain officers of the Regular Navy and Marine Corps. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6725) to reenact the authority for the

appointment of certain officers of the Regular Navy and Marine Corps, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows: That the Senate recede from its amendments numbered 1 and 2.

LEVERETT SALTONSTALL,
FRANCIS CASE,
JAMES H. DUFF,
JOHN C. STENNIS,
Managers on the Part of the Senate.

L. C. ARENDS,
PAUL W. SHAFER,
LEROY JOHNSON,
JAMES E. VAN ZANDT,
CARL VINSON,
PAUL J. KILDAY,
L. MENDEL RIVERS,
Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. SALTONSTALL. Mr. President, the House and the Senate conferees met in full and complete discussion of the Senate amendments to H. R. 6725, which were offered on the floor of the Senate by the Senator from Colorado [Mr. JOHNSON].

The purpose of the amendments was to confer on the Board for the Correction of Naval Records authority to review the cases of officers of the Navy who were passed over during the wartime selection system by panels, as contrasted with selection boards.

The Senate amendments would also have provided special relief to two naval officers, a Commander Rawlins and a Commander Shanahan.

The House conferees remained adamant, and the Senate conferees were as unable to prevail with any compromise language as they were to insist upon the original language.

It was agreed, however, by all conferees that the original purpose of H. R. 6725 was completely sound, and that a grave injustice would be done to several hundred Reserve officers of the Marine Corps and of the Navy if the bill failed of enactment.

For the reasons which I have stated, therefore, the Senate conferees receded from their amendments and agreed to the bill as it passed the House.

I may say, in addition that, not only the Senate conferees, but also the House conferees, were sympathetic to the fact that the present Chief of Naval Operations felt an injustice had been done in the two cases mentioned and that private bills, if they were introduced, would be considered at the next session of the Congress by the respective committees in the Senate and the House.

I hope the report will be accepted. It was unanimously agreed to by the conferees.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

Mr. JOHNSTON of South Carolina. Mr. President——

The PRESIDING OFFICER. The Chair recognizes the Senator from South Carolina.

Mr. JOHNSTON of South Carolina. Mr. President, I rise to suggest some safeguards of the public interest in electric power which I feel should be incorporated into the bill before the Senate (S. 3690) before its passage. I also desire to call to the attention of the Senate the relationship of the electric power provisions of this atomic bill and other efforts to weaken and destroy the Federal power policy which has been worked out over many years.

Mr. President, any bill on atomic energy which passes this Congress should protect the more than $11 billion which the American people have invested in the atomic energy program. Our people through their Government have made this huge investment to harness the atom for defense and now for peacetime use. I am in favor of the civilian use of atomic energy for power development, but I think it is essential that any amendments of the Atomic Energy Act continue the present protection of the public interest and insure that the benefits of the Government's atomic development program will be available to all the people. Above all we cannot permit a monopoly to be built by the few giant utility and industrial companies which have the financial and technical resources at this time.

Mr. President, this bill fails to contain adequate provisions to insure that the Atomic Energy Commission will not overstep the bounds of its intended functions. We now have one example of the AEC's overstepping its limits to contract for power from private utilities which the AEC will not use. We see the AEC being used to run interference for the private utilities in their efforts to divide and destroy the Tennessee Valley Authority.

In the McMahon Act, as amended, the Commission was given authority to contract for power for use at the Oak Ridge, Paducah, and Portsmouth AEC installations. It was not given blanket authority to contract for power to be used by other parties. In spite of the intent of the previous legislation and over the objection of the majority of the Commission, the AEC is being forced by the administration to make just such a contract.

The plan would have the AEC become a power broker, to buy power which it does not need, which would be used several hundred miles from any of the three sites authorized in the act.

The hearings before the Joint Committee on Atomic Energy indicate the views of Commissioners Smyth and Zuckert, "that the present proposal would create a situation whereby the AEC would be contracting for power not one kilowatt of which would be used in connection with the Commission's production activities."

Not only would the intent of the law be circumscribed by this contract, but the taxpayers would be charged with a minimum of $90 million more than the same power can be produced for the AEC by the TVA.

Mr. President, I should like to read an editorial which appeared in my hometown newspaper with reference to this subject. The editorial comes from the Anderson Independent of June 27, 1954, from which I read:

AS A TAXPAYER, YOU'VE BEEN ORDERED BY IKE TO BUILD A POWERPLANT FOR A FEW TYCOONS

A private power syndicate, composed of a few tycoons, wants to build a new $107 million powerplant near Memphis, Tenn. This group is known as the Dixon-Yates syndicate.

Ironically enough, although operating under the banner of "private enterprise," these individuals do not wish to risk their own money on the project. They want the Federal taxpayers to foot the bill.

This group went to Washington. They said they wanted:

1. To use the Government's credit to build the plant.

2. To secure an expensive contract with the Atomic Energy Commission to pay off the bonds.

Then, of course, within the next few years they would own the plant outright and reap rich profits from a project built with your tax dollars. You get nothing for the use of your money.

What happened when this bold request was laid before the powers that be?

President Eisenhower ordered that it be done at once, and he issued the ukase in the sacred name of "free enterprise." We assume that in this case this means that these fellows are to get for free a powerplant, thanks to a little political enterprise.

This kind of thing—dipping into the Public Treasury to line the pockets of a favored few—is common during Republican regimes, but it must come as a shock to the disciplery to find the great moral crusader the leading light in a deal that would make the old Teapot Dome gang turn green with envy at the legal finesse.

The AEC doesn't need the power from the proposed plant. AEC has an excellent and economical contract with TVA, which was built with public funds and which still belongs to the people of the United States.

This scheme can be regarded as the first step in the plan to make TVA ripe for future "giveaway" to a few individuals at a few cents on the dollar.

From the standpoint of the Dixon-Yates syndicate, the present scheme makes Santa Claus look like Scrooge. They expect to put up equity capital of 5 percent of total cost of the plant, something like $5,850,000. Ordinarily, private utility financing calls for 40 percent equity capital, in this case about $46,800,000, and 60 percent bonds.

But with Ike giving them a 25-year contract with AEC, the Dixon-Yates outfit will get by with 5 percent equity capital and 95 percent in money borrowed on Government credit.

Now for the kicker: The contract with Dixon-Yates will cost the AEC (and thus the taxpayers) $3,600,000 a year more than the TVA contract. This will amount to more than $90 million over the 25-year period.

By the way, there is a little proviso that the contract can be extended for two 5-year periods, which makes the total time 35 years, instead of 25 years.

I continue to read:

What is more, it will represent a contribution by the taxpayers to Dixon-Yates, thus handing this private group a $107 million installation for, at most, only $17 million.

An effort will be made by conscientious Congressmen to block the President's order. As Representative HOLIFIELD puts it, the plan

calls for a free ride for the utilities at the end of which the private utilities will own the automobile paid for by the taxpayers.

This is the great moral crusade the Republican Party is giving the United States.

This is from the Anderson Independent, a great newspaper of South Caroline, which always keeps the people informed of what is going on.

This additional cost to the people might run as high as $140 million over the 25-year life of the contract. The AEC admits the cost will be as much as $90 million while the TVA thinks it will be nearer $140 million. The administration is pledged to a government of economy but this looks like the people will pay to improve the economic status of the private utilities.

Mr. President, it is shocking that an independent commission set up by the Congress to administer the atomic energy program can be made to ignore its own judgment. It is the body best informed on the subject, and it is most unfortunate that the reasoned conclusions of this body should be laid aside at the desire of the administration.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Illinois.

Mr. DOUGLAS. Is the Senator from Illinois correct in his understanding that the discretionary power of the President in relation to atomic matters is primarily, indeed almost exclusively, confined to decisions as to types of weapons, distribution of information to allies, and so forth, but that he does not have the power to dictate the day-to-day policies of the Atomic Energy Commission in relationship to the details of its operation?

Mr. JOHNSTON of South Carolina. In answer to the Senator from Illinois, I may say that I had always thought, up until this particular question arose, that it was left to the President of the United States, as Commander in Chief, to protect the country, so far as defense was concerned, and that he could act on matters affecting it.

But, as the Atomic Energy Commission is an independent agency, and, as I had always thought, a nonpolitical agency, it has a free hand to do what it thinks best in the development of atomic energy, not only for the purposes of defense, but also for the good of the Nation.

Mr. DOUGLAS. Mr. President, will the Senator yield for a further question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. DOUGLAS. The question before the Senate has nothing whatsoever to do with the national defense or with the preparation of weapons; it is simply a question of whether or not the Memphis area should be primarily served by TVA power or by private power. Is not that correct?

Mr. JOHNSTON of South Carolina. When the situation is boiled down to its last analysis, I think that is true. It does not in any way affect our national defense.

Mr. DOUGLAS. Really the question is of no concern to the Atomic Energy Commission is it?

Mr. JOHNSTON of South Carolina. Not at all. I do not think the Atomic Energy Commission is trained to do the type of work which it will be called upon to do in this particular field.

Mr. DOUGLAS. So this would be the use of a governmental body for a purpose which was never desired by the Commission.

Mr. JOHNSTON of South Carolina. That is true. It was not created to perform any function like this. Its function was to develop atomic energy—mostly for the national defense when it was first brought into existence.

Mr. DOUGLAS. Is not the fact that the terms of the members of the Commission overlap a fairly good indication of the fact that it was the intention of Congress to create a nonpolitical Commission?

Mr. JOHNSTON of South Carolina. There is no doubt whatsoever in my mind that that was the intention of Congress when it created the Atomic Energy Commission.

Mr. DOUGLAS. The Atomic Energy Commission was not intended to be like one of the executive departments of the Government, and to be under the direct control of the President, was it?

Mr. JOHNSTON of South Carolina. That is true. It was established as an independent agency, and not as an administrative office under the President.

Mr. DOUGLAS. If a similar order in connection with another matter had been issued to a quasi-judicial body, such as the Federal Trade Commission, it would have been regarded as an infringement upon that Commission's jurisdiction, would it not?

Mr. JOHNSTON of South Carolina. In my opinion, it would clearly have been decided so; and similarly in the case of the Federal Power Commission or the Interstate Commerce Commission. All the commissions are in the same category.

Mr. DOUGLAS. In other words, regulatory and quasi-judicial bodies are not intended to be under the administrative control of the President, are they?

Mr. JOHNSTON of South Carolina. No; they are supposed to be independent agencies, designed to act upon matters coming before them as they consider right and just from a legal standpoint and, at the same time, from a standpoint of equity.

Mr. DOUGLAS. Is my memory correct that this question really was decided by the Supreme Court of the United States in the so-called Humphrey case, in an early administration of President Franklin D. Roosevelt, who removed Commissioner William Humphrey from the Federal Trade Commission, and the Supreme Court ruled that because the Federal Trade Commission was a quasi-judicial body, the President had no power of removal?

Mr. JOHNSTON of South Carolina. I am familiar with that case; and it happens that I am probably a little more familiar with it than are some of my fellow Senators, because one of my friends in the Interstate Commerce Commission has been threatened in recent days with being ousted. I had occasion, then, to go back and read those cases, and I read the Humphrey case. In the Humphrey case the decision of the Supreme Court was that the Federal Trade Commission was an independent agency; and because it was an independent agency, the Commissioners were appointed for specified terms of office, and the President could not remove them without cause until they had finished their terms of office.

Mr. DOUGLAS. The Humphrey case was differentiated sharply from the case involving the postmaster in Portland, Oreg., who was removed by President Wilson. That removal was judged to be proper because he was held to be an administrative official, directly under one of the department heads under the President.

Mr. JOHNSTON of South Carolina. That is true. He was directly under one of the Cabinet officers. That being so, the President could remove him.

Mr. DOUGLAS. I take it the argument which the very able Senator from South Carolina is making is that the President exceeded his constitutional powers when he caused one of his administrative assistants to tell the Atomic Energy Commission that they should consummate the Dixon-Yates contract.

Mr. JOHNSTON of South Carolina. I think he was exceeding his rights as President when he told the Commission what to do.

Mr. President, I wish to repeat a statement I have made, because this is the way I feel about it. It is shocking that an independent commission created by the Congress to administer the atomic energy program can be made to ignore its own judgment by the President of the United States. It is the body best informed on the subject, and it is most unfortunate that the reasoned conclusions of this body should be laid aside at the desire of the administration.

As the Anderson Independent, a newspaper of my State, said in an editorial June 19, 1954:

> Special interests are in the saddle, riding hell for leather to gouge the American people of their natural heritage and property built with their tax money. Is this the moral crusade we were promised by "King Ike and his knights of the spoils table"?

Mr. President, I consider it essential that this bill not pass until a provision is added to insure that the AEC can contract for power only for its own needs.

Even with that addition, the bill would need many other major improvements to make it acceptable. The bill does not contain a preference provision with regard to municipal, cooperative, or other nonprofit public bodies, which has been the established policy within the last 50 years.

The present bill and the McMahon Act both contemplate the availability of by-product power which may be created in the production of fissionable material. They provide that such energy may be used by the Commission, transferred to other Government agencies, or sold to public or private utilities.

Our Federal policy has long recognized that cooperatives and public bodies should be given preference in the sale of electric power from projects involving

the development of irrigation, water conservation, flood control, and navigation improvement. This policy was embodied in the Federal Water Power Act of 1920 and the Federal Power Act of 1935. The principles were continued in the Boulder Dam Act of 1928, the Tennessee Valley Authority Act of 1933, the Bonneville Act of 1937, the Flood Control Act of 1944, and most recently in the Falcon Dam bill passed a few months ago.

The purpose of the preference policy is to insure that the benefits of public resources go to the people and not just to private profit interests. The Atomic Energy bill before this body should continue this well-established policy. The people own the atomic energy developments which have been achieved with their money, just as the people own the rivers of our land. When there is by-product power from AEC installations, the benefits should be passed on to the consumer, and the only way to do it is to make the power available first to the consumer-owned utilities which will pass on the benefits.

Such preference for cooperative and public bodies should also be provided in the law with regard to obtaining nuclear materials and obtaining licenses for nuclear powerplants. That would be comparable to present statutes giving preference in the development of hydroelectric sites. The nuclear materials are a public resource, and would remain so under the proposed amendments. It is only fair to give preference to public bodies to that which is paid for by the taxpayers.

Preference for public bodies and cooperatives is not only based on fairness, but it is founded on the experience that this is the only effective way to combat monopoly rates and to provide a low-cost yardstick to show what electricity should cost. Electric utilities by their nature are monopolistic. We cannot have a multitude of electric companies serving the same area, and the individual consumer cannot choose between various competing utilities on the basis of their rates and service. The only way we have succeeded in introducing the important American element of competition into electric service is by having a small percentage of public power, which has exercised on rates a downward influence out of all proportion to its comparative size.

Mr. President, I have outlined how the bill fails to take into account the preference principle which has evolved in our Federal power policy over the last half century. I should like now to indicate some other ways in which the bill, which is really a power bill, disregards past experience. The bill as reported is deficient in its failure to provide adequate safeguards to protect the public interest in the licensing of non-Federal agencies to produce and sell atomic power.

Among the safeguards which have been included in the Federal Power Act, but are not included in this bill, are—

First. Safeguards for the prior right of Federal development of the resource in any specific case where this will best serve the public interest.

Second. Safeguards for the right to public hearings in connection with applications, with specific provision for the admission as parties of interested States, State commissions, municipalities, representatives of interested consumers, or competitors.

Third. Safeguards for the right of Federal or other public recapture of any development by a private licensee at the end of the license period, on payment of no more than the licensee's net investment in the project.

Fourth. Safeguards for reasonable rates to consumers by a provision requiring licensees as a condition of any license to agree to Federal regulation where States have provided no regulation of electric rates; and with a further provision that in any rate proceeding the licensee can claim for rate base purposes no more than the net investment in the development.

Mr. President, when we consider that six States have not set up any State agency to regulate the rates charged by electric utilities, then we can clearly see the need for providing for such protection before the bill is passed.

I certainly am in favor of private power, but we need safeguards to prevent the private capitalization of values inherent in the right to use a public resource. The private developers of atomic power should receive what is necessary to assure them the funds required for development, but the public are also entitled to receive the full value of their resources.

Mr. President, in this bill I cannot find any assurance that private patents could not be obtained on developments occurring as a result of research financed by the Federal Government. The principle of rewarding inventive genius with a patent is well founded, and can be justified where it does not produce uncontrollable monopoly. However, I believe the proposed amendments even would make it possible for a private patent to be obtained retroactively on developments denied patents under the present law.

The amendments would give the Atomic Energy Commission optional authority to declare a patent affected with the public interest, and to make it available, under a patent license, to interested parties, upon payment of reasonable royalty fees. In order to make certain that patents which "affect the public interest" are so declared, it seems necessary to make such a finding mandatory if certain conditions are met. This is a provision of the McMahon Act which should be continued.

Mr. President, before this bill passes, it should be amended so as to prevent the AEC from being used to damage the TVA; to provide preference for public and cooperative bodies in buying by-product power, in obtaining nuclear materials, and in the granting of licenses for nuclear powerplants; to incorporate the other safeguards of the Federal Power Act; and to prevent monopolization through patents.

Mr. President, I was very much pleased to read the majority report and the separate views on the bill, as submitted from the Joint Committee on Atomic Energy. I should like to indicate how important the minority of the committee think this bill is. I read now from the first page of the minority views of Representative HOLIFIELD and Representative PRICE:

> The atomic-energy bill is one of the most important bills before the Congress.

Note that, Mr. President—"one of the most important bills before the Congress."

> It proposes to chart the future course of peacetime atomic-energy development. So deep and farreaching is its potential impact on the American economy and upon our position in world affairs that we consider it necessary to set forth our own views and reservations concerning the bill.
>
> As members of the Joint Committee on Atomic Energy we have endeavored always to act in a spirit of nonpartisanship. The duties and responsibilities committed to the jurisdiction of our committee are too directly concerned with the Nation's security and welfare to allow the play of partisan politics. In the same objective way we have tried to approach this legislation.
>
> During the course of the committee hearings and conferences, we have presented what we believed were constructive proposals for improving the bill. Some were accepted in whole or in part and others rejected. Among the committee members there were, and presumably still are, many differences of opinion and interpretation regarding particular provisions of the bill. We respect those differences, and although we were willing to have the bill reported out for floor debate, the public importance of this measure compels us to recount here what we consider still its major defects.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. DOUGLAS. As I remember, the minority views were signed by Representative HOLIFIELD, of California, and my good friend and colleague, Representative PRICE, of Illinois.

Mr. JOHNSTON of South Carolina. That is true.

Mr. DOUGLAS. They are two of the ablest and finest Members of the other House. Does not the Senator from South Carolina agree that their views deserve very serious consideration?

Mr. JOHNSTON of South Carolina. I think if anyone follows the hearings and reads the questions which they asked and the interpretations they placed upon the evidence coming before them, he would have to agree with the Senator from Illinois that those two men are the most learned in the field of atomic energy that we have in the Congress today.

Mr. DOUGLAS. Mr. President, will the Senator further yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. DOUGLAS. Is it not a fact that while people talk vaguely about the tremendous power which is latent within atomic energy, they do not fully appreciate its enormous possibilities? For example, the theory of atomic energy arises from one of Einstein's two fundamental equations, namely, that energy is equal to mass multiplied by the square of the velocity of light; and since the velocity of light is approximately 186,000 miles a second, if we square that we

reach a figure just short of 40 billion, which means that the potential of that power can be stepped up potentially 40 billion times, or close to it.

Mr. JOHNSTON of South Carolina. Under that formula, that is true.

Mr. DOUGLAS. It is undoubtedly true that the full possibilities of the Einstein formula have not been realized. Nevertheless, it is also apparent from the newspaper comments which have been made that we are approaching them ever more closely. Therefore the industrial, as well as the military possibilities of atomic energy are enormous.

Does not the Senator from South Carolina therefore feel that a thorough consideration of this subject by the entire membership of the Senate is very appropriate? We are dealing not merely with a powerful military weapon, but with something which may revolutionize industry and the manner of life, not only of this country, but of the entire world.

Mr. JOHNSTON of South Carolina. I do not think any of us today can conceive how vast the possibilities in that field are. I know I cannot. I am not a scientist. I know that there are very few learned scientists in the Congress at the present time. However, we are aware that marvelous things have happened in the past few years. We can judge the future only by the past. If that is a reliable yardstick by which to measure, we must acknowledge that we have no idea how vast the atomic-energy field will prove to be in the near future.

Mr. DOUGLAS. Is it not true that the people of the United States have a tremendous stake in the development of atomic power? They have already invested $12 billion in the enterprise.

Mr. JOHNSTON of South Carolina. They have invested in that field between $11 billion and $12 billion. The investment having been made by the people of the United States, of course, it belongs to the people of the United States, and not to any one corporation or group of individuals.

Mr. DOUGLAS. Mr. President, will the Senator further yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. DOUGLAS. Is it not true that while this investment has been primarily made for the sake of greater military security, there has always been the hope in the minds of people that these great powers could be used for human advancement, for peacetime purposes, and that this hope has assuaged, so to speak, some of the doubts which men and women might otherwise have had about the program?

Mr. JOHNSTON of South Carolina. I do not like to think that the only purpose of the potentialities in the field of atomic energy is to furnish weapons for destruction. I like to believe that there are just as great possibilities in the field of industry and helping the peoples of the world as there are in the military field, where atomic energy is used as a destructive element.

Mr. DOUGLAS. Even though we are in the very infancy of the peacetime uses of atomic power, is it not true that it has already demonstrated its value as a tracer in diagnosing diseases, in irradiation to preserve foods by killing bacteria, in the potential development of energy, and in a series of other possibilities as well?

Mr. JOHNSTON of South Carolina. That is true.

Mr. DOUGLAS. So all of industry may ultimately be revolutionized by the possibilities flowing from atomic energy.

Mr. JOHNSTON of South Carolina. That is true. For that reason I do not believe that we should attempt to go into a subject so vast near the close of the session. The great potentialities of atomic power should be the subject of discussion and debate, so that the public as well as Members of Congress, may know what is going on. Many persons who are not Members of Congress could probably throw a great deal of light on this subject if we only had time to go into it. But if we rush through the consideration of such an important measure, as we are doing at the present time, near the close of the session, I fear we may do something which we may regret in the future.

Mr. DOUGLAS. Therefore the Senator from South Carolina thinks it is very important to discuss such matters as who shall develop the power, under what conditions, what control over the material sold or leased shall be exercised by governmental authority, what the patent provisions are to be, whether there are to be any preference clauses, what provision there should be concerning the exchange of information between nations, and many other subjects. These are highly appropriate subjects, upon which full discussion is needed. It is not enough for Congress to be composed merely of "yes" men, whose only function is to ratify whatever is submitted to them on the floor.

Mr. JOHNSTON of South Carolina. I do not want a Commission to go into a field that will probably consume its time and energy, with the result that, instead of developing the field it should be developing, it will be attending to the running of an electric powerplant. That is the situation we are facing at the present time.

Mr. DOUGLAS. In other words, the Senator from South Carolina feels the task of the Atomic Energy Commission is so important that it should not be asked to take in washing for Dixon-Yates. Is that correct?

Mr. JOHNSTON of South Carolina. That is putting it right down on the line. I do not believe we ought to be asked to take in washing for Dixon-Yates at this time when a great many people have a fear as to whether we are developing our atomic-energy program as fast as Russia is developing hers. Has the Senator heard anyone discuss that point?

Mr. DOUGLAS. Oh, yes.

Mr. JOHNSTON of South Carolina. I think that is more important than whether the Atomic Energy Commission shall be the selling agent for TVA. We could probably set up a little commission to do that, but I do not believe we want to do it, for the reason that such a commission would not be popular. Right now the Atomic Energy Commission, having gone into the field of atomic energy, in developing the atomic bomb and the hydrogen bomb, the people are looking to the Commission as their saviour. It is one of our defense agencies, and we do not want it to do work for which it is not fitted at all.

Mr. DOUGLAS. I wish to congratulate the Senator from South Carolina for his able speech.

Mr. JOHNSTON of South Carolina. I certainly thank the Senator from Illinois for what he has lent to my discussion. He always brings something worthwhile.

Mr. President, I would not be so gravely concerned about this atomic power bill, or about other power legislation which has been or will be before the Congress, unless I thought they were all part of an organized campaign to destroy the effectiveness of our Federal power policy.

In my opinion, our Federal power policy has proved too important a key to the economic expansion of the South and other sections of the country for us to allow such a campaign to succeed.

The people of my region understand the importance of maintaining an alternative to monopoly in the vital field of electric power. They know the part which the Federal power program, in all its aspects, has played in ending the time when the South could be referred to as economic problem number 1. They do not look with favor on any action of Congress or the present administration which tends to restore private power to a position of monopoly.

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. DOUGLAS. Although it may have been said 20 years ago that the South was the No. 1 economic problem of the country, is it not true that under the developments of the past 20 years, in which the Government has played some part, the South has made tremendous progress; and is it not also true that the whole Nation rejoices in that progress?

Mr. JOHNSTON of South Carolina. I am glad to hear the Senator from Illinois say that. I know he felt that way even before he spoke. In the past 20 years the South has progressed more than it did in the hundred years before that. There is no question about that in my mind.

Mr. DOUGLAS. Mr. President, will the Senator yield further?

Mr. JOHNSTON of South Carolina. To show the difference, in the field of electricity, in 1932 only about 4 percent of the farm homes in South Carolina were electrified. Today approximately 90 percent of the farm homes in South Carolina are electrified.

Mr. DOUGLAS. Mr. President, will the Senator yield further?

Mr. JOHNSTON of South Carolina. I yield.

Mr. DOUGLAS. In view of the great progress the South has made in the period from 1933 to 1952, is it not a shame that certain southern leaders forgot whence this progress had come and deserted the home of their fathers?

Mr. JOHNSTON of South Carolina. Of course, that is true. I was about to quote Will Rogers on that. He was talking to a friend and he said to him, "I hear you have gotten rich."

The friend said, "Oh, no; I haven't gotten so rich."

Will said, "Well, I understand you have made several million dollars."

His friend said, "Oh, no; I don't know about that."

"Well," Will said, "I understand that you have made enough money to change from a Democrat to a Republican." [Laughter.]

Mr. DOUGLAS. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. DOUGLAS. Does the Senator from South Carolina have an estimate as to what the critical point is under which such changes take place?

Mr. JOHNSTON of South Carolina. I do not know, but I have seen them take place in several instances. Of course a different yardstick is needed for different people.

Mr. President, the Federal power program of the last 47 years has benefited us in many lines of activity. It has been flexible and adaptable to the needs and desires of every region. It has also been a worthwhile force in breaking down the restraints of monopoly price fixing on the widespread use of electricity in the homes, on the farms, and in the building of industry and employment.

While this program was establishing the Tennessee Valley Authority in the great river basin to the west of us, it was forming the basis for the local authorities providing power supply for municipal and rural electric cooperatives in my State of South Carolina. I shall have something further to say about this later in my remarks.

Here I shall only point out that the future demand on such systems as those of the South Carolina Public Service Authority, a State agency, and the Greenwood County Electric Power Commission, can be met only if the Federal programs for development of our river basins continues, and if these bodies have access to atomic-power developments.

I need not remind my colleagues that the Rural Electrification Administration has played an important part in the economic progress of the South. Today, in the States of Virginia, North Carolina, South Carolina, Georgia, Alabama, Mississippi, Tennessee, and Kentucky, there are 229 rural electric cooperatives serving more than 1,300,000 farm families and rural establishments. This means rising standards of living and more profitable farm operation.

This is sound business from the point of view of the Government. The investment is repaid over and over again, not only in the repayment of Government loans, but also in the improvement in the region's ability to pay taxes of all kinds.

The progress of the South during the last 20 years, Mr. President, will continue. But a vital factor in the ability of the South to increase its contribution to the Nation will be the continuation of the Federal power programs and a dynamic rural electrification program. This requires a halt to the efforts by this administration to comply with the restrictive demands of private power monopoly.

In saying this, I do not want to reflect on the region-building efforts of the private power companies which serve the South. But I do want to point out that they have gained their places among the more progressive power systems in the country largely under the stimulus which the Federal power policy of the last 20 years has provided.

No one can discount the influence of the Tennessee Valley Authority program on the neighboring companies. No one can discount the influence of the public power agencies authorized under the laws of South Carolina. No one can explain away the accomplishments of the rural electrification program of the Federal Government.

Mr. President, I am going to review some of the development in the South for which Federal power policy is responsible, together with our hopes for the future, and then turn to a discussion of the present situation, for a threat to those hopes is arising like a cloud on the horizon. That threat is that the present Republican administration will try to capture for private monopoly the entire field of electric power, including the emerging atomic power program.

If the well-organized private power companies succeed in their present campaign, it will mean a setback for the South and a setback for the Nation as a whole.

Let me first say a word about the influence of the Tennessee Valley Authority in the field of electric power.

TVA showed that a revolutionary change in the philosophy of power marketing, in a region where low average income was reflected in low average use of power, could promote a phenomenal expansion of both, so that within the short span of 20 years, first, the region has utilized all of the more than 2 million kilowatts of undeveloped hydroelectric power in the Tennessee River Basin; second, the region is reaching out to absorb the hydroelectric resources of the neighboring Kentucky River Basin as fast as they can be developed; third, the region is expanding its demand for coal to produce steam power at a far greater rate than is the rest of the country; fourth, this provides a stimulus to the more efficient use of other resources which, in return, lift per capita incomes and the total income of the region to levels which mean a proportionately greater contribution to the business of the Nation.

Mr. President, the entire South has profited by the influence of that example, as have other parts of the Nation as well. But, as I have already remarked, Federal power policy is flexible, provided there is no departure from its basic principle, the principle which challenges private monopoly. So in my State a different experiment was undertaken by having the State legislature give legislative sanction to the creation of the South Carolina Public Service Authority.

During the same years in which the TVA was going forward with the development of the hydroelectric resources of the Tennessee River Basin, our South Carolina authority was going forward with the multipurpose development of the famous Santee-Cooper project on the Santee River. The Federal Government, under the Public Works Administration, provided a loan and grant which made this development possible.

The Santee-Cooper project has a capacity of 134,535 kilowatts. Its output of electrical energy in 1951 totaled about 466 million kilowatt-hours.

Let me tell the Senate what the power companies did when we started to develop that project. Engineers testified that the dam would not be feasible because it would be built in the lower part of my State. They said the water would run under the dam and make holes like crawfish holes. We fought for it through the State courts, the Federal court, and all the way to the Supreme Court of the United States. We finally won in the Supreme Court of the United States.

Mr. DOUGLAS. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. DOUGLAS. Would the Senator permit me to say that in the long and distinguished record of the Senator from South Carolina, he has always fought on the side of the people, both as Governor and as Senator, and has made a marvelous record in defending the small farmer and the industrial worker of his State and of other States, as well.

Mr. JOHNSTON of South Carolina. I appreciate the remarks of the Senator from Illinois. When, as a Member of the Congress, I stop serving the ordinary person, I want the people to defeat me in South Carolina.

Mr. DOUGLAS. Would the Senator permit me to make some comments on the political history of the Palmetto State?

Mr. JOHNSTON of South Carolina. I should be glad to hear the Senator's comments.

Mr. DOUGLAS. I regard the Senator from South Carolina as a man who continues the progressive internal policies of the late Senator Ben Tillman. I disagreed with Senator Tillman in some of his remarks about the colored race and some of his actions in that regard, but is it not a fact that Senator Tillman, when he became Governor of South Carolina, represented the small farmer and fought for him and against the control exercised by the tidelands plantation owners of South Carolina?

Mr. JOHNSTON of South Carolina. That was his effort, and he carried on that effort as long as he lived.

Mr. DOUGLAS. And the present Senator from South Carolina is continuing that branch of the Tillman tradition.

Mr. JOHNSTON of South Carolina. I think it is a compliment for the Senator from Illinois to say that, because I have always been a great admirer of Tillman. Naturally, we never agree with everything that any public man stands for.

Mr. DOUGLAS. May I dissociate myself from Tillman's views on the race question, with which I do not agree, but with his policies as between the small

farmer and the big plantation owner did not Tillman reverse the policies of the government of South Carolina and establish a series of measures to help the small independent upland farmers?

Mr. JOHNSTON of South Carolina. That is true. He was for the man who made his living by the sweat of his brow. The cities, at first, fought him bitterly, and the large landowners fought him bitterly, but before he died, a great many of them agreed with what he was doing, because what he did was for the best interests of all.

Mr. DOUGLAS. Did he not found Clemson College, a great institution of the agricultural and mechanical arts in South Carolina?

Mr. JOHNSTON of South Carolina. He did. He was the man who founded Clemson College. Today that college has done, I was about to say, more than any other institution in the State, but, of course, I should not say that, because I am a graduate of the University of South Carolina, and naturally we have our differences, which we settle every year at the big football game between the two institutions.

Mr. DOUGLAS. Is it not true that Clemson College introduced mechanical and agricultural training, which enabled large groups of South Carolinians to improve their earning capacity, raise their standards of living, and improve the general welfare of the community?

Mr. JOHNSTON of South Carolina. That is true. Having worked myself, for 10 years in the cotton mills, I have observed today how the boys who went to Clemson and received their engineering training there, have gone into the cotton mills upon their graduation from Clemson, taken positions as assistant superintendents, in order to secure practical knowledge, and have today become the officials of a great many of the cotton mills in South Carolina. This has meant much in bringing industry to South Carolina, because now we have trained men in the State who have the know-how. That means a great deal in any field, whether it be in the textile field or farming.

Today improved methods of farming are being used in South Carolina. I think it will be found that Clemson College graduates have gone to practically every farm in South Carolina, and have given advice to the farmers as to what is best to grow on the different kinds of soil in the State of South Carolina. Today, farming in South Carolina is diversified. South Carolina does not depend wholly on cotton, which for a long while was the ruination of farming in the State.

Mr. DOUGLAS. Is it not true that the Rural Electrification Administration, to which the Senator from South Carolina has referred, has lifted a mighty burden of toil from the backs of the farmers of South Carolina, and their wives?

Mr. JOHNSTON of South Carolina. It makes me sad to think how the mothers used to work on what to them were blue Mondays. But today they look forward to Mondays, because for them the sun is shining. Monday, washday, in days gone by brought with it hard work. But today the women are not bothered about washday. They put their wash in the electric washers, and go about the proper care of their children.

Mr. DOUGLAS. Tuesday was ironing day, but in many cases the electric iron, heated with electric energy, has removed the drudgery. Is not that true?

Mr. JOHNSTON of South Carolina. That is true.

Mr. DOUGLAS. Food is preserved in electric refrigerators.

Mr. JOHNSTON of South Carolina. Millions of dollars worth of food which formerly went to waste is now being preserved and kept from spoiling.

Mr. DOUGLAS. Water is being pumped, and is being heated for baths, by electricity, is it not?

Mr. JOHNSTON of South Carolina. The Senator is correct.

Mr. DOUGLAS. Barns are being heated and lighted with electricity.

Mr. JOHNSTON of South Carolina. All those things are being done.

Mr. DOUGLAS. I congratulate the Senator from South Carolina upon stressing the importance of these homely, but very significant items.

Mr. JOHNSTON of South Carolina. A great many farms, of any size at all, have electric milkers and electric churns. So many things are now being done by electricity that conditions have vastly improved in the past few years. It has all occurred under the present system, which we hear criticized so much.

People talk about creeping socialism whenever they hear about a project into which the Government has put a little money. The Government put some money into the Sante-Cooper project, but, oh, how much it has meant to South Carolina, especially the lower part of my State. It has provided a yardstick with which to measure the charges made by the private power companies in the State.

Oh, it is all right for the Government to give money to foreign countries. I happened to pick up a newspaper recently and read an article about a World Bank loan to Austria. The article is as follows:

WORLD BANK LOAN IN AUSTRIA TO AID POWER PROJECT

The International Bank for Reconstruction and Development yesterday announced its first loan in Austria.

The loan, in European currencies, will help to finance the Reisseck-Kreuzeck hydroelectric power project being constructed in southern Austria.

The project will make more power available to industries, and will enable Austria to increase power exports to Italy.

The bank expects that about half the loan will be disbursed in Italian lire and about half in Swiss francs. Italian lire in the amount of approximately 3,750 million will be provided out of Italy's subscription to the capital of the bank. Some 26 million Swiss francs required will be drawn from the proceeds of the bank's sales of its bonds in Switzerland.

I have not heard of the American people getting any money out of Switzerland.

Mr. DOUGLAS. As the Senator from South Carolina is aware, I frequently do not have the same views as does the Senator from South Carolina on these matters, because I am not opposed to such loans. But is it not interesting that the President of the United States sent a very able American, Mr. Eric Johnston, to the Near East to negotiate an agreement between the Arab States and Israel for a development similar to the TVA on the Jordan River?

Mr. JOHNSTON of South Carolina. That is true.

Mr. DOUGLAS. That project is, I think, going to be undertaken. I may say that I am pleased because it is.

Mr. JOHNSTON of South Carolina. I am not criticizing it at all.

Mr. DOUGLAS. Is it not extraordinary that it is regarded as being good for the Jordan, but not good for the Tennessee River?

Mr. JOHNSTON of South Carolina. It is good to send money over there, but not to use it at home, according to the present administration. I cannot understand that.

Under a special act providing for relief and rehabilitation of South Korea, the President provided a fund of $200 million. In order to bring about the rehabilitation of the Republic of Korea, it was necessary to get power quickly. Steam plants can be placed in operation faster than can hydroplants. So $30 million has been provided to build 3 steam plants in the Republic of Korea, 1 of 50,000 kilowatts annual capacity at Seoul, a $25,000 kilowatt plant at Masan, near Pusan, and a 25,000 kilowatt plant at Sanchok, on the east coast, near the Korean coalfields.

It is all right to do that for Korea, but the Government does not want to use any of the people's money for Federal projects in this country.

The Republic of Korea has a contract with Pacific Bechtel to build the plants. The contract was negotiated for the Republic of Korea by the United States Foreign Operations Administration, and FOA will pay the cost.

The Government seems to be very willing to use the people's money to build such plants in Korea and elsewhere, but in the United States it seems to be the plan to take away such plants after they have already been built, and to operate in some other way.

Mr. DOUGLAS. In other words, it is all right if public power gallops in the Jordan Valley, in Korea, and in Austria, but it is not allowed to creep in the United States.

Mr. JOHNSTON of South Carolina. It is fine for other countries, but it is creeping socialism when it is done in the United States.

A smaller public system set up under the State law is operated by the Greenwood County Electric Power Commission. It owns a steam-electric station with 16,000 kilowatts capacity and a hydroelectric station with a capacity of 15,000 kilowatts. The output of these stations in 1951 totaled 147,525,000 kilowatt-hours of electrical energy. They both now purchase Federal energy from the Clark Hill Dam on the Savannah River.

Mr. President, the fact that both of these publicly owned systems offered themselves as a source of low-cost power supply to municipally owned and rural cooperative electric systems has had a

very beneficial effect on the cost of electric service in South Carolina.

Thus, rural electric cooperatives in my State are securing their power supply at seven-tenths of a cent a kilowatt-hour, on the average, and a number of them are paying the South Carolina Public Service Authority only a little over half a cent a kilowatt-hour for their power supply.

It is interesting to note that the Greenwood County Electric Power Commission, generating 75 percent of its power in a small steam plant, is able to offer rural electric cooperatives a power supply at three-quarters of a cent a kilowatt-hour. The great systems of New England, with about the same proportion of steam-generated power, are asking rural electric systems for about one and a quarter cents for the same kind of kilowatt-hour.

Needless to say, Mr. President, the private power companies in my State have fallen in line with this progressive policy. Thus, the 23 rural electric cooperatives serving the farmers of South Carolina are securing their power supply for an average of just over two-thirds of a cent per kilowatt-hour, or just about one-half of the price which similar cooperatives must pay the private power systems in New England. I would like to have someone answer that question.

It is very interesting to look at a map showing the cost of wholesale power supply to rural electric cooperatives in each State of the Union. In fact, I know of no clearer illustration of the effectiveness of what I interpret as the Federal power policy.

Such a map shows that during the fiscal year 1953, the cost of power supply to such cooperatives averaged less than three-quarters of a cent per kilowatt-hour in all States in which that policy, in one or another of its forms, has been effective. In other States the rural electric cooperatives pay increasingly more, as the distance from Federal power areas increases, rising to a peak of just over 1½ cents in Maine. And I am told that Maine has some very good undeveloped hydroelectric resources.

Let me cite, very briefly, what these important farmers' institutions are paying in the South. In order to show the variation from State to State, I must refer to the average rates in mills or tenths of a cent.

The charges for electric power purchased by such rural electric cooperatives average 4.8 mills in Tennessee, where the Tennessee Valley Authority is the only supplier. Let me cite examples of costs where the Tennessee Valley Authority is not the only supplier: 5.3 mills in Mississippi; 5.8 mills in Alabama; 6.4 mills in Georgia—we are getting a little farther away from TVA—and 7.1 mills in South Carolina, when the overall average is considered.

Across the Mississippi River, in our neighboring States of the Southwest, we find the average charges to rural cooperatives running at 5.5 mills in Louisiana—not very far away from the TVA—6 mills in Arkansas; 5.8 mills in Texas; and 6 mills in Oklahoma.

Mr. President, we of the South feel sorry for the rural electric cooperatives up North, where they are paying 15.4 mills in Maine—let that sink in—15.4 mills in Maine; down in Tennessee it is 4.8 mills; 12.3 mills in New Hampshire, 12.3 mills in Vermont, 11.2 mills in New York, 10.5 mills in Pennsylvania, 12.8 mills in Michigan, 13.7 mills in Wisconsin, 12.6 mills in Iowa, 14 mills in Minnesota; 11.2 mills in North Dakota; and 11.7 mills in South Dakota. They are just too far away from the area where the influence of the Federal power policy is effective today. Remember, they are buying from power companies. Do not think the TVA is selling it to them, no; but that is the effect of the yardstick when that kind of power is close by.

Mr. GORE. Mr. President, will the Senator from South Carolina yield?

Mr. JOHNSTON of South Carolina. I yield to the Senator from Tennessee.

Mr. GORE. The power rates which the distinguished Senator is citing are all rates of private power companies, as I understand.

Mr. JOHNSTON of South Carolina. That is true; they are all rates of private power companies.

Mr. GORE. And the Senator is showing that the companies surrounding the TVA service area have, by reason of the TVA yardstick, reduced their rates to less than half what they are in certain other areas, is he not?

Mr. JOHNSTON of South Carolina. They are less than one-third of what they are in Maine; less than one-third.

Mr. GORE. And as the private power companies have brought their rates down, the consumption of electricity by the people has gone up, and so have profits of the companies. Is that not correct?

Mr. JOHNSTON of South Carolina. Not only do the people use more power, but there are more users of electricity, and as the number of consumers has increased, the use of more electrical equipment of every kind has also increased. The American Government likewise benefits, for whenever a washing machine is bought, all persons or companies which handle it, from manufacturer to consumer, pay taxes on their profits. In turn, the manufacturer of the machine manufactures more, and he makes more profit. It is an endless chain, so to speak, of making money for the Government.

Some persons seem to think that we want nothing but free enterprise, individualism. That is fine, but we do not want to go to the point where private power companies are given an unfair advantage. It must be remembered that practically every power company is a monopoly in the particular district in which it is located. Power companies do not have competition from power companies selling in the same area. A power company is a monopoly; and I am not in favor of taking away the yardstick of the Federal Government and not having a yardstick with which to measure the rates charged by the private companies.

As I see it, the pending bill is nothing more than the first step to take away the life of the TVA. If the Commission handles its cases in the future in the way it has handled the one in the past, all the President will have to do will be to say, "I want you to make the rates throughout the United States the same," and then the Commission will do as the President tells them; he will have a whip over their backs. He will appoint Commissioners who will carry out his instructions. Although the Atomic Energy Commission was established as an independent commission, it will lose its independence the minute anyone can call from the White House and tell the Commissioners what to do.

Mr. President, there is more in the bill than many persons think. I believe we should study the bill more, in order not to do in a hasty manner something we would regret in years to come.

I have seen how we have profited in the past by our power policy. I, for one, wish it to continue in the future in order that we may make further progress in that particular field and at the same time not handicap the Atomic Energy Commission in carrying out the purposes for which it was intended and created, namely, to develop atomic energy, and then—in view of the fact that it belongs to all the people—to make it available to all the people, not to only a few persons or to a corporation. Eleven billion dollars has been spent on investigations and experimentations in the atomic energy field, and atomic energy belongs to the people of the United States. Yet it is proposed that the Dixon-Yates group be told, "You can have this for 25 years, and you will be guaranteed by the Government a profit of 9 percent," or a profit amounting to about one-tenth of the investment, Mr. President; that is what it would amount to.

I do not favor giving away our investment in that way. I want the people of my State, whom I have the honor, in part, to represent, to have their property rights defended for them; and they can be defended only by action by the Members of Congress when such a proposal as this is made. In view of the manner in which the proposal is before us today, Mr. President, we will continue to carry on this fight.

Mr. MURRAY. Mr. President, will the Senator from South Carolina yield for a question?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from South Carolina yield to the Senator from Montana?

Mr. JOHNSTON of South Carolina. I yield.

Mr. MURRAY. I have been greatly interested in the speech being delivered by the distinguished junior Senator from South Carolina. It occurred to me that, inasmuch as the Tennessee Valley Authority has accomplished so much, there should be a desire on the part of the Government to provide similar arrangements for all sections of the country. I believe bills calling for the development of the various river-valley systems have been introduced. If such a program were carried out, it would be of tremendous value to the country and to the people, and would greatly increase the wealth and prosperity of the whole Nation. Is that not true?

Mr. JOHNSTON of South Carolina. Yes.

I have visited Montana; in fact, I spoke there just a few weeks ago. Montana is suffering today because of a lack of power.

Mr. MURRAY. That is correct.

Mr. JOHNSTON of South Carolina. The power companies there are not developing. They say, "Oh, we will do it," but they have not done it, and they will not do it.

I can recall a time in South Carolina, when I was Governor—along about 1935 or 1936—when a petition would be presented to me to get the power companies to extend their lines only a mile or two from a town. The power companies would argue that that could not be done, that it would be too expensive. But when we began the Santee-Cooper project, do you know, Mr. President, what the private-power companies would do then? They would extend a branch line into the most profitable territory in order to keep the Santee-Cooper line from extending on a parallel and reaching the same profitable customers. That shows how the private-power companies cooperate.

Mr. President, I certainly hope Montana will receive from some source help to build some of the necessary power dams. Certainly they are needed, not only for the development of power, but to conserve water. Under present circumstances, in Montana, in one season all the water runs off and is gone.

I visited one dam that is being built in Montana; the Senator from Montana remembers that, I am sure.

Mr. MURRAY. Yes.

Mr. JOHNSTON of South Carolina. It is wonderful for Montana to have that dam; but it is only a drop in the bucket, insofar as the needs of Montana are concerned.

Mr. MURRAY. Yes.

A number of other projects in Montana have been studied, and are ready to be developed. We did build what is known as the Hungry Horse Dam, on the upper stretches of the Columbia River; and that development has been of great value to our State. But, as the Senator from South Carolina has pointed out, there is need for the development of other dams in Montana in order to carry out the program to its fullest extent.

Mr. JOHNSTON of South Carolina. I should like to say it is not the fault of the distinguished Senator from Montana that the program has not been carried along further. Certainly he has worked day in and day out to have the proper powerplants constructed in his State.

Mr. President, a moment ago I called attention to the different rates in different States. Perhaps the trouble should be traced to the fact that those States have been misled by the propaganda of the private power companies into opposing the policy which has brought such blessings to us in the South, for it certainly does seem a shame that rural electric cooperatives in New York State, within easy transmission distance of two of the greatest and cheapest undeveloped hydroelectric resources in the world, should be paying 11.2 mills per kilowatt-hour for their power supply. Just think, Mr. President, of Niagara Falls and the St. Lawrence—practically undeveloped, insofar as the power companies are concerned. We in the South would like to be able to move the St. Lawrence and Niagara Falls into the southeastern section of the United States. We would not let the 15 billion kilowatt-hours of electricity a year which they can produce go undeveloped very long. What is more, we would make sure that those kilowatt-hours would be available to public and cooperative electric systems, without any surcharges added by private monopoly.

Mr. President, a few moments ago I said that power sold by private power companies is always sold by a monopoly. An examination of the situation will reveal that the private companies have their field, in which they sell without any competition whatsoever.

Mr. President, some people wonder why it is that cotton mills are leaving New England and moving into the South. The answer to it is that power is much cheaper in the South than in the New England States. Census figures show costs of power per unit in New England are 52 percent higher than in the country as a whole, 80 percent higher than in North Carolina, and 246 percent higher than in Tennessee. I do not blame them. I would close up and move out, too, and go where I could get cheap power.

In the New England woolen and worsted-textile industry, which has been very hard hit with unemployment, the weighted average cost of purchased electric power in Massachusetts and Rhode Island was 75 percent in excess of the weighted average in the Carolinas and Georgia. That is a big item. I do not have time to tell the other reasons why industries are moving to the South. There are so many reasons that I would be here all night if I were to tell all of them. But power is one of the reasons, and that is the question before us at the present time.

The November 1952 report of the New England Governors' Committee on the Textile Industry said that the higher power costs and the relatively small development of hydroelectric power were among the factors causing the decline of the textile industry in New England and the lack of new industrial establishments. That is a statement from the governors' conference. That is not the statement of the Senator from South Carolina. I am quoting the Governors.

Mr. President, it is a fact that there are more than 150 Federal hydroelectric projects in the country. There is not one in New England. Let that sink in.

Mr. HILL. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. HILL. Is it true that the power rates in New England are 52 percent higher than the average rates throughout the country?

Mr. JOHNSTON of South Carolina. Yes; and 80 percent higher than the rates in the States around South Carolina.

Mr. HILL. I understand they are 80 percent higher than the rates in North Carolina.

Mr. President, will the Senator further yield?

Mr. JOHNSON of South Carolina. I yield.

Mr. HILL. I am not an engineer. I have never visited New England, which is one of the loveliest sections of our country, and seen its rivers—the Connecticut River and the other rivers—without wondering why the people have not harnessed those rivers and put them to work. It would not affect the beauty of the streams, except to enhance it and create lovely lakes for recreational purposes. I do not understand why they have not harnessed their streams and obtained cheaper power rates.

Mr. JOHNSTON of South Carolina. I cannot understand it either; but they have been waiting for private power companies to build. The private power companies have not built so far, to the extent necessary to give the people the rates they should have.

Mr. HILL. Mr. President, will the Senator further yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. HILL. We know what mass production has done in manufacturing. Henry Ford was a great leader in mass production. The same principle applies in the power business. If the rates are brought down, mass consumption is made possible, is it not?

Mr. JOHNSTON of South Carolina. That is true.

Mr. HILL. When there is mass consumption, it is possible to continue to reduce the rates.

Mr. JOHNSTON of South Carolina. That is true with respect to electricity to a greater extent than with respect to any other field. When the transmission lines are built they are there to carry a small amount of power or a large amount of power.

Mr. HILL. A small load or a heavy load.

Mr. JOHNSTON of South Carolina. A small load, or a heavy load, up to a certain limit.

Mr. ANDERSON. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. ANDERSON. Does not the Senator believe that that is one of the reasons why men from the New England States, men such as the Senator from Rhode Island [Mr. PASTORE], are so interested in the possibility of developing power plants for the production of electric energy alone, feeling, perhaps, that that might contribute to the reduction of the power cost? Does the Senator think that is an important consideration for the New England States?

Mr. JOHNSTON of South Carolina. It is my opinion that the Senator from Rhode Island believes that. Having been Governor of his State, he realizes how the people are handicapped at the present time, and almost embarrassed by the rates they have to pay. If a single Federally owned powerplant were built in his State, it would affect rates as far away as Maine. The people would

get the benefit of cheaper rates. I think that has been proved by the building of the TVA and, in South Carolina, by the building of our power installation, known as the Santee-Cooper project, under the South Carolina Power Authority.

As I was saying, there is not a single federally owned electric project in the New England States——

Mr. UPTON. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. UPTON. The Senator has been referring to the difference in costs of electric power, as between certain sections in the South and New England. Can the Senator give us any information as to the difference in wages paid for skilled and unskilled labor as between the South and New England?

Mr. JOHNSTON of South Carolina. I will answer that question by saying that it will be found that the wages paid in the South are in line, to a very large extent, with those paid in the New England States. I am sorry to say that at one time that was not true. However, in the South there is now a different system. A great many of the cotton mill workers—I presume they are the ones to whom the Senator is referring—own their own homes. Some of them are able to rent houses for $10 a month. In the New England States they do not own their own homes. All those things are taken into consideration. I, for one, believe that the wages paid to the workers in industries in the South and in the North are not what they should be.

Mr. UPTON. Mr. President, will the Senator further yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. UPTON. Did not the governor of the Senator's State recently advise the legislature or the people that it would be necessary to enact a so-called right-to-work statute for South Carolina in order to maintain its industrial standing among other States in the South?

Mr. JOHNSTON of South Carolina. I do not exactly agree with everything my governor says, though he is Governor of South Carolina. I have not always agreed with him in his method of conducting the affairs of the State, in his way of financing, his political methods, and other things. We differ somewhat. We have differed on a great many subjects.

Mr. UPTON. Is my understanding correct that the governor of the Senator's State advised the people of the State that such a statute would be necessary?

Mr. JOHNSTON of South Carolina. I think that is true. The Governor of South Carolina did make some recommendation to that effect. He did not exactly say why.

Mr. UPTON. I leave that to the Senator.

Mr. JOHNSTON of South Carolina. I do not know what reasons he gave. The only thing I know is that he signed the bill.

Mr. UPTON. What would be the purpose of such a statute? Would it be to further the organization of labor, or would it tend to retard it?

Mr. JOHNSTON of South Carolina. I am sorry to say that labor is not very well organized in South Carolina. I wish it were organized to a greater extent.

The industrialist, Henry Kaiser, has given some good advice to our friends from New England. He said:

> You New Englanders can be the richest people in the Nation or the poorest. The choice is yours. If you develop your neglected water power, you can expand your industries tremendously and create thousands of new ones. But if you continue to waste water power—your most valuable natural asset—you will lose factory after factory until your famous manufacturing centers will be little more than ghost towns. The highly electrified South and West will outsell you and outstrip you. And you will find yourself increasingly helpless.

That is what Henry Kaiser said about the conditions he found in the New England States.

Mr. President, the alternative for the statesmen of New England and other high-cost power areas is not to assist in the destruction of our public power developments in other parts of the country, but rather they need to work for programs which will bring the low-cost yardstick of public power to their area. They need to work for the full utilization of the power resources of the Niagara, and of atomic power.

The mere full development of the Niagara River or other hydroelectric or atomic resources is not enough. They must be developed with preference guaranteed to public bodies and cooperatives in the marketing of the power. This is necessary to insure that the benefits of such developments are passed on to the consumer of electricity. If this is done in the Northeast, the result would be a real competitive yardstick in an area having the highest power rates in the Nation.

That is why the Senator from Rhode Island [Mr. PASTORE] wants the system and policy to continue. He would like to get a Federal powerplant in Rhode Island. Then the people of Rhode Island would have a yardstick. When they began to measure with it they would find that someone was not giving them 36 inches to the yard and that they were being charged more than three times the amount paid elsewhere for power generated by a steam plant—the same kind of power that is generated in a steamplant by a private power company—not publicly owned, but by a private power company—in the South. Can anyone explain that?

Mr. HILL. Mr. President, will the Senator yield?

Mr. JOHNSTON of South Carolina. I yield.

Mr. HILL. Is it not true that the power business is different from practically any other business in America? In the first place, when power is generated from water, a power company is using the resources that belong to all the people. Is that not true?

Mr. JOHNSTON of South Carolina. In other words, the inherent power in a stream does not belong to any individual; it belongs to the people.

Mr. HILL. Because when God Almighty sends the waters in the form of rain He sends them for all of us, not for any particular company or any particular person. Is that not true?

Mr. JOHNSTON of South Carolina. That is entirely right.

Mr. HILL. Is there not also another difference, namely, that the power business is by its very nature a monopoly business; there is no competition in the business. Is that not true?

Mr. JOHNSTON of South Carolina. I have already explained time after time that if the Federal Government does not go at all into the power field, the power companies are left with a monopoly in the particular field in which they are located. The Senator from Alabama well knows that a power company serves people in one area, and other power companies do not come into that area. Therefore, there is no competition, and, consequently, there is a monopoly.

Mr. HILL. Is there not also another difference, in that it is a cost-plus operation?

Mr. JOHNSTON of South Carolina. That is right; it is a cost-plus operation. It is a big plus, too.

If this power is merged with the present high cost sources of power, its benefits will be dissipated and the result will be that the ultimate domestic rural and industrial consumer will benefit little, if any. There will not be the competitive impetus to bring down rates.

It is unfortunate that the New York Power Authority, unlike the South Carolina Public Service Authority, has no provision for preference to public bodies and cooperatives. This makes it necessary that the Congress insure that any benefits of the development of a public resource like our rivers and atomic energy be passed on to the consumer, even when that resource is developed by a State or other public agency.

Mr. President, the vital public question in the Southeast today is whether we are going to be able to take full advantage of the fine hydroelectric power from these projects and from the further development of our resources. The answer will depend on the success or failure of the people in their effort to stop the present drive to reverse Federal power policy.

The people of my State are particularly fortunate because they moved in the 1930's to take advantage of Federal financial assistance in the setting up of the South Carolina Public Service Authority, commonly known as Santee-Cooper. This Authority and the Greenwood County Electric Power Commission, each with its own generating and transmission system, have the ability to purchase Clark Hill power at the generating station, so that the people of the State are not completely dependent on private monopoly for power supply to their municipal and cooperative systems.

On the other hand, it is unfortunate that our friends on the other side of the Savannah River in Georgia do not have such transmission facilities and have not been able to receive their half of the

Clark Hill power. Because the rural electric cooperatives in Georgia do not have lines to the dam, and the Georgia Power Co. with the support of the administration has thus far refused to "wheel" the power to them—think of that, Mr. President—the co-ops on the Georgia side have not received a kilowatt. Meanwhile, the power which the co-ops are entitled to under the law is being sold to the Georgia Power Co. They have been dividing the power down the line, giving the power company a chance to make a little profit out of the farmers.

The people of my State may also be in a position to meet future load growth by obtaining additional power from future development of other waterpower sites on the Savannah River and its tributaries. But, there is no such possibility in other States of the region, nor can the future hydroelectric projects which all the rivers of the region offer assured low-cost power supply unburdened by monopoly, unless the power from these projects is integrated and offered to the people's nonprofit power agencies, in accordance with the principles embodied in section 5 of the 1944 Flood Control Act.

Mr. President, the people of my region are aware of the fact that the wind of private-power influence in the Federal Government is blowing with a force which threatens the future of our rural electric cooperatives, just as much as if a real hurricane threatened to uproot the poles which carry the rural electric lines.

All that the private-power people have to accomplish is to cut off the future low-cost power supply from these cooperatives, or from our fine municipal power systems, and the result will be fatal. If, in addition, the access to low-cost financing is restricted, the great gains which our people have a right to expect from their river-basin resources will be choked off.

In simple language that all will understand, if the present drive on Federal power policy succeeds, the people of the Southeast will be able to use only a part of the 23 billion additional kilowatt-hours of electricity which their rivers can supply and then only by paying toll on each kilowatt-hour to private-power monopoly.

Let me suggest a few evidences of how the wind is blowing. And I am going to talk about evidences in the Southeast, although I am aware that attempts to give away such great public waterpower resources as Hells Canyon in the Pacific Northwest and Niagara Falls in the Northeast, not to mention the abrogation of the Federal contracts with the Southwestern cooperatives, are matters of significance to all of us throughout the land.

First, Mr. President, the Federal Power Commission, which is supposedly an arm of the legislative branch of the Government, is acting to give away many key hydroelectric projects in Federal river-basin programs. It is true that the United States Supreme Court has held that the Commission has the discretion to do this. But this does not mean that an agency of Congress should fly in the face of, or render futile, a policy established by Congress.

I am convinced that Congress should hasten to close the barn door before all the people's horsepower is stolen, by enacting into law the bill introduced sometime ago by the distinguished Senator from the State of Washington [Mr. MAGNUSON]. This bill would prevent the Commission from issuing a license for private development of a waterpower resource which is part of a construction program approved by Congress.

We cannot afford to have the Federal river-basin programs in any region mutilated by the Commission's grant of licenses to private monopoly for private development of the premier hydro sites. Certainly, where the full development of those sites is dependent on regulation of stream flow by other projects upon which the Federal Government has spent millions of dollars, the grant of such licenses without congressional consent is inexcusable in terms of public policy.

If this policy continues, the rural electric cooperatives, along with the municipally owned electric systems, will be rendered dependent on the very private monopolies which would like to see them destroyed, so they can move in and take over the business.

But this giving away of these fine waterpower resources is not the whole of the story. For the drive against Federal power policy is many-pronged. It includes the cutting out of appropriations for transmission lines, the reduction in appropriations for Federal multipurpose river-basin projects, as well as for the vital rural electrification program, and the increasing sympathy of the administration in Washington with the views of private monopoly as to how power from Federal projects should be marketed. The bill goes into that field.

If, through the administration's budget policy, or the actions on appropriation requests, or administrative action in refusing to carry out the clear intent of the legislation defining Federal power policy, the reversal of that policy can be achieved, the political party presently in control of the Government of the United States will have, in effect, repealed that legislation.

Mr. President, through battles in successive sessions of successive Congresses, the organized private power interests, represented by a heavily financed lobby in Washington, have failed to repeal or amend the law which provides for Federal development and marketing of power with a preference to publicly owned and cooperative systems. Public protests have made it clear that such a change would be highly unpopular.

I am convinced that once the people have been alerted to what is now happening, they will take effective steps to make sure that the power policy which has meant so much to the whole country is not sabotaged in the interest of private monopoly.

What the threatened change of policy will mean to the Southeast is clear. The 100-percent deletion of Southeastern Power Administration transmission lines to serve preference customers in North Carolina, South Carolina, Florida, Georgia, and Alabama places power companies in those States in a position to purchase the output of 3 existing dams and 2 others under construction.

As I have already noted, it is only the fact that South Carolina has the South Carolina Public Service Authority, with an existing transmission system, and the Greenwood County Electric Power Commission able to take over the Clark Hill-Greenwood transmission line, which will leave the public and the cooperative systems in my State in a position to take advantage of power from the Federal Clark Hill project on the Savannah River. But that provides no assurance for the future as our load grows.

The attitude of the private utilities in the Southeast already reflects the threatened change of policy. With no fear of alternative construction of Federal transmission lines, the Virginia Electric & Power Co. is the only company in the entire Southeast that has agreed to wheel even a small amount of Federal power to preference customers. Oh, yes; they will wheel it to others, but not to preference customers. That company has assurance, over the signature of the Southeastern Power Administrator, that it may get out of the wheeling arrangement if the Secretary of the Interior accepts the Georgia Power Co.'s proposal which would compel rural electric cooperatives to become customers of the company.

In the language of the Administrator of the Southeast Power Administration, the proposal which the Georgia Power Co. has made for the purchase of Government power "does not provide for the sale of any firming energy by the company to the Government nor for any transmission of power by the company for the account of the Government but provides merely for the outright sale by the Government to the company of all Government power to be disposed in the company's service area and for the resale by the company of such power to agencies given preference by law."

Mr. President, approval of this contract would, in effect, repeal the true intent of the preference provision of the law, under which the Secretary of the Interior markets power from Federal hydroelectric developments. It would accord private monopoly the entire preference. The previous Secretary of the Interior took the position that he could not sign such a contract under the law.

The people of my region will be watching to see what the present Secretary of the Interior will do about this proposal.

We will also watch closely the provision that is made for meeting the future needs of the region through Federal development of the great waterpower resources of our many rivers. So far, we have failed to get started the Hartwell project, above the Clark Hill development on the Savannah River. It should be the next step in harnessing this river to provide the people of the region more than 2 billion kilowatt-hours of needed low-cost electrical energy.

I am very much in favor of the Hartwell project. It should be started. We need it, because we need the power.

We do not want to see the cost of wholesale power supply to our municipal plants and our rural electric cooperative systems go up to high levels like those that prevail in New England where power company influence has kept the people from taking advantage of Federal power policy.

I hope the power companies in New England will feel a little sorry for the people there, and will reduce their power rates. It might be that I am talking against my own interests in South Carolina. The longer the power rates are kept up in New England, the more industries will come to South Carolina and to the South.

But I intend to continue to advertise, hoping that it will do some good for the New England people, so far as reducing their power rates is concerned. We are getting industries in South Carolina. They have piled in down there in the past 20 years. I expect them to continue to come, because South Carolina is God's paradise.

We do not want to see the electric bills paid by our homes and farms go up to the levels which prevail in New England, because we think that would seriously affect our economy. A farmer does not have too much money, and he has to watch his pennies. The price of cotton has already gone down. According to an article which I read in a recent issue of the Wall Street Journal, probably not more than 12 million bales of cotton will be produced this year. Sixteen million bales were produced last year. If my arithmetic serves me correctly, that is a 25 percent reduction.

We all know how prices have gone down in the past 2 years, and also how the amount of cotton produced has dropped.

I think my friend, the Senator from North Carolina, understands how the farmer has reduced his production. Of course, God had a little something to do with it. I will not blame the Republicans for an act of God. The production of cotton has dropped because of a lack of normal rainfall. At the same time, that has reduced the amount of money which the farmers have, and they need every cent they can get. If they have to pay more for electricity from the rural cooperatives, then someone else is not going to get the money. It may be that farmers soon will be cutting down on their use of electricity. A farmer might let one light burn a little sometimes, but when the sun goes down, he will go to bed, if the price of electricity goes up to the point where it is in the New England States, and money becomes scarce as it appears it will be in the near future.

Mr. MORSE. Did the Senator say "in the near future"?

Mr. JOHNSTON of South Carolina. It is already as scarce as it can be.

Mr. MORSE. That is the point I wanted to make.

Mr. JOHNSTON of South Carolina. I was conducting a committee hearing on a bill relating to salary increases, and I was trying to get at the point of whether the proposed legislation should not be made permanent. Many persons wanted the increase made temporary. I thought it should be made permanent.

I said, "Are you not a little afraid that if the increase is made temporary, it may lead to the thinking that in the future there will be either a recession or a depression? I think it would have good effect if the increase were made permanent, as was done in other bills. If an increase in salary is needed, let it be made permanent legislation. Let us not put fear into the hearts of the people."

So we need a little more money now. The farmers of my State, especially, need it. Being a member of the Committee on Agriculture and Forestry, I know how farmers have been reducing their acreage, and how it cuts down production. It has a telling effect.

We do not want to see the electric bills for industrial power in the Southeast go up to the levels which prevail in New England because we think that would discourage the expansion in industry and industrial employment which is raising the South to a position of economic equality in the family of regions which compose the Nation.

I am convinced that all of these things could happen if the present drive of private power monopoly to reverse Federal power policy succeeds.

But I would urge that we go further to resist all efforts of private monopoly to overturn the Federal power program. We must go forward to develop our waterpower resources through agencies which will preserve all the values for the people. We must assure adequate appropriations to keep such development abreast of the needs of public and cooperative power systems in every region. We must stop the giveaway program which would hand over our richest power resources to private monopoly. And, finally, we must make sure that Government power, developed from the people's resources for the people, shall reach them without having to pay toll at a private tollgate.

I am convinced that unless we meet squarely the brazen campaign of the private power interests, which are seeking to mesmerize and mislead the people, not only the economic expansion but also the very health of our democracy will suffer in the future.

It is true that Theodore Roosevelt was one of the first to start the conservation of our natural resources, and we want to give him credit for that.

Our Government has continued that policy up to the present time, but I can see in the wind at this time that we are not going to develop any more public power, but will give it over to private power corporations. When that is done, we can expect high rates to be paid per kilowatt-hour. The charge for a kilowatt-hour will be left to the private power company in each particular locality. I ask people not to become excited if they find they will be charged the same rate which is now being paid in Maine, more than a cent and a half a kilowatt, for the energy that is used through the cooperatives.

Mr. President, I have outlined the safeguards which I believe should be incorporated in the atomic energy bill before its passage. I have pointed out the relationship of the power features of the bill with a concerted attack on Federal public power policy. It is my belief that passage of the atomic power provisions of the bill, as reported to the Senate, would constitute a giveaway of the greatest magnitude of the people's resources. Eleven billion dollars is quite a giveaway. The McMahon Act has served us well, as has our Federal power policy. I think we should continue both until a better comprehensive plan can be worked out.

Mr. President, during the hearings held by the Joint Committee on Atomic Energy, a great many witnesses appeared before the committee and testified, in particular Gen. Kenneth D. Nichols. He pointed out to the Commission the dangers in this bill. I agree with him. I remind my colleagues that we are dealing with a large and important bill, the results of which are inestimable. When one picks up the bill and looks at it, he can see how big it is. It contains 104 pages. It must be remembered that when we are dealing with power, a subject that is so involved, a little sentence perhaps can really and truly ruin the Federal power policy in existence in America today.

Mr. MORSE. Mr. President, will the Senator from South Carolina yield for a question?

The PRESIDING OFFICER (Mr. WELKER in the chair). Does the Senator from South Carolina yield to the Senator from Oregon?

Mr. JOHNSTON of South Carolina. I yield for a question.

Mr. MORSE. Does not the Senator from South Carolina think the bill is of such vital importance to the American people that it ought to be read sentence by sentence into the RECORD, with interpolations following the reading of each sentence, pointing out the implications contained therein?

Mr. JOHNSTON of South Carolina. I believe that should be done. Right along that same line, I fear that very few Senators have read the bill. I should not like to ask Senators, particularly those across the aisle, how many of them have read every line in the bill. I would dislike even more to ask how many have read 10 pages of the bill.

Mr. MORSE. Will the Senator yield further for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. MORSE. If the Senator from South Carolina feels that way, and I share his feelings and his fears, does he not think some of us in the Senate have really a great moral obligation to read the bill to our brethren line by line, with interpolations line by line?

Mr. JOHNSTON of South Carolina. I think that should be done. I do not think all Senators could be here, but I believe it would be very profitable to the general public if the bill were read and discussed sentence by sentence and there was an explanation of what each sentence meant.

Mr. MORSE. Will the Senator yield further for a question?

Mr. JOHNSTON of South Carolina. I yield for a question.

Mr. MORSE. Even though the Senator has stated that he is not sure Senators would all be here, does not the Senator agree that in conducting that educational process in the Senate we would have fulfilled our obligation to the American people, at least in putting the Senate on due notice as to what is contained in the bill?

Mr. JOHNSTON of South Carolina. The Senator is entirely correct. There has been a great deal of criticism because the bill has been debated, but when the fact is considered that there is involved in the bill a giveaway of $11 billion, I think the necessity for studying the bill and discussing it to some extent is obvious. I personally think that action on bills of this nature should be delayed until the next session, in order to give us time to go back home, and, under the shade of a tree, read and study the bill. What is the rush, anyway?

Mr. MORSE. Mr. President, will the Senator yield for a question?

Mr. JOHNSTON of South Carolina. I yield.

Mr. MORSE. The Senator understands, does he not, that I am not permitted to answer questions, although I would be delighted to do so if I were allowed to do so? The question I wanted to ask the Senator from South Carolina is this: Does he agree with me that it is not surprising that those of us who are insisting upon a full disclosure of the implications of the bill are bound to be subjected to criticism by reactionary forces in the country which want to get the bill passed quickly, before the American people awaken as to what is in it?

Mr. JOHNSTON of South Carolina. I think there are people in the United States who would like to see this bill passed without a word said about it. I think there are people who would be glad to have it done that way, and keep quiet about the bill, and then have the public wake up later and find out what had happened to rights which the people had had for many, many years—for the past 47 years.

The PRESIDING OFFICER. The Senator from South Carolina has the floor.

Mr. JOHNSTON of South Carolina. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, I am about to move that the Senate take a recess until 10 o'clock tomorrow morning.

At this time I wish to announce to the Senate, for its information regarding the future legislative program, what we have in mind.

Of course, the pending bill is Calendar No. 1710, Senate bill 3690. When action on that bill has been completed, we intend to call up Calendar No. 1825, Senate bill 3052, the farm program bill. We probably shall follow it—although not necessarily in the precise order I shall now state—with the following bills:

Calendar No. 1831, House bill 9678, the foreign-aid authorization bill.

Calendar No. 1808, House bill 9709, the unemployment-compensation bill.

Calendar No. 644, House bill 6287, the renegotiation bill.

Calendar No. 1931, Senate bill 2559, the copyright bill.

Calendar No. 1952, House bill 5420, the patent bill.

Calendar No. 1315, Senate bill 2910, providing for the creation of certain United States judgeships.

Calendar No. 1774, House bill 7815, relating to the Cougar Dam.

Calendar No. 1773, Senate bill 3134, relating to the Talent Division of the Rogue River Basin reclamation project.

Calendar No. 1749, Senate bill 880, amending the license law of the District of Columbia.

Calendar No. 1830, House bill 3300, relating to control of the level of Lake Michigan.

Calendar No. 1797, Senate bill 2601, providing Federal financial assistance in the construction of public elementary and secondary school facilities.

Calendar No. 1801, House bill 2235, for the construction of the Santa Maria project, in California.

Calendar No. 1802, House bill 4213, authorizing works for water supplies in the Central Valley project.

Calendar No. 1803, Senate bill 620, providing authorization for certain uses of public lands.

We also expect to have, either tomorrow or Thursday, the conference report on the housing bill; and, I hope, by the end of the week, the conference report on the tax bill.

We shall not have another calendar call, in all probability, until we have completed action on the following proposed legislation: the farm bill and foreign-aid bill. I would expect we would have 1 or possibly 2 more calendar calls before adjournment sine die.

I wished to give this notice to the Senate as far in advance as possible.

We have not been able to obtain a unanimous-consent agreement regarding a vote on the pending bill. I am about to move that the Senate take a recess tonight until tomorrow morning, at 10 o'clock.

I have understood from the discussions on the other side of the aisle that the general belief is that we can do some voting on the amendments—and I hope on the bill itself—tomorrow. I hope we can complete action on the pending legislation by this time tomorrow night. I think it is only fair to advise the Senate, however, that I have requested the Sergeant at Arms to prepare cots for tomorrow evening; and that, if necessary, we shall be prepared to run through tomorrow night to complete action on the pending legislation.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Tennessee.

Mr. GORE. Some of us who have been very much interested, and who have remained very much interested in the enactment of the Anderson amendment have given to the distinguished majority leader a gentleman's agreement to assist in reaching a vote upon that amendment and the issue presented by that amendment and the Ferguson amendment tomorrow.

I respectfully suggest to the majority leader, however—though perhaps he needs no suggestion from the junior Senator from Tennessee—that there are many far-reaching and important provisions in this 104-page bill. Action upon the Anderson amendment tomorrow may indicate the need for a more intensified consideration of the bill.

Mr. KNOWLAND. Mr. President, earlier this evening I suggested to the Senator that if the distinguished Senator and other Senators associated with him in his endeavors wanted the vote on the Ferguson amendment and the various corollary amendments to go over until tomorrow I would certainly not object to that, though I think it is a little unreasonable to require 95 other Members of the Senate to sit through another day because, perhaps, some Senators have found it inconvenient to be present today.

I suggested to the Senator from Tennessee that under those circumstances it seemed to me to be not unreasonable, if the Ferguson amendment is withdrawn, together with other primary and highly controversial amendments, to expect a vote on any one of half a dozen or more other amendments today.

However, I could obtain no assurance from the Senator from Tennessee or other Senators associated with him that if we did so, we could do any voting. As I suggested earlier today, we have a very heavy program. As many Members on the Democratic side of the aisle as on the Republican side of the aisle have pointed out to me the importance of the farm program. There are those who believe in fixed 90-percent parity and those who believe in flexible parity.

Many Senators have also pointed out the critical international situation facing the country in connection with the foreign-aid bill, the situation confronting us in connection with the extension of the unemployment compensation provisions and social security coverage, the importance of the tax bill, the housing bill, and the bill relating to the Upper Colorado River Basin. There are a great many other matters of considerable concern, including some purely local bills.

As I pointed out last night, sorry as I am to say it, each day that passes makes it less likely that some of the other bills, not of major magnitude, will be considered or passed at this session, and unfortunately they must die on the calendar when the Congress adjourns sine die.

Under all the circumstances, the distinguished minority leader and the great majority of Senators on the other side

of the aisle have cooperated very wonderfully in the program up to date. I hope we may have full cooperation in expediting the consideration of the pending legislation, so that we can give consideration to other measures.

In fairness, I will say to the Senator that I believe work on the pending bill can be completed tomorrow, but it may be necessary to run through most of the evening and into the morning.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield.

Mr. GORE. I hope the Senator does not think the junior Senator from Tennessee was in any way seeking to be offensive, and I hope he did not prove to be so in rising to suggest to the distinguished majority leader that there are some 20 amendments pending at the desk to the most important bill to be considered at this session of Congress.

As an example, I hold in my hand an amendment presented by the distinguished senior Senator from Colorado [Mr. JOHNSON], an amendment which is of vast importance to the country.

I rose merely to suggest to the distinguished majority leader that it appeared to at least one new Member of this body that it would be unreasonable haste to consider all other amendments to this very important bill in one all-night session. Perhaps the majority leader can accomplish his goal, but I must say that in the opinion of the junior Senator from Tennessee it would not accord to this important bill and these twenty-odd amendments the adequate consideration which I believe they require and which I believe the country is entitled to have.

Mr. KNOWLAND. I am glad to have the Senator's views.

Mr. FERGUSON. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Michigan.

Mr. FERGUSON. Mr. President, I have heretofore sent to the desk an amendment which was the pending question, on page 80, line 9. I wish to modify that amendment by adding certain language at the end thereof.

The PRESIDING OFFICER. The Senator is entitled to modify his amendment.

Mr. FERGUSON. I modify my amendment by adding the following language at the end thereof:

Any contract hereafter entered into by the Commission pursuant to this section shall be submitted to the joint committee and a period of 30 days shall elapse while Congress is in session (in computing such 30 days there shall be excluded the days in which either House is not in session because of adjournment for more than 3 days) before the contract of the Commission shall become effective: *Provided, however,* That the joint committee, after having received the proposed contract, may by resolution in writing, waive the conditions of or all or any portion of such 30-day period.

So as to make the amendment read:

On page 80, line 9, insert the following:

"The authority of the Commission under this section to enter into new contracts or modify or confirm existing contracts to provide for electric utility services includes, in case such electric utility services are to be furnished to the Commission by the Tennessee Valley Authority, authority to contract with any person to furnish electric utility services to the Tennessee Valley Authority in replacement thereof. Any contract hereafter entered into by the Commission pursuant to this section shall be submitted to the joint committee and a period of 30 days shall elapse while Congress is in session (in computing such 30 days, there shall be excluded the days in which either House is not in session because of adjuornment for more than 3 days) before the contract of the Commission shall become effective: *Provided, however,* That the joint committee, after having received the proposed contract, may by resolution in writing, waive the conditions of or all or any portion of such 30 day period."

I send to the desk the original language, together with the modification, and ask that the amendment be modified in that way.

The PRESIDING OFFICER. The amendment is modified accordingly.

Mr. ERVIN. Mr. President, I withdraw my amendment, as a substitute for the Ferguson amendment, inasmuch as the Senator from Michigan has modified his amendment to read the same as mine.

Mr. ANDERSON. Mr. President, do I correctly understand that the Senator from Michigan has now had his modified amendment made the pending question?

Mr. FERGUSON. That is correct.

Mr. ANDERSON. I congratulate the Senator from Michigan. I congratulate the junior Senator from North Carolina [Mr. ERVIN], who is very much interested in this question.

I am offering my amendment, as I propose to modify it, as a substitute for the modified amendment of the Senator from Michigan.

The PRESIDING OFFICER. How does the Senator from New Mexico wish to modify his amendment?

Mr. ANDERSON. I do, by striking out, on the first page, lines 1 through the middle of line 7, ending with the word "party," and, after line 11 on page 2, to strike out lines 12 through 16.

Mr. KNOWLAND. Mr. President, will the Senator yield for a question?

Mr. ANDERSON. Let me explain my amendment. I take the language which the Senator from Michigan has just added to his amendment and incorporate it in my amendment. I modify my amendment by striking out certain language, leaving in it only the requirement that this service shall be given directly. As the Senator from Michigan pointed out the other day, this will prevent a direct conflict between these two amendments.

Then I shall move the amendment as a substitute for the amendment of the Senator from Michigan, which would give us an opportunity to dispose of this matter. I believe that would result in saving a great deal of time.

Mr. KNOWLAND. As I understand, the Senator has first modified his own amendment, which, of course, he has a right to do, just as the Senator from Michigan [Mr. FERGUSON] has done. Then the Senator from New Mexico is offering his amendment, as modified, as a substitute for the amendment offered by the Senator from Michigan [Mr. FERGUSON], which is the pending amendment. That in turn will make the amendment of the Senator from New Mexico the first order of business. Is that correct?

Mr. ANDERSON. The able majority leader has stated the situation exactly. I have removed from the amendment those portions which would not be directly applicable. For example, my amendment originally contained a phrase referring to cancellation clauses, and there was also a reference to income tax. Those provisions have been deleted. The amendment is now brought down to the language suggested by the Senator from Michigan [Mr. FERGUSON], as originally submitted. Then the additional language which he has added is identical with the language in my amendment, except for the language at the bottom of page 2. That will give us a chance to act directly on the subject and thereby give a directive to the Atomic Energy Commission to proceed, if it is to proceed, or not to proceed. However, it offers a direct test.

I appreciate very much the cooperation of the majority leader and the Senator from Michigan in making such a direct test possible.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Iowa.

Mr. HICKENLOOPER. I wish to inquire of the Senator from New Mexico whether he has changed the word on page 2, line 6.

Mr. ANDERSON. I appreciate very much the Senator from Iowa calling that to my attention. He and I had a discussion on that point. I have failed to modify the amendment in that respect. On page 2, line 6, the word "thirty" should be changed to read "three."

I appreciate the Senator's calling that point to my attention.

Mr. KNOWLAND. Mr. President, in order to keep the parliamentary record straight, if it has not been done so—and I do not believe it has been done—I believe the amendment, as modified, offered by the Senator from New Mexico should be stated.

The PRESIDING OFFICER. The Secretary will state the amendment, as modified.

The LEGISLATIVE CLERK. On page 80, line 9, it is proposed to insert the following:

The authority of the Commission to enter into contracts for electric utility services shall extend only to contracts with persons who agree to supply the contractual amount of electric utility service directly to the installations of the Commission named herein. Any contract hereafter entered into by the Commission pursuant to this section shall be submitted to the joint committee and a period of 30 days shall lapse while Congress is in session (in computing such 30 days, there shall be excluded the days in which either House is not in session because of adjournment for more than 3 days) before the contract of the Commission shall become effective: *Provided, however,* That the joint committee, after having received the proposed contract, may by resolution in writing, waive the conditions of or all or any portion of such 30-day period.

Mr. ANDERSON. As I understand, my substitute amendment is now the pending question.

The PRESIDING OFFICER. Yes; the substitute amendment of the Senator from New Mexico [Mr. ANDERSON] is now the pending question.

Mr. KNOWLAND. Mr. President, I shall be glad to yield for insertions in the RECORD. Then I shall move that the Senate stand in recess.

SUBSIDY REQUIREMENTS OF CERTAIN UNITED STATES AIR CARRIERS

Mr. BRICKER. Mr. President, on the 6th day of July, 1954, at page 9710 of the CONGRESSIONAL RECORD, I inserted a letter from the Honorable Chan Gurney, Chairman of the Civil Aeronautics Board, in answer to a letter from the Postmaster General of the United States with regard to a $50 million estimated offset in airline subsidy payments.

The original letter from the Postmaster General was inserted in the RECORD by the Senator from West Virginia [Mr. KILGORE].

Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point, as a part of my remarks, a letter from the Honorable Arthur E. Summerfield, Postmaster General, in regard to his previous estimate that $50 million may be offset in airline subsidy payments as a result of the recent Supreme Court decision in the Chicago and Southern case, decided February 1, 1954.

This letter of the Postmaster General was written at my request following a hearing of the Committee on Interstate and Foreign Commerce on S. 3426. The Postmaster General was requested to reconcile the issues raised by his previous letters and the letter of the Honorable Chan Gurney, Chairman of the Civil Aeronautics Board, which I inserted in the CONGRESSIONAL RECORD on July 6, 1954, on page 9710.

The Postmaster General's offset estimates are based upon the maximum claims of the airlines seeking subsidy in proceedings presently pending before the Civil Aeronautics Board and covering past years. The Postmaster General is a party to these pending proceedings and properly scrutinizes and challenges the claims made by applicants for subsidy. It is common practice for the airlines to make exaggerated claims, and the Postmaster General properly recognizes that his estimates are based upon these claims and that they may be denied in whole or in part by the Civil Aeronautics Board after hearing an argument.

The Postmaster General's letter clarifies a second important point; namely, that the $50 million he estimates may be offset in airline subsidy payments relates to past rate periods and has nothing to do with the appropriation estimates for the fiscal year 1955. He points out that "the amount of subsidy that may be involved in the future under the Supreme Court ruling is a matter for the Civil Aeronautics Board, which now has the responsibility for making subsidy payments" under the President's Reorganization Plan No. 10, effective October 1, 1953.

The Supreme Court decision and the added responsibility given to the Board by the President's reorganization plan have introduced new and complex issues in the pending mail rate proceedings of the Civil Aeronautics Board. A review of their practices and procedures in determining mail rates and subsidy payments may well be in order, as well as the adequacy of the statutory standards under which the Board is proceeding. I intend to discuss these matters with the chairman of the Senate Appropriations Committee at an early date.

Mr. President, I believe the letter of the Postmaster General, which I have asked to be inserted in the RECORD, clarifies much of the airline subsidy offset issue raised by previous letters already inserted in the RECORD, and again emphasizes the complexity of the problems pending before the Board in airline mail rate proceedings.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., July 13, 1954.

Hon. JOHN W. BRICKER,
Chairman, Senate Committee on Interstate and Foreign Commerce,
United States Senate,
Washington, D. C.

DEAR MR. CHAIRMAN: This letter is in reply to your letter of July 8, wherein you asked that I review the entire matter concerning my estimate of approximately $50 million asserted to be involved in the issue of offsetting excess earnings of certain air carriers as a result of the recent Supreme Court decisions of February 1, 1954. You also asked that I furnish your committee with a reconciliation of my estimates with those furnished by the Honorable Chan Gurney, Chairman of the Civil Aeronautics Board, in his letter to you of July 1, 1954. Finally you request any further comments which may be deemed desirable.

BACKGROUND

The above-mentioned Supreme Court cases arose under the following circumstances. In 1948, the Board fixed a final future mail rate for Chicago & Southern's (C. & S.) domestic operations, which rate the Board estimated would yield a net return, after taxes, of 7.4 percent on that part of the carriers investment allocable to those domestic operations. The following 3 years—1948, 1949, 1950—C. & S.'s domestic division obtained total revenues of at least $654,000 in excess of the 7.4 percent rate of return.

C. & S. also operated a Latin American division. In 1951 for C. & S.'s Latin American operations, the Board fixed subsidy rates retroactively from November 1, 1946, to December 16, 1950, and prospectively from December 16, 1950. In fixing these subsidy rates for the Latin American division, the Board refused the request of the Postmaster General to offset against the carrier's subsidy need for this Latin American division the excess earnings of its domestic division mentioned above. On the Postmaster General's petition for review, the Court of Appeals reversed the Board (207 F. 2d 207, May 4, 1953). The Board and the carrier sought and were granted certiorari by the Supreme Court; but the Court ruled against them and affirmed the lower court's decision. *C. A. B. (and Delta as successor by merger to C. & S.) v. Summerfield, Postmaster General* (347 U. S. 74, Feb. 1, 1954).

In so ruling, the court referred to section 406 of the Civil Aeronautics Act by which the Board is directed to fix mail rates and pointed out that the subsidy "need" provision of section 406 (b) provides that the Board in determining those rates "shall take into consideration * * * the need of each such air carrier for compensation * * * together with all other revenue of the air carrier." The court stated that the act thus poses as the initial question for the Board whether the financial condition of the carrier is such that it needs a subsidy or has no need for one. The court also stated that the standard is "the need of each such air carrier" and that the "need" of the carrier is measured by the entirety of its operations, not by the losses of one division or department. The court pointed out that since the Board did not construe and apply the act in that manner, the lower court was correct in reversing the Board's rate order.

While this C. & S. case was pending before the courts, the Postmaster General asserted, by various legal documents, the same principle in other mail-rate proceedings before the Board. These proceedings also involve carriers having two or more divisions where excesses over a fair return were realized in one division while subsidy was being claimed in the other division. Progress on these latter proceedings have been held up at various stages by the Board pending the outcome of the Supreme Court decision.

SENATOR KILGORE'S REQUEST TO THE POSTMASTER GENERAL

Approximately 2½ months after the Supreme Court decision was handed down, Senator KILGORE sent a letter to the Postmaster General. In his letter, Senator KILGORE wished to be advised whether a certain statement by Congressman GARY was correct, especially "his itemization of various briefs, exceptions, and other legal documents filed by you totaling approximately $35,034,000." The statement of Congressman GARY may be found in the CONGRESSIONAL RECORD of March 3, 1954, at page 2603. Congressman GARY in that statement set forth the names of six CAB proceedings wherein the Postmaster General had filed legal documents which contained assertions of substantial amounts of money involved on the same principle as decided by the Supreme Court on February 1, 1954. Congressman GARY totalled those claims and found them to be $35,034,000. Senator KILGORE asked for verification of those totalled claims. In the letter of reply, the Postmaster General stated that the figure does represent the totalization of the claims previously asserted by the Department in the proceedings mentioned.

Senator KILGORE also requested information concerning excess earnings for periods other than those covered in the documents mentioned by Congressman GARY and finally, he requested a list of the airmail payments claimed by the carriers or proposed in such dockets. This information was supplied by the Postmaster General in his letter of June 5. The letter stated that the Department was asserting claims of approximately $15 million in addition to the previous mentioned claims of $35 million. The Postmaster General's letter also stated that these additional claims were set forth on the basis of information presently available to the Department, and involved various rate periods all prior to July 1, 1954, the commencement of fiscal year 1955.

It was not intended by the Postmaster General that by listing these claims for past rate periods any inference should be drawn that the same amount of money could thereby be asserted prospectively for fiscal 1955. The Post Office Department did not attempt to estimate air-carrier earnings prospectively, and did not state that any of the carriers involved in these claims would continue to have excess earnings for the future fiscal year 1955.

POSTMASTER GENERAL'S LETTER TO SENATOR BRICKER

Subsequently upon your request, the Postmaster General by letter of June 18, 1954, made a report on S. 3426, a bill "To amend subsection 406 (b) of the Civil Aeronautics Act of 1938, as amended." In the letter it was stated that "the Post Office Department is opposed to the bill because it would have the effect of nullifying the airmail subsidy rate-making principle presently embodied in section 406 (b) as interpreted by the Supreme Court in its decision of February 1, 1954, in *C. A. B.* v. *Summerfield, Postmaster General, supra.*" The Department set forth the fact that the bill would effect other pending Board proceedings for past rate periods where the issue of excess earnings had also been raised by the Department. It was also stated:

"Since these proceedings have not yet reached the Board for final determination, the exact amount of public funds embodied in the issue cannot be stated with finality. However, on the basis of available data for past rate periods ending December 31, 1953, the Department has asserted that a total of approximately $50 million is involved in the issue of offsetting excess earnings.

The Department thus called specific attention to the fact that these proceedings involved past rate periods and thus did not involve any rate period in fiscal 1955. Furthermore, the letter stated that the exact amount involved and the final dollar offsets could not be presented at the present time because the Board has not yet made final determinations in these cases. The Department however believed that some indication should be given to your committee as to the amounts of excess earnings available for offset, in the opinion of the Postmaster General, in these rate proceedings. It should be recognized that such claims of the Postmaster General may be upheld or denied, in part or in whole by the Board in its final determination after hearing and argument. It should be pointed out, however, that on the basis of available facts and the present status of the pending cases the Department believes that the claims of the moneys involved are justifiable.

JULY 1, 1954, LETTER FROM CHAIRMAN OF THE CIVIL AERONAUTICS BOARD TO SENATOR BRICKER

At the hearing on S. 3426 Senator BRICKER requested the Civil Aeronautics Board to submit written comments regarding the Postmaster General's letter to Senator KILGORE, mentioned above. The Chairman of the Board, Mr. Gurney, by letter of July 1, 1954, has made such comments. This letter has been reproduced in the CONGRESSIONAL RECORD of July 6, at pages 9710–9712. The Chairman of the Board states that "no one can presently eliminate the uncertainty that stems from the fact that the mail-rate cases to which the ruling of the Supreme Court in the C. & S. case is to be applied are pending before the Board and will not be concluded for some time." The Chairman properly refrained from setting forth his or the Board's opinion of the proper amounts of the offsets to be applied in each of the cases mentioned by the Postmaster General. To do so at this time would be to prejudge the cases before all procedural steps had been taken.

Item No. 1 of Mr. Gurney's letter deals with the Board's request for appropriations for fiscal year 1955. Since the claims being asserted by the Postmaster General relate to past periods the Postmaster General would have no reason to attempt to project those claims into fiscal 1955. To reemphasize these claims made by the Postmaster General in Board proceedings do not refer to the fiscal year 1955 but to prior fiscal years.

Item 2 of Mr. Gurney's letter also refers to the Board's appropriation request for fiscal 1955 and sets forth his comments on whether or not there would be excess earnings in this future year. It is not believed necessary or proper for the Postmaster General to comment on that aspect.

With respect to item 3 of Mr. Gurney's letter, the Post Office Department agrees that there are wide differences between the parties to these past rate proceedings, both in theories and the amounts of money involved in the offset issue. In this connection, Mr. Gurney stated, "• • • the Post Office contends that where a carrier has excess earnings in one year and a deficiency in another year, both years being in the open-rate period, the Board should offset the excess earnings but should ignore the deficiencies."

This statement was made without benefit of the Post Office Department's brief in the Transatlantic Mail Rate Case filed June 30, 1954.

It is not the Department's position that the Board should offset the excess but ignore the deficiencies. Rather, it is the Department's position that reported losses should be taken into account only after the Board has determined the amount of such losses to be underwritten under the statutory test of honest, efficient and economical management, as set forth in section 406 (b) of the act. In other words, the reported losses must first be screened under these standards before they can be considered in connection with grants of subsidy. In the absence of such screening the Department does not believe that the Board should or can recognize reported losses. The Board's letter of July 1 overlooks this phase of the Department's position which was set forth in the Department's brief filed June 30.

In the Department's brief in the Transatlantic Mail Rate case, filed June 30, 1954, its position with respect to TWA's past rate period from February 5, 1946, through 1953, is summarized at page 19, essentially as follows: For the period 1951–53, TWA's domestic division realized earnings that exceed an 8-percent return by an amount computed to be $27,044,000, after making proper adjustments for Federal income tax liability. The Board should offset such excess against TWA's claimed subsidy need in its international operations. For the earlier period, March 14, 1947, through 1950, the losses reported by TWA for its domestic division were considered by the Board in a proceeding concluded in 1951, wherein the Board granted the carrier the amount of subsidy which it determined to be required under under the test of honest, efficient, and economical management. The subsidy payments made by the Department to TWA pursuant to that decision amount to approximately $20 million. Therefore, the Department is now contending that the losses of 1947–50 have already been screened and the Board has granted the subsidy needed for this period under the standards of the act. Thus, the deficiencies of 1947–50 cannot now be asserted again to decrease the excess profits above mentioned.

TWA had also reported a loss for its domestic division for the period February 5, 1946, to March 14, 1947. The Department contends that these claimed losses, incurred after mail payments of over $3 million, should not be employed to decrease the above-mentioned excess earnings until such time as the Board obtains sufficient evidence to enable it to determine whether the losses were properly incurred under the statutory standards of honest, efficient, and economical management. This determination has not been made.

Mr. Gurney also comments on the fact that counsel for the Bureau of Air Operations of the Board is contending for almost a million dollars more by way of offset against Pan American in the pending transatlantic mail-rate proceedings than the Post Office asserts. On the basis of our figures to Senator KILGORE, his statement is correct. In that transatlantic proceeding the Board's own staff is claiming that there are several million dollars of excess earnings realized both by Pan American and TWA which should be applied against the carriers' subsidy needs.

With respect to item 4 of Mr. Gurney's letter, the Department agrees that the entire $50 million available for offset may not be so applied or "recaptured" after the Board makes its final determinations in the various cases. It depends entirely on the finalizations of the various computed subsidy needs of the carriers calculated on a divisional basis and the amounts available for offset. For instance, using Mr. Gurney's hypothetical example, if it is to be assumed that there has been a final determination that the carrier's international operation, on a divisional basis, needs $5 million in subsidy, then only $5 million of the $10 million excess from the domestic division would be applied as an offset against the need. But until the final determinations have been made by the Board, the Department believes it to be in the best interests of the taxpayers to present and assert the entire amounts of excess that are available for offset. In the hypothetical example the amount so involved and available would be the $10 million excess. But in the actual examples of TWA and Pan American, the amounts asserted by the Department as available for offset are far less than the total subsidy mail payments proposed by the Board's examiner for the international operations—$87 million for Pan American, and $63 million for TWA, as shown in my letter of June 5 to Senator KILGORE.

The other statement made by Mr. Gurney in connection with United Airlines would also be correct if it were to be assumed that the Board has actually made those determinations. But, again, United has made a total subsidy claim of approximately $14½ million, subject to further amendments. The Board has not yet acted. Under the circumstances the Department asserts that there are $15,857,000 available for offset.

Thus, if United's claim remains unchanged and if the Board were to approve it on a divisional basis, the Department's position would be:

United's Hawaiian claim, $14,595,503; mail services rendered and paid, —$1,600,052; balance due as subsidy, $12,995,451. But Post Office claims there are the following earnings in excess of an 8-percent return from United's domestic division available for offset against its subsidy need, —$15,857,000; net subsidy due United, none. Post Office has already paid United-Hawaiian under temporary orders, total, $2,626,918, of which service mail pay is —$1,600,052. Balance already paid as temporary subsidy, $1,026,866.

Therefore the Department would claim that United should repay the $1,026,866 to the Department as subsidy paid on account and not actually warranted under the above situation. Hearings on United's claim are tentatively scheduled by the Board for next month. Any changes in United's claims or proposed Board's allowances would correspondingly change the computations above.

If, however, S. 3426 were approved, the Post Office Department would not be permitted to assert the offset principle, and, using the above computation, the Department would be ordered by the Board to pay United $12,995,451 less $1,026,866 already paid, or $11,968,585 as subsidy for the past period April 30, 1947, through August 7, 1952.

The Department also agrees with Mr. Gurney's statement made in connection with Delta Airlines, again assuming, as Mr. Gurney does, "if the Board should ultimately find after hearing." But apparently Delta does not now agree or accept the estimated excess profits of $954,000 for its domestic operations because Delta states its earnings are below the Board's forecast for 1953–54.

If that is the case, the subsidy requirement estimate of $730,000 for the Latin American operation may also have to be increased. See Delta's letter to the Postmaster General, dated June 22, 1954, page 3, which letter has been offered by Delta by way of a printed statement (p. 5) of Mr. Erle Cocke, Jr., presented July 8, 1954, to your committee on S. 3426.

With respect to the attachment of Mr. Gurney's letter (also reproduced in the CONGRESSIONAL RECORD of July 6, 1954, pages 9711–9712), it appears to be a summary of the effect of the Supreme Court decision on offsets for the future year July 1, 1954–June 30, 1955, fiscal year 1955.

First, the Department, as previously stated, has not asserted any offset claims against any carrier for that future period. The Department has not attempted to estimate whether any excess earnings will be available for fiscal 1955. Reorganization Plan No. 10 of 1953 has relieved the Department of the responsibility of paying subsidies as of October 1, 1953. The Department therefore, if requested, would accept the Board's estimate of projected results for the future fiscal year 1955 on the subsidy offset principle.

Secondly, the Department reads the Board's estimates for fiscal 1955 as in no way affecting or prejudging the Department's claims of excess earnings of the various carriers for the past fiscal years mentioned in the Postmaster General's letter of June 5, 1954, to Senator KILGORE. For example, the attachment does not include United, as mentioned in the footnote to the attachment. Again, the estimate does not mention the Postmaster General's claim against Braniff for the periods prior to January 1, 1954. Likewise the Department does not read the reference to TWA as a prejudgment of the amount available for offset in the calendar year 1953 to be only $1,500,000.

Finally, the Board's estimates of the service mail pay for fiscal 1955 are not understood to be a prejudgment of the final proper service mail rates for 1955 presently under consideration by the Board in pending proceedings for various domestic overseas and international carriers.

In conclusion, the Department wishes to state that it realizes that the computations involved in the offset principle can be made complex and that there are controversies as evidenced by the pending cases, just as there always are controversies on money claims. The principle, however, is simple and fair, as shown by the unanimous opinion and decision of the Supreme Court on this and related matters—"If, the carrier's treasury is lush, the 'need' [for subsidy] decreases * * *."

This matter demonstrates rather forcefully the importance of the President's Reorganization Plan No. 10, separating subsidy from mail payments, which was approved by Congress, effective October 1, 1953. In addition to relieving the postal service of the burden of making subsidy payments, one of the principal purposes of this plan was to identify separately the amount of the appropriations to be made by Congress for subsidy purposes.

Before this plan became effective, subsidy payments were made by the Post Office Department. The amount in question here covers past rate periods for which the Department has the responsibility of paying such subsidies. The amount of subsidy that may be involved in the future under the Supreme Court ruling is a matter for the Civil Aeronautics Board which now has the responsibility for making the subsidy payments.

The Post Office Department would be remiss in its duties to the public if it did not closely scrutinize the amount to be charged to it for the past rate periods under the Supreme Court's interpretation of the law.

Sincerely yours,

ARTHUR E. SUMMERFIELD,
Postmaster General.

ORDER OF BUSINESS

Mr. KNOWLAND. Mr. President, if there are no further remarks or insertions to be made in the RECORD, before I make a motion to recess, I would respectfully request the cooperation of Senators on both sides of the aisle to be in the Chamber promptly at 10 o'clock tomorrow morning. I know that committee meetings are scheduled for 10 o'clock in the morning, but if Senators attending such meetings will come to the Chamber on the first roll call at 10 o'clock they may again leave to attend the committee meetings. In that way we may save a great deal of time, instead of holding up the Senate for a lengthy quorum call.

Mr. BRICKER. Mr. President, is it the desire of the majority leader that we have no committee meetings after 10 o'clock?

Mr. KNOWLAND. I would say to the Senator from Ohio that I would not want to suggest an invariable rule to that effect. In some instances it might be urgent that a committee hold a hearing. However, if a meeting can be postponed from tomorrow to the following day, I believe, in view of the fact that we will be voting tomorrow—and undoubtedly there will be a number of quorum calls—there will be few if any committee meetings held tomorrow.

Mr. BRICKER. I thank the Senator.

DEATH OF FORMER SENATOR BLAIR MOODY, OF MICHIGAN

Mr. FERGUSON. Mr. President, it is with deep feeling of sadness that I announce the death of my former colleague from Michigan, Blair Moody. I know that the Senate receives this news with profound sorrow. I am sure we all extend our sympathy to the family and the many friends of Blair Moody in Michigan.

RECESS TO 10 A. M. TOMORROW

Mr. KNOWLAND. Mr. President, I move that the Senate stand in recess until 10 o'clock a. m., tomorrow.

The motion was agreed to; and (at 9 o'clock and 38 minutes p. m.) the Senate took a recess until tomorrow, Wednesday, July 21, at 10 o'clock a. m.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 19 (legislative day of July 2), 1954:

UNITED STATES DISTRICT JUDGES

Emett C. Choate, to be United States district judge for the southern district of Florida. (New position.)

Fred M. Taylor, to be United States district judge for the district of Idaho. (New position.)

HOUSE OF REPRESENTATIVES

TUESDAY, JULY 20, 1954

The House met at 11 o'clock a. m.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

Almighty God, our heavenly Father, who hast revealed unto us the way of blessedness, we are again calling upon Thy great and holy name for by Thy power we are sustained and strengthened to meet and discharge our tasks and responsibilities with quietness and confidence with renewed energy and hope.

Help us to appreciate more fully how greatly we need divine wisdom and guidance and that Thou hast placed at our disposal the inexhaustible resources of Thy grace.

Grant that daily we may hear and heed Thy voice for the ways which Thou hast marked out for us are the ways of pleasantness and peace.

Encourage us with a clear vision of the final triumphant fulfillment of our loftier hopes and aspirations for the Lord God omnipotent reigneth and of His kingdom of righteousness and justice there shall be no end.

In Christ's name we pray. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the amendments of the House to a bill and concurrent resolution of the Senate of the following titles:

S. 3197. An act to authorize the acceptance of conditional gifts to further the defense effort; and

S. Con. Res. 80. Concurrent resolution to print additional copies of Senate Document 87, Review of the United Nations Charter—A Collection of Documents.

The message also announced that the Senate agrees to the reports of the committees of conference on the disagreeing votes of the two Houses on the amendments of the Senate to bills and a joint resolution of the House of the following titles:

H. R. 303. An act to transfer the maintenance and operation of hospital and health facilities for Indians to the Public Health Service, and for other purposes;

H. R. 7434. An act to establish a National Advisory Committee on Education;

H. R. 7601. An act to provide for a White House Conference on Education;

H. R. 8571. An act to authorize the construction of naval vessels, and for other purposes;

H. R. 9040. An act to authorize cooperative research in education; and

H. J. Res. 534. Joint resolution to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes.

The message also announced that the Senate disagrees to the amendment of the House to the bill (S. 3344) entitled "An act to amend the mineral leasing laws and the mining laws to provide for multiple mineral development of the same tracts of the public lands, and for

other purposes"; requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MILLIKIN, Mr. WATKINS, Mr. BARRETT, Mr. MURRAY, and Mr. ANDERSON to be the conferees on the part of the Senate.

The message also announced that the Vice President has appointed Mr. CARLSON and Mr. JOHNSTON of South Carolina members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 55–2.

AUTHORIZING SECRETARY OF AGRICULTURE TO COOPERATE WITH STATES FOR SOIL CONSERVATION

Mr. HOPE submitted a conference report and statement on the bill (H. R. 6788) to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation, and for other purposes.

CREEPING SOCIALISM

Mr. CLARDY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. CLARDY. Mr. Speaker, there are those who think that the advent of socialism will be heralded with banners and beating drums. There are those who believe that the coming of socialism will be advertised in screamer headlines and blowing sirens. Nothing could be further from the truth. Such folks are deceiving themselves and the Nation. Socialism will sneak up on us gradually—as it has been for some time. But we can be beguiled into taking longer steps in that direction if we are not careful.

Last Sunday the New York Times carried an article in which Bernard M. Baruch was quoted as demanding an immediate congressional action to grant to unnamed bureaus and departments the power to socialize this Nation overnight. Mr. Baruch does not put it in so many words, but that is the plain meaning of what he says.

His is indeed an odd way of saving our system of free enterprise. He wants to save it by embracing all of the Socialists' program for regimenting the entire Nation.

Surely experience has taught us that a handful of bureaucrats in Washington are not wiser than the collective judgment of all our people. Surely experience has shown us that the way to wreck our system of a free economy is to subject it to more and more Government control. If we have not learned that then the case for free enterprise is hopeless.

Mr. Baruch wants us to enact a program that will give the bureaucrats power to hold down wages along with the power to regulate every other phase of the economy. Rationing and all the things that go with it are included in his program—his is a program for the complete socialization of the Nation at one blow.

Just when would he put the program into operation? It is there that he becomes vague and uncertain. But he makes it obvious that he wants this power to be exercised the moment someone he leaves unnamed becomes apprehensive about what may happen. He says that the regulation should be less severe for a situation such as military intervention in southeast Asia than in an all-out war. I wonder who would make the decision as to when we must become completely socialized? And just what will trigger that decision? Will it merely require someone to say he thinks an emergency is about to start?

It is obvious he does not want the Congress to have anything to say about when the regimentation of socialism shall commence—or the extent of that socialization. He exhibits a complete faith in bureaucrats and a complete lack of confidence in the representatives of the people. In that direction lies dictatorship.

But he reaches the height of absurdity when he says:

> Controls would last only as long as they were required—certainly for the duration of the emergency and for a sufficient time thereafter to permit a proper readjustment.

Just how optimistic about the removal of these things can you get?

We have been living in a period of so-called emergency for years. I wonder just what further events must take place before he would have the bureaucrats clamp on the stranglehold? And I wonder who would decide when the so-called emergency and "a sufficient time thereafter for readjustment" had elapsed? Under his theory it would certainly not be Congress. Has he learned nothing from experience about how it becomes politically impossible to unshackle ourselves from bureaucratic controls? If these folks have their way the time will never come when controls are not needed.

Why must we be forever threatening ourselves with destruction from within? Does he think for 1 minute that business and industry can make long-range plans with the sword of Damocles forever hanging over their heads? Has he completely lost faith in the ability of the free enterprise system to weather the storms of everyday life? And how much of a breeze does he think must develop before the bureaucrats will call it a cyclone? Does he have more faith in the ability of a handful of little men to tell all of us what to do than he does in the combined genius of our people and our system?

He makes the astonishing suggestion that by threatening ourselves with complete socialization we will somehow or other deter our only enemy from commencing an all-out war. Has he forgotten that it is the aim and purpose of that enemy to socialize us? Does he not realize that our enemy wants us to become socialized as a necessary step in transition to full communization?

He says that the next war may come in a big smash—and he asks where Congress will be? If it is going to be that bad there will not be any bureaucrats left to put these chains on our wrists. They will perish right along with the Congress. What he really means is that Congress may not be persuaded to fully regiment our people overnight. He thinks that would be bad.

But back of all of this talk about all-out war is to be discerned the real motive. What he wants and what those who think like him want is something on the books that will enable the Socialist-minded people in our midst to take over whenever they think the opportune moment has arrived. Anything will be a "crisis" to them—all they want is the excuse to take over.

It would be the supreme folly of our time if we should adopt his suggestion that we speed up the process of socializing ourselves. It would be the greatest mistake in our history if we should now abandon all hope and surrender our ideals and principles. I cannot subscribe to his policy of despair.

PRIVATE CALENDAR

The SPEAKER. This is Private Calendar day. The Clerk will call the first bill on the calendar.

ANNA URWICZ

The Clerk called the bill (S. 552) for the relief of Anna Urwicz.

There being no objection, the Clerk read the bill, as follows:

> *Be it enacted, etc.*, That for the purposes of the Immigration and Nationality Act, Anna Urwicz shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHUAN HUA LOWE AND HIS WIFE

The Clerk called the bill (S. 997) for the relief of Chuan Hua Lowe and his wife.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

GIUSEPPI CLEMENTI

The Clerk called the bill (H. R. 7924) for the relief of Giuseppi Clementi.

There being no objection, the Clerk read the bill, as follows:

> *Be it enacted, etc.*, That, notwithstanding the provision of section 212 (a) (9) of the

Immigration and Nationality Act, Giuseppi Clementi may be admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that act: *Provided*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice have knowledge prior to the enactment of this act.

With the following committee amendment:

Page 1, line 9, strike out "have" and insert "had."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. DINA MIANULLI (NEE KRATZER)

The Clerk called the bill (H. R. 7925) for the relief of Mrs. Dina Mianulli (nee Kratzer).

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, notwithstanding the provision of section 212 (a) (9) of the Immigration and Nationality Act, Mrs. Dina Mianulli (nee Kratzer) may be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that act: *Provided*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice have knowledge prior to the enactment of this act.

With the following committee amendment:

Page 1, line 10, strike out "have" and insert "had."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HELMUT CERMAK AND HANA CERMAK

The Clerk called the bill (H. R. 8334) for the relief of Helmut Cermak and Hana Cermak.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Helmut Cermak and Hana Cermak shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct two numbers from the appropriate quota for the first year that such quota is available.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. DONKA KOURTEVA DIKOVA AND HER SON NICOLA MARIN DIKOFF

The Clerk called the bill (S. 95) for the relief of Mrs. Donka Kourteva Dikova (Dikoff) and her son Nicola Marin Dikoff.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Mrs. Donka Kourteva Dikova (Dikoff) and her son Nicola Marin Dikoff shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided in this act, the Secretary of State shall instruct the proper quota-control officer to deduct two numbers from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. BETTY THORNTON OR JOZSEFNE TOTH

The Clerk called the bill (S. 98) for the relief of (Mrs.) Betty Thornton or Jozsefne Toth.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Mrs. Betty Thornton or Jozsefne Toth shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FRANCESCO CRACCHIOLO

The Clerk called the bill (S. 102) for the relief of Francesco Cracchiolo.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Francesco Cracchiolo shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHRISTOPHER F. JAKO

The Clerk called the bill (S. 110) for the relief of Christopher F. Jako.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Christopher F. Jako shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

YVONNE LINNEA COLCORD

The Clerk called the bill (S. 203) for the relief of Yvonne Linnea Colcord.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, notwithstanding the provision of section 212 (a) (9) of the Immigration and Nationality Act, Yvonne Linnea Colcord may be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that act: *Provided*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice have knowledge prior to the enactment of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. DEAN S. ROBERTS (NEE BRAUN)

The Clerk called the bill (S. 222) for the relief of Mrs. Dean S. Roberts (nee Braun).

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, notwithstanding the provision of section 212 (a) (9) of the Immigration and Nationality Act, Mrs. Dean S. Roberts (nee Braun) may be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that act: *Provided*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GERRIT BEEN

The Clerk called the bill (S. 246) for the relief of Gerrit Been.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, notwithstanding the provisions of paragraphs (9) and (10) of section 212 (a) of the Immigration and Nationality Act, Gerrit Been may be admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of such act: *Provided*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice have knowledge prior to the enact of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PANTELIS MORFESSIS

The Clerk called the bill (S. 267) for the relief of Pantelis Morfessis.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Pantelis Morfessis shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SZYGA (SAUL) MORGENSTERN

The Clerk called the bill (S. 278) for the relief of Szyga (Saul) Morgenstern.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Szyga (Saul) Morgenstern shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FILOLAOS TSOLAKIS AND HIS WIFE, VASSILIKI TSOLAKIS

The Clerk called the bill (S. 308) for the relief of Filolaos Tsolakis and his wife, Vassiliki Tsolakis.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Filolaos Tsolakis and his wife, Vassiliki Tsolakis shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DR. SAMSON SOL FLORES ET AL.

The Clerk called the bill (S. 496) for the relief of Dr. Samson Sol Flores and his wife, the former Cecilia T. Tolentino.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Dr. Samson Sol Flores and his wife, the former Cecilia T. Tolentino, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CARLOS FORTICH, JR.

The Clerk called the bill (S. 587) for the relief of Carlos Fortich, Jr.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Carlos Fortich, Jr., shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NINO SABINO DI MICHELE

The Clerk called the bill (S. 661) for the relief of Nino Sabino Di Michele.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Attorney General is authorized and directed to discontinue any deportation proceedings and to cancel any outstanding order and warrant of deportation, warrant of arrest, and bond, which may have been issued in the case of Nino Sabino Di Michele. From and after the date of enactment of this act, the said Nino Sabino Di Michele shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and order have been issued.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

IRENE J. HALKIS

The Clerk called the bill (S. 790) for the relief of Irene J. Halkis.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That notwithstanding the provisions of section 212 (a) (9) and 212 (a) (19) of the Immigration and Nationality Act, Irene J. Halkis may be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such act: *Provided*, That this exemption shall apply only to grounds for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PAULUS YOUHANNA BENJAMEN

The Clerk called the bill (S. 794) for the relief of Paulus Youhanna Benjamen.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Paulus Youhanna Benjamen shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOSEF RADZIWILL

The Clerk called the bill (S. 795) for the relief of Josef Radziwill.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Josef Radziwill shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SAMUEL, AGNES, AND SONYA LIEBERMAN

The Clerk called the bill (S. 830) for the relief of Samuel, Agnes, and Sonya Lieberman.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Samuel, Agnes, and Sonya Lieberman shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DIONYSIO ANTYPAS

The Clerk called the bill (S. 841) for the relief of Dionysio Antypas.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That for the purposes of the Immigration and Nationality Act, Dionysio Antypas shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RABBI EUGENE FEIGELSTOCK

The Clerk called the bill (S. 843) for the relief of Rabbi Eugene Feigelstock.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Rabbi Eugene Feigelstock shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

KIRILL MIHAILOVICH ALEXEEV ET AL.

The Clerk called the bill (S. 855) for the relief of Kirill Mihailovich Alexeev, Antonina Ivonovna Alexeev, and minor children, Victoria and Vladimir Alexeev.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Kirill Mihailovich Alexeev, Antonina Ivanovna Alexeev, and minor children, Victoria and Vladimir Alexeev, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon the payment of the required visa fees. Upon granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct four numbers from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

IRENE KRAMER AND OTTO KRAMER

The Clerk called the bill (S. 1267) for the relief of Irene Kramer and Otto Kramer.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Irene Kramer and Otto Kramer shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOZO MANDIC

The Clerk called the bill (S. 1129) for the relief of Jozo Mandic.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of sections 101 (a) (27) (A) and 205 of the Immigration and Nationality Act, the minor child, Jozo Mandic, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Frank Mandich, Sr., citizens of the United States.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. ISHI WASHBURN

The Clerk called the bill (S. 986) for the relief of Mrs. Ishi Washburn.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, in the administration of the Immigration and Nationality Act, Mrs. Ishi Washburn shall be held and considered to be eligible for nonquota immigrant status if she is found admissible to the United States under the provisions of that act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MOSHE GIPS

The Clerk called the bill (S. 945) for the relief of Moshe Gips.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Moshe Gips shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

VIRGINIA GRANDE

The Clerk called the bill (S. 937) for the relief of Virginia Grande.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Virginia Grande shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STEFAN BURDA, ANNA BURDA, AND NIKOLAI BURDA

The Clerk called the bill (S. 917) for the relief of Stefan Burda, Anna Burda, and Nikolai Burda.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Stefan Burda, Anna Burda, and Nikolai Burda shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AUGUSTA BLEYS (ALSO KNOWN AS AUGUSTINA BLEYS)

The Clerk called the bill (S. 915) for the relief of Augusta Bleys (also known as Augustina Bleys).

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Augusta Bleys (also know as Augustina Bleys) shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRUNO EWALD PAUL AND MARGIT PAUL

The Clerk called the bill (S. 912) for the relief of Bruno Ewald Paul and Margit Paul.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act,

Bruno Ewald Paul and Margit Paul shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

SEC. 2. The Attorney General shall not hereafter exclude or deport Bruno Ewald Paul from the United States on the ground that he has been convicted of a crime involving moral turpitude or admits the commission thereof: *Provided*, That this exemption shall apply only to a ground for exclusion or deportation of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALBINA SICAS

The Clerk called the bill (S. 891) for the relief of Albina Sicas.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, notwithstanding the provisions of section 212 (a) (4) of the Immigration and Nationality Act, Albina Sicas may be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such act: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said act: *And provided further*, That the said Albina Sicas shall be held and considered to be the minor child of her mother, Mrs. Hilda Sicas.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRUNHILDE WALBURGA GOLOMB, RALPH ROBERT GOLOMB, AND PATRICIA ANN GOLOMB

The Clerk called the bill (S. 1225) for the relief of Brunhilde Walburga Golomb, Ralph Robert Golomb, and Patricia Ann Golomb.

There being no objection, the Clerk read the bill as follows:

Be it enacted, etc., That, notwithstanding the provisions of section 212 (a) (9) of the Immigration and Nationality Act, Brunhilde Walburga Golomb, the fiancé of Sgt. Robert F. Hartsworm, a citizen of the United States, and her two minor children, Ralph Robert Golomb and Patricia Ann Golomb, shall be eligible for visas as nonimmigrant temporary visitors for a period of 3 months, if the administrative authorities find (1) that the said Brunhilde Walburga Golomb is coming to the United States with a bona fide intention of being married to the said Sgt. Robert F. Hartsworm, and (2) that they are otherwise admissable under the Immigration and Nationality Act. In the event the marriage between the above named persons does not occur within 3 months after the entry of the said Brunhilde Walburga Golomb and the two minor children, Ralph Robert Golomb and Patricia Ann Golomb, they shall be required to depart from the United States and upon failure to do so shall be deported in accordance with the provisions of the Immigration and Nationality Act. In the event that the marriage between the above named persons shall occur within 3 months after the entry of the said Brunhilde Walburga Golomb and her two minor children, Ralph Robert Golomb and Patricia Ann Golomb, the Attorney General is authorized and directed to record the lawful admission for permanent residence of the said Brunhilde Walburga Golomb and her two minor children, Ralph Robert Golomb and Patricia Ann Golomb, as of the date of the payment by them of the required visa fees: *Provided*, That the exemption granted herein shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act.

With the following committee amendment:

Strike out all after the enacting clause and insert "That, notwithstanding the provision of section 212 (a) (9) of the Immigration and Nationality Act, Brunhilde Walburga Golomb Hartsworm may be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that act: *Provided*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this act."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

The title was amended so as to read: "An act for the relief of Brunhilde Walburga Golomb Hartsworm."

A motion to reconsider was laid on the table.

OLGA BALABANOV AND NICOLA BALABANOV

The Clerk called the bill (S. 1313) for the relief of Olga Balabanov and Nicola Balabanov.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Olga Balabanov and Nicola Balabanov shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct two numbers from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REV. ISHAI BEN ASHER

The Clerk called the bill (S. 1362) for the relief of Rev. Ishai Ben Asher.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Rev. Ishai Ben Asher shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the the date of the enactment of this act, upon payment of the required visa fee. The Attorney General is directed to cancel any outstanding order and warrant for the deportation of Rev. Ishai Ben Asher as well as the deportation proceedings heretofore instituted against him. After the granting of permanent residence to the said Rev. Ishai Ben Asher under the provisions of this act, he shall not hereafter be subject to exclusion or deportation from the United States by reason of any facts upon which the said deportation proceeding was based.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GERHARD NICKLAUS

The Clerk called the bill (S. 1477) for the relief of Gerhard Nicklaus.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, notwithstanding the provision of section 212 (a) (4) of the Immigration and Nationality Act, Gerhard Nicklaus may be admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that act: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DAVID MAISEL (DAVID MAJZEL) AND BERTHA MAISEL (BERTA PIESCHANSKY MAJZEL)

The Clerk called the bill (S. 1490) for the relief of David Maisel (David Majzel) and Bertha Maisel (Berta Pieschansky Majzel).

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, David Maisel (David Majzel) and Bertha Maisel (Berta Pieschansky Majzel) shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CARLO (ADIUTORE) D'AMICO

The Clerk called the bill (S. 1841) for the relief of Carlo (Adiutore) D'Amico.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Carlo (Adiutore) D'Amico shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DR. JOHN D. MacLENNAN

The Clerk called the bill (S. 1850) for the relief of Dr. John D. MacLennan.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That for the purposes of the Immigration and Nationality Act, Dr. John D. MacLennan shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMALIA SANDROVIC

The Clerk called the bill (S. 1860) for the relief of Amalia Sandrovic.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Amalia Sandrovic shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was land on the table.

ANTHONY N. GORAIEB

The Clerk called the bill (S. 1954) for the relief of Anthony N. Goraieb.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, in the administration of the Immigration and Nationality Act, Anthony N. Goraieb shall be considered to have been registered on the waiting list for intending immigrants for the quota for Lebanon as of April 17, 1945, the date on which American consular officers abroad were authorized to resume registration of intending immigrants.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. EDWARD E. JEX

The Clerk called the bill (S. 2009) for the relief of Mrs. Edward E. Jex.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, notwithstanding the provisions of section 212 (a) (9) of the Immigration and Nationality Act, Mrs. Edward E. Jex may be admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of that act: *Provided*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOSEPH ROBIN GRONINGER

The Clerk called the bill (S. 2036) for the relief of Joseph Robin Groninger.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Joseph Robin Groninger shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MR. AND MRS. HENDRIK VAN DER TUIN

The Clerk called the bill (S. 2065) for the relief of Mr. and Mrs. Hendrik Van der Tuin.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Mr. and Mrs. Hendrik Van der Tuin shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct two numbers from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MICHIO YAMAMOTO

The Clerk called the bill (S. 2677) for the relief of Michio Yamamoto.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Michio Yamamoto shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required via fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. ERIKA GISELA OSTERAA

The Clerk called the bill (S. 2820) for the relief of Mrs. Erika Gisela Osteraa.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purpose of the Immigration and Nationality Act, Mrs. Erika Gisela Osteraa shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BARBARA HERTA GESCHWANDTNER

The Clerk called the bill (S. 2960) for the relief of Barbara Herta Geschwandtner.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, notwithstanding the provision of section 212 (a) (9) of the Immigration and Nationality Act, Barbara Herta Geschwandtner may be admitted to the United States for permanent residence if otherwise admissible under that act: *Provided*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice has knowledge prior to the enactment of this act: *And provided further*, That she marries her citizen fiancé, Cpl. Marvin C. Drum, within 6 months following the date of enactment of this act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CPL. ROBERT D. McMILLAN

The Clerk called the bill (S. 599) for the relief of Cpl. Robert D. McMillan.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Cpl. Robert D. McMillan (Army serial number RA-17053963), the sum of $1,806.72, in full settlement of all claims against the United States on account of damage to, or loss or destruction of his personal property in a fire that occurred at the Branch United States Disciplinary Barracks, Milwaukee, Wis., on February 24, 1950; the said claim of Cpl. Robert D. McMillan being a claim that is not cognizable under the Federal Tort Claims Act, as amended: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 2, line 4, strike out "in excess of 10 percent thereof."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

LT. COL. ROLLINS S. EMMERICH

The Clerk called the bill (S. 1203) for the relief of Lt. Col. Rollins S. Emmerich.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lt. Col. Rollins S. Emmerich, of Alexandria, Va., the sum of $221.49 in full satisfaction of his claim against the United States for reimbursement of expenses incurred by him in transporting his private automobile from Pusan, Korea, to Kobe, Japan, in connection with the evacuation of Korea by American personnel ordered by the United States Ambassador to Korea on June 27, 1950: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 2, line 2, strike out "in excess of 10 percent thereof."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GIVENS CHRISTIAN

The Clerk called the bill (S. 2070) for the relief of Givens Christian.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the estate of Givens Christian, late a deputy sheriff of Union County, Ky., the sum of $5,000, in full satisfaction of all claims against the United States for the death of the said Givens Christian on or about June 2, 1948, sustained as a result of his being run over by an Army truck driven by a soldier who was attempting to escape from the custody of the said Givens Christian: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 2, line 2, strike out "in excess of 10 percent thereof."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PAUL BERNSTEIN

The Clerk called the bill (H. R. 3742) for the relief of Paul Bernstein.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Paul Bernstein, of Brooklyn, N. Y., the sum of $797.78. The payment of such sum shall be in full settlement of all claims of the said Paul Bernstein against the United States arising out of services rendered by him to the United States between June 30, 1936, and November 1, 1939, as an employee of the Federal Works Agency, Work Projects Administration, New York City. Such sum is the amount due the said Paul Bernstein for sick leave and annual leave, earned but not taken by him before a retroactive transfer to an agency under a different leave system. Similar payments may now be made under the subsequently enacted provisions of the act approved December 21, 1944 (U. S. C., 1946 ed., Supp. V, title 5, sec. 61d): *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JAMES DORE, JR.

The Clerk called the bill (H. R. 7508) for the relief of James Dore, Jr.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is authorized and directed to reinstate the national service life insurance (N-3847155; SN-33224919) issued to James Dore, Jr., (Veterans' Administration claim No. C-10479200), if the said James Dore, Jr., within 6 months after the date of enactment of this act, files application requesting such reinstatement and tenders therewith an amount sufficient to pay the premiums for such insurance for a period of at least 2 months. Upon reinstatement of such insurance (1) all premiums for such insurance for the period commencing December 1, 1947, and ending on the date of reinstatement of such insurance under this act, shall be held and considered to have been paid, (2) the amount tendered pursuant to the first sentence, less an amount equal to the premiums for such insurance for 1 month, shall be applied as premiums for such insurance for the period immediately following the date of the reinstatement of such insurance under this act, and (3) the said James Dore, Jr., shall be entitled to receive all of the rights, benefits, and privileges which he would have been entitled to receive with respect to such insurance if such insurance had been continuously in effect during the period beginning December 1, 1947, and ending on the date of reinstatement of such insurance under this act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. HELEN ALDRIDGE

The Clerk called the bill (H. R. 7636) for the relief of Mrs. Helen Aldridge.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. Helen Aldridge, El Paso, Tex., the sum of $20,000. The payment of such sum shall be in full settlement of all claims of the said Mrs. Helen Aldridge against the United States arising out of the death of her husband, Jesse Aldridge, who was killed while walking across the international bridge between El Paso and Juarez, Mexico, on August 30, 1951, when he was struck by a bullet fired by a Mexican policeman who had been improperly permitted by officers of the United States Immigration Service to enter United States territory in pursuit of a fugitive: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 1, line 6, strike out "$20,000" and insert "$10,000."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

M. M. HESS

The Clerk called the bill (H. R. 7762) for the relief of M. M. Hess.

There being no objection, the Clerk read the bill, as follows:

Be it enacted,, etc., That the claim of M. M. Hess, of 226 North State Street, Litchfield, Ill., for relief under section 322 (b) (1) of the Internal Revenue Code shall be held and considered to have been received by the Internal Revenue Department of the United States within the time allowed by law and regulations for the filing of such a claim: *Provided,* That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

GEORGE D. KYMINAS

The Clerk called the bill (H. R. 669) for the relief of George D. Kyminas.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, George D. Kyminas shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendments:

On page 1, lines 3 and 4, strike out "immigration and naturalization laws" and substitute "Immigration and Nationality Act."

On page 1, line 7, strike out the words "and head tax."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ISRAEL RATSPRECHER AND MARYSE RATSPRECHER

The Clerk called the bill (H. R. 787) for the relief of Israel Ratsprecher and Maryse Ratsprecher.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Israel Ratsprecher and Maryse Ratsprecher shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct two numbers from the appropriate quota for the first year that such quota is available.

With the following committee amendments:

On page 1, lines 3 and 4, strike out "immigration and naturalization laws" and substitute "Immigration and Nationality Act."

On page 1, line 8, strike out the words "and head tax."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. EMMA MARTHA STAACK

The Clerk called the bill (H. R. 818) for the relief of Mrs. Emma Martha Staack.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Mrs. Emma Martha Staack shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ATSUKO KIYOTA SZEKERES

The Clerk called the bill (H. R. 842) for the relief of Atsuko Kiyota Szekeres.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That Atsuko Kiyota Szekeres, who lost United States citizenship under the provisions of section 401 (e) of the Nationality Act of 1940, as amended, may be naturalized by taking prior to 1 year after the effective date of this act, before any court referred to in subsection (a) of section 310 of the Immigration and Nationality Act or before any diplomatic or consular officer of the United States abroad, the oaths prescribed by section 337 of the said act.

With the following committee amendment:

On page 1, line 10, after the word "act" change the period to a semicolon and insert the following: "*Provided*, That she is not found to be disqualified from becoming a citizen by reason of section 313 of that act: *Provided further*, That failure to reestablish her residence in the United States within a period of 18 months following the enactment of this act shall bring about a divestiture of United States citizenship thereby acquired."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill to restore United States citizenship to Atsuko Kiyota Szekeres."

A motion to reconsider was laid on the table.

FRANCISZEK WOLCZEK

The Clerk called the bill (H. R. 905) for the relief of Franciszek Wolczek.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Franciszek Wolczek, Alien Registration No. A-6159685, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PANOULA PANAGOPOULOS

The Clerk called the bill (H. R. 950) for the relief of Panoula Panagopoulos.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purpose of the Immigration and Nationality Act, Panoula Panagopoulos shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. WAI-JAN LOW FONG

The Clerk called the bill (H. R. 1171) for the relief of Mrs. Wai-Jan Low Fong.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, in the administration of the immigration laws, Mrs. Wai-Jan Low Fong shall be held and considered to be a nonquota returning resident alien, as defined by section 4 (b) of the Immigration Act of 1924, as amended.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, in the administration of the Immigration and Nationality Act, Mrs. Wai-Jan Low Fong shall be held and considered to be a nonquota returning resident alien as defined by section 101 (a) (27) (B) of that act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STYLIANOS HARALAMBIDIS

The Clerk called the bill (H. R. 1209) for the relief of Stylianos Haralambidis.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Stylianos Harlambidis shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendments:

On page 1, lines 3 and 4, strike out "immigration and naturalization laws" and substitute "Immigration and Nationality Act."

On page 1, line 7, insert a period after the words "visa fee" and strike out the remainder of the bill.

The amendments were agreed to.

Mr. GRAHAM. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GRAHAM: On page 1, lines 4 and 5, strike out the name

"Harlambidis" and substitute "Haralambidis."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Stylianos Haralambidis."

A motion to reconsider was laid on the table.

GEORGINA CHINN

The Clerk called the bill (H. R. 1324) for the relief of Georgina Chinn.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, notwithstanding the provisions of section 2 of the act of December 17, 1943, as amended (8 U. S. C. 212 (a)), and for the purpose of sections 4a and 9 of the Immigration Act of 1924, as amended, the minor child, Georgina Chinn, shall be held and considered to be the natural-born alien child of Harold N. Chinn, a citizen of the United States.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, for the purposes of sections 101 (a) (27) (A) and 205 of the Immigration and Nationality Act, Georgina Chinn shall be held and considered to be the natural-born alien child of Harold N. Chinn, a citizen of the United States."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. BETTY E. LaMAY

The Clerk called the bill (H. R. 1897) for the relief of Mrs. Betty E. LaMay.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Mrs. Betty E. LaMay shall be held and considered to have been lawfully admitted to the United States for permanent residence as of October 17, 1950, the date on which she entered the United States, upon the payment of the required visa fee and head tax.

With the following committee amendment:

Strike out all after the enacting clause and insert "That, for the purposes of the Immigration and Nationality Act, Mrs. Betty E. LaMay shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon the payment of the required visa fee."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

IVO MARKULIN

The Clerk called the bill (H. R. 2051) for the relief of Ivo Markulin.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That, for the purposes of the Immigration and Nationality Act, Ivo Markulin shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. SMITH of Wisconsin. Mr. Speaker, that concludes the calendar for the day. We have no reports on the remaining bills.

GRANTING PERMANENT RESIDENCE TO CERTAIN ALIENS

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent for the immediate consideration of the resolution (H. Con. Res. 254), which is No. 1026 on the calendar and in which about 25 Members of the House are interested.

The Clerk read the title of the resolution.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There being no objection, the Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Congress favors the granting of the status of permanent residence in the case of each alien hereinafter named, in which case the Attorney General has determined that such alien is qualified under the provisions of section 4 of the Displaced Persons Act of 1948, as amended (62 Stat. 1011; 64 Stat. 219; 50 App. U. S. C. 1953):

A–6682832, Abraham, Joseph Heskel.
A–6517191, Fiala, Anna Elisabeth.
A–6517192, Fiala, Emerich.
A–6420597, Fiala, Silvio Emerich.
A–7863237, Fridenwalds, Alida.
A–7863236, Fridenwalds, Eris.
A–7863238, Fridenwalds, Ivars.
A–7962367, Millevoi, Miro, or Casimiro Millevoi.
A–9526008, Mow, How Shan.
A–6050640, Nawrocki, Irene or Bytniewska (nee Raciborska).
A–6967645, Shih, Usang-Lung.
A–8155725, Aikler, Antonio or Anthony.
A–9280465T, Andjelini, Joseph.
A–8039701, Babich, John.
A–7244982, Bierman, Mariam.
A–9244983, Bierman, Zbighiew Edward.
A–7863022, Bills, Eriks Arturs.
A–7249879, Butlers, Alfreds.
A–7249878, Butlers, Anna.
A–7250164, Butlers, Taiga.
A–7849222, Cakste, Katherine Konstance, or Kitty Cakste.
A–17849223, Cakste, Anastasija (nee Stipnieks).
0300–402166, Chan, Chock.
0300/414144, Chan, Yok.
A–6702181, Chang, Yeanne Chung Kwang Ward.
A–6967712, Chang, Zee, or Alfred Zee Chang, or Alfred Chang.
0300–415492, Chao, Lin, or Lam Chiu.
A–6620867, Chao, Mrs. Mary (nee Chang).
A–6620866, Chao, Sally.
A–6620696, Chao, Helen.
A–6620869, Chao, Robert.
A–6967478, Chen, Simon Ko-Siang.
A–7640625, Ching, Chang or Alice Chang Loo.
A–8057915, Chong, Moo.
A–8065358, Chong, Wong Wing or Wong Wing.
A–8065446, Choy, Yee.
T–666666, Chu, Tsoo-Whe.
T–666667, Chu, Sou-Mei Chen.
0501–19723, Chu, Sou-Lien or Dorothy Chu.
0501–19634, Chu, Chun-Liu or Clive Chu.
0501–19635, Chu, Cheng-Wu or Sherwood Chu.
A–6735293, Chu, Han-Ping or Glorida Chu.
A–9151151, Chu, Yu Fu.
A–7099687, Chu-Tow, Mabel S. or Mabel Cho-Shin Chu or Mabel C. S. Dor.
A–8057309, Chun, Chang or Chong For Po.
A–7079579, Chun, Rose Ting or Rose Ju-Yu Ting.
A–6730484, Danhu, Emily Isa or Emily Daniels.
A–7243858, Dankers, Vilis.
A–9562975, Dee, Chan San.
A–7061869, Doo, Kyi-Ioong or Gerald Kyi-Ioong Doo.
A–684771, Doo, Tseng-Hsiang or Lucy Tseng-Hsiang Doo.
A–7050046, Duck, Choy Kun or Choy Pak.
A–7962195, Faldich, Ermano.
A–7351657, Farnadi, Dezso Geroge.
A–9560954, Fat, Chan Ping or Woo Lin.
A–4840603, Fook, Yeung.
A–7348811, Freienbergs, Janis.
A–7863241, Freimuts, Arvids.
A–7863242, Freimuts, Inara.
A–7863243, Freimuts, Alise.
A–6933877, Friedman, Bernath.
A–6967568, Fu, Chen.
A–6698393, Fuchs, Ignac.
A–6698394, Fuchs, Regina.
0300–406016, Fung, Ng.
A–6857685, Georgescu, Haralamb H. or Haralamb Georgescu or Gorge Haralambre or Harald Georges.
A–6857686, Georgescu, Daisy Alice or Daisy Alice Odile Georgescu, formerly Daisy Alice Odile Michailescu (nee Daisy Alice Odile Kern).
0300–28896, Gong, Chee.
A–6982900, Hasenfeld, Alexander.
A–6704063, Ho, Hsing Ching (nee Chang) or Deanna Ho.
A–8065448, Hoom, Leung See.
A–6690371, Houri, Emelie J.
A–6690375, Houri, Yvette Joseph.
A–7298503, Hsi, Kung K'ai.
0300–392667, Huang, Kenneth Kang.
0500–38567, Huang, Meng Cho or Dick Huang.
A–7056902, Iee, Huo-Sheng.
A–8196137, Kan Fan.
A–6507005, Katem, Alice Semele Elizabeth.
A–6887704, Kent, Frederick George or Bedrich Salansky.
A–7073773, Kertesz, Hargit Kornelia Maria.
0804–6263, Kertesz, Agnes Martha.
A–7898855, Koh, Hoo Ah or Ah Koh Hoo.
A–9633956, Kok, Ah or Lui Kok or Ah Koh.
A–8190272, Kow, Low or Lou Kou.
A–9778388, Kow, Tsang.
A–6855585, Kuan, Tak Kong or Kuan Tak Kong.
A–6851469, Hsu, Rosana Wen Hsing or Wen Hsing Hsu or Hsu Wen Hsiang.
A–8091378, Kwai, Lee.
A–9211255, Kwan, Lam.
A–8082015, Kwang, Chan Gee or Chan Kwang.
A–9245409, Lam, Chau or Chow Lam or Lam Chau.
A–6887564, Lamberts, Andrejs Andris.
A–6897067, Landau, Simcha or Sidney.
A–6403577, Lee, Mei Rau or Mei Yoi Lee or Madelina Mei Rau Lee.
A–8001236, Lee, Yuen or Li Yuen.
A–6833462, Li, Li (nee Lu).
A–6975626, Lin, Yee Sang.
A–7962366, Ling, Ping Chung.
A–7809909, Ling, Yu Ru Yuan.
A–8015149, Lizzul, Giovanni Maria.
A–9743559, Lock, Ying or Lock Ying.
0300–161017, Lung, Lam Ah.
A–6703359, Ma, John Baptist or Tsiun Fa Ma.
A–6772580, Madison, George.
A–6953280, Mak, Wei Kang.
A–6962953, Mak, Marion An Wing.

A-9710391, Matkovic, Petar.
A-9745494, Miksons, Alfreds Alexsanders.
A-9836851, Ming, Kwok.
A-6851454, Moeson, Florence Tsui-Yung Tan (nee Tsui-Yung Tan).
A-7138420, Nowicki, Stanislawa.
0400/46406, Nowicki, Paul Zygmunt.
A-7241994, Osis, Karlis.
A-7241995, Osis, Emma.
A-6971762, Ounpuu, Edward Johannes.
A-6971790, Ounpuu, Alviine.
A-6381295, Pan, Lan or Pan Nien Tze.
0300-403720, Pezzulich, Francesco.
A-9825156, Pizestrzelski, Kazimierz.
A-6355174, Poe, Leong or Leong Kwong.
A-8091319, Poglianich, Claudio.
A-6805619, Rashty, Aziz Khedoori.
A-6819607, Reuben, Eliahoo Menashy.
A-7439273, Rostas, Ilona formerly Rottenstein.
A-7282693, Sabel, Dezso.
A-7292689, Sabel, Roza.
A-7282690, Sabel, Oszkar.
A-7282691, Sabel, Sandor.
A-7282692, Sabel, Elza.
A-8082092, Salamon, Carlo.
A-7967450, Sassoon, Salman Saleh Hakham.
A-6441717, Shio, Cheng.
A-9778387, Sin, Lee See.
A-8057261, Sing, Man.
A-6704254, Siwek, Jadwiga.
A-7243267, Soccolich, Giulio Roberto.
A-7991771, Stipanov, Petar.
A-9124876, Sun, Som Cheung.
A-7250499, Tang, Tse-Ming or Constance Tse-Ming Tang.
A-7056850, Teitelbaum, Leopold.
A-6923159, Tibor, Wollner.
A-8190346, Toh, Lam Kong or Siw Ning Lim.
0300-405914, Tong, Ling or Ling Kam.
A-6928455, Tse, Tong.
0501-19742, Tseng, Ching Lam.
0501-19745, Tseng, Shu Chuan Lo.
0501-19743, Tseng, David Yuin-Chi.
0501-19747, Tseng, Nancy Yuin-Ming.
0501-19741, Tseng, Bamber Yuin-Chung.
A-8039693, Tsong, Chang Ngok.
A-6916021, Tyrnauer, David.
A-7184429, Tyrnauer, Helen (nee Grunfeld).
A-9669174, Viemann, Peeter or Peter Weinman.
0300-421694, Wah, Chan.
A-6178340, Wan, Jeh-Chai or Jack Chai Wan.
A-9561565, Wan, Ng.
A-6953084, Wang, Doris Hsueh Pih (nee Chen).
A-6542213, Wang, Jen Hsien.
0501-19695, Wang, Ling Nyi Vee or Mrs. Shou-Chin Wang.
0501-19699, Wang, I, Chyau or Daniel I.-Chyau Wang.
0501-19698, Wang, Ju Yuan or Judy Ju-Yuan.
A-6910233, Wang, Sui (nee Yen) or Dr. Sui Yen.
A-7069100, Weiss, Eugene.
A-7356381, Weiss, Rosa.
A-8091548, Wen, Tsang.
A-9635431, Wen, Wong Hsin.
A-8106936, Wing, Lee or Chester Lee.
A-7079928, Wolf, Magdolna (nee Zimmerman) or Magda or Madeleine Wolf.
0300-387747, Wone, Nom.
A-6699851, Wou, Leo Shang.
A-6923203, Wu, Tzu Lin.
0300-417752, Yeong, Tsang or Twang Young.
A-7511752, Yueh, Herman Yu-Heng or Yu-Heng Yueh.
0300-458536, Yung, Chan.
A-7118700, Arnolda, Sister or Tsui Hwa Chang.
A-6053039, Chan, Choy.
0300-402234, Chang, Yuan Ah or Chang Ah Yuan or Ah Hsiang Yuen or Yuen Ah Hsiang.
A-8039780, Chao, Ah Chang.
A-9167093, Fat, Lam.
A-7249876, Feimanis, Voldis.
A-9037851, Fook, Yip or Fook Yey.
A-7863029, Gaide, Janis Voldemars.
A-8190487, Hoy, Chen or Chan Hoi.
A-6694100, Hsi-Tsao, Ching or Frank.
A-8091391, Hsing, Cheng Ho or Cheng Wo Hing.
A-7244981, Innus, Martins Arvids.
A-7125153, Jallouk, Rafiq.
A-7125162, Jallouk, Nelli Shammes.
A-7863244, Jankevics, Pauls Alexanders.
A-7863245, Jankevics, Alise Valija.
A-6971752, Kalde, Enn.
A-6971788, Kalde, Ida Rosilda.
A-6971773, Ruut, Priit.
0300-352483, Kwong, So.
A-8065349, Ling, Tang Kin.
A-7863200, Pienups, Janis.
A-7863201, Pienups, Anna.
A-7863202, Pienups, Inars.
A-6959829, Pour, Ivan George.
176/1140, Shin, Tsang Kun.
A-6845497, Sun, Wellington I-Tsung.
A-6628887, Sun, Ying-Seng Yeng or Ying-Sheng Yen.
A-6845498, Sun, Gerald Tze-Ping.
A-6627388, Sun, Teddy Tze-Ho.
A-6905013, Tauber, Armin.
0300-238968, Tauber, Esther Chard.
0300-113720, Tauber, Josef.
0300-414479, Tsing, Ching.
0300/18249, Tsu, Lung Shi.
A-6940565, Woo, Ji Jih, or Chi Chieh Hu or Hu Chi-Chieh.
A-7118706, Yao, Ching Ju or Sister Antsila.
A-6986583, Yao, Chu Sheng.
A-8091362, Yee, Lee.
0300/400014, Yung, Ming.
A-6949477, Altoja, Ants.
A-6949478, Altoja, Maria.
A-7809994, Belz, Juda.
A-7809010, Belz, Krajndla Waks.
0300/397598, Bing, Ng.
0300/397512, Bit, Kai Kong.
A-7962368, Carcich, Domenico.
A-9635193, Chan, Fook or Chan Fook.
A-7491704, Chang, Chung Fu.
A-7841171, Chang, Shan Fin (nee Chen).
0200-86200, Chang, Robert Shihman.
A-7469989, Chang, Yinette Yu.
A-6884721, Chang, Yi-Chung.
V-33406, Chang, Ta-Chuang Lo.
A-7377001, Chang, Yuan Yang.
A-6847876, Chao, Chen-Sung.
A-9782694, Che, Chen Chung or Chi.
A-6848004, Chen, Ning Shing or Nicholas Sing Chen.
A-7118701, Chen, Shih-Yuan.
A-9831315, Chen, Yi Fu or Yi Fu Chen or Nee Fu Chen.
0401-19333, Chen, Betty or Betty Yi Fu Chen.
A-6141277, Chen, You-Min.
V-611691, Chen, You-Li (nee She).
0300-391264, Cheng, Tong or Cheng Tung.
A-8039699, Chi, An Chang.
0300/412426, Chik, Lam.
A-6967716, Cho, Alfred Chih-Fang.
A-9528818, Choe, Cheng Ka.
A-7243257, Chouprov, Vcevolod Mathew.
0300-398161, Chow, Low or Chow Low or Lou Choy or Lou Joe.
0300-410648, Choy, Dai.
A-9798380, Chu, Lee Chong.
A-6982875, Chung, Mary A.
A-9738866, Drensky, Groziu Nicolaef.
A-7809777, Eng, Chong Park or Wo Po or Ng Park.
A-7948353, Erikson, Johan.
A-9528817, Fah, Wong Hwa.
A-6923151, Fisch, Moses.
0300-245718, Fisch, Serena.
A-7138327, Fischhof, Maria.
A-8091357, Fong, Lo Wai.
0300-420478, Foo, Li.
A-9530725, Franelic, Justin.
A-7088621, Frideczky, Jozef Istvan.
A-7097507, Frideczky, Erzsebet Eva Maria.
A-7090885, Frideczky, Ferenc Antal Andras.
A-6848205, Friedlander, Adolf.
A-8106517, Fung, Liang Chung.
A-6989377, Gineika, Leopoldas.
A-8082012, Goh, Chin Hee.
A-6848193, Grinberg, Jozef.
A-6696238, Hayim, Albert Joseph.
A-9777290, Hee, Lau or Liu Shi or Lau Chee.
A-9561135, Hing, Heng Pow.
A-7726007, Hsi, Teh Tsang.
A-6041697, Hu, Alexius Yuan or Chungling Hu or Yuan Hu or Alexius Hu Yuan.
V-57211, Huang, Chin-Chun.
A-9765965, Hung, Yan Si.
A-8091388, Kam, Choy.
A-6864078, Kampe, Albert Valdemar.
A-6971751, Kangur, Justin or Juri.
A-6971750, Kangur, Esisauteta.
A-6971745, Kangur, Arno.
A-6627321, Kao, Wayne King or Wen Chun Kao.
A-6742035, Kao, Mabel Chen or Mei Pu Chen.
0300-440248, Kim, Soo or Ah Pat.
A-7640623, Kit, Loo Man or Man Kit Loo or Melvyn Loo or Loo Min-Chieh.
A-9518348, Kong, Chin or Chan Sang.
A-7095524, Kose, Bernhard or Bernhard Germann.
A-8021272, Kue, Bok Leng.
A-7274020, Yuk, Fay Choy.
A-8091390, Kwan, Chan or Kwan Chan or William Chan.
A-9686567, Kwong, Wong or Kwong Wong.
A-6938805, Lacis, Peter.
A-9190756, Lai, Tung.
A-9574851, Lau, King Teng.
A-7922860, Lee, Choi.
A-7120689, Lee, Frank Hsu Hwi.
A-8190038, Lee, Johnne or Lee Ching.
A-6971812, Lepson, Rein.
A-6971744, Lepson, Helmi (nee Harma).
A-6971797, Lepson, Indrek.
A-79622250, Li, Tsung Han.
0300-421371, Liang, Ching-Tung.
0300-423646, Liang, Yun-Chao Lin.
A-7009523, Liivat, Valdeko.
A-7095522, Liivat, Liidia.
A-6887553, Linik, Azriel Abraham or Abe Link.
A-6026149, Liu, Chang Keng.
A-6848584, Liu, Hong-Zoen (nee Jui).
0300-392467, Liu, Chu-Kai or Lau Choow—or Hwang Toi.
A-7123432, Locke, Yan-Chun or Lawrence Yan-Chun Locke or Lawrence Locke.
A-6848152, Locke, Eva Theresa (nee Eva Theresa Woo).
A-9695049, Loi, Fong.
A-6730658, Loo, Mrs. Fay or Fay Yung.
A-6971799, Lossmann, Johannes.
A-6971800, Lossmann, Helmi.
A-6971801, Lossmann, Jaan or John.
A-7064141, Lowinger, Mor.
0300-403238, Man, Shum.
A-8082025, Ming, Chan Sek.
A-6958660, Mok, May Lee.
A-6775636, Nahmias, Andre Youssef or Andre Joseph Nahmias.
A-9560888, Nai, Chan.
A-7057877, Obet, Victor.
0300-398021 On Lai or On Lia or Sai Yew.
A-6624928, Ou Felix.
0500-32371, Pei, Ching Hwa or Ching Hwa Pei Chang.
A-8082486, Po, Kwan or Kong Po or Ching Kwan Po.
0300-418801, Poa, Woo Ah.
A-7457749, Polli, Elmi.
A-7249881, Reinla, Mihkel.
A-7249873, Reinla, Maimu (nee Sade) formerly Stahl.
A-6752988, Rodman, Juliet H. Zakkai.
A-7048807, Rubin, Artur.
A-7345325, Rubin, Irena.
A-6798996, Savisaar, Ernestine.
A-6910016, Schoenfeld, Eugen.
A-9782758, Shing, Lum.
A-6731298, Shukur, Edward Khedore.
A-7056017, Sinaj, Vilian.
A-8057497, Sinaj, Liyza or Ethel (nee Moskowitz).
A-7890718, Skansi, Nikola.
A-7980295, Sojat, Savko Marko.
A-6983572, Stark, Michael.
A-7096111, Stark, Eva (nee Gancfried).

A-6938814, Sudelis, Krigs.
A-6936815, Sudelis, Elfanora.
A-6851653, Sung, Ming Yang.
A-7244294, Svede, Arthur Gustave.
A-7244299, Svede, Valija Emilija.
A-7244295, Svede, Ausma Imara.
A-7244296, Svede, Ilgvars Gunars.
A-7244297, Svede, Aris Visvaldis.
A-7244298, Svede, Vilnis.
A-7244293, Svede, Janis Olgerts.
A-9511408, Tai, Lam or Tai Lam.
A-9245009, Tak, Ko.
A-6851697, Tang, Yu-Sun.
A-6949783, Tapp, George.
A-6949784, Tapp, Maria or Maria Umb.
0500-46780, Teng, Stephen Yueh-Min.
A-7350666, Teodorescu-Valahu, Anna (nee Capitan).
A-6694104, Tikotsky, Wolf.
A-6444674, Ting, Lucy or Lucy Ju-Chen Ting.
A-8082089, Ting, Shih Yung.
A-7095529, Tomson, August.
A-7095530, Tomson, Alma.
A-6333873, Treiber, Evzen or Eugene.
0300-249547, Treiber, Helena or Helen.
A-6702188, Tseu, Margaret Teresa or Yu-Ying Tseu.
A-7193928, Tu, Tsung Cheng or Shin Jai.
A-1290133, Tuck, Joseph.
A-6702360, Tuck, May C.
A-6702361, Tuck, Sylvia E. E.
A-6971754, Uustal, Johan.
A-6971791, Uustal, Linda.
A-6971780, Uustal, Jaan.
A-7244301, Veinbergs, Talivaldis.
A-7244984, Vesik, Mihkel.
A-7244986, Vesik, Arno.
A-6986496, Wang, En Ming (nee Chen).
A-8021404, Wang, Hubert Chang-Hsu.
0300-392608, Wang, Susan or Wang Chou Chen.
A-6922671, Weissmann, Elias.
0300-244065, Weissmann, Serena.
V-795883, Wen, Adam Kung-wen or Kung-wen Wen or Kuag-wen Wen.
V-795887, Wen, Mimi Szeto-wen or Mimi Wen.
A-6271272, Wen, Ronald or Wen Shu Hsuan.
0300-420772, Wen, Judy or Wen Chi Hou Nieu.
A-6739753, Wen, David or Way Wen.
A-6739752, Wen, Louis or Loy.
0300-403935, Wood, Shi-Chioh.
0300-403935, Wood, Shu Ying Chen.
A-3268532, Yao, Nai Zer.
A-5928218, Yee, Kwak or Yee Kwak.
0300-422403, Yen, Mu Pin or Yen Pin Mu or Mubin T. Yen.
0300-422404, Yen, Margaret Chu or Chu Chuan-Chu.
A-9782659, You, Hee or Hee Leong Kee or Hee Yau Hui.
A-6855581, Zucker, Ruzena.
A-8082070, Zulich, Ivan or John or Giovanni Zulich.
A-6803911, Akka, Rouben, Ibrahim.
0300-418049, Bonetta, Carlo.
A-7056848, Brukirer, Pincus (Pinkus) or Broker.
A-7181916, Butte, Henry Wilhelm.
A-7181917, Butte, Herta Inez.
A-7243258, Carcich, Giovanni.
A-7222368, Cereobori, Luciano.
A-8065704, Chan, Lin Ah.
A-6848607, Chang, Kuo Tsun.
V-184676, Chee, Shun Chu.
A-6849466, Cheng, Hugh (Robert) Siang.
A-6949788, Childress, Helgi.
A-9513665, Chojnacki, Bogdan Joseph.
0300-429235, Chong, Ah or Li Cuk Cauk or Chong Kong.
A-6975623, Chun, Ben Hung-Ten.
A-5928208, Chung, Mok Chee or Sau Mok.
A-9765567, Ciogan, Eustafie or Christaki.
A-8021321, Coglievina, Giuseppe.
A-7243857, Dankers, Ella Rodina.
A-7244979, Ermansons, Arturs.
A-7244980, Ermansons, Anete.
A-8091315, Fat, Chan or Ching Fa.
A-6916033, Feldman, Emanuel Gerson.
0300-252494, Feldman, Chaja Ida.
A-9506918, Fong, Han Agh.
A-8082840, Fook, Chan or Chan Cheong.
0300-392291, Fook, Tsang Wah or Wah Fook Tsang.
0300-398103, Fook Wong.
A-8031972, Franza, Matteo Daniele de.
A-7125014, Halter Bela.
A-6163761, Han, Shu Tang or Yao Ling Chang.
A-8091327, Harabaglia, Hugo.
A-8082008, Helich, Stefano.
A-9694017, Hi, Chu or Joe Hee.
0300-428098, Hong, Ho Wai or Ho Yau or Hong Ho Wai.
0300-410649, Hong, Lee.
A-7111657, Hsi, Edith Yu-Shih.
A-6052464, Hsieh, Te-Cheng or Fred Shaw.
A-6505776, Hsieh, Mary Sukin Cheng.
A-6505409, Hsieh, Man Lynn.
A-6505407, Hsieh, Lucy Mei Chi.
A-6505408, Hsieh, Paul Tze-Li Ching San or Paul Hsieh.
A-6847777, Hsu, Ming Po.
A-7841813, I, Helen Yeo.
A-6651024, I, Bernard.
A-6819125, Jakubovic, Sarolta (nee Weinheber).
A-7057090, Jankai, Tibor or Tibor Deutsch.
A-7096058, Jankai, Iren (nee Alexander).
A-6694005, Jirak, Karel Boleslav.
A-7200698, Jirak, Blazena.
A-9717383, Kalmet, Arseni.
0300-410499, Kan, Tsang or Tsang Kun.
0300-331005, Kerra, Walter.
A-6095136, Khadra, Omar Abou.
0300-399097, Kit, Yu or Yu Shek.
A-8031936, Korm, Leonida.
A-7863019, Krumins, Alvine.
0300-403711, Kuen, Cheung.
A-6847968, Kuo, Kwang-Lin.
A-7241996, Kurcbaums, Vilis Pauls.
A-7241997, Kurcbaums, Mirdza Valija Csiz.
A-6356317, Kurz, Julia Beatrice (nee Cheng).
A-8196599, Kwan, Cheung.
A-7863214, Lans, Ilvars.
A-7863215, Lans, Vilma Irma (nee Birze).
A-6503645, Lebovic, Marton.
A-6712033, Lee, Kuan Lou.
0501-19708, Lee, Wei Kuo.
0501-19709, Lee, Pei-Fen Tang.
0501-19710, Lee, Bernard Shing-Shu.
0501-19711, Lee, Katherine Tseng-Shu.
A-8190046, Lee, Wing Nin.
A-7073609, Lettrich, Julius.
A-6349782, Li, Shui-Mei.
A-8001420, Lin, Shun-Hua.
A-8057857, Ling, Yuen.
A-7863020, Linis, Oktavija.
0300-390643, Lo, Kong.
A-6847928, Loe, Lucy Mary or Hsiao-Bien Loe.
A-7962031, Loodus, Arnold.
A-6012603, Martinovic, Petar.
A-7185511, Mazur, Dyonizy Piotr.
A-9290471, Meng, Foo See.
A-9836572T, Mon, Lee.
A-6887714, Niemcewicz, Josef.
A-7184072, Niemcewicz, Regina (nee Borenstein).
A-6971760, Ohakas, Evald.
A-6971782, Ohakas, Olga.
A-7243869, Ozolins, Alfred.
A-7849670, Ozolins, Ulois.
0300-423623, Pao, Lee Chen.
A-6142745, Pong, Arthur Y. Y. or Pang.
A-9643928, Pong, Wai.
A-8010467, Rasiulis, Aleksas.
A-6903775, Rimpler, Samuel.
A-6849123, Sheena, Edward Haroon.
A-6851504, Shih, Cheng.
A-7365385, Shing, Yeung or Yeung Sheng or Yang Sing.
A-7415177, Shueh, Shih-Yung or David Shueh.
A-8082003, Sing, Tsang or David Tsang.
A-7200778, Sirdleck, Anna Albertine (nee Tobolik) or Anna Albertine Ida.
0300-418899, Stankic, Ivan.
A-7210493, Streicher, Bela.
A-7210492, Streicher, Olga (nee Ehrenthal).
A-7439701, Streicher, Gabor.
A-7439700, Streicher, Otto.
A-8091341, Tang, Tseng Shu.
A-6949781, Tapp, Mihkel.
A-6949782, Tapp, Patjana (nee Vesik).
A-6949785, Tapp, Nikolai.
A-6798997, Treiman, Karl or Karlis Treimanis.
A-7863209, Trusis, Karlis.
A-7863210, Trusis, Zenta (nee Abrins).
A-7863211, Trusis, Ivar or Ivars.
A-7178945, Tsien, Maud Chaoling.
A-6694205, Tsu, Norman Chang Kang.
A-9621977, Un, Cheng Zung.
A-6798998, Vaart, Elmar.
A-7184420, Vajda, Paul or Paul Davay.
A-9948288, Vitich, George.
V-886518, Wang, Keh Chin or Richard Keh Chin Wang.
A-6026125, Wang, Kia Kang.
A-6026160, Wang, John H. or Shu Hsu Wang.
A-6028173, Wang, Jonesie or Shu-Joan Wang.
A-8082073, Wang, Yin Pao.
A-8082074, Wang, Ho Yin Lee or Alice Wang.
0300-229774, Wang, Nancy or Lindsay.
A-6918465, Wang, Elsie.
A-7060507, Werner, Karol Gabrel.
A-9526181, Wong, Ho or Wong Ho.
A-7445844, Wong, Kong Hee.
T-1892931, Woo, Chong or You Woo.
A-8106034, Wun, Chow.
A-9525850, Yee, Chow or Ng Chow Yee.
A-6967316, Yee, Pan Kut.
A-9669640, Ying, Tsing.
A-6667798, Yu, Jung Kwong.
A-6847868, Yu, Mary Ann (nee Hui Ying Lu or Mary Ann Lu).
A-8091073, Yuen, Choy or Fong Choi.
A-7469082, Zgagliardich, Ivan or Giovani Zgagliardich or John Zgagliardich.
A-8082072, Zulich, Enrico or Ricardo Zulich.

The concurrent resolution was agreed to, and a motion to reconsider was laid on the table.

AUTHORIZING SECRETARY OF COMMERCE TO SELL CERTAIN WAR-BUILT PASSENGER VESSELS

Mr. TOLLEFSON submitted a conference report and statement on the resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger vessels, and for other purposes.

KLYCE MOTORS, INC.

Mr. JONAS of Illinois. Mr. Speaker, I call up the conference report on the bill (H. R. 5185) for the relief of Klyce Motors, Inc., and I ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2272)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5185) for the relief of Klyce Motors, Incorporated, having met after full and free

conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the Senate amendment numbered 1 and agree to the the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert "$91,000"; and the Senate agree to the same.

EDGAR A. JONAS,
USHER L. BURDICK,
THOMAS J. LANE,
Managers on the Part of the House.

WILLIAM LANGER,
HERMAN WELKER,
ESTES KEFAUVER,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 5185) for the relief of Klyce Motors, Inc., submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to such amendments, namely:

This bill as passed the House would appropriate the sum of $38,960 to the Klyce Motors, Inc., in full settlement of all claims against the United States for losses sustained under War Assets Administration sales document No. 262845, in connection with the purchase of 109 trucks, dated May 25, 1946, for which there was a breach of warranty on the part of the War Assets Administration.

The Senate increased the amount by restoring the original sum as introduced, that is, $116,982.76. The Senate also amended the bill so as to provide that no attorney shall be paid from the appropriation. At the conference the sum of $91,000 was agreed upon, and the House conferees agreed to the Senate amendment as to the proviso in connection with attorney fees.

EDGAR A. JONAS,
USHER L. BURDICK,
THOMAS J. LANE,
Managers on the Part of the House.

The SPEAKER. The question is on the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

SUPPLEMENTAL APPROPRIATION BILL, 1955

Mr. BROWN of Ohio. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 646 and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That during the consideration of the bill (H. R. 9936) making supplemental appropriations for the fiscal year ending June 30, 1955, and for other purposes, all points of order against the bill or any provisions contained therein are hereby waived.

The SPEAKER. The gentleman from Ohio is recognized for 1 hour.

Mr. BROWN of Ohio. Mr. Speaker, I yield myself such time as I may use, and yield 30 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. Speaker, I rise to urge the adoption of House Resolution 646 which will make in order the consideration of the bill, H. R. 9936, making supplemental appropriations for the fiscal year ending June 30, 1955, and for other purposes.

House Resolution 646 would provide for the waiving of points of order during the consideration of the bill.

Mr. Speaker, this waiving of points of order is necessary for several very important reasons. First of all H. R. 9936 changes certain limitations which were previously set in other bills.

In chapter 11, relating to general provisions, there are the usual general provisions that have been carried for several years in one bill, rather than carrying them in each bill that is reported out by the Appropriations Committee during the session. This also necessitates the waiving of the points of order against the bill.

Section 1111 has a new piece of language which is designed to define what an obligation is. This new language has been made necessary by the fact that in the past certain agencies have called things obligations when they were not. It is hoped that this new language will clarify this whole situation.

Mr. Speaker, in the bill itself, the figure recommended by the Committee on Appropriations is $765,770,188 less than was asked for in the budget estimate.

Mr. Speaker, there is no need to emphasize to the House membership the importance of this bill. I hope that the House will adopt this rule which will allow for the waiving of points of order during the consideration of the bill.

Mr. SMITH of Virginia. Mr. Speaker, the Committee on Appropriations was unanimous in asking for this rule. I see no objection to it. I have no desire to consume any of the time of the House.

Mr. Speaker, I yield back the remainder of my time.

Mr. BROWN of Ohio. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

H. R. 9910

Mr. VORYS. Mr. Speaker, I ask unanimous consent that the bill (H. R. 9910) to amend section 413 (b) of the Foreign Service Act of 1946, be stricken from the Union Calendar and recommitted to the Committee on Foreign Affairs.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. VORYS. Mr. Speaker, I ask unanimous consent that the Committee on Foreign Affairs may have until midnight tomorrow night to file a report on the bill H. R. 9910.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

COMMITTEE ON RULES

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent that the Committee on Rules may have until midnight tonight to file certain reports.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

CALL OF THE HOUSE

Mr. WAINWRIGHT. Mr. Speaker, I make a point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ARENDS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 106]

Angell	Heller	Philbin
Bailey	Hess	Powell
Barden	Kearney	Regan
Bentsen	Kersten, Wisc.	Richards
Boykin	Latham	Secrest
Brooks, La.	Long	Short
Brownson	Lucas	Sieminski
Buckley	Lyle	Sikes
Camp	McGregor	Simpson, Pa.
Curtis, Nebr.	McMillan	Sutton
Davis, Tenn.	Mailliard	Thompson, La.
Dingell	Miller, N. Y.	Thompson, Tex.
Dodd	Morrison	Weichel
Fallon	Norblad	Wheeler
Fisher	Osmers	Whitten
Fulton	Patman	Willis
Grant	Patten	
Harris	Perkins	

The SPEAKER. On this rollcall 380 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 10 minutes tomorrow, following the legislative program of the day and the conclusion of special orders heretofore entered.

HOUSING ACT OF 1954

Mr. WOLCOTT. Mr. Speaker, I call up the conference report on the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities—the so-called housing bill—and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2271)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, having met, after full and free conference, have

agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That this Act may be cited as the 'Housing Act of 1954'.

"TITLE I—FEDERAL HOUSING ADMINISTRATION

"Amendments of title I of the National Housing Act

"SEC. 101. (a) Section 2 (a) of the National Housing Act, as amended, is hereby amended—

"(1) by striking out the period at the end of the second sentence and by inserting a colon and the following: *'Provided,* That with respect to any loan, advance of credit, or purchase made after the effective date of the Housing Act of 1954, the amount of any claim for loss on any such individual loan, advance of credit, or purchase paid by the Commissioner under the provisions of this section to a lending institution shall not exceed 90 per centum of such loss.'; and

"(2) by inserting at the end thereof the following:

"'After the effective date of the Housing Act of 1954, (i) the Commissioner shall not enter into contracts for insurance pursuant to this section except with lending institutions which are subject to the inspection and supervision of a governmental agency required by law to make periodic examinations of their books and accounts, and which the Commissioner finds to be qualified by experience or facilities to make and service such loans, advances or purchases, and with such other lending institutions which the Commissioner approves as eligible for insurance pursuant to this section on the basis of their credit and their experience or facilities to make and service such loans, advances or purchases; (ii) only such items as substantially protect or improve the basic livability or utility of properties shall be eligible for financing under this section, and therefore the Commissioner shall from time to time declare ineligible for financing under this section any item, product, alteration, repair, improvement, or class thereof which he determines would not substantially protect or improve the basic livability or utility of such properties, and he may also declare ineligible for financing under this section any item which he determines is especially subject to selling abuses; and (iii) the Commissioner is hereby authorized and directed, by such regulations or procedures as he shall deem advisable, to prevent the use of any financial assistance under this section (1) with respect to new residential structures that have not been completed and occupied for at least six months, or (2) which would, through multiple loans, result in an outstanding aggregate loan balance with respect to the same structure exceeding the dollar amount limitation prescribed in this subsection for the type of loan involved.'

"(b) As used in the amendments made by subsection (a) of this section 'effective date of the Housing Act of 1954' shall mean the first day after the first full calendar month following the date of approval of the Housing Act of 1954.

"SEC. 102. Section 2 (f) of said Act, as amended, is hereby amended by adding the following at the end thereof: 'The account heretofore established in connection with insurance operations under this section and identified in the accounting records of the Federal Housing Administration as the Title I Claims Account shall be terminated as of August 1, 1954, at which time all of the remaining assets of such account, together with deposits therein for the account of obligors, shall be transferred to and merged with the account established pursuant to this subsection. Moneys in the account established pursuant to this subsection not needed for the current operations of the Federal Housing Administration may be invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States.'

"SEC. 103. Section 8 of said Act, as amended, is hereby amended by striking the period at the end of subsection (a) and inserting a colon and the following: *'And provided further,* That no mortgage shall be insured under this section after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date.'

"Amendments of title II of National Housing Act

"SEC. 104. Section 203 (b) (2) of said Act, as amended, is hereby amended to read as follows:

"'(2) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $20,000 in the case of property upon which there is located a dwelling designed principally (whether or not it may be intended to be rented temporarily for school purposes) for a one- or two-family residence; or $27,500 in the case of a three-family residence; or $35,000 in the case of a four-family residence; and not to exceed an amount equal to the sum of (i) 95 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, 90 per centum) of $9,000 of the appraised value (as of the date the mortgage is accepted for insurance), and (ii) 75 per centum of such value in excess of $9,000, except that the President may increase such dollar amounts up to not to exceed $10,000 if, after taking into consideration the general effect of such higher dollar amounts upon conditions in the building industry and upon the national economy, he determines such action to be in the public interest: *Provided,* That if the mortgagor is not the occupant of the property the principal obligation of the mortgage shall not exceed an amount equal to 85 per centum of the amount computed under the foregoing provisions of this paragraph (2): *Provided further,* That the mortgagor shall have paid on account of the property at least 5 per centum (or such larger amount as the Commissioner may determine) of the Commissioner's estimate of the cost of acquisition in cash or its equivalent.'

"SEC. 105. Section 203 (b) (3) of said Act, as amended, is hereby amended to read as follows:

"'(3) Have a maturity satisfactory to the Commissioner, but not to exceed, in any event, thirty years from the date of the insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser.'

"SEC. 106. Section 203 (b) (5) of said Act, as amended, is hereby amended to read as follows:

"'(5) Bear interest (exclusive of premium charges for insurance, and service charges if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market.'

"SEC. 107. Section 203 (c) of said Act, as amended, is amended by striking out of the second sentence the word *'Provided'* and inserting: *'Provided,* That debentures presented in payment of premium charges shall represent obligations of the particular insurance fund to which such premium charges are to be credited: *Provided further'.*

"SEC. 108. Section 203 (d) of said Act, as amended, is hereby amended by striking the period at the end thereof and inserting a colon and the following: *'And provided further,* That no mortgage shall be insured pursuant to this subsection after the effective date of the Housing Act of 1954, except pursuant to a commitment to insure issued on or before such date.'

"SEC. 109. Subsections (f) and (g) of section 203 of said Act, as amended, are hereby repealed.

"SEC. 110. Section 203 of said Act, as amended, is hereby further amended by adding the following new subsections at the end thereof:

"'(h) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of $7,000 and not in excess of 100 per centum of the appraised value of a property upon which there is located a dwelling designed principally for a single-family residence, where the mortgagor is the owner and occupant and establishes (to the satisfaction of the Commissioner) that his home which he occupied as an owner or as a tenant was destroyed or damaged to such an extent that reconstruction is required as a result of a flood, fire, hurricane, earthquake, storm, or other catastrophe which the President, pursuant to section 2 (a) of the Act entitled "An Act to authorize Federal assistance to States and local governments in major disasters and for other purposes" (Public Law 875, Eighty-first Congress, approved September 30, 1950), as amended, has determined to be a major disaster.

"'(i) Notwithstanding any other provision of this section, the Commissioner is authorized to insure any mortgage which involves a principal obligation not in excess of $6,650 and not in excess of 95 per centum of the appraised value, as of the date the mortgage is accepted for insurance, of a property in an area where the Commissioner finds it is not practicable to obtain conformity with many of the requirements essential to the insurance of mortgages on housing in built-up urban areas, upon which there is located a dwelling designed principally for a single family residence, and which is approved for mortgage insurance prior to the beginning of construction: *Provided,* That (1) the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent, or (2) the mortgagor shall be the owner and occupant of the property at the time of insurance, regardless of his credit standing, with whom a person or corporation having a credit standing satisfactory to the Commissioner, shall have entered into a written contract (a) to pay on behalf of the prospective owner and occupant all or part of the downpayment required by this paragraph agreeing to take as security a note from the latter bearing interest at the rate of not more than 4 per centum per annum, maturing after the last maturity date of principal due on the insured mortgage, with a right in the holder to accelerate maturity to a date following prepayment of the entire mortgage debt, under the terms of which note all rights of such person or corporation are subordinated to the rights of the mortgagee or assignees of the mortgagee, and (b) to guarantee payment of the insured mortgage by the owner and occupant according to the terms of the mortgage, or (3) shall be the builder constructing the dwelling; in which case the principal obligation shall not exceed 85 per centum of the appraised value of the property or $5,950: *Provided further,* That the Commissioner finds that the project with respect to which the mortgage is executed is an acceptable risk, giving consideration to the need for providing adequate housing for families of low and moderate income particularly in

suburban and outlying areas or small communities: *Provided further,* That under the foregoing provisions of this subsection the Commissioner is authorized to insure any mortgage issued with respect to the construction of a farm home on a plot of land five or more acres in size adjacent to a public highway, the total amount of insurance outstanding at any one time under this proviso not to exceed $100,000,000.'

"SEC. 111. Section 204 (a) of said Act, as amended, is hereby amended—

"(1) by striking out of the third sentence the words 'any mortgage insurance premiums paid after either of such dates' and inserting 'any mortgage insurance premiums paid after either of such dates, and any tax imposed by the United States upon any deed or other instrument by which said property was acquired by the mortgagee and transferred or conveyed to the Commissioner';

"(2) by striking out of the second proviso the words 'or under section 213 of this Act,' and inserting the following: 'or under section 213 of this Act, or with respect to any mortgage accepted for insurance under section 203 on or after the effective date of the Housing Act of 1954,'; and

"(3) by striking the period at the end thereof and inserting a colon and the following: *'And provided further,* That, notwithstanding any requirement contained in this Act that debentures may be issued only upon acquisition of title and possession by the mortgagee and its subsequent conveyance and transfer to the Commissioner, and for the purpose of avoiding unnecessary conveyance expense in connection with payment of insurance benefits under the provisions of this Act, the Commissioner is authorized, subject to such rules and regulations as he may prescribe, to permit the mortgagee to tender to the Commissioner a satisfactory conveyance of title and transfer of possession direct from the mortgagor or other appropriate grantor and to pay the insurance benefits to the mortgagee which it would otherwise be entitled to if such conveyance had been made to the mortgagee and from the mortgagee to the Commissioner'.

"SEC. 112. (a) Section 204 (d) of said Act as amended, is hereby amended by striking out of the second sentence thereof the words 'three years after the 1st day of July following the maturity date of the mortgage on the property in exchange for which the debentures were issued, except that debentures issued with respect to mortgages insured under section 213 shall mature twenty years after the date of such debentures' and inserting 'twenty years after the date thereof'.

"(b) Section 207 (1) of said Act, as amended, is hereby amended by striking out of the second sentence thereof 'ten' and inserting 'twenty'.

"(c) Section 803 (f) of said Act, as amended, is hereby amended by striking out of the second sentence thereof 'ten' and inserting 'twenty'.

"(d) Section 904 (d) of said Act, as amended, is hereby amended by striking out of the third sentence thereof the word 'ten' and inserting 'twenty'.

"(e) This section shall not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954.

"SEC. 113. Section 204 of said Act, as amended, is hereby amended by adding at the end thereof the following new subsection:

"'(j) In the event that any mortgagee under a mortgage insured under section 203 forecloses on the mortgaged property but does not convey such property to the Commissioner in accordance with this section, and the Commissioner is given written notice thereof, or in the event that the mortgagor pays the obligation under the mortgage in full prior to the maturity thereof, and the mortgagee pays any adjusted premium charge required under the provisions of section 203 (c), and the Commissioner is given written notice by the mortgagee of the payment of such obligation, the obligation to pay any subsequent premium charge for insurance shall cease, and all rights of the mortgagee and the mortgagor under this section shall terminate as of the date of such notice.'

"SEC. 114. Section 205 of said Act, as amended, is hereby amended to read as follows:

"'SEC. 205. (a) The Commissioner shall establish as of July 1, 1954, in the Mutual Mortgage Insurance Fund a General Surplus Account and a Participating Reserve Account. All of the assets of the General Reinsurance Account shall be transferred to the General Surplus Account whereupon the General Reinsurance Account shall be abolished. There shall be transferred from the various group accounts to the Participating Reserve Account as of July 1, 1954, an amount equal to the aggregate amount which would have been distributed under the provisions of section 205 in effect on June 30, 1954, if all outstanding mortgages in such group accounts had been paid in full on said date. All of the remaining balances of said group accounts shall as of said date be transferred to the General Surplus Account whereupon all of said group accounts shall be abolished.

"'(b) The aggregate net income thereafter received or any net loss therafter sustained by the Mutual Mortgage Insurance Fund in any semiannual period shall be credited or charged to the General Surplus Account and/or the Participating Reserve Account in such manner and amounts as the Commissioner may determine to be in accord with sound actuarial and accounting practice.

"'(c) Upon termination of the insurance obligation of the Mutual Mortgage Insurance Fund by payment of any mortgage insured thereunder, the Commissioner is authorized to distribute to the mortgagor a share of the Participating Reserve Account in such manner and amount as the Commissioner shall determine to be equitable and in accordance with sound actuarial and accounting practice: *Provided,* That, in no event, shall any such distributable share exceed the aggregate scheduled annual premiums of the mortgagor to the year of termination of the insurance.

"'(d) No mortgagor or mortgagee of any mortgage insured under section 203 shall have any vested right in a credit balance in any such account or be subject to any liability arising out of the mutuality of the Fund and the determination of the Commissioner as to the amount to be paid by him to any mortgagor shall be final and conclusive.'

"SEC. 115. Section 207 (c) of said Act, as amended, is hereby amended—

"(1) by inserting before the semicolon at the end of paragraph numbered (2) a colon and the following: *'And provided further,* That nothing contained in this section shall preclude the insurance of mortgages covering existing construction located in slum or blighted areas, as defined in paragraph numbered (5) of subsection (a) of this section, and the Commissioner may require such repair or rehabilitation work to be completed as is, in his discretion, necessary to remove conditions detrimental to safety, health, or morals';

"(2) by striking out the word 'Alaska,' in paragraph numbered (2) and inserting 'Alaska, or in Guam,'; and

"(3) by striking out paragraph numbered (3) and inserting the following:

"'(3) not to exceed, for such part of such property or project as may be attributable to dwelling use, $2,000 per room (or $7,200 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided,* That as to projects to consist of elevator type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of $2,000 per room to not to exceed $2,400 per room and the dollar amount limitation of $7,200 per family unit to not to exceed $7,500 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design.'

"SEC. 116. Section 207 (d) of said Act, as amended, is hereby amended by inserting the words 'of the Housing Insurance Fund' between the words 'debentures' and 'issued' in the first sentence of such section.

"SEC. 117. Section 207 (h) of said Act, as amended, is hereby amended by striking out the period at the end of the first sentence and adding the following: 'and a reasonable amount for necessary expenses incurred by the mortgagee in connection with the foreclosure proceedings, or the acquisition of the mortgaged property otherwise, and the conveyance thereof to the Commissioner.'

"SEC. 118. Section 212 (a) of said Act, as amended, is hereby amended by inserting at the end thereof the following new sentence: 'The provisions of this section shall also apply to the insurance of any mortgage under section 220 which covers property on which there is located a dwelling or dwellings designed principally for residential use for twelve or more families.'

"SEC. 119. (a) Section 213 (b) of said Act, as amended, is hereby amended by striking clauses (1) and (2) and inserting:

"'(1) not to exceed $5,000,000, or not to exceed $25,000,000 if the mortgage is executed by a mortgagor regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operations; and

"'(2) not to exceed, for such part of such property or project as may be attributable to dwelling use, $2,250 per room (or $8,100 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 90 per centum of the estimated value of the property or project when the proposed physical improvements are completed: *Provided,* That if at least 65 per centum of the membership of the corporation or number of beneficiaries of the trust consists of veterans, the mortgage may involve a principal obligation not to exceed $2,375 per room (or $8,550 per family unit if the number of rooms in such property or project is less than four per family unit), and not to exceed 95 per centum of the estimated value of the property or project when the proposed physical improvements are completed: *Provided further,* That as to projects which consist of elevator type structures, and to compensate for the higher costs incident to the construction of elevator type structures of sound standards of construction and design, the Commissioner may, in his discretion, increase the aforesaid dollar amount limitations per room or per family unit (as may be applicable to the particular case) within the following limits: (i) $2,250 per room to not to exceed $2,700; (ii) $2,375 per room to not to exceed $2,850; (iii) $8,100 per family unit to not to exceed $8,400; and (iv) $8,550 per family unit to not to exceed $8,900: *And provided further,* That for the purposes of this section the word 'veteran' shall mean a person who has served in the active military or naval service of the United States at any time on or after September 16, 1940, and prior to July 26, 1947, or on or after June 27, 1950, and prior to such date thereafter as shall be determined by the President.'

"(b) Section 213 (c) of said Act, as amended, is hereby amended by striking from clause (1) 'paragraph (A), paragraph (C), or paragraph (D) of'.

"SEC. 120. Section 213 (f) of said Act, as amended, is hereby amended by striking the last sentence thereof.

"SEC. 121. Section 217 of said Act, as amended, is hereby amended to read as follows:

"'SEC. 217. Notwithstanding limitations contained in any other section of this Act on

the aggregate amount of principal obligations of mortgages or loans which may be insured (or insured and outstanding at any one time), the aggregate amount of principal obligations of all mortgages which may be insured and outstanding at any one time under insurance contracts or commitments to insure pursuant to any section or title of this Act (except section 2) shall not exceed the sum of (a) the outstanding principal balances, as of July 1, 1954, of all insured mortgages (as estimated by the Commissioner based on scheduled amortization payments without taking into account prepayments or delinquencies), (b) the principal amount of all outstanding commitments to insure on that date, and (c) $1,500,000,000, except that with the approval of the President such aggregate amount may be increased by not to exceed $500,000,000.

"'It is the intent and purpose of this section to consolidate and merge all existing mortgage insurance authorizations or existing limitations with respect to any section or title of this Act (except section 2) into one general insurance authorization to take the place of all existing authorizations or limitations.'

"SEC. 122. Section 219 of said Act, as amended, is hereby amended by striking out the words 'or the Defense Housing Insurance Fund,' and inserting 'the Defense Housing Insurance Fund, or the Section 220 Housing Insurance Fund,'.

"SEC. 123. Title II of said Act, as amended, is hereby amended by adding at the end thereof the following new sections:

"'*Rehabilitation and neighborhood conservation housing insurance*

"'SEC. 220. (a) The purpose of this section is to aid in the elimination of slums and blighted conditions and the prevention of the deterioration of residential property by supplementing the insurance of mortgages under sections 203 and 207 of this title with a system of mortgage insurance designed to assist the financing required for the rehabilitation of existing dwelling accommodations and the construction of new dwelling accommodations where such dwelling accommodations are located in an area referred to in paragraph (1) of subsection (d) of this section.

"'(b) The Commissioner is authorized, upon application by the mortgagee, to insure, as hereinafter provided, any mortgage (including advances during construction on mortgages covering property of the character described in paragraph (3) (B) of subsection (d) of this section) which is eligible for insurance as hereinafter provided, and, upon such terms and conditions as he may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"'(c) As used in this section, the terms "mortgage", "first mortgage", "mortgagee", "mortgagor", "maturity date", and "State" shall have the same meaning as in section 201 of this Act.

"'(d) To be eligible for insurance under this section a mortgage shall meet the following conditions:

"'(1) The mortgaged property shall—

"'(A) be located in (i) the area of a slum clearance and urban redevelopment project covered by a Federal-aid contract executed, or a prior approval granted, pursuant to title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954, or (ii) an urban renewal area (as defined in title I of the Housing Act of 1949, as amended) in a community respecting which the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended: *Provided*, That a redevelopment plan or an urban renewal plan (as defined in title I of the Housing Act of 1949, as amended), as the case may be, has been approved for such area by the governing body of the locality involved and by the Housing and Home Finance Administrator, and said Administrator has certified to the Commissioner that such plan conforms to a general plan for the locality as a whole and that there exist the necessary authority and financial capacity to assure the completion of such redevelopment or urban renewal plan, and

"'(B) meet such standards and conditions as the Commissioner shall prescribe to establish the acceptability of such property for mortgage insurance under this section.

"'(2) The mortgaged property shall be held by—

"'(A) a mortgagor approved by the Commissioner, and the Commissioner may in his discretion require such mortgagor to be regulated or restricted as to rents or sales, charges, capital structure, rate of return and methods of operation, and for such purpose the Commissioner may make such contracts with and acquire for not to exceed $100 stock or interest in any such mortgagor as the Commissioner may deem necessary to render effective such restriction or regulations. Such stock or interest shall be paid for out of the Section 220 Housing Insurance Fund and shall be redeemed by the mortgagor at par upon the termination of all obligations of the Commissioner under the insurance; or

"'(B) by Federal or State instrumentalities, municipal corporate instrumentalities of one or more States, or limited dividend or redevelopment or housing corporations restricted by Federal or State laws or regulations of State banking or insurance departments as to rents, charges, capital structure, rate of return, or methods of operation.

"'(3) The mortgage shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount—

"'(A) not to exceed $20,000 in the case of property upon which there is located a dwelling designed principally for a one- or two-family residence; or $27,500 in the case of a three-family residence; or $35,000 in the case of a four-family residence; or in the case of a dwelling designed principally for residential use for more than four families (but not exceeding such additional number of family units as the Commissioner may prescribe) $35,000 plus not to exceed $7,000 for each additional family unit in excess of four located on such property; and not to exceed an amount equal to the sum of (i) 95 per centum (but, in any case where the dwelling is not approved for mortgage insurance prior to the beginning of construction, 90 per centum) of $9,000 of the appraised value (as of the date the mortgage is accepted for insurance), and (ii) 75 per centum of such value in excess of $9,000, except that the President may increase such dollar amounts up to not to exceed $10,000 if, after taking into consideration the general effect of such higher dollar amounts upon conditions in the building industry and upon the national economy, he determines such action to be in the public interest: *Provided*, That if the mortgagor is not the occupant of the property the principal obligation of the mortgage shall not exceed an amount equal to 85 per centum of the amount computed under the foregoing provisions of this paragraph (A); or

"'(B) (i) not to exceed $5,000,000, or, if executed by a mortgagor coming within the provisions of paragraph (2) (B) of this subsection (d), not to exceed $50,000,000; and

"'(ii) not to exceed 90 per centum of the estimated value of the property or project when the proposed improvements are completed (the value of the property or project may include the land, the proposed physical improvements, utilities within the boundaries of the property or project, architect's fees, taxes, and interest during construction, and other miscellaneous charges incident to construction and approved by the Commissioner); and

"'(iii) not to exceed, for such part of such property or project as may be attributable to dwelling use, $2,250 per room (or $8,100 per family unit if the number of rooms in such property or project is less than four per family unit): *Provided*, That as to projects to consist of elevator-type structures, the Commissioner may, in his discretion, increase the dollar amount limitation of $2,250 per room to not to exceed $2,700 per room and the dollar amount limitation of $8,100 per family unit to not to exceed $8,400 per family unit, as the case may be, to compensate for the higher costs incident to the construction of elevator-type structures of sound standards of construction and design, except that the Commissioner may, by regulation, increase the foregoing limits by not to exceed $1,000 per room in any geographical area where he finds that cost levels so require: *And provided further*, That nothing contained in this paragraph (B) shall preclude the insurance of mortgages covering existing multifamily dwellings to be rehabilitated or reconstructed for the purposes set forth in subsection (a) of this section.

"'(4) The mortgage shall provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but as to mortgages coming within the provisions of paragraph (3) (A) of this subsection (d) not to exceed the maximum maturity prescribed by the provisions of section 203 (b) (3). The mortgage shall bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"'(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

"'(f) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

"'(1) as to mortgages meeting the requirements of paragraph (3) (A) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203; and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 220 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

"'(2) as to mortgages meeting the requirements of paragraph (3) (B) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i) (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 220 Housing Insurance Fund.

"'(g) There is hereby created a Section 220 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of $1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 220 Housing Insurance Fund.

"'Moneys in the Section 220 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"'Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 220 Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.

"'SEC. 221. (a) This section is designed to supplement systems of mortgage insurance under other provisions of the National Housing Act in order to assist in relocating families to be displaced as the result of governmental action in a community respecting which (1) the Housing and Home Finance Administrator has made the certification to the Commissioner provided for by subsection 101 (c) of the Housing Act of 1949, as amended, or (2) there is being carried out a project covered by a Federal aid contract executed, or prior approval granted, by the Housing and Home Finance Administrator under title I of the Housing Act of 1949, as amended, before the effective date of the Housing Act of 1954. Mortgage insurance under this section shall be available only in those localities or communities which shall have requested such mortgage insurance to be provided: *Provided*, That the Commissioner shall prescribe such procedures as in his judgment are necessary to secure to the families to be so displaced, referred to above, a preference or priority of opportunity to purchase or rent such dwelling units: *Provided further*, That the total number of dwelling units in properties covered by mortgage insurance under this section in any such community shall not exceed the aggregate number of such dwelling units which the Housing and Home Finance Administrator, from time to time, certifies to the Commissioner to be needed for the relocation of families to be so displaced and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance authorized by this section: *Provided further*, That, with respect to any community referred to in clause (1) of this subsection, said Administrator shall not certify any dwelling units during any period when, in his opinion, the locality fails to carry out the workable program upon which said Administrator based the certification to the Commissioner that mortgage insurance under this section may be made available in such community: *And provided further*, That with respect to any community referred to in clause (2) of this subsection (but not clause (1) thereof), the number of dwelling units certified by said Administrator shall not exceed the number which he estimates to be needed for the relocation of such displaced families during the period when the project referred to in said clause (2) is being carried out.

"'(b) The Commissioner is authorized, upon application by the mortgagee, to insure under this section as hereinafter provided any mortgage which is eligible for insurance as provided herein and, upon such terms and conditions as the Commissioner may prescribe, to make commitments for the insurance of such mortgages prior to the date of their execution or disbursement thereon.

"'(c) As used in this section, the terms "mortgage," "first mortgage," "mortgagee," "mortgagor," "maturity date" and "State" shall have the same meaning as in section 201 of this Act.

"'(d) To be eligible for insurance under this section, a mortgage shall—

"'(1) have been made to and be held by a mortgagee approved by the Commissioner as responsible and able to service the mortgage properly;

"'(2) involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not to exceed $7,600, except that the Commissioner may by regulation increase this amount to not to exceed $8,600 in any geographical area where he finds that cost levels so require, and not to exceed 95 per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, upon which there is located a dwelling designed principally for a single-family residence: *Provided*, That the mortgagor shall be the owner and occupant of the property at the time of the insurance and shall have paid on account of the property at least 5 per centum of the Commissioner's estimate of the cost of acquisition in cash or its equivalent: *Provided further*, That nothing contained herein shall preclude the Commissioner from issuing a commitment to insure and insuring a mortgage pursuant thereto where the mortgagor is not the owner and occupant and the property is to be built or acquired and repaired or rehabilitated for sale and the insured mortgage financing is required to facilitate the construction or the repair or rehabilitation of the dwelling and provide financing pending the subsequent sale thereof to a qualified owner-occupant, and in such instances the mortgage shall not exceed 85 per centum of the appraised value; or

"'(3) if executed by a mortgagor which is a private nonprofit corporation or association or other acceptable private nonprofit organization, regulated or supervised under Federal or State laws or by political subdivisions of States or agencies thereof, as to rents, charges, and methods of operation, in such form and in such manner as, in the opinion of the Commissioner, will effectuate the purposes of this section, the mortgage may involve a principal obligation not in excess of $5,000,000; and not in excess of $7,600 per family unit for such part of such property or project as may be attributable to dwelling use, except that the Commissioner may by regulation increase this amount to not to exceed $8,600 in any geographical area where he finds that cost levels so require, and not in excess of 95 per centum of the Commissioner's estimate of the value of the property or project when constructed, or repaired and rehabilitated, for use as rental accommodations for ten or more families eligible for occupancy as provided in this section; and

"'(4) provide for complete amortization by periodic payments within such terms as the Commissioner may prescribe, but not to exceed thirty years from the date of insurance of the mortgage or three-quarters of the Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser; bear interest (exclusive of premium charges for insurance and service charge, if any) at not to exceed 5 per centum per annum on the amount of the principal obligation outstanding at any time, or not to exceed such per centum per annum not in excess of 6 per centum as the Commissioner finds necessary to meet the mortgage market; and contain such terms and provisions with respect to the application of the mortgagor's periodic payment to amortization of the principal of the mortgage, insurance, repairs, alterations, payment of taxes, default reserves, delinquency charges, foreclosure proceedings, anticipation of maturity, additional and secondary liens, and other matters as the Commissioner may in his discretion prescribe.

"'(e) The Commissioner may at any time, under such terms and conditions as he may prescribe, consent to the release of the mortgagor from his liability under the mortgage or the credit instrument secured thereby, or consent to the release of parts of the mortgaged property from the lien of the mortgage.

"'(f) The property or project shall comply with such standards and conditions as the Commissioner may prescribe to establish the acceptability of such property for mortgage insurance.

"'(g) The mortgagee shall be entitled to receive the benefits of the insurance as hereinafter provided—

"'(1) as to mortgages meeting the requirements of paragraph (2) of subsection (d) of this section, as provided in section 204 (a) of this Act with respect to mortgages insured under section 203, and the provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 of this Act shall be applicable to such mortgages insured under this section, except that all references therein to the Mutual Mortgage Insurance Fund or the Fund shall be construed to refer to the Section 221 Housing Insurance Fund and all references therein to section 203 shall be construed to refer to this section; or

"'(2) as to mortgages meeting the requirements of paragraph (3) of subsection (d) of this section, as provided in section 207 (g) of this Act with respect to mortgages insured under said section 207, and the provisions of subsections (h), (i), (j), (k), and (l) of section 207 of this Act shall be applicable to such mortgages insured under this section, and all references therein to the Housing Insurance Fund or the Housing Fund shall be construed to refer to the Section 221 Housing Insurance Fund; or

"'(3) in the event any mortgage insured under this section is not in default at the expiration of twenty years from the date the mortgage was endorsed for insurance, the mortgagee shall, within a period thereafter to be determined by the Commissioner, have the option to assign, transfer, and deliver to the Commissioner the original credit instrument and the mortgage securing the same and receive the benefits of the insurance as hereinafter provided in this paragraph, upon compliance with such requirements and conditions as to the validity of the mortgage as a first lien and such other matters as may be prescribed by the Commissioner at the time the loan is endorsed for insurance. Upon such assignment, transfer, and delivery the obligation of the mortgagee to pay the premium charges for insurance shall cease, and the Commissioner shall, subject to the cash adjustment provided herein, issue to the mortgagee debentures having a total face value equal to the amount of the original principal obligation of the mortgage which was unpaid on the date of the assignment, plus accrued interest to such date. Debentures issued pursuant to this paragraph (3)

shall be issued in the same manner and subject to the same terms and conditions as debentures issued under paragraph (1) of this subsection, except that the debentures issued pursuant to this paragraph (3) shall be dated as of the date the mortgage is assigned to the Commissioner, and shall bear interest from such date at the going Federal rate determined at the time of issuance. The term "going Federal rate" as used herein means the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (consisting of January through June or July through December) which includes the issuance date of such debentures, which applicable rate for each such six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of eight to twelve years from the first day of such month of May or November (or, if no such obligations are outstanding, the obligation next shorter than eight years and the obligation next longer than twelve years, respectively, shall be used), and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. The Commissioner shall have the same authority with respect to mortgages assigned to him under this paragraph as contained in section 207 (k) and section 207 (l) as to mortgages insured by the Commissioner and assigned to him under section 207 of this Act.

"'(h) There is hereby created a Section 221 Housing Insurance Fund which shall be used by the Commissioner as a revolving fund for carrying out the provisions of this section, and the Commissioner is hereby authorized to transfer to such Fund the sum of $1,000,000 from the War Housing Insurance Fund established pursuant to the provisions of section 602 of this Act. General expenses of operation of the Federal Housing Administration under this section may be charged to the Section 221 Housing Insurance Fund.

"'Moneys in the Section 221 Housing Insurance Fund not needed for the current operations of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of such Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under the provisions of this section. Such purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.

"'Premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Section 221 Housing Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, cash adjustments, and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to such Fund.'

"SEC. 124. Title II of said Act, as amended, is further amended by adding at the end thereof the following new section:

"'*Mortgage insurance for servicemen*

"'SEC. 222. (a) The purpose of this section is to aid in the provision of housing accommodations for servicemen in the Armed Forces of the United States and their families, and servicemen in the United States Coast Guard and their families, by supplementing the insurance of mortgages under section 203 of this title with a system of mortgage insurance specially designed to assist the financing required for the construction or purchase of dwellings by those persons. As used in this section, a "serviceman" means a person to whom the Secretary of Defense (or any officer or employee designated by him), or the Secretary of the Treasury (or any officer or employee designated by him), as the case may be, has issued a certificate hereunder indicating that such person requires housing, is serving on active duty in the Armed Forces of the United States or in the United States Coast Guard and has served on active duty for more than two years, but a certificate shall not be issued hereunder to any person ordered to active duty for training purposes only. The Secretary of Defense and the Secretary of the Treasury, respectively, are authorized to prescribe rules and regulations governing the issuance of such certificates and may withhold issuance of more than one such certificate to a serviceman whenever in his discretion issuance is not justified due to circumstances resulting from military assignment, or, in the case of the United States Coast Guard, other assignment.

"'(b) In addition to mortgages insured under section 203, the Commissioner may, for the purpose of this section, insure any mortgage under this section which would be eligible for insurance under section 203, except that as to mortgages so insured the maximum ratio of loan to value may, in the discretion of the Commissioner, exceed the maximum ratio of loan to value prescribed in section 203 but not to exceed in any event 95 per centum of the appraised value of the property and not to exceed $17,100: *Provided*, That a mortgage insured under this section shall have been executed by a mortgagor who is a serviceman and who, at the time of insurance, is the owner of the property and either occupies the property or certifies that his failure to do so is the result of his military assignment, or, in the case of the United States Coast Guard, other assignment.

"'(c) The Commissioner may prescribe the manner in which a mortgage may be accepted for insurance under this section. Premiums fixed by the Commissioner under section 203 with respect to, or payable during, the period of ownership by a serviceman of the property involved shall not be payable by the mortgagee but shall be paid not less frequently than once each year, upon request of the Commissioner to the Secretary of Defense or the Secretary of the Treasury, as the case may be, from the respective appropriations available for pay and allowances of persons eligible for mortgage insurance under this section. As used herein, "the period of ownership by a serviceman" means the period, for which premiums are fixed, prior to the date that the Secretary of Defense (or any officer or employee or other person designated by him) or the Secretary of the Treasury (or any officer or employee or other person designated by him), as the case may be, furnishes the Commissioner with a certification that such ownership (as defined by the Commissioner) has terminated.

"'(d) Any mortgagee under a mortgage insured under this section is entitled to the benefits of the insurance as provided in section 204 (a) with respect to mortgages insured under section 203.

"'(e) The provisions of subsections (b), (c), (d), (e), (f), (g), and (h) of section 204 shall apply to mortgages insured under this section, except that as applied to those mortgages (1) all references to the "Fund", or "Mutual Mortgage Insurance Fund", shall refer to the "Servicemen's Mortgage Insurance Fund", and (2) all references to "section 203" shall refer to this section.

"'(f) There is hereby created a Servicemen's Mortgage Insurance Fund to be used by the Commissioner as a revolving fund to carry out the provisions of this section, and the Commissioner is directed to transfer the sum of $1,000,000 to such Fund from the War Housing Insurance Fund created by section 602 of this Act. Any premium charges, adjusted premium charges, and appraisal and other fees received on account of the insurance of any mortgage accepted for insurance under this section, the receipts derived from the property covered by such mortgage and claims assigned to the Commissioner in connection therewith shall be credited to the Servicemen's Mortgage Insurance Fund. The principal of, and interest paid and to be paid on, debentures issued under this section, and cash adjustments and expenses incurred in the handling, management, renovation, and disposal of properties acquired under this section shall be charged to the Servicemen's Mortgage Insurance Fund. General expenses of operation of the Federal Housing Administration incurred under this section may be charged to the Servicemen's Mortgage Insurance Fund. Moneys in that Fund not needed for the current operation of the Federal Housing Administration under this section shall be deposited with the Treasurer of the United States to the credit of that Fund, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States. The Commissioner may, with the approval of the Secretary of the Treasury, purchase in the open market debentures issued under this section. Those purchases shall be made at a price which will provide an investment yield of not less than the yield obtainable from other investments authorized by this section. Debentures so purchased shall be canceled and not reissued.'

"SEC. 125. Title II of said Act, as amended, is hereby further amended by adding at the end thereof the following new section to transfer to title II the mortgage insurance program in connection with the sale of certain publicly owned property as contained in section 610 of title VI; the insurance of mortgages to refinance existing loans insured under section 608 of title VI and sections 903 and 908 of title IX; and to authorize the insurance under title II of mortgages assigned to the Commissioner under insurance contracts and mortgages held by the Commissioner in connection with the sale of property acquired under insurance contracts:

"'*Miscellaneous housing insurance*

"'SEC. 223. (a) Notwithstanding any of the provisions of this title, and without regard to limitations upon eligibility contained in section 203 or section 207, the Commissioner is authorized, upon application by the mortgagee, to insure or make commitments to insure under section 203 or section 207 of this title any mortgage—

"'(1) executed in connection with the sale by the Government, or any agency or official thereof, of any housing acquired or constructed under Public Law 849, Seventy-sixth Congress, as amended; Public Law 781, Seventy-sixth Congress, as amended; or Public Laws 9, 73, or 353, Seventy-seventh Congress, as amended (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof); or

"'(2) executed in connection with the sale by the Public Housing Administration, or by any public housing agency with the approval of the said Administration, of any housing (including any property acquired, held, or constructed in connection with such housing or to serve the inhabitants thereof) owned or financially assisted pursuant to the provisions of Public Law 671, Seventy-sixth Congress; or

"'(3) executed in connection with the sale by the Government, or any agency or official thereof, of any of the so-called Greenbelt towns, or parts thereof, including projects, or parts thereof, known as Greenhills, Ohio; Greenbelt, Maryland; and Greendale, Wisconsin, developed under the Emergency Relief Appropriation Act of 1935, or of any of the village properties or employee's housing under the jurisdiction of the Tennessee Valley Authority; or

"'(4) executed in connection with the sale by a State or municipality, or an agency, instrumentality, or political subdivision of either, of a project consisting of any permanent housing (including any property acquired, held, or constructed in connection therewith or to serve the inhabitants thereof), constructed by or on behalf of such State, municipality, agency, instrumentality, or political subdivision, for the occupancy of veterans of World War II, or Korean veterans, their families, and others; or

"'(5) executed in connection with the first resale, within two years from the date of its acquisition from the Government, of any portion of a project or property of the character described in paragraphs (1), (2), and (3) above; or

"'(6) given to refinance an existing mortgage insured under section 608 of title VI prior to the effective date of the Housing Act of 1954 or under section 903 or section 908 of title IX: *Provided*, That the principal amount of any such refinancing mortgage shall not exceed the original principal amount or the unexpired term of such existing mortgage and shall bear interest at a rate not in excess of the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that in any case involving the refinancing of a loan insured under section 608 or 908 in which the Commissioner determines that the insurance of a mortgage for an additional term will inure to the benefit of the applicable insurance fund, taking into consideration the outstanding insurance liability under the existing insured mortgage, such refinancing mortgage may have a term not more than twelve years in excess of the unexpired term of such existing insured mortgage: *Provided*, That a mortgage of the character described in paragraph (1), (2), (3), (4), or (5) shall have a maturity satisfactory to the Commissioner, but not to exceed the maximum term applicable to loans insured under section 203 or section 207, as the case may be, and shall involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commissioner shall approve) in an amount not exceeding 90 per centum of the appraised value of the mortgaged property, as determined by the Commissioner, and bear interest (exclusive of premium charges and service charges, if any) at not to exceed the maximum rate applicable to loans insured under section 203 or section 207, as the case may be, except that where a mortgage of a character described in paragraph (1), (2), (3), or (5) covers property held by a nonprofit cooperative ownership housing corporation or nonprofit cooperative ownership housing trust, the permanent occupancy of the dwellings of which is restricted to members of such corporation or to beneficiaries of such trust, if at least 65 per centum of such members or beneficiaries are veterans, such principal obligation may be in an amount not exceeding 95 per centum of such appraised value.

"'(b) The Commissioner shall also have authority to insure under this title any mortgage assigned to him in connection with payment under a contract of mortgage insurance or executed in connection with the sale by him of any property acquired under title I, title II, title VI, title VII, title VIII, or title IX without regard to any limitation upon eligibility contained in this title II.'

"SEC. 126. Title II of said Act, as amended, is hereby amended by adding at the end thereof the following new sections:

"'*Debenture interest rate*

"'SEC. 224. Notwithstanding any other provisions of this Act, debentures issued under any section of this Act with respect to a mortgage accepted for insurance on or after thirty days following the effective date of the Housing Act of 1954 (except debentures issued pursuant to paragraph (3) of section 221 (g) hereof) shall bear interest at the rate in effect at the time the mortgage is insured. The Commissioner shall from time to time, with the approval of the Secretary of the Treasury, establish such interest rate in an amount not in excess of the annual rate of interest determined by the Secretary of the Treasury, at the request of the Commissioner, by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the calendar month next preceding the establishment of such rate of interest, on all outstanding marketable obligations of the United States having a maturity date of fifteen years or more from the first day of such next preceding month, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum.

"'*Open-end mortgages*

"'SEC. 225. Notwithstanding any other provisions of this Act, in connection with any mortgage insured pursuant to any section of this Act which covers a property upon which there is located a dwelling designed principally for residential use for not more than four families in the aggregate, the Commissioner is authorized, upon such terms and conditions as he may prescribe, to insure under said section the amount of any advance for the improvement or repair of such property made to the mortgagor pursuant to an "open-end" provision in the mortgage, and to add the amount of such advance to the original principal obligation in determining the value of the mortgage for the purpose of computing the amounts of debentures and certificate of claim to which the mortgagee may be entitled: *Provided*, That the Commissioner may require the payment of such charges, including charges in lieu of insurance premiums, as he may consider appropriate for the insurance of such "open-end" advances: *Provided further*, That only advances for such improvements or repairs as substantially protect or improve the basic livability or utility of the property involved shall be eligible for insurance under this section: *Provided further*, That no such advance shall be insured under this section if the amount thereof plus the amount of the unpaid balance of the original principal obligation of the mortgage would exceed the amount of such original principal obligation unless the mortgagor certifies that the proceeds of such advance will be used to finance the construction of additional rooms or other enclosed space as a part of the dwelling: *And provided further*, That the insurance of "open-end" advances shall not be taken into account in determining the aggregate amount of principal obligations of mortgages which may be insured under this Act.

"'*FHA appraisal available to home buyers*

"'SEC. 226. The Commissioner is hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for a single-family residence or a two-family residence and which is approved for mortgage insurance under section 203, 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (2) of subsection (a) thereof, 220, 221, 222, or 903 of this Act, the seller or builder or such other person as may be designated by the Commissioner shall agree to deliver, prior to the sale of the property, to the person purchasing such dwelling for his own occupancy, a written statement setting forth the amount of the appraised value of the property as determined by the Commissioner. This section shall not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954.

"'*Builder's cost certification*

"'SEC. 227. Notwithstanding any other provisions of this Act, no mortgage covering new or rehabilitated multifamily housing shall be insured under this Act unless the mortgagor has agreed (a) to certify, upon completion of the physical improvements on the mortgaged property or project and prior to final endorsement of the mortgage, either (i) that the approved percentage of actual cost (as those terms are herein defined) equaled or exceeded the proceeds of the mortgage loan or (ii) the amount by which the proceeds of the mortgage loan exceeded such approved percentage of actual cost, as the case may be, and (b) to pay forthwith to the mortgagee, for application to the reduction of the principal obligation of such mortgage, the amount, if any, certified to be in excess of such approved percentage of actual cost. As used in this section—

"'(a) The term "new or rehabilitated multifamily housing" means a project or property approved for mortgage insurance prior to the construction or the repair and rehabilitation involved and covered by a mortgage insured or to be insured (i) under section 207, (ii) under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof, (iii) under section 220 if the mortgage meets the requirements of paragraph (3) (B) of subsection (d) thereof, (iv) under section 221, (v) under section 803, or (vi) under sections 903 and 908;

"'(b) The term "approved percentage" means the percentage figure which, under applicable provisions of this Act, the Commissioner is authorized to apply to his estimate of value or replacement cost, as the case may be, of the property or project in determining the maximum insurable mortgage amount; and

"'(c) The term "actual cost" has the following meaning: (i) in case the mortgage is to assist the financing of new construction, the term means the actual cost to the mortgagor of such construction, including amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organizational and legal expenses, and other items of expense approved by the Commissioner, plus (1) a reasonable allowance for builder's profit if the mortgagor is also the builder as defined by the Commissioner, and (2) an amount equal to the Commissioner's estimate of the fair market value of any land (prior to the construction of the improvements built as a part of the project) in the property or project owned by the mortgagor in fee (or, in case the land in the property or project is held by the mortgagor under a leasehold or other interest less than a fee, such amount as the mortgagor paid for the acquisition of such leasehold or other interest but, in no event, in excess of the fair market value of such leasehold or other interest exclusive of the proposed improvements), but excluding the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements, or (ii) in case the mortgage is to assist the financing of repair or rehabilitation, the term means the actual cost to the mortgagor of such repair or rehabilitation, including the amounts paid for labor, materials, construction contracts, off-site public utilities, streets, organization and legal expenses, and other items of expense approved by the Commissioner, plus (1) a reasonable allowance for builder's profit

if the mortgagor is also the builder as defined by the Commissioner, and (2) an additional amount equal to (A) in case the land and improvements are to be acquired by the mortgagor and the purchase price thereof is to be financed with part of the proceeds of the mortgage, the purchase price of such land and improvements prior to such repair or rehabilitation, or (B) in case the land and improvements are owned by the mortgagor subject to an outstanding indebtedness to be refinanced with part of the proceeds of the mortgage, the amount of such outstanding indebtedness secured by such land and improvements, but excluding (for the purposes of this clause (ii)) the amount of any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements: *Provided*, That such additional amount under either (A) or (B) of this clause (ii) shall in no event exceed the Commissioner's estimate of the fair market value of such land and improvements prior to such repair or rehabilitation.

"'SEC. 228. Notwithstanding section 505 of the Classification Act of 1949, as amended, the Commissioner may establish and place one position in grade GS–18, four positions in grade GS–17, and eight positions in grade GS–16 in the Federal Housing Administration, which positions shall be in lieu of any positions presently allocated in the Federal Housing Administration under said section 505.'

"Additional amendments relating to Federal Housing Administration

"SEC. 127. Title VI of said Act, as amended, is hereby amended by adding the following new section at the end thereof:

"'SEC. 612. Notwithstanding any other provision of this title, no mortgage or loan shall be insured under any section of this title after the effective date of the Housing Act of 1954 except pursuant to a commitment to insure issued on or before such date.'

"SEC. 128. (a) Section 803 (a) of said Act, as amended, is amended by striking out 'July 31, 1954' and substituting therefor 'June 30, 1955'.

"(b) Section 903 (a) of said Act, as amended, is hereby amended by adding the following before the last proviso thereof: '*Provided further*, That the Commissioner shall require each dwelling covered by a mortgage insured under this section, for which a commitment to insure is issued after the effective date of the Housing Act of 1954, to be held for rental for a period of not less than three years after the dwelling is made available for initial occupancy:'.

"SEC. 129. Section 104 of the Defense Housing and Community Facilities and Services Act of 1951, as amended, is hereby amended as follows: (1) by striking out the material within the parentheses in clause (a) and substituting therefor 'except (i) pursuant to a commitment to insure issued on or before such date or (ii) after July 31, 1954, and until July 1, 1955, during such period, or for such project or projects, as the President may designate hereunder', and (2) by adding after the last comma in clause (b) 'except after July 31, 1954, and until July 1, 1955, during such period, or for such project or projects, as the President may designate hereunder: *Provided*, That, to the extent necessary to assure the adequate completion of any facilities for which prior agreements have been made under title III, the Housing and Home Finance Administrator may, at any time after July 31, 1954, enter into amendatory agreements under such title involving the expenditure of additional Federal funds within the balance available therefor on or before such date."

"SEC. 130. The paragraph following paragraph numbered (3) of section 803 (b) of the National Housing Act, as amended, and paragraph numbered (3) of section 908 (b) of said Act, as amended, are hereby amended to read as follows: 'The mortgagor shall enter into the agreement required by section 227 of this Act, as amended.'

"SEC. 131. The eighth paragraph of section 709 of title 18 of the United States Code is hereby amended to read as follows:

"'Whoever uses as a firm or business name the words "Housing and Home Finance Agency", "Federal Housing Administration", "Federal National Mortgage Association", or "Public Housing Administration" or the letters "FHA" or any combination or variation of those words or the letters "FHA" alone or with other words or letters reasonably calculated to convey the false impression that such name or business has some connection with, or authorization from, the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof, which does not in fact exist, or falsely claims that any repair, improvement, or alteration of any existing structure is required or recommended by the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof, for the purpose of inducing any person to enter into a contract for the making of such repairs, alterations, or improvements, or falsely advertises or falsely represents by any device whatsoever that any housing unit, project, business, or product has been in any way endorsed, authorized, inspected, appraised, or approved by the Housing and Home Finance Agency, the Federal Housing Administration, the Federal National Mortgage Association, the Public Housing Administration, the Government of the United States or any agency thereof; or'.

"SEC. 132. Title V of the National Housing Act, as amended, is hereby amended by adding the following new sections after section 511:

"'SEC. 512. Notwithstanding any other provision of law, the Commissioner is authorized to refuse the benefits of participation (either directly as an insured lender or as a borrower, or indirectly as a builder, contractor, or dealer, or salesman or sales agent for a builder, contractor or dealer) under title I, II, VI, VII, VIII, or IX of this Act to any person or firm (including but not limited to any individual, partnership, association, trust, or corporation) if the Commissioner has determined that such person or firm (1) has knowingly or willfully violated any provision of this Act or of title III of the Servicemen's Readjustment Act of 1944, as amended, or of any regulation issued by the Commissioner under this Act or by the Administrator of Veterans' Affairs under said title III, or (2) has, in connection with any construction, alteration, repair or improvement work financed with assistance under this Act or under said title III, or in connection with contracts or financing relating to such work, violated any Federal or State penal statute, or (3) has failed materially to properly carry out contractual obligations with respect to the completion of construction, alteration, repair, or improvement work financed with assistance under this Act or under title III of the Servicemen's Readjustment Act of 1944, as amended. Before any such determination is made any person or firm with respect to whom such a determination is proposed shall be notified in writing by the Commissioner and shall be entitled, upon making a written request to the Commissioner, to a written notice specifying charges in reasonable detail and an opportunity to be heard and to be represented by counsel. Determinations made by the Commissioner under this section shall be based on the preponderance of the evidence.

"'SEC. 513. (a) The Congress hereby declares that it has been its intent since the enactment of the National Housing Act that housing built with the aid of mortgages insured under that Act is to be used principally for residential use; and that this intent excludes the use of such housing for transient or hotel purposes while such insurance on the mortgage remains outstanding.

"'(b) Notwithstanding any other provisions of this Act, no new, existing, or rehabilitated multifamily housing with respect to which a mortgage is insured under this Act shall be operated for transient or hotel purposes unless (1) on or before May 28, 1954, the Commissioner has agreed in writing to the rental of all or a portion of the accommodations in the project for transient or hotel purposes (in which case no accommodations in excess of the number so agreed to by the Commissioner shall be rented on such basis), or (2) the project covered by the insured mortgage is located in an area which the Commissioner determines to be a resort area, and the Commissioner finds that prior to May 28, 1954, a portion of the accommodations in the project had been made available for rent for transient or hotel purposes (in which case no accommodations in excess of the number which had been made available for such use shall be rented on such basis).

"'(c) Notwithstanding any other provisions of this Act, no mortgage with respect to multifamily housing shall be insured under this Act (except pursuant to a commitment to insure issued prior to the effective date of the Housing Act of 1954), and (except as to housing coming within the provisions of clause (1) or clause (2) of the preceding subsection) no mortgage with respect to multifamily housing shall be insured for an additional term, unless (1) the mortgagor certifies under oath that while such insurance remains outstanding he will not rent, or permit the rental of, such housing or any part thereof for transient or hotel purposes, and (2) the Commissioner has entered into such contract with, or purchased such stock of, the mortgagor as the Commissioner deems necessary to enable him to prevent or terminate any use of such property or project for transient or hotel purposes while the mortgage insurance remains outstanding.

"'(d) The Commissioner is hereby authorized and directed to enforce the provisions of this section by all appropriate means at his disposal, as to all existing multifamily housing with respect to which a mortgage was insured under this Act prior to the effective date of the Housing Act of 1954 as well as to all multifamily housing with respect to which a mortgage is hereafter insured under this Act: *Provided*, That no criminal penalty shall, by reason of enactment of this section, be applicable to the rental or operation of any such existing multifamily housing in violation of any provision of subsection (b) of this section at any time prior to the effective date of the Housing Act of 1954.

"'(e) As used in this section, (1) the term "rental for transient or hotel purposes" shall have such meaning as prescribed by the Commissioner but rental for any period less than thirty days shall in any event constitute rental for such purposes, and (2) the term "multifamily housing" shall mean (i) a property held by a mortgagor upon which there are located five or more single family dwellings, or upon which there is located a two-, three-, or four-family dwelling, or (ii) a property or project covered by mortgage insured or to be insured under section 207, under section 213 with respect to any property or project of a corporation or trust of the character described in paragraph numbered (1) of subsection (a) thereof, under section 220 if the mortgage is within the provisions of paragraph (3) (B) of subsection (d) thereof, under section 221 if the mortgage is within the provisions of paragraph (3) of subsection (d) thereof, under section 608, under section 803, or under section 908, or (iii) a project with respect to

which an insurance contract pursuant to title VII is outstanding.

"'(f) Promptly after receipt of written notice that any portion of any building is being rented or operated in violation of any provision of this section or of any rule or regulation lawfully issued thereunder, the Commissioner shall investigate the existence of the facts alleged in the written notice and shall order such violation, if found to exist, to cease forthwith.

"'(g) If such violation does not cease in accordance with such order, the Commissioner shall forward the complaint to the Attorney General of the United States for prosecution of such civil or criminal action, if any, which the Attorney General may find to be involved in such violation.

"'(h) Whenever he finds a violation of any provision of this section has occurred or is about to occur, the Attorney General shall petition the district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation of this section shall be found, for an order enjoining such acts or practices, and upon a showing by the Attorney General that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted without bond.

"'(i) Any person owning or operating a hotel within a radius of fifty miles of a place where a violation of any provision of this section has occurred or is about to occur, or any group or association of hotel owners or operators within said fifty-mile radius, at his or their sole charge or cost, may petition any district court of the United States or the district court of any Territory or other place subject to United States jurisdiction within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation of this section shall be found, for an order enjoining such acts or practices, and, upon a showing that such acts or practices constituting such violation have been engaged in or are about to be engaged in, a permanent or temporary injunction, restraining order, or other order, with or without such injunction or restraining order, shall be granted.

"'(j) The several district courts of the United States and the several district courts of the Territories of the United States or other place subject to United States jurisdiction, within whose jurisdictional limits the person doing or committing the acts or practices constituting the alleged violation shall be found, shall, wheresoever such acts or practices may have been done or committed, have full power and jurisdiction to hear, try, and determine such matter under subsections (h) and (i) of this section.'

"TITLE II—FEDERAL NATIONAL MORTGAGE ASSOCIATION

"SEC. 201. Title III of the National Housing Act, as amended, is hereby amended to read as follows:

"'TITLE III—FEDERAL NATIONAL MORTGAGE ASSOCIATION

"'*Purposes*

"'SEC. 301. The Congress hereby declares that the purposes of this title are to establish in the Federal Government a secondary market facility for home mortgages, to provide that the operations of such facility shall be financed by private capital to the maximum extent feasible, and to authorize such facility to—

"'(a) provide supplementary assistance to the secondary market for home mortgages by providing a degree of liquidity for mortgage investments, thereby improving the distribution of investment capital available for home mortgage financing;

"'(b) provide special assistance (when, and to the extent that, the President has determined that it is in the public interest) for the financing of (1) selected types of home mortgages (pending the establishment of their marketability) originated under special housing programs designed to provide housing of acceptable standards at full economic costs for segments of the national population which are unable to obtain adequate housing under established home financing programs, and (2) home mortgages generally as a means of retarding or stopping a decline in mortgage lending and home building activities which threatens materially the stability of a high level national economy; and

"'(c) manage and liquidate the existing mortgage portfolio of the Federal National Mortgage Association in an orderly manner, with a minimum of adverse effect upon the home mortgage market and minimum loss to the Federal Government.

"'*Creation of Association*

"'SEC. 302. (a) There is hereby created a body corporate to be known as the "Federal National Mortgage Association" (hereinafter referred to as the "Association"), which shall be a constituent agency of the Housing and Home Finance Agency. The Association shall have succession until dissolved by Act of Congress. It shall maintain its principal office in the District of Columbia and shall be deemed, for purposes of venue in civil actions, to be a resident thereof. Agencies or offices may be established by the Association in such other place or places as it may deem necessary or appropriate in the conduct of its business.

"'(b) For the purposes set forth in section 301 and subject to the limitations and restrictions of this title, the Association is authorized to make commitments to purchase and to purchase, service, or sell, any residential or home mortgages (or participations therein) which are insured under this Act, as amended, or which are insured or guaranteed under the Servicemen's Readjustment Act of 1944, as amended: *Provided*, That (1) no mortgage may be purchased at a price exceeding 100 per centum of the unpaid principal amount thereof at the time of purchase, with adjustments for interest and any comparable items; and (2) the Association may not purchase any mortgage if (i) it is offered by, or covers property held by, a Federal, State, territorial, or municipal instrumentality or (ii) the original principal obligation thereof exceeds or exceeded $15,000 for each family residence or dwelling unit covered by the mortgage.

"'*Capitalization*

"'SEC. 303. (a) The Association shall have nonvoting common stock; and initially shall also have nonvoting preferred stock to which the Secretary of the Treasury shall subscribe as provided in subsections (d) and (e) of this section. All stock of the Association shall have a par value of $100 per share, and shall not be transferable except on the books of the Association. At the option of the Association all such stock shall be retirable at par value at any time, except that retirements of common stock shall not be made if, as a consequence, the amount thereof remaining outstanding would be less than $100,000,000. With respect to the preferred stock held by him, the Secretary of the Treasury shall be entitled to cumulative dividends for each fiscal year or portion thereof, from the date or dates the capital represented by such preferred stock is initially utilized until such preferred stock is retired, at rates determined by him at the beginning of each such fiscal year, taking into consideration the current average interest rate on outstanding marketable obligations of the United States as of the last day of the preceding fiscal year. The Secretary of the Treasury shall permit the retirement of the preferred stock held by him in the manner provided in this section. Funds of the capital surplus and the general surplus accounts of the Association shall be available to retire the preferred stock held by the Secretary of the Treasury as rapidly as the Association shall deem feasible. Concurrently with the retirement of the last of such outstanding shares of preferred stock, the Association shall pay to the Secretary of the Treasury for covering into miscellaneous receipts an amount equal to that part of the general surplus and reserves of the Association (other than reserves established to provide for any depreciation in value of its assets, including mortgages) which shall be deemed to have been earned through the use of the capital represented by the shares held by him from time to time. The amount of such payment shall be determined by applying to such surplus and reserves that percentage which is equivalent to the proportion borne by the employed capital represented by the Secretary's stock to the total employed capital of the Association, computed monthly for the period from the cutoff date determined pursuant to section 303 (d) of this title to the aforesaid retirement of the last of the outstanding shares of preferred stock of the Association.

"'(b) The Association shall accumulate funds for its capital surplus account from private sources by requiring each mortgage seller to make payments of nonrefundable capital contributions equal to not less than 3 per centum of the unpaid principal amount of mortgages therein involved in purchases or contracts for purchases between such seller and the Association, or such greater percentage as may from time to time be determined by the Association. In addition, the Association may impose charges or fees for its services with the objective that all costs and expenses of its operations should be within its income derived from such operations and that such operations should be fully self-supporting. All earnings from the operations of the Association shall annually be transferred to its general surplus account. At any time, funds of the general surplus account may, in the discretion of the board of directors, be transferred to reserves. All dividends shall be charged against the general surplus account. This subsection (b) shall be subject to the exceptions set forth in section 307 of this title.

"'(c) The Association shall issue, from time to time, to each mortgage seller its common stock (only in denominations of $100 or multiples thereof) evidencing any capital contributions made by such seller pursuant to subsection (b) of this section. Such dividends as may be declared by the board of directors in its discretion shall be paid by the Association to the holders of its common stock, but in any one fiscal year the general surplus account of the Association shall not be reduced through the payment of dividends applicable to such common stock which exceed in the aggregate 5 per centum of the par value of the outstanding common stock of the Association: *Provided*, That pending the retirement of all the outstanding preferred stock of the Association such percentage with respect to any one fiscal year shall not exceed the percentage rate of the cumulative dividend applicable to the preferred stock of the Association for that fiscal year.

"'(d) Within ninety days following the effective date of the Housing Act of 1954, as of the day following a cutoff date to be determined by the Association, the Association is authorized and directed to issue and deliver to the Secretary of the Treasury, and the Secretary of the Treasury is authorized and directed to accept, preferred stock of the Association having an aggregate par value

equal to the sum of (1) the amount of $21,000,000 (being the amount of the original subscription for capital stock of $20,000,000 and paid-in surplus of $1,000,000 of the Association) and (2) an amount equal to the Association's surplus, surplus reserves, and undistributed earnings, computed as of the close of the cutoff date.

"'(e) The preferred stock of the Association delivered to the Secretary of the Treasury pursuant to subsection (d) of this section shall be in exchange for (1) the note or notes evidencing the aforesaid original $21,000,000 (upon which the accrued interest shall have been paid through the cutoff date referred to in subsection (d) of this section), and (2) the release to the Association of any and all rights or claims which the United States might otherwise have or claim in and to the Association's capital, surplus, surplus reserves, and undistributed earnings, computed as of the close of the aforesaid cutoff date.

"'(f) Notwithstanding any other provision of law, any institution, including a national bank or State member bank of the Federal Reserve System or any member of the Federal Deposit Insurance Corporation, trust company, or other banking organization, organized under any law of the United States, including the laws relating to the District of Columbia, shall be authorized to make payments to the Association of the nonrefundable capital contributions referred to in subsection (b) of this section, to receive stock of the Association evidencing such capital contributions, and to hold or dispose of such stock, subject to the provisions of this title.

"'(g) As promptly as practicable after all of the preferred stock of the Association held by the Secretary of the Treasury has been retired, the Housing and Home Finance Administrator shall transmit to the President for submission to the Congress recommendations for such legislation as may be necessary or desirable to make appropriate provisions to transfer to the owners of the outstanding common stock of the Association the assets and liabilities of the Association in connection with, and the control and management of, the secondary market operations of the Association under section 304 of this title in order that such operations may thereafter be carried out by a privately owned and privately financed corporation.

"'Secondary market operations

"'SEC. 304. (a) To carry out the purposes set forth in paragraph (a) of section 301, the operations of the Association under this section shall be confined, so far as practicable, to mortgages which are deemed by the Association to be of such quality, type, and class as to meet, generally, the purchase standards imposed by private institutional mortgage investors and the Association shall not purchase any mortgage insured or guaranteed prior to the effective date of the Housing Act of 1954. In the interest of assuring sound operation, the prices to be paid by the Association for mortgages purchased in its secondary market operations under this section, should be established, from time to time, at the market price for the particular class of mortgages involved, as determined by the Association. The volume of the Association's purchases and sales, and the establishment of the purchase prices, sale prices, and charges or fees, in its secondary market operations under this section, should be determined by the Association from time to time, and such determinations should be consistent with the objectives that such purchases and sales should be effected only at such prices and on such terms as will reasonably prevent excessive use of the Association's facilities, and that the operations of the Association under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

"'(b) For the purposes of this section, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but the aggregate amount of obligations of the Association under this subsection outstanding at any one time shall not exceed ten times the sum of its capital, capital surplus, general surplus, reserves, and undistributed earnings, and in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership pursuant to this section, free from any liens or encumbrances, of cash, mortgages, and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

"'(c) The Secretary of the Treasury is authorized in his discretion to purchase any obligations issued pursuant to subsection (b) of this section, as now or hereafter in force, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds of the sale of any securities hereafter issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include such purchases. The Secretary of the Treasury shall not at any time purchase any obligations under this subsection if (1) all of the preferred stock of the Association held by the Secretary of the Treasury has been retired, or (2) such purchase would increase the aggregate principal amount of his then outstanding holdings of such obligations under this subsection to an amount greater than $500,000,000 plus an amount equal to the total of such reductions in the maximum dollar amount prescribed by section 306 (c) as have theretofore been effected pursuant to that section: *Provided,* That such aggregate principal amount under this subsection (c) shall in no event exceed $1,000,000,000. Each purchase of obligations by the Secretary of the Treasury under this subsection shall be upon such terms and conditions as to yield a return at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the making of such purchase. The Secretary of the Treasury may, at any time, sell, upon such terms and conditions and at such price or prices as he shall determine, any of the obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such obligations under this subsection shall be treated as public debt transactions of the United States.

"'(d) The Association may not purchase participations or make any advance contracts or commitments to purchase mortgages for its operations under this section, except that the Association may, in the discretion of its board of directors, issue a purchase contract (which shall not be assignable or transferable except with the consent of the Association) in an amount not exceeding the amount of the sale of mortgages purchased from the Association, entitling the holder thereof to sell to the Association mortgages in the amount of the contract, upon such terms and conditions as the Association may prescribe.

"'Special assistance functions

"'SEC. 305. (a) To carry out the purposes set forth in paragraph (b) of section 301, the President, after taking into account (1) the conditions in the building industry and the national economy and (2) conditions affecting the home mortgage investment market, generally, or affecting various types or classifications of home mortgages, or both, and after determining that such action is in the public interest, may under this section authorize the Association, for such period of time and to such extent as he shall prescribe, to exercise its powers to make commitments to purchase and to purchase such types, classes, or categories of home mortgages (including participations therein) as he shall determine.

"'(b) The operations of the Association under this section shall be confined, so far as practicable, to mortgages (including participations) which are deemed by the Association to be of such quality as to meet, substantially and generally, the purchase standards imposed by private institutional mortgage investors but which, at the time of submission of the mortgages to the Association for purchase, are not necessarily readily acceptable to such investors. Subject to the provisions of this section, the prices to be paid by the Association for mortgages purchased in its operations under this section shall be established from time to time by the Association. The Association shall impose charges or fees for its services under this section with the objective that all costs and expenses of its operations under this section should be within its income derived from such operations and that such operations should be fully self-supporting.

"'(c) The total amount of purchases and commitments authorized by the President pursuant to subsection (a) of this section shall not exceed $200,000,000 outstanding at any one time: *Provided,* That, notwithstanding such limitation, the President pursuant to subsection (a) of this section may also authorize the Association to exercise its powers to enter into commitments to purchase immediate participations and to make related deferred participation agreements as hereinafter in this subsection provided, but only to the extent that the total amount of such immediate participation commitments and purchases pursuant thereto (but not including the amount of any related deferred participation agreements or purchases pursuant thereto) shall not in any event exceed $100,000,000 outstanding at any one time, and any such deferred participation agreements shall be made by the Association only on the basis of a commitment by it to purchase an immediate participation of a 20 per centum undivided interest in each mortgage and a related deferred participation agreement by the Association to purchase the remaining outstanding interest in such mortgage conditional upon the occurrence of such a default as gives rise to the right to foreclose.

"'(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, tak-

ing into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder..

"'*Management and liquidating functions*

"'SEC. 306. (a) To carry out the purposes set forth in paragraph (c) of section 301, the Association is authorized and directed, as of the close of the cutoff date determined by the Association pursuant to section 303 (d) of this title, to establish separate accountability for all of its assets and liabilities (exclusive of capital, surplus, surplus reserves, and undistributed earnings to be evidenced by preferred stock as provided in section 303 (d) hereof, but inclusive of all rights and obligations under any outstanding contracts), and to maintain such separate accountability for the management and orderly liquidation of such assets and liabilities as provided in this section.

"'(b) For the purposes of this section and to assure that, to the maximum extent, and as rapidly as possible, private financing will be substituted for Treasury borrowings otherwise required to carry mortgages held under the aforesaid separate accountability, the Association is authorized to issue, upon the approval of the Secretary of the Treasury, and have outstanding at any one time obligations having such maturities and bearing such rate or rates of interest as may be determined by the Association with the approval of the Secretary of the Treasury, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations; but in no event shall any such obligations be issued if, at the time of such proposed issuance, and as a consequence thereof, the resulting aggregate amount of its outstanding obligations under this subsection would exceed the amount of the Association's ownership under the aforesaid separate accountability, free from any liens or encumbrances, of cash, mortgages, and bonds or other obligations of, or bonds or other obligations guaranteed as to principal and interest by, the United States. The proceeds of any private financing effected under this subsection shall be paid to the Secretary of the Treasury in reduction of the indebtedness of the Association to the Secretary of the Treasury under the aforesaid separate accountability. The Association shall insert appropriate language in all of its obligations issued under this subsection clearly indicating that such obligations, together with the interest thereon, are not guaranteed by the United States and do not constitute a debt or obligation of the United States or of any agency or instrumentality thereof other than the Association. The Association is authorized to purchase in the open market any of its obligations outstanding under this subsection at any time and at any price.

"'(c) No mortgage shall be purchased by the Association in its operations under this section except pursuant to and in accordance with the terms of a contract or commitment to purchase the same made prior to the cutoff date provided for in section 303 (d), which contract or commitment became a part of the aforesaid separate accountability, and the total amount of mortgages and commitments held by the Association under this section shall not, in any event, exceed $3,350,000,000: *Provided*, That such maximum amount shall be progressively reduced by the amount of cash realizations on account of principal of mortgages held under the aforesaid separate accountability and by cancellation of any commitments to purchase mortgages thereunder, as reflected by the books of the Association, with the objective that the entire aforesaid maximum amount shall be eliminated with the orderly liquidation of all mortgages held under the aforesaid separate accountability: *And provided further*, That nothing in this subsection shall preclude the Association from granting such usual and customary increases in the amounts of outstanding commitments (resulting from increased costs or otherwise) as have theretofore been covered by like increases in commitments granted by the agencies of the Federal Government insuring or guaranteeing the mortgages. There shall be excluded from the total amounts set forth in this subsection and subsection (e) of this section the amounts of any mortgages which, subsequent to May 31, 1954, are transferred by law to the Association and held under the aforesaid separate accountability.

"'(d) The Association may issue to the Secretary of the Treasury its obligations in an amount outstanding at any one time sufficient to enable the Association to carry out its functions under this section, such obligations to mature not more than five years from their respective dates of issue, to be redeemable at the option of the Association before maturity in such manner as may be stipulated in such obligations. Each such obligation shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding marketable obligations of the United States as of the last day of the month preceding the issuance of the obligation of the Association. The Secretary of the Treasury is authorized to purchase any obligations of the Association to be issued under this section, and for such purpose the Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as now or hereafter in force, and the purposes for which securities may be issued under the Second Liberty Bond Act, as now or hereafter in force, are extended to include any purchases of the Association's obligations hereunder.

"'(e) Of the $3,650,000,000 total amount of investments, loans, purchases, and commitments heretofore authorized to be outstanding at any one time under this title III prior to the enactment of the Housing Act of 1954, a total of not to exceed $300,000,000 shall be applicable as provided in section 305 of this title, and a total of not to exceed $3,350,000,000 shall be applicable as provided in subsection (c) of this section.

"'*Separate accountability*

"'SEC. 307. (a) The Association shall establish and at all times maintain separate accountability for (1) its secondary market operations authorized by section 304 hereof, (2) its special assistance functions authorized by section 305 hereof, and (3) its management and liquidating functions authorized by section 306 hereof.

"'(b) With respect to the functions or operations of the Association under sections 305 and 306, respectively, of this title, (1) there shall be no recourse to the capitalization of the Association provided for by section 303 of this title, and (2) mortgage sellers shall not be required to make payment to the Association of the capital contributions provided for by section 303 (b) of this title.

"'(c) All of the benefits and burdens incident to the administration of the functions and operations of the Association under sections 305 and 306, respectively, of this title, after allowance for related obligations of the Association, its prorated expenses, and the like, including amounts required for the establishment of such reserves as the board of directors of the Association shall deem appropriate, shall inure solely to the Secretary of the Treasury, and such related earnings or other amounts as become available shall be paid annually by the Association to the Secretary of the Treasury for covering into miscellaneous receipts.

"'*Board of Directors*

"'SEC. 308 (a). The Association shall have a Board of Directors consisting of five persons, one of whom shall be the Housing and Home Finance Administrator as Chairman of the Board, and four of whom shall be appointed by said Administrator from among the officers or employees of the Association, of the immediate office of said Administrator, or (with the consent of the head of such department or agency) of any other department or agency of the Federal Government. The board of directors shall meet at the call of its chairman, who shall require it to meet not less often than once each month. Within the limitations of law, the board shall determine the general policies which shall govern the operations of the Association. The chairman of the board shall select and effect the appointment of qualified persons to fill the offices of president and vice president, and such other offices as may be provided for in the bylaws, with such executive functions, powers, and duties as may be prescribed by the bylaws or by the board of directors, and such persons shall be the executive officers of the Association and shall discharge all such executive functions, powers, and duties. The basic rate of compensation of the position of president of the Association shall be the same as the basic rate of compensation established for the heads of the constituent agencies of the Housing and Home Finance Agency. The members of the board, as such, shall not receive compensation for their services.

"'*General powers*

"'SEC. 309. (a) The Association shall have power to adopt, alter, and use a corporate seal, which shall be judicially noticed; by its board of directors, to adopt, amend, and repeal bylaws governing the performance of the powers and duties granted to or imposed upon it by law; to enter into and perform contracts, leases, cooperative agreements, or other transactions, on such terms as it may deem appropriate, with any agency or instrumentality of the United States, or with any State, territory, or possession, or the Commonwealth of Puerto Rico, or with any political subdivision thereof, or with any person, firm, association, or corporation; to execute, in accordance with its bylaws, all instruments necessary or appropriate in the exercise of any of its powers; in its corporate name, to sue and to be sued, and to complain and to defend, in any court of competent jurisdiction, State or Federal, but no attachment, injunction, or other similar process, mesne or final, shall be issued against the property of the Association or against the Association with respect to its property; to conduct its business in any State of the United States, including the District of Columbia, the Commonwealth of Puerto Rico, and the territories and possessions of the United States; to lease, purchase, or acquire any property, real, personal, or mixed, or any interest therein, to hold, rent, maintain, modernize, renovate, improve, use, and operate such property, and to sell, for cash or credit, lease, or otherwise dispose of the same, at such time and in such manner as and to the extent that the Association may deem necessary or appropriate; to prescribe, repeal, and amend or modify, rules, regulations, or requirements governing the manner in which its general business may be conducted; to accept gifts or donations of services, or of property, real, personal, or mixed, tangible, or intangible, in aid of any of the purposes of the Association; and to do all things as are

necessary or incidental to the proper management of its affairs and the proper conduct of its business.

"'(b) Except as may be otherwise provided in this title, in the Government Corporation Control Act, or in other laws specifically applicable to Government corporations, the Association shall determine the necessity for and the character and amount of its obligations and expenditures and the manner in which they shall be incurred, allowed, paid, and accounted for.

"'(c) The Association, including its franchise, capital, reserves, surplus, mortgages, and income shall be exempt from all taxation now or hereafter imposed by the United States, by any territory, dependency, or possession thereof, or by any State, county, municipality, or local taxing authority, except that (1) any real property of the Association shall be subject to State, territorial, county, municipal, or local taxation to the same extent according to its value as other real property is taxed, and (2) the Association shall, with respect to its secondary market operations under section 304 after the cutoff date referred to in section 303 (d) of this title, pay annually to the Secretary of the Treasury, for covering into miscellaneous receipts, an amount equivalent to the amount of Federal income taxes for which it would be subject if it were not exempt from such taxes with respect to such secondary market operations.

"'(d) The Chairman of the Board shall have power to select and appoint or employ such officers, attorneys, employees, and agents, to vest them with such powers and duties, and to fix and to cause the Association to pay such compensation to them for their services, as he may determine, subject to the civil service and classification laws. Bonds may be required for the faithful performance of their duties, and the Association may pay the premiums therefor. With the consent of any Government corporation or Federal Reserve bank, or of any board, commission, independent establishment, or executive department of the Government, the Association may avail itself on a reimbursable basis of the use of information, services, facilities, officers, and employees thereof, including any field service thereof, in carrying out the provisions of this title.

"'(e) No individual, association, partnership, or corporation, except the body corporate created by section 302 of this title, shall hereafter use the words "Federal National Mortgage Association" or any combination of such words, as the name or a part thereof under which he or it shall do business. Every individual, partnership, association, or corporation violating this prohibition shall be guilty of a misdemeanor and shall be punished by a fine of not exceeding $100 or imprisonment not exceeding thirty days or both, for each day during which such violation is committed or repeated.

"'(f) In order that the Association may be supplied with such forms of obligations or certificates as it may need for issuance under this title, the Secretary of the Treasury is authorized, upon request of the Association, to prepare such forms as shall be suitable and approved by the Association, to be held in the Treasury subject to delivery, upon order of the Association. The engraved plates, dies, bed pieces, and other material executed in connection therewith shall remain in the custody of the Secretary of the Treasury. The Association shall reimburse the Secretary of the Treasury for any expenses incurred in the preparation, custody, and delivery of such forms.

"'(g) The Federal Reserve banks are authorized and directed to act as depositaries, custodians, and fiscal agents for the Association in the general performance of its powers, and the Association shall reimburse such Federal Reserve banks for such services in such manner as may be agreed upon.

"'*Investment of funds*

"'SEC. 310. Moneys of the Association not invested in mortgages or in operating facilities shall be kept in cash on hand or on deposit, or invested in bonds or other obligations of, or in bonds or other obligations guaranteed as to principal and interest by, the United States.

"'*Obligations of Association legal investments*

"'SEC. 311. All obligations issued by the Association shall be lawful investments, and may be accepted as security for all fiduciary, trust, and public funds, the investment or deposit of which shall be under the authority and control of the United States or any officer or officers thereof.

"'*Short title*

"'SEC. 312. This title III may be referred to as the "Federal National Mortgage Association Charter Act".'

"SEC. 202. The Federal National Mortgage Association, established pursuant to the provisions of title III of the National Housing Act as in effect prior to July 1, 1948, and named in section 101 of the Government Corporation Control Act, as amended, shall be the body corporate referred to in section 302 of title III of the National Housing Act, as amended by the Housing Act of 1954.

"SEC. 203. The penultimate sentence of paragraph Seventh of section 5136 of the Revised Statutes, as amended, is hereby amended by striking 'or obligations of national mortgage associations' and inserting 'or obligations of the Federal National Mortgage Association.'

"SEC. 204. (a) Subsection (h) of section 11 of the Federal Home Loan Bank Act, as amended, is hereby amended by inserting after 'in obligations of the United States' a comma and the following: 'in obligations of the Federal National Mortgage Association,'. The last sentence of section 16 of said Act is amended by inserting after 'in direct obligations of the United States' a comma and the following: 'in obligations of the Federal National Mortgage Association,'.

"(b) The first paragraph of subsection (c) of section 5 of the Home Owners' Loan Act of 1933, as amended, is hereby amended by inserting in the second proviso before the colon and after 'Federal Home Loan Bank' the following: 'or in the obligations of the Federal National Mortgage Association'.

"SEC. 205. Subsection (b) of section 2 of the Alaska Housing Act, as amended, is hereby repealed.

"SEC. 206. Public Law 243, Eighty-second Congress, approved October 30, 1951, as amended, is hereby repealed. Subsection (a) of section 608 of Public Law 139, Eighty-second Congress, approved September 1, 1951, is hereby repealed.

"SEC. 207. The functions of the Housing and Home Finance Administrator (including the function of making payments to the Secretary of the Treasury) under section 2 of Reorganization Plan Numbered 22 of 1950, together with the notes and capital stock of the Federal National Mortgage Association held by said Administrator thereunder, are hereby transferred to the Federal National Mortgage Association.

"TITLE III—SLUM CLEARANCE AND URBAN RENEWAL

"SEC. 301. The heading of title I of the Housing Act of 1949, as amended, is hereby amended to read 'TITLE I—SLUM CLEARANCE AND URBAN RENEWAL'.

"SEC. 302. Title I of said Act, as amended, is hereby amended by inserting the following new section immediately after the heading of title I:

"'*Urban renewal fund*

"'SEC. 100. The authorizations, funds, and appropriations available pursuant to sections 103 and 104 hereof shall constitute a fund, to be known as the "Urban Renewal Fund", and shall be available for advances, loans, and capital grants to local public agencies for urban renewal projects in accordance with the provisions of this title, and all contracts, obligations, assets, and liabilities existing under or pursuant to said sections prior to the enactment of the Housing Act of 1954 are hereby transferred to said Fund.'

"SEC. 303. Section 101 of said Act, as amended, is hereby amended to read as follows:

"'SEC. 101. (a) In entering into any contract for advances for surveys, plans, and other preliminary work for projects under this title, the Administrator shall give consideration to the extent to which appropriate local public bodies have undertaken positive programs (through the adoption, modernization, administration, and enforcement of housing, zoning, building and other local laws, codes and regulations relating to land use and adequate standards of health, sanitation, and safety for buildings, including the use and occupancy of dwellings) for (1) preventing the spread or recurrence in the community of slums and blighted areas, and (2) encouraging housing cost reductions through the use of appropriate new materials, techniques, and methods in land and residential planning, design, and construction, the increase of efficiency in residential construction, and the elimination of restrictive practices which unnecessarily increase housing costs.

"'(b) In the administration of this title, the Administrator shall encourage the operations of such local public agencies as are established on a State, or regional (within a State), or unified metropolitan basis or as are established on such other basis as permits such agencies to contribute effectively toward the solution of community development or redevelopment problems on a State, or regional (within a State), or unified metropolitan basis.

"'(c) No contract shall be entered into for any loan or capital grant under this title, or for annual contributions or capital grants pursuant to the United States Housing Act of 1937, as amended, for any project or projects not constructed or covered by a contract for annual contributions prior to the effective date of the Housing Act of 1954, and no mortgage shall be insured, and no commitment to insure a mortgage shall be issued, under section 220 or 221 of the National Housing Act, as amended, unless (1) there is presented to the Administrator by the locality a workable program (which shall include an official plan of action, as it exists from time to time, for effectively dealing with the problem of urban slums and blight within the community and for the establishment and preservation of a well-planned community with well-organized residential neighborhoods of decent homes and suitable living environment for adequate family life) for utilizing appropriate private and public resources to eliminate, and prevent the development or spread of, slums and urban blight, to encourage needed urban rehabilitation, to provide for the redevelopment of blighted, deteriorated, or slum areas, or to undertake such of the aforesaid activities or other feasible community activities as may be suitably employed to achieve the objectives of such a program, and (2) on the basis of his review of such program, the Administrator determines that such program meets the requirements of this subsection and certifies to the constituent agencies affected that the Federal assistance may be made available in such community: *Provided*, That this sentence shall not apply to the insurance of, or commitment to insure, a mortgage under section 220 of the National Housing Act, as amended, if the mortgaged property is in an area referred to in clause (A) (1) of paragraph (1) of section 220 (d), or under section 221 of the National Housing Act, as amended, if the mortgaged property

is in a community referred to in clause (2) of section 221 (a) of said Act: *And provided further*, That, notwithstanding any other provisions of law which would authorize such delegation or transfer, there shall not be delegated or transferred to any other official (except an officer or employee of the Housing and Home Finance Agency serving as Acting Administrator during the absence or disability of the Administrator or in the event of a vacancy in that office) the final authority vested in the Administrator (i) to determine whether any such workable program meets the requirements of this subsection, (ii) to make the certification that Federal assistance of the types enumerated in this subsection may be made available in such community, (iii) to make the certifications as to the maximum number of dwelling units needed for the relocation of families to be displaced as a result of governmental action in a community and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under section 221 of the National Housing Act, as amended, or (iv) to determine that the relocation requirements of section 105 (c) of this title have been met.

"'(d) The Administrator is authorized to establish facilities (1) for furnishing to communities, at their request, an urban renewal service to assist them in the preparation of a workable program as referred to in the preceding subsection and to provide them with technical and professional assistance for planning and developing local urban renewal programs, and (2) for the assembly, analysis and reporting of information pertaining to such programs.'

"SEC. 304. Section 102 of said Act, as amended, is hereby amended—

"(1) by amending the first sentence in subsection (a) to read as follows: 'To assist local communities in the elimination of slums and blighted or deteriorated or deteriorating areas, in preventing the spread of slums, blight or deterioration, and in providing maximum opportunity for the redevelopment, rehabilitation, and conservation of such areas by private enterprise, the Administrator may make temporary and definitive loans to local public agencies in accordance with the provisions of this title for the undertaking of urban renewal projects.';

"(2) by inserting in the second sentence of subsection (a) before the word 'expenditures' the word 'estimated' and by inserting after the word 'bonds' the words 'or other obligations';

"(3) by striking out 'new uses of land in the project area' at the end of the first sentence of subsection (b) and inserting 'new uses of such land in the project area';

"(4) by striking out the words 'bear interest as such rate' in the second sentence of subsection (b) and inserting 'bear interest at such rate'; and

"(5) by amending subsection (d) to read as follows:

"'(d) The Administrator may make advances of funds to local public agencies for surveys and plans for urban renewal projects which may be assisted under this title, including, but not limited to, (i) plans for carrying out a program of voluntary repair and rehabilitation of buildings and improvements, (ii) plans for the enforcement of State and local laws, codes, and regulations relating to the use of land and the use and occupancy of buildings and improvements, and to the compulsory repair, rehabilitation, demolition, or removal of buildings and improvements, and (iii) appraisals, title searches, and other preliminary work necessary to prepare for the acquisition of land in connection with the undertaking of such projects. The contract for any such advance of funds shall be made upon the condition that such advance of funds shall be repaid, with interest at not less than the applicable going Federal rate, out of any moneys which become available to the local public agency for the undertaking of the project involved. No contract for any such advances of funds for surveys and plans for urban renewal projects which may be assisted under this title shall be made unless the governing body of the locality involved has by resolution or ordinance approved the undertaking of such surveys and plans and the submission by the local public agency of an application for such advance of funds.'

"SEC. 305. Subsection (a) of section 103 of said Act, as amended, is hereby amended to read as follows:

"'(a) The Administrator may make capital grants to local public agencies in accordance with the provisions of this title for urban renewal projects: *Provided*, That the Administrator shall not make any contract for capital grant with respect to a project which consists of open land. The aggregate of such capital grants with respect to all the projects of a local public agency on which contracts for capital grants have been made under this title shall not exceed two-thirds of the aggregate of the net project costs of such projects, and the capital grant with respect to any individual project shall not exceed the difference between the net project cost and the local grants-in-aid actually made with respect to the project.'

"SEC. 306. Section 104 of said Act, as amended, is hereby amended by striking 'section 110 (f) of land' and inserting 'section 110 (f) of the property'.

"SEC. 307. Section 105 of said Act as amended, is hereby amended—

"(1) by striking 'Contracts for financial aid' and inserting 'Contracts for loans or capital grants';

"(2) by amending subsections (a) and (b) to read as follows:

"'(a) The urban renewal plan (including any redevelopment plan constituting a part thereof) for the urban renewal area be approved by the governing body of the locality in which the project is situated, and that such approval include findings by the governing body that (i) the financial aid to be provided in the contract is necessary to enable the project to be undertaken in accordance with the urban renewal plan; (ii) the urban renewal plan will afford maximum opportunity, consistent with the sound needs of the locality as a whole, for the rehabilitation or redevelopment of the urban renewal area by private enterprise; and (iii) the urban renewal plan conforms to a general plan for the development of the locality as a whole;

"'(b) When real property acquired or held by the local public agency in connection with the project is sold or leased, the purchasers or lessees and their assignees shall be obligated (i) to devote such property to the uses specified in the urban renewal plan for the project area; (ii) to begin within a reasonable time any improvements on such property required by the urban renewal plan; and (iii) to comply with such other conditions as the Administrator finds, prior to the execution of the contract for loan or capital grant pursuant to this title, are necessary to carry out the purposes of this title: *Provided*, That clause (ii) of this subsection shall not apply to mortgagees and others who acquire an interest in such property as the result of the enforcement of any lien or claim thereon; ';

"(3) by striking the word 'project' wherever it appears in subsection (c) and inserting the term 'urban renewal'; and

"(4) by striking out the proviso at the end of subsection (c), and substituting a period for the colon preceding said proviso.

"SEC. 308. Section 106 of said Act, as amended, is hereby amended by inserting the following proviso before the period at the end of subsection (b): ': *Provided*, That necessary expenses of inspections and audits, and of providing representatives at the site, of projects being planned or undertaken by local public agencies pursuant to this title shall be compensated by such agencies by the payment of fixed fees which in the aggregate will cover the costs of rendering such services, and such expenses shall be considered nonadministrative; and for the purpose of providing such inspections and audits and of providing representatives at the sites, the Administrator may utilize any agency and such agency may accept reimbursement or payment for such services from such local public agencies or the Administrator, and credit such amounts to the appropriations or funds against which such charges have been made'.

"SEC. 309. Section 107 of said Act, as amended, is hereby amended by striking out the words 'redevelopment plan' and inserting 'urban renewal plan'.

"SEC. 310. Section 109 of said Act, as amended, is hereby amended to read as follows:

"'SEC. 109. In order to protect labor standards—

"'(a) any contract for loan or capital grant pursuant to this title shall contain a provision requiring that not less than the salaries prevailing in the locality, as determined or adopted (subsequent to a determination under applicable State or local law) by the Administrator, shall be paid to all architects, technical engineers, draftsmen, and technicians employed in the development of the project involved and shall also contain a provision that not less than the wages prevailing in the locality, as predetermined by the Secretary of Labor pursuant to the Davis-Bacon Act (49 Stat. 1011), shall be paid to all laborers and mechanics, except such laborers or mechanics who are employees of municipalities or other local public bodies, employed in the development of the project involved for work financed in whole or in part with funds made available pursuant to this title; and the Administrator shall require certification as to compliance with the provisions of this paragraph prior to making any payment under such contract; and

"'(b) the provisions of title 18, United States Code, section 874, and of title 40, United States Code, section 276c, shall apply to work financed in whole or in part with funds made available for the development of a project pursuant to this title.'.

"SEC. 311. Section 110 of said Act, as amended, is hereby amended to read as follows:

"'SEC. 110. The following terms shall have the meanings, respectively, ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"'(a) "Urban renewal area" means a slum area or a blighted, deteriorated, or deteriorating area in the locality involved which the Administrator approves as appropriate for an urban renewal project.

"'(b) "Urban renewal plan" means a plan, as it exists from time to time, for an urban renewal project, which plan (1) shall conform to the general plan of the locality as a whole and to the workable program referred to in section 101 hereof; (2) shall be sufficiently complete to indicate such land acquisition, demolition and removal of structures, redevelopment, improvements, and rehabilitation as may be proposed to be carried out in the urban renewal area, zoning and planning changes, if any, land uses, maximum densities, building requirements, and the plan's relationship to definite local objectives respecting appropriate land uses, improved traffic, public transportation, public utilities, recreational and community facilities, and other public improvements; and (3) shall include, for any part of the urban renewal area proposed to be acquired and redeveloped in accordance with clause (1) of the second sentence of subsection (c) of this section, a redevelopment plan approved by the governing body of the locality.

"'(c) "Urban renewal project" or "project" may include undertakings and activities of a local public agency in an urban renewal area for the elimination and for the prevention of the development or spread of slums and blight, and may involve slum clearance and redevelopment in an urban renewal area, or rehabilitation or conservation in an urban renewal area, or any combination or part thereof, in accordance with such urban renewal plan. For the purposes of this subsection, "slum clearance and redevelopment" may include (1) acquisition of (i) a slum area or a deteriorated or deteriorating area, or (ii) land which is predominantly open and which because of obsolete platting, diversity of ownership, deterioration of structures or of site improvements, or otherwise, substantially impairs or arrests the sound growth of the community, or (iii) open land necessary for sound community growth which is to be developed for predominantly residential uses: *Provided*, That the requirement in paragraph (a) of this section that the area be a slum area or a blighted, deteriorated, or deteriorating area shall not be applicable in the case of an open land project: *And provided further*, That financial assistance shall not be extended under this title for any project involving slum clearance and redevelopment of an area which is not clearly predominantly residential in character unless such area is to be redeveloped for predominantly residential uses, except that, where such an area which is not predominantly residential in character contains a substantial number of slum, blighted, deteriorated, or deteriorating dwellings or other living accommodations, the elimination of which would tend to promote the public health, safety and welfare in the locality involved and such area is not appropriate for redevelopment for predominantly residential uses, the Administrator may extend financial assistance for such a project, but the aggregate of the capital grants made pursuant to this title with respect to such projects shall not exceed 10 percentum of the total amount of capital grants authorized by this title; (2) demolition and removal of buildings and improvements; (3) installation, construction, or reconstruction of streets, utilities, parks, playgrounds, and other improvements necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan; and (4) making the land available for development or redevelopment by private enterprise or public agencies (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan. For the purposes of this subsection, "rehabilitation" or "conservation" may include the restoration and renewal of a blighted, deteriorated, or deteriorating area by (1) carrying out plans for a program of voluntary repair and rehabilitation of buildings or other improvements in accordance with the urban renewal plan; (2) acquisition of real property and demolition or removal of buildings and improvements thereon where necessary to eliminate unhealthful, insanitary or unsafe conditions, lessen density, eliminate obsolete or other uses detrimental to the public welfare, or to otherwise remove or prevent the spread of blight or deterioration, or to provide land for needed public facilities; (3) installation, construction, or reconstruction, of such improvements as are described in clause (3) of the preceding sentence; and (4) the disposition of any property acquired in such urban renewal area (including sale, initial leasing, or retention by the local public agency itself) at its fair value for uses in accordance with the urban renewal plan.

"'For the purposes of this title, the term "project" shall not include the construction or improvement of any building, and the term "redevelopment" and derivatives thereof shall mean development as well as redevelopment. For any of the purposes of section 109 hereof, the term "project" shall not include any donations or provisions made as local grants-in-aid and eligible as such pursuant to clauses (2) and (3) of section 110 (d) hereof.

"'(d) "Local grants-in-aid" shall mean assistance by a State, municipality, or other public body, or (in the case of cash grants or donations of land or other real property) any other entity, in connection with any project on which a contract for capital grant has been made under this title, in the form of (1) cash grants; (2) donations, at cash value, of land or other real property (exclusive of land in streets, alleys, and other public rights-of-way which may be vacated in connection with the project) in the urban renewal area, and demolition, removal, or other work or improvements in the urban renewal area, at the cost thereof, of the types described in clause (2) and clause (3) of either the second or third sentence of section 110 (c); and (3) the provision, at their cost, of public buildings or other public facilities (other than publicly owned housing, public facilities financed by special assessements against land in the project area, and revenue producing public utilities the capital cost of which is wholly financed with local bonds or obligations payable solely out of revenues derived from service charges) which are necessary for carrying out in the area the urban renewal objectives of this title in accordance with the urban renewal plan: *Provided*, That in any case where, in the determination of the Administrator, any park, playground, public building, or other public facility is of direct benefit both to the urban renewal area and to other areas, and the approximate degree of the benefit to such other areas is estimated by the Administrator at 20 per centum or more of the total benefits, the Administrator shall provide that, for the purpose of computing the amount of the local grants-in-aid for the project, there shall be included only such portion of the cost of such facility as the Administrator estimates to be proportionate to the approximate degree of the benefit of such facility to the urban renewal area: *And provided further*, That for the purpose of computing the amount of local grants-in-aid under this section 110 (d), the estimated cost (as determined by the Administrator) of parks, playgrounds, public buildings, or other public facilities may be deemed to be the actual cost thereof if (i) the construction or provision thereof is not completed at the time of final disposition of land in the project to be acquired and disposed of under the urban renewal plan, and (ii) the Administrator has received assurances satisfactory to him that such park, playground, public building, or other public facility will be constructed or completed when needed and within a time prescribed by him. With respect to any demolition or removal work, improvement or facility for which a State, municipality, or other public body has received or has contracted to receive any grant or subsidy from the United States, or any agency or instrumentality thereof, the portion of the cost thereof defrayed or estimated by the Administrator to be defrayed with such subsidy or grant shall not be eligible for inclusion as a local grant-in-aid.

"'(e) "Gross project cost" shall comprise (1) the amount of the expenditures by the local public agency with respect to any and all undertakings necessary to carry out the project (including the payment of carrying charges, but not beyond the point where the project is completed), and (2) the amount of such local grants-in-aid as are furnished in forms other than cash.

"'(f) "Net project cost" shall mean the difference between the gross project cost and the aggregate of (1) the total sales prices of all land or other property sold, and (2) the total capital values (i) imputed, on a basis approved by the Administrator, to all land or other property leased, and (ii) used as a basis for determining the amounts to be transferred to the project from other funds of the local public agency to compensate for any land or other property retained by it for use in accordance with the urban renewal plan.

"'(g) "Going Federal rate" means (with respect to any contract for a loan or advance entered into after the first annual rate has been specified as provided in this sentence) the annual rate of interest which the Secretary of the Treasury shall specify as applicable to the six-month period (beginning with the six-month period ending December 31, 1953) during which the contract for loan or advance is approved by the Administrator, which applicable rate for each six-month period shall be determined by the Secretary of the Treasury by estimating the average yield to maturity, on the basis of daily closing market bid quotations or prices during the month of May or the month of November, as the case may be, next preceding such six-month period, on all outstanding marketable obligations of the United States having a maturity date of fifteen or more years from the first day of such month of May or November, and by adjusting such estimated average annual yield to the nearest one-eighth of 1 per centum. Any contract for loan made may be revised or superseded by a later contract, so that the going Federal rate, on the basis of which the interest rate on the loan is fixed, shall mean the going Federal rate, as herein defined, on the date that such contract is revised or superseded by such later contract.

"'(h) "Local public agency" means any State, county, municipality, or other governmental entity or public body, or two or more such entities or bodies, authorized to undertake the project for which assistance is sought, "State" includes the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

"'(i) "Land" means any real property, including improved or unimproved land, structures, improvements, easements, incorporeal hereditaments, estates, and other rights in land, legal or equitable.

"'(j) "Administrator" means the Housing and Home Finance Administrator.'

"SEC. 312. Notwithstanding the amendments of this title to title I of the Housing Act of 1949, as amended, the Administrator, with respect to any project covered by any Federal aid contract executed, or prior approval granted, by him under said title I before the effective date of this Act, upon request of the local public agency, shall continue to extend financial assistance for the completion of such project in accordance with the provisions of said title I in force immediately prior to the effective date of this Act.

"SEC. 313. The provisos with respect to the appropriation for capital grants for slum clearance and urban redevelopment contained in title I of the First Independent Offices Appropriation Act, 1954 (Public Law 176, Eighty-third Congress) and in title I of the Independent Offices Appropriation Act, 1955 (Public Law 428, Eighty-third Congress) are hereby repealed.

"SEC. 314. The Housing and Home Finance Administrator is authorized to make grants, subject to such terms and conditions as he shall prescribe, to public bodies, including cities and other political subdivisions, to assist them in developing, testing, and reporting methods and techniques, and carrying out demonstrations and other activities for the prevention and the elimination of slums and urban blight. No such grant shall exceed two-thirds of the cost, as determined or estimated by said Administrator, of such activities or undertakings. In administering this section, said Administrator shall give preference to those undertakings which in his judgment can reasonably be expected to (1)

contribute most significantly to the improvement of methods and techniques for the elimination and prevention of slums and blight, and (2) best serve to guide renewal programs in other communities. Said Administrator may make advance or progress payments on account of any grant contracted to be made pursuant to this section, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended. The aggregate amount of grants made under this section shall not exceed $5,000,000 and shall be payable from the capital grant funds provided under and authorized by section 103 (b) of the Housing Act of 1949, as amended.

"SEC. 315. Section 19 of the District of Columbia Redevelopment Act of 1945, as amended, is hereby amended by striking '$2,000' in subsection (a) and subsection (b) and inserting in each instance '$2,500 unless insured as provided in title I of the National Housing Act, as amended.'

"SEC. 316. Section 20 of the District of Columbia Redevelopment Act of 1945, as amended, is hereby amended—

"(1) by striking '1949' wherever it appears in said section and inserting '1949, as amended': *Provided*, That this clause (1) shall not limit or restrict any authority under said section 20; and

"(2) by adding the following new subsections at the end of said section:

"'(i) In addition to its authority under any other provision of this Act, the Agency is hereby authorized to plan and undertake urban renewal projects (as such projects are defined in title I of the Housing Act of 1949, as amended), and in connection therewith the Agency, the District Commissioners, the National Capital Planning Commission, and the other appropriate agencies operating within the District of Columbia shall have all of the rights and powers which they have with respect to a project or projects financed in accordance with the preceding subsections of this section: *Provided*, That for the purpose of this subsection the word "redevelopment" wherever found in this Act (except in section 3 (n)) shall mean "urban renewal", and the references in section 6 to the acquisition, disposition, or assembly of real property for a project shall mean the undertaking of an urban renewal project.

"'(j) The District Commissioners are hereby authorized to prepare a workable program as prescribed by section 101 (c) of the Housing Act of 1949, as amended, and are also authorized to request the necessary funds for the preparation of said workable program. The Commissioners may request the participation of the Agency in the preparation of said workable program and may include in their annual estimates of appropriations such funds as may be required by the Commissioners or the Agency, or both, for this purpose. The District Commissioners are hereby authorized, with or without reimbursement, to cooperate with the Agency in carrying out urban renewal projects and to utilize for that purpose the facilities and personnel of the District of Columbia under agreement with the Agency.'

"TITLE IV—LOW-RENT PUBLIC HOUSING

"SEC. 401. The United States Housing Act of 1937, as amended, is hereby amended—

"(1) by adding at the end of section 10 the following new subsection:

"'(i) Notwithstanding the provisions of any other law, the Public Housing Administration may, with respect to low-rent housing projects initiated after March 1, 1949, enter into new contracts, agreements, or other arrangements during the fiscal year 1955 for loans and annual contributions pursuant to the United States Housing Act of 1937, as amended, with respect to not exceeding thirty-five thousand additional units: *Provided*, That no such new contract, agreement, or other arrangement shall be made except with respect to low-rent housing projects to be undertaken in a community in which there is being carried out a slum clearance and urban redevelopment project, or a slum clearance and urban renewal project, assisted under title I of the Housing Act of 1949, as amended, and the local governing body of the community undertaking such slum clearance and urban redevelopment project, or slum clearance and urban renewal project, certifies that such low-rent housing project is necessary to assist in meeting the relocation requirements of section 105 (c) of title I of the Housing Act of 1949, as amended: *And provided further*, That the total number of dwelling units in low-rent housing projects covered by such new contracts, agreements, or other arrangements shall not exceed the total number of such dwelling units which the Administrator determines to be needed for the relocation of families to be displaced as a result of Federal, State, or local governmental action in such community.';

"(2) by striking from subsection 10 (g) the words following the colon up to and including the words 'such families' and inserting the following: "First, to families which are to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of dwelling units, or which were so displaced within three years prior to making application to such public housing agency for admission to any low-rent housing: *Provided*, That as among such projects or actions the public housing agency may from time to time extend a prior preference or preferences: *And provided further*, That, as among families within any such preference group';

"(3) by striking the words 'or was to be displaced by another low-rent housing project or by a public slum-clearance or redevelopment project' in clause (ii) of subsection 15 (8) (b) and inserting the following: 'or was to be displaced by any low-rent housing project or by any public slum-clearance, redevelopment or urban renewal project, or through action of a public body or court, either through the enforcement of housing standards or through the demolition, closing, or improvement of a dwelling unit or units'; and

"(4) by striking the words 'not later than five years after March 1, 1949' in subsection 15 (8) (b) and inserting 'not later than March 1, 1959'.

"SEC. 402. Subsection 10 (h) of said Act, as amended, is hereby amended to read as follows:

"'(h) Every contract made pursuant to this Act for annual contributions for any low-rent housing project initiated after March 1, 1949, shall provide that no annual contributions by the Authority shall be made available for such project unless such project is exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, but such contract shall require the public housing agency to make payments in lieu of taxes equal to 10 per centum of the annual shelter rents charged in such project or such lesser amount as (i) is prescribed by State law, or (ii) is agreed to by the local governing body in its agreement for local cooperation with the public housing agency required under subsection 15 (7) (b) (i) of this Act, or (iii) is due to failure of a local public body or bodies other than the public housing agency to perform any obligation under such agreement: *Provided*, That, if at the time such agreement for local cooperation is entered into it appears that such 10 per centum payments in lieu of taxes will not result in a contribution to the project through tax exemption by the State, city, county, or other political subdivisions in which the project is situated of at least 20 per centum of the annual contributions to be paid by the Authority, the amounts of such payments in lieu of taxes shall be limited by the agreement to amounts, if any, which would not reduce the local contribution below such 20 per centum: *Provided further*, That, with respect to any such project which is not exempt from all real and personal property taxes levied or imposed by the State, city, county, or other political subdivisions, such contract shall provide, in lieu of the requirement for tax exemption and payments in lieu of taxes, that no annual contributions by the Authority shall be made available for such project unless and until the State, city, county, or other political subdivisions in which such project is situated shall contribute, in the form of cash or tax remission, an amount equal to the greater of (i) the amount by which the taxes paid with respect to the project exceed 10 per centum of the annual shelter rents charged in such project or (ii) 20 per centum of the annual contributions paid by the Authority (but not in excess of the taxes levied): *And provided further*, That, prior to execution of the contract for annual contributions the public housing agency shall, in the case of a tax-exempt project, notify the governing body of the locality of its estimate of the annual amount of such payments in lieu of taxes and of the amount of taxes which would be levied if the property were privately owned, or, in the case where the project is taxed, its estimate of the annual amount of the local cash contribution, and shall thereafter include the actual amounts in its annual reports. Contracts for annual contributions entered into prior to the effective date of the Housing Act of 1954 may be amended in accordance with the first sentence of this subsection.'

"SEC. 403. Section 10 of said Act, as amended, is hereby amended by adding the following new subsection:

"'(j) Every contract made pursuant to this Act for annual contributions for any low-rent housing project for which no such contract has been entered into prior to the enactment of the Housing Act of 1954 shall provide that—

"'(1) after payment in full of all obligations of the public housing agency in connection with the project for which any annual contributions are pledged, and until the total amount of annual contributions paid by the Authority in respect to such project has been repaid pursuant to the provisions of this subsection, (a) all receipts in connection with the project in excess of expenditures necessary for management, operation, maintenance, or financing, and for reasonable reserves therefor, shall be paid annually to the Authority and to local public bodies which have contributed to the project in the form of tax exemption or otherwise, in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project, and (b) no debt in respect to the project, except for necessary expenditures for the project, shall be incurred by the public housing agency;

"'(2) if, at any time, the project or any part thereof is sold, such sale shall be to the highest responsible bidder after advertising, or at fair market value, and the proceeds of such sale together with any reserves, after application to any outstanding debt of the public housing agency in respect to such project, shall be paid to the Authority and local public bodies as provided in clause 1 (a) of this subsection: *Provided*, That the amounts to be paid to the Authority and the local public bodies shall not exceed their respective total contribution to the project.'.

"SEC. 404. Paragraph (6) of section 16 of said Act, as amended, is hereby repealed.

"SEC. 405. Section 10 of the United States Housing Act of 1937, as amended, is hereby amended by adding the following subsection:

"'(k) All expenditures of appropriations for the payment of annual contributions

shall be subject to audit and final settlement by the Comptroller General of the United States under the provisions of the Budget and Accounting Act of 1921, as amended.'

"SEC. 406. Section 10 of said Act, as amended, is hereby amended by adding the following new subsection:

"'(l) In any community, where it has been determined by resolution or ordinance, or by referendum, that a project shall be liquidated by sale thereof to private ownership, such community may negotiate with the Federal Government with respect to the sale of the project, and the Authority shall agree that sale of the project may be made after public advertisement to the highest bidder upon (1) payment and retirement of all outstanding obligations (together with any interest payable thereon and any premiums prescribed for the redemption of any bonds, notes, or other obligations prior to maturity) in connection with the project, and (2) payment of any proceeds received from the sale of the project in excess of the amounts required to comply with the requirements of the preceding clause numbered (1) to the Authority and to local public bodies in proportion to the aggregate contribution which the Authority and such local public bodies have made to the project.'

"TITLE V—HOME LOAN BANK BOARD

"SEC. 501. The National Housing Act, as amended, is hereby amended—

"(1) by amending section 402 (c) (4) to read as follows:

"'(4) To sue and be sued, complain and defend, in any court of competent jurisdiction in the United States or its Territories or possessions or the Commonwealth of Puerto Rico, and may be served by serving a copy of process on any of its agents or any agent of the Home Loan Bank Board and mailing a copy of such process by registered mail to the Corporation at Washington, District of Columbia.';

"(2) by adding the following new subsection to section 405:

"'(c) No action against the Corporation to enforce a claim for payment of insurance upon an insured account of an insured institution in default shall be brought after the expiration of three years from the date of default unless, within such three-year period, the conservator, receiver, or other legal custodian of the insured institution shall have recognized such insured account as a valid claim against the insured institution and the claim for payment of insurance shall have been presented to the Corporation and its validity denied, in which event the action may be brought within two years from the date of such denial.'; and

"(3) by striking the first four sentences of section 407 and inserting the following: 'Any insured institution other than a Federal savings and loan association may terminate its status as an insured institution by written notice to the Corporation. Whenever in the opinion of the Home Loan Bank Board any insured institution has violated its duty as such or has continued unsafe or unsound practices in conducting the business of such institution, or has knowingly or negligently permitted any of its officers or agents to violate any provision of any law or regulation to which the insured institution is subject, said Board shall first give to the authority having supervision of the institution, if any, a statement with respect to such practices or violations for the purpose of securing the correction thereof and shall give a copy thereof to the institution. In the case of an institution of a State where there is no supervisory authority the statement shall be sent directly to the institution. Unless such correction shall be made within one hundred and twenty days or such shorter period of time as the supervisory authority, if any, shall require, the Home Loan Bank Board, if it shall determine to proceed further, shall give to the institution not less than thirty days' written notice of intention to terminate the status of the institution as an insured institution, and shall fix a time and place for a hearing before the Home Loan Bank Board, a member thereof, or a person designated by the Board. The Home Loan Bank Board shall make written findings. Unless the institution shall appear at the hearing by a duly authorized representative, it shall be deemed to have consented to the termination of its status as an insured institution. If the Home Loan Bank Board shall find that any unsafe or unsound practice or violation specified in such notice has been established and has not been corrected within the time above prescribed in which to make such correction, the Home Loan Bank Board may issue its order terminating the insured status of the institution effective on a date subsequent to such finding and to the expiration of the time specified in such notice of intention. The hearing hereinabove provided for shall be held in accordance with the provisions of the Administrative Procedure Act and shall be subject to review as therein provided and the review by the court shall be upon the weight of the evidence. In the event of the termination of such status, insurance of its accounts to the extent that they were insured on the date of such notice by the institution to the Corporation or such order of termination, less any amounts thereafter withdrawn, repurchased, or redeemed which reduce the insured accounts of an insured member below the amount insured on the date of such notice or order, shall continue for a period of two years, but no investments or deposits made after the date of such notice or order of termination shall be insured. The Corporation shall have the right to examine such institution from time to time during the two-year period aforesaid. Such insured institution shall be obligated to pay, within thirty days after any such notice or order of termination, as a final insurance premium, a sum equivalent to twice the last annual insurance premium paid by it.'

"SEC. 502. The Federal Home Loan Bank Act, as amended, is hereby amended by striking '$20,000' in section 10 (b) (2) and inserting '$35,000.'

"SEC. 503. The Home Owners' Loan Act of 1933, as amended, is hereby amended—

"(1) by striking '$20,000' wherever it appears in the first paragraph of subsection (c) of section 5 and inserting '$35,000';

"(2) by amending subsection (d) of section 5 to read as follows:

"'(d) (1) The Board shall have power to enforce this section and rules and regulations made hereunder. In the enforcement of any provision of this section or rules and regulations made hereunder, or any other law or regulation, and in the administration of conservatorships and receiverships as provided in subsection (d) (2) hereof, the Board is authorized to act in its own name and through its own attorneys. The Board shall have power to sue and be sued, complain and defend in any court of competent jurisdiction in the United States or its territories or possessions or the Commonwealth of Puerto Rico. It shall by formal resolution state any alleged violation of law or regulation and give written notice to the association concerned of the facts alleged to be such violation, except that the appointment of a Supervisory Representative in Charge, a conservator or a receiver shall be exclusively as provided in subsection (d) (2) hereof. Such association shall have thirty days within which to correct the alleged violation of law or regulation and to perform any legal duty. If the association concerned does not comply with the law or regulation within such period, then the Board shall give such association twenty days' written notice of the charges against it and of a time and place at which the Board will conduct a hearing as to such alleged violation of duty. Such hearing shall be in the Federal judicial district of the association unless it consents to another place and shall be conducted by a hearing examiner as is provided by the Administrative Procedure Act. The Board or any member thereof or its designated representative shall have power to administer oaths and affirmations and shall have power to issue subpenas and subpenas duces tecum, and shall issue such at the request of any interested party, and the Board or any interested party may apply to the United States district court of the district where such hearing is designated for the enforcement of such subpena or subpena duces tecum and such courts shall have power to order and require compliance therewith. A record shall be made of such hearing and any interested party shall be entitled to a copy of such record to be furnished by the Board at its reasonable cost. After such hearing and adjudication by the Board, appeals shall lie as is provided by the Administrative Procedure Act, and the review by the court shall be upon the weight of the evidence. Upon the giving of notice of alleged violation of law or regulation as herein provided, either the Board or the association affected may, within thirty days after the service of said notice, apply to the United States district court for the district where the association is located for a declaratory judgment and an injunction or other relief with respect to such controversy, and said court shall have jurisdiction to adjudicate the same as in other cases and to enforce its orders. The Board may apply to the United States district court of the district where the association affected has its home office for the enforcement of any order of the Board and such court shall have power to enforce any such order which has become final. The Board shall be subject to suit by any Federal savings and loan association with respect to any matter under this section or regulations made thereunder, or any other law or regulation, in the United States district court for the district where the home office of such association is located, and may be served by serving a copy of process on any of its agents and mailing a copy of such process by registered mail, to the Home Loan Bank Board, Washington, District of Columbia.

"'(2) The grounds for the appointment of a conservator or receiver for a Federal savings and loan association shall be one or more of the following: (i) insolvency in that the assets of such association are less than its obligations to its creditors and others, including its members; (ii) violation of law or of a regulation; (iii) the concealment of its books, records, or assets or the refusal to submit its books, papers, records, or affairs for inspection to any examiner or lawful agent appointed by the Home Loan Bank Board; and (iv) unsafe or unsound operation. The Board shall have exclusive jurisdiction to appoint a Supervisory Representative in Charge, conservator, or receiver. If, in the opinion of the Board, a ground for the appointment of a conservator or receiver as herein provided exists and the Board determines that an emergency exists requiring immediate action, the Board is authorized to appoint ex parte and without notice a Supervisory Representative in Charge to take charge of said association and its affairs who shall have and exercise all the powers herein provided for conservators and receivers. Unless sooner removed by the Board, such Supervisory Representative in Charge shall hold office until a conservator or receiver, appointed by the Board after notice as herein provided, takes charge of the association and its affairs, or for six months, or until thirty days after the termination of the administrative hearing and final proceedings herein provided, or until sixty days after the final termination of any litigation affecting such temporary appointment, whichever is longest. The Board shall have the power to appoint a conservator or receiver but no such

appointment of a conservator or receiver shall be made except pursuant to a formal resolution of the Board stating the grounds therefor and except notice thereof is given to said association stating the grounds therefor and until an opportunity for an administrative hearing thereon is afforded to said association. Such hearing shall be held in accordance with the provisions of the Administrative Procedure Act and shall be subject to review as therein provided and the review by the court shall be upon the weight of the evidence. A conservator shall have all the powers of the members, the directors, and officers of the Federal association and shall be authorized to operate it in its own name or conserve its assets in the manner and to the extent authorized by the Board. The Board shall appoint only the Federal Savings and Loan Insurance Corporation as receiver for any Federal savings and loan association, which shall have power as receiver to buy at its own sale subject to approval by the Board. With the consent of the association expressed by a resolution of the board of directors or of its members, the Board is authorized to appoint a conservator or receiver for a Federal association without notice and without hearing. The Board shall have power to make rules and regulations for the reorganization, merger, and liquidation of Federal associations and for such associations in conservatorship and receivership and for the conduct of conservatorships and receiverships. Whenever a Supervisory Representative in Charge, conservator, or receiver, appointed by the Board pursuant to the provisions of this section, demands possession of the property, business and assets of any association, the refusal of any officer, agent, employee, or director of such association to comply with the demand shall be punishable by a fine of not more than $1,000 or by imprisonment for not more than one year or both by such fine and imprisonment.'; and

"(3) by striking out the second paragraph of subsection (c) of section 5 and inserting in lieu thereof the following new paragraph:

"'Without regard to any other provision of this subsection except the area requirement such associations are authorized to invest a sum not in excess of 15 per centum of the assets of such association in loans insured under title I of the National Housing Act, as amended, in unsecured loans insured or guaranteed under the provisions of the Servicemen's Readjustment Act of 1944, as amended, and in other loans for property alteration, repair, or improvement: *Provided*, That no such loan shall be made in excess of $2,500.'

"TITLE VI—VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

"Declaration of policy

"SEC. 601. It is declared to be the policy of Congress—

"(a) to seek the constant improvement of the living conditions of all the people under a strong, free, competitive economy, and to take such action as will facilitate the operation of that economy to provide adequate housing for all the people and to meet the demands for new building;

"(b) to provide a means of financing housing within the framework of our private enterprise system and without vast expenditures of public moneys;

"(c) to encourage and facilitate the flow of funds for housing credit into remote areas and small communities, where such funds are not available in adequate supply; and

"(d) to assist in the development of a program consonant with sound underwriting principles, whereby private financing institutions engaged in mortgage lending can make a maximum contribution to the economic stability and growth of the Nation through extension of the market for insured or guaranteed mortgage loans.

"Definitions

"SEC. 602. As used in this title, the following terms shall have the meanings respectively ascribed to them below, and, unless the context clearly indicates otherwise, shall include the plural as well as the singular number:

"(a) 'Insured or guaranteed mortgage loan' means any loan made for the construction or purchase of a family dwelling or dwellings and which is (1) guaranteed or insured under the Servicemen's Readjustment Act of 1944, as amended, or (2) secured by a mortgage insured under the National Housing Act, as amended.

"(b) 'Private financing institutions' means life-insurance companies, savings banks, commercial banks, savings and loan associations (including cooperative banks, homestead association, and building and loan associations), and mortgage companies.

"(c) 'Administrator' means the Housing and Home Finance Administrator.

"(d) 'State' means the several States, the District of Columbia, the Commonwealth of Puerto Rico, and the Territories and possessions of the United States.

"National Voluntary Mortgage Credit Extension Committee

"SEC. 603. There is hereby established a National Voluntary Mortgage Credit Extension Committee, hereinafter called the 'National Committee', which shall consist of the Housing and Home Finance Administrator, who shall act as Chairman of the National Committee, and fourteen other persons appointed by the Administrator as follows:

"(a) Two representatives of each type of private financing institutions;

"(b) Two representatives of builders of residential properties; and

"(c) Two representatives of real estate boards.

"The Administrator shall also request the Board of Governors of the Federal Reserve System to designate a representative of the Board to serve on the National Committee in an advisory capacity.

"The Administrator shall also request the Administrator of Veterans' Affairs to designate a representative to serve on the National Committee in an advisory capacity.

"The Administrator shall also request the Home Loan Bank Board to designate a representative of the Board to serve on the National Committee in an advisory capacity.

"In selecting and appointing the members of the National Committee, the Administrator shall have due regard to fair representation thereon for small, medium, and large private financing institutions and for different geographical areas. Members of the National Committee appointed by the Administrator shall serve on a voluntary basis.

"Regional subcommittees

"SEC. 604. (a) As soon as practicable, the National Committee shall divide the United States into regions conforming generally to the Federal Reserve districts. The Administrator, after consultation with the other members of the National Committee, shall, for each such region, designate five or more persons representing private financing institutions and builders of residential properties in such region to serve as a regional subcommittee of the National Committee for the purpose of assisting in placing with private financing institutions insured or guaranteed mortgage loans as hereinafter set forth. In designating the members of each such regional subcommittee, the Administrator shall have due regard to fair representation thereon for small, medium, and large financing institutions and builders of residential properties and for different geographical areas within such regions. Members of each regional subcommittee shall serve on a voluntary basis.

"(b) The Administrator is authorized and directed, upon the request of a regional subcommittee, to provide such subcommittee with a suitable office and meeting place and to furnish to the subcommittee such staff assistance as may be reasonably necessary for the purpose of assisting it in the performance of the functions hereinafter set forth. In complying with these requirements, the Administrator may act through and may utilize the services of the several Federal home-loan banks.

"Function of National Committee and of regional subcommittees

"SEC. 605. It shall be the function of the National Committee and the regional subcommittees to facilitate the flow of funds for residential mortgage loans into areas or communities where there may be a shortage of local capital for, or inadequate facilities for access to, such loans, and to achieve the maximum utilization of the facilities of private financing institutions for this purpose by soliciting and obtaining the cooperation of all such private financing institutions in extending credit for insured or guaranteed mortgage loans wherever consistent with sound underwriting principles.

"SEC. 606. The National Committee shall study and review the demand and supply of funds for residential mortgage loans in all parts of the country, and shall receive reports from and correlate the activities of the regional subcommittees. It shall also periodically inform the Commissioner of the Federal Housing Administration and the Administrator of Veterans' Affairs concerning the results of the studies and of the progress of the National Committee and regional subcommittees in performing their function, and shall to the extent practicable maintain liaison with State and local Government housing officials in order that they may be fully apprized of the function and work of the National Committee and regional subcommittees. The Administrator shall, not later than April 1 in each year, make a full report of the operations of the National Committee and the regional subcommittees to the Congress.

"SEC. 607. (a) Each regional subcommittee shall study and review the demand and supply of funds for residential mortgage loans in its region, shall analyze cases of unsatisfied demand for mortgage credit, and shall report to the National Committee the results of its study and analysis. It shall also maintain liaison with officers of the Federal Housing Administration and of the Veterans' Administration within its region in order that such officers may be fully apprized of the function and work of the National Committee and regional subcommittees. It shall request such officers to supply to the subcommittee information regarding cases of unsatisfied demand for mortgage credit for loans eligible for insurance under the National Housing Act, as amended, or for insurance or guaranty under the Servicemen's Readjustment Act of 1944, as amended. Such officers are authorized to furnish such information to such subcommittee.

"(b) A regional subcommittee shall render assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of a certificate from such applicant, stating that—

"(1) application for such loan has been made to at least two private financing institutions, or in the alternative to such private financing institution or institutions as may be reasonably accessible to the applicant;

"(2) the applicant has been informed by the above-mentioned private financing institution or institutions that funds for mortgage credit on the loan are unavailable; and

"(3) the applicant is eligible for insurance or guaranty under the Servicemen's Readjustment Act of 1944, as amended, or consents that the mortgage to be issued as

security for the loan be insured under the National Housing Act, as amended.

Upon receipt of such certification from an applicant the regional subcommittee shall circularize private financing institutions in the region or elsewhere and shall use its best efforts to enable the applicant to place the loan with a private financing institution. It shall render similar assistance to any applicant for a loan, the proceeds of which are to be used for the construction or purchase of a family dwelling or dwellings, upon receipt of information from the Veterans' Administration to the effect that the applicant has applied for a direct loan, if he is eligible for such a loan, and that he is eligible for insurance or guaranty, under the Servicemen's Readjustment Act of 1944, as amended. In order to encourage small or local private financing institutions to originate insured or guaranteed mortgage loans, it may also render similar assistance to private financing institutions in locating other private financing institutions willing to repurchase such mortgage loans on a mutually satisfactory basis.

"(c) In the performance of its responsibilities under subsection (b) of this section, a regional subcommittee may at its discretion (1) request the National Committee to obtain for it the aid of other regional subcommittees in seeking sources of mortgage credit, and (2) request and obtain voluntary assurances from any one or more private financing institutions that they will make funds available for insured or guaranteed mortgage loans in any specified area or areas within its region in which the subcommittee finds that there is a lack of adequate credit facilities for such loans.

"Regulations of Administrator

"SEC. 608. The Administrator, after consultation with the National Committee, shall have power to issue general rules and procedures for the effective implementation of this title and for the functioning of the regional subcommittees, pursuant to the provisions hereof and not in conflict herewith.

"General provisions

"SEC. 609. No act pursuant to the provisions of this title and which occurs while this title is in effect shall be construed to be within the prohibitions of the antitrust laws or the Federal Trade Commission Act of the United States. Service as a member of the National Committee or of any regional subcommittee is not to be construed as holding any office or employment with the Government of the United States. The Administrator is authorized and directed, upon the request of the National Committee, to provide such Committee with a suitable office and meeting place and to furnish to the Committee such staff assistance as may be reasonably necessary for the purpose of assisting it in the performance of the functions of such Committee. Funds available to the Administrator for administrative expenses shall be available for all expenses necessary in carrying out the provisions of this title, including expenses of persons serving as members of any committee or subcommittee established pursuant to this title for communications, transportation, and not to exceed $25 per diem in lieu of subsistence when away from their homes or regular places of business in connection with the business of such committee or subcommittee.

"SEC. 610. (a) This title and all authority conferred hereunder shall terminate at the close of June 30, 1957.

"(b) Notwithstanding subsection (a), Congress, by concurrent resolution, may terminate this title prior to the termination date hereinabove provided for.

"TITLE VII—URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS

"Urban planning

"SEC. 701. To facilitate urban planning for smaller communities lacking adequate planning resources, the Administrator is authorized to make planning grants to State planning agencies for the provision of planning assistance (including surveys, land use studies, urban renewal plans, technical services and other planning work, but excluding plans for specific public works) to cities and other municipalities having a population of less than 25,000 according to the latest decennial census. The Administrator is further authorized to make planning grants for similar planning work in metropolitan and regional areas to official State, metropolitan, or regional planning agencies empowered under State or local laws to perform such planning. Any grant made under this section shall not exceed 50 per centum of the estimated cost of the work for which the grant is made and shall be subject to terms and conditions prescribed by the Administrator to carry out this section. The Administrator is authorized, notwithstanding the provisions of section 3648 of the Revised Statutes, as amended, to make advance or progress payments on account of any planning grant made under this section. There is hereby authorized to be appropriated not exceeding $5,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended.

"Reserve of planned public works

"SEC. 702. (a) In order (1) to encourage municipalities and other public agencies to maintain a continuing and adequate reserve of planned public works the construction of which can rapidly be commenced whenever the economic situation may make such action desirable, and (2) to attain maximum economy and efficiency in the planning and construction of local, State, and Federal public works, the Administrator is hereby authorized, during the period of three years commencing on July 1, 1954, to make advances to public agencies from funds available under this section (notwithstanding the provisions of section 3648 of the Revised Statutes, as amended) to aid in financing the cost of engineering and architectural surveys, designs, plans, working drawings, specifications, or other action preliminary to and in preparation for the construction of public works: *Provided*, That the making of advances hereunder shall not in any way commit the Congress to appropriate funds to assist in financing the construction of any public works so planned.

"(b) No advance shall be made hereunder with respect to any individual project unless it conforms to an overall State, local, or regional plan approved by a competent State, local, or regional authority, and unless the public agency formally contracts with the Federal Government to complete the plan preparation promptly and to repay such advance when due. Subsequent to approval and prior to disbursement of any Federal funds for the purpose of advance planning, the applicant shall establish a separate planning account into which all Federal and applicant funds estimated to be required for plan preparation shall be placed.

"(c) Advances under this section to any public agency shall be repaid without interest by such agency when the construction of the public works is undertaken or started: *Provided*, That in the event repayment is not made promptly such unpaid sum shall bear interest at the rate of 4 per centum per annum from the date of the Government's demand for repayment to the date of payment thereof by the public agency. All sums so repaid shall be covered into the Treasury as miscellaneous receipts.

"(d) The Administrator is authorized to prescribe rules and regulations to carry out the purposes of this section.

"(e) There is hereby authorized to be appropriated not exceeding $10,000,000 to carry out the purposes of this section, and any amounts so appropriated shall remain available until expended: *Provided*, That not to exceed 1 per centum of the funds appropriated under this section may be used for the purpose of surveying the status and current volume of advanced public works planning among the several States and their subdivisions, such surveys to be carried out by the Administrator in cooperation with the Council of Economic Advisers in the Executive Office of the President. Not more than 5 per centum of the funds so appropriated shall be expended in any one State.

"Definitions

"SEC. 703. As used in this title, (1) the term 'State' shall mean any State, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States; (2) the term 'Administrator' shall mean the Housing and Home Finance Administrator; (3) the term 'public works' shall include any public works other than housing; and (4) the term 'public agency' or 'public agencies' shall mean any State, as herein defined, or any public agency or political subdivision therein.

"TITLE VIII—MISCELLANEOUS PROVISIONS

"SEC. 801. (a) The Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are hereby authorized and directed to require that, in connection with any property upon which there is located a dwelling designed principally for not more than a four-family residence and which is approved for mortgage insurance or guaranty prior to the beginning of construction, the seller or builder, and such other person as may be required by the said Commissioner or Administrator to become warrantor, shall deliver to the purchaser or owner of such property a warranty that the dwelling is constructed in substantial conformity with the plans and specifications (including any amendments thereof, or changes and variations therein, which have been approved in writing by the Federal Housing Commissioner or the Administrator of Veterans' Affairs) on which the Federal Housing Commissioner or the Administrator of Veterans' Affairs based his valuation of the dwelling: *Provided*, That the Federal Housing Commissioner or the Administrator of Veterans' Affairs shall deliver to the builder, seller, or other warrantor his written approval (which shall be conclusive evidence of such approval) of any amendment of, or change or variation in, such plans and specifications which the Commissioner or the Administrator deems to be a substantial amendment thereof, or change or variation therein, and shall file a copy of such written approval with such plans and specifications: *Provided further*, That such warranty shall apply only with respect to such instances of substantial nonconformity to such approved plans and specifications (including any amendments thereof, or changes or variations therein, which have been approved in writing, as provided herein, by the Federal Housing Commissioner or the Administrator of Veterans' Affairs) as to which the purchaser or homeowner has given written notice to the warrantor within one year from the date of conveyance of title to, or initial occupancy of, the dwelling, whichever first occurs: *Provided further*, That such warranty shall be in addition to, and not in derogation of, all other rights and privileges which such purchaser or owner may have under any other law or instrument: *And provided further*, That the provisions of this section shall apply to any such property covered by a mortgage insured or guaranteed by the Federal Housing Commissioner or the Administrator of Veterans' Affairs on and after October 1, 1954, unless such mortgage is insured or guaranteed pursuant to a commitment therefor made prior to October 1, 1954.

"(b) The Federal Housing Commissioner and the Administrator of Veterans' Affairs, respectively, are further directed to permit

copies of the plans and specifications (including written approvals of any amendments thereof, or changes or variations therein, as provided herein) for dwellings in connection with which warranties are required by subsection (a) of this section to be made available in their appropriate local offices for inspection or for copying by any purchaser, homeowner, or warrantor during such hours or periods of time as the said Commissioner and Administrator may determine to be reasonable.

"SEC. 802. (a) The Housing and Home Finance Administrator shall, as soon as practicable during each calendar year, make a report to the President for submission to the Congress on all operations under the jurisdiction of the Housing and Home Finance Agency during the previous calendar year.

"(b) Section 311 of 'An Act to expedite the provision of housing in connection with national defense, and for other purposes', approved October 14, 1940, as amended; section 6 of 'An Act to provide for the advance planning of non-Federal public works', approved October 13, 1949, as amended; and sections 5 and 402 (f) of the National Housing Act, as amended, are hereby repealed.

"(c) The National Housing Act, as amended, is hereby amended—

"(1) by striking the heading 'ANNUAL REPORT' immediately after section 4 and inserting 'TAXATION'; and

"(2) by striking from subsection (e) of section 406 the word 'Congress' and inserting 'Housing and Home Finance Administrator.'

"(d) The first sentence of section 7 (b) of the United States Housing Act of 1937, as amended, is hereby amended to read as follows: "The annual report of the Housing and Home Finance Administrator to the President for submission to the Congress on the operations of the Housing and Home Finance Agency shall include a report on the operations and expenses of the Authority, including loans, contributions, and grants made or contracted for, low-rent housing and slum clearance projects undertaken, and the assets and liabilities of the Authority.'

"(e) Section 106 (a) of the Housing Act of 1949, as amended, is hereby amended by striking '; and' at the end of paragraph (3) thereof, inserting a period in lieu thereof, and striking paragraph (4).

"(f) The Federal Home Loan Bank Act, as amended, is hereby amended by striking the second sentence of section 20.

"SEC. 803. Section 501 (b) of the Servicemen's Readjustment Act of 1944, as amended, is hereby amended to read as follows:

"'(b) Any loan made to a veteran for the purposes specified in subsection (a) of this section 501 may, notwithstanding the provisions of subsection (a) of section 500 of this title relating to the percentage or aggregate amount of loan to be guaranteed, be guaranteed, if otherwise made pursuant to the provisions of this title, in an amount not exceeding 60 per centum of the loan: *Provided*, That the aggregate amount of any guaranties to a veteran under this title shall not exceed $7,500, nor shall any gratuities payable under subsection (c) of section 500 of this title exceed the amount which is payable on loans guaranteed in accordance with the maxima provided for in subsection (a) of section 500 of this title: *And provided further*, That no such loan for the repair, alteration, or improvement of property shall be insured or guaranteed under this Act unless such repair, alteration, or improvement substantially protects or improves the basic livability or utility of the property involved.'

"SEC. 804. Section 108 of the Reconstruction Finance Corporation Liquidation Act (67 Stat. 230) is amended as follows:

"(1) Strike out from subsection (a) thereof the words 'the President, through such officer or agency of the Government (other than the Reconstruction Finance Corporation) as he may designate,' and insert in lieu thereof the words 'the Housing and Home Finance Administrator'.

"(2) Strike out all of subsection (b) and insert in lieu thereof the following:

"'(b) For the purposes of this section, notwithstanding any other provision of law, the Housing and Home Finance Administrator is authorized to obtain from a revolving fund to be established in the Treasury of the United States not to exceed a total of $50,000,000 outstanding at any one time. For this purpose there is hereby authorized to be appropriated to such revolving fund in the Treasury the amount of $50,000,000. Advances from the revolving fund shall be made to the Housing and Home Finance Administrator upon his request, and such advances together with receipts under this section shall be available for all necessary expenses, including administrative expenses, under this section. The Housing and Home Finance Administrator shall pay into the Treasury as miscellaneous receipts, at the close of each fiscal year, interest on the amount of advances outstanding, at a rate determined by the Secretary of the Treasury, taking into consideration the current average rate on outstanding interest-bearing marketable public debt obligations of the United States of comparable maturities. As the Housing and Home Finance Administrator repays principal sums advanced from the revolving fund pursuant to this section, such repayments shall be made to the revolving fund.'

"(3) Strike out from subsection (c) thereof the words 'officer or agency designated by the President' and insert in lieu thereof the words 'Housing and Home Finance Administrator'.

"(4) Strike out from subsection (d) thereof '1955' and insert in lieu thereof '1956'.

"SEC. 805. The Act entitled 'An Act to expedite the provision of housing in connection with national defense, and for other purposes', approved October 14, 1940, as amended, is hereby amended—

"(1) by adding the following at the end of section 605 (a):

"'In any city in which, on March 1, 1953, there were more than ten thousand temporary housing units held by the United States of America, or in any two contiguous cities in one of which there were on such date more than ten thousand temporary housing units so held, the Administrator may acquire, by purchase or condemnation, a fee simple title to any lands in which the Administrator holds a leasehold interest, or other interest less than a fee simple, acquired by the Federal Government for national defense or war housing or for veterans' housing where (1) the Administrator finds that the acquisition by him of a fee simple title in the land will expedite the disposal or removal of temporary housing under his jurisdiction by facilitating the availability of improved sites for privately owned housing needed to replace such temporary housing, (2) the city or a local public agency has, in accordance with authority under State law, entered into a firm agreement to purchase the land so acquired at a price determined by the Administrator to be fair, but in no event less than the estimated cost to the Federal Government of acquiring the fee simple title (including an estimated amount to cover legal and overhead expenses of such acquisition) as determined by the Administrator, (3) the city or local public agency has furnished evidence satisfactory to the Administrator that it has or will have funds available to make all agreed-upon payments to the Federal Government and to protect the Federal Government against any loss resulting from the acquisition of fee simple title, (4) the city or local public agency has furnished assurances satisfactory to the Administrator that the land will be made available to private enterprise for development, in accordance with local zoning and other laws, for predominantly residential uses, and (5) the city or local public agency has furnished assurances satisfactory to the Administrator that no individual who is employed by, or is an official of, the government of the city in which the land is located, or any agency thereof, shall be permitted, directly or indirectly, to have any financial interest in the purchase or redevelopment of such land: *Provided*, That such acquisitions by the Administrator pursuant to this sentence shall be limited to not exceeding four hundred and twenty-five acres of land in the general area in which approximately one thousand five hundred units of temporary housing held by the United States of America were unoccupied on said date.';

"(2) by adding the following new subsection at the end of section 607:

"'(g) The Administrator may dispose of any permanent war housing without regard to the preferences in subsections (b) and (c) of this section when he determines that (1) such housing, because of design or lack of amenities, is unsuitable for family dwelling use, or (2) it is being used at the time of disposition for other than dwelling purposes, or (3) it was offered, with preferences substantially similar to those provided in the Housing Act of 1950 (64 Stat. 48), to veterans and occupants prior to enactment of said Act.'; and

"(3) by adding the following new section at the end of title VI:

"'SEC. 613. Upon a certification by the Secretary of the Interior that any surplus housing, classified by the Administrator as demountable, in the area of San Diego, California, is needed to provide dwelling accommodations for members of a tribe of Indians in Riverside County or San Diego County, California, the Administrator is hereby authorized, not withstanding any other provision of law, to transfer and convey such housing without consideration to such tribe, the members thereof, or the Secretary of the Interior in trust therefor, as the Secretary may prescribe: *Provided*, That the term housing as used in this section shall not include land.'

"SEC. 806. Subsection 302 (b) of Public Law 139, 82d Congress, as amended, is hereby amended by striking the second sentence thereof and adding the following:

"'Any temporary housing constructed or acquired under this title which the Administrator determines to be no longer needed for use under this title shall, unless transferred to the Department of Defense pursuant to section 306 hereof, or reported as excess to the Administrator of the General Services Administration pursuant to the Federal Property and Administrative Services Act of 1949, as amended, be sold as soon as practicable to the highest responsible bidder after public advertising, except that if one or more of such bidders is a veteran purchasing a dwelling unit for his own occupancy the sale of such unit shall be made to the highest responsible bidder who is a veteran so purchasing: *Provided*, That the Housing and Home Finance Administrator may reject any bid for less than two-thirds of the appraised value as determined by him: *Provided further*, That the housing may be sold at fair value (as determined by the Housing and Home Finance Administrator) to a public body for public use: *And provided further*, That the housing structures shall be sold for removal from the site, except that they may be sold for use on the site if the governing body of the locality has adopted a resolution approving use of such structures on the site.'

"SEC. 807. Section 601 of the Housing Act of 1949 is hereby amended to read as follows:

"'SEC. 601. The Housing and Home Finance Administrator and the head of each constituent agency of the Housing and Home Finance Agency is hereby authorized to establish such advisory committee or committees as each may deem necessary in carrying

out any of his functions, powers, and duties under this or any other Act or authorization. Service as a member of any such committee shall not constitute any form of service, employment, or action within the provisions of sections 281, 283, 284, or 1914 of title 18, United States Code, or within the provisions of section 190 of the Revised Statutes (5 U. S. C. 99). Persons serving without compensation as members of any such committee may be paid transportation expenses and not to exceed $25 per diem in lieu of subsistence, as authorized by section 5 of the Act of August 2, 1946 (5 U. S. C. 73b-2).'

"SEC. 808. (a) Section 202 of the Act entitled 'An Act relating to the construction of school facilities in areas affected by Federal activities, and for other purposes', approved September 23, 1950, as amended, is hereby amended by adding the following new sentence at the end thereof: 'In any case where such facilities are or have been damaged or destroyed by fire or other casualty after they have become eligible for such transfer but before such transfer has been completed, the head of the Federal department or agency may assign or pay to such local educational agency, solely for use in repairing or reconstructing such facilities, all or any part of any insurance receipts in connection with such casualty which are payable or have been paid in consideration of premiums which such local educational agency has advanced for the benefit of the United States.'

"(b) The third sentence of section 401 (a) of title IV of the Housing Act of 1950, as amended, is hereby amended by striking out the word 'made' and inserting the words 'is approved by the Administrator'.

"SEC. 809. Notwithstanding the provisions of any other law, (1) the Housing and Home Finance Administrator is authorized and directed to sell to the University of California, at fair market value as determined by him, all of the properties, including land, comprising war housing projects CAL-4041 and 4042 known as Canyon Crest Homes located in Riverside County, California; (2) the Public Housing Commissioner is authorized to permit the Housing Authority of the city of Columbia, South Carolina, to sell to the University of South Carolina, at fair market value as determined by him, all of the property, including land, comprising the seventy-four-unit housing project Numbered SC-2-5 known as University Terrace, located in Columbia, South Carolina, and to use, with the approval of the said Commissioner, the proceeds of such sale as a loan for the development of other low-rent housing in the city of Columbia, South Carolina, in replacement of said project Numbered SC-2-5, under terms and conditions which will be satisfactory to the Public Housing Commissioner and which will, in his opinion, protect the interest of the United States, and the annual contributions now contracted for in respect to project Numbered SC-2-5 shall continue to be available and may be contracted for in respect to such other low-rent housing; and (3) the Housing and Home Finance Administrator is authorized and directed to convey, without monetary consideration, to the Housing Authority of Saint Louis County, Missouri, all of the right, title, and interest of the United States in and to the one hundred and fifty-six housing units in public housing project Numbered MO-V-23153.

"SEC. 810. Notwithstanding the provisions of any other law, the Housing and Home Finance Administrator is authorized to sell and convey all right, title and interest of the United States (including any off-site easements) at fair market value as determined by him, in and to war housing project CONN-6029, known as Westfield Heights, containing one hundred and thirty dwelling units on approximately twenty-three and nineteen one-hundredths acres of land in Wethersfield, Connecticut, and CONN-6125, known as Drum Hill Park, containing one hundred and twenty-five dwelling units on approximately fifty-two and thirty-three one-hundredths acres of land in Rocky Hill, Connecticut, to the housing authority of the town of Wethersfield, Connecticut, for use in providing moderate rental housing. Any sale pursuant to this section shall be on such terms and conditions as the Administrator shall determine: *Provided*, That full payment to the United States shall be required within a period of not to exceed thirty years with interest on unpaid balance at not to exceed 5 per centum per annum.

"SEC. 811. The Housing and Home Finance Agency, including its constituent agencies, and any other departments or agencies of the Federal Government having powers, functions, or duties with respect to housing under this or any other law shall exercise such powers, functions, or duties in such manner as, consistent with the requirements thereof, will facilitate progress in the reduction of the vulnerability of congested urban areas to enemy attack.

"SEC. 812. Title V of the Housing Act of 1949, as amended, is hereby amended as follows:

"(a) At the end of the first sentence of section 511 strike '$8,500,000' and insert '$100,000,000'.

"(b) In section 512, strike '$170,000' and insert '$2,000,000'.

"(c) In section 513, strike '$850,000' and insert '$10,000,000'.

"SEC. 813. Section 504 of the Housing Act of 1950, as amended, is hereby repealed.

"Records

"SEC. 814. Every contract between the Housing and Home Finance Agency (or any official or constituent thereof) and any person or local body (including any corporation or public or private agency or body) for a loan, advance, grant, or contribution under the United States Housing Act of 1937, as amended, or the Housing Act of 1949, as amended, shall provide that such person or local body shall keep such records as the Housing and Home Finance Agency (or such official or constituent thereof) shall from time to time prescribe, including records which permit a speedy and effective audit and will fully disclose the amount and the disposition by such person or local body of the proceeds of the loan, advance, grant, or contribution, or any supplement thereto, the capital cost of any construction project for which any such loan, advance, grant, or contribution is made, and the amount of any private or other non-Federal funds used or grants-in-aid made for or in connection with any such project. No mortgage covering new or rehabilitated multifamily housing (as defined in section 227 of the National Housing Act, as amended) shall be insured unless the mortgagor certifies that he will keep such records as are prescribed by the Federal Housing Commissioner at the time of the certification and that they will be kept in such form as to permit a speedy and effective audit. The Housing and Home Finance Agency or any official or constituent agency thereof shall have access to and the right to examine and audit such records. This section shall become effective on the first day after the first full calendar month following the date of approval of the Housing Act of 1954.

"Applicants for assistance required to submit specifications

"SEC. 815. Every contract for a loan, grant, or contribution under the United States Housing Act of 1937, as amended, or title I of the Housing Act of 1949, as amended, for the construction of a project shall require the submission of specifications with respect to such construction prior to the authorization for the award of the construction contract and the submission of data with respect to the acquisition of land prior to the authorization to acquire such land.

"Audits under Public Housing Act of 1937; Comptroller General

"SEC. 816. Every contract for loans or annual contributions under the United States Housing Act of 1937, as amended, shall provide that the Public Housing Commissioner and the Comptroller General of the United States, or any of their duly authorized representatives, shall, for the purpose of audit and examination, have access to any books, documents, papers, and records of the public housing agency entering into such contract that are pertinent to its operations with respect to financial assistance under the United States Housing Act of 1937, as amended.

"Report to Congress of information on housing

"SEC. 817. The annual report made by the Housing and Home Finance Administrator to the President for submission to the Congress on all operations provided for by section 802 hereof shall contain pertinent information with respect to all projects for which any loan, contribution, or grant has been made by the Housing and Home Finance Agency, including the amount of loans, contributions and grants contracted for, and shall also contain pertinent information with respect to all builders' cost certifications required by section 227 of the National Housing Act, as amended, including information as to the amounts paid by mortgagors to mortgagees for application to the reduction of the principal obligations of the mortgages pursuant to that section.

"Act controlling

"SEC. 818. Insofar as the provisions of any other law are inconsistent with the provisions of this Act, the provisions of this Act shall be controlling.

"Separability

"SEC. 819. Except as may be otherwise expressly provided in this Act, all powers and authorities conferred by this Act shall be cumulative and additional to and not in derogation of any powers and authorities otherwise existing. Notwithstanding any other evidences of the intention of Congress, it is hereby declared to be the controlling intent of Congress that if any provisions of this Act, or the application thereof to any persons or circumstances, shall be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this Act or its application to other persons and circumstances."

And the Senate agree to the same.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,
Managers on the Part of the House.

HOMER E. CAPEHART,
JOHN W. BRICKER,
WALLACE F. BENNETT,
BURNET R. MAYBANK,
A. WILLIS ROBERTSON,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 7839) to aid in the provision and improvement of housing, the elimination and prevention of slums, and the conservation and development of urban communities, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate struck out all of the House bill after the enacting clause and inserted a substitute amendment. The committee of conference has agreed to a substitute for both the House bill and the Senate amendment.

Except for technical, clarifying, and conforming changes, the following statement explains the differences between the House bill and the substitute agreed to in conference.

GENERAL STATEMENT

Shortly after passage of the House bill, information became available with respect to alleged serious irregularities and abuses that have occurred under FHA programs, particularly the title I small property improvement insurance program and the financing of privately owned rental-housing projects insured under section 608 of the National Housing Act. As the Senate Banking and Currency Committee had not yet reported the proposed Housing Act of 1954 that committee took immediate cognizance of the allegations and made a preliminary investigation of these charges to ascertain what changes should be made in the Housing Act of 1954 to protect against the abuses which had been disclosed. Meanwhile the House Committee on Banking and Currency held a series of informal meetings with representatives of the Housing and Home Finance Agency, the FHA, and the Department of Justice to review the nature and extent of allegations made and to consider proposals made by the Agency to strengthen the National Housing Act to prevent reoccurrence of abuses. One of the purposes of these informal meetings was to acquaint the members of the House Banking and Currency Committee, who would be members of the committee of conference, with facts which had been developed and corrective proposals which were being made in order that the House conferees would be in a better position to evaluate the many corrective provisions which were added to the House bill by the Senate amendment. Some of these changes resulted from proposals made by the Senate Banking and Currency Committee in reporting the bill and others resulted from amendments made to the bill while it was under consideration by the Senate.

The committee of conference throughout its extensive deliberations has carefully weighed the changes proposed by the Senate amendment to the House passed bill. Throughout the conference there was complete agreement that while there was necessity for strengthening the housing laws to prevent the reoccurrence of past abuses, it was also imperative that the changes made not be of such a nature as to make our Federal housing laws unworkable or as seriously to impair the assistance which they should properly give to the encouragement and continuation of a high volume of housing production and housing improvements for our people.

FHA TITLE I INSURANCE OF HOME REPAIR AND IMPROVEMENT LOANS

The House bill provided that a home repair or improvement loan could be insured in an amount up to $3,000 in place of the $2,500 limitation in existing law, and provided for extension of maturity on such insured loans from the 3 years and 32 day limit of existing law to a maximum maturity of 5 years and 32 days. Under existing law FHA title I insurance may also be obtained on loans to finance the improvement or conversion of existing structures used or to be used as dwellings for two or more families. On such loans existing law limits the amount to $10,000 and the maturity to 7 years and 32 days. The House bill provided that the amount of such a loan could be either $10,000 or $1,500 per family unit, whichever is greater, and increased the permissible maturity to 10 years and 32 days. The Senate amendment struck out the provisions in the House bill extending the maturities and increasing the amounts of title I insured loans, thus in effect retaining the limitations of existing law. The conference substitute likewise leaves these provisions of existing law unchanged.

The Senate amendment contained a number of provisions, which were not contained in the House bill, with respect to FHA title I insurance of home repair and improvement loans which are designed to prevent abuses that have occurred in this program. One of these provisions would place the lender in a position of coinsuror through limiting title I insurance coverage to reimbursement of only 80 percent of the loss on any individual loan. The conference substitute retains the principle of this provision but increases the FHA insurance coverage to 90 percent of the loss on any individual loan. The committee of conference is of the opinion that limiting the coverage of losses to 80 percent on any individual loan might prove too restrictive particularly to small lenders. At the same time an insurance coverage limited to 90 percent would still retain a measure of self interest on the part of the lender in each loan in an amount sufficient to induce more careful lending operations.

Other provisions added by the Senate amendment would (1) limit the granting of FHA title I insurance to supervised lenders approved by FHA, or to such other lenders as (on the basis of their credit and their experience and facilities to make and service this type of loan) FHA approved; (2) restrict items eligible for FHA title I insurance to those which substantially protect or improve basic livability or utility of the property; (3) write into law restrictive features of present FHA title I regulations with respect to dealer approval, maintenance of dealer file, 6-day waiting period prior to disbursement, and requirements with respect to completion certificates; (4) prevent use of FHA title I loans on new homes until completed and occupied for 6 months, and (5) prevent multiple FHA title I loans on the same structure with the aggregate balance in excess of the maximum statutory dollar limitation. The conference substitute retains these provisions of the Senate amendment with the exception of the provision which would write into law restrictive features of present FHA title I regulations. The committee of conference was of the opinion that allowing such restrictive provisions to be covered by regulation rather than on a statutory basis was desirable from the standpoint of administration of the insurance program.

The conference substitute also allows a reasonable time—the first day after the first full calendar month following the date of approval of the Housing Act of 1954—for the preparation, issuance, and printing of FHA rules, regulations, forms, and instructions and their distribution to lenders operating under the title I program throughout the country.

SALES HOUSING

FHA insurance of 1-to-4-family sales housing is authorized by section 203 of the National Housing Act. Both the House bill and the Senate amendment provided changes in existing law with respect to maximum ratios of loans to values and maximum mortgage amounts. The House bill provided for a ratio of loan to value of 95 percent on the first $10,000 plus 75 percent of the excess over $8,000 (actually this $8,000 figure should be $10,000 but, through inadvertence, was not included in the amendment to these provisions adopted by the House). The Senate amendment provided for a ratio of loan to value of 95 percent of the first $8,000 plus 75 percent of the balance in excess of $8,000. Maximum mortgage amounts were also limited to $20,000 in the case of a one- or two-family dwelling, $27,500 in the case of a three-family dwelling and $35,000 in the case of a four-family dwelling under the provisions of the House bill; the Senate amendment placed these limitations at $18,000, $24,000 and $30,000 respectively. The House bill made the new ratios of loans to values applicable to both new and existing dwellings. The Senate amendment limited its loan to value ratio provision to only new construction and on existing construction retained the existing maximum mortgage ratio of 80 percent of value. The House bill provided a maximum maturity of 30 years on mortgages of 1-to-4-family homes and made such maturity applicable to both existing and new homes. The Senate amendment provided a maximum maturity on mortgages for new homes of 30 years, and required that on existing homes the mortgage maturity be reduced from 30 years by one year for each of the first 10 years of age, so that an existing dwelling which was built 10 or more years ago could not be mortgaged for a term exceeding 20 years.

With respect to new housing the conference substitute provides for a ratio of loan to value of 95 percent of the first $9,000 of value and 75 percent of the excess over $9,000, and authorizes the President to increase the $9,000 amount up to not to exceed $10,000 if, after taking into consideration the general effect of such higher dollar amounts upon conditions in the building industry and upon the national economy, he determines such action to be in the public interest. The maximum dollar mortgage limitations are the same as those provided in the House bill.

With respect to existing housing the conference substitute provides for a loan to value ratio of 90 percent of the first $9,000 of value plus 75 percent of the balance in excess of $9,000. It likewise provides for Presidential authority to increase the $9,000 figure to $10,000, and the dollar mortgage maxima are the same as those applicable to new housing.

With respect to mortgage maturities the conference substitute provided a maximum maturity of 30 years or three-quarters of the FHA Commissioner's estimate of the remaining life of the building improvements, whichever is the lesser. The committee of conference has been informed that FHA presently requires that the mortgage maturity not exceed three-quarters of the remaining economic life of the house whether new or old. In writing this limitation into the statute the Committee of Conference desires to place this safeguard in the law to make it clear that houses, especially old houses, are not to be financed for a term which would increase the Government's risk as insurer of the mortgage.

Although in most cases "mortgaging-out" is not applicable to sales housing, it is a possibility under certain circumstances where the builder of sales housing might actually become the mortgagor of the property. This could happen only when the builder, having built the homes, was unable immediately to dispose of them and had to close out the mortgage in his own name, thus becoming the mortgagor. In order to provide an effective statutory safeguard in such cases the conference substitute contains a provision limiting the maximum loan to value ratio where the builder becomes the mortgagor to not to exceed 85 percent of the mortgage loan which an owner-occupant could obtain. It is the further understanding of the committee of conference that, in such cases where a builder is constructing FHA sales housing and becomes the mortgagor because of inability to sell his houses, the FHA limits such builder in further participation under its programs. The committee of conference desires that this procedure be continued not only to assure that sales housing is constructed for sales purposes, but also as an effective method to prevent misuse of the FHA insurance system.

FHA APPRAISALS OF LONG-TERM ECONOMIC VALUE

Historically, the fundamental soundness of the whole concept of the FHA home mortgage insurance system has rested on the integrity of its appraisal system as a measurement of the long-term economic value of a

given residential property to be underwritten with an insured mortgage loan. Basically, the FHA's appraisal system, as well as many of its other principal procedures (such as its property location standards, its minimum construction requirements, and its inspection system), are obviously essential to the proper underwriting of mortgage loan risks, and therefore operate primarily for the protection of the Government and its insurance funds. Nevertheless, the Congress has consistently recognized—and intended—that, notwithstanding the fact that technically there is no legal relationship between the FHA and the individual mortgagor, these FHA procedures also operate for the benefit and protection of the individual home buyer. However, there has apparently been a strong tendency on the part of the FHA to view these procedures as operating exclusively for the protection of the Government and its insurance funds. The committee of conference does not believe such a view to be consistent with the intent of the Congress in respect of the basic legislation relating to the FHA in the past, and, as to the future, desire to make it abundantly clear that such is not the case.

In this connection, the committee of conference calls attention to two specific provisions included in the conference substitute which clearly indicate the intent of the Congress that the protections of the FHA system shall also inure to the benefit of the individual home buyers. One is the provision which requires that the builder or seller of a new home built with the assistance of an FHA-insured or VA-guaranteed mortgage must deliver to the purchaser a warranty that the home is constructed in substantial conformity with the plans and specifications (including any amendments thereof which have been approved in writing) on which the FHA or VA valuation of such home was based. The other is the provision which requires that, the seller or builder or such other person as may be designated by the FHA Commissioner shall agree to deliver, prior to the execution of a contract for the sale of the property, to the purchaser a written statement setting forth the amount of the FHA's appraised value of the property.

The committee of conference desires to point out the importance it attaches to the latter provision, especially at this particular time, in protecting the individual home buyers. Generally speaking, an appraisal of the long-term economic value of a particular residential property represents the informed judgment of a professional technician as to the dollar amount which a well-informed purchaser, acting without duress or compulsion, would be warranted in paying for such property for long-term use or investment. To a large extent, this is determined by the price at which other properties, which are comparable as to location, type of construction, size and other amenities, are being freely sold in the open market. But, irrespective of market price, the upper limit for such an appraisal would always be the estimated reproduction cost of the property. Thus, appraisal of the long-term economic value as the basis for insurance of home mortgage loans by the FHA can have two important effects in terms of consumer protection.

First, by providing the new and more liberal mortgage insurance terms contained in the conference substitute, the Congress is seeking to benefit the individual families seeking to buy homes. The committee of conference desires to assure that these terms would not have an inflationary effect upon the going market prices for homes which might be reflected in upward pressure on prices which, in turn, might be reflected in FHA valuations. An appraisal system, such as FHA's based on long-term economic value would preclude valuations in excess of carefully estimated replacement costs as an upper limit in respect to new homes, and in excess of replacement cost, less deterioration, in respect to existing homes. Therefore, any temporary cost or price rise, attributable to the new and more liberal mortgage insurance provisions continued in the conference substitute or otherwise, should not be reflected in FHA valuations to the detriment of individual home buyers.

Second, in those cases where a reasonable and careful estimate of the costs required to reproduce a fully comparable residential property may, for one reason or another, be less than the current market price for such properties, the individual consumer would obtain the benefit thereof since the FHA's appraisal of the property at such lower figure would be available to him and the maximum approvable FHA loan would be based on the lower of the two figures.

LOW-COST SUBURBAN HOUSING

Under title I, section 8, of the National Housing Act, provision is made for FHA insurance of mortgages on low-cost housing located in suburban and outlying areas. The House bill contemplated the integration of this FHA insuring operation into the FHA section 203 program and the House report made clear that in integrating the programs, underwriting procedures should be adopted to continue FHA section 8 type of insurance. The Senate amendment provides statutory authority for continuance of the section 8 program through adding a new subsection (i) to section 203 of the National Housing Act. The Senate provision also provided for an increase in the maximum mortgage amount from the $5,700 of existing law to $6,650 for a owner-occupant mortgagor and from the $5,100 of existing law to $5,950 for a builder-mortgagor. The new mortgage limits represent 95 percent and 85 percent, respectively, of a home costing $7,000. The Senate amendment further provided that this section 8 type of insurance could be made available to an owner-occupant mortgagor regardless of his credit standing, provided a person or corporation with a credit standing satisfactory to the FHA guaranteed payment of the insured mortgage. In such cases, the guarantor might also loan the owner-occupant mortgagor part or all of the required down payment on a note maturing after the last maturity date of principal due on the insured mortgage. The Senate amendment also made this section 8 type of insurance available on a farm home on a plot of 5 or more acres adjacent to a public highway with maximum insurance authorization for such loans limited to $100,000,000 outstanding at any one time. The conference substitute retains these provisions of the Senate amendment.

It is the intention of the committee of conference that this special mortgage insurance for new low-cost housing be made available in rural and small suburban or outlying communities where the suspension of the regular FHA property location requirements (as distinguished from minimum construction standards) is not likely to be detrimental to the long-term value of the housing or the general standards of the community. It is not intended that this special mortgage insurance be used to assist the financing of housing in areas which, with the proposed new construction, will constitute built-up urban communities. In such areas, the regular mortgage insurance under section 203 is available for low-cost housing meeting the usual FHA construction and location standards.

TERMS OF FHA INSURANCE FUND DEBENTURES

The House bill contained a provision which would amend section 204 (d) of the National Housing Act so as to fix the term of debentures to be issued under sections 203 and 213 of the act at 10 years. The Senate amendment contained a provision further amending section 204 of the act so that any debentures issued under the act (other than debentures issued under section 221 (g) (3)) could be replaced under certain conditions with refunding debentures maturing within a further 10-year period, thus in effect permitting the FHA Commissioner to impose a 10-year extension on debenture maturities. The conference substitute places a straight 20-year maturity on all FHA debentures issued under the act other than debentures issued under section 221 (g) (3). However, the change in debenture term does not apply in any case where the mortgage involved was insured or the commitment for such insurance was issued prior to the effective date of the Housing Act of 1954.

The Senate amendment contained a provision which was not included in the House bill under which the interest rate on FHA debentures, relating to mortgages hereafter insured, would be set at the rate in effect at the time of insurance as established by the FHA Commissioner with the approval of the Secretary of the Treasury. Such rate could not exceed the rate determined by the Secretary of the Treasury by estimating average yield to maturity on comparable marketable obligations of the United States. The conference substitute contains this provision of the Senate amendment.

REHABILITATION AND NEIGHBORHOOD CONSERVATION HOUSING INSURANCE

Both the House bill and the Senate amendment provided for the addition of two new FHA insurance programs through the addition of new sections 220 and 221 to the National Housing Act. The new section 220 insuring authority would provide a mortgage insurance program to assist in the rehabilitation of existing dwellings and the construction of new dwellings in urban renewal areas. The new section 221 insuring authority would provide a mortgage insurance program to cover suitable housing for the relocation of people displaced as a result of Governmental action in a community which has a workable program for dealing effectively with slums and blight, including the prevention of the development and spread of slums and blight as well as the elimination thereof.

FHA section 220 insurance

With respect to the new section 220 insurance program the House bill provided that before it could become operative in a community the FHA Commissioner would have to determine that there exists a redevelopment or urban renewal plan applicable to the area in which the mortgaged property is to be located and he would have to determine that necessary legal and financial authority existed to carry out such plan. The Senate amendment provided that the insuring provisions could become operative upon the Housing and Home Finance Administrator certifying to the FHA Commissioner that he had made the findings required under the slum clearance and urban renewal program. Under the slum clearance and urban renewal program the Housing and Home Finance Administrator is required to find (1) that the governing body of the locality has approved a redevelopment or renewal plan (2) that such plan conforms to the general plan for the development of the locality as a whole and (3) that necessary legal authority and financial capacity exists to carry out such plan. The Senate provision avoids unnecessary duplication of functions between the Housing and Home Finance Administrator and the Federal Housing Commissioner with reference to making FHA section 220 insurance available in the community. The conference substitute contains this provision of the Senate amendment.

In both the House bill and the Senate amendment the mortgage limitations with respect to insurance for other than large scale rental projects were consistent with the mortgage limitations which the House and Senate had imposed on insurance provided under the 1-to-4-family housing sales programs covered by section 203 of the act.

As will be noted under the previous discussion of the provisions of the conference substitute with respect to sales housing, the conference substitute represents a compromise between the provisions of the House bill and the Senate amendment and accordingly the mortgage limitations for section 220 insurance on other than large scale rental projects were modified by the committee of conference to make them consistent with the section previously agreed upon with respect to section 203 mortgage limitations.

With respect to large scale rental projects insured under section 220, the only difference (other than technical corrections) between the provisions of the House bill and the Senate amendment was that the Senate amendment added an escalator clause to the stated mortgage limitations so that the FHA Commissioner might by regulation increase the mortgage limitations by not to exceed $1,000 per room in any geographical area where he finds that cost levels so require. The conference substitute retains this provision of the Senate amendment.

FHA section 221 insurance

With respect to the new FHA section 221 insurance program the differences between the House bill and the Senate amendment are summarized in the following paragraphs.

Under the House bill provision was made that the number of units covered by the new FHA section 221 insurance could not exceed the number which the FHA Commissioner determines to be needed in a particular community for the relocation of families being displaced by governmental action. The Senate amendment provided that the Housing and Home Finance Administrator would determine the number of section 221 units needed and so certify to the FHA Commissioner. Since the Housing and Home Finance Administrator must determine relocation needs in connection with the slum clearance and urban renewal operation, the procedure provided by the Senate amendment would avoid duplication of the same work by the FHA Commissioner. The conference substitute contains this provision of the Senate amendment.

The House bill provided that the new FHA section 221 insurance could be made available in a community presently undertaking a slum clearance and urban redevelopment project without the community having to meet the new workable program requirement. The Senate amendment with respect to this provision made it clear that the FHA section 221 insurance to be made available in communities which presently have slum clearance projects would only be available for families displaced during the period that the project was being carried out and thereafter the community would have to meet the workable program requirement in order to have additional section 221 units in the community. The Senate amendment also contained a provision to make clear that the Housing and Home Finance Administrator does not have to certify dwelling units for section 221 insurance during any period when the locality fails to carry out the workable program upon which it had agreed. The conference substitute retains both of these provisions of the Senate amendment.

With respect to sales housing under the new FHA section 221 insurance program, the House bill provided that the mortgage could amount to 100 percent of the appraised value of a new or existing home provided that the owner and occupant of the property at the time of insurance made at least a $200 payment to cover settlement costs and miscellaneous charges. Under the Senate amendment mortgage limitations under the section 221 insurance program were set at not to exceed 95 percent of the appraised value on new homes and 90 percent on existing homes. The conference substitute retains these provisions of the Senate amendment with respect to mortgage limitations.

Under the provisions of the House bill a private nonprofit corporation providing rental accommodations for ten or more families eligible for occupancy could obtain FHA section 221 insurance for the rehabilitation of existing homes up to 100 percent of the Commissioner's estimate of the value of the property or project when repaired or rehabilitated. Under a provision of the Senate amendment a private nonprofit corporation providing rental accommodations for ten or more families could obtain only a 95 percent section 221 loan insurance coverage but the mortgage could cover the construction of new accommodations as well as cover the repair or rehabilitation of existing accommodations. The conference substitute retains these provisions of the Senate amendment.

Under the House bill, maximum maturities were set at 40 years for all section 221 mortgages. The Senate amendment prescribed 30 years for these maturities. The conference substitute prescribes 30 years or three-quarters of the Federal Housing Commissioner's estimate of the remaining economic life of the building improvements, whichever is the lesser.

MORTGAGE INSURANCE FOR SERVICEMEN

The conference substitute retains the new section 222 of the National Housing Act, which was added by the Senate amendment. The House bill contained no comparable provision. Section 222 of the National Housing Act would establish a new FHA mortgage insurance program for housing for servicemen in the Armed Forces of the United States and their families. This program would assist in the provision of housing for members of the active Military Establishment, who are usually not eligible for the home-loan benefits of the Servicemen's Readjustment Act of 1944 because they have not become veterans. The latter act deals, of course, with the readjustment of veterans to civilian life, and is not intended to assist in providing housing for servicemen while they remain in service.

Before a serviceman would be entitled to the benefits of the new program, the Secretary of Defense (or his designee) would have to issue to him a certificate indicating that the serviceman requires housing, that he is serving on active duty in the Armed Forces of the United States, and that he has served on active duty for more than 2 years. The serviceman would be required either to occupy the property or to certify that his failure to do so is the result of his military assignment. A certificate would not be issued by the Secretary to any person ordered to active duty for training purposes only. The Secretary could issue a new certificate to a serviceman who has already had the benefits of mortgage insurance assistance under this section only if in his judgment the additional certificate is justified.

The Senate amendment provided that a serviceman who has had the benefits of mortgage insurance assistance under this section would not be eligible for home-loan benefits under the Servicemen's Readjustment Act of 1944, and that no person who has used his entitlement for home-loan benefits under that act would be eligible for the benefits of this section. The conference substitute removes these limitations, thereby permitting an individual to avail himself of both types of benefits if he is appropriately qualified.

The mortgages insured under the new section 222 would be subject to the same limits on amounts as mortgages insured under the regular section 203 sales housing program, with certain exceptions designed to provide more liberal treatment for servicemen. The Senate amendment provided that, in the discretion of the Federal Housing Commissioner, the maximum ratio of loan to value under section 222 could exceed the maximum prescribed in section 203, up to 95 percent of the appraised value of the property, and that the maximum dollar mortgage amount could be $14,250 (that is, 95 percent of $15,000). The conference substitute increases the maximum dollar mortgage amount to $17,100 (that is 95 percent of $18,000).

Premiums on the insurance would not be payable by the mortgagee while the serviceman owns the home, but would be paid yearly by the Secretary of Defense from appropriations for the pay and allowances of persons eligible for mortgage insurance under this section. The Secretary of Defense (or such person as may be designated by him) would certify to the Federal Housing Commissioner the termination of ownership of such home by a serviceman, and future premiums would be payable in the same manner as in the case of other mortgage insurance.

Payment of insurance to the mortgagee in event of default on these mortgages would be made in accordance with the same provisions as those which govern the payment of insurance on section 203 mortgages, except that such payments would be from a separate servicemen's mortgage insurance fund established for the purposes of section 222. The Senate amendment authorized an appropriation of $1,000,000 for such fund; the conference substitute changes this provision so as to provide for the transfer of $1,000,000 from the war housing insurance fund instead of a direct appropriation.

The benefits of this section would apply to servicemen in the United States Coast Guard and their families, except that the Secretary of the Treasury would perform the functions otherwise given to the Secretary of Defense.

SALE OF GOVERNMENT-OWNED HOUSING

Both the House bill and the Senate amendment contain provisions permitting 90 percent FHA insured mortgages to finance the sale of Government-owned housing. However, the Senate amendment contained a provision which would permit a 95 percent insured mortgage to finance the sale of such housing if the mortgagor was a veteran cooperative. The conference substitute retains this provision of the Senate amendment.

It was called to the attention of the committee of conference that in some instances the FHA after acquiring a property through operation of its mortgage insuring programs, had resold the property and taken back a purchase money mortgage at a rate of interest under the rate that currently existed on insured mortgages covering similar property. While this practice undoubtedly permits the FHA to obtain a higher price for the property sold than would otherwise be the case thus limiting losses or even allowing it to move into a profit position on its liquidation operations, at the same time it leaves FHA with a long term mortgage which, if sold, could only be sold at a loss due to the unrealistic interest rate. The committee of conference is of the opinion that in any such transactions in the future, the FHA should not take back purchase money mortgages in connection with the sale of acquired properties unless the interest rate on such purchase money mortgages is comparable to the current interest rates on insured mortgages on properties of similar type. The committee of conference is further of the opinion that in cases where the Housing and Home Finance Administrator disposes of property under his control and accepts a purchase money mortgage as part of the payment such a mortgage should carry an interest rate not less than the current interest rate applicable to FHA insured mortgages on similar properties.

OPEN-END MORTGAGES

Both the House bill and the Senate amendment contained provisions permitting FHA insurance of advances pursuant to an "open-end" provision in a FHA insured mortgage.

The Senate amendment, however, contained a provision which was not contained in the House bill which would limit such open-end advances to improvements and repairs which substantially protect or improve basic livability or utility of the property and to an amount which when added to the unpaid amount of the mortgage would not make the unpaid balance exceed the amount of the original mortgage. The conference substitute retains the Senate provisions with an amendment which would permit the amount of the advance when added to the unpaid amount of the mortgage to exceed the original principal obligation of the mortgage if the mortgagor certifies that the proceeds of the advance are to be used to finance the construction of additional rooms or other enclosed space as a part of the dwelling.

The Senate amendment contained a provision making the maximum veterans' home loan guaranty entitlement of $7,500 applicable to loans for repairs, alterations, and improvements (if they would substantially protect or improve the basic livability or utility of the property involved) as well as to loans for the purchase and construction of residential property. Under existing law (the so-called "veterans' open-end mortgage" provision) a veteran who has used his guaranty entitlement in acquiring a home can have additional entitlement for repair loans only if he has used less than $4,000 of his entitlement in acquiring the home. The House bill contained no corresponding provision, although in its original form it had included a similar provision which was eliminated when title II of the reported bill (relating primarily to mortgage interest rates and terms) was stricken out on the floor of the House. The conference substitute contains the provision added by the Senate amendment.

FHA APPRAISAL AVAILABLE TO HOME BUYERS

The Senate amendment contained a provision which was not included in the House bill which would direct the FHA Commissioner to require the seller or builder of a one-or-two family residence to make available to the purchaser of a new home, prior to sale, a written statement setting forth the amount of the appraised value of the property as determined by the FHA. The conference substitute retains this provision of the Senate amendment but broadens it to include existing housing as well as new homes and to include also one-and-two family sales housing under the new servicemen's insurance program (sec. 222 of the National Housing Act), one-and-two family sales housing under the cooperative housing section (213) of the National Housing Act, and individual sale type defense housing (sec. 903 of the National Housing Act). The provision is not applicable in cases where a mortgage was insured or a commitment for insurance was issued prior to the effective date of the Housing Act of 1954.

BUILDERS COST CERTIFICATION

As noted in the opening paragraphs of this Statement of Managers, shortly after passage of the House bill disclosures were made of widespread "mortgaging out" operations under the former FHA 608 rental housing insurance program. The term "mortgaging out" means that the mortgagor was able to obtain a mortgage in an amount sufficient to equal or exceed the actual cost of the project including a normal allowance for builders profit. The Congress had recognized the possibility of such an operation as the 608 program developed and in increasing the title VI authorization in Public Law 384, 80th Congress, 1st session, approved December 27, 1947, provided that "Title VI of the National Housing Act, as amended, be employed to assist in maintaining a high volume of new residential construction without supporting unnecessary or artificial costs. In estimating necessary current cost for the purposes of said title, the FHA Commissioner shall therefore use every feasible means to assure that such estimates will approximate as closely as possible the actual cost of efficient building operations." Subsequently, continued rumors of "mortgaging out" operations led the Congress to impose builders costs certification provisions in the military housing insurance program (sec. 803) and in the rental housing section of the Defense Housing program (sec. 908). Following the disclosures of widespread "mortgaging out" operations under section 608, the Senate amendment included a provision, which was not contained in the House bill, which would require a builders cost certification with respect to all FHA mortgage insurance for new or rehabilitated multifamily and rental housing. This provision would require the builder to certify that the approved percentage of the actual cost (i. e., 80 percent under section 207, 90 percent or 95 percent under section 213, 90 percent under section 220, etc.) equaled or exceeded the proceeds of the mortgage loan or the amount by which the proceeds exceeded such approved percentage and to apply the amount of such excess to the reduction of the mortgage loan. In the computation of actual cost, the land value considered may not exceed the Commissioner's estimate of the fair market value of the land in the project prior to the construction of the improvements. There would be excluded from the computation of actual costs amounts representing any kickbacks, rebates, or trade discounts received in connection with the construction of the improvements. The conference substitute while essentially retaining this provision of the Senate amendment, makes clear that a reasonable allowance for builders profit may be included as part of the "actual cost" of a project in the case where the builder is also the mortgagor and desires to leave his profit in the corporation as equity.

NEW FHA POSITIONS

The Senate amendment contained a provision, which was not included in the House bill, which would authorize the establishment in FHA of 18 positions at grade GS–16 without regard to the civil service laws, in lieu of positions previously allocated in FHA under section 505 of the Classification Act. The committee of conference was of the opinion that allocation of all these positions at grade GS–16 would unnecessarily disrupt FHA administrative organization. Accordingly the conference substitute authorizes the FHA to establish one position in Grade GS–18, four positions in grade GS–17, and eight positions in grade GS–16, which would be subject to the civil service laws. Thus the positions would not be taken completely out from under the provisions of the civil service laws but would follow normal statutory procedures which permit such positions to be classified as schedule "C." This is consistent with the practice being followed by the Congress in establishing new positions in other agencies at these grades.

ADDITIONAL FHA PROVISIONS

The House bill contained a provision terminating the yield insurance program under title VII of the National Housing Act. The Senate amendment contained no comparable provision. The conference substitute retains the FHA title VII program.

Under existing law authority of the FHA to insure mortgages in connection with the defense housing program under title IX would expire August 1, 1954, except as to commitments issued prior to such date on loans to refinance existing insured loans. Under the House bill this authority would not be continued but the authority to insure as to commitments issued prior thereto was continued.

The Senate amendment gave the President standby authority to use title IX FHA mortgage insurance authority and the provisions of title III of the Defense Housing and Community Facilities and Services Act of 1951 for Federal aid in the provision of defense housing and community facilities and services in critical defense housing areas. The President under the Senate provision could designate periods after June 30, 1954, when either of these two programs could be used or he could designate a specific project or projects to be assisted by either of the two programs.

In addition the Housing and Home Finance Administrator would be authorized to enter into amendatory agreements after June 30, 1954, to provide additional Federal assistance with respect to defense community facilities undertaken on or before such date where he finds it necessary to do so to assure the completion of such facilities. Such amendatory agreements could not involve the expenditure of Federal funds in excess of those available on or before June 30, 1954.

The conference substitute conforms to the Senate amendment, but limits the President's standby authority to the period ending July 1, 1955.

The Senate amendment contained a provision requiring that each dwelling covered by a mortgage hereafter insured under section 903 of the National Housing Act be held for rental for at least 4 years. The House bill contained no comparable provision. The conference substitute conforms to the Senate amendment but reduces the period to three years.

The Senate amendment contained a provision making it a criminal offense to misuse "FHA" in advertising or firm or business names. The House bill contained no comparable provision. The conference substitute conforms to the Senate amendment on this point and also modifies section 709 of title 18 of the United States Code, which contains this provision, so as to prohibit similar misuse of the words "Housing and Home Finance Agency," "Federal Housing Administration," and "Federal National Mortgage Association."

Section 709 also prohibits the false advertisement or representation that any project, business, or product has been in any way endorsed, authorized, or approved by the agencies named above or the Government of the United States or any agency thereof. The conference agreement applies this prohibition to any false advertisement or representation that any housing unit, project, business, or product has been in any way endorsed, authorized, inspected, appraised, or approved, as above provided.

The Senate amendment added a new section to the National Housing Act to authorize the Federal Housing Commissioner to refuse the benefits (either directly or indirectly) of participation in FHA insurance programs to persons or firms who knowingly and willfully violate the National Housing Act or the loan guarantee title of the Servicemen's Readjustment Act of 1944 or the regulations promulgated under either of those acts. Such benefits could also be refused if the Commissioner determines that there has been a violation of Federal or State penal statutes in connection with programs under either of the two acts or that there has been material failure to carry out contractual obligations with respect to the completion of construction or repairs financed with assistance under either of the two acts. Persons or firms proposed to be denied such benefits would be afforded an opportunity for hearing and to be represented by counsel. These provisions would be applied not only to insured lenders and borrowers, but to builders, contractors, dealers, salesmen, or agents for a builder, contractor, or dealer. The House bill contains no comparable provision. The conference substitute retains the Senate provision with amendments making it clear that it applies to all the insurance titles of the act and with clarifying changes.

PROHIBITION AGAINST USE OF FHA-INSURED HOUSING FOR TRANSIENT OR HOTEL PURPOSES

The House report accompanying the House bill clearly expressed the intent of the House Banking and Currency Committee that FHA insured rental properties were never intended to be used to provide hotel accommodations and directed the FHA to take all appropriate action possible to prevent such use of FHA insured rental projects. The Senate amendment includes specific provisions relating to this problem. These provisions (1) declare that it has been the intention of Congress since enactment of the National Housing Act that housing covered by mortgage insurance is not to be used for hotel or transient purposes while insurance remains outstanding; (2) prohibit any new, existing, or rehabilitated multifamily housing from being rented for a period of less than 30 days, or operated in a manner as to offer hotel services, while such housing has mortgage insurance; (3) prohibit future mortgage insurance on multifamily housing unless mortgagor certifies under oath that as long as insurance is outstanding no part of the housing will be rented for a period of less than 30 days, and no hotel services will be offered; (4) direct the FHA Commissioner to enforce restrictions on hotel use of such properties whether insurance was issued prior or after the enactment of the Housing Act of 1954 but provides that criminal penalties shall not be retroactive; and (5) require the FHA Commissioner to investigate in 15 days any written complaint that a building is being rented or operated in violation of any provision of the National Housing Act or regulation thereunder and, if a violation is found, to order it to cease. If the alleged violation did not cease, the FHA Commissioner would be required to refer the case to the Department of Justice in 15 days for criminal prosecution. Also, in that time, the Commissioner would be required to start injunction proceedings in Federal district court. If the FHA Commissioner did not start such action in that time, any individual could bring the action in the name of the United States. The district courts of the United States would be given jurisdiction over such cases.

The conference substitute follows the Senate provisions, modified as follows:

1. Provides that multifamily housing shall not be used for transient or hotel purposes unless (a) by May 28, 1954, the FHA Commissioner had agreed in writing to rental of specified number of units for such purposes, or (b) the FHA Commissioner finds that the project is in a resort area and that prior to May 28, 1954, a specified number of the accommodations were used for transient or hotel purposes.

2. No multifamily mortgage to be insured by FHA hereafter, except under outstanding commitment, and no mortgage to be insured for an additional term, unless (a) mortgagor certifies under oath the property will not be used while insurance remains outstanding for transient or hotel purposes, and (b) the FHA Commissioner has contracted with or bought stock of mortgagor needed to enforce compliance while mortgage insurance remains in effect.

3. (a) The FHA Commissioner must define "transient or hotel purposes," but rental for less than 30 days shall in any event constitute rental for such purposes.

(b) "Multifamily housing" is defined to include property held by a mortgagor on which 5 or more single-family dwellings are located, or a two-, three-, or four-family dwelling is located, or rental-type housing is insured under sections 207, 213, 220, 221, 608, title VII, 803, and 908.

4. On written complaint, the FHA Commissioner must investigate and order violation, if found to exist, to cease. If such violation does not cease, the FHA Commissioner must send complaint to Attorney General for appropriate civil or criminal action.

5. A hotel owner, or operator, or association, within 50 miles radius of place of violation, at their own expense may apply for injunctive relief against violations upon showing cause for the issuance of such injunction.

SLUM CLEARANCE AND URBAN RENEWAL

The Senate amendment added to the House bill a provision prohibiting the delegation or transfer, to any official except a person serving as Acting Administrator, of certain final authorities vested in the Housing Administrator in connection with the slum clearance and urban renewal program. Under this provision, the Administrator could not delegate or transfer his authority (1) to determine whether the workable program provided for under section 101 (c) of the Housing Act of 1949 (compliance with which is a condition precedent to slum clearance and urban renewal assistance and to FHA assistance under section 220 or section 221 of the National Housing Act) meets the requirements of such section; (2) to make the certification that Federal assistance of the types enumerated in such section 101 (c) may be made available in a community; (3) to make the certifications with respect to the maximum number of dwelling units needed for the relocation of families who are to be displaced as a result of governmental action in a community and who would be eligible to rent or purchase dwelling accommodations in properties covered by mortgage insurance under the section 221 program; or (4) to determine whether the relocation program (which by law must be submitted to the local public agency) for the rehousing of families to be displaced by a slum clearance and urban renewal project meets the requirements of section 105 (c) of the Housing Act of 1949. The conference substitute includes the provision added by the Senate amendment.

The Senate amendment added to the House bill a provision that no contract may be made for advances of funds to local public agencies for surveys and plans for urban renewal projects unless the governing body of the locality involved has approved (by resolution or ordinance) the undertaking of the surveys and plans and the submission by the local public agency of an application for the advance of funds, thus assuring that the approval of the local governing body of the locality concerned will be obtained before any financial assistance contracts are executed. A related provision in the House bill required the governing body of the locality concerned to make the determination that an urban renewal area is blighted or deteriorated, and to designate such area as appropriate for an urban renewal project, before any contract could be made for advances of funds to the local public agency for surveys and plans in preparation of the project. The Senate amendment deleted this provision in the House bill (and substituted the provision described above) on the ground that, as a practical matter, the governing body of the locality would not have the necessary data to support such a determination until after the survey and planning stage, and on the further ground that any redevelopment plan in connection with a project must be approved by the governing body of the locality before any monies could be disbursed under a loan and grant contract. The conference substitute follows the Senate provision.

The House bill contained a provision which would have had the effect of permitting grants for urban renewal projects to be paid in connection with projects consisting of open land which is arresting the sound growth of a community, even though the land is not being redeveloped for predominantly residential purposes. The Senate amendment deleted this provision of the House bill, thereby in effect continuing the requirements of existing law. (Under existing law, capital grants may not be paid in connection with any open land project, and an open land project is not eligible even for loan assistance unless it is to be developed for predominantly residential use and is necessary to the effective carrying out of a local slum-clearance program already undertaken or specifically contemplated.) The conference substitute retains the Senate provision.

The House bill provided that mortgages and others who acquire property in an urban renewal area as a result of foreclosure need not comply with the obligation imposed upon other purchasers (1) to begin construction of improvements within a specified time, and (2) to comply with such other conditions as the Housing Administrator finds (prior to the execution of the contract for loan or capital grant) are necessary to carry out the purposes of the urban renewal project. The Senate amendment eliminated the exemption granted by the House bill from the second of these two obligations, thus permitting the Administrator to make appropriate conditions applicable to those who acquire property as a result of foreclosure as well as to other purchasers. The conference substitute retains the Senate provision.

The House bill changed the requirements established for a project in existing law and substituted provisions establishing as the general criteria of eligibility for an urban renewal project the achievement of "sound community objectives for the establishment and preservation of well-planned residential neighborhoods." Under existing law loans and capital grants may be made available for clearing a slum or blighted residential area, whether it is to be redeveloped for residential use or for commercial or industrial use or for a combination of such uses; but if the area is not already predominantly residential in character, such financial assistance may be made available only if it is to be redeveloped for predominantly residential uses. The Senate amendment deleted the House provisions and reinstated existing law by prohibiting loans and capital grants for projects involving slum clearance and redevelopment of areas not clearly predominantly residential in character unless such redevelopment is for predominantly residential uses; except that if an area contains a substantial number of slums, or blighted, deteriorated, or deteriorating dwelling, or other living accommodations, the elimination of which would tend to promote the public health, safety, and welfare in the locality, and such area is not appropriate for redevelopment for predominantly residential uses, the Administrator may extend financial assistance for such a project in that area, but the aggregate of the capital grants made with respect to such projects cannot exceed 10 percent of the total amount of capital grants authorized by title I of the Housing Act of 1949. The conference substitute follows the Senate amendment.

The House bill contained a provision which would exclude from local grants-in-aid for an urban renewal project any revenue-producing public facilities the capital cost of which is financed by service charges or special assessments. The Senate amendment did not include that provision. The conference report includes a provision which would exclude from such local grants-in-aid only those revenue-producing public utilities where the capital cost is wholly financed with local bonds and obligations payable solely out of revenues derived from service charges. The provision would not apply to utilities where the capital cost is partly financed from tax revenues or from any source other than revenue bonds. However, the provision would be broadened to cover public facilities financed by special assessments against land in the project area.

The House bill contained a provision increasing from $2,000 to $3,000 the maximum amount of any unsecured home repair and modernization loan, not insured under the FHA title I program, made by a savings and loan association in the District of Columbia. The Senate amendment provided for a lesser increase, from $2,000 to $2,500. The conference substitute follows the Senate amendment.

The House bill provided that the District Commissioners and "the other appropriate agencies operating within the District of Columbia" shall have the same rights and powers with respect to the new type "urban renewal" projects as they now have with respect to redevelopment projects. The Senate amendment adds a provision specifically designating the National Capital Planning Commission as one of the "appropriate agencies operating within the District of Columbia" for this purpose. The conference substitute contains the new language added by the Senate amendment.

The House bill provided that the "workable program" for urban renewal in the District of Columbia shall be prepared by the District of Columbia Redevelopment Land Agency with the approval of the District Commissioners. The Senate amendment provided that such workable program should be prepared by the District Commissioners, with the participation of the Redevelopment Land Agency and other agencies of the District, if requested by the Commissioners. The Senate amendment also contained a provision making it clear that any appropriations required for the preparation of the workable program for the District of Columbia shall be requested by the District Commissioners rather than by the Redevelopment Land Agency. The conference substitute retains the provisions of the Senate amendment.

The committee of conference has noted the statement of the Senate Committee on Banking and Currency, in its report accompanying the bill (Report No. 1472, at pp. 40 and 41) with respect to the coordinated administration of the undertakings authorized by the bill to enable cities to attack effectively the entire problem of urban slums and blight. The committee of conference is fully in accord with that statement and expects the Housing and Home Finance Administrator to apply firmly the unified direction to such undertakings as instructed by the Senate committee.

SECONDARY MORTGAGE MARKET

The House bill contained provisions providing for the rechartering of the Federal National Mortgage Association. The rechartered FNMA would have three principal functions, namely, (1) to provide assistance to the secondary market for FHA-insured and VA-guaranteed home mortgages in order to furnish additional liquidity for mortgage investments and thereby improve the distribution of mortgage investment funds; (2) to provide Government assistance for certain types of these mortgages, or for mortgages generally if necessary to retard or stop a decline in home building activities which threatens the stability of a high level national economy; and (3) to manage and liquidate in an orderly manner the mortgages held in the portfolio of the present FNMA. Provision was made so that the Government investment in FNMA would gradually be replaced by private investment funds and provision was also made to enable FNMA to replace an important part of its borrowings from the Government with borrowings from the private investment market.

The Senate amendment struck the provisions from the House bill relating to the rechartering of FNMA but provided that the authority of the present FNMA to make advance commitments to purchase FHA title VIII military housing mortgages be extended for one year to July 1, 1955, and also granted FNMA authority to make advance commitments to purchase FHA-insured or VA-guaranteed mortgages covering property in Guam in an aggregate amount not exceeding $15,000,000. The conference substitute retains the provisions of the House bill with respect to the rechartering of FNMA except in the following respects: (1) the users of the rechartered FNMA will receive common stock for their capital contributions in place of the convertible certificates (convertible into common stock upon retirement of Treasury stock) that had been provided for in the House bill; (2) the Treasury will receive preferred stock for its investment in place of common stock, and dividends could be paid on both the preferred and common stock out of available earnings; and (3) a formula is provided for the equitable distribution between the Secretary of the Treasury and the private stockholders of the FNMA general surplus and reserves at the time that the last of the Government's stock is retired.

VOLUNTARY HOME MORTGAGE CREDIT PROGRAM

Both the House bill and the Senate amendment contain provisions, which are essentially similar, under which there would be established a voluntary home mortgage credit program under which private financing institutions in an organized manner would undertake to make VA and FHA home mortgage credit available where needed. However, the Senate amendment, as does the conference substitute, strengthens the declaration of policy with respect to the voluntary home mortgage credit program and provides that the development of the program shall be consonant with sound underwriting policies. The conference substitute also provides, as did the Senate amendment, that a representative of the Home Loan Bank Board shall serve as an advisory member of the National Voluntary Mortgage Credit Extension Committee and that the Housing and Home Finance Administrator may act through and utilize the services of the Federal Home Loan Banks in providing regional subcommittees under this program with suitable offices and meeting places and staff assistance.

Under the provisions of the House bill, the definition of "private financing institutions" included life-insurance companies, savings banks, commercial banks, cooperative banks, homestead associations, building and loan associations, and savings and loan associations. Such definition as contained in the Senate amendment omitted homestead associations and building and loan associations but added mortgage banks. The conference substitute provides that the definition of "private financing institutions" includes life-insurance companies, savings banks, commercial banks, savings and loan associations (including cooperative banks, homestead associations, and building and loan associations), and mortgage companies.

The House bill contained a provision which would exempt members of the National Voluntary Mortgage Credit Extension Committee and regional subcommittees from the "conflict of interest" statutes applicable to Government officers and employees. This provision was stricken by the Senate amendment. The conference substitute contains a provision making clear that service as a member of the National Voluntary Mortgage Credit Extension Committee or regional subcommittees will not be construed as holding any office or employment of the Government of the United States and thus resolves any question that might otherwise arise as to the application of the "conflict of interest" of statutes.

LOW-RENT PUBLIC HOUSING

The Senate amendment contained a provision in effect repealing the provisos in the Independent Offices Appropriation Acts of 1953 and 1954 which presently limit public housing starts and prohibit the Public Housing Administration from entering into any new contracts or other arrangements for additional public housing units or projects (except with respect to those now authorized), thus restoring the provisions of the basic substantive legislation. The same provision of the Senate amendment limited annual contributions contracts for new public housing units to 35,000 units during each of the calendar years 1954, 1955, and 1956, and limited the authority to authorize the commencement of construction to 35,000 units during each of the fiscal years 1955, 1956, 1957, and 1958. The program contemplated by the Senate amendment thus would provide for the construction of 140,000 additional public housing units over a four-year period. The House bill contained no provision for additional public housing, in effect terminating the public housing program after the completion of the approximately 33,000 units still authorized under existing law.

Under the conference substitute the Public Housing Administration is authorized to enter into new contracts, agreements, or other arrangements during the fiscal year 1955 for loans and annual contributions with respect to not more than 35,000 additional public housing units. The new contracts, agreements, and other arrangements can be entered into only with respect to low-rent housing projects which are to be undertaken in communities where a slum clearance and urban redevelopment or urban renewal project is being carried out with assistance under title I of the Housing Act of 1949, as amended, and only if the local governing body of the community undertaking the project certifies that the low-rent housing project is needed to assist in meeting the relocation requirements of section 105 (c) of that Act by providing housing for persons displaced by the slum clearance operations.

The total number of dwelling units which may be contained in any low-rent housing project provided for under these new contracts, agreements, or other arrangements is further limited by the requirement, contained in the conference substitute, that it may not exceed the number of such units which the Administrator determines are needed for the relocation of families displaced as a result of Federal, State, or local governmental action in the community. It should be noted, however, that although the existence of a slum clearance and urban redevelopment or urban renewal project, in the community is a prerequisite to making any new contracts, agreements, or other arrangements for a low-rent housing project, the displacement of families as a result of governmental action other than slum clearance may be taken into consideration in determining the number of dwelling units which may be included in the project.

The net result of the conference substitute is to limit the extension of the public housing program to one additional year and 35,000 additional units, to restrict the authorization of the additional units to communities which have slum clearance and urban redevelopment or urban renewal programs and which require housing for the relocation of persons displaced by those programs, and to limit the number of dwelling units in such projects to the number required for the relocation of persons displaced by governmental action of all types.

The House bill contained a provision requiring owners of all Federally-assisted housing to agree to require from each prospective occupant or purchaser a certificate that he is not a member of any organization designated as subversive by the Attorney General. The Senate amendment eliminated this provision and repealed certain riders in recent appropriation acts which applied similar requirements to low-rent public housing, and substituted a provision requiring all tenants of low-rent pub-

lic housing to be citizens of the United States or to have made application for citizenship, except in the case of families of servicemen and veterans. The conference substitute does not contain either provision.

The Senate amendment added to the House bill a provision requiring that payments of annual contributions for low-rent public housing shall be subject to audit and final settlement by the General Accounting Office in accordance with regular procedures. The conference substitute retains the provision added by the Senate amendment.

The House bill contained a provision providing that, where a public housing project is to be liquidated pursuant to the expressed desire of the community, the project may be sold upon the agreement of the community to pay its outstanding obligations, and the Federal Government's share of the proceeds from the sale shall be covered into miscellaneous receipts. The Senate amendment changed this provision to require that the project may be sold only upon the payment and retirement of all its outstanding obligations and that the Federal Government's share of the proceeds shall be paid to the Public Housing Administration and the local public bodies which have contributed to the project. The conference substitute follows the Senate amendment.

HOME LOAN BANK BOARD

The amendments made in title V of the House bill and those contained in title V of the conference substitute differ in the following material respects—

(1) The House bill contained no amendment to section 407 of the National Housing Act relating to termination of insurance of an institution insured by the Federal Savings and Loan Insurance Corporation. The Senate amendment authorized the termination of the insured status of an institution for continuing unsafe or unsound practices in conducting its business. The conference substitute adopted the Senate amendment with changes designed to assure that the amendment would not impair the supervisory authority of State and local bodies over insured institutions other than Federal savings and loan associations. The local supervisory authority would be given an opportunity to attempt to secure a correction of the unsafe or unsound practice before further action is taken by the Home Loan Bank Board to terminate the insured status of the institution. It would make the action of the Board subject to court review as in the case of the House bill relating to the appointment of conservators and receivers for Federal savings and loan associations. The authority which would be granted by this provision is similar to the authority which the Federal Deposit Insurance Corporation now has with respect to institutions having accounts insured by it.

(2) The House bill contained an amendment to title IV of the National Housing Act changing the name of the Federal Savings and Loan Insurance Corporation to "Federal Savings Insurance Corporation." The Senate amendment struck out the House provision. The conference substitute follows the Senate provision.

(3) The House bill increases from $1,500 to $3,000 the maximum amount of an unsecured loan in which a Federal savings and loan association may invest. The Senate amendment increased such amount to $2,500. The conference substitute adopts the Senate provision.

URBAN PLANNING AND RESERVE OF PLANNED PUBLIC WORKS

The House bill authorized the Administrator to make advances to public agencies to aid in financing the costs of the preliminary planning of public works programs, in order to encourage the maintenance by municipalities and other public agencies of a continuing and adequate reserve of planned public works and to attain maximum economy and efficiency in public works planning and construction. The Senate amendment added to the House bill a provision requiring that a public agency applying for such an advance of funds must, before any Federal funds can be made available to it for such preliminary planning, establish a separate planning account in which all Federal and local funds required for plan preparation would be placed. The conference substitute includes the provision added by the Senate amendment.

BUILDER'S WARRANTY

The House bill contained a provision requiring the seller or builder of a new one- or two-family house which has a mortgage insured or guaranteed by the FHA or VA to become a warrantor that the dwelling was constructed in substantial conformity with the plans and specifications (including any amendment) on which the FHA or VA based its valuation.

The Senate amendment followed the language of the House bill with the following exceptions:

(1) The language of the House bill requiring a "warranty" of "substantial conformity" with plans and specifications was changed to a "certificate" of "conformity" with plans and specifications in the Senate amendment. The conference substitute adopts the House language.

(2) The House bill limited the warranty to single and two-family residences. The Senate amendment extended it to three- and four-family residences. The conference substitute adopts the language of the Senate amendment, and thus the warranty will be required for all new sale housing under the FHA and VA programs.

The provisions of the conference substitute which would direct the Federal Housing Commissioner and the Administrator of Veterans' Affairs to require that the builder or seller of a new home built with the assistance of an FHA-insured or VA-guaranteed mortgage deliver to the purchaser or owner a warranty that the dwelling is constructed in substantial conformity with the plans and specifications (including any amendments thereof which have been approved in writing) on which the FHA or VA valuation of such dwelling was based, are not self-executing provisions which in themselves establish or affect the legal rights of the parties. Such rights are established and governed by the laws of the particular State. The Federal Housing Commissioner and Administrator of Veterans' Affairs must require the builder or seller to enter into such agreement or take such other action as necessary under applicable State law to make the builder or seller obligated to the purchaser or owner in accordance with the provisions of the act. It is the expectation of the committee of conference that, for this purpose, the builder or seller will therefore be required to certify that there were included in the sales contract, or other agreement prescribed by regulation, provisions warranting that the dwelling was constructed in substantial conformity with the approved plans and specifications, which provisions will survive the settlement of title, the delivery of possession of the property, or other final settlement between the builder or seller and the purchaser or owner.

PUBLIC AGENCY LOANS

The Senate amendment added to the House bill a provision amending the Reconstruction Finance Corporation Liquidation Act so as to place in the Housing and Home Finance Administrator the power to make loans to public agencies for public projects. In addition, this provision appropriated $50,000,000 to a revolving fund to be established from which advances for such loans were to be made to the Administrator, and extended the termination date of the public agency loan program for an additional two years.

The Senate amendment also contained a provision granting succession to the Reconstruction Finance Corporation until it is dissolved pursuant to law, rather than only until June 30, 1954, as provided in existing law. Under existing law, the Corporation will be dissolved when the Secretary of the Treasury finds that all its legal obligations have been provided for and its continuance is no longer in the public interest; the provision added by the Senate amendment would permit the Corporation to continue to handle litigation on its behalf until it is dissolved, thus avoiding confusion and expense.

The conference substitute includes the provisions added by the Senate amendment with the following changes:

(1) The sum of $50,000,000 is authorized to be appropriated to the revolving fund to be established from which advances may be made to the Administrator for the purpose of making loans to public agencies and for all necessary expenses in connection therewith, including administrative expenses.

(2) The public agency loan program is to be terminated on June 30, 1956;

(3) The provisions relating to the termination of succession of the Reconstruction Finance Corporation are omitted since they are contained in Public Law 438, approved June 29, 1954.

DISPOSITION OF CERTAIN GOVERNMENT HOUSING

The Senate amendment added to the House bill several provisions relating to the disposition of certain Lanham Act Housing, some of which were acted upon in separate bills by the House. The first of these would authorize the Administrator to acquire, by purchase or condemnation, certain lands in which he holds a leasehold interest, in order to expedite the disposal or removal of temporary housing (particularly in Richmond, California) located on such lands. The second would permit the disposal of war housing without regard to the applicable veterans' preference in certain unusual cases where (for any one of several specified reasons) the allowance of such preference would not accomplish the real intent and purpose of the veterans' preference provisions. The third would authorize the Administrator to convey certain demountable housing (not including land) in the San Diego area, without consideration, to (or in trust for) Indian tribes in Riverside and San Diego Counties in California, if the Secretary of the Interior certifies that such housing is needed to provide dwellings for the Indians. The fourth would authorize and direct the Administrator to sell to the University of California, at fair market value, two projects known as Canyon Crest Homes in Riverside County, Calif. The fifth would authorize the Administrator to sell to the Wethersfield Housing Authority (Connecticut), at fair market value, two projects known as Westfield Heights and Drum Hill Park in Hartford County, Conn., to be used by such Authority in providing moderate rental housing. The conference substitute includes the provisions added by the Senate amendment with two amendments to the so-called Richmond, California provision, one corrective in nature and the other that would prohibit any official or employee of the city from having any financial interest directly or indirectly in the purchase or redevelopment of any land that may be sold by the Federal Government to the city or its redevelopment agency. The conference substitute also contains a provision which would authorize the conveyance of a 156 unit temporary housing project to the Housing Authority of St. Louis County, Mo., and a provision permitting

the sale to the University of South Carolina of a 74-unit public housing project in Columbia, S. C., at fair market value and the use of the proceeds of such sale and the annual contributions now contracted for with respect to that project to be used for the development and operation of a project to replace the project thus sold.

DISPOSITION OF DEFENSE HOUSING

The Senate amendment added to the House bill a provision requiring that temporary housing which was constructed or acquired under the Defense Housing and Community Facilities and Services Act of 1951, and which is no longer needed for defense purposes (unless transferred to the Department of Defense or the General Services Administration under present law), shall be sold as soon as practicable to the highest responsible bidder (or, if any of the bidders are veterans purchasing dwelling units for their own occupancy, to the highest responsible bidder who is a veteran) after public advertising, or may be sold at fair market value to a public body for public use; such housing would be sold for removal from the site unless the governing body of the locality has approved the use of such housing on the site. The conference substitute includes the provision added by the Senate amendment, along with a further provision permitting the rejection of any bid for any housing being sold if such bid is less than two-thirds of the appraised value of such housing.

ADVISORY COMMITTEES

The Senate amendment added to the House bill a provision authorizing the Administrator and the heads of the constituent agencies of the Housing and Home Finance Agency to establish advisory committees to assist them in carrying out their functions, powers, and duties. Under present law (the Housing Act of 1949) only the Administrator has this authority. The conference substitute includes the provision added by the Senate amendment.

TECHNICAL PROVISION

The Senate amendment added to the House bill a provision amending the so-called School Construction Act to authorize Federal agencies to pay local educational agencies (for repairs or reconstruction) insurance receipts covering damage to or destruction of school facilities by fire or other casualty after such facilities have become eligible for transfer to the local agency but before the transfer has been completed; this authorization would, however, be limited to insurance receipts which are payable as a result of premiums paid by the local agencies. The conference substitute includes the provision added by the Senate amendment with a further amendment to correct the provision in title IV of the Housing Act of 1950 relating to the rate of interest on loans to institutions of higher learning for student and faculty housing. Under existing law, the rate must be determined on the basis of the going Federal rate, as defined in the law, which is applicable at the time the loan is executed. This rate frequently changes between the time the loan is first approved by the Housing Administrator and the time loan documents are prepared and ready for execution thus disrupting normal processing by the Housing Agency and changing the plans of the borrower with respect to the proposed project. The amendment agreed to by the conferees would provide for the interest rate on these loans to be determined on the basis of the going Federal rate in effect at the time the loan is approved by the Housing Administrator.

CONTROL OF LENDERS' CHARGES AND FEES

The Senate amendment added to the House bill a provision repealing section 504 of the Housing Act of 1950, which directed the Federal Housing Commissioner and the Administrator of Veterans' Affairs to limit and control the fees and charges imposed by lenders upon builders and purchasers in connection with mortgages and home loans. A similar provision in the House bill was eliminated when title II of the reported bill (relating primarily to mortgage interest rates and terms) was stricken out on the floor of the House. Section 504 of the Housing Act of 1950 is no longer needed, since adequate authority for the control of these fees and charges is otherwise available. The conference substitute includes the provision added by the Senate amendment. This is intended in no way to remove any protection afforded to veterans and other purchasers against excessive fees and charges in connection with VA and FHA home loans. The VA and FHA will continue to have adequate authority under other provisions of law to control fees and charges paid by purchasers in connection with the initiation of such loans and the disbursement of loan proceeds, and it is the intention of the committee of conference that those agencies will continue to exercise their authority to protect veterans and other purchasers against excessive fees and charges.

RECORDS

The Senate amendment added to the House bill a provision designed to insure that adequate records are kept by persons and local public bodies benefiting by participation in certain programs under the jurisdiction of the Housing and Home Finance Agency or its constituent agencies. The conference substitute retains, with some changes, the provision added by the Senate amendment. Under the conference substitute every contract between the Agency (or any official or constituent thereof) and any person or local body (including a corporation or a public or private agency or body) for assistance under the United States Housing Act of 1937 or the Housing Act of 1949 must require that person or local body to keep such records as the Agency (or such official or constituent) shall from time to time prescribe, including records disclosing the amount and disposition of the proceeds of any loan, advance, grant, contribution, or supplement thereto, the capital cost of any construction project for which the assistance is made available, and the amount of any private or other non-Federal funds used or grants-in-aid made for or in connection with any such project. In addition, a mortgage covering new or rehabilitated multifamily housing (as defined in section 227 of the National Housing Act) could not be insured unless the mortgagor certifies that he will keep the records prescribed by the Commissioner. All such records shall be kept in such form as to permit a speedy and effective audit, and the Agency (or any official or constituent thereof) would have access to such records and the right to examine and audit them.

APPLICANTS FOR ASSISTANCE REQUIRED TO SUBMIT SPECIFICATIONS

The Senate amendment added to the House bill a provision requiring applicants for housing assistance to submit full specifications with respect to the proposed construction or acquisition of land. The conference substitute retains, with some changes, the provision added by the Senate amendment. Under the conference substitute, every contract for a loan, grant, or contribution under the United States Housing Act of 1937 or title I of the Housing Act of 1949 must require the submission of specifications with respect to the construction of a project prior to the authorization for the award of the construction contract, and must also require the submission of data with respect to the acquisition of land prior to the authorization to acquire such land.

PUBLIC HOUSING AUDITS

The Senate amendment added to the House bill a provision designed to assure that the appropriate officials of the Federal Government will be able to audit and examine certain records which are pertinent to operations under the United States Housing Act of 1937. The conference substitute retains, with some changes, the provisions added by the Senate amendment. Under the conference substitute, every contract for loans or annual contributions under the United States Housing Act of 1937 must provide that the Public Housing Commissioner and the Comptroller General (or any of their duly authorized representatives) shall, for the purpose of audit and examination, have access to any books, documents, papers, and records of the public housing agency entering into the contract which are pertinent to its operations with respect to financial assistance under that Act.

REPORT TO CONGRESS OF INFORMATION ON HOUSING

The Senate amendment added to the House bill a provision relating to the reporting of certain housing information to the Congress. The conference substitute retains, with some changes, the provision added by the Senate amendment. The conference substitute specifically provides that the annual report of the Housing and Home Finance Administrator (provided for by sec. 802 of the conference substitute) shall contain pertinent information with respect to all projects for which any loan, contribution, or grant has been made by the Agency, including the amount of any loans, contributions, and grants contracted for. Such report would also contain pertinent information with respect to all builders' cost certifications required by section 227 of the National Housing Act, including information as to the amounts paid by mortgagors toward the reduction of the principal obligations of mortgages under that section.

JESSE P. WOLCOTT,
RALPH A. GAMBLE,
HENRY O. TALLE,
CLARENCE E. KILBURN,
Managers on the Part of the House.

Mr. WOLCOTT. Mr. Speaker, I yield myself 15 minutes.

Mr. Speaker, the conferees on this bill were conscious, in the discussion of the many points at variance between the Senate and the House, of the tremendous interest of this bill both to Members of the Congress and to the public at large. I think in the beginning we should have in mind that almost all important legislation is a matter of compromise. I want to make the general statement that when the bill was before the House I believe I made the statement that it contained about 99 percent of the President's housing program. Since then an investigation has been made of certain irregularities in certain of the constituent agencies of the Housing and Home Finance Agency, so the conferees were confronted with many problems, most of which had to do with writing a bill which would, in the first instance, encourage the construction of homes. And, I might say parenthetically that the conference report which is before us is estimated to make it possible to build somewhere between 1,250,000 and 1,400,000 homes each year. But, being confronted with these irregularities which were brought out by the investigation, the House made a great many concessions, all with the idea that we would tighten up the procedures in such a manner that the probabilities of recurrence of these irregularities would be reduced to a minimum. That has been our objective. I think we have

been successful. The tightening up of the procedures, as we all well recognize, could not be spelled out to the last detail in legislation. We had to leave many of them to regulations, and a broad provision in the conference report is to the effect that wherein we have not spelled out these safeguards in the legislation, generally speaking the administration may, by regulation, supplement the legislation with that objective in mind.

I know that many Members of Congress are more interested in public housing than in any other feature of the bill. However, public housing, although an important part of the bill, is recognized by those who have studied this problem throughout the years to have become a symbol perhaps; but that in respect to the number of houses which would be constructed under the bill, it did not take on the significance that many Members of Congress and many people in the Nation attributed to it.

I shall try to cover some of the highlights of the conference report in the brief time permitted me. In respect to title I, modernization and repair, we gave a great deal of consideration to that, because most of the irregularities were found in the modernization and repair program. You will recall that when the House passed the bill, we provided that modernization and repair insured loans could be made for $3,000 and a period of 5 years. The Senate amendment which was passed after the investigation, provided that these repair loans should be in conformity with existing law, which is $2,500 maximum with a maturity of 3 years. We accepted that.

In respect to the improvement and conversion of existing multifamily structures under title I, the present law provides a maximum of $10,000 and a maturity of 7 years. The House bill provided for $10,000, or $1,500 per family unit, with a 10-year maturity. The Senate bill struck that out. The conferees, in effect, accepted the Senate version which in substance retains existing law. But we did something else, which is most important to prevent recurrences of irregularities in title I, modernization and repair loans. Heretofore, a financing institution had in effect 100 percent of its entire portfolio of these loans insured. If an institution had $1 million worth of title I loans, they would suffer no loss until their loans in default exceeded $100,000. Because of the very few losses relatively speaking on an individual basis, the financial institutions always had about 100 percent insurance on these loans. We have in this bill what is known as the coinsurance feature under which the lending institution now will have to assume some authority, some responsibility and risk.

Instead of the portfolio being insured in effect in full, now the lender will take 10 percent of the loss on each individual loan. That will compel the financing institution to administer these loans much more carefully or it will have to take actual losses.

In respect to the FHA insurance of houses, you will recall that the House provided for the same insurance on old houses as on new houses. The House had provided for 95 percent on the first $10,000 and 75 percent on the excess over $8,000, with a maximum on 1- and 2-family units of $20,000. The Senate provided 95 percent on the first $8,000 and 75 percent over $8,000 in the case of new houses and 80 percent for old houses. The House maximum on 1- or 2-family units was $20,000. The Senate reduced that to $18,000. The House provision on 3-family units was $27,500. The Senate reduced that to $24,000. The House provided on 4-family units a maximum of $35,000. The Senate reduced that to $30,000.

Of course we had done nothing whatever that would have applied to old houses as well as new houses, but we created a new formula for old houses which I think probably is better in the circumstances than the one we had. The problem there was, when a house was old, how was it going to be determined whether it was going to last during the period of amortization? So although the loan to value ratio is 95 percent of $9,000 plus 75 percent of the excess over $9,000 for new houses, on old houses we provided for 90 percent on the first $9,000 and 75 percent over $9,000, but the President is authorized when the general economy is such as to require it or where the condition of the building industry—I am speaking broadly now—requires it, he may increase the $9,000 figure to $10,000.

The maturities on old houses instead of being not to exceed 30 years as provided in the House bill is limited to three-fourths of what the Federal Housing Administration estimates to be the remaining economic life of the building, or 30 years, whichever is less.

A comparable situation has to do with section 221 housing, in which you will recall the House had provided for 100 percent insurance and 40-year maturities with $200 to cover closing costs. The Senate provided 95 percent of the appraised value. The 95 percent prevailed, with the same maturity provision of three-quarters of the estimate of the remaining economic life.

A very important and interesting provision is explained on page 71 of the statement, which has to do with insurance for servicemen. Under existing procedures and law if a man is a veteran or would be a veteran if he were not in the service—that is if he stays in the service and continues his service beyond the time when he might otherwise have been discharged, then we have provided that that serviceman may take advantage of these special FHA provisions in order to provide accommodations for him and his family. These provisions are contained in the new section 222 of the National Housing Act.

On the question of cost certification: We gave a great deal of study to that. In substance but not in detail, we have included provisions which will prevent mortgaging out.

Let me say that I believe anyone may vote for this conference report with the assurance that we have prevailed in 99 percent of the President's program.

I think probably I should take a few minutes to discuss public housing. You will recall when the bill left the House, it made no provision for public housing. The other body provided for 35,000 units for each of 4 years, for a total of 140,000 units of the total of 810,000 units authorized under the Housing Act of 1949. Under the language, as proposed in the other body, there was no cut-off date. They would merely postpone the authority under the Housing Act of 1949 which, as I said, authorized a total of 810,000.

Now, it will be recalled that when the House had before it this question we had the so-called Widnall amendment, in which for 1 year 35,000 units were authorized. I might say that it seemed advisable that we take a look at this program each year and determine whether it would be necessary the second year to authorize another 35,000 new units or any part of 35,000 units. That was perfectly satisfactory to the administration. I dare say that 95 percent of the people of the United States, including at least 50 percent of the Members of Congress, had always thought of public housing in connection with slum clearance, and there has not been a discussion on public housing in this Congress but what there has been a claim made that we must have public housing if we are going to have slum clearance, or slum clearance and public housing are one and the same thing. Nothing could be further from the fact than that; but, to bring these provisions within the realm of understanding of so many people, and to give the administration authority to take care of those people who are being displaced from slum clearance projects, the conferees restricted these 35,000 units for the fiscal year 1955 in this manner: We provided that after the 1955 program, which calls for 35,000 new units, the public housing program would stop as provided in language contained in the Independent Offices Appropriation Act for fiscal 1954. We also provided that within this limitation of 35,000, which were made available for fiscal 1955, the local governing body—not a local public housing authority, but the local governing body, we will say the common council, must certify that the public housing units within this limitation of 35,000 are necessary to accommodate people who are to be displaced by the slum clearance projects, and the Housing Administrator must also limit the number of public housing units to those required to accommodate the families which are to be displaced. Those who will say that public housing is necessary as an adjunct to slum clearance surely can have no objection to tying in this program with slum clearance. If a slum clearance project is not being carried out in any area, then they cannot get public housing. A slum clearance or urban renewal or redevelopment project is not being carried out until at least the final plans have been approved by the Federal Government.

Mr. WIER. Mr. Speaker, will the gentleman yield?

Mr. WOLCOTT. I am sorry, I cannot yield.

With those limitations we believe we have dealt constructively with public housing, and we are sure that the House will recognize that we have done so. We

hope the conference report will be adopted as submitted.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. WOLCOTT. Mr. Speaker, I yield 15 minutes to the gentleman from Kentucky [Mr. SPENCE].

Mr. SPENCE. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, to include therein a part of the President's message with regard to low-income housing and a telegram by the president of the American Federation of Labor.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. SPENCE. Mr. Speaker, there seems to be some contrariety of opinion on the majority side as to what the President's program was and is in regard to public housing. Some of our Republican colleagues say they have had conversations with him and he has expressed an opinion on public housing other than that in his housing message.

The President wrote a carefully considered message on housing; that was the only subject that was discussed, and that message was unequivocal, definite, and certain. No man could read that message and have any doubt about the President's desires as to public housing.

That message came to the Congress, but it was also a message to the American people. It was heralded throughout the length and breadth of this land, from the Atlantic to the Pacific, from the gulf to the lakes, that the President wanted 140,000 units of public housing distributed over 4 years at 35,000 a year. How anybody can say that this conference report meets the President's views is more than I can understand. The President has expressed his views in a way they cannot be misconstrued or misunderstood, and he expressed them for a purpose. His purpose was to tell the American people what his views were on this most important subject. I assume that if he had changed his views he would have written another message. He has not done so. The gentleman from Michigan said that the most interesting part of this program is public housing.

We are spending billions of dollars in fighting the spread of communism. We are also spending a great deal of money to prevent subversive activities. I grant you that the infamous communistic conspiracies are not formulated in the slums, but the slums are where they get their proselytes and their converts. Where there is unhappiness, poverty, and disease, the people readily fall victim to subversive conspiracies. Slums are a malignant cancer not only on the city but also on the Nation. It is not solely a city problem.

The President has said what he wants. He has asked for bread and you have given him less than a stone. Yet you claim you have complied with his wishes. I do not think that low-rent public housing is solely a means of clearance of slums. But how are you going to clear the slums unless you have homes for the people that are dispossessed? Here you have a fantastic proposal. The slum dweller is given an opportunity to purchase a house costing $7,600, or in high-cost areas where most of the slums are, $8,600, and pay 5 percent down. Five percent of $8,600 is $430. Then he would have to pay the other charges, such as examination of title, survey cost, and other things which would certainly run it up to about $600. The monthly charges would be $78 a month, I am informed.

Do you believe this is an effective method of relocating people who live in the slums? If a slum dweller were able to pay these sums would he be in the slums of his own volition? So I say there is no provision in this report to help families of low income or to get them out of the slums.

The public housing program was founded on the principles of charity and justice. When you give a man the opportunity to obtain better housing so that his family may have sunlight and healthful surroundings he will have the courage and inspiration to improve his social and financial standing. That is not a bad program. It is not socialistic. There are many big interests that have had favors from the Government so great that they could let their Government subsidies pay for all the public housing units. When the poor ask for something that is socialism. I say the Democratic Party stayed in power for 20 years because of its humane and forward-looking program. If you follow your present course we will come back and stay in power for another 20 years.

There may be some features of this bill that are commendable. I am not saying they are all bad. But I do say the thing that the gentleman from Michigan said we were all interested in more than anything else, public housing to assist the people in the low-income group, is totally inadequate. This is the issue, whether you are going to do something for the people who really need it and in doing that whether you are going to do something for your country and raise the standards of our citizenship and strengthen the security of our Nation.

Nobody can justify slums in this era; nobody can justify our failure to do anything about the slums. The slums are not only a menace to our society, but are very costly. They increase the cost of your health activities; they increase the cost of your fire department; they increase the cost of your police department; they are a bad thing and we should have done something in this bill to remove them. We have not done it. That is plain and that is the issue and we are willing to meet it.

Mr. McCORMACK. Mr. Speaker, will the gentleman yield?

Mr. SPENCE. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Is my understanding correct that, under the conference report, 15 States could not get 1 single unit of public housing because the laws in those States do not authorize redevelopment authorities?

Mr. SPENCE. That is true. The public-housing provision is limited to only 1 year, with 35,000 units. It is so wrapped up in redtape and obstruction that I do not believe there will be 10,000 units put into effect. How are you going to distribute a few units like that amongst the cities of the country that need them?

I have seen the effects of public housing in my own community. I have seen it convert a blighted area into a desirable residential neighborhood where people live decently. This is certainly a proper function for our Government to perform under the Constitution. The people, in the last analysis, are the Government of the United States. When you improve our people you are adding stability and strength to our Government.

When the appropriate time comes, I shall offer an amendment to instruct the managers on the part of the House to insist on the President's program as set forth in his message of January 25 of this year. If you want to follow the President, here is an opportunity to follow him with confidence and assurance that you are carrying out the program clearly expressed in his housing message to the Congress and to the people.

[From the President's message on housing of January 25, 1954]

III. HOUSING FOR LOW-INCOME FAMILIES

The continued lack of adequate housing, both new and used, for low-income families is evidence of past failures in improving the housing conditions of all of our people. Approval of my preceding recommendations will increase the opportunities of many families with low incomes to buy good older homes. But a more direct and more positive approach to this serious problem must be taken by the Government. I recommend, therefore, a new and experimental program under which the Federal Housing Administration would be authorized to insure long-term loans of modest amounts, with low initial payment, on both new and existing dwellings, for low-income families. The application of this new authority should be limited to those families who must seek other homes as a result of slum rehabilitation, conservation, and similar activities in the public interest. I recognize, as did the Advisory Committee, that this program represents a challenge to private builders and lenders. In order to assist them in meeting this challenge, a greater proportion of the risk should be underwritten by the Federal Housing Administration than it regularly insures. The successful development of this program will afford a much greater proportion of our lower-income families an opportunity to own or rent a suitable home.

Until these new programs have been fully tested and by actual performance have shown their success, we should continue at a reasonable level the public-housing program authorized by the Housing Act of 1949. I recommend, therefore, that the Congress authorize construction, during the next 4 years, of 140,000 units of new public housing, to be built in annual increments of 35,000 units. Special preference among eligible families should be given to those who must be relocated because of slum clearance, neighborhood rehabilitation, or similar public actions. The continuance of this program will be reviewed before the end of the 4-year period, when adequate evidence exists to determine the success of the other measures I have recommended. In addition to this requested extension of the public-housing program, the Housing Administrator will recommend amendments to correct various defects which experience has revealed in the present public-housing program.

WASHINGTON, D. C., *July 19, 1954.*

Hon. BRENT SPENCE,
House Office Building,
Washington, D. C.:

Action of the conferees on the proposed Housing Act of 1954 (H. R. 7839) limiting public housing authorization to 35,000 units for 1 year and restricting occupancy of public housing units to families displaced by slum clearance would kill all chances for even a minimum public housing program. The President's recommendation for 140,000 units to be built over a 4-year period represents a rockbottom minimum program. Slum clearance cannot go forward unless low-rent, public housing is available in advance of clearance operations to house displaced families. Urge you do everything possible to obtain a vote in the House of Representatives to recommit the bill to the conference committee with instructions to adopt the President's program of 140,000 units over a 4-year period with no restrictions on occupancy.

GEORGE MEANY,
President, American Federation of Labor.

Mr. WOLCOTT. Mr. Speaker, I yield 5 minutes to the gentleman from Alabama [Mr. RAINS].

Mr. RAINS. Mr. Speaker, I must say, as I said when the housing bill was being considered in the House, there are some good features in the bill, most of which were retained in conference, and some features which are not good, about which I assume we can do very little here.

In the first place, I cannot share my good chairman's optimism about this bill being the vehicle on which we can hope to construct 1,250,000 to 1,400,000 houses. I do not want to pose as a prophet, but I am afraid that will not be the record 1 year from today.

As I said on the floor during debate, when we had this bill before us, one of the things which I think is drastically wrong with both the Senate and the House bills, is the failure to provide adequately for the necessary mortgage credit. I asked for this time—and I appreciate the chairman's giving it to me—merely to make 3 or 4 brief explanatory statements. I am not going to argue the point of public housing. Everybody here knows how he is going to vote. But I want the record to be clear. I do not want anyone to be under any delusion that this bill has the public housing program proposed by the President in it. Those who are opposed to all public housing should be pleased by this bill. Those who are not opposed to public housing should be displeased by this bill very much. The issue is clear cut.

Thirty-five thousand additional units of public housing are purported to be authorized in this conference report; but, as the chairman said, they could only be used to rehouse families displaced as the result of governmental action—local, State, or Federal—in a community carrying out slum clearance or urban renewal under authority of title I of the Housing Act of 1949.

Even though your community had complied with section 101 (c) of the Housing Act of 1949, and had "a workable program to eliminate and prevent the development or spread of slums and urban blight"—approved by the Administrator of the Housing Home and Finance Agency, it would not qualify for public housing under the public housing provision in the conference report.

Fifteen States—and I name them: Arizona, Florida, Georgia, Idaho, Iowa, Mississippi, Montana, Nevada, North Dakota, Texas, Utah, Vermont, Washington, Wisconsin, and Wyoming—do not have laws authorizing slum-clearance and urban-development projects. In Kansas, Maine, Indiana, and Nebraska authority for these projects is limited to one city.

Contracts for the public housing units under the conference report would have to be signed by June 30, 1955; and, as the chairman stated, the local governing body of a community would have to certify that public housing is necessary to relocate families displaced by a slum-clearance project.

It is my information—and I believe it to be correct—that only 214 communities in the United States have received even tentative approval—that is, HHFA reservations for capital grants—for slum clearance or urban redevelopment. And only 24 communities in the United States—those with an HHFA final loan-grant contract—have reached the stage where they could make the finding necessary to qualify for public housing under the conference report.

It is further my information that several of the communities which could qualify—Newark, N. J.; Norfolk, Va.; Kansas City, Mo.; and Nashville, Tenn.—already have well-rounded urban redevelopment programs and have all the public-housing units they can use at this time.

In other words, if your community is one that does not now have the slum clearance under title I and your community were to take action immediately to qualify, it would take a minimum of 2 years to be in position to take advantage of the public-housing provision in the conference report.

Mr. WOLCOTT. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Speaker, I noted when our very distinguished chairman called up this conference report he referred to it as "the conference report on the so-called Housing Act." I do not think he referred to it that way facetiously, I think he meant just that. It is "a so-called Housing Act." It is not a Housing Act that will produce the kind of housing that the Members of Congress have indicated the country needs.

I do not find fault with any of the conferees who I know devoted themselves sincerely and zealously to the task of bringing back a good housing bill. I do find fault with the report which brings back a bad bill. Yes, as has been said, there are some good things in the bill, but I think the bad far outweighs the good.

I daresay this may be one of the important political issues of the forthcoming congressional campaign, because when you get right down to it, whether you want public housing or low-cost housing or middle-cost housing, you are not going to get much of any of it out of this bill.

As the distinguished gentleman from Alabama [Mr. RAINS] tried to point out to you, while the bill calls for 35,000 new public housing units in the next year, and as the distinguished gentleman from Kentucky [Mr. SPENCE] also pointed out, it is certain that with these many conditions and ifs and buts and particularly the one that requires the contracts to be made not later than June 30 of 1955, you will not get a single new unit of public housing under this bill. There is not a community that can plan and consummate the negotiation of a contract for public housing in less than 2 years. Therefore, that June 30, 1955, limitation in this bill means you will get nothing by way of new public housing out of this legislation.

When the time comes for the distinguished gentleman from Kentucky [Mr. SPENCE] to offer his motion to write into this bill the President's program, I have no doubt that many of our friends in the majority party will leave their President, and I have just as little doubt that the day after we will get an announcement from the White House that the President endorses the candidacies of Republicans who will support his program. I wonder where he is going to find them. I know that in most congressional districts, the people will be looking for them in vain in November of this year.

For many years we have been pointing out other defects in the Housing Act. You have heard and read a great deal about the windfall profits that have been made by builders. Let me tell you, as I have told you before, that if there have been any windfall profits made by these builders on any part of this program the Congress is responsible for it. The Congress encouraged it and the Congress condoned it.

Despite the many warnings that have been given to you, you are writing into this bill today, if you pass it as it comes to you from conference, the right and the privilege to continue to make those windfall profits.

Oh, there is a nice little clause here that says you must get a certification of costs from the builder of the rental housing, that is, rental housing that contains more than 4 units, but on the 1-, 2-, 3-, and 4-family units no certification is required and the builder can go on his merry way reaping all the profits he can get out of the building and out of the mortgage money, with your Government insuring that he will not lose a nickel of his money, and your Government insuring that the mortgagee that advances the money will get every dollar of principal and interest back. I remember only a few days ago, publication of some of the testimony adduced in the committee of the other body, showing how in 1 project alone, over $4 million was made in a single project by an operator who constructed and sold 1-family projects—one-family houses which were built as independent units and which were not rental housing. You preserve the same very bad features in this bill which is now before you.

There are many other bad things in this bill, the worst of which is the give-away program by which Fanny Mae will be turned over to the mortgage lenders

of the country. The same people who talk about creeping socialism resent our pointing out how this bill subsidizes, with the taxpayers' money, the bankers and the builders of the country. The term "socialized credit" very aptly describes this program. The threat to the free enterprise capitalistic system will not come from helping the masses to help themselves. It will come from give-away programs like this which give the wealth of the country to the capitalists of the country, at the expense of the taxpayers.

The conference report should be rejected.

Mr. WOLCOTT. Mr. Speaker, I yield 5 minutes to the gentleman from Illinois [Mr. O'HARA].

Mr. O'HARA of Illinois. Mr. Speaker, I am addressing my remarks to the conscience of the House.

There are little children in the slums of our big cities. There are women, mothers of those children, and there are fathers who have the same eager longing as fathers in more comfortable circumstances to give to their wives and their children the conditions of a healthy and wholesome atmosphere. They need our help. The little children who go to bed at night hungry, and on the morrow awaken to another day of drab existence, can be helped by us if we will permit our consciences to guide our actions.

Earlier in the day the great and distinguished Speaker of this House, calling its Members to attentive quietude, said that this is one of the most important days of the 83d Congress. He spoke as always is his custom with clear and precise understanding. Today we in the 83d Congress are to make the decision by which this Congress will be judged by those who in later years will write the history of this period. There is but one question here to be answered: Will the House of Representatives of the 83d Congress ruthlessly crush the dream envisioned in the Housing Act of 1949, the dream of a United States of America free of the blight of miserable and hopeless slums?

I need not remind my colleagues on the other side of the aisle that this has been called the Congress of big business. It is true that this Congress has been lavish in the subsidies that it has given in aid of industrial and banking interests. As the great Kentuckian [Mr. SPENCE] has well said this has never been subjected to the same sort of criticism as is being leveled at the Housing Act of 1949.

My memory goes back to 1949 when there was enacted a housing act of which the late Senator Taft was one of the authors and one of the outstanding champions. Now in the year of his death, when the tributes of affection given at his bier have scarcely been silenced, there are those in this body who loved him and those who followed him with loyalty and fidelity and gave to him the proud title of "Mr. Republican," who are asked to vote for the death knell of the public-housing program which was the heart and soul of the Housing Act of 1949. How can you do it? How can you so quickly forget those words of counsel that came from the lips of your leader now fallen?

The proposal brought back to us by the conferees is for 35,000 new units of public housing, and then the end for all time of the program that the late Senator Taft thought he had assured as his greatest contribution in public service to his country. It would be bad enough if there were to be 35,000 new housing units, and then the end. But this proposal goes further than that. It is a mockery since the conditions under which these 35,000 new housing units may be contracted for are impossible to be met. The distinguished gentleman from Alabama [Mr. RAINS] has shown how fantastic is the pretense that the report of the conferees actually provides for the continuance of the public housing program on any scale even for 1 year. I have checked carefully and I can say with certainty that under the conditions imposed not one new unit of public housing will come to the city of Chicago.

It is like strapping a man to a chair, putting food on the table beyond his reach, and telling him dinner is served.

If this is what you on the other side of the aisle call saving the face of the President, I am afraid that the burning cheeks of the man in the White House will be your own only answer. He will wish from the bottom of his heart that the matter of his face treatment had been left in friendlier hands. The President asked for 140,000 new housing units. You of whom he asked it, the members of his own party, some of whom only yesterday asking his blessing and being photographed with him for purposes of a forthcoming campaign, today are asked to vote to give him not 140,000 housing units but the scant 35,000 so conditioned that there will probably come from it all not one single new housing unit.

Where are your consciences, where is your loyalty to the late Senator from Ohio whom you professed to love and whom you followed in the days when the path seemed to be leading to the power of the Presidency? Some of you followed the star of General Eisenhower in the preconvention period. All of you on the other side of the aisle were hitched to and were benefited by that star in the campaign that followed the conventions. Where now is your loyalty to your chieftain?

General Eisenhower as a candidate pledged himself to giving a helping hand to the most unfortunate of our fellow Americans, the men and the women and the children who are doomed by the destinies of their lives to the hopeless environment of the slums. As President of the United States he acknowledged his pledge, he said that he would be true to that pledge, that he might not go as far as had been charted in the Housing Act of 1949, in the enactment of which the late Senator Taft was a vital factor, but that he would use all of the influence of his own personality and the prestige of his office to see that there was provided a minimum of 140,000 new housing units.

Where are your consciences that one day you can ride on the coattails of your President, and the next day subject him to the greatest humiliation that has ever been given to the President of the United States by the members of his own party?

I shall vote with the President of the United States. When it comes to giving a helping hand to misery, to relieving as much as God has given the power to do the distresses of the less fortunate, there should be no semblance of politics. I would have preferred the full program as approved and championed by the late Senator Taft and for which I, as a member of the Banking and Currency Committee, worked and voted for in the 81st Congress.

The gentleman from Kentucky [Mr. SPENCE], the chairman of the Banking and Currency Committee in the 81st Congress, whose masterful leadership gave to the Nation the greatest housing act in the history of any nation, will move to amend the pending measure to conform with the recommendation of President Eisenhower of 140,000 new housing units.

I shall support the motion of the great Kentuckian. I hope that conscience and a sense of loyalty both to the late Senator Taft and to President Eisenhower will persuade my colleagues on the other side of the aisle to do likewise.

Mr. JAVITS. Mr. Speaker, will the gentleman yield?

Mr. O'HARA of Illinois. I am glad to yield to the distinguished gentleman from New York.

Mr. JAVITS. I will say to the gentleman that I intend to support the motion to recommit, and that I believe we should back up the President. I believe that the masterful job which has been done here is to reconcile people who are generally unfavorable to federally assisted low-rent housing. But I think those who are favorable to federally assisted low-rent housing have their last chance to vote, and must get behind it today, because I am convinced it will be a major issue in the cities, certainly, in the elections of 1954, and that the great majority of the city people want the President's program.

It is incompatible with the majestic power of Government to provide without providing. The conference report says it authorizes 35,000 federally assisted low-rent housing units for the next fiscal year but the condition tied to it reduces the figure to an estimated 10,000 units. The President has already given us a program which is so reasonable as to be on the minimum side of 35,000 of such units each year for 4 years a total of 140,000 as voted by the other body and we can understand and agree with the President's views which were designed to attract the most widespread support for the program at the same time that it met the rockbottom needs as found by the survey of a Presidential Commission. The reasonable administration program meant just 3 percent of new housing starts to be federally assisted low-rent housing designed to help one-third of our country's families, which come within the generally eligible income brackets, to meet their housing needs. Slum clearance, urban redevelopment, and community development must have advance planning. No such

opportunity is given adequately under the legislation now in the conference report.

In addition, tying federally assisted low-rent housing to relocation of eligible tenants displaced from slum clearance is impossibly restrictive as it excludes balanced community development with the aid of Federal low-rent housing. Relocation of tenants displaced due to road improvement and other municipal improvements, areas where slum clearance is impractical, the avoidance of the creation of new slums, and the use of open land with great savings is made difficult if not impossible in federally assisted low-rent housing under the conditions of the conference report. State and municipally assisted low-rent housing programs, experience has shown will not flourish unless sparked by federally assisted low-rent housing. It is significant to me that the senior Member of the other body from New York, one of the conferees refused to sign this report. Though the report has many desirable features, and my whole record shows my devotion to all measures to increase the overall supply of housing, I cannot support this report unless it carries at least a minimal amount of federally assisted low-rent housing without impossible conditions as in this way alone is it a balanced housing program for all the American people.

Mr. O'HARA of Illinois. The gentleman from New York, as usual, has spoken with clarity and realistic understanding of conditions in the large urban centers of the Nation. Those who vote to approve this proposal are giving a death blow to public housing. More than that, they are saying to the little people of America, the little people who live in miserable circumstances, the children in the slums, and the mothers and fathers of those children, that this Government has no heart for them. Those who are photographed shaking hands with the President on Monday should not permit themselves to be found on Tuesday stabbing him in the back.

Mr. Speaker, the vote today will be an issue in the congressional campaigns soon to be in full swing. In my own city of Chicago, with a growing unemployment and a greatly diminished family income, the housing shortage continuing, rents are soaring beyond the financial ability of tenants. They have got completely out of the control of the responsible real-estate bodies.

For 2 weeks there has been lying on the shelf of the Rules Committee my resolution for a select committee from this body to look into the housing and rental situation in Chicago and other urban centers. Come September tenants are faced with meeting further demands for rent increases or eviction into the streets. Their only hope is in quick action by this body, an investigation helpful both to tenants and to real-estate owners who will be ruined by a speculator's runaway spree. Nothing is being done.

It is not only the most unfortunate of all, the human beings living in misery in the slums, who receive no listening ear, no helping hand. The vote today on the motion to provide 140,000 new housing units, as proposed by President Eisenhower, will furnish to the people a true index of your intention toward all who suffer from a continuing housing shortage and for relief are given no housing program to bring decent roofs within the reasonable reach of a majority of our people.

The SPEAKER. The time of the gentleman from Illinois [Mr. O'HARA] has expired.

Mr. GARMATZ. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. GARMATZ. Mr. Speaker, this conference bill on housing has been variously described as a "compromise" or as a "partial victory" for President Eisenhower on the public housing issue.

Actually, it is death for public housing—not quite sudden death, it is true, but a lingering, agonizing, 12-month decline into a corpse.

Here is how the so-called compromise works: The 33,000 units presently committed and presently being built cannot, of course, be stopped. They will go on to completion. This bill says that an additional 35,000 units can be arranged for by the Housing and Home Finance Agency and the housing authorities of the various cities, and that is all. After those 35,000 units are committed for, the program ends.

But even while authorizing this anemic diet for the final year of public housing, the conference report puts ground glass in it by providing that only those families actually displaced from their present homes by redevelopment can be housed in the new units.

That will so limit and so restrict the practical use of these last remaining 35,000 units of public housing, that many cities will have no use for them.

So, under this bill, as I said, we are not only starving public housing to death in the next 12 months, but sticking knives into the victim and feeding it ground glass to speed its demise.

Is this, then, a compromise on the 140,000 units over 4 years that the President asked for? Certainly it is no compromise at all, but a one-sided victory for those who most bitterly oppose any and all public housing.

I have seen some news stories on this bill which indulged in this kind of arithmetic:

First. The President asked for 140,000 units over 4 years.

Second. A total of 33,000 units is now going forward.

Third. A total of 35,000 units is proposed in this bill.

Fourth. Add 33,000 and 35,000 and you get 68,000.

Fifth. Therefore, President Eisenhower is getting just about half of what he asked for, since 68,000 is about one-half of 140,000.

What the arithmetic ignores is that President Eisenhower asked for 140,000 units over and above the 33,000 units which were already in the works under previous programs. He asked for 140,000 new units. He is getting 35,000.

Actually, Mr. Speaker, we need and could use at least 100,000 units of new public housing in this country every year. The President's Council of Economic Advisers recently reported how housing starts in this country have been down every month this year, below comparable levels of the previous years when we were building well over 1 million new American homes a year. We need vast numbers of new homes for the growing population of the United States, as well as for the dwellers of slums who live in quarters unfit for human beings.

Recently, Mr Speaker, I noted for the House some comments on the housing situation by Hans Froelicher, Jr., who is generally regarded as our "Mr. Housing" in Baltimore, and is nationally known as president of the Citizens Planning and Housing Association, which has been instrumental in the rejuvenation of Baltimore's slum housing and in planning for a better-housed community generally.

Since quoting those extracts from his remarks as contained in a Baltimore Sun news story following a dinner of June 1 honoring Mr. Froelicher's 10th anniversary as president of the Citizens Planning and Housing Association, I have come into possession of the full text of the talk he delivered that night.

In view of the fact that it shows the problems of those civic-minded people in our communities trying to band together to help rid our cities of the slum blight, I think it would be appropriate to have it included in today's CONGRESSIONAL RECORD which also contains the debate on this housing bill, and so I ask unanimous consent that it be printed in full in today's RECORD.

But I should like to quote briefly from it right at this point:

> Rebuilding and renewing a city takes as long as history. In fact, it is history. It takes the greatest part of the financial substance of each citizen. This places at the door of business an immense responsibility. Businessmen, and only businessmen, can make it possible for change to pay. How long shall we wait for Baltimore businessmen boldly to plan and execute a transformation like that in Pittsburgh? * * *
>
> Bad housing is the cancer of our cities and for this cancer there are many tonics but only one specific. That specific is our acceptance of responsibility for our neighbors and ourselves with all the sense and ingenuity that we can muster.
>
> I challenge each of you that there is very much to do. This challenge goes to you who know the problems and especially to you who face these facts for the first time tonight. What you owe is to yourselves because there is no one here whose health and home, whose wages and taxes, are not affected by our negligence. There is no one here who does not sink as the waters of living seek their lowest level.

Mr. Speaker, I think the philosophy this represents, coming from a man credited with accomplishing miracles in Baltimore's housing redevelopment and rehabilitation, should impress us all with the urgency of making redevelopment more practical and more effective, and that means a real public-housing program, not the halfhearted kind the President has suggested. Certainly it means doing much more than this bill

proposes, for this is a bill to murder public housing within the year.

I wonder if the conferees who agreed to this anti-public-housing bill have ever seen and smelled and understood what slums are really like, and what they do to the human beings so unfortunate as to have to live in these wretched hovels. I do not see how anyone who has visited such neighborhoods could ever again question the need for public housing for those for whom private enterprise just cannot, as a practical matter, provide decent shelter.

As a last word, I would like to quote Hans Froelicher's recollection of his first tour of a slum area—his first introduction to a field in which he is now a nationally recognized expert. He said:

> I must have touched something because I wanted nothing except to take a bath and burn my clothes. I could not bear the thought of food because I had seen and smelled a rotting mass in a filthy, faulty outside hopper.

Mr. Speaker, it is not a pretty picture to reconstruct here in the dignity and quiet elegance of the House Chamber, but it is a picture drawn from life—and it is our job to face life as it is and do what we can about improving those things subject to our jurisdiction. This is one area where failure of the Congress to act, where unyielding opposition to public housing, would reflect the same blindness to conditions that characterized Marie Antoinette's innocent remark that if the populace was unable to get bread, why do not they eat cake? She did not know any better; she had no way of knowing the people were starving.

Is Congress similarly unaware of the tragic housing needs of large segments of the American people? Are there Members here who believe, with Marie Antoinette's innocence, that people live in slums out of choice?

They live there, Mr. Speaker, not out of choice, but out of desperation. This bill condemns them to stay where they are—in the filth and in misery—and to raise their kids as best they can to love an America which seems to forget them.

Mr. Speaker, under unanimous consent of the House during my talk today on the conference report on the housing legislation, I include a moving speech entitled "Ten Years As a Volunteer" by Hans Froelicher, Jr., at a dinner in his honor in Baltimore on June 1. Mr. Froelicher, president of the Citizens Planning and Housing Association of Baltimore, has been the sparkplug stimulating Baltimore's remarkable progress in restoring housing standards in our community. But despite all this progress and Baltimore's national wide reputation for the work it has done in this field, he notes that Baltimore still has the highest percentage of dilapidated housing of any large city and that much remains to be done.

It is very fitting, I believe, that his philosophy of combatting housing blight should go into the same CONGRESSIONAL RECORD which contains the House debate on the issue of public housing, as it has been drawn in the conference report seeking to kill public housing.

Mr. Froelicher's address is as follows:

TEN YEARS AS A VOLUNTEER

(Address by Hans Froelicher, Jr., June 1, 1954)

The days ahead will never be enough in which to thank you for your thoughtfulness. That I must do tonight. That goes double for Joyce Froelicher and me. We love people and it is in our hearts to love and to trust them. For us, this night is a renewal of our faith—a wonderful sign, outward and visible. If tomorrow's light and duties cut us down to size, it will not be the same size. We shall be, to paraphrase the words of our Park School prayer, "a little happier and a little better for your influence." You have added to our size because you have, by coming here, inspired and wrought in us a greater dedication for tomorrow. Our deepest thanks to each of you.

I had my moment of vanity when it was first suggested that I might be the guest of honor tonight. Vanity passed, and following came fear: fear lest there be some who thought that naming one volunteer would be affront of arrogance toward the so very many others. Then fear was gone because I knew a story that should be told. I tell it as your volunteer-in-common.

I shall not try to unwind all the threads which have been shuttled into the pattern woven here tonight. For each part I have had, there have been so many, many others lending their talents and their devotion that time would run out if I tried to name their names. They know, and so do I, that we are a fabric: each one a thread to make the fabric strong and each one, in his especial hour, the thread to hold the whole together. This dinner is, therefore, much deeper than an individual honor. It is a testimony that there must be the volunteer in our democracy. Where volunteers are able to make good-objectives-for-citizens into good politics for politicians, they supply the leaven which can make democracy rise to its point of greatest realization: to the point where government is made to serve its citizens. Your presence here is recognition of this fact, a fact of which I am one symbol.

My story is a story of people, first a few, then more, then many, many more. I hesitate to call it a movement because even in its ever-increasing complexity it was at first and is now and always will be the people.

CPHA began in the minds of a few who saw the desolation and the waste there is in slums. Very simply, they decided that slums should be eliminated. They set out to enroll others in their tiny Citizens Housing Council. Social workers were the nucleus, but they knew from the beginning that a broader base was needed from which to work. At that time in Baltimore there was no housing code. A sample of public housing had slipped into the city in place of slums and there it was, un-understood. Urban redevelopment was a phrase to describe the dream of planners. The odds against housing reform were tremendous.

The social workers and their friends found other friends. They found professional people: planners, architects, lawyers, educators, representatives of labor, all seeking support for a dream. The tiny council became the Citizens Planning and Housing Association. It was launched with a series of seminars at the Peale Museum. That was where this one volunteer came in. I listened, and if I listened with dismay, I learned. I learned that there is no escape from the cost of blight to me even if I move from Bolton Street to Prettyboy. My wages must depend on the city's business health—on its piers, its stores, and its factories. The foundation stone of the city's business health is the city's real estate and nothing is more vulnerable to carelessness. Let a house, let a neighborhood run down and with such slippage go tax values and then taxes. The blighted place costs more to run, more, much more, than it yields in taxes. This waste becomes the burden of our piers, our stores, and our factories. This is not all. No one has invented the bookkeeping machine which calculates the cost to me of the crime and the illness fostered by, and festering in, an overpopulated slum. But any man can tell when a slum disease moves into his family and when a slum-bred highwayman snatches his woman's purse and slugs him or slugs his peaceful neighbor. If I am impelled blithely to traipse to Prettyboy from Bolton Street, what absurdity is there if a business moves from Canton (Baltimore) to Canton (Ohio)? I cannot simply stand aghast at the cost of slums, nor can I move away when I know there is a place at which a part of this could stop. For me, myself alone, I owe what hard and commonsense I can hammer out to save my wages, my body, and my spirit.

I heard all this. On all this I pondered. And then I went to see. I took a slum tour.

For the first time I sensed a slum. I had been there before, but I had traveled with passing glance. This time my senses took them in.

I must have touched something, because I wanted nothing except to take a bath and burn my clothes. I could not bear the thought of food because I had seen and smelled a rotting mass in a filthy, faulty outside hopper. Most ominous of all was the way the neighborhood drew in its skirts. Shutters closed, children were beckoned into their houses. I was an intruder, I was resented. Here and there I saw a potted plant, a trim curtain, or a little girl in starched and spotless gingham. How come these somethings? Was there some hope in this? Was there ought a man could do?

Never was greater call for doing good. Never was a "do-gooder" more useless. Indignation was not enough. People must change. Slum dwellers, slum landlords, comfortable citizens, indignant citizens, lawmakers, officials, newspapers, and schools. Before people can change, people must know. And when they know, there must be clamor. The first job of CPHA was to set out to raise this clamor. The voice of a few must become the voice of many.

Years pass, and I visit another slum—this time with the boys and girls of my school. The conditions are similar, but the atmosphere is somehow changed. Intruders, no, nor meddlers either. We were invited into houses. We and the policeman who guided us were welcomed as friends. This was 10 years and a thousand events later. Those busy years had made a city aware of its blight. Its officials had done something. Supported and urged by a clear public voice, the city had begun to move in. The city and its people do care. "Slumming" has a new meaning now. A carnival of visitors is the forerunner of action toward something better. Those visited know this. Fifth, decrepitude, and exploitation cannot continue.

This now is a city's will.

These are not idle words. They are facts: 200 square city blocks of blighted homes have been improved under the Baltimore plan; 130 acres of slum dwellings have been cleared away to make room for something better—that is, 7,000 dwelling units of public housing and 2 private redevelopment projects; 24,000 outside toilets have been removed and we are no longer champions in this statistic. A million board feet of rotting fences have come down. A housing court is an accepted part of our judicial system. Our housing code has been rewritten with a new level of minimum standards for all. A Housing Bureau, fortified by this code and our court, has now sufficient capacity and experience to carry forward rehabilitation by neighborhoods instead of piecemeal. Directly benefited by all of this are thousands of our neighbors directly and indirectly, hundreds of thousands have had a

level up. Behind and around all this is the planning to make these many works coordinate and lasting, now coming onto blueprint paper in the form of a master plan for the land-use of an entire city. Each step a battle, in sum this progress is imposing triumph for a city, for its mayor, its city council and its people. These are the accomplishments of a city's officers. They are the experts; they are the doers, the builders, and they will sign the reports. To them all honor. Back of them the volunteer, whose place we celebrate tonight—no longer one, or few, or alone. Our 2,000 are a nucleus of many interests and with such interests we make and keep alliance. Our volunteers now are disciplined volunteers and often, if you please, professional volunteers. They have learned that good intent is by itself of little worth.

How many of you can echo, from his own experience, my unconfidence of many years ago? How many times you and I have tried to do something of worth only to have it fail because, as volunteers, we could not give the time and constancy demanded. I was unconfident because I knew that when my time was needed by my school, school would come first and slums would have to drift. My school was always first but the slums never drifted. I discovered that the professional was the necessary complement and partner of the volunteer. When I must default, the staff stepped in and found my substitute. We carried on, though I could not. That is how, working together, CPHA has been able to bring its major projects to result.

We found much more depended on our staff. They were the agencies of our discipline—our constancy and our consistency. Not only did they find us the facts, but with patience and with understanding, they made us masters of the facts.

Forgive an interruption. And, Frances, forgive a disobedience. Frances' orders were to stick to the volunteer and not to mention her.

I have been describing a technique, yes, but one which has been developed with artistry and love by an artist.

What loss there would have been if the callow social worker who wrote the Study of Wards 5 and 10 had called that her day. Fortunate are we because her courage and devotion have builded on that start of startling facts and because each of her days is lived for making new tomorrows.

I turned to William Wordsworth for a way to talk of Frances. There were two poems from which to choose, one titled "She Was a Phantom of Delight," the other "Ode to Duty." See my quandary when I read in the Ode to Duty:

"Stern Daughter of the Voice of God,
Oh Duty! if that name thou love,
Who art a light to guide, a rod
To check the erring, and reprove."

And turning back to the first poem, I read:

"I saw her upon nearer view
A Spirit, yet a Woman, too!
A creature not too bright or good
For human nature's daily food;
For transient sorrows, simple wiles.
Praise, blame, love, kisses, tears, or smiles."

* * * * *

"And yet a Spirit still, and bright
With something of angelic light."

No quandary now, I had to reach them both.

Now back to the volunteers.

Out of this has come a catalog of volunteers at the service of our city: Social workers, architects, lawyers, labor leaders, educators, businessmen, and housewives, who have trained themselves to be experts on a city's business. Many and many a time the drudgery of the office has been done by those who could afford to give us that exactly. Today, no matter what the crisis, we have those to whom we may apply. Whether it be the mailing of a thousand things, a public hearing, or the final touches on a city plan, we have those who are ready and who come. They come and they have come because they and their predecessors have been successful in bringing about community change.

Each successful volunteer has brought in more. In this way, group after group has become identified with the objectives of a city. We have reached into groups as we have needed them and they have needed us. If we started with social workers, shortly we found the social workers joined by planners.

The first triumph of the social-work group was, believe it or not, to find tenants for public housing. The first triumph of the planners was to find citizens who understood their ambitions for a city. With them came architects, educators, others. Planners and businessmen were working up the idea of redevelopment. In us they found a public to back them up.

Redevelopment legislation was put on the books, but it was long years before there was redevelopment. While it was left in ferment, CPHA had pressing problems to face. One work of 7 years was the reconstitution and reorganization of the Housing Authority to the end that it should serve its purpose. The other problem was that of furnishing a force of public opinion to back up the "Baltimore plan" in its embryo stage of law enforcement. Our natural allies here were those who worked with real estate and mortgages. Some of this group, who joined our board, picked up the torch of law enforcement. Their concentrated work advanced this program to a new frontier for Baltimore and a deeper frontier for the country at large. A Baltimore plan of neighborhood rehabilitation is now a nationally espoused purpose of the mortgage bankers, the home builders, and the real estate men.

Through the years CPHA has helped the public schools to learn that they are not helpless in this problem of their neighborhoods. They have found 100 ways to arm their children with the hope for better living and the feeling that they themselves can do something.

The latest group to join with us is the improvement associations. Today neighborhood organizations are pioneers. A Mount Royal group, for instance, invited the city to come in with its neighborhood rehabilitation program. Then, they rose as a man to hold fast to the plan for a State office building in area 12. They found that their interest was the interest of a whole city and they used our staff as their asset of education and consistency. As of now, they have borrowed a leaf from our book and have their own executive secretary.

I have told you a story of success but Baltimore is not yet successful. Baltimore has lost its leadership in outside toilets but still has the highest percentage of dilapidated housing in any large city. Slums, a city's most expensive luxury, remain a gold mine for some. This is a tough and disagreeable business. Baltimore cannot relax.

CPHA is no exclusive club. We must enlarge our circle in order to carry on and in order to bring to bear a city's conscience on its problems. We must see to it that we reach the potential volunteer of any age.

Unrealized and untapped is the strength that we must see and develop in those who by necessity live in slum neighborhoods. This means a close partnership between the schools and those who work in social welfare and church groups. CPHA must help groups in every neighborhood to make their voices heard and to make their own partnerships with the agencies of the city.

It must help those city agencies to discover and use this potential in citizen interest. Here we might cite the citizen support now building in the field of recreation.

Rebuilding and renewing a city takes as long as history. In fact, it is history. It takes the greatest part of the financial substance of each citizen. This places at the door of business an immense responsibility. Business men and only business men can make it possible for change to pay. How long shall we wait for Baltimore business men boldly to plan and execute a transformation like that in Pittsburgh?

We are proud of our sister organizations: The Citizens Planning and Housing Association of Annapolis, the Howard County Citizens Planning Association, and the representatives of Pittsburgh, Philadelphia, New York, Boston, Cincinnati, and Washington housing associations who are here tonight. We are convinced that in each community there must be a voice which is clear and confined to this specific public interest, and it is our purpose to help foster such developments elsewhere.

Bad housing is the cancer of our cities and for this cancer there are many tonics but only one specific. That specific is our acceptance of responsibility for our neighbors and ourselves with all the sense and ingenuity that we can muster.

I challenge each of you that there is very much to do. This challenge goes to you who know the problems and especially to you who face these facts for the first time tonight. What you owe is to yourselves because there is no one here whose health and home, whose wages and taxes, are not affected by our negligence. There is no one here who does not sink as the waters of living seek their lowest level. Compassion or dismay are motive power, but they are not enough. Each must make the journey of his spirit from the selfishness of self-protection or the selfishness of "doing good" to the selflessness that shouts: This can and must be done by us. There is no short, no simple way. Each first must know the facts: our city's policy, its money, and its servants and their plans. Each then must share and push—giving at each crisis his time or thought or money. This is no one-shot sale, nothing to "file and forget." This is your part, our part, in making work our urban, industrial civilization. It is setting a standard for living which is not of things, but of responsibility.

There is no they to do it for us, so the myth of them must be exposed. It is given to each generation to give new meaning to the honored phrase, "We, the people." To this end I pledge the next years of CPHA. Into this process, we invite you. Into such process the year 1954 commands you.

Mr. WOLCOTT. Mr. Speaker, I yield 5 minutes to the gentleman from Mississippi [Mr. COLMER].

Mr. COLMER. Mr. Speaker, I am sure we were all impressed with that very eloquent and emotional appeal by the gentleman from Illinois [Mr. O'HARA]. I am not so sure that he correctly stated what the issue will be before the country this year. I am impressed with the fact that the issue before the country should be whether we are going to be able to perpetuate this glorious young republic, the last haven of refuge of the free people on the face of the earth and not permit it to be bankrupt and become a prey to communism. I think the question should be whether we are going to be able to have a balanced budget; whether we are going to be able to operate this Goverment on a sound fiscal policy.

Mr. Speaker, when this matter was under consideration before on sending the bill to conference, some of us wanted to have a showdown then on that question, and we had quite a colloquy here,

with the understanding, we thought—those of us who opposed this socialistic scheme—that we would have a direct vote on whether we are to have any new public housing. I understand now that the gentleman from Kentucky [Mr. SPENCE] will exercise his right, and I think he has it under the rules of the House, to offer a motion to recommit the bill. With instructions to bring in an authorization for 140,000 units. This will preclude the carrying out of that agreement.

Mr. SPENCE. I was not a party to any agreement.

Mr. COLMER. The gentleman was here when the agreement was made. Let me go on, if I may.

The issue is coming on a motion of the gentleman from Kentucky [Mr. SPENCE] when he wants to reinstate 140,000 units. That was the same question that we had under consideration in this House on April 2 of this year on a similar situation with which we are confronted today, a motion to recommit, made by the gentleman from Missouri [Mr. BOLLING] to put these 140,000 units in, and this House voted, by a resounding majority, against that motion and provided for the winding up of the public housing program. Here is the record showing how each of you voted. And I think it is only fair to say that this group which sits on my right, the northern Democrats, who believe in that philosophy, voted for the motion.

A large portion of the group which sits on my left, Republicans, are opposed to that philosophy. They voted their philosophy against public housing. That was on April 2.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. COLMER. I yield to the gentleman briefly, but I have not much time.

Mr. WOLCOTT. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. HALLECK. The gentleman has referred to the debate that took place here at the time we sent this measure to conference. That was on June 17. I just want at this point to make my position perfectly clear. I have the copy of the CONGRESSIONAL RECORD before me and I have read all that was said by the different Members.

At that time the issue was whether or not certain people who were opposed to public housing should make a motion to instruct the conferees but would forgo that; that when the conference report came back if it included public housing then the way to get at it directly and to raise the issue, to present it, would be to make a motion to recommit to strike out public housing. I made that suggestion as far as I was concerned in good faith.

There were numerous statements made by the gentleman from Mississippi and by the gentleman from Virginia [Mr. SMITH] in line with that suggestion; and as the gentleman pointed out, as far as I can discover in the RECORD, there was no suggestion that any effort would be made to deprive the gentleman or any of his colleagues who have been in opposition to public housing of the right to make the motion to recommit.

Of course, as the gentleman points out, the rules are otherwise. If the gentleman from Kentucky insists on the motion to recommit, then, of course, the Speaker would be required to recognize him. But, again, as far as I am concerned I want to make it clear that those statements are made by me, and if there were any way now to see that that obligation that was created could be carried out I certainly would do it.

Mr. COLMER. Permit me to say in reply that the Member now addressing the House has not charged the Majority Leader with bad faith nor has he charged the gentleman from Kentucky with bad faith. All I can say is that it is a very unfortunate situation that has arisen here. Personally I would want to see the whole thing thrown out, but we have gotten ourselves into this situation and you are going to be called on now very shortly to say whether you are going to stand by your convictions of April 2 when you knew what the President's program was then as well as you do now, or whether you are going to change. That is the whole issue involved.

I might add, Mr. Speaker, that in view of the provisions of the bill and the decision of the packed Supreme Court denying segregation in these projects that it would be most difficult if not impossible for Members from my section of our common country to vote for any number of units, regardless of how small.

Mr. WOLCOTT. Mr. Speaker, I yield such time as he may desire to the gentleman from New Jersey [Mr. WIDNALL].

Mr. WIDNALL. Mr. Speaker, the housing conference report presents an overall bill to promote and encourage housing construction in the United States that should receive support in both Houses.

Since I have become a Member of the House I have been interested in providing the opportunity for homes and better housing for our people.

One of my first acts in the House was to sponsor a nationwide housing investigation which resulted in the creation and constructive work of the Rains committee. As sponsor of the investigation, I was named as a member of the committee.

That committee conducted hearings throughout the United States and as a result of its investigations and findings thousands of cases of defective home construction were corrected and the possibilities of future errors were eliminated. Inspections, plot planning, and other home construction features were improved and safeguards provided for future home purchasers.

In the conference report on the new housing bill I am particularly pleased for several reasons.

First. The possibility of continuation of a sound public housing program is provided through adoption of a conference amendment that is essentially one provided in an amendment I offered to the House on April 2, 1954, when the House bill was first debated.

At that time I offered an amendment which proposed to continue the public housing program with 35,000 units for the fiscal year 1955. If permitted 35,000 additional units in the piplines necessary to meet the problem of relocating low-income families who were to be displaced by demolition of slum areas or other governmental action.

Although defeated in the House at that time it is now substantially as originally written in the conference bill. It means the continuance of a public housing program, tied into actual slum clearance, which was the original intent of the public housing program.

Second. Section VI of the conference report incorporates almost entirely as originally written a House bill introduced by me this year to provide a voluntary home mortgage credit program. This section seeks to provide and facilitate the flow of credit in sparsely populated areas, where thousands of families have previously been unable to provide adequate, modern housing for themselves. It seeks to develop a market voluntarily, at no cost to the taxpayer or the Government that will build good homes in the outer areas of the housing market.

With this section VI a great opportunity is provided for private enterprise in home construction. It should be a great step forward.

Third. Within the new housing bill is also a provision for a certificate of compliance to be provided by the builder or seller. This is a fine provision for better building and finer construction. It is the outgrowth of the House housing investigations and should largely eliminate the previous shortcuts and frauds of defective construction, inadequate sanitation and drainage facilities. I am particularly pleased about this section because it is the direct result of the investigation of our House Housing Committee.

This bill should provide, as stated by Majority Leader HALLECK, housing starts of over 1,400,000 per year. It is an incentive to good building—toward home ownership—and the ability of the average American to provide a modern home for his family.

There is nothing you can name that will prevent and provide a better cure for communism than a well-housed America. With this bill the ability of all Americans to provide adequately for the family is envisioned. There is a real sense of pride in assisting in the formation of its provisions.

Mr. WOLCOTT. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks at this point in the RECORD and have 5 legislative days in which to revise and extend their remarks on the conference report.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mrs. BUCHANAN. Mr. Speaker, the motive behind this conference report stands stark and clear for all to see—it is to bring the public-housing program to an end as quietly and effectively as possible. Of course, it follows the pattern of all the other administration programs against the public interest. It is all tied up with pretty bows and ribbons in a desperate attempt to make the people think they are getting something.

For even the most bitter foes of public housing know that the people want an adequate program providing decent shelter for low-income groups.

The bows and ribbons in the conference report—the sugar-coating—is the authorization for 35,000 additional public-housing units during the fiscal year 1955. But this authorization is subject to the limitation that a low-rent housing project may be undertaken only where a slum-clearance program is being carried out and there is a certification that the project is needed for families displaced by the slum-clearance operations.

Now, this limitation is not only directly opposed to the program as presented by the President in his budget, but also to the recommendations of the President's Advisory Committee on Government Housing Policies and Programs. It is important to note that this 23-man committee, made up predominantly of representatives from private real-estate and financial interests, recommended the continuation of the public-housing program as contained in the Housing Act of 1949 to meet the continuing housing needs of low-income families pending demonstrated progress of other programs recommended by the Committee.

There is not the slightest evidence in the recommendations of the President's Advisory Committee that public housing should be restricted to families displaced by slum clearance activities. On the contrary, there is every indication that this committee recognized a continuing need for public housing until it becomes clear that the private housing market could take care of the problem without the need for direct subsidies.

The report of the Advisory Committee shows that 29 percent of the families in public housing were receiving public or private relief or were recipients under social security or other public pension or payment plans. Over 26 percent of the families admitted are broken families; that is, families with children but only 1 adult present. And during 1952 the average annual income of families admitted was $1,986.

Nearly half of the families admitted are families of veterans or servicemen.

During the years 1952 and 1953 only 7 percent of families admitted to public housing were families who had preference because they were displaced from title I or other public slum clearance sites.

Thus, it is clear that the great proportion of families who need public housing assistance would not be eligible under the conference committee substitute. This provision is a cruel sham and a fraud upon the millions of families who are living in crowded, unsanitary, and substandard conditions.

It would not be possible under this conference substitute to relieve overcrowded slums in planned stages. For example, if there were 3 families living in a substandard dwelling, it would be impossible to take 1 of the families out and give it public housing assistance. It would be necessary to tear the whole unit down and displace all three.

Families of low-income veterans and servicemen, making up nearly half of current admissions, could not have units planned for them unless they were to be displaced. This bill extends veterans' preference for another 5 years, a provision to be commended, but at the same time it says: "No, no, veteran, there's no housing for you unless you have been displaced."

Let us see how this program before us today will help my own district, an area which is in desperate need of housing. During 1953, in the city of McKeesport, for example, a total of 81 families were admitted to public housing units and not one—not a single one—had been displaced. And in Pittsburgh only 3 percent of all families admitted to public housing during the years 1951 through the first half of 1954 were displaced. These figures, which are typical of the rest of my district, are graphic proof of how effectively this provision will result in as few public housing units as the foes of the program could devise under a token authorization.

Is there no limit, Mr. Speaker, to the lengths this administration will go in removing the substance and leaving only the form of all legislation dedicated to the people's interest?

We all know that if the administration sincerely wants more than a token housing authorization it can get the votes to recommit this bill. We saw only a few days ago when the administration farm program was here, how effectively it could apply pressure in behalf of legislation it really wants.

Let us recommit this bill and insist that it be amended to include the bare minimum of 140,000 units over a 4-year period as recommended by the President and passed by the Senate.

Mrs. SULLIVAN. Mr. Speaker, I realize that it is impossible to have complete unity within any national political party on every issue or even on any single issue. But when it comes to the Republican Party and this issue of public housing, I must admit I am puzzled and confused.

The Eisenhower wing of the Republican Party, after first expressing uncertainty about it and studying it thoroughly and carefully, finally recommended a continuation of the public housing program. But the so-called Taft wing of the party fights savagely against any public housing, and in this bill seems to have succeeded in killing public housing by next year, unless a Democratic Congress is elected in November.

But here is why I am so puzzled: The leader during his lifetime of the Taft wing of the Republican Party, the man who gave his name to that wing of the Republican Party, was one of the great friends of the public housing program. He was a co-author of the Housing Act of 1949, the public housing provisions of which this present housing bill would repeal.

Is it a case of the Eisenhower wing of the party now following the late Senator Taft's philosophy—at least in part—on public housing, while the founder of the Taft wing of the party is deserted on this issue by his own following?

Some of our Republican colleagues, Mr. Speaker, have joined in promoting the establishment of a foundation to honor the principles which Senator Taft fought for during his lifetime. Wouldn't this issue of public housing be as good a place as any in which to honor the Senator's principles?

To me, Mr. Speaker, there is no more fitting tribute to be paid to a leader who has passed on than to build in his memory the kind of monuments that provide happiness for people. And there is nothing which is more conducive to happiness for American families than a decent home environment in which to raise children.

I respectfully suggest to my Republican colleagues, Mr. Speaker, that they forget their animosity to the public housing program, and forego the pleasure they may get out of killing the public housing program, in order to honor the late Senator Taft by continuing a program of government in which he deeply believed—a program of government which brings happiness to families now living in indescribable conditions of misery and poverty and dirt.

I shall vote to recommit the bill to conference to restore the public housing program, and I hope enough of our Republican colleagues will join us in that—as a monument to Senator Taft—to enable us to save the small portion President Eisenhower has seen fit to recommend of the broad-scale humanitarian program enacted at President Truman's request in 1949 with Senator Taft's enthusiastic assistance.

Mr. HOWELL. Mr. Speaker, every recognized expert in the field of housing and municipal planning tells us that we have it within our power to rid the United States of substandard housing and provide decent homes for all of our people and to do it without straining our economy.

But it takes planning and it takes foresight. It takes boldness. There is none of that in this housing bill. This is a bill which sets as a goal the construction of 1 million homes a year of which only 35,000 units—for only 1 year—are to be public housing.

Will that solve our problems? The answer is very definitely, "No."

Recently, Dr. William L. C. Wheaton, University of Pennsylvania authority on city planning, reported to the National Housing Conference, that at a rate of 1 million new homes a year, our substandard housing units will never be replaced and we will have more substandard housing in 1970 than we had in 1950.

And even if we double the rate to 2 million units a year, and rehabilitate 400,000 additional units a year, he says that by 1970 an estimated 5 million American families will still be living in houses which were considered slums or substandard in 1950.

Yet we argue here over the meager 140,000 units of public housing which the President has recommended be started in the next 4 years. The die-hard opposition of the Republican leadership in the House Banking Committee shows up in this conference bill, for it allows only 35,000 units altogether, as a last

and final gasp for public housing, and then it is dead.

This is the third time we have argued out the public housing issue in the House in this session. First, it was on the appropriation rider, then on the omnibus housing bill, as it first went through the House, and now on the conference report on this bill. Each previous time, public housing has lost. The record is pretty clear that a majority of the majority party here is determined to kill public housing. It has in this conference bill one last chance in this Congress to hit the "sawdust trail," repent, and back up its own President in this matter. What will the answer be?

Will the House take the initiative now and recommend this bill with instructions to reinsert the Eisenhower public housing program? Or, will we wait for the Senate to take that action?

Are we going to jockey this thing around so much over the puny public housing program the President recommended that we jeopardize passage of the other features of the housing law and let all the FHA and VA housing programs expire at the end of this month?

A housing bill which does not include reasonable provisions for public housing is an incomplete housing bill. An incomplete housing bill may very well die in the adjournment rush. If that happens, the enemies of public housing will have won a hollow victory, for they will have destroyed the very foundation for the whole private enterprise housing industry in the United States.

It seems to me a pretty serious risk to take for people who profess to be concerned about private enterprise.

Mr. GRANAHAN. Mr. Speaker, I will vote to recommit the housing bill to restore the Senate provision dealing with public housing. This would provide the 35,000 units a year for 4 years which the President recommended. That is the very least Congress could provide and still pretend it was continuing public housing.

Talk and argument will not affect the outcome at this point. It is simply a question of whether President Eisenhower has lined up, or can line up, enough Republicans in the House to join with the Democrats in recomitting this bill.

Both in the 80th Congress and in this one, Republican majorities in the House have killed and buried public housing. If this bill passes in its present form, it will no longer be possible for those Republicans who support public housing to claim that their party as a party or any substantial part of it in the Congress believes in decent housing for low-income people.

Permitting only 35,000 units to be built and limiting those units only to families displaced by redevelopment, is not a public housing program but a device to end public housing altogether.

This is an issue the Democratic candidates in every urban area of the country—and in many rural areas too—will find made to order in November for a Democratic victory. It is the 80th Congress housing performance all over again.

Mr. BARRETT. Mr. Speaker, the reason I voted to recommit the Housing Act of 1954—H. R. 7839—is because it did not contain an adequate public-housing program. The President requested authorization for construction of 140,000 public housing units over a 4-year period. The measure reported to us today by the Senate-House conferees authorized only 35,000 units of public housing. I think H. R. 7839 should have been sent back to the conferees with instructions to amend section 101 to read as passed by the Senate and recommended by the President, that is, to authorize 140,000 public housing units so that the blighted areas of our large cities such as Philadelphia can be wiped out and decent homes established for our low income families.

Many sections of H. R. 7839 are advantageous to persons with much more comfortable standards of living. These inequities should be balanced by giving the poor and needy housing commensurate with the economic development of our country.

However, in view of the failure to recommit H. R. 7839 by a vote of 156 to 234, I have reluctantly voted in favor of passage of the Housing Act of 1954 so as not to deprive the larger cities of the Nation of the meager allocation of the public housing units which they will be authorized out of the 35,000 provided in this measure. I feel confident that if the persons who opposed the 140,000 units will, in the future, take a keener interest in the slum areas of the Nation they will regret their present opposition to public housing. I feel equally confident that the public will announce its displeasure with the Housing Act at the right time in November.

Mr. BYRNE of Pennsylvania. Mr. Speaker, the conference report on the Housing Act of 1954, which is before us today, falls short of the provisions recommended and passed by the Senate before it went into conference. At that time the Senate had approved a bill providing for 35,000 public housing units per year for the next 4 years. The conferees have presented us with a measure which provides for only 35,000 public housing units for the next fiscal year. We are today asked to vote for passage of this legislation.

This act first passed the House 3 months ago with no provision for the construction of public housing units after this year. This action was taken in spite of the fact that the Committee on Banking and Currency had recommended that 20,000 units be built in the coming year, and in spite of the fact that President Eisenhower, following the pattern set by his Democratic predecessor, had asked for the approval of 35,000 units per year for the next 4 years. The Senate approved a measure which included this latter provision. The bill went to conference with no disagreement on this very important feature of the bill.

It is vitally necessary to the stable economy of the Nation that the low-rent public-housing program be continued. Healthy citizens need healthy atmospheres. Since 1923 our population has increased by almost 50 million. Obviously housing requirements have increased proportionately. But housing construction even at this time does not appear to make adequate provision for those desperately in need of housing. Furthermore, new private housing costs are extremely prohibitive to a great many people, and particularly to the people of my district. In Philadelphia alone, an average price for a new home privately constructed is in the neighborhood of $11,500. Rental costs generally start at about $80 a month in a privately owned apartment development. While these figures may seem to be reasonable to many of us, they are exorbitant to low-income families who are necessarily forced to live in old, substandard housing units in which conditions are often deplorable. Many of my constituents live in crowded dwellings, some of which have none of the sanitary facilities which you and I take for granted. There are no yards or play areas surrounding such places, and thus our youngsters are forced to amuse themselves along the streets and alleys of the city. This is a major cause of the high crime rate and the high incidence of juvenile delinquency. Surely none would deny that such an atmosphere is not conducive to a physically and emotionally stable family life.

Low-rent public-housing and the slum-clearance program go hand in hand to contribute to a better America. Good housing makes good citizens. I am proud to be able to vote for it and hope to see it a reality in the not-too-distant future.

Mr. ELLIOTT. Mr. Speaker, I shall vote to recommit the conference report on housing, with instructions to the conferees that the bill be brought back with President Eisenhower's program for at least 35,000 units of public housing written into the bill.

The bill before us speaks of public housing, but actually there is no public housing in the bill.

The public housing in the bill is housing in name only. It is so surrounded with restrictions and limitations that it amounts to no housing.

Under the Housing Act of 1949, 22 housing projects were constructed in the Seventh Congressional District of Alabama. These 22 projects are located in the following 18 towns: Bear Creek, Boston, Carbon Hill, Cordova, Cullman, Guin, Hackleburg, Haleyville, Hamilton, Jasper, Millport, Oneonta, Phil Campbell, Red Bay, Reform, Russellville, Vernon, and Winfield.

Seven hundred and thirty-eight units of housing have been constructed in these towns. They cost about $7 million.

Program reservations are pending for the building of 44 units in Aliceville, Ala.; 24 units in Berry, Ala.; 4 units in Winfield, Ala.; 12 units in Hanceville, Ala.; 4 units in Oneonta, Ala.; 16 units in Vernon, Ala.; and 8 units in Haleyville, Ala.

All activities on these programs were suspended during the fiscal year just ended, because of the restrictions which this Congress wrote into the Independent Offices Appropriation Act for the 1954 fiscal year.

Now, with the restrictions written into the bill before us, there will be no chance

to build these projects in the 1955 fiscal year.

Also, Dora, Ala., has applied for 60 units; Oakman for 60; Sulligent for 60; and Cullman for 70 additional units. Under the restrictions written into the conference report before us none of these can be approved or built.

Mr. Speaker, all across this country local communities have made their applications for public housing. The development program leading to construction has gone so far, in many cases, that the actual site for construction has been approved. If the majority party is bent on killing public housing, it should at least allow construction of all projects that have gone this far.

I think this program should go forward. The need for public housing is just about as great in America today as it ever was. We have barely scratched the surface in most of the country.

I am also disappointed that there is nothing in the bill before us carrying on the direct-loan program for veterans' housing. I understand, however, that it will come to us later in a separate bill. This Congress should not adjourn until it has provided more money for this program.

Mr. WOLCOTT. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

Mr. SPENCE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the conference report?

Mr. SPENCE. I am.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion.

The Clerk read as follows:

Mr. SPENCE moves to recommit the conference report on the bill H. R. 7839 to the committee of conference with instructions to the managers on the part of the House to include in such report, in lieu of section 401 (1) thereof, a provision carrying out the 4-year program for 140,000 new public housing units as set forth in the President's housing message submitted to the Congress on January 25, 1954.

Mr. WOLCOTT. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. SPENCE. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken and there were—yeas 156, nays 234, not voting 44, as follows:

[Roll No. 107]

YEAS—156

Addonizio	Bray	Cretella
Albert	Brooks, Tex.	Crosser
Aspinall	Buchanan	Curtis, Mass.
Auchincloss	Burdick	Dague
Ayres	Byrd	Dawson, Ill.
Bailey	Byrne, Pa.	Deane
Baker	Canfield	Delaney
Barrett	Cannon	Dollinger
Bender	Carnahan	Donohue
Blatnik	Carrigg	Donovan
Boggs	Celler	Dorn, N. Y.
Boland	Chelf	Doyle
Bolling	Chudoff	Eberharter
Bolton, Frances P.	Condon	Edmondson
Bowler	Corbett	Elliott
	Coudert	Engle
Feighan	Kirwan	Reams
Fine	Klein	Rhodes, Pa.
Fino	Kluczynski	Robsion, Ky.
Fogarty	Lane	Rodino
Forand	Lantaff	Rogers, Colo.
Frelinghuysen	Lesinski	Rogers, Mass.
Friedel	McCarthy	Rooney
Fulton	McCormack	Roosevelt
Garmatz	Machrowicz	Sadlak
Goodwin	Mack, Ill.	St. George
Gordon	Madden	Saylor
Granahan	Magnuson	Scott
Green	Marshall	Seely-Brown
Hagen, Minn.	Merrow	Shelley
Halleck	Metcalf	Spence
Hand	Miller, Kans.	Springer
Harden	Mollohan	Staggers
Hart	Morano	Steed
Hays, Ark.	Morgan	Sullivan
Hays, Ohio	Moss	Taylor
Heselton	Moulder	Thornberry
Holifield	Multer	Tollefson
Holmes	Natcher	Trimble
Holtzman	O'Brien, Ill.	Wainwright
Howell	O'Brien, Mich.	Walter
Javits	O'Brien, N. Y.	Wampler
Johnson, Wis.	O'Hara, Ill.	Widnall
Jones, Ala.	O'Konski	Wier
Judd	O'Neill	Wigglesworth
Karsten, Mo.	Patterson	Williams, N. J.
Kean	Pfost	Withrow
Kearney	Polk	Wolverton
Kee	Price	Yates
Kelley, Pa.	Rabaut	Yorty
Kelly, N. Y.	Radwan	Zablocki
Keogh	Rains	
King, Calif.	Rayburn	

NAYS—234

Abbitt	Dies	Knox
Abernethy	Dolliver	Krueger
Adair	Dondero	Laird
Alexander	Dorn, S. C.	Landrum
Allen, Calif.	Dowdy	Lanham
Allen, Ill.	Durham	Latham
Andersen, H. Carl	Ellsworth	LeCompte
	Evins	Lipscomb
Andresen, August H.	Fenton	Lovre
	Fernandez	McConnell
Andrews	Ford	McCulloch
Arends	Forrester	McDonough
Ashmore	Fountain	McIntire
Bates	Frazier	McMillan
Battle	Gamble	McVey
Beamer	Gary	Mack, Wash.
Becker	Gathings	Mahon
Bennett, Fla.	Gavin	Martin, Iowa
Bennett, Mich.	Gentry	Mason
Bentley	George	Matthews
Bentsen	Golden	Meader
Berry	Graham	Merrill
Betts	Gregory	Miller, Md.
Bishop	Gross	Miller, Nebr.
Bolton, Oliver P.	Gubser	Miller, N. Y.
	Gwinn	Mills
Bonin	Hagen, Calif.	Mumma
Bonner	Hale	Murray
Bosch	Haley	Neal
Bow	Hardy	Nelson
Brambiett	Harrison, Nebr.	Nicholson
Brown, Ga.	Harrison, Va.	Norblad
Brown, Ohio	Harvey	Norrell
Brownson	Hébert	Oakman
Broyhill	Herlong	O'Hara, Minn.
Budge	Hiestand	Ostertag
Burleson	Hill	Passman
Busbey	Hillelson	Pelly
Bush	Hillings	Phillips
Byrnes, Wis.	Hinshaw	Pilcher
Campbell	Hoeven	Pillion
Carlyle	Hoffman, Ill.	Poage
Cederberg	Hoffman, Mich.	Poff
Chatham	Holt	Preston
Chenoweth	Hope	Priest
Church	Horan	Prouty
Clardy	Hosmer	Ray
Clevenger	Hruska	Reece, Tenn.
Cole, Mo.	Hunter	Reed, Ill.
Cole, N. Y.	Hyde	Reed, N. Y.
Colmer	Ikard	Rees, Kans.
Cooley	Jackson	Rhodes, Ariz.
Coon	James	Richards
Cooper	Jarman	Riehlman
Cotton	Jenkins	Riley
Crumpacker	Jensen	Rivers
Cunningham	Johnson, Calif.	Roberts
Curtis, Mo.	Jonas, Ill.	Robeson, Va.
Davis, Ga.	Jonas, N. C.	Rogers, Fla.
Davis, Tenn.	Jones, Mo.	Rogers, Tex.
Davis, Wis.	Jones, N. C.	Schenck
Dawson, Utah	Kearns	Scherer
Dempsey	Keating	Scrivner
Derounian	Kilburn	Scudder
Devereux	Kilday	Selden
D'Ewart	King, Pa.	Shafer
Sheehan	Thomas	Wharton
Sheppard	Thompson, Mich.	Whitten
Shuford		Wickersham
Simpson, Ill.	Tuck	Williams, Miss.
Small	Utt	Williams, N. Y.
Smith, Kans.	Van Pelt	Wilson, Calif.
Smith, Miss.	Van Zandt	Wilson, Ind.
Smith, Va.	Velde	Wilson, Tex.
Smith, Wis.	Vinson	Winstead
Stauffer	Vorys	Wolcott
Stringfellow	Vursell	Young
Taber	Warburton	Younger
Talle	Watts	
Teague	Westland	

NOT VOTING—44

Angell	Harrison, Wyo.	Philbin
Barden	Heller	Powell
Belcher	Hess	Regan
Boykin	Kersten, Wis.	Secrest
Brooks, La.	Long	Short
Buckley	Lucas	Sieminski
Camp	Lyle	Sikes
Chiperfield	McGregor	Simpson, Pa.
Curtis, Nebr.	Mailliard	Sutton
Dingell	Miller, Calif.	Thompson, La.
Dodd	Morrison	Thompson, Tex.
Fallon	Osmers	Weichel
Fisher	Patman	Wheeler
Grant	Patten	Willis
Harris	Perkins	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Morrison for, with Mr. Wheeler against.
Mr. Buckley for, with Mr. Camp against.
Mr. Heller for, with Mr. Barden against.
Mr. Dodd for, with Mr. Regan against.
Mr. Perkins for, with Mr. Lyle against.
Mr. Dingell for, with Mr. Fisher against.
Mr. Powell for, with Mr. McGregor against.
Mr. Sieminski for, with Mr. Sikes against.
Mr. Angell for, with Mr. Osmers against.
Mr. Kersten of Wisconsin for, with Mr. Hess against.
Mr. Philbin for, with Mr. Harrison of Wyoming against.
Mr. Patman for, with Mr. Lucas against.
Mr. Miller of California for, with Mr. Thompson of Louisiana against.
Mr. Patten for, with Mr. Willis against.
Mr. Secrest for, with Mr. Boykin against.

Until further notice:

Mr. Simpson of Pennsylvania with Mr. Fallon.
Mr. Short with Mr. Grant.
Mr. Chiperfield with Mr. Harris.
Mr. Belcher with Mr. Brooks of Louisiana.
Mr. Curtis of Nebraska with Mr. Long.
Mr. Mailliard with Mr. Thompson of Texas.
Mr. Weichel with Mr. Sutton.

Mrs. ST. GEORGE changed her vote from "nay" to "yea."

Mr. BURDICK changed his vote from "nay" to "yea."

Mr. HAGEN of Minnesota changed his vote from "nay" to "yea."

Mr. MILLER of New York changed his vote from "yea" to "nay."

Mr. ROGERS of Texas changed his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the conference report.

Mr. GAMBLE. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 358, nays 30, not voting 46, as follows:

[Roll No. 108]

YEAS—358

Abbitt	Albert	Allen, Ill.
Adair	Alexander	Andersen, H. Carl
Addonizio	Allen, Calif.	

Andresen, August H.	Fino	McVey
Andrews	Fogarty	Machrowicz
Arends	Forand	Mack, Ill.
Ashmore	Ford	Mack, Wash.
Aspinall	Forrester	Madden
Auchincloss	Fountain	Mahon
Ayres	Frazier	Marshall
Bailey	Frelinghuysen	Martin, Iowa
Baker	Friedel	Matthews
Barrett	Fulton	Meader
Bates	Gamble	Merrill
Battle	Garmatz	Merrow
Beamer	Gary	Miller, Kans.
Becker	Gathings	Miller, Nebr.
Belcher,	Gavin	Miller, N. Y.
Bender	Gentry	Mills
Bennett, Fla.	George	Mollohan
Bennett, Mich.	Golden	Morano
Bentley	Goodwin	Morgan
Bentsen	Gordon	Moss
Berry	Graham	Moulder
Betts	Granahan	Mumma
Biatnik	Green	Murray
Boggs	Gregory	Natcher
Boland	Gross	Neal
Bolton,	Gubser	Nelson
Frances P.	Hagen, Calif.	Nicholson
Bolton,	Hagen, Minn.	Norblad
Oliver P.	Hale	Norrell
Bonin	Haley	Oakman
Bonner	Halleck	O'Brien, Ill.
Bosch	Hand	O'Brien, Mich.
Bow	Harden	O'Brien, N. Y.
Bowler	Hardy	O'Hara, Ill.
Bramblett	Harrison, Nebr.	O'Hara, Minn.
Bray	Harrison, Va.	O'Konski
Brooks, Tex.	Hart	O'Neill
Brown, Ga.	Harvey	Ostertag
Brown, Ohio	Hays, Ark.	Passman
Brownson	Hays, Ohio	Patterson
Broyhill	Hébert	Pelly
Budge	Heselton	Pfost
Burdick	Hiestand	Phillips
Burleson	Hill	Pilcher
Burleson	Hillelson	Pillion
Byrd	Hillings	Poage
Byrne, Pa.	Hinshaw	Poff
Byrnes, Wis.	Hoeven	Polk
Campbell	Hoffman, Ill.	Preston
Canfield	Hoffman, Mich.	Price
Cannon	Holifield	Priest
Carlyle	Holmes	Prouty
Carnahan	Holt	Rabaut
Carrigg	Holtzman	Radwan
Cederberg	Hope	Rains
Chatham	Horan	Ray
Chelf	Hosmer	Rayburn
Chenoweth	Howell	Reams
Chudoff	Hruska	Reece, Tenn.
Church	Hunter	Reed, Ill.
Ciardy	Hyde	Rees, Kans.
Cole, Mo.	Ikard	Rhodes, Ariz
Cole, N. Y.	Jackson	Rhodes, Pa.
Condon	James	Richards
Cooley	Jarman	Riehlman
Coon	Jenkins	Riley
Cooper	Jensen	Rivers
Corbett	Johnson, Calif.	Roberts
Cotton	Johnson, Wis.	Robeson, Va.
Coudert	Jonas, Ill.	Robsion, Ky.
Cretella	Jonas, N. C.	Rodino
Crosser	Jones, Ala.	Rogers, Colo.
Crumpacker	Jones, Mo.	Rogers, Fla.
Cunningham	Jones, N. C.	Rogers, Mass.
Curtis, Mo.	Judd	Rogers, Tex.
Dague	Karsten, Mo.	Sadlak
Davis, Ga.	Kean	St. George
Davis, Tenn.	Kearney	Saylor
Davis, Wis.	Kearns	Schenck
Dawson, Ill.	Keating	Scherer
Dawson, Utah	Kee	Scott
Deane	Kilburn	Scrivner
Delaney	Kilday	Scudder
Dempsey	King, Calif.	Seely-Brown
Derounian	King, Pa.	Selden
Devereux	Kirwan	Shafer
D'Ewart	Kluczynski	Sheehan
Dies	Knox	Shelley
Dolliver	Krueger	Sheppard
Dondero	Laird	Shuford
Donohue	Landrum	Simpson, Ill.
Donovan	Lane	Small
Dorn, N. Y	Lanham	Smith, Kans.
Dorn, S. C.	Lantaff	Smith, Miss.
Dowdy	Latham	Smith, Va.
Doyle	LeCompte	Smith, Wis.
Durham	Lesinski	Springer
Edmondson	Lipscomb	Staggers
Elliott	Lovre	Stauffer
Ellsworth	McCarthy	Steed
Engle	McConnell	Stringfellow
Evins	McCulloch	Sullivan
Feighan	McDonough	Taber
Fenton	McIntire	Talle
Fernandes	McMillan	Taylor
Thomas	Vursell	Williams, N. J.
Thompson, Mich.	Wainwright	Williams, N. Y.
Thornberry	Walter	Wilson, Calif.
Tollefson	Wampler	Wilson, Ind.
Trimble	Warburton	Wilson, Tex.
Tuck	Watts	Withrow
Utt	Westland	Wolcott
Van Pelt	Wharton	Wolverton
Van Zandt	Whitten	Yates
Velde	Wickersham	Yorty
Vinson	Widnall	Young
Vorys	Wier	Younger
	Wigglesworth	Zablocki

NAYS—30

Abernethy	Fine	Miller, Md.
Bishop	Javits	Multer
Bolling	Kelley, Pa.	Patten
Buchanan	Kelly, N. Y.	Reed, N. Y.
Busbey	Keogh	Rooney
Celler	Klein	Roosevelt
Colmer	McCormack	Spence
Curtis, Mass.	Magnuson	Teague
Dollinger	Mason	Williams, Miss.
Eberharter	Metcalf	Winstead

NOT VOTING—46

Angell	Harris	Philbin
Barden	Harrison, Wyo.	Powell
Boykin	Heller	Regan
Brooks, La.	Herlong	Secrest
Buckley	Hess	Short
Bush	Kersten, Wis.	Sieminski
Camp	Long	Sikes
Chiperfield	Lucas	Simpson, Pa.
Clevenger	Lyle	Sutton
Curtis, Nebr.	McGregor	Thompson, La.
Dingell	Mailliard	Thompson, Tex.
Dodd	Miller, Calif.	Weichel
Fallon	Morrison	Wheeler
Fisher	Osmers	Willis
Grant	Patman	
Gwinn	Perkins	

So the conference report was agreed to.

The Clerk announced the following pairs:

Mr. Simpson of Pennsylvania with Mr. Morrison.

Mr. Short with Mr. Perkins.

Mr. Hess with Mr. Herlong.

Mr. McGregor with Mr. Boykin.

Mr. Osmers with Mr. Camp.

Mr. Gwinn with Mr. Fisher.

Mr. Harrison of Wyoming with Mr. Thompson of Louisiana.

Mr. Weichel with Mr. Willis.

Mr. Bush with Mr. Thompson of Texas.

Mr. Angell with Mr. Lucas.

Mr. Kersten of Wisconsin with Mr. Patman.

Mr. Curtis of Nebraska with Mr. Lyle.

Mr. Chiperfield with Mr. Barden.

Mr. Clevenger with Mr. Regan.

Mr. Mailliard with Mr. Miller of California.

Mr. ROONEY changed his vote from "yea" to "nay."

Mr. HOLTZMAN and Mr. CANFIELD changed their votes from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

SUPPLEMENTAL APPROPRIATION BILL, 1955

Mr. TABER. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 9936) making supplemental appropriations for the fiscal year ending June 30, 1955, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 9936, with Mr. ALLEN of Illinois in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. When the Committee rose on yesterday the Clerk had read down to and including line 16 on page 5 of the bill.

Mr. TALLE. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TALLE: On page 5, after line 17, insert the following new headings and new paragraphs:

"BUREAU OF THE CENSUS

"CENSUSES OF BUSINESS, MANUFACTURES AND MINERAL INDUSTRIES

"For expenses necessary for taking, compiling, and publishing the censuses of business, manufactures, and mineral industries, as authorized by law, $8,430,000."

Mr. TALLE. Mr. Chairman, my purpose in offering this amendment is to restore to the bill the amount asked by the President for the censuses of business, manufactures, and mineral industries.

I regret that the Appropriations Committee has not seen fit to recommend the appropriation of the $8,430,000 which the President requested to conduct censuses of business, manufactures, and mineral industries for 1954. These basic records of the business activities of our country are required for the efficient management of American industry and Government. This view was strongly supported by evidence provided at the recent hearings of the Subcommittee on Economic Statistics of the Joint Committee on the Economic Report. This subcommittee, which consists of Senator CARLSON, Congressman BOLLING, and myself as chairman, held hearings on July 12 and July 13. The witnesses heard included representatives of many important busines organizations and the Government agencies particularly concerned with business conditions.

The witnesses pointed out the important role played by statistics in the management of the affairs of the economy and of their particular businesses. They described the crucial role that is being played by the Census benchmarks. They pointed out that the whole structure of monthly statistics is deteriorating in quality because the basic benchmark records in the fields of manufactures, mineral industries, wholesale trade, retail trade, and services were already more than 5 years old. They indicated that recent gaps in the statistical records are impairing the ability of the Government and of business concerns to make prompt and sound decisions regarding economic policies. Major decisions are being made almost daily which involve very large sums of money, amounts which make funds actually required to provide the statistics needed for better decisions seem trivial.

Witness after witness repeated that the most urgent requirement in the Federal economic statistics program is to provide basic benchmark records, urging that Congress appropriate funds for censuses of business, manufactures, and mineral industries covering the year 1954. Persons testifying on subjects only indirectly related to these censuses went to great length to call to the attention of our committee the need for the censuses. The report of the Intensive Review Committee of the Secretary of

Commerce was frequently cited as further evidence of the very widespread demand for these censuses. The Bureau of the Budget, which submitted the request for these funds, the Council of Economic Advisers, which strongly supported the required legislation only recently passed, and other agencies of the Federal Government, including the Department of Commerce and the Department of Labor, emphasized the critical need for the census benchmarks as a basis for their own statistical requirements.

Authorizing legislation already enacted provides for censuses of business, manufactures, and mineral industries covering 1954. The next censuses provided for by this legislation would cover 1958. If funds are not appropriated for the 1954 censuses, a 10-year gap in the basic statistical record of the United States would be created. The latest of these censuses covered 1948.

Mr. Chairman, the hearings of the Subcommittee on Economic Statistics held last week attracted widespread favorable comments. The one point on which all of the witnesses were in agreement was that the censuses should be taken immediately.

Mr. Chairman, may I summarize briefly the steps leading up to my amendment. Members will recall the passage of the Reorganization Act of 1946, which was put into effect during the 80th Congress in 1947. The late Senator Taft in 1948 pointed out the need for improved statistics. On February 27, 1954, the Joint Committee on the Economic Report issued its report containing a recommendation that two subcommittees be named to carry on special studies. One of these was the Subcommittee on Statistics, and I was named chairman.

My colleagues, Senator FRANK CARLSON and Representative RICHARD BOLLING, and I proceeded to do a job. We had worked and planned for months when on July 12 and 13, Monday and Tuesday of last week, we had before us a considerable array of eminent witnesses—from the Bureau of the Budget; the Council of Economic Advisors; the Census Bureau; Agriculture; the Office of Statistical Standards; the Bureau of Labor Statistics; the Federal Reserve Board; and the Department of Commerce.

In addition we heard a panel of 12 witnesses who came from various parts of our country to speak for private business, agriculture, labor, manufacturing and processing, research—users of statistics, capable persons of great scholarship and special knowledge in this field. Our purpose was to see to it that in an important matter of this kind we might have the combined cooperative effort of the executive department, the legislative department, and private business. All of those witnesses said, "For the first time Congress is doing something to help us in our difficult field." Mr. Chairman, there is no substitute for knowledge. We need more knowledge, accurate knowledge; and up-to-date knowledge. Therefore they were exceedingly enthusiastic. There was not an empty chair in that room during those 2 days, in spite of the fact that no one will contend there is any romance in statistics.

Mr. BOLLING. Mr. Chairman, will the gentleman yield?

Mr. TALLE. I yield to the gentleman from Missouri.

Mr. BOLLING. I would like to compliment the gentleman for offering this amendment and associate myself with him, strongly feeling that this is vital not only to the executive branch but to the Congress. If we do not have the knowledge which this census and other censuses will give us, we cannot possibly make sound decisions. I congratulate the gentleman for offering the amendment.

Mr. TALLE. I thank the gentleman. The gentleman was present throughout our 2 days of hearings and is a valuable member of the subcommittee.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. TALLE. I yield to the gentleman from New York.

Mr. ROONEY. I wish to commend the gentleman from Iowa upon his statement here today, and to assure him, as I said I would yesterday, of my support of the pending amendment to restore the funds for this necessary census of business, manufactures, and mineral industries. However, I am never greatly impressed by any intensive review committee and some of the other authorities that the gentleman mentions. Also, may I say that I am not so sure that the full amount of $8 million and more should be allowed for this purpose, but I am in sympathy with the gentleman's position in proposing that this census, worthwhile and necessary, should be carried on.

Mr. JAVITS. Mr. Chairman, will the gentleman yield?

Mr. TALLE. I yield to the gentleman from New York.

Mr. JAVITS. I would like to support the gentleman's position and say that I shall support the amendment, and to point out to Members who are looking for industries in their communities, that is, communities which are underdeveloped, how vitally important this is to them to have these new censuses of this character, in showing their ability to meet their needs.

Mr. TALLE. I thank the gentleman.

The time is here for taking thought, for neither government nor private business can make intelligent decisions, without having accurate, up-to-date statistical data. I urge the adoption of my amendment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WOLCOTT. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I will only briefly take this opportunity to confirm everything the gentleman from Iowa [Mr. TALLE] has said. It will be recalled that when we adopted the report of the Joint Committee on the Economic Report we were given a job to do by the Congress. That is in statistical research. In keeping with that report, it was my pleasure, as chairman of the Joint Committee on the Economic Report, to name the gentleman from Iowa [Mr. TALLE], as chairman of that subcommittee. We did it with the realization that it was in good hands; with the realization that without this statistical information which would be made possible by the resumption of this effort and the restoration of this amount, we could not hope to create a climate in which we could have an ever-expanding economy that we always strive for.

I am in hearty support of the gentleman's amendment, and I hope it will be adopted.

Mr. TABER. Mr. Chairman, I wonder if we could not get an agreement as to time on this amendment and all amendments thereto.

I ask unanimous consent that debate on this amendment and all amendments thereto close in 20 minutes. The gentleman from Ohio [Mr. CLEVENGER] wants 5 minutes and I want 5.

Mr. ROONEY. Mr. Chairman, reserving the right to object, I would suggest to the gentleman that he make it 10 minutes.

Mr. TABER. All right. Mr. Chairman, I modify my request and ask unanimous consent that all debate on this amendment and all amendments thereto close in 10 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The gentleman from Ohio [Mr. CLEVENGER] is recognized.

Mr. CLEVENGER. Mr. Chairman, I might say that this matter of censuses has received considerable attention over the years that I have been on this committee, and one of the things that has exercised us most is the long delay in making the figures available to the industries which find uses for them. It is often—and more often than not—2 years and 3 years after the taking of the census before the figures are available to the trade. We have tried every way we can think of to energize and wake up the Bureau of the Census, but it seems to have fallen into a moribund state where time seems to be of no interest to them as to when these figures are available.

We have some of the most grotesque testimonies. I have one here, a letter, addressed to the chairman of the full committee from a manufacturer of ladies' brassieres. Now, you know he says something about false economy. Well, as a long-time manager of department stores I always thought there was something false about the brassiere business. He claims the necessity for these figures in order to divide up his territory and plan for the marketing of brassieres. I thought you could maybe take the population census and multiply it by two and could perhaps tell.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. CLEVENGER. I yield.

Mr. ROONEY. I do not wish to discuss the matter the gentleman is now referring to, for I feel he knows much more about it than I, but I do want to point out that a Member just asked me where in this bill—he had a copy of it in his hand—he could find this matter of the Bureau of the Census, and I had to

inform him that he just will not find it in this bill.

Mr. CLEVENGER. That is right, Mr. Chairman. Last year we came down here and I got along with the paramount job we had to do, cutting out nonessentials and balancing the budget. We made great progress last year, but this year we seem to have no luck in the Bureau of the Budget in backing up the efforts of this committee.

Mr. ROONEY. Mr. Chairman, will the distinguished gentleman yield?

Mr. CLEVENGER. I cannot yield again; I have only 5 minutes.

Mr. ROONEY. I would agree to extend the gentleman's time if it were within my power.

Mr. CLEVENGER. I yield briefly.

Mr. ROONEY. I want to say that the gentleman from Ohio [Mr. CLEVENGER] is a very, very sincere Member of Congress with whom I have served on this committee for 10 years. He always says what he means. He has cut the items which are within his jurisdiction in this bill by 82 percent, and that indicates his consistent approach to appropriation requests over the years. I have disagreed with him with regard to many items as we have gone along over the years, but I do want to point out that he has been as consistent as he ever was in denying 82 percent of the funds President Eisenhower has requested in the instant bill.

Mr. CLEVENGER. I want to remind the gentleman from New York that the change of terminology from deficiency bill to supplemental came about because the word deficiency got rather unpopular. Then they began to call them supplementals. I remember well what the gentleman from Cotuit, Mass., had to say one day when he took the well of the House—Charlie Gifford. He said: "Little supplement, don't you cry; you will be a deficit by and by."

I just want to tell you that budgets are not balanced by any other method than deciding what we can live without. What would you do in your own case and in your own household in passing on this stuff when you realize that every dollar that you now spend is deficit spending and must be laid on the shoulders of generations yet unborn? We have 7,000 little new Americans every morning. You have $278 billion dollars resting on these defenseless little children. I want to see the time come soon when a man will be glorified and not subsidized, when a baby can be born without being swathed in a wet blanket of debt, deficit, and despair.

Mr. Chairman, may I say further that the recommendations of the board appointed by the President to study the census has recommended $228 million for the next 10 years.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. CLEVENGER. I yield to the gentleman from New York.

Mr. ROONEY. The distinguished gentleman from Ohio is always sincere and consistent. May I remind him of the fact that the very people who are now lobbying for this particular item are the same people who gave support to the gentleman's party who then advocated a balanced budget and the denial of many, many such items as this. Now they find they cannot do without many of these millions.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, we ought to be fair in this situation. I received a visit from a very distinguished economist. I have heard his name mentioned before this morning on the floor of the House. I asked him what he thought about this proposed business census and he told me, frankly, that it might have some historic value but as far as being of use to business—no.

Instead of taking 6 months to get this material together and having it available for business, it takes 3 years. Are we going to be so simple that we are about to start on a business census that will take 3 years to get it out and get it in shape for use of business and the trade? Those things ought to be taken care of insofar as they can be, but such things that have just historic value only have no place in the Department of Commerce appropriation bill and I hope the pending amendment will be rejected.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Iowa [Mr. TALLE].

The question was taken; and the Chair being in doubt, the Committee divided and there were—ayes 28, noes 81.

So the amendment was rejected.

The Clerk read as follows:

For an additional amount for "Land acquisition, additional Washington Airport," for payment of deficiency judgments rendered by United States District Courts, $16,297, together with such amounts as may be necessary to pay interest as specified in such judgments.

Mr. PRESTON. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. PRESTON: On page 6, line 8, after the period, insert the following: "For carrying out the provisions of the Federal Airport Act of May 13, 1946, as amended (except sec. 5 (a)), to remain available until June 30, 1958, $22 million, of which (1) $20 million shall be for projects in the States in accordance with section 6 of said act, (2) $250,000 for projects in Puerto Rico, (3) $50,000 for projects in the Virgin Islands, (4) $225,000 for projects in the Territory of Hawaii, (5) $225,000 for projects in the Territory of Alaska, and (6) $1,250,000 shall be available as one fund for necessary planning, research, and administrative expenses (including not to exceed $125,000 for transfer to the appropriation 'Salaries and expenses, Civil Aeronautics Administration,' for necessary administrative expenses, including the maintenance and operation of aircraft): *Provided*, That the appropriation granted under this head for fiscal year 1953 is hereby merged with this appropriation and the contract authorization heretofore granted for the foregoing purposes may hereafter be accounted for under this head: *Provided further*, That the amount made available herein for administrative expenses shall be in addition to the amount made available for such purposes in the Department of Commerce Appropriation Act, 1955."

Mr. TABER. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. TABER. The amendment contains legislation on an appropriation bill and it provides for things not authorized by law and it changes existing law.

The CHAIRMAN. Does the gentleman from Georgia desire to be heard?

Mr. PRESTON. Mr. Chairman, I cannot be heard on the point of order or respond to it until the gentleman from New York is more specific in his point of order.

Mr. TABER. I thought I had been quite specific, in that it is legislation on an appropriation bill and that it changes existing law and provides for things not authorized by law. It provides specifically for the merger of an appropriation made in 1953. It provides for many other things, including language "to remain available until June 30, 1958." There are several other items that I think are very questionable.

Mr. PRESTON. Mr. Chairman, the language contained in this amendment is the language taken from the committee print. At no point in the amendment does it actually legislate. Particularly, the reference made by the gentleman from New York refers specifically to the control of the funds in the amendment. It is in complete compliance with the Federal Airport Act of 1946 and is language that has been carried in appropriation bills heretofore. It is never, in my judgment, legislation on an appropriation bill to fix the time for which the funds shall remain available. Now, the comments made by the gentleman from New York in support of his point of order are so general in nature that it is difficult to respond specifically except to the broad specification that it is legislation on an appropriation bill. I insist there is no legislation in the amendment, but the language is either of a restrictive or limiting form or of a descriptive nature which provides how the funds shall be used and for how long.

The CHAIRMAN. Does the gentleman from New York [Mr. TABER] desire to be heard further?

Mr. TABER. Mr. Chairman, simply to say that there is no question but that there is a change in the law relating to the 1953 appropriation. When the gentleman says that the item shall carry through to June 30, 1958, that is not authorized by law and is legislation.

The CHAIRMAN. Does the gentleman from Georgia [Mr. PRESTON] desire to be heard further?

Mr. PRESTON. Mr. Chairman, I fail to understand how language fixing the time for which an appropriation shall be made available is legislation. The money was authorized in 1946—$520 million. We are now making the funds available under that authorization and in so making them available we simply say that this money shall be available until that particular date.

I take the position that it is clearly not legislation, because the original act, passed in 1946, authorized the funds and placed no limitation on the length of time that the funds could be used. It is a very common practice in appropriation bills to provide that "funds appropriated herein shall be made available until expended." So that if an indefinite time can be established, such as the lan-

guage "to remain available until expended," then clearly a definite time would not be in a different category or in a different status.

Mr. EBERHARTER. Mr. Chairman, may I be heard on the point of order?

The CHAIRMAN. Briefly; yes.

Mr. EBERHARTER. May we not require the gentleman from New York [Mr. TABER] to read the language in the amendment which is not authorized by law?

The CHAIRMAN. What was the question?

Mr. EBERHARTER. To require the gentleman from New York [Mr. TABER] to read the language in the amendment of the gentleman from Georgia [Mr. PRESTON] which is not the authority for the appropriation?

The CHAIRMAN. The Chair is ready to rule.

Mr. PRESTON. Mr. Chairman, I ask unanimous consent to withdraw the amendment I have offered and to offer another amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. PRESTON: On page 6, line 8, add:

"CIVIL AERONAUTICS ADMINISTRATION—FEDERAL-AID AIRPORT PROGRAM, FEDERAL AIRPORT ACT

"For carrying out the provisions of the Federal Airport Act of May 13, 1946, as amended (except section 5 (a)), $22, million, of which (1) $20 million shall be for projects in the States in accordance with section 6 of said act, (2) $250,000 for projects in Puerto Rico, (3) $50,000 for projects in the Virgin Islands, (4) $225,000 for projects in the Territory of Hawaii, (5) $225,000 for projects in the Territory of Alaska, and (6) $1,250,000 shall be available as one fund for necessary planning, research, and administrative expenses (including not to exceed $125,000 'Civil Aeronautics Administration,' for necessary administrative expenses, including the maintenance and operation of aircraft): *Provided* That the amount made available herein for administrative expenses shall be in addition to the amount made available for such purposes in the Department of Commerce Appropriation Act, 1955."

Mr. PRESTON. Mr. Chairman, it is hard to get around the gentleman from New York [Mr. TABER]. He has been here a long time. But I want to say one thing about him, he is one of the most estimable gentlemen in this House, and I am very, very fond of him.

The gentleman from New York realizes, of course, that this amendment has a great deal of popular appeal. To have him make a point of order against the amendment was not entirely unexpected. It has popular appeal because the amendment simply keeps faith with what the Congress has promised the people. It simply carries on what we have been doing since 1946, when the authorization act was passed making it in order to appropriate up to $520 million on a matching 50–50 basis with the communities for airport development.

Last year when the new administration came in the Secretary of Commerce decided that in studying his Department he should take a very careful look at this program and determine whether or not it was being administered properly and whether or not the funds were being used wisely, whether it was being carried out within the spirit of the act. Accordingly, an airport panel was appointed as a part of the Transportation Council appointed by this administration to make a very careful and exhaustive study of this program. It did so. It was composed of outstanding, very capable men. Their findings were summed up as follows:

Hence the panel concludes that the Federal Government should participate with local governments in the construction and development generally on a 50–50 basis of civil airports to the extent that these airports serve the national interest.

So that is why this amendment is here today.

After this report was filed the President of the United States, through the Bureau of the Budget, sent a request to the Congress for $22 million, a rather modest sum, as a matter of fact, when compared with the needs. The Commerce Department requested $32 million of the Bureau of the Budget but they cut it down to $22 million, the hard figure that the Bureau of the Budget decided could be used during this present fiscal year in order to carry on airport development.

The tragic thing about this 1-year delay in this program is that many communities have issued bonds and sold them, believing that funds would be available during the fiscal year 1954, just as they had in prior years, to match the proceeds from the sale of bonds. Those funds are now in the banks. Interest is being paid on the bonds. The funds cannot be used because the bonds were sold conditioned on the fact that the funds would be used to match Federal funds. So this request coming from the President as it does simply carries out the pledge the Congress made to the communities and to the airport authorities of the country in order that they might keep the airports of this country abreast of aviation development.

It is alarming to note that some of our airports at major cities cannot receive a 4-engined ship, and must confine the traffic to 2-engine ships. It is necessary to acquire land and clear rights-of-way in order that these planes can land in general, normal commerce.

Mr. BUSBEY. Mr. Chairman, will the gentleman yield?

Mr. PRESTON. I yield to the gentleman from Illinois.

Mr. BUSBEY. The gentleman mentioned the fact that people are paying interest on bonds that have been issued. What is the total amount of bonds that have been issued and what communities have issued those bonds?

Mr. PRESTON. I will be glad to furnish a list of the communities, but the sum is $102 million.

Mr. BUSBEY. Does the gentleman not have the list available?

Mr. PRESTON. Yes, I do. The gentleman may see it. I have it right here.

Mr. BUSBEY. Is the gentleman going to put it in the RECORD?

Mr. PRESTON. If the gentleman will come down to the well of the House, I can give it to him now so that he can look at it. I cannot ask permission to put it in the RECORD now because that permission must be obtained in the House. However, it is available for any Member to see, and I will be pleased to put it in the RECORD after the Committee rises and we go back into the House.

Mr. Chairman, this is not a giveaway program. This cannot truly be called a subsidy to any particular community. Our airports are national in nature. The airport such as the one at Atlanta, Ga., serves the entire southeastern part of the United States. The great airport at Chicago serves the Midwest, and the airports of New York City serve New England—they just do not serve the State of New York or the city of New York alone. They are national in nature.

Mr. JUDD. Mr. Chairman, will the gentleman yield?

Mr. PRESTON. I yield.

Mr. JUDD. I want to concur in what the gentleman is saying. The airports in the Twin Cities area of Minnesota are used to protect the whole central northern border of the United States against the major threat to our country that might come from the outside, namely, from across the North Pole. It is a national air center and must have national support.

Mr. PRESTON. There is no doubt about it. It is difficult to measure the importance of our great airports in our great cities.

Mr. BOGGS. Mr. Chairman, will the gentleman yield?

Mr. PRESTON. I yield.

Mr. BOGGS. Is it not a fact that this program has been administered now for several years and the airports which need development now are being discriminated against, if this sum of money is not appropriated?

Mr. PRESTON. The gentleman is right. Many of the airports have received funds in the past since 1947 when $45 million were appropriated. In 1948, $32 million were appropriated. I ask that you adopt this amendment in the interest of making our country strong economically, as it should be.

Mr. JENKINS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I am very glad that the distinguished gentleman from New York [Mr. TABER] raised a point of order so that we may now have clear sailing. Now, there should be no question of any issue in this case being improper from a parliamentary standpoint. It is just a simple question of are we going to do what we should do under the circumstances? Are we going to do this fairly and aboveboard or are we going to hide behind some technicality? Are we going to tell the people of these towns which have depended upon the promises of Federal officials and have gone to work and issued their bonds that we are going to do the right thing? In my section of the State of Ohio, in Scioto County, the representatives of the people came up to Washington and saw the proper authorities and got their instructions as to what to do, and then went back and voted $400,000 in bonds to build an airport. They did their part well and faithfully. The Government

authorities said, in effect, "We will match your money." These representatives at different times came to Washington to see about the matter, but they did not receive any money. They will not get it if the Congress does not give it to them, and if we do not do it in this bill today. You can hide behind excuses and say, "Oh, I want to save a lot of money," or "We have to balance the budget." But why do you not balance the budget with some of this money that we are sending somewhere else? You cannot tell the people in the town of Portsmouth to balance the budget with their $400,000. They have sold their bonds and the bonds are in the bank drawing interest, and the Government does not match the money that the Portsmouth people have put up. My friends, I think today we ought, if the Committee on Appropriations will not do it, we ought to instruct them to say to these people from Portsmouth and other places all over the country—and there are only about $80 million involved in this whole proposition—that we will meet our obligation. How are we going to look these people in the face? How am I going to go back again when I go home and give them these excuses? This airport for which I am making this appeal is not in my district, but it is very close to my district—close to where I was born and brought up. I know all about that section and I have lived much closer to it than the Member of this House who has the honor of representing that district.

What do they have in Scioto County that qualifies them for an airport? Someone might say that they live in the country. But, within 5 miles of this airport, there is the biggest atomic-energy plant in the United States employing nearly 15,000 men at the present time. I mean that the contractors who are building this gigantic plant are employing about 15,000 men in contruction work. There is a great big town springing up around the immense plant. These are great improvements plus the other improvements that are coming into that section. Those are additional reasons why this port is needed. The traffic that passes on the Ohio River in front of where this airport will be located is the heaviest traffic carried in a like distance in our whole country. While we live in the beautiful Ohio Valley we do not all live in the rural sections—we do not live in the brush. We live where an airport is needed. There are 750,000 people living within 60 miles of that proposed airport. I call upon this House now to help these people. They are not beggars. They have a right to be treated justly. When I go back among them I am going to tell them that I have appealed to the Congress of the United States not to do what the Committee on Appropriations wants to be done but what right and justice demands should be done. The gentleman from New York [Mr. TABER] is a grand man and so is the gentleman from Ohio [Mr. CLEVENGER]. I have voted with them many times for I have confidence in their honesty. This is not a matter of the honesty of these two fine men. It is a matter of their doing what should be done to fulfill the promises made by the Government officials to the effect that if the people of Scioto County, Ohio would bond themselves to the extent of $400,000 that the Government would match that amount which would then be enough to build the airport as they, the Government officials, wanted it built.

Mr. Chairman, I may appear to be a little vehement and a little loud in my expostulations, but I am so much disappointed because these people cannot get the relief to which they are entitled without some of us Congressmen who know the facts telling you about them. These people are doing right to bring their complaints to Congress. I feel it is my duty to help these people get their side of the story before the Congress. Nobody says there was not a valid understanding. In the gallery today there sit some Government officials connected with the Department of Civil Aeronautics. They know all about this problem. They have been before the Appropriations Committee and they have told their story. Mr. Chairman there is nothing else to do, but for the Government to pay up. Let us be honest and sincere, before we are too economical. We must be just. Let us pay our own debts to our own people before we are too generous to the other peoples of the world.

Mr. LOVRE. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from South Dakota.

Mr. LOVRE. Mr. Chairman, I rise urging that the House consider the replacing of $22 million in this bill for the Federal-aid-to-airport program. I think it is essential that these funds be included in this supplemental appropriations bill.

I was interested in turning back to the CONGRESSIONAL RECORD of March 3, 1954, when the regular State, Justice, and Commerce Department appropriation bill was up. Those opposed to the Federal-aid-to-airport program put great faith in the fact that there was no budget request for this program. Time after time, they countered arguments with, "Well, it was not in the budget." Provision was made for this program in the supplemental budget which was submitted by the administration. I wonder what justification is now being used for the removal of this program from the budget.

For the past 2 years we have been told that this program is the subject of study and that funds would be asked when the study was completed. The study has been completed and the funds have been asked for, but the committee in its wisdom has seen fit to strike these funds from the bill.

The study mentioned brought forth what is called the National Airport Program, Report of the Airport Panel of the Transportation Council of the Department of Commerce on the Growth of the United States Airport System. This is Senate Document No. 95. I recommend the reading of this report to the Members of the House who have not had an opportunity as yet to delve into it. The report states in part:

Based on its findings, the panel is convinced that civil airports are public facilities of vital importance to the commerce and security of local communities and of the Nation as a whole. The panel is convinced also that the ability of the airplane to serve the general public varies in direct proportion to the number and functional adequacy of airports strategically located in the United States and its possessions. The studies undertaken by the panel have revealed that States, municipalities, and other local political units alone are unable to carry the capital investment burden involved in providing an adequate system of national airports. Therefore, it is the unanimous opinion of the panel that it is the responsibility of the Federal Government to give financial assistance to local governments in developing airports which are in the national interest.

The League of Municipalities of the State of South Dakota and the Aviation Advisory Committee of the State of South Dakota are both vitally interested in this bill, as are the United States Conference of Mayors and the American Municipal Association.

Referring again to Senate Document No. 95, it states that:

The panel's findings indicate that today, as in 1946, growth is inherent in the structure of United States civil air traffic. It thus appears to the panel that Federal aid in developing a system of civil airports to keep pace with the requirements of an ever-growing aviation industry continues to be in the national interest.

In addition to this, we have the statement of the United States Chamber of Commerce in their policy report of May 1953. In this report, the chamber says:

The national interest in the provision of an adequate, nationwide airport system justifies reasonable Federal aid for this purpose. The Federal Airport Act of 1946 is the basis for such participation.

Mr. Chairman, I hope that due deliberation will be given to this amendment and that the $22 million will be restored.

The CHAIRMAN. For what purpose does the gentleman from Louisiana [Mr. BOGGS] rise?

Mr. COUDERT. Mr. Chairman, a point of order.

I am a member of the committee. Am I not entitled to recognition?

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. COUDERT].

Mr. COUDERT. Mr. Chairman, I rise in opposition to the amendment, and I apologize to the gentleman from Louisiana [Mr. BOGGS], but the gentleman from Ohio [Mr. JENKINS], who has just addressed the House was so persuasive that I really felt the committee should answer him before the effect of his remarks became irrevocable. I feel very bady as do other members of the committee about all these communities who undertook to borrow money without taking the trouble to ascertain whether or not there were matching appropriations available. The fact of the matter is that it is not the responsibility of the Congress or of the Appropriations Committee of the House. If any community undertakes to commit itself on a loan, on the assumption that it will get matching funds where they have not taken the trouble to find out if the funds are available, that is their responsibility. The real objection to this item now offered

as an amendment to this bill is that it is at the wrong time and on the wrong bill. This is not the original bill for the fiscal year 1955. This is a supplemental bill. The request came in on the 8th or 9th of June. Today it is the 20th of July and the session is about to close. They have had all year to bring in this request. Now they come before us and ask for it at this time.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield.

Mr. JENKINS. I have been before your committee when you were not there.

Mr. COUDERT. I beg your pardon. I was there.

Mr. JENKINS. Other Members were there time and time again. The gentleman cannot offer an excuse like that. Why did you not do what you should have done 2 years ago, as far as that is concerned?

Mr. COUDERT. I wish the gentleman had been right when he said I was not there. I am unhappy that I made such a little impression upon him, but I was there. As a matter of fact, the date he has reference to is subsequent to the 8th or 9th of June. I submit that an item of this sort should not be in a supplemental appropriation bill. There is no emergency involved here. There is no reason why this item could not go over to another regular fiscal year.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. Not now.

There is another point that is of very real importance. There is pending today, in the House Committee on Interstate and Foreign Commerce I believe, legislation sponsored by the administration that will affect and change the method of allocation and the method of subsidy, matching funds for these airport programs. I submit that until action is taken on that program, the House would be wholly out of order in appropriating funds at this time.

Mr. HINSHAW. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I yield.

Mr. HINSHAW. As a member of the committee to which the gentleman has referred, permit me to announce that that bill has been tabled.

Mr. COUDERT. All the more reason for not taking any action. Now we will wait for the Senate to do something about it.

Mr. HINSHAW. The Senate cannot do anything effective when we have tabled the bill.

Mr. BAILEY. Mr. Chairman, will the gentleman yield?

Mr. COUDERT. I shall be delighted to yield to the gentleman from West Virginia.

Mr. BAILEY. The point that is being made about this airport money, it is my recollection that it was said that the supplemental bill was where it could be corrected. In my home city of Clarksburg we have been collecting funds over the years through taxes and assessments to enlarge the airport facilities, yet we have not received any Federal matching funds to take care of the needed improvement.

Mr. COUDERT. If there is such an accumulation of funds perhaps you will not need the Federal money.

Mr. BAILEY. We want to do some extensive work, we want to extend the runways. We have been collecting money from our taxpayers on the strength of getting Federal aid, yet we have so far received no Federal money.

Mr. COUDERT. I suggest that the gentleman continue with his efforts to get this in the next bill.

Mr. BAILEY. There is no time like the present, though.

Mr. COUDERT. Let me call attention to the table in the committee report and to point out that that table shows what each State will get out of this fund. It is allocated on the basis of population and area, and a very small amount is allocated to each State.

Mr. TABER. Mr. Chairman, I wonder if we can get an agreement on time for this amendment.

I see 12 Members standing indicating they wish to be heard. I ask unanimous consent that all debate on this amendment and all amendments thereto close in 40 minutes.

Mr. CANNON. I would like 5 minutes myself.

Mr. TABER. Mr. Chairman, I ask unanimous consent that the time be limited to 40 minutes, with 5 minutes reserved to the gentleman from Missouri [Mr. CANNON].

The CHAIRMAN. The gentleman from New York [Mr. TABER] asks unanimous consent that time for debate on this amendment and all amendments thereto, be limited to 40 minutes, 5 minutes to be allotted to the gentleman from Missouri [Mr. CANNON].

Is there objection?

There was no objection.

The CHAIRMAN. The Chair has listed the Members requesting time. The time will be divided equally and each Member will be recognized for approximately a minute and a quarter.

The gentleman from Louisiana is recognized.

(Mr. BAILEY, Mr. GREEN, Mr. GARMATZ, and Mr. GRANAHAN asked and were given permission to yield their time to Mr. BOGGS).

Mr. GARMATZ. Mr. Chairman, I ask unanimous consent to extend my remarks at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. GARMATZ. Mr. Chairman, I cannot begin to cover all of the things in this appropriation bill which, to my mind, are serious mistakes. Just to list some of them at random in the order they appear in the committee's report make along list, for instance:

The failure to provide sufficient funds for prompt action on bankruptcy cases in the Federal courts, even though this money does not come out of the Treasury but out of charges made to parties in these cases.

The failure to provide any of the $8,430,000 requested for renewal of the censuses of business, manufacturers, and so on, even though a task force of, I understand, about 1,000 businessmen and other experts urged this work be done as authorized by law.

The failure to provide any of the $22 million requested to renew the Federal-aid-to-airports program, even though, again, a thorough task-force study shows the previous program was an excellent one and should be continued.

The failure to provide any of the $1 million which all the economic experts of this administration insisted was necessary to bring construction statistics up to date as a means of knowing how and where and when to proceed on public works, or other types of construction, particularly in fighting against depression.

Skipping over the maritime item, which I intend to go into in some detail, the next bad mistake is to cut $1 million out of the $9,750,000 requested to hire additional revenue agents to enforce the tax laws, even though every dollar spent for this purpose comes back to the Treasury many times over in taxes which would not otherwise be collected.

The failure to appropriate the additional $119,000 requested to help returning veterans get their old jobs back, even though at the present time there is a long waiting list of cases of these boys whose rights have been violated but who cannot get action because of insufficient personnel in the Bureau of Veterans Employment Rights.

The incredible failure to provide the full $43 million additionally needed for administration of the unemployment compensation and employment-service program, recommending only $4,600,000 instead, even though the workload is rising and the cuts previously made are causing serious delays.

The failure to provide any construction funds for the new features of the Hill-Burton Hospital Construction Act, even though the bill to expand the act recently was passed as a "must" part of the administration's program.

The failure to provide construction funds for the new Old-Age and Survivors Insurance Building in Baltimore or to provide any relocation per diem benefits for the 450 employees of the Agency being moved to Washington.

The failure to provide any funds for carrying out the education bills we just passed—not that they amounted to much—or to provide the very small appropriation requested for the Children's Bureau to fight juvenile delinquency.

There are just some of the items, Mr. Chairman, where the committee has used a meat ax on reasonable appropriation requests. If anything, the Eisenhower requests were too little to begin with. The administration should never have killed off the Federal-aid to airports program, and now it finds that this committee won't even let it start up again even with a token appropriation of $22 million. The administration misjudged the need on unemployment compensation administrative funds when the budget was prepared, and Congress even cut that inadequate amount. So the administration asked for a little more and got a refusal.

What disturbs me most deeply about this bill, however, is the utter disregard

for the merchant marine of the United States represented by the committee's action.

AUTHORIZING SHIPS BUT DENYING APPROPRIATIONS

We have just had a series of bills go through the House dealing with ship construction. They did not represent any really vigorous program of the kind we need to modernize our merchant marine and to get our idle shipyards back in operation. But they were intended to be of some help.

Now we are asked to turn around and refuse to provide the appropriations necessary to carry out these small programs.

Instead of $82,600,000 to build ships, as the Congress has authorized, the committee has recommended only $11,100,000 for experimental modernization of 4 Liberty ships in the reserve fleet.

Not a cent is in here for the tanker trade-in program we just approved—under which private tanker operators would trade in 10-year-old tankers in good condition, which would go into the war reserve fleet, and get a credit toward the purchase of a fast new tanker of the kind we would need and equipped with the national defense features we would need in case of emergency. The President asked for $26 million to get this tanker trade-in program started; he got exactly nothing in this bill as it has come out of committee.

Not a cent is in here either of the $44,500,000 the President requested for construction differential subsidies to make possible the replacement of 5 overage passenger-cargo ships with 4 new high-speed vessels.

The Government used to build these ships and then sell them less the subsidy to the private lines. The present plan is for the Government to pay the subsidy and let the private lines get the ships built themselves. Whether this saves any money or not is a question, but the administration seems to think it will save on outlays that is, the amount expended in any one fiscal year.

Nevertheless—and without any explanation—the Appropriations Committee has killed this item, too. It would have meant the replacement of the *Santa Paula* and *Santa Rosa* of the Grace Lines, Inc., with 2 15,000-ton 19.4-knot vessels, and the replacement of the Maritime Administration's *Argentina, Brazil,* and *Uruguay,* operated by Moore-McCormack Lines, Inc., with 2 18,000-ton, 21-knot vessels.

There is no doubt that we need the faster ships, that we want them under the American flag, and that our shipyards desperately need the work involved in building them. But the Appropriations Committee says "not a cent."

Mr. Chairman, I will support the amendment intended to be presented to this bill by the acting chairman of the Committee on Merchant Marine and Fisheries—the committee in which decisions on the construction of merchant ships should properly be made. We on that committee spent long hours in every session of Congress investigating this whole problem of ship construction; we alone can recommend to the House floor bills authorizing such construction. We do not appreciate having the Appropriations Committee using the device of an appropriations bill to negate our work.

Mr. GRANAHAN. Mr. Chairman, I ask unanimous consent to extend my remarks at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. GRANAHAN. Mr. Chairman, the cuts made in this appropriation bill by the Committee on Appropriations represent by and large a repudiation of much of the so-called Eisenhower legislative program—that part of it, at least, which has been passed up to now.

To say that the administration asked for this kind of treatment by its attitudes last year is perhaps to make political capital out of what could very well be a serious situation for the whole country.

But when you take some of these items on which the big cuts have been made, it turns out that they are usually in programs which the administration itself said last year did not look like very important programs, but now wants to revive.

The Federal aid to airports program is a case in point. Last year, the administration asked that no appropriation be made for it, and none was made. After one of those comprehensive studies by groups of experts which was made in this field as in many others, the administration found the previous program was not only a good one but a vital one and should be reinstated. So it asked for this very small new fund of $22 million to get it started again in at least a preliminary fashion.

But unfortunately, members of the Appropriations Committee who took the administration at its word last year and agreed the program probably was not worth continuing without a searching reexamination have not included a single cent of the $22 million. I guess they are reluctant to admit now, as the administration itself has admitted, that ending the program was a mistake. I am afraid the more accurate word is "blunder."

In this connection, the testimony on this bill on behalf of the American Municipal Association, which represents many if not most of our city and county and other local jurisdictions, is very interesting.

TWO-YEAR HALT IN AIRPORT PROGRAM

Mr. R. H. Hamilton, director of the Washington office of this organization, said:

As to the specific amount of the appropriation, the American Municipal Association supports the request for $22 million, but we respectfully point out that it is at least one-third short of meeting any minimum goal. We say that for this reason: Last year the administration in its wisdom decided to cancel the Federal-aid airport program. You are very familiar with that. That means that the municipalities of this Nation in the development of a national system of airports lost a full year. We have, because of the peculiar nature of the budget process, even if this appropriation were to pass the Congress tomorrow, lost another full year because of the necessity for submitting grants, applications for grants, and so forth.

To this, Congressman CLEVENGER, of Ohio, chairman of the particular subcommittee of the Appropriations Committee which acted on this part of the supplemental appropriation bill, replied:

You understand the Secretary of Commerce made no request in the original budget to this committee for this money, do you not?

Mr. HAMILTON. I recognize that. If I am not mistaken, at the time the original request was submitted, two factors prevented the submission of the request. One, the final work of President Eisenhower's study committee, the National Airport Advisory Council group——

Mr. CLEVENGER. I will say of all the study groups and their reports to date, including the Census, and the one relating to the reciprocal trade agreements and all of that, they have all provided for a tremendous enlargement over even the extravagancies that have preceded it. I presume this is in the same line. I have not seen the report.

Mr. HAMILTON. When you say it is in the same line, the report stated, as a matter of fact, that there was a Federal interest in the development of a national system of airports.

Mr. CLEVENGER. Certainly, there is a Federal interest in the development of everything in the United States. That statement of yours is like the question of "When are you going to stop beating your wife?"

I include this exchange from the printed hearings, Mr. Chairman, because I think it sheds a lot of light on the whole situation we face in connection with this starvation appropriation bill.

The Federal aid airport program, killed last year by administration desire to review the whole program comprehensively before spending any more money on it, is again killed by the Appropriations Committee even though the administration now wants to reinstate it. I shall certainly support the amendment to restore to this bill the very modest amount the Secretary of Commerce now asks, and I am sorry we got into this mess as a result of the premature killing of the program last year.

CAA DID NOT CONTACT CITIES

To me, the most serious part of this situation is that the Commerce Department deliberately cut off any contact between the Civil Aeronautics Administration and the various municipalities of the country during the past year so at present it has no idea how much funds are really needed to get the program back in operation. That hurt the CAA in this situation, because the Appropriations Committee has made much of the fact that CAA has no clearcut schedule of projects on which to spend the $22 million it requests. I do not follow the reasoning of the Commerce Department in putting up this curtain between the CAA and the municipalities—the theory that if CAA talked to the cities about their plans and needs for airport work it might imply that the Commerce Department, which still had not made up its mind about it, actually favored renewal of this program.

So now, as a result, the CAA has difficulty explaining how it will use the money. But, as Mr. Hamilton and

other spokesmen for the municipalities and their airports pointed out, and as the CAA indicated, there is a tremendous need for new Federal funds in airport expansion and improvement, and so this $22 million would not have gone very far at all. There is no question that this amount can be wisely used if we provide it in this bill.

As an outstanding example, I have been in touch with the officials of Philadelphia on this matter, and they tell me that we urgently need an additional runway at our airport there which will cost about $8 million. This vital need is outlined in a telegram which I have received from Mr. Walter M. Phillips, director of commerce, Philadelphia, which I quote:

Rapidly increasing air traffic at Philadelphia Airport makes it imperative in near future to construct another east-west runway parallel to main instrument runway. Estimated cost of runway $8 million. This improvement vital not only to future of air transportation in Philadelphia area but in time of national emergency would be essential to national defense.

Now, Mr. Chairman, it is not only the Federal-aid airport program which has suffered so badly in this bill as a result of previous administration reexaminations. The shipbuilding program of the Maritime Administration is cut to pieces. Business and manufacturers censuses, which were knocked out last year for reexamination purposes, are again denied funds, even though the administration and leading business spokesmen, after exhaustive study now tell us they are important to our economy.

OTHER SEVERE CUTS

Unemployment compensation funds were cut too deeply in the administration's original budget estimates, as the President has since acknowledged, and when it was found they were too low and a request was made in this bill for $43 million more, all but $4,600,000 of that was refused. That $38,400,000 should be restored here today. The hospital construction program just authorized—the new program—is cut out completely, so are all the educational programs just authorized by Congress. A $165,000 item for the Children's Bureau to combat juvenile delinquency is cut out entirely. Civil defense gets a terrible cut of $35 million from the request of $60 million for stocking of emergency medical supplies and similar equipment. Money the administration says is needed to make sure veterans receive necessary help in getting their old jobs back under their reemployment rights is also denied. This is not economy so much as it is fiscal butchery.

On the other hand, Mr. Chairman, while making these criticisms which I feel deeply, I want in all fairness to express my gratitude that the committee did not go on to reduce the supplemental requests for veterans unemployment compensation payments or for veterans hospitalization, or for necessary military civil works projects such as the one at Frankford Arsenal, to cost $1,626,000 this year, to expand and improve the electrical distribution system and rehabilitate and improve the steam-generating system.

But with the exception of some items of that kind, this appropriation bill is one intended to slash the heart out of programs which not only the Democratic administrations but now this one, too, have said are vital programs of Government. I think the bill in its present form is something of an insult to the President, and at least a repudiation of much of his program, such as it is.

The CHAIRMAN. The gentleman from Louisiana is recognized.

Mr. BOGGS. Mr. Chairman——

Mr. GREEN. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I yield.

Mr. GREEN. Mr. Chairman, I rise at this time to commend the gentleman from Georgia [Mr. PRESTON] for presenting this amendment and to state that I am supporting him in this effort to the fullest extent.

The Members from Philadelphia have been working in cooperation with the gentleman from Georgia [Mr. PRESTON] for the last week in impressing on our colleagues the importance of the Federal aid-to-airports program.

The administration in the city of Philadelphia and Mr. Walter Philips, the city representative in particular, has been in contact with all the Members and has advised us the importance of this amendment to the expanding airport facilities in the great city of Philadelphia.

It is my hope that this amendment will pass and this most important work will go forward in the interest of the national defense of our country.

Mr. BOGGS. Mr. Chairman, I rise today to support Congressman PRESTON'S amendment to this supplemental appropriation bill which has the effect of putting $22 million into the bill to restore the Federal airport program.

Last year, the leadership saw fit to delay that program by providing no funds for it. This was the first time in the history of the act that this had occurred. At the time, Members on this side of the aisle pointed out that failure to appropriate funds for the Federal airport program would result in a destruction of a national system of airports. We suggested that the Federal Government had a legitimate, constitutional interest in airport development and that States and municipalities could not carry the financial burden of airport development without Federal cooperation. Our judgment has been borne out. Statistics show a decline in airport construction plans during the past year.

Shortly after the adjournment of the first session the administration appointed a study commission to ascertain the facts about airport development in the United States. The Transportation Council of the Department of Commerce, appointed by Secretary Weeks, took a new look at the national airport program. The unanimous recommendation of that well qualified study group was that—

States and municipalities and other local political units alone are unable to carry the capital investment burden involved in providing an adequate system of national airports. Therefore, it is the unanimous opinion of the panel that it is the responsibility of the Federal Government to give financial assistance to local governments in developing airports which are in the national interest.

That is the actual quotation summing up the opinion of the Eisenhower-appointed group who took a new look at this well-established program.

President Eisenhower sought to implement the findings of his administration's study group. He sent a supplemental request to the Appropriations Committee asking for $22 million to carry out the Federal responsibility in this program. I regret to say that the committee refused to appropriate even this meager amount. They have turned thumbs down on the President's request.

I stand ready to support the President.

I know and understand the necessity for a Federal airport program. In my own city of New Orleans I know that the Federal Government has a responsibility to help develop that airport. Over 90 percent of the traffic at that airport is interstate in character. It is the air gateway to our good friends and neighbors in Latin America. The development of Moisant Airport is certainly of equal importance to the National Government as it is to the city of New Orleans. Needed and urgent repairs are being held up. The construction of a modern terminal building adequate to the needs is awaiting Federal action.

The development of Moisant Airport is a project which New Orleans' Mayor deLesseps Morrison has long planned. His vision of the airport's needs are commendable. I hope we will approve this amendment so as to continue the established partnership in the development of this facility.

Mr. Chairman, well-qualified representatives of the Nation's airport system have testified to the need of this program. At a time when we are appropriating nearly $2 billion for highway work, hundreds of millions for aids to water transportation and navigation, it makes little or no sense to neglect our Nation's system of airports. The American Municipal Association, representing 12,000 municipalities in 44 States, has pointed out that the development of the Nation's airport system has come about through Federal-local partnership. This amendment seeks to continue that partnership. If the partnership is dissolved because of one of the partners does not contribute to it, then the national system of airports will be dissolved and destroyed. I need not dwell on how tragic that would be from a standpoint of the Nation's defense, progress, economy, and business and commercial convenience.

I hope that the amendment will carry. I hope that the Federal Government will fulfill its share of the responsibility in providing a national system of airports and stand shoulder to shoulder with the local governments of the United States in providing adequate facilities for their air age. Planes without airports are useless. Airports will not be built and improved unless Uncle Sam fulfills his share of the responsibility. I urge the Members of the House to support this amendment offered by my well-informed colleague from Georgia whose leadership in aviation matters

is widely recognized. In brief, a vote for the amendment is a vote to restore the Federal airport program which we cut off last year without notice. It is also a vote in support of President Eisenhower's budget request.

SUMMARY OF SPECIFIC FINDINGS AND CONCLUSIONS, AIRPORT PANEL, TRANSPORTATION COUNCIL, UNITED STATES DEPARTMENT OF COMMERCE, 1954

I. The number and functional adequacy of present civil-airport facilities do not meet the present and future needs of civil aviation consistent with the requirements of the national interest and security.

II. States, municipalities, and local political units alone are unable to carry the entire capital investment burden attendant upon the provision of an adequate system of national airports.

III. The Federal Government should participate financially with State and local governments in the construction and development of civil airports to the extent that these airports serve the national interest.

IV. The determination of whether there is sufficient national interest to warrant Federal participation in a particular airport project should be based on a demonstration of tangible aeronautical necessity in the area served.

V. Federal aid should not be limited to any class or category of airport or landing area.

VI. The following segments of airport development should be eligible for inclusion in Federal-aid projects:

(a) Acquisition of land or easements, including all areas necessary for the public safety, such as overruns, runway approaches, and land required for the expansion of the aeronautical facilities of the airport.

(b) Land development, such as clearing, grading, fencing, and the installation of drainage, sewer, and water facilities. This should include not only the initial cost, but also the cost of any subsequent modification or addition.

(c) Construction of runways, taxiways (including leadoff taxiways, runup aprons, and ramps devoted to common public use.

(1) Hard surfacing or other paving should be provided where natural drainage will not assure all-weather service.

(2) Federal aid should normally be limited to the development of a single runway on each airport.

(d) Installation of lighting and navigational facilities (including lighting of obstacles in the approach area) for common public use for the safe operation of aircraft on the airport.

(e) Removal of obstacles on approaches to airport runways when in the interests of public safety.

(f) Nonrevenue service-type structures, such as buildings designed to house fire, crash, and maintenance equipment; control towers.

(g) Access and service roads within airport boundaries.

VII. Since terminal buildings are revenue-producing facilities, they should not receive Federal grants-in-aid. However, as a corollary, all Federal agencies should pay for all their space requirements, including cost of construction and maintenance, on a self-liquidating basis.

VIII. The Congress should study the feasibility of a plan whereby the Federal Government would guarantee the payment to private investors, such as banks and other lending agencies, of indebtedness incurred by State or local governments for the construction of terminal buildings.

IX. The Federal Government should remove reservations and restrictions contained in surplus property deeds or airport sponsors agreements which prevent the private financing of civil airport development.

X. When military requirements at an airport exceed civilian needs, the additional cost should be borne in full by the Department of Defense.

XI. A thorough revision of the national airport plan should be made. This should be based on sound criteria designed to gage the tangible aeronautical necessity of the area served or to be served by the airport.

XII. Selection of sites for airports, heliports, and seaplane bases to be included in the national airport plan should be the mutual responsibility of Federal and State officials, in cooperation with local officials.

XIII. Preparation by the Federal Government of annual or biennial airport programs and the selection of individual airport projects to be included therein should be based on the applications of State and local officials.

XIV. Except as provided in section 10, subsections (b), (c), and (e) of Public Law 377, 79th Congress (Federal Airport Act), as amended, and, except when specifically recommended by the Administrator of Civil Aeronautics and approved by the Congress, the share of the Federal Government in any approved project should not exceed 50 percent.

XV. The Congress should review the Federal Airport Act, together with all other statutes affecting airports, in the light of experience gained since 1946, with the view to eliminating unnecessary costs and restrictions through amendments to the act or applicable statute. Pending such action by the Congress, the Civil Aeronautics Administration should review the administration of the act with the view to eliminating all unnecessary costs, restrictions, regulations, and requirements.

The CHAIRMAN. The Chair recognizes the gentleman from Nevada [Mr. YOUNG].

Mr. YOUNG. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Georgia. The gentleman alluded to the Airport Committee of the Transportation Council, which reported favorably on a continuation of this program. In addition, the Air Coordinating Committee appointed by the President also completed a comprehensive study of the role of the Federal Government in national air transportation. It, too, reported favorably and recommended that this program be continued on a modified basis. It pointed out that in its opinion the primary role in airport construction belongs to local and State governments, but that the National Government does have an interest in maintaining a national air transportation program not only for the purpose of keeping up with our phenomenal economic growth but for the purpose of helping us discharge our responsibility as a world leader.

The Department of Commerce conducted a separate survey in which it pointed out that air transportation use has grown tremendously in this country during the past few years. In 1945 there were some 13 million who enplaned on domestic airplanes. In 1953 that number had grown to 28 million. The Department anticipates and predicts that in 1960 there will be 50 million Americans using domestic airlines. This growing use has overtaxed existing facilities and unless national air transportation is to suffer, the Federal aid to civil airport program must be continued. Our air services must be expanded with its supporting base to keep pace with our economic development and position as world leader. I urge adoption of this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. HINSHAW].

Mr. HINSHAW. Mr. Chairman, I desire to inform the gentleman from New York [Mr. COUDERT] that the committee considered the revision and modification of the Federal aid to airport program and tabled the bill, knowing full well that the bill made such modifications that the committee could not go along with it. The original act provided for $75 million a year for 10 years. At no time has the Committee on Appropriations come even close to that figure which we believed at the time was necessary properly to build a system of airports in the United States. I believe that the Committee on Appropriations in effect would veto this legislation passed under the aegis of my committee by such action as is here proposed. I support the amendment of the gentleman from Georgia [Mr. PRESTON].

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. CLARDY].

Mr. CLARDY. Mr. Chairman, as one who has been flying his own plane from one end of the Nation to the other for better than 25 years, I think I know something about how the program has worked. I do not like what I see. If you think you are helping private aviation, you are kidding yourselves. Furthermore, as a freshman Congressman, I am appalled. Every time someone rushes to Washington for money, you would think that it was merely turned out on a printing press and cost no one anything. Will there never be an end to the idea that this money comes out of the pockets of the very people who think they are benefiting from it? And if this amendment is adopted you will have opened the floodgates. Next year the cry will be that we must carry on the project this money will start. I think the amendment should be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. HAYS].

Mr. HAYS of Ohio. Mr. Chairman, I rise in support of the amendment. I would like to cite one example here. The airport that serves most of the people of my district is located in Ohio County, W. Va. Obviously, the only way we can contribute to it is through Federal funds. The runways of that airport are deteriorating; they need resurfacing, and every year that it is put off it is going to cost more money to get it in the kind of shape it ought to be in to be safe. I think the people of my district want this amendment because they realize the importance of aviation and the importance of national airliners to serve their communities. I am in wholehearted support of the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. VORYS].

Mr. VORYS. Mr. Chairman, 25 years ago I was Ohio's first director of aeronautics. We learned then that aviation is national. We found you could not have city or State licensing or traffic regulations for aviation, although some States

and cities tried it. We found you had to have Federal licensing of pilots and planes, and Federal air traffic regulations. The traffic is national and requires nationwide regulation and national support. We have Federal railway regulations and the Federal Government helped the railways in the early days with Federal land grants. We have a 50–50 Federal support of our road system. We have gigantic rivers and harbors appropriations and additional Federal subsidies for our merchant marine. This aviation is a national proposition, involving defense and safety, as well as interstate commerce, and it is a wonderful thing that we get a share of the costs from these cities that are willing to bond themselves.

Now, you cannot have a city wait until an appropriation is made before it issues its bonds. The city must of course move first under the airport aid law. If it does it on the faith and credit of the national law, I think there is a Federal commitment. Take your social security. That requires future appropriations, but nobody claims that the people are not justified in relying on social security when they pay in their money. In cases like my own home city, Columbus, Ohio, where we voted a bond issue of $3,383,000 in reliance on this law, the Federal Government ought to meet its obligation.

Port Columbus is high in priority on national defense aspects. A naval air facility is on the airport. North American Aviation has a plant beside the port. The greatest Army Quartermaster depot in the world is within a mile; 17,838 Air Force landings and takeoffs were made in 1953.

When the Federal Government gets a defense facility like Port Columbus for 50 cents on the dollar, it is getting a bargain. The Government ought to carry out its part of the bargain.

Mr. YOUNGER. Mr. Chairman, I ask unanimous consent that the gentleman from California [Mr. GUBSER] may extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. GUBSER. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Georgia.

Last year, the Federal airport aid program was cut pending studies then being conducted. A committee appointed by the Secretary of Commerce recommended that the Federal airport aid program be continued on a larger scale. The air coordinating committee unanimously recommended the Federal airport aid program, and President Eisenhower adopted the report of his air-coordinating committee as national policy.

Like many other cities throughout the country, the city of San Jose, Calif., which is in my district, extended itself financially on the airport expansion and development program in the belief that the Federal Government would continue to carry out the recommendations of its own agencies and study commission, and that it would follow the policy laid down by the President. In order to preserve land for badly needed major airport development, the city of San Jose borrowed deeply from its capital reserve to advance the Federal Government's share of acquisition funds.

In accordance with the Federal Airport Act, the city of San Jose already has incurred out-of-pocket expenses of $131,028 in land and engineering costs in anticipation of Federal aid. In addition, the city of San Jose has created a special fund for the carrying out of a project, total cost of which comes to $382,323. Last year, the city of San Jose authorized the purchase of additional airport property in the amount of $158,000. This property was purchased on the assumption that Federal aid would be obtained. The approved master plan for development of the San Jose airport to the standard required by the industrial development of the San Jose area, and the San Francisco Bay area as a whole, cannot be carried out without Federal aid.

I am not proffering the contention that the Congress is under legal obligation to appropriate the funds sought under the Federal airport aid program by the Civil Aeronautics Administration. I do, however, urgently suggest that we are under the moral obligation to carry out what has been proclaimed as the national policy by our own leaders, and upon which cities in all parts of our country have relied.

MORAL OBLIGATIONS SHOULD BE LIVED UP TO, NOT AVOIDED

If it is the desire of the Congress to shut down the airport-aid program—something that I personally hold to be contrary to the national interest—then let us do it after giving proper notice, so that those who heretofore have worked under the illusion of a Federal-local partnership may be disabused, and are not lured into making commitments on their part which later must remain unfulfilled for lack of Federal assistance.

Mr. Chairman, let us recognize that the $22 million sought by the CAA under the airport-aid program for the current fiscal year is not sufficient for the tremendous needs facing airport development everywhere. It is an amount calculated to give welcome assistance to a number of airports with carefully screened and officially approved projects deemed advisable not only in the local but in the national interest as well. The almost unbelievable rate of industrial development in the San Francisco Bay area renders the development of airport facilities at San Jose a necessity. I am sure the same is true elsewhere.

We have aided the railroads in crisscrossing the country with their lines as a matter of national interest. We have aided in road construction to aid motor links, likewise in the national interest. Let us now in enlightened self-interest, aid aviation by creating the landing fields.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. YOUNGER].

Mr. YOUNGER. Mr. Chairman, I think our duty is very clear here. Rightly or wrongly, we have inveigled or encouraged communities to issue bonds in the amount of $33 million for airports. We have not carried out the obligation of the Federal Government. The gentleman from New York says that this should not be in this bill. I want to know what kind of a bill it should be in if it should not be in an appropriation bill; and this is an appropriation bill. This amendment was recommended by the Bureau of the Budget. The gentleman from New York says that this is not an emergency. He cannot say to those local governments which have issued these bonds, which have been waiting all of this time, that this is not an emergency. I support the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Michigan [Mr. KNOX].

Mr. KNOX. Mr. Chairman, I rise in support of the amendment of the gentleman from Georgia [Mr. PRESTON]. Also, I concur wholeheartedly in the remarks of my colleague the gentleman from Ohio [Mr. JENKINS]. I cannot believe that this Congress can justify taking a position of dormancy at this time as far as the aviation industry is concerned. I certainly feel that if we are justified in appropriating funds for roads, then we are justified in providing funds so that we may have some safety on our airways. It is my hope that the House will wholeheartedly accept the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. POLK].

Mr. POLK. Mr. Chairman, first I wish to say a word in commendation of the gentleman from Georgia, Mr. PRINCE PRESTON, who has worked so hard and so faithfully and so long on this particular proposal.

FEDERAL AID FOR AIRPORTS

As you may recall, last year when the appropriation bill was before the House, it was my privilege to offer an amendment similar to the amendment the gentleman from Georgia [Mr. PRESTON] has offered here today. At that time we were told that if we would only wait another year until an investigation could be made, that this question would be considered. The investigation has been made. A favorable recommendation has been made on the matter of Federal aid to airports.

Certainly we have complied with the request of those who wanted to study this question. It has been studied. We are now in the process of securing the money which the people of this country have believed that the Congress had a moral obligation to supply to them to match the money that they had themselves appropriated. I strongly support this amendment and urge its approval.

The CHAIRMAN. The Chair recognizes the gentleman from West Virginia [Mr. NEAL].

Mr. NEAL. Mr. Chairman, it would seem to me that to appropriate money for things that are really not needed, when we have to borrow that money from the people, is wrong. But we all recognize that aviation is here to stay so that we are appropriating money here that is needed to meet previous commitments. To me this amendment makes sense, for this reason. I do not believe the Government has any right legally to refuse

funds that have been formally committed and repudiate an agreement that people made with the Government to match funds on a 50–50 basis, to create their own facilities. It would seem to me that to deny this appropriation would not be very good judgment on the part of the Government. I personally feel that I can favor this amendment. To permit the Federal Government to fulfill its obligations and commitments to municipalities that have fully complied by executing their part in fund raising in good faith, in anticipation that the Federal Government would do likewise.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, this amendment is, first of all, a plain matter of the good faith of the United States. It has been said that some of these American communities did not take adequate pains to discover whether Federal funds were actually available to match their bond issues. Perhaps it was naive, but I will not admit it, for the American people to believe statements proceeding from their own Government in Washington advising them and even urging them to raise money themselves, which the Federal Government would match.

Most Americans still believe that the word of Government officials can be depended on. Having encouraged local communities to raise funds for airports, and now that they have their share of the funds raised for the airports—and nobody denies that the need for them exists—it is unthinkable to me for the Congress not to go through with its part of the bargain.

I think this amendment ought to pass overwhelmingly as a matter of good faith and as a matter of national security and sound development of national transportation facilities. I cannot find one adequate reason against this amendment. We are going to do it eventually; why should we not do it now, and act in good faith with our local communities?

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. SCUDDER].

Mr. SCUDDER. Several years ago the Federal Government entered into an agreement with the city of Ukiah, in my district, in order to assist them in the building of an adequate airstrip so that the larger type commercial planes could land there. The city voted a sizable bond issue to provide for the necessary improvements for the airport. The city purchased the land expecting that the Federal Government would meet their agreed obligation. The Government agency found themselves without funds to meet its share of the cost of this project. Today the city owns the land. But the strip is ungraded, it is unsurfaced, because of the lack of matching money obligated by the Federal Government and air transportation has been retarded in that area.

I know an emergency does exist in the city of Ukiah and without a doubt there are other similar cases. This amendment is necessary to take care of the improvement of airports in a similar position. These people are entitled to air service. I believe it is the responsibility of the Federal Government to meet its obligation and assist in carrying out a project the city entered into in good faith. I support the amendment and ask for a favorable vote.

The CHAIRMAN. The Chair recognizes the gentleman from Wisconsin [Mr. LAIRD].

(By unanimous consent, Mr. LAIRD was given permission to transfer the time allotted to him to Mr. TABER.)

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. WIER].

Mr. WIER. Mr. Chairman, I want to associate myself with my colleague from the city of Minneapolis in supporting this amendment. The major airports in the principal cities of this country serve all the people, and in addition they serve many of the needs of the military. The Word Chamberlain Field in Minneapolis at one time was completely a commercial field but has now been servicing both the Navy as a reserve station and likewise the military Air Force. They have encroached there and are taking over considerable of the room on the field, with a resulting problem to the Word Chamberlain Administration. For that purpose, I think the Government does have a real interest in helping to service the major fields of this country and making it possible for those in the smaller communities to have adequate service. So I, too, support the amendment offered by the gentleman from Georgia [Mr. PRESTON].

The CHAIRMAN. The Chair recognizes the gentleman from Georgia [Mr. PRESTON].

Mr. PRESTON. Mr. Chairman, I call the attention of the committee to a statement by the United States Chamber of Commerce in its policy statement of May 1953:

> The national interest in the provision of an adequate nationwide airport system justified reasonable Federal aid for this purpose. The Federal Airport Act of 1946 is the basis for such participation.

No one would accuse the United States Chamber of Commerce of being possessed of spendthrift ideas. It is one of the most ultraconservative organizations in the country. It is the organization that has importuned Congress more often than any other organization to act economically. Yet here the granddaddy of all the economy organizations in its policy statement says that we should carry on the Federal airport program enacted in 1946. I submit that that is proof of the highest order.

The CHAIRMAN. The Chair recognizes the gentleman from Pennsylvania [Mr. CHUDOFF].

Mr. CHUDOFF. Mr. Chairman, perhaps one thing which can be brought out in favor of this amendment is our wonderful and great new Philadelphia International Airport, which we have just opened in the past 6 months. The city of Philadelphia went to great expense to plan what, in my opinion, is one of the finest airports in the world. They took into consideration in making these plans the fact that there would be Federal aid to airports on a 50–50 basis. We definitely need this money to finish this airport. Some time ago I came to the well of the House to ask the Federal Government not to break faith with the Commonwealth of Pennsylvania in its compact to clean up the Schuylkill River. Just as in the case involving these airports, the Federal Government had authorized the cleanup and never appropriated the funds. Fortunately, we were able to get the funds for the cleanup and the work will be finished this year. I think this is just another example of the Federal Government breaking faith with the municipalities of our Nation. I feel many of our municipalities do not understand the system we have here in the Federal Government and in the Congress of the United States. They do not understand that there not only has to be an authorization, but there must be an appropriation besides. They feel that as soon as the authorization has passed that the Federal Government will finally come through with the money necessary to meet the authorization. Then they find, after they have made their plans and issued their bonds, that the Federal Government refuses to come through with the money and appropriate sufficient funds to keep the agreement with the municipalities. In all fairness, I think that since the municipalities are trying to develop the airports of this country, this amendment should be passed.

The CHAIRMAN. The Chair recognizes the gentleman from Ohio [Mr. CLEVENGER].

Mr. CLEVENGER. Mr. Chairman, there is scarcely time enough to answer but 1 or 2 of the allegations that have been made. I want all of you to remember that of this $22 million, there is $1,250,000 for administration. There are 46 of these planners at the present time that are the cause of the municipalities being in the shape they are in. This money will be appropriated under the very terms of the appropriation to be allotted to the States under the present formula. For the whole State of Ohio, it would amount to about $503,000. I am sure that my two colleagues will not be able to get all they want out of that amount of money.

I want to be honest with the people of Portsmouth. There is no way that this committee can earmark $400,000 for Portsmouth, Ohio.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. CLEVENGER. I yield.

Mr. JENKINS. I do not want to enter into a dispute with the gentleman, but the chief authorities of this department say to me that they can do this thing and that they can take $400,000 out of the $28 million and pay it down there, and they can do that until the money is expended. It seems that some of you just do not understand what the situation is.

Mr. CLEVENGER. Some of us are remembering the obligation that we have toward the rest of the towns and the rest of the States, and we are not trying to grab more than our share. I am going

to tell you something. When some of you Members go out on the stump and go to talking about balancing the budget, and how you are for economy, and suddenly you feel something bitter in your mouth, do not be alarmed, it is just an excess of biliary action and your gall bladder is working.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CANNON.]

Mr. CANNON. Mr. Chairman, how easy it is to spend money for some beloved project back in our own districts—and how hard it is to levy taxes to raise the money. The mythical senator, Senator Snort, always voted for all appropriations and against all taxes—a consumate achievement in statesmanship. It is to be observed that most of those who are urging additional expenditures here today voted to reduce taxes in the last tax-revision bill. We vote for appropriations and we vote against taxes, and then, as Senator Snort said, we get letters from crackpots who want to know where we are going to get the money.

Mr. Chairman, may I interrupt this hilarious, headlong stampede on the Federal Treasury for just one word? Can we talk a little commonsense? Mr. Chairman, may I talk a little practical politics with my friends here this afternoon, in their own language?

How disappointed. How shocked and disappointed some of us who are voting for this pork-barrel amendment here this afternoon are going to be when we get in line to collect our share of the loot.

The amendment provides $22 million for more than 1,600 airports. But you are not going to get an equal division even on the $22 million. Something like $2 million must first be subtracted for administration and the insular possessions.

Of the remaining $20 million, 25 percent goes to the Bureau of Aeronautics. Seventy-five percent goes to all the States—not in equal parts—but according to population and area. Texas with its huge area and population would get a major slice. But Texas is full of airports and the entire $20 million if given to Texas alone would be equivalent to a pint can of water carried across the desert to extinguish a forest conflagration.

There will be expectant constituencies all over the country, whose hopes have been buoyed by the rosy accounts of this vote who will be quite irked when $15,000,000 does not build a superairport in every county seat in the Nation.

But the embarrassment of the Congressman who fails to deliver on the flambuoyant reports the newspapers will carry on this amendment will not be a circumstance to what he will be up against when the drive really starts. Every hamlet and village and crossroads in the country will be out to get its airport and its share of the Government money. There is $1,250,000 in the bill, to be taken out of the $22 million, for new employees whose business will be principally to cruise around over the country and encourage more towns to apply for airports.

It will take a lot of explaining on the part of the Congressman to convince them that they are not as much entitled to an airport as the town just across the line. Oldtimers around here will remember what happened when each Congressman had one new post office building to pass around and two dozen towns in the district reaching for it.

Now let us be practical about this matter. It is no time to start something which can in 1 year get completely out of control. To pass this amendment is to start a program which cannot be held in leash. It is a program which will demand not millions but billions of dollars. It opens up an area of such colossal expenditure as to dwarf any other peacetime item in our national budget.

I know we get tired hearing about the budget. Balancing the budget—balancing the budget. But as weary as we are of hearing about it, the unbalanced budget reported the first of the month at the beginning of this fiscal year and which will confront us on the adjournment of the Congress, is one of the most serious and dangerous of all the serious and dangerous situations which surround us today.

Just one more absurdity. Doubtless you have been surprised at statements made during debate on this item to the effect that the Government is committed—that the Government is pledged—that the Government has entered into contract—that the Government is guilty of bad faith—when it does not supply money in any amount to any locality which chooses to issue bonds for an airport.

It cannot be stated too emphatically that the Government has never at any time made any agreement of any kind with anybody to contribute anything whatever to the construction of any airport contemplated by this amendment.

"Oh," they say, "the Congress has passed an act authorizing such expenditures." But an authorization has no binding effect whatever. The statute books are full of them. They are passed every session—too often by what amounts to unanimous consent. If the Committee on Appropriations reported and the Congress passed this afternoon all appropriations authorized by law the Treasury would discontinue payment tomorrow morning.

Mr. Chairman, this expenditure is unwarranted. We have been getting along without it and we can continue to get along without it. Every dollar of it is deficit spending. The States and minor political subdivisions are solvent. Let them take care of such expenditures. The amendment should be defeated.

The CHAIRMAN. The Chair recognizes the gentleman from Montana [Mr. D'EWART].

Mr. D'EWART. Mr. Chairman, I rise in support of this amendment.

The city of Billings, Mont., one of the two largest cities in our State, has been planning for improvement and enlarging its airport for several years and has depended upon the availability of Federal funds to help in the project. The city did not rush into this program, but gave it considerable study and devoted a good deal of effort to its plans before it applied for Federal help. Unfortunately, the delay occasioned by the desire to have a sound project carried the city beyond the date when Federal funds were cut off.

As part of its planning, the city of Billings about a year ago voted upon a $450,000 bond issue for the airport program. The voters endorsed the project overwhelmingly. At that time the city was negotiating with the CAA in good faith with no idea that the Federal program would be terminated.

Under these circumstances, we feel strongly that the Federal Government has a commitment, at least a moral commitment, to go ahead with this project. The total Federal share would be $570,859, while the local sponsors would contribute $460,000. The work includes land acquisition, grade and drain landing strip to be 500 feet by 8,800 feet, paving and lighting another runway 150 feet by 8,600 feet, paving of taxistrips and aprons, construction of a new terminal building, etc.

Not all of this work needs to be done at once, but the improvement and lengthening of the landing strips is essential.

Billings is the center of the new and rapidly developing eastern Montana oil industry. Its population is growing rapidly. It is a transportation hub in the State for air, highway, and rail travel. For the past several years it has rated sixth among all the cities in the eight Northwest States as to the number of enplaned passengers.

The present airport is entirely inadequate to handle the growing amount of traffic and the new and larger aircraft that are being used and are on order for Northwestern Airlines, Frontier Airlines, and Western Airlines.

This is a necessary and worthwhile project, and I think that the Federal Government should come forward without delay to do its share under the Federal Aid Airport Act. I hope that the committee will include in the bill at least enough money to go ahead with the projects at the larger and more important air centers such as Billings, Mont.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER] to close debate on this amendment.

Mr. TABER. Mr. Chairman, I hold in my hand the justifications that were brought up by the Civil Aeronautics Administration when they came for their hearing on this matter. They said they wanted 1,910 airports. With an item of $22 million each airport would get about $10,000. You can figure your chances on this thing. I just hope too many will not be buncoed by the propaganda that has been put out by these fellows down there on the payroll. They have been out to these communities and sold them without any authority on a promise that the United States would pay half. It was a bad thing that the Congress permitted them to stay on the payroll.

Let us not allow the people to be bamboozled by such folks as that; let us not allow them to build up another 65, 70, or 100 additional redtapers to go around and inveigle communities into trouble.

I hope this House will show its usual good sense and refuse to add this item onto the appropriation bill today.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Georgia.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 157, noes 61.

So the amendment was agreed to.

Mr. YOUNG. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. YOUNG: On page 6, following line 8 insert:

"CLAIMS, FEDERAL AIRPORT ACT

"For an additional amount for 'Claims, Federal Airport Act', to remain available until expended, as follows: Municipal Airport, Elko, Nev., $69,449."

Mr. YOUNG. Mr. Chairman, the amendment which I have offered is to appropriate $69,449 to repair damages done to the Municipal Airport at Elko, Nev. I may say at the outset that we should commend the Appropriations Committee for the excellent job it has done in economizing, in cutting out unnecessary expenditures. However, I believe in this instance we have not an unnecessary expenditure but a legal obligation of the United States Government.

How did this claim arise? It arose under section 17 of the Federal Airport Act, which provides that in the event a Federal agency damages or does harm to a municipal public airport, then the Administrator of Civil Aeronautics can investigate, appraise the damage and make a recommendation of what sums will be necessary to rehabilitate the airport and repair the damage. That has been done. During the first session of the 83d Congress, by Public Law 105—this Congress reaffirmed that law. A claim was duly submitted; it was certified by the Civil Aeronautics Administration in the amount of $69,449. It represents a legal, contractual obligation. It represents an obligation upon which the United States Government could be sued in the Court of Claims, and I see no defense to the claim.

How did this damage occur? It occurred from two causes. First, as the result of Operation Haylift, which was conducted from March 22 to March 31, 1952. In Operation Haylift, heavy Army and Navy planes used the Municipal Airport at Elko, Nev., for the purpose of dropping hay to cattlemen in distressed areas. The areas were distressed because of a heavy snow which isolated them from their supplies of food.

The airport was designed to handle airplanes with loads of 15,000 and 20,000 pounds for single and dual-wheeled planes, respectively. Heavy C–54 and C–119's, carrying gross loads of 63,000 and 64,000 pounds utilized the airport. There were 110 such loads from the Elko Municipal Airport. There is no doubt that damage occurred as a result therefrom. Shortly after the commencement of the operations city authorities notified the Engineer Corps that extensive damage was being done to the pavement. Later that summer repairs were made to the airport, and that fall a second cause for damage occurred when an air rescue mission was underway. There were several downed planes. Approximately 30 Army and Navy planes utilized the airport to conduct their operations.

I have here a letter from the commanding general of the Air Rescue Service, in which he says:

AIR RESCUE SERVICE,
MILITARY AIR TRANSPORT SERVICE,
UNITED STATES AIR FORCE,
Washington, D. C., February 4, 1953.

Hon. DAVID DOTTA,
Mayor of the City of Elko,
Elko, Nev.

DEAR MAYOR DOTTA: I wish to convey my sincere appreciation through you to the citizens of Elko and the surrounding territory for the splendid cooperation afforded members of my command during the recent search for a United States Air Force C–47 and a civilian Cessna aircraft, both lost on December 10, 1952.

The combined efforts of local Civil Air Patrol members, governing officials, and volunteer searchers greatly hastened the conclusion of the mission.

Although the absence of survivors in either disaster was saddening to us all, still, the singleness of purpose displayed by military and civilian alike in a desire to help their fellowman is unquestionably reassuring.

Since I cannot thank each one concerned individually, I must take this collective method of expressing my personal gratitude, and that of my entire command.

Sincerely,

T. J. DUBOSE,
Brigadier General, USAF, Commanding.

There seems to be some question as to the amount of damage done to the airport. The Engineer Corps made a preliminary report and estimated that some $20,000 would be required to repair the airport. The city, in conjunction with the services of the Nevada State Highway Department, submitted a claim in the amount of $116,000. Later the Civil Aeronautics Administrator made an investigation and reported that in his opinion an amount of $69,449 would be required to put the airport in the same condition that it was in prior to the time of Operation Haylift, and the air rescue mission. The claim was duly submitted, but it has been rejected by the Committee on Appropriations.

Now, why do I feel that the Federal Government is obligated to pay this? First, because section 17 of the Federal Airport Act clearly and unequivocally states that when the Administrator of Civil Aeronautics certifies a certain amount as necessary to rehabilitate an airport it should become a legal and contractual obligation of the United States Government. Secondly, we know if a private plane used an airport such as this and damaged it as extensively as this was damaged, there would be no doubt that liability would attach and damages could be obtained. Thirdly, the operation of December 10, 1952, the air rescue operation to which I have referred, was exclusively a military operation and certainly one which was accomplished by an agency of the Federal Government. Mr. Chairman, there is a legal and, I believe, a moral obligation for the Government to pay this claim. I, therefore, urge adoption of this amendment.

Mr. TABER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I have before me the hearings and a man named Howell from the Civil Aeronautics Administration was a witness. He said that the Corps of Engineers investigated the claim and that the city of Elko was advised on June 12, 1953, that the actual estimate of the damage was $20,200.

Now, a lot of the damage, according to the hearings, was not confined to the bad breaks and failed areas where planes broke through or shattered the pavement but covered the entire westerly 4,200 feet of the 6,000-foot runway, an area of approximately 70,000 square yards.

Now, the committee felt when it was investigating this matter that it was more than should be considered under the circumstances.

Mr. ROONEY. Mr. Chairman, will the distinguished gentleman yield?

Mr. TABER. I yield to the gentleman from New York.

Mr. ROONEY. Was it not the thought of the committee that this sort of item does not belong in a supplemental appropriation bill; that it is a matter to which more time should be given by the committee because of the difference between the estimate of the Corps of Engineers in the amount of $20,000, and the amount requested by the Civil Aeronautics Administration? Was it not principally a matter of deferring this until the committee could get some firm judgment with regard to it?

Mr. TABER. That is a correct picture of the situation.

Mr. YOUNG. Will the gentleman yield for a question?

Mr. TABER. I yield.

Mr. YOUNG. Did not the testimony show that there was $70,000 worth of damage and did it not also point out that the report of the Corps of Engineers was based only upon repair to the surface damage? I have photographs which show holes big enough to hide a man in, as a result of heavy planes landing on the airport.

The longer we delay, the harder it will be upon the city of Elko. They have made temporary repairs, but those were knocked out by the rescue mission on December 10. They have a half million dollar investment in that airport between the Federal Government and the city of Elko, without counting the amount of money that was required to acquire the original 350 acres. It is a legitimate claim under Public Law 105.

Mr. TABER. It is, insofar as it is justified, yes. The CIA engineers found that the damage was not confined to the bad breaks and filled areas where planes broke through but covered the entire area of the 6,000-foot runway, an area of 70,000 square yards. That finding is rather disturbing to me.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. ROONEY. Is it not the further fact in connection with this claim in the amount of $69,000, that the total investment of the city of Elko in the airport originally was in the amount of $103,000?

Mr. YOUNG. That does not include the cost of the 350 acres that constituted

the airport. That is a sizable contribution for a city of around 5,000 population.

Mr. ROONEY. A city how large?

Mr. YOUNG. Slightly over 5,000.

Mr. ROONEY. We were given to understand that Elko was a city of 12,000 population with only four commercial flights a day. Evidently the Civil Aeronautics Administration is not too well acquainted with that area.

Mr. YOUNG. I wish the committee were as generous with their appropriations as they are with estimates of the population of the city of Elko.

Mr. ROONEY. It is not a question of generosity; it is a question of trying to do the right thing by the taxpayer.

Mr. YOUNG. That is all we are asking, what the Administrator certified.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nevada [Mr. YOUNG].

The amendment was agreed to.

The Clerk read as follows:

MARITIME ACTIVITIES

SHIP CONSTRUCTION

Mr. WIGGLESWORTH. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. WIGGLESWORTH: Page 6, line 11, after the words "ship construction" strike out all of lines 11, 12, and 13, and insert in lieu thereof the following:

"For payment of construction-differential subsidy and cost of national defense features incident to construction of four passenger-cargo ships under title V of the Merchant Marine Act, 1936, as amended (46 U. S. C. 1154); for reconditioning and betterment of not to exceed four ships in the national defense reserve fleet; and for necessary expenses for the acquisition of used tankers pursuant to section 510 of the Merchant Marine Act, 1936, as amended (46 U. S. C. 1160), and the payment of cost of national defense features incorporated in new tankers constructed to replace such used tankers, $82,600,000, to remain available until expended: *Provided*, That transfers may be made to the appropriation for the current fiscal year for 'Salaries and expenses' for administrative expenses (not to exceed $500,000) and for reserve fleet expenses (in such amounts as may be required), and any such transfers shall be without regard to the limitations under that appropriation on the amounts available for such expenses: *Provided further*, That appropriations granted herein shall be available to pay construction-differential subsidy granted by the Federal Maritime Board, pursuant to section 501 (c) of the Merchant Marine Act, 1936, as amended, to aid in the reconstruction of any Mariner-class ships sold under the provisions of title VII of the 1936 act."

Mr. TABER. Mr. Chairman, I make the point of order that the amendment contains legislation. The language "and any such transfers shall be without regard to the limitations under that appropriation on the amounts available for such expenses" makes it clearly subject to a point of order.

The CHAIRMAN. Does the gentleman from Massachusetts desire to be heard on the point of order?

Mr. WIGGLESWORTH. Mr. Chairman, the language submitted is the language that was received from the Bureau of the Budget. It seemed to me that if this step was to be taken this was the desirable way to do. However, if the gentleman from New York insists, I concede that the language in question is subject to a point of order.

The CHAIRMAN. The Chair sustains the point of order on the ground that the amendment does contain legislation.

Mr. WIGGLESWORTH. Mr. Chairman, I offer another amendment.

The Clerk read as follows:

Amendment offered by Mr. WIGGLESWORTH: Page 6, line 11, after the words "ship construction", strike out all of lines 11, 12, and 13, and insert in lieu thereof the following:

"For payment of construction-differential subsidy and cost of national-defense features incident to construction of 4 passenger-cargo ships under title V of the Merchant Marine Act, 1936, as amended (46 U. S. C. 1154); for reconditioning and betterment of not to exceed 4 ships in the national-defense reserve fleet; and for necessary expenses for the acquisition of used tankers pursuant to section 510 of the Merchant Marine Act, 1936, as amended (46 U. S. C. 1160), and the payment of cost of national-defense features incorporated in new tankers constructed to replace such used tankers, $82,600,000: *Provided*, That appropriations granted herein shall be available to pay construction-differential subsidy granted by the Federal Maritime Board, pursuant to section 501 (c) of the Merchant Marine Act, 1936, as amended, to aid in the reconstruction of any Mariner-class ships sold under the provisions of title VII of the 1936 act."

Mr. WIGGLESWORTH. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes, if necessary.

The CHAIRMAN. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. WIGGLESWORTH. Mr. Chairman, the able subcommittee in charge of this bill has effected reductions to the extent of $766 million. That is a reduction of 40 percent in the total requests considered. The amendment which I now present would restore to the bill 4 percent of the 40 percent which would otherwise be deducted.

I offer this amendment in the interest of national defense. I offer it in order that the funds requested by the President of the United States may be made available for deficiencies in our merchant marine and to help meet the desperate situation confronting shipyards today which are essential to national defense.

One year ago the Department of Defense estimated an official deficiency in merchant-type vessels to the extent of 214 ships, including 43 large tankers, 6 large passenger-cargo ships, and 165 ships of other types.

The request which the President makes, which is represented by this amendment, presents a modest program of ship construction, not of 214 ships, but of 14 ships, including 10 new, large tankers and 4 new, large passenger-cargo ships, all to be built in our American yards.

Time and time again, Mr. Chairman, the urgent and immediate need for fast, modern, large tankers has been presented by Department of Defense officials to the Congress.

We have been told that those tankers which we now have are fast becoming obsolete, and that they are too slow for modern requirements.

We have been told that there are practically no tankers of any description in our Reserve fleet.

We have been told that we do not have enough tankers on hand to meet an initial mobilization impact.

Listen to the words of our very able Deputy Secretary of Defense, Secretary Anderson. On July 23, 1953, when he was Secretary of the Navy in a letter to the chairman of the Committee on Merchant Marine and Fisheries, he wrote in part as follows:

I feel that I would be derelict in my duties as Secretary of the Navy, if I did not take this opportunity to strongly support the need for prompt construction of new tanker tonnage under the United States flag.

As you are aware, there are no United States flag tankers in reserve either in the Navy or national defense reserve fleet. Construction of military and civilian mobilization requirements, capabilities of existing tanker tonnage, anticipated losses due to enemy action, increased military demand for large quantities of petroleum products, as a result of technological advance in aircraft and other military equipment, and the time required for new construction all lead to the conclusion that the Government should promptly take such steps as are practicable to promote the construction of new tanker tonnage under the United States flag prior to mobilization.

The need for new, fast passenger cargo ships has also been repeatedly emphasized over the years.

I am advised that as of today in terms of trooplift capacity, we have just about 50 percent of what we had prior to World War II.

Why are these four particular ships required now?

They are required to replace five ships, each one of which is overage, each one of which is operating under waivers, the owners of each of which are under obligation to replace these ships at this time as a result of contracts with the Government.

Where will these ships be built, Mr. Chairman? They will be built in American shipyards, which are essential to our mobilization base in the interest of national defense.

What is the situation with reference to those shipyards today? It is a desperate picture.

The shipbuilding industry is perhaps the No. 1 industry in this country today in terms of distress. It was designated officially as a distressed industry 2 years ago and conditions are far worse today.

I am advised that not a single commercial contract has been placed in these private yards during the period of the past 18 months.

Of the 29 ships on the ways nationwide at this time, all except two will be completed in the next 150 days. There will only be two on the ways after December 31.

Unemployment figures among our skilled workers in this field so essential in time of emergency are becoming tragic.

Let me quote briefly from Admiral Leggett in this connection.

In a statement before the House Committee on Merchant Marine and Fisheries on April 26, 1954, he said among other things:

The situation today in our private shipyards is so critical that I have grave concern whether the industry can meet mobilization production schedules.

It is apparent that the industry is not prepared today to meet initial wartime requirements. Our private yards now have less than one-third of the total (employees) in December 1941, and a further drastic reduction is expected later on this year as the privately owned and mariner construction now on the ways is completed.

And Mr. Chairman, note this statement, I am still quoting:

I repeat, the Navy is gravely concerned with the plight of the shipbuilding industry which promises to become the most vulnerable area in our entire preparedness program.

Mr. Chairman, I do not say that all shipyards are essential. I do say that it is vital to keep in being all those yards that are essential from the standpoint of national defense.

To allow essential shipyards to fold up at this time, to allow their skilled forces of workers to be dissipated and lost is contrary to our entire national defense policy. In fact, it is suicidal.

All this amendment does is to reinstate the Budget request, the request which the President of the United States has made in order to carry out a modest program of ship construction.

I repeat, the amendment restores only 4 percent of the 40 percent which has been effected by way of reduction in this bill as a whole.

I hope, Mr. Chairman, that the House will see its way clear to go along with this amendment in the interest of national defense.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. ROONEY. Mr. Chairman, I ask unanimous consent that the gentleman from Massachusetts may proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ROONEY. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from New York.

Mr. ROONEY. First let me reiterate what I said yesterday, that I have an amendment prepared exactly similar to the one now offered by the gentleman from Massachusetts. I shall fully support his pending amendment, as will many of us on this side of the aisle. I will go a bit further, though, and propose an amendment to the gentleman's amendment, adding a further proviso, to wit:

Provided further, That all ship construction, reconditioning and betterment of vessels appropriated for herein, be performed in shipyards in the continental United States.

I wonder whether or not the gentleman would have any objection to such an amendment to his amendment.

Mr. WIGGLESWORTH. I am in entire sympathy with the gentleman's proposal. The only reason that I did not include it in my amendment was that I was advised that it was unnecessary as it was required under existing law.

Mr. ROONEY. There seems to be some question whether or not this provision is necessary. I have been told that perhaps it is not, but to insure the fact that these vessels would be built in American shipyards in the continental United States and so there is no doubt about it, I am going to offer this as an amendment to the gentleman's amendment. I know he will accept it and vote for it, because we have been in thorough agreement with regard to this subject all along, not only on the American merchant marine but with regard to the American shipyards.

Mr. WIGGLESWORTH. The gentleman is correct.

I yield to the gentleman from Connecticut.

Mr. SEELY-BROWN. I want to congratulate the gentleman for his fine statement, and I shall support his amendment as amended by the gentleman from New York.

Mr. WIGGLESWORTH. I thank the gentleman.

Mr. HALE. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Maine.

Mr. HALE. I want to compliment the gentleman for introducing this very constructive and necessary amendment and I sincerely hope it will prevail.

Mr. WIGGLESWORTH. I am grateful for the gentleman's support.

Mr. JAMES. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Pennsylvania.

Mr. JAMES. I want to associate myself completely with the statement that has been made by the gentleman from Massachusetts, and to urge support of the amendment he has offered. I would very willingly vote for the amendment to the amendment that has been suggested by the gentleman from New York [Mr. ROONEY].

Mr. WIGGLESWORTH. I thank the gentleman from Pennsylvania.

Mr. SCUDDER. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from California.

Mr. SCUDDER. I wish to associate myself with the gentleman's amendment. It is a very worthwhile amendment, and I believe the safety of our country makes it necessary to have a proper merchant marine.

Mr. WIGGLESWORTH. I thank the gentleman.

Mr. DEVEREUX. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from Maryland.

Mr. DEVEREUX. I would like to compliment the gentleman on his very fine statement. There is one point that could be made. If we can keep our mobilization base within the confines of the continental United States, we will then be able to have a potential that will not be as vulnerable as we have been in building our mobilization bases in Europe and in other places in the world.

Mr. WIGGLESWORTH. I thank the gentleman from Maryland, who has had such wide experience in the field of national defense.

Mr. WOLVERTON. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from New Jersey.

Mr. WOLVERTON. I also want to congratulate the gentleman from Massachusetts on the comprehensive statement that he has made. He has put his finger on the real necessity for his amendment. First, that there is need for ship construction.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

(By unanimous consent, at the request of Mr. WOLVERTON, Mr. WIGGLESWORTH was granted 2 additional minutes.)

Mr. WOLVERTON. The gentleman has put his finger on the two important features that sustain the amendment he has offered; namely, that there is need for the construction of these ships; and, second, there is need for this work in the shipyards of this country if they are to be maintained and their organizations retained in this all-important work. Too frequently we have seen our shipyard organizations dispersed as a result of lack of employment, and this creates a situation that is detrimental to our national defense. It is highly detrimental to our best interests to have organizations such as that which carries on our shipbuilding industry dispersed into other industries. The shipyards abroad are working overtme. They have a tremendous schedule of work. Why our shipyards should be left in the condition they are at the present time is not understandable to me.

I am in full accord with the amendment the gentleman from Massachusetts [Mr. WIGGLESWORTH] has offered and the amendment to that amendment that has been offered by the gentleman from New York [Mr. ROONEY].

Mr. WIGGLESWORTH. I thank the gentleman for his contribution.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to my colleague from Massachusetts.

Mrs. ROGERS of Massachusetts. It is entirely proper and absolutely necessary that we should consider the building of ships in our own country instead of in other countries.

Mr. WIGGLESWORTH. I thank my colleague from Massachusetts.

Mr. ALLEN of California. Mr. Chairman, will the gentleman yield?

Mr. WIGGLESWORTH. I yield to the gentleman from California.

Mr. ALLEN of California. Mr. Chairman, I think the gentleman should point out that this program involves an appropriation of some additional $70 million. But its expenditure would require that industry contribute on its part in the neighborhood of $100 million in the joint project that would be undertaken.

Mr. WIGGLESWORTH. I thank the gentleman for his contribution.

Mr. CLEVENGER. Mr. Chairman, I rise in opposition to the amendment and ask unanimous consent to proceed for 5 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mr. CLEVENGER. Mr. Chairman, this amendment was offered in the full committee and was defeated. It is a little over 2 years ago—I think this is the third year—since the merchant marine section was transferred over from the Subcommittee on Independent Offices. At that time there were 35 so-called Mariner ships under contract. They cost, in round figures, about $10 million each. They were built in seven shipyards from identical plans, and the cost varied as much as $2 million per ship.

On page 699 of the hearings there occurs this colloquy between Mr. COUDERT and Mr. Rothschild, and I asked one question:

Mr. COUDERT. How many of those ships have been sold to private operators?

Mr. ROTHSCHILD. Three of them, sir.

Mr. COUDERT. Three out of 35?

Mr. ROTHSCHILD. Yes. None prior to my incumbency.

Mr. CLEVENGER. One has been wrecked.

Mr. ROTHSCHILD. Yes.

What is the situation that faces us now?

This bill carries a request for millions of dollars to convert these new ships that have never carried a cargo—31 of them have never been loaded, as far as I know—converted into shape that they might be sold to some shipyards for half what they cost.

Mr. ALLEN of California. Mr. Chairman, will the gentleman yield?

Mr. CLEVENGER. I would like to use a little bit of my time.

It is evident that the temper of the House is such that it has forgotten all the election promises of 2 years ago and the balancing of the budget or an honest treatment of the people's money. That is as far from realization here as it could well be.

I ask some of you if you were on this committee and you had this bundle of dirty laundry dumped in your lap, would you rush to appropriate $82 million more to the same crowd that built these Mariners, or misbuilt them?

Just what are we expected to do? Just appropriate in faith, hope, and charity? Is this, after all, a WPA bill to put people back to work? And the cost of them is double what it is in western Europe, and more than that if you compare costs with northern Europe or Japan.

I want to give you just a little idea of the cost of operating these ships, the cost of subsidies; I cannot give the whole picture in 10 minutes, but a few figures, perhaps, for 4 or 5 new liners, these combined passenger-freight ships. I want to give you the history of the *Brazil*, the *Argentina*, and the *Uruguay* of the Moore-McCormack Lines.

Subsidized cost, $10,129,000. Subsidized costs per voyage, $405,195.

Subsidy accrual—I take that to be a credit earned against the ship—$181,000.

The *United States*. You know she cost $75 million. The present owners have $20 million in her and we are negotiating to get them to pay $9 million more. I asked for the subsidy figure for 1953 but got 1952 which was worse.

The subsidy accrual was $2,985,000. The subsidized cost per voyage of the *United States* was $399,906. For the *Independence* and the *Constitution* of the American Export Lines, the subsidized cost per voyage was $322,460 and the total subsidized costs $9,641,326.

Is it not time that someone be asked to investigate the operations of the merchant marine?

I should like to refer to the testimony of Mr. Rothschild in which he admitted that some $3.50 mine peril pay costs were carried indefinitely, for 3 or 4 years, even though the conditions had been remedied. It was only in December last that some of it was taken off, but I have not seen it reflected in the budget. I will take his word for it.

Many of you may have heard a program the other night about the addition of a tanker to the Cities Service fleet steamship *Alton Jones* in New York which carries 14½ million gallons of oil, as much as three ordinary commercial tankers. Is anyone going to stand up here and contend to the Members of the House that our oil companies are not sufficiently prosperous to build more ships like that, even in American shipyards? We must give them a new tanker for two overaged tankers of theirs. Just what right has an Appropriation Committee got, legal or morally, to deal with the American people's money in any such fashion?

It is a strange thing, but we can build a motorcar cheaper in the United States than any place else in the world. We can build most everything in heavy industry cheaper. But why is it that we cannot build a ship for less than twice as much as what it would cost in any other country? There must be something wrong somewhere. There must be something wrong in the negotiations, there must be something in the American process that is wrong.

If we are going to be competitive in this world, it seems to me we ought to cut out all of the embroidery and get down to the business of building ships. We are not helping the American merchant marine by pouring more millions into such a trap as this. We are just helping the American merchant marine to commit suicide if we pursue such a course.

Mr. COUDERT asked Mr. Rothschild:

Fundamentally, were they not really built as sort of a boondoggling proposition to keep shipyards going?

Mr. ROTHSCHILD. As I understand it, sir, their building was discussed and induced by the outbreak of the Korean incident.

That was his answer.

Mr. COUDERT. Was it not a fact that the distribution of the construction contract was on some sort of a pro rata national basis and and not on the basis of the lowest bids?

Mr. ROTHSCHILD. They were built in 7 different yards—5 ships each in 7 different yards.

And they were built from identical plans and the costs ran from $7¾ million to $10½ million each.

What kind of an operation are we expected to engage in as an Appropriations Committee? We run a good laundry down there in that committee and we always have, we wash with Ivory soap everything, but we do not guarantee it not to shrink.

A moment ago a gentleman spoke of this as being only 4 percent of the savings. There has been nothing saved in this bill up to this time. The spenders have been in control on this floor. Once again I want to remind you that within 2 or 3 weeks you will be out on the platform again, you will be campaigning for Eisenhower, or most of you will, which would justify your being returned to this House. Just how are you going to square an unbalanced budget? We have been running wild all this year, and we are coming back now to supplementals, always saved to the last. Is there a man here that did not promise to balance the budget? I know it is almost useless to appeal to you, in the temper you are in, but I am not ready to embark on a WPA in connection with ships or anything else. I think this country is fundamentally stronger than that. I want to remind you that when I came down here there was a school man from Gary who thought it was incredulous when he was told that they had the then President in the middle of a swift stream. Well, they got the next President in the middle of the same swift stream and in the next 7½ years he spent more money than all of the previous Presidents put together. Now we have a man stronger and wiser than either of them, Dwight D. Eisenhower, and I want to get him out of that swift stream and get him on solid shore with a balanced budget, sound fiscal policies, the same forces are playing upon him and he needs the support of solid citizens of both parties.

Mr. ROONEY. Mr. Chairman, I move to strike out the last word.

Mr. ROONEY. Mr. Chairman, I ask unanimous consent to proceed for 3 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. ROONEY. Mr. Chairman, at the outset I must observe that my good friend and chairman, the very sincere gentleman from Ohio [Mr. CLEVENGER] has been utterly consistent over all these years insofar as any spending of taxpayers' dollars is concerned. It is all right to be consistent, and it is all right to be conservative but not to the extent that the distinguished gentleman would bring us. Now, today you observed that he was against the census of business, manufactures, and mineral industries which has been demanded by businessmen and chambers of commerce throughout the country, and which was so eloquently pleaded for here by a number of Members on the majority side of

the aisle. He was against aviation, and now he is against the American merchant marine.

First, let me explain the amendment which I shall presently offer and which is now at the Clerk's desk. It is a perfecting amendment to the amendment offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH]. It provides that with regard to whatever moneys are appropriated herein for maritime activities, for the construction, reconditioning, and betterment of vessels, that the work shall be performed in American shipyards in the continental United States. My reason for offering this amendment is this: It has come to my attention that at the present time there is being built or about to be built in Communist Yugoslavia two mine sweepers out of funds of the Federal Operations Administration off-shore procurement program. I do not feel that we should use the American taxpayers' moneys for the construction or reconditioning of these vessels at any shipyard other than in our almost idle shipyards in the continental United States. We now have gross unemployment in them. They are working at such a low capacity that it is utterly dangerous to our national defense. They tell us that in time of war our working force can only be expanded in the area of 12 to 14 for 1. In our hearings it was pointed out that instead of having a minimum required work force of 36,000 skilled mechanics at all times in our shipyards we shall be down to about 1,200 or 1,500 in 1955.

I intend to insert later at this point some of the testimony given on June 16, 1954, by Maritime Administrator Louis Rothschild to the Subcommittee on Appropriations headed by my friend, the gentleman from Ohio.

Mr. ROONEY. First let me say, thank God, and the wisdom of Congress for the 1936 Merchant Marine Act, otherwise the American merchant marine today would probably consist of three whaleboats.

Mr. Administrator, the shipbuilding business is one dependent upon highly skilled employees, is it not?

Mr. ROTHSCHILD. Yes.

Mr. ROONEY. These shipyards have a great deal to do with the economy, not only of our Nation, but of the communities in which they are located?

Mr. ROTHSCHILD. Yes.

Mr. ROONEY. They employ a great many people, and the payrolls in those yards and the work done there have a great effect upon the local economy as well as the national economy, does it not?

Mr. ROTHSCHILD. I think that is correct.

Mr. ROONEY. In the event of a national emergency it is imperative that we have these yards ready with skilled workers; is that correct?

Mr. ROTHSCHILD. May I comment on that a moment, sir?

Mr. ROONEY. Am I correct?

Mr. ROTHSCHILD. "Yes" is the answer to the question.

Mr. ROONEY. Do you want to elaborate on that?

Mr. ROTHSCHILD. If I may.

There has recently been made and distributed a report on the merchant marine, the first one, by the way, which has been done since 1936. It is a joint effort of the Office of the Under Secretary of Commerce for Transportation and the Maritime Administration. In that we quite carefully examine the shipbuilding potential of the country, and we find that in order to have enough people who know how to build ships when we need them in time of war we must not let our in-between war work force get below 36,000 people, because a working force can only be expanded in the area of 12 to 14 for 1 in time of war.

Mr. ROONEY. And to permit it to go below that would be dangerous to the very life of our Nation, would it not?

Mr. ROTHSCHILD. That is correct.

Mr. ROONEY. Particularly in these turbulent and chaotic times?

Mr. ROTHSCHILD. At any time, and we are below that figure today.

Mr. COUDERT. I am always interested in the observations of the gentleman from New York.

Mr. ROONEY. A great many of my people over in Brooklyn, and in the Red Hook section, rather than those on Park Avenue, would thoroughly understand this. All of the shipyards in Brooklyn are located in my district. I know what it means to have a dead waterfront. I know what it meant years ago to see the piers and no ships at work.

Mr. COUDERT. The second question of the gentleman from New York to the Administrator that raised the importance of maintaining our shipping industry, which he has pointed out with his usual dramatic eloquence—well, we have a steel industry, we have an automobile industry, we have other highly technical mass-production industries, large-scale industries, which do not require a subsidy.

NECESSITY FOR SUBSIDIES

Mr. Administrator, why is it that the shipping business is so wholly dependent upon subsidies? Is it that the shipping industry has allowed itself to become antiquated and obsolescent and has failed to develop new techniques and methods of operation and construction so, unlike the automobile industry, the steel industry, and others, they are unable to compete with foreign competition?

Mr. ROTHSCHILD. There are two easy answers to your question. No. 1 shipbuilding is not a mass-construction industry that can be compared to the others that you mentioned. Ships are built in small numbers. Even a large shipbuilding contract is for small numbers of ships by comparison with automobiles.

Mr. COUDERT. But a ship is a large thing in itself.

Mr. ROTHSCHILD. But they are handmade.

Mr. ROONEY. And there are many and varied skills involved in the building of a ship, some of them used at one point of construction and not used at another point; maybe down toward the end of construction when it comes to the fitting of the ship, you do not have 90 percent of those who had worked on the ship when it was originally started. Is that correct?

Mr. ROTHSCHILD. May I answer the second part of Mr. COUDERT's question?

Mr. ROONEY. Wait just a minute. I have one hanging fire and I would like an answer to it.

Mr. ROTHSCHILD. There are peaks and valleys in the shipbuilding industry.

To answer Mr. ROONEY's question, there are varying skills involved in the building of a ship. As to how they progress and what percent of them is involved at one period or another, I am not qualified to answer.

* * * * *

Mr. ROONEY. Mr. Administrator, other nations subsidize their merchant marine, do they not?

Mr. ROTHSCHILD. Yes.

Mr. ROONEY. Please address yourself to that subject and tell us what these other nations do—generally speaking.

Mr. ROTHSCHILD. They use all of the devices which are used by governments in subsidy areas, Mr. ROONEY. They give financial aid in the matter of supplying funds; they pay subsidies on the construction side; they give depreciation schedules far greater than American depreciation schedules, and they do various other things in that same general area—not all nations do all of them, but some nations do all of them.

Mr. ROONEY. Is it not worth some dollars and cents, insofar as payment of an American operating subsidy is concerned in connection with the liner *United States*, to have that liner, the queen of the American merchant marine, on the high seas visiting foreign ports? That is worth something that cannot exactly be measured in dollars and cents, which adds greatly to the prestige of this Nation in these times; is that not correct?

Mr. ROTHSCHILD. That is absolutely correct, and it is conceivable to me in time of war the *United States*, which can carry as many troops as it can, might be even more valuable than any war vessel which we own.

Mr. ROONEY. Exactly. Now, Mr. Administrator, I have examined your statement, and since I am one who in my 10 years on this committee has never liked the words "estimated at," or "approximately," I must say that I find that all of your figures are broad estimates; they are all in rounded millions or half millions, and I suggest you give us further definite facts.

This record should be made to contain the real McCoy when it comes to these figures so we will all know with regard to each of them whether or not they are firm figures, or broadside estimates amply padded upward.

Mr. CLEVENGER. Mr. Chairman, will the gentleman yield?

Mr. ROONEY. I yield to the gentleman from Ohio.

Mr. CLEVENGER. The gentleman said a moment ago that I was against aviation. The gentleman has served on the committee with me for several years and knows that we were doing things long ago for American aviation, for safety in the airways and on the airfields, and for the expenditure of money where the traffic was heavy. He knows he is unjust when he made the statement that I was against aviation.

Mr. ROONEY. Perhaps I was a little too loose in the choice of my language, I will say to the distinguished gentleman from Ohio. I did not mean to be unkind to him. The distinguished gentleman just does not want any money added to this bill although the President of the United States on yesterday as I informed the House, told the leadership on that side of the aisle that they must restore $93 million for maritime activities and for aviation.

Does the gentleman mean to say that the President of the United States yesterday morning down at the White House in talking to his legislative leaders was advocating a WPA project for the American merchant marine?

Mr. CLEVENGER. Not being present, I do not know.

Mr. ROONEY. I made a similar statement here on the floor yesterday, shortly after noon, and it was verified by the press in all the afternoon papers. This morning's newspapers again stated that there was such a conference at the White House and that the position taken by the President was that these funds must be added to this bill, not in the other body, but in this House. Does the gentleman mean to say that the Presi-

dent is engaged in boondoggling when he advocates the expenditure of $82,600,000 for maritime activities?

Mr. CLEVENGER. I did not say so and the gentleman cannot put words in my mouth.

Mr. ROONEY. When the gentleman opposes this pending amendment which the President has asked for, does he not, in effect, accuse him of starting a boondoggling project?

Let me say to the gentleman with regard to his ill-advised remarks on labor in the shipyards and his statement that he does not understand why we cannot build ships at the same cost at which they are built in foreign shipyards: I daresay that if the gentleman inquired around, he would find that every other Member of this House knows the answer to that question. They do not pay the wages in foreign shipyards that are paid in American shipyards. Our standard of living, thank God, is higher and entirely different from what it is in foreign countries. Is there anything very wrong about that? So what are you going to do about it? Are you going to stop building our own ships? I understand that at the present time in Great Britain alone there are about 550 ships on the ways. How many ships are on the ways in the United States? How is one supposed to feel when he sees, as I did on television last night, the brand new luxury Italian liner *Cristoforo Colombo?* I give Italy and the Italian people great credit for building that liner, which has just come off the ways and which is making her maiden trip. But what has the American merchant marine outside of the liners *United States, America, Constitution,* and *Independence?* Why is it that we carry only a small share of the trans-Atlantic passengers?

Does the gentleman not think it is worthwhile to have the American flag flying over representative vessels putting in at ports of call throughout the world, for American prestige? Does he not think that this is worth something in dollars and cents at a time when the world is so chaotic and when we have such dangerous international complications as have developed within the last year?

Would the gentleman defy the President, or is he going to be so bold and reckless, as I suggested here yesterday, as to stand up and support the President of the United States?

Mr. PELLY. Mr. Chairman, will the gentleman yield?

Mr. ROONEY. I yield to the gentleman from Washington.

Mr. PELLY. The gentleman mentioned the figure 500 as the number of ships being built in English shipyards. Is it not true that 120 of those are being built for Americans?

Mr. ROONEY. They are being built with American money, there is not a bit of doubt about that.

Yesterday, in connection with the American merchant marine, I said you would be decimating it if you refused these ship-construction funds. I fear that that was an understatement so far as this situation is concerned. I should have said you would be destroying the American merchant marine.

Mr. PELLY. Is it not true that the foreign shipyards have a 2 years' backlog of work, when by October we will have only 3 ships under construction in our own shipyards?

Mr. ROONEY. I believe that is so, may I say to the gentleman, and I compliment him on being interested in unemployment in the shipyards, as he should be.

Mr. Chairman, I urge the adoption of the pending amendment of the gentleman from Massachusetts [Mr. WIGGLESWORTH] and the perfecting amendment which I shall offer.

Mr. TABER. Mr. Chairman, I ask unanimous consent that all debate on this amendment and all amendments thereto close in 40 minutes, 5 minutes to be reserved to the gentleman from Missouri [Mr. CANNON].

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The CHAIRMAN. The Chair recognizes the gentleman from Washington [Mr. TOLLEFSON].

(Mr. YOUNGER, Mr. SEELY-BROWN, Mr. SCUDDER, Mr. DORN of New York, Mr. ALLEN of California, and Mr. PELLY asked and were given permission to yield the time allotted to them to Mr. TOLLEFSON.)

Mr. TOLLEFSON. Mr. Chairman, let me first express my appreciation to those Members who have yielded their time to me, as I did hope I would get more than the short time allotted to me to say something about this item in the appropriation bill.

I am satisfied that the gentleman from Ohio, who is the chairman of the subcommittee handling this matter, has no desire to destroy or kill the American merchant marine. I feel that he does not have complete understanding of the American merchant marine.

Mr. TABER. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. TABER. Does the gentleman realize that this amendment, and the operation of the subsidy system, is rapidly driving the American merchant marine off the high seas?

Mr. TOLLEFSON. No; I do not.

Mr. TABER. Well, the statement I have made is correct.

Mr. TOLLEFSON. I would dispute the gentleman's word, or rather the position that he has taken with respect to that argument. Let me discuss this matter just a moment. I started to say that I am satisfied that the gentleman from Ohio does not understand that the American merchant marine is the fourth arm of our defense, and is so considered by the military authorities of our Nation. At the conclusion of World War II the admiral in charge of naval operations made the statement that if it had not been for the American merchant marine fleet, the Navy never would have been able to accomplish its mission in Europe. You do not fight a war without a merchant fleet. The Navy does not carry the men and the materials and guns and whatnot to the farflung fighting fronts overseas. Those items of war are carried by the American merchant marine. The military recognizes that fact. In recent months the National Security Council, the Office of Defense Mobilization, and military representatives have made it clear that there is—

First. A serious deficiency of tankers in our reserve fleet.

Second. They have made it clear that we need some high-speed new tankers which might have an opportunity to evade the attacks of submarines operated by the enemy.

I do not know whether the House knows it, but today Russia owns six times as many submarines as Germany did at the outset of World War II.

Third. The agencies that I have mentioned have indicated they recognize the plight of the commercial shipbuilding yards in the United States.

My colleague, the gentleman from Massachusetts, made reference to a statement made by Admiral Leggett to the effect that the private or commercial shipyards promise to be the most vulnerable area of our whole defense program. Now, Admiral Leggett did not say that the most vulnerable area was the possibility of the shortage of battleships, tanks, and guns and so forth. He said it was the plight of our commercial shipyards. The President recognizes that and so he sent to the House through the appropriate agencies two tanker bills. One went to the Committee on Armed Services and one to the Committee on Merchant Marine and Fisheries. Both of those tanker bills were approved by the House without a single negative vote. They passed the House without a single negative vote on the theory that we needed those tankers as a matter of national defense. Some reference has been made to operating subsidies here and to construction subsidies. Let me say with respect to the tanker bill of the Committee on Merchant Marine and Fisheries there is not 1 penny of construction differential subsidy. All that the Government is doing is buying for about one-third the cost of construction these tankers, from operators who agreed to build new high-speed tankers. There is not 1 penny, as I have stated, of construction differential subsidy in that bill.

Mr. SHELLEY. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. SHELLEY. And contrary to the statement previously made, these tankers which are to be turned in are not overage, but rather are underaged tankers, is that not correct? And they also have some useful life remaining in them and will be held in reserve.

Mr. TOLLEFSON. That is correct. They have at least one-half of their useful life left in them. The Navy testified before our committee that they will be a welcome addition to the reserve tanker fleet.

Some reference has been made to operating subsidies. The gentleman from Ohio made some mention of that. Let me say that there is not 1 penny of operating subsidy in this bill nor in this amendment. There is no operating subsidy in connection with the construction of these ships. So that argument is a diversionary argument, and is merely a straw man. The gentleman from Ohio criticized the Mariner construction

program. I am quite amused at that because those mariners were built at a cost of $350 million, and the program was sponsored by the Committee on Appropriations itself. Those mariners were not built under legislative authority emanating from the appropriate legislative committee of the Congress, but they were built under a rider attached to an appropriation bill, and our committee has nothing whatsoever to do with it.

Mr. ALLEN of California. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. ALLEN of California. Is it not true that under those circumstances the 10 tankers and the 4 passenger ships that will be built will be built by private industry suiting the vessels to the need of the trades rather than being built by the Government, as was the case with the Mariners?

Mr. TOLLEFSON. That is correct. Had the mariner program come through the proper legislative committee, I am satisfied we would have had a mariner construction program that would not receive the criticism it is receiving today. But I want to emphasize the fact that that was a matter that came out of the Appropriations Committee, not out of the appropriate legislative committee of the House.

I want to say a word about the four liners that are proposed in the bill under this item. Those liners must be built under a contract which the operators today have with the Government. The present liners are about 24 years old and 2 of them are being operated today under waivers from the Coast Guard because they do not meet the safety requirements for operating ships at sea. The two Grace Line vessels do meet Coast Guard requirements. Recently the Coast Guard have said they did not know how much longer they could continue to waive safety requirements. As I have stated, the Government has entered into a contract with these operators whereby the operators are compelled to replace the four liners. This is the means by which they hope to replace them. These liner operators will put up 55 percent of the construction money.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield.

Mr. McCORMACK. There are certain indisputable facts that prompt the adoption of the Wigglesworth amendment, and I hope also the Rooney amendment. First, the private shipyards in the country are in bad shape.

Mr. TOLLEFSON. That is correct.

Mr. McCORMACK. Second, the President recommended it himself.

Mr. TOLLEFSON. That is right.

Mr. McCORMACK. Certainly the President took into consideration not only budgetary conditions but the necessity of trying to do other things that will help our private shipyards and at the same time inure to the benefit of our national defense.

Mr. TOLLEFSON. That is correct. And the Congress itself has acted upon the two tanker bills.

The CHAIRMAN. The time of the gentleman from Washington has expired.

Mr. McCORMACK. Mr. Chairman, I ask unanimous consent to yield the time allotted to me to the gentleman.

The CHAIRMAN. Without objection, it is so ordered.

Mr. TOLLEFSON. I thank the gentleman.

Mr. O'NEILL. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from Massachusetts.

Mr. O'NEILL. I want to subscribe to the remarks of the gentleman. I realize he knows this problem thoroughly. I agree particularly with the remark which I think many Members have overlooked, that the merchant marine is the fourth arm of our national defense.

(By unanimous consent, Mr. O'NEILL and Mr. DEVEREUX yielded the time allotted to them to Mr. TOLLEFSON.)

Mr. TOLLEFSON. There was one thought that I neglected to mention, and that is a simple one. If the Congress subscribes to the theory that our American marine fleet is the fourth arm of defense—and we need one indeed—and that has been the philosophy of this Congress in the 1936 Merchant Marine Act and it was the philosophy expressed in the 1920 Merchant Marine Act—if the House subscribes to that philosophy, it must come to this conclusion: If we are going to have an American merchant marine, there is only one way we can have it, and that is by Government assistance. We cannot build ships as cheap as they can be built in foreign shipyards. Therefore, we need a construction subsidy. Nor can we operate our ships as cheaply as foreign nations can, and therefore, we must have operation subsidies. The Congress has recognized that. Why should we abandon that philosophy now? It has proven itself to be worth while.

Mr. COUDERT. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from New York.

Mr. COUDERT. The gentleman has just referred to the fact that the Congress had adopted a policy, and in support of that policy the Congress has authorized and voted subsidies.

Mr. TOLLEFSON. That is correct.

Mr. COUDERT. Would the gentleman mind telling the House what, if anything, either his committee has recommended or the Congress has done beyond mere subsidy to compel improvement in efficiency and economy in the operation of construction of ships?

Mr. TOLLEFSON. From the standpoint of legislative action, of course we have done nothing to compel any operating economies. But our committee constantly insists upon the Maritime Administration doing so.

Mr. COUDERT. Has any Government agency to the knowledge of the gentleman from Washington done anything to bring about economies and improvement in operations? Or done anything beyond recommending more, bigger, and better subsidies?

Mr. TOLLEFSON. From the testimony before our committee I am convinced that the present Maritime Administration is constantly stressing the need for economy in operation of the American merchant marine.

Mr. SHELLEY. Mr. Chairman, will the gentleman yield?

Mr. TOLLEFSON. I yield to the gentleman from California.

Mr. SHELLEY. In answer to the question just put by the gentleman from New York [Mr. COUDERT], the answer is that the General Accounting Office has come up with constructive criticisms in the operation of the entire program which have been accepted.

The CHAIRMAN. The gentleman from California, [Mr. SHELLEY] is recognized.

(By unanimous consent, Mr. CONDON and Mr. YORTY yielded their time to Mr. SHELLEY.)

Mr. SHELLEY. Mr. Chairman, I must congratulate the Appropriations Committee on exceeding the expectations of the distinguished gentleman from New York [Mr. ROONEY] when he said on the floor of the House the other day that the committee under its present leadership would not approve enough money to build three whaleboats. In comparison with that expectation they have been absolutely munificent in approving $11,100,000 for four Liberty ship conversions under this bill. But, when we compare this puny appropriation with the very modest request by the Maritime Administration for $82,600,000, or with the far greater needs of our shipping lines, our reserve fleet, and our shipbuilding industry the committee has done next to nothing.

Mr. Chairman, comment was made that only 3 out of 35 Mariners have been sold. That is true because as soon as the Mariners were finished they were immediately taken over by the United States Navy for operation in the hauling of supplies to Korea. It must be remembered that the Mariners were started just as we got into action in Korea. Those finished were turned over to the Navy for 6 months' operation on test runs for the hauling of troops, equipment, and supplies on all of the seas of the world.

Only three have been sold because since the time bids for their sale were called for one company on the Pacific coast asked for the three. Several other companies are now negotiating for the purchase of Mariner vessels with modifications to meet the requirements of the trade routes in which the vessels will be used.

Comment was made that none have ever been loaded. The fact is that as fast as they have been finished they have been outfitted and made ready for sea and used by the military and they have proved to be very valuable ships for military purposes.

As to the four passenger vessels—the companies which operate these subsidized vessels are required by the law enacted by Congress and now referred to as the Merchant Marine Act of 1936 to replace their vessels when they are 20 years of age, and what the committee

proposes to do is to renege on a Government contractual responsibility. They are under contract with us—the Government of the United States to do what the Wigglesworth amendment will allow to be done. By adopting the amendment we are keeping our part of the contract. What, in heavens name, is wrong with that?

We have not the passenger ships. During World War II we paid to the British Government $125 for every commissioned officer and $100 for every enlisted man who traveled on the *Queens*. We paid over a billion and a quarter dollars to the British Government because we did not have the passenger ships. A board composed of representatives of the Departments of Commerce, Navy, Army, the Munitions Board, and other governmental agencies immediately after World War II made a report emphasizing the shortage of passenger vessels available to the military in the event of another war and calling upon the Congress to make available money and a program for the building of such vessels so that the situation in which we found ourselves at the outbreak of World War II would not occur again.

The Merchant Marine Committee and the Federal Maritime Administrator are endeavoring to correct that situation at the lowest possible cost to the American taxpayer and in complete conformity with the law as it exists and as it has existed.

Mr. SEELY-BROWN. Mr. Chairman, will the gentleman yield?

Mr. SHELLEY. I yield.

Mr. SEELY-BROWN. Is it not true that that program is less costly to the American people than the old program operated on the boom-and-bust concept?

Mr. SHELLEY. The gentleman is absolutely correct. Here we are engaging in an orderly replacement program whereby we take out of service old and obsolete vessels and build in their place a new vessel, modern for military conversion and usage—fast and able to travel without convoy—outfitted to handle passengers in peacetime or troops in wartime comfortably and safely. We keep our commercial sealanes open and meet a defense need with a graduated program instead of repeating the mistakes of World Wars I and II. What were those mistakes? They have been mentioned on this floor many times—the country found itself twice in a generation involved in world wars and without a merchant marine. Friendly countries couldn't help us. We had to build at any price any kind of vessel to meet the immediate emergency. As a result we boomed the cost up and paid $10 instead of $1, and we busted the fleet later because they did not meet commercial needs. I think that is what the gentleman means, and he is absolutely correct. This approach is the logical way to prevent a recurrence of that type of situation.

The CHAIRMAN. The gentleman from Iowa [Mr. GROSS] is recognized.

Mr. GROSS. Mr. Chairman, the gentleman from New York [Mr. ROONEY] and others on the floor this afternoon have expressed their indignation—and justifiably so—that ships are being built in foreign yards while our yards remain idle.

I have protested that situation on the floor of the House as the Members well know. I will further say to the gentleman from New York that I have protested this sugar-coated proposition of off-shore procurement repeatedly on the floor of the House; and I will say to him and to others who have voted for these foreign giveaway programs in the past, that as you continue to vote for those programs in the future you will find your money and the American merchant marine going where the woodbine twineth and the whangdoodle whangeth.

The CHAIRMAN. The gentleman from New York [Mr. COUDERT] is recognized for 1 minute.

Mr. COUDERT. Mr. Chairman, the distinguished gentleman from Massachusetts, and my good friend from New York [Mr. ROONEY] very frankly stated what this operation is. This is simply a relief bill for shipyards. Now, I have no objection to shipyards being put on relief. It may be necessary to have shipyards, but I think probably a cheaper way than putting shipyards on relief that are not able to compete with foreign yards would be to set up schools in which to maintain the mechanics and operators who have no ships to build. All sorts of ways might be considered.

Frankly, my criticism of the whole program is that I have not seen a constructive suggestion in the 8 years I have been here for improvement in the method of the construction of ships. Here we sit in the Congress merely doling out bigger and better subsidies to maintain shipyards that may be for all I know or any of us in this committee knows completely obsolete.

The CHAIRMAN. The Chair recognizes the gentleman from North Carolina [Mr. BONNER].

Mr. BONNER. Mr. Chairman, I rise in support of the amendment offered by the gentleman from Massachusetts. If there ever was a time in the history of this Nation when we need to build vessels it is now.

This is not what has been referred to as a WPA program for shipyards. This is a fundamentally sound program. It has a great deal of merit. We need the four passenger ships to replace ones that are practically worn out.

In the committee we have taken particular care to see that there is no subsidy in connection with the tanker bill if it is carried out as the conference report has been agreed on, and I am sure it will be carried out in that manner in the contracts let by the Maritime Commission.

Many in this House never stop to think what would happen to the American economy if it were not for the American merchant marine.

The CHAIRMAN. The Chair recognizes the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Chairman, this shipbuilding program should be initiated immediately. It is necessary to pick up declining employment in the Nation's shipyards. This is particularly true on the west coast where shipbuilding is almost nil and where ship repair and modernization are at a new low. A deplorable condition frought with the hardship born of unemployment.

If we are to preserve the skills peculiar to shipbuilding and the all important know-how we must act with celerity and dispatch.

While the immediate and to be served is important there are other basic reasons that cannot be contravened or disregarded.

A well organized smoothly functioning merchant marine is indispensable to our national economy if we are to develop and hold an overseas market to absorb the great productive capacity of this country. This can be directly translated into jobs in our automobile, refrigerator appliance and other plants producing durable goods. Jobs here are vitally important.

Agricultural surpluses can find markets among the growing hungry populations of the world but we must have ships to carry them overseas.

Our commerce must not be at the mercy of nations no matter how friendly who control world shipping. We must have American ships to maintain the freedom of the seas and our proper place among the nations of the world.

As a member of the Armed Services Committee of the House of Representatives I am mindful of the pertinent and compelling reasons for a vigorous, stable merchant marine as an integral part of our Defense Establishment. Two world wars have taught us the value of having ships, ships, and more ships.

A healthy merchant marine is more than just ships. It is the terminals, docks and the ancillary services used by ships. We need the yards and docks to build, repair and maintain a fleet of vessels, too.

We must, above all, preserve the men with the skills peculiar to the sea be it as sailors, radio operators, ships' officers or engine room crews. A knowledge of electronics is as important on sea today as a knowledge of cordage. The art of building ships can be lost unless we continually exercise it.

That is why, Mr. Chairman, I said in the beginning that we need a shipbuilding program now to pick up the waning employment in our shipyards.

The CHAIRMAN. The Chair recognizes the gentleman from New Jersey [Mr. WOLVERTON].

Mr. WOLVERTON. Mr. Chairman, it is rather astounding to me this afternoon to sit here and hear some of the statements that have been made by members of the Appropriation Committee as to the lack of necessity for a merchant marine or a shipbuilding program. I wish that those who have the responsibility of deciding these questions from an appropriations standpoint would take time out and visit shipyard localities and see for themselves why it is so necessary to keep together shipbuilding organizations. There is no industry in this Nation of ours that requires so many varied

types of craftsmen as is the case in the building of ships.

You cannot train such workers overnight. They require long years of apprenticeship and training, and the failure to do that creates a situation which was mentioned by the gentleman from Connecticut [Mr. SEELY-BROWN]. A failure to keep up an efficient working force in our shipyard industry creates a boom or bust situation insofar as a working organization is concerned, resulting in the industry being busted, weak, and inefficient for lack of organization when a real emergency arises that needs ships built in a hurry.

This idea of cutting down appropriations for ships, both naval and commercial, with the idea that it saves money is an unwise policy. It is pennywise and pound foolish.

How well I remember the situation that confronted us when World War I broke suddenly upon us. It caught us with neither an adequate Navy or merchant marine to carry our troops and supplies to Europe. Our shipbuilding industry was at a low ebb. We had to send out an S O S for workers to build ships. Shipyards were without adequate organizations to make even a nucleus around which an organization could be met. The call for men to work in shipyards went far and wide. It was desperate because the need was desperate. It brought in men from all over the country who were attracted because of the high pay that was offered. They were accepted regardless of whether they knew anything about ship construction. Hatters, waiters, trolley car operators, shoemakers, tailors, bakers, butchers, candlestick makers. The variety was such that it would be impossible to describe them all.

Could these men build ships? Of course not. They had to be trained over long periods of time even for the smallest task. All of the time they were being paid the high wages. This added millions upon millions of dollars to the cost of the ships. And, not only was the money lost the only result. Think of the delay that was caused while all of this training was going on. The net result was a tremendous loss of money and a great increase in cost of every ship.

Did we learn our lesson from all of this? I regret to say we did not. When World War II came upon us we were again caught without an adequate number of either fighting ships or merchant marine. Whereupon we had to go through the same process I have described with respect to World War I. In addition we had to charter ships of foreign nations to carry our troops and supplies while we were busy building the ships which we should have had, but, which we did not have. Expense added to expense as a result of our pennywise pound-foolish policy.

And, now today, notwithstanding the lessons of the past and the present urging of President Eisenhower for an adequate shipbuilding program, the Committee on Appropriations comes before us denying the necessity for a shipbuilding program. And, the committee takes this attitude in defiance of the wishes of President Eisenhower. How long will it take for some people to learn? Ordinarily it would be appropriate to send this bill back to the committee, but it would accomplish nothing. Therefore it is necessary for us on the floor of the House to amend this bill so it will provide a shipbuilding program, at least the start of such a program.

For the reasons I have given, and many more I could give if time permitted, I will support the amendment now under consideration that provides for the building of 4 passenger-cargo ships and 10 tankers. This, together with some repair work on our ships, will provide approximately $170 million worth of work for our shipyards.

If this amendment is adopted in the House and concurred in by the Senate it will preserve our shipbuilding industry and bring joy to the hearts of our shipworkers and their families.

I appeal to the House to adopt this amendment by such a large majority that there will be no doubt as to the policy this House approves.

The CHAIRMAN. The Chair recognizes the gentleman from Missouri [Mr. CANNON].

Mr. CANNON. Mr. Chairman, the House cannot always be wise, the House cannot always be right, but, Mr. Chairman, it can be consistent.

This House is overwhelmingly committed against subsidies of any character, and yet we have before us here, Mr. Chairman, the greatest subsidy payable to the fewest number of beneficiaries in all the history of legislative gratuities. Fewer men owning these shipyards are getting the largest amount of free Government money of any of the subsidies that we so generously bestow.

This month the House denied the farmer a fair wage for his labor and a fair price for his product on the ground that it amounted to a subsidy. The very name subsidy has been anathema. But it is all right for the gentlemen who own these shipyards and who are making tremendous amounts of money out of them to have a subsidy. I believe, after many years of observation, that there has been more money wasted on these shipyards than on any enterprise in which the United States Government has subsidized.

And, there is another sacred principle which is being violated here—the principle of private enterprise. We are being told all along that business does not want the Government to engage in private enterprise; that they want to be left alone; that they want to be left free to work out their problems without Government interference. That is the stereotyped statement regularly made by every chamber of commerce and of every manufacturers association in the country. They believe religiously in free enterprise. And here we propose to violate every principle of private enterprise by doing for them what they can do for themselves.

Why, Mr. Chairman, in 1953, private enterprise built 15 ships, and already in 1954 they have built 6 more ships. All we have to do is to give free enterprise a chance to go along uninterrupted and unimpeded by Government handouts and they can and will build all the ships we need.

Appalling waste has marked the expenditures of these huge subsidies. They have built ships that were not needed. They have constructed fleets that never sailed.

With the money they hope to receive through this amendment they are proposing to alter the design of ships that are now under construction—ships that have not yet been completed.

Can you imagine any sensible, responsible group of men countenancing such colossal waste and inefficiency?

It was disappointing, too, Mr. Chairman, to note the emphasis placed this afternoon on the fact that the President is displeased with the action of the Committee on Appropriations in reporting out this bill without the ship subsidy in it. The Committee on Appropriations has spent months in investigating, in holding hearings and making studies of this problem. The committee has brought in a recommendation against this expenditure.

Immediately the President sends word up here to disregard the Committee on Appropriations. I yield to nobody in my admiration for and my devotion to the President of the United States. I have supported him when the Members on that side opposed him. But there are three branches of the Government—the legislative, the judicial, and the executive. Why should the executive branch dictate to the legislative branch? Why have any Committee on Appropriations at all?

Mr. Chairman, effort has been made to camouflage this amendment as a labor amendment. As a matter of fact it involves no labor issue of any kind. That has been thrown in here merely to cloud the issue. The great labor organizations, the A. F. of L. and the CIO, have announced no position on it and have taken it up with none of the Members I have heard discuss it.

The beneficiaries are a few privileged shipyard owners who have become accustomed to consider Government handouts as their vested right.

We have denied subsidies to the farmer. We have insisted on free enterprise without Government interference. Let us apply those principles without prejudice or favor. Let us defeat this amendment.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. ROONEY].

Mr. ROONEY. Mr. Chairman, before speaking to the amendment, may I ask unanimous consent that all Members may extend their remarks at this point in the RECORD?

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RAY. Mr. Chairman, I rise in support of the amendment.

Our need for a strong, privately owned and operated merchant marine has been recognized and established by law for many years. It has been recognized recently by the President. High Army and Navy officials and officers say that the present condition of the merchant-ma-

rine fleet makes it the weakest link in our national defense. Their testimony was overwhelming and unanimous and there is no evidence to the contrary.

Perhaps we do not have the best possible way of developing and maintaining a strong merchant marine—that is a question for much further study but this is no time to quibble and procrastinate on that score. We must have ships and our shipyards must be enabled to keep their essential skilled workers busy.

The ship construction which would be authorized by the amendment under discussion is a vital part—but only a part—of the overall program that should be started and carried out immediately. Time is one thing we simply cannot afford to lose.

Mr. WILSON of California. Mr. Chairman, I rise to support the appropriation of funds for additional court facilities for the new judges, which are to be appointed as a result of the omnibus judgeship bill which passed earlier this session.

The General Services Administration has asked for $220,000 for additional courtroom facilities to improve the crowded courtrooms in the Federal Building in San Diego, in my district.

Approval of this appropriation will be additional evidence that Congress, the Administrator of the Courts, and the General Services Administration are in agreement that the new judge should sit in San Diego.

Such was the clear intent of the Judiciary Committee and the Congress in approving the omnibus judgeship bill earlier this session. The only testimony presented last year showing the need and requesting the services of an additional judge for the southern district of California was presented by the San Diego Bar Association and other interested San Diego citizens. The committee was impressed by the need shown by the crowded calendar of the one district judge sitting in San Diego. However, rather than writing the place of residence into the bill, as had been done for San Diego's first judge, the committee decided such a policy might lead to additional problems, and eliminated designation of all places of residence for all judges in the bill. In doing so, they left the residence decision to the judicial council, but stated clearly in the report accompanying the bill that the committee was impressed with the need for a second judge at San Diego.

Despite this clear statement of intent by Congress, the judicial council reportedly has left the determination of the place of residence up to the presiding judge in the southern district, Judge Leon R. Yankwich, of Los Angeles. Judge Yankwich appears to have decided to ignore the intent of Congress in the assignment of the second judge. He has made several public statements to the effect that the second judge is not needed at San Diego, despite the fact that a second judge has sat at San Diego almost continuously for the past year or so. In recognition of the caseload at San Diego, Judge Yankwich has assigned a second additional judge on a rotation basis, allowing 8 of the 10 southern district judges to sit for a 3-month period in San Diego, in rotation.

In adopting the policy of rotation, Judge Yankwich is in effect doubling the cost of the second judge Congress has provided for the San Diego area.

The cost of assigning an extra judge to San Diego on a rotation basis amounts to more than double what a San Diego resident judge would be paid. Each judge and his clerks and bailiffs would be entitled to per diem expenses of approximately $40 per day week in and week out, plus mileage at 7 cents per mile to and from their homes, some over a hundred miles away.

This extra cost could be eliminated if Judge Yankwich and the judicial council would follow the dictates of Congress; which has set up the additional judgeship for San Diego's expressed needs, which is today approving the construction of his courtroom in San Diego, and which provides the funds for operation of this court and all courts.

San Diego needs the second resident Federal judge provided by Congress. I submit that any other assignment by the judicial council or the southern district judges would be a capricious, arbitrary, and extravagant decision directly contravening the intent of Congress.

Mr. LESINSKI. Mr. Chairman, this bill, perhaps more than any other we have taken up this session, shows what is wrong with the Republican Party when it is put in charge.

The Eisenhower administration, in the 1952 campaign, attacked all the programs of the Democratic administrations and said they were terrible and would be ended. That was the usual Republican campaign or propaganda and we were all used to that after all those years when the Republicans were out, so we did not take it too seriously.

But the Eisenhower crowd apparently believed their own campaign oratory. When they came in down here they brought in thousands of efficiency experts and big-business men to show how to get the Government out of all of the so-called unnecessary operations started under the Democrats.

Well, all last year the administration was tearing these programs apart and throwing them away as fast as they could find them. The majority in the Congress went along with that idea wholeheartedly and had a wonderful time slashing the appropriations and eliminating programs.

Now, after more than a year of studying the situation, the Eisenhower people discover they made some horrible mistakes. The aviation people came in and told them how wrong they were to kill the airport-aid program. The business people came in and said: "Say, you do not really want to kill off those census studies and statistical reports; business needs them."

The maritime industry came in and said: "Are you fellows aware that you are letting the merchant marine and the shipbuilding industry collapse? You better get busy and get things back on the track."

The hard-money program turned sour and unemployment began to grow and here there was not enough money in the budget for unemployment compensation or veterans unemployment compensation.

So, on one thing after another, the administration had to send up supplemental requests for more funds for these programs. The budget turned out to be full of mistakes, but you can always correct mistakes of that kind by just appropriating enough money in time.

But what happened? The Republicans up here who had been so happy about cutting out all the old Democratic programs suddenly woke up to find that the Republican administration wanted them put back in the budget again.

All this time, our Republican friends up here have been bragging about cutting the budget and cutting out Democratic programs. When anyone complained—particularly any businessmen back home who were damaged in their businesses by these cuts—our good friends on the Republican side had a snappy comeback—they said: "Do you want a balanced budget or not? Do you believe in Republican economy or not?"

What was a good Republican businessman to say to that? Even if it put him out of business, he had to agree economy and a balanced budget were just what the chamber of commerce ordered.

Well, the Republicans are really in a spot now. The President says, just forget some of that stuff last year about knocking out the airport program, or the ship subsidies, or big bureaucracies for employment compensation, or these boondoggling censuses, and so on. We find we made a big mistake. Give us all the money back again.

According to some of the Republicans on the House Appropriations Committee, in the printed hearings on this bill, the lid is off on every foolish thing.

Well, Mr. Chairman, it is not really that bad at all. These things turn out to be not so foolish after all. Maybe there was some foolishness in cutting them so hard before the administration woke up to how important these programs are to business and industry and the general public and also to the security of the country.

Any of our Republican colleagues who feel it might make them look foolish to vote this year for the very things the Eisenhower administration told them last year were not necessary can always tell their constituents they are just following the Republican line.

But the Appropriations Committee apparently believes in following the Eisenhower line in one direction only—toward cutting the budget. So we have this bill before us cutting and cutting the very appropriations the President says must be increased—not lowered.

It is quite a dilemma for a conscientious economizer who has spent years in Congress yearning for Republican austerity budgets and now finding that it costs money to run the Government even when the Republicans are in.

Let us forget the 1952 promises and legislate for the good of America. Otherwise, we could economize the country into disaster.

Mr. CONDON. Mr. Chairman, I subscribe wholeheartedly to the position taken by the gentleman from California [Mr. SHELLEY] and am in support of the amendment offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH]. During the emergency of World War II, the Richmond shipyards in my district built more ships than any other yards in the world had ever built in a comparable period of time. It is a shameful folly to see our shipyards fall into disuse and to see the skills which we have developed be dissipated away from the waterfront. I certainly believe that this body must preserve the American merchant marine and our shipbuilding industry by appropriating the money recommended by the President and embodied in the amendment offered by the gentleman from Massachusetts.

"ECONOMY" WHICH WILL HURT MILLIONS OF AMERICANS

Mrs. KEE. Mr. Chairman, the Committee on Appropriations can take all the bows it wishes to for the remarkable economy record it has compiled in reporting out this supplemental appropriation bill. But unless the Congress reverses some of the actions of the committee, millions of Americans will be hurt by this kind of economy.

It is not economy, Mr. Chairman, to leave our women and children and, in fact, all the people of this country, medically unprepared for the unimaginable horrors of atomic or hydrogen attack. True, this bill saves $35 million out of a proposed $60 million for emergency medical and rescue supplies and equipment.

But would it really be economy if thousands or millions were to die for lack of this stockpile of essential supplies? I do not think so. The scientists talk about these horrible bombs in terms like megadeaths—meaning millions of deaths. The committee acted on this matter as if the threat were really far away.

God grant that this might be true. But certainly the world and standards of political morality in the world are not such that we can take this threat calmly or ignore it. We must be prepared to enable our people to survive whatever the future may hold in store. I do not think $35 million would be considered much of a saving if it meant unnecessary loss of many lives for lack of adequate lifesaving supplies.

SAVING $119,000 AT THE EXPENSE OF JOBLESS VETS

Mr. Chairman, as a member of the House Committee on Veterans Affairs, I am extremely conscious of the problems of the young ex-serviceman, or the discharged reservist, in trying to reestablish himself in civilian life. It is a particularly difficult task for him right now in many sections of the country, and particularly in States like West Virginia where the incidence of unemployment is very high.

In connection with the regular Labor Department appropriation bill acted on earlier this year, we heard how the Bureau of Veterans Reemployment Rights is running 5 and 6 months behind in acting on the cases of returning veterans who have been unable for one reason or another to get their old jobs back. Now the matter is again brought to our attention in the requests made by this bureau for a supplemental appropriation to bring that backlog closer to a current status. It asks for a very small amount—$119,000. I am amazed that this request has been denied by the Committee on Appropriations.

Are these boys and girls coming back from the service, and denied their rights under the GI bill, to sit and cool their heels for 6 months or more before the Government agency set up to protect their rights can get around to their cases?

Is this economy? I think not.

ALL JOBLESS WORKERS AND THEIR FAMILIES AFFECTED

A further provision of this bill, as it has come from the Appropriations Committee, similarly affects all of the hundreds of thousands of American workers and their families who are dependent upon unemployment compensation.

The President asked for an additional $43 million for the administration of unemployment compensation and the employment services in the various States. The committee has allowed only $4,600,000. Now what does that mean? It means that those eligible for unemployment compensation will have to wait longer for action on their cases. It means they will have to wait longer for their checks. It means they will have to wait longer for any help from the employment service leading toward other jobs.

It means the youngsters coming out of school looking for their first jobs will have to wait in line—way back in the line—for any attention from the overworked employment service people.

Let us go back a moment, Mr. Chairman, and see how this request for additional funds originated. The President says his advisers made a serious miscalculation when the budget was prepared originally in estimating the amount of unemployment we would be having at this time. They did not ask Congress for nearly enough funds for the kind of program now needed—to process the unemployment compensation claims of those out of jobs and help them to get new jobs. But before that admission was made and steps taken to correct it, Congress went ahead and cut what the administration now tells us was already an inadequate figure. So instead of the funds it really needs of about $260 million for the current fiscal year which started July 1, the Bureau of Employment Security will be at least $40 million short—that is, adding up the cuts made in this bill and in the regular appropriation. This kind of economy, Mr. Chairman, hurts people who are most in need of help—those out of work.

ELIMINATING THE NEW HOSPITAL CONSTRUCTION PROGRAM

There are many, many instances of similar economy in this supplemental appropriation bill, Mr. Chairman, and I cannot begin to cover all of them in the time allowed. Other Members, I am sure, will discuss cuts in programs affecting various industries, and so on.

But I do want to make mention of several items which hurt our people on human terms. The Congress has just recently passed, with much ado, an extension of the Hill-Burton Hospital Construction Act to provide for Federal aid for the construction of specialized types of hospitals—diagnostic or treatment centers, hospitals for the chronically ill, rehabilitation facilities, and nursing homes. Now we are asked to appropriate funds to carry out this program. The President asked for only $35 million for construction funds for this purpose for the first year of the new program's operations instead of the $75 million authorized under the new law. The committee, practicing economy, has not voted a single dollar for this purpose. Why did we pass the bill for the program if we do not believe in voting the funds to carry it out? This kind of economy is disillusioning to the folks who thought they would be helped by the new law we passed. But no money is provided to carry out the law.

JUVENILE DELINQUENCY PROGRAM ALSO ELIMINATED

I have called to the attention of the House several times in recent months, Mr. Chairman, the alarming problem of juvenile delinquency and the need for corrective action to prevent this terrible waste of human resources. In my home county we are trying to meet this problem affirmatively on the local level by joint efforts on the part of an aroused and interested citizenry. We are trying to chart a new course in a very difficult problem area. Recently we had Dr. Martha M. Eliot, Chief of the Children's Bureau, come to talk with us and outline some of the areas in which she thought our group action could accomplish the most.

She informed us of big plans in the Children's Bureau for setting up a special program in juvenile delinquency work, to obtain and disseminate information in this vital field the better to help community efforts such as our own program back home. The people in our county were much encouraged by this.

But along comes this bill, Mr. Chairman, acting on Dr. Eliot's request for a modest $165,000 for the juvenile delinquency study by appropriating exactly nothing. Not a cent. So the special study cannot go forward. I do not believe that kind of "economy" is very helpful to the mothers and fathers of America and the teachers and clergy and youth leaders seeking help in curbing a growing national menace of juvenile delinquency.

"LITTLE AID TO EDUCATION" PROGRAM GETS NO FUNDS

A last word, Mr. Chairman, on the matter of help for our hard-pressed schools, now bulging at the seams and with teachers carrying a frightfully heavy pupil load at frightfully low pay.

The administration's approach to this problem has been one of delay and "study." It has avoided any attempt to get help to our schools but has proposed a series of research programs in this field.

With much ado, again, the Congress passed three bills in this area—one for a cooperative program of research with the colleges on educational problems; one for

a national advisory committee to advise the Secretary of Health, Education, and Welfare on school problems, and one for a White House Conference on Education. Out of all of these studies, including the White House Conference a year and a half from now, the administration hoped to get enough information on the needs of education to recommend a Federal policy in this respect.

It has been my position that these programs were woefully inadequate. They "study" a problem we know just about all we have to know about. We know our schools need financial help. How are they to get it?

But little as this aid-to-education program of the present administration has been, it is all we have at this point. It is a puny thing, but perhaps of some use. Not under this bill, however. For under this appropriation bill, not a single dollar is appropriated to carry out any of these programs—not a dollar of the $100,000 requested for the cooperative research program, not a dollar of the $175,000 requested for the national advisory committee, not a dollar of the $1,750,000 just authorized recently for the White House Conference.

The "little aid to education" program, under this bill, becomes the "no aid to education" program. I am deeply disappointed.

Mr. ROONEY. Mr. Chairman, I mentioned in my remarks awhile ago that I had an amendment at the Clerk's desk, which would provide that whatever ship construction or ship reconstruction money is provided in this bill, must be spent in shipyards in the continental United States.

The CHAIRMAN. Does the gentleman desire to offer his amendment now?

Mr. ROONEY. I offer my amendment now, Mr. Chairman.

The Clerk read as follows:

Amendment offered by Mr. ROONEY to the amendment offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH]: Add the following: *"Provided further,* That all ship construction, reconditioning and betterment of vessels appropriated for herein be performed in shipyards in the continental United States."

Mr. WIGGLESWORTH. Mr. Chairman, will the gentleman yield?

Mr. ROONEY. I yield.

Mr. WIGGLESWORTH. I will say, as far as I am concerned, that I am very happy to join in that amendment.

Mr. ROONEY. I thank the gentleman. I knew he would.

Mr. Chairman, in my remaining time may I point out with regard to the pending amendment offered by the gentleman from Massachusetts, [Mr. WIGGLESWORTH], that not only the National Advisory Council, but the Defense Establishment is in favor of this proposed ship construction. The Department of Defense a year ago stated that for defense purposes there was a deficiency of 214 merchant vessels in our merchant fleet; 43 large tankers, 6 large passenger-cargo ships and 165 other vessels. If we adopt the amendment of the gentleman from Massachusetts [Mr. WIGGLESWORTH], as I feel we are, we would merely be restoring 14 of the 214 vessels required as a minimum for the national defense.

The CHAIRMAN. The Chair recognizes the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, we have been monkeying with this subsidy business for a long time. The result has been that we have almost driven the American merchant marine off the seas. There has been no study made, there has been no analysis made of this situation by the Maritime Commission nor the Merchant Marine and Fisheries Committee. If we continue, we are going to drive the American merchant marine off the seas and over to other countries in this hemisphere. I understand that a block of ore boats, to carry 60,000 tons apiece, are being built in Japan and undoubtedly will be operated under the Venezuelan flag, to carry ore from Venezuela to Philadelphia. We are creating a situation under which the American people cannot travel on American ships. It is impossible for them to get dinner after 7 o'clock in the evening.

What bothers me about this situation is that if we go on that way, God help the American merchant marine. Let us try to find a way out instead of trying to dig ourselves in deeper.

The CHAIRMAN. The Chair recognizes the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Chairman, I am in favor of this amendment. Each year when we have had the foreign-aid bill before us, I have opposed as strongly as I could, the provision that required that 50 percent of the shipping used in that program be in American bottoms. I did not think that was the fair or right way to take care of our merchant marine. Each year some tens of millions of dollars of the appropriations advertised to the American public as foreign aid was actually money to subsidize our own merchant marine.

But the merchant marine must be taken care of, and this amendment provides a part of the right way to do it. We have got to have an American merchant marine and an American shipbuilding industry. We cannot compete on even terms with the cheap labor of countries which do not have the high standard of wages and of living that we enjoy in the United States. Provisions like those in this amendment are part of the price we pay for our high standard of living and for our national security. I am glad to pay that price.

This is the proper kind of legislation to keep our merchant marine on the high seas, to keep it up-to-date, and to keep it adequate, both because of our commercial interests, and even more as a part of our national defense.

I hope the amendment will be agreed to.

The CHAIRMAN. All time has expired.

The question is on the amendment offered by the gentleman from New York [Mr. ROONEY] to the amendment offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH].

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 117, noes 32.

So the amendment to the amendment was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. WIGGLESWORTH] as amended.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 123, noes 41.

So the amendment was agreed to.

Mr. TABER. Mr. Chairman, I move that the Committee do now rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ALLEN of Illinois, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 9936) making supplemental appropriations for the fiscal year ending June 30, 1955, and for other purposes, had come to no resolution thereon.

HOUR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. TABER. Reserving the right to object, Mr. Speaker, this is the situation. If we are going to get that foreign relief bill marked up in the Committee on Appropriations, and the House meets at 11 o'clock, it will be impossible to do it before Thursday and we will not be able to report it before Tuesday of next week and take it up on Friday. That is the situation we are in here. I just want to know what the program is.

Mr. HALLECK. I withdraw my request, Mr. Speaker.

LEGISLATIVE PROGRAM

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, I have taken this time in order to announce generally to the membership what has been a matter of some discussion among the leaders and the chairman and ranking members of the committees. As I am sure everyone knows, suspensions which were in order for last Monday have been transferred to tomorrow.

We expect to call up under suspension of the rules on tomorrow the bill H. R. 9888, extending the Korean GI bill of rights for 1 year, which has been reported by the committee. We also expect to call up under suspension of the rules, the bill H. R. 9020, having to do with veterans' benefits, amended by the Committee on Veterans' Affairs. We also expect to call up under suspension of the rules what have come to be known as the postal rate and postal pay bill, as reported out by the Committee on Post Office and Civil Service with the amendments which were voted in committee. The suspension will include both of those bills. I

might say that both bills have been reported and the reports are available and will be available in the morning, as well as a committee print which will indicate the final form of the measure upon which the motion to suspend the rules will be made. We also propose to call up under the suspension of the rules the bill H. R. 7130, having to do with forfeiture of citizenship. It has also been suggested to me that if time permits, these bills from the Committee on Public Lands might be called:

S. 2380, to amend the Mineral Leasing Act.

S. 2381, to amend section 27 of the Mineral Leasing Act.

H. R. 8498, authorizing construction of works to reestablish the Palo Verde irrigation district.

S. 3385, providing for more effective extension work among Indian tribes.

S. 2864, to approve an amendatory repayment contract negotiated with the North Unit Irrigation District, and so forth.

As I say, I do not know how many of those we might have time for. I have discussed that with the gentleman from Nebraska [Mr. MILLER] and I thought I might at least list them as a possibility. I might say to the Members on our side, before I conclude, that we hope to have a conference which should not run too long as soon as the House adjourns, which I hope will be shortly.

Mr. RAYBURN. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. RAYBURN. I do not believe, Mr. Speaker, that I have ever heard of so many bills proposed to come up on one day under any circumstances, much less under suspension of the rules. I might say also, Mr. Speaker, that I do not think while I was either Speaker or majority leader that I ever called up, or allowed to be called up under suspension of the rules, any bill until I had consulted with the minority leader. If my memory serves me correctly, I never recognized any Member to move to suspend the rules unless it was agreeable to the minority leader. This program is not agreeable to me. I think it is a terrible thing that in order to increase the wages or salaries or compensation of postal employees, we have to throw two bills together. I want to say now for myself, although I do not know what might be the course others may take, if the increases in postal salaries and the increase in rates on postage stamps from 3 cents to 4 cents come up together, it certainly shall not have my support.

Mr. HALLECK. Mr. Speaker, I certainly respect the gentleman's opinions.

I have not checked the RECORD, and certainly I am not going to do so, to determine whether or not the gentleman ever permitted any suspensions when he was Speaker that were not concurred in by the minority leader. As the gentleman knows, as we proceed through the session necessarily there are discussions, because a two-thirds vote is involved, with the minority as to what the situation is, but I have never understood it to be the practice, and certainly it is not in the rules, as we come up to the close of a session with the majority carrying the responsibility for the progress of the program, that we would be subjected to a veto from the side of the minority.

I am not going to argue the merits of these measures at this time, as the gentleman has in some measure, except to point out that similar action was taken in the 80th Congress, and I checked the RECORD and there was not even a rollcall on the passage of measures at that time that involved the matter of rates and pay.

Mr. RAYBURN. The gentleman understands, of course, what happened after the adjournment of the 80th Congress. One of the reasons why I never agreed to recognize anybody for suspension of the rules without the consent of the gentleman from Massachusetts [Mr. MARTIN], was on account of what had happened to me on some of these occasions, and it will probably happen to the gentleman tomorrow.

Mr. HALLECK. I discussed the matter in respect to the veterans bill, to which I have made reference, and it has been the practice, ever since I have been here, to call up those bills under suspension, whether the Democrats or the Republicans were in power.

COMMITTEE ON THE JUDICIARY

Mr. GRAHAM. Mr. Speaker, I ask unanimous consent that the Committee on the Judiciary may have until midnight tonight to file certain reports.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

BRIEF SUMMARY OF LEGISLATION TO INCREASE SALARIES AND PROVIDE OTHER BENEFITS FOR POSTAL EMPLOYEES, AND FOR POSTAL RATE INCREASES

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, the leadership of the House has announced that legislation will be considered on tomorrow providing for increases in salaries and for other benefits for postal employees, and together with this legislation and included therewith, will be further legislation considered for certain increases in postal rates.

Because of time limitations allowed in considering these proposals on the floor of the House, I am making a brief statement with respect to these measures. Complete analysis of these proposals is included in reports of the bills, when reported to the House.

Legislation to be considered to provide for increases in pay, and for other benefits, for postal employees is contained in H. R. 9836, as amended by the committee, and reported without opposition by the Committee on Post Office and Civil Service.

Here is a summary of the amended bill. It provides:

First. A permanent 5 percent increase for all postmasters, officers, and employees in the postal field service with a minimum of $200 except in the case of fourth-class postmasters and hourly rate employees.

Second. A fourth longevity grade for personnel of the postal field service.

Third. A reclassification for all postmaster, officers, and employees in the postal field service by requiring that the Postmaster General submit to Congress by March 15, 1955, a proposal for job evaluation of the positions of postal field service personnel. This proposal must contain schedules which set forth grades and salaries of postal field service positions, and provisions assuring postal employees (a) of the right to appeal their classification to the Civil Service Comission; (b) that those on the rolls when the plan, or any part thereof, becomes operative will not suffer any loss in salary; and (c) that they will not be downgraded. This plan will take effect unless disapproved within 60 days by a majority of either House of Congress, a quorum being present.

Fourth. An increase in the allowable per diem for employees in the transportation service to $9 per day from the present rate of $6 per day.

Fifth. A uniform allowance of $100 annually for those employees required to wear uniforms.

Sixth. A modification of present law which restricts the number of permanent appointments in the Federal service. This will permit the granting of permanent appointments to a large number of temporary and indefinite employees in the postal field service.

Seventh. A biweekly pay period for personnel of the postal field service.

Total cost of bill, $151,533,000.

Legislation to be considered concerning increases in postal rates is included in the provisions of H. R. 6052, as reported by the House Post Office and Civil Service Committee. A complete analysis of the measure is contained in a report that has been on file for some time. A summary of postal-rate provisions is as follows:

FIRST-CLASS MAIL

The bill as reported increases from 3 cents to 4 cents the rate on the first ounce of first-class letter mail for delivery outside the office of mailing.

I think it well to observe that much has been said that first-class mail more than pays its way. This applies to what is known as drop-letter mail. It is mail delivered from the post office where it is mailed. This legislation does not change that rate of 3 cents per ounce. The 4-cent rate applies only to the first ounce on mail delivered away from the office of mailing.

AIRMAIL

The rate on domestic airmail is increased from 6 cents to 7 cents an ounce.

SECOND-CLASS MAIL

First. In addition to the 10-percent increase due April 1, 1954, under existing law, this bill will increase the rates on second-class mail in 3 increments of 10

percent, effective April 1, 1955, April 1, 1956, and April 1, 1957. These increases are based on the rates in effect prior to Public Law 233, 82d Congress, and are applied on the portion of publications for delivery outside the county of publication. The increases do not affect publications of nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations.

Second. The publication, or portions thereof, delivered outside the county of publication on which rates are increased as explained in paragraph 1 above, will be subject to a minimum charge of one-fourth cent per copy, compared to the present charge of one-eighth cent. The one-eighth cent minimum remains the same as at present for publications of the nonprofit associations or organizations listed above.

Third. The present transient second-class mail is eliminated and in the future these mailings will be carried at the third-class rate for those publications of 8 ounces or less and at fourth-class rate for those publications weighing over 8 ounces.

THIRD-CLASS MAIL

First. The rate for individual pieces of third-class mail is increased from 2 cents for the first 2 ounces, plus 1 cent for each additional ounce—or in some cases, 1½ cents for each 2 ounces—to 3 cents for the first 2 ounces plus 1½ cents for each additional ounce or fraction thereof.

Second. The rate on third-class matter mailed in bulk is increased from 14 cents per pound and 1½ cents minimum per piece to 16 cents per pound and 1½ cents minimum per piece.

Third. The fee for a permit to send third-class mail under the bulk mailing rate is increased from $10 a year to $50 a year, with the privilege of purchasing a 3-month permit at $15.

Fourth. Odd-sized pieces of third-class mail will be subject to a minimum charge of 5 cents, representing an increase of 2 cents per piece.

Fifth. The minimum charge on third-class matter mailed at bulk rates without individual addresses, for delivery under regulations prescribed by the Postmaster General, will be 2 cents per piece.

Sixth. No increases will be made in bulk rates on third-class mailings of books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants not exceeding 8 ounces in weight, or on mailings of nonprofit religious, educational, scientific, philanthropic, agricultural, veterans', or fraternal organizations or associations.

CONTROLLED CIRCULATION PUBLICATIONS

Controlled circulation publications will be subject to a rate of 11 cents per pound with a minimum charge of 1½ cents per piece.

BOOKS

The committee struck from the bill the provision which would have increased postage on books by $4 million, or approximately 25 percent.

INCREASED REVENUE

Following is the estimated total increase in postal rates when all the rates are in effect:

Estimate of revenues from each section of H. R. 6052 (as reported)

[Based on 1953 volume and assuming no loss in volume due to higher rates]

Section:	
1. First-class mail (first ounce of nonlocal)	$159,000,000
2. Domestic airmail	15,600,000
3. Second-class mail (publishers' second class)	13,500,000
Transient second-class at third- and fourth-class rates	900,000
4. Third-class mail:	
Increase in piece rates	29,000,000
Increase in pound rates 14 to 16 cents	3,200,000
Bulk fee $10 to $50 year or $15 quarter	8,000,000
Pieces of odd size or form	1,000,000
2-cent minimum on unaddressed third-class	3,000,000
Total	44,200,000
5. Controlled circulation publication (up to 8 ounces)	80,000
Total increase	233,280,000

THE DROUGHT SITUATION IN KANSAS

Mr. MILLER of Kansas. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. MILLER of Kansas. Mr. Speaker, I wish to revise and extend my remarks and include a letter from Mr. Glenn Stockwell, of Randolph, Kans., showing what a group of intelligent and progressive farmers can do in the way of soil conservation and flood protection when they cooperate in measures for that purpose:

RANDOLPH, KANS., *July 14, 1954.*

Hon. HOWARD S. MILLER,
House Office Building,
Washington, D. C.

DEAR CONGRESSMAN: I would like to tell you of my experience on my farm and in my neighborhood with watershed management as a means of flood control. My farm is located on Crooked Creek in northern Riley County, Kans. This creek is typical of many in this section. The creek is bordered with rich farmland that is highly farmed. The uplands are rough and steep. Through improper farming and pasture management the watershed has deteriorated and floods on the creek were becoming more frequent and severe.

In 1937 we had a very severe flood that destroyed acres of crops, washed out miles of fencing and drowned livestock. It was evident that we would either have to abandon the farmland along the creek or find some method of controlling the runoff waters. My neighbors and myself consulted with technicians of the State college, and the Soil Conservation Service. We visited some of the demonstration projects on which watershed development was being tried out. We were soon convinced that our remedy was in a proper management and development of our watershed. It would have to be a community effort.

Since that time much of the land has been terraced and grassed waterways installed. Improved rotation practices have been adopted. Much of the poorer upland has been reseeded to grass and the native grass improved through good pasture management. At least 15 impoundment structures have been built. Some of this work has been done under ACP assistance but much of it has been done at the farmers' own expense in order to accelerate the work.

The results have been outstanding. We went through the 1951 and 1952 flood periods with practically no flooding although we were in the area of high rainfall. During the 60 days of rainfall of May, June, and July 1951, the water was almost continuously trickling from our terraces but at no time did it assume flood proportions. We can now farm our lowlands with confidence and erect fences that are necessary for our livestock business without fear of having them washed away.

We are now experiencing a severe drought and are finding that the greatest benefits from our work may come in drought periods. In spite of the dry weather we have just finished harvesting one of the best wheat crops of our experience. Our springs are still flowing and we have plenty of water in our pastures. Our farm has been in the family for 97 years and we are just now developing a system of watershed management that will make the farm a stable and permanent proposition. I believe that an accelerated soil conservation and watershed development program would be the greatest boon that this country could receive. The benefits would be manifold and so widespread as to benefit the entire economy of our Nation.

Sincerely yours,

GLENN D. STOCKWELL, Sr.

Mr. Speaker, at this point I include a communication from the Kansas Livestock Association:

KANSAS LIVESTOCK ASSOCIATION,
Topeka, Kans., July 13, 1954.

Representative HOWARD S. MILLER,
House Office Building,
Washington, D. C.

DEAR MR. MILLER: The following night letter was sent to Secretary of Agriculture Ezra T. Benson, July 13:

"Record heat 114° common yesterday. No rain past 2 weeks in most of Kansas. Crops and grass are burning. Stock-water situation becoming critical. Forced cattle marketing started. Some truckers report bookings 2 weeks ahead. Beef-purchase program, to be effective, should start at once. Price paid for beef should warrant stronger cattle prices. Contracts should be for delivery dates requiring immediate purchase by processors."

A. G. PICKETT, *Secretary.*

Mr. Speaker, that telegram was sent a week ago and the heat and drought continue. The conditions are worsening daily and stockmen are compelled to liquidate their cattle.

It is my understanding that the Secretary of Agriculture has authority to institute a cattle-buying program to meet this emergency. I am one Member of Congress who believes it time to begin.

MY RECORD ON REA

Mr. VURSELL. Mr. Speaker, I want to pay a compliment to the fine work the officials of REA cooperatives have done throughout the Nation in bringing light and power to millions of farmers in the last several years, which greatly increases the wealth of the Nation by making an outlet for the use and purchase

of electrical appliances, amounting to billions of dollars a year, which is an aid to business and to the economy of the Nation, lifting at the same time much hard work from the farm women of America.

FREE ENTERPRISE

As I have often said, I regard REA as one of the finest examples of free enterprise at the grassroots. The officials who direct the management of REA cooperatives have done a splendid job, nationwide.

The five REA cooperatives serving my congressional district have made every loan payment on time, and are ahead with their repayments now $1,763,954. This fine record shows they are paying off their loans faster than they come due.

When I came to Congress in 1942, only 49 percent of the farms in Illinois had electric light and power. Now, 12 years later, we have 95 percent served.

VOTED FOR $2,649,000,000

In these 12 years I have voted for REA loan funds a total of $2,649,000,000, which is $75 million more than was requested by Presidents Roosevelt, Truman, Eisenhower, and the Bureau of the Budget acting for those Presidents.

We appropriated	$2,649,000,000
Presidents requested	2,574,000,000

This shows we appropriated $75 million more for the REA loan fund than was requested by these three Presidents.

I thought the farmers should have these facts. I decided to give them to you because I have learned that a false campaign is being started by those who hope to gain political advantage by charging I had not adequately supported the REA. These loans are repaid with interest.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. VURSELL. I yield.

Mr. H. CARL ANDERSEN. The gentleman from Illinois [Mr. VURSELL] has throughout his 12 years in this House always fought for what he has considered to be just and fair treatment for the farmer in every respect. I recall the many times in which he has appeared before my Subcommittee on Appropriations for Agriculture in behalf of such programs as REA. I have noticed that during these 12 years the gentleman from Illinois [Mr. VURSELL] has always voted as I have relative to REA loan allocations. I am positive in my own mind that during these years, he and I have voted for $155 million above and beyond what the budget has requested of the Congress. There is no better friend of REA and the farmer than the gentleman from Illinois [Mr. VURSELL].

Mr. VURSELL. I sincerely appreciate the comments of the gentleman from Minnesota [Mr. ANDERSEN], the chairman of the Appropriations Subcommittee for Agriculture.

Mr. HORAN. Mr. Speaker, will the gentleman yield?

Mr. VURSELL. I yield.

Mr. HORAN. I just want to say that in my opinion the gentleman from Illinois is as good a friend of REA as there is in the Congress, and has been all down through the years. He has fully supported REA loan funds for the 12 years he has served in the Congress.

Mr. VURSELL. Mr. Speaker, I want to thank both of these gentlemen, who are members of the Agriculture Subcommittee on Appropriations.

Mr. Speaker, the members of the Appropriations Committee of the House know that I have fully supported the loan funds for REA in every session of the Congress for the past 12 years.

The farmers generally know that I have not only supported the REA loan fund to extend light and power to the farmers of Illinois and the Nation, but that I have supported soil conservation and research and extension work; that I helped to write and pass the farm-to-market roads program—to pull the farmers out of the mud; that I have supported the Farmers' Home Administration loans to assist farmers to own their homes—and I note from a recent report that 50 farm loans have been granted to farmers in Marion County; that I have voted at all times and am still voting in this session to help the farmers on every front.

I have owned and operated farms most of my life. I helped to organize, as a charter member, nearly 40 years ago, the Farm Bureau in Marion County, and am still a member.

NAIL CHARGES DOWN

Mr. Speaker, I want to nail these false charges down by giving you the record of my support of REA loan funds, carefully compiled by a member of the staff of the House Subcommittee on Appropriations for Agriculture.

May I point out that, in order to save time on the House floor, on many occasions, no record vote is taken. When the Members are in agreement they often pass the bill by a voice vote rather than take the time to call the roll of 435 Members, which must be called twice on a rollcall vote.

Twelve years ago the first REA appropriation bill I was privileged to vote for came in the 1st session of the 78th Congress.

HERE IS THE RECORD

78th Cong., 1st sess., 1943

Budget request	$30,000,000
House committee approved	20,000,000
Senate approved	30,000,000

It then went to a conference committee of the House and Senate. When it came back to the House, Congressman RANKIN moved that the House approve the Senate figure increasing REA appropriations to $30 million. The record shows that I voted "yes" on the Rankin substitute—CONGRESSIONAL RECORD, volume 89, part 5, page 6361—which was defeated. This shows I voted to increase REA appropriations $10 million.

78th Cong., 2d sess., 1944

Budget request	$20,000,000
House committee approved	20,000,000
House approved	20,000,000

I supported the $20 million although there was no record vote. It went to the Senate, which increased the amount to $40 million. The conference committee representing the House and the Senate compromised at $25 million. No one opposed the conference report. I supported the $25 million, and this was the amount appropriated.

79th Cong., 1st sess., 1945

Budget request	$150,000,000
House committee approved	60,000,000
House approved	60,000,000
Senate approved	125,000,000

In the House on final passage of the $60 million, there was a record vote. I had been called to my office on an emergency matter, and returned to the floor as quickly as possible, but got there about 2 minutes too late to be recorded favorably on the House vote. Conferees, representing the House and Senate, compromised on $80 million, and I supported the conference report for $80 million.

79th Cong., 1st sess. (continued), 2d deficiency, 1945

Budget request	$160,000,000
House committee approved	50,000,000
House approved	120,000,000

I supported the $120 million on a division vote. There was no rollcall. The Senate approved $120 million. Final amount approved $120 million, and I voted for it.

79th Cong. 2d sess., 1946, urgent deficiency, 1946

House approved	$100,000,000

A motion was later made to recommit the bill, to eliminate funds for OPA, which was defeated on a record vote. I was not recorded on that vote, however, it had nothing to do with REA.

79th Cong., 2d sess., (continued)

Budget request	$250,000,000
House approved	250,000,000
Senate approved	250,000,000
Final amount approved	250,000,000

I voted for $250 million, as all other Members present did. In order to save time no record vote was taken.

80th Cong., 1st sess., 1947

Budget request	$250,000,000
House committee approved	225,000,000
House approved	225,000,000

Mr. CANNON of Missouri offered motion to recommit, CONGRESSIONAL RECORD, volume 93, part 5, page 6030, to provide $300 million for the Agriculture Adjustment Administration, $75 million for school lunches, and to increase REA $25 million. I voted against it because of the enormous sum added for AAA in the House.

On final passage of conference report I voted "yes" on the rollcall vote for $225 million—CONGRESSIONAL RECORD, volume 93, part 5, page 6031; 315 of the Members voted "yes" and only 38 voted "no."

80th Cong., 2d sess., 1948

First deficiency 1948 budget request	$175,000,000
Committee approved	75,000,000
House approved	175,000,000

In other words, we in the House increased the committee request by $100 million. Mr. CANNON of Missouri offered motion to recommit, and increase REA by $100 million. I voted "yes" on record vote, CONGRESSIONAL RECORD, volume 94, part 3, page 3995, and also voted "yes" on record vote for final passage on April 1, 1948. Senate also approved the amount.

Budget request (regular)	$300,000,000
Committee approved	400,000,000
House approved	400,000,000
Senate approved	400,000,000

This was under the 80th Republican Congress, which voted more funds in the 2 years it was in power for REA than has ever been voted in 2 years since REA was adopted. There was no record vote and practically no opposition. I voted for these large sums, as the other Members did.

81st Cong., 1st sess., 1949

Budget request	$350,000,000
Committee aprpoved	350,000,000
House approved	350,000,000
Senate approved	350,000,000

I supported this amount by a voice vote. There was no record vote.

Now, since there are always some people who are more interested in politics than they are in the farmers, I want to quote what I said with reference to the REA bill when we were considering it on April 5, 1949, 5 years ago. You will find my remarks in the CONGRESSIONAL RECORD, volume 95, part 3, page 3921. My comments then reflect the support I have always given REA loan funds throughout my service in Congress. This is what I said:

Mr. Chairman, I had occasion to appear before the subcommittee handling this bill. They have brought out a very good bill. It appeals to me in almost every section.

Particularly do I appreciate and favor that provision with reference to REA, which not only provides for an appropriation of $350 million, but has a proviso that the administrator of REA, Mr. Wickard, if he finds he is running short of funds may go to the Secretary of Agriculture and borrow in amounts of $50 million, if he can so justify, until an additional $150 million has been exhausted.

I am glad this provision is worded so that the administrator does not have to come back to Congress, if more funds are needed for the year 1949. The Congress by this provision has given REA full opportunity for the extension of its services, so much needed by the people of the Nation.

SOIL CONSERVATION

I am also interested in the provision with reference to soil conservation. The greatest contribution we can make to the posterity of this country, as well as for the immediate future is that we try to leave the soil in a better condition than we found it, more fertile, and more productive, for those who follow after us. If we have done that, then we have really rendered a service to the country, not only for the present and the near future, but for the years to come.

The RECORD further reads as follows:

Mr. RANKIN. Mr. Chairman, will the gentleman [Congressman VURSELL] yield?

Mr. VURSELL. I yield.

Mr. RANKIN. This bill appropriates $350 million for rural electrification, and makes $150 million additional available if necessary. That is right, is it not?

Mr. VURSELL. Yes.

Mr. RANKIN. That would mean $500 million would be available.

Mr. VURSELL. That is correct.

The above reflects the position I have always taken on REA loans and soil conservation.

81st Cong., 2d sess., 1950

Budget request (including rural telephones)	$450,000,000
House committee approved	375,000,000
House approved	375,000,000
Senate approved	390,000,000

Conference of the House and Senate committees approved a compromise of $382,500,000. Final amount approved, $382,500,000. I, with practically all other Members, voted for this large sum.

82d Cong., 1st sess., 1951

Budget request	$109,000,000
Committee approved	109,000,000
House approved	109,000,000
Senate approved	109,000,000

No amendment or record vote. No conference necessary. Final amount approved, $109 million. I, with practically all Members, supported the amount by a voice vote.

82d Cong., 2d sess., 1952

Budget request	$75,000,000
Committee approved	75,000,000
House approved	75,000,000
Senate approved	75,000,000

No conference necessary. Practically all of the House Members voted for the $75 million. No record vote was necessary.

83d Cong., 1st sess., 1953

Budget request	$200,000,000
Committee approved	185,000,000
House approved	185,000,000
Senate approved	202,500,000
Conference committee approved	202,500,000

The CONGRESSIONAL RECORD, volume 99, part 4, page 5277, dated May 20, 1953, will show that I voted "yes" on final passage.

83d Cong., 1st sess., 1954

Budget request	$55,000,000
Committee approved	100,000,000
House approved	100,000,000

I urged the subcommittee to increase the amount to $100 million, and we approved it on a voice vote. There was no record vote. The Senate raised the amount to $135 million. Inasmuch as I could not be present when the conference report came back to the House, I made the following statement, which I quote from the CONGRESSIONAL RECORD of June 22, 1954, page 8658:

Mr. Speaker, since it will be impossible for me to be present tomorrow when the conference committee reports on the agriculture appropriation bill, I should like for the RECORD to show that I favor the report, and if it were possible for me to be present, I would vote for the additional Senate $35-million loan authorization carried in the report for REA.

When the above bill was before the House, the CONGRESSIONAL RECORD of April 12, 1954, page 5036, carried my remarks, as follows:

REA FUNDS

Mr. Chairman, I am pleased to note that our committee has provided additional loan funds for rural electrification in the amount of $100 million in this bill. I would like to point out that the Appropriations Committee has increased the budget request of $55 million by $45 million, which will bring the loan fund for the coming year up to $100 million.

FOR REA TELEPHONE SERVICE

I would also like to say that I voted for the original Telephone Act and to point out that we have provided the full budget request of $75 million loan fund to be used in the extension of the REA telephone service, which is an increase of $7,500,000 over the appropriations made for telephone service over the recent year.

COMMITTEE REPORT

The committee has had reported to it many instances where private power sources are placing more and more restrictions on the activities of REA cooperatives as condition to negotiating contracts to supply the necessary power. Many times contracts offered by the private power companies are on a year-to-year basis. In the opinion of the committee, REA cooperatives are entitled to a firm source of power at reasonable rates and on a dependable basis, with the full right to operate on a basis which will render maximum service to eligible consumers. The committee feels that the Administrator's authority to provide loans for power generation should be fully utilized, if necessary, in order to assure adequate power to REA cooperatives on a reasonable basis.

The committee report we wrote is important, and shows the Congress is determined to protect the REA as it grows in the future to the extent that they may build their own power-generation plants, when necessary, to assure them adequate power, at reasonable competitive rates. When they are not able to secure adequate power in an area without unreasonable rates, I want them to have this protection.

I further stated "that Congress is determined to protect the REA as it grows in the future to the extent that they may build their own power generating plants, when necessary, to assure them adequate power, at reasonable competitive rates."

Now, the above shows that I, with a majority of the Members of Congress, appropriated for the REA loan fund to bring light and power to the farmers of America a total of $2,649,000,000, which is $75 million more than was requested by the three Presidents under whom I have served during the past 12 years.

INTERIOR DEPARTMENT—RECLAMATION, ETC.

The following will show that I voted with a majority of the Members of Congress to reduce some amounts for administration expenses and construction work, because the hearings held before the Appropriations Committee of 50 members showed these funds were not necessary, and would be a waste of the taxpayers' money.

ROLL CALL NO. 40, APRIL 25, 1947

A motion was made from the Democratic side to recommit the bill which would add funds to purchase 30 new automobiles for the Interior Department—mind you, not REA—and provide for $1,700,000 for administration of the Bonneville project, meaning they could employ more people who were not needed and spend more money.

The facts prove they had a carryover of $141 million in the Department that had not been spent. The Washington Post, the leading Democrat newspaper in Washington, published an editorial commending the action the committee had taken in reducing the Interior appropriation bill.

I voted against the waste of this amount of money because they already had too many automobiles and plenty of money for the administration of the project. I must have been right because 197, including Representative NIXON, now Vice President, and Representative William G. Stratton, now Governor of

Illinois, voted with me, while only 140 voted for the motion to recommit.

ROLL CALL NO 39, MAY 2, 1951

Mr. GARY, chairman of the Appropriations Subcommittee, and a Democrat from Virginia, offered an amendment to strike out $3,400,000 for the Southeastern Power Administration. I quote from the CONGRESSIONAL RECORD, volume 97, part 3, page 4282, what Mr. GARY said:

The purpose of this amendment is to prevent the useless expenditure of $3,400,000 to the Southeastern Power Administration for the construction of transmission lines to duplicate existing lines now in operation.

Mr. GARY has the respect of every Member of the House. His amendment carried on the roll call by 248 yeas to 149 nays. I was glad to vote with Mr. GARY to prevent this waste.

ROLL CALL NO. 40, MAY 2, 1951

Congressman HARRIS, an able and respected Democrat of Arkansas, offered the amendment to reduce SWPA by $550,000. In support of his amendment, I quote from the CONGRESSIONAL RECORD, volume 97, part 3, page 4295, his words, as follows:

Mr. Chairman, this amendment is an effort to reduce in some small way the burden—the load of the taxpayer. It does not handicap or adversely affect the program or service of the Southwestern Power Administration. * * * If there ever was a time when Federal expenditures unrelated to our national defense should be reduced to the bone, it is now.

I was glad to help save this $550,000. The amendment carried by 222 yeas to 173 nays.

ROLL CALL NO. 41, MAY 2, 1951

Simply a vote for language to be inserted that no funds of the appropriation could be expended for the construction of facilities designated as comprising the western Missouri project. Yeas 247, nays 152.

ROLL CALL NO. 42, MAY 2, 1951

This motion was made to reduce the amount appropriated for Bonneville project by $5½ million. However, that left $62 million for that project, more than they could or did spend for the coming year. Motion carried 225 to 167. I voted to save $5½ million.

ROLLCALL NO. 44, MAY 2, 1951

This had to do with construction under the Bureau of Reclamation, Mr. TABER made a motion to reduce the amount from $207,190,000 to $197,000,000. That still left an enormous sum. I voted "yea" to slow down the spenders; 237 voted "yea" to only 160 "no." I voted against unnecessary waste.

ROLLCALL NO. 45, MAY 2, 1951

This was an attempt on the part of the spenders to duplicate transmission lines already rendering adequate service; 226 voted "yea," only 165 voted "nay." I voted with the 226.

ROLLCALL NO. 32, APRIL 28, 1953

This vote was on a motion to recommit the bill which had been considered for many weeks by the Appropriations Committee, and had been approved by that committee after long hearings. The motion would add to the bill about $6,856,000 to be spent on various construction projects in the Southwest, West, and Northwest parts of the United States.

The motion was voted down by a vote of 212 to 167. I voted to prevent spending $6,856,000, which was clearly unnecessary.

Mr. Speaker, in closing, on the rollcalls I have just listed I would like to point out that the Members of this House, by a big majority on every rollcall, voted as I did knowing it was our duty to prevent unnecessary waste of millions of dollars of the taxpayers' money. I am glad to have helped render that service.

RESOLUTION ON SPECIAL COMMITTEE TO INVESTIGATE TAX-EXEMPT FOUNDATIONS

The SPEAKER. Under the previous order of the House the gentleman from New York [Mr. JAVITS] is recognized for 20 minutes.

Mr. JAVITS. Mr. Speaker, I ask unanimous consent to reduce my special order to 4 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. JAVITS. Mr. Speaker, I am glad we have a good attendance here preparing for the Republican conference, because I have something very serious to say to the House and it is a very fortuitous circumstance.

We have heard a lot pro and con about rules of congressional procedure for investigating committees in both this House and the other body.

There seems to be no practical way in which once an investigating committee is organized and endowed with an appropriation the House can recapture its control over it. We have in this body, in my opinion, a special committee which needs to have the recapture of control at least reviewed as far as the House is concerned. It is the Special Committee on Tax-Exempt Foundations.

The power of the whole House of Representatives being vested in any investigating committee the House should now assert the right to review that power with respect to its exercise by the Special Committee to Investigate Tax-Exempt Foundations. I am introducing a resolution for that purpose today the text of which is as follows:

Resolved, That the Committee on Rules is hereby authorized and directed after inquiry to make recommendations to the House of Representatives respecting the activities of the Special Committee to Investigate Tax-Exempt Foundations created pursuant to House Resolution 217, 83d Congress, and the termination thereof, the report thereof to the House of Representatives, the disposition of the papers and documents of the said special committee and such other measures relating thereto as may be appropriate.

It is high time that the House of Representatives asserted itself in one of these investigations that has gotten off the track, as the best answer to the danger of any loss of prestige which may be suffered by either House of the Congress attributable to the excesses of congressional investigating committees. Having reported favorably House Resolution 217 to create the special Committee it should be a duty given to the Rules Committee to exercise legislative oversight over it, and my resolution so provides.

The case for action is clear. On July 2 after hearing 11 witnesses critical of the tax-exempt foundations and 1 witness favoring their activities, and before the foundations themselves were heard, the special committee abruptly ended further public hearings, saying statements could be submitted that could be made public. The predecessor Cox committee heard 40 though this present committee was said to be justified because its predecessor did not do a good enough job. Terminating public hearings when only one side has been heard is not the American way and the House should not tolerate it. It resulted in the New York Herald Tribune calling this particular inquiry a senseless investigation and the New York Times calling it another stupid inquiry. These are authoritative publications and such editorials are not conducive to the prestige the House seeks to, and should, sustain on a high level.

The whole investigation of foundations has been conducted upon the theory that the foundations have been engaged in some conspiracy to infiltrate socialism into American educational institutions and social life. As against this, we have the findings of the predecessor Cox committee unqualifiedly to the contrary. The Cox committee said in their report:

It seems paradoxical that in a previous congressional investigation in 1915 the fear most frequently expressed was that the foundations would prove the instruments of vested wealth, privilege, and reaction, while today the fear most frequently expressed is that they have become the enemy of the capitalistic system. In our opinion neither of these fears are justified.

* * * * *

Aside from the pressing needs of national security there are ever-widening and lengthening avenues of knowledge that require research and study of the type and kind best furnished or assisted by foundations. The foundation, once considered a boon to society, now seems to be a vital and essential factor in our progress.

* * * * *

The committee believes that on balance the record of the foundations is good. It believes that there was infiltration and that judgments were made which, in the light of hindsight, were mistakes, but it also believes that many of these mistakes were made without the knowledge of facts which, while later obtainable, could not have been readily ascertained at the time decisions were taken. It further believes that the foundations are aware of the ever-present danger and are exerting and will continue to exert diligence in averting further mistakes. While unwilling to say the foundations are blameless, the committee believes they were guilty principally of indulging the same gullibility which infected far too many of our loyal and patriotic citizens and that the mistakes they made are unlikely to be repeated. The committee does not want to imply that errors of judgment constitute malfeasance.

Nothing material has appeared before the present committee to alter the validity of these conclusions of its prede-

cessor committee. I hope very much that my colleagues will very seriously think about this question of what control we do have and whether it is not vitally important that we have some residual control over these investigations as there is a possibility that they may go off the track.

Mr. BUSBEY. Mr. Speaker, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from Illinois.

Mr. BUSBEY. May I inform the gentleman that there are some of us in this body who do not take our evaluations of congressional committees from the New York Herald Tribune or from the New York Times. Some of us disagree violently with their position and I am one of them.

Mr. JAVITS. That is proper and the gentleman is entitled to his opinion. But the gentleman will notice that the first thing I spoke of was the cessation of any public hearings after one side was heard. I first gave the facts before I gave anybody's opinion.

Mr. JACKSON. Mr. Speaker, will the gentleman yield?

Mr. JAVITS. I yield to the gentleman from California.

Mr. JACKSON. The House exercises its constant and continuing control over any investigating committee and at any time it is the consensus of the Members of the House that any committee has overstepped the bounds of decorum in the conduct of its operations it can cut off that appropriation.

Mr. JAVITS. I have suggested a means by the filing of this resolution by which the House can make its will felt. I think that some means to enable the Houses of the Congress to see to their own prestige is vitally needed here and in the other body.

TENTH ANNIVERSARY OF THE ASSASSINATION OF THE GERMAN ELITE

The SPEAKER. Under special order heretofore entered into, the gentleman from California [Mr. YOUNGER] is recognized for 30 minutes.

Mr. YOUNGER. Mr. Speaker, today, July 20, marks the 10th anniversary of the assassination of the German elite. In memory of that occasion I would like to read from an address delivered by Prof. Karl Brandt, associate director of the Food Research Institute, Stanford University, before the World Affairs Council of Northern California on July 8, when he said as follows:

We are assembled here today to pay our tribute of respect and admiration to those German men and women who put their lives at stake in resisting the tyranny and lawlessness of the Hitler regime, and who were assassinated for doing so. In honoring the memory of those gallant martyrs for the cause of freedom and human dignity, we have a phase of contemporary events to ponder which, for the vivid contrast between man's most vicious and diabolical capacities on one side and his noblest emotions and acts on the other, constitutes one of the greatest tragedies in the history of the west.

We are commemorating those past events in a distant country tonight because they give us an insight into the nature of the struggle of the free society in our day. In fact, this experience concerns all of us most intimately because what happened in Germany can happen anywhere in the world, at any time. Only a clear knowledge of what took place there, the will of those who believe in human dignity to make the sacrifice to preserve it, and eternal vigilance will spare other countries the same ordeal and the same tragic loss. While the scene and the special emphasis may change, the nature of the basic human problems as well as the potential human reaction to them will remain the same in any country. Only those afflicted with racialism would deny this, and endeavor to indict whole nations or other collective groups. For this reason we may remind ourselves that our present quarrel is not with the Russian people, but with a temporary regime which rejects the basic tenets of the philosophy of freedom.

What happened in Germany from 1933 until this day is full of meaning to us in America, the more so since we are intimately concerned with that country. The American people have twice defeated the German armed might in battle, and have twice done their best to rebuild Germany. Today our troops are protecting it and our Government still guides its course in domestic and foreign affairs. In 1933 Germany was 1 of the 3 leading and scientifically advanced industrial countries of the world; it had built a modern democracy and an orderly government by law. In that year it sank into totalitarianism, and almost perished.

Under the impact of a lost war, a disastrous runaway inflation, and the worldwide depression, the democratic German society of the Weimar Republic foundered, owing to the same sort of political deadlock which at this very moment brings France, even in the midst of prosperity, to the edge of revolution. To grasp the enormity of the events that culminated in the assassination of the German elite after July 20, 1944, we must trace the rise of the tyrant and his might-is-right regime of terror and plunder.

By 1933, one-third of the working population of Germany was unemployed and living on a meager handout from the tottering democratic state. The impractical constitution of the Weimar Republic contributed considerably to this impasse, just as her unworkable constitution is troubling France today. Not quite one-half of the German votes were cast for Hitler in 1933. He promised employment, economic recovery, and new security. This platform made a lot of sense to many despairing people. After having gone through the agony of a misconstrued and sabotaged political process in a multiparty democracy, the German citizen felt that discipline under a dictator would get him out of the mess. President Franklin Roosevelt and Hitler were inaugurated about the same time on similar economic and social platforms: to start up the idle wheels of industry, to create full employment, to lift prices for the farmer, and to put planning and social reforms into the economic system. The two men were worlds apart in every sense, but it took Roosevelt until 1937 or 1938 fully to size up even the contours of Hitler's wickedness. The German people did not admire Hitler's looks, his harsh, rasping voice, his Austrian dialect, or his cheap, demagogic manners. But most of them felt that the deadlock in politics and economics had to be broken somehow, even if at the temporary cost of some liberties.

Late in March 1933 I asked farmers throughout the country why they had voted for Hitler. Their answer was: "How could you go on with such ruinous prices for wheat and rye and all the other products?" All they wanted was recovery—and this they got; Hitler rapidly gained more support.

Germany had had a long and honorable record along the lines of constitutional monarchy, two-house parliament, labor unionism, free press, and guaranty of civil liberties ever since the abortive revolution of 1848 which sent waves of democratic Germans to this country. Germany had also emancipated the Jews earlier than any other country, and they had contributed their fair share to government by law, to science, and to the arts. It had too broad and educated and experienced an intelligentsia not to see the devil's horns and hoofs under the Führer's uniform, which he revealed almost immediately. When Reichspräsident von Hindenburg received Hitler in 1932 as a candidate for the position of Reichskanzler, and asked what his conditions were, Hitler said, "I need the right to destroy physically my political opponents." The old gentleman gasped, and, horror struck, inquired, "What did you say you wanted to do?" When Hitler stubbornly repeated his claim to the rank of overlord of gangsters, the field marshal snapped, "The audience is over."

Unfortunately for the Germans, the domestic political deadlock, the social distress, and the desolate international situation created such a crisis that a few months later Hitler acceded to power anyway. His and his henchmen's orders were plain: "Get tough, muss them up, spare nobody; crush any opposition physically—cow them all. This will change the situation and speed recovery." It actually did. But terror stalked the country from the day Hitler took over.

In December 1932 Ambassador Bullitt, special envoy of President-elect Roosevelt, visited with me in Berlin. Democracy and government by law were still in force under Chancellor Schleicher, and the worst of the depression had been passed 6 months before. When Philip LaFollette, Governor of Wisconsin, toured Berlin with me in the spring of 1933, the atmosphere of intimidation and arbitrary use of power and perversion of truth and justice were already all around us. Assured of immunity by Göring, the Storm Troops were waging a civil war against all whom they proscribed. In the sanctum of a private club an air force officer mimicked Hitler before a small group. Hitler heard of the episode and ordered the man shot. Göring pleaded clemency. The officer was slain just the same. Jews, Catholics, liberals, Social Democrats, Freemasons, and all conscientious dissenters of any philosophy or conviction were under persecution. The 6 million Communists promptly sided with the ruling brand of totalitarianism; only a handful of outstanding figures were jailed.

By April 1933 storm troopers had taken over an abandoned brewery at Sachsenhausen near my family farm north of Berlin. A white-painted sign over the gate read: "Concentration camp of the standard 202 of the SA." Soon two of my farm workers were taken to it for a week's education with rubber truncheons. Gradually the camp filled with inmates, and so did scores of others all over Germany.

In May 1933 I visited with my many Jewish friends during the first feeble boycott, and helped them plan how to get out from under it. On July 15, 1933, my late friend, Hubert Knickerbocker, and Edgar Ansel Mowrer—both courageous American journalists of renown—told me the shocking facts of the "bloody night of Koepenick," in which a score of Social Democrats were murdered by the SA. In Kiel, the police surrendered a prisoner to a lynch mob. The aged former president of the police, von Jagow, commented: "In 84 years this is the first time such a thing has happened in the Prussian police force. It takes decades to build a reliable law-enforcement body, but only a few days to despoil it."

Thus far the atrocities were a domestic concern, but on June 30, 1934, the Hitler gang demonstrated its nature before the

world. In throwing down the supposed revolt of Captain Röhm, an orgy of annihilation of opponents swept Germany. Ex-Chancellor Kurt von Schleicher, his wife, General von Bredow, State Secretary Klausener, Vice Chancellor von Papen's assistant, Edgar J. Jung, and scores of others were slain in gangland style by SS murder detachments. Ex-Chancellor Heinrich Brüning and my friend Minister Gottfried Treviranus, through the courageous aid of British friends, just escaped being shot. Open terror glowered from the eye sockets of the death's head on the caps of the SS. Soon the Germans no longer dared to utter aloud the name "Himmler" or "Heydrich" for fear the sound of the dreaded names might kill. Thousands of doctors, scholars, and other professional men left the country because they were persecuted or had been declared racially, religiously, or politically undesirable. From 1933 to 1937 Hitler gave Germany full employment and recovery, and rearmed it to the teeth, bent all the time on revenge for Versailles and on the conquest of Europe, if not more, consumed by a morbid lust for power and more power.

With the success of domestic recovery, and unlimited rearmament, Hitler was presented with diplomatic success on a platter, first by France and Great Britain, then by Russia. While the Western democracies delivered Czechoslovakia to Hitler, Stalin went one step further and, in cahoots with Hitler, divided Poland and Rumania and gobbled up the Baltic States. This at long last brought appeasement to an end. Molotov and von Ribbentrop ratified this carnivorous deal. The same Mr. Molotov, incidentally, who is still ready, upon occasion, to offer similar deals, though now the conditions are harder.

Hitler then went on the fatal warpath, and ultimately made the same error that Napoleon did—he invaded Soviet Russia, while the United States and Great Britain prepared for the onslaught which led to his doom.

In all the years from 1937 up to this day it has been claimed that all of this perversion of everything Germany had stood for in a long history was accomplished without the slightest civic revolt or even objection. It is no exaggeration to say that even though it has available the most elaborate means of information through radio comment, journals and magazines, and a vast array of news-gathering agencies, the American public still holds the view that all Germans became 100 percent Nazi the moment that Hitler became Chancellor. They have also been led to believe that it was inherently the will of all the people that this hideous system of denying all basic civil rights reflected their innate desire. The popular argument goes that the Nazi system was constructed by the most prominent philosophers and statesmen of Germany, with names like Kant, Fichte, Hegel, Nietzsche, and Bismarck studding the list. Supposedly all their philosophy, their political creed, together with their alleged opportunism, their docility, their servility, and their congenital militarism ended logically in licking with gusto the boots of the tyrant. This theme has been stated in endless variation by the army of ex-post philosophers and the always popular discoverers of the politically obvious truths of yesterday. Only for the German Jews is an exception made, although they, too, by cultural background and centuries of belonging to the German community were in every sense of the word Germans, and for the most part exemplary citizens. On them one bestows by a contemptuous act of grace absolution from German sin by racial exemption. Fortunately enough, the values of human dignity, freedom, and truth—and faithfulness to them do not have any relation to race or color. The lack of knowledge in the American public about the facts of the internal struggle against Hitler does not hurt the Germans, but it hurts us in our foreign policy and our understanding of history.

The truth is, indeed, radically different and much more complex. For many years, particularly so long as the emphasis was upon recovery, and again when it looked like success in war after the unexpected debacle of France, most of the German people went along with a national policy conducted by a totalitarian chancellor with antidemocratic means. There was a time in our own country when Anne Morrow Lindbergh's The Wave of the Future, which took it for granted that it did not make sense to swim against the current, was a best seller.

From the very outset there was a strong opposition to and a real resistance among the Germans against police-state rule in Hitler's regime. As I said before, it was in April 1933 that the Sachsenhausen brewery had been converted into a concentration camp. This evil punitive "educational" institution sprang up in many places all over Germany. The camps were soon overcrowded. Why? Because from the first days there was a determined resistance to the totalitarian state by individuals who could not stomach the arbitrariness and tyranny of the police state.

To resist the all-powerful, ruthless totalitarian police state of the 20th century and its psychiatric shrewdness in breaking man's personality and his will to resist is immeasurably more difficult than the ordinary citizen who has known nothing but government by law can possibly imagine, even now—despite the fact that we know what happened to Cardinal Mindszenty, Robert Vogeler, General Dean, and scores of other sturdy men. If you decided you could not go along with every whim of the Nazi regime, you had, even in the first days of the 12 years of Nazi rule, only two choices: Either you could emigrate or you could stay and resist, passively or actively. I chose the easiest way, emigration, because I was not sure I could stand up under the ordeal of solitary confinement, and I had many good friends in this country, and thus an easy opportunity to go. If the decision was to stay, as most Germans had to, and you were not a moral contortionist, it meant that at any time you might literally have to put your life at stake, without any assurance that anyone would ever know why you disappeared or even how. I question the right of the smart critic and the glib talker to sit in self-righteous judgment on the unfortunate people who were caught in the totalitarian trap. These critics pat themselves on the back, sure they would be quite different from the German people—the perfect heroes, hard as nails, and unflinching defenders of the faith in the face of sure death. Every individual is not a born martyr, whether he is a German, a Russian, a Frenchman, an American, a Jew, or a Gentile. He has an innate urge to survive, even under most excruciating conditions. If he has relatives, dependents, and friends whom his resistance would jeopardize, his urge to survive is intensified manyfold.

The late Gestapo and its sister organizations, the GPU and MVD, or whatever letters this modern corps of assistants to the police state uses for camouflage, are a tough lot, scientifically equipped with the latest electronic devices and the techniques of psychoanalytic and psychosomatic torture. As in any area where totalitarianism takes over, Nazi Germany cast fear into the hearts of its people by the ridiculously simple yet most effective device of inviting anonymous information about others—not only inviting it, but making it a criminal offense not to inform on others—even children on their parents and husbands on their wives.

You may sense from the following sample what it all amounted to. One of my late friends, Secretary of Agriculture Dr. Hans Krüger, had this experience in 1935. The Gestapo notified him to appear before an inspector at headquarters 2 weeks after the date of the citation. When, slightly tattered by the waiting and the worry about the dreaded machine, Krüger appeared before the inspector, he was offered a cigar and requested to be at ease with, "Please relax and feel at home. You have recently been doing some unwise things. Oh, no? Would you like to read a little in your Gestapo file? Here it is—help yourself. No; take all the time you want to examine it; there's no hurry." My friend read and read and sweated blood as he read: here was an account of a private party he had given, attended by only three friends. Pieces of their conversation were on record—dangerous talk—revolt against the criminal regime, actual plans for sabotaging Nazi policies. The inspector signed letters and puffed on his cigar as my friend read. "Please don't feel rushed," he urged. Finally, he told Krüger: "Don't be afraid. We won't arrest you. Just be advised that we are watching you. You'd better go straight. I should deeply regret it if we had to hurt you, particularly since you have a wife and children. Watch your step. So long—have a good time."

All the men who revolted against the immorality of the whole hideous system knew that they were in a scientifically designed and efficiently operated trap. But a very large body of them went right ahead, and became accustomed to the always vigilant eyes and ears of the Gestapo and the presence of informers. It is beyond belief how this changes people who do not possess the strongest of nerves. I had a visit from my aged parents in 1937 in New Jersey. It took me about 10 days to persuade my father, at a lonely spot in the countryside, that it would be safe to have an open word with me about what was going on at home.

You may ask when did the resistance begin to amount to anything, and did it ever succeed in impeding the Nazi regime seriously? Did they perhaps begin to resist only when the jig was up and the American, British, and Soviet armies stood inside Germany? These are certainly legitimate questions, and they cannot be answered simply in a general statement. Yet today we have an almost complete record of what did happen, particularly owing to the fact that the captured documents now housed in Alexandria, Va., comprise most of the Gestapo records. Owing to the German habit of never throwing away a piece of paper with anything written on it, we also have the German police and jail records, and also a vast literature of memoirs. There are more than 340 books dealing with the German resistance against Hitler.

What actually happened reflected anything but a uniform attitude. Some of the most lucid minds had sense enough to realize before Hitler came to power that he was an insane force, possessed of a satanic combination of skills and gifts tied to a morbid personality. They also knew that he had a rare and mystical sort of appeal to the mass mind and a psychopathic clairvoyance. When at Teheran President Roosevelt made a remark about "this fool, Hitler," Stalin quickly countered, "You cannot call this man a fool; anyone who has achieved that much in history is certainly no fool."

The men who had to deal with him first as genuine and legitimate opponents were the core of generals of the army whom Hitler had inherited from the small Reichswehr of the Weimar Republic. They were truly conservative men of advanced years, with combat experience in World War I, who were brought up in the Prussian puritanical spirit. Particularly after the disastrous loss of World War I, they were skeptical observers of political democracy in troubled times, and unquestionably great patriots. Generals

von Hammerstein-Equord, Beck, von Fritsch, von Witzleben, Oster, Carl Heinrich von Stülpnagel, von Brauchitsch, and the chief of the counter intelligence Admiral Canaris, to name only a few—all men of extraordinary stature—had made up their minds about who the sergeant of World War I really was. They saw in him the greatest menace to their country, and in fact to the future of government by law in Europe. They were conscientious men of order. Hitler was to them a mountebank and an illbred brigand. But they did not consider it their task to take over the political leadership. Neither in the United States, Germany, nor England has it been the normal course for the generals and admirals to take over political responsibility from duly appointed civilian cabinet officers who have legitimate authority. Hitler, in turn, knew who his deadliest enemies were, and did not shrink from using the vilest and most vicous methods of intrigue, bribery, and character assassination to get rid of some of them and split the ranks. As the Nuremberg trials have proved, the German general staff was opposed to military adventures. It knew too well the limitations of German military and economic resources. Moreover, it had sense enough to realize that one could probably win battles, but never a war in which the United States and Great Britain would inevitably become involved. They distrusted Hitler on every ground—character, philosophy, maturity of judgment, and even more, political and military intuition. The assassination, underworld style, which Hitler administered to Generals von Schleicher and von Bredow, to Messrs. Klausener and Jung and scores of others was—if anything of that sort was needed—an eyeopener to the general officers. These men knew far more than the public about the cold-blooded gang of killers that had seized the German power of government. The proper question of course is, if they did know so much, why did they not act and remove Hitler? This is one of the most involved problems of the whole exasperating struggle between the resistence and the Hitler regime.

To begin with, these men actually did move all the time to achieve Hitler's elimination from power. But he surrounded himself with his own pretorian guards, the SS and the SD, and packed the Wehrmacht with young officers of his own choosing. Yet the military-resistance leaders joined with civilian protesters, at first particularly those of the conservative wing. Among these men who were willing to resist actively were the former mayor of Leipzig, Dr. Karl Goerdeler, State Secretary Ernst von Weizsäcker, and former Reichsbank president, Hjalmar Schacht. They planned for September 1938 a coup d'etat with troops prepared for the attack on Czechoslovakia. Exactly at that moment British Prime Minister Chamberlain, who had been advised of the conspiracy, told Hitler that he wanted to compromise on Czechoslovakia. On September 29 Hitler's victory at Munich was complete. It supposedly saved the peace but it deprived the generals of that opportunity to execute their coup.

One of the most fateful errors of the generals of the resistance was their failure to prevent the invasion of Poland; at that time they could still have changed the whole course of history. What they did later was to try to stop the extension of the war to the west. They organized a refusal by the top command to order the attack, but two in their ranks refused to commit mutiny. Hitler again had it his way. By that time, however, the political activities of civilian members of the whole conspiracy became stepped up. They negotiated via Norway through intermediaries in London and at the same time sent an emissary, Dr. Adam von Trott zu Solz by air via Gibraltar to Washington, D. C., where he negotiated on behalf of the German resistance with leading political figures, among them Felix Morley, Justice Felix Frankfurter, and a number of diplomats. President Roosevelt, in close contact with London, turned down flat any attempt at negotiating with the German resistance. The same attitude prevailed in London. The leading idea already was: Unconditional surrender and nothing less. On his way back to Germany via Japan and Russia, Dr. von Trott stopped for a day at my home in Palo Alto. I bitterly criticized the leaders of the resistance for their fateful delays and hesitations, and ultimately said to my daring and well-shadowed guest that their failure to stop the attack on Poland would ultimately lead to the total destruction of Germany by the United States and his assassination and that of all his fellow conspirators by Hitler. Von Trott was one of the first to be murdered by Hitler's gang after July 20.

As the war went on, the activities in resistance circles began to coagulate, but this could never grow into a mass movement. All the work had to be underground by small groups of loyal friends. Men from all spheres of life took part. Many ran afoul of Gestapo agents posing as resisters. There were prominent and outstanding figures of labor, among them Dr. Julius Leber, Carlo Mierendorff, Theodor Haubach, and Wilhelm Leuschner in the civilian underground. (Kurt Schumacher had long since disappeared in a concentration camp.) Most powerful resistance centers were the Catholic and Protestant churches. Cardinals Faulhaber of Munich, Count von Galen of Münster, and Count von Preysing of Berlin fearlessly fought a running battle against the heathen creed, its racialism and inhuman traits, the killing of the insane, and the perversion of charity. They protected Jewish refugees and succeeded in saving a considerable number of them. Members of the confessional synod fought a pitched battle under the leadership of Pastors Niemoeller, Bonhoeffer, Lilje, Dibelius, Gerstenmaier, and a large number of outstanding laymen. The handful of Seventh Day Adventists were indomitable opponents, and marched into the concentration camps. Other small sects also had resistance cells. Diplomats Otto Kiep, Von Hassel, Von Trott, Von Weizsnaecker, Count Bernstorff, and Count von der Schulenburg were joined by agricultural leaders in all parts of Germany, by industrialists, mayors, administrators, and professors—particularly of the social sciences.

One of the most powerful spiritual centers of the resistance was the so-called Kreisau-circle under the leadership of Count Helmut James von Moltke. This circle did not work for the violent overthrow of the Hitler regime, but prepared spiritually and intellectually for the days to come after his downfall. This went so far that preparations were made for the structure of a new government and democratic representation of the people; a new constitution was written for a truly free society and government by law; and a roster of future political leaders and cabinet members was kept. The circle and their friends also prepared for bringing the Nazi leaders to trial in court for their crimes.

The philosophy of this circle offers the key to the thought of the Bonn government today. These men refused to interfere with the disaster which they saw coming, because they believed it vital for the restoration of a decent society that this time the wicked course of a ruthless power policy come to its logical end. They wanted no new legend about a betrayal of victory—certainly a momentous decision in view of the enormous disaster it involved. But these people felt that the scope of the catastrophe was no greater than was the disgrace and depravity which the Anti-Christ and his cohorts had brought upon the Germans in the West.

Aside from this circle, however, were increasing numbers of men, particularly among high-ranking officers of the Army, who believed that to prevent the total destruction of the country it was necessary to eliminate Hitler and his lieutenants. This conviction was deepened by the clear realization that Hitler, in his craze, was forcing these professional soldiers to commit more and more crimes against the rules of warfare and valid German and international law. Leaders of this group, aside from General Beck, were military leaders in the headquarters of Army group central inside Russia, men in the command in Paris, and in the Wehrmacht command in Berlin.

On March 13, 1943, Colonel von Schlabrendorff placed a time bomb in Hitler's plane. Despite several months of careful preparation, and hundreds of trials with the type of bomb selected for use, the mechanism failed in practice. General von Gersdorff carried in his overcoat pockets two time bombs in order to blast Hitler and himself to bits, but Hitler left the meeting a few minutes before the bombs were due to explode. In the winter of 1943–44 some officers met with Hitler to display new uniforms, and brought along dynamite with which to kill him. An air raid interrupted the whole demonstration. In December 1943 Count Stauffenberg manipulated a bomb through the guards of Hitler's headquarters on an occasion when Hitler was expected for a conference, but Hitler canceled his appointment. All told, 10 separate attempts to kill Hitler were made before the portentous final one.

Finally, on July 20, 1944, Count Stauffenberg placed a bomb in a satchel beside Hitler's desk in his East Prussian field headquarters, "Wolfschanze," and the wooden shack blew up, wounding Hitler, but not killing him. The whole plot succeeded in Paris, and to some extent also in Berlin, where troop units went into action, but it succumbed to successful counteraction from Hitler's headquarters, and Hitler immediately began to liquidate the opponents who had revealed themselves.

From July 20 black terror raged throughout Germany and in all the German-occupied areas, just as the red terror gripped Soviet Russia after the attempt on Lenin's life. It reigned savagely for almost 10 fateful months, spurred by Hitler, the cornered power maniac, who now, in his doom, did what he had told Hindenburg he wanted to do. The Gestapo rounded up all known conspirators and by torturing the captives, brought many others to light. Until the very end, with foreign armies in Berlin, the assassinations went on. All of the men were tortured, and after drumhead trials by the notorious people's court, were condemned to die. In a large number of cases concerning his most illustrious enemies, Hitler insisted on having the victims tortured to death gradually rather than summarily executed. Our Army captured the motion pictures he ordered taken of these nauseating scenes and at which he gazed during the final days in his bunker in Berlin.

This macabre business actually blotted out the main body of what one correctly can call the finest flower of the German nation that had resisted the tyrant and belonged to the leadership of Christendom. During the years 1933 to 1944 approximately 32,500 Germans were executed by so-called court procedure, not counting the vast number of victims who perished in concentration camps. Up to 1939 more than 1 million Germans had been sent to concentration camps; 300,000 of them were camp inmates in that year. The war cost the Germans, a nation of 67 million, 3½ million soldiers and 500,000 civilians, but the assassination of the elite was definitely the greatest loss of all.

The groups that composed the resistance and their members who were assassinated are too numerous to mention here. But they included also many brave German women and young people. The student circle, the White Rose, shook all of Munich into open revolt. Its leading members were executed. The Edelweiss circle in Hamburg was just as active and equally gallant.

In conclusion, we may say that there was considerable and morally very strong resistance against Hitler composed of extremely courageous men and women. These martyrs failed in their attempt to change the course of events by overthrowing the regime. But stating this means to misinterpret and ignore their real, tragic, yet glorious role in history. Their situation was tragic; no matter how they acted, they could not avoid violating their own code of values. They had to tackle a satanic personality who was one of the evil geniuses of history, holding in his hands more power than any other individual—a ruthless killer. On their freely chosen road to martyrdom, with the supreme sacrifice always before their eyes, they rose to a rare level of humaneness, and quite a number of them died as saints. The letters they wrote in their dungeon cells are part of the finest treasure of western civilization. What these people really achieved was the greatest victory man can ever win. July 20, 1944, was Germany's darkest day in history—and at the same time its brightest.

What an apocalyptic scene it was on that day, 10 years ago, in one of the enlightened and leading countries of the west: Total agony and disaster everywhere. Cities founded in Julius Caesar's time in smoking ruins. Mass suicide and murder at every hand. As in Biblical days God shook creation and a wicked man and his regime, meant to last for a thousand years, fell, while he was busy murdering his nation's elite. But in the darkness of the dungeon cell the light of goodness to man was shining, and human dignity and respect for the truth stood reaffirmed. The rebirth of the doomed nation began right there. And the martyrs knew that this was what they were dying for. The last words of one of them, Count Michael Matuschka, were, "What grace of God to be hanged for the honor of one's country on the day the cross is being raised."

The illustrious group of men and women who died for the cause of freedom are missed today in a thousand places. This is one of the great weaknesses in Germany and in Europe. But by the grace of God a small proportion of the martyred elite survived. The rain of bombs and fire that raged through Germany during the final phase of the war created such disorder that the systematic murder system of Hitler's henchmen was in some cases thrown out of gear. Soviet forces and American and British troops freed some of the victims awaiting execution. Today they are the ones who set the tune of politics and law and public morale in the Republic of Germany.

It is our good fortune that they do. But it also lays upon the statesmen of the other western nations the great responsibility of making up for the tragic failure to cooperate with those who became the victims of Hitler's revenge, and with members of the resistance who survived. These people especially merit the assistance of the western world in their efforts to build a better Europe. All who are gathered here to honor the memory of those martyrs have the duty and the privilege of spreading the truth about their struggle and to learn more about it ourselves.

My thoughts go in profound respect and sympathy to the many friends I lost on July 20 and to the widows of all the slain men who shared their struggle and ordeal and guard their spiritual estate.

One of the doomed conspirators against Hitler, Pastor Dietrich Bonhoeffer, observed in *Stations on the Road to Freedom*, which he wrote in prison:

"Not in following will, but in doing and daring of justice,
Not in possible deeds, but in real ones bravely attempted,
Not in the flight of thought, but only in action, is freedom.
Up and out of your hesitant fear into storms of occurrence,
Only supported by God's command and the faith that is in you!
Freedom then shall receive your spirit with jubilant welcome."

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2. Allen W. Dulles, Germany's Underground (New York, 1947).

3. Hans Bernd Gisevius, Bis Zum Bittern Ende (2 volumes, Zürich, 1946).

4. Helmuth J. Graf von Moltke, Letzte Briefe aus dem Gefängnis Tegel (4th edition, Berlin, 1953).

5. 20 Juli 1944. Das Parlament. Special edition. Bonn, 1952.

6. Hans Rothfels, The German Opposition to Hitler (Chicago, 1948).

7. Fabian von Schlabrendorff und Gero von Schultze Gaevernitz, Offiziere Gegen Hitler (Zürich, 1946).

8. Inge Scholl, Die Weisse Rose (Frankfurt, 1952).

9. Hans Speidel, Invasion, 1944 (Chicago, 1950).

10. Karl Strölin, Verräter oder Patrioten; Der 20 Juli und das Recht auf Widerstand (Stuttgart, 1952).

11. Gunther Weissenborn, Der lautlose Aufstand (Hamburg, 1953).

12. Eberhard Zeller, Geist der Freiheit: Der 20 Juli 1944 (Munich, 1953).

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the RECORD, or to revise and extend remarks, was granted to:

Mr. LANE and to include extraneous material.

Mr. HESS.

Mr. MCDONOUGH and to include an article.

Mr. WOLVERTON and to include extraneous material.

Mr. O'NEILL in two instances and to include extraneous material.

Mr. ROONEY, the remarks he made in Committee of the Whole and to include extraneous matter.

Mr. MILLER of Kansas and to include extraneous material.

Mr. WIGGLESWORTH to revise and extend the remarks he made in the Committee of the Whole today and include extraneous matter.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. GRANT (at the request of Mr. RAINS), for an indefinite time, on account of death of his mother.

ENROLLED BILLS SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 130. An act to amend section 1 of the act approved June 27, 1947 (61 Stat. 189);

H. R. 5185. An act for the relief of Klyce Motors, Inc.;

H. R. 6786. An act authorizing the Secretary of the Interior to purchase improvements or pay damages for removal of improvements located on public lands of the United States in the Palisades project area, Palisades reclamation project, Idaho;

H. R. 7466. An act to authorize the Secretary of the Interior to execute an amendatory repayment contract with the Pine River Irrigation District, Colorado, and for other purposes;

H. R. 8026. An act to provide for transfer of title to movable property to irrigation or water users' organizations under the Federal reclamation laws;

H. R. 8983. An act to provide for the conveyance of certain lands by the United States to the city of Muskogee, Okla.;

H. R. 9005. An act to continue the effectiveness of the act of July 17, 1953 (67 Stat. 177).

The SPEAKER announced his signature to enrolled bills and a joint resolution of the Senate of the following titles:

S. 1381. An act to amend the Agricultural Act of 1949;

S. 2367. An act to amend the act of June 29, 1935 (the Bankhead-Jones Act), as amended, to strengthen the conduct of research of the Department of Agriculture;

S. 2583. An act to indemnify against loss all persons whose swine were destroyed in July 1952 as a result of having been infected with or exposed to the contagious disease vesicular exanthema;

S. 2766. An act to amend section 7 (d) of the Internal Security Act of 1950, as amended;

S. 2786. An act granting the consent and approval of Congress to the Southeastern Interstate Forest Fire Protection Compact;

S. 3561. An act authorizing the Administrator of Veterans' Affairs to convey certain property to the armory board, State of Utah;

S. 3630. An act to permit the city of Philadelphia to further develop the Hog Island tract as an air, rail, and marine terminal by directing the Secretary of Commerce to release the city of Philadelphia from the fulfillment of certain conditions contained in the existing deed which restricts further development; and

S. J. Res. 96. Joint resolution to strengthen the foreign relations of the United States by establishing a Commission on Governmental Use of International Telecommunications.

BILLS PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on July 19, 1954, present to the President, for his approval, bills of the House of the following titles:

H. R. 2617. An act for the relief of Guillermo Morales Chacon;

H. R. 2846. An act authorizing the President to exercise certain powers conferred upon him by the Hawaiian Organic Act in respect of certain property ceded to the United States by the Republic of Hawaii, notwithstanding the acts of August 5, 1939, and June 16, 1949, or other acts of Congress;

H. R. 4928. An act to authorize the Secretary of Agriculture to convey a certain parcel of land to the city of Clifton, N. J.;

H. R. 6263. An act to authorize the Secretary of Agriculture to convey certain lands

in Alaska to the Rotary Club of Ketchikan, Alaska;

H. R. 6882. An act to amend the act of September 27, 1950, relating to construction of the Vermejo reclamation project;

H. R. 6975. An act authorizing the Secretary of the Interior to convey certain lands to the Siskiyou Joint Union High School District, Siskiyou County, Calif.;

H. R. 7012. An act for the relief of Nicole Goldman;

H. R. 8549. An act granting the consent of Congress to The Breaks Interstate Park Compact;

H. R. 8713. An act to amend section 1 (d) of the Helium Act (50 U. S. C., sec. 161 (d)), and to repeal section 3 (13) of the act entitled "An act to amend or repeal certain Government property laws, and for other purposes," approved October 31, 1951 (65 Stat. 701);

H. R. 9242. An act to authorize certain construction at military and naval installations and for the Alaska Communications System, and for other purposes;

H. R. 9006. An act to authorize the Secretary of the Army to donate 28 paintings to the Australian War Memorial.

ADJOURNMENT

Mr. HALLECK. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 22 minutes p. m.) the House adjourned until tomorrow, Wednesday, July 21, 1954, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1755. A letter from the Assistant Secretary of State, transmitting a translation of note No. 3083, dated July 2, 1954, from His Excellency the Ambassador of Mexico, Senor Don Manuel Tello, expressing deep appreciation of the Government and people of Mexico for the assistance given during the recent floods along the Rio Grande; to the Committee on Foreign Affairs.

1756. A letter from the Archivist of the United States, transmitting a report on records proposed for disposal and lists or schedules covering records proposed for disposal by certain Government agencies; to the Committee on House Administration.

1757. A letter from the Administrative Assistant Secretary, Department of Agriculture, transmitting a report of claims paid for the period July 1, 1953, to June 30, 1954, pursuant to the Federal Tort Claims Act as reenacted (28 U. S. C. 2671–2680); to the Committee on the Judiciary.

1758. A letter from the Secretary of Commerce, transmitting copies of proposed legislation entitled "A bill to authorize the President to place Paul A. Smith, a commissioned officer of the Coast and Geodetic Survey, on the retired list, in the grade of rear admiral (lower half) in the Coast and Geodetic Survey, at the time of his retirement, with entitlement to all benefits pertaining to any officer retired in such grade; to the Committee on Merchant Marine and Fisheries.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. HOPE: Committee of conference. H. R. 6788. A bill to authorize the Secretary of Agriculture to cooperate with States and local agencies in the planning and carrying out of works of improvement for soil conservation, and for other purposes (Rept. No. 2297). Ordered to be printed.

Mr. TOLLEFSON: Committee of conference. House Joint Resolution 534. Joint resolution to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels and for other purposes (Rept. No. 2298). Ordered to be printed.

Mr. FORRESTER: Committee on the Judiciary. H. R. 6427. A bill for the relief of the State of North Carolina; with amendment (Rept. No. 2299). Referred to the Committee of the Whole House on the State of the Union.

Mr. JONAS of Illinois: Committee on the Judiciary. H. R. 9740. A bill to provide for the relief of certain Army and Air Force nurses, and for other purposes; without amendment (Rept. No. 2300). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. S. 2027. An act authorizing the Secretary of the Interior to issue quitclaim deeds to the States for certain lands; without amendment (Rept. No. 2315). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. S. 3302. An act granting to the Las Vegas Valley water district, a public corporation organized under the laws of the State of Nevada, certain public lands of the United States in the State of Nevada; with amendment (Rept. No. 2316). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. S. 3699. An act granting the consent of Congress to a compact entered into by the States of Louisiana and Texas and relating to the waters of the Sabine River; without amendment (Rept. No. 2317). Referred to the Committee of the Whole House on the State of the Union.

Mr. COLE of Missouri: Committee on Post Office and Civil Service. H. R. 7785. A bill to amend the Civil Service Retirement Act of May 29, 1930, to make permanent the increases in regular annuities provided by the act of July 16, 1952, and to extend such increases to additional annuities purchased by voluntary contributions; with amendment (Rept. No. 2318). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 8365. A bill to confirm the authority of the Secretary of the Interior to issue patents in fee to allotments of lands of the Mission Indians in the State of California prior to the expiration of the trust period specified in the act of January 12, 1891, as amended; without amendment (Rept. No. 2319). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 8821. A bill to authorize the exchange of lands acquired by the United States for the Catoctin recreational demonstration area, Frederick County, Md., for the purpose of consolidating Federal holdings therein; without amendment (Rept. No. 2320). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 9679. A bill granting the consent of Congress to a compact entered into by the States of Louisiana and Texas and relating to the waters of the Sabine River; without amendment (Rept. No. 2321). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 9821. A bill to amend titles 18 and 28 of the United States Code; with amendment (Rept. No. 2322). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 9751. A bill to authorize the Secretary of the Interior to sell and convey certain Parker-Davis transmission facilities and related property in the States of Arizona and California, and for other purposes; with amendment (Rept. No. 2325). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA of Minnesota: Committee on the District of Columbia. S. 3506. An act to repeal the act approved September 25, 1914, and to amend the act approved June 12, 1934, both relating to alley dwellings in the District of Columbia; with amendment (Rept. No. 2326). Referred to the Committee of the Whole House on the State of the Union.

Mrs. ST. GEORGE: Committee on Post Office and Civil Service. S. 1244. An act relating to the renewal of star-route and screen vehicle service contracts; without amendment (Rept. No. 2327). Referred to the Committee of the Whole House on the State of the Union.

Mr. KEARNS: Committee on the District of Columbia. S. 1585. An act to amend the District of Columbia Traffic Act, 1925, as amended; without amendment (Rept. No. 2328). Referred to the Committee of the Whole House on the State of the Union.

Mr. TOLLEFSON: Committee on Merchant Marine and Fisheries. S. 3233. An act to amend the Merchant Marine Act, 1936, to provide permanent legislation for the transportation of a substantial portion of waterborne cargoes in United States-flag vessels; with amendment (Rept. No. 2329). Referred to the Committee of the Whole House on the State of the Union.

Mr. KEARNS: Committee on the District of Columbia. S. 3329. An act to amend the District of Columbia Police and Firemen's Salary Act of 1953 to correct certain inequities; with amendment (Rept. No. 2330). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA of Minnesota: Committee on the District of Columbia. S. 3518. An act to amend the laws relating to fees charged for services rendered by the office of the Recorder of Deeds for the District of Columbia and the laws relating to appointment of personnel in such office, and for other purposes; without amendment (Rept. No. 2331). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA of Minnesota: Committee on the District of Columbia. S. 3655. An act to provide that the Metropolitan Police force shall keep arrest books which are open to public inspection; without amendment (Rept. No. 2332). Referred to the Committee of the Whole House on the State of the Union.

Mr. TALLE: Committee on the District of Columbia. S. 3683. An act to amend the District of Columbia Credit Unions Act; with amendment (Rept. No. 2333). Referred to the Committee of the Whole House on the State of the Union.

Mrs. ST. GEORGE: Committee on Post Office and Civil Service. H. R. 5718. A bill to limit the period for collection by the United States of compensation received by officers and employees in violation of the dual compensation laws; without amendment (Rept. No. 2334). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA of Minnesota: Committee on the District of Columbia. H. R. 6127. A bill

to amend the act entitled "An act to create a Board for the Condemnation of Insanitary Buildings in the District of Columbia, and for other purposes," approved May 1, 1906, as amended, and for other purposes, with amendment (Rept. No. 2335). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA of Minnesota: Committee on the District of Columbia. H. R. 7484. A bill to authorize the United States Attorney for the District of Columbia to make the determination in proper cases whether prosecution of certain juveniles, charged with capital offenses, those punishable by life imprisonment and other felonies, shall be tried in the Juvenile Court of the District of Columbia; without amendment (Rept. No. 2336). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA of Minnesota: Committee on the District of Columbia. H. R. 7670. A bill relating to the referral of cases by the Municipal Court for the District of Columbia to the District of Columbia Tax Court; without amendment (Rept. No. 2337). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA of Minnesota: Committee on the District of Columbia. H. R. 8915. A bill to amend the act entitled "An act to consolidate the Police Court of the District of Columbia and the Municipal Court of the District of Columbia, to be known as 'The Municipal Court of Appeals for the District of Columbia,' and for other purposes"; with amendment (Rept. No. 2338). Referred to the Committee of the Whole House on the State of the Union.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 9194. A bill to provide for the conveyance of certain land owned by the Federal Government near Vicksburg, Miss., to Vicksburg, Miss.; with amendment (Rept. No. 2339). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA of Minnesota: Committee on the District of Columbia. H. R. 8590. A bill to amend title IX of the District of Columbia Revenue Act of 1937, as amended; without amendment (Rept. No. 2340). Referred to the Committee of the Whole House on the State of the Union.

Mr. SIMPSON of Illinois: Committee on the District of Columbia. House Joint Resolution 560. Joint resolution to authorize the Commissioners of the District of Columbia to promulgate special regulations for the period of the American Legion National Convention of 1954, to authorize the granting of certain permits to the American Legion 1954 Convention Corp. on the occasion of such convention, and for other purposes; without amendment (Rept. No. 2341). Referred to the Committee of the Whole House on the State of the Union.

Mr. SIMPSON of Illinois: Committee on the District of Columbia. House Joint Resolution 561. Joint resolution to authorize the quartering in public buildings in the District of Columbia of troops participating in activities related to the American Legion National Convention of 1954; with amendment (Rept. No. 2342). Referred to the Committee of the Whole House on the State of the Union.

Mr. O'HARA of Minnesota: Committee on the District of Columbia. H. R. 8128. A bill to modify the requirement for an oath in certain cases in attachment proceedings in the District of Columbia; with amendment (Rept. No. 2343). Referred to the House Calendar.

Mr. O'HARA of Minnesota: Committee on the District of Columbia. H. R. 9882. A bill to incorporate the Foundation of the Federal Bar Association; with amendment (Rept. No. 2344). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 650. Resolution for consideration of H. R. 9666. A bill to amend section 1001, paragraph 412, of the Tariff Act of 1930, with respect to hardboard; without amendment (Rept. No. 2345). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 651. Resolution for consideration of H. R. 9785. A bill to provide a method for compensating claims for damages sustained as the result of the explosions at Texas City, Tex.; without amendment (Rept. No. 2346). Referred to the House Calendar.

Mr. KEATING: Committee on the Judiciary. H. R. 3534. A bill to authorize the extension of patents covering inventions whose practice was prevented or curtailed during certain emergency periods by service of the patent owner in the Armed Forces or by production controls; with amendment (Rept. No. 2347). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LANE: Committee on the Judiciary. S. 555. An act for the relief of Charles W. Gallagher; with amendment (Rept. No. 2301). Referred to the Committee of the Whole House.

Mr. JONAS of Illinois: Committee on the Judiciary. S. 820. An act for the relief of the estate of Carlos M. Cochran; with amendment (Rept. No. 2302). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary: S. 1183. An act for the relief of John L. de Montigny; with amendment (Rept. No. 2303). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary: S. 1702. An act for the relief of Emilia Pavan; with amendment (Rept. No. 2304). Referred to the Committee of the Whole House.

Mr. JONAS of Illinois: Committee on the Judiciary. S. 3062. An act for the relief of the American Surety Co. of New York and certain other surety companies; without amendment (Rept. No. 2305). Referred to the Committee of the Whole House.

Mr. JONAS of Illinois: Committee on the Judiciary. S. 3064. An act for the relief of the estate of Mary Beaton Denninger, deceased; with amendment (Rept. No. 2306). Referred to the Committee of the Whole House.

Mr. FORRESTER: Committee on the Judiciary. H. R. 703. A bill for the relief of Edwin K. Stanton; without amendment (Rept. No. 2307). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. House Resolution 636. Resolution providing for sending to the United States Court of Claims the bill (H. R. 5813) for the relief of Jacksonville Garment Co.; without amendment (Rept. No. 2308). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on the Judiciary. House Resolution 637. Resolution providing for sending to the United States Court of Claims the bill (H. R. 6242) for the relief of the West Coast Meat Co., of Hayward, Calif.; without amendment (Rept. No. 2309). Referred to the Committee of the Whole House.

Mr. FORRESTER: Committee on the Judiciary. H. R. 3014. A bill for the relief of Dr. Alfred L. Smith; without amendment (Rept. No. 2310). Referred to the Committee of the Whole House.

Mr. JONAS of Illinois: Committee on the Judiciary. H. R. 7099. A bill for the relief of Eugene Spitzer; with amendment (Rept. No. 2311). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on the Judiciary. H. R. 7497. A bill for the relief of Roy M. Butcher; without amendment (Rept. No. 2312). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H. R. 8281. A bill for the relief of the estate of William B. Rice; with amendment (Rept. No. 2313). Referred to the Committee of the Whole House.

Mr. JONAS of Illinois: Committee on the Judiciary. H. R. 9261. A bill for the relief of Clement E. Sprouse; with amendment (Rept. No. 2314). Referred to the Committee of the Whole House.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 7881. A bill to validate a conveyance of certain lands by Southern Pacific Railroad Co., and its lessee, Southern Pacific Co., to Morgan Hopkins, Inc.; without amendment (Rept. No. 2323). Referred to the Committee of the Whole House.

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. S. 3303. An act granting to Basic Management, Inc., a private corporation organized under the laws of the State of Nevada, certain public lands of the United States in the State of Nevada; with amendment (Rept. No. 2324). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ABERNETHY:

H. R. 9954. A bill to amend the United States Cotton Standards Act and for other purposes; to the Committee on Agriculture.

By Mr. BELCHER:

H. R. 9955. A bill relating to income tax treatment where taxpayer recovers a substantial amount held by another under claim of right; to the Committee on Ways and Means.

By Mr. BENNETT of Michigan:

H. R. 9956. A bill to provide for Federal financial assistance to the States and Territories in the construction of public elementary and secondary school facilities; to the Committee on Education and Labor.

By Mr. HOPE:

H. R. 9957. A bill relating to the financial structure of production credit associations; to the Committee on Agriculture.

By Mr. KEARNS:

H. R. 9958. A bill to authorize the Commissioners of the District of Columbia to designate and regulate holidays for the officers and employees of the District of Columbia for pay and leave purposes; to the Committee on the District of Columbia.

By Mr. PHILLIPS:

H. R. 9959. A bill to extend the authority of the American Battle Monuments Commission to all areas in which the Armed Forces of the United States have conducted operations since April 6, 1917, and for other purposes; to the Committee on Foreign Affairs.

By Mr. RADWAN:

H. R. 9960. A bill to provide increases in the monthly rates of compensation payable to certain veterans and their dependents; to the Committee on Veterans' Affairs.

H. R. 9961. A bill to increase by 5 percent the rates of pension payable to veterans and their dependents; to the Committee on Veterans' Affairs.

By Mr. MACK of Washington:

H. R. 9962. A bill to increase by 5 percent the rates of pension payable to veterans and their dependents; to the Committee on Veterans' Affairs.

By Mr. ABERNETHY:

H. R. 9963. A bill to amend the cotton marketing quota provisions of the Agricultural Adjustment Act of 1938, as amended; to the Committee on Agriculture.

By Mr. BOLAND:

H. R. 9964. A bill to provide for the construction of a nonsectarian chapel at the Veterans' Administration hospital at Northampton, Mass.; to the Committee on Veterans' Affairs.

By Mr. DONOHUE:

H. R. 9965. A bill to provide for loans to enable needy and scholastically qualified students to continue post-high-school education; to the Committee on Education and Labor.

By Mr. BROYHILL:

H. R. 9966. A bill to establish for officers and members of the fire department for the Washington National Airport the same basic salaries as are provided by law for officers and members of the Fire Department of the District of Columbia, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. TEAGUE:

H. R. 9967. A bill to regulate the election of delegates representing the District of Columbia to national political conventions, and for other purposes; to the Committee on the District of Columbia.

By Mr. LANE:

H. J. Res. 562. Joint resolution directing the President to sever trade relations with the Soviet Union, Communist China, and their satellites; to the Committee on Ways and Means.

By Mr. SIMPSON of Illinois:

H. J. Res. 563. Joint resolution relating to sales of Commodity Credit Corporation corn; to the Committee on Agriculture.

By Mr. RILEY:

H. J. Res. 564. Joint resolution to release reversionary right to improvements on a 3-acre tract in Orangeburg County, S. C.; to the Committee on Agriculture.

By Mr. SHAFER:

H. Con. Res. 256. Concurrent resolution expressing the sense of the Congress as to use of funds appropriated by the Congress for rehabilitation of the Republic of Korea for the encouragement of private enterprise in said Republic of Korea; to the Committee on Foreign Affairs.

By Mr. HINSHAW:

H. Con. Res. 257. Concurrent resolution authorizing the printing of additional copies of the hearings relative to the contribution of atomic energy to medicine; to the Committee on House Administration.

By Mr. PRICE:

H. Res. 647. Resolution for the study and investigation of health and sanitary conditions in the commercial slaughtering and processing of poultry; to the Committee on Rules.

By Mr. JAVITS:

H. Res. 648. Resolution to extend greetings to the Gold Coast and Nigeria; to the Committee on Foreign Affairs.

H. Res. 649. Resolution to provide for inquiry and report by the Committee on Rules on the Special Committee to Investigate Tax-Exempt Foundations; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BYRNE of Pennsylvania:

H. R. 9968. A bill for the relief of the estate of James F. Casey; to the Committee on the Judiciary.

By Mr. DAWSON of Utah:

H. R. 9969. A bill for the relief of Teru Juan Tsutsui; to the Committee on the Judiciary.

By Mr. DELANEY:

H. R. 9970. A bill for the relief of Cosimo Polo; to the Committee on the Judiciary.

By Mr. DONOHUE:

H. R. 9971. A bill for the relief of Arthur Ronald Tower; to the Committee on the Judiciary.

By Mr. DORN of New York:

H. R. 9972. A bill for the relief of Michaela Murphy Mole; to the Committee on the Judiciary.

By Mr. GREEN:

H. R. 9973. A bill for the relief of Tina Cipriani Ozelski; to the Committee on the Judiciary.

By Mr. KEATING (by request):

H. R. 9974. A bill for the relief of John Meredith McFarlane; to the Committee on the Judiciary.

By Mr. O'HARA of Illinois:

H. R. 9975. A bill for the relief of Solomon S. Levadi; to the Committee on the Judiciary.

By Mr. OSMERS:

H. R. 9976. A bill for the relief of Ivar Refne Hansen; to the Committee on the Judiciary.

By Mr. ROBSION of Kentucky:

H. R. 9977. A bill for the relief of Lillian Sorensen Howell; to the Committee on the Judiciary.

By Mr. SAYLOR:

H. R. 9978. A bill for the relief of Alberto Rosa; to the Committee on the Judiciary.

By Mr. WALTER:

H. R. 9979. A bill for the relief of Richard, Clara, and Elizabeth Giampietro; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1108. By Mr. KING of California: Petition of the Board of Supervisors of the County of Los Angeles opposing enactment of S. 1555, H. R. 4449, S. 964, and H. R. 236 or similar legislation pending in the Congress of the United States pertaining to Colorado River water; to the Committee on Interior and Insular Affairs.

1109. By Mr. WILLIAMS of New York: Petition of Miss Anna M. Sweet and others, favoring the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

1110. Also, petition of a group of citizens from Ilion, N. Y., favoring the Bryson bill, H. R. 1227; to the Committee on Interstate and Foreign Commerce.

EXTENSIONS OF REMARKS

Opinion Poll Report for the 11th Congressional District of Massachusetts

EXTENSION OF REMARKS

OF

HON. THOMAS P. O'NEILL, JR.

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1954

Mr. O'NEILL. Mr. Speaker, I am more than happy at this time to place in the CONGRESSIONAL RECORD the tabulated results of a questionnaire which I sent early this spring to the residents of the district which I represent here in the House of Representatives.

My objectives in sponsoring this referendum were threefold:

First. To promote responsible citizenship by stimulating the widest possible discussion and understanding of major legislative issues of current concern;

Second. To determine in broad terms, for my own benefit, the attitudes and opinions of my constituents on these issues; and

Third. To enable me to present to Congress, for its consideration, the views of an important segment of the voting population.

The number of responses which I have received has been most gratifying, and I am proud of the active, aroused public interest in governmental affairs which has been displayed.

FOREIGN POLICY

1. Do you approve of the present method of handling our international relations? Yes, 1,761; no, 2,537; no opinion, 754.

2. Do you believe that the United States Government should continue our foreign-aid program? Yes, 3,094; no, 1,605; no opinion, 635.

3. Do you feel that we should continue military aid to foreign nations? Yes, 3,378; no, 1,122; no opinion, 734.

4. Do you favor the continuation of economic aid to foreign nations? Yes, 3,162; no, 1,360; no opinion, 712.

5. Do you support the point 4 program (supplying technical assistance, manufacturing know-how, and management skills to undeveloped nations to help them help themselves)? Yes, 3,235; no, 530; no opinion, 979.

(a) Do you believe this program should be reduced? Yes, 510; no, 1,413; no opinion, 1,048.

6. Do you believe that Russia should be permitted to remain in the United Nations? Yes, 2,274; no, 2,110; no opinion, 850.

7. Do you believe that Communist China should be seated in the United Nations? Yes, 723; no, 3,907; no opinion, 604.

TARIFF POLICY

1. Do you suport the present methods of handling tariffs? Yes, 902; no, 2,021; no opinion, 2,311.

2. Do you believe that foreign goods should come into the United States regardless of the effect that it may have on the American worker? Yes, 743; no, 3,538; no opinion, 953.

3. Do you understand the present Government method of handling tariffs? Yes, 1,714; no, 2,124; no opinion, 1,396.

STATEHOOD

1. Do you favor conferring statehood on—

(a) Alaska? Yes, 3,810; no, 1,676; no opinion, 689.

(b) Hawaii? Yes, 3,830; no, 694; no opinion, 710.

TAX POLICY

1. Do you believe that the Federal Government should spend more money than it receives in income? Yes, 1,685; no, 2,693; no opinion, 856.

If opposed, which of these steps would you take?

(a) Keep taxes high? Yes, 1,240; no, 1,430; no opinion, 2,564.

(b) Cut domestic spending? Yes, 1,940; no, 983; no opinion, 2,157.

2. Do you feel taxes should be cut more than they already have been? Yes, 1,796; no, 1,940; no opinion, 1,498.

3. Do you support an increase in the exemption for dependents? Yes, 2,881; no, 1,598; no opinion, 855.

4. Do you favor cutting income taxes across the board percentagewise? Yes, 1,586; no, 2,540; no opinion, 1,077.

5. Do you believe in more exemption for dividends and other unearned income? Yes, 1,208; no, 2,339; no opinion, 1,087.

6. Do you support exemptions to cover expenses for college education? Yes, 2,581; no, 1,956; no opinion, 697.

7. Do you favor an exemption for the first $1,500 of retired income? Yes, 2,568; no, 1,744; no opinion, 922.

SOCIAL SECURITY, HEALTH, AND WELFARE

1. Do you believe that the present 2 percent social security tax on the employee should be maintained? Yes, 3,551; no, 839; no opinion, 844.

2. Do you believe it should be returned to 1½ percent? Yes, 807; no, 3,174; no opinion, 1,260.

3. Do you support an increase in old-age assistance benefits? Yes, 3,608; no, 764; no opinion, 762.

4. Do you favor an increase in the death benefits under social security? Yes, 2,986; no, 1,435; no opinion, 1,148.

5. Do you believe that hospitalization, sickness and accident insurance should be covered by Federal law? Yes, 1,825; no, 2,527; no opinion, 882.

HOUSING

1. Do you believe that more low-cost housing should be built by the State and Federal governments? Yes, 2,906; no, 1,631; no opinion, 697.

2. Do you believe these should be multiple-unit dwellings? Yes, 992; no, 1,878; no opinion, 1,547.

3. Do you believe they should be in three-family units? Yes, 1,074; no, 1,758; no opinion, 1,585.

LABOR

1. Are you in favor of raising the minimum wage? Yes, 3,183; no, 1,283; no opinion, 768.

2. Do you feel this would be helpful to New England insofar as competing with the Southern States is concerned? Yes, 2,428; no, 1,442; no opinion, 1,364.

3. In your opinion could small business afford an increase? Yes, 2,198; no, 1,310; no opinion, 1,726.

4. Do you believe that the Taft-Hartley Act is fair to management and labor? Yes, 1,506; no, 1,755; no opinion, 1,156.

(a) Would you favor outright repeal? Yes, 762; no, 2,902; no opinion, 1,570.

(b) Would you favor changes through amendments? Yes, 2,986; no, 698; no opinion, 1,550.

5. Are there sections of this law which you feel are oppressive to workers? Yes, 2,332; no, 1,374; no opinion, 1,528.

6. Are there in your opinion, sections which are oppressive to small business? Yes, 1,805; no, 1,342; no opinion, 2,187.

ST. LAWRENCE SEAWAY

1. Do you understand the questions involved in the St. Lawrence Seaway? Yes, 2,584; no, 1,341; no opinion, 1,309.

2. Do you feel that the construction of the seaway would hurt employment in our area? Yes, 1,481; no, 2,022; no opinion, 1,731.

3. Do you believe the St. Lawrence Seaway would hurt the future economy of the New England area? Yes, 1,591; no 1,876; no opinion, 1,767.

VOTING AGE

1. Do you believe that persons who are 18 years old should be given the right to vote in national elections? Yes, 1,897; no, 2,832; no opinion, 505.

LOCAL ISSUES

1. Do you believe that the port of Boston should have more Federal assistance? Yes, 3,362; no, 715; no opinion, 1,157.

2. In your opinion, is the Federal Government treating New England fairly on the policy of defense cutbacks? Yes, 809; no, 2,399; no opinion, 2,026.

No Seating of Red China in U. N.

EXTENSION OF REMARKS

OF

HON. THOMAS J. LANE

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1954

Mr. LANE. Mr. Speaker, under leave to extend my remarks, I wish to include my statement registering my approval of House Joint Resolution 627, reiterating the opposition of the United States House of Representatives to the seating of the Communist regime in China in the United Nations:

NONE FOR, IS HOUSE SCORE ON ADMISSION OF RED CHINA TO THE U. N.

to wit:

Red China thumbed its nose against the United Nations when it invaded Korea.

Red China was indicted as an aggressor.

It still is.

Far from repenting or making amends the Chinese Communists continued their aggression against another neighbor, Indochina. At the beginning, an effort was made to represent this as a revolution within Indochina. That pretense has now been junked. It is the Chinese Communist leaders who will decide the fate of that country.

Aggression, plus aggression, compounded by insolence that demands complete surrender by the United Nations.

Will the British never learn?

The pattern that led to World War II is being repeated, but the British and other wishful nations, are making the same old blunders.

The rationalizing process is in full swing.

The bait of trade and the illusion of coexistence are being used to gloss over realities.

The U. N. as constituted has no legal or military authority to protect the peace.

Only as it speaks up bravely and resolutely for moral principles in the settlement of international disputes will it have any meaning or prestige.

When morality is abandoned nothing is left.

The United Nations will become as lifeless as the old League of Nations if it fails to take a stand now.

Appeasement is still appeasement, no matter how it is disguised.

The Communists are amused and are emboldened by this servile weakness on the part of once-great nations.

Cowardly concessions only win Red contempt.

If the U. N. gives in now it is gone.

There is not much time left to provide it with backbone.

Americans believe in fair play. When the chips are down they will, as they have always done, speak up unafraid for what is right and just.

They did so last week.

The United States House of Representatives by a unanimous vote of those present, 385 to 0, served notice on the world that the American people are completely and vigorously opposed to the admission of the defiant aggressor, Red China, into the family of nations.

Nothing in my experience as a Congressman gave me a greater thrill than that resounding rejection of those who think that right and wrong are interchangeable, who would ape communism by putting expediency above eternal truths.

The conscience of America spoke in that vote.

It told of a retreat that was over, of a counterattack that has just begun. Time and again we have made concessions hoping that Communist Russia and Communist China would learn to mend their ways, so that they could be genuinely accepted into the family of nations on a basis of mutual trust that would never betray the peace.

That day is done.

The Red record is one long list of betrayals.

The time has come when the Reds must purge themselves of their aggressions first before they can ever hope for admission into the society of law-abiding nations.

The United States, speaking for all who believe in liberty and justice, has made a clear and irrevocable decision.

Red China will never be admitted to the U. N. until it makes restitution for the crimes it has committed against the peace of the world.

Los Angeles Keeps Right On Growing and Expanding

EXTENSION OF REMARKS

OF

HON. GORDON L. McDONOUGH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1954

Mr. McDONOUGH. Mr. Speaker, the city of Los Angeles with its numerous suburbs, suburbs which are cities of many thousands in their own right, originated in and spread over the Los Angeles Basin, an extensive area stretching from the sea over lowland areas to gentle rising slopes which suddenly plunge upward to the sky forming a magnificent background of lofty mountains rising to a height of 10,000 feet above the sea.

Modern roads climb the mountainous terrain back of the city affording birds-eye views that are spectacular and brilliant. Viewed from a high vantage point the city stretches for miles in every direction and to the very edge of the blue Pacific itself.

Looking across this vast metropolis, it is difficult to realize that the first expedition of white men to visit this area arrived in 1769. The area was described at that time as a "very spacious valley, well grown with cottonwoods and sycamores, among which ran a beautiful river."

Los Angeles was settled with 44 colonists in 1781, just a scant 171 years ago, and named El Pueblo de Nuestra Senora la Reina de Los Angeles de Porciuncula.

By 1790 the name was shortened to Los Angeles, and the population had increased to 139.

Originally under the Spanish standard, Los Angeles later became part of Mexico, and in 1847 when Mexico surrendered the territory of California to the United States, Los Angeles was the capital and chief metropolis of the territory with a population of 5,000. In that year San Francisco, known as Yerba Buena, was only a tiny mud pueblo.

With the discovery of the first nugget in northern California, the gold rush was on, and the growth of Los Angeles halted, but this was only a temporary set-back. For Los Angeles had a glorious destiny to fulfill and would not be denied.

By 1890 the population of Los Angeles had swelled to 50,000. In the next 10 years, at the turn of the century, it reached 102,000. Ten more years saw the population reach over 300,000 as Los Angeles became the 16th largest city in the United States.

Today more than 7 million people live in the "economic sphere" of the Los Angeles area, and the latest figures resulting from a special census of September 1953, place the population of Los Angeles at 2,104,663.

The following summary of the economic sphere of the Los Angeles area, and the city's growth, clearly outlines the important part Los Angeles has in the economy of the State of California and of the Nation:

MORE THAN 7 MILLION PERSONS IN THE LOS ANGELES AREA'S ECONOMIC SPHERE

California has 2 of the 10 largest centers of population and business volume in the United States. With respect to most of the important measures of economic size, the Los Angeles metropolitan area ranks third in the Nation and the San Francisco-Oakland metropolitan area ranks sixth.

The economic life of the southern portion of the State naturally tends to center around the Los Angeles area, and the northern portion around the San Francisco area—although there are a number of other communities such as San Diego, Fresno, San Jose, Sacramento, Bakersfield, and Santa Barbara which constitute large consuming markets and which are substantial centers of production and distribution in their own right.

For many years there has been recurrent discussion as to the extent and bounds of the territory which is in the Los Angeles economic sphere. What are the limits of the territory which can be served more economically and more advantageously from the Los Angeles area than from the San Francisco area? In marketing their agricultural, mineral, and factory production, which communities are oriented more toward the southern metropolis and which toward the northern center? What, in brief, are the geographic boundaries of the territory in which the Los Angeles area has a greater economic stake than her sister metropolis to the north?

Over the years, these and related questions have been considered by sales managers, economists, market research analysts, and others. The answers reached have not always been in agreement. This has been due in part to the fact that for many years the extent of the Los Angeles economic sphere has been gradually expanding. And, in any locality, it takes time for changes in the economic environment to alter business relationships and ties which have had a long historical basis.

San Francisco was a large city when Los Angeles was still a small town. In 1870, for example, the Bay City's population was 149,473 as compared with 5,728 for Los Angeles. Over the decades, rapid growth continued in both areas, but particularly in the south. The Los Angeles area eventually moved into the lead in population and in volume of business—and has continued to extend that lead.

According to estimates by the State department of finance, the population of the Los Angeles metropolitan area on July 1, 1953, was 4,485,900—double the total of 2,450,700 for the San Francisco-Oakland metropolitan area.

The United States Bureau of the Census has conducted 84 special population counts in the southern half of California since the nationwide census of April 1, 1950.

All of these special censuses have been at the request and at the expense of the communities involved. They have been prompted principally by the desire of the various communities to obtain more current—and hence larger—official population figures to be used in connection with the distribution of State gasoline tax funds.

	Date of latest special census	Apr. 1, 1950, census	Special census	Percent change
Los Angeles County:				
Alhambra	Sept. 25, 1953	51,359	53,558	+4.3
Burbank	June 25, 1953	78,577	88,043	+12.0
Claremont	Apr. 15, 1953	6,327	7,814	+23.5
Covina	Apr. 28, 1953	3,956	6,452	+63.1
Culver City	Feb. 12, 1953	19,720	28,186	+42.9
El Segundo	Apr. 10, 1953	8,011	9,890	+23.5
Gardena	Feb. 17, 1953	14,405	17,415	+20.9
Glendora	Jan. 28, 1953	3,988	5,290	+32.6
Los Angeles	Sept. 26, 1953	1,970,358	2,104,663	+6.8
Hawthorne	June 4, 1953	16,316	21,098	+29.3
Hermosa Beach	July 21, 1953	11,826	14,004	+18.4
Manhattan Beach	Apr. 3, 1953	17,330	26,315	+51.8
Maywood	Apr. 29, 1953	13,292	13,483	+1.4
Monrovia	Jan. 8, 1953	20,186	23,408	+16.0
Montebello	Nov. 17, 1953	21,735	26,087	+20.0
Monterey Park	May 14, 1953	20,395	25,467	+24.9
Pomona	Oct. 5, 1953	35,405	44,669	+26.2
Redondo Beach	June 30, 1953	25,226	35,706	+41.5
San Fernando	May 8, 1953	12,992	14,299	+10.1
South Pasadena	May 7, 1953	16,935	18,025	+6.4
West Covina	Apr. 30, 1953	4,499	13,088	+190.9
Inglewood	Oct. 28, 1953	46,185	50,346	+9.0
Lynwood	Nov. 4, 1953	25,823	28,124	+8.9
Santa Monica	Nov. 4, 1953	71,595	75,132	+4.9
Torrence	Nov. 4, 1953	22,241	44,914	+101.9

Health Reinsurance

EXTENSION OF REMARKS
OF
HON. CHARLES A. WOLVERTON
OF NEW JERSEY
IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 20, 1954

Mr. WOLVERTON. Mr. Speaker, the following is a notice I have issued as chairman of the Committee on Interstate and Foreign Commerce with reference to further hearings to be conducted by the committee on the subject of Health Reinsurance, as provided for in H. R. 8356.

It reads as follows:

HEALTH REINSURANCE

Representative CHARLES A. WOLVERTON, Republican, of New Jersey, chairman of the House Committee on Interstate and Foreign Commerce, announced today that the committee would meet in executive session next Tuesday, July 20, to consider H. R. 8356, the health-reinsurance bill, which the committee had previously reported out and recommended for passage, but which the House last Tuesday recommitted to the committee. Chairman WOLVERTON said:

"I am bringing the matter before the committee in accordance with the vote of the House that further consideration be given to the bill by the committee.

"In accordance with these instructions, the meeting will be held to consider any amendments that anyone may wish to offer. I am hopeful that the American Medical Association will avail itself of this opportunity to present any amendments it may wish the committee to consider. This opportunity has been repeatedly extended to the AMA since January 28, 1954.

"On that date, in introducing Dr. Walter B. Martin, president-elect of the American Medical Association, who was testifying in our health inquiry, I said:

" 'It has seemed to me, however, that no one should be in better position to set forth for us a concrete proposal of just what can be done to provide a real and adequate protection against these costs than the medical profession itself, as represented in its official organization, the American Medical Association. This is an association of men who have dedicated their lives to the mitigation of human suffering—men devoted to making available the best of medical care to all of our people, regardless of their economic status.

" 'We, therefore, confidently look to them to come forward with a constructive program to meet this problem, one of the greatest facing us today.'

"Neither at that time nor at any time thereafter, including the appearance on April 5, 1954, of Dr. David B. Allman, chairman of the association's committee on legislation, to testify on this bill, have any representatives of the association come forward with one constructive idea or proposal for meeting this serious and important problem facing our American people today.

"It is amazing that the association's opposition is predicated entirely on questions which it raises in the insurance field. The association in no way whatsoever opposes the bill on any medical grounds or on any suggested interference with the practice of medicine or anything having to do whatsoever with the field in which the association's members are engaged.

"In connection with this committee meeting on Tuesday, I want to emphasize my complete agreement with President Eisenhower's statement that he did not consider that anyone lost by the House action last Tuesday except the American people, but that it was only a temporary defeat."

Compact Relating to Higher Education and Establishment of New England Board of Higher Education

EXTENSION OF REMARKS
OF
HON. THOMAS P. O'NEILL, JR.
OF MASSACHUSETTS
IN THE HOUSE OF REPRESENTATIVES
Tuesday, July 20, 1954

Mr. O'NEILL. Mr. Speaker, I would like to comment for a moment on the bill H. R. 9712, presently pending before the House Committee on Education and Labor, having to do with the Congress granting certain New England States the privilege to enter into a compact relating to higher education and the establishment of a New England Board of Higher Education.

In this connection, I would like at this time to express my great appreciation to one of my former colleagues in the Massachusetts Legislature, Wilfred S. Mirsky, of Boston, the former chairman of the Massachusetts House Committee of Education, and an outstanding Democrat, for his concerted efforts on behalf of this compact in particular, and his wholehearted aid in the education field in our Commonwealth.

Mr. Mirsky is currently the counsel to the Massachusetts commission, and his ability and handiwork has been most important to the successful drafting and passage of this compact through the legislature. The compact was approved in Massachusetts on June 7, 1954. The granting of congressional consent was brought before this House in the manner of a bill, H. R. 9712, 83d Congress, 2d session.

The purposes of the New England higher education compact shall be to provide greater educational opportunities and services through the establishment and maintenance of a coordinated educational program for the persons residing in the several States of New England parties to this compact, with the aim of furthering higher education in the fields of medicine, dentistry, veterinary medicine, public health, and in professional, technical, scientific, literary, and other fields.

The drafting of this compact as it was presented to the Massachusetts Legislature was most competently handled by Mr. Mirsky, and the very great thought and educational ideals of this man may be evidenced on every page.

Under Mr. Mirsky's leadership, the Democratic Party in the Commonwealth of Massachusetts initiated and passed the first antidiscrimination laws in the Commonwealth assuring all citizens an equal opportunity for higher education, at the same time securing a program of hot lunches in the public schools by having the Commonwealth cooperate with the existing lunch programs of the municipalities and the Federal Government.

The Democratic Party in Massachusetts launched a new school-building program to promote better educational facilities thereby improving opportunities for the children of the Commonwealth. The Massachusetts school-building-assistance program, incidentally, has become one of the leading in the Nation.

When I was speaker of the House of Representatives in the Massachusetts Legislature, the State university received consistent attention in the developments of plant, faculty, and student body increases. It was during this time that Mr. Mirsky was most instrumental in the passage of a bill through that legislature, establishing Commonwealth scholarships at the University of Massachusetts. These scholarships afford qualified students the opportunity for a college education and permitted those children of the laboring class from the larger cities who could not possibly afford higher education to take advantage of the opportunities that their more wealthy brethren could handle privately.

Mr. Mirsky's tireless efforts in the Massachusetts Legislature in codifying the laws pertaining to education in the Commonwealth and bringing them up to date so that educators can have the opportunity to administer these laws in the most expeditious manner for the benefit of the general public, is greatly appreciated not only by all teacher and administrators but by the Massachusetts Legislature itself.

Mr. Mirsky's driving force was the stimulus that prodded the legislature into taking definite action to the establishment of an educational TV station sponsored by the Commonwealth, and currently being established by the famed Lowell Institute. We all hope that Greater Boston will soon enjoy this marvelous innovation in education that will come to them through TV channel 2. It will afford the hundred educational institutions and universities in the Greater Boston area an opportunity to display and transfer from one to the other their facilities and faculties.

The chairman of the Massachusetts Tubercular and Health League has stated that Mr. Mirsky's untiring zeal on behalf of the health of the schoolchildren of the Commonwealth deserves honorable mention.

He provided support to the bill that permitted periodic X-rays of school employees and children. This law is certain to help assure more complete protection for all schoolchildren of the Commonwealth. No wonder then, that Hugh Nixon, executive secretary of the Massachusetts Teachers Federation, praised the efforts of the Democratic Party in general and Mr. Mirsky in particular, for their work on behalf of both the teachers and the schoolchildren.

The Democratic Party in the Commonwealth has championed a State dental and medical school. The recent platform adopted at Worcester by the preprimary convention reiterated that demand. If this compact will help to increase medical and dental services in the Commonwealth, I believe that it will receive the blessings of the Democrats in the Commonwealth, but if it be a mere subterfuge to delay and hinder the production of medical and dental services or in any way lower the stringent standards that we in the Commonwealth insist upon, then it will be subject to criticism.

I therefore feel that this Congress should make every effort to give consent to the compact and we trust that the individual States making up those great New England States will follow through with the high ideals for which this compact was originally proposed.

H. R. 7839

EXTENSION OF REMARKS
OF
HON. WILLIAM E. HESS
OF OHIO
IN THE HOUSE OF REPRESENTATIVES
Tuesday, July 20, 1954

Mr. HESS. Mr. Speaker, I was unavoidably absent early in the day today, July 20, due to a cancellation of the American Airlines flight from Cincinnati, Ohio, to Washington, D. C., on which I had made reservations.

Had I been present at the time the vote was taken on the motion to recommit the conference report on H. R. 7839, I would have voted against it, as I favored the provisions contained in the report with reference to public housing. I previously voted for a provision like this when the bill was originally on the floor of the House. The amendment was offered by Representative WIDNALL and was defeated by an overwhelming Democratic vote.

I would also have voted for the adoption of the conference report had I been present.

Juvenile Delinquency

EXTENSION OF REMARKS
OF
HON. HOWARD S. MILLER
OF KANSAS
IN THE HOUSE OF REPRESENTATIVES
Tuesday, July 20, 1954

Mr. MILLER of Kansas. Mr. Speaker, not only as a father, but as a citizen, I am greatly concerned about the increasing juvenile delinquency in this country. We are all concerned. Every man and woman in the Nation with any appreciation of the higher motivations of human beings must be greatly concerned. The question arises: What is the cause of this increase in delinquency among the youth of our land? Not until we have ascertained the cause can we intelligently even consider the remedy.

What is the cause of delinquency? If delinquency is on the increase in recent years, something has taken place in that time that has brought it about. Yes; I used the word "brought" deliberately, for I lay it down as a settled and undisputable fact that juvenile delinquency is the product of the situations and conditions that the adult human beings create and place around the youth of our land. They are just as upright, just as delin-

quent, as we their elders and their parents have made them. The very fact that Congress and the people are wishing to do something about the situation is evidence that we realize that the environment we throw about our young people influences their character. If it will influence them in the future, it has influenced them in the past. But it was we adults who made the environment that produced the present character of our young people. It was therefore our responsibility.

Now that we have found ourselves to be responsible, the next question is: What have we done or failed to do that has brought on this regrettable situation? What changes have taken place in the environment of our children and young people? Where and under what circumstances do we find the greatest increase in delinquency? I understand that it is in the larger cities. If that is true, what is there in the conditions found in the larger cities that contribute to delinquency? Can we agree that the conduct of young people will depend almost altogether upon their associations and the way they spend their time? If we can so agree, and I am sure that we can, we have now brought our problem to the point where it is only necessary to find for our young people wholesome surroundings and decent employment. Might we further agree that decent employment, by which I mean a job on some worthwhile enterprise, is of itself a wholesome surrounding. How very simple, as simple as reducing a problem in arithmetic to its lowest terms. But to find those jobs in town or city, that is something else. It is a simple matter on the farm. To solve their problem in towns and cities is something else. It is one of our serious problems.

SENATE

WEDNESDAY, JULY 21, 1954

(Legislative day of Friday, July 2, 1954)

The Senate met at 10 o'clock a. m., on the expiration of the recess.

The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

Eternal Light, who hast folded back the curtain of darkness and caused the dawn of a new day to brighten the earth, we beseech Thee to gladden our hearts with Thy light. May our lives be flooded with the radiance of faith, that doubts may be dispelled like mists of the morning. Invade our hearts with new reverence and responsiveness, that even the silence of this hallowed moment may be a benediction at the day's beginning from Thee.

We turn from the busy concerns that engage our minds, from the trivial pleasures that fill the passing moments, from the pressing cares that burden our day. At this wayside altar of prayer subdue the clamor of our hearts, soften every alien note, and for the high mission which by the will of the people has been committed to Thy servants here, in the ministry of the Nation's life, may they hear Thy voice and learn Thy will. We ask it in the Redeemer's name. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Tuesday, July 20, 1954, was dispensed with.

A MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States submitting nominations was communicated to the Senate by Mr. Tribbe, one of his secretaries.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, requested the Senate to return to the House of Representatives the bill (H. R. 6399) granting the consent of Congress to an interstate forest fire protection compact, and the message of the House thereon.

ENROLLED BILLS SIGNED

The message announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 95. An act for the relief of Mrs. Donka Kourteva Dikova (Dikoff) and her son, Nicola Marin Dikoff;

S. 98. An act for the relief of (Mrs.) Betty Thornton or Jozsefne Toth;

S. 102. An act for the relief of Francesco Cracchiolo;

S. 110. An act for the relief of Christopher F. Jako;

S. 203. An act for the relief of Yvonne Linnea Colcord;

S. 222. An act for the relief of Mrs. Dean S. Roberts (nee Braun);

S. 246. An act for the relief of Gerrit Been;

S. 267. An act for the relief of Pantelis Morfessis;

S. 278. An act for the relief of Szyga (Saul) Morgenstern;

S. 308. An act for the relief of Filolaos Tsolakis and his wife, Vassiliki Tsolakis;

S. 496. An act for the relief of Dr. Samson Sol Flores and his wife, the former Cecilia T. Tolentino;

S. 552. An act for the relief of Anna Urwicz;

S. 587. An act for the relief of Carlos Fortich, Jr.;

S. 661. An act for the relief of Nino Sabino Di Michele;

S. 790. An act for the relief of Irene J. Halkis;

S. 794. An act for the relief of Paulus Youhanna Benjamen;

S. 795. An act for the relief of Josef Radziwill;

S. 830. An act for the relief of Samuel, Agnes, and Sonya Lieberman;

S. 841. An act for the relief of Dionysio Antypas;

S. 843. An act for the relief of Rabbi Eugene Feigelstock;

S. 855. An act for the relief of Kirill Mihailovich Alexeev, Antonina Ivanovna Alexeev, and minor children, Victoria and Vladimir Alexeev;

S. 891. An act for the relief of Albina Sicas;

S. 912. An act for the relief of Bruno Ewald Paul and Margit Paul;

S. 915. An act for the relief of Augusta Bleys (also known as Augustina Bleys);

S. 917. An act for the relief of Stefan Burda, Anna Burda, and Nikolai Burda;

S. 937. An act for the relief of Virginia Grande;

S. 945. An act for the relief of Moshe Gips;

S. 986. An act for the relief of Mrs. Ishi Washburn;

S. 1129. An act for the relief of Jozo Mandic;

S. 1267. An act for the relief of Irene Kramer and Otto Kramer;

S. 1313. An act for the relief of Olga Balabanov and Nicola Balabanov;

S. 1362. An act for the relief of Rev. Ishai Ben Asher;

S. 1477. An act for the relief of Gerhard Nicklaus;

S. 1490. An act for the relief of David Maisel (David Majzel) and Bertha Maisel (Berta Pieschansky Majzel);

S. 1841. An act for the relief of Carlo (Adiutore) D'Amico;

S. 1850. An act for the relief of Dr. John D. MacLennan;

S. 1860. An act for the relief of Amalia Sandrovic;

S. 1954. An act for the relief of Anthony N. Goraieb;

S. 2009. An act for the relief of Mrs. Edward E. Jex;

S. 2036. An act for the relief of Joseph Robin Groninger;

S. 2065. An act for the relief of Mr. and Mrs. Hendrik Van der Tuin;

S. 2677. An act for the relief of Michio Yamamoto;

S. 2820. An act for the relief of Mrs. Erika Gisela Osteraa;

S. 2960. An act for the relief of Barbara Herta Geschwandtner;

S. 3197. An act to authorize the acceptance of conditional gifts to further the defense effort; and

S. 3605. An act to abolish the offices of Assistant Treasurer and Assistant Register of the Treasury and to provide for an Under Secretary for Monetary Affairs and an additional Assistant Secretary in the Treasury Department.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. KNOWLAND, and by unanimous consent, the Committee on Interior and Insular Affairs was authorized to meet during the session of the Senate today.

Mr. KNOWLAND. Mr. President, after having cleared the question with the acting minority leader, I ask unanimous consent that the Subcommittee on Rules of the Committee on Rules and Administration be permitted to meet this afternoon during the session of the Senate.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, I ask unanimous consent that immediately following a brief executive session and a quorum call there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches.

The VICE PRESIDENT. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGE REFERRED

The VICE PRESIDENT laid before the Senate a message from the President of the United States submitting sundry nominations, which were referred to the Committee on Post Office and Civil Service.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable reports of nominations were submitted:

By Mr. CAPEHART, from the Committee on Banking and Currency:

Norman P. Mason, of Massachusetts, to be Federal Housing Commissioner; and

Andrew N. Overby, of the District of Columbia, to be United States Executive Director of the International Bank for Reconstruction and Development.

The VICE PRESIDENT. If there be no further reports of committees, the clerk will state the nominations on the Executive Calendar.

UNITED STATES DISTRICT JUDGE

The Chief Clerk read the nomination of Herbert S. Boreman to be United States district judge for the northern district of West Virginia, whose nomination had been previously passed over.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

UNITED STATES ATTORNEY

The Chief Clerk read the nomination of Joseph E. Hines to be United States attorney for the western district of South Carolina, whose nomination had been previously passed over.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

DEPARTMENT OF THE INTERIOR

The Chief Clerk read the nomination of Clarence A. Davis, of Nebraska, to be Under Secretary of the Interior.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. KNOWLAND. Mr. President, I ask that the President be immediately notified of the confirmation of the nominations.

The VICE PRESIDENT. Without objection, the President will be immediately notified.

LEGISLATIVE SESSION

Mr. KNOWLAND. I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

Routine business is now in order.

EXPRESSION OF CONDOLENCE ON DEATH OF THE LATE SENATOR BUTLER, OF NEBRASKA

The VICE PRESIDENT laid before the Senate a letter from the secretary, Republican Club of St. Thomas and St. John, V. I., transmitting a resolution adopted by that club, expressing its condolence and sympathy on the death of the late Senator Hugh Butler, of Nebraska, which was ordered to lie on the table.

SEVERANCE OF DIPLOMATIC RELATIONS WITH RUSSIA—RESOLUTION

Mr. JENNER. Mr. President, I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, a resolution adopted by the Deparment of Indiana, the American Legion, favoring the severance of diplomatic relations with Russia.

There being no objection, the resolution was referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

SEVER DIPLOMATIC AND TRADE RELATIONS WITH U. S. S. R.

Whereas Maxim Litvinoff, who was then the People's Commissar for Foreign Relations, did solemnly bind the Union of Soviet Socialist Republics to "respect scrupulously the indisputable right of the United States to order its own life within its own jurisdiction in its own way and to refrain from interfering in any manner in the internal affairs of the United States, its Territories or possessions," as a condition for diplomatic recognition of the Union of Soviet Socialist Republics by the Government of the United States on November 16, 1933; and

Whereas the Government of the Union of Soviet Socialist Republics did further pledge that it would refrain from and restrain all persons in government service or organizations under its direct or indirect control "from any act, overt or covert, liable in anyway whatsoever to injure the tranquillity, prosperity, order or security of the whole or any part of the United States, its Territories or possessions"; and

Whereas the Government of the Union of Soviet Socialist Republics has knowingly and willfully violated the letter and the spirit of each of these provisions of its original agreement with the Government of the United States; and

Whereas the Embassies of the Soviet Union and its satellites, having the protection of diplomatic immunity and inviolability, have been utilized for organizational bases, subversive spy centers, points of communication, and letter drops as has been so well demonstrated by the exposures in the United States, in Canada, Cuba, and Australia; and

Whereas the closing of our Embassies in these same enemy countries for retribution would not lose their value as listening posts, due to the 24-hour surveillance by the Soviet secret police and their agents; and

Whereas the psychological effect of this positive action by the Government of the United States upon the other free nations of the world would be tremendous and demonstrate that the United States is determined to uphold and assist free nations everywhere; and, therefore,

Whereas continued diplomatic and trade relations with the Government of the Union of Soviet Socialist Republics implies friendly relations and tacit approval of its intercourse with the Government of the United States; and

Whereas such continued diplomatic and trade relations with this morally depraved dictatorship can only result in further acrimonious actions toward the Government of the United States and further persecution of the enslaved peoples of the world: Now, therefore, be it

Resolved by the American Legion, Department of Indiana, in convention assembled this 9th day of July, 1954, in the city of Indianapolis, Does urge the Government of the United States to summarily sever diplomatic and trade relations with the present Government of the Union of Soviet Socialist Republics and with the present governments of the satellite nations enslaved by the U. S. S. R.; and be it further

Resolved, That a copy of this resolution be forwarded to the coming American Legion national convention in Washington with the recommendation that it be favorably acted upon, and a certified copy of this resolution be sent to the Indiana Representatives and Senators in Washington, President Eisenhower, and Secretary of State Dulles.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. LONG, from the Committee on Interior and Insular Affairs, without amendment:

S. 3316. A bill to authorize and direct the conveyance of a certain tract of land in the State of Mississippi to Jonathan Jones (Rept. No. 1967).

By Mrs. SMITH of Maine, from the Committee on Government Operations, with amendments:

H. R. 6290. A bill to discontinue certain reports now required by law (Rept. No. 1968).

By Mr. POTTER, from the Committee on Government Operations, with amendments:

H. R. 5605. A bill to amend the Federal Property and Administrative Services Act of 1949 to provide for payment of taxes or payments in lieu of taxes with respect to real property transferred from Government corporations to other agencies of the Federal Government (Rept. No. 1966).

By Mr. LANGER, from the Committee on the Judiciary, with amendments:

H. R. 951. A bill for the relief of the Trust Association of H. Kempner (Rept. No. 1969).

ADDITIONAL FUNDS FOR COMMITTEE ON BANKING AND CURRENCY—REPORT OF A COMMITTEE

Mr. CAPEHART. Mr. President, from the Committee on Banking and Currency, I report an original resolution to provide additional funds for the Committee on Banking and Currency.

The VICE PRESIDENT. The resolution will be received and placed on the calendar.

The resolution (S. Res. 289), reported by Mr. CAPEHART from the Committee

on Banking and Currency, was placed on the calendar, as follows:

Resolved, That in holding hearings, reporting such hearings, and making investigations as authorized by section 134 (a) of the Legislative Reorganization Act of 1946 and pursuant to its jurisdiction under rule XXV (1) (d) 4 of the Standing Rules of the Senate, the Committee on Banking and Currency, or any duly authorized subcommittee thereof, is authorized until January 31, 1955, to make such expenditures, and to employ upon a temporary basis such investigators, and such technical, clerical, and other assistants as it deems advisable.

SEC. 2. The expenses of the committee under this resolution, which shall not exceed $150,000 (in addition to amounts heretofore made available for such purposes), shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, July 21, 1954, he presented to the President of the United States the following enrolled bills:

S. 95. An act for the relief of Mrs. Donka Kourteva Dikova (Dikoff) and her son Nicola Marin Dikoff;

S. 98. An act for the relief of (Mrs.) Betty Thornton or Jozsefne Toth;

S. 102. An act for the relief of Francesco Cracchiolo;

S. 110. An act for the relief of Christopher F. Jako;

S. 203. An act for the relief of Yvonne Linnea Colcord;

S. 222. An act for the relief of Mrs. Dean S. Roberts (nee Braun);

S. 246. An act for the relief of Gerrit Been;

S. 267. An act for the relief of Pantelis Morfessis;

S. 278. An act for the relief of Szyga (Saul) Morgenstern;

S. 308. An act for the relief of Filolaos Tsolakis and his wife, Vassiliki Tsolakis;

S. 496. An act for the relief of Dr. Samson Sol Flores and his wife, the former Cecilia T. Tolentino;

S. 552. An act for the relief of Anna Urwicz;

S. 587. An act for the relief of Carlos Fortich, Jr.;

S. 661. An act for the relief of Nino Sabino Di Michele;

S. 790. An act for the relief of Irene J. Halkis;

S. 794. An act for the relief of Paulus Youhanna Benjamen;

S. 795. An act for the relief of Josef Radziwill;

S. 830. An act for the relief of Samuel, Agnes, and Sonya Lieberman;

S. 841. An act for the relief of Dionysio Antypas;

S. 843. An act for the relief of Rabbi Eugene Feigelstock;

S. 855. An act for the relief of Kirill Mihailovich Alexeev, Antonina Ivanovna Alexeev, and minor children Victoria and Vladimir Alexeev;

S. 891. An act for the relief of Albina Sicas;

S. 912. An act for the relief of Bruno Ewald Paul and Margit Paul;

S. 915. An act for the relief of Augusta Bleys (also known as Augustina Bleys);

S. 917. An act for the relief of Stefan Burda, Anna Burda, and Nikolai Burda;

S. 937. An act for the relief of Virginia Grande;

S. 945. An act for the relief of Moshe Gips;

S. 986. An act for the relief of Mrs. Ishi Washburn;

S. 1129. An act for the relief of Jozo Mandic;

S. 1267. An act for the relief of Irene Kramer and Otto Kramer;

S. 1313. An act for the relief of Olga Balabanov and Nicola Balabanov;

S. 1362. An act for the relief of Rev. Ishai Ben Asher;

S. 1477. An act for the relief of Gerhard Nicklaus;

S. 1490. An act for the relief of David Maisel (David Majzel) and Bertha Maisel (Berta Pieschansky Majzel);

S. 1841. An act for the relief of Carlo (Adiutore) D'Amico;

S. 1850. An act for the relief of Dr. John D. MacLennan;

S. 1860. An act for the relief of Amalia Sandrovic;

S. 1954. An act for the relief of Anthony N. Goraieb;

S. 2009. An act for the relief of Mrs. Edward E. Jex;

S. 2036. An act for the relief of Joseph Robin Groninger;

S. 2065. An act for the relief of Mr. and Mrs. Hendrik Van der Tuin;

S. 2677. An act for the relief of Michio Yamamoto;

S. 2820. An act for the relief of Mrs. Erika Gisela Osteraa;

S. 2960. An act for the relief of Barbara Herta Geschwandtner;

S. 3197. An act to authorize the acceptance of conditional gifts to further the defense effort; and

S. 3605. An act to abolish the offices of Assistant Treasurer and Assistant Register of the Treasury and to provide for an Under Secretary for Monetary Affairs and an additional Assistant Secretary in the Treasury Department.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. HAYDEN:

S. 3781. A bill to enable the State of Arizona and the town of Tempe, Ariz., to convey to the Salt River Agricultural Improvement and Power District, for use by such District, a portion of certain property heretofore transferred under certain restrictions to such State and town by the United States; to the Committee on Interior and Insular Affairs.

By Mr. BRICKER:

S. 3782. A bill for the relief of Mr. Fu-Ho Chan and Mrs. Fu-Ho Chan; to the Committee on the Judiciary.

By Mr. KEFAUVER:

S. 3783. A bill to amend the Veterans' Preference Act of 1944 in order to give preference in promotions and transfers to preference eligibles under the provisions of such act; to the Committee on Post Office and Civil Service.

By Mr. KENNEDY:

S. 3784. A bill to amend the Legislative Reorganization Act of 1946 in order to eliminate certain obsolete provisions and to make certain minor technical corrections therein, to amend title III of such act, and for other purposes; to the Committee on Government Operations.

(See the remarks of Mr. KENNEDY when he introduced the above bill, which appear under a separate heading.)

By Mr. CORDON:

S. 3785. A bill for the relief of Bernard L. Denn; to the Committee on the Judiciary.

AMENDMENT OF LEGISLATIVE REORGANIZATION ACT OF 1946

Mr. KENNEDY. Mr. President, I introduce a bill to amend the Legislative Reorganization Act of 1946 in order to eliminate certain obsolete provisions and to make certain minor technical corrections therein, to amend title III of such act, and for other purposes, and request that it be referred to the Committee on Government Operations.

There being no objection, the bill (S. 3784) to amend the Legislative Reorganization Act of 1946 in order to eliminate certain obsolete provisions and to make certain minor technical corrections therein, to amend title III of such act, and for other purposes, was received, read twice by its title, and referred to the Committee on Government Operations.

PRINTING OF ADDITIONAL COPIES OF PART SIX OF HEARINGS ENTITLED "PETROLEUM, GAS, AND COAL"

Mr. MALONE submitted the following concurrent resolution (S. Con. Res. 97), which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That there be printed 1,000 additional copies of part 6 of the hearings conducted before a subcommittee of the Senate Committee on Interior and Insular Affairs pursuant to Senate Resolution 143, 83d Congress, relative to stockpile and accessibility of strategic and critical materials to the United States in time of war. Such additional copies shall be for the use of the Senate Committee on Interior and Insular Affairs.

PRINTING OF ADDITIONAL COPIES OF INTERIM REPORT ENTITLED "ACTIVITIES OF UNITED STATES CITIZENS EMPLOYED BY THE UNITED NATIONS"

Mr. JENNER submitted the following concurrent resolution (S. Con. Res. 98), which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Senate Committee on the Judiciary an additional 20,000 copies of the second interim report entitled "Activities of United States Citizens Employed by the United Nations," a report of hearings held before a subcommittee of the above committee during the 83d Congress.

PRINTING OF ADDITIONAL COPIES OF HEARINGS ENTITLED "STRATEGY AND TACTICS OF WORLD COMMUNISM"

Mr. JENNER submitted the following concurrent resolution (S. Con. Res. 99), which was referred to the Committee on Rules and Administration:

Resolved by the Senate (the House of Representatives concurring), That there be printed for the use of the Senate Committee on the Judiciary not to exceed 25,000 copies of parts 1 to 3 and subsequent parts of the hearings entitled "Strategy and Tactics of World Communism," held before a subcommittee of the above committee during the 83d Congress.

PRINTING OF ADDITIONAL COPIES OF PART 1 OF HEARINGS ENTITLED "UNITED STATES DEPARTMENT OF INTERIOR, BUREAU OF MINES"

Mr. MALONE submitted the following resolution (S. Res. 290), which was referred to the Committee on Rules and Administration:

Resolved, That there be printed 1,000 additional copies of part 1 of the hearings conducted before a subcommittee of the Senate Committee on Interior and Insular Affairs pursuant to Senate Resolution 143, 83d Congress, relative to stockpile and accessibility of strategic and critical materials to the United States in time of war. Such additional copies shall be for the use of the Senate Committee on Interior and Insular Affairs.

REVISION OF ATOMIC ENERGY ACT 1946—AMENDMENTS

Mr. HUMPHREY submitted amendments intended to be proposed by him to the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes, which were ordered to lie on the table and to be printed.

Mr. BURKE submitted an amendment intended to be proposed by him to Senate bill 3690, supra, which was ordered to lie on the table and to be printed.

AGRICULTURAL ACT OF 1954—AMENDMENT

Mr. HICKENLOOPER submitted an amendment intended to be proposed by him to the bill (S. 3052) to encourage a stable, prosperous, and free agriculture and for other purposes, which was ordered to lie on the table and to be printed.

MUTUAL SECURITY ACT OF 1954—AMENDMENTS

Mr. HUMPHREY submitted amendments intended to be proposed by him to the bill (H. R. 9678) to promote the security and foreign policy of the United States by furnishing assistance to friendly nations, and for other purposes, which was ordered to lie on the table and to be printed.

INCLUSION OF MINISTERS IN SOCIAL SECURITY BENEFITS—RESOLUTION

Mr. HUMPHREY. Mr. President, I ask unanimous consent that a resolution adopted by the Evangelical Lutheran Church at its 1954 general convention regarding the so-called Reed bill, to include ministers in social security benefits, be printed in the body of the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION OF THE EVANGELICAL LUTHERAN CHURCH, OFFICE OF THE GENERAL SECRETARY, MINNEAPOLIS, MINN., JULY 8, 1954

SOCIAL SECURITY FOR MINISTERS

Whereas the extension of social security coverage to ministers is being considered by the Congress of the United States; and

Whereas the Evangelical Lutheran Church has gone on record favoring such extension; and

Whereas certain specific features of such proposed legislation now need further expression from the church; and

Whereas social security coverage for ministers should provide for freedom of choice to the ordained minister in order that the principle of separation of church and State be kept inviolate: Therefore be it

Resolved, That the extension of social security coverage to ministers should include the following points:

1. That the plan adopted shall be on a voluntary self-employed basis which will make it permissive in character to avoid any possible taxation or supervision of churches by the State;

2. That the act safeguard the conscience of the individual minister, and that the action of a minister shall in no way be binding upon his successor in office. No compulsion shall be involved;

3. That in the interest of the soundness of the plan, we are willing that certain safeguards, which are calculated to make the application of the act practical, be provided, such as that of a group inclusion (for instance, there might be a provision that ministers must choose whether or not they desire to be included within 1 year after ordination. This would insure a wide age range within the group and would counteract any tendency to have enrollment simply on the part of those approaching retirement age).

Your consideration of the viewpoints herein expressed in formulating social security legislation in this area will be appreciated.

O. H. HOVE,
General Secretary.

FARM SURPLUSES

Mr. BEALL. Mr. President, the problem of farm surpluses has been a matter of growing concern to the Congress; and Secretary Benson's recommendations were an attempt to meet the problem of surpluses in basic commodities.

The Baltimore Sun points out today in an editorial, that the new crop report is one of the best arguments for congressional approval of the Eisenhower-Benson program. I request unanimous consent to have the editorial included as part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

SURPLUSES MAKE AN ARGUMENT FOR THE EISENHOWER FARM PLAN

The new crop report ties dramatically into the President's case against high-level price-support schemes in agriculture now pending in the Congress. The new report shows that we may close the present crop year with one of the biggest overall productions on record. This in the face of surpluses in such basic crops as wheat which are already overtaxing storage facilities.

It is true that the new report shows that wheat and cotton acreage is down a little in line with previous control plans. It has to be remembered, though, that Congress did not allow those control plans to be applied as tightly as the facts warranted. Even more devastating is the evidence that even when farmers took lands out of wheat and cotton they put them into other crops in which equally troublesome surpluses now threaten.

Thus lands taken out of cotton and wheat merely boomed production of things like soy beans, oats, barley, flaxseed, sorghums, rice, dry beans, and sugar beets. Suggestively enough an amendment tacked onto the pending farm bill in the Senate Agriculture Committee would provide high-level supports in oats, barley, grain, sorghums, and rye. Thus, with new surpluses in these lines now in sight as a mere byproduct of high supports in other lines, the political farmers are pushing to extend directly to them more of the high-support influence which brought them into surplus supply in the first place.

It is plain—and alarming—facts like these which make the best ammunition for the Eisenhower people in making their congressional fight. This is the kind of factual argument which brought an administration victory in the House. The House finally took the flexibility principle which allows the price support to be lowered when surpluses threaten to develop. Senators AIKEN and ANDERSON, the brave Senate champions of the brave administration program, need merely stand fast on these facts to win general public support and, it may be confidently expected, a majority vote in Congress.

MARYLAND TOBACCO AND THE TARIFF ON SWISS WATCHES

Mr. BEALL. Mr. President, Maryland tobacco farmers are at this time awaiting action by the President on recommendations by the Tariff Commission that import duties on Swiss watches be increased. I have previously stated the unfortunate effect any increase would have on southern Maryland tobacco growers, since the Swiss are one of the best markets for our particular tobacco.

The Baltimore Sun today comments editorially on the special qualities of Maryland tobacco. I request unanimous consent to have the editorial made a part of my remarks.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

MARYLAND TOBACCO DESERVES ITS POPULARITY

Production of Maryland tobacco averaged 27,500,000 pounds a year from 1934 to 1938, and the average price per pound in those years was 19.7 cents. The 1953 crop (now being marketed) was around 37,100,000 pounds and auction prices through June 4 averaged 56.7 cents a pound, some grades bringing as much as 70 cents. The average price for this marketing season is not yet available, but the crop now being disposed of is supported by the Government at 50.4 cents a pound.

Hence, Maryland tobacco people have greatly increased their production since the prewar years and have more than doubled their price. Such popularity must be deserved. How does Maryland leaf tobacco, technically known as type 32, earn its popularity?

Of course the general inflation accounts for some of the price boost, but aside from that there are two more solid explanations. First, Maryland tobacco has certain special virtues present in no other tobacco. Second, the leading tobacco product, cigarettes, in the manufacture of which Maryland tobacco is particularly useful, has experienced a great boom in the last two decades.

Take the special virtues of Maryland tobacco first. They are three. Maryland tobacco has a quality of steady burn. Mixed with other tobaccos this quality keeps the whole cigarette going even though the smoker does not draw on it all the time. a wag once explained that this was the quality which enabled your guest's forgotten cigarette butt to burn a hole in the top of your piano.

Then just as the steady-burn quality of Maryland tobacco makes it useful in blends, so its mild flavor and aroma—its second virtue—makes it a good blender. The third Maryland quality comes from the way in which Maryland tobacco is cured. It is cured naturally by air and weather in Maryland tobacco barns. Other cigarette tobaccos are

cured artificially by a flue process. The natural curing leaves a fluffier, less compressed tobacco. A pound of this goes further in manufacturing cigarettes.

The broader industrywide reason for increasing demand in Maryland tobacco is indicated by the figures on cigarette consumption. In 1930 people 15 years old or over in the United States smoked up an average of 4 pounds of tobacco a year in the form of cigarettes. The figure was about halfway between 10 and 11 pounds in 1953. Much of the increase is attributable to the rising use of cigarettes by women.

In the earlier days of the Maryland tobacco culture, as much as 90 percent of Maryland's product was sold overseas. With the development by the French and other foreign users of alternative sources the export market fell off. Now it absorbs about 20 to 25 percent of the total. Of the 8 million pounds of exports expected for this year, fully two-thirds will go to Switzerland. That, as suggested here the other day, is the reason why the tobacco people of southern Maryland are in favor of low tariffs on Swiss watches. For the disposal of these watches in the United States yields dollars with which the Swiss can buy their favorite Maryland tobacco.

REGULATION OF NATURAL-GAS RATES BY FEDERAL POWER COMMISSION

Mr. WILEY. Mr. President, ever since the issue arose on the national scene, I have favored vigorous protection of the rights of Wisconsin and other consumers of natural gas.

I have fought against every effort to deprive consumers of the legitimate protection to which they are entitled by the Federal Power Commission. I have fought against legislation which would strip the FPC of the necessary legal power. I have combatted the reluctance of the FPC itself to assert its own power. I have commended the decision of the United States Supreme Court reasserting the authority of the FPC.

An editorial appeared in the Monday, July 19, issue of the Milwaukee Journal entitled "Gas Price Fight Is Not Over." It points out certain apprehensions in the minds of friends of the American consumer, including, I might say, the office of the attorney general of Wisconsin, the Wisconsin Public Service Commission, and the city attorney's office of Milwaukee.

I ask unanimous consent that the text of this editorial be printed in the body of the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

GAS-PRICE FIGHT IS NOT OVER

The Federal Power Commission has finally asserted its authority to regulate prices charged by so-called independent natural-gas producers—an authority that the Commission denied it had until a court order insisted that regulation was the FPC's duty.

In freezing prices charged by independent producers the FPC has paved the way for a study of natural-gas prices. The bitter reaction of Senators and industry spokesmen from oil and gas States indicates that the FPC order is also provoking a strenuous new effort by gas and oil interests to wipe out by congressional action the FPC's regulatory authority. Such legislation failed in the past only because former President Truman vetoed it.

The FPC order is drastic. It not only covers major producers who serve such States as Wisconsin, but hundreds of small and unimportant producers. Wisconsin and Milwaukee officials are afraid that the order was deliberately made drastic as an aid to those who want legislation ending FPC control. The past reluctance of the FPC to regulate prices charged by independents lends that suspicion some credibility. It's an old trick to enforce a law to such extremes that it becomes unworkable. The FPC would have served consumers and its functions better if it had moved first to regulate big producers and then carefully and systematically had acted in the case of small producers as the need for regulation arose.

But the order has been issued. Prices are frozen. The fight is on. It's up to consumer States to increase their alertness and to intensify their efforts to prevent FPC's regulatory authority from being wiped out by legislation and to see that the authority is properly and wisely used. It's not going to be an easy fight. The oil and gas interests are powerful. They're tough antagonists.

Wisconsin—through the attorney general and the public service commission and the Milwaukee city attorney's office—has led the fight for the gas consumer successfully so far. Let's keep it up.

EIGHTIETH BIRTHDAY ANNIVERSARY OF FORMER PRESIDENT HERBERT HOOVER

Mr. SMITH of New Jersey. Mr. President, I rise to present what I consider to be a matter of personal privilege.

Mr. President, I wish to make a short statement concerning the concurrent resolution I am about to submit. Upon concluding, I shall ask unanimous consent for the immediate consideration of the resolution. Despite the various differences we may have on partisan issues before the Senate, there are many subjects concerning which there is unanimous agreement. The subject of this resolution is a matter on which I am confident there will be complete accord among us all.

On August 10, 1954, America's distinguished elder statesman, the Honorable Herbert Hoover, will be 80 years of age. Our majority leader, the senior Senator from California [Mr. KNOWLAND], the senior Senator from Michigan [Mr. FERGUSON], and I, in the Senate; and Speaker MARTIN and the Honorable CLARENCE BROWN, Representative from Ohio, in the House, are submitting, simultaneously, concurrent resolutions extending congratulations to our former President, Mr. Hoover, and wishing him many more happy years of public service. Along with many Members of both the House and Senate, and other persons now prominent in public life, I have been honored to have been closely associated with Mr. Hoover in his numerous humanitarian works since World War I.

It has been our privilege to participate intimately in many of the great accomplishments that Mr. Hoover has brought about, over the years, in behalf of the welfare of all mankind. Because of this long association, the sponsors consider it a great honor to submit the concurrent resolutions in our respective Houses of the Congress. On behalf of myself and our majority leader, the Senator from California [Mr. KNOWLAND] and the senior Senator from Michigan [Mr. FERGUSON], I submit the concurrent resolution, and ask that it be read.

The VICE PRESIDENT. The concurrent resolution will be read.

The concurrent resolution (S. Con. Res. 96), submitted by Mr. SMITH of New Jersey for himself, Mr. KNOWLAND, and Mr. FERGUSON, was read as follows:

Resolved by the Senate (the House of Representatives concurring), That the Congress of the United States hereby extends to the Honorable Herbert Hoover its greetings and felicitations on the 80th anniversary of his birth, August 10, 1954.

SEC. 2. The Congress expresses its admiration and gratitude to Mr. Hoover for his long years of devoted service to his native land and to the world in general in many different capacities.

SEC. 3. The Congress is especially appreciative of his willingness to accept cheerfully the heavy burden of serving as Chairman of the second Commission on Organization of the Executive Branch of the Government, which is an arm of the Congress, in order to complete the work so well begun a few years ago by a similar commission under his chairmanship.

SEC. 4. The Congress expresses the hope and desire that divine providence may permit Herbert Hoover to be spared to give many more productive years of honored service to humanity and to his beloved country.

SEC. 5. A copy of this resolution shall be transmitted to America's elder statesman, the Honorable Herbert Hoover.

Mr. SMITH of New Jersey. Mr. President, I ask unanimous consent for the immediate consideration of the resolution.

There being no objection, the Senate proceeded to consider the resolution.

Mr. MARTIN. Mr. President, I desire to speak on the concurrent resolution.

The VICE PRESIDENT. The Senator from Pennsylvania is recognized.

Mr. MARTIN. Mr. President, I was Republican State Chairman in Pennsylvania when Herbert Hoover was President of the United States. I was not for Herbert Hoover's nomination on the Republican ticket, to be President; but I soon learned of his great qualities and his unusual understanding of affairs, not only of the United States, but of the world.

Certainly this concurrent resolution is most appropriate, and I am extremely glad that the distinguished senior Senator from New Jersey, the distinguished senior Senator from California, and the distinguished senior Senator from Michigan [Mr. FERGUSON] have seen fit to give us the opportunity to approve a measure of this character, which is so greatly deserved.

Mr. GILLETTE. Mr. President, it happens that ex-President Hoover is the one former President of the United States who had the honor of being born in the State of Iowa. We are very proud of his record. I do not happen to belong to the same political party that he adorns; but, at the same time, I am one who admires very much the public service of Herbert Hoover, and I am one who regrets very much the circumstances which surrounded the campaign when he lost the Presidency. He was charged with many things for which he was not responsible. As one who participated

somewhat in the attack in the campaign at that time, there were some things for which I considered him responsible; but he was compelled to bear the burden of attack for many matters for which he was not responsible, but which grew out of a situation which had developed throughout the country.

I wish to say that I am proud to join with the Senator from New Jersey and other Senators, so that this will be an expression of admiration from the Democratic side as well as from the Republican side; and as an Iowan, I am particularly proud.

Mr. KNOWLAND. Mr. President, I am very pleased to have an opportunity to sponsor, together with the distinguished Senator from New Jersey and the distinguished Senator from Michigan, this concurrent resolution relative to the 80th birthday of former President Hoover.

Mr. Hoover is a great American citizen. He is a great humanitarian. He has served his country without regard to narrow partisanship. He rendered signal service to the Nation during World War I and subsequent to that war, under the Presidency of Woodrow Wilson. Mr. Hoover served in the Cabinet of two Republican Presidents. He himself served as Secretary of Commerce and, later, as President of the United States.

Subsequent to that service, he was called to help on both the Mississippi flood problems and the problems of famine abroad; and he was consulted by the former President, Mr. Truman, regarding some of these problems.

Despite his years, Mr. Hoover has remained active and interested in the welfare of the American people and the Nation. He has taken on the rather heavy burden of serving as chairman of one commission, and then another, to study the reorganization of the executive branch of the Government of the United States.

Mr. President, I know that all Americans, regardless of their partisan affiliation, will join with the Congress of the United States in wishing Mr. Hoover many happy returns of the day and many more years of useful service to the Nation.

Mr. FERGUSON. Mr. President, on August 10 of this year the Honorable Herbert Hoover, former President of the United States, will be fourscore years old. It is very fitting that we in the Congress should by adopting a concurrent resolution extending greetings and felicitations to him on the 80th anniversary of his birth.

Mr. Hoover has served his country and the whole world well. No one should ever forget the days he spent as Secretary of Commerce during World War I, and the great task which he undertook and completed in connection with the Belgian relief program. It was this distinguished service to mankind and human welfare that made him a figure known to the entire world.

As President of the United States he served with honorable distinction. During the days following his term as President he took an active part in the affairs of his Government. We all know and appreciate the outstanding service he rendered as the leader of the first Commission which bears his name. He, himself, recognized and acknowledged the fact that the first Commission was not able within the time limit afforded to accomplish all the things required to be done.

As a cosponsor of the resolution which created the second 12-member Hoover Commission, which is now undertaking to complete the task of making our Federal Government a more efficient, better organized, and less expensive government, and as a member of this Hoover Commission, I know personally that Herbert Hoover is rendering a great and distinctive service to the people of the United States. He understands government. Even in years when any man could retire to the sidelines with honor, he is devoting his efforts effectively to the task before him and his colleagues.

I work personally with him, and have in the past during the many years of our good friendship. I know the number of hours he works, and the intelligent effort he gives toward guiding in detail the activities of the Hoover Commission. It is only fitting and proper that this concurrent resolution be adopted in order that he and all the people of the United States may know that Congress appreciates the fine service which this truly great American has rendered to his country.

Mr. HICKENLOOPER. Mr. President, I wish to join the Senator from New Jersey [Mr. SMITH], the Senator from California [Mr. KNOWLAND], and the Senator from Michigan [Mr. FERGUSON], and other Senators who have spoken this morning with reference to the observance of the 80th birthday anniversary of former President Herbert Hoover.

We in Iowa are honestly proud to call him a native son. At a later date, I had intended to speak, and I shall speak, about his 80th birthday, and about the preparations and plans which we have in Iowa for a suitable observance of that occasion. It is sufficient now to say that we join in the resolution. Our legislature has noted the occasion in its last session. The town of West Branch, where Mr. Hoover was born, has long since honored him by setting aside the house in which he was born, with its surrounding lot, as a public memorial to him, and on the 10th of August a statewide ceremony of observance will be held at the small town of West Branch. As I previously stated, I shall speak in more detail prior to the adjournment of this session with reference to that observance, but I wish to join in the tributes which have been paid this morning to Mr. Hoover as being one of the truly great Americans of history and one of the truly great men of the world in modern history.

The VICE PRESIDENT. The question is on agreeing to the concurrent resolution.

The concurrent resolution (S. Con. Res. 96) was agreed to.

WATER PROBLEMS OF THE ARID WEST

Mr. BENNETT. Mr. President, I wish to continue my brief discussion of the water problems of the arid West.

In the very beginning, when our Utah settlements were small, there was water enough for everyone; and a farmer could dig a ditch and divert whatever water he needed. But the time soon came when each man's share had to be established and his rights defined. Later on, a "water master" had to be set up, to see that each man got his share and his turn.

Although the people of the seven States along the Colorado knew they would have to establish shares and rights, it it was not until 1922 that they began that task. Before the great Hoover Dam could be constructed—and I pause here to join my colleagues in tribute to the great man whose name that dam bears, and to observe that perhaps over the long centuries, that will be the monument which will keep his name alive—before that great dam could be constructed the rights of the lower basin States, California, Arizona and Nevada, had to be set. They were set at 7½ million acre-feet per annum. Then another 25 years passed, until in 1947 the upper basin States divided the water that should remain.

That division is an interesting one, as follows:

	Percent
Colorado	51¼
Utah	23
Wyoming	14
New Mexico	11¾

But the waters of the Colorado are not inert things to be cut and parceled out like cheese. The river is a living thing, of many moods and dangerous caprice. Before it leaves its mountain heights, it has cut the first of the deep, twisted canyons, through which it bears its load of silt down to the sea. It is too treacherous for commerce, and at some times and places, it is too deadly even for the boatmen daredevils. Yet, if we are to keep our commitments to the lower basin, and the promise of our own future, the river—like a wild horse—must be tamed and put to work.

The Bureau of Reclamation began its first investigations of the river in 1903, and the actual job of taming it began in the Uncompaghre Valley in 1906; and in the 4 upper basin States, only 2 million acre-feet of water have been put to work—against 5⅓ million in California.

We of the upper basin have agreed that the turn of our downstream neighbors should come first—both in time and in amount. We have waited over 30 years for our turn to come. We hope that this year my colleagues, who represent our Federal "water master," will recognize our patience and will help us begin to develop the program which, even though it takes 50 years or more to build, will make the shares of both the upper and the lower basins firm and sure.

DUTY ON IMPORTATION OF WATCHES

Mr. MARTIN. Mr. President, on Tuesday of last week the Washington Star carried a letter to the editor from Mr. Charles P. Taft, opposing the increase in duties on watches which the President now has under consideration.

A very similar letter from Mr. Taft appeared more recently in the New York Times. The letter to the Star was inserted in the CONGRESSIONAL RECORD on July 14.

At the close of these remarks I would like unanimous consent to insert in the RECORD the reply of the American manufacturers which was printed in the Star on last Saturday. I think this reply shows that the content of Mr. Taft's letters is misleading. I agree with the American producers that it is time to deal with this problem on a more realistic basis.

These letters have attracted some attention and I want the Senate to know that they represent only a part of a last-minute pressure campaign being put on by the Swiss and the importers of Swiss watches to make it appear that an increase in watch tariffs will be publicly unpopular. They have apparently taken to the letters-to-editors columns because the newspapers have, for the most part, stopped printing the flood of press releases and other material which they have been passing around.

The Swiss and the importers are also trying to organize the retail jewelers to bombard the Congress and the President with objections. They are asking the tobacco farmers of Maryland to do the same thing. They have enlisted the CIO through the Swiss and the international unions. They have tried everywhere to create the impression that, if we should increase the watch tariff, the economy of Switzerland will collapse, our international trade program will be undermined, and our American economy will be crippled—all of which is nonsense.

The Swiss had a favorable balance of total trade with the United States in 1953. They have over 80 percent of our jeweled watch market. Yet they object in the strongest terms to our trying to protect a vital defense industry from complete destruction. This attitude is completely unreasonable, to say the least, and I would be extremely disturbed if I did not believe that our Government has finally realized that the tariffs must be increased.

I ask unanimous consent that the letter from the Washington Evening Star be printed in the RECORD at this point as a part of my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WATCH TARIFF CONTROVERSY

The July 13 letter of Charles P. Taft, commenting unfavorably upon the Star's level-headed editorial on the watch-tariff case, is an excellent illustration of the tactics which have almost caused the extinction of the jeweled watch industry in the United States.

In the first place Mr. Taft is not very forthright in disclosing his real interest in this watch-tariff controversy. He signed his letter as president of the Committee for National Trade Policy. It seems only fair for those who read his letter to know that the Taft family are—or until recently were—large stockholders in the Gruen Watch Co. of Cincinnati, Ohio, 1 of the 4 largest importers of Swiss watches.

Gruen has been one of the leaders of the importers' trade organization—the American Watch Association—which has sought for years, so far quite unsuccessfully, to confuse the watch-tariff issue. Ralph Lazrus, an officer of the Benrus Watch Co., another major importer, is president of the American Watch Association and is also a member of the committee for which Mr. Taft purports to speak.

Now let us see how closely Mr. Taft appears to be working with the importers of Swiss watches and the Swiss watch trust. The approach and the phraseology of Mr. Taft's letter, as it relates to the jeweled watch industry, correspond very closely with the statements of former Senator Millard Tydings, who represents the American Watch Association, before the Tariff Commission and, more recently, before a Preparedness Subcommittee of the Senate Armed Services Committee. An excellent example is the references to a so-called investigation by the late Senator Hunt, of Wyoming, into the defense importance of the jeweled watch industry. The purported quotation of Senator Hunt relating to the capacity of Eastman Kodak Co. to make time fuses is in reality a quote from a letter signed by Mr. Lazrus as president of the American Watch Association to the Office of Defense Mobilization, dated March 24, 1954. This quoted statement was prepared by Mr. Lazrus, not by Senator Hunt.

Thereafter, on April 6, 1954, the material in this letter of the importers was placed in the CONGRESSIONAL RECORD by Senator Hunt in the form of a statement that made its contents seem to be based on information from the Department of Defense. A press release covering the statement was then issued in the name of the American Watch Association, and it is interesting to note that this release came from the office of the public relations firm which represents the watch trust in Switzerland—not the firm which represents the American Watch Association.

The material was so completely misleading that I was sure Senator Hunt was not aware of the real facts. I therefore went to see him, with two representatives of one of the jeweled watch companies. Senator Hunt told us that the prepared statement had been given to him by Mr. Tydings, and that he had placed it in the CONGRESSIONAL RECORD at Mr. Tyding's request not knowing himself that it contained highly controversial matter. Senator Hunt also told us he did not know of the press release covering his statement issued in the name of the American Watch Association.

Thus, the extremely misleading statements prepared initially by the importers' trade association, at the request of Mr. Tydings, has been used successively through the American Watch Association, Senator Hunt, the Swiss watch trust, and now over the name of the Committee for National Trade Policy.

The arguments advanced by Mr. Taft are no sounder over his signature than they have been when coming from the importers or the Swiss. He ventures that the domestic jeweled watch industry is probably suffering only from the general decline in watch sales that has occurred since January 1954. The fact is that the domestic companies suffered a decline of production from 3,161,000 ing 1951 to 2,237,00 in 1953, or about 30 percent in 2 years, while Swiss imports increased from 9,128,000 to 10,615,000. At the end of 1953 the Swiss had 83 percent of the domestic jeweled watch market and the domestic industry had 17 percent. In 1954 the domestic industry's production has been cut back severely and the Swiss will move closer toward complete monopoly of the United States market.

Mr. Taft, like Mr. Tydings, finds no national defense danger in this situation because he can see no defense importance in the watch industry. The persistence of the importers in this position indicates a startling case of myopia.

Very recently Arthur Flemming, Director of the Office of Defense Mobilization; Thomas Pike, Assistant Secretary of Defense, and Lothair Teetor, Assistant Secretary of Commerce, testified publicly that the jeweled watch industry, and, indeed, the horological industry as a whole, was absolutely essential to national defense. These statements, made after months of study by the respective agencies, are completely ignored in favor of discredited material of the importers' own making. This is a class illustration of the old saying that "there are none so blind as those who will not see."

It seems to us that the time for such trifling and obfuscation is past. As your editorial indicated, this is a serious issue that ought to be faced squarely on the facts. It appears that the Government is trying to do just that, and the repeated efforts of the importers and the Swiss to confuse the picture are rapidly approaching the status of a national disservice.

PAUL F. MICKEY,
Vice President, American Watch Manufacturers Association, Inc.

ROY M. COHN

Mr. WELKER. Mr. President, I would be less than honest with myself if I did not address this body and pay tribute to a Democrat who, I am informed, resigned on Monday as chief counsel for a congressional committee. I did not work on that committee. I was not a member of it, but I do know Roy M. Cohn, the chief counsel who resigned. I know of the excellent service he has rendered and the fight he has carried on from the days of his youth, in the practice of law, against the Communist forces which would destroy freedom-loving peoples all over the world.

Mr. President, Roy Cohn is a young man. I think he is only 27 years of age. I have never met a more brilliant attorney. I have heard it said that he has made mistakes. If so, who among us at the age of 27 did not make mistakes? Notwithstanding the fact that he has resigned from a congressional committee, I fervently hope that he may continue to serve the profession of law as well as he has served his country in the fight against communism. I think it speaks well for young America when we recall that this young man took an active part in the prosecution of the Rosenbergs, in the Remington case, in the case against the 11 top Communists, and in other investigations—all directed against those who would destroy our precious way of life.

Roy M. Cohn is the son of a distinguished jurist, Albert Cohn, of the appellate division of the New York Supreme Court. The time is coming when it will be rather difficult to obtain such experts as Roy Cohn to work for congressional committees. I know certainly of the abuse to which Senators on investigating committees are subjected. I know that the staff suffers even to a greater extent than do Senators from such abuse.

I wish it were possible for me to have associated with me in the private practice of law such a man as Roy M. Cohn, a man whom I consider to have more ability than any other lawyer I have ever known.

Since I have been a member of the Internal Security Subcommittee of the Senate it has been my privilege to know two of the greatest experts on communism. One is Judge Robert Morris, of New York, who was chief counsel of the Internal Security Subcommittee, and

with whom I have had the honor of working. The other is Roy M. Cohn.

I trust that the Communists will not derive great happiness from the resignation of Roy Cohn. America will not sit idly by while the Communists attempt to destroy her from within. I am certain that Roy Cohn will continue to fight communism whether in assisting a congressional committee or in the practice of law.

In saying that I dislike to see any man skilled in the fight against communism leave a congressional committee, whether it is an Internal Security Subcommittee or any other committee, I may add that I believe that as a result of what Roy Cohn has done the fight against communism will be enhanced from within our country. Americans will not coddle Communists at home when their sons have been killed and others may be killed by the Communist conspiracy abroad.

I ask unanimous consent that two editorials—one published in the New York Daily News, and the other in the Daily Mirror, of New York, N. Y., of July 21, 1954—be printed in the RECORD at this point as a part of my remarks.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the New York Daily News of July 21, 1954]

COHN QUITS—SCORE ONE FOR REDS

Roy M. Cohn resigned Monday as chief counsel to the McCarthy investigation subcommittee. He did so in the knowledge that he was slated to be fired yesterday by the subcommittee's three Democrats plus CHARLES POTTER, Republican from Michigan.

Thus, the domestic Communists and anti-anti-Communists get a scalp they long have sought. They also notify any patriots who consider serving hereafter as Red hunters for Senator MCCARTHY that they may well be smeared and denounced as was Cohn for some 18 months.

We don't think that will deter the Wisconsin Senator in his campaign to wreck the criminal Communist conspiracy. But it may handicap him in finding able assistants and investigators. That, too, would delight the domestic Reds and their fellow travelers.

Not that we consider Mr. Cohn indispensable. We think he was correct in figuring that the smear drive had destroyed his usefulness to the McCarthy subcommittee.

And it may be that Cohn brought some of the abuse on himself by his rather brash manner and occasional displays of temper. Those are frequent weaknesses of youth and Cohn is only 27. There is an instructive contrast, though, between the abuse heaped on the hotly pro-American Cohn by a lot of self-professed intellectuals and the abuse which these same gentry did not heap on such characters as Alger Hiss and Lee Pressman when they were found to have embraced communism in their hot, brash youth.

We wish this brilliant young man well and think he will go far.

And now that Cohn has resigned, how about giving the heave to a certain thoroughgoing pipsqueak who functioned on the other side of the McCarthy-Cohn-Schine-Stevens battle? We refer, it almost goes without saying, to John G. Adams, chief counsel to the Army.

[From the New York Daily Mirror of July 21, 1954]

ROY COHN

The resignation of Roy Cohn must mark a new phase, not an end, of Senator MCCARTHY'S efforts to expose and combat Communists. No matter what the wording of the resignation, most Americans will insist that Roy Cohn was put in an impossible position by the wrangling Senators, who tried to make him a football of their own political ambitions. This role he has rightly refused to play.

The loss is the committee's and the Senate's. Roy Cohn has made a remarkable record as a prosecutor of Communists. He was instrumental in indicting and prosecuting William Remington, atom spies Julius and Ethel Rosenberg, and the top-ranking Communists in New York. As chief counsel for the McCarthy committee, he led the investigation of Communists in the Voice of America, at Fort Monmouth and in defense plants.

It is a remarkable record for a lawyer who is only 27 years old. Criticized for being brash and not too respectful of some Senators whom he antagonized, he won a great following among Americans who watched him over television at the Stevens-McCarthy hearings and recognized his ability and devotion to a cause that is America's.

Surely, he will have ample opportunity to continue so brilliant a career in the battle against the Communists and their friends in this country. There are many ways to fight communism, but there are too few competent fighters. Roy Cohn is among the best.

FILLING OF VACANCIES ON FEDERAL RESERVE BOARD

Mr. HUMPHREY. Mr. President, I wish to direct my attention this morning to a matter of primary importance. On March 1, 1954, I spoke on the floor of the Senate on the subject of filling vacancies on the Federal Reserve Board. I made note of the fact that there had been two vacancies on the Federal Reserve Board since October 30, 1952. I also made note of the fact that the law of the land requires that the President of the United States fill those vacancies. At that time, on March 1, I submitted to the Senate a resolution, known as Senate Resolution 216, which was referred to the Committee on Banking and Currency. I wish to read the salient portions of the resolution in order to emphasize the purpose of my remarks this morning:

Whereas Congress has, by legislation long debated and duly enacted, created a Federal Reserve Board to consist of seven members to be appointed by the President with the advice and consent of the Senate, said Board to operate as an agency independent within the Government, not subject to control of any other department of Government except the Congress, but specifically provided that said Board should report to and be under the direct supervision of the Congress; and

Whereas the Congress has given said Board broad discretionary powers in the conduct of its affairs and in its supervision of the Federal Reserve System, the regional Federal Reserve banks and their respective branches and the Federal Open Market Committee; and

Whereas the Congress has also created by legislation the Federal Open Market Committee as an integral part of the Federal Reserve System, giving this committee also wide discretion in the conduct of its affairs, and the Congress provided that said committee should consist of the 7 members of the Federal Reserve Board plus 5 presidents of 5 separate Federal Reserve banks, said 5 to alternate from year to year between the 12 Federal Reserve bank presidents; and

Whereas the Congress, when it determined that the number of members of the Federal Board should be seven, did not reach that decision by chance or caprice or by compromise, but only after long and serious and objective and nonpartisan consideration and debates; and

Whereas the legislative history shows that the number seven was finally determined as being the minimum number in the opinion of the Congress which would achieve fair geographical and functional representation on this powerful Board for all sectors of our economy and all sections of our vast country; and

I skip a part of the resolution, and continue to read:

Whereas by the use of the word "shall" instead of the word "may," it was clearly indicated that the Congress intended it to be obligatory upon the President to maintain at all times the membership of said Federal Reserve Board at the statutory required number of seven members; and

Whereas the said Federal Reserve Board is particularly an instrument of this Congress, answerable only to the Congress, and is the only instrument of the Congress through which it may discharge its responsibility for the conduct of the monetary and credit policies of the Nation: Now, therefore, be it

Resolved, That the President be, and he is hereby, requested to select immediately proper and qualified citizens to fill these vacancies on the Federal Reserve Board—

And so forth.

Mr. President, I conclude my remarks by saying that I believe it is of the utmost importance that the vacancies on the Board be filled.

The whole matter of financing the public debt, the whole matter of the creation of credit, and, in fact, all the monetary and credit policies of the country are in the hands of the Federal Reserve Board. Today there are 5 members of that Board, when there should be 7. There have been only five members since October 1952. I cannot believe that out of 161 million people it is impossible to find two competent additional members to complete the statutory requirements with respect to the membership of the Board.

The PRESIDING OFFICER (Mr. REYNOLDS in the chair). The Senator's 2 minutes have expired.

Mr. HUMPHREY. I ask unanimous consent that I may speak for an additional 2 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. The statutory requirement is, as I stated in the resolution, based upon functional and geographic consideration. I suggest that it is not fulfilling the requirements of law enacted by Congress when, over a long period of time—almost 20 months now—the Federal Reserve Board is required to function with an inadequate number or a lesser number of members, namely, 5 instead of 7.

Mr. President, one of our distinguished colleagues in the other House, the Honorable WRIGHT PATMAN, recently directed his attention to this subject, and in the CONGRESSIONAL RECORD of May 20 it is noted that Mr. PATMAN addressed a letter to the President under date of May 17. Mr. PATMAN received a reply from the Presidential Assistant, Mr. Sherman Adams, in which Mr. Adams assured Representative PATMAN that the President had received the letter and that it

had been carefully noted. Mr. Adams went on to say:

We appreciate your writing in detail as you did, and I can assure you that the matter of bringing the Board of Governors of the Federal Reserve System to full strength with two strong appointees is now under the most active consideration.

That letter was dated May 18, 1954, which is more than 2 months ago.

I suggest that Congress should be very much concerned about the failure to fill the vacancies. Recently I noted the fact that the Federal Reserve Board relaxed its credit restrictions to the point of creating an additional $9 billion worth of credit. I appreciate the fact that the administration has reversed its monetary policy. A year and a half ago it had a hard-money policy. Today it is as soft as mush; it is a real soft-money policy. However, it is being done by five members of the Board, instead of the statutory number of seven.

Finally, by way of passing comment, I should like to state that recently the Senate passed a bill to create the post of Under Secretary of the Treasury.

The PRESIDING OFFICER. The additional 2 minutes of the Senator have expired.

Mr. HUMPHREY. I ask unanimous consent that I may speak for 1 additional minute.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HUMPHREY. Recently the Senate passed a bill to create the post of Under Secretary of the Treasury. Apparently it was done to accommodate the appointment to the post of a gentleman who is now serving as Deputy Secretary of the Treasury, Mr. W. Randolf Burgess. I suggest that perhaps an interim appointment will be made to the post of Under Secretary of the Treasury.

I again point out that it is of the utmost importance that a committee of Congress should examine anyone who is appointed to these critical and important posts. I now make the prediction that the appointment ot the post of Under Secretary of the Treasury will be made while Congress stands in adjournment.

I further make the prediction that the appointments to the Federal Reserve Board will be made while Congress stands in adjournment. They will be made as intermediate or temporary appointments.

The appointments should have been made during the months that Congress has been in session, so that the appointees could have been properly interrogated before the appropriate committee of the Senate, in fulfilling the constitutional and statutory requirements. It is unfortunate, and it is bad business, and I do not think the practice can be sustained or defended.

SUPPORT OF STRONG PARITY IN SENATE BILL 3052

Mr. WILEY. Mr. President, I send to the desk the text of a letter from Mr. E. M. Norton, secretary of the National Milk Producers Federation, endorsing the Senate committee's version of Senate bill 3052.

I also send to the desk the text of an interesting article which appeared in the latest issue of the noted farm magazine, Wisconsin Agriculturist and Farmer. The article points out the relatively inexpensive amounts which our parity program has cost the American people—inexpensive in relation to the tremendous benefits which have been achieved for our population.

I ask unanimous consent that both these items be printed at this point in the body of the RECORD.

There being no objection, the letter and article were ordered to be printed in the RECORD, as follows:

NATIONAL MILK PRODUCERS FEDERERATION,
Washington, D. C., July 19, 1954.

Hon. ALEXANDER WILEY,
Senate Office Building,
Washington, D. C.

DEAR SENATOR WILEY: Our dairy farmer members support the provisions of S. 3052 as reported by the Senate Committee on Agriculture and Forestry.

In respectfully urging you to vote for the proposed legislation and oppose amendments designed to modify the provisions relating to price supports, we recognize that you may not be in complete agreement with our position. If you agree with us, your support is very much appreciated. If you differ with our views, we respect your right to do so.

However, there is one factor involved in this controversy that outweighs all others—namely, the unity of agriculture. Above all other considerations, all segments of agriculture must stand together and not permit one commodity to be pitted against another commodity. Neither producers nor consumers gain when agricultural ranks are divided.

Every vote in support of the recommendations of the majority of the Senate Committee on Agriculture and Forestry will contribute toward maintaining a united agriculture. We earnestly ask your help in achieving this important objective.

We repeat—we support the provisions of S. 3052 as reported.

Sincerely yours,

E. M. NORTON,
Secretary.

[From the Wisconsin Agriculturist and Farmer of July 17, 1954]

COST OF PRICE SUPPORTS

Farmers fatten at the public trough. Headlines like that have been showing up in many big city papers. The stories tell of the terrific cost of Government-farm programs.

Here are the figures. Agricultural programs have cost each American family $1,000 since 1932. That's an average of $45 per year per family.

That looks like a lot, doesn't it. Actually it isn't a true picture at all. Here is what a little digging into the subject shows.

Only one-fifth of the total amount went into price-support programs. An average of $200 per family for the full period or a cost of $9 each year. The big slice of the money went to foreign aid food buying. Much went for war programs, school lunches, soil saving, research, and the like.

So price supports actually cost the taxpaying family only $9 a year. Isn't that pretty cheap for the abundance of food which American farmers have poured into the lifeline of the Nation?

Farmers need not apologize for having their hand in the public purse. Government helps have been mighty small payment for services rendered.

The fact is that American business receives much greater subsidies than do farmers. We don't hear as much about these Government helps to business and labor but they are there all right. Nobody worries much about them.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from New Mexico [Mr. ANDERSON] to the amendment of the Senator from Michigan [Mr. FERGUSON] as modified.

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. GORE. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE INTERCONTINENTAL BALLISTIC MISSILE

Mr. SYMINGTON. Mr. President, I wish to address the Senate this morning on matters of national defense, primarily the subject of the intercontinental ballistic missile.

The United States is not spending enough money for national defense—and what is infinitely more important, the money that is being spent is not being allocated to provide the weapons most needed.

Now, as to the problem, first in a general way, and then more specifically.

As the position of the free world continues to deteriorate in Asia, it would appear advisable to take stock of our strength.

We had hoped that our diplomatic and military policies would create favorable events, all over the world.

But that has not been the case. On the contrary, unfavorable events have been creating policy, for many long months.

If this condition continues, the free nations will lose the fight against communism; and darkness will prevail.

The purpose of this talk is to discuss frankly the growing danger—and to suggest methods for reversing this trend toward our destruction.

Each day that goes by sees the relative military strength of the United States and its allies becoming weaker as against the growing strength of the Communists.

This condition continues against a background of confusion and disagreement among our officials.

Some administration leaders now urge us to reconcile ourselves to a world of coexistence.

Others say such a coexistent world is impossible.

Whichever faction is right, our hope lies in growing strong and staying strong.

This session of the Congress is now nearing its end.

It would be reassuring to return home feeling that we had provided properly for the defense of the United States.

It would be reassuring if the people of our country could place their trust in our present program for national defense.

It is always pleasant to believe pleasant things.

But the truth of the matter is that the United States is in grave danger—and that danger is growing rapidly.

Adequate defense against advancing world communism is the greatest problem which confronts us today.

Again, even after careful study, one can only be confused by all the contradictory claims and statements emanating from people in high authority.

On one day, an official responsible for research and development in the Department of Defense asserts that the Communists are overtaking us in the race for new and improved weapons—and I am convinced that is true.

But on the very next day, after the political repercussion of these frank and honest words, his superior contradicts him—and assures us that the Russians are not overtaking us.

This contradiction, one of but many in recent months, was widely regarded as laughable evidence of bureaucratic confusion.

My own sense of humor was not so stimulated, however, because what could be more serious than whether or not the Communists are overtaking us in the critical race for the new weapons?

If they are overtaking us, and continue their relative progress, then only providence can save us.

Even if we just hold our lead, we may be slipping toward defeat, because as the free world continues to lose the cold war we have no choice but to depend even more heavily on weapon superiority.

Unless, therefore, there is some miracle, like a sudden collapse in Communist power, or a change of heart among the leaders of the Kremlin, our main hope would appear to be concentration on the development and production of the new armament.

We cannot and will not compete with the Communists in the use of manpower.

Their leaders have proved willing to expend it without stint or mercy.

In fact, it is generally acknowledged that they have one military advantage we and the other nations of the free world can never equal—their complete disregard for human life.

Nor could we win any possible future war as we have won in the past, namely, by counting on our material resources, because behind the Iron Curtain are adequate raw materials for those weapons necessary to quickly overcome the free world if we fail in our efforts to be ready.

America's resources in machinery and the skills required to build advanced weapons are superior to the skills and machinery of the Communists.

But while we devote only a small part of such resources to the building of our new-weapons military strength, the Communists are devoting a very large percentage of their resources to creating such strength.

Already they have land forces and air forces superior to ours in number, and they continue to improve their war plants and to multiply the skills they require for qualitative superiority.

Every year for some years the Communists have been graduating twice as many engineers as are graduated in America.

Every year for some years the Communists have been expanding their basic industries faster than ours are being expanded.

Every year the Communists convert more of their basic products into specialized instruments of war.

Every year the Communists add to their stockpile of atomic and hydrogen bombs.

Every year the Communists add new models of jet aircraft to their already formidable air force, and the number of these new aircraft is rising rapidly.

Of course, we are increasing the strength and striking power of our own Armed Forces. But that is not the important question.

The important question is, Does our ability to handle the Communists in case of attack grow more rapidly than their ability to successfully deliver such an attack?

Many discussions about this question would seem to involve the advancement of 1 service at the expense of the other 2; but, in any case, seldom is there any realistic analysis of the overall American defense problem.

There would seem to be little willingness to exhibit even the outlines of the true picture for all the people to see.

Is this administration more fearful of alarming the people of the United States than it is of failing to alert the people of the United States?

Is this administration fearful that the people, once they are given the truth, will demand that more be done than is being done?

Is there fear that these demands will upset programs of budget balancing or tax reduction?

Is it because of such fears that the American people are not given available evidence which proves conclusively the great progress of the Communists in the development of jet aircraft?

As example, why have not the American people been shown pictures of the new Communist long-range jet bomber which was recently displayed over Moscow?

This bomber was extensively photographed by many representatives of the free world. Why have not pictures of it been officially shown the American people?

What American official has publicly commented on the ominous significance incident to the appearance of this bomber far earlier than experts had predicted?

Americans interested in Communist air power could learn more about it from articles published in West German newspapers than from anything published in this country.

Mr. President, I ask unanimous consent that a recent article in a West German weekly, Der Spiegel, be printed as a part of the RECORD, following the conclusion of my remarks.

There being no objection, the article was ordered to be printed in the RECORD. (See exhibit A.)

Mr. SYMINGTON. Mr. President, have we now reached a period in America's history when we are even afraid to admit that danger exists, let alone face it?

Has our national spirit quailed to the point where we want our public officials to shield their eyes from unpleasant truth?

In the twilight of Greece's glory, the flabby citizens of Athens stoned messengers who brought them news of danger.

Have we Americans become so complacent amid our luxuries and pleasures that our leaders have become afraid of being punished if they point out what sacrifices are necessary to perpetuate our freedom?

If we are to survive in this dangerous world, the people must know the brutal truth about the growing military strength of the Communists.

In recent months, in what at times would almost seem a deliberate effort to confuse, we have been regaled with speculation about various new weapons and super-weapons, atomic and non-atomic.

All possible means of delivering these new weapons have been analyzed and advocated—from old-fashioned cannon to satellite missiles.

It is important not to be distracted by unrestrained fancy—rather to isolate and examine what is known beyond all doubt.

I now want to discuss briefly two major developments which threaten the security of the United States as it has never been threatened before.

The first: Nuclear weapons, including hydrogen bombs as well as atomic bombs, can now be manufactured inexpensively and in great volume.

Shortage of fissionable material was the limiting factor in the past.

There is no longer any such shortage.

Soon we can make enough of these weapons to devastate an area far larger than the United States.

The tremendous significance here is that, if we can do this, so can the Communists.

Soon there will be sufficient weapons, of sufficient power, to destroy any and all targets which could possibly threaten either ourselves or our allies—not merely war industries and fixed military installations, but fleets and armies assembled anywhere.

Soon the Communists will amass a stockpile of these cheap packages of absolute destruction large enough to blacken with atomic fire, not just our cities and industries, but every square mile of our American landscape.

Unlimited hydrogen destructive capability is therefore with us.

This fact is not entirely new. But the significance of this hydrogen potential has never been stated with either clarity or frankness.

It is this: The dispersion of targets, military or otherwise, no longer offers a solution—and accuracy in delivering

these weapons becomes less and less important.

Random discharges of such tremendous power could devastate any nation on earth.

The second development of supreme importance to the future security of the United States is this: Within a few years it will be possible to deliver atomic and hydrogen weapons by long-range, intercontinental ballistic missiles, descendants of the old German V–2.

That weapon was most effective over 10 years ago—and it is dangerous to our national security that since then we have not followed the Communists in concentrating on its improvement.

But the V–2, the first of these ballistic missiles was not even a model T compared to the IBM's of today.

The V–2 had a range of about 200 miles. The new missiles will have a range of 4,000 to 5,000 miles.

They will be far more accurate than the V–2—and they will have hydrogen bombs for warheads.

These new units of destruction will climb so high, and descend so fast, they will need protection against destruction by atmospheric friction.

They will be guided only during the first portion of their climb, but guided so precisely that any error in accuracy can be measured, not in miles, but in hundreds of yards.

To those listening to the arguments of biased professionals who advocate fighting a possible future war with weapons of the past war—something which never happens—these developments may sound fantastic.

But the intercontinental ballistic missile is not fantastic at all.

It should be less surprising than the original German V–2, because it is little more than a logical extension of the V–2, in range, in accuracy, and in power.

This second important development—intercontinental missiles—is closely related to the first—hydrogen weapons.

The incredible destructive power of hydrogen warheads makes it possible to destroy a nation by launching a hail of ballistic missiles against it.

The effect of such a missile barrage on an entire continent would be comparable to the effect of an ordinary artillery barrage on a few acres of battlefield.

The most ominous aspect of this new weapon, however, is that once launched, there is no defense against it.

Such a missile does not depend upon electronic guidance as it approaches its targets; and therefore it cannot be thrown off course by electronic jamming.

The elaborate and expensive systems of radar defense we are being urged to build would be utterly useless against such a missile barrage. Practical prototypes of these weapons already exist. But no workable method of intercepting or deflecting them has been devised, even in theory.

There is no doubt whatever that intercontinental ballistic missiles will be produced in quantity years before any adequate defense against them is worked out.

Will the Communists have these IBM's before we do? There are many reasons to believe they will.

For over 30 years the Russians have been working on rockets—and this type missile is a logical development of the twin-stage rocket.

For some time now such Moscow periodicals as Izvestia, along with East German press and radio, have openly announced their progress with twin-stage rockets.

We know that, over 9 years ago, the Communists captured a number of German scientists who, in addition to working successfully on the V–2, were also designing an IBM for attack on the United States.

We can be very sure that these Germans, along with the outstanding Soviet scientists, have made much progress in the latter field.

We also know that over the years we have consistently underrated the ability of the Communists to manufacture superlative new weapons of war in large quantities.

What better illustrations of this ability could be given than the Joseph Stalin tanks and the MIG–15 jet fighters?

America has also made progress. But over here our policy is a far cry from the all-out program of the Communists.

There has been no such all-out program in this country.

In fact, the opposite is true, because for years the United States has appropriated less, each year, for research and development, than it did the previous year.

We had our share of luck, as well as genius, in the development of the A-bomb and the H-bomb.

The Communists also have their geniuses, however, including the great atomic scientist, Kapitza; and they might also have some luck.

Behind the Iron Curtain there is tremendous concentration on the improvement of these new weapons, a concentration which, as we have already mentioned, has been conspicuous by its absence over here.

These two all-important facts—the hydrogen bomb and the IBM—are not something in the distant future, to be handled by our children, or our grandchildren.

They are with us now. They will be with us in great quantity within from 5 to 10 years.

And it is probable, on the basis of our present plans and programs, that the Communists will have these hydrogen missiles in such quantity before the United States.

So the time to take stock is not tomorrow, but right now.

Should we continue to soft-pedal these realities at the same time we enjoy the highest standard of living in history?

What satisfaction will there be to him who is the richest man in the graveyard?

The Communists are making heavy sacrifices to outstrip us in the race for control of the air, above and between the continents of Asia and North America.

When we consider this steadily growing hydrogen potential of the Communists, along with their improved ability to deliver missiles with hydrogen warheads, other recent events begin to fall into their true perspective.

As example, it is now all too clear that warfare, as known in the past, is a thing of the past.

Yes; for the first time in their history, the American people must now face up to the real meaning of vulnerability.

Today nations could be destroyed as quickly and as completely as in the past a battalion of soldiers could be defeated, or a ship sunk.

Today every nation of the free world, except the United States, is practically helpless before the armed might of those who have pledged to destroy them—the Soviet Communists.

As we seek to understand the shifts in reaction and world policy now characteristic of some of our old friends, let us remember that these friends are far more vulnerable today than they were in 1940.

Let us also remember that in a short time, primarily because of these two new developments, the United States may be more vulnerable than Great Britain was in the late thirties.

Let me ask again, as I did in a talk at Baylor University in Texas over 5 years ago: "Who is behind us today as we were then behind England?"

If we are attacked tomorrow, and do not have the capacity to retaliate with instant and total devastation, we shall go down in defeat; and freedom will perish from the earth.

In this century we have had one consistently accurate prophet with respect to the intentions of those who oppose freedom—Winston Churchill.

Anyone who has read While England Slept knows that if his advice had been followed 20 years ago there probably would have been no Second World War.

At Llandudno, Wales, some 6 years ago, Mr. Churchill prophesied again. Listen to what he said, as his patriotism foresaw the increasing helplessness of Britain in this air-atomic age. As my colleagues know, the Soviet did not have the atomic bomb. I now quote Mr. Churchill:

> Nothing stands between Europe today and complete subjugation to Communist tyranny but the atomic bomb in American possession.
>
> The question is asked what will happen when they get the atomic bomb themselves and have accumulated a large store.
>
> You can judge yourselves what will happen then by what is happening now.
>
> If these things are done in the green wood, what will be done in the dry? If they (the Russians) can continue month after month disturbing and tormenting the world, trusting to our Christian and altruistic inhibitions against using the strange new power against them, what will they do when they themselves have large quantities of atomic bombs?
>
> No one in his senses can believe we have a limitless period of time before us. We ought to bring matters to a head and make a final settlement.
>
> We ought not to go jogging along, improvident, incompetent, waiting for something to turn up—by which I mean waiting for something bad to turn up.

But we have gone "jogging along, improvident, incompetent, waiting for something to turn up." And what has turned up has been bad.

As stated, now the Communists not only have the atomic bomb, but also the

hydrogen bomb, and the intercontinental bombers to deliver it.

As for us, we have the fine, courageous stand of Korea—and the sadness of the retreat of the free world in Indochina.

If in the future we continue to appease the advance of the Communists, as we are doing today, what shall we do when our vulnerability to sudden attack is increased a hundred times as a result of the joining together in quantity production of the two basic developments previously mentioned in this talk?

If we fail to stand firm, to hold our ground, to demand justice for the Americans in Communist dungeons, to act, now, as a rallying point for all freedom-loving nations—if we fail to do these things today, where tomorrow shall we find the courage to resist the ever-increasing arrogance of Communist power?

Why are we unwilling today to start making the sacrifices which will assure us an advantage in these new weapons?

From the standpoint of our national security, is it again going to be too little and too late; especially as, in this atomic age, too late would be final?

I do not believe in any policy which advocates striking the first blow.

But I do believe in having our Government face the facts, and telling the American people the truth, so they will know what they must do.

This would be the first step in getting started a program which will make us so strong any would-be aggressor will hesitate before attacking.

As for striking the first blow, the Soviet Communists have already broken the peace, a long time ago. After they had concentrated their power, in defiance of solemn agreements they moved in to enslave Poland, Rumania, Bulgaria, Hungary, West Germany, and finally Czechoslovakia.

As a great soldier of the free world has recently said:

> The first thing to realize, if we are to direct our strategy wisely, is that we are engaged in world war III now, and have been for many years.
>
> It is difficult to name a date for its beginning. The uneasy partnership of 1941–45 was not remotely like an alliance; from the Soviet point of view it was merely a convenient and for them extremely fortunate, arrangement which made it possible for them to dispose of one batch of enemies before going on to deal with the others, the rest of the capitalists' world.
>
> For those who like their history neatly paragraphed by dates, a D-day for this stage of the war might perhaps be that day in 1948 when poor Jan Masaryk fell to his death from a window in Prague.

Yes, Mr. President, the war has been going on for some time—and many of the blows are clear.

A direct blow was struck against the free world when the Reds intervened to defeat our ally, Nationalist China.

A direct blow was struck against us when first the North Koreans, then the Red Chinese, poured into Korea, and inflicted upon us tens of thousands of casualties.

A direct blow was struck against the free world when another free nation, Tibet, was overrun by Chinese Communists.

Today, the forces of our NATO ally, France, are being driven back to the Tonkin Gulf, by Communist forces equipped with Chinese and Russian weapons.

American and Allied planes have repeatedly been fired upon. Often they have been shot down, either over the high seas or the territory of free countries.

Many Americans are still held without cause or excuse in Communist prisons, while all we do about it is protest vainly for their release.

Should we not take whatever steps are necessary to stop these atrocities—and show more determination about preventing anti-Communists from being overrun and enslaved by the Communist hordes?

Just 2 years ago, in a political campaign, we heard much talk of freeing the enslaved peoples behind the Iron Curtain. Who has been freed? Instead, have not millions more who dared to work and fight on the side of freedom become enslaved? How can we speak of peaceful coexistence while such tragic retreat continues?

The question today is not whether we shall fight back. It is whether we shall stand our ground, for we are failing to do even that, and everyone knows it.

I do not always agree with my distinguished colleague, the majority leader. But I certainly do agree with him in that part of his recent address when he stated we should cease taking losses at the council table, and that we must, by deeds as well as words, prove to the Communists that we mean to defend ourselves against further Communist aggression.

All of us know now that we have failed to stand our ground when we should stand, and are failing to build our strength while we still may have the time to build it.

All-out war will occur when the Communists are confident they can win, and no sooner. The reason we are not at war today is that they have not yet achieved a decisive advantage in the new weapons.

But the Communists steadily improve their position in other fields besides the weapons field. They are gaining ever more territory and ever more people.

Why? Because we of the free world let them do it, without any real show of resistance. Most important, they are moving ahead of us in the advanced weapons—because we are not making any comparable effort to produce those weapons.

It is incredible, and it is shameful, that despite these facts, this year we are asked to appropriate less money in research and development than we have for several years.

It is incredible, and it is shameful, that we are cutting the personnel of our Armed Forces.

It is incredible, and it is shameful, that we are losing indispensable technical specialists, simply because we refuse to pay them and house them well enough to keep them.

It is incredible, and it is shameful, that in the present crisis we have, nevertheless, cut ROTC programs so brutally that in some cases honor graduates from outstanding colleges have been denied commissions.

What siren songs have seduced us? Are our dreams so sweet that we can sleep through this rising clamor of danger while our advantages melt away, while our vulnerabilities increase, while our allies weaken in power and spirit, and while precious months and years are lost?

One of the dreams that lulls us into this hopeful make-believe, is the theory of the so-called atomic standoff. This is the argument that, when both we and the Communists have plenty of atomic weapons, neither of us will use them. To gamble on such a miracle is like betting that two men armed with loaded pistols will merely wrestle, until one of them is thrown to the ground and kicked to death.

Mr. President, nations, like men, know that terrible weapons can mean sudden death; but neither nations nor men have ever refrained from using their decisive weapons in a life-or-death fight.

Some say these evil atheists, who treat human life as a commodity, would never destroy millions of our people in a hydrogen attack. Those who take that position should balance it against our knowledge that the rulers of the Kremlin were perfectly willing to destroy millions of their own people in order to establish a particular farm program.

As for our own policy, would we allow ourselves to be defeated in another all-out war without using the only weapon which could bring us victory? Would we allow our allies in Europe and Asia to be overrun and enslaved without striking an effective atomic blow in their defense? If we did so allow, we would be sealing our own doom.

Let us hope General Gruenther's statement a few weeks ago really is our national policy, when he said:

> Our minds are clear that we must and shall use every weapon in our arsenal.

Responsible leaders across the sea admit there is no chance whatever to withstand the massive manpower of the Communists on the continent of Eurasia unless we employ nuclear weapons. Therefore we must maintain our qualitative advantage. This can be done, but it will require far greater effort than we are making today.

If we are to continue to exist as a free people, America must lead in weapons; first, with superior bombers and fighters, naval task forces, and mobile ground forces. Second, and as soon as possible, with superior long-range missiles. These missiles must be buried deep in the earth—and positioned to avoid the possibility of sudden destruction. If we adequately increase our efforts toward such preparation, and stand firm against all threats, we can hold these power-drunk Communists in check.

In conclusion, I urge with serious and earnest conviction that the deeds and sacrifices which must be required of the American people be told to them clearly and unmistakably by those who have all the facts, and who have the responsibility. If the people get the truth, they

will do whatever is necessary to remain free.

I know of course that we must also be strong economically and spiritually, with abiding faith in our way of life. Above the atomic, hydrogen, or even the cobalt bomb, is the integrity of man.

But God has given us the opportunity to defend that way of life through adequate military strength—and the sooner we attain that strength the sooner we can halt the present drift toward a helplessness which can only result in the loss of the free world.

Some 15 years ago a valiant warrior stood his ground against the Communists—Marshal Mannerheim, of Finland. The marshal said:

The rights of nations are not defended by declarations and phrases. There must be the desire to defend one's country by deeds and sacrifices.

EXHIBIT A

BOMBS ON AMERICA

(Translation of article appearing in June 16, 1954, issue of Der Spiegel. Der Spiegel is a weekly news publication widely read. There is no byline on this article. However, one reviewer suggested that it might have been written by the former Chief of Staff of the Luftwaffe.)

The hope of the American bomber force was the B–52. This most modern of all American jet aircraft has, without droppable tanks, a radius of action of over 5,000 kilometers; it can operate at altitudes up to 18,000 meters and flies with a speed which might lie above 1,000 kilometers an hour. The first production aircraft of this kind left the Boeing plant in March of this year. It will take until autumn of 1955 until the first active squadron can be placed in service. At this time there are two aircraft in service.

The Chief of Staff of the United States Air Force, Gen. Nathan F. Twining, was recently compelled to admit that the American pride in the superiority of the B–52 was somewhat premature and somewhat too self-complacent: "The new heavy jet bomber of the Soviet Union is in its form and in its characteristics comparable with our own B–52. * * * The Reds have shown the world that they are in possession of a jet bomber of a similar type."

When on the 1st of May military attachés clicked their cameras on Red Square in Moscow in order to film the new heavy bombers flying past at low altitude, the Soviet liaison officers looked on, smiling in a friendly way. They were, even more surprisingly, ready to render information. "Molot" (Hammer) is the name of the new model, they explained to foreigners.

The material which the Western air attachés then transmitted to their superior headquarters sufficed to destroy the various illusions concerning Western air superiority. General Twining characterized the parade of May 1 as a "more important milestone than the knowledge of the first Soviet atomic-bomb explosion."

Immediately an expert commission under the direction of Maj. Gen. James S. Stowell was assembled by the United States Air Force to evaluate the material on the new Soviet bomber. On May 22 its investigation ended and it submitted its report.

According to the findings of the commission, the Soviet type resembled the B–52 externally, but exceeded it, apparently, by about 1 meter in the span of the lifting surfaces. On the contrary, the Soviet jet bomber is propelled by only 4 jet engines, while the B–52 possesses 8.

This fact was so sensational for specialists that, for example, the British wing commander, T. C. Musgrave, was led to the premature conclusion that the bomber exhibited in Moscow must have been flown only with 4 engines, while 4 others were built into the wings, and during the parade were flown throttled down.

Musgrave had to give up these theories after the photographs were laid before him and the experts had proved to him that a large bomber could not be flown at a speed of 880 kilometers per hour (as the attachés estimated the speed) over the parade if it used only half of its engines.

From this it is to be concluded that, assuming about the same weight for the Soviet and the American aircraft, the Soviet engines must develop approximately twice as much thrust as the Pratt & Whitney J–57 engines, with which the B–52 is provided. Jet engines of such strength have not even been put on the drawing boards in the United States.

A further conclusion emerges: Four engines which have approximately the same thrust as eight weaker engines have in combination do not consume the same quantity of fuel, but about 25 percent less. As a consequence, payload and radius of action of the Soviet bomber exceed that of the B–52.

The expert commission has unanimously reached the conclusion that the new bomber is already in production.[1]

The number of aircraft already on hand was estimated diversely: British experts were of the opinion that the Soviets have about 1 wing (27 aircraft) ready for first-line use, while the Americans, and with them a few neutral observers, attacked this figure as being too high.

The observers concluded: The Soviet Union possesses a long-range bomber that can be described as a technical success; the bomber is, as a result of its speed, in position to evade defensive fighters (in English) ("fast enough to elope interceptors"—"elope" is the verb Der Spiegel quoted); the aircraft has a radius of action which permits flights from the Soviet Union to the United States of America and return; the Soviet Union is, accordingly, in position to execute atomic attacks against the United States of America.

Adm. Ben Moreell, retired, during the war commander of the American Sea Bees in the Pacific, now president of Jones & Laughlin Steel Corp., calculated, under the impact of the Moscow May Day parade, that 10 atomic bombs could knock out about 75 percent of the entire American heavy industry.

The Americans replied to the Moscow exhibition with the announcement of a supersonic bomber. In the development of the B–58, the planned aircraft, essential advances had been made.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

Mr. SALTONSTALL. Mr. President, will the Senator withhold that suggestion for a moment?

Mr. KNOWLAND. Certainly.

Mr. SALTONSTALL. I should like to reply very briefly——

Mr. KNOWLAND. Mr. President, some time ago the distinguished Senator from Missouri [Mr. SYMINGTON] mentioned that he had an important speech to deliver. It has been an important speech. A day or so ago I stated that until the pending business was disposed of I would object to Senators yielding except for questions. If the Senator from Massachusetts can phrase his remarks in the form of questions, I have no objection. Otherwise, I hope we can proceed with the pending business. There will be ample time, after we have concluded consideration of the pending bill, to discuss questions of foreign policy.

The PRESIDING OFFICER. Is the Chair correct in his understanding that the Senator from California withholds his suggestion of the absence of a quorum?

Mr. KNOWLAND. I withhold it temporarily. The Senator from Massachusetts may desire to address a question or two to the Senator from Missouri.

Mr. SALTONSTALL. I will phrase my observations in the form of several questions directed to the Senator from Missouri.

Mr. SYMINGTON. Mr. President, I thank the majority leader for allowing me to answer, and I am glad to yield for a question.

Mr. SALTONSTALL. Mr. President, I do not intend to take any great amount of time. However, I did not want to let pass by unchallenged the several statements beginning, "It is incredible, and it is shameful." I do not agree with them.

The Senator from Missouri is a member of the Armed Services Committee, as I am. Will not the Senator agree with me that this spring we had some very frank and outspoken briefings by various leaders of the armed services? As one member of the Armed Services Committee, from the Senator's side of the aisle, has said to me, they were the best and frankest briefings that have been given by members of the armed services to our committee. Will not the Senator agree with me that those briefings were very complete, and answered every question we had the intelligence and the knowledge to ask?

Mr. SYMINGTON. I will agree that the military members of the Joint Chiefs of Staff who appeared before us answered questions put to them. However, in a spirit of fairness—and I know the distinguished chairman of the Armed Services Committee would want me to say this—I believe it important for the American people to realize that our recent policies in the Far East have been adopted over the direct protest of members of the American Joint Chiefs of Staff. I believe there are members of our Joint Chiefs of Staff who agree with many Members of the Senate on both sides of the aisle that the time for appeasement of Communist aggression is over, and that we must make a stand somewhere, on some basis.

Let me add that I am very proud of those members of the Joint Chiefs of Staff who feel as they do in that connection. However, I fully understand why, when decision is made by those above, they are not in a position to oppose in a hearing before our committee.

Mr. SALTONSTALL. On the Armed Services Committee are representatives of the people of Missouri, Massachusetts, Washington, and Mississipi. Those representatives are present in the Chamber. The Senator will agree with me——

Mr. SYMINGTON. I hope the Senator has nothing against Kentucky and

[1] As proof, English and Scandinavian attaché reports were adduced which could demonstrate that in the past the Soviet Union had never exhibited weapons at their annual May Day parade which had not already been introduced to the troops.

Tennessee, and I must not forget California, either.

Mr. SALTONSTALL. I wonder if the Senator will agree with me that, to the representatives of those various States pertinent information was given, so far as possible, to members of the Armed Services Committee. The Senator will agree, will he not?

Mr. SYMINGTON. May I take a moment to quote again from a very great fighter for the free world against communism. I refer to Marshal Mannerheim, of Finland. The marshal said:

> The rights of nations are not defended by declarations and phrases. There must be the desire to defend one's country by deeds and sacrifices.

I agree we have heard many fine declarations and fine phrases, but I do not think we have a program adequate in scope to defend the security of the United States and the free world. That is the purpose of my address this morning.

Mr. SALTONSTALL. In the form of questions, I should like to ask the Senator about 1 or 2 further points.

I am a member of the Appropriations Committee, as is the majority leader and several other Senators who are present in the Chamber. I have heard in that committee the plea that there must be no reduction of appropriations for research, either in connection with airplanes or other weapons of war, such as self-propelled weapons of various kinds.

This year, particularly, we have appropriated, for research, through the Commission on Aeronautics, which is engaged in research on the fundamentals of airplanes, the full amounts requested and they are approximately the same as the appropriations for previous years. Has the Senator any information, beyond the information which is given to the Appropriations Committees, showing that less money is being spent for research?

Mr. SYMINGTON. I shall be glad to read the figures to the distinguished Senator from Massachusetts.

In 1953, for example, the fiscal year, for research and development we appropriated for all 3 services and the Office of the Secretary of Defense, $1,586,000,000. In 1954, despite more knowledge on our part about the tremendous concentration on new weapons in the Soviet Union, we appropriated a great deal less, namely, $1,390,000,000. In 1955, with apparent Soviet superiority in the intercontinental ballistic missile field becoming more possible, we appropriated still less, namely $1,352,000,000.

More important than the figures, however, is the approach to the problem. If the American people knew the facts, as on the basis of, say, the Manhattan district project, which project resulted in our getting the atomic bomb before anyone else, every scientist in the country would want to drop what he was doing to work for the defense of his country; whereas today few scientists are eager to work on a problem which seriously affects the security of the country.

Mr. SALTONSTALL. I agree with the Senator. Let me add to those statements the observation that I believe the Senator will find that there are substantial unexpended balances from various previous appropriations for research, which must be added to the present appropriations.

Just two more questions, Mr. President——

Mr. SYMINGTON. Mr. President, will the Senator yield at that point?

Mr. SALTONSTALL. Yes.

Mr. SYMINGTON. What the Senator says is true, and unexpended balances add to the logic of my remarks. I should like to point out also that in the 1955 budget the appropriations for research and development, as passed by the House, are still further reduced than the figures just mentioned, to the point where, this year, and despite world conditions, including the great importance of hydrogen weapons and intercontinental ballistic missiles, we will be authorizing millions of dollars less for research and development than a few years ago.

Mr. SALTONSTALL. I most respectfully disagree with the Senator on that point, although the figures I have stated are from memory. The question of continental defense, I realize, of course, is of great importance to our national security. However, I should like to ask the Senator from Missouri if he is generally acquainted—perhaps I am more intimately acquainted because I have had the responsibility of trying to learn more about it—with the steps taken, the effort expended, and the money which is being put into our continental defense today.

Mr. SYMINGTON. I believe I am more than generally acquainted, having followed the subject carefully since leaving the Pentagon some years ago. I believe it important to have adequate continental defense, primarily for two reasons. First, under hydrogen-bomb attack, such defense would mean that more people can get out of more cities; secondly, it means that our strategic Air Force, with its capacity to retaliate, will have more time to disperse.

However, one of the basic points of my talk this morning is that today there is no defense against the new intercontinental ballistic missile, regardless of whether we spend $5 billion or $50 billion in continental defense.

There is absolutely no known method for defending the United States against an intercontinental ballistic missile attack.

Hydrogen bombs can now be made inexpensively and can be delivered in large quantities. Therefore it is extremely important for the American people to understand why our foreign policies must be more decisive and more realistic than they are today.

Mr. SALTONSTALL. I agree with the Senator from Missouri that there is no known defense today against an intercontinental ballistic projectile of the kind the Senator mentions. However, I would also state that in my opinion—and I know the Senator has the same opinion—that that is still a weapon of the future. I should also state that we are developing our research and knowledge so as to be able not only to build such a weapon, but to know how to defend against one which might be aimed against us.

Mr. SYMINGTON. Mr. President, will the Senator yield?

Mr. SALTONSTALL. I yield.

Mr. SYMINGTON. So that no false impression may be created on this subject—and of course I know the distinguished Senator from Massachusetts would never want to give such an impression—I believe that within 5 years there is a chance there will be enough intercontinental ballistic missiles, with hydrogen warheads, in the possession of the Soviet Union, to deliver an all-out attack against the United States. I am certain that that will be true in less than 10 years. The advisers on that subject are the same ones who stated accurately that the Soviet Communists would have the atomic bomb many years before most experts predicted they would. In fact, some of them thought the Soviets would have the bomb by 1948, instead of 1949.

My point is that it would be a terrible tragedy from the standpoint of our future security if we try to wave aside, with seductive remarks, the fact of the growing danger of the long-range intercontinental ballistic missile with its hydrogen warhead.

Mr. SALTONSTALL. I should like to ask one more question, and I will put it in the form of a 4-part question.

Must we not proceed with realistic steps, and take the steps one by one, and make them practical? Does the Senator from Missouri know of any attempt on the part of the present administration to conceal any facts it can legitimately divulge? Must we not proceed on a long-range basis over a period of years, and not on a crash basis? Finally, from a spiritual and moral aspect, must we not proceed in a spirit of optimism and hope and faith in our own ability as free men to defend ourselves and our country and maintain the safety and security of our people, if we are going to go ahead in the United States.

Mr. SYMINGTON. I would appreciate it if the Senator would ask the first question again. I shall try to answer it, and then I shall proceed to the next question.

Mr. SALTONSTALL. I would say, with somewhat of a smile, because I want to cooperate with the majority leader—I know what he is trying to do, and I am trying to live up to what he has asked me to do—the first question, if I can remember it myself, is whether we must not proceed with realistic steps, one by one, and make them practical as we go along?

Mr. SYMINGTON. I say, also with a smile, that the Senator from Massachusetts has asked me if I am in favor of an early spring. I completely agree with him. I ask what is the next question.

Mr. SALTONSTALL. Does the Senator from Missouri know of any attempt on the part of the present administration to conceal from Members of Congress and the American people generally any facts it can legitimately divulge with regard to security?

Mr. SYMINGTON. The answer to that question is "Yes." Does the Senator from Massachusetts care to give me the third question?

Mr. SALTONSTALL. I shall leave it at that and debate the question with the Senator later.

Mr. SYMINGTON. I should like to say respectfully to the distinguished senior Senator from Massachusetts, as I stated in my talk, that we were shocked when we learned of the long-range bomber development of the Soviet Communists. Their new bomber was paraded before the Soviet people in the May Day parade. It was extensively photographed by persons of the free world. It has been extensively discussed in Europe. Yet there has been no official announcement, and no official information with official pictures, given to the American people on this bomber.

The point of my talk was that the American people must realize how important it is to follow these matters and face up to the Communist advances.

Mr. SALTONSTALL. I have seen a picture of that Soviet bomber in the newspapers and magazines.

Mr. SYMINGTON. So have I. However, I have not seen anything official. I have not seen any official statements about it, with pictures. I have not seen any warning to the American people in connection with it. I read that the Assistant Secretary of Defense in charge of Research and Development made the statement that the Soviets were overtaking, or getting ahead of us, in some of these new weapons. Later I read that statement was denied by a person in higher authority. I believe the first statement was correct, and the second statement was incorrect.

Mr. SALTONSTALL. The Senator from Missouri may have seen no official publication on that subject, but I state as my own personal opinion, not based on anyone elses opinion, that if there is no knowledge that such a plane is being produced by Russia in any quantity or that the plane is fundamentally sound at the present time, would it be wise for the Department of Defense to say, "Here is a weapon that may be used against us in the next few years," when they know or have reason to believe that such a weapon does not exist in any dangerous numbers?

Mr. SYMINGTON. I do not think we should fool the people with regard to these matters.

Mr. SALTONSTALL. We do not want to fool the people.

Mr. SYMINGTON. If the distinguished Senator from Massachusetts will remember, the estimated number of planes, modern long-range bombers now in the hands of Russia, was given to us in executive session in the Armed Services Committee, and the number exceeds the number of our latest bomber which we possess today.

Mr. SALTONSTALL. I know the distinguished Senator from Missouri has great intellectual capacity, so I shall ask my last 2 questions as 1, so as not to take any unnecessary time of the Senate.

In view of what the Senator himself has said, and from what we know, is it not wise to proceed on a long-range basis in building up our defenses? The other question is, Must we not in the next long-range period, certainly as long as the Senator and I shall live, pursue our course with optimism and faith, and with a desire to build up the morale of our people, rather than with an idea that the world is going to come to an end, that we are going to be defeated, and that we are not doing our part? Must we not proceed along spiritual lines as well as practical lines?

Mr. SYMINGTON. May I answer the second part of the Senator's question first? If the distinguished Senator will do me the courtesy of reading my talk in detail at his convenience, he will see, especially in the last part, that I recognize the dignity of man and the vital importance of spiritual and moral values. But I remember the history of those brave Spanish missionaries who landed in Florida, and walked up the beach, only to be promptly scalped by the Indians. I think we owe it to our children, in addition to teaching them moral and spiritual values, to supply our country with adequate military strength, because we are the last great power in the world left against the Communists. To hold to our traditions, and to be strong in the face of this terrible advancing aggression, we cannot depend on moral and spiritual values alone.

Mr. SALTONSTALL. I agree.

Mr. SYMINGTON. Now to the second part of your question: If I may respectfully say so, I do not think these matters can be handled on a sudden or a spasmodic basis. We must have a long-range program, putting into it anything and everything necessary for our security. I do not believe we are doing that, which is one of the reasons I am taking the time of the Senate this morning. We are faltering in our decisiveness with respect to our military position, just as, in my humble opinion, we are faltering in decisiveness in the field of foreign relations.

Mr. SALTONSTALL. Confining myself to the military, I believe there is decisiveness in going forward with the production of constantly changing weapons. I believe there is as much decisiveness as we can possibly have.

Mr. JACKSON. Mr. President, will the Senator from Missouri yield for a question?

Mr. SYMINGTON. I shall be glad to yield to my distinguished colleague from Washington.

Mr. JACKSON. With the tragic loss suffered in Indochina, as determined by the truce signed last night in Geneva, does the Senator feel there is a need for increasing our expenditures for defense over the amount which we have already appropriated for the fiscal year 1955?

Mr. SYMINGTON. Unfortunately, during the debate on appropriations for military defense, I was otherwise engaged.

Mr. JACKSON. I may say that the distinguished junior Senator from Missouri was not the only one in that position.

Mr. SYMINGTON. I know that to be true. Therefore, I could not go into the questions brought up on the floor by the able Senator from Massachusetts. But I think it extremely difficult for the American people to understand the justification for constantly reducing our expenditures for national defense, especially in that field of research and development which involves new weapons, while at the same time the Communists are steadily increasing their control over millions of acres, and millions of people. More specifically, I agree, without reservation, to the question of the distinguished junior Senator from Washington, that our military appropriations do not face up to the ever-growing peril.

Mr. KNOWLAND. Mr. President, will the Senator yield for a question at that point?

Mr. SYMINGTON. I shall be glad to yield.

Mr. KNOWLAND. I desire to follow the rules, and so will confine myself to asking a question. I should like to ask the distinguished Senator from Missouri if he does not believe that the policy which has been enunciated abroad of peaceful coexistence with ruthless and aggressive communism is not comparable to the situation of an individual who has been put into a cage with a vicious tiger which has just been well fed and is digesting a big meal, but when he digests his meal, which in this case is a big piece of Indochina, he will then seek the next source of his meat, which will be the unfortunate individual who is trying to coexist with him in the tiger's cage?

Mr. SYMINGTON. I could not agree more heartily with the Senator. I am reminded of that poem which begins, "There was a young lady from Riga who went for a walk with a tiger." We all know what happened. I cannot remember the last line. [Laughter.]

Anyway, there was a smile on the face of the tiger when he came back by himself. [Laughter.]

Mr. JACKSON. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield to the junior Senator from Washington.

Mr. JACKSON. Is it not true that as we lose to communism parts of the world's real estate, together with population and resources, the responsibility which rests upon the United States to defend itself is increased by just that much?

Mr. SYMINGTON. I agree. The more land we lose to those behind the Iron Curtain, the less chance we have of successfully defending ourselves, and, therefore, the greater the necessity now for a firmer attitude.

Mr. JACKSON. Mr. President, I wish to commend the distinguished Senator from Missouri for the invaluable contribution he has made to our defense effort over the years and his continuing contributions to the security of our country and of the free world.

Mr. HILL. Mr. President, will the Senator from California yield?

Mr. KNOWLAND. I yield.

Mr. HILL. I should like to join with the Senator from Washington in all he has said about the Senator from Missouri. We know of the great experience of the Senator from Missouri and the authority with which he speaks. Time and again on this floor, and time and again in many other places, he has made tremendous contributions to the defense of our country. I think the speech he has delivered this morning could not

have been more timely, more thought-provoking, or more challenging. I wish heartily to commend him and to congratulate him.

Mr. SYMINGTON. I thank my distinguished colleague, the senior Senator from Alabama and my colleague the junior Senator from Washington, for both of whom I have great affection and respect.

Knowing of the tremendous knowledge and experience in the field of military matters of the senior Senator from Alabama, there is no one from whom I would rather receive those undeserved remarks. I say to the distinguished Senator from Alabama, who has been such a great advocate of airpower in the years I have had the honor to be associated with him, that if the facts as presented in this talk today are true, it is a terrible position into which we have allowed this country to descend. And I have done my best to get the truth in order to present it to my colleagues.

Mr. STENNIS. Mr. President, it is my good fortune to sit next to the distinguished junior Senator from Missouri in the Committee on Armed Services. I know from daily contact with him of the deep concern he has with reference to the problems of defense. I also know of the real zeal and effort he devotes to these matters, in trying to help find the right course of action.

I think his speech, particularly as he emphasized the problem of long-range missiles, is very timely, and foreshadows coming events. What the Senator has said about long-range missiles is all too true. No other power on earth can begin to cope with the problem from this viewpoint.

I hope the Senator will continue to emphasize, urge, and push the matter in the inner councils of the Pentagon and at other levels, because the immensity of the problem, when considered with various defense problems on so many other fronts, could be overlooked, and action might come too late.

We are all indebted to the Senator from Missouri for what he has said. I disagree with him somewhat about going into Indochina. At the same time, what has happened in Indochina, which has culminated in the signing of armistice papers within the last 24 hours, certainly emphasizes the point he makes, particularly with respect to long-range missiles.

I hope the speech of the junior Senator from Missouri will be circulated throughout the Nation, and that he will make other speeches on this very important subject—not the scare type, but speeches having an intelligent, deliberate, helpful approach. I heartily commend the Senator.

Mr. SYMINGTON. I thank the distinguished Senator from Mississippi. It is a privilege, an honor, and a pleasure to be associated with him on the Committee on Armed Services, and to follow his fine mind when he approaches problems incident to our national security. If I may respectfully say so to the Senator from Mississippi, I do not think I said we should go into Indochina. I believe however, that the free world should not have gone out of Indochina. That opinion is held not only by Members on the other side of the aisle for whom I have great respect, but is also the firm conviction of Senators on this side of the aisle as well as military persons in our Government, for whom I have the same respect.

Mr. MONRONEY. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the distinguished Senator from Oklahoma.

Mr. MONRONEY. I wish to compliment the distinguished junior Senator from Missouri upon again, as he has done in the past, raising his voice in the Senate to warn the country of the need for keeping our defenses at a high and efficient level. Much as we hope that the experiment with peaceful co-existence may succeed with our allies, their efforts in this direction, I think, put an impelling need upon us not to gamble with the future of the world by failing to build up the defenses of the free world here in America. As the various moves are made by our allies in the effort for co-existence, I think it should only stimulate us and force us in the Western World to recognize that we probably are the last and most secure bastion of freedom. If we neglect to keep abreast of the technical development of long-range guided missiles, and other weapons of which the Senator has spoken so ably today, then we may fail to be the means of keeping the world free from the onrush of Communist aggression.

I believe we can well reflect upon a statement made by a great leader of the Republican Party, Theodore Roosevelt, who said, with respect to foreign policy, that we should speak softly, but carry a big stick.

Mr. SYMINGTON. I thank my distinguished friend from Oklahoma. It would seem obvious, as one analyzes the situation, that no countries in Europe could successfully defend themselves against an all-out guided missile attack. It is important that we accept that analysis as a military fact. Then it is much easier to understand some of the diplomatic problems confronting the world today. It emphasizes and reemphasizes the point made just now by the distinguished junior Senator from Oklahoma; namely, that the last hope left in the free world is adequate rearmament on the part of this country, so that we can protect the free world and ourselves; and also that we can create a decisiveness in foreign policy which is lacking today.

Mr. GORE. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Tennessee.

Mr. GORE. In reading the very able and provocative address of the junior Senator from Missouri, I find that he emphasizes two things—strength and determination; and to put those into effect, his speech deals with the power to retaliate, and also the strength of forces in being on the ground and on the sea.

On page 15 of the Senator's very able speech, he refers to the shamefulness of reducing appropriations for development and research, of cutting the personnel of our Armed Forces, of losing indispensable technical specialists, and of the cut in the ROTC program.

If we continue a policy of cutting down our Armed Forces and of withdrawing from the points of contact with the enemy, whom the able Senator has described as pushing, ever pushing, will not the inevitable result be that which the Senator has described on page 12 of his speech: "the retreat of the free world in Indochina, if in the future we continue to appease the advance of the Communists, as we are doing today."

My question is, Does the Senator believe that power in the air and power to retaliate are sufficient? Must we not continue to have strength to meet the threat wherever it arises? Else will we not have more appeasement, such as the Senator has described on page 12 of his speech?

Mr. SYMINGTON. I believe my distinguished colleague and friend from Tennessee is absolutely correct. The time has come when the free world must defend itself. Fifty years ago the speed of war was some 20 miles an hour. Today a man in a piloted plane has gone over 1,500 miles an hour, and shortly, he will go more than 2,000 miles an hour.

What does that mean? It means the world is contracting, and therefore, our outposts must be expanded instead of pulled back. Today we look at our television sets and see hundreds of thousands of people being turned over to those who rule behind the Iron Curtain. To me that means we are also watching the ultimate destruction of our own way of life, unless we take a sharp turn in policy.

Mr. ROBERTSON. Mr. President, will the Senator yield?

Mr. KNOWLAND. I yield to the Senator from Virginia.

Mr. ROBERTSON. I wish to ask the distinguished Senator from Missouri if he saw in the morning newspapers a statement made yesterday by Secretary of Defense Wilson, to the effect that we must build up our military personnel to a strength of at least 3 million; and that in fiscal 1956, we shall measurably have to increase appropriations for defense, and there will be no more cutbacks.

Mr. SYMINGTON. No, I did not see that statement, but I am glad to hear of it.

Mr. ROBERTSON. For several months I have been expressing that belief, if world affairs should take an unfavorable turn, it may be necessary to provide supplemental appropriations of between $2 billion and $3 billion for defense. Certainly what has happened in Indochina is not at all encouraging, although I can understand how happy the French are to have reached any kind of settlement there, because, from a military standpoint, they had just about "shot the bolt," so to speak.

But the clear inference of the statement by the Secretary of Defense was that while it may not be done in the current fiscal year, he is putting everyone on notice that increased appropriations probably will become a part of what is called the New Look; that having looked again at the world situation, the military is definitely of the opinion that in

the next fiscal year, instead of making further cuts in our defense program, there will be further increases.

Mr. SYMINGTON. I did not see the statement, but I am sure that when the distinguished junior Senator from Virginia repeats it on the floor of the Senate, he repeats it accurately. I now ask, as we contemplate the Kremlin's program for advancing communism, what justification could there be for the Secretary of Defense to say, in any statement this morning, that next year we should increase our military appropriations, when this year he approves action of the Congress of the United States in heavily reducing military appropriations.

Mr. KNOWLAND. Mr. President, will the Senator yield for one brief question before I suggest the absence of a quorum?

Mr. SYMINGTON. I yield.

Mr. KNOWLAND. Does not the distinguished Senator from Missouri feel that, if we have a mutual security system, the word "mutual" should be underscored so that both parties to it will contribute their fair share?

Mr. SYMINGTON. I agree without reservation to the observation made by the distinguished senior Senator from California.

Mr. KNOWLAND. Since the Senator from Missouri believes, as the majority leader believes, in a system of collective security, does he not think the time has come when we should definitely find out, if the chips should be down on further Communist aggression, which of our allies will stand up and be counted?

Mr. SYMINGTON. There is no question of the logic of what the majority leader has said, both from the standpoint of our own security and the security of our allies who want to stand up and be counted.

Mr. KNOWLAND. Does the distinguished Senator from Missouri believe that allies who are not prepared to stand up when the Soviet Union is in the early stages of its development and stockpiling of atomic weapons, and the means of delivering them, will be any better able to stand up 6 years from now, when the Soviet Union has built up its stockpile of hydrogen and atomic weapons, and instead of 1 or 2 planes flying over Moscow on May Day, they have hundreds of planes in the same category? Will our allies be better able to stand up under those circumstances?

Mr. SYMINGTON. In my opinion, within 6 years it will not necessarily be a question of planes. Those countries must now adopt with us some decisive policy against the advances of communism, because 6 years from now their position will be even more helpless than it is today.

As example, the V–2 was the first intercontinental ballistic missile. If the Nazis had had it a year before they did, they could certainly have destroyed London, and very possibly England.

As those know who have read the history of Hitler's last year, Hitler was basing a large part of his confidence in ultimate victory on these V–2 weapons. Today, instead of a Model T V–2, we have the new, sleek Cadillac of the 4,000-mile missile, developed not only by the outstanding engineers in the Soviet Union but also by the very same engineers captured from Hitler when the Russians swept over East Germany.

Therefore, if I may associate myself with the ideas of the majority leader, the people in the free world who should be most anxious to line up with us in a more decisive policy are those who are helpless today before the advancing Communists.

Mr. KNOWLAND. Mr. President, will the Senator yield for another question?

Mr. SYMINGTON. I yield.

Mr. KNOWLAND. Does not the distinguished Senator from Missouri think there are tens of millions of people, if not hundreds of millions, behind the Iron Curtain who are no part of ruthless and godless communism, and whose hope will be raised by action of the free world, but who will lose all hope and will despair if they see the free world retreating before the ruthless men in the Kremlin?

Mr. SYMINGTON. The majority leader is right. There is great sadness in the news of the latest retreat in a part of the world where literally millions of people who believe in God and freedom are being left to the knives of the advancing Communists.

Do not these actions nullify all statements made about stopping the Communists?

Mr. KNOWLAND. I will end my inquiries of the Senator from Missouri by asking if he does not agree with me that the decision of yesterday in turning over to Communist control tens of millions of people in what was a free area of Vietnam is one of the greatest Communist victories of the present decade?

Mr. SYMINGTON. I completely agree with the distinguished majority leader. Based on my knowledge of the resources of the country, I venture to say that this word "parallel," first in Korea, now in Indochina, may destroy us economically, regardless of whether it is going to destroy us militarily. We should not believe that dollars are all people of the free world need for ultimate victory in our struggle against the Communists.

Mr. LEHMAN. Mr. President, if the Senator from California will yield, I may say that I have listened with great attentiveness to the statement made by the distinguished majority leader. He stated that tens of millions of people behind the Iron Curtain possibly hundreds of millions, would be much encouraged by a show of force. Will the distinguished Senator from Missouri not agree with me that they need much more than encouragement that can be given to them by fortitude of spirit? What they want to have is some assurance that we are sufficiently strong militarily to come to their assistance if they throw in their lot with us. Is that not correct?

Mr. SYMINGTON. The distinguished Senator from New York is correct. Those peoples have been in wars for generations. Today, people in many foreign countries know that the way military power is distributed today, the only hope they have to continue as free people is based on what we do in this country about adequate military strength. I do not believe we are doing enough. I believe that is one of the reasons we are having so much trouble in foreign policy matters. Today the military people in the foreign countries are telling the rulers of those countries that we are not doing enough, just as the military people in this country are saying off the record we are not doing enough.

Realization all over the world that we are not adequately preparing is one of the reasons why the free world is being lost step by step.

Mr. LEHMAN. I completely agree.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from New Mexico [Mr. ANDERSON] to the amendment of the Senator from Michigan [Mr. FERGUSON], as modified.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MAGNUSON. Mr. President, at the outset I wish to assure the Senate that the rather long speech I shall make today is not for the sole purpose of delaying the vote on any important measure. I had intended to make this statement before Congress had adjourned, and I have found no better time to make it than now, because the statement deals with the entire question of the Federal power policy, which is involved in the pending bill.

Mr. President, there are many disturbing features of the bill. However, I wish to center my remarks upon the power aspects of this measure, because in the section of the country from which I come, one of the most important questions, if not the most important, is that of the Federal power policy and power development and the effect of any legislative measures on the development of hydroelectric power, atomic power, and power from other sources. Certainly such power constitutes one of the most important resources of the Nation.

This bill comes before us under strange circumstances. All who have discussed it or worked on it, contend it is one of the most important measures to be considered by the Congress in this decade.

Of course, Mr. President, I have been familiar with the fact as have other Members of the Senate, that the Joint Committee was working on a bill. However, I was mistaken, apparently, in believing that the joint committee was working on amendments of a minor nature, in the light of the experience with

the McMahon Act since the time of its enactment. Until the pending bill was reported to the Senate, I had no idea that it contained such important features, calling for sweeping changes which would have a most serious effect upon the entire power policy of the Nation.

Mr. President, as I have said, the pending bill is a most important one. In spite of this, the bill was called up for debate within less than 1 hour after the committee report became available.

The bill shows that it was reported to the Senate Calendar on June 30. At that time it was assigned report No. 1699. Anyone looking at the calendar would think that the committee report has been available since June 30.

As I have just stated, such was not the case. Debate on this important bill was actually under way before many of us could get our hands on a copy of the committee report. It is difficult for some of us to understand why proposed legislation—allegedly as important as this—should be handled in such a slapdash manner.

I wager that few Members of the Senate—including those who sat on the joint committee and participated in the discussion there, and also the Members of the Senate who have listened to the debate on the floor of the Senate on many of the important features of the bill—fully understand this measure.

Actually, what the leadership should do is lay this bill aside, let the Members of Congress and the people of the country study its implications during the recess; and then, when Congress convenes in January, proceed to do a workmanlike job on this most important matter. I cannot understand the need for such hasty action.

I said at the outset that I wish to concentrate my remarks on the power aspects of the bill, although I appreciate that many other important aspects are involved. After all, power is not only most important to all the people of the United States, but it is particularly important to the people of the great Northwest area and other areas of the Nation where hydroelectric power is now being developed.

I shall now proceed to discuss the power aspects of the bill.

Mr. President, I am not an expert in the field of atomic energy, and of course I do not pose as such. Like most Senators and most members of the public, I do have a general knowledge of this new source of power. Like other non-scientific men, I comprehend something of its terrific potential.

We are dealing here with energy in its most basic form. In fact, we are dealing with matter itself. The people of this country have spent over $12 billion to discover the secrets of atomic energy and to develop the facilities for putting it to work.

Mr. President, I remember well when this project was begun in utmost secrecy, during the war, for at that time I was one of those who knew about the project, as I was a Member of Congress at that time. However, to date we have spent more than $12 billion in this very successful development, and we are proceeding very rapidly.

That $12 billion investment produced the atom bomb. In addition, it has financed the partial know-how of converting nuclear material into electric power and many byproducts. This new source of power may exceed in importance and in dollars the value of all the rivers of this country, insofar as electric power is concerned. Yet, Mr. President, again I say the bill does not contain the necessary safeguarding provisions. No procedures have been written in or devised to protect the public interest.

Early in the history of the Republic, the Congress and the people recognized that our rivers and streams—that falling water—were priceless assets. Early in the days of the Republic, it was recognized that this asset belongs to all the people, that they are the owners, and that rules of the game must be devised if private use or exploitation of the asset was to be permitted.

Congressional action to protect the public owners of our streams and rivers against private misuse, culminated in the adoption of the Federal Water Power Act, the Reclamation Acts, the Flood Control Act, and the Bonneville Act. Collectively, these statutes spell out the policy of this Government on the conservation and development of our water resources.

Mr. President, I think it is well again to remind the Senate and the people of the country, of some of the safeguarding provisions of those acts. Those safeguards, which form a part of our power policy in the interest of the people of the country, include:

First. Safeguard for the prior right of Federal development of the resource in any specific case where this will best serve the public interest. Mr. President, such a safeguard is very important, but no such safeguard is provided in the pending bill.

Second. Safeguard for the prior right of public bodies and cooperatives, as against a private applicant for a license for any specific development of the resource.

Third. Safeguards for the right to public hearing in connection with any application, with specific provision for admission of interested States, State commissions, municipalities, representatives of interested consumers or competitors as parties. No such safeguard exists in this bill.

Fourth. Safeguards for the right of Federal or other public recapture of any development by a private licensee at the end of the license period on payment of no more than the licensee's net investment in the project. In my opinion, that is a very important safeguard to place in the law dealing with the source of the people's power.

Fifth. Safeguards for reasonable rates to consumers by provision requiring licensees as a condition of any license to agree to Federal regulation where States have provided no regulation of electric rates, with further provision that in any rate proceeding the licensee can claim no more than net investment in the development for rate base purposes. That is the safeguard which has been adopted by practically every State in the Union. It is a part of our Federal power policy. No such safeguard exists in this bill.

Sixth. Safeguards for the preferred position of public and cooperative electric systems to obtain power supply from Federal development of the resource. That is an integral part of our Federal policy, and has been since 1902 or 1903. On many occasions we in the Congress have reffirmed that sixth safeguard by adding preference clauses governing the development of the people's resources. There is an amendment pending, of which I am proud to be a sponsor, which would put such a safeguard in the bill. However, as the bill came from the joint committee, no such provision was in it.

As I implied earlier, this bill, as reported, is wholly lacking in any of these safeguards. That is why I say the bill should be sent back to the joint committee and studied, so that we may have time to consider this very important matter in a manner consistent with the public interest. I do not think the bill is consistent with the public interest when it deals with the public power feature.

There can be no doubt however, that this great new source of energy belongs to the people. They put up the money to develop it. It is their investment that has made it possible. I intend to support amendments which will apply to power produced from a nuclear source the same kind of safeguards that it was found necessary to apply in the development of hydroelectric power and other sources of power.

I wish to quote excerpts from the hearings on the bill to amend the Atomic Energy Act of 1946. I read from page 577, in the statement of Mr. Thomas Murray, under the heading "Market for Nuclear Power." Mr. Murray said:

> Reduction in the cost of nuclear power is the key to its place in our economy in the next 2 or 3 decades.

He points out how important this is going to be.

> Present energy sources, though not unlimited, are capable of meeting our expanding needs for energy for many years of barring the unpredictable demands of war.

We have just listened to an able address by the distinguished Senator from Missouri [Mr. SYMINGTON] which pointed out that we are never too sure when the demands of war may come.

Mr. Murray continued:

> After the development period, nuclear power will have to earn its way under competitive conditions. The Paley Commission, which foresaw a doubling of all United States energy requirements in the 25 years from 1950 to 1975, and more than a trebling in consumption be met with little or no increase in real costs, provided all conventional energy resources are used advantageously.

In my area of the country the energy requirements in the next few years will be even greater. We have found in the past that our power needs double every 10 years, even with the present population, without taking into consideration a possible increase in population, new industries, or further development.

Mr. Murray continues, pointing out a very significant fact:

But beyond 1975 the picture is more uncertain; it may be that approaching exhaustion of other energy sources will make atomic energy an indispensable alternate and make cost differences measured in 1 or 2 mills quite unimportant.

He is speaking there, of course, of the fact that our reserves of natural gas, oil, and other sources of energy are not inexhaustible. Of course, our hydroelectric dams could conceivably continue to operate indefinitely into the future. Once they are paid for, the maintenance costs will be comparatively small. In the case of a dam the size of Grand Coulee, the operation and maintenance cost will be relatively small. So that power will be in existence for the people, with all these safeguards, in 1975.

Coal in the United States is abundant, but its cost and quality cannot be expected to remain at present levels in the face of indicated increases in demands of industry and utilities. Proved reserves of oil and gas are only 12 and 27 times present annual consumption, respectively, and in recent years the United States has drawn on imports for part of its petroleum supply.

Speculations about the future differ as to the exact timing and severity of shortage of fuels; but there is no dispute that we are using them at a faster and faster rate. United States annual consumption of the primary sources of energy—fossil fuels, wood, and waterpower—quadrupled during the first half of the 20th century, and is expected to double again before 1975.

That shows at how fast a pace we are using these resources.

The energy potentially available in the world's recoverable reserves of uranium has been estimated as perhaps 23 times the energy from world reserves of fossil fuels—petroleum, natural gas, and coal.

In other words, the far-reaching ramifications of the bill and the necessity for all of us fully understanding it are well pointed out in Mr. Murray's statement. The energy potentially available in the world's recoverable reserves of uranium has been estimated as perhaps 23 times the energy from world reserves of fossil fuels—petroleum, natural gas, and coal.

That is why some of us feel that we should know a great deal more about the ramifications of which I have spoken. That is why, if the Senate passes the bill, it should place in it the safeguards to which I have referred. I see no urgency for its immediate passage, in view of the immensity of the entire problem.

Mr. Murray continues:

Consumption of fuels in the United States, for all purposes, is expected to rise sharply between now and 1975: coal, from 522 million tons in 1950 to 815 million in 1975; oil, from 2.4 billion barrels to 5 billion; and natural gas from 6.3 trillion cubic feet to 15 trillion.

The fluid fuels, oil and natural gas, now furnish the major part of our total energy requirements, and by 1975 the proportion may be as high as 70 percent, if supply permits. Demands on this scale, accompanied by gradually rising prices, might mean that oil from shales or synthetic fluids from coal would become competitive within the next 20 years.

Digressing from Mr. Murray's statement for a moment, we had some interesting testimony given during the past month in the Appropriations Committee regarding the progress which is being made in obtaining gasoline from coal. The cost is gradually being reduced to a point where I am sure Mr. Murray's prediction that such fuels may become competitive within the next 20 years is a fair statement.

Such demands may not lead to early exhaustion of our energy resources, but they seem likely to affect in varying degrees the cost of fuels more so for gas and oil than for coal. Coal reserves are ample to meet projected consumption far beyond 1975, but rapidly rising rates of consumption may require us to turn in the last quarter of the century to higher cost and lower quality coal.

In the face of the mounting pressure on our present energy resources, mastering of a new and potentially very large source cannot prudently be deferred.

The rapidly expanding market for fuels for the generation of electricity and other purposes, and the time required for nuclear power development, should allay fears that competing fuels, particularly coal, may be hurt by the entry of nuclear power into the market. The contribution that nuclear power can reasonably be expected to make toward total requirements for electric power by 1975 would do no more than moderate the already rapidly rising demand for conventional fuels.

Because fuel supplies to meet the future generation of electricity may have to be doubled or trebled at the same time that demands on fuel for other purposes (heating, vehicles, manufacture, etc.) are also rising sharply, nuclear power is not a threat to the existing market for other fuels. Continually rising amounts of coal will be needed to supply electric generating facilities already in operation when nuclear power first becomes competitive and to fuel the larger share of new plants for an indefinite time thereafter.

Within the period until 1975, nuclear fuel can expect vigorous competition from other fuels in generation of electricity, and the market for nuclear power will be limited chiefly by the comparative cost at which it is available. To see just how important reduction of costs will be for the competitive position of nuclear power, we have examined the costs of generating power from new conventional steam plants, and can compare these with the range of 4 to 7 mills which is sought from nuclear plants. Clearly 4 to 7 mills nuclear power would be widely competitive: The Federal Power Commission computed for the joint committee that in 1952 the average production cost of steam-generated electric power in the United States was 7.4 mills per kilowatt-hour for the major utility systems. Such an average includes a wide range of costs for individual plants, varying with size, age, and efficiency of the plants and the extent to which they are used, the cost of fuel and other factors. To see the competition nuclear plants must face, one must look not at this general average, but at the maximum performance of efficient new conventional steam plants, in comparison with which a nuclear plant would be evaluated by any management considering the kind of plant to build.

The range of generating costs in new postwar utility steam plants is wide—from just under 3 mills per kilowatt-hour to over 12 mills per kilowatt-hour. But very little of the capacity (4 percent) in these new new plants produces at more than 8 mills per kilowatt-hour, and the plants that do are relatively small, the largest being 80,000 kilowatts, and most of them much smaller. Similarly, a minor part of the capacity (3 percent) can generate at less than 3 mills. Over 90 percent of the competition for nuclear power falls in the 3 to 8 mill range, and 70 percent falls in the 4 to 7 mill range which it is hoped will be achieved from nuclear plants.

If these cost ranges are applied to the expected growth in demand for electricity, we can obtain a picture of the market into which nuclear power will enter between now and 1975. The amount of electricity to be required is the consumption forecast by the Paley Commission, or 1,400 billion kilowatt-hours in 1975, an increase to 3½ times the 1950 consumption of 390 billion kilowatt-hours. The potential market for nuclear power within this overall total is considered to be a share of the new demand to be supplied by steam plants, plus a share of the steam generating capacity to be built to replace wornout equipment. Stability of generating costs is assumed, relying on continued increase in efficiency of conventional generating plants to offset rising costs of fuel. Examination of the potential market in this manner shows the importance of generating costs for the entry and rate of growth of nuclear power.

According to Federal Power Commission regions, the 1952 generating costs per kilowatt-hour in large new postwar steam plants fall in the following ranges:

In the Northeast the range is 5½ to 8½ mills. In the east central section it is 4 to 7 mills. In the Southeast it is 3½ to 8½ mills. In the north central section, 5 to 7½ mills. In the south central section, 2½ to 5½ mills. In the west central section, 4½ to 6 mills. In the Northwest, 4 to 6½ mills. The figure is a little under 4 mills to 6½ mills. In the Southwest it is 5½ to 7 mills.

Nuclear power at 7 mills would at most be competitive for part of the market in the Northeast, Southeast, and north central regions of the United States. It is shown that the northeastern section of the country has the highest power rate, and that, because of the hydoelectric development, the Northwest has the lowest rate. The rates range in between.

Nuclear power at 4 mills, on the other hand, would be competitive everywhere except for a part of the Southeast and south central regions fueled with low-cost coal and natural gas. Even in the natural-gas areas, future new generating plants may not be able to buy quantities of natural gas at the low prices that have in recent years made it possible to generate power at less than 4 mills.

These large plants, which, in my opinion, would be given away if this bill should be passed, would be limited to certain sections, because the estimated cost of one of these plants runs well over $100 million, and there would not be many of them constructed, but they would find themselves attracted to those areas where 7 mills would be the competitive rate, namely, in the Northeast, the Southeast, and the north-central regions.

It is clear that nuclear power will be able to compete more widely if rising fuel costs push up conventional generating costs; its potential market will be smaller if demand for new electric-generating capacity rises less sharply and steadily than projected.

The testimony and the figures I have quoted demonstrate how important this new source of energy, converted to electric power, will be.

I wish again to point out that the reserves are not inexhaustible, and we may be using them up at too rapid a rate.

I have demonstrated how important and vital the question is, and why this bill should not be forced upon the Senate in connection with this important subject.

I am particularly impressed with the statement that—

> The energy potentially available in the world's recoverable reserves by uranium has been estimated as perhaps 23 times the energy of the world's reserves of fossil fuel—in particular, natural gas and coal. It is certainly conceivable—and even probable—in the years to come, more electric power will be produced from nuclear sources than from the rivers and fossil fuels combined.

In other words, Mr. Murray is suggesting that the development will have to be distributed to areas of the country such as the Pacific Northwest, which has a great amount of hydroelectric power, and there would be a different situation in the Northeast, where higher prices are paid for power than in the Southwest where there is natural gas.

I wish to quote for the Senate a few paragraphs from the hearings, bearing on the possible rate at which nuclear power will come into the utility field:

> POSSIBLE RATES OF GROWTH OF NUCLEAR POWER IN THE UNITED STATES ECONOMY
>
> Within the range of possible costs for nuclear power, and the range of expected costs for generating power from conventional energy sources which have now been described, there are possibilities for widely varying rates of introduction of competitive nuclear power into our energy economy, and widely varying rates of growth of a new nuclear-power industry.
>
> It is well to bear in mind also that the growth of the nuclear-power industry, no matter how rapid, will happen case by case, as individual decisions to build plants are reached on developmental or economic grounds. In such decisions, the needs of particular areas and the characteristics of existing generating systems will be decisive, and an array of technical and economic factors will be balanced in each case.

Mr. Murray goes on to say:

> The effects of competitive nuclear power will be closely related to its scale and rate of growth.
>
> If we assume that our domestic technical program will be pushed and will be successful, what may be the impact on electric energy output between now and 1975?
>
> Our staff has made studies of two specific cases for purposes of illustration. Both assume that a development program, including construction of several large nuclear powerplants by the mid-1960's will lead to the building of a growing number of nuclear plants generating power at competitive costs. The two illustrative cases differ with respect to certain other assumptions. (Excerpt from testimony by Hon. Thomas Murray, member of Atomic Energy Commission, p. 579, hearings to amend Atomic Energy Act of 1946.)

In other words, the staff feels that if they have to construct powerplants before the mid-1960's it will also lead to the building of a growing number of nuclear plants generating power at competitive costs.

> Case 1 assumes nuclear power costs at 7 mills per kilowatt-hour in 1963, falling to 4 mills by 1975. It further assumes that as powerplants are built in different parts of the country, giving power at different costs, one-half will be nuclear if the costs are the same.
>
> Case 2 assumes 7 mills per kilowatt-hour in 1965, falling to 5 mills in 1975.

If that be the case, and the power can be developed at four mills, it will be necessary to make readjustments all over the country in the present electrical-producing capacity. That again is why the proposed legislation is so important, and should not be passed in a few days, without going into the matter in great detail.

I quote further from the statement of Mr. Murray:

> Five mills would be a blessing even now in many parts of the country. Case figure 2 further assumes that nuclear power plants will be built only if they have the use of 1 mill a kilowatt-hour of power from conventional plants.

I continue to read:

> It further assumes that nuclear powerplants will be built only if they have an advantage of 1 mill per kilowatt-hour over conventional plants.

Of course, the cost of these plants will be great. By 1975, the price of four mills would be available in certain parts of the country, wherever great hydroelectric developments were located. So it would probably be effective there. I continue to read:

> Under these assumptions, the first competitive plants under case 1 would be producing power in 1963, and in case 2 in 1966.
>
> In case 1, by 1975 the nuclear power component of the electric-generating industry would have an installed capacity of 21 million kilowatts. On an 80-percent plant factor, such a capacity might generate 147 billion kilowatt-hours out of 1,166 billion to be generated from all steam plants in 1975. The share of nuclear power in the total projected electric generation of 1,400 billion kilowatt-hours in that year would thus be about 10 percent.
>
> In case 2, with its less optimistic assumptions, the nuclear power share is, of course, smaller. About 5 million kilowatts of nuclear capacity would be in operation in 1975, generating about 35 billion kilowatt-hours. The share of nuclear power in total United States electrical output in case 2 would be about 2 percent.
>
> As I have indicated, no one can say whether these or some other ratios will prove correct. Either case represents a sizable nuclear capacity; in 1 case 140 reactors, and in the other case 33 reactors, of 150,000 kilowatts average capacity, would be in operation.

Mr. President, I have tried to point out how important this development could be to our economy, and how, by 1975, it could be a major part of the energy development in the United States. I point that out because there are always those who would exploit and take advantage of the resources of the people. The history of hydroelectric-power development in this country documents that statement. That is why so many of us have such a keen interest in the bill.

I say today that unless the Congress of the United States writes into the proposed legislation time-tested safeguards, the future will bring a private power monopoly bigger, stronger, and more devastating than anything the Nation has so far experienced.

So that the RECORD may be straight, I may say that I had fully intended to make these remarks before this session of Congress ended, regardless of whether the pending bill had been considered, because we would have had time to evaluate, by the closing days of this session of Congress, approximately 2 years of the new administration, with a change in the power policy. Therefore, I wish to review what has happened and what is happening in the electric-utility field to demonstrate what may be in store for the American people when a monopoly of atomic power is added to past and current attempts to monopolize the source of hydroelectric power.

To illustrate that point, I wish to read from the testimony of Mr. Gus Norwood, before the Hoover Commission Task Force on water resources and power generation, presented at hearings in Portland, Oreg., on June 28, 1954. Mr. Norwood is an expert on these matters, a man whom I know very well, and who is highly respected. The subject of his statement is entitled "Abundant Power." He said:

> The problem of abundance is likely to be much more serious than has heretofore been considered. Recently various officers of the General Electric Co. have been discussing the probable electric power requirements of the Nation for the year 2000. They estimate by that time an electric load of 10 trillion kilowatt-hours, or a twentyfold increase over the generating capacity of today. This means that the electric system of the Pacific Northwest in the year 2000 will be as large as the entire electric system of the Nation is today. At the present time Grand Coulee Dam, with a capacity of over 2 million kilowatts, provides about one-half of our electric requirements in the Northwest.

I do not think Mr. Norwood's statement meets our full requirements, because we shall need about 2 billion kilowatts for consumption in the Pacific Northwest. I continue to read:

> By the year 2000 some 45 Grand Coulee Dams would be needed in this area alone. This is the equivalent of three Columbia River power systems fully harnessed. The General Electric Co. studies are conservative in nature. They assume a population in the year 2000 of 250 million people, a mere gain of 2 million people a year although the current rate of population increase in 1954 is 2.7 million a year. They estimate that whereas 3.5 percent of the Nation's energy today is used in the form of electricity that 46 years from now over 36.5 percent of our energy may come to us in the form of electric power.

To paraphrase at that point, perhaps it would be a very conservative figure, because who among us can tell the number of new electrical appliances which will be invented for use by persons throughout the country, thus constantly increasing the need for electric power?

Mr. Norwood goes on to say:

> Another check on the great expansion which is ahead for the electric utility industry is provided in the 33d annual report of the Federal Power Commission which presents an estimate for the year 1975 of a need for 365 million kilowatts of generating capacity or roughly a fourfold increase in the next 21 years. The FPC estimate of energy needs by 1975 is 1,860 billion kilowatt-hours, as compared to 329 billion in 1950 and 443 billion in 1953. This FPC estimate comes about 2 years after the Paley Commission report which estimated the electric require-

ments of the Nation at 1,400 billion kilowatt-hours for 1975.

Translated into practical terms these estimates suggest that the Pacific Northwest will need about a million kilowatt-hours average of new generating capacity during each year of the 1960–70 decade. This involves the equivalent of a John Day Dam or Priest Rapids Dam or Hells Canyon Dam or the Dalles Dam in each year at an estimated cost of about $350 million for the dam and probably over $75 million for transmission facilities.

Two years have gone by without a single new start under the present policy.

I continue to read from the Norwood statement:

Before leaving the question of abundance some note should be taken of the probable impact of atomic energy in the Pacific Northwest. The phenomenal energy release of the hydrogen bomb has now been told to the public. Dr. Alvin Weinberg, director of the Oak Ridge national laboratory at Oak Ridge, Tenn., estimates that the raw fuel cost of atomic energy from an atomic breeder may be as low as 0.013 mills per kilowatt-hour. If a ton of coal costs $10 the equivalent amount of atomic fuel would be 5 cents or one two-hundredth as much. Already 13 private utility groups are exploring the possibility of atomic generation and at least 1 such power plant is on the drafting board. An atomic submarine motor is already in use.

For the Pacific Northwest the meaning of atomic energy is that by the year 2,000 we will in all probability obtain 50 to 100 percent more electricity from atomic sources than we will from hydro sources even if all of our hydro is harnessed.

One final thought on the question of abundance and that is the will and desire for abundance. The philosophy of waiting for the load to develop has been entirely too prevalent in the electric industry in the past. With each passing year that philosophy if permitted to continue would represent a danger of increasing proportions. The public interest would be better served by a program of attempting continuing to assure a 10-percent reserve or surplus power supply based on a median water year.

LOW-COST POWER

The entire electric utility industry of the Nation represents an investment of only about $25 billion. A twentyfold increase in the next 46 years is likely to require an additional $400 billion. Obviously every possible effort should be made to obtain the very lowest possible cost of money.

In the Pacific Northwest about 35 percent of the cost of doing business in the Federal power program has been interest. An increase in the rate of interest from 2½ percent to 3¼ percent would result in a wholesale power rate increase of about 15 percent.

I divert for a moment to suggest that the pending bill does not provide any regulation as to interest rates on the cost of a plant which might be licensed to private persons under the terms of the bill.

Thirty or forty years ago the interest rate on good municipal tax-exempt bonds was no lower than that on the bonds of a good private utility company. However, in the money market of today a private utility must earn from 11 to 13 percent before Federal income taxes, and compete with public bonds of 2 to 3 percent. The investment in the Pacific Northwest will be so great and the cost of money in the form of interest will be such a large proportion of the cost of doing business that it is essential that this program be conducted with the lowest possible cost money. Thus low-cost power is contingent upon obtaining low-cost money and this means public financing.

That is why the potential energy from that source is so important.

Mr. Norwood goes on to point out to the task force commission:

POWER TRUSTEESHIP

When the Pearl Street generating station was started in New York City in 1882 electricity was a distinct luxury. Today it is a vital necessity of modern living. It is the most important public utility function, second only to a healthy domestic water supply. Yet, the indication for the future is that the role of electric power will be even more important.

We have seen that considerations of achieving an abundant supply of power and a low-cost supply of power constitute strong arguments for the financing, construction, and operation of electric generating and transmission facilities on a public basis. This Nation can ill afford to have its productivity and its industrial payroll curtailed because the power supply is insufficient and too expensive. The power need per worker is rising spectacularly and is a subject on which another paper could be written.

Mr. Norwood goes on to point out a philosophy which I think is good and sound in the development of the natural resources that belong to the people, which philosophy is wholly lacking in the bill:

The electric business is not a private business. It is not a competitive business and it has not been an enterprising business. It is a natural monopoly because considerations of economy dictate that only one electric system should operate in a community. A public system also is a natural monopoly. Natural monopolies must be controlled by the public.

How thus that is, when, as pointed out by Mr. Murray, we face the potential development of electric energy from nuclear power. Again, to indicate what might happen in the future, when a bill is drawn up without safeguards, as this bill is, I want to point out what has happended in the past.

Step by step, since the start of the conservation movement under President Theodore Roosevelt 50 years ago, the people have been building a program for use of their great power resources.

They have provided for Federal development of power in connection with irrigation projects, with safeguards against the distribution of the power being dominated by the nearest private monopoly.

They have provided that private developers of the waterpower resources of the country must apply for Federal licenses, and that, in connection with consideration of such licenses, the Federal Power Commission must first determine whether the project should not be built by the Federal Government itself.

They have provided that after the Federal Government, the States and municipalities enjoy the next priority for development of these waterpower resources, private applicants may receive licenses only after it is clear that the Federal and other public agencies are not planning to make the development.

They have provided that licenses for private development of waterpower resources shall be for a limited term, with the Federal Government retaining the right of recapture at the end of the license period. They have also given the Federal Government the right of condemnation at any time.

They have provided for Federal development of hydroelectric power in connection with comprehensive river-basin programs, and for Federal marketing of this power, in accordance with the same antimonopoly provisions that apply in connection with irrigation projects.

They have provided for bringing electricity to all the farmers in the land, and for Federal marketing agencies with authority to construct transmission lines so as to assure even the smallest municipal or rural-electric cooperative system equality in the field of power supply.

Mr. President, I am not going into detail to prove the great value of this policy to the users of electricity throughout the country, for I have something of more immediate importance to deal with.

But I shall say—and I do not think it can be contradicted—that this power policy has meant lower electric rates and more abundant use of electricity to all the customers of electric systems throughout the whole United States, whether served by public, cooperative, or privately operated power systems. It has shown the way for America to enjoy the full fruits of the electric-power age.

Mr. President, from personal experience on many occasions, I know that immediately upon the entrance into the power field of municipally owned systems or the extension of a transmission line from a Government system, the users of electricity find they receive lower rates. When there has been competition of that kind, the rates have dropped very greatly on many occasions. That is one of the points we have to keep in mind in connection with this loosely drawn and, in my opinion, badly drawn bill, which does not provide the proper safeguards.

This power policy has also meant great progress in the economic development of important regions of our country which 50 years back were still dependencies—economic colonies, if you will—of eastern finance and industry. It has, therefore, been a great decentralizing policy, and the vested interests, which too often have dominated this country's economic life, seem now to be fighting to regain control.

The improvement in these regional economies, resulting from Federal power policy, has meant more business for the rest of the country, higher levels of stable employment, and greater economic strength.

Today, Mr. President, the policy which has brought all these blessings is threatened. It is threatened by the very warp and woof of the bill itself; and it is threatened by the actions and words of the administration and the Congress. We face a concerted drive to change the Federal power policy. In this case the pending bill attempts to change the law as well as the policy.

This change has been dictated by the private power monopoly. Following the exposé of its machinations by the Federal Trade Commission, and following the utility holding companies scandals which centered around such names as Insull and Hobson, the old "power trust"

was supposed to have retired. But it is again showing its ugly head, threatening to destroy all the people's gains during the intervening years.

Mr. President, I propose to show that the private power company propaganda machine is brazenly repeating the practices of the 1920's, only in a much more scientific, subtle, and dangerous form.

I shall seek to demonstrate that this propaganda machine was a dominant factor in the last election, creating the very atmosphere or public opinion in which the election was fought: That the victorious candidate for the Presidency, as well as the only living Republican ex-President, are consciously or unconsciously vehicles for this propaganda; and that the developing retreat of the Interior Department, in the handling of rural electrification by the Department of Agriculture, and the cutting of appropriations vital to the carrying out of Federal responsibility in the power field, represent the beginning, Mr. President, in my personal opinion, after long experience with this matter, both politically and otherwise, of the payoff. When we add to all that the so-called amendments to the Atomic Energy Act, we have the picture, Mr. President.

In order to convey some idea of the workings of the private-power campaign to capture the public mind, let us look for a moment at some of the revelations by the Federal Trade Commission concerning the activities of the late Samuel Insull's National Electric Light Association in the 1920's, when the same pattern was taking effect and the same pattern which could take effect under the provisions of the pending bill, in view of the extremely large electric-energy potential in connection with the development of atomic-energy processes and other new processes. The pattern used then is in no essential respect different from the mass hypnosis techniques which have become resurgent in the past few years, and are being applied with ferocious intensity at this moment, apparently with the blessings of some of those now in the Government.

The twin aims of the power trust in the 1920's were to forestall effective regulation of their operations and to prevent public development of our Nation's energy resources.

On this campaign, the so-called power-trust spent between $25 million and $30 million annually. This generous expenditure was accomplished simply and effectively. The electric consumers footed the bill. It was all "charged off" as proper operating expenses of the industry, and was computed in the rates the public was required to pay.

"Money was no object," said M. H. Aylesworth, sometime director of the National Electric Light Association. He stated frankly and concisely: "The public pays the expense."

Among the agencies which were established to carry the enlightened message of the private-utility empire to the Nation were 28 State public-utility information bureaus or committees active in 38 States, with a colossal war chest, the utilities proceeded to use every device in the books to condition the minds of our citizens. They even proceeded to rewrite public-school textbooks, place teachers on company payrolls, and inundate newspapers with lush advertising revenue to influence editorial opinion favorable to the policy of the power trust. Every means of mass communication was used—chautauquas, moving pictures, speakers bureaus to address civic clubs, women's clubs, social clubs, and every type of farmers' organizations.

As it was stated by Ocley, director of the Nela's information department in testimony before the Federal Trade Commission, skywriting was the only publicity medium which the campaign had neglected.

Mr. President, this campaign was not confined to the mere molding of editorial and local opinion. The trail of the power trust led into the halls of every statehouse in the Nation.

Mr. AIKEN. Mr. President, will the Senator yield?

Mr. MAGNUSON. Mr. President, I ask unanimous consent to yield to the Senator from Vermont without my losing the floor.

Mr. PAYNE. Mr. President, reserving the right to object, will the Senator withhold his request for a moment?

Mr. MAGNUSON. Certainly.

Mr. PAYNE. Mr. President, I understand that the matter for which the Senator from Washington agreed to yield has not clearance from the majority leader and the minority leader. Therefore I must object.

Mr. MAGNUSON. I did not know what the matter was.

Mr. AIKEN. I thank the Senator from Washington. It involves simply a case in which the House has sent to the Senate a bill which was referred to the Committee on Agriculture and Forestry, and which was later discovered to be carrying the wrong number. It ought to be returned.

Mr. MAGNUSON. I think we had better have a policy meeting of both parties.

Mr. AIKEN. I think we had better have a policy meeting before the bill is returned to the House.

Mr. MAGNUSON. The trail of the power trust led even into the Congress of the United States. The power trust infiltrated the very places where public policy was decided, as well as entering every home with the purpose of disarming each family on utility issues. This technique, unless it is fully recognized, exposed, and checked can pollute the very wellsprings of democracy. I shall return to this thought before I complete my remarks.

It is instructive to take a look at the campaign of the 1920's to review the actual financial manipulations of the private electrical utilities during a period in which there was no effective Federal power policy to regulate and check the rapacity of the power trust.

As I have pointed out, it is instructive to study the campaign of the 1920's. It bears on the subject we are discussing in the Senate, and the type of legislation which is involved. It is always instructive to take a look at what happened to us in the past. It provides us with a preview of what will return to plague us if the present drive by the private power monopoly is successful in undermining this policy. It provides us with a preview of what I think will happen to us in the field of nuclear generation of electric energy.

Today many of the private power companies are lavish in their praise of State regulation—they cite State regulation as the true guardian of the public interest. Since they have in effect taken over the policy decisions of many State Regulatory agencies, the blessings they administer are quite understandable from their own selfish viewpoint.

But only a little more than 20 years ago the Power Trust was resorting to every technical and legal devise their fruitful imaginations could conceive of to render regulation ineffectual in order to maintain the excessively high rate structure which in turn would sustain heavy water capitalization.

Midwest Utilities, Electric Bond & Share—with its subholding companies, Niagara Hudson Power Corp., Associated Gas & Electric, Columbia Gas & Electric, Standard Gas & Electric, Southeastern Power & Light—these remain as symbols of the utility holding company age, which served the public by taking thousands of small investors on a buggy ride to line the pockets of financiers who made a specialty of building fortunes out of other people's money.

These financial freebooters inflated the stock of electric power systems in order to build their paper pyramids. As I say, this could be a preview of what could happen in this vast new field if the bill as written should pass the Congress.

They bulldozed State regulatory commissioners into sanctioning rate structures which passed on the financial burden of their jerry-built capital structures to an already victimized general public.

The results of the Federal Power Commission accounting proceedings on the methods used by the private electric companies as late as only 15 years ago, laid bare a startling situation. To use the Commission's own words:

> It was not possible, except in a comparatively few cases, to obtain from the books of account of the electric utilities the cost of plant by departments—electric, gas, water, and so forth—the cost of electric plant by functions—production, transmission, and so forth—or the cost of large operating units such as steam-generating plants. The total inflation of the accounts was unknown, but it was known that the amount was large.

Imagine what a field would be opened in this case, considering the vast amount of money required to build one of these plants, with no safeguards as to what the rate structure will be.

Still quoting the Power Commission:

> Huge amounts of intangibles were buried in lump-sum accounts called by vague terms such as "purchased property."

The Federal Power Commission states that the electric utility accounting in the good old days, before Federal power regulation became effective, had often been employed to distort the true fiscal facts and to pave the way for issuance of watered securities. In those days the utilities were not so much concerned with water to produce power, but water

to produce wildcat speculation. They were not so much concerned in milking machines to help farmers, but in machines to milk the investing public. This is what could happen in the atomic energy field without the right kind of regulation and the right kind of safeguards.

Another Federal regulatory agency, the Federal Trade Commission has published report after report filled with instances of grave accounting abuses, often attended by equally grave financial manipulations. Its summary report sets forth the total in writeups and other forms of unnatural inflation such as are found in the following figures:

Top holding company writeups and other inflation, $273,420,165.

That is passed on to the consumer. That could happen in this case.

Subholding company writeups and other inflation, $353,370,035.

Operating company writeups and other inflation, $864,231,623.

Total inflation found by Federal Trade Commission, $1,491,021,823.

The Commission's table, itemizing the writeups by holding-company groups, carries the following note:

Including writeups in 1929 of $299,201,827 in the investments of Electric Bond & Share Co. and $140,109,788 in the investments of Niagara Hudson Power Corp., the total writeups of all companies examined amount to $2,030,335,438. However, Electric Bond & Share subsequently wrote down its investments $441,387,724, and Niagara Hudson Power Corp. subsequently wrote down its investments $138,869,250.

That is very interesting, Mr. President. That is the end of the quotation from the Federal Power Commission with respect to the writeoffs, before we made safeguards available. The same kind of writeoffs could be made in the development of electricity from atomic energy, without any safeguards. There are no such safeguards in the bill now.

Here, Mr. President, at the beginning of the 1930's, after a period in which the private power industry had trampled State regulation into the dust, was evidence of more than $2 billion of water in the Power Trust financial pyramid.

This faked investment, which had showered largesse upon the inside manipulators, could be properly handled in only two ways—either at the expense of ratepayers by imposition of excessive rate structures, or at the expense of small investors through the loss of their invested savings.

Actually, both danced to the Power Trust piper, and both paid through the nose. In the 1929 crash and the holding-company collapse which followed, thousands of small investors lost their savings. Yet, the high rate, low sales policy, which this financial sleight-of-hand induced in management, even now has been partially shaken off only in areas where Federal power policy has provided real support for federally generated power at low cost, and real support for public competition.

Many of these accounting monstrosities were given birth through affiliated company devices similiar to those exposed by congressional investigations of the Credit Mobilier railroad scandals in the 1860's and 1870's. The late Honorable Robert E. Healy, the grand old Vermont judge who served as counsel for the Federal Trade Commission's Utility Investigations, and later became a charter member of the Securities and Exchange Commission, describes them thus:

In the simplest and boldest form a write-up consists of marking up the figures at which assets are carried on books of account to higher figures. But the same result may be, and has been, obtained in a more subtle manner. This was particularly so where holding companies were concerned. Often a writeup was created by causing one company to convey its assets to another company at a price in excess of the figure at which they were bought by the selling company, both companies at the time of the transfer being subject to common control.

That is taking place again.

Similarly, a merger or consolidation of two or more companies under common control was utilized to accomplish a similar increase in the book value of assets of the new company.

Of course, at any time these groups can increase the value of their assets, they can get higher rates.

It was through such manipulations that Sam Insull built up his utility holdings until he came to furnish power and light to some 20 million people in 32 States. His corporations boasted assets of $2.5 billion, with annual revenues of about $400 million. It was President Franklin D. Roosevelt who described such combinations as "a kind of private empire within the Nation."

I am afraid that some kind of private empire will be set up under this atomic energy bill as now proposed.

It was not until the Federal Power Commission set to work under the new 1935 act to clean up the accounts of the electric operating companies, subject to its jurisdiction, that the full extent of the writeups was brought to light.

After January 1, 1937, under its new uniform system of accounts—and incidentally, there is no provision in the present bill for any uniform system of accounts in the sale of this energy to the public—the commission ordered the elimination of write-ups and other amounts in excess of original cost, to the extent of more than $1,600,000,000 and from only that portion of the industry under its jurisdiction. This means that these power companies had written up their plant accounts on the average by about 25 percent. The Georgia Power Co. inflated itself almost 50 percent, and the Montana Power Co. between 80 and 90 percent.

Without safeguards, the same kind of inflation can take place in the development of electricity from atomic energy.

But all the water wrung from the private power company plant accounts understates the total immersion for which the private power industry was responsible. A number of the large power companies successfully escaped jurisdiction of the FPC by either cutting or avoiding interconnections with neighboring systems which would have brought them into interstate commerce.

This dodge was used by the Connecticut Light & Power Co. which was a member of the Connectitcut Valley Power Exchange until the enactment of the 1935 Federal Power Act. The power exchange served Connecticut and western Massachusetts, a sort of a regional pool to insure efficient and reasonably priced power supply.

The Connecticut Light & Power Co., rather than to submit to the FPC, cut its interconnections and fought the commission's assertion of jurisdiction up to the Supreme Court. It demonstrated its remarkable sense of responsibility to its customers and the public by gratuitiously depriving its service area of the advantages of a power pool, and just as gratuitiously refusing to allow Federal regulation of its accounts in the public interest.

Other large privately owned electric utilities which have avoided Federal jurisdiction by not participating in interstate commerce are: Consolidated Edison of New York, Detroit Edison and Consumers Power Co. of Michigan, Commonwealth Edison of Chicago, Colorado Public Service Co., Texas Power & Light Co., and all the companies serving the States of Maine and Arizona.

Only last year the Detroit Edison Co. was behind the proposed amendment to the Federal Power Act which would have allowed it to export energy to Canada and still not be subjected to regulatory jurisdiction of the Federal Power Commission. This was considerably less than what the same company asked in 1947. Walker L. Cisler, who was then and now is president of Detroit Edison, and who pressed for last year's bill, appeared before the House Interstate and Foreign Commerce Committee with the request for legislation which would virtually junk the Federal Power Act. He wanted amendments which would enable his own and other power companies to join interstate power pools without the necessity of coming under Federal regulation.

It was interesting to read Mr. Cisler's testimony—the numerous and tangible benefits of power pooling, economical use of power plants, more reliable service, strengthening national security. It could be had "at a price," he said. All the Congress had to do was to exempt the big companies from Federal regulation.

It sounds as if he might have had something to do with the writing of the bill which is now before the Senate.

The power companies have learned—in the past 20 years—that it is far easier to manage regulation, when that regulation is done by State bodies.

Having taken over the State bodies in many States, the power trust attempts to avoid Federal regulation by amending the statutes—or by mere changes in the manner and emphasis of administration, which can accomplish much the same purpose. A friendly Federal Power Commission is of great assistance.

I have seen what the FPC has found in the Roanoke Rapids and Kings River cases. I am watching carefully to see what will be done in the Hells Canyon case. It is only because of the stern and indignant opposition of the citizens of

my region that the Hells Canyon giveaway has been stopped—thus far.

I still say the same kind of giveaway could be affected under the terms of this bill.

Nevertheless, during the past 15 years or more, the Federal Power Commission has done an excellent accounting job in the public interest. It has tracked down $1½ billion of water in the power company rate bases, and has purged it from their plant accounts. It can be well termed a great dehydrating operation.

Under the pending bill, I cannot yet understand what relation the Federal Power Commission will have to any regulatory matter if the power companies are permitted to develop this vast amount of power.

During this period the FPC was also upheld by the United States Supreme Court on its establishment of the right of regulatory commissions to use a net investment rate base, throwing out the old reproduction cost theory of regulation, devised by private power companies to support high rates.

By such agencies as the Federal Power Commission, and by other significant and far-reaching legislation, the people have evolved a program to develop and protect their great water power resources. I want to repeat the essential parts of that program, which I think protect the people.

They have provided for Federal development of power in connection with irrigation projects, with safeguards against the distribution of the power being dominated by the nearest private monopoly.

They have provided that private developers of the waterpower resources of the country must apply for Federal license, and that in connection with issuance of those licenses, the Federal Power Commission must first determine whether the project should be constructed by the Federal Government itself.

They have provided that, after the Federal Government, the States and the municipalities shall enjoy the next priority for development of those waterpower resources, and that private applicants may receive licenses only after it is clear that Federal and other public agencies are not planning to make the development.

That is not true of the bill which is now before the Senate.

They have provided that licenses for private development of waterpower resources shall be for a limited term, with the Federal Government retaining the right of recapture at the end of the license period. They have also given the Federal Government the right of condemnation at any given time.

They have provided for Federal development of hydroelectric resources in connection with comprehensive river basin programs, and for Federal marketing of power, in accordance with the same antimonopoly provisions as apply in connection with irrigation projects with power features.

All this has been a well-thought-out, long-time policy.

They have provided for bringing electricity to all the farmers in the land and for Federal marketing agencies with authority to construct transmission lines in order to assure even the smallest municipal, public utility district, or rural electric cooperative system equality in the field of power supply. No such safeguards exist in this bill.

The people, by means of the Tennessee Valley Authority, the Bonneville Power Administration, and more recently, the Southwest and Southeast Power Administrations, have been demonstrating a practical way by which low-cost abundant power can be wholesaled and transmitted to the people, at low electric rates, even though the private utilities continued to control the State regulatory bodies. This yardstick of low-cost power, together with the exposure of inflated writeups by the Federal Power Commission, have forced down electric rates all over the country, even private rates. With the Federal and public power yardstick, inflated capital accounts could not be resorted to, so long as the Federal power program remained a vital alternative.

The power trust knows this. Against the competition of cheap Federal power, against a Federal geographic power grid, against priority of public groups obtaining access to Federal power, the power trust is carrying out a deadly and implacable campaign. It will never rest until it is successful, either in destroying the Federal power program or until it is itself decently defeated.

With the administration now in power, the new campaign is far more dangerous than that of the 1920's—because it is armed with a myriad of new devices for reaching and capturing the public mind. In addition, the financial power of the combine far exceeds that of 30 years ago.

You will recall the New Testament parable, in which the unclean spirit which had departed from a man, returned with seven other spirits, each more wicked than himself, so that the last state of the man was worse than the first.

Mr. President, the old Insull group, as I pointed out earlier in my speech—the National Electric Light Association—having supposedly removed itself from polluting the body politic, returned under a new name—the Edison Electric Institute. Theoretically, the Edison Electric Institute walked to the mourners' bench and purged itself of all the old Insull poison. But it soon associated itself with three other kindred spirits, so that the last state of the body politic bids fair to be worse than the first. That is the meaning of the present attempt, with the aid and comfort of many in the so-called new Eisenhower administration, to kill the Federal power policy.

These other three spirits which have dedicated themselves to aid in the enslavement of the public mind, are the electric companies advertising program, the National Association of Electrical Companies, and the public information program.

The four musketeers of monopoly—EEI, ECAP, NAEC, and public information program—are each and every one fronts for the private power monopoly. Each plays its part to induce the proper public response to their conditioning, with the same deadly thoroughness as Professor Pavlov with his dogs.

Let us demonstrate how they work together.

The Edison Electric Institute prepares statistical and other technical information and influences various educational institutions with this matter, with the plausible theory that what they have to distribute is free of charge, and is not emanating from a propaganda organization.

The electric companies advertising program hands out advertising to newspapers and magazines, sponsors the weekly Meet Corliss Archer radio program, and provides 135 member companies with light radio announcements and 3 advertisements each month to feed to local newspapers and radio stations. This program is masterminded by N. W. Ayer & Son, Inc., a top-ranking advertising and public relations firm.

The National Association of Electrical Companies, headed by $65,000 a year Purcell Smith, is the best heeled lobby still in Washington. In 1953, by its own admission, it spent $547,789.32. The NAEC assists Congress. That is what they say—and how.

The public information program, handled by Bozell & Jacobs, another far-flung advertising firm, follows up the general information, advertising and radio barrage with expert cultivation of the local grassroots. Bozell & Jacobs has had 30 years experience in guerrilla warfare against popular referenda in favor of public distribution of electricity. They specialize in my own State of Washington in handling publicity and propaganda, from the Seattle offices, and with apparently sufficient resources, in attempting to influence the legislature on bills affecting power, attempting, and sometimes successfully to elect public utility district commissioners who are against the PUD's opposing the sale of Puget Sound Power & Light to the PUD's which have been negotiating for purchase, and supporting the merger of Washington water power and Puget Sound Power and Light.

Mr. President, the objectives of this far-flung and beautifully engineered monopoly campaign are quite simple. They would—

First. Reduce Federal appropriations for river basin programs, particularly in hydroelectric facilities. In my opinion, they have been quite excessive. Not one single new start was approved in the 1955 Republican budget. Together with the no new starts program, projects under construction are slowed down, so that vitally needed power is delayed in coming on the line.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. MANSFIELD. I have been following with a great deal of interest what the Senator has said with respect to new starts. The Senator will recall that former President Truman, on October 1, 1952, during the course of the last campaign, stopped at Kalispell, Mont., to

dedicate Hungry Horse Dam. He told the people at that time to take a good look at Hungry Horse because, he said, "If the Republicans win the election, there won't be any more dams of this kind for a long, long time."

The Senator from Washington, as I understand, has been pointing out that there have been no new starts since the Eisenhower administration came into power. I call the Senator's attention to the fact that so far as new starts in the State of Montana are concerned, the Republican chairmen of the appropriate committees in the Senate and the House have introduced bills to deauthorize the construction of Libby Dam, in northwestern Montana, and Yellowtail Dam, on the Crow Reservation, in the southeastern part of my State. I make these comments to back up what the distinguished Senator has been saying in his splendid speech.

Mr. MAGNUSON. I thank the Senator from Montana. I remember the occasion when the former President of the United States was present. I was in attendance, as was the Senator from Montana.

Mr. MANSFIELD. That is correct.

Mr. MAGNUSON. I remember the beautiful day and the beautiful scenery. We were all at the foot of that huge structure. Many people had come to celebrate the dedication of Hungry Horse Dam, in which Montana takes great pride, and which will soon produce power as far down as the Columbia River.

I remember President Truman saying, "Take 1, take 2, take 3 looks, because if you put that crew back in power, this is the last dam you will ever see."

Up to the present time, I must say that the former President of the United States has been absolutely correct in his prediction.

Mr. MANSFIELD. There is no question about that. I hope his statement, so far as new starts are concerned, will be kept in mind.

Likewise, I hope the American people will keep in mind the pledges made by the Eisenhower administration during the campaign in the fall of 1952. I hope, furthermore, that in the coming November the American people will hold the Republican Party to the promises made in 1952.

Mr. MAGNUSON. There is no question about the promises, and there can be no contradiction of the statement that since the Republicans have been in office the promises have not been kept. Oh, yes, the Republicans have pointed out that the President of the United States will dedicate McNary Dam this fall.

Mr. MANSFIELD. That is an old Democratic custom. Certainly we have no objection to that.

Mr. MAGNUSON. Yes, that is well and proper. But the impression is abroad that the Republicans are doing something about hydroelectric development. Of course, money was appropriated to finish the Chief Joseph and McNary Dams because they were well along toward completion, and it would have been utter folly not to finish them. But the fact still remains that since this administration has been in power, there has not been one single new start.

Mr. MANSFIELD. The Senator is absolutely correct. The present administration has taken much credit for accomplishments with which it had nothing to do. As an illustration, it is telling the people how much their taxes have been reduced. But they do not tell the people that the 10-percent reduction in taxes was provided, so far as the effective date was concerned, by a Democratic Congress, and that taxes, to the extent of $6 billion or $7 billion, were going to be reduced not because of what the Republican administration did, but because the Democrats provided for an effective date, and the reduction went into effect at a certain time.

Mr. MAGNUSON. I am certain the Senator from Montana and I probably will, this fall, when Congress has adjourned, be at home with our people, pointing out more broken promises, more failures to do what the administration said it was going to do during the past 2 years. It has failed to do more than I think any other five prior presidential campaigns promised would be done.

Furthermore, in some cases not only did the administration not do what it promised the people, but it has turned around and done exactly the opposite. It is one thing not to keep a promise, but this is the first administration I have ever heard of which promised something in the campaign, in order to get elected, and then, after election, turned around and did the opposite.

Mr. MANSFIELD. Yes. Let us consider the question of parity, as an illustration. The Republican presidential candidate's statements in Kasson, Minn.; Fargo, N. Dak.; and Brookings, S. Dak., without any ifs, ands, or buts, was that the Republican Party stood for 90 percent of parity, and eventually full parity—and not in the market place. There was not that qualification.

What have we now, after the bill has passed? We have coming before this body a flexible price support structure, backed up by the administration and the Secretary of Agriculture. I think at this time the American people remember the promises made during the last campaign, and I think also that the American people will have a good many questions to ask when they find out, come November, that those promises have been abrogated or broken.

Mr. MAGNUSON. Yes.

Mr. WILEY. Mr. President, I had received instruction that the speaker should yield only for questions.

Mr. MAGNUSON. The Senator from Montana asked me if certain things were not facts, and I said they were.

Mr. WILEY. I did not hear that. I raised the point of order because the discussion will have to terminate sometime.

Mr. MAGNUSON. The Senator from Montana is correct. I am trying to show, in the best way I know how, based on past experience, what the new administration, either wittingly or unwittingly, has done. We know what they have done wilfully, as shown by hard, cold facts, but the whole power trust pattern is coming back into the picture. The administration had the temerity to publish in its trade magazine, which I think is called the Fortnightly, or the Quarterly, or some such name, in January of 1953, an editorial which was probably written in December, pointing out one by one just what it was going to do now that it had control. That has been what has been happening. I bring that up in the discussion of the bill because if we are to produce electric energy through nuclear power, I think the pattern set in the past will be followed. The bill lends itself to another private power empire. That is what I have been trying to point out.

The Senator from Montana has mentioned other promises made by the President. I remember the then candidate for the presidency of the United States saying in my section of the country, "You can depend on this party. We are going to see that your resources are adequately developed."

I listened to those speeches. I was at Kasson, Minnesota, when our candidate for the presidency said in effect, though I do not attempt to quote him verbatim, "I believe in the continuation of the Democratic program."

Mr. MANSFIELD. Which was 90 percent of parity.

Mr. MAGNUSON. Which was 90 percent of parity. Mr. Eisenhower walked up, and he had a speech which he read. I was chastised severely by the Republican national chairman in a television show, at which I think the Senator from Montana was present, when I quoted President Eisenhower. I was told, "That is not correct." He said "in the marketplace."

Mr. MANSFIELD. The word "marketplace" cannot be found anywhere in those speeches.

Mr. MAGNUSON. No. Not only did he say that there would be 100 percent of parity—I know we are getting off the subject, but it is pertinent—but he had not even taken his office when he appointed a Secretary of Agriculture who said he did not believe in parity at all.

Mr. MANSFIELD. That is correct.

Mr. MAGNUSON. What kind of promise is that?

Mr. MANSFIELD. Mr. President, will the Senator yield for a question?

Mr. MAGNUSON. I assume on an important matter like that he ascertained some of the views of the prospective Secretary of Agriculture before he appointed him. They dilly dallied back and forth. Statements were coming out of the office once a day.

Mr. MANSFIELD. Were they all the same?

Mr. MAGNUSON. No; they would be different, until the farmer did not know where he was. He went away from Kasson feeling fine.

Mr. MANSFIELD. Does the Senator mean the farmers went home feeling fine?

Mr. MAGNUSON. The farmers went home feeling fine, because the Democratic nominee for President had said he was in favor of 90 percent of parity, and the Republican nominee said, "The Democrats are chumps. We are for 100

percent." The farmers said, "We can't lose on this deal. We either get 90 or 100 percent."

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. MANSFIELD. He not only said 100 percent, but is it not true that there has been before Congress a wool bill which in effect brings into operation the Brannan plan, which was castigated by the Republicans during the campaign, and personally by the Republican candidate for President, which bill, if passed—and I am in favor of it—would allow up to 115 percent of parity for the wool producers of the country?

Mr. MAGNUSON. That is correct.

Mr. MANSFIELD. Getting back to the question at hand, what did the President say about the Tennessee Valley Authority during the course of his campaign?

Mr. MAGNUSON. I did not hear the speeches he made in the Tennessee Valley, but I am sure he did not make the following statement when he was campaigning in the Tennessee Valley: "This is the worst kind of creeping socialism." I am sure he did not make that statement in the Tennessee Valley during the campaign, but I know some Republican spokesman went to Chattanooga and said, "Not only is TVA creeping socialism, but we ought to sell it."

Mr. MANSFIELD. And the post office, too.

Mr. MAGNUSON. And the post office, too. A certain person said, "I do not agree with you, but inasmuch as you are going to sell it, can I put my bid in for Fort Knox?" [Laughter.]

Mr. MANSFIELD. Mr. President, will the Senator yield further?

Mr. MAGNUSON. I should like first to finish this thought.

The same kind of giveaway is inherent in the pending bill. That is why amendments are necessary. The way the bill is drawn, it should be opposed. A measure of such importance should not be shoved down the throats of Senators on such a short notice. That is why I am pointing out the parallel. I think the bill is the greatest giveaway ever presented. I do not know, but I suppose the crusade is on the march on land, in the air, on the sea, and we are now getting into the atomic field.

Mr. MANSFIELD. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. MANSFIELD. Will the Senator tell the Senate why the Republican presidential candidate, in the fall of 1952, when he appeared in the Tennessee Valley asking for votes, did not at that time tell the people there, who were most affected by the great project, that in his opinion the Tennessee Valley Authority was an example of "creeping socialism"?

Mr. MAGNUSON. I am sure at that time his advisers said to him, "When you get to Tennessee, lay off that stuff." I think that applied to the area represented by the Senator from Alabama [Mr. SPARKMAN]. But at the same time our candidate for the Vice Presidency let the people in that area know how he stood on all these questions.

Mr. MANSFIELD. The Senator is correct. We have nothing to apologize for. Both the presidential and the vice presidential candidates on the Democratic ticket laid their cards on the table, and the American people knew where they stood.

Mr. MAGNUSON. Yes. I think our distinguished friend from Alabama [Mr. SPARKMAN] and Mr. Stevenson could go up and down the byways and highways of the country today and repeat word for word what they said in 1952 without a bit of embarrassment or without having to take back one word.

Mr. MANSFIELD. That is correct.

Mr. MAGNUSON. Let us now get back to the private utilities.

Mr. SPARKMAN. Mr. President, before the Senator proceeds with that subject, will he yield to me for a question?

Mr. MAGNUSON. I yield to the Senator from Alabama.

Mr. SPARKMAN. The Senator has just had an exchange with the able and distinguished Senator from Montana with reference to some of the campaign promises made back in 1952 by President Eisenhower. The Senator from Washington suggested that perhaps he remained silent when he was in the Tennessee Valley area. Let me refresh the recollection of the Senator from Washington by reminding him that the President, who was then a candidate, was not silent on TVA. As a matter of fact, he told how great the TVA was, what a great job it had done, and he ended up with the expression, which is engraved on the minds of all of the people of the great TVA area, that if he became President, he would see to it that the great TVA should continue to be maintained and operated at maximum efficiency. Believe me, everyone in the TVA area knows he did not remain silent.

Today I have seen a telegram from various distributors in the Tennessee Valley, and I wonder whether the Senator from Washington has had the telegram called to his attention.

Mr. MAGNUSON. No; I have not.

Mr. SPARKMAN. I should like to read the telegram, and then request that the Senator from Washington comment on it:

> The 148 municipal and cooperative distributors of power in the Tennessee Valley area are disappointed that our letter to you of July 9 is unanswered.

By the way, the letter of July 9 has been placed in the RECORD. It reminded the President of the exact words he used.

I read further from the telegram:

> We hope your silence does not represent a lack of interest in the economic welfare of the Tennessee Valley. However, the vigorous attacks made on us by your friends in the Senate are causing people in the Tennessee Valley to ask whether those Senators are asserting your position. We are the minority partner with TVA, but feel entitled to an answer to our July 9 letter before, not after, the Congress has acted.

The telegram is signed by the group I have mentioned.

Mr. KNOWLAND. Mr. President, I do not wish to raise a point of order; but I think the Senator from Washington has been yielding for more than a question. He has already been speaking for more than 2 hours, and we have the cots ready for an all-night session. I hope that at least Senators will follow the rule, so that the Senator who has the floor will yield only for questions.

Mr. MAGNUSON. The Senator from Alabama was asking me whether I had seen the telegram; and he had to read the telegram, in order to ask me whether I had heard of it.

Mr. SPARKMAN. Yes. The able majority leader was not in the Chamber when I began stating the question. I was putting it in the form of a question, but I had to read the telegram, in order to submit the question.

Now let me state the second part of the question: Is not the able Senator from Washington now convinced that the President, when he was a candidate, did not remain silent with reference to TVA, but promised the people of that area and, as a matter of fact, the people of the United States, that the TVA would be operated at maximum efficiency?

Mr. MAGNUSON. Mr. President, I am glad the Senator from Alabama has brought that matter to my attention, because that was a part of the campaign. I did not keep up with the campaign in the Tennessee Valley, but I know what has occurred since the administration has been in office. If the President has done anything in regard to Tennessee, he surely has done under the contract what I said would be done, namely, attempt to dismantle the TVA and not keep it operating at maximum efficiency.

The Senator from Montana called attention to the fact that in the great Northwest the administration has cut the heart out of hydroelectric development. We wish to have the Libby Dam built, for it will provide storage upstream and will develop approximately 1 million kilowatts of power. That project was probably the No. 1 project, next to the Ice Harbor and Hell's Canyon developments. We were given the impression, by the statements which were made, particularly the statements made by the Secretary of the Interior—and I can bring those statements here and read them to the Senate—that the administration was favorable to those developments. However, nothing has happened to them. On the contrary, the administration had not been in office very long before the chairman of the Senate Committee on Public Works and the chairman of the House Committee on Public Works introduced, simultaneously, identical bills to deauthorize the Libby Dam. That was the first time I ever heard of such a proposal. Not only that, but I also wish to state that on July 13 the Secretary of the United States section of the International Joint Committee, Mr. Ellis, sent me a letter and two statements relating to the Libby Dam. I wish to point out again, in connection with all the pledges and hedges the administration makes, that this is the dam which Mr. McKay and others in the administration are pointing to as the next big new start in the Pacific Northwest. However, now we are nearing the end of the session, and all the appropriation

bills except the supplemental bill have been acted on; and the administration have turned their backs on all new starts, although now they say they might go ahead with Libby Dam.

I can read into the RECORD, if desired, the letter from Mr. Ellis about Libby Dam. The indications, so it is said, are probably that it will not be constructed because Canada has taken no action as yet. Mr. Ellis states that the International Joint Commission has received two statements in response to the application—one from the Government of Canada and one from the government of the Province of British Columbia.

Mr. MANSFIELD. Mr. President, will the Senator from Washington yield to me?

The PRESIDING OFFICER (Mr. BUTLER in the chair). Does the Senator from Washington yield to the Senator from Montana?

Mr. MAGNUSON. I yield.

Mr. MANSFIELD. Does the Senator from Washington know of any action taken by either of the two committees to withdraw the bills they introduced, which provide for deauthorizing construction of the Libby Dam?

Mr. MAGNUSON. I do not know of any.

Mr. MANSFIELD. Mr. President, will the Senator from Washington yield further to me?

The PRESIDING OFFICER (Mr. CARLSON in the chair). Does the Senator from Washington yield to the Senator from Montana?

Mr. MAGNUSON. I yield.

Mr. MANSFIELD. Perhaps we might move farther north—since we have already been discussing the Northwest—and discuss Alaska. According to today's press reports, the Secretary of the Interior has, in effect, told the people of Alaska that they have no right to put pressure on him for statehood; that they have been making too many arguments not connected with the subject; that Alaska will receive statehood in time, but that at the present time the administration is against it because of defense reasons and because the Alaskans are opposed to the idea of partitioning their Territory, and for 3 or 4 other reasons.

I am surprised, as I assume the Senator from Washington is, that the Secretary of the Interior would have the temerity to go to Alaska and tell the Alaskans that they should not push for the admission of their Territory as a State.

Mr. MAGNUSON. Having had some experience with him in the past, I am not surprised that the Secretary of the Interior would make such a statement; but I am surprised that he would have the temerity to tell the people of Alaska that they should not continue their efforts to have Alaska admitted as a State, so that they would become first-class citizens of the United States, rather than second-class citizens.

Mr. President, I have before me the telegram from Mr. Ellis, which I mentioned. It refers to the two statements that have been received, one of them from the Government of Canada, and one from the government of the Province of British Columbia. That seems to be "all that is cooking" on the subject.

So now we see what is happening to the promised "big development" of our natural resources, after all the statements which were made on that subject.

Mr. President, as I pointed out a little while ago, the objectives of this monopoly campaign are quite simple.

The first is to reduce the program by not having any new starts. A great deal has been accomplished in that direction. Let me read the other points in the monopoly program:

Second. Turn over all planning and development of the people's waterpower resources—such as Hells Canyon, Kings River, Niagara, and Paradise sites—to private monopolies.

Third. Be sure that any Government power generated is sold to private monopolies at the generating station, instead of being transmitted to municipal and cooperative electric systems as first priority, then to private companies in industries on Federal transmission lines. That is exactly what the pending bill does. As a result, they will accomplish that in this new field.

Fourth. By means of such commissions as the Hoover Commission, to set policy aimed at liquidating the Federal power investment in such magnificent projects as Boulder, Grand Coulee, Norris, Douglas, Bonneville, Garrison, Bull Shoals, and Hungry Horse, which have become symbols of power, progress, and democracy.

Fifth. By eliminating Federal power planning and related programs, to take over the $5 billion electrical business of the Nation's municipals, REA's, and PUD's which are now supplying more than 50 billion kilowatt hours a year to some 7½ million customers.

This program is likewise dedicated to the numbing and conditioning of the public mind, so that private monopoly can penetrate the public affairs of city, State, and the Nation.

Mr. President, that constriction of Government already has been practiced in nearly every section of this Nation by the private power monopoly. The time has come to recognize this threat to free government and to scotch it. That is what must be done in connection with the bill.

An attack on our democratic institutions can be successful only if our citizens fail to think. To accomplish this it is first necessary to prevent the public from achieving access to all the facts on the power issue, or any other issue. The next step is to use distorted propaganda of monopoly, with every aid of the social sciences, and every trick of the advertising profession, to induce a general state of consciousness among our citizens which George Orwell, the British author of the famous book, 1984, called group-think. In group-think the higher judgment centers are rendered inert by lack of use, and the public responds like one great, mechanical man, at the press of a button.

In the private power propaganda campaign, the American people are examined, scrutinized, evaluated, and manipulated like white mice or guinea pigs in a scientific laboratory. They are segregated as to their state of health. The propaganda specialists find that the majority of the American people are ailing. The majority have delusions—like the Tennessee Valley Authority, the rural-electrification program, the public-preference clause, the construction by the Federal Government of Hells Canyon Dam.

I submit, Mr. President, that it is the right of every patient to summon the doctor of his own choice, when it is necessary to obtain medical attention. I further submit that the propaganda specialists of the private power monopoly spend too much time in mass hypnosis and not enough time in getting us power at low rates. Each and every month we provide in our power bills baksheesh for further experimentation on our minds and souls. Such fear symbols as "creeping socialism" are applied to great Federal multiple-purpose projects like the Tennessee Valley Authority; such fear symbols as "Socialists" are applied to the millions of people who favor the great American power policy which has been an integral part of the conservation movement since the turn of the century.

This creeping-socialism party line has been adopted by such eminent Republican spokesmen as President Eisenhower and former President Herbert Hoover, apparently in order to help set a favorable climate for the big change in Federal power and river development policy which is being sold to the American people.

Behind the platitudes of such spokesmen lies the sinister manner in which great corporate interests are moving quietly to control this country. Surely, all the implications of this bill would suggest again that same pattern.

In 1943 the Electric Companies Advertising Program began a study, at 2-year intervals, of the public attitude on various issues affecting the power business. The data obtained were to be used in formulating a program, not to correct any evils or malpractices, and thus obtain sound public support, but to manipulate words and symbols in order to obtain the proper public response to an unchanged policy.

As ECAP puts it:

> The founders of ECAP were practical businessmen, mostly engineers, and they went at this project scientifically—it is now possible to measure the mass mind—to determine areas of misinformation or unfavorable attitudes, and to treat those areas methodically.

This cold-blooded attitude toward people is simply science divorced from humanity.

Here is an example of what these mental chloroformers did:

Their public-opinion studies revealed that despite the prodigal outpouring of money for advertising and opinion forming, a large and, it could be said, a predominant segment of the population either did not look on the private power companies with favor, or were not much interested in the matter, one way or the other. They also discovered that—

First. Fifty-two percent looked favorably on public ownership of the electric-power industry.

Second. Less than one-third of the people thought a private company would give lower rates than a publicly owned system, and that 36 percent of the people thought the private-company rates too high.

Third. Most alarming of all, they found that 63 percent of the people approved the Tennessee Valley Authority, that 65 percent of those in the upper-income brackets, and 83 percent of the editors and educators were favorable, and that 69 percent thought TVA's in other regions of the country would be a good idea. Yet we have this bill, which tends to dismantle it and start a new private-monopoly empire.

They even found that people were not much worried about whether TVA paid taxes like a privately owned power company.

Here was a shocking dilemma. The majority of the people, even after years of propaganda barrages from the Power Trust, had seen the true facts and the true issues, and endorsed our Federal power policy, which the power monopoly, with the aid of the Republican administration, now proposes to liquidate.

But the canny social engineers came up with an answer—an answer which had already been used with some success in the 1920's, as I have previously mentioned in these remarks. The answer, however, constitutes a serious threat to the democratic process if great corporate interests are permitted to use their vast resources, which flow to them from consumers, to hire scientific mind manipulators to brainwash these very consumers at their own expense.

For these social engineers discovered that the word "socialism" is a bad word. It produces a general negative reaction among people. In fact, the poll revealed that 69 percent of the sample thought socialism would be a bad thing for the United States.

So, instead of becoming pals with the American public, the ECAP turned to assault its mind with fear. ECAP decided that—

> To link our fight to the TVA question would run us into a lot of opposition * * * but to link our fight to socialism is something else again. The people do not want socialism.

I suspect that is why the expression "creeping socialism" is now running rampant throughout the country.

Gloating over this epoch-making discovery in the science of pressure psychology, the ECAP braintrusters wrote in a pamphlet not intended for public consumption:

> We're on favorable ground there. ECAP advertising in magazines and on the radio will stress the fight against the socialistic state more in the future. It should be stressed, too, on the local level—in speeches, radio talks, interviews, and other expressions of management opinion.

Mr. President, this is the genesis of the phrase "creeping socialism." The use of this phrase does not contribute to public education or to public action to meet the issues of the present. It does not solve the problems of our democracy in the use of its natural resources. It is a device for mass hypnosis; a device to shut off free and full discussion of the real issues involved. Those who concocted and use this device realize that if there is full and free discussion, on the basis of all available facts, the onslaught upon our power resources will be turned back and stopped.

Here is a statistical summary of this campaign to inundate the American public with what I contend is misleading, fear-creating propaganda:

First. The Meet Corliss Archer radio program is reaching some 10 million families, perhaps 30 to 40 million people each month.

Second. The 8 radio announcements a month furnished to each of the 135 member private power companies, are reaching thousands of additional listeners through local radio programs.

Third. Every time one of their pious, misleading ads is carried by their full list of eligible magazines, it is read by between six and ten million people.

Fourth. The 3 additional advertisements, furnished each month to the 135 member companies for use in local newspapers must complete almost a thorough saturation of the entire United States.

Mr. President, I have tried to show a part of the pattern nationally. I wish now to turn to the Pacific Northwest in particular. As I say, I have no intention of delaying a vote on any important matter. This is an important matter to us.

Mr. FULBRIGHT. Mr. President, will the Senator yield?

Mr. MAGNUSON. I yield.

Mr. FULBRIGHT. I did not quite understand the Senator's last statement.

Mr. MAGNUSON. I said I did not want to delay a vote on any important matter.

Mr. FULBRIGHT. I thank the Senator.

Mr. MAGNUSON. For some time I had intended to make this speech before the end of the session. Now is as good a time as any. This bill would affect the State of Arkansas, too.

Mr. FULBRIGHT. I thank the Senator. I did not quite hear.

Mr. MAGNUSON. Moreover, this bill, with its far-reaching implications, was thrown at us at a time when very few of us knew just what it meant, and without any safeguards whatever in it. The proposed legislation could start another private power monopoly.

Mr. President, I wish now to turn to the Pacific Northwest and to describe the manner in which the Power Trust is attempting not only to scuttle our entire river basin comprehensive Federal power program but to take it over, lock, stock, and barrel.

The Washington State Grange, which was the great moving force behind enactment of our public-utility-district legislation of 1930, was deeply aware, even before that time, that the power monopoly was on the move. The annual report of the Washington State Grange for 1927 warned—

> The privately owned electric utilities are rapidly extending their power and influence and preparing for the struggle which they expect to come for control of the water resources of the State. The longer the contest is delayed the greater the obstacle we shall have to overcome.

In my State we have had all too much experience with the workings of the power monopoly with well-laid plans to seize control of our hydroelectric-energy base, which constitutes 22 percent of the Nation's undeveloped hydro potential. These efforts are directed not only against the Federal policy and program but against all local desire to conduct the power business on a public basis.

Not only have magazines of large general circulation been fattened by such advertising, but those directed toward more specialized audiences as well. Collier's magazine has collected $319,000 from ECAP, which openly boasts of its resulting influence on the press in general, "The companies have many friends among the publishers"; that the electric industry enjoys "a generally favorable press"; and that Collier's last year "had published a highly complimentary article on the activities of P. G. & E."

Mr. President, P. G. & E. is the Pacific Gas & Electric Co., a giant private utility, which has been for years actively fighting the Federal Government's great Central Valley program.

Nowhere else in this Nation have the manifestations of the private power conspiracy to seize the energy resources of the Nation been more intense, widespread, and diverse. And since the Eisenhower administration has taken office the Pacific Northwest might be properly termed the testing ground for the "private monopoly-Republican" power policy.

In my own State of Washington, the public utility law of 1930, plus the generation of large blocks of low-cost power marketed by the Bonneville Power Administration over a regional grid system has brought about the creation of public utility districts in 29 of the 39 counties of Washington.

During the 1930's the PUD's had to fight through the courts, county by county, to establish their constitutionality, and free their operations. Their adversaries, of course, were the private power companies.

It was during the 1930's that the great battle of the people to build Grand Coulee Dam was waged and won—against every gun in the arsenal of the power monopoly.

It is ironic to remember the picturesque phrases of some people in describing the utter worthlessness of the greatest dam on earth.

It was the biggest boondoggle since the Great Pyramid, according to some people. It would create power which would be used only by the jackrabbits. I remember that on one of my first days as a Member of the House of Representatives, when the appropriation for the Grand Coulee Dam came up for consideration, one Member after another rose, on both sides, and spoke against spending the money in that area to create power which would have to be sold to the jackrabbits and the sagebrush, and would create nothing more than a colossal concrete monument. Now the same persons have embraced the multiple purpose

principle of power and river development. There is only one catch. The executives of the power companies want to own the reimbursable and profit producing power features. They are willing to let the people—the Federal Treasury—pick up the check for the nonrevenue-producing and nonreimbursable features of such projects.

Under the administration of Franklin D. Roosevelt, Grand Coulee and Bonneville went forward. The battle for Grand Coulee was similar in most respects to the people's fight to save Hells Canyon for public development. These fights must be waged over and over again by the people to protect their own resources.

For years there has been waged in my State a bitter and inveterate campaign by the private power companies to hamstring the operations of the public utility districts and, I suppose, eventually, destroy them. There has been foray after foray in the State legislature. There has been initiative measure after initiative measure placed on the ballot.

The Classic Power Co. strategy and tactics are political expenditures to influence public opinion charged as operating expenditures; the widespread use of front groups, financed by the power companies.

I have known organizations to spring up overnight during the campaigns in which public power was an issue, and then suddenly disappear as soon as the question was settled. The people of my State have voted time after time on the issue, but still it springs up. Citizens groups have been created to wage war against the public groups. Both Oregon and Washington private utilities spent large amounts of money on this type of public-opinion molding—money which went to the Washington State Taxpayers' Association, Let the People Vote League, Washington Bureau of Governmental Research, Washington Business & Investors, Spokane Taxpayers Economy League, Oregon Business & Tax Research, Inc., Oregon Tax Review Publishing Co., and many other so-called citizens committees and local groups. I could list 500 others.

The Federal Power Commission conducted a hearing on power-company activities in connection with initiative 139. The private utilities were opposed to initiative 139 because it favored public power.

Among other things, the Federal Power Commission found:

That the actual expenditures of 1 power company to influence public opinion, as uncovered by the investigation, were in excess of 12 times what the company was willing to admit.

That these expenditures, concealed, or falsely entered in the company's books of account, likewise concealed the fact that the front groups following the power-company line were connected by both philosophical and financial interest with the companies—yet purported to give unbiased advice to the electorate. Individual citizens also served in the same capacity.

That 50 higher paid employees of Pacific Power & Light and Northwest Electric Co. incurred obligations of $46,000 plus interest in financing some of the political activities of the campaign of 1940, and that the 2 companies paid off this debt with company money which was to be conveyed to the United States National Bank in Portland, Oreg., then found its way into the hands of the 60 employees through 3 front organizations—the Washington Taxpayers Association, F. H. Young, and the Washington Business & Investors. This was accomplished on the books by a series of vouchers.

After referring to the literally hundreds of thousands of pieces of printed matter which had saturated Washington to carry home the case of the power monopoly, the Federal Power Commission commented:

> Extensive advertising and radio programs were featured by the utilities during the political campaigns, thus providing subsidies to the organs of public opinion.

The president of 1 water power company boasted that 90 percent of the newspapers in the territory served by his company favored the point of view which he advocated in utility matters.

Mr. President, that kind of campaign has been raging in my State of Washington and continues to rage with unabated fury. There was initiative 166 in 1946 which was another move to cripple the PUD's. It was overwhelmingly defeated by the people at the polls.

There were the negotiations in 1947 between Pacific Power & Light and a PUD's which had offered to purchase that company. In those negotiations the private power companies organized a front group of bankers who bid the price of the utility up to $16 million. This group of bankers than bought Pacific itself. Next, they put out the stock at $23 million, which I do not consider to be a bad deal for the bankers.

When American Power & Light was given an order by the Securities and Exchange Commission to dispose of Washington Water Power Co. under the Holding Companies Act, a group of PUD's, also, negotiated for its purchase. They were stopped by a series of "nuisance" lawsuits and finally lost out when A. P. & L. distributed the common to the preferred stockholders. Since that time, Washington Water Power has been granted two rate increases and is now seeking to make a third temporary raise a permanent one.

Washington Water Power is the most implacable enemy of public power in the Northwest, perhaps in the country. So far they have failed to kill this movement but, through the years, are still at it. They have spent tremendous amounts of money, customers' money, in an attempt to do so.

As an indication of their power in the neighboring State of Idaho, Washington Water Power lobbied a bill through the State legislature under suspension of rules, which was passed and signed by the Governor in 2 days. The bill prohibits sale to any public group from Washington State of any part of the company's property located in Idaho.

A third attempt of associations of Washington PUD's to buy out private power companies in Washington took place when, with the consent of the legislature and Governor, they sought an orderly and friendly purchase of Puget Sound Power & Light Co. The company was willing and cooperative. But the sale has been delayed by the usual nuisance lawsuits—stimulated by other private power companies.

Thus is the will of the people thwarted, but I hope only temporarily.

Mr. President, I could take you on a tour of the other major Columbia Basin States—Oregon, Idaho, and Montana, recounting the operations of the private power companies against the democratic process.

But what I will now demonstrate is that since the Eisenhower administration has taken office the power monopoly is moving for a quick kill before the people awaken to their danger. Part of the kill would be the language of the bill. First to go will be the competition of low cost, abundant Federal power. When it is gone the Federal power investment will be liquidated. After that comes the mopping up of the stranded and helpless public groups, cut off from their source of Federal generation and transmission.

With an understanding of the power monopoly record of the past, the policy statements and moves by the Eisenhower administration are no longer puzzling. They are crystal clear—both as to motivation and intent.

The present partnership policy, so-called, of the Eisenhower administration found its genesis in policies instigated by the Power Combine over the past years—policies sold to and then resold by the Republican Governors of the four Columbia Basin States; some State affiliates of the National Reclamation Association; some farm groups, and some chambers of commerce. The merchandise, however, bears the private utility trade-mark.

These individuals and groups have worked steadily, even during the days of Democratic administrations, to dilute, delay, and dismember the Federal power program. Their emphasis was on the Interstate Compact Commission, which at best has never been much more than a debating society. Through the compact commission they seek to apportion water from a river system. They seek, what has never been successfully done, namely, to allocate power by State. Power development should be carried out not by the Federal Government, except in very costly projects, they argued, and State and local interests should be given this responsibility.

In short, this was only the overture to the 1954 approach of complete domination of power planning and programing by the private power companies, which, alleging themselves to be local interests, are moving in on the entire program, singly and in combination.

The Northwest governors and some Republican congressional delegates were able to sell this idea to the Republican National Convention in 1952, with no difficulty at all. The natural resources plank in the GOP platform for that year favors—"greater local participation in

the operation and control, and eventual local ownership of federally sponsored, reimbursable water projects."

That sounds well, Mr. President, but it does not work, and the past months have demonstrated that fact.

Candidate Eisenhower met with the Republican Western governors in Boise in September 1952, the day he made his first major campaign address. The governors, all of whom shout the power monopoly line from the housetops, did a good selling job.

Candidate Eisenhower mentioned the Federal power program in his Boise speech only to imply that an overweening, aggressive bureaucracy was trying to do everything for the people, even to wash the housewives' dishes.

I remember I remarked at the time that that was exactly what we were trying to do, because I think every housewife knows the benefits flowing from electric dishwashers.

Later, in Seattle, he echoed a speech made a few days previous in Detroit by Gov. Len C. Jordan, of Idaho. The echo reads:

> Planning management and coordination for all present and future public projects (should) be vested not in a Federal Columbia Valley Authority but a new interstate body.

In other words, what the Eisenhower administration proposes is a new kind of TVA for the river basins of the country—one controlled by the private power companies. I think we should call it the monopoly valley authority.

The first step to implement planning for monopoly was not long in coming. In February 1953, Secretary of the Interior Douglas McKay withdrew his Department from its previous intervention against the license application filed by the Idaho Power Co. with the Federal Power Commission to construct a small dam at Oxbow site on the Snake River—a dam which would prevent the construction of the great Federal multiple-purpose dam at Hells Canyon.

The next step demonstrated how our Federal power policy could be rendered meaningless without changing a single law—demonstrated that the policy could be changed merely by administering it out of existence.

The demonstrator was Assistant Secretary of the Interior Fred G. Aandahl. Shortly after his appointment, he said this, in a speech delivered before the United States Chamber of Commerce:

> There is a sizable indication that the preference clause has been used as an implement to practically force local communities to establish public power at the local level to take advantage of low-cost hydroelectric power * * * if we just break away from that concept of a Federal power wholesale monopoly, tied into local public power, ever increasing local public power which can later easily be absorbed by the federalized wholesale power system * * * in which the organization has been administered for a number of years, and please get this, administratively we can correct a good many of the evil effects that the Federal power system has brought on our communities during the past years.

Here, again there is shown a part of the pattern. Here is the Secretary of the Interior saying to the chamber of commerce, "Although Congress passed these laws, we do not particularly care about them. A lot can be done to correct some of these things by administrative action."

Ask anyone in my State what are the evil effects of the Federal power policy, and there will be a statement that it has done a pretty good job in the past 20 years.

Assistant Secretary Aandahl is faulty on his facts, faulty on his implications, and faulty on his history. He has conveniently failed to mention that the Washington Public Utility District Act was passed in 1930, and the first district was in operation in 1935 before either Grand Coulee or Bonneville had gone on the line. He conveniently fails to mention that in 1930 the private utilities distributed about 84 percent of the Northwest region's power to the ultimate consumer, while in 1953, omitting sales direct to industry by the Bonneville Power Administration, it still accounted for 70 percent.

Assistant Secretary Aandahl vaguely talks of evil effects of the Federal power program, and omits describing them. He would have quite a problem convincing the REA people, for instance, of the evil effects of their program, or the public-utility districts in my State, or the workers in aluminum plants energized by cheap Federal wholesale power, or the new homesteaders on the great Columbia Basin irrigation project made possible by that "white elephant"—Grand Coulee Dam.

But the most ominous part of his statement, the administrative nullification of legislation, has been brought to pass by the Department of the Interior.

I shall describe it, but first I wish to pay my respects to a fellow westerner and to discuss also some of the actions of the Secretary of the Interior, or apparent policies of the Department of the Interior, all of which must, of necessity, be approved by the Secretary.

It was on May 5, 1953, that Secretary McKay announced his Department's abandonment of Hells Canyon to the Idaho Power Co. It was the beginning of the big dam-site giveaway, repeated at Kings River, Paradise, and Niagara.

Naturally, in accordance with the Republican platform and translated into the Eisenhower partnership power policy, if a "local interest"—a quaint and homespun term for an eastern controlled private-power monopoly—wants to build a dam, any kind of dam, where a Federal project is proposed, it is necessary to back down in the interests of fair play and giveaway.

The Idaho Power Co. had made a majority of southern Idaho irrigators enemies of their own Federal Government—had made them enemies of a Government which had spent millions of dollars in providing water for new land, and supplemental water for land already under ditch. The company used the same kind of fear symbol as the one of creeping socialism, but with a local twist. This time it was, "Man the headgates; the bureaucrats are after your water."

Idaho Power showed its tender regard for the farmers in Long Valley, Jordan Valley, and the Malheur sections of Idaho and eastern Oregon, by crushing three little REA's. It did this by means of the most skillful and, I think, ruthless tactics ever employed by a private power company—the only known instances, up to now, of a private power company taking over a rural electric cooperative.

Idaho Power fought against the Columbia Valley Administration, together with the other Northwest power companies, spending thousands of dollars in opinion forming. Idaho Power has fought inveterately against the high Federal dam at Hells Canyon with every trick in the book.

Idaho Power bled the farmers on the Minidoka project of $750,000, which was added onto the cost of the project in order to pay damages to the company for the alleged loss of its water rights on a small power dam at American Falls Reservoir, built by the Federal Government. It obtained valuable storage rights in this reservoir, and adds hundreds of thousands of firm-up kilowatts to its system every year, from reservoir release, without costing the company a dime.

Idaho Power Co.'s low power dams in the Snake River east of Boise, Idaho, have prevented the construction of a major storage dam which would have provided power and irrigated several hundred thousand acres of fertile, arid land.

This is the self-styled citizen wherever it serves, which is the hopeful recipient of a colossal giveaway by the Federal Government, with all the aid and comfort which a friendly administration can provide. We in the Senate who are fighting alongside the farmers, organized labor, public power, and other groups, to save one of our last remaining great natural dam sites for full and comprehensive development, know how heavy the hand of an unfriendly Federal Government can be when that Government has turned away from the people.

The citizen, wherever it serves, cries "havoc" whenever anyone has the temerity to suggest that it is not a local interest—that, instead, it is an eastern-controlled monopoly; incorporated in the State of Maine; holding its stockholders' meetings there annually; and with its voting control east of the Mississippi. The 1952 report to the Oregon Public Utility Commission shows that of its first 30 largest shareholders, in terms of votes, all except 4 are located east of the Mississippi, mainly in New York, New England, and Philadelphia. These 30 insurance companies, investment banks, and securities houses controlled 458,617 votes, or slightly more than 35 percent of the total number of votes cast at the 1952 stockholders' meeting at Augusta, Maine.

During the course of an interview published last year by United States

News, when he was asked who controlled Idaho Power Co., Secretary McKay, with a straight face, replied: "The people." We are glad to have your definition of what you regard as the people, Secretary McKay.

When Secretary McKay abandoned Hells Canyon Dam to Idaho Power Co., he gave notice that his Department was going on a standby basis; for he said:

> The granting of licenses for the construction of dams and hydroelectric plants on the rivers of the United States is the primary function and responsibility of the Federal Power Commission and not of this Department.

This seems to me to be some artful passing of the buck, which has resulted in absolute stultification of the Federal program in the Northwest at any site on which either a private power company or a public group in self-defense files upon. The joint comprehensive plan of 1949 drawn up after 20 years of river study by the Bureau of Reclamation and the Corps of Army Engineers is being dismembered, piece by piece.

As I have pointed out before, there has not been one single new start on the river by this administration, in the face of a crying power shortage which will require Federal and non-Federal new generation of 7,500,000 kilowatts, and which, according to BPA, will still leave our region lacking 1,200,000 kilowatts in 1963. That is, unless we fight through with Hells Canyon and its 1,124,000 prime kilowatts.

The citizens of our region, aided by groups elsewhere, have risen to take up the colossal burden of trying to hold open Hells Canyon for maximum development. In the hearings before the Federal Power Commission they have been trading blows with the Idaho Power Co.—despite its fearsome backing of Ebasco Services, Morrison, Knudsen Construction Co. and the eastern securities houses. They have exposed the emptiness, the inadequacies, and omissions of the power company case for its three Beaver Dams. Government witnesses have demonstrated, even testifying under wraps, the overwhelming superiority of the Federal project to the power company's three-dam plan.

I am proud to have been one of the sponsors of S. 1644, to authorize Federal construction of Hells Canyon Dam. This Congress should have held hearings on that measure, so that the Federal program of comprehensive river basin development and basinwide integration of power output could go forward to provide more power, more jobs, expanded opportunity, and a stronger and more democratic economy both for peace and defense.

The duplicity of Secretary McKay in his role of "repository of information" and "not that of a partisan contestant" in the Hells Canyon matter is no better shown than his inadvertent break before a Portland, Oreg., Chamber of Commerce gathering last June.

It is particularly interesting to follow the closeness which McKay adheres, in my opinion, to the private power company line—even though his style is somewhat incoherent.

In Portland McKay said, according to a tape recording of his remarks:

> So I say to you that in my opinion the Idaho Power Co. should be allowed to build these dams under specifications of the Federal Power Commission that will say you will build them and they have a million acres (sic) feet and that water will be released along with the Government-built dams and it will be.

Mr. Clarence Davis, Solicitor of the Interior Department, indignantly denied that McKay had given utterance to these words "on June 1, or at any other time." But apparently the goods were on him, and McKay finally stated that he was speaking before a group of old friends, not as Secretary of Interior, but as a plain citizen.

It was in 1949 that this same Douglas McKay, then Governor of Oregon, wrote to Gen. Lewis A. Pick, then Chief of Army Engineers, on the matter of the Corps' 308 report and the main control plan for the Columbia—which included Hells Canyon Dam—to say fulsomely that he wished "to heartily endorse the project." The same Douglas McKay also wrote a covering letter that year in June to the report of his State engineer, endorsing the Bureau's Hells Canyon project, in which McKay had this to say:

> I have examined Mr. Stricklin's statement and I concur in his conclusions and in his recommendations that the report as amended be submitted to Congress.

It was this same Douglas McKay who in the summer of 1953, wrote a form letter in reply to citizens protesting the Hells Canyon giveaway; and I quote that letter:

> To say that the Snake River is a natural resource belonging to all the people, and, therefore, should be developed only by the Government is contrary to basic American standards.

It will be recalled—before we shake our heads sadly and place Secretary McKay in the category of a crazy, mixed-up kid—that his endorsement of Bureau-Corps development came at the time when such endorsement was universal by all the Northwest governors, prodded by the private power companies as a club to beat the proposed Columbia Valley Administration over the head. As soon as CVA was temporarily stalled, the power companies, followed by the governors, turned upon the Bureau of Reclamation and smote it hip and thigh—in other words, divide and conquer.

The adoption last year of the 20-year contracts between the Bonneville Power Administration and the private power companies is another basic policy decision by the Eisenhower administration aimed straight at the heart of the public body preference clause—which the bill before the Senate would also be—and toward the weakening of the public bodies in the region.

The Bonneville Power Act requires protection to be given domestic and rural consumers, explicitly through preference and priority of sale of Federal wholesale power to public bodies. Furthermore, section 5a provides that any other customer's contract with Bonneville Power Administration shall be subject to cancellation in 5 years—thus further protecting public groups in their preferential rights.

Let us now examine into the provisions sponsored by the administration. The resale provision in the 20-year contract refers to the courts any disputes arising from section 5 (a), but it has no meaning in control of resale rates by private utilities. In contracts with public bodies, however, resale rates are subject to more direct controls, hence, the contracts tend to place public groups at a bargaining disadvantage with the private companies.

I shall now discuss some of the more glaring discriminations in the new 20-year contracts, and why the new contracts, in my opinion, do not protect the public at all.

First. They deal with the private companies as a single combination, whereas the public agencies negotiate separately.

Second. They contain a provision for arbitration not existing in public body agreements.

Third. They raise the question of violation of the act by excluding from a public customer's priority needs any power in excess of 10,000 kilowatts in any year needed to serve an industry obtaining its power from a public group. The provision of the act dealing with priority for public body power requirements does not place any statutory limitation on the kind of customers to be served by these agencies.

Fourth. If point, or points, of delivery are changed to private companies, the contracts need not be reopened, but can be determined by negotiation. With public body contracts, the entire matter must be reopened.

Fifth. They contain a provision guaranteeing that more favorable terms given any contractor in the future will be included in the present 20-year contract—a benefit not conferred upon the public body contracts.

Sixth. They do not contain provisions requiring private power companies to wheel public power to any public agency, although previous negotiations between BPA and private utilities have shown BPA as insisting on this kind of provision to protect public groups' priority rights.

Seventh. They contain monthly billing provisions for the private companies as against present contracts between BPA and public agencies, which are computed on the basis of the largest amount of power taken in any month of the year. This could result in considerable savings to the private power companies—savings which are not passed on to customers in the form of reduced rates.

On August 31, 1953, another passing strange policy was formally placed into effect by Interior, at a meeting held in Tacoma, in my own State of Washington. It allows private utilities to oppose construction of any facilities which they might consider as infringing on themselves. That this policy was on the way

had been revealed even earlier by power company rejection of certain facilities proposed by BPA to serve public groups. In fact, a transmission line authorized by Congress to serve the Coos-Curry Electric Cooperative in Oregon was removed from activation by an order from Interior, after we authorized it by legislation, because it had been given the thumbs-down sign by the California-Oregon Power Co. Up until now it has been the President of the United States who was solely empowered to veto an act of Congress.

I shall now illustrate another part of the power company pattern. The next blossoming of the Eisenhower-McKay power policy took place in the summer of last year, when a special statement on the subject was made by Secretary McKay: "Primary responsibility for supplying power needs rests with the people locally," this statement read, with Interior content to "give leadership and assistance," not stepping in unless there is a multipurpose project, which, "because of its size and complexity, is beyond the means of local public or private enterprise. In general, the Federal Government will not oppose the construction of facilities which local interests, either public or private, are willing and able to provide."

With respect to transmission facilities, McKay promises that there will be continued Federal activity and construction, unless other public or private agencies have or will provide the necessary facilities upon reasonable terms and make power available at rates no higher than if the Federal Government had built the lines.

McKay pledged allegiance to the public body preference provision, with no more expansion of power to serve directly new industrial consumers, such as aluminum, but only to carry out existing contracts, or expanding them.

Rate schedules, McKay promised, would be held at lowest feasible levels consistent with repayment of the power investment with interest, subject to review every 5 years. Control over resale rates would not ordinarily be exercised on the assumption that sellers of power to ultimate users are responsible to the customers, and are always on the lookout for his interest, and that Interior would insure that private companies purchasing Federal power would reflect in their rates as nearly as possible the cost of the service plus a reasonable return on the investment at work.

Mr. President, the new power policy of the Eisenhower administration, as set forth by Secretary of the Interior McKay, is one which is damaging the economy, the morale, and the political freedom of the Pacific Northwest. Secretary McKay, a Westerner, a native Oregonian, has demonstrated beyond a shadow of a doubt that he is actively carrying into effect a program aimed at the destruction of the Federal program which has meant so much to his own State, the region, and the Nation. Apparently, he aims to reimpose absentee domination by eastern monopoly, with the Pacific Northwest once again reduced to the role of economic milch cow, producing raw materials for the industrial East, with no diversified economy to provide the bolstering of agriculture and lumbering, and prey to the seasonal fluctuations in employment which reduce earning power, production, and levels of living among its citizens.

We need, of course, a dynamic program, coordinated, comprehensive, and under Federal leadership, to get the kilowatts on the line. We need the great, upstream storage plants, like Hells Canyon, to firm up downstream power and avoid the brownouts that occurred during the great drought of 1952. We need more transmission lines to complete a gridback network throughout our region to every load center, and to achieve, through this kind of interconnection, the widest dissemination and use of cheap, wholesale Federal power—to industry, to public groups, to rural areas, to private power companies. The latter also depend in part upon the Federal Columbia River Power System, which provides more than 57 percent of the region's power supply.

The region and the Nation demand such a program. But apparently McKay's answer is to "pass the buck" to what the Republicans are pleased to term "local interests," which by odd coincidence turn out to be private power companies, controlled by eastern share holders. These "local interests" are the only agencies which can even partially move into the vacuum created by the buck-passing of McKay. The people ask for bread, and McKay gives them a stone.

The Republican heirs of Hoover are returning us to the Republican policy of scarcity—scarcity in power, in new industry, in jobs. We shall need 7,500,000 kilowatts of power in the Northwest by 1963, to take care of reasonable expansion. Yet there have been no firm steps by the Eisenhower administration in a year and 3 months to give us a single new kilowatt on the Columbia.

The Eisenhower administration is returning us to the days before we had a comprehensive plan, to the days before we had a schedule of multiple-purpose main control projects. For the Columbia, to provide power for the region and the Nation. We now can see the clock turned back to the days of normalcy of the Harding, Coolidge, and Hoover regimes: Back to the days of single purpose beaver dams on multiple purpose sites, with monopoly, in the saddle, building these dams with a single purpose, namely, dollars.

The Eisenhower administration, through the Interior Department, has made its policy clear. It is much easier to analyze it through actions, rather than the pious words of Douglas McKay. I have told about the fragmentation of the comprehensive plan of the Corps and Bureau, by the giveaways at Hells Canyon, Kings River, and Paradise. I have told about the attack on the public groups in the Northwest by imposition of the 20-year contracts between the Bonneville Power Administration and the private power companies.

I wish to talk now about three more matters which plainly demonstrate that the Eisenhower administration is operating as an aid to monopoly—at the expense of the people in the Pacific Northwest.

1. THE POLITICAL RIVER STUDY

The ire of the citizens of the Northwest over the giveaway at Hells Canyon has been a constant source of embarrassment and frustration to the plans of McKay, Tudor, and Aahndahl, as they seek to carry out their scuttling of the Federal power program in the Northwest. The heat of indignation has been generated among groups representing farm, labor, public power, and consumers, with a membership of more than 2,500,000 citizens in my region, and supported by the endorsement and active assistance of similar organizations, with an aggregate membership of more than 15 million, all over the Nation. This kind of opposition is something to reckon with. It is felt by incumbent Senators and Representatives in the Columbia watershed. They are worried; and they have good reason to be worried, for these people still vote, and they know how to vote.

Apparently, with this in mind, the administration, with the aid of the Senator from Idaho [Mr. DWORSHAK], instigated last summer two political river studies in order, I believe, to reduce the pressure for construction of Hells Canyon Dam, divert opinion, and appear to propose a reasonable compromise.

The Corps of Engineers was given a $140,000 appropriation to study the Clearwater River in Idaho, in order to come up with a suitable alternative for the Kooskia Dam. The Kooskia Dam was opposed by local people because of the damage to the economy by flooding.

The Bureau of Reclamation obtained funds to investigate the Snake River below Hells Canyon, to come up with an alternative for that project. These studies were begun in the middle of September, and the findings and recommendations were made public at a local hearing in Orofino, Idaho, on November 20.

The corps proposed two storage dams, for power, flood control, and navigation, at Bruces Eddy and Penny Cliffs, on the Clearwater. The Bureau recommended a large dam at the Mountain Sheep site on the mid-Snake.

What has become of this river study? It received the plaudits of the power company fronts. Len C. Jordan, Idaho's Governor, stated that Mountain Sheep had for years been his favorite site. This is an interesting switch from his testimony in 1952 on the Hells Canyon bill. Then, he said that there should be no storage dams on the Snake River, in Hells Canyon and below, but only a series of low-head dams similar to the ones the Idaho Power Co. was then pushing—pushing chiefly for propaganda purposes.

What these gentlemen neglected to tell the public was that development of the Clearwater, except as an alternate to Glacier View, had been deferred to a later construction phase in the main-control schedule for the Columbia by the Corps of Engineers. Moreover, Clearwater de-

velopment would not in any way interfere with Snake River development in the Hells Canyon area and below, but would be complementary to it.

Another significant omission was that Mountain Sheep was merely set as an alternate to another ultimately scheduled project of much greater potential in power and flood control, namely, Nez Percé. If Nez Percé could not be built because of its interference with the salmon runs, then Mountain Sheep was to be considered as second choice. But the site at Nez Percé was to be held open until studies by Federal and State agencies on anadromous fish runs provided a final verdict. Mountain Sheep, as proposed in 1953 by the Bureau, would forever prevent the construction of the great Nez Percé Dam, larger even than Hells Canyon.

The reports were heralded as a new day in river development, demonstrating, apparently, that the Eisenhower administration had not abandoned a dynamic program. Let the Hells Canyon area be developed by the Idaho Power Co., these people implied; we can get you a better deal somewhere else.

But 1954 rolled around, and the Bureau-Corps reports came in to Washington. There was the Bureau report of January 23, submitted to the Commissioner of Reclamation by the Director of region I.

Something had gone wrong. The rock at the Mountain Sheep site, after more thorough exploration, had developed to be faulty—so faulty that a special board of engineers and geologists from the Bureau recommended that no large dam be built there. Instead, they recommended a small, run-of-the-river plan, for a small amount of power only.

The report then suggested that there was a site several miles upstream from Mountain Sheep which might be feasible for a medium-sized storage dam, impounding about half a million acre-feet. This was the mouse that was produced by the Mountain Sheep. It is no wonder that this story had to be broken by the local press in my region, and that neither the Department of Interior nor the Governor, nor the Idaho Republican delegation have been talking about it.

The Clearwater report was examined by the Board of Review of the Corps of Engineers this spring, here in Washington. It was found that there were insufficient data on navigation and flood control, so it was referred back to the region for remedial action.

That is the status of the great political river study instigated by the Eisenhower administration.

Mr. President, I wish to state quite bluntly that the competent engineers and technicians of the Bureau and the Corps have been exploited for cheap politics. Remember Dr. Astin, the Department of Commerce, and the great battery additive fiasco? This is the same kind of situation, and it must be stopped. The economic needs of my region are too acute for this kind of playing with matches. We want cheap power, not cheap politics.

A part of the plan follows:

2. THE EBASCO-POWER CO. DRIVE TO TAKE OVER THE FEDERAL POWER PROGRAM

The McKay political river study provided some grim amusement at its sorry outcome, even though it gives aid to the Republican policy of power scarcity by preventing resumption and acceleration of the projects which have long been proposed or authorized on the Columbia.

But behind all this vaudeville acting, the private power companies have been moving with swift thoroughness to make the partnership policy their own. The situation is alarming in the extreme. Here are some of the reasons:

The Governors of the Northwest called a meeting on December 7, 1953, to establish a power policy committee. This group was organized to give life and meaning to what has been called the Eisenhower partnership policy. We have been listening to that for months. It is some vague partnership policy, but with no kilowatts on the line.

From the start this group, in my opinion, has been taken over by the power trust and its operating and engineering agency, Ebasco Services, which is a subsidiary of Electric Bond & Share.

In Seattle, on December 7, a group of five power companies in the region—all contractually affiliated with Ebasco Services—announced through their spokesman, J. E. Corette, president of Montana Power Co., that they had formed a single working combination and would gladden the administration by filing soon on an announced site.

Two weeks later, Corette anounced that this combination—Washington Water Power, Portland General Electric, Pacific Power and Light, Montana Power, and Mountain States Power—had filed with the Federal Power Commission application for preliminary permit to investigate Bruces Eddy and Penny Cliffs on the Clearwater, which had just been studied with $140,000 worth of taxpayers money by the Corps of Engineers.

This was merely the first gun fired in a much more ambitious enterprise—that of becoming the unchallenged leader in developing the power resources of the Columbia and relegating the Federal Government to the role of silent partner.

On January 30 a press release was issued from the offices of Bozell and Jacobs, the private power public relations firm. Mr. Corette, in this story, announced that the five companies, with more to come in, were ready, willing, and able to assume the responsibility of meeting future power needs in the watershed of the Columbia. Said Corette:

> The companies see a combined need of 150,000 to 200,000 kilowatts a year for the next 20 years, and they are willing to spend about $50 million a year to provide that power. I have long felt that power shortages will continue in any area so long as the people rely entirely upon the Federal Government for their power supply.

The "good housekeeping" seal of approval on this project, Bozell and Jacobs, announced had been received from Under Secretary and Assistant Secretary of Interior Tudor and Aahndahl; Gov. Len C. Jordan, of Idaho; and Col. F. S. Tandy, of the Corps of Engineers, in Walla Walla, Wash.

Corette stated that on all multiple-purpose projects the combination would pay for the reimbursable power investment, while legislation would be introduced to enable a grateful taxpaying public to pick up the check for the nonreimbursable features of the dams, including flood control, navigation, and irrigation. This is what the Interior Department approved, just as approval is sought for the present bill.

Nothing was said about system operation, control of power marketing, all-important subject of rates, public-body priority, or planning.

The way had already been cleared by Interior for the power monopoly to take over the planning and power pool operations formerly under the responsibility and leadership of the Bonneville Power Administration. First, as I have mentioned previously, was the veto power on new BPA proposed transmission and substation facilities proposed by the private companies.

Next was the wholesale reduction in force of the vital power planning section of BPA. By the end of 1953 Under Secretary of Interior Tudor was pleased to announce great accomplishments. BPA personnel had been reduced 20 percent, mostly in the planning areas, as against only 7 to 8 percent in Interior generally.

Tudor announced that under present Interior policy—

> We envision Bonneville Power Administration as properly a wholesale utility company. * * * Bonneville will no longer push for development of power resources, which will be left more to agencies, both public and private, of the communities concerned.

He served further warning that a management survey team would be out to study the agency.

That team has been there. It is hoped that it will not complete the job of emasculating BPA just as has been recently done by the Republican administration on Southwestern Power Administration.

With this accomplished, the control of planning, marketing, and resale of power in the Pacific Northwest will pass into the hands of the Northwest Power Pool. The Northwest Power Pool is dominated by companies with EBASCO contractual relationships. In effect, the future policy will be made and carried out by guidance of EBASCO services.

Here, Mr. President, is local interest with a vengeance. A better term for it is "monopoly on the loose." Here is a combination which may well become a single corporation with capital of between $600 million and $800 million, which would be controlled by a small common stock issue held by the component Northwest Utilities, guaranteeing a return between 8 and 12 percent. Insurance companies would underwrite the power financing, with a healthy assist by the taxpayers on the nonpower features, without which the major projects would not be economically feasible.

Then, with the Federal Government no longer providing the planning and

estimating of future power needs and power loads, it is only a matter of course that the 150,000 to 200,000 kilowatts of the 5-company combine—at high rates—would be set as the optimum goal in our region. Forgotten would be the 700,000 kilowatts actually required, according to estimates by BPA in 1953.

It adds irony to McKay's remarks before the American Power Association on March 25, when he said:

> It is with considerable satisfaction that I can report to you that the dynamic new Federal power policy is now in effect, and what is more to the point, it is working effectively.

I pause to smile.

McKay stated later in this address:

> In addition to the participation of public bodies, a healthy interest in the partnership program is being manifested by private power companies.

There, Mr. President, are two examples of the magnificent overstatement and the magnificent understatement.

The one praising the no-new-starts policy, and the anarchy that reigns supreme. The other coyly mentions the healthy interest manifested in the partnership policy by a group of rapacious power companies who are in a fair way gobbling it up.

We may depend upon it that since the departure of Dr. Raver from BPA, no one in the Department will lift a hand to defend this agency as it is pushed toward the chopping block.

Dr. Pearl, Raver's successor, has already stated his reasoned opinion on the comparative virtues of the Idaho Power three dams and Hells Canyon. He has stated that he favors multiple dams. Subsequently when he was asked the basis on which his opinion was formed, Dr. Pearl said he had once listened to a debate on the matter during a Kiwanis Club luncheon.

The administrative management team could take its cue from that, when it formulates recommendations on BPA. Here's what the report should say: "Eliminate all engineering and technical personnel, and assign Dr. Pearl the responsibility of obtaining his data by listening to luncheon club debates on the power issue, with the admonition that he stay awake after the sherbet has been served. This is the kind of economy that pays off."

Behind these fronts, Mr. President, our region is facing a situation which is perilous in the extreme. The governors' power policy committee is numerically and policywise controlled by the private power companies, with its technical adviser a representative of Ebasco Services still on the Ebasco payroll.

There is the threat of a monopoly, which is going forward rapidly.

Is it any wonder, Mr. President, that the public utility districts in the State of Washington have been forced to act in self-defense to preserve the sources of their future power? They have been made strong by the Federal power program, but now the Federal program is being destroyed by the administration—some people say to pay off an election debt to the Power Trust. The public utility districts filed on Rocky Reach; they have asked for deauthorization of Priest Rapids. They have filed on wells.

Partnership seems bankrupt. It means no kilowatts for the region.

Mr. Herbert West, secretary of the Inland Empire Waterways Association of my region, has cogently measured the promises of partnership against its performance. There does not seem to be any connection between what they say and what they do.

The Inland Empire Waterways Association is comprised of prominent businessmen, farmers, shippers, and all segments of the economy, and has been performing a useful service in my region for nearly 50 years.

Under the so-called partnership policy, West said, each applicant for a dam has suggested in effect that Uncle Sam provide the money for economic and engineering surveys, and then build the nonreimbursable features, like fish ladders, navigation locks, and flood control storage, while the other partners construct the power producing or profit producing end of the dam.

That is a partnership that should interest taxpayers. The private power company gets in on the producing end, and we furnish the rest of it.

Mr. West goes on to say:

> Regardless of what we think out here, it doesn't make sense to Congressmen and Senators from other parts of the country who have to vote on appropriations.
>
> Previously Congress was assured that the money it had loaned us would be repaid. Now, under proposed partnership participation—

This New Look, this Eisenhower program—

> Congress would be making a direct appropriation with no assurance that it will ever see the return of a dollar to the United States Treasury. They don't like it and they won't vote for it.

The blame, West says, lies with the administration and the Interior Department. "I can reach no other conclusion than this," West said. "Unless the administration and Interior Department present an operating plan for partnership participation, our water resources program in the Pacific Northwest will come to a complete halt."

I wish to remind my friend Mr. West that it is at a complete halt.

Mr. West made his statement with full accord of his membership. His concern is echoed by citizens of Oregon and has found utterance in editorials of such a conservative newspaper as the Portland Oregonian, which had earlier given wholehearted endorsement to McKay's policies.

With this kind of realistic and responsible concern among the conservative elements of the Pacific Northwest, the fatuous assurances of McKay about grassroots support for a dynamic power policy have fallen flat, no artful dealing in semantics can cover up this dismal fact.

3. THE ACCELERATED AMORTIZATION OF PRIVATE PROJECTS

I wish to sum up my remarks on the power-company conspiracy to seize control of the power and politics of the Pacific Northwest and the Nation, by a brief discussion of the rapid amortization program.

Instituted shortly after the Korean war, by act of Congress creating the now famous section 124–A of the Internal Revenue Code, companies engaging in defense production of various kinds could expand their plant for defense purposes and receive permission from the DPA and then ODM to write off in 5 years the costs of such facilities in taxes.

The private power companies were quick to participate in this program. Since its inception, the total value of rapid amortization certificates issued to commercial electric companies to September 1953 was $1.9 billion.

It was estimated by the National Rural Electric Cooperative Association that this $1.9 billion, by means of excess depreciation, plus tax savings for 5 years, plus 6 percent interest compounded over the average 33.5-year lifetime of the facilities, less deferred taxes to be paid from the sixth year to the end of the 33.5 years would result in net aggregate benefits amounting to more than $2.8 billion.

Compare this with the $3 billion expended by the Federal Government on its multiple-purpose power dams most of which is repaid to the Federal Treasury at 3 percent interest per year, while after the payout period annual power revenues continue to be returned to aid in paying for the costs of government.

Under our Federal program for the past 20 years, all our dams in the Pacific Northwest are far ahead of their repayment schedules, with interest.

The quick writeoff program for the power companies has been correctly termed by a congressional committee as the "biggest bonanza that ever came down the Government pike." But it was upheld by a 4 to 1 decision for the private power companies last fall, when the Federal Power Commission found that to require the power companies to pass on these savings to customers in the form of lower rate structures "would be inconsistent with the effort of Congress to aid our national defense," and took the usual buck passing out by contending that "we cannot veto the acts of another agency of the Government."

The Federal Power Commission was simply saying this:

> We wish to make these cash donations available only to the companies and not to the consumers, and that if another agency of Government does something which affects our own powers and responsibilities conferred by Congress, we will do nothing about it.

Mr. President, one of the biggest guns of the power company propaganda artillery has been the dark accusation that low-cost Federal power has been obtained by subsidization, while tax-paying red-white-and-blue private power pays its own way. You have read it in the full-page advertisements in the leading magazines. You have read it in the full page advertisements in your newspapers. You have heard it over the radio. Your civic club has pro-

vided a forum for the power company opinion former to make the same fallacious statement. Now here we have a subsidy at the taxpayers' expense going to the power monopoly which nearly equals the total investment in power that has been made by the Federal Government in 50 years.

Prior to the moratorium finally imposed by the Office of Defense Mobilization on further quick writeoffs for electric powerplants and facilities, the Idaho Power Co., still in the hearing process on its licenses to build 3 small dams in Hells Canyon, applied for rapid amortization certificates on 2 of them Brownlee and Oxbow, even before they were built and had their licenses. The Brownlee certificate would represent the largest on record of any private power company.

Mr. President, I stated to the press at that time that the Idaho Power Co. had requested certificates which would amount to probably 65 percent of the costs of the dams, estimated by the company—and this has been shown to be an understatement—at $103,762,000. Since that time I find that in 40 years it would present the company with a total of $168,218,000, all at Uncle Sam's expense. I said this:

I take the position that if the people are going to have to pay for these private dams, in whole or in part, through tax concessions, FPC and the public should have full knowledge of the facts. It is difficult for me to imagine either defense or economic benefits growing out of construction of the dams, should the Federal Power Commission license the Maine corporation to build them.

These, Mr. President, are the sorry results, the ominous unfolding of the so-called "new, dynamic" Federal power policy of the Eisenhower administration in the Northwest. The power trust is smelling warm meat. Where the body of cur 50-year Federal power policy lies, the vultures seem to be gathering. I have used the unfolding of destruction in my area only because, as I have said, the tremendous power potential there, causes the Pacific Northwest to be the proving ground for the strategy of this conspiracy against the people.

Mr. President, I feel that what is going on raises a grave question as to how long we can entrust the conduct of a great public industry like electric power to private interests which are consistently using the great funds which the grant of a public privilege gives them to pervert the processes of democracy.

There is every evidence of a linking up between the campaign of the electric utilities, that of the Iron and Steel Institute, that of the Association of American Railroads, and that of the American Medical Association in a grand conspiracy to drug the public mind, to frighten the American people, to distort any action of Government in the public interest into the bogey man, the specter of creeping socialism, and so to control the functioning of democracy.

The editors of Fortune have pointed out that—

The free enterprise campaign is shaping up as one of the most intensive sales jobs in the history of industry. * * * At the current rate it is accounting for at least $100 million of industry's annual advertising, public relations, and employee-relations expenditures.

The tragic thing is that the American taxpayers and consumers are, in fact, footing the greater part of the bill for this colossal effort to control the very motivations of democracy.

So, Mr. President, I conclude by expressing by conviction that if the present campaign against Federal power policy succeeds, it will mean not only great losses to consumers of electricity and serious consequences to our future expansion in this power age, but also immeasurable and perhaps permanent damage to democracy itself. It must not succeed, and it will not succeed when the people get the facts.

I think the bill fits into the whole picture, and it is very important, in view of what has happened in the past and what is now happening, not to allow a bill like the one now before the Senate to be passed on 2 or 3 days' notice, in spite of its bad features.

Mr. President, on July 13 the Secretary of the International Joint Commission, Mr. Jesse B. Ellis, sent me a letter and two statements relating to Libby Dam and Reservoir on the Kootenai River near Libby, Mont.

This is the dam which Secretary of Interior McKay and the administration are pointing to as the next big start in the Pacific Northwest. The Secretary and the administration have turned their backs on all other logical new starts, saying, "No, let us build Libby first."

Well, Mr. President, this looks like another hoax. The facts certainly support the suspicions that the Secretary and the administration are supporting Libby Dam because they know full well that Libby Dam may never be constructed.

I ask unanimous consent to have inserted in the RECORD the letter from Mr. Ellis, a statement by the Honorable L. B. Pearson, Canadian Secretary of State for External Affairs, and the Honorable W. A. C. Bennett, Premier of British Columbia.

These statements from our Canadian friends clearly demonstrate that construction of Libby Dam is a long, long way off.

There being no objection, the correspondence was ordered to be printed in the RECORD, as follows:

INTERNATIONAL JOINT COMMISSION,
Washington, D. C., July 13, 1954.

Hon. WARREN G. MAGNUSON,
United States Senate,
Washington, D. C.

DEAR SENATOR MAGNUSON: The Government of the United States recently filed with the International Joint Commission an application, dated May 22, 1954, for approval of the construction and operation of the Libby Dam and Reservoir on the Kootenai River near Libby, Mont., a copy of which the Acting Chairman of the Commission sent to you on June 8, 1954.

To date, the Commission has received 2 statements in response to the application, 1 from the Government of Canada and 1 from the government of the Province of British Columbia.

I am pleased to enclose a copy of each of the above-mentioned statements for your information and files.

Sincerely yours,

JESSE B. ELLIS,
Secretary, United States Section,
International Joint Commission.

IN THE MATTER OF THE APPLICATION OF THE GOVERNMENT OF THE UNITED STATES TO THE INTERNATIONAL JOINT COMMISSION, DATED MAY 22, 1954, FOR APPROVAL OF THE CONSTRUCTION AND OPERATION OF THE LIBBY DAM AND RESERVOIR ON THE KOOTENAI RIVER, NEAR LIBBY, MONT.

STATEMENT IN RESPONSE

To the International Joint Commission,
Ottawa and Washington:

In response to the above-mentioned application, the Government of Canada states that it is not prepared at present either to consent to an order of approval or to oppose the granting of such an order. Sufficient data has not yet been assembled by the International Columbia River Engineering Board to make it possible to determine the most advantageous use of the waters concerned from the points of view of both countries.

If in the light of such a study it is found that more advantageous use of the waters concerned could be achieved by other methods, such as a diversion of part of the waters of the Kootenai River into the Columbia River in Canada, the Canadian Government reserves the right to oppose the issuance of an order of approval in the present application.

If, however, it should be found that the issuance of an Order of Approval for the Libby Dam project would be in the best interests of both countries, the Canadian Government submits that any Order of Approval should be on such conditions as to ensure:

(a) the protection and indemnity against injury of all interests in Canada which may be affected by the construction and operation of the said dam and reservoir, as provided by Article VIII of the Boundary Waters Treaty of 1909;

(b) an equitable recompense to Canada for the use in the project of Canadian natural resources, which will include an amount of power based on the increase of level permitted at the International Boundary and a share in down-stream benefits or storage in power on a basis to be negotiated;

(c) any rights to the use of storage in Canada which might be approved will be for the life of the present project as expressed in a term of years to be settled in accordance with sound engineering and financing practice;

(d) all considerations which may be deemed relevant as a result of the Commission's study of all engineering and economic factors in the Columbia River Basin in general, and the Kootenai River in particular, should be taken into account.

L. B. PEARSON,
Secretary of State for External Affairs.
OTTAWA, *July 7, 1954.*

IN THE MATTER OF THE APPLICATION OF THE GOVERNMENT OF THE UNITED STATES TO THE INTERNATIONAL JOINT COMMISSION, DATED MAY 22, 1954, FOR APPROVAL OF THE CONSTRUCTION AND OPERATION OF THE LIBBY DAM AND RESERVOIR ON THE KOOTENAI RIVER NEAR LIBBY, MONT.

STATEMENT IN RESPONSE BY THE GOVERNMENT OF THE PROVINCE OF BRITISH COLUMBIA

To the International Joint Commission,
United States and Canada:

The Government of the Province of British Columbia respectfully submits, in the current absence of adequate and complete

factual data now in process of compilation by pertinent Canadian and International agencies, that it is not in a position, at present, to either agree to an order of approval or to oppose the granting of such an order. As and when the studies and compilation now in process in respect to the Columbia Basin are completed and made available, the Province may then determine, from its particular point of view, the most advantageous use of the waters involved and formally state its position in the matter.

If it is finally determined that an order of approval for the above-noted project shall issue, the Province further submits that such order should embody provisions entirely satisfactory to the Province in respect of the following points:

(1) The preservation of all rights of the Province of British Columbia under article II of the treaty of 1909.

(2) Any rights to the use of storage in Canada which might be approved to be for the life of the present project as expressed in a term of years to be settled in accordance with sound engineering and financing practice.

(3) In the implementation of any permissions given, all labor that may be employed on the project by or for the United States within British Columbia to be restricted to residents within the Province.

(4) Indemnity for lands and property flooded by the project, for all interests in the Province which may be injured by the erection and/or operation of the project, for the loss of taxes by the Province, for the loss to the economy of the Province for the productive capacity of lands flooded, to be settled in terms of power allocation in favor of the Province.

(5) Recompense for natural resources contributed by the Province to include:

(a) A share of at-site power proportional to the head and storage contributed by the Province through increase in level permitted at the boundary—the conditions governing generation, delivery, and acceptance of such power to be satisfactory to the Province.

(b) A share in downstream benefits accruing from storage made available in the Province of British Columbia or by consequence of permission to raise the level at the boundary—such share to be in terms of power on an agreed basis acceptable to the Province of British Columbia.

(6) Where any benefit to the Province of British Columbia is determined in terms of power under 5 (a) and/or 5 (b) above, such power should be available at a point or points on the International Boundary to be designated by the Province of British Columbia.

(7) That an international board of authority upon which the Province of British Columbia is adequately represented be set up with power to regulate the storage and release of water from the reservoir proposed under the project.

(8) Any order which issues shall in no way prejudice the right to the use of water in the Province of British Columbia for waterworks, irrigation, or other local consumptive purposes.

On these and other bases the Province of British Columbia will crave leave to adduce evidence at any formal hearings pertinent to the application and to make such submissions as counsel may advise.

Dated at Victoria, British Columbia, this 2d day of July 1954.

W. A. C. BENNETT,
Premier of the Province of British Columbia on Behalf of the Government of the Said Province.

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. PAYNE in the chair.) The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. ANDERSON. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

COMMITTEE TO PRESERVE THE CIVIL SERVICE SYSTEM

Mr. JOHNSTON of South Carolina. Mr. President, last week the United States Court of Appeals for the District of Columbia reversed a lower court decision which threatened the destruction of the American civil service system. The appeal to the higher court was brought about by the act of a small group of men and women who believe in a government of freemen under the law. It was a courageous act, worthy of our traditions, and I should like to make it a matter of public record.

The name this small group has assumed for the accomplishment of its purpose is the Committee To Preserve the Civil Service System. It was called into existence less than a year ago to provide counsel for the appeal of Leo A. Roth, a civil service career employee. Mr. Roth had been summarily dismissed from the Department of Justice without charges, presumably to create a vacancy of political advantage to the administration. Mr. Roth took his case to the United States District Court for the District of Columbia, claiming that, as a career civil service employee, under the Lloyd-LaFollette Act he was entitled to know the charges and to have a chance to answer. In an almost apologetic opinion, Justice Keech found against Mr. Roth, and the young attorney found himself on the street.

Government employees everywhere, and many of us in this chamber, read Judge Keech's decision with dismay, for he had said:

> The court is aware that under its decision the statutory safeguard from summary removal relied on by a large number of Government employees is held not to exist.

William C. Doherty, president of the National Association of Letter Carriers, also read the decision. He saw immediately its corrosive effect on American government and resolved to support appeal of the case. The Committee To Preserve the Civil Service System was born of that resolve. It is a small but determined group. Mr. Doherty is its chairman. It raised money, procured legal services, and appealed the case. Last week, in the appellate court's unanimous opinion to reverse the lower court's ruling, the courage and determination of the members of the committee were rewarded.

I call this to the attention of the Senate today, because I believe that, in the prevailing climate of doubt, uncertainty, and cynicism which surrounds Government service, no significant act contributing to the dignity of man should go unnoticed. I call attention to it also because of the unseemly haste with which the Civil Service Commission undertook to change its procedures under a decision which it knew was being appealed and which acknowledged severe abridgement of the rights of all civil servants to whom the Lloyd-LaFollette Act extends protection.

In my experience, tyranny is not a single sweeping dramatic act, brightly lighted for all to see. It is rather the accumulation of countless small tyrannies, unnoticed by those whose rights are threatened and uncontested by those responsible for their defense. Unless we are alert and oppose the small tyrannies, we cannot hope to defeat the great ones.

I should like to urge, therefore, that the Members of the senior legislative branch of our Government join with me in expressing sincere gratitude to Mr. William C. Doherty, who successfully opposed this incipient tyranny; to the firm of Woll, Glen & Thatcher, who provided counsel without hope of equitable reward for their services; and to the men and women who have given liberally of their time, their energy, and their financial resources. Moreover, I should like to suggest that it will be most interesting to observe whether the Civil Service Commissioners respond to the appellate court's decision with the same sense of eagerness which characterized their reaction to the lower court's decision.

Finally, I hope that the work of the Committee To Preserve the Civil Service System is just beginning. It has demonstrated its high courage and its potential for effective service. It is a noble instrument in the cause of freedom.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from New Mexico [Mr. ANDERSON] to the amendment of the Senator from Michigan [Mr. FERGUSON], as modified.

Mr. HUMPHREY. Mr. President, the bill presently before the Senate, as has been stated again and again in the debate, is one of the most significant, and possibly one of the most far-reaching bills presented in Congress in recent years. It has tremendously far-reaching implications which will affect the political, economic, and social life of this country for decades and generations to come. It sets the pattern by which the peace-time benefits of atomic energy will be made available to the people of this Nation.

I suggest that there is no subject of greater importance today, in connection with the long-run economic future of the United States, than what is to be done with the atomic energy resources which have been unleashed and which have been made available through Government research.

Depending upon the nature of the bill passed by the Congress, atomic power will be used either to lighten man's burden and bring higher levels of prosperity for all the people of America, or

this new source of energy will be used to strengthen economic concentration of power within the hands of a few restricted, limited, large corporations.

I digress to point out that we are dealing not merely with a resource which has such names as "fissionable" and "nuclear," but that we are dealing with economics; and we may very well be setting a pattern for the economic future and the economic development of the Nation.

This bill is important not alone for its provisions relating to the international exchange of information on atomic energy, but perhaps even more so for its provisions dealing with the production of electrical power from nuclear reactors. So important are the power aspects of this bill that I would like to devote most of my discussion today to those features, and particularly to the amendments which I have introduced on this subject.

Mr. President, one of the sources of greatness of this Nation has been its rapid development of electrical energy. Use and production of electricity have had a phenomenal growth in the United States ever since central station generation of electricity was introduced commercially in 1882. Since 1920, its use has approximately doubled every 10 years, contributing greatly to increased labor productivity, larger national economic output, and improved living standards.

By 1950, electricity was being used for lighting and other purposes in 92 percent of all houses in the United States and in 83 percent of rural homes. It is estimated that electric motors provided at least 90 percent of the mechanical power used in industrial plants. An analysis of comparable industries, as covered by the census of manufactures, shows that the use of electric energy per man-hour of labor increased from 2.61 kilowatt-hours in 1929 to 4.60 in 1933 and 5.71 in 1947. By 1950, the average was estimated at 6.29 kilowatt-hours units of energy for our average industrial plan.

Total consumption of electric power in the United States in 1950 had reached 334 billion kilowatt-hours, compared to 74 billion in 1925. By far the largest part of the 1950 total, about 200 billion kilowatt-hours, was used for industrial purposes. Residential and farm consumption was about 75 billion kilowatt-hours, and commercial consumption, some 50 billion kilowatt-hours.

The President's Materials Policy Commission reported in June 1952 that the demand for electric energy in the United States during the next 25 years may be expected to increase 2½ times if there is to be a doubling of the Nation's goods and services in that period. With such a growth, the electricity demand in 1975, according to the President's Materials Policy Commission, would be about 1,400 billion kilowatt-hours, compared with the generation of 389 billion kilowatt-hours in 1950.

I digress to point out that the President's Materials Policy Commission's study is the most comprehensive one made to date of the need of natural resources and power in the United States.

And it is noteworthy of comment that the estimates of practically all Government commissions and other agencies usually tend to be extremely conservative in estimating the growth of the electric industry. The Federal Power Commission, regarded by many in the industry as too optimistic in its projections of power requirements, made a forecast in 1947 for the following 5 years. Actual demand exceeded their estimate by 50 percent. This cannot be explained by the unexpected industrial demands imposed by the Korean mobilization program, although that contributed to the heavier demand. Residential and rural loads, as well as those of the small nonresidential users such as trade and service establishments, were grossly underestimated. Actual load for these classes of consumers exceeded the forecast demand by about 35 percent.

Likewise, the semiannual surveys conducted by the Edison Electric Institute, national trade organization of the privately owned power companies, have repeatedly underestimated requirements during the postwar period. Over the years, actual demands also have exceeded TVA's long-range estimates.

In other words, to summarize, it means that when the use of electric energy is projected, regardless of whether it is by the Federal Power Commission or any other Government agency, or the Edison Electric Institute of the private utilities, or any other private group, the estimate has always been much less than the actual need or the actual use of power over the period that was in contemplation.

There has been a particularly sharp increase in the demand for electricity by rural users. The needs of these consumers—who in many cases have had to wait too long to receive electric service—have far exceeded the most optimistic estimates. In the past 5 years the electric loads of REA borrowers have increased from 3.3 billion kilowatt-hours in 1947 to 11.4 billion in 1952, or more than 3 times in these 5 years. During the past 10 years the increase has been tenfold.

The importance of electricity to our Nation's energy base cannot be overestimated. Our great industries, our homes, our businesses, our hospitals, our farms—in fact, all facets of American life—are dependent upon electrical energy. Moreover, the future welfare of our Nation demands that this supply of energy must be both abundant and available at low cost.

Thus far in our history we have developed electrical energy from two sources—fossil fuels and falling water. In other words, from coal, gas, and oil, and from hydroelectric resources. During 1950, 100.9 billion kilowatt-hours of electric energy were produced from hydroelectric power resources, while 287.8 billion kilowatt-hours were produced from the burning of coal, oil or natural gas.

Now we are on the threshold of a new source of energy—nuclear power. Varying estimates have been given by our scientists as to how soon this new source of energy will be economically competitive with electric power produced from thermal or hydroelectric powerplants. But all are agreed that within the next decade, if not sooner, nuclear power will be one of our important sources of electrical energy.

Therefore, it seems to me to be of the utmost importance, as a matter of public policy and public law, that we be very careful in whatever we now design as a legislative program for the furtherance of the use of nuclear energy or nuclear power.

The advent of this new source of energy opens entirely new horizons. In the past, low-cost hydroelectric power plants, of necessity, have been confined to those areas where there are great river systems which can be developed for the production of electric power. Thus, to date, our most comprehensive development has been in the Tennessee River Valley and the Columbia River Basin, and it is those areas which have enjoyed the greatest reduction in electric rates as a result of the development of hydroelectric power.

Possibly that explains why some of us in the Senate who do not come from the Columbia River Basin or the TVA area are very vitally concerned with the proposal before the Senate. As one Senator in part representing a Midwestern State, where power costs are high, I would like to see atomic energy or nuclear power made available, with priority given particularly to areas in which power costs are high. We in the Midwest find ourselves in a most unusual situation; with high freight rates on the one hand and high power rates on the other, it becomes extremely difficult to compete industrially.

I should like to suggest to those of my colleagues in the Senate who have been at times somewhat critical of programs such as the TVA, the Grand Coulee, and projects in the Columbia River Basin, that there is now before us a golden opportunity to see to it that nuclear power is made available to those areas in America where hydroelectric resources are not available. I want to make sure that, if nuclear power is made available on terms comparable to those for hydroelectric power, there will not be a public law written, and rules and regulations promulgated under the law, which will restrain or restrict the development of such power for the public good. I regret to say that, in my examination of the bill now before the Senate, I see in it not much in furtherance of the public interest, but provisions which favor special interests.

There are still great hydroelectric resources to be developed, and within the relatively near future it is my earnest hope—and I have been working with every effort at my command in that direction—that the great St. Lawrence and Niagara power projects can be developed, and that we can continue the progress which has been made in the Missouri Basin, the Southwest, the Northwest, and other sections of the country.

I point out that even if we were able to develop every available kilowatt-hour of energy in the Missouri River area, there would still be a power shortage in the foreseeable future in the area within the Missouri Basin.

Although there are vast hydroelectric power resources which are yet to be developed—the Federal Power Commission estimated only recently the undeveloped waterpower could add approximately 88 million kilowatts of capacity—we must recognize that there are limitations in the development of these resources, insofar as certain regions are concerned.

Similarly, certain areas are more fortunate than others in the availability of coal, natural gas, or oil. Areas which have these resources close at hand naturally can produce electric power at a lower cost than areas where substantial transportation costs are a factor in bringing fuel to the generating station. It is this problem which confronts some of our friends in the New England States, where it is necessary to haul coal and other fuel long distances, at expensive rates, thus increasing the cost of the generation of electricity, and making the generation cost unusually high, with the result that the electricity rates are also very high.

Although I am deeply interested in such areas of our country as New England, I predict that unless they can reduce their electric-energy costs and, in turn, the rates, they will be through as industrial sections, because one of the reasons why industry is going into the TVA area and elsewhere in the South is not so much because of the tax structure but because of the lower cost of fuel and power. I think we have had sufficient good examples of that situation to prove beyond the shadow of a doubt the accuracy of what I have just said. For instance, in recent months, numerous businessmen, whom one would think would, at least ideologically, be opposed to Government production of electricity, have made strong protests to the Government when it appeared that there would be a curtailment of the production of electrical energy in the Columbia River Basin. If business people can anticipate the possibility of lower fuel costs or lower power costs, they will naturally do all they can to obtain them. Lower costs in some areas lead to the development of the situation with which we are faced in almost every part of the country, namely, the competitive disadvantage of those located in high-cost power areas. That competitive disadvantage must not be underestimated.

Therefore, Mr. President, as one who wishes to have the peacetime benefits of atomic energy made available for proper and beneficial civilian purposes, I shall do all I can to see to it that the same standards which for approximately 50 years have been applied to the production of other power in the United States likewise are applied to the production of power from atomic energy.

Happily, with the production of nuclear power, these regional problems disappear. The cost of the nuclear fuel itself is extremely low, and we are informed that it can be transported safely and at relatively low cost. Thus, the advent of nuclear power brings to many areas renewed hope for industrial development and low-cost power for homes and commercial establishments.

It can readily be seen that the development of this new source of energy can, and undoubtedly will, have profound effects on our future industrial progress, and upon the entire economic, political, and social structure of the future.

Therefore, I do not intend to be a party to a program which will place in the hands of a limited number of corporations the vast resource of atomic energy, which may well determine the future economic life of our Nation. That is really the subject we are debating now, and not merely the Dixon-Yates project or the proposal to pool the production of electrical energy. What we really are debating is the proposal to rewrite the Atomic Energy Act. The proposal is to rewrite that act in such a way that atomic energy will be available primarily for civilian purposes, for the purpose of peaceful pursuits. I wish to make sure that in rewriting the act we do not engage in a sell-out to monopolistic groups or in providing a limited number of persons with monopolistic control over this fabulous resource, the development of which has been paid for by all the people of the Nation.

I see in atomic energy a great opportunity for forward economic development in many areas of our Nation. Some areas are somewhat underprivileged and underdeveloped. If we can consider pooling atomic energy, so as to make it available to our allies and our friends abroad, certainly we had better be sure that we write into the law provision for pooling atomic energy for use for peaceful purposes at home, so that our people can have access to it. I wish to be sure that our REA's and other public groups are included in the program, and that the program also will include provision for the granting of licenses to them, under appropriate conditions. I do not wish to see only the corporations that can raise from $100 million to $500 million or more, given the exclusive or sole right to develop the atomic energy resource for use for peaceful purposes in the United States.

Those who wrote the 1946 Atomic Energy Act, the McMahon Act, foresaw the far-reaching implications of peacetime development of atomic energy, and they wisely provided section 7 (b) of the act, which reads, in part, as follows:

> Report to Congress: Whenever in its opinion any industrial, commercial, or other nonmilitary use of fissionable material or atomic energy has been sufficiently developed to be of practical value, the Commission shall prepare a report to the President, stating all the facts with respect to such use, the Commission's estimate of the social, political, economic, and international effects of such use, and the Commission's recommendations for necessary or desirable supplemental legislation. The President shall then transmit this report to the Congress, together with his recommendations.

The framers of the first Atomic Energy Act knew that a tremendous new world was being opened up. They knew that at some time in the future this tremendous new discovery would have to be integrated into our human society, and that possibly it would revolutionize our way of life.

So the framers of that act provided in section 7 (b) that when a commercial application of atomic science approached feasibility the Atomic Energy Commission should make a public and publicized report on the social, economic, and international implications of the new development. After that report was made, and only after the public had been given a glimpse at its great importance, was it contemplated that Congress would act to permit the release of the discovery. Then, and only then, could the Members of Congress and the American people have any conception of the importance of the release. Then, and only then, would they be qualified to prescribe the conditions, the regulations, and the manner in which the release of this great publicly owned asset should be made.

Mr. President, I make note of the fact that the administration has not made such a report regarding the commercial feasibility of atomic energy. I make note of the fact that the President has not made such a presentation to Congress. I charge that neither the Atomic Energy Commission nor the President has reported to Congress, as required by section 7 (b) of the McMahon Act, the Atomic Energy Act of 1946. In other words, the pending bill is not based upon that requirement of existing law, namely, the requirement of section 7 (b) of the Atomic Energy Act. If a report has been made by the Atomic Energy Commission, as prescribed under the provision of the act I have just read—namely, under section 7 (b)—I should like to know where the report is. As one Member of the United States Senate, I certainly have as much right to see such a report as does any other Member. The Atomic Energy Act makes it quite clear that—

> Whenever in its opinion any industrial, commercial, or other nonmilitary use of fissionable material or atomic energy has been sufficiently developed to be of practical value, the Commission shall—

Not "may"—

> prepare a report to the President stating all the facts with respect to such use.

Later on, it is provided that—

> The President shall then transmit this report to the Congress, together with his recommendations.

Mr. President, I suggest that the President has not made to Congress the report called for by this part of the act. Furthermore, I say that, at least within my knowledge, no such report has come from the Atomic Energy Commission. So I am beginning to wonder why that is the case. I should like very much to see major developments occur in the field of the peacetime use of atomic energy. I recognize that the development of atomic energy for commercial, peacetime purposes must be undertaken mainly by private industry, by what we call our free-enterprise system. But I also say that the law is explicit. The law does not say "may." It says "shall." I suggest that this body insist upon fulfillment of the requirements of the law.

As pointed out in the separate views of Representatives HOLIFIELD and PRICE of the Joint Atomic Energy Commission in House Report No. 1699, the Atomic Energy Commission has never seen fit to prepare and present the report re-

quired by section 7 (b) of the McMahon Act.

There has been no such report to the people of America. We have only bits of information. We know that electric power can be generated from atomic units. We hear that it is expensive, but shows promise of becoming economically feasible. We do not know if it must be in giant central generating stations, or if there is promise of economic small units, which will provide power for a single small community, or a single small industry.

As sketchy as our information is about the use of atomic piles to produce electrical energy, it is much more than we have about the possible usefulness of atoms in other fields of activity. We hear that atomic action may prove useful in medicine, chemistry, agriculture, food preservation. There are many hints of such potential values.

The Congress therefore is currently considering legislation in this field without the benefit of the report from the Atomic Energy Commission which is required by the McMahon Act.

As Representatives HOLIFIELD and PRICE have commented—

> This omission is not a mere matter of form or one to be taken lightly. The "social, economic, political, and international effects" of using this new source of energy are certain to be profound and wide ranging, even if we discount the more exaggerated and optimistic claims. Surely the Congress is entitled, before legislating, to have the expert analysis and advice of the independent commission it created to administer the atomic energy program.

I point out that the omission of the report called for by section 7 (b) of the 1946 act is but one of many serious omissions which have been made in an effort to speed this legislation through the Senate during the closing days of the current session. The transcript of the committee hearings, some 1,157 pages in length, was made available to Senators only on July 9, and the committee report, consisting of some 138 pages, was not available until the afternoon of July 13—the same day that the bill was made the business of the Senate.

Let me say now to the majority leader and to anyone else who complains about the length of this debate, that, first of all, the committee hearings were never even made available to Members of the Senate until July 9, and I point out that the committee report was not made available until July 13. Here we are debating a subject matter which may well determine the future economic and social development of our country. Perhaps the majority leaders and others have insight into these problems which those of us of lesser ability do not possess. But I have seen too many measures literally jammed through the Congress. Apparently there is a desire to have a record of numbers, if not of quality. Apparently the legislative program is supposed to have good titles if not good substance. I am not willing to settle for just another bill that has been approved by the administration. I want to know what is in the body of the bill. Frankly, we did not debate the tax bill long enough. Many a measure has been pushed through Congress pellmell. I repeat that this kind of hasty legislative process does not yield good results.

It seems that every time there is some kind of giveaway project, every time we have a measure in Congress which deals with a selected few, it must be rammed through; and if it is not rammed through, someone says we are stalling. My view is that it would be good to stall on this bill for a great deal longer, because I am of the opinion that within the confines of the measure, this rather long bill, consisting of 104 pages, there are many hidden economic boobytraps which are going to explode in the people's faces. The boobytraps have not been set to trap the large industrialist or the large corporation. They are boobytraps which will injure millions of people.

The strange thing to me is that those who talk the loudest about free competitive enterprise are the very ones who come forth with policies which would literally monopolize a great field of endeavor. I desire to see written into the bill protective language which will make sure that no monopolistic practices are sanctioned by public law. I wish to make sure that small business, rural electric cooperatives, municipalities, and power districts have as many rights under this bill as any private utility in the Nation. Until we have debated those questions there will be no bill. Perhaps it will require a great deal longer than some persons think.

I may add that this is not only a long bill but an exceedingly complex bill, completely rewriting the McMahon Act. If one goes back and reads the RECORD he will find that the McMahon Act, the basic atomic law of this country, was not written in haste. I think he will find that no one was cracking the whip to see that it was written in haste. There is something more involved here than having a deadline. Most of the time it is important to be sure that we are doing the right thing; and in this instance we ought to be exceedingly careful.

The bill itself is some 104 pages in length, contains many cross-references, and deals with a matter which is not only of transcendant importance to the future welfare of our Nation, but is extremely complicated.

In view of these circumstances, I ask, why the rush? Why must this bill be presented for enactment in the haste for adjournment? Is this bill being rushed through before some of its deficiencies become more evident to Members of the Senate and to the voters of America?

Judging from the manner in which the administration is attempting to push this bill through the Congress, it is as if we were being asked to name the make, model, color, number of cylinders, diameter of the wheels, and color of the eyes of the driver while an automobile is being whisked before us at a speed of 100 miles per hour.

To carry the analogy a step further, I can tell the Senate that in the time that has been given me thus far to view this bill, I have observed a number of dented fenders, smashed windows and broken pistons.

It is in a sincere effort to correct these deficiencies that I have submitted a series of amendments which will make this bill a vehicle to advance the science of nuclear energy and provide for the welfare of all the American people, rather than the enrichment of a comparatively few large corporations.

One of the most serious and grievous deficiencies of the administration bill is that, for all practical purposes, it prohibits the Atomic Energy Commission from producing electrical power from a nuclear reactor.

Of all the things I ever heard of that seemed to sound as though they were on the fringes of logic and reason, this proposal takes the prize. The Government of the United States has taxed the people of the country to the tune of $12 billion, which it has put into atomic energy research and development. So long as that atomic research and development are used only to build atomic bombs, the Government can go ahead and spend. The Government has a monopoly on building the bombs. But the moment we reach the point where some atomic energy might be used for peacetime purposes, when we reach the point where atomic energy might be used to create electrical energy, which in turn is needed by the Atomic Energy Commission itself, we draw down the atomic energy curtain and say, "No; the Atomic Energy Commission will not be permitted to produce nuclear power or electric power from a nuclear reactor, either for its own purposes or for any commercial purpose."

This is equivalent to saying that the Government of the United States, even though it has jurisdiction over the rivers and streams of the country, shall be denied the right to build a hydroelectric power project. I do not believe that even the most rabid partisan would suggest that the Government of the United States ought not at least to be able to build a dam on a river. I am quite sure that we have got beyond that point.

But when we come to the new river of opportunity, the great new force of nuclear power, we are literally writing into the law a provision that the Government of the United States shall be handcuffed, that the Government shall not be permitted to develop electric power from a nuclear reactor for any commercial purpose. Indeed, it is doubtful whether the Government could even do it for purposes of research and experimentation, in a degree which would be practicable.

A draft of proposed legislation accompanying President Eisenhower's message to the Congress of February 17, 1954, contained this language:

> Nothing in this act shall be construed to authorize the commission to engage in the sale or distribution of electrical energy for commercial use except such energy as may be produced by the Commission incident to the operation of research and development facilities or facilities for the production of fissionable material.

That proposed restriction was incorporated in an earlier version of H. R. 9757, but the sponsors were persuaded finally to strike it out. The majority

report on the bill, however, construes the restriction to be still applicable to section 44. It states in this regard:

> This section will permit the Commission to dispose of that utilizable energy it produces in the course of its own operations, but does not permit the Commission to enter into the power-producing business without further congressional authorization to construct or operate such commercial facilities.

The Senator from Iowa [Mr. HICKENLOOPER], one of the coauthors of the pending legislation, defined an even more limited role for power production by the Atomic Energy Commission in a colloquy on the floor of the Senate on July 16.

I quote as follows from page 10731 of the CONGRESSIONAL RECORD of that date:

> Mr. HICKENLOOPER. • • • So far as the public-power problem is concerned, it is not even touched in the bill; in the bill there is no provision for the development by the Commission of public power. The only place in the bill where that subject is touched is in the section that provides that if, in connection with research and development, the Atomic Energy Commission produces some incidental power—power which is not primary in its operations—and if the Commission has an opportunity to sell the power, it may sell a few kilowatts which otherwise might be wasted.
>
> The question of the direct production of competitive power by the Atomic Energy Commission is not raised in this measure, and it is not authorized.

This position taken in the bill, and as enunciated by our colleague, the Senator from Iowa, has a close analogy in the field of hydroelectric power production.

In our navigable rivers we have a resource which is clearly owned by the Government. Occasionally we find a few persons who like to think they own it, but they do not own it; certainly not when the Government at least exerts its authority. No one has questioned the right of the Federal Government to build dams to produce power on streams which are owned by the people. Yet, if the philosophy of the Cole-Hickenlooper bill were followed, we would say, "Oh, no, the Federal Government cannot develop power from our water resources. We will not countenance that. Private power companies are the only ones who can build hydroelectric power projects."

The analogy is so apt because in atomic energy we have another resource that is owned by the Federal Government. That is acknowledged even in the Cole-Hickenlooper bill, for the Federal Government, under this bill, retains ownership to fissionable materials.

Moreover, the Government's, and hence the people's, stake in this resource is derived, too, from the fact that the Government has spent some $12 billion of tax money in the development of this resource.

What I am saying is that we have been treating the atomic resource in the same way we have treated any other natural resource. After all, when we get right down to it, the same great forces that made the rivers and streams made the atom. The only thing that mankind has done is to split the atom, and perhaps confuse it. Now we are about to apply it to modern man's living; but as soon as we get atomic energy to the point where it may help mankind, the Government, or at least the present administration, says: "This is a field from which the Federal Government must be excluded."

I do not intend to stand idly by and permit a precedent to be established which will deny the Government of the United States the right to use its own resources, any more than I would permit the establishment of a precedent that the Government of the United States should not have any control over navigable rivers and streams.

Mr. LEHMAN. Mr. President, will the Senator yield for a question?

Mr. HUMPHREY. I yield.

Mr. LEHMAN. Is it not a fact that we who are opposing the bill in its present form in no way object to free enterprise and in no way are trying to prevent cooperation with industry in the development of power? What we are objecting to—and I emphasize this point because it is so widely misunderstood—are the provisions in the bill which completely prohibit the Federal Government from developing any of this power, which is power that obviously belongs to the people, because the people have put up $12 billion for the development of this great resource, which is now of such tremendous value to our country and to our friends and allies. Am I not stating the situation accurately when I say that we are in no way opposed to free enterprise and that we are not trying to prevent the participation of free enterprise in the peacetime development of atomic energy?

Mr. HUMPHREY. I would say that the Senator from New York states exactly what my interpretation of the bill is. Not only are we not trying to prevent the participation of free enterprise, but we are trying to open the door for the participation of free enterprise. However, I do not call the colossal corporations exponents of free enterprise. Some of them represent nothing but free socialism. I am talking about people who can get together, put up a little money, and participate in a development such as this. Some of the loudest voices raised in praise of free enterprise are far from praising actual free enterprise. I am talking about competitive enterprise. I am talking about permitting the participation of a small private utility. When I say small, I mean a utility of about $20 million or $50 million capital, which is not so small in my language, even though some persons may think it is. It is that kind of corporate entity I have in mind.

A reading of the language of the bill shows that it will permit only a handful of the large investment companies in America to participate in the development of atomic energy. I am opposed to that. I am of the opinion that a small REA should have just as much right to the resources which have been created by the taxpayers as the largest investment company.

I shall have a little more to say about that in a few minutes, but speaking about investment companies reminds me of the Dixon-Yates contract. Mr. President, that has really smelled up the atmosphere, and has certainly brought a stench into Washington. The mess is now being taken out of Washington and is being transferred to the Tennessee and the Mississippi Rivers. We will soon come to that mess.

Mr. LEHMAN. Mr. President, will the Senator yield further?

Mr. HUMPHREY. I am glad to yield further.

Mr. LEHMAN. Is it not a fact that the Government of the United States now uses plutonium and uranium and other fissionable materials in production processes, but, under the bill, may not use it in the production of any power which would benefit the people of the country?

Mr. HUMPHREY. That is my understanding. Incredible as it may seem, that is the way the bill reads.

Mr. LEHMAN. Mr. President, will the Senator yield further?

Mr. HUMPHREY. I yield.

Mr. LEHMAN. The reason the distinguished Senator from Minnesota, the junior Senator from New York, and some of our colleagues are carrying on this fight, even though we are sometimes accused of filibustering, which is a completely false and inaccurate accusation——

Mr. HUMPHREY. I interrupt the Senator to say that those who make that kind of accusation never gave us any help to eliminate the filibuster. So far as this Senator is concerned, they made their bed; now let them lie in it.

Mr. LEHMAN. Is it not a fact that we are carrying on this fight—and thank God we are—in order to bring home to the people facts they do not understand and which have been misrepresented, and of which they have absolutely no knowledge and no conception? For the first time, because of the debate which we have been carrying on for the past 3 or 4 or 5 days, we are bringing at least some of the facts home to the people. So far as I am concerned, I want the fight to continue until the facts are known, and then others will support and back up our position and fight with us.

Mr. HUMPHREY. I believe that is exactly what has happened. I venture to say that 2 weeks ago not a handful of people in this country knew what the amendments to the Atomic Energy Act were. I venture to say that not 1 out of 10,000 ever heard of the Dixon-Yates contract. I venture to say that the public did not know that the McMahon Act was being amended.

Mr. President, every time this administration gets ready to give away half the public domain, they want a "quickie." In this instance they are not getting one. The stop lights are on. They are not even going to blink that yellow light. Interest rates went up overnight without any discussion in the Senate; the tidelands were given away; public land bills are all over the place. We now have a tax bill which gives accelerated depreciation of almost unlimited amounts. That was done in a hurry, too. Everything seems to be in a hurry. Why does

not the administration get into a hurry about doing something for the schools of the country? In America today there is greater need for more school buildings than there is need for the passage of this bill. There is on the calendar a bill providing for additional schools, and any time the majority leader wants to set aside this bill for the consideration of that bill, he can do so. The Cooper bill is on the calendar providing $250 million for Federal aid to school construction. But the President says that it must be studied by a committee. Well, let them study it. But I think almost everyone knows what the needs of the schools are.

We spent a great amount of money approximately 2 years ago to make a study of the schools of America. The late Senator Taft and I were cosponsors of the resolution providing for the study. Forty-eight States participated. A profound study was made, the results of which have been submitted to the Congress and to the President. The President, in his first state of the Union message, said he wanted to see the Federal Government do something about Federal aid for school construction. Such a bill is on the calendar. There is no hurry about it, apparently. There was no hurry about helping the unemployed; there was no hurry about doing a lot of things. The things we have to hurry about are to reduce farm income, raise the interest rates, scuttle the housing program, give away the offshore oil, and now give away our atomic energy resources.

No, Mr. President, that is not going to happen without a fight. If we cannot fight it out here we shall fight it out on the hustings, and we shall continue the battle.

The administration seems to be trying to reverse our public-land policy, and it is now trying to set a pattern with reference to atomic energy for civilian and possible home uses.

I say, frankly, that I do not trust this administration's judgment with reference to this bill, and I may as well bare my conscience. I am not willing to allow the private interests of the Nation, with their apparent hold on this administration, to write the public laws of the land or to circulate propaganda which molds public opinion in this area. It is time to protect the public. Atomic energy is as public as a postage stamp, and it is time we so term it, and not turn it over to private interests. There have even been ideas about turning over the Post Office Department to a private concern. The next thing we know we shall be turning the Department of Defense over to the Remington Arms Co.

I shall not stand idly by and see public laws written which literally have no safeguards for the American people.

Mr. DOUGLAS. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. The Senator from Minnesota said it was his understanding that the bill denied authority to the Federal Government to generate power from uranium, plutonium, or other byproducts. The Senator from Minnesota is, I take it, aware that this is not only his impression, but it is also the direct admission or assertion of the majority of the joint committee itself. I should like to call the Senator's attention to page 15 of the report of that committee. In the paragraph at the top of the page, beginning on line 4, speaking of section 44, we find the joint committee saying this:

> This section will permit the Commission to dispose of the utilizable energy it produces in the course of its own operations, but does not permit the Commission to enter the power-producing business without further congressional authorization to construct or operate such commercial facilities—

I invite particular attention to the words—

> but does not permit the Commission to enter the power-producing business without further congressional authorization to construct or operate such commercial facilities.

So it is not only the impression of the Senator from Minnesota, it is the direct assertion of the joint committee itself which drafted the bill which drew forth the very able minority views of Representatives HOLIFIELD and PRICE.

Mr. HUMPHREY. The Senator from Illinois has emphasized what I consider to be one of the main weaknesses in this measure. I believe it was the Senator from Oregon [Mr. MORSE] who said the other night that it substituted a golf stick for a yardstick. There is no yardstick in this measure—none whatsoever. There is no real protection of the public interest, and there cannot be so long as the Government's hands are tied.

Despite the Government's vested interest in this resource, the Government's hands are being completely shackled insofar as being able to develop this resource for the benefit of all the people. It is an incredible, shocking limitation.

Mr. President, my interest in having the people of America share in the benefits of this program, through their rural electric cooperatives and public institutions, is not new.

On June 1, at the time the Senate was debating appropriations for the Rural Electrification Administration, I engaged in a colloquy with the distinguished junior from North Dakota [Mr. YOUNG], who was chairman of the subcommittee that had handled that appropriation. At that time the Senator acknowledged that the appropriation for the Rural Electrification Administration could be used to make loans to rural electric cooperatives to construct a nuclear powerplant.

Again, in a speech which I delivered on June 9 before the annual meeting of the Minnesota Valley Co-op Light & Power Association at Montevideo, Minn., I stated:

> Steps must be taken now to protect the public's interest in future peacetime uses of atomic power, rather than permit it to become a private monopoly.

I went on further to say:

> Our great national system of rural electric cooperatives must be alert to the new opportunities that may lie ahead, and to the forefront in taking advantage of these great technological advances. They must be permitted to share with private power companies in experimental development of nuclear power sources.

Mr. President, the possible availability of REA loans to rural electric cooperatives to build nuclear power reactors is important, but I fear that such authorization is entirely inadequate to assure the rural electric cooperatives, municipalities, and other nonprofit electric systems an opportunity to share in the benefits of this new source of energy.

The reason why I am apprehensive is that I am informed that the minimum economically feasible size for a nuclear powerplant is about 250,000 kilowatts. Such a plant undoubtedly will cost many millions of dollars, and the rural electric cooperatives, which are relatively small by comparison with the private power companies, could not begin to finance the construction of such large generating stations.

Mr. DOUGLAS. Mr. President, will the Senator from Minnesota yield further?

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. I saw estimates running as high as a thousand dollars a kilowatt, indicating that the approximate cost of an efficient reactor would range somewhere between $180 million and $250 million.

Mr. HUMPHREY. For a plant of reasonable size or one which would do the job of actual testing the cost factors involved in such power production. Is that the Senator's understanding?

Mr. DOUGLAS. Yes, I do not want to anticipate the Senator's argument. But we are not likely to see, are we, a number of firms competing within an area if an entrance fee of $200 million is required?

Mr. HUMPHREY. I think it is beyond the realm of possibility, and it certainly does not sound as if within our lifetime it would be a very practical proposition to expect a small company, an REA, or a municipality, to engage in that kind of a program.

Mr. DOUGLAS. Has the Senator ever seen two private transmission lines running down the same road on different sides of the street?

Mr. HUMPHREY. Not that I recall.

Mr. DOUGLAS. In other words, even today the distribution of electric power is a local monopoly.

Mr. HUMPHREY. It is by its nature; and therefore it is all the more important that we see to it that this resource shall not be controlled simply by a handful of large combines but shall be made available to the largest number which is economically or engineeringly feasible.

Mr. DOUGLAS. In the days before England became a democracy, is it not true that England was parceled out in duchies: The Duchy of Cornwall, the Duchy of Devonshire, the Duchy of Northumberland, the Duchy of Lancashire, the Duchy of Yorkshire, and so on? England was parceled out into some 15 or 20 different duchies. The duke in each region controlled the economic and political life of that region.

Is there danger that we will be setting up, in the democracy of the United States, similar economic duchies, each

having powers of life and death over industry in its area?

Mr. HUMPHREY. The Senator, I think, has put his finger upon what is the very obvious possibility, under the terms of the proposed legislation now before the Senate. Occasionally there are times in our national development when individuals or combines come to look upon themselves as separate principalities or separate duchies, but we generally do not underwrite them by law. Laws are passed against them. In fact, there is a prohibition in the Constitution against any form of nobility or title in the United States.

Certainly I do not wish to see public law literally prescribe conditions which would make possible what the Senator from Illinois has so ably described as economic duchies, because that would lead to great economic consequences for the United States, and they would be bad. The nuclear resources are tremendous. We have only barely scratched the surface of their overall development. From all we understand atomic energy, certainly we should proceed with caution.

The Senator from Illinois will probably recall that under section 7 (b) of the Atomic Energy Act, the Atomic Energy Commission is supposed to make a report—not supposed to, but required to—whenever the Commission believes that the developments in atomic energy have proceeded to a point where there are commercially feasible projects. Once the Commission makes its finding, it must report it to the President, and then the President must transmit the report to Congress. Congress, then, is supposed to legislate. I say again, in the vernacular of the electrical industry: We have been short circuited. There has not been any report from the Atomic Energy Commission, as prescribed by section 7 (b) of the act. There has not been any report from the President following the report by the Atomic Energy Commission.

Again I say we have had short-circuit treatment. We have had only tid-bits of information. On that basis we are asked to amend the basic law which pertains to our atomic economic development.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. LEHMAN. The Senator from Minnesota is, of course, familiar with the struggle which extended over a period of 30 years against the public development of water power resources on the St. Lawrence River, in New York State. I am certain the Senator also is familiar with the struggle which is still continuing, and unfortunately up to this point has been successful, on the part of the large power and industrial concerns to block the public development of hydroelectric power on the Niagara River, which would serve not only the State of New York, but also portions of Ohio and Pennsylvania, just as the St. Lawrence will serve not only New York, but also portions of New England.

I wish to ask the Senator from Minnesota whether, in view of that history, and in view of the great interest which has been shown in the public utility companies by the large corporations, he believes, even if sufficient capital could be made available by private industry, it is likely that they would set up reactors there which would come into serious competition with the great privately owned public utility companies like Niagara-Mohawk, Consolidated Edison, and the 4, 5, or 6 other great public utility companies.

I raise that question because I believe that there would be no disposition to do anything which would lessen the cost of power to the consumers in the State of New York, or in any other States similarly situated. They would not only not take steps to bring about such competition, but, in my opinion, they would do everything possible to block it.

Under the bill the Government of the United States would be powerless to accomplish anything along that line. It would be powerless to take action which would provide substantially cheaper power to all the consumers throughout the country where reactors could be erected to supply power rates which would be a yardstick, rates which would develop industry and business, and lead to far greater prosperity and far greater savings to the people of the United States.

Mr. HUMPHREY. I think the Senator from New York is absolutely right. It appears to me that we must face up to the realities of investment and business practice. Interests which already have invested millions of dollars in, let us say, a steam plant, whether using coal, gas, or oil as a means of fuel, are going to be hesitant to experiment in a very costly operation for the production of electrical energy or electric power. I think we still should expect that. As a matter of fact, if I were an investor in such a plant, I would expect the management to be somewhat careful and prudent in the use of its money.

Therefore, it is natural that we should expect the Government of the United States to do the pioneering. If the Government is to pioneer, it must pioneer in a way which is practical. It is not practical, as I understand, to build a plant which is too small, because it is not possible to determine what can be produced in terms of quantities of electrical energy, thereby reducing the rate per kilowatt-hour.

So I feel that there must be in the proposed legislation, authorization which, at least, unties the hands of the Government so that it may protect the public interest, and contains a yardstick as a competitive factor in a field of economic activity which, by its nature, at least in a particular area, is monopolistic.

In my colloquy with the Senator from Illinois [Mr. DOUGLAS], we were discussing the cost of nuclear powerplant construction, particularly if the plant were one of 250,000 kilowatts capacity. I said that such a plant undoubtedly would cost many million dollars, and that rural electric cooperatives, which are relatively small by comparison with private power companies, could not begin to finance the construction of such generating stations.

It is clear, therefore, that the Federal Government must assume in this field the same responsibilities as it has assumed in the field of development of hydroelectric power resources.

This is not to say, by any means, that the Federal Government is the only organization that should be permitted to build nuclear powerplants. Certain private power companies likewise should be given an opportunity to build such reactors, and I do not oppose the licensing of private companies, under proper safeguards, to build nuclear powerplants, just as I do not oppose the licensing of private power companies to build hydroelectric power projects, under conditions in which the public's interest is adequately protected.

I do not believe we should ever be driven into a position of all or nothing—public or private. What we are talking about is a balance between private and public utilities; between the use of public resources and private resources. But at all times, whatever agency may be used to develop hydroelectric power or atomic energy for electric production purposes, the public interest must be protected.

But unless the Government undertakes a program of building some reactors itself, as was pointed out by the Senator from New York [Mr. LEHMAN], I fear that the advantages of this new source of energy will not be made available to the rural electric cooperatives, the municipally owned electric systems and other local public agencies.

The Federal Government has ample justification to undertake such a program for other reasons.

First of all, prudent business practices demand that the Government, in order to supply its own needs, undertake a vigorous program of power production from nuclear energy. The Atomic Energy Commission today is the largest single consumer of electricity in the world. When presently authorized facilities are completed, the Commission will be utilizing capacity on the order of 5 million kilowatts, exceeding the combined capacity of the New England States. Its consumption of electrical energy in the near future may reach 8 or 10 percent of the Nation's total, with an outlay of some $150 million to $200 million a year.

In view of the staggering amount of power which the AEC requires for its own operations, one would think that the Commission would be seeking energetically to supply at least a portion of its own needs by the development of nuclear power facilities.

For the life of me I cannot understand how the Commissioners, the Commission, the President, or the Congress should want in any way to deny the Atomic Energy Commission the right to produce the power to service its own needs, just as a matter of economy, as a matter of saving the taxpayers money. Surely we ought to be considerate of that objective. Yet I am afraid that, under the terms of the bill, supplying the Atomic Energy Commission with its own

power needs might very well be considered as commercial sale of power. Therefore, the Commission might be denied that opportunity or that responsibility.

If the Commission supplied its own needs, the Commission would merely be engaging in practices which are followed by many of the largest industries, a great number of which have installed power generating stations to supply their needs for electrical energy. That is not at all uncommon. From one end of the country to the other large industries have built their own powerplants for their own needs. Yet here we are talking about a law which would deny the Federal Government the right to build power facilities for its own needs; and, by the way, its needs may represent the defense and security of the United States of America.

I point out that there has always been in this Nation a shortage of electric energy for an hour of crisis. There always has been. It will be recalled that in the hearings of the late thirties, before appropriate committees of Congress, the private utilities said there was more power than we could ever use, that there was plenty of power. Then came the defense period. Then came the war period. Then came dimouts and blackouts. I can say that had it not been for the TVA and the development in the Columbia River Basin we would never have had the supply of electricity essential for electric power and for the mass production of defensive weapons in the war period. The power requirements of the many industries I have mentioned are but a fraction of those of the AEC, and for an administration which prides itself upon being a "business" administration, it is incredible that it should attempt to hamstring the operations of one of the largest enterprises of the Government.

I consider the language of the bill before the Senate literally to threaten the effectiveness or possible effectiveness of the atomic-energy program itself. There cannot be atomic energy without electric energy. I do not believe we should rely upon the caprice of fortune or upon events or upon private companies to supply the electric energy which may be necessary for the very defense of the country.

But besides the necessity for supplying the AEC's own requirements, there are other equally compelling reasons why the Atomic Energy Commission or other agencies of the Federal Government should be empowered to produce electric power commercially from nuclear reactors.

The history of the electric industry in this country has proved conclusively that regulation of a basically monopolistic business such as the electric industry is largely ineffective. Rate reductions in the electric industry have resulted primarily from competition from what we call the yardstick plants of the Federal Government or other public agencies, rather than from the operation of regulatory agencies. In areas where public power is available, it will be found that reasonable rates are charged by private utilities. I may say that it will also be found that in those areas good profits are made. The private utilities of America have made plenty of money. I am delighted they have. They are paying good dividends on their stocks. They are able to expand. The private utilities have received tax concessions and quick tax writeoffs.

The private utilities literally have done most of the construction of electric generating plants. Only 13 percent of the electric power produced in America comes from Government plants; 87 percent comes from private resources. A smokescreen has been blown up in our land which would lead one to believe that we were socializing the electric industry. That is a lot of "hogwash," and it ought to be so branded. The American electric industry is one of the largest private industries in the world. Eighty-seven percent of all electric energy produced and used comes from private plants. The electric industry has invested hundreds of millions of dollars in plant expansion. The private utilities industry has received tax writeoffs under the law of the land. I am not complaining about it; I simply do not want them complaining as to their particular predicament.

The operation of a public yardstick as a means of regulating rates was strikingly shown in the President's Water Resources Policy Commission report of 1950. Table 3 on page 231 of this report shows how the wholesale rates of power to rural electric cooperatives were reduced steadily by the private power companies in areas where these companies were adjacent to public-power developments. It is noteworthy, however, that there were no corresponding rate reductions in areas such as New York or New England, where there were no Federal power projects.

So if one wants to ascertain where cheap power or reasonably priced power is obtained, all one has to do is find out where there are available Federal electric-power resources. In such areas, because of the competition, there will be found available reasonably priced power. Likewise the private utility will be making money, serving more customers, and industries will be using more electricity. Everyone seems to profit.

For example, the report I have just mentioned, the Water Resources Commission report, shows that rural electric cooperatives in Oklahoma were paying 1.16 cents per kilowatt hour in 1941 to their private-utility suppliers. But with the advent of the Southwestern Power Administration the wholesale rates were reduced to 0.88 cent per kilowatt-hour by 1945, and by 1950 the wholesale rate charged by these same companies was down to 0.58 cent per kilowatt-hour—exactly half the rate charged in 1941. In other words, using approximate figures, the rate went down from 11½ to 5½ mills in a period of a few years, primarily because of competition from the Southwestern Power Administration.

Yet, in the New England States, the wholesale rate to the rural electric cooperatives during this same period increased from 1.25 cents per kilowatt-hour in 1941 to 1.47 cents per kilowatt-hour in 1950. In other words, in an area where there were no yardstick plants, in the great New England area of America, the rural-electric cooperatives rates increased from 12½ mills to 14½ mills, approximately. Yet in the Southwestern Power Administration area, the rates decreased from 11½ mills to about 5½ mills.

I wish to say to my distinguished colleague, the junior Senator from Massachusetts [Mr. KENNEDY], who is now present, that power rates in the New England States are not only working a hardship on farmers, as I have noted, as compared with other areas of America, but upon industrialists, businessmen, and investors. The possibility of using atomic energy or nuclear power for the production of electric energy means everything to an area such as New England, and to some of the other areas in America where natural water resources are not available.

Mr. KENNEDY. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield to the Senator from Massachusetts.

Mr. KENNEDY. I agree with the Senator from Minnesota that the lack of a yardstick has resulted in a great deal of difficulty in trying to bring down power rates in New England. I was glad that the committee accepted the amendment of the Senator from Rhode Island [Mr. PASTORE] and Representative HOLIFIELD, which provides that reactors shall be constructed in geographic areas which might be the first to benefit from commercial atom power. It would be of particular benefit to New England because our power costs are so high. Atomic power will become feasible, therefore, first in the New England area.

Mr. HUMPHREY. I thank the Senator from Massachusetts for his comment. We do owe a debt of gratitude to the Senator from Rhode Island and others who joined with him in the amendment. At least when the licensing is done, the geographical considerations, or the necessities or problems due to geography and to the lack of certain natural resources for power development, will be taken into consideration. I hope the language of the bill is strong enough to accomplish that purpose. I have been discussing it with the Senator from Illinois [Mr. DOUGLAS] and other Members. We wish to make crystal clear that if the Government should undertake research development, consideration would be given to the so-called power-drought or the high-cost power areas.

Mr. President, the rate reduction on the part of the private power companies in Oklahoma, to which I have referred, was accomplished without creating any hardship to the financial stability of the commercial companies. In fact, the companies, if anything, improved their financial position during this period.

The process of rate reduction which I have described in the case of the rural electric cooperatives in Oklahoma has been repeated in every other section of the country where the private power

companies have experienced competition from Federal power projects or local public power systems.

Thus, public power has brought great benefits not only to the consumers who are served directly by the publicly owned utilities, but likewise by the customers of the private power companies which have been forced reluctantly and begrudgingly to reduce their own rates in order to meet competition.

This process of rate reduction obviously has brought savings to the electricity consumers. But, as in other facets of our economy, lower rates have also brought corresponding increases in consumption. The areas which are blessed with the advantages of public power have the highest residential consumption of electricity of any in the country. Moreover, this source of low-cost electricity has made possible industrial development through electro-chemical and electro-metalurgical industries whose very existence depends upon an abundant supply of low-cost electric power.

But as I pointed out earlier, these advantages of public power necessarily must be confined to the regions which have hydroelectric power resources susceptible of economic development. Unfortunately, not every section of the country is so blessed.

To make the advantages of this new, potentially low-cost source of energy available to all sections of the country, it is imperative that the Government be given the opportunity to build some "yardstick" nuclear powerplants. Only in this manner will the public have a means of measuring the cost of electricity supplied to them from nuclear powerplants. Only in this manner can we be assured that the benefits of this resource belonging to all the people will be passed on to the public at large.

It is inconceivable that the Government should be prohibited from engaging in the production of electric power from a source of energy which the Government itself has created.

For that reason, on July 16, I submitted to Senate bill 3690 the following amendment, proposing a new section 45:

SEC. 45. Electric power production: a. The Commission is empowered to produce or provide for the production of electric power and other useful forms of energy derived from nuclear fission in its own facilities or in the facilities of other Federal agencies. In the case of energy other than electric power produced by the Commission, such energy may be used by the Commission, or transferred to other Government agencies, or sold to other users at reasonable and nondiscriminatory prices.

b. The Commission may undertake any or all of the functions provided in subsection 44a through other Federal agencies authorized by law to engage in the production, marketing, or distribution of electric energy for use by the public, and such agencies are hereby empowered to undertake the design, construction, and operation of nuclear-power facilities and the disposition of electric energy produced in such facilities when funds therefor have been appropriated by Congress. Nothing in this act shall preclude any Federal agency now or hereafter authorized by law to engage in the production, marketing, or distribution of electric energy from obtaining a license under section 103 of this act for the construction and operation of facilities for the production and utilization of special nuclear material or atomic energy for the primary purpose of producing electric energy for disposition for ultimate public consumption.

It is my understanding that the senior Senator from Colorado [Mr. JOHNSON] introduced a similar amendment.

This amendment would permit the production of electric power from nuclear reactors, either by the Atomic Energy Commission or by other Federal agencies which already are empowered by the Congress to engage in the production, marketing, or distribution of electric energy for use by the public.

It will be noted that this amendment is merely an enabling one, and that appropriations would have to be made by the Congress before any such Federal agency could engage in the production or marketing of power from nuclear reactors.

The amendment I propose means that the Tennessee Valley Authority, for example, would be empowered to build a nuclear reactor for the production of electric power. This agency has already been delegated by Congress with the responsibility of supplying the electrical-energy requirements of the Tennessee Valley, and it should not be prohibited from engaging in new methods of producing electric power, just as any commercial utility should not be prohibited from taking advantage of new and improved techniques for the production of electrical energy.

My mention at this time of the Tennessee Valley Authority serves as a reminder that the President has already directed the Atomic Energy Commission to contract with a new company, to be formed by two holding companies, in order to supply the energy requirements of the TVA system.

It would seem that rather than use the AEC as a broker to provide TVA with its needs for more power, the President would be far better advised to empower the AEC to produce economically feasible atomic power for the TVA system, or permit the TVA itself to produce such power. This would be possible under the amendment I have proposed.

Mr. President, in mentioning the contract the President has directed the Atomic Energy Commission to make with what is known as the Dixon-Yates firm—composed of the two holding companies—there are some questions which I think could be asked in making the public record.

In this connection let me state that I have in my possession—as I am sure every other Member of this body does—a telegram which was sent a few days ago. It is dated July 19, and it arrived at my office at 3:54 p. m., having been sent from New York City.

The telegram was sent from New York City, and it reads as follows:

NEW YORK, *N. Y., July 19, 1954.*

Senator HUBERT H. HUMPHREY,
Senate Office Building,
Washington, D. C.:

We, the undersigned, have made an offer to finance, design, build, and operate a steam generating station at Fulton, Tenn., to supply the power needs of the TVA in the Memphis area. The cost of this power is to be 3½ mills per kilowatt hour or less. This is practically at the same rate as power produced by the TVA. Our offer will cost the Government between $90 million and $150 million less than any alternative proposal you have for consideration. We are repeating this offer, made to TVA and other governmental agencies concerned, to you and to every other Senator and Representative. We are now adding to this offer as follows:

"We will build steam generating stations on the same basis wherever they are needed in the TVA area. Power from these generating stations will also be available to the private utility companies in the adjacent territory at the same rates as TVA."

We respectfully ask that you interest yourself in the consideration of this offer by the proper Government agency, for the following reasons:

It is best for the Government, because: it saves $90 to $150 million. It eliminates the need for the AEC to make a power contract to supply the needs of TVA. It takes the AEC out of the power business. It eliminates need for further Government appropriations for the construction of TVA generating stations.

It is best for TVA because the Authority can continue to make its own power contracts for its own needs. It enables the TVA to supply all the power the AEC needs at the cheapest price. The Authority retains its ability to meet the growing needs of its own customers. The cost of power remains the same to its present customers. The great benefits, brought by TVA to the area it serves in seven States, are maintained through private money and private initiative.

It is best for the private utility companies in the territory adjacent to TVA because it enables them for the first time to obtain power at TVA rates and to compete with TVA on a price basis.

It is best for the consumer because his monthly bill for electricity in the TVA area remains the same and will be substantially less than he is paying now in the adjacent territory.

It is best for the country because it spreads the benefits of low-cost power over a vastly greater territory to a larger number of people.

Respectfully yours,

Walter von Tresckow, for Walter von Tresckow, New York City; Burns & McDonnell Engineering Co., Kansas City, Mo.; Salomon Bros. & Hutzler, investment bankers, New York City; Long Construction Co., Kansas City, Mo.; Robert W. Larrow, Burlington, Vt.; Harvey Weeks, New York City; George H. Schwartz, Zelig R. Nathanson, Schwartz Nathanson, I. Cohen, New York City; John N. Mitchell, Caldwell, Marshall, Trimble & Mitchell, New York City.

What I like about this telegram is that following the line "Respectfully yours," there is set out the name of every single person associated with the project, so that people may see who they are. We see, for example, the name of Burns & McDonnel Engineering Co., of Kansas City, Mo.; Walter von Tresckow, for Walter von Tresckow, New York City; Long Construction Co., at Kansas City, Mo.; Salomon Bros. & Hutzler, investment bankers, of New York City.

My question is this: Who are the investors in the Dixon-Yates project? What investment bank or banks support that project? Who are the bonding companies? How does it happen that we have a contract proposed, but do not even have the information I have

suggested? I do not think it is a matter of public record as to what great financial resources will be utilized for this particular contract. It is customary, it seems to me, when the Government makes a contract which runs into such proportions, to know about the background. If we can examine the background of every clerk, every riding page, and every officer of the Government, we can examine the background of those who are engaged in contractual relationships with the Government of the United States.

I say there is something "fishy" about this contract. It does not look right. If I were in Denmark, in the words of Shakespeare I would say that there is something rotten in Denmark. It seems to me that there is something not so good in Washington, and it seems to be worse near Memphis.

Who are the investment bankers who are financing the Dixon-Yates contract? What banking houses? What engineering firms? What bonding companies? Who are the investors who are going to be able to get the Government-guaranteed contract, the most amazing contract which has ever been brought to the attention of the Congress? There is to be an investment of slightly more than $5 million for construction which will cost more than $100 million. There is to be a Government-guaranteed, 25-year contract, the Government to pay Federal, State, and local taxes. We have discussed this contract at great length. It is not necessary to go into it further.

I say that there are many unanswered questions. I am of the opinion, from the recent press dispatches which have been brought to my attention, that the President was not fully informed as to some of these questions. I read from a dispatch which came over the ticker tape this afternoon:

> The President said it had long been his policy to change his plans if someone showed him a better way of accomplishing his purpose.
>
> He then said that his action on the power contract was motivated by a fear of the consequences of continued Government power development in one area of the country, without providing similarly for the development of other river basins.
>
> As for anyone saying he wanted to destroy the TVA, the President said the politest way he could answer that was that such an interpretation was in error. On the contrary, he said he was prepared to support the TVA with all of his heart.
>
> A reporter said that one of the principal objections to his position stemmed from the fact that three AEC members opposed signing the power contract, but had to do so on presidential orders.
>
> Mr. Eisenhower was then asked whether he felt he could order independent agencies to execute administrative policies to which they were opposed.
>
> The President said in the first place that he was governed by the recommendations of the Attorney General. He added that someone must exercise responsibility when the chips are down.
>
> He said that was his position in the power contract, adding that he did not believe the AEC could be classed in the same independent group, with, for example, the ICC.

It seems to me that we do not need to argue too much over the latter part of the question, as to whether or not the Atomic Energy Commission is an independent agency. One thing is certain, and that is that the Atomic Energy Commission has the responsibility to report to the Congress and to the President. In the case of the pending legislation, it has not done so.

Another point—and I should like to know what the President's answer to this question was, because it is not reported here—Did the President really know that three members of the Commission were opposed to the contract? It seems to me that the press reports skip over this question very quickly, without any answer whatsoever.

Finally, I should like to comment on the fact that the President said, "that his action on the power contract was motivated by a fear of the consequences of continued Government power development in one area of the country, without providing similarly for the development of other river basins."

The answer to that is not to weaken the TVA, but to put more push behind other power projects. We do not help the country by distorting the historical relationships between the Tennessee Valley Authority and its area and the Atomic Energy Commission and the private utilities. If we are worried because one area of the Nation is getting too much public power, we help the entire country by helping another part of the country. The answer is to help the other areas of the country.

Only a month ago I was pleading on the floor of the Senate for $400,000 for the beginning appropriation to bring high voltage transmission lines into the State of Minnesota from the Missouri basin, to bring them up to the Benson-Fergus Falls area, so that we could tie into a grid coming from the southern part of the Missouri River basin, from the Fort Garrison Dam in the Missouri River basin. I did not get any support. The administration did not recommend that project. Surely the people of my section are concerned about the ever-increasing facilities of the TVA. There has been concern about what they consider to be special treatment for the TVA area. I am not concerned. The answer to that is to give other parts of the country the same kind of special treatment which has taken place in the TVA area. From what I have seen of the TVA area, the result has been an improvement of the entire area. There has been an expansion of industry, and an improvement of homes, schools, parks, and playgrounds. There has been an improvement in health, and an improvement in income. The answer is not to try to shackle that development, but to try to help other parts of the country to move ahead.

In view of what the President has said, as reported in his press conference, I suggest that in areas which do not have river systems susceptible to hydroelectric development, in areas which do not have coal, oil, and gas which can be used for the development of low-cost electrical energy, we should provide for the development of electrical energy from nuclear power.

It is in that very respect that the pending bill is weakest, because the bill does not provide for the Atomic Energy Commission to enter into the kind of experimentation and pilot plant projects which will make it possible for many areas of the country to benefit in the foreseeable future from low-cost electrical energy to be developed from nuclear power.

I hope those who are advising the President will point out to him that all we seek is fair play and fair treatment. No effort is being made here to restrain private utilities from their legitimate aspirations and legitimate investments. However, an effort is being made to make certain that the great pattern of electrical power development, which has been established for years, shall continue to move forward. We do not want our REA's to die on the vine. We do not want to permit public bodies furnishing electrical energy to die because of lack of adequate electric power.

I have just had brought to my attention a matter which I believe is of significant importance. In the bill, S. 3690, on page 10, in "Chapter 3, Organization," section 21, the present law, known as the McMahon Act is reenacted. That is the chapter which created the Atomic Energy Commission. In line 13 of page 10 the pending bill provides that the President shall designate one of the members as chairman of the Commission, and then in line 25 the bill provides:

> Action of the Commission shall be determined by a majority vote of the members present.

It is quite clear from that language in the bill that when the Atomic Energy Commission is to undertake a program, it will be a majority of the Commission that will determine the program. It does not say that it will be done by the Bureau of the Budget or by the President. It says it will be done by a majority decision of the Commission. To be sure, the Commissioners are appointed by the President and confirmed by the Senate. However, once appointed and confirmed, the Commissioners are empowered to make decisions. In this instance, the decision that they made on the Dixon-Yates contract was "No." Three members said, "No."

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. HUMPHREY. I yield.

Mr. HICKENLOOPER. Is the Senator from Minnesota under the impression that the Atomic Energy Commission voted to take action on that contract?

Mr. HUMPHREY. No; the Senator from Minnesota is under the impression that they did not have a chance to take action.

Mr. HICKENLOOPER. There was no action by the Commission on that score, and no vote. There were some preliminary opinions expressed by some members of the Commission, but the Commission took no action on the contract.

Mr. HUMPHREY. That is what I am complaining about. The President ordered the contract. The Commission was bypassed. Does the Senator from Iowa say that three members of the

Commission did not write reports or letters, or make statements in opposition to the contract?

Mr. HICKENLOOPER. Four members of the Commission, 3 or 4 years ago, took a position against the development of the H-bomb, but the President saw fit to take a different position—and I am glad he did—and then the Commission took a different position, after the President had determined what the policy should be.

Mr. HUMPHREY. Let us keep the facts straight. Is it not a fact that in that area the President did have authority to act, which authority is given to him expressly under the law?

Mr. HICKENLOOPER. I think he had authority.

Mr. HUMPHREY. Under the terms of the law, I mean. Is it not true that the Commission referred that question to the President?

Mr. HICKENLOOPER. I think that is true.

Mr. HUMPHREY. Let me ask the Senator this question——

Mr. HICKENLOOPER. When I say that is true, I will have to explain to the Senator what happened. There was a dispute between the Commission and the military liaison committee, and others, and the general advisory committee, and all of them said, "Well, let us take it to the President."

Four members of the Commission originally said, "We will not go into the H-bomb program." A little later one of them went to the other side, which made it 3 to 2 against the H-bomb program. However, they got together and agreed that they would take the matter to the President and submit it to him. They did. The President made the direction, and the Commission carried out the President's direction.

Mr. HUMPHREY. May I point out to the Senator from Iowa, who knows much more about the matter than any other Member of the Senate, because he has been for years a member of the joint committee, that the law specifically gives the President unusual powers insofar as the development of weapons is concerned? There is nothing in the law which says the President may designate who shall be the contracting parties to a contract for the production of a kilowatt of electricity. There is a great deal of difference. The President is the Commander in Chief. The President has great constitutional powers when it comes to the question of weapons. In the McMahon Act itself that fact is spelled out.

Furthermore, in the instance of the hydrogen bomb, the Commission itself unanimously referred it to the President for his decision. I say to the Senator from Iowa that the Commission did not refer to the President of the United States the Dixon-Yates contract. I say further to the Senator from Iowa that 3 members of the Commission expressed their disapproval of that contract, not so much because of the terms of the contract, but because they objected to the Atomic Energy Commission acting as broker for TVA.

We are talking about something else than the legitimate work of the Atomic Energy Commission. As concerns the H-bomb, that decision had to be made by the Commission and the President.

The Dixon-Yates contract does not call for the production of any electric energy for the Atomic Energy Commission—not one kilowatt, as Senators have pointed out on the floor again and again—but what it represents is an order to the Atomic Energy Commission to contract with a private firm to supply electricity to the TVA for the purposes of serving the Memphis area. In that great Memphis area that electricity will be serving such great defense installations as race tracks, peanut vending machines, hamburger stands, pop bottlers, and similar installations of equal importance to the security of our country.

I suggest that we have a most amazing situation. The TVA did not want the Dixon-Yates contract. The Atomic Energy Commission, or at least a majority of it, did not know about the contract. Congress apparently did not know anything about it until it happened. Congress did not ask for the contract. In fact, Congress had legislated in other areas last year for the Paducah plant and had excluded this one. The terminology of the other law is crystal clear.

I think the only thing one can say is that someone advised the President, "If you want to make a sort of flank attack upon the TVA, the way to do it is through a contract known as the Dixon-Yates contract with the Atomic Energy Commission."

I think the burden of proof for the legitimacy of that contract, or even for its desirability, rests upon those who have propounded it and who have made it and who have wanted it. Surely there is no reason at all to assume that it is of importance to the security of the country, or that it was wanted by the Commission, or that it was wanted by the TVA.

That argument has been worked over so much that I am sure there is nothing more that can be said about it.

I go back and ask a simple question: Who is financing this project? We found out who the financiers would be in the alternative proposal. Is the City National Bank of New York City financing the project? I do not know. I just wonder. Is the Continental Trust of Chicago financing the project? I do not know. I just wonder. If it is, it may be bad or it may be good. I just wonder. I merely want to know. What is the secret about it?

If there were need to provide greater power resources for the Atomic Energy Commission, the TVA could have built the plants, or Congress could have authorized more plants. That is what we did a year ago in that area, when we authorized private steam plants as a part of the Tennessee Valley system.

Therefore, what we really have is the use of the Atomic Energy Commission as a broker to provide TVA with power, and in this instance to provide it with power that it did not even request.

I have some other amendments which I have proposed. I believe they are necessary to bring the power features of the pending bill in line with the provisions of the Federal Power Act.

As I pointed out earlier, I have no objections to licensing privately owned power companies to use nuclear fuels for the commercial production of electric power. These companies are permitted by present law to obtain licenses to develop another great resource owned by the Government—the Nation's navigable streams.

But whereas as early as 1920 the Congress enacted the Federal Power Act to set up certain safeguards to the people when private institutions are permitted to develop resources belonging to all the people, no comparable safeguards have been provided in the Cole-Hickenlooper bill.

In fact, there is almost a complete absence of such safeguards. The lack of such safeguards is evidence of this administration's total disregard for the people's interest in resources belonging to all the people. To permit the Government to husband its resources in such a flagrantly loose manner is unconscionable.

Therefore, the following is one of the amendments which I have provided to set up standards for licensing private utilities in obtaining nuclear fuels:

On page 44, after line 3, add the following proviso:

"*Provided*, That upon not less than 2 years' notice in writing from the Commission the United States shall have the right upon and after the expiration of any license to take over and thereafter to maintain and operate any facility or facilities for the utilization of special nuclear material for the generation of electric energy on payment of the net investment of the licensee in such facilities, with severance damages, if any, in general accordance with the terms of section 14 of the Federal Power Act: *And provided further*, That if the United States does not exercise its right to take over the facility or facilities on the expiration of any license, States, municipalities, and cooperatives shall have a prior right of acquisition on the same terms in connection with the issuance of a new license for such facility or facilities."

The principle of this amendment is rooted in the Federal Power Act, which contains a similar provision generally known as the "recapture clause." The reason for such a provision in the Federal Power Act is that the Federal Government is the owner of our navigable waters, and merely licenses private companies to utilize those streams in the public interest. When a private company receives a license to build a dam on a navigable stream, at no time is it deemed that the company has ownership of that structure in perpetuity. At the conclusion of the term of the license, the Federal Government is given the option of taking over and operating the dam, upon payment of just compensation to the company.

In the field of atomic energy a similar situation exists. The Federal Government retains ownership of the nuclear material, giving licenses to private companies for a maximum of 40 years to build reactors to utilize the nuclear materials in the public interest. There-

fore, at the expiration of such licenses, the Government should have the option to maintain these facilities, if it deems necessary in the public interest.

It should be noted that under my proposed amendment, the licensee must be given at least 2 years' notice in writing if the Government decides to exercise its option of maintaining the facility, and the licensee must be justly compensated in accordance with the procedures established under the Federal Power Act.

Mr. President, that seems like elemental justice. I cannot imagine a licensing system under which anyone in government would grant a license in perpetuity. There is not a franchise that is not limited, in terms of years, at least. Yet here, with these fabulous resources in which the people have invested billions of dollars, resources which may change the face of America, the pending bill literally permits the Government to give a license extending into infinity, with no recapture clause whatsoever even if it should be deemed necessary in the public interest or in protecting national security. This seems to me to be the most loosely drawn provision of the bill.

Mr. HICKENLOOPER. Mr. President, will the Senator from Minnesota yield?

Mr. HUMPHREY. I yield.

Mr. HICKENLOOPER. There is always the opportunity to recapture the essential material, upon certain conditions arising. Certainly, in the recapture of the material we recapture the business. The business cannot operate if the material is taken back by the Commission under the circumstances set forth in the bill. It becomes a recapture provision.

Mr. HUMPHREY. It is quite common in municipalities that taverns, restaurants, and so forth, are licensed. Licensing is nothing new in American life. We do not recapture the license by shutting off the sale of spirits. I have never heard of a Government agency that did not have written into the law a provision for recapture.

Again, Mr. President, this is one of those backdoor, subterranean techniques. If there is a need of recapture of the license, why do we not write it into the law? Why have the kind of provision that says, "All we need to do is to take away your material." That is not even being fair.

Under the amendment I am offering we at least serve notice to the licensee 2 years ahead of time that the Government can reclaim its right to the license. I think that is fair and equitable, and it should be included in the measure. I am not at all satisfied with the idea that merely because the materials are under Government control it is adequate, or even fair. That may lead too much to capricious authority in the hands of the Government. I want it more formal.

The next two amendments which I introduced, and which relate to the procedures to be followed by the Atomic Energy Commission in processing applications for licenses, are as follows:

On page 86, line 18, after comma, insert the following: "to municipalities, private power companies, public bodies, and cooperatives within transmission distance authorized to engage in the distribution of electric energy to the public."

Line 21, insert new sentences after the period, as follows: "In case of protests or conflicting applications or requests for the establishment of special conditions in prospective licenses, the Commission shall, prior to issuance of any license, hold public hearings on such application or applications in general accordance with the procedures established in connection with consideration of applications for licenses under the Federal Power Act and interested parties shall have the same rights of intervention in such proceedings, application for rehearing, and appeal from decisions of the Commission as are provided in that act and in the Administrative Procedure Act. In any proceeding before it, the Commission, in accordance with such rules and regulations as it may prescribe, may admit as a party any interested State, State commission, municipality, public or cooperative electric system, or any competitor of a party to such proceeding, or any other person whose participation may be in the public interest."

Let us see what that does to the pending measure. On page 86 of the bill it is provided as follows, beginning in line 14:

The Commission shall not issue any license for a utilization or production facility for the generation of commercial power under section 103, until it has given notice in writing to such regulatory agency as may have jurisdiction over the rates and services of the proposed activity, and until it has published notice of such application once each week for 4 consecutive weeks in the Federal Register, and until 4 weeks after the last notice.

Let us consider the State of Minnesota, Mr. President. I am rather surprised that my good friend from Iowa [Mr. HICKENLOOPER] is not aware of the fact that there is no regulatory agency for private utilities in Minnesota. I am not proud of it, but that is the way it is. They had that fixed early in the State constitution. We have no regulatory agency. I should like to have the city of Minneapolis know if there is going to be a license issued. I should like to have the rural cooperatives know; I should like to have the Northern States Power Company know if there is an application for license and a license granted. After all, how else would the State which I partially represent know? How would we get any notice? It may be said, "You will get it in the Federal Register." If all the other people of the Nation are going to hear by letter or telegram or some other means of communication, I would suggest that we hear also.

I am only suggesting that the language be broadened so as to include what is now in the Federal Power Act. If that is done, we shall not get into any trouble. It is not written into the bill now. The amendment only places in the proposed law what is already in the Federal Power Act.

The amendment to be inserted on line 18 provides that, before issuing a license for the utilization of nuclear materials for the commercial production of electric power, the Atomic Energy Commission must give notice to municipalities, private utilities, public bodies, and cooperatives within transmission distance of the facility where the proposed nuclear power facility would be located.

This provision merely assures that utilities—both public and private—already serving electric consumers in an area must be given ample notice if a generating station using nuclear fuel is to be constructed in the service area of the existing utilities. Such a provision would assure that the Commission would not issue a license for a new generating facility without the knowledge of those utilities which have the most direct interest.

That seems a fair requirement. I would hope it would give them at least advance information as to what was going to transpire in terms of competition.

The latter part of this amendment, containing the language to be inserted on line 21, would require the Atomic Energy Commission to hold public hearings and follow the other time-tested procedures of the Federal Power Commission before issuing a license for a nuclear powerplant.

I notice no particular reference in the bill, so far as I can see, to the public hearings, or any reference to the Legislative Procedure Act. I merely ask that what is now established law—and Republicans and Democrats proudly proclaim this law—be applied to the pending bill, so as to include that provision as a part of the language of the statute.

I know the argument will be made, "Well, that was the intent." I am not satisfied with all the good intentions, which do not seem to materialize at times. Nor am I satisfied with the so-called legislative history. If there is a legislative history which interprets something in the bill that I do not see written there, then why not write it into the bill? If legislative history means what it says it means, let us include it as a part of the statute. All too often the so-called legislative history is window dressing. I want to be sure it is a part of the window sill, a part of the structure or the device we are creating.

Section 182c of the bill requires that the Atomic Energy Commission give preference to applications for commercial power facilities to those located in high-cost power areas of the United States. The amendment which I propose to this section is as follows:

Where conflicting applications include those submitted by public or cooperative bodies such applications shall be given preference.

My amendment would require that within the preference to applications for high-cost power areas, a further preference should be given to applications from public or cooperative organizations.

This amendment, again, follows the policies established by the Congress in the Federal Power Act. In fact, the preference to public bodies in the Federal Power Act is even stronger than the one which I now propose to be added to the Cole-Hickenlooper bill, in that the Federal Power Act provides that if the application by the public body is not equal to that of the private company, the public body shall be given reasonable time to amend its application to make it comparable to that of the private utility.

We are dealing with a public law which may very well supersede the Federal Power Act, because it is entirely probable that from the vast resource of energy which is available from atomic power, the development of hydroelectric facilities may be on its way out, may be a thing of the past. I have read many fine articles saying that we have approached a new horizon, a new period, in the development of electrical energy. I do not want to see that new period retarded or weighted down by a public law which will give preference to a privileged few, and not fair treatment to the many.

Therefore, I want to see written into the proposed legislation all the safeguards which have been proved to be workable and of benefit to the public interest.

We are not in the realm of theory. The amendments which many Senators are offering are amendments which already are in other statutes, already tried and tested, and proved by experience.

Certainly we cannot quarrel with the principle that nonprofit public agencies and rural electric cooperatives should have the first opportunity, where there are competing applications, to utilize a resource owned and developed by the Federal Government.

The next amendment which I have proposed is as follows:

(e) Every licensee under this act, holding a license from the Commission for a utilization or production facility for the generation of commercial power under section 103, shall be subject to the regulatory provisions of the Federal Power Act applicable to licensees under that act as established by sections 301, 302, 304, and 306 thereof and to such other provisions of the Federal Power Act as provide for the enforcement of the regulatory authority of the Federal Power Commission with respect to licensees for development of water power.

That is the technical language. What does it mean?

The purpose of this amendment is to assure that those licensed by the Atomic Energy Commission to use nuclear materials for the generation of commercial power are subject to the regulatory provisions of the Federal Power Act.

That is as reasonable a request as could be made. I suggest that under the terminology of the bill before the Senate, it is not at all clear that the Federal Power Commission or the Federal Power Act regulatory provisions would be applicable to the atomic installations.

In view of the fact that the Federal Government has spent some $12 billion in the development of atomic energy, and is continuing to retain ownership to nuclear materials, it would be inconceivable to permit exploitation of the public by those which are licensed to use this public resource. Therefore, I say that their business must be subject to close regulation.

Accordingly, the amendment to which I have just referred would require licensees to be subject to the regulatory provisions of the Federal Power Commission. The yardstick operation of nuclear powerplants by the Federal Government must continue to be our first line of defense against exploitation of this resource, but the control by a regulatory commission such as the Federal Power Commission is imperative as a second line of defense against exploitation by private licensees.

I am rather amazed that that language was not included in the act. Why all at once ignore the Federal Power Commission? Why all at once abrogate the preference clause of the Federal Power Act? Why fail to establish more standards for the use, development, and distribution of electrical energy from nuclear power, if we have them for the development of electrical energy from hydroelectric power? We are talking about electricity, and electricity is made for the people. Electricity can be used for good, or it can be used for bad. We are talking about something which is not new at all—electrical energy. Why should not the same tried and tested rules and regulations be applied to electrical energy generated from nuclear power as to electrical energy generated from thermo or hydroelectric power?

I think it is very strange that the bill before the Senate literally rewrites the whole pattern of the regulatory power of the Government over a great natural resource which can produce electrical energy. I do not think this is merely an inadvertent omission. I am of the opinion that it was calculated.

There has been a long-time battle in this country to weaken the Federal Power Commission. There has been a long-time fight to weaken, and ultimately destroy, the TVA. There has been a long-time fight to put our great natural resources of power and fuel into the hands of a limited number of monopolistic interests.

I am afraid that we now see an attempt being made in Congress—in the last days of this session of Congress—to drive through a bill, and to make it a public law, which would erase from the statute books, for all practical purposes, the regulatory mechanisms and the regulatory rules which have governed the sale, distribution, and generation of electrical energy; because, make no mistake about it, within the next decade electrical energy will be produced in ever-increasing quantities from nuclear fuel and nuclear reactors.

I think we should be exceedingly careful as we work on the proposed legislation to make certain that we do not open up, so to speak, a Pandora's box of trouble, or, should I put it, of special privilege, because millions and millions of dollars will be made out of atomic energy, just as billions and billions of dollars have been taken from the people in taxes to develop this resource. So, Mr. President, millions and millions of dollars will be available in terms of profits for those who receive the licenses.

I say that when anyone gets a license, it is prima facie evidence that he is receiving from a public institution a grant of authority or a delegation of power which belongs to the public institution or the public agency. When one receives any kind of license in other areas, he is subject to regulation. The regulations in this area should be drawn to protect the public interest. I do not want to see any ifs, ands, buts, or ors. I want to make certain that the regulations are contained in the law. Much as I respect the words of my colleagues, much as I respect what is called the legislative history, much as I have been brought up to respect committee reports, they are poor substitutes for statutory language. They do not have the same meaning, or the same directness of approach and application as the words written into the act. I say any provision which can be subject to misinterpretation, should be made clear in the law. Then we shall know what the law is, and there will be no guessing or proceeding in the realm of theory.

Accordingly, therefore, one of the amendments I have offered would require licensees to be subject to the regulatory provisions of the Federal Power Commission. That is the least amount of regulation, or the most equitable regulation, there could be.

One further amendment which I have submitted is as follows: "and no construction permit shall be issued by the Commission until after the completion of the procedures established by section 182 for the consideration of applications for licenses under this act."

This is one of the most important of the series. For, oddly enough, under the bill as now drawn, the Atomic Energy Commission is permitted to issue a construction permit for a nuclear power facility before a license is finally issued. I do not know why that is so. I am sure that no alderman or mayor would stay long in his position if he issued a license for a saloon before it was in existence. That is a poor comparison, but we are talking about licenses. A person is not issued a license for a car before he buys one. He generally has to produce the engine number of the automobile. Here is a situation in which the Atomic Energy Commission could issue a permit for the construction of a plant long before the license would even be granted. That is the old game of the camel's getting his head under the tent.

Let us assume the Commission finds later there is a reason why perhaps the license should not have been granted. Then pressure will be put on the Commission and on the Congress. Every Senator and every Representative will have persons saying to them, "We have already spent $200 million. We have already spent $50 million. You cannot deny us the license now."

I repeat, Mr. President, what is the hurry? There does not seem to be any hurry in the bill to help the REA's. There does not seem to be any particular hurry in the measure to help the municipalities. Who is asking for such a big rush? As a matter of fact, I now respectfully suggest, as I did earlier, that before we rush pell-mell into the revision of the Atomic Energy Act, we should use the old act a little bit. The old act, the McMahon Act, the basic law, as I have said, and as I shall continue to say, requires—it says "shall"—that there be a report made by the Commission to the President, and by the President to the Congress. The Commission has not made any report. There has been an argument in the Commission as to who is running it. The President has not made

any comprehensive report. The President apparently went to the Attorney General to get information about the Dixon-Yates contract. I doubt that he went to the Atomic Energy Commission, because had he done so, he would have found that a majority of the Commission was not in favor of the contract. He found a majority in the Justice Department—a majority of one.

It is clear that the ability of the Commission to issue the construction permit makes academic the procedures which must be followed by the Commission before issuing the license, for a prospective licensee could spend many millions of dollars, acting under the authority of the construction permit. It would then be highly doubtful whether such a company could be denied a license after being permitted to make such construction expenditures.

The amendment which I have proposed would insure that a fait accompli would not be effectuated before an applicant for a license ran the full gamut of the procedures required by law.

As I conclude, I should like to comment at this point on another amendment submitted by the Senator from Iowa [Mr. GILLETTE], whom I was proud to join as a cosponsor. It requires the Atomic Energy Commission to give a preference to local public agencies and rural electric cooperatives in marketing surplus power from its own installations.

The roots of the amendment go deep into American history. In fact, it was almost a half centry ago—in 1906—that the first so-called preference clause was first enacted by the Congress in connection with the marketing of power from Federal hydroelectric power projects.

I should like to give my Republican colleagues a little opportunity to redeem themselves. When we talk about the year 1906, we are talking about the period, in the history of this country, of the service of Theodore Roosevelt, one of the great Presidents of the United States—Theodore Roosevelt, the great conservationist; Theodore Roosevelt, who believed in the preference clause in the Power Act; Theodore Roosevelt, who said, "Speak softly and carry a big stick." This Republican administration has abandoned Theodore Roosevelt. It has forgotten his conservation messages. It is trying to do away with his Federal power policy. The administration talks loudly and, as one of my colleagues said the other day, carries a feather duster. It is not engaged in trying to pursue the great liberal spirit of that great Republican, Theodore Roosevelt.

I say to those on the other side of the aisle that effort after effort has been made to emasculate, to weaken, and to destroy the concept of protecting the great public and natural resources of the United States.

I am sure that in the days of Theodore Roosevelt we would not have lost the tidelands. I am sure that in the days of Theodore Roosevelt we would not have had the so-called stockmen's bill and similar bills before us. I am sure that in the days of Theodore Roosevelt there would have been a real struggle to protect the preference clause in the Public Power Act and the basic regulatory provisions which are necessary to protect the great natural resources, such as nuclear energy.

Gone are the days of Theodore Roosevelt. Of course, he did not stay long in the party. He had to bolt in 1912 in order to have his voice heard. But we are grateful to him for his years of service. We are particularly grateful for the fact that he was an ardent conservationist, that he recognized the public interest, and set a pattern for us to follow. That pattern today is no longer being followed. There are some persons who would tear it up.

I repeat, it was almost a half century ago, in 1906, that the so-called preference clause was enacted by Congress. That preference clause, 48 years later, in the year 1954, is threatened. The preference clause has been an important part of all the Federal power policy for almost a half century. In fact, up until recent years it has never even been contested. Now, when there is a proposal to utilize atomic energy for the production of electrical energy, according to the provisions of the bill before the Senate, it is proposed to scuttle the preference-clause section of the Power Act.

I call upon my friends across the aisle to return to the faith of their fathers. Some of their modern-day cousins are getting them into trouble. Return to the faith of their fathers, I ask them, and return to the faith of Teddy Roosevelt. Return to the faith of Abraham Lincoln. Let us have less of making speeches about them and more of following their spirit. This preference provision I think I shall call the Roosevelt preference provision, and in order not to alarm any of my colleagues, I mean the Theodore Roosevelt preference clause which, by the way, was endorsed by his cousin, Franklin Roosevelt. It represents a bipartisan effort to preserve this great public power feature which has served our Nation's interest so well.

The preference provision is equitable and has served our Nation's interests well. During the past half century it has been reaffirmed and strengthened on 12 occasions under both Democratic and Republican administrations. It is another indication of the appalling deficiencies of the present bill that a preference clause for local public agencies and rural electric cooperatives has been omitted.

Mr. President, the need for amendments such as those which I have introduced serves but to underscore the grievous failings of the pending bill. The bill, in its present form, is more than a giveaway of colossal magnitude—a magnitude so great that in the present stage of the atomic science we are still unable to calculate the extent of the giveaway. The bill establishes a pattern of complete and willful abdication of governmental responsibility in a resource development program which will have a profound influence on the economic, social, and political life of our Nation for many generations to come. This abdication by the Government would be in deference to a handful of large corporations which already are relatively free from competitive influence, and which would represent an even greater and more dangerous concentration of economic power if the pending legislation is approved by the Congress.

Even with the amendments which I have proposed the bill contains many inadequacies. But without such amendments it is a travesty upon the noble traditions which our Government has established in the past in conserving and developing our Nation's resources for the welfare of all the people.

Mr. President, I want my friends across the aisle to know that this is their first opportunity as a party to write public preference as a power policy for the Nation. I want them to know that by failing to take definite steps to write public preference as a power policy of the Nation, they are, in effect, tearing up the historic record of the development in the United States of public preference as a power policy.

Mr. President, in connection with this matter we are not discussing ordinary power, but we are discussing the use of nuclear energy for the generation of electric power. We are putting into the open, where all may see it, the policy of the administration with regard to public power; and in connection with this matter we are pointing to the Dixon-Yates contract, a contract which the administration cannot defend, for it is the most unconscionable contract that has been brought to public notice for years and years. That is the Dixon-Yates contract—a contract which no one wanted, but which was ordered from high places. The Dixon-Yates contract gives a bonanza the like of which has not been seen in Congress for 100 years. The Dixon-Yates contract will establish a precedent which will plague the Government for years to come. I say here and now that if special treatment is given to the Dixon-Yates group, then I want similar special treatment given to all the utility groups in the part of the country I represent. If there is to be a public feeding trough, there should be more than one snout in it; there should be many of them in it.

The administration is getting into a position from which I am sure it would like very much to extricate itself. The administration has ignored section 7 (b) of the Atomic Energy Act of 1946. In its proposed amendments to the McMahon Act, the administration has not had included in the pending bill any safeguards, or at least not any proper safeguards, of the public interest regarding the use, distribution, and development of electrical energy as generated from nuclear power. The administration has in the pending bill a provision for the making of a contract about which the administration does not dare speak. The administration has been driven into a corner, so to speak, because that contract is an indefensible one.

So, Mr. President, we are now beginning to see the real, true image of Republican doctrine. Let us have no more public relations announcements, such as have dribbled out from time to time, regarding Republican policy, for here we are beginning to see the real substance of Republican policy, namely,

a reversal of the public power policy which thus far has stood for 50 years. Certainly every good Republican should rally now in defense of the spirit of that policy.

However, by means of the pending bill, the Republicans will be repudiating Theodore Roosevelt, and will be repudiating the conversation policies, and will be repudiating the Federal Power Act. They will be turning back the pages of history.

Certainly the present so-called "businesslike" administration is guilty of violating almost every principle or concept of good business. The Dixon-Yates contract will cause the name of this administration to be recorded in history as a horrible example of what not to do. I think the Dixon-Yates contract will plague this administration in the way the Teapot Dome plagued another Republican administration.

Mr. President, we shall have more amendments to offer. As I have previously asked, why the hurry to act on this bill? I have not see any prairie fires of political anxiety over the adoption of amendments to the Atomic Energy Act.

Mr. President, as I have said earlier, I have received many letters of inquiry as to what Congress will do in regard to school construction. I am much more interested in the passage of the school-construction bill than I am in the passage of the pending measure. I am sure that when I examine the calendar, I shall find listed on it the bill known as the school-construction bill, which recently was reported from committee. That measure was sponsored by the Senator from Kentucky. I am sure the bill is on the calendar.

I wish to point out that every day I receive great numbers of letters inquiring about what action Congress will take on the school-construction bill. Furthermore, many persons send me letters in which they ask what Congress will do about unemployment compensation benefits. In addition, I have received, today, many telegrams about the conference report on the housing bill.

Mr. President, I am happy to find on page 10 of the calendar the listing of Calendar No. 1797, Senate bill 2601, to provide for Federal financial assistance to the States and Territories in the construction of public elementary and secondary school facilities. I wish to congratulate the Senator from Kentucky [Mr. COOPER] for that bill. I have had a long-time interest in that subject. In the 81st Congress, I introduced the first measure on that subject. As I have said earlier in the debate, I was fortunate in having that bill passed, and it is now public law, and it authorizes a nationwide study of the school needs.

School administrators have recently been meeting in Washington, D. C. The National Education Association met recently in this city. The national educators also met in Atlantic City, where they talked about school construction needs.

I do not recall receiving one telegram or one letter regarding the urgency of the passage of Senate bill 3690, to permit the Atomic Energy Commission to give special licenses to special persons, for special purposes, to make bigger special privilege. I have not received any request of that sort.

So far as the international aspects of the pending bill are concerned, I am of the opinion that the President can do under existing law everything he needs to do. If he cannot, we shall join the Senator from New York [Mr. LEHMAN] in taking specific action upon that section of the measure.

Mr. President, I am a little worried about the efforts to hurry us along. It was about 1 year ago that we were being hurried regarding the question of giving away the synthetic rubber plants. I think my colleagues will recall that, as a result, we hurried through some amendments to prevent the handling of the rubber plants from becoming a scandal.

Now we are told we must hurry other measures into law.

I myself have good reasons for wishing to hurry, for I desire to leave Washington and return to my State, to see my constituents. But so long as I am a Senator, I wish to protect them from what I consider to be an inequitable provision and, furthermore, a very unwise legislative policy.

That is why I have offered certain amendments. By the way, Mr. President, several other amendments will be sent to the desk by me today; those amendments will apply to the civilian aspects of the development of atomic energy.

Mr. President, before we conclude the debate, I think it will be good to know whether some of the other more urgent measures will be taken up. I see the majority leader in the Chamber. I wonder whether he plans to have the Senate take up the school-construction bill, once the Senate completes its action on the pending bill. I hope the school-construction bill will be taken up very soon.

Let me say that I believe that if today the majority leader were to conduct a public-opinion poll in the United States, I would be willing to make a sizable bet—that is, under the $1 figure—with the majority leader that for every response he would receive regarding the urgency of the pending measure, he would receive 100 responses regarding the urgency of the school-construction bill. Furthermore, I am sure I can find on the calendar other bills which can accurately be said to fall in the same category.

Mr. KNOWLAND. Mr. President, will the Senator from Minnesota yield for a question?

The PRESIDING OFFICER (Mr. SALTONSTALL in the chair). Does the Senator from Minnesota yield to the Senator from California?

Mr. HUMPHREY. I am delighted to yield; I had hoped to get a response soon.

Mr. KNOWLAND. Does not the distinguished Senator from Minnesota know that several days ago the majority leader announced a whole series of bills that will follow the taking of final action by the Senate on the pending measure? Does not the Senator from Minnesota also know that included in that list of bills was the school-construction bill, the farm-program bill, the foreign-aid-authorization bill, and the bill for extension of social security coverage? Let me say that when the filibuster is ended—the filibuster in which the liberal wing of the Democratic Party in Senate is engaging—we shall reach all those important measures.

Mr. HUMPHREY. I am very grateful for the Senator's informative comments.

Let me say to him that the best way for us to reach such very vital proposed legislation will be to have the pending measure placed where it properly belongs, namely, at the tail end of the docket. Where is the great hue and cry for this bill? One thing we can say about the farm bill is that plenty of people are for it and plenty against it. There is no doubt about it being a matter of public interest. We can rest assured that the social-security bill is a matter of public interest. There is not a Senator who has not received plenty of mail on that subject. We are interested in the mutual security bill and the other measures to which the Senator has referred.

The interesting thing is that this measure was brought up in such a hurried manner. The hearings were published on the 9th day of July. The report was available on the 13th of July. I am not quite sure, but it seems to me that within the next day we were debating the bill. This was represented as a bill that we just had to do something about. Why? We do not even have a report from the Atomic Energy Commission to justify the bill. No evidence has been officially presented by the Atomic Energy Commission, as required by law, to justify the measure.

I say further to the majority leader that while this legislation may represent a beginning, it is not the first chapter in the scripture in this field. Moreover, I am quite sure that deep down in their hearts the majority leader and other Senators realize that this bill does reverse public policy, insofar as regulation of a great natural resource is concerned.

The trouble is that some Members of Congress and of the public have come to believe that the atomic energy program is a private resource, or in the domain of private interests. Large companies have been doing research work in this field. They have been paid well, and they have done outstanding work. We honor them for the work they have done. But when we write a public law as important as this without proper guidance from the Atomic Energy Commission, because the Atomic Energy Commission did not make a report, as it was supposed to do, when we write legislation as important as this without a full-scale message from the President, and without the kind of public interest which ought to be involved in such a legislative proposal, we must be very, very careful.

Finally, I should like to say to my friend, the majority leader, that I commend him for his hard work and industriousness, and for his ability to get this program underway. I have not taken very much time in this debate. I started

speaking this evening at 4:10. I conclude my remarks at 22 minutes after 6. I have engaged in some colloquy, but not a great deal. If the Senator is of the opinion that there is a filibuster in progress, I remind him that a reading of the RECORD of last night will show that there was a pledge that we were to vote today. If there is a filibuster in progress, I assure the Senator that there is a great deal to talk about. We could talk about every one of the bills on the calendar. There is no filibuster, but there is a determined effort by some of our distinguished colleagues who led off in this debate to alert the public as to what is involved in this 104-page document known as Senate bill 3690. Senate bill 3690 was just another number until the Senator from New Mexico [Mr. ANDERSON], the junior Senator from Tennessee [Mr. GORE], the senior Senator from Tennessee [Mr. KEFAUVER], the senior Senator from Alabama [Mr. HILL], the junior Senator from Alabama [Mr. SPARKMAN], the Senator from New York [Mr. LEHMAN], and other Senators took this issue to the people. The bill could have been marked "secret and confidential" and no fewer people would have known about it from the mere fact of its printing.

This is one of the "must" measures. On whose list? "Must" for whom? It is a "must," just as the Dixon-Yates contract was a "must." For whom? I wish to know where the great outcry for this measure came from. There is no "must" list at all.

I conclude my remarks by paying tribute to those Senators who have again been the political Paul Reveres. This time it was not the British who were coming. This time it was a few more of the special interests who were waiting around to see what was going to happen. They have been coming, coming, and coming, running off with the oil, running off with some of the public lands, running off with accelerated depreciation allowances, and running off with depletion allowances. Now they would like to run off with the atomic energy resources.

Paul Revere had his hands full when he rode up and down the streets announcing to the people that the British were coming, but he knew from what direction they were coming, and he had the signals ready—"one if by land and two if by sea."

We find ourselves in a situation in which we do not quite know from what direction the enemy is coming. Those who would raid the public resources come from so many different directions and so many different sources that it is rather difficult to get the signal out.

I commend Senators who have joined in this debate thus far in order to give the signal to the American people.

Mr. HILL. Mr. President, will the Senator from Minnesota yield to me to make an insertion in the RECORD?

Mr. HUMPHREY. I was about to yield the floor. I yield to the Senator from Alabama.

Mr. HILL. Mr. President, I ask unanimous consent to have printed in the body of the RECORD at this point as a part of my remarks a letter addressed to me by Dr. Harry A. Curtis, vice chairman of the Board of Directors of the Tennessee Valley Authority, together with a memorandum which Dr. Curtis enclosed with his letter.

There being no objection, the letter and memorandum were ordered to be printed in the RECORD, as follows:

TENNESSEE VALLEY AUTHORITY,
Knoxville, Tenn., July 19, 1954.

Hon. LISTER HILL,
United States Senate,
Washington, D. C.

DEAR SENATOR HILL: In response to your request for a statement from TVA regarding recent allegations that TVA has been overcharging the Atomic Energy Commission for power at its Paducah plant, the TVA Board has requested Mr. G. O. Wessenauer, our manager of power, to prepare a memorandum summarizing the history of TVA-AEC negotiations for power at Paducah.

We believe that Mr. Wessenauer's memorandum and its attachments show clearly that comparisons made in support of these allegations are misleading. The power which is currently being delivered to AEC is of two categories: (1) The basic power supply produced from modern and efficient plants constructed for the purpose, and (2) supplies of interim power from other sources which are required to supplement the basic power supply while the new generating units are being completed. AEC is receiving its basic power supply from TVA at very low cost, far lower than the costs of any other power which it purchases for its gaseous diffusion plants, and while new generating units are being completed has been receiving supplementary supplies of interim power at costs as low as are consistent with the costs to TVA of purchasing such power from neighboring utilities or of generating it at the high-cost plants on its system.

Much of the time of the TVA staff over a period of months was devoted to assembling the large blocks of interim power which the crash program of AEC demanded.

Very truly yours,

HARRY A. CURTIS,
Vice Chairman, Board of Directors.

JULY 19, 1954.

To John Oliver, General Manager.
From G. O. Wessenauer, Manager of Power.
Subject: Summary of power supply relationships with AEC for the Paducah project.

This is in response to your request for a summary of the development of power supply arrangements to AEC at Paducah, in view of the recent allegation that the rates contained in these arrangements are not as low as they should be.

INITIAL POWER SUPPLY ARRANGEMENTS FOR PADUCAH

At AEC's request a proposal under which TVA would supply one million kilowatts of power to the Paducah project was presented to AEC in November 1950. AEC indicated that the proposal was generally acceptable, and requests were made for appropriations for TVA to build the necessary power supply facilities. AEC then solicited and received a proposal from a group of privately owned utilities. As a result, the request for TVA power was cut in half and a block of 500,000 kilowatts was purchased from Electric Energy, Inc., a company created by the utilities. At the time, it was estimated that the price from Electric Energy, Inc. would be the same or a little lower than the price of power from TVA.

The AEC contract with Electric Energy, Inc. was on a cost-plus basis. The TVA contract was essentially a firm contract with all adjustments and escalations, except the cost of fuel, tied to national averages, not TVA's performance. We preferred such an arrangement because it provides an incentive for TVA's forces—both construction and operating—to do the best and most economical job possible. We made our best estimates of costs, and then the entire organization set out to try to beat the estimates. We suggested that the escalation for changing cost levels during the construction period should be tied to a national index instead of TVA's particular construction costs. Similarly, we suggested that the escalation for the labor costs involved in operation and maintenance should be tied to a national wage index instead of to our actual expenditures for labor. AEC willingly adopted our suggestions.

LEVEL OF TVA RATES IN THE PADUCAH CONTRACT

It was recognized at the outset, and made as clear as possible to AEC, that the urgency and special characteristics of their load made it necessary for TVA to quote a somewhat higher price for its share of the permanent power supply at Paducah than might otherwise be the case. We expected to spend and, in fact, have spent a considerably larger amount per kilowatt for the construction of the Shawnee plant to serve AEC, than we have spent in building other plants. The principal factor was the highly accelerated schedule, involving millions of dollars of overtime labor costs and premium prices paid to suppliers of some of the building materials.

TVA not only experienced extra costs, but it was necessary to amortize them during the contract period of about 15 years, thereby further increasing the annual cost of power under the contract. As AEC was advised at the time, the accelerated amortization of special costs would have the effect of providing for amortization of the total investment over an equivalent of about a 28-year period instead of the period of 35 to 40 years that would be normal in connection with service to our other loads.

It was also made clear that TVA's price was computed to provide, if our estimates were correct, an average annual return of 4 percent on the investment over the contract period. AEC felt that a figure of about 2½ percent would be more appropriate since it would amply cover the Government's cost of money. We explained that for a number of years we had been earning an average return of about 4 percent on our power operations and that Congress, which had established a schedule for the repayment of power investment, had not given any indication that it considered this return excessive and our rates too high. While AEC would naturally have preferred a rate based on a lower return on the investment, they accepted our position. A not insignificant consideration in this connection was that, under the contract we proposed, the expected return was an estimate on which TVA took the risks. If TVA costs overran our estimates, the return would be lower. The estimated 4-percent return to the Government would be realized only if TVA kept costs within estimates. It would be improved only if we built and operated below estimates. TVA took the risk; AEC was protected. As it developed, TVA built and is operating the Shawnee plant for somewhat less than the estimated costs; therefore it can expect to earn a little better return than estimated, with the result that the money invested will be repaid to the Treasury a little faster.

EXPANSION OF THE PADUCAH PROJECT

The foregoing comments relate to the term contract for TVA's share of the initial million-kilowatt load at Paducah. When an additional 940,000 kilowatts was required, TVA offered to expand its contract with only minor modifications. Electric Energy,

Inc. offered AEC power at a higher price than its first block, which it was clear by then would itself cost more than was first estimated. AEC chose to obtain one-fourth of its additional requirements from Electric Energy, Inc. and three-fourths from TVA. The assignment of part to each reflected AEC's continued desire for diversity in supply, but the assignment of the much larger share of the block to TVA reflected the fact that AEC would obtain more for its money from TVA.

INTERIM SUPPLY OF ADDITIONAL POWER

Large blocks of interim and supplemental power have also been supplied to AEC at Paducah, and are now being supplied. These are in a different category from the power covered by the long-term contract and require some separate explanation. AEC wanted power more quickly than it could be provided from the Shawnee plant even on an emergency construction schedule. To help provide this power, TVA built transmission lines that would not otherwise have been required from various points on its system into Paducah, accelerated the construction of other lines that were under construction, and took all possible steps to maximize the availability of power from its standby plants and over its interconnections with other systems. The price of power delivered to AEC for the interim period was based on estimates of the probable out-of-pocket costs of generating or buying the power, the costs of transmission, including the costs of the accelerated construction of some lines, and estimates of the transmission losses and the handling costs. The price recognized the provision of reserve capacity and the assumption of risks by TVA where firm commitments of availability were made.

Two factors have had an adverse effect on the cost of interim power. One has been the weather. The last 2 years have both been years of extreme drought which has severely limited the output of the system. The second is the fact that the TVA system in recent years has not had a normal margin of capacity over anticipated loads.

ATTACHED STATEMENTS

In the effort to support the accusation of overcharge to AEC, various misleading comparisons have been made of—

1. TVA's price for Shawnee power at Paducah and the cost to the Government of producing power at the Fulton site;

2. TVA rates to Memphis and the price in the Paducah contract;

3. TVA and EEInc prices for interim power at Paducah, and

4. TVA prices for interim power at Paducah and the average cost to TVA of power obtained from other systems.

We are attaching separate statements listing some of the points that ought to be considered when each of these comparisons is made.

ATTACHMENT 1

DIFFERENCES BETWEEN PRICE OF TVA POWER SUPPLIED TO AEC AT PADUCAH AND ESTIMATED COST TO GOVERNMENT OF PRODUCING POWER AT FULTON

Two basic tables were prepared jointly by the Bureau of the Budget, AEC, and TVA to help evaluate the Dixon-Yates proposal. These two tables, dated April 21, 1954, are attached.

Table 1 compared the price of power to AEC under the Dixon-Yates proposal with the price AEC pays TVA for power at Paducah. (For the sake of comparison it was arbitrarily assumed that delivery of the Dixon-Yates power onto the TVA system near Memphis would be equivalent to delivering it to Paducah.) This comparison showed extra costs to AEC for the Dixon-Yates power of $2,923,000 a year as estimated by the Budget Bureau and AEC, or $4,025,000 a year as estimated by TVA.

Table 2 compared the cost to the Government of obtaining power on the TVA system near Memphis in two ways: Buying the Dixon-Yates power or producing it from TVA generating units at Fulton and Johnsonville. This comparison showed extra costs to the Government for the Dixon-Yates power of $3,685,000 a year as estimated by the Budget Bureau and AEC, or $5,567,000 a year as estimated by TVA.

Efforts to use these tables as a device to appraise the fairness of TVA rates to AEC at Paducah have created a confusing picture. The implication is that the price for power delivered from the TVA system at Paducah, set forth in Table 1, must be too high because it is higher than the cost to the Government, set out in Table 2, of power delivered to the TVA system from the proposed Fulton plant. Aside from the fact that power from Fulton would not be and has never been proposed as a source of power supply for AEC at Paducah, there are a number of other factors which make any such comparison without value. Some of the more important of these factors are listed below.

1. The Paducah contract was designed to provide a return of 4 percent on the related TVA investment, and this is reflected in Table 1. Power from Fulton would also be expected to earn a 4 percent return, but Table 2, which compares the cost to the Government of Dixon-Yates power with power from Fulton, is not concerned with the rates at which TVA would sell the power. It was intended to show a comparison of the costs to the Government of obtaining the same amount of power in two different ways. To show the net cost to the Government, the Government's cost of money was assumed to be 2½ percent.

2. In serving AEC at Paducah, because of the desirability of providing ample system standby over the life of the contract and considerable interim transmission capacity before the Shawnee plant could be completed, TVA has a heavy investment in transmission lines into Paducah from Kentucky Dam and Johnsonville and via Kentucky Dam from other parts of the TVA system. The transmission facilities required in connection with the Fulton plant are less extensive.

3. Because of the rush schedule on which power had to be provided at Paducah, TVA had construction costs that are not normally experienced in connection with other additions to its system such as the contemplated additions at Fulton and Johnsonville which are the subject of table 2. Heavy expenditures were made for overtime labor costs and for premium payments for construction materials.

4. The abnormal capital costs referred to in the preceding paragraph not only added directly to the total of fixed charges included in rates for Shawnee power, but because prudence required that TVA amortize these abnormal portions of the investment during the period of the contract rather than over the entire life of the facilities, the annual charges are larger in the first years covered by the contract. The initial period of the Paducah contract will end about 8½ years after the beginning of the period used in the comparisons with Fulton, and TVA estimates that at the end of that 8½ years the bill to AEC at Paducah can be reduced by about $1,500,000 a year. The proportionate reduction assignable to 600,000 kilowatts would be about $720,000 a year. An adjustment in table 1 to reflect this situation was suggested by TVA but rejected by AEC and the budget. Had it been accepted, their estimate of the excess costs of Dixon-Yates power would have been nearly the same in both tables.

5. There have now been 4 years of further technological development since the Shawnee project was planned. As a result, it is possible to build generating equipment of greater efficiency and to design a plant with somewhat lower operating and maintenance costs. These factors can be reflected in an estimate made today for the Fulton addition. They were not present when the Shawnee plant was planned.

6. As the system grows, TVA is installing larger generating units. At the time the Paducah atomic energy plant was projected the TVA system was smaller. For that reason and also because of the need for proceeding rapidly, calling for the use of equipment already developed, 135,000-kilowatt units were selected for the Shawnee plant.

The Fulton units, on the other hand, are planned to be of 225,000-kilowatt rated capacity. Many elements of operating costs are very little larger for a 225,000-kilowatt unit than for a 135,000-kilowatt unit. This means that the operating costs per kilowatt-hour will be smaller at Fulton than at Shawnee.

7. Another factor that changes as the system grows is the proportion of reserve capacity that is necessary to insure continuity of supply. Even in the Paducah case TVA guaranteed a firm supply without including in its estimated costs nearly as large an allowance for necessary reserve capacity as had been included in the cost-plus arrangements for AEC power at Paducah from Electric Energy, Inc., and at Portsmouth, Ohio, from OVEC. In the case of Fulton, however, the further growth of the system now permits TVA to reduce further the proportionate reserve capacity required. This means that in this respect, also, TVA can serve additional load more economically by adding the Fulton plant to the system capacity than it was able to do at Paducah. (It is of interest in this connection that the Dixon-Yates proposal is based on the same assumption of reduced reserve capacity, but with the difference that the power supply is not guaranteed to be firm if more than one unit in the Dixon-Yates plant is out of service. In this respect the power offered by Dixon-Yates is less dependable that AEC's supply under any of its major power purchase arrangements. AEC recognizes this in referring to its need for continuity of service as one of the reasons it does not wish to reduce its contract with TVA to substitute Dixon-Yates power.)

8. There are certain costs which TVA has as a power supplier which are more or less independent of the source of the power. To simplify comparisons such items of cost were omitted, at the request of the Bureau of the Budget, from the comparisons between Dixon-Yates power and Fulton in table 2, although they are, of course, included in the actual rates charged for Shawnee power, shown in table 1. The type of costs referred to here are those distinguished from the costs incurred at the generating plant or in the receipt of purchased power. They include all such costs as those incurred by the central staff of the power system—the costs of load dispatching, and communication, as well as costs of service from other divisions in the TVA organization, such as personnel, law, and accounting, and other applicable items of overhead and general expense.

Table 2 was not intended to represent the price at which power from Fulton or Johnsonville would be sold, but rather the cost to the Government of providing capacity there in comparison with the cost to the Government of purchasing power from Dixon-Yates; therefore, marketing costs, overheads, etc., were not included.

TABLE 1.—*Comparison of annual cost of power supply for the AEC Paducah project (for 600,000 kilowatts of capacity and 5.2 billion kilowatt-hours per year)*

TVA-PADUCAH CONTRACT		REVISED DIXON-YATES PROPOSAL	
Demand charges	$8,208,000	Demand charges	$8,775,000
Energy charges (fuel cost 15½ cents per million B. t. u.)	[1] 9,828,000	Energy charges (fuel cost 19 cents per million B. t. u.)	[1] 9,688,000
		Additional TVA transmission costs	[2] 177,000
Total charges:		Total charges:	
Per year	18,036,000	Per year (excluding taxes)	18,640,000
Per kilowatt-hour (mills)	3.47	Per kilowatt-hour (mills)	3.58
		Taxes:	
		Arkansas—State and local	$1,499,000
		Federal income	820,000
		Subtotal	2,319,000
		Total charges:	
		Per year (including taxes)	20,959,000
		Per kilowatt-hour (mills)	4.03
		Additional charges per year	$2,923,000
Adjustments TVA would make:		Adjustments TVA would make:	
The initial term of the Paducah contract would end after 8½ years from July 1, 1957. With certain special costs at Shawnee amortized then, it is estimated that thereafter the monthly demand charge would be 10 cents per kilowatt lower. The resulting change in average annual cost for the 30-year period considered here would be.	−$51,000	Standby power, 2 units out	+200,000
		Increased off-peak transmission losses	+186,000
		Amortization of special costs at Shawnee	+200,000
		Total adjustments	+586,000
Adjusted total charges:		Adjusted total charges:	
Per year	17,520,000	Per year	21,545,000
Per kilowatt-hour (mil.s)	3.37	Per kilowatt-hour (mills)	4.14
		Adjusted additional cost, per year	4,025,000
		Total for 30 years	120,750,000

[1] Presently available coal prices were used, with an assumed transportation cost differential of 80 cents a ton (equivalent to 3.5 cents per million B. t. u.) between the Shawnee plant and the Dixon-Yates site.

[2] Represents the difference in TVA's annual transmission costs to deliver power from the Fulton and Johnsonville plants ($430,000) and their corresponding costs from the receiving point for Dixon-Yates power ($607,000).

TABLE 2.—*Comparison of annual cost to Federal Government for power supply delivered to TVA system in Memphis area (for 600,000 kilowatts of capacity and 5.2 billion kilowatt-hours a year)*

INCREASING TVA CAPACITY 650,000 KILOWATTS (AT FULTON OR AT FULTON AND JOHNSONVILLE)		ACCEPTING NEW DIXON-YATES OFFER (NEW PLANT AT WEST MEMPHIS, ARK.)	
Fixed charges, plant and stepup substation (interest, 30-year amortization, replacements insurance)	$5,077,000	Demand charges	$8,775,000
Production cost:			
Operation and maintenance	1,780,000	Energy charges (fuel cost 19 cents per million B. t. u.)	[1] 9,688,000
Fuel (a) 9,917 B. t. u. heat rate (fuel cost 18.4 cents per million B. t. u.)	9,537,000	TVA transmission costs	607,000
TVA transmission costs	490,000	Subtotal (excluding taxes)	19,070,000
		Per kilowatt-hour (mills)	3.67
		Taxes:	
		Arkansas (State and local)	$1,499,000
		Federal income	820,000
		Subtotal	2,319,000
		Total cost	21,389,000
Cost to Government	16,884,000	Less: Federal income tax	820,000
		Cost to Government	20,569,000
Per kilowatt-hours (mills)	3.25	Per kilowatt-hour (mills)	3.95
		Additional cost to Government per year	$3,685,000
		Total, 25 years	92,125,000

Adjustments TVA would make

Amortization 35 instead of 30 years:		Standby power, 2 units out	+$200,000
(1) Plant and step up substation	−$496,000	Increase offpeak transmission loss	+186,000
(2) Transmission	−35,000	Amortization specification costs at Shawnee	+200,000
Plant heat rate 9,350 instead of 9,917 B. t. u.	−548,000	Income tax from bondholders	−174,000
Income tax from bondholders	−391,000		
Total adjustment	−1,470,000	Total	+412,000
Adjusted cost to Government	15,414,000	Adjusted cost to Government	20,981,000
		Adjusted additional cost, per year	5,567,000
		Total for 25 years	139,175,000
		Total for 30 years	167,010,000

[1] If coal can be barged to Memphis site of Dixon-Yates (55 miles further from Fulton) at same cost as at Fulton as assumed by D-Y, then this cost would be reduced by $309,000.

ATTACHMENT 2

DIFFERENCES BETWEEN THE TVA PRICE TO AEC UNDER THE PADUCAH CONTRACT AND TVA'S RATES TO MEMPHIS

It has been said that if TVA billed the city of Memphis for power under the rate schedule in the TVA-AEC Paducah contract, the resulting rate per kilowatt-hour would be higher than TVA charges Memphis. This is interpreted as indicating that the rate in the Paducah contract is too high. There are several reasons why this is an unwarranted conclusion. Some of the more important of these reasons are noted briefly below.

1. TVA's commitments to Memphis and the other municipal and cooperative distributors were made a number of years ago. They were based on the operation of a generating system comprised largely of some very economical hydro projects which were designed and built to supply that type of load, that is, a load which varies from hour to hour and season to season. Those plants were built largely during a period of low construction cost levels. In contrast, the Shawnee plant, built to supply AEC at Paducah, was built during a period of much higher cost levels, and, in addition, as noted in attachment 1, the cost was increased by use of overtime labor, etc., to meet an urgent construction schedule.

2. While the cost of much of the power for Memphis and other distributors is related to hydro plants built in a period of low

prices, steam power from more costly new plants is also required for increments of around-the-clock industrial load served through the distributors' systems. The power so supplied is priced accordingly. Memphis, for instance, pays an additional half mill per kilowatt-hour for power resold to industrial customers.

3. Some of the points noted in attachment 1 apply in this case also. The limited term of the arrangements and uncertainty of continuation of AEC's use of power make it necessary to write off certain parts of TVA's costs over a limited contract period rather than over the useful life that the facilities would have if power deliveries could be expected to continue indefinitely and without diminution.

4. The rate to Memphis does not include consideration for major risks involved in guaranteeing a fixed rate over a long term. The power contract with Memphis, as well as those with the other distributors of TVA power, permits the rate to be changed from time to time to reflect changes in TVA's costs. This contract provision was used, for example, as a basis for negotiating an increase in the rates to the distributors effective a little more than 2 years ago. The rate in the Paducah arrangement is fixed for the term of the contract except for changes in the cost of fuel or those resulting from changes in a national wage index.

5. The wholesale rate schedule applicable to Memphis and the other distributors takes into account the hourly, daily, and seasonal diversity among the loads of all TVA power distributors. Because of such diversity the total peak load imposed on the TVA system by these loads is less than the sum of the billing demands. Large, high load factor loads such as AEC practically exclude all opportunity for diversity.

ATTACHMENT 3

PRICE DIFFERENCES BETWEEN TVA AND ELECTRIC ENERGY, INC., FOR INTERIM POWER DELIVERED TO PADUCAH

Until quite recently much of the power supplied to AEC at Paducah has been supplied on an interim basis. AEC needed large blocks of power before TVA and Electric Energy, Inc., could build their steam plants nearby. In addition, AEC has found that it could use advantageously more power than it had contracted for. As a result of these circumstances, interim arrangements were made for power supply from both TVA and Electric Energy, Inc. The arrangements with both suppliers were similar in many ways, but were and have become enough different and have involved such a variety of sources of power that comparisons are difficult and complicated.

During the entire period from the beginning of power use at Paducah through March 31, 1954, Electric Energy, Inc. delivered just under 4 billion kilowatt-hours and TVA 4.5 billion kilowatt-hours. The average price paid for the Electric Energy, Inc. energy was 5.53 mills per kilowatt-hour while the average price paid to TVA was 6.16 mills per kilowatt-hour. These figures (and corresponding figures for fragmentary parts of the period) have been referred to as suggesting that TVA has been charging too much for power supplied on an interim basis.

Some of the factors that ought to be considered in appraising whether TVA's prices were fairly related to costs are referred to below.

1. Initially both Electric Energy, Inc. and TVA committed themselves to supply equal parts of the interim power needed. Subsequently the amounts committed were renegotiated by AEC because for a time it was falling behind schedule and wanted to reduce its commitment accordingly. The reduction by AEC of the amounts of power it wanted to commit itself to take from TVA during the early months reduced the amount of its overall dollar obligations to TVA, but resulted in some increase in cost per kilowatt-hour, because certain TVA expenditures had already been made in anticipation of the earlier schedule.

2. Later AEC needed supplemental power over and above the advance commitments. TVA had to supply a greater portion of this power than Electric Energy, Inc., because Electric Energy, Inc. did not have as much transmission capacity to bring power into Paducah over and above the amounts under contract. Periods when large additional amounts of supplemental power were needed by AEC unfortunately included some periods when TVA, because of drought, was using most of the economical and moderately costly sources of steam and purchased power to firm up the supply under its previous commitments to others (as well as AEC), making it necessary for TVA to call on the more expensive sources of power, including TVA's own standby steam plants as well as purchases from other systems.

3. TVA's charges during the interim period included about half a million dollars for the cost of accelerating construction of certain transmission lines needed to maximize the supply of interim power to AEC. This added, of course, to the average overall payment per kilowatt-hour to TVA as compared with Electric Energy, Inc.

4. As soon as any unit in the Shawnee plant began operating, TVA began amortizing the corresponding investment. As a result, the charges collected from AEC by TVA during the interim period have already provided for the amortization of some of the investment in the Shawnee plant and related transmission facilities. On the other hand, Electric Energy, Inc.'s arrangements with its bankers and with AEC were such that it postponed any amortization of the investment in its Joppa plant until after four units were completed. That point had not been reached by the end of the period under study, that is, through March 31, 1954. Therefore, AEC still faces the necessity for reimbursing Electric Energy, Inc. for the entire cost of the Joppa plant, while it has already paid for part of the Shawnee plant. For this reason, also, the 5.53-mill average paid Electric Energy, Inc. therefore is not comparable to the 6.16-mill average paid to TVA. It did not represent the entire cost to AEC of power received during the period, for AEC has yet to pay that part of the capital cost of Joppa that is represented by the portion of the useful life of the first three units that has already been expended.

5. During much of the period in question, TVA provided standby or reserve generating and transmission capacity for both its supply and Electric Energy, Inc.'s supply to AEC. It did so because Electric Energy, Inc.'s capacity was sharply limited, and the total supply to AEC would have had to be reduced if Electric Energy, Inc. had been obliged to provide its own reserves. The result, of course, was that the costs and risks associated with the provision of such reserves were borne largely by TVA rather than by Electric Energy, Inc.

ATTACHMENT 4

DIFFERENCES BETWEEN TVA'S PRICE FOR INTERIM POWER AT PADUCAH AND TVA'S AVERAGE COST OF ENERGY OBTAINED FROM OTHER SYSTEMS

During the fiscal year 1953, TVA delivered to AEC at Paducah a total of 976,956,000 kilowatt-hours at an average price of 8.59 mills. It has been stated that the price was too high—that during the same year TVA purchased and received by net interchange from private power companies 2,696,749,000 kilowatt-hours at an average cost to TVA of 5.07 mills, to which TVA must have added a 70-percent profit margin. This is an effort to compare figures that are not at all directly comparable. Some of the more important factors that need to be taken into account in understanding the figures are listed below.

1. It is incorrect to assume that all the power that was delivered to Paducah during the fiscal year was obtained from private companies, or that the energy so obtained was typical, costwise, of the large total amounts of such energy. The intent of the arrangements agreed upon with AEC was to keep TVA whole as far as the impact of the interim AEC requirements on TVA's existing operations and customers was concerned. It was not intended to take away from TVA or its customers energy which it would have been obtaining without the existence of the AEC load. The basic question, then, is: What were the incremental additions to TVA's energy supply, by purchase and by TVA's own generation, by means of which the AEC interim requirements were met?

2. The number of kilowatt-hours stated to have been received by purchase and net interchange from private companies was wrong. Reference to the TVA annual report for 1953 will show (in schedule G of the financial statements) that the purchase and net interchange accounts reported 2,948,290,000 net kilowatt-hours received for the year. However, this total included 411,469,000 kilowatt-hours purchased not from private companies but from AEC itself at Oak Ridge and largely redelivered to AEC at Oak Ridge and, therefore, not available for use at Paducah. This reduces the net quantity received from private companies to 2,536,821,000 kilowatt-hours.

3. The net interchange received, as distinguished from the purchases, was 2,059,749,000 kilowatt-hours at a little less than 4 mills. The great bulk of this energy was energy which TVA would have received anyway irrespective of the AEC Paducah load. Furthermore, most of it was obtainable only at night and over weekends, whereas the AEC plant operates around the clock.

4. The purchases from private companies, as distinguished from the net interchange and as distinguished from the energy obtained from and returned to AEC at Oak Ridge, totalled 477,072,000 kilowatt-hours, and was received by TVA at an average cost of 9.72 mills. The range in cost of this energy was rather wide, some costing much more and other parts, much less than the average of 9.72 mills.

5. TVA also used during this fiscal year, as a result of the abnormally high load in relation to supply, power produced at old standby steam plants. Without the AEC load the use of such steam plants would have been eliminated or greatly reduced. Included among such generation, as shown also in schedule G of the 1953 financial statements, were 224,914,000 kilowatt-hours generated at the Wilson steam plant at a cost of 8.111 mills per kilowatt-hour, 91,384,000 kilowatt-hours generated at the Nashville steam plant at an average of 10.728 mills per kilowatt-hour, and 171,984,000 kilowatt-hours at the Hales Bar plant at an average cost of 7.719 mills per kilowatt-hour.

6. Not only did the availability of power from other systems vary widely between daytime and night hours as compared with the uniformity of the AEC load around the clock, but also the seasonal pattern of availability of energy from other systems was different than the pattern of the buildup of the AEC load during the year. Some of the sources that were available to TVA and used by TVA for other purposes in months when AEC's load was relatively small were not available in other months when AEC's load had grown.

7. The reported cost to TVA for power obtained from other systems is the cost delivered at the point of interconnection between the other system and TVA. During the fiscal year 1953 the largest amounts obtained from other systems were received at 2 points, 1 about 100 miles northeast of Nash-

ville, Tenn., and another about 50 miles north of Knoxville, Tenn. Other points at which energy was received ranged from Bristol, Va., to locations in Mississippi. Such parts of this power as were delivered to Paducah, along with the power delivered to Paducah from such TVA steam plants as those at Nashville, Wilson, and Hales Bar, had to be carried over scores or hundreds of miles of transmission lines. Because of the loss of energy in transmission, more kilowatt-hours had to be received than could be delivered, adding to the cost per kilowatt-hour delivered.

8. Most of the energy received from other systems was obtained on an "if, as, and when available" basis. TVA, rather than the supplying system, provided the operating reserves, and bore the associated costs and risks of making the supply dependable. These factors, of course, are over and above the price per kilowatt-hour paid by TVA to the other systems. In the case of the great bulk of the energy delivered to AEC at Paducah during fiscal year 1953, TVA guaranteed months in advance that the power would be delivered. In contrast, most of the energy received from other systems was obtained without any assurances of availability, and in most cases for intermittent intervals.

Mr. HILL. Mr. President, I also ask to have printed in the body of the RECORD at this point as a part of my remarks a brief telegram sent to the President of the United States as of this day by the Tennessee Valley Public Power Association and signed by Raleigh V. Taylor, president.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

The 148 municipal and cooperative distributors of power in the Tennessee Valley Area are disappointed that our letter to you of July 9 is unanswered. We hope your silence does not represent a lack of interest in the economic welfare of the Tennessee Valley. However, the vigorous attacks made on us by your friends in the Senate are causing people in the Tennessee Valley to ask whether these Senators are asserting your position? We are the minority partner with TVA but feel entitled to an answer to our July 9 letter before, not after, the Congress has acted.

TENNESSEE VALLEY PUBLIC POWER ASSOCIATION,
RALEIGH V. TAYLOR, *President*.

Mr. HUMPHREY. I yield the floor.

Mr. KEFAUVER. Mr. President, my remarks will be comparatively brief.

During the early part of this session, this body spent weeks on end discussing the danger of one branch of the Government encroaching upon the perogatives of another.

A stack of CONGRESSIONAL RECORDS 3 feet thick literally bulges with argument and complaint that the Congress has been forced to swallow, against its will, policies which were forced upon it by the Executive.

I am somewhat disturbed to note that individuals and organizations who were so sensitive to the danger in January and February, when it was nebulous and indistinct, are reluctant to see it today when its outlines are sharp and clear.

For, Mr. President, if there ever was a clear-cut case of the Executive usurping a congressional right, or a case in which the Executive unilaterally changes policies already set by the Congress, it is exemplified by the Dixon-Yates contract.

As has been pointed out on this floor so often and so well by so many distinguished Members, the Congress of the United States established the Tennessee Valley in 1933, and the Atomic Energy Commission in 1946. One of these executive agencies, such as the Interstate Commerce Commisison or the Federal Trade Commission, is as important in the place it holds as any of the others. The Congress gave those agencies certain areas of authority in which to operate. Originally, and from time to time subsequently, the Congress has prohibited those agencies from entering certain other areas. But clearly, the TVA and the AEC were intended to be independent agencies, carrying out basic policies determined by Congress itself.

Let us look for a moment at how the AEC's purpose is defined in the United States Government Organization Manual, produced by the National Archives and Records Service of the General Services Administration:

It is the purpose of the Atomic Energy Act to effectuate the declared policy of the people of the United States that, subject at all times to the paramount objective of assuring the common defense and security, the development and utilization of atomic energy shall, so far as practicable, be directed toward improving the public welfare, increasing the standard of living, strengthening free competition in private enterprise, and promoting world peace.

Now let us see how the same manual defines the authority of the TVA:

The Tennessee Valley Authority is a corporation created by act of Congress May 18, 1933 (48 Stat. 38; 16 U. S. C. 831–831dd). The statute directs the corporation to take custody of the Wilson Dam and appurtenant plants at Muscle Shoals, Ala., and to operate them in the interest of national defense for the development of new types of fertilizers for use in agricultural progress. These purposes governed the original construction of the Muscle Shoals properties pursuant to section 124 of the National Defense Act of 1916 (39 Stat. 166, 215; 50 U. S. C. 79). The statute further provides for the development of the Tennessee River and its tributaries in the interest of navigation, the control of floods, and the generation and disposition of hydroelectric power. Executive Order 6161 of June 8, 1933, which implements sections 22 and 23 of the Tennessee Valley Authority Act, confers upon the corporation the authority to conduct investigations upon which additional legislation may be predicated in order to aid further the proper conservation, redevelopment, and use of the resources of the region. In the conduct of its operations and investigations, the corporation is authorized to cooperate with other National, State, and local agencies and institutions so that the fullest measure of effectiveness can be achieved.

Those quotations simply point up the fact that the two agencies are operated on the basis of long-range policy determined by the Congress and spelled out in public law.

We are today confronted with the spectacle of the executive branch of the Government losing its sense of perspective. Probably acting under the influence of the private-utility lobby's insidious propaganda, the Executive Office of the President has nudged, prodded, and finally commanded the Atomic Energy Commission to enter into a contract for which the AEC has no legal authority under its organic act.

And, Mr. President, the American people do not have to be hit over the head with a cyclotron to realize that this same contract is tailormade to wreck TVA.

The backstage maneuvering and negotiation leading to the Dixon-Yates contract just cannot be gilded into respectability. Here is a flagrant attempt to do, by administrative action, something that AEC has no legal right to do, and something Congress has no right to sanction by the surrender of constitutional powers.

If it wants to, Congress can change the organic structure of the TVA and the AEC, and can change the direction in which we want them to go. But if that is what Congress wants done, Congress ought to do it itself.

It would be downright cowardly and immoral for us to wink slyly and look the other way while the administration does Congress' dirty work.

We all appreciate that the present administration has a rather different outlook from the previous ones. Despite disclaimers to the contrary, certain forces in the administration do not look with sympathy or favor upon the objectives of the Tennessee Valley Authority. Whether it realizes it or not, the administration is bent on striking down the TVA and the philosophy that brought it into being 21 years ago.

Mr. President, I hope both branches of the Government—both the Legislative and Executive—realize that the present administration will not be with us from here to eternity. It will surely pass away and be followed by others—Republican as well as Democratic. Under the laws of change and nature, those administrations yet unspawned will have viewpoints as different from the present one as it has from the last. It has always been so.

I would suggest to my colleagues the possibility that some future administration might be just as unsympathetic toward the AEC as the current one is to TVA—and that if this Congress allows the present administration to use one independent agency as a tool to fight another, it is setting the stage for similar action in the future.

Who knows but that the Federal Power Commission might not one day be used as a means of attacking AEC, or the TVA against the AEC, or the Federal Communications Commission against some other independent agency, or the CIA against them all.

The Dixon-Yates contract is bad in itself—malum in se—for reasons that have been copiously examined on this floor. But it is doubly evil in that it is a front runner for chaos. This Congress must strike it down in its tracks, if we are not to be a party to the disintegration of government in the future.

It is nothing short of amazing to me that certain persons, in and out of Congress, are willing for the Congress to assume this role.

I would have Senators read how casually the whole matter is treated by

the chairman of the House Appropriations Subcommittee, who handles both the AEC and TVA appropriations. In a congressional newsletter published in the July 15 edition of the Riverside (Calif.) Enterprise, Representative JOHN PHILLIPS, with whom some of us served in the House of Representatives, said:

> The present hot argument arose because the Committee on Appropriations suggested to the AEC that it look around and see if the additional 600,000 kilowatts it needs for Paducah could be brought from private sources. Several power companies in the area agreed to talk about a contract to build a new plant, to run the power into the TVA grid and to supply Memphis, taking out the additional power for Paducah as was most economical and convenient.

Of course, that is not what is being done here. This steam plant has no connection at all with the Atomic Energy Commission in Paducah. The Paducah atomic energy installation has two steam plants, which will supply its needs for all time to come, or at least for the foreseeable future. This is just using the AEC to build a steam plant to put electricity into the TVA system to supply commercial users in the Memphis area, which is something the Atomic Energy Commission has no connection with whatever.

Quoting further from Representative PHILLIPS' newsletter:

> All the liberal commentators and columnists are screaming their heads off. If anyone shows that the deal is to the advantage of the taxpayers, or for the security of the country, he can hardly get in the news. I have no concern over the outcome. The President is getting a bit mad over the attacks and the misstatements. He will stand hitched. Those of us who thought this was a little matter, of small importance, will have to take the floor and give the facts.

A little matter of small importance indeed. An illegal contract, a perversion of the Atomic Energy Commission's authority, an unconstitutional seizure of congressional jurisdiction, and the implicit destruction of a useful Government agency. I do not regard that a little matter, or an unimportant one, either.

Nor can I find one scintilla of advantage to the taxpayers, or of security for the country, as my one-time colleague purported to find. It is inconceivable that the annual payment of an extra $3,685,000, I take the Atomic Energy Commission's figure, but, of course, the TVA's figure is much higher than that, to a utility combine can be called an advantage to anyone but the combine itself. The only security in it is not for the country, but for the old-age stockholders in the Southern Co. and Middle South Utilities.

What is this $3,685,000, this additional annual amount that AEC says it will cost to get its power from Dixon-Yates?

We cannot call it a swindle, because it is ordered by our highest executive authority. And we cannot call it robbery because Dixon-Yates are not armed with anything more irresistable than their corporate charter. We cannot say it is theft or a steal, because it is taking place in broad daylight. It is not a purchase, because we are not getting anything back. And we cannot say it is a grab because the administration is literally fighting for the privilege to hand over the money.

Mr. President, the nearest I can come to defining it is to call it an annual gratuity, a donation, if you will, to Dixon-Yates. I personally do not know what service Dixon-Yates have performed for us as a Nation that merits such preferential treatment.

The manner in which the entire problem of obtaining more power for the Atomic Energy Commission's Paducah works, and for the Tennessee Valley area in general, has been mishandled very badly.

It would be a very simple matter to restore the situation to reason and decorum.

We can reject the Dixon-Yates deal, and, in a supplemental appropriations bill, we can include the funds needed for TVA to build the Fulton steam plant.

In that way, AEC can get the 600,000 kilowatts it needs for the Paducah works, the integrity of both TVA and the AEC will be assured, and the Congress will not have surrendered its right to determine policy for those two great independent agencies.

Mr. President, let me here make one more plea that the Tennessee Valley Authority be preserved.

Since its establishment 21 years ago, it has meant much to the seven-State valley area. But it has been something more than an area project. It has put new economic breath into a whole great region of our country, a region that was only two decades ago called "The Nation's No. 1 Economic Problem."

The valley today is the show window of democracy in action. It is a great national asset.

When foreign visitors come to this country to see how they can develop their own resources, and lift the living standard of their people, in the first place, they go to see the inspiring example of people working together with government for the development of a nation. They find it in the Tennessee Valley Authority. I think it is significant that the President of the United States and others have recommended projects similar to the TVA for many other parts of the world. It is a great national asset, and if it is preserved it will be in the future, as in the past, a vast arsenal of electric energy for the defense of our country and of our civilization.

Mr. President, let it be remembered by those living in other areas of this Nation that the TVA is a great national asset. It is the best market in the Nation for products made in other parts of the United States, where most of the farm machinery, electrical appliances, generators, and other products of that kind are purchased.

Some of us are firmly convinced that this Dixon-Yates contract means the beginning of the end of TVA—a tearing apart of the agency that has served us all so well.

In the name of national sanity, this must not be done. Even if the Fulton steam plant is not built, surely there is some other way we can work out this power need without the destruction of TVA itself.

We have here an occasion for statesmanship, and I am sure that if we look at the facts clearly and without preconceived judgment, we will rise to it.

Mr. President, I said there was an alternative. Personally, I think it would be a calamity not to allow the TVA to have its own source of supply of power, but a feasible plan has been submitted on behalf of representative people who have the ability to put it into effect, whereby a steam plant can be built at Fulton, Tenn., without the appropriation of $1 by the Congress. It will save $125 million or $130 million to the Government and, in the end, will be owned by the Government or the Tennessee Valley Authority, and will not violate the position of the AEC or the TVA. The plan has been submitted to the Atomic Energy Commission, which has paid little heed to it.

In a letter dated July 19 Mr. Walter von Tresckow, on behalf of himself, Burns & McDonnell Engineering Co., Kansas City, Mo.; Salomon Bros. & Hutzler, investment bankers, New York City; Long Construction Co., Kansas City, Mo.; Robert W. Larrow, Burlington, Vt.; Harvey Weeks, New York City; George H. Schwartz, and Zelig R. Nathanson, of Schwartz-Nathanson-Cohen, New York City; and John N. Mitchell, of Caldwell, Marshall, Trimble & Mitchell, New York City, and, I am sure, Mr. Lucius Burch, of Memphis, states that they are able to build and finance a steam plant which would avoid an appropriation, which would save the Government money, which would not wreck the TVA, and which would not cause a perversion of the Atomic Energy Commission's program.

Mr. President, I ask unanimous consent that this letter be printed in the RECORD following my remarks.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

JULY 19, 1954.

HON. ESTES KEFAUVER,
United States Senator,
Senate Office Building,
Washington, D. C.

DEAR SENATOR KEFAUVER: We, the undersigned, have made an offer to finance, design, build, and operate a steam generating station at Fulton, Tenn., to supply the power needs of the TVA in the Memphis area. The cost of this power is to be 3½ mills per kilowatt-hour or less. This is practically at the same rate as power produced by the TVA. Our offer will cost the Government between $90 million and $150 million less than any alternative proposal you have for consideration.

We are repeating this offer, made to TVA and other governmental agencies concerned, to you and to every other Senator and Representative. We are now adding to this offer as follows:

"We will build steam generating stations on the same basis wherever they are needed in the TVA area. Power from these generating stations will also be available to the private utility companies in the adjacent territory at the same rates as TVA."

We respectfully ask that you interest yourself in the consideration of this offer by the proper Government agency, for the following reasons:

It is best for the Government, because—
It saves $90 to $150 millions.

It eliminates the need for the AEC to make a power contract to supply the needs of TVA.

It takes the AEC out of the power business.

It eliminates need for further Government appropriations for the construction of TVA generating stations.

It is best for TVA, because—

The authority can continue to make its own power contracts for its own needs.

It enables the TVA to supply all the power the AEC needs at the cheapest price.

The authority retains its ability to meet the growing needs of its own customers.

The cost of power remains the same to its present customers.

The great benefits, brought by TVA to the area it serves in seven States, are maintained through private money and private initiative.

It is best for the private utility companies in the territory adjacent to TVA, because—

It enables them for the first time to obtain power at TVA rates and to compete with TVA on a price basis.

It is best for the consumer, because—

His monthly bill for electricity in the TVA area remains the same and will be substantially less than he is paying now in the adjacent territory.

It is best for the country, because—

It spreads the benefits of low cost power over a vastly greater territory to a larger number of people.

Respectfully yours,

WALTER VON TRESCKOW.

(For Walter von Tresckow, New York City; Burns & McDonnell Engineering Co., Kansas City, Mo.; Salomon Brothers & Hutzler, Investment Bankers, New York City; Long Construction Co., Kansas City, Mo.; Robert W. Larrow, Burlington, Vt.; Harvey Weeks, New York City; George H. Schwartz, Zelig R. Nathanson, Schwartz - Nathanson - Cohen, New York City; John N. Mitchell, Caldwell, Marshall, Trimble & Mitchell, New York City.)

Mr. KNOWLAND. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. SALTONSTALL in the chair). The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Aiken	George	McCarran
Anderson	Gillette	McCarthy
Barrett	Gore	Millikin
Beall	Green	Monroney
Bennett	Hayden	Morse
Bowring	Hendrickson	Mundt
Bricker	Hennings	Murray
Bridges	Hickenlooper	Neely
Burke	Hill	Pastore
Bush	Holland	Payne
Butler	Humphrey	Potter
Byrd	Ives	Purtell
Capehart	Jackson	Reynolds
Carlson	Jenner	Robertson
Case	Johnson, Colo.	Russell
Chavez	Johnson, Tex.	Saltonstall
Clements	Johnston, S. C.	Schoeppel
Cooper	Kefauver	Smathers
Cordon	Kennedy	Smith, Maine
Crippa	Kerr	Smith, N. J.
Daniel	Kilgore	Sparkman
Dirksen	Knowland	Stennis
Douglas	Kuchel	Symington
Duff	Langer	Thye
Dworshak	Lehman	Upton
Eastland	Lennon	Watkins
Ellender	Long	Welker
Ervin	Magnuson	Wiley
Ferguson	Malone	Williams
Flanders	Mansfield	Young
Frear	Martin	
Fulbright	Maybank	

Mr. SALTONSTALL. I announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Arkansas [Mr. MCCLELLAN] is necessarily absent.

The PRESIDING OFFICER. A quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, announced that the House had passed the following bills of the Senate, severally with an amendment, in which it requested the concurrence of the Senate:

S. 599. An act for the relief of Corporal Robert D. McMillan;

S. 1203. An act for the relief of Lieutenant Colonel Rollins S. Emmerich; and

S. 2070. An act for the relief of the estate of Givens Christian.

The message also announced that the House had passed the bill (S. 1225) for the relief of Brunhilde Walburga Golomb, Ralph Robert Golomb, and Patricia Ann Golomb, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 252) to permit all civil actions against the United States for recovery of taxes erroneously or illegally assessed or collected to be brought in the district courts with right of trial by jury.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 2759) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes.

The message further announced that the House insisted upon its amendment to the bill (S. 3344) to amend the mineral leasing laws and the mining laws to provide for multiple-mineral development of the same tracts of the public lands, and for other purposes, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. WHARTON, Mr. D'EWART, Mr. DAWSON of Utah, Mr. YOUNG, Mr. ENGLE, Mr. ASPINALL, and Mrs. PFOST were appointed managers on the part of the House at the conference.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 4854) to authorize the Secretary of the Interior to construct, operate, and maintain the irrigation works comprising the Foster Creek division to the Chief Joseph Dam project, Washington.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9040) to authorize cooperative research in education.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7434) to establish a National Advisory Committee on Education.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7601) to provide for a White House conference on education.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8571) to authorize the construction of naval vessels, and for other purposes.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 669. An act for the relief of George D. Kyminas;

H. R. 787. An act for the relief of Israel Ratsprecher and Maryse Ratsprecher;

H. R. 818. An act for the relief of Mrs. Emma Martha Staack;

H. R. 842. An act to restore United States citizenship to Atsuko Kiyota Szekeres;

H. R. 905. An act for the relief of Franciszek Wolczek;

H. R. 950. An act for the relief of Panoula Panagopoulos;

H. R. 1171. An act for the relief of Mrs. Wai-Jan Low Fong;

H. R. 1209. An act for the relief of Stylianos Haralambidis;

H. R. 1324. An act for the relief of Georgina Chinn;

H. R. 1897. An act for the relief of Mrs. Betty E. LaMay;

H. R. 2051. An act for the relief of Ivo Markulin;

H. R. 3742. An act for the relief of Paul Bernstein;

H. R. 7508. An act for the relief of James Dore, Jr.;

H. R. 7636. An act for the relief of Mrs. Helen Aldridge;

H. R. 7762. An act for the relief of M. M. Hess;

H. R. 7924. An act for the relief of Giuseppe Clementi;

H. R. 7925. An act for the relief of Mrs. Dina Mianulli (nee Kratzer); and

H. R. 8334. An act for the relief of Helmut Cermak and Hana Cermak.

The message further announced that the House had agreed to the following concurrent resolutions, in which it requested the concurrence of the Senate:

H. Con. Res. 254. Concurrent resolution favoring the granting of the status of permanent residence to certain aliens; and

H. Con. Res. 257. Concurrent resolution authorizing the printing of additional copies of the hearings relative to the contribution of atomic energy to medicine.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H. R. 669. An act for the relief of George D. Kyminas;

H. R. 787. An act for the relief of Israel Ratsprecher and Maryse Ratsprecher;

H. R. 818. An act for the relief of Mrs. Emma Martha Staack;

H. R. 842. An act to restore United States citizenship to Atsuko Kiyota Szekeres;

H. R. 905. An act for the relief of Franciszek Wolczek;

H. R. 950. An act for the relief of Panoula Panagopoulos;

H. R. 1171. An act for the relief of Mrs. Wai-Jan Low Fong;

H. R. 1209. An act for the relief of Stylianos Haralambidis;

H. R. 1324. An act for the relief of Georgina Chinn;

H. R. 1897. An act for the relief of Mrs. Betty E. LaMay;

H. R. 2051. An act for the relief of Ivo Markulin;

H. R. 3742. An act for the relief of Paul Bernstein;

H. R. 7636. An act for the relief of Mrs. Helen Aldridge;

H. R. 7762. An act for the relief of M. M. Hess;

H. R. 7924. An act for the relief of Giuseppe Clementi;

H. R. 7925. An act for the relief of Mrs. Dina Mianulli (nee Kratzer); and

H. R. 8334. An act for the relief of Helmut Cermak and Hana Cermak; to the Committee on the Judiciary.

H. R. 7508. An act for the relief of James Dore, Jr.; to the Committee on Finance.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 254) favoring the granting of the status of permanent residence to certain aliens, was referred to the Committee on the Judiciary, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Congress favors the granting of the status of permanent residence in the case of each alien hereinafter named, in which case the Attorney General has determined that such alien is qualified under the provisions of section 4 of the Displaced Persons Act of 1948, as amended (62 Stat. 1011; 64 Stat. 219; 50 App. U. S. C. 1953):

A-6682832, Abraham, Joseph Heskel.
A-6517191, Fiala, Anna Elisabeth.
A-6517192, Fiala, Emerich.
A-6420597, Fiala, Silvio Emerich.
A-7863237, Fridenwalds, Alida.
A-7863236, Fridenwalds, Eris.
A-7863238, Fridenwalds, Ivars.
A-7962367, Millevoi, Miro or Casimiro Millevoi.
A-9526008, Mow, How Shan.
A-6050640, Nawrocki, Irene or Bytniewska (nee Raciborska).
A-6967645, Shih, Usang-Lung.
A-8155725, Aikier, Antonio or Anthony.
A-9280465T, Andjelini, Joseph.
A-8039701, Babich, John.
A-7244982, Bierman, Mariam.
A-7244983, Bierman, Zbighiew Edward.
A-7863022, Bills, Eriks Arturs.
A-7249879, Butlers, Alfreds.
A-7249878, Butlers, Anna.
A-7250164, Butlers, Taiga.
A-7849222, Cakste, Katherine Konstance or Kitty Cakste.
A-17849223, Oakste, Anastasija (nee Stipnieks).
0300-402166, Chan, Chock.
0300/414144, Chan, Yok.
A-6702181, Chang, Yeanne Chung Kwang Ward.
A-6967712, Chang, Zee or Alfred Zee Chang or Alfred Chang.
0300-415492, Chao, Lin, or Lam Chiu.
A-6620867, Chao, Mrs. Mary (nee Chang).
A-6620866, Chao, Sally.
A-6620696, Chao, Helen.
A-6620869, Chao, Robert.
A-6967478, Chen, Simon Ko-Siang.
A-7640625, Ching, Chang or Alice Chang Loo.
A-8057915, Chong, Moo.
A-8065358, Chong, Wong Wing or Wong Wing.
A-8065446, Choy, Yee.
T-666666, Chu, Tsoo-Whe.
T-666667, Chu, Sou-Mei Chen.
0501-19723, Chu, Sou-Lien or Dorothy Chu.
0501-19634, Chu, Chun-Liu or Clive Chu.
0501-19635, Chu, Cheng-Wu or Sherwood Chu.
A-6735293, Chu, Han-Ping or Glorida Chu.
A-9151151, Chu, Yu Fu.
A-7099687, Chu-Tow, Mabel S. or Mabel Cho-Shin Chu or Mabel C. S. Dor.
A-8057309, Chun, Chang or Chong For Po.
A-7079579, Chun, Rose Ting or Rose Ju-Yu Ting.
A-6730484, Danhu, Emily Isa or Emily Daniels.
A-7243858, Dankers, Vilis.
A-9562975, Dee, Chan San.
A-7061869, Doo, Kyi-Ioong or Gerald Kyi-Ioong Doo.
A-684771, Doo, Tseng-Hsiang or Lucy Tseng-Hsiang Doo.
A-7050046, Duck, Choy Kun or Choy Pak.
A-7962195, Faldich, Ermano.
A-7351657, Farnadi, Dezso Geroge.
A-9560954, Fat, Chan Ping or Woo Lin.
A-4840603, Fook, Yeung.
A-7348811, Freienbergs, Janis.
A-7863241, Freimuts, Arvids.
A-7863242, Freimuts, Inara.
A-7863243, Freimuts, Alise.
A-6933877, Friedman, Bernath.
A-6967568, Fu, Chen.
A-6698393, Fuchs, Ignac.
A-6698394, Fuchs, Regina.
0300-406016, Fung, Ng.
A-6857685, Georgescu, Haralamb H. or Haralamb Georgescu or Gorge Haralambre or Harald Georges.
A-6857686, Georgescu, Daisy Alice or Daisy Alice Odile Georgescu, formerly Daisy Alice Odile Michailescu (nee Daisy Alice Odile Kern).
0300-28896, Gong, Chee.
A-6982900, Hasenfeld, Alexander.
A-6704063, Ho, Hsing Ching (nee Chang) or Deanna Ho.
A-8065448, Hoom, Leung See.
A-6690371, Houri, Emelie J.
A-6690375, Houri, Yvette Joseph.
A-7298503, Hsi, Kung K'ai.
0300-392667, Huang, Kenneth Kang.
0500-38567, Huang, Meng Cho or Dick Huang.
A-7056902, Iee, Huo-Sheng.
A-8196137, Kan Fan.
A-6507005, Katem, Alice Semele Elizabeth.
A-6887704, Kent, Frederick George or Bedrich Salansky.
A-7073773, Kertesz, Hargit Kornelia Maria.
0804-6263, Kertesz, Agnes Martha.
A-7898855, Koh, Hoo Ah or Ah Koh Hoo.
A-9633956, Kok, Ah or Lui Kok or Ah Koh.
A-8190272, Kow, Low or Lou Kou.
A-9778388, Kow, Tsang.
A-6855585, Kuan, Tak Kong or Kuan Tak Kong.
A-6851469, Hsu, Rosana Wen Hsing or Wen Hsing Hsu or Hsu Wen Hsiang.
A-8091378, Kwai, Lee.
A-9211255, Kwan, Lam.
A-8082015, Kwang, Chan Gee or Chan Kwang.
A-9245409, Lam, Chau or Chow Lam or Lam Chau.
A-6887564, Lamberts, Andrejs Andris.
A-6897067, Landau, Simcha or Sidney.
A-6403577, Lee, Mei Rau or Mei Yoi Lee or Madelina Mei Rau Lee.
A-8001236, Lee, Yuen or Li Yuen.
A-6843462, Li, Li (nee Lu).
A-6975626, Lin, Yee Sang.
A-7962366, Ling, Ping Chung.
A-7809909, Ling, Yu Ru Yuan.
A-8015149, Lizzul, Giovanni Maria.
A-9743559, Lock, Ying or Lock Ying.
0300-161017, Lung, Lam Ah.
A-6703359, Ma, John Baptist or Tsiun Fa Ma.
A-6772580, Madison, George.
A-6953280, Mak, Wei Kang.
A-6962953, Mak, Marion An Wing.
A-9710391, Matkovic, Petar.
A-9745494, Miksons, Alfreds Alexsanders.
A-9836851, Ming, Kwok.
A-6851454, Moeson, Florence Tsui-Yung Tan (nee Tsui-Yung Tan).
A-7138420, Nowicki, Stanislawa.
0400/46406, Nowicki, Paul Zygmunt.
A-7241994, Osis, Karlis.
A-7241995, Osis, Emma.
A-6971762, Ounpuu, Edward Johannes.
A-6971790, Ounpuu, Alviine.
A-6381295, Pan, Lan or Pan Nien Tze.
0300-403720, Pezzulich, Francesco.
A-9825156, Pizestrzelski, Kazimierz.
A-6355174, Poe, Leong or Leong Kwong.
A-8091319, Poglianich, Claudio.
A-6805619, Rashty, Aziz Khedoori.
A-6819607, Reuben, Eliahoo Menashy.
A-7439273, Rostas, Ilona formerly Rottenstein.
A-7282693, Sabel, Dezso.
A-7292689, Sabel, Roza.
A-7282690, Sabel, Oszkar.
A-7282691, Sabel, Sandor.
A-7282692, Sabel, Elza.
A-8082092, Salamon, Carlo.
A-7967450, Sassoon, Salman Saleh Hakham.
A-6441717, Shio, Cheng.
A-9778387, Sin, Lee See.
A-8057261, Sing, Man.
A-6704254, Siwek, Jadwiga.
A-7243267, Soccolich, Giulio Roberto.
A-7991771, Stipanov, Petar.
A-9124876, Sun, Som Cheung.
A-7250499, Tang, Tse-Ming or Constance Tse-Ming Tang.
A-7056850, Teitelbaum, Leopold.
A-6923159, Tibor, Wollner.
A-8190346, Toh, Lam Kong or Siw Ning Lim.
0300-405914, Tong, Ling or Ling Kam.
A-6928455, Tse, Tong.
0501-19742, Tseng, Ching Lam.
0501-19745, Tseng, Shu Chuan Lo.
0501-19743, Tseng, David Yuin-Chi.
0501-19747, Tseng, Nancy Yuin-Ming.
0501-19741, Tseng, Bamber Yuin-Chung.
A-8039693, Tsong, Chang Ngok.
A-6916021, Tyrnauer, David.
A-7184429, Tyrnauer, Helen (nee Grunfeld).
A-9669174, Viemann, Peeter or Peter Weinman.
0300-421694, Wah, Chan.
A-6178340, Wan, Jeh-Chai or Jack Chai Wan.
A-9561565, Wan, Ng.
A-6953084, Wang, Doris Hsueh Pih (nee Chen).
A-6542213, Wang, Jen Hsien.
0501-19695, Wang, Ling Nyi Vee or Mrs. Shou-Chin Wang.
0501-19699, Wang, I, Chyau or Daniel I.-Chyau Wang.
0501-19698, Wang, Ju Yuan or Judy Ju-Yuan.
A-6910233, Wang, Sui (nee Yen) or Dr. Sui Yen.
A-7069100, Weiss, Eugene.
A-7356381, Weiss, Rosa.
A-8091548, Wen, Tsang.
A-9635431, Wen, Wong Hsin.
A-8106936, Wing, Lee or Chester Lee.
A-7079928, Wolf, Magdolna (nee Zimmerman) or Magda or Madeleine Wolf.

0300–387747, Wone, Nom.
A–6699851, Wou, Leo Shang.
A–6923203, Wu, Tzu Lin.
0300–417752, Yeong, Tsang or Twang Young.
A–7511752, Yueh, Herman Yu-Heng or Yu-Heng Yueh.
0300–458536, Yung, Chan.
A–7118700, Arnolda, Sister or Tsui Hwa Chang.
A–6053039, Chan, Choy.
0300–402234, Chang, Yuan Ah or Chang Ah Yuan or Ah Hsiang Yuen or Yuen Ah Hsiang.
A–8039780, Chao, Ah Chang.
A–9167093, Fat, Lam.
A–7249876, Feimanis, Voldis.
A–9037851, Fook, Yip or Fook Yey.
A–7863029, Gaide, Janis Voldemars.
A–8190487, Hoy, Chen or Chan Hoi.
A–6694100, Hsi-Tsao, Ching or Frank.
A–8091391, Hsing, Cheng Ho or Cheng Wo Hing.
A–7244981, Innus, Martins Arvids.
A–7125153, Jallouk, Rafiq.
A–7125162, Jallouk, Nelli Shammes.
A–7853244, Jankevics, Pauls Alexanders.
A–7863245, Jankevics, Alise Valija.
A–6971752, Kalde, Enn.
A–6971788, Kalde, Ida Rosilda.
A–6971773, Ruut, Priit.
0300–352483, Kwong, So.
A–8065349, Ling, Tang Kin.
A–7863200, Pienups, Janis.
A–7863201, Pienups, Anna.
A–7863202, Pienups, Inars.
A–6959829, Pour, Ivan George.
176/1140, Shin, Tsang Kun.
A–6845497, Sun, Wellington I-Tsung.
A–6628887, Sun, Ying-Seng Yeng or Ying-Sheng Yen.
A–6845498, Sun, Gerald Tze-Ping.
A–6627388, Sun, Teddy Tze-Ho.
A–6905013, Tauber, Armin.
0300–238968, Tauber, Esther Chard.
0300–113720, Tauber, Josef.
0300–414479, Tsing, Ching.
0300/18249, Tsu, Lung Shi.
A–6940565, Woo, Ji Jih, or Chi Chieh Hu or Hu Chi-Chieh.
A–7118706, Yao, Ching Ju or Sister Antsila.
A–6986583, Yao, Chu Sheng.
A–8091362, Yee, Lee.
0300/400014, Yung, Ming.
A–6949477, Altoja, Ants.
A–6949478, Altoja, Maria.
A–7809994, Belz, Juda.
A–7809010, Belz, Krajndla Waks.
0300/397598, Bing, Ng.
0300/397512, Bit, Kai Kong.
A–7962368, Carcich, Domenico.
A–9635193, Chan, Fook or Chan Fook.
A–7491704, Chang, Chung Fu.
A–7841171, Chang, Shan Fin (nee Chen).
0200–86200, Chang, Robert Shihman.
A–7469989, Chang, Yinette Yu.
A–6884721, Chang, Yi-Chung.
V–33406, Chang, Ta-Chuang Lo.
A–7377001, Chang, Yuan Yang.
A–6847876, Chao, Chen-Sung.
A–9782694, Che, Chen Chung or Chi.
A–6848004, Chen, Ning Shing or Nicholas Sing Chen.
A–7118701, Chen, Shih-Yuan.
A–9831315, Chen, Yi Fu or Yi Fu Chen or Nee Fu Chen.
0401–19333, Chen, Betty or Betty Yi Fu Chen.
A–6141277, Chen, You-Min.
V–611691, Chen, You-Li (nee She).
0300–391264, Cheng, Tong or Cheng Tung.
A–8039699, Chi, An Chang.
0300/412426, Chik, Lam.
A–6967716, Cho, Alfred Chih-Fang.
A–9528818, Choe, Cheng Ka.
A–7243257, Chouprov, Vcevolod Mathew.
0300–398161, Chow, Low or Chow Low or Lou Choy or Lou Joe.
0300–410648, Choy, Dai.
A–9798380, Chu, Lee Chong.
A–6982875, Chung, Mary A.
A–9738866, Drensky, Groziu Nicolaef.
A–7809777, Eng, Chong Park or Wo Po or Ng Park.
A–7948353, Erikson, Johan.
A–9528817, Fah, Wong Hwa.
A–6923151, Fisch, Moses.
0300–245718, Fisch, Serena.
A–7138327, Fischhof, Maria.
A–8091357, Fong, Lo Wai.
0300—420478, Foo, Li.
A–9530725, Franelic, Justin.
A–7088621, Frideczky, Jozsef Istvan.
A–7097507, Frideczky, Erzsebet Eva Maria.
A–7090885, Frideczky, Ferenc Antal Andras.
A–6848205, Friedlander, Adolf.
A–8106517, Fung, Liang Chung.
A–6989377, Gineika, Leopoldas.
A–8082012, Goh, Chin Hee.
A–6848193, Grinberg, Jozef.
A–6696238, Hayim, Albert Joseph.
A–9777290, Hee, Lau or Liu Shi or Lau Chee.
A–9561135, Hing, Heng Pow.
A–7726007, Hsi, Teh Tsang.
A–6041697, Hu, Alexius Yuan or Chungling Hu or Yuan Hu or Alexius Hu Yuan.
V–57211, Huang, Chin-Chun.
A–9765965, Hung, Yan Si.
A–8091388, Kam, Choy.
A–6864078, Kampe, Albert Valdemar.
A–6971751, Kangur, Justin or Juri.
A–6971750, Kangur, Esisaueta.
A–6971745, Kangur, Arno.
A–6627321, Kao, Wayne King or Wen Chun Kao.
A–6742035, Kao, Mabel Chen or Mei Pu Chen.
0300–440248, Kim, Soo or Ah Pat.
A–7640623, Kit, Loo Man or Man Kit Loo or Melvyn Loo or Loo Min-Chieh.
A–9518348, Kong, Chin or Chan Sang.
A–7095524, Kose, Bernhard or Bernhard Germann.
A–8021272, Kue, Bok Leng.
A–7274020, Yuk, Fay Choy.
A–8091390, Kwan, Chan or Kwan Chan or William Chan.
A–9686567, Kwong, Wong or Kwong Wong.
A–6938805, Lacis, Peter.
A–9190756, Lai, Tung.
A–9574851, Lau, King Teng.
A–7922860, Lee, Choi.
A–7120689, Lee, Frank Hsu Hwi.
A–8190038, Lee, Johnne or Lee Ching.
A–6971812, Lepson, Rein.
A–6971744, Lepson, Helmi (nee Harma).
A–6971797, Lepson, Indrek.
A–7962250, Li, Tsung Han.
0300–421371, Liang, Chin-Tung.
0300–423646, Liang, Yun-Chao Lin.
A–7009523, Liivat, Valdeko.
A–7095522, Liivat, Liidia.
A–6887553, Link, Azriel Abraham or Abe Link.
A–6026149, Liu, Chang Keng.
A–6848584, Liu, Hong-Zoen (nee Jui).
0300–392467, Liu, Chu-Kai or Lau Choow or Hwang Toi.
A–7123432, Locke, Yan-Chun or Lawrence Yan-Chun Locke or Lawrence Locke.
A–6848152, Locke, Eva Theresa (nee Eva Theresa Woo).
A–9695049, Loi, Fong.
A–6730658, Loo, Mrs. Fay or Fay Yung.
A–6971799, Lossmann, Johannes.
A–6971800, Lossmann, Helmi.
A–6971801, Lossmann, Jaan or John.
A–7064141, Lowinger, Mor.
0300–403238, Man, Shum.
A–8082025, Ming, Chan Sek.
A–6958660, Mok, May Lee.
A–6775636, Nahmias Andre Youssef or Andre Joseph Nahmias.
A–9560888, Nai, Chan.
A–7057877, Obet, Victor.
0300–398021, On Lai or On Lia or Sai Yew.
A–6624928, Ou, Felix.
0500–32371, Pei, Ching Hwa or Ching Hwa Pei Chang.
A–8082486, Po, Kwan or Kong Po or Ching Kwan Po.
0300–418801, Poa, Woo Ah.
A–7457749, Polli, Elmi.
A–7249881, Reinla, Mihkel.
A–7249873, Reinla, Maimu (nee Sade) formerly Stahl.
A–6752988, Rodman, Juliet H. Zakkai.
A–7048807, Rubin, Artur.
A–7345325, Rubin, Irena.
A–6798996, Savisaar, Ernestine.
A–6910016, Schoenfeld, Eugen.
A–9782758, Shing, Lum.
A–6731298, Shukur, Edward Khedore.
A–7056017, Sinaj, Vilian.
A–8057497, Sinaj, Liyza or Ethel (nee Moskowitz).
A–7890718, Skansi, Nikola.
A–7980295, Sojat, Savko Marko.
A–6983572, Stark, Michael.
A–7096111, Stark, Eva (nee Gancfried).
A–6938814, Sudelis, Krigs.
A–6936815, Sudelis, Elfanora.
A–6851653, Sung, Ming Yang.
A–7244294, Svede, Arthur Gustave.
A–7244299, Svede, Valija Emilija.
A–7244295, Svede, Ausma Imara.
A–7244296, Svede, Ilgvars Gunars.
A–7244297, Svede, Aris Visvaldis.
A–7244298, Svede, Vilnis.
A–7244293, Svede, Janis Olgerts.
A–9511408, Tai, Lam or Tai Lam.
A–9245009, Tak, Ko.
A–6851697, Tang, Yu-Sun.
A–6949783, Tapp, George.
A–6949784, Tapp, Maria or Maria Umb.
0500–46780, Teng, Stephen Yueh-Min.
A–7350666, Teodorescu-Valahu, Anna (nee Capitan).
A–6694104, Tikotsky, Wolf.
A–6444674, Ting, Lucy or Lucy Ju-Chen Ting.
A–8082089, Ting, Shih Yung.
A–7095529, Tomson, August.
A–7095530, Tomson, Alma.
A–6933873, Treiber, Evzen or Eugene.
0300–249547, Treiber, Helena or Helen.
A–6702188, Tseu, Margaret Teresa or Yu-Ying Tseu.
A–7193928, Tu, Tsung Cheng or Shin Jai.
A–1290133, Tuck, Joseph.
A–6702360, Tuck, May C.
A–6702361, Tuck, Sylvia E. E.
A–6971754, Uustal, Johan.
A–6971791, Uustal, Linda.
A–6971780, Uustal, Jaan.
A–7244301, Veinbergs, Talivaldis.
A–7244984, Vesik, Mihkel.
A–7244986, Vesik, Arno.
A–6986496, Wang, En Ming (nee Chen).
A–8021404, Wang, Hubert Chang-Hsu.
0300–392608, Wang, Susan or Wang Chou Chen.
A–6922671, Weissmann, Elias.
0300–244065, Weissmann, Serena.
V–795888, Wen, Adam Kung-wen or Kung-wen Wen or Kuag-wen Wen.
V–795867, Wen, Mimi Szeto-wen or Mimi Wen.
A–6271272, Wen, Ronald or Wen Shu Hsuan.
0300–420772, Wen, Judy or Wen Chi Hou Nieu.
A–6739753, Wen, David or Way Wen.
A–6739752, Wen, Louis or Loy.
0300–403935, Wood, Shi-Chioh.
0300–403935, Wood, Shu Ying Chen.
A–3268532, Yao, Nai Zer.
A–5928218, Yee, Kwak or Yee Kwak.
0300–422403, Yen, Mu Pin or Yen Pin Mu or Mubin T. Yen.
0300–422404, Yen, Margaret Chu or Chu Chuan-Chu.
A–9782659, You, Hee or Hee Leong Kee or Hee Yau Hui.
A–6855581, Zucker, Ruzena.
A–8082070, Zulich, Ivan or John or Giovanni Zulich.
A–6803911, Akka, Rouben, Ibrahim.
0300–418049, Bonetta, Carlo.
A–7056848, Brukirer, Pincus (Pinkus) or Broker.
A–7181916, Butte, Henry Wilhelm.
A–7181917, Butte, Herta, Inez.
A–7243258, Carcich, Giovanni.

A-7222368, Cercobori, Luciano.
A-8065704, Chan, Lin Ah.
A-6848637, Chang, Kuo Tsun.
V-184676, Chee, Shun Chu.
A-6849466, Cheng, Hugh (Robert) Siang.
A-6949788, Childress, Helgi.
A-9513665, Chojnacki, Bogdan Joseph.
0300-429235, Chong, Ah or Li Cuk Cauk or Chong Kong.
A-6975623, Chun, Ben Hung-Ten.
A-5928208, Chung, Mok Chee or Sau Mok.
A-9765567, Ciogan, Eustafie or Christaki.
A-8021321, Coglievina, Giuseppe.
A-7243857, Dankers, Ella Rodina.
A-7244979, Ermansons, Arturs.
A-7244980, Ermansons, Anete.
A-8091315, Fat, Chan or Ching Fa.
A-6916033, Feldman, Emanuel Gerson.
0300-252494, Feldman, Chaja Ida.
A-9506918, Fong, Han Agh.
A-8082840, Fook, Chan or Chan Cheong.
0300-392291, Fook, Tsang Wah or Wah Fook Tsang.
0300-398103, Fook, Wong.
A-8031972, Franza, Matteo Daniele de.
A-7125014, Halter, Bela.
A-6163761, Han, Shu Tang or Yao Ling Chang.
A-8091327, Harabaglia, Hugo.
A-8082008, Helich, Stefano.
A-9694017, Hi, Chu or Joe Hee.
0300-428098, Hong, Ho Wai or Ho Yau or Hong Ho Wai.
0300-410649, Hong, Lee.
A-7111657, Hsi, Edith Yu-Shih.
A-6052464, Hsieh, Te-Cheng or Fred Shaw.
A-6505776, Hsieh, Mary Sukin Cheng.
A-6505409, Hsieh, Man Lynn.
A-6505407, Hsieh, Lucy Mei Chi.
A-6505408, Hsieh, Paul Tze-Li Ching San or Paul Hsieh.
A-6847777, Hsu, Ming Po.
A-7841813, I, Helen Yeo.
A-6651024, I, Bernard.
A-6819125, Jakubovic, Sarolta (nee Weinheber).
A-7057090, Jankai, Tibor or Tibor Deutsch.
A-7096058, Jankai, Iren (nee Alexander).
A-6694005, Jirak, Karel Boleslav.
A-7200698, Jirak, Blazena.
A-9717383, Kalmet, Arseni.
0300-410499, Kan, Tsang or Tsang Kun.
0300-331005, Kerra, Walter.
A-6095136, Khadra, Omar Abou.
0300-399097, Kit, Yu or Yu Shek.
A-8031936, Korm, Leonida.
A-7863019, Krumins, Alvine.
0300-403711, Kuen, Cheung.
A-6847968, Kuo, Kwang-Lin.
A-7241996, Kurcbaums, Vilis Pauls.
A-7241997, Kurcbaums, Mirdza Valija Csiz.
A-6356317, Kurz, Julia Beatrice (nee Cheng).
A-8196599, Kwan, Cheung.
A-7863214, Lans, Ilvars.
A-7863215, Lans, Vilma Irma (nee Birze).
A-6503645, Lebovic, Marton.
A-6712033, Lee, Kuan Lou.
0501-19708, Lee, Wei Kuo.
0501-19709, Lee, Pei-Fen Tang.
0501-19710, Lee, Bernard Shing-Shu.
0501-19711, Lee, Katherine Tseng-Shu.
A-8190046, Lee, Wing Nin.
A-7073609, Lettrich, Julius.
A-6349782, Li, Shui-Mei.
A-8001420, Lin, Shun-Hua.
A-8057857, Ling, Yuen.
A-7863020, Linis, Oktavija.
0300-390643, Lo, Kong.
A-6847928, Loe, Lucy Mary or Hsiao-Bien Loe.
A-7962031, Loodus, Arnold.
A-6012603, Martinovic, Petar.
A-7185511, Mazur, Dyonizy Piotr.
A-9290471, Meng, Foo See.
A-9836572T, Mon, Lee.
A-6887714, Niemcewicz, Josef.
A-7184072, Niemcewicz, Regina (nee Borenstein).
A-6971760, Ohakas, Evald.
A-6971782, Ohakas, Olga.
A-7243869, Ozolins, Alfred.
A-7849670, Ozolins, Ulois.
0300-423623, Pao, Lee Chen.
A-6142745, Pong, Arthur Y. Y. or Pang.
A-9643928, Pong, Wai.
A-8010467, Rasiulis, Aleksas.
A-6903775, Rimpler, Samuel.
A-6849123, Sheena, Edward Haroon.
A-6851504, Shih, Cheng.
A-7365385, Shing, Yeung or Yeung Sheng or Yang Sing.
A-7415177, Shueh, Shih-Yung or David Shueh.
A-8082003, Sing, Tsang or David Tsang.
A-7200778, Sirdieck, Anna Albertine (nee Tobolik) or Anna Albertine Ida.
0300-418899, Stankic, Ivan.
A-7210493, Streicher, Bela.
A-7210492, Streicher, Olga (nee Ehrenthal).
A-7439701, Streicher, Gabor.
A-7439700, Streicher, Otto.
A-8091341, Tang, Tseng Shu.
A-6949781, Tapp, Mihkel.
A-6949782, Tapp, Patjana (nee Vesik).
A-6949785, Tapp, Nikolai.
A-6798997, Treiman, Karl or Karlis Treimanis.
A-7863209, Trusis, Karlis.
A-7863210, Trusis, Zenta (nee Abrins).
A-7863211, Trusis, Ivar or Ivars.
A-7178945, Tsien, Maud Chaoling.
A-6694205, Tsu, Norman Chang Kang.
A-9621877, Un, Cheng Zung.
A-6798998, Vaart, Elmar.
A-7184420, Vajda, Paul or Paul Davay.
A-9948288, Vitich, George.
V-886518, Wang, Keh Chin or Richard Keh Chin Wang.
A-6026125, Wang, Kia Kang.
A-6026160, Wang, John H. or Shu Hsu Wang.
A-6028173, Wang, Jonesie or Shu-Joan Wang.
A-8082073, Wang, Yin Pao.
A-8082074, Wang, Ho Yin Lee or Alice Wang.
0300-229774, Wang, Nancy or Lindsay.
A-6918465, Wang, Elsie.
A-7060507, Werner, Karol Gabrel.
A-9526181, Wong, Ho or Wong Ho.
A-7445844, Wong, Kong Hee.
T-1892931, Woo, Chong or You Woo.
A-8106034, Wun, Chow.
A-9525850, Yee, Chow or Ng Chow Yee.
A-6967316, Yee, Pan Kut.
A-9669640, Ying, Tsing.
A-6667798, Yu, Jung Kwong.
A-6847868, Yu, Mary Ann (nee Hui Ying Lu or Mary Ann Lu).
A-8091073, Yuen, Choy or Fong Choi.
A-7469082, Zgagliardich, Ivan or Giovani Zgagliardich or John Zgagliardich.
A-8082072, Zulich, Enrico or Ricardo Zulich.

ADDITIONAL EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

The following additional favorable report of a nomination was submitted:

By Mr. MILLIKIN, from the Committee on Finance:

Charles Irwin Schottland, of California, to be Commissioner of Social Security, of the Department of Health, Education, and Welfare.

REVISION OF THE ATOMIC ENERGY ACT OF 1946

The Senate resumed the consideration of the bill (S. 3690) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from New Mexico [Mr. ANDERSON] to the amendment of the Senator from Michigan [Mr. FERGUSON], as modified.

Mr. ANDERSON. Mr. President, I have two items I should like to have printed in the RECORD at this point. One is a letter directed to me by the American Public Power Association. If this letter has been sent to other Senators and has already been placed in the RECORD, I shall not ask that it be reprinted.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

AMERICAN PUBLIC POWER ASSOCIATION,
Washington, D. C., July 21, 1954.

DEAR SENATOR ANDERSON: The American Public Power Association, which represents over 700 local publicly owned electric utilities in 38 States and Puerto Rico, is greatly disturbed about certain features of the Cole-Hickenlooper bill (S. 3690) to amend the Atomic Energy Act of 1946.

This is, without doubt, one of the most important pieces of legislation to be brought before the Congress in recent years. Its passage would have a profound influence on American life for many future generations, for it would set the pattern for peacetime use of a great new source of energy. Needless to say, it would have a particularly great effect on the future of the electric industry, including the portion represented by the American Public Power Association.

Thus far, much of the Senate debate has centered about the so-called Dixon-Yates proposal by which a private utility holding company combine would furnish 600,000 kilowatts of power to the Tennessee Valley Authority, as a replacement for power which TVA now furnishes the Atomic Energy Commission.

Under this arrangement the AEC would be used as a broker to buy power, for the TVA is already adequately furnishing the power requirements of the AEC. It has been estimated that under the Dixon-Yates contract the additional cost of power to the AEC would range from $3,685,000 a year to $5,567,000 a year. Moreover, the Federal Government would reimburse the Dixon-Yates combine for its payment of Federal income taxes—a scheme which we understand is unprecedented in the history of our Government.

Although the Dixon-Yates controversy is extremely important particularly from the standpoint of the future of TVA, the debate on this contract has largely obscured from public view some of the extremely important power and related provisions of the atomic energy legislation. They are as follows:

1. Patents: Testimony which representatives of our association presented to the Joint Committee on Atomic Energy on May 12, 1954, described the patent provisions of the identical bills then before the committee (S. 3323 and H. R. 8862) as affording "opportunity for the creation of a monopoly on a scale never before known in America." Although we believe that the patent features of the bill presently before the Senate have been improved by their alteration in the direction of the 1946 Atomic Energy Act, we believe that the patent provisions of the new bill are still complicated, the procedures to be followed by the Commission in compulsory licensing are not well defined, and the way is opened for favoritism in the granting of exclusive patents.

2. Construction of nuclear reactors for power production: For all practical purposes, the Atomic Energy Commission and other Federal agencies are prohibited from building nuclear reactors for the commercial generation of electric power.

Since the Federal Government to date has invested some $12 billion in the field of atomic energy, and since the Federal Government will continue to retain ownership to nuclear materials, it would seem that the Government should not be prohibited from building pilot or "yardstick" plants for the generation of electric power, particularly in view of the fact that the Atomic Energy Commission itself is the largest single consumer of electricity in the world, its requirements exceeding about 5 million kilowatts of capacity. Certainly the Federal Government should not be prohibited from supplying its own needs for power.

To prohibit the Government from constructing plants of its own would be the same as saying to the Government that it had ownership of the navigable streams of the Nation, but could not build hydroelectric power facilities.

3. Preference in power marketing: In any incidental surplus power which the Atomic Energy Commission may produce as a by-product to experimental work, the present bill does not require that the Commission give a preference to local public agencies and rural electric cooperatives in the marketing of such power. Such nonprofit agencies are given preference in the marketing of federally produced hydroelectric power, the first such preference condition having been adopted by Congress in 1906.

4. Issuance of licenses: In the future, both local public and private power systems, as well as rural electric cooperatives, will be required to come before the Atomic Energy Commission to obtain 40-year licenses to build powerplants for the commercial production of electric power from nuclear materials. Here we are confronted with a situation similar to that of the Federal Power Act, since non-Federal agencies are required to go before the Federal Power Commission to obtain a license to build hydroelectric power projects on navigable streams. But whereas the Federal Power Act required that the Federal Power Commission give preference to applications submitted by local public agencies, no such condition is included in the pending atomic energy legislation.

5. Following procedures of Federal Power Act: As noted above, the Atomic Energy Commission, under the pending bill, would be authorized to issue 40-year licenses for nuclear power facilities. Yet, none of the significant regulatory procedures contained in the Federal Power Act have been included in the atomic energy legislation to govern the conduct of the Commission in issuing such licenses.

To correct these serious deficiencies, we urge your support of amendments, most or all of which have already been introduced in the Senate, which would do the following:

1. Prohibit the signing of the Dixon-Yates contract, which we believe is not only contrary to the purposes of the Atomic Energy Commission, but would be a devious means of opening the door to destruction of the TVA power system.

2. Substitute for the applicable provisions of the Cole-Hickenlooper bill the essential provisions of the 1946 Atomic Energy Act relating to patents.

3. Permit the Government itself, where specifically authorized by the Congress, to build nuclear powerplants.

4. Require that the Atomic Energy Commission give a preference to local public agencies and rural electric cooperatives in the marketing of power from federally owned nuclear power facilities.

5. Require that local public agencies and rural electric cooperatives receive a preference in obtaining licenses for nuclear power facilities, where there is a limitation on the availability of such materials.

6. Bring the licensing provisions of the Atomic Energy Act into line with the procedures established under the Federal Power Act.

The American people can rightly take pride in the careful manner in which the Congress, over the past 50 years, has developed legislation which protects for all Americans their rights to natural resources. We are at the threshold today of developing for the benefit of many future generations an entirely new source of energy. Depending upon the manner in which Congress acts upon the pending legislation, this energy source—holding such bright potentialities for the future—can either be developed for the benefit of all Americans, or it will become the province of a relatively few large corporations.

Unless the amendments to which we have referred are adopted, we fear that the latter will be the result.

We therefore strongly urge that the Congress, in formulating legislation of such transcendent importance, follow the same principles which in the past half century have guided the actions of Congress in preserving a national resource for the benefit of all the people.

In submitting these recommendations, we do not in any sense advocate a Federal Government monopoly in the field of nuclear energy, just as we do not advocate a Federal or public power monopoly in the electric industry. Local public agencies, whom we represent, and private companies should be permitted to share in the opportunity of making this resource available to all the people. But the Federal Government, which in the first instance has made this resource available through the expenditure of some $12 billion of tax funds, should not abdicate its responsibility by permitting unbridled exploitation of this resource or licensing of its use under loose procedures which do not protect the public interest.

Sincerely,

ALEX RADIN,
General Manager.

Mr. ANDERSON. Mr. President, the second item is a telegram from the board of directors of the National Rural Electric Cooperative Association with reference to their meeting at Wausau, Wis., on July 21, expressing their opinion as to certain phases of the pending bill. I ask that this telegram be printed in the RECORD at this point.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

WASHINGTON, D. C., *July 21, 1954.*

Senator CLINTON P. ANDERSON,
The Capitol, Washington, D. C.:

By resolution passed unanimously at a meeting of the board of directors of the National Rural Electric Cooperative Association at Wausau, Wis., July 21, 1954, the following message is sent to all Members of the Congress:

"It is our firm belief that the atomic-energy program, developed with the people's funds to the extent of $12 billion, is a part of the public domain as much as public lands, the navigable rivers, and other resources long considered to be the people's property. We feel most strongly that this is the basic premise which should guide the Congress in the consideration of S. 3690 and H. R. 9757.

"We commend those Members of the Senate who have courageously set forward the issues in S. 3690 and urge the continuation of debate until all issues are clarified and the bill satisfactorily amended.

"We urge that the licensing provisions and procedures be brought into line by appropriate amendments to make such licensing subject to the same safeguards applicable to water resources under the Federal Power Act. This includes public notice to interested parties, public hearings, and preference to public bodies and cooperatives on all licenses for the construction, operation, and fueling of atomic establishments for the production of electric power.

"We oppose the granting of private patents on discoveries made with Government funds, in the past or the future, directly or indirectly, and we urge compulsory licensing of all patents affecting the use of this great resource. No private monopoly should be permitted to jeopardize the domestic welfare and national security.

"We urge that preference in the purchase of electric energy generated as a byproduct of the atomic-energy program be given to public bodies and cooperatives. Section 44 should be so amended.

"We urge amendment of the bills to empower the Atomic Energy Commission to construct and operate or license any other Federal agency to construct and operate electric-generating facilities, and that preference in the purchase of electricity generated in such facilities be given to public bodies and cooperatives.

"We deplore the attempt to use the Atomic Energy Commission to open the way for invasion of TVA by the private power companies via the so-called Dixon-Yates contract, and we urge both Houses to amend the Atomic Energy Act to specifically forbid the signing of such contracts.

"We urge the Congress to recognize the vital importance of this wholesale revision of the Atomic Energy Act; that the Congress recognize that S. 3690 and H. R. 9757 are primarily electric-power bills; and that the rights of the people to the full benefits of their investments of $12 billion be recognized and safeguarded against monopolistic restraints and exploitation, through licenses, patents, subsidies for atomic fuel, and any and all other devices."

J. E. SMITH,
President
(For the Board of Directors of National Rural Electric Cooperative Association).

Mr. ANDERSON. Mr. President, I shall try my best not to detain the Senate very long, but I believe that the pending amendment and the amendment offered by the able Senator from Michigan [Mr. FERGUSON], present an issue that should be settled and needs to be settled, and that therefore the Senate should pass upon the issue in a clear fashion.

The two amendments now under consideration, the one of the Senator from Michigan, and my substitute, bring squarely before the Senate the question as to whether or not the Atomic Energy Commission, in dealing with the problem involved in the measure before the Senate, shall make contracts for power with those who may not be directly connected with the installations involved, or whether, as I have tried to provide, they must have a direct connection with the projects involved.

I wish to say in the beginning that so far as I am concerned, and speaking only for myself, we are not dealing with a quarrel between public power and private power. I do not believe the question of free enterprise enters into consideration in any way. Actually, I would remind the Senate that there was before the Joint Committee on Atomic Energy the question of two very substantial contracts known as the EEI and the OVEC contracts. In both those cases the Atomic Energy Commission had tried to contract with private organizations for all the power they might require at Paducah and Portsmouth. They found that while the private companies were

willing to be of assistance to the Government, they were not able to meet the entire demand at Paducah and Portsmouth, and very properly, I think, the Atomic Energy Commission gave them all the energy they were willing to furnish, and gave them contracts for it.

There was no question about those contracts. There was no great outcry by any Senator on this floor. We recognized that the Government had moved to give people power for these atomic installations, and we had no objection whatever because the contracts were made with private power companies. Nor do I believe the private power companies had the right to object, and they did not object, so far as I know, when the Atomic Energy Commission said the remaining power needed, which could not be supplied by the private companies, should be supplied by the TVA.

I think that, in fact, the whole situation illustrates the desirability of going as far as it is possible to go with the private power groups; and that when they are no longer able to carry the load, it is then desirable to turn to the TVA and ask the TVA to fill in the gap. That was done.

Therefore, so far as I am concerned, I hope this matter will be considered, not as being a squabble between private power and public power, but as relating to the question of whether in getting the power, the Atomic Energy Commission is to be used as a broker for the purpose, or whether the law which was passed with the clear understanding, at least, of every member of the Joint Committee on Atomic Energy, shall be used to permit the setting up of additional corporations to deal in a roundabout way with the Atomic Energy Commission.

Second, I wish to point out that these are not small contracts. Nearly a billion dollars is involved in these 2 plant—several times the amount involved in the Dixon-Yates plant. So we are not dealing with this matter solely because a large contract is available. I think it is extremely important to remember that many sincere friends of the Tennessee Valley Authority, who raised the question of the invasion of its territory, have a right to do so; but that is not why I have objected so strenuously to the proposed Dixon-Yates contract.

My amendment forbids the final execution of the Dixon-Yates contract. My amendment requires the company which gets the contract to produce directly for the Atomic Energy Commission. I do not desire to review the history of this matter; but if Senators will examine the hearings again, they will find that not one kilowatt of the power to be generated by this plant will be used by the Atomic Energy Commission. If Senators will examine pages 958 and 959 of the hearings, they will find that language specifically set forth.

Furthermore, they will find that this contract was not initiated by the Atomic Energy Commission. That testimony appears on page 959 of the hearings. The general manager of the commission testified at the hearings that this program was not initiated by the Atomic Energy Commission, but came to the Commission from another source.

If Senators wish to see how the original proposals from private utilities compare with what was finally worked out, they need only examine page 960 of the hearings, from which they will find that the original costs proposed were high, running into several hundred million dollars.

I say that the fact that the amount was brought down to a more sensible one, seems to me to be an extremely good thing.

Question has been raised, if AEC did not do all these things, if the Atomic Energy Commission did not initiate the contract, how does the Commission happen to be involved in it? Of course, the answer is that the Atomic Energy Commission is involved in it by virtue of the directive of the President of the United States.

It needs to be remembered that if the contract is finally negotiated on the terms which have been proposed, it must be done on the basis that is in the record. It has been suggested that these terms may be modified, when the parties come to negotiate the final contract.

I should like to have the Members of the Senate turn to page 952, and there read the statement that—

> The President has asked me to instruct the Atomic Energy Commission to proceed with negotiations with the sponsors of the proposal made by Messrs. Dixon and Yates with a view to signing a definitive contract on a basis generally within the terms of the proposal.

So when someone said, "You need not point to the cancellation clause, because it has no bearing on this matter; if that clause is bad, we will change it when we get through"; or when it is said, "Pay no attention to the rates prescribed; if they are not good, we will toss them out when we get through," I say the fact remains that the Commission has no authority whatsoever to execute this contract unless it be done under the directive of the President of the United States; and that directive says the contract must be signed "on a basis generally within the terms of the proposal."

So if the contract is negotiated, it will be negotiated on the basis of their bad proposal. Therefore, we cannot now attempt to reform the proposal by deciding what should have been offered if the parties had not been as exceedingly liberal to the companies as they were.

I was interested in certain questions put today to the President of the United States at his press conference. The following question was asked of the President:

> One of the major points in the debate on the Atomic Energy Commission-TVA contract arose out of testimony before the Joint Committee on Atomic Energy that three Commissioners of the AEC opposed signing the contract. Therefore, the Senators are asking the question of whether the President has the power to order independent agencies to take action that their administrators or a Commission majority oppose. Would you discuss your attitude toward this problem?

Then the quotation is given:

> I have an Attorney General; and when a matter of legality arises, why, I have to be governed by what the legal staff of that office decides is correct.

Mr. President, I pause here to say that only a short time ago I listened to a radio-television program on which the able and distinguished Attorney General of the United States, Mr. Brownell, was a guest. That occurred on July 11. When, during that program, a question arose regarding the contract, naturally I listened with extreme interest to what the Attorney General would say, because I had once found that a member of the Cabinet of the President of the United States must depend upon the Attorney General as his chief legal adviser.

So, when the following question was put to the Attorney General by Mr. Peter Edson—

> With reference to the Dixon-Yates contract, did you give your approval to that contract?

I noted that Mr. Brownell replied:

> No, that has not come over to the Department of Justice in any way.

Yet at the press conference there was the statement:

> I have an Attorney General; and when a matter of legality arises, why, I have to be governed by what the legal staff of that office decides is correct.

Yet the President's directive went to the Atomic Energy Commission months ago, whereas as late as July 11, the Office of the Attorney General had never been consulted in any way in regard to the Dixon-Yates contract.

Mr. President, if I may do so, I should like to go a little further.

In today's press conference, the President said:

> The AEC, I do not believe, is an independent commission in the sense that the ICC or the FCC is. It is something that I am compelled to take action on, and over which, to exercise supervision.

I submit to the Senate that when the McMahon Atomic Energy Act was before the Congress, there never was in the mind of anyone a feeling that the Atomic Energy Commission was not an independent commission, but was something over which the President was compelled to exercise supervision.

In that connection, I say that when the President of the United States, many of whose policies I have supported, and whose policies on farm legislation I probably shall be arguing for, on this floor, in a very few days—I say that when the President of the United States had to reach a decision on this question, rather than take the advice which was given him, which quite obviously was not from the Attorney General of the United States, the President would have done far better if he had consulted the only Republican Senator who lives in the Tennessee Valley Authority area, I refer to the able and distinguished junior Senator from Kentucky [Mr. COOPER], whose address on this subject was one of the finest addresses delivered in the Senate for a long, long time. I regret that the President has not sought that advice, as apparently he has not. I

think a far better decision would have been reached for the country, for the Tennessee Valley Authority, and—yes—even for the Republican Party, if the President of the United States had called the able junior Senator from Kentucky [Mr. COOPER] to the White House, and had said to him, "Tell me what this is all about. Tell me what your reason is for believing that this contract should not be entered into. Tell me what you propose that I should do now."

Mr. President, knowing the able junior Senator from Kentucky [Mr. COOPER] as I do, I think he would have proceeded to point out to the President of the United States the philosophy behind the Tennessee Valley Authority Act, and would have tried to bring to the mind of the President the reasons why people in that area fight so strongly against the Dixon-Yates contract and for TVA. I, of course, feel that the Senator would be an excellent person to do it. I hope that today he may bring some of that information to the Senate.

There are basic provisions in the contract that are bad. The President of the United States, by his directive, has said that this contract must be negotiated with Dixon-Yates with a view to signing a definitive contract on a basis generally within the terms of the proposal. That basis, I believe, is bad.

In the first place, I believe the cancellation costs are too high. In case there is a change in the program, and either the Paducah or the Portsmouth plant is closed down, if the current is sold to a Government agency, well and good; it is proper that the cancellation provision shall not apply. However, I think it is wrong, if every kilowatt of that current is sold to some private buyer at a rate greater than the Federal Government was expected to pay, to provide that the builders of a $100-million plant may collect up to $40 million in terminal cancellation damages. I think that is a bad provision, and I think the Commissioners of the Atomic Energy Commission are right in shying away from negotiating that contract. I do not believe they should be compelled to sign it under any circumstances.

In the second place, if the Atomic Energy Commission does not want the power, there is this interesting provision in the cancellation clause:

> Buyer—
>
> Meaning the Atomic Energy Commission—
>
> may assign any balance to any other governmental agency at an increased price to be approved by the Federal Power Commission.

Why at an increased price? If one looks at page 947 of the hearings, in the testimony of General Nichols, he will find an answer and realize that TVA would be the only agency which might buy that power. Mr. Nichols says, quoting from the third paragraph from the bottom of the page, where he is talking about the Dixon-Yates people:

> However, their rates to furnish TVA are higher than what they would furnish AEC for reasons of their own.

What are those "reasons of their own?" The "reasons of their own" are that they do not want TVA rates to be low. I say to the Senator from Kentucky and others who have fought here for the TVA that I think it is wrong for a private utility to have the opportunity to sell power to TVA at a price higher than that at which it will sell it to the Atomic Energy Commission, in order that when TVA passes the power on to some other purchaser, it may then be shown that TVA's rates are high, and that its method of operation is not a good one.

I do not believe that the strong arm of the Government of the United States should be used to interfere in a fight—if there is a fight—between private and public utilities. It seems to me that that very testimony by the General Manager of the Atomic Energy Commission, in which he said that private companies desired to sell to TVA at a price greater than they charge the Atomic Energy Commission, for reasons of their own, is very significant. I do not believe for a moment that the Congress of the United States should be a party to that sort of warfare. I think the Senate ought to see to it that the contract is made impossible, as my amendment would make it.

Finally, I come to a reason which compels me—and I hope will compel the Atomic Energy Commissioners, even though directed by the President to sign it—to refuse to sign this contract. I do not see how any man who lifted up his hand and swore to uphold the constitution and laws of this country can support a provision which permits the payment by this Government of Federal income taxes, as this contract would.

This contract might run for 25 years plus two 5-year extensions—a total of 35 years. According to a table which I have been furnished, and which I am quite sure is correct, at the end of 30 years the entire bonded investment in the plant will have been paid and all the bonds will be retired. It is a little difficult to obtain information on this subject. The amortization table is not in the files of the Joint Committee on Atomic Energy. It was not in the general files of the Atomic Energy Commission. It was in the personal file of a man who was careful enough to put it away, and I commend Mr. Cook for keeping track of it, so that when I needed it I could obtain it from him. I regret to say that it is not in the files of the Joint Committee on Atomic Energy because I think that when a contract runs as high as $100 million there should be a little interest in how the money is to be paid back.

If at the end of 30 years every dollar of investment has been paid back, and 9 percent earned in the interim upon the $5½ million supposedly venture capital—but which could easily be earned out of the profits involved in building a $100 million plant—then the Government of the United States is still obligated to pay the income taxes of the people who own the $5½ million worth of stock. I shall place the table in the RECORD because it will show that between the 29th and 30th years $5,300,000 will have been paid off in principal, in addition to the interest that will be paid on this transaction. I ask unanimous consent to have the table printed in the RECORD at this point as a part of my remarks.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Amortization of Dixon-Yates debt

Amount of debt, $101,750,000; 3¼ percent interest, 30-year level debt service (sinking fund)

[Millions of dollars]

Year	Cumulative interest paid	Cumulative principal repaid		Total cumulative payment
		Amount	Percent	
1	$3.54	$1.96	1.9	$5.50
2	7.01	3.99	3.9	11.00
3	10.42	6.09	6.0	16.51
4	13.75	8.27	8.1	22.02
5	17.00	10.52	10.3	27.52
6	20.18	12.86	12.6	33.04
7	23.27	15.27	15.0	38.54
8	26.27	17.78	17.4	44.05
9	29.19	20.36	20.0	49.55
10	32.01	23.04	22.6	55.05
11	34.75	25.81	25.4	60.56
12	37.38	28.68	28.2	66.06
13	39.91	31.66	30.1	71.57
14	42.34	34.73	34.1	77.07
15	44.66	37.92	37.3	82.58
16	46.86	41.22	40.5	88.08
17	48.95	44.64	43.9	93.59
18	50.92	48.18	47.3	99.10
19	52.76	51.84	50.9	104.60
20	54.48	55.63	54.7	110.11
21	56.06	59.55	58.5	115.61
22	57.50	63.62	62.5	121.12
23	58.80	67.83	66.7	126.63
24	59.95	72.18	70.9	132.13
25	60.94	76.69	75.4	137.63
26	61.78	81.36	80.0	143.14
27	62.45	86.19	84.7	148.64
28	62.95	91.20	89.6	154.15
29	63.28	96.38	94.7	159.66
30	63.42	101.75	100.0	165.17

Mr. LONG. Mr. President, will the Senator yield?

Mr. ANDERSON. Let me finish this one thought.

After the 30 years and through the next 5 years, if the rates are established at the same level, the company would be making more than $6 million a year, but because of the contract with the Federal Government, the Government of the United States could not collect a thin dime in income taxes from it. There would be a 100-percent return on the investment of the sponsor's every year, and not a penny would go to the Treasury of the United States in income taxes. Let Senators go home and explain that to the businessman who is paying to the Federal Government a 52-percent tax on his corporation's earnings. Go home and tell him why these power moguls have been placed in such a position by a negotiated contract, for which the General Accounting Office suggested there should be competitive bidding. There was no competitive bidding. Let Senators explain to their home folks why these power companies can get a 100-percent yearly return on their money and not pay a penny of income taxes to the Federal Treasury, while the home folks have to pay such taxes.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. LONG. It seems to me that there is a great difference between the two kinds of taxes. For example, if one had in mind the corporation income tax, that might be an entirely different matter from the individual income tax. I have in mind particularly the fact that the individual income tax is a graduated

tax, under which some persons pay as little as 20 percent, and others pay as much as 85 percent, while on the other hand the corporation tax is more or less a flat-rate tax, at 52 percent. Could the Federal Government be held under any circumstances, under this contract, actually to make good the individual's personal income tax on that profit?

Mr. ANDERSON. I will say to the Senator from Louisiana that I do not know. The reason I do not know is that on page 58 of the hearings, which had to do with the EEI and OVEC contracts, there is a provision which would have allowed the renegotiation of those contracts. That same provision, I assume, because of the language of paragraph 12 in the Dixon-Yates proposal, could be carried forward into the Dixon-Yates contract. But there is no requirement that the Dixon-Yates people agree to renegotiation. There is no requirement that they permit themselves to be taxed at a high rate or at any rate.

I wonder how this provision gets into the bill—particularly a Senate bill. I thought bills to raise revenue had to originate in the House of Representatives. When I was a member of the Way and Means Committee of the House of Representatives I was very jealous about any other committee or any other body coming forward with a bill providing that someone need not pay an income tax. The only reason I never protested against a provision of this exact nature is that never in the history of this Republic, so far as we know, has anyone ever proposed that a business organization should be excused from payment of Federal income taxes, simply because it builds a powerplant at the directive of the President of the United States.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ANDERSON. I yield.

Mr. LONG. It occurs to me that generally under utility laws and utility regulations a utility is permitted to make a fair return on its investment. I understand that that is often construed to mean a fair return beyond taxes. In other words, if it were an 8-percent return, it would have to be a return over and above taxes. Otherwise taxes would account for perhaps 50 percent of the net profit. It seems to me that might have something to do with the fact that this contract proposes to reimburse those who would owe the corporation tax for their taxes. It would be an entirely different matter if it provided that they should be entitled to make a fair return over and above their personal income tax. That is the reason I asked the question.

Mr. ANDERSON. I wish to say to the able Senator from Louisiana, who is a member of the Committee on Finance, that I do not understand these ramifications. I have some business interests, and I would be very sorry to be expected to pay my personal taxes and the corporate taxes on my business interests if at the same time I knew there was an organization building power plants with a chance to make a very nice return—I will not say a guaranteed return—of 9 percent on its investment every year; and that at the end of 30 years, when it would not have one dime invested in the business except its venture capital in the approximate amount of $5½ million, it would be able to make a profit of approximately $6 million annually and, in addition, have its income taxes paid for it by the Government and be able to keep all of that amazing return.

Mr. President, I promised to be brief, and I shall try to be brief. I believe we had better try to keep the Atomic Energy Commission independent. I do not believe that the President of the United States should be allowed to direct the Atomic Energy Commission to enter into this contract any more than he should be allowed to direct, in the case of the other provisions of the bill, if the bill is passed, that the Atomic Energy Commission shall license a particular firm or shall refuse to license a particular firm, or grant a patent right or refuse to grant one.

Once a man is selected by the President for service on the Atomic Energy Commission and his nomination by the President is confirmed by the Senate, I do not believe that a Presidential directive should go to him or to the Atomic Energy Commission as a whole, that a license be granted to General Motors but not to General Electric.

I do not believe that a directive should be given to the Commission that it shall give a patent provision to one organization, and not to another.

I believe that we tried to frame the present law on the basis of having the Atomic Energy Commission operated by men of independent judgment, who would study the problems involved, and try to decide issues on the basis of what was best for the United States, and who, knowing all the facts, would move our atomic program in the direction which promised most for our country.

If they are no longer to be independent, we shall certainly need additional safeguards for almost every provision in the bill; and in that case we had better start to rewrite the bill from stem to stern, if we are to have a Commission composed of men who, after being confirmed by the Senate, are not to be allowed to exercise their independent judgment.

Mr. President, in a very short time there will come before the Senate the nomination of a man for appointment to the Atomic Energy Commission. What manner of man will he be? It matters not what we think of him if he is to be only a rubber stamp, if he can be directed to do something which in his conscience he believes he should not do, or if he can be directed to go ahead when he says, "I do not want to go ahead," or if—as Dr. Smyth and Mr. Zuckert said—he says, "It is wrong for us to do it," he can nevertheless be directed to do it. If such a man is directed to go ahead, and he accepts the direction, then I say to the Senate that he should not be confirmed by the Senate.

I suggest, Mr. President, because of this controversy, it will be more than a mere formality to confirm the next nominee for membership on the Atomic Energy Commission.

Very shortly, too, there will come to the Senate an appointment for chairman of the Tennessee Valley Authority.

Again I say that the President of the United States might have listened to the importunings of what I understand was the voice of one of the Members of the Senate whose heart is very close to that subject. But he did not and must appoint a new chairman. When the President sends the name of such an appointee to the Senate, it will be natural, again, to ask, "Can the President direct him? If he can direct him, why bother with Senate confirmation? Why try to find out what kind of man he is? Why place any reliance upon him at all?"

Mr. President, downstairs in this Capitol where the Joint Committee on Atomic Energy meets, there is a tablet on the wall which the members of the joint committee walk by every time they come and go to meetings. It is the famous message which was the first message sent by telegraph, and it was sent from that room. It reads, "What hath God wrought?"

When Senators have voted on this bill, and they go home, they should tell their constituents what the Congress of the United States, and particularly what the Senate of the United States, hath wrought. Let Senators go home and tell their constituents that they voted for a provision which pays the income tax of one particular corporation. Let them go home and try to make their constituents understand the cancellation provisions that are contained in the bill. Let Senators go home to their constituents and make them understand, although when the original McMahon Act was passed, and the Senate, acting jointly with the House, decided that an independent organization should be established, and that the great problem of atomic energy, as it is used for wartime as well as for peacetime purposes, should be in the hands of men who should reach out and make sound decisions, that the Senators now have decided that these men should not be free and independent at all, but should be under the direction of the President of the United States.

I do not believe that I would want to take that decision home. Therefore, Mr. President, without trying to inject myself into a public and private power fight, and realizing that I voted for private power contracts for AEC running up to a billion dollars, I have offered an amendment which would forbid the granting of this contract running to a hundred million dollars, and instead, I want to require that such contract shall be made directly with a firm supplying the direct current needs to this plant.

I trust that the Senate of the United States will make certain that that shall be done.

Mr. COOPER. Mr. President, last Thursday I spoke briefly in support of the amendment offered by the distinguished Senator from New Mexico [Mr. ANDERSON]. I support his amendment because I believe its purpose is good. Among other things, it is designed to prevent the execution of the proposed contract between the Atomic Energy Commission and the Dixon-Yates utility company to supply 600,000 kilowatts of

power to the Tennessee Valley Authority. At this late hour I shall not attempt to detail at any length the reasons which lead me to support the amendment. However, I wish to emphasize the importance of the issues which it presents to the Senate, and also to make some suggestions which I hope the administration will take into account.

This debate has made it clear that the purpose of the proposed contract is not to supply the power needs of the Atomic Energy Commission at Paducah or Oak Ridge. It is, rather, to replace in the Tennessee Valley Authority system, power which the AEC purchases from it. Its ultimate purpose is to supply electric energy to the domestic consumers of the Tennessee Valley Authority system. It is clear, I think, that provision for obtaining additional power for the Tennessee Valley Authority has been made a function of TVA by the act which created it. In the 20 years which have passed since the creation of TVA, that function has been approved and confirmed again and again. It would seem reasonable that if the power is to be directed into the Tennessee Valley Authority system, that TVA would be made a party to the negotiation, and to the contract, and its views would be sought. Yet in this case the Tennessee Valley Authority is not considered equally a party to the negotiation or to this contract. TVA has not requested that this power be directed into its system. It has not assented to it.

The determination of the policies of the Tennessee Valley Authority, its provision of sources of power and need of power at this time, has been made by another independent agency, the Atomic Energy Commission.

Therefore, it has been made clear to me, at least, that the first issue which the contract presents is whether the Atomic Energy Commission has the power under its act to exercise a primary function of the Tennessee Valley Authority that is to provide power for its area.

It is a power given by the Congress to the Tennessee Valley Authority.

Surprisingly, this argument has borne little weight in the debate. It may be termed a legalistic argument, and one of no great practical relation to the problem of the supply of power in the Memphis area of the TVA.

I wish to speak to this viewpoint before we vote tonight, and to address my remarks to my own colleagues on this side of the aisle.

During the past 20 years our party has been the legalistic party; it has been the constitutional party; it has been the party, watchful and jealous of the wrongful exercise of power by the agencies and officers of our Government. In our position of opposition we have guarded closely the exercise of power by our opposition when we did not believe it proper. It has been a position of which we have been proud, and one which has guarded and protected the country over these years.

The principle, and the necessity of asserting it does not change because there has been a change of party or a change in situation. The principles are still the principles in which we have said we believed, on which we have held a strong position throughout the years.

So, Mr. President, I repeat my question to my own colleagues, namely, Where is the power, where is the authority in the AEC to exercise such an extensive power? Where is the statute or language which gives to the Atomic Energy Commission authority to take over the function of another independent agency, the Tennessee Valley Authority?

I leave that question with my colleagues for their own decision and determination.

Congress created these agencies. It defined their power, and, in defining it, it also limited their power. It gave certain powers in connection with their operation to the executive branch and by the very definition of these powers it limited the powers of the executive branch. Whatever may be our views concerning the Tennessee Valley Authority, whether we think it is a good or a bad agency, we cannot escape this question of power when other agencies act with respect to it.

As I said in my statement a few days ago, I know that the President is motivated by the sincerest desire to assist the residents and people of the Memphis area in their search for electric power. I also stated that I believe the purpose of the AEC is simply to replace power in the TVA system. But under our governmental system, no agency of the Government is authorized to take a course of action which it believes good unless it possesses governmental authority.

It can be said, of course—and I am sorry the distinguished Senator from Michigan [Mr. FERGUSON] is not present—that his amendment as modified by the amendment of the junior Senator from North Carolina [Mr. ERVIN] and will correct for AEC this question of statutory authority about which I have been speaking. It will be said, that when the amendment of the Senator from Michigan is passed, that the question of the authority of the AEC to act for the Tennessee Valley Authority will be academic, and the AEC can then enter into the contract, with all doubts about its authority to do so removed. Then it can coerce and require the Tennessee Valley Authority to assent to the contract, and thereby remove all questions of legality or power, and no objection can be made.

I must say, as one who has been a practicing lawyer, that it is perhaps time that if the Ferguson amendment is passed, all question of statutory authority will have been removed. But we will not, in passing the amendment, escape another question, namely, the question of whether, if it is a good policy, it is right and proper to change the functions and character of TVA and AEC in this easy way. Again I speak to my colleagues on this side of the aisle. In addition to being a constitutional legalistic party of opposition, our party has stood for orderly legislative processes. We have resented, in the past, shortcuts; we have said the legislative changes must be orderly and in accord with the proper processes of Government. In weighing what we are doing, against the principle we have asserted, let us examine the consequences if it is approved. It will probably confer power on AEC to execute the contract. When it has been executed, and the Tennessee Valley Authority is then required to assent to the contract, there will later be introduced into the TVA system a public power system, a large volume of private power. It will not be by its voluntary assent, because the TVA will be required to accept the power.

The ultimate effect if such a policy is continued will change the character, the concept of TVA as Congress has determined it. The TVA is a controversial agency. I have not always gone along with the views of my colleagues on the other side of the aisle who serve the area. They know that. I have favored the appointment of a new chairman because I have believed a new and objective analysis of the TVA is needed. But the TVA is an authority created by the Congress of the United States. For 20 years the Congress of the United States has confirmed again and again its purposes by amendments and by appropriations. The Congress of the United States has the right and power to change its purposes and its functions. I remember that in 1947, Senator McKellar proposed a change in the method by which the TVA handled its revenues, a revision which, it was charged, would have changed its functions and its flexibility. The question was argued for weeks, before the Public Works Committee of the Senate of which I happened to be a member at the time. This thorough hearing was in the Republican 80th Congress, and no change was made.

This one contract may not change the TVA, the Yates-Dixon contract cannot alone change or remake TVA, but if it can be done again and again, then we shall have provided the instrument for change in the concept, the purpose, and the character of the Tennessee Valley Authority.

Whether or not we approve the TVA, it seems to me the orderly and proper thing to do, the direct thing to do if it is the desire of the Congress to change its purpose, is by the introduction of legislative proposals to revise the TVA and upon which hearings may be held and upon which an issue may be presented squarely to the Congress, and upon which it can make a decision.

If the amendment of Senator FERGUSON is not adopted, and this contract is made, it will be made not by the Congress, but by the decision and determination of the Atomic Energy Commission. But if the amendment presented by the Senator from Michigan and the Senator from North Carolina, is agreed to, then the Congress will be making through it a new determination respecting the policy of the Tennessee Valley Authority. We can do it in this fashion but I would not like to think it is being done without hearings upon the precise issue, and in a few hours of debate upon a bill which is not concerned primarily with the Tennessee Valley Authority.

For myself, I believe that the Tennessee Valley Authority has had great value. Contrary to what many persons may think, the TVA does not affect an

extensive area of my State, but it has had a great value to my State, locally, in its supply of power to REA cooperative, communities, and businesses. It is of local benefit to the area it serves. But it has rendered service to the entire Nation as a demonstration of a public power system.

In closing, all that I can offer to my colleagues is the submission of the proposition that if this action so important to the future of TVA is to be taken, it should be done directly. It should be done after hearings. It should be done after discussion and after a debate upon the issue itself.

Again, before we vote, I direct my remarks to the substantive question of whether or not there is any authority and power in the AEC to execute the contract. If the amendment of the Senator from New Mexico, which we are considering, and for which I will vote, is defeated, and later the amendment which has been presented by the Senator from Michigan [Mr. FERGUSON] and the Senator from North Carolina [Mr. ERVIN] is adopted, and Congress declares its intent thereby to modify the TVA Act, for that is what it will do, I hope the administration will still take into account this debate, and that it will not execute the contract. I hope that it will consider all alternatives, including the possibility of TVA issuing its bonds to secure capital investment fund for generating facilities. If it decides to execute the contract, then I hope there will be forthcoming from the administration a declaration policy with respect to the remaining area of the Tennessee Valley Authority. I hope it will direct and authorize the new Chairman of the Tennessee Valley Authority to assume responsibilities and functions, to analyze the capacity and need of the area and to make recommendations to the Executive and the Congress as to what steps should be taken to supply the future power needs of the Tennessee Valley Authority, as they may develop, and what the policy shall be toward maintenance of this institution created by Congress.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. COOPER. I yield.

Mr. HICKENLOOPER. With reference to the two statements which the Senator from Kentucky has made, that this question should not be decided after only a few hours of debate, and that it should have the benefit of hearings, I call attention to the fact that the entire matter has been the subject of substantial hearings before the Joint Committee on Atomic Energy. The very question of replacement power was the subject matter of hearings. It is mentioned in the report. The hearings show that they were of considerable length.

So far as the question of a few hours of debate is concerned, I shall respectfully have to disagree with the Senator from Kentucky that there have been only a few hours of debate. It seems to me that the bill has been the beneficiary not only of hours, but of long days of specific discussion, devoted almost entirely to this particular subject. So I shall have to disagree with the statement of the Senator from Kentucky that the matter has not been the subject of hearing, and that it has been given only a cursory, limited, lick-and-a-promise discussion by way of debate.

I have one other observation. At this late hour, I do not wish to engage in a ramified debate on the question.

I suggest that the Tennessee Valley Authority, after all, is the creature of the United States Government. So far as I know, there is no legal justification for the Tennessee Valley Authority arrogating to itself an untouchable attitude. It still must remain subject to the will of the Congress of the United States. It is not the exclusive property of any State or any particular area. I believe the TVA should gracefully yield itself from time to time to the properly constituted opinions of Congress.

Mr. STENNIS. Mr. President, I wish to make it very clear, in the beginning, that I shall not take much of the time of the Senate, because I want to be brief. I respectfully ask that I not be interrupted until I have concluded my remarks. Then I shall be glad to yield to answer any questions which may be forthcoming.

In spite of the very fine debate which has taken place, there is still some uncertainty, some doubt, as to exactly what the fundamental facts are with reference to the provisions of the bill. I feel that the Senate is about to take a very far-reaching step and to make a very far-reaching decision on a very important question of policy.

I desire to make it clear that I am not in favor of the territorial expansion of TVA. I live on the southern border line of TVA. Some people in the State of Mississippi have urged me to try to have the area of the TVA extended. I have declined to accede to those suggestions. I oppose the territorial expansion of TVA. My interest in it stems from the fact that it is a national organization, it is a part of the Federal Government, and there should be a fairly systematic regulation of the policy in relation to natural expansion based on the demands in that territory.

But I shall speak on two points, because I believe that the question reduces itself to this simple form: Shall the TVA continue to be the policymaking authority of the Government with reference to electric power, or shall the Atomic Energy Commission be authorized to help determine the policy?

If it is desired to authorize the Atomic Energy Commission to enter into the policymaking field with reference to electric power, then Senators should vote for the Ferguson amendment, because that is exactly what the amendment provides. It is an affirmation and an approval of the contract which has been discussed in the debate for all these days. The Ferguson amendment does not say that after the contract is referred to the joint committee, the committee may disapprove of it or stop it, or that it shall not be valid if disapproved. The Ferguson amendment, on that score, merely says that the contract shall be referred to the joint committee, and shall remain there for 30 days.

But the contract already has been before the Joint Committee on Atomic Energy, and it has not been disapproved. It is now before the Senate. If the Ferguson amendment shall be adopted, the first thing that will be said about it is that it is an approval of the contract in toto.

Someone, as I have said, has been trying to constitute the Atomic Energy Commission as a policymaking agency as to electricity. The Commission has not done that, because the Commission did not originally approve the contract. I have found that that fact is not known by a number of Senators, so I shall refer briefly to volume II, page 950, of the hearings before the Joint Committee on Atomic Energy. The witness whom I am about to quote is Mr. Nichols, who is General Manager of the Atomic Energy Commission. This is what he had to say about whether or not the Commission approved of the contract:

> Subsequent to receiving the proposal, the Atomic Energy Commission, after making an analysis to compare it with the rates that we are now paying at Paducah and the total cost, forwarded the proposal with the analysis to the Bureau of the Budget, and in forwarding it, it was made clear to the Bureau of the Budget that the Commission did not agree on the wisdom of the AEC entering into this type of contract.

There is a statement in black and white. Who is it that is trying to constitute the AEC as a policymaking agency? Not the Atomic Energy Commission, not the President of the United States, as I verily believe; but apparently some member of the Commission, or someone acting between the Commission and the President of the United States; because I believe that if the President understood all the facts, however he might feel with reference to having a steam plant built by the Government or by private companies, he would not use the Atomic Energy Commission to carry out his purpose. I say that in all sincerity.

Only a few days ago, Admiral Strauss, Chairman of the Atomic Energy Commission, appeared before the Committee on Armed Services. We are accustomed there to hearing serious discussions on matters of far-reaching consequence, on worldwide problems, on continental defense, on strategic airpower, indeed, on almost everything that is bound up in the very serious question of our defense. accustomed as the members of the committee are to hearing important facts, they sat on the edges of their chairs while Admiral Strauss testified concerning the complexities of the problem with which the Commission is faced, and the far-reaching decisions which it must make now, and will continue to make in the future.

I felt very good after hearing him testify along those lines, and it has been the most disappointing experience I have had as a Senator to come to the Senate Chamber and learn that the Commission, which has embarked upon such a high, and I almost said holy, mission, has become enmeshed—not through its own fault, but it is nevertheless a fact—in a power-policy fight which involves the integrity of the laws under which it oper-

ates, and which involves, just as certainly as we sit here tonight, the confidence the American people are going to have in the Commissioners.

As we leave this building tonight, we shall walk by a sign which reads, "Shelter area this way." All over the Nation 160 million people are reading similar signs every day. As they drive down the highways, 160 million people see signs which read, "In case of enemy attack, this highway will be closed." We are daily reminded of the terrible consequences we would suffer should there be an atom bomb attack on us. Our defense, and our sole defense, will depend upon whatever may come out of the far-reaching plans, the decisions, and the wisdom of the Atomic Energy Commission.

I say it is a shame to embroil the members of the Commission in this controversy. It is a shame to encumber and embarrass them with this subject matter. The people of the United States are entitled to have an Atomic Energy Commission that lives high above such contests as this. The men who are carrying that burden are entitled to an atmosphere in which they can work. They are entitled to the confidence of the people for whom they plan. They are entitled to work in an atmosphere far above the level of that which comes from such a contest as this. I say it is unfortunate, and I am sad to see that Commission become the victim of the battle taking place in the Senate.

I say again, if Senators want to put the Commission right in the middle of policy-making with respect to electric energy, they will vote for the Ferguson amendment, because that is exactly what it will do.

Mr. President, I wish to touch just a few of the high spots of the contract. A bare statement of the facts of the contract is enough to condemn it. It could not possibly stand on its own merits. It could not have stood on its merits before the Atomic Energy Commission. The contract had to have the favorable word of the Budget Bureau, according to the record, in order to give it a prop. It had to have the indirect word of approval of the President of the United States to give it any validity. That is the only thing that permitted it to go as far as it has gone. The only thing that is keeping the contract in the debate on the floor of the Senate tonight is the influence of the President of the United States; and I verily believe it is a misguided influence, at that.

Mr. President, in touching on the highlights of the contract, I wish first to say that the contract had no legal basis when it was conceived. As a young lawyer, I remember reading a jury verdict which had been handed down in one of the old trials in England. The case concerned the legitimacy of a child. The jurors had rendered this verdict: "Conceived out of wedlock, but born in wedlock."

I respectfully submit that what the Ferguson amendment attempts to do is get a verdict from the jury, the Senate, admitting more or less that the contract was conceived without legitimate authority, but it will be blessed by a verdict of the Senate declaring it to be legal, and thereby make it legitimate.

But let us look briefly at some of the birthmarks before we make it legitimate. The first thing that impresses me is the question of taxes, which are guaranteed at the rate of more than $2,319,000 a year. It is proposed that the Federal Government guarantee taxes, come what may. If the Nation goes to war, this company will not suffer because of increased taxes. No tax bill which may be passed by Congress will be able to affect this company. No excess profits tax bill passed by Congress will affect them, because they will have a contract with the Federal Government in which it is provided that even though they are in business and making money just as are other corporations throughout the country—and I am in favor of anyone making legitimate money—they will be immune from any tax bill the Government might send them, even a capital gains tax. If we become involved in a world war III—God forbid—Congress may provide for a capital gains tax. I hope that will not happen, but I heard a revered member of the Finance Committee a few days ago speak in terms of such a possibility. So at the very threshold, the tax provision robs the arrangement of the character of a private-enterprise contract. What is being proposed is not a private-enterprise contract; it is a subsidized contract, topside and bottom.

Another thing that impressed me was the question of the equity capital and the return thereon, which will be 9 percent on $5½ million for 25 years. I say to my friends, that is a pretty good investment. In addition, the income tax which would have to be paid on the 9 percent return will also be paid by the Federal Government. I repeat, that is a pretty good investment. That 9 percent return is guaranteed, provided the plant does not cost in excess of $107 million. I think the Dixon-Yates group are smart enough to have made an estimate that will be fairly close to what the plant will actually cost them. I am not criticizing them for that, but 9 percent on $5,500,000 for 25 years is a pretty nice tax-free income, free from State taxes, free from State income taxes, and free from Federal taxes. That does not sound to me like a private-enterprise contract.

That is another reason why the undertaking is beyond the ordinary scope of a private enterprise arrangement. It has to be guaranteed and subsidized; therefore, the plant could just as well be built by the Government.

However, I am impressed with the excess cost involved. I would call it that even according to the most conservative estimates. That amount of money is not to be laughed at. The excess cost will be $3,685,000 a year. That is the increased cost as compared to what it would cost if a plant were built by the Government. Those estimates have been prepared by the Atomic Energy Commission itself. By the way, for the 25-year period, that would be a total of $92,125,000 excess cost over what it would cost if the other arrangement were made use of.

What would the Government have at the end of 25 years? Nothing in the world—merely a clean sheet of paper with a receipt written on it; but no plant, not even a burned out fuse. The estimate of the TVA was that the difference would amount to more than $5,500,000 a year, or, for the 25-year period, $139,175,000. That is the excess, according to the estimate made by the TVA.

So, Mr. President, the bare facts, on their face—without going into the details—condemn the contract as not really being a private enterprise contract. A statement of the bare facts condemns the contract as being unsound from a public policy point of view. As I have said, the contract would long since have fallen by the wayside if it had not had the mistaken blessing of one very, very high in authority.

I shall not detain the Senate long, except to read briefly the amendment of the Senator from Michigan, and particularly the last part, with reference to submitting the contracts to the Joint Committee on Atomic Energy:

> Any contract hereafter entered into by the Commission pursuant to this section shall be submitted to the Joint Committee and a period of 30 days shall elapse while Congress is in session (in computing such 30 days, there shall be excluded the days in which either House is not in session because of adjournment for more than 3 days) before the contract of the Commission shall become effective.

That is all there is to the clause—simply a provision that the contract shall lie before the joint committee for 30 days, at the end of which time the power of the joint committee in that respect will be ended. The only authority the amendment of the Senator from Michigan will give the joint committee will be authority to have the contract lie before them for 30 days, if they so choose. But the first part of the amendment shows, beyond the possibility of misunderstanding, that there will be a change of policy, both as to the Atomic Energy Commission and as to TVA power.

After all, Mr. President, the amendment of the Senator from New Mexico, as a substitute for the amendment of the Senator from Michigan, is very, very mild. The amendment of the Senator from New Mexico does not even condemn the contract, but merely provides, in part—

> The authority of the Commission to enter into contracts for electric utility services shall extend only to contracts with persons who agree to supply the contractual amount of electric utility service directly to the installations of the Commission named herein.

In other words, it keeps the Atomic Energy Commission in the atomic energy business, in the business of making atom bombs and hydrogen bombs, and perhaps cobalt bombs; it keeps the Commission at work on its primary purpose. So the amendment of the Senator from New Mexico is a very, very mild one; it merely reiterates existing law.

Mr. President, I most sincerely submit that the amendment of the Senator from New Mexico is all that should be adopted; the Senate should do no more.

I thank the Senate for its courtesy in hearing me.

The PRESIDING OFFICER (Mr. PURTELL in the chair). The question is on agreeing to the amendment of the Senator from New Mexico [Mr. ANDERSON] in the nature of a substitute to the amendment, as modified, of the Senator from Michigan [Mr. FERGUSON].

Mr. GORE and Mr. HILL asked for the yeas and nays, and they were ordered.

Mr. FERGUSON. Mr. President, I wish to say a few words on the pending question. The vote will come on the substitute by the Senator which has been submitted for the modified amendment I have offered.

There is one difference between the substitute and my amendment, namely, regarding the right of the Atomic Energy Commission to contract for electric power. The amendment of the Senator for New Mexico, which is proposed as a substitute for my amendment, would limit the Commission to entering into contracts which would supply power directly to the Atomic Energy Commission's plant. My amendment would allow the Atomic Energy Commission to contract for electric power to be furnished to the Commission by the Tennessee Valley Authority, and to contract with any person to furnish electric energy in replacement thereof to the Tennessee Valley Authority.

Mr. President, some time ago in the Tennessee Valley, when the TVA desired to build a plant at Johnsonville, it was contended that it would be a steam plant, and that it could be built for the purpose of firming up hydroelectric power that came from dams which were built in the Tennessee Valley. It was said that this firming up was merely in order to put power into the lines; that they had lines all over the Tennessee Valley, and that electric power could not be singled out, but that when supplied at one point, it was for the benefit of all.

I remember very well the argument made by Senators on the other side of the aisle regarding that plant. It was said, "We must build this plant because the power must go to the defense plants."

We asked, "Can you prove that the power will go directly to the defense plants?"

They replied, "No; we do not have to prove that. Once the power is put into the system, that is all that is needed. That is what is essential."

Mr. President, that is the purpose of my amendment—to allow the Atomic Energy Commission to contract for power. I request this specific authority because it was claimed that the section of the act to which the amendment applies is not sufficiently clear to authorize this contract.

I believe the intent of legislation should be clear; there should be no doubt about the purpose. Therefore, I submitted the amendment in order to be specific, in order to allow a contract with a private utility, to provide electricity to go into the Tennessee Valley Authority system, and to replace power that was taken from the Tennessee Valley Authority system by the Commission. That is all my amendment authorizes.

The Senator from North Carolina [Mr. ERVIN] proposed an amendment to my amendment; he wished the contract to be submitted to the Joint Committee on Atomic Energy. I accepted his amendment to my amendment, because I believed that would be a good provision—namely, to allow the joint committee to have 30 days, while Congress was in session, to examine the contract which would be submitted; or if the joint committee believed the contract was all right, the joint committee could shorten the time to less than 30 days, or could waive entirely the requirement to wait 30 days while Congress was in session.

In other words, the amendment of the Senator from North Carolina to my amendment did not give the joint committee a veto power in case it did not approve the contract; but under the provisions of the amendment of the Senator from North Carolina to my amendment, it would be necessary for Congress to be in session 30 days after the joint committee received a copy of the contract; and then the Senate and the House of Representatives—the two bodies of the legislative branch—could act, if they so desired, to refuse to allow the contract to be made, because they could revoke the power.

Mr. President, I say that this is a proper power to give to the Joint Committee, to the President of the United States, to the Tennessee Valley Authority, and to the Atomic Energy Commission.

I hope the Senate will now proceed to reject the Anderson substitute, which would destroy what we are trying to do, namely, to put a private plant across from Memphis, Tenn., to furnish power to go into the channels of the Tennessee Valley Authority. Is this power needed? For 2 years the Tennessee Valley Authority has been asking for a plant at Fulton, Tenn., because it says it needs power. Under this contract it can get power which is being taken today by the Atomic Energy Commission.

As I contemplate the development of atomic energy, the time may come when the Tennessee Valley Authority will not be able to supply all the power required by the Atomic Energy Commission. My amendment, instead of destroying the Tennessee Valley Authority, would allow it to continue, because, as a greater amount of power is taken by the Atomic Energy Commission from the system, it will be able to provide the same amount of power to go into the system at other places. It does not make any difference where it comes from, so long as it gets into the system.

I hope the Senate will reject the Anderson substitute amendment and approve the Ferguson amendment.

Mr. FULBRIGHT. Mr. President, for the satisfaction of Senators let me say that I do not intend to speak, but I wish to insert in the RECORD at this point several memoranda which I have had prepared, dealing with questions which have been discussed in various speeches, primarily for the information of Senators, for the RECORD, and for the benefit of anyone who is interested in developing the full facts on this subject.

I therefore ask unanimous consent to have printed in the RECORD at this point as a part of my remarks several memoranda. The first deals with the income of the TVA, which, it has been asserted, belongs to the United States Treasury.

The second memorandum deals with the question of replacement of power, which was just discussed by the Senator from Michigan [Mr. FERGUSON].

The third memorandum analyzes the effect of the proposed contract and its results, which we have discussed here at various times.

The next memorandum relates to the risks assumed by the sponsoring group.

The next memorandum relates to taxes.

There being no objection, the memorandums were ordered to be printed in the RECORD, as follows:

ALL INCOME OF TVA BELONGS TO THE UNITED STATES TREASURY

The statement is made repeatedly that it is quite proper for TVA to get its money without interest and to pay little or no taxes since, after all, it belongs to all of the people of the United States. This is a high-sounding phrase but one which hardly withstands close scrutiny.

Senator GORE made the statement (CONGRESSIONAL RECORD, p. 10490) that TVA will repay its investment in power projects to the United States Treasury in 40 years. This, too, is not strictly factual.

If the TVA were to completely repay its total investment in the power business and if it were to actually pay into the Treasury its total net income (an amount which has been likened to being equivalent to carrying charges on the investment of all the people) there might be some substance to the statement that all American citizens did participate in this business venture. It doesn't work that way. The Government Corporations Appropriation Act, 1948, under title II, sets forth a formula for repayment of the investment. It provides for the repayment over a 40-year period of a fixed sum of $348,239,240 plus any further appropriated funds. It did not provide for the repayment of retained earnings. The following table using figures from the official TVA annual report for 1953 reflects the status at June 30, 1953:

Appropriations and transfers of property:	
Employed in power program	$657,858,076
Construction and investigations in progress	192,690,665
Total	850,548,741
Less payments into the general fund of the U. S. Treasury, including $10,000,000 during 1953	50,059,019
	800,489,722
Bonds outstanding	34,000,000
Accumulated net income	225,773,288
Total	1,060,263,010
The amount TVA is obligated to repay under title II of the Government Corporations Appropriation Act, 1948:	
Beginning with the year ending June 30, 1948	348,239,240
New appropriations for power facilities	351,059,817
Total	699,299,057
Less repayments since enactment of this legislation	57,500,000
	641,799,057

In summary, out of $1,060,263,010 of TVA power investment at June 30, 1953, only $641,799,057 is required to be repaid.

Section 26 of the TVA Act of 1933, as amended provides that the Board does not have to pay to the United States Treasury such part of the proceeds from the sale of power as in the opinion of the Board shall be necessary for the Corporation in the conduct of its business (copy of sec. 26 is attached).

At June 30, 1953, TVA's report shows accumulated net income or earnings retained in the business of $225,773,288. That is all of its net income from power operations during the lifetime of TVA. It has been retained for the benefit of the power customers in the Tennessee Valley.

In discussing TVA's retained earnings, Senator GORE said at page 10490 of the CONGRESSIONAL RECORD of July 14, 1954:

"All the net earnings, all the proceeds, all the properties are subject to the disposition of the United States Congress."

I have already shown that section 26 of the TVA Act permits the Board to retain such proceeds as it seems necessary in the business.

Now, I should like to quote from title II of the Government Corporations Appropriations Act, 1948, as follows:

"None of the power revenues of the Tennessee Valley Authority shall be used for the construction of new power-producing projects (except for replacement purposes) unless and until approved by act of Congress."

Now to show the Senator how TVA interprets the statutes I want to present the following excerpt from testimony of Gordon Clapp, former head of TVA, before the subcommittee of the Committee on Appropriations, House of Representatives, 83d Congress, 2d session, pages 2448–2449:

"Mr. JONAS. As I understand this justification, the request is for $142,868,000 of appropriated funds.

Mr. CLAPP. $141,800,000 is the new appropriation request, and there is a carryover balance of about $1 million.

"Mr. JONAS. Which makes the sum of $142,868,000.

"Mr. CLAPP. That is right.

"Mr. JONAS. Now from corporate funds you are asking that you be authorized to spend $221,400,000.

* * * * *

"Mr. CLAPP. I do not want to seem to be too technical in these matters, Mr. JONAS, but we are not seeking authorization to spend those corporate funds. The authorization to spend those corporate funds is in our basic law. It is a fact that the budget of 1955 includes those moneys from corporate funds in order to give the complete picture of our spending program."

The foregoing hardly supports the statements of the various Senators opposing the proposed contract during the colloquies on the floor of the Senate on July 14, 1954, typical of which were:

Senator GORE, page 10490: "In addition to that, the TVA has had net earnings. The Congress upon each occasion, in its appropriation bills, has had the disposal of the net earnings. Congress has sometimes directed the TVA to use the net earnings in a specific manner. The appropriation bill this year did exactly that. All the money has not been actually, physically transmitted to the Treasury of the United States."

Senator GORE, page 10490: "All the earnings of TVA are within the disposition of the Congress each year."

Senator GORE, page 10490: "Each year Congress acts upon the matter. The TVA has been authorized—and not only authorized, but directed—to retain certain of its net earnings to be invested in other properties. Those, too, I may point out to the Senator, are amortized. So I come back to my original statement, that all the earnings of the TVA, not simply a part of them, as is the case with respect to taxes paid by private concerns, are the property of the United States Treasury."

Senator ANDERSON, page 10490, Senator GORE, page 10490:

"Mr. ANDERSON. * * * It seems to me that if profits accrue from the operation of the TVA, and Congress, instead of making new appropriations for new capital funds, directs that the moneys shall be used for expanding powerlines, or doing anything of that nature, that is just the same kind of utilization as if the money had been taken into the Treasury, and then a brandnew warrant had been issued by the Treasury to pay for the lines.

"The able Senator from Arkansas was a Member of Congress when I became a Member of it in 1941. He and I, and all the Members permitted the TVA to do exactly that.

"Mr. GORE. And not only permitted, but directed."

Senator HILL, page 10490: "The TVA cannot start one single new power facility, it cannot put $1 of its income or any other funds into any new power facility, except by and with the advice and direction of Congress."

Senator ANDERSON, page 10494: "I said it was a matter of significance. If there were to be profits from the operation, and if there were to be new dams and new facilities constructed, without congressional approval, that would be one thing. But actually it is merely a bookkeeping charge, because Congress has control of every dollar which comes into the TVA, and Congress can decide how much shall be used for plant improvement, and what amount shall go into the Treasury."

No wonder Senator BUSH said:

"The Senator from Connecticut did not authorize them."

EXCERPT FROM TITLE II OF THE GOVERNMENT CORPORATIONS APPROPRIATION ACT, 1948

Tennessee Valley Authority: Not later than June 30, 1948, and not later than June 30 of each calendar year thereafter, until a total of $348,239,240 has been paid as herein provided, the board of directors of the Tennessee Valley Authority shall pay from net income derived the immediately preceding fiscal year from power operations (such net income to be determined by deducting power operating expenses, allocated common expense, and interest on funded debt from total power operating revenues) not less than $2,500,000 of its outstanding bonded indebtedness to the Treasury of the United States exclusive of interest, and such a portion of the remainder of such net income into the Treasury of the United States as miscellaneous receipts as will, in the 10-year period ending June 30, 1958, and in each succeeding 10-year period until the aforesaid total of $348,239,240 shall have been paid, equal not less than a total of $87,059,810, including payment of bonded indebtedness exclusive of interest on such bonded indebtedness. Total payments of not less than $10,500,000 shall be made not later than June 30, 1948.

Amounts equal to the total of all appropriations herein and hereafter made to the Tennessee Valley Authority for power facilities shall be paid by the board of directors thereof, in addition to the total of $348,239,240 specified in the foregoing paragraph, to the Treasury of the United States as miscellaneous receipts, such payments to be amortized over a period of not to exceed 40 years after the year in which such facilities go into operation.

None of the power revenues of the Tennessee Valley Authority shall be used for the construction of new power producing projects (except for replacement purposes) unless and until approved by act of Congress.

EXCERPT FROM TVA ACT OF 1933 AS AMENDED

SEC. 26. Commencing July 1, 1936, the proceeds for each fiscal year derived by the Board from the sale of power or any other products manufactured by the Corporation, and from any other activities of the Corporation including the disposition of any real or personal property, shall be paid into the Treasury of the United States at the end of each calendar year, save and except such part of such proceeds as in the opinion of the Board shall be necessary for the Corporation in the operation of dams and reservoirs, in conducting its business in generating, transmitting, and distributing electric energy and in manufacturing, selling, and distributing fertilizer and fertilizer ingredients. A continuing fund of $1 million is also excepted from the requirements of this section and may be withheld by the Board to defray emergency expenses and to insure continuous operation: *Provided*, That nothing in this section shall be construed to prevent the use by the Board, after June 30, 1936, of proceeds accruing prior to July 1, 1936, for the payment of obligations lawfully incurred prior to such latter date.

REPLACEMENT

It is often said that the proposed contract does not constitute replacement power for the Atomic Energy Commission.

The genesis of these negotiations was the President's budget message in which the following was said:

Arrangements are being made to reduce, by the fall of 1957, existing commitments of the Tennessee Valley Authority to the Atomic Energy Commission by 500,000 to 600,000 kilowatts.

The proposal of the Dixon-Yates group itself says:

"In response to the suggestion in the President's budget message that the power industry might furnish 500,000 to 600,000 kilowatts to your Commission by the fall of 1957, Middle South Utilities, Inc., and the Southern Co. submitted a proposal to you under date of February 25, 1954. It was our understanding of the budget message that this power was desired in order to reduce the commitments of Tennessee Valley Authority to your Commission for service at Paducah, with a resultant reduction in the amount of capital expenditures which would have to be budgeted for TVA. Our proposal was designed to accomplish that purpose."

The letter from the Bureau of the Budget, dated June 16, addressed to the Chairman of the Atomic Energy Commission, says this:

"Moreover, this proposal will reduce the magnitude of necessary adjustments in the TVA system which would result in the event of a reduction or termination of AEC operations in the future." Also, "He [the President] has also requested me to instruct the Commission and the Tennessee Valley Authority to work out necessary contractual, operational, and administrative arrangements between the two agencies so that operations under the contract between AEC and the sponsors will be carried on in the most economical and efficient manner from the standpoint of the Government as a whole."

In a letter dated June 16, addressed to the chairman of the Appropriations Committee of the Senate, Senator SALTONSTALL, we find the following passage:

"In exploring ways to obtain the additional capacity, consideration of the problems involved in furthering concentration of additional capacity in the Paducah area indicated that the most economical method for accomplishing the objectives stated in the budget message would be to provide additional capacity in the Memphis area. Accordingly proposals were received on the basis that TVA would continue to deliver power to AEC at Paducah where it is needed by AEC, but

would receive in substitution power purchased by AEC from private sources in the Memphis area where power is needed by TVA. This method would avoid a further concentration of generating capacity in the Paducah area."

The Bureau of the Budget's letter to the TVA on this subject contains the statement that the President "also requested that instructions be given the Tennessee Valley Authority and the Atomic Energy Commission to work out the necessary contractual, operational, and administrative arrangements between the two agencies so that operations under the contract between AEC and the sponsors will be carried on in the most economical and efficient manner from the standpoint of the Government as a whole."

Very clearly it is contemplated that the proposal is, as the President said, designed to reduce the existing commitments of the TVA to the Atomic Energy Commission. Therefore, it is a substitute for power furnished by the TVA to the AEC.

It is in accordance with the practice of the TVA in supplying power to the Atomic Energy Commission by feeding it into the TVA system at points which may be remote from the actual site of the AEC installation.

ALLEGATION

The powerplant will not be a Government-owned plant, even though the Government will have paid for it over the life of the proposed 25-year contract.

ANSWER

The Government will not pay for the plant over the life of the proposed 25-year contract. Upon expiration of the contract in 25 years, 24.6 percent of the debt and all of the equity ($5,500,000) will still be outstanding and is the sole responsibility of the sponsors. The Government will have an option to extend its contract for an additional 10 years beyond the 25-year initial contract period. It is a one-way street whereby the Government has the sole right of cancellation any time and for any reason up to the 25th year and it alone thereafter has the option to renew the contract up to 35 years. For the last 5 years, if the Government elects to continue the contract, the price of power will be reduced to reflect the fact that all of the initial debt on the project will have been amortized. The sponsors cannot by any independent act of their own regain use of the plant facilities for 600,000 kilowatts at any time earlier than 35 years from the date the plant is completed. The right on the part of the Government to cancel this contract at any time and for any reason on 3 years' notice is an invaluable one. Obviously, an inherent right to use the plant for as long as 35 years if the facilities are useful to the Government with the alternate option of withdrawing from the contract on relatively short notice, completely refutes any argument that the Government is paying for anything other than that for which full value is received.

THE DIXON-YATES GROUP ACCEPT THE MAJOR RISKS

Attempts have been made to indicate that excessive profits were to be realized by the Dixon-Yates group on a modest capital investment and that no risks were involved. In a memorandum of July 9, 1954, prepared by the Bureau of the Budget and subsequently introduced into the CONGRESSIONAL RECORD at pages 10381 et seq., we find the following (p. 10383):

"There are several significant considerations in connection with this proposal:

"1. By utilizing private utilities, the Federal Government will save a capital outlay of at least $100 million over the next 3 years, the cost estimated by TVA for the construction of equivalent capacity at the Fulton site.

"2. The sponsors' proposal is a firm offer with a stated maximum capital cost reflected in the demand charge whereby a ceiling is placed on maximum liability on capital cost to the Government. The sponsors bear one-half of any possible increased cost from an estimated cost of $107,250,000 to $117 million and all the cost above $117 million. In addition, if the plant is built for less than $107,250,000 the Government will share 50 percent of the saving." (The reference here, as I shall point out later, is to additional costs of servicing the additional capital, insurance, etc. This amounts to $58,000 per annum for each $1 million by which construction costs vary up or down from the $107,250,000 estimate. Such annual additional costs or savings within the limits set forth on the "up" side and without limit on the "down" side are shared equally by the sponsors and the Government.)

"3. There is no guaranty as to the ultimate capital cost of a TVA plant even though that agency has had a favorable construction record in recent years." (Once the Government (TVA) embarks on construction of a powerplant it will be completed no matter what construction costs turn out to be in actuality—and the Government has that money invested without recourse from now on.)

"4. The proposal provides a guaranty and a real incentive on the part of the sponsors to assure that capital costs do not exceed $107,250,000. Thus, if the cost should go to $117 million, the return on $5,500,000 of equity capital would be reduced from 9 percent ($495,000) to 3.8 percent ($210,000). If the capital cost should exceed $117 million, return on equity capital would rapidly reduce to zero. Thus, the sponsors have a real risk under the proposal offered and a compelling reason to keep capital costs below the estimated cost of $107,250,000.

"5. In addition, the plant is not completely amortized at the end of the 25-year contract. There is 24.6 percent of the debt not retired at the end of 25 years so the rate under the proposal does not provide for completely amortizing the plant over the 25-year period." (I don't know why the Budget Bureau failed to point this out because it is significant—the sponsors—at the end of 25 years will also have all of their equity still tied up in this project.)

"6. Acceptance of the proposal will help spread the risk in the event of future reduction in the AEC power requirements, which will in 1957 amount to about 30 percent of the TVA power supply."

Special attention is directed to items 2 and 4. Senator ANDERSON during his debate on the afternoon of July 14, 1954 made the statement that if construction costs exceeded the estimate of $107,250,000 the Government would put up half of the additional capital costs to a ceiling of $117 million. In other words, on an increase of $9,750,000 he indicated that the Government would put up $4,375,000 of capital and the sponsors would put up a like amount (CONGRESSIONAL RECORD, p. 10506.) This is not so. The Government will not put up one dime of capital funds. Its maximum exposure in the event that construction costs exceed $107,250,000 is limited to an amount of $285,000 per annum, or a potential increase in the power bill of less than 1½ percent.

As indicated in Item 4 above, the so-called profit to the Dixon-Yates group will be 9 percent on the equity capital of $5,500,000 and this will be realized only if construction costs do not exceed $107,250,000. Whereas utility companies generally are permitted a return of about 6 percent on the total capital invested, this enterprise, if all goes well, will yield the sponsors about 3.78 percent.[1] The money to be borrowed (about 95 percent of construction costs) is being borrowed on the credit of Middle South Utilities and The Southern Co. as well as on the basis of the Government contract. Since the contract is cancelable on 3 years' notice, it is obvious that complete reliance cannot be given by the lenders to such contract as primary security for their loan. Furthermore, the total debt will be amortized over a 30-year period after completion of the plant. Twenty-four and six-tenths percent of the debt and all of the equity (5 percent of the capital) will still be outstanding and is the sole responsibility of the sponsors upon expiration of the contract in 25 years.

The Government will have an option to extend its contract for an additional 10 years beyond the 25-year initial contract period. It is a one-way street whereby the Government has the sole right of cancellation any time and for any reason up to the 25th year and it alone thereafter has the option to renew the contract up to 35 years. For the last 5 years, if the Government elects to continue the contract, the price of power will be reduced to reflect the fact that all of the initial debt on the project will have been amortized—certainly as advantageous as if the Government actually owned the plant. The sponsors cannot by any independent act of their own regain use of the plant facilities for 600,000 kilowatts at any time earlier than 35 years from the date the plant is completed.

It should be noted from the attached excerpt from the AEC-TVA Paducah Power contract, March 26, 1953, that under such contract the AEC is far less free to cancel the contract and does not have the sole option to extend the contract beyond an initial term of 11½ years. The attached excerpt from the AEC-TVA contract dealing with conditions under which the contract may not be renegotiated is quite illuminating.

EXCERPT FROM AEC-TVA PADUCAH POWER CONTRACT, MARCH 26, 1953

1. Term of contract: The provisions of this agreement shall become effective as of July 1, 1954, and said Letter Contract of August 23, 1951, is hereby terminated as of July 1, 1954. This agreement shall continue in effect for an initial term expiring on January 1, 1966. Unless this agreement is canceled by Commission as provided for below, then on January 1, 1966, and on each January 1 thereafter through January 1, 1977, the term of this agreement shall be extended automatically for an additional year unless either party notifies the other that such extension shall not be effected, such notice to be delivered not less than 5 years prior to the date on which such extension would otherwise be effected. It is the intent of the parties that no such notice shall be delivered for the purpose of seeking a change in rates or other conditions because more attractive markets for power or more attractive sources of power may develop.

This agreement may be terminated by Commission, effective on any date not earlier than September 30, nor later than November 30, of any year during the initial term or its extension, upon not less than 51 months' advance written notice to the Authority, accompanied by a statement of Commission's intent to reduce permanently below 1,500,000 watts its total use of power at the Paducah project.

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[1] $5,500,000 equity (5 percent) at 9 percent equals $495,000; $101,750,000 debt (95 percent) at 3½ percent equals $3,561,260; $107,250,000 total capital earns $4,056,250, equal to 3.78 percent.

Unless otherwise agreed, the contract demand hereunder shall be reduced to 500,000 watts for the last 12-month period to any termination or expiration of this agreement, and to 800,000 watts for the 12-month period immediately preceding said 12-month period.

TAXES

Opponents of the proposed power contract have made every effort to confuse the issue by insinuating that there was something sinister or improper in the proposed treatment of taxes. There is nothing improper with respect to the suggested tax treatment nor is there anything unusual unless it be the great efforts made to insure that the price for power would include an amount equivalent to the tax burden and not one penny more.

To view this matter in its proper perspective, let's start in the beginning. There is to be a new company formed for the purpose of carrying out the proposed contract. It will have just one customer, the Atomic Energy Commission. It will have no source of income except from the sale of power to that one customer. It is an accepted fact that taxes represent a portion of the expense of doing business. Every product that the Atomic Energy Commission buys, be it paper clips, trucks, or uranium, has an element in its price to fully protect the manufacturer against all taxes identified with its business—State, local, and Federal. The sponsors of the so-called Dixon-Yates proposal had two alternatives: One was to include a sufficient amount in their price for power to cover all taxes at whatever rates they might be for the next 25 years. This course obviously would have resulted in setting a higher price sufficient to include all estimated taxes during the contract period. The second alternative was the one selected—a fair and decent method whereby the price for power would include an amount sufficient to pay whatever taxes may be levied and not one penny more.

There has been some alarm expressed because of the legal technicalities involved in reimbursing for taxes. The word "reimbursing" does not appear in the proposal and even if it did that would be unimportant as the proposal is merely to set forth an outline of objectives to be covered finally in a legally acceptable contract. This is what the proposal says about taxes:

"It is understood that the buyer will pay such additional amounts for capacity and energy as will result, after the payment by seller of Federal, State, and local taxes, licenses, fees, and other charges in the seller having net operating revenue (as such term is defined or derived under the presently applicable Federal Power Commission Uniform System of Accounts) in the same amount as seller would have had if seller were not liable for any taxes, licenses, fees, and other charges."

Another misconception or misinterpretation. The attempt has been made to indicate that the Goverment is to continue to pay an amount equivalent to the tax liability of the new company even after cancellation becomes effective and facilities may be operated for the benefit of sponsors. This is just not so. The proposal specifically provides that to the extent that the initial facilities (the new steam electric generating station and related facilities to be constructed by the seller) are used for purposes other than the supply of capacity and energy to or for buyer (AEC) and seller derives income therefrom and incurs tax liabilities as a result thereof, such tax liabilities shall be discharged at the sole cost and expense of seller. Can anything be clearer than that?

It is of more than passing interest that the TVA included a similar provision for reimbursement of taxes in its contract with AEC. That contract takes note of the fact that TVA currently is exempt from taxes on the sale of power to a Government agency but carefully provides that should circumstances change and the TVA be required to pay taxes like other public utilities it shall then look to AEC to pay additional charges equivalent to such taxes. An excerpt of this contract provision is set forth below:

"In the event that Authority is required by any law enacted after January 1, 1953, to pay any amounts for or in lieu of taxes which it would not have been required to pay except for the supply of power hereunder, including without limitation any payments resulting from Authority's ownership or operation of steam electric generating and other facilities required for such supply of power, Commission will reimburse Authority for such payments. Authority will confer with Commission before making any payment for which it would be entitled to such reimbursement in whole or in part."

Mr. FULBRIGHT. I also ask unanimous consent to have printed in the RECORD at this point as a part of my remarks several telegrams, together with a resolution by the board of directors of the Memphis Chamber of Commerce with regard to the establishment of a steam generating plant at West Memphis, Ark., a question which has also been discussed on the floor of the Senate.

There being no objection, the telegrams and resolution were ordered to be printed in the RECORD, as follows:

MEMPHIS, TENN., *July 20, 1954.*

Senator J. WILLIAM FULBRIGHT,
Senate Office Building,
Washington, D. C.:

For your information the following men are members of the Memphis Chamber of Commerce board of directors who passed the resolution endorsing the West Memphis steam plant. They are the men at whom Mr. GORE's remarks were cast yesterday. They represent a true cross section of Memphis business and industry and of American free enterprise:

R. W. Kirn, vice president, the Quaker Oats Co.; E. B. Lemaster, vice president, Edward Lemaster Realty Co.; H. B. Solmson, vice president, Plough, Inc.; R. A. (Dick) Tripper, vice president, Euclid-Memphis Sales, Inc.; Blanchard S. Tual, vice president, Tual and Morgan, attorneys; Walker L. Wellford, Jr., vice president, J. E. Dilworth, Co.; W. B. Pollard, treasurer, National Bank of Commerce, Memphis; Frank M. Grout, president, Colonial Baking Co.; Clifford Penland, executive vice president, Memphis Chamber of Commerce; George E. Berg, branch manager, the Kroger Co.; James J. Corbitt, president, Corbitt Motor Co.; Carl Carson, vice president, Dixie Drive-It-Yourself System; C. H. Cowan, president, Memphis Machinery & Supply Co.; William W. Farris, Farris and McKinney, attorneys; Richard D. Fuller, president, Fuller Alinement Service; Ray B. Gill, president, Inter City Trucking Co.; Richard G. Holladay, president, Marx and Bensdorf, Inc.; Virgyl D. Johnson, immediate past president, Memphis Junior Chamber of Commerce; Forrest Ladd, executive vice president, John A. Denie's Sons Co.; Lee McCourt, chairman of board, Fischer Lime & Cement Co., Fischer Steel Corp.; Clyde L. Patton, Patton Bros., cotton brokers; and Col. Roane Waring, president, Memphis Street Railway Co., and chamber president.

RESOLUTION BY THE MEMPHIS CHAMBER OF COMMERCE BOARD OF DIRECTORS IN REGARD TO ESTABLISHMENT OF STEAM GENERATING PLANT AT WEST MEMPHIS, ARK.

Whereas the details of the existing controversy as to the location of a steam generating plant in West Memphis, Ark., have been presented to the board of directors of the Memphis Chamber of Commerce by its industrial department in the following words, to wit:

"To the Board of Directors, Memphis Chamber of Commerce:

"The industrial department of the chamber of commerce is deeply concerned over the existing controversy as to the location of the steam generating plant in West Memphis.

"It is concerned, first, over the urgent need for the location of such a plant, either at Memphis, or in the near vicinity, in order that Memphis may be assured of adequate power supply for its future development. This apprehension is based upon the statement of Major Allen, of the Memphis Light, Gas, and Water Division, to the board of directors of the chamber of commerce, that at the present rate, and without the building of the Fulton Steam Plant, Memphis would suffer a shortage of power in 1957, and that, therefore, every effort should be made upon the part of Memphians to aid and assist in bringing about the construction by TVA of the powerplant at Fulton, Tenn.

"Now it is certain that the Fulton plant will not be constructed. Four times the Congress of the United States has refused TVA to appropriate the money necessary to construct the Fulton plant. Without this plant, according to the opinion expressed to your board of directors by Major Allen, Memphis will face a power famine in 1957. This must not occur.

"It is the hope and belief of all Memphians that Memphis will continue to grow. Millions of dollars have been spent in the preparation of Presidents Island for industrial development. Other industrial sites are spotted in various places in our city waiting for development. Without power, these developments cannot be made. This is the primary reason that impels your industrial department to favor the construction of the West Memphis powerplant, unless its construction will be detrimental and deleterious to the health, life, and prosperity of the city of Memphis, which is basically an engineering problem.

"We are concerned for a second reason. Memphis is vitally interested in the growth and development of its trade territory. Anything that benefits our communities, in turn benefits the city of Memphis. The people of West Memphis will be greatly benefited by the construction of this large plant immediately adjacent to their splendid city. They are vitally interested in this development.

"We are concerned and interested for a third reason, and that is because the building of this plant and its operation will be very beneficial to the city of Memphis, to West Memphis and the surrounding territory. Its construction will entail the payment of an estimated $21 million for labor and many millions more for materials. Much of this money will find its way into the trade channels of Memphis. Its construction will entail the employment of 2,500 employees, most of whom will come from our midst. When completed, its operation will add an annual payroll of a million dollars to Memphis and to West Memphis.

"One argument that is being used against the location of the powerplant in West Memphis, 8 miles below Memphis, is that the smoke from that plant will deposit ashes on the city of Memphis. No competent engineering study has been made yet that affirms it.

"The fact of the business is, that the great majority of our American cities today, including New York, Chicago, Philadelphia, Boston, Detroit, St. Louis, and Cleveland, all generate their power by coal, and many of their powerhouses are in the immediate vicinity of the uptown portions of their city.

"The chamber of commerce is here for the purpose of aiding and abetting in the development and growth, especially commercially and industrially, of the city of Memphis and its surrounding territory. We are fighting every day to bring new industries into Memphis, and, yet, we are told that in 1957 our efforts must cease unless additional power is made available.

"The industrial department is deeply concerned over a statement from Washington, D. C., made recently by the administration to the effect that the Fulton steam plant wasn't going to be approved, and if the West Memphis plant were not constructed, Memphis would be out of the picture for any additional power unless the city decides to build its own steam plant.

"The industrial department feels that its obligation is to promote and encourage all things for the good of the entire mid-South area. Any other policy would be shortsighted upon the part of our community.

"We believe this project is of such magnitude and public interest that the chamber's board of directors should take a positive public stand in the matter.

"Let us remind you that the smokestacks that are detrimental to our city, and to the mid-South, are those that are empty and their boilers cold, not the stacks that are in operation"; and

Whereas the matter has been thoroughly discussed by this board: therefore be it

Resolved, That we, the board of directors of the Memphis Chamber of Commerce, hereby endorse and ratify the statement by the said industrial department and accept same as the opinion of this board; be it further

Resolved, That this board favors the construction of the present proposed steam generating plant in West Memphis, Ark., to insure adequate power for future industrial development of the city of Memphis and its surrounding territory; be it further

Resolved, That the executive vice president of the Memphis Chamber of Commerce forward copies of this resolution to the President of the United States, members of the Atomic Energy Commission, members of the Federal Power Commission, the Bureau of the Budget, members of the delegations to the Congress from the States of Arkansas and Tennessee, the Industrial Council of the West Memphis Chamber of Commerce and the public press.

This 16th day of July 1954.

BOARD OF DIRECTORS, MEMPHIS CHAMBER OF COMMERCE.

I certify that the foregoing is a correct copy of a resolution passed by the board of directors of the Memphis Chamber of Commerce at a meeting held in the office of the Chamber of Commerce on this 16th day of July 1954.

CLIFFORD PENLAND,
Executive Vice President.

Mr. KNOWLAND. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Aiken	Cordon	Green
Anderson	Crippa	Hayden
Barrett	Daniel	Hendrickson
Beall	Dirksen	Hennings
Bennett	Douglas	Hickenlooper
Bowring	Duff	Hill
Bricker	Dworshak	Holland
Bridges	Eastland	Humphrey
Burke	Ellender	Ives
Bush	Ervin	Jackson
Butler	Ferguson	Jenner
Byrd	Flanders	Johnson, Colo.
Capehart	Frear	Johnson, Tex.
Carlson	Fulbright	Johnston, S. C.
Case	George	Kefauver
Clements	Gillette	Kennedy
Cooper	Gore	Kerr
Kilgore	Millikin	Schoeppel
Knowland	Monroney	Smathers
Kuchel	Morse	Smith, Maine
Langer	Mundt	Smith, N. J.
Lehman	Murray	Sparkman
Lennon	Neely	Stennis
Long	Pastore	Symington
Magnuson	Payne	Thye
Malone	Potter	Upton
Mansfield	Purtell	Watkins
Martin	Reynolds	Welker
Maybank	Robertson	Wiley
McCarran	Russell	Williams
McCarthy	Saltonstall	Young

The PRESIDING OFFICER. A quorum is present.

Mr. CASE. Mr. President, if I am not interrupted, I shall speak for less than 5 minutes. I do not wish to miss this opportunity to correct an impression which I think exists among many of the rural electric associations throughout the country.

I think the offering of the substitute amendment by the Senator from New Mexico [Mr. ANDERSON] has served a very useful purpose. It has resulted in bringing on the Ferguson amendment, which would establish clearly in the law legal authority for the Atomic Energy Commission to enter into contracts for the procurement of power.

It has also brought on the Ervin amendment, or the modification suggested by the Senator from North Carolina, which provides that the Joint Committee on Atomic Energy shall have an opportunity to take a look at such contract; and presumably if the contracts were improper, steps would be taken to prevent their execution.

As the Senator from Michigan has said, the difference between the Ferguson amendment and the Anderson substitute is that the Ferguson amendment would make it legal to obtain power for the Atomic Energy Commission by a replacement contract, while the Anderson substitute would place a prohibition on the power of the Atomic Energy Commission to do so.

The rural electrification cooperatives of the country, and particularly those in South Dakota, have been told that they have something at stake in this amendment. They do have something at stake, Mr. President, but it is the reverse of what they have been told. It is the reverse of what they have been told, because six of the REA's in my State are today getting their power under a replacement contract. A three-way contract has been devised, whereby the REA's in my State get power which is produced, in effect, at Fort Peck, Mont., 300 miles away, and transmitted to them by the Montana-Dakota Utilities Co., a private utility.

This replacement power which the Montana-Dakota Utilities Co. gets in Montana and then delivers to the REA's in my State and to eight REA's in North Dakota is power which is produced by steam plants fed by lignite coal.

I shall oppose the Anderson amendment and vote against it because I do not want the precedent established that public bodies cannot get power by replacement. The Atomic Energy Commission is a public body. It ought to have the right to get power produced by the TVA. It ought to have the same right we have contended the REA's should have, namely, the right to get power produced at some distant point, if it can be produced more cheaply, and transported to the agency which can supply the power near at home.

Before this contract was worked out, REA's in my State were paying from 12 to 14 mills for power. By reason of their ability to get replacement power they are able to get power for 4.8 mills to 5.5 mills.

Mr. President, it is rather ironical that a campaign has been launched which has made some REA's in my State think their stake is the reverse of what it is.

Among the REA's which are served by replacement contracts in my State are the Cam-Wal Electric Cooperative, Inc., which serves Campbell and Walworth Counties, where the president of my State REA association lives. He and his associates get their power through a replacement contract. Another REA that gets replacement power is the Central Electric Cooperative, with headquarters at Blunt. Another is the Moreau-Grand Electric Cooperative, with headquarters at Timber Lake. Also the Grand Electric Cooperative, with headquarters at Bison. Also the Northern Electric Cooperative, with headquarters at Aberdeen.

Eight cooperatives in the State of North Dakota get their power by replacement contracts. These REA's get preference which has been established by a preference clause. I do not want now, by legislation through the Anderson amendment, to say to public bodies that they cannot get their power unless it is produced and delivered directly to them by the producer. I want them to have the right to get it through replacement contracts, if by doing so they can get cheaper electricity, or get the benefits of production which they could not get if the source of production for supplying additional power happens to be some distance away.

I believe that the debate on the Anderson amendment has produced a good result in that it has brought forth the Ferguson amendment, as modified by the suggestion of the Senator from North Carolina [Mr. ERVIN]. However, having produced that good result, I hope it will not be compromised or nullified by the adoption of the first part of the Anderson amendment. I urge the rejection of the Anderson amendment.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from New Mexico [Mr. ANDERSON] to the amendment, as modified, of the Senator from Michigan [Mr. FERGUSON].

The yeas and nays have been ordered, and the Secretary will call the roll.

Mr. McCARRAN. Mr. President, will the Chair state the question?

The PRESIDING OFFICER (Mr. PURTELL in the chair). The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from New Mexico [Mr. ANDERSON] to the amendment, as modified, offered by the Senator from Michigan [Mr. FERGUSON].

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MAYBANK (when his name was called). On this vote I have a pair with the Senator from Arkansas [Mr. McCLELLAN], who is necessarily absent. If he were present and voting, he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

Mr. YOUNG (when his name was called). On this vote I have a pair with the junior Senator from Arizona [Mr. GOLDWATER]. If he were present and voting he would vote "nay." If I were permitted to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. SALTONSTALL. I announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is necessarily absent, and if present would vote "yea."

The result was announced—yeas 36, nays 55, as follows:

YEAS—36

Anderson	Hennings	Lehman
Burke	Hill	Magnuson
Clements	Humphrey	Mansfield
Cooper	Jackson	Monroney
Daniel	Johnson, Colo.	Morse
Douglas	Johnson, Tex.	Murray
Eastland	Johnston, S. C.	Neely
George	Kefauver	Pastore
Gillette	Kennedy	Russell
Gore	Kerr	Sparkman
Green	Kilgore	Stennis
Hayden	Langer	Symington

NAYS—55

Aiken	Ervin	Mundt
Barrett	Ferguson	Payne
Beall	Flanders	Potter
Bennett	Frear	Purtell
Bowring	Fulbright	Reynolds
Bricker	Hendrickson	Robertson
Bridges	Hickenlooper	Saltonstall
Bush	Holland	Schoeppel
Butler	Ives	Smathers
Byrd	Jenner	Smith, Maine
Capehart	Knowland	Smith, N. J.
Carlson	Kuchel	Thye
Case	Lennon	Upton
Cordon	Long	Watkins
Crippa	Malone	Welker
Dirksen	Martin	Wiley
Duff	McCarran	Williams
Dworshak	McCarthy	
Ellender	Millikin	

NOT VOTING—5

Chavez	Maybank	Young
Goldwater	McClellan	

So Mr. ANDERSON's amendment to Mr. FERGUSON's amendment, as modified, was rejected.

Mr. FERGUSON. Mr. President, I move that the Senate reconsider the vote by which the Anderson amendment was just rejected.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion of the Senator from Michigan.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California [Mr. KNOWLAND] to lay on the table the motion of the Senator from Michigan [Mr. FERGUSON].

The motion was agreed to.

The PRESIDING OFFICER. The question recurs on agreeing to the amendment offered by the Senator from Michigan [Mr. FERGUSON], as modified.

Mr. GORE and other Senators requested the yeas and nays.

The yeas and nays were not ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. FERGUSON], as modified. [Putting the question.] The "ayes" have it, and the amendment is agreed to.

Mr. FERGUSON. Mr. President, I move that the Senate reconsider the vote by which my amendment was agreed to.

Mr. KNOWLAND. Mr. President, I move to lay on the table the motion of the Senator from Michigan.

Mr. GORE and other Senators requested the yeas and nays.

The PRESIDING OFFICER. There is a sufficient second. The yeas and nays are ordered, and the clerk will call the roll.

Mr. BUSH. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. BUSH. Mr. President, what is the question?

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from California to lay on the table the motion of the Senator from Michigan [Mr. FERGUSON] to reconsider the vote by which the amendment offered by the Senator from Michigan was agreed.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MAYBANK (when his name was called). On this vote I have a pair with the distinguished Senator from Arkansas [Mr. McCLELLAN], who is necessarily absent. If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." Therefore, I withhold my vote.

Mr. YOUNG (when his name was called). On this vote I have a pair with the junior Senator from Arizona [Mr. GOLDWATER]. If he were present and voting, he would vote "yea." If I were permitted to vote, I would vote "nay." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. SALTONSTALL. I announce that the Senator from Arizona [Mr. GOLDWATER] is necessarily absent.

Mr. CLEMENTS. I announce that the Senator from New Mexico [Mr. CHAVEZ] is necessarily absent, and if present would vote "nay."

The result was announced—yeas 56, nays 35, as follows:

YEAS—56

Aiken	Ellender	Mundt
Barrett	Ervin	Pastore
Beall	Ferguson	Payne
Bennett	Flanders	Potter
Bowring	Frear	Purtell
Bricker	Fulbright	Reynolds
Bridges	Hendrickson	Robertson
Bush	Hickenlooper	Saltonstall
Butler	Holland	Schoeppel
Byrd	Ives	Smathers
Capehart	Jenner	Smith, Maine
Carlson	Knowland	Smith, N. J.
Case	Kuchel	Thye
Cordon	Lennon	Upton
Crippa	Malone	Watkins
Daniel	Martin	Welker
Dirksen	McCarran	Wiley
Duff	McCarthy	Williams
Dworshak	Millikin	

NAYS—35

Anderson	Douglas	Gore
Burke	Eastland	Green
Clements	George	Hayden
Cooper	Gillette	Hennings
Hill	Kerr	Morse
Humphrey	Kilgore	Murray
Jackson	Langer	Neely
Johnson, Colo.	Lehman	Russell
Johnson, Tex.	Long	Sparkman
Johnston, S. C.	Magnuson	Stennis
Kefauver	Mansfield	Symington
Kennedy	Monroney	

NOT VOTING—5

Chavez	Maybank	Young
Goldwater	McClellan	

So Mr. KNOWLAND's motion to lay on the table the motion of Mr. FERGUSON was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. JOHNSON of Colorado. Mr. President, for myself and on behalf of the Senator from Iowa [Mr. GILLETTE], I call up amendment 7-16-54-C and ask that it be stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Colorado [Mr. JOHNSON], for himself and the Senator from Iowa [Mr. GILLETTE], will be stated.

The CHIEF CLERK. On page 23, between lines 12 and 13, it is proposed to insert a new section, as follows:

SEC. 45. Electric power production:

a. The Commission is empowered to produce or provide for the production of electric power and other useful forms of energy derived from nuclear fission in its own facilities or in the facilities of other Federal agencies. In the case of energy other than electric power produced by the Commission, such energy may be used by the Commission, or transferred to other Government agencies, or sold to other users at reasonable and nondiscriminatory prices. Electric power not used in the Commission's own operations shall be delivered to the Secretary of the Interior, who shall transmit and dispose of such power in accord with the provisions of section 5 of the Flood Control Act of 1944.

b. The Commission may undertake any or all of the functions provided in subsection 45 a., through other Federal agencies authorized by law to engage in the production, marketing, or distribution of electric energy for use by the public, and such agencies are hereby empowered to undertake the design, construction, and operation of nuclear power facilities and the disposition of electric energy produced in such facilities when funds therefor have been appropriated by Congress. Nothing in this act shall preclude any Federal agency now or hereafter authorized by law to engage in the production, marketing, or distribution of electric energy from obtaining a license under section 103 of this act for the construction and operation of facilities for the production and utilization of special nuclear material or atomic energy for the primary purpose of producing electric energy for disposition for ultimate public consumption.

On page 102, line 7, before the period, insert the following: "(other than for such acquisition, condemnation, construction, or expansion as may be undertaken under the authority of section 45 a. of this act)."

The PRESIDING OFFICER. Does the Senator from Colorado desire to have his amendments considered en bloc?

Mr. JOHNSON of Colorado. Yes; I ask that they be considered en bloc.

The PRESIDING OFFICER. Without objection, the amendments offered by the Senator from Colorado, for himself and the Senator from Iowa will be considered en bloc.

Mr. HICKENLOOPER. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Iowa will state it.

Mr. HICKENLOOPER. Do I understand that the Senator from Colorado is submitting the three amendments en bloc?

Mr. JOHNSON of Colorado. Yes; they are all part of the same amendment. It is necessary, in accordance with the parliamentary situation, and under the language of the bill, to submit an amendment to each of three different provisions of the bill: The authorization provision itself, the licensing provision, and the appropriation provision. That is why there are three parts to the amendment. But they all pertain to the same subject, and they are all a part of the same proposal.

Under the amendment, the Atomic Energy Commission is empowered—and that means it is permitted, of course—to do what the amendments provide. This amendment is permissive; it is not directive. The Atomic Energy Commission, which is the greatest user of electric energy in the whole United States, is charged with the responsibility of handling and developing the great new source of power—atomic energy—and yet, under the bill which is now before the Senate, the Commission, which has been given this great responsibility and this tremendous task, would not have the authority to produce its own electric energy. My amendment would give it that authority. The Commission could produce its own electric energy, provided, of course, the Congress appropriated the money for that specific purpose.

If the Commission should produce more electric energy than the Commission needed or was going to use for its own purposes, temporarily or otherwise, it could sell the surplus electric energy, but under the provisions of the amendment it would have to sell it through the Secretary of the Interior. The Secretary of the Interior would sell it and distribute it under a provision which the Congress adopted in the Flood Control Act.

After the electric energy was turned over to the Secretary of the Interior, the Secretary could dispose of it only in accord with a principle and a formula which the Congress has already adopted as a standard for the handling of electric energy. That principle and formula are contained in section 5 of the Flood Control Act of 1944, in the well-known preference clause. Since it is rather brief, I shall read into the RECORD section 5 of the Flood Control Act of 1944:

Electric power and energy generated at reservoir projects under the control of the War Department and in the opinion of the Secretary of War not required in the operation of such projects shall be delivered to the Secretary of the Interior, who shall transmit and dispose of such power and energy in such manner as to encourage the most widespread use thereof at the lowest possible rates to consumers consistent with sound business principles, the rate schedules to become effective upon confirmation and approval by the Federal Power Commission. Rate schedules shall be drawn having regard to the recovery (upon the basis of the application of such rate schedules to the capacity of the electric facilities of the projects) of the cost of producing and transmitting such electric energy, including the amortization of the capital investment allocated to power over a reasonable period of years. Preference in the sale of such power and energy shall be given to public bodies and cooperatives. The Secretary of the Interior is authorized, from funds to be appropriated by the Congress, to construct or acquire, by purchase or other agreement, only such transmission lines and related facilities as may be necessary in order to make the power and energy generated at said projects available in wholesale quantities for sale on fair and reasonable terms and conditions to facilities owned by the Federal Government, public bodies, cooperatives, and privately owned companies. All moneys received from such sales shall be deposited in the Treasury of the United States as miscellaneous receipts.

I have just read section 5. My amendment would adopt the formula prescribed in section 5 of the Flood Control Act for the disposition of whatever electric energy the Secretary of the Interior might sell from that source.

As I have said, Mr. President, the Atomic Energy Commission is the greatest user of electric energy in the United States. It would seem strange indeed if we should enact legislation which would not permit that Commission to produce its own power, if it should find it feasible and necessary to do so.

The mere fact that such a provision was in the law, Mr. President, I am sure would give the Atomic Energy Commission greater bargaining power when it went into the market and attempted to buy electric energy which it might need. Even though the authority which would be given to the Atomic Energy Commission might not actually result in plants being built, the mere fact that it would be a club behind the door should be helpful in enabling the Atomic Energy Commission to secure favorable rates, or at least rates which would be reasonable and fair.

Mr. PASTORE. Mr. President, will the Senator from Colorado yield for a question?

Mr. JOHNSON of Colorado. I yield to the Senator from Rhode Island.

Mr. PASTORE. It was brought out at the hearings, that as of January 1, 1954, the highest typical residential electric rate in the United States for 250 kilowatt-hours was $9.51, a rate prevailing in Boston, Brookline, Newton, and Somerville, Mass. That rate contrasted with the 5 low residential rates of $3.20 at Tacoma, Wash.; $4.40 at Seattle, Wash.; and $4.61 at Spokane, Wash.

That being the case, does not the Senator feel that his amendment, while it carries out the philosophy of the original Federal Power Act insofar as public power is concerned, nevertheless does not reach to the problem of reducing the rates in the sections and areas of the country where the rates are now high?

Mr. JOHNSON of Colorado. It may very well be that the provision would not reach New England. It happens that at the present time there are no atomic energy plants in New England, because New England is so close to the seaboard that perhaps it was deemed not in the best interests of our security to have atomic energy plants in that location. Nevertheless, I do not think the Senator from Rhode Island can predict the future. If the Atomic Energy Commission should decide to build a plant and should be able to produce electric energy at, we will say, one-third the rate, on the average, that persons pay in New England, does not the Senator from Rhode Island believe that such a yardstick, such a measure, would have its effect, and that New England and other sections of the country which might be remote from an atomic energy installation would insist upon fair rates? Does not the Senator believe it would have that effect, or could have that effect?

Mr. PASTORE. No; I am compelled to answer the question in the negative, because, if I understand the amendment of the Senator from Colorado correctly, it is an authorization on the part of the AEC to build electric generating plants.

Mr. JOHNSON of Colorado. That is correct.

Mr. PASTORE. And provides that the AEC should build its plants in the parts of the country where the rates are already low. We would defeat the very purpose of the whole program.

Mr. JOHNSON of Colorado. The amendment does not say any such thing. The amendment does not say such a plant would have to be built at any certain place.

The other day, when we were discussing this point, I heard the Senator from Rhode Island say that he was in full sympathy with this proposal, and that he thought it was in the interest of the people that some such arrangement be made. But now he says it would not be in the interest of the people, because in the amendment there is no directive to build a plant in Rhode Island or elsewhere in New England.

If the Senator from Rhode Island wishes to have the law amended in that way—if he wishes to have a plant built in New England—he should offer such an amendment. This amendment does not provide for the location of any plant. The fact is that the Atomic Energy Commission itself uses, for its own purposes, more electric energy than is used in all of New England, including Rhode Island.

Is the Senator from Rhode Island going to deny the Atomic Energy Commission the right, if the rates for the power available to it are too high and beyond all reason, to build a plant somewhere else, where it is using electricity and needs the power?

Mr. PASTORE. The Senator from Colorado misunderstands my question. I asked whether the amendment constitutes authorization for the Atomic Energy Commission to build electric generating plants.

Mr. JOHNSON of Colorado. The amendment provides, in part:

SEC. 45. Electric power production:

a. The Commission is empowered to produce or provide for the production of electric power and other useful forms of energy derived from nuclear fission in its own facilities or in the facilities of other Federal agencies. In the case of energy other than electric power produced by the Commission, such energy may be used by the Commission, or transferred to other Government agencies, or sold to other users at reasonable and nondiscriminatory prices.

When the power is sold to private parties, the formula which Congress

adopted in 1944, for the disposition and disposal of electric energy, must be followed.

Mr. PASTORE. Mr. President, will the Senator from Colorado yield further to me?

The PRESIDING OFFICER (Mr. PAYNE in the chair). Does the Senator from Colorado yield further to the Senator from Rhode Island?

Mr. JOHNSON of Colorado. I yield. First, however, let me say that no provision of this amendment would prevent the building of a plant in Providence, Rhode Island.

Mr. PASTORE. Let us assume that a plant is built in Providence, R. I., and that surplus electricity is available from that plant. Under the amendment, to whom must that surplus electricity be sold?

Mr. JOHNSON of Colorado. It must be sold, first, to the Atomic Energy Commission; and if any is left over, it is to be turned over to the Secretary of the Interior—under the provisions of my amendment; and he must sell it in conformity with section 5 of the Flood Control Act of 1944.

Mr. PASTORE. Let us assume that the nearest public power establishment is 1,000 miles from Providence, R. I., and that the rates in Providence are high. Does the Senator from Colorado suggest by his amendment that the plant in Providence should ship the electricity 1,000 miles, to a place where the rates already are low, and thus deny that power to the people of Providence, where the rates are high?

Mr. JOHNSON of Colorado. No. I am not proposing such an outrageous and ridiculous thing at all, and the Senator from Rhode Island knows that I am not.

Mr. HUMPHREY. Mr. President, will the Senator from Colorado yield to me?

Mr. JOHNSON of Colorado. I yield.

Mr. HUMPHREY. Perhaps we can be of some help in connection with this matter. Section 182c of the pending bill is a provision for which the Senator from Rhode Island himself is responsible. That provision requires the Atomic Energy Commission to give preference, in connection with applications for commercial power facilities, to those located in high-cost-power areas of the United States. In other words, there is now written into this measure that provision, which specifies that special preference shall be given to applications from establishments in high-cost-power areas.

The amendment of the Senator from Colorado is not in conflict with that provision. His amendment merely provides that the Atomic Energy Commission can itself produce electric energy for its own purposes; and that if any energy is left over, the Commission then will be entitled to sell it commercially, but through the Secretary of the Interior.

Mr. JOHNSON of Colorado. Yes.

Mr. HUMPHREY. In other words, the Senator from Colorado in preparing the amendment was pretty much applying the rules of the Federal Power Act, which relates to the Bureau of Reclamation, an agency under the jurisdiction of the Secretary of the Interior. His amendment applies those rules across the board, in the case of this form of power. Is not that correct?

Mr. JOHNSON of Colorado. Yes.

Mr. PASTORE. Mr. President, will the Senator from Colorado yield to me at this point, so that I may ask a question of the Senator from Minnesota?

Mr. JOHNSON of Colorado. Yes, provided I do not thereby lose the floor. I ask unanimous consent for that purpose, Mr. President.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. PASTORE. Mr. President, I am trying to reach the essentials of the amendment of the Senator from Colorado. There are few if any such public power bodies in the New England area. That being the case, what I am trying to determine is this: The rates in New England are already high. For the areas serviced by the public power projects we are talking about now, the rates are already low, because of these large developments, which have been a great boon to the parts of the country near them; and all of us are in favor of that. But New England does not enjoy the benefit of the boon of TVA or of Boulder Dam. In New England we are compelled to pay higher rates.

Under the amendment of the Senator from Colorado, will such plants in New England be compelled to ship the power from New England, where the rates already are high, to public power bodies in areas where the rates already are low?

Mr. HUMPHREY. No.

Mr. PASTORE. Please explain why not.

Mr. HUMPHREY. Let me say, first, that I have an amendment similar to the amendment of the Senator from Colorado, and I should like to associate myself with the amendment of the Senator from Colorado. The amendment simply provides, first, that the Atomic Energy Commission shall not be denied the right to produce power for its own facilities.

Mr. PASTORE. I agree.

Mr. HUMPHREY. And, second, that if there is surplus power, it shall be disposed of through the agency of the Secretary of the Interior. In other words, once the Atomic Energy Commission has satisfied its own needs, then, under the amendment of the Senator from Colorado, the provision will be, in effect, "Now the Atomic Energy Commission will get out of the power business. It has satisfied its own needs; and if it now has extra power, it will turn it over to the Secretary of the Interior; and he can get acquainted with the New England States"—in other words, he can see that Rhode Island or Massachusetts get power, just as well as South Dakota, North Dakota, Wyoming, or Colorado get power.

So how would Rhode Island be excluded? The fact that Rhode Island may not have made the acquaintance of the Secretary of the Interior is no reason why Rhode Island should not proceed to meet him. [Laughter.]

Mr. PASTORE. As I understand the formula of the Federal Power Act, it is that once the Secretary of the Interior gets the power, he has to give it to public bodies.

Mr. HUMPHREY. That is to say, if it is within reasonable transmission distance.

Mr. PASTORE. But that is not in the law.

Mr. HUMPHREY. Reason is always in the law, I may say to the Senator from Rhode Island.

What the amendment of the Senator from Colorado really provides is a means of disposing of surplus power. Under the present act, as now drawn, there is no authority at all to sell the power commercially.

Mr. PASTORE. That is correct.

Mr. HUMPHREY. The amendment of the Senator from Colorado will plug two loopholes in the present act. First, the amendment will permit the Commission to provide power for its own facilities. Second, the amendment will allow the marketing of surplus power. That is all.

Let us assume there are no public-power facilities in Rhode Island. The Federal Power Act provides that if there are public power districts, they shall be given preference; but if there are none, the power will go to a private utility or to anyone else who wants the power.

Mr. JOHNSON of Colorado. That is exactly what is provided by section 5.

Mr. HUMPHREY. Yes; that is all there is to it.

Mr. PASTORE. In other words, as I now understand, in any area of the country where there is surplus electricity and where there are no public power bodies, and where the rates are high, under this formula the electricity can be sold to private consumers; is that correct?

Mr. HUMPHREY. Yes.

Mr. JOHNSON of Colorado. Of course.

Mr. PASTORE. And the power would not have to be transmitted perhaps 1,000 miles, to a public project, under the provisions of the amendment?

Mr. JOHNSON of Colorado. No; of course not.

Mr. HUMPHREY. Mr. President, let me refer to the Flood Control Act of 1944 and to the Federal Power Act. While containing a preference clause, that clause is not exclusive. It merely provides that if power is available, it shall go, first, to public bodies, municipalities, and cooperatives. But private utilities are getting big blocks of public power under the preference clause; and the fact that in Rhode Island there are no public power districts, does not mean that Rhode Island would be denied the right to get public power from the Secretary of the Interior. A public power district would have first claim on the power. However, in the case of Rhode Island, if there was no public power district there, then any company or other prospective customer could obtain the power. In this instance, there would be no first claim, and therefore any private utility could obtain it.

Mr. JOHNSON of Colorado. That is the way the language reads. Let me read 3 or 4 lines:

> In order to make the power and energy generated at such projects available in

wholesale quantities for sale on fair and reasonable terms and conditions to facilities owned by the Federal Government, public bodies, cooperatives, and privately owned companies.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. LEHMAN. It seems to me that the amendments offered by the distinguished Senator from Colorado are almost identical with amendments which I had prepared. Like the Senator from Minnesota, I am very happy indeed to associate myself with the Senator from Colorado. It seems to me that these amendments are entirely clear. The bill before us would completely prohibit the Government from producing, in its own facilities or in the facilities of other Federal agencies, electric power and other useful forms of energy derived from nuclear fission. That means, of course, that without an act of Congress, while we would have a perfect right to produce uranium and plutonium, the production of which is, of course, a part of the operations of the Atomic Energy Commission, we would have no right, under the terms of the bill before us, to use such uranium or plutonium in the production of power for general use.

As I understand the amendments—and I hope the distinguished Senator from Colorado will correct me if my interpretation is not correct—the Commission would be empowered specifically by law to produce or to provide for the production of electric power and other useful forms of energy derived from nuclear fission, in its own facilities or in the facilities of other Federal agencies. That would do away with the present prohibition in the bill now before us. I am just as much concerned with the situation in the State of New York as my distinguished colleage from Rhode Island is with the situation in his State.

As I understand, if the Federal Government should determine to set up a reactor in the State of New York for the production of nuclear energy, it could dispose of such nuclear energy to any public or municipal body, to the Power Authority of New York, or, if necessary, to private utility companies, at a price which it considered fair, and that would serve as a yardstick or comparison with the prices now charged by the Mohawk & Hudson Power Co. or other public utilities. However, the control would always remain in the Atomic Energy Commission for the making of rates and for giving preference to public bodies in the distribution.

Mr. JOHNSON of Colorado. The Secretary of the Interior would do the actual distribution of any surplus beyond what the Atomic Energy Commission itself would use. The Senator is absolutely correct in the analysis he has made of the bill and of my amendments.

Under the present law the Atomic Energy Commission can generate electricity through use of radio-active materials. However, under the terms of the bill which is before us, it would be prohibited from doing so.

Mr. LEHMAN. Exactly.

Mr. JOHNSON of Colorado. It seems to me that that is a very unwise prohibition, not to permit it to make electricity for its own use, if and when it finds it to be in the public interest to do so. If the rates being charged are too high, it could build its own plant. The mere fact that it would be empowered to do so would, it seems to me, guarantee it a better bargaining status when it went out to buy power—and it does have to buy immense quantities of electric energy. The mere fact that it had such authority would save hundreds of millions of dollars to the United States Government and to the taxpayers of the United States.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. LEHMAN. As I understand, the provision in the bill now before us would completely prohibit the production of energy from nuclear fission by the Atomic Energy Commission. This amendment would simply make it possible, within the discretion of the Atomic Energy Commission, to proceed with the production. Let me also point out——

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. HICKENLOOPER. There is an evident misconception which I should like to correct in order that the discussion may proceed on a factual basis. If the Senator will yield, I should like to say that not only is there nothing in the bill which would prohibit the Commission from producing power, but it is a part of the duty of the Commission, under its program of research and development, to experiment in the field of production of power. So the Commission can produce power today.

Mr. JOHNSON of Colorado. For experimental purposes; yes.

Mr. LEHMAN. It can produce it for purposes of research and development.

Of course, the Commission is empowered and directed to carry on research work, but there is a definite prohibition in the bill—not in the existing law——

Mr. HICKENLOOPER. I wish the Senator would point out that provision.

Mr. LEHMAN. I shall do so in a moment, as soon as I can get at it. There is nothing in the amendments proposed by the distinguished Senator from Colorado with which the Senator from Minnesota and the junior Senator from New York have been glad to associate themselves——

The PRESIDING OFFICER. The Chair understood that the Senator from Colorado yielded for a question.

Mr. JOHNSON of Colorado. I will yield for a question.

Mr. LEHMAN. I will reword it.

I ask the distinguished Senator from Colorado if there is anything in his amendments which would in any way give exclusive rights to the Government, or prevent the licensing or operation of private-utility companies in this field. All these amendments would do would be to remove the prohibition which now exists, a prohibition which places the United States Government in a position where it cannot protect the rights of the people of the country, who have provided more than $12 billion for the development of this highly useful and valuable natural resource.

Mr. JOHNSON of Colorado. The Senator has stated the situation accurately.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. HUMPHREY. If I recall correctly, the amendment which the Senator from Colorado has offered had its genesis in a colloquy between the Senator from Colorado and the Senator from Iowa [Mr. GILLETTE] as to the interpretation of that section of the bill which pertains to the right, or the alleged right, of the Commission to produce electric energy for its own operations. Was not that the genesis of the amendment?

Mr. JOHNSON of Colorado. Instead of the Senator from Iowa it was the Senator from Rhode Island [Mr. PASTORE] and the Senator from Tennessee [Mr. GORE]. However, the Senator from Iowa has joined in the sponsorship of the amendment which I have before me, and the Senator from Minnesota and the Senator from New York, among other Senators, have prepared amendments along the same line. These amendments differ slightly as to language and procedure, but the legislative counsel came up with this version. It seems to me that this version would do the job very well, and do it thoroughly. It would amend three parts of the bill which deal with this subject. Instead of dealing with section 44, it writes a new section 45, and sets up permissive legislation under section 45.

Mr. HUMPHREY. Mr. President, will the Senator yield further?

Mr. JOHNSON of Colorado. I yield.

Mr. HUMPHREY. In other words, if the interpretation which the senior Senator from Iowa [Mr. HICKENLOOPER] has placed on this measure is correct, the amendment which the senior Senator from Colorado [Mr. JOHNSON] offers has the effect of writing into the bill what the senior Senator from Iowa thinks is already in the bill and is not excluded from the bill.

Mr. HICKENLOOPER. It does not have that effect at all. I know what is in the bill with respect to the Commission's authority to build powerplants under the research and development provisions of the bill. Today, without any amendment, the Commission can build powerplants under the research and development provisions of the bill and furnish its own power, and in so doing it can carry on all the experimental operations it wants to carry on.

The section of the bill which deals with the sale of incidental power produced as a byproduct of the Commission's experimentation does not authorize the Commission to go into the commercial production of power. That section does not authorize the Commission to do that. I do not believe it authorizes it to go into the commercial generation of power except for the Commission's own uses and purposes.

Mr. JOHNSON of Colorado. The Senator from Iowa is referring to section 44, the byproduct energy section.

Mr. HICKENLOOPER. That is correct.

Mr. JOHNSON of Colorado. The amendment I am offering adds another section at the end of section 44, and section 45, incorporates the provision which I have said is very important. It seems to me the provision is necessary for a clear understanding of the bill.

Mr. CORDON. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. CORDON. I am interested, as I know the Senator is, in making certain that the Atomic Energy Commission has authority not merely to sell surplus power or surplus products, but has the right to license the use of atomic material in the production of power, and the right to grant licenses to both public and private bodies. It would appear to me that we have achieved all that is needed if we are certain that the Commission can license to a public or private body the operation of what will one of these days be an atomic electric generating plant. That is what we need.

Mr. JOHNSON of Colorado. That is one of the very important provisions of my amendment.

Mr. CORDON. Will the Senator let me make a suggestion?

Mr. HICKENLOOPER. Mr. President, will the Senator yield at that point?

Mr. JOHNSON of Colorado. I yield.

Mr. HICKENLOOPER. The bill already amply provides that any public or private body that can meet the moral and general equipment standards—they must at least be equipped to enter the field—is eligible to receive a license from the Atomic Energy Commission. That means public-power districts, cooperatives, the TVA, private investment groups, and others. They are eligible to receive licenses from the AEC to develop their own power.

Mr. JOHNSON of Colorado. I appreciate what the Senator from Iowa is saying. The Senator is a very good lawyer, and I have great confidence in his legal ability. I know that he understands the bill and that he has given it deep study.

However, I took this matter up with the legislative counsel, and I had the office of the legislative counsel read the licensing provision in the bill. They came up with this provision and said that if we were going to provide that the Atomic Energy Commission could make the power for itself, the licensing provision of the bill, which may be found in section 103 of the act, would have to be amended.

Therefore my amendment, on page 2, subsection (b), from line 5 to line 20, inclusive, provides for such licensing.

Then the office of the legislative counsel said that there would have to be an amendment in the appropriation provisions of the bill. Therefore, on page 2 of my amendment, lines 21 and 24 provide for an appropriation. That language would be added on page 102, line 7, of the bill. Of course, Congress must first appropriate the money. I am told that in the report of the committee there is contained a paragraph which explains that there are serious restrictions, but I cannot find that paragraph in the report.

Mr. LEHMAN. Mr. President, will the Senator yield so that I may point out to him that passage in the report?

Mr. JOHNSON of Colorado. I yield.

Mr. LEHMAN. The Senator from Iowa questioned a statement which I made a short time ago. I believe this is the passage in the report to which the Senator from Colorado has referred. I should like to read from the committee report at page 15:

> This section will permit the Commission to dispose of that utilizable energy it produces in the course of its own operations, but does not permit the Commission to enter the power-producing business without further Congressional authorization to construct or operate such commercial facilities.

If that is not a complete prohibition, then I cannot read the English language.

Mr. HICKENLOOPER. Mr. President, if the Senator from Colorado will yield, I will explain to the Senator from New York——

Mr. JOHNSON of Colorado. I will yield to the Senator from Iowa, if he will be patient. The Senator from New York has found the language I was looking for. Now, when we are passing the bill, is the time to state the policy. It is not necessary to wait for some future Congress to do it. Let us put that provision in the bill. Let us have the bill as complete as we can make it. As the report indicates, before the Atomic Energy Commission can build a plant of this kind, it must have authority from Congress.

Let us put that authority in the bill now. Let us put it in while we are writing the bill. It still would be necessary to provide the appropriations. However, we are writing an authorization bill. Let us write the authorization bill now and let us make it a complete authorization bill.

As I said to the Senator from Iowa a while ago, I had to depend on the very able attorneys in the office of the Legislative Counsel to examine the bill and to find out what it did and what it did not do. They came up with the amendment I have offered, to do the things that I wanted done; and that language was written into my amendment. That is as much as I know about it.

Mr. HICKENLOOPER. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. HICKENLOOPER. What the Senator from Colorado and the Senator from New York and the Senator from Minnesota are trying to do with their similar amendments—and their amendments are practically alike—is to make a TVA out of the Atomic Energy Commission, and to make a production agency out of an agency which was never intended to be anything except a research and development agency and a weapons-producing agency for national defense. That is the effect of the amendment of the Senator from Colorado.

Mr. JOHNSON of Colorado. The Senator could not be any more in error——

Mr. HICKENLOOPER. It completely reorients the whole purpose of the Atomic Energy Commission.

Mr. JOHNSON of Colorado. The Senator could not be more wrong if he jumped out of one of the windows of the Capitol Building than he is in the statement he has just made. He is completely incorrect; completely in error. The Senator from Iowa knows the Senator from Colorado is not a public power fanatic. Perhaps I should not use that word.

Mr. HICKENLOOPER. I think the Senator is not a fanatic in anything. I think he is a very fine gentleman.

Mr. JOHNSON of Colorado. I know that we must have both public power and private power. Private power provides more than 80 percent of the electric energy in this country, and public power provides only 20 percent. I think it is something less than 20 percent. I believe there is a place for both public power and private power. This is a power bill. It is written especially to encourage the production of power by private enterprise. That is a good thing, and I am for it. I believe in it. Private power will take private capital and develop plants which produce electric energy. But I do not see any reason, and I can find no reason, why the public itself, which has made this great investment of $12 billion in atomic energy for this great institution it has built should be deprived of this opportunity, and I can see no reason why the Atomic Energy Commission which uses more power than does any other institution in all the world, should be prohibited from producing electric power.

Mr. HICKENLOOPER. Mr. President, will the Senator from Colorado yield for a question?

Mr. JOHNSON of Colorado. Yes; but I want, first, to yield to the Senator from Oregon. He was interrupted a moment ago. He had a line of questions. I shall be glad to yield to the Senator from Iowa shortly.

Mr. CORDON. I am interested particularly in being certain that public agencies other than the Atomic Energy Commission are legally authorized to operate atomic-energy facilities for the generation of electric power. I am not particularly interested in having the Atomic Energy Commission itself do that particular job. I think the bill fully provides that the Atomic Energy Commission may generate power for itself. Is it the thought of the Senator from Colorado, as it is that of the Senator from Oregon, that we should make certain that the bill authorizes the Atomic Energy Commission to license public bodies up to and including a State, and even Federal bodies, to operate electric powerplants?

Mr. JOHNSON of Colorado. That is exactly one of the things which my amendment provides.

Mr. CORDON. I wish to invite the Senator's attention to 1 or 2 little items, if he will permit me to do so.

Mr. JOHNSON of Colorado. That is one of the tasks I assigned to the legislative counsel. I asked them to draft this amendment. The Senator will find that the language in the first paragraph reads as follows:

> The Commission is empowered to produce or provide for the production of electric power and other useful forms of energy

derived from nuclear fission in its own facilities or in the facilities of other Federal agencies.

When the Senator looks at paragraph (b) he will find that the second point is taken care of on page 2 of the amendment.

Mr. CORDON. Mr. President, if the Senator will yield further, I should like to call attention to my own view of a minor amendment that will do everything except authorize the Atomic Energy Commission to produce electric power for commercial purposes, for sale.

On page 7 of the bill, in line 21, there is a definition of the word "person." It provides:

The term "person" means (1) any individual, partnership, firm, association, trust, estate, public or private institution, group, Government agency other than the Commission, any State or any political subdivision thereof, or any political entity within a State, any foreign government or nation or any political subdivision of any such government or nation, or other entity; and (2) any legal successor, representative, agent, or agency of the foregoing.

That definition would include every public agency in the United States except the Atomic Energy Commission—every State and every division of a State. If the bill were specifically to authorize the licensing of persons, then the definition of "person" would include every agency of Government except the Atomic Energy Commission itself.

Personally, I should like to keep the Commission out of it. I think it has a big enough job without becoming a commercial power company. That is my own view of it. I would suggest to the Senator as an amendment on page 42, line 21, after the word "licenses", which is the first word in that line, to insert the words "to persons applying therefor"; and to insert the same language on page 44, after the word "licenses" in line 20, and on page 45, after the word "licenses" in line 3, and the same words after the word "licenses" in line 20. That would do everything that needs to be done to make power available to every agency, public or private, in the United States, excepting only the Atomic Energy Commission, which could then continue in the field which peculiarly belongs to it.

I make that suggestion to the Senator. I am sure such an amendment would accomplish the purpose.

Mr. LEHMAN. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. Of course, I have great respect for the legal ability of the Senator from Oregon. I have heard 2 or 3 lawyers in the Senate say that the Senator from Oregon is the best attorney in this body. Whether he is or not, I know he is a very able lawyer.

Mr. CORDON. I am sure if Senators said that, they were mistaken.

Mr. JOHNSON of Colorado. The Senator is very modest.

I took the matter up with the legislative counsel, and I think they came up with as simple an amendment as is possible. They studied the matter not only for a few minutes, but for a couple of days, before they gave me the answer. I think they have suggested an amendment which will stand the test and do the job. I hope the Senate, in its wisdom, will adopt the amendment which I have offered.

Mr. CORDON. Mr. President, will the Senator from Colorado yield for one more observation?

Mr. JOHNSON of Colorado. I yield.

Mr. CORDON. If the Senator desires to include the Atomic Energy Commission in the group which is authorized to produce electric power for commercial use, the amendment which I have suggested would not do that. If he wants to exclude it, then my suggested amendment would be completely adequate.

Mr. JOHNSON of Colorado. The only reason why I want to exclude the Atomic Energy Commission is so that the REA's and municipal public bodies can receive electric energy. There is no use in licensing them to distribute electric energy if they cannot get hold of some electric energy. That is the reason why that provision is in the bill, and that is the only reason, so far as I am concerned.

Mr. CORDON. I suggest once more, if I may, that associations of such groups would be completely adequate in size to operate their own plants. But I do not wish to intrude further.

Mr. LEHMAN. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield to the Senator from New York.

Mr. LEHMAN. It seems to me that what the Senator from Oregon is proposing would destroy one of the main purposes of the amendment. I ask the Senator from Colorado whether there is anything in the amendment he has offered, or in the amendments offered by the Senator from Minnesota [Mr. HUMPHREY] and myself, which would in any way prevent, handicap, or hinder private enterprise. None of those amendments say that private enterprise should be excluded, should not be recognized, or that the Government should have a monopoly. Quite the opposite. We all welcome private enterprise. We want it, if necessary and advisable, to do the main part of the job.

But certainly it would be beyond the realm of justice, good sense, and logic for Congress to say that although the American people have put up $12 billion to defray the expenses of constructing the facilities and of carrying on the research and experimentation and operations of the Atomic Energy Commission, the Commission cannot, if it is in the interest of the people of the United States, undertake any of this work whatsoever? I do not say that they ever will. But certainly we should not close the door. We should not give the private utilities complete monopoly over this resource.

I do not know when it will be to the interests of the people of the United States for the Government to undertake some of this work, possibly in cooperation or in partnership with private enterprise, but, considering what the people have done to make possible this resource, the sacrifices they have made, and their ownership of the resource, I can see no excuse, no reason, no logic, in the Congress of the United States refusing to make it possible for the Atomic Energy Commission to market commercially in the interests of the people the power or the energy which is generated from nuclear fission.

That is what I am arguing for, and why I think this bill is a bad bill, because it completely closes the door to any possibility of the Federal Government taking care of the people of the United States.

The PRESIDING OFFICER. Does the Chair understand that the Senator from Colorado has yielded the floor?

Mr. JOHNSON of Colorado. No. I have yielded merely for a question. I wish to thank the Senator from New York for clarifying these very important points.

Mr. HICKENLOOPER. Mr. President, will the Senator yield for a question?

Mr. JOHNSON of Colorado. I wish to make another point while I have it in mind, if the Senator will be willing to wait. Then I shall yield.

Such a provision as is contemplated in my amendment would, I think, give a great deal of confidence to the people of the United States. They would know they were receiving a square deal in the production of electric energy from atomic sources.

I cite this as an example: I have been told that for 20 years before there were sound moving pictures, science had produced them, but the industry did not want to adopt the new type of films, because it had heavy investments in theaters which were equipped for the showing of silent films. The industry simply did not want to take that progressive step. So, I am told, the public had to wait 20 years until the motion picture industry got ready to come forward with sound pictures.

If such a thing should happen in the production of power by private enterprise, there would be a great temptation on the part of private enterprise not to go too fast. Private enterprise has a tremendous investment in the plants producing electric energy. They might move along pretty slowly with something new; they might not produce electric energy from atomic sources very rapidly. If the Atomic Energy Commission should believe that the private power industry was slowing down, the Commission could move ahead on its own and could produce electric energy. They could determine what it would cost to produce electric energy from atomic sources, and that could act as a yardstick for the cost of such energy, provided that kind of provision were included in the bill. If such a provision is not placed in the bill, and if private power companies are given a complete monopoly, something which they should not have in a public venture of this kind, many persons who are a little skeptical, anyway, of the free-enterprise system might imagine that private industry was slowing down, and that cheaper power could be had if private industry wanted to move ahead.

There is another side to the question. Under the pending bill, if the private power companies in their system of producing energy integrate an atomic plant, it will be very difficult for accountants or anyone else to ascertain how much it

is costing to produce electric energy from atomic power. It will not be possible to determine the costs, because the two methods of production will be integrated throughout the system, and will include coal production, hydroelectric production, and distribution. It will not be possible to determine absolutely and conclusively, to the satisfaction of the Commission, that a good job is being done.

But if a provision of this kind is included in the bill, and the Atomic Energy Commission itself becomes suspicious, it can erect a plant of its own to make electric energy, and thus prove the truth or the falsity of such suspicions or such charges.

I now yield to the Senator from Iowa.

Mr. HICKENLOOPER. Does the Senator from Colorado believe that the Department of Agriculture should engage in the commercial sale of fertilizer, or that the Bureau of Standards, which develops electronic devices, should engage in the manufacture of new kinds of radio sets, and sell them to the public? That is what the Senator is proposing in his amendment. He is seeking to provide for a research and development organization in the Atomic Energy Commission, which now actually produces nothing under its own management, except weapons. Most of the rest of the research is done under contract with private industry. But the amendment of the Senator from Colorado proposes to put the Atomic Energy Commission into the position of a producer of commercial power for retail sale. I merely submit that that is not the basic purpose of the Atomic Energy Commission. We would be reorienting the direction and purpose of a great research and development organization, which should keep its line of activities fairly plain, and not allow them to become distorted by engaging in the commercial production of electricity.

Mr. JOHNSON of Colorado. Of course, the Senator from Iowa is very familiar with the purpose of the Atomic Energy Commission and its functions, and with all the important tasks which have been assigned to it. He is familiar with all of its activities, because he has been a member of the Joint Committee on Atomic Energy for a long time. But I beg leave to differ with the Senator when he says that it is only a research body. It is nothing of the kind. It is more than a research body, and the Senator from Iowa knows it.

Mr. HICKENLOOPER. I said it was a research and development organization. Those two words must go together.

Mr. JOHNSON of Colorado. I should like to have the Commission develop a little something for themselves. Someone said the other day that the Atomic Energy Commission is in the electric-energy business. Certainly they are in the business. They are the biggest buyer of electric energy there is. They buy more than anyone else. They buy as much electric energy in a year as does all of New England put together.

The Commission has the facilities and the responsibility for making power. Why legislation should be enacted which would deny them the authority to make power, in case they found they were being overcharged for the great amount of electric energy that they use, is simply more than I can understand.

Mr. HUMPHREY. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield to the Senator from Minnesota.

Mr. HUMPHREY. Is the Senator from Colorado not somewhat disturbed or moved by the comment of the senior Senator from Iowa, to the effect that the Atomic Energy Commission is not supposed to be in the electrical production business, in other words, the production of electrical energy, or engaged in the electric business, when just a few moments ago on the floor of the Senate, when we were trying to make a determined effort to take the Atomic Energy Commission out of the electric utility business the effort was defeated? In other words, did not the Dixon-Yates contract, which used the Atomic Energy Commission as its vehicle, place the Atomic Energy Commission in the electric business? How can the Senator deny it? I want to know if there is any consistency in the remarks of the Senator from Iowa.

Mr. HICKENLOOPER. Mr. President, if the Senator from Colorado will yield, I shall be glad to answer the question.

Mr. JOHNSON of Colorado. I shall be glad to yield to the Senator from Iowa, provided I do not lose the floor.

Mr. HICKENLOOPER. The Senator from Minnesota asked a question about a remark I made. I shall answer it now or later; I do not care when.

Mr. JOHNSON of Colorado. I shall be glad to yield if I do not lose the floor, but I do not want to lose the floor.

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Iowa provided he will not lose the floor? Without objection, it is so ordered.

Mr. HICKENLOOPER. The action which the Senate took a short time previously did not put the Atomic Energy Commission in the electric power business any more than the Atomic Energy Commission is in the electric business when it buys electricity from any other source to run its plants.

Mr. HUMPHREY. Mr. President, will the Senator from Colorado yield so that I may make a rejoinder to the comment of the Senator from Iowa?

Mr. JOHNSON of Colorado. I yield, provided I do not lose the floor.

Mr. HUMPHREY. I may say to the distinguished Senator from Iowa that, according to all the testimony before the joint committee, the electric energy which will be forthcoming as a result of the Dixon-Yates contract will not relate to the operations of the Atomic Energy Commission at all. That energy is to be funneled into the TVA, and the TVA, in turn, is to service the community or area known as Memphis, Tenn. That is exactly what some of us were complaining about in terms of the philosophy expressed in the bill.

When the Johnson amendment is before the Senate, the cry is raised that it will permit the Atomic Energy Commission to be in the power business. I may point out to the Senator from Iowa that, by his vote a few moments ago, and by a majority vote of the Senate, we have established the precedent of the Atomic Energy Commission being in the power business because the contract with the Dixon-Yates group does not relate to the electric needs of the Atomic Energy Commission. I say to the Senator from Iowa that he can examine his own record and the testimony before the joint committee, of wl ich he is one of the distinguished senior members, and he will find that the Atomic Energy Commission never asked for that power. He will find that there is not 1 kilowatt of that power going to the Atomic Energy Commission for its facilities or production or research. He will find that the Atomic Energy Commission was put into the electrical-power business by a contract which was ordered to service the Memphis, Tenn., area. Is that not the case?

Mr. HICKENLOOPER. Mr. President, will the Senator from Colorado yield?

Mr. JOHNSON of Colorado. I shall be glad to continue to serve as a line of communications between the two Senators provided I do not lose the floor.

Mr. HUMPHREY. I say to the Senator from Colorado he is like the Atomic Energy Commission and the Dixon-Yates case—he just sort of got in. He is in the business of setting up the conversation between the Senator from Iowa and the Senator from Minnesota just as the Atomic Energy Commission was set up in the electric business.

Mr. JOHNSON of Colorado. But not quite so explosive.

Mr. HICKENLOOPER. Mr. President, I shall try to respect the time of the Senator from Colorado. I understand it is unanimously agreed that he will not lose his right to the floor.

Mr. JOHNSON of Colorado. It is the purpose of the Senator from Colorado to try to make his amendment as clear as he can. I am absolutely certain that if the Members of the Senate understood the purpose and the effect of the amendment which I have offered, it would be agreed to by an almost unanimous vote. So I shall be glad to try to help bring out all the facts in connection with my amendment. For that reason I have been very willing and glad to yield to the two very distinguished Senators. I now yield to the Senator from Iowa, with the understanding that I do not lose the floor by so doing.

Mr. HICKENLOOPER. I thank the Senator from Colorado. In the first place, I wish to say to the Senator from Colorado, and to assure the Senate, that the basic substance of the amendment which the Senator from Colorado has offered was given long and careful consideration by the joint committee, and decisively defeated in the joint committee. That is my first point.

With reference to the statement by the Senator from Minnesota that the action which the Senate took put the Atomic Energy Commission in the power business, I dispute that. It put the Commission in a position where it can acquire replacement power for power which it must take out of the TVA tank or reservoir. The Commission is exercising its responsibility in insuring an assured source of power.

That misconception on the part of the Senator from Minnesota reminds me of a number of misconceptions he has expressed and stated in his various arguments on the floor of the Senate. I am reminded of an old biblical saying. I shall apply it to the arguments which the Senator from Minnesota has made in the debate, and say that they are like the seed of Abraham, numerous as the sands of the sea.

Mr. HUMPHREY. Mr. President, will the Senator from Colorado yield so that I may reply to the comment of the Senator from Iowa?

Mr. JOHNSON of Colorado. I hope we will not get as far off the track as the seed of Abraham, but I yield provided I do not lose the floor.

Mr. HUMPHREY. First of all I want to thank the Senator from Colorado for his generosity and also the Senate for making the courtesy possible. I want to thank the Senator from Iowa for including me in the distinguished array of persons who sprung from the seed of Abraham and the sons of Abraham. In that group were included Solomon, David, and other distinguished prophets. I have never claimed to be a prophet, but one does not have to be a prophet to see what is going on. I urge the Senator from Iowa to use that great element of commonsense for which he is so well known. I have many times praised him for his work in the field of atomic energy. I think if he will answer these questions in the meditation of his own conscience, he will get the correct answer.

No. 1: Did the Atomic Energy Commission ever ask for the Dixon-Yates contract in order to replace power it was getting from the Tennessee Valley Authority?

May I give my answer, and then the Senator from Iowa can make his own confession? It did not.

No. 2: Did a majority of the Atomic Energy Commission feel that the contract was unwarranted, undesirable, and not needed?

My answer to that is that the majority did feel it was unwarranted, undesirable, and not needed.

The Senator from Iowa can answer that question in his own way.

No. 3: Does the Senator from Iowa believe the Atomic Energy Commission is not in the power business when the Atomic Energy Commission contracts for power with a nonexistent firm, which firm will be built primarily by Government support through a guaranteed contract, which power will not go to the Atomic Energy Commission, which power will go to the Tennessee Valley Authority facilities, and the Tennessee Valley Authority facilities are located in the Memphis, Tenn., area?

Finally, I ask this question, and the Senator from Iowa may answer it in his own time: Is there any evidence that one single kilowatt of power which the Atomic Energy Commission will have control of through the Dixon-Yates contract will be used for the facilities of the Atomic Energy Commission? If there is, will he point it out in the record of the testimony? If he cannot point it out in the record of the testimony, he must admit, must he not, that the Atomic Energy Commission, through a devious method, is in the power business?

As I said earlier in the debate, when we legitimatize it, it is a very peculiar arrangement, because we are postdating the birth certificate. The birth of the child of the Dixon-Yates contract was never legal, as the Senator from Mississippi [Mr. STENNIS] put it earlier tonight.

I ask the Senator from Iowa if he can offer one scintilla of evidence to indicate that the AEC is not in the power business in the Dixon-Yates contract.

Mr. JOHNSON of Colorado. Mr. President, I have only one other point to make. I had the honor, privilege, and responsibility of serving on the original Senate Committee on Atomic Energy, from its inception; I was one of the members who was appointed when the Committee on Atomic Energy was only a Senate committee. At that time we were assigned the responsibility of writing the initial act—the present so-called McMahon Act. We had nine separate bills, before we finally came up with a bill upon which we were able to agree. The present McMahon Act is that bill.

Under the provisions of that bill, the Atomic Energy Commission was given a complete monopoly over all radioactive source materials. The Commission must maintain that monopoly even today. It is not legal for any person to have uranium, thorium, or any of the other radioactive source materials, after they have been taken out of the ground in their natural state; under the law, it is not legal for any person to own such materials. They have to be turned over to the Atomic Energy Commission. So the Commission has a monopoly, and that must be so.

Many of us who served on the first committee did not like to create the monopoly. We hesitated to do so. However, it was absolutely necessary that we do it. So we did it with our eyes wide open; and as of today, the Atomic Energy Commission, under the new bill, will retain the same monopoly. It must retain it. So long as atomic energy is more useful for making weapons than for making anything else—as is the case at the present time—the Commission is, and must be, entrusted with our security.

Under these circumstances, Mr. President, why do we hesitate to empower the Commission to make some of the electric energy required for its own use; and, if the Commission has a surplus of electric energy, to sell it through the Secretary of the Interior? Do not we trust the Secretary of the Interior? Do not we trust the formula which we ourselves have established for the distribution and sale of public power that is created at the great dams the Government has built in the canyons of the West or on the rivers in the East that, if uncontrolled, cause great flood damage—the formula applied to the hydroelectric power generated in connection with those dams, and inasmuch as the Secretary of the Interior is authorized to sell and to distribute that power?

Do not we have confidence any more in anyone except private industry? Must we turn over everything to private industry, before we have confidence? I do not think so.

I want private industry to have all the opportunity we can give it. I want private industry to have great opportunity to help develop power from atomic energy. However, I wish to point out to the Senate that at this time it is not feasible to produce power from uranium. However, I am sure all of us who have faith are sure that the time will come when atomic energy will be the source of power; and it probably will not be done by heating water first. Instead, it probably will be done directly, as the RCA proved that it could be done—when radioactive energy is taken directly from radioactive materials, is captured, is run through a wire, and is used in that way. When that system is perfected, we shall find that power will be produced very, very cheaply, through these fissionable materials. That time is coming. The scientists have worked out the process in the laboratories; and once that is done, it is only a matter of time until the scientists work all the bugs out of the process, and until it is in common use.

So I do not see why we in the Senate tonight have so little faith in the Atomic Energy Commission that we are afraid to empower it with the right to create electric energy when we surround that power with the authority of Congress.

My amendment provides that Congress shall approve the appropriations for that specific purpose. When we surround the authority with every sort of limitation, why are we so fearful and so afraid? Why will we trust only private industry?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. JOHNSON] for himself and the Senator from Iowa [Mr. GILLETTE].

Mr. NEELY. Mr. President, for many days and nights I have patiently listened to the Senate debate. At last I have decided to join the executioners instead of waiting in silence to be talked to death. [Laughter.]

So listen, my children, and you shall hear, not of the midnight ride of Paul Revere, but of some of the reasons why that part of the world known as the United States of America is now screwed up, as it was never screwed up before. [Laughter.]

I purpose to read from one of the oldest, and most patriotic and praiseworthy newspapers in the land. It was established 77 years ago, for the purpose of serving the Union veterans of the Civil War. It later became the promoter of the welfare of the veterans of all our wars. It has been Republican from its inception. Its present editor has been a Republican for 40 years.

Its name is the National Tribune-Stars and Stripes. So far as I know, it is one of the most reliable Republican newspapers ever published. This is not as high a compliment as it deserves. [Laughter.]

It has always put principle above politics, and courage above cowardice.

Proof of this assertion will be found in what you are about to hear.

Attention is invited to the latest issue of this paper on the front page of which

this banner appears: "Republican Party Forsakes Veterans."

Under that, extending over two columns of the page, is the subheading:

HOUSE LEADERSHIP TURNS DOWN ALL COMPROMISES ON PENSION INCREASES

Following days of high-level conferences, Speaker notifies veterans' committee White House will approve nothing but meagre boost for service-connected alone—move defeats any chance of cost-of-living hikes for those needing them most.

The article is as follows:

The Republican administration, at White House direction, has repudiated veterans and their needy dependents of all of the wars in which the United States has been engaged. The betrayal of the 20 million that constitute the veteran class, as well as of the 3,700,000 who are on the compensation and pension rolls is complete, and the Republican leadership has won for itself either a tremendous victory or a positive assurance of the loss of the House of Representatives next November.

On last Friday, after final efforts were made to compromise differences between the wishes of organized veterans—as represented in H. R. 9020 that was reported unanimously by the House Committee on Veterans' Affairs—and the Eisenhower administration, the friends of veterans in the Congress were advised that the White House would turn thumbs down on any bill excepting one to grant a 5-percent cost-of-living increase in compensation alone to veterans who suffer from disabilities resulting directly from war and to some of the dependents of those who have died as a result of war.

The House Committee on Veterans' Affairs, which may have met for a final session behind closed doors as this issue of the Tribune was on the press, had no choice before it but to accept the dictation of the White House or have no bill at all. It was a ringing victory for the House leadership under the direction of Majority Leader CHARLES A. HALLECK, of Indiana, who, according to the Congressional Directory, served in World War I and is a member of the American Legion.

Special rule is sought

H. R. 9020 proposed compensation and pension increases totaling $232 million and, regardless of the fact that it does not meet with any degree of realism the actual hikes in costs of living since the last increases were granted, it proposed roughly a 10 percent increase all down the line for service-connected veterans, picked up in part and attempted to correct inequities resulting from Public Law 356 of the last Congress and granted some relief to veterans and dependents of all wars, including the underpaid widows and totally-disabled non-service-connected veterans. The measure was written after prolonged hearings by the Veterans' Affairs subcommittee headed by EDMUND P. RADWAN, World War II veteran of New York, and was unanimously approved by the full committee on May 28. Immediately, Chairman EDITH NOURSE ROGERS, of Massachusetts, filed a request for a special rule for its consideration. Obtaining no satisfaction from the chairman of the powerful Rules Committee which is headed by World War I veteran LEO E. ALLEN, of Illinois, Mrs. ROGERS made a second appeal by letter to that committee. Even though it is known that 10 of the 12 members of the group, 8 of whom are Republicans, favored the measure, ALLEN would not permit consideration, and it is an open secret that the lack of action was due to administration interference.

On July 2, some 35 days after the Rules Committee had the first request, RADWAN introduced a House resolution (H. Res. 612) which sought to discharge the Rules Committee from further consideration and obtain a vote on the floor. The measure had to lie over for 7 legislative days before a discharge petition could be filed. That time expired on July 15, and Mrs. ROGERS sought to obtain the signatures of a majority of the House membership—218—so that the bill could come up in another 7 legislative days during which it had to lie on the Discharge Calendar.

Mr. LANGER. Mr. President, may we have order? We cannot hear the Senator.

The PRESIDING OFFICER. The Senate will be in order.

Mr. NEELY. Mr. President, I will endeavor to obviate that difficulty at once, because I want the distinguished Senator from North Dakota [Mr. LANGER] to hear what I am reading. He is the only Republican Member of this body who, to my knowledge, daily preaches and practices the political philosophy of Abraham Lincoln and Theodore Roosevelt. With the exception of the distinguished Senator from Oregon [Mr. MORSE], he is the only Senator on the other side of the aisle who seems to remember either the words or deeds of the Great Emancipator, who was one of the greatest of men.

I congratulate the Senator from North Dakota for still being a Republican of the Lincoln and Theodore Roosevelt school. He must be as lonesome in his present environment as Alexander Selkirk was on the island of Juan Fernandez.

Mr. LANGER. Mr. President, I demand order so that the distinguished Senator from West Virginia may be heard. [Laughter.]

Mr. NEELY. Mr. President, I second the motion, and accordingly proceed with the article—

Leaders fight measure.

That is, the Republican leadership of the House.

The 218 signatures were never obtained, and the list of signers cannot be available under House rules unless the petition is completed. It is known that approximately 160 Representatives filed to the Clerk's desk to affix their names, and Mrs. ROGERS sought desperately last Thursday to hold the House in session until the signatures could be had. The Massachusetts Congresswoman explained the measure in detail and sought to justify it. Surprisingly enough, only 8 House Members took the floor to help her and only 5 of them were members of the Veterans' Committee.

Minority Leader JOHN W. MCCORMACK, World War I veteran, of Massachusetts, stood stanchly by.

Mr. President, I digress to congratulate Massachusetts on having a great Republican woman and a great Democratic man in the House who were willing to stand up and fight for the veterans as they fought for their country around the world.

The five committee members supporting their chairman were JOE L. EVINS, World War II veteran, of Tennessee; JAMES A. BYRNE, of Pennsylvania; ED EDMONDSON, World War II veteran of Oklahoma; D. R. (BILLY) MATTHEWS, World War II veteran of Florida; and HARLAN HAGEN, World War II veteran of California. The others were MELVIN PRICE, World War II veteran of Illinois, and JACOB K. JAVITS, of New York. Other committee members and general Members of the House were strangely silent.

Before the attempt was made to dislodge H. R. 9020 from the Rules Committee, the week saw high-level conferences through which organized veterans and others sought to obtain legislative action. To be understood, with their consequences, the story should be told in chronological order.

CONFERENCES BEGIN

Acting in the best of faith, and faced with early adjournment, a group of veterans' leaders engaged in the interest of Republican Representative JAMES E. VAN ZANDT, of Pennsylvania, a three-time commander in chief of the Veterans of Foreign Wars. For them VAN ZANDT made an appointment with the Speaker of the House, JOSEPH W. MARTIN, JR., of Massachusetts. It is understood that invited also was Majority Leader HALLECK, who failed to show up but who was approached from the Speaker's office by telephone. There had been talk of a compromise bill in the air for weeks. The veterans had no compromise to offer. Some view in the nature of administration compromise was requested from the leaders so that it could be studied, but there was no tangible result excepting that, in discussing the entire problem with the Speaker, who apparently seemed to be in full sympathy with the original measure, possible changes in the bill were discussed.

This meeting took place on Tuesday, July 13.

At 8:30 the next morning HALLECK went to the White House for a general discussion on legislation with the President and his advisers. It was his purpose to discuss also the terms of H. R. 9020 and determine the stand of the administration on the bill. So far as is known, the results of that conference were not made available directly to the Committee on Veterans' Affairs.

On Wednesday afternoon the Veterans' Committee was called into a special executive session. It determined unanimously to name a subcommittee of ranking members who, with the chairman, were to meet with Speaker MARTIN. That conference took place and was also behind closed doors, but, it is understood, the special committee was advised that the White House sought some sort of a compromise.

Mr. President, it will be observed that those veterans and their representatives were having the same kind of success in dealing with the Republican leadership of the House that England, France, and the United States had in dealing with Russia and Red China at Geneva.

PETITION IS FILED

On Thursday, Mrs. ROGERS took the floor and announced the filing of the discharge petition, appealing to all Members of the House to affix their signatures so that the bill might have an opportunity for passage before adjournment. During the discussion in the House, and while Mrs. ROGERS sought to keep the body in session, Minority Whip JOHN MCCORMACK, reasserted his approval of the measure, insuring that many Democrats would go along.

Mr. President, Democrats always go along for the right and against the wrong.

Chairman ALLEN, of the Rules Committee, sought to indicate that the Congress had already passed a number of veterans' bills, all of which, incidentally, were of a comparatively minor nature. The House adjourned at 3:23 p. m.

Majority Leader HALLECK went back to the White House Thursday afternoon to advise that he had been victorious in stopping the discharge petition and to seek information relative to a compromise bill.

Think of an administration House leader going to the White House to celebrate with a great general, a parliamentary victory over veterans who had fought for their country and sacrificed themselves on bloody fields of battle for the American people.

One day last week a United Press dispatch carried on the front page of many newspapers, said, in effect, that during the last year the cost of living had risen higher than it had ever been before, and that in May of this year, under this administration's hard-money policy, the dollar was worth less than it had been at any other time during the past 169 years. In these circumstances it is not surprising that veterans and their friends are outraged by the mistreatment against which the distinguished editor of this great newspaper is crying out with the voice and vigor of a Jeremiah.

It is more than regrettable that General Eisenhower, who was the idol of the soldiers at the time he was elected, should confer with anyone who was boasting of a victory won over needy American veterans.

Mr. KNOWLAND. Mr. President, will the Senator yield for a question?

Mr. NEELY. I am delighted to yield to the distinguished majority leader.

Mr. KNOWLAND. I should like to ask the distinguished Senator from West Virginia if we are now advised that the liberal wing of the Democratic Party has determined not only to block the bill now pending before the Senate, but to obstruct the entire program of the President of the United States and the entire legislative program by an obvious filibuster, and thus prevent the public's business from being transacted? Is that the desire of the liberal wing of the Democratic Party?

Mr. NEELY. I have no authority to speak for the liberal wing of the Democratic Party. However, speaking for myself, I venture to say that if the rest of the program of this administration is similar to that which has already been enacted it would be no disservice to the people to filibuster to death that which remains, including the pending bill.

Mr. KNOWLAND. I take it that the Senator from West Virginia admits that he is now engaged in a filibuster to obstruct the remainder of the President's program.

Mr. NEELY. The Senator from West Virginia admits nothing of the kind. He is simply trying to protect deserving veterans. He is not filibustering. [Laughter.]

The Senator from California has consumed more time on this floor in the past 2 weeks than I have consumed since the 6th day of last January. If no one had talked more than I have, this session of Congress could have adjourned long before it gave away $50 billion worth of the Nation's oil which should have been used for the benefit of all the people.

Mr. KNOWLAND. Is the Senator from West Virginia familiar with the fact that a majority of his party in the Senate and in the House over a period of years supported that same legislation?

Mr. NEELY. I am aware of the fact that a Democratic President had the commonsense and patriotism to veto all such legislation.

Mr. President, let me encourage interruptions, if any other Senators wish to ask questions.

Mr. HENDRICKSON. Mr. President, will the Senator from West Virginia yield?

Mr. NEELY. I yield.

Mr. HENDRICKSON. Did the distinguished Senator say in the early part of his remarks that EDITH NOURSE ROGERS is a liberal or a conservative?

Mr. NEELY. I did not say, but, in my opinion, she is a liberal. I know she is a most patriotic, sympathetic, Christian woman.

Mr. HENDRICKSON. I noticed that in the Senator's remarks he classified her as a Democrat.

Mr. NEELY. Mrs. ROGERS is a Republican, at least she was when I served with her in the House. [Laughter.] But if Republicans are changing as fast in the House as they are in my home county of Marion no one can be sure that the Republican of yesterday is still standing pat today. During the past 2 years the registration change in Marion County, W. Va., has been at the rate of 7½ Democrats to 1 Republican. So I am not sure that anyone is still a Republican unless that fact is duly certified and sanctified by lie-detector tests, such as a Republican Senator recently suggested for the Republican Secretary of the Army.

Mr. HENDRICKSON. I only wanted to keep the RECORD straight, because the Senator did characterize Mrs. ROGERS as a Democrat in his earlier remarks.

Mr. NEELY. If so I misspoke I will correct that error at once. Does the Senator take exception to anything else I said about Mrs. ROGERS?

Mr. HENDRICKSON. Oh, no, indeed. I just wanted the RECORD to be straight.

Mr. NEELY. Mr. President, I hope it will be noted that, for once, I am in agreement with a Senator on the other side of the aisle.

Mr. LANGER. Mr. President, will the Senator from West Virginia yield?

Mr. NEELY. I yield.

Mr. LANGER. Is President Eisenhower a Republican or a Democrat?

Mr. NEELY. Why ask me? It took him 62 years to find that out. [Laughter.]

While we are on that point, Mr. President, do not ask me anything about President Eisenhower's religion. It took him over 60 years to find out that he could join a church. He was 60 years old before he learned that he could vote.

Mr. KNOWLAND. Mr. President, will the Senator from West Virginia yield?

Mr. NEELY. I yield.

Mr. KNOWLAND. Is the Senator from West Virginia questioning the patriotism of the President of the United States, a man who led the Armed Forces of the United States in the D-day landing? Is that what he is doing? Is he raising some question about the church to which the President belongs? What is the Senator trying to do? Is he trying to belittle the President of the United States on the floor of the Senate? I think he is showing the type of obstruction and undermining that is going on with reference to the program of the President of the United States who carries heavier responsibilities today than perhaps does any other man in the world. Is this the type of action to be taken in a great deliberative body which has before it a heavy program in the closing weeks of the session? Is this a demonstration of the attitude that is taken toward a long list of measures which must be acted upon, such as the tax bill, the unemployment compensation bill, the foreign aid authorization bill, the foreign aid appropriation bill, and the supplemental appropriation bill? Is this a spectacle the spokesman of that wing of the Democratic Party is trying to show to the people of the United States of America?

Mr. NEELY. Mr. President, of course I have not questioned the President's patriotism. I have repeatedly praised his outstanding military service. What the Senator has said about the deplorably neglected, lagging Republican program is a more caustic criticism of Republican leadership here and at the other end of the avenue than I would have ventured to utter. Let me remind the majority leader that his party is in control. If it does not redeem its campaign promises and enact promised laws, the voters, with their ballots, will on the 2d of November proclaim to the world that Republicans and not Democrats are to blame.

It is unfortunate that the Senator is afraid to have the people know that the President did not vote until he was 60 years of age, that he did not join the church until after he became President; and that he did not know whether he was a Democrat or a Republican until after he was 60 years of age. When the President became a candidate for political office he did what every other candidate does—put his character in issue. He did not become the beneficiary of anything resembling the divine right of kings. So far as I am concerned the record which the President himself has made is subject to the freest possible discussion. My right to freedom of speech about this important matter neither the majority leader nor anyone else will ever be permitted to abridge.

Mr. President, I resume the reading of the article:

The Committee on Veterans' Affairs went back into session at 4: 30 and discussed the proposition until adjournment at 6: 15, their decision being to write an amendment to grant a 5-percent boost across-the-board to service-connected and nonservice-connected veterans and dependents alike, with the single exception that the rates in H. R. 9020 as originally reported for dependent parents and service-connected widows, neither of whom had been given an increase 2 years ago, would remain as at first proposed.

On Friday, the special group from the Veterans Committee again met with Speaker MARTIN and carried with them the proposal as it had been rewritten.

TAKE IT OR LEAVE IT

This time the committee was informed that nothing would be acceptable to the White House but a straight 5-percent hike to service-connected veterans and the dependents of service-connected dead—nobody else.

That was the position as this issue of the Tribune goes to press. It is believed that the

full Committee on Veterans' Affairs would meet again in executive session on Tuesday of this week and rumors are rife that because it can get nothing better, a new amendment will be written to meet the White House proposal. If that action is taken, such a bill will doubtless pass both Houses before adjournment and be signed, and it will have come up under suspension of the rules on Wednesday.

There are other possibilities, but they are few. The Veterans' Committee could decide to take no further action and, because of the harshness of congressional leaders, let H. R. 9020 die. On the other hand, and because the discharge petition remains on the Speaker's desk, it could gamble with the adjournment date, appeal for the necessary signatures, especially in view of the fact that the so-called "compromise" is no compromise at all, depend upon House leaders to recognize the committee chairman for a vote, and send the measure on its way to the Senate. If the signatures are sought, it is more likely, however, that the House rules will be invoked and 7 days of the House in session must expire before the bill could be called up.

Either way, H. R. 9020 could pass the House before adjournment. It could also pass the Senate, provided the White House bullwhip were not used in that body, and yet if it passed both Houses, it would doubtless face either a direct or a pocket veto.

VET SPOKESMEN SHOCKED

As this is written veterans' organizations appear to be somewhat undecided as to what action they will take. Of course, none are satisfied with what has happened. Actually there is bitter disappointment.

Miles D. Kennedy, legislative director of the American Legion, while expressing disappointment, said that there is such a crisscross of confusion that he did not desire to make a public comment for the Legion. Omer W. Clark, directing legislation for the Disabled American Veterans, also chose to meet with organization officials before commenting, but he expressed the thought that anything less than a correction of the disparity created by Public Law 356 of the 82d Congress would not be acceptable to the DAV. John Holden, of the AMVETS, expressed himself in much the same language but did not desire to make a public statement, and John U. Shroyer, commander in chief of the United Spanish War Veterans, contacted in the State of Washington, could do nothing but state how highly unsatisfactory was the action taken by the House.

However, Omar B. Ketchum, legislative director for the Veterans of Foreign Wars, doubtless spoke the minds of most of his associates who testified for H. R. 9020 when he said:

"The failure to win the 218 necessary signatures on the RADWAN discharge petition constitutes a victory for the majority leader of the House of Representatives. It is my understanding that many House Members were advised not to sign the petition and that it would be unnecessary to do so because a compromise was to be worked out that would meet with the approval of all Members. Either HALLECK did not know what he was talking about, or he resorted to deceit.

"What the administration proposes he may think generous to some widows and dependents because it will give a slight lift to the service-connected group whom we have always favored and said must come first. Nevertheless those who most need help will now get nothing under the leadership's proposal. Once more the veteran class 'comes out on the short end of the stick.'"

"Doubtless this matter will be discussed in full at our coming national encampment in Philadelphia beginning August 1," Ketchum continued. "Probably the most grievous shortcoming is the failure to wipe out inequities in holding down increases to those who constitute the majority of service-connected veterans and who are rated at less than 50 percent disabled. To grant a straight 5 percent increase continues that gross inequity, and from the viewpoint of the Veterans of Foreign Wars the entire action of the administration is terribly disappointing.

"We have now the names of many who were willing to stand up and be counted. They have telephoned to us to tell us that they signed the petition. We hope that, despite what has already happened, that petition will be completed."

A DIRECT REPUDIATION

And that, briefly, is the story of the fiasco on Capitol Hill last week. The Republican administration has said, in effect, "Take this or nothing." That is what must be taken unless this week's developments differ materially from what the experienced observer can see.

The action of the Republican administration constitutes a direct repudiation of the judgment of the House Committee on Veterans' Affairs, takes into account not one iota of the thinking of that body, which has reached nothing but unanimous decisions, and goes further. It betrays all of the veterans who have fought this country's wars by refusing to keep promises made in good faith by the Republican National Convention in Chicago in 1952, promises reiterated by President Eisenhower, promises violated either directly by him or by his immediate advisers.

On the compensation and pension rolls as of May 31 there were a total of 3,699,778 veterans and dependents who were in receipt of compensation or pension. There are more now. Including peacetime veterans, who numbered 62,794, there were 2,053,467 receiving service-connected compensation, and most of them at rates below 50 percent disabling. There were 599,390 dependents of such veterans.

On the non-service-connected rolls, beginning with 1 survivor of the Civil War and going through the war in Korea, there were 528,347 non-service-connected veterans, all of whom must be totally disabled, and 515,595 dependents, all of whom must meet income limitations. The final proposal of the leadership is to grant a 5-percent boost in rates to 2,652,857 service-connected veterans and dependents and to refuse any relief to 1,042,492 beneficiaries. The increases themselves to the service-connected would amount to an additional 78 cents per month at 10-percent disabled on up to $8.62 for those who are totally disabled. There are, of course, a few who would benefit because of being rated above total. Widows would receive an additional $3.75 monthly with comparable increases to minors.

Mr. President, I now read another stirring editorial from the National Tribune, as follows:

THE GREAT BETRAYAL

Last December at the White House President Eisenhower said, "This administration is one that believes in keeping its promises," and a month later he made very kindly reference to the Nation's war veterans to whom, he said, "the country owes so much." A week ago in the Congress the President's party—the Republicans—repudiated the veterans' plank in the Republican Party platform, and, with the approval of White House advisers, turned down cold any and all legislation seeking to adjust pension and compensation payments to high living costs, thus deserting a personal Eisenhower pledge. This action of the House leadership constitutes an abject and cowardly betrayal of all United States war veterans and all of the needly and dependent loved ones of their honored dead. The promises made by the Republicans in their effort to be elected to the House of Representatives were not worth the powder to blow them up, and if the President is himself responsible for the directive to the House, the public statements of the Chief Executive himself do not have the value of the paper on which they were written.

In an adjoining column there begins a detailed and complete story of what happened to the veteran class in the Congress last week. It is a gruesome one and is as unbelievable as it is factual. For the first time since the tragic and brutal Economy Act of 1933, when a frightened and hysterical Democratic Congress rewrote veterans' laws and sent many a war hero to an untimely grave, the GOP had an opportunity to show an honorable and respectful concern for its warriors and their dependents. The party came in after a 20-year absence pledged to do that. It failed miserably on the first occasion it has had to adjust veterans' payments to living costs, and it used a bull whip to drive party members into line. As this comment is written there have been no repercussions. Veterans' leaders are stunned and the economizers off and on Capitol Hill have not had time to crow, but the reaction will come, and when it does, it is a certainty that there will be a payoff. The American people just happen to be constituted that way.

Briefly, the story is this. After many weeks of hearings on scores of pending bills, the House Committee on Veterans' Affairs came up with H. R. 9020. It sought to do two things—to grant promised cost-of-living pension hikes to most of our veterans and their dependents on the compensation and pension rolls, and to wipe out some inequities that appeared in similar legislation 2 years ago. The measure was reported unanimously by the legislative group designated by House rules to reach appropriate decisions on the subject. The bill was placed on the calendar and immediately Chairman EDITH NOURSE ROGERS, of Massachusetts, requested the powerful Rules Committee to grant the right-of-way for consideration. That was late in May. Twice since then the good lady tried again to get action, but to no avail. Subcommittee Chairman ED RADWAN, of New York, then was directed to file a resolution to discharge the Rules Committee from further consideration of H. R. 9020, which he did, this instruction also being the unanimous request of the Veterans' Committee. Under House procedure, that resolution had to lie for 7 legislative days when a discharge petition requiring the signatures of 218 Members, a majority, could be filed. That was done last Thursday and the move had to succeed if the full Congress were to have a chance to vote on the bill before an expected adjournment by July 30.

Unless the full 218 signatures are forthcoming, nobody is supposed to know who signed and who did not. That is a deep secret. But it is known that between 157 and 160 Congressmen placed their names on the petition before an early adjournment was forced. MRS. ROGERS did a valiant job. The House leaders, however, did a better one. They milled around the Chamber telling their cohorts it was useless to go to the Speaker's desk and sign up because there would be a compromise bill submitted and everybody would get off the hook. It was a great victory for Majority Leader CHARLIE HALLECK, a dauntless World War I veteran in school at 17 when the Kaiser went on his rampage, and for those White House people who probably did the President's thinking for him.

Now let us go back a day before defining the wonderful compromise. It's as interesting as it is important, and our veterans should know where they stand. On July 13, Tuesday, a group of veterans' spokesmen

met with Speaker JOE MARTIN to try to dislodge the bill or to find out what was wanted in the nature of a compromise to cut a few dollars from the $232 million measure. MARTIN thought H. R. 9020 was all right as it was, if our information is correct. HALLECK would not put in an appearance. Nobody was going to hook him, but he went to the White House for an 8:30 a. m. conference Wednesday even though he did not offer any terms to the Veterans' Committee.

Then came the fateful afternoon session when the discharge petition failed and HALLECK won his fight by telling the Congressmen a compromise would be offered and passed. The veterans' group was told that the White House would accept a 5-percent increase deal, so it met in late afternoon for 2 hours and rewrote the bill giving, with a few exceptions, all veterans and dependents on the rolls that miserable hike. On Wednesday the chairman and several committee members had met with Speaker MARTIN. They went back to him on Friday with the new deal, to see whether or not it was acceptable. We've been unable to find out who else, if anybody, was present but it has been announced that the President would be agreeable only to a 5-percent increase for service-connected veterans and dependents alone. Under such a proposal service-connected veterans would receive the munificent sum of 78 cents additional and on up the line to $8.62 per month at total, and the widows and kids would get a comparable sop. All of the nonservice connected would be thrown to the dogs. That was the promised compromise. The purpose that is sought is to divide the sentiment of the veteran class by giving two-thirds of the beneficiaries a little just to keep them quiet and keep their votes in line, if possible, and tell the other third to go to hell or get something better, if they can, on old-age-pension rolls under the States, where the powers that be want to place them anyway, and where all others will go eventually if they succeed.

The betrayal is complete. We do not know what can be done about it or what the Veterans' Committee will have decided to do on Tuesday after we go to press. It can, if it wishes, throw a bare bone to the service-connected class and let it go at that. It can refuse to accept the White House ultimatum and let the whole bill die, or it can make a guess that the Congress will not adjourn on July 30, fight for the rest of those 218 signatures and put the bill through looking to Senate approval and a possible veto. We hope they'll do the latter because we cannot believe that the service-connected class will be satisfied to accept a miserable pittance when those who most need help—totally disabled non-service-connected veterans and helpless widows and kids—get nothing. Misled as they were by their own leadership, and realizing now that there is no compromise in the White House directive, we once more call upon all House Members who have not already done so—Republicans and Democrats alike—to place their signatures on the Radwan discharge petition, and to then assure their constituents back home that they have done so. This runout on pledges will constitute a major issue next November, because people do not forget in 3 months who helped to deny to them a meager aid required to keep body and soul together.

Now let's get back to those promises the Republicans broke for themselves and for President Eisenhower—or, for that matter, that Ike himself violated if he was responsible for the Halleck orders. The essential part of the veterans' plank on which hinges this legislation reads, "We propose * * * that compensation be fairly and equitably adjusted to meet changes in the cost of living." Apparently the boys at 1600 Pennsylvania Avenue have latched onto that word "compensation" in their effort to desert considerably over a million pensioners on the rolls. That information has come to us. We had anticipated that it might, so we wrote to Candidate Eisenhower, on August 22, 1952, as follows: "Unusually high living costs have created among the pensioner class, including veterans and their dependents, a seriously difficult situation which requires periodic adjustment of compensation and pension payments based upon high costs of living, and within the ability of the country to pay. One of the party platforms mentions this condition. Would you be good enough to interpret these planks in the light of your own thinking?" That appears to be a fair enough question, and sufficiently distinct so that nobody could misunderstand it. We would interpolate here that this correspondence was made known as recently as December 16, 1953, to the Presidential Secretary, Gov. Sherman Adams, so there can be no excuse about not understanding the English language when we spoke of pensions as well as compensation. Here is the pertinent reply by Mr. Eisenhower to that direct question: "As has been clearly stated in the Republican platform, adjustment of compensation and pension payments must be made from time to time with changes in the cost of living. This responsibility I shall never overlook."

Well, that responsibility has now been overlooked, and the concern is that of every Member of Congress who was elected on the Republican ticket in 1952. It is the word of a great political party and their nominal leader, the President. Answerable to it are the majority leader of the House, the Speaker, and every member of the party. And because a similar pledge prevailed in the Democratic Party platform, the Democrats, too, are at least morally accountable to the veteran class for last week's failure, something recognized by Minority Whip JOHN MCCORMACK, of Massachusetts. The foreign aid program, which is about to exceed payments to veterans made during our entire history and which assists many foreigners who are responsible for the plight of the country's disabled and aged veterans and their dependents, is, the administration says, "paying off." We affirm here and now that the treatment accorded to the veteran class by the party in power does not and cannot pay off, and we here and now go on record to help assure that it will not.

It is a painful thing for one who has been an active Republican for 40 years to have to write as this editor has done above. We would hope that the catastrophe of last week might in some miraculous manner be undone or that something could still be accomplished in this session of Congress to right an awful wrong. We recognize, however, that such a hope is all but futile. We regret beyond measure the road we must take in the future, but we have advised the White House that our policy as a spokesman for the veteran class must be guided by the treatment accorded to them. We know no party when the welfare of our war veterans and their dependents is at stake. Who opposes them opposes us. We cannot abide with anybody whose given word is worth nothing. In this instance direct promises have been violated without any apparent regret by the violators. We shall always fight that sort of perfidy, let the chips fall where they may.

Mr. President, for emphasis, I again read a sentence of this editorial:

It is a painful thing for one who has been an active Republican for 40 years to have to write as this editor has done above.

Mr. President, in conclusion, three cheers and sincere wishes for long life and a green old age for the National Tribune-Stars and Stripes, whose distinguished Republican editor, with his forty years of loyalty to his party, can speak out so boldly, patriotically and convincingly as he has nobly done in the notable articles I have read to the Senate tonight.

The PRESIDING OFFICER (Mr. WILLIAMS in the chair). The question is on agreeing to the amendment offered by the Senator from Colorado [Mr. JOHNSON] for himself and the Senator from Iowa [Mr. GILLETTE].

Mr. LANGER. Mr. President, we have before us what the power trust hopes will become the Atomic Energy Act of 1954. I think that the hope of obtaining this extraordinary giveaway of the people's new atomic power resource is doomed to disappointment. The people of the country are alert to what the anti-public-power policy of the administration threatens to do to low electric rates and abundant use of power. And they already recognize the bill before us for what it is—just the final blow to Federal power policy.

I refer to the hope of the well organized private power monopolies for a new Atomic Energy Act—rather than for amendment of the McMahon Act of 1946—because this bill, which has been reported by the Joint Committee on Atomic Energy, does not propose reasonable amendments to the original legislation. The authors of the pending legislation have gone out of their way to tear up the McMahon Act and to provide a new law which would deny any recognition of the fact that we are here today presiding over the opening of a new epoch, an epoch which will, without question, profoundly affect the American way of life for generations to come.

The private interests that have influenced the writing of the bill want none of that breadth of vision. They feel that the wool must be pulled over the eyes of the people before they can hope to get possession of the power of the atom—or to get control of the use of the power which the McMahon Atomic Energy Act of 1946 makes an inalienable resource of the people, whose vast investment has made it available for the uses of man.

As it always seems, in connection with the great natural resources of the world, private enterprise feels that it has a divine right to sit at the tollgate and exact tribute from the people for the use of what, in the last analysis, belongs to the people.

But I am convinced that, when it comes to electric power, the people of the United States have had too much experience with the results of a true public power policy to sit passively by while the rape of the atom is consummated. They know what it means to free rural electrification from the restrictive influence of private power monopoly; how it has raised the percentage of electrified farms from a scant 11 percent of the total in the country to more than 90 percent; how it has brought electric rates down wherever it has been effective, so that the average use of electricity in the home has increased to the point where, except in the remaining high-rate areas, housewives can use many of the electric appliances which mean higher living standards. The people have known how it has contrib-

uted to industrial expansion and full employment.

And the people, who have come to know all these possibilities springing from a Federal power policy which challenges private monopoly, are not going to stand by and let private monopoly climb back into the saddle, either through the administrative interpretations of the Eisenhower administration, or its prostitution of the Atomic Energy Commission to disrupt the TVA, or through favorable action by Congress on this atomic-energy bill, which would junk all the public safeguards which the McMahon Act of 1946 threw around the future use of the atom.

Since the Eisenhower administration began its campaign to destroy the Federal public-power program, I have followed its successive attacks carefully, because they come very much within the scope of the Monopoly Subcommittee of the Senate Judiciary Committee, of which I am chairman.

And I have followed with equal concern the rising reaction of the people throughout vast areas of the country to defend their power policy—that is, their right to ample supplies of low-cost power to supply their public and cooperative electric systems, and to assure healthy expansion of industry.

When the administration struck at the rural electric cooperatives in the Missouri River Basin with a series of so-called marketing provisions, which were in open violation of preference provisions written into Federal power marketing laws by the Congress of the United States, the Judiciary Subcommittee held hearings.

I wish that all Members of the Senate could have been present to get an idea of how the power companies are using the administration to put over private monopoly policy on the people, and how the people of the region are reacting through the leaders of the organizations.

When the administration was moving to force the rural electric cooperatives of Missouri, Arkansas, and Oklahoma on the mercy of the private power monopolies—after the House Appropriations Committee had led the 1953 session of Congress to abrogate the contract which the cooperatives had signed in good faith with the Federal Government—my committee again held hearings.

And again I wish all Members of the Senate could have listened in on the reaction of the people of those fine States to the new power policy.

Eventually, this rising of the people is going to bring not only a return of the power policy which the present administration is working so desperately to reverse before the voters again go to the polls, but it is also going to bring further steps toward establishment of a sound power policy on foundations which reactionary private power monopoly influence can never again threaten.

The people are going to look northward to the great neighboring Canadian provinces, like Ontario and Saskatchewan, with their public-power systems—or to the Tennessee Valley Authority system which, in spite of all its efforts, a private-power-influenced administration is not going to be able to destroy; and they are going to use their Federal Government and their State governments and their local governments, to whatever extent necessary, to assure them low-cost electric power for home and farm and industry in abundance.

This growing reaction of the people to the attack on their power policy includes the demand that, now that we are close to the realization of the next great step forward in the development of electric-power resources—the harnessing of the atom—this development be worked out through legislation which will assure that the atom shall serve the people whose money is invested, rather than private power monopoly.

That is why they are against the present bill—the "give away the atom" bill, which the power interests are trying to railroad through Congress in the last days of the session. They want to get control of atomic power before the popular reaction has gained full force. This they consider the major step in getting the Federal Government out of the power business so that private monopoly can proceed at its leisure to starve out and ultimately capture the nonprofit public and cooperative electric systems.

It is important that, before they act on this private monopoly inspired atomic energy bill, the Members of Congress take full cognizance of what the people, through organizations representing millions of voters, are saying about the drive on Federal power policy. For we are supposed to represent all the people—not just the United States Chamber of Commerce, and the National Manufacturers Association, and the Atomic Industrial Forum, and the National Association of Electric Cos., with Purcell Smith as its spokesman on Capitol Hill.

Because it is important for Members of the Senate to understand where the people stand on the issue before us in this atomic power bill, the people who were not consulted, I am going to devote my remarks to some of the resolutions and statements of position adopted by representatives of millions of farmers and industrial wage earners on the present state of power policy.

The statements to which I shall refer were adopted at important gatherings and express the interest of national and Statewide organizations. They express a sense of urgency which will not be denied. They include:

The statement of principles and position adopted by participants in the National Electric Consumers Conference held in Denver, Colo., December 10–11, 1953, under the auspices of the National Farmers Union.

The resolutions adopted at the 12th annual meeting of the National Rural Electric Cooperative Association, held in Miami, Fla., January 11–14, 1954.

The statement of goals, adopted at the Northeast Electric Consumers Conference, held in Albany, N. Y., February 26–27, 1954.

The resolutions adopted by the American Public Power Association, speaking for a majority of the municipal electric systems of the country, held in Chicago, Ill., May 6–9, 1954.

The report of the working committee of the Electric Consumers Workshop held in Wasington, D. C., May 10–11, 1954.

These important meetings drew representatives from rural electric cooperatives serving more than 3,500,000 farm customer-members, from a large proportion of the more than 2,000 American municipalities which own their own electric systems.

We have some of those in the State of North Dakota. We have one at Valley City, N. Dak., which has been used as the yardstick for all the private power companies within the borders of the State. That is at Valley City, which has its municipal-owned electric light plant. That has been adopted as a yardstick by other States also, who have sent men there to note the success of that particular cooperative. Also the National Farmers Union with a membership of many tens of thousand farmers; from the Cooperative League of the United States of America, representing a wide consumer and producer interest throughout practically all of the States; from the American Federation of Labor and the Congress of Industrial Organizations; and from special organizations like the National Hells Canyon Association, speaking for more than a million people in regard to the administration's disruption of the Federal power program, which was doing so much to build the Pacific Northwest.

I wish to make it crystal clear, Mr. President, that I am following in the footsteps of that great Republican, Theodore Roosevelt, under whose administration this entire public-power policy was formulated. It was Theodore Roosevelt, with a great Secretary of the Department of the Interior, that opened this path for the Republican Party.

I desire also to make it crystal clear that in my judgment I speak tonight for the Republican Party, the Republican Party of Abraham Lincoln, instead of the party of some of my colleagues, who have voted as they have voted tonight.

Mr. GORE. Mr. President, will the Senator yield?

Mr. LANGER. I decline to yield at this time. I do not care to be interrupted. I shall be glad to answer any questions at the conclusion of my remarks.

Mr. President, I wish that every Member on the floor who claims to be a Republican would read the record of Theodore Roosevelt on public power.

Anybody who reads that record cannot fail to realize that the bill we are debating tonight would wipe out all the things Theodore Roosevelt stood for at the time he was a great President of the United States.

It should be made crystal clear that what these meetings said about Federal power policy and about the atom reflects a mounting public opinion which we cannot disregard.

The National Electric Consumers Conference last December in Denver was a truly remarkable gathering which went to work with precision to develop a clear picture of the power situation and formulate the views of its participants. I had the privilege of attending the final session myself, flying to Denver after the

conclusion of the hearings of the Judiciary Monopoly Subcommittee on the administration's drive to destroy the rural electric cooperatives in the Missouri River basin. They actually sought to legislate private power companies into the preference classification reserved by Congress for public and cooperative electric systems.

The National Electric Consumers Conference brought together representatives of 88 different organizations, from 30 States, including spokesmen for major farm, labor, public power, cooperative, and rural electric groups. I have in my hand the statement of principles and position which it adopted. And I want to go over that statement briefly for the benefit of the Members of the Senate who are being called upon to take a position on the private-power monopoly atomic energy bill.

You will note as I read that splendid and forward-looking expression of widespread public opinion on the power issue that it refers briefly to the abuses of the private monopoly holding company era which characterized the administrations of Presidents Harding, Coolidge, and Hoover; it then turns to the evolution of the partnership in the power field between the Federal Government and the municipal rural electric systems; and then before taking up a positive outline of a sound Federal policy program, it touches briefly on the moves the present administration is making to disrupt that partnership.

I want to say again, Mr. President, speaking as a Republican from the Republican side, that North Dakota was beaten by the State of Vermont by only one-tenth of 1 percent in the votes cast in the last election for Dwight Eisenhower. I speak for the Republican Party, certainly of the northwestern part of the United States.

I call attention to the fact that Mr. William Howard Taft, when he was President, who had the opposite view from Theodore Roosevelt, was defeated at the end of one term. Mr. Hoover, who did not carry out the Theodore Roosevelt policy, was defeated at the end of one term. I predict tonight that if this administration goes ahead with the power policy it has formulated, against the will of millions and millions and millions of people, it will also serve one term, and no more.

Mr. President, if it goes ahead as it has done during the past few months, it should, in the opinion of the senior Senator from North Dakota, serve only one term.

Surely my Republican colleagues on this side of the aisle must have learned something as to what happened when Mr. Taft was in power. Surely they must recognize what happened when they had control of the 80th Congress. Do they never learn anything? I ask them, do they learn nothing from experience? In order to get the full flavor of the statement I shall read the text. This was drawn up in Denver. Eighty-eight organizations sent representatives, and those representatives came from 30 States.

Yet, tonight, Mr. President, one distinguished Senator arose and indicated that he knew more of what the people want in connection with electric power than do the people who represent the electric cooperatives, which I shall name.

Is it not strange how a man in public office sometimes believes he knows so much more than do the people who sent him to the Senate?

Mind you, Mr. President, this is a statement of principles and position of the participants in the National Electric Consumers Conference, held at Denver, Colo., December 10 and 11, 1953.

I might add, Mr. President, that the distinguished Senator who spoke tonight was not even present. I doubt that he has ever read what his constituents said at that meeting, which was composed of leaders of the REA.

Here is the statement of principles adopted by the representatives from 30 States, consisting of several thousand delegates, all of them experts in electric power, and who knew what they were talking about. I read:

The assurance of an abundance of electrical energy for the farms, the cities, and the industries of America need never be a problem. However, until the early thirties of the present century, securing power needed for national development was a continuing struggle; and unbridled, unprincipled, and gigantic power monopoly was the reason.

Instead of building power systems, the power monopolies watered stocks; instead of selling power at reasonable cost, they influenced and captured rate-regulating bodies. Secretly paid speakers, secretly supported front organizations, and even tampering with textbooks, were but parts of their campaign to brain-wash the American public. The financial, political, and propaganda activities of the private power companies uncovered by the Federal Trade Commission in the late 1920's and 1930's constitute one of the blackest chapters in the history of American business.

I ask, Mr. President, do we want to go back to that?

However, in the early 1930's there was begun a true partnership arrangement between the Federal Government, municipalities, and rural electric cooperatives which began to break this electric power monopoly.

Measuring sticks as to fair and reasonable costs of electric power were established. Through them was begun a great program which has brought power to millions of homes previously unserved, and power for new business and great new industries. The result has been lower electricity costs for all American consumers, either directly or through the effect of the yardsticks.

I may say, Mr. President, that on the Great Plains of the State of North Dakota lived my sister, less than a quarter of a mile from a big private power concern which had a transmission line. I endeavored to get my sister's home hooked up with that power line. They asked the great sum of $1,300 merely to connect up. The governor of the State, a few years later, had the privilege of providing an REA for the locality, and my sister joined and paid $5 and within a comparatively few months she connected with a great transmission line.

That case represents what has happened to millions of farm women all over the United States of America. They have been relieved of many, many hours of drudging slavery which previously they had to endure on the farms. Whether they churned, whether they washed clothes, whether they pumped water—no matter what the work was—it was difficult. Through the REA 90 percent of that work was taken off the shoulders of those farm women. And that is not all. Today in farm homes, because of radio, refrigerators, and many other things which are no longer considered luxuries, but necessities, the entire farm life of America has been changed. The senior Senator from North Dakota is not going to be one to destroy what has been accomplished. In one county on the edge of South Dakota, because of the policy of Mr. McKay, some of the farms have already had to dispense with some of those necessities. They no longer have them, and are back to using kerosene lamps. That is going on all over the United States.

Continuing reading the statement:

Much remains to be done, however, to complete the job of assuring abundant power. Power use is increasing, and population is increasing. Power supply must be continuously expanded, or our standards of living will fall. Low-cost power in abundance is necessary to a full-employment economy.

Events which have transpired during the year 1953 have brought the Federal power program to a halt, raising serious doubts as to its continuance, and even foreboding liquidation of existing facilities.

What are these events of 1953 which are disrupting the true Federal local partnership to foster national interests?

Private power monopolists, coddled and assisted by Federal officials, have moved toward its liquidation. No new Federal power projects are to be built. Power from present dams is to be leased on long-term contracts to private interests. Federal power supply responsibilities are to be denied. Our great regional resource development programs are to be impaired or to be made wholly infeasible by a giveaway of key dam sites. Present local public and cooperative power systems are to be made dependent on local private power monopolists for their continued existence. The public right to preference is to be denied.

This is not the statement of the senior Senator from North Dakota. This is the statement of representatives from 30 States—experts—who met on December 10 and 11, at Denver, Colo. This is the resolution they adopted:

The power monopolists are today again deep in the unethical, immoral, and evil political propaganda practices of a quarter of a century ago.

The current developments constitute a threat to our electric power systems, our standards of living, and our whole national economy, which has aroused the indignation of citizens across the Nation.

If anyone thinks the people are not aroused, let him get the poll of the junior Senator from North Dakota [Mr. YOUNG], a Member of this body. If any Senator thinks the people are asleep and do not know what is going on, let him get the poll of the junior Senator from North Dakota, and read for himself to see what the Republican Party will have left when it gets through with this deal they are now trying to put over. I continue:

Recognizing this threat, we, the participants in the National Electric Consumers Conference, called at Denver, Colo., Decem-

ber 10–11, sponsored by the National Farmers Union and attended by more than 600 representatives of nearly 100 REA, farm, labor, church, consumer, and other organizations in 30 States, acting as individuals, do adopt the following statement of policies and principles:

I. PRINCIPLES FOR A FEDERAL POWER PROGRAM

In fulfilling the responsibility of the Federal Government for assuring an electric-power program that fully serves the people's needs, the following principles should be followed:

1. Establishment by Congress of the principle of Federal utility responsibility for that portion of regional power supply required to meet the expanding needs of present or future nonprofit electric systems and to support sound expansion of the regional economy.

2. Legal provisions requiring that preference be given to public and cooperative nonprofit agencies in sale of wholesale energy produced by Federal projects must not be impaired.

3. Establishment by Congress of regional development agencies which will recognize hydroelectric development as a primary objective of multiple-purpose river basin programs, but will also provide for the optimum conservation and development of all values, including flood control, navigation, irrigation, recreation, and others.

4. Construction by Federal agencies of steam-electric stations and transmission lines necessary to firm hydro power and meet power requirements of service areas, and to carry that power to load centers.

5. Limitation on the discretion of the Federal Power Commission to grant licenses for private development wherever they conflict with a Federal program.

6. Full technical and financial support for the vertical as well as horizontal expansion of the rural-electric program, including—

Assistance to generation and transmission cooperatives where needed to provide the member cooperatives with an abundant power supply in the future;

Financial and technical assistance in acquisition programs; and

Removal of population limitations on communities which rural electric cooperatives may serve, which are creating serious problems in connection with annexations and community growth, and which deprive communities of a free choice as to who shall serve them.

7. Establishment by Congress of interregional wholesale power supply grids interconnecting Federal hydroelectric systems, Atomic Energy Commission nuclear powerplants, local public and cooperative generating facilities, and private electric systems.

Who says this was not drawn up by experts? Who says these men did not know a thousand times more than a Senator, who gets up on the floor and tries to insinuate that he knows more about it than the men who represented his State and my State at that great conference? I shall go on to show what happened at some other places.

8. More active Federal development of atomic power by the Atomic Energy Commission in cooperation with the program of the proposed interregional grids. Atomic power so developed should be marketed as an element in the general power supply from the Federal grids under the general Federal responsibility set forth in this statement.

9. Federal legislation to make it illegal for any electric or other utility engaged in interstate commerce and enjoying guaranteed profits without economic risk while operating as a private monopoly under franchise privileges granted by the public, to finance or engage in, either directly or indirectly, any activity designed to influence political action at either local, State, or national levels of government, or to create public opinion for or against any such actions. This legislation should be enforced by the Federal Power Commission. The Internal Revenue Act should also be amended to preclude the charging off of expenditures for institutional advertising, contributions to organizations, or other public relations activities, to expenses as deductions for tax purposes. Owners of electric utility companies should not be privileged to advance their personal political prejudices and interests by the expenditure of tax-free income which is collected from rate payers above and beyond the legal fair rate of return.

Mr. President, how well I remember that, during the time I was Governor of my State, a State senator, a lawyer, whenever a bill came up in the State legislature, shouted to high heaven against public power and in favor of private monopolies. But when an investigation was undertaken by the State legislature, it was found that the State senator from Fargo, N. Dak., was on the payroll of a private utility.

Mr. KEFAUVER. Mr. President, will the Senator yield?

Mr. LANGER. I prefer not to yield at this time.

Mr. KEFAUVER. I was going to talk about an investigation by the Antimonopoly Committee.

Mr. LANGER. I should like to finish my speech. Then I should be glad to answer any questions. I shall take only a brief time.

Mr. KEFAUVER. I hope the Senator will talk as long as he wishes.

Mr. LANGER—

10. Federal legislation requiring that benefits from accelerated tax amortization be passed on to consumers.

11. Actions condemned.

We specifically condemn:

The Interior Department's new power policy.

It is a very strange thing that one of the men from a neighboring State, who favored the resolution, was head of the Eisenhower campaign in that State.

I continue to read the list of condemnations:

The Missouri Basin power marketing criteria which penalizes public power systems and farmer-owned electric cooperatives.

Violation of the Federal preference clause by long-term contracts with private utilities without withdrawal provisions to protect preference customers, such as already negotiated by Bonneville Power Administration and those proposed in the Missouri Basin.

The cutback of REA loan programs and crippling of its technical assistance programs.

Any alterations of established credit policies of REA which might impair the financial feasibility of the cooperatives, thereby curtailing any necessary system improvements and expansion of service to unserved consumers.

Federal withdrawal of opposition to the licensing of private power dams at Hells Canyon which will ignore tremendous downstream power benefits and great secondary flood control, irrigation, navigation, recreation, and other conservation benefits.

Federal withdrawal of opposition to private power dam license on the Kings River in California.

Surrender to the private utilities of public power from the Central Valley project in California, and destruction of the Federal preference provisions by disposal of Central Valley properties to the State.

Repeal of the 160-acre limitation on the use of water in Federal irrigation projects in the Federal reclamation law.

The shameful repudiation of legal contracts between Southwest Power Administration and REA generating and transmission cooperatives.

The proposed giveaway of Niagara Falls to five power companies, and the licensing of a New York State development on the St. Lawrence River without provision for preference to public and cooperative bodies.

In that connection, I invite the attention of the Senate to the testimony taken before the Antimonopoly Subcommittee, which showed that even after the United States district court in Washington ruled in favor of the cooperatives the Department of Justice took an appeal and has kept the REA's from getting the money justly due them, first by an act of Congress, and, secondly, by the stipulation entered into between the cooperatives and the United States Government itself. If the Government's word is not any good, in heaven's name, who are we going to trust?

The list of condemnations continues:

Failure to maintain an adequate rate of generation installation in the Tennessee Valley and the Columbia River Basin.

The proposed Georgia contract, which would establish private monopoly tollgates between Federal projects and public preference customers.

Elimination of new starts and slowdown of projects through unwise reductions of Federal investments provided in the annual national budget.

Retarding of industrial growth by refusal to see additional power from Federal transmission system directly to new industry.

Packing of administrative agencies and regulatory bodies and commissions with enemies of the public-power programs.

Wrecking sound conservation policy of the past 50 years by removing the Federal Government from responsibility for full multiplepurpose development of the Nation's river basins.

Inequitable allocation of project costs to power by deliberate, unwarranted, and unfair deflation of other multipurpose use costs so as to increase electric rates.

Proposals for a Federal tax on income of Federal, municipal, and cooperatively owned power systems, and to a Federal tax on municipal bonds.

III. A 20-YEAR PLAN

We insist that during the coming session of Congress authorizations and appropriations be made, adequate to provide the electric power and transmission lines necessary to give substance to the true Federal-local partnership power program which is based on legislation dating through a half century.

Mr. President, that was in the platform of the Republican Party. Why do they not carry it out? What is a platform for? Is it to run on, and then after someone is elected, to throw it into the wastebasket? That is exactly what the Republican Party promised when it wanted to elect their men to high office; and the American people believed it.

Necessary Federal construction programs should be planned on a 20-year basis, with authorization of construction geared to the needs of at least the 6 succeeding years, and with construction scheduled so as to assure the lowest possible construction costs.

The next session of Congress should approve funds for the construction of projects, chosen from among those already authorized or planned, so as to meet the power needs of all areas of the Nation and assure

abundant energy for national defense and full employment.

IV. A PROGRAM OF ACTION

Citizens of America who demand abundant low-cost energy for the Nation are uniting in a rising tide of indignation against the proposed new power policy through this great meeting, and at others across the Nation in Portland, Albany, Omaha, Washington, Sacramento, Oklahoma City, and elsewhere.

There is recognition everywhere that the fight to save America from the blight of energy shortages, high rates, watered and inflated rate bases, reverse yardsticks, unbridled exploitation, and continued brain washing with the canned propaganda of unprincipled monopoly publicists cannot be won by forces divided into tiny units. An enemy cannot be repulsed by each citizen waiting to fight alone at his own doorstep.

The cause of the central valley of California, the New York-New England area, Hells Canyon, the Columbia Basin, the Tennessee Valley, the upper Colorado, the Missouri, the Southwest, the Southeast and other areas is each the cause of everyone of us. Assurance of the continuation of the REA program in all areas, including an adequate and expanding generation and transmission program for the future, is also the cause of all of us.

I want to refer for a minute to the 80th Congress. Mr. President, I wanted to get out on the platform in that election. I listened to the statements that under the Republican administration Congress had appropriated more money for REA than had ever been appropriated before. And that was true. Up to that time, it had appropriated for REA more than any other Congress—$300 million. I appeared before the Appropriations Committee, together with other Senators who were interested. We had that amount raised to $400 million. What happened to it? Why, as every Senator on this floor knows, $700,000 was taken out of the funds for the administration of REA. That meant that 172 engineers were taken off the rolls. In North Dakota, South Dakota, and Minnesota, how many engineers were there? Before a mile of construction is performed by the REA, an engineer has to lay out the plans.

He had to survey it, no matter how level the land was. That was the law.

Did we have 20 engineers left? Oh, no. The housewives had to wait, wait, wait another full year. Were there 15 engineers? No, Mr. President, not when the 80th Congress got through cutting $700,000 from the administrative funds for the REA.

Were there 10 engineers or 5 engineers left for the States of North Dakota, South Dakota, and Minnesota? Oh, no. North Dakota, South Dakota, and Minnesota had only 1 engineer for all 3 of those States, in connection with constructing the REA's.

In my State I ran for reelection. I remember that opposing me was a man who said he was running on a platform of being a friend of the REA—one of the same sort of friends I sometimes see in Washington. Mr. President, when the REA consumers got through with that man, he carried only 3 of the 53 counties. I always give credit to the REA users for my carrying of the 50 counties. I give credit for that to them and to the knowledge they had of the fight I made to get more engineers. As the Senate knows, we got more. We called the head of the REA before us; and he testified under oath to the truth of what had happened, with the result that we got the additional engineers.

I read further from the resolutions:

Our Congressmen and Senators must be urged to support Federal development programs in every area. They must be judged on across-the-board support of a total national program and not on their votes on local projects alone.

Our growing unity must be perfected.

We urge all organizations to publish full voting records on all power issues.

We strongly endorse the Electric Consumers Conference being planned in Washington, D. C., for early in the coming session of Congress.

We urge that regional electric consumers associations and similar groups, already appearing in many parts of the Nation, be encouraged and supported.

We urge that the Electric Consumers Conference to be held in Washington complete an effective federation of all groups to assure nationwide unity of action on each front.

Those are the resolutions that were adopted in Denver.

You will note, Mr. President, that the National Electric Consumers Conference recognizes that atomic power will have an important place in future Federal power programs. Thus, the seventh principle adopted by the conference calls for the establishment by Congress of interregional wholesale power supply grids, interconnecting Federal hydroelectric systems, Atomic Energy Commission nuclear powerplants, local public and cooperative generating facilities, and private electric systems.

Similarly, the eighth principle calls for more active Federal development of atomic power by the Atomic Energy Commission in cooperation with the proposed interregional grids. It also calls for the marketing of atomic power so developed as an element in the general power supply from Federal grids, under the general Federal responsibility for meeting the expanding needs of present and future nonprofit electric systems, and supporting sound regional expansion called for by the statement of principles.

Mr. President, I hold in my hand a telegram I have received from one of the most distinguished men who ever served in the United States Senate, a man who served in the Senate longer than almost any other man—my great friend, Senator Kenneth McKellar, of Tennessee. I think it appropriate that I read a telegram I have received from that distinguished man, now in the declining years of his life, a man who, in my opinion, certainly is just as wise as any Senator now on this floor, if not wiser:

JULY 12, 1954.

Hon. WILLIAM LANGER,
Senate Office Building,
Washington, D. C.:

As you know, the building of public-power dams was the main work of my long career in the Congress. I got the first dam built on the Tennessee River by bill June 3, 1916, and thereafter almost entirely through amendments offered by me in the appropriation bills we built all the dams on the Tennessee and Cumberland Rivers. After it was shown that the dams were a success in Tennessee our western Senators wanted them in many of their States. First as a member and then as chairman of the Appropriations Committee I aided the western Senators in every effort to build their dams and as I recall in like manner voted for and earnestly worked for a like proposal on the St. Lawrence River. These dams in Tennessee and in the West are the pride of my services in the Congress. I beg you not to destroy the Tennessee Valley Authority. In my heart I know you do not want to do so.

With best regards,

KENNETH D. MCKELLAR.

Mr. President, I well remember the occasion when Senator after Senator on both sides of the aisle rose and paid high tribute to that grand man from Tennessee.

Mr. President, I have received the following telegram from Bismarck, N. Dak.:

BISMARCK, N. DAK., *July 15, 1954.*

Senator WILLIAM LANGER:

We, the members of the North Dakota Association of Rural Electric Cooperatives, in convention assembled, contend that the Cole-Hickenlooper atomic-energy bill now before Congress will not be in the interest of the rank-and-file public but will be the biggest giveaway of public resources to private parties ever perpetrated in history. We respectfully request your urgent efforts in opposition to this bill.

R. G. HARENS,
Executive Secretary, North Dakota Association of Rural Electric Cooperatives.

Mr. President, I may say that North Dakota is an agricultural State with approximately 60,000 farmers; and the farms of over 90 percent of them are hooked up to REA, according to the statements of their representatives meeting at Bismarck, N. Dak., on the occasion when representatives of all those cooperatives met in session.

For the benefit of any Senator who may think he knows a great deal more about electrical energy, atomic energy, and that sort of thing than do the men who have hired experts for many years, let me say that many Senators who do not know any more about the subject than I do are perfectly willing to rely on their own judgment. I frankly confess that I know very little about the subject. All I know is what I have learned from the experts. I know very little about it, but I think I know as much about it as does the average Senator, and perhaps a little more, because of the hearings I have held since I have been chairman of the Judiciary Committee. I yield to no man in this body except possibly some Senator who has specialized in engineering.

I should like to read a telegram which I have received today from Mr. J. E. Smith, president, for the board of directors of the National Rural Electric Cooperative Association. There is a man who is an expert and who has had the advice of hundreds of men in his organization. I attended one of their meetings. There were delegates present from Alaska, from every State in the Union, and from Hawaii. Surely the average member of the Republican Party, at least, in my humble opinion, ought to listen to the voices of some of those experts.

The telegram is dated July 21 and is addressed to me. It reads as follows:

By resolution passed unanimously at a meeting of the board of directors of the

National Rural Electric Cooperative Association at Wausau, Wis., July 21, 1954, the following message is sent to all Members of the Congress.

Mr. President, how often have I heard a Senator rise and say, "I am voting for this particular measure because it is recommended by Herbert Hoover. The Hoover Commission has recommended it. Therefore, it should be enacted." That is the same Herbert Hoover who was overwhelmingly repudiated by the people, a man who was my friend. The excuse given is that the Hoover Commission has recommended something. I am not quarreling with those men, but Senators often say that the reason they voted for a particular bill was that the Hoover Commission recommended it.

Here we have a situation in which we have a resolution from the National Rural Electric Cooperative Association. This message was sent to every Member of Congress. The last vote in the Senate shows that Senators paid no attention to it. I suppose if Herbert Hoover had sent it the situation would have been entirely different. But Herbert Hoover did not happen to be president of the board of directors of the National Rural Electric Cooperative Association.

This is what the telegram says:

By resolution passed unanimously at a meeting of the board of directors of the National Rural Electric Cooperative Association at Wausau, Wis., July 21, 1954, the following message is sent to all Members of the Congress:

It is our firm belief that the atomic-energy program developed with the people's funds to the extent of $12 billion—

I digress for a moment to ask, How much is $12 billion? Every acre of land, every horse, cow, and sheep, every bank deposit, and everything else we have in the State of North Dakota, based upon 100-percent valuation, is worth a trifle more than $2 billion. So the Government has spent 6 times that sum, or $12 billion. These men, as experts, are talking about the $12 billion of the people's money which has been spent in the development of atomic energy. They say:

It is our firm belief that the atomic energy program, developed with the people's funds to the extent of $12 billion, is a part of the public domain as much as public lands, the navigable rivers and other resources long considered to be the people's property. We feel most strongly that this is the basic premise which should guide the Congress in the consideration of S. 3690 and H. R. 9757.

We commend those Members of the Senate who have courageously set forward the issues in S. 3690 and urge the continuation of debate until all issues are clarified and the bill satisfactorily amended.

We urge that the licensing provisions and procedures be brought into line by appropriate amendments to make such licensing subject to the same safeguards applicable to water resources under the Federal Power Act. This includes public notice to interested parties, public hearings, and preference to public bodies and cooperatives on all licenses for the construction, operation, and fueling of atomic establishments for the production of electric power.

Mr. President, may we have order? There is so much discussion on the floor among Senators that I cannot hear myself.

Mr. WILEY. Where are the Senators, Mr. President?

Mr. LANGER. They are all around me, let me say to the distinguished Senator.

I was just reading a telegram coming from the Senator's own State, from the city of Wausau, conveying the message that the National Rural Electric Cooperative Association is opposed to the passage of the pending bill. The telegram is signed by the president of the board of directors of the association, consisting of thousands of members. I know that the distinguished Senator from Wisconsin will be very much interested in a telegram coming from his own State, because I remember how eloquently he spoke to some of the producers of dairy products in his own State, and how he stood here in the Senate hour after hour pleading so eloquently for those dairy producers. I think some of the finest speeches I have heard delivered in this Chamber have been delivered by my distinguished friend from Wisconsin. Not only that, but he made a great record in fighting the oleomargarine bill, fighting for the farmers who were producing dairy products.

Mr. WILEY. The Senator is doing fine. Carry on.

Mr. LANGER. I hope that before we are through with this debate to see the distinguished Senator from Wisconsin speaking in behalf of the REA cooperatives in the great State of Wisconsin.

To continue with the telegram——

Mr. WILEY. Mr. President, will the Senator yield?

Mr. LANGER. I decline to yield at this time. I shall be glad to answer any questions when I shall have concluded.

Continuing with the telegram:

We oppose the granting of private patents on discoveries made with Government funds, in the past or the future, directly or indirectly, and we urge compulsory licensing of all patents affecting the use of this great resource. No private monopoly should be permitted to jeopardize the domestic welfare and national security.

We urge that preference in the purchase of electric energy generated as a byproduct of the atomic-energy program be given to public bodies and cooperatives. Section 44 should be so amended.

We urge amendment of the bills to empower the Atomic Energy Commission to construct and operate or license any other Federal agency to construct and operate electric generating facilities, and that preference in the purchase of electricity generated in such facilities be given to public bodies and cooperatives.

We deplore the attempt to use the Atomic Energy Commission to open the way for invasion of TVA by the private power companies via the so-called Dixon-Yates contract, and we urge both Houses to amend the Atomic Energy Act to specifically forbid the signing of such contracts.

We urge the Congress to recognize the vital importance of this wholesale revision of the Atomic Energy Act; that the Congress recognize that S. 3690 and H. R. 9757 are primarily electric-power bills, and that the rights of the people to the full benefits of their investments of $12 billion be recognized and safeguarded against monopolistic restraints and exploitation, through licenses, patents, subsidies for atomic fuel and any and all other devices.

J. E. SMITH, *President*
(For the board of directors of National Rural Electric Cooperative Association).

I may say, Mr. President, that the hour is late, and I have no desire to detain my colleagues on the floor. I am just about half way through with my remarks, and I was about to read what some other organizations have said in passing resolutions on this subject. I shall do that at a later time, and I shall be glad to answer any questions that may be asked of me at that time. For the present, Mr. President, I yield the floor.

INDUSTRIAL ATOMIC POWER AND ITS RELATION TO DEVELOPMENT OF OTHER NATURAL RESOURCES

Mr. CASE. Mr. President, I was about to say that earlier today—it is now 12:30 a. m., Thursday—but I suppose I should say earlier on the day this session of the Senate began, Wednesday, July 21, there was delivered at Rapid City, S. Dak., a very interesting address entitled "Industrial Atomic Power and Its Relation to Development of Other Natural Resources." It was delivered by Mr. Lawrence R. Hafstad, Director, Division of Reactor Development of the Atomic Energy Commission, before the Missouri Basin Inter-Agency Committee. The Missouri Basin Inter-Agency Committee is comprised of the Governors of the States within the Missouri River Basin, representatives from the Corps of Army Engineers, from the Bureau of Reclamation, and from other Federal agencies who are involved in the comprehensive plan for flood control and the general development of the waters of the Missouri River.

The address is an outstanding paper. It was presented by the one man who probably knows more than any other person about the possibilities of industrial atomic power and its possible use in the development of electric power.

In view of the fact that it is very pertinent to the discussion that has taken place in this debate, and because it is the last word from an authority in that field, I ask unanimous consent that the address appear in the RECORD at this point, as a part of my remarks.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

INDUSTRIAL ATOMIC POWER AND ITS RELATION TO DEVELOPMENT OF OTHER NATURAL RESOURCES

It is in the tradition of science first to observe, then to understand, and finally, to utilize the forces of nature. For over half a century scientists from all over the world have been observing and studying the forces within the atom and dreaming of the time when these forces might be utilized in the interests of mankind. During the 1930's, the curve of this scientific activity began to soar upward.

In the last decade there has been a tremendous upsurge of interest in atomic energy, on the part of the general public, started by the dramatic introduction of this new force during the war for atomic-bomb explosions, and, increased more recently, in connection with the realization of the imminence of the possible use of the same force for peaceful purposes.

It is important that, as long-range planners, we keep a broad perspective in this matter. For this reason, I wish to emphasize that work has been going on in this field for several decades in a number of countries and that the ground swell of interest we are now

witnessing is international. A surge of interest in connection with military utilization has been capitalized upon in the national interest to support atomic weapons programs which give a temporary military advantage to individual nations.

IN ENERGY, CHEAPER THAN COAL

Interest in atomic energy stems from the fact that in uranium we have what promises to be both a compact and a cheap source of energy. It is certainly compact.

One pound of uranium, about a cubic inch, contains as much energy as several trainloads of coal, more precisely 1,500 tons of coal. That this energy promises to be cheap, we can see by calculating the cost of the 1,500 tons of coal. At $3 a ton, this would be in the neighborhood of $10,000, whereas the cost of 1 pound of uranium is more like $20.

When one stops to realize the endless hours of engineering effort which have gone into improving the various commonplace energy-using machines by a few percent in efficiency to reduce costs by a corresponding few percent, one can realize the challenge felt by engineers when presented with an opportunity of decreasing costs, not by a few percent, but by a factor of 500. This is the challenging technical problem that we face.

Before trying to describe for you the present status of our progress in this exciting field, I feel that it is necessary to clear away some of the misconceptions that have arisen in connection with the possible use of atomic energy for peaceful purposes. It is the very existence of this theoretical factor of 500 in the potential reduction of energy cost that has led to so much wild speculation and undue optimism. These speculations are based on calculations of energy content in the material only, and take no account of the costs of getting the energy out of the material and into a usable form.

So far as practical use is concerned, the calculations I have just given you are as significant as, but no more significant than, the calculations involving the amount of energy available, for example, in the tides of the ocean. The energy is there; no one questions that. The problem is to get the energy out and into a usable form at a cost which makes the energy, in this final usable form, no higher than that available from other competitive sources. In spite of the availability of the vast "free" energy of the tides, we do not draw upon this source.

In the field of atomic energy, the scientists have done their job and done it well. The magic and mystery have been eliminated by the discoveries of the scientists, and the nuclear reactions involved are now adequately understood. Now the problem is for engineers to provide mechanisms necessary for its utilization and for management to make the decisions connected with the economic problems involved.

PROBLEM OF HEAT EXTRACTION

By a historical accident, the possibility of utilizing this new energy source was developed during a period of international stress. As a result, the work accomplished in this field in our country has been done under Government monopoly.

In this situation, it has been necessary for the Atomic Energy Commission, in charge of the monopoly, to make decisions which, in this country, would normally be made by private industry. In either framework, however, the key question is: Will the end result justify the very high cost of development of an entirely new process for the extraction and utilization of heat.

To approach this problem rationally, it is necessary to make a market survey to determine the possibility or probable future demand for such heat or energy. This can be quickly done.

It so happens that in industrialized nations the demand for energy is going up extremely rapidly. Both the population and the per capita demand for energy are mounting. In this country the demand for electric power has been doubling about every 10 years and there seems to be no basis for assuming that this trend will stop. It is also clear from the studies of the Paley Commission and others that most of the increased demand is for energy from the fluid fuels—petroleum and natural gas, specifically. Hydropower, while still extremely important and without question the cheapest source of such energy, is unavoidably limited in availability and will, over the years, contribute a decreasing percentage of the power requirements. Coal reserves will no doubt be needed for conversion to gasoline, with substantial increases in costs.

With demand established, the remaining problem is the one of future relative costs between different sources of energy. Here the problem depends to a large extent on the color and shade of the several crystal balls used by various forecasters. In general, however, while the cost of power from atomic-energy powerplants, as now conceived, is undeniably high, historically the trend in a new industry is for a rapid reduction in cost as the technology develops and volume increases. On the other hand, in an old and established industry costs tend to stabilize, and eventually even to begin to rise again, as the technology is perfected and rising labor costs begin to dominate. Those of us in the atomic-energy business feel that the crossover point on these two curves is likely to come somewhere between 5 and 15 years from now, depending on the vigor and intensity of the development effort in the atomic-energy field.

FIVE TO FIFTEEN YEARS AWAY

For planning in connection with power and other resources, it is not unreasonable to try as best we can to anticipate the effect of events and conditions as much as 15 years in the future, and, of course, to revise our planning as we acquire more knowledge. It is for this reason I feel this conference is particularly timely and that you are to be commended for beginning to take account of the effects of atomic energy in your long-range planning.

Now let us take a few moments to look at the technical program in this field, so that I can tell you how far we have come and how far we still have to go along the road to economic atomic power. Let us first ask the question, Why is atomic power so expensive? If the fuel is cheap, why isn't the power cheap? Here we must dabble a bit in physics, but we need not go any deeper than the general knowledge one picks up from newspaper and magazine reading.

One of the first factors we must consider is the large amount of radiation, similar to that from radium and X-rays, which is given off by atomic reactors. Both instruments and personnel must be protected from this radiation. To provide this protection requires large, heavy, and therefore expensive, shielding.

A part of this radiation consists of neutrons. In fact, it is these neutrons which keep the chain reaction going. Certain materials absorb neutrons readily or are damaged by radiation. Other materials retain few neutrons—are "transparent" to them, the scientists say—and withstand radiation damage fairly well. Generally speaking the latter class of materials can be used as structural materials in the core of the reactor which produces the heat. This is clear when one remembers that the neutrons are necessary to keep the chain reaction going and that any material which absorbs neutrons would have a dampening effect on the reaction. Yet it is no more mysterious than to say that any material, added to a wood or coal fire, which would reduce the available oxygen would tend to put the fire out.

Another requirement for reactor materials is that they must stand high temperatures. If we are to extract heat from the reactor, the higher the temperature with which we start, the easier it will be for us to extract the heat. Still another important materials requirement is that they withstand corrosive attack by the coolant—usually water or liquid metal—which carries off the heat so that it can be utilized.

FOUR NEEDS IN REACTOR CORES

Thus, for the reactor core we need materials with four properties; first, they must stand high temperatures; second, they must not absorb too many neutrons; third, they must stand exposure to intense radiation; and fourth, they must stand up under corrosion.

Now we begin to see the difficulties. There are very few materials available which can simultaneously meet these four requirements. In fact, uranium itself, which obviously is a very necessary component of the reactor core, is a particularly bad actor so far as stability in the presence of radiation is concerned.

Control is another serious problem. It is obvious, I think, that the very compactness of the fuel source itself introduces a hazard. For civilian purposes, it is necessary that the enormous store of potential energy within a reactor core be released gradually and under controlled conditions. In a power reactor, uncontrolled release of this energy, while extremely unlikely to lead to an actual explosion, can conceivably lead to temperatures higher than those which available materials can stand.

DISPOSAL OF WASTES

Still another problem is that of the handling and disposal of spent fuel elements and wastes. Nuclear reactions yield fission products which are analogous to the ashes of an ordinary combustion process, though much less bulky than the ashes of combustion. They are radioactively "hot," that is, they are sources of intense radioactivity similar to the radioactivity from the reactor itself. For this reason they must be handled by remote handling devices, under water or behind shields, and disposed of in ways which will prevent contamination of the environment. All of this is expensive.

Such then are the problems, and they are indeed formidable. However, thanks to the devoted efforts of scientists and engineers in our great national laboratories at Argonne and Oak Ridge, at other AEC installations, and by our industrial contractors, solutions have been found to these problems. As you have read in the newsapers, the land-based prototype of the submarine power reactor, for example, has already operated long enough to have driven a submerged nuclear-powered submarine, at high speed, entirely around the circumference of the earth. A powerplant with such performance is no longer a scientific toy.

The Argonne and Oak Ridge National Laboratories have each produced experimental reactor powerplants which have actually generated in the neighborhood of 200 kilowatts of electric power—enough to satisfy the needs of a good-sized commercial building.

The Commission, with Westinghouse as its contractor, has underway a project to design and build jointly with the Duquesne Light Co. a nuclear powerplant that will generate 60,000 kilowatts of electricity. This is enough power for a good-sized city.

ELECTRIC POWER FROM NUCLEAR POWER

There is no longer any question then that power, specifically electric power, can be produced from nuclear powerplants. The question of practicability revolves solely around the question of cost. It is natural to ask, How close are we now to economic atomic power? Unfortunately, this is a difficult question to answer. We really don't know because as yet no plant specifically designed for economic civilian power has been built and operated. All we have available are estimates based on extrapolations from experimental units or units designed

for military operation for which costs are hardly representative of industrial or "civilian" central station plants.

It is significant, however, that the engineers' cost estimates, made by groups representing the Commission's development contractors and by independent groups representing both publicly and privately financed utility organizations, are arriving at figures which indicate that nuclear powerplants should be able to produce power at a cost within a factor of about two of the present national average.

It is significant, too, that whereas a few years ago the low-cost estimates came only from enthusiastic amateur groups, while the estimates of our experienced industrial contractors were invariably disappointingly high, in recent months accumulated reactor experience has led even our most conservative and sophisticated contractors to support predictions of power costs close to the competitive level.

For example, a recent report of the General Electric Co. considers two different types of nuclear powerplants, one estimated to cost $195 per kilowatt of installed capacity, and the other $215. These investment figures compare with $130 per kilowatt for a conventional coal plant. For the nuclear plants, however, the fuel costs are only 1.35 and 1 mill per kilowatt-hour, respectively, as against 3.4 mills for the coal plant with coal at 35 cents per million B. t. u.'s. The low fuel costs compensate for high plant costs so that, for the nuclear plants, the overall energy cost becomes 6.7 and 6.8 mills per kilowatt-hour as against 6.9 mills for the conventional plant.

FIGURES ESTIMATES, NOT COSTS

I hasten to add that the precision of these figures is not to be taken too seriously. No nuclear plants have yet been built and operated and the cost estimates must, therefore, be assumed to have large errors, whereas conventional coal plants have been perfected to such an extent that for such plants the figures can be considered firm.

Accordingly, in considering nuclear power costs, it would be prudent, in view of our ignorance and inexperience in this field, to use contingency factors considerably higher than those used for conventional plants. Even up to a contingency of 100 percent, in the case of the GE estimates, we are still within the factor of two of the conventional power costs which I discussed a few minutes ago.

It may seem to some of you that I am too concerned with mills and fractions of a mill in power costs. Before fractions of a mill are dismissed as unimportant, it would be well to realize that a 1-mill-per-kilowatt-hour saving on electricity in the United States would represent a total annual saving to the Nation of about $430 million. Conversely, if nuclear power costs stabilize at a figure 1 mill above the average of electricity from conventional energy sources, the high cost of development of nuclear power may have to be written off as premature. The stakes are indeed high.

The next question to which we might address ourselves is: Where do we go from here? While there are many conceivable reactor types based on different fuels and fuel element arrangements, different coolants and moderators, and different temperatures and conditions of operation, the Atomic Energy Commission—through its advisers and its staff—has selected five different types as being the most promising at the present time. These types will be developed in projects financed largely by the Atomic Energy Commission to the stage at which an adequate technology is proved. According to present plans, AEC money will not be used to carry these types to the stage of an operating economic powerplant.

Three of these reactor types, which I'll not have time to describe and will list by name only, are relatively short-term projects. Experimental operating units should be available within 2 or 3 years' time. These are an experimental boiling water reactor, a sodium reactor experiment, and the already mentioned Westinghouse-Duquesne large-scale experimental powerplant, known as the PWR or pressurized water reactor.

The other two approaches are longer term projects in which we hope to build experimental reactors in about 5 years. These are a homogeneous reactor in which, as the name implies, the fuel is dispersed homogeneously in an aqueous solution rather than being fabricated in metallic fuel elements, and the breeder reactor, the most exciting of all, which promises to produce more fissionable material than it burns. It would transmute the reserve of fertile material into fissionable material.

This Government-financed program is strictly an experimental program and none of the reactors mentioned are expected to produce competitive economic power. It is important that groups such as yours realize that the production of such economic power is not yet an accomplished fact, and that much work remains to be done before it can be accomplished. Yet, with the goal in sight, as a technical man I share with my colleagues their impatience with delays and their urge to get the job done.

CONGRESS TO FIX POLICY

Technical men are usually not very much concerned as to how the work is financed, whether with Government or non-Government funds. It is for Congress and the administration to determine the rate at which work on the reactor program should be pushed, evaluating probable returns against costs. However, since it already has been announced that a vigorous reactor program is a matter of national importance, it is important that either Government expenditures be maintained at significant and effective levels or that non-Government funds be encouraged to get into the program. This Nation is rich in coal and oil, and has understandably shown less interest in civilian use of atomic power than energy-starved nations abroad.

Since there are few problems in arranging for the distribution of Government funds, it would seem to be most profitable for us to discuss the problem of making the transition from the AEC-financed experimental program to a developmental program of full-scale reactors financed largely or entirely by non-AEC funds.

Let me emphasize, again, that none of the reactors to be built by the AEC is expected to be economical, and, for this reason, no board of directors of either privately owned or publicly owned utility systems could at this time authorize the choice of such a nuclear powerplant for use as a part of a system as a sound financial proposition. At the moment the situation is something like that leading to the Homestead Act, which provided that a prospective farmer, on presenting evidence of probable future diligent work, might be given 160 acres of weeds and grass and trees and stumps and stones.

EXPERIENCE IS NEEDED

If nuclear powerplants are likely to become economic at some time in the future—even if people in this country have to buy them abroad—it is worth something to a utility management, private or public, to begin to gain experience with them, in spite of likely high cost of the first plants. The need for this experience could provide the basis for a cooperative program in which the excess cost of nuclear power from these first plants would be financed partly by the operator and partly by the AEC.

Thinking by the staff of the AEC on this transition problem is at the moment about as follows: We accept the fact that the construction of nuclear plants will be for the immediate future, be more expensive than conventional plants by some unknown amount.

We ourselves are satisfied and believe we can satisfy the engineers of any interested utility operator that nuclear powerplants can be confidently expected to work, though there may be some delay and inconvenience in getting the first units up to full power. We are further satisfied that, with a fair price to the operator for the byproduct materials produced, operating revenues will exceed operating costs.

Finally, we believe that both AEC and utility organizations will gain valuable experience from the construction and operation of such plants and, further, that the Nation as a whole will gain both in immediate military strength and in potential economic strength.

PROPOSAL FOR JOINT VENTURE

The staff proposal, then, is as follows: Utility organizations, for the sake of their own education and as a contribution to the national good, should be persuaded to consider seriously substituting a few nuclear powerplants for conventional plants in the course of normal expansion.

An organization's nuclear powerplant will be essentially an engineering extrapolation from one of the experimental reactor plants now being built and financed by the AEC. The nuclear plant will cost significantly more than a conventional plant, if for no other reason than the higher contingency, or ignorance factor. Since the utilities' first responsibility is to the consumer, the higher cost of such a nuclear plant cannot strictly be justified, though the cost of the equivalent conventional plant will represent a routine expenditure. On the other hand, in the AEC, research and development costs are routine expenditures, and it is the long-continued operation of the plant which represents an anomaly.

A joint program might, therefore, be developed on this basis: As a first approximation the utility company proposes to provide an amount of money equal to the cost of a conventional plant for the location in question while the Atomic Energy Commission, as part of its research and development expense, finances the difference between the cost of a conventional plant and a nuclear plant. If a number of such proposals can be developed every year, in each fiscal year the proposal considered to be most in the taxpayers' interest, as measured by minimum cost to the Government for the greatest technological advance, might be accepted for the reactor of the year. Under this suggested plan the Government would also purchase byproduct plutonium at a fair price.

With increasing experience on successive reactors, the difference between the cost of a nuclear and a conventional plant should become smaller and smaller and eventually vanish entirely, at which point the Government could step out of the picture. This approach seems to be one that can be made acceptable to the operating industry which, because of the nature of its business does not lend itself to the accumulation of risk capital. It further has the advantage of avoiding the high cost to the taxpayer of a long-continued subsidy program, for very few reactors will be built until power reactors become truly economic. Although some accounting and ownership problems are involved, this approach seems to be the most realistic under our present boundary conditions.

EFFECT IN MISSOURI BASIN

Let us now turn to a final question. If this, or some similar program is launched, what will be the effect in the Missouri Basin area and the interest of the people here? One of the first questions asked will be: How will the emergence of atomic power affect interest in hydropower and its use where it is available? The answer to this one is simple. Hydropower is so cheap, relative to other forms, that the Nation can and must develop all that is available, but this capacity will be able to meet only a

small fraction of the future energy demand of the Nation or, in fact, of the region in which it is developed. Experience in the Columbia Valley region is evidence. A region which was once considered to have inexhaustable hydropower is now surprisingly susceptible to brownouts.

Another popular question is: Are hydro power and atomic power compatible? I believe that future experience will show that they are not only compatible, but complementary. In the days when we thought of the power available from our big dams as very large blocks of power, it was natural to consider this power as providing the base load of an area. However, as the power demand increases and the percentage contribution of hydro becomes less and less, it seems clear to me that the base load will be carried by fossil or nuclear fuels and that hydro will be used for peak loads. This seems to be a healthy trend, for I can think of no cheaper way to store potential energy in a conveniently available form than in a water reservoir behind a high dam.

COMPLEMENTARY, NOT COMPETITIVE

There are, however, more subtle implications in what I think we can now confidently predict will be the gradual incorporation of nuclear powerplants into existing networks. In the beginning nuclear powerplants will be most attractive in areas where the cost of conventional fuel is high, and in these areas nuclear power will, in the long run, have the greatest social impact. The area in which we meet today is in one such area. There are 5 high-fuel-cost areas in the United States—one in the intermountain area in the West, one here in and around South Dakota, another in Maine, a fourth in Florida, and the fifth in the upper Michigan peninsula. In each of these areas, energy costs are roughly 35 cents a million British thermal units delivered.

On the other hand, the low cost areas are in the gulf region and along the Ohio River where energy costs are in the neighborhood of 10 to 20 cents per million B. t. u. Now this does not seem to be a tremendous difference in fuel costs, but it is surprising how much effect this differential has in the location of industry which as we all know, shows a tendency to concentrate in the Ohio River Valley and more recently in the gulf region where the fuel costs are particularly low. It is true that cost of fuel represents an extremely small fraction, in the neighborhood of 1 or 2 percent of the cost of finished products, but it seems to be a percentage that gets a lot of management thinking and does have an effect on the location of industry. We might say, therefore, from a strictly chamber of commerce point of view that it behooves people interested in the future of the Missouri Basin to become acquainted with and explore rather thoroughly the potentialities of nuclear energy, because it might serve to attract industry to an area which has the other desirable attributes.

You have still another advantage over other areas of the United States in respect to early introduction of nuclear power, and that is ample space. In the densely populated East, it is necessary in the design of reactors to lean over backward to take precautions against the remote possibility of "reactor incidents," which may be defined as a polite way of saying reactors out of control. In this area, however, the cost of precaution in the form of space around the plant to guard against the effects of "incidents" should be low.

Finally, if the international situation continues "not to improve," there would be a very great element of national strength in a utility system composed of electric power plants widely dispersed throughout the heartland of the continent with plants preferably underground and each with a 20-year supply of fuel stored in some convenient corner closet. I can only hope that our mobilization planners and civilian defense planners give due weight to the implications of civilian atomic power. Groups such as the Missouri Basin Inter-Agency Committee might find study of these military and defense aspects of nuclear power particularly rewarding.

COMPARATIVE ACTIVITY OF THE 81ST, 82D, AND 83D CONGRESSES

Mr. KNOWLAND. Mr. President, on Monday, July 19, the Senator from Tennessee [Mr. GORE] and I engaged in a colloquy on the floor regarding the legislative activity of the Senate during this session of Congress. At that time I inserted in the CONGRESSIONAL RECORD a statistical analysis which compared the activity during this session of Congress with activity of preceding sessions during the 82d and 81st Congresses. My office has advised me that the statistics for the first session of the 83d Congress and the 82d and 81st Congresses had only been brought forward as far as May 31 of each year instead of the June 30 date as indicated in the chart incorporated in the RECORD on page 10873 of July 19, 1954. Therefore, at this time I ask unanimous consent to have inserted in the RECORD at this point the completed chart of legislative activity as of June 30 for the 80th through the 83d Congresses.

Although I believe the statistics will speak for themselves, I merely want to point out that counting a 5-day workweek, Monday through Friday, the Senate has been in session 114 days out of a possible 126 days since it convened on January 6, 1954.

The PRESIDING OFFICER. Without objection, it is so ordered.

The analysis is as follows:

Data on legislative activity from start of session through June 30—Senate

	83d Cong., 2d sess.	83d Cong., 1st sess.	82d Cong., 2d sess.	82d Cong., 1st sess.	81st Cong., 2d sess.	81st Cong., 1st sess.	80th Cong.[1] 2d sess.	80th Cong., 1st sess.
Date session began	Jan. 6, 1954	Jan. 3, 1953	Jan. 8, 1952	Jan. 3, 1951	Jan. 3, 1950	Jan. 3, 1949	Jan. 6, 1948	Jan. 3, 1947
Days in session	114	98	109	101	123	109	102	106
Time in session:								
Hours	630	542	591	545	738	644	591	575
Minutes	39	55	57	36	22	29	30	12
Congressional Record:								
Pages of proceedings	5,354	4,811	4,935	4,570	5,694	5,101	4,743	4,264
Appendix								
Public bills enacted into law	53	39	69	19	60	66	189	53
Private bills enacted into law	105	27	169	40	108	43	110	16
Bills in conference	3							
Bills through conference	5	4						
Measures passed, total	839	419	764	485	650	522	1,048	391
Senate bills	365	184	292	186	244	205	358	140
House bills	332	113	338	161	290	191	531	128
Senate joint resolutions	14	15	8	9	11	16	27	29
House joint resolutions	12	8	23	12	12	18	27	21
Senate concurrent resolutions	19	13	17	16	15	22	16	5
House concurrent resolutions	19	10	8	10	11	10	27	9
Simple resolutions	78	76	78	91	67	60	62	59
Measures reported, total	[2] 927	[2] 554	[2] 1,006	546	789	674	[2] 1,096	[2] 491
Senate bills	423	269	385	223	321	289	407	210
House bills	347	131	448	183	344	245	522	147
Senate joint resolutions	20	20	21	11	11	20	33	30
House joint resolutions	8	8	17	12	12	20	27	22
Senate concurrent resolutions	17	15	19	16	17	26	16	9
House concurrent resolutions	12	10	6	10	11	11	27	10
Simple resolutions	100	101	110	91	73	63	64	63
Special reports	13	16	21	20	23	17	20	13
Conference reports								
Reported measures not acted on	[3] 124	[3] 98	[3] 259	[3] 46	[3] 190	[3] 127	[3] 76	[3] 91
Measures introduced, total	1,292	2,514	1,287	2,074	1,293	2,475	1,144	1,835
Bills	1,089	2,256	1,083	1,790	1,095	2,181	973	1,537
Joint resolutions	59	96	56	80	55	113	65	140
Concurrent resolutions	39	36	33	36	29	50	22	21
Simple resolutions	105	126	115	168	114	131	84	137
Quorum calls	132	131	117	157	254	238	223	232
Yea-and-nay votes	82	51	120	90	140	117	102	91
Bills vetoed	4	1	1	1				
Vetoes overridden							(1)	

[1] Senate adjourned June 19, 1948.

[2] These figures on measures reported include all placed on calendar or acted on by Senate even if there was no accompanying report.

[3] This figure does not agree with the total difference between bills reported and bills passed, because resolutions and bills placed on the House Calendar without having been formally reported were not included in figures of measures reported to the House; the difference in the case of Senate figures is due to uncounted bills "laid on the table" or "indefinitely postponed." Reported measures not acted on include measures reported during 1st session.

(At 12:40 a. m., July 22, the Senate was still in session. The proceedings will be continued in the next issue of the CONGRESSIONAL RECORD.)

NOMINATIONS

Executive nominations received by the Senate July 21 (legislative day of July 2), 1954:

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

Lowell H. Wilson, Castleberry, Ala., in place of R. C. Salter, transferred.

ARKANSAS

James L. Latshaw, Fulton, Ark., in place of E. M. Odom, retired.

CALIFORNIA

Agnes C. Richmond, Beverly Hills, Calif., in place of M. J. O'Rourke, retired.

Bernice B. Dewar, Patton, Calif., in place of E. B. Smith, retired.

John C. Cummings, Yucaipa, Calif., in place of H. E. Rous, removed.

CONNECTICUT

Eugene F. Bull, Kent, Conn., in place of R. W. Bull, retired.

FLORIDA

John W. Turner, Hallandale, Fla., in place of B. N. Ingalls, resigned.

George E. Southard, Jupiter, Fla., in place of H. F. Aicher, resigned.

John J. Hoy, Lake Placid, Fla., in place of Carrie Bowers, retired.

GEORGIA

Valda D. Tanner, Jr., Sandersville, Ga., in place of C. B. Coopley, retired.

Ralph C. Key, Tallapoosa, Ga., in place of V. L. Howe, retired.

ILLINOIS

Carl A. Schroeder, Chicago, Ill., in place of John Haderlein, resigned.

William W. Van Gundy, Ellsworth, Ill., in place of M. M. Whalen, removed.

Lynn L. Simmermaker, Shipman, Ill., in place of C. E. Taylor, transferred.

Louise Kennedy, Villa Ridge, Ill., in place of Rosana Levitt, resigned.

INDIANA

Irvin Wesley Dolk, Chesterton, Ind., in place of F. P. Gavagan, retired.

Horace C. Little, Danville, Ind., in place of H. G. Thomson, retired.

Randall L. McCroskey, Fulton, Ind., in place of D. M. Zartman, resigned.

Granville P. Ziegler, South Bend, Ind., in place of F. C. Kettring, deceased.

IOWA

Earl W. Mayne, Sanborn, Iowa, in place of W. J. Foley, transferred.

Victor J. Hesseltine, Wayland, Iowa, in place of E. B. Wittrig, retired.

KANSAS

Charles A. Flaiz, Severy, Kans., in place of F. H. Olsen, transferred.

KENTUCKY

Paul A. Criscillis, Williamsburg, Ky., in place of E. A. Fish, deceased.

MAINE

Price Y. Tozier, Fairfield, Maine, in place of F. X. Oakes, deceased.

Hercules B. Roy, Frenchville, Maine, in place of Egline Plourd, resigned.

Henry L. Bryant, Tenants Harbor, Maine, in place of M. F. Rose, retired.

MICHIGAN

Raymond P. Brown, Copemish, Mich., in place of J. L. Romsek, transferred.

Byron R. Fowler, White Cloud, Mich., in place of Clyde Bowman, retired.

MINNESOTA

Marvin A. Halvorson, Dumont, Minn., in place of E. G. Burke, removed.

Allan J. Slezak, Hope, Minn., in place of J. E. Slezak, retired.

Peter D. McCarron, Sherburn, Minn., in place of E. T. Gibbons, retired.

Henry J. Schwegman, Taylors Falls, Minn., in place of G. W. Strand, retired.

MISSISSIPPI

Luther D. Henderson, Jr., Preston, Miss., in place of L. D. Henderson, retired.

MISSOURI

Jack E. Bradley, Harrisonville, Mo., in place of O. J. L. Brookhart, deceased.

Jim R. Preston, Sparta, Mo., in place of S. G. Greene, resigned.

NEBRASKA

Morris A. Odvarka, Clarkson, Nebr., in place of C. A. Koza, deceased.

Kenneth L. Bergstrom, Merna, Nebr., in place of G. L. Hammond, resigned.

Leslie J. Johnson, Silver Creek, Nebr., in place of C. D. Brummet, resigned.

Kermit Duane Cook, Springview, Nebr., in place of H. M. Hallock, resigned.

NEW HAMPSHIRE

Harris C. Pushee, Lyme, N. H., in place of J. L. Mayo, retired.

NEW JERSEY

Lester A. Sabo, Carteret, N. J., in place of W. J. Lawlor, retired.

Leo Mazza, Garfield, N. J., in place of J. A. Aloia, deceased.

Edwin A. Lake, Westfield, N. J., in place of W. C. Nestor, deceased.

NEW YORK

Florence Thompson, Harriman, N. Y., in place of F. L. Brady, deceased.

NORTH DAKOTA

Fayes Albert, Belcourt, N. Dak., in place of A. A. Ensor, removed.

OHIO

Winifred L. May, Mineral Ridge, Ohio, in place of J. L. May, deceased.

William C. Duff, New Concord, Ohio, in place of H. E. Miller, deceased.

Elmer Ford Simon, North Baltimore, Ohio, in place of N. Y. Roberts, retired.

Sam Verlenich, Jr., Warren, Ohio, in place of R. E. Schryver, resigned.

OKLAHOMA

Newel M. Taylor, Fox, Okla., in place of C. C. Cunningham, deceased.

PENNSYLVANIA

James W. Daubert, Allentown, Pa., in place of H. K. Bauman, deceased.

Leonard A. Quillen, Ardmore, Pa., in place of W. J. Carey, removed.

Elsie P. Bigger, Eagles Mere, Pa., in place of R. D. Kehrer, retired.

George B. Carpenter, Ulysses, Pa., in place of H. E. Merritt, resigned.

Frank F. Luek, Zelienople, Pa., in place of C. L. Druschel, deceased.

SOUTH CAROLINA

Clarence Ozell Hester, Ocean Drive Beach, S. C., in place of W. G. Griste, Sr., deceased.

TENNESSEE

Graden Featherstone, McKenzie, Tenn., in place of J. L. Marshall, retired.

TEXAS

John Harwin Parrish, Gladewater, Tex., in place of K. J. Preston, retired.

Herbert Williams, Hart, Tex., in place of C. B. Patterson, retired.

Emory D. Estes, Jr., Hawkins, Tex., in place of H. E. Minshew, removed.

Imogene M. Holt, Lockney, Tex., in place of H. B. Machen, resigned.

Billy J. Richardson, Reagan, Tex., in place of J. B. Moore, transferred.

Leila D. Kelley, Valentine, Tex., in place of J. J. Williams, removed.

WASHINGTON

Muriel June Kast, Elbe, Wash., in place of P. E. Engel, retired.

WISCONSIN

Louis J. Andrew, Sr., Fond du Lac, Wis., in place of J. C. Kiley, retired.

Amy O. Harder, Mindoro, Wis., in place of E. M. Olson, removed.

WEST VIRGINIA

Cecil C. Lanier, Coalwood, W. Va., in place of R. L. Keel, retired.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 21 (legislative day of July 2), 1954:

DEPARTMENT OF THE INTERIOR

Clarence A. Davis, of Nebraska, to be Under Secretary of the Interior.

UNITED STATES DISTRICT JUDGE

Herbert S. Boreman, to be United States district judge for the northern district of West Virginia.

UNITED STATES ATTORNEY

Joseph E. Hines, to be United States attorney for the western district of South Carolina.

HOUSE OF REPRESENTATIVES

WEDNESDAY, JULY 21, 1954

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D. D., offered the following prayer:

God of all grace, as we go forth to discharge the duties of each new day, we are becoming increasingly conscious that we need a strength and a support which come from a source far greater than the ingenuities of our own finite minds.

We humbly confess that our beloved country is daily challenged by vast problems which are testing to the uttermost the wisdom and understanding, the patience and perseverance of our President, our Speaker, and the Members of Congress.

Help us to realize that a greater accumulation of material resources and this world's goods can never be the only remedy to cure and the only means to solve our social, economic, political, moral, and spiritual troubles and difficulties.

Lord, increase our faith in Thee and Thy divine providence and may it be a faith that is strong and steadfast, a growing faith that is large enough to meet with courage all our expanding needs and varied experiences.

In Christ's name, our Lord and Saviour, we bring our petition. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Carrell, one of its clerks, announced that the Senate agrees to the amendments of the House to a bill of the Senate of the following title:

S. 3605. An act to abolish the offices of Assistant Treasurer and Assistant Register of the Treasury and to provide for an Under

Secretary for Monetary Affairs and an additional Assistant Secretary in the Treasury Department.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6725) entitled "An act to reenact the authority for the appointment of certain officers of the Regular Navy and Marine Corps."

THE LATE SENATOR BLAIR MOODY

The SPEAKER. The Chair recognizes the gentleman from Michigan [Mr. RABAUT].

Mr. RABAUT. Mr. Speaker, I make mention in the House at this time of the death last evening of a great American, a citizen of the State of Michigan, and a very dear friend of mine, former Senator Blair Moody. Physically and mentally he was in the prime of life and his death has come as a shock to those who have known him.

It might be said that the Senator was a victim of his own restless and tireless energies. He was a worker and he was a true friend of the little man. Endowed with a fine mind and an understanding of the workings of government, he added much to the well-being of the country during his tenure in the Senate. His knowledge of world affairs came about as a result of his travels as a newspaperman, and his continuing interest in domestic and foreign problems equipped him well for any of the tasks he undertook, and they were many.

Blair Moody, after meeting defeat in a former election, had determined to run once again for the United States Senate. In the true American tradition, he would not quit. His example and courage and steadfast devotion to purpose are manly attributes which any of us might well emulate. For my part, it has been an inspiration to know him. I was his friend and he was mine.

To Mrs. Moody and the members of his family, I extend my sincere condolences and assurances of my prayers in his behalf.

Mr. Speaker, I ask unanimous consent that all Members have the right to extend their remarks concerning the life and services of Blair Moody at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. RABAUT]?

There was no objection.

Mr. DINGELL. Mr. Speaker, with a heart laden with sorrow I rise to announce to the House the untimely death of Blair Moody, reporter extraordinary, author, world traveler, statesman, and former United States Senator, who so ably performed his duties as the appointive successor to the late United States Senator, Arthur H. Vandenberg, whom he counseled and advised over the years.

Blair Moody was a veritable dynamo of productive, progressive action in both the field of reporting the news and in legislation as a United States Senator. It was a part of his nature to do all things with great energy, promptness, and sincerity. His 52-year span of life he crowded with far-reaching accomplishments. They were always wholesome and desirable.

I have been privileged to know him intimately. Between us there was a deep and abiding friendship dating back to 1933 when the Detroit News assigned Blair Moody to cover the important Washington doings. During the historic days of the New Deal we counseled and confided in each other over the years.

Blair Moody was my one and only choice as the successor to the late Senator Vandenberg. I was among, if not the first, to urge Governor Williams with utmost promptness to designate him to fill the vacancy. After that we continued our consultations and collaborated in all matters pertaining to the welfare of the people.

Blair Moody was a man of prodigious mentality with a physique and productive energy to match. He was as direct and true as an arrow with great impact and penetration at the target. He was honest, sincere, and fearless, and never reckoned upon the consequences of any bold step which he undertook as the champion of any good cause. His name has been connected only with righteousness, patriotism, peace, and progress. For the noble course that he followed he was not always rewarded with friendship; nay, he made enemies too and it was because of his inherent and unshaken virtues that the people of Michigan and all others who knew him loved him so well. While he was aggressive he never forced his views upon nor abused anyone in disagreement.

The untimely death of Blair Moody leaves a void in the Democratic Party, in the newspaper world, and in the field of business and social endeavor which will be difficult, even impossible, to fill for a long time to come.

Blair Moody was born of pioneer American stock. Born to wealth and comfort he lived on the other side of the tracks, in a neighborhood other than mine, but our minds, our feelings, and our philosophies were kindred; they were parallel; they were the same. Blair Moody never judged a man by the amount of his bank balance. Character, ability, and honesty are what he judged as important and compelling in his relationships with his fellow man. Station in life, while respected and deemed important, was not the bond between this late and beloved man and the people. He rubbed elbows and carried on his work for and among the lowliest, for he understood their needs and sought at all times to alleviate their wants.

I remember in the early days of my service in Congress when Blair Moody, the reporter, crossed over into my legislative domain to discuss, advise, and counsel me in matters pertaining to old-age pensions, unemployment compensation insurance, aid to the blind, the handicapped, the crippled, and to widows and orphans. These were always close to his heart. When often the opposition sought to limit the beneficent effect of legislation Blair Mody gave encouragement and substance to those who might vacillate or who might need powerful support in such progressive ventures.

The noble soul of Blair Moody responded to the final and indomitable call of its Creator and the people of Michigan who have benefited so much from his expressed philosophy as a newspaperman and his official actions as a United States Senator bow their heads in silent and everlasting tribute to him.

I want to extend my prayerful sympathies to his beloved wife, Ruth Moody, his mother, his eldest son, Blair, Jr., and his two little sons, all of whom will miss him until the reunion which is sure to take place in a world far more appreciative of a man's character and goodness than the world from which he departed. I console myself with the prayer that God may give him eternal rest and may shed His perpetual light upon my dear friend forever.

Mr. MACHROWICZ. Mr. Speaker, the people of the United States suffered a great loss in the tragic and sudden death of former United States Senator Blair Moody, of Michigan. For those of us who knew him better and were privileged to work with him, it was a tremendous personal blow.

As a newspaperman, editor, radio and television commentator, Blair Moody has established himself as one of the most eminent in his field. But it was in his brief but rich political career that he proved himself to be an outstanding leader and friend of the forgotten man.

Though he was only in the United States Senate a brief time, in that short time he earned the profound respect and admiration of his colleagues for the leadership which he showed in every fight for the cause of the forgotten man.

To his wife and family I express my deepest sympathy. All of us in Michigan will miss him greatly. May his spirit guide us in our future work for the cause which he espoused so dearly.

EIGHTIETH BIRTHDAY OF HON. HERBERT HOOVER

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent for the immediate consideration of House Concurrent Resolution 258.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States hereby extends to the Honorable Herbert Hoover its greetings and felicitations on the 80th anniversary of his birth, August 10, 1954.

SEC. 2. The Congress expresses its admiration and gratitude to Mr. Hoover for his long years of devoted service to his native land and to the world in general in many different capacities.

SEC. 3. The Congress is especially appreciative of his willingness to accept cheerfully the heavy burden of serving as Chairman of the second Commission on Organization of the Executive Branch of the Government, which is an arm of the Congress, in order to complete the work so well begun a few years ago by a similar commission under his chairmanship.

SEC. 4. The Congress expresses the hope and desire that Divine Providence may permit Herbert Hoover to be spared to give many more productive years of honored service to humanity and to his beloved country.

SEC. 5. A copy of this resolution shall be transmitted to America's elder statesman, the Honorable Herbert Hoover.

Mr. BROWN of Ohio. Mr. Speaker, this House concurrent resolution which I have offered on behalf of Speaker MARTIN and myself, speaks for itself. A similar resolution has been adopted this morning by the Senate. The resolution has the approval of the leadership on both sides of the aisle.

In adopting this resolution honoring Herbert Hoover, the Congress honors itself. Herbert Hoover, our beloved elder statesman, will be 80 years young on August 10. Throughout his many years he has served his Nation and all humanity faithfully and well. Keen of mind and firm of step, he is continuing his public service as Chairman of the Commission on Organization of the Executive Branch of the Government. His inspiring leadership and his great knowledge of governmental matters will, I am sure, make the work of the Commission of great value to our country and a lasting monument to himself.

It is my prayer that our beloved chief, Mr. Hoover, be spared to enjoy many more anniversaries of his birth.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. BROWN of Ohio. Mr. Speaker, I ask unanimous consent that all Members be permitted to extend their remarks upon the subject of the birthday of ex-President Hoover, and his services.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

IMPROVEMENT OF RAILROAD RETIREMENT ACT

Mr. ABERNETHY. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. ABERNETHY. Mr. Speaker, quite some time ago the Committee on Interstate and Foreign Commerce reported H. R. 7840, a bill to amend the Railroad Retirement Act, the Railroad Retirement Tax Act, and the Railroad Retirement Unemployment Insurance Act. As finally reported there was no opposition in the committee to the bill. It was reported by unanimous vote after lengthy study and full hearings.

The bill improves certain benefits to retired railroad employees as well as to widows and dependents of deceased railroad workers. There is great need for these improvements. Interest in the bill is widespread. It is supported by all standard railway unions, including the 4 train and engine service brotherhoods and all 19 organizations affiliated with the Railway Labor Executives' Association.

In considering the bill the committee placed great emphasis on the effect of the proposed amendments on the financial soundness of the railroad retirement account. Members of the committee are of the unanimous opinion that regardless of the desirability of certain proposals for the liberalization of benefits under the Railroad Retirement Act, no amendments to the law should be made which would jeopardize the financial soundness of the retirement system. Before reporting the bill the members of the committee, who are experts on this legislation, assured themselves that the bill would not place the financial soundness of the system in jeopardy.

Considering this assurance and the great need for the improvements, I sincerely hope and urge that the leadership of this Congress will bring the measure to the floor for a vote and in time for it to become law.

This Congress should not be permitted to adjourn without considering this bill.

SPECIAL ORDERS GRANTED

Mr. MADDEN asked and was given permission to address the House on next Wednesday and next Thursday for 30 minutes, following the legislative program of the day and any special orders heretofore entered.

Mr. FEIGHAN asked and was given permission to address the House for 15 minutes today, following the legislative program and any special orders heretofore entered, and to revise and extend his remarks.

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 5 minutes today, following any special orders heretofore entered.

REENGROSSMENT OF A BILL

Mr. HOPE. Mr. Speaker, I offer a resolution (H. Res. 652) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, etc., That the Senate be requested to return to the House the bill numbered H. R. 6399 and the message of the House thereon.

The resolution was agreed to.

Mr. HOPE. Mr. Speaker, I ask unanimous consent that when the bill numbered H. R. 6399 and the message of the House thereon is returned to the House the Clerk be authorized to reengross the bill as H. R. 6393.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

EDUCATION AND TRAINING BENEFITS TO CERTAIN VETERANS

Mr. SPRINGER. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 9888) to amend the laws granting education and training benefits to certain veterans to extend the period during which such benefits may be offered.

The Clerk read as follows:

Be it enacted, etc., That (a) section 212 (a) of the Veterans' Readjustment Assistance Act of 1952 is amended by striking out "two" and inserting "three" in lieu thereof.

(b) Section 213 of such act is amended by striking out "seven" and inserting "eight" in lieu thereof.

SEC. 2. The proviso in paragraph 1 of part VII of Veterans Regulation No. 1 (a) is amended by inserting before the period at the end thereof the following: ", except that 'thirteen years' shall be substituted for 'nine years' in the case of any otherwise eligible person who the Administrator determines to have been prevented from entering or, having entered, from completing, training under this part within such 9 years by reason of one of the following conditions:

"(a) Such person had not attained, retained, or regained medical feasibility for training because of mental or physical disability;

"(b) Such person has not met the nature of discharge requirements of section 1503 of the Servicemen's Readjustment Act of 1944 (38 U. S. C. 697c) prior to a change, correction, or modification of a discharge or dismissal made pursuant to section 301 of the Servicemen's Readjustment Act of 1944, as amended (38 U. S. C. 693h), or the correction of a military or naval record made pursuant to section 207 of the Legislative Reorganization Act of 1946, as amended (5 U. S. C. 191a), or other corrective action by competent authority; or

"(c) Such person had not timely established the existence of compensable disability connected with or aggravated by service.".

SEC. 3. That clause (1) of the act of December 28, 1950, as amended (38 U. S. C. 701a), is amended to read as follows: "(1) Vocational rehabilitation based on service as prescribed in this act may be afforded until 9 years after the enactment of this amendment as to any veteran discharged or released from such service prior thereto, or otherwise until 9 years after discharge or release from such service or 9 years after the aforesaid termination of the period beginning June 27, 1950, whichever date is the earlier; except that '13 years' shall be substituted for '9 years' in the case of any otherwise eligible person whom the Administrator determines to have been prevented from entering or, having entered, from completing, training under this act within such 9 years by reason of one of the following conditions:

"(a) Such person had not attained, retained, or regained medical feasibility for training because of mental or physical disability;

"(b) Such person had not met the nature of discharge requirements of section 1503 of the Servicemen's Readjustment Act of 1944 (38 U. S. C. 697c) prior to a change, correction, or modification of a discharge or dismissal made pursuant to section 301 of the Servicemen's Readjustment Act of 1944, as amended (38 U. S. C. 693h), or the correction of a military or naval record made pursuant to section 207 of the Legislative Reorganization Act of 1946, as amended (5 U. S. C. 191a), or other corrective action by competent authority; or

"(c) Such person had not timely established the existence of compensable disability connected with or aggravated by service."

The SPEAKER. Is a second demanded?

Mr. TEAGUE. Mr. Speaker, I am not opposed to this bill, but in order that we may have some debate on it, I demand a second.

The SPEAKER. Is there any Member opposed to the bill who demands a second? If not, the gentleman from Texas is recognized to demand a second.

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SPRINGER. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, may I say to my colleagues of the House that I have a short statement, and as soon as I have finished, I will be glad to answer any questions anyone cares to propound.

Today, a veteran of service on or after June 27, 1950, the Korean war, must initiate a course of training or education under the Veterans' Readjustment Assistance Act of 1952—Korean GI bill of rights—by August 20, 1954, or 2 years after his discharge, whichever is the later. Section 1 of this bill simply extends that period for initiating a course from 2 to 3 years after the date of his discharge. The present law also requires that a course of training be completed within 7 years from the date of discharge, and, to be consistent, this is extended for 1 additional year.

This corresponds with a 4-year period to initiate a course of education or training granted to World War II veterans and a 9-year period for completion.

Sections 2 and 3 relate exclusively to veterans undergoing training under Public Law 16 of the 78th Congress, or Public Law 894 of the 81st Congress, both of which relate to education and training for service-connected disabled veterans.

There is no initiation date as such under Public Law 16 or 894. There is an overall completion date of 9 years after the date of discharge for World War II veterans. This would expire on July 25, 1956. Section 2 would extend this period for completing a course of education and training from 9 years to 13 years for those persons who have not attained rehabilitation because of mental or physical disability or by reason for the type of discharge which they received—the discharge, of course, having been later corrected pursuant to law.

Section 3 extends the same sort of coverage to a veteran training under Public Law 894, the Korean group, and at the same time limits vocational rehabilitation in line with the precedent set for World War II training to 9 years after the enactment of this proposal, or 9 years after the date of discharge of the veteran, whichever is the earlier.

It will be recalled by the Members of this House that June 22 marked the 10th anniversary of what is officially known as the "GI bill." In this legislation we established a new national responsibility for the men and women who had been in the Armed Forces. Formerly, we had taken care of all of those who were injured or hurt, including the widows and orphans of deceased veterans. This bill attempts to do something about those members of the Armed Forces who have lost precious time by virtue of war service. At the time the first bill was passed, there were a great many doubts about the Government going this far in helping with advanced education, granting loans to go into business, and benefits which would allow the veteran to purchase a home under a favorable financial situation.

This bill has been accepted by the public at large and, I believe, by the large number of editorials that have appeared in the newspapers in the past month. The bill has received general public approval.

By the extension of this bill for another year, we seek to assist some of those whose benefits would have expired on August 20, 1954.

I submit, Mr. Speaker, that this is a reasonable bill and one which we can all support.

Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. BECKER].

Mr. BECKER. Mr. Speaker, I am very happy to support the bill, H. R. 9888, as just described by the gentleman from Illinois [Mr. SPRINGER]. I believe the American people are wholeheartedly behind this type of legislation to give our veterans, the veterans of the Korean war, an opportunity because of the many problems and circumstances confronting them on their return from the service. Many of them have not been acquainted with the facts and the laws, and many of them are just catching up and finding out about them today. I believe the Congress today will give those men who have had difficulties on their discharges and with their problems of compensation and so forth an opportunity to take advantage of the law which we passed in 1952. To extend this for 1 year, Mr. Speaker, I think is absolutely justifiable and in the best interests of the veterans of the Korean war.

Mr. SPRINGER. Mr. Speaker, I yield 1 minute to the gentleman from New York [Mr. DEROUNIAN].

Mr. DEROUNIAN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. DEROUNIAN. Mr. Speaker, I wish to compliment the gentleman from Illinois [Mr. SPRINGER] for his bill to extend the Korean GI bill. I am wholeheartedly in favor of it.

Mr. TEAGUE. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. MCCORMACK].

Mr. MCCORMACK. Mr. Speaker, I ask unanimous consent to speak out of order.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MCCORMACK. Mr. Speaker, at the outset I want to say I favor this bill, and I am confident the rules will be suspended and the bill now before the House will pass.

Mr. Speaker, on yesterday former Speaker RAYBURN said in relation to the postal pay raise bill and the postal increase bill:

> I do not think while I was either Speaker or majority leader that I ever called up, or allowed to be called up under suspension of the rules, any bill until I had consulted with the minority leader. If my memory serves me correctly, I never recognized any Member to move to suspend the rules unless it was agreeable to the minority leader. This program is not agreeable to me. I think it is a terrible thing that in order to increase the wages or salaries or compensation of postal employees we have to throw two bills together. I want to say now, for myself, although I do not know what might be the course others may take, if the increases in postal salaries and the increase in rates on postage stamps from 3 cents to 4 cents come up together, it certainly shall not have my support.

Mr. Speaker, the situation in relation to that bill when it comes up is the most unusual I have ever seen in the House. It is the use of a rule relating to suspension of the rules I have never witnessed.

During the 10 years I was majority leader and during the time Speaker RAYBURN was majority leader, we never suspended the rules to a situation that will exist in the case that will come up in a short while.

I might say in passing the present leadership has established a precedent. It is a precedent for Democratic leadership to follow in the future, if they desire. I accentuate "if they desire."

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. MCCORMACK. Yes, I yield.

Mr. HALLECK. As far as the precedents are concerned, the postal rates and pay bill was handled in the 80th Congress in exactly the same way.

Mr. MCCORMACK. With an understanding and with an agreement on the part of the leadership on the minority side.

Mr. HALLECK. I do not recall there was any such arrangement. As a matter of fact, I read the debates on it and Members on both sides, particularly on your side, who objected to the manner in which it was brought up, did not even bother to have a rollcall on the measure when it came up.

Mr. MCCORMACK. I am not contradicting anything the gentleman says, and he has not contradicted a word I have said. I said the leadership on the minority side were consulted. Whenever there was a suspension, even on regular Consent Calendar day, when I was majority leader, I always advised the minority leadership what was to be put down, and any time they said they did not want this or that bill I respected their wishes.

Furthermore, today we are, under suspension of the rules whereby unanimous consent had to be obtained in order to do it; and, by implication at least, in those cases there is a further responsibility of letting the minority leadership know what bills are contemplated under suspension of the rules, to ascertain their views.

Mr. HALLECK. Will the gentleman yield further?

Mr. MCCORMACK. Let me ask the gentleman, Did you consult the gentleman from Texas [Mr. RAYBURN] about these bills and get his views?

Mr. HALLECK. I spoke to the gentleman from Texas.

Mr. MCCORMACK. I am speaking about one thing——

Mr. HALLECK. Give me a chance to answer.

Mr. MCCORMACK. If I can get a little more time.

Mr. HALLECK. I spoke to the gentleman from Texas last week about these particular bills to try to find out what the attitude on the other side might be.

It is fair to say that in respect to most of them he was discouraging as to support on that side. But let me point out to the gentleman that the calling of the suspensions today did not involve the creation of an additional date for sus-

pensions, but, I might say to the gentleman from Massachusetts, was a transfer from Monday to Wednesday in order to accommodate the situation.

Mr. McCORMACK. Correct. The gentleman spoke to me.

Mr. HALLECK. I spoke to the gentleman.

Mr. McCORMACK. Yes.

Mr. HALLECK. If it could not have been worked out then we would have had them Monday. I recognize that, of course.

Mr. McCORMACK. Pardon me; that does not deny my statement that it had to be done by unanimous consent.

Mr. HALLECK. That is exactly right.

Mr. McCORMACK. That is right. Then there is a meeting of the minds.

Mr. HALLECK. That is right, but I wanted to explain that it did not include the creation of an extra day for suspensions. All very well. Then I was asked: What do you expect to call up? And I announced what we expected to call up, and you could object or consent to the request, which was simply to transfer suspension day from Monday to Wednesday.

Mr. McCORMACK. May I state to the gentleman from Indiana, the majority leader, that in the 10 years I was majority leader I scrupulously protected what I considered to be the rights of the minority leadership, letting them know before I announced the program what I wanted to call up under suspension; and if there was any objection I would not call up that bill. The majority leadership then was wise in doing that because it avoided calling a bill up under suspension that was going to be defeated. We tried to get the views on the minority side. There was no effort to call up bills as in this case which almost makes us feel justified in asking what might be the motives.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. McCORMACK. I yield to the gentleman.

Mr. HALLECK. I want to say to the gentleman that the leadership on this side takes responsibility for this procedure.

Mr. McCORMACK. Certainly, of course; and you are establishing a precedent for the future that the minority side might use if they desire.

Mr. HALLECK. That is right.

Mr. McCORMACK. Should I be majority leader again I shall continue the policy of the past of consulting the minority leadership and letting them know, and getting their views, and respecting their views. I may be unwise in making this commitment, but I think it is the decent thing to do.

Mr. HALLECK. May I say to the gentleman from Massachusetts that I talked to the gentleman from Texas last week about the three suspensions that are of consequence here today, told him that they were coming up.

May I say also that I do not expect that any of these suspensions will be defeated today because I think they all involve——

Mr. McCORMACK. Now, that is making an argument. The gentleman will make that argument in his own time.

May I say I am getting sick and tired of having some Member come down here and every time there is danger, whenever they are in control trying to foist the responsibility upon the minority party. As to a bill the other day, it might have struggled through if a certain thing had not happened.

Here today we are faced with two important bills merged into one with the membership favoring some parts and opposing other parts, but placed in the position of having to accept the bad with the good or having to reject the good with the bad.

It was never intended that the suspension of the rules should be utilized to enact controversial legislation or attempt to lay down to the Members a measure parts of which the Members strongly favor and parts of which they strongly oppose.

If on important legislation such as this which will come up shortly, the leadership wants to prevent amendments being offered to the bill and to prevent it from being riddled to pieces, they could have resorted to a closed rule. That procedure at least would have preserved the right of the minority to offer a motion to recommit.

Under this procedure the right of the minority to offer a motion to recommit is taken away on vitally important legislation involving two important bills.

I favor the Corbett bill, but I am denied the opportunity of voting for it. I am against the increase of the rate on first-class mail from 3 cents to 4 cents as provided for, or as will be, in the bill to come before us.

There are other parts of the postal increase bill I am opposed to but I am denied the opportunity of doing so. A closed rule would enable the minority to offer a motion to recommit, either a general motion to recommit or one with instructions and thereby preserve the time-honored right of the minority.

The Reorganization Act is no precedent for the abdication of congressional power contained in the bill that will soon be before us. The Corbett bill preserves the constitutional rights of Congress because it created a joint commission on reclassification, to look into it and to report back to the Congress and have Congress legislate affirmatively, not negatively, as will be provided in the bill before us in the near future.

I wonder, as I am talking, how the newspapers of the country—at least 85 percent of whom are Republican and 95 percent of whom supported the Republican candidate in 1952—will feel with reference to today's tactics. I wonder if they will still apologize for a leadership, not Members, but a leadership, that attempts to pass such an important bill in this manner.

Everyone of us knows the most pressing kind of lobby possible has been operating against the Corbett bill as well as in favor of the postal rate increase bill. Some of us could tell certain things about the lobby and what the official angle might show.

Mr. Speaker, if this motion to suspend the rules is not carried, the bill will not be defeated. The leadership can bring it before the House through a rule from the Rules Committee, either an open rule or a closed rule. I cannot imagine the Republican leadership refusing to bring up a pay raise bill for the postal employees and for the other Federal employees before this session of the Congress is over.

For the reasons I have stated I shall vote against the motion to suspend the rules and pass that bill.

Mr. SPRINGER. Mr. Speaker, I yield such time as she may require to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, may I compliment the gentleman from Illinois [Mr. SPRINGER] for the splendid work he has done in connection with the pending bill. I wholeheartedly endorse his efforts and commend him and his subcommittee for the fine work they have done upon this proposal.

Mr. TEAGUE. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. HAGEN].

Mr. HAGEN of California. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter.

The SPEAKER. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. HAGEN of California. Mr. Speaker, I want to urge approval of this bill under suspension of the rules and say at the same time that we of the Veterans' Committee are not entirely satisfied with respect to the way the legislation we have acted upon has been handled.

I want to compliment the chairman of the Committee on Veterans' Affairs, the able gentlewoman from Massachusetts [Mrs. ROGERS] for her intense concern for the welfare of our veterans. She has had a difficult job in this session of the Congress in spite of the fact she has had almost unanimous support of her committee, both Republican and Democratic members alike.

The legislation represented in the instant motion for approval cannot be looked at separately because it is part of a complex picture of failure of the leadership to accept the judgment of the Veterans' Affairs Committee on a variety of subjects. It is part of a picture of failure of leadership to recognize the legitimate needs of our veterans, a class of citizens who yield to no one in value to this country and deserved fair treatment at the hands of Congress. The legislation posed by the motion before you and by the succeeding motion with respect to H. R. 9020 has the support of none of the great veterans' organizations in the United States. They are frankly disappointed that these proposals are the only ones which could be presented outside the bounds of the Veterans' Affairs Committee itself.

We who serve on the Veterans' Affairs Committee have worked diligently to consider the problems of veterans and to approve legislation which dealt with both the nonveteran taxpayer and the veteran fairly. When we acted we acted almost unanimously and it can be said that the veterans' organizations made no unreasonable demands of us. We are a little

bit disappointed that our hard work has been ignored to the extent that legislation approved by us cannot reach the floor of the House except in an emasculated form.

The proposal before you is a fair example of such emasculation. As it was approved by our committee after extensive hearings it extended to Korean veterans the same educational entitlement period which had been extended to World War II veterans. As presented here that equity has been destroyed and the spokesmen for Korean war vets will have to be back here next year seeking equity.

The proposal to follow is an even more gross example of such emasculation. The subcommittee of our full committee which initially approved a measure dealing with benefits to disabled veterans and the surviving dependents of disabled veterans held extensive hearings on a multitude of proposals covering every class and age of veteran and their dependents. These proposals were examined and a decision was made with respect to all of them, a decision embodied in H. R. 9020 as presented to our full committee. The judgment reflected by such bill was not a radical judgment. It was a judgment that the amounts proposed were fair and that the Government could afford to pay them in the context of many other governmental obligations in a troublesome time with some minor modification by our committee and some minor exceptions a proposal for a 10 percent benefit increase was approved by the committee and submitted to the Rules Committee for a rule. The proposal died there for reasons about which you may speculate, although the total cost was only $232 million, a relatively small amount measured in terms of need and the profligate character of some of the appropriations approved by this House which can best be described as boondoggling for the benefit of a particular Congressman who wants to be reelected in a close district. An attempt was made by our committee to revive H. R. 9020 in the Rules Committee by acceptance of a compromise. We accepted a compromise which cut half of the cost of the legislation. That was not enough; we had to compromise further and accept the legislation offered here which has no value at all for approximately a million of our most needy class of veterans or their survivors.

No one can vote against the amended Springer proposal or the amended Radwan proposal but those here who want to be fair with our heroes can say that they are not enough and can protest the kind of leadership which considers them a sufficient answer to the respective problems with which they deal. A breach of faith has occurred which cannot be explained away in terms of economy. There is a great deal of talk about stimulating our economy by putting money in the hands of those who need it and will spend it for the benefit of all of us. There is no more deserving class of recipients than the persons left out by H. R. 9020 as amended. There is great concern about a growing dearth of educationally qualified young men in this country. There is no better way to provide them than to increase the opportunity of Korean veterans to attend college or to take other training in the skills so necessary to a democracy employing a citizen soldiery.

Ignoring for the moment the veterans who will benefit by this legislation and the much larger group who would have benefited had the action of the Veterans' Affairs Committee prevailed, I may say that there is a fair way to legislate and an unfair way to legislate. We on the committee were informed that the legislation before you was all that we could present to the House. In fact the revised Springer proposal would not be before you in the absence of the revised Radwan proposal.

I wish to recommend to the membership and to the public the reading of the Thursday, July 22, 1954, issue of the Stars and Stripes published here in Washington. Said issue of such paper, which deals exclusively in matters of interest to veterans, bears this big black head across the top, "Republican Party Forsakes Veterans." On the front page of the same issue there is a lead editorial which bears the caption, "The Great Betrayal." In this article and this editorial the writer discusses in great detail some of the things I have mentioned and a great many more including certain broken 1952 campaign promises.

Accept we must the shoddy compromises presented to us, but let us not rest here or express any great happiness or satisfaction over what we do here today.

Mr. SPRINGER. Mr. Speaker, I yield 7 minutes to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, I was very much interested in the remarks of my good friend from Massachusetts, the minority whip. Let me just say that suspensions of the rules have been had in the 20 years that I have been here. To pass measures under suspension of the rules affords a fair opportunity to deal with matters expeditiously and to dispose of them. And, as I say, both sides have used this procedure. In the few years that we have been in the majority, we have had suspensions, and I have been on the receiving end of suspensions many times from the then majority side that, if I had my way, I would have said that I preferred they not be used. We understand that there is a certain maneuvering for position, and some of our good friends on the Democratic side have maneuvered a few times this year. And, I do not quarrel about that. The fact of the matter is, as far as I am concerned and all of us over here, we are driving for a July 31 adjournment sine die, and I have no reason to believe, in the Congress overall, that we are not going to make it. But, there are certain things that need to be done, that need to be disposed of.

Now, as we seek to meet our responsibility and get these measures through that deserve attention and action, we have got to think about what may transpire or happen in the other body, and we have got to think about the Executive branch and consider the whole picture in an overall effort to determine what may finally become law and what may not become law.

Now, these particular veterans' bills in all my time have been called up under suspension of the rules. The year extension that is now before us is something of a compromise from what was originally introduced. The bill that will come next is a little less than at one time had been supported, but the committee has reported a revision that I can say to you will benefit the veterans of this country in a very outstanding way, veterans whose disabilities are service-connected. That measure we shall pass here, and I am confident that it will go on and become law when something else might not have gone on and become law.

Particular reference is made to the next suspension that will involve two bills—bear this in mind, two bills that were reported with amendments from the Committee on Post Office and Civil Service by decisive majority votes, one having to do with an increase in rates, first-, second-, and third-class, and the other having to do with pay increases for the postal employees.

Now, just let me say this to you: This is the day that we are either going to vote an increase for the postal employees or we are not.

This is a good, generous pay increase for the employees. We had some negotiations looking to some sort of an arrangement—some called it a compromise, but there were things to be put in a pay increase bill which were not agreed to, according to my lights, but they are in here and come under this suspension. What are they? There is a $200 minimum. There is a 5-percent across-the-board increase. And that is what you are going to vote for these disabled veterans today. There is a $100 additional longevity step. There is a $100 a year item for uniforms. This is going to cost about $153 million a year.

I say that that is a substantial pay raise for the employees. And those Members who have been wanting to do something for the postal employees have their opportunity to do it here today. They may say, "You have a rate increase in here." Let us take a look at that. It is the rate increase, I say again, that was voted by the Committee on the Post Office and Civil Service, and reports have been available for months. Perhaps Members can continue to vote to increase costs in the Post Office Department where, after taking out the subsidies, we have introduced a great many efficiencies in operation, but where we are still running a $300 million to $400 million deficit every year. What is wrong with saying that we are going to give the employees more money but we are going to raise our revenues to help try to bring this operation in balance? It will not be in balance even after this bill is adopted. It will still be $300 million out of balance, and that will have to come out of the taxpayers' pockets. It will affect the whole budgetary situation.

What I am saying is that here is a bill reported by the committee. It is a combination of those bills, that is true. It is exactly the way we handled the matter in the 80th Congress when we gave the postal employees the largest

single raise they ever had at any time. That was $450 a year.

Here is a substantial raise. Here is an opportunity to provide a reasonable rate increase. Here is a good pay raise for the employees. We can send this bill over to the other body and start the legislative process to get a pay raise for the employees and to get some additional revenues into the Post Office Department, additional revenues that are so worked out that they are not going to hurt anyone.

I am inclined to believe that the Members on our side are strongly in support of getting these measures back of us and getting on with our work. Of course, if, on the Democratic side, the Members vote it down, then they have got to take the responsibility for it; not only for defeating rate increases for the department, but for denying the Postal employees a pay raise.

Mr. WITHROW. Mr. Speaker, will the gentleman yield?

Mr. HALLECK. I yield.

Mr. WITHROW. I think we should make it very clear that the pay raise requested under the suspension of the rules will be a permanent pay raise rather than the temporary raise that was suggested.

Mr. HALLECK. That is right. The raise originally proposed was to be a temporary one. This is a permament raise.

There was some question about the reclassification proposal. It is provided that whatever reclassification plan is worked out it must be submitted to the Congress, and it may be rejected, not by a constitutional majority, but by a simple majority. In other words, we have leaned away over backwards to try to work this out in a responsible, fair, reasonable, decent way. The question is, Are we going to stand up and move this legislation and get on with our work?

There is one other bill which surely will be called which has to do with the revocation of citizenship, which bill comes from the Committee on the Judiciary. I am quite sure there will not be very much trouble with respect to that.

Mr. TEAGUE. Mr. Speaker, H. R. 9888 has been reported by the Veterans' Affairs Committee to solve some specific problems which have arisen in connection with the veterans' education and training program.

When we wrote Public Law 550, 82d Congress, the bill providing education and training for Korean veterans, it was decided that it would be to the veteran's best interest to encourage him to reenter training after he returns from the service as promptly as possible. Therefore, we set the period for enrollment at 2 years after the date of the veteran's discharge. Fundamentally, I think this policy is correct. I believe that it is to the veteran's best interest to resume his training promptly when he gets back home from the service. We have encountered a specific problem, however, which this bill deals with.

At the time we passed Public Law 550, there were about 1 million veterans already discharged from the Korean conflict. In order that all veterans would have an equal opportunity to enroll, we set the enrollment period at 2 years after the veteran's date of discharge or 2 years after the effective date of the act, whichever was later. The practical effect of this provision was to give the 1 million veterans discharged before Public Law 550 was enacted 2 years from the date of enactment or until August 20, 1954, in which to enroll. We are now concerned that the August 20 date comes at a very inconvenient time, in that it comes several weeks before the fall enrollment period, and as a practical matter cuts the period of time during which the veteran can enroll. We did not wish to attempt to create an exception in the 2-year rule for this group because of the discriminatory aspect of such an exception and because it would be difficult to administer. Therefore, we have decided that a general extension of 1 year would solve the problem for these 1 million veterans in the most simple, expedient manner possible.

We have also been concerned that an extension of time is necessary for veterans who wish to enter institutional on-the-farm training. In view of the small number of Korean veterans in agricultural areas, many States have not been able to activate their program. As a result, the farm trainee has had no place to go. The agricultural educators tell us that if they have a little more time they hope to get more of these schools going.

There is still another class of veterans who deserve the benefit of this extension. We have a considerable number of veterans experiencing serious illness and unusual family problems, who find it impossible to get enrolled within 2 years. We did not wish to try to deal with these cases individually; therefore, we felt that the one year extension was best.

This bill also solves a very serious problem for disabled veterans. Public Law 16, 78th Congress, and Public Law 894, 81st Congress, provide rehabilitation training for disabled veterans. These bills now have a 9-year statutory limit, which expires, in the case of Public Law 16 for World War II veterans, on July 25, 1956. The Veterans' Administration is now prohibited from setting up a rehabilitation program for veterans of World War II which runs past that date. We have created specific exceptions to the statutory delimiting date so that the Veterans' Administration can provide a full rehabilitation program for the veteran who has been continually sick since his discharge or who has just recently established service-connection for his disability. An exception is also created for those persons who have been prohibited from receiving rehabilitation training until just recently as a result of a dishonorable discharge which they have been successful in correcting to honorable. This group of persons is very small and, of course, to be eligible for rehabilitation training they must also have a service-connected disability.

Mr. Speaker, we have no further requests for time on this side.

Mr. YOUNG. Mr. Speaker, I wish to take this opportunity of commending the gentleman from Illinois and his Subcommittee on Education and Training of the House Veterans Affairs Committee, for their work in bringing out this important piece of legislation concerning the veterans of our country.

This bill performs two important functions: First, it extends for an additional year the periods during which a veteran of service on or after June 27, 1950—that is, a Korean veteran—can commence and pursue a course of education or training. At the present time a Korean veteran must initiate his educational program by August 20, 1954, or by the date 2 years after his discharge, whichever is the later. Moreover, this course of training must be completed within 7 years after such discharge.

The measure which we are now considering would extend these 2- and 7-year periods to 3 and 8 years, respectively. In other words, if this measure becomes law, a Korean veteran must initiate his program of education or training by August 20, 1954, or by the date 3 years after his discharge, whichever is later, and the program must be completed within 8 years after his discharge. While this is not perhaps as favorable a treatment as received by World War II veterans, it does afford Korean veterans an extension of further time allowance of an additional year in which to make all necessary arrangements to commence their program.

The second and third sections of the bill extend the completion dates of training for disabled veterans from the present 9 years to 13 years, where the disabled veterans are basically eligible for the benefits but have been unable to pursue vocational rehabilitation training within the present time limitations because of illness or other compelling reasons.

This legislation is greatly needed by our deserving veterans, and I urge the adoption of this bill.

Mr. WOLVERTON. Mr. Speaker, the bill now pending—H. R. 9888—is worthy in its purpose and should have unanimous approval.

The purpose of the bill is, first, to extend the commencement and completion dates under the Veterans' Readjustment Assistance Act of 1952, and, second, to extend the time for the completion of vocational rehabilitation training of certain disabled veterans of World War II and the Korean service period.

The bill would extend for an additional year the periods during which a veteran of service on or after June 27, 1950—Korean veteran—can initiate and pursue education or training. Today a Korean veteran must initiate his program by August 20, 1954, or by the date 2 years after his discharge, whichever is the later. He must complete it within 7 years after his discharge. The bill now before the House would extend these 2- and 7-year periods to 3 and 8 years, respectively.

Unless the law is amended as proposed, it is anticipated that there will be veterans who, for lack of such an extension, would be deprived of their opportunity to pursue education or training.

The bill also will provide time relief for the service-connected disabled group who take training under existing law. The service-connected group receive training of such character and of such duration to permit them to regain their civilian aptitudes or to create new aptitudes to enable them to overcome the handicaps caused by their service-incurred disabilities and thus regain employability.

There is no initiation date, as such, for such training. However, there is an overall completion date for World War II veterans of July 25, 1956—9 years after the termination of World War II for this purpose—and for Korean veterans of 9 years after the termination by Presidential proclamation or congressional resolution of the basic service period which began June 27, 1950.

The bill now under consideration in the House extends these completion dates from the present 9 years to 13 years in the cases of those disabled veterans who are basically eligible for the benefit but who have been unable to pursue vocational rehabilitation training within the present time limitations because of illness, or because of one of the other two compelling reasons specified in the bill.

Thus, in addition to the mentioned veterans for whom timely persuit of vocational rehabilitation training was not medically feasible, the bill would provide a like extension for the group of veterans who upon leaving the service received a discharge of a character which rendered them ineligible for these benefits but who subsequently have had their discharges corrected by competent authority. A third category concerns the group of veterans who have not met the requirement as to the establishment of a service-connected disability until a date which would not afford sufficient time prior to the existing terminal date in which to complete a course.

The purpose of the bill is readily discernible and certainly is most commendable. I give my wholehearted support to the bill and trust that it will be finally enacted into law. The men who suffered the sacrifices in Korea are entitled to the consideration this legislation seeks to give.

Mr. SPRINGER. Mr. Speaker, there are no further requests for time on this side.

The SPEAKER. The question is on the motion to suspend the rules and pass the bill H. R. 9888.

Mr. SPRINGER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 400, nays 0, not voting 34, as follows:

[Roll No. 109]

YEAS—400

Abbitt	Andrews	Beamer
Abernethy	Arends	Becker
Adair	Ashmore	Belcher
Addonizio	Aspinall	Bender
Albert	Auchincloss	Bennett, Fla.
Alexander	Ayres	Bennett, Mich.
Allen, Calif.	Bailey	Bentley
Allen, Ill.	Baker	Bentsen
Andersen, H. Carl	Barden	Berry
	Barrett	Betts
Andresen, August H.	Bates	Bishop
	Battle	Blatnik
Boggs	Gathings	Mahon
Boland	Gavin	Marshall
Bolling	Gentry	Martin, Iowa
Bolton, Frances P.	George	Mason
	Golden	Matthews
Bolton, Oliver P.	Goodwin	Meader
	Gordon	Merrill
Bonin	Graham	Merrow
Bonner	Granahan	Metcalf
Bosch	Green	Miller, Calif.
Bow	Gregory	Miller, Kans.
Bowler	Gross	Miller, Md.
Boykin	Gubser	Miller, Nebr.
Bramblett	Gwinn	Miller, N. Y.
Bray	Hagen, Calif.	Mills
Brooks, Tex.	Hagen, Minn.	Mollohan
Brown, Ga.	Hale	Morano
Brown, Ohio	Haley	Morgan
Brownson	Halleck	Morrison
Broyhill	Hand	Moss
Buchanan	Harden	Moulder
Budge	Hardy	Multer
Burdick	Harrison, Nebr.	Mumma
Burleson	Harrison, Va.	Murray
Busbey	Hart	Natcher
Bush	Harvey	Neal
Byrd	Hays, Ark.	Nelson
Byrne, Pa.	Hays, Ohio	Nicholson
Byrnes, Wis.	Hébert	Norblad
Campbell	Herlong	Norrell
Canfield	Heselton	Oakman
Cannon	Hess	O'Brien, Ill.
Carlyle	Hiestand	O'Brien, Mich.
Carnahan	Hill	O'Brien, N. Y.
Carrigg	Hillelson	O'Hara, Ill.
Cederberg	Hillings	O'Konski
Celler	Hinshaw	O'Neill
Chelf	Hoeven	Osmers
Chenoweth	Hoffman, Ill.	Ostertag
Chiperfield	Hoffman, Mich.	Passman
Chudoff	Holifield	Patten
Church	Holmes	Patterson
Clardy	Holt	Pelly
Clevenger	Holtzman	Pfost
Cole, Mo.	Hope	Philbin
Cole, N. Y.	Horan	Phillips
Colmer	Hosmer	Pilcher
Condon	Howell	Pillion
Cooley	Hruska	Poage
Coon	Hunter	Poff
Cooper	Hyde	Polk
Corbett	Ikard	Preston
Cotton	James	Price
Coudert	Jarman	Priest
Cretella	Javits	Prouty
Crosser	Jenkins	Rabaut
Crumpacker	Jensen	Radwan
Cunningham	Johnson, Calif.	Rains
Curtis, Mass.	Johnson, Wis.	Ray
Curtis, Mo.	Jonas, Ill.	Rayburn
Dague	Jonas, N. C.	Reams
Davis, Ga.	Jones, Ala.	Reece, Tenn.
Davis, Wis.	Jones, Mo.	Reed, Ill.
Dawson, Ill.	Jones, N. C.	Reed, N. Y.
Dawson, Utah	Judd	Rees, Kans.
Deane	Karsten, Mo.	Rhodes, Ariz.
Delaney	Kean	Rhodes, Pa.
Dempsey	Kearney	Richards
Derounian	Kearns	Riehlman
Devereux	Keating	Riley
D'Ewart	Kee	Rivers
Dies	Kelley, Pa.	Roberts
Dingell	Kelly, N. Y.	Robeson, Va.
Dollinger	Keogh	Robsion, Ky.
Dolliver	Kilburn	Rodino
Dondero	Kilday	Rogers, Colo.
Donohue	King, Calif.	Rogers, Fla.
Donovan	King, Pa.	Rogers, Mass.
Dorn, N. Y.	Kirwan	Rogers, Tex.
Dorn, S. C.	Klein	Rooney
Dowdy	Kluczynski	Roosevelt
Doyle	Knox	Sadlak
Durham	Krueger	St. George
Eberharter	Laird	Saylor
Edmondson	Landrum	Schenck
Elliott	Lane	Scherer
Ellsworth	Lanham	Scott
Engle	Lantaff	Scrivner
Evins	Latham	Scudder
Feighan	LeCompte	Secrest
Fenton	Lesinski	Seely-Brown
Fernandez	Lipscomb	Selden
Fine	Lovre	Shafer
Fino	McCarthy	Sheehan
Fogarty	McConnell	Shelley
Forand	McCormack	Sheppard
Ford	McCulloch	Shuford
Forrester	McDonough	Sieminski
Fountain	McIntire	Simpson, Ill.
Frazier	McMillan	Simpson, Pa.
Frelinghuysen	McVey	Small
Friedel	Machrowicz	Smith, Kans.
Fulton	Mack, Ill.	Smith, Miss.
Gamble	Mack, Wash.	Smith, Va.
Garmatz	Madden	Smith, Wis.
Gary	Magnuson	Spence
Springer	Utt	Wier
Staggers	Van Pelt	Wigglesworth
Stauffer	Van Zandt	Williams, Miss.
Steed	Velde	Williams, N. J.
Stringfellow	Vinson	Williams, N. Y.
Sullivan	Vorys	Wilson, Calif.
Taber	Vursell	Wilson, Ind.
Talle	Wainwright	Wilson, Tex.
Taylor	Walter	Winstead
Teague	Wampler	Withrow
Thomas	Warburton	Wolcott
Thompson, Mich.	Watts	Wolverton
	Westland	Yates
Thornberry	Wharton	Yorty
Tollefson	Whitten	Young
Trimble	Wickersham	Younger
Tuck	Widnall	Zablocki

NAYS—0

NOT VOTING—34

Angell	Harrison, Wyo.	Powell
Brooks, La.	Heller	Regan
Buckley	Jackson	Short
Camp	Kersten, Wis.	Sikes
Chatham	Long	Sutton
Curtis, Nebr.	Lucas	Thompson, La.
Davis, Tenn.	Lyle	Thompson, Tex.
Dodd	McGregor	Weichel
Falion	Mailliard	Wheeler
Fisher	O'Hara, Minn.	Willis
Grant	Patman	
Harris	Perkins	

So (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Mr. Angell with Mr. Camp.
Mr. Weichel with Mr. Perkins.
Mr. McGregor with Mr. Chatham.
Mr. O'Hara of Minnesota with Mr. Fisher.
Mr. Curtis of Nebraska with Mr. Sikes.
Mr. Short with Mr. Willis.
Mr. Harrison of Wyoming with Mr. Thompson of Louisiana.
Mr. Mailliard with Mr. Regan.
Mr. Kersten of Wisconsin with Mr. Brooks of Louisiana.

Mr. MILLS changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bill H. R. 9888.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

COMMITTEE ON GOVERNMENT OPERATIONS

Mr. HOFFMAN of Michigan. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations may have until midnight Saturday night to file reports on the bills H. R. 9406 and 9835.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

CUSHING VA HOSPITAL

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. PHILBIN. Mr. Speaker, despite the fact that there are over 1,500,000 veterans in New England and an extremely

large number of disabled and incapacitated veterans, there is unfortunately no domiciliary home for veterans in the area.

That is why Members of the Massachusetts delegation in Congress have been working for the establishment of a domiciliary home at Cushing VA Hospital in Framingham, Mass. Several bills have been filed to authorize the Veterans' Administration to convert the Cushing Hospital into a domiciliary home, including H. R. 548, a bill I first introduced in the House in July of 1952. Congresswoman EDITH NOURSE ROGERS, chairman of the House Committee on Veterans' Affairs, has kindly filed H. R. 9646, a bill to accomplish some of the objectives of H. R. 548, and just recently Members of the Massachusetts congressional delegation appeared before her committee to endorse the domiciliary proposal for Cushing.

The nearest domiciliary home is at Bath, N. Y., which for most New England veterans is a long distance from home. Naturally under these circumstances, many veterans who urgently need domiciliary care, are hesitant and reluctant to seek admission to an institution so far removed from their own homes, loved ones, and friends.

The history of Cushing Hospital in recent years has been replete with change, confusion, and finally inactivation. As in all other matters affecting the veterans, for whom she has done so much, for whom she has worked so tirelessly and unselfishly, the gracious chairlady of our House Committee on Veterans' Affairs, the Honorable EDITH NOURSE ROGERS, has given most energetic attention to the proposal to provide a domiciliary home in New England. In fact, her committee recently held hearings on pending bills dealing with Cushing Hospital.

It is a genuine pity to have the splendid, costly facilities at Cushing going to waste. At the present time, there are a large number of veterans who could be greatly benefited by domiciliary hospitalization and care if it were available in the New England States. They are entitled to consideration. They are entitled to help and assistance. They are entitled to every possible care and treatment.

I would respectfully point out to my colleagues from other States and other sections that our Massachusetts congressional delegation has invariably supported the full implementation of a forward-looking veterans' program on a nationwide basis. It is, therefore, understandable that we should seek support for projects that we deem necessary for the welfare of our own veterans and their dependents in our own area. A domiciliary home at Cushing would be of inestimable value to our veterans. It would help materially to take care of the large number who at present are unable to gain admission to various hospitals, or who are not in a position to go far away from their home in order to secure much needed hospitalization. On the whole, the bill would also enable studies in geriatrics and other special fields, which could be conducted in this facility which is situated ideally regarding physical surroundings, proximity to transportation lines, as well as proximity to outstanding and unexcelled medical services and research of the Boston area of which we are so proud and which, indeed, have contributed so greatly to national health programs, as well as to programs for veterans' rehabilitation, care, and treatment.

I recognize that the Congress will adjourn within a short time. Nevertheless, I believe there is still time left to report this bill favorably and have it presented to the House and passed. It will be a great step in the direction of perfecting the present veterans' program. It will be an indication that, while we of this Congress are concerned with economy, we will never consent to put economy before the true welfare of the veterans and their dependents because we realize the great debt which the Nation owes to this gallant company.

Earlier this month, I requested Admiral Boone, the Chief VA Medical Director, to furnish me with the latest available information regarding the number of eligible veterans who are awaiting admission to VA hospitals in Massachusetts. Very frankly, I was very much surprised and distressed to have word from Admiral Boone that as of May 31, 1954, the latest available date for such a statistical breakdown, we have more than 1,000 veterans in Massachusetts who have applications pending for a hospital bed in one of our VA hospitals. True, these are non-service-connected cases, but the situation is most unfortunate, I feel sure you will agree that this very sizable number of applicants for hospitalization illustrates the need for additional VA hospital beds in Massachusetts despite the contention of the Veterans' Administration that there is no requirement for a domiciliary home to serve our New England veterans.

These figures are for Massachusetts alone:

As of May 31, the Jamaica Plain VA Hospital at Boston, the hospital which absorbed the greater part of the patient load of Cushing when it was closed, had a waiting list of 179 veterans who were in need of hospitalization. The Bedford VA Hospital, which specializes in neuropsychiatric care, had a waiting list of 568 veterans. The Northampton VA Hospital, another neuropsychiatric hospital, had a waiting list of 240 veterans. The new Brockton VA Hospital, our third VA psychiatric hospital in Massachusetts, had a waiting list of 107 veterans. Despite technical legal rulings, what thoughtful, informed person would doubt the connection between these veterans' mental conditions and their service in war to the Nation?

The only two VA hospitals with no waiting lists, as of May 31, are the Rutland Heights Hospital, which is in my district and which specializes in the care of tubercular patients, and the West Roxbury Hospital, the paraplegic center for New England veterans.

At the very outset, the Veterans' Administration felt it had a need for the Cushing facilities as a domiciliary home. In fact, on March 12, 1952, Admiral Boone wrote me as follows:

> With reference to your recommendation that the Veterans' Administration establish a domiciliary program at the Framingham (Cushing) Hospital: We had hoped to do this, but now that the hospital has been turned over to the Department of Defense, some other means of meeting domiciliary needs in the New England area will have to be developed.

In my mind, this letter indicates that the Veterans' Administration recognized the need for a domiciliary home to serve New England veterans in 1952. It is, therefore, difficult to understand the VA position of today, which is—such a domiciliary home is no longer required. Our World War I veterans are not getting any younger. Soon we will be faced with the peakload of World War I cases where domiciliary care is required.

While the VA claims it has no waiting list at the Bath Domiciliary Center in New York, the domiciliary home now providing beds for our New England veterans, it is a source of common knowledge in Massachusetts among veterans organizations and others concerned with the needs of our veterans that there is a waiting period sometimes extending to 2 years at both our State-owned and State-operated Soldiers Homes at Chelsea and Holyoke, Mass. As it is, the Federal Government would be hard pressed indeed in meeting the domiciliary needs of our Massachusetts veterans alone were it not for the beds available at Chelsea and Holyoke. Is the Federal Government doing its full job for disabled veterans? Or is it turning over a major part of this job to the States? The answers are obvious. The Federal Government is not doing its full job for the veterans and it is putting increasing burdens on the State of Massachusetts. That fact is incontrovertible.

My initial proposal for the establishment of a domiciliary home at Cushing, one I took up with the Veterans' Administration way back in September of 1951 when that agency had not fully formulated its plans for the utilization of the new Jamaica Plain Hospital—my initial proposal envisioned a combined domiciliary home and hospital at Cushing. The domiciliary home would serve all our New England veterans. The hospital portion would meet the needs of veterans residing in the central Massachusetts area.

At Cushing, which is as I have already pointed out, so close to the great medical centers and medical institutions of Boston, I had hoped that the Veterans' Administration would put into effect a program whereby the latest advances in geriatrics and other specialties would be utilized in order to provide needed rehabilitation for these aged veterans, a program whereby new skills and new techniques might make it possible for these veterans to return to their home communities equipped adequately to take up life anew. All too often, the veterans who are now in domiciliary homes are simply allowed to vegetate and round out their remaining years in comfort, yes, but with no thought whatever of developing and training them for

the happy, productive activities which would still be theirs. Advancing years alone should not rule out the prospect of happy, productive lives for millions of gallant, intelligent Americans. But all too often our veterans in such homes are forgotten and frustrated—sitting around in a hospital with nothing to do, with no interest or constructive instruction—nothing but a void of institutionalized routine.

This system and method is morally and socially indefensible. We have the chance here perhaps even to set up a new pattern which in time could test and develop realistic modern techniques for complete social and economic readjustment not only for our veterans but conceivably for millions of other older Americans who thereby might well find regained health, new hope, new stimulus and new dedication to useful, constructive endeavors. Let us act on this vital question now.

Naturally, it was a source of pride and gratification to me that our Massachusetts veterans organizations from the very beginning have endorsed the proposal I first made to utilize Cushing as a domiciliary center and I am sure they are behind Mrs. ROGERS' bills. These organizations include the Massachusetts Department of the Veterans of Foreign Wars, the Massachusetts Department of the American Legion, and the Massachusetts Department of the Disabled American Veterans. Individual posts throughout the State have gone on record in favor of such a domiciliary home at Cushing. The General Court of the Commonwealth of Massachusetts has endorsed this proposal.

The foregoing contains in substance my remarks before the Subcommittee on Hospitalization of the Committee on Veterans' Affairs at its recent hearing on Cushing VA Hospital.

COMMITTEE ON RULES

Mr. ALLEN of Illinois. Mr. Speaker, I ask unanimous consent that the Rules Committee may have until midnight tonight to file rules.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

INCREASE IN COMPENSATION AND PENSION TO VETERANS AND THEIR DEPENDENTS

Mr. RADWAN. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 9020) to provide increases in the monthly rates of compensation and pension payable to certain veterans and their dependents.

The Clerk read as follows:

Be it enacted, etc., That (a) all monthly wartime rates of compensation payable under laws administered by the Veterans' Administration for disability, including the special statutory awards except as hereinafter provided, are hereby increased by 5 percent: *Provided*, That such increase shall not apply to dependency allowances, subsistence allowances, or the special awards and allowances provided under subparagraphs (k) and (q), paragraph II, part I, Veterans Regulation No. 1 (a), as amended, or the last paragraph of section 202 (3) and the penultimate paragraph of section 202 (7), World War Veterans' Act, 1924, as amended: *Provided further*, That in any case the rate of compensation, as increased herein, shall be further adjusted upward or downward to the nearest dollar.

(b) In adjusting the rates of peacetime disability compensation pursuant to paragraph II, part II, Veterans Regulation No. 1 (a), as amended, because of the increases provided in subsection (a), such rates shall be further adjusted upward or downward to the nearest dollar.

(c) The maximum rate of compensation of $400 per month set forth in subparagraph (k), paragraph II, part I, Veterans Regulation No. 1 (a), as amended, is hereby increased to $420 per month.

SEC. 2. The monthly rate of death compensation authorized under paragraph IV, part I, Veterans Regulation No. 1 (a), as amended, for a widow but no child is hereby increased from $75 to $87, and the rate of such compensation for a dependent mother or father is increased from $60 to $75, or if both are dependent, from $35 to $40 each.

SEC. 3. This act shall take effect on the first day of the second calendar month following the date of its enactment.

The SPEAKER. Is a second demanded?

Mr. EVINS. Mr. Speaker, I demand a second, although I am not opposed to the bill.

The SPEAKER. Is any Member absolutely opposed to the bill demanding a second?

Mr. RADWAN. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. RADWAN. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, the amendment which I submit and which is the only item on which the House will vote today provides for an increase in the rates of service-connected compensation for disabled veterans of 5 percent. In effect this means that a veteran drawing $15.75 monthly rate for a 10-percent disability will be increased to $17. At the other extreme, a man who is totally disabled will be increased from $172 monthly to $181 monthly. That, briefly, Mr. Speaker, explains section 1 of the bill.

Now, section 2 of the bill increases the rate of compensation for widows without children from $75 to $87 monthly and for dependent parents from $60 to $75, and where there are two parents living, from $35 to $40.

I may point out, Mr. Speaker, that the total cost of this bill is $109,854,000, roughly $110 million. The Subcommittee on Compensation and Pensions, which I had the honor to be chairman of, held hearings on this legislation March 31, April 1, 2, and 6 on some 70 bills which would in one way or another increase the rate of compensation or pensions payable to the veterans of our wars. Careful consideration was given to the many proposals pending before the committee and the testimony which was presented to the committee by various interested individuals. The bill which I have the honor to introduce, H. R. 9020, and which the subcommittee recommended favorably to the full committee, would have reestablished the historic relationship of the compensation schedule by setting the 10-percent rate at one-tenth of the total disability rate, which would have provided a monthly compensation payment of $19 for veterans with 10-percent disability and $190 for the veteran suffering total disability.

There has been some reference that the bill before us today is a compromise. Of course, it is a compromise, as is all good legislation. This is a very happy compromise, because I think that in this particular compromise the Committee on Veterans' Affairs and a little later the entire House will have that same opportunity to discharge its responsibility to the veterans of this country as well as to the taxpaying public at large. In this particular bill we are taking care of the veterans, the disabled veterans, and every good citizen in this country wants to see that that particular veteran is taken care of, the one that has service-connected disability. There we give a 5-percent across-the-board increase.

Section 2 of the bill takes care of something that the 82d Congress overlooked in failing to care for the widows, the dependents, and the orphans. We take good care of that group. In section 1 of the bill we are spending an additional $60 million. In section 2 of the bill we are spending an additional $50 million. The Committee on Veterans' Affairs has spent a great deal of time and worked out a great deal of detail on this legislation, and I think that what we have come up with today is a splendid piece of legislation and that we are doing a fine thing for the veterans of this country, who will benefit greatly.

Mr. AUGUST H. ANDRESEN. Mr. Speaker, will the gentleman yield?

Mr. RADWAN. I yield to the gentleman from Minnesota.

Mr. AUGUST H. ANDRESEN. What is the provision in the bill relating to widows of veterans in non-service-connected cases?

Mr. RADWAN. There is no provision in this amendment for that category.

Mr. AUGUST H. ANDRESEN. They remain the same and the pension is the same as it has been in the past?

Mr. RADWAN. That is correct.

Mr. AUGUST H. ANDRESEN. I felt that they should have had an increase in that category.

Mr. RADWAN. Well, as a matter of fact, the committee felt that there should be some increase in that category, and the Committee on Veterans' Affairs unanimously introduced a separate piece of legislation in that particular class.

Mr. AUGUST H. ANDRESEN. Will they be considered?

Mr. RADWAN. That I cannot answer.

Mr. ALLEN of Illinois. Mr. Speaker, will the gentleman yield?

Mr. RADWAN. I yield.

Mr. ALLEN of Illinois. I want to compliment the Committee on Veterans' Affairs. As we all know this is the 15th

bill benefiting veterans that will have passed this House. This will be the 15th bill this session of Congress.

Mr. RADWAN. I thank the gentleman for that observation.

Mr. Speaker, in conclusion, I want to state that I am thankful to members of my subcommittee for the work that they did on this legislation. I am very thankful for the complete cooperation of the Committee on Veterans' Affairs. I am particularly grateful for the leadership of the gentlewoman from Massachusetts [Mrs. ROGERS] who, as chairman of the Committee on Veterans' Affairs, has made possible this piece of legislation today. I want particularly to extend my thanks for the cooperation which we received from the membership of the committee on the other side of the aisle.

Over 2 million veterans, some 68,000 widows as well as 242,000 dependent parents will benefit as shown in the following table:

Veterans	
Korea	135,800
World War II	1,623,700
World War I	213,100
Spanish War	400
Regular:	
Wartime	1,500
Peacetime	61,900
Total	2,036,000
Widows	
Korea	3,300
World War II	26,400
World War I	31,700
Spanish War	975
Regular:	
Wartime	325
Peacetime	6,000
Total	68,700
Parents	
Korea	19,100
World War II	194,400
World War I	20,400
Spanish War	20
Regular:	
Wartime	1,480
Peacetime	7,300
Total	242,700

With that I wish to conclude. The entire membership of the House will have the happy privilege and pleasure of voting on a very fine piece of legislation.

Mr. EVINS. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, as the gentlemen stated who just preceded me, the bill, H. R. 9020, to provide increases in monthly rates of compensation and pensions for veterans and their dependents, is a most comprehensive bill. It represents weeks of intensive study by the subcommittee and the full Committee on Veterans Affairs.

I might add, Mr. Speaker, that the old maxim with which we are all familiar that "half a loaf is better than no loaf at all," well applies to this legislation. Yes, it is a compromise bill as it denies a large segment of our veterans' population any increase at all in compensation and pensions.

I think the history of the background of this legislation would be of great interest to the House. The Committee on Veterans' Affairs at the outset of this year heard all of the veterans' organizations. The principal objective which they asked in legislation in this session of Congress was a reasonable cost of living increase to all segments of the veteran population. The testimony of the American Legion, the VFW, the DAV, the Spanish-American War and all the recognized organizations proclaimed this objective.

As the gentleman who just preceded me has stated, there were many bills introduced for this purpose. They provided all the way from 5 percent to 25 percent increase. It was finally decided to provide a 10 percent increase across the board and, in addition, the work of the committee includes a codification of the compensation laws applicable to all veterans.

The full committee, after considering the bill extensively, approved it with several amendments.

We know what happened following the reporting of the bill by the Committee on Veterans' Affairs. It was unanimously reported. The bill then languished in the Committee on Rules for many weeks. A diligent effort was made to bring the bill out to the floor under a rule from the Committee on Rules, but without success.

Here I want to compliment our distinguished chairman, the gentlewoman from Massachusetts [Mrs. ROGERS] for her diligent efforts in bringing this bill before the House. Also I want to compliment Mr. RADWAN, the chairman of the Subcommittee on Compensation and Pensions, and my colleague, Mr. MACK, the chairman of the Subcommittee for Spanish-American War Veterans' Legislation, as well as all other members of the Committee on Veterans' Affairs, for their work in connection with this important legislation.

We know that the discharge petition did not succeed under the time limitation, although 164 names were signed to the petition in 1 day. I was most pleased to sign the discharge petition to endeavor to bring the committee bill from the Rules Committee.

Following the failure of this action, Mr. Speaker, there were several conferences with the leaders, including the Speaker and the majority leader. We were told during these conferences that a 5-percent increase across the board was all that could be considered during this session of Congress. It was indicated that the budgetary situation was such that the administration could not approve legislation in excess of a 5 percent increase across the board.

The committee members deplored this action of the leadership in dictating to the committee the type of veterans' legislation which we of the legislative committee could write. I personally stated that I did not approve of being told what type of legislation would be considered. But the committee was forced to yield to the demands of the leadership for reducing the bill and approved a measure for a 5-percent increase across the board for all veterans presently receiving compensation or pension under existing law. The committee was forced to yield in order to get a bill to the floor.

After this approval, Mr. Speaker, there was a demand that the bill be reduced further before it could be considered by the House. We were told it would be necessary to strike out the entire section 3 of the bill. Section 3 of the bill applies to the Spanish-American War veterans, and provided a 5-percent increase for the non-service-connected veterans, those who are 100-percent disabled, who are unemployable, and who have to meet income limitations.

At this point some members of the committee rebelled against this effort to dictate legislation and stated they would not compromise further. Therefore, the bill was not approved by a unanimous vote, as bills customarily are approved by the committee.

This is now no longer a one-package bill.

After striking out section 3, the committee, in a futile gesture, then reported a separate bill embracing the provisions of section 3 which were stricken and provide an increase for the Spanish-American War veterans—in other words, the committee divided the bill and introduced a separate piece of legislation, which everyone knows and recognizes cannot be considered and cannnot be passed during the remaining days of this session of the Congress.

The cost for the increased compensation to service-connected veterans as now provided in the bill, amounts to $60,045,000. The provision in the bill for an increase for service-connected widows of from $75 to $87 a month amounts to $9,722,000.

I think it is very important, Mr. Speaker, to state what the bill, as amended, does not do. What the bill does not do is significant and, I think, important. The number and class of veterans who have been denied any benefits under this bill should be brought out.

As indicated, the bill strikes out all increases for veterans who are 100-percent disabled where they are nonservice-connected. The amendment to the original bill, H. R. 9020, strikes out disability compensation for the widows and dependents of these veterans, and also compensation for the Spanish-American War veterans and their dependents.

There are approximately 1 million veterans and their dependents who are not taken into consideration in this legislation. To be exact, 975,000 veterans, veterans' widows, and dependents of veterans, according to the Veterans' Administration records, have been deleted from receiving any benefits under the bill. This includes some 482,000 veterans of World War I and World War II and Korean veterans who now receive a part III or nonservice-connected pension. These veterans are a

hundred percent disabled, are unemployable, and subject to an income limitation, under existing law, of $1,400 if single and $2,700 if married. Obviously there is a great need for an increase to this worthy group of veterans. It includes 311,000 dependents of veterans of World War I and World War II and Korean veterans whose husbands or fathers lost their lives in the service of our country. It includes 61,000 Spanish-American War veterans and 82,000 Spanish-American War veterans' dependents. The average age of our Spanish-American War veterans is now 75 years, and they are given no increase. The few remaining Civil War veterans are denied any increase, as well as Indian War veterans and their dependents. A total of approximately 1 million veterans and their dependents are not given any increase under this legislation. I think that is the important thing that should be pointed out at this time.

We all know that immediately following the war the overall budgetary cost for all programs for the veterans of the Nation amounted to approximately $9 billion. This amount was reduced from time to time, until last year the sum appropriated was about $4 billion. For the next fiscal year, 1955, the full amount appropriated for the veterans' program will drop to $3.8 billion. The veterans' costs over the years have been drastically reduced, more than 50 percent. Yet we are required to bow to the inevitable and accept an inadequate bill—take what we have been told is all that will be considered at this time.

I certainly hope that when this bill is passed and reaches the other body, that the Senate will see fit to raise the authorization to the amount of the initial bill reported by the Committee on Veterans' Affairs.

Mr. Speaker, I bow reluctantly to the demands of the situation.

Mr. MADDEN. Mr. Speaker, will the gentleman yield?

Mr. EVINS. I yield to the gentleman from Indiana.

Mr. MADDEN. Can the gentleman tell the Members what the difference in cost would be comparing this compromise bill with the original bill, H. R. 9020?

Mr. EVINS. I shall be glad to supply that information. The cost of the initial bill as reported by the Subcommittee on Veterans' Affairs was $289 million. This sum was pared down and reduced by the full committee to $231,722,000. Now the cost of the bill as pared down by the leadership is $109,454,000. So there has been a reduction of $121,868,000 from the amount of the original bill as reported by the committee.

Mr. MADDEN. Could the gentleman state as a member of the Committee on Veterans' Affairs whether or not the bill, H. R. 9020, in its original form was reported unanimously by the committee?

Mr. EVINS. Yes, it was reported unanimously.

Mr. MADDEN. The gentleman referred to the Committee on Rules holding up the bill, H. R. 9020, for some period of time. I wish the RECORD to show that as a member of the Committee on Rules, I was very much in favor of the original bill, H. R. 9020, and urged the committee to report the bill out as originally reported by the Committee on Veterans' Affairs.

Mr. EVINS. I thank the gentleman.

Mr. FORAND. Mr. Speaker, will the gentleman yield?

Mr. EVINS. I yield to my friend.

Mr. FORAND. I hold in my hand a copy of the report accompanying this bill. I notice the date is May 28. I take it that this was on the original bill, is that correct?

Mr. EVINS. That was the report on the original bill, yes.

Mr. FORAND. Is a report available to the Members of the revised bill so that we may be brought up to date on it?

Mr. EVINS. I will state to the gentleman that a report has not been published on the new bill as amended on yesterday because the committee met only on yesterday on this new version of the bill, as it is now before the House.

Mr. FORAND. Therefore, the membership cannot depend on this report for a true picture of the bill under consideration?

Mr. EVINS. The blue sheet published up to date would give the gentleman the cost figures.

Mr. FORAND. But that has not been given to us and the report does not contain that blue sheet.

Mr. HALLECK. Mr. Speaker, will the gentleman yield?

Mr. EVINS. I yield to the distinguished majority leader.

Mr. HALLECK. The gentleman from Rhode Island serves on a very eminent committee, the great Committee on Ways and Means, and he knows as well as I do that frequently committees adopt amendments to legislation as committee amendments after the bill has been reported, and never to my knowledge has there been a seperate report filed because such an amendment was proposed.

Mr. FORAND. The gentleman will admit that, regardless of anything he has said, the fact still remains that this report cannot be relied upon as an up-to-date report on the bill.

Mr. EVINS. The gentleman is correct. Mr. Speaker, I now yield to the gentleman from Illinois [Mr. PRICE].

Mr. PRICE. Do we understand now that this legislation as it comes to the floor completely eliminates Spanish-American War veterans from any increase?

Mr. EVINS. There is no increase in the pending bill provided for Spanish-American War veterans or their widows or dependents or any veteran who has a non-service-connected disability.

Mr. PRICE. No non-service-connected case gets any increase under this legislation?

Mr. EVINS. That is correct; the gentleman is correct.

Mr. HALLECK. Mr. Speaker, will the gentleman yield for a brief question?

Mr. EVINS. I yield once more to the distinguished majority leader.

Mr. HALLECK. I am sure the gentleman will agree with me that since 1952, when the pay or compensation provided for covering the classes in section 1, the increase in the cost of living has been 1.8 percent and here we are today granting a 5-percent increase in compensation, which is 3.2 percent above the increase in the cost of living since the last adjustment, which was made in the last Congress.

Mr. EVINS. The gentleman may be correct in his observations, but it should be pointed out that the cost of living has been going up and veterans with fixed incomes have not been given increases commensurate with the general cost-of-living increase. In other words, every time the cost of living has gone up the veterans have not been raised accordingly, and it also does not negate the fact that veterans' appropriations have been reduced something over 50 percent in the past few years.

The SPEAKER. The time of the gentleman from Tennessee has expired.

Mr. EVINS. Mr. Speaker, I yield such time as he may require to the gentleman from Ohio [Mr. SECREST].

Mr. SECREST. Mr. Speaker, the first vote I cast in the Congress in March of 1933 was against the economy bill which I felt was a bill which was unfair and which went too far with respect to the veterans of this country. Today I want to commend the chairman of the Committee on Veterans' Affairs and each and every member of that committee whom I consider to be individually honest, sincere, hard-working friends of the veterans of this country. We held hearings in the Committee on Veterans' Affairs which protected the DAV, one of the great veterans' organizatiotns in this country, an organization which we found to be a sincere, hard-working group of men serving not only their own members, but members of other veterans' organizations as well as servicemen who are not members of any veterans' organization. We held hearings for weeks which resulted, with the help of the House, in protecting hospitalization benefits for the non-service-connected veterans of this country.

Now what have we accomplished thus far this year with respect to veterans' legislation? This committee reported out and the House has passed a bill providing $100 million in direct loans for homes to those veterans who cannot get loans from banks. The Senate has increased that amount from $100 million to $200 million, and yesterday our committee unanimously instructed our chairman to accept those amendments and not ask for a conference.

We have passed a bill extending the GI benefits to all Korean veterans for another year, which will give us an opportunity next year, those of you in Congress, if the need exists, to extend it again to meet those requirements.

The SPEAKER. The time of the gentleman from Ohio has expired.

Mr. RADWAN. Mr. Speaker, I yield the gentleman 1 additional minute.

Mr. SECREST. Mr. Speaker, this particular bill will give about 2 million service-connected veterans a 5 percent increase in their compensation. This bill will give to every dependent parent who lost a son upon whom they had to depend for their livelihood an increase of 25 percent in the amount they will receive. It gives to every veteran's widow in this country an increase of 18 percent if the veteran had a service-connected disability. In my opinion that is good veterans' legislation. It does not go as far as our committee originally wanted, it does not go as far as Members of the House might want, but in itself it is good legislation and I hope this Congress will adopt it unanimously.

These will be my last remarks in the House of Representatives, and I am happy I could make them for the veterans and on behalf of this committee, which I consider one of the finest, one of the hardest working committees, one of the most successful committees in this Congress.

Mr. RADWAN. Mr. Speaker, I yield such time as she may desire to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Speaker, I would like first of all to express my deep regret that the gentleman from Ohio [Mr. SECREST] is leaving the Congress of the United States. I have learned to know him and to respect his great ability and his great helpfulness and his nonpartisanship in working for the veterans. He has been invaluable in the formation of rules and regulations. We will miss him more than I can say. He has been helpful in writing this particular bill and in working out some sort of a compromise. I compliment the gentleman from New York for his tremendously fine work, his courtesy, his fine, able, and sincere attitude. He has performed a distinct service to the veterans of this Nation. I want to commend as well all of his subcommittee and all of the main committee and the staff of the committee who worked so hard with us.

I do not believe the entire membership of the House of Representatives has a comprehension of the hours of work that the Committee on Veterans' Affairs have put into their legislation, and their anxiety to be helpful in every way. Our excellent committee is composed of 14 Republicans and 14 Democrats.

Personally I am extremely grateful to the Congress of the United States for this splendid Committee on Veterans' Affairs and I believe the veterans and the people of the country should be grateful. I do not believe there is a member of our committee who is not broken hearted because we had to compromise away section 3 of the bill, providing pensions for certain veterans of World War I and the Spanish-American War veterans and their widows. Our committee was forced to make this compromise in order to get this bill before the House. It was a terrible blow, and I hope that section 3 will be passed in a separate bill and passed in this session of Congress. I deeply believe that when the people come to realize the benefits and help provided in section 3 of this bill, which we were forced to eliminate, the people will want the legislation provided in section 3 passed.

Mr. EVINS. Mr. Speaker, I yield 2 minutes to the gentleman from Oklahoma [Mr. EDMONDSON].

Mrs. ROGERS of Massachusetts. If the gentleman will permit, may I first just answer a question of the gentleman from Illinois [Mr. O'HARA], the only Spanish American war veteran in the House of Representatives. Did the gentleman have a question?

Mr. O'HARA of Illinois. I have a question. Do I understand that no provision is made for increasing the small pension now received by widows of Spanish-American war veterans?

Mrs. ROGERS of Massachusetts. That is correct. But I will say to the gentleman that the section which was stricken from the bill that contained this provision will be brought up in a separate bill by the gentleman from Washington [Mr. MACK]. I hope this bill will pass. I cannot yield further because I do not have the time. However, I shall attach to my remarks a chart showing the rates of increase under the bill:

INCREASED RATES OF COMPENSATION—PROPOSED SUBSTITUTE FOR H. R. 9020

Veterans' compensation—All wars and peacetime

	Present law war service-connected rates, Veterans Regulation 1 (a), as amended, pt. I	Substitute amendment	Present law peacetime service-connected rates, Veterans Regulation 1 (a), as amended, pt. II	Substitute amendment
(a) 10 percent disability	$15.75	$17.00	$12.60	$14.00
(b) 20 percent disability	31.50	33.00	25.20	26.00
(c) 30 percent disability	47.25	50.00	37.80	40.00
(d) 40 percent disability	63.00	66.00	50.40	53.00
(e) 50 percent disability	86.25	91.00	69.00	73.00
(f) 60 percent disability	103.50	109.00	82.80	87.00
(g) 70 percent disability	120.75	127.00	96.60	102.00
(h) 80 percent disability	138.00	145.00	110.40	116.00
(i) 90 percent disability	155.25	163.00	124.20	130.00
(j) Total disability	172.50	181.00	138.00	145.00
(k) Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or blindness of 1 eye, having only light perception, rates (a) to (j) increased monthly by	47.00	47.00	37.60	37.60
Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or blindness of 1 eye, having only light perception, in addition to requirement for any of rates in (l) to (n), rate increased monthly for each loss or loss of use by	[1] 47.00	[1] 47.00	[2] 37.60	[2] 37.60
(l) Anatomical loss, or loss of use of both hands, or both feet, or 1 hand and 1 foot, or blind in both eyes with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, monthly compensation	266.00	279.00	212.80	223.00
(m) Anatomical loss, or loss of use of 2 extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis in place, or suffered blindness in both eyes, rendering him so helpless as to be in need of regular aid and attendance, monthly compensation	313.00	329.00	250.40	263.00
(n) Anatomical loss of 2 extremities so near shoulder or hip as to prevent use of prosthetic appliance, or suffered anatomical loss of both eyes, monthly compensation	353.00	371.00	282.40	297.00
(o) Suffered disability under conditions which would entitle him to 2 or more rates in (l) to (n), no condition being considered twice, or suffered total deafness in combination with total blindness with 5/200 visual acuity or less, monthly compensation	400.00	420.00	320.00	336.00
(p) In event disabled person's service-incurred disabilities exceed requirements for any of rates prescribed, Administrator, in his discretion, may allow next higher rate, or intermediate rate, but in no event in excess of	400.00	420.00	320.00	336.00
(q) Minimum rate for arrested tuberculosis	67.00	67.00	53.60	53.60

[1] But in no event to exceed $420.
[2] But in no event to exceed $336.

Section 2 increases the rate of compensation for widows without children from $75 to $87 monthly. Dependent parents are increased from $60 to $75 and where two parents are living from $35 to $40 each.

Cost:

Veterans	$60,045,000
Widows	9,722,000
Parents	40,087,000
Total	109,854,000

The SPEAKER. The gentleman from Oklahoma [Mr. EDMONDSON] is recognized.

Mr. EDMONDSON. Mr. Speaker, I shall support this bill and vote for it;

but like most members of the Committee on Veterans' Affairs I will vote for it with deep regret that we did not cross the bridge all the way, that we did not do the job and do it right by taking into account in this bill the widows and orphans of totally disabled non-service-connected veterans.

For what it is worth I would like to call to the attention of the membership on the Republican side, who are the ones who blocked the total job being done, the pledge that was given on this subject on board a train known as the Eisenhower campaign special on October 27, 1952, in a letter to Mr. E. K. Inman, editor of the National Tribune—The Stars and Stripes. This is the recommendation of Candidate Eisenhower in 1952:

> No program of economy should overlook the legitimate rights and needs of disabled veterans.

Not limiting it, Mr. Speaker, to service-connected veterans, but to disabled veterans. And he went on to say this:

> As has been clearly stated in the Republican platform, adjustment of compensation and pension payments must be made from time to time with the changes in the costs of living. This responsibility I shall never overlook.

I find it impossible to understand, I find it incredible that it has been decided that this pledge will not be carried out and that the job will not be done for the totally disabled non-service-connected veterans of our country, for their widows and orphans. I regret it, but I will support this bill as half a loaf, for half a loaf is better than none.

The SPEAKER. The time of the gentleman from Oklahoma has expired.

Mr. RADWAN. Mr. Speaker, I yield the gentleman from Oklahoma 1 additional minute to ask him a question:

The statement that the gentleman read includes reference to the cost of living, does it not?

Mr. EDMONDSON. The statement which I read includes the phrase "made from time to time with the changes in the costs of living." Certainly it does.

Mr. RADWAN. And the cost of living since that time has increased 1.8 percent.

Mr. EDMONDSON. But does an increase in the cost of living justify an increase in pensions for service-connected veterans but not for non-service-connected disabled veterans? I see no reason why the cost of living increase should not be granted to all disabled veterans and their widows and orphans.

Mr. RADWAN. But the gentleman must admit that the increase in pensions granted amounts to 2½ times the increase in the cost of living.

Mr. EVINS. Mr. Speaker, I yield such time as he may desire to the gentleman from Alabama [Mr. SELDEN].

Mr. SELDEN. Mr. Speaker, as has been pointed out, H. R. 9020 was reported unanimously by the Committee on Veterans' Affairs on May 28, 1954. This measure was, without question, one of the most important measures reported by the Veterans' Committee during the 83d Congress. As originally reported, H. R. 9020 would have granted a 10-percent increase in compensation to all veterans with service-connected disabilities. Section 2, which is compensation for dependents of deceased veterans who died from service-connected causes, proposed a 16-percent increase for widows without children, a 25-percent increase for dependent parents, and a 14-percent increase for each parent in cases of 2 dependent parents. Section 3 of the original bill would have provided an increase of about 10 percent for veterans' pensions and dependents' pensions.

The chairman of the Committee on Veterans' Affairs, the gentlewoman from Massachusetts [Mrs. ROGERS], has made every effort since H. R. 9020 was reported by our committee to secure a rule on this legislation so that it might be considered on the floor of the House. I have joined with the gentlewoman from Massachusetts, as have other members of the Veterans' Affairs Committee, in her efforts to secure such a rule. Unfortunately, H. R. 9020 was not acceptable to the Republican leadership in its original form and our efforts have been unsuccessful.

After several meetings of the Committee on Veterans' Affairs, a compromise amendment was voted by the committee that is being offered today under a suspension of the rules. This amendment constitutes the best possible compromise that could be worked out with the Republican leadership.

The compromise amendment now under consideration grants a 5-percent increase for veterans drawing compensation for service-connected disabilities. Section 2, which provides compensation for widows and dependent parents of veterans who died from a service-connected cause, remains the same with increases from 14 to 25 percent. The total cost of the compromise amendment is $109,854,000.

Under the compromise, no increase has been granted for 975,000 veterans' widows and children now receiving pensions, although the Committee on Veterans' Affairs made every effort to include a 5-percent increase for non-service-connected veterans and veterans' dependents now receiving pensions. I might state, however, that these provisions have been incorporated in a measure, H. R. 9962, introduced yesterday by Representative MACK of Washington.

I regret that a rule was not granted on H. R. 9020 as I feel this measure should have been brought to the floor of the House as it was originally introduced. Yet I shall join with my colleagues on the Committee on Veterans' Affairs in supporting the compromise amendment before us today as I feel the increases contained in it are both needed and justified. Should H. R. 9962 reach the floor of the House for consideration, I shall also support that measure.

Mr. EVINS. Mr. Speaker, I yield 2 minutes to the gentleman from Florida [Mr. MATTHEWS].

Mr. MATTHEWS. Mr. Speaker, I believe that those of us on the House Committee on Veterans' Affairs would unanimously agree that H. R. 9020, which was reported unanimously by our committee, is the most important single piece of legislation recommended by our committee during the 83d Congress. H. R. 9020 is not a bonus bill, but it is an attempt to correct inequities and it recognizes this basic principle that all of our veterans and their dependents who have been receiving compensation and pensions from the Government are entitled to modest increases in these compensations and pensions to meet the increased cost of living. I believe all the Members of the House realize that for many weeks we have been trying to get a rule on H. R. 9020, and various members of our committee many times during the past several weeks have talked here on the floor of the House in an effort to get a rule on this important legislation.

Since we were not able to get a rule, the question that had to be answered by our Committee on Veterans' Affairs was whether or not we should go down with H. R. 9020 in its entirety in a losing battle, or whether we should try to salvage as much as possible out of this bill in order to give some of our veterans and their dependents at least partial relief. I do not believe, Mr. Speaker, the veterans and their dependents who need this relief are too much interested in the mechanics of legislation. I do not believe they are interested in matters of priority and in other technical details that naturally absorb us as Members of the House. I, therefore, answered this question—as did the majority of our Members—by taking the view that we ought to try to get the maximum relief possible for our veterans and their dependents, even though we could not get all of the provisions of H. R. 9020. It should be emphasized here that our committee spent many days deliberating H. R. 9020, and we made many changes in the original bill as we sought to be fair, not only to the beneficiaries of this bill, but to the economy of the Nation as a whole. Our committee felt that H. R. 9020 was an excellent bill, and deserved the consideration of the House. We further felt that if H. R. 9020 were considered by the House, that it would pass by an overwhelming majority.

Now, the legislation that we are discussing today is designed to help service-connected veterans, and the widows and dependents of service-connected veterans. I believe that all of us recognize that certainly this group deserves first claim on the legislation that we might pass. If we pass this legislation, which is presented as an amendment to H. R. 9020, it will first of all increase the rate of compensation to service-connected veterans by 5 percent. This will mean that veterans who have a total disability, and are now receiving $172.50 per month will receive $181. It will mean those veterans with a 50 percent disability who are now receiving $86.25 a month, will receive $91. The passage of this legislation will mean—in the second place—that the widows of service-connected

veterans, without children, will receive a 15-percent increase in their compensation—or those who are now getting $75 a month will receive $87 a month.

In the third place, it means that dependent parents of service-connected veterans will get an increase of 25 percent—or those who are now getting $60 a month will receive $75. This provision applies to those situations where there is only one surviving parent. If there are two parents, each of them will receive $40 a month instead of $35, which is the case at present. Now, it should be pointed out here that this is the only group in the compensation field which comes under income limitations for Social Security, so we can see the desirability of immediate aid to this particular group. There is an urgency here that should be given prompt attention.

The cost of these increases may be itemized as follows: Increases to veterans, $60,045,000; increases to widows, $9,722,000; and increases to parents, $40,087,000, making a total of $109,854,000. I am supporting this legislation, and I hope it passes without a dissenting vote. I believe it is worth while, even if it does not go as far as our committee desired.

Now, there will be other bills introduced to provide for the other features of H. R. 9020, with the specific intent of providing for a 5-percent increase in rates for non-service-connected pensions for dependents and veterans. I intend to support this legislation, and I hope we have an opportunity to pass it before the adjournment of Congress.

Mr. RADWAN. Mr. Speaker, I yield 4 minutes to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Speaker, a question was raised a while ago by the gentleman from Rhode Island concerning information with respect to the pending bill. I believe it was pointed out to him and likewise to any others who may be interested that a blue sheet has been available at the desk here. This sheet contains information relative to the increased rates of compensation in this proposed substitute for H. R. 9020.

Mr. FORAND. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Rhode Island.

Mr. FORAND. The point I was making was that this sheet was not available to us on this side. Nobody had seen it except members of the committee and I thought that in fairness to all Members they should not be misguided by thinking that this is an up-to-date report. I am thankful to the gentleman for calling attention to the fact that we should consult the blue sheet rather than the report itself in order to be up to date.

Mr. ADAIR. The gentleman is correct. The blue sheet supplements the report.

Mr. Speaker, this proposed legislation is really quite simple. A great deal has been said about it, some of which tends to confuse the issue. For example, it has been said that there are no benefits in this bill for the widows of Spanish-American War veterans. That is not the case. For those widows of service-connected disability veterans, there is provision for the same benefits as to any other widow. According to the figures which we have available on that point, there are 975 Spanish-American War veteran widows who will be benefited by this legislation.

Mr. O'HARA of Illinois. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from Illinois.

Mr. O'HARA of Illinois. I wish to take issue with the gentleman. I do not believe that this bill does provide for all the widows of service-connected disability veterans of the Spanish-American War.

Mr. ADAIR. I said that this applies to those Spanish-American War cases which are based upon service connection.

Mr. O'HARA of Illinois. If the bill took care of all Spanish-American War widows, as it should, the gentleman's statement would be more accurate. I know that the gentleman wishes to be fair, and I hold him in high esteem. But it is difficult for veterans of later wars to understand the conditions that obtained in the Spanish War period. There is no way under the sun to determine whether disabilities were service connected. There were no records, precious little medicine, everything was haphazard and topsy-turvy. Congress when it first provided pensions for Spanish-American War veterans gave recognition to this fact and that was the reason for the unique character of this pension, unlike that for the veterans of any other war of this country. Because there were no records, and the lack of medicine and proper food was responsible for conditions little short of those of a plague, affecting our entire force, the presumption is that every Spanish War veteran is a service-connected disability case. The surviving widows of these veterans are not young. Most of them will be gone in a few years. I am sick at heart to think that this administration would seek to build a reputation for economy by denying a few paltry dollars to make a little easier the declining years of these aged women.

Mr. ADAIR. Mr. Speaker, it is of importance for the House to be aware of the fact that this proposed measure grants increases in compensation only in cases where there is service connection.

The increases, if enacted into law, would apply to veterans with service-connected disabilities, to the widows of such veterans, and to their dependent parents if the latter can meet the income limitations existing in the present law.

As has been pointed out by previous speakers, a great deal of consideration was given to the matter of increasing the pensions of persons whose claims are nonservice connected. Reluctantly the committee concluded that an increase in non-service-connected pensions was not feasible at this time. Hence this measure is limited to increases in compensation.

As is true with so much legislation which is before the Congress at this time, the question became one of weighing the needs of a deserving group of people, that is, the veterans and their dependents, on the one hand, as against maintaining the sound financial structure of our Federal Government on the other. In proposing this increase, the committee also took into account the increase in the cost of living which has occurred since the last legislation increasing compensation was enacted. According to the best figures available, the cost of living has increased something under 2 percent since August 1, 1952, the date when Public Law 356 of the 82d Congress became effective.

Briefly stated, the measure before us gives a 5 percent increase to veterans with service-connected disabilities, it increases from $75 to $87 a month the compensation paid to childless widows of men whose deaths were service-connected, and increases from $60 to $75 a month the payments to single dependent parents and from $35 to $40 a month each for two dependent parents.

The committee recognizes, with the deepest sympathy, the need that many persons have for increases in pension payments. However, having in mind all the circumstances, it did not seem feasible to press further our desire to give those people readjustments upward at this time. It was felt that the first responsibility of this Congress is to persons who actually have suffered disabilities while in the military service, and to their dependents.

Having in mind all the factors concerned, I do believe that this is good legislation. It provides an increase for a deserving group of citizens and yet at the same time it does not go so far as to jeopardize the sound economic condition of our Government. This proposal is worthy of the wholehearted support of the entire membership of this House.

Mr. HAGEN of California. Mr. Speaker, will the gentleman yield?

Mr. ADAIR. I yield to the gentleman from California.

Mr. HAGEN of California. Does the gentleman know of a veterans' organization that approves this legislation?

Mr. ADAIR. I have not been advised as to the attitude of the veterans' organizations with respect to the bill in its present form.

Mr. EVINS. Mr. Speaker, I yield 1 minute to the gentleman from Wisconsin [Mr. JOHNSON].

Mr. JOHNSON of Wisconsin. Mr. Speaker, while I expect to support amendment H. R. 9020 which omits section 3 of the original bill, I am doing so only because I am told it is the best the administration will give at this late date of the session. Rather than see the veterans' compensation lose the 5 percent raise granted in the amendment, I am supporting the same.

In view of the sharply declining cost of the veterans' benefit program—a reduction of over 50 percent in 7 years—the attitude of the administration and

the Republican leadership of the House with respect to compensation and pension increases is almost unbelievable.

The administration and congressional leadership fought vigorously for a substantial foreign aid appropriation, but when the disabled veterans asked for an increase, and when the aged and disabled pensioners, widows and orphans asked for an increase, they were given this substitute.

Had the Republican leadership approved the very modest compensation and pension increase unanimously recommended by the House Committee on Veterans' Affairs, the cost of the veterans' benefit program for fiscal 1955 would still be a quarter of a billion dollars less than the cost for fiscal 1954.

I wish to put into the RECORD the chart showing the amount of payments the veterans would have received in the original bill H. R. 9020 and the rates showing how the substitute bill H. R. 9020 decreased the veterans' compensation and omits veterans' pensions and dependents' pensions. The charts follow:

ORIGINAL BILL, H. R. 9020

INCREASED RATES OF COMPENSATION AND PENSION, H. R. 9020

Title: To provide increases in the monthly rates of compensation and pension payable to certain veterans and their dependents.

Mr. RADWAN: Introduced and referred May 5, 1954.

Analysis: Provides the increases in service-connected compensation and non-service-connected pension as indicated in the tables which follow:

Veterans' compensation—all wars

	Present law war service-connected rates, Veterans Regulation 1 (a), as amended, pt. I	H. R. 9020	Present law peacetime service-connected rates, Veterans Regulation 1 (a), as amended, pt. II	H. R. 9020
(a) 10-percent disability	$15.75	$17.00	$12.60	$14.00
(b) 20-percent disability	31.50	35.00	25.20	28.00
(c) 30-percent disability	47.25	52.00	37.80	42.00
(d) 40-percent disability	63.00	69.00	50.40	55.00
(e) 50-percent disability	86.25	95.00	69.00	76.00
(f) 60-percent disability	103.50	114.00	82.80	91.00
(g) 70-percent disability	120.75	133.00	96.60	106.00
(h) 80-percent disability	138.00	152.00	110.40	122.00
(i) 90-percent disability	155.25	171.00	124.20	137.00
(j) Total disability	172.50	190.00	138.00	152.00
(k) Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or blindness of 1 eye, having only light perception, rates (a) to (j) increased monthly by	47.00	47.00	37.60	37.60
Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or blindness of 1 eye, having only light perception, in addition to requirement for any of rates in (b) to (a), rate increased monthly for each loss or loss of use by	[1] 47.00	[1] 47.00	[2] 37.60	[2] 37.60
(l) Anatomical loss, or loss of use of both hands, or both feet, or 1 hand and 1 foot, or blind both eyes with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, monthly compensation	266.00	293.00	212.80	234.00
(m) Anatomical loss, or loss of use of 2 extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis in place, or suffered blindness in both eyes, rendering him so helpless as to be in need of regular aid and attendance, monthly compensation	313.00	344.00	250.40	275.00
(n) Anatomical loss of 2 extremities so near shoulder or hip as to prevent use of prosthetic appliance, or suffered anatomical loss of both eyes, monthly compensation	353.00	388.00	282.40	310.00
(o) Suffered disability under conditions which would entitle him to 2 or more rates in (l) to (n), no condition being considered twice, or suffered total deafness in combination with total blindness with 5/200 visual acuity or less, monthly compensation	400.00	440.00	320.00	352.00
(p) In event disabled person's service-incurred disabilities exceed requirements for any of rates prescribed, Administrator, in his discretion, may allow next higher rate, or intermediate rate, but in no event in excess of	400.00	440.00	320.00	352.00
(q) Minimum rate for arrested tuberculosis	67.00	67.00	53.60	53.60

[1] But in no event to exceed $440.
[2] But in no event to exceed $352.

Section 2 increases the rate of compensation for widows without children from $75 to $87 monthly. Dependent parents are increased from $60 to $75 and where two parents are living from $25 to $40 each.

Veterans' pension

INDIAN WARS

	Law	H. R. 9020
90 days or more service or through campaign in connection with or in zone of active Indian hostilities—Rates:		
⅓o disability or more	$96.75	$100
Age 62 or over	96.75	100
Aid and attendance	129.00	135

CIVIL WAR

90 days or more service or discharge for disability incurred in line of duty:		
Rate	$96.75	$100
Aid and attendance	129.00	135

SPANISH-AMERICAN WAR, PHILIPPINE INSURRECTION, AND BOXER REBELLION

(Service pension laws in effect Mar. 19, 1933, reenacted by Public Law 269, 74th Cong., Aug. 13, 1935, as modified or amended)

90 days or more service or discharge for disability incurred in line of duty—Rates:		
⅓o disability or more	$96.75	$100
Age 62 or over	96.75	100
Aid and attendance	129.00	135
70 days or more service but less than 90 days—Rates:		
⅓o disability or more	64.50	68
Age 62 or over	64.50	68
Aid and attendance	83.85	87

WORLD WAR I, WORLD WAR II, AND SERVICE ON OR AFTER JUNE 27, 1950

90 days or more service or discharge for disability incurred in line of duty. In active service before cessation of hostilities—Rates:		
Permanent and total	$63	$68
Rated permanent and total for continuous period of 10 years or reaches age 65 years	75	80
Aid and attendance	129	135

Dependents' pension

For non-service-connected deaths	Widow		Widow age 70		If widow was wife of veteran during service		Widow, 1 child	
	Law	H. R. 9020	Law	H. R. 9020	Law	H. R. 9020	Law	H. R. 9020
Service on or after June 27, 1950, World War II, World War I	$48.00	$54					$60.00	$67.50
Spanish-American War, Philippine Insurrection, Boxer Rebellion:								
Act of May 1, 1926, as amended	51.60	58			$64.50	$71.00	59.34	66.00
Sec. 1, Public Law 144, 78th Cong., July 13, 1943							72.24	79.00
Civil War, Indian wars	38.70	58	$51.60	$58	64.50	71.00	46.44	66.00
							59.34	79.00
							72.24	
Mexican War	50.00	58						

For non-service-connected deaths	Each additional child		No widow, 1 child		No widow, 2 children		No widow, 3 children		Each additional child	
	Law	H. R. 9020	Law	H. R. 9020	Law	H. R 9020	Law	H. R. 9020	Law	H. R. 9020
Service on or after June 27, 1950, World War II, World War I	$7.20	$8	$26.00	$29	$39.00	$44	$52.00	$58.50	$7.20	$8
Spanish-American War, Philippine Insurrection, Boxer Rebellion:										
Act of May 1, 1926, as amended	7.74	8	59.34	66	67.08	74	74.82	82.00	7.74	8
Sec. 1, Public Law 144, 78th Cong., July 13, 1943			26.00	29	39.00	44	52.00	58.50	7.20	8
Civil War, Indian wars	7.74	8	46.44	66	54.18	74	61.92	82.00	7.74	8

Cost: First year, $231,722,000. **Reported: May 28, 1954; House Report 1665.**

SUBSTITUTE BILL, H. R. 9020

INCREASED RATES OF COMPENSATION—PROPOSED SUBSTITUTE FOR H. R. 9020

Veterans' compensation—All wars and peacetime

	Present law war service-connected rates, Veterans Regulation 1 (a), as amended, pt. I	Substitute amendment	Present law peacetime service-connected rates, Veterans Regulation 1 (a), as amended, pt. II	Substitute amendment
(a) 10 percent disability	$15.75	$17.00	$12.60	$14.00
(b) 20 percent disability	31.50	33.00	25.20	26.60
(c) 30 percent disability	47.25	50.00	37.80	40.00
(d) 40 percent disability	63.00	66.00	50.40	53.00
(e) 50 percent disability	86.25	91.00	69.00	73.00
(f) 60 percent disability	103.50	109.00	82.80	87.00
(g) 70 percent disability	120.75	127.00	96.60	102.00
(h) 80 percent disability	138.00	145.00	110.40	116.00
(i) 90 percent disability	155.25	163.00	124.20	130.00
(j) Total disability	172.50	181.00	138.00	145.00
(k) Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or blindness of 1 eye, having only light perception, rates (a) to (j) increased monthly by	47.00	47.00	37.60	37.60
Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or blindness of 1 eye, having only light perception, in addition to requirement for any of rates in (f) to (n), rate increased monthly for each loss or loss of use by	[1] 47.00	[1] 47.00	[2] 37.60	[2] 37.60
(l) Anatomical loss, or loss of use of both hands, or both feet, or 1 hand and 1 foot, or blind both eyes with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, monthly compensation	266.00	279.00	212.80	223.00
(m) Anatomical loss, or loss of use of 2 extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis in place, or suffered blindness in both eyes, rendering him so helpless as to be in need of regular aid and attendance, monthly compensation	313.00	329.00	250.40	263.00
(n) Anatomical loss of 2 extremities so near shoulder or hip as to prevent use of prosthetic appliance, or suffered anatomical loss of both eyes, monthly compensation	353.00	371.00	282.40	297.00
(o) Suffered disability under conditions which would entitle him to 2 or more rates in (l) to (n), no condition being considered twice, or suffered total deafness in combination with total blindness with 5/200 visual acuity or less, monthly compensation	400.00	420.00	320.00	336.00
(p) In event disabled person's service-incurred disabilities exceed requirements for any of rates prescribed, Administrator, in his discretion, may allow next higher rate, or intermediate rate, but in no event in excess of	400.00	420.00	320.00	336.00
(q) Minimum rate for arrested tuberculosis	67.00	67.00	53.60	53.60

[1] But in no event to exceed $420.
[2] But in no event to exceed $336.

Section 2 increases the rate of compensation for widows without children from $75 to $87 monthly. Dependent parents are increased from $60 to $75 and where two parents are living from $35 to $40 each.

Cost:

Veterans	$60,045,000
Widows	9,722,000
Parents	40,087,000
Total	109,854,000

Mr. JOHNSON of Wisconsin. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include tables.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. EVINS. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. GREEN. Mr. Speaker, I will support and vote for this bill with a great deal of regret that this bill does not include non-service-connected disability and Spanish-American War Veterans and their widows.

It is deplorable in my opinion that the Veterans Committee headed by that great friend of the veteran, the gentlewoman from Massachusetts [Mrs. ROGERS] has been subjected to pressure by the leadership and forced to accept this compromise.

I served on the Veterans Committee my first term in Congress and so I have firsthand knowledge how hard the com-

mittee works in the interest of all veterans.

For the leadership and the Republican Party this is another nail in their coffin of broken campaign promises.

Mr. PRICE. Mr. Speaker, a few days ago I signed the Radwan discharge petition to bring to the floor H. R. 9020, a bill which would have provided moderate increases in compensation for our disabled veterans and I am confident that had that bill, which was reported out by the House Committee on Veterans' Affairs, been permitted to come to the House by the Committee on Rules, it would have been unanimously passed.

Now, we have only an amendment to consider—an amendment that eliminates almost a million disabled veterans from compensation increases. It completely eliminates Spanish-American War veterans from increases. The gentleman from Tennessee [Mr. EVINS] fully explained the pressure which the administration exerted to cut the Spanish-American War veterans and all non-service-connected veterans from this legislation.

I regret this procedure, which completely disregards the fine work of the Committee on Veterans' Affairs. I want to compliment the chairman of that committee, the gentlewoman from Massachusetts [Mrs. ROGERS] and all those Members who fought to obtain action on H. R. 9020 in the form approved by the committee. I am sincerely hopeful that their efforts will not be in vain and that action in the other body will support their original position. For this reason I know the House will give its unanimous approval to suspending the rules and passing the amendment under consideration. I am certain that to a man the veterans who have been forgotten by the Republican administration in this compromise will support us in this action as it will keep alive an effort to secure an across-the-board increase for all disabled veterans. Since the compromise offers assistance to all service-connected disabled veterans, I know all Members will give it their support, and the great majority of us will look with hope to the other body to extend the increase to the million veterans the administration is ignoring here this afternoon.

Mr. HIESTAND. Mr. Speaker, I have long been in favor of H. R. 9020 as originally submitted. I consider veterans compensations have been inadequate. My feeling on this bill is like that on many bills where previous Congresses have set compensation figures in dollars and immediately thereafter they or their administrations embarked upon programs of deficit financing, resulting in inflation and the increased cost of living. Those dollars shrunk and the purchasing power thereof became seriously impaired. In my judgment this was an unfair deal. In fact a raw deal to those on fixed incomes, pensions and fixed compensations.

If those compensations were fair then, certainly we should do something to adjust them now. Actually, since the last adjustment for veterans in 1950, the cost of living has increased only 1.8 percent. However, that amount of increase would be ridiculous, and I am happy to see the compromise bill eventually coming out of committee, while not as large an adjustment as the original bill still frankly the best we could do.

I think we all must realize, and veterans realize, that to seriously impair our national financial picture by further deficit financing is the last thing we or they want done, that to embark upon a broadcast increasing of compensations and salaries all through the Federal payrolls would cause inflation and increased cost of living which would defeat the very object of the measure and make it ineffective. This measure will increase the Federal expense by $110 million. It will favor the service-connected disabled veterans but it also gives something of a break to their widows and orphans. I am heartily in favor of this bill. It is not what we would like to have done, but frankly, ladies and gentlemen, it is the best we could do. I hope the bill will pass.

Mr. BYRNE of Pennsylvania. Mr. Speaker, the bill before us today to increase the rates of compensation to veterans represents a major tragedy in the history of veterans' legislation. It is not only a disappointment, it is a double-cross, a direct reversal of promises repeatedly made to veterans by President Eisenhower and his leaders in Congress since the campaign of 1952. The increases in compensation provided under the amended H. R. 9020 fall far short of the cost-of-living increase pledged by Republican leaders for almost 2 years. They reduce from 10 percent to 5 percent the increases of the original H. R. 9020. Furthermore, this amended bill excludes from an increase in benefits all veterans who do not have a service-connected disability, and also the dependents of veterans without a service-connected disability. It makes no provision for increasing compensation payable to dependents of veterans who have died with a service-connected disability but not from it. All in all, some 943,000 veterans and their dependents have been left out of the bill.

The total cost of the amended bill, granting a 5 percent compensation increase, is $109,854,000. To include the pensioners and their dependents at the rate of 5 percent would have increased the total by $35 million.

It must be pointed out that the Committee on Veterans' Affairs, under the leadership of the gentlewoman from Massachusetts [Mrs. ROGERS], our esteemed chairman, reported out a bill granting approximately a 10-percent increase in compensation rates to service-connected disabled veterans and their dependents, and an equitable increase in pension rates to all other veterans and their dependents now covered. The Republican leadership of the House refused to grant a rule for this bill to come up on the floor of the House. A discharge petition offered by the gentleman from New York [Mr. RADWAN] failed to get sufficient signatures to be effective. In order to present any bill at all, the committee was forced to go along with the administration and alter its bill to its present form.

I will support the bill in the interest of those veterans who will benefit from it, but must deplore its inequity and injustice.

It has been stressed often, and it is not necessary to repeat, that the ramifications of this attitude on the part of the Republican administration and the leadership in Congress will be felt in the coming elections. The veterans stand together and they do not forget. They will register their protest at this action when they go to the polls in November.

Mr. BRAY. Mr. Speaker, I am disappointed that this bill, as amended, is coming before this body for a vote rather than H. R. 9020 as it was first reported by the Committee on Veterans' Affairs. Action on the original bill was delayed by the Rules Committee, which refused to report it for action by the House. I was one of those who signed the discharge petition to bring this bill to the floor of the House for a vote. This amended bill is being brought to the floor under a suspension of the rules and cannot be amended. The Members of this body now have the choice of either voting for or against it. Although this bill does leave out many needy veterans, widows, and dependents, it is good as far as it goes and is better than no bill at all.

For this reason I am going to support the bill, but I am going to continue my efforts to bring to the floor another bill which would accomplish all of the objectives of H. R. 9020 as originally reported.

Mr. YOUNG. Mr. Speaker, this legislation for a readjustment of benefits for our veterans is long overdue. In essence, H. R. 9020 provides modest increases in the monthly rates in compensation payable to certain veterans and their dependents. In view of the inflationary spiral which has occurred since the last increase in benefits, it is extremely important that these modest increases be allowed at this time.

I am sorry to see that section 3 of the original bill has been omitted. That section provided for increases to the non-service-connected veterans, their widows and children. Apparently the measure before us is the best compromise that can be made at this time, and, rather than see relief denied to a very deserving segment of our population because a desirable portion of the bill has been omitted, I urge the adoption of this bill.

Mr. O'HARA of Illinois. Mr. Speaker, this date of Wednesday, July 21, 1954, will be hard for the veterans of this country to erase from memory. I am afraid it will be known for a long time as the Black Wednesday of Betrayal.

No part of the shame of this day rests upon the charming and beloved chairman of the Veterans' Committee, Mrs. ROGERS. The committee over which the distinguished Congresswoman presides is composed of as fine and hardworking a membership as ever served the Congress. To the everlasting credit of this committee let it be known that the committee unanimously reported out the bill which later someone of the administration in

higher authority mutilated in the false name of economy. The Veterans' Committee sought to increase the pensions for veterans and for the widows of veterans to meet to some extent the increased cost of living.

There is one small group of pensioners, a little group of aged women rapidly diminishing in numbers, the widows of the veterans who fought the Spanish-American War culminating in the surrender of the Spanish land forces in Cuba 56 years ago just last Saturday. These aged women, veterans of a war fought 56 years ago and which started the United States of America on the road to destiny, have been eking out existence on a pittance of $51 a month. The Veterans' Committee, in the bill unanimously reported out by it, and which someone higher up in this administration crushed under heel, increased this pittance by $7 a month. By the standards by which this Congress is spending money and subsidizing every big business and banking interest that is reaching out for help, the amount of money that this increased pittance to these old women would have meant was of the comparative size of an ant alongside Washington's Monument.

At the very time that the false cry of economy was being raised against the veterans those who raised the cry brought to the floor of the House a bill to create another flock of $17,500-a-year Assistant Secretaries of Defense to add to the 26 or more already on the payroll. Fortunately, the gentleman from Iowa [Mr. GROSS] asked some embarrassing questions and the bill was hastily withdrawn from the Consent Calendar.

I am for economy, the right kind of economy, and I always have so voted, but I am not going to remain silent when priority is given to $17,500 payrollers over widows eking out existence on $51 a month.

If the mutilated bill that we are now given an opportunity to vote on took it out only on the widows of Spanish-American War veterans, I could say "that is just another case of someone being neglected when service to country is so long ago as to be forgotten." But this mutilated bill takes it out on the veterans of World War I, World War II, and even the veterans of Korea. I hope that by the time the bill reaches the other body the clear, clean voice of the American people will be heard coming from every corner of this great country of ours.

I shall vote for the bill gladly and joyously because of the benefits in it to the very deserving but very limited numbers who will receive them. I shall vote, however, with a sorrowing heart because of the other deserving veterans and widows who are left out in the cold to make a false record for economy for someone higher up who prefers providing another $17,500 secretary to doing a little decency to a veteran's widow.

When and where will it end? Yesterday the children in the hopeless slums were the targets. Today it is the disabled veterans of our wars and aged widows. What price glory? What price alleged economy?

Mr. ZABLOCKI. Mr. Speaker, it is with keen disappointment that I had learned earlier about the proposal to delete section 3 of H. R. 9020, the bill to grant increases in compensation and pensions to veterans of all wars and to their dependents.

There has been no doubt that veterans' benefits are in need of a fair and equitable revision. I fully concur with the view that the benefits paid to veterans with service-connected disabilities, to their widows and dependent parents, are particularly in need of an adjustment. For that reason, I had actively supported the original bill, H. R. 9020, and signed a discharge petition intended to bring this measure before the House.

The legislation in question, however, also proposed moderate increases in non-service-connected pensions of veterans of all wars and their dependents. This latter proposal is now being deleted from the bill and many of us are very much disappointed with this action. In addition, the so-called compromise amendment suggests that the rates of compensation be raised by only 5 percent rather than by 10 percent.

Many arguments have been advanced in support of the compromise bill. They refer to our budgetary situation and to the necessity of reducing all outlays during this new fiscal year. Such considerations without doubt warrant our careful scrutiny. Nevertheless, it is my hope that a more substantial portion of the recommendations contained in the original bill, H. R. 9020, will be ultimately approved by both Houses.

I am certain that no one wishes to see the legislation before us deadlocked, with the result that possibly no increases should be enacted this year in the benefits paid to our veterans and their dependents and survivors. A favorable decision, even on this very modest compromise amendment, would be preferable to no action at all. I sincerely hope, however, that the Senate will take a more sympathetic view of this issue and restore the cuts being made by the compromise amendment.

Mr. DONOHUE. Mr. Speaker, I am deeply disappointed that this bill, as amended, is being presented now to this body for a vote rather than H. R. 9020 as it was first reported by the House Committee on Veterans' Affairs.

We are prevented from acting on the original bill by the Rules Committee under the leadership instruction, which refused to report it for action by the House. I was one of those who gladly signed a discharge petition to bring this bill to the floor for a vote.

I felt then, and I feel now, that the Veterans' Affairs Committee recommendation providing a reasonable cost-of-living rate increase to all our disabled veterans, both service- and non-service-connected, for their widows, and children, and dependent parents was merely the recognition of justice.

Unfortunately these increased rates, recommended by committee members of their own party, were not acceptable to the leadership here and they have forced out this compromise amendment which sharply and inequitably reduces the compensation increases on the plea of necessary economy. They did this despite the implied pledge of President Eisenhower as a candidate in 1952 when he said, and I quote:

> No program of economy should overlook the legitimate rights and needs of disabled veterans.

Under the compromise we are offered, no increase is being granted for 975,000 veterans' widows and children now receiving pensions, although the Committee on Veterans' Affairs made every effort to include a 5 percent increase for non-service-connected veterans and veterans' dependents now receiving pensions.

However, the high point of injustice in this amended bill is the cold denial of any increase at all to a small group of widows of the veterans of the Spanish American War. These wonderful women of advanced age have been and are trying to eke out a restricted existence on a pittance of $51 a month. The leadership's determination not to recognize and honor these deserving and inspiring women marks a dark day, indeed, on their calendar.

By the standards on which this Congress generously appropriates money for assistance to questionable allies and subsidization of big business, the amount of money that this increased pittance would have meant is infinitesimal.

We may well question the economy cries of those who repudiate these heroic souls while at the same time they ask approval for appointment of another block of $17,500 a year Assistant Defense Secretaries to add to the 26 or more already on the payroll.

I am for economy, the reasonable and right kind of Christian economy, and I have consistently so voted, but I am sad, indeed, and cannot remain silent when priority is given to these $17,500 secretaries over these good women who are suffering such bleak and bare existence.

Nevertheless, this compromise measure, although leaving out so many needy veterans, and widows and dependents, grants some small relief, and since we shall have no other choice, I shall vote for it.

However, I shall not relax my efforts, and I urge you all to rally to the veterans' deserving cause to bring to the floor, before adjournment, another bill which will accomplish all the just and rightful objectives of H. R. 9020, as originally reported.

Mr. WOLVERTON. Mr. Speaker, the bill now before the House (H. R. 9020) is a compromise bill. Consequently, it is not pleasing to many of us who feel that it does not provide sufficient increases in the monthly rates of compensation and pension to veterans and their dependents. Nor, does it provide any increase to many veterans and dependents. However, insufficient though it may be, we who are friends of the veterans will vote for the bill because if we do not do so, then there will be no increases in benefits for anyone during this session of Congress.

In my opinion, it was unfair and unjust to bring this bill before the House under a procedure that does not permit any amendment of the bill. It should

have been brought before us under a rule that would permit amendments. If such had been done the many inequities that now are in the bill would not have been permitted to remain. They would have been eliminated and benefits in the amount fixed by the original bill reported to the Veterans' Committee by its subcommittee would have been adopted.

The original bill would have granted an increase of 10 percent straight across the board for all veterans and dependents now entitled to compensation or pension—and in some cases an even greater increase—was provided for.

This compromise bill now before us not only cuts the increase in benefits down to 5 percent, but eliminates many classes that should have had, and were rightly entitled to have, an increase.

There are approximately 975,000 veterans, veterans' widows, and dependents of veterans, according to the Veterans' Administration records, who have been deleted from receiving any benefits under the bill now before the House. This includes some 482,000 veterans of World War I and World War II and Korean veterans who now receive a non-service-connected pension. This deletion also includes 311,000 dependents of veterans of World War I and World War II and Korean veterans whose husbands or fathers lost their lives in the service of our country. Also 61,000 Spanish-American War Veterans and 82,000 Spanish-American War veterans' dependents. The average of Spanish-American War veterans has reached 75 years, but there is no increase provided for them nor for the few Civil War veterans' beneficiaries who still remain, as well as the few Indian war veterans and their dependents. There is no doubt that each of the classes I have mentioned should have had an increase in benefits to meet the increased cost of living.

The Committee on Veterans' Affairs is still fighting by means of a separate bill to provide increases for those veterans and their dependents that were left out of the bill now before us. I hope we can get such a bill before the House and have it adopted before we adjourn. I regret to say, however, that this is very doubtful because of the pending adjournment so close at hand. However, it is the duty of each of us to fight on in the effort to correct the deficiencies of the bill now before the House. It is hoped that when the bill comes before the Senate the veterans and their dependents will receive more considerate treatment. Nothing can more clearly demonstrate the tremendous cut that has been made in the original bill than to consider the comparative cost of that bill and the present bill. The cost of the initial bill as reported by the Subcommittee on Veterans' Affairs was $289 million. This sum was pared down and reduced by the full committee to $231,722,000. Now the cost of the bill as finally pared down, in order to get it before the House, is only $109,854,000. Thus the total reduction amounts to $121,868,000 from the amount of the original bill reported by the committee.

This is without a doubt an injustice to the men who fought for our country and their dependents. It is not right to cut down the benefits due the defenders of our country and their dependents in this manner. And, yet within a few days before this Congress adjourns we will be called upon to appropriate $3 billion or $3½ billion for foreign aid. It is time America awoke to the obligations we owe to our national defenders. It is time America realizes that our obligations to our servicemen exceeds that which we owe to any foreign nation. It is time we gave first consideration to our veterans and their dependents.

While it is deplorable that so many of our veterans are not included in this pending bill, yet it is gratifying that at least 2 million veterans, some 68,000 widows as well as 242,000 dependent parents will benefit as is shown in the following table:

Veterans:	
Korea	135,800
World War II	1,623,700
World War I	213,100
Spanish War	400
Regular:	
Wartime	1,500
Peacetime	61,900
Total	2,036,400
Widows:	
Korea	3,300
World War II	23,400
World War I	31,700
Spanish War	975
Regular:	
Wartime	325
Peacetime	6,000
Total	63,700
Parents:	
Korea	19,000
World War II	194,400
World War I	20,400
Spanish War	20
Regular:	
Wartime	1,430
Peacetime	7,300
Total	242,700

A more detailed explanation of the categories for which increased benefits have been provided for in the bill, and the amounts thereof is as follows:

INCREASED RATES OF COMPENSATION—PROPOSED SUBSTITUTE FOR H. R. 9020

Veterans' compensation—All wars and peacetime

	Present law war service-connected rates, Veterans Regulation 1 (a), as amended, pt. I	Substitute amendment	Present law peacetime service-connected rates, Veterans Regulation 1 (a), as amended, pt. II	Substitute amendment
(a) 10 percent disability	$15.75	$17.00	$12.60	$14.00
(b) 20 percent disability	31.50	33.00	25.20	26.00
(c) 30 percent disability	47.25	50.00	37.80	40.00
(d) 40 percent disability	63.00	66.00	50.40	53.00
(e) 50 percent disability	86.25	91.00	69.00	73.00
(f) 60 percent disability	103.50	109.00	82.80	87.00
(g) 70 percent disability	120.75	127.00	96.60	102.00
(h) 80 percent disability	138.00	145.00	110.40	116.00
(i) 90 percent disability	155.25	163.00	124.20	130.00
(j) Total disability	172.50	181.00	138.00	145.00
(k) Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or blindness of 1 eye, having only light perception, rates (a) to (j) increased monthly by	47.00	47.00	37.60	37.60
Anatomical loss, or loss of use of a creative organ, or 1 foot, or 1 hand, or blindness of 1 eye, having only light perception, in addition to requirement for any of rates in (f) to (n), rate increased monthly for each loss or loss of use by	[1] 47.00	[1] 47.00	[2] 37.60	[2] 37.60
(l) Anatomical loss, or loss of use of both hands, or both feet, or 1 hand and 1 foot, or blind both eyes with 5/200 visual acuity or less, or is permanently bedridden or so helpless as to be in need of regular aid and attendance, monthly compensation	266.00	279.00	212.80	223.00
(m) Anatomical loss, or loss of use of 2 extremities at a level, or with complications, preventing natural elbow or knee action with prosthesis in place, or suffered blindness in both eyes, rendering him so helpless as to be in need of regular aid and attendance, monthly compensation	313.00	329.00	250.40	263.00
(n) Anatomical loss of 2 extremities so near shoulder or hip as to prevent use of prosthetic appliance, or suffered anatomical loss of both eyes, monthly compensation	353.00	371.00	282.40	297.00
(o) Suffered disability under conditions which would entitle him to 2 or more rates in (f) to (n), no condition being considered twice, or suffered total deafness in combination with total blindness with 5/200 visual acuity or less, monthly compensation	400.00	420.00	320.00	336.00
(p) In event disabled person's service-incurred disabilities exceed requirements for any of rates prescribed, Administrator, in his discretion, may allow next higher rate, or intermediate rate, but in no event in excess of	400.00	420.00	320.00	336.00
(q) Minimum rate for arrested tuberculosis	67.00	67.00	53.60	53.60

[1] But in no event to exceed $420.
[2] But in no event to exceed $336.

Section 2 increases the rate of compensation for widows without children from $75 to $87 monthly. Dependent parents are increased from $60 to $75 and where two parents are living from $35 to $40 each.

Cost:	
Veterans	$60,045,000
Widows	9,722,000
Parents	40,087,000
Total	109,854,000

Mr. EVINS. Mr. Speaker, I yield 1 minute to the gentleman from Virginia [Mr. HARDY].

Mr. HARDY. Mr. Speaker, I support this bill, and I think that it ought to pass. However, I think I should call attention of the Members to one aspect of it that I do not think has had adequate consideration, and that is the question of survivors' benefits of military personnel who died on active duty. This bill is a further example of piecemeal legislation. We are authorizing large expenditures and expanding benefits to a large number of people without taking into consideration the fact that other committees have overlapping jurisdictions. We are not taking into consideration the effect which these increases may have on benefits payable under the Social Security Act, under the Federal Employees Compensation Act, the Servicemens Indemnity Act, or perhaps under the Railroad Retirement Act. Mr. Speaker, I introduced a resolution just about a year ago to set up a special committee to coordinate all of these various survivors' benefits, and that ought to be done. We are going to get ourselves into a terrible lot of trouble unless we do, and sooner or later we are going to have to reckon with this problem.

Mr. RADWAN. Mr. Speaker, I yield 1 minute to the gentleman from Washington [Mr. MACK].

Mr. MACK of Washington. Mr. Speaker, I feel very strongly that if a 5-percent increase in wages and salaries is to be granted postal workers and other Government employees, that this 5-percent increase also should be granted to all veterans and the dependents of veterans who draw either compensation or pensions.

This bill does not allow any pension increase for nonservice-connected veterans or nonservice-connected widows or dependents. This I think is a mistake. If one group gets a 5-percent increase, all should receive it.

This bill, however, does carry some very substantial pension increases for veterans. There is about $61 million in the bill in compensation increases for the service connected disabled veteran. This will raise the pensions of these service connected disabled veterans by 80 cents a month for the 10 percent disabled to $8.60 a month for the 100 percent disabled veterans.

The widow who lost her husband in the war or as a result of war injuries now receives $75 a month; under this bill her pension will be increased to $87.

The father or mother whose son was killed in the war or died of war injuries will have his or her $60 a month pension increased to $75. Where there are 2 parents living, each will receive $40 a month instead of the $35 a month such parents now receive.

The cost of these benefits are approximately $110 million.

While I am disappointed that nonservice veterans and the widows of nonservice veterans are granted no increase by this bill, I shall vote for the bill because it carries substantial benefits for all service-connected disabled veterans and parents and widows of service-connected disabled veterans. Half a loaf is better than no bread at all.

Acting on the unanimous instructions of the Veterans' Committee, I have introduced a new bill, H. R. 9962, which provides a 5-percent increase for nonservice veterans and their dependents. I hope the House will act upon it. I recognize that this is unlikely. I, therefore, especially hope the Senate, when it considers the bill now under consideration, will add the text of my bill to the pensions bill adopted in that body so that the non-service-connected disabled and their widows will not be entirely neglected in the raises in salaries, wages, compensations, and pensions which the Congress is making this year.

Mr. RADWAN. Mr. Speaker, I yield the balance of my time to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, first of all I want to say that I agree with the gentleman from Virginia [Mr. HARDY] that the time has come for a complete reappraisal and survey of the whole system and arrangement of payments to veterans. I think it is long overdue, and I would like to see that undertaken.

As far as the original committee position is concerned, I have served here on the majority as well as the minority side, and I have seen it happen many, many times that the committee reports a bill with which they expect to do a little of what we call horse trading out in Indiana. Many times they get a sort of asking price, but they wind up with something pretty good. In this instance, the veterans are winding up with a very, very good bill that goes a very long way. I realize that we would all like to vote more money. We would all like to vote more money for the employees of the Government and for other people whom we would like to help. But there is such a thing as fiscal responsibility. We are in difficulties in managing our finances. Veterans are taxpayers, just like everybody else. As a matter of fact, they are getting to be in the majority. So I say that we have got to be careful. We have provided reasonable benefits for service-connected disabilities. Perhaps it may be argued that there should be no distinction in the treatment accorded a veteran whose disability is service-connected and one whose disability is not service-connected. But I think, by and large, the people of this country expect that there will be some distinction drawn in that regard.

Reference has been made to Republican platform promises concerning increases to meet the cost of living. Permit me to point out again that since the last adjustment, which was in 1952, under a Democratic Congress and a Democratic administration, the cost of living has gone up 1.8 percent. For service-connected cases we have increased that 1.8 percent, which would be the maximum under a cost-of-living increase, to 5 percent. To my mind, that is openhanded, generous treatment which the veterans of this country will appreciate. Let us not depreciate or diminish the consequences of this bill. Let us say that it is what it is—a good bill that is going to cost the taxpayers of this country $110 million a year, but which they will be glad to pay, I am sure, because the bill is reasonable and fair.

Mr. RADWAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on this bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The SPEAKER. The question is on suspending the rules and passing the bill.

Mr. RADWAN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 399, nays 0, answered "present" 1, not voting 34, as follows:

[Roll No. 110]

YEAS—399

Abbitt	Bush	Elliott
Abernethy	Byrd	Ellsworth
Adair	Byrne, Pa.	Engle
Addonizio	Byrnes, Wis.	Evins
Albert	Campbell	Feighan
Alexander	Canfield	Fenton
Allen, Calif.	Cannon	Fernandez
Allen, Ill.	Carlyle	Fine
Andersen, H. Carl	Carnahan	Fino
	Carrigg	Fisher
Andresen, August H.	Cederberg	Fogarty
	Celler	Forand
Andrews	Chelf	Ford
Arends	Chenoweth	Forrester
Ashmore	Chiperfield	Fountain
Aspinall	Chudoff	Frazier
Auchincloss	Church	Frelinghuysen
Ayres	Clardy	Friedel
Baker	Clevenger	Fulton
Barden	Cole, Mo.	Gamble
Barrett	Cole, N. Y.	Garmatz
Bates	Colmer	Gary
Battle	Cooley	Gathings
Beamer	Coon	Gavin
Becker	Cooper	Gentry
Belcher	Corbett	George
Bender	Cotton	Golden
Bennett, Fla.	Coudert	Goodwin
Bennett, Mich.	Cretella	Gordon
Bentley	Crosser	Graham
Bentsen	Crumpacker	Granahan
Berry	Cunningham	Green
Betts	Curtis, Mass.	Gregory
Bishop	Curtis, Mo.	Gross
Blatnik	Dague	Gubser
Boggs	Davis, Ga.	Gwinn
Boland	Davis, Wis.	Hagen, Calif.
Bolling	Dawson, Ill.	Hagen, Minn.
Bolton, Frances P.	Dawson, Utah	Hale
	Deane	Haley
Bolton, Oliver P.	Delaney	Halleck
	Dempsey	Hand
Bonin	Derounian	Harden
Bonner	Devereux	Hardy
Bosch	D'Ewart	Harrison, Nebr.
Bow	Dies	Harrison, Va.
Bowler	Dingell	Hart
Boykin	Dollinger	Harvey
Bramblett	Dolliver	Hays, Ark.
Bray	Dondero	Hays, Ohio
Brooks, Tex.	Donohue	Hébert
Brown, Ga.	Donovan	Herlong
Brown, Ohio	Dorn, N. Y.	Heselton
Brownson	Dorn, S. C.	Hess
Broyhill	Dowdy	Hiestand
Buchanan	Doyle	Hill
Budge	Durham	Hillelson
Burdick	Eberharter	Hillings
Burleson	Edmondson	Hinshaw

Hoeven	Merrill	Sadlak
Hoffman, Ill.	Merrow	St. George
Hoffman, Mich.	Metcalf	Saylor
Holifield	Miller, Calif.	Schenck
Holmes	Miller, Kans.	Scherer
Holt	Miller, Md.	Scott
Holtzman	Miller, Nebr.	Scrivner
Hope	Miller, N. Y.	Scudder
Horan	Mills	Secrest
Hosmer	Mollohan	Seely-Brown
Howell	Morano	Selden
Hruska	Morgan	Shafer
Hunter	Morrison	Sheehan
Hyde	Moss	Shelley
Ikard	Moulder	Sheppard
Jackson	Multer	Shuford
James	Mumma	Sieminski
Jarman	Murray	Simpson, Ill.
Javits	Natcher	Simpson, Pa.
Jenkins	Neal	Small
Jensen	Nelson	Smith, Kans.
Johnson, Calif.	Nicholson	Smith, Miss.
Johnson, Wis.	Norblad	Smith, Va.
Jonas, Ill.	Norrell	Smith, Wis.
Jonas, N. C.	Oakman	Spence
Jones, Ala.	O'Brien, Ill.	Springer
Jones, Mo.	O'Brien, Mich.	Staggers
Jones, N. C.	O'Brien, N. Y.	Stauffer
Judd	O'Hara, Ill.	Steed
Karsten, Mo.	O'Hara, Minn.	Stringfellow
Kean	O'Konski	Sullivan
Kearney	O'Neill	Taber
Kearns	Osmers	Talle
Keating	Ostertag	Taylor
Kee	Passman	Teague
Kelley, Pa.	Patten	Thomas
Kelly, N. Y.	Patterson	Thompson, Mich.
Keogh	Pelly	Thornberry
Kilburn	Pfost	Tollefson
Kilday	Philbin	Trimble
King, Calif.	Phillips	Tuck
King, Pa.	Pilcher	Utt
Kirwan	Pillion	Van Pelt
Klein	Poage	Van Zandt
Kluczynski	Poff	Velde
Knox	Polk	Vinson
Krueger	Preston	Vorys
Laird	Price	Vursell
Landrum	Priest	Wainwright
Lane	Prouty	Walter
Lanham	Rabaut	Wampler
Lantaff	Radwan	Warburton
Latham	Rains	Watts
LeCompte	Ray	Westland
Lesinski	Rayburn	Wharton
Lipscomb	Reams	Whitten
Lovre	Reece, Tenn.	Wickersham
McCarthy	Reed, Ill.	Widnall
McConnell	Reed, N. Y.	Wier
McCormack	Rees, Kans.	Wigglesworth
McCulloch	Rhodes, Ariz.	Williams, N. J.
McDonough	Rhodes, Pa.	Williams, N. Y.
McIntire	Richards	Wilson, Calif.
McMillan	Riehlman	Wilson, Ind.
McVey	Riley	Wilson, Tex.
Machrowicz	Rivers	Winstead
Mack, Ill.	Roberts	Withrow
Mack, Wash.	Robeson, Va.	Wolcott
Madden	Robsion, Ky.	Wolverton
Magnuson	Rodino	Yates
Mahon	Rogers, Colo.	Yorty
Marshall	Rogers, Fla.	Young
Martin, Iowa	Rogers, Mass.	Younger
Mason	Rogers, Tex.	Zablocki
Matthews	Rooney	
Meader	Roosevelt	

NAYS—0

ANSWERED "PRESENT"—1

Williams, Miss.

NOT VOTING—34

Angell	Grant	Powell
Bailey	Harris	Regan
Brooks, La.	Harrison, Wyo.	Short
Buckley	Heller	Sikes
Busbey	Kersten, Wis.	Sutton
Camp	Long	Thompson, La.
Chatham	Lucas	Thompson, Tex.
Condon	Lyle	Weichel
Curtis, Nebr.	McGregor	Wheeler
Davis, Tenn.	Mailliard	Willis
Dodd	Patman	
Fallon	Perkins	

So (two-thirds having voted in favor thereof), the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Mr. Angell with Mr. Camp.
Mr. Weichel with Mr. Perkins.
Mr. McGregor with Mr. Sikes.
Mr. Curtis of Nebraska with Mr. Willis.
Mr. Short with Mr. Thompson of Louisiana.
Mr. Harrison of Wyoming with Mr. Regan.
Mr. Mailliard with Mr. Brooks of Louisiana.
Mr. Kersten with Mr. Chatham.
Mr. Busbey with Mr. Wheeler.

Mr. WILLIAMS of Mississippi. Mr. Speaker, how am I recorded?

The SPEAKER. The gentleman is recorded as voting "yea."

Mr. WILLIAMS of Mississippi. Mr. Speaker, under rule 8, clause 1, of the Rules of the House of Representatives I do not feel qualified to vote on this particular measure. I therefore withdraw my vote of "yea" and vote "present."

The result of the vote was announced as above recorded.

Mr. WILLIAMS of Mississippi. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. WILLIAMS of Mississippi. Mr. Speaker, on the rollcall just completed, I am recorded as voting "present." In view of the fact that I am not recorded as favoring or opposing the measure, I feel that I should take this means to clarify my personal position on the bill just passed.

Clause 1, rule VIII of the Rules of the House of Representatives provides that every Member "shall vote on each question put unless he has a direct or pecuniary interest in the event of such question."

Further, Jefferson's Manual of Parliamentary Practice, paragraph 376, states:

> Where the private interests of a Member are concerned in a bill or question, he is to withdraw.

Mr. Speaker, due to the fact that I would be one of the veterans personally affected by the bill just passed, I felt compelled under the Rules of the House to withdraw from voting and to be recorded as voting "Present."

POSTAL FIELD SERVICE EMPLOYEES

Mr. REES of Kansas. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 9245) to establish a joint committee of Congress to study postal field service reclassification, to increase the rates of basic compensation of postmasters, officers, and employees in the postal field service pending reclassification pursuant to recommendations of such joint committee, and for other purposes, as amended.

The Clerk read the title of the bill.

The Clerk read the bill, as follows:

Be it enacted, etc.—

TITLE I—POSTAL RATES

First-class mail

SEC. 101. (a) The rates of postage on mail matter of the first class (other than postal cards and private mailing or post cards) shall be as follows:

(1) 4 cents for the first ounce or fraction thereof, and 3 cents for each additional ounce or fraction thereof, when mailed for delivery at any destination other than the office of mailing;

(2) Three cents for each ounce or fraction thereof, when mailed for local delivery at the office of mailing, except as prescribed in paragraph (3) of this subsection; and

(3) Two cents for each ounce or fraction thereof, when mailed for local delivery at post offices where free delivery by carrier is not established and when the matter is not collected or delivered by rural or star route carriers.

(b) In the case of first-class matter mailed without prepayment of any postage or without prepayment of the full amount of postage due, the Postmaster General is authorized to prescribe by regulation the conditions under which such matter shall be delivered to the addressee or returned to the sender. The conditions so prescribed shall be stated in such manner as to permit delivery of such mail to the addressee whenever it is practicable to do so consistent with the collection of the charges prescribed in accordance with subsection (c) of this section.

(c) The Postmaster General is authorized to prescribe by regulation from time to time the charges to be collected on delivery in the case of any matter of the first class mailed without prepayment of any postage or without prepayment of the full amount of postage due. In determining such charges, the Postmaster General shall take into consideration the postage actually due, and, to the extent practicable, the additional expense incurred by reason of the failure to pay the applicable postage and the desirability of minimizing the incidence of such mailings.

(d) Regulations issued by the Postmaster General under subsections (b) and (c) shall, to the extent prescribed therein, supersede existing laws, regulations, and orders governing the subject matter covered thereby.

(e) Section 12 (a) of the act of October 30, 1951 (39 U. S. C. sec. 246f (a)), is amended by inserting before the period at the end thereof a semicolon and the following:

"(9) for returning undeliverable letters and parcels of the first class from the dead-letter office to the senders."

Second-class mail

SEC. 102. (a) Section 2 (a) of the Act of October 30, 1951 (39 U. S. C., sec. 289a), is amended by striking out the word "and" immediately following "April 1, 1953," and by inserting before the colon immediately following "April 1, 1954" a comma and the following: "(4) by an additional 10 percent, based on rates now in force, beginning on April 1, 1955, (5) by an additional 10 percent, based on rates now in force, beginning on April 1, 1956, and (6) by an additional 10 percent, based on rates now in force, beginning on April 1, 1957". The term "rates now in force", as used in the amendments made by this subsection to section 2 (a) of such act of October 30, 1951, means the rates in force immediately prior to April 1, 1952.

(b) The rates increased by subsection (a) of this section shall be subject to a minimum charge of one-fourth of 1 cent computed on each individually addressed copy or package of unaddressed copies.

(c) The rates of postage on copies of publications having second-class entry mailed by others than the publishers or authorized news agents, sample copies mailed by the publishers in excess of the 10 percent allowance entitled to be sent at the pound rates, and copies mailed by the publishers to persons who may not be included in the required legitimate list of subscribers, shall be, in the case of publications weighing 8 ounces or less, the applicable rates now or hereafter prescribed by law on third-class matter, and, in the case of publications weighing in excess of 8 ounces, the applicable rates now or hereafter prescribed or authorized by law on fourth-class matter.

Third-class mail

SEC. 103. (a) The rates of postage on third-class matter shall be 3 cents for the first 2 ounces or fraction thereof, and 1½ cents for each additional ounce or fraction thereof up to and including 8 ounces in weight, except that on matter mailed by religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, the rates shall be as follows:

(1) One and one-half cents for each 2 ounces or fraction thereof on books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants not exceeding 8 ounces in weight; and

(2) Two cents for the first 2 ounces or fraction thereof, and one cent for each additional ounce or fraction thereof, on all other third-class matter.

(b) Upon payment of a fee of $50 for each calendar year or of $15 for each quarter of a calendar year and under such regulations as the Postmaster General may prescribe for the collection of postage and for facilitating the handling of such matter in the mails, separately addressed identical pieces of third-class matter in quantities of not less than 20 pounds, or of not less than 200 pieces, may be mailed at pound rates of postage applicable to the entire bulk mailed at one time. The rate of postage on third-class matter mailed in bulk under this subsection shall be 16 cents for each pound or fraction thereof with a minimum charge per piece of 1½ cents, except that in the case of books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants the rate shall be 10 cents for each pound or fraction thereof with a minimum charge per piece of 1½ cents. The rate of postage on third-class matter mailed in bulk under this subsection but without individual addresses for delivery under regulations prescribed by the Postmaster General shall be subject to a minimum charge per piece of 2 cents. The rates of postage prescribed by this subsection shall not apply with respect to matter mailed by religious, educational, scientific, philanthropic, agricultural, labor, veterans' or fraternal organizations or associations, not organized for profit and none of the net income of which inures to the benefit of any private stockholder or individual, and the existing rates of postage shall continue to apply with respect to such matter.

(c) Pieces or packages of third-class mail of such size or form as to prevent ready facing and tying in bundles and requiring individual distributing throughout shall be subject to a minimum charge of 5 cents each.

Controlled circulation publications

SEC. 104. The rate of postage on the publications defined in section 203 of the act of July 3, 1948 (39 U. S. C., sec. 291b), when mailed by the publisher and regardless of the weight of individual copies, shall be 11 cents for each pound or fraction thereof, computed on the entire bulk mailed at one time, but not less than 1½ cents per piece, which rate shall remain in effect until otherwise provided by Congress; *Provided*, That the rate of postage on copies of such publications when mailed by other than the publishers, or when forwarded to the addressee or returned to the sender, shall be 3 cents for the first two ounces and 1½ cents for each additional ounce.

Domestic airmail

SEC. 105. The rate of postage on domestic airmail as defined in section 2 of the act of August 14, 1946 (39 U. S. C., sec. 462a), weighing 8 ounces or less (except postal cards and private mailing or post cards) shall be 7 cents for each ounce or fraction thereof.

Determination of class of post office and compensation of postmaster and certain employees

SEC. 106.(a) On and after January 1, 1955, 85 percent of the gross postal receipts of all classes of post offices shall be counted for the purpose of determining the class of the post office or the compensation or allowances of postmasters or other employees whose compensation or allowances are based on the annual receipts of such offices. Nothing contained in this subsection shall operate to decrease the compensation or allowances in effect on the effective date of this subsection for postmasters and other employees in the postal field service on such date whose compensation or allowances are based upon the annual receipts of such offices.

(b) In the case of the post office at Washington, D. C., the Postmaster General may, in his discretion, add to the gross receipts of such office counted for the purposes of subsection (a) of this section not to exceed 75 percent of such gross receipts.

(c) Notwithstanding any other provision of law, the salaries of postmasters at fourth-class post offices, as fixed by law, shall be deemed and taken to be full compensation for the clerical labor in the issuance of money orders at such offices.

Repeal of existing provisions of law

SEC. 107. (a) The following provisions of law are hereby repealed:

(1) Section 202 (a) (4) of the act of February 28, 1925, as amended by section 4 of the act of May 29, 1928 (39 U. S. C., sec. 283);

(2) Section 204 of the act of February 28, 1925 (39 U. S. C., sec. 288);

(3) Section 2 (d) of the act of October 30, 1951 (39 U. S. C., sec. 289a (d)).

(b) All laws or parts of laws inconsistent with this title are hereby repealed or modified to the extent of such inconsistency.

Application to Guam

SEC. 108. This title shall have the same force and effect within Guam as within other possessions of the United States.

Effective dates

SEC. 109. This title shall take effect on January 1, 1955, except that section 102 (a) and (b) shall take effect on April 1, 1955.

TITLE II—POSTAL EMPLOYEES PAY AND CLASSIFICATON

SEC. 201. (a) The rates of basic compensation, other than rates referred to in subsection (b) of this section, of postmasters, officers, and employees in the postal field service whose rates of compensation are prescribed by the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the Postal Service; to establish uniform procedures for computing compensation; and for other purposes", approved July 6, 1945 (Public Law 134, 79th Cong.), as amended, are hereby increased by 5 percent except that no such rate shall be increased by less than $200 per annum.

(b) (1) That part of the compensation schedule headed "Grades and Salaries of Employees in the Automatic Grades" and contained in section 11A of such act of July 6, 1945 (Public Law 134, 79th Cong.), as amended, which provides hourly rates of compensation, is amended to read as follows:

"*Hourly rates*

"Clerks in post offices of the 3d class; carriers in village delivery service	$1.435	$1.485	$1.54	$1.59	----------	----------	----------	----------	----------
Charmen and charwomen	1.495	1.55	----------	----------	----------	----------	----------	----------	----------
Mail handlers, messengers, watchmen; operators of the pneumatic tube service; garagemen-drivers	1.645	1.695	1.75	1.80	----------	----------	----------	----------	----------
Special delivery messengers in post offices of the 1st class	1.645	1.695	1.75	1.80	$1.855	$1.905	$1.96	----------	----------
Clerks; carriers in city delivery service; driver mechanics; general mechanics; dispatchers of the pneumatic tube service	1.695	1.75	1.80	1.855	1.905	1.96	2.01	$2.065	$2.115
Postal transportation clerks	1.80	1.855	1.905	1.96	2.01	2.065	2.115	----------	----------
Special mechanics	2.02	----------	----------	----------	----------	----------	----------	----------	----------

(2) The rates of basic compensation of postmasters at post offices of the fourth class are hereby increased by 5 percent.

(c) This section shall not apply to skilled-trades employees of the mail-equipment shops, job cleaners in first- and second-class post offices, and employees who are paid on a fee or contract basis.

(d) The increases in rates of basic compensation provided by this section shall not apply to longevity salary increases.

SEC. 202. Section 16 (r) of such act of July 6, 1945 (Public Law 134, 79th Cong.), as amended, which relates to travel allowances for employees in the Postal Transportation Service who are assigned to road duty, is amended by striking out "$6 per day" and inserting in lieu thereof "$9 per day."

SEC. 203. Section 3867 of the Revised Statutes is hereby amended to read as follows:

"SEC. 3867. The Postmaster General may prescribe a uniform dress to be worn by city and village delivery letter carriers, special-delivery messengers, motor-vehicle employees, custodial guards, elevator operators, and watchmen. The Postmaster General shall furnish uniforms to each such employee for whom a uniform dress is so prescribed, at a cost not to exceed $100 per annum with respect to each employee, except that, in any case where in his judgment it is in the interest of the postal field service, he may authorize any such employee to purchase uniforms, at such times and at such costs, not to exceed $100 per annum, as he may prescribe and shall reimburse such employee purchasing uniforms pursuant to such authorization for the cost thereof. Uniforms furnished to, or purchased by, an employee under this section shall become the property of such employee."

SEC. 204. So much of section 1310 (a) of the Supplemental Appropriation Act, 1952 (Public Law 253, 82d Cong.), as precedes the first proviso therein shall not apply to the total number of permanent employees in the field and departmental service of the Post Office Department; except that no employee shall be given a permanent appointment by reason of the enactment of this section of this act who has not qualified therefor under normal civil service procedures.

SEC. 205. Any increase in rate of basic compensation by reason of the enactment of this title shall not be considered as an "equivalent increase" in compensation within the meaning of section 701 of the Classification Act of 1949, as amended, in the case of postmasters, officers, and employees in the postal field service who transfer or are transferred to positions within the purview of the Classification Act of 1949, as amended.

SEC. 206. In the exercise of the authority granted by section 81 of title 2 of the Canal Zone Code, as amended, the Governor of the Canal Zone is authorized to grant, as of the effective date of this section, additional compensation to postal employees of the Canal Zone Government, based on the additional

compensation granted by this title to similar employees in the field service of the Post Office Department of the United States.

SEC. 207. This title shall have the same force and effect within Guam as within other possessions of the United States.

SEC. 208. (a) Section 7 of the act entitled "An act to reclassify the salaries of postmasters, officers, and employees of the Postal Service; to establish uniform procedures for computing compensation; and for other purposes", approved July 6, 1945 (Public Law 134, 79th Cong.), as amended, is amended to read as follows:

"Method of payment

"SEC. 7. (a) The compensation of postmasters and per annum rate employees shall be paid in 26 installments. Each such installment shall be the compensation for a pay period of 2 weeks. The compensation of hourly rate substitute employees and other hourly rate employees shall be computed for each pay period of 2 weeks on the basis of the number of hours of work performed by such employees during such pay period.

"(b) To compute an hourly rate for postmasters and per annum rate employees, the per annum rate shall be divided by 2080.

"(c) To compute a daily rate for postmasters and per annum rate employees, the hourly rate shall be multiplied by the number of daily hours of service required.

"(d) Subsections (b) and (c) of this section shall not apply to carriers in the rural delivery service. Whenever, for pay computation purposes, it is necessary to convert the basic annual rate of compensation of carriers in the rural delivery service to a basic daily or biweekly rate, the following rules shall govern:

"(1) An annual rate shall be divided by 312 to derive a daily rate.

"(2) A daily rate shall be multiplied by 12 to derive a biweekly rate.

"(e) All rates shall be computed to the nearest cent, counting one-half cent and over as a whole cent.

"(f) When a pay period for any postmaster or employee begins in one fiscal year and ends in another fiscal year, the gross amount of the earnings of such postmaster or employee for such pay period may be regarded as a charge against the appropriation or allotment current at the end of such pay period."

(b) Section 8 of such act of July 6, 1945, as amended, is amended by adding at the end thereof a new subsection (d) to read as follows:

"(d) The salaries of postmasters, assistant postmasters, and supervisors paid under the provisions of this section shall be readjusted at the beginning of the first complete pay period in each fiscal year."

(c) Section 9 (b) of such act of July 6, 1945, as amended, is amended by adding at the end thereof a new sentence to read as follows: "The salaries of superintendents and assistant superintendents of classified stations shall be readjusted at the beginning of the first complete pay period in each fiscal year."

(d) Section 11A of such act of July 6, 1945, as amended, is amended by striking out "and shall be promoted successively at the beginning of the quarter following 1 year's satisfactory service in each grade to the next higher grade until they reach the top automatic grade" and by inserting in lieu thereof "and shall be promoted successively at the beginning of the first complete pay period following 52 weeks of satisfactory service in each grade to the next higher grade until they reach the top automatic grade."

(e) Section 13 of such act of July 6, 1945, as amended, is amended by adding immediately after subsection (a) thereof a new subsection (b) to read as follows:

"(b) The salaries of employees paid under the provisions of this section shall be readjusted at the beginning of the first complete pay period in each fiscal year."

(f) Section 14 of such act of July 6, 1945, as amended, is amended by adding immediately after subsection (a) thereof a new subsection (b) to read as follows:

"(b) The salaries of employees paid under the provisions of this section shall be readjusted at the beginning of the first complete pay period in each fiscal year."

(g) That part of subsection (1) of section 14 of such act of July 6, 1945, as amended, which precedes the first proviso is amended to read as follows:

"(1) Temporary employees in the custodial service paid on an annual basis shall be paid at the rates of pay of grade 1 of the position in which employed and shall, at the beginning of the first complete pay period following 52 weeks of satisfacory service in each pay status, be advanced successively to the rates of pay of the next higher grade of such position; and temporary employees in the custodial service paid on an hourly basis shall be paid at the rates of pay of grade 1 of the position in which employed and shall, at the beginning of the first complete pay period following 52 weeks of satisfactory service in each pay status, be advanced successively to the rates of pay of the next higher grade of such position:".

(h) Section 15 (b) of such act of July 6, 1945, as amended, is amended by striking out "and shall be promoted successively at the beginning of the quarter following 1 year's satisfactory service in each grade until they reach grade 8", and by inserting in lieu thereof "and shall be promoted successively at the beginning of the first complete pay period following 52 weeks of satisfactory service in each grade until they reach grade 8."

(i) That part of section 18 (f) of such act of July 6, 1945, as amended, which precedes the first proviso is amended to read as follows:

"(f) Each temporary employee in the mail equipment shops paid on an annual basis shall be paid at the rate of pay of the lowest grade provided for a regular employee in the same type of position in which such temporary employee is employed, and shall, at the beginning of the first complete pay period following 52 weeks of satisfactory service in each pay status, be advanced successively to the rates of pay of the next higher grade of such position:".

(j) The first section of the act of April 15, 1947 (Public Law 35, 80th Cong.), as amended, is amended by striking out "shall be promoted successively at the beginning of the quarter following 1 year's satisfactory service in each grade" and by inserting in lieu thereof "shall be promoted successively at the beginning of the first complete pay period following 52 weeks of satisfactory service in each grade."

(k) All laws or parts of laws inconsistent with the amendments made by this section are hereby repealed or modified to the extent necessary to carry out the purposes of and conform to such amendments.

SEC. 209. (a) The Postmaster General is authorized and directed to make a thorough investigation and study of various methods for the classification of positions and the determination of salaries in the postal field service and all matters relating thereto (including personnel and pay benefits and administration), in order to provide a plan (to be submitted by the Postmaster General to, and to be subject to review by, the Congress, in accordance with the provisions of this section and section 10) for the establishment of a uniform, integrated, and equitable classification and pay system for all postmasters, officers, employees, and positions in the postal field service. Such classification and pay plan for the postal field service shall provide a method for determining the rates of basic compensation which postmasters, officers, and employees shall receive under which—

(1) the principle of equal pay for substantially equal work shall be followed; and

(2) variations in rates of basic compensation paid to different postmasters, officers, and employees shall be in proportion to substantial differences in the difficulty, responsibility, and qualification requirements of the work performed and to the contributions of postmasters, officers, and employees to efficiency and economy in the postal field service.

Such plan shall contain compensation schedules which set forth the various grades to which positions in the postal field service are to be allocated and provide the rates of basic compensation, and the ranges of such rates, which are to be applicable to such grades. Such plan also shall contain provisions which—

(A) grant to personnel in the postal field service the right to obtain appropriate review by the Civil Service Commission of all classifications of their positions;

(B) prohibit reductions in the rates of basic compensation of personnel on the rolls on the date such plan (or any part thereof) becomes operative, by reason of the institution and operation of such plan (or any part thereof);

(C) prohibit reductions in rates of basic compensation of any personnel, by reason of any classification actions taken at any time under authority of such plan with respect to the positions occupied by such personnel, so long as such personnel remain in the same positions or are assigned to perform and do perform work of the same level of difficulty, responsibility, and qualification requirements as the work which they were performing in such positions; and

(D) preserve for personnel in the postal field service on the rolls on the date such plan (or any part thereof) becomes operative the increases in rates of basic compensation provided by this act.

Such plan also may contain such provisions and proposals consistent with the purposes of this section as the Postmaster General deems advisable in the light of the needs of the Post Office Department, the best interests of personnel in the postal field service, and the public interest.

(b) In the light of and pursuant to the investigation and study made under subsection (a) and in accordance with the purposes of such subsection, the Postmaster General shall transmit to the Congress, on or before March 15, 1955, a classification and pay plan for the postal field service. Such plan shall be prepared with due regard for the legislative forms and procedures of the Congress and shall be accompanied by an appropriate written explanation of the provisions, objects, purposes, and effects thereof. The delivery of such plan and explanation thereof shall be made to both Houses on the same day.

(c) Except as may be otherwise provided pursuant to subsection (e) of this section, the provisions of such classification and pay plan for the postal field service shall take effect upon the expiration of the first period of 60 calendar days of continuous session of the Congress, following the date on which such plan is transmitted to the Congress; but only if, between the date of transmittal and the expiration of such period of 60 days there has not been passed by either of the two Houses, by affirmative vote of a majority, a quorum being present, a resolution stating in substance that that House does not favor such plan.

(d) For the purposes of subsection (c) of this section—

(1) continuity of session shall be considered as broken only by an adjournment of the Congress sine die; but

(2) in the computation of the 60-day period, there shall be excluded the days on which either House is not in session because of an adjournment of more than 3 days to a day certain.

(e) Any provision of the plan may, under provisions contained in the plan, be made operative at a time later than the date on which the plan shall otherwise take effect.

(f) If such classification and pay plan becomes effective, such plan shall be printed in the Statutes at Large in the same volume as the public laws and shall be printed in the Federal Register.

(g) Any increase in rate of basic compensation by reason of the institution and operation of such classification and pay plan for the postal field service shall not be considered as an "equivalent increase" in compensation within the meaning of section 701 of the Classification Act of 1949, as amended, in the case of postmasters, officers, and employees in the postal field service who transfer or are transferred to positions within the purview of the Classification Act of 1949, as amended.

SEC. 210. (a) This section is enacted by the Congress:

(1) As an exercise of the rule-making power of the Senate and the House of Representatives, respectively, and as such it shall be considered as part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in such House in the case of resolutions (as defined in subsection (b) of this section); and such rules shall supersede other rules only to the extent that they are inconsistent therewith; and

(2) With full recognition of the constitutional right of either House to change such rules (so far as relating to the procedure in such House) at any time, in the same manner and to the same extent as in the case of any other rule of such House.

(b) As used in this section and section 9, the term "resolution" means only a resolution of either of the two Houses of Congress, the matter after the resolving clause of which is as follows: "That the ---------- does not favor the postal field service classification and pay plan transmitted to Congress by the Postmaster General.", the blank space therein being filled with the name of the resolving House.

(c) All resolutions with respect to the postal field service classification and pay plan shall be referred, by the President of the Senate or the Speaker of the House of Representatives, only to the Committee on Post Office and Civil Service of the Senate or the Committee on Post Office and Civil Service of the House of Representatives, as the case may be.

(d) If the committee to which has been referred a resolution with respect to such postal field service classification and pay plan has not reported such resolution before the expiration of 10 calendar days after its introduction, it shall then (but not before) be in order to move either to discharge the committee from further consideration of such resolution, or to discharge the committee from further consideration of any other resolution with respect to such postal field service classification and pay plan which has been referred to the committee.

(e) Such motion may be made only by a person favoring the resolution, shall be highly privileged (except that it may not be made after the committee has reported a resolution with respect to the plan), and debate thereon shall be limited to not to exceed 1 hour, to be equally divided between those favoring and those opposing the resolution. No amendment to such motion shall be in order, and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

(f) If the motion to discharge is agreed to or disagreed to, such motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the plan.

(g) When the committee has reported, or has been discharged from further consideration of, a resolution with respect to the plan, it shall at any time thereafter be in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of such resolution. Such motion shall be highly privileged and shall not be debatable. No amendment to such motion shall be in order and it shall not be in order to move to reconsider the vote by which such motion is agreed to or disagreed to.

(h) Debate on the resolution shall be limited to not to exceed 10 hours, which shall be equally divided between those favoring and those opposing the resolution. A motion further to limit debate shall not be debatable. No amendment to, or motion to recomit, the resolution shall be in order, and it shall not be in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(i) All motions to postpone, made with respect to the discharge from committee, or the consideration of, a resolution with respect to the plan, and all motions to proceed to the consideration of other business, shall be decided without debate.

(j) All appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to the plan shall be decided without debate.

SEC. 211. In the exercise of the authority granted by section 81 of title 2 of the Canal Zone Code, as amended, the Governor of the Canal Zone is authorized to adopt the postal field service classification and pay plan, or any part thereof, made operative pursuant to sections 209 and 210 of this title, as of the date or dates such plan, or any part thereof, becomes operative, for postal employees of the Canal Zone Government. The Postmaster General shall make available to the Governor of the Canal Zone copies of such matter relating to such plan as may be necessary to carry out the purposes of this section, including descriptions of positions and rates of compensation provided for therein.

SEC. 212. (a) The first sentence of the first section of the act entitled "An act to provide uniform longevity promotional grades for the postal field service", approved May 3, 1950 (Public Law 500, 81st Cong.), as amended, is amended by striking "out longevity grades A, B, and C" and inserting in lieu thereof "longevity grades A, B, C, and D."

(b) Subsection (b) of the first section of such act of May 3, 1950, as amended, is amended to read as follows:

"(b) Each such postmaster or employee who is serving in a regular position on the date this amendatory subsection takes effect or who is appointed to such a position at any time thereafter, shall be assigned to longevity grade A at the beginning of the first complete pay period following the completion of 13 years of service, to longevity grade B at the beginning of the first complete pay period following the completion of 17 years of service, to longevity grade C at the beginning of the first complete pay period following the completion of 21 years of service, and to longevity grade D at the beginning of the first complete pay period following the completion of 25 years of service."

(c) Section 2 of such act of May 3, 1950, as amended, is hereby amended (1) by striking out the word "quarter" and inserting in lieu thereof "first complete pay period", and (2) by inserting before the period at the end thereof a comma and the following: "and on and after the effective date of this amendatory provision shall be assigned to longevity grade D at the beginning of the first complete pay period following the completion of 25 years of service."

(d) No employee shall be reduce in compensation by reason of the amendments made by this section.

SEC. 213. This title shall take effect as follows:

(1) Sections 207, 209, 210, and 211 and this section shall take effect on the date of enactment of this act;

(2) Sections 201, 205, and 206 shall take effect on the first day of the first pay period which begins after the date of enactment of this act;

(3) Sections 202, 203, and 204 shall take effect on the first day of the first calendar month following the calendar month in which this act is enacted; and

(4) Sections 208 and 212 shall take effect on the first day of the second calendar month following the calendar month in which this act is enacted.

The SPEAKER. Is a second demanded?

Mr. MURRAY. Mr. Speaker, I demand a second.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MURRAY. I am not, Mr. Speaker.

The SPEAKER. Is any Member opposed to the bill?

Mr. DAVIS of Georgia. Mr. Speaker, I demand a second.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. DAVIS of Georgia. I am, Mr. Speaker.

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, I yield myself 7 minutes.

Mr. Speaker, I would like to clear up 2 or 3 matters that have been brought to the attention of the Members of the House. One of them is that both bills now before you, as one bill, have been well considered by our committee. Complete hearings were held on the legislation you are considering at this time. Reports have been filed with the House and any and all Members have had a chance to read those reports, if they so desired. Let there be no misunderstanding, and let no one say that you did not have any chance to know about this legislation. I make that statement in reply to certain criticisms that have been made heretofore.

Our time is limited, of course, but both of these bills and the material in them have been discussed over and over again by Members of the House. So I shall discuss quite briefly the contents of the proposed legislation.

The bill as amended will provide:

First. A permanent 5-percent increase for all postmasters, officers, and employees in the postal field service with a minimum of $200, except in the case of fourth-class postmasters and hourly rate employees.

Second. A fourth longevity grade for personnel of the postal field service.

Third. A reclassification for all postmasters, officers, and employees in the postal field service by requiring that the Postmaster General submit to Congress by March 15, 1955, a proposal for job evaluation of the positions of postal

field service personnel. This proposal must contain schedules which set forth grades and salaries of postal field service positions, and provisions assuring postal employees (a) of the right to appeal their classification to the Civil Service Commission; (b) that those on the rolls when the plan, or any part thereof, becomes operative will not suffer any loss in salary; and (c) that they will not be downgraded. This plan will take effect unless disapproved within 60 days by a majority of either House of Congress, a quorum being present.

Fourth. An increase in the allowable per diem for employees in the transportation service to $9 per day from the present rate of $6 per day.

Fifth. A uniform allowance of $100 annually for those employees required to wear uniforms.

Sixth. A modification of present law which restricts the number of permanent appointments in the Federal service. This will permit the granting of permanent appointments to a large number of temporary and indefinite employees in the postal field service.

Seventh. A biweekly pay period for personnel of the postal field service.

Total cost of the salary increases is $151,533,000.

I want to say to the Members of the House that this legislation is also a compromise. It is a compromise with respect to either part 1 or part 2 of this measure. There is nothing unusual about that. Speaking about precedent, we did this same thing once before in this Congress, and all we are doing is following that same precedent. After all, does not this House control its own precedents. The question as I see it is whether this legislation is right or wrong. Let us not find excuses on the basis of precedents to determine our votes. Why not vote on the question as to whether the legislation is right?

Incidently, since the matter of bringing bills to the floor has been mentioned, I call your attention to four other bills being considered under suspension. No one has offered a word of criticism with respect to the consideration of any of those bills considered under the same rule.

Under my motion, this legislation is being considered under suspension of the rules. As the Members know, this leaves a limited amount of time to discuss the provisions of this legislation. However, there has been so much controversy and so much discussion of both bills that I feel reasonably sure that the Members are as familiar with the effect of this legislation as they are of any bills that have been before this Congress.

My motion provides for approval under suspension of the rules of the provisions of H. R. 9836, recommended unanimously by our committee, relating to pay and classification of postal employees, combined with a readjustment of postal rates, as reported by our committee in H. R. 6052. I believe that the membership is preponderantly in favor of the objectives of this legislation.

The objectives are, first, to provide a salary increase for postal employees commensurate with the cost of living since their last increase, July 1, 1951, and also to provide a beginning on the reclassification of postal employees' salaries. Such an overhauling of the salary structure of postal field service employees has been urged for many years by various responsible groups who have conducted investigations of this problem. At long last it has received the attention of Congress in legislative form.

We also propose to include an increase in postal rates—one recommended by our committee and justified even without a pay raise. Unless the cost of the salary bill is made up by postal rates, it will increase by $150 million the amount of the postal deficit which must otherwise be made up by taxes. These taxes, of course, are levied upon everyone regardless of the amount they use the postal service. When they are met by raising postal rates, they are at least partly paid by individuals who use the postal service in direct proportion to the use made by the individual or business firm concerned.

The need for reclassification in postal service is admitted by postal employees, as well as by postal employee organizations. It is a necessary step in the personnel program in the Post Office Department. Employee groups have expressed concern that Congress continue control over specific salary rates. In order to satisfy that situation, and in order that those who wish to have another look at a reclassification plan before it becomes effective, this bill provides the reclassification proposal of the Postmaster General will be submitted to the Congress, and such plan cannot go into effect if either the House or the Senate disapproves.

The postal employees salary bill includes many other benefits to postal employees—benefits they have sought for a number of years. It includes a fourth longevity grade for personnel of the postal field service. It includes a uniform allowance of up to $100 a year for postal employees required to wear uniforms. It will permit more permanent appointments in the postal field service. It establishes a biweekly pay period. It increases the per diem allowance of employees in the postal field service from the present $6 per day to $9 per day. I believe if the Members of the House will take a searching look at this bill, they will find it has benefits in it that employees have written them about for many years.

I have done my best to let the employees throughout the country know what we are trying to do for them in this bill. I know once this bill is passed and becomes law and they begin to feel the benefits it provides, they will let you know in no uncertain terms that you have done a very generous act by approving this legislation. I feel sure when the reclassification proposal this bill calls for is presented to the Congress, there will be general agreement that it is fair, just, and should be put into effect. I know that when employee groups are aware of the many saving clauses and the protection of their privileges we have written into this bill, they will realize how well we have acted in their interest.

Under the reclassification program provided by this bill, along with their present salary and the 5-percent increase this bill provides, the employees cannot suffer a salary loss. There can be no downgrading of an individual employee now or in the future. All employees will have the right to appeal their classification to the Civil Service Commission. What more could an employee want? It can be challenged, in my judgment, only by those who do not want to have a fair salary standard—those who do not want to receive equal pay for equal work—those who do not want a properly adjusted scale recognizing higher salaries for increased responsibility.

Now, may I turn to the postal-rate features of this bill?

Right at this point I should like to pay a tribute to Postmaster General Summerfield. Many of the opponents of postal rate increases have pointed to the tremendous savings he has made in operating costs and say that with such a reduction in the postal deficit, rate increases should not be necessary. No greater tribute could be paid, although possibly unwittingly, to a man who has given unstintingly and without regard to personal sacrifice of his time and effort, both in the field of postal employees classifications and postal rates.

Mr. Summerfield has, through his own individual efforts and those of the staff he has selected around him and with the cooperation of our committee, brought about economies, and reduced the postal deficit of the Truman administration of $700 million down to $400 million this last year.

The postal deficit is the responsibility of all of us. We cannot expect one man to solve all of it. The Postmaster General has brought about a sharp reduction in the deficit through introduction of good business methods and economies. Our committee has also helped by insisting that departments pay the cost of handling their mail and by insisting that the airmail subsidy be paid by the department charged with the supervision of the airlines.

But there is a limit to the effect economies can have on the postal deficit. A few people have done their share. The responsibility now for increasing postal rates to absorb the cost of the postal salary increase, as well as a small part of the remaining deficit, rests with the 435 Members of this House. I hope they will assume that responsibility and vote favorably for this bill.

To continue with respect to postal rates:

FIRST-CLASS MAIL

The bill as reported increases from 3 cents to 4 cents the rate on the first ounce of first-class letter mail for delivery outside the office of mailing. Only drop-letter mail makes a profit. No change is made on rate on drop-letter mail. It remains at 3 cents.

AIRMAIL

The rate on domestic airmail is increased from 6 cents to 7 cents an ounce.

SECOND-CLASS MAIL

First. In addition to the 10-percent increase due April 1, 1954, under existing

law, this bill will increase the rates on second-class mail in 3 increments of 10 percent, effective April 1, 1955, April 1, 1956, and April 1, 1957. These increases are based on the rates in effect prior to Public Law 233, 82d Congress, and are applied on the portion of publications for delivery outside of the county of publication. The increases do not affect publications of nonprofit religious, educational, scientific, philanthropic, agricultural, labor, veterans', or fraternal organizations or associations.

Second. The publication, or portions thereof, delivered outside the county of publication on which rates are increased as explained in paragraph (1) above, will be subject to a minimum charge of one-fourth cent per copy, compared to the present charge of one-eighth cent. The one-eighth cent minimum remains the same as at present for publications of the nonprofit associations or organizations listed above.

Third. The present transient second-class mail is eliminated and in the future these mailings will be carried at the third-class rate for those publications of 8 ounces or less and at fourth-class rate for those publications weighing over 8 ounces.

THIRD-CLASS MAIL

First. The rate for individual pieces of third-class mail is increased from 2 cents for the first 2 ounces, plus 1 cent for each additional ounce—or, in some cases, 1½ cents for each 2 ounces—to 3 cents for the first 2 ounces, plus 1½ cents for each additional ounce or fraction thereof.

Second. The rate on third-class matter mailed in bulk is increased from 14 cents per pound and 1½ cents minimum per piece to 16 cents per pound and 1½ cents minimum per piece.

Third. The fee for a permit to send third-class mail under the bulk mailing rate is increased from $10 a year to $50 a year, with the privilege of purchasing a 3-month permit at $15.

Fourth. Odd-sized pieces of third-class mail will be subject to a minimum charge of 5 cents, representing an increase of 2 cents per piece.

Fifth. The minimum charge on third-class matter mailed at bulk rates without individual addresses, for delivery under regulations prescribed by the Postmaster General, will be 2 cents per piece.

Sixth. No increases will be made in bulk rates on third-class mailings of books and catalogs of 24 pages or more, seeds, cuttings, bulbs, roots, scions, and plants not exceeding 8 ounces in weight, or on mailings of nonprofit religious, educational, scientific, philanthropic, agricultural, veterans', or fraternal organizations or associations.

CONTROLLED-CIRCULATION PUBLICATIONS

Controlled - circulation publications will be subject to a rate of 11 cents per pound, with a minimum charge of 1½ cents per piece.

BOOKS

The committee struck from the bill the provision which would have increased postage on books by $4 million, or approximately 25 percent.

INCREASED REVENUE

Following is the estimated total increase in postal rates when all the rates are in effect:

Estimate of revenues from each section of H. R. 6052 (as reported)

[Based on 1953 volume and assuming no loss in volume due to higher rates]

Section	
1. 1st-class mail (1st ounce of nonlocal)	$159,000,000
2. Domestic airmail	15,600,000
3. 2d-class mail (publishers' 2d class)	13,500,000
Transient 2d-class at 3d- and 4th-class rates	900,000
4. 3d-class mail:	
Increase in piece rates	29,000,000
Increase in pound rates 14 to 16 cents	3,200,000
Bulk fee $10 to $50 year or $15 quarter	8,000,000
Pieces of odd size or form	1,000,000
2-cent minimum on unaddressed 3d class	3,000,000
Total	44,200,000
5. Controlled-circulation publication (up to 8 ounces)	80,000
Total increase	233,280,000

The major postal rate increase in this bill is first-class mail. First-class mail has not been increased since the depths of the depression in 1932 when a Democratic Congress raised the 2-cent rate to 3 cents and it should be noted that first-class mail was more than paying its way then. Since that time costs have nearly tripled in the postal service. We have rolled up a collective deficit in the postal service of nearly $4 billion. Meanwhile, we have placed substantial increases on other classes of mail.

I have heard it said that this increase for first-class mail is another tax which places the cost of this class of mail on individuals to pay for the other classes of mail. It tells you categorically, that a piece of first-class mail sent outside the office of mailing costs more than 3 cents to handle. This first-class mail, sent nonlocal, will be carried at a substantial loss if we approve a postal employee pay bill without approving an increase in first-class mail.

May I point out further that the salary increase in this bill will go into effect 5 to 6 months in advance of the increase in the first-class rate which this bill schedules as January 1 of next year.

This bill provides a second series of three 10-percent increases for second-class mail following a similar series of 10-percent increases authorized by the last postal rate increase bill. Even with this increase, second-class mail will still be carried at a substantial loss.

With respect to the advertising matter that is sent by third-class mail, in the last postal increase we increased the minimum rate per piece by 33⅓ percent. We are not increasing that particular rate by this bill but we did increase the rate on mailing which do not have a specific address. We recommended that rate be increased to 2 cents per piece as compared to the present rate of 1½ cents per piece.

Fourth-class mail does not appear in this bill. The reason is that the rates are required to be set by present law by a procedure between the Postmaster General and the Interstate Commerce Commission at rates which will return sufficient revenue to pay the cost of handling. Under this procedure, fourth-class mail has had a tremendous increase in rates as compared to other classes of mail. In fact, no other single class of mail has experienced as great an increase as fourth-class mail.

May I summarize the provisions of these two bills, while at the same time, I urge you to listen to this summary to evaluate it and I am sure you will come to the same opinion as our committee, the leadership, and of the President. I know you will find that this is the only solution to the problem involving the financial structure of our entire Government and, at the same time, providing a desirable cost of living increase to postal employees.

Before completing my statement, I want to pay tribute to each and every member of our committee who worked on the problems of postal employee pay and classification and the problems of postal rates. In my judgment, no committee in this Congress, or in any other Congress, has worked harder or longer in an attempt to bring to the floor a bill which would receive a vote of confidence from the membership.

Mr. CORBETT. Mr. Speaker, a point of order or parliamentary inquiry, whichever is proper.

The SPEAKER. The gentleman will state it.

Mr. CORBETT. Mr. Speaker, I find that the bill which is presently before us, H. R. 9245, has the title and the enacting clause of the bill which I introduced and which was passed out of the committee.

I also find that it deals not merely with postal salaries but contains an entirely different title on postal rates, which action was never taken by the House committee. I do not believe that this bill can properly be before the House; certainly not with my name on it.

Mr. REES of Kansas. Mr. Speaker, the legislation that is before us is an amended bill, that is true. But all the legislation that we are considering was considered by the committee and reported favorably by our committee.

The SPEAKER. The business before the House is a motion of the gentleman from Kansas [Mr. REES].

Mr. CORBETT. Mr. Speaker, the bill was never reported from the committee as amended and I was not even notified that my name would be on the legislation.

The SPEAKER. The Chair knows nothing about that. That is of no concern to him except as an individual Member of the House.

The gentleman from Kansas [Mr. REES] has made a motion to suspend the rules and to pass the bill with an amendment. That is what the House is considering.

Mr. DAVIS of Georgia. Mr. Speaker, I yield myself 4 minutes.

Mr. Speaker, in the short time that we have, this bill, of course, cannot be properly debated. There are some facts which I wish to bring to the attention of

the membership regarding these postal rates. It is true that we have a deficit in the Post Office Department. But if you look at it from the deficit standpoint, we have a deficit in all the other departments of our Government.

The deficit in the Post Office Department for 1954 was estimated at $437 million.

I should like to state where these deficits exist.

In second-class mail the estimated deficit is $232 million. Does this bill propose to change the rates on second-class mail sufficient to take care of the deficit? It does not. It would provide an increase on second-class mail not of $232 million which is said to be the deficit, but of $14,400,000, leaving still a deficit on second-class mail of over $200 million.

The third-class deficit is said to be $153 million. This bill would increase the third-class revenues only $44,200,000, leaving a deficit there of $109 million.

In first-class mail there is no deficit whatever. First-class mail now pays a profit. It pays its own way and pays a profit of $105 million. This bill proposes to add 1 cent to the postal rate on nonlocal first-class letter mail running up the rate on nonlocal first-class mail for the first ounce from 3 cents to 4 cents. That will provide an additional profit of $159 million on first-class mail, which already pays a profit of $105 million. The effect of this bill is simply to transfer the deficit in second- and third-class mail to the users of first-class mail, which is not equitable, which is not fair, and which I do not think we, as Members of Congress, ought to enact into law.

I think the post-office organization is a service organization. It has been considered so throughout the years. There is not another department of our Government which is called upon to finance its own operations. That is not done in Health, Education, and Welfare; that is not done in Labor; that is not done in Agriculture or any of the departments. The Post Office Department is a service department, and I think should be so treated.

If we are going to undertake to put it on a paying basis and make it pay for its operations, then I do not think it is fair and just to saddle the entire cost, or practically the entire cost, upon the users of one class of mail.

Whatever may be said about tying the two bills together, the real purpose of tying them together is to make the pay raises of postal employees contingent upon the passage of this rate bill. No other bills have been tied together in this way. I think the pay bill is entitled to come to the floor on its own merits.

It has been said here today that if we vote down the suspension, then we will have killed the chance of the postal employees to get a pay raise. If that is the case, then the responsibility for that will rest upon the leadership and it will not rest upon us who are opposing this motion. This pay bill can be brought up either on a rule or under a motion to suspend the rules, and it will pass overwhelmingly by either method.

Mr. Speaker, I urge that the motion be voted down.

The SPEAKER. The time of the gentleman from Georgia has expired.

Mr. DAVIS of Georgia. Mr. Speaker, I yield 5 minutes to the gentleman from Minnesota [Mr. HAGEN].

Mr. HAGEN of Minnesota. Mr. Speaker, first of all, I want to say it is difficult to oppose the leadership of any issue or legislation. However, I believe I am right and that it is my obligation as a Republican to speak out on this matter.

In the few minutes that I have there will be little opportunity to discuss the provisions of the two bills. The postal pay bill—H. R. 9836—provides a small pay increase for postal employees and they are happy to accept and to receive it, although it is long overdue and it is not sufficient. But they do not approve or like this procedure.

In a letter to me today, E. C. Hallbeck, legislative representative of the National Federation of Post Office Clerks, wrote me as follows:

> We believe it is unfair to bring those questions before the House in a single package and consider it a subterfuge to defeat adequate postal salary legislation at this session of Congress.

In a telephone conversation with Jerome Keating, executive vice president of the National Association of Letter Carriers, he stated:

> The postal organizations have always opposed coupling postage rate increases with postal pay.

However, the postal rate bill is not acceptable in my opinion. Postage rate increases at this time would upset our economy, now back on the road to a stable prosperity. It is completely discriminatory and I would suggest, if time were available, many pertinent questions.

There are a lot of discriminations and bad features in this postal-rate bill and it certainly should be discussed fully and freely before it is voted on. Many of you will be voting for this so-called package bill because you like the postal-pay part of it. However, you are now pressured into accepting the postal-rate-increase bill along with it.

It has been reported to us that this is the only way that this postal-pay bill can come up in the House for a vote. Why is this so? There are many other ways in which this postal-pay bill can be brought up. I, for one, do not like a whip or club over my head with the threat that if we do not approve of this motion there will be no postal-pay legislation, even though 90 percent or more of this House favor a postal-pay bill.

It might be said by some that it is a lack of leadership to admit there is no other way to bring up a postal-pay bill which would pass on its own merits by a vote of 20 to 1 or more. Some even would say it leans toward a dictatorship policy. I cannot agree to these statements. I have every confidence in our House leader, CHARLIE HALLECK, one of the strongest, aggressive, and able leaders in the history of this House. I am sure he can, if he wants to, give the Members of the House an opportunity to vote on a postal workers' pay-increase bill. I am sure he himself will see to it that the House membership can vote on such a bill and a great majority of Republicans will support him.

Yet why are these two bills brought up this way? I would like to know the answers.

The postal-rate bill has been resting in the Rules Committee since early this year. Are those who are anxious to get a postal-rate bill approved afraid that their measure will not pass on its own merits?

I ask, is this going to be a new technique for legislating?—that is, to couple up a popular bill with one which is not popular? Is it going to be a policy, henceforth, to handle any pay adjustment or pay increase for postal workers only when rate-increase bills are considered? This is the first time, to my knowledge, that a pay bill and a rate bill have been combined on the floor of the House.

There have been 31 postal-pay bills of some kind or another since 1920. None were vetoed by the President. In 1943 our Post Office Committee reported a combined pay raise and postal-pay increase measure.

At any rate, there are other ways in which this bill or any bill can be brought up if the leadership so desires.

First, there is a policy or rule whereby the chairman of the Rules Committee can put it on his agenda and ask for consideration.

Secondly, my discharge petition No. 9 can be signed, and perhaps it will be later today. By adding six additional names, it will assure consideration of the Corbett pay bill, H. R. 9245, later on this session, if we are here long enough.

Thirdly, the postal bill can be brought up on a suspension of the rules, if the leadership so desires.

Fourthly, the Senate can and probably will add a postal-pay bill to some bill already passed by the House.

Now, we have just voted here for a 5-percent increase in veterans pensions. Our committee has reported out and this House will no doubt approve a 5-percent pay increase for Federal employees and workers. The leadership apparently feels that the money is available for these two bills.

Furthermore, this House just yesterday deducted and saved from so-called administration supplemental budget requests a total of more than $765 million. In other words, the administration believes that they had $765 million more that could be spent, than that which was voted by this House. Cannot $150 million of that be used to pay this postal pay increase bill without some arbitrary rule or policy which insists on a postal rate bill to pay for the postal pay increase?

Here is another picture of the situation.

We were asked to support a revised version of the veterans pension increase bill with a 5-percent increase. I gladly voted for it.

This administration, according to all reports, endorses a 5-percent pay increase for all Federal workers. I supported it in our committee.

So now will the postal workers be told? No; we will give everyone 5 percent or

more, but you cannot have anything at all.

Now the statement has been made, or will be made, perhaps, that the responsibility lies with the opposition to this motion in case there is not a postal pay bill approved. The only ones you could convince of that false charge would be morons or one who does not know that 2 and 2 makes 4. Anyone knows that the postal pay bill can be brought up in this House at any time if the leadership so desires.

This method of legislating is certainly a bad policy, and I would believe that every chairman of this House would be unhappy and would join me in this fight if the two major bills of this committee were suddenly brought up under a suspension of the rules with little or no opportunity for discussion of the merits or demerits of the legislation.

Our Post Office and Civil Service Committee had 14 days of hearings on the postal rate bill and also 10 executive sessions. We spent 24 days of hearings on the postal pay bill and held 7 executive sessions.

Therefore, the number of days of hearings on postal rate and postal pay bills totaled 55 days.

This legislation is now going to be disposed of in 40 minutes.

Now as to the postal employees, as bad as they need a pay raise, they do not want to be a party to setting a new policy in putting a yoke around their necks which would deny them in the future any salary adjustments until postal rate increases were voted.

I would like to ask this question? Will the Postmaster General come up here next winter with a program of increasing postal rates to pay for the increased cost of his new reclassification program which would liberally increase the pay of postal employees in the higher brackets?

It was reported here today, contrary to previous statements, that the Post Office Department now wants a postal rate increase tied in with a postal pay bill. However, this new policy is apparently only directed to the House since I understand that the Senate is not, and will not, tie a postal rate bill to a postal pay bill.

Yes, I say this is no way to legislate. Each of these bills should have a minimum of 4 hours of discussion, consideration, and debate. Here should be available the printed hearings on both bills—four volumes with hundreds of pages of testimony. You won't even have time to read the reports on these bills, and there is an excellent majority and minority report on the postal rate bill. The postal pay bill was approved unanimously by our committee.

It is my prediction that this motion will fail, and it should.

I might say that the postal pay bill is quite acceptable. It is of course a compromise and no one is too happy about it. But at least, it is a small increase for the postal workers and it should be and will be approved by a big vote if the House is given an opportunity to vote on it.

It may be reported here that some of the magazines and newspapers of the country get a subsidy on their second-class mailing charges. This is not at all true. The so-called subsidy is one to the people of the country—the subscribers to the magazines and newspapers. It is they who get the benefit of the low rates—it is the American people. Supporting my statement on this is the National Education Association which in its report to the Senate study committee on postal affairs stated as follows:

> Benefits derived from the use of the mail consist primarily in benefits to the consumer or recipient of the mail rather than to the producer.

If postal rates are increased, subscription rates will be increased and most of the increases will go to the small weeklies, small dailies, small magazines, farm publications, etc. It won't be so harmful to the big magazines and newspapers which use their own distribution system and the newsstands, and do not use the mails to the extent or degree as the smaller magazines and the smaller newspapers do.

Finally, my appeal is that we decide here today that henceforth we legislate in a proper and normal manner on these important bills. Our House leadership will lose this fight and I will be unhappy about it even though I will be on the winning side. It is so unnecessary to do things this way when the right way would be better.

The membership of this House can hardly say that they know what they will vote for in this postal rate bill. There will be no opportunity to debate or discuss it.

This motion should be defeated. I shall vote against it.

Mr. REES of Kansas. Mr. Speaker, I yield 3 minutes to the gentleman from Texas [Mr. DIES].

Mr. DIES. Mr. Speaker, I have said upon several occasions that I am deeply concerned about the deficit of this Government. We owe $275 billion and we are continuing to increase that deficit. That means inflation, and inflation means millionaires become billionaires, and in the end the poor man pays the bill. This House is determined to raise the salaries of postal employees. The Post Office Committee has conducted extensive hearings and they say that the employees are entitled to a 5-percent increase. So far as I am concerned, if I had my way, every time we appropriate money, I would provide for the money not only with reference to postal employees, but I would do it in the case of veterans and everyone else because I think the time has come when the people of this country ought to understand when money is spent, it has to be raised by taxes. The practice of adopting and pursuing the dishonest and destructive policy of passing on the deficit to our children and to their children means that in the end democracy will be destroyed in the United States. Since 1945, we have accumulated a deficit of $4 billion in the operation of the postal system—a complete monopoly—and yet the Government cannot operate it and break even. And the interest on that deficit since 1945 is $100 million annually. Therefore, I am going to vote for this legislation because it does couple the two together, and recognizes an important principle, and if I had my chance I would vote tomorrow either to cut all appropriations or to raise taxes to balance the budget because I say to you that the greatest danger which confronts this Nation is the growing deficit of our Government. You are literally destroying the middle-class people. The organized groups can come in here and get increases every year or two because they have the votes. But what about the people who put their money in Government bonds? They have already lost 50 percent in purchasing power. Does anyone propose to make good that loss? Does anyone propose to take care of the unorganized fixed-income groups of this country who day by day are suffering losses from inflation? No; they are not organized. They do not send representatives to Washington to buttonhole Members. They do not flood Congress with telegrams and letters. They are unable to exert organized pressure. Consequently they are the forgotten people.

I am supporting this legislation because the principle of coupling the method of raising the money with the pay increase is right and sound. If we are going to raise postal salaries, we ought to have the courage and the honesty to provide some means to pay for the increase. It is dishonest and dangerous to borrow the money to pay the increase. There is no reason that the postal system should not earn enough money to pay its way and provide for necessary increases in salaries and other costs. I do not like the way this bill seeks to raise the additional revenue. I am convinced that if Congress would stop the abuse of the franking privilege now enjoyed by the various branches of Government, we could reduce materially the cost of operating the Post Office Department. Every branch of our Government is flooding the mails with franked matter, much of which finds its way into wastebaskets and incinerators. I believe that there is more justification for increasing second- and third-class mail than there is to increase the rates on first-class mail, because the record shows that first-class mail is paying its way and, in most instances, showing a profit. You know why this is not done. The second- and third-class mail is protected by a strong lobby. However, Mr. Speaker, I had rather vote for the rate increase provided in this bill than to authorize the salary increase without providing any way of paying for it.

The SPEAKER. The time of the gentelman from Texas has expired.

Mr. DAVIS of Georgia. Mr. Speaker, I yield 4 minutes to the gentleman from California [Mr. Moss].

Mr. MOSS. Mr. Speaker, I want to compliment my very eloquent colleague from Texas [Mr. DIES] for being concerned with those who are not organized in their appearance before Congress. I refer to the people who use first-class mail, the only group of mail users who were not represented before our committee, a group which today pays a profit of $105 million. Yet it is proposed by this legislation to saddle them with an

additional burden of $159 million, because they do not have the voice or the representatives to come here and lay their case before the Congress.

You say there is a deficit in the Post Office Department. Certainly there is, a deficit for which the Congress itself is responsible; a deficit arising because the Congress has chosen, over the years, to create subsidized classes of mail. There have been subsidies since 1945 of $3,800,000,000, subsidies which make aid to agriculture insignificant. Yet it is proposed today to continue that subsidy and to say to the postal workers that because of our policy you are going to suffer the consequences for any failure of this House to live up to its responsibility.

If we want to deal with the question of the deficit in the postal establishment, let us then proceed in an orderly fashion. Let the Department recommend the amount of that deficit which is properly chargeable to public service. After that determination has been made, then let us require each and every class of mail to pay its own way. Then we can say to the employees that we must have an efficiently operated department. We must make a profit. But today that is not their responsibility. It is ours. We considered this bill on postal rates and reported it to the Rules Committee on the 25th of February, under great pressure. Why was it not acted upon? Perhaps it is because the majority does not want to acknowledge to the people that they are asking for something which is eminently unfair. They moved the effective date from before the fall elections up to the first of the year so they would not have to explain to the people before the election why they increased the rate on the first-class mail. They were not proud of what they had done. There was no reason why it could not have been brought to the floor in an orderly fashion, brought to the floor with time for debate and opportunity to offer amendments. But no. It remained in the Rules Committee for some 5 months. Then, after great consideration of the salary increase legislation, a compromise was worked out—a compromise where the proponents of an increase gave in on every single point, and at no point did the administration give one iota. We would not have made that compromise if we were told that the bill would be considered on this floor under suspension of the rules, with a gag upon Members and a gag upon the House to work its will. I think it is a reprehensible manner of handling legislation to which the House Post Office and Civil Service Committee has given such diligent attention. I personally have been in attendance at very single session of that committee. I have tried to act responsibly, but I cannot say that you are acting responsibly today. When you are considering a rate increase of $233 million and a salary increase of $122 million, you are not acting responsibly when you act in 40 minutes.

The SPEAKER. The time of the gentleman from California has expired.

Mr. REES of Kansas. Mr. Speaker, I yield 2 minutes to the gentlewoman from New York [Mrs. ST. GEORGE].

Mrs. ST. GEORGE. Mr. Speaker, I think it is quite abundantly clear that there is a great difference of opinion in the committee on both sides of the aisle; in other words, this is not a partisan matter, it is a matter of theory; it is a matter of whether the Post Office Department has got to run on bigger and bigger deficits—the last one it checked up was $700 million—or if this legislation takes effect it will not only give a very necessary raise to the postal employees, but the Post Office Department may get by with a $300 million deficit. I say that, to those who seem to feel that the Post Office Department should be more or less of a charitable or eleemosynary institution—that is a $64 word, by the way. I would like to point out to the House at this time that this is the only country in the world where the Post Office does not pay its way. Canada, our neighbor to the north, has recently raised first-class rates. There has been no trouble about it at all, yet before they raised those rates they were already showing a profit every year. England does the same, so does Belgium, so does France, so does every other member of the International Postal Union. We are the only ones who have gone on this opposite theory.

Of course we know that the postal employees deserve and need a raise, and we want to see them get it. For that reason I certainly hope that at this time the House, regardless of some of their feelings about the postal rates will pass this bill.

I, too, am one of those who would far prefer second- and third-class mail to be made to pay their way. They certainly are not doing it. Great newspaper empires and great magazine empires have been built up on the second- and third-class rates charged and maintained by law in our Post Office Department.

Mr. DAVIS of Georgia. Mr. Speaker, I yield 1 minute to the gentleman from Louisiana [Mr. MORRISON].

Mr. MORRISON. Mr. Speaker, as a member of this committee, I am sure that in urging you to vote down this suspension of the rules it will be the best thing as far as the postal workers themselves are concerned and as far as the taxpayers of this country are concerned. I have supported all pay increases for postal employees for the many years I have been on this committee. This present attempted consolidation of both bills has caused confusion even among the members of the committee. As the distinguished gentleman from California said, the postal rate increase bill could have been brought up here and acted on or amended at any time since last February, but that has not been done. Why, then, lump the two together when even the committee is not in agreement and is split wide open? You cannot get what you are driving at in the way of postal pay raises to which the employees are entitled by such method as you are voting on today. Vote this down and you will get the postal workers the pay raise that they want and that they are entitled to.

Mr. REES of Kansas. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. CORBETT].

Mr. CORBETT. Mr. Speaker, I took this time because I wanted to make it abundantly clear to the Members of this House, and certainly to the 212 who have signed the discharge petition on H. R. 9245, that the bill presently before us under the number H. R. 9245 is not that bill.

This present procedure, I am sure, is parliamentarily in order, but I must point out that when all of the features of this bill are added to the salary features they are very decidedly changed.

Very frankly, I was flabbergasted to find my name and the number of my bill on this particular compromise. However, having said that, I do believe that the most expeditious procedure that we can use to get this necessary legislation moving on toward final enactment is to send this particular bill over to the Senate. I am afraid we have been operating too much on the theory that this is a single House legislature. The Senate can and I think will make the proper corrections.

I was party to an agreement trying to get the best salary legislation that we possibly could get with some assurance of passage and because of that and despite this rather unusual procedure, I feel compelled to vote in the affirmative.

Mr. DAVIS of Georgia. Mr. Speaker, I yield 1 minute to the gentleman from Pennsylvania [Mr. RHODES].

Mr. RHODES of Pennsylvania. Mr. Speaker, it is unfortunate and most unfair that a motion of this kind is made to rush through two very important bills with no opportunity for amendments or ample discussion and debate.

I have sponsored and supported pay-increase legislation for postal employees. Federal salaries are lagging behind the cost of living, and there is a dire need, particularly among the lower income groups, for more adequate income to meet their everyday needs. I believe there is justification for increasing postage rates, and I believe that reclassification is necessary in the postal service. But I am opposed to the unfair procedure to force through the Congress this bill, which includes provisions over which there has been sharp controversy and a wide difference of opinion.

It is quite apparent to me that the chief objective is to give the Postmaster General the excessive power he seeks and to increase postage rates in such classifications which would put an additional burden on those who now pay more than their proportionate share. I am frightened at some of the things that have been happening in the past 2 years. It makes me wonder how far we can go in yielding to the pressure of the executive department without grave consequences to follow.

This is not a partisan matter. Some of the victims of unfair pressure, abuse, and even smear were prominent and outstanding members of our committee on the other side of the aisle.

The pressure of the Department for this legislation has created tremendous discord and dissension in the postal service. The test of loyalty, and whether or

not jobs are secure, depends, not on service that is performed but whether employees conform and "heil" the man at the top. It matters not whether one be a Republican or a Democrat, so long as he is willing to accept without question the philosophy of the man on top.

This reclassification attempt, in my mind, is nothing more than a clever gimmick to give excessive power to a man who believes he has all the answers. The provision on reclassification is a modified version of the first reclassification bill proposed. The other was much worse, but it reflects the thinking behind this legislation.

The Post Office Department propagandists have said for the past 2 years that rates should be adjusted so that those who use the service will pay for a greater share of the cost.

What the rate provision in this bill does is to put a heavier burden on those who already pay more than their proportionate share of the postal service.

I have personally favored adequate salaries for Federal employees. Never have I been influenced by those who see national bankruptcy and disaster whenever a proposal is made to lift the level of living for the average citizen. Nothing justifies the increase in living standards for postal and Federal employees, and for the average American citizen at this time, more than the tremendous surpluses, not only of food but of other essentials of life which fill the Nation's warehouses.

If this motion is defeated as I hope it will be, and it is the will of the majority and of the administration to grant a modest increase for postal and Federal employees, then it can and will be done. It is the responsibility of the administration. Even though I wholeheartedly favor pay increase legislation, I feel I would be unfaithful to my trust to postal employees, and to other Federal workers, and to my own conscience if I voted for this package which contains so much evil. Postal workers need and want a pay increase, but they don't want it if they must yield to the lash and sacrifice self respect and dignity. They know that under such conditions all that is gained and more will be lost. I hope the motion will be defeated and that a proper rebuke be given to those who want to make Congress a rubberstamp and to force conformity, regardless of its consequences.

Mr. DAVIS of Georgia. Mr. Speaker, I ask unanimous consent that all Members may have permission to extend their remarks at this point in the RECORD on the bill under consideration.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. WITHROW. Mr. Speaker, inasmuch as Congress is planning to adjourn August 1 or shortly thereafter, it must be apparent to all that the only realistic approach to the question of giving relief to the postal employees and to other Federal classified employees is to pass the compromise measure under consideration at this time.

The lodestone under which the Civil Service System is now laboring is a wage scale that keeps employees living on a marginal basis year in and year out. Unless and until the Congress gets squarely behind specific legislation to increase all Federal salaries any statement about strengthening the civil service system is nothing more than another meaningless promise. It is my belief that a majority of the Members of Congress are in favor of such an adjustment. Thinking varies, however, as to the amount and application.

During the present hearings on this legislation, 32 Congressmen have appeared before the committee in support of pay legislation, and 112 have filed statements in favor of the legislation. This is the largest number that have actually participated in any hearings I can remember of, and indeed, is symbolic of the terrific interest and the necessity for this type of salary relief.

There are some who argue that as long as the Post Office budget shows a deficit, we should be very cautious in raising postal salaries. In their minds there is a direct relationship between postal salaries and the postal deficit, when, as a matter of fact, there should be no relationship. If there was we would apply that same process of reasoning to all the other departments of our Government, namely, the Justice Department, the Interior Department, the Agriculture Department, the Department of State, etc.

It would be well to go back just prior to the last wage increase, as of July 1, 1951. Former Congressman Ramspeck, who at that time was Chairman of the Civil Service Commission, when testifying on the pay-increase legislation at that time, testified as follows:

> From August 1939 to March 1951 the consumers' price index advanced from 98.6 to 184.5, an increase of 87.1 percent. To attempt to meet this rise by a corresponding rise in scheduled rates would require a current average pay increase of about 21 percent.

Commissioner Ramspeck was referring to classified Federal employees. However, during the same hearing Postmaster General Donaldson testified as follows:

> It would take a 20 percent increase in salary for postal employees to catch up with the cost of living.

So you can readily see that Federal and postal employees were in the same boat with the same rate of salary lag prior to the pay increase of July 1, 1951.

The pay increase as of July 1951 amounted to approximately 12 percent. It, therefore, must be obvious to anyone with an open mind that at the time the last pay increase was granted postal employees and Government employees alike were at least 9 percent behind the cost of living index. Since 1951, according to the Bureau of Labor Statistics, there has been a 4 percent increase in the cost of living. In addition to that, we must take into consideration the question of productivity. For the 5-year period from 1947 to 1952 the Post Office Department handled an increase in volume of 33 percent in the number of pieces and 29 percent in weight with an increase in personnel of only 9 percent. These figures are from the annual report of the Postmaster General. On page 276 of the Treasury-Post Office Department appropriation for 1955, the Department proposes to handle an increase of 3.14 percent in mail volume with a 1.4 percent reduction in manpower. Certainly postal employees are entitled to a 6 or 7 percent increase on the basis of this spectacular production record. Other governmental employees have likewise made comparable productivity records.

I believe the Federal employees, in common with our citizens generally, are entitled to the improvements in their own increased efficiency and productivity. This has been continually reflected in increased man-hour output. It is proper that this productivity be rewarded in public employment as it is in private employment. The average employee will need a salary increase of $800 to bring him anywhere near the purchasing power of his salary in 1939. Certainly the measure under consideration is far below that amount.

In addition, the Bureau of Labor Statistics cost-of-living index ignores one particular item which is of great importance to classified and postal employees. That is the fact that in 1939 the average Federal employee with a family of five paid no income tax. In 1953 that same employee paid a Federal income tax of approximately $385.

It seems rather obvious that today's wage scale is not geared to today's high cost of living and is wholly unrealistic. Such a wage scale adversely affects the morale of this loyal group of employees and in the long run increases the costs of operating the Departments.

May I quote one brief passage from the President's Economic Report, delivered to the Congress on January 28, 1954:

> Our economic goal is an increasing national income, shared equitably among those who contribute to its growth and realized in dollars of stable buying power.

A recent study of the McGraw-Hill department of economics makes a contrast in prosperity in nations of the free world. One of the conclusions reached is that—

> The real income of the average American has almost doubled since 1939.

This surely does not pertain to Federal classified employees and postal workers.

The tragic results of a substandard wage is probably best illustrated by the poll that was taken by the letter carriers president, William Doherty, of the members. The number of carriers polled was 73,000 plus. Number of answers received was 80 percent or more than 59,000 of those polled. The number of carriers doing part-time work, in addition to regular postal duties, was 26,000 plus or 45 percent. Number of carriers whose wives are working was 22,000 plus or 38 percent of those answering the poll. Number whose debts increased since last pay increase of July 1, 1951, was 41,000 plus or more than 70 percent of those answering polls. The average debt of those polled was $842 plus and this is exclusive of home mortgages.

It is indeed shocking that 81.7 percent of those answering these surveys were forced to report loans on their insurance,

from credit unions, banks, and other tangible assets. This is the tragic picture. In addition to that, and in considering this tabulation, you must take into consideration the fact that these people are not businessmen and when they borrow on their insurance it is more for business reasons. That makes the tabulation all the more shocking.

As to fringe benefits: Employees in industry, in most cases, have pension systems to which they make no direct contribution. That is not true of the civil service employee. They contribute 6 percent of their gross earnings to the retirement fund. In addition to the above, civil service employees have no unemployment insurance.

The cost of the compromise postal pay bill, including committee amendments, amounts to approximately $151 million. This is a considerable sum of money, but when we take into consideration the lavishness of expenditures for foreign aid, it pales into insignificance.

From July 1, 1940, through December 31, 1951, the United States sent foreign aid to the value of $84,795,000,000 to other nations. This consisted of $49,224,000,000 during World War II years, and $35,571,000,000 since World War II. Following is a breakdown of American financial assistance abroad:

[In millions]

Austria	$920
Belgium-Luxembourg	847
Denmark	281
France	7,213
Germany	3,659
Greece	1,526
Iceland	22
Italy	2,746
Netherlands	1,323
Norway	344
Portugal	39
Sweden	116
Switzerland	2
Trieste	46
Turkey	420
United Kingdom	36,001
Rest of ERP areas	2,458
Albania	20
Czechoslovakia	222
Finland	145
Hungary	18
Poland	465
Spain	19
U. S. S. R.	11,242
Yugoslavia	475
American Republics	1,501
Australia	925
Bahrein	17
Canada	176
China	3,161
Egypt	20
India	898
Indonesia	159
Israel	105
Iran	56
Japan	476
Korea	561
Liberia	24
New Zealand	256
Philippines	839
Ryukyu Islands	71
Saudia Arabia	39
Union of South Africa	95
All other countries	70
International Organizations	775
Various overall programs	1,885
Total foreign aid	84,795

There are countries listed above that I never heard of before but, believe me, they were all in for the kill.

The above huge expenditures represent $589.42 for every man, woman, and child in the United States.

It seems to me that the loyal civil-service employees of our Government are entitled to an increase at this time that would measure up with the cost-of-living index and to our present standard of living, especially in view of the extravagant treatment we have been giving our neighbors abroad as shown in the above table.

Mr. BROYHILL. Mr. Speaker, too much emphasis cannot be placed on the fact that the measure we have under consideration today is a compromise measure. I think I can state without fear of contradiction that a substantial majority of the members of our committee were in hearty accord with a greater pay increase for postal employees than that contained in this bill. I, personally, feel that they are entitled to much more in recognition of their faithful and efficient services to their Government and to the American people.

But, Mr. Speaker, many of us were well aware that to grant them what they richly deserve would, in the final analysis, result in no increase at all. We were well aware that higher pay scales, even if passed by the Congress, would run into the certainty of a Presidential veto and that it would be virtually impossible to muster a two-thirds vote in both Houses of the National Legislature to override that veto. Thus we were faced with the prospect of a half loaf or none. We either had to agree to this compromise or deny the postal employees any increase in wages. And while these workers of Uncle Sam will be disappointed that they will not receive what they had every right to expect, I am convinced that they would be more disappointed if they received no pay increase at all. I am convinced that they will see the wisdom of their friends in the Congress in accepting the compromise measure we have before us today.

Frankly, many differences existed respecting the Corbett amendment. They were honest differences of opinion. But they were differences that had to do with method rather than objective. The objective of all of us, I am sure, was to obtain for the postal employees the largest pay increase possible under the circumstances. When I say "under the circumstances" I mean a pay increase that will pass the Congress and win the approval of the President. The compromise before us meets that objective. It contains the maximum pay scales consistent with that objective. In reporting this measure we have made certain that some pay relief—though not as much as we would like—will be provided to the postal workers this year. We have removed the certainty of a Presidential veto.

For my part I have labored diligently both in committee and in high-level conferences with the Postmaster General to reach a common ground. I honestly and conscientiously supported the demands of the postal workers for wages higher than are provided in this bill until it became apparent to me that those demands would never be accepted by the executive branch. From that time on I worked industriously and determinedly in committee and with the Postmaster General to effect the most advantageous compromise. I believed and I still believe that the postal worker would rather have that half loaf than no bread at all.

But I say to the postal workers, hundreds of whom I have the honor to represent, that this is only the first battle—that the war is not over. The passage of this measure by the Congress and its signing by the President represents a distinct and substantial advance on the pay front. The friends of the postal employees have not been stymied or compelled to make a major withdrawal. We have made gains—important gains.

Perhaps next year circumstances and the economic climate will change to our advantage. Perhaps we can consider and pass another pay measure which will extend to the vast army of post office employees the recognition they seek and have a right to expect. Certainly the action we take here today does not foreclose further action in the early months of 1955. I am certain that the President, the Postmaster General, and the Congress are cognizant of the pay situation as it affects postal employees. I am certain that all agree that the pay scales, even with the increase we will probably approve today, are miserably low and that additional legislation is necessary to correct gross injustice. I certainly do not rule out the possibility that both the President and the Postmaster General will see eye to eye with Congress in the foreseeable future; that the fiscal situation will became such that they will not only approve additional pay but will instigate pay increase legislation in the Congress. It goes without saying that Congress will wholeheartedly approve.

POSTAL PAY, POSTAL RATES, POSTAL PROPAGANDA AND POSTAL POPPYCOCK

Mr. LESINSKI. Mr. Speaker, "Summerfieldism" has not gotten nearly the publicity in the newspapers that certain other isms named in similar fashion have received, but I believe it has caused this Congress more trouble than any of the others.

For nearly 2 years, we have been running around in circles over the matters of postal pay, postal rates, and postal appropriations. We have been running around in circles on these matters because the Postmaster General, Arthur Summerfield, a distinguished Michigan automobile dealer and Republican leader, believes the function of Congress is to enact whatever he proposes, without changing a comma or semicolon.

Members of Congress who have spent years on the Post Office and Civil Service Committee or on the Appropriations Subcommittee handling the Treasury-Post Office appropriation bill each year, are pushed aside by the Postmaster General as not knowing what it is all about and told to take his recommendations without question.

Well, of course, Congress does not work that way as a general rule, and I trust it will not work that way this year, either, on these questions. Nevertheless, the pressure out of the administration down-

town to force on Congress decisions which congressional leaders of both parties on postal matters consider very unwise is so intense that it has made all postal legislation look like a pinwheel in the breeze.

We are rushed into reporting out a bill to increase postal rates, as if it were an emergency matter, and then the bill sits on the House Calendar for months because the leadership does not dare call it up for debate.

We study carefully the need for pay increases for postal workers and other Government employees, examine all of the facts at great length in many days of committee sessions, and finally report out a bill which we think is the answer—the Corbett bill. But the Postmaster General hits the roof over this bill and gets the whole administration steamed up and the Republican National Committee turns on the heat. Consequently, the committee has a hurry-up session and hastily reports out another bill, and the Corbett bill is sidetracked.

Then along comes the House Republican leadership and puts the postal rate and postal pay bills together in one package and says: "If you want to raise postal pay for workers entitled to pay increases, then you have to pass the Postmaster General's bill to raise the rates on first-class mail from 3 cents to 4 cents."

This is a kind of legislative blackmail which Congress should never pay. Bills should be considered on their own merits, and not on deals and swaps. We should not have to pass an unfair bill hitting hard at all the users of the postal service just because pay rates for postal workers have fallen behind the cost of living.

On its own, the 4-cent rate for first-class letters could never pass. Then it should not pass either as part of any deal.

First-class mail is about the only kind of mail that pays its way in full and returns a profit to the post office. Why punish the taxpayer and consumer by raising those rates again? It is unfair in the extreme.

THE POSTAL POPPYCOCK

Summerfieldism is a philosophy which believes in juggling a lot of incomprehensible figures in such a way as to make them prove the opposite of the facts. If the Postmaster General had tried to run his own successful automobile business in that manner, he would never have gotten to be the biggest Chevrolet dealer in the country.

A private business never fools itself by juggling its books to make things look better than they are. Some business sharpsters may try that on other people—on creditors and so on—but they do not fool themselves. And reputable businesses do not do it at all.

But the Postmaster General as a public official has tried to juggle the books to make it look as if he and his business methods have saved the Government hundreds of millions of dollars.

His figures are phony, and his facts are all wrong. Instead of reducing the postal deficit by efficient business management, he has actually rolled up a bigger deficit than before. It may not show in his juggled books, but it is a fact, nevertheless.

The Congress took out of the postal deficit such things as airmail subsidies, free franked mail sent out by all Government agencies, and then raised rates besides. This has, of course, on paper, made the postal deficit look smaller.

Actually, however, it still costs the Government as much—and in fact more—to conduct the operations of delivering the mail as it did before. The only difference is that the books are set up in a different way.

But all the costs are still in there and more besides.

In other words, we raised the rates by $240 million a year, but Summerfield, even with these higher rates, has cut the deficit by only about $231 million. So the same postal operations now cost $9 million more than they did before he took over.

The Detroit Times, in a news story last June by Don O'Connor, pointed out that if Congress had changed the bookkeeping for former Postmaster General Donaldson in the same way it has been done for Postmaster General Summerfield, the Truman deficit on post office operations would have shown up as $348 million instead of $727 million. Summerfield's deficit, however, is about $400 million.

So it is all a lot of poppycock that Summerfield has brought such tremendous businesslike savings to postal operations. All he has brought to the job, it appears, is a passion for juggling figures to make them look better than they are. And the overall cost of mail operations to the taxpayers remains just as high if not higher than it was before he took over.

DOES THAT MEAN WE MUST RAISE RATES?

Now, Mr. Speaker, I am not saying that the postal deficit situation is a cause for alarm. We have always operated the postal service at a deficit because it is a Government service that private enterprise could never provide—and it is a necessary service on which our whole economy and society are dependent.

Do we find alarm in the fact that we do not get back into the Treasury in fees every cent the Government spends for other services—for public health, for censuses, for patents, for defense, for flood control, for rivers and harbors work, for any of the other essential services of the Government intended to help all of the people and the whole country? I do not think so.

Raising postal rates to 4 cents on a first-class letter is gouging the public by 33 percent—and unnecessarily, for this kind of mail already pays its own way. You are asking the average citizen to subsidize the other mail services used largely by business. That is not fair.

Raising postal pay to reasonable levels and raising Government pay for the classified workers too is necessary to maintain fairness to these conscientious employees who serve all the people. Would you require a police officer to make enough arrests to collect enough fines to pay his salary? Would that be good governmental practice? Then why deny postal workers their fair pay and other Government workers their fair pay if they earn it and are entitled to it?

True, we are running a Government deficit. But we are making these tremendous tax handouts to the wealthy. If the situation is so bad we cannot afford to let the Government pay decent wages, then we certainly cannot afford these tax windfalls to business.

A businessman, by the way, will always go out of his way to keep good employees, even when profits are down. For he is looking to the future. He knows that unless he has skilled employees on tap, he cannot handle the work when business does pick up. He loses more in the long run by starvation-wage policies. He gains by good pay scales, for he keeps his best employees that way.

If we are so anxious to copy good business methods in Government, then this is the kind of business policy we should adopt—not one of cheating the best customers by making them pay more than a fair share, in order to grant fair raises and fair pay to the best employees.

It would be cheating the public to raise mail rates to 4 cents. It would also be cheating the public not to give postal workers and other Government workers fair pay.

If we need more money in the Treasury to make out, then we certainly cannot afford to give tax money away to big business.

I include as part of my remarks Don O'Connor's story of Sunday, June 13, 1954, in the Detroit Times entitled "Postal Chief Facing Blast on Savings."

The article follows:

POSTAL CHIEF FACING BLAST ON SAVINGS—DEMOCRATS ASSAIL CLAIMS OF ECONOMY BY SUMMERFIELD

(By Don O'Connor)

WASHINGTON, June 12.—Administration of the Post Office Department is in for scathing criticism next fall from Democrats who believe they have riddled Postmaster General Summerfield's claims of great savings.

Democratic Senators have poked so many holes in Summerfield's repeated assertions of saving taxpayers up to $1,500,000 every working day that he thus far has refused to support his position publicly.

* * * * *

CPA SUPPORT

To sift the finer arguments advanced by both sides requires the mind of a certified public accountant—a fact of which the Democrats are well aware. One of their chief arguments is supported by no less an authority than the highly respected accounting firm of Price Waterhouse Co.

But the Democrats have offered a simple version of their case which is as easy to understand as the Summerfield explanation—still not announced—is complex. Here are the statistics the Democrats rely on.

The amount appropriated to run the post office in fiscal 1955 is only about $16 million under 1954, which doesn't reflect anything like the savings Summerfield claims.

GOT RELIEF

Within the past year, the post office has been relieved of more than $100 million in obligations by other government agencies.

Summerfield is the beneficiary of mail rate increases which on an annual basis will add between $200 million and $270 million in revenues to his agency. The exact amount seems to be in dispute.

Briefly, Democrats contend that Summerfield's claimed savings are the result of

fast bookkeeping and higher rates. During Senate debate on the 1955 post office appropriation MONRONEY accused Summerfield of doubletalk, declaring:

"Perhaps there are some fine weasel words, which are used by the high-powered publicity writers, which have a different meaning from their ordinary meeting. But certainly the public has been led to believe that there was a saving of many millions of dollars in the post office last year."

SCANS UTTERANCES

"I have been trying my best to keep in alinement the utterances of the Postmaster General through his highly skilled, highly paid, and highly organized press corps, in stating that he has been saving the country a million dollars a day.

"Once in a while he makes it a million dollars a day for every working day. Something has been said about $200 million. I find that the $200 million about which we have been reading has shrunk to about $16 million for the whole year."

In reply, Summerfield uses the deficit approach—an argument that doesn't stand up under close scrutiny. This gimmick compares a 1954 deficit of $746 million projected by Summerfield's predecessor, Democratic Postmaster General Donaldson, with the present estimate.

NOT THE CASE

Summerfield says that when the book is closed on June 30, the actual deficit will be about $400 million. On the surface, it appears that Summerfield has pared spending by $346 million. But this is not the case.

In the first place, the Truman Budget Bureau shaved $78 million from the Donaldson budget and Summerfield cut it down another $72 million when he took over.

To this is added the fact that the Post Office no longer is liable for payment of $79 million annually in airmail subsidies and $36 million in franked mail, both obligations having been transferred to other agencies.

RATES HIKED

Then the rate increases figure in. While it's true that the full impact of the shifted expenses and increased revenue hasn't been felt, the major portion took effect this year.

A study of postal operations undertaken by Price Waterhouse showed that had Donaldson had the benefits enjoyed by Summerfield on an annual basis the 1952 deficit would have shrunk from an actual $727 million to $348,350,000.

This study was made for the Senate Post Office Committee. It appears to be the most damaging evidence against the Summerfield claim.

Mr. GUBSER. Mr. Speaker, I rise in support of the proposal before us which would grant a much needed pay raise to postal employees and at the same time provide through increased postal rates the money to pay for it.

I can find complete moral justification for the linking of these two bills into one package. Too long have we followed the irresponsible fiscal policy of spending money with no consideration as to where that money was coming from.

Fortunately, today we do not have a war going on which can be used as justification for deficit financing. Instead, we are working toward the achievement of a peacetime economy where the control of inflation and the elimination of deficit financing are of paramount importance to the average American. We are dangerously close to our debt limit. To exceed it will mean more inflation and higher prices. It therefore behooves us as responsible representatives of the people to use businesslike methods and pay our bills as we go along.

There is no doubt that a pay raise for postal employees is justified. The American people almost unanimously believe it is justified and will gladly pay increased postage provided the increased revenue is primarily devoted to higher pay for our hardworking postal employees.

For the first time in many years we will, when spending money, answer the question, "where is it coming from?" Tying these two bills together will be hailed by the American people as an end to fiscal irresponsibility and the beginning of a "common horse sense" approach to a business problem.

To devote my attention to the rate increase for a moment, may I say, Mr. Speaker, that I consider the provisions of this bill to be justified and fair. Ample testimony was presented before our committee to prove that second- and third-class rates were too low. Surely when one realizes that certain individual business houses receive millions of dollars in subsidies through preferential mailing rates, certainly when one finds examples of publishers who pay only $1 in postage for each $4 paid by the taxpayer, he cannot argue the justification of this second-class increase.

Anyone who views the great volume of third-class mail which is carried at a loss by the Post Office Department cannot argue that the third-class boost is unfair.

The principal opposition seems to be to first-class increases. May I point out, Mr. Speaker, that this increase applies only to nonlocal letters of less than 1 ounce. There has been no increase in this category since 1933 despite the fact that since that time the costs of carrying the mail have increased by over 100 percent. It should be pointed out that the greater majority of nonlocal first-class mail is business mail and does not originate from the so-called little fellow. For the first time the little fellow will not be asked when he pays his tax bill to make up the deficit which business has created when the Post Office Department carries nonlocal first-class mail.

I cannot emphasize too strongly that the only category which is being raised is currently losing money. It is estimated by the Post Office Department that each first-class letter of less than 1 ounce is carried at a loss of $0.0018 per piece.

Our neighbor to the north, Canada, has recently increased its rate on such mail from 4 to 5 cents. They made this increase at a time when their postal establishment was showing a profit. Certainly we can justify a much lesser raise at a time when our postal establishment is operating at a deficit in excess of $300 million per year.

Now to devote my remarks exclusively to the pay raise portion of the bill. I believe that the raise as voted by our Committee on Post Office and Civil Service is justified and fair. I personally wish the pay raise could have been 7 percent, but, again, fiscal responsibility ruled out a higher increase. The principal objection to the bill seems to be in the provision which calls for a reclassification by the Postmaster General. The basic issue which underlies this controversy is whether reclassification should be an administrative or a legislative matter. I believe this is purely an administrative matter and that Congress should only be responsible for setting up an overall policy that it expects the executive branch to enforce. The actual details of a job description and a pay scale are matters of administrative detail which should be arrived at by the executive branch within the confines of overall policy set by the Legislature.

In past years, Congress has been able to do this work because the Postal Department was not as large as it is today and problems of Government were not as complex. With the many problems confronting legislators today, it is senseless to expect them to be authorities on job descriptions and pay scales, just as it is senseless to expect the board of directors of a large corporation to handle every detail in the administration of that corporation.

The trouble with the Post Office Department in the past has been that we charge the Executive with the responsibility of running an efficient department but we allow Congress, which is subject to political pressure, to make all the decisions. If you want business methods in the post office, you certainly will not get it by making the Postmaster General the errand boy of Congress.

But, at the same time, the employees have a right to certain safeguards against unfair dictation by the executive department. This bill provides those safeguards and I am happy to have had a part in drafting them.

First, the bill provides positive assurance against any downgrading or pay cuts as a result of reclassification. Secondly, it provides for an appeal to the Civil Service Commission if an employee feels he has been indiscriminately reclassified. This is a right which the nonveteran postal employee does not have today. Thirdly, any plan proposed by the Postmaster General for reclassification can be vetoed by a simple majority of one House of Congress. In light of this, how can anyone say that Congress cannot move to protect the postal worker?

Mr. Speaker, I strongly believe that the postal employees have not been given the full information regarding the reclassification features of this bill. It has been said that the administration has used undue pressure to get its way. I will not argue for or against that point. But, pressure is a two-edged sword, and who can deny that the leaders of the postal unions have brought pressure to bear on their members who, in turn, have exerted pressure against the Members of this House? I do not resent this pressure. I am not concerned as some Members are with alleged violations of the Hatch Act. I am happy that postal workers have utilized their American right to petition their Congress. I commend the union leaders for organizing the postal workers to exercise that basic American right. But I do feel that this pressure has been misguided.

This reclassification will not harm the employees. Instead, it will help them.

True, it will remove the opportunity for union leaders to exert political pressure upon individual Members of Congress, but political pressure never has been and never will be the right way to run an efficient business. The employees, through their leaders, will still have the right to petition the Congress. They will have the weapon of the ballot to use as a check against the legislative as well as the executive branch. With these rights and weapons, I can hardly think that the welfare of 500,000 postal employees will ever be ignored. Mr. Speaker, this is a good bill, a fair bill—fair to the postal workers, fair to the taxpayer. It is a bill conceived after long hours of hard labor by our committee, under the guidance of one of the most noble and patient men I have ever known—the Honorable EDWARD REES, of Kansas. I urge the House to approve it.

Mr. OSTERTAG. Mr. Speaker, while I am in favor of salary increases for postal workers, as provided in the bill before us, and while a reasonable rate increase is certainly in order if we are to overcome the deficit in the postal budget, I dislike being a party to tying the two together in one package. However, it apears that there is no alternative.

In my judgment, each should be considered on its merits, and approved or disapproved on its merits. It is expected that other classified employees in the Federal Government will be given salary increases, but there is no plan or disposition, so far as I know, to tie these increases to revenue measures. I question the precedent we are establishing here, and feel that it is particularly unfair to single out the postal workers for such treatment.

During the past year and a half, signal improvements have been made in the postal service under the guidance of Postmaster General Arthur Summerfield. A staggering deficit, amounting to almost three-quarters of a billion dollars has been reduced to $437 millions, through better accounting, great efficiency and better housekeeping methods generally. I am confident that greater strides will be made in the future under the Postmaster General's direction. One absolutely essential factor in striving toward that goal, however, is high morale among the employees. We tend to defeat our own ends, therefore, when we enact legislation in such a way that, rightly or wrongly, it connotes a punitive frame of mind toward the employees on our part. I regret that these two bills are tied together and trust that their twin goals, when realized, will offset the bad taste left by this method of enacting them. Even more do I trust that what we are doing here today will not become a precedent, but that salary and revenue bills will, in the future as in the past, be enacted independently and on their merits.

Mr. DOWDY. Mr. Speaker, I am opposed to several parts of this bill, but my greatest objection is based upon the increased first-class rate of postage.

I do not feel that a tax should be placed upon the writer of a letter to pay postal department's deficit. When the Department proposed its rate increases, our committee was informed by the Department's representatives that the proposed rates were not based on a fair, just, and equitable plan, but merely to raise money.

The Department proposed that rates be raised because it was not making enough profit on first-class mail to pay the loss on other classes. They proposed that nearly all of its increase be placed on first-class users. Legitimate reason was not given as to how and why the amount of each proposed raise was determined.

The users of first-class mail, being the average citizens, are not organized, and consequently had no voice in the hearings, other than those of us who feel that their letters to their loved one and concerning their business affairs and personal matters should not be taxed to pay for the cost of the Post Office Department incurred in other operations.

In demanding the increased letter rate, the Postmaster General stated that under the 3-cent rate, first-class mail is paying a profit of $105 million per year, and that with the increase the writers of letters would be taxed $264 millon per year over and above the cost to the Post Office Department to deliver their letters. The argument does not, to me, justify the proposed increase of the first-class rate contained in this bill; to the contrary, it condemns the increase.

Mr. REAMS. Mr. Speaker, I rise to state that I will vote to support the motion to suspend the rules and pass the version of H. R. 9245 that is before us today. I will support this motion because I am in favor of a pay raise for the postal employees at this session of Congress. In the Post Office Committee I voted in favor of H. R. 9245, the Corbett bill. It would not be fair to the postal employees in my district and in the Nation to let this bill die and the postal employees go without an increase just because we do not like the method by which this bill has been brought to the floor of the House.

However, I cannot refrain from saying that the way in which this bill was brought to the floor lacks something in candor. It is my understanding that the original Corbett bill, which was voted out of the Post Office and Civil Service Committee under number H. R. 9245, was amended and the provisions for postal rates added to it, as well as certain other changes, all without the knowledge or consent of the Committee on Post Office and Civil Service or of the gentleman from Pennsylvania [Mr. CORBETT]. He was the original author of the bill and should have been consulted when these changes were made which appear in the committee print before us.

The Post Office and Civil Service Committee has spent weeks on testimony and days in executive session to bring out a postal pay-raise bill. This was reported unanimously by the committee. Surely we were entitled to consideration before such a drastic change was made. This committee is composed of able and diligent Members of this House. There was not always agreement in our committee but there has been sincere effort and hard work. Its membership was entitled to greater confidence than has been shown them in this proceeding. But lack of agreement on method will not prevent me from voting for this measure which will bring some much-needed help to the postal workers of my district.

Mr. MILLER of Kansas. Mr. Speaker, it has been a privilege to listen to the arguments for and against the passage of the motion to suspend the rules and tie together the bills to increase the postal rates and to make proper adjustment of the salaries of postal employees. After listening attentively to arguments on both sides, I am thoroughly convinced that this motion should not pass. The postal rate bill provides for an increase on first-class matter from 3 cents to 4 cents on weights up to 1 ounce, notwithstanding the fact that first-class mail is making a profit of more than $100 million per year. It provides for only a slight increase in postal rates for third- and fourth-class mail; not nearly enough to make up for the loss now sustained in those categories. Now, is it reasonable and just to increase the postal charge against the part paying its way for the benefit of the section that is not paying its way? To do so is to make every man, woman, and child, rich and poor alike, pay tribute of 1 cent to the users of third- and fourth-class mail every time they drop a letter in the mail box. It is not fair, and it is unjust to try to put the Members of Congress in a position where they would have to vote for this injustice in order to support a well-deserved increase in the salaries of postal employees.

Mr. Speaker, the point has been made here that these bills have been under discussion for several weeks; that hearings have been held and committee reports published; that for this reason every Congressman has had opportunity to know the contents of these bills and cannot reasonably object to strict limitation of debate. Let me say, Mr. Speaker, that it is just because we do know the contents of these bills that we object to having them tied together in such a way as to force us to adopt a measure that is unjust in order to support one that is just and equitable. For this reason, I shall vote against the motion to suspend the rules. If we defeat this motion it is quite likely that the petition to bring the Corbett bill before the House will receive the eight additional signatures which it now lacks and there may be time to do justice by the postal employees without at the same time levying unjust tribute upon every man, woman, and child in the United States every time they buy a postage stamp.

Mr. BYRNE of Pennsylvania. Mr. Speaker, I have followed with interest the progress of the bills providing a salary increase and other benefits to postal employees and providing for an increase in postal rates.

Since I took office 1 year and a half ago, I have received letter after letter pleading with me to work for a pay raise for postal workers. Many of my constituents are in this category and have explained to me the vital need for legislation of this type. I have promised them that I would support wholeheartedly fair and equitable legislation in this matter. It was a great disappointment

to me, and, I am sure, to many of my colleagues, when the House Committee on Post Office and Civil Service reported out H. R. 9836. I cannot, in justice, give my vote to this bill which is an insult to the many fine and loyal employees of the Post Office Department.

H. R. 9836 proposes to grant a permanent 5 percent increase, with a minimum of $200, to all employees in the postal field service, with the exception of fourth-class postmasters and hourly rate employees. It also includes a provision for a reclassification of these workers which would have to be completed by March 15, 1955. This latter clause necessitates the examination and evaluation of all jobs in the postal field service. Other provisions of this bill are a per diem allowance increase from $6 to $9, and the institution of the biweekly pay period for all postal personnel.

The latter provisions mentioned above are laudable and will prove a boon to those affected. However, I do not feel that a 5 percent increase in pay is sufficient to establish the salaries of the postal workers on a par with other people doing work of a similarly strenuous nature.

Our postal employees have not received a pay raise for 3 years. In the interim, the cost of living has gone up considerably. The salaries of workers in private industry have increased accordingly. It is a fact that postal workers' incomes are so low that 44 percent of the postal carriers find it necessary to hold down part-time jobs in addition to their regular employment. Forty thousand postal workers' wives are employed, principally in order to maintain a decent family standard of living. I believe that it is only right and proper that we refuse to consider H. R. 9836 until it contains provisions for a fair and equitable raise for the postal workers.

Let me also remark at this time on the proposed legislation raising rates on all classes of mail. When this legislation was first proposed, it was understood that the increased revenue from the new postal rates would be sufficient to cover the salary increases to the postal workers. H. R. 6052 fails miserably in this respect. Furthermore, I do not feel that it is necessary at this time to increase postal rates. Nor do I believe that it is fair to our people to ask them to pay such rates as 4 cents an ounce to mail a letter first class to another city, when it is the second- and third-class mail that should carry the burden. I also object to the way in which this legislation was brought in. In order for us to vote on a salary increase for postal workers, we had to cast our votes at the same time on raising the postal rates. These matters should be considered separately.

It is my sincere wish that the House reject both of these bills and ask for legislation which will be fair to our postal employees and to all the people that it affects.

Mr. GROSS. Mr. Speaker, as one who has opposed the postal rate increase bill since it first came before the House Post Office and Civil Service Committee in July 1953, I certainly cannot swallow this attempt today to ride it through the House of Representatives on the back of a bill to provide a pay increase for postal workers.

I am for a reasonable pay increase for the men and women in the postal service, but I am not for one moment impressed by the specious arguments of some speakers that a pay increase for these workers must be predicated upon higher rates for those who use the mails.

A pay increase for some 1,500,000 persons in the classified Federal service is due to come before the House in a matter of days. It will be interesting to note which one of the speakers who today glibly advocates increased postal rates offers an amendment to that bill to provide for increased taxes to finance the cost of a pay raise for those people.

I am opposed to the postal-rate increase first of all because it provides for a 4-cent letter rate, a category of the postal service which is already returning a profit of more than $100 million. The transportation of a letter is a service that is available to every person in the United States who is able to write—from youngsters to the aged. An increase in the letter rate, already showing a real profit, simply becomes another tax levied indirectly.

I repeat that I am opposed to predicating the salaries of postal workers on revenue obtained by the Post Office Department. No other agency of Government is operated on that basis. It is unfair both to postal workers and users of the mails.

In addition, Mr. Speaker, I resent the manner in which this legislation comes to the floor of the House. The postal rate increase bill was reported out of committee last February. It could have been considered many, many weeks ago in regular order and with ample time for debate and amendment had the leadership desired. The pay increase bill for postal workers was approved by the committee several days ago and there has been ample time to consider that measure.

These bills should have been considered separately, on their merits and in conformance with normal procedure. The procedure proposed today can only be explained as an effort to bludgeon legislation through the House.

I am opposed to this unthinkable procedure and most certainly will vote against a suspension of the rules.

Mr. ELLIOTT. Mr. Speaker, I am for giving postal, legislative, and executive employees a reasonable raise in salary, and have so expressed myself on numerous occasions during the past several months. These employees have not had a raise since 1951, and the cost of living has continued to rise since then. Employees of most industries have had a raise since then.

Some time ago I signed a discharge petition in an effort to bring the Corbett bill before the House providing for a 7-percent raise in pay for postal employees.

I am willing and ready to vote for the 5-percent raise for all employees, as proposed in the bill before us.

However, Mr. Speaker, I cannot vote to raise the price of postage for letter mail from the present cost of 3 cents to 4 cents as proposed in this bill. Letter mail not only pays its own way, but in addition, last year it paid an additional $105 million into the Post Office Department.

Post-office losses today center primarily around cost to the Government of handling second- and third-class mail.

Why should users of 3-cent stamps be taxed an additional 33⅓ percent by having the price of those stamps raised to 4 cents to make up deficits caused by other classes of mail?

The majority leader has said today that this will be our only chance to vote a raise for Federal employees. I hope he will reconsider this position. I feel certain that a majority of the Members of this House are willing to give a reasonable raise to all Federal employees. I do not believe that a two-thirds majority, as will be required to suspend the rules, are willing to raise the cost of mailing a letter from 3 cents to 4 cents.

I feel that both matters of raises for Federal employees and postal rates should be considered separately on their merits. My vote this afternoon will reflect that conviction.

A lot is said about the deficit in the Post Office Department. A lot should also be said about the deficits in all the Government departments. Deficits throughout the Government should be done away with as soon as possible. I personally feel that the Post Office Department should be operated primarily as a service institution for the American people, but that it should be operated on as nearly a break-even basis as is reasonably possible. There should not be any large deficit in the handling of any one of the various classes of mail. An equitable mail rate structure is badly needed. It should not be a political structure. It should be a realistic economic structure. It should not be reached under the type of political compulsion present here today.

Mr. BARRETT. Mr. Speaker, as pointed out by the minority leader yesterday, it is a terrible thing for the majority side to demand that the House consider two different bills at the same time under the suspension of the rules. This maneuver to try to force postal pay increase supporters to vote for an increase in postal rates is an insult to the Members as well as to the postal employees and the public generally.

Certainly each of the subjects at issue—pay increases and postal rates—are important enough to be considered separately and on the merits of the provisions of each bill. The Republican majority leaders are in effect telling the public that they will be penalized with higher postal rates if postal employees get the pay increase which has been long overdue them. The House Post Office and Civil Service Committee held hearings on postal rate increases for several weeks last summer. It is apparent that the Republican minority leaders deliberately delayed scheduling the postal rate increase bill, H. R. 6052, for consideration by the House until the committee made a definite move on the matter of postal pay increases. They know that a majority of Democrats are opposed to increasing postage for first-class letters

from 3 cents to 4 cents, and airmail from 6 cents to 7 cents.

It is doubtful that there ever was a stronger effort made to go against the wishes of the persons to be affected by proposed legislation. Duly elected and competent representatives of the various postal groups testified before the committee regarding their needs and wishes. There was nothing in that testimony that was unreasonable or unsound. Despite the fact that the first so-called compromise bill, H. R. 9245, fell far short of the recommendations of the postal employee representatives, the latter urged its approval so as to avoid any further delay in beginning the adjustment of postal salaries to the increased cost of living in recent years. However, the voice of the Postmaster General was soon heard and this bill was not reported out of the House Rules Committee.

A number of bills were introduced in the House and Senate, including one by myself, H. R. 7431, providing for a flat $800 per annum increase. The first bill reported by the committee, H. R. 9245, provided for a 7 percent increase, with a minimum of $240 and a maximum of $480. The second compromise bill, H. R. 9836, which is before us today in a package deal with the postal rate increase, provides only a 5 percent—approximately 10 cents per hour—with a minimum of $200. The Postmaster General regards this as a compromise on his part because he originally recommended only 5 cents per hour or $100 per year. He also has insisted that any pay-increase bill include the recommendations of the Fry report, which amounts to a declassification of postal positions and salaries rather than reclassification.

Representatives of the postal organizations—clerks, carriers, mail handlers, transportation workers, maintenance personnel, and so forth—have testified repeatedly that these employees are almost unanimously opposed to the Summerfield-Fry plan. They do not want area wage or graduated scale increases any more than Members of Congress would want to be remunerated according to the geographical location of their districts. I can appreciate their attitude toward the presumptuousness of the Postmaster General in attempting to usurp the prerogative of Congress in setting the salaries and determining the grades for postal employees.

The difficult time the postal employees are having in achieving a salary increase has naturally resulted in further resentment and deterioration of morale. In his state of the Union message the President strongly emphasized the importance of building up the morale of all Federal employees and making their compensation adequate to attract and retain efficient, competent citizens.

Some of the other features of H. R. 9836 which have been advertised as specials for postal employees amount to bringing per diem rates up to $9 from $6; other Federal classified employees and officers of the armed services have long been receiving $9 per day. The $100 per year uniform allowance is an obligation to employees required to wear them that has been long overdue.

The total cost to the Government for all features of H. R. 9836 is $151,533,000 per year. The increase in annual revenue from the increases in postal rates proposed by H. R. 6052 totals $233,280,000.

Mr. Speaker, I have gone on record many times as being in favor of a substantial pay increase for postal employees. I am strongly opposed to increasing postal rates. I feel that we should be given an opportunity to vote for the pay increase without being hoodwinked into voting for an increase in postal rates. I therefore am voting against the suspension of the rules in this instance.

Mr. SPRINGER. Mr. Speaker, I intend to vote today for H. R. 9245 to increase the rates of basic compensation of postmasters, officers, and employees in the postal field service.

This is one bill in which there has not been complete agreement. I will admit the bill does not satisfy me entirely. However, all of us have seen legislation in the past few weeks come to the floor of this House to which we had individual objections. To me the test of this legislation is—does it serve the overall purpose which is intended when it is brought to the floor of the House. I believe this bill does have some things which will receive general approval and for those reasons it should be enacted. Let me point those out briefly:

First. This bill provides a permanent 5-percent increase for all postal employees with a minimum of $200 per year and a maximum of $400 for any employee except fourth-class postmasters and hourly employees.

Second. A much-needed uniform allowance annually for those employees required to wear uniforms is provided in this bill.

Third. A fourth longevity grade for all personnel in post offices.

Fourth. An increase is made allowable per diem for employees in the transportation service up to $9 per day from the present rate of $6 per day.

Fifth. This legislation will modify the existing law which restricts the number of permanent appointees in the Federal service. This has merit in permitting more permanent appointments to a large number of temporary and indefinite employees in the field service. This makes for better stabilization and a greater attraction to better personnel.

Sixth. There will now be provided a biweekly pay period for all postal personnel in the field service.

To me these are much-needed improvements for the personnel in the postal field generally. It has been 3 years since there has been any increase of salary to postal people. This increase is needed at this time, and something should be done about it before this Congress adjourns.

I do not know whether or not we are going to vote on any other bill during this session at all, but I do know that these provisions of this bill are needed sufficiently by postal personnel who deserve our consideration today.

I think all of the Members of the House have realized for some time that in the civil service system there exists a wage scale that keeps employees living on a marginal basis from year to year. This is now one of the more important matters under consideration by personnel boards here in an attempt to work out some equity in the situation. I believe that a majority of the Members of Congress believe that such an adjustment is fair and should be brought about.

As all of us know, both parties have been desiring an adjournment on August 1, or shortly thereafter. If we are to bring any realism into this situation we are going to have to give relief to the postal employees before we adjourn. It appears that this may be the only opportunity we will have for such a vote. These are my reasons for supporting this bill today.

Mr. REES of Kansas. Mr. Speaker, I yield 1 minute to the gentleman from Minnesota [Mr. JUDD].

Mr. JUDD. Mr. Speaker, the main reason that has been given today for not voting for this bill is that it combines the postal pay raise with the rate raise. To me that is one of the biggest reasons why we should vote for it. That is the responsible way to deal with our business—providing increased income to go along with increased outgo. Why should the rates not go up? Why should not all of us who use the mails pay the increased amounts the pay raise will add to the costs of the service rendered? We do not like it that we are paying twice as much for our automobiles as we did 10 years or so ago. A businessman probably does not like it that he pays twice as much for his labor and most everything else he buys. But he does it just the same. Why should we not pay more also for our mail service, another legitimate expense?

First-class mail that is not local is not now making a profit and that is the first-class mail on which the rate is raised. To be sure, the bill raises more from some classes of mail than from others. I do not like some parts of it either. But if it is said that to raise the rate on first-class mail penalizes the unorganized users of that mail, then not to raise the rates will penalize the unorganized taxpayers. Someone has to pay for the wage increase which we ought to grant. It is our responsibility to put the two together in as fair a way as possible. Nobody is wholly satisfied with the bill. But it is a comprehensive and a responsible way to deal with the problem—one that will permit us to respect ourselves, and in my opinion, will command the respect of the country.

Mr. Speaker, this bill is not a means of denying or defeating the long overdue and deserved postal pay increase. To vote for this bill today is the way to get such legislation. It will actually put money into the pockets of the postal workers. You cannot be sure any other way will. You are playing fast and loose with them if you vote against this bill and take the chance of not getting any bill enacted into law this session. And only a law will give them the benefits they need.

Mr. DAVIS of Georgia. Mr. Speaker, I yield the remaining time to the gentleman from Texas [Mr. RAYBURN].

Mr. RAYBURN. Mr. Speaker, there are several reasons why I take the floor. In the first place, I am utterly opposed to this method of legislating on as vital a question as this. I might say also now that I do not believe, when I was majority leader, or the gentleman from Massachusetts [Mr. McCORMACK] was majority leader, that I ever or that we ever brought up a bill under suspension of the rules that I did not consult or we did not consult with the minority leader and clear it with him. That has not been done in this instance, because I told the gentleman from Indiana that I did not think this bill ought to come up in this fashion.

Another reason why I take the floor is I am anxious again to hear my very beloved friend, the gentleman from Indiana [Mr. HALLECK], make another speech, which I feel sure he will. I am and always have been proud of the House of Representatives since being a Member of it, and I wonder sometimes if we have lost our courage from a parliamentary standpoint. Do we not trust ourselves? Do we not have confidence in the opinions and in the votes of a majority of the Members of this House? Do we have to bring in a bill, in order to pass it, in order to please somebody or a little group of somebodies, and not allow the House to express itself upon it?

Now, my friends on my left, that is fundamental. Suppose we had a majority or any party had a majority like the one in which I served. After the election in 1936 there were 334 Democrats in the House, 89 Republicans, and 12 others. Suppose we had determined then to do what you intend to do today, that is, not allow this House to express itself except on bills wherein we could control the committee and not allow the House to express itself on anything, not even offer an amendment, not even have an hour's debate on great questions. We could have done it then, but we did not, and as long as I live I will never be a party to this trend of denying the representatives of the people the right to express themselves and vote on the measure. That is democracy, and nothing less is democracy. I have faith in you. I do not believe you will run away and be crazy. They talk about the unorganized group. Well, the great unorganized group in this country is the average taxpayer, that great middle class that somebody was talking about.

Now, the first-class mail brings into the Treasury $105 million in profit. Now you are going to lay on those unorganized people by your vote today another $159 million. I am not going to do it, and that is all there is to it. And let me tell you something else. It matters not what the gentleman from Indiana may say in reply to what has been said in this debate here. You, in my opinion, will have another opportunity to vote on a postal pay increase before this Congress adjourns about August 15. I am in favor of an increase in pay for postal employees. I have been around here a long time, and I usually guess about 6 weeks after some hopeful people begin to talk about Congress adjourning. In my opinion, there is no chance for this Congress to adjourn on the 31st day of July. So we will have that opportunity.

The gentleman from Indiana [Mr. HALLECK] is a man of great courage, personal and political courage. But if we vote this motion down today, he will not have the courage to deny this House the opportunity of voting on a postal increase, in my humble opinion.

Mr. REES of Kansas. Mr. Speaker, I yield the remainder of the time on our side, 5 minutes, to the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. Mr. Speaker, the gentleman from Texas [Mr. RAYBURN] complains about this procedure. The gentleman just voted on two suspensions dealing with veterans' legislation. As a matter of fact, everybody voted for it. The gentleman talks about courage and about working the will of the House. Veterans' bills have been brought in under suspension right along. And we have had a lot of other bills brought in under suspension. We might as well be frank about it; once in a while we would rather demonstrate a lack of courage by saying that we are for this or for that or for some other thing, but I want to say very quickly here a word concerning some of the things that I think are important in this matter.

The first one is that these are two balanced bills that have been reported by the great Committee on the Post Office and Civil Service. The measure that is now before you, as amended, contains the amendments to which the committee has agreed. It raises pay and it raises rates. There is no reason why that should not be done. And may I say at this point, if the Members are interested, that the program of the President in respect to the Post Office Department contains an increase in rates as well as an increase in pay. That is what this bill seeks to do.

Some have argued here, Why increase the rates along with the pay, in the bill? My answer to that is another question. Why not? Is there not some relationship between the costs that are constantly mounting in the Post Office Department and the rates that represent the revenues to the Department? As a matter of fact the representatives of the employees' organizations went before the committee and approved the rate increase bill. To my mind, that is a clear indication of their readiness to accept a measure of the responsibility for increasing rates. If they are not ready to take some of the responsibility, who is supposed to take it? Are we supposed to take it on our own responsibility? I do not think we are.

The gentleman from Texas [Mr. RAYBURN] has always said that he would like to vote to adjourn a Republican Congress any time. He is going to have the opportunity to vote to adjourn the latter part of next week, make no mistake about that.

Mr. RAYBURN. That will be one time when I will be glad to follow the leadership of the gentleman from Indiana [Mr. HALLECK].

Mr. HALLECK. I appreciate that. This session of Congress is coming to a close. We have a lot of work to do. Let me say to you as we say out in Indiana, "This is it." Here we present a balanced bill. It provides for pay raises for the employees. Many of the Members signed the petition. They want the employees to have a pay increase. That is all right with me. But just remember this: You have a 5-percent increase across the board and you just voted a 5-percent increase for disabled veterans. That was a unanimous vote. In this bill there is provided a minimum increase of $200. In this bill there is provided a $100 allowance for uniforms. There is provided a longevity step that is worth $100 to a great many of the postal employees. Are you going to throw that out the window? I do not believe you are. Are you going to go back home and tell your postal employees that you voted against giving them a pay increase because you did not like the procedure? That will be a bit difficult to understand.

Let me say this further thing. The matter of fiscal responsibility should be uppermost in the minds of all of us. We hear talk about the Post Office Department being a service department. Where is it supposed to be a service department? For the dissemination of information. And that properly in some part is charged to the taxpayers. That is where the second-class rates come in. But as far as the rate increase is concerned, let me point this out to you: The last increase in first-class rates was under a Democratic Congress back in 1932 or 1933. It was raised to 3 cents. The 3-cent rate has been in effect since that time. Costs in the Post Office Department have gone up 100 percent since that time. The average family spends about $1.50 a year on first-class postage. Let me assure you, if you are getting the buck ague about voting for that, and I am afraid some of you are, that I do not think anybody is going to be very much upset about it. We raised postcards from 1 cent to 2 cents, and I never got the first note complaining against it. We raised first-class rates back in the 80th Congress under a procedure exactly like this. The only rate increase we did not have in there was second-class rates. We had third-class in the measure. We passed it under suspension of the rules, with the two bills tied together, and there was not even a record vote on it.

May I say to the gentleman from Texas I have discussed with him all the matters coming before the House. I told him last week what we proposed to do here. But I do not think it is incumbent upon the majority party in power to grant to the minority an absolute veto on anything that is completely within the rules. There is nothing unfair about this procedure. Everybody has known what was going to take place here since last week. The matter was announced with the program for this week. No one has been taken by surprise. You can debate here from now until doomsday and you will not know anything more about what is in this bill. As a matter of fact, the time has come, I think, to take care of the postal employees with the pay increase that they deserve to have, and at the same time demonstrate a little courage, a little courage, if you please, and vote for the increase in the rates which is completely justified.

The SPEAKER. The time of the gentleman from Indiana has expired. All time has expired.

The question is, Shall the rules be suspended and the House pass the bill H. R. 9245 with an amendment?

Mr. RAYBURN. On that, Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 228, nays 171, not voting 35, as follows:

[Roll No. 111]

YEAS—228

Abbitt	Fulton	Neal
Adair	Gamble	Nelson
Allen, Calif.	Gathings	Nicholson
Allen, Ill.	Gavin	Norblad
Andersen, H. Carl	Gentry	Oakman
	George	O'Hara, Minn.
Andresen, August H.	Golden	O'Konski
	Goodwin	Osmers
Arends	Graham	Ostertag
Auchincloss	Gubser	Passman
Ayres	Gwinn	Patterson
Baker	Hale	Pelly
Bates	Haley	Phillips
Beamer	Halleck	Pillion
Becker	Hand	Poff
Belcher	Harden	Prouty
Bender	Harrison, Nebr.	Radwan
Bennett, Fla.	Harvey	Ray
Bennett, Mich.	Hébert	Reams
Bentley	Herlong	Reece, Tenn.
Bentsen	Heselton	Reed, Ill.
Berry	Hess	Reed, N. Y.
Betts	Hiestand	Rees, Kans.
Bishop	Hill	Rhodes, Ariz.
Bolton, Frances P.	Hillelson	Richlman
	Hillings	Rivers
Bolton, Oliver P.	Hinshaw	Rogers, Mass.
	Hoeven	Sadlak
Bonin	Hoffman, Ill.	St. George
Bonner	Hoffman, Mich.	Saylor
Bosch	Holmes	Schenck
Bow	Holt	Scherer
Bramblett	Hope	Scott
Bray	Horan	Scrivner
Brown, Ohio	Hosmer	Scudder
Brownson	Hruska	Seely-Brown
Broyhill	Hunter	Shafer
Budge	Hyde	Sheehan
Burdick	Jackson	Simpson, Ill.
Busbey	James	Simpson, Pa.
Bush	Javits	Small
Byrnes, Wis.	Jenkins	Smith, Kans.
Campbell	Jensen	Smith, Wis.
Canfield	Johnson, Calif.	Springer
Carrigg	Jonas, Ill.	Stauffer
Cederberg	Jonas, N. C.	Stringfellow
Chenoweth	Judd	Taber
Chiperfield	Kean	Talle
Church	Kearney	Taylor
Clardy	Kearns	Thomas
Clevenger	Keating	Thompson, Mich.
Cole, Mo.	Kilburn	
Cole, N. Y.	King, Pa.	Tollefson
Cooley	Knox	Tuck
Coon	Krueger	Utt
Corbett	Laird	Van Pelt
Cotton	Latham	Van Zandt
Coudert	LeCompte	Velde
Cretella	Lipscomb	Vorys
Crumpacker	Lovre	Vursell
Cunningham	McConnell	Wainwright
Curtis, Mass.	McCulloch	Wampler
Curtis, Mo.	McDonough	Warburton
Dague	McIntire	Westland
Davis, Wis.	McVey	Wharton
Dawson, Utah	Mack, Wash.	Whitten
Derounian	Martin, Iowa	Widnall
Devereux	Mason	Wigglesworth
D'Ewart	Matthews	Williams, N. Y.
Dies	Meader	Wilson, Calif.
Dolliver	Merrill	Wilson, Ind.
Dondero	Merrow	Wilson, Tex.
Dorn, N. Y.	Miller, Md.	Withrow
Ellsworth	Miller, Nebr.	Wolcott
Fenton	Miller, N. Y.	Wolverton
Fino	Morano	Young
Ford	Mumma	Younger
Frelinghuysen	Murray	

NAYS—171

Abernethy	Bailey	Bolling
Addonizio	Barden	Bowler
Albert	Barrett	Boykin
Alexander	Battle	Brooks, Tex.
Andrews	Blatnik	Brown, Ga.
Ashmore	Boggs	Buchanan
Aspinall	Boland	Burleson
Byrd	Hart	O'Hara, Ill.
Byrne, Pa.	Hays, Ark.	O'Neill
Cannon	Hays, Ohio	Patten
Carlyle	Holifield	Pfost
Carnahan	Holtzman	Philbin
Celler	Howell	Pilcher
Chelf	Ikard	Poage
Chudoff	Jarman	Polk
Colmer	Johnson, Wis.	Preston
Condon	Jones, Ala.	Price
Cooper	Jones, Mo.	Priest
Crosser	Jones, N. C.	Rabaut
Davis, Ga.	Karsten, Mo.	Rains
Dawson, Ill.	Kee	Rayburn
Deane	Kelley, Pa.	Rhodes, Pa.
Delaney	Kelly, N. Y.	Richards
Dempsey	Keogh	Riley
Dingell	Kilday	Roberts
Dollinger	King, Calif.	Robeson, Va.
Donohue	Kirwan	Rodino
Donovan	Klein	Rogers, Colo.
Dorn, S. C.	Kluczynski	Rogers, Fla.
Dowdy	Landrum	Rogers, Tex.
Doyle	Lane	Rooney
Durham	Lanham	Roosevelt
Eberharter	Lantaff	Secrest
Edmondson	Lesinski	Selden
Elliott	McCarthy	Shelley
Engle	McCormack	Sheppard
Evins	Machrowicz	Shuford
Feighan	Mack, Ill.	Sieminski
Fernandez	Madden	Smith, Miss.
Fine	Magnuson	Smith, Va.
Fogarty	Mahon	Spence
Forand	Marshall	Staggers
Forrester	Metcalf	Sullivan
Fountain	Miller, Calif.	Teague
Frazier	Miller, Kans.	Thornberry
Friedel	Mills	Trimble
Garmatz	Mollohan	Vinson
Gary	Morgan	Walter
Gordon	Morrison	Watts
Granahan	Moss	Wickersham
Green	Moulder	Wier
Gregory	Multer	Williams, Miss.
Gross	Natcher	Williams, N. J.
Hagen, Calif.	Norrell	Winstead
Hagen, Minn.	O'Brien, Ill.	Yates
Hardy	O'Brien, Mich.	Yorty
Harrison, Va.	O'Brien, N. Y.	Zablocki

NOT VOTING—35

Angell	Harrison, Wyo.	Regan
Brooks, La.	Heller	Robsion, Ky.
Buckley	Kersten, Wis.	Short
Camp	Long	Sikes
Chatham	Lucas	Steed
Curtis, Nebr.	Lyle	Sutton
Davis, Tenn.	McGregor	Thompson, La.
Dodd	McMillan	Thompson, Tex.
Fallon	Mailliard	Weichel
Fisher	Patman	Wheeler
Grant	Perkins	Willis
Harris	Powell	

So, two-thirds not having voted in favor thereof, the motion was rejected.

The Clerk announced the following pairs:

Mr. Angell with Mr. Chatham.
Mr. Curtis of Nebraska with Mr. Regan.
Mr. Harrison of Wyoming with Mr. Willis.
Mr. Kersten of Wisconsin with Mr. Thompson of Louisiana.
Mr. McGregor with Mr. Lucas.
Mr. Mailliard with Mr. Camp.
Mr. Robsion of Kentucky with Mr. Brooks of Louisiana.
Mr. Weichel with Mr. Sikes.
Mr. Short with Mr. Thompson of Texas.

The result of the vote was announced as above recorded.

LOSS OF NATIONALITY OF PERSONS CONVICTED OF CERTAIN CRIMES

Mr. GRAHAM. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 7130) to provide for the forfeiture of the citizenship of persons convicted of advocating or conspiring to advocate the overthrow of the Government by force or violence.

The Clerk read as follows:

Be it enacted, etc., That this act may be cited as the "Expatriation Act of 1954."

SEC. 2. Paragraph (9) of subsection (a) of section 349 of the Immigration and Nationality Act (66 Stat. 163, 268; 8 U. S. C. 1481 (a) (9)) is amended to read as follows:

"(9) committing any act of treason against, or attempting by force to overthrow, or bearing arms against, the United States, violating or conspiring to violate any of the provisions of section 2383 or section 2385 of title 18, United States Code, or violating section 2384 of said title by engaging in a conspiracy to overthrow, put down, or to destroy by force the Government of the United States, or to levy war against them, if and when he is convicted thereof by a court-martial or by a court of competent jurisdiction; or".

The SPEAKER. Is a second demanded?

Mr. CELLER. Mr. Speaker, there is no second demanded on this side.

Mr. WALTER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. KEATING. Mr. Speaker, I have given this measure my wholehearted support from the very outset. It is one of the bills specifically recommended by President Eisenhower as a necessary change in our laws with respect to the Communist and subversive plotters in our midst.

The amendment proposed by H. R. 7130 will add a new ground for expatriation, to the present grounds contained in the laws such as voluntary renunciation, taking an oath of allegiance to a foreign power, serving in the armed forces of a foreign country, and so forth. I would like to direct the attention of the House to something that is sometimes not appreciated about this law and the concept which underlies it.

The right of expatriation is itself something that distinguishes a slave-state from a free people. None of the dictatorships, including the vicious tyranny that is now settled upon so much of mankind for the Kremlin, has ever recognized the right of citizens or subjects to emigrate and renounce their ties. No tyranny could stand the enunciation and implementation of such a right. Yet we have always observed it fully. Long ago, early in our history, Congress recognized the right of American citizens—if they chose for some reason to do so—to leave this country and expatriate themselves by a simple declaration. Our borders are still open outward, as it were, and I hope that they shall always be so.

In this light, it is nothing less than fair, that those who are convicted of trying to destroy this very structure of freedom, including the right to leave our midst, should be deprived of their nationality. Surely it is as inimical to the welfare of our Nation to plot its violent overthrow from within, as to take an oath adhering to some foreign power on the outside, or even to bear arms in a foreign army.

The technical distinction between losing one's rights of citizenship, which is an automatic consequence of conviction for most felonies, and being expatriated, is that the former loss is only partial and

temporary, subject to restoration by pardon at any time. A person who is expatriated becomes an alien, finally and irrevocably, for all purposes. His status can never be changed except by act of Congress. This is a simple law and a just one. I am happy to have been associated with it while it was pending before our committee and I shall support it enthusiastically here.

Mr. FEIGHAN. Mr. Speaker, while I support the bill, I wish to point out that I am the author of a bill which includes not only the provisions of the bill under consideration, but it would also include to the same extent, those convicted of espionage, sabotage, and other subversive crimes. I see no difference between a spy and a saboteur from one convicted of violating the Smith Act. In each instance they have demonstrated their disloyalty to this country.

Mr. Speaker, the bill H. R. 7265, which I introduced, amends paragraph 9 of section 349 (a) of the Immigration and Nationality Act to provide for the loss of nationality by any citizen convicted of violating certain specified sections of title 18 of the United States Code.

At the present time paragraph 9 of section 349 (a) of the Immigration and Nationality Act provides that any citizen loses his nationality if he is convicted of committing any act of treason against or attempting to overthrow or bearing arms against the United States.

In his address to the Congress on the state of the Union, the President recommended the enactment of legislation to provide for the loss of nationality after a citizen has been convicted of conspiring to advocate the overthrow of this Government by force or violence. I am heartily in accord with that recommendation, and have so provided in my bill.

My study of this problem has convinced me, however, that not only is the existing law inadequate, but also, that the proposal of the President would leave loopholes in the law whereby citizens could be convicted of certain crimes which endangered our national defense and national security and still retain their citizenship with all its rights and privileges.

The rationale of this law is that a citizen who has been convicted of crimes of a treasonable or seditious nature no longer holds allegiance to the United States. Now on our statute books are several crimes in that category which are not included as grounds for loss of nationality, either in existing law or in the President's proposal. My bill includes all such crimes that are contained in title 18 of the United States Code.

I can find no logical basis to provide for loss of nationality for treason and not to so provide after a conviction for espionage or sabotage. A convicted spy, or traitor, or saboteur, or seditionary have beyond any doubt one quality in common and that is by their own voluntary acts they have demonstrated that they bear no allegiance to the Government of the United States. Therefore I believe that all such convicted traitors should suffer the same penalty so far as their nationality is concerned.

Thus, my bill provides for the loss of nationality by both native born or naturalized citizens upon conviction of any one of the following crimes: a violation of section 794, relating to the gathering or delivering of defense information to aid a foreign government, violation of sections 2153, 2154, 2155, 2156 which involve sabotage of war and defense materials, violation of section 2381, the crime of treason, of section 2383 relating to rebellion or insurrection, of section 2384 involving seditious conspiracy, of section 2385 advocating the overthrow of the Government by force or violence, violating sections 2387 or 2388 which relate to acts involving the morale, loyalty, and discipline of the Armed Forces.

A violation of each and every one of those sections of title 18 of the United States Code involves activities that are in and of themselves hostile and injurious to our Government. Those actions evince a criminal intent on the part of the perpetrators to betray the Government of the United States and so violates their allegiance to this Government. A combination of such acts and criminal intent can lead to but one conclusion, namely, that such a person has renounced his allegiance to the Government of the United States.

By requiring that the citizen must have been found guilty of one of these crimes by a court of competent jurisdiction before the additional penalty of loss of nationality can be imposed my bill adheres to those fundamental principles of American criminal jurisprudence such as a fair trial, the presumption of innocence, and all the other safeguards of a defendant's rights.

Under the provision of my bill the loss of nationality would be automatic after the conviction. By predicating the grounds for loss of nationality upon specific sections of title 18 of the United States Code any problems of unconstitutionality for vagueness or generality are obviated. Then, too, the need for any additional litigation is avoided.

There may be some who might question the constitutionality of this bill particularly as it applies to native-born citizens. The question is asked, "Does Congress possess the power to revoke the nationality of a native-born citizen?"

I have no fear in that regard. Under my bill Congress does not revoke the nationality of a native-born citizen, instead Congress merely recognizes the right of expatriation and defines the acts to effect it.

Congress recognized the right of expatriation in 1868: It is the voluntary renunciation or abandonment of nationality or allegiance to this Government that had been acquired at birth.

This doctrine of expatriation is not new to this Government. I refer to the Civil War Statute—Revised Statutes, section 1996—1865:

> All persons who deserted the military or naval service of the United States and did not return thereto or report themselves to a provost marshal within 60 days after the issuance of the proclamation by the President, dated March 11, 1865, are deemed to have voluntarily relinquished and forfeited their rights of citizenship, as well as the rights to become citizens and such deserters shall be forever incapable of holding any office of trust or profit under the United States, or of exercising any rights of citizens thereof.

In 1907 Congress enacted a general expatriation statute — Thirty-fourth United States Statutes at Large, page 1228. Today, section 349 (a), paragraphs 7, 8, 9, and 10, of the Immigration and Nationality Act provide for loss of nationality by such acts as the making of a formal written renunciation of nationality in time of war, desertion in time of war, acts of treason, or attempts to overthrow the United States by force or bearing arms against it and by departing from or remaining outside the jurisdiction of the United States in time of war or national emergency in order to avoid military service. The same acts were formerly found in the Nationality Act of 1940—title 8 United States Code, page 801.

If one keeps clearly in mind that the loss of nationality results from voluntary action of a renunciative nature by the citizen himself in conformity with applicable principles—and is not a revocation of nationality by Congress itself—the fear of unconstitutionality should abate.

Those criminals whose very crimes subvert their allegiance to our form of government and at the same time weaken our national security should forfeit the rights and privileges of the citizenship which they have betrayed. No avenue should be left open to them to pursue their schemes as citizens. All opportunity for them to pursue their subversive activities should be blocked.

My bill will effectuate such objectives with dispatch, under a procedure that is consistent with those rights and privileges conferred upon these traitors by the very Constitution and Government which they seek to destroy.

My bill is designed to preserve and protect the Government from the traitorous acts of those who seek to destroy it while at the same time it permits the self-destruction of the nationality—including the rights and privileges—of those who betray their allegiance to it.

Mr. REED of Illinois. Mr. Speaker, I hope that this legislation is passed and that we may have a unanimous vote. The Members of the House will certainly remember that when the President recommended the enactment of this legislation, we all responded with prolonged and vigorous applause. The President's recommendation was actually adopted by every one of us now and then.

Mr. Speaker, this country is now the prime target of the worldwide Communist conspiracy directed by a foreign power. Participants in this conspiracy have, by their mere participation in it, transferred their allegiance from the United States to Soviet Russia and they have by their own action forfeited their American nationality.

This legislation does not represent a problem entirely new in the field of our legislation pertaining to nationality. The basic concept of expatriation has been accepted by our laws and sustained by the highest courts of the land since 1868 and restated in every important enactment pertaining to nationality, such as the acts of 1907, 1940, and 1952. All of these statutes have been upheld

by the courts who have always recognized the power of Congress to provide the grounds for the forfeiture of United States nationality, whether acquired at birth or by naturalization. The basic decision in that field is the one entered in the case of *Perkins* v. *Elg* (307 U. S. 327). I may add, incidentally, that that decision was written by none other than Chief Justice Charles Evans Hughes.

Section 349 (a) of the Immigration and Nationality Act, which we are about to amend, provides in subdivision (9) that nationality shall be deemed to have been lost by native-born or naturalized citizens for committing any act of treason against the United States. By passing today H. R. 7130, as amended by the Committee on the Judiciary, the House would simply place the voluntary stooges of the international Communist conspiracy in the category of traitors to their own country. They are already in that category by the force of fact—let us place them there by the force of law.

Mr. Speaker, I want to clarify one misunderstanding. Very often this legislation has been referred to as providing for loss of citizenship. In this bill, we avoid using the word "citizenship" and we use the word "nationality." A man who loses his citizenship under the terms of a penal statute remains an American. He does not become an alien although he is not entitled to participate in political or other activities. However, a person who loses nationality under the Immigration and Nationality Act becomes an alien, not necessarily subject to deportation but an alien subject to all the rights and also to all the limitations that our laws impose on aliens.

To paraphrase the words of the President—let us recognize by law a fact that is plain to everybody—that when a citizen knowingly participates in the Communist conspiracy, he no longer holds allegiance to the United States.

Mr. GRAHAM. Mr. Speaker, I wish to add but a few words of explanation to what the distinguished chairman of our committee, the gentleman from New York [Mr. REED], has just said. It is necessary to stress that loss of nationality would occur under this bill only after conviction by court of proper jurisdiction, which means that the constitutional due-process clause would be fully complied with. Another question often raised in the public discussion of this legislation has been the problem of deportation of persons who would lose their nationality, not only in the event that this measure is enacted, but also under the existing law, namely, subdivisions (8), (9), and (10) of section 349 (a) of the Immigration and Nationality Act.

In this connection, I wish to inform the House as follows:

The bill under consideration does not provide for the deportation of persons who would become aliens by the operation of law. However, a similar measure pending now in the other body specifically provides that such persons should be deported from the United States, in accordance with sections 242 and 243 of the McCarran-Walter Act. Section 243, among other things, lists countries to which a deportable alien might be deported and also prescribes forms of supervision of a deportable alien. However, it is important to remember that a person who would lose nationality under this legislation, as we have it before us today, would not per se become deportable unless such person, following the loss of United States nationality, brings himself within the purview of the deportation statutes.

Mr. ROBSION of Kentucky. Mr. Speaker, the Eisenhower administration fully recognizes the danger to our national security of Communist activity and infiltration in the United States, and since assuming office on January 20 of last year has taken executive and legislative action to put an end to this evil.

Through the Federal Bureau of Investigation and Department of Justice, many traitors and subversives have been apprehended, tried, and convicted. Hundreds of security risks have been located and separated from their jobs in the Federal Government and in the Armed Forces. Most of this has been accomplished with little publicity and fanfare and without violating the rights provided by the Constitution for American citizens.

In addition to the successful efforts of the executive branch in eliminating subversives from the Federal Government, Congress has been active through its investigating and legislative committees in doing its part to provide the additional laws that may be required by the law-enforcement branch of the Government to complete the job of rooting out and punishing those who would destroy the country which has been so good to them. In this respect, the Attorney General has recommended to the Congress the enactment of several bills he feels are necessary in our fight against traitors and subversives. One of these bills was specifically referred to in the state of the Union address by President Eisenhower on January 7, at which time he asked the Congress to provide for the forfeiture of citizenship by those who seek to destroy us.

Several bills to carry out the recommendation of the President were introduced and referred to the House Committee on the Judiciary. One of these bills, H. R. 7130, introduced by me, was reported favorably by the unanimous vote of the House Judiciary Committee, and is the present subject of consideration by this body. And at this time I want to pay tribute to the careful consideration given this bill and the many other antitraitor bills by the members of Judiciary Subcommittee No. 1, and its distinguished chairman, Judge GRAHAM, of Pennsylvania. Also, I want to point out that much of the language in the bill now under consideration was taken by committee amendment from a similar bill introduced by the able and distinguished chairman of our House Judiciary Committee, the Honorable CHAUNCEY REED of Illinois.

H. R. 7130, before us, proposes to amend the Immigration and Nationality Act to provide for the loss of nationality of persons convicted of certain crimes involving conspiracy to commit treasonable acts against the United States.

There has been much confusion and misunderstanding in the news accounts and discussions of this matter. Much of the difficulty is caused by thinking and talking in terms of citizenship, instead of nationality. The term "citizenship" has different meanings and different connotations in the various States of the Union. But nationality, the broader term of which citizenship is a part, has a definite meaning in our Federal laws which does not differ from State to State. Citizenship can be easily lost and restored. For example, a person can lose his citizenship by being convicted of a felony which carries a sentence in a penitentiary. And, in Kentucky, the governor can restore citizenship to a person even though he may have lost it through conviction of a Federal offense. On the other hand, the loss of nationality is much more serious and is punishment more in keeping with the heinous crimes denounced in H. R. 7130. Even the President of the United States cannot restore lost nationality by Presidential pardon. It can only be restored by an act of Congress.

Section 349 of the Immigration and Nationality Act (66 Stat. 267, 8 U. S. C. 1481) provides that a person who is a national of the United States by birth or naturalization may lose his nationality after conviction by a court of competent jurisdiction in 1 of 10 ways. The bill before us would amend that section to provide the following additional grounds for loss of nationality:

First. Inciting or engaging in or conspiring to incite or engage in any rebellion against the United States or giving aid or comfort thereto;

Second. Violating the terms of section 2385 of title 18 of the United States Code, commonly referred to as the Smith Act; or

Third. Engaging in a conspiracy to overthrow, put down, or to destroy by force the Government of the United States, or to levy war against them.

We believe that the forfeiture of nationality, and the possibility of deportation for the treasonable acts and conspiracies denounced in this bill, will be a strong deterrent to those who may contemplate engaging in activities which would bring about the overthrow of the United States by force and violence. The possibility of a prison term if caught is not nearly as frightening to traitors as the possibility of a prison term and loss of all nationality privileges.

In addition to other punishments provided by existing law, this bill, if enacted, would provide additional punishment for traitors by taking away the rights and privileges of nationality and citizenship in this great free Nation which they seek to destroy.

We believe that the bill should be passed without a dissenting vote.

Mr. DONOHUE. Mr. Speaker, I urge and hope for unanimous approval of the House on this patriotic measure, now under consideration, providing for the forfeiture of citizenship of persons convicted of advocating or conspiring to advocate the overthrow of the United States Government by force or violence.

I am of course mindful of the basic constitutional guaranties of free speech

and peaceful assembly. We, and all other officers and agencies of government, are and should be vitally concerned in the preservation of these great democratic liberties for our individual citizens. Our entire judicial system and procedure is set up precisely to protect the innocent and prevent any prejudgment of the accused until proved guilty beyond reasonable doubt after trial by jury. These are among the traditional blessings of this great and free country, and God forbid us from ever abandoning them.

However the grant of a personal right does not carry with it the unlimited privilege of abuse, and perversion leading to the contradiction and repudiation of the original purpose of the right. That is the morality, as well as the patriotism, involved in this legislation.

We have documentary evidence that the Communist doctrine is pledged to the accomplishment of the subjugation of all free peoples and it is openly stated they will conspire to overthrow any government by force or violence if that becomes necessary to their objective.

The proof of this fanatical and immoral Communist determination to gradually enslave the free world through infiltration, false propaganda, fear, persecution, all types of devilish deception and finally by force is terribly clear on the face of the world today. Slowly and fiercely deliberate, they have stamped their tyrannical heel upon nation after nation all over the globe, suffocating the free spirit of ever-increasing millions of peoples.

America is the last and grandest prize in their plans. It has been too long obvious their intention and hope is to achieve our enslavement by the perverted use of the very freedoms and liberties we so proudly acclaim. How foolish we would be to continue to lend our assistance to their aims in that fashion.

The time has come to publicly and legally recognize the Communist scourge for what it really is: a menacing threat and persistent thrust at the heart of American freedom. The hour has come to impress upon the dreamers, the hesitators, the doubters, and the intentional enemies within, that we recognize the serious nature of this contest for survival.

There is no loyal American who is afraid to stand up and be counted. Nothing in this legislation will embarrass or infringe upon their rights. We must indeed dedicate ourselves to their protection by expelling from privileged citizenship those who use the cloak of freedom to make dagger strikes against our liberties. Let us, in this critical time, be extremely vigilant in safeguarding our security rather than permit, through misguided leniency, traitors to take destructive advantage of our democratic blessings. In that patriotic spirit let us enact this preserving legislation without further delay.

Mr. LANE. Mr. Speaker, under leave to extend my remarks, I wish to include my statement supporting H. R. 7130 providing for a necessary change in our laws with respect to Communists.

There is no sane or plausible reason why anyone living here should plot to destroy our Government. For then he woud be destroying himself, killing opportunity, closing the door on those flexible means by which all individuals and groups have made great and visible progress because we are building upon the foundations of self-government and representative government.

How can people ever think of betraying freedom?

Because they are sick with the strange malady that can do so much harm to others as well as themselves. It is diagnosed as the fanatical fever of communism. How do they become its victims? In many ways. Perhaps through carelessness, not understanding the danger, as some unfortunates take to narcotics. Maybe their resistance was weak in the first place. Or possibly because they have a hidden and unsatisfied compulsion to revenge themselves upon others by dominating their lives.

Whether they are impractical and misguided idealists, or the type who are incapable of meeting freedom's responsibilities and must have others live their lives for them, or whether they lust for absolute power, the end result is the same—they are a menace to the security of the United States and a danger to all of its people.

Traitors and spies?

Inconceivable, you say.

Maintaining that they exist only in novels and movies or in some dusty pages of history.

So it was, until the Communist international conspiracy started its network throughout the world.

Reaching into confidential positions within our own Government, slanting policies so that they would work to our disadvantage, and stealing defense secrets for the enemy headquarters at Moscow.

Some have been apprehended, tried, convicted, and punished.

Others, having gone underground, continue their subversion.

There are a few calling themselves Americans who boldly avail themselves of the very constitutional protections they would eventually liquidate to hide their disloyalty. By this technicality they escape, but not without earning the contempt of all who are Americans not only in name, in spirit, and in conduct.

The Reds are diabolical and cunning.

Communists want American citizenship so that they can use the rights and protections its confers to continue, unhampered, in their conspiracy to weaken and overthrow the Government of the United States.

We have never been challenged by such "worming-in" tactics to weaken our domestic security before.

We must therefore enact new laws to put down this threat, to checkmate and eliminate those conditions which permit Communists to exploit our principles and our institutions for the purpose of betrayal.

We must close the loopholes.

We must deprive convicted Communists of any further opportunity to bore at us from within.

The most effective cloak used by these plotters who put loyalty to a foreign power above loyalty to the land they are pledged to defend is their United States citizenship.

They think we are so concerned about the appearance of freedom, its slogans instead of its substance, that we are paralyzed by words and incapable of taking those honest, just, and forthright steps to defend outselves from those who prefer to the enemy.

The issue is clear and compelling.

Communism is a deadly international conspiracy.

In dogma and in action it is committed to our destruction or enslavement.

No person can serve it in anyway and still pretend loyalty to the United States and to the principles for which it stands.

As far as we within the United States are concerned there is no possibility of coexistence.

When Red Russia was recognized by the United States it solemnly promised not to interfere in our internal affairs.

That pledge was cynical and utterly faithless, as subsequent events have proved time and again.

This mockery must end.

Treason and subversion have already weakened the power to defend ourselves from aggression. They have stolen vital military secrets. They have been responsible for the loss of American lives.

As representatives of the people of the United States it is our duty to pass laws, and to check up on the enforcement of laws, designed to protect the public from those dangers that they cannot combat themselves.

There are signs that the people are not satisfied with present security measures.

They believe that more vigorous action, consistent with our basic beliefs, is not only advisable but imperative.

They are worried by the extent of Communist activity which assumes that the Constitution grants it "the freedom to destroy."

And they insist that we strike at the very center of this Communist deceit by stripping convicted Communists of the citizenship that they employ to undermine our sovereignty as a people and as a nation.

Article 3, section 3, of the Constitution expressly declares that "treason against the United States, shall consist only in levying war against them, or, in adhering to their enemies, giving them aid and comfort."

It also provides that "the Congress shall have the power to declare the punishment of treason."

To the end that the techniques used by communism to take over other democracies by subversion shall not prevail here the House of Representatives approved in Judiciary Committee last week H. R. 7130. Under its provisions, anyone convicted of conspiring to overthrow the Government would thereby forfeit the honor and the privileges of United States citizenship.

At last we are waking up to the danger and are taking effective measures to eliminate it.

H. R. 7130 is but the start of a program to protect our Nation from the enemies within.

The get-tough policy is the only way to squelch Communist treachery.

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended, and the bill was passed.

The title was amended so as to read: "A bill to amend the Immigration and Nationality Act to provide for the loss of nationality of persons convicted of certain crimes."

AMENDING THE MINERAL LEASING ACT OF FEBRUARY 25, 1920

Mr. MILLER of Nebraska. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2380) to amend the Mineral Leasing Act of February 25, 1920, as amended.

The Clerk read as follows:

Be it enacted, etc., That the act of February 25, 1920, as amended (30 U. S. C. 226), is further amended as follows:

(1) Strike out the second paragraph of section 17 and insert the following language in lieu thereof:

"Any lease issued under this act which is subject to termination by reason of cessation of production shall not terminate if within 60 days after production ceases, reworking or drilling operations are commenced on the land under lease and are thereafter conducted with reasonable diligence during such period of nonproduction. No lease issued under the provisions of this act shall expire because operations or production is suspended under any order, or with the consent, of the Secretary of the Interior. No lease issued under the provisions of this act covering lands on which there is a well capable of producing oil or gas in paying quantities shall expire because the lessee fails to produce the same, unless the lessee is allowed a reasonable time, but not less than 60 days after notice by registered mail, within which to place such well on a producing status: *Provided*, That after such status is established production shall continue on the leased premises unless and until suspension of production is allowed by the Secretary of the Interior under the provisions of this act."

(2) Srike out the third paragraph of section 17 and insert in lieu thereof:

"Upon the expiration of the initial 5-year term of any noncompetitive lease maintained in accordance with applicable statutory requirements and regulations, the record titleholder thereof shall be entitled to a single extension of the lease, unless then otherwise provided by law, for such lands covered by it as are not on the expiration date of the lease withdrawn from leasing under this section. A withdrawal, however, shall not affect the right to an extension if actual drilling operations on such lands were commenced prior to such withdrawal becoming effective and were being diligently prosecuted on such expiration date. No withdrawal shall be effective within the meaning of this section until 90 days after notice thereof shall be sent by registered mail, to each lessee to be affected by such withdrawal. A noncompetitive lease, as to lands not within the known geologic structure of a producing oil or gas field, shall be extended for a period of 5 years and so long thereafter as oil or gas is produced in paying quantities. A noncompetitive lease, as to lands within the known geologic structure of a producing oil or gas field, shall be extended for a period of 2 years and so long thereafter as oil or gas is produced in paying quantities. Any noncompetitive lease extended under this paragraph shall be subject to the rules and regulations in force at the expiration of the initial 5-year term of the lease. No extension shall be granted, however, unless within a period of 90 days prior to such expiration date an application therefor is filed by the record titleholder or an assignee whose assignment has been filed for approval, or an operator whose operating agreement has been filed for approval."

(3) Strike out the fifth paragraph of section 17 and insert the following language in lieu thereof:

"Whenever it appears to the Secretary of the Interior that lands owned by the United States are being drained of oil or gas by wells drilled on adjacent lands, he is hereby authorized and empowered to negotiate agreements whereby the United States, or the United States and its lessees, shall be compensated for such drainage, such agreements to be made with the consent of the lessees affected thereby, and the primary term including any extensions thereof of any lease for which compensatory royalty is being paid shall be extended for the period during which such compensatory royalty is paid and for a period of 1 year from discontinuance of such payment and so long thereafter as oil or gas is produced in paying quantities: *Provided*, That the Secretary of the Interior shall report to Congress at the beginning of each regular session, all such agreements entered into during the previous year which involve unleased Government lands."

(4) Strike out the second sentence of the fourth paragraph of section 17 (b) and insert in lieu thereof the following language: "Any other lease issued under any section of this act which has heretofore or may hereafter be committed to any such plan that contains a general provision for allocation of oil or gas, shall continue in force and effect as to the land committed, so long as the lease remains subject to the plan: *Provided*, That production is had in paying quantities under the plan prior to the expiration date of the term of such lease. Any lease hereafter committed to any such plan embracing lands that are in part within and in part outside of the area covered by any such plan shall be segregated into separate leases as to the lands committed and the lands not committed as of the effective date of unitization: *Provided, however*, That any such lease as to the nonunitized portion shall continue in force and effect for the term thereof but for not less than 2 years from the date of such segregation and so long thereafter as oil or gas is produced in paying quantities."

(5) Strike out the words "and regardless of acreage limitations provided for in this act," in the fifth paragraph of section 17 (b) and insert the following sentence at the end of that paragraph: "All leases operated under such approved operating, drilling, or development contracts, and interests thereunder, shall be excepted in determining holdings or control under the provisions of any section of this act."

(6) Strike out the last sentence of section 30 (a) and insert the following in lieu thereof: "Assignments under this section may also be made of parts of leases which are in their extended term because of any provision of this act. The segregated lease of any undeveloped lands shall continue in full force and effect for 2 years and so long thereafter as oil or gas is produced in paying quantities."

(7) Insert the following sentence immediately after the second paragraph of section 31: "Notwithstanding the provisions of this section, however, upon failure of a lessee to pay rental on or before the anniversary date of the lease, for any lease on which there is no well capable of producing oil or gas in paying quantities, the lease shall automatically terminate by operation of law; *Provided, however*, That when the time for payment falls upon any day in which the proper office for payment is not open, payment may be received the next official working day and shall be considered as timely made."

The SPEAKER. Is a second demanded?

Mr. ASPINALL. Mr. Speaker, there is no second demanded.

The SPEAKER. The question is on suspending the rules and passing the bill.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

TO PROMOTE DEVELOPMENT OF OIL AND GAS ON THE PUBLIC DOMAIN

Mr. MILLER of Nebraska. Mr. Speaker, I move to suspend the rules and pass the bill (S. 2381) to amend section 27 of the Mineral Leasing Act of February 25, 1950, as amended, in order to promote the development of oil and gas on the public domain.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 27 of the act of February 25, 1920, as amended (30 U. S. C. 184), is further amended as follows:

(1) Strike out all of the language preceding the semicolon of the second sentence of section 27, and insert the following in lieu thereof: "No person, association, or corporation, except as herein provided, shall take or hold at one time oil or gas leases exceeding in the aggregate 46,080 acres granted hereunder in any one State, except that in the Territory of Alaska no person, association, or corporation, except as herein provided, shall take or hold at one time oil or gas leases exceeding in the aggregate 100,000 acres granted hereunder;".

(2) Strike out sentences 5 and 6 of section 27 and insert the following in lieu thereof: "The interest of an optionee under a nonrenewable option to purchase or otherwise acquire one or more oil or gas leases (whether then or thereafter issued), or any interest therein, shall not, prior to the exercise of such option, be a taking or holding or control under the acreage limitations provisions of any section of this act. No such option shall be entered into for a period of more than 3 years, without the prior approval of the Secretary of the Interior, and no person, association, or corporation shall hold at one time such options of more than two hundred thousand acres in any one State.".

The SPEAKER. Is a second demanded?

Mr. ASPINALL. Mr. Speaker, there is no second demanded.

The SPEAKER. The question is on suspending the rules and passing the bill, S. 2381.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

FEDERAL AID FOR SUPPORT OF DISABLED SOLDIERS, SAILORS, AND AIRMEN OF THE UNITED STATES

Mrs. ROGERS of Massachusetts. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 8180) to increase the amount of Federal aid to State or Territorial homes for the support of disabled soldiers, sailors, and airmen of the United States.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act to provide aid to State or Territorial homes for the support of disabled soldiers and sailors of the United States," approved August 27, 1888, as amended (U. S. C. 1946 edition, title 24, sec. 134), is amended by striking out in the first paragraph thereof "$500 per annum from the effective date of this amendment through June 30, 1956, and $300 per annum thereafter" and inserting in lieu thereof "$700 per annum from the effective date of this amendment."

SEC. 2. The amendment made by this act shall apply to payments with respect to the care given to disabled soldiers, sailors, and airmen on and after the first day of the month next following the month during which this act is enacted: *Provided*, That said payments shall be made regardless of whether said veteran may be receiving domiciliary care or hospitalization in said home and the appropriations of the Veterans' Administration for medical, hospital, and domiciliary care shall be available for this purpose: *Provided further*, That no such payment to a State or Territory shall be made until the Administrator of Veterans' Affairs determines that the veteran, on whose account such payment is requested, is eligible for such care in a Veterans' Administration facility, and after such determination of eligibility such payment shall be made covering the period of eligibility from the date such care commenced, except that no such payment shall be made effective prior to the date of receipt by the Veterans' Administration of an appropriate request for determination of eligibility in the case of any eligible veteran with respect to whom such request is not received within 10 days following the date such care commenced.

Mrs. ROGERS of Massachusetts. The purpose of this bill is to increase from $500 to $700 a year the Federal aid to States for the support of veterans domiciled or hospitalized in State homes who are eligible for such care in Veterans' Administration hospitals or domiciliaries.

At the present time the rate is $500 per year and is restricted to June 30, 1956. This bill would increase the rate to $700 a year and make this latter rate permanent.

It should be pointed out, however, that no contribution shall exceed half of the cost to the States, or a maximum of $700. Thus if the maximum cost in one State is $1,000, the total amount which the Veterans' Administration would pay would be $500.

This legislation has a long and honorable history. The first contribution was authorized by the act of August 27, 1888. The program has always worked well, and I am sure that the enactment of this proposal will provide another step forward in this program.

A total of 31 State homes in 27 States now receive contributions from the Veterans' Administration for veterans who are hospitalized there.

I ask to insert at this point a list of the homes now in operation throughout the country and other pertinent data which has been supplied to the committee.

Hearings were held on this bill on March 2 and it was unanimously reported by the committee.

On the item of cost, the Veterans' Administration estimates that it will cost approximately $6,090,000 for the fiscal year 1955.

The gentleman from New York, General KEARNEY, the able chairman of the Subcommittee on Hospitals, has been most helpful in this matter and I wish to express my appreciation to him.

I hope, Mr. Speaker, that this matter may be speedily enacted into law.

The SPEAKER. Is a second demanded?

Mr. MATTHEWS. Mr. Speaker, there is no second demanded on this bill. The minority party unanimously favors the passage of this bill.

The SPEAKER. The question is on the motion to suspend the rules and pass the bill.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill was passed.

A motion to reconsider was laid on the table.

NATIONAL DEFENSE RESERVE OF TANKERS

Mr. TOLLEFSON submitted a conference report and statement on the bill (S. 2408) to amend the Merchant Marine Act, 1936, to provide a national defense reserve of tankers and to promote the construction of new tankers, and for other purposes.

AUTHORIZING SECRETARY OF COMMERCE TO SELL CERTAIN WAR-BUILT PASSENGER-CARGO VESSELS

Mr. TOLLEFSON. Mr. Speaker, I call up the conference report on the joint resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2298)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendment and the House agree to the same.

THOR C. TOLLEFSON,
JOHN J. ALLEN, Jr.,
JOHN H. RAY,
HERBERT C. BONNER,
JOHN F. SHELLEY,
Managers on the Part of the House.

JOHN M. BUTLER,
CHARLES E. POTTER,
WARREN G. MAGNUSON,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the joint resolution (H. J. Res. 534) to authorize the Secretary of Commerce to sell certain war-built passenger-cargo vessels, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommend in the accompanying conference report:

The Senate amendment would require the purchaser to pay interest charges twice, i. e., 3½ percent for the duration of the charter and also would require the payment of 3½ percent interest from April 1, 1954, on a vessel it does not own. The Senate recedes.

THOR C. TOLLEFSON,
JOHN J. ALLEN, JR.,
JOHN H. RAY,
HERBERT C. BONNER,
JOHN F. SHELLEY,
Managers on the Part of the House.

The conference report was agreed to, and a motion to reconsider was laid on the table.

HOSPITAL AND HEALTH FACILITIES FOR INDIANS

Mr. MILLER of Nebraska submitted a conference report and statement on the bill (H. R. 303) to transfer the maintenance and operation of hospital and health facilities for Indians to the Public Health Service, and for other purposes.

FOSTER CREEK DIVISION, CHIEF JOSEPH DAM PROJECT, WASHINGTON

Mr. MILLER of Nebraska. Mr. Speaker, I call up the conference report on the bill (H. R. 4854) to authorize the Secretary of the Interior to construct, operate, and maintain the irrigation works comprising the Foster Creek Division of the Chief Joseph Dam project, Washington, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (REPT. No. 2274)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4854) to authorize the Secretary of the Interior to construct, operate and maintain the irrigation works comprising the Foster Creek division of the Chief Joseph Dam project, Washington, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate and agree to the same with an amendment as follows: In lieu of the matter inserted by the Senate insert the following: "That, as an initial step in supplementing the Act of July 17, 1952 (Public Law 577, Eighty-second Congress), and in order to provide water for the irrigation of approximately six thousand acres of land along the Columbia and

Okanogan Rivers in the vicinity of Chief Joseph Dam, Washington, the Secretary of the Interior is authorized to construct, operate, and maintain the Foster Creek division of the Chief Joseph Dam project substantially in accordance with the report of the Secretary of the Interior dated January 7, 1954, and printed as House Document numbered 374, Eighty-third Congress.

"SEC. 2. In the construction, operation and maintenance of the Foster Creek division, the Secretary shall be governed by the Federal reclamation laws (Act of June 17, 1902, 32 Stat. 388, and Acts amendatory thereof or supplementary thereto) except that (a) the period provided in subsection (d), section 9, of the Reclamation Project Act of 1939 (53 Stat. 1187), for repayment of construction costs properly chargeable to any block of lands and assigned to be repaid by the irrigators may be extended to fifty years, exclusive of a development period, from the time water is first delivered to that block or to as near that number of years as is consistent with the adoption and operation of a variable payment formula as hereinafter provided; (b) any repayment contract entered into may provide that the amounts to be paid annually thereunder shall be determined in accordance with a formula, mutually agreeable to the parties, which reflects economic conditions pertinent to the irrigators' payment capacity; and (c) all construction costs which are beyond the ability of the irrigators to repay as hereinbefore provided shall be charged to, and returnable to the reclamation fund from, net revenues derived from the sale of power from the Chief Joseph Dam project which are over and beyond those required to amortize the power investment in said project and to return interest on the unamortized balance thereof. Power and energy required for irrigation pumping for the Foster Creek division authorized shall be made available by the Secretary from the Chief Joseph Dam powerplant and other Federal plants interconnected therewith at rates not to exceed the cost of such power and energy from the Chief Joseph Dam taking into account all costs of the dam, reservoir, and powerplant which are determined by the Secretary under the provisions of the Federal reclamation laws to be properly allocable to such irrigation pumping power and energy.

"SEC. 3. Reports on additional reclamation units in the vicinity of the Chief Joseph Dam project proposed to be constructed as units of the project shall be submitted by the Secretary from time to time in accordance with the provisions of the Act of July 17, 1952, supra.

"SEC. 4. There are hereby authorized to be appropriated out of any moneys in the Treasury not otherwise appropriated, $4,798,000 plus or minus such amounts, if any, as may be justified by reason of ordinary fluctuations in the cost of said type of construction without endangering the economic feasibility of the Foster Creek division of the Chief Joseph Dam project, Washington."

And agree to the same.

WESLEY A. D'EWART,
JOHN J. RHODES,
CRAIG HOSMER,
CLAIR ENGLE,
WAYNE N. ASPINALL,
Managers on the Part of the House.

GUY CORDON,
EUGENE D. MILLIKIN,
G. C.
ARTHUR V. WATKINS,
CLINTON P. ANDERSON,
H. M. J.
HENRY M. JACKSON,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 4854) to authorize the Secretary of the Interior to construct, operate, and maintain the irrigation works comprising the Foster Creek division of the Chief Joseph Dam project, Washington, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report, namely:

The amendments of the Senate to H. R. 4854 were not of a major character and no difficulty was experienced in reaching agreement. The action agreed upon and recommended leaves H. R. 4854, as it passed the House, unchanged with respect to the works authorized to be constructed and the operation of and repayment plan for such works.

WESLEY A. D'EWART,
JOHN J. RHODES,
CRAIG HOSMER,
CLAIR ENGLE,
WAYNE N. ASPINALL,
Managers on the Part of the House.

The conference report was agreed to, and a motion to reconsider was laid on the table.

MULTIPLE MINERAL DEVELOPMENT

Mr. MILLER of Nebraska. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 3344) to amend the mineral leasing laws to provide for multiple mineral development of the same tracts of the public lands, and for other purposes, with a House amendment thereto, insist on the House amendment, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. WHARTON, D'EWART, DAWSON of Utah, YOUNG, ENGLE, ASPINALL, and Mrs. PFOST.

CONTRIBUTION OF ATOMIC ENERGY TO MEDICINE

Mr. SCHENCK. Mr. Speaker, by direction of the Committee on House Administration, I submit a privileged resolution (H. Con. Res. 257) and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved by the House of Representatives (the Senate concurring), That there be printed for the use of the Joint Committee on Atomic Energy 10,000 additional copies of the hearings relative to the contribution of atomic energy to medicine, held by the said joint committee during the current Congress.

The concurrent resolution was agreed to, and a motion to reconsider was laid on the table.

APPOINTMENT OF CERTAIN OFFICERS OF REGULAR NAVY AND MARINE CORPS

Mr. ARENDS submitted a conference report and statement on the bill (H. R. 6725) to reenact the authority for the appointment of certain officers of the Regular Navy and Marine Corps.

AUTHORIZING APPOINTMENT OF MAJ. GEN. FRANK H. PARTRIDGE, UNITED STATES ARMY RETIRED TO CIVILIAN POSITION

Mr. ARENDS. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H. R. 9804) to authorize the appointment in a civilian position in the Department of Justice of Maj. Gen. Frank H. Partridge, United States Army, retired, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That notwithstanding the provisions of section 2 of the act of July 31, 1894 (28 Stat. 205), as amended (5 U. S. C. 62), or any other provision of law, Maj. Gen. Frank H. Partridge, United States Army, retired, may be appointed to and accept and hold a civilian position in the Department of Justice.

SEC. 2. Major General Partridge's appointment to, and acceptance and holding of, a civilian position in the Department of Justice shall in no way affect any status, office, rank, or grade he may occupy or hold as a retired officer in the United States Army, or any emolument, perquisite, right, privilege, or benefit incident to or arising out of any such status, office, rank, or grade: *Provided, however*, That during his incumbency in a civilian position in the Department of Justice he shall receive the compensation appertaining to such position in lieu of the retired pay to which he is entitled as a retired officer of the Army: *Provided, further*, That upon the termination of such civilian employment the payment of his retired pay shall be resumed.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONSTRUCTION OF NAVAL VESSELS

Mr. ARENDS. Mr. Speaker, I call up the conference report on the bill (H. R. 8571) to authorize the construction of naval vessels, and for other purposes, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2275)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8571) to authorize the construction of naval vessels, and for other purposes, having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate numbered 2 and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted

by the Senate amendment insert the following: "To the extent that any ships authorized under this Act are constructed in private shipyards, such contract shall be awarded to the lowest responsible bidder insofar as national security requirements will permit and such award is practical, and is not inconsistent with the provisions of the Armed Services Procurement Act of 1947 or the Act of March 27, 1934 (ch. 95, 48 Stat. 503), as amended."

And the Senate agree to the same.

LESLIE C. ARENDS,
J. P. S. DEVEREUX,
CARL VINSON,
Managers on the Part of the House.

LEVERETT SALTONSTALL,
STYLES BRIDGES,
RICHARD B. RUSSELL,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 8571) to authorize the construction of naval vessels, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

LEGISLATION IN CONFERENCE

On May 20, 1954, the House passed H. R. 8571, a bill to authorize the construction of naval vessels, and for other purposes. On June 9, 1954, the Senate considered the House bill and amended it in two respects.

The first amendment would have required that all contracts for the construction of ships in private shipyards pursuant to the act would be awarded to the lowest responsible bidder, so far as national security requirements would permit and such award was practical. This amendment was modified by the addition of a provision that this limitation would obtain only so far as such would not be inconsistent with the provision of the Armed Services Procurement Act of 1947 or the act of March 27, 1934, known as the Vinson-Trammel Parity Act. Thus, the House receded with an amendment.

The second amendment related to the act of August 8, 1950 (64 Stat. 420), wherein it was authorized that appropriations might be made to carry out the purposes of that act, but not in a sum to exceed $350 million. It later developed that the ship construction authorized by that act could not be carried out within that limitation and in the House version of H. R. 8571 the limitation was raised to $500 million. The Senate reduced this amount to $450 million. The House receded.

LESLIE C. ARENDS,
J. P. S. DEVEREUX,
CARL VINSON,
Managers on the Part of the House.

Mr. ARENDS. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on the conference report.

The conference report was agreed to and a motion to reconsider was laid on the table.

SPECIAL COMMITTEE TO INVESTIGATE CAMPAIGN EXPENDITURES OF CANDIDATES FOR HOUSE OF REPRESENTATIVES

Mr. NICHOLSON. Mr. Speaker, by direction of the Committee on Rules, I call up the resolution (H. Res. 439) providing for the appointment of a special committee of the House of Representatives to investigate the campaign expenditures of the various candidates for the House of Representatives, and for other purposes, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That a special committee of five Members be appointed by the Speaker of the House of Representatives to investigate and report to the House not later than January 3, 1955, with respect to the following matters:

1. The extent and nature of expenditures made by all candidates for the House of Representatives in connection with their campaign for nomination and election to such office.

2. The amounts subscribed, contributed, or expended, and the value of services rendered, and facilities made available (including personal services, use of advertising space, radio and television time, office space, moving-picture films, and automobile and other transportation facilities) by any individual, individuals, or group of individuals, committee, partnership, corporation, or labor union, to or on behalf of each such candidate in connection with any such campaign or for the purpose of influencing the votes cast or to be cast at any convention or election held in 1954 to which a candidate for the House of Representatives is to be nominated or elected.

3. The use of any other means or influence (including the promise or use of patronage) for the purpose of aiding or influencing the nomination or election of any such candidates.

4. The amounts, if any, raised, contributed, and expended by any individual, individuals, or group of individuals, committee, partnership, corporation, or labor union, including any political committee thereof, in connection with any such election, and the amounts received by any political committee from any corporation, labor union, individual, individuals, or group of individuals, committee, or partnership.

5. The violations, if any, of the following statutes of the United States:

(a) The Federal Corrupt Practices Act.

(b) The act of August 2, 1939, as amended, relating to pernicious political activities, commonly referred to as the Hatch Act.

(c) The provisions of section 304, Public Law 101, 80th Congress, chapter 120, first session, referred to as the Labor Management Relations Act, 1947.

(d) Any statute or legislative act of the United States or of the State within which a candidate is seeking nomination or reelection to the House of Representatives, the violation of which Federal or State statute, or statutes, would affect the qualification of a Member of the House of Representatives within the meaning of article I, section 5, of the Constitution of the United States.

6. Such other matters relating to the election of Members of the House of Representatives in 1954, and the campaigns of candidates in connection therewith, as the committee deems to be of public interest, and which in its opinion will aid the House of Representatives in enacting remedial legislation, or in deciding contests that may be instituted involving the right to a seat in the House of Representatives.

7. The committee is authorized to act upon its own motion and upon such information as in its judgment may be reasonable or reliable. Upon complaint being made to the committee under oath, by any person, candidate, or political committee, setting forth allegations as to facts which, under this resolution, it would be the duty of said committee to investigate, the committee shall investigate such charges as fully as though it were acting upon its own motion, unless, after a hearing upon such complaint, the committee shall find that the allegations in such complaint are immaterial or untrue. All hearings before the committee, and before any duly authorized subcommittee thereof, shall be public, and all orders and decisions of the committee, and of any such subcommittee shall be public.

For the purpose of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such public hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the 83d Congress, to employ such attorneys, experts, clerical, and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents, to administer such oaths, and to take such testimony as it deems advisable. Subpenas may be issued under the signature of the chairman of the committee or any subcommittee, or by any member designated by such chairman and may be served by any person designated by any such chairman or member.

8. The committee is authorized and directed to report promptly any and all violations of any Federal or State statutes in connection with the matters and things mentioned herein to the Attorney General of the United States in order that he may take such official action as may be proper.

9. Every person who, having been summoned as a witness by authority of said committee or any subcommittee thereof, willfully makes default, or who having appeared, refuses to answer any question pertinent to the investigation heretofore authorized, shall be held to the penalties prescribed by law.

That said committee is authorized and directed to file interim reports whenever in the judgment of the majority of the committee, or of a subcommittee conducting portions of said investigation, the public interest will be best served by the filing of said interim reports, and in no event shall the final report of said committee be filed later than January 3, 1955, as hereinabove provided.

The SPEAKER. Under the rule, the gentleman is recognized for 1 hour.

Mr. NICHOLSON. Mr. Speaker, I yield one-half the time to the gentleman from Virginia [Mr. SMITH].

Mr. Speaker, this resolution would provide for the appointment of a special committee of the House of Representatives to investigate the campaign expenditures of the various candidates for the House of Representatives, and for other purposes.

Mr. Speaker, House Resolution 439 is the usual resolution that we adopt in an election year and as a matter of fact the language of the resolution before us today is identical with the language contained in House Resolution 558 of the 82d Congress.

At that time a rather full discussion of the merits of the wording of this resolution took place, and it was generally conceded that as long as the spirit and intent implicit in this resolution was wisely recognized and followed that the provisions contained in it were satisfactory.

I hope that the House will adopt the resolution and thus provide for the appointment of this special committee.

Mr. Speaker, this is the usual resolution that is passed in every election year and we have to do it.

Mr. SMITH of Virginia. Mr. Speaker, however regrettable it may be, I agree with the gentleman from Massachussetts [Mr. NICHOLSON] that we have to do it. It is the usual thing. There is no use pursuing the matter any further.

Mr. NICHOLSON. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to, and a motion to reconsider was laid on the table.

VOCATIONAL REHABILITATION AMENDMENTS OF 1954

Mr. McCONNELL. Mr. Speaker, I call up the conference report on the bill (S. 2759) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes; and I ask unanimous consent that the statement be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2286)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2759) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that Act, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following: "That this Act may be cited as the 'Vocational Rehabilitation Amendments of 1954.'

"AMENDMENTS TO THE VOCATIONAL REHABILITATION ACT

"SEC. 2. The Vocational Rehabilitation Act (29 U. S. C. ch. 4) is amended to read as follows:

"'AUTHORIZATION OF APPROPRIATIONS FOR GRANTS; PURPOSES FOR WHICH AVAILABLE

"'SECTION 1. For the purpose of assisting the States in rehabilitating physically handicapped individuals so that they may prepare for and engage in remunerative employment to the extent of their capabilities, thereby increasing not only their social and economic well-being but also the productive capacity of the Nation, there are hereby authorized to be appropriated for the fiscal year ending June 30, 1955, the sum of $30,000,000, for the fiscal year ending June 30, 1956, the sum of $45,000,000, for the fiscal year ending June 30, 1957, the sum of $55,000,000, for the fiscal year ending June 30, 1958, the sum of $65,000,000, and for each fiscal year thereafter such sums as Congress may determine, for grants to carry out the purposes of this Act. The sums so appropriated for any fiscal year shall be available for—

"'(1) grants to States under section 2 to assist them in meeting the costs of vocational rehabilitation services;

"'(2) grants to States under section 3 to assist them in initiating projects for the extension and improvement of their vocational rehabilitation services; and

"'(3) grants to States and to public and other nonprofit organizations and agencies under section 4 to assist in meeting the costs of projects for research, demonstrations, training, and traineeships, and special projects, which hold promise of making a substantial contribution to the solution of vocational rehabilitation problems common to a number of States, including temporary assistance in initiating a substantial nationwide expansion of vocational rehabilitation programs in the States.

The portion of such sums which shall be available for each of such three types of grants shall be specified in the Act appropriating such sums, except that the first $23,000,000 of the aggregate sums so appropriated for any fiscal year shall be available for grants to States under section 2 to assist them in meeting the costs of vocational rehabilitation services.

"'GRANTS TO STATES FOR VOCATIONAL REHABILITATION SERVICES

"'SEC. 2. (a) (1) From the sums available for any fiscal year for grants to States to assist them in meeting the costs of vocational rehabilitation services, each State shall be entitled to an allotment of an amount which bears the same ratio to such sums as the product of (A) the population of the State and (B) the square of its allotment percentage (as defined in section 11 (h)) bears to the sum of the corresponding products for all the States.

"'(2) The allotment to any State for any fiscal year, as computed under the provisions of paragraph (1), which is less than such State's base allotment, shall, notwithstanding such provisions, be increased to the amount of such base allotment.

"'(3) For the purposes of this section, a State's base allotment is an amount equal to the amount allotted to such State for expenditures, under its State plan approved under this Act, for the fiscal year ending June 30, 1954 (which, in the case of the District of Columbia, shall be the amount appropriated to the Secretary for such fiscal year for providing rehabilitation services in the District of Columbia), increased by a uniform percentage which, if applied to the amounts so allotted to all the States, would increase the total of such allotments to $23,000,000.

"'(4) The allotment to any State, as computed under the provisions of paragraph (1) for any fiscal year, which is greater than such State's base allotment by a percentage in excess of one and one-half times the percentage by which the sums available for allotments under this section for such year exceed $23,000,000, shall be reduced by the amount of such excess.

"'(5) Sums equal to the reduction effected under paragraph (4) for any fiscal year shall be added to the allotments of other States as computed under paragraph (1) for such year as follows:

"'(A) The allotment of any State as so computed which is less than such State's base allotment, shall be increased to the amount of such base allotment.

"'(B) The remainder of such sums shall be used to increase by a uniform percentage the allotment of each of the State whose allotments were not subject to reduction under paragraph (4), but with such adjustments as may be necessary to prevent the allotment of any of such States from being so increased as to require reduction under paragraph (4).

"'(b) (1) From each State's allotment under this section for any fiscal year ending after June 30, 1962, the Secretary shall pay to such State an amount equal to the Federal share (determined as provided in section 11 (i)) of the cost of vocational rehabilitation services under the plan for such State approved under section 5, including expenditures for the administration of the State plan.

"'(2) From each State's allotment under this section for any fiscal year ending prior to July 1, 1962, the Secretary shall make payments to such State, with respect to the cost of vocational rehabilitation services under the plan of such State approved under section 5, including expenditures for the administration of the State plan, determined as follows:

"'(A) A portion of such allotment equal to the State's base allotment shall be available for payments to such State of its adjusted Federal share of such cost of vocational rehabilitation services.

"'(B) After such portion has been paid in full, any remaining portions of a State's allotment shall be available for payment to such State of an amount equal to its Federal share (determined as provided in section 11 (i)) of such cost for which payments have not been made under subparagraph (A).

"'(3) For the purposes of this subsection—

"'(A) a State's adjusted Federal share for any fiscal year means—

"'(i) in the case of any fiscal year ending prior to July 1, 1959, the 1954 Federal share for such State; and

"'(ii) in the case of the fiscal year ending June 30, 1960, June 30, 1961, or June 30, 1962, the Federal share for such State for such year increased (if it is less than such State's 1954 Federal share) or decreased (if it is greater than such State's 1954 Federal share) by 75 percentum, 50 percentum, and 25 percentum, respectively, of the difference between such Federal share for the year involved and the 1954 Federal share.

"'(B) A State's 1954 Federal share means the percentage which (i) the base allotment of such State is of (ii) the sum of such allotment and the amount of 1954 State funds.

"'(C) The 1954 State funds for any State shall be the amount of State and other non-Federal funds available for expenditures, under such State's plan approved under this Act, for the fiscal year ending June 30, 1954, as estimated by the Secretary for purposes of determining such State's allotment for such year for such expenditures, except that the 1954 State funds for the District of Columbia shall be the amount appropriated for such fiscal year out of the general fund of the District of Columbia for vocational rehabilitation.

"'(c) If in any State there is, during the fiscal year ending June 30, 1954, a State agency administering or supervising the administration of the part of the State plan under which vocational rehabilitation services are provided for the blind, separate from the State agency administering or supervising the administration of the remainder of the State plan—

"'(1) for each consecutive fiscal year during which there are such separate agencies, the portion of such State's allotment which is equal to such State's base allotment shall be divided between the two agencies in the same proportion as the amount allotted to the State under this Act for expenditures during the fiscal year ending June 30, 1954, was divided between such agencies;

"'(2) for each such consecutive fiscal year ending prior to July 1, 1962, separate Federal shares shall be established for such agencies for purposes of subsection (b) (2), and for such purposes—

"'(A) the 1954 Federal share for each shall be the percentage which (i) the portion of the State's allotment for the fiscal year ending June 30, 1954, which was made available to each, is of (ii) the portion of the sum of such allotment and the amount of 1954 State funds available to each for expenditures, under the State plan approved under this Act, during such year; and

"'(B) the portion of the allotment referred to in subsection (b) (2) (A) for each shall be the portion of the State's allotment

allocated to each pursuant to paragraph (1) of this subsection.

"'GRANTS TO STATES FOR EXTENSION AND IMPROVEMENT PROJECTS

"'SEC. 3. (a) (1) From the sums available for any fiscal year for grants to States to assist them in initiating projects for the extension and improvement of vocational rehabilitation services, each State shall be entitled to an allotment of an amount bearing the same ratio to such sums as the population of such State bears to the population of all the States. The allotment to any State under the preceding sentence for any fiscal year which is less than $5,000 (or such other amount as may be specified as a minimum allotment in the Act appropriating such sums for such year) shall be increased to that amount, the total of the increases thereby required being derived by proportionately reducing the allotments to each of the remaining States under the preceding sentence, but with such adjustments as may be necessary to prevent the allotment of any of such remaining States from being thereby reduced to less than that amount.

"'(2) From each State's allotment under this section for any fiscal year, the Secretary shall pay to such State a portion of the cost of approved projects for the extension and improvement of vocational rehabilitation services (including their administration) under the State plan. The Secretary shall approve any project for purposes of this section only if the plan of such State approved under section 5 includes such project or is modified to include it and only if he finds the project constitutes an extension or improvement of vocational rehabilitation services under the State plan or will contribute materially to such an extension or improvement.

"'(b) Payments under this section with respect to any project may be made for a period of not to exceed three years beginning with the commencement of the first fiscal year for which any payment is made with respect to such project from an allotment under this section. To the extent permitted by the State's allotment under this section, such payments with respect to any project shall be equal to 75 per centum of the cost of such project, except that, at the request of the State, such payments may be less than such percentage of the cost of such project.

"'(c) No payment may be made from an allotment under this section with respect to any cost with respect to which any payment is made under section 2.

"'GRANTS FOR SPECIAL PROJECTS

"'SEC. 4. (a) From the sums available therefor for any fiscal year, the Secretary shall make grants to States and public and other non-profit organizations and agencies (1) for paying part of the cost of projects for research, demonstrations, training, and traineeships, and projects for the establishment of special facilities and services, which, in the judgment of the Secretary, hold promise of making a substantial contribution to the solution of vocational rehabilitation problems common to all or several States, and (2) for planning, preparing for, and initiating, during the fiscal year ending June 30, 1955, and the fiscal year ending June 30, 1956, a substantial nationwide expansion of vocational rehabilitation programs in the States. No grant shall be made under clause (1) or clause (2) of this subsection for furnishing to an individual any one course of study extending for a period in excess of two years. Any grant of funds under this subsection which will be used for direct services to physically handicapped individuals or for establishing facilities which will render direct services to such individuals must have the prior approval of the appropriate State agency.

"'(b) The Secretary shall be authorized to cooperate in assisting with the financing of a pilot demonstration rehabilitation center in the metropolitan Washington area to be used as a guide for rehabilitation centers which may be set up later in other parts of the country. Sums made available for such a pilot demonstration center in the Washington area may be used during such initial period as the Secretary may determine for such services as hospitalization, domiciliary care, and rehabilitation training, including costs of board and room of trainees and other services essential to the program, as in the discretion of the Secretary deems desirable. The services of such a pilot demonstration rehabilitation center in the metropolitan Washington area shall be made available to area civil service employees as well as to other patients.

"'(c) Payments under this section may be made in advance or by way of reimbursement for services performed and purchases made, as may be determined by the Secretary; and shall be made on such conditions as the Secretary finds necessary to carry out the purposes of this section.

"'(d) (1) There is hereby established in the Department of Health, Education, and Welfare a National Advisory Council on Vocational Rehabilitation, consisting of the Secretary, or his designee, who shall be Chairman, and twelve members appointed without regard to civil-service laws by the Secretary. The twelve appointed members shall be leaders in fields concerned with vocational rehabilitation or in public affairs, and six of such twelve shall be selected from leading medical, educational, or scientific authorities who are outstanding for their work in the vocational rehabilitation of physically handicapped individuals. Three of the twelve appointed members shall be persons who are themselves physically handicapped. Each appointed member of the Council shall hold office for a term of four years, except that any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor is appointed shall be appointed for the remainder of such term and except that, of the members first appointed, three shall hold office for a term of three years, three shall hold office for a term of two years, and three shall hold office for a term of one year, as designated by the Secretary at the time of appointment. None of such twelve members shall be eligible for reappointment until a year has elapsed after the end of his preceding term.

"'(2) The Council is authorized to review applications for special projects submitted to the Secretary under this section and recommend to the Secretary for grades under this section any such projects or any projects initiated by it which it believes show promise of making valuable contributions to the vocational rehabilitation of physically handicapped individuals. The Secretary is authorized to utilize the services of any member or members of the Council in connection with matters relating to the administration of this section, for such periods, in addition to conference periods, as he may determine.

"'(3) Appointed members of the Council, while attending meetings of the Council or while otherwise serving at the request of the Secretary, shall be entitled to receive compensation at a rate to be fixed by the Secretary, but not exceeding $50 per diem, and shall also be entitled to receive an allowance for actual and necessary traveling and subsistence expenses while so serving away from their places of residence.

"'(4) The Secretary shall transmit to the Congress annually a report concerning the special projects initiated under this section, the recommendations of the National Advisory Council on Vocational Rehabilitation, and any action taken with respect to such recommendations.

"'STATE PLANS

"'SEC. 5. (a) To be approvable under this Act, a State plan for vocational rehabilitation services shall—

"'(1) designate the State agency administering or supervising the administration of vocational education in the State, or a State rehabilitation agency (primarily concerned with vocational rehabilitation), as the sole State agency to administer the plan, or to supervise its administration in a political subdivision of the State by a sole local agency of such political subdivision, except that where under the State's law the State blind commission, or other agency which provides assistance or services to the adult blind, is authorized to provide them vocational rehabilitation services, such State blind commission or other State agency may be designated as the sole State agency to administer the part of the plan under which vocational rehabilitation services are provided for the blind (or to supervise the administration of such part in a political subdivision of the State by a sole local agency of such political subdivision) and the State vocational education agency or the State rehabilitation agency shall be designated as the sole State agency with respect to the rest of the State plan;

"'(2) provide that the head of the vocational rehabilitation bureau, division, or other unit of a State vocational education agency designated pursuant to paragraph (1), shall be subject only to the supervision and direction of such agency or its executive officer;

"'(3) provide for financial participation by the State, and provide that the plan shall be in effect in all political subdivisions of the State;

"'(4) show the plan, policies, and methods to be followed in carrying out the work under the State plan and in its administration and supervision, and in case vocational rehabilitation services cannot be provided all eligible physically handicapped individuals who apply for such services, show the order to be followed in selecting those to whom vocational rehabilitation services will be provided;

"'(5) provide such methods of administration, other than methods relating to the establishment and maintenance of personnel standards, as are found by the Secretary to be necessary for the proper and efficient administration of the plan;

"'(6) contain (A) provisions relating to the establishment and maintenance of personnel standards, including provisions relating to the tenure, selection, appointment, and qualifications of personnel, and (B) provisions relating to the establishment and maintenance of minimum standards governing the facilities and personnel utilized in the provision of vocational rehabilitation services, but the Secretary shall exercise no authority with respect to the selection, method of selection, tenure of office, or compensation of any individual employed in accordance with such provisions;

"'(7) provide that, in addition to training, maintenance, placement, and guidance, physical restoration services will be provided under the plan;

"'(8) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time reasonably require to carry out his functions under this Act, and comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports;

"'(9) provide for cooperation by the State agency with, and the utilization of the services of, the State agency administering the State's public assistance program, and the Bureau of Old-Age and Survivors Insurance (Department of Health, Education, and Welfare) and of other Federal, State, and

local public agencies providing services relating to vocational rehabilitation services;

"'(10) provide for entering into cooperative arrangements with the system of public employment offices in the State and the maximum utilization of the job placement and employment counseling services and other services and facilities of such offices; and

"'(11) provide that vocational rehabilitation services provided under the State plan shall be available to any civil employee of the United States disabled while in the performance of his duty on the same terms and conditions as apply to other persons.

"'(b) The Secretary shall approve any plan which the Secretary finds fulfills the conditions specified in subsection (a) of this section.

"'(c) Whenever the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this section, finds that—

"'(1) the plan has been so changed that it no longer complies with the requirements of subsection (a) of this section; or

"'(2) in the administration of the plan there is a failure to comply substantially with any such provision;

the Secretary shall notify such State agency that no further payments will be made to the State under section 2 or 3 (or, in his discretion, that further payments will not be made to the State for projects under or parts of the State plan affected by such failure), until he is satisfied that there is no longer any such failure. Until he is so satisfied the Secretary shall make no further payments to such State under section 2 or 3 (or shall limit payments to projects under or parts of the State plan in which there is no such failure).

"'(d) If any State is dissatisfied with the Secretary's action under subsection (c) of this section, such State may appeal to the United States district court for the district where the capital of such State is located and judicial review of such action shall be on the record in accordance with the provisions of the Administrative Procedure Act.

"'METHOD OF COMPUTING AND MAKING PAYMENTS

"'SEC. 6. The method of computing and paying amounts pursuant to section 2 or 3 shall be as follows:

"'(1) The Secretary shall, prior to the beginning of each calendar quarter or other period prescribed by him, estimate the amount to be paid to each State under the provisions of such section for such period, such estimate to be based on such records of the State and information furnished by it, and such other investigation, as the Secretary may find necessary.

"'(2) The Secretary shall pay, from the allotment available therefor, the amount so estimated by him for such period, reduced or increased, as the case may be, by any sum (not previously adjusted under this paragraph) by which he finds that his estimate of the amount to be paid the State for any prior period under such section was greater or less than the amount which should have been paid to the State for such prior period under such section. Such payments shall be made prior to audit or settlement by the General Accounting Office, shall be made through the disbursing facilities of the Treasury Department, and shall be made in such installments as the Secretary may determine.

"'ADMINISTRATION

"'SEC. 7. (a) In carrying out his duties under this Act, the Secretary shall—

"'(1) make studies, investigations, demonstrations, and reports with respect to abilities, aptitudes, and capacities of physically handicapped individuals, development of their potentialities, and their utilization in gainful and suitable employment;

"'(2) cooperate with and render technical assistance to States in matters relating to the vocational rehabilitation of physically handicapped individuals;

"'(3) provide short-term training and instruction in technical matters relating to vocational rehabilitation services, including the establishment and maintenance of such research fellowships and traineeships, with such stipends and allowances (including travel and subsistence expenses), as he may deem necessary, except that no such training or instruction (or fellowship or scholarship) shall be provided any individual for any one course of study for a period in excess of two years; and

"'(4) disseminate information as to the studies, investigations, demonstrations, and reports referred to in paragraph (1) and other matters relating to vocational rehabilitation services, and otherwise promote the cause of rehabilitation of physically handicapped individuals and their greater utilization in gainful and suitable employment.

"'(b) The Secretary is authorized to make rules and regulations governing the administration of this Act, and to delegate to any officer or employee of the United States such of his powers and duties, except the making of rules and regulations, as he finds necessary in carrying out the purposes of this Act.

"'PROMOTION OF EMPLOYMENT OPPORTUNITIES

"'SEC. 8. The Secretary of Labor and the Secretary of Health, Education, and Welfare shall cooperate in developing, and in recommending to the appropriate State agencies, policies and procedures which will facilitate the placement in employment of handicapped individuals who have received rehabilitation services under State vocational rehabilitation programs, and, together with the chairman of the President's Committee on Employment of the Physically Handicapped, shall develop and recommend methods which will assure maximum utilization of services which that committee, and cooperating State and local organizations, are able to render in promoting job opportunities for such individuals.

"'REPORTS

"'SEC. 9. Annual reports shall be made to the Congress by the Secretary as to the administration of this Act.

"'AUTHORIZATION OF APPROPRIATION FOR ADMINISTRATION

"'SEC. 10. There are hereby authorized to be included for each fiscal year in the appropriations for the Department of Health, Education, and Welfare such sums as are necessary to administer the provisions of this Act.

"DEFINITIONS

"'SEC. 11. For the purposes of this Act—

"'(a) The term "vocational rehabilitation services" means diagnostic and related services (including transportation) incidental to the determination of eligibility for and the nature and scope of services to be provided; training, guidance and placement services for physically handicapped individuals; and, in the case of any such individual found to require financial assistance with respect thereto, after full consideration of his eligibility for any similar benefit by way of pension, compensation, and insurance, any other goods and services necessary to render such individual fit to engage in a remunerative occupation (including remunerative homebound work), including the following physical restoration and other goods and services—

"'(1) corrective surgery or therapeutic treatment necessary to correct or substantially modify a physical or mental condition which is stable or slowly progressive and constitutes a substantial handicap to employment, but is of such a nature that such correction or modification may reasonably be expected to eliminate or substantially reduce such handicap within a reasonable length of time;

"'(2) necessary hospitalization in connection with surgery or treatment specified in paragraph (1);

"'(3) such prosthetic devices as are essential to obtaining or retaining employment;

"'(4) maintenance, not exceeding the estimated cost of subsistence, during rehabilitation;

"'(5) tools, equipment, initial stocks and supplies (including equipment and initial stocks and supplies for vending stands), books, and training materials, to any or all of which the State may retain legal title; and

"'(6) transportation (except where necessary in connection with determination of eligibility or nature and scope of services) and occupational licenses.

"'Such term also includes—

"'(7) the acquisition of vending stands or other equipment and initial stocks and supplies for use by severely handicapped individuals in any type of small business the operation of which will be improved through management and supervision by the State agency; and

"'(8) the establishment of public and other nonprofit rehabilitation facilities to provide services for physically handicapped individuals and the establishment of public and other nonprofit workshops for the severely handicapped.

"'(b) The term "physically handicapped individual" means any individual who is under a physical or mental disability which constitutes a substantial handicap to employment, but which is of such a nature that vocational rehabilitation services may reasonably be expected to render him fit to engage in a remunerative occupation.

"'(c) The term "rehabilitation facility" means a facility operated for the primary purpose of assisting in the rehabilitation of physically handicapped individuals—

"'(1) which provides one or more of the following types of services:

"'(A) testing, fitting, or training in the use of prosthetic devices;

"'(B) prevocational or conditioning therapy;

"'(C) physical or occupational therapy;

"'(D) adjustment training; or

"'(E) evaluation or control of special disabilities; or

"'(2) through which is provided an integrated program of medical, psychological, social, and vocational evaluation and services under competent professional supervision: *Provided*, That the major portion of such evaluation and services is furnished within the facility and that all medical and related health services are prescribed by, or are under the formal supervision of, persons licensed to practice medicine or surgery in the State.

"'(d) The term "workshop" means a place where any manufacture or handiwork is carried on and which is operated for the primary purpose of providing remunerative employment to severely handicapped individuals who cannot be readily absorbed in the competitive labor market.

"'(e) The term "nonprofit", when used with respect to a rehabilitation facility or a workshop, means a rehabilitation facility and a workshop, respectively, owned and operated by a corporation or association, no part of the net earnings of which inures, or may lawfully inure, to the benefit of any private shareholder or individual and the income of which is exempt from taxation under section 101 (6) of the Internal Revenue Code.

"'(f) Establishment of a workshop or rehabilitation facility means—

"'(1) in the case of a workshop, the expansion, remodeling, or alteration of existing buildings, necessary to adapt such buildings to workshop purposes or to increase the employment opportunities in workshops,

and the acquisition of initial equipment necessary for new workshops or to increase the employment opportunities in workshops; and

"'(2) in the case of a rehabilitation facility, the expansion, remodeling, or alteration of existing buildings, and initial equipment of such buildings, necessary to adapt such buildings to rehabilitation facility purposes or to increase their effectiveness for such purposes (subject, however, to such limitations as the Secretary may by regulations prescribe in order to prevent impairment of the objectives of, or duplication of, other Federal laws providing Federal assistance to States in the construction of such facilities) and initial staffing thereof (for a period not exceeding one year).

"'(g) The term "State" includes Alaska, the District of Columbia, Hawaii, the Virgin Islands, and Puerto Rico, and for purposes of section 4, includes also Guam.

"'(h) (1) The "allotment percentage" for any State shall be 100 per centum less that percentage which bears the same ratio to 50 percentum as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska), except that (A) the allotment percentage shall in no case be more than 75 per centum or less than 33⅓ per centum, and (B) the allotment percentage for Hawaii shall be 50 per centum, and the allotment percentage for Alaska, Puerto Rico, and the Virgin Islands shall be 75 per centum.

"'(2) The allotment percentages shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average of the per capita incomes of the States and of the continental United States for the three most recent consecutive years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the two fiscal years in the period beginning July 1 next succeeding such promulgation: *Provided*, That the Secretary shall promulgate such percentages as soon as possible after the enactment of the Vocational Rehabilitation Amendments of 1954, which promulgation shall be conclusive for the three fiscal years in the period ending June 30, 1957.

"'(i) The "Federal share" for any State for any fiscal year (other than the fiscal year ending June 30, 1954) shall be 100 per centum less that percentage which bears the same ratio to 40 percentum as the per capita income of such State bears to the per capita income of the continental United States (excluding Alaska), except that (A) the Federal share shall in no case be more than 70 per centum or less than 50 per centum, and (B) the Federal share for Hawaii and Alaska shall be 60 per centum, and the Federal share for Puerto Rico and the Virgin Islands shall be 70 per centum. In computing the Federal share of a State for a year, the Secretary shall use the same figures for per capita incomes of the States and of the United States as he used in computing the allotment percentage of such State for such year.

"'(j) The population of the several States shall be determined on the basis of the latest figures furnished by the Department of Commerce.

"'(k) The term "Secretary", except when the context otherwise requires, means the Secretary of Health, Education, and Welfare.

"'TRANSITION PROVISIONS

"'SEC. 12. (a) In the case of any State which, immediately prior to July 1, 1954, was carrying on a vocational rehabilitation program under a State plan approved under this Act, such State plan shall be deemed to be a State plan approved under section 5 of this Act until (1) the Secretary finds, after reasonable notice and opportunity for a hearing to the State agency, that such plan has been so changed that it no longer complies with any provision required to be included in such plan under this Act as in effect prior to the enactment of the Vocational Rehabilitation Amendments of 1954, or in the administration of such plan there is a failure to comply substantially with any such provision, or (2) the plan is superseded by a plan approved under section 5 of this Act, or (3) July 1, 1955, whichever occurs first.

"'(b) Sums appropriated for grants to States for the fiscal year ending June 30, 1955, pursuant to the Vocational Rehabilitation Act in effect prior to the enactment of the Vocational Rehabilitation Amendments of 1954 (including the portion of sums made available to the Secretary for rehabilitation services in the District of Columbia) shall be deemed to have been made available for grants to States under section 2 of this Act. Payments made from such sums to a State prior to the enactment of the Vocational Rehabilitation Amendments of 1954 (including payments made from such sums before or after such enactment for vocational rehabilitation services in the District of Columbia) shall be deemed to have been paid under this Act from the State's allotment under such section 2.

"'SHORT TITLE

"'SEC. 13. This Act may be cited as the "Vocational Rehabilitation Act."'

"VOCATIONAL REHABILITATION PROGRAM IN THE DISTRICT OF COLUMBIA

"SEC. 3. (a) The personnel, property, and records which the Director of the Bureau of the Budget determines relate primarily to the provisions of vocational rehabilitation services in the District of Columbia or the performance of functions of a State licensing agency under the Act of June 20, 1936 (20 U. S. C., ch. 6A), shall be transferred, within ninety days after the enactment of this Act, from the Department of Health, Education, and Welfare to the municipal government of the District of Columbia for use in providing such services and performing such functions in the District of Columbia.

"(b) The Board of Commissioners of the District of Columbia is hereby authorized, within available appropriations and allotted funds, to take such action as may be necessary to secure for the District of Columbia the benefits of the Vocational Rehabilitation Act, as amended by this Act, and the Act of June 20, 1936 (20 U. S. C., ch. 6A).

"(c) Notwithstanding anything to the contrary in section 2 or any other provision of this Act, the Secretary of Health, Education, and Welfare is authorized to continue the performance of functions relating to the provision of vocational rehabilitation services in the District of Columbia and to use appropriations available therefor until completion of the transfer provided in subsection (a) in like manner as such functions were being performed and appropriations used by such Secretary immediately prior to the enactment of this Act.

"AMENDMENTS TO THE RANDOLPH-SHEPPARD VENDING STAND ACT

"SEC. 4. (a) The first section of the Act entitled 'An Act to authorize the operation of stands in Federal buildings by blind persons, to enlarge the economic opportunities of the blind, and for other purposes', approved June 20, 1936, as amended (20 U. S. C., sec. 107), is amended to read as follows: 'That for the purpose of providing blind persons with remunerative employment, enlarging the economic opportunities of the blind, and stimulating the blind to greater efforts in striving to make themselves self-supporting, blind persons licensed under the provisions of this Act shall be authorized to operate vending stands on any Federal property where such vending stands may be properly and satisfactorily operated by blind persons. In authorizing the operation of vending stands on Federal property, preference shall be given, so far as feasible, to blind persons licensed by a State agency as provided in this Act; and the head of each department or agency in control of the maintenance, operation, and protection of Federal property shall, after consultation with the Secretary, and with the approval of the President, prescribe regulations designed to assure such preference (including assignment of vending machine income to achieve and protect such preference) for such licensed blind persons without unduly inconveniencing such departments and agencies or adversely affecting the interests of the United States.'

"(b) (1) Section 2 (a) of such Act of June 30, 1936, as amended (20 U. S. C., sec. 107a), is amended by striking out 'in Federal and other buildings' where it appears in paragraph (1) and inserting in lieu thereof 'on Federal and other property', and by amending paragraph (4) to read as follows:

"'(4) Designate as provided in section 3 of this Act the State commission for the blind in each State, or, in any State in which there is no such commission, some other public agency to issue licenses to blind persons who are citizens of the United States and at least twenty-one years of age for the operating of vending stands on Federal and other property in such State for the vending of newspapers, periodicals, confections, tobacco products, articles dispensed automatically or in containers or wrapping in which they are placed before receipt by the vending stand, and such other articles as may be approved for each property by the department or agency in control of the maintenance, operation, and protection thereof and the State licensing agency in accordance wih the regulations prescribed pursuant to the first section: *Provided*, That (A) effective four years after the enactment of the Vocational Rehabilitation Amendments of 1954, in any State having an approved plan for vocational rehabilitation pursuant to the Vocational Rehabilitation Act, the licensing agency to be designated hereunder shall be the State agency designated pursuant to section 5 (a) (1) of such Act as the sole State agency with respect to vocational rehabilitation of the blind; and (B) prior to such time, no license shall be granted except upon certification by a vocational rehabilitation agency that the individual is qualified to operate a vending stand.'

"(2) Paragraph (5) of such subsection is amended by inserting ', including the issuance of rules and regulations,' after 'steps'.

"(c) Section 2 (b) of such Act of June 20, 1936, as amended, is amended by striking out the third sentence thereof.

"(d) Section 2 (c) of such Act of June 20, 1936, as amended, is amended to read as follows:

"'(c) The State licensing agency designated by the Secretary is authorized, with the approval of the head of the department or agency in control of the maintenance, operation, and protection of the Federal property on which the stand is to be located but subject to regulations prescribed pursuant to the first section, to select a location for such stand and the type of stand to be provided.'

"(e) Section 3 of such Act of June 20, 1936, as amended (20 U. S. C., sec. 107b), is amended to read as follows:

"'SEC. 3. A State commission for the blind or other State agency desiring to be designated as the licensing agency shall, with the approval of the chief executive of the State, make application to the Secretary and agree—

"'(1) to cooperate with the Secretary in carrying out the purpose of this Act;

"'(2) to provide for each licensed blind person such vending stand equipment, and adequate initial stock of suitable articles to

be vended therefrom, as may be necessary: *Provided, however,* That such equipment and stock may be owned by the licensing agency for use of the blind, or by the blind individual to whom the license is issued: *And provided further,* That if ownership of such equipment is vested in the blind licensee, (A) the State licensing agency shall retain a first option to repurchase such equipment and (B) in the event such individual dies or for any other reason ceases to be a licensee or transfers to another vending stand, ownership of such equipment shall become vested in the State licensing agency (for transfer to a successor licensee) subject to an obligation on the part of the State licensing agency to pay to such individual (or to his estate) the fair value of his interest therein as later determined in accordance with regulations of the State licensing agency and after opportunity for a fair hearing.

"'(3) that if any funds are set aside, or caused to be set aside, from the proceeds of the operation of the vending stands such funds shall be set aside, or caused to be set aside, only to the extent necessary for and may be used only for the purposes of (A) maintenance and replacement of equipment; (B) the purchase of new equipment; (C) management services; and (D) assuring a fair minimum return to operators of vending stands: *Provided, however,* That in no event shall the amount of such funds to be set aside from the proceeds of any vending stand exceed a reasonable amount which shall be determined by the Secretary;

"'(4) to make such reports in such form and containing such information as the Secretary may from time to time require and to comply with such provisions as he may from time to time find necessary to assure the correctness and verification of such reports;

"'(5) to issue such regulations, consistent with the provisions of this Act, as may be necessary for the operation of this program;

"'(6) to provide to any blind licensee dissatisfied with any action arising from the operation or administration of the vending stand program an opportunity for a fair hearing'."

"(f) Section 6 of such Act of June 20, 1936, as amended (20 U. S. C., sec. 107e), is amended by adding at the end thereof the following new subsections:

"'(d) The term "Federal property" means any building, land, or other real property owned, leased, or occupied by any department or agency of the United States or any instrumentality wholly owned by the United States, or by any department or agency of the District of Columbia or any Territory or possession of the United States.

"'(e) The term "Secretary" means the Secretary of Health, Education, and Welfare.'"

"(g) Such Act of June 20, 1936, as amended, is amended by renumbering section 7 as section 8, and by inserting immediately after section 6 the following new section:

"'SEC. 7. In the case of any State which, immediately prior to July 1, 1954, was performing the functions of a State licensing agency pursuant to an application for designation approved under this Act, such application shall be deemed to be an application approved under section 3 of this Act, as amended by the Vocational Rehabilitation Amendments of 1954, until (1) the Secretary finds, after reasonable notice and opportunity for a hearing to the State licensing agency, that the provisions contained in such application have been changed so that it no longer complies with any provisions required to be included in such application under this Act, as in effect prior to July 1, 1954, or that in the administration of the program there is a failure to comply substantially with any such provision, or (2) the application is superseded by an application approved under section 3 of this Act after July 1, 1954, or (3) July 1, 1955, whichever first occurs.'

"PRESIDENT'S COMMITTEE ON EMPLOYMENT OF THE PHYSICALLY HANDICAPPED

"SEC. 5. The joint resolution entitled 'Joint resolution authorizing an appropriation for the work of the President's Committee on National Employ the Physically Handicapped Week', approved July 11, 1949 (63 Stat. 409), is amended by striking out '$75,000' and inserting in lieu thereof '$225,000'.

"UNITED STATES EMPLOYMENT SERVICES

"SEC. 6. (a) The first sentence of subsection (a) of section 3 of the Act of June 6, 1933, as amended (29 U. S. C., sec. 49b), is hereby amended by inserting after 'gainful occupations' the following: 'including employment counseling and placement services for handicapped persons'.

"(b) Section 8 of such Act, as amended (29 U. S. C., sec. 49g), is further amended by inserting after the first sentence thereof a new sentence to read as follows: 'Such plans shall include provision for the promotion and development of employment opportunities for handicapped persons and for job counseling and placement of such persons, and for the designation of at least one person in each State or Federal employment office, whose duties shall include the effectuation of such purposes.'

"HOMEBOUND PHYSICALLY HANDICAPPED INDIVIDUALS

"SEC. 7. The Secretary of Health, Education, and Welfare shall make a thorough study of existing programs for teaching and training handicapped persons, commonly known as shut-ins, whose disabilities confine them to their homes or beds, for the purpose of ascertaining whether additional or supplementary programs or services are necessary, particularly in rural areas, in order to provide adequate general ameliorative and vocational training for such handicapped persons. The Secretary shall report to the Congress not later than six months after the date of enactment of this Act the results of such study, together with such recommendations as may be desirable.

"EFFECTIVE DATE

"SEC. 8. The amendments made by this Act shall become effective July 1, 1954."

And the House agree to the same.

SAMUEL K. MCCONNELL, Jr.,
RALPH GWINN,
WINT SMITH,
AUGUSTINE B. KELLEY,
CLEVELAND M. BAILEY,
Managers on the Part of the House.

H. ALEXANDER SMITH,
WM. A. PURTELL,
BARRY M. GOLDWATER,
LISTER HILL,
HERBERT W. LEHMAN,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2759) to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational rehabilitation services, provide for a more effective use of available Federal funds, and otherwise improve the provisions of that act, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The House amendment strikes out all of the Senate bill after the enacting clause. Except for the changes discussed below, and minor, technical, and conforming changes, the agreement reached in conference is the same as the House amendment.

AUTHORIZATION OF APPROPRIATIONS

The Senate bill authorized the appropriation of such sums as the Congress determines for grants to carry out the purposes of the act. The House bill provided authorizations in terms of specific dollar figures as follows: $30,000,000 for fiscal 1955; $45,000,000 for fiscal 1956; $55,000,000 for fiscal 1957; and $65,000,000 for fiscal 1958 and each fiscal year thereafter. The conference agreement is the same as the House amendment, except that for fiscal years after 1958 the amendment authorizes the appropriation of such sums as the Congress may determine.

FINANCING PROVISIONS

Both the Senate bill and the House amendment contained provisions designed to assure each State that it would receive out of any year's Federal appropriation an allotment of Federal funds at least equal to the amount it received during the fiscal year 1954, and to assure each State that in order to earn this "base allotment" it would not have to increase its 1954 expenditures from State or local funds. The Senate bill limited this assurance to a 5-year period while the House amendment would have extended it indefinitely into the future.

The conference substitute, like the House amendment, gives permanent assurance to each State that its allotment of Federal funds out of any year's Federal appropriations will never fall below its "base allotment," but adopts the matching provisions of the Senate bill. Under these matching provisions, for a 5-year period each State's Federal-State matching ratio on the portion of its allotment equal to its "base allotment" will be the same as its Federal-State matching ratio in 1954. Over the next 3 years (fiscal 1960, 1961, and 1962) this ratio will be adjusted gradually upward and downward, 25 percent a year, to the Federal-State matching ratio that applies to the portion of its allotment which exceeds its 1954 or "base allotment." During and after fiscal 1963 each State will have a single Federal-State matching ratio computed in the manner described below which will apply to its entire allotment of Federal funds for any year.

Both the Senate bill and the House amendment based their new formulas for Federal-State matching of funds in excess of the base allotments on the matching formula in the Hill-Buton Hospital Survey and Construction Act, under which the Federal-State matching ratios varied inversely with the per capita income of each State. Under the Senate bill the Federal ratio in a State with a per capita income exactly equal to the national per capita income would have been 55 percent; that is, 55 percent Federal and 45 percent State. Under the House amendment, the Federal share in such a State would have been 62 percent (62 percent Federal and 38 percent State). The conference substitute provides for a Federal share of 60 percent in the State whose per capita income exactly equals the national per capita income. As under both the Senate bill and House amendment, the maximum and minimum Federal shares are 10 percent above and below the Federal share of the 60 percent State, resulting in a maximum of 70 percent and a minimum of 50 percent.

In all other respects the conference substitute follows the allotment and matching provisions in the House amendment in the case of section 2 grants.

GRANTS FOR EXTENSION AND IMPROVEMENT PROJECTS

Both the Senate bill and the House amendment provided that from sums available in any fiscal year for such purposes, grants would be made to States to assist them in initiating projects for the extension and improvement of their vocational

rehabilitation services each State being entitled to an allotment based on population, but not less than $5,000 for any one State. However, the Senate bill provided that payments with respect to any such project would be equal to 75 percent of the cost of the project for the first biennium, 50 percent of the cost for the second biennium, and 25 percent of the cost for the third biennium, whereas the House amendment provided that payments with respect to any such project would be equal to 75 percent of the cost of the project for a period not to exceed 2 years. The conference agreement provides that payments with respect to such projects shall be equal to 75 percent of the cost of the project for a period of not to exceed 3 years.

PILOT DEMONSTRATION REHABILITATION CENTER

The Senate bill contained a provision, not included in the House amendment, authorizing the Secretary to cooperate in assisting with the financing of a pilot demonstration rehabilitation center in the metropolitan Washington area. It was provided that sums made available for the center could not exceed $1,000,000 a year. This provision is retained in the conference substitute, with one change. The change deletes the provision that sums made available for the center could not exceed $1,000,000 a year, and inserts in lieu thereof a provision that sums made available for the center may be used during such initial period as the Secretary may determine. The inclusion of specific authority for this project is not intended to imply that the Secretary lacks authority to grant similar assistance for comparable projects located in other areas.

NATIONAL ADVISORY COUNCIL ON VOCATIONAL REHABILITATION

The Senate bill established a National Advisory Council on Vocational Rehabilitation to advise the Secretary in connection with special projects under the act. The Council would consist of the Secretary and 12 members appointed by the Secretary from among leaders in fields concerned with vocational rehabilitation or in public affairs, 6 of whom would be required to be leading medical, educational, or scientific authorities who are outstanding for their work in the vocational rehabilitation of handicapped individuals. Three of the twelve would be required to be persons who are themselves physically handicapped.

The House amendment contained no corresponding provision.

The conference substitute adopts the provisions of the Senate bill establishing the Advisory Council.

It is the desire of the conferees that in making appointments to the Advisory Council the Secretary should give appropriate recognition to representatives of both labor and management.

TRAINING OF PERSONNEL

The Senate bill, in section 4 (a), provided that among the purposes for which special project grants might be made is that of paying part of the cost of training and traineeships. The Senate bill also provided, in section 8 (a) (3), that the Secretary should provide such short-term training and instruction in technical matters relating to vocational rehabilitation services, including the establishment and maintenance of such research fellowships and traineeships, as he might deem necessary. In both instances the House amendment limited this authority so that it could not be exercised after June 30, 1956. The House amendment further limited such authority by providing that no special project grant could be made for the purpose of providing training or traineeship for any individual for a period exceeding 12 months, and that the Secretary could not provide an individual any training or instruction (or fellowship or scholarship) for a period in excess of 1 year. The conference substitute is the same as the Senate bill, except that under it no training, traineeship, or instruction (or fellowship or scholarship) could be provided any individual for any one course of study extending for a period in excess of 2 years.

UTILIZATION OF EXISTING STATE AGENCIES

The Senate bill provided that to be approvable a State plan must provide, among other things, for cooperation by the State agency with, and the utilization of the services of, the State agency administering the State's public assistance program, the Bureau of Old-Age and Survivors Insurance of the Department of Health, Education, and Welfare, and of other Federal, State, and local agencies providing services relating to vocational rehabilitation services. The House amendment required that the plan provide for cooperation with those agencies, including the State workmen's compensation agency, and that it provide for utilization of the services of such agencies insofar as practicable.

The conference agreement adopts the Senate provisions because of the stronger language relating to the utilization of other agencies. The omission of reference to the State workmen's compensation agency should not be construed as showing an intention on the part of the conferees to preclude cooperation with and the utilization of this agency. The conferees believe that the general language of the Senate provision adequately covers this agency to the extent that it provides services relating to vocational rehabilitation and that specific reference to it is unnecessary.

CAPITAL ADVANCES FOR VENDING STAND OPERATORS

The House amendment provided in the definition of "vocational rehabilitation services" for the advancing of working capital, in amounts not to exceed $500, to licensed vending stand operators. No comparable provision was included in the Senate bill. The House recedes.

TRANSFER OF DISTRICT OF COLUMBIA REHABILITATION PROGRAM TO DISTRICT GOVERNMENT

Both the Senate bill and the House amendment provided for the transfer, within 90 days following enactment of the bill, of the District of Columbia vocational rehabilitation program from the Department of Health, Education, and Welfare (which now operates it) to the municipal government of the District of Columbia. The conference substitute contains similar provisions but with perfecting amendments designed to clarify the application of the base allotment and matching provisions to the District, and to assure the uninterrupted operation of the program by the Department of Health, Education, and Welfare during the interim period of 90 days or less, between the enactment of the bill and the completion of the transfer arrangements.

AMENDMENTS TO RANDOLPH-SHEPPARD ACT

The House amendment contained extensive amendments to the Randolph-Sheppard Act for the purpose of providing blind persons with remunerative employment, enlarging the economic opportunities of the blind, and generally improving the vending stand programs in the States. An amendment in the Senate bill provided that preference for the installation and/or operation of vending machines within Federal buildings should be given to blind operators of vending stands within such buildings.

The Senate accepted the House amendments to the Randolph-Sheppard Act, with the exception of one which provided that if any funds are set aside from the proceeds of the operation of the vending stands for the purpose of assuring a fair minimum return to operators of vending stands, such funds could be used for this purpose only for a period of not to exceed 1 year following (1) the date of approval of the State's application submitted under the bill, or (2) the initial establishment of the stand, whichever occurs later. With respect to this amendment the conference agreement provided that if funds are set aside for the purpose of assuring a fair minimum return to operators of vending stands, no time limits with respect to the use of the funds should be imposed.

HOMEBOUND HANDICAPPED INDIVIDUALS

The House amended the Senate bill so as to provide for an appropriation of $5,000,000 for the fiscal year ending July 1, 1955, and $2,000,000 annually thereafter, to be used for making grants, upon recommendation of the State agency, to local school boards and local nonprofit educational groups providing special services to the handicapped, for the purpose of providing general ameliorative and vocational training to handicapped persons, commonly known as shut-ins, whose disabilities confine them to their homes or beds. At least 20 percent of the grants would be required to be made in rural areas.

In lieu of this provision, the conference agreement, in section 7, provides for a study to be made of existing programs for teaching and training these individuals, for the purpose of ascertaining whether additional or supplementary programs or services are necessary, particularly in rural areas, in order to provide general ameliorative and vocational training to these persons. The Secretary is required to report to the Congress within 6 months after date of enactment of the bill the results of the study, together with any appropriate recommendations.

WORKSHOPS

Another subject which was discussed by the conference committee was the definition of the term "workshop." The committee was in agreement that the workshops to be aided under the bill are those which are operated principally as facilities for preparing handicapped persons for employment in the competitive labor market, or for providing interim remunerative employment for handicapped individuals for whom no other employment opportunities in the competitive labor market exist. In other words, the type of workshop that would qualify under the bill is a shop in which severely handicapped individuals who cannot be readily absorbed into the competitive labor market are given remunerative employment as an interim step in the rehabilitation process, or which provide remunerative employment for severely handicapped individuals during such time as employment opportunities in the competitive labor market do not exist.

SAMUEL K. McCONNELL, Jr.,
RALPH GWINN,
WINT SMITH,
AUGUSTINE B. KELLEY,
CLEVELAND M. BAILEY,
Managers on the Part of the House.

Mr. TRIMBLE. Mr. Speaker, will the gentleman yield?

Mr. McCONNELL. I yield.

Mr. TRIMBLE. Mr. Speaker, I have received the following telegram from a constituent:

Hon. JAMES TRIMBLE,
Member of Congress:

Request legislative remarks from floor of Congress indicating that the omission of phrase "corrective therapy" from Vocational Rehabilitation Act amendments, S. 2759, H. R. 9640, does not imply exclusion of our specialty as an available integral and diametric discipline essential in total physical rehabilitation.

WM. R. HORNSBY.
900 VANDEVENTER, FAYETTEVILLE, ARK.

I wish to ask the gentleman from Pennsylvania [Mr. McCONNELL] if this legislation takes care of the request of Mr. Hornsby.

Mr. McCONNELL. The omission of the phrase "corrective therapy" from the bill amending the Vocational Rehabilitation Act does not imply an exclusion of that type of physical rehabilitation treatment specialty. It is the intent of the bill, as I understand it, for those in charge of the program to have available various types of treatment for use in physical rehabilitation activities.

Mr. TRIMBLE. I thank the gentleman.

The SPEAKER. The question is on the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

COOPERATIVE RESEARCH IN EDUCATION

Mr. McCONNELL. Mr. Speaker, I call up the conference report on the bill (H. R. 9040) to authorize cooperative research in education, and ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2287)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9040) to authorize cooperative research in education, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendment of the Senate and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "That (a) in order to enable the Office of Education more effectively to accomplish the purposes and to perform the duties for which it was originally established, the Commissioner of Education is authorized to enter into contracts or jointly financed cooperative arrangements with universities and colleges and State educational agencies for the conduct of research, surveys, and demonstrations in the field of education.

"(b) No contract or jointly financed cooperative arrangement shall be entered into under this section until the Commissioner of Education has obtained the advice and recommendations of educational research specialists who are competent to evaluate the proposals as to the soundness of their design, the possibilities of securing productive results, the adequacy of resources to conduct the proposed research, surveys, or demonstrations, and their relationship to other similar educational research already completed or in process.

"(c) The Commissioner of Education shall transmit to the Congress annually a report concerning the research, surveys, and demonstrations initiated under this Act, the recommendations made by research specialists pursuant to subsection (b), and any action taken with respect to such recommendations.

"SEC. 2. There are hereby authorized to be appropriated annually to the Office of Education, Department of Health, Education, and Welfare, such sums as the Congress determines to be necessary to carry out the purposes of this Act."

And the Senate agree to the same.

SAMUEL K. McCONNELL, Jr.,
RALPH GWINN,
AUGUSTINE B. KELLEY,
Managers on the Part of the House.

H. ALEXANDER SMITH,
JOHN SHERMAN COOPER,
ROBERT W. UPTON,
JAMES E. MURRAY,
LISTER HILL,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H. R. 9040) to authorize cooperative research in education, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted new provisions which differ from the House bill in some respects.

In the first section the Senate amendment provided that the Commissioner of Education could enter into contracts or arrangements with public and other nonprofit colleges and universities. The conference agreement omits the requirement that the college or university be a public or nonprofit one.

The Senate amendment also added to the House bill a requirement that the Commissioner of Education, before entering into any contract or arrangement under the Act for research, surveys, or demonstrations in the field of education, must obtain the advice and recommendations of educational-research specialists. It also requires that the Commissioner of Education report annually to the Congress with respect to operations under the Act. The conference substitute retains these provisions.

The Senate amendment added a new section to the House bill, which authorizes the appropriation of such sums as may be necessary to carry out the purposes of the Act. The provision is retained in the substitute agreed upon in conference.

SAMUEL, K. McCONNELL, Jr.,
RALPH GWINN,
AUGUSTINE B. KELLEY,
Managers on the Part of the House.

The SPEAKER. The question is on the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

WHITE HOUSE CONFERENCE ON EDUCATION

Mr. McCONNELL. Mr. Speaker, I call up the conference report on the bill (H. R. 7601) to provide for a White House Conference on Education, and ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2288)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7601) to provide for a White House Conference on Education, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2 and 4 and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "city of Washington, District of Columbia, before November 30, 1955, a conference broadly representative of educators and other citizens from all parts of the"; and the Senate agree to the same.

Amendment numbered 3: That the House recede from its disagreement to the amendment of the Senate numbered 3, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 2. (a) To assist each State to bring together, prior to the White House Conference on Education, educators and other interested citizens to discuss educational problems in the State and make recommendations for appropriate action to be taken at local, State, and Federal levels, there is hereby authorized to be appropriated the sum of $1,000,000. Sums appropriated pursuant to this section shall be allotted to the States on the basis of their respective populations according to the latest figures certified by the Department of Commerce, except that no State's allotment shall be less than $15,000."

And the Senate agree to the same.

SAMUEL K. McCONNELL, Jr.,
RALPH GWINN,
AUGUSTINE B. KELLEY,
Managers on the Part of the House.

H. ALEXANDER SMITH,
JOHN SHERMAN COOPER,
ROBERT W. UPTON,
JAMES E. MURRAY,
LISTER HILL,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7601) to provide for a White House Conference on Education, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: The House bill authorized appropriations to enable the President to hold in the City of Washington, District of Columbia, a conference of educators and "interested laymen" from all parts of the nation to be called the White House Conference on Education, to consider and report to the President on significant and pressing problems in the field of education before November 30, 1955. The Senate amendment provided that the President hold in the City of Washington, District of Columbia, before November 30, 1955, a conference broadly representative of educators and "lay citizens" from all parts of the nation to be called the White House Conference on Education. The substitute provides that the conference be broadly representative of educators and "other interested citizens" from all parts of the nation.

Amendment No. 2: The Senate amendment places the words "before November 30, 1955" directly after the words "City of Washington, District of Columbia" rather than at the end of the paragraph as it appeared in the House bill. The House recedes.

Amendment No. 3: The House bill provided that each State be requested to bring together, prior to the White House Conference on Education, educators and interested citizens to discuss educational problems in the State and make recommendations for appropriate action to be taken at local, State and Federal levels, and that each State be requested to make a report of the findings and recommendations of the State conference for use of the White House Conference on Education. The Senate amendment authorized an appropriation in the sum of $1,500,000 to assist each State to bring together prior to the White House Conference on Education educators and lay citizens to discuss educational problems in the State and make recommendations for appropriate action to be taken at local, State and Federal levels and that sums appropriated would be allotted to the States on the basis of their respective populations, except that no State's allotment would be less than $15,000 and not more than $75,000. It also provided that the Commissioner of Education would pay through the disbursing facilities of the Treasury Department its allotment to each State which, through its Governor or other State official designated by the Governor, undertakes to accept and use the funds so paid exclusively for the purpose of holding the State conference, and to make a report of the findings and recommendations of the State conference for use of the White House Conference on Education. The sums appropriated would remain available until December 31, 1955 and any such sums remaining unpaid to the States or unobligated by them as of that date would be returned to the Treasury.

The substitute amendment strikes out "lay citizens" in the Senate amendment and substitutes the phrase "other interested citizens". It also strikes out the figure $1,500,000 and inserts in lieu thereof $1,000,000, and strikes out the figure $75,000. In all other respects the Senate amendment was agreed upon.

Amendment No. 4: The House bill provided an authorization for an additional appropriation to the Commissioner of Education for the fiscal years ending June 30, 1954, June 30, 1955, and June 30, 1956, of such sums as Congress determines to be necessary for the administration of the Act and for other expenses of the Office of Education in planning for and holding the White House Conference on Education and in making available to the public the findings and recommendations of the conference. The Commissioner of Education is also authorized to accept, use and dispose of funds, equipment and facilities donated for purposes of the conference and to the extent consistent with such purposes to use the same in accordance with the wishes of the donors.

The Senate amendment provides for the authorization of an appropriation to the Commissioner of Education for the fiscal years ending June 30, 1955, and June 30, 1956, of such sums as Congress determines to be necessary for the administration of the Act including the expenses of the Office of Education in making available to the public the findings and recommendations of the conference. It also authorizes the Commissioner of Education to accept funds, equipment and facilities donated for purposes of the conference and to use them in accordance with such purposes.

The House recedes.

SAMUEL K. MCCONNELL, Jr.,
RALPH GWINN,
AUGUSTINE B. KELLEY,
Managers on the Part of the House.

The SPEAKER. The question is on the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

NATIONAL ADVISORY COMMITTEE ON EDUCATION

Mr. MCCONNELL. Mr. Speaker, I call up the conference report on the bill (H. R. 7434) to establish a National Advisory Committee on Education, and ask unanimous consent that the statement of the managers on the part of the House may be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2289)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7434) to establish a National Advisory Committee on Education, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1 and 5.

That the House recede from its disagreement to the amendment of the Senate numbered 3 and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following: "a majority of whom shall be other than professional educators"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment, as follows: In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

"SEC. 5. Members of the Committee shall receive no compensation for their services, but while traveling to or from or attending meetings of the Committee shall be paid travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U. S. C. 73b–2) for persons in the Government service employed intermittently."

And the Senate agree to the same.

SAMUEL K. MCCONNELL, Jr.,
RALPH GWINN,
AUGUSTINE B. KELLEY,
Managers on the Part of the House.

H. ALEXANDER SMITH,
JOHN SHERMAN COOPER,
ROBERT W. UPTON,
JAMES E. MURRAY,
LISTER HILL,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7434) to establish a National Advisory Committee on Education, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

Amendment No. 1: The House bill establishes a National Advisory Committee on Education in order to secure for the Secretary of Health, Education, and Welfare the advice of a group of representative citizens. The Senate amendment deletes "citizens" and inserts "lay and professional persons". The Senate recedes.

Amendment No. 2: The Senate amendment inserts in the House bill a requirement that a majority of the members of the Advisory Committee on Education be lay persons. The substitute agreed upon in conference requires a majority of such members to be other than professional educators.

Amendment No. 3: The House bill provided that the Advisory Committee on Education should report annually to the House and Senate Committees on Education and Labor. The Senate amendment requires the Secretary to report annually to the Congress concerning the studies initiated under this Act, the recommendations made by the Committee, and any action taken with respect to such recommendations. The House recedes.

Amendment No. 4: The House bill provided that Members of the Committee should be paid traveling expenses while traveling to or from or attending meetings of the Committee. Under the Senate bill the members would receive compensation at a rate to be fixed by the Secretary, but not exceeding $50 per diem, and would be paid travel expenses, including per diem in lieu of subsistence, as authorized by law for persons in the Government service employed intermittently. The amendment agreed upon in conference retains the Senate provision with respect to travel expenses, but provides that the members will receive no compensation for their services.

Amendment No. 5: The Senate amendment added a provision to the House bill which authorizes the appropriation of such sums as may be necessary to carry out the Act, including expenses of professional, clerical, and stenographic assistance, and making such appropriations available for services as authorized by section 15 of the Act of August 2, 1946. The Senate recedes.

SAMUEL K. MCCONNELL, Jr.,
RALPH GWINN,
AUGUSTINE B. KELLEY,
Managers on the Part of the House.

The SPEAKER. The question is on the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

JURISDICTION OF THE DISTRICT COURTS IN SUITS TO RECOVER TAXES

Mr. KEATING. Mr. Speaker, I call up the conference report on the bill (S. 252) to permit all civil actions against the United States for recovery of taxes erroneously or illegally assessed or collected to be brought in the district courts with right of trial by jury, and ask unanimous consent that the statement of the managers on the part of the House be read in lieu of the report.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT (H. REPT. No. 2276)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 252)

to permit all civil actions against the United States for recovery of taxes erroneously or illegally assessed or collected to be brought in the district courts with right of trial by jury, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its amendments.

KENNETH B. KEATING,
S. J. CRUMPACKER,
E. E. WILLIS,
Managers on the Part of the House.

PAT MCCARRAN,
ARTHUR V. WATKINS,
HERMAN WELKER,
Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 252) to permit all civil actions against the United States for recovery of taxes erroneously or illegally assessed or collected to be brought in the district courts with right of trial by jury, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

The Senate bill would permit a taxpayer to sue the United States in the district court of the district in which the taxpayer resides, to recover internal revenue taxes erroneously or illegally assessed or collected, and to have the right of trial by jury.

The House amendment would have stricken from the bill the provisions authorizing a trial by jury in such actions at the request of either party. This amendment was predicated primarily, if not exclusively, upon the historical ground that it would be a departure from long-standing precedents if a jury trial were permitted in an action against the Government itself.

On the same day it amended and passed S. 252, however, the House approved another bill (H. R. 4401) which would permit actions to recover such taxes against former collectors or against directors or former directors of Internal Revenue to be brought in the district of the taxpayer's residence. Inasmuch as jury trials have always been permitted in such actions, and as the Government of the United States defends those suits and pays any judgment entered against the defendant therein, the effect of the enactment of H. R. 4401 would be similar to that of S. 252. That is, each bill would permit actions for the recovery of taxes erroneously or illegally assessed or collected to be brought in the district court of the taxpayer's residence, with right of trial by jury.

The House conferees have concluded that to accomplish this desirable result through continued preservation of the fiction that the action is against an individual (i. e., the director or former director or former collector of Internal Revenue)—rather than against the Government itself—is unwarranted. The conferees believe it to be the better practice to grant taxpayers a direct action against the United States, as the Senate bill provides, without compelling taxpayers to forego the right of trial by jury, which they now can obtain in an action against a former collector or director. While it is most unlikely that juries in such cases are fooled into thinking the defendant collector or director himself is required to pay any such judgment out of his own funds, any legal fiction which might result in placing such an unfair burden upon the taxpayer-plaintiff deserves to be stricken from our law. The House conferees have therefore discarded the reasoning that it would be a harmful precedent to permit jury trials in cases of this class. There appears to be no more danger of excessive jury verdicts in cases where the Government itself is sued than in cases where the collecting officer of the Government is sued. In either case recovery is limited to the amount of taxes erroneously or illegal collected. It is therefore the conclusion of the House conferees that the Senate bill, in granting jury trials in actions of this nature by express statutory provisions rather than by use of a legal fiction, is the more desirable method.

Although the conference committee did not have before it the bill H. R. 4401, in view of the approval given by the House through its action on that bill to the principle of a jury trial in actions by taxpayers to recover income taxes illegally or erroneously collected, the managers on the part of the House feel further justified thereby in acceding to the Senate bill which applies this accepted principle of a jury trial to similar actions authorized therein to be brought against the Government itself.

KENNETH B. KEATING,
S. J. CRUMPACKER,
E. E. WILLIS,
Managers on the Part of the House.

The SPEAKER. The question is on the conference report.

The conference report was agreed to, and a motion to reconsider was laid on the table.

MAKING BAIL JUMPING A SEPARATE CRIME

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 633 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 8658) to amend title 18, United States Code, to provide for the punishment of persons who jump bail, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Virginia [Mr. SMITH], and at this time I yield myself such time as I may consume.

Mr. Speaker, I rise to urge the adoption of House Resolution 633 to provide for the consideration of the bill H. R. 8658, to amend title 18, United States Code, to provide for the punishment of persons who jump bail.

House Resolution 633 provides for an open rule, waiving points of order and 1 hour of general debate.

H. R. 8658 proposes to make bail jumping a separate Federal offense and to provide adequate and appropriate penalties for bail jumping. It is hoped that by making bail jumping a separate Federal offense that this will act as a deterrent to the practice itself.

Specifically, H. R. 8658 would set up a new section in title 18 of the United States Code which would provide that whoever having been admited to bail fails to appear at the specified time and continues to fail to appear for 30 days following the forfeiture of the bail shall incur the penalties provided for in this bill.

The report on this bill indicates that the 30 days during which the bail jumper may appear is a period of grace, and would eliminate the possibility of failure to appear because of misunderstanding, accident or sickness.

The bill would provide different penalties for bail jumping, depending upon the seriousness of the offense involved. For example, if the bail was granted in connection with a charge of a felony or pending appeal or certiorari after conviction of an offense, the penalty for jumping bail would be a fine of not more than $5,000 or imprisonment for more than 5 years, or both.

On the other hand if the bail was given in connection with a charge of a misdemeanor or for appearance as a witness, the person jumping bail shall be fined not more than $1,000 or imprisonment of not more than 1 year, or both.

I think that we all will recognize that in recent years there has been a flagrant abuse of the privilege of obtaining bail. Many people have abused it by either hiding out for long periods of time before they were recaptured, fleeing the country entirely or just evading capture for a short time. In any event it seems to me that something should be done to make sure that this practice of bail jumping will be kept down to the bare minimum and I think this should be a very effective way to do just that.

I hope that the rule will be adopted and that the bill itself will pass.

Mr. SMITH of Virginia. Mr. Speaker, I know of no opposition to the rule or to the bill.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER. The question is on the resolution.

The resolution was agreed to.

Mr. KEATING. Mr. Speaker, I ask unanimous consent that the bill, H. R. 8658, be considered in the House as in the Committee of the Whole.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. KEATING]?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That chapter 207 of title 18, United States Code, is amended by inserting, immediately following section 3145 of such chapter, a new section to be designated as section 3146 and to read as follows:

"§ 3146. Jumping bail

"Whoever, having been admitted to bail for appearance before any United States commissioner or court of the United States, incurs a forfeiture of the bail and willfully fails to surrender himself within 30 days following the date of such forfeiture, shall, if the bail was given in connection with a charge of felony or pending appeal or certiorari after conviction of any offense, be fined

not more than $5,000 or imprisoned not more than 5 years, or both; or, if the bail was given in connection with a charge of committing a misdemeanor, or for appearance as a witness, be fined not more than $1,000 or imprisoned not more than 1 year, or both.

"Nothing in this section shall interfere with or prevent the exercise by any court of the United States of its power to punish for contempt."

SEC. 2. The analysis of chapter 207 of title 18, United States Code, immediately preceding section 3141 of such title, is amended by adding the following new item:

"3146. Jumping bail."

Mr. KEATING. Mr. Speaker, I heartily support this bill, and I was very much surprised when it was pointed out to our committee on behalf of the Department of Justice that there has been no Federal statute on this subject heretofore. The bill is patterned more or less on our bail-jumping statute in the State of New York which has been in force for more than a quarter of a century.

We have recently had several dramatic demonstrations that the mere posting of cash bond is not enough to hold important members of the Communist conspiracy. Four of the eleven Communist big shots who were convicted in the Dennis case jumped their bail pending the appeal to the Supreme Court, and two of them are still at large. And, of course, it will be remembered that if he had not jumped bail, Gerhardt Eisler would probably be serving a sentence in this country instead of holding the very high post he is now supposed to have in the Communist hierarchy in East Germany.

And these notorious cases are by no means the whole problem, Mr. Speaker. Bail is a very useful and proper substitute for holding an accused person, or a convict pending his appeal, in confinement. It is valuable in the ordinary course of administering justice in our courts, and it often prevents unnecessary hardship on persons who are ultimately vindicated and found to be not guilty. It is thus really a concession, or a favor, extended by the authority of the courts. And thus when anybody who has the benefit of it turns around and breaks faith and disappears, he ought to be punished. He has certainly committed a separate crime, in offending the dignity of the court and taking advantage of the laws. It seems entirely proper to make him answerable for this, as a separate offense, punishable in direct relation to the gravity of the primary offense in the case.

Mr. POFF. Mr. Speaker, the bill before the committee for debate, in its simplest terms, would make it a separate crime for a Federal criminal to jump bail. If a Federal defendant, having been admitted to bail for appearance before a Federal court or commissioner, fails to appear, forfeits that bail and willfully fails to surrender himself within 30 days, he will be subject to certain criminal penalties specifically described in the bill. If bail was originally given in connection with a felony charge, the penalty is up to but not more than $5,000 and imprisonment up to but not more than 5 years, either or both. The same penalty would apply if the defendant jumped bail after conviction of any offense, whether a felony or misdemeanor. If bail was given in connection with a misdemeanor charge, the penalty would be up to but not more than $1,000 or imprisonment up to but not more than 1 year, either or both. The same penalty would attach to a defaulting witness under bail in a Federal criminal case. The punishment fixed by this act would not in any way restrict the power of the court to punish for contempt.

A law very similar in nature has been on the statute books of the State of New York at the recommendation of the State Crime Commission since the year 1928, and section 189 (c) of the Criminal Code of Canada is very similar in purport and effect. Experience under these two statutes has proved that their existence operates as a decided deterrent to prisoners who are otherwise willing to forfeit their money bond in exchange for their personal freedom.

The bill before the committee today has the full approval and recommendation of the Attorney General and the Department of Justice. Their records disclose that during the first 10 months of fiscal year 1954, a total of 141 Federal criminals at liberty under bail chose to forfeit their bond and avoid justice. Of this number, only 36 were later apprehended. But the case which immediately pointed up the desirability of such legislation was the case of *Dennis et al.* v. *United States* (341 U. S. 494). After conviction of all of the 11 principal defendants in the Dennis case, 4 of them were set at liberty pending appeal and certiorari to the Supreme Court on bail of $20,000 each. After their convictions were affirmed by the Court in 1951, they failed to surrender themselves to custody. One of them, Gus Hall, was captured about 3 months later near the Mexican border at Laredo, Tex., and another, Robert Thompson, was not apprehended until August 1953, when the FBI found him in a remote hideout in the Sierra Nevada Mountains in California. The $80,000 bond posted by the Communist Party meant nothing to the Reds compared with the value of their trained henchmen. Had this law been on the books, these American traitors, with a penitentiary sentence staring them in the face, would not have been so eager to forfeit their bonds and flee justice. The deterrent would be even more effective with respect to Federal defendants under indictment awaiting trial in the district courts.

Another case of recent occurrence which would have been affected by this act was that of Gerhardt Eisler, who, after being convicted in a New York court and a Washington court, forfeited his bail and stowed away on the Polish steamer *Batory*. When he landed in England, extradition proceedings were instituted but it was determined that the substantive offense of which Eisler had been convicted did not come within the extradition treaty with England.

It will be seen that the bill provides a period of grace of 30 days after forfeiture of the bond. Frequently, by reason of honest mistake or uncontrollable physical circumstances, there may be justifiable delay in a particular case. To make the offense mature upon the instant of the forfeiture of the bond would work an undue hardship on the defendant and might possibly load the court's docket with frivolous cases. Moreover, the running of the 30-day period will create a legal presumption of criminal intent which could be overthrown only by proof on the part of the defendant that his failure to appear was not willful. In other words, even after passage of the 30-day period, the district attorney will have to bear the burden of proving that the defendant willfully and knowingly failed to surrender himself at the proper time in accordance with the provision of his bill.

During the course of the committee hearings, the constitutional question of double jeopardy was raised. The committee is definitely of the opinion that the defense of double jeopardy to a bail-jumping charge could not be successfully maintained. The legislative body has the power to create as many separate and distinct types of crime and as many gradations thereof as it, in its wisdom, deems advisable. The offense of bail jumping would be whole and complete unto itself and, except for the determination of the gravity of the penalty, entirely disassociated from the substantive charge in connection with which bail was granted. Conviction of the separate crime of bail jumping would require probative evidence of a separate and distinct criminal intent to violate the terms of a separate and distinct statute, together with proof of separate and distinct overt criminal acts. Disposition by the court of the two separate offenses would be mutually exclusive, one of the other. Conviction of one would not necessarily result in conviction of the other and acquittal of one would not necessarily result in acquittal of the other. More succinctly, our whole body of criminal law is necessarily founded upon the premise that every citizen is presumed to have knowledge of the existence of all criminal statutes and violates them at his own risk.

With respect to the question of double jeopardy, this new crime of bail jumping has a close analogy in the law in the so-called escape statute, title 18, chapter 35, United States Code, section 751:

Whoever escapes or attempts to escape from the custody of the Attorney General or his authorized representative, or from any institution in which he is confined by direction of the Attorney General, or from any custody under or by virtue of any process issued under the laws of the United States by any court, judge, or commissioner, or from the custody of an officer or employee of the United States pursuant to lawful arrest, shall, if the custody or confinement is by virtue of an arrest on a charge of felony, or conviction of any offense, be fined not more than $5,000 or imprisoned not more than 5 years, or both; or if the custody or confinement is for extradition or by virtue of an arrest or charge of or for a misdemeanor, and prior to conviction, be fined not more than $1,000, or imprisoned not more than 1 year, or both (June 25, 1948, ch. 645, sec. 1, 62 Stat. 734, effective Sept. 1, 1948).

This statute in effect provides that a Federal defendant incarcerated pending

trial or following a conviction shall be subject to certain penalties if he escapes or attempts to escape from custody. The crime of escaping from custody, while in some degree associated with the substantive offense which brought about imprisonment, is a completely separate and distinct crime. Prosecution under the escape statute has never been subject to the defense of double jeopardy, and there is no reason to assume that prosecution under this new bail-jumping statute would be subject to that defense.

Incidentally, it will be noticed that the penalties provided in the escape statute are identical with those specified in the bail-jumping statute and are graduated according to the gravity of the substantive offense to which the secondary offense is related.

In committee, the question was also raised as to whether the act would be applicable to bail jumpers in cases within the jurisdiction of the municipal court of the District of Columbia. The Department of Justice and the Judiciary Committee have concluded that this new bail-jumping statute would not apply to such cases. The bill applies only to persons admitted to bail for appearance before any United States commissioner or court of the United States. Section 451 of title 28, United States Code, provides that the term "court of the United States" includes "any court created by act of Congress, the judges of which are entitled to hold office during good behavior." Under District of Columbia Code, 1951, sections 11–952 and 11–953 et sequentes, judges of the municipal court of the District of Columbia are appointed, not during good behavior, but for a term of years. Moreover, in the case of *United States* v. *Mills* (11 App. D. C. 500, 507), the court held as follows:

> The police court of the District of Columbia * * * although a court of the United States, is not a court of the United States in the sense of the Federal Constitution—

That is a constitutional court under article III as distinguished from a legislative court—

> and there is no reason for giving to the same expression in a statute a broader meaning than is given to it in the Constitution. In fact, when there is mention of the courts of the United States in any statute, we may certainly assume that only the courts of general jurisdiction intended by the Constitution are meant, unless there is special reason to be deduced from the context of the statute for giving to the expression a different meaning.

Accordingly, inasmuch as the municipal court for the District of Columbia is not a court of the United States, bail orders for appearance before the municipal court for trial of an offense cognizable before it are not within the terms of the bill. However, a bail order of the municipal court for appearance in the district court of the District of Columbia does come within the terms of the bill.

With respect to traffic violations in the District of Columbia, the present practice is for the defendant to post collateral in the police precinct covering the fine which will likely be imposed. Instead of appearing for trial, the traffic violator simply forfeits his collateral in payment of the fine. It was feared that this practice might invoke application of the new bail-jumping statute. The Department of Justice and the committee have concluded otherwise. Under section 23–101 of the District of Columbia Code, 1951, violations of police or municipal ordinances—where the maximum penalty is a fine or imprisonment for less than 1 year—are prosecuted not in the name of the Federal Government, but in the name of the District of Columbia by the Corporation Counsel. Moreover, in the case of *District of Columbia* v. *Moyer* (68 App. D. C. 98, 93 F. 2d 527), it was held that all prosecution for violation of the District of Columbia Traffic Act should be prosecuted in the name of the District by the Corporation Counsel. This, together with the fact that the municipal court is not a court of the United States, as discussed above, means that the defendant is not strictly a Federal defendant and traffic violations within the District of Columbia do not come within the purview of the new bail-jumping statute.

The question was also raised as to whether the new statute would apply to offenses tried before National Park Commissioners. The terms of the bill relate only to felony or misdemeanor charges. National Park Commissioners have trial jurisdiction only over small crimes embraced within the terms of the "petty offenses" statute, section 3401, title 18, United States Code. A petty offense is one carrying a penalty of less than 6 months in jail—without hard labor—or a fine less than $500, or both. For that reason, the bill does not apply to bail for appearances before a National Park Commissioner for trial of a petty offense. However, it would apply to appearances before a Commissioner sitting as a committing magistrate on a felony or misdemeanor charge and to a bail order of a Commissioner requiring appearance on a felony or misdemeanor charge in a District Court.

The question has also been raised as to the extent of the penalty on a bail-jumping offense when the original substantive charge to which the bail was related was a felony, such as burglary, and the conviction on that charge was a misdemeanor, such as petty larceny. Assuming that all of the components of the bail-jumping offense can be established, the penalty on the bail-jumping offense would be up to $5,000 or imprisonment for not more than 5 years, or both. This would be true even if, in the hypothetical case, the defendant should be completely acquitted on the substantive charge. His bond was posted "in connection with a charge of felony" and was fixed only after a prima facie case on the felony charge had been made. Having knowledge of the existence of the bail-jumping statute and its penalties and having wilfully violated its terms, he has committed a crime even though he may actually be innocent on the original substantive charge.

Mr. Speaker, this legislation is a small but a vitally important part of the Attorney General's overall antisubversion program. I hope that the committee will see fit to provide him with this new tool to do his job.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. McCULLOCH. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days to extend their remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

EXTENSION OF REMARKS

Mr. VURSELL. Mr. Speaker, I ask unanimous consent that in my withheld speech of yesterday I may include certain statistics and that they may be printed in tabular form as indicated in the manuscript.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CUSTOMS DUTY ON HARDBOARD

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 650 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9666) to amend section 1001, paragraph 412, of the Tariff Act of 1930, with respect to hardboard, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. It shall be in order to consider without the intervention of any point of order the substitute amendment recommended by the Committee on Ways and Means now in the bill. No other amendment to the bill or committee substitute shall be in order except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding, but such amendments shall not be subject to amendment. At the conclusion of such consideration, the Committee shall rise and report the bill to the House, with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Mississippi [Mr. COLMER], and I yield myself such time as I may require.

Mr. Speaker, I rise to urge the adoption of House Resolution 650 which will make in order the consideration of the bill H. R. 9666, to amend section 1001, paragraph 412, of the Tariff Act of 1930, with respect to hardboard.

House Resolution 650 provides for a closed rule, waiving points of order, and would provide for the consideration of the committee substitute amendment without the intervention of any point of

order. No amendment may be ordered to the bill or the committee substitute except amendments offered by direction of the Committee on Ways and Means. One hour of general debate is allowed on the bill.

H. R. 9666 proposes to classify what has become generically known as hardboard under paragraph 412, the "Wood and manufactures of" schedule, of the Tariff Act of 1930.

Specifically, Mr. Speaker, this bill contains a simple description of hardboard which will be easier to administer and more clearly cover hardboard in all its forms.

The second major provision in this bill would be to provide that the 16⅔ percent ad valorem rate, which is the reduced rate in the Tariff Act of 1930 for similar articles, would apply in the case of hardboard instead of the 33⅓ percent rate which is the full rate specified for similar articles in the tariff act.

Mr. Speaker, this bill, however, specifies that Communist countries will not be able to take advantage of this reduced rate, but will have the full 33⅓ percent ad valorem rate applied to their exports.

The last major provision in this bill is that the effective date provision is changed to make it conform with the customary effective date provision for bills of this type.

Mr. Speaker, the members of the Committee on Ways and Means have given a great deal of attention to this subject and I hope that the rule will be adopted by the House membership.

Mr. COLMER. Mr. Speaker, I yield myself such time as I may require.

Mr. Speaker, in view of the lateness of the hour and the apparent desire of the House to adjourn, I shall not make any extended remarks on this resolution making in order the consideration of H. R. 9666. I am very happy to handle the resolution on the minority side because of my keen and intense interest in the bill. In fact, Mr. Speaker, while this bill was reported out in the name of the gentleman from California [Mr. UTT], companion bills were introduced by the gentleman from California [Mr. SCUDDER] and myself. Since the gentleman from California [Mr. UTT] is a member of the Ways and Means Committee which reported this bill, it was quite proper and appropriate and in line with custom that his bill be reported. It is not a question of authorship. The pride I take in the bill is that it secures the end sought.

Briefly, Mr. Speaker, the bill would amend section 1001, paragraph 412 of the Tariff Act of 1930 with respect to hardboard. Its purpose is threefold.

First, it would take hardboard out of the classification of paperboard and pulpboard where it is now classified for tariff purposes and place it under its proper classification of wood and wood products.

Second, since paper and paper products are under a lower tariff or duty than wood and wood products, the bill would raise the tariff on hardboard.

Thus, thirdly, the domestic hardboard industry would be given protection from the importation of competing hardboards from foreign countries which are currently flooding the domestic market. The result of this flooding is that our domestic industry is having its own production curtailed with the resultant loss to the manufacturer, the wage earner, and the general economy of our country.

Specifically, under the present classification of paperboard and pulpboard, the duty on imports is $7.25 per short ton, but not less than $7.50 nor more than 15 percent ad valorem. Under our bill, the duty would be 16⅔ percent with the limitation that this rate may not be reduced through trade agreements. It is further provided that hardboard produced in any nation or area designated under section 5 of the Trade Agreements Extension Act of 1951 as being Communist-dominated or controlled will, however, be dutiable at the rate of 33⅓ percent.

Mr. Speaker, the following table shows the total United States imports from the three countries of Sweden, Finland, and Canada of all types of board under the paperboard and pulpboard classification for the years 1952 and 1953. The first-quarter 1954 statistics are segregated as indicated in the source note.

Paperboard, pulpboard not elsewhere specified, cardboard, and leatherboard or compress leather, plate-finished, supercalendered, or friction calendered, laminated by means of an adhesive substance, coated, surface stained or dyed, lined or vatlined, embossed, printed, decorated, or ornamented in any manner: United States imports for consumption, by principal countries, 1952 to January–March 1954

Country	Quantity	Foreign value
	Pounds	
Sweden:		
1952 [1]	4,200,157	$278,691
1953 [1]	18,207,300	788,591
1954 (January–March): [1]		
Hardboard	4,571,001	178,171
Other	759,883	36,230
Finland:		
1952 [1]	5,961,920	372,544
1953 [1]	14,486,333	746,970
1954 (January–March): [1]		
Hardboard	2,426,067	79,915
Other	1,315,176	88,252
Canada:		
1952 [1]	13,627,437	1,106,409
1953 [1]	14,566,204	1,129,577
1954 (January–March): [1]		
Hardboard	1,009,405	76,687
Other	363,062	32,973
All other countries:		
1952 [1]	478,083	54,429
1953 [1]	957,211	72,745
1954 (January–March): [1]		
Hardboard	11,460	512
Other	25,510	6,982
Total:		
1952 [1]	24,267,597	1,812,073
1953 [1]	48,217,048	2,737,883
1954 (January–March): [1]		
Hardboard	8,017,933	335,285
Other	2,463,631	164,437

[1] Preliminary.

Source: Official statistics of the U. S. Department of Commerce, except that separation of hardboard and other board for month of January 1954 is based on invoice analysis by Tariff Commission.

These large imports have affected the American production considerably. In fact, it has resulted in the curtailment of American production for the domestic market. This, of course, has resulted in a substantial loss to our economy in the way of profits, wages, the purchasing power of our people, not to mention a substantial loss of revenue to the Federal Government in the form of taxation. Mr. Speaker, in my own congressional district where the finest quality of all the hardboards, Masonite, originated, the effects of these imports have been substantial. The whole economy of Jones and several adjoining counties in south Mississippi have been the losers as a result of these imports. I realize the importance of good and friendly relations with foreign nations, the argument always advanced by the State Department and the internationalists when these questions arise. I have only the kindliest feeling for the people of these countries, but I call your attention to the fact that we have contributed untold millions to these people in the way of foreign aid. But, I ask you, my colleagues, how in the name of commonsense we can continue indefinitely to give these countries financial aid and at the same time permit them to flood our American market with competitive products produced with cheap labor? Certainly no sane person can argue that we can keep sending the taxpayers' money to these countries, while at the same time destroying our own industries who produce the tax money to be sent them. Moreover, how can we maintain the high standard of the American wage earner by permitting these products, the result of cheap foreign labor, to destroy our domestic markets? It just does not make sense.

Mr. Speaker, there is no opposition on this side of the aisle to the adoption of this rule. I certainly hope that when the bill is considered tomorrow or the next day that there will be no opposition to the bill itself. There certainly should not be. I repeat—it is a simple bill to correct an erroneous classification while at the same time granting protection sorely needed by our American industry.

Mr. COLMER. Mr. Speaker, I have no further requests for time.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

PUBLIC WORKS ON RIVERS AND HARBORS

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 643 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9859) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Public Works, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill

and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Mississippi [Mr. COLMER] and yield myself such time as I may consume.

Mr. Speaker, I rise to urge the adoption of House Resolution 643, which will make in order the consideration of the bill H. R. 9859, authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes.

House Resolution 643 provides for an open rule, waiving points of order with 2 hours of general debate.

Mr. Speaker, as the report on H. R. 9859 points out this is the first omnibus river and harbor and flood control bill that the Congress has had before it since 1950. The Committee on Public Works has conducted hearings on more than 85 river and harbor projects, 22 beach erosion projects and more than 40 flood control projects.

Naturally since quite a period of time has elapsed since the last bill of this nature was before us, the Committee on Public Works had a great many projects up for consideration. The Corps of Engineers, Department of the Army, testified on all the projects that have been included in H. R. 9859.

Mr. Speaker, the total of the present bill is less than $1 billion and the report makes a point of stating that all previous bills on this subject, except for the emergency bill of 1948, authorized considerably more than $1 billion. I should point out that this applies to the bills during the last 10 years only.

I do not think that there can be any serious opposition to the general ideas contained in this bill. Every Member here knows that the continuation of an orderly program of public works is vital to the conservation and improvement of our national resources. Over the years some tremendously successful projects have been initiated and carried through to the advantage of the whole country. When you consider the value of these projects in the light of the economic wealth that they have created throughout the Nation, the price seems small indeed.

I hope that the House membership will see fit to adopt the rule and that the bill will pass.

Mr. COLMER. Mr. Speaker, I have no requests for time.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to. A motion to reconsider was laid on the table.

DAMAGE CLAIMS AT TEXAS CITY, TEX.

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 651 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9785) to provide a method for compensating claims for damages sustained as the result of the explosions at Texas City, Tex., and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Judiciary, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I rise to urge the adoption of House Resolution 651 which will make in order the consideration of the bill H. R. 9785, to provide a method for compensating claims for damages sustained as the result of the explosions at Texas City, Tex.

House Resolution 651 provides for an open rule, waiving points of order with 1 hour of general debate.

Specifically H. R. 9785 would, if enacted into law, direct the Secretary of the Army to investigate and settle claims insofar as they relate to the determination of the amount of damages suffered by each claimant because of property damage, death, or personal injury or because of subrogated insurance payments resulting from the explosions.

The bill also requires claimants to submit their claims in writing to the Secretary of the Army within 180 days and on the other side the Secretary of the Army is required to prescribe rules of procedure within 60 days thereafter and to adjudicate and determine the individual claims within 12 months of their submission.

H. R. 9785 also specifies that the law of Texas, unless otherwise provided for in the bill, shall govern the Secretary in carrying out his duties under the provisions of the act. No claim is to be approved for payment in an amount in excess of $10,000.

In addition to the above-mentioned provisions the bill specifies that amounts paid on death claims shall not, because of the limitation of $10,000 in section 4, be subject to insurance subrogation claims in any respect.

According to the report on this bill, however, the Secretary when determining the payments to be made to compensate for injury or personal property losses, will take into consideration the insurance benefits previously paid on these losses by insurance companies. The Secretary, if the bill becomes law, would also approve for payment, claims of subrogated insurers in sums not to exceed 50 percent of the amounts paid out by said companies to beneficiaries.

The bill finally provides that all settlements made under the terms laid down in H. R. 9785 shall be in full discharge of all claims against the Government of the United States.

Mr. Speaker, I have very briefly outlined some of the major provisions contained in this bill. There are numerous other smaller points which, no doubt, will be brought out later. However, the point I want to make here, and the only point I want to make, is that the Government of the United States was definitely at fault and definitely negligent in the handling of these highly dangerous fertilizers. I think that there can be little disagreement that the United States should make some settlement on the people who were the unfortunate and innocent victims of this disaster. I hope that the rule will be adopted on this bill and that the bill will pass.

Mr. Speaker, I yield the gentleman from Virginia [Mr. SMITH] 30 minutes.

Mr. SMITH of Virginia. Mr. Speaker, I have no objection to the passage of the rule and I have no desire to consume any time.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

INCREASING BORROWING POWER OF COMMODITY CREDIT CORPORATION

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 644 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9756) to increase the borrowing power of Commodity Credit Corporation. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH], and yield myself such time as I may desire.

Mr. Speaker, I rise to urge the adoption of House Resolution 644, which will make in order the consideration of the bill, H. R. 9756, to increase the borrowing power of Commodity Credit Corporation.

House Resolution 644 provides for an open rule with 1 hour of general debate on the bill.

Mr. Speaker, H. R. 9756 proposes to increase the borrowing authority of the Commodity Credit Corporation from $8.5 to $10 billion, in order that the corporation may be able to carry out existing commitments that the Government has made for price supports on 1954 crops until at least January 1955.

As we all know, the Commodity Credit Corporation also operates a storage facilities program, a commodity export program, and a supply and foreign purchase program.

According to the report on this bill, Mr. Speaker, a number of factors have contributed to the present situation. First of all prices of farm products declined sharply from May to June of this year. However it is anticipated that they will remain relatively stable for the rest of the year.

Secondly, another big crop is expected to be harvested in the United States this year, and the reductions in cotton, corn and wheat allotments did not cause any appreciable diversion of acreage out of crops.

A third very important factor in this Commodity Credit Corporation problem is that we still have not developed a sufficiently comprehensive plan for disposing of butter, cheese, and dried nonfat milk without having it entail large expenditures and losses.

The final important factor is that larger percentages of the 1953 crops of several major commodities were placed under price support than had been anticipated.

I think these developments in recent months explain just why this increase in the borrowing power of the Commodity Credit Corporation is felt to be necessary. I hope that the House membership will see fit to adopt the rule on this bill.

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Speaker, H. R. 9756 would increase the borrowing power of the Commodity Credit Corporation by $1.5 billion to $10 billion. The Commodity Credit Corporation is perhaps the most important of all the agencies of the United States Government in maintaining the economic health of the Nation, and, of course, particularly that of the farmers. It is the instrumentality through which the Government extends price support on farm commodities, in accordance with existing legislation, by making loans, purchase agreements, and purchases.

At the present the Corporation has a borrowing power of $8.5 billion. This means that Congress has placed a limit of $8.5 billion on the amount the Corporation may owe the United States Treasury or banks at any one time. The limit applies to the sum of actual borrowings and obligations on the part of the Corporation to reimburse banks for CCC loans. Such banks make loans with their own funds as lending agencies of the Corporation.

Although we placed this limit on the Corporation's financial resources, we have by laws which we have passed directed the Corporation to carry out price-support operations for farmers. We have said that the Corporation shall carry out these operations because we recognize clearly the key importance of a sound and prosperous farm economy to the prosperity of the Nation as a whole.

Increased borrowing power of the Corporation is necessary to provide a margin of safety to assure continuance of its operations. If it is not needed, it will not be used.

Larger percentages of the 1953 crops of several major commodities were placed under price support than expected. In several instances the percentage was higher than ever before.

For the major crops, for which the larger part of the borrowing power is used, the level of support prices applicable to the 1954 crop price-support operations are those fixed by existing law. The Corporation has no control over the quantity that may be offered to it for price support.

A good deal of unfavorable publicity has been given both as to the cost of the price-support program and the size of our agricultural surplus. It is true that the Federal Government has loaned out between $6 and $7 billion to farmers who have pledged their crops as security. Much of this money will be returned to the Government when the farmers sell their crops. These crops consist of about a year's supply of wheat, a few months' supply of corn and cotton, some cottonseed oil, and a few weeks' supply of butter, cheese, and dried milk. Viewed against a background of 165 million Americans, these stocks are not large—only about $40 per capita. Two or three years of drought—as in the 1930's—would wipe out our surpluses. Twice in 15 years similar surpluses have proven strategic reserves in a national emergency.

Over a span of more than 20 years, from October 17, 1933, to December 31, 1953, the losses suffered in connection with the price-support program for basic commodities—cotton, corn, wheat, rice, peanuts, and tobacco—were $63,567,684. By supporting cotton the Government made a profit of $268,267,506. Tobacco netted a profit of $1,688,874. Relatively small losses, considering the size of the program, were experienced on corn, wheat, and peanuts.

The large losses experienced by the Commodity Credit Corporation in its price-support program have been experienced on supporting the nonbasic commodities. The loss on the nonbasic commodities was approximately $1,250,000,000. Almost half of a billion dollars was lost in supporting Irish potatoes. This is a program on which I always had a great deal of reservation. As you know, this program was terminated several years ago. Price supports on eggs cost the Government almost $200 million. Eggs are no longer being purchased. During the war, as an emergency wartime program, the Commodity Credit Corporation undertook to stimulate production of flax in order to assure this country of an adequate supply of linseed oil. The cost of this program amounted to approximately $100 million. I believe that the results of the flax program justified this expenditure for national defense.

Even with losses on these items, the actual cost to the American taxpayer of the farm-support program since its inception has averaged only 35 cents per person per year. This is mighty cheap famine insurance.

Now, Mr. Speaker, I should like to address my remarks to some of my urban colleagues who have been critical of the price-support program. For the past 3 years the American farmer has experienced a steady decline in income. In 1953 net farm income was about 7.5 percent below that of 1952. The welfare of the American economy is directly related to the prosperity of the American farmer. The farmer is one of the largest consumers of the products of industry. Farmers, for example, use annually more steel than the passenger-automobile industry—7 million tons of finished steel; more petroleum than any other industry—16½ billion gallons of crude; rubber enough to put tires on 6 million automobiles—320 million pounds of raw rubber; and enough electric power to supply Chicago, Detroit, Baltimore, and Houston.

Throughout our history economic downturns in our economy have first appeared upon the farm. When farm prices fall, farmers tighten their belts. They cut their purchases of household goods, of farm equipment, and supplies. Business on a thousand small-town main streets languishes. Soon manufacturers of goods used by farmers start to cut back. They lay off workers, who have to tighten their belts. They buy less bread and milk, fewer shirts and sheets. And farm prices go still lower. I fear that we may now be following this tragic pattern. Industry production, as measured by the Federal Reserve Board index, has declined from 136 in June 1953 to 124 in June 1954. Unemployment has reached 3.5 million. Much of this business decline and unemployment is centered in industries which must depend on the farmers for a substantial percentage of their market. In light of these facts, I believe that it was exceedingly shortsighted for this House to vote to end 90-percent mandatory price supports. I feel that the stand of the Secretary of Agriculture against mandatory price supports is exceedingly unwise.

It is the contention of the opponents of mandatory price supports that they raise prices for the consumers. That is not the case. Farm prices bear little relation to retail food prices. Since 1947 farm prices have fallen from 115 percent of parity to 90 percent of parity. Retail food prices have not retreated at all. In 1947, the farmer received 51 cents of the consumer's food dollar; in 1953, his share was 44 cents. The difference was absorbed by middlemen.

Despite price supports, an average city worker can buy more food with an hour's wages today than in 1914. A few comparisons:

	1914	1953
Bread.....pounds..	3.5	10.7
Butter.....do....	.6	2.2
Pork chops.....do....	1.0	2.0
Eggs.....dozens..	.6	2.7
Potatoes.....pounds..	12.8	31.8
Round steak.....do....	.9	2.0

In closing I should like to quote from the unanimous bipartisan report of the Joint Committee on the Economic Report:

Whatever the merits of flexible supports and modern parity may or may not be as a long-run program it is questionable whether their contribution at this time will act to sustain farm income in the months immediately ahead when the threat to our economic stability is so generally recognized.

On the contrary, it seems more likely that the proposed shift to "Modernized parity" at this particular time would be an unnecessary disrupting factor.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

EXPORT-IMPORT BANK OF WASHINGTON

Mr. ALLEN of Illinois. Mr. Speaker, I call up House Resolution 645, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 3589) to provide for the independent management of the Export-Import Bank of Washington under a Board of Directors, to provide for the representation of the Bank on the National Advisory Council on International Monetary and Financial Problems and to increase the Bank's lending authority. After general debate, which shall be confined to the bill, and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. ALLEN of Illinois. Mr. Speaker, I yield 30 minutes to the gentleman from Virginia [Mr. SMITH], and yield myself such time as I may desire.

Mr. Speaker, I rise to urge the adoption of House Resolution 645 which will make in order the consideration of the bill, S. 3589, to provide for the independent management of the Export-Import Bank of Washington under a Board of Directors, to provide for the representation of the bank on the National Advisory Council on International Monetary and Financial Problems and to increase the bank's lending authority.

House Resolution 645 provides for an open rule with 1 hour of general debate on the bill itself.

Mr. Speaker, S. 3589 reaffirms the status of the Export-Import Bank as an independent agency of the United States.

The bill would provide for the appointment of a president and a first vice president of the Export-Import Bank by the President by and with the advice and consent of the Senate. The president of the bank would receive a salary of $17,000 annually and the vice president would receive $16,000.

In addition to the above provisions a five-man board of directors would be created and this board would have the full responsibility for the policies and management of the bank.

A nine-member advisory committee, chosen by the Board of Directors from production, commerce, finance, agriculture and labor is created by the bill to advise with the bank on its program.

The bill also provides that the President of the Export-Import Bank will become a member of the National Advisory Council on International Monetary and Financial Problems.

Finally the present lending authority of $4½ billion is increased by $500 million which brings the loan limit up to $5 billion.

Mr. Speaker, the report on this bill emphasizes the points that the bank is designed to give to businesses of the United States, no matter what their size, adequate facilities for financing and facilitating our trade in world markets, and it specifies that there should be no limitation upon the lending authority of the bank with regard to the term of loans or the authority of the bank to make loans for development purposes.

Mr. Speaker, this bill is designed to help the business interests in the United States acquire a larger share of the world trade market. It has been carefully and thoroughly studied by the members of the Committee on Banking and Currency and I think it deserves the favorable consideration of the House. I hope that the rule will be adopted and that S. 3589 will be enacted into law.

Mr. SMITH of Virginia. Mr. Speaker, I yield such time as he may desire to the gentleman from Georgia [Mr. BROWN].

Mr. BROWN of Georgia. Mr. Speaker, I wish to make a few remarks in support of this bill to strengthen the Export-Import Bank. The 24-year history of this great American institution in the banking field is without parallel as a success story. Over this 24-year period the bank has authorized from its own resources loans or credits to 56 countries to the extent of some $6.5 billion. Of the total loans made, large repayments have been received, and currently I understand that the outstanding loans approximate $2.9 billion in some 47 countries.

Losses by the bank have been negligible. With the exception of a few development loans made to the Republic of China before the Communists took over on the continent of Asia, the bank's experience in international finance has been remarkable. It is my understanding that, even though the repayments by the Nationalist Chinese are not current, the outstanding balance on these loans is not yet considered to be completely unrecoverable.

The unanimous endorsement for the proposed reorganization of the Export-Import Bank by the Senate, by the House Banking and Currency Committee, by the administration, and by the various business and agricultural groups testifying on this bill before the Senate and House Banking and Currency Committees indicates a strong feeling that this legislation will give substance to the concept of "trade—not aid." A strengthened Export-Import Bank, with additional lending power and with the mandate of congressional approval for more vigorous international financing of worthy economic development projects, should serve as a "shot in the arm" for free enterprise in international trade. Increased availability of funds for foreign investment should help curb the pressure for the type of direct economic aid programs we have authorized in the past, and should substitute a more business-like approach among businessmen that will continue to help our friends abroad to improve their economic position and attain a more secure status in the family of free nations.

As our dollar appropriations for grants-in-aid are being curtailed, it is incumbent upon us to develop alternative means of financing to continue a high level of international trade.

Government action to expand the basis for international financing certainly is not a substitute for private banking institutions in extending foreign credits, but rather it is a necessary adjunct to our private banking system which, by nature, must be more restrictive and selective in making foreign loans; neither is it the intent of Congress that the expanded program of the Export-Import Bank be in conflict with the lending policies of the International Bank for Reconstruction and Development, which concentrates on long-term development loans; rather, it is intended to supplement the World Bank's activities. We must remember that, by its organization and membership, the World Bank is truly an international bank of many nations. The Export-Import Bank, on the other hand, is an American institution, serving directly the needs of the United States economy. Without it, our interests could not be adequately served.

Not to be overlooked are the beneficial effects that this expansion in foreign lending authority will have in our own domestic economy. It will benefit all segments of our economy—industry, labor, and agriculture. It has a vital role to play in building our international trade to a high level.

I am wholeheartedly supporting this legislation, which returns the Export-Import Bank to independent status, restores the bank to membership on the National Advisory Council, reestablishes its Board of Directors, and increases its lending authority by $500 million. On the whole, all of these changes are desirable, and without question the new organization should be much stronger and infinitely more capable of performing its function than under its present direction of a Managing Director, as set forth under Reorganization Plan No. 5 late last year.

Although the bill before the House at this time provides for an advisory committee of nine members, representative of all segments of the economy—industry, labor, and agriculture—I am keenly disappointed that this legislation does not provide a provision for placing the Secretary of Agriculture on the National Advisory Council.

It has been argued that agricultural representation on the bank's advisory committee will give adequate representation to agriculture. I wish that this might be so. It may be, insofar as the operations of the bank itself are concerned.

What is more important, however, is that the Secretary of Agriculture has a very important contribution to make in the development of overall policy in

this whole field of international financial and monetary problems, which is done only by the National Advisory Council. A great proportion of the development loans made by the Export-Import Bank and the International Bank fall directly in the field of agriculture. Many other projects are indirectly related to agricultural development. It seems to me that exclusion of the Secretary of Agriculture from membership on this Nation's principal policy group in the field of international finance is a grave mistake. His judgment and experience should prove of great help to the National Advisory Council, not only in determining Export-Import Bank policy, but in the coordination of our overall policy in all other matters of international finance.

I was interested in an amendment to do just this, but in the rush to push this legislation through before this session is over, it now appears desirable to wait until a latter date. We should give our thoughts to this matter, and since there is apparently no opposition to including the Secretary of Agriculture on this top policy board, we should consider this in future legislation which may be considered.

Mr. ALLEN of Illinois. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

HOUR OF MEETING TOMORROW

Mr. HALLECK. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet at 10 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

Mr. RAYBURN. Reserving the right to object, and I shall not, of course, many Members would like to know the program for tomorrow. What bills are to be called up?

Mr. HALLECK. I have just had a discussion with the chairman of the Committee on Appropriations, the gentleman from New York [Mr. TABER], and I think they will be ready to go on tomorrow with the further consideration of the supplemental appropriation bill. How long it will take to conclude that I do not know.

There is some report in the press that the other body might complete action tonight on the atomic energy bill, and that of course is a matter we want to pass on.

Also, the Committee on Public Works has reported out an omnibus river and harbor bill, in respect to which there is much interest, and that will be on the agenda for consideration.

Of course, the bills made in order by the rules that have just been adopted will also be up for consideration.

Mr. RAYBURN. Which specific bill does the gentleman think will be called after the appropriation bill is disposed of? Will that be the atomic energy bill?

Mr. HALLECK. I cannot say definitely in respect to the atomic energy bill because it is still under consideration in the other body. I should say if action is concluded on that tonight I would prefer to proceed with it immediately following the appropriation bill.

Mr. RAYBURN. If it is not possible to consider the atomic energy bill then, what would be next?

Mr. HALLECK. My present inclination would be to call up the omnibus river and harbor bill. In any event, I shall keep in touch with the gentleman from Texas and keep him informed as best I can of what will be called up.

Mr. RAYBURN. Of course I know the gentleman will do that, but other Members would like to know what may come up.

Mr. HALLECK. I appreciate that, too.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

CARDINAL WYSZYNSKI AND RELIGIOUS PERSECUTION

The SPEAKER. Under previous order of the House, the gentleman from Indiana [Mr. MADDEN] is recognized for 30 minutes.

Mr. MADDEN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include a letter.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. MADDEN. Mr. Speaker, the morning papers announce an armistice entered into by France and the Communists involving Indochina wherein 13 million more human beings in southeast Asia pass under the yoke of Communist slavery. The people of the world are aware that one of the main weapons used by the Communist leaders in the Kremlin is their insidious and well organized attacks against all religions. Communism is fundamentally atheistic and antigod. Communism cannot endure and expand where freedom of religious worship thrives.

As a member of the special committe authorized by this Congress a year ago to investigate Communistic aggression, we have taken testimoney of several hundred witnesses both in this country and Europe, a great number of whom were priests, nuns, ministers, and rabbis, representing all religious denominations. The revelations recorded by our committee outlined in detail the inhuman treatment given leaders of religion by the Communists. Imprisoned clergy received more barbaric brain washing and torture than any atrocities committed in world history.

This week I have received hundreds of petitions containing approximately 20,000 signatures from citizens of East Chicago, Ind., and adjoining area, asking that the case of His Eminence Stefen Cardinal Wyszynski and other priests and religious coworkers under arrest in Poland, be presented to and investigated by the United Nations. The 20,000 signatures of citizens making this request refiect the minds and desires of all freedom loving Christian Americans in the hope that the delegates to the United Nations representing the United States when they meet in New York on September 17, take up for consideration the case of Cardinal Wyszynski as well as other leaders of religion now under arrest in Communist Poland and other countries behind the Iron Curtain.

Whenever the Communists take over a country, they proceed to destroy the old order and systematically and cruelly inflict their tyranny upon leaders of religion. In all representative countries, their main opposition and difficulty has been to curtail and abolish religious thought. Cardinal Wyszynski of Poland along with other church leaders like Cardinal Mindszenty of Hungary, Cardinal Stepinac of Yugoslavia, and hundreds of priests, ministers, and nuns have endured untold torture, brain washing, and communistic cruelty in their fight to preserve their church and religion in these captive countries. Up to now, the representatives of the free countries in the United Nations have neglected and omitted to charge the Communist members of the United Nations with their crimes against representatives of religion. I am today asking the State Department and United Nations Ambassador Henry Cabot Lodge that one of the first things to be considered at the September meeting by the United Nations membership is the unlawful arrest and criminal torture inflicted upon representatives of the church in communistic countries.

In 1948, Archbishop Stefen Wyszynski became the Roman Catholic primate of Poland. Under his church leadership he was polite but firm with civil authorities; he was uncompromising on principles. On the other hand, Communist authorities did not relax their rigid control over the church and their close surveillance over the activities of the church leaders was intensified. Under flimsy pretext or trumped up charges, church leaders were arrested, imprisoned, and in some cases, condemned to death and executed. Six bishops and several hundred priests were imprisoned from Cardinal Wyszynski's diocese. In a sermon denouncing the actions of the Communist police, he narrated the true conditions under which the church was struggling; where priests were not allowed to visit patients in hospitals or prisons. He asked that all true Poles demand justice and fairness in the practice of their religion. This sermon led to the Cardinal's arrest and incarceration. The usual trumped-up charges of spying for the United States, the Vatican and antistate activities were preferred against him. Years ago when the Roman Catholic Primate of Yugoslavia, Cardinal Stepinac and Cardinal Mindszenty of Hungary were arrested and imprisoned on ridiculous and unfounded charges by Communist regimes of those countries, then it was thought that these primates were but two of many religious leaders in their respective countries and therefore at the time, it was assumed by some, more or less naively, that other religious leaders were free and their leadership remained unchallenged. Unfortunately, this simple assumption was misleading, for the deadly Communist police state

extended its ruthless treatment to other religious leaders. The arrest and imprisonment of Bishop Nastitch of the Eastern Orthodox Chuch of Serajevo in Yugoslavia in 1948, the removal and arrest of Calvinist Bishop Ravasz and that of Lutheran Bishop Ordass in Hungary on some trumped-up charges and the wholesale elimination of both Protestant and Catholic leadership in all Baltic countries is definite proof that Communists regard all religions as heresies and religious leaders as arch-traitors to their totalitarian regime. On September 22, a military court in Warsaw sentenced the Most Reverend Czeslaw Kaczmarek, Bishop of Kielce, to 12 years imprisonment, while 3 priests drew prison terms ranging up to 12 years "on charges of spying for the Vatican and the United States." And the arrest and forced "retirement" of Cardinal Wyszynski clearly proves that even the highest spiritual leader voicing the united opinion of more than 25 million faithful Poles cannot be safe and free to speak the truth about the dreadful and deadening Communist police state in Poland today. My wholehearted sympathy goes to all those innocent souls suffering under totalitarian tyranny until the Communist oppressor is overthrown with the aid of the free world by the righteous wrath of patriotic and freedom-loving Poles, and once more may they enjoy physical and spiritual freedom in their beloved homeland. Let us all hope that that day is not far off.

I do hope that Secretary of State John Foster Dulles and United Nations Ambassador Henry Cabot Lodge will bring about, through our representatives at the United Nations, a complete investigation of religious persecution behind the Iron Curtain and a demand of Communist leaders that false arrests and inhuman tortures inflicted upon religious leaders under their domination, be terminated, and further that those now under political arrest be granted their freedom.

JULY 21, 1954.

Hon. JOHN FOSTER DULLES,
The Secretary of State,
Washington, D. C.

DEAR MR. SECRETARY: I received approximately 20,000 signatures from members of 14 Roman Catholic churches in East Chicago, Ind., and adjoining area, asking that the case involving the arrest and persecution of His Eminence Stefan Cardinal Wyszynski and other priests and coworkers under arrest in Poland be presented to the United Nations.

Under separate cover I am forwarding the petitions with the above-mentioned signatures.

I believe that our United Nations Ambassador Henry Cabot Lodge and our United States delegates to the United Nations General Assembly should take this urgent matter of religious persecution of Cardinal Wyszynski and others up on the floor of the United Nations for investigation and determination immediately upon convening September 17, 1954.

You will find enclosed a copy of the speech I have this day delivered to the Congress, outlining in further detail the unfortunate barbaric persecution of religious leaders behind the Iron Curtain. By presenting these facts to the United Nations, it would further arouse the people of the free world as well as those now behind the Iron Curtain regarding the true facts of the communistic threat to wipe out all religions in their aim to enslave the world.

Sincerely yours,

RAY J. MADDEN,
Member of Congress.

Mr. MACHROWICZ. Mr. Speaker, will the gentleman yield?

Mr. MADDEN. I yield to the gentleman from Michigan.

Mr. MACHROWICZ. I wish to compliment the gentleman and associate myself with his remarks. As the gentleman knows, the Committee on Communist Aggression, of which both he and I are members, has heard testimony from various witnesses, showing almost unbelievable artocities against priests and nuns, that have shocked the conscience of the entire world, yet there is no official action taken in protest. I certainly hope that the recommendation the gentleman is making will be given consideration at the next meeting of the United Nations.

Mr. MADDEN. I thank the gentleman from Michigan. He was also a member of the Katyn Massacre Committee which investigated the Katyn Forest massacres in the 82d Congress. He is also a member of the special committee created by the Congress in this session to investigate communistic aggression.

Mr. SAYLOR. Mr. Speaker, will the gentleman yield?

Mr. MADDEN. I yield to the gentleman from Pennsylvania.

Mr. SAYLOR. I would like to congratulate the gentleman on the stand which he has taken. The persecution of the clergy and religious people of all faiths behind the Iron Curtain has been such as to shock the conscience of Christians everywhere in the world. I hope, as a result of your statement, that official action is taken, so that free worship of Almighty God anywhere in the world may become a reality. I commend the gentleman and those who associate themselves with him.

Mr. MADDEN. I wish to thank the gentleman from Pennsylvania.

Mr. FEIGHAN. Mr. Speaker, will the gentleman yield?

Mr. MADDEN. I yield to the gentleman from Ohio.

Mr. FEIGHAN. I wish to congratulate the distinguished gentleman from Indiana [Mr. MADDEN], who has a very keen perception of the diabolical schemes of the madmen of the Kremlin. I feel that your disseminating these views to the people of this country and the free world will make it possible to establish a firm and positive policy by which we will be able to bring liberation, freedom, independence, and peaceful existence, only after we have destroyed the demonical schemes of the madmen of the Kremlin.

Mr. MADDEN. I thank the gentleman from Ohio, who is also a member of the special committee created by this Congress to investigate Communist aggression.

The SPEAKER pro tempore (Mr. SHEEHAN). The time of the gentleman from Indiana has expired.

TO AMEND CERTAIN PROVISIONS OF THE SECURITIES ACT OF 1933, AS AMENDED, THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED, TRUST INDENTURE ACT OF 1933, AND INVESTMENT COMPANY ACT OF 1940

Mr. WOLVERTON submitted a conference report and statement on the bill (S. 2846) to amend certain provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the Trust Indenture Act of 1939, and the Investment Company Act of 1940.

WHAT THEN OF HORSEPOWER AND THE 30:1 RATIO?

Mr. SIEMINSKI. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

Mr. SIEMINSKI. Mr. Speaker, in Korea, the Reds learned that firepower overwhelmed manpower.

What now of horsepower? It outpulls manpower.

What steps are the Reds taking to close the power gap between their world and ours?

At the moment, for each person in Asia, there is available, on the average, less than one horsepower. In America, for each person, the average is around 30 horsepower. Thus, the gap in horsepower between East and West could be expressed as 30:1 in favor of the West.

To dominate the world in peace as well as in war, it would appear that the Reds must first close the power gap, then pass the West, with a ratio in their favor.

In what way will the Reds power the East, before attempting to blanket the West?

A clear answer to that question might well guide the Congress in its vote on the use of atomic power. One or two observations might be helpful.

I am told that there is little water power in the East, that Russia has only four great rivers and China fewer than that.

Thus, factors of strategy, tactics and economics lead one to conclude that the Reds will power their lands with atomic plants.

It took the blood of Korea to reaffirm the superiority of firepower to manpower.

What treasure will the future require, before the superiority of atomic power for peacetime pursuits is established, if ever?

What then of horsepower and the 30:1 ratio?

SPECIAL ORDER GRANTED

Mr. HOFFMAN of Michigan asked and was given permission to address the House for 5 minutes today following the special orders heretofore entered.

THE DIXON-YATES CONTRACT

The SPEAKER. Under the previous order of the House the gentleman from California [Mr. HOLIFIELD] is recognized for 60 minutes.

Mr. HOLIFIELD. Mr. Speaker, I hold in my hand some excerpts from the news ticker dated as of today, July 21. At this time I will read the first one. It says:

President Eisenhower today stood firm on his controversial plan for the AEC to buy private power through TVA.

And the second one:

A bitter fight has been touched off in the Senate by Mr. Eisenhower's recent order to the Atomic Energy Commission to sign a long-term contract with the Dixon-Yates private utility group to supply power to the TVA to replace TVA power to be furnished to the AEC.

Senators from the TVA area have contended Mr. Eisenhower had no right to order the AEC to sign such a contract.

At his weekly news conference Mr. Eisenhower rejected the contention that the AEC is an independent agency over which he has no direct control. The President said the AEC could not be classed as independent in the way that some other Government commissions are. He said there are times when he is compelled to exercise his authority over the Commission.

This was in reference to the President having directed the AEC to sign a contract for private power, over the objections of the majority of the five Commissioners who held that the contract exceeded AEC authority.

Mr. Speaker, I could hardly believe my eyes when I read this excerpt from the news ticker tape today. I do not know who is advising the President in regard to the independence of the Atomic Energy Commission, and I would be the first to say that the President had been conferred certain authority in the Atomic Energy Act of 1946 as amended. But that authority is specifically spelled out in the Atomic Energy Act, and it goes to the point of granting to the President the right to appoint the members of the Commission and to designate one of them as chairman.

I want to comment at this time that the members of the Atomic Energy Commission must be confirmed by the Senate and that they serve for terms of 5 years. At the beginning these terms were staggered so that none of the 5 terms would expire at any one time.

Then there are certain prerogatives in the act. The President can appoint a general advisory committee for terms of 6 years each, and this committee is usually composed, has been in the past, of scientists. The scientists, of course, act in an advisory capacity.

Then there is another section of the Atomic Energy Act of 1946 which provides that once each year the President shall set for production purposes, the amount of special nuclear material. That is the substance from which atomic hydrogen weapons are made. He sets the amount.

Then there is still another section of the bill which grants to the President the authority to transfer from civilian hands to the military atomic weapons when they are needed to be transferred for the defense of the Nation. That particular provision was written in especially so that no trigger-happy general could take one of these atomic bombs and start dropping it anywhere in the world and start an atomic war.

We wrote that provision in because we realized that the atomic weapon so far exceeds in capacity to destroy normal weapons that we must put a solemn obligation on the President that the President and the President alone can designate when and where an atomic weapon is to be used. But the general provisions of the act were written by the Congress to guide the Atomic Energy Commission and with these exceptions I have noted, with possibly 1 or 2 other minor exceptions, they apply to the Atomic Energy Commission as an independent commission set up just like any other independent commission is set up under the statutes enacted by the legislative body into law. I think that this is one of the most astounding statements I have ever heard of to cast a reflection upon whether the Atomic Energy Commission is an independent commission or not.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman and after he makes his remarks I have still another excerpt I want to read.

Mr. JONES of Alabama. As I understand the proposition, the President by the exercise of his Executive authority if he had a mind to could order all Executive functions to be handled by the Atomic Energy Commission. If he could tell them to make a contract with the Tennessee Valley Authority why could he not say, "Carry out all other Executive directives and fiats."

Mr. HOLIFIELD. As far as I can see, that statement would apply equally to other duties and responsibilities of the Atomic Energy Commission as outlined in the statute. But if we are to accept the President's statement it would go far beyond that, and allow the President to also order them to do things which are not outlined in the statute, such as the negotiation of the definitive contract with the Dixon-Yates people.

Mr. JONES of Alabama. I read from the press release:

There are times when he is compelled to exercise his authority over the Commission.

Is not that statement within itself an acknowledgment that there is no authority for AEC to make a contract with the Tennessee Valley Authority?

Mr. HOLIFIELD. Well, it might apply to that.

Mr. JONES of Alabama. If they did not make a contract with TVA would they be derelict in any responsibility that the AEC has under existing law?

Mr. HOLIFIELD. Not that I know of, especially in view of the fact that 3 out of the 5 commissioners stated that this is an awkward and unbusinesslike thing for them to do and that it went far beyond the original purpose of the act, and involves them in extraneous matters over which they thought they should not be concerned.

Mr. JONES of Alabama. An extraordinary function which they never realized they would be called upon to carry out?

Mr. HOLIFIELD. I think the gentleman quotes some of the reasons that they gave.

Mr. JONES of Alabama. The legal justification was not based upon a hypothesis such as contained in the Dixon-Yates agreement, was it?

Mr. HOLIFIELD. The general manager, Mr. Boyer, in his testimony before the Joint Committee on Atomic Energy when this legislation was requested, specifically limited it, and I am using his words when I say he limited it, in its application to the three existing atomic energy facilities—Oak Ridge, Portsmouth, and Paducah.

Mr. JONES of Alabama. He was not differentiating then the proposal that they are now considering, the Dixon-Yates proposal?

Mr. HOLIFIELD. That was unheard of at that time.

Mr. JONES of Alabama. The legal analysis for the opinion which was considered by the AEC was based upon an examination of the three existing contracts and not some hypothetical contract that Dixon-Yates brought in later on?

Mr. HOLIFIELD. That is right.

Mr. JONES of Alabama. I may say to the gentleman from California that I want to make a study of that proposal and examine it thoroughly myself.

Mr. HOLIFIELD. I want to read another excerpt from the ticker tape that goes as follows:

The President said it had long been his policy to change his plans if someone showed him a better way of accomplishing his purpose.

I will come back to that sentence later.

He then said that his action on the power contract was motivated by fear of the consequences of continued Government power development in one area of the country without providing similarly for the redevelopment of other river basins. As for anyone saying he wanted to destroy the TVA, the President said the politest way he could answer that was that such an interpretation was in error. On the contrary he said he was prepared to support the TVA with all his heart. A reporter said that one of the principal objections to his position stemmed from the fact that 3 AEC members opposed signing the power contract but had to do so on Presidential orders. Mr. Eisenhower was then asked whether he felt he could order independent agencies to execute administrative policies to which they were opposed. The President said in the first place that he was governed by the recommendation of the Attorney General. He added that someone must exercise responsibility when the chips are down. He said that was his position in this power contract, adding that he did not believe the AEC could be classed in the same independent group with, for example, the ICC.

Now, this is in addition to the first excerpt that I read, further confirmation of an amazing position which the President finds himself in. In the first sentence he said that it had long been his policy to change his plans if someone showed him a better way of accomplishing his purpose. Well, I certainly believe that a better way of accomplishing his purpose would be for the President to exercise executive authority in the

executive field and allow the independent commissions set up by statutes enacted by the Congress to exercise their functions under those statutes which were passed by the legislative body.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Alabama.

Mr. JONES of Alabama. Could the gentleman from California tell us how many proposals the AEC considered other than the Dixon-Yates proposal?

Mr. HOLIFIELD. The AEC only considered one tentative proposal by the Burch-Von Tresckow group, and I believe that was given a very short study and an immediate rejection without what I would call due consideration.

Mr. JONES of Alabama. And did that same group later on resubmit a subsequent proposal?

Mr. HOLIFIELD. I understand that they did.

Mr. JONES of Alabama. Was it considered?

Mr. HOLIFIELD. Not that I know of.

Now, I find it hard to reconcile the President's actions and his words. We know that when he was in the campaign, in a speech at Memphis, Tenn., he indicated that the Tennessee Valley Authority was an indication of how Government could work its will for the benefit of the citizens. Maybe the gentleman from Tennessee [Mr. PRIEST] could more properly quote his words in that speech.

Mr. PRIEST. Mr. Speaker, if the gentleman will yield, I cannot quote his words exactly in that speech. The gentleman is correct in the interpretation he has put upon what he said, including, at the same time, I believe, the statement that if he were elected President, the Tennessee Valley Authority would continue to be operated at maximum efficiency. But, before that statement, he did, as I recall, emphasize that relationship that existed between the local area and the Federal Government and used it as an example of how Government could work its will for the benefit of a region or for the people of a region.

Mr. HOLIFIELD. How the Federal Government and the local bodies could operate together for the benefit of the people of the area.

Mr. PRIEST. The gentleman is correct.

Mr. HOLIFIELD. Now, is it not true that after the President was elected he issued a statement in which he labeled the Tennessee Valley Authority "creeping socialism"?

Mr. PRIEST. He cited it as an example of what he would call creeping socialism.

Mr. HOLIFIELD. And this happened to be, as I remember, on June 17, 1953, when he labeled the Tennessee Valley Authority creeping socialism. And, this may be partly incidental, but on June 16 or 17, 1954, a letter came up from Mr. Hughes of the Budget Bureau directing the Atomic Energy Commission to proceed to negotiate a definitive contract with the Dixon-Yates group. Is that not true?

Mr. PRIEST. That is correct. I believe it was 1 year to the day from the time the press comment with reference to creeping socialism was made.

Mr. HOLIFIELD. Is it not true that the site for the Dixon-Yates powerplant is across the Mississippi River on the Arkansas side; and it is generally considered completely outside of the Tennessee Valley area?

Mr. PRIEST. Certainly it is outside of the Tennessee Valley area. And since the gentleman has mentioned it, that has been one rather interesting phase of this question to me. It has been argued even on the floor of the House, as the gentleman will recall, that the proposed site of the Fulton steam plant was outside of the Tennessee Valley area. That has been argued here. Yet, the site of that plant is in the State of Tennessee on the east side of the Mississippi River and certainly is much more closely related to the Tennessee Valley area than a site across the Mississippi River, West Memphis, Ark., which is in another State. It has been a little difficult for me to reconcile arguments that this is part of the Tennessee Valley area and that the site proposed for the Fulton steam plant was outside of that area.

Mr. HOLIFIELD. Pursuing that point one step further, the Dixon-Yates proposal plans to build a 600,000-kilowatt plant and transmit the energy to the middle of the Mississippi River, thereby retaining its complete jurisdiction under the Arkansas Utilities Commission—whatever may be its name. Then the 600,000 kilowatts are picked up by a transmission-line connection in the middle of the river which the TVA is directed to construct at a cost of $9 million to bring that current into the Tennessee Valley area and to the people of Memphis, Tenn.; is that not so?

Mr. PRIEST. That is correct.

Mr. HOLIFIELD. So this is in no sense an extension of the TVA territory, but it is an invasion from across the river in the State of Arkansas of a 600,000-kilowatt block of power into the TVA area. Therefore it is a direct attack upon the recognized area of distribution which is generally considered the Tennessee Valley area.

Mr. PRIEST. I think the gentleman used a very apt word when he referred to it as an invasion of that territory.

Mr. HOLIFIELD. And therefore it might well be termed, as the President of the United States is well acquainted with military terms, an invasion of the public power area which the Tennessee Valley Authority has been serving and is seeking to serve in the State of Tennessee.

Mr. PRIEST. And an invasion which the Tennessee Valley Authority is directed to accept, even to assist in its completion, by building a power line halfway across the river, so that the invasion can be consummated.

Mr. HOLIFIELD. That is right. Now, reading again from the excerpt:

Mr. Eisenhower was then asked whether he felt he could order independent agencies to execute administrative policies to which they were opposed. The President said in the first place that he was governed by the recommendations of the Attorney General.

I want to comment upon that. This is the first information that the Attorney General has interpreted section 12 (d) of the Atomic Energy Act of 1946, as giving the President authority to direct the Atomic Energy Commission—in this Dixon-Yates matter and this is a very important statement, if the President has been correctly quoted. I read the words from the excerpt, because he said in the first place he is governed by the recommendations of the Attorney General. I suppose he means as to the legality of this action. Heretofore the only legal authorities who have said that the Atomic Energy Commission was entitled to do this, to negotiate this Dixon-Yates contract, were the legal minds within the Commission itself. Now apparently for the first time we have the Attorney General recommending it.

I understand that the gentleman from Alabama [Mr. JONES] directed an inquiry to the Attorney General some time ago on this point. Is that a fact?

Mr. JONES of Alabama. It was last week. I directed an inquiry raising certain legal points with respect to the President's authority to use the Atomic Energy Commission to execute contracts for the Tennessee Valley Authority. This morning I received a letter from the Attorney General stating that that type of service was not for the legislative branch of the Government but was an executive function. Therefore, he felt constrained not to give opinions to Members of the House and Senate. This was the substance of the letter. He did not state that he had not advised the President on his legal authority, and I presume that the advice had been given by the Attorney General to the President in advance of the Attorney General's letter to me.

Mr. HOLIFIELD. This is the first time we have had any indication that the President has been acting upon the Attorney General's recommendation. It would certainly be interesting to me as a Member of Congress and as a member of the Joint Committee on Atomic Energy to see the Attorney General's opinion on that particular authorization, because in appearances before our committee this section, section 164 of the pending Cole-Hickenlooper bill, which is a verbatim carryover from section 12 (d) of the Atomic Energy Act, has been pointed to as giving them authority to consummate such a contract.

Let me say that there is a provision in this bill which, in my opinion, the President of the United States could use under certain circumstances for this purpose, and that is the provision in the bill which gives the President the right to exempt the Atomic Energy Commission from ordinary contract provisions when it is an emergency and when it is in furtherance of national defense needs. This section has never been referred to by any member of the Commission as their authority because the President must make a finding that it is necessary in the national defense.

Mr. JONES of Alabama. The President already has those inherent rights to use extraordinary measures in time of peril or distress or when the security of this country is involved.

Mr. HOLIFIELD. That is right. Let me read this section 162:

The President may in advance exempt any specific action of the Commission on any particular matter from the provisions of law relating to contracts whenever he determines that such action is essential in the interest of the common defense and security.

There has never been any appeal to that section because they know this is valid only for defense purposes. The Dixon-Yates power is for the commercial, residential, and industrial uses of the people in the Memphis area. It is not for an Atomic Energy Commission defense plant or any other defense plant.

Mr. JONES of Alabama. So that fact is not even under consideration.

Mr. HOLIFIELD. That fact is not even under consideration. So the Attorney General must be relying, if he has made an opinion, on section 12 (d) of the Atomic Energy Act of 1946 as amended, which is now the law governing the Atomic Energy Commission's actions.

Mr. PRIEST. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield to the gentleman from Tennessee.

Mr. PRIEST. Has the Attorney General or any representative of the Department of Justice made any statement before the Joint Committee on Atomic Energy with reference to the legality of the question we are here discussing?

Mr. HOLIFIELD. No; neither the Attorney General or any of his representatives have appeared on this point before the joint committee. We have only had the testimony of the commission and the testimony of their lawyers that they are authorized to go ahead on the basis of their interpretation of the words "in connection with" which are used in section 164, which is, in my opinion, straining the English language beyond the point of forbearance.

Mr. PRIEST. And is it not true that the legal staff as well as the commission previously had stated that the authority to sign such contracts applied only in the case of Paducah, Oak Ridge, and Portsmouth under section 12 (d) of the act?

Mr. HOLIFIELD. Mr. Boyer, speaking for the AEC, made such a statement.

Mr. JONES of Alabama. Mr. Speaker, will the gentleman yield?

Mr. HOLIFIELD. I yield.

Mr. JONES of Alabama. The gentleman from Tennessee a moment ago stated that the President said the TVA was an example of creeping socialism, and at the same time he stated, as I understand it, that TVA was a historical fact. Does the gentleman from California know that at that time the United States Government, that is this administration, had representatives in Israel and in Jordan trying to reconcile those two States to the construction of a project of the Tennessee Valley type to resolve the tremendous and delicate question of water rights in those countries?

Mr. HOLIFIELD. That is right, the gentleman has stated it perfectly.

Mr. JONES of Alabama. It was not a demonstration or an example of creeping socialism so far as those two countries are concerned, was it?

Mr. HOLIFIELD. No; I think it was exporting one of our tried and true American procedures.

Mr. JONES of Alabama. And it was a forceful, dynamic demonstration of democracy at work as far as those two countries are concerned, was it not?

Mr. HOLIFIELD. I presume it was a part of the President's "dynamic" foreign policy because he authorized it, and he has stated on several occasions, that is either the President or his Secretary of State, Mr. Dulles, that they are advocating a "dynamic" foreign policy.

Mr. JONES of Alabama. Does the gentleman know whether or not there is pending with any committee here any authorization for the expenditure or a request for expenditure for the construction of a Tennessee Valley Authority type project in those countries?

Mr. HOLIFIELD. I am not aware of it. I would suggest that the gentleman scrutinize very carefully the items provided for in the foreign aid bill. He might find some money appropriated for that kind of engineering project along the lines of the project that he has spoken of in those foreign countries, but I am not aware of it personally.

Mr. Speaker, I am not going to take the time of the Members of the House at this late hour, but at this point I ask unanimous consent to place in the RECORD my own remarks and some extracts from official documents under the title "The Dixon-Yates Contract Contains a Boobytrap for TVA."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from California?

There was no objection.

The statement referred to is as follows:

DIXON-YATES CONTRACT CONTAINS A BOOBYTRAP FOR TVA

(By Hon. CHET HOLIFIELD, Member of Congress)

Among the many boobytraps in the proposed Atomic Energy Commission-Dixon-Yates contract is a possible development which has not as yet been discussed.

A letter under date of April 10, 1954, signed by Mr. E. H. Dixon, president of the Middle South Utilities, and Mr. J. M. Barry, chairman of the executive committee of the Southern Co., was sent to the Atomic Energy Commission, attention of Gen. K. D. Nichols, General Manager. The concluding paragraph of the letter reads as follows:

"The attached appendix sets forth an outline of additional matters in our proposal, including the more important provisions which will be embodied in a contract growing out of it. We are ready to negotiate a definitive contract at your early convenience."

On page 5 of the appendix referred to, under paragraph (7), entitled "Termination," subparagraphs (a) and (b), the following language occurs:

"(a) After commencement of full-scale operation, termination will be allowed on 3 years' notice, during which period assignment may be made to another governmental agency, at contract rates, including all taxes and other adjustments.

"(b) Upon termination seller shall be entitled to and will absorb capacity at least as rapidly as load growth will permit, but in any event in the amount of at least 100,000 kilowatts in each year, absorbing associated proportions of costs. Buyer may assign any balance to another governmental agency at an increased price to be approved by FPC, such price to include recognition of any increased costs then encountered or foreseen by seller. To extent such capacity is not used by buyer or assignee, buyer will reimburse seller for pro rata proportion of base capacity charge, as adjusted, and taxes."

Note that in subparagraph (a), that after the new plant starts full-scale operation, the Dixon-Yates group grants to the Atomic Energy Commission (1) the right to give a 3-year termination notice; and (2) the Atomic Energy Commission is given the right during the 3-year termination notice period to assign to "another Government agency, at contract rates, including all taxes and other adjustments."

Now we turn to subparagraph (b). After the 3-year termination notice period has expired, several privileges and obligations are in order.

(1) Dixon-Yates "shall be entitled to and will absorb capacity as rapidly as load growth will permit"; this could allow Dixon-Yates to absorb, for its own use, the complete capacity of its plant (600,000 kilowatts) in the 4th year of its full-scale operation, with Atomic Energy Commission concurrence.

(2) "But in any event," it will absorb 100,000 kilowatts in the fourth year and 100,000 kilowatts per year for 5 successive years. This formula permits legally complete recapture of plant capacity in one fell swoop, immediately after the end of the 3-year notice period—or gradual absorption of capacity from the 4th to the 9th year by Dixon-Yates.

(3) During this absorption period, of from 1 to 6 years, the Atomic Energy Commission is permitted to assign the unabsorbed capacity to another Government agency (obviously the TVA, as no other Government agency could use such residue), but not at contract prices—"at an increased price to be approved by the FPC." The FPC, in setting this increased price, must "include recognition of any increased costs then encountered or 'foreseen'" by Dixon-Yates. This is an amazing provision, in view of the fact that "other conditions" clause on page 3 of the appendix would allow additional increases authorized by the Arkansas Public Utilities Commission, as well as any increase coming under the vague clause "other conditions."

This means, in effect, that TVA can be put in the position of building a $9 million transmission line from the Dixon-Yates terminal to its distributive area; use the 600,000-kilowatt capacity for 3 years, and then have a gun placed to its head through legal right to withdraw the 600,000 kilowatts, unless TVA would agree to pay the increased rates allowed under the wide-open clause noted heretofore in the contract.

Surrender to the threat would force the costs of the TVA and its customers upward, and would destroy the yardstick on rates.

Once the TVA yardstick is padded upward and destroyed, the private utilities throughout the South would reap millions of dollars out of the pockets of electric energy users.

You may say that such a development is unlikely, and that it would involve another collusive agreement on the part of the Atomic Energy Commission and Dixon-Yates.

My comment is that the contract makes it possible legally. The policy of the administration is anti-TVA, and I believe the independence of the Atomic Energy Commissioners is no longer to be relied on—when they are directed by the President to carry out his policy. This is evident by the testimony given before the Joint Committee on Atomic Energy, which, in my opinion, shows a lack of courage to object to a clear viola-

tion of the language and legislative history pertaining to section 12 (d) of the Atomic Energy Act of 1946, as amended.

This procedure is indicated, not only by legal provision, but by Commission intent; and as proof of my charge, I call your attention to a letter dated April 15, 1954, addressed to Joseph M. Dodge, Director, Bureau of the Budget, and signed by Lewis L. Strauss, Chairman of the Atomic Energy Commission. On page 2, paragraph (4) under the heading "Cancellation Is Provided as Follows," subparagraph (a):

"(a) For TVA to continue to receive and AEC to pay power at the contract rates during a 3-year notice period. This period should be sufficient to permit TVA to make other arrangements for the meeting of the requirements of the Memphis area."

It is obvious that when the 3-year notice period is announced, TVA is put on notice "to make other arrangements for meeting the requirements of the Memphis area."

What arrangements could TVA make? Could TVA come to Congress during this anti-public-power-administration, and obtain authorization for the originally contemplated Fulton steam plants? Would TVA not be told that it had better "negotiate a definitive contract with Dixon-Yates"?

This is the boobytrap designed for TVA by cunning legal minds.

Afraid to come out in the open and make a frontal attack, they, like all cowards, have resorted to devious and tricky methods to accomplish their end.

Their end is to prevent TVA building the Fulton plant; use the credit and administrative devices of the Government to subsidize a favorite private utility; pad upward the TVA yardstick rate; and thereby extort from the pockets of the American people many hundreds of millions of dollars annually for the benefit of private utility groups operating under monopoly franchises.

Mr. HOLIFIELD. Mr. Speaker, there is another subject which requires some real consideration, and that is the subject of the international provisions of the atomic energy bill which is pending. An attempt is being made to sell the people of the United States on the idea that there are provisions in that bill which will strongly strengthen the President's hand in dealing with the international peacetime use of atomic energy. There is a section in the bill, section 124, I believe, which is entitled "The International Atomic Pool." I make the statement tonight that this international atomic pool section 124 is as phony as a $3 bill. It reads as follows:

The President is authorized to enter into an international arrangement with a group of nations providing for international cooperation in nonmilitary applications of atomic energy, and he may thereafter cooperate with that group of nations pursuant to sections 54, 57, 64, 82, 103, 104, or 144 (a): *Provided, however,* That the cooperation is undertaken pursuant to an agreement for cooperation entered into in accordance with section 123.

And I have made an extensive study of this international section 123 and 124. I have come to the conclusion that in place of facilitating the President, it puts restrictions and curbs him in the negotiation with these foreign nations.

There are three methods in this bill of international cooperation. One is called an agreement for cooperation. And that is on a very low level and it has many obstructions to exchanging information or material.

The next one is what is known as an international agreement. The "international agreement," if it comes up to that stage, has to come to the Congress of the United States for approval. The President has the right now to send any kind of an international agreement to us for approval. Therefore, you cannot give him the authority. The administration has that authority.

The third and highest level of cooperation is the treaty level. The Constitution of the United States gives to the President the treaty power, and the Congress cannot add to that treaty power. The Constitution gives it to him. But, mark you well, that when the President now comes to negotiate a treaty or an international agreement or an agreement for cooperation, his hands are not untied. He is not free to negotiate. And remember this, the President, in his message of February 17, stated that there would be conferences with these other nations, and following the conferences he would call upon the Congress for additional legislation to implement those conferences. Those conferences have been taking place, as I understand, but the President has not yet sent up any recommendations to help him make this international pool arrangement. So I maintain that section 124 in this bill, with the title "International Atomic Pool" is put in the bill strictly from the standpoint of propaganda value, and to make the people of the United States think that this bill is implementing the President; it is something the President has not asked for and has not sent up a legislative draft for; something which is being prematurely inserted at this point because it is being inserted without the President's request. Therefore, I say it must be in there for a purpose. If the purpose is not to help the President and to add to his powers, it must be to tie his hands, to put curbs around him, to put provisions around his negotiations which will direct those negotiations into a certain channel, a channel which the sponsors of this bill must be interested in. I say it should not even be in the bill. The President has not asked for it. He has not sent up a list of advice to follow to formulate legislation to help him form an international pool; and, as I say, Congress is premature in trying to consider it. I point to the President's address of February 17, as an indication of what I am talking about.

At this time, Mr. Speaker, I am going to put an extended analysis on this particular subject in the RECORD. The title of it is "The Atomic Pool Is Empty." I ask unanimous consent that my remarks on that subject be extended at this point in the RECORD.

The SPEAKER pro tempore (Mr. SHEEHAN). Is there objection?

There was no objection.

THE ATOMIC POOL IS EMPTY

Mr. HOLIFIELD. Mr. Speaker, there are many phantoms dancing around the atomic energy bill before the Senate, and I want to bring one of them to earth right now.

The belief that the atomic energy bill would implement President Eisenhower's proposal for an international atomic pool is completely unfounded. This is one pool that has no water, so far as the legislation is concerned.

Section 124 of the bill has the caption "International Atomic Pool." It is a phoney. That section would confer no new authority on the President and, in fact, would take away some he has now. The President's hands would be tied in negotiating with other countries on atomic pool arrangements.

When the President sent a message to the Congress on February 17 of this year, asking for revisions in the atomic energy law, he included this statement:

These recommendations are apart from my proposal to seek a new basis for international cooperation in the field of atomic energy as outlined in my address before the General Assembly of the United Nations last December. Consideration of additional legislation which may be needed to implement that proposal should await the development of areas of agreement as a result of our discussions with other nations (83d Cong., 2d sess., H. Doc. 328, p. 4).

We have heard nothing more from the President on legislative implementation of the atomic pool plan. In fact there is no plan, only the original proposal, couched in the vaguest terms, which the President made in an address to the United Nations General Assembly.

According to the accounts we read in the press, in the first blush of worldwide enthusiasm over the atomic pool proposal, the President directed Secretary of State Dulles to confer with Soviet representatives. So far as I know, nothing came of it. The Soviet bear did not change into a lamb.

Perhaps the Soviet bear will never learn peaceful habits, but that dismal prospect is no excuse for closing the door completely to future negotiations on peaceful uses of atomic energy in which all nations participate. Section 124 of the atomic energy bill, however, would close that door. The security guarantees and other conditions it would impose on other nations as the price of our cooperation would never be fulfilled by some nations in a hundred years. And this cooperation, mind you, is supposed to be "in the nonmilitary applications of atomic energy."

Let us take a closer look at the spurious authorization for an international atomic pool contained in section 124 of the atomic energy bill.

First of all, it would authorize the President to enter into an international arrangement. That much of the authorization certainly is superfluous. Under the Atomic Energy Act of 1946—the McMahon Act—the President's authority to enter into international arrangements was recognized. International arrangement was defined in the McMahon Act as "any treaty approved by the Senate or international agreement hereafter approved by the Congress, during the time such treaty or agreement is in full force and effect." Under his constitutional power as head of the United States, the President can enter into treaties or international agreements, the latter requiring, in atomic energy matters, concurrence by both Houses of Congress.

The pending atomic energy bill accepts the McMahon Act definition of "international arrangement," and so confers no new authority on that score. However, the new bill evolves a lesser species of international transaction called an "agreement for cooperation." Agreements of this sort stand separate and apart from international arrangements, according to the definition of the latter in section 11k of the bill, and yet section 124 requires that an international arrangement for an atomic pool be carried out by agreements for cooperation as prescribed in section 123.

In other words, the President's existing authority to make treaties or international agreements relating to the peacetime uses of atomic energy would be narrowed, not broadened, by the terms of this bill. Presumably, he could go ahead and make the treaty or international agreement, but it would remain a scrap of paper unless and until the other nation or nations involved could fulfill to our satisfaction the stringent conditions leading to agreements for cooperation.

Since an "agreement for cooperation" is excluded by definition from "international arrangements," the confusion is compounded by the terms of section 121, carried over from the McMahon Act. Section 121 says that any provision of the bill or any action of the Commission which conflicts with the provision of an international arrangement shall be of no force or effect. An agreement for cooperation certainly is a provision of the bill or an action of the Commission. If an international arrangement is made which conflicts with a subsequent agreement for cooperation, the latter is nullified according to the wording of section 121. And yet section 124 requires the agreement for cooperation to follow through on the international arrangement. This means again that the President, in making international arrangements, must not go beyond the restrictive conditions of agreements for cooperation, or else sections 121 and 124 contradict each other, and section 124 contradicts itself.

The confusing and contradictory wording of section 124 is brought out in relation to section 123. The international arrangement could be entered into with a "group of nations" but the agreements for cooperation are to be made with individual nations—except a Department of Defense agreement with a regional defense organization. The Senator from Rhode Island [Mr. PASTORE] has said a great deal on this point. He would strike section 124 as so much "eyewash" and amend the sections involving agreements for cooperation to enable the President to enter an international atomic pool arrangement without the need for obtaining further congressional approval.

I believe the Senator from Rhode Island is overoptimistic in the expectation that section 123 would encourage the formation of an atomic pool. In the first place, as I stated, it would shut the door in the face of the Soviet Union, even though the purposes of the cooperation are to be nonmilitary. Secondly, the number of nations fulfilling the guaranties would be so small that for all practical purposes the pool would be a droplet.

Let us look now at the fields in which agreements for cooperation could be made, and what conditions they must fulfill.

The Atomic Energy Commission would be authorized to cooperate with other nations by distributing special nuclear material, section 54; permitting the production of special nuclear material by persons outside the United States, section 57; distributing source material, section 64; distributing byproduct material, section 82; permitting the importation or exportation of atomic production or utilization facilities, section 103; permitting the exportation of utilization facilites used in medical therapy or of production and utilization facilities used in research and development, section 104; communicating restricted data relating to reactor development and other applications of atomic energy for peaceful purposes, section 144a; and, through the Department of Defense, communicating restricted data in certain limited military aspects, section 144b.

For cooperation to be exercised on any of those fields just listed, "agreements for cooperation" would have to be made with each of the nations involved or permissibly with a regional defense organization on the military aspects. These agreements for cooperation must include, first, a description of the terms, conditions, and so forth, of the cooperation; second, guarantees that security safeguards and standards will be maintained; third, guarantees that material transferred will not be used for atomic weapons or other military purposes; and fourth, guarantees that material or restricted data transferred will not be used and get into the hands of unauthorized or outside parties.

Before proposed agreements, including terms and guarantees as described above, can become effective, they must be, first, approved by the Atomic Energy Commission, or the Department of Defense in certain cases; second, approved by the President with a written finding that they constitute no unreasonable risk to our defense and security; and third, submitted to the Joint Committee on Atomic Energy for a 30-day period.

Although none of us is prepared to argue that restricted information shall be communicated freely, without any safeguards, whatever, still it is evident that the old, stale notion of an atomic bomb monopoly still dominates the approach in section 123. It proceeds on the assumption that atomic information is a one-way street, that we have everything and other nations have nothing. This is the sheerest self-delusion and it is a self-delusion that is self-defeating. In trying to protect ourselves we may hurt ourselves.

Suppose Great Britain, or one of the many other countries actively engaged in conducting atomic research comes up with a crucial invention or discovery that would be of strategic significance to the military phases of our own atomic energy program. That supposition is neither absurd nor far-fetched. It is entirely within the realm of possibilities. Under section 123 of the bill, could Great Britain be expected to communicate her findings to us when we lay down a condition that any material we transfer to her will not be used for atomic weapons or even for research and development in the military field?

Under section 144b, the President could authorize the Department of Defense with the assistance of the Atomic Energy Commission, to cooperate with any other nation or regional defense organization to which the United States is a party and to communicate to that nation or organization restricted data necessary to first, development of defense plans; second, training of personnel in use of, and defense against, atomic weapons; and third, evaluation of capabilities of potential enemies in atomic warfare. But any activity under this section again is subject to the conditions for agreements for cooperation laid down in section 123.

One of those conditions is "that any material to be transferred pursuant to such agreement will not be used for atomic weapons, or for research or development of atomic weapons, or for any other military purpose." It says "material," not "special nuclear material." In other words, as I read the section, any data or possibly training equipment transferred under section 144b to allies engaged in mutual-defense activities, could not be used for the military purposes intended. Frankly, like some other parts of the bill already discussed, it doesn't make sense to me.

I will propose a series of amendments designed to remedy the serious defects in the international activities section of the bill and to untie the President's hands in this field without at the same time surrendering congressional prerogatives.

First I propose, on page 52, in line 12, that the word "approved" be stricken and the words "submitted to the President" inserted in lieu thereof. This will have the effect of preserving the President's authority to initiate and undertake agreements for cooperation without being subject to a veto by the Atomic Energy Commission or the Department of Defense.

As the bill now stands, both the Commission and the Department must approve proposed agreements for cooperation.

Surely the President should obtain their advice on the sufficiency of the guaranties, but it should remain with him to decide whether the Nation ought to take the calculated risk of entering such agreements in certain cases where the guaranties may not be as adequate as we may wish. In our system of government, the President is in the best position to weigh the international factors and to balance the risks. Technical and professional personnel in the Atomic Energy Commission and the Department of Defense are not in that position.

Secondly, I propose on page 52, in line 22, after the word "purpose" and before the semicolon, to insert the following: "except where the President determines that such uses will bring reciprocal benefits and be otherwise advantageous to the United States." This would allow the President, in very special and rare circumstances, to allow material to be

transferred for atomic weapons research and development or for other military purposes when our country would gain benefits therefrom, whether in achieving mutual defense objectives or in getting valuable atomic discoveries or other information from other countries.

Thirdly, I propose on page 53, in line 16, before the period, that the following be inserted: "after which period of time the agreement shall take effect." This is a technical amendment which would allow the President to make changes in proposed agreements for cooperation when the Joint Committee on Atomic Energy has signified disapproval in any particular, before the 30-day period expires in which the proposal lies before the committee. The amendment would remove doubt as to the time the agreement takes effect while allowing some flexibility for modifications within the 30-day period.

Next, I propose that section 124 be completely rewritten as follows:

SEC. 124. International Atomic Pool: The President is authorized to enter into an international arrangement with any nation or number of nations or with an organization representing any or all of such nations providing for international cooperation in the nonmilitary applications of atomic energy. The President is further authorized to request the cooperation of or the use of the services and facilities of the United Nations, its organs, its specialized agencies, or other international organizations in carrying out the purposes of this section. Any agreements made by the United States under the authority of this section with other governments and with international organizations shall be registered with the Secretariat of the United Nations in accordance with the provisions of article 102 of the United Nations Charter. In the event further legislation is necessary to implement an international arrangement authorized by this section, the President shall transmit recommendations therefor to the Congress.

This amendment would meet in part the objections of both the Senator from Rhode Island [Mr. PASTORE] and the Senator from Ohio [Mr. BRICKER]. It would authorize the President to negotiate an international atomic pool arrangement with one or more nations or with all nations, or with an organization representing them, without the binding restrictions of section 123. At the same time, being an international arrangement, the proposal would have to get approval from both Houses of Congress, according to the stipulation in section 11k.

Furthermore, the President would be authorized to call on the United Nations or any of its agencies in working out the international atomic pool. The precedent for such authorization is to be found in mutual aid legislation.

It is strange that so little has been said about the United Nations in debate on the international activities sections of the bill. The President made the proposal originally before the United Nations General Assembly, yet the authors of this bill look upon the idea as strictly a bilateral proposition between the United States and individual nations under the terms of section 124 as modified by section 123. I believe we should enlist the help of the United Nations and utilize its resources in attempting to promote peaceful concerted endeavor in applying atomic energy for the common benefit of mankind.

Finally, any agreement made under the amendment would have to be registered with the U. N. secretariat pursuant to article 102 of the United Nations Charter.

My final amendment proposes, on page 58, in line 18, after the word "That", to insert the following: "unless the President determines that the common defense and security will be endangered thereby." The purpose of this amendment is to allow the President the necessary minimum of discretion in determining that our own defense and security might be jeopardized unless our allies, in certain conceivable circumstances could have more information than that relating to the external characteristics of atomic weapons.

Mr. Speaker, I hope the Members will support these amendments and give some real assistance to the President. If they do not accept these amendments I hope they will join me in striking section 124 from the bill in the interest of not placing additional curbs on the President in his vital international negotiations on an international atomic pool.

THE NEW RED COLONIAL EMPIRE

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Ohio [Mr. FEIGHAN] is recognized for 15 minutes.

Mr. FEIGHAN. Mr. Speaker, since a number of Members of the House have asked me for the details of my statement made Monday in New York, and because a number of other interested organizations and individuals have also been seeking some of the details made in my statement, I am taking this occasion to acquaint the Members of the House and others interested with the major conclusions I have reached as a member of the Select Committee to Investigate Communist Aggression.

I quote:

Having just returned from a 5-week mission to Europe as a member of the Select Committee to Investigate Communist Aggression, I am all the more firmly convinced that communism is an international criminal conspiracy. This international criminal conspiracy is planned and directed in every detail by a despotic gang of tyrants now holding forth in the Moscow Kremlin. The Russion Communists today, just as in the days of Lenin and Stalin, form the elite group sustaining the conspiracy. That elite group utilizes a supporting cast of local puppets and quislings to control the largest and most brutal slave empire ever known to mankind.

There can be no doubt, based on the evidence put before our committee in hearings held in London, Munich, and Berlin, that the plan of the Kremlin criminals is to colonize the world. By this process, they expect to destroy all the remaining free and independent nations and to make them completely subservient to the autocratic will of Moscow. As their evil plan unfolds, it becomes increasingly clear that the Russian Communists are cast in a super role, thus playing the customary place of "drones." All the other peoples of the enslaved non-Russian nations are forced to labor and die for the glorification of the new Red Colonial empire. That new colonial empire now imprisons 28 distinct nations and parts of 4 other nations containing over 800 million human beings. In addition, it has completely disseminated or destroyed three other nations.

The Committee, under the able chairmanship of Congressman CHARLES J. KERSTEN, of Wisconsin, conducted its business in accordance with the highest bipartisan tradition. The singular goal of the committee was to get the hard, cold facts about Communist aggression; its strategy, tactics, and final objectives. To that end a large number of witnesses from practically every nation and area within the Red colonial empire presented testimony before the committee. All of these witnesses gave evidence based upon their own personal experience under Communist tyranny, and most of them suffered unbelievable torture at the hands of the criminal conspirators. These witnesses came from every walk of life—clergymen, laborers, businessmen, diplomats, farmers, soldiers, policemen, teachers, journalists, border guards and even children. In addition we heard several former participants in the criminal conspiracy who revealed some startling facts concerning the part the key figures in the Moscow Kremlin play in the ruthless slaughter of those who oppose the design of the Red colonial empire. The sum total of the evidence presented to the committee by these victims of Communist aggression leads me to these basic conclusions:

1. That the madmen of the Moscow Kremlin are working overtime to attain their goal of a world colonial empire.

2. That in all our dealings with them, we must recognize them as the leaders of a ruthless criminal conspiracy and accordingly must discard any notion that we, as a free and independent nation, can coexist with this conspiracy.

3. That the leaders of this criminal conspiracy regard the United States as the principal roadblock to the fulfillment of their plan for a world colonial empire and will attempt a sneak attack on the United States as soon as they feel they have a 50-50 chance of winning an all-out war.

4. That our best chance for national survival, while avoiding world war III, rests on our all-out support of the principle of national independence for all the nations now held captive within the Red colonial empire. The burning aspirations of 90 percent of the people of all the nations so enslaved is for national independence—complete separation from Moscow tyranny and a rightful place in a community of free and peaceful nations. By placing our moral and political support behind the natural aspirations of 90 percent of the enslaved people, we can strike a death blow at the plan and timetable of the Red colonial empire. As a first step in that direction, I strongly recommend to President Eisenhower that he immediately establish the national military units, long advocated by Chairman KERSTEN, to be made up of escapees from communism and attached to the forces of the North Atlantic Treaty Organization.

Who are the 28 enslaved nations? They are Estonia, Latvia, Lithuania, Byelorussia, Ukraine, Georgia, Armenia, Azerbaidzhan, North Caucasia, Idel-Ural, Cossackia, Poland, Slovakia, Czechia, Hungary, Romania, Bulgaria, Albania, China, Manchuria, Inner Mongolia, Outer Mongolia, Tibet, Kassakstan, Turkestan, Uzbeck, Tirgish, and Kirgish.

Four partly occupied are North Korea, East Germany, East Austria, northern Indochina.

The three disseminated or destroyed are Crimean Tatars, Kalmuchs, and Chechin-Ingush. These are the three nations which Colonel Burlitski testified about, the way in which they were forcibly deported by Stalin after World War

II. Colonel Burlitski is a former lieutenant colonel of the MKVD who defected within the past year.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. HILLINGS.

Mr. BYRD.

Mr. DOYLE and to include appropriate material.

Mr. GUBSER.

Mr. SCUDDER.

Mr. HOFFMAN of Michigan and to include a newspaper article.

Mr. HALE.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. VINSON for an indefinite period on account of official business.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 10 minutes on tomorrow, following the legislative program and any special orders heretofore entered.

SENATE ENROLLED BILLS SIGNED

The Speaker announced his signature to enrolled bills of the Senate of the following titles:

S. 95. An act for the relief of Mrs. Donka Kourteva Dikova (Dikoff) and her son Nicola Marin Dikoff;

S. 98. An act for the relief of (Mrs.) Betty Thornton or Jozsefne Toth;

S. 102. An act for the relief of Francesco Cracchiolo;

S. 110. An act for the relief of Christopher F. Jako;

S. 203. An act for the relief of Yvonne Linnea Colcord;

S. 222. An act for the relief of Mrs. Dean S. Roberts (nee Braun);

S. 246. An act for the relief of Gerrit Been;

S. 267. An act for the relief of Pantelis Morfessis;

S. 278. An act for the relief of Szyga (Saul) Morgenstern;

S. 308. An act for the relief of Filolaos Tsolakis and his wife, Vassiliki Tsolakis;

496. An act for the relief of Dr. Samson Sol Flores and his wife, the former Cecilia T. Tolentino;

S. 552. An act for the relief of Anna Urwicz;

S. 587. An act for the relief of Carlos Fortich, Jr.;

S. 661. An act for the relief of Nino Sabino Di Michele;

S. 790. An act for the relief of Irene J. Halkis;

S. 794. An act for the relief of Paulus Youhanna Benjamen;

S. 795. An act for the relief of Josef Radziwill;

S. 830. An act for the relief of Samuel, Agnes, and Sonya Lieberman;

S. 841. An act for the relief of Dionysio Antypas;

S. 843. An act for the relief of Rabbi Eugene Geigelstock;

S. 855. An act for the relief of Kirill Mihailovich Alexeev, Antonia Ivanovna Alexeev, and minor children, Victoria and Vladimir Alexeev;

S. 891. An act for the relief of Albina Sicas;

S. 912. An act for the relief of Bruno Ewald Paul and Margit Paul;

S. 915. An act for the relief of Augusta Bleys (also known as Augustina Bleys);

S. 917. An act for the relief of Stefan Burda, Anna Burda, and Nikolai Burda;

S. 937. An act for the relief of Virginia Grande;

S. 945. An act for the relief of Moshe Gips;

S. 986. An act for the relief of Mrs. Ishi Washburn;

S. 1129. An act for the relief of Jozo Mandic;

S. 1267. An act for the relief of Irene Kramer and Otto Kramer;

S. 1313. An act for the relief of Olga Balabanov and Nicola Balabanov;

S. 1362. An act for the relief of Rev. Ishai Ben Asher;

S. 1477. An act for the relief of Gerhard Nicklaus;

S. 1490. An act for the relief of David Maisel (David Majzel) and Bertha Maisel (Berta Pieschansky Majzel);

S. 1841. An act for the relief of Carlo (Adiutore) D'Amico;

S. 1850. An act for the relief of Dr. John D. MacLennan;

S. 1860. An act for the relief of Amalia Sandrovic;

S. 1954. An act for the relief of Anthony N. Goraieb;

S. 2036. An act for the relief of Joseph Robin Groninger;

S. 2065. An act for the relief of Mr. and Mrs. Hendrik Van der Tuin;

S. 2677. An act for the relief of Michio Yamamoto;

S. 2820. An act for the relief of Mrs. Erika Gisela Osteraa;

S. 2960. An act for the relief of Barbara Herta Geschwandtner;

S. 3197. An act to authorize the acceptance of conditional gifts to further the defense effort; and

S. 3605. An act to abolish the offices of Assistant Treasurer and Assistant Register of the Treasury and to provide for an Under Secretary for Monetary Affairs and an additional Assistant Secretary in the Treasury Department.

BILLS PRESENTED TO THE PRESIDENT

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H. R. 130. An act to amend the act approved June 27, 1947 (61 Stat. 189);

H. R. 5185. An act for the relief of Klyce Motors, Inc.;

H. R. 6642. An act for the relief of Mrs. Augusta Selmer-Andersen;

H. R. 6786. An act authorizing the Secretary of the Interior to purchase improvements or pay damages for removal of improvements located on public lands of the United States in the Palisades project area, Palisades reclamation project, Idaho;

H. R. 7466. An act to authorize the Secretary of the Interior to execute an amendatory repayment contract with the Pine River irrigation district, Colorado, and for other purposes;

H. R. 8026. An act to provide for transfer of title to movable property to irrigation districts or water users' organizations under the Federal reclamation laws;

H. R. 8983. An act to provide for the conveyance of certain lands by the United States to the city of Muskogee, Okla.; and

H. R. 9005. An act to continue the effectiveness of the act of July 17, 1953 (67 Stat. 177).

ADJOURNMENT

Mrs. ROGERS of Massachusetts. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 12 minutes p. m.), under the previous order of the House, the House adjourned until tomorrow, Thursday, July 22, 1954, at 10 o'clock a. m.

MOTION TO DISCHARGE COMMITTEE

JUNE 30, 1954.

To the CLERK OF THE HOUSE OF REPRESENTATIVES:

Pursuant to clause 4 of rule XXVII, I, HAROLD C. HAGEN, of Minnesota, move to discharge the Committee on Rules from the consideration of the resolution (H. Res. 590) entitled, "A resolution providing for the consideration of the bill H. R. 9245," which was referred to said committee June 17, 1954, in support of which motion the undersigned Members of the House of Representatives affix their signatures, to wit:

1. Harold C. Hagen.
2. James G. Fulton.
3. Otto Krueger.
4. John E. Fogarty.
5. Edward J. Hart.
6. Robert J. Corbett.
7. Antoni N. Sadlak.
8. Horace Seely-Brown, Jr.
9. Robert Crosser.
10. Thomas J. Lane.
11. Herman P. Eberharter.
12. H. R. Gross.
13. Roy W. Wier.
14. Eugene J. McCarthy.
15. Vera Buchanan.
16. Elizabeth Kee.
17. Wayne N. Aspinall.
18. Harrison A. Williams, Jr.
19. William T. Granahan.
20. Howard S. Miller.
21. Gardner R. Withrow.
22. John W. McCormack.
23. George P. Miller.
24. Clyde Doyle.
25. Chester E. Merrow.
26. William A. Barrett.
27. John F. Shelley.
28. Edward P. Boland.
29. Leo W. O'Brien.
30. Richard Bolling.
31. Edna F. Kelly.
32. John J. Dempsey.
33. Harold D. Donohue.
34. Lee Metcalf.
35. Don Magnuson.
36. Charles R. Howell.
37. Thomas P. O'Neill.
38. Thor C. Tollefson.
39. John A. Blatnik.
40. Sidney A. Fine.
41. Byron G. Rogers.
42. John J. Rooney.
43. Arthur G. Klein.
44. Hugh J. Addonizio.
45. Frank M. Karsten.
46. Thomas E. Morgan.
47. Melvin Price.
48. James A. Byrne.
49. Gordon L. McDonough.
50. Carl Chudoff.
51. Lester Holtzman.
52. Aime J. Forand.
53. Peter W. Rodino, Jr.

54. Francis E. Walter.
55. Emanuel Celler.
56. John E. Moss, Jr.
57. Paul A. Fino.
58. Robert L. Condon.
59. George H. Fallon.
60. William J. Green, Jr.
61. Cecil R. King.
62. Thomas J. O'Brien.
63. Barrett O'Hara.
64. James B. Bowler.
65. Eugene J. Keogh.
66. James T. Patterson.
67. William C. Cole.
68. Harlan Hagen.
69. Isidore Dollinger.
70. Franklin D. Roosevelt, Jr.
71. Abraham Multer.
72. Thomas S. Gordon.
73. Mrs. John B. Sullivan.
74. Peter F. Mack, Jr.
75. John C. Kluczynski.
76. Morgan M. Moulder.
77. George M. Rhodes.
78. Clement J. Zablocki.
79. George D. O'Brien.
80. Samuel N. Friedel.
81. Edward A. Garmatz.
82. A. S. J. Carnahan.
83. Robert C. Byrd.
84. James G. Polk.
85. Michael J. Kirwan.
86. William Henry Harrison.
87. Philip J. Philbin.
88. Sam Yorty.
89. Robert H. Mollohan.
90. Louis C. Rabaut.
91. Lester Johnson.
92. Alfred D. Sieminski.
93. Henderson Lanham.
94. William E. Miller.
95. William B. Widnall.
96. James J. Delaney.
97. Francis E. Dorn.
98. James G. Donovan.
99. Leroy Johnson.
100. E. P. Radwan.
101. Ray J. Madden.
102. Augustine B. Kelley.
103. W. R. Williams.
104. G. Canfield.
105. Harry R. Sheppard.
106. Edith Nourse Rogers.
107. Albert W. Cretella.
108. Albert P. Morano.
109. Clair Engle.
110. John Lesinski.
111. Craig Hosmer.
112. Carl Albert.
113. Alvin E. O'Konski.
114. Paul Cunningham.
115. H. Carl Andersen.
116. Sidney R. Yates.
117. Brent Spence.
118. Harley O. Staggers.
119. Wayne L. Hays.
120. Carl D. Perkins.
121. William L. Dawson.
122. T. A. Thompson.
123. Dewey Short.
124. Gracie Pfost.
125. Clarence Cannon.
126. John Jarman.
127. Tom Steed.
128. Laurie Battle.
129. Joseph L. Carrigg.
130. Robert T. Ashmore.
131. Robert B. Chiperfield.
132. Ed Edmondson.
133. Chet Holifield.
134. Clifford Davis.
135. Ivor D. Fenton.
136. Joe L. Evins.
137. Frank W. Boykin.
138. A. M. Fernandez.
139. Jacob K. Javits.
140. Norris Cotton.
141. Walt Horan.
142. E. E. Willis.
143. Frank T. Bow.
144. Frazier Reams.
145. Robert E. Jones, Jr.
146. James C. Auchincloss.
147. Albert Rains.
148. James H. Morrison.
149. John D. Dingell.
150. Thaddeus M. Machrowicz.
151. Bill Lantaff.
152. James W. Trimble.
153. A. S. Herlong, Jr.
154. Dwight L. Rogers.
155. John R. Pillion.
156. Overton Brooks.
157. Walter Rogers.
158. John L. McMillan.
159. William H. Natcher.
160. Usher L. Burdick.
161. James A. Haley.
162. Page Belcher.
163. Fred Marshall.
164. Courtney Campbell.
165. Oakley Hunter.
166. Victor Wickersham.
167. William H. Ayres.
168. Joseph P. O'Hara.
169. Hale Boggs.
170. R. W. Hoffman.
171. Timothy P. Sheehan.
172. Joe Holt.
173. J. E. Van Zandt.
174. Paul F. Schenck.
175. Edgar A. Jonas.
176. E. W. Hiestand.
177. Roman L. Hruska.
178. Glenard P. Lipscomb.
179. Bob Sikes.
180. Charles E. Bennett.
181. B. W. Kearney.
182. Cliff Young.
183. H. B. Warburton.
184. Cleveland Bailey.
185. John C. Watts.
186. Thomas M. Pelley.
187. George H. Bender.
188. John B. Bennett.
189. Pat Sutton.
190. William L. Springer.
191. Carl Elliott.
192. William G. Bray.
193. Charles A. Buckley.
194. J. B. Frazier, Jr.
195. John M. Robsion, Jr.
196. Chas. A. Wolverton.
197. Earl Wilson.
198. J. Ernest Wharton.
199. E. Ross Adair.
200. Aug. H. Andresen.
201. Homer D. Angell.
202. Kenneth A. Roberts.
203. Harold H. Velde.
204. Prince H. Preston, Jr.
205. J. Percy Priest.
206. Jere Cooper.
207. John V. Beamer.
208. Frank L. Chelf.
209. Fred E. Busbey.
210. Michael A. Feighan.
211. Homer Thornberry.
212. Frank Ikard.
213. E. C. Gathings.
214. Carl T. Durham.
215. W. F. Norrell.
216. Charles B. Deane.
217. F. Ertel Carlyle.
218. James C. Davis.

This motion was entered upon the Journal, entered in the CONGRESSIONAL RECORD with signatures thereto, and referred to the Calendar of Motions to Discharge Committees, July 21, 1954.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1759. A letter from the Deputy Postmaster General, transmitting a report of the claims paid by the Post Office Department during the fiscal year 1954, pursuant to the Federal Tort Claims Act; to the Committee on the Judiciary.

1760. A letter from the Secretary of Commerce, transmitting a draft of a proposed bill entitled "A bill to fix the salary of the Commissioner of Patents, and for other purposes"; to the Committee on Post Office and Civil Service.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. MILLER of Nebraska: Committee on Interior and Insular Affairs. H. R. 9630. A bill to authorize the Secretary of the Interior to execute an amendatory contract with the Black Canyon Irrigation District, Idaho, and for other purposes; with amendment (Rept. No. 2348). Referred to the Committee of the Whole House on the State of the Union.

Mr. TOLLEFSON: Committee on Merchant Marine and Fisheries. H. R. 9786. A bill to give effect to the International Convention for the High Seas Fisheries of the North Pacific Ocean, signed at Tokyo, May 9, 1952, and for other purposes; with amendment (Rept. No. 2360). Referred to the Committee of the Whole House on the State of the Union.

Mr. ALLEN of California: Committee on Merchant Marine and Fisheries. H. R. 9397, A bill to authorize the Secretary of the Treasury to transfer certain property to the Panama Canal Company, and for other purposes; with amendment (Rept. No. 2427). Referred to the Committee of the Whole House on the State of the Union.

Mr. HOPE: Committee on Agriculture. House Joint Resolution 550. Joint Resolution to permit the United States of America to release reversionary rights in a thirty-six and seven hundred and fifty-nine one-thousandths acre tract to the Vineland School District of the county of Kern, Calif.; with amendment (Rept. No. 2428). Referred to the Committee of the Whole House on the State of the Union.

Mr. VAN PELT: Committee on Merchant Marine and Fisheries. H.R. 9434. A bill to amend section 216 (b) of the Merchant Marine Act, 1936, as amended, to provide for the maintenance of the Merchant Marine Academy; with amendment (Rept. No. 2429). Referred to the Committee of the Whole House on the State of the Union.

Mr. D'EWART: Committee of conference. H. R. 303. A bill to transfer the administration of health services for Indians and the operation of Indian hospitals to the Public Health Service (Rept. No. 2430). Ordered to be printed.

Mr. TOLLEFSON: Committee of conference. S. 2408. An act to amend the Merchant Marine Act, 1936, to provide a national defense reserve of tankers and to promote the construction of new tankers, and for other purposes; without amendment (Rept. No. 2431). Ordered to be printed.

Mr. ARENDS: Committee of conference. H. R. 6725. A bill to extend the authority for the appointment of certain officers in the Regular Navy and Marine Corps (Rept. No. 2432). Ordered to be printed.

Mr. WOLVERTON: Committee of conference. S. 2846. An act to amend certain provisions of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, the Trust Indenture Act of 1939, and the Investment Company Act of 1940 (Rept. No. 2433). Ordered to be printed.

Mr. VORYS. Committee on Foreign Affairs. H. R. 9910. A bill to amend section 413 (b) of the Foreign Service Act of 1946; without amendment (Rept. No. 2434). Referred to the Committee of the Whole House on the State of the Union.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 653. Resolution for consideration of H. R. 8498, a bill authorizing construction of works to reestablish for the Palo Verde Irrigation District, Calif., a means of diversion of its irrigation water supply from the Colorado River, and for other purposes; without amendment (Rept. No. 2435). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 654. Resolution for consideration of H. R. 8384, a bill to authorize the Secretary of the Interior to construct, operate, and maintain the Talent division of the Rogue River Basin reclamation project, Oregon; without amendment (Rept. No. 2436). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 655. Resolution for consideration of H. R. 3534, a bill to authorize the extension of patents covering inventions whose practice was prevented or curtailed during certain emergency periods by service of the patent owner in the Armed Forces or by production controls; without amendment (Rept. No. 2437). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 656. Resolution for consideration of H. R. 9413, a bill to reorganize the Capitol Police force in order to increase its efficiency in the performance of its duties; without amendment (Rept. No. 2438). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 657. Resolution for consideration of H. R. 9390, a bill to extend certain civilian-internee and prisoner-of-war benefits under the War Claims Act of 1948, as amended, to civilian internees and American prisoners of war captured and held during the hostilities in Korea; with amendment (Rept. No. 2439). Referred to the House Calendar.

Mr. ALLEN of Illinois: Committee on Rules. House Resolution 658. Resolution for consideration of S. 3137, an act to make the provisions of the act of August 28, 1937, relating to the conservation of water resources in the arid and semiarid areas of the United States, applicable to the entire United States, and to increase and revise the limitation on aid available under the provisions of the said act, and for other purposes; without amendment (Rept. No. 2440). Referred to the House Calendar.

Mr. HOFFMAN of Michigan: Committee on Government Operations. H. R. 9835. A bill to provide for the termination of Government operations which are in competition with private enterprise; with amendment (Rept. No. 2441). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. BURDICK: Committee on the Judiciary. H. R. 1156. A bill for the relief of William H. Barney; without amendment (Rept. No. 2349). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H. R. 1785. A bill for the relief of Herman E. Mosley; with amendment (Rept. No. 2350). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H. R. 5125. A bill for the relief of the children of the late Mateo Ortiz Vazquez; with amendment (Rept. No. 2351). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7594. A bill for the relief of Yin Mow Moy; without amendment (Rept. No. 2352). Referred to the Committee of the Whole House.

Mr. JONAS of Illinois: Committee on the Judiciary. H. R. 5586. A bill for the relief of Constantine Nitsas; without amendment (Rept. No. 2353). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H. R. 6978. A bill for the relief of Mrs. Lorenza O'Malley (de Amusategui); with amendment (Rept. No. 2354). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on the Judiciary. H. R. 7073. A bill for the relief of Irving I. Erdheim; with amendment (Rept. No. 2355). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H. R. 7750. A bill for the relief of Kermit R. Lay, Sr.; with amendment (Rept. No. 2356). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on the Judiciary. H. R. 8307. A bill for the relief of Virginia Heil; with amendment (Rept. No. 2357). Referred to the Committee of the Whole House.

Mr. JONAS of Illinois: Committee on the Judiciary. H. R. 8606. A bill for the relief of Neil C. Hemmer and Mildred Hemmer; with amendment (Rept. No. 2358). Referred to the Committee of the Whole House.

Mr. LANE: Committee on the Judiciary. H. R. 8810. A bill for the relief of William Martin, of Tok Junction, Alaska; without amendment (Rept. No. 2359). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 717. A bill for the relief of Henriette Matter; with amendment (Rept. No. 2361). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 785. A bill for the relief of Apostolos Vasili Percas; without amendment (Rept. No. 2362). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 822. A bill for the relief of Sister Giuseppina Giaccone; without amendment (Rept. No. 2363). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 826. A bill for the relief of Zbigniew Wolynski; without amendment (Rept. No. 2364). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 832. A bill for the relief of Katharine Balsamo; with amendment (Rept. No. 2365). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 839. A bill for the relief of Sister Mary Gertrude (Mary Gertrude Kelly); without amendment (Rept. No. 2366). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 877. A bill for the relief of Nasser Esphahanian; with amendment (Rept. No. 2367). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1622. A bill for the relief of Augustin Mondreal; with amendment (Rept. No. 2368). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 1627. A bill for the relief of Johann Groben; with amendment (Rept. No. 2369). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 2393. A bill for the relief of Brother Eugene Cumerlato; without amendment (Rept. No. 2370). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 3013. A bill for the relief of Spyridon Saintoufis and Mrs. Efrossini Saintoufis; without amendment (Rept. No. 2371). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 3330. A bill for the relief of Milos Hamza and Mrs. Jirina Hamza; with amendment (Rept. No. 2372). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 3507. A bill for the relief of Maj. Elias M. Tsougranis; without amendment (Rept. No. 2373). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 4015. A bill for the relief of Josef, Paula, and Kurt Friedberg; without amendment (Rept. No. 2374). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 4103. A bill for the relief of Alberto D'Agliano; with amendment (Rept. No. 2375). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 4426. A bill for the relief of Andrea Paulette Quatrehomme; with amendment (Rept. No. 2376). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 4427. A bill for the relief of Mrs. Helena Piasecka, without amendment (Rept. No. 2377). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 4581. A bill to legalize the entry of Solomon Joseph Sadakne, a native of Syria; with amendment (Rept. No. 2378). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 4815. A bill for the relief of Alexander Petsche; without amendment (Rept. No. 2379). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 4908. A bill for the relief of Pietro Petralia; without amendment (Rept. No. 2380). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 4969. A bill for the relief of Basilios Xarhoulacos; without amendment (Rept. No. 2381). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 5553. A bill for the relief of Dr. Lu Jenlung, without amendment (Rept. No. 2382). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 5978. A bill for the relief of Chung Fook Yee Chung, without amendment (Rept. No. 2383). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 6492. A bill for the relief of Rodolfo Navarro; with amendment (Rept. No. 2384). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 6752. A bill for the relief of Mrs. Maria Giuseppa De Lisa Quagliano; with amendment (Rept. No. 2385). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7051. A bill for the relief of Mary George Solomon; without amendment (Rept. No. 2386). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 7053. A bill for the relief of Elisabeth Stiegler Lewis; without amendment (Rept. No. 2387). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 7080. A bill for the relief of Bartolomeo Montalto; with amendment (Rept. No. 2388). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 7243. A bill for the relief of Namiko Nitoh and her child, George F. X. Nitoh; without amendment (Rept. No. 2389). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 7252. A bill for the relief of Glicerio M. Ebuna; without amendment (Rept. No. 2390). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 7406. A bill for the relief of Janis Arvids Reinfelds; without amendment (Rept. No. 2391). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 7463. A bill for the relief of Theodora Sammartino; without amendment (Rept. No. 2392). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 7498. A bill for the relief of David Manuel Porter; without amendment (Rept. No. 2393). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 7499. A bill for the relief of Charles Chan; without amendment (Rept. No. 2394). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7572. A bill for the relief of Mrs. Marjorie Fligor (nee Sproul); with amendment (Rept. No. 2395). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 7947. A bill for the relief of Mrs. Erika (Hohenleitner) Stapleton; with amendment (Rept. No. 2396). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 8065. A bill for the relief of Carlos Francisco, Manriqueta Mina, and Roberto Mina Ver; without amendment (Rept. No. 2397). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 8115. A bill for the relief of Tannous Estephan, with amendment (Rept. No. 2398). Referred to the Committee of the Whole House.

Miss THOMPSON of Michigan: Committee on the Judiciary. H. R. 8244. A bill for the relief of Mrs. Dorothy Nell Woolgar Allen; with amendment (Rept. No. 2399). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 8554. A bill for the relief of Maria M. Khoe; without amendment (Rept. No. 2400). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 8557. A bill for the relief of Ezio Bertoni; without amendment (Rept. No. 2401). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 8936. A bill for the relief of Dana Evanovich; without amendment (Rept. No. 2402). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. H. R. 9336. A bill for the relief of Marianne Geymeier; with amendment (Rept. No. 2403). Referred to the Committee of the Whole House.

Mr. HYDE: Committee on the Judiciary. H. R. 9512. A bill for the relief of Mrs. Franziska (Han) Rigau; with amendment (Rept. No. 2404). Referred to the Committee of the Whole House.

Mr. CELLER: Committee on the Judiciary. H. R. 9844. A bill for the relief of Gabriella Sardo; without amendment (Rept. No. 2405). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on the Judiciary. H. R. 9953. A bill for the relief of Mr. Fu-Ho Chan and Mrs. Fu-Ho Chan; without amendment (Rept. No. 2406). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 232. An act for the relief of Hugo Kern; without amendment (Rept. No. 2407). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 354. An act for the relief of Inger Larsson; without amendment (Rept. No. 2408). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 447. An act for the relief of Vasiliki Tountas (nee Vasiliki Georgion Karoumbali); without amendment (Rept. No. 2409). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 810. An act for the relief of Jan E. Tomczycki; without amendment (Rept. No. 2410). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 974. An act for the relief of certain Chinese children; without amendment (Rept. No. 2411). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1798. An act for the relief of Charles Peroulas; without amendment (Rept. No. 2412). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 1940. An act for the relief of Michela Aurucci; without amendment (Rept. No. 2413). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2135. An act for the relief of Fernando A. Rubio, Jr., without amendment (Rept. No. 2414). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2214. An act for the relief of Peter James Copses, Beatrice Copses, Victoria Copses, and James Peter Copses; without amendment (Rept. No. 2415). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2363. An act for the relief of Dr. Mien Fa Tchou and his wife, Li Hoei Ming Tchou; without amendment (Rept. No. 2416). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2411. An act for the relief of Ruth Berndt; without amendment (Rept. No. 2417). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2456. An act for the relief of Martin Genuth; without amendment (Rept. No. 2418). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2510. An act for the relief of Paul Lewerenz and Margareta Ehrhard Lewerenz; without amendment (Rept. No. 2419). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2594. An act for the relief of Paolino Berchielli, his wife Leda, and daughter Alba; without amendment (Rept. No. 2420). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2607. An act for the relief of Faustino Achaval Aldecoa and his wife, Carmen Achaval (nee Cortabitarte); without amendment (Rept. No. 2421). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 2635. An act for the relief of Nadeem Tannous and Mrs. Jamile Tannous; without amendment (Rept. No. 2422). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 3126. An act for the relief of Waltraut Claassen; without amendment (Rept. No. 2423). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. Senate Concurrent Resolution 83. Concurrent resolution favoring the suspension of deportation in the case of certain aliens; without amendment (Rept. No. 2424). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. Senate Concurrent Resolution 92. Concurrent resolution favoring the suspension of deportation in the case of certain aliens; with amendment (Rept. No. 2425). Referred to the Committee of the Whole House.

Mr. GRAHAM: Committee on the Judiciary. S. 231. An act for the relief of Otmar Sprah; without amendment (Rept. No. 2426). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BENTLEY:

H. R. 9980. A bill to make certain increases in the annuities of annuitants under the Foreign Service retirement and disability system; to the Committee on Foreign Affairs.

By Mr. ENGLE:

H. R. 9981. A bill to provide for the construction of distribution systems on authorized Federal reclamation projects by irrigation districts and other public agencies; to the Committee on Interior and Insular Affairs.

By Mr. FOGARTY:

H. R. 9982. A bill to amend section 1 (d) of the Civil Service Retirement Act of May 29, 1930, as amended; to the Committee on Post Office and Civil Service.

By Mr. MASON:

H. R. 9983. A bill to amend section 723 of the Internal Revenue Code; to the Committee on Ways and Means.

By Mr. PILCHER:

H. R. 9984. A bill to provide for adjustments in the lands or interests therein acquired for the Jim Woodruff Reservoir, Ga., by the reconveyance of certain lands or interests therein to the former owners thereof; to the Committee on Public Works.

By Mrs. ST. GEORGE:

H. R. 9985. A bill to amend the Trading With the Enemy Act; to the Committee on Interstate and Foreign Commerce.

By Mr. SMITH of Mississippi:

H. R. 9986. A bill to provide Federal assistance to business enterprises, communities, and individuals injured by tariff reductions; to the Committee on Ways and Means.

By Mr. TOLLEFSON:

H. R. 9987. A bill to amend certain provisions of title XI of the Merchant Marine Act, 1936, as amended, to facilitate private financing of new ship construction, and for other

purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. FULTON:

H. R. 9988. A bill for the relief of the Federal Republic of Germany; to the Committee on Foreign Affairs.

By Mr. JACKSON:

H. J. Res. 565. Joint resolution to amend the joint resolution providing for the membership of the United States in the Pan American Institute of Geography and History and authorize appropriations therefor; to the Committee on Foreign Affairs.

By Mr. FULTON:

H. J. Res. 566. Joint resolution to provide for increasing the salary and allowances of the present Chief of the United States Mission to Guatemala; to the Committee on Foreign Affairs.

By Mr. WOLCOTT:

H. Con. Res. 259. Concurrent resolution to provide for the Joint Committee on Tin; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LANE:

H. R. 9989. A bill for the relief of Thomas F. Harney, Jr., doing business as the Harney Engineering Co.; to the Committee on the Judiciary.

By Mr. COLE of New York:

H. R. 9990. A bill for the relief of Mrs. Emmy Rothe Hirsch; to the Committee on the Judiciary.

By Mr. GUBSER:

H. R. 9991. A bill for the relief of Irma Fontanini Citti; to the Committee on the Judiciary.

By Mr. REED of Illinois:

H. R. 9992. A bill for the relief of Hans Kuzura; to the Committee on the Judiciary.

By Mr. SCUDDER:

H. R. 9993. A bill for the relief of Joseph Righetti and Marjorie Righetti; to the Committee on the Judiciary.

By Mr. SMITH of Mississippi:

H. R. 9994. A bill for the relief of Riley Aircraft, Inc.; to the Committee on the Judiciary.

By Mrs. SULLIVAN (by request):

H. R. 9995. A bill for the relief of Walter Oppenheim; to the Committee on the Judiciary.

By Mr. WALTER:

H. R. 9996. A bill for the relief of Susan Ellen Heiney; to the Committee on the Judiciary.

By Mr. BURDICK:

H. Res. 659. Resolution providing for sending to the United States Court of Claims the bill (H. R. 9334) for the relief of Walter W. Flora and Mildred L. Flora, doing business as Flora Engineering Co.; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

1111. By Mr. DEROUNIAN: Petition of Mrs. Mary E. Wind of Bayville, N. Y., and approximately 125 other signers, urging favorable action by the Congress on the bill (H. R. 9434) to place the United States Merchant Marine Academy at Kings Point on a permanent basis; to the Committee on Merchant Marine and Fisheries.

1112. By the SPEAKER: Petition of the chairman, Kushiro Municipal Assembly, Kushiro, Japan, requesting that efforts may be taken to prohibit the experiment of A- and H-bombs as soon as possible; to the Joint Committee on Atomic Energy.

EXTENSIONS OF REMARKS

The Late Honorable Joe Farrington

EXTENSION OF REMARKS

OF

HON. ROBERT HALE

OF MAINE

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 21, 1954

Mr. HALE. Mr. Speaker, Maine had its primary election on June 21, and so I was not on the floor on that day to join in the eulogies to my friend Joe Farrington, the late Delegate from Hawaii. I shall always regret this. No one could have been fonder of Joe Farrington than I was, and no one could have had a greater admiration for his capacity and character as a legislator.

There was no Member of our body better qualified to render a decision on any question that can arise here than Joe Farrington. Yet, under the peculiar terms on which he served, he was disqualified from voting on any question even if it was one of vital importance to the people whom he represented. I often wondered how he endured a situation which to me would be so humiliating and galling. But he did endure it with the utmost cheerfulness as he endured all the vicissitudes and frustrations of his service here.

Back in the year 1931 I first met Joe Farrington's father, the Honorable Wallace Rider Farrington, then Governor of Hawaii. His family came from the town of Brewer in Penobscot County, Maine. The Farringtons have always been a good Maine family. Joe and his father took the utmost pride in their Maine ancestry and were always deeply interested in all the affairs of the State. It was on that account that I first got to know Joe Farrington and so to become fond of him, when we arrived here together in the 78th Congress in January 1943.

As everyone knows, Joe's ambition was to make Hawaii the 49th State of the Union and all his labors in this vineyard were with that ultimate objective in mind. He could not have conducted this struggle with more dignity, more intelligence, and more ability. Statehood bills actually passed the House in June 1947 and in March 1950, but these triumphs were in vain because in each of these sessions the Senate failed to act. In the present Congress the House passed the statehood on March 7, 1953, and the Senate passed a statehood bill on April 1, 1954, but tied Alaska up with Hawaii, and up to this point they have not been disentangled. I should like to say with all possible emphasis that Hawaii should be given statehood before the present Congress adjourns. Joe Farrington needs no monument for his services, but Hawaii deserves justice, and I am convinced that statehood is no more than justice for this great and progressive Territory.

Joe Farrington was a good man and a reasonable man. He had Yankee shrewdness. He also had a tolerance and a temperateness which must have been his birthright as a citizen of those beautiful islands where, more than anywhere else in the entire world, people from all nations and of all races have learned to work together in democratic association for the common good.

Joe had Yankee culture behind him. He had the training of a famous American university. But he also was a product of Polynesian culture which is more remarkable than many of our people realize.

I particularly agree with what Walter Judd has said about Joe Farrington. He had great vision. He realized that this country could not hope to lead the world in the cause of freedom if its own institutions were defaced by racism and intolerance. He knew from earliest youth in Hawaii that to be a human being did not necessarily mean to be a Caucasian; and that, as far as Asia is concerned, the Asians would accept Communist supremacy rather than white supremacy. He knew that to be a good American did not depend on the color of the skin. To judge Joe Farrington's life work one must realize the spiritual greatness of his concept of America.

Mr. Speaker, you did me the honor to appoint me a member of the official delegation which went from this House to accompany our colleague's ashes to their last resting place in Nuuanu Cemetery, Honolulu, and to attend the memorial services which were held for him in the constituency which he represented so worthily.

That visit to Hawaii, though it could not have been sadder, was deeply revealing to me and I shall always be happy that I was able to make the journey. People in Hawaii told me that not since the end of the Hawaiian monarchy in 1893 has there been such an outpouring of affection, respect, and grief as was manifested for our colleague. This I can readily believe.

In addition to the funeral services held in the Congregationalist Church, our delegation attended the ceremonies where our colleague's ashes lay in state in the throne room of the Iolani Palace. That was one of the most extraordinary tributes to a man that I can imagine. Hour after hour the people of the Territory came to do reverence to Joe's memory while various groups of his people sang chants and funeral music in

his honor. Nothing could have been more moving.

Quite apart from Joe Farrington's character and achievements as a legislator I would pay tribute to him as a human being. A delightful host, a selfless friend, convivial in the best sense, sharing in the joys of life, one could never find a more charming companion. It is hard to understand that we shall not see him again in the flesh.

I want to take this occasion to express my sympathy to Betty Farrington his devoted wife, the very able partner in all his work, and to his two children of whom he was so fond who owe so much to his devotion.

Defense Contracts With General Motors Corp.

EXTENSION OF REMARKS
OF
HON. CHARLES S. GUBSER
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Wednesday, July 21, 1954

Mr. GUBSER. Mr. Speaker, I recently received a request from one of my constituents to obtain for him information regarding defense contracts placed by this Government with the General Motors Corp. "Is it true," my constituent inquired, "that the United States has cancelled defense contracts with many industrial firms, but not a single one with General Motors?"

In order to reply, I requested the Department of Defense to release statistics showing the status of such contract cancellations, and I believe the answer to be of sufficient general interest to bring it to public attention.

I have in my possession a table showing cumulative net totals of military prime contract awards of $10,000 or more to all business firms in the United States in one column, and to the General Motors Corp. in another column, at 6-month intervals since Korea and through April 1954. The table shows that contract cancellations since June 1953 reduced the General Motors total from $7,095,800,000 to $6,728,900,000 in contracts of $10,000 or more. It also shows that the ratio of General Motors to all United States contracts of that size is now lower than at the end of any fiscal or calendar year since Korea. While at the end of June 1951, General Motors' ratio was 8 percent of the total, and stood at 7.2 percent at the end of the 1953 fiscal year, it dropped to 6.4 percent of the total by April 30, 1954.

According to the Defense Department, these General Motors figures include all contracts with subsidiaries and divisions of that corporation.

Mr. Speaker, there has been a considerable amount of loose talk and insidious rumor mongering on this subject, and to my knowledge, this is the first time that a clear-cut refutation has been furnished by authoritative sources, citing dollars and cents to set the record straight.

I believe that my constituent has performed a public service by posing the question which prompted my research and finally induced the Defense Department to release the information so that the people may know.

Net value of military prime contracts of $10,000 or more, with all business firms and with General Motors Corp.,[1] cumulative from July 1950 through specified dates

[In millions]

	United States total	General Motors Corp.[2]	
		Amount	Percent of total
June 30, 1951	$29,687.0	$2,372.5	8.0
Dec. 31, 1951	43,961.0	2,907.2	6.6
June 30, 1952	73,849.8	5,489.5	7.8
Dec. 31, 1952	80,331.8	5,285.2	6.6
June 30, 1953	98,723.0	7,095.8	7.2
Apr. 30, 1954	104,875.5	6,728.9	6.4

[1] Army, Navy, and Air Force supply, service and construction contracts awarded in continental United States, excluding all contracts of less than $5,000, excluding Army and Air Force contracts of less than $10,000 since Dec. 31, 1950, and excluding Navy contracts of less than $10,000 since June 30, 1951.
[2] Includes all contracts with subsidiaries and divisions.

Morality by Arithmetic

EXTENSION OF REMARKS
OF
HON. ROBERT C. BYRD
OF WEST VIRGINIA
IN THE HOUSE OF REPRESENTATIVES
Wednesday, July 21, 1954

Mr. BYRD. Mr. Speaker, it is with a heaviness of spirit that I feel compelled to make these remarks bearing upon the frenzied diplomatic activities of our country and the other members of the coalition, Britain and France.

In the face of all evidence, and almost in defiance of reason, I, like so many million other Americans, have been hoping against hope that the situation in Indochina could be retrieved. Against our better judgment, we have let ourselves believe that the flurry of diplomatic activities these last several weeks could somehow change the essentials of a sorry situation. Eagerly we have snatched up the latest newspaper and hopefully listened to the last word on the broadcasts, devoutly wishing, in our souls, for some miraculous extraction from the pit into which weak, vacillating policy has plunged the Western World.

To be sure, a dramatic effort has been made to put substance into froth, as is evidenced by the abstention of America from Geneva, by the winging of Secretary Dulles to Paris, and by the dispatch of Under Secretary Smith to Geneva, I am not unmindful of the efforts of the Department of State or the administration to establish and hold a firm policy relative to Communist aggression in Asia. I acknowledge, and not grudgingly, that Mr. Dulles has been energetic and zealous in this pursuit. But the fact remains, Mr. Speaker, that when the last headline has been made, when the last broadcast has been completed, when the last flight has been checked in, the net result of all of this show is another and a substantial victory for the Communists—a victory that is not going to be contained within its present dimensions, but one that will spill over into other parts of Asia to be felt around the entire world.

What happens, Mr. Speaker, between the high-sounding, avowed purpose of our diplomacy and the regrettable accomplished result? The words are phrased in one way, but they come out as an entirely different record. This, the case of Indochina, is not an isolated example of how our morally proclaimed foreign policy comes to a shabby end. In fact, Mr. Speaker, not only is it not an isolated example, but it is, in fact, the pattern.

What disturbs me enormously—and I know that I largely speak the sentiments of this body—is the official thinking, as reflected in end-official policy, that it is an all-right arrangement to assent to carving up the world into zones to be handed over to the Communists at the price of an alleged armistice. This, it would seem to me, is appeasement by partition.

We are aghast at the notion that we should allow the Communists, at this stage of the game, to take over a whole country. This would be aggression; this could constitute imperialism; this would be repugnant to the West's moral code. But, somehow, it becomes all right to countenance, if not to actually assist in, the division of a country into two parts. Just how does it become a right and moral proposition to consign 2 million people to Communist slavery if it is an unthinkable thing to allow Communist conquest of 10 million people? Are morals divisible by arithmetic, Mr. Speaker? Can a moral principle be halved or separated into quarters? Does the application of a percentage table, applied to human slavery, make it palatable to the world?

I have said it before, and I shall say it often, the Lord willing, that what is morally wrong can never be politically right, and no amount of transoceanic flights or communiques or highly touted unity can make it right.

That which is going on, that which is being covered up with a shower of diplomatic language, Mr. Speaker, is a negotiation of conditional surrender in Indochina. Despite the mumbo-jumbo which pretends that great new starts are in the making along the diplomatic front, a country is being halved in such a way and under such circumstances that the Communists will be in position to gain full control ultimately.

This did not need to happen. It may be a convenient expedient for our State Department at this stage of the game to pretend that the United States is merely an onlooker, to give off with that hands-off statement, "I'm only waiting for a streetcar," but the fact remains, Mr. Speaker, that we footed the big end of the war costs in Indochina—something like 70 percent of the French expenditures—and, to make matters worse, it looks very much as though the Communists are about to fall heir to a most

valuable cache of military loot—armament and supplies that will equip them well for new aggressions.

This is the same thing that happened in Korea. Do not we ever learn? Where is the coordination between our diplomats, our intelligence services, and the military? We should have been informed as to what French intentions were; we ought to have been apprised of the way the fighting was going; we should have known what the ultimate prospect was. But, above all, we should have been cognizant of the point at which it became advisable to plug the military pipeline.

But all of these considerations, important as they are, are swallowed up in the larger question: When, where, and how will the West stop falling back before the onpressing Communist tide?

As I have said before, Mr. Speaker, none but the whole world will suffice to satisfy the aggressive appetite of Communist imperialism. Each day brings evidence of that anew. As for ourselves, we must decide when we are going to cease being sold on successive retreats and we must decide to look the full threat of Communist imperialism in the face. We can no longer afford the luxury of wishful thinking. It has already started the free world down the road to defeat.

Today Is a Black Day for Freedom

EXTENSION OF REMARKS
OF
HON. PATRICK J. HILLINGS
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Wednesday, July 21, 1954

Mr. HILLINGS. Mr. Speaker, Communist tyrants across the world are rejoicing today. At dawn this morning in Geneva 12 million human beings were sold into Communist slavery by the action of leaders of the free world with the exception of the United States. The boundary line of the Iron Curtain was moved forward to include 77,000 square miles of territory in Indochina. This is, indeed, a black day for those who believe in the principles of human freedom and the dignity of man. This is a day which has strengthened the Communist hand immeasurably and which has undoubtedly advanced the date when we may be faced with world war III.

Mr. Speaker, as a member of the Select Committee on Communist Aggression, I have just returned from hearings conducted in Europe. I listened to scores of witnesses who had escaped from behind the Iron Curtain and who told us in graphic detail of conditions there and of what it means to live under the Communist heel. In addition, I visited the Soviet zone of Germany to briefly inspect that area and I talked with a large number of individuals in other parts of Europe in an effort to understand the situation. Last month, prior to joining the Committee on Communist Aggression in Europe, I was in Guatemala on the eve of the successful revolution which overthrew the Red regime.

As a result of my service on this committee, I am completely convinced that the more the free world surrenders to the Communists, the greater the chances are of a third world war. The stronger we allow the Reds to become the sooner they will proceed with their plans to destroy the United States and all remaining free nations.

The best allies the free world has today are the millions of people behind the Iron Curtain who know and understand the terrible consequences of communism. The Soviet Union and her Communist satellites do not dare risk war today for fear that the Communist world would collapse and that the enslaved peoples would turn on the Soviet masters. Just as the Guatemalan Army refused to defend the Red regime against the anti-Communist forces attempting to overthrow it, the satellite armies of the Soviets would not defend their Communist masters today if war should come. However, a few years from now the Reds hope to consolidate their gains by ruthless liquidation of leaders of anti-Communist movements behind the Iron Curtain. When that time comes, the Soviet Union and other Communist nations will be ready for all-out war.

It is essential that the leaders of the free world understand this basic fact: The Russians do not want war today. They are not prepared for it. If we are willing to risk war in order to stand firm against Communist demands and pressures, the Reds will have no choice but to back down in the face of such a determined position on the part of the free peoples. If we are not willing to take such a strong stand, the Communists will continue to gain in their plans for world conquest until such time as they are prepared for all-out conflict.

Those who talk of peaceful coexistence with Communists are making a terrible mistake. There can be no peaceful coexistence with the devil. Peaceful coexistence means giving the Communists time to gather the necessary strength to destroy us. It is my sincere hope and prayer that the leaders of the free world will awaken to this fact.

We must remember that time is on the Communists' side. They are constantly building their strength and increasing their war potential and indoctrinating the young people of the new generation. Eventually they will be in a position to overtake us.

Mr. Speaker, Premier Mendes-France returns to his country today and Mr. Anthony Eden returns to his to proclaim peace in our time. They will return to their countries from Geneva where they sat at the conference table with ruthless murderers of innocent people who represented the Communist nations. They will not mention the great moral principles which they surrendered at Geneva. They will place no significance on the fact that Communist Poland and pro-Communist India will control the so-called free elections which are scheduled for Vietnam under the terms of the Geneva agreement. This means there will be no free elections but only a Communist victory. Today is indeed a black day for freedom.

General Agreement on Trade and Tariff

EXTENSION OF REMARKS
OF
HON. HUBERT B. SCUDDER
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Wednesday, July 21, 1954

Mr. SCUDDER. Mr. Speaker, I am very much interested in the operation of GATT. The reason for my interest lies in the fact that my district is one that is much affected by the tariff question. We grow wine and wool in my district. We grow cherries and walnuts and hops. We have lumber, shingles, and hardboard production. We have tuna fisheries.

These products are all sensitive to import competition and unless proper protection is provided, imports can drive any of these producers to the wall. For this reason the tariff and how it is administered is of the greatest importance to us. That accounts for my interest in the operation of GATT.

This is an international body that meets once a year, usually in Geneva, Switzerland, and it concerns itself with questions arising from the General Agreement on Tariffs and Trade. GATT wields a great many powers over tariff and trade matters that I do not recall Congress giving up. It is something of a mystery how GATT came into possession of these powers. We in Congress did not deliver them.

If the Tariff Commission makes a recommendation to the President to raise a duty under the escape clause and if the President complies with the recommendation, GATT reviews the case to determine whether the action was justified. This has happened in every case that has been approved by the President to date when a protest was lodged by a GATT member.

Also when Congress in 1951 passed a law calling on the President to withdraw trade agreement concessions from Communist-controlled countries, we were not free to do so with respect to Czechoslovakia although that country had gone behind the Iron Curtain. Why were we not free after Congress passed and the President approved a law that we do so? It was because Czechoslovakia is a member of GATT. We therefore had to ask that body at its next meeting in Geneva whether we could withdraw from our trade agreement with Czechoslovakia.

After debating the issue GATT decided that we were free to make the withdrawal.

It is my opinion that the entire tariff issue should be discussed by the Congress and a law passed for the guidance of those who affect our trade agreements. I am not one who would exclude trading, nor do I believe in excessively high tariffs. I believe that we should live and let live, but that our trade negotiations should be realistic.

There is a great difference in the standard of living between various countries. There are climatic conditions that alter the customs of various places which should be taken into consideration. I believe that there is a solution to the entire trade program, but

it should not be dependent upon international politics.

Too often small industries and specialized agricultural crops have been ruthlessly sold down the river as a concession in making agreements. I do not believe that any industry that is useful and beneficial to our civilization should be sacrificed for the sake of a trade negotiation.

It is my understanding that the representatives of foreign countries negotiating trade agreements have with them representatives of the industries being considered for trade negotiation. I am also informed that the American negotiators do not extend this same privilege to American interests. I believe this situation should be corrected by the administrative agencies, or Congress should act to see that the procedure is corrected. I believe that Congress should set up the rules in order to protect the economy of our own country.

The time has come when this whole situation must be brought into the open.

GATT has its next annual meeting in Geneva in October. Why should Congress not have an observer at that session? Why should our State Department delegation not report to Congress? Why should anything like GATT activities be carried on without prior authorization by Congress? These questions have been left hanging too long. They should be answered without further delay.

Imperative Educational Needs of Youth

EXTENSION OF REMARKS
OF
HON. CLYDE DOYLE
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES
Wednesday, July 21, 1954

Mr. DOYLE. Mr. Speaker, by reason of unanimous consent heretofore granted me so to do, I am pleased to herewith present for your cordial attention and benefit, as well as the same for all of my distinguished colleagues the text of 10 points entitled "Imperative Educational Needs of Youth." This list was furnished me by one of the distinguished public school educators in the great 23d District, which I represent this my 8th year in the House. It came to me from Prof. Jack Robinson, superintendent of the Paramount Unified School District at Paramount, Los Angeles County, Calif. The communication from Professor Robinson called my attention also to an article in Collier's magazine, June 11, 1954, by Dr. Paul Elicker entitled "How Good Are Our Schools?"

Mr. Speaker, believing I have a right to assume you and all my other colleagues fundamentally agree with the 10 points listed and enumerated herewith, I wish to emphasize that I think we in Congress, together with the legislators at the State level of public responsibility, as well as at most other levels of public and official responsibility, are not yet paying sufficient heed to the necessity of more intelligently and more adequately doing constructive things in the area of juvenile delinquency. When I make this comment I, of course, wish to be understood as believing that one of the very material factors entering into juvenile delinquency is parental delinquency.

Mr. Speaker, I do not make this statement without bearing in mind the very enriching and enlightening experiences I had several years before I came to this great legislative body when I had the responsibility of being the chief juvenile county officer for a time in the Los Angeles Juvenile Court, and then later also having the benefit of enriching and enlightening experiences by reason of membership on the California State Board of Education. My recital of these experiences on my part are made primarily so that you and my colleagues may be further enabled to appraise my strong approval of these 10 points, and of my own remarks at this time made in connection therewith.

Here, for instance, is the text of two important telegrams I have received from the State of California. The first is from Roy E. Simpson, superintendent of public instruction at Sacramento, and is as follows:

Have been advised House Appropriations Committee has eliminated all Federal appropriations for State and White House Conferences on Education, Advisory Committee on Education and Cooperative Research in Education. Because of need to study vital educational problems I urge your support of Federal funds for these purposes.

The second is from Hon. John Anson Ford, chairman, Los Angeles County Board of Supervisors, and is as follows:

Understand the House Appropriations Committee deleted $165,000 for support of juvenile delinquency project of the Children's Bureau. This is the only Federal activity we know of that attempts to bring together law enforcement, juvenile courts, probation, and welfare on a national level to combat the growing tide of juvenile delinquency. Certainly hope that this relatively insignificant sum can be restored to continue this important work. This special project has made a real contribution during the last 3 years. Will you please do what you can to have the appropriation restored?

And following is the text of the 10 points which I have heretofore referred to and which are considered by the National Education Association as imperative educational needs of American youth.

IMPERATIVE EDUCATIONAL NEEDS OF YOUTH

(EDITOR'S NOTE.—Much of the program planning in high schools throughout the country today is based on the following 10 imperative educational needs of youth. The list was drawn up by the educational policies commission of the National Educational Association.)

1. All youth need to develop salable skills and those understandings and attitudes that make the worker an intelligent and productive participant in economic life. To this end, most youth need supervised work experience as well as education in the skills and knowledge of their occupations.

2. All youth need to develop and maintain physical fitness and mental health.

3. All youth need to understand the rights and duties of the citizens of a democratic society, to be diligent and competent in the performance of their obligations as members of the community and citizens of the State and Nation, and to have an understanding of the nations and people of the world.

4. All youth need to understand the significance of the family for the individual and society and the conditions conducive to successful family life.

5. All youth need to know how to purchase and use goods and services intelligently, understanding both the values received by the consumer and the economic consequences of their acts.

6. All youth need to understand the methods of science, the influence of science on human life, and the main scientific facts concerning the nature of the world and of man.

7. All youth need opportunities to develop their capacities to appreciate beauty in literature, art, music, and nature.

8. All youth need to be able to use their leisure time well and to budget it wisely, balancing activities that yield satisfactions to the individual with those that are socially useful.

9. All youth need to develop respect for other persons, to grow in their insight into ethical values and principles, to be able to live and work cooperatively with others, and to grow in the moral and spiritual values of life.

10. All youth need to grow in their ability to think rationally, to express their thoughts clearly, and to read and listen with understanding.

What Could He Expect?

EXTENSION OF REMARKS
OF
HON. CLARE E. HOFFMAN
OF MICHIGAN
IN THE HOUSE OF REPRESENTATIVES
Wednesday, July 21, 1954

Mr. HOFFMAN of Michigan. Mr. Speaker, if Syngman Rhee, a true patriot, has been aware of current events, just what did he expect when he came to America on his last visit?

He must have known that for several years a group of Americans, whatever may have been their intentions, are doing their utmost, by entangling us in the affairs of other nations, to destroy American independence.

They have succeeded in letting other nations shape our foreign policy, insisted that as the years went by, we build up the strength of potential enemies, one of whom, the Communists, they now say threaten world domination. We have given billions of dollars to other nations, more than a million American casualties to contain communism abroad, while here at home, through positions in the Federal Government, we have subsidized Communists in policymaking positions, in our National Government, fed, clothed, and sheltered them—yes, as American boys died all over the world allegedly fighting communism, until today it is doubtful if there is a country in the whole world where the body of some mother's son does not lie, the bones of some wife's husband lie buried in the sea—here in Washington the National Government has coddled, protected, and encouraged them.

Well do I recall the days when Martin Dies, Joe Starnes, yes, and the present Vice President, Richard Nixon, were fighting Communists; when members of

House committees were bitterly, unceasingly and viciously assailed by the pro-Communist press and many an internationalist—by a press apparently financed by individuals and organizations which harvested fool's gold from the wars in which they involved us.

Today the picture is no different. A man from Wisconsin coming to Washington on a crusade against the Reds as came Dr. Wirt from Indiana some years ago, is, as was Wirt, most shamefully attacked.

Today the issue is the same as it was in Dr. Wirt's day. It is, are you for or against those who would destroy our form of government? Are you today for or against communism? The present real issue is, who in the Army promoted a man charged with being a Communist, gave him an honorable discharge, a man who took refuge behind the fifth amendment when asked whether he was a Communist or was affiliated with Communist organizations?

Yes, we may cry out against methods but we cannot becloud the basic issue. Are we for or are we against communism and the Communists?

Just as a committee of the House sent Dr. Wirt back to his home in disgrace where he died of a broken heart, so today, another man is being pilloried by the press, by some in authority who should know better.

And what have they against this man from Wisconsin? And who appointed anyone a judge over him or his conduct? He is for his country, his homeland. Oh, but he is rough and he is tough—so they say.

Assume that he is. Are the Communists who hold our men as prisoners of war, some 8,000 of them in Siberia or only God knows where, kind, generous and charitable in their treatment of our sons, fathers and husbands?

I know two wrongs do not make a right but when you fight evil, if you would win, there is no need of clothing the iron fist in a velvet glove.

Syngman Rhee, I repeat, if he was aware of current events in America, had no reason to expect that he would receive whole-hearted, all-out support in his efforts to protect the independence of his country. That you may know an accurate observer's and a truthful narrator's opinion of the situation, read the following by David Lawrence:

THE DISILLUSIONMENT OF A PATRIOT—KOREAN PRESIDENT RHEE, WRITER SAYS, CAN'T UNDERSTAND CALLS FOR PEACEFUL COEXISTENCE WITH RED KILLERS OF AMERICANS

They finally announced last Monday the official casualty list of Americans in Korea—the dead: 33,417.

And Syngman Rhee came to Washington the same day to express his gratitude for the help the American people gave his country.

That's a lot of American boys—33,417—who gave their lives, and there also were 108,650 wounded, many of whom will be maimed for the rest of their lives.

Nobody but Syngman Rhee seemed last week to have these American boys on his conscience. It is true he came in a bitter mood. For nearly 2 million of his countrymen—civilians as well as soldiers—have been killed. But, coming from the battle zone to calm, peaceful, forgetful Washington, it was, indeed, a realistic if not an inexplicable, contrast.

For while Washington was polite and gracious to the President of the Republic of Korea, it was somewhat annoyed that he brought up the subject of what happens when you start to repel an attack in a war, kill and wound 142,067 of your young men, and then fail to finish the war or to do anything which gives the impression that you really care about the sacrifices that have been made.

This week Syngman Rhee will pay his respects at Kansas City to former President Truman, who ordered the American Army, Navy, and Air Force in June 1950, to help defend the Republic of Korea. It was a magnificent action and Mr. Truman deserves the greatest credit for this step. But then, after a few months, Mr. Truman faltered—he listened to the timid voices of the European governments who feared that a war in Asia might endanger the safety of Europe.

Instead of taking the calculated risks of a battle already begun, Mr. Truman acceded to the request of the allies and would not allow pursuit of the Chinese bombers to their bases in Manchuria. He refused to order a blockade of the coast of China, whose government had intervened in Korea with more than 2 million soldiers, and he failed to let the troops of Chiang Kai-shek, still the recognized head of the Nationalist Government of China, go to the mainland of China to fight against the Reds. Then he summarily fired General MacArthur—the Commander in Chief—for daring to advocate such a stern course. Mr. Truman has a lot to answer for in history.

Negotiations for an armistice had been begun under the Truman administration, so President Eisenhower felt it his duty to consummate them, because a commitment had been made to our allies to end the fighting. The plausible argument was advanced that aggression had been "repelled" and that the Communists had learned a lesson and that a third world war had been averted. Significant warnings against further aggression were then released by Washington in the hope of restraining the Communists from enlarging the war in Indochina. But the warnings went unheeded and the Indochina war was enlarged, with aid from Red China. The western countries in due time capitulated to the aggressor.

The 33,417 dead, moreover, are forgotten or ignored in Great Britain. Yet this is more than half the number of persons killed by the bombing of Britain during all of World War II. In spite of the fact that the United Nations has declared the Red Chinese government an "aggressor," the London government and almost the entire Parliament and the press want to accept the aggressor as a peace-loving member of the United Nations with a seat in the Security Council. Admission of Red China, of course, means that the Republic of Korea will be forfeited to the Communists.

Syngman Rhee, who has lived the last four years in an atmosphere of great sacrifice, in which the blood of the soldiers of many allied nations has been shed in the cause of human freedom, can't understand what's come over the free world, especially America. He has studied American history and has read of such patriots as Patrick Henry who said they preferred death to loss of liberty. He has read of how Abraham Lincoln said the Union couldn't survive half slave and half free. Yet he hears of "peaceful coexistence" with the murderers of his countrymen.

But it didn't take long for the Korean President last week to be disillusioned—to discover that official Washington is far more interested in finding ways and means of curbing MCCARTHY'S "methods" than it is in restraining the methods of the Communists in Asia. Even when they have already killed 33,417 American boys and have tortured tens of thousands of others. He must have wondered about all this as he read of the debates in Congress where it seems more important to worry about whether some "Pinko" may possibly get a tongue-lashing before a congressional committee hereafter than whether 33,417 American boys died in vain in Korea.

Those 33,417 American boys had mothers and fathers and maybe sisters and brothers. Perhaps that's still a small number compared to the rest of the population, but there are millions of others who have been drafted to serve in the Armed Forces and are now in reserve. Will they be taught that America fights for an ideal—or just begins a fight and then quits when other governments, who send only token forces into the fray, get frightened and call quits?

It is going to be hard to indoctrinate the troops of the future and to convince them that the American flag stands for the idealism the officers will try to tell them it does. It is going to be hard to persuade many American parents that the several divisions of our troops now in Europe aren't being jeopardized. For all around them today in Europe and Asia are "peace-at-any-price" governments which are unwittingly telling the aggressor that aggression will not be punished.

The 33,417 American dead may not be on anybody's conscience in Europe, but what's much worse it is beginning to look as if they aren't on anybody's conscience here in Washington, either. What a way to destroy the morale of our Armed Forces in a world where aggressors hold sway.